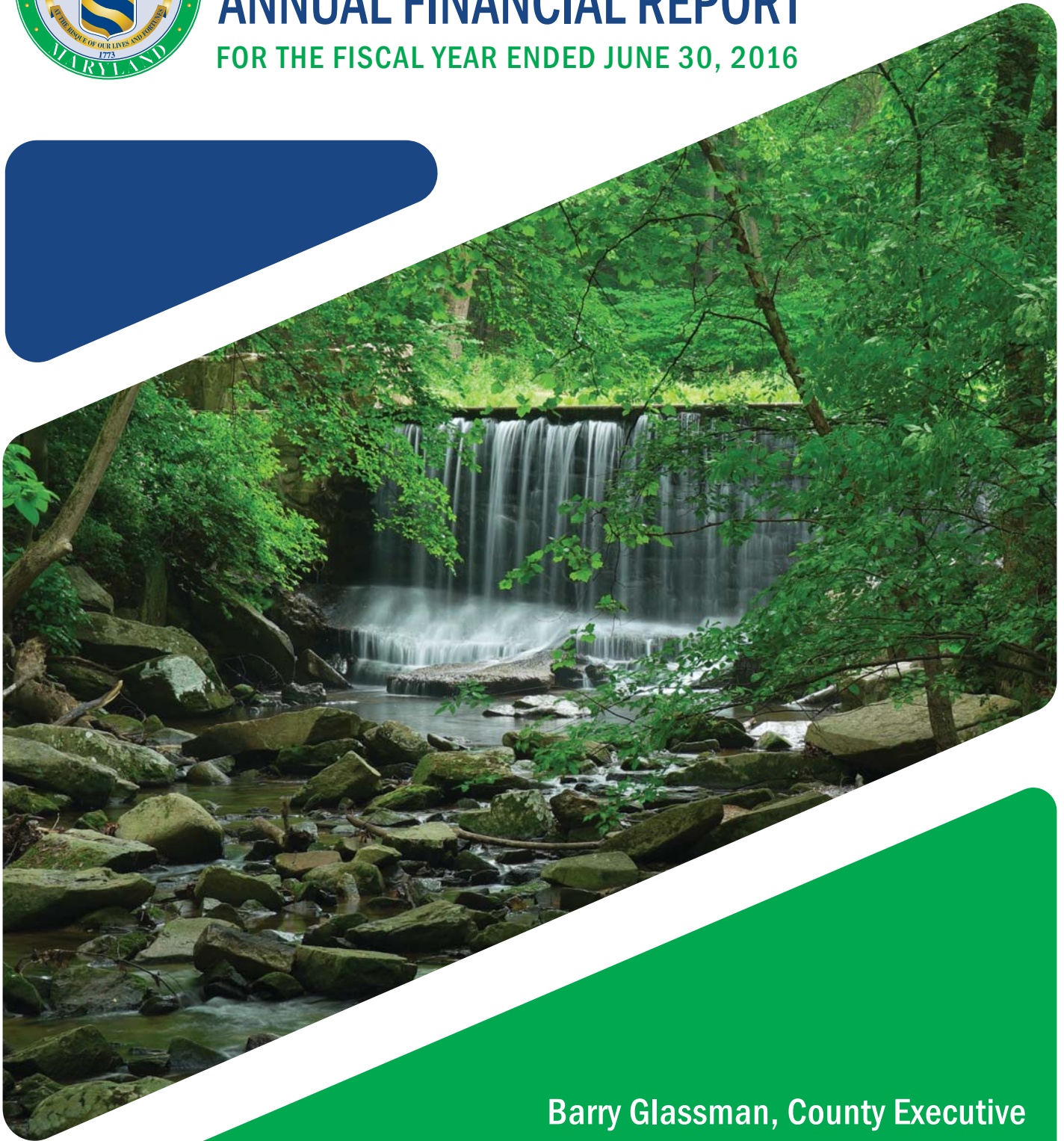




HARFORD COUNTY COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016



Barry Glassman, County Executive

Maryland's New Center of Opportunity

HARFORD COUNTY, MARYLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

JUNE 30, 2016



Prepared by:

*Department of the Treasury
Harford County, Maryland*

*Robert F. Sandlass, Jr.
Harford County Treasurer*

*Rick Pernas
Harford County Deputy Treasurer*



HARFORD
COUNTY

WELCOMES YOU!

**HARFORD COUNTY, MARYLAND
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Introductory Section

BARRY GLASSMAN
HARFORD COUNTY EXECUTIVE

BILLY BONIFACE
DIRECTOR OF ADMINISTRATION



ROBERT F. SANDLASS, JR.
TREASURER

October 31, 2016

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

The Comprehensive Annual Financial Report (CAFR) of Harford County, Maryland (the County) for the fiscal year ended June 30, 2016, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the County annually issue a report of its financial position and activity, and that an independent firm of licensed Certified Public Accountants selected by the County Council audit this report. The County is also required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Responsibility for both the accuracy of the data and the completeness and reliability of all of the information presented in these reports rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the County Government and its component units.

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

The County's financial statements have been audited by CliftonLarsonAllen, LLP, Independent Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent Certified Public Accountants concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements for the County for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The Report of Independent Public Accountants is presented as the first component of the financial section of this report.

A1

MARYLAND'S NEW CENTER OF OPPORTUNITY

410.638.3314 | 410.879.2000 | TTY Maryland Relay 711 | www.harfordcountymd.gov
220 South Main Street, Bel Air, Maryland 21014

THIS DOCUMENT IS AVAILABLE IN ALTERNATIVE FORMAT UPON REQUEST

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

PROFILE OF THE GOVERNMENT

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

Harford County occupies a land area of 440 square miles and serves a population of 251,480. The County provides a full range of municipal services, including Public Safety, Public Works, Social Services, Parks and Recreation, Judicial, Agricultural Preservation and general administrative services. The County also provides funds that support public schools, the community college and libraries through its component units. The component units of the County are Harford County Public Schools, Harford Center, Inc., Harford Community College and Harford County Public Library. Additional information on the component units can be found in note 1A.

Harford County's annual operating and capital budget represents a comprehensive financial plan for the County effective each year on the first day of July. The proposed budget is submitted each year by the County Executive to the County Council and published to the public on April 15. The County Council conducts budget hearings with departments, the Harford County Public Schools and other component units and conducts public hearings prior to approving the budget and the tax rates by June 15 of each year. No expenditure of County funds may be made in excess of appropriation at the department level. A Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balances on a Budget (Non-GAAP) vs. Actual basis is presented for the three major governmental funds which adopted an annual budget, the general, highways and agricultural land preservation funds, and can be found in Exhibit 6 of this report.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local economy: The revenue outlook for fiscal year 2016 remained challenging while preparing the fiscal year 2017 budget. A lagging national economy and unfunded mandates from the State of Maryland have resulted in lean budgets for 2017.

The County's largest revenue source remains real property taxes. The fiscal year 2016 taxable assessable base resulted in an increase over the fiscal year 2015 assessable base of 1.0%. The assessable base growth rate is expected to increase by 1.3% in fiscal year 2017. General Fund property tax revenues net, of interest, discounts and credits are estimated to increase by 1.0% from fiscal year 2016 to fiscal year 2017. The real estate market has experienced a modest recovery in property assessments, which have increased, albeit slightly, for the past three years after declining for the previous four years. All areas of the County have now seen positive growth in their assessments.

Income tax revenue, the second largest revenue source in the County, is directly affected by population growth, employment levels, and personal income. Income tax revenue has shown increases beginning in 2011 through 2016 using the modified accrual basis of accounting. The year over year increase for 2013 to 2014, 2014 to 2015 and 2015 to 2016 was 3.7%, 1.9%, and 5.3%. Income tax is budgeted at \$213 million for fiscal year 2017. The average year over year annual income tax revenue growth for the State of Maryland for 2013 to 2014, 2014 to 2015 and 2015 to 2016 was 4.1%.

Long-term financial planning: The County is positioned well to handle current and future fiscal challenges because of years of conservative and sound financial management. The County received the highest rating from all three bond rating agencies for its general obligation bonds sold on February 9, 2016.

Fiscal year 2017 budget, including all funds, is \$735,393,475, an increase of .3% or \$1,803,378 from fiscal year 2016. The total 2017 General Fund Operating Budget, including Solid Waste is \$524,570,000, and the Capital Budget, excluding the Water and Sewer Capital Fund is \$76,586,575.

County Executive Glassman plans to reinvest in the workforce, maintain existing infrastructure, fund prior obligations and reduce debt levels without raising taxes.

Capital budget in fiscal year 2017 will be at the lowest level in 16 years, while including significant local funding toward essential road, bridge, highway and stormwater repair projects.

In an effort to continue reinvesting in our workforce, County Executive Glassman proposed a merit-based annual salary increase of 3% per qualifying employee. A supplemental merit increase of 6% to law enforcement personnel for Deputy First Class and Senior Deputy and a supplemental merit increase of 3% for Corporal was included in the fiscal year 2017 budget. No new money was needed to fund this increase due to efficiency measures.

The fiscal year 2017 budget increased funding to Harford County Public Schools at a record level. Half of the County's new revenue will be directed to K-12 education, with the operating funding for Harford County Public Schools at \$233,534,504, which is \$5,988,637 above the Maintenance of Effort requirement. The 2017 budget provides support for teachers with a \$3.5 million increase in funding for salaries. Funding for Havre de Grace Middle/High is planned for fiscal year 2018.

The fiscal year 2017 operating budget continues its policy of maintaining a reserve of 5.0 percent of the total General and Highways Fund operating budget to preserve its high credit ratings and provide for emergencies. Any excess unassigned fund balance realized at the end of the fiscal year, above the 5.0 percent reserve, can be appropriated into the next fiscal year as one time funding for that fiscal year. The fund balance increased in fiscal year 2016 by \$9.8 million which includes a new assignment of \$10 million for stormwater management projects and an additional \$5.6 million for the waste-to-energy facility closure which is the additional money needed to liquidate the liability.

The Aberdeen Proving Ground, Maryland's third largest employer by population, will observe its centennial in 2017. Where once active soldiers comprised about 92% of APG's installation population, the transformation of APG to a scientific and technical research and development facility has resulted in a primarily civilian workforce with one of the highest concentrations of advanced degrees among military installations in the nation. The Aberdeen Proving Ground is Harford County's largest employer.

The County continues to invest 100 percent of cash held temporarily idle during the year using an equity in pooled cash system. In addition, Agricultural Land Preservation, Capital Project, Sheriff's Office Pension System (SOPS), Volunteer Fireman's Length of Service Award Program (LOSAP), and the Other Post-Employment Benefits (OPEB) trust fund, have cash that is invested separately. For fiscal year 2016, the weighted average yield on investments was 0.40 percent, and total amount of interest earned by the County on pooled investments was \$969,616.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Harford County, Maryland for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This was the thirty-first consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the County received its twenty-eighth GFOA Award for Distinguished Budget Presentation for its annual appropriated budget for the fiscal year beginning July 1, 2015. In order to qualify for the Distinguished Budget Award, the County must publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and communications medium. We believe our current budget continues to conform to program requirements and have submitted it to the GFOA to determine its eligibility for another award.

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

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

Respectfully submitted,



Robert F. Sandlass, Jr.
Treasurer



Government Finance Officers Association

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

Presented to

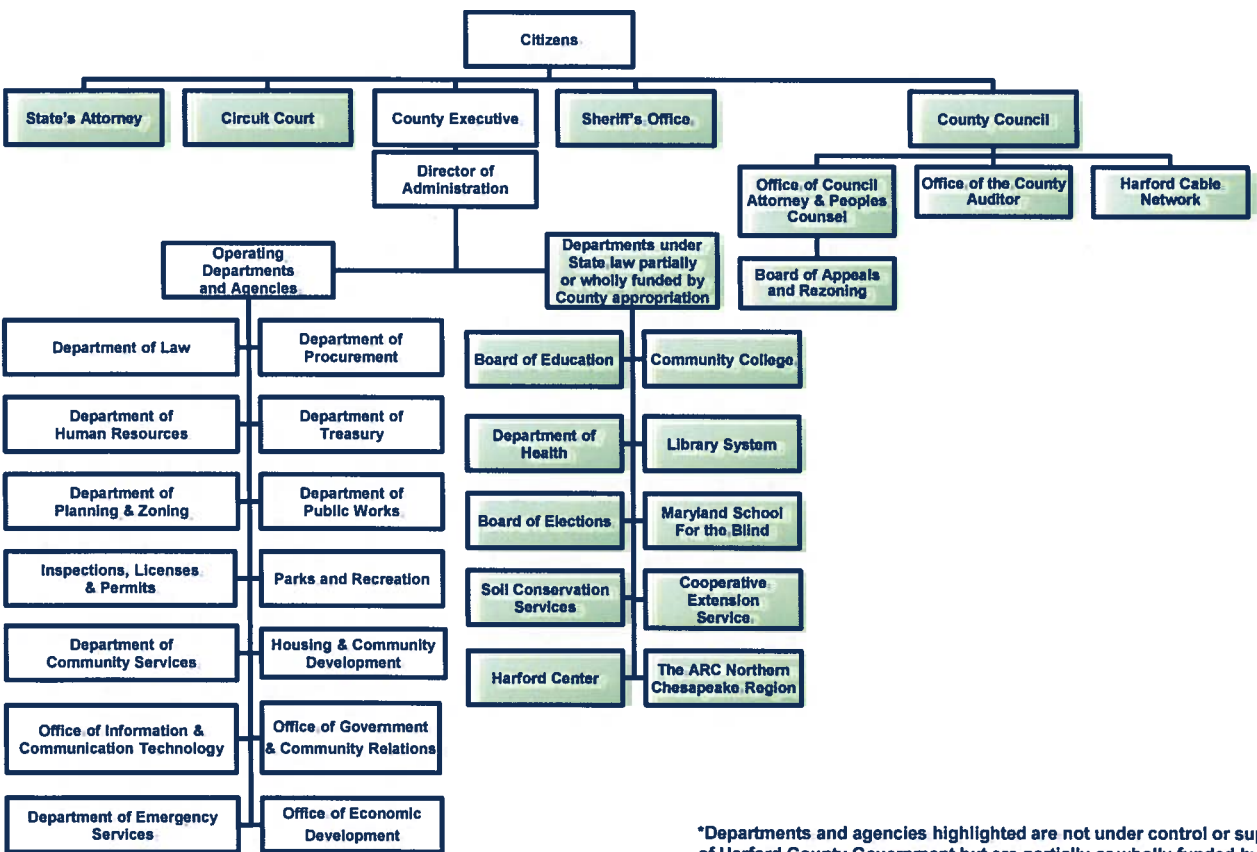
**Harford County
Maryland**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

HARFORD COUNTY GOVERNMENT ORGANIZATION CHART



*Departments and agencies highlighted are not under control or supervision of Harford County Government but are partially or wholly funded by County appropriations under State law.

**HARFORD COUNTY, MARYLAND
GOVERNMENTAL ORGANIZATION
CERTAIN ELECTED AND APPOINTED OFFICIALS
AS OF JUNE 30, 2016**

CERTAIN ELECTED OFFICIALS

County Executive

Barry Glassman

President of the County Council
County Council Members

Richard C. Slutzky
Mike Perrone, Jr.
Joseph M. Woods
James "Capt'n Jim" McMahan
Chad Shrodes
Patrick S. Vincenti
Curtis Beulah

CERTAIN APPOINTED OFFICIALS

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

William "Billy" Boniface
Robert F. Sandlass, Jr.
Melissa Lambert
Rick Pernas
Amber Shrodes
Karen Holt
Edward Hopkins
James C. Richardson
W. Ted Pibil
Paul Lawder
Kathy Burley
Bradley Killian
Karen Myers
Joseph Siemek

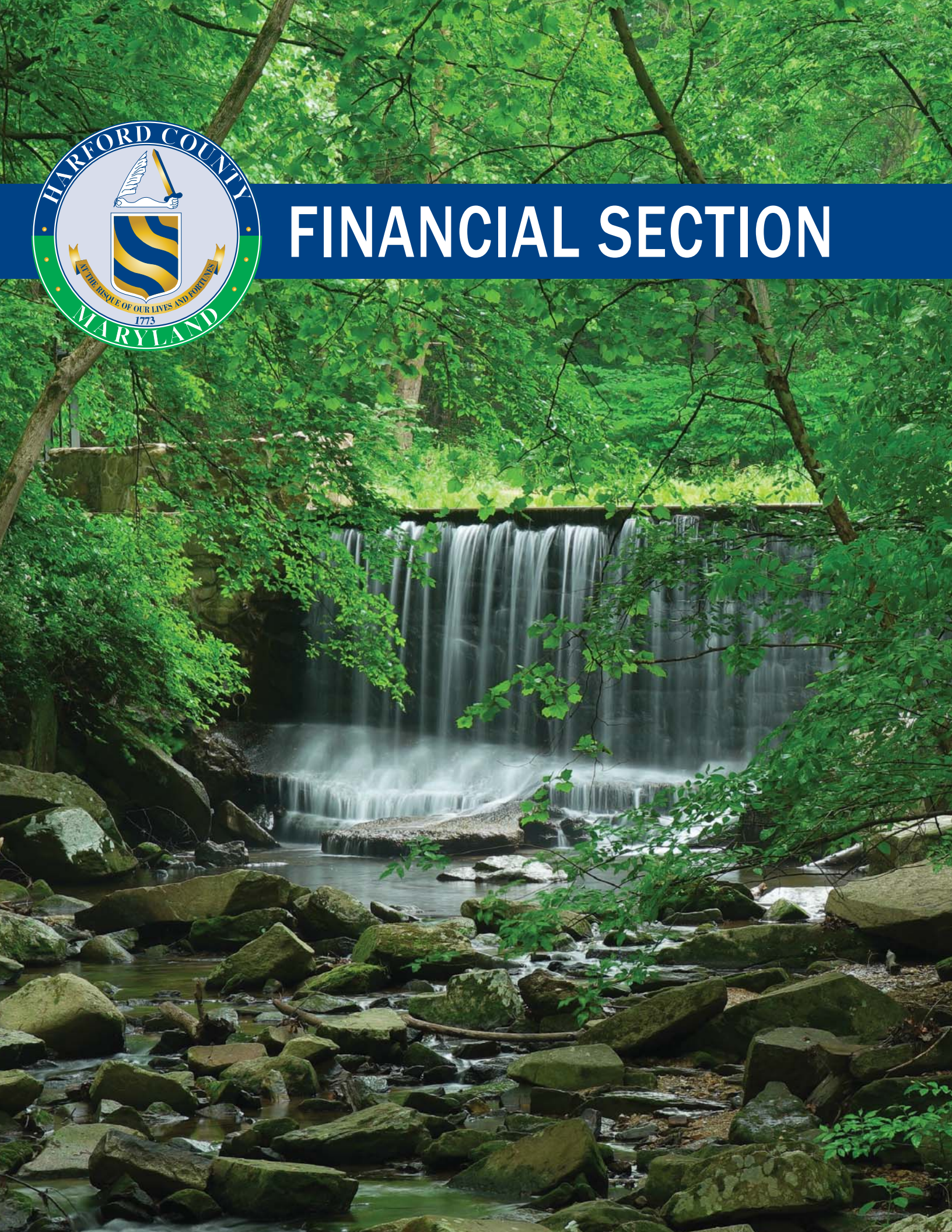
Independent Public Accountants
CliftonLarsonAllen
Certified Public Accountants
Timonium, Maryland

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

Financial Advisor
Public Advisory Consultants
Owings Mills, Maryland



FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information of Harford County, Maryland (the County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Harford County Public Schools and the Harford Center, Inc., which represent 100% percent, of the assets, net position, and revenues of the aggregately discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregately discretely presented component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Harford Center were not audited in accordance with *Government Auditing Standards*.

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

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harford County, Maryland as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Highways and Agricultural Land Preservation Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-15, the Schedule of the County's Proportionate Share of the Net Pension Liability and related ratios- Maryland State Retirement and Pension System and Schedule of County contributions for the Maryland State Retirement and Pension System on pages 94-95, the Schedule of Changes in the Sheriff's Office Pension System Net Pension Liability and related ratios and Schedule of County contributions for the Sheriff's Office Pension System on pages 96-97, , the Schedule of Changes in the Length of Service Award Program for Volunteer Firemen Net Pension Liability and related ratios and Schedule of County contributions for the Length of Service Award Program for Volunteer Firemen on pages 98-99, the Schedule of Funding Progress-Other Post Employment Benefit Trust Fund and the Schedule of Employer Contributions and Other Contributing Entitles- Other Post Employment Benefit Trust Fund on pages 100-101 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying combining and individual fund statements and budgetary comparison schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing

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

standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2016 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
October 3, 2016

Management's Discussion and Analysis

This section of the Comprehensive Annual Financial Report of Harford County, Maryland (the County) presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2016. We encourage readers to use the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

Government-wide:

- The County's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the fiscal year by \$641.8 million. The unrestricted portion of this is a deficit of \$235.5 million and is composed of an unrestricted deficit in the governmental activities of \$281.3 million and a balance of \$45.8 million unrestricted in the business-type activities.
- Total net position of the County has increased by \$19.1 million over the prior fiscal year. In the governmental activities, total revenues increased 1.8% while expenses increased .8% from the prior fiscal year, resulting in a \$18.4 million increase in net position. In the business-type activities, total revenues exceeded total expenditures by \$.7 million.

Fund Level:

- The General Fund had an increase in fund balance of \$9.8 million. The Highway Fund had an increase in fund balance of \$3.6 million.
- Approximately 86.0% of the total governmental fund balance, \$148.1 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 \$75.4 million or 15.4% of total General Fund expenditures. Restricted fund balance of the General Fund was \$6.3 million or 7.7% of total fund balance, leaving \$.2 million or .2% of nonspendable fund balance in the General Fund.
- The business-type activities operating revenue fell short of operating expenses resulting in an operating loss of \$13.9 million in the Water and Sewer fund.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event giving rise

to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental fund Balance Sheet including the Reconciliation to the Statement of Net Position of Governmental Activities and the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities, provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

The County adopts an annual appropriated budget for its General Fund, Highways Fund, Parks & Recreation Fund, Agricultural Land Preservation Fund and Beechtree Tax Increment Financing Fund. This year the Stormwater Management Fund was not budgeted for an annual appropriation. A budgetary comparison statement has been provided for the General Fund, Highways Fund and Agricultural Land Preservation Fund to demonstrate compliance with this budget. The report can be found on Exhibit 6 of the Basic Financial Statement. A budgetary comparison statement for the Parks & Recreation Fund,

Stormwater Management Fund and Beechtree Tax Increment Financing Fund can be found on Exhibit D-3, D-4 and E-1, respectively.

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

Fiduciary funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial 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 fund financial statements can be found on Exhibits 10 and 11 of this report.

Notes to the financial statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are part of the basic financial statements and can be found on pages 30 to 92 of this report.

Financial Analysis of the County as a Whole

The County's net position is divided into three categories; net investment in capital assets; restricted net position and unrestricted net position. The largest portion of the County's net position, \$799.8 million, reflects its investment in capital assets net of depreciation (e.g. land, development rights, construction in progress, buildings, machinery, equipment, intangibles, infrastructure and improvements), less any unmatured debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending.

Restricted net position, at \$77.5 million, are resources subject to external restrictions on how they may be used. Accounting principles generally accepted in the United States of America direct that the difference between total net position and the two categories of net position just discussed be recorded as unrestricted net position regardless of any negative balances that may result. Unrestricted net position of the total primary government is a negative \$235.5 million; business-type activities have a balance of \$45.8 million unrestricted net position while the unrestricted net position for governmental activities is a negative \$281.3 million. The major reason for negative unrestricted net position in the governmental funds relates to the building of schools. Counties in the State of Maryland issue debt for public school construction; however school buildings are recorded as assets of each public school system. Although net position, as noted earlier, is an indicator of a government's overall financial condition, the issuance of debt for Harford County Public Schools and Harford Community College construction, which increases the government's liabilities without the addition of corresponding assets, causes an imbalance on the Statement of Net Position. In addition to the building of schools, the Governmental Accounting Standards Board issued GASB Statement No. 68, *Accounting and Financial Reporting for Pension* and related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* which required governments to record pension liabilities. In recording the beginning net pension liability and the beginning deferred outflow of resources, contribution subsequent to the measurement date, for all the defined benefit pension plans, net positions of governmental activities and business-type activities have been restated in fiscal year 2015 by negative \$101.5 million and negative \$7.8 million respectively. The County's net position increased \$19.1 million during the current fiscal year.

The net position of governmental activities increased \$18.4 million during fiscal year 2016. Program expenses of the governmental activities increased \$4.7 million from fiscal year 2015 while program revenues decreased \$1.4 million and general revenues increased \$11.4 million over fiscal year 2015. Governmental activities general revenues for 2016 showed significant increases in property taxes of \$6.2 million, recordation tax of \$3.0 million, a decreased in transfer tax of \$.1 million, an increase of income taxes of \$1.0 million and decreases in miscellaneous revenue of \$.7 million. The hotel tax in fiscal year 2016 generated \$2.4 million in general revenues. Fiscal year 2016 was the first full year of collection of the hotel tax.

The net position of business-type activities increased \$.7 million during fiscal year 2016. Capital grants and contributions revenue, primarily from developers and the State of Maryland, decreased \$3.5 million or 18.1% from fiscal year 2015. The slight increase in charges for services, operating grants and contributions, recordation taxes, and investment income totaled \$.3 million, .8%, from fiscal year 2015 to 2016. Charges for services, which increased primarily due to a five year rate adjustment that began in January 2016, offset the decrease of recordation tax that was, by County Council approval, transferred to the Stormwater Management Fund. Expenses for the business-type activities decreased slightly from the prior fiscal year.

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

Harford County Government - Net Position

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2016	2015	2016	2015	2016	2015
Current & Other Assets	\$ 243,496,116	\$ 253,534,217	\$ 132,396,725	\$ 120,729,420	\$ 375,892,841	\$ 374,263,637
Capital Assets	704,357,841	701,196,147	449,696,890	449,444,237	1,154,054,731	1,150,640,384
Total Assets	<u>947,853,957</u>	<u>954,730,364</u>	<u>582,093,615</u>	<u>570,173,657</u>	<u>1,529,947,572</u>	<u>1,524,904,021</u>
Deferred Outflows of						
Resources	49,860,111	31,708,968	5,118,433	3,951,588	54,978,544	35,660,556
Long-term Liabilities	732,560,576	739,126,360	145,238,024	138,356,765	877,798,600	877,483,125
Other Liabilities	45,708,008	41,400,870	15,762,346	9,620,574	61,470,354	51,021,444
Total Liabilities	<u>778,268,584</u>	<u>780,527,230</u>	<u>161,000,370</u>	<u>147,977,339</u>	<u>939,268,954</u>	<u>928,504,569</u>
Deferred Inflows of						
Resources	3,615,833	8,517,300	223,868	838,578	3,839,701	9,355,878
Net Investment in						
Capital Assets	476,366,433	435,846,522	323,409,167	326,999,832	799,775,600	762,846,354
Restricted	20,723,517	78,466,405	56,778,013	-	77,501,530	78,466,405
Unrestricted	(281,260,299)	(316,918,125)	45,800,630	98,309,496	(235,459,669)	(218,608,629)
Total Net Position	<u>\$ 215,829,651</u>	<u>\$ 197,394,802</u>	<u>\$ 425,987,810</u>	<u>\$ 425,309,328</u>	<u>\$ 641,817,461</u>	<u>\$ 622,704,130</u>

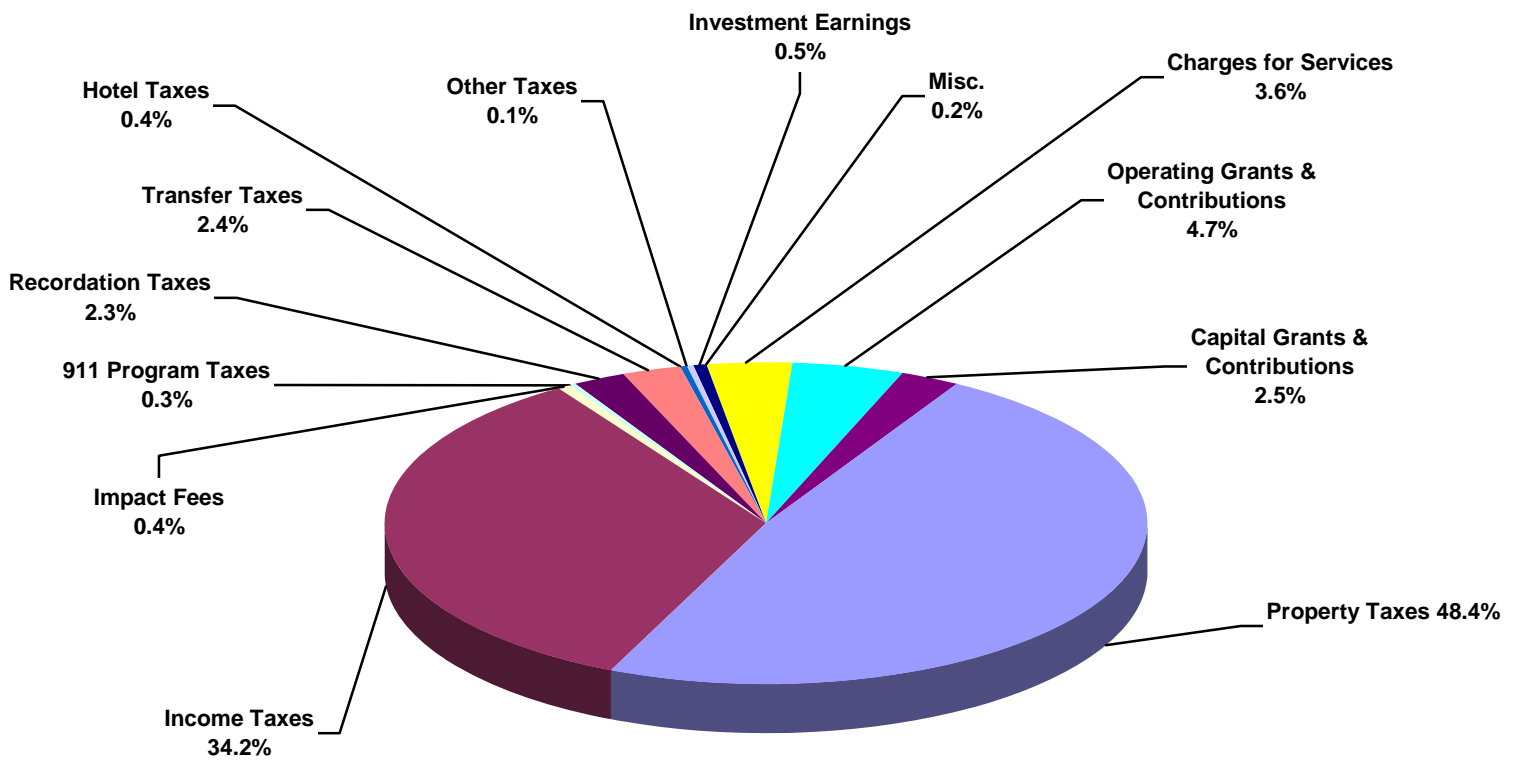
Harford County Government's Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for Services	\$ 21,531,333	\$ 23,458,103	\$ 30,498,568	\$ 28,553,733	\$ 52,029,901	\$ 52,011,836
Operating Grants & Contributions	28,249,534	26,680,817	972,710	461,364	29,222,244	27,142,181
Capital Grants & Contributions	15,137,454	15,281,180	15,668,948	19,125,274	30,806,402	34,406,454
General revenues:						
Property Taxes	293,100,653	286,911,796	-	-	293,100,653	286,911,796
Income Taxes	207,466,492	206,469,855	-	-	207,466,492	206,469,855
Impact Fees	2,444,400	2,560,800	-	-	2,444,400	2,560,800
911 Program Taxes	1,734,155	1,656,168	-	-	1,734,155	1,656,168
Recordation Taxes	13,830,776	10,873,642	-	2,174,467	13,830,776	13,048,109
Transfer Taxes	14,827,512	14,911,666	-	-	14,827,512	14,911,666
Stormwater Management	-	1,065,121	-	-	-	1,065,121
Hotel Taxes	2,405,255	740,827	-	-	2,405,255	740,827
Other Taxes	742,835	740,708	-	-	742,835	740,708
Investment Earnings	3,261,278	1,771,885	2,134,911	2,155,375	5,396,189	3,927,260
Unrestricted Grants & Contributions	245,326	254,020	-	-	245,326	254,020
Miscellaneous	1,131,130	1,849,327	-	-	1,131,130	1,849,327
Total Revenues	606,108,133	595,225,915	49,275,137	52,470,213	655,383,270	647,696,128
Program Expenses:						
Agricultural Land Preservation	2,861,659	3,636,451	-	-	2,861,659	3,636,451
County Council	2,576,827	2,529,133	-	-	2,576,827	2,529,133
General Government	58,699,069	58,237,782	-	-	58,699,069	58,237,782
Education	269,123,661	256,219,860	-	-	269,123,661	256,219,860
Harford Center	693,036	553,036	-	-	693,036	553,036
Judicial	10,213,119	10,059,178	-	-	10,213,119	10,059,178
Libraries	18,122,008	17,697,885	-	-	18,122,008	17,697,885
Parks and Recreation	14,552,707	17,895,586	-	-	14,552,707	17,895,586
Public Safety	107,308,307	107,574,608	-	-	107,308,307	107,574,608
Public Works	60,737,012	68,092,544	-	-	60,737,012	68,092,544
Social Services	25,633,629	26,622,115	-	-	25,633,629	26,622,115
Unallocated Debt Interest / Other Costs	17,152,250	13,830,034	-	-	17,152,250	13,830,034
Water and Sewer	-	-	48,596,655	48,746,983	48,596,655	48,746,983
Total Expenses	587,673,284	582,948,212	48,596,655	48,746,983	636,269,939	631,695,195
Change in Net Position	18,434,849	12,277,703	678,482	3,723,230	19,113,331	16,000,933
Net Position-Beginning	197,394,802	286,655,332	425,309,328	429,363,890	622,704,130	716,019,222
Change in Accounting Principle	-	(101,538,233)	-	(7,777,792)	-	(109,316,025)
Net Position Beginning-As Restated	197,394,802	185,117,099	425,309,328	421,586,098	622,704,130	606,703,197
Net Position-Ending	\$ 215,829,651	\$ 197,394,802	\$ 425,987,810	\$ 425,309,328	\$ 641,817,461	\$ 622,704,130

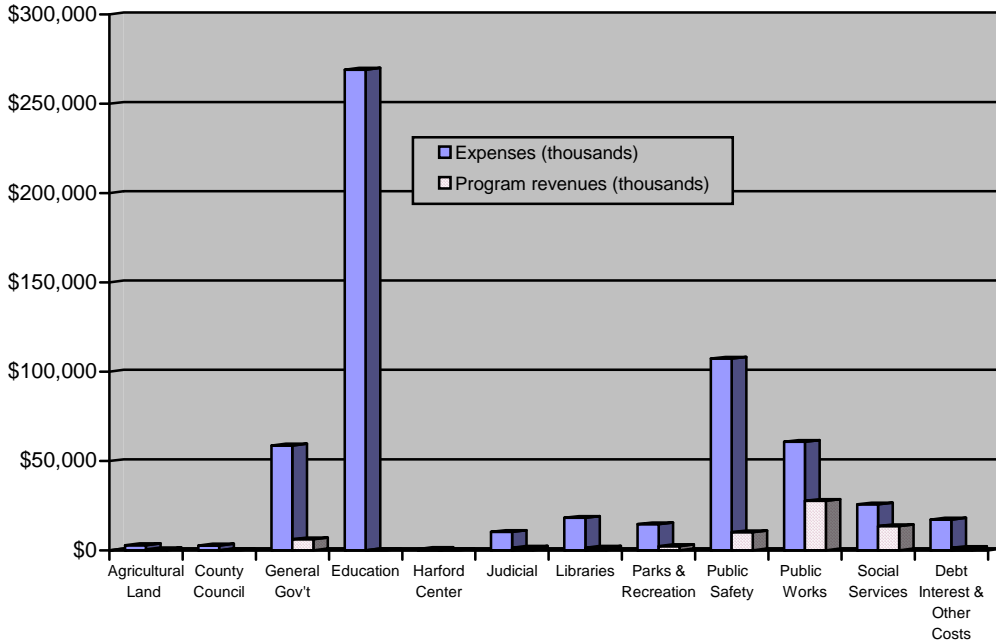
Governmental activities The net position of governmental activities increased \$18.4 million during fiscal year 2016. Key elements are as follows:

- The County recorded \$207.5 million in income tax revenue for fiscal year 2016. This is a \$1.0 million or .5% increase from fiscal year 2015 using full accrual accounting.
- Recordation and Transfer Tax showed a \$2.9 million increase in revenues in fiscal year 2016 over fiscal year 2015.
- Operating Grants and Contributions increased \$1.6 million or 5.9%, from the prior fiscal year.
- Public Works program expenses decreased \$7.4 million or 10.8% from fiscal year 2015 primarily due to the reduction in the liability in fiscal year 2016 associated with the partial closure of the Scarboro landfill.

Revenues by Source-Governmental Activities



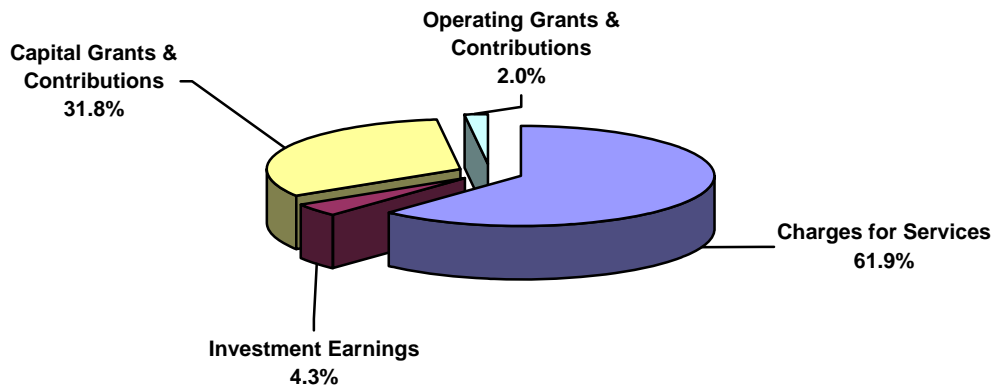
Expenses and Program Revenues-Governmental Activities



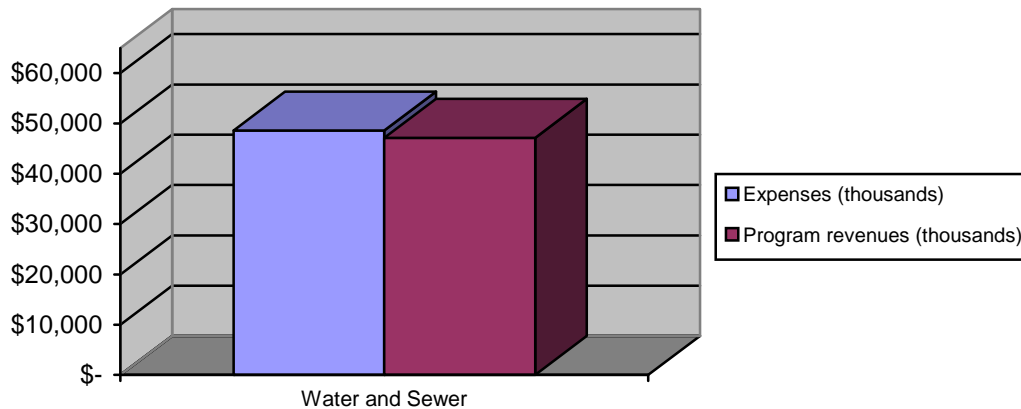
Business-type activities Business-type activities recorded an increase in net position of \$.7 million during fiscal year 2016. Key elements are as follows:

- Capital grants and contributions totaled \$15.7 million, a decrease of 18.1% or \$3.5 million from fiscal year 2015.
- The increase in charges for services, \$1.9 million is attributed to an increase in the water and sewer rates. The County’s Water and Sewer Utility engaged the services of independent consultants to perform a comprehensive rate study. Increased rates for water and sewer services became effective January 1, 2016.

Revenues by Source-Business-type Activities



Expenses and Program Revenues-Business-type Activities



Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$172.2 million. Approximately 86.0% of this total amount, or \$148.1 million, constitutes *committed, assigned and unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance, \$24.1 million, is *nonspendable and restricted* to indicate that it is not available for new spending because it has been dedicated: (1) to unexpended bonded capital projects, \$4.7 million; (2) for dedicated revenues, \$13.8 million; (3) for special taxing district, \$2.2 million, (4) for inventories, \$2.3 million; or (5) for a loan receivable of \$1.1 million. The nonspendable and restricted fund balance, at 14.0% of total fund balance, does not significantly affect the availability of fund resources for future use.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, assigned and unassigned fund balance of the General Fund was \$75.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 15.4% of total General Fund expenditures, while total fund balance represents 16.7% of that same amount.

The County's General Fund total fund balance has increased by \$9.8 million during the current fiscal year. The increase is due to an increase in taxes of \$18.7 million, an increase in expenditures of \$3.2 million and the remaining \$5.7 million combination of other revenues and other financing sources and uses.

The Highways Fund has a total fund balance of \$13.3 million. The Highways Fund has 79.3%, \$10.5 million, of its total fund balance assigned to the purpose of the fund. Of this amount, 22.5% is assigned for fiscal stabilization purposes and 61.3% is assigned for the purpose of the fund. The Highways Fund balance of \$2.3 million classified as nonspendable represents inventory. The fund balance increase of \$3.6 million is mostly attributed to a decrease in expenditures.

The Grant Fund has a total fund balance of \$8.0 million, \$7.1 million is under the restricted category due to the legally binding nature of the grant agreements.

The Agricultural Land Preservation Fund has a total fund balance of \$56.3 million. Of the total fund balance, \$44.8 million or 79.6% is committed for future payments of principal on development rights. The Agricultural Land Preservation Fund has \$11.5 million of its total fund balance assigned to the purpose of the fund.

The Capital Project Fund has a total fund balance of \$7.9 million. General obligation bonds of \$27.1 million were issued during fiscal year 2016 to help offset the cost of County capital projects. Of the total fund balance, \$.1 million is restricted under bond proceeds, \$4.5 million is restricted for dedicated revenues for Harford County Public Schools and Parks and Recreation projects, \$1.2 million is assigned to liquidate contracts and purchase orders of the prior period and \$2.0 million is assigned to future general projects.

The Parks and Recreation Fund, Stormwater Management Fund and Beechtree Tax Increment Financing Fund have been classified as non-major governmental funds. Total fund balance for the non-major governmental funds as of June 30, 2016 was \$4.8 million. Of the total fund balance, \$2.2 million is restricted for debt service and \$2.6 million is assigned to the purpose of the funds.

Proprietary funds The County's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$46.0 million and unrestricted net position of the Internal Service Fund totaled \$8.1 million. Factors concerning the finances of the Water and Sewer Fund have been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The final budget of the General Fund for fiscal year 2016 was increased by \$4.1 million over the original budget. The increase was mostly allocated to appropriated funds to account for \$3.1 million in estimated expenses attributable to other post-employment benefits and post-employment health plan benefits for County employees. Revenue variances increased from the final fiscal year 2016 budget by \$6.1 million, and conservative fiscal management managed to save the County from using \$10.9 million of appropriated fund balance. A cautious spending policy also led to the 2.3% decrease in actual General Fund expenditures compared to the final General Fund budget.

Capital Asset and Debt Administration

Capital assets The County's capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$1.2 billion (net of accumulated depreciation). This investment in capital assets includes land, development rights, construction in process, buildings, improvements, machinery and equipment, vehicles, intangibles and infrastructure. The total increase in the County's investment in capital assets for the current fiscal year was less than .3%.

The County's Capital Assets

(Net of depreciation)

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2016	2015	2016	2015	2016	2015
Land	\$ 257,840,623	\$ 255,018,319	\$ 1,534,207	\$ 1,795,383	\$ 259,374,830	\$ 256,813,702
Development Rights	126,578,286	125,313,286	-	-	126,578,286	125,313,286
Construction in Process	18,878,454	31,695,976	31,157,715	27,367,836	50,036,169	59,063,812
Buildings	141,908,027	141,049,563	169,724,593	172,069,846	311,632,620	313,119,409
Improvements	22,857,814	21,208,512	207,369,014	207,635,701	230,226,828	228,844,213
Machinery and Equipment	3,296,157	3,714,238	27,088,979	28,128,742	30,385,136	31,842,980
Vehicles	13,896,819	14,692,431	1,838,881	1,256,273	15,735,700	15,948,704
Intangibles	1,165,226	1,267,601	356,695	418,243	1,521,921	1,685,844
Infrastructure	117,936,435	107,236,221	10,626,806	10,772,213	128,563,241	118,008,434
Total	\$ 704,357,841	\$ 701,196,147	\$ 449,696,890	\$ 449,444,237	\$ 1,154,054,731	\$ 1,150,640,384

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

- Expansion of the Havre de Grace Library was completed during fiscal year 2016 and capitalized for \$7.3 million. The expanded section of the library opened in June 2016.
- Bear Cabin Branch Pump Station was capitalized at a cost of \$3.7 million in fiscal year 2016 and was part of the Harford Estates Pump Station Abandonment project.
- Watervale Road Bridge #63 was completed in fiscal year 2016. The single lane bridge that carries Watervale Road over Winters Run was replaced and capitalized for \$3.6 million.

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

Education Capital Expenditures:

Harford County Public Schools and Harford Community College projects made up 36.0% of the fiscal year 2016 General County Capital Budget. Some of the major expenditures were:

- Youth's Benefit Elementary School replacement project includes the demolition of the original buildings in phases and the replacement school to be built. Expenditures to date total \$19.1 million.
- The Center for Educational Opportunity has a projected HVAC project cost to the county of \$2.2 million. A majority of the classrooms do not have air conditioning. The new HVAC system will provide improved temperature and humidity control.
- Prospect Mill Elementary School is undergoing HVAC renovations with a projected cost to the county of \$2.3 million, which includes replacement of the HVAC system to provide better temperature and humidity control. Also included in this project are funds to convert open space classrooms to self-contained classrooms.

Long-term debt At the end of the current fiscal year, the County had Bonds and Notes Payable debt outstanding of \$673.2 million. Of this amount, \$131.8 million is considered self-supporting debt, funded through various surcharges and assessments related to the operation of the water and sewer systems of the County. Also considered self-supporting are \$52.3 million in installment contracts to purchase easements for agricultural land preservation, payable from special revenue funds supported through one-half of one

percent of the transfer tax levy, and \$14.0 million associated with the incremental property tax revenues related to a special taxing district.

The County's Outstanding Debt

Bonds and Notes Payable

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2016	2015	2016	2015	2016	2015
Ag Land						
Preservation	\$ 52,282,849	\$ 59,359,303	\$ -	\$ -	\$ 52,282,849	\$ 59,359,303
Bonds Payable	487,822,233	495,916,560	131,755,478	127,341,763	619,577,711	623,258,323
Notes Payable	1,312,618	1,313,319	-	-	1,312,618	1,313,319
	<u>\$ 541,417,700</u>	<u>\$ 556,589,182</u>	<u>\$ 131,755,478</u>	<u>\$ 127,341,763</u>	<u>\$ 673,173,178</u>	<u>\$ 683,930,945</u>

The total debt of the Primary Government has decreased by \$10.8 million or 1.6%, during the current fiscal year. For governmental activities, debt decreased \$15.2 million due to principal payments and reductions of \$44.9 million offset by a general obligation bond sale of \$27.1 million and a premium of \$2.6 million. In business-type activities, debt increased \$4.4 million, due to a bond sale of \$12.9 million and a premium of \$1.2 million, offset by bond principal payments and reductions of \$9.7 million.

During fiscal year 2016, the County earned the highest bond rating possible from all three major bond rating agencies. Moody's Investors Services, Standard and Poors Corp., and Fitch Ratings all reaffirmed their credit ratings of 'Aaa', 'AAA' and 'AAA', respectively. Each rating service said the County's future outlook is "stable".

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

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

Economic Factors and Next Year's Budgets and Rates

- The County Real Property Tax Rate for fiscal year 2017 remains unchanged at \$1.042 per \$100 of assessed valuation. Net property tax receipts recorded in the General Fund for fiscal year 2017 are expected to increase by 1.4% over those approved for fiscal year 2016. The increase is primarily due to a 1.4% increase in prior year reassessment values Countywide. Statewide, the assessment notices mailed to a third of property owners reflect an increase in real estate values for residential properties of 9.5%. In Harford County, the properties in the northern tier as well as the communities of Havre de Grace and Joppatowne were reassessed. They experienced a 2.5% increase in value.
- The County Council has set the fiscal year 2017 County income tax rate at 3.06% which is unchanged from the prior fiscal year. Fiscal year 2017 income tax revenue that is budgeted is projected to increase over fiscal year 2016 income tax revenue amount by 3.0%. The increase in income tax revenue is largely due, in part to an improving economy and lower unemployment. Income tax is budgeted at \$213.0 million for fiscal year 2017.

- The County levies and collects a transfer tax at a rate of 1.0% of the actual consideration paid for conveyance of title to real property. This tax is imposed upon all transfers of real property within the County. Transfer tax collected is split 50.0% to fund school construction debt and 50.0% to purchase agricultural land for preservation. For fiscal year 2017, the County anticipates recording \$15 million in transfer tax.
- The 2017 approved budget includes a merit-based annual salary increase of 3% per qualifying employee for employees of the County Government. The County is also providing support for salary enhancements to the Sheriff's Office, Public Library, State's Attorney's Office, EMS Foundation and Circuit Court system with increased funding equivalent to 3% per employee. A supplemental merit increase of 6% to law enforcement personnel for Deputy First Class and Senior Deputy and a supplemental merit increase of 3% for Corporal are included in the fiscal year 2017 budget.
- Governmental funds report the difference between their assets and deferred outflows of resources and liabilities and deferred inflows of resources as fund balance. Fund balance is reported in classifications that comprise a hierarchy outlining the order in which funds can be spent. For fiscal year 2016, the County originally appropriated \$6.8 million in General Fund Balance to balance the 2016 budget. In fiscal year 2017, the County appropriated \$3.0 million in General Fund Balance to balance the 2017 budget.
- For fiscal year 2017, Harford County Public Schools are being funded at \$233.5 million, which is almost \$6.0 million above the required Maintenance of Effort for fiscal year 2017. Included in the increase is \$3.5 million for instructional salaries to support the teachers and \$1.8 million for school bus contractors.
- The County's support of Harford Community College fiscal year 2017 budget is \$15.6 million. The County has restored \$.3 million appropriation that had been cut from the fiscal year 2015 operating budget.
- Harford County Public Schools fiscal year 2017 capital budget contains seven planned projects totaling \$19.7 million. Of the total General Fund debt service budget, 59.8% is allocated for school debt.

These and other economic factors were considered when preparing the fiscal year 2017 General Fund budget, which estimates total revenues at \$524.6 million; an increase of \$7.0 million or 1.3% over fiscal year 2016 original budgeted amounts. Mindful of the economic struggles the County has faced during the past several years as a result of national economic uncertainties, cuts in revenue funding streams, and the status of the State of Maryland's budget, the County will continue to carefully monitor expenditures and apply cost containment efforts. Many actions have already been taken in response to those fiscal pressures. The County has temporarily deferred large new capital projects in fiscal year 2017, streamlined County operations by outsourcing services, consolidated office space, and is using technology to improve services. The County also anticipates issuing bonds during fiscal year 2017.

The income tax rate of 3.06% is unchanged. The real property tax rate is also unchanged at \$1.042 per \$100 of assessed value. The Homestead Tax Credit rate is 5.0% for Harford County for fiscal year 2017 and remains unchanged from the past fiscal year.

The County approved Bill 15-022 on October 20, 2015, which established new Harford County Water and Sewer rates that will be phased in over 5 years. The increase was necessary to maintain service reliability and infrastructure integrity due to the county's aging Water and Sewer systems. The net change in the fiscal year 2017 approved budget from the 2016 fiscal year original approved budget for the Water and Sewer Operating Fund is an increase of \$2.0 million or 4.2%.

Requests for Information

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

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

Basic Financial Statements

HARFORD COUNTY, MARYLAND
Statement of Net Position
June 30, 2016

Exhibit 1

	Primary Government			Component Units			
	Governmental	Business-Type	Total Primary	Harford County	Harford	Harford Community	Harford County
	Activities	Activities	Government	Public Schools	Center, Inc.	College	Public Library
ASSETS							
Equity in Pooled Cash and Investments	\$ 135,637,405	\$ 86,645,516	\$ 222,282,921	\$ -	\$ -	\$ -	\$ -
Cash and Investments	52,686	1,700	54,386	28,795,917	1,189,777	26,763,030	7,169,445
Taxes and Accounts Receivable (Net)	5,878,712	9,036,286	14,914,998	8,827,438	6,049	4,561,620	274,668
Federal and State Receivable	45,707,413	433,985	46,141,398	5,968,230	152,802	1,632,172	-
Internal Balances	123,187	(123,187)	-	-	-	-	-
Due From Primary Government	-	-	-	4,138,036	-	2,362,557	-
Inventories	2,301,347	2,056,225	4,357,572	509,012	-	427,822	-
Loans Receivable	1,855,248	-	1,855,248	-	-	-	-
Other Assets	-	-	-	24,371	8,719	709,108	24,072
Deposit with Trustee	1,988,784	-	1,988,784	-	-	964,843	3,374,871
Benefit Assessments	464,836	31,519,291	31,984,127	-	-	-	-
Restricted Assets--Cash & Investments	49,486,498	2,826,909	52,313,407	-	-	7,989,418	-
Capital Assets:							
Land, Development Rights & CIP	403,297,363	32,691,922	435,989,285	69,898,826	-	8,710,503	-
Other Capital Assets, Net of Depreciation	301,060,478	417,004,968	718,065,446	553,060,466	295,080	104,033,918	4,416,127
Total Assets	947,853,957	582,093,615	1,529,947,572	671,222,296	1,652,427	158,154,991	15,259,183
DEFERRED OUTFLOWS OF RESOURCES							
Loss on Refunding	17,599,457	2,665,834	20,265,291	-	-	-	-
Pension Deferrals	32,260,654	2,452,599	34,713,253	6,158,733	-	394,527	473,373
Total Deferred Outflow of Resources	49,860,111	5,118,433	54,978,544	6,158,733	-	394,527	473,373
LIABILITIES							
Accounts Payable	14,672,440	1,815,581	16,488,021	9,229,762	22,177	2,897,899	114,071
Due to Component Units	6,500,593	-	6,500,593	-	-	-	-
Retainages Payable	2,407,173	857,090	3,264,263	-	-	126,965	-
Payable to State of Maryland	192,705	1,136,639	1,329,344	-	-	-	-
Accrued Expenses	13,585,320	2,500,033	16,085,353	1,348,575	131,907	1,959,363	795,022
Unearned Revenue	5,021,647	1,600	5,023,247	877,241	-	8,265,476	11,250
Performance Deposits	1,129,451	174,093	1,303,544	-	-	-	-
Escrow Accounts	1,293,140	9,230,735	10,523,875	-	-	-	-
Other Liabilities	905,539	46,575	952,114	-	93,264	159,164	-
Noncurrent Liabilities:							
Due within one year	56,334,077	9,630,619	65,964,696	5,377,367	-	100,573	23,562
Due in more than one year	545,052,693	125,392,477	670,445,170	296,978,064	-	1,224,359	12,686,438
Net Pension Liability	131,173,806	10,214,928	141,388,734	26,420,243	-	1,153,385	1,604,327
Total Liabilities	778,268,584	161,000,370	939,268,954	340,231,252	247,348	15,887,184	15,234,670
DEFERRED INFLOWS OF RESOURCES							
Gain on Refunding	-	24,989	24,989	-	-	-	-
Pension Deferrals	3,615,833	198,879	3,814,712	2,245,369	-	93,703	136,786
Total Deferred Inflow of Resources	3,615,833	223,868	3,839,701	2,245,369	-	93,703	136,786
NET POSITION							
Net Investment in Capital Assets	476,366,433	323,409,167	799,775,600	614,347,364	295,080	112,744,421	4,322,425
Restricted for:							
Highways Projects	452,033	-	452,033	-	-	-	-
Grant Programs	7,131,151	-	7,131,151	-	-	-	-
Capital Projects	4,646,215	-	4,646,215	-	-	-	-
Debt Service	2,180,643	-	2,180,643	-	-	-	-
Other Purposes	6,313,475	56,778,013	63,091,488	5,199,571	55,098	8,345,764	235,831
Unrestricted	(281,260,299)	45,800,630	(235,459,669)	(284,642,527)	1,054,901	21,478,446	(4,197,156)
Total Net Position	\$ 215,829,651	\$ 425,987,810	\$ 641,817,461	\$ 334,904,408	\$ 1,405,079	\$ 142,568,631	\$ 361,100

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

HARFORD COUNTY, MARYLAND
Statement of Activities
For The Year Ended June 30, 2016

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position								
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units					
					Governmental Activities	Business-Type Activities	Total	Harford County Public Schools	Harford Center, Inc.	Harford Community College	Harford County Public Library		
Primary Government:													
Governmental Activities													
Agricultural Preservation	\$ 2,861,659	\$ -	\$ 462,705	\$ -	\$ (2,398,954)	\$ -	\$ (2,398,954)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Council	2,576,827	-	-	-	(2,576,827)	-	(2,576,827)	-	-	-	-	-	-
General Government	58,699,069	3,091,390	3,260,948	222,546	(52,124,185)	-	(52,124,185)	-	-	-	-	-	-
Education-Primary thru Comm. College	269,123,661	-	-	-	(269,123,661)	-	(269,123,661)	-	-	-	-	-	-
Harford Center	693,036	-	-	-	(693,036)	-	(693,036)	-	-	-	-	-	-
Judicial	10,213,119	-	1,351,761	-	(8,861,358)	-	(8,861,358)	-	-	-	-	-	-
Libraries	18,122,008	-	-	1,340,527	(16,781,481)	-	(16,781,481)	-	-	-	-	-	-
Parks, Recreation and Natural Resources	14,552,707	841,522	121,250	1,336,968	(12,252,967)	-	(12,252,967)	-	-	-	-	-	-
Public Safety	107,308,307	3,765,058	4,983,791	1,312,387	(97,247,071)	-	(97,247,071)	-	-	-	-	-	-
Public Works	60,737,012	13,278,342	3,403,624	10,925,026	(33,130,020)	-	(33,130,020)	-	-	-	-	-	-
Social Services	25,633,629	555,021	13,388,702	-	(11,689,906)	-	(11,689,906)	-	-	-	-	-	-
Unallocated Debt Interest / Other Costs	17,152,250	-	1,276,753	-	(15,875,497)	-	(15,875,497)	-	-	-	-	-	-
Total Governmental Activities	587,673,284	21,531,333	28,249,534	15,137,454	(522,754,963)	-	(522,754,963)	-	-	-	-	-	-
Business-type Activities													
Water and Sewer	48,596,655	30,498,568	972,710	15,668,948	-	(1,456,429)	(1,456,429)	-	-	-	-	-	-
Total Business-type Activities	48,596,655	30,498,568	972,710	15,668,948	-	(1,456,429)	(1,456,429)	-	-	-	-	-	-
Total Primary Government	\$ 636,269,939	\$ 52,029,901	\$ 29,222,244	\$ 30,806,402	(522,754,963)	(1,456,429)	(524,211,392)	-	-	-	-	-	-
Component Units:													
Harford County Public Schools	\$ 549,167,851	\$ 9,045,817	\$ 123,982,469	\$ 33,010,832	-	-	-	(383,128,733)	-	-	-	-	-
Harford Center, Inc.	2,749,120	25,325	2,322,560	-	-	-	-	-	(401,235)	-	-	-	-
Harford Community College	59,891,802	20,757,537	22,256,884	4,511,582	-	-	-	-	-	(12,365,799)	-	-	-
Harford County Public Library	22,874,506	845,905	4,894,000	-	-	-	-	-	-	-	-	(17,134,601)	-
Total Component Units	\$ 634,683,279	\$ 30,674,584	\$ 153,455,913	\$ 37,522,414	-	-	-	(383,128,733)	(401,235)	(12,365,799)	-	(17,134,601)	-
General Revenues:													
Taxes:													
Property Taxes					293,100,653	-	293,100,653	-	-	-	-	-	-
Income Taxes					207,466,492	-	207,466,492	-	-	-	-	-	-
Impact Fees					2,444,400	-	2,444,400	-	-	-	-	-	-
911 Program Taxes					1,734,155	-	1,734,155	-	-	-	-	-	-
Recordation Taxes					13,830,776	-	13,830,776	-	-	-	-	-	-
Transfer Taxes					14,827,512	-	14,827,512	-	-	-	-	-	-
Hotel Taxes					2,405,255	-	2,405,255	-	-	-	-	-	-
Other Taxes					742,835	-	742,835	-	-	-	-	-	-
Investment Earnings					3,261,278	2,134,911	5,396,189	55,937	(55)	(176,733)	-	14,596	-
Grants and Contributions not Restricted to Specific Purposes					245,326	-	245,326	364,960,470	628,366	16,051,224	-	16,279,546	-
Miscellaneous					1,131,130	-	1,131,130	3,752,381	69,634	-	-	-	-
Total General Revenues					541,189,812	2,134,911	543,324,723	368,768,788	697,945	15,874,491	-	16,294,142	-
Change in Net Position					18,434,849	678,482	19,113,331	(14,359,945)	296,710	3,508,692	-	(840,459)	-
Net Position--Beginning					197,394,802	425,309,328	622,704,130	349,264,353	1,108,369	139,059,939	-	1,201,559	-
Net Position--Ending					\$ 215,829,651	\$ 425,987,810	\$ 641,817,461	\$ 334,904,408	\$ 1,405,079	\$ 142,568,631	\$ -	\$ 361,100	\$ -

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

HARFORD COUNTY, MARYLAND
Balance Sheet
Governmental Funds
June 30, 2016

Exhibit 3

	General	Highways	Grant	Agricultural Land Preservation	Capital Project	Non-major Governmental Funds	Total Governmental Funds
ASSETS							
Equity in Pooled Cash and Investments	\$ 69,079,292	\$ 12,103,861	\$ 7,524,686	\$ 11,507,203	\$ 21,216,650	\$ 2,582,369	\$ 124,014,061
Cash and Investments	48,886	3,000	-	-	-	800	52,686
Taxes and Accounts Receivable (Net)	5,153,613	523,863	48,222	-	148,257	4,757	5,878,712
Federal and State Receivable	38,706,734	983,056	3,026,698	-	2,718,663	272,262	45,707,413
Inventories	-	2,301,347	-	-	-	-	2,301,347
Loans Receivable	175,875	-	1,679,373	-	-	-	1,855,248
Deposit with Trustee	-	-	-	-	50,000	1,938,784	1,988,784
Benefit Assessment	-	-	-	-	464,836	-	464,836
Restricted Assets - Investments	4,373,276	221,429	-	44,793,964	97,829	-	49,486,498
TOTAL ASSETS	\$ 117,537,676	\$ 16,136,556	\$ 12,278,979	\$ 56,301,167	\$ 24,696,235	\$ 4,798,972	\$ 231,749,585
LIABILITIES							
Accounts Payable	\$ 6,610,589	\$ 1,090,508	\$ 576,168	\$ 7,910	\$ 6,058,978	\$ 29,360	\$ 14,373,513
Due to Component Units	-	-	-	-	6,500,593	-	6,500,593
Retainages Payable	-	-	-	-	2,407,173	-	2,407,173
Payable to State of Maryland	192,505	-	-	-	-	200	192,705
Accrued Expenditures	3,432,450	391,966	193,948	-	-	10,368	4,028,732
Unearned Revenue	727,169	-	3,467,358	-	827,120	-	5,021,647
Performance Deposits	673,970	455,481	-	-	-	-	1,129,451
Escrow Accounts	261,062	487,299	-	-	537,959	6,820	1,293,140
Other Liabilities	904,768	771	-	-	-	-	905,539
Total Liabilities	12,802,513	2,426,025	4,237,474	7,910	16,331,823	46,748	35,852,493
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	22,813,670	415,424	-	-	464,836	-	23,693,930
FUND BALANCES							
Nonspendable	175,875	2,301,347	910,354	-	-	-	3,387,576
Restricted	6,313,475	452,033	7,131,151	-	4,646,215	2,180,643	20,723,517
Committed	-	-	-	44,793,964	-	-	44,793,964
Assigned	62,737,637	10,541,727	-	11,499,293	3,253,361	2,571,581	90,603,599
Unassigned	12,694,506	-	-	-	-	-	12,694,506
Total Fund Balances	81,921,493	13,295,107	8,041,505	56,293,257	7,899,576	4,752,224	172,203,162
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 117,537,676	\$ 16,136,556	\$ 12,278,979	\$ 56,301,167	\$ 24,696,235	\$ 4,798,972	

Internal balances are reported as a result of the entity wide statements thus are not reported in the fund statements. 123,187

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 704,357,841

Some of the County's revenues will be collected after year-end, but not available soon enough to pay for the current period expenditures, and therefore are reported as unavailable revenues in the funds. 23,693,930

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. These assets and liabilities of the internal service funds are included in the statement of net position. 8,107,233

Deferred outflow of resources, including loss on refunding and pension deferrals. 49,860,111

Deferred inflow of resources, including gain on refunding and pension deferrals. (3,615,833)

Long-term liabilities, including bonds payable, compensated absences, notes payable, landfill closure, net pension liability and accrued bond interest are not due and payable in the current period and therefore are not reported in the funds. (738,899,980)

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

Net Position of Governmental Activities **\$ 215,829,651**

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2016

Exhibit 4

	General	Highways	Grant	Agricultural Land Preservation	Capital Project	Non-major Governmental Funds	Governmental Funds
REVENUES							
Taxes	\$ 468,970,280	\$ 35,904,874	\$ -	\$ 7,413,756	\$ 19,139,633	\$ 3,130,681	\$ 534,559,224
Revenues from Other Agencies	3,722,731	2,065,394	21,619,211	462,705	6,404,705	4,000	34,278,746
Investment Income	467,295	68,049	48	2,564,565	99,966	9,991	3,209,914
Charges for Current Services	14,525,539	623,158	1,036,527	-	91,978	783,998	17,061,200
Miscellaneous	1,345,506	215,243	764,616	-	2,115,794	2,330	4,443,489
Licenses and Permits	4,539,298	-	-	-	-	-	4,539,298
Fines and Forfeitures	117,580	33,097	-	-	-	-	150,677
Total Revenues	<u>493,688,229</u>	<u>38,909,815</u>	<u>23,420,402</u>	<u>10,441,026</u>	<u>27,852,076</u>	<u>3,931,000</u>	<u>598,242,548</u>
EXPENDITURES							
Current:							
Agricultural Preservation	-	-	-	36,513	-	-	36,513
County Council	2,472,194	-	-	-	-	-	2,472,194
General Government	41,965,300	-	1,968,240	-	-	-	43,933,540
Education-Primary thru Comm. College	243,470,583	-	-	-	-	-	243,470,583
Harford Center	693,036	-	-	-	-	-	693,036
Judicial	8,223,001	-	1,606,911	-	-	-	9,829,912
Libraries	16,279,546	-	-	-	-	-	16,279,546
Parks, Recreation and Natural Resources	9,248,083	-	201,434	-	-	773,426	10,222,943
Public Safety	90,519,148	1,188,050	3,663,472	-	-	-	95,370,670
Public Works	17,821,453	26,241,893	2,566,005	-	-	-	46,629,351
Social Services	10,011,768	-	14,545,754	-	-	-	24,557,522
Capital Outlay	-	-	-	-	86,949,927	-	86,949,927
Debt Service:							
Principal	33,059,016	545,078	-	7,076,454	-	-	40,680,548
Interest	17,415,639	383,515	-	2,943,448	-	1,050,000	21,792,602
Administrative Costs	216,168	4,464	-	41,199	-	22,187	284,018
Total Expenditures	<u>491,394,935</u>	<u>28,363,000</u>	<u>24,551,816</u>	<u>10,097,614</u>	<u>86,949,927</u>	<u>1,845,613</u>	<u>643,202,905</u>
(Deficiency) Excess of Revenues Over Expenditures	<u>2,293,294</u>	<u>10,546,815</u>	<u>(1,131,414)</u>	<u>343,412</u>	<u>(59,097,851)</u>	<u>2,085,387</u>	<u>(44,960,357)</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	16,991,535	-	3,474,045	-	15,941,250	-	36,406,830
Transfers (Out)	(12,029,045)	(7,256,250)	(391,535)	-	(16,600,000)	(130,000)	(36,406,830)
Issuance of Bonds	-	-	-	-	27,132,515	-	27,132,515
Premium on Issuance of Bonds	2,520,122	56,729	-	-	-	-	2,576,851
Total Other Financing Sources (Uses)	<u>7,482,612</u>	<u>(7,199,521)</u>	<u>3,082,510</u>	<u>-</u>	<u>26,473,765</u>	<u>(130,000)</u>	<u>29,709,366</u>
Net Change in Fund Balances	9,775,906	3,347,294	1,951,096	343,412	(32,624,086)	1,955,387	(15,250,991)
Fund Balances--Beginning	72,145,587	9,700,298	6,090,409	55,949,845	40,523,662	2,796,837	187,206,638
Increase (Decrease) in Inventory	-	247,515	-	-	-	-	247,515
Fund Balances--Ending	<u>\$ 81,921,493</u>	<u>\$ 13,295,107</u>	<u>\$ 8,041,505</u>	<u>\$ 56,293,257</u>	<u>\$ 7,899,576</u>	<u>\$ 4,752,224</u>	<u>\$ 172,203,162</u>

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

HARFORD COUNTY, MARYLAND
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

Exhibit 5

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

Net change in fund balances--total governmental funds	\$	(15,250,991)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		1,635,038
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		7,814,221
The issuance of long-term debt (e.g. bonds, notes, installment purchase agreements) proceeds provide current financial resources to governmental funds, while the repayment of the principal of the long-term debt consumes the current financial resources of government funds. Neither transaction has any effect of net position. Also, governmental funds report the premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.		13,070,409
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		10,556,861
Eliminating the effect of the internal service fund using the "look-back" method resulted in a increase in expenses in the governmental activities in the statement of activities.		(82,121)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		691,432
Change in net position of governmental activities	\$	18,434,849

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

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, Encumbrances
And Changes In Fund Balances
Budgetary Basis (Non-GAAP) vs. Actual
Governmental Funds
For The Year Ended June 30, 2016

Exhibit 6

	General				Highways			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Taxes	\$ 462,650,343	\$ 462,650,343	\$ 468,970,280	\$ 6,319,937	\$ 35,420,988	\$ 35,420,988	\$ 35,904,874	\$ 483,886
Revenues from Other Agencies	3,713,924	3,713,924	3,722,731	8,807	1,492,801	1,492,801	2,065,394	572,593
Investment Income	310,000	310,000	467,295	157,295	25,000	25,000	68,049	43,049
Charges for Current Services	13,807,730	13,807,730	14,525,539	717,809	792,300	792,300	623,158	(169,142)
Miscellaneous	9,289,432	9,289,432	7,807,174	(1,482,258)	8,082,306	8,082,306	7,804,833	(277,473)
Licenses and Permits	4,218,300	4,218,300	4,539,298	320,998	-	-	-	-
Fines and Forfeitures	98,100	98,100	117,580	19,480	15,000	15,000	33,097	18,097
Total Revenues	<u>494,087,829</u>	<u>494,087,829</u>	<u>500,149,897</u>	<u>6,062,068</u>	<u>45,828,395</u>	<u>45,828,395</u>	<u>46,499,405</u>	<u>671,010</u>
EXPENDITURES								
Current:								
Agricultural Preservation	-	-	-	-	-	-	-	-
County Council	2,852,778	2,868,638	2,460,745	407,893	-	-	-	-
General Government	49,500,751	51,010,300	47,250,400	3,759,900	-	-	-	-
Education-Primary thru Comm. College	243,470,583	243,470,583	243,470,583	-	2,000,000	2,000,000	-	2,000,000
Harford Center	693,036	693,036	693,036	-	-	-	-	-
Judicial	8,395,250	8,589,533	8,162,552	426,981	-	-	-	-
Libraries	16,279,546	16,279,546	16,279,546	-	-	-	-	-
Parks, Recreation and Natural Resources	9,536,011	9,740,817	9,240,779	500,038	-	-	-	-
Public Safety	93,246,816	95,276,697	91,691,036	3,585,661	1,188,050	1,188,050	1,188,050	-
Public Works	18,586,510	18,637,279	18,036,640	600,639	35,041,266	36,369,394	33,660,039	2,709,355
Social Services	10,515,909	10,590,719	9,983,024	607,695	-	-	-	-
Total Expenditures	<u>453,077,190</u>	<u>457,157,148</u>	<u>447,268,341</u>	<u>9,888,807</u>	<u>38,229,316</u>	<u>39,557,444</u>	<u>34,848,089</u>	<u>4,709,355</u>
Debt Service	52,427,719	52,427,719	50,690,823	1,736,896	1,051,723	1,051,723	933,057	118,666
Total Expenditures	<u>505,504,909</u>	<u>509,584,867</u>	<u>497,959,164</u>	<u>11,625,703</u>	<u>39,281,039</u>	<u>40,609,167</u>	<u>35,781,146</u>	<u>4,828,021</u>
(Deficiency)/Excess of Revenues Over Expenditures	<u>(11,417,080)</u>	<u>(15,497,038)</u>	<u>2,190,733</u>	<u>17,687,771</u>	<u>6,547,356</u>	<u>5,219,228</u>	<u>10,718,259</u>	<u>5,499,031</u>
OTHER FINANCING SOURCES (USES)								
Appropriated Fund Balance	6,775,125	10,855,083	-	(10,855,083)	708,894	2,037,022	-	(2,037,022)
Transfers In	16,721,000	16,721,000	16,991,535	270,535	-	-	-	-
Transfers (Out)	(12,079,045)	(12,079,045)	(12,029,045)	50,000	(7,256,250)	(7,256,250)	(7,256,250)	-
Premium on Issuance of Bonds	-	-	2,520,122	2,520,122	-	-	56,729	56,729
Total Other Financing Sources (Uses)	<u>11,417,080</u>	<u>15,497,038</u>	<u>7,482,612</u>	<u>(8,014,426)</u>	<u>(6,547,356)</u>	<u>(5,219,228)</u>	<u>(7,199,521)</u>	<u>(1,980,293)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,673,345</u>	<u>\$ 9,673,345</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,518,738</u>	<u>\$ 3,518,738</u>
Fund Balance - Beginning			72,547,016				9,485,514	
Prior Year Encumbrances Cancelled			295,825				25,167	
Increase in Inventory			-				247,515	
Fund Balance - Ending			<u>\$ 82,516,186</u>				<u>\$ 13,276,934</u>	

(continued)

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenditures, Encumbrances
And Changes In Fund Balances
Budgetary Basis (Non-GAAP) vs. Actual
Governmental Funds
For The Year Ended June 30, 2016

Exhibit 6

	Agricultural Land Preservation			
	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget
				Positive(Negative)
REVENUES				
Taxes	\$ 6,400,000	\$ 6,400,000	\$ 7,413,756	\$ 1,013,756
Revenues from Other Agencies	82,000	82,000	462,705	380,705
Investment Income	4,894,500	4,894,500	2,564,565	(2,329,935)
Charges for Current Services	-	-	-	-
Miscellaneous	9,000	9,000	-	(9,000)
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Total Revenues	11,385,500	11,385,500	10,441,026	(944,474)
EXPENDITURES				
Current:				
Agricultural Preservation	3,380,050	3,380,050	36,513	3,343,537
County Council	-	-	-	-
General Government	-	-	-	-
Education-Primary thru Comm. College	-	-	-	-
Harford Center	-	-	-	-
Judicial	-	-	-	-
Libraries	-	-	-	-
Parks, Recreation and Natural Resources	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Social Services	-	-	-	-
Total Expenditures	3,380,050	3,380,050	36,513	3,343,537
Debt Service	10,113,921	10,113,921	10,061,101	52,820
Total Expenditures	13,493,971	13,493,971	10,097,614	3,396,357
(Deficiency)/Excess of Revenues				
Over Expenditures	(2,108,471)	(2,108,471)	343,412	2,451,883
OTHER FINANCING SOURCES (USES)				
Appropriated Fund Balance	2,108,471	2,108,471	-	(2,108,471)
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Premium on Issuance of Bonds	-	-	-	-
Total Other Financing	2,108,471	2,108,471	-	(2,108,471)
Sources (Uses)				
Net Change in Fund Balances	\$ -	\$ -	343,412	\$ 343,412
Fund Balance - Beginning			55,949,845	
Prior Year Encumbrances Cancelled			-	
Increase in Inventory			-	
Fund Balance - Ending			\$ 56,293,257	

HARFORD COUNTY, MARYLAND
Statement of Net Position
Proprietary Funds
June 30, 2016

Exhibit 7

ASSETS	Business-Type Activities	Governmental Activities
	Enterprise Fund, Water and Sewer	Internal Service Fund
Current Assets:		
Equity in Pooled Cash and Investments	\$ 86,645,516	\$ 11,623,344
Cash and Investments	1,700	-
Restricted Assets - Investments	2,826,909	-
Accounts Receivable (Net)	9,036,286	-
Federal and State Receivable	433,985	-
Inventories	2,056,225	-
Benefit Assessments	3,195,163	-
Total Current Assets	104,195,784	11,623,344
Noncurrent Assets:		
Benefit Assessments	28,324,128	-
Capital Assets, Net of Depreciation		
Land and Construction in Process	32,691,922	-
Property, Plant & Equipment	417,004,968	-
Total Capital Assets	449,696,890	-
Total Noncurrent Assets	478,021,018	-
Total Assets	582,216,802	11,623,344
DEFERRED OUTFLOWS OF RESOURCES		
Loss on Refunding	2,665,834	-
Contributions Subsequent to Measurement Date	901,859	-
Changes of Assumptions	564,466	-
Changes in Proportion and Difference Between County Contribution and Proportionate Share of Contributions	723,680	-
Net Difference Between Projected and Actual Investment Earnings	262,594	-
Total Deferred Outflow of Resources	5,118,433	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	985,697	298,927
Accounts Payable from Restricted Assets	829,884	-
Retainage Payable from Restricted Assets	857,090	-
Payable to the State of Maryland	1,136,639	-
Accrued Expenses	2,500,033	-
Unearned Revenue	1,600	-
Performance Deposits	174,093	-
Escrow Accounts	9,230,735	-
Other Liabilities	46,575	-
Compensated Absences-Current	1,260,269	-
Bonds Payable-Current	8,370,350	-
Estimated Current Liability for Claims in Process	-	1,011,106
Total Current Liabilities	25,392,965	1,310,033
Noncurrent Liabilities:		
Compensated Absences	2,007,349	-
Bonds Payable	123,385,128	-
Net Pension Liability	10,214,928	-
Estimated Liability for Claims in Process	-	2,206,078
Total Noncurrent Liabilities	135,607,405	2,206,078
Total Liabilities	161,000,370	3,516,111
DEFERRED INFLOWS OF RESOURCES		
Gain on Refunding	24,989	-
Difference Between Expected and Actual Experience	198,879	-
Total Deferred Inflow of Resources	223,868	-
NET POSITION		
Net Investment in Capital Assets	323,409,167	-
Restricted	56,778,013	-
Unrestricted	45,923,817	8,107,233
Total Net Position	426,110,997	8,107,233
The net result of the look-back approach for consolidating the Internal Service fund is an interfund payable for the business-type activities in the Statement of Net Position	(123,187)	
Net Position of Business-Type Activities	\$ 425,987,810	

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

HARFORD COUNTY, MARYLAND
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

Exhibit 8

	Business-Type Activities	Governmental Activities
	<u>Enterprise Fund, Water and Sewer</u>	<u>Internal Service Fund, Self Insurance</u>
Operating Revenues:		
Charges for Services	\$ -	\$ 1,847,390
Income from Water Operations	12,747,931	-
Income from Sewer Operations	16,057,826	-
Miscellaneous	1,692,811	-
Total Operating Revenues	<u>30,498,568</u>	<u>1,847,390</u>
Operating Expenses:		
General and Administrative Expenses	5,146,930	-
Operations and Maintenance-Water	12,894,257	-
Operations and Maintenance-Sewer	13,648,046	-
Insurance Claims and Expenses	-	1,207,322
Depreciation	12,724,575	-
Total Operating Expenses	<u>44,413,808</u>	<u>1,207,322</u>
Operating (Loss) Income	(13,915,240)	640,068
Non-operating Revenues (Expenses):		
Grant Revenue	972,710	-
Interest Income	2,134,911	51,364
Interest Expense	(3,802,578)	-
Other Income (Expense)	(462,390)	-
Total Non-operating Revenue (Expenses)	<u>(1,157,347)</u>	<u>51,364</u>
Income Before Contributions	(15,072,587)	691,432
Capital Contributions	15,668,948	-
Change in Net Position	596,361	691,432
Total Net Position--Beginning	425,514,636	7,415,801
Total Net Position--Ending	<u>\$ 426,110,997</u>	<u>\$ 8,107,233</u>

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

Net Change in Net Position -- Business-Type Activities Prior to Adjusting	\$ 596,361
Eliminating the effect of the internal service fund, using the "look-back" method resulted in decreased expenses in the enterprise fund	<u>82,121</u>
Net Change in Net Position -- Business-Type Activities	<u>\$ 678,482</u>

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

HARFORD COUNTY, MARYLAND
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2016

Exhibit 9

	Business Type Activities		Governmental Activities	
	Enterprise Fund, Water and Sewer		Internal Service Fund, Self Insurance	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$	24,300,480	\$	-
Receipts from Interfund Services Provided		-		1,281,478
Receipts from Others for Claims		-		565,912
Receipts from Customer Deposits and Rental Income		7,127,815		-
Payment of Deposits to Customer		(580,187)		-
Payments to Employees for Services		(14,572,437)		-
Payments to Suppliers for Goods and Services		(17,230,725)		(383,023)
Payments for Claims		-		(2,682,966)
Net Cash (Used In) Operating Activities		<u>(955,054)</u>		<u>(1,218,599)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets		(8,587,896)		-
Principal Payments on Long Term Debt		(8,451,014)		-
Bond/Lease Service Costs		(362,136)		-
Interest Paid on Bonds/Leases		(4,767,684)		-
Proceeds from Federal and State Grants		838,382		-
Recordation Tax Revenue		228,921		-
Tap Fees in Excess of Connection Costs		15,241,750		-
Proceeds from Bond Sale		12,867,485		-
Premium and Accrued Interest, net of Underwriters Fees		1,222,061		-
Proceeds from Sale of Capital Assets		22,412		-
Net Cash Provided By Capital and Related Financing Activities		<u>8,252,281</u>		<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income		<u>2,134,059</u>		<u>51,364</u>
Net Cash Provided by Investing Activities		<u>2,134,059</u>		<u>51,364</u>
Net Increase (Decrease) in Cash and Cash Equivalents		<u>9,431,286</u>		<u>(1,167,235)</u>
Cash and Cash Equivalents, July 1		<u>80,042,839</u>		<u>12,790,579</u>
Cash and Cash Equivalents, June 30	\$	<u>89,474,125</u>	\$	<u>11,623,344</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES				
Operating (Loss) Income	\$	(13,915,240)	\$	640,068
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided By (Used In) Operating Activities:				
Depreciation		12,724,575		-
Rental Income		139,010		-
Effect of Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable		(6,184,966)		-
Inventory		(222,190)		-
Contributions Subsequent to Measurement Date		67,102		-
Changes in Assumptions		(457,664)		-
Changes in Proportion & Share of Contribution		(723,681)		-
Accounts Payable		(491,277)		247,254
Accrued Expenses		100,531		-
Estimated Payables for Future Claims		-		(2,105,921)
Escrow Accounts		6,396,948		-
Unearned Revenue		(1,452)		-
Other Liabilities		17,548		-
Compensated Absences		261,112		-
Net Pension Liability		2,206,432		-
Net Difference - Expected vs Actual Investment Earnings		198,879		-
Net Difference - Projected vs Actual Investment Earnings		(1,070,721)		-
Net Cash (Used In) Operating Activities	\$	<u>(955,054)</u>	\$	<u>(1,218,599)</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Developer Contributions of Capital Assets to the Water and Sewer Fund	\$	<u>4,586,715</u>	\$	<u>-</u>

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

HARFORD COUNTY, MARYLAND
Statement of Fiduciary Net Position
June 30, 2016

Exhibit 10

	Pension Trust Funds	Other Post Employment Trust Fund	Private Purpose Trust Funds	Agency Fund
ASSETS				
Equity in Pooled Cash and Investments	\$ 201,128	\$ 426,921	\$ 1,478,016	\$ -
Investments, at Fair Value				
Cash Equivalents	1,263,913	1,523,774	927,195	12,246,900
Fixed Income Fund	21,035,502	21,837,382	-	-
Equities and Equivalents	51,176,279	67,177,398	-	-
Total Investments	<u>73,475,694</u>	<u>90,538,554</u>	<u>927,195</u>	<u>12,246,900</u>
Total Assets	<u>73,676,822</u>	<u>90,965,475</u>	<u>2,405,211</u>	<u>12,246,900</u>
LIABILITIES				
Accounts Payable	85,121	26,314	12,255	-
Due to Beneficiaries	<u>-</u>	<u>-</u>	<u>927,195</u>	<u>12,246,900</u>
Total Liabilities	<u>85,121</u>	<u>26,314</u>	<u>939,450</u>	<u>12,246,900</u>
NET POSITION				
Net Position Restricted for Pensions, OPEB Benefits and Other Purposes	<u>\$ 73,591,701</u>	<u>\$ 90,939,161</u>	<u>\$ 1,465,761</u>	<u>\$ -</u>

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

HARFORD COUNTY, MARYLAND
Statement of Changes in Fiduciary Net Position
For Fiscal Year Ending June 30, 2016

Exhibit 11

	Pension Trust Funds	Other Post Employment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions and Donations	\$ -	\$ -	\$ 224,570
Employee Contributions	499,165	-	-
Employer Contributions	2,489,555	10,162,000	-
Plan Sponsor Contributions	1,912,843	-	-
Retiree Contributions	-	1,202,830	-
Miscellaneous Income	17	-	-
Total Contributions	<u>4,901,580</u>	<u>11,364,830</u>	<u>224,570</u>
Investment Earnings			
Net Loss in Fair Value of Investments	(2,673,162)	(3,731,881)	-
Interest and Dividends	1,338,845	1,596,623	6,471
Total Investment Earnings	<u>(1,334,317)</u>	<u>(2,135,258)</u>	<u>6,471</u>
Less Investment Expense	298,586	363,309	-
Net Investment Income	<u>(1,632,903)</u>	<u>(2,498,567)</u>	<u>6,471</u>
Total Additions	<u>3,268,677</u>	<u>8,866,263</u>	<u>231,041</u>
DEDUCTIONS			
Administrative Expenses	62,804	12,500	-
Benefits	4,582,276	8,366,970	-
Contractual Services	-	-	224,837
Total Deductions	<u>4,645,080</u>	<u>8,379,470</u>	<u>224,837</u>
Change in Net Position	<u>(1,376,403)</u>	<u>486,793</u>	<u>6,204</u>
Net Position--Beginning	74,968,104	90,452,368	1,459,557
Net Position --Ending	<u>\$ 73,591,701</u>	<u>\$ 90,939,161</u>	<u>\$ 1,465,761</u>

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

Notes to Basic Financial Statements

HARFORD COUNTY, MARYLAND
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HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

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

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

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

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

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

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

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

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

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

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

The County reports the following major governmental funds:

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

The Highways Operating Fund accounts for dedicated property tax revenues that are legally restricted to the maintenance, care, and repair of roads and bridges located outside the boundaries of the three incorporated municipalities in Harford County, all expenditures of the County Department of Public Works concerning highways and all County-related transportation expenditures.

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

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

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following additional fund types:

Non-major Governmental Funds:

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

Stormwater Management Special Revenue Fund: This fund was established to account for the stormwater remediation operation.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Resolution No. 005-15 authorized the recordation tax remain at a rate of \$3.30 for each \$500 or fraction thereof of the actual consideration payable or of the principal amount of the debt secured for an instrument of writing; and resolved that the revenue from such tax at the rate of \$0.55 be dedicated to fund the implementation of local watershed protection and restoration projects throughout Harford County, effective July 1, 2015.

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

Internal Service Funds:

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

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

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

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

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

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

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

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

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

a. POOLED CASH AND INVESTMENTS

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

each fund may maintain their own separate cash and investments that are specific to the individual fund. Based on an average daily balance of each fund's equity in pooled cash and investments, investment income earned on the cash and investment pool is distributed monthly to the General, Highways, Grant, Agricultural Land Preservation, Capital Projects, Beechtree TIF, Stormwater Management, Parks and Recreation, Water and Sewer Enterprise, Self-Insurance, two Private Purpose Trust Funds, Sheriff's Office Pension Fund, Length of Service Award Program (LOSAP), Other Post Employment Benefits Trust (OPEB), and Agency Fund. Investment income earned on individual funds' separate cash and investments is recorded monthly in the corresponding fund.

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

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

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

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

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

Investments of the County are recorded at fair value. MLGIP investments are recorded at cost, which approximates fair value. Investments in Money Market funds are valued at the closing net asset value per share on the day of valuation. Changes in fair value are reported as increases or decreases in investment income in the operating statements of the appropriate fund.

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

b. PROPERTY TAXES RECEIVABLE AND OTHER RECEIVABLES

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

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

Discounts of 1% and 0.5% are allowed on the amount paid in July or August respectively for both annual and semi-annual real property tax payments. Beginning October 1, interest of 1.5% per month is charged for each month or fraction thereof that taxes remain unpaid on annual bills. Interest of 1.5% per month is not charged on the second semi-annual installment until January 1. In addition to interest, a 6% penalty is assessed on all unpaid delinquent property taxes on October 1. A penalty of 6% is imposed on the semi-annual installment overdue and in arrears on January 1. Any taxes not paid by the third Monday in June may subject the property to tax sale.

The County's real property tax rate for the year ended June 30, 2016 was \$1.042 per \$100 of assessed value for properties within the County, but not within an incorporated town, and \$0.8937 for properties within an incorporated town.

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

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

c. INVENTORIES

All inventories are valued at the lower of cost or market using the First-In/First-Out (FIFO) method. Non-spendable fund balance for the Highways Fund inventories has been reported in the governmental fund

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

statements to reflect the non-availability of those amounts for appropriation or expenditure. Inventories in the Highways special revenue fund are accounted for by the purchase method.

d. RESTRICTED ASSETS

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

e. CAPITAL ASSETS

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items) are recorded at historical cost or at estimated historical cost if actual historical cost is not available.

Donated capital assets are recorded at estimated fair market value at the date of donation. Interest expense is not capitalized in the current year or amortized yearly due to immateriality. The government defines capital assets as assets that have an estimated useful life in excess of one year and have an individual cost that meets or exceeds the minimal capitalization thresholds it has established for that asset class. There is no minimum dollar requirement established for Land and Development Rights. Capital assets used in operations are depreciated or amortized using the straight-line method over their estimated useful lives. Interest expense is not capitalized in the current year due to immateriality.

Capital Assets, being depreciated or amortized:

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

The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Improvements other than Buildings	5-15
Machinery and Equipment	5-10
Vehicles	7
Intangibles:	
Software	5-10
Infrastructure:	
Bridges	35-45
Roads	15
Water and Sewer Lines and Improvements	10-75

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

f. COMPENSATED ABSENCES

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

g. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund financial statements, non-current obligations are reported as liabilities in either governmental activities, or business-type activities, in the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount and deferred gains and losses. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

h. NET POSITION/FUND BALANCES

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

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

Assigned – This component consists of amounts that are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the County Executive or their designee. The fiscal stabilization fund assignment is 5.0 percent of the following fiscal year’s General and Highways Funds operating budget to preserve the County’s high credit rating and to provide for emergencies. This authority is pursuant to Article III, Section 302 of the Harford County Charter.

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

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

i. ESTIMATED LIABILITY FOR CLAIMS IN PROCESS

The liability for claims in process in the Internal Service Fund includes estimates for personal injury, worker’s compensation and property damage as of June 30, 2016. The liability is based on estimates made on an individual claim basis plus an actuarial estimate of the liability for claims incurred but not reported.

j. ESTIMATES

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

E. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

The County has adopted the provisions of Governmental Accounting Standard Board (GASB) issued Statement No. 72, entitled *Fair Value Measurement and Application*; Statement No. 73, *Accounting and Financial*

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

*Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68; Statement No. 76 entitled *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and Statement No. 79 entitled *Certain External Investment Pools and Pool Participants*. The adoption of these standards did not have a material effect on these statements.*

As of year ended June 30, 2016, GASB issued Statement No. 74, entitled *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; Statement No. 75 entitled *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 77, entitled *Tax Abatement Disclosures*; Statement No. 78, entitled *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; Statement No. 80, entitled *Blending Requirements for Certain Component Units*; Statement No. 81, entitled *Irrevocable Split-Interest Agreements*; and Statement No. 82, entitled *Pension Issues*. The County has not yet completed the process of evaluating the impact of these pronouncements on its financial statements.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

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

Accrued Bond Interest	\$	9,556,588
Agricultural Preservation Installments		52,282,849
Bonds Payable (Net)		487,822,233
Notes Payable		1,312,618
Landfill Closure Liability		30,754,788
Compensated Abences		25,997,098
Net Pension Liability		131,173,806
		131,173,806
	\$	738,899,980

Another element of that reconciliation explains that “deferred outflows of resources, including loss on refunding, contributions subsequent to measurement date, changes in assumptions, changes in proportion and differences between County contributions are proportionate share of contributions and net difference in projected versus actual investment earnings, are consumption of resources that is applicable to future reporting periods and therefore are not reported in the funds.” The details of this difference are as follows:

Loss on Refunding	\$	17,599,457
Contribution Subsequent to Measurement Date		9,889,717
Changes of Assumptions		7,548,035
Changes in Proportion and Differences Between County		
Contributions and Proportionate Share of Contributions		5,945,788
Net Difference Between Projected and Actual Investment Earnings		8,877,114
		8,877,114
	\$	49,860,111

Another element of that reconciliation explains that, “deferred inflows of resources, including gain on refunding and net difference between expected versus actual experience, are acquisitions of resources that are applicable to future reporting periods and therefore are not reported in the funds.” The details of this difference are as follows:

Difference Between Expected and Actual Experience	\$	3,615,833
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HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

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

Purchase of Capital Assets	\$	27,450,364
Depreciation		(25,815,326)
	\$	1,635,038

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

Contributed Assets	\$	6,592,651
Trade in Value of Assets		127,500
Disposal of Assets		(863,027)
Increase in Property Tax Deferred Revenue		1,857,479
Increase in Income Tax Deferred Revenue		89,321
Increase in Hotel Tax Deferred Revenue		46,054
Decrease in Deferred Special Assessments		(35,757)
	\$	7,814,221

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

Accrued Interest Expense	\$ (566,969)
Amortization of Bond Premium	4,200,300
Amortization of Deferred Loss	(1,534,104)
Issuance of Bonds Payable	(27,132,515)
Bond Premium	(2,576,851)
Principal Payments on General Obligation Debt	40,680,548
	<u>\$ 13,070,409</u>

Another element of that reconciliation states that, “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Impairment of Asset	\$ (2,669,042)
Difference between Pension Expense and Contributions	(2,388,857)
Contributed Land to Not for Profit	(1,661,427)
Increase in Compensated Absences Expense	(1,060,769)
Consumption Method of Inventory Used in Entitywide Statements vs. the Purchase Method used in the Fund Statements	247,515
Decrease in Deferred Health Care Consortium Expense	764,720
Decrease in Landfill Closure/Solid Waste Expense	17,324,721
	<u>\$ 10,556,861</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

Pursuant to the County Charter, the capital and operating budgets are presented by the County Executive to the County Council during April. The County Council holds public hearings regarding the budget and, prior to June 15, passes an annual appropriation ordinance. The legislation becomes effective July 1 and provides the spending authority at the department level for the operations of the County Government with unexpended or unencumbered appropriation authority expiring the following June 30, except in the case of Capital Projects Funds, where appropriations lapse after three years if no expenditures occur. Under Maryland State Law, Harford County Public Schools capital projects are exempt from this provision. The appropriated budgets are prepared by fund, function, and department. Expenditures and encumbrances of the funds may not legally exceed appropriations at the department level. During the fiscal year, the County Council may adopt supplemental appropriations. For the year ended June 30, 2016, supplemental appropriations adopted in the General Fund were \$4,079,958; \$1,328,128 in the Highways Fund; \$8,544 in the Parks and Recreation Fund; and \$390,424 in the Water and Sewer Fund. Throughout the year, the County Executive has the authority to approve various intradepartmental transfers, which is the legal level of budgetary control. Transfers between departments require the County Council's approval and are only completed after April 1.

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

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

The capital budget reflects appropriations for the Capital Projects Fund at the individual project level. Expenditures and encumbrances may not legally exceed appropriations at that level and unencumbered appropriations lapse at the completion or abandonment of individual projects. The County Council and the County Executive must approve all transfers of appropriations between projects.

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED

B. RECONCILIATION OF GAAP TO BASIS OF BUDGETING

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

As of June 30, 2016, the changes in fund balances are reconciled as follows:

	General Fund		Highways Fund
	<u> </u>		<u> </u>
Basis of Budgeting - Net Change in Fund Balances	\$ 9,673,345	\$	3,518,738
Basis Adjustments:			
Revenue for Budgetary, not GAAP Purposes	(6,461,668)		(7,589,590)
Encumbrances Adjustment	448,229		(73,813)
Expenditures for Budgetary, not GAAP Purposes	6,461,668		7,589,590
Expenditures for GAAP, not for Budgetary Purposes	<u>(345,668)</u>		<u>(97,631)</u>
GAAP Basis - Net Changes in Fund Balances	<u>\$ 9,775,906</u>	\$	<u>3,347,294</u>

As of June 30, 2016, the ending fund balances are reconciled as follows:

	General Fund		Highways Fund
	<u> </u>		<u> </u>
Basis of Budgeting - Fund Balances	\$ 82,516,186	\$	13,276,934
Encumbrances	2,837,757		410,139
Expenditures for GAAP, not for Budgetary Purposes	<u>(3,432,450)</u>		<u>(391,966)</u>
GAAP Basis - Fund Balances	<u>\$ 81,921,493</u>	\$	<u>13,295,107</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS

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

a. DEPOSITS

PRIMARY GOVERNMENT

Custodial Credit Risk: In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. At year-end, the carrying amount of combined deposits was \$884,128 and the collected bank balance was \$1,416,209. The uninsured balances were fully collateralized by securities placed with the respective bank escrow agents and held in the County’s name at the Federal Reserve. As of June 30, 2016, the County’s deposits were not exposed to custodial credit risk.

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

Reconciliation:

Total Primary Government - Exhibit 1	
Equity in Pooled Cash and Investments	\$ 222,282,921
Cash and Investments	54,386
Restricted Assets - Cash and Investments	52,313,407
Pension Trust Funds - Exhibit 10	
Equity in Pooled Cash and Investments	201,128
Investments	73,475,694
Other Post Employment Benefit Trust Fund - Exhibit 10	
Equity in Pooled Cash and Investments	426,921
Investments	90,538,554
Private Purpose Trust Funds - Exhibit 10	
Equity in Pooled Cash and Investments	1,478,016
Investments	927,195
Agency Funds - Exhibit 10	
Equity in Pooled Cash and Investments	-
Investments	12,246,900
Total All Equity in Pooled Cash	453,945,122
Less: Investments - Primary Government, page 48	(453,060,994)
The Carrying Amount of Combined Deposits	\$ 884,128

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

At year-end, the carrying amount of combined deposits was \$25,938,792. All of the collected bank balance was insured by the FDIC and/or by securities held by the component unit or its' agent, in the component unit's name.

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

Reconciliation:

Cash & Investments for Component Units--Exhibit 1:

Harford County Public Schools	\$	28,795,917
Harford Center, Inc.		1,189,777
Harford Community College		26,763,030
Harford Community College restricted		7,989,418
Harford County Public Library		7,169,445
Total Component Unit Cash & Investments		<u>71,907,587</u>
Less: Investments--Component Units; page 51		<u>(45,968,795)</u>
Cash in the Bank	\$	<u><u>25,938,792</u></u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. INVESTMENTS

PRIMARY GOVERNMENT

As of June 30, 2016, the County had the following investments and maturities.

Investment Type	Investment Maturities (Years)				
	Pooled Investments	Amount	Less than 1	1 - 5	5+
¹ Federal Agencies	\$ 45,109,729	\$ -	\$ 45,109,729	\$ -	
MLGIP	101,393,537	101,393,537	-	-	
Repurchase Agreements	60,015,862	60,015,862	-	-	
CDARS	15,040,102	10,040,102	5,000,000	-	
Mutual Funds	2,000,371	2,000,371	-	-	
Subtotal	<u>223,559,601</u>	<u>173,449,872</u>	<u>50,109,729</u>		
<u>Non-Pooled Investments</u>					
MLGIP	7,519,443	7,519,443	-	-	
² U.S. Strip Treasuries	44,793,964	7,708,462	22,974,848	14,110,654	
³ Trust Fund Annuity Contract	927,195	42,055	256,370	628,770	
MLGIP - Fiduciary Funds	12,246,544	12,246,544	-	-	
Benefits and Pension Funds:					
³ Short-Term Investments	2,787,687	2,787,687	-	-	
³ Equities	118,353,676	118,353,676	-	-	
³ Fixed Income Funds	7,496,179	7,496,179	-	-	
US Government Agencies	1,291	-	598	693	
Corporate Bonds	16,620,840	2,146,258	7,418,471	7,056,111	
² US Treasury Obligations	<u>18,754,574</u>	<u>672,951</u>	<u>12,865,179</u>	<u>5,216,444</u>	
Subtotal	<u>229,501,393</u>	<u>158,973,255</u>	<u>43,515,466</u>	<u>27,012,672</u>	
Total	<u>\$ 453,060,994</u>	<u>\$ 332,423,127</u>	<u>\$ 93,625,195</u>	<u>\$ 27,012,672</u>	

¹ These Agencies mature in Fiscal Years 2016, 2017, 2018, and 2019, but are callable monthly, quarterly, and semi-annually until maturity; it is not anticipated that these Agencies will be called.

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

³ These investments are unrated by the credit rating agencies.

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Harford County, Maryland has the following recurring fair value measurements as of June 30, 2016:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2016
Investments by fair value level:				
Pooled Investments				
Federal Agencies	\$ -	\$ 45,109,729	\$ -	\$ 45,109,729
Mutual Funds	-	2,000,371	-	2,000,371
Non-Pooled Investments				
U.S. Strip Treasuries	-	44,793,964	-	44,793,964
Other Post Employment Benefits and Pension Funds:				
Short-Term Investments	-	2,787,687	-	2,787,687
Equities	118,353,676	-	-	118,353,676
Fixed Income Funds	7,496,179	-	-	7,496,179
US Government Agencies	-	1,291	-	1,291
Corporate Bonds	-	16,620,840	-	16,620,840
US Treasury Obligations	-	18,754,574	-	18,754,574
Total investments at Fair Value	<u>125,849,855</u>	<u>130,068,456</u>	<u>-</u>	<u>255,918,311</u>
Investments carried at amortized cost:				
Pooled Investments				
MLGIP				101,393,537
Repurchase Agreements				60,015,862
CDARS				15,040,102
Non-Pooled Investments				
MLGIP				7,519,443
Trust Fund Annuity Contract				927,195
MLGIP - Fiduciary Funds				<u>12,246,544</u>
Total investments at amortized cost:				<u>197,142,683</u>
Total investments				<u>\$ 453,060,994</u>

Debt securities (Federal agencies, U.S. Strip Treasuries, Fixed Income funds, U.S Government Agencies, and corporate bonds) classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Equity securities and mutual funds listed on a national market or exchange are valued at the last sales price, or, if there is no sale and the market is still considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy. Mutual funds classified at level 3 are valued using either a discounted cash flow or market comparable technique.

Investments Other than Pension, Length of Service Award Program, and Other Post-Employment Benefits:

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy prohibits investment of operating funds in securities maturing more than one year from the date of purchase, unless matched to a specific cash flow. Only Agricultural Land Preservation Funds will be invested in U.S. Strip Treasuries to coincide with the maturity dates on installment purchase agreements; up to thirty years in length. Because the mutual bond funds and the MLGIP funds as of June 30, 2016 have a weighted average maturity of less than 2 months, they are presented as investments maturing in less than one year.

Credit Risk: In order to control credit risk, State statutes, which have been incorporated into the County's investment policy, authorize the County to invest only in obligations of the United States Government, Federal government agency obligations, secured time deposits in Maryland banks, bankers' acceptances, the MLGIP, money market mutual funds, commercial paper, and repurchase agreements secured by direct government or agency obligations. As of June 30, 2016, the County's investments in Federal agency obligations, including repurchase agreements, backed by Federal agency obligations, were rated Aaa by Moody's Investor Service; the MLGIP and the money market mutual funds were rated AAAM by Standard and Poor's.

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, or not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent, but not in the government's name. County and State statutes require that securities underlying all certificates of deposit, repurchase agreements, and reverse repurchase agreements have a market value of at least 102% of the cost plus accrued interest of the investment. County policies require that a third party custodian hold investment securities and the collateral underlying all investments, in the government's name. As of June 30, 2016, the County's investments were not exposed to custodial credit risk.

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

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

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

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

COMPONENT UNITS

As of June 30, 2016, total investments of the component units, in the amount of \$45,968,795, was distributed by type as follows:

	<u>MLGIP</u>	<u>Other Investments</u>	<u>Total</u>
Harford County Public Schools	\$ 12,197,430	\$ -	\$ 12,197,430
Harford Center, Inc.	-	558,889	558,889
Harford Community College	19,373,768	7,576,482	26,950,250
Harford County Public Library	6,262,226	-	6,262,226
	<u>\$ 37,833,424</u>	<u>\$ 8,135,371</u>	<u>\$ 45,968,795</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS - CONTINUED

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

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

B. RECEIVABLES

a. TAXES AND ACCOUNTS RECEIVABLE

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

	<u>General</u>	<u>Highways</u>	<u>Grants</u>	<u>Capital Project</u>
Property Taxes	\$ 3,155,269	\$ 438,919	\$ -	\$ -
Impact Fees	36,000	-	-	-
Hotel Taxes	46,054	-	-	-
Interest Accrual	1,368	-	-	-
Service Billings	2,129,427	78,910	48,222	35,757
BC/BS	651,750	112,970	-	-
Miscellaneous	-	24,623	-	112,500
Gross Receivables	<u>6,019,868</u>	<u>655,422</u>	<u>48,222</u>	<u>148,257</u>
Less: Allowance for Uncollectible	(866,255)	(131,559)	-	-
	<u>\$ 5,153,613</u>	<u>\$ 523,863</u>	<u>\$ 48,222</u>	<u>\$ 148,257</u>

	<u>Non-major Governmental</u>	<u>Water and Sewer</u>	<u>Total</u>
Property Taxes	\$ -	\$ -	\$ 3,594,188
Impact Fees	-	-	36,000
Hotel Taxes	-	-	46,054
Interest Accrual	-	1,738,565	1,739,933
Service Billings	3,942	7,214,646	9,510,904
BC/BS	-	-	764,720
Miscellaneous	815	113,520	251,458
Gross Receivables	<u>4,757</u>	<u>9,066,731</u>	<u>15,943,257</u>
Less: Allowance for Uncollectible	-	(30,445)	(1,028,259)
	<u>\$ 4,757</u>	<u>\$ 9,036,286</u>	<u>\$ 14,914,998</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

b. UNAVAILABLE REVENUE

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

	General	Highways	Capital Project	Total
Income Taxes	\$ 19,941,212	\$ -	\$ -	\$ 19,941,212
Property Taxes Receivable	2,174,654	302,454	-	2,477,108
Hotel Taxes Receivable	46,054	-	-	46,054
Consortium Receivable	651,750	112,970	-	764,720
Special Assessments Receivable	-	-	464,836	464,836
	<u>\$ 22,813,670</u>	<u>\$ 415,424</u>	<u>\$ 464,836</u>	<u>\$ 23,693,930</u>

c. UNEARNED REVENUE

	General	Grants	Capital Project	Total
Build America Bonds Subsidy	\$ 640,094	\$ -	\$ -	\$ 640,094
Grant Drawdown in Excess of Expenditures	-	2,698,339	-	2,698,339
Grant Loans Receivable	-	769,019	-	769,019
Prepaid Property Taxes	86,829	-	-	86,829
Prepaid Contribution-Capital Project	-	-	827,120	827,120
Walk-in Assessment Escrow	246	-	-	246
	<u>\$ 727,169</u>	<u>\$ 3,467,358</u>	<u>\$ 827,120</u>	<u>\$ 5,021,647</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

C. CAPITAL ASSETS

PRIMARY GOVERNMENT

Capital Asset Activity for the year ended June 30, 2016, was as follows:

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated or amortized:				
Land	\$ 255,018,319	\$ 4,852,362	\$ (2,030,058)	\$ 257,840,623
Development Rights	125,313,286	1,265,000	-	126,578,286
Construction in Process	<u>31,695,976</u>	<u>18,373,424</u>	<u>(31,190,946)</u>	<u>18,878,454</u>
Total Capital Assets, not being depreciated or amortized	<u>412,027,581</u>	<u>24,490,786</u>	<u>(33,221,004)</u>	<u>403,297,363</u>
Capital Assets, being depreciated or amortized:				
Buildings	199,759,155	8,164,376	(4,192,636)	203,730,895
Improvements other than buildings	92,008,479	8,359,410	(12,273,904)	88,093,985
Machinery and Equipment	49,418,706	931,551	(20,152,554)	30,197,703
Vehicles	44,984,644	2,825,374	(2,977,681)	44,832,337
Intangibles	1,552,026	83,000	-	1,635,026
Infrastructure	<u>207,639,091</u>	<u>20,506,964</u>	<u>(412,368)</u>	<u>227,733,687</u>
Total Capital Assets, being depreciated or amortized	<u>595,362,101</u>	<u>40,870,675</u>	<u>(40,009,143)</u>	<u>596,223,633</u>
Less Accumulated Depreciation or Amortization for:				
Buildings	(58,709,592)	(4,654,686)	1,541,410	(61,822,868)
Improvements other than buildings	(70,799,967)	(6,304,704)	11,868,500	(65,236,171)
Machinery and Equipment	(45,704,468)	(1,275,794)	20,078,716	(26,901,546)
Vehicles	(30,292,213)	(3,588,017)	2,944,712	(30,935,518)
Intangibles	(284,425)	(185,375)	-	(469,800)
Infrastructure	<u>(100,402,870)</u>	<u>(9,806,750)</u>	<u>412,368</u>	<u>(109,797,252)</u>
Total Accumulated Depreciation or Amortization	<u>(306,193,535)</u>	<u>(25,815,326)</u>	<u>36,845,706</u>	<u>(295,163,155)</u>
Total Capital Assets, being depreciated or amortized, net	<u>289,168,566</u>	<u>15,055,349</u>	<u>(3,163,437)</u>	<u>301,060,478</u>
Governmental Activities Capital Assets, net	<u>\$ 701,196,147</u>	<u>\$ 39,546,135</u>	<u>\$ (36,384,441)</u>	<u>\$ 704,357,841</u>

Public Works expenses include an impairment loss of \$2,669,042 due to the closure of the Waste-to-Energy plant.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital Assets, not being depreciated or amortized:				
Land	\$ 1,795,383	\$ 500	\$ (261,676)	\$ 1,534,207
Construction in Process	<u>27,367,836</u>	<u>11,120,919</u>	<u>(7,331,040)</u>	<u>31,157,715</u>
Total Capital Assets, not being depreciated or amortized	<u>29,163,219</u>	<u>11,121,419</u>	<u>(7,592,716)</u>	<u>32,691,922</u>
Capital Assets, being depreciated or amortized:				
Buildings	269,009,456	3,717,417	(2,593)	272,724,280
Improvements other than buildings	295,148,396	4,586,715	(182,740)	299,552,371
Machinery and Equipment	33,374,819	227,657	(105,771)	33,496,705
Vehicles	4,468,103	916,736	(615,655)	4,769,184
Intangibles	541,891	-	-	541,891
Infrastructure	<u>10,905,502</u>	<u>-</u>	<u>-</u>	<u>10,905,502</u>
Total Capital Assets, being depreciated or amortized	<u>613,448,167</u>	<u>9,448,525</u>	<u>(906,759)</u>	<u>621,989,933</u>
Less Accumulated Depreciation or Amortization for:				
Buildings	(96,939,610)	(6,062,670)	2,593	(102,999,687)
Improvements other than buildings	(87,512,695)	(4,853,402)	182,740	(92,183,357)
Machinery and Equipment	(5,246,077)	(1,267,420)	105,771	(6,407,726)
Vehicles	(3,211,830)	(334,128)	615,655	(2,930,303)
Intangibles	(123,648)	(61,548)	-	(185,196)
Infrastructure	<u>(133,289)</u>	<u>(145,407)</u>	<u>-</u>	<u>(278,696)</u>
Total Accumulated Depreciation or Amortization	<u>(193,167,149)</u>	<u>(12,724,575)</u>	<u>906,759</u>	<u>(204,984,965)</u>
Total Capital Assets, being depreciated or amortized, net	<u>420,281,018</u>	<u>(3,276,050)</u>	<u>-</u>	<u>417,004,968</u>
Business-type Activities Capital Assets, net	<u>\$ 449,444,237</u>	<u>\$ 7,845,369</u>	<u>\$ (7,592,716)</u>	<u>\$ 449,696,890</u>

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

Governmental Activities:	
County Council	\$ 3,677
General Government	1,425,712
Judicial	6,499
Libraries	911,273
Parks and Recreation	2,693,857
Public Safety	3,343,840
Public Works	16,505,213
Social Services & Health	<u>925,255</u>
Total Depreciation or Amortization Expense - Governmental Activities	<u>\$ 25,815,326</u>
Business-type Activities	
Water and Sewer	<u>\$ 12,724,575</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

Harford County Public Schools: Capital Asset Activity for the year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases / Reclassifications</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated				
Land	\$ 9,672,942	\$ 645,552	\$ -	\$ 10,318,494
Construction in Process	<u>30,273,637</u>	<u>31,254,987</u>	<u>(1,948,292)</u>	<u>59,580,332</u>
Total Capital Assets, not being depreciated	<u>39,946,579</u>	<u>31,900,539</u>	<u>(1,948,292)</u>	<u>69,898,826</u>
Capital Assets, being depreciated				
Land Improvements	17,696,719	-	-	17,696,719
Buildings and Improvements	702,653,167	756,740	1,948,292	705,358,199
Furniture and Equipment	<u>44,503,618</u>	<u>1,061,531</u>	<u>(85,545)</u>	<u>45,479,604</u>
Total Capital Assets, being depreciated	<u>764,853,504</u>	<u>1,818,271</u>	<u>1,862,747</u>	<u>768,534,522</u>
Accumulated Depreciation				
Land Improvements	(6,343,405)	(793,624)	-	(7,137,029)
Buildings and Improvements	(161,240,156)	(14,408,295)	-	(175,648,451)
Furniture and Equipment	<u>(29,332,440)</u>	<u>(3,403,814)</u>	<u>47,678</u>	<u>(32,688,576)</u>
Total Accumulated Depreciation	<u>(196,916,001)</u>	<u>(18,605,733)</u>	<u>47,678</u>	<u>(215,474,056)</u>
Total Capital Assets, being depreciated, net	<u>567,937,503</u>	<u>(16,787,462)</u>	<u>1,910,425</u>	<u>553,060,466</u>
Total Capital Assets, net	<u>\$ 607,884,082</u>	<u>\$ 15,113,077</u>	<u>\$ (37,867)</u>	<u>\$ 622,959,292</u>

The Harford Center, Inc.: Capital Asset Activity for the year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, being depreciated				
Equipment - Other	\$ 299,788	\$ 6,658	\$ -	\$ 306,446
Equipment - Transportation	714,438	-	-	714,438
Leasehold Improvements	<u>459,308</u>	<u>-</u>	<u>-</u>	<u>459,308</u>
Total Capital Assets, being depreciated	<u>1,473,534</u>	<u>6,658</u>	<u>-</u>	<u>1,480,192</u>
Accumulated Depreciation:				
Capital Assets	<u>(1,104,873)</u>	<u>-</u>	<u>(80,239)</u>	<u>(1,185,112)</u>
Total Capital Assets, net	<u>\$ 368,661</u>	<u>\$ 6,658</u>	<u>\$ (80,239)</u>	<u>\$ 295,080</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Harford Community College: Capital Asset Activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 3,741,760	\$ -	\$ -	\$ 3,741,760
Construction in Process	2,256,824	4,605,430	(1,893,511)	4,968,743
Total Capital Assets, not being depreciated	<u>5,998,584</u>	<u>4,605,430</u>	<u>(1,893,511)</u>	<u>8,710,503</u>
Capital Assets, being depreciated				
Buildings and Improvements	133,095,042	3,992,071	(486,927)	136,600,186
Furniture and Equipment	10,202,652	699,717	(599,512)	10,302,857
Vehicles	807,136	72,640	(56,919)	822,857
Library Books	1,654,271	109,956	(179,822)	1,584,405
Total Capital Assets, being depreciated	<u>145,759,101</u>	<u>4,874,384</u>	<u>(1,323,180)</u>	<u>149,310,305</u>
Accumulated Depreciation:				
Buildings and Improvements	(33,229,552)	(3,896,172)	226,781	(36,898,943)
Furniture and Equipment	(6,634,654)	(744,027)	590,947	(6,787,734)
Vehicles	(506,981)	(73,971)	56,919	(524,033)
Library Books	(1,165,960)	(79,539)	179,822	(1,065,677)
Total Accumulated Depreciation	<u>(41,537,147)</u>	<u>(4,793,709)</u>	<u>1,054,469</u>	<u>(45,276,387)</u>
Total Capital Assets, being depreciated, net	<u>104,221,954</u>	<u>80,675</u>	<u>(268,711)</u>	<u>104,033,918</u>
Total Capital Assets, net	<u>\$ 110,220,538</u>	<u>\$ 4,686,105</u>	<u>\$ (2,162,222)</u>	<u>\$ 112,744,421</u>

Harford County Public Library: Capital Asset Activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, being depreciated				
Improvements to Buildings	\$ 1,420,768	\$ 235,029	\$ -	\$ 1,655,797
Circulating Materials	6,307,789	1,894,707	(2,080,966)	6,121,530
Furniture and Equipment	2,427,931	57,248	(10,095)	2,475,084
Computer Equipment	2,333,135	102,375	(40,913)	2,394,597
Vehicles	359,575	-	(2,880)	356,695
Copier Equipment	147,483	107,000	(147,483)	107,000
Total Capital Assets, being depreciated	<u>12,996,681</u>	<u>2,396,359</u>	<u>(2,282,337)</u>	<u>13,110,703</u>
Accumulated Depreciation:				
Improvements to Buildings	(731,528)	(94,668)	-	(826,196)
Circulating Materials	(3,208,741)	(2,071,553)	2,080,966	(3,199,328)
Furniture and Equipment	(2,123,632)	(115,351)	9,219	(2,229,764)
Computer Equipment	(1,808,243)	(319,618)	40,913	(2,086,948)
Vehicles	(314,079)	(16,062)	2,232	(327,909)
Copier Equipment	(138,030)	(24,431)	138,030	(24,431)
Total Accumulated Depreciation	<u>(8,324,253)</u>	<u>(2,641,683)</u>	<u>2,271,360</u>	<u>(8,694,576)</u>
Total Capital Assets, net	<u>\$ 4,672,428</u>	<u>\$ (245,324)</u>	<u>\$ (10,977)</u>	<u>\$ 4,416,127</u>

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

D. OPERATING LEASES

The County is obligated under certain leases accounted for as operating leases. All leases are subject to annual appropriations. During fiscal year 2016, rental expenditures approximated \$3,863,737. These expenditures were primarily from the General Fund. The following is a schedule, by years, of the future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2016:

Year Ending June 30,	Amount
2017	\$ 3,267,934
2018	2,831,349
2019	2,644,079
2020	2,298,982
2021	914,432
2022-2023	282,595
Total Minimum Payments Required	\$ 12,239,371

E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

a. DUE FROM PRIMARY GOVERNMENT AND DUE TO COMPONENT UNITS

Interfund receivables and payables result from the time lag between the time reimbursable expenditures occur in the component units and when the payments are made. As of June 30, 2016, these interfund balances are:

	Due From	Due To
Primary Government:		
Capital Projects Fund	\$ -	\$ 6,500,593
Component Units:		
Harford County Public Schools	4,138,036	-
Harford Community College	2,362,557	-
	\$ 6,500,593	\$ 6,500,593

b. INTERFUND TRANSFERS

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Transfers Out	General Fund	Grant Fund	Capital Project Fund	Total
General Fund	\$ -	\$ 3,474,045	\$ 8,555,000	\$ 12,029,045
Highways Fund	-	-	7,256,250	7,256,250
Grant Fund	391,535	-	-	391,535
Capital Projects Fund	16,600,000	-	-	16,600,000
Parks & Recreation Fund	-	-	130,000	130,000
Total Transfers In	\$ 16,991,535	\$ 3,474,045	\$ 15,941,250	\$ 36,406,830

F. NON-CURRENT LIABILITIES

a. CHANGES IN NON-CURRENT LIABILITIES

PRIMARY GOVERNMENT

	Balance July 1, 2015	Additions	Principal Repayments & Reductions	Balance June 30, 2016	Due Within One Year
Governmental Activities:					
Agricultural Land Preserv.	\$ 59,359,303	\$ -	\$ (7,076,454)	\$ 52,282,849	\$ 7,471,048
Bonds Payable					
General Obligation Bonds	481,916,560	29,709,366	(37,803,693) ¹	473,822,233	33,689,650
Special Obligation Bonds	14,000,000	-	-	14,000,000	-
Notes Payable	1,313,319	-	(701)	1,312,618	701
Landfill Closure/Solid Waste Liabilities	48,079,509	-	(17,324,721)	30,754,788	4,658,070
Compensated Absences	24,936,329	2,757,841	(1,697,072)	25,997,098	9,503,502
Est. Liab. For Claims in Pro.	5,323,105	-	(2,105,921)	3,217,184	1,011,106
	<u>\$ 634,928,125</u>	<u>\$ 32,467,207</u>	<u>\$ (66,008,562)</u>	<u>\$ 601,386,770</u>	<u>\$ 56,334,077</u>
Governmental Activities - Long-term Liabilities					
Business-type Activities:					
Bonds Payable	\$ 127,341,763	\$ 14,089,546	\$ (9,675,831) ¹	\$ 131,755,478	\$ 8,370,350
Compensated Absences	3,006,506	329,506	(68,394)	3,267,618	1,260,269
	<u>\$ 130,348,269</u>	<u>\$ 14,419,052</u>	<u>\$ (9,744,225)</u>	<u>\$ 135,023,096</u>	<u>\$ 9,630,619</u>
Business-type activities - Long-term Liabilities					

¹ Includes amortization of premium of \$4,200,300 for Governmental Activities. Business-type Activities include amortization of premium of \$1,020,287.

Agricultural Land Preservation long-term debt has typically been liquidated in the Agricultural Land Preservation special revenue fund. Governmental compensated absences typically have been liquidated in the General and other governmental funds. Special Obligation Bonds will be liquidated in the Beechtree TIF Debt Service Fund. Claims liabilities typically have been liquidated in the Self-Insurance fund. The debt limit for the primary government at June 30, 2016, was \$1,739,916,435 and the legal debt margin was \$1,264,781,584.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

COMPONENT UNITS

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

	<u>Beginning Balance</u>	<u>Changes</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Harford County Public Schools</u>				
Capital Leases	\$ 9,645,389	\$ (508,418)	\$ 9,136,971	\$ 525,043
Compensated Absences	27,663,827	(166,296)	27,497,531	4,852,324
OPEB	<u>231,964,929</u>	<u>33,756,000</u>	<u>265,720,929</u>	<u>-</u>
	<u>\$ 269,274,145</u>	<u>\$ 33,081,286</u>	<u>\$ 302,355,431</u>	<u>\$ 5,377,367</u>
 Net Pension Liability	 <u>\$ 20,760,817</u>	 <u>\$ 5,659,426</u>	 <u>\$ 26,420,243</u>	 <u>\$ -</u>
 <u>Harford Community College</u>				
Compensated Absences	\$ 1,188,384	\$ (68,673)	\$ 1,119,711	\$ 100,573
OPEB	<u>185,221</u>	<u>20,000</u>	<u>205,221</u>	<u>-</u>
	<u>\$ 1,373,605</u>	<u>\$ (48,673)</u>	<u>\$ 1,324,932</u>	<u>\$ 100,573</u>
 Net Pension Liability	 <u>\$ 853,699</u>	 <u>\$ 299,686</u>	 <u>\$ 1,153,385</u>	 <u>\$ -</u>
 <u>Harford County Public Library</u>				
Capital Lease	\$ 10,945	\$ 82,758	\$ 93,703	\$ 19,086
Compensated Absences	406,873	77,792	484,665	4,476
OPEB	<u>11,002,505</u>	<u>1,129,127</u>	<u>12,131,632</u>	<u>-</u>
	<u>\$ 11,420,323</u>	<u>\$ 1,289,677</u>	<u>\$ 12,710,000</u>	<u>\$ 23,562</u>
 Net Pension Liability	 <u>\$ 1,266,022</u>	 <u>\$ 338,305</u>	 <u>\$ 1,604,327</u>	 <u>\$ -</u>

b. AGRICULTURAL LAND PRESERVATION INSTALLMENTS

PRIMARY GOVERNMENT

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Interest rates on securities owned at June 30, 2016, range from 2.51% to 7.21%. The annual requirements to amortize agricultural land preservation installments outstanding as of June 30, 2016, are as follows:

AGRICULTURAL LAND PRESERVATION INSTALLMENTS

Year Ending June 30,	Principal	Interest	Total Requirement
2017	\$ 7,471,048	\$ 2,492,664	\$ 9,963,712
2018	18,281,793	2,019,217	20,301,010
2019	4,740,659	1,099,832	5,840,491
2020	1,195,902	857,669	2,053,571
2021	691,858	787,984	1,479,842
2022	244,868	752,565	997,433
2023	2,057,521	743,051	2,800,572
2024	1,321,685	643,050	1,964,735
2025	477,664	572,188	1,049,852
2026	793,157	551,572	1,344,729
2027	507,949	515,853	1,023,802
2028	704,330	493,263	1,197,593
2029	3,673,332	461,620	4,134,952
2030	123,527	296,724	420,251
2031	123,527	293,102	416,629
2032	5,687,434	289,476	5,976,910
2033	1,658,361	125,089	1,783,450
2034	31,631	74,340	105,971
2035	2,496,603	73,410	2,570,013
	\$ 52,282,849	\$ 13,142,669	\$ 65,425,518

For the year ended June 30, 2016, total principal and interest incurred related to agricultural land preservation installment was \$7,076,454 and \$2,943,448, respectively.

c. BONDS PAYABLE

1. General Obligation Bonds

PRIMARY GOVERNMENT

All general obligation bonds are valid and legally binding general obligations of the County and constitute an irrevocable pledge of its full faith and credit and unlimited taxing power. Governmental bonds and the Water Quality Loan are payable from ad valorem taxes, unlimited as to rate or amount on all real tangible, personal, and certain intangible property subject to taxation at full rates for local purposes in the County. Those portions of the Public Improvement Bonds of 2007, 2009, 2010, 2012, 2013, 2014, 2015 and 2016 allocated to school projects are payable in the first instance from recordation and transfer tax revenues and impact fees. Business-type (Water and Sewer) bonds are payable from investment income of the Water and Sewer Fund, area connection charges, user benefit assessments, benefit assessments and surcharge assessments. In Fiscal Year 2016, the County issued \$27,132,515 in the Governmental activities and \$12,867,485 in the Business-Type

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

activities of general obligation bonds. As of June 30, 2016, general obligation bonds payable are comprised of the following individual issues:

Governmental activities:	Originally Issued	Outstanding as of June 30, 2016
Water Quality Loan of 1999 - 2.52% - due serially to 2018	\$ 4,585,000	\$ 242,435
Public Improvement Bond of 2007 - 4.0% - 5.0% - due serially to 2027	95,900,000	13,500,000
Refunding Bond of 2009 - 3.0% - 4.0% - due serially to 2020	21,738,036	2,906,490
Public Improvement Bond of 2009 - 4.0% - 5.0% - 2.25% due serially to 2029	96,100,000	20,020,825
Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021	25,161,828	13,093,524
Public Improvement Bond of 2010 - Series A - 2.5% - 5.0% - due serially to 2020	67,486,509	35,596,800
Public Improvement Bond of 2010 - Series B - 4.7% - 5.5% - due serially to 2030	76,069,620	76,069,620
Public Improvement Bond of 2012 - 2.0% - 5.0% due serially to 2032	40,000,000	32,654,270
Refunding Bond of 2012 - 2.0% - 4.0% - due serially to 2024	6,931,393	5,390,573
Public Improvement Bond of 2013 - 3.0% - 5.0% due serially to 2033	30,000,000	25,500,000
Refunding Bond of 2013 - 2.0% - 5.0% - due serially to 2028	59,750,398	58,974,107
Public Improvement Bond of 2014 - 2.0% - 5.0% due serially to 2034	33,180,257	29,860,257
Public Improvement Bond of 2015 - 3.0% - 5.0% due serially to 2034	42,000,000	39,900,000
Refunding Bond of 2015 - 2.95% - 5.0% - due serially to 2029	55,994,243	55,445,673
Public Improvement Bond of 2016 - 2.0% - 5.0% due serially to 2035	27,132,515	27,132,515
Total Bonds Outstanding	682,029,799	436,287,089
Premium	61,548,855	37,535,144
Total	\$ 743,578,654	\$ 473,822,233

The annual requirements to amortize general obligation bond debt outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total Requirement
2017	\$ 33,689,650	\$ 18,220,098	\$ 51,909,748
2018	32,414,859	16,671,870	49,086,729
2019	31,848,584	15,282,910	47,131,494
2020	32,156,004	13,747,676	45,903,680
2021	31,579,223	12,243,841	43,823,064
2022-2026	140,177,793	40,932,044	181,109,837
2027-2031	109,024,459	15,404,746	124,429,205
2032-2036	25,396,517	1,788,554	27,185,071
Premium	37,535,144	-	37,535,144
	\$ 473,822,233	\$ 134,291,739	\$ 608,113,972

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTE ON ALL FUND TYPES – CONTINUED

For the year ended June 30, 2016, total principal and interest incurred related to general obligation bonds was \$33,603,393 and \$17,724,404, respectively.

Business-Type Activities:	Originally Issued	Outstanding as of June 30, 2016
State of MD Water Quality Loan dated September 1999 - 2.52% - due serially to 2018	\$ 11,585,000	\$ 612,565
Public Improvement Bond of 2007 - 4.0% - 5.0% - due serially to 2027	24,695,000	3,500,000
Refunding Bond of 2009 - 3.0% - 4.0% - due serially to 2020	4,251,964	568,510
Public Improvement Bond of 2009 - 2.25% - 5.0% - due serially to 2029	23,900,000	4,979,175
Refunding Bond of 2010 - 2.5% - 5.0% - due serially to 2021	608,172	316,476
Public Improvement Bond of 2010 - Series A - 2.5% - 5.0% - due serially to 2020	23,513,491	12,403,200
Public Improvement Bond of 2010 - Series B - 4.7% - 5.5% - due serially to 2030	26,505,380	26,505,380
Public Improvement Bond of 2012 - 2.0% - 5.0% - due serially to 2032	15,000,000	12,245,730
Refunding Bond of 2012 - 2.0% - 4.0% - due serially to 2024	2,043,607	1,589,427
Public Improvement Bond of 2013 - 3.0% - 5.0% - due serially to 2033	10,000,000	8,920,000
Refunding Bond of 2013 - 2.0% - 5.0% - due serially to 2028	14,909,602	14,715,893
Public Improvement Bond of 2014 - 2.0% - 5.0% - due serially to 2034	6,819,743	6,344,743
Public Improvement Bond of 2015 - 3.0% - 5.0% - due serially to 2034	3,000,000	2,895,000
Refunding Bond of 2015 - 2.95% - 5.0% - due serially to 2029	13,925,757	13,789,327
Public Improvement Bond of 2016 - 2.0% - 5.0% - due serially to 2035	<u>12,867,485</u>	<u>12,867,485</u>
Total Bonds Outstanding	193,625,201	122,252,911
Premium	<u>14,144,745</u>	<u>9,502,567</u>
Total	<u>\$ 207,769,946</u>	<u>\$ 131,755,478</u>

The annual requirements to amortize business-type activities bonded debt outstanding as of June 30, 2016, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2017	\$ 8,370,350	\$ 5,092,626	\$ 13,462,976
2018	8,515,141	4,703,154	13,218,295
2019	7,946,416	4,350,832	12,297,248
2020	8,073,996	3,968,242	12,042,238
2021	8,050,777	3,585,476	11,636,253
2022-2026	39,172,206	12,366,931	51,539,137
2027-2031	33,520,541	4,942,432	38,462,973
2032-2036	8,603,484	635,240	9,238,724
Premium	9,502,567	-	9,502,567
	<u>\$ 131,755,478</u>	<u>\$ 39,644,933</u>	<u>\$ 171,400,411</u>

For the year ended June 30, 2016, total principal and interest incurred related to business-type activities was \$8,655,544 and \$3,802,578, respectively.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

2. Special Obligations Bonds

PRIMARY GOVERNMENT

As of June 30, 2016, there was \$14,000,000 of Special Obligation Tax Increment Bonds payable from property tax revenue generated from assessment increases occurring since the formation of the tax increment district. This debt is included in the primary government's long term debt on the Statement of Net Position. In the future, these bonds will be paid from incremental property tax revenue and/or special district tax on the district. These bonds do not have Harford County, Maryland's full faith and credit pledged.

Governmental activities:	<u>Originally Issued</u>	<u>Outstanding as of June 30, 2016</u>
Special Obligation Bond of 2011		
7.5% - due serially to 2041	\$ 14,000,000	\$ 14,000,000

The annual requirements to amortize special obligation bond debt outstanding as of June 30, 2016, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2017	\$ -	\$ 1,050,000	\$ 1,050,000
2018	30,000	1,048,875	1,078,875
2019	50,000	1,045,875	1,095,875
2020	75,000	1,041,188	1,116,188
2021	100,000	1,034,625	1,134,625
2022-2026	1,015,000	4,992,187	6,007,187
2027-2031	2,200,000	4,404,376	6,604,376
2032-2036	3,960,000	3,270,750	7,230,750
2037-2041	6,570,000	1,326,374	7,896,374
	<u>\$ 14,000,000</u>	<u>\$ 19,214,250</u>	<u>\$ 33,214,250</u>

For the year ended June 30, 2016, no principal was incurred related to Special Obligation Bonds. Total interest incurred related to Special Obligation Bonds was \$1,050,000.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

d. CAPITAL LEASE OBLIGATIONS

COMPONENT UNITS

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

Building Cost		\$ 10,852,395
Less: Accumulated Depreciation		<u>(2,279,003)</u>
Net Book Value		<u><u>\$ 8,573,392</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, were as follows:

Year Ending June 30,	Amount
2017	\$ 823,822
2018	823,822
2019	823,822
2020	823,822
2021 - 2025	4,119,110
2026 - 2030	<u>4,119,110</u>
Total Minimum Lease Payments	11,533,508
Less: Amount Representing Interest	<u>(2,396,537)</u>
Present Value Minimum Lease Payments	<u><u>\$ 9,136,971</u></u>

Harford County Public Library: The Library is the lessee of copiers and related equipment under capital leases expiring through 2021. The assets and liabilities under these leases are recorded at the lower of the minimum lease payments or the fair value of the assets and amortized over the life of the lease term, typically five years. Included in property and equipment are assets under these leases with a cost of \$117,947 as of June 30, 2016. Depreciation of assets under capital leases is included in depreciation expense. The depreciation relating to the leases was \$24,431 for the year ended June 30, 2016. Accumulated depreciation relating to the leases was \$162,461 as of June 30, 2016. Future minimum lease payments under capital leases are as follows:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Year Ending June 30,	Amount
2017	\$ 28,347
2018	27,771
2019	27,771
2020	27,771
2021	5,620
Total Minimum Lease Payments	117,280
Less: Amount Representing Interest	(23,577)
Present Value Minimum Lease Payments	\$ 93,703

e. NOTES PAYABLE

PRIMARY GOVERNMENT

Governmental activities:

	Principal Balance June 30, 2016	Annual Rate/ Payment Frequency	Payment Began	Date Matures
Paca Ltd., Inc.	\$ 1,300,000	5.75%/Annually	09/2008	09/2018
State of MD - DNR	12,618	0.00%/Annually	07/2009	07/2033
	\$ 1,312,618			

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

Year Ending June 30,	Principal	Interest	Total Requirement
2017	\$ 701	\$ 74,750	\$ 75,451
2018	701	74,750	75,451
2019	1,300,701	74,750	1,375,451
2020	701	-	701
2021	701	-	701
2022-2026	3,505	-	3,505
2027-2031	3,505	-	3,505
2032-2034	2,103	-	2,103
	\$ 1,312,618	\$ 224,250	\$ 1,536,868

For the year ended June 30, 2016, total principal and interest incurred related to notes payable was \$701 and \$74,750 respectively.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

f. LANDFILL CLOSURE/SOLID WASTE LIABILITIES

PRIMARY GOVERNMENT

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

As of June 30, 2016, the following changes occurred in Landfill Closure Liability recorded in Non-current Liabilities in the Statement of Net Position:

	Beginning Balance	Current Year Additions (Deductions)	Ending Balance
Cumulative Liability for Open Landfills	\$ 19,957,493	\$ (9,981,634)	\$ 9,975,859
Estimated Liability for Closed Landfills	12,715,098	(3,783,775)	8,931,323
Waste Exchange Landfill Liability	3,406,918	(3,406,918)	-
Waste to Energy Liability	12,000,000	(152,394)	11,847,606
	<u>\$ 48,079,509</u>	<u>\$ (17,324,721)</u>	<u>\$ 30,754,788</u>

The Cumulative Liability for Open Landfills represents the cost, based on use of 81.6% of the estimated capacity. The County will recognize the remaining estimated cost of the Harford Waste Disposal Center closure and post-closure of \$2,248,723 as the remaining estimated capacity is used.

The Cumulative Liability for Open Landfills as of June 30, 2016 is \$9,975,859. Harford County has a landfill capping capital project with a remaining balance of \$1,093,801 resulting from prior appropriations to begin the closure of the older cells and has assigned fund balance of \$8,882,058 for future closure of cells and post closure costs.

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

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

Harford County, Maryland; Baltimore County, Maryland and Northeast Maryland Waste Disposal Authority entered into an agreement January 16, 2008, entitled “Municipal Solid Waste Disposal Agreement” and

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

subsequently amended January 28, 2010. Baltimore County agreed to accept municipal solid waste from Harford County under the terms of this agreement. When the expansion of the Harford County Waste Disposal Center was permitted in September 2011, Baltimore County began delivering to Harford County an amount equal to 130% of the waste received from Harford County. The waste obligation for tonnages to be delivered back to Harford County was satisfied in June 2016. The chart below outlines the tonnages under the satisfied Municipal Solid Waste Disposal Agreement:

	<u>As of June 30, 2016</u>
Municipal Solid Waste tonnage delivered to Baltimore County	\$ 167,113
Tonnage converted to 130% of waste received by Baltimore County (166,935 x 30%)	50,134
Tonnage to be delivered to Harford County by Baltimore County	217,247
Actual tonnage delivered by June 30, 2016	(217,247)
Tonnage to be delivered in the future	\$ -

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

Harford County executed an agreement with Northeast Maryland Waste Disposal Authority to operate the Harford Waste-to-Energy facility. The agreement states that Harford County will reimburse all expenditures associated with the facility. Northeast Maryland Waste Disposal Authority has a property lease with U.S. Army for the land that the facility is built upon. In accordance with terms of the property lease, when the facility is decommissioned, the land must be restored to its original state. In Fiscal Year 2014, it was determined that the facility would be decommissioned by 2016 and thus the County recorded a long term liability for the estimated cost of \$12,000,000 to restore the land to its original state. Decommissioning costs of \$152,394 were incurred in fiscal year 2016, leaving a liability of \$11,847,606 at June 30, 2016. Harford County has a Waste-to-Energy facility capital project with a remaining balance of \$3,247,606, resulting from prior appropriations to begin the closure of the facility and has assigned fund balance of \$8,600,000 million remaining for the estimate cost of the facility closure.

g. PRIOR PERIOD DEFEASANCE OF DEBT

In prior years, the County defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County’s financial statements. As of June 30, 2016, \$134.1 million of bonds outstanding are considered defeased.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

G. FUND BALANCE – GOVERNMENTAL ACTIVITIES

	General	Highways	Grants	Agricultural Land Preservation	Capital Projects	Non-major Governmental Funds	Total
Nonspendable:							
Inventory	\$ -	\$ 2,301,347	\$ -	\$ -	\$ -	\$ -	\$ 2,301,347
Long Term Rec.	175,875	-	910,354	-	-	-	1,086,229
Sub-total	175,875	2,301,347	910,354	-	-	-	3,387,576
Restricted for:							
Harf. Co. Public Schools	-	-	-	-	3,885,170	-	3,885,170
Bond Proceeds	4,373,275	221,429	-	-	97,829	-	4,692,533
Beechtree Debt Service	-	-	-	-	-	2,180,643	2,180,643
Gen. Fund Det. Ctr.	556,310	-	-	-	-	-	556,310
Dedicated Revenues	1,383,890	230,604	-	-	-	-	1,614,494
Parks and Rec	-	-	-	-	663,216	-	663,216
Grants	-	-	7,131,151	-	-	-	7,131,151
Sub-total	6,313,475	452,033	7,131,151	-	4,646,215	2,180,643	20,723,517
Committed to:							
Development Rights	-	-	-	44,793,964	-	-	44,793,964
Sub-total	-	-	-	44,793,964	-	-	44,793,964
Assigned to:							
Approp. of Fund Bal.	-	695,042	-	-	2,028,741	103,050	2,826,833
Fiscal Stabilization Fund	26,228,500	2,375,500	-	-	-	-	28,604,000
Encumbrances:							
General Government	547,871	-	-	-	-	-	547,871
Public Safety	2,151,509	-	-	-	-	-	2,151,509
Public Works	2,772	410,139	-	-	1,224,620	-	1,637,531
Parks and Recreation	95,737	-	-	-	-	920	96,657
Social Services	6,164	-	-	-	-	-	6,164
County Council	2,100	-	-	-	-	-	2,100
Judicial	31,604	-	-	-	-	-	31,604
Other Post Emp. Benef.	2,619,213	352,413	-	-	-	7,032	2,978,658
Landfill Closure Costs	8,882,058	-	-	-	-	-	8,882,058
WTE Plant Closure	8,600,000	-	-	-	-	-	8,600,000
Income Tax	1,571,967	-	-	-	-	-	1,571,967
Healthcare Consortium	1,998,142	247,258	-	-	-	6,526	2,251,926
Stormwater Management	10,000,000	-	-	-	-	2,295,295	12,295,295
Highways	-	6,461,375	-	-	-	-	6,461,375
Ag. Preservation	-	-	-	11,499,293	-	-	11,499,293
P&R Fund	-	-	-	-	-	158,758	158,758
Sub-total	62,737,637	10,541,727	-	11,499,293	3,253,361	2,571,581	90,603,599
Unassigned:							
	12,694,506	-	-	-	-	-	12,694,506
Total Fund Balances	\$ 81,921,493	\$ 13,295,107	\$ 8,041,505	\$ 56,293,257	\$ 7,899,576	\$ 4,752,224	\$ 172,203,162

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION

A. SELF-INSURANCE/RISK MANAGEMENT

PRIMARY GOVERNMENT

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

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

The pending claims liability of \$3,217,184 reported in the fund as of June 30, 2016, is comprised of estimates of outstanding losses (including allocated loss adjustment expenses, which are the direct expenses to settle specific claims) and losses projected to be paid as of June 30, 2016. The estimated outstanding losses are the cost of unpaid claims, including case reserves, the development of known claims and claims incurred but not reported. The amounts are limited to the self-insured retention. No estimate was made for unpaid unallocated loss adjustment expenses. The losses projected to be paid are the claim disbursements, regardless of accident or report date. Historical experience and actuarial assumptions were the basis used in estimating the liabilities for unpaid claims.

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

Fiscal Year	Beginning of Year	Claims and Changes in Estimates	Payments	End of Year
2014	\$ 5,701,320	\$ 1,049,408	\$ (959,481)	\$ 5,791,247
2015	5,791,247	972,428	(1,440,570)	5,323,105
2016	5,323,105	(625,528)	(1,480,393)	3,217,184

COMPONENT UNITS

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

Harford Community College: The College is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, employee health and accident, and natural disasters. The College purchases commercial insurance to protect its interests in its property and equipment, insurance against employee dishonesty and liability protection. There have been no significant reductions in insurance coverage from the prior year. In addition, claims exceeded coverage by approximately \$650,000 for the year ended June 30, 2013; however coverage exceeded claims for the years ended June 30, 2014 and 2015.

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

B. COMMITMENT AND CONTINGENCIES

PRIMARY GOVERNMENT

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

The County and Component Units receive significant financial assistance from the U.S. Government and the State of Maryland in the form of grants. Entitlement to grant resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal and State regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits in accordance with grantor requirements. Any disallowance as a result of these audits becomes a liability of the County. As of June 30, 2016, the County estimates that no material liabilities will result from such audits.

The County had \$156,107,115 authorized but unobligated capital project appropriations as of June 30, 2016, in the governmental capital fund and \$53,534,353 in the water and sewer, business-type capital fund. Further detail is provided as supplementary information, Exhibit F-1 and G-1.

C. ARBITRAGE REBATE REQUIREMENTS

PRIMARY GOVERNMENT

Arbitrage rebate requirements under Internal Revenue Code Section 1.148-3 apply to the County's investment of the proceeds of the Consolidated Public Improvement Bonds of 2007, 2009, 2010, 2012, 2013, 2014, 2015 and 2016. The law requires the computation and payment of arbitrage profits on unspent proceeds of a bond

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

issue if the current investment of these funds yields a higher rate of return than the original bond issue. The filing of this computation and payment to the Internal Revenue Service is required at the end of the fifth year of the bond issuance date and every 5 years subsequently; however, computations and filings can be made for annual periods. There is no rebatable arbitrage to report as of June 30, 2016.

D. CONDUIT DEBT

PRIMARY GOVERNMENT

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

As of June 30, 2016, there were 9 series of Industrial Development, Economic Development, or Mortgage Revenue Bonds outstanding. The aggregate principal amount outstanding, for the 8 bonds issued after July 1, 1996, is \$83.9 million as of June 30, 2016. The aggregate principal amount payable for the 1 series issued prior to July 1, 1996, could not be determined; however, their original issue amounts totaled \$2.4 million.

E. RETIREMENT PLANS

PRIMARY GOVERNMENT

a. PENSION PLANS - OVERVIEW

Harford County, Maryland participates in three pension plans. The first plan is comprised of the Employees'/Teachers' Retirement System, the Employees'/Teachers' Pension System, and the Law Enforcement Officer's Pension System, administered by the State Retirement and Pension System of Maryland. This plan is a cost-sharing multiple employer defined benefit system whose primary sponsor is the State of Maryland. The second plan is the Length of Service Award Program for Volunteer Firemen. This plan is a single employer length of service award program. The final plan is the Sheriff's Office Pension System. This plan is a single employer defined benefit system.

For the year ended June 30, 2016, the County recognized aggregated pension expense of \$17,803,192 for all three pension systems.

b. PENSION PLANS – TEACHERS AND CLASSIFIED EMPLOYEES

PRIMARY GOVERNMENT/COMPONENT UNITS

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees'/Teachers' Retirement System, the Employees'/Teachers' Pension System, and the Law Enforcement Officers' Pension System administered by the State Retirement and Pension System of Maryland

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

(the System) and additions to/deductions from the System’s fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description: The employees of the reporting entity, other than certain correctional employees, who are covered by the Sheriff’s Office Pension System, are covered by either the Employees’/Teachers’ Retirement System, the Employees’/Teachers’ Pension System, or the Law Enforcement Officers’ Pension System. These plans are administered by the State Retirement and Pension System of Maryland (the System). The State of Maryland is the primary sponsor of this cost-sharing multiple employer defined benefit system which provides pension benefits, death and disability benefits to plan members and their beneficiaries. The State Personnel and Pensions Article of the Annotated Code of Maryland specify all plan benefits to plan members. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State Retirement System, State Office Building, 301 West Preston Street, Baltimore, Maryland, 21201, by visiting their website, or by calling 410-767-4040.

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

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

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

	2016	2015	2014
Primary Government	\$ 10,791,576	\$ 11,705,062	\$ 12,028,358

PRIMARY GOVERNMENT

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of June 30, 2016, the County reported a liability of \$115,409,102 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of contributions to the pension plan relative to the projected contributions of all participants members, actuarially determined. As of June 30, 2015, the County’s proportion was .555340%.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

For the year ended June 30, 2016, the County recognized pension expense of \$13,089,317. As of June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
County Contributions Subsequent to the Measurement Date	\$ 10,791,576	\$ -
Changes of Assumptions	6,770,951	-
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	6,669,468	-
Net Difference Between Projected and Actual Investment Earnings	2,645,370	-
Difference Between Expected and Actual Experience	-	2,363,479
Total	\$ 26,877,365	\$ 2,363,479

Contributions subsequent to the measurement date in the amount of \$10,791,576, reported as deferred outflows of resources related to pensions, will be recognized as a reduction in net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2017	\$ 2,436,423
2018	2,436,423
2019	2,436,423
2020	4,611,742
2021	1,801,299

Actuarial Assumptions: The key actuarial assumptions used to perform the June 30, 2015, pension liability calculation are as follows:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Inflation	2.70% general, 3.20% Wage
Salary Increases	3.20% to 8.95%, Including Wage Inflation
Investment Rate of Return	7.55%
Mortality	RP-2014 Mortality Tables

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the System’s Board after considering input from the System’s investment consultant(s) and actuary(s). For each major asset class that is included in the System’s target asset allocation, the best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	35%	6.30%
Fixed Income	10%	0.60%
Credit Opportunity	10%	3.20%
Real Return	14%	1.80%
Absolute Return	10%	4.20%
Private Equity	10%	7.20%
Real Estate	10%	4.40%
Cash	1%	0.00%
Total	<u><u>100%</u></u>	

Discount Rate: A single discount rate of 7.55% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.55%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s proportionate share of the net pension liability to changes in the discount rate: The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.55%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.55%) or 1 percentage point higher (8.55%) than the current rate:

	<u>1% Decrease 6.55%</u>	<u>Discount Rate 7.55%</u>	<u>1% Increase 8.55%</u>
County's Proportionate Share of the Net Pension Liability	\$ 163,113,067	\$ 115,409,102	\$ 75,853,009

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued System’s Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. This can be found at www.sra.sate.md.us/Agency/Downloads/CAFR/CAFR-2015.pdf.

COMPONENT UNITS

Harford County Public Schools: As of June 30, 2016, the Public Schools reported a liability of approximately \$26.4 million for its proportionate share of the Employees Retirement System of the State of Maryland (ERS) net pension liability. The ERS net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Public Schools’ proportion of the ERS net pension liability was based on a projection of the Board’s long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined. As of June 30, 2016, the Board’s proportion for ERS was .13%, which was substantially the same from its proportion measured as of June 30, 2015. For the year ended June 30, 2016, the Public Schools recognized pension expense for ERS of approximately \$2.6 million. As of June 30, 2016, the Board reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2016 Contributions	\$ 2,283,877	\$ -
Changes in Actuarial Assumptions	1,547,783	-
Differences in Expected and Actual Experience	-	541,064
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,327,073	1,704,305
	\$ 6,158,733	\$ 2,245,369

Detailed retirement plan information for the Public Schools is available in their current year audited financial statements.

Harford Community College: As of June 30, 2016, the College reported a liability of \$1,153,385 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College’s proportion of the net pension liability was based on the College’s contributions to the System in relation to total system contributions including direct aid from the State of Maryland. As of June 30, 2015, the College’s proportionate share was .56%.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 66,998	\$ -
Difference Between Expected and Actual Experience	-	23,620
Change in Proportion	104,996	-
Net Difference Between Projected and Actual		
Investment Earnings	101,589	70,083
Changes in Proportionate Share of Contributions	11,059	-
Contributions Subsequent to the Measurement Date	109,885	-
	<u>\$ 394,527</u>	<u>\$ 93,703</u>

Detailed retirement plan information for the College is available in their current year audited financial statements.

Harford County Public Library:

As of June 30, 2016, the Library reported a liability of \$1,604,327 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on actual employer contributions billed to participating government units for the year ending June 30, 2015. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2015, the Library's proportionate share was 0.0077199%.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 260,893	\$ -
Net Difference Between Projected and Actual		
Investment Earnings	-	136,786
Changes in Proportionate Share of Contributions	83,206	-
Contributions Subsequent to the Measurement Date	129,274	-
	<u>\$ 473,373</u>	<u>\$ 136,786</u>

Detailed retirement plan information for the Library is available in their current year audited financial statements.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

c. PENSION PLAN – SHERIFF’S OFFICE PENSION SYSTEM

PRIMARY GOVERNMENT

1. Summary of Significant Accounting Policies

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Sheriff’s Office Pension System (the SOPS) and additions to/deductions from the SOPS’s fiduciary net position have been determined on the same basis as they are reported by the SOPS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. General Pension Plan Information

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

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

Harford County Bill No. 97-20 assigns the authority to establish and amend the benefit provisions of the plan to the government by county ordinance.

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

Retirees and Beneficiaries Currently Receiving Benefits	84
Terminated Plan Members Entitled to, but not yet Receiving Benefits	6
Active Plan Members	<u>135</u>
Total	<u><u>225</u></u>

Benefits Provided: The SOPS provides retirement, disability and death benefits to plan members and their and their beneficiaries. Effective May 20, 2013, per Bill 13-9, the cost of living adjustment shall not exceed 3% for a participant’s benefit attributable to years of creditable service earned before July 1, 2013. Effective beginning with the cost of living adjustment (COLA) for July 1, 2014, with respect to the portion of a participant’s benefit attributable to years of creditable service earned on or after July 1, 2013, the COLA shall not exceed 2.5%, if the actual rate of return of the plan’s assets is less than 7% the COLA shall not exceed 1% applied each July 1st for all participants in pay status for the requisite 12 months.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

Contributions: Plan members are required to contribute 7% of their annual covered salary. The County is required to contribute at an actuarially determined rate, currently 35.02% of covered payroll. Per Bill 97-20, contribution requirements of the plan members and the County are established and may be amended by County legislature. Administrative costs of the SOPS are to be paid by the trust unless the County decides to do so.

3. Net Pension Liability of the County

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2015 rolled forward to June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Projected Unit Credit
Inflation	3%
Salary Increases	Rates Vary by Participant Service
Investment Rate of Return	7%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the RP-2000 Combined Healthy tables with generational projection using the scale AA.

The actuarial assumptions used were based on the results of an actuarial valuation as of July 1, 2015.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation (3%). The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	49%	10.8%
International Equity	21%	9.9%
Fixed Income	30%	5.0%

Discount rate: The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that the County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

4. Changes in the Net Pension Liability

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/2015	\$ 63,845,750	\$ 50,663,100	\$ 13,182,650
Changes for the Year:			
Service Cost	1,621,758	-	1,621,758
Interest	4,366,894	-	4,366,894
Differences Between Expected and Actual Experience	(886,332)	-	(886,332)
Contributions - Employer	-	2,489,555	(2,489,555)
Contributions - Employee	-	499,165	(499,165)
Net Investment Income	-	(1,300,945)	1,300,945
Benefit Payments, Including Refunds of Employee Contributions	(2,923,123)	(2,923,123)	-
Administrative Expense	-	(47,558)	47,558
Net Changes	<u>2,179,197</u>	<u>(1,282,906)</u>	<u>3,462,103</u>
Balances at 6/30/2016	<u>\$ 66,024,947</u>	<u>\$ 49,380,194</u>	<u>\$ 16,644,753</u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County, calculated using the discount rate of 7%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

	1% Decrease 6%	Discount Rate 7%	1% Increase 8%
County's Net Pension Liability	\$ 25,634,201	\$ 16,644,753	\$ 9,273,725

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued SOPS financial report.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

**5. Pension Expense and Deferred Outflows of Resources and Deferred
Inflows of Resources Related to Pensions**

For the year ended June 30, 2016, the County recognized pension expense of \$3,043,722. As of June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 465,770	\$ -
Net Difference Between Projected and Actual Investment Earnings	4,723,361	-
Difference Between Expected and Actual Experience	-	1,353,797
Total	\$ 5,189,131	\$ 1,353,797

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,			
2017	\$	1,053,725	
2018		1,053,725	
2019		1,053,731	
2020		821,875	
2021		(147,722)	

d. LENGTH OF SERVICE AWARD PROGRAM – VOLUNTEER FIREMEN

PRIMARY GOVERNMENT

1. Summary of Significant Accounting Policies

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Length of Service Award Program for Volunteer Firemen (LOSAP) and additions to/deductions from LOSAP's fiduciary net position have been determined on the same basis as they are reported by LOSAP. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. General Pension Plan Information

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

Street, Bel Air, Maryland 21014, by calling 410-638-3316 or by visiting the website at www.harfordcountymd.gov.

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

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

Retirees and Beneficiaries Currently Receiving Benefits	445
Terminated Plan Members Entitled to, but not yet Receiving Benefits	305
Active Plan Members	<u>1,189</u>
Total	<u><u>1,939</u></u>

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

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

The annual required contribution for the year ended June 30, 2016, was determined as part of the September 30, 2013, actuarial valuation using the entry age normal funding method, with a 15-year amortization of the unfunded liability. Under this method, a normal cost is calculated which would, if contributed annually, fund each volunteer’s benefits during his or her career at a level dollar amount. The unfunded actuarial liability is calculated at each valuation date as the present value of all plan benefits, less current assets. The actuarial assumptions included a 6% investment rate of return compounded annually. The firemen are voluntary and, therefore, would not have a projected salary increase.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

3. Net Pension Liability of the County

Actuarial Assumptions: The total pension liability in the September 30, 2015 actuarial valuation rolled forward to June 30, 2016 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Inflation	3%
Salary Increases	Not Applicable
Investment Rate of Return	6%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the RP-2014 adjusted to 2006 Mortality Table with Blue Collar adjustments set forward one year and with generations projection by Scale MP-2015.

The actuarial assumptions used were based on the results of an actuarial valuation as of September 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3%). The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38%	10.8%
International Equity	17%	9.9%
Fixed Income	45%	5.0%

The LOSAP portfolio is expected to achieve a total return that exceeds the actuarial interest rate assumption over a five year moving time period. Previously the investment policy expected a total return that should exceed CPI by a minimum of 3% annually.

Discount rate: The discount rate used to measure the total pension liability was 6%. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that the County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumption, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

4. Changes in the Net Pension Liability

	Increases (Decreases)		
Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	
Balances at 6/30/2015	\$ 31,727,810	\$ 24,305,004	\$ 7,422,806
Changes for the Year:			
Service Cost	638,884	-	638,884
Interest	1,853,894	-	1,853,894
Differences Between Expected and Actual Experience	(65,985)	-	(65,985)
Changes in Assumptions	1,050,936	-	1,050,936
Contributions - Plan Sponsor	-	1,912,843	(1,912,843)
Net Investment Income	-	(331,941)	331,941
Benefit Payments, Including Refunds of Member Contributions	(1,659,153)	(1,659,153)	-
Administrative Expense	-	(15,246)	15,246
Net Changes	1,818,576	(93,497)	1,912,073
Balances at 6/30/2016	\$ 33,546,386	\$ 24,211,507	\$ 9,334,879

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County, calculated using the discount rate of 6%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5%) or 1 percentage point higher (7%) than the current rate:

	1% Decrease 5%	Discount Rate 6%	1% Increase 7%
County's Net Pension Liability	\$ 14,071,555	\$ 9,334,879	\$ 5,510,912

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued LOSAP financial report.

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

**5. Pension Expense and Deferred Outflows of Resources and Deferred
Inflows of Resources Related to Pensions**

For the year ended June 30, 2016, the County recognized pension expense of \$1,670,153. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources
Changes of Assumptions	\$ 875,780	\$	-
Net Difference Between Projected and Actual Investment Earnings	1,770,977		-
Difference Between Expected and Actual Experience	-		97,436
Total	\$ 2,646,757	\$	97,436

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2017	\$	627,582
2018		627,582
2019		627,584
2020		516,561
2021		157,086
Thereafter		(7,074)

e. PENSION PLAN – HARFORD CENTER, INC.

COMPONENT UNITS

The Center participates in a tax-deferred annuity plan qualified under Section 401(k) of the Internal Revenue Code. The Plan covers all full-time employees of the Center. Employees may make contributions to the Plan up to a maximum amount allowed by the Internal Revenue Code. No contributions were made to the Plan during the year ended June 30, 2016.

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

PRIMARY GOVERNMENT

Effective January 1, 2015 Harford County Government established a plan to help its employees save for retirement. The Plan is a defined contribution plan, which qualifies under Section 401(a) of the Internal Revenue Code. Qualifying employees must work over 500 hours of service in a plan year, must be ineligible for

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

the Maryland State Retirement System and must defer a minimum of 7% of compensation into the Harford County 457(b) Plan to receive a matching contribution under this Plan. The Plan Administrator, Harford County, Maryland, is responsible for the day to day administration and operation of the Plan and has full discretion to interpret the Plan.

F. OTHER POST EMPLOYMENT BENEFIT PLANS

PRIMARY GOVERNMENT

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

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

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

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

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

For fiscal year 2016, a retirement incentive was offered to county employees (excluding the sheriff's office) to retire with at least 15 years of service and receive an 80% subsidy.

The Sheriff's Office employees are also eligible for 90% subsidy for in-line-of-duty retirements with a minimum of 5 years of service. Membership in the plan consisted of the following as of the most recent actuarial valuation, dated January 8, 2015:

Plan Participants	
Retirees (Pre-Medicare)	250 *
Retirees (Medicare Age)	397 *
Active Employees	1,137
Total	<u>1,784</u>

*includes spouses

On July 27, 2010, Harford County, Maryland signed a Retiree Healthcare Side Agreement with the AFSCME Local 1802, Council 67 and MCEA Chapter 610. This agreement states that any employee hired after July 1, 2010, will be placed in a Post Employment Health Plan (PEHP) in lieu of the retiree health care subsidy offered by the County. Employees hired prior to July 1, 2010, were offered a one-time election from the current retiree health care subsidy to the PEHP, to the extent permitted under the Internal Revenue Code and Regulations. These changes do not apply to any Sheriff's Office personnel. The retirees under this plan may also continue the same medical, dental, vision and life insurance coverage they are entitled to receive (including family coverage) as active employees. The difference will be that the retiree will pay the entire group rate price per insurance plan out of the funds received through the PEHP. The County negotiated with the Union representatives agreeing that 8% of eligible employees' average salaries will be placed in the PEHP until otherwise specified.

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

Funding Policy: The County is not required by law or contractual agreement to provide funding for retiree benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. The County may contribute to the Trust Fund those amounts that the County Council appropriates. All contributions and all earnings and other additions, less payments, constitute the assets of the Trust Fund, which must be held for the exclusive benefit of participants covered by the APRMB. The Trust may be, but is not required to be, the sole source of funding for the employer's share of the cost of benefits to be

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

provided under APRMB. The County contributed \$10,162,000 annual required contribution (ARC) during fiscal year 2016 and the retirees paid \$1,202,830 toward the cost of their benefits. The Trust reimbursed the County for the County’s share of retirees’ premiums of \$6,655,140. In addition the hidden subsidy, actuarially estimated at \$509,000 for fiscal year 2016, transferred from the Trust to the County, leaving the Trust Net Position of \$90,939,161.

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

Trust Net Position as of July 1, 2015	\$	90,452,368
County Contribution		10,162,000
Net Appreciation in Fair Value of Investments		(3,731,881)
Interest and Dividends		1,596,623
Retirees Contributions		1,202,830
Payment for County’s Share of Premiums		(6,655,140)
Payment for Retirees’ Share of Premiums		(1,202,830)
Payment for Administrative and Investment Expenses		(375,809)
Estimated Hidden Subsidy Transfer		(509,000)
Trust Net Position as of June 30, 2016	\$	<u>90,939,161</u>

The funding for the PEHP will be negotiated by the County and both Unions each year. The County may contribute to the employee’s accounts those amounts that the County Council appropriates based on the formula designated in the agreement. The formula to be utilized will be the annual salaries of the employees enrolled in the PEHP calculated by a percentage of those aggregate salaries that is determined by the County, AFSCME, and MCEA, which will constitute the funds to be contributed to the PEHP by the County. The funds will be equally distributed between the participants in the PEHP. There was a total of \$1,740,092 contributed to this plan and a total of 385 employees are currently enrolled as of June 30, 2016.

Employees may also elect to have the dollar value of their use or lose annual leave placed into a PEHP account. The total funds contributed under this method were \$235,356 for 112 employees. The PEHP will be administered by a third party who will maintain individual accounts, which will grow tax-free for health care expenses after an employee leaves the County.

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ended June 30, 2016, were as follows:

Annual Required Contribution	\$	10,162,000
Contributions Made		<u>(10,162,000)</u>
Net OPEB Obligation, Beginning and End of the Year	\$	<u><u>-</u></u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2016, and the two preceding years were as follows:

Fiscal Year Ending	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2014	\$ 13,381,000	100%	NONE
06/30/2015	13,794,000	100%	NONE
06/30/2016	10,162,000	100%	NONE

Funding Status and Funding Progress: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the ARC of the County are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information, presents the results of OPEB valuations as of June 30, 2016. The schedule will eventually provide multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Three years of trend information is as follows:

As of	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Percentage Funded (1)/(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
7/1/2013	\$ 59,117,000	\$ 180,067,000	32.8%	\$ 120,950,000	\$ 93,886,784	128.8%
7/1/2014	73,742,000	192,411,000	38.3%	118,669,000	94,034,098	126.2%
7/1/2015	93,009,000	170,269,000	54.6%	77,260,000	89,852,755	86.0%

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The annual required contribution for the current year was determined as part of the January 8, 2015 actuarial evaluation using the projected unit credit method; it is being amortized over a period of 30 years on a closed basis. The actuarial assumptions include an 7.5% investment rate of return compounded annually. The funding method is level percentage of projected payroll. Payroll is assumed to increase at 3.5% per annum. This assumption is used to determine the level percentage of payroll amortization factor. For fiscal year 2016, the inflation rate is 2.4%. The annual healthcare costs trend rate is 5.2 % initially, reduced by decrements to an ultimate rate of 3.90%.

COMPONENT UNITS

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

Medical Benefits – Retirees are eligible for continued membership in one of the school system’s group medical plans provided that they have at least 10 years service with the Public Schools and are under 65 years of age. The Public Schools pays either 85%, 90% or 95% of these medical insurance premiums, based on the plan chosen by the retiree. The Public Schools pays 90% of the insurance premiums for Medicare supplemental insurance for retirees age 65 and older. The medical benefits paid by the Public Schools for the year ended June 30, 2016 was \$22,561,493. As of June 30, 2016, 2,427 of approximately 2,653 eligible retirees were receiving benefits.

Dental Benefits – The Public Schools pays 90% of dental insurance premiums for retirees with at least 10 years service. The dental benefits paid by the Public Schools for the year ended June 30, 2016, was \$1,146,754. As of June 30, 2016, 2,483 of approximately 2,653 eligible retirees were receiving benefits.

Life Insurance Benefits – The Public Schools pays 90% of the life insurance premiums for retirees with at least 10 years of service. The amount of insurance coverage is reduced to \$20,000 upon retirement to \$10,000 five years after retirement. The life insurance benefits paid by the Public Schools for the year ended June 30, 2016, was \$61,058. As of June 30, 2016, 2,311 of approximately 2,653 eligible retirees were receiving benefits.

Annual OPEB Cost and Net OPEB Obligation

The Public Schools’ annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Public Schools’ annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan, and changes in the Public Schools’ net OPEB obligation:

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

Annual Required Contribution	\$ 61,556,000
Interest on Net OPEB Obligation	10,438,000
Amortization of Net OPEB Obligation	<u>(12,299,000)</u>
Annual OPEB Cost (Expense)	59,695,000
Contributions Made	<u>(25,939,000)</u>
Increase in Net OPEB Obligation	33,756,000
Net OPEB Obligation - Beginning of Year	<u>231,964,929</u>
Net OPEB Obligation - End of Year	<u><u>\$ 265,720,929</u></u>

The Harford Community College (the College) sponsors post-employment medical benefits under a single employer defined benefit plan. Any full-time employee of the College is eligible to participate in the plan. The College allows access to the plan if the retiree: (a) retires or becomes disabled with an immediate benefit from the State Retirement and Pension System of Maryland or (b) meets the minimum age eligibility requirement to begin distribution from the Maryland Optional Retirement Plan and (c) has been actively participating within the College sponsored health plan for at least the most recent ten (10) full consecutive years and (d) has at least 10 years of employment service. Disabled participants must reach retirement eligibility. Dependents and surviving spouses of participants are allowed access to the plan but must also pay the full premium. A closed group of retirees receives an annual subsidy of \$4,800 as part of a retirement widow benefit program. As of June 30, 2016, there were 7 eligible and participating retirees receiving an annual subsidy. As of June 30, 2016, there were 42 participants out of 319 total participants receiving benefits.

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

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

As of June 30, 2016, the College's annual required contribution; contributions made and net OPEB obligation were:

Annual Required Contribution	\$ 95,000
Interest on Net OPEB Obligation	5,000
Adjustment to Annual Required Contribution	<u>(5,000)</u>
Annual OPEB Cost (Expense)	95,000
Contributions Made	<u>(75,000)</u>
Increase in Net OPEB Obligation	20,000
Net OPEB Obligation - Beginning of Year	<u>185,221</u>
Net OPEB Obligation - End of Year	<u><u>\$ 205,221</u></u>

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

HARFORD COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 – OTHER INFORMATION – CONTINUED

Employees who retire from the Library who are eligible to participate in the State Pension Plan are eligible for medical insurance during retirement. Retirees who are eligible for this subsidy must elect coverage at the time of retirement. Retirees may not elect to discontinue and re-enroll at a later date. Currently, 61 retirees who meet eligibility requirements for employer subsidized health insurance are enrolled in the retiree medical and dental plans.

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

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

Annual Required Contribution	\$ 1,568,000
Interest on Net OPEB Obligation	385,088
Adjustment to Annual Required Contribution	(524,000)
Annual OPEB Cost (Expense)	<u>1,429,088</u>
Contributions Made	<u>(299,961)</u>
Increase in Net OPEB Obligation	1,129,127
Net OPEB Obligation - Beginning of Year	<u>11,002,505</u>
Net OPEB Obligation - End of Year	<u><u>\$ 12,131,632</u></u>

Required Supplementary Information

The information provided in this section is required supplementary disclosures.

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
JUNE 30, 2016
(Information for FY2013 and earlier is not available)

Schedule 1

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's Portion of the Net Pension Liability	0.555%	0.516%	0.490%
County's Proportionate Share of the Net Pension Liability	\$ 115,409,102	\$ 91,601,275	\$ 100,990,844
County's Covered Employee Payroll	\$ 78,993,465	\$ 84,055,462	\$ 83,785,718
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	146.10%	108.98%	120.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.79%	55.31%	67.20%

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY CONTRIBUTIONS
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
LAST 10 FISCAL YEARS
(Information for FY2012 and earlier is not available)

Schedule 2

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 10,791,576	\$ 11,705,062	\$ 12,028,358	\$ 10,626,050
Contributions in Relation to the Contractually Required Contribution	<u>10,791,576</u>	<u>11,705,062</u>	<u>12,028,358</u>	<u>10,626,050</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Employee Payroll	<u>\$ 78,993,465</u>	<u>\$ 84,055,462</u>	<u>\$ 83,785,718</u>	<u>\$ N/A</u>
Contributions as a Percentage of Covered Employee Payroll	13.66%	13.93%	14.36%	N/A

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE SHERIFF'S OFFICE PENSION SYSTEM NET PENSION LIABILITY AND RELATED RATIOS
JUNE 30, 2016
(Information for FY2013 and earlier is not available)

Schedule 3

	2016*	2015*	2014*
Total Pension Liability			
Service Cost	\$ 1,622,000	\$ 1,622,000	\$ 1,412,000
Interest	4,367,000	4,176,000	3,982,000
Changes of Benefit Terms	-	54,000	68,000
Differences Between Expected and Actual Experience	(886,000)	(1,025,000)	-
Changes of Assumptions	-	776,000	-
Benefit Payments, Including Refunds of Employee Contributions	(2,923,000)	(2,825,000)	(2,576,000)
Net Change in Total Pension Liability	2,180,000	2,778,000	2,886,000
Total Pension Liability - Beginning	63,845,000	61,067,000	58,181,000
Total Pension Liability - Ending (a)	<u>\$ 66,025,000</u>	<u>\$ 63,845,000</u>	<u>\$ 61,067,000</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 2,490,000	\$ 2,490,000	\$ 2,377,000
Contributions - Employee	499,000	485,000	452,000
Net Investment Income	(1,301,000)	1,995,000	7,089,000
Benefit Payments, Including Refunds of Employee Contributions	(2,923,000)	(2,825,000)	(2,576,000)
Administrative Expense	(48,000)	(49,000)	(54,000)
Net Change in Plan Fiduciary Net Position	(1,283,000)	2,096,000	7,288,000
Plan Fiduciary Net Position - Beginning	50,663,000	48,567,000	41,279,000
Plan Fiduciary Net Position - Ending (b)	<u>\$ 49,380,000</u>	<u>\$ 50,663,000</u>	<u>\$ 48,567,000</u>
County's Net Pension Liability - Ending (a) - (b)	<u>\$ 16,645,000</u>	<u>\$ 13,182,000</u>	<u>\$ 12,500,000</u>
Plan Fiduciary Net Position as a Percentage of the Total			
Pension Liability	74.79%	79.35%	79.53%
Covered-Employee Payroll	\$ 7,110,000	\$ 7,185,000	\$ 6,813,000
County's Net Pension Liability as a Percentage of Covered-Employee Payroll	234.11%	183.47%	183.48%
Expected Average Remaining Service Years of All Participants	6	5	6

*Numbers are rounded to the nearest 1,000.

Notes to Schedule:

Benefit Changes: There were no changes in FY2016.

Change of Assumptions: There were no changes for FY2016.

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY CONTRIBUTIONS
SHERIFF'S OFFICE PENSION SYSTEM
JUNE 30, 2016
(Information for FY2013 and earlier is not available)

Schedule 4

	2016	2015	2014
Actuarially Determined Contribution	\$ 2,489,555	\$ 2,490,164	\$ 2,376,590
Contributions in Relation to the Actuarially Determined Contribution	2,489,555	2,490,164	2,376,590
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered-employee Payroll	\$ 7,110,000	\$ 7,185,000	\$ 6,813,000
Contributions as a Percentage of Covered-employee Payroll	35.02%	34.66%	34.88%

Notes to Schedule:

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost method	Projected Unit Credit
Amortization Method	Level Percentage of Payroll
Remaining Amortization period	15 Years for Gains and Losses (Open), 30 Years for Prior Plan and Assumption Changes, 15 Years for July 1, 2013 Plan Changes (Closed)
Asset Valuation method	5-year Smoothed Market
Inflation	3.0 Percent
Salary Increases	Rates Vary by Participant Age and Service
Investment Rate of Return	7.0 percent, Net of Pension Plan Investment Expense, Including Inflation
Retirement Age	Rates Vary by Participant Age and Service
Mortality	RP-2000 Combined Healthy Tables with Generational Projection by Scale AA

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE LENGTH OF SERVICE AWARD PROGRAM FOR VOLUNTEER FIREMEN
NET PENSION LIABILITY AND RELATED RATIOS

June 30, 2016

(Information for FY2013 and earlier is not available)

Schedule 5

	2016*	2015*	2014*
Total Pension Liability			
Service Cost	\$ 639,000	\$ 678,000	\$ 645,000
Interest	1,854,000	1,806,000	1,755,000
Differences between Expected and Actual Experience	(66,000)	(57,000)	-
Changes of assumptions	1,051,000	-	-
Benefit Payments, including Refunds of Member Contributions	(1,659,000)	(1,595,000)	(1,511,000)
Net Change in Total Pension Liability	1,819,000	832,000	889,000
Total Pension Liability - Beginning	31,727,000	30,895,000	30,006,000
Total Pension Liability - Ending (a)	<u>\$ 33,546,000</u>	<u>\$ 31,727,000</u>	<u>\$ 30,895,000</u>
Plan Fiduciary Net Position			
Contributions - Plan Sponsor	\$ 1,913,000	\$ 2,031,000	\$ 1,935,000
Net Investment Income	(332,000)	840,000	2,818,000
Benefit Payments, Including Refunds of Member Contributions	(1,659,000)	(1,595,000)	(1,511,000)
Administrative Expense	(15,000)	(14,000)	(15,000)
Net Change in Plan Fiduciary Net Position	(93,000)	1,262,000	3,227,000
Plan Fiduciary Net Position - Beginning	24,304,000	23,042,000	19,815,000
Plan Fiduciary Net Position - Ending (b)	<u>\$ 24,211,000</u>	<u>\$ 24,304,000</u>	<u>\$ 23,042,000</u>
County's Net Pension Liability - Ending (a) - (b)	<u>\$ 9,335,000</u>	<u>\$ 7,423,000</u>	<u>\$ 7,853,000</u>
Plan Fiduciary Net Position as a Percentage of the Total			
Pension Liability	72.17%	76.60%	74.58%
Covered-Employee Payroll	N/A	N/A	N/A
County's Net Pension Liability as a Percentage of Covered-			
Employee Payroll	N/A	N/A	N/A
Expected Average Remaining Service Years of All Participants	6	8	7

*Numbers are rounded to the nearest 1,000

HARFORD COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY CONTRIBUTIONS
LENGTH OF SERVICE AWARD PROGRAM FOR VOLUNTEER FIREMEN
June 30, 2016
(Information for FY2013 and earlier not available)

Schedule 6

	2016	2015	2014
Actuarially Determined Contribution	\$ 1,912,843	\$ 1,981,000	\$ 1,934,886
Contributions in Relation to the Actuarially Determined Contribution	1,912,843	2,030,844	1,934,886
Contribution (Excess) Deficiency	\$ -	\$ (49,844)	\$ -
Covered-Employee Payroll	N/A	N/A	N/A
Contributions as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of September 30 for the second fiscal year immediately following the current fiscal year. Actuarial values are performed every year.

Methods and assumptions used to determine FY16 contribution rates:

Actuarial Cost Method	Entry Age Normal (Level Dollar)
Amortization Method	Level Payments over Closed Periods
Remaining Amortization Period	15 years
Asset Valuation Method	Market Value as of June 30, Projected to September 30
Inflation	3.0 Percent
Salary Increases	Not Applicable
Investment Rate of Return	6.0 percent, Net of Pension Plan Investment Expense, Including Inflation
Retirement Age	Upon First Eligibility for Benefits
Mortality	RP-2014 adjusted to 2006 Mortality Table with Blue Collar adjustments set forward one year with generations projected by Scale MP - 2015

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

Schedule 7

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liablitiy (AAL)	(3) Percentage Funded (1)/(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
7/1/2013	\$ 59,117,000	\$ 180,067,000	32.8%	\$ 120,950,000	\$ 93,886,784	128.8%
7/1/2014	73,742,000	192,411,000	38.3%	118,669,000	94,034,098	126.2%
7/1/2015	93,009,000	170,269,000	54.6%	77,260,000	89,852,755	86.0%

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

Schedule 8

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2014	\$ 13,381,000	100%
2015	13,794,000	100%
2016	10,162,000	100%

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

Valuation Date	7/1/2014
Actuarial Cost Method	Projected Unit Credit Method
Amortization Method	Level Percentage of Projected Payroll
Remaining Amortization Factor	14.94
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.5%
Projected Salary Increases	3.5%

Combining and Individual Fund

Financial Statements

&

Schedules

Combining Statements

Non-major Governmental Funds

Special Revenue Funds

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

Stormwater Management Special Revenue Fund – This fund was established to account for the stormwater remediation operation. Resolution No. 005-15 authorized the recordation tax remain at a rate of \$3.30 for each \$500.00 or fraction thereof of the actual consideration payable or of the principal amount of the debt secured for an instrument of writing; and resolved that the revenue from such tax at the rate of \$0.55 be dedicated to fund the implementation of local watershed protection and restoration projects throughout Harford County, effective July 1, 2015.

Debt Service Fund

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

HARFORD COUNTY, MARYLAND
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2016

Exhibit A-1

	Special Revenue		Debt Service	Total
	Parks and Recreation	Stormwater Management	Beechtree TIF	Non-major Governmental Funds
ASSETS				
Equity in Pooled Cash and Investments	\$ 318,292	\$ 2,022,218	\$ 241,859	\$ 2,582,369
Cash and Investments	800	-	-	800
Taxes and Accounts Receivable (Net)	3,942	815	-	4,757
Federal and State Receivable	-	272,262	-	272,262
Deposit with Trustee	-	-	1,938,784	1,938,784
TOTAL ASSETS	\$ 323,034	\$ 2,295,295	\$ 2,180,643	\$ 4,798,972
LIABILITIES				
Accounts Payable	\$ 29,360	\$ -	\$ -	\$ 29,360
Payable to State of Maryland	200	-	-	200
Accrued Expenditures	10,368	-	-	10,368
Escrow Accounts	6,820	-	-	6,820
Total Liabilities	46,748	-	-	46,748
FUND BALANCES				
Restricted	-	-	2,180,643	2,180,643
Assigned	276,286	2,295,295	-	2,571,581
Total Fund Balances	276,286	2,295,295	2,180,643	4,752,224
TOTAL LIABILITIES AND FUND BALANCES	\$ 323,034	\$ 2,295,295	\$ 2,180,643	\$ 4,798,972

HARFORD COUNTY, MARYLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2016

Exhibit A-2

	Special Revenue		Debt Service	Total
	Parks and Recreation	Stormwater Management	Beechtree TIF	Non-major Governmental Funds
REVENUES				
Taxes	\$ -	\$ 2,104,899	\$ 1,025,782	\$ 3,130,681
Revenues from Other Agencies	-	4,000	-	4,000
Investment Income	1,296	4,612	4,083	9,991
Charges for Current Services	783,998	-	-	783,998
Miscellaneous	2,330	-	-	2,330
Total Revenues	<u>787,624</u>	<u>2,113,511</u>	<u>1,029,865</u>	<u>3,931,000</u>
EXPENDITURES				
Current:				
Parks, Recreation and National Resources	773,426	-	-	773,426
Debt Service:				
Interest	-	-	1,050,000	1,050,000
Administrative Costs	-	-	22,187	22,187
Total Expenditures	<u>773,426</u>	<u>-</u>	<u>1,072,187</u>	<u>1,845,613</u>
(Deficiency) Excess of Revenues over Expenditures	14,198	2,113,511	(42,322)	2,085,387
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(130,000)	-	-	(130,000)
Total Other Financing Sources (Uses)	<u>(130,000)</u>	<u>-</u>	<u>-</u>	<u>(130,000)</u>
Net Change in Fund Balances	<u>(115,802)</u>	<u>2,113,511</u>	<u>(42,322)</u>	<u>1,955,387</u>
Fund Balances - Beginning	392,088	181,784	2,222,965	2,796,837
Fund Balances - Ending	<u>\$ 276,286</u>	<u>\$ 2,295,295</u>	<u>\$ 2,180,643</u>	<u>\$ 4,752,224</u>

Fiduciary Funds

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

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

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

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

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

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

Agency Funds

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

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

HARFORD COUNTY, MARYLAND
Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2016

Exhibit B-1

	Sheriff's Office Pension System	Firemen's LOSAP	Total
ASSETS			
Equity in Pooled Cash and Investments	\$ 187,144	\$ 13,984	\$ 201,128
Investments, at Fair Value			
Cash Equivalents	879,887	384,026	1,263,913
Fixed Income Fund	11,967,268	9,068,234	21,035,502
Equities and Equivalents	36,405,697	14,770,582	51,176,279
Total Investments	<u>49,252,852</u>	<u>24,222,842</u>	<u>73,475,694</u>
Total Assets	<u>49,439,996</u>	<u>24,236,826</u>	<u>73,676,822</u>
LIABILITIES			
Accounts Payable	<u>59,802</u>	<u>25,319</u>	<u>85,121</u>
Total Liabilities	<u>59,802</u>	<u>25,319</u>	<u>85,121</u>
NET POSITION RESTRICTED FOR PENSIONS			
Schedules of funding progress and employer contributions are presented in the "Required Supplementary Information"	<u>\$ 49,380,194</u>	<u>\$ 24,211,507</u>	<u>\$ 73,591,701</u>

HARFORD COUNTY, MARYLAND
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2016

Exhibit B-2

	Sheriff's Office Pension System	Firemen's LOSAP	Total
ADDITIONS			
Contributions			
Employee Contributions	\$ 499,165	\$ -	\$ 499,165
Employer Contributions	2,489,555	-	2,489,555
Plan Sponsor Contributions	-	1,912,843	1,912,843
Miscellaneous Income	-	17	17
Total Contributions	<u>2,988,720</u>	<u>1,912,860</u>	<u>4,901,580</u>
Investment Earnings			
Net Loss in Fair Value of Investments	(2,003,917)	(669,245)	(2,673,162)
Interest and Dividends	886,452	452,393	1,338,845
Total Investment Earnings	<u>(1,117,465)</u>	<u>(216,852)</u>	<u>(1,334,317)</u>
Less Investment Expense	<u>(183,480)</u>	<u>(115,106)</u>	<u>(298,586)</u>
Net Investment Loss	<u>(1,300,945)</u>	<u>(331,958)</u>	<u>(1,632,903)</u>
Total Additions	<u>1,687,775</u>	<u>1,580,902</u>	<u>3,268,677</u>
DEDUCTIONS			
Administrative Expenses	47,558	15,246	62,804
Benefits	2,923,123	1,659,153	4,582,276
Total Deductions	<u>2,970,681</u>	<u>1,674,399</u>	<u>4,645,080</u>
Change in Net Position Restricted for Pensions	(1,282,906)	(93,497)	(1,376,403)
NET POSITION RESTRICTED FOR PENSIONS			
Net Position Restricted for Pensions - Beginning of the Year	50,663,100	24,305,004	74,968,104
Net Position Restricted for Pensions - End of the Year	<u>\$ 49,380,194</u>	<u>\$ 24,211,507</u>	<u>\$ 73,591,701</u>

HARFORD COUNTY, MARYLAND
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2016

Exhibit B-3

	BVL Cooperating Parties Group	Bar Library	Total
ASSETS			
Equity in Pooled Cash and Investments	\$ 1,217,141	\$ 260,875	\$ 1,478,016
Investments	927,195	-	927,195
Total Assets	2,144,336	260,875	2,405,211
LIABILITIES			
Accounts Payable	60	12,195	12,255
Due to Beneficiaries	927,195	-	927,195
Total Liabilities	927,255	12,195	939,450
NET POSITION			
Held in Trust	\$ 1,217,081	\$ 248,680	\$ 1,465,761

HARFORD COUNTY, MARYLAND
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2016

Exhibit B-4

	BVL Cooperating Parties Group	Bar Library	Total
ADDITIONS			
Contributions and Donations	\$ 110,761	\$ 113,809	\$ 224,570
Interest and Dividends	5,449	1,022	6,471
Total Additions	<u>116,210</u>	<u>114,831</u>	<u>231,041</u>
DEDUCTIONS			
Contractual Services	107,625	117,212	224,837
Total Deductions	<u>107,625</u>	<u>117,212</u>	<u>224,837</u>
Change in Net Position	8,585	(2,381)	6,204
NET POSITION			
Net Postion - Beginning of Year	1,208,496	251,061	1,459,557
Net Postion - End of Year	<u>\$ 1,217,081</u>	<u>\$ 248,680</u>	<u>\$ 1,465,761</u>

HARFORD COUNTY, MARYLAND
Statement of Changes in Assets and Liabilities
Agency Fund
For The Year Ended June 30, 2016

Exhibit B-5

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
PASS-THROUGH GRANTS				
ASSETS				
Equity in Pooled Cash	\$ -	\$ 2,667,876	\$ 2,667,876	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 2,667,876</u>	<u>\$ 2,667,876</u>	<u>\$ -</u>
LIABILITIES				
Due to Beneficiary	\$ -	\$ 2,667,876	\$ 2,667,876	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 2,667,876</u>	<u>\$ 2,667,876</u>	<u>\$ -</u>
HEALTH CARE CONSORTIUM				
ASSETS				
Investments	\$ 11,710,155	\$ 1,936,745	\$ 1,400,000	\$ 12,246,900
Total Assets	<u>\$ 11,710,155</u>	<u>\$ 1,936,745</u>	<u>\$ 1,400,000</u>	<u>\$ 12,246,900</u>
LIABILITIES				
Due to Beneficiary	\$ 11,710,155	\$ 1,936,745	\$ 1,400,000	\$ 12,246,900
Total Liabilities	<u>\$ 11,710,155</u>	<u>\$ 1,936,745</u>	<u>\$ 1,400,000</u>	<u>\$ 12,246,900</u>
TOTAL ALL AGENCY FUNDS				
ASSETS				
Equity in Pooled Cash	\$ -	\$ 2,667,876	\$ 2,667,876	\$ -
Investments	11,710,155	1,936,745	1,400,000	12,246,900
Total Assets	<u>\$ 11,710,155</u>	<u>\$ 4,604,621</u>	<u>\$ 4,067,876</u>	<u>\$ 12,246,900</u>
LIABILITIES				
Due to Beneficiary	\$ 11,710,155	\$ 4,604,621	\$ 4,067,876	\$ 12,246,900
Total Liabilities	<u>\$ 11,710,155</u>	<u>\$ 4,604,621</u>	<u>\$ 4,067,876</u>	<u>\$ 12,246,900</u>

SCHEDULES

Governmental Funds

General Fund

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

Special Revenue Funds

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

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

Stormwater Management Special Revenue Fund – Bill No. 14-036 repealed the Stormwater Remediation Fee, effective July 1, 2015. Resolution No. 005-15 authorized the recordation tax remain at a rate of \$3.30 for each \$500.00 or fraction thereof of the actual consideration payable or of the principal amount of the debt secured for an instrument of writing; and resolved that the revenue from such tax at the rate of \$0.55 be dedicated to fund the implementation of local watershed protection and restoration projects throughout Harford County, effective July 1, 2015.

Debt Service Fund

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

(continued)

SCHEDULES

Governmental Funds

(continued)

Capital Projects Fund

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

Proprietary Fund

Enterprise Fund

Water and Sewer Fund - This schedule accounts for financial resources to be used for the operation, acquisition or construction of major capital facilities of the Water and Sewer fund.

General Fund

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2016

Exhibit C-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE) ESTIMATED REVENUES
	ORIGINAL	FINAL		
	TAXES			
Admissions and Amusement Tax	\$ 545,000	\$ 545,000	\$ 537,485	\$ (7,515)
Business Personal Property/Current Year	275,388	275,388	263,593	(11,795)
Business Personal Property/Prior Years	(1,100)	(1,100)	2,547	3,647
Corporate Property/Current Year	11,440,560	11,440,560	13,096,733	1,656,173
Corporate Property/Prior Years	(100,000)	(100,000)	186,961	286,961
Delinquent Tax Costs	100,000	100,000	74,771	(25,229)
Heavy Equipment Receipts Tax - Corporate	225,000	225,000	211,236	(13,764)
Hotel Occupancy Tax	2,000,000	2,000,000	2,359,201	359,201
Impact Fees	2,500,000	2,500,000	2,444,400	(55,600)
Income Taxes/Current Year	199,007,621	199,007,621	204,074,109	5,066,488
Income Taxes/Prior Years	4,400,000	4,400,000	3,303,062	(1,096,938)
Interest on Delinquent Taxes	836,000	836,000	747,493	(88,507)
Mobile Home Excise Tax	210,500	210,500	205,350	(5,150)
Payment in Lieu of Taxes	275,000	275,000	353,395	78,395
Penalty	800,000	800,000	761,940	(38,060)
Railroad and Public Utilities	11,669,705	11,669,705	12,163,448	493,743
Real Property - Full Year Levy	231,812,125	231,812,125	229,830,989	(1,981,136)
Real Property - Half Year Levy	489,244	489,244	502,473	13,229
911 Program Fee	1,582,300	1,582,300	1,734,155	151,855
	<u>468,067,343</u>	<u>468,067,343</u>	<u>472,853,341</u>	<u>4,785,998</u>
Less: Tax Credits and Uncollectibles				
Ag. Preservation Incentive/Easements	(1,356,000)	(1,356,000)	(1,387,273)	(31,273)
Community Association Credit	(6,100)	(6,100)	(6,065)	35
Conservation Land Tax Credit	(2,000)	(2,000)	(1,500)	500
Discounts Allowed on Taxes	(1,566,100)	(1,566,100)	(1,599,283)	(33,183)
Enterprise Zone Tax Credit	(1,200,000)	(1,200,000)	(1,048,170)	151,830
Habitat For Humanity Tax Credit	(4,900)	(4,900)	(7,921)	(3,021)
Historical Tax Credit	(6,000)	(6,000)	(4,557)	1,443
Homeowner's Tax Credit - County	(305,000)	(305,000)	(308,223)	(3,223)
Homestead Tax Credit - County	(68,000)	(68,000)	(59,068)	8,932
Landfill Proximity Credit	(60,000)	(60,000)	(58,619)	1,381
Solar/Geothermal Energy Tax Credit	(500,000)	(500,000)	(498,119)	1,881
Surviving Spouse - Fallen Hero Tax Credit	(2,900)	(2,900)	(2,877)	23
Uncollectible Property Taxes	(250,000)	(250,000)	1,184,041	1,434,041
WTE Proximity Credit	(90,000)	(90,000)	(85,427)	4,573
	<u>(5,417,000)</u>	<u>(5,417,000)</u>	<u>(3,883,061)</u>	<u>1,533,939</u>
Total Taxes	<u>462,650,343</u>	<u>462,650,343</u>	<u>468,970,280</u>	<u>6,319,937</u>

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2016
(continued)

Exhibit C-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE) ESTIMATED REVENUES
	ORIGINAL	FINAL		
REVENUES FROM OTHER AGENCIES				
Build America Bond Interest Credit	1,274,700	1,274,700	1,276,753	2,053
FEMA	-	-	98,350	98,350
Jury Compensation	144,000	144,000	165,735	21,735
Medicare D Subsidy	254,000	254,000	245,326	(8,674)
Police Protection	2,041,224	2,041,224	1,936,567	(104,657)
Total Revenues from Other Agencies	3,713,924	3,713,924	3,722,731	8,807
INVESTMENT INCOME				
	310,000	310,000	467,295	157,295
CHARGES FOR CURRENT SERVICES				
Abandoned Buildings	16,000	16,000	3,537	(12,463)
Admin Fee - COBRA Insurance	-	-	1,445	1,445
Auto Commute - County Employees	11,000	11,000	7,550	(3,450)
Bad Check Fee	3,000	3,000	2,800	(200)
Board of Prisoners	100,000	100,000	117,393	17,393
Building Plan Review	100	100	-	(100)
Building Reinspection Fee	1,800	1,800	1,000	(800)
Child Custody	12,100	12,100	7,259	(4,841)
Commissions	140,000	140,000	129,349	(10,651)
Community Work Service	22,000	22,000	18,850	(3,150)
Concept Plans	6,800	6,800	2,959	(3,841)
Design Review	1,300	1,300	2,460	1,160
Detention Center Commissary	275,000	275,000	270,279	(4,721)
Election Fees	900	900	126	(774)
Electrical Reinspection Fees	2,900	2,900	2,200	(700)
Extension Preliminary Plan Approval	300	300	200	(100)
False Burglar Alarm Service Charges	57,200	57,200	47,398	(9,802)
False Fire Alarm Service Charges	15,000	15,000	33,999	18,999
Final Plats	19,600	19,600	18,330	(1,270)
Flying Point and Mariner Park Revenue	12,800	12,800	11,670	(1,130)
Food Service Licenses	114,800	114,800	120,819	6,019
Forest Conservation Plan Review	15,000	15,000	2,980	(12,020)
Forest Stand Delineation Review	6,000	6,000	2,414	(3,586)
GIS - Digital Data Products	100	100	-	(100)
GIS - Otho Photos	-	-	8	8
GIS - Plotting Service	1,200	1,200	-	(1,200)
GIS - Screen Dump	100	100	2	(98)
GIS - Topographic Maps	100	100	-	(100)
Ground Floor Fees	5,000	5,000	5,925	925
Harford Cable Network	24,000	24,000	16,664	(7,336)
Hazardous Material Spill Cleanup	24,600	24,600	15,303	(9,297)
Household Waste - Private Vehicle Charge	428,700	428,700	404,293	(24,407)
Inmate Fees for Medical Services	4,300	4,300	4,431	131

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2016
(continued)

Exhibit C-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
<u>CHARGES FOR CURRENT SERVICES (continued)</u>				
Inspections	-	-	27,925	27,925
Mechanical Investigation Fees	-	-	500	500
Mechanical Reinspection Fee	700	700	250	(450)
Mechanical Violation Fee	500	500	750	250
Miscellaneous Revenue - Planning & Zoning	5,300	5,300	1,159	(4,141)
Miscellaneous Revenue - Sheriff's Office	65,800	65,800	84,854	19,054
Noxious Weed	1,500	1,500	4,605	3,105
Onsite Inspection Fees	600	600	117	(483)
Percolation Tests	23,400	23,400	21,700	(1,700)
Photographs	600	600	264	(336)
Plumbing Reinspection Fees	800	800	700	(100)
Police Reports	9,400	9,400	14,900	5,500
Public Swimming Pool & Spa Permit	19,200	19,200	19,600	400
Publications	100	100	4	(96)
Recycled Batteries	4,500	4,500	-	(4,500)
Recycled Scrap Metal	140,500	140,500	53,973	(86,527)
Reproduction	4,200	4,200	9,097	4,897
Sale of Compost - Scarboro	24,000	24,000	21,744	(2,256)
Sale of Mulch - Scarboro	80,000	80,000	65,136	(14,864)
Sale of Plans and Specifications	200	200	-	(200)
Sale of Promotional Items	100	100	-	(100)
Sanitation Construction Permit Fee	6,000	6,000	9,538	3,538
Sanitation Permits	7,000	7,000	8,800	1,800
Sheriff's Fees	397,300	397,300	316,128	(81,172)
Sheriff's Licenses	10,900	10,900	12,755	1,855
Site Plans	30,000	30,000	5,980	(24,020)
Social Security Payments-Inmates	24,800	24,800	24,200	(600)
Subdivision Plans	40,000	40,000	17,950	(22,050)
Subdivision Plat Review	6,600	6,600	7,070	470
Tax Lien Certification	191,000	191,000	247,365	56,365
Tax Lien Filing Fees	600	600	1,555	955
Tax Sale Auctioneer Fees	5,300	5,300	3,460	(1,840)
Technical Review	100	100	95,798	95,698
Telephone Service	20,800	20,800	17,577	(3,223)
Tipping Fee Landfill	4,100,000	4,100,000	5,184,282	1,084,282
Tire Disposal Fees	1,100	1,100	1,592	492
Weekend Prisoner Revenue	104,100	104,100	114,369	10,269
Well Sampling	22,430	22,430	20,110	(2,320)
Work Release Revenue	65,000	65,000	91,747	26,747
WTE - Credit	(212,900)	(212,900)	(169,749)	43,151
WTE - Permitted Materials	336,400	336,400	278,798	(57,602)

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2016
(continued)

Exhibit C-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE) ESTIMATED REVENUES
	ORIGINAL	FINAL		
<u>CHARGES FOR CURRENT SERVICES (continued)</u>				
WTE - Recovered Materials	20,850	20,850	5,036	(15,814)
WTE - Renewable Energy Credits	-	-	9,636	9,636
WTE - Steam Sales	2,775,000	2,775,000	2,877,764	102,764
WTE - Tipping Fees	3,900,000	3,900,000	3,489,314	(410,686)
WTE - Tire Disposal	242,850	242,850	244,070	1,220
WTE - Vehicle Reload Fee	-	-	2,200	2,200
Zoning Appeals	8,900	8,900	24,223	15,323
Zoning Certificates	-	-	3,850	3,850
Zoning Reclass Fee	500	500	1,200	700
	<u>13,807,730</u>	<u>13,807,730</u>	<u>14,525,539</u>	<u>717,809</u>
<u>MISCELLANEOUS</u>				
Contributions & Donations	100	100	-	(100)
Edgewood Community Center	13,500	13,500	14,044	544
Grant Unemployment	45,000	45,000	41,803	(3,197)
Interest on Miscellaneous Invoices	19,300	19,300	7,144	(12,156)
Miscellaneous Revenue	312,100	312,100	421,956	109,856
Over and Short	21,400	21,400	19,677	(1,723)
Parole and Probation	2,300	2,300	-	(2,300)
Postage	217,000	217,000	217,853	853
Recovery from Capital Projects	13,100	13,100	148,718	135,618
Recovery from Park & Rec	63,360	63,360	63,360	-
Recovery from Self Insurance Fund	297,549	297,549	297,549	-
Recovery from Traffic Safety	1,188,050	1,188,050	1,188,050	-
Recovery from Transportation	2,000,000	2,000,000	-	(2,000,000)
Reimbursement from Highways	2,246,302	2,246,302	2,246,302	-
Reimbursement from Water and Sewer Fund	2,428,471	2,428,471	2,258,031	(170,440)
Rental Income	241,200	241,200	231,487	(9,713)
Sale of Equipment	16,000	16,000	15,756	(244)
Sale of Land	-	-	549,000	549,000
Sale of Vehicles	164,700	164,700	86,444	(78,256)
	<u>9,289,432</u>	<u>9,289,432</u>	<u>7,807,174</u>	<u>(1,482,258)</u>
<u>LICENSES AND PERMITS</u>				
Auctioneers Licenses	4,700	4,700	6,150	1,450
Beer, Wine and Liquor Licenses	8,000	8,000	33,875	25,875
Building Inspection Services	60,000	60,000	37,729	(22,271)
Building Penalty	3,500	3,500	1,450	(2,050)
Building Permits	400,600	400,600	483,102	82,502
Cable TV	2,541,000	2,541,000	2,311,877	(229,123)
Dog Licenses	50,000	50,000	65,203	15,203
Electrical Board of Examiners	35,000	35,000	33,445	(1,555)
Electrical Inspections	270,700	270,700	481,515	210,815
Electrical Penalty	4,000	4,000	1,400	(2,600)
Forest Harvest Permit	1,200	1,200	1,100	(100)

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2016
(continued)

Exhibit C-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE POSITIVE (NEGATIVE) ESTIMATED REVENUES
	ORIGINAL	FINAL		
Marriage Licenses	14,000	14,000	8,515	(5,485)
Marriage Licenses/Spouse Abuse	44,000	44,000	57,572	13,572
Massage Establishment Licenses	-	-	50	50
Mechanical Licenses	20,000	20,000	32,145	12,145
Mechanical Permits	185,000	185,000	269,400	84,400
Mobile Home Park Licenses	10,000	10,000	120	(9,880)
Pawnbrokers Licenses	600	600	600	-
Pet Shop/Grooming Licenses	1,000	1,000	1,600	600
Plumbing Licenses	45,000	45,000	48,700	3,700
Plumbing Penalty	2,000	2,000	1,150	(850)
Plumbing Permits	249,500	249,500	392,740	143,240
Refuse Licenses	6,600	6,600	7,650	1,050
Solicitors Licenses	1,500	1,500	2,097	597
Taxi Cab Licenses	3,100	3,100	3,814	714
Towing Licenses	6,000	6,000	4,700	(1,300)
Traders Licenses	251,300	251,300	251,599	299
Total Licenses and Permits	4,218,300	4,218,300	4,539,298	320,998
<u>FINES AND FORFEITURES</u>				
Court Fines	44,600	44,600	75,483	30,883
Dog License Fines	7,300	7,300	9,195	1,895
Parking Fines	36,000	36,000	22,085	(13,915)
Parking Fines - County Lots	10,200	10,200	10,817	617
Total Fines and Forfeitures	98,100	98,100	117,580	19,480
<u>OTHER FINANCING SOURCES</u>				
Appropriated Fund Balance	6,775,125	10,855,083	-	(10,855,083)
Operating Transfers In				
Capital Projects	16,600,000	16,600,000	16,600,000	-
Grants	121,000	121,000	391,535	270,535
Total Operating Transfers In	16,721,000	16,721,000	16,991,535	270,535
Premium on Issuance of Bonds	-	-	2,520,122	2,520,122
Total Other Financing Sources	23,496,125	27,576,083	19,511,657	(8,064,426)
Total Revenues and Other Financing Sources	\$ 517,583,954	\$ 521,663,912	\$ 519,661,554	\$ (2,002,358)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2016

Exhibit C-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE POSITIVE(NEGATIVE) APPROPRIATION
	ORIGINAL	FINAL		
<u>COUNTY COUNCIL</u>				
Board of Appeals & Rezoning	\$ 153,347	\$ 157,470	\$ 137,554	\$ 19,916
County Council Office	1,268,397	1,274,786	1,066,058	208,728
Harford Cable Network	744,192	749,540	706,245	43,295
Office of County Attorney	259,756	259,756	185,316	74,440
Office of County Auditor	427,086	427,086	365,572	61,514
	<hr/>	<hr/>	<hr/>	<hr/>
Total County Council	2,852,778	2,868,638	2,460,745	407,893
<u>GENERAL GOVERNMENT</u>				
Office of the County Executive	635,085	639,899	521,733	118,166
Director of Administration				
Budget & Management Research	505,680	525,175	503,663	21,512
Central Services	628,684	636,348	616,772	19,576
Citizen Affairs & Administrative Services	498,171	488,171	320,411	167,760
Director of Administration	508,396	522,249	444,223	78,026
Facilities & Operations	4,554,938	4,630,848	4,210,404	420,444
Risk Management	233,755	233,755	224,268	9,487
Department of Procurement				
Efficiency & Innovation	198,013	200,843	187,367	13,476
Procurement Operations	761,469	770,683	706,501	64,182
Property Management	3,557,505	3,570,676	3,434,164	136,512
Department of the Treasury				
Bureau of Accounting	1,777,131	1,825,074	1,693,294	131,780
Bureau of Revenue Collections	773,187	792,583	753,664	38,919
Office of the Treasurer	680,830	698,929	693,332	5,597
Department of Law	1,932,727	1,998,847	1,883,092	115,755
Department of Planning & Zoning				
Comprehensive Planning and Special Projects	1,086,233	1,152,897	1,102,124	50,773
Current Planning	1,837,030	1,866,389	1,721,437	144,952
Director of Planning & Zoning	554,891	554,891	456,937	97,954
Department of Personnel				
Human Resources	901,109	921,665	911,400	10,265
Personnel Matters	897,779	1,897,779	1,651,993	245,786
Office of Government & Community Relations	579,256	589,470	473,868	115,602
Office of Information and Communication Technology	6,802,677	6,854,179	6,749,855	104,324
Elections				
Board of Elections	1,173,595	1,257,595	1,032,284	225,311
Election Expense	1,153,580	1,069,580	691,341	378,239

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2016
(continued)

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>GENERAL GOVERNMENT (continued)</u>				
Economic Development				
Office of Economic Development	1,901,976	1,933,870	1,690,138	243,732
Harford Transit	1,114,886	1,125,737	722,388	403,349
Tourism & Marketing	1,830,000	1,830,000	1,649,103	180,897
Benefits	7,014,847	7,014,847	6,938,808	76,039
Miscellaneous				
Appropriations to Towns	3,437,321	3,437,321	3,437,321	-
Appropriations to State	1,040,000	1,040,000	1,005,815	34,185
Contingency Reserve	100,000	100,000	-	100,000
Humane Society	750,000	750,000	750,000	-
Maryland School for the Blind	80,000	80,000	72,700	7,300
Total General Government	49,500,751	51,010,300	47,250,400	3,759,900
<u>EDUCATION-PRIMARY THRU COMMUNITY COLLEGE</u>				
Harford County Public Schools	228,208,971	228,208,971	228,208,971	-
Harford Community College	15,261,612	15,261,612	15,261,612	-
Total Education-Primary thru Community College	243,470,583	243,470,583	243,470,583	-
<u>HARFORD CENTER</u>	693,036	693,036	693,036	-
<u>JUDICIAL</u>				
Circuit Court	1,510,086	1,516,055	1,411,151	104,904
Community Work Service	318,601	324,344	302,254	22,090
Family Court Services Division	547,412	551,343	534,512	16,831
Family Justice Center	299,219	308,257	304,421	3,836
Grand Jury	14,000	14,000	13,040	960
Jury Commissioner	194,587	239,865	236,330	3,535
Jury Services	231,900	219,772	211,229	8,543
Masters	199,110	200,336	179,356	20,980
State's Attorney	5,080,335	5,215,561	4,970,259	245,302
Total Judicial	8,395,250	8,589,533	8,162,552	426,981
<u>LIBRARIES</u>	16,279,546	16,279,546	16,279,546	-

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2016
(continued)

Exhibit C-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>PARKS, RECREATION AND NATURAL RESOURCES</u>				
Department of Parks and Recreation				
Parks and Facilities	5,681,924	5,792,948	5,487,094	305,854
Parks & Recreation Administration	684,613	699,344	675,015	24,329
Recreational Services	2,482,577	2,549,567	2,430,556	119,011
Conservation of Natural Resources				
Extension Service	245,256	245,256	244,777	479
Soil Conservation	441,641	453,702	403,337	50,365
	<u>9,536,011</u>	<u>9,740,817</u>	<u>9,240,779</u>	<u>500,038</u>
<u>PUBLIC SAFETY</u>				
Sheriff's Office				
Administration	7,302,671	7,955,953	7,688,767	267,186
Correctional Services	22,637,148	23,202,183	22,037,173	1,165,010
Court Services	5,501,909	5,744,437	5,674,653	69,784
Criminal Investigation	7,713,524	7,939,458	7,774,146	165,312
Inmate Welfare Fund	786,308	792,111	481,218	310,893
Patrol Operations	26,607,456	26,697,331	25,520,278	1,177,053
Department of Inspections, Licenses and Permits				
Building Services	887,946	924,945	914,337	10,608
Director of DILP	687,585	695,744	643,572	52,172
Electrical Services	607,370	624,808	602,121	22,687
Plumbing Services	573,451	568,904	496,257	72,647
Emergency Operations				
Administration	4,205,100	4,766,568	4,629,550	137,018
HAZMAT Response Team	410,388	400,388	339,822	60,566
Rescue Support	112,295	122,295	117,618	4,677
Special Operations & Technical Services & Support	2,369,623	2,115,791	2,067,041	48,750
Volunteer Fire Companies	6,724,642	6,724,642	6,724,642	-
911 Emergency Communications	6,119,400	6,001,139	5,979,841	21,298
	<u>93,246,816</u>	<u>95,276,697</u>	<u>91,691,036</u>	<u>3,585,661</u>

(continued)

HARFORD COUNTY, MARYLAND
General Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2016
(continued)

Exhibit C-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>PUBLIC WORKS</u>				
Department of Public Works				
Bureau of Environmental Affairs	785,049	552,911	544,450	8,461
Bureau of Solid Waste Management	3,529,359	5,125,917	5,083,502	42,415
Closed Landfills - Post Closure Costs	173,850	32,943	32,943	-
Environmental Services	23,065	527	527	-
Recycling	1,358,824	222,452	222,452	-
Scarboro Remediation	54,460	728	728	-
Stormwater Management	1,211,903	1,256,489	1,179,472	77,017
Transfer Station	3,300,000	3,299,945	2,947,323	352,622
Waste Energy	8,150,000	8,145,367	8,025,243	120,124
Total Public Works	<u>18,586,510</u>	<u>18,637,279</u>	<u>18,036,640</u>	<u>600,639</u>
<u>SOCIAL SERVICES</u>				
Department of Community Services				
Director - Community Services	1,526,798	1,537,543	1,458,026	79,517
Office of Drug Control	1,039,217	1,054,165	855,728	198,437
Office on Aging	1,385,809	1,418,484	1,174,841	243,643
ARC Northern Chesapeake Region	1,745,694	1,745,694	1,745,694	-
Housing Agency				
Housing Services	1,190,073	1,206,515	1,120,417	86,098
Department of Health				
Health Department	<u>3,628,318</u>	<u>3,628,318</u>	<u>3,628,318</u>	<u>-</u>
Total Social Services	<u>10,515,909</u>	<u>10,590,719</u>	<u>9,983,024</u>	<u>607,695</u>
<u>DEBT SERVICE</u>				
Debt Service - Principal	32,690,088	33,105,388	33,059,016	46,372
Debt Service - Interest	19,097,631	18,682,331	17,415,639	1,266,692
Debt Service - Administration Costs	<u>640,000</u>	<u>640,000</u>	<u>216,168</u>	<u>423,832</u>
Total Debt Service	<u>52,427,719</u>	<u>52,427,719</u>	<u>50,690,823</u>	<u>1,736,896</u>
<u>OTHER FINANCING USES</u>				
Operating Transfers Out				
Capital Projects	8,605,000	8,605,000	8,555,000	50,000
Grants	<u>3,474,045</u>	<u>3,474,045</u>	<u>3,474,045</u>	<u>-</u>
Total Other Financing Uses	<u>12,079,045</u>	<u>12,079,045</u>	<u>12,029,045</u>	<u>50,000</u>
Total Expenditures and Other Financing Uses	<u>\$ 517,583,954</u>	<u>\$ 521,663,912</u>	<u>\$ 509,988,209</u>	<u>\$ 11,675,703</u>

Special Revenue Fund

HARFORD COUNTY, MARYLAND
Highways Special Revenues Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2016

Exhibit D-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
TAXES				
Business Personal Property/Current Year	\$ 42,000	\$ 42,000	\$ 36,947	\$ (5,053)
Business Personal Property/Prior Years	1,500	1,500	131	(1,369)
Corporate Property/Current Year	1,641,236	1,641,236	1,799,996	158,760
Corporate Property/Prior Years	-	-	22,321	22,321
Interest on Delinquent Taxes	125,000	125,000	121,067	(3,933)
Payment in Lieu of Taxes	118,000	118,000	228,174	110,174
Penalty	115,000	115,000	123,318	8,318
Railroad and Public Utilities/Current Year	1,600,000	1,600,000	1,765,682	165,682
Railroad and Public Utilities/Prior Years	-	-	13	13
Real Property-Full Year Levy/Current Year	32,202,205	32,202,205	32,073,687	(128,518)
Real Property-Full Year Levy/Prior Years	(25,000)	(25,000)	(12,271)	12,729
Real Property-Half Year Levy/Current Year	75,399	75,399	70,520	(4,879)
Real Property-Half Year Levy/Prior Years	(2,000)	(2,000)	(26,863)	(24,863)
	<u>35,893,340</u>	<u>35,893,340</u>	<u>36,202,722</u>	<u>309,382</u>
Less: Tax Credits and Uncollectibles				
Enterprise Zone Tax Credits	(150,000)	(150,000)	(127,636)	22,364
Discount Allowed	(250,000)	(250,000)	(260,348)	(10,348)
Homeowner's Tax Credit - County	(35,000)	(35,000)	(35,815)	(815)
Homestead Tax Credit - County	(12,352)	(12,352)	(9,616)	2,736
Uncollectible Property Taxes	(25,000)	(25,000)	135,567	160,567
	<u>(472,352)</u>	<u>(472,352)</u>	<u>(297,848)</u>	<u>174,504</u>
Total Taxes	<u>35,420,988</u>	<u>35,420,988</u>	<u>35,904,874</u>	<u>483,886</u>
REVENUES FROM OTHER AGENCIES				
FEMA	-	-	675,000	675,000
BRAC Zone Incentive	150,000	150,000	-	(150,000)
Highways Users Tax	1,342,801	1,342,801	1,390,394	47,593
Total Revenues from Other Agencies	<u>1,492,801</u>	<u>1,492,801</u>	<u>2,065,394</u>	<u>572,593</u>
INVESTMENT INCOME				
	<u>25,000</u>	<u>25,000</u>	<u>68,049</u>	<u>43,049</u>
CHARGES FOR CURRENT SERVICES				
Auto Maintenance - Contract	40,000	40,000	55,513	15,513
Auto Maintenance - Non-Contract	10,000	10,000	6,766	(3,234)
Design Review	1,000	1,000	697	(303)
Fuel Charges - County	275,000	275,000	184,600	(90,400)
Inspections	150,000	150,000	105,718	(44,282)
Onsite Inspection Fees	125,000	125,000	110,889	(14,111)
Recycled Scrap Metal	5,000	5,000	1,284	(3,716)

(continued)

HARFORD COUNTY, MARYLAND
Highways Special Revenues Fund
Schedule of Revenues and Other Financing Sources
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2016

(continued)

Exhibit D-1

	ESTIMATED REVENUES		ACTUAL REVENUES	VARIANCE
	ORIGINAL	FINAL		POSITIVE (NEGATIVE) ESTIMATED REVENUES
<u>CHARGES FOR CURRENT SERVICES (continued)</u>				
Reproduction	100	100	32	(68)
Road Access Permit Fees	11,000	11,000	14,944	3,944
Sale of Plans and Specs	200	200	-	(200)
Signs and Linestriping	5,000	5,000	55,153	50,153
Technical Review	100,000	100,000	16,947	(83,053)
Utility Permit Fees	70,000	70,000	70,615	615
Total Charges for Current Services	792,300	792,300	623,158	(169,142)
<u>MISCELLANEOUS</u>				
Director of DPW - Environmental Affairs	9,178	9,178	-	(9,178)
Director of DPW - Stormwater	4,952	4,952	4,952	-
Director of DPW - Water and Sewer	170,440	170,440	170,440	-
Fleet Lease Revenue	12,000	12,000	8,642	(3,358)
Fuel Charges	3,000,000	3,000,000	2,753,230	(246,770)
Interest on Miscellaneous Invoices	5,000	5,000	6,846	1,846
Miscellaneous Revenue	50,000	50,000	71,142	21,142
Over and Short	-	-	-	-
Recovery from Capital Projects	2,000,000	2,000,000	1,402,508	(597,492)
Reimbursement from Other Departments	25,000	25,000	10,288	(14,712)
Sale of Property - Equipment	-	-	1,370	1,370
Sale of Property - Vehicles	5,000	5,000	135,884	130,884
Vehicle Maintenance - Contract	2,150,736	2,150,736	2,184,794	34,058
Vehicle Maintenance - Non Contract	650,000	650,000	1,054,737	404,737
Total Miscellaneous	8,082,306	8,082,306	7,804,833	(277,473)
<u>FINES AND FORFEITURES</u>				
Vegetation Violations	15,000	15,000	33,097	18,097
Total Fines and Forfeitures	15,000	15,000	33,097	18,097
<u>OTHER FINANCING SOURCES</u>				
Appropriated Fund Balance	708,894	2,037,022	-	(2,037,022)
Premium on Issuance of Bonds	-	-	56,729	56,729
Total Other Financing Sources	708,894	2,037,022	56,729	(1,980,293)
Total Special Revenue Fund Revenues and Other Financing Sources	\$ 46,537,289	\$ 47,865,417	\$ 46,556,134	\$ (1,309,283)

HARFORD COUNTY, MARYLAND
Highways Special Revenues Fund
Schedule of Expenditures, Encumbrances and Other Financing Uses
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2016

Exhibit D-2

	BUDGETED AMOUNTS		ACTUAL EXPENDITURES	VARIANCE
	ORIGINAL	FINAL		POSITIVE(NEGATIVE) APPROPRIATION
<u>EDUCATION</u>				
Transportation	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 2,000,000
<u>PUBLIC SAFETY</u>				
Transportation	1,188,050	1,188,050	1,188,050	-
<u>PUBLIC WORKS</u>				
Benefits	1,551,986	1,551,986	1,520,572	31,414
Bureau of Capital Projects	702,797	722,383	707,596	14,787
Bureau of Construction Management	2,144,988	2,191,473	1,884,168	307,305
Bureau of Highways Engineering	2,229,352	2,313,570	2,197,938	115,632
Bureau of Highway's Maintenance	17,964,521	18,235,686	17,535,849	699,837
Contingency	200,000	200,000	-	200,000
Director of Public Works	291,195	295,402	189,148	106,254
Fleet Management	8,062,944	8,065,411	7,035,353	1,030,058
Personnel Maters - Highways	185,471	185,471	124,778	60,693
Snow Removal	1,708,012	2,608,012	2,464,637	143,375
Total Public Works	<u>35,041,266</u>	<u>36,369,394</u>	<u>33,660,039</u>	<u>2,709,355</u>
<u>DEBT SERVICE</u>				
Principal	565,445	565,445	545,078	20,367
Interest	456,278	456,278	383,515	72,763
Administrative Costs	30,000	30,000	4,464	25,536
Total Debt Service	<u>1,051,723</u>	<u>1,051,723</u>	<u>933,057</u>	<u>118,666</u>
<u>OTHER FINANCING USES</u>				
Transfers Out-Capital Projects	7,256,250	7,256,250	7,256,250	-
Total Expenditures and Other Financing Uses	<u>\$ 46,537,289</u>	<u>\$ 47,865,417</u>	<u>\$ 43,037,396</u>	<u>\$ 4,828,021</u>

HARFORD COUNTY, MARYLAND
Schedule of Revenues, Expenditures, Encumbrances
And Changes In Fund Balance
Budget Basis (Non-GAAP) vs. Actual
Parks and Recreation Special Revenue Fund
For The Year Ended June 30, 2016

Exhibit D-3

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 500	\$ 500	\$ 1,296	\$ 796
Charges for Current Services	869,000	869,000	783,998	(85,002)
Miscellaneous	-	-	2,330	2,330
Total Revenues	<u>869,500</u>	<u>869,500</u>	<u>787,624</u>	<u>(81,876)</u>
EXPENDITURES				
Parks, Recreation and Natural Resources	874,413	882,957	732,154	150,803
Total Expenditures	<u>874,413</u>	<u>882,957</u>	<u>732,154</u>	<u>150,803</u>
Excess of Revenues Over Expenditures	<u>(4,913)</u>	<u>(13,457)</u>	<u>55,470</u>	<u>68,927</u>
OTHER FINANCING SOURCES				
Appropriated Fund Balance	134,913	143,457	-	(143,457)
Transfers (Out)	(130,000)	(130,000)	(130,000)	-
Total Other Financing Sources	<u>4,913</u>	<u>13,457</u>	<u>(130,000)</u>	<u>(143,457)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(74,530)</u>	<u>\$ (74,530)</u>
Fund Balance - Beginning			359,155	
Prior Year Encumbrances Cancelled			<u>1,356</u>	
Fund Balance - Ending			<u>\$ 285,981</u>	

HARFORD COUNTY, MARYLAND
Schedule of Revenues, Expenditures, Encumbrances
And Changes In Fund Balance
Budget Basis (Non-GAAP) vs. Actual
Stormwater Management Fund
For The Year Ended June 30, 2016

Exhibit D-4

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 2,104,899	\$ 2,104,899
Revenue from Other Agencies	-	-	4,000	4,000
Investment Income	-	-	4,612	4,612
Total Revenues	<u>-</u>	<u>-</u>	<u>2,113,511</u>	<u>2,113,511</u>
 EXPENDITURES				
Public Works	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>2,113,511</u>	<u>2,113,511</u>
 Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,113,511</u>	<u>\$ 2,113,511</u>
 Fund Balance - Beginning			<u>181,784</u>	
Fund Balance - Ending			<u>\$ 2,295,295</u>	

Debt Service Fund

HARFORD COUNTY, MARYLAND
Schedule of Revenues, Expenditures, Encumbrances
And Changes In Fund Balances
Budget Basis (Non-GAAP) vs. Actual
Debt Service Fund
For The Year Ended June 30, 2016

Exhibit E-1

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,099,000	\$ 1,099,000	\$ 1,025,782	\$ (73,218)
Investment Income	1,000	1,000	4,083	3,083
Total Revenues	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,029,865</u>	<u>(70,135)</u>
EXPENDITURES				
Debt Service	1,100,000	1,100,000	1,072,187	27,813
Total Expenditures	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,072,187</u>	<u>27,813</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	(42,322)	<u>\$ (42,322)</u>
Fund Balance - Beginning			<u>2,222,965</u>	
Fund Balance - Ending			<u>\$ 2,180,643</u>	

Capital Projects Fund

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2016

Exhibit F-1

GENERAL COUNTY	TOTAL	TOTAL	UNEXPENDED
	APPROPRIATIONS	EXPENDITURES	APPROPRIATIONS
Reforestation Proceeds	\$ 680,000	\$ 353,642	\$ 326,358
Facilities Repair Program	16,344,905	12,087,414	4,257,491
Treasury Computer Enhancements	175,000	165,082	9,918
Watershed Restoration/Improvements 2006	1,528,228	1,051,645	476,583
County Facility System Security Access/Fuel Dispensing	1,415,000	854,715	560,285
Site Acquisition	23,757,761	16,699,532	7,058,229
Stormwater Enhancement	815,000	612,651	202,349
Woodbridge Retrofit & Stream Restoration	1,020,000	893,832	126,168
Harford County Southern Resource Annex (Southern Precinct)	14,410,362	10,808,474	3,601,888
Sunnyview Stream Restoration	1,567,220	260,229	1,306,991
Courthouse Building Repairs	5,034,900	3,829,651	1,205,249
Reforestation Proceeds-Critical Area	100,000	65,315	34,685
Watershed Stream Assessment Studies	1,065,000	1,045,443	19,557
Wheel Creek Watershed Restoration	5,989,607	5,232,903	756,704
Citizens Care Center	2,000,000	1,963,207	36,793
Humane Society	7,050,000	6,399,575	650,425
Safeguarding Business Operations	12,075,400	7,616,923	4,458,477
Bynum Run at St Andrews Way Stream Restoration	847,026	205,940	641,086
Fleet Replacement	5,540,000	5,539,582	418
Refresh Program	2,485,000	2,389,013	95,987
Joppatowne Area Watershed Restoration	2,100,000	922,554	1,177,446
Plumtree Run Watershed Restoration	1,768,452	611,095	1,157,357
Sams Branch Watershed Restoration	972,922	297,061	675,861
Stormwater Pollution Prevention	631,395	386,379	245,016
HMAN (Harford County Metro Area Network)	16,200,000	12,827,956	3,372,044
Bel Air Parking Garage	645,000	565,438	79,562
Countywide Facilities Master Plan Study	1,950,000	1,915,575	34,425
Efficiency Capital Investment Projects	905,000	359,814	545,186
GIS	250,000	226,099	23,901
Lily Run Watershed Restoration	725,000	65	724,935
Repairs to 45 South Main Street Building	100,000	99,489	511
45 South Main-Add Emergency Power System	600,000	460,062	139,938
Hosanna School	240,000	221,862	18,138
Underground/Aboveground Storage Tank Management	195,000	74,992	120,008
Maintenance/Repair of Dams	1,005,000	459,712	545,288
MD 924 Small Area Corridor Plan	300,000	214,873	85,127

(continued)

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2016

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
GENERAL COUNTY (continued)			
Havre de Grace Opera House Renovations	500,000	250,000	250,000
Automated External Defibrilators (AED's)	20,000	19,990	10
Board of Education-Debt Service	14,260,492	14,260,492	-
Riverside Area Watershed Restoration	335,886	277,208	58,678
Board of Education-Debt Service	16,600,000	16,600,000	-
Fleet Maintenance Facility	150,000	656	149,344
Harford County Agricultural Research and Exposition Center	300,000	50,000	250,000
Voting Equipment	200,000	-	200,000
County Owned Watershed Restoration Improvements	2,400,000	829,508	1,570,492
Watershed Restoration Assessment	1,500,000	940,432	559,568
Watershed Restoration Improvements	400,000	-	400,000
Watershed Restoration	60,000	42,543	17,457
Maintenance/Repair of Dams	895,000	679,527	215,473
Total General County	170,109,556	131,668,150	38,441,406
EDUCATION			
Fire Alarm/Emergency Communications	825,000	607,275	217,725
Furniture & Equipment	955,000	738,844	216,156
Joppatowne Elementary Modernization	13,533,863	11,811,863	1,722,000
Deerfield Elementary Modernization/Replacement	22,432,144	21,771,317	660,827
School Buses Fiscal Year 2002	8,743,197	8,000,482	742,715
Athletic Fields Repair/Renovations	277,000	273,823	3,177
New High School/Middle School	60,322,094	56,872,372	3,449,722
North Harford Middle School Water System	261,114	255,014	6,100
Aberdeen High School North/Center For Career Opportunity	665,000	567,053	97,947
Backflow Prevention	450,000	339,509	110,491
Security Cameras	1,125,000	687,416	437,584
Integrated Business Systems	403,000	392,126	10,874
New Elementary Capital/Vale Rd/Red Pump Elementary	29,330,080	28,079,197	1,250,883
Textbook Refresh (Math)	6,210,000	2,399,771	3,810,229
ADA Improvements	500,000	254,222	245,778
HVAC Major Repairs	6,252,363	4,784,756	1,467,607
Edgewood High School Replacement	83,581,790	81,795,549	1,786,241
Roofing Replacement	1,236,530	1,018,761	217,769
Youth's Benefit Elementary School	35,707,866	19,101,221	16,606,645
North Harford Middle School Repairs	50,000	41,473	8,527
Homestead Wakefield Elementary School Modernization	133,454	32,454	101,000
Campus Hills Elementary School	839,860	839,860	-
Septic Pre-Treatment for Code Upgrade	2,167,926	842,513	1,325,413
William Paca Elementary School Air Conditioning	3,955,057	3,953,433	1,624
Jarrettsville Elementary School Air Conditioning	2,941,500	2,935,943	5,557
Magnolia Middle School HVAC	3,512,554	3,379,595	132,959
Havre de Grace High School Field Facilities	313,770	308,887	4,883
Building Envelope Improvements	200,000	199,718	282
Edgewood Middle School Computer Lab	115,000	78,217	36,783
Energy Efficiency Initiative Projects	114,316	-	114,316

(continued)

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2016

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
EDUCATION (continued)			
Fallston High School HVAC Project	7,973,940	7,574,904	399,036
Havre de Grace High School Replacement	3,700,000	2,333,810	1,366,190
Joppatowne High School Systemic Project	7,400,000	-	7,400,000
Music Equipment Refresh Program	50,000	47,524	2,476
Music Technology Lab	150,000	150,000	-
Norrisville Elementary School HVAC	1,720,000	1,441,570	278,430
North Harford Elementary School Comprehensive HVAC	1,175,000	1,175,000	-
Playground Equipment	350,000	313,622	36,378
Stadium Upgrades-Joppatowne High School	300,000	267,773	32,227
Aberdeen High School Stadium/Weight Room Upgrades	1,600,000	1,569,648	30,352
Joppatowne High School Weight Room Repairs	132,407	132,407	-
Security Initiative	640,000	638,669	1,331
Darlington Elementary School Comprehensive HVAC	1,535,000	556,099	978,901
Dublin Elementary School Comprehensive HVAC	2,055,000	1,808,810	246,190
North Harford Middle School Domestic Water Improvement	1,000,000	-	1,000,000
Ring Factory Elementary School HVAC	470,000	427,997	42,003
Technology Infrastructure	2,643,217	2,548,110	95,107
Fallston High School Autism Renovation	250,000	249,602	398
Center for Educational Opportunity-Air Conditioning	2,200,000	318,159	1,881,841
Churchville Elementary School Roof Replacement	330,000	9,983	320,017
Prospect Mill Elementary School HVAC	2,294,000	278,465	2,015,535
Technology Education Lab Refresh	250,000	-	250,000
Environment Compliance Project	1,247,619	1,050,395	197,224
North Harford High School Modernization	31,873,132	31,572,071	301,061
* Bel Air High School Modernization/Replacement	78,185,348	78,185,348	-
Total Education	436,679,141	385,012,630	51,666,511
FIRE/SAFETY			
Fire, EMS & Law Enforcement CAD	2,450,000	2,450,000	-
Computer Equipment/Networks	2,241,742	2,087,565	154,177
New Emergency Operations Center Complex	46,294,525	34,156,293	12,138,232
911 State Fee Fund	3,200,000	1,530,808	1,669,192
700 Mhz Wireless Radio System Equipment	21,693,992	21,547,369	146,623
Bel Air Substation at Patterson Mill	2,868,400	2,868,400	-
Norrisville Station	875,000	875,000	-
Public Safety Communication in School Buildings	350,000	145,826	204,174
Joppa Magnolia Fires Station Expansion	700,000	31,950	668,050
TRT Equipment	160,000	54,220	105,780
Volunteer Fire Company Facility Repair	700,000	458,120	241,880
911 State Fee Fund	100,000	-	100,000
Total Fire/Safety	81,633,659	66,205,551	15,428,108

(continued)

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2016

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
COMMUNITY COLLEGE			
New Allied Health and Nursing Building	7,891,000	7,643,068	247,932
Edgewood Hall Renovations	3,772,000	2,992,709	779,291
Total Community College	11,663,000	10,635,777	1,027,223
LIBRARY			
Jarrettsville Library	5,884,000	5,841,309	42,691
Facility Maintenance & Repairs	252,647	103,471	149,176
Whiteford Library Expansion	4,238,200	4,238,200	-
Facility Renovations	250,000	26,544	223,456
Aberdeen Library Feasibility Study	56,000	46,360	9,640
Darlington Feasibility Study	56,000	33,845	22,155
Havre de Grace Library Expansion	9,020,000	8,725,653	294,347
Technology	509,100	480,468	28,632
Joppa Branch-Centralized Dehumidification	100,000	100,000	-
Total Library	20,365,947	19,595,850	770,097
LANDFILL			
Tollgate Landfill Gas System	1,034,679	1,033,830	849
Harford County Waste Disposal Center Compost Area Facilities	525,000	31,045	493,955
Harford Waste Disposal Center Landfill Capping	9,320,000	8,463,802	856,198
Former Spencers Landfill Closure	6,700,000	6,041,991	658,009
Full Cost Accounting Study	300,000	300,000	-
Waste to Energy Facility Closure	3,400,000	152,394	3,247,606
HWDC Pavement Upgrades	200,000	-	200,000
Tollgate Yard Trim Recycling Center 15	1,375,081	25,000	1,350,081
Waste to Energy Repairs 15	403,753	-	403,753
Environmental Studies	1,440,900	1,234,493	206,407
Future Expansion	20,570,353	20,299,077	271,276
Total Landfill	45,269,766	37,581,632	7,688,134
PARKS and RECREATION			
Smith Property/Edgeley Grove	4,350,000	3,255,438	1,094,562
* Prospect Mill Park	1,430,000	1,223,207	206,793
Churchville Complex Development	8,556,830	8,003,710	553,120
Heavenly Waters Park	2,120,000	974,383	1,145,617
Shucks Road Regional Sports Complex	8,110,415	5,576,245	2,534,170
* Edgewood Recreation Park	1,155,000	912,180	242,820

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2016

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
PARKS and RECREATION (continued)			
Athletic Field Improvements	9,450,000	8,553,572	896,428
Indoor Recreation Facility	974,000	772,449	201,551
Joppatowne Area Dredging	990,000	429,280	560,720
Tudor Hall Rehabilitation	500,000	250,459	249,541
* Red Pump Road Road Elementary School Facility	1,600,000	914,008	685,992
Bleacher Renovations	370,000	155,697	214,303
Darlington Park Development	1,895,000	1,426,263	468,737
Mariner Point Park Renovations	361,000	109,477	251,523
Nuttal Avenue Park Development	500,000	45,020	454,980
* Belcamp Park Improvements	325,000	251,149	73,851
Broad Creek Boat Launch Ramp	679,000	397,069	281,931
Cedar Lane Sports Complex Improvements	1,911,000	414,682	1,496,318
Churchville Center Renovations	500,000	178,496	321,504
Eden Mill Park Rehabilitation	805,000	534,144	270,856
Facility Renovations	980,000	613,393	366,607
Natural Turf Improvements	1,090,000	545,350	544,650
Park Improvements	620,000	291,687	328,313
Park Land Acquisition	4,256,000	2,137,013	2,118,987
Playground Equipment	1,655,000	730,560	924,440
Anita C. Leight Center Improvements	495,000	141,754	353,246
Emmorton Rec and Tennis Center Improvements	820,000	463,843	356,157
Tennis/Multipurpose Courts	590,000	561,503	28,497
Equestrian Center Improvements	325,000	106,115	218,885
Backstop Renovations	270,000	16,607	253,393
Emily Bayliss Graham Park	1,375,000	39,530	1,335,470
Gunpowder River Dredging	1,354,000	582,707	771,293
Jarrettsville Complex Restrooms	350,000	269,499	80,501
Oakington Farms	1,900,000	495,650	1,404,350
Parking Lot Paving	349,000	258,929	90,071
Rockfield Park Improvements	100,000	15,728	84,272
Trails and Linear Parks	300,000	1,100	298,900
* David Craig Park Development	75,000	40,081	34,919
Edgewood Rec and Community Center	100,000	46,044	53,956
Northern Regional Park	575,000	458,454	116,546
* Water and Land Trails (North Park)	800,000	293,967	506,033
ADA Improvements	100,000	80,773	19,227
Debris-Derelict Boats	100,000	-	100,000
Disc Golf Course	50,000	42,591	7,409

(continued)

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2016

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
PARKS and RECREATION (continued)			
Fallston Maintenance Shop	50,000	9,327	40,673
Fallston Recreation Complex Improvements	325,000	324,999	1
McFaul Activity Center	251,000	248,138	2,862
Robert Copenhaver Park Improvements	300,000	90,623	209,377
SWM Pond Repair and Renovation	350,000	96,090	253,910
Abingdon Road Park	150,000	150,000	-
Enlarged Gymnasiums	600,000	600,000	-
Jarrettsville Recreation Center	510,775	-	510,775
Liriodendron Improvements	145,000	-	145,000
Swan Harbor Farm Improvements	389,000	286,847	102,153
Canoe and Kayak Water Access	200,000	50,000	150,000
Flying Point Park Improvements	109,000	7,950	101,050
Francis Silver Park Improvements	25,000	-	25,000
Heavenly Waters Park-Soma	100,000	25,250	74,750
Promenade Park	15,000	-	15,000
Harford Center for the Arts	50,000	-	50,000
Total Parks and Recreation	68,781,020	44,499,030	24,281,990
HIGHWAYS-ROADS			
Glen Elyn Culvert and Ponds Repair	392,500	392,500	-
Tollgate Road/West Ring Factory-Plumtree	3,143,439	1,470,817	1,672,622
Facilities Repair Program	1,007,000	881,110	125,890
Primrose Place	146,000	132,605	13,395
Culvert Rehabilitation	4,050,000	4,027,066	22,934
Intersection Improvements	2,227,444	1,679,096	548,348
Village of Scot's Fancy-Starmount Lane	750,000	715,128	34,872
Shucks Road Improvements	437,192	137,192	300,000
Drainage Improvements	1,225,000	1,160,161	64,839
Fuel Dispensing System Upgrade	950,000	949,273	727
Stormdrain Rehabilitation	1,391,231	1,291,873	99,358
MD 152/Oakmont Road/Port Lane	400,732	117,666	283,066
Sidewalks and Handicapped Ramps	780,000	634,028	145,972
Traffic Calming and Road Safety Improvements	450,000	386,838	63,162
Safeguarding Business Operations	2,437,450	1,791,809	645,641
Schucks Road Culvert Replacement	80,000	23,824	56,176
Fleet Replacement	7,242,000	7,242,000	-
700 MHZ Wireless Radio System Equipment	1,600,000	1,600,000	-

(continued)

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2016

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
HIGHWAYS-ROADS (continued)			
Efficiency Capital Investment Project	155,000	90,515	64,485
Guardrails Fiscal Year 2013	425,000	424,999	1
HMAN (Harford County Metro Area Network)	930,000	929,952	48
New Roads and Storm Drains	1,475,000	420,575	1,054,425
Refresh Program	323,000	294,843	28,157
Resurfacing Roadways	6,661,509	6,329,440	332,069
Edwards Lane Culvert	50,000	-	50,000
Bel Air Area Transportation Study	300,000	224,514	75,486
Landis Circle-Foxborough Farm	350,000	292,651	57,349
Traffic Signals 15	109,601	-	109,601
Resurfacing Roadways	5,603,106	4,633,945	969,161
Resurfacing Roadways	5,292,842	3,857,030	1,435,812
APG Gate Pilot	590,000	-	590,000
Moores Mill Road	7,212,113	5,473,631	1,738,482
Wheel Road/Laurel Bush - Fairway Road	6,626,226	6,403,915	222,311
Total Roads	64,813,385	54,008,996	10,804,389
HIGHWAYS-BRIDGES			
Harford Creamery Road Bridge #104	1,710,000	1,553,374	156,626
Watervale Road Bridge #63	4,155,000	4,155,000	-
Bridge Inspection Program	2,990,000	2,625,440	364,560
Bridge Rehabilitation	2,850,000	2,850,000	-
Road and Bridge Scour Repairs	1,100,000	898,738	201,262
Macton Road Bridge #145	990,008	945,449	44,559
Snake Lane Bridge #31	195,000	169,740	25,260
Carrs Mill Road Bridge	2,245,000	594,222	1,650,778
Glen Cove Road Bridge #156	150,000	149,999	1
Robinson Mill Road Bridge #154	1,385,000	277,098	1,107,902
Abingdon Road Bridge #169 Over CSX	1,030,000	427,304	602,696
Jericho Road Bridge #3	1,530,000	199,999	1,330,001
Chestnut Hill Bridge #40	340,000	222,340	117,660
Phillips Mill Road Bridge #70	500,000	330,085	169,915
Hess Road Bridge #82	1,300,000	804,716	495,284
Prospect Road Bridge #217	225,000	3,060	221,940
* Bridge Painting	225,000	225,000	-

(continued)

Harford County, Maryland
General County Capital Projects Funds
Schedule of Appropriations, Expenditures, and Encumbrances
Budgetary (Non-GAAP) Basis
For the Year Ended June 30, 2016

(continued)

Exhibit F-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
HIGHWAYS-BRIDGES (continued)			
Bridge Rehabilitation	950,000	302,918	647,082
Green Road Bridge #122	190,000	116,815	73,185
Bridge Painting	100,000	98,330	1,670
Fawn Grove Road Bridge #132	10,000	5,467	4,533
New Park Road Bridge #125	200,000	161,891	38,109
Stafford Road Bridge	200,000	50,859	149,141
Glenville Road Bridge #30	250,000	146	249,854
Structural Evaluation	420,000	322,353	97,647
Total Bridges	25,240,008	17,490,343	7,749,665
Total Highways	90,053,393	71,499,339	18,554,054
Total All Projects	924,555,482	766,697,959	157,857,523
*Less Closed Projects	(83,795,348)	(82,044,940)	(1,750,408)
Total Capital Project Funds	\$ 840,760,134	\$ 684,653,019	\$ 156,107,115

Enterprise Fund

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects, Appropriations, and Expenditures
For the Year Ended June 30, 2016

Exhibit G-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
SEWER PROJECTS			
* Harford Estates Pump Station Abandonment	\$ 5,532,100	\$ 3,717,417	\$ 1,814,683
Lower Bynum Run	1,317,351	88,502	1,228,849
* Lower Bynum Run	40,612	40,612	-
* Lower Bynum Run	8,282,037	8,282,037	-
Joppatowne Pump Station No.47	4,048,750	593,828	3,454,922
* Joppatowne Pump Station No.47	1,250	1,250	-
Enhanced Nutrient Removal Refinement at Sod Run	12,993,233	100,924	12,892,309
* Enhanced Nutrient Removal Refinement at Sod Run	44,506,767	44,506,767	-
Bush Creek Pump Station 4th Pump	28,381,877	24,208,056	4,173,821
* Bush Creek Pump Station 4th Pump	18,123	18,123	-
Utility Protection/Restoration	500,000	215,880	284,120
Infiltration & Inflow	3,400,000	1,374,433	2,025,567
Bynum Run Parallel Phase 6 & 7	9,007,134	684,103	8,323,031
* Bynum Run Parallel Phase 6 & 7	35,985	35,985	-
* Bynum Run Parallel Phase 6 & 7	20,051	20,051	-
Edgewood Interceptor Sewer Parallel	500,000	155,631	344,369
Green Ridge Pump Station Replacement	392,093	-	392,093
* Green Ridge Pump Station Replacement	1,107,907	1,107,907	-
* Infiltration and Inflow	350,000	140,865	209,135
Sod Run Facility Improvements	3,300,000	1,281,862	2,018,138
Renewal and Replacement - Sewer	800,000	115,464	684,536
Bill Bass Pump Station Forcemain Replacement	700,384	149,643	550,741
* Harford Waste Water Treatment Plant Facility Improvement	885,000	63,194	821,806
Oaklyn Manor/Joppa Area Sewer Relief	1,950,300	1,464,291	486,009
Town Center Drive Pump Station	350,000	2,596	347,404
Ring Factory Pump Station and Fairwind Farms Abandonment	960,000	2,633	957,367
* Bynum Ridge Replacement Sewer	200,000	2,681	197,319
Total Sewer Projects	129,580,954	88,374,735	41,206,219
WATER PROJECTS			
Abingdon Water Treatment Plant Expansion	874,850	296,042	578,808
* Abingdon Water Treatment Plant Expansion	5,557,387	5,557,387	-
* Abingdon Water Treatment Plant Expansion	150,000	150,000	-
* Abingdon Water Treatment Plant Expansion	64,516,949	64,516,949	-
* Abingdon Water Treatment Plant Expansion	5,435,814	5,435,814	-

(continued)

HARFORD COUNTY, MARYLAND
Water and Sewer Fund
Schedule of Capital Projects, Appropriations, and Expenditures
For the Year Ended June 30, 2016

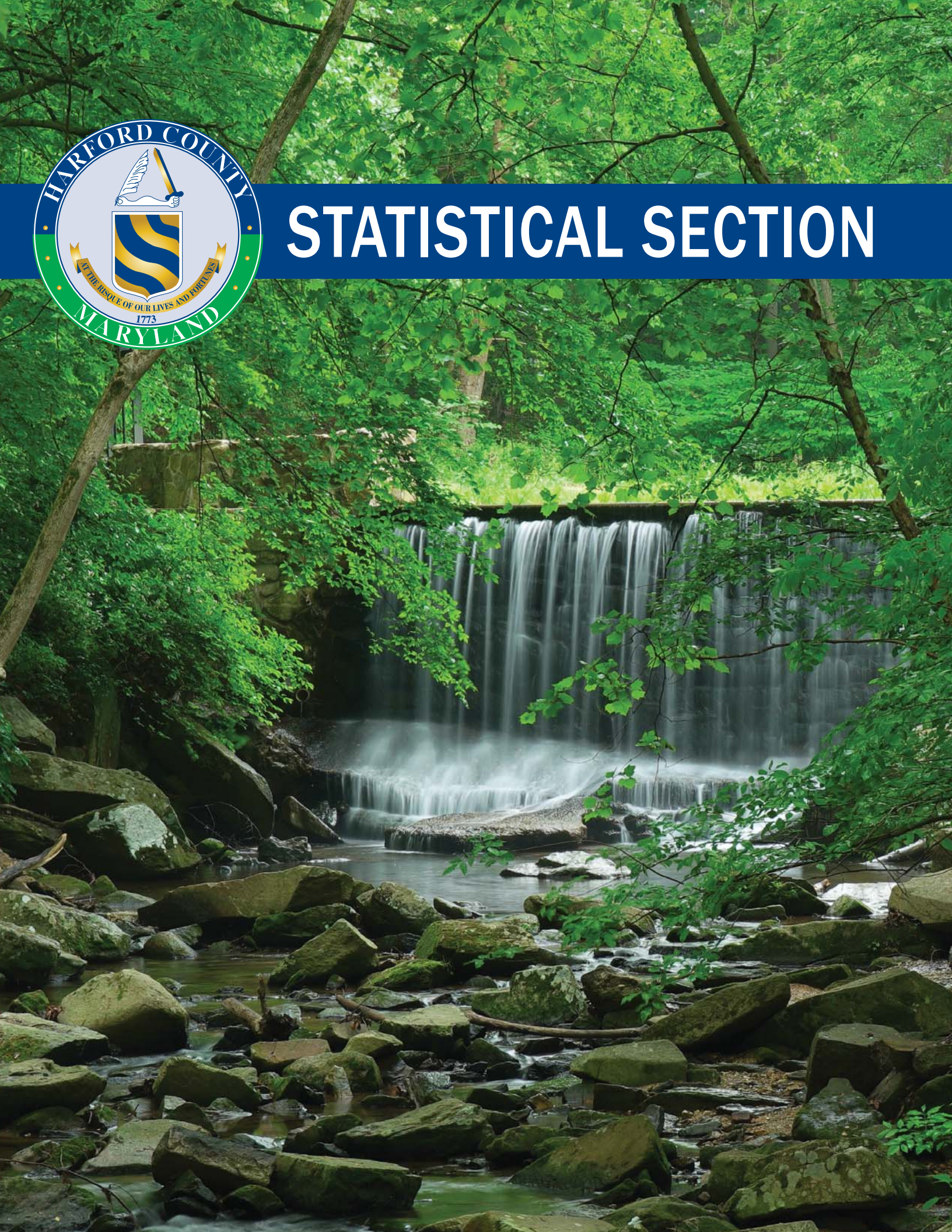
(continued)

Exhibit G-1

	TOTAL APPROPRIATIONS	TOTAL EXPENDITURES	UNEXPENDED APPROPRIATIONS
WATER PROJECTS (continued)			
Abingdon Road Water Main Parallel	8,298,251	269,791	8,028,460
* Abingdon Road Water Main Parallel	1,749	1,749	-
Magnolia Booster Station	1,450,000	94,789	1,355,211
* Water Construction Unanticipated	300,000	231,148	68,852
* Tank Painting	300,000	299,999	1
* City of Baltimore Deer Creek Pump Station	3,700,000	3,043,863	656,137
* City of Baltimore Raw Water Supply	3,300,000	1,207,230	2,092,770
Renewal and Replacement Water	400,000	1,210	398,790
* Water Meter Upgrade	1,210,000	1,079,716	130,284
* Water Zone Improvements	150,000	-	150,000
* Tank Painting FY14	500,000	499,693	307
* Replacement of Water Booster Station	300,000	42,250	257,750
* Water Construction Unanticipated	460,000	96,846	363,154
* Tank Painting FY15	800,000	478,222	321,778
Tollgate Road Water Main Parallel 15	1,292,227	-	1,292,227
U.S. 40 and Rt. 159 SHA Water Relocation	2,600,000	-	2,600,000
* Tank Painting FY16	700,000	-	700,000
Total Water Projects	102,297,227	83,302,698	18,994,529
OTHER PROJECTS			
Site Acquisition Water and Sewer Facilities	800,000	10,073	789,927
* Safeguarding Business Operations	1,815,402	1,815,402	-
* Safeguarding Business Operations	759,248	35,706	723,542
* Fleet Replacement	2,286,382	2,286,382	-
Fleet Replacement	375,618	47,964	327,654
* 700 MHZ Wireless Radio System Equipment	649,000	607,660	41,340
* HMAN	1,220,000	1,095,375	124,625
* Refresh Program	342,000	341,991	9
* Water and Sewer Rate Study	300,000	264,880	35,120
* Water and Sewer Authority Establishment	2,000,000	293,013	1,706,987
* Fuel Dispensing System Upgrade	120,000	120,000	-
* Underground and Aboveground Storage Tank Management	50,000	3,425	46,575
* Water and Sewer Billing Project	1,500,000	-	1,500,000
* Efficiency Capital Investment Project	150,000	107,500	42,500
Total Other Projects	12,367,650	7,029,371	5,338,279
Total Water, Sewer and Other Projects	244,245,831	178,706,804	65,539,027
*Less Closed and Capitalized Projects	(159,553,763)	(147,549,089)	(12,004,674)
Total Open Water, Sewer and Other Projects	\$ 84,692,068	\$ 31,157,715	\$ 53,534,353



STATISTICAL SECTION



Statistical Section

(Unaudited)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

Tables 10 through 13 present information that may assist the reader in analyzing the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Economic & Demographic Information

Tables 14 and 15 offer economic and demographic indicators that may assist the reader in understanding the environment within which the County's financial activities take place.

Operating Information

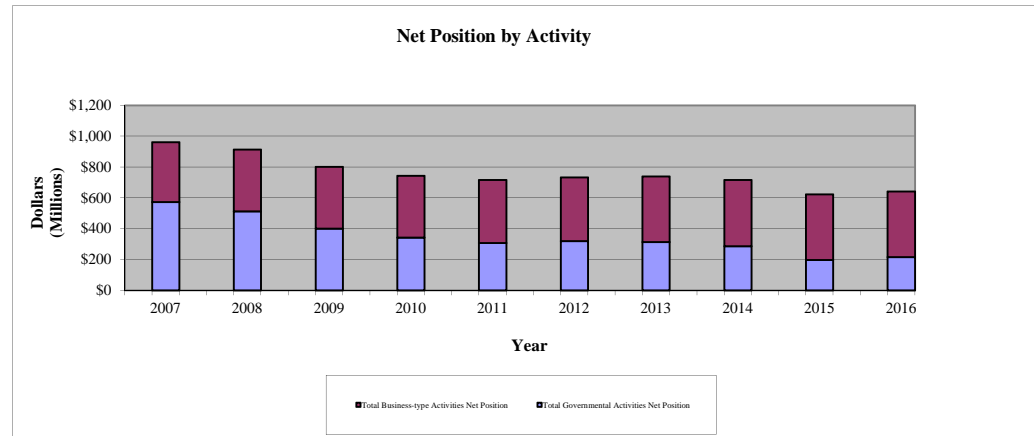
Tables 16 through 18 contain service and infrastructure indicators that may assist the reader in understanding how the information in the County's financial statements relates to the services the County provides and the activities it performs.

Harford County, Maryland

Net Position by Component (accrual basis of accounting)

**Table 1
Last Ten Fiscal Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 412,786,546	\$ 464,659,388	\$ 449,571,374	\$ 444,082,892	\$ 422,414,425	\$ 434,233,561	\$ 449,378,060	\$ 436,216,089	\$ 435,846,522	\$ 476,366,433
Restricted	76,961,572	76,207,751	78,842,512	77,888,816	91,867,107	93,748,598	78,915,495	75,653,146	78,466,405	20,723,517
Unrestricted	83,544,901	(27,463,371)	(126,890,551)	(178,174,967)	(207,023,969)	(207,432,487)	(214,931,280)	(225,213,903)	(316,918,125)	(281,260,299)
Total Governmental Activities Net Position	\$ 573,293,019	\$ 513,403,768	\$ 401,523,335	\$ 343,796,741	\$ 307,257,563	\$ 320,549,672	\$ 313,362,275	\$ 286,655,332	\$ 197,394,802	\$ 215,829,651
Business-Type Activities										
Net Investment in Capital Assets	\$ 256,147,742	\$ 264,079,863	\$ 277,437,097	\$ 285,389,182	\$ 290,793,475	\$ 303,842,266	\$ 322,126,658	\$ 332,396,851	\$ 326,999,832	\$ 323,409,167
Restricted	56,860,526	61,368,904	58,734,019	61,189,342	65,915,265	64,575,609	49,704,209	51,921,308	54,279,937	56,778,013
Unrestricted	74,607,506	73,974,562	62,817,980	53,312,217	51,944,182	43,793,494	54,123,993	45,045,731	44,029,559	45,800,630
Total Business-type Activities Net Position	\$ 387,615,774	\$ 399,423,329	\$ 398,989,096	\$ 399,890,741	\$ 408,652,922	\$ 412,211,369	\$ 425,954,860	\$ 429,363,890	\$ 425,309,328	\$ 425,987,810
Primary Government										
Net Investment in Capital Assets	\$ 668,934,288	\$ 728,739,251	\$ 727,008,471	\$ 729,472,074	\$ 713,207,900	\$ 738,075,827	\$ 771,504,718	\$ 768,612,940	\$ 762,846,354	\$ 799,775,600
Restricted	133,822,098	137,576,655	137,576,531	139,078,158	157,782,372	158,324,207	128,619,704	127,574,454	132,746,342	77,501,530
Unrestricted	158,152,407	46,511,191	(64,072,571)	(124,862,750)	(155,079,787)	(163,638,993)	(160,807,287)	(180,168,172)	(272,888,566)	(235,459,669)
Total Primary Government Net Position	\$ 960,908,793	\$ 912,827,097	\$ 800,512,431	\$ 743,687,482	\$ 715,910,485	\$ 732,761,041	\$ 739,317,135	\$ 716,019,222	\$ 622,704,130	\$ 641,817,461



Harford County, Maryland

Changes in Net Position (accrual basis of accounting)

**Table 2
Last Ten Fiscal Years**

Expenses (by function)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<i>Government Activities</i>										
Agricultural Preservation	\$ 1,967,017	\$ 3,127,195	\$ 5,695,097	\$ 4,249,774	\$ 3,319,578	\$ 3,432,517	\$ 3,601,838	\$ 3,398,295	\$ 3,636,451	\$ 2,861,659
County Council	1,859,440	2,379,819	2,243,875	2,148,195	2,198,979	2,597,248	2,763,150	2,536,764	2,529,133	2,576,827
General Government	36,207,586	43,776,142	51,703,093	48,547,861	38,564,852	43,655,212	46,041,421	55,642,498	58,237,782	58,699,069
Education-Primary thru Com. College	241,576,927	297,182,465	319,330,062	291,542,340	257,424,328	256,361,884	248,045,564	250,907,788	256,219,860	269,123,661
Harford Center	482,143	532,142	582,143	553,036	553,036	553,036	553,036	553,036	553,036	693,036
Judicial	9,052,442	10,398,970	10,206,733	9,943,671	10,159,127	9,666,237	9,950,169	9,982,512	10,059,178	10,213,119
Libraries	12,894,760	16,406,652	16,809,566	16,446,279	21,721,995	17,359,356	17,314,092	17,271,606	17,697,885	18,122,008
Parks, Recreation and Natural Resources	19,323,689	18,980,453	14,431,566	17,598,714	20,811,081	14,416,981	15,697,516	17,520,868	17,895,586	14,552,707
Public Safety	74,225,224	95,946,852	95,086,768	96,984,770	113,230,332	95,202,878	106,668,221	105,436,479	107,574,608	107,308,307
Public Works	56,214,545	73,819,429	60,809,936	74,378,929	63,368,723	61,916,296	60,279,965	77,195,654	68,092,544	60,737,012
Social Services & Health	25,119,209	26,492,857	28,677,264	29,228,702	29,806,456	28,365,201	28,769,204	26,384,324	26,622,115	25,633,629
Unallocated Debt Interest/Other Costs	8,202,236	9,995,430	10,563,561	13,071,359	19,962,786	18,871,700	14,273,378	17,409,320	13,830,034	17,152,250
Total Government Activities	487,125,218	599,038,406	616,139,664	604,693,630	581,121,273	552,398,546	553,957,554	584,239,144	582,948,212	587,673,284
<i>Business-type Activities</i>										
Water and Sewer	36,525,841	40,077,024	40,862,648	41,514,775	41,859,508	42,953,467	50,101,124	48,734,923	48,746,983	48,596,655
Total Business-type Activities	36,525,841	40,077,024	40,862,648	41,514,775	41,859,508	42,953,467	50,101,124	48,734,923	48,746,983	48,596,655
Total Primary Government Expenses	\$ 523,651,059	\$ 639,115,430	\$ 657,002,312	\$ 646,208,405	\$ 622,980,781	\$ 595,352,013	\$ 604,058,678	\$ 632,974,067	\$ 631,695,195	\$ 636,269,939
Program Revenues										
<i>Government Activities</i>										
Charges for Services										
General Government	\$ 2,087,329	\$ 2,109,440	\$ 2,149,523	\$ 2,407,582	\$ 2,375,772	\$ 2,662,846	\$ 2,778,718	\$ 2,478,640	\$ 3,300,921	\$ 3,091,390
Public Safety	6,647,023	6,227,490	5,370,147	4,029,330	3,636,934	3,978,388	3,701,079	3,889,979	4,177,039	3,765,058
Public Works	14,754,084	16,734,280	11,573,060	13,345,821	12,048,111	14,151,371	13,570,360	13,843,482	14,594,676	13,278,342
Other Activities	1,300,942	1,340,804	1,170,172	2,194,432	1,373,949	1,511,258	1,553,179	1,456,139	1,385,467	1,396,543
Operating Grants and Contributions	33,674,068	34,867,362	36,473,746	33,788,214	28,476,585	25,216,324	30,926,766	21,717,403	26,680,817	28,249,534
Capital Grants and Contributions	17,680,246	17,557,762	9,210,506	17,130,252	21,112,129	10,270,108	11,878,363	9,982,404	15,281,180	15,137,454
Total Governmental Activities Program Revenue	76,143,692	78,837,138	65,947,154	72,895,631	69,023,480	57,790,295	64,408,465	53,368,047	65,420,100	64,918,321
<i>Business-type Activities</i>										
Charges for Services										
Operating Grants and Contributions	-	-	-	-	512,576	704,699	648,672	444,149	461,364	972,710
Capital Grants and Contributions	18,600,053	17,661,512	10,366,224	12,941,591	19,384,615	16,181,330	32,698,896	20,089,299	19,125,274	15,668,948
Total Business-type Activities Program Revenue	41,357,859	41,841,090	34,367,897	37,936,586	46,040,147	42,544,700	59,526,793	48,955,184	48,140,371	47,140,226
Total Primary Government Program Revenues	\$ 117,501,551	\$ 120,678,228	\$ 100,315,051	\$ 110,832,217	\$ 115,063,627	\$ 100,334,995	\$ 123,935,258	\$ 102,323,231	\$ 113,560,471	\$ 112,058,547
Net (Expense) Revenue										
<i>Government Activities</i>										
	\$ (410,981,526)	\$ (520,201,268)	\$ (550,192,510)	\$ (531,797,999)	\$ (512,097,793)	\$ (494,608,251)	\$ (489,549,089)	\$ (530,871,097)	\$ (517,528,112)	\$ (522,754,963)
<i>Business-type Activities</i>										
	4,832,018	1,764,066	(6,494,751)	(3,578,189)	4,180,639	(408,767)	9,425,669	220,261	(606,612)	(1,456,429)
Total Primary Government Net Expense	\$ (406,149,508)	\$ (518,437,202)	\$ (556,687,261)	\$ (535,376,188)	\$ (507,917,154)	\$ (495,017,018)	\$ (480,123,420)	\$ (530,650,836)	\$ (518,134,724)	\$ (524,211,392)

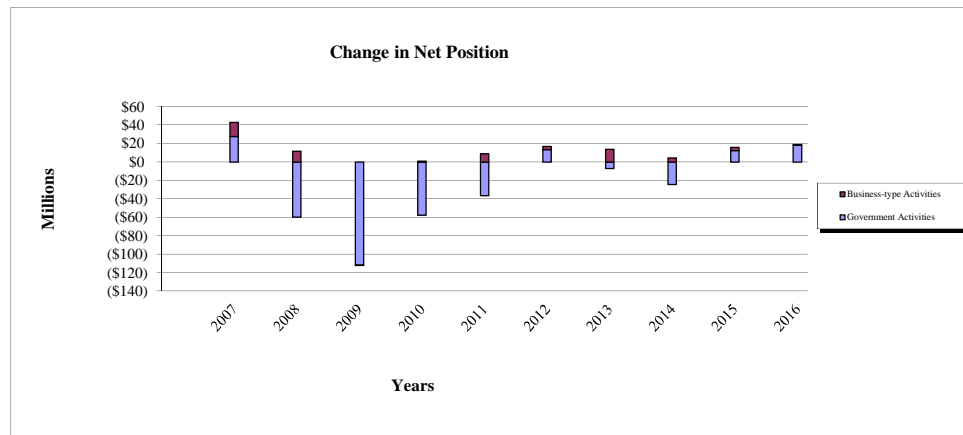
(continued)

Harford County, Maryland

Changes in Net Position (accrual basis of accounting)

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

General Revenues and Other Changes in Net Position	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<i>Government Activities</i>										
Taxes										
Property Taxes	\$ 218,160,400	\$ 243,355,073	\$ 269,385,374	\$ 286,733,047	\$ 290,004,412	\$ 295,910,417	\$ 286,926,355	\$ 285,269,614	\$ 286,911,796	\$ 293,100,653
Income Taxes	160,292,947	167,483,930	136,159,443	155,948,152	158,374,084	182,590,526	169,703,257	190,722,550	206,469,855	207,466,492
Other Taxes	41,225,896	31,524,076	21,920,852	25,609,883	23,980,727	22,791,891	24,124,916	26,539,923	32,548,932	35,984,933
Investment Earnings	14,410,465	15,068,189	7,883,023	5,094,195	2,113,223	5,607,895	(520,840)	1,532,992	1,771,885	3,261,278
Grants and Contributions	909,303	832,651	100,161	132,964	185,216	189,543	239,369	269,076	254,020	245,326
Miscellaneous	3,491,848	2,048,098	2,863,224	553,164	900,953	810,088	1,888,635	2,231,878	1,849,327	1,131,130
Total Governmental Activities	438,490,859	460,312,017	438,312,077	474,071,405	475,558,615	507,900,360	482,361,692	506,566,033	529,805,815	541,189,812
<i>Business-type Activities</i>										
Recordation Tax	3,213,661	2,501,024	1,572,507	1,706,028	1,651,107	1,514,835	1,783,159	1,767,810	2,174,467	-
Investment Earnings	7,387,165	7,542,465	4,488,011	2,773,806	2,582,713	2,452,379	2,534,663	2,225,142	2,155,375	2,134,911
Miscellaneous	-	-	-	-	347,722	-	-	-	-	-
Total Business-type Activities	10,600,826	10,043,489	6,060,518	4,479,834	4,581,542	3,967,214	4,317,822	3,992,952	4,329,842	2,134,911
Total Primary Government	\$ 449,091,685	\$ 470,355,506	\$ 444,372,595	\$ 478,551,239	\$ 480,140,157	\$ 511,867,574	\$ 486,679,514	\$ 510,558,985	\$ 534,135,657	\$ 543,324,723
Change in Net Position										
<i>Government Activities</i>	\$ 27,509,333	\$ (59,889,251)	\$ (111,880,433)	\$ (57,726,594)	\$ (36,539,178)	\$ 13,292,109	\$ (7,187,397)	\$ (24,305,064)	\$ 12,277,703	\$ 18,434,849
<i>Business-type Activities</i>	15,432,844	11,807,555	(434,233)	901,645	8,762,181	3,558,447	13,743,491	4,213,213	3,723,230	678,482
Total Primary Government	\$ 42,942,177	\$ (48,081,696)	\$ (112,314,666)	\$ (56,824,949)	\$ (27,776,997)	\$ 16,850,556	\$ 6,556,094	\$ (20,091,851)	\$ 16,000,933	\$ 19,113,331



Harford County, Maryland

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

Table 3
Last Ten Fiscal Years; Restated

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nonspendable:										
Inventory	\$ 1,690,366	\$ 1,964,376	\$ 2,079,969	\$ 2,019,073	\$ 2,114,574	\$ 2,025,093	\$ 1,922,189	\$ 1,519,258	\$ 2,053,832	\$ 2,301,347
Prepaid	131,282	131,282	131,282	131,282	131,282	539,162	576,287	872,050	340,899	-
Long-term Receivable	750,852	695,894	907,399	1,449,301	538,285	471,561	398,743	327,495	253,248	1,086,229
	<u>2,572,500</u>	<u>2,791,552</u>	<u>3,118,650</u>	<u>3,599,656</u>	<u>2,784,141</u>	<u>3,035,816</u>	<u>2,897,219</u>	<u>2,718,803</u>	<u>2,647,979</u>	<u>3,387,576</u>
Restricted for:										
Harford County Public Schools	11,911,872	13,698,754	17,044,211	6,279,957	13,711,336	8,358,301	2,660,492	1,955,920	3,850,435	3,885,170
Bond Proceeds	6,103,211	30,562,023	32,377,981	83,110,584	35,468,418	18,814,860	23,809,815	10,529,766	10,269,113	4,692,533
Beechtree Debt Service	-	-	-	-	-	2,089,432	1,994,150	2,051,207	2,222,965	2,180,643
General Fund Detention Center	386,861	554,510	765,303	952,289	1,010,310	1,010,012	899,169	800,569	646,864	556,310
Dedicated Revenues	-	-	-	-	-	-	39,518	642,710	1,333,257	1,614,494
Parks and Recreation	729,145	1,662	129,104	849,988	594,673	-	457,135	403,329	299,346	663,216
Grants	3,305,701	4,487,913	4,635,607	8,684,777	8,584,742	6,825,412	7,718,401	6,385,091	6,090,409	7,131,151
Lease Purchase Proceeds	8,155,360	1,224,637	-	1,191,984	-	-	-	-	-	-
	<u>30,592,150</u>	<u>50,529,499</u>	<u>54,952,206</u>	<u>101,069,579</u>	<u>59,369,479</u>	<u>37,098,017</u>	<u>37,578,680</u>	<u>22,768,592</u>	<u>24,712,389</u>	<u>20,723,517</u>
Committed to:										
Development Rights	22,756,704	32,953,506	37,983,430	42,038,898	43,308,194	51,212,976	48,873,277	48,625,100	49,265,285	44,793,964
	<u>22,756,704</u>	<u>32,953,506</u>	<u>37,983,430</u>	<u>42,038,898</u>	<u>43,308,194</u>	<u>51,212,976</u>	<u>48,873,277</u>	<u>48,625,100</u>	<u>49,265,285</u>	<u>44,793,964</u>
Assigned to:										
Appropriation of Fund Balance	43,543,890	30,124,908	9,754,106	12,031,257	50,646,722	32,774,997	27,863,378	2,193,164	2,042,620	2,826,833
Fiscal Stabilization Fund	26,529,534	27,296,784	25,738,539	25,745,240	27,028,071	27,792,167	28,056,319	27,411,936	28,206,062	28,604,000
Encumbrances	21,392,723	20,053,621	20,999,378	34,889,776	18,868,628	36,579,261	47,352,361	44,988,951	33,281,886	4,473,436
Other Post Employment Benefits	8,573,008	5,099,596	63,350	7,390,878	-	9,529,486	7,643,503	7,378,857	3,645,046	2,978,658
Landfill Closure Costs	11,501,927	12,663,965	15,301,157	15,500,786	9,020,231	17,961,438	13,732,971	16,060,419	14,965,543	8,882,058
WTE Plant Closure	-	-	-	-	-	-	4,000,000	4,000,000	3,000,000	8,600,000
Income Tax	-	-	-	-	-	-	2,439,735	2,577,900	3,172,882	1,571,967
Healthcare Consortium	-	-	-	-	-	-	2,112,308	1,970,314	2,184,155	2,251,926
Stormwater Management	-	-	-	-	-	-	-	-	-	12,295,295
Highways	856,893	9,079,727	14,217,744	14,380,858	11,661,675	6,158,931	2,533,371	3,237,844	2,870,447	6,461,375
Ag Preservation	16,416,611	11,708,279	1,220,005	3,467,777	5,146,399	2,575,330	2,740,326	4,526,391	6,684,560	11,499,293
Capital Projects	23,554,049	13,693,316	-	-	-	-	-	871,781	-	-
P&R Fund	35,737	24,480	76,424	114,506	225,413	334,332	405,112	267,015	383,333	158,758
	<u>152,404,372</u>	<u>129,744,676</u>	<u>87,370,703</u>	<u>113,521,078</u>	<u>122,597,139</u>	<u>133,705,942</u>	<u>138,879,384</u>	<u>115,484,572</u>	<u>100,436,534</u>	<u>90,603,599</u>
Unassigned:	22,826,647	7,275,141	12,953,584	8,126,063	7,310,375	17,942,179	6,933,118	8,415,752	10,144,451	12,694,506
Total Fund Balance	<u>\$ 231,152,373</u>	<u>\$ 223,294,374</u>	<u>\$ 196,378,573</u>	<u>\$ 268,355,274</u>	<u>\$ 235,369,328</u>	<u>\$ 242,994,930</u>	<u>\$ 235,161,678</u>	<u>\$ 198,012,819</u>	<u>\$ 187,206,638</u>	<u>\$ 172,203,162</u>

Harford County, Maryland

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

**Table 4
Last Ten Fiscal Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Taxes	\$ 422,717,106	\$ 438,882,450	\$ 452,667,810	\$ 466,531,995	\$ 480,666,752	\$ 496,535,537	\$ 495,330,898	\$ 501,523,551	\$ 513,835,241	\$ 534,559,224
Revenues from Other Agencies	42,139,431	47,211,851	39,468,501	46,537,712	43,118,868	29,749,668	33,686,277	29,595,350	33,802,477	34,278,746
Investment Income	13,985,693	14,564,031	7,658,217	5,043,402	2,079,353	5,581,671	(542,222)	1,503,056	1,732,563	3,209,914
Charges for Current Services	20,936,913	21,348,472	18,410,619	16,194,617	15,688,351	18,136,842	17,374,063	17,832,577	18,516,176	17,061,200
Miscellaneous	4,348,707	3,547,649	3,659,409	3,152,079	3,284,872	2,478,915	3,534,451	2,776,961	5,254,065	4,443,489
Licenses and Permits	3,412,684	3,108,872	2,746,769	3,152,131	3,302,291	3,602,640	3,637,218	3,939,672	4,637,143	4,539,298
Fines and Forfeitures	439,781	520,451	293,516	715,952	227,873	340,840	383,513	427,730	397,330	150,677
Total Revenues	507,980,315	529,183,776	524,904,841	541,327,888	548,368,360	556,426,113	553,404,198	557,598,897	578,174,995	598,242,548
EXPENDITURES										
Agricultural Preservation	6,740,532	23,120,378	14,419,355	1,069,805	188,385	7,417,674	2,486,811	249,145	3,742,534	36,513
County Council	1,894,779	2,499,875	2,181,966	2,077,277	2,191,906	2,495,986	2,750,755	2,554,700	2,528,328	2,472,194
General Government	28,921,206	36,931,065	43,946,514	39,126,361	33,984,438	39,610,270	37,250,164	41,960,700	47,122,698	43,933,540
Education-Primary thru Comm. College	204,193,543	215,393,543	222,918,540	226,354,606	225,580,152	232,933,767	234,782,980	236,262,341	238,628,914	243,470,583
Harford Center	482,143	532,143	582,143	553,036	553,036	553,036	553,036	553,036	553,036	693,036
Judicial	8,530,681	9,658,821	9,489,000	9,190,480	9,525,838	9,596,365	9,856,080	9,929,303	10,096,464	9,829,912
Libraries	14,361,956	15,705,461	16,135,917	15,312,147	15,112,147	15,692,144	16,054,666	16,158,310	16,137,189	16,279,546
Parks, Recreation and Natural Resources	9,616,126	11,356,395	11,140,363	10,436,404	10,864,188	10,853,176	11,626,440	11,970,808	11,470,033	10,222,943
Public Safety	69,010,378	88,947,220	86,708,998	89,322,138	94,157,346	91,778,607	98,418,762	98,702,584	97,415,839	95,370,670
Public Works	41,461,050	48,226,571	43,296,084	43,737,049	41,088,647	38,448,739	40,468,362	44,625,171	49,563,413	46,629,351
Social Services	24,183,444	26,433,379	29,229,188	28,775,089	27,393,475	27,337,422	31,740,859	26,067,117	25,848,168	24,557,522
Capital Outlay	86,959,198	139,888,861	146,470,982	118,270,600	89,082,362	61,703,327	53,425,443	84,079,924	79,055,063	86,949,927
Debt Service										
Principal	18,050,332	20,403,260	22,135,758	23,386,490	26,060,395	35,109,464	33,879,261	33,888,884	32,889,398	40,680,548
Interest	10,296,906	12,689,676	14,110,855	15,845,507	19,968,082	23,498,877	22,590,163	22,609,092	22,689,162	21,792,602
Administrative Cost	470,370	567,990	685,625	1,210,978	1,197,249	642,797	586,418	287,423	729,415	284,018
Total Expenditures	525,172,644	652,354,638	663,451,288	624,667,967	596,947,646	597,671,651	596,470,200	629,898,538	638,469,654	643,202,905
Excess (Deficiency) of Revenues Over Expenditures	(17,192,329)	(123,170,862)	(138,546,447)	(83,340,079)	(48,579,286)	(41,245,538)	(43,066,002)	(72,299,641)	(60,294,659)	(44,960,357)
OTHER FINANCING SOURCES (USES)										
Transfers In	47,973,433	48,620,080	43,873,509	30,132,690	34,565,953	36,423,583	55,519,578	44,180,743	31,746,904	36,406,830
Transfers (Out)	(47,973,433)	(48,620,080)	(43,873,509)	(30,132,690)	(33,068,114)	(36,423,583)	(55,519,578)	(44,180,743)	(31,746,904)	(36,406,830)
Issuance of Bonds	-	95,900,000	96,100,000	143,556,129	14,000,000	40,000,000	30,000,000	33,180,257	42,000,000	27,132,515
Issuance of Refunding Bonds	-	-	21,738,036	25,161,828	-	6,931,393	59,750,398	-	55,994,243	-
Premium on Issuance of Bonds	-	5,901,161	8,106,323	14,359,593	-	2,347,926	13,638,004	2,373,456	12,245,541	2,576,851
Issuance of Installment Purchase Agreements	2,669,752	12,537,691	7,065,889	-	-	6,995,127	2,013,095	-	3,097,591	-
Issuance of Notes and Leases	18,231,849	700,000	1,316,999	1,186,000	-	-	-	-	-	-
Payment to Escrow Agent for Refunding	-	-	(22,812,194)	(28,885,874)	-	(7,313,825)	(70,065,844)	-	(64,383,471)	-
Total Other Financing Sources(Uses)	20,901,601	115,038,852	111,515,053	155,377,676	15,497,839	48,960,621	35,335,653	35,553,713	48,953,904	29,709,366
Net Change in Fund Balances	\$ 3,709,272	\$ (8,132,010)	\$ (27,031,394)	\$ 72,037,597	\$ (33,081,447)	\$ 7,715,083	\$ (7,730,349)	\$ (36,745,928)	\$ (11,340,755)	\$ (15,250,991)

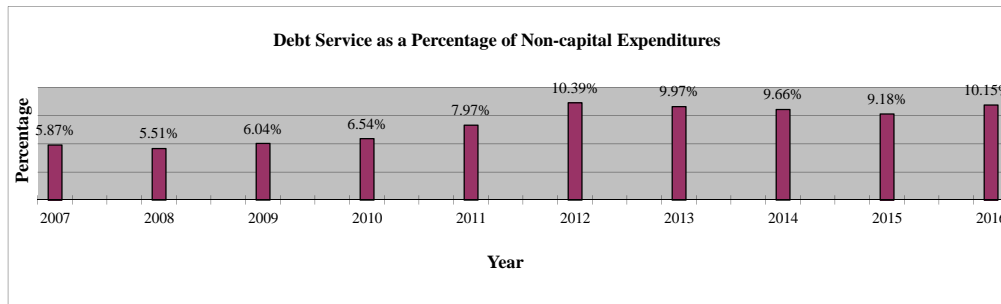
Harford County, Maryland

Debt Service as a Percentage of Non-capital Expenditures - Governmental Funds

Table 5
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Expenditures	\$ 525,172,644	\$ 652,354,638	\$ 663,451,288	\$ 624,667,967	\$ 596,947,646	\$ 597,671,651	\$ 596,470,200	\$ 629,898,538	\$ 638,469,654	\$ 643,202,905
⁽¹⁾ Less Capital Asset Expenditures	41,900,223	51,462,491	63,496,219	24,528,046	19,300,086	33,395,752	30,214,888	44,998,619	33,065,591	27,450,364
Non-capital Expenditures	\$ 483,272,421	\$ 600,892,147	\$ 599,955,069	\$ 600,139,921	\$ 577,647,560	\$ 564,275,899	\$ 566,255,312	\$ 584,899,919	\$ 605,404,063	\$ 615,752,541
Debt Service Expenditures										
Principal	\$ 18,050,332	\$ 20,403,260	\$ 22,135,758	\$ 23,386,490	\$ 26,060,395	\$ 35,109,464	\$ 33,879,261	\$ 33,888,884	\$ 32,889,398	\$ 40,680,548
Interest	10,296,906	12,689,676	14,110,855	15,845,507	19,968,082	23,498,877	22,590,163	22,609,092	22,689,162	21,792,602
Total Debt Service Expenditures	\$ 28,347,238	\$ 33,092,936	\$ 36,246,613	\$ 39,231,997	\$ 46,028,477	\$ 58,608,341	\$ 56,469,424	\$ 56,497,976	\$ 55,578,560	\$ 62,473,150
 Debt Service as a Percentage of Non-capital Expenditures	 5.87%	 5.51%	 6.04%	 6.54%	 7.97%	 10.39%	 9.97%	 9.66%	 9.18%	 10.15%

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

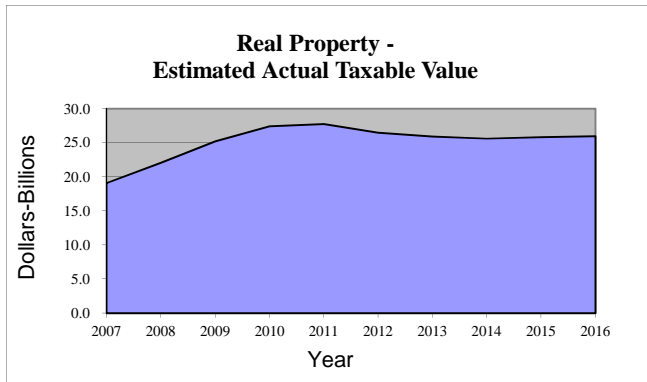


Harford County, Maryland

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

**Table 6
Last Ten Fiscal Years**

Fiscal Year Ending June 30,	Real Property				Personal Property			Total Taxable Assessed Value
	Assessed Value	Exempt Property	Taxable Assessed Value	Real Property Direct Tax Rate	Corporate Taxable Assessed Value	Unincorporated Taxable Assessed Value	Personal Property Direct Tax Rate	
2007	\$ 21,102,242,472	\$ 2,014,779,364	\$ 19,087,463,108	1.082	\$ 931,753,570	\$ 14,438,670	2.705	\$ 20,033,655,348
2008	24,150,504,718	2,085,913,339	22,064,591,379	1.082	929,164,770	14,066,570	2.705	23,007,822,719
2009	27,438,977,269	2,225,139,558	25,213,837,711	1.082	978,058,220	13,982,600	2.705	26,205,878,531
2010	29,765,437,549	2,346,618,410	27,418,819,139	1.064	987,547,770	11,403,430	2.660	28,417,770,339
2011	30,248,925,066	2,506,869,202	27,742,055,864	1.042	853,133,530	10,730,670	2.605	28,605,920,064
2012	28,999,153,255	2,535,432,934	26,463,720,321	1.042	967,854,980	9,828,620	2.605	27,441,403,921
2013	28,565,045,698	2,644,365,574	25,920,680,124	1.042	1,046,509,272	13,921,700	2.605	26,981,111,096
2014	28,304,103,554	2,691,553,831	25,612,549,723	1.042	1,025,199,440	12,700,230	2.605	26,650,449,393
2015	28,541,096,046	2,714,157,631	25,826,938,415	1.042	1,074,588,650	13,237,060	2.605	26,914,764,125
2016	28,720,286,982	2,750,540,908	25,969,746,074	1.042	1,194,260,330	17,284,140	2.605	27,181,290,544



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

Harford County, Maryland

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

**Table 7
Last Ten Fiscal Years**

Fiscal Year Ending June 30,	County Direct Real Property Tax Rate			Overlapping Real Property Tax Rates		
	General Fund (2)	Special Revenue Fund (3)	Total Direct Tax Rate	Town of Bel Air (4)	City of Aberdeen (4)	City of Havre de Grace (4)
	2007	0.926	0.156	1.082	0.500	0.7350
2008	0.926	0.156	1.082	0.500	0.7150	0.650
2009	0.926	0.156	1.082	0.500	0.7000	0.630
2010	0.908	0.156	1.064	0.500	0.6875	0.610
2011	0.896	0.146	1.042	0.500	0.6875	0.600
2012	0.896	0.146	1.042	0.500	0.6800	0.590
2012	0.896	0.146	1.042	0.500	0.6800	0.590
2014	0.896	0.146	1.042	0.500	0.6800	0.560
2015	0.894	0.148	1.042	0.500	0.6800	0.560
2016	0.894	0.148	1.042	0.500	0.6566	0.560

Fiscal Year Ending June 30,	County Direct Personal Property Tax Rate			Overlapping Personal Property Tax Rates		
	General Fund (2)	Special Revenue Fund (3)	Total Direct Tax Rate	Town of Bel Air (4)	City of Aberdeen (4)	City of Havre de Grace (4)
	2007	2.3150	0.3900	2.7050	1.160	1.700
2008	2.3150	0.3900	2.7050	1.160	1.700	1.705
2009	2.3150	0.3900	2.7050	1.160	1.700	1.705
2010	2.2700	0.3900	2.6600	1.160	1.700	1.705
2011	2.2400	0.3650	2.6050	1.160	1.700	1.705
2012	2.2400	0.3650	2.6050	1.160	1.700	1.705
2012	2.2400	0.3650	2.6050	1.160	1.700	1.705
2014	2.2400	0.3650	2.6050	1.160	1.700	1.705
2015	2.2342	0.3707	2.6049	1.160	1.700	1.705
2016	2.2342	0.3707	2.6049	1.160	1.700	1.705

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

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

(2) Assessed against all property within Harford County.

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

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

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

Harford County, Maryland

Principal Taxpayers

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

Fiscal Year	2016			
Taxpayer	Type of Business	Taxable Assessed Valuations (1)	County Taxes	Percentage of Total Assessed Valuation
Baltimore Gas & Electric Company	Public Utility	\$ 371,690,240	8,304,303	1.37%
Constellation Power Source Generation Inc.	Non-Utility Generator	95,128,630	1,938,680	0.35%
Exelon Generation Company	Non-Utility Generator	73,226,740	1,636,032	0.27%
Verizon - Maryland	Public Utility	56,638,130	1,265,409	0.21%
PECO Energy Power Company	Non-Utility Generator	123,442,200	1,103,203	0.45%
MCI Communication Services	Public Utility	32,205,700	719,540	0.12%
Kohl's Department Stores, Inc.	Retailer	49,281,860	681,277	0.18%
CH Realty VI/R Bel Air Festival LLC	Shopping Center	63,728,633	569,543	0.23%
Comcast of Harford County LLC	Cable Provider	25,198,100	562,976	0.09%
Harford Mall Business Trust	Shopping Center	57,491,833	513,805	0.21%
		948,032,066	\$ 17,294,768	3.48%
Total Taxable Assessed Valuation		\$ 27,181,290,544		

Fiscal Year	2007			
Taxpayer	Type of Business	Taxable Assessed Valuations (1)	County Taxes	Percentage of Total Assessed Valuation
Baltimore Gas & Electric Company	Public Utility	\$ 304,918,270	\$ 8,178,846	1.52%
Susquehanna Power Company	Public Utility	83,146,810	2,248,608	0.42%
Verizon - Maryland	Public Utility	85,293,000	2,206,187	0.43%
MCI World	Public Utility	32,609,330	881,660	0.16%
Wells Fargo Northwest	Office/Industrial Ctr	53,829,400	550,897	0.27%
Festival at Bel Air LLC	Shopping Center	53,916,566	538,888	0.27%
Harford Mall Business Trust	Shopping Center	61,229,130	526,598	0.31%
Columbia Gas Transmission	Public Utility	17,688,350	478,432	0.09%
State of Wisconsin Investment Board	Office/Industrial Ctr	43,006,432	426,643	0.21%
Perryman 159 LLC	Office/Industrial Ctr	35,085,866	362,705	0.18%
		770,723,154	\$ 16,399,464	3.86%
Total Taxable Assessed Valuation		\$ 20,033,655,348		

SOURCE: Harford County Department of the Treasury

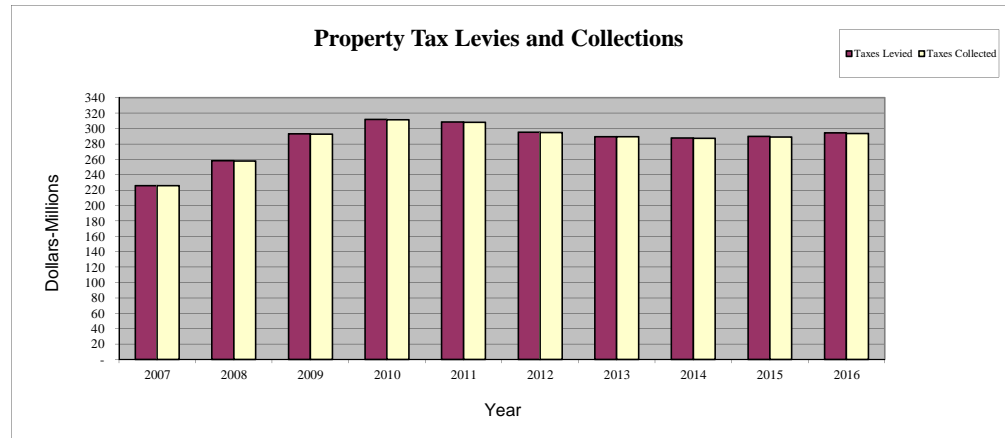
(1) Total Taxable Assessed Valuations are based on information provided by the Maryland Department of Assessments and Taxation.

Harford County, Maryland

Property Tax Levies and Collections

Table 9
Last Ten Fiscal Years

Year Ending June 30,	Taxes Levied for the Fiscal Year	Taxes Levied In Subsequent Years	Total Taxes Levied	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Delinquent Taxes to Tax Levy
				Amount	Percent		Amount	Percent		
2007	\$ 225,865,922	\$ 77,399	\$ 225,943,321	\$ 225,203,456	99.67%	\$ 636,566	\$ 225,840,022	99.95%	\$ 103,299	0.05%
2008	256,925,595	1,109,600	258,035,195	255,936,685	99.19%	1,967,032	257,903,717	99.95%	131,478	0.05%
2009	292,351,782	607,377	292,959,159	290,917,209	99.30%	1,857,813	292,775,022	99.94%	184,137	0.06%
2010	310,635,791	1,174,263	311,810,054	309,581,012	99.29%	2,007,185	311,588,197	99.93%	221,857	0.07%
2011	304,126,005	4,317,003	308,443,008	303,254,570	98.32%	4,986,332	308,240,902	99.93%	202,106	0.07%
2012	295,797,824	(615,850)	295,181,974	293,408,627	99.40%	1,575,723	294,984,350	99.93%	197,624	0.07%
2013	290,142,026	(569,717)	289,572,309	289,161,782	99.86%	183,670	289,345,452	99.92%	226,857	0.08%
2014	287,953,502	(379,408)	287,574,094	286,122,040	99.50%	1,216,352	287,338,392	99.92%	235,702	0.08%
2015	289,650,116	(34,310)	289,615,806	288,877,184	99.74%	101,051	288,978,235	99.78%	637,571	0.22%
2016	294,521,222	-	294,521,222	293,605,282	99.69%	-	293,605,282	99.69%	915,940	0.31%



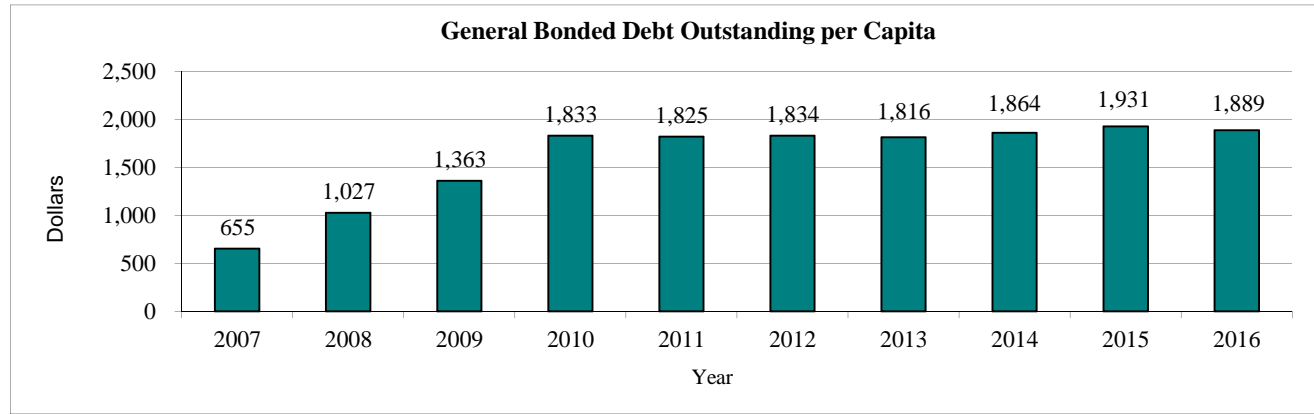
Harford County, Maryland

Ratios of General Bonded Debt Outstanding ⁽¹⁾

Table 10
Last Ten Fiscal Years

Year Ending June 30,	Governmental General Obligation Debt ⁽²⁾	Business-type General Obligation Debt	Less Amounts to be Paid with Restricted Resources ⁽³⁾	Net General Bonded Debt	Percentage of Taxable Assessed Value of Property ⁽⁴⁾	Per Capita ⁽⁴⁾
2007	\$ 198,511,893	\$ 60,545,635	\$ 100,736,470	\$ 158,321,058	0.79%	655
2008	301,845,832	74,514,748	126,944,354	249,416,226	1.08%	1,027
2009	390,165,496	88,379,669	146,485,275	332,059,890	1.27%	1,363
2010	506,690,179	128,412,388	185,512,510	449,590,057	1.58%	1,833
2011	506,315,389	125,771,843	181,951,421	450,135,811	1.57%	1,825
2012	518,004,780	131,616,764	193,675,340	455,946,204	1.66%	1,834
2013	513,699,874	132,469,669	193,574,381	452,595,162	1.68%	1,816
2014 ⁽⁵⁾	524,885,655	132,046,646	191,075,915	465,856,386	1.75%	1,864
2015	542,589,182	127,341,763	186,701,066	483,229,879	1.80%	1,931
2016	527,417,700	131,755,478	184,038,327	475,134,851	1.75%	1,889

- (1) Bonded Debt is all debt backed by the full faith and credit and unlimited taxing authority of the County. Business-type bonds are included here because they are backed by the full faith and credit and unlimited taxing authority of the County; however, business-type bonds are payable in the first instance from area connection charges, benefit assessments and surcharges. See Table 11 for specific information on business-type bonded debt.
 - (2) Includes Notes Payable; all are backed by the full faith and credit and unlimited taxing authority of the County.
 - (3) Agricultural Land Preservation debt and Water and Sewer debt are subtracted from the bonded debt because Agricultural Land Preservation debt is paid from dedicated revenues in the Agricultural Land Preservation Special Revenue Fund and Water and Sewer debt is paid from the Water and Sewer Enterprise Fund.
 - (4) Information from Tables 6 and 14.
 - (5) Governmental and Business-type general obligation debt has increased by \$12,836,002 and \$1,904,224 respectively due to implementing GASB 65 which removes deferred loss/gain on refunding as an offset to liabilities and reclass as a deferred outflow/inflow of resources.
- Note: Detail regarding the County's debt can be found in the notes to the financial statements.



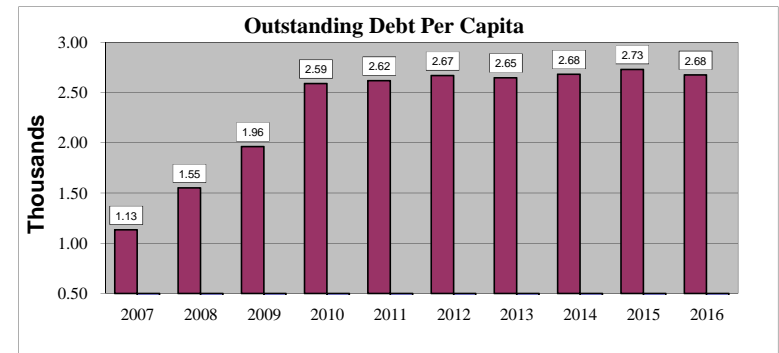
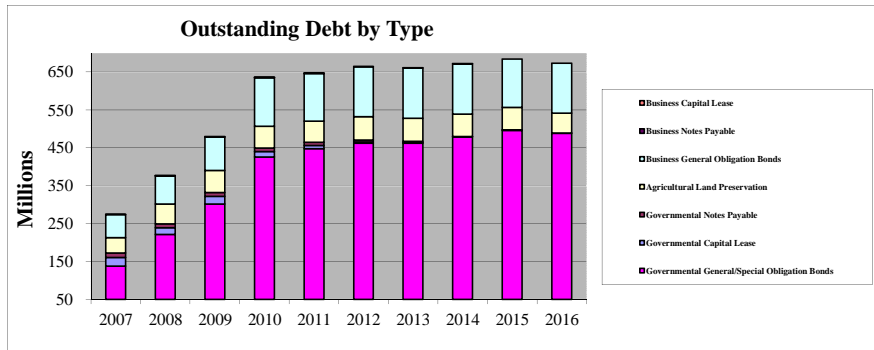
Harford County, Maryland

Ratios of Outstanding Debt by Type (1)

Table 11
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Governmental Activities					Business-type Activities					Total Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita ⁽²⁾
	General/Special Obligation Bonds	Capital Lease Obligation	Notes Payable	Agricultural Land Preservation	Total Governmental Activities	General Obligation Bonds	Notes Payable	Capital Lease Obligation	Total Business-type Activities				
	2007	\$ 138,106,697	\$ 22,584,599	\$ 11,870,000	\$ 40,508,347	\$ 213,069,643	\$ 60,228,123	\$ 138,950	\$ 317,512	\$ 60,684,585			
2008	221,313,649	17,406,894	10,590,000	52,535,289	301,845,832	74,150,409	105,683	258,656	74,514,748	376,360,580	3.44%	1,550	
2009	301,480,584	20,325,901	10,181,999	58,177,012	390,165,496	88,110,699	71,406	197,564	88,379,669	478,545,165	4.33%	1,964	
2010	425,205,736	14,801,760	9,582,561	57,100,122	506,690,179	128,242,149	36,089	134,150	128,412,388	635,102,567	5.56%	2,590	
2011	447,558,610	8,590,078	7,987,123	56,179,578	520,315,389	125,140,703	-	631,140	125,771,843	646,087,232	5.38%	2,619	
2012	462,132,841	2,941,940	4,871,422	62,058,577	532,004,780	131,235,775	-	380,989	131,616,764	663,621,544	5.37%	2,669	
2013	462,229,857	1,294,584	3,070,721	61,104,712	527,699,874	132,276,225	-	193,444	132,469,669	660,169,543	5.37%	2,649	
2014 ⁽³⁾	478,542,366	-	1,314,020	59,029,269	538,885,655	132,046,646	-	-	132,046,646	670,932,301	5.28%	2,684	
2015	495,916,560	-	1,313,319	59,359,303	556,589,182	127,341,763	-	-	127,341,763	683,930,945	5.21%	2,733	
2016	487,822,233	-	1,312,618	52,282,849	541,417,700	131,755,478	-	-	131,755,478	673,173,178	4.96%	2,677	

- (1) All debt reported by the primary government. Details regarding the County's debt can be found in the notes to the financial statements.
- (2) Information from Table 14.
- (3) Governmental and Business-type general obligation debt has increased by \$12,836,002 and \$1,1904,224 respectively due to implementing GASB 65 which removes deferred loss/gain on refunding as an offset to liabilities and reclassified as a deferred outflow/inflow of resources.



Harford County, Maryland

Legal Debt Margin Information

**Table 12
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Debt Applicable to the Limit</u>	<u>Legal Debt Margin</u>	<u>Total Debt Applicable to the Limit as a % of Debt Limit</u>
2007	\$ 1,287,176,622	\$ 172,561,296	\$ 1,114,615,326	13.41%
2008	1,465,360,184	249,310,543	1,216,049,641	17.01%
2009	1,661,636,386	331,988,484	1,329,647,902	19.98%
2010	1,794,971,828	449,590,057	1,345,381,771	25.05%
2011	1,794,102,982	450,135,811	1,343,967,171	25.09%
2012	1,734,475,759	455,946,203	1,278,529,556	26.29%
2013	1,714,305,453	452,595,162	1,261,710,291	26.40%
2014	1,692,448,434	465,856,386	1,226,592,048	27.53%
2015	1,712,790,162	483,229,879	1,229,560,283	28.21%
2016	1,739,916,435	475,134,851	1,264,781,584	27.31%

Legal Debt Margin Calculation for Fiscal Year 2016

(1) Net Assessed Value-Real Property	\$ 25,969,746,074	
(2) Debt Limit=6% of Net Assessed Value - Real Property		\$ 1,558,184,764
(1) Assessed Value--Personal Property	1,211,544,470	
(2) Debt Limit=15% of Net Assessed Value - Personal Property		181,731,671
Total Debt Limit		1,739,916,435
(3) Amount of Debt Applicable to Debt Limit	673,173,178	
Less Other deductions allowed by law:		
(3) Debt Payable from Special Revenue Fund	(52,282,849)	
Debt Payable from Debt Service Fund	(14,000,000)	
(3) Debt Payable from Enterprise Revenues	(131,755,478)	
Total Debt Applicable to Debt Limitation		475,134,851
Legal Debt Margin		\$ 1,264,781,584

(1) Table 6

(2) Pursuant to the Local Government Article§10-203 of the Annotated Code of Maryland

(3) Table 11

Harford County, Maryland

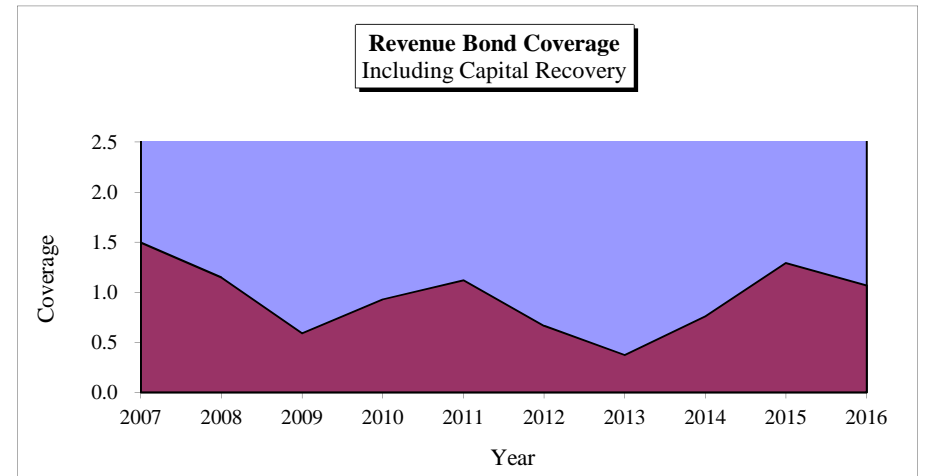
**Bond Coverage - Water and Sewer (1)
Including Capital Recovery Fees**

**Table 13
Last Ten Fiscal Years**

Fiscal Year Ending June 30,	Gross Revenues (2)	Area Connection Charges	Benefit Assessment	User Assessments and Surcharges	Total Gross Revenues	Operating Expense (3)	Net Revenue Available for Debt Service	Debt Service Requirements (4)			Coverage
								Principal	Interest	Total	
2007	\$ 33,358,632	\$ 861,100	\$ 632,759	\$ 6,968,474	\$ 41,820,965	\$ 24,600,291	\$ 17,220,674	\$ 8,918,773	\$ 2,593,948	\$ 11,512,721	1.50
2008	34,223,067	1,127,600	658,689	8,567,130	44,576,486	28,777,126	15,799,360	10,924,897	2,843,674	13,768,571	1.15
2009	30,062,191	553,400	691,019	5,611,721	36,918,331	29,144,669	7,773,662	10,368,564	2,797,801	13,166,365	0.59
2010	29,474,829	3,714,030	716,553	7,671,946	41,577,358	29,149,190	12,428,168	10,031,325	3,342,871	13,374,196	0.93
2011	31,237,074	4,814,179	746,977	7,985,323	44,783,553	27,598,274	17,185,279	10,346,027	4,993,322	15,339,349	1.12
2012	30,330,584	602,650	772,003	7,187,943	38,893,180	28,395,794	10,497,386	11,036,098	4,754,184	15,790,282	0.66
2013	31,145,719	808,550	860,161	7,205,139	40,019,569	34,875,138	5,144,431	9,388,778	4,407,906	13,796,684	0.37
2014	32,858,837	1,108,397	899,888	8,609,788	43,476,910	33,619,976	9,856,934	8,546,381	4,434,807	12,981,188	0.76
2015	33,344,939	1,543,075	934,765	13,266,501	49,089,280	33,211,697	15,877,583	8,269,283	4,022,016	12,291,299	1.29
2016	33,606,189	1,102,986	954,401	9,807,855	45,471,431	32,151,623	13,319,808	8,655,544	3,802,578	12,458,122	1.07

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

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



Harford County, Maryland

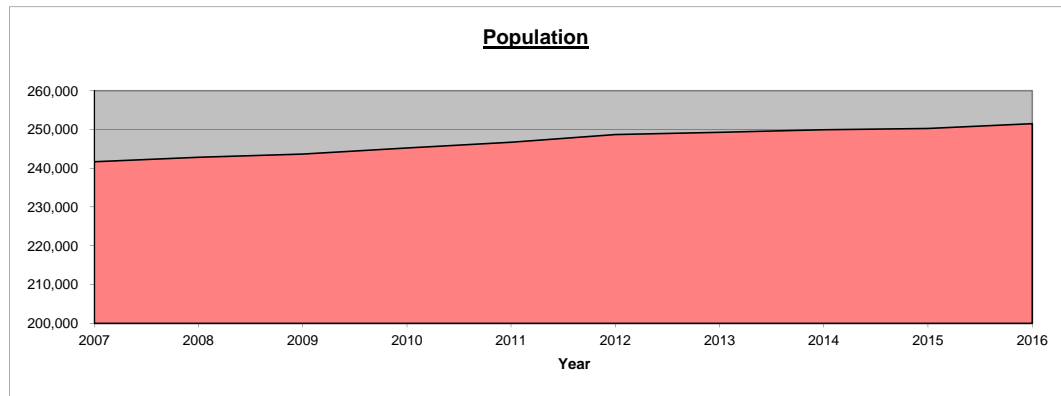
Demographic Statistics

Table 14
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Population (1)	Per Capita Income (2)	Personal Income (2) (000's)	Unemployment Rate (3)	School Enrollment (4)	Median Age (5)	Education of Bachelor Degree or Higher (5)
2007	241,634	\$ 44,263	\$ 10,695,530	3.8%	39,582	37.7	27.7%
2008	242,779	45,027	10,931,502	4.1%	39,175	37.8	27.8%
2009	243,685	45,319	11,043,612	7.7%	38,610	38.1	27.6%
2010	245,239	46,608	11,428,508	7.3%	38,637	38.1	30.3%
2011	246,710	48,631	11,998,587	7.3%	38,394	38.3	30.5%
2012	248,642	49,668	12,352,121	7.4%	38,224	39.2	28.9%
2013	249,240	49,332	12,304,185	7.5%	37,868	39.5	31.5%
2014	249,949	50,817	12,709,463	6.0%	37,842	39.8	32.7%
2015	250,290	52,450 (6)	13,127,604 (6)	5.5%	37,537	39.9	33.4%
2016	251,480	53,919 (6)	13,559,506 (6)	4.4%	37,448	Not Available	Not Available

SOURCE:

- (1) Population Division, U.S. Census Bureau, March 2016 provided population estimates for FY2007 thru FY2015. Harford County Department of Planning and Zoning provided population estimates for FY2016
- (2) U.S. Bureau of Economic Analysis Table CAO4
- (3) Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information
- (4) Harford County Public Schools
- (5) Claritas, a marketing information resource company, subscribed to by the County's Department of Planning and Zoning
- (6) Personal income and per capita income for fiscal years 2015 and 2016 were estimated because data was unavailable



Harford County, Maryland

Principal Employers

Table 15
Current Fiscal Year and Ten Years Ago

Fiscal Year	2016		
	Number of Employees (1)	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	20,100	1	22.35%
Harford County Public Schools	5,231	2	5.82%
UM Upper Chesapeake Medical Center	3,129	3	3.48%
US Army Research Lab	2,000	4	2.22%
Harford County Government	1,541	5	1.71%
Kohl's E-Fulfillment Center	1,140	6	1.27%
Rite Aid Mid-Atlantic Customer Distribution Center	1,095	7	1.22%
Harford Community College	1,011	8	1.12%
Kleins Shop Rites of Maryland	1,000	9	1.11%
Walmart	900	10	1.00%
Total	37,147		41.30%
Total County Employment (1)	89,941		100%

Fiscal Year	2007		
	Number of Employees (3)	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	12,486	1	15.24%
Harford County Public Schools	5,182	2	6.32%
Upper Chesapeake Health System	2,464	3	3.01%
Harford County Government	1,545	4	1.89%
Rite Aid Mid-Atlantic Customer Dist Ctr	1,270	5	1.55%
SAIC	740	6	0.90%
Sverdrup Technology	656	7	0.80%
Walmart	597	8	0.73%
Saks Fifth Avenue	495	9	0.60%
Frito-Lay	490	10	0.60%
Total	25,925		31.64%
Total County Employment (2)	81,946		100%

Source:

- (1) Office of Economic Development, Harford County, Maryland
- (2) Labor Mkt Analysis performed by Sage Policy Group, Inc.
- (3) Harford County Comprehensive Annual Fiscal Report Table 15 - Fiscal Year 2007

Harford County, Maryland

Capital Asset and Infrastructure Asset Statistics by Function/Program

Table 16
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Agricultural Preservation										
Acres of Farm Land in Preservation Program	25,007	32,623	34,387	34,723	35,024	36,563	37,195	37,443	38,671	39,078
General Government										
Office Buildings	13	13	13	13	13	13	13	13	13	13
Garage	1	1	1	1	1	1	1	1	1	1
Vehicles	40	40	30	34	42	36	36	27	25	17
Education-Primary thru Community College (1)										
Administration Building	1	1	1	1	1	1	1	1	1	1
Alternative Education Center	1	1	1	1	1	1	1	1	1	1
Community College	1	1	1	1	1	1	1	1	1	1
Elementary Schools	32	32	32	32	32	33	33	33	33	33
High Schools	8	9	9	9	9	9	9	9	9	9
Middle Schools	8	9	9	9	9	9	9	9	9	9
Public Charter School	1	1	1	-	-	-	-	-	-	-
Special Education	1	1	1	1	1	1	1	1	1	1
Vocational/Technical High School	1	1	1	1	1	1	1	1	1	1
Harford Center--Rehabilitation Center for Disabled	1	1	1	1	1	1	1	1	1	1
Judicial										
Courthouse	1	1	1	1	1	1	1	1	1	1
Vehicles	2	2	2	2	2	2	2	1	1	1
Libraries	11	11	11	11	11	11	11	11	11	11
Parks and Recreation										
Number of Parks	83	88	89	91	91	93	93	96	96	95
Acres of Land	4,150	4,588	4,612	4,640	4,640	4,594	4,473	4,608	4,608	4,543
Vehicles	100	100	86	88	86	52	57	50	48	58
Public Safety										
Detention Center	1	1	1	1	1	1	1	1	1	1
Number of Stations	3	3	3	3	3	4	4	4	4	4
Sheriff's Vehicles	339	342	358	353	367	365	369	375	363	332
Firing Range	1	1	1	1	1	1	1	1	1	1
Mobile Communications Center	1	1	1	1	1	1	1	1	1	1
Emergency Operations Vehicles	10	10	6	6	9	9	11	16	16	13
Hazmat Vehicles	12	12	10	11	10	10	11	11	9	8
DILP Vehicles	30	30	29	23	27	25	25	18	17	29
Animal Control Vehicles	16	16	13	10	7	7	6	4	4	4

(continued)

Harford County, Maryland

Capital Asset and Infrastructure Asset Statistics by Function/Program

Table 16
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<i>(continued)</i>										
Public Works										
Highways										
County Maintained Roads-Paved Miles	992	994	998	1,000	1,002	1,008	1,011	1,013	1,017	1,018
County Maintained Roads-Unpaved Miles	49	48	47	46	46	47	46	46	46	45
Office Buildings	6	6	6	6	6	6	6	6	6	1
Equipment Sheds	4	4	4	4	4	4	4	4	4	4
Truck Bay	1	1	1	1	1	1	1	1	1	1
Salt Dome	2	2	2	2	2	2	2	2	2	2
Vehicles	313	332	371	314	332	296	291	288	303	276
Water & Sewer										
Miles of Water Mains and Laterals	657	661	687	690	691	685	683	689	691	696
Water Treatment Plants	3	3	3	3	3	3	3	3	3	3
Booster Stations	12	12	12	12	12	12	12	12	12	12
Water Tanks	13	13	13	13	13	13	12	12	12	12
Miles of Wastewater Mains and Laterals	746	754	762	765	766	770	776	784	787	792
Wastewater Treatment Plants	3	3	3	3	3	3	3	3	3	3
Wastewater Pumping Stations	52	53	54	55	55	55	56	53	50	52
Vehicles	92	92	110	128	119	109	116	120	113	103
Waste Disposal										
Waste to Energy Facility	1	1	1	1	1	1	1	1	1	1
Vehicles	21	19	19	19	20	12	11	12	9	5
Landfills										
Buildings	3	3	3	3	3	3	3	3	1	1
Vehicles	81	88	88	77	59	55	50	45	44	35
Social Services & Health										
Senior/Activity Centers	4	4	4	5	6	6	6	6	6	6
Buses	34	34	34	33	36	31	43	43	43	43
Office Buildings	5	5	5	5	5	5	5	5	5	5
Transportation Facility	1	1	1	1	1	1	1	1	1	1
Other Vehicles	7	11	11	6	13	12	12	13	9	4

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

Harford County, Maryland

Operating Indicators by Function

Table 17
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Agricultural Preservation</u>										
Number of settlements	12	20	20	-	-	9	6	-	9	-
<u>County Council</u>										
Number of bills introduced	51	70	42	46	46	67	54	49	25	44
Number of bills passed	40	67	39	39	42	57	52	43	24	42
<u>General Government</u>										
<u>Land Use</u>										
Total acres	280,727	280,727	280,727	280,727	280,727	280,727	280,727	280,727	280,727	280,727
Percent residential	17.50%	17.50%	17.50%	17.50%	17.50%	27.27%	27.27%	27.27%	27.27%	27.27%
Percent agricultural	36.70%	36.70%	36.70%	36.70%	36.70%	29.25%	29.25%	29.25%	29.25%	29.25%
Percent commercial	2.10%	2.10%	2.10%	2.10%	2.10%	2.52%	2.52%	2.52%	2.52%	2.52%
<u>Inspections & Permits</u>										
Permits issued	20,523	16,582	13,687	11,937	14,019	14,633	15,896	18,293	19,215	19,933
Commercial construction permits	92	85	50	18	348	35	22	15	24	15
Residential construction permits	920	666	494	681	713	577	459	700	1,079	488
<u>Judicial</u>										
<u>Circuit Court</u>										
Number of cases filed (Calendar year)	2,368	2,331	2,184	2,162	2,067	2,066	2,188	2,118	1,998	1,847
<u>District Court</u>										
Number of cases filed (Calendar year)	8,754	7,646	8,320	8,513	8,372	8,202	7,658	7,623	8,228	7,826
<u>Education</u>										
<u>Board of Education</u>										
Administrators	253	270	269	275	274	266	260	256	253	254
Support	1,853	1,919	1,976	1,983	2,105	2,073	2,064	2,018	2,003	1,974
Teachers/Counselors/Mentors	3,076	3,117	3,088	3,092	3,100	3,101	3,045	2,982	3,000	2,989
Number of students	39,571	39,175	38,610	38,639	38,394	38,224	37,868	37,842	37,537	37,448
<u>Community College</u>										
Number of credit students	5,172	5,437	5,838	6,324	6,482	6,547	6,481	6,201	5,962	5,759
Faculty	481	473	473	497	480	474	471	469	450	415
Administrators	31	33	33	33	33	32	32	32	31	31
Staff	374	395	395	411	426	454	461	485	489	530
Visiting Professors	35	38	38	41	37	39	42	43	41	41
<u>Libraries</u>										
Number of registered borrowers	240,112	185,728	201,032	214,116	163,129	175,887	182,000	191,239	181,393	185,638
Circulation (000)	3,990	4,466	4,851	4,699	4,815	4,500	4,111	4,130	3,872	3,783
Materials collection (000)	1,050	1,051	1,003	1,032	1,025	994	941	941	822	979
Library personnel	247	252	242	236	239	241	241	242	243	240

Harford County, Maryland

Operating Indicators by Function

Table 17
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<i>(continued)</i>										
<u>Parks and Recreation</u>										
Volunteer recreation councils	20	20	20	20	21	22	23	22	22	22
Number of P&R volunteers	23,078	23,747	29,574	42,731	32,840	25,115	17,659	18,233	18,870	19,105
Recreation registrations (Calendar year)	75,605	78,587	77,149	69,382	79,169	84,177	87,796	86,055	79,073	Not available
<u>Public Safety</u>										
Number of volunteers - Fire & EMS	1,520	1,520	1,520	1,520	1,483	1,145	1,123	1,169	1,170	1,189
Fire & EMS responses	24,239	28,227	32,132	24,997	26,089	30,952	26,372	26,195	29,704	28,604
Police responses	161,532	160,494	143,618	145,072	145,509	150,711	135,990	137,801	227,027	296,213
911 calls	101,431	102,732	101,959	104,590	106,801	108,865	105,584	99,555	101,915	101,033
Hazardous material incidents	246	304	329	208	175	169	163	210	187	196
EOC activations/exercises	19	16	12	17	15	15	26	30	25	38
Community policing programs	340	376	311	349	314	298	298	139	134	156
Neighborhood watch programs	62	53	39	63	59	24	27	33	38	35
<u>Public Works</u>										
<u>Solid Waste</u>										
Tons of recycled materials	176,865	176,654	187,249	193,487	190,715	165,475	146,800	126,923	10,358	21,184
Tons of solid waste processed	166,029	160,517	143,217	160,742	142,753	141,962	167,500	133,890	140,792	120,509
<u>Highways</u>										
Number of snow routes	73	75	75	75	75	75	75	75	75	75
<u>Social Services/Health</u>										
<u>Transportation</u>										
Annual ridership	281,991	281,991	291,577	305,523	273,712	299,865	355,978	356,770	365,905	359,269
Vehicle miles traveled	737,252	737,252	684,957	772,523	526,957	595,480	709,276	744,346	741,767	769,333
<u>Water & Sewer Operations</u>										
Daily average water consumption in gal.(000)	11,176	11,870	10,500	10,500	11,500	12,100	12,500	12,073	9,800	9,379
Daily average effluent treatment in gal. (000)	12,110	14,000	12,300	12,000	13,000	13,300	12,500	12,073	12,714	12,126
Number of new accounts added	421	477	345	315	384	282	343	312	227	291

Harford County, Maryland

Full-time Equivalent Government Employees by Function (1)

Table 18
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
County Council	19	20	22	22	22	24	22	28	28	27
General Government										
County Executive	7	7	8	8	12	11	11	11	11	4
Administration	93	100	96	106	92	63	64	65	67	49
Procurement	17	20	20	20	19	16	15	14	14	14
Treasury	51	51	51	52	49	47	48	44	44	42
Law	16	16	16	16	15	15	15	16	16	16
Planning & Zoning	40	40	44	44	43	42	42	41	41	38
Human Resources	10	10	11	10	8	8	9	7	7	9
Govt & Community Relations	5	5	5	5	-	-	-	-	-	4
Information & Communication Technology	-	-	-	-	-	26	27	29	29	24
Conservation of Natural Resources	-	-	-	-	-	4	4	4	4	5
Economic Development	14	13	13	12	12	16	17	17	17	22
	253	262	264	273	250	248	252	248	250	227
Judicial										
Judicial	26	28	28	28	29	29	29	29	29	30
State's Attorney	52	53	52	56	56	57	57	59	59	59
	78	81	80	84	85	86	86	88	88	89
Parks and Recreation	83	96	99	105	106	106	104	102	103	94
Public Safety										
Sheriff's Office	498	498	510	511	514	514	515	525	528	535
Emergency Services	91	92	92	92	91	90	92	94	94	91
Inspections, Licenses & Permits	45	45	45	43	40	40	40	39	39	29
	634	635	647	646	645	644	647	658	661	655
Public Works										
Public Works - Administration	26	30	31	32	24	24	24	24	24	30
Public Works - Solid Waste	32	33	33	33	33	33	34	33	33	23
Public Works - Stormwater Management	-	-	-	-	-	-	-	12	12	-
Public Works - Highways	209	217	217	206	206	207	208	196	196	190
Public Works - Water & Sewer	168	169	170	170	170	170	170	171	172	170
	435	449	451	441	433	434	436	436	437	413
Social Services & Health										
Community Services	36	37	37	33	34	36	38	39	40	25
Housing Agency	7	8	8	8	8	6	6	6	7	9
	43	45	45	41	42	42	44	45	47	34
Grand Totals	1,545	1,588	1,608	1,612	1,583	1,584	1,591	1,605	1,614	1,539

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



HARFORD

COUNTY

BARRY GLASSMAN, COUNTY EXECUTIVE

Maryland's New Center of Opportunity

www.harfordcountymd.gov