



HOWARD COUNTY, MARYLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015



Howard County, Maryland

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James M. Irvin
Director of Public Works
Gary W. Kuc
County Solicitor
Valdis Lazdins
Director of Planning and Zoning
Holly Sun
Budget Administrator
Craig Glendenning
County Auditor

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County Executive

Allan H. Kittleman



County Council

Mary Kay Sigaty
Chairperson



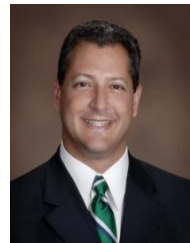
Jon Weinstein
Vice Chairperson



Calvin Ball
Council Member



Greg Fox
Council Member



Jennifer Terrasa
Council Member



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015



Prepared by the Department of Finance

Howard County, Maryland



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County Executive and Council

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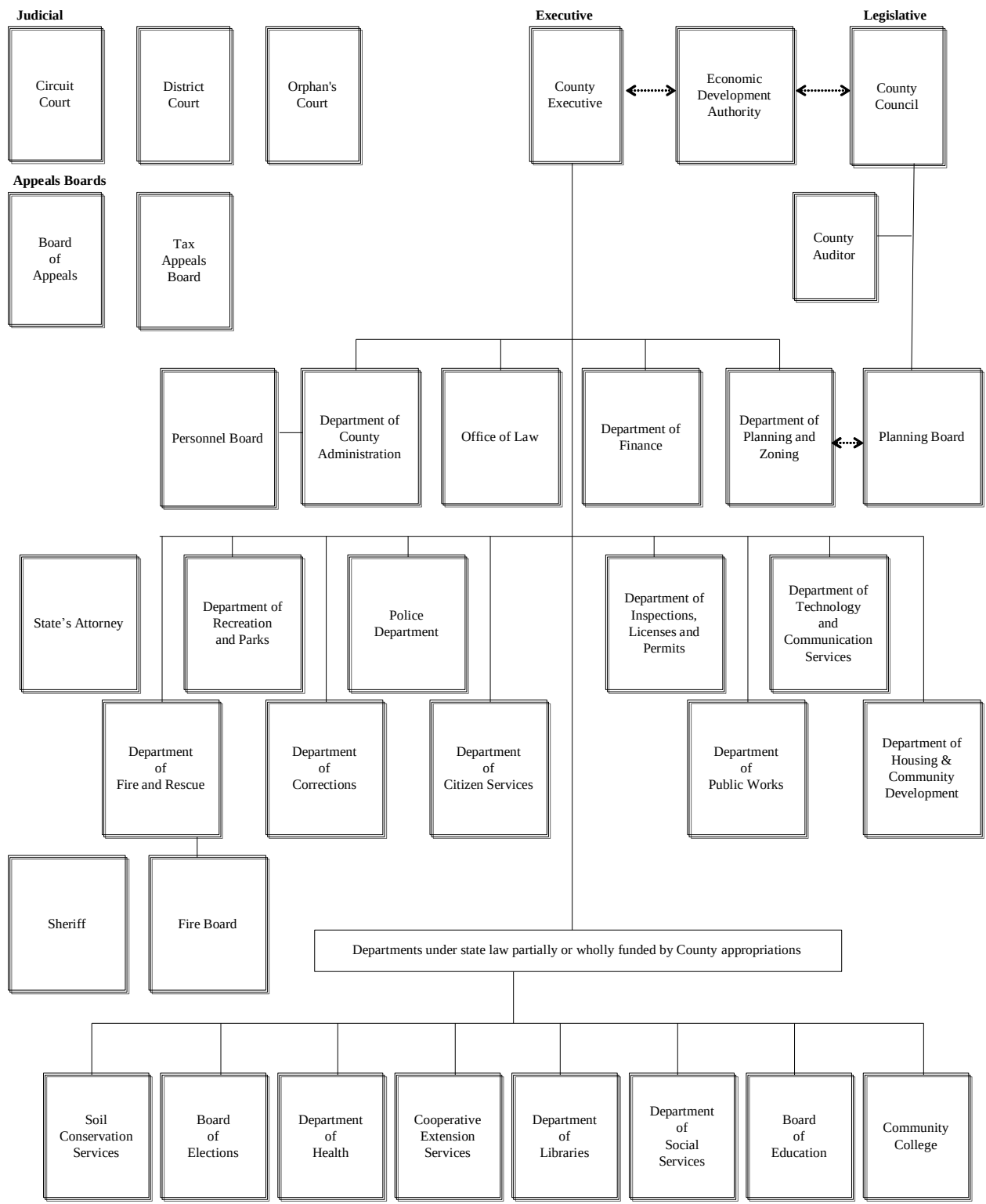
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HOWARD COUNTY GOVERNMENT ORGANIZATIONAL CHART





HOWARD COUNTY DEPARTMENT OF FINANCE

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November 24, 2015

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

Ladies and Gentlemen:

FORMAL TRANSMITTAL OF THE CAFR

The audited Comprehensive Annual Financial Report (CAFR) of Howard County, Maryland (the County) prepared by the Department of Finance for the fiscal year (FY) ended June 30, 2015, is hereby submitted in compliance with Howard County Charter, Section 212 and includes the auditor's opinion issued by the independent public accounting firm of CohnReznick LLP, hired by the County Council. The annual report was prepared by the Howard County Department of Finance in cooperation with the finance departments of the County's component units.

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

CohnReznick LLP licensed certified public accountants performed an independent audit and issued an unmodified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2015. The Independent Auditor's Report is presented as the first element of the Financial Section of this report.

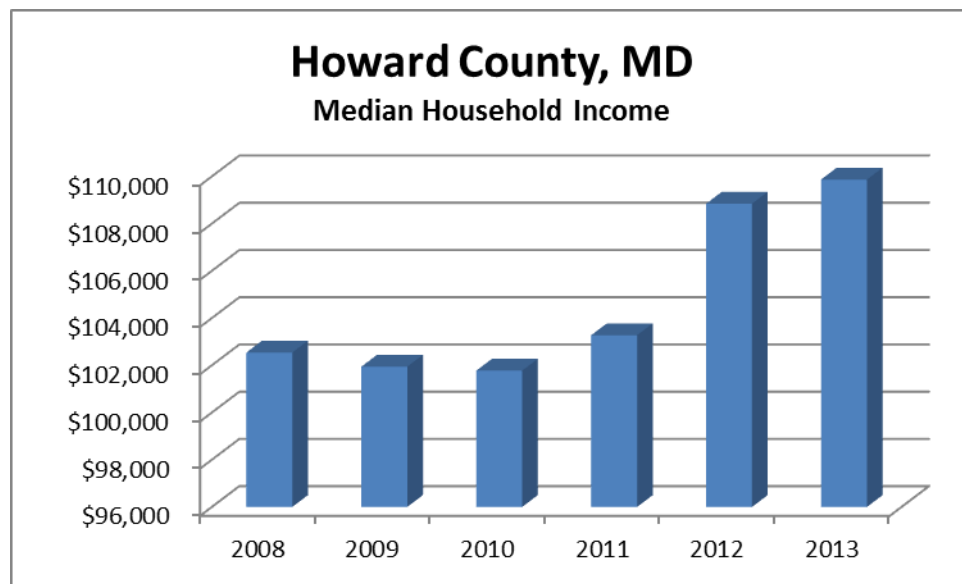
Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with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

PROFILE OF THE GOVERNMENT

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

Located directly between Baltimore, Maryland and Washington, D.C. and at its closest point is less than four miles from the former and 13 miles from the latter, the County is 251 square miles in area. The County was predominantly agricultural in character until 1966, when construction

began on the planned community of Columbia. Columbia is unique for its purposeful goal to be an integrated community at a time before the Fair Housing Act of 1968 made it illegal to discriminate in housing based on race, color, national origin or religion. Howard County is home to approximately 309,284 residents based on estimates by the Maryland Department of Planning. In 2015, Smart Asset ranked Howard County, MD among the top 10 happiest counties in America. The Howard County Library System (HCLS) was named the 2013 Library of the Year by the Library Journal and Gale Cengage Learning. In a 2013 survey, conducted by the Center for Digital Government and the National Association of Counties, Howard County was ranked the eighth most digital county in the nation. In 2012, Howard County was ranked the healthiest Maryland county by the Robert Wood Johnson Foundation and the University of Wisconsin Population Health Institute.



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

COMPONENT UNITS

The County government provides all the local government services as there are no incorporated cities or towns in Howard County. Services provided by the County include police, fire and rescue, sheriff, corrections, public works, planning and zoning, landfill, water and sewer, public housing, and recreation and parks. In addition to general government activities, the governing body has financial accountability for the Howard County Public School System, Howard Community College, the Howard County Public Library, and the Howard County Housing Commission. Therefore, the activities of these entities are included in this annual report. Additional information on all four of these legally separate entities can be found in Note 1A in the Notes to Basic Financial Statements. The financial activities of the Howard County Economic Development Authority, which is also a component unit of the County, are excluded due to immateriality. The Volunteer Fire Districts do not meet the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

BUDGET

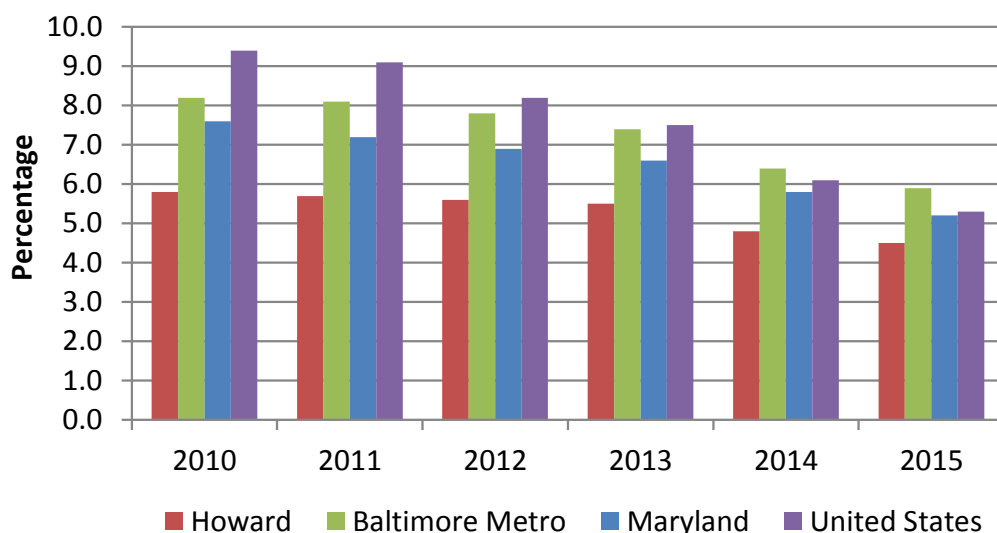
The Howard County budget is a comprehensive plan of all monies spent by County departments and agencies. As required by County law, the budget consists of the current operating expenditure and revenue budget (with five-year spending projections), the capital budget and capital program, and the budget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

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

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

ECONOMIC CONDITION AND OUTLOOK

Howard County continues to have a diverse economic base, taking advantage of a friendly business climate, a highly educated workforce and superb quality of life. It is located in the heart of the corridor between Washington, D.C. and Baltimore. Employment is expected to remain stable and the unemployment rate should continue to remain below the state (5.2%) and national (5.3%) levels as evidenced by the June 2015 rate of 4.5%.



Source: Maryland Department of Labor, Licensing and Regulation

LOCAL ECONOMY

Howard County's ideal geographic location is a major factor in the substantial economic growth across a wide variety of industry sectors. Over 9,554 businesses in Howard County employ 161,970 workers in industries such as information technology, telecommunications, biotechnology, research and development, wholesale distribution, manufacturing, agriculture and in multinational corporations. The service sector is the largest industry in the County, employing 87% of the workforce. In the service industry, government contracts support cybersecurity and information technology programs and will continue to do so with the growth projected at Fort George Meade. Less than two miles outside the County border, Fort Meade is Howard County's largest employer. Although BRAC (Base Realignment and Closure) officially ended in 2011, projections indicate that the on-base workforce could grow by an additional 13,000 to a total of 64,000 by 2020. Approximately 3,000-4,000 of this workforce will be new jobs related to cybersecurity with the potential of an additional 8,920 private sector government contractor positions to support this growth.

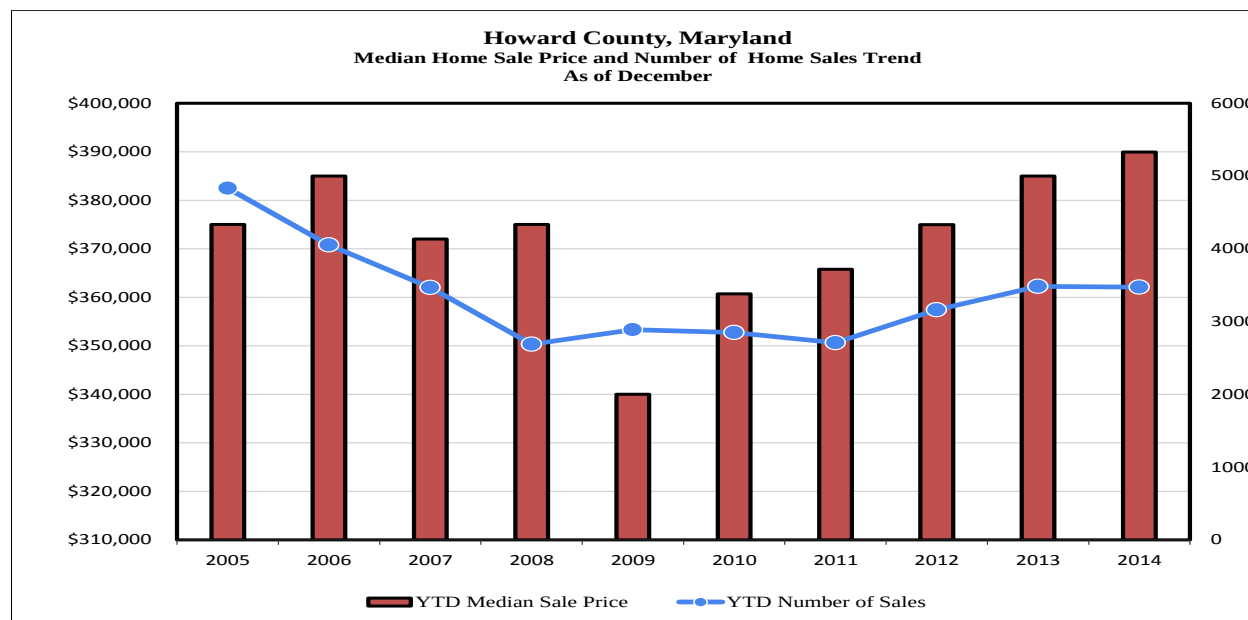
Commercial real estate vacancy rates continue to decline and the average remains under 10% for flex, retail, industrial, and office space. The year-to-date average vacancy rate for 2015 is 7.7%. The average rental rate per square foot for Class A office space currently stands at \$25.52.

FY 2015 property tax collections increased 3.6% above the previous fiscal year. In its FY 2016 budget, Howard County projects a 16.3% increase in property tax collections. One-third of property in the County is assessed each year, with increases in assessed values phased in over 3 years. This triennial assessment of property, the phasing in of assessment increases, and the County's 5% Homestead Property Tax Credit rate help to stabilize the tax base and tax revenues.

Local income tax is the County's other main revenue source. Income tax collection increased by 0.6% when compared to the actual for FY 2014. While there is still positive growth, the reduction in local income tax revenue is due mainly to the fluctuation in the income tax paid on capital gains. The FY 2016 projection for income tax collections represents a 0.3% decrease from what was budgeted in FY 2015 and a 3.1% percent increase over actual collections in FY 2015.

The decline in the real estate market that began in FY 2006 has begun to stabilize in the County and the revenues related to housing activity increased in FY 2015. Recordation tax, a leading indicator of the health of the local real estate market, continues to fluctuate each year and remains 21.6% below the FY 2006 level. FY 2015 Revenue from recordation tax increased 11.9% from the previous fiscal year. The FY 2016 budget projects a 5.8% reduction in recordation tax collections compared to FY 2015.

Another indicator of the continued struggling economy is maintenance of the Federal Funds Rate, at low levels, which limits investment income. Revenue from this source increased 30.3% in FY 2015 yet remains 89% below FY 2008 revenue.



Source: Metropolitan Regional Information Systems Inc.

As a result of continued focus on opportunities to reduce spending and increase efficiencies, the County had a surplus at the end of FY 2015.

Looking forward, overall economic performance is expected to improve slightly in FY 2016. It is anticipated that the FY 2016 gross assessable base of Howard County will increase by 3.4%. Due to decreasing Homestead Tax Credits, the net taxable assessment will increase by approximately 8.5%. This is because the Homestead Tax Credit limits taxable increases on homeowner occupied properties to 5% per year, and despite the decrease in home values most residential properties are still phasing in the pre-2006 housing market increases. Approximately 31% of homeowner occupying properties in Howard County received this credit in FY 2015. The demand for real estate remains strong, especially in the residential resale market, where the average days on market remained stable going from 55 to 58 days between December 2013 and 2014.

MAJOR INITIATIVES

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

LONG TERM FINANCIAL PLANNING

Rainy Day Fund

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

Capital Projects and Debt Administration

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

The County plans long and short-term debt issuance to finance its capital budget based on cash flow needs, sources of revenue, capital construction periods, available financing instruments and

market conditions. The County finances its capital needs on a regular basis dictated by its capital spending pattern. External financial specialists assist the County in developing a bond issuance strategy, preparing bond documents, and marketing bonds to investors. Bonds issued by the County mature over a term that does not exceed the economic life of the improvements that they finance.

The County consolidates general County improvements into Consolidated Public Improvement bonds with a term of up to 20 years and water and sewer improvements into Metropolitan District Bonds with a term of up to 30 years. Debt obligations are generally issued through a competitive sale. However, the County may use a negotiated sale process when it will provide significant savings and/or if the terms of the offering are sufficiently complex that the bond issue might be compromised in a competitive sale.

Spending Affordability Advisory Committee

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

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

FINANCIAL POLICIES

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

Debt Management Policy

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

Investment Policy

The County's investment policy provides for the safety and liquidity of public funds by minimizing credit and market risk while maintaining a competitive yield on the investment portfolio. Investment activities are governed by State laws. Accordingly, the County invests in:

certificates of deposit (Maryland State banks only); repurchase agreements; banker's acceptances; commercial paper; U.S. Government and Federal agency obligations; Treasury and other government mutual funds; and the State of Maryland investment pool. Repurchase agreements and certificates of deposit are subject to the County's collateralization policy.

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

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Howard County, Maryland for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the thirty-ninth consecutive year that the County received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized CAFR. This report satisfied both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

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

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2015. This was the twenty-second consecutive year the County has received this award. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged as proficient in several categories, including as a policy document, a financial plan, an operations guide and a communication device.

A very special thank you to Charisse Antonio, Salomey Awuku, Lori Buchman, Dawit Gebregiorgis, Paul German, Verda Hall, Sean Hollywood, Rafiu Ighile, Anne Keyes, Sherrea Lassiter, Marquia Lewis, Marvin Miller, Angela Moore, Diamond Okojie, Angela Price, Sima Taghavi, Thomas Wall, and Mimi Xu, for their efforts in preparing and publishing this document. Credit also must be given to the County Executive and the County Council for their unwavering support for maintaining the highest standards of professionalism in the management of Howard County's finances.

Respectfully submitted,



Stanley J. Milesky
Director of Finance



OFFICE OF THE COUNTY AUDITOR

Craig Glendenning, CPA
County Auditor

November 24, 2015

CERTIFICATE OF THE COUNTY AUDITOR

The Honorable Allan Kittleman
County Executive

Honorable Members of the County Council

Mary Kay Sigaty, Chairperson
Jon Weinstein, Vice Chairperson
Calvin Ball
Greg Fox
Jennifer Terrasa

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

The independent certified public accounting firm of CohnReznick LLP has been retained by the County Council to assist the County Auditor in the discharge of this responsibility. I hereby certify that the auditing requirements of Article II, Section 212 of the Howard County Charter have been satisfied for the fiscal year ended June 30, 2015. Also, in accordance with the Charter Amendment approved by the voters of Howard County, I will make copies of this report available to the public at the County Auditor's Office and at the Howard County public libraries.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Craig Glendenning", is written over a horizontal line.

Craig Glendenning, CPA
County Auditor



Project SEARCH: An Internship Program

Project SEARCH is an initiative to support employment skills and opportunities for youth with disabilities in their final year of school. This past school year (2014-2015), Howard County Government hosted 12 students who took part in three, 10-week internships in various career paths to help prepare them for the transition from school to the workplace. The onsite training and practical experience allow the students to become more marketable in their job search and access opportunities to be productive in the community. An internationally-based program, Project SEARCH was launched in Howard County in August 2014 by the Arc of Howard County and Howard County Government, in partnership with the Howard County Public School System, the Howard County Autism Society and the Maryland Division of Rehabilitation Services.



Government Finance Officers Association

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

Presented to

**Howard County
Maryland**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Financial Section

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



Independent Auditor's Report

To the County Council
Howard County, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland (the County), as of and for the year ended June 30, 2015, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Howard County Public School System, Howard Community College, or the Howard County Housing Commission, which represent 99.6 percent, 99.8 percent and 98.0 percent, respectively, of the assets, net position, and revenues of the aggregate 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 Howard County Public School System, Howard Community College and the Howard County Housing Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Agricultural Land Preservation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters**Change in Accounting Principle*

As discussed in Notes 1 and 17 to the financial statements, during the year ended June 30, 2015, the County adopted new accounting guidance from Government Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". Our opinion is not modified with respect to this matter.

Correction of Error

As fully described in Note 17 to the financial statements, certain errors were noted which resulted in the restatement of prior year balances.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, supplemental schedules of Changes in the County's Net Pension Liability and Related Ratios and Schedule of County Contributions for both the Howard County Retirement Plan and Howard County Police and Fire Employees' Retirement Plan, and the schedules of funding progress and employer contributions for the Other Post Employment Benefit Trust (OPEB) on pages 3-14 and 73-77 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 and other auditors 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 Howard County Maryland's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, capital assets schedules, long-term debt schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, capital asset schedules and long-term debt schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, capital asset schedules and long-term debt 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 November 24, 2015, on our consideration of Howard County, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Howard County, Maryland's internal control over financial reporting and compliance.



Baltimore, Maryland
November 24, 2015

Management's Discussion and Analysis

As management of Howard County, Maryland (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal (found on pages iii to x of this report). The discussion focuses on the County's primary government and, unless otherwise noted, does not include component units reported separately from the primary government.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$478.1 million. That amount is net of a \$835.1 million unrestricted deficit. The unrestricted deficit occurs because the County issues debt to fund construction costs for the Public School System and the Community College, two of its component units, but does not own the corresponding assets. Debt outstanding for education projects is \$461.0 million and for college projects is \$83.5 million. Public School System ownership of buildings transfers to the County if the assets are no longer needed for educational purposes. The current net value of the Public School System's buildings and improvements and construction in progress is \$1.086 billion. The unrestricted deficit was further increased in the current fiscal year by \$101.9 million due to the implementations of 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" in recording the beginning net pension liability and the beginning deferred outflow of resources, contributions subsequent to the measurement date, for the defined benefit pension plans.
- The \$4.9 million increase in the government's total net position is primarily due to an increase of \$40.9 million in capital grants and contributions offset by an increase of \$31.2 million in the County's funding of education expenses (Public School System 3.6% and Community College 26.0%).
- The County's property tax revenues increased this year by \$19.7 million, or 3.6%, due to rising property values.
- Approximately 49.1% of the total governmental fund balance, \$126.2 million, is available to meet the County's current and future needs as mandated by the appropriate level of authority within the County and is properly designated as committed, assigned and unassigned. Available fund balance for the General Fund is \$99.6 million, or 10.1% of total General Fund expenditures.
- At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$256.9 million, a decrease of about \$18.3 million in comparison with the prior year. Specifically, the fund balance of the General Fund decreased by \$18.6 million due to expenditures for one-time initiatives of about \$37.7 million.
- The reserve for the budget stabilization account balance is \$61.3 million, an increase of \$2.0 million or 6.2% of fiscal year 2015 general fund expenditures. That balance meets the target set by the County Charter (7% of fiscal year 2013 expenditures). We have reached that target and assigned \$6.1 million for subsequent years' budget stabilization. The County is committed to meeting this mandated target in future years.
- The County's total long-term debt increased by \$75.8 million (5.5%) during the current fiscal year. The major factors in this increase were the issuance of \$184.2 million in Consolidated Public Improvement (CPI) Project Bonds, and \$31.0 million in Metropolitan (Metro) District Project Bonds. The County refunded \$87.3 million in CPI bonds and \$4.2 million in Metro bonds and retired \$58.7, \$9.6, and \$3.3 million of CPI, Metro, and Water Quality Bonds, respectively. The County also retired \$450,000 of Special Facility Revenue bonds.

Overview of the Financial Statements

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

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

The first government-wide statement is the *Statement of Net Position*. This is the Countywide position presenting information that includes all County assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Evaluations of the overall health of the County would extend to other non-financial factors such as diversification of the taxpayer base or the condition of County infrastructure in addition to the financial information provided in this report.

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

Both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, public works (roads, trash collection and disposal, planning and zoning, inspections and permits), legislative and judicial, education, community services (health, housing, aging, and consumer protection), recreation and parks and state highways. The business-type activities of the County include the operations of water and sewer services, watershed restoration and protection services, broadband services, and a public golf course. Fiduciary activities, such as employee pension plans, are not included in the government-wide statements since these assets are not available to fund County programs.

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

The government-wide financial statements are located on pages 15-16 of this report.

Fund financial statements. A *fund* is an accountability unit used to maintain control over resources that have been segregated for specific activities or objectives. State and local governments use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregate presentation. Individual fund data for non-major funds is provided in the form of combining statements in a latter section of this report.

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

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

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

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

The basic governmental fund financial statements are located on pages 17-22 of this report.

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

Proprietary funds provide both long- and short-term financial information consistent with the focus provided by the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, which is a major fund of the County, and combined fund information for the watershed restoration and protection services, broadband services, and golf course operations, which are all non-major funds of the County. Conversely, all internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary funds financial statements are located on pages 23-25 of this report.

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

The basic fiduciary funds financial statements are located on pages 26-27 of this report.

The component unit financial statements are located on pages 28-29 of this report.

Notes to basic financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to Basic Financial Statements are located immediately after the Basic Financial Statements on pages 31-72.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning management's discussion and analysis and the County's progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees. Required supplementary information is located on pages 73-77 of this report.

The combining statements referred to earlier in connection with the general fund, non-major governmental funds, enterprise funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information on pensions and are considered to be supplementary information. Combining and individual fund statements and schedules start on page 79 of this report.

Detailed capital asset schedules for governmental and proprietary funds are located on pages 117-119. Schedules providing additional long-term debt detail start on page 121. The Statistical Section begins on page 127.

Government-Wide Financial Analysis

Over time, changes in net position serve as a useful indicator of a government's financial position. Howard County's assets exceeded liabilities by \$478.1 million at the close of the most recent fiscal year.

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

Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. It is important to note that although counties in the State of Maryland issue debt for the construction of schools, the school buildings are owned by each county's Public School System. Ownership reverts to the County if the local board determines a building is no longer needed. The County also funds projects for the Howard Community College and for intersection improvements to state-owned roads. As of June 30, 2015, debt outstanding for education projects is \$461.0 million and for college projects is \$83.4 million. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. The negative unrestricted governmental activities' net position of \$942.9 million reflects the imbalance of liabilities without corresponding assets as well as the County's Net OPEB Obligation of \$380.9 million and net pension liability of \$108.3 million.

An additional portion of the County's net position (\$148.6 million or 31.1%) represents resources subject to external restrictions on their usage.

Summary of Net Position

	Governmental activities		Business-type activities		Total	
	2015	2014 *	2015	2014 *	2015	2014 *
Current and other assets	\$ 413,457,438	453,874,324	229,953,008	207,990,610	643,410,446	661,864,934
Capital assets	1,278,485,133	1,246,188,898	650,091,872	617,328,226	1,928,577,005	1,863,517,124
Deferred outflows of resources	60,507,064	2,456,011	1,902,096	313,456	62,409,160	2,769,467
Total assets	1,752,449,635	1,702,519,233	881,946,976	825,632,292	2,634,396,611	2,528,151,525
Long-term liabilities						
outstanding	1,732,641,789	1,633,401,023	282,322,655	265,225,392	2,014,964,444	1,898,626,415
Other liabilities	68,915,727	108,880,965	19,209,628	32,092,009	88,125,355	140,972,974
Deferred inflows of resources	39,090,522	286,369	14,142,576	15,082,671	53,233,098	15,369,040
Total liabilities	1,840,648,038	1,742,568,357	315,674,859	312,400,072	2,156,322,897	2,054,968,429
Net position:						
Invested in capital assets						
net of related debt	754,407,588	755,904,065	410,168,067	349,976,408	1,164,575,655	1,105,880,473
Restricted	100,314,009	109,207,649	48,241,852	48,248,364	148,555,861	157,456,013
Unrestricted	(942,920,000)	(905,160,839)	107,862,198	115,007,448	(835,057,802)	(790,153,391)
Total net position	\$ (88,198,403)	(40,049,125)	566,272,117	513,232,220	478,073,714	473,183,095

* Restated for change in accounting principles and prior period adjustments (see Note 17).

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

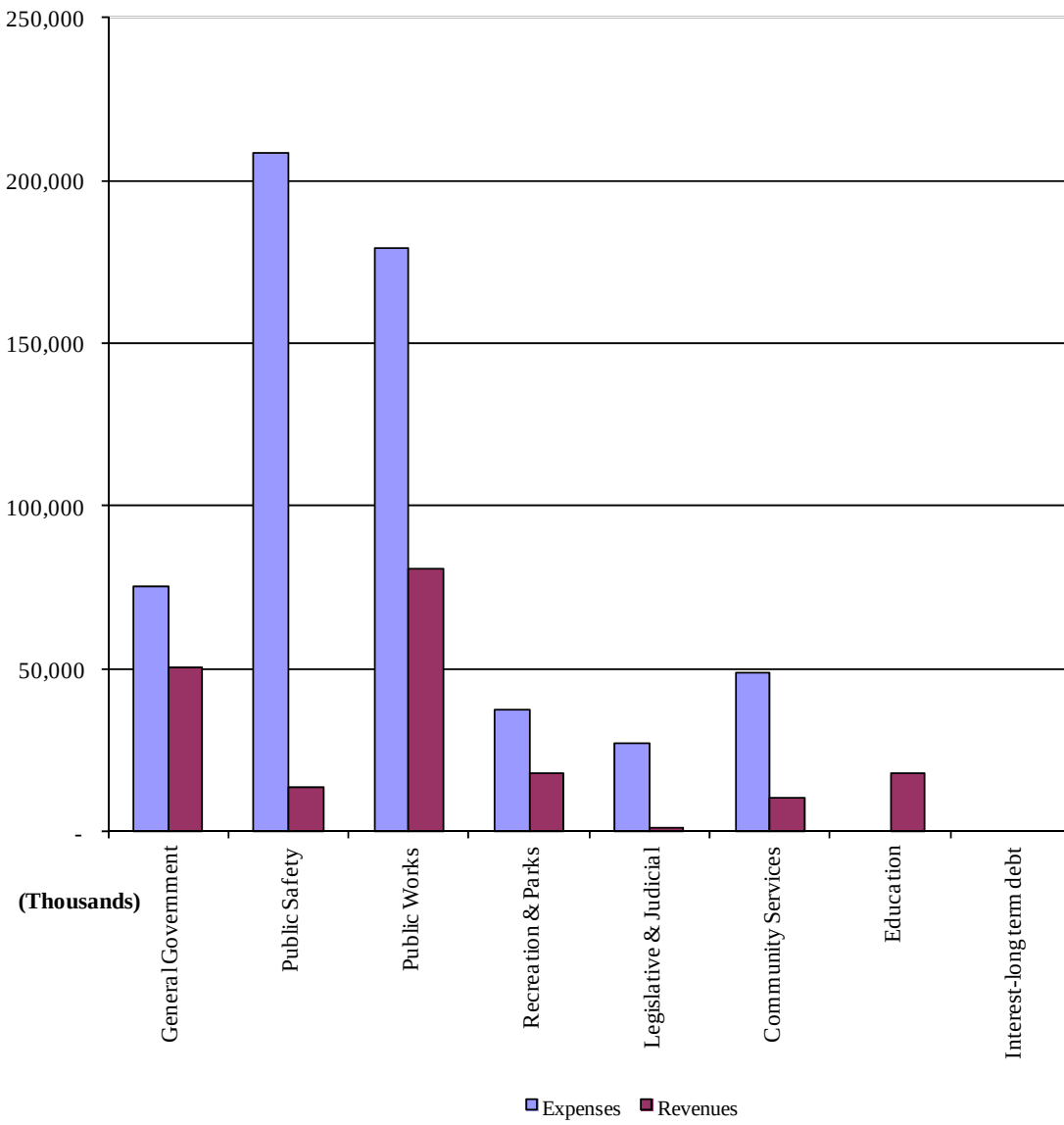
Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 131,344,856	122,339,823	78,262,419	71,952,481	209,607,275	194,292,304
Operating grants and contributions	39,108,209	33,472,335	30,010,057	29,196,783	69,118,266	62,669,118
Capital grants and contributions	21,596,604	10,215,527	40,854,015	11,361,621	62,450,619	21,577,148
General revenues						
Property taxes	559,405,539	539,731,584	-	-	559,405,539	539,731,584
Local income taxes	412,674,188	400,455,701	-	-	412,674,188	400,455,701
Other taxes	68,300,957	61,035,196	-	-	68,300,957	61,035,196
Other	5,364,462	4,800,305	11,351,790	135,292	16,716,252	4,935,597
Total revenues	1,237,794,815	1,172,050,471	160,478,281	112,646,177	1,398,273,096	1,284,696,648
Expenses						
General government	75,558,318	104,520,136	-	-	75,558,318	104,520,136
Public safety	208,298,711	198,590,882	-	-	208,298,711	198,590,882
Public works	179,349,488	148,889,651	-	-	179,349,488	148,889,651
Recreation and parks	37,193,427	35,764,376	-	-	37,193,427	35,764,376
Legislative and judicial	27,110,955	23,259,531	-	-	27,110,955	23,259,531
Community services	48,650,488	45,311,763	-	-	48,650,488	45,311,763
State highways	763,353	6,634,669	-	-	763,353	6,634,669
Education	669,067,653	637,839,632	-	-	669,067,653	637,839,632
Interest on long-term debt	43,648,543	50,489,693	-	-	43,648,543	50,489,693
Water & Sewer	-	-	97,764,211	98,795,678	97,764,211	98,795,678
Other	-	-	5,977,330	3,094,253	5,977,330	3,094,253
Total expenses	1,289,640,936	1,251,300,333	103,741,541	101,889,931	1,393,382,477	1,353,190,264
Increase (decrease) in net position	(51,846,121)	(79,249,862)	56,736,740	10,756,246	4,890,619	(68,493,616)
Transfers	3,696,843	7,345,000	(3,696,843)	(7,345,000)	-	-
Increase (decrease) in net position	(48,149,278)	(71,904,862)	53,039,897	3,411,246	4,890,619	(68,493,616)
Net position beginning	36,049,061	107,953,923	515,183,757	511,772,511	551,232,818	619,726,434
Adjustment to restate net assets	(76,098,186)	-	(1,951,537)	-	(78,049,723)	-
Net position ending	\$ (88,198,403)	36,049,061	566,272,117	515,183,757	478,073,714	551,232,818

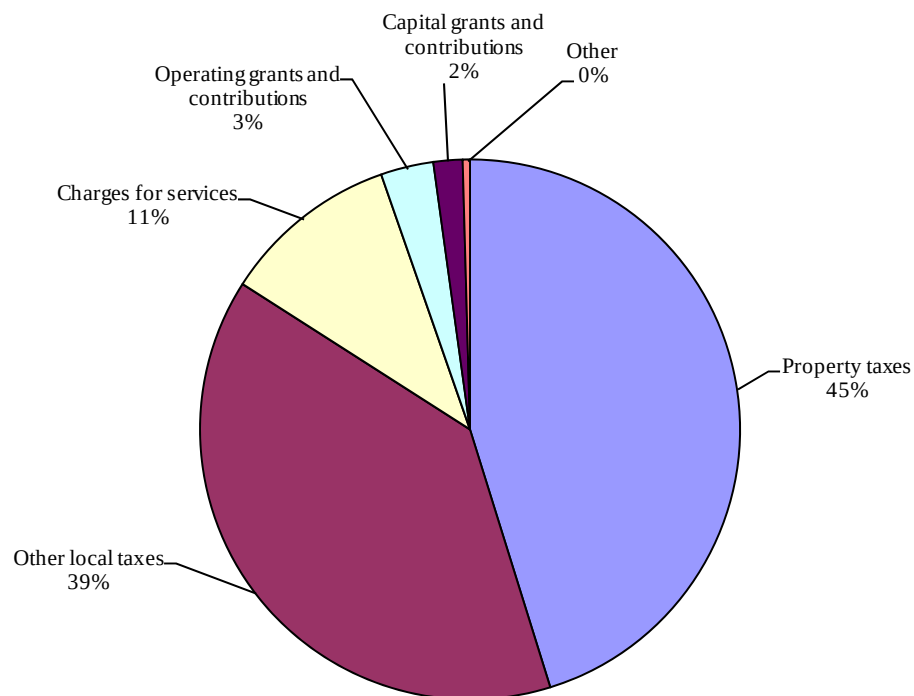
Governmental activities. Governmental activities decreased the County's net position by \$48.1 million. Key elements of this decrease are as follows:

- Expenses increased by \$25.7 million for additional Net OPEB obligation.
- Education expenses increased by \$31.2 million: \$21.0 million for the Public School System, \$9.3 million for the Community College, and \$0.9 million for the Library.
- Contributions to the OPEB Trust increased by \$3.0 million.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities

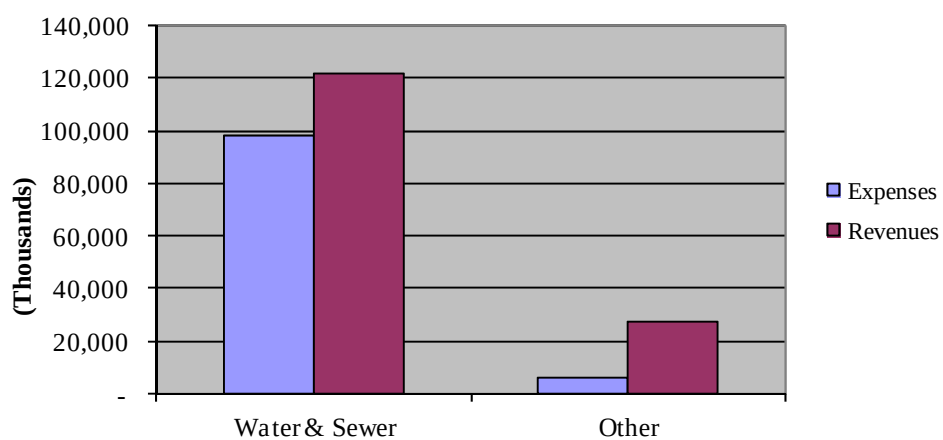


Business-type activities. Business-type activities increased the County's net position by \$53.0 million. The components of this increase are as follows:

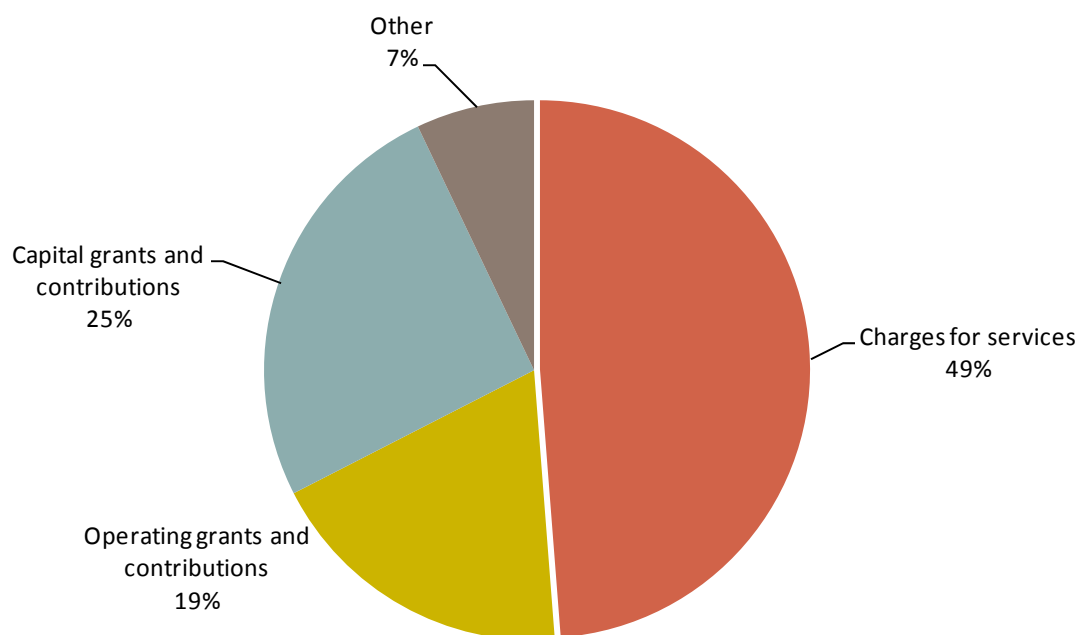
- Charges for services increased by \$6.3 million due to a 9% rate increase for water and sewer usage and the establishment of a charge for broadband services.
- Operating grants and contributions, which totaled \$30.0 million, represent an annual ad valorem fee levied on all properties within the water and sewer service district. This charge is used primarily to fund debt service payments and pay-as-you-go funding on capital projects.
- \$40.9 million was received in capital contributions. This revenue includes the value of broadband fiber and infrastructure that was created through a capital project and transferred to the broadband enterprise fund, as well as water and sewer lines constructed by developers and donated at no cost to the County. The County pays for additional water and sewer lines built by developers through a rebate process. Capital contributions also include front foot revenues assessed to properties connected to the water and sewer system. These front foot revenues fund the debt issued to pay developer rebates. Effective July 1, 2004, the County has not entered into any new rebate contracts. Developers pay for those improvements and are still required to donate the assets to the County. Overall, capital grants and contributions increased by \$29.5 million from fiscal year 2014.
- Expenses increased by \$1.9 million mainly due to the establishment of the broadband services fund and increased activity in the watershed protection and restoration fund due to a full year's operations.

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

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$256.9 million, a decrease of \$18.3 million in comparison with the prior year. Of this fund balance, \$30.3 million is nonspendable, \$99.7 million is restricted by enabling legislation, \$96.8 million is committed by the County, at the highest level of authority, \$98.4 million is assigned, and (\$68.4) million is deficit unassigned fund balance.

The general fund is the chief operating fund of the County. At fiscal year-end, the total General Fund fund balance is \$107.7 million, \$18.6 million or 14.7% less than the prior year, due to expenditures for one-time initiatives of about \$37.7 million.

The \$68.5 million total fund balance of the Agricultural Land Preservation Fund is a \$119 thousand increase from the prior year. The increase is the result of an increase in transfer tax revenue.

The general capital projects fund is used to track the construction of general county buildings. The fund balance is a \$32.0 million deficit. This is a timing issue due to capital project expenditures occurring before revenues are recognized.

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

All assets in the Water and Sewer Proprietary Fund, except those available to fund current liabilities, are considered restricted because a change in the County charter is required to allow these assets to be used for other purposes. Net position of the water and sewer operations at fiscal year-end was \$538.7 million. Net position of the Water and Sewer Proprietary Fund increased \$35.0 million due to a 9% rate increase in the charges for services and an increase in capital contributions.

General Fund Budgetary Highlights

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

The County spent \$14.5 million less than the budget due to an anticipated shortfall in income tax revenue, which fell short by \$14.2 million. Total debt service final budget amounts compared to expenditures and encumbrances for the fiscal year show a favorable variance of \$1.5 million, as interest expense on variable-rate debt was budgeted high to allow for increases in interest rates during the year.

Capital Assets and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2015 is \$1.9 billion (net of accumulated depreciation). Capital assets include land, easements, buildings, improvements, machinery and equipment, park facilities, sidewalks, roads, highways, bridges, water and sewer lines, and stormwater management systems. The total increase in the County's investment in capital assets for the current fiscal year was 3.1% (a 2.0% increase for governmental activities and a 5.3% increase for business-type activities).

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

- \$12.9 million for additions to the Savage and Miller libraries
- \$10.4 million for completion of phase I of Troy Park
- \$4.9 million in land acquisitions for several properties, including the Long Reach Village Center
- \$3.7 million for improvements to the infrastructure in the Little Patuxent sewer interceptor

- \$3.5 million for the purchase of emergency generators for the Little Patuxent Water Reclamation Plant

Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land and land improvements	\$ 561,210,188	554,238,198	11,400,277	11,377,100	572,610,465	565,615,298
Buildings	262,587,231	235,163,726	162,339,091	166,778,671	424,926,322	401,942,397
Improvements other than buildings	110,960,984	102,463,963	30,938,418	27,117,444	141,899,402	129,581,407
Equipment	57,539,433	52,598,661	9,077,414	5,280,027	66,616,847	57,878,688
Infrastructure	235,572,409	236,996,116	410,214,378	374,192,739	645,786,787	611,188,855
Construction in progress	50,614,888	64,728,234	26,122,294	32,582,245	76,737,182	97,310,479
Total capital assets	\$1,278,485,133	1,246,188,898	650,091,872	617,328,226	1,928,577,005	1,863,517,124

Additional information on the County's capital assets are located in Note 6 on pages 47-48 of this report.

Long-term debt. At the end of the current fiscal year, the County had total long-term debt outstanding of \$1.4 billion. Of this amount, \$1.1 billion comprises debt backed by the full faith and credit of the government. The remainder of the County's debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds).

Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 1,035,280,459	989,034,698	238,963,476	220,641,739	1,274,243,935	1,209,676,437
State water quality loan	2,475,000	2,830,000	27,678,601	30,930,315	30,153,601	33,760,315
Tax increment financing bonds	17,000,000	17,000,000	-	-	17,000,000	17,000,000
Agricultural land preservation program	96,626,177	95,628,635	-	-	96,626,177	95,628,635
Special facility revenue bonds	-	-	4,133,000	4,583,000	4,133,000	4,583,000
Other	17,893,604	5,062,113	1,461,969	49,308	19,355,573	5,111,421
Total outstanding debt	\$1,169,275,240	1,109,555,446	272,237,046	256,204,362	1,441,512,286	1,365,759,808

The County's total long-term debt increased by \$75.8 million (5.5%) during the current fiscal year. The major factors in this increase were the issuance of \$184.2 million in Consolidated Public Improvement (CPI) Project Bonds and \$31.0 million in Metropolitan (Metro) District Project Bonds. The County refunded \$87.3 million in CPI bonds and \$4.2 million in Metro bonds and retired \$58.7, \$9.6, and \$3.3 million of CPI, Metro, and Water Quality Bonds, respectively. The County also retired \$450,000 of Special Facility Revenue bonds. The County maintains an "AAA" rating from both Standard & Poor's and Fitch Ratings, and an "Aaa" rating from Moody's Investors Service for general obligation debt.

Local statutes limit the amount of general obligation debt a governmental entity may issue to 4.8% of its total assessed valuation. The current debt limitation for the County is \$2.2 billion, which is significantly more than the County's outstanding general obligation debt at fiscal year-end.

Additional information on the County's long-term debt is located in Note 7 starting on page 49 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- The June 2015 unemployment rate for the County was 4.5% (the low was 3.8% in December 2014). This compares favorably to the state's unemployment rate of 5.2% and the national rate of 5.3% for the same period. The County's rate was 2.3% in April 2008.
- The occupancy rate for commercial space as of June 2015 was 92.3%, up from 91.3% a year ago. Howard County had 1,189,558 total rentable building area (RBA) during this fiscal year.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2016 fiscal year.

The fiscal year 2016 general fund budget is \$15.2 million or 1.5% less than the fiscal year 2015 budget. This decrease is the result of a \$12.5 million decrease in pay-as-you-go funding of capital projects

The County's property tax and income tax rates remained the same for fiscal year 2016. The Building Excise Tax (used to fund road expansion) rate was increased 1.7% (based on the Baltimore Cost Index). Water and Sewer charges remained the same for fiscal year 2016, as well as the annual refuse and recycling fees and the water and sewer ad valorem.

Currently Known Facts, Decisions and Conditions

The County is anticipating to break-even in fiscal year 2016, although fiscal year 2016 income tax received through October 2015 is down 16.0% compared to fiscal year 2015 in the same period. All other major revenue sources are on budget for fiscal year 2016.

Requests for Information

This financial report is designed to provide a general overview of Howard County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information can be addressed to the Department of Finance, 3430 Court House Drive, Ellicott City, Maryland 21043 (410) 313-2195 or e-mailed to smilesky@howardcountymd.gov. Complete financial reports are also available on our website: www.howardcountymd.gov.



Fire and Rescue's Pump-A-Thon at Family Wellness Day

Howard County Family Wellness Day is more than a health fair. It is a high energy, get active, get educated event that promotes health and wellness in the broadest sense. One of the educational pieces featured at Family Wellness Day is Howard County's Department Fire and Rescue Services' 2Hands4Life Pump-A-Thon. Over the past four years, several hundred participants have stepped up to the challenge and learned hands-only CPR. When an individual – it doesn't matter the age – suffers from a sudden cardiac arrest, their chances of survival can double or triple if they receive CPR immediately. Through its Pump-A-Thon and other Hands-Only CPR courses offered throughout the year, Fire and Rescue hopes to train all county residents on this lifesaving technique.



Basic Financial Statements

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

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



Howard County, Maryland

Statement of Net Position

June 30, 2015

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Equity in pooled cash and cash equivalents	\$ 193,574,002	19,625,854	213,199,856	66,164,617
Cash and securities with fiscal agents	4,117,137	-	4,117,137	-
Investments	52,717,251	-	52,717,251	98,332,163
Receivables:				
Property taxes, net	4,364,496	264,610	4,629,106	-
Due from other governments	102,540,322	27,635,759	130,176,081	25,845,792
Service billings	-	13,663,358	13,663,358	-
Due from component units	14,587,786	-	14,587,786	-
Other	23,325,898	10,313	23,336,211	4,839,829
Materials and supplies	2,268,759	880,364	3,149,123	2,051,581
Prepays	666,557	-	666,557	1,490,936
Restricted assets:				
Equity in pooled cash and cash equivalents	-	117,978,049	117,978,049	9,874,775
Water & sewer assessments receivable	-	5,758,083	5,758,083	-
Other receivables	-	-	-	6,005,402
Internal balances	(1,866,110)	1,866,110	-	-
Other assets	9,500,000	-	9,500,000	-
Other non-current receivables	7,661,340	-	7,661,340	-
Capital assets:				
Land and land improvements	561,210,188	11,400,277	572,610,465	90,959,211
Construction in progress	50,614,888	26,122,294	76,737,182	220,675,966
Buildings and improvements, net	373,548,215	193,277,509	566,825,724	1,150,381,915
Machinery and equipment, net	57,539,433	9,077,414	66,616,847	19,040,366
Infrastructure, net	235,572,409	410,214,378	645,786,787	-
Other capital assets	-	-	-	5,588,338
Other non-current assets	-	42,270,508	42,270,508	10,414,002
Total assets	1,691,942,571	880,044,880	2,571,987,451	1,711,664,893
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding amount	3,562,214	268,190	3,830,404	-
Grant paid in advance of time requirements met	-	45,031	45,031	-
Changes in actuarial assumptions for pensions	21,815,509	625,131	22,440,640	1,559,767
Pension contributions made subsequent to measurement date	35,129,341	963,744	36,093,085	4,916,099
Total deferred outflows of resources	60,507,064	1,902,096	62,409,160	6,475,866
Total assets and deferred outflows of resources	1,752,449,635	881,946,976	2,634,396,611	1,718,140,759
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	27,065,903	12,990,738	40,056,641	112,069,222
Accrued interest payable	16,427,033	3,432,592	19,859,625	-
Accrued wages and benefits	12,451,129	532,695	12,983,824	1,926,405
Deposits	5,791,474	1,620,641	7,412,115	719,945
Due to primary government	-	-	-	7,092,557
Unearned revenues	7,180,188	632,962	7,813,150	18,556,263
Noncurrent liabilities:				
Due within one year	77,128,106	13,629,283	90,757,389	9,471,574
Due in more than one year, net	1,655,513,683	268,693,372	1,924,207,055	204,944,408
Total liabilities	1,801,557,516	301,532,283	2,103,089,799	354,780,374
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	30,736	-	30,736	-
Deferred assessments	-	12,893,781	12,893,781	-
Pension investment earnings greater than projected	39,059,786	1,248,795	40,308,581	4,186,967
Interest rate swap	-	-	-	211,384
Total deferred inflows of resources	39,090,522	14,142,576	53,233,098	4,398,351
Total liabilities and deferred inflows of resources	1,840,648,038	315,674,859	2,156,322,897	359,178,725
NET POSITION				
Net investment in capital assets	754,407,588	410,168,067	1,164,575,655	1,328,267,533
Restricted for:				
Public school facilities	11,276,759	-	11,276,759	10,709,837
Public road facilities	53,036,954	-	53,036,954	-
Forest conservation	3,793,712	-	3,793,712	-
Fire & rescue services	18,635,033	-	18,635,033	-
Parkland watershed facilities	6,535,826	-	6,535,826	-
Program open space	408,286	-	408,286	-
Program revenue	590,147	-	590,147	-
Storm water construction	164,002	-	164,002	-
Speed enforcement	507,811	-	507,811	-
Catalyst loan program	349,386	-	349,386	-
Middle Patuxent environmental area program	20,338	-	20,338	-
Economic Development Initiatives	878,618	-	878,618	-
Tax increment financing project	4,117,137	-	4,117,137	-
Debt service	-	48,241,852	48,241,852	5,380,747
Unrestricted	(942,920,000)	107,862,198	(835,057,802)	14,603,917
Total net position	\$ (88,198,403)	566,272,117	478,073,714	1,358,962,034

Howard County, Maryland

Statement of Activities

For the Year Ended June 30, 2015

16

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Units
					Governmental Activities	Business-Type Activities		
Primary government:								
Governmental activities:								
General government	\$ 75,558,318	40,365,252	10,110,716	189,468	(24,892,882)	-	(24,892,882)	-
Public safety	208,298,711	10,574,437	2,939,112	-	(194,785,162)	-	(194,785,162)	-
Public works	179,349,488	48,319,370	20,653,817	11,760,592	(98,615,709)	-	(98,615,709)	-
Recreation and parks	37,193,427	17,471,881	49,084	196,150	(19,476,312)	-	(19,476,312)	-
Legislative and judicial	27,110,955	785,635	391,595	-	(25,933,725)	-	(25,933,725)	-
Community services	48,650,488	5,471,875	4,963,885	-	(38,214,728)	-	(38,214,728)	-
State highways	763,353	-	-	-	(763,353)	-	(763,353)	-
Education	669,067,653	8,356,406	-	9,450,394	(651,260,853)	-	(651,260,853)	-
Interest on long-term debt	43,648,543	-	-	-	(43,648,543)	-	(43,648,543)	-
Total governmental activities	1,289,640,936	131,344,856	39,108,209	21,596,604	(1,097,591,267)	-	(1,097,591,267)	-
Business-type activities:								
Water and sewer	97,764,211	64,133,085	30,010,057	27,513,178	-	23,892,109	23,892,109	-
Other	5,977,330	14,129,334	-	13,340,837	-	21,492,841	21,492,841	-
Total business-type activities	103,741,541	78,262,419	30,010,057	40,854,015	-	45,384,950	45,384,950	-
Total primary government	1,393,382,477	209,607,275	69,118,266	62,450,619	(1,097,591,267)	45,384,950	(1,052,206,317)	-
Component units:								
Public school system	929,647,143	15,261,029	145,645,494	78,090,043	-	-	-	(690,650,577)
Community college	109,547,645	38,608,241	893,331	14,148,877	-	-	-	(55,897,196)
Library	22,275,074	956,848	-	-	-	-	-	(21,318,226)
Housing commission	39,890,273	12,377,712	2,888,691	10,249,097	-	-	-	(14,374,773)
Total component units	\$ 1,101,360,135	67,203,830	149,427,516	102,488,017	-	-	-	(782,240,772)
General revenues:								
Property taxes					\$ 559,405,539	-	559,405,539	579,765,689
Local income taxes					412,674,188	-	412,674,188	-
Transfer tax					30,964,190	-	30,964,190	-
Recordation tax					21,239,512	-	21,239,512	-
Building excise tax					7,369,817	-	7,369,817	-
Hotel / motel tax					4,953,775	-	4,953,775	-
Admission tax					2,986,473	-	2,986,473	-
County development tax					162,316	-	162,316	-
Mobile home tax					624,874	-	624,874	-
Intergovernmental, unrestricted					1,553,636	-	1,553,636	230,430,443
Unrestricted investment income					2,840,722	242,826	3,083,548	536,204
Miscellaneous					970,104	11,108,964	12,079,068	14,007,072
Transfers					3,696,843	(3,696,843)	-	-
Total general revenues					1,049,441,989	7,654,947	1,057,096,936	824,739,408
Change in net position					(48,149,278)	53,039,897	4,890,619	42,498,636
Net position - beginning of year, as previously reported					36,049,061	515,183,757	551,232,818	1,352,156,684
Adjustment to beginning net position					(76,098,186)	(1,951,537)	(78,049,723)	(35,693,286)
Net position - beginning of year, as restated					(40,049,125)	513,232,220	473,183,095	1,316,463,398
Net position - ending					\$ (88,198,403)	566,272,117	478,073,714	1,358,962,034

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

Howard County, Maryland

Balance Sheet

Governmental Funds

June 30, 2015

	General	Agricultural Land Preservation Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and cash equivalents	\$ 73,825,115	14,226,341	-	85,887,631	173,939,087
Cash with fiscal agent	-	-	4,117,137	-	4,117,137
Receivables:					
Property taxes, net	3,568,342	-	-	796,155	4,364,497
Due from other governments	83,003,879	1,545,716	2,530,735	15,459,992	102,540,322
Due from other funds	3,060,658	-	-	33,643,243	36,703,901
Due from component units	7,495,229	-	7,092,557	-	14,587,786
Other	1,556,421	-	1,277,734	3,426,115	6,260,270
Prepaids	342,278	-	-	324,279	666,557
Investments	-	52,717,251	-	-	52,717,251
Economic development loans	-	-	-	268,747	268,747
Housing loans	-	-	-	13,872,925	13,872,925
Other assets	9,500,000	-	-	-	9,500,000
Materials and supplies	302,672	-	-	607,562	910,234
Total assets	182,654,594	68,489,308	15,018,163	154,286,649	420,448,714
LIABILITIES					
Due to other funds	-	-	25,548,595	11,155,306	36,703,901
Accounts payable / accrued liabilities	1,665,213	-	12,157,566	11,309,686	25,132,465
Accrued wages and benefits	8,204,409	5,071	3,494	3,657,466	11,870,440
Deposits and connection fees	5,411,432	-	-	380,042	5,791,474
Unearned revenue	-	-	85,008	7,000,125	7,085,133
Total liabilities	15,281,054	5,071	37,794,663	33,502,625	86,583,413
DEFERRED INFLOWS OF RESOURCES					
Unavailable income taxes	54,674,678	-	-	-	54,674,678
Unavailable property taxes	3,214,556	-	-	582,489	3,797,045
Unavailable fees	1,765,010	-	1,264,000	2,467,747	5,496,757
Unavailable grant revenues	-	-	7,940,888	5,065,518	13,006,406
Prepaid taxes	30,736	-	-	-	30,736
Total deferred inflows	59,684,980	-	9,204,888	8,115,754	77,005,622
Total liabilities and deferred inflows	74,966,034	5,071	46,999,551	41,618,379	163,589,035
FUND BALANCES					
Nonspendable:					
Inventory	302,671	-	-	607,562	910,233
Prepaid items	342,278	-	-	324,279	666,557
Long-term receivables:					
Noncurrent economic development loans	-	-	-	268,747	268,747
Noncurrent housing loans	-	-	-	13,872,925	13,872,925
Due from component units	7,495,229	-	7,092,557	-	14,587,786
Restricted for:					
Catalyst loan program	-	-	-	349,386	349,386
Economic development initiative	-	-	-	878,618	878,618
Fire & rescue services	-	-	-	18,635,033	18,635,033
Forest conservation	-	-	-	3,793,712	3,793,712
Middle Patuxent environmental area program	-	-	-	20,338	20,338
Parkland watershed facilities	-	-	-	6,535,826	6,535,826
Program open space	-	-	-	408,286	408,286
Program revenue	-	-	-	590,147	590,147
Public road facilities	-	-	-	53,036,954	53,036,954
Public school facilities	-	-	11,276,759	-	11,276,759
Speed enforcement	-	-	-	507,811	507,811
Storm water construction	-	-	-	164,002	164,002
Tax increment financing project	-	-	4,117,137	-	4,117,137
Committed for:					
Budget stabilization account	61,260,575	-	-	-	61,260,575
Agricultural land preservation	-	9,524,293	-	-	9,524,293
Community renewal programs	-	-	-	4,100,798	4,100,798
Environmental services	-	-	-	14,822,272	14,822,272
Health department	-	-	-	1,397,623	1,397,623
Recreation programs	-	-	-	373,128	373,128
Firehouse & training facilities	-	-	-	5,337,189	5,337,189
Assigned for:					
Future balloon payments	-	52,717,251	-	-	52,717,251
Subsequent year's expenditures	9,500,000	6,242,693	-	-	15,742,693
Subsequent year's budget stabilization account	6,122,398	-	-	-	6,122,398
Purchase commitments	15,868,978	-	-	-	15,868,978
Pay-as-you-go contributions to capital projects	450,000	-	-	-	450,000
Income tax liability	3,050,801	-	-	-	3,050,801
Capital projects	-	-	-	1,194,019	1,194,019
Street lights	-	-	-	3,244,192	3,244,192
Unassigned	3,295,630	-	(54,467,841)	(17,794,577)	(68,966,788)
Total fund balances	107,688,560	68,484,237	(31,981,388)	112,668,270	256,859,679
Total liabilities, deferred inflows and fund balances	\$ 182,654,594	68,489,308	15,018,163	154,286,649	420,448,714

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

Howard County, Maryland
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

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

Total fund balances - governmental funds (page 17)	\$ 256,859,679
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	32,754,600
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds and notes payable	(1,061,406,177)
Capital leases	(16,212,060)
Deferred refunding gain/loss and premium	(89,538,490)
Accrued interest payable	(16,427,033)
Compensated absences	(22,751,822)
Net OPEB obligation	(380,920,007)
Landfill closure and post-closure	(31,862,000)
	(1,619,117,589)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,247,107,397
The net pension liability is not due and payable in the current period and related deferred outflows and inflows are not an available resource and, therefore, are not reported in the funds.	(90,438,709)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows in the funds.	84,636,219
Net position of governmental activities (page 15)	\$ (88,198,403)

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

Howard County, Maryland
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General Fund	Agricultural Land Preservation Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 476,160,216	-	-	83,233,383	559,393,599
Other local taxes	425,408,594	7,903,364	7,741,047	22,851,911	463,904,916
State shared taxes	1,531,596	-	-	-	1,531,596
Revenues from other governments	6,512,903	-	5,308,874	23,823,457	35,645,234
Charges for services	13,615,981	-	-	41,077,466	54,693,447
Investment income:					
Interest on investments	438,000	1,833,899	46,160	256,416	2,574,475
Installment interest from housing loans	-	-	-	268,410	268,410
Licenses and permits	6,586,220	-	-	-	6,586,220
Fines and forfeitures	3,078,184	-	-	945,936	4,024,120
Developer contributions	-	-	-	4,561,155	4,561,155
Rental of property	-	-	-	111,853	111,853
Recoveries for interfund services	14,133,304	-	-	-	14,133,304
Payments from component units	351,439	-	-	-	351,439
Sale of property	-	-	3,464,497	-	3,464,497
Miscellaneous program revenues	2,565,567	7,616	6,880,367	4,901,616	14,355,166
Total revenues	950,382,004	9,744,879	23,440,945	182,031,603	1,165,599,431
EXPENDITURES					
Current:					
General government	46,686,373	-	-	4,068,178	50,754,551
Legislative & judicial	23,698,084	-	-	467,716	24,165,800
Public works	71,572,845	1,071,787	1,296,743	30,561,769	104,503,144
Public safety	113,582,405	-	-	91,456,045	205,038,450
Recreation and parks	18,921,666	-	-	17,989,582	36,911,248
Community services	21,735,034	-	-	24,739,542	46,474,576
Education	588,638,095	-	62,465,190	-	651,103,285
Capital improvements	-	4,112,201	49,441,884	58,488,246	112,042,331
Debt service:					
Principal	58,735,000	2,450,578	-	-	61,185,578
Interest	40,156,681	5,439,156	-	-	45,595,837
Total expenditures	983,726,183	13,073,722	113,203,817	227,771,078	1,337,774,800
Excess (deficiency) of revenues over expenditures	(33,344,179)	(3,328,843)	(89,762,872)	(45,739,475)	(172,175,369)
OTHER FINANCING SOURCES (USES)					
Bond premium	-	-	14,718,712	2,804,237	17,522,949
Capital lease proceeds	8,356,406	-	-	4,205,987	12,562,393
Capital-related debt issued	-	-	74,521,616	25,658,384	100,180,000
Refunding bonds issued	-	-	77,586,868	6,428,132	84,015,000
Installment purchase agreements issued	-	3,448,120	-	-	3,448,120
Payment to bond refunding escrow agent	-	-	(86,668,357)	(7,148,461)	(93,816,818)
Transfers in	22,984,920	-	1,367,938	28,800,751	53,153,609
Transfers out	(25,113,816)	-	(8,188,796)	(13,781,643)	(47,084,255)
Total other financing sources (uses)	6,227,510	3,448,120	73,337,981	46,967,387	129,980,998
Net change in fund balances	(27,116,669)	119,277	(16,424,891)	1,227,912	(42,194,371)
Fund balances (deficit) - beginning, as previously reported	126,277,139	68,364,960	(30,295,889)	110,825,604	275,171,814
Adjustment to beginning balance	8,528,090	-	14,739,392	614,754	23,882,236
Fund balances (deficit) - beginning, as restated	134,805,229	68,364,960	(15,556,497)	111,440,358	299,054,050
Fund balances (deficit) - ending	\$ 107,688,560	68,484,237	(31,981,388)	112,668,270	256,859,679

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

Howard County, Maryland

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds (page 19)		\$ (42,194,371)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of the amount by which capital outlays exceed depreciation in the current period is as follows:		
Capital outlays	69,601,042	
Less: Depreciation expense	<u>(35,507,686)</u>	34,093,356
In the statement of activities, only the gain on the sale of land and buildings is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the land and buildings sold.		
		(7,317,455)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		
		12,068,405
Revenues to governmental funds that relate to prior periods are not reported in the statement of activities. Similarly, revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund. The details are as follows:		
Revenues related to prior periods	(45,699,026)	
Revenues that do not provide current financial resources	<u>76,974,886</u>	31,275,860
Long-term debt proceeds (i.e., bonds, leases, installment purchase agreements) provide current financial resources to governmental funds, while the repayment of the principal of the long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
		(53,108,876)
In the statement of activities, some expenses do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(12,716,840)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The new revenue (expense) of certain internal service funds is reported with governmental activities.		
		<u>(10,249,357)</u>
Change in net position of governmental activities (page 16).		<u>\$ (48,149,278)</u>

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

Howard County, Maryland
Statement of Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2015

REVENUES	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Property taxes	\$ 473,886,298	473,886,298	476,160,216	2,273,918
Other local taxes	439,639,715	439,639,715	425,408,594	(14,231,121)
State shared taxes	1,546,557	1,546,557	1,531,596	(14,961)
Revenues from other governments	4,359,116	6,559,116	6,512,903	(46,213)
Charges for services	13,051,500	13,051,500	13,615,981	564,481
Interest on investments	699,890	699,890	601,910	(97,980)
Licenses and permits	6,818,000	6,818,000	6,586,215	(231,785)
Recoveries for inter-fund services	14,462,446	14,066,456	14,133,304	66,848
Fines and forfeitures	3,240,500	3,240,500	3,078,184	(162,316)
Payments from component units	956,642	956,642	351,439	(605,203)
Miscellaneous	2,349,600	2,349,600	2,564,785	215,185
Total revenues	961,010,264	962,814,274	950,545,127	(12,269,147)
EXPENDITURES				
Current:				
General government	66,697,152	64,296,397	57,744,501	6,551,896
Legislative & judicial	24,360,394	24,410,394	23,891,734	518,660
Public works	70,716,563	73,606,563	71,938,813	1,667,750
Public safety	118,716,133	117,816,133	114,601,988	3,214,145
Recreation and parks	19,416,672	19,416,672	19,005,386	411,286
Community services	29,980,018	22,196,515	21,575,192	621,323
Education	580,281,689	580,281,689	580,281,689	-
Debt service:				
Principal	60,235,000	60,235,000	58,735,000	1,500,000
Interest	40,156,694	40,156,694	40,156,682	12
Total expenditures	1,010,560,315	1,002,416,057	987,930,985	14,485,072
Excess (deficiency) of revenues over expenditures	(49,550,051)	(39,601,783)	(37,385,858)	2,215,925
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	43,673,866	43,673,866	39,769,830	(3,904,036)
Transfers in	22,866,185	21,062,175	22,750,286	1,688,111
Transfers out	(16,990,000)	(25,134,258)	(25,134,258)	-
Total other financing sources (uses)	49,550,051	39,601,783	37,385,858	(2,215,925)
Net change in fund balance	-	-	-	-
Plus prior year encumbrances lapsed			1,521,988	-
Less appropriation from fund balance			(39,769,830)	-
Fund balances - beginning			124,021,464	-
Fund balances - ending			\$ 85,773,622	-

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

Howard County, Maryland
Statement of Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis
Agricultural Land Preservation Fund
For the Year Ended June 30, 2015

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Local taxes	\$ 6,900,000	6,900,000	7,903,364	1,003,364
Investment income	1,000,000	1,000,000	1,833,899	833,899
Miscellaneous	15,000	15,000	7,616	(7,384)
Total revenues	7,915,000	7,915,000	9,744,879	1,829,879
EXPENDITURES				
Public works:				
Agricultural land preservation program administration	1,842,352	1,842,352	1,071,530	770,822
Agricultural land preservation board	1,900	1,900	258	1,642
Contingency	352,170	352,170	-	352,170
Capital improvements	-	-	4,112,201	(4,112,201)
Total public works	2,196,422	2,196,422	5,183,989	(2,987,567)
Debt service:				
Principal	3,673,680	3,673,680	2,450,577	1,223,103
Interest	6,221,019	6,221,019	5,439,156	781,863
Total debt service	9,894,699	9,894,699	7,889,733	2,004,966
Total expenditures	12,091,121	12,091,121	13,073,722	(982,601)
Excess (deficiency) of revenues over expenditures	(4,176,121)	(4,176,121)	(3,328,843)	847,278
OTHER FINANCING SOURCES				
Appropriation from fund balance	4,176,121	4,176,121	3,328,843	847,278
Total other financing sources	4,176,121	4,176,121	3,328,843	847,278
Net change in fund balance	-	-	-	-
Less appropriation from fund balance			(3,328,843)	-
Fund balance - beginning			68,367,767	-
Fund balance - ending			\$ 65,038,924	-

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

Howard County, Maryland

Statement of Net Position

Proprietary Funds

June 30, 2015

	Business-Type Activities			Gov't Activities- Internal Service Funds
	Water and Sewer	Other Enterprise Funds	Total	
ASSETS				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 12,845,971	6,779,883	19,625,854	19,634,915
Receivables:				
Property taxes	264,610	-	264,610	-
Due from other governments	27,635,759	-	27,635,759	-
Service billings	13,438,827	224,531	13,663,358	-
Other receivables	-	10,313	10,313	2,923,955
Materials and supplies	838,733	41,631	880,364	1,358,525
Restricted assets:				
Equity in pooled cash and cash equivalents	117,418,049	560,000	117,978,049	-
Water and sewer assessments	5,758,083	-	5,758,083	-
Total current assets	178,200,032	7,616,358	185,816,390	23,917,395
Noncurrent assets:				
Restricted assets:				
Receivables:				
Water and sewer assessments	41,923,769	-	41,923,769	-
Other receivables	66,739	280,000	346,739	-
Capital assets:				
Land	2,715,381	8,684,896	11,400,277	-
Construction in progress	26,122,294	-	26,122,294	1,454,590
Buildings, improvements, and infrastructure, net	590,090,485	13,401,402	603,491,887	1,522,340
Machinery and equipment, net	8,744,691	332,723	9,077,414	28,400,806
Total noncurrent assets	669,663,359	22,699,021	692,362,380	31,377,736
Total assets	847,863,391	30,315,379	878,178,770	55,295,131
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding amount	74,765	193,425	268,190	-
Changes in actuarial assumptions for pensions	625,131	-	625,131	-
Pension contributions made subsequent to measurement date	963,744	-	963,744	-
Grant paid in advance of time requirements met	-	45,031	45,031	-
Total deferred outflows of resources	1,663,640	238,456	1,902,096	-
Total assets and deferred outflows of resources	849,527,031	30,553,835	880,080,866	55,295,131
LIABILITIES				
Current liabilities:				
Due to other funds	-	-	-	-
Accounts payable	12,354,156	636,582	12,990,738	1,933,438
Accrued wages and benefits	473,001	40,880	513,881	559,788
Compensated absences	18,814	-	18,814	20,900
Unpaid insurance claims	-	-	-	7,642,629
Current portion capital lease obligation	-	-	-	122,462
Unearned revenue	-	-	-	95,055
Current liabilities	12,845,971	677,462	13,523,433	10,374,272
Current liabilities payable from restricted assets:				
Deposits and connection fees	1,620,641	-	1,620,641	-
Developer agreement rebates and deposits	497,254	-	497,254	-
Other debt payable	3,171,029	-	3,171,029	-
Bonds and Note payable	9,500,000	461,000	9,961,000	-
Interest payable	3,432,592	-	3,432,592	-
Current liabilities payable from restricted assets	18,221,516	461,000	18,682,516	-
Total current liabilities	31,067,487	1,138,462	32,205,949	10,374,272
Noncurrent liabilities:				
Developer agreement rebates and deposits	1,008,216	-	1,008,216	-
Net OPEB obligation	6,963,442	-	6,963,442	-
Net pension liability	2,185,432	-	2,185,432	-
Compensated absences	791,084	27,385	818,469	633,363
Unpaid insurance claims	-	-	-	8,107,703
Long-term capital lease obligation	-	-	-	1,559,082
Refunding revenue note payable	-	3,672,000	3,672,000	-
Metropolitan district bonds payable	229,538,241	-	229,538,241	-
Unearned revenue	632,962	-	632,962	-
Other long-term debt	24,507,572	-	24,507,572	-
Total noncurrent liabilities	265,626,949	3,699,385	269,326,334	10,300,148
Total liabilities	296,694,436	4,837,847	301,532,283	20,674,420
DEFERRED INFLOWS OF RESOURCES				
Deferred water and sewer assessments	12,893,781	-	12,893,781	-
Pension investment earnings greater than projected	1,248,795	-	1,248,795	-
Total deferred inflows of resources	14,142,576	-	14,142,576	-
Total liabilities and deferred inflows of resources	310,837,012	4,837,847	315,674,859	20,674,420
NET POSITION				
Net investment in capital assets	391,688,621	18,479,446	410,168,067	31,377,736
Restricted:				
For debt service	47,681,852	560,000	48,241,852	-
Unrestricted	99,319,546	6,676,542	105,996,088	3,242,975
Total net position	\$ 538,690,019	25,715,988	564,406,007	34,620,711
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds			1,866,110	
Net position of business-type activities			566,272,117	

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

Howard County, Maryland
Statement of Revenue, Expenses and Changes in Net Position
Proprietary Funds
June 30, 2015

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Water and Sewer	Other Enterprise Funds	Total	
Operating revenues:				
User charges	\$ 60,668,384	12,207,017	72,875,401	92,359,000
Greens and cart fees	-	1,325,595	1,325,595	-
Range fees	-	108,818	108,818	-
Merchandise	-	124,732	124,732	-
Food and beverage	-	307,342	307,342	-
Insurance recoveries	-	-	-	347,477
Miscellaneous sales and services	1,284,540	55,830	1,340,370	1,693,969
Total operating revenues	61,952,924	14,129,334	76,082,258	94,400,446
Operating expenses:				
Salaries and employee benefits	11,793,538	1,529,499	13,323,037	13,672,501
Contractual services	22,848,876	2,666,379	25,515,255	11,081,930
Supplies and materials	2,237,674	1,639	2,239,313	5,032,053
Business and travel	84,379	1,452	85,831	50,475
Vehicle fuels and supplies	1,413,497	-	1,413,497	5,083,132
Purchased water and transmission charges	18,620,068	-	18,620,068	-
Sewage treatment charges	6,483,947	-	6,483,947	-
Share of county administrative expenses	4,288,271	710,075	4,998,346	839,470
Insurance claims	716,852	-	716,852	48,395,373
Other administrative	-	78,490	78,490	2,564,512
Depreciation expense	19,701,340	786,552	20,487,892	5,914,042
Less: house connection and capitalized overhead costs	(66,372)	-	(66,372)	-
Total operating expenses	88,122,070	5,774,086	93,896,156	92,633,488
Operating income (loss)	(26,169,146)	8,355,248	(17,813,898)	1,766,958
Nonoperating revenues (expenses):				
Ad valorem charges	30,010,057	-	30,010,057	-
Water and sewer assessment charges	2,180,161	-	2,180,161	-
Interest on investments	235,344	7,872	243,216	32,309
Interest expense	(9,234,193)	(108,752)	(9,342,945)	(14,540)
Gain (loss) on sale of capital assets	(132,846)	23,318	(109,528)	-
Other, net	11,085,646	(94,882)	10,990,764	-
Total nonoperating revenues (expenses)	34,144,169	(172,444)	33,971,725	17,769
Net income (loss) before contributions and transfers	7,975,023	8,182,804	16,157,827	1,784,727
Capital contributions	27,513,178	13,340,837	40,854,015	(9,936,675)
Transfers in	-	173,108	173,108	-
Transfers out	(500,000)	(3,369,951)	(3,869,951)	(2,372,511)
Change in net position	34,988,201	18,326,798	53,314,999	(10,524,459)
Adjustment to beginning balance	(1,951,537)	-	-	-
Net position - beginning	505,653,355	7,389,190		45,145,170
Net position - ending	\$ 538,690,019	25,715,988		34,620,711
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(275,102)	
Change in net position of business - type activities			53,039,897	

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

Howard County, Maryland
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Water & Sewer	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 66,889,545	13,869,076	80,758,621	94,499,927
Cash paid to suppliers	(50,585,872)	(2,719,657)	(53,305,529)	(60,646,328)
Cash paid to / for employees	(11,882,865)	(1,479,986)	(13,362,851)	(13,918,363)
Cash paid for interfund services used	(5,543,047)	(717,719)	(6,260,766)	(8,840,296)
Other operating cash receipts	336,198	-	336,198	-
Other operating disbursements	-	(78,490)	(78,490)	(919,288)
Net cash (used in) provided by operating activities	(786,041)	8,873,224	8,087,183	10,175,652
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers out to other funds	(500,000)	(3,196,843)	(3,696,843)	(2,372,511)
Net cash used in noncapital financing activities	(500,000)	(3,196,843)	(3,696,843)	(2,372,511)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of county bonds	31,015,000	-	31,015,000	-
Cash receipts from assessments & connection charges	30,071,928	-	30,071,928	-
Acquisition and construction of capital assets	(31,729,048)	(132,604)	(31,861,652)	(8,449,932)
Capital contribution	2,844,265	-	2,844,265	-
Proceeds from grant	971	-	971	-
Payment of long-term debt principal	(28,463,987)	(450,000)	(28,913,987)	-
Interest paid on long-term debt	(8,076,872)	(108,362)	(8,185,234)	(14,540)
Net cash (used in) provided by capital and related financing activities	(4,337,743)	(690,966)	(5,028,709)	(8,464,472)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	235,344	7,482	242,826	32,309
Net cash provided by investing activities	235,344	7,482	242,826	32,309
Net increase (decrease) in cash and cash equivalents	(5,388,440)	4,992,897	(395,543)	(629,022)
Balances - beginning of the year	135,652,460	2,346,986	137,999,446	20,263,937
Balances - end of the year	130,264,020	7,339,883	137,603,903	19,634,915
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities				
Operating (loss) income	(26,169,146)	8,355,248	(17,813,898)	1,766,958
Adjustments to reconcile operating income to net cash:				
Depreciation expense	19,701,340	786,552	20,487,892	5,914,042
Change in assets and liabilities:				
Decrease (increase) in accounts and other receivables	5,063,070	(260,262)	4,802,808	99,482
Decrease (increase) in inventories	120,093	(23,047)	97,046	33,437
(Decrease) increase in operating accounts payable	(133,398)	(12,652)	(146,050)	(868,424)
Increase in compensated absences and unpaid claims	21,333	27,385	48,718	1,548,613
Increase in net OPEB obligation and net pension liability	610,667	-	610,667	-
Increase in capital lease obligations	-	-	-	1,681,544
Total adjustments	25,383,105	517,976	25,901,081	8,408,694
Net cash (used in) provided by operating activities	\$ (786,041)	8,873,224	8,087,183	10,175,652

Noncash investing, capital and financing activities:

In Fiscal Year 2015, \$24,668,913 was contributed to the Water and Sewer Enterprise Fund by various entities and developers for water and sewer lines.
All investments mature in one year or less so the change in fair value is not determined.

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

Howard County, Maryland
Statement of Fiduciary Net Position
Pension and Other Post-Employment Benefits Trust Funds and Agency Funds
June 30, 2015

	Pension and OPEB Trust Funds	Agency Funds
ASSETS		
Equity in pooled cash and cash equivalents	\$ -	7,505,855
Receivables:		
Property tax	-	521,841
Interest and dividends	1,065,701	-
Employer contributions	1,623,702	-
Employee contributions	485,964	-
Sale of investments	919,412	-
Other	4,860	-
Investments, at fair value:		
Cash	34,110	-
Equities	363,582,745	-
Alternative Investments	153,607,986	-
Mutual funds	70,414,766	-
Money market funds	12,626,583	-
Fixed income securities	218,262,188	-
Real estate	35,650,644	-
Prepaid insurance	41,018	-
Total assets	<u>858,319,679</u>	<u>8,027,696</u>
LIABILITIES		
Accounts payable		
Investments purchased	546,210	2,089,819
Other	1,104,695	7,607
Deposits	-	5,930,270
Total liabilities	<u>1,650,905</u>	<u>8,027,696</u>
NET POSITION		
Held in trust for pension and OPEB benefits	<u>\$ 856,668,774</u>	

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

Howard County, Maryland
Statement of Changes in Fiduciary Net Position
Pension and Other Post-Employment Benefits Trust Funds
For the Year Ended June 30, 2015

ADDITIONS	
Contributions:	
Employer	\$ 66,574,569
Member	10,579,817
Total contributions	77,154,386
Investment income:	
Net change in fair value of investments	3,242,879
Interest	4,885,660
Dividends	17,412,961
Other	58,740
Investment expense	(2,685,410)
Net investment (loss) income	22,914,830
Total additions	100,069,216
DEDUCTIONS	
Benefits	46,091,257
Administrative expenses	728,596
Total deductions	46,819,853
Change in net position	53,249,363
Net position - beginning	803,419,411
Net position - ending	\$ 856,668,774

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

Howard County, Maryland
Combining Statement of Net Position
Component Units
June 30, 2015

	Public School System	Community College	Library	Housing Commission	Total
ASSETS					
Equity in pooled cash and cash equivalents	\$ 24,318,000	34,879,116	2,524,674	4,442,827	66,164,617
Investments	92,714,055	3,878,166	1,309,482	430,460	98,332,163
Receivables:					
Due from other governments	16,613,221	9,232,571	-	-	25,845,792
Other	2,637,542	879,395	105,903	1,216,989	4,839,829
Materials and supplies	1,300,387	751,194	-	-	2,051,581
Prepays	364,063	660,260	236,000	230,613	1,490,936
Restricted assets:					
Equity in pooled cash and cash equivalents	-	-	230,047	9,644,728	9,874,775
Mortgage receivable	-	-	-	6,005,402	6,005,402
Capital assets:					
Land	32,044,494	867,607	-	58,047,110	90,959,211
Construction in progress	204,704,814	15,945,074	-	26,078	220,675,966
Buildings and improvements, net	880,961,553	171,253,459	-	98,166,903	1,150,381,915
Machinery and equipment, net	13,334,302	5,639,366	66,698	-	19,040,366
Other capital assets	-	2,998,741	2,532,259	57,338	5,588,338
Other non-current assets	-	6,335,148	-	4,078,854	10,414,002
Total assets	1,268,992,431	253,320,097	7,005,063	182,347,302	1,711,664,893
DEFERRED OUTFLOWS					
Change in actuarial assumptions for pensions	1,418,377	27,168	-	114,222	1,559,767
Pension contributions made subsequent to measurement date	4,460,545	261,657	-	193,897	4,916,099
Total deferred outflows	5,878,922	288,825	-	308,119	6,475,866
Total assets and deferred outflows	1,274,871,353	253,608,922	7,005,063	182,655,421	1,718,140,759
LIABILITIES					
Current liabilities:					
Accounts payable and other current liabilities	103,187,797	5,080,527	1,692,047	2,108,851	112,069,222
Accrued salaries and benefits	-	1,355,060	571,345	-	1,926,405
Deposits	-	82,125	-	637,820	719,945
Due to primary government	-	7,092,557	-	-	7,092,557
Unearned revenue	13,288,824	3,172,004	455,542	1,639,893	18,556,263
Long-term liabilities:					
Due within one year	6,468,696	590,397	-	2,412,481	9,471,574
Due in more than one year, net	49,923,849	11,219,524	1,044,276	142,756,759	204,944,408
Total liabilities	172,869,166	28,592,194	3,763,210	149,555,804	354,780,374
DEFERRED INFLOWS					
Pension investment earnings greater than projected	3,753,223	205,568	-	228,176	4,186,967
Interest rate swap	-	-	-	211,384	211,384
Total deferred inflows	3,753,223	205,568	-	439,560	4,398,351
Total liabilities and deferred inflows	176,622,389	28,797,762	3,763,210	149,995,364	359,178,725
NET POSITION					
Invested in capital assets, net of related debt	1,120,135,043	188,604,788	2,598,957	16,928,745	1,328,267,533
Restricted for:					
Education	1,220,189	9,259,601	230,047	-	10,709,837
Business-type operations	216,052	1,044,242	412,849	3,707,604	5,380,747
Unrestricted	(23,322,320)	25,902,529	-	12,023,708	14,603,917
Total net position	\$ 1,098,248,964	224,811,160	3,241,853	32,660,057	1,358,962,034

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

Howard County, Maryland
Statement of Activities
Component Units
For the Year Ended June 30, 2015

					Net (Expense) Revenue and Changes in Net Position				
		Program Revenues							
			Operating Grants and Contributions	Capital Contributions					
Programs	Expenses	Charges for Services	Contributions	Contributions	Public School System	Community College	Library	Housing Commission	Total
Component units:									
Public school system	\$ 929,647,143	15,261,029	145,645,494	78,090,043	(690,650,577)	-	-	-	(690,650,577)
Community college	109,547,645	38,608,241	893,331	14,148,877	-	(55,897,196)	-	-	(55,897,196)
Library	22,275,074	956,848	-	-	-	-	(21,318,226)	-	(21,318,226)
Housing commission	39,890,273	12,377,712	2,888,691	10,249,097	-	-	-	(14,374,773)	(14,374,773)
Total component units	\$ 1,101,360,135	67,203,830	149,427,516	102,488,017	(690,650,577)	(55,897,196)	(21,318,226)	(14,374,773)	(782,240,772)
General revenues:									
Property taxes					\$ 530,439,861	31,000,287	18,325,541	-	579,765,689
Intergovernmental, unrestricted					192,642,543	34,496,007	3,218,222	73,671	230,430,443
Investment income					33,329	346,920	700	155,255	536,204
Miscellaneous					1,900,026	-	-	12,107,046	14,007,072
Total general revenues					725,015,759	65,843,214	21,544,463	12,335,972	824,739,408
Change in net position					34,365,182	9,946,018	226,237	(2,038,801)	42,498,636
Net position - beginning of year, as previously reported					1,097,438,759	216,689,115	3,015,616	35,013,194	1,352,156,684
Adjustments to restate net position					(33,554,977)	(1,823,973)	-	(314,336)	(35,693,286)
Net position - beginning of year					1,063,883,782	214,865,142	3,015,616	34,698,858	1,316,463,398
Net position - end of year					\$ 1,098,248,964	224,811,160	3,241,853	32,660,057	1,358,962,034

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



Cycle2Health Howard County: A Bicycling Club for Older Adults

Now in its third season, Cycle2Health Howard County (C2H) is the first non-competitive, peer-led bicycling club developed for older adults. Coordinated by the Department of Citizen Services' Office on Aging, the goal of the C2H program is to provide an affordable recreational opportunity for participants to experience the benefits of exercise while exploring the natural beauty and sights of Howard County. Adults of all ages and riding abilities can participate in weekday rides, which vary in length and difficulty and depart from various locations in and around Howard County. In 2014, 140 individuals participated, averaging 15 cyclists per ride.

Notes to Basic Financial Statements

The Notes are an integral part of the financial statements.



Notes to Basic Financial Statements

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Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies

A. The Reporting Entity

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

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

Discretely Presented Component Units

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

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

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

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

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

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

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

Howard County Library
10375 Little Patuxent Parkway
Columbia, Maryland 21044

B. Government-Wide and Fund Financial Statements

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

The Statement of Activities displays the extent to which direct expenses are offset by program revenues for each function of governmental activities and for each segment of business-type activities. Direct expenses are those that can be attributed to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and pension trust fund financial statements. Agency funds do not have a measurement focus and are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measureable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. The County considers all revenues, with the exception of income tax revenue, to be available if they are collected within sixty days after the end of the current fiscal period. Income tax revenue is considered to be available if it is collected within thirty days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, as well as expenditures related to vacation, sick leave, claims, and judgments, are recorded only when payment is due.

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

The County reports the following major governmental funds:

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

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

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

The County reports the following major proprietary fund:

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

The County reports the following fund types:

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

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

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

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

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

Agency Funds are used to account for resources held in a custodial capacity on behalf of parties outside the government, including money paid by residents for State property tax, bay restoration

fees, surety bonds held on construction work, and multifarious funds donated to be used by the Law Library, the Revenue Authority and the Domestic Violence Center.

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

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

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is charges between water and sewer operations and other County departments because the elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds and Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Budgetary Process

Pursuant to County Charter, the County Executive's capital and operating portions of the budget for all County funds are submitted to the County Council by April 1 and 21, respectively. The County Council holds public hearings before passing the annual budget appropriation ordinance. If the County Council does not pass the budget ordinance, the Executive's proposed budget ordinance stands adopted. The adopted budget becomes effective July 1, and provides the spending authority at the individual department level for the operations of the County government with the unexpended or unencumbered appropriation authority of the operating budget expiring the following June 30. Capital unencumbered appropriations continue until the capital project is closed.

During the fiscal year, the County Council, upon the request of the County Executive, may approve transfers between projects in the capital budget but it may not increase the total size of the capital budget. The County Council, at any time during the fiscal year, may approve supplemental operating budget requests from the County Executive. The budgeted contingency reserve, which may not exceed 4 percent of the appropriated budget, is the funding source for supplemental requests. After April 1 of each year, the Council may also, at the request of the Executive, approve transfers between departments in the operating budgets. The Council may approve supplemental budgets from un-appropriated funds only in emergencies affecting "life, health, and property." Additionally, the County Executive has the authority to make

transfers within a department at any time during the year without approval of the County Council. During fiscal year 2015, the Council approved eight operating budget supplements.

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

E. Deposits and Investments

Cash Equivalents

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

Investments

The County follows Governmental Accounting Standards Board (GASB) Statement 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, which requires marketable securities to be carried at fair value. The County currently limits its purchases to maturities of one year or less (except those items described in the next paragraph). The County has an internal investment pool that is available for use by all funds.

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

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

F. Loans Receivable

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

G. Inventory

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

H. Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). They are recorded at historical or at estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value at the date donated.

Capital assets are defined by Howard County as assets with an initial, individual cost of \$5,000 or greater and an estimated useful life in excess of one year.

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

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

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

I. Compensated Absences

County employees are granted vacation, personal, and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation days. Classified employees are limited to an accrual of forty days and executive exempt employees have no leave accrual limit. Employees who terminate employment are not reimbursed for accumulated sick leave. Payments made to terminated employees for accumulated vacation leave are charged as expenditures/expenses, primarily in the General Fund, Special Revenue Funds, and Proprietary Funds, when paid. Accumulated vacation benefits at year-end are recorded as obligations in the Statement of Net Position and Proprietary Fund Statements.

J. Self-Insurance

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

K. Water and Sewer Assessments

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

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

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has several items that qualify for reporting in this category. The first is the deferred refunding amount reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The second is for changes in actuarial assumptions for the pension plans reported in the government-wide statement of net position. This amount is amortized over the

average expected remaining service life of employees. The third is for pension contributions made subsequent to the measurement date. This amount will be recognized on the government-wide statement of activities in the next fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has several types of deferred inflows of resources that qualify for reporting in this category. In the government-wide statement of net position the government reports unavailable revenue from prepaid taxes. For business-type activities, the government reports unavailable revenues from water and sewer assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the County reports pension investment earnings greater than projected as a deferred inflow. This amount is amortized over five years.

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

M. Net Position Flow Assumptions

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

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

N. Fund Balance Flow Assumptions

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

O. Fund Balance

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

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

Restricted – Includes fund balance amounts that are restricted to specific purposes when constraints are placed on the use of resources by external parties, constitution provisions or enabling legislation. Enabling legislation authorizes the County to assess, levy, charge or

otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the legislation.

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

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

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

P. Budget Stabilization Account

The County has established a budget stabilization account (also known as the Rainy Day Fund) to provide funding in emergency situations or in cases of revenue shortfalls. The County Charter sets a goal of maintaining the account at seven percent of audited General Fund expenditures for the most recently completed fiscal year at the time the budget is prepared. When the fiscal year 2015 budget was prepared, the fiscal year 2013 financial statements were the most recently completed and audited. Therefore, the charter target is based upon fiscal year 2013 audited expenditures. An increase of \$1,989,413 was made to the fund in fiscal year 2015, which resulted in achieving the charter target of \$61,260,575.

The budget stabilization account is calculated as follows:

Budget Fiscal Year	Audited Expenditures from Fiscal Year	Audited Expenditures*	Percentage	Charter Target
2015	2013	\$ 875,151,065	7%	\$ 61,260,575
2016	2014	\$ 916,751,956	7%	\$ 64,172,637
2017	2015	\$ 962,613,898	7%	\$ 67,382,973

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

Q. Net Position Restricted by Enabling Legislation

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

Governmental activities	\$ 100,314,009
Business-type activities	48,241,852
Component units	16,090,584
Total	\$ 164,646,445

R. Implementation of New Accounting Principles

The County adopted the provisions of one Governmental Accounting Standards Board Statement:

Statement No. 68, *“Accounting and Financial Reporting for Pension Plans,”* effective for fiscal years beginning after June 15, 2014. This statement replaces the current standards (GASB No. 27, *“Accounting for Pensions by State and Local Governmental Employers,”* and GASB No. 50, *“Pension Disclosures”*) for employers with defined benefit pension plans. GASB No. 68 requires employers to shift from a “funding approach,” in which pension liability is not reported if employers make the annual required contribution, to an “earnings approach,” in which pension liability is reported as employees earn their pension benefits. Changes in pension liability are recognized immediately as pension expense or as deferred inflows/outflows of resources to be amortized over future periods by (1) establishing the standards for measuring and recognizing Net Pension Liability, (2) identifying the methods and assumptions that should be used to determine Total Pension Liability and (3) stipulating incremental note disclosures and RSI in the financial reports for employers with defined benefit plans.

Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, issued in November 2013 as an amendment to GASB 68. This statement requires the government to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability and must be applied simultaneously with the provisions of GASB 68.

2. Equity in Pooled Cash and Cash Equivalents and Investments

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

County’s Cash and Cash Equivalents and Investments

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

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The County’s investment policy requires at least 102% collateralization of deposits. None of the component units have a policy covering deposits. The carrying amount of total deposits, including certificates of deposit, for the County was \$43,642,297 and the bank balance was \$56,387,776 at fiscal year-end. The bank balance was covered by federal depositary insurance or by collateral held by the County’s agent in the County’s name. The component units had a combined bank balance of \$58,378,451. Of that amount, \$1,621,595 was covered by federal depositary insurance or by collateral held in the component unit’s name, and the remaining \$56,756,856 was covered by collateral held in the pledging bank’s trust department or by the pledging bank’s agent in the component unit’s name.

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

The County’s policy is more restrictive than State law, limiting the percentage of total portfolio that can be invested in certain investment types. These investment types, and the maximum percentage of the portfolio that can be invested in each are: U.S. Treasury Obligations – 100%, U.S. Government Agency and U.S. Government-Sponsored Enterprises – 90%, repurchase agreements – 90%, collateralized certificates of deposit – 5%, bankers’ acceptances – 30%, commercial paper – 5%, and mutual funds – 60%. State law places no limits

on these types of investments. Another restriction the County has is to limit the maximum amount invested through any broker, dealer or other financial institution to 40% of the portfolio. In addition, all component units have investment policies.

The table below reconciles the County's deposits (\$43,642,297) and the investments (\$1,206,054,873) to the government-wide Statement of Net Position and the Statement of Fiduciary Net Position – Pension and Other Post-Employment Benefits Trust Funds and Agency Funds:

Equity in pooled cash and cash equivalents	\$ 224,822,848
Restricted equity in pooled cash and cash equivalents	117,978,049
Investments - fair value	906,896,273
Total	\$ 1,249,697,170

Investments of the County and its component units at fiscal year-end:

Investments	Fair Value		
	Primary Government	Component Units	Reporting Entity
Repurchase agreements	\$ 20,000,000	-	20,000,000
U.S. Government securities	52,717,251	-	52,717,251
U.S. Government - Sponsored Enterprises	134,813,662	-	134,813,662
Commercial Paper	9,990,744	-	9,990,744
Maryland Local Govt. Investment Pool	109,352,056	124,370,753	233,722,809
Money market funds	25,002,137	672,268	25,674,405
Mutual funds	-	10,087,811	10,087,811
Treasury Bills	-	708,940	708,940
Equity in properties under home ownership	-	3,867,470	3,867,470
Total	\$ 351,875,850	139,707,242	491,583,092

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

At fiscal year-end, the County did not have any callable investments. Therefore, all investment maturity dates were considered when calculating the weighted average maturity.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in years)</u>
Repurchase agreements	\$ 20,000,000	0.16
U.S. Government securities	52,717,251	5.87
U.S. Government - Sponsored Enterprises	134,813,662	0.32
Commercial Paper	9,990,744	0.33
Total	\$ 217,521,657	
Portfolio weighted average maturity		1.65

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

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

Concentration of Credit Risk: The County's investment policy places no limit on the amount the County may invest in any one issuer. More than 5% of the County's investments are in the Federal Home Loan Bank, Federal Farm Credit Bank and the Federal Agricultural Mortgage Corporation. At fiscal year-end, investments in these U.S. Government Sponsored Enterprises represent 64.96% of the County's total investments.

Pension Trust Funds' Cash and Investments

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

Investments: The Plans' investment policy includes an asset allocation plan for investments. The target allocation is 70% equities (including alternative investments and real estate) and 30% fixed income. The minimum and maximum percentages for equities are 47.5% (including 15% alternative investment and 2.5% real estate) and 90% (including 27.5% alternative investments and 12.5% real estate), respectively, and for fixed income are 20% and 40%, respectively.

Investments of the Plans at fiscal year-end:

Investments	Fair Value
Equities	\$ 363,582,745
Alternative Investments	153,607,986
Money market funds	12,500,067
Fixed income	218,262,188
Real estate	35,650,644
Total	\$ 783,603,630

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

Investment Type	Fair Value	Weighted Average Maturity (in years)
Corporate bonds	\$ 52,804,802	10.94
U.S. Government - Sponsored Enterprises	32,881,914	20.70
Government Issues/Treasuries	8,879,435	1.23
Collateralized mortgage obligations	5,729,595	26.20
Credit card receivable	4,618,815	3.80
Municipal securities	3,706,298	11.55
Other asset-backed securities	1,179,506	11.91
Auto loan receivable	1,160,219	7.72
Total	\$ 110,960,584	
Portfolio weighted average maturity		1.92

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

Standard & Poor's Rating or Comparable	Fair Value
AAA to A-	\$ 17,495,233
BBB to B+	44,771,041
Total	\$ 62,266,274

Custodial Credit Risk: State Street Bank invests in Government Short-Term Investment Fund (GSTIF) on behalf of the Plans. At fiscal year-end, the amount in this fund at fair value was \$12,462,306 which was partially used for settlement of open purchases of \$546,210. All other investments of the fund are held by State Street Bank as trustee in the Plans' names.

Credit Risk – Currency Forward Contract: One of the Plans’ investment objectives is to diversify assets in accordance with the Modern Portfolio Theory (MPT) in order to reduce overall risk. Consistent with this objective, the Plans have participated in a mutual fund that holds 3-month currency forward contracts. This strategy is undertaken to protect the dollar value of underlying international investments. The hedging is restricted to 100% of the underlying asset value and 50% of the total Fund value. At fiscal year-end, there were no hedges in place.

Foreign Currency Risk: The Plans’ exposure to foreign currency risk derives from its investments in foreign currency or instruments denominated in foreign currency. Investments in such securities are limited to a maximum net currency exposure of 40.0% at any given time. At fiscal year-end, the Plans’ exposure to foreign currency risk is as follows:

Investment Type	Currency	Fair Value
Foreign currency	Canadian & Euro currency	\$ 114
Total		\$ 114

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

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

Investments: The Plans’ investment policy includes an asset allocation plan for investments. The target allocation is 65% equity mutual funds and 35% fixed income mutual funds. The minimum and maximum percentages for equities are 39% and 99%, respectively, and for fixed income are 20% and 60%, respectively.

Investments of the Plans at fiscal year-end:

Investments	Fair Value
Cash	\$ 34,110
Mutual Funds	70,414,766
Money market funds	126,516
Total	\$ 70,575,392

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

3. Receivables

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

	General	Agricultural	General	Water and	Non-Major	
	Fund	Land Pres.	Capital Proj.	Sewer	and Other	Total
<u>Receivables:</u>		Fund			Funds	
Property taxes	\$ 4,374,274	-	-	264,610	1,317,996	5,956,880
Service billings	-	-	-	13,438,827	224,531	13,663,358
Water and sewer assessments	-	-	-	47,681,852	-	47,681,852
Due from other governments	83,003,879	1,545,716	2,530,735	27,635,759	15,459,992	130,176,081
Due from component units	7,495,229	-	7,092,557	-	-	14,587,786
Other	1,556,421	-	1,277,734	66,739	24,881,694	27,782,588
Gross receivables	96,429,803	1,545,716	10,901,026	89,087,787	41,884,213	239,848,545
Less: Allowance for uncollectibles	(805,932)	-	-	-	-	(805,932)
Total Receivables	\$ 95,623,871	1,545,716	10,901,026	89,087,787	41,884,213	239,042,613

Due from other governments consists of uncollected tax and grant revenues from Federal and State governments. Property tax receivables in the proprietary funds are liens on real property that will be sold via the annual tax sale process if not paid. Therefore, no allowance is established.

4. Interfund Receivables, Payables, and Transfers

The composition of interfund balances at fiscal year-end is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Health Department Fund	\$ 1,137,466
	Grants Fund	1,862,242
	Tax Increment Financing Fund	60,950
		<u>\$ 3,060,658</u>
Highway Fund	Library Fund Capital Projects	\$ 937,239
	Storm Drain Fund Capital Projects	7,157,409
	General Capital Projects	25,548,595
		<u>\$ 33,643,243</u>
Total		\$36,703,901

The balances are the result of loans made to cover any operating cash deficits.

Transfers:

Interfund transfers for the year consisted of the following:

Fund	General	Non-Major							
		Capital		Special	Internal	Debt	Enterprise		Total In
		General	Non-Major	Revenue	Service	Service	W&S	Non-Major	
General	\$ -	8,188,796	11,790,762	648,153	2,319,571	37,638	-	-	22,984,920
Capital									
General	1,367,938	-	-	-	-	-	-	-	1,367,938
Non-Major	15,605,895	-	-	534,992	-	-	500,000	3,369,951	20,010,838
Non-Major Special									
Revenue	7,791,621	-	-	650,098	-	-	-	-	8,441,719
Debt Service	348,194	-	-	-	-	-	-	-	348,194
Non-Major Enterprise	168	-	-	120,000	52,940	-	-	-	173,108
Total Out	\$25,113,816	8,188,796	11,790,762	1,953,243	2,372,511	37,638	500,000	3,369,951	53,326,717

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

5. Property Tax and Transfer Tax

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

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

6. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 554,238,198	13,003,469	6,031,479	561,210,188
Construction in progress	64,728,234	89,397,253	103,510,599	50,614,888
Total capital assets, not being depreciated	618,966,432	102,400,722	109,542,078	611,825,076
Capital assets being depreciated:				
Buildings	320,827,785	35,423,424	1,427,968	354,823,241
Improvements other than buildings	174,822,883	19,401,938	12,000	194,212,821
Machinery and equipment	156,479,337	16,909,876	7,048,121	166,341,092
Infrastructure	416,818,612	23,815,868	13,340,836	427,293,644
Total capital assets, being depreciated	1,068,948,617	95,551,106	21,828,925	1,142,670,798
Less accumulated depreciation for:				
Buildings	85,664,058	6,886,594	314,642	92,236,010
Improvements other than buildings	72,358,921	10,904,916	12,000	83,251,837
Machinery and equipment	103,880,676	11,829,664	6,908,681	108,801,659
Infrastructure	179,822,496	11,898,739	-	191,721,235
Total accumulated depreciation	441,726,151	41,519,913	7,235,323	476,010,741
Total capital assets, being depreciated, net	627,222,466	54,031,193	14,593,602	666,660,057
Governmental activities capital assets, net	\$ 1,246,188,898	156,431,915	124,135,680	1,278,485,133

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

Governmental activities:	Amount
General government	\$ 1,672,367
Public safety	4,685,011
Public facilities	22,609,844
Legislative and judicial	21,578
Community services	248,564
Recreation and parks	4,847,851
Education	1,422,471
Capital assets held by the government's internal service funds	5,914,042
are charged to the various functions based on usage of assets	
Total depreciation expense - governmental activities	\$ 41,421,728

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

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land and land improvements	\$ 11,377,100	23,177	-	11,400,277
Construction in progress	32,582,245	36,397,836	42,857,787	26,122,294
Total capital assets, not being depreciated	43,959,345	36,421,013	42,857,787	37,522,571
Capital assets being depreciated:				
Buildings	236,138,400	232,656	-	236,371,056
Improvements other than buildings	63,552,523	6,209,296	-	69,761,819
Machinery and equipment	8,328,543	4,560,882	75,817	12,813,608
Infrastructure	630,946,930	48,823,983	129,185	679,641,728
Total capital assets, being depreciated	938,966,396	59,826,817	205,002	998,588,211
Less accumulated depreciation for:				
Buildings	69,359,729	4,672,236	-	74,031,965
Improvements other than buildings	36,435,079	2,388,322	-	38,823,401
Machinery and equipment	3,048,516	750,397	62,719	3,736,194
Infrastructure	256,754,191	12,677,132	3,973	269,427,350
Total accumulated depreciation	365,597,515	20,488,087	66,692	386,018,910
Total capital assets, being depreciated, net	573,368,881	39,338,730	138,310	612,569,301
Business-type activities capital assets, net	\$ 617,328,226	75,759,743	42,996,097	650,091,872

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

Business-type activities:	Amount
Water and sewer system	\$ 19,701,340
Golf course	39,829
Inter-County Broadband	720,961
Watershed	25,762
Total depreciation expense - business-type activities	\$ 20,487,892

Construction Commitments:

Total construction encumbrances outstanding at fiscal year-end were \$114,053,748.

7. Long-Term Obligations

A. Primary Government

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

	<u>Due Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Governmental Activities:			
Consolidated public improvement bonds	2016-2035	2.375% to 5.55%	\$ 945,305,000
State water quality revolving loan	2016	2.41%	<u>2,475,000</u>
Total debt subject to statutory limit			947,780,000
Tax increment financing bonds	2016 - 2044	4.80% to 6.10%	17,000,000
Compensated absences	various	not applicable	23,385,185
Capital leases	various	not applicable	17,893,604
Net OPEB obligation	various	not applicable	380,920,007
Net pension liability	various	not applicable	108,323,773
Landfill closure obligation	various	not applicable	31,862,000
Agricultural land preservation program	2016-2033	2.19% to 8.60%	<u>96,626,177</u>
Total Governmental Activities			(1) \$ <u>1,623,790,746</u>
Business Type Activities:			
Metropolitan district bonds	2016-2045	2.00% to 5.00%	\$ 230,735,000
Special facility revenue bonds	2016-2022	2.475%	4,133,000
State water quality revolving loan	2016-2031	1.00% to 2.40%	27,678,601
Compensated absences	various	not applicable	818,469
Net OPEB obligation	various	not applicable	6,963,442
Net pension liability	various	not applicable	2,185,432
Major water and sewer agreements	various	not applicable	<u>1,461,969</u>
Total Business Type Activities			(2) \$ <u>273,975,913</u>
Total			\$ 1,897,766,659

Note (1): Does not include deferred refunding premium liability of \$89,975,459, unpaid claims of \$15,750,339, other non-current liabilities of \$3,125,245, included in the Statement of Net Position.

Note (2): Does not include deferred refunding premium of \$8,303,241 and developer agreement rebates of \$43,501 (a contractual obligation to reimburse a developer for a portion of the cost of constructing water/sewer lines donated to the County) included in the Statement of Net Position.

The County is subject to State and County law which limits the amount of applicable General County debt (including Consolidated Public Improvement Bonds and State Water Quality Revolving Loan) outstanding to 4.8 percent of the assessed value of real property and personal property located in the County. At fiscal year-end the statutory debt limit was \$2,195,095,879, providing a debt margin of \$1,247,315,879. The authorized, unissued General County Bonds, Metropolitan District Bonds, and Water Quality Bonds at fiscal year-end were \$304,736,995, \$260,663,477 and \$23,936,000 respectively. It is the County's intent to use such unissued bonds

to fund future capital projects. There is no overlapping municipal bonded debt in the County and the County is in compliance with its debt agreement provisions.

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

	Beginning			Ending	
	Balance	Additions	Retirements	Balance	Amounts Due Within One Year
Consolidated public improvement bonds	906,780,000	184,195,000	145,670,000	945,305,000	60,970,000
State water quality revolving loan	2,830,000	-	355,000	2,475,000	2,475,000
Tax increment financing bonds	17,000,000	-	-	17,000,000	-
Compensated absences	21,935,378	3,449,577	1,999,770	23,385,185	420,529
Capital leases	5,062,113	14,454,424	1,622,933	17,893,604	3,078,370
Landfill closure obligation	32,116,000	-	254,000	31,862,000	-
Agricultural land preservation program	95,628,635	3,448,120	2,450,578	96,626,177	2,541,578
Total Governmental Activities	1,081,352,126	205,547,121	152,352,281	(1) 1,134,546,966	69,485,477
Metropolitan district bonds	213,570,000	31,015,000	13,850,000	230,735,000	9,500,000
Special facility revenue bonds	4,583,000	-	450,000	4,133,000	461,000
State water quality revolving loan	30,930,305	-	3,251,704	27,678,601	3,171,029
Compensated absences	751,248	83,140	15,919	818,469	36,846
Major water and sewer agreements	49,308	1,866,415	453,754	1,461,969	-
Total Business Type Activities	249,883,861	32,964,555	18,021,377	(2) 264,827,039	13,168,875
Total	\$1,331,235,987	238,511,676	170,373,658	1,399,374,005	82,654,352

Note (1): Does not include deferred refunding premium liability of \$89,975,459, unpaid claims of \$15,750,339, other non-current liabilities of \$3,125,245, net OPEB obligation of \$380,920,007, and net pension liability of \$108,323,773 included in the Statement of Net Position.

Note (2): Does not include deferred refunding premium of \$8,303,241, net OPEB obligation of \$6,963,442, net pension liability of \$2,185,432, and developer agreement rebates of \$43,501 (a contractual obligation to reimburse a developer for a portion of the cost of constructing water/sewer lines donated to the County) included in the Statement of Net Position.

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

On April 22, 2015 the County issued \$184,195,000 in Consolidated Public Improvement Project and Refunding Bonds 2015 Series A, with a true interest cost of 2.65% and \$31,015,000 in Metropolitan District Project Bonds 2015 Series A, with a true interest cost of 3.22%. The County issued these bonds to refund \$87,290,000 and \$4,210,000 of Consolidated Public Improvement and Metropolitan District Bonds, respectively; pay off \$134,700,000 of Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, 2014 Series (BANs); reimburse the County for costs related to capital projects; and to pay bond issuance costs. The savings or aggregate difference in debt service from refunding Consolidated Public Improvement Bonds was \$12,871,667 and from refunding Metropolitan District Bonds was \$533,806. The

economic gain or net present value of savings from refunding Consolidated Public Improvement Bonds was \$10,678,015 and from refunding Metropolitan District Bonds was \$421,887.

The County issues debt to finance the construction of certain capital facilities of its component units and to finance major water and sewer projects done in conjunction with the City of Baltimore (the “City”) and Baltimore County, which affects the “unrestricted” net position component in the statement of net position. The following summarizes these situations in which the County is reporting the debt in its financial statements, while the corresponding assets are reported by the other reporting entity.

- The Board of Education (Public School System) and the Community College have no authority to issue bonded debt. The authority rests with the County subject to approval of the Council. The County had approximately \$544.5 million of its net Consolidated Public Improvement general obligation bonds outstanding that is related to capital facilities of the component units at fiscal year-end.
- The Metropolitan District Act requires the City to provide water to the County’s Metropolitan District. The City also treats sewage from the Metropolitan District at cost. The County has agreed to pay the City on a pro rata basis for construction of certain City-owned water and sewer capital projects that serve the Metropolitan District. The County has contributed approximately \$61.8 million toward these City-owned facilities that are funded primarily with bond proceeds. The County estimates 16.02% of its net Metropolitan District general obligation bonds outstanding of \$29.9 million is related to these facilities at fiscal year-end.

Since 1993, the County has participated in the State Water Quality Revolving Loan Program. Under this program, the State makes loans to local governments with interest rates that are below the market rate for tax-exempt financing. As of fiscal year-end the County has borrowed \$91,255,779, of which \$77,058,851 was borrowed by the Water and Sewer Enterprise Fund to expand the County’s water reclamation plant and \$14,210,000 was used to refund Consolidated Public Improvement Bonds. The outstanding balances of these loans are \$27,678,601 and \$2,475,000, respectively.

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

During fiscal year 1995, the County issued Special Facility Revenue Bonds in the amount of \$10,675,000. On June 1, 2003, the County refunded the balance of the Special Facility Revenue Bonds, which was \$9,220,000 and issued Golf Course Refunding Bonds in the amount of \$9,880,000. On May 30, 2012, the County refunded the balance of the Golf Course Refunding Bonds, which was \$5,775,000, and issued a Taxable Golf Course Refunding Note in the amount of \$5,400,000. The original bonds were issued for the purpose of constructing a public golf course with related facilities. Income derived from the golf course facility is pledged to pay debt service on these bonds and to establish a debt service reserve fund equal to the greatest amount of debt service payable in a fiscal year. The balance in the debt service reserve fund at fiscal year-end is \$560,000. This reserve will not be available for other purposes until the maturity of the notes on August 15, 2022. If a deficiency exists in the debt service reserve fund securing the note, the County is obligated to restore the amount in the debt service reserve fund to \$560,000 not later than 30 days after the beginning of the first fiscal year beginning after such deficiency is determined, until the note has been paid in full. This note does not constitute a pledge of the County’s full faith and credit or taxing power, but the County’s covenant to restore the amount in the debt service reserve fund is a general contractual obligation of the County. For fiscal year 2015, the net available revenue and debt service payments were \$433,965 and \$558,362, respectively.

In prior years, the County defeased certain Consolidated Public Improvement and Metropolitan District bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included as long-term obligations of the County. At fiscal year-end, \$146,780,000 of Consolidated Public Improvement Bonds and \$3,110,000 of Metropolitan District Bonds were considered defeased.

Under its Agricultural Land Preservation Program, the County acquires development rights on a parcel of agricultural property by entering into an installment purchase agreement with the property owner. The County acquires the development rights to the land in perpetuity. Historically, under the terms of the agreement, the

County paid the property owner semiannual interest payments for 30 years and minimal portions of the installment purchase price until maturity. The remaining amount of the purchase price was paid at the end of 30 years with a balloon payment. Upon execution of an agreement, the County purchased stripped-coupon U.S. Treasury obligations in amounts sufficient to equal the balloon payment in 30 years (see Note 2). Under the current program, the County pays five or ten percent of the purchase price at closing, with equal annual principal payments over 15 or 20 years with interest.

Special Obligation Bonds

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

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

These bonds are not general obligation bonds of the County; rather they are special obligations of the County payable solely from the real property tax increment to be realized from the TIF District, any special taxes imposed and collected from the companion Special Tax District, and any Base Realignment and Closure (BRAC) Zone Grant awarded by the State of Maryland. The project was approved for designation as a BRAC Zone in June 2009. The total amount of pledged revenue is \$37,353,233. A reserve fund in the amount of \$1,678,465 was established as part of the debt issuance. This reserve will not be available for other purposes until the final maturity of the bonds in fiscal year 2044. No pledged revenues were recognized in fiscal year 2015, as \$939,435 of debt service was paid out of capitalized interest. The debt of \$17,000,000 is included in the primary government's long-term debt on the Statement of Net Position.

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

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

Debt service requirements of governmental activities:

Year ending June 30:	<u>General County Bonds</u>		<u>Agricultural Land Program</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 63,445,000	39,908,361 *	2,541,578	5,458,804
2017	60,295,000	38,133,195	9,053,778	5,380,796
2018	58,900,000	34,976,785	4,202,578	4,862,304
2019	58,785,000	32,114,735	3,194,578	4,712,145
2020	60,195,000	29,162,098	16,021,578	4,367,302
2021-2025	306,260,000	104,143,719	40,063,068	9,718,190
2026-2030	238,590,000	45,479,968	19,068,189	2,024,986
2031-2035	101,310,000	8,799,649	2,480,830	54,363
Total	\$ 947,780,000	332,718,510	96,626,177	36,578,890

*Includes administrative fees.

Debt service requirements of TIF governmental activities:

Tax Increment Financing Bonds			
Year ending			
June 30:	Principal	Interest	Annual Debt Service
2016	\$ -	1,012,565	1,012,565
2017	20,000	1,012,565	1,032,565
2018	40,000	1,011,605	1,051,605
2019	65,000	1,009,685	1,074,685
2020	90,000	1,006,565	1,096,565
2021-2025	880,000	4,941,625	5,821,625
2026-2030	1,810,000	4,604,165	6,414,165
2031-2035	3,150,000	3,933,975	7,083,975
2036-2040	5,045,000	2,777,635	7,822,635
2041-2044	5,900,000	936,350	6,836,350
Total	\$ 17,000,000	22,246,735	39,246,735

Debt service requirements of business-type activities:

Year ending	Metro District Bonds		Special Facility Revenue Bonds		Water Quality Bonds	
June 30:	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 9,500,000	8,637,359	461,000	97,098	3,171,029	757,817 *
2017	9,625,000	8,474,970	473,000	85,553	3,240,265	688,582 *
2018	9,775,000	8,125,526	485,000	73,710	3,311,048	617,798 *
2019	10,110,000	7,783,764	497,000	61,570	3,383,413	545,433 *
2020	10,210,000	7,424,051	510,000	49,123	3,457,397	471,449 *
2021-2025	45,200,000	31,909,613	1,707,000	62,248	9,801,765	989,770 *
2026-2030	45,880,000	23,185,853	-	-	1,177,950	107,723 *
2031-2035	40,160,000	14,819,181	-	-	135,734	10,441 *
2036-2040	35,390,000	6,780,478	-	-	-	-
2041-2045	14,885,000	1,221,463	-	-	-	-
Total	\$230,735,000	118,362,258	4,133,000	429,302	27,678,601	4,189,013

*Includes administrative fees.

B. Component Units

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

	Beginning			Ending
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
Public School System:	\$ 52,694,626	13,080,261	9,382,342	56,392,545
Capital leases, workers compensation, compensated absences and net pension liability				
Community College: Loans, compensated absences and net pension liability	12,516,478	102,624	809,181	11,809,921
Library: Compensated absences	1,043,326	917,664	916,714	1,044,276
Housing: Loans, compensated absences and net pension liability	107,785,031	39,854,301	2,470,092	145,169,240
Total	\$ 174,039,461	53,954,850	13,578,329	214,415,982

Beginning balances restated for implementation of GASB 68 to record net pension liabilities of Public School System - \$38,057,620; Community College - \$2,070,587 and Housing - \$470,304.

8. Short-Term Debt

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

	Beginning			Ending
<u>Type</u>	<u>Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u>
Bond Anticipation Notes	\$ 43,800,000	90,900,000	134,700,000	-
Consolidated Public Improvement Bonds 2014 Series B (Taxable) - maturity date February 15, 2015	1,500,000	-	1,500,000	-
Total	\$ 45,300,000	90,900,000	136,200,000	-

9. Conduit Debt

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

At fiscal year-end, there were 25 series of conduit debt outstanding. The aggregate principal amount outstanding for the 11 series issued after July 1, 1996 was \$83,571,162. The aggregate principal amount outstanding for the 14 series issued prior to June 30, 1996 could not be determined; however, their original issue amounts totaled \$86,356,000.

10. Lease Obligations

A. Operating Leases – Primary Government

The County is committed under various long-term operating lease agreements for office space as lessee. Lease expenditures for the fiscal year amounted to \$1,801,211.

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

<u>Fiscal Year</u>	
2016	\$ 1,471,250
2017	801,310
2018	661,106
2019	661,106
2020	661,106
2021-2025	1,355,035

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

Lease revenues for the year amounted to \$1,347,649. Future lease revenues are as follows:

<u>Fiscal Year</u>	
2016	\$ 1,012,844
2017	945,735
2018	948,989
2019	971,387
2020	995,120
2021-2025	3,698,336

B. Capital Leases

The County entered into a Master Lease-Purchase Agreement with Grant Capital Management Inc. for financing the acquisition of equipment. The County maintains leasing agreements with First Niagara Leasing and TD Asset Management Funds, which are also for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes, and must be recorded as the lesser of their fair value or the present value of their future minimum lease payments. Therefore, they have been recorded at the present value of their future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments at fiscal year-end are as follows:

<u>Year Ending June 30, 2015</u>	<u>Activities</u>
2016	\$ 3,390,808
2017	3,272,463
2018	3,289,048
2019	3,306,131
2020	2,247,485
2021-2025	3,520,462
Total minimum lease payments	19,026,397
Less: amount representing interest	(1,132,793)
Present value of minimum lease payments	<u><u>\$ 17,893,604</u></u>

11. Restricted Assets

Federal and State grants, golf course receivables, water and sewer assessments, user charges, in-aid-of-construction charges, developer contributions, and bond and loan proceeds for purposes of construction of the water and sewer system are restricted. Developer contributions primarily represent water and sewer projects constructed by developers on behalf of the County in connection with the development of privately owned property. The agreements between the developers and the County relating to such projects provide for specific rebates of construction costs to the developer from bond proceeds based upon house connections within a ten-year period. Any amounts not rebated at the end of ten years are recognized as contributed revenue. The cumulative amounts of other non-operating revenues are available for construction activities and reflected as restricted Net Position. Assets and liabilities arising from the construction and operation of the County's publicly owned golf course are restricted in the Special Recreation Facility Fund. Restricted assets also include funds reserved for capital projects and funds that are legally restricted for special purposes such as public housing projects.

12. Landfill Closure and Post-Closure Care Cost

State and Federal laws and regulations require the County to place a final cover cap on closed cells at the currently operating Alpha Ridge Landfill and to perform certain maintenance and monitoring functions at the landfill site for a minimum period of 30 years after closure. The County recognizes a portion of these costs in each operating period based on landfill capacity used as of each fiscal year-end. Closure and post-closure care costs are paid after each cell is filled to capacity. The closure cap for a 70-acre inactive landfill cell was completed in fiscal year 2000. A separate active lined landfill cell is projected to close no earlier than 2050 if current operating conditions continue and will be capped at that time. In addition, the County has constructed closure caps and groundwater treatment systems at two older closed landfills, and the post-closure operating

costs are included in the Environmental Services Fund budget. The long-term liability for these older landfills has been removed from long-term debt. Future total closure and post-closure care costs for the Alpha Ridge Landfill as determined through engineering studies will approximate \$39,618,762. Actual costs may differ due to inflation or future design changes. The County ceased using the Alpha Ridge Landfill as its primary disposal site as of March 1997 and, thus, it is not expected to use the landfill to its full capacity in the foreseeable future. The County is exporting waste to a regional landfill in Virginia. The remaining capacity at the landfill will be held for backup or future use. At fiscal year-end, the County has recognized \$31,862,000 of these costs. This cumulative amount reported to date is based on the use of 70.49 percent of the existing cell and 100 percent of the closed cell. The total current cost of closure and post-closure care to be recognized in future years is \$7,756,762. The County intends to finance these costs through the proceeds of bonds and through its annual operating budget. The General Fund has been used in prior years to liquidate the liability.

13. Retirement Plans

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 Howard County Retirement Plan (HCRP) and Police and Fire Employees' Plan (PFEP) and additions to/ deductions from the two plans' fiduciary net position have been determined on the same basis as they were reported by each plan as of June 30, 2014. The financial statements of the Plans were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses, benefits, and refunds are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Investments were reported at fair value.

General Information about the Pension Plans

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

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

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

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

The remaining employees of the primary government participate in the State Employees Retirement System ("Retirement System") established October 1, 1941, and the State Employees' Pension System ("Pension System") established January 1, 1980. These cost-sharing multiple-employer defined benefit systems administered by the Maryland State Retirement Systems were established under the provisions of Article 73B of the Annotated Code of Maryland. Responsibility for administration and operation of the systems vests in a 14-member Board of Trustees ("Trustees").

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

Howard County Retirement Plan:

Benefits provided. Under the Retirement Plan, participants become vested after 5 years of eligibility service and are entitled to a benefit beginning at age 62. If an employee leaves employment or dies before 5 years of eligibility service, accumulated employee contributions plus interest are refunded to the employee or designated beneficiary.

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

Participating general employees with thirty years of eligibility service, regardless of age, are entitled to a normal retirement benefit. Also, participants attaining the age of 62 and older who have completed between 2 to 5 years of eligibility service (for a total of 67) may retire and receive unreduced benefits. For creditable service earned prior to June 30, 2012, the benefit is 1.55% of the participant's average compensation times the participant's creditable service; for creditable service after July 1, 2012, the multiplier is 1.66%. The Plan permits early retirement for participants who attain the age of 55 with at least 15 years of Eligibility Service or have 25 years of eligibility service, regardless of age. For early retirement, the benefit is reduced by 0.5% for each month that the benefit begins prior to normal retirement date.

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

Participating Corrections employees are entitled to receive a normal retirement benefit of 2.5% of average compensation multiplied by years of creditable service (up to 20 years) plus 1.0% of average compensation multiplied by creditable service greater than 20 years but less than 30 years (excluding sick leave, which is always credited at 1.0% of average compensation).

Annually, the retirement benefits are adjusted for cost of living adjustment ("COLA"). The Plan uses the Consumer Price Index ("CPI-U") for the Washington/Baltimore area as published by the Bureau of Labor Statistics to calculate the change in retiree allowances each July. Maximum annual COLA is 3%.

Employees covered by benefit terms. At July 1, 2013 and 2012, the following employees were covered by the benefit terms:

	<u>2013</u>	<u>2012</u>
Inactive employees or beneficiaries currently receiving benefits	517	474
Inactive employees entitled to but not yet receiving benefits	189	188
Active employees	<u>1,596</u>	<u>1,570</u>
Total	<u>2,302</u>	<u>2,232</u>

Contributions. The Plan is authorized to establish or amend the obligation to make contributions under the provisions of Sections 1.423 and 1.465 of the Howard County Code. The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Participant contributions are 8.5% of base pay for participating Corrections participants with less than 20 years of creditable service, 0% for Corrections participants with greater than 20 years of creditable service, and, effective January 1, 2014, 3.0% of base pay for other participants. The County funds the remainder of the cost of its employees' participation in the Retirement Plan which was 13.1% and 12.3% of covered payroll in fiscal years 2014 and 2013, respectively.

Net Pension Liability

The County's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 rolled forward to June 30, 2014.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2013 rolled forward to June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent (COLA = 3%)
Salary increases	Varies by service, 4.0 to 6.6 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation
Mortality	RP-2000 Combined Healy tables with generational projection by Scale AA set forward one year.

The actuarial assumptions used in the July 1, 2013 valuation were based on the 2009 Experience Study covering the period of July 1, 2005 through June 30, 2009.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	45.0%	4.90%
Alternative investments	17.5%	5.71%
Fixed income	32.5%	1.75%
Real estate funds	5.0%	5.25%
Total	100.0%	

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 15.62 percent.

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2013	\$ 327,817,170	\$ 289,285,027	\$ 38,532,143
Changes for the year:			
Service cost	12,726,866	-	12,726,866
Interest	24,974,185	-	24,974,185
Changes of benefit terms	3,534,438	-	3,534,438
Changes of assumptions	10,917,962	-	10,917,962
Contributions - employer	-	12,778,495	(12,778,495)
Contributions - member	-	2,979,366	(2,979,366)
Net investment income	-	45,955,743	(45,955,743)
Benefit payments, including refunds of employee contributions	(11,139,258)	(11,139,258)	-
Administrative expense	-	(283,093)	283,093
Net changes	41,014,193	50,291,253	(9,277,060)
Balance as of 6/30/2014	\$ 368,831,363	\$ 339,576,280	\$29,255,083

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County and the component units participating in the General Employee Plan (Economic Development Authority ⁽¹⁾ and Housing Commission), calculated using the discount rate of 7.75 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.75 percent) or 1 percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's net pension liability	\$ 75,503,374	\$ 28,529,889	\$ (10,728,131)
Economic Development Authority	980,254	370,401	(139,282)
Housing Commission	938,948	354,793	(133,413)
Total	\$ 77,422,576	\$ 29,255,083	\$ (11,000,826)

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

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

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

For the year ended June 30, 2015, the County and the participating component units recognized pension expense of \$12,506,312, \$174,701 and \$156,691, respectively. The County and the participating component units reported 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	\$ 9,358,253	\$ -
Net difference between projected and actual earnings on pension plan investments		18,694,522
Contributions subsequent to the measurement date	13,967,304	
Total	\$ 23,325,557	\$ 18,694,522

Other than contributions subsequent to the measurement date (\$13,967,304), which will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2016, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the fiscal years ended June 30:

2016	\$ (3,113,921)
2017	(3,113,921)
2018	(3,113,921)
2019	(3,113,923)
2020	1,559,709
Thereafter	1,559,708

Police and Fire Plan:

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

Participants become vested after 5 years of eligibility service and are entitled to a benefit beginning at age 62. Terminated vested employees with less than 20 years of service will receive a benefit equal to 2.5% of average compensation times the number of years of creditable service, payable at age 62. If an employee leaves employment or dies before 5 years of eligibility service, accumulated employee contributions plus interest are refunded to the employee or the designated beneficiary. A participant who becomes totally and permanently disabled may retire prior to normal retirement and receive a benefit. Both disability and death benefits vary if incurred in the line of duty.

Employees attaining the age of 62 who have completed 5 years of eligibility service and employees who have completed 20 years of eligibility service are entitled to a normal retirement benefit. The amount will vary, based on the number of years of creditable service, from 50% (with 20 years of service) to 80% (with 30 years of service) of average compensation for police, and from 50% (with 20 years of service) to 70% (with 30 years of service) of average compensation for firefighters.

Annually, the retirement benefits are adjusted for COLA. The Plan uses the CPI-U for the Washington/Baltimore area as published by the Bureau of Labor Statistics to calculate the change in retiree allowances each July. Maximum annual COLA is 2%.

Employees covered by benefit terms. At July 1, 2013 and 2012, the following employees were covered by the benefit terms:

	<u>2013</u>	<u>2012</u>
Inactive employees or beneficiaries currently receiving benefits	298	285
Inactive employees entitled to but not yet receiving benefits	24	21
Active employees	849	828
Total	<u>1,171</u>	<u>1,134</u>

The Plan offers a program called Deferred Retirement Option Plan (DROP). This is a voluntary benefit program which offers qualified active Police Participants, who would be entitled to retire and receive benefits, the option to continue working. An individual DROP account is created and is credited with the monthly retirement benefits that would have been paid during the DROP period had the participant actually retired. Adjustments are made for cost-of-living increases awarded to retirees and additional sick leave earned. The payment is made to the employee, in addition to the benefit payment entitled under the defined benefit plan based on the earlier years of service, when the employee eventually retires. Participating members may elect distribution as one lump sum payment, a rollover or in monthly payments. Balance held by plan as of June 30, 2014 is \$7,929,547.

Contributions. The Plan is authorized to establish or amend the obligations to make contributions under the provisions of the Howard County Code, Sections 1.423A and 1.465A. The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Participant contributions are 11.6% of pay for participating Police Department Employees and 7.7% of pay for participating Fire Department Employees. The County funds the remainder of the cost of its employees' participation in the Police and Fire Plan, which was 31% and 30.5% of covered payroll in fiscal years 2014 and 2013, respectively.

Net Pension Liability

The County's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the July 1, 2013 actuarial valuation rolled forward to June 30, 2014 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent (COLA = 2% Fixed)
Salary increases	Varies by service, 4.5 to 8.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation
Mortality	RP-2000 Combined Healy tables with generational projection by Scale AA set forward two years.

The actuarial assumptions used in the July 1, 2013 valuation were based on the 2009 Experience Study covering the period of July 1, 2005 through June 30, 2009.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	45.0%	4.90%
Alternative investments	17.5%	5.71%
Fixed income	32.5%	1.75%
Real estate funds	5.0%	5.25%
Total	100.0%	

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 15.62 percent.

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2013	\$ 441,775,021	\$ 344,139,563	\$ 97,635,458
Changes for the year:			
Service cost	17,534,988	-	17,534,988
Interest	33,629,983	-	33,629,983
Changes of assumptions	14,989,455	-	14,989,455
Contributions - employer	-	20,822,339	(20,822,339)
Contributions - member	-	6,525,501	(6,525,501)
Net investment income	-	54,733,278	(54,733,278)
Benefit payments, including refunds of employee contributions	(15,679,515)	(15,679,515)	-
Administrative expense	-	(270,550)	270,550
Net changes	<u>50,474,911</u>	<u>66,131,053</u>	<u>(15,656,142)</u>
Balance as of 6/30/2014	\$ 492,249,932	\$ 410,270,616	\$ 81,979,316

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 7.75 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.75 percent) or 1 percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's net pension liability	\$ 148,935,936	\$ 81,979,316	\$ 26,560,368

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

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

For the year ended June 30, 2015, the County recognized pension expense of \$13,938,875. The County reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 13,323,960	\$ -
Net difference between projected and actual earnings on pension plan investments		22,096,638
Contributions subsequent to the measurement date	22,530,039	
Total	\$ 35,853,999	\$ 22,096,638

Other than contributions subsequent to the measurement date (\$22,530,039), which will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2016, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the fiscal years ended June 30:

2016	\$	(3,858,665)
2017		(3,858,665)
2018		(3,858,665)
2019		(3,858,663)
2020		1,665,495
Thereafter		4,996,485

Component Units:

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

These three component units adopted GASB 68 for the year ended June 30, 2015 and reported their proportionate share of the collective pension amounts calculated by the Maryland State Retirement and Pension System. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportionate share of these component units' net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. As of June 30, 2015, the Howard County School System and Howard County Community College proportions for the System were 0.193% and 0.011%, respectively, which were substantially the same from their proportions measured as of June 30, 2014. Howard County School System and Howard County Community College reported net pension liabilities of \$507,145,242 and \$1,878,075, respectively. For the year ended June 30, 2015, Howard County School System and Howard County Community College recognized pension expense for the System of approximately \$72 million and \$232,500, respectively. Howard County Library has no expense for pension costs, is not responsible for unfunded pension obligation and did not report any net pension liability due to a special funding situation.

Detailed retirement plan information for the component units is available in their current year audited financial statements. The financial statements may be obtained from their respective administrative offices:

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

Howard County Library
10375 Little Patuxent Parkway
Columbia, Maryland 21044

Howard Community College
10901 Little Patuxent Parkway
Columbia, Maryland 21044

14. Other Post-Employment Benefits (OPEB)

Plan Description

The County's OPEB plan is a Cost-Sharing Multiple Employer Defined Benefit Healthcare Plan. Per Section 1.406B of Howard County Bill No. 14-2008, the County established an irrevocable trust for administering the plan assets and paying healthcare costs on behalf of the participants. The Plan includes the County (consisting of the County government, Howard County Library, Mental Health Authority, and Economic Development Authority), and its component units, Howard County Community College and Howard County Public School System.

The County provides a post-employment health insurance program in addition to the pension benefits described in Note 13. These post-employment benefits are subject to change at any time. All employees who retire from the County may participate in the program. In order to be eligible, the retiree must have a minimum of fifteen years of County service and, immediately preceding retirement, have been enrolled in a medical, vision or prescription drug insurance plan offered to active employees of the County. The County will pay a percentage of the retiree's health insurance premium based upon these criteria. This percentage varies with the number of years of service attained by the employee. Other retirees who do not meet the eligibility criteria are permitted to participate in the retirees' health insurance program by paying the full premium at the group rate.

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

Plan membership at fiscal year-end per the most recent actuarial valuation consisted of the following:

Retirees and beneficiaries receiving benefits	2,791
Active plan members	9,664
Deferred vested terminations	35
Total	<u>12,490</u>

There are no separate financial statements for the Plan.

Basis of Accounting

The Plan's financial information is prepared on the accrual basis of accounting. Expenditures are recognized on the accrual basis as retirees' insurance costs are incurred. For the fiscal year, the Plan's insurance costs were \$24.4 million; \$9.0 million was paid by the retirees and the balance was paid by the County and its component units through the County's self-insurance fund (internal service fund).

Funding Policies and Funded Progress

The Plan's funding policy provides for the County to contribute to the trust the actuarially determined annual required contribution (ARC). During the fiscal year, the County contributed \$15,000,000 to the trust. The County has re-adopted its eight-year phase-in funding policy due to improvement in the economy. The County budget for fiscal year 2016 includes funding for pay-as-you-go OPEB costs as well as \$10,000,000 to the trust.

As of July 1, 2014, per the most recent actuarial valuation, the actuarial accrued liability (AAL) was \$587,850,000 and there was \$54,230,000 of actuarial plan assets; therefore, the unfunded AAL (UAAL) was \$533,620,000. The annual covered payroll of active employees covered by the Plan was \$745,749,057 and the ratio of the UAAL to covered payroll was 71.6%.

The annual required contribution (ARC) amount and OPEB expense per the most recent actuarial valuation report with valuation dates of December 1, 2014 for the Board of Education, and July 1, 2014 for both the General Government and College are presented below. The end-of-year net OPEB obligation (NOO) is calculated below:

	Actuarial Unfunded Accrued Liability	Amortization of Actuarial Unfunded Accrued Liability	Normal Cost	Annual Required Contribution	ARC Funding	PAYGO Funding	Net OPEB Obligation (NOO)
	(1)	(2)	(3)	(2)+(3)	(4)	(5)	(2)+(3)-(4)-(5)
Schools	\$ 363,052,000	22,535,000	15,248,000	37,783,000	9,905,012	12,811,710	15,066,278
College	11,532,000	716,000	787,000	1,503,000	394,019	-	1,108,981
County ¹	159,036,000	9,871,000	8,061,000	17,932,000	4,700,969	2,265,516	10,965,515
	533,620,000	33,122,000	24,096,000	57,218,000	15,000,000	15,077,226	27,140,774
			Beginning balance				361,492,137
			Less NOO amortization				22,438,990
			Plus interest on NOO				21,689,528
			Total NOO				\$ 387,883,449

¹ Enterprise fund share of PAYGO funding and net OPEB obligation is \$113,221 and \$716,852 respectively.

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

Fiscal Year		Annual OPEB Cost (AOC)	Contribution	% of AOC contributed	Net OPEB Obligation
2013	\$	70,776,000	20,169,779	28%	316,977,003
2014		72,198,000	27,682,273	38%	361,492,137
2015		57,218,000	30,077,226	53%	387,883,449

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

Fiscal Year		Plan Assets	AAL
2010	\$	20,229,000	848,066,000
2011		19,820,099	671,151,000
2012		21,306,000	649,960,000
2013		27,007,000	744,203,000
2014		32,860,000	760,760,000
2015		54,230,000	587,850,000

Actuarial Assumptions

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

Actuarial valuation date	12/1/14 for Board of Ed, 7/1/14 for General Government and 7/1/14 for College
Actuarial cost method	Projected Unit Credit
Amortization method	Amortized over a closed period of 23 years using level percentage of pay.
Asset valuation method	Fair Value. Assets are assumed to earn a 7.50% return.
Actuarial trend assumption	Medical and prescription drug trend rate applied to FY 2015 is 4.5%. This rate will increase 0.20% in FY 2016 and 0.90% in FY 2017. The ultimate rate is 3.9%. Dental trend to be applied is 5.0% for all years
Interest assumption	Discount rate of 6.0%
Salary increases	3.00%

Financial Statements

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

Statement of Net Position

Assets

Receivables:

Interest and dividends	\$	15
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Investments, at fair value:

Cash	34,110
Mutual funds	70,414,766
Money market funds	126,516
Total assets	70,575,407

Liabilities

Accounts payable

Other	348,487
Total liabilities	348,487

Net position held in trust for

other post-employment benefits	70,226,920
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Statement of Changes in Net Position

Additions

Contributions:

Employer	30,077,226
Total contributions	30,077,226

Investment income (expense):

Net change in fair value of investments	87,348
Interest	129
Dividends	1,461,682
Investment expense	(148,481)
Net investment income	1,400,678
Total additions	31,477,904

Deductions

Benefits	14,774,799
Administrative expenses	48,700
Total deductions	14,823,499
Change in net position	16,654,405
Net position - beginning of year	53,572,515
Net position - end of year	\$ 70,226,920

15. Deferred Compensation Plan

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

16. Risk Management

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

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

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

At fiscal year-end, the combined Net Position for the two internal service funds was a net deficit of (\$1,415,006) and is reported as unrestricted. The combined claims liability of the two funds, \$15,750,332, is based on generally accepted accounting principles, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The changes in the combined self-insurance funds' unpaid claims liability in fiscal years 2015 and 2014 are presented below.

Current Year Claims and				Expected Amount	
	<u>Beginning of Year</u>	<u>Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year</u>	<u>Due Within One Year</u>
2015	\$ 13,960,015	48,393,647	(46,603,330)	15,750,332	7,642,629
2014	\$ 13,666,263	45,283,312	(44,989,560)	13,960,015	6,137,488

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

17. Individual Fund Disclosure, Change in Accounting Principle, and Prior Period Adjustments

Individual Fund Disclosures:

The General Capital Projects Fund, a major fund, and the Public Libraries Capital Projects Fund, a non-major fund, plan to eliminate their deficit fund balances of (\$31,981,388) and (\$416,117), respectively, through future bond sales. The Storm Drainage Capital Projects Fund, a non-major fund, will eliminate its deficit of (\$8,385,430) through receipt of future grant revenues and future bond sales.

The deficit of (\$63,944) in the Tax Increment Financing Fund (TIF) will be eliminated with the receipt of future property tax revenues.

The Grants Fund will eliminate its deficit of (\$3,450,607) through the receipt of inter-governmental revenues while the Risk Management Self-Insurance Internal Service Fund will eliminate its deficit of (\$3,145,715) through increased charge-back funding from other funds in fiscal years 2016 and 2017. Both funds are non-major.

Change in Accounting Principle:

The implementation of GASB 68 requires the Governmental Activities and the Water and Sewer Fund (Business-Type Activities) to retroactively record a net pension liability which is now calculated as the present value of projected benefit payments to current active and inactive employees attributable to past periods of service, less the amount of the pension plan's fiduciary net position. This resulted in decreases to beginning net position of (\$99,980,422) in governmental activities, (\$1,951,537) in the Water and Sewer Fund, and (\$314,336) in Housing Commission. For the Howard County Public School System and Howard Community College, this change resulted in decreases to beginning net position of (\$33,554,977) and (\$1,823,973), respectively.

Prior Period Adjustments:

Adjustments were also made to beginning of year net position/fund balance for the following:

General Fund - increase to record long-term receivable from Howard Community College for bonds payable of \$8,057,796.

General Fund - increase to remove cost of issuance expenditures recorded for the 2014 Tax Incremental Financing (TIF) bonds issue of \$470,294.

General Improvement Capital Projects Fund - increase to reflect cash held by escrow agent at fiscal year-end from 2014 TIF bond issue of \$14,451,414; decrease of (\$3,370,843) for capital expenditures incurred as of June 30, 2014 but were not accrued; increase of \$3,658,821 for state revenues earned but previously reported as unavailable at June 30, 2014 – total increase of \$14,739,392.

Grants Fund - increase to record governmental activities that were recorded as agency fund transactions in prior years of \$614,754.

Governmental Activities - the net effect of all the above-described misstatements at the fund level, which total \$23,882,236.

18. Commitments and Contingencies

A. Grants

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

B. Construction

The County had \$860,069,901 authorized but unobligated capital project appropriations at fiscal year-end.

C. Litigation

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

In the case of *Comptroller v. Wynne*, 431 Md. 147 (2013) the United States Supreme Court ruled in May 2015 that counties are prohibited from collecting personal income taxes from their own residents to the extent that the income was earned from sources in another state where the income is subject to tax by that state. The ruling means that each county in Maryland will see a reduction in income tax revenue, including Howard County. Based on preliminary data as of June 2015, the Comptroller's Office is estimating that the fiscal impact of the ruling on the County will be \$3,050,801 of refunds for prior years' taxes, and an estimated reduction of \$2.4 million each year going forward. The estimated amount of refunds to be paid has been recorded as a noncurrent liability on the Statement of Net Position and as an assignment of fund balance in the General Fund, as the County will not be required to start reimbursing the State until fiscal year 2017.

D. Encumbrances

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

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

	Restricted	Committed	Assigned	Total
Major Governmental Funds				
General Fund	\$ -	-	17,518,826	17,518,826
General Capital Projects	15,393,896	-	-	15,393,896
Non-Major Governmental Funds				
Special Revenue	1,750,285	3,241,944	-	4,992,229
Capital Projects	32,423,847	1,543,482	-	33,967,329
Total	\$ 49,568,028	4,785,426	17,518,826	71,872,280

Required Supplementary Information



Howard County, Maryland
Howard County Retirement Plan
Schedule of Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios
For the Year Ended June 30, 2015

Last 10 Fiscal Years (Dollar amounts in thousands)		
	2014	2013
Total pension liability		
Service cost	\$ 12,727	Information for FY2013 and earlier not available
Interest	24,974	
Changes of benefit terms	3,534	
Differences between expected and actual experience	-	
Changes of assumptions	10,918	
Benefit payments, including refunds of member contributions	(11,139)	
Net change in total pension liability	41,014	
Total pension liability - beginning	327,817	
Total pension liability - ending (a)	<u>\$ 368,831</u>	
Plan fiduciary net position		
Contributions - employer	\$ 12,778	
Contributions - member	2,979	
Net investment income	45,956	
Benefit payments, including refunds of member contributions	(11,139)	
Administrative expense	(283)	
Other	-	
Net change in plan fiduciary net position	\$ 50,291	
Plan fiduciary net position - beginning	289,285	
Plan fiduciary net position - ending (b)	<u>\$ 339,576</u>	
County's net pension liability - ending (a)-(b)	<u>\$ 29,255</u>	
Plan fiduciary net position as a percentage of the total pension liability	92.07%	
Total Covered-employee payroll (FY2014)	\$ 100,883	
County's net pension liability as a percentage of Covered-employee payroll	29.00%	
Expected average remaining service years of all participants	7	

Notes to Schedule:

Benefit changes. For General employees not in AFSCME Local 3085 Employees, the multiplier was changed from 1.55% to 1.66% for service earned after June 30, 2012. The Employee contribution percentage was raised from 2.0% to 3.0% effective January 1, 2014.

Changes of assumptions. The investment return rate changed from 8.00% "gross" to 7.75% net of investment expenses.

Howard County, Maryland
Howard County Retirement Plan
Schedule of Required Supplementary Information
Schedule of County Contributions
For the Year Ended June 30, 2015

Last 10 Fiscal Years (Dollar amounts in thousands)		
	2014	2013
Actuarially determined contribution	\$ 12,778	Information for FY 2013 and earlier not available
Contributions in relation to the actuarially determined contribution	12,778	
Contribution deficiency (excess)	<u>\$ -</u>	
Covered-employee payroll ¹	\$ 100,883	
Contributions as a percentage of covered employee payroll ¹	12.67%	

¹ Amounts shown are based on total compensation and not just pensionable earnings only.

Notes to Schedule

Valuation date:

The actuarial valuation date is the beginning of the fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit (Entry Age used for GASB 67 purposes)
Amortization method	Level percentage of pay increasing 3 percent per year
Remaining amortization period	Remaining Amortization periods range from 12 to 30 years.
Asset valuation method	5-year smoothed market
Inflation	3% (COLA = 3.0% Fixed)
Salary increases	Varies by service. 4.0 to 6.6 percent, including inflation
Investment rate of return	7.75%, before expenses, including inflation
Retirement age	Rates vary by participant age and service
Mortality	RP-2000 Combined Healthy tables with generational projection by Scale AA, set forward two years.
Cost-of-Living Increases	3.0%

Howard County, Maryland
Howard County Police and Fire Employees' Retirement Plan
Schedule of Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios
For the Year Ended June 30, 2015

Last 10 Fiscal Years (Dollar amounts in thousands)		
	2014	2013
Total pension liability		
Service cost	\$ 17,535	Information
Interest	33,630	for FY2013
Changes of benefit terms	-	and earlier
Differences between expected and actual experience	-	not available
Changes of assumptions	14,989	
Benefit payments, including refunds of member contributions	(15,679)	
Net change in total pension liability	50,475	
Total pension liability - beginning	441,775	
Total pension liability - ending (a)	<u>\$ 492,250</u>	
Plan fiduciary net position		
Contributions - employer	\$ 20,822	
Contributions - member	6,526	
Net investment income	54,733	
Benefit payments, including refunds of member contributions	(15,679)	
Administrative expense	(271)	
Other	-	
Net change in plan fiduciary net position	\$ 66,131	
Plan fiduciary net position - beginning	344,140	
Plan fiduciary net position - ending (b)	<u>\$ 410,271</u>	
County's net pension liability - ending (a)-(b)	<u>\$ 81,979</u>	
Plan fiduciary net position as a percentage of the total pension liability	83.35%	
Total Covered-employee payroll (FY2014)	\$ 80,035	
County's net pension liability as a percentage of covered-employee payroll	102.43%	
Expected average remaining service years of all participants	9	

Howard County, Maryland
Howard County Police and Fire Employees' Retirement Plan
Schedule of County Contributions
For the Year Ended June 30, 2015

Last 10 Fiscal Years (Dollar amounts in thousands)		
	2014	2013
Actuarially determined contribution	\$ 20,822	Information
Contributions in relation to the actuarially determined contribution	20,822	for FY2013
Contribution deficiency (excess)	\$ -	and earlier
		not available
Covered-employee payroll ¹	\$ 80,035	
Contributions as a percentage of covered employee payroll ¹	26.02%	

¹ Amounts shown are based on total compensation and not just pensionable earnings only.

Notes to Schedule

Valuation date:

The actuarial valuation date is the beginning of the fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit (Entry Age used for GASB 67 purposes)
Amortization method	Level percentage of pay increasing 3 percent per year
Remaining amortization period	Remaining Amortization periods range from 9 to 30 years.
Asset valuation method	5-year smoothed market
Inflation	3% (COLA = 2.0% Fixed)
Salary increases	Varies by service. 4.5 to 8.25 percent, including inflation
Investment rate of return	7.75%, before expenses, including inflation
Retirement age	Rates vary by participant age and service and (for GASB purposes only) set at 100% at DROP entry (or expected entry). Normal Cost (for GASB purposes) ceases for Police members when they enter DROP since GASB 67 does not allow Normal Cost while in DROP.
Mortality	RP-2000 Combined Healthy tables with generational projection by Scale AA, set forward two years.
Cost-of-Living Increases	2.0%

Howard County, Maryland

Required Supplementary Information

Other Post-Employment Benefits Funds

For the Year Ended June 30, 2015

Actuarial valuations are performed every other year. Schedule of funding progress for the Howard County Other Post-Employment Benefits Plan for the year ended June 30, 2015 is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/10	\$ 19,820,099	671,151,000	3.0%	651,330,901	650,701,932	100.1%
7/1/12	27,007,000	744,203,000	3.6%	717,196,000	715,306,223	100.3%
7/1/14	54,230,000	587,850,000	9.2%	533,620,000	745,749,057	71.6%

Schedule of employer contributions for the Howard County Other Post-Employment Benefits Plan for the year ended June 30, 2015 is as follows:

Date	ARC	Contribution	Percentage of ARC Contributed	Net OPEB Obligation
6/30/13	\$ 71,961,000	20,169,779	28%	316,977,003
6/30/14	73,824,000	27,682,273	37%	361,492,137
6/30/15	57,218,000	30,077,226	53%	387,883,449



“HoCoGro” Compost Giveaway Day

On May 2, 2015, Howard County Executive Allan H. Kittleman gave away 10-gallon, reusable tubs of “HoCoGro” compost to the first 100 vehicles that entered the Alpha Ridge Landfill. A leader in food scrap collection and recycling, Howard County has 5,000 households currently participating in food scrap collection. Those food scraps are turned into compost at the landfill and then sold under the brand name “HoCoGro.” Thanks to the food scrap and recycling efforts of our residents, the county is able to divert 600 tons of material annually from its landfill.

Combining and Individual Fund Statements and Schedules

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

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



General Fund

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



Howard County, Maryland
Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2015

	Budget Amounts		Revenues	Variance with
	Original	Final		Final Budget
Property taxes:				
Real, personal and corporate	\$ 470,707,107	470,707,107	474,228,883	3,521,776
Payment in lieu of taxes	1,679,191	1,679,191	1,461,349	(217,842)
Additions and abatements	-	-	(398,961)	(398,961)
Interest on taxes	1,300,000	1,300,000	868,945	(431,055)
Tax sale revenue	200,000	200,000	-	(200,000)
Total property taxes	473,886,298	473,886,298	476,160,216	2,273,918
Other local taxes:				
Heavy equipment	380,000	380,000	618,664	238,664
Local income tax surcharge	408,779,715	408,779,715	394,985,296	(13,794,419)
Admission tax	2,700,000	2,700,000	2,986,473	286,473
Recordation	22,300,000	22,300,000	21,239,512	(1,060,488)
Mobile home	580,000	580,000	624,874	44,874
Hotel / motel	4,900,000	4,900,000	4,953,775	53,775
Total other local taxes	439,639,715	439,639,715	425,408,594	(14,231,121)
State shared taxes:				
Highway	1,531,557	1,531,557	1,531,596	39
Corporate	15,000	15,000	-	(15,000)
Total state shared taxes	1,546,557	1,546,557	1,531,596	(14,961)
Revenues from other governments	4,359,116	6,559,116	6,512,903	(46,213)
Charges for services:				
Boarding prisoners	2,541,000	2,541,000	1,934,695	(606,305)
Cable TV franchise fees	5,100,000	5,100,000	6,136,046	1,036,046
Civil marriage	10,000	10,000	9,060	(940)
Developer - water and sewer overhead	700,000	700,000	811,574	111,574
Development - review fees	1,500,000	1,500,000	1,656,240	156,240
Development - specifications	1,000	1,000	-	(1,000)
Extension development agreement fees	40,000	40,000	25,200	(14,800)
House type revision fees	87,500	87,500	110,750	23,250
IRB and MIDFA loan fees	2,000	2,000	1,000	(1,000)
Master in chancery fees	130,000	130,000	1,868	(128,132)
Other charges for services	10,000	10,000	12,044	2,044
Parking meters	232,000	232,000	100,763	(131,237)
Planning and zoning fees	715,000	715,000	650,798	(64,202)
Police records check	48,000	48,000	28,385	(19,615)
Recreation and parks	100,000	100,000	65,592	(34,408)
Rental housing inspection fees	900,000	900,000	1,147,147	247,147
Sale of maps and publications	40,000	40,000	58,235	18,235
Sheriff fees	425,000	425,000	387,671	(37,329)
Tax certificates	300,000	300,000	297,420	(2,580)
Weekender inmate fees	40,000	40,000	27,158	(12,842)
Food and beverage	130,000	130,000	116,326	(13,674)
Miscellaneous Sales & Service	-	-	3,171	3,171
Internal service charges	-	-	34,838	34,838
Total charges for services	13,051,500	13,051,500	13,615,981	564,481

(Continued)

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

Howard County, Maryland
Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2015

	Budget Amounts		Revenues	Variance with Final Budget
	Original	Final		
Interest on investments	\$ 699,890	699,890	601,910	(97,980)
Licenses and permits:				
Animal licenses	60,500	60,500	52,098	(8,402)
Beer, wine and liquor	273,500	273,500	280,730	7,230
Building	3,710,000	3,710,000	3,458,886	(251,114)
Electrical	1,185,000	1,185,000	1,156,656	(28,344)
Marriage licenses	9,000	9,000	12,915	3,915
Marriage license surcharge	73,000	73,000	69,840	(3,160)
Mobile home park	6,500	6,500	6,450	(50)
Peddlers and solicitors	20,000	20,000	28,869	8,869
Plumbing	990,000	990,000	990,355	355
Signs	40,000	40,000	40,628	628
Traders	450,500	450,500	488,788	38,288
Total licenses and permits	6,818,000	6,818,000	6,586,215	(231,785)
Recoveries for interfund services:				
Streetlight districts	22,000	22,000	41,700	19,700
Public works operations - utility pro rata	3,560,570	3,560,570	3,560,570	-
Office of law - self insurance	450,139	450,139	427,765	(22,374)
Pension plan	346,902	346,902	261,864	(85,038)
Employee health benefits fund	-	-	50,028	50,028
Public works - water and sewer developer capital projects	522,183	522,183	360,000	(162,183)
Waste management pro rata share	1,057,615	1,057,615	1,313,462	255,847
Public works - water & sewer capital projects pro rata share	422,184	422,184	450,000	27,816
General County capital projects pro rata share	422,183	422,183	450,000	27,817
Agricultural land preservation fund	931,302	931,302	734,598	(196,704)
Fire and rescue fund	5,250,328	5,250,328	5,402,267	151,939
Housing and community development	487,677	487,677	487,677	-
Watershead pro rata share	989,363	593,373	593,373	-
Total recoveries for interfund services	14,462,446	14,066,456	14,133,304	66,848
Fines and forfeitures	3,240,500	3,240,500	3,078,184	(162,316)
Component units return of funding:				
Community college	956,642	956,642	351,439	(605,203)
Total component units return of funding	956,642	956,642	351,439	(605,203)
Miscellaneous revenues:				
Commissions, rents and concessions	789,600	789,600	635,177	(154,423)
Sale of property and equipment	19,000	19,000	17,159	(1,841)
Other revenue	891,000	891,000	1,335,072	444,072
Miscellaneous program revenue	650,000	650,000	576,049	(73,951)
Other intergovernmental revenue	-	-	1,328	1,328
Total miscellaneous revenue	2,349,600	2,349,600	2,564,785	215,185
Total revenues	961,010,264	962,814,274	950,545,127	(12,269,147)
Other sources of financial resources:				
Transfers in:				
Operating transfer	1,500,000	1,500,000	2,423,996	923,996
Community renewal debt	-	395,990	395,991	1
Fire and rescue reserve fund	3,074,751	3,074,751	3,091,306	16,555
Recreation program fund	3,520,887	3,520,887	3,520,887	-
Excise tax debt	5,069,975	5,069,975	5,069,974	(1)
Public school system debt	7,500,572	7,500,572	7,500,572	-
Capital contributions	2,200,000	-	-	-
Capital projects - return of funding	-	-	747,560	747,560
Total transfers in	22,866,185	21,062,175	22,750,286	1,688,111
Appropriation from fund balance	43,673,866	43,673,866	39,769,830	(3,904,036)
Total revenues and other sources of financial resources	\$ 1,027,550,315	1,027,550,315	1,013,065,243	(14,485,072)

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

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2015

	Budget Amounts		Expenditures	Encumbrances	Expenditures and	Variance with Final Budget
	Original	Final			Encumbrances	
<u>General Government</u>						
Office of the County Executive	\$ 1,156,108	1,156,108	1,098,405	20,000	1,118,405	37,703
Office of the County Administrator:						
Bureau of staff services:						
Staff services	3,120,700	3,087,700	2,783,177	275,384	3,058,561	29,139
Personnel board		-			-	-
Environmental sustainability	249,732	249,732	213,631	15,000	228,631	21,101
Office of human rights	755,473	755,473	737,098	920	738,018	17,455
Human rights commission		-			-	-
Workforce development	220,978	220,978	128,451	-	128,451	92,527
Total bureau of staff services	4,346,883	4,313,883	3,862,357	291,304	4,153,661	160,222
Bureau of management services:						
Budget division	735,168	805,168	680,255	94,234	774,489	30,679
Human resources	1,945,150	1,837,370	1,552,588	123,510	1,676,098	161,272
Purchasing division	1,274,133	1,274,133	1,214,083	92	1,214,175	59,958
Central services	800,719	810,639	776,180	-	776,180	34,459
Public information	1,072,220	1,133,080	1,122,260	10,000	1,132,260	820
Total bureau of management services	5,827,390	5,860,390	5,345,366	227,836	5,573,202	287,188
Total Office of the County Administrator	10,174,273	10,174,273	9,207,723	519,140	9,726,863	447,410
Department of economic development						
Department of economic development	2,475,191	2,475,191	2,475,191	-	2,475,191	-
Total dept of economic development	2,475,191	2,475,191	2,475,191	-	2,475,191	-
Department of finance:						
Office of the Director	2,728,636	2,728,636	2,474,373	35,500	2,509,873	218,763
Bureau of accounting	2,276,251	2,276,251	1,917,552	34,513	1,952,065	324,186
Bureau of revenue and customer service	1,691,207	1,691,207	1,540,260	41,818	1,582,078	109,129
Utility and miscellaneous billing	544,870	544,870	529,467	7,750	537,217	7,653
Bureau of payroll / disbursements	901,798	901,798	861,252	34,000	895,252	6,546
Total department of finance	8,142,762	8,142,762	7,322,904	153,581	7,476,485	666,277
Office of law	3,690,704	3,690,704	3,647,888	-	3,647,888	42,816
Technology and communication services	239,419	239,419	199,080	-	199,080	40,339
General fund contingency	2,000,000	-	-	-	-	-
Non-departmental	38,818,695	38,417,940	28,761,906	4,338,683	33,100,589	5,317,351
Total General Government	66,697,152	64,296,397	52,713,097	5,031,404	57,744,501	6,551,896
<u>Legislative and Judicial</u>						
Legislative:						
County council	2,609,659	2,711,659	2,542,999	140,000	2,682,999	28,660
County auditor	1,058,955	1,050,955	933,645	112,410	1,046,055	4,900
Board of license commissioners	125,661	125,661	100,679	-	100,679	24,982
Zoning board	146,559	109,559	105,439	-	105,439	4,120
Board of appeals	167,535	110,535	102,496	-	102,496	8,039
Total legislative	4,108,369	4,108,369	3,785,258	252,410	4,037,668	70,701

(Continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2015

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
Judicial:						
Circuit court	\$ 2,708,801	2,748,801	2,735,298	-	2,735,298	13,503
Orphan's court	55,732	55,732	55,730	-	55,730	2
Sheriff's department	7,291,017	7,291,017	7,181,978	8,155	7,190,133	100,884
State attorney's office	7,581,709	7,591,709	7,488,564	304	7,488,868	102,841
Total judicial	17,637,259	17,687,259	17,461,570	8,459	17,470,029	217,230
Board of election supervisors	1,544,468	1,546,468	1,390,004	2,441	1,392,445	154,023
Election expense	1,070,298	1,068,298	842,095	149,497	991,592	76,706
Total Legislative and Judicial	24,360,394	24,410,394	23,478,927	412,807	23,891,734	518,660
<u>Public Works</u>						
Department of public works:						
Office of the director	5,052,372	4,870,372	4,845,850	1,717	4,847,567	22,805
Total office of the director	5,052,372	4,870,372	4,845,850	1,717	4,847,567	22,805
Bureau of engineering:						
Administrative management division	540,682	480,682	452,149	-	452,149	28,533
Transportation & watershed management	1,562,376	1,290,876	1,257,450	26,198	1,283,648	7,228
Construction inspection division	2,793,589	2,686,589	2,666,784	-	2,666,784	19,805
Survey and drafting division	863,472	886,472	880,073	-	880,073	6,399
Total bureau of engineering	5,760,119	5,344,619	5,256,456	26,198	5,282,654	61,965
Bureau of highways:						
Operations	1,123,494	990,344	956,486	-	956,486	33,858
Highway maintenance division	16,883,822	19,136,972	16,869,487	2,077,273	18,946,760	190,212
Traffic engineering division	1,698,916	1,638,916	1,112,442	494,425	1,606,867	32,049
Total bureau of highways	19,706,232	21,766,232	18,938,415	2,571,698	21,510,113	256,119
Bureau of facilities:						
Administration	7,011,413	7,975,883	7,573,577	402,306	7,975,883	-
Building and ground maintenance	8,507,422	8,970,452	8,795,062	174,332	8,969,394	1,058
Total bureau of facilities	15,518,835	16,946,335	16,368,639	576,638	16,945,277	1,058
Bureau of environmental services:						
Stormwater management	1,038,092	1,038,092	847,994	5,597	853,591	184,501
Total bureau of environmental services	1,038,092	1,038,092	847,994	5,597	853,591	184,501
Total department of public works	47,075,650	49,965,650	46,257,354	3,181,848	49,439,202	526,448
Department of inspections, licenses and permits:						
Operations division	2,094,092	2,094,092	1,815,603	82,195	1,897,798	196,294
Inspection and enforcement division	3,207,519	3,186,019	3,181,410	-	3,181,410	4,609
Plan review division	1,172,160	1,206,660	1,203,954	-	1,203,954	2,706
Licenses and permits division	671,933	658,933	630,496	-	630,496	28,437
Total department of inspection, license and permits	7,145,704	7,145,704	6,831,463	82,195	6,913,658	232,046

(Continued)

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

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2015

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final			Encumbrances	
Department of planning and zoning:						
Office of the director	\$ 1,697,949	1,797,949	1,690,836	92,986	1,783,822	14,127
Division of land development	1,263,758	1,263,758	1,257,754	-	1,257,754	6,004
Division of research	889,781	859,781	779,773	58,500	838,273	21,508
Public service and zoning administration	1,074,646	1,074,646	1,040,926	-	1,040,926	33,720
Environmental and community planning	635,069	635,069	541,759	-	541,759	93,310
Development engineering division	1,213,109	1,128,109	977,293	-	977,293	150,816
Conservation easements program	373,115	388,115	379,697	-	379,697	8,418
Total department of planning and zoning	7,147,427	7,147,427	6,668,038	151,486	6,819,524	327,903
Soil conservation district	671,037	671,037	671,037	-	671,037	-
Department of transportation	8,676,745	8,676,745	7,756,432	338,960	8,095,392	581,353
Total Public Works	70,716,563	73,606,563	68,184,324	3,754,489	71,938,813	1,667,750
<u>Public Safety</u>						
Police department:						
Animal control division	1,664,827	1,664,827	1,427,192	27,424	1,454,616	210,211
Office of the chief	5,106,090	5,136,090	5,104,734	20,000	5,124,734	11,356
Administrative command	740,377	740,377	638,629	-	638,629	101,748
Command operations	41,675,735	39,755,954	39,427,575	50,000	39,477,575	278,379
Bureau of criminal investigations	14,643,881	15,063,662	14,797,736	103,352	14,901,088	162,574
Special operations bureau	7,898,098	7,898,098	6,988,814	354,596	7,343,410	554,688
Information and technology bureau	16,316,944	16,152,944	15,185,456	76,231	15,261,687	891,257
Human resource bureau	4,235,973	4,909,973	4,502,635	269,085	4,771,720	138,253
Management services bureau	9,870,332	9,900,332	8,868,334	600,952	9,469,286	431,046
Investigations and special operations	299,558	329,558	327,225	-	327,225	2,333
Total police department	102,451,815	101,551,815	97,268,330	1,501,640	98,769,970	2,781,845
Department of corrections	16,264,318	16,264,318	15,669,865	162,153	15,832,018	432,300
Total Public Safety	118,716,133	117,816,133	112,938,195	1,663,793	114,601,988	3,214,145
<u>Recreation and Parks</u>						
Department of recreation and parks	19,416,672	19,416,672	18,783,836	221,550	19,005,386	411,286
Total Recreation and Parks	19,416,672	19,416,672	18,783,836	221,550	19,005,386	411,286
<u>Community Services</u>						
Department of social services	564,017	564,017	540,919	-	540,919	23,098
Citizen services administration	7,528,169	7,476,169	7,171,432	-	7,171,432	304,737
Consumer affairs division	396,381	407,381	405,579	-	405,579	1,802
Office on aging	2,269,511	2,310,511	2,210,934	12,165	2,223,099	87,412
Mental health authority	545,000	545,000	517,500	-	517,500	27,500
Cooperative extension services	472,748	472,748	464,157	-	464,157	8,591
Health department	9,003,880	1,220,377	1,220,377	-	1,220,377	-

(Continued)

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

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2015

	Budget Amounts				Expenditures and Encumbrances	Variance with Final Budget
	Original	Final	Expenditures	Encumbrances	Encumbrances	
County grants in-aid:						
Arts & tourism grants:						
Center of African-American culture	\$ 34,600	34,600	34,600	-	34,600	-
Local / regional arts grants	1,000,000	1,000,000	1,000,000	-	1,000,000	-
Tourism council	936,376	936,376	936,376	-	936,376	-
Total arts and tourism grants	1,970,976	1,970,976	1,970,976	-	1,970,976	-
Civic grants:						
Historical society	75,000	75,000	75,000	-	75,000	-
Total civic grants	75,000	75,000	75,000	-	75,000	-
Community service partnerships human service grants	7,154,336	7,154,336	6,935,815	50,338	6,986,153	168,183
Total County grants in-aid	9,200,312	9,200,312	8,981,791	50,338	9,032,129	168,183
Total Community Services	29,980,018	22,196,515	21,512,689	62,503	21,575,192	621,323

(Continued)

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

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2015

	Budget Amounts				Expenditures and	Variance with
	Original	Final	Expenditures	Encumbrances	Encumbrances	Final Budget
<u>Education</u>						
Public schools	\$ 530,439,861	530,439,861	530,439,861	-	530,439,861	-
Community college	31,000,287	31,000,287	31,000,287	-	31,000,287	-
Library	18,841,541	18,841,541	18,841,541	-	18,841,541	-
Total education	580,281,689	580,281,689	580,281,689	-	580,281,689	-
<u>Debt Service</u>						
Principal:						
Police	403,331	403,331	403,331	-	403,331	-
Schools	27,374,856	27,374,856	27,374,856	-	27,374,856	-
Community college	4,367,205	4,367,205	4,367,205	-	4,367,205	-
Fire	2,152,299	2,152,299	1,033,049	-	1,033,049	1,119,250
General County projects	14,898,991	14,898,991	14,518,241	-	14,518,241	380,750
Recreation and parks	2,028,943	2,028,943	2,028,943	-	2,028,943	-
Community renewal	409,048	409,048	409,048	-	409,048	-
Storm drainage	1,192,224	1,192,224	1,192,224	-	1,192,224	-
Excise bonds	3,021,590	3,021,590	3,021,590	-	3,021,590	-
School surcharge	4,386,513	4,386,513	4,386,513	-	4,386,513	-
Total principal	60,235,000	60,235,000	58,735,000	-	58,735,000	1,500,000
Interest:						
Police	260,012	260,012	260,012	-	260,012	-
Schools	17,241,318	17,241,318	17,241,306	-	17,241,306	12
Community college	3,780,655	3,780,655	3,780,655	-	3,780,655	-
Fire	939,006	939,006	939,006	-	939,006	-
General County projects	10,291,124	10,291,124	10,291,124	-	10,291,124	-
Recreation and parks	1,491,944	1,491,944	1,491,944	-	1,491,944	-
Community renewal	118,938	118,938	118,938	-	118,938	-
Storm drainage	871,254	871,254	871,254	-	871,254	-
Excise bonds	2,048,384	2,048,384	2,048,384	-	2,048,384	-
School surcharge	3,114,059	3,114,059	3,114,059	-	3,114,059	-
Total interest	40,156,694	40,156,694	40,156,682	-	40,156,682	12
Total Debt Service	100,391,694	100,391,694	98,891,682	-	98,891,682	1,500,012
Total expenditures and encumbrances before transfers out	1,010,560,315	1,002,416,057	976,784,439	11,146,546	987,930,985	14,485,072
<u>Transfers Out:</u>						
Health department	-	7,783,503	7,783,503	-	7,783,503	-
BANS Funding	-	400,755	400,755	-	400,755	-
PAYGO other	16,950,000	16,950,000	16,950,000	-	16,950,000	-
Matching funds County share	40,000	-	-	-	-	-
Total Transfers Out	16,990,000	25,134,258	25,134,258	-	25,134,258	-
Total Expenditures, Encumbrances and Transfers Out	\$ 1,027,550,315	1,027,550,315	1,001,918,697	11,146,546	1,013,065,243	14,485,072

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



50+EXPO

Presented by the Department of Citizen Services' Office on Aging, this premier event is geared toward adults ages 50 and older, caregivers, family members and health care professionals. The 50+EXPO, held every October, features numerous exhibitors, a comprehensive health fair, informative seminars and workshops, great food and all-day entertainment, including the always popular and hilarious Capitol Steps. In 2014, this event drew more than 5,000 attendees.

Non-Major Governmental Funds

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

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

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



Howard County, Maryland
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total
ASSETS				
Pooled cash and cash equivalents	\$ 49,507,771	36,379,431	429	85,887,631
Receivables:				
Property taxes	796,155	-	-	796,155
Due from other governments	11,488,030	3,971,962	-	15,459,992
Due from other funds	-	33,643,243	-	33,643,243
Other	3,403,096	23,019	-	3,426,115
Prepaid items	324,279	-	-	324,279
Economic development loans	268,747	-	-	268,747
Housing loans	13,872,925	-	-	13,872,925
Material and supplies	607,562	-	-	607,562
Total assets	80,268,565	74,017,655	429	154,286,649
LIABILITIES				
Due to other funds	2,999,708	8,094,648	60,950	11,155,306
Accounts payable / accrued liabilities	4,007,261	7,299,002	3,423	11,309,686
Accrued wages and benefits	3,652,673	4,793	-	3,657,466
Deposits and connection fees	380,042	-	-	380,042
Unearned revenue	6,864,340	135,785	-	7,000,125
Total liabilities	17,904,024	15,534,228	64,373	33,502,625
DEFERRED INFLOWS OF RESOURCES				
Unavailable property taxes	582,489	-	-	582,489
Unavailable fees	2,467,747	-	-	2,467,747
Unavailable grant revenues	4,654,048	411,470	-	5,065,518
Total deferred inflows	7,704,284	411,470	-	8,115,754
Total liabilities and deferred inflows	25,608,308	15,945,698	64,373	41,618,379
FUND BALANCES				
Nonspendable:				
Inventory	607,562	-	-	607,562
Prepaid Items	324,279	-	-	324,279
Long-term receivables:				
Noncurrent economic development loans	268,747	-	-	268,747
Noncurrent housing loans receivable	13,872,925	-	-	13,872,925
Restricted for:				
Catalyst loan program	349,386	-	-	349,386
Economic development initiatives	878,618	-	-	878,618
Fire & rescue services	18,635,033	-	-	18,635,033
Forest conservation	3,793,712	-	-	3,793,712
Middle Patuxent environmental area program	20,338	-	-	20,338
Parkland watershed facilities	-	6,535,826	-	6,535,826
Program open space	-	408,286	-	408,286
Program revenue	590,147	-	-	590,147
Public road facilities	-	53,036,954	-	53,036,954
Speed enforcement	507,811	-	-	507,811
Storm water construction	-	164,002	-	164,002
Committed for:				
Community renewal programs	4,100,798	-	-	4,100,798
Environmental services	14,822,272	-	-	14,822,272
Health department	1,397,623	-	-	1,397,623
Recreation programs	373,128	-	-	373,128
Fire house & training facilities	-	5,337,189	-	5,337,189
Assigned for:				
Capital projects	-	1,194,019	-	1,194,019
Street lights	-	3,244,192	-	3,244,192
Unassigned	(5,882,122)	(11,848,511)	(63,944)	(17,794,577)
Total fund balances	54,660,257	58,071,957	(63,944)	112,668,270
Total liabilities and fund balances	\$ 80,268,565	74,017,655	429	154,286,649

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

Howard County, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total
REVENUES				
Property taxes	\$ 83,233,383	-	-	83,233,383
Other local taxes	3,870,524	18,981,387	-	22,851,911
Revenues from other governments	14,724,048	9,099,409	-	23,823,457
Charges for services	40,516,882	560,584	-	41,077,466
Investment income:				
Interest on investments	133,057	123,345	14	256,416
Installment interest from housing loans	268,410	-	-	268,410
Fines and forfeitures	945,936	-	-	945,936
Developer contributions	575,939	3,985,216	-	4,561,155
Rental of property	111,853	-	-	111,853
Miscellaneous program revenue	4,160,882	740,734	-	4,901,616
Total revenues	148,540,914	33,490,675	14	182,031,603
EXPENDITURES				
Current:				
General government	3,693,664	-	374,514	4,068,178
Legislative and judicial	467,716	-	-	467,716
Public works	30,561,769	-	-	30,561,769
Public safety	91,456,045	-	-	91,456,045
Recreation and parks	17,989,582	-	-	17,989,582
Community services	24,739,542	-	-	24,739,542
Capital improvements	-	58,488,246	-	58,488,246
Total expenditures	168,908,318	58,488,246	374,514	227,771,078
Excess (deficiency) of revenues over expenditures	(20,367,404)	(24,997,571)	(374,500)	(45,739,475)
OTHER FINANCING SOURCES (USES)				
Bond premium	-	2,804,237	-	2,804,237
Capital lease proceeds	4,205,987	-	-	4,205,987
Capital-related debt issued	-	25,658,384	-	25,658,384
Refunding bonds issued	-	6,428,132	-	6,428,132
Payment to bond refunding escrow agent	-	(7,148,461)	-	(7,148,461)
Transfers in	8,441,719	20,010,838	348,194	28,800,751
Transfers out	(1,953,243)	(11,790,762)	(37,638)	(13,781,643)
Total other financing sources	10,694,463	35,962,368	310,556	46,967,387
Net change in fund balances	(9,672,941)	10,964,797	(63,944)	1,227,912
Fund balances - beginning, as previously reported	63,718,444	47,107,160	-	110,825,604
Adjustment to beginning balance	614,754	-	-	614,754
Fund balances - beginning, as restated	64,333,198	47,107,160	-	111,440,358
Fund balances - ending	\$ 54,660,257	58,071,957	(63,944)	112,668,270

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

Howard County, Maryland

Combining Balance Sheet

Non-Major Special Revenue Funds

June 30, 2015

	Community Renewal Program Fund	Environmental Services Fund	Forest Conservation Fund	Fire and Rescue Reserve Fund	Grants Fund	Health Department Fund	Recreation Program Fund	Speed Enforcement Fund	Total
ASSETS									
Pooled cash and cash equivalents	\$ 1,989,999	15,961,906	3,811,805	22,252,034	-	-	4,945,677	546,350	49,507,771
Receivables:									
Property taxes	-	28,112	-	768,043	-	-	-	-	796,155
Due from other governments	19,116	-	-	-	8,317,977	3,150,937	-	-	11,488,030
Other	3,094,574	149,286	-	-	14,984	129,209	4,978	10,065	3,403,096
Prepaid items	-	-	-	-	324,279	-	-	-	324,279
Economic development loans	-	-	-	-	268,747	-	-	-	268,747
Housing loans	13,872,925	-	-	-	-	-	-	-	13,872,925
Materials and supplies	-	-	-	468,731	-	-	138,831	-	607,562
Total assets	18,976,614	16,139,304	3,811,805	23,488,808	8,925,987	3,280,146	5,089,486	556,415	80,268,565
LIABILITIES									
Due to other funds	-	-	-	-	1,862,242	1,137,466	-	-	2,999,708
Accounts payable / accrued liabilities	43,854	1,008,622	-	1,065,032	1,059,076	281,552	514,080	35,045	4,007,261
Accrued wages and benefits	137,321	164,686	18,093	2,652,216	180,855	13,717	472,226	13,559	3,652,673
Deposits and connection fees	-	143,724	-	-	215,797	-	20,521	-	380,042
Unearned revenue	-	-	-	-	2,843,852	449,788	3,570,700	-	6,864,340
Total liabilities	181,175	1,317,032	18,093	3,717,248	6,161,822	1,882,523	4,577,527	48,604	17,904,024
DEFERRED INFLOWS OF RESOURCES									
Unavailable property taxes	-	-	-	582,489	-	-	-	-	582,489
Unavailable fees	821,716	-	-	85,307	1,560,724	-	-	-	2,467,747
Unavailable grant revenues	-	-	-	-	4,654,048	-	-	-	4,654,048
Total deferred inflows of resources	821,716	-	-	667,796	6,214,772	-	-	-	7,704,284
Total liabilities and deferred inflows of resources	1,002,891	1,317,032	18,093	4,385,044	12,376,594	1,882,523	4,577,527	48,604	25,608,308
FUND BALANCES									
Nonspendable:									
Inventory	-	-	-	468,731	-	-	138,831	-	607,562
Prepaid items	-	-	-	-	324,279	-	-	-	324,279
Long-term receivables:									
Noncurrent economic development loans	-	-	-	-	268,747	-	-	-	268,747
Noncurrent housing loans	13,872,925	-	-	-	-	-	-	-	13,872,925
Restricted for:									
Catalyst loan program	-	-	-	-	349,386	-	-	-	349,386
Economic development initiatives	-	-	-	-	878,618	-	-	-	878,618
Fire & rescue services	-	-	-	18,635,033	-	-	-	-	18,635,033
Forest conservation	-	-	3,793,712	-	-	-	-	-	3,793,712
Middle Patuxent environmental area program	-	-	-	-	20,338	-	-	-	20,338
Program Revenue	-	-	-	-	590,147	-	-	-	590,147
Speed enforcement	-	-	-	-	-	-	-	507,811	507,811
Committed for:									
Community renewal programs	4,100,798	-	-	-	-	-	-	-	4,100,798
Environmental services	-	14,822,272	-	-	-	-	-	-	14,822,272
Health department	-	-	-	-	-	1,397,623	-	-	1,397,623
Recreation programs	-	-	-	-	-	-	373,128	-	373,128
Unassigned	-	-	-	-	(5,882,122)	-	-	-	(5,882,122)
Total fund balances	17,973,723	14,822,272	3,793,712	19,103,764	(3,450,607)	1,397,623	511,959	507,811	54,660,257
Total liabilities, deferred inflows and fund balances	\$ 18,976,614	16,139,304	3,811,805	23,488,808	8,925,987	3,280,146	5,089,486	556,415	80,268,565

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

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2015

	Community Renewal Program Fund	Environmental Services Fund	Forest Conservation Fund	Fire and Rescue Reserve Fund	Grants Fund	Health Department Fund	Recreation Program Fund	Speed Enforcement Fund	Total
REVENUES									
Property taxes	\$ -	41,938	-	83,191,445	-	-	-	-	83,233,383
Other local taxes	3,870,524	-	-	-	-	-	-	-	3,870,524
Revenues from other agencies (grants)	-	-	-	2,041	14,722,007	-	-	-	14,724,048
Charges for services	-	21,800,919	-	73,790	511,770	915,082	17,215,321	-	40,516,882
Investment income:									
Interest on investments	-	39,996	6,980	70,695	7,621	-	6,816	949	133,057
Installment interest from housing loans	268,410	-	-	-	-	-	-	-	268,410
Fines and forfeitures	-	-	64,198	5,000	-	-	5,126	871,612	945,936
Developer contributions	-	-	572,672	-	-	-	3,267	-	575,939
Rental of property	-	-	-	-	-	-	111,853	-	111,853
Miscellaneous program revenue	2,011,936	30,860	-	36,220	1,766,391	289,743	6,669	19,063	4,160,882
Total revenues	6,150,870	21,913,713	643,850	83,379,191	17,007,789	1,204,825	17,349,052	891,624	148,540,914
EXPENDITURES									
Current:									
General government	-	-	-	-	3,693,664	-	-	-	3,693,664
Legislative and judicial	-	-	-	-	467,716	-	-	-	467,716
Public works	-	23,589,147	-	-	6,972,622	-	-	-	30,561,769
Public safety	-	-	-	87,484,296	3,357,781	-	-	613,968	91,456,045
Recreation and parks	-	-	526,211	-	67,948	-	17,395,423	-	17,989,582
Community services	5,960,397	-	-	-	7,060,620	11,718,525	-	-	24,739,542
Total expenditures	5,960,397	23,589,147	526,211	87,484,296	21,620,351	11,718,525	17,395,423	613,968	168,908,318
Excess (deficiency) of revenues over expenditures	190,473	(1,675,434)	117,639	(4,105,105)	(4,612,562)	(10,513,700)	(46,371)	277,656	(20,367,404)
OTHER FINANCING SOURCES (USES)									
Capital lease proceeds	-	-	-	4,205,987	-	-	-	-	4,205,987
Transfers in	-	-	520	100	456,409	7,784,690	200,000	-	8,441,719
Transfers out	(401,998)	(39,996)	(400,000)	(70,695)	(3,800)	(650,000)	(250,812)	(135,942)	(1,953,243)
Total other financing sources (uses)	(401,998)	(39,996)	(399,480)	4,135,392	452,609	7,134,690	(50,812)	(135,942)	10,694,463
Net change in fund balances	(211,525)	(1,715,430)	(281,841)	30,287	(4,159,953)	(3,379,010)	(97,183)	141,714	(9,672,941)
Fund balances - beginning, as previously reported	18,185,248	16,537,702	4,075,553	19,073,477	94,592	4,776,633	609,142	366,097	63,718,444
Adjustment to beginning balance	-	-	-	-	614,754	-	-	-	614,754
Fund balances - beginning, as restated	18,185,248	16,537,702	4,075,553	19,073,477	709,346	4,776,633	609,142	366,097	64,333,198
Fund balances - ending	\$ 17,973,723	14,822,272	3,793,712	19,103,764	(3,450,607)	1,397,623	511,959	507,811	54,660,257

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

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Community Renewal Program Fund
For the Year Ended June 30, 2015

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Local taxes	\$ 3,375,000	3,375,000	3,870,524	495,524
Installment interest from housing loans	85,000	85,000	262,403	177,403
Miscellaneous	2,541,136	2,541,136	2,011,936	(529,200)
Total revenues	6,001,136	6,001,136	6,144,863	143,727
EXPENDITURES				
Community services:				
Housing and community development administration	4,617,874	4,617,874	3,980,839	637,035
Community development committee	6,940	6,940	-	6,940
Housing initiatives	3,100,000	3,100,000	2,722,676	377,324
Contingency reserve	71,051	71,051	-	71,051
Total expenditures	7,795,865	7,795,865	6,703,515	1,092,350
Excess (deficiency) of revenues over expenditures	(1,794,729)	(1,794,729)	(558,652)	1,236,077
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	2,190,720	2,190,720	954,643	(1,236,077)
Transfers out	(395,991)	(395,991)	(395,991)	-
Total other financing sources (uses)	1,794,729	1,794,729	558,652	(1,236,077)
Net change in fund balance	-	-	-	-
Less appropriation from fund balance			(954,643)	-
Fund balance - beginning			17,272,181	-
Fund balance - ending			\$ 16,317,538	-

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

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Environmental Services Fund
For the Year Ended June 30, 2015

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ -	-	41,938	41,938
Charges for services	20,473,000	20,473,000	21,800,919	1,327,919
Miscellaneous	5,000	5,000	30,859	25,859
Total revenues	20,478,000	20,478,000	21,873,716	1,395,716
EXPENDITURES				
Waste management:				
Administrative services	2,543,600	2,552,270	2,475,475	76,795
Operations	12,421,745	12,381,329	11,629,054	752,275
Collections	5,131,921	5,171,921	4,270,914	901,007
Recycling	6,589,961	6,581,707	5,406,626	1,175,081
Contingency	760,000	760,000	-	760,000
Total expenditures	27,447,227	27,447,227	23,782,069	3,665,158
Excess (deficiency) of revenues over expenditures	(6,969,227)	(6,969,227)	(1,908,353)	5,060,874
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	6,969,227	6,969,227	1,908,353	(5,060,874)
Total other financing sources (uses)	6,969,227	6,969,227	1,908,353	(5,060,874)
Net change in fund balance	-	-	-	-
Less appropriation from fund balance			(1,908,353)	-
Fund balance - beginning			14,217,861	-
Fund balance - ending			\$ 12,309,508	-

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

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Forest Conservation Fund
For the Year Ended June 30, 2015

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest on investments	\$ 7,500	7,500	6,980	(520)
Fines and forfeitures	50,000	50,000	64,198	14,198
Developer contributions - mitigation	500,000	500,000	556,802	56,802
Developer contributions - inspections	50,000	50,000	15,870	(34,130)
Total revenues	607,500	607,500	643,850	36,350
EXPENDITURES				
Public Works:				
Forest mitigation	929,344	929,344	527,826	401,518
Contingency	27,880	27,880	-	27,880
Total expenditures	957,224	957,224	527,826	429,398
Excess (deficiency) of revenues over expenditures	(349,724)	(349,724)	116,024	465,748
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	349,724	349,724	-	(349,724)
Total other financing sources (uses)	349,724	349,724	-	(349,724)
Net change in fund balance	-	-	116,024	116,024
Fund balance - beginning			4,084,985	-
Fund balance - ending			\$ 4,201,009	116,024

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

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Fire and Rescue Reserve Fund
For the Year Ended June 30, 2015

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 82,134,221	82,134,221	83,191,445	1,057,224
Revenues from other agencies	-	-	2,041	2,041
Charges for services	125,000	125,000	73,790	(51,210)
Fines and forfeitures	-	-	5,000	5,000
Miscellaneous	30,000	30,000	36,220	6,220
Total revenues	82,289,221	82,289,221	83,308,496	1,019,275
EXPENDITURES				
Public safety:				
Metro fire district	90,276,086	90,276,086	81,589,051	8,687,035
Total expenditures	90,276,086	90,276,086	81,589,051	(8,687,035)
Excess (deficiency) of revenues over expenditures	(7,986,865)	(7,986,865)	1,719,445	9,706,310
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	8,893,153	8,893,153	-	(8,893,153)
Total other financing sources (uses)	8,893,153	8,893,153	-	8,893,153
Net change in fund balance	-	-	1,719,445	18,599,463
Fund balance - beginning			20,384,849	-
Fund balance - ending			\$ 22,104,294	18,599,463

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

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Grants Fund
For the Year Ended June 30, 2015

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Revenue from other agencies:				
Grants from federal government	\$ 17,244,949	17,280,597	7,748,197	(9,532,400)
Grants from state government	11,214,242	10,996,723	6,376,487	(4,620,236)
Other local grants	324,000	376,952	643,295	266,343
Total revenue from other agencies	28,783,191	28,654,272	14,767,979	(13,886,293)
Charges for services	890,000	890,000	385,357	(504,643)
Interest on investments	-	-	3,821	3,821
Contingency	5,338,134	2,971,176	-	(2,971,176)
Miscellaneous	4,947,652	6,643,529	1,759,750	(4,883,779)
Total revenues	39,958,977	39,158,977	16,916,907	(22,242,070)
EXPENDITURES				
General government	7,586,033	7,456,033	4,135,574	3,320,459
Legislative & judicial	759,529	759,529	462,231	297,298
Public works	7,402,469	9,731,897	6,898,092	2,833,805
Public safety	8,582,991	8,620,521	3,100,883	5,519,638
Recreation & parks	133,000	133,000	67,945	65,055
Community services	9,156,821	9,156,821	7,066,151	2,090,670
Contingency	5,338,134	2,971,176	-	2,971,176
Total expenditures	38,958,977	38,828,977	21,730,876	17,098,101
Deficiency of revenues under expenditures	1,000,000	330,000	(4,813,969)	(5,143,969)
OTHER FINANCING SOURCES				
Appropriation from fund balance	1,000,000	1,000,000	2,596,251	1,596,251
Transfers in	-	450,000	456,409	6,409
Transfers out	(2,000,000)	(1,780,000)	(65,417)	1,714,583
Total other financing sources	(1,000,000)	(330,000)	2,987,243	3,317,243
Net change in fund balance	-	-	(1,826,726)	(1,826,726)
Less appropriation from fund balance			(2,596,251)	-
Fund balances - beginning			(1,878,369)	-
Fund balances - ending			\$ (6,301,346)	(1,826,726)

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

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Health Department Fund
For the Year Ended June 30, 2015

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Revenue from other agencies	\$ 9,093,380	1,309,877	-	(1,309,877)
Charges for services	710,500	710,500	915,083	204,583
Miscellaneous	2,386,670	2,043,039	289,742	(1,753,297)
Total revenues	12,190,550	4,063,416	1,204,825	(2,858,591)
EXPENDITURES				
Community services:				
General local health services	12,278,549	12,391,052	11,540,571	850,481
Grant programs	2,386,670	1,125,536	480,025	645,511
Total expenditures	14,665,219	13,516,588	12,020,596	1,495,992
Excess (deficiency) of revenues over expenditures	(2,474,669)	(9,453,172)	(10,815,771)	(1,362,599)
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	2,474,669	2,474,669	3,682,268	1,207,599
Transfers in	-	7,783,503	7,783,503	-
Transfers out	-	(650,000)	(650,000)	-
Total other financing sources (uses)	2,474,669	9,608,172	10,815,771	1,207,599
Net change in fund balance	-	155,000	-	(155,000)
Less appropriation from fund balance			(3,682,268)	-
Fund balance - beginning			3,278,181	-
Fund balance - ending			\$ (404,087)	(155,000)

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

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Recreation Program Fund
For the Year Ended June 30, 2015

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	\$ 19,466,000	19,466,000	17,215,226	(2,250,774)
Fines and forfeitures	-	-	5,126	5,126
Developer contributions	-	-	3,267	3,267
Rental of property	180,000	180,000	111,853	(68,147)
Other revenue	-	-	6,669	6,669
Total revenues	19,646,000	19,646,000	17,342,141	(2,303,859)
EXPENDITURES				
Recreation and parks:				
Administration	21,929,641	21,685,645	17,444,941	4,240,704
Contingency	287,682	287,682	-	287,682
Total expenditures	22,217,323	21,973,327	17,444,941	4,528,386
Excess (deficiency) of revenues over expenditures	(2,571,323)	(2,327,327)	(102,800)	2,224,527
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	2,571,323	2,571,323	146,796	(2,424,527)
Transfers in	-	-	200,000	200,000
Transfers out	-	(243,996)	(243,996)	-
Total other financing sources(uses)	2,571,323	2,327,327	102,800	(2,224,527)
Net change in fund balance	-	-	-	-
Less appropriation from fund balance			(146,796)	-
Fund balance - beginning			873,404	-
Fund balance - ending			\$ 726,608	-

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Speed Enforcement Fund
For the Year Ended June 30, 2015

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fines & forfeitures	\$ 1,313,160	1,313,160	871,612	(441,548)
Other	15,000	15,000	19,063	4,063
Total revenues	1,328,160	1,328,160	890,675	(437,485)
EXPENDITURES				
Public safety	1,130,635	1,130,635	639,097	491,538
Total expenditures	1,130,635	1,130,635	639,097	491,538
Excess (deficiency) of revenues over expenditures	197,525	197,525	251,578	54,053
OTHER FINANCING SOURCES (USES)				
Transfers out	(197,525)	(197,525)	(134,992)	(62,533)
Total other financing sources (uses)	(197,525)	(197,525)	(134,992)	(62,533)
Net change in fund balance	-	-	116,586	(8,480)
Fund balance - beginning			171,625	-
Fund balance - ending			\$ 288,211	(8,480)

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

Howard County, Maryland
Combining Balance Sheet
Non-Major Capital Project Funds
June 30, 2015

	Highway Fund	Fire Service Bldg & Equip Fund	Public Libraries Fund	Recreation and Parks Fund	Storm Drainage Fund	Total
ASSETS						
Equity in pooled cash and cash equivalents	\$ 26,870,350	5,868,396	-	3,640,685	-	36,379,431
Due from other governments	-	772,858	812,416	1,575,080	811,608	3,971,962
Due from other funds	33,643,243	-	-	-	-	33,643,243
Other	23,019	-	-	-	-	23,019
Total assets	60,536,612	6,641,254	812,416	5,215,765	811,608	74,017,655
LIABILITIES						
Due to other funds	-	-	937,239	-	7,157,409	8,094,648
Accounts payable/accrued liability	4,297,340	110,046	291,294	979,583	1,620,739	7,299,002
Accrued wages and benefits	4,793	-	-	-	-	4,793
Unearned revenue	-	-	-	99,000	36,785	135,785
Total liabilities	4,302,133	110,046	1,228,533	1,078,583	8,814,933	15,534,228
DEFERRED INFLOWS OF RESOURCES						
Unavailable grant revenues	-	-	-	29,365	382,105	411,470
Total liabilities and deferred inflows of resources	4,302,133	110,046	1,228,533	1,107,948	9,197,038	15,945,698
FUND BALANCES						
Restricted for:						
Parkland watershed facilities	-	-	-	6,535,826	-	6,535,826
Program open space	-	-	-	408,286	-	408,286
Public road facilities	53,036,954	-	-	-	-	53,036,954
Storm water construction	-	-	-	-	164,002	164,002
Committed for firehouse & training facilities	-	5,337,189	-	-	-	5,337,189
Assigned for:						
Capital projects	-	1,194,019	-	-	-	1,194,019
Street lights	3,244,192	-	-	-	-	3,244,192
Unassigned	(46,667)	-	(416,117)	(2,836,295)	(8,549,432)	(11,848,511)
Total fund balances	56,234,479	6,531,208	(416,117)	4,107,817	(8,385,430)	58,071,957
Total liabilities, deferred inflows and fund balances	\$ 60,536,612	6,641,254	812,416	5,215,765	811,608	74,017,655

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

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Project Funds
For the Year Ended June 30, 2015

	Highway Fund	Fire Service Bldg & Equip Fund	Public Libraries Fund	Recreation and Parks Fund	Storm Drainage Fund	Total
REVENUES						
Other local taxes	\$ 7,369,817	3,870,524	-	7,741,046	-	18,981,387
Revenues from other agencies	-	-	-	-	-	-
Revenues from other governments	1,370,448	-	2,357,837	3,516,251	1,854,873	9,099,409
Charges for services	560,584	-	-	-	-	560,584
Interest on investments	107,076	12,035	-	4,234	-	123,345
Developer contributions	3,787,424	-	-	76,650	121,142	3,985,216
Miscellaneous program revenues	3,800	-	-	736,934	-	740,734
Total revenues	13,199,149	3,882,559	2,357,837	12,075,115	1,976,015	33,490,675
EXPENDITURES						
Capital improvements	27,954,703	1,375,868	5,946,206	10,771,465	12,440,004	58,488,246
Total expenditures	27,954,703	1,375,868	5,946,206	10,771,465	12,440,004	58,488,246
Excess (deficiency) of revenues over expenditures	(14,755,554)	2,506,691	(3,588,369)	1,303,650	(10,463,989)	(24,997,571)
OTHER FINANCING SOURCES (USES)						
Bond premium	814,941	324,532	544,188	657,396	463,180	2,804,237
Capital related debt issued	6,551,401	478,980	7,493,464	7,598,602	3,535,937	25,658,384
Refunding bonds issued	2,286,546	1,518,917	-	1,003,055	1,619,614	6,428,132
Payment to bond refunding escrow agent	(2,581,599)	(1,687,349)	-	(1,085,210)	(1,794,303)	(7,148,461)
Transfers in	15,534,992	-	-	600,000	3,875,846	20,010,838
Transfers out	(5,082,420)	(3,183,221)	-	(3,525,121)	-	(11,790,762)
Total other financing sources (uses)	17,523,861	(2,548,141)	8,037,652	5,248,722	7,700,274	35,962,368
Net change in fund balances	2,768,307	(41,450)	4,449,283	6,552,372	(2,763,715)	10,964,797
Fund balances - beginning	53,466,172	6,572,658	(4,865,400)	(2,444,555)	(5,621,715)	47,107,160
Fund balances - ending	\$ 56,234,479	6,531,208	(416,117)	4,107,817	(8,385,430)	58,071,957

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

**Howard County, Maryland
Combining Balance Sheet
Non-Major Debt Service Funds
June 30, 2015**

	Bond Anticipation Note Fund	Tax Increment Financing Fund	Total
ASSETS			
Pooled cash and cash equivalents	\$ 429	-	429
Total assets	429	-	429
LIABILITIES			
Due to other funds	-	60,950	60,950
Accounts payable / accrued liabilities	429	2,994	3,423
Total liabilities	429	63,944	64,373
FUND BALANCES			
Committed for:			
Unassigned	-	(63,944)	(63,944)
Total fund balances	-	(63,944)	(63,944)
Total liabilities, deferred inflows and fund balances	\$ 429	-	429

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

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Debt Service Funds
For the Year Ended June 30, 2015

	Bond Anticipation Note Fund	Tax Increment Financing Fund	Total
REVENUES			
Interest on investments	\$ 14	-	14
Total revenues	14	-	14
EXPENDITURES			
Current:			
General government	347,240	27,274	374,514
Total expenditures	347,240	27,274	374,514
Excess (deficiency) of revenues over expenditures	(347,226)	(27,274)	(374,500)
OTHER FINANCING SOURCES (USES)			
Transfers in	347,226	968	348,194
Transfers out	-	(37,638)	(37,638)
Total other financing sources (uses)	347,226	(36,670)	310,556
Net change in fund balances	-	(63,944)	(63,944)
Fund balances - beginning		-	-
Fund balances - ending		\$ (63,944)	(63,944)

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Bond Anticipation Note Fund
For the Year Ended June 30, 2015

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Interest on investments	\$ -	-	14	14
Miscellaneous	4,660,000	4,660,000	-	(4,660,000)
Total revenues	4,660,000	4,660,000	14	(4,659,986)
EXPENDITURES				
General government:				
Bond anticipation notes	4,660,000	4,660,000	400,769	4,259,231
Total expenditures	4,660,000	4,660,000	400,769	4,259,231
Deficiency of revenues under expenditures	-	-	(400,755)	(400,755)
OTHER FINANCING SOURCES				
Transfers in	-	-	400,755	400,755
Total other financing sources	-	-	400,755	400,755
Net change in fund balance	-	-	-	-
Fund balances - ending			\$ -	

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

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budgetary Basis
Tax Increment Financing Fund
For the Year Ended June 30, 2015

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest on investments	\$ -	-	-	-
Miscellaneous	150,000	150,000	-	(150,000)
Total revenues	150,000	150,000	-	(150,000)
EXPENDITURES				
General government:				
Tax incremental financing	150,000	150,000	26,306	123,694
Total expenditures	150,000	150,000	26,306	123,694
Deficiency of revenues under expenditures	-	-	(26,306)	(26,306)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(37,638)	-
Total other financing sources (uses)	-	-	(37,638)	-
Net change in fund balance	-	-	(63,944)	(26,306)
Fund balances - beginning			-	-
Fund balances - ending			\$ (63,944)	(26,306)

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

Non-Major Enterprise Funds

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



Howard County, Maryland
Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2015

	Broadband	Watershed Protection and Restoration	Special Recreation Facility	Total
ASSETS				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 213,541	6,488,731	77,611	6,779,883
Receivables:				
Service billings	170,717	53,814	-	224,531
Other receivables	-	-	10,313	10,313
Materials and supplies	-	-	41,631	41,631
Restricted assets:				
Equity in cash and cash equivalents	-	-	560,000	560,000
Total current assets	384,258	6,542,545	689,555	7,616,358
Noncurrent assets:				
Restricted assets:				
Receivables:				
Other receivables	-	-	280,000	280,000
Capital assets:				
Land	-	-	8,684,896	8,684,896
Buildings and improvements, net	12,620,855	132,162	648,385	13,401,402
Machinery and equipment, net	22,338	260,328	50,057	332,723
Total noncurrent assets	12,643,193	392,490	9,663,338	22,699,021
Total assets	13,027,451	6,935,035	10,352,893	30,315,379
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding amount	-	-	193,425	193,425
Grant paid in advance of time requirements met	-	45,031	-	45,031
Total deferred outflows of resources	-	45,031	193,425	238,456
Total assets and deferred outflows of resources	13,027,451	6,980,066	10,546,318	30,553,835
LIABILITIES				
Current liabilities:				
Accounts payable	140,204	87,728	408,650	636,582
Accrued wages and benefits	17,294	23,586	-	40,880
Current liabilities	157,498	111,314	408,650	677,462
Current liabilities payable from restricted assets:				
Note payable	-	-	461,000	461,000
Current liabilities payable from restricted assets	-	-	461,000	461,000
Total current liabilities	157,498	111,314	869,650	1,138,462
Noncurrent liabilities:				
Compensated absences	-	27,385	-	27,385
Refunding revenue note payable	-	-	3,672,000	3,672,000
Total noncurrent liabilities	-	27,385	3,672,000	3,699,385
Total liabilities	157,498	138,699	4,541,650	4,837,847
Total liabilities and deferred inflows of resources	157,498	138,699	4,541,650	4,837,847
NET POSITION				
Net investment in capital assets	12,643,193	392,490	5,443,763	18,479,446
Restricted:				
For debt service	-	-	560,000	560,000
Unrestricted	226,760	6,448,877	905	6,676,542
Total net position	\$ 12,869,953	6,841,367	6,004,668	25,715,988

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

Howard County, Maryland
Combining Statement of Revenues, Expenses and Changes in Net Position
Non-Major Enterprise Funds
June 30, 2015

	Broadband	Watershed Protection and Restoration	Special Recreation Facility	Total
Operating revenues:				
User charges	\$ 1,101,330	11,105,687	-	12,207,017
Greens and cart fees	-	-	1,325,595	1,325,595
Range fees	-	-	108,818	108,818
Merchandise	-	-	124,732	124,732
Food and beverage	-	-	307,342	307,342
Miscellaneous sales and services	-	29,006	26,824	55,830
Total operating revenues	1,101,330	11,134,693	1,893,311	14,129,334
Operating expenses:				
Salaries and employee benefits	371,432	1,158,067	-	1,529,499
Contractual services	554,567	652,762	1,459,050	2,666,379
Supplies and materials	684	955	-	1,639
Business and travel	734	718	-	1,452
Share of county administrative expenses	-	710,075	-	710,075
Other administrative	-	78,490	-	78,490
Depreciation expense	720,961	25,762	39,829	786,552
Total operating expenses	1,648,378	2,626,829	1,498,879	5,774,086
Operating income (loss)	(547,048)	8,507,864	394,432	8,355,248
Nonoperating revenues (expenses):				
Interest on investments	(94)	7,872	(296)	7,482
Interest expense	-	-	(108,362)	(108,362)
Gain (loss) on sale of capital assets	23,318	-	-	23,318
Other, net	-	-	(94,882)	(94,882)
Total nonoperating revenues (expenses)	23,224	7,872	(203,540)	(172,444)
Net income (loss) before contributions and transfers	(523,824)	8,515,736	190,892	8,182,804
Capital contributions	13,340,837	-	-	13,340,837
Transfers in	52,940	-	120,168	173,108
Transfers out	-	(3,369,951)	-	(3,369,951)
Change in net position	12,869,953	5,145,785	311,060	18,326,798
Net position - beginning	-	1,695,582	5,693,608	7,389,190
Net position - ending	\$ 12,869,953	6,841,367	6,004,668	25,715,988

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

Howard County, Maryland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
June 30, 2015

	Broadband	Watershed Protection and Restoration	Special Recreation Facility	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 930,614	11,053,354	1,885,108	13,869,076
Cash paid to suppliers	(415,047)	(816,543)	(1,488,067)	(2,719,657)
Cash paid to / for employees	(354,872)	(1,125,114)	-	(1,479,986)
Cash paid for interfund services used	-	(717,719)	-	(717,719)
Other operating disbursements	-	(78,490)	-	(78,490)
Net cash provided by operating activities	160,695	8,315,488	397,041	8,873,224
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers out to other funds	52,940	(3,369,951)	120,168	(3,196,843)
Net cash provided by (used in) noncapital financing activities	52,940	(3,369,951)	120,168	(3,196,843)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	(132,604)	-	(132,604)
Payment of long-term debt principal	-	-	(450,000)	(450,000)
Interest paid on long-term debt	-	-	(108,362)	(108,362)
Net cash (used in) provided by capital and related financing activities	-	(132,604)	(558,362)	(690,966)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	(94)	7,872	(296)	7,482
Net cash(used in) provided by investing activities	(94)	7,872	(296)	7,482
Net increase (decrease) in cash and cash equivalents	213,541	4,820,805	(41,449)	4,992,897
Balances - beginning of the year	-	1,667,926	679,060	2,346,986
Balances - end of the year	213,541	6,488,731	637,611	7,339,883
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities				
Operating (loss) income	(547,048)	8,507,864	394,432	8,355,248
Adjustments to reconcile operating income to net cash:				
Depreciation expense	720,961	25,762	39,829	786,552
Change in assets and liabilities:				-
(Increase) decrease in accounts and other receivables	(170,717)	(81,339)	(8,206)	(260,262)
(Increase) decrease in inventories	-	-	(23,047)	(23,047)
Increase (decrease) in operating accounts payable	157,499	(164,184)	(5,967)	(12,652)
Increase in compensated absences and net OPEB obligation	-	27,385	-	27,385
Total adjustments	707,743	(192,376)	2,609	517,976
Net cash provided by operating activities	\$ 160,695	8,315,488	397,041	8,873,224

Noncash investing, capital and financing activities:

In Fiscal Year 2015, assets for \$13,340,837 were contributed to the Watershed Fund by Technology and Communication fund.

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



Women Fest: Inspiring Women to Live a Healthier Life

At Howard County's 7th annual Women Fest, attendees found inspiration from local experts on ways to improve their health and fitness, fine tune their finances and learned about self-defense and relationship building. Presented by the Department of Citizen Services' Office on Aging, Women Fest is an interactive day that focuses on health, wellness, fashion and beauty, and is designed to inspire women to live more balanced, healthier and fuller lives. This annual event features a wide array of vendors and exhibitors, as well as special guests. This year's keynote address was delivered by internationally acclaimed fitness expert Lynne Brick, president of Brick Bodies Fitness Services, Inc.

Internal Service Funds

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



Howard County, Maryland
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	Fleet Operations	Technology and Communications	Risk Management Self- Insurance	Employee Benefits Self- Insurance	Total
ASSETS					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 4,021,368	2,781,784	8,385,884	4,445,879	19,634,915
Receivables - other	374,194	624,349	361,835	1,563,577	2,923,955
Materials and supplies	1,212,180	146,345	-	-	1,358,525
Total current assets	5,607,742	3,552,478	8,747,719	6,009,456	23,917,395
Noncurrent assets:					
Capital assets:					
Construction in progress	1,454,590	-	-	-	1,454,590
Buildings and improvements, net	378,666	1,143,674	-	-	1,522,340
Machinery and equipment, net	22,057,860	6,332,361	10,585	-	28,400,806
Total noncurrent assets	23,891,116	7,476,035	10,585	-	31,377,736
Total assets	29,498,858	11,028,513	8,758,304	6,009,456	55,295,131
LIABILITIES					
Current liabilities:					
Accounts payable	614,622	988,193	296,336	34,287	1,933,438
Accrued wages and benefits	162,613	342,999	27,644	26,532	559,788
Compensated absences	8,100	12,800	-	-	20,900
Unpaid insurance claims	-	-	3,511,127	4,131,502	7,642,629
Current portion capital lease obligation	122,462	-	-	-	122,462
Unearned revenue	-	95,055	-	-	95,055
Total current liabilities	907,797	1,439,047	3,835,107	4,192,321	10,374,272
Noncurrent liabilities:					
Compensated absences	47,233	538,495	33,885	13,750	633,363
Unpaid insurance claims	-	-	8,035,027	72,676	8,107,703
Long-term capital lease obligation	1,559,082	-	-	-	1,559,082
Total noncurrent liabilities	1,606,315	538,495	8,068,912	86,426	10,300,148
Total liabilities	2,514,112	1,977,542	11,904,019	4,278,747	20,674,420
NET POSITION					
Net investment in capital assets	23,891,116	7,476,035	10,585	-	31,377,736
Unrestricted (deficit)	3,093,630	1,574,936	(3,156,300)	1,730,709	3,242,975
Total net position	\$ 26,984,746	9,050,971	(3,145,715)	1,730,709	34,620,711

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

Howard County, Maryland
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2015

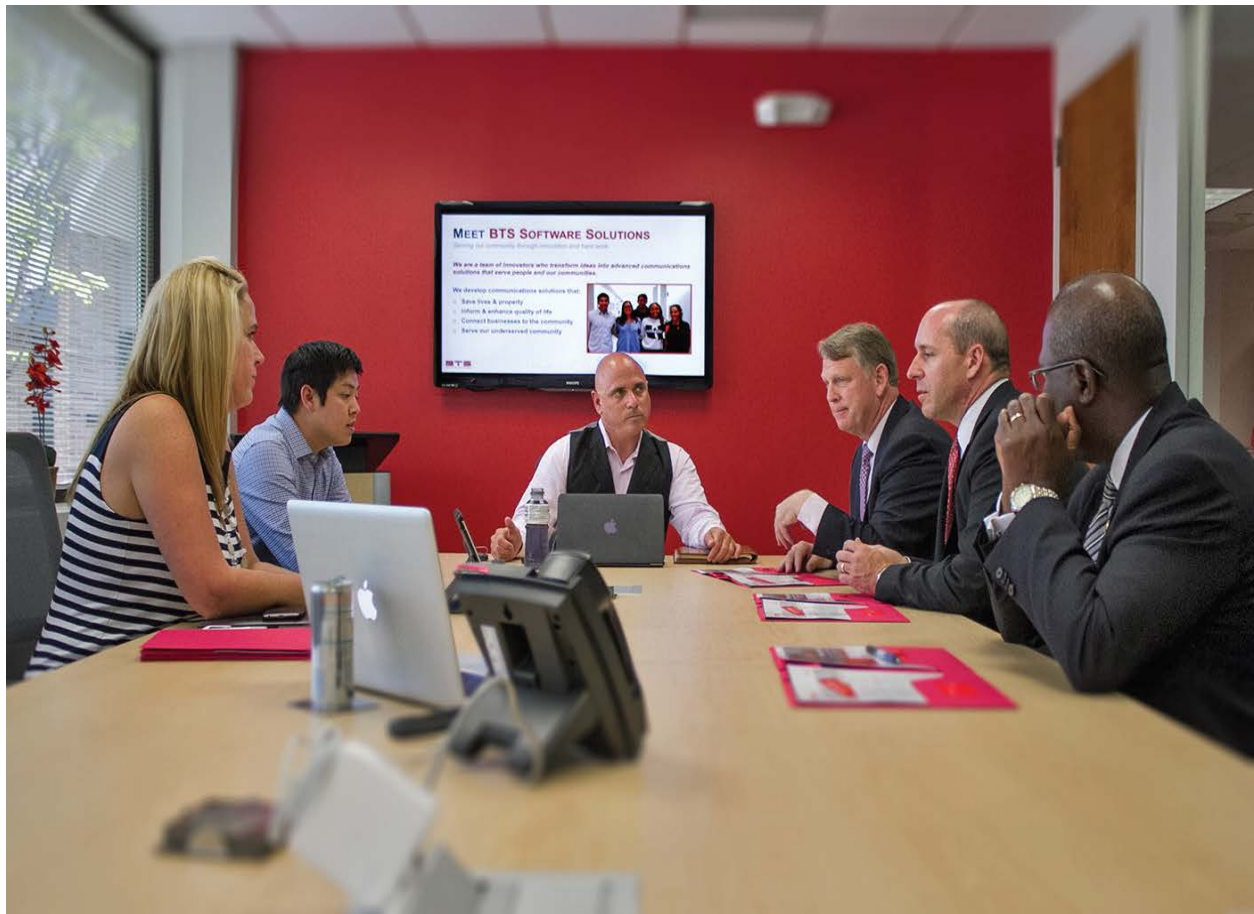
	Fleet Operations	Technology and Communications	Risk Management Self- Insurance	Employee Benefits Self- Insurance	Total
Operating revenues:					
User charges	\$ 16,717,447	24,794,100	7,238,003	43,609,450	92,359,000
Insurance recoveries	-	-	347,477	-	347,477
Miscellaneous sales and services	488,833	1,205,136	-	-	1,693,969
Total operating revenues	17,206,280	25,999,236	7,585,480	43,609,450	94,400,446
Operating expenses:					
Salaries and employee benefits	3,812,881	8,570,780	902,668	386,172	13,672,501
Contractual services	1,604,228	9,021,324	221,448	234,930	11,081,930
Supplies and materials	2,016,915	2,995,329	19,015	794	5,032,053
Business and travel	9,032	39,875	1,568	-	50,475
Vehicle fuels and supplies	5,026,341	56,336	455	-	5,083,132
Share of County administrative expenses	270,834	5,250	561,866	1,520	839,470
Insurance claims	1,725	-	5,642,402	42,751,246	48,395,373
Other administrative	-	-	57,367	2,507,145	2,564,512
Depreciation	4,033,230	1,879,819	993	-	5,914,042
Total operating expenses	16,775,186	22,568,713	7,407,782	45,881,807	92,633,488
Operating income (loss)	431,094	3,430,523	177,698	(2,272,357)	1,766,958
Nonoperating revenues (expenses)					
Interest on investments	8,160	1,367	12,738	10,044	32,309
Interest expense	(14,540)	-	-	-	(14,540)
Total nonoperating revenues (expenses)	(6,380)	1,367	12,738	10,044	17,769
Net income (loss) before contributions and transfers	424,714	3,431,890	190,436	(2,262,313)	1,784,727
Capital contributions received (disbursed), net	1,325,841	(11,246,394)	(16,122)	-	(9,936,675)
Transfers out	(1,008,160)	(1,354,307)	-	(10,044)	(2,372,511)
Change in net position	742,395	(9,168,811)	174,314	(2,272,357)	(10,524,459)
Total net position - beginning	26,242,351	18,219,782	(3,320,029)	4,003,066	45,145,170
Total net position - ending	\$ 26,984,746	9,050,971	(3,145,715)	1,730,709	34,620,711

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

Howard County, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015

	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Employee Benefits Self-Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 17,018,469	25,722,813	7,601,373	44,157,272	94,499,927
Cash paid to suppliers	(5,245,389)	(5,260,987)	(6,174,059)	(43,965,893)	(60,646,328)
Cash paid to/for employees	(3,981,263)	(8,603,152)	(952,422)	(381,526)	(13,918,363)
Cash paid for quasi-external transactions	(1,784,084)	(6,799,848)	(143,958)	(112,406)	(8,840,296)
Other operating cash receipts (disbursements)	-	(490,170)	(429,118)	-	(919,288)
Net cash provided by (used in) operating activities	<u>6,007,733</u>	<u>4,568,656</u>	<u>(98,184)</u>	<u>(302,553)</u>	<u>10,175,652</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating subsidies and transfers to other funds	<u>(1,008,160)</u>	<u>(1,354,307)</u>	<u>-</u>	<u>(10,044)</u>	<u>(2,372,511)</u>
Net cash (used in) noncapital financing activities	<u>(1,008,160)</u>	<u>(1,354,307)</u>	<u>-</u>	<u>(10,044)</u>	<u>(2,372,511)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(7,935,360)	(486,872)	(27,700)	-	(8,449,932)
Interest paid	<u>(14,540)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,540)</u>
Net cash (used in) capital and related financing activities	<u>(7,949,900)</u>	<u>(486,872)</u>	<u>(27,700)</u>	<u>-</u>	<u>(8,464,472)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	<u>8,160</u>	<u>1,367</u>	<u>12,738</u>	<u>10,044</u>	<u>32,309</u>
Net cash provided by investing activities	<u>8,160</u>	<u>1,367</u>	<u>12,738</u>	<u>10,044</u>	<u>32,309</u>
Net increase (decrease) in cash and cash equivalents	(2,942,167)	2,728,844	(113,146)	(302,553)	(629,022)
Cash and cash equivalents - beginning of the year	<u>6,963,535</u>	<u>52,940</u>	<u>8,499,030</u>	<u>4,748,432</u>	<u>20,263,937</u>
Cash and cash equivalents - end of the year	<u>4,021,368</u>	<u>2,781,784</u>	<u>8,385,884</u>	<u>4,445,879</u>	<u>19,634,915</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	<u>431,094</u>	<u>3,430,523</u>	<u>177,698</u>	<u>(2,272,357)</u>	<u>1,766,958</u>
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	4,033,230	1,879,819	993	-	5,914,042
Change in assets and liabilities:					
(Increase) decrease in accounts and other receivables	(187,810)	(276,422)	15,892	547,822	99,482
Decrease (Increase) in inventories	41,386	(7,949)	-	-	33,437
(Decrease) increase in operating accounts payable	187,658	(444,173)	29,757	(641,666)	(868,424)
(Decrease) increase in compensated absences and unpaid claims	(179,369)	(13,142)	(322,524)	2,063,648	1,548,613
Increase in capital lease obligations	1,681,544	-	-	-	1,681,544
Total adjustments	<u>5,576,639</u>	<u>1,138,133</u>	<u>(275,882)</u>	<u>1,969,804</u>	<u>8,408,694</u>
Net cash provided by (used in) operating activities	<u>\$ 6,007,733</u>	<u>4,568,656</u>	<u>(98,184)</u>	<u>(302,553)</u>	<u>10,175,652</u>

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



Business Appreciation Week

2015 marks the 24th year of Business Appreciation Week, an initiative began in 1991 by then Howard County Executive Chuck Ecker. Held in partnership with the Howard County Economic Development Authority (HCEDA), during Business Appreciation Week teams of ambassadors from Howard County Government, HCEDA and partnering organizations visit businesses across the county to discuss ways to ensure that Howard County retains and grows existing businesses and attracts new ventures. Since its inception, ambassadors have met with more than 1,000 businesses.

Fiduciary Funds

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



Howard County, Maryland
Combining Statement of Net Position
Pension and Other Post-Employment Benefits Trust Funds
June 30, 2015

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post- Employment Benefits Fund	Total
ASSETS				
Receivables:				
Interest and dividends	\$ 479,936	585,750	15	1,065,701
Employer contributions	675,743	947,959	-	1,623,702
Member contributions	178,533	307,431	-	485,964
Sale of investments	414,061	505,351	-	919,412
Other	2,189	2,671	-	4,860
Investments, at fair value:				
Cash	-	-	34,110	34,110
Equities	163,740,944	199,841,801	-	363,582,745
Alternative investments	69,177,971	84,430,015	-	153,607,986
Mutual funds	-	-	70,414,766	70,414,766
Money market funds	5,969,835	6,530,232	126,516	12,626,583
Fixed income securities	98,295,250	119,966,938	-	218,262,188
Real estate	16,055,410	19,595,234	-	35,650,644
Prepaid insurance	18,475	22,543	-	41,018
Total assets	355,008,347	432,735,925	70,575,407	858,319,679
LIABILITIES				
Accounts payable				
Investments purchased	245,988	300,222	-	546,210
Other	349,529	406,679	348,487	1,104,695
Total liabilities	595,517	706,901	348,487	1,650,905
Net position held in trust for pension and other post-employment benefits	\$ 354,412,830	432,029,024	70,226,920	856,668,774

Howard County, Maryland
Combining Statement of Changes in Net Position
Pension and Other Post-Employment Benefits Trust Funds
For the Year Ended June 30, 2015

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post- Employment Benefits Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 13,967,304	22,530,039	30,077,226	66,574,569
Member	3,573,323	7,006,494	-	10,579,817
Total contributions	17,540,627	29,536,533	30,077,226	77,154,386
Investment income (expense):				
Net change in fair value of investments	1,693,646	1,461,885	87,348	3,242,879
Interest	2,207,988	2,677,543	129	4,885,660
Dividends	7,209,286	8,741,993	1,461,682	17,412,961
Other	31,140	27,600	-	58,740
Investment expense	(1,158,785)	(1,378,144)	(148,481)	(2,685,410)
Net investment income	9,983,275	11,530,877	1,400,678	22,914,830
Total additions	27,523,902	41,067,410	31,477,904	100,069,216
DEDUCTIONS				
Benefits	12,375,755	18,940,703	14,774,799	46,091,257
Administrative expenses	311,597	368,299	48,700	728,596
Total deductions	12,687,352	19,309,002	14,823,499	46,819,853
Change in net position	14,836,550	21,758,408	16,654,405	53,249,363
Net position - beginning of year	339,576,280	410,270,616	53,572,515	803,419,411
Net position - end of year	\$ 354,412,830	432,029,024	70,226,920	856,668,774

Howard County, Maryland
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2015

		Street Light District Fund	State Property Tax and Interest Fund	Road Surety Deposit Fund	Multifarious Fund	Total
ASSETS						
Equity in pooled cash and cash equivalents	\$	-	1,542,278	5,636,037	327,540	7,505,855
Property taxes receivable		-	521,841	-	-	521,841
Total assets		-	2,064,119	5,636,037	327,540	8,027,696
LIABILITIES						
Accounts payable		-	2,064,119	5,700	20,000	2,089,819
Deposits		-	-	5,630,337	299,933	5,930,270
Other liabilities		-	-	-	7,607	7,607
Total liabilities	\$	-	2,064,119	5,636,037	327,540	8,027,696

Howard County, Maryland
Combining Statement of Changes in Assets and Liabilities
Agency Funds
June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<u>Street Light District Fund</u>				
ASSETS				
Equity in pooled cash and cash equivalents	\$ 2,128,629	1,545,400	3,674,029	-
Total assets	2,128,629	1,545,400	3,674,029	-
LIABILITIES				
Accounts payable	74,772	1,139,967	1,214,739	-
Deposits	2,053,857	1,545,400	3,599,257	-
Total liabilities	2,128,629	2,685,367	4,813,996	-
<u>State Property Tax and Interest Fund</u>				
ASSETS				
Equity in pooled cash and cash equivalents	1,162,518	164,406,748	164,026,988	1,542,278
Property taxes receivable	518,732	115,162,660	115,159,551	521,841
Total assets	1,681,250	279,569,408	279,186,539	2,064,119
LIABILITIES				
Accounts payable	1,681,250	225,086,137	224,703,268	2,064,119
Total liabilities	1,681,250	225,086,137	224,703,268	2,064,119
<u>Road Surety Deposit Fund</u>				
ASSETS				
Equity in pooled cash and cash equivalents	2,967,915	3,129,116	460,994	5,636,037
Total assets	2,967,915	3,129,116	460,994	5,636,037
LIABILITIES				
Accounts payable	-	1,488,499	1,482,799	5,700
Deposits	2,967,915	3,129,116	466,694	5,630,337
Total liabilities	2,967,915	4,617,615	1,949,493	5,636,037
<u>Multifarious Fund</u>				
ASSETS				
Equity in pooled cash and cash equivalents	1,008,963	357,549	1,038,972	327,540
Total assets	1,008,963	357,549	1,038,972	327,540
LIABILITIES				
Accounts payable	19,265	428,691	427,956	20,000
Deposits	982,091	225,488	907,646	299,933
Other liabilities	7,607	-	-	7,607
Total liabilities	1,008,963	654,179	1,335,602	327,540
<u>Totals - All Agency Funds</u>				
ASSETS				
Equity in pooled cash and cash equivalents	7,268,025	169,438,813	169,200,983	7,505,855
Property taxes receivable	518,732	115,162,660	115,159,551	521,841
Total assets	7,786,757	284,601,473	284,360,534	8,027,696
LIABILITIES				
Accounts payable	1,775,287	228,143,294	227,828,762	2,089,819
Deposits	6,003,863	4,900,004	4,973,597	5,930,270
Other liabilities	7,607	-	-	7,607
Total liabilities	\$ 7,786,757	233,043,298	232,802,359	8,027,696

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



Howard County, Maryland
Schedule by Function and Activity
Capital Assets Used in the Operation of Governmental Funds
For the Year Ended June 30, 2015

Function and Activity	Land and Land Improvements	Buildings	Improvements Other Than Buildings	Equipment	Construction In Progress	Total
General government:						
County executive	\$ -	-	7,314	-	-	7,314
Technology and communication	-	-	-	7,484,898	-	7,484,898
Finance	-	-	-	2,033,222	-	2,033,222
County administration	-	-	32,457,859	655,101	-	33,112,960
Total general government	-	-	32,465,173	10,173,221	-	42,638,394
Public safety:						
Corrections	-	-	-	148,701	-	148,701
Fire	5,710,331	32,399,141	3,900,169	38,855,918	-	80,865,559
Police	-	7,093,414	1,801,844	10,345,167	-	19,240,425
Total public safety	5,710,331	39,492,555	5,702,013	49,349,786	-	100,254,685
Public facilities:						
Public works	317,917,887	180,033,272	495,841,825	9,766,936	-	1,003,559,920
Planning and zoning	13,476	-	323,225	324,503	-	661,204
Inspections, licenses and permits	-	-	-	2,779,384	-	2,779,384
Transportation	2,679,368	11,650,810	249,995	8,750,022	-	23,330,195
Total public facilities	320,610,731	191,684,082	496,415,045	21,620,845	-	1,030,330,703
Legislative and judicial:						
Circuit court	-	-	-	72,971	-	72,971
State's attorney	-	-	-	59,229	-	59,229
Sheriff	-	-	-	145,582	-	145,582
Total legislative and judicial	-	-	-	277,782	-	277,782
Community services:						
Citizen services	-	-	170,148	225,274	-	395,422
Health department	-	-	374,202	1,412,913	-	1,787,115
Housing and community development	490,900	3,400,119	-	-	-	3,891,019
Library	2,843,227	70,757,815	44,523	209,830	-	73,855,395
Total community services	3,334,127	74,157,934	588,873	1,848,017	-	79,928,951
Recreation and parks:						
Recreation and parks	111,645,693	49,418,470	84,545,333	4,196,378	-	249,805,874
Total recreation and parks	111,645,693	49,418,470	84,545,333	4,196,378	-	249,805,874
Agricultural land preservation:						
Agricultural land easements	119,909,306	-	-	-	-	119,909,306
Total agricultural land preservation	119,909,306	-	-	-	-	119,909,306
Construction in progress	-	-	-	-	49,160,298	49,160,298
Total governmental funds capital assets	\$ 561,210,188	354,753,041	619,716,437	87,466,029	49,160,298	1,672,305,993

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

Howard County, Maryland
Schedule of Changes by Function and Activity
Capital Assets Used in the Operation of Governmental Funds
For the Year Ended June 30, 2015

Function and Activity	Balances	Assets			Balances	Allowance for Depreciation				Balances
	June 30, 2014	Additions	Deductions	Transfers	June 30, 2015	June 30, 2014	Additions	Deductions	Transfers	June 30, 2015
General government:										
County executive	\$ 7,314	-	-	-	7,314	3,896	488	-	-	4,384
Technology and communication	7,484,898	-	-	624,612	7,484,898	7,423,366	15,120	-	1,626,584	7,438,486
Finance	3,391,679	-	1,358,457	-	2,033,222	3,281,295	6,118	1,326,244	-	1,961,169
Law	-	-	-	-	-	-	-	-	-	-
County administration	33,089,642	72,795	49,477	-	33,112,960	23,304,676	1,628,157	49,477	-	24,883,356
Total general government	43,973,533	72,795	1,407,934	624,612	42,638,394	34,013,233	1,649,883	1,375,721	1,626,584	34,287,395
Public safety:										
Corrections	77,383	82,618	11,300	66,083	148,701	55,779	5,429	4,332	42,884	56,876
Fire	78,942,136	4,841,427	2,918,004	(442,321)	80,865,559	28,619,709	3,856,766	2,856,919	(155,425)	29,619,556
Police	18,128,017	1,112,408	-	283,205	19,240,425	8,374,617	896,899	-	122,641	9,271,516
Total public safety	97,147,536	6,036,453	2,929,304	(93,033)	100,254,685	37,050,105	4,759,094	2,861,251	10,100	38,947,948
Public facilities:										
Public works	965,108,913	44,971,728	6,520,721	(2,080,854)	1,003,559,920	253,731,913	21,305,290	204,512	(9,546)	274,832,691
Planning and zoning	738,197	9,230	86,223	(7,710,104)	661,204	346,504	38,751	86,223	(1,975,647)	299,032
Inspections, licenses and permits	2,779,384	-	-	-	2,779,384	2,779,384	-	-	-	2,779,384
Transportation	11,954,167	11,376,028	-	6,835,882	23,330,195	5,281,881	1,251,952	-	2,043,008	6,533,833
Total public facilities	980,580,661	56,356,986	6,606,944	(2,955,076)	1,030,330,703	262,139,682	22,595,993	290,735	57,815	284,444,940
Legislative and judicial:										
Board of elections	12,295	-	12,295	-	-	12,295	-	12,295	-	-
Circuit court	76,983	10,607	14,619	-	72,971	70,168	2,310	13,154	-	59,324
County council	-	-	-	-	-	-	-	-	-	-
States attorney	59,229	-	-	-	59,229	59,230	-	-	-	59,230
Sheriff	145,582	-	-	-	145,582	65,258	18,741	-	-	83,999
Total legislative and judicial	294,089	10,607	26,914	-	277,782	206,951	21,051	25,449	-	202,553
Community services:										
Citizen services	188,983	206,439	-	-	395,422	131,602	10,509	-	-	142,111
Cooperative extension service	-	-	-	-	-	-	-	-	-	-
Health department	1,266,498	679,488	158,871	-	1,787,115	654,254	179,408	136,876	-	696,786
Housing and community development	3,891,019	-	-	-	3,891,019	1,970,051	68,002	-	-	2,038,053
Library	60,206,685	13,685,002	36,292	-	73,855,395	15,058,594	1,422,168	302	-	16,480,460
Social services	-	-	-	-	-	-	-	-	-	-
Total community services	65,553,185	14,570,929	195,163	-	79,928,951	17,814,501	1,680,087	137,178	-	19,357,410
Recreation and parks:										
Recreation and parks	233,695,530	17,128,144	1,017,800	1,273,145	249,805,874	43,135,024	4,874,908	51,582	7,265	47,958,350
Total recreation and parks	233,695,530	17,128,144	1,017,800	1,273,145	249,805,874	43,135,024	4,874,908	51,582	7,265	47,958,350
Agricultural land preservation:										
Agricultural land easements	115,797,106	4,112,200	-	-	119,909,306	-	-	-	-	-
Total agricultural land preservation	115,797,106	4,112,200	-	-	119,909,306	-	-	-	-	-
Total county government	1,537,041,640	98,288,114	12,184,059	(1,150,352)	1,623,145,695	394,359,496	35,581,016	4,741,916	1,701,764	425,198,596
Construction in progress	64,728,234	87,942,663	103,510,599	-	49,160,298	-	-	-	-	-
Total governmental funds capital assets	\$ 1,601,769,874	186,230,777	115,694,658	(1,150,352)	1,672,305,993	394,359,496	35,581,016	4,741,916	1,701,764	425,198,596

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

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



Howard County, Maryland
Schedule of Capital Assets and Depreciation
Capital Assets Used in the Operation of Enterprise Funds
For the Year Ended June 30, 2015

	Balances	Assets		Balances	Balances	Allowance for Depreciation		Balances
	June 30, 2014	Additions	Deductions	June 30, 2015		Additions	Deductions	June 30, 2015
Land:								
Utility	\$ 2,692,204	23,177	-	2,715,381	-	-	-	-
Golf course	8,684,896	-	-	8,684,896	-	-	-	-
Total land	11,377,100	23,177	-	11,400,277	-	-	-	-
Buildings:								
Utility	235,080,267	100,052	-	235,180,319	68,895,757	4,650,631	-	73,546,388
Golf course	1,058,133	-	-	1,058,133	463,972	21,163	-	485,135
Watershed	-	132,604	-	132,604	-	442	-	442
Total buildings	236,138,400	232,656	-	236,371,056	69,359,729	4,672,236	-	74,031,965
Improvements other than buildings:								
Utility	63,404,519	6,209,296	-	69,613,815	36,369,862	2,380,922	-	38,750,784
Golf course	148,004	-	-	148,004	65,217	7,400	-	72,617
Total improvements	63,552,523	6,209,296	-	69,761,819	36,435,079	2,388,322	-	38,823,401
Infrastructure								
Utility	630,946,930	35,483,147	129,185	666,300,892	256,754,191	11,957,151	3,973	268,707,369
Broadband	-	13,340,836	-	13,340,836	-	719,981	-	719,981
Total infrastructure	630,946,930	48,823,983	129,185	679,641,728	256,754,191	12,677,132	3,973	269,427,350
Machinery and equipment:								
Utility	7,701,092	4,537,368	75,817	12,162,643	2,768,036	712,635	62,719	3,417,952
Golf course	337,997	-	-	337,997	276,674	11,266	-	287,940
Watershed	289,454	-	-	289,454	3,806	25,320	-	29,126
Broadband	-	23,514	-	23,514	-	1,176	-	1,176
Total machinery and equipment	8,328,543	4,560,882	75,817	12,813,608	3,048,516	750,397	62,719	3,736,194
Grand total	\$ 950,343,496	59,849,994	205,002	1,009,988,488	365,597,515	20,488,087	66,692	386,018,910

Does not include \$26,122,294 of construction in progress.



Coffee with a Cop: Building Relationships One Cup of Coffee at a Time

"Coffee with a Cop" is a Howard County Police Department community outreach initiative to provide officers and members of the community an opportunity to come together in an informal, neutral space to discuss community issues and build relationships one cup of coffee at a time. Held the first Thursday of each month at locations throughout the county, "Coffee with a Cop" is a national effort supported by The United States Department of Justice.

Long-Term Debt

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



Howard County, Maryland
Schedule of Bonded and Other Long-Term Debt
General
For the Year Ended June 30, 2015

Type of Debt	Maturity	Rate of Interest	Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
Consolidated Public Improvement Bonds						
06-29-99	2000-2016	2.41	\$ 14,210,000	2,475,000	112,206 *	2,587,206
02-12-04	2005-2024	2.00 - 5.00	81,130,000	47,550,000	5,606,500	53,156,500
04-12-07	2007-2027	4.00 - 5.00	100,000,000	9,500,000	715,000	10,215,000
12-19-07	2009-2019	3.75 - 5.00	87,420,000	6,730,000	550,250	7,280,250
02-27-08	2009-2028	3.00 - 5.00	107,500,000	4,785,000	239,250	5,024,250
04-08-09	2010-2029	3.50 - 5.00	69,720,000	40,010,000	15,613,113	55,623,113
12-08-09	2011-2022	2.00 - 5.00	85,860,000	81,860,000	15,065,875	96,925,875
03-16-10	2011-2030	0.60 - 5.55	101,010,000	77,155,000	32,300,798	109,455,798
03-09-11	2012-2031	4.00 - 5.00	111,115,000	95,790,000	38,423,300	134,213,300
11-17-11	2012-2031	3.00 - 5.00	182,055,000	160,285,000	56,646,857	216,931,857
04-11-12	2013-2032	2.00 - 4.00	37,370,000	33,205,000	12,935,025	46,140,025
04-04-13	2014-2033	2.375-4.00	97,910,000	89,445,000	34,182,744	123,627,744
04-03-14	2015-2034	3.00 - 5.00	117,125,000	114,795,000	49,834,956	164,629,956
04-22-15	2016-2035	3.00 - 5.00	184,195,000	184,195,000	70,492,636	254,687,636
Total Consolidated Public Improvement Bonds			1,376,620,000	947,780,000	332,718,510	1,280,498,510
Tax increment financing bonds	2016-2044	4.80 - 6.10	17,000,000	17,000,000	n/a	17,000,000
Compensated absences	n/a	n/a	n/a	23,385,185	n/a	23,385,185
Capital leases	n/a	n/a	n/a	17,893,604	n/a	17,893,604
Landfill closure obligations	n/a	n/a	n/a	31,862,000	n/a	31,862,000
Agricultural land preservation program	2016-2033	2.19-8.60	n/a	96,626,177	n/a	96,626,177
Total debt			\$ 1,393,620,000	1,134,546,966	** 332,718,510	1,467,265,476

* Includes administrative fees.

** Does not include deferred refunding premium liability of \$89,975,459, unpaid claims of \$15,750,339, other non-current liabilities of \$3,125,245, net OPEB obligation of \$380,920,007, and net pension liability of \$108,323,773 included in the Statement of Net Position.

Howard County, Maryland
Schedule of Changes in General Long-Term Debt
Long-Term Obligations
For the Year Ended June 30, 2015

	Balance June 30, 2014	Issued	Refunded	Retired	Balance June 30, 2015
General county bonds:					
General improvement	\$ 282,769,374	73,398,900	26,246,503	17,539,831	312,381,940
Storm drain	19,969,157	5,155,551	1,668,481	1,192,224	22,264,003
Police department	5,488,071	126,628	129,107	403,331	5,082,261
Fire department	21,903,345	1,997,897	1,569,350	1,033,049	21,298,843
Schools	457,807,034	79,660,795	44,672,092	31,761,369	461,034,368
Community renewal	2,824,499	-	-	409,048	2,415,451
Recreation and parks	34,239,453	8,601,657	1,007,287	2,028,943	39,804,880
Community college	84,609,067	15,253,572	11,997,180	4,367,205	83,498,254
Total Bonds	909,610,000	184,195,000	87,290,000	58,735,000	947,780,000
Other long-term debt					
Tax increment financing	17,000,000	-	-	-	17,000,000
Compensated absences	21,935,378	3,449,577	-	1,999,770	23,385,185
Capital Leases	5,062,113	14,454,424	-	1,622,933	17,893,604
Landfill closure obligation	32,116,000	-	-	254,000	31,862,000
Agricultural land preservation program	95,628,635	3,448,120	-	2,450,578	96,626,177
Total other long-term debt	171,742,126	21,352,121	-	6,327,281	186,766,966
Total long-term debt	\$ 1,081,352,126	205,547,121	87,290,000	65,062,281	1,134,546,966 *

* Does not include deferred refunding premium liability of \$89,975,459, unpaid claims of \$15,750,339, other non-current liabilities of \$3,125,245, net OPEB obligation of \$380,920,007, and net pension liability of \$180,323,773 included in the Statement of Net Position.

Howard County, Maryland
Schedule of Bonded and Other Long-Term Debt
Enterprise Fund
For the Year Ended June 30, 2015

Date of Issue	Maturity	Rate of Interest	Amount Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
Metropolitan district bonds:						
03-15-07	2007-2037	4.00-4.50	\$ 10,000,000	6,225,000	4,153,935	10,378,935
12-19-07	2009-2029	3.75-4.375	11,980,000	9,645,000	2,898,961	12,543,961
02-27-08	2009-2038	3.00-4.375	4,095,000	2,480,000	1,838,938	4,318,938
04-08-09	2010-2029	3.00-5.00	26,240,000	20,425,000	7,029,664	27,454,664
12-08-09	2011-2030	1.00-4.00	7,255,000	7,170,000	2,613,878	9,783,878
03-09-11	2012-2041	4.00-4.75	49,990,000	46,170,000	33,630,181	79,800,181
11-17-11	2012-2041	3.00-5.00	36,245,000	31,735,000	13,852,872	45,587,872
04-11-12	2013-2037	3.00-4.00	19,970,000	18,230,000	8,673,963	26,903,963
04-04-13	2014-2038	2.375-4.00	39,155,000	36,390,000	15,037,788	51,427,788
04-03-14	2015-2044	2.00-4.00	22,055,000	21,250,000	10,342,830	31,592,830
04-22-15	2016-2045	2.00-5.00	31,015,000	31,015,000	18,289,247	49,304,247
Total metropolitan district bonds			258,000,000	230,735,000	118,362,257	349,097,257
MD water quality 10/18/00	2000-2022	2.40	34,000,000	13,769,925	2,075,583 *	15,845,508
MD water quality 1/29/02	2002-2024	2.00	21,329,372	10,311,234	1,538,349 *	11,849,583
MD water quality 10/1/08	2009-2029	2.30	1,088,570	799,147	190,030 *	989,177
MD water quality 11/19/09	2010-2031	1.00	3,443,710	2,798,295	385,050 *	3,183,345
Total water quality			59,861,652	27,678,601	4,189,012	31,867,613
Special recreation facility bonds	2012-2022	2.475	5,400,000	4,133,000	429,301	4,562,301
Compensated absences	n/a	n/a	n/a	818,469	n/a	818,469
Major water and sewer agreements	n/a	n/a	n/a	1,461,969	n/a	1,461,969
Total debt			\$ 323,261,652	264,827,039 **	122,980,570	387,807,609

* Includes administrative fees.

**Does not include deferred refunding premium of \$8,303,241, net OPEB obligation of \$6,963,442, net pension liability of \$2,185,432, and developer agreement rebates of \$43,501 (a contractual obligation to reimburse a developer for a portion of the cost of constructing water/sewer lines donated to the County) included in the Statement of Net Position.

Howard County, Maryland
Schedule of Changes in Bonded Long-Term Debt
Enterprise Fund
For the Year Ended June 30, 2015

	Balance June 30, 2014	Issued	Refunded	Retired	Balance June 30, 2015
Metropolitan district bonds:					
01-01-05	\$ 105,000	-	-	105,000	-
01-15-06	1,735,000	-	1,660,000	75,000	-
03-15-07	7,985,000	-	1,520,000	240,000	6,225,000
12-19-07	10,085,000	-	-	440,000	9,645,000
02-27-08	3,600,000	-	1,030,000	90,000	2,480,000
04-08-09	21,500,000	-	-	1,075,000	20,425,000
12-08-09	7,170,000	-	-	-	7,170,000
03-16-10	1,175,000	-	-	1,175,000	-
03-09-11	47,145,000	-	-	975,000	46,170,000
11-17-11	33,935,000	-	-	2,200,000	31,735,000
04-11-12	18,790,000	-	-	560,000	18,230,000
04-04-13	38,290,000	-	-	1,900,000	36,390,000
04-03-14	22,055,000	-	-	805,000	21,250,000
04-22-15	-	31,015,000	-	-	31,015,000
Total Bonds	213,570,000	31,015,000	4,210,000	9,640,000	230,735,000
Other long-term debt					
MD water quality 10/10/95	148,399	-	-	148,399	-
MD water quality 10/18/00	15,557,011	-	-	1,787,086	13,769,925
MD water quality 1/29/02	11,414,960	-	-	1,103,726	10,311,234
MD water quality 10/1/08	847,870	-	-	48,723	799,147
MD water quality 11/19/09	2,962,065	-	-	163,770	2,798,295
Total other long-term debt	30,930,305	-	-	3,251,704	27,678,601
Special recreation facility bonds	4,583,000	-	-	450,000	4,133,000
Compensated absences	751,248	83,140	-	15,919	818,469
Major water and sewer agreements	49,308	1,866,415	-	453,754	1,461,969
Total long-term debt	\$ 249,883,861	32,964,555	4,210,000	13,811,377	264,827,039 *

*Does not include deferred refunding premium of \$8,303,241, net OPEB obligation of \$6,963,442, net pension liability of \$2,185,432, and developer agreement rebates of \$43,501 (a contractual obligation to reimburse a developer for a portion of the cost of constructing water/sewer lines donated to the County) included in the Statement of Net Position.

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



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

To the County Council
Howard County, Maryland

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Howard County, Maryland's basic financial statements and have issued our report thereon dated November 24, 2015. Our report includes a reference to other auditors who audited the financial statements of the Howard County Public School System, Howard Community College and the Howard County Housing Commission, as described in our report on Howard County, Maryland's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Howard County, Maryland's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Howard County, Maryland's internal control. Accordingly, we do not express an opinion on the effectiveness of Howard County, Maryland's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described below, that we consider to be a material weakness.

Prior Period Adjustments

As further described in Note 17 to the financial statements, certain amounts have been restated to correct account balances reported in the June 30, 2014 financial statements. Proceeds from a bond issuance held in escrow for future use at June 30, 2014 were recorded as expenditures but not yet expended. An escrow has been recorded to the extent bond proceeds have not been expended. In addition, the County advanced funds to a component unit in prior years and did not record the amount due back as a receivable. Amounts received back have been recorded as revenue instead of a reduction of a receivable. A receivable has been recorded for the amount of the advance still to be paid back.

Management should review its internal controls, including the review and approval of accounting adjustments, surrounding significant and non-recurring transactions to protect against future material misstatements.

Howard County, Maryland's response to the findings identified in our audit is described below. Howard County, Maryland's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Howard County, Maryland's Response to Findings

Management agrees with the recommendation. In conjunction with our preparation of interim financial statements, the Office of the Controller will be reviewing the posting of significant and non-recurring transactions with management.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Howard County, Maryland's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Baltimore, Maryland
November 24, 2015

Statistical Section

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



Statistical Section (Unaudited)

Index

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

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

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

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

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



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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 437,104,153	420,387,445	581,284,859	669,410,210	735,346,804	780,074,223	716,222,072	740,258,162	755,904,065	754,407,588
Restricted	119,756,349	139,763,814	147,266,158	161,806,930	163,458,570	83,470,483	82,432,184	94,955,786	109,207,649	100,314,009
Unrestricted (a)	(105,399,387)	(110,356,141)	(288,540,789)	(442,781,138)	(629,621,547)	(619,606,891)	(620,794,431)	(727,260,025)	(905,160,838)	(942,920,000)
Subtotal governmental activities net position	451,461,115	449,795,118	440,010,228 (b)	388,436,002	269,183,827 (c)	243,937,815 (d)	177,859,825 (e)	107,953,923	(40,049,124) (f)	(88,198,403)
Business-type activities										
Net investment in capital assets	340,388,015	306,098,965	328,013,443	338,277,158	391,047,153	412,443,596	352,371,984	343,029,639	349,976,408	410,168,067
Restricted	99,161,799	142,022,020	139,098,839	151,228,040	120,266,910	132,071,680	60,755,862	54,677,366	48,248,364	48,241,852
Unrestricted	938,013	2,381,317	2,575,641	1,928,964	719,135	1,877,926	85,856,157	114,065,506	115,007,448	107,862,198
Subtotal business-type activities net position	440,487,827	450,502,302	469,687,923	491,434,162	512,033,198 (c)	546,393,202 (d)	498,984,003 (e)	511,772,511	513,232,220 (f)	566,272,117
Primary government										
Net investment in capital assets	777,492,168	726,486,410	909,298,302	1,007,687,368	1,126,393,957	1,192,517,819	1,068,594,056	1,083,287,801	1,105,880,473	1,164,575,655
Restricted	218,918,148	281,785,834	286,364,997	313,034,970	283,725,480	215,542,163	143,188,046	149,633,152	157,456,013	148,555,861
Unrestricted	(104,461,374)	(107,974,824)	(285,965,148)	(440,852,174)	(628,902,412)	(617,728,965)	(534,938,274)	(613,194,519)	(790,153,390)	(835,057,802)
Total primary government net position	\$ 891,948,942	900,297,420	909,698,151	879,870,164	781,217,025	790,331,017	676,843,828	619,726,434	473,183,096	478,073,714

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

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

(b) FY2008 net position of governmental activities were restated in fiscal year 2009.

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

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

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

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

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

Expenses	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
General government	\$ 43,401,671	43,441,064	46,844,606	49,015,557	40,551,179	50,599,944	84,025,615 (c)	87,405,901	104,520,136	75,558,318
Public safety	112,396,115	122,208,338	144,114,893	152,639,155	154,381,502	167,113,492	184,324,533	196,950,283	198,590,882	208,298,711
Public works (a)	94,663,945	103,782,948	95,262,350	115,081,550	101,682,165	102,947,974	115,231,452	130,500,653	148,889,651	179,349,488
Recreation and parks	25,296,028	28,304,306	28,335,338	28,490,509	26,909,791	27,086,201	29,974,257	29,210,799	35,764,376	37,193,427
Legislative and judicial	16,347,843	17,935,936	21,577,751	21,414,495	19,917,865	21,684,657	22,248,551	23,682,923	23,259,531	27,110,955
Community services	36,071,390	36,624,968	39,035,177	42,552,461	38,203,641	38,522,217	45,302,315	38,506,895	45,311,763	48,650,488
State highways (a)	302,754	2,244,049	378,464	646,354	2,450,937	1,917,170	2,900,053	7,225,028	6,634,669	763,353
Education	510,243,607	538,176,394	587,904,740	560,909,969	557,205,570	605,557,506	610,774,387	639,025,259	637,839,632	669,067,653
Interest on long-term debt	27,669,889	31,436,334	35,419,506	33,065,408	32,759,477	37,102,195	53,851,903	47,729,955	50,489,693	43,648,543
Total governmental activities expenses	866,393,242	924,154,337	998,872,825 (b)	1,003,815,458	974,062,127	1,052,531,356	1,148,633,066	1,200,237,696	1,251,300,333	1,289,640,936
Business-type activities:										
Water and sewer	62,881,137	64,479,789	66,966,290	59,226,089	64,845,285	66,636,363	67,635,638	87,569,376	98,795,678	97,764,211
Golf course	1,921,122	1,896,158	1,910,116	1,734,769	1,791,000	1,762,425	1,921,518	1,885,101	-	-
Other (d)	-	-	-	-	-	-	-	-	3,094,253	5,977,330
Total business-type activities expenses	64,802,259	66,375,947	68,876,406	60,960,858	66,636,285	68,398,788	69,557,156	89,454,477	101,889,931	103,741,541
Total primary government expenses	931,195,501	990,530,284	1,067,749,231	1,064,776,316	1,040,698,412	1,120,930,144	1,218,190,222	1,289,692,173	1,353,190,264	1,393,382,477
Program revenues										
Governmental activities:										
Charges for services										
General government	19,210,703	19,202,259	21,908,851	22,623,190	29,198,040	33,914,325	42,534,975	46,065,885	49,312,264	40,365,252
Public works	41,819,146	40,699,663	42,589,702	39,248,132	42,937,855	41,652,829	46,145,115	43,476,909	44,007,973	48,319,370
Recreation and parks	11,147,873	11,467,477	12,213,842	13,050,979	12,621,042	13,361,672	13,591,958	14,420,583	16,481,357	17,471,881
Other	6,542,390	6,999,654	6,787,417	8,482,772	7,079,677	8,665,495	22,407,037	10,725,120	12,538,229	25,188,353
Operating grants and contributions	21,919,457	25,128,602	25,331,284	35,559,629	26,732,848	26,559,373	46,323,888	27,837,622	33,472,335	39,108,209
Capital grants and contributions	40,618,331	47,769,364	32,890,596	27,160,200	22,998,508	24,715,975	68,472,451 (e)	42,575,352	10,215,527	21,596,604
Total governmental activities program revenues	141,257,900	151,267,019	141,721,692	146,124,902	141,567,970	148,869,669	239,475,424	185,101,471	166,027,685	192,049,669
Business-type activities:										
Charges for services										
Water and sewer	35,751,512	40,708,994	43,270,127	43,184,222	44,355,147	48,606,394	50,729,734	54,712,858	59,641,881	64,133,085
Golf course	2,320,341	2,294,374	2,257,710	2,103,674	2,149,442	2,056,408	2,134,912	2,069,082	-	-
Other (d)	-	-	-	-	-	-	-	-	12,310,600	14,129,334
Operating grants and contributions	20,256,749	23,386,096	27,199,512	30,981,090	32,395,714	30,884,327	29,880,497	29,006,605	29,196,783	30,010,057
Capital grants and contributions	19,293,954	5,922,565	13,087,530	6,959,259	9,666,912	24,331,033	21,109,099	16,285,260	11,361,621	40,854,015
Total business-type activities program revenues	77,622,556	72,312,029	85,814,879	83,228,245	88,567,215	105,878,162	103,854,242	102,073,805	112,510,885	149,126,491
Total primary government program revenues	\$ 218,880,456	223,579,048	227,536,571	229,353,147	230,135,185	254,747,831	343,329,666	287,175,276	278,538,570	341,176,160

(continued)

Howard County, Maryland

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expenses)/revenue										
Governmental activities	\$ (725,135,342)	(772,887,318)	(857,151,133)	(857,690,556)	(832,494,157)	(903,661,687)	(909,157,642)	(1,015,136,225)	(1,085,272,648)	(1,105,617,165)
Business-type activities	12,820,297	5,936,082	16,938,473	22,267,387	21,930,930	37,479,374	34,297,086	12,619,328	10,620,954	56,470,596
Total primary government net expenses	<u>(712,315,045)</u>	<u>(766,951,236)</u>	<u>(840,212,660)</u>	<u>(835,423,169)</u>	<u>(810,563,227)</u>	<u>(866,182,313)</u>	<u>(874,860,556)</u>	<u>(1,002,516,897)</u>	<u>(1,074,651,694)</u>	<u>(1,049,146,569)</u>
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	353,894,412	383,551,777	426,302,542	467,389,345	494,218,364	504,884,233	504,771,008	523,266,142	539,731,584	559,405,539
Local income taxes	317,108,241	287,499,387	323,836,591	271,595,421	266,953,624	331,334,252	358,356,561	360,251,116	400,455,701	412,674,188
Other local taxes	79,177,105	67,000,997	53,619,620	40,889,560	47,911,642	46,357,182	54,343,807	61,337,101	61,035,196	68,300,957
Intergovernmental, unrestricted	15,298,806	15,955,176	15,513,177	13,409,168	790,181	1,089,121	780,358	1,422,086	1,466,960	1,553,636
Unrestricted investment income	9,673,535	18,723,699	24,208,820	10,547,370	6,481,902	2,890,191	9,636,106	(552,647)	2,230,944	2,840,722
Miscellaneous	50,415	47,835	508,178	589,962	861,084	816,830	1,216,774	1,195,039	1,102,401	970,104
Transfers	<u>(200,000)</u>	<u>(1,557,550)</u>	<u>703,755</u>	<u>1,695,504</u>	<u>(587,000)</u>	<u>2,995,034</u>	<u>(586,842)</u>	-	<u>7,345,000</u>	<u>3,696,843</u>
Subtotal governmental activities	<u>775,002,514</u>	<u>771,221,321</u>	<u>844,692,683</u>	<u>806,116,330</u>	<u>816,629,797</u>	<u>890,366,843</u>	<u>928,517,772</u>	<u>946,918,837</u>	<u>1,013,367,786</u>	<u>1,049,441,989</u>
Business-type activities:										
Unrestricted investment income	2,262,551	2,520,843	2,950,903	1,174,356	395,605	196,349	170,617	169,180	135,292	242,826
Miscellaneous	-	-	-	-	-	-	-	-	-	11,108,964
Transfers	<u>200,000</u>	<u>1,557,550</u>	<u>(703,755)</u>	<u>(1,695,504)</u>	<u>587,000</u>	<u>(2,995,034)</u>	<u>586,842</u>	-	<u>(7,345,000)</u>	<u>(3,696,843)</u>
Subtotal business-type activities	<u>2,462,551</u>	<u>4,078,393</u>	<u>2,247,148</u>	<u>(521,148)</u>	<u>982,605</u>	<u>(2,798,685)</u>	<u>757,459</u>	<u>169,180</u>	<u>(7,209,708)</u>	<u>7,654,947</u>
Total primary government	<u>777,465,065</u>	<u>775,299,714</u>	<u>846,939,831</u>	<u>805,595,182</u>	<u>817,612,402</u>	<u>887,568,158</u>	<u>929,275,231</u>	<u>947,088,017</u>	<u>1,006,158,078</u>	<u>1,057,096,936</u>
Net position balances										
Governmental activities:										
Change in net position, governmental activities	49,867,172	(1,665,997) (g)	(12,458,450)	(51,574,226) (h)	(15,864,360)	(13,294,844)	19,360,130	(68,217,388)	(71,904,862)	(48,149,278)
Net position, beginning-governmental activities	401,593,943	451,461,115	449,795,118	440,010,228	388,436,002	377,349,272	254,510,988	263,297,945	107,953,923	36,049,061
Restatement	-	-	2,673,560	-	4,777,630	(109,543,440)	(10,573,173)	(87,126,634)	-	(76,098,186)
Net position, ending-governmental activities	<u>451,461,115</u>	<u>449,795,118</u>	<u>440,010,228</u>	<u>388,436,002</u>	<u>377,349,272</u>	<u>254,510,988</u>	<u>263,297,945</u>	<u>107,953,923</u>	<u>36,049,061</u>	<u>(88,198,403)</u>
Business-type activities:										
Change in net position, business-type activities	15,282,848	10,014,475	19,185,621	21,746,239	22,913,535	34,680,689	35,054,545	12,788,508	3,411,246	53,039,897
Net position, beginning-business-type activities	425,675,557	440,487,827	450,502,302	469,687,923	491,434,162	514,347,697	546,713,887	581,447,747	511,772,511	515,183,757
Restatement	<u>(470,578) (f)</u>	-	-	-	-	<u>(2,314,499)</u>	<u>(320,685)</u>	<u>(82,463,744)</u>	-	<u>(1,951,537)</u>
Net position, ending-business-type activities	<u>440,487,827</u>	<u>450,502,302</u>	<u>469,687,923</u>	<u>491,434,162</u>	<u>514,347,697</u>	<u>546,713,887</u>	<u>581,447,747</u>	<u>511,772,511</u>	<u>515,183,757</u>	<u>566,272,117</u>
Total primary government	<u>\$ 891,948,942</u>	<u>900,297,420</u>	<u>909,698,151</u>	<u>879,870,164</u>	<u>891,696,969</u>	<u>801,224,875</u>	<u>844,745,692</u>	<u>619,726,434</u>	<u>551,232,818</u>	<u>478,073,714</u>

(a) State highways expenses were misclassified as public works in fiscal years 2006, 2007, and 2008, but have been restated for comparative analysis.

(b) In fiscal year 2009, the fiscal year 2008 net position of governmental activities was restated due to failure to capitalize all eligible expenditures as work in progress.

Expenses of governmental activities for fiscal year 2008 were restated, accordingly, for comparative analysis across fiscal years.

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

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

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

(f) Net position of business-type activities was restated in fiscal year 2006 to eliminate internal balances created in prior years to allocate profit and loss in internal service funds since internal service funds operate under the premise of breaking even.

(g) The decrease from prior period results from a decrease in local income taxes due to a change in the timing of remittance from the State.

(h) The decrease from prior period is the result of decreases in local taxes and interest income due to the downturn of the national economy.

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

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Nonspendable	\$ -	-	-	-	-	-	-	-	3,319	8,140,178
Spendable:	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	56,803,611	56,258,912	57,209,710	59,271,162	61,260,575
Assigned	-	-	-	-	-	27,137,601	45,003,053	67,354,332	64,171,013	34,992,177
Unassigned	-	-	-	-	-	8,732,004	10,616,787	9,095,856	2,831,645	3,295,630
Reserved	43,460,258	47,836,852	55,005,480	57,940,737	61,447,806	-	-	-	-	-
Unreserved (a), (b)	65,693,657	67,301,953	47,921,532	23,858,483	10,324,543	-	-	-	-	-
Total general fund	109,153,915	115,138,805	102,927,012	81,799,220	71,772,349	92,673,216 (c)	111,878,752 (c)	133,659,898 (c)	126,277,139	107,688,560 (d)
All other governmental funds										
Nonspendable	-	-	-	-	-	14,244,327	14,620,132	14,929,252	16,636,383	22,166,070
Spendable:	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	83,470,483	82,432,184	94,955,786	97,656,784	100,314,009
Committed	-	-	-	-	-	39,463,332	46,521,229	47,867,222	38,602,234	35,555,303
Assigned	-	-	-	-	-	77,104,933	72,761,301	62,934,694	63,615,900	63,398,155
Unassigned	-	-	-	-	-	(106,842,248)	(82,621,664)	(77,809,341)	(67,616,626)	(72,262,418)
Reserved	54,009,879	75,600,981	70,577,773	74,362,241	94,605,498	-	-	-	-	-
Unreserved reported in:										
Special revenue funds	61,095,650	75,624,786	83,717,538	88,000,417	102,795,989	-	-	-	-	-
Capital projects funds	(49,450,360)	(73,359,763)	(52,594,957)	(48,107,393)	(54,747,305)	-	-	-	-	-
Total all other governmental funds	65,655,169	77,866,004	101,700,354	114,255,265	142,654,182	107,440,827	133,713,182	142,877,613	148,894,675	149,171,119
Total governmental funds	\$ 174,809,084	\$ 193,004,809	\$ 204,627,366	\$ 196,054,485	\$ 214,426,531	\$ 200,114,043	\$ 245,591,934	\$ 276,537,511	\$ 275,171,814	\$ 256,859,679

Notes:

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

- (a) Decrease in the general fund - unreserved fund balance from fiscal year 2007 to 2010 was the result of downturns in the national economy.
- (b) Increase in the general fund - unreserved fund balance from fiscal year 2006 to 2007 was the result of increases in local income, property, and/or recodation taxes received.
- (c) Increases in the total fund balance of the general fund in fiscal years 2011 through 2013 are due to increases in the local income taxes received.
- (d) Decrease in the total fund balance of the general fund in fiscal year 2015 was due to one-time initiatives of \$37.7 million.

Howard County, Maryland

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Property taxes (a)	\$ 353,195,328	384,236,664	426,188,822	466,921,737	494,641,029	504,030,717	504,228,502	524,942,040	539,320,074	559,393,599
Other local taxes	362,241,884	360,307,897	370,344,167	358,102,738 (b)	341,954,181 (b)	361,710,858	411,966,798	436,072,090	453,982,722	463,904,916
State shared taxes	15,298,806	15,955,176	15,513,177	13,409,168	790,181 (c)	1,089,121	780,358	1,422,086	1,247,317	1,531,596
Revenues from other governments	27,984,230	43,832,673	39,792,804	46,184,349	30,866,154	40,479,177	80,612,132	73,118,716	37,436,410	35,645,234
Charges for services	39,274,492	39,894,526	42,488,507	45,518,420	47,153,092	49,916,981	49,498,494	51,204,711	53,168,180	54,693,447
Interest on investments	9,193,162	17,655,119	22,647,797	10,347,213	6,435,344	2,394,644	9,487,997	(712,942) (f)	2,010,668	2,574,445
Installment interest from housing loans	-	-	-	-	-	495,546	148,109	160,296	220,274	268,410
Licenses and permits	7,790,049	7,047,647	6,311,980	4,923,057	5,839,006	5,651,511	5,754,961	6,455,619	6,696,288	6,586,220
Fines and forfeitures	2,667,805	3,154,241	3,607,775	3,602,384	2,983,119	3,393,723	3,462,342	3,863,722	3,863,722	4,024,120
Developer contributions (d)	2,009,027	1,811,520	2,345,464	1,229,577	1,665,829	1,363,545	1,556,906	1,767,910	1,446,618	4,561,155
Rental of property (d)	1,026,367	991,458	716,648	206,754	197,100	196,214	159,373	177,814	177,814	111,853
Recoveries for interfund services	5,391,777	5,418,929	5,932,335	6,009,417	11,457,728	11,734,246	11,720,813	11,553,101	11,633,284	14,133,304
Payments from component units (d)	50,415	47,835	508,178	589,962	861,084	816,830	817,842	818,144	818,167	351,439
Sale of property	-	-	-	-	-	-	-	-	-	3,464,497
Miscellaneous program revenues	10,504,384	8,651,601	9,094,850	8,189,651	8,645,463	8,752,216	22,328,003	13,318,287	14,594,154	14,355,166
Total revenues	836,627,726	889,005,286	945,286,171	965,744,321	953,498,964	992,026,215	1,102,631,835	1,123,741,773	1,126,615,692	1,165,599,431
Expenditures										
Current:										
General government	20,502,167	23,089,141	23,311,692	23,163,146	21,822,449	23,691,385	25,227,536	33,612,637	45,526,306	50,754,551
Legislative & judicial	16,661,584	18,554,621	20,943,849	21,184,129	19,370,470	20,263,005	20,919,318	21,547,432	22,684,466	24,165,800
Public works	71,953,116	78,994,209	85,529,891	92,855,401	87,553,902	84,173,380	92,598,067	90,672,711	97,867,406	104,503,144
Public safety	114,695,165	128,272,671	141,928,781	147,359,582	148,773,884	156,336,439	168,832,385	175,555,967	191,882,471	205,038,450
Recreation and parks	22,608,386	23,986,622	25,309,800	25,616,451	24,363,103	23,856,314	27,999,911	30,906,131	35,432,626	36,911,248
Community services	35,784,748	33,668,684	40,935,310	43,321,961	37,096,762	36,935,327	36,671,787	37,503,416	45,406,497	46,474,576
Education	506,364,891 (e)	536,256,495	546,950,012	558,271,124	542,819,926	572,584,372	584,322,887	603,534,562	606,673,692	651,103,285
Capital improvements (d)	63,124,243 (e)	62,188,653	93,569,283	63,681,785	79,441,474	129,566,744	146,521,532	101,470,657	106,355,030	112,042,331
Debt service:										
Principal	40,822,000	41,716,000	45,182,000	48,850,000	50,192,000	52,461,000	58,381,930	54,262,375	60,433,375	61,185,578
Interest	26,310,766	30,330,362	33,696,141	34,907,537	33,465,400	37,179,040	40,178,908	43,795,819	45,176,541	45,595,837
Total expenditures	918,827,066	977,057,458	1,057,356,759	1,059,211,116	1,044,899,370	1,137,047,006	1,201,654,261	1,192,861,707	1,257,438,410	1,337,774,800
Excess (deficiency) of revenues over expenditures	(82,199,340)	(88,052,172)	(112,070,588)	(93,466,795)	(91,400,406)	(145,020,791)	(99,022,426)	(69,119,934)	(130,822,718)	(172,175,369)
Other Financing Sources (Uses)										
Bond premium	108,843	6,736,869	10,319,870	4,104,393	18,974,053	4,604,998	30,560,868	9,283,948	11,979,779	17,522,949
Capital related debt issued	91,375,000	100,000,000	107,500,000	69,720,000	101,010,000	111,115,000	109,310,002	91,930,000	117,315,277	100,180,000
Refunding bonds issued	-	-	87,420,000	-	85,860,000	-	110,115,000	5,980,000	16,809,723	84,015,000
Capital lease proceeds	-	-	-	-	4,909,012	186,598	-	-	-	12,562,393
Capital lease	-	-	-	-	(4,909,012)	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	(92,179,903)	-	(99,078,896)	-	(128,985,283)	(6,714,081)	(32,958,802)	(93,816,818)
Installment purchase agreements issued (d)	-	-	8,369,200	893,000	-	10,274,400	25,253,100	-	4,951,615	3,448,120
Transfers in	61,971,415	68,119,015	89,413,236	94,990,994	35,705,614	39,835,317	38,465,384	45,403,189	66,149,637	53,153,609
Transfers out	(61,691,042)	(68,607,987)	(87,148,458)	(87,295,333)	(36,246,056)	(36,788,523)	(40,218,754)	(45,378,817)	(54,790,208)	(47,084,255)
Total other financing sources and uses	91,764,216	106,247,897	123,693,145	82,413,054	106,224,715	129,227,790	144,500,317	100,504,239	129,457,021	129,980,998
Net change in fund balances	\$ 9,564,876	18,195,725	11,622,557	(11,053,741)	14,824,309	(15,793,001)	45,477,891	31,384,305	(1,365,697)	(42,194,371)
Debt service as a percentage of noncapital expenditures	7.85%	7.88%	8.14%	8.35%	8.67%	8.87%	8.92%	8.61%	8.91%	8.42%

(a) Increase in real property taxes is due to steady increases in property values in the County.

(b) Other local taxes decreased due to declines in the quantity and value of real estate transactions.

(c) Decrease in State shared taxes is due to drastic decline in State highway funding.

(d) Reclassifications of prior years' data were made to allow for consistency purposes and comparison amongst all years.

(e) Expenditures on capital projects for the Public School System and Community College were reclassified to the Education function in fiscal year 2006 from the Capital Improvements line in previous years.

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

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

Fiscal Year	Real Property				Personal Property		Total
	Residential Assessed Value	Commercial Assessed Value	Assessed Value (a)	Total Direct Tax Rate (b)	Assessed Value (a)	Total Direct Tax Rate (b)	Assessed Value
2006	\$ 23,275,630,570	6,577,363,510	29,852,994,080	1.014	1,391,713,320	2.535	31,244,707,400
2007	28,754,085,178	6,172,812,902	34,926,898,080	1.014	1,468,267,950	2.535	36,395,166,030
2008	34,222,495,933	6,539,516,569	40,762,012,502	1.014	1,496,189,730	2.535	42,258,202,232
2009	39,129,032,552	7,012,754,331	46,141,786,883	1.014	1,497,439,490	2.535	47,639,226,373
2010	41,289,749,176	7,374,511,107	48,664,260,283	1.014	1,588,889,810	2.535	50,253,150,093
2011	39,020,062,724	7,498,201,792	46,518,264,516	1.014	1,623,786,020	2.535	48,142,050,536
2012	36,128,044,459	7,493,817,659	43,621,862,118	1.014	1,555,657,980	2.535	45,177,520,098
2013	35,145,195,556	7,494,536,821	42,639,732,377	1.014	1,561,354,930	2.535	44,201,087,307
2014	35,501,333,441	7,489,276,140	42,990,609,581	1.014	1,561,531,690	2.535	44,552,141,271
2015	36,390,442,780	7,722,275,864	44,112,718,644	1.014	1,618,445,500	2.535	45,731,164,144

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

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

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

<u>Howard County Direct Rates</u>		
<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>
2006	1.014	2.535
2007	1.014	2.535
2008	1.014	2.535
2009	1.014	2.535
2010	1.014	2.535
2011	1.014	2.535
2012	1.014	2.535
2013	1.014	2.535
2014	1.014	2.535
2015	1.014	2.535

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

2015			2006		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation
Baltimore Gas & Electric Company	\$ 364,150,170	0.80%	Baltimore Gas & Electric Company	\$ 269,103,210	0.86%
Mall in Columbia Business Trust	235,723,917	0.52%	Mall in Columbia Business Trust	160,134,198	0.51%
Howard Properties Howard Crossing	126,236,867	0.28%	Verizon - Maryland	114,116,340	0.37%
Verizon-Maryland Inc.	116,539,080	0.25%	Town & Country West Greenview	68,662,066	0.22%
Seasons of Laurel LLC	96,787,367	0.21%	API Columbia Town Center LLC	66,538,166	0.21%
Home Properties Charleston LLC	80,312,393	0.18%	AIMCO	64,300,632	0.21%
API Columbia Town Center LLC	68,996,900	0.15%	Seasons of Laurel LLC	60,450,579	0.19%
KMF Sherwood Crossing LLC	66,347,320	0.15%	Sprint Communications	43,335,830	0.14%
Cellco Partnership	46,698,283	0.10%	Liberty Property Ltd. Partnership	37,230,260	0.12%
New Cingular Wireless PCS LLC	24,442,560	0.05%	Washington C.D. SMSA Ltd. Partnership	27,663,710	0.09%
Total	\$ 1,226,234,857	2.69%	Total	\$ 911,534,991	2.92%

Source: Howard County Department of Finance, Bureau of Revenue

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collection to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 384,872,472	382,410,597	99.4%	2,434,405	384,845,002	100.0%
2007	435,502,514	433,853,289	99.6%	1,571,584	435,424,873	100.0%
2008	507,119,578	505,465,702	99.7%	1,408,382	506,874,084	100.0%
2009	569,987,425	568,246,317	99.7%	1,186,929	569,433,246	99.9%
2010	601,068,331	599,327,223	99.7%	1,158,123	600,485,346	99.9%
2011	577,633,399	574,828,923	99.5%	2,505,940	577,334,863	99.9%
2012	541,972,687	540,659,569	99.8%	934,431	541,594,000	99.9%
2013	551,716,941	547,732,006	99.3%	3,588,480	551,320,486	99.9%
2014	555,254,638	550,755,917	99.2%	3,938,682	554,694,599	99.9%
2015	569,892,160	564,921,980	99.1%	-	564,921,980	99.1%

Source: Howard County Department of Finance, Bureau of Revenue

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

Fiscal Year	Governmental Activities						Business-Type Activities						Total Primary Government	Percentage of Personal Income (b)	Portion of Per Capita Personal Income (b)
	General Obligation Bonds	State Water Quality Revolving Loans	Installment Purchase Agreements	Tax Increment Bonds	Capital Leases	Total Governmental Activities	Metropolitan District Bonds	Special Facility Revenue Bonds	State Water Quality Revolving Loans	Capital Leases	Total Business-Type Activities				
	(a)						(a)								
2006	\$ 546,935	11,705	52,581	-	-	611,221	88,432	8,915	56,278	17	153,642	764,863	4.68%	2,814	
2007	611,442	11,555	52,445	-	-	675,442	93,306	8,420	52,831	-	154,557	829,999	4.81%	3,016	
2008	679,878	9,760	60,582	-	-	750,220	89,797	7,915	49,220	32	146,964	897,184	5.01%	3,223	
2009	704,588	7,980	61,240	-	-	773,808	112,281	7,395	46,576	17	166,269	940,077	5.21%	3,321	
2010	771,706	5,795	60,998	-	4,889	843,388	113,712	6,870	43,220	-	163,802	1,007,190	5.38%	3,491	
2011	832,751	4,050	71,122	-	4,945	912,868	157,344	6,330	41,958	-	205,632	1,118,500	5.55%	3,809	
2012	901,586	2,850	94,623	-	4,738	1,003,797	189,930	5,400	38,364	-	233,694	1,237,491	5.82%	4,134	
2013	943,831	2,840	92,695	-	5,191	1,044,557	213,780	5,022	34,110	-	252,912	1,297,469	6.01%	4,260	
2014	989,035	2,830	95,629	17,000	5,062	1,109,556	220,642	4,583	30,930	-	256,155	1,365,711	N/A	N/A	
2015	1,035,280	2,475	96,626	17,000	17,894	1,169,275	238,963	4,133	27,679	-	270,775	1,440,050	N/A	N/A	

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

(b) See the Demographic and Economic Statistics schedule for personal income and population data. These columns were recalculated and corrected in fiscal year 2015.

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

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

Fiscal Year	Estimated Population	General Obligation Debt (a)	Percentage of Estimated Actual Taxable Value of Property (b)	General Obligation Debt per Capita (c)
2006	276,287	\$ 558,640	1.8%	2,022
2007	278,900	622,997	1.7%	2,234
2008	282,674	689,638	1.6%	2,440
2009	284,952	712,568	1.5%	2,501
2010	287,907	782,390	1.6%	2,718
2011	291,200	841,746	1.7%	2,891
2012	294,256	909,174	2.0%	3,090
2013	297,732	951,863	2.2%	3,197
2014	302,113	996,897	2.2%	3,300
2015	305,462	1,072,649	2.3%	3,512

(a) General obligation debt is a total of governmental activities debt less Agricultural Land Preservation Program installment purchase agreements. The amounts reported for debt include deferred refunding premium and discount.

(b) See the Assessed Value and Estimated Actual Value of Taxable Property schedule for property value data.

(c) See the Demographic and Economic Statistics schedule for population data.

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed value		(a)								
Real property	\$ 29,852,994	34,926,898	40,762,012	46,141,787	48,664,260	46,518,265	43,621,862	42,639,732	42,990,610	44,112,719
Personal property	1,391,713	1,468,268	1,496,190	1,497,439	1,588,890	1,623,786	1,555,658	1,561,355	1,561,532	1,618,446
Total assessed value	31,244,707	36,395,166	42,258,202	47,639,226	50,253,150	48,142,051	45,177,520	44,201,087	44,552,142	45,731,165
Legal debt margin										
Debt limit (12% of 40% of assessed value of real property)	1,432,944	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Debt limit (12% of 100% of assessed value of personal property)	167,006	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Debt limit (4.8% of assessed value of real property and personal property)	n/a	1,746,968	2,028,394	2,286,683	2,412,151	2,310,818	2,168,521	2,121,652	2,138,503	2,195,096
Total debt limit	1,599,950	1,746,968	2,028,394	2,286,683	2,412,151	2,310,818	2,168,521	2,121,652	2,138,503	2,195,096
Debt applicable to limit										
General county	529,619	588,785	648,875	671,881	723,305	783,855	906,324	949,022	994,097	1,053,174
State Water Quality Revolving Loan	11,705	11,555	9,760	7,980	5,795	4,050	2,850	2,840	2,830	2,475
Total debt applicable to limit	541,324	600,340	658,635	679,861	729,100	787,905	909,174	951,862	996,927	1,055,649
Legal debt margin	\$ 1,058,626	1,146,628	1,369,759	1,606,822	1,683,051	1,522,913	1,259,347	1,169,790	1,141,576	1,139,447
Total debt applicable to the limit as a percentage of debt limit	33.83%	34.36%	32.47%	29.73%	30.23%	34.10%	41.93%	44.86%	46.62%	48.09%

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

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

**Howard County, Maryland
Pledged Revenue Coverage
Special Recreation Facility
Current and Prior Fiscal Years**

Fiscal Year	Gross Revenues	Less:	Net	Debt Service		Coverage
		Operating Expenses	Available Revenue	Principal	Interest	
2006	\$ 2,331,256	1,531,074	800,182	490,000	273,423	1.05
2007	2,308,060	1,516,767	791,293	495,000	263,573	1.04
2008	2,282,219	1,533,517	748,702	505,000	253,573	0.99
2009	2,120,794	1,400,663	720,131	520,000	243,322	0.94
2010	2,174,432	1,460,408	714,024	525,000	232,347	0.94
2011	2,080,177	1,444,807	635,370	540,000	219,822	0.84
2012	2,164,962	1,458,542	706,420	555,000	204,748	0.93
2013	2,091,506	1,482,180	609,326	378,000	135,504	1.19
2014	2,010,152	1,570,610	439,542	439,000	119,351	0.79
2015	1,893,015	1,459,050	433,965	450,000	108,362	0.78

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

**Howard County, Maryland
Pledged Revenue Coverage
Tax Increment Financing District
Current and Prior Fiscal Years**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	\$ -	-	-	-	-	n/a
2015	968	64,912	(63,944)	-	939,435	(0.07)

**Howard County, Maryland
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Estimated Population (a)	Personal Income (b) (thousands of dollars)	Per Capita Personal Income (b)	Public School Enrollment (c)	Unemployment Rate (d)
2006	276,287	16,325,855	60,067	48,596	3.3%
2007	278,900	17,266,223	62,742	48,222	2.9%
2008	282,674	17,917,576	64,358	48,595	3.3%
2009	284,952	18,034,525	63,713	48,888	5.6%
2010	287,907	18,716,589	64,880	49,683	5.8%
2011	291,200	20,141,181	68,594	49,991	5.7%
2012	294,256	21,263,384	71,030	50,997	5.6%
2013	297,732	21,587,512	70,876	51,190	5.5%
2014	302,113	N/A	N/A	51,701	4.8%
2015	305,462	N/A	N/A	52,511	4.5%

Sources:

- (a) Howard County Department of Planning and Zoning - Estimated population is presented as of July 1st.
- (b) Personal Income and Per Capita Personal Income revised and restated for all years per Bureau of Economic Analysis, U.S. Dept. of Commerce.
- (c) Howard County Public School System - School enrollment is based on head count taken September 30th of each year.
- (d) State of Maryland, Dept. of Labor, Licensing and Regulation Unemployment rate is as of June 30th.

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

Employer	2015			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public Schools	7,693	1	4.65%	6,598	1	4.75%
Johns Hopkins Applied Physics Laboratory	5,000	2	3.02%	3,800	2	2.73%
Howard County Government	3,054	3	1.84%	2,575	3	1.85%
Lorien Health Systems	2,000	4	1.21%			
Howard County General Hospital	1,788	5	1.08%	1,700	5	1.22%
Howard Community College	1,394	6	0.84%			
Verizon	1,346	7	0.81%	2,000	4	1.44%
Leidos	1,195	8	0.72%			
Coastal Sunbelt Produce	1,050	9	0.63%			
Giant Food	1,050	9	0.63%	1,011	8	0.73%
Columbia Association				1,650	6	1.19%
SAIC				1,100	7	0.79%
MICROS				815	9	0.59%
SYSCO Food Services of Baltimore				760	10	0.55%
Total	25,570		15.43%	22,009		15.84%

Source:

Howard County Economic Development Authority

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

Function/program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	276	283	291	288	287	288	292	299	312	335
Public safety										
Police	538	550	595	623	624	624	634	635	651	672
Fire	329	361	404	405	417	419	419	461	463	472
Corrections	141	141	144	144	144	145	144	144	148	152
Public works	539	556	577	579	579	575	572	577	599	612
Recreation and parks	238	246	251	246	246	252	256	261	268	281
Legislative and judicial	183	188	197	204	202	202	202	202	204	206
Community services	330	366	384	380	358	341	343	299	307	324
Total	2,574	2,691	2,843	2,869	2,857	2,846	2,862	2,878	2,952	3,054

Source: Howard County Budget Office

Howard County, Maryland

Operating Indicators by Function/Program

Last Ten Fiscal Years

	Date of incorporation Form of government		1851 Executive/Council		Date present charter adopted 1968		251			
	Area in square miles									
Function/program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Finance:										
Real property tax accounts billed	94,937	92,592	93,712	94,813	95,846	97,099	98,023	98,884	99,034	105,692
Business personal property tax accounts billed	7,960	9,906	11,854	9,613	9,833	11,658	9,809	9,829	8,831	10,628
Public Safety										
Police:										
Physical arrests	9,748	9,160	9,686	9,987	10,383	10,451	10,810	10,315	10,885	10,016
Parking violations	8,639	8,484	8,933	10,556	6,919	5,445	4,415	9,052	9,439	7,180
Traffic violations	52,850	62,730	65,217	80,724	80,735	81,588	84,306	85,682	88,987	99,963
Fire:										
Emergency responses	57,507	63,396	63,598	64,425	65,362	60,183	59,887	58,129	56,925	58,369
Inspections	549	471	570	610	1,425	1,217	2,173	2,516	2,203	2,742
Corrections:										
Average daily prison population	247	297	278	284	287	308	320	340	348	304
Public Works										
Inspections, licenses and permits:										
Construction permits issued	6,941	6,112	5,835	4,370	5,047	5,249	5,583	6,293	6,007	6,379
Environmental services:										
Refuse collected (tons per year)	124,913	125,494	120,838	107,756	102,492	103,749	102,249	101,912	103,120	115,941
Recyclables collected (tons per year)	55,691	60,317	54,293	60,860	61,993	63,100	64,619	61,974	58,197	55,704
Recreation and parks										
Programs operated	4,162	4,186	4,200	4,226	4,328	3,998	4,479	5,723	6,792	7,250
Registrations processed	94,361	105,665	106,014	101,503	113,354	85,598	84,420	89,345	102,305	103,731
Legislative and judicial										
Circuit court cases filed	1,277	1,182	996	999	957	985	1,021	1,007	1,057	1,064
District court cases filed	10,124	12,373	13,815	12,295	13,193	13,379	13,867	12,685	10,730	9,296
Community services										
50+ centers operated (a)	9	9	9	9	9	9	7	7	7	7
Consumer affairs - cases closed	194	210	191	223	225	210	278	246	319	282
Community service partnership grants	32	31	32	36	36	33	33	28	28	30
Assisted living monitoring visits	280	205	163	217	172	418	183	205	543	461
Water and sewer										
Water main breaks	123	137	82	137	185	174	172	189	176	186
Average daily water consumption (thousands of gallons)	22,500	23,000	22,400	22,000	23,910	24,930	22,610	22,370	23,580	21,870
Number of water customers	66,434	67,868	69,170	69,833	70,646	70,062	72,229	73,121	74,153	74,991
Average daily sewage treatment (thousands of gallons)	18,800	25,600	24,400	26,800	26,530	24,628	26,350	26,860	26,980	27,500
Number of sewer customers	63,022	64,240	65,494	66,096	66,862	68,163	68,872	69,727	70,714	71,547
Golf course										
Rounds played	44,856	41,395	40,455	36,450	35,525	34,309	36,142	35,432	34,197	31,260

Sources: Various Howard County Departments

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

(a) Senior centers renamed as 50+ centers in 2015.

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

Function/program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Buildings	11	11	12	17	19	20	23	38	40	44
Vehicles	42	44	49	60	65	54	57	45	43	51
Legislative and judicial										
Vehicles	45	53	58	61	67	66	70	70	77	71
Public safety										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units (vehicles)	200	207	225	244	265	265	286	292	291	292
Other vehicles	196	209	231	250	237	212	250	264	226	214
Fire:										
Stations (d)	6	6	6	6	6	6	6	6	6	6
Pumpers/tankers	29	31	34	32	28	28	29	25	28	29
Ladder trucks	6	6	7	7	5	5	6	6	6	7
Paramedic units	21	24	27	28	30	30	32	34	32	32
Vehicles	90	106	118	101	128	133	119	118	119	120
Public Works										
Buildings (e)	28	28	28	31	31	31	36	40	40	40
Transit buses	47	52	53	56	67	58	57	52	57	42
Vehicles	214	234	278	279	385	339	354	355	354	367
Streets (miles) (b)	975	980	988	995	1,014	1,015	1,030	1,035	1,044	1,062
Streetlights (a)	5,997	6,153	6,427	6,686	6,944	7,048	7,315	7,558	7,750	7,941
Stormwater management facilities (c)	719	745	745	770	850	908	933	983	1,011	1,127
Recreation and parks										
Buildings	44	44	44	44	45	44	59	62	62	62
Parks and open space acreage	8,339	8,439	8,678	8,737	8,846	8,850	9,097	9,116	9,173	9,227
Playgrounds	37	40	41	42	42	40	39	41	43	44
Vehicles	64	70	69	63	76	78	85	96	99	103
Water and sewer										
Wastewater treatment plants	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	927	943	960	992	1,005	1,024	1,028	1,041	1,054	1,089
Sanitary sewers (miles)	892	898	906	955	962	971	980	987	999	1,018
Golf course										
	1	1	1	1	1	1	1	1	1	1

Sources: Various Howard County Departments

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

(a) Prior periods 2006 through 2009 and 2012 restated to exclude fixtures that Howard County rented/leased to BGE.

(b) Prior period 2014 restated due to error in previous amount reported.

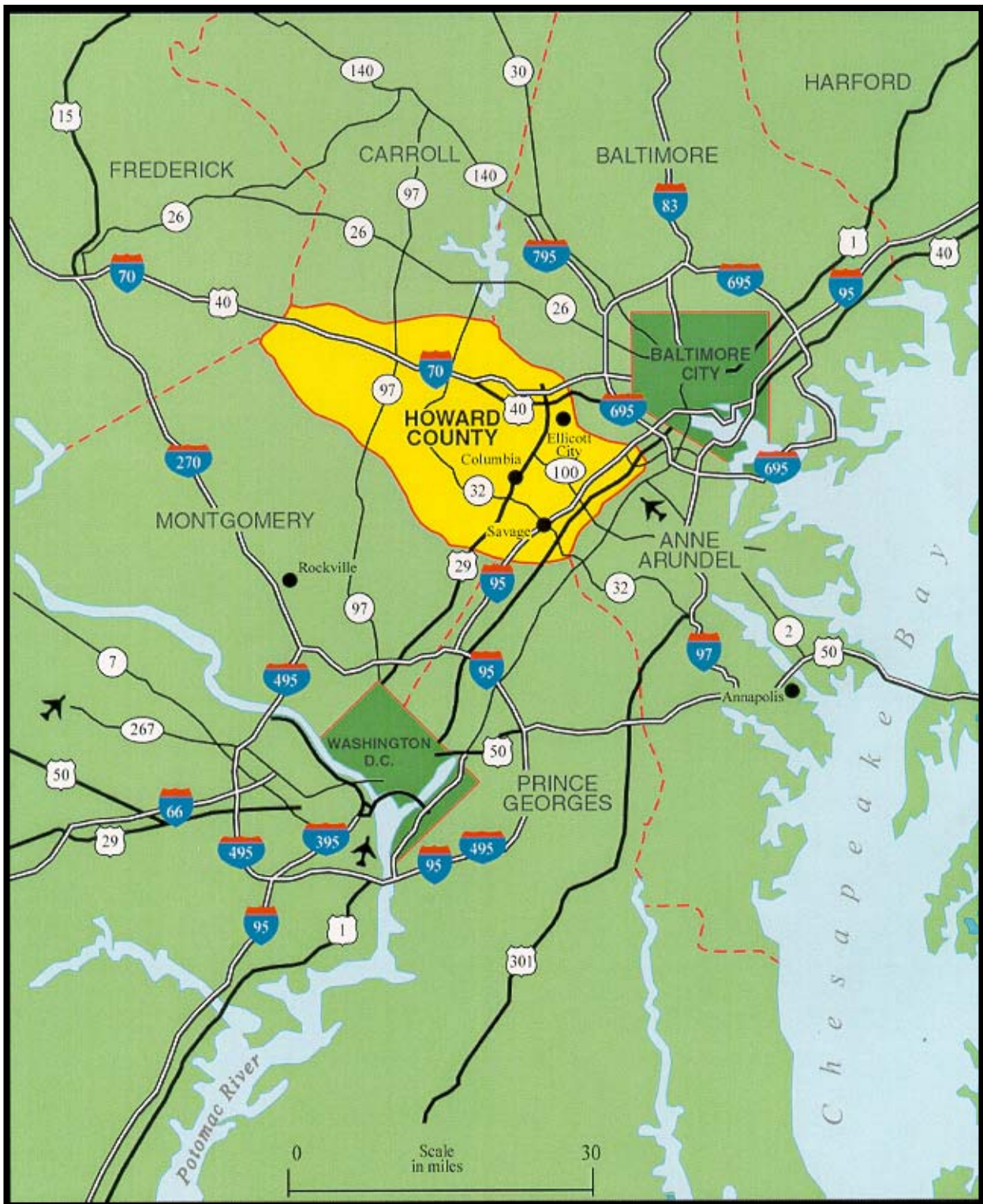
(c) Prior period 2014 restated to exclude Board of Education facilities that are owned by the school system.

(d) Prior periods 2006 through 2007 and 2010 through 2014 restated to exclude non-County owned fire stations.

(e) Prior periods 2006 through 2014 restated to exclude nonbuilding structures.



Howard County Regional Location





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