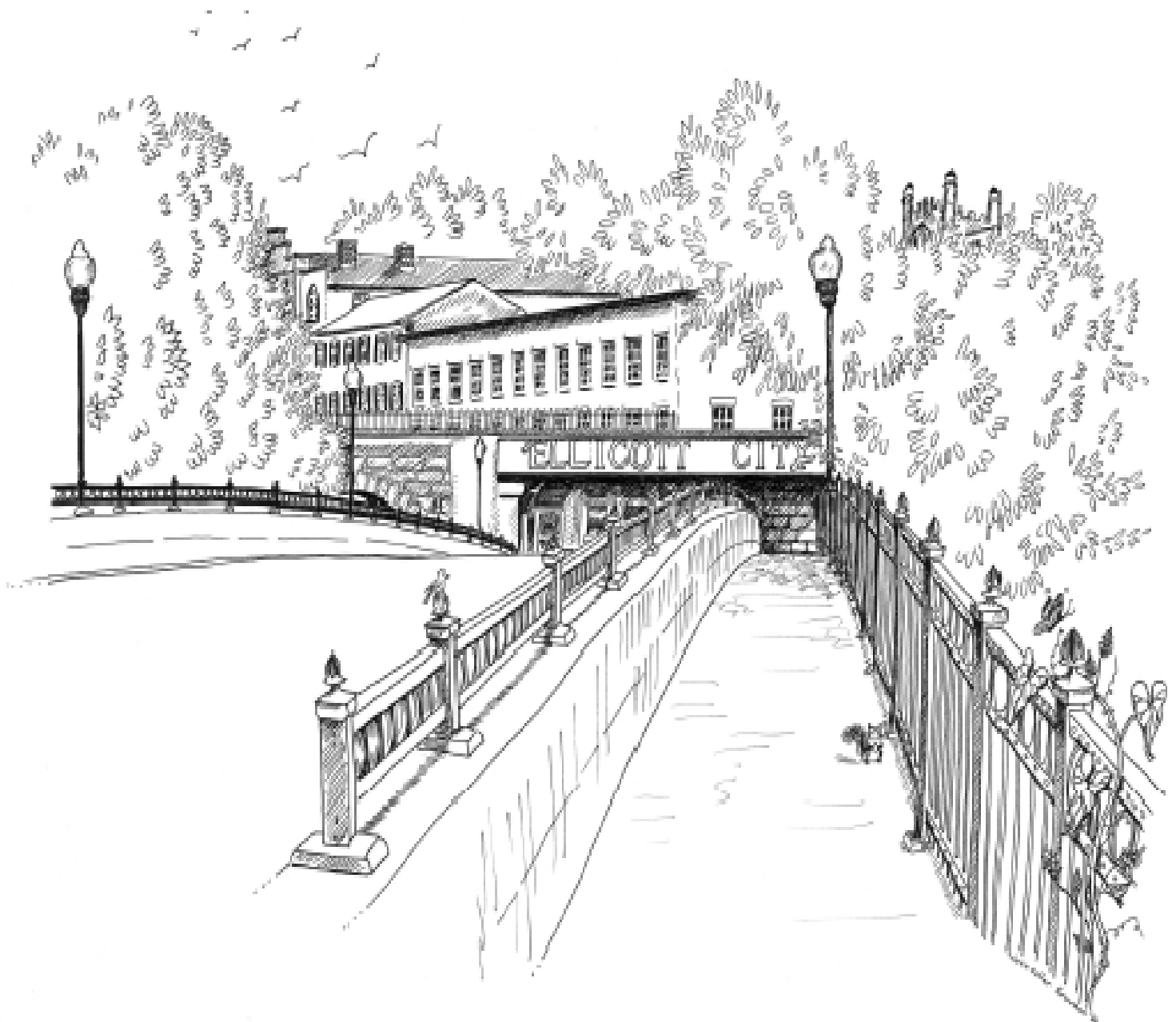


HOWARD COUNTY, MARYLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2009



Howard County, Maryland

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Ellicott City, Maryland 21043
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Certain Appointed Officials

Lonnie Robbins
Chief Administrative Officer
Sharon F. Greisz
Director of Finance
James M. Irvin
Director of Public Works
Margaret A. Nolan
County Solicitor
Marsha S. McLaughlin
Director of Planning and Zoning
Raymond S. Wacks
Budget Administrator
Haskell N. Arnold
County Auditor

Financial Advisor

Public Financial Management, Inc.
Two Logan Square, Suite 1600
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401 East Pratt Street, Suite 2315
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County Executive

Ken Ulman



County Council

Mary Kay Sigaty
Chairperson



Jennifer Terrasa
Vice Chairperson



Calvin Ball
Council Member



Greg Fox
Council Member



Courtney Watson
Council Member



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009



Prepared by the Department of Finance

Howard County, Maryland

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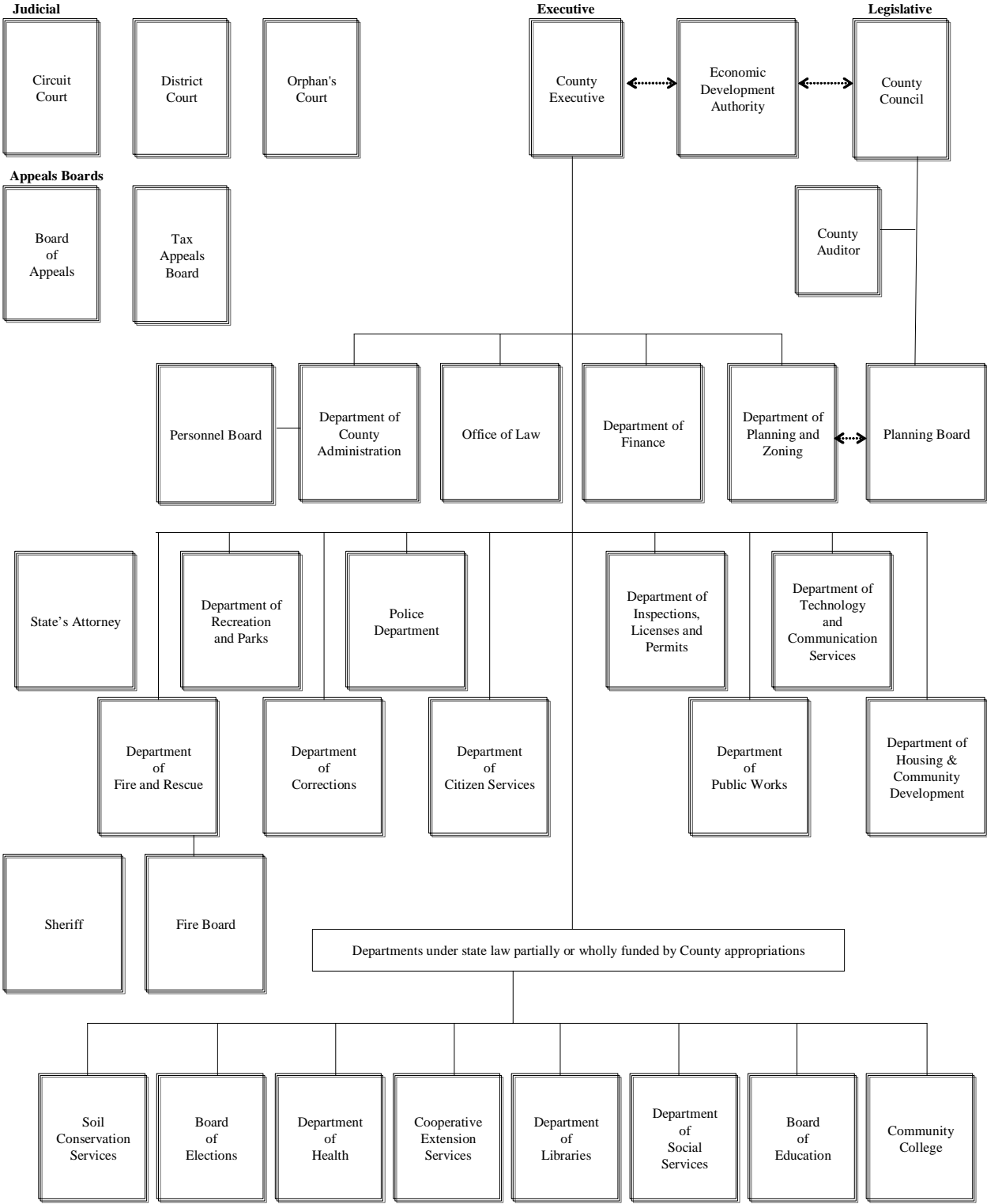
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HOWARD COUNTY GOVERNMENT ORGANIZATIONAL CHART





HOWARD COUNTY DEPARTMENT OF FINANCE

3430 Courthouse Drive ■ Ellicott City, Maryland 21043 ■ 410-313-2195

Sharon Greisz, CPA, Director, Department of Finance
sgreisz@howardcountymd.gov

FAX 410-313-4433
TDD 410-313-2323

November 27, 2009

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

Ladies and Gentlemen:

FORMAL TRANSMITTAL OF THE CAFR

The audited Comprehensive Annual Financial Report (CAFR) of Howard County, Maryland (the County) prepared by the Department of Finance for the fiscal year ended June 30, 2009, is hereby submitted in compliance with Howard County Charter, Section 212 and includes the independent auditors' opinion issued by the independent public accounting firm 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.

Reznick Group, P.C. licensed certified public accountants performed an independent audit and issued an unqualified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2009. The Independent Auditors' Report is presented as the first element of the financial section of this report.

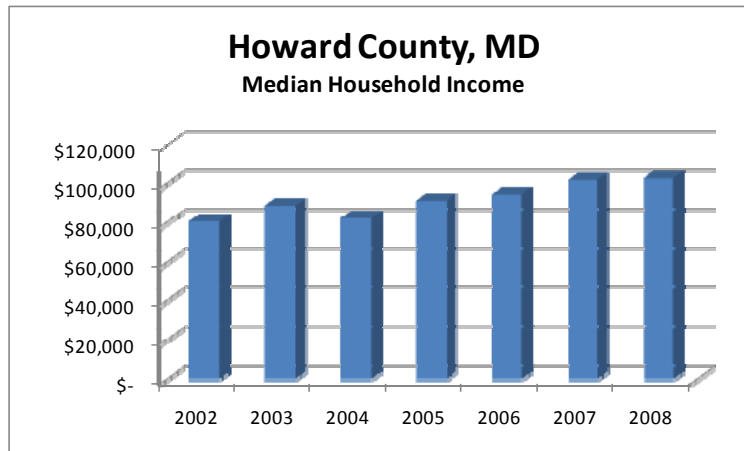
Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. MD&A is designed to complement this letter of transmittal and should be read in conjunction with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

PROFILE OF THE GOVERNMENT

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

Located directly between Baltimore, Maryland and Washington, D.C. and at its closest point is less than four miles from the former and 13 miles from the latter, the County is 251 square miles in area. The County was predominantly agricultural in character until 1966, when construction began on the planned community of Columbia. Columbia is unique for its purposeful goal to be an integrated community at a time before the Fair Housing Act of 1968 made it illegal to discriminate in housing based on race, color, national origin or religion. Howard County is home to approximately 284,952 residents based on estimates by the Department of Planning and Zoning. According to the U.S. Census Bureau, American Community Survey, 2008, Howard County

had the third highest median income in the nation. Howard County was named one of the Best Places to Raise a Family by *Forbes* Magazine and one of the Best Places to Live 2008 by *Money* Magazine.



Source: United States Department of Commerce, Bureau of the Census, American Community Survey

COMPONENT UNITS

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

BUDGET

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

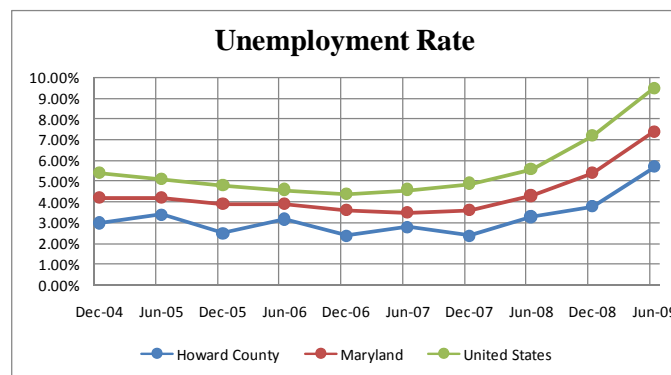
The budget process begins each fall when the County Executive appoints a Spending Affordability Advisory Committee. The committee advises the Executive and provides guidelines for setting debt affordability levels for the upcoming year. County departments and agencies submit budget requests to the Executive in late January or early February. After a public process that involves two public hearings, and a thorough review of departmental requests, the County Executive submits a proposed capital budget not later than ninety days prior to the end of the fiscal year. The Executive must submit a proposed operating budget to the County Council not later than seventy days prior to the end of the fiscal year. The County Council then conducts a series of public hearings and work sessions in April and May to review the Executive's proposed budget. The County Council cannot change the form of the budget as submitted by the Executive to alter the revenue estimates or to increase any expenditure recommended by the Executive for current or capital purposes, unless expressly provided in state law and 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’s budget. The County Council may restore funds back to the level requested by the school board. After its review, the County Council finalizes the entire budget and sets tax rates, fees and charges needed to generate enough revenue to balance the budget. The Annual Budget must be adopted by the County Council by the first day of the last month of the fiscal year currently ending. Expenditure authority for the operating budget is at the fund and department level in major categories including personnel costs, operating expenses, and capital costs. Appropriations in the capital budget are 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 general contingency reserve. 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. Capital unencumbered appropriations continue until the specific capital project is closed.

ECONOMIC CONDITION AND OUTLOOK

Howard County continues to have a diverse economic base, taking advantage of a friendly business climate, a highly educated workforce and superb quality of life. It is located in the heart of the corridor between Washington, D.C. and Baltimore, which combined comprise the fourth largest market in the United States. Employment is expected to remain stable and the unemployment rate should continue to remain below the State (7.4) and National (9.5) levels as evidenced by the June 2009 rate of 5.7%.



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

LOCAL ECONOMY

Because of Howard County’s ideal geographic location, substantial growth in a wide variety of industries has resulted. Howard County’s over 8,800 businesses employ 148,987 workers in industries ranging from technology, telecommunications and biotechnology companies to multinational corporations, research and development firms, wholesale distributors and manufacturers. The service sector is the largest industry in the County, employing two-thirds of the workforce. In the service industry, government contracts are providing new business opportunities for startups providing technical labor through the much anticipated Base Realignment & Closure (BRAC). Fort George Meade is two miles outside the County border and 5,700 highly skilled positions are being transferred there under BRAC. In addition, it is estimated that through 2015 another 15,000 new jobs will be created due to expansion at Fort Meade.

Commercial real estate vacancy rates are beginning to decline despite notable increases in inventory in anticipation of BRAC related growth. The rental market is a little soft, but the industry is not concerned as the market overall is

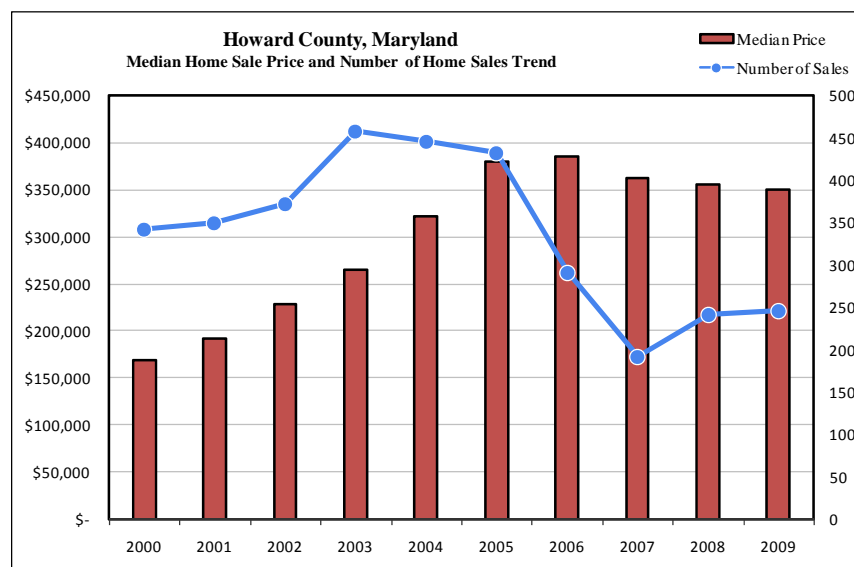
steady. The September office vacancy rate is 13% which is significantly lower than the 20% range reached in the early 1990's.

Fiscal Year 2009 property taxes increased 9% above the previous fiscal year. Income tax increased by 1% when compared to the actual for Fiscal Year 2008. In its FY 2010 budget Howard County projected a 7.8% increase in property tax because property taxes remain relatively stable. One third of property is assessed each year. Increases in assessed values are then phased in over 3 years. This triennial assessment of property and the phasing in of assessment increases helps to stabilize the tax base and tax revenues. Local income tax is the County's other main revenue source. Due to current economic conditions in the labor force, the FY 2010 projection for income tax represents a 5.2% decrease from FY 2009 actual collections.

County revenues related to housing activity continued to decline in FY 2009. The bursting of the real estate bubble that began in FY 2006 continued to have a negative impact in FY 2009. Recordation tax, a leading indicator of the health of the local real estate market, dropped 27.8% from the FY 2008 level. The FY 2010 budget projected a slight improvement in recordation tax collections compared to FY 2009. Another indicator of the continued sluggish economy is investment income. Revenue from this source declined 59% in FY 2009. The FY 2010 budget anticipates an even further decline in investment income earnings.

Looking forward, overall economic performance is not expected to improve significantly in FY 2010. In the face of declining revenues, Howard County developed a FY 2010 budget that allows it to absorb the anticipated reduction in revenues. The county took the necessary steps to deal with the situation and focused on opportunities to reduce spending and increase efficiencies.

It is anticipated that the gross assessable base of Howard County will grow 4.8%, in FY 2010 but at a slower rate than subsequent years as average home values decline. However, the taxable assessments will continue to grow at close to 5% a year. This is because the homestead tax credit limits taxable increases on homeowner occupied properties to 5% per year, and despite the decrease in home values most residential properties are still phasing in a 5% annual increase. About 83% of the residential properties in Howard County receive this credit. The demand for real estate is up somewhat in Howard County, especially in the residential resale market, where the average time that homes are on the market declined from 100 to 90 days between September 30, 2008 and 2009.



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

MAJOR INITIATIVES

The County funded eight new dispatcher positions to improve the 911 Fire/EMS service. The County also continued its commitment to the Healthy Howard program.

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 required all surplus funds in the County be placed in that fund until it reached 7% of the prior year's audited expenditures. The funds may be used if an emergency exists pursuant to the County Charter or if the County Executive determines that actual revenues will be substantially below the revenues budgeted and reasonable expenditure reduction will not offset the anticipated loss. See Note 1M in the Notes to the Financial Statements for a discussion of the status of the rainy day fund. The fund balance is currently at the target level.

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

The County plans long and short-term debt issuance to finance its capital budget based on cash flow needs, sources of revenue, capital construction periods, available financing instruments and market conditions. The County finances its capital needs on a regular basis dictated by its capital spending pattern. External financial specialists assist the County in developing a bond issuance strategy, preparing bond documents and marketing bonds to investors. Bonds issued to the County mature over a term that does not exceed the economic life of the improvements that they finance.

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

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

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

FINANCIAL POLICIES

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

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

Investment policy The County's investment policy provides for the safety and liquidity of public funds by minimizing credit and market risk while maintaining a competitive yield on the investment portfolio. All deposits at June 30, 2009 were either insured by federal depository insurance or collateralized with the collateral held by an independent third party in the County's name. Investment activities are governed by State laws and, accordingly, the County invests in certificates of deposit (state banks only), repurchase agreements, bankers acceptances, U.S. government and federal agency obligations, treasury and government mutual funds and the State investment pool. Repurchase agreements and certificates of deposit are subject to the County's collateralization policy.

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

AWARDS AND ACKNOWLEDGMENTS

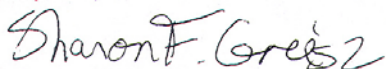
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Howard County, Maryland for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This was the thirty-third consecutive year that the County 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 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, 2008. This was the fourteenth consecutive year the County has received this award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged as proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

A very special thank you to Owen Clark, Sean Hollywood, Rafiu Ighile, Shauna Lu, Stanley Milesky, Angela Price, Ali Shirazie, Sima Taghavi, and Chad Terry 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,



Sharon F. Greisz
Director of Finance



OFFICE OF THE COUNTY AUDITOR

Haskell N. Arnold, CPA
County Auditor

November 24, 2009

CERTIFICATE OF THE COUNTY AUDITOR

The Honorable Ken Ulman
County Executive

Honorable Members of the County Council

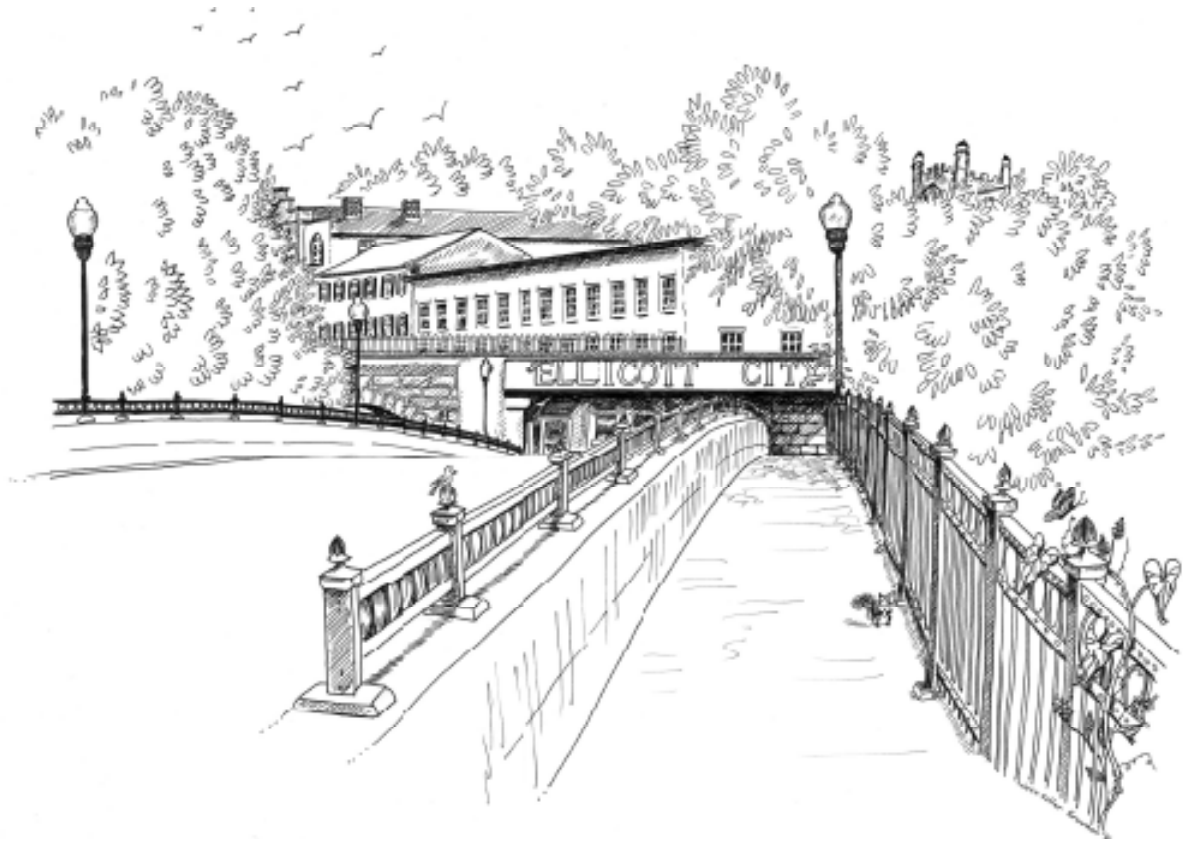
Mary Kay Sigaty, Chair
Jennifer Terrasa, Vice Chairperson
Calvin Ball
Greg Fox
Courtney Watson

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

The independent certified public accounting firm of Reznick Group 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, 2009. 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,

Haskell N. Arnold
County Auditor



On the cover, Ellicott City is the 230 year old County Seat of Howard County, a magnet for the County's rapidly increasing tourist industry and a flourishing business and historical center.

Credits: Joan Geller Grauman, local artist, Ellicott City, Maryland and Mat About You Gallery and Framing Studio

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, 2008

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



A handwritten signature in black ink, appearing to read "M. L. R. R.", is written above the printed name.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", is written above the printed name.

Executive Director

Financial Section

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



INDEPENDENT AUDITORS' REPORT

To the Honorable Members of 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, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Howard County Public School System, Howard Community College or the Howard County Housing Commission, which collectively represents 38%, 54% and 47%, respectively, of the assets, net assets and revenue of the total governmental activities, the business-type activities and the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it related to the amounts included for those entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the agricultural land preservation fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 23, 2009, 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 or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

The management's discussion, pension trust fund and other post employment benefits trust fund information on pages 3 through 13 and 61 through 62 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, 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 fund financial statements and schedules presented on pages 63 through 83 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

Reznick Group, P.C.

Baltimore, Maryland
November 23, 2009

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, 2009. 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 viii 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 \$879.9 million. That amount is net of about \$440.9 million unrestricted deficit. The 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 \$379.1 million and for college projects is \$53.2 million. Although the component units own the capital assets, ownership of the buildings owned by the Public School System transfers to the County if the assets are no longer needed for educational purposes. The current net value of the Public School System's buildings and improvements is \$640.1 million.
- The government's total net assets decrease of \$29.8 million was mainly because of a decrease in local taxes (\$12.7 million) and interest income (\$15.4 million) due to the overall state of the economy.
- The County's local income tax revenues decreased by \$52.2 million or 16.1 percent this year; \$27.2 million due to the State moving County income tax revenues held in reserve to the State's general fund and \$25 million due to an increase in the unemployment rate.
- At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$196.1 million, a decrease of about \$8.6 million in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund of \$23.9 million or 3 percent of total general fund expenditures (includes fundings to component units) is available for spending at the government's discretion.
- The reserve for the budget stabilization account balance is \$48.7 million, an increase of \$3.6 million or 6 percent of fiscal year 2009 general fund expenditures. At June 30, 2009, the County Charter target balance was 7 percent of fiscal year 2007 expenditures, which is equal to \$48.7 million. We have reached that target and have designated \$8.1 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 \$39.6 million or 4.4 percent during the current fiscal year. The major factors in this increase are the issuance of \$69.8 million in Consolidated Public Improvement Project Bonds, \$26.2 million in Metropolitan District Project, a \$966,706 draw on the State Water Quality Revolving Loan Fund, and the retirement of \$48.6, \$5.3, and \$3.6 million of Consolidated Public Improvement, Metropolitan District and Water Quality Bonds, respectively. The County also retired \$520,000 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 of these government-wide statements is the *Statement of Net Assets*. This is the Countywide position presenting information that includes all County assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Evaluations of the overall health of the County would extend to other non-financial factors such as diversification of the taxpayer base or the condition of County infrastructure in addition to the financial information provided in this report.

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

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

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

The government-wide financial statements can be found on pages 15-16 of this report.

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

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

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

The County maintains 15 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general, agricultural land preservation, highway capital projects and general capital projects funds, all of which are major funds. Data from the other eleven non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 17-22 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the County charges customers a fee. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer infrastructure and operations and for the operations of its public golf course. Internal service funds are an accounting structure used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its fleet of vehicles, information technology systems, risk management self-insurance program, employee benefits self-insurance program and central communications system. 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-term and short-term financial information consistent with the focus provided by the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations and for the public golf course, both of which are major funds of the County. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

Notes to the financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found immediately after the Basic Financial Statements on pages 31-60.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning management's discussion and analysis and the County's progress in funding its obligation to provide pension and other post employment benefits to its employees. Required supplementary information can be found on page 61-62 of this report.

The combining statements referred to earlier in connection with the general fund, non-major governmental funds, internal service funds and fiduciary funds are presented immediately following the required supplementary information on pensions and is considered to be supplementary information. Combining and individual fund statements and schedules start on page 63 of this report.

Detailed capital asset schedules for governmental and proprietary funds appear on pages 97-99. Schedules providing additional long-term debt detail start on page 101. The Statistical Section begins on page 111.

Government-Wide Financial Analysis

Over time, changes in net assets serve as a useful indicator of a government's financial position. Howard County's assets exceeded liabilities by \$879.9 million at the close of the most recent fiscal year.

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

Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. It is important to note that although counties in the State of Maryland issue debt for the construction of schools, school buildings are owned by each county's Public School System. Ownership reverts to the County if the local board determines a building is no longer needed. The County also funds projects for the Howard Community College and for intersection improvements to State owned roads. As of June 30, 2009, debt outstanding for education projects is \$379.1 million and for college projects is \$53.2 million. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. The negative unrestricted governmental activities net assets of \$442.8 million reflects the imbalance of liabilities without corresponding assets as well as the County's Net OPEB Obligation of \$49.7 million.

An additional portion of the County's net assets (\$313 million or 36 percent) represents resources subject to external restrictions on their usage.

Summary of Net Assets

	Governmental activities		Business-type activities		Total	
	2009	2008 *	2009	2008	2009	2008
Current and other assets	\$ 338,400,435	488,210,586	196,741,561	185,221,449	535,141,996	673,432,035
Capital assets	1,007,601,472	967,269,971	507,307,071	477,811,093	1,514,908,543	1,445,081,064
Total assets	1,346,001,907	1,455,480,557	704,048,632	663,032,542	2,050,050,539	2,118,513,099
Long-term liabilities						
outstanding	881,116,934	851,174,165	200,178,556	184,266,387	1,081,295,490	1,035,440,552
Other liabilities	76,448,971	164,296,164	12,435,914	9,078,232	88,884,885	173,374,396
Total liabilities	957,565,905	1,015,470,329	212,614,470	193,344,619	1,170,180,375	1,208,814,948
Net assets:						
Invested in capital assets						
net of related debt	669,410,210	581,284,859	338,277,158	328,013,443	1,007,687,368	909,298,302
Restricted	161,806,930	147,266,158	151,228,040	139,098,839	313,034,970	286,364,997
Unrestricted	(442,781,138)	(288,540,789)	1,928,964	2,575,641	(440,852,174)	(285,965,148)
Total net assets	\$ 388,436,002	440,010,228	491,434,162	469,687,923	879,870,164	909,698,151

* Restated by \$24.8 million to correct capitalization of all eligible expenditures as work in progress and \$2.5 million for housing loans receivable not reported in prior year.

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

The County's net assets decreased by \$29.8 million during the current fiscal year because of lower local taxes (\$12.7 million) and interest income (\$15.4 million) due to the overall state of the economy.

The deficit in unrestricted net assets for governmental activities increased by \$154.2 million this year because of the following factors:

- The County retired \$73.4 million of the County's commercial paper and did not reissue them.
- The County's local income tax decreased by \$52.2 million due to the State moving County income tax revenues held in reserve to the State's general fund (\$27.2 million) and an increase in the unemployment rate (\$25 million).
- Other local taxes such as recordation tax and building excise tax decreased by \$12.7 million due to a decrease in the quantity and value of real estate transactions during the year.
- Investment earnings decreased by \$13.7 million due to a decrease in interest rates during the year.

Other liabilities decreased because the County retired \$73.4 million more in bond anticipation notes during fiscal year 2009.

Changes in Net Assets

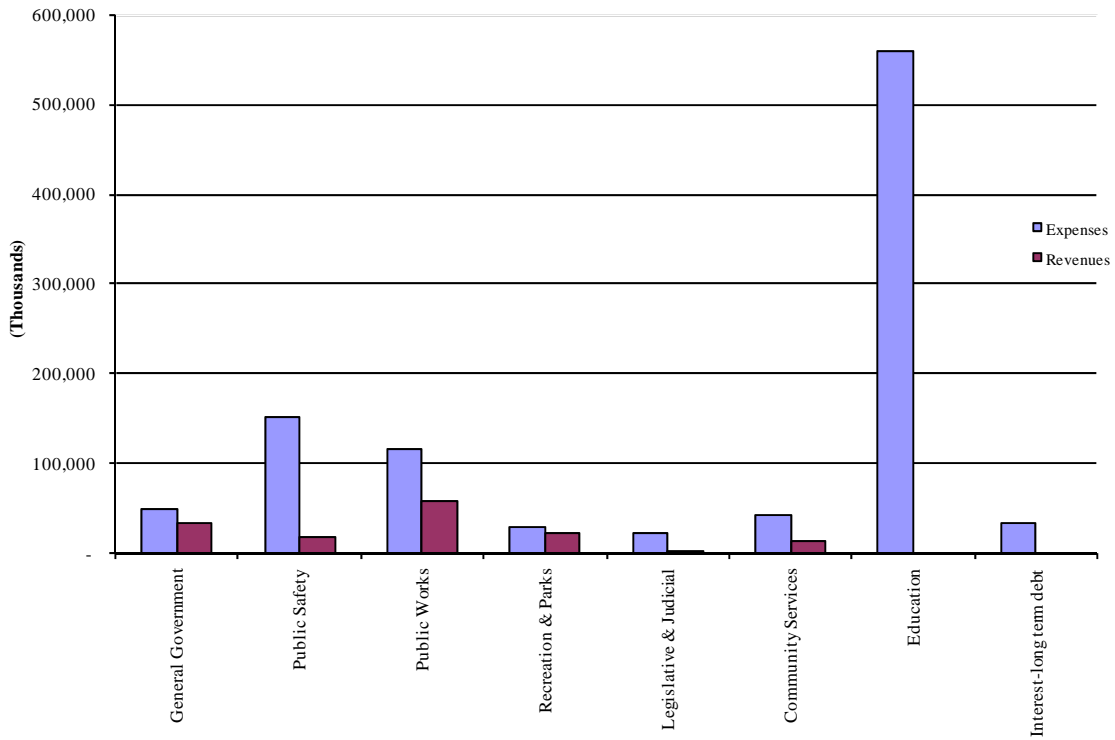
	Governmental activities		Business-type activities		Total	
	2009	2008 *	2009	2008	2009	2008
Revenues						
Program revenues						
Charges for services	\$ 83,405,073	83,499,812	45,287,896	45,527,837	128,692,969	129,027,649
Operating grants and contributions	35,559,629	25,331,284	30,981,090	27,199,512	66,540,719	52,530,796
Capital grants and contributions	27,160,200	32,890,596	6,959,259	13,087,530	34,119,459	45,978,126
General revenues						
Property taxes	467,389,345	426,302,542	-	-	467,389,345	426,302,542
Local Income taxes	271,595,421	323,836,591	-	-	271,595,421	323,836,591
Other taxes	54,298,728	69,132,797	-	-	54,298,728	69,132,797
Other	11,137,332	24,716,998	1,174,356	2,950,903	12,311,688	27,667,901
Total revenues	950,545,728	985,710,620	84,402,601	88,765,782	1,034,948,329	1,074,476,402
Expenses						
General government	49,015,557	46,844,606	-	-	49,015,557	46,844,606
Public safety	152,639,155	144,114,893	-	-	152,639,155	144,114,893
Public works	115,081,550	95,262,350	-	-	115,081,550	95,262,350
Recreation and parks	28,490,509	28,335,338	-	-	28,490,509	28,335,338
Legislative and judicial	21,414,495	21,577,751	-	-	21,414,495	21,577,751
Community services	42,552,461	39,035,177	-	-	42,552,461	39,035,177
State highways	646,354	378,464	-	-	646,354	378,464
Education	560,909,969	587,904,740	-	-	560,909,969	587,904,740
Interest on long term debt	33,065,408	35,419,506	-	-	33,065,408	35,419,506
Water & Sewer	-	-	59,226,089	66,966,290	59,226,089	66,966,290
Golf course	-	-	1,734,769	1,910,116	1,734,769	1,910,116
Total expenses	1,003,815,458	998,872,825	60,960,858	68,876,406	1,064,776,316	1,067,749,231
Increase (decrease) in net assets	(53,269,730)	(13,162,205)	23,441,743	19,889,376	(29,827,987)	6,727,171
Transfers	1,695,504	703,755	(1,695,504)	(703,755)	-	-
Increase (decrease) in net assets	(51,574,226)	(12,458,450)	21,746,239	19,185,621	(29,827,987)	6,727,171
Net assets beginning	440,010,228	449,795,118	469,687,923	450,502,302	909,698,151	900,297,420
Adjustment to restate net assets	-	2,673,560	-	-	-	2,673,560
Net assets ending	\$ 388,436,002	440,010,228	491,434,162	469,687,923	879,870,164	909,698,151

* Restated by \$24.8 million to correct capitalization of all eligible expenditures as work in progress and \$2.5 million for housing loans receivable not reported in prior year. Of this total amount, \$2.7 million relates to fiscal years prior to 2008.

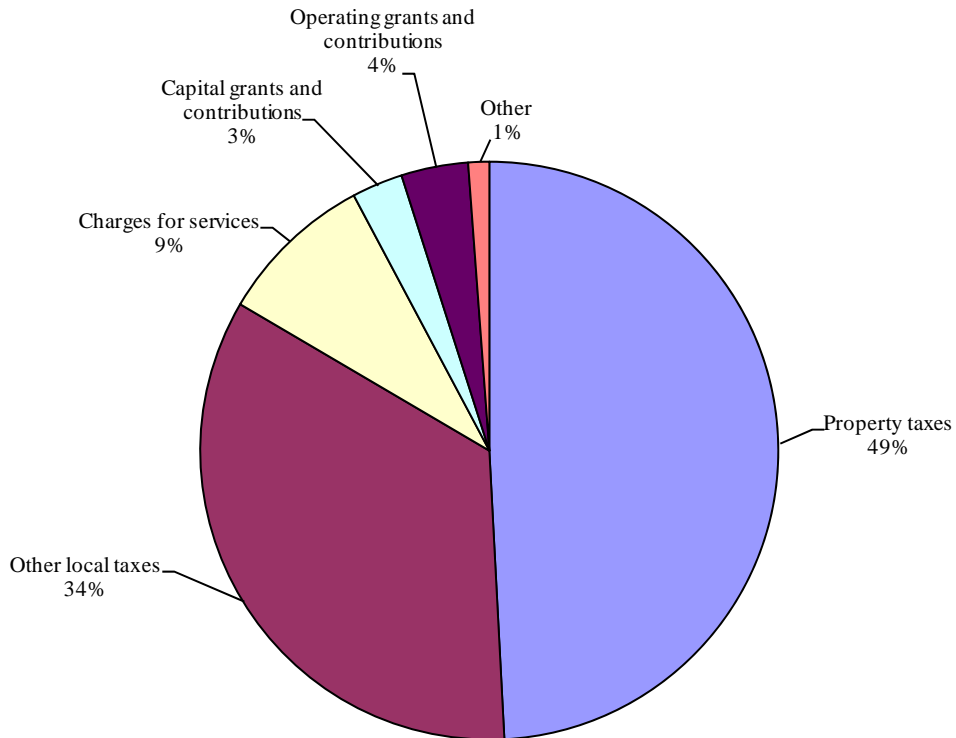
Governmental activities. Governmental activities decreased the County's net assets by \$51.6 million. Key elements of this decrease are as follows:

- Property tax revenue increased by \$41.1 million or 9.6 percent this year. Taxable assessed values are expected to level off or decrease over the next few years.
- Local income taxes decreased by \$52.2 million or 16.1 percent this year; \$27.2 million due to the State moving County income tax revenues held in reserve to the State's general fund and \$25 million due to an increase in the unemployment rate.
- The two largest components of other local taxes are the County's Recordation and Transfer taxes which both decreased in FY 2009 due to a decrease in the quantity and value of real estate transactions during the year.
- Investment earnings decreased for government activities by about \$13.7 million, a 56.4 percent decrease over last year. This is because of a decrease in interest rates during the year.
- Public works expenses increased by \$19.8 million due to the following: the pilot program for new curbside recycling containers was expanded to the entire County and highway maintenance costs, including snow removal and road resurfacing, were higher than last year.
- Education expenses decreased by \$27.0 million because the County's net OPEB obligation was initially recorded and allocated to each function last year. Of the \$50.8 million initial liability recorded last year, \$38.4 million was allocated to Education based on the large number of eligible employees.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities

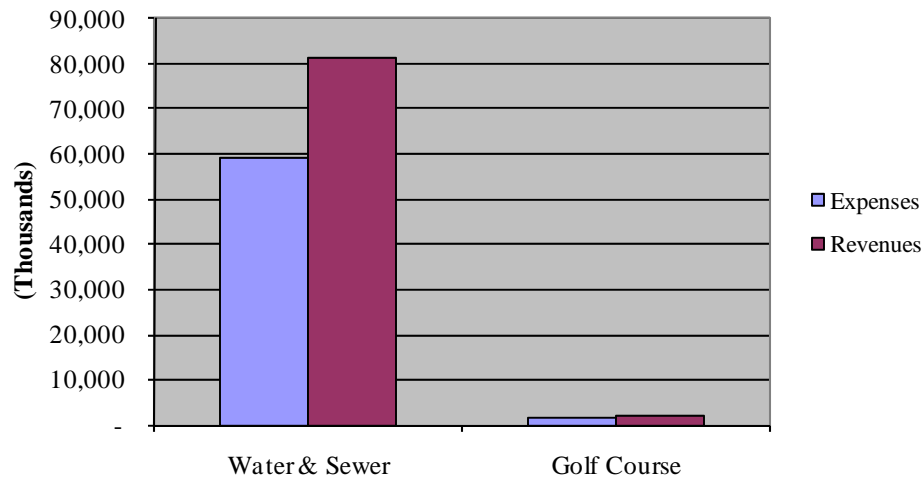


Business-type activities. Business-type activities increased the County’s net assets by \$21.7 million.

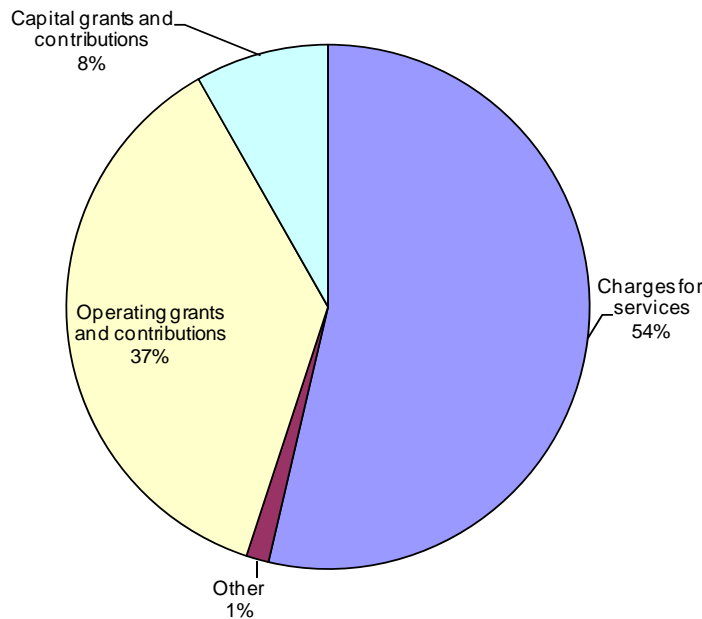
- Expenses for business type activities decreased by \$7.9 million, an 11.5 percent decrease over last year. This was mainly due to a decrease of \$5.9 million in depreciation expense as a result of a change in capitalization policy.
- Capital contributions continue to be a major revenue source for the water and sewer operations during the current fiscal year, producing \$7 million in revenue, a decrease of \$6.1 million from fiscal year 2008. This revenue includes the value of water and sewer lines constructed by developers and donated at no cost to the County. The County pays for additional water and sewer lines built by developers through a rebate process. Capital contributions also include front foot revenues assessed to properties connected to the water and sewer system. These front foot revenues fund the debt issued to pay developer rebates. Effective July 1, 2004, the County has not entered into any new rebate contracts. Developers pay for those improvements and are still required to donate those assets to the County.
- Operating grants and contributions increased by \$3.8 million. This is an annual ad valorem fee levied on all properties within the water and sewer service district. This charge is primarily used to fund debt service payments and pay-as-you-go funding on capital projects.
- Investment earnings decreased for business type activities by about \$1.8 million, a 60 percent decrease over last year. This is because of a decrease in interest rates during the year.

Business-type activities are shown comparing costs to revenues generated by related services. Both water and sewer and the golf course activities are self-supporting.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the County's Funds

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

Governmental funds.

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$196.1 million, a decrease of \$8.6 million in comparison with the prior year. Of this fund balance, \$132.3 million is reserved for the following purposes: to liquidate contracts and purchase orders of the prior period (\$71.9 million), to fund the County's budget stabilization account (\$48.7 million), and for non-current housing loans receivable (\$11.7 million).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund is \$23.9 million, \$24.0 million less than the prior year. Of the \$23.9 million, \$1.6 million is undesignated. The total fund balance for the general fund decreased 20.5 percent to \$81.8 million mainly due to \$20.6 million less revenues from other local taxes than expected and budgeted.

The \$67.9 million total fund balance of the Agricultural Land Preservation Fund is a \$2.7 million increase over the prior year. The increase is the result of recognizing an increase in the fair value of the United States Treasury Strips investments, offset by the purchase of development rights on one property.

The general capital projects fund is used to track the construction of general county buildings. The fund balance is a negative \$53.1 million. 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 and the Special Recreation Facility Fund (golf course), except those available to fund current liabilities, are considered restricted because a change in the charter is required to allow these assets to be used for other purposes. Net assets of the water and sewer operations at the end of the year amounted to \$486.0 million, and those for the golf course operation were \$3.5 million. The total increase in net assets in each fund was \$21.9 million and \$384,659, respectively.

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

General Fund Budgetary Highlights

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

Total debt service final budget amounts compared to expenditures and encumbrances for the period show a favorable variance of \$6.4 million. This budget line is for variable rate debt on the commercial paper and is purposely budgeted high to be able to accommodate any adverse rate movement during the year. Recordation taxes are also \$5.8 million less than budgeted. This revenue is from the fees paid to record mortgages on a property in the land records and was less because of the current trends in the real estate market. Property Taxes were \$8.2 million more than budgeted. Interest on investments fell short of budgeted revenue by \$5.9 million. This happened because interest income and expense on commercial paper proceeds are budgeted high to allow for increases in interest rates during the year.

Capital Assets and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business type activities as of June 30, 2009 is \$1.5 billion (net of accumulated depreciation). Capital assets includes land, easements, buildings, improvements, machinery and equipment, park facilities, sidewalks, roads, highways, bridges, water and sewer lines, and storm water management systems. The total increase in the County's investment in capital assets for the current fiscal year was 4.8 percent (a 4.2 percent increase for governmental activities and a 6.2 percent increase for business-type activities).

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

- Completion of Grassroots Crisis Intervention Center (\$5.2 million).
- \$2.9 million was spent on public safety equipment and vehicles.
- Recreation and Parks spent \$1.3 million on the acquisition of land for Fulton South Area Park.
- Public Works spent \$17.2 million in infrastructure improvements, such as paving, sidewalks, and drainage.

Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
	Land and land improvements	\$ 431,824,209	424,157,955	10,802,873	10,802,873	442,627,082
Buildings	139,798,345	137,481,244	30,562,060	28,369,601	170,360,405	165,850,845
Improvements other than buildings	38,718,953	38,038,447	339,452,790	331,768,928	378,171,743	369,807,375
Equipment	49,265,780	38,908,118	749,941	573,994	50,015,721	39,482,112
Infrastructure	154,031,443	152,598,678	-	-	154,031,443	152,598,678
Construction in progress	193,962,742	176,085,529 *	125,739,407	106,295,697	319,702,149	282,381,226
Total capital assets	\$1,007,601,472	967,269,971	507,307,071	477,811,093	1,514,908,543	1,445,081,064

*Restated by \$24.8 million to correct capitalization of all eligible expenditures as work in progress.

Additional information on the County's capital assets can be found in Note 7 on pages 45-46 of this report.

Long-term debt. At the end of the current fiscal year, the County had total long-term debt outstanding of \$943.4 million. Of this amount, \$933.1 million 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	
	2009	2008	2009	2008	2009	2008
	Consolidated Public Improvement bonds	\$ 671,880,814	648,874,905	110,889,110	89,796,846	782,769,924
State water quality loan	7,980,000	9,760,000	46,575,788	49,219,990	54,555,788	58,979,990
Landfill closure obligation	34,503,000	34,656,180	-	-	34,503,000	34,656,180
Agriculture land preservation program	61,240,200	60,582,200	-	-	61,240,200	60,582,200
Special facility revenue bonds	-	-	7,395,000	7,915,000	7,395,000	7,915,000
Other	-	-	2,922,762	3,003,736	2,922,762	3,003,736
Total outstanding debt	\$ 775,604,014	753,873,285	167,782,660	149,935,572	943,386,674	903,808,857

The County's total debt increased by \$39.6 million (4.4 percent) during the current fiscal year. The major factors in this increase are the issuance of \$69.8 million in Consolidated Public Improvement Project Bonds, \$26.2 million in Metropolitan District Project Bonds, a \$966,706 draw on the State Water Quality Revolving Loan Fund, and the retirement of \$48.6, \$5.3, and \$3.6 million of Consolidated Public Improvement, Metropolitan District and Water Quality Bonds, respectively. The County also retired \$520,000 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 percent of its total assessed valuation. The current debt limitation for the County is \$2.2 billion, which is significantly in excess of Howard County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note 8 starting on page 47 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 2009 unemployment rate for the County was 5.7 percent (5.4 percent as of September 2009). This compares favorably to the state's average unemployment rate of 7.4 percent and the national average rate of 9.5 percent for the same period. However, the County has seen a substantial increase in unemployment over the last two years as has the rest of the country. The County's rate was 2.7 percent in November 2007.

- The office space occupancy rate as of June 2009 was 85.7 percent, down from 86.1 percent a year ago. Howard County has seen additional new space come on line during this fiscal year.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2010 fiscal year.

The fiscal year 2010 general fund budget is \$34.3 million or 4.0 percent less than the fiscal year 2009 budget. This reduction is mainly in pay-as-you-go funding (\$14.5 million) and funding of other one time expenditures (\$12.6 million), respectively.

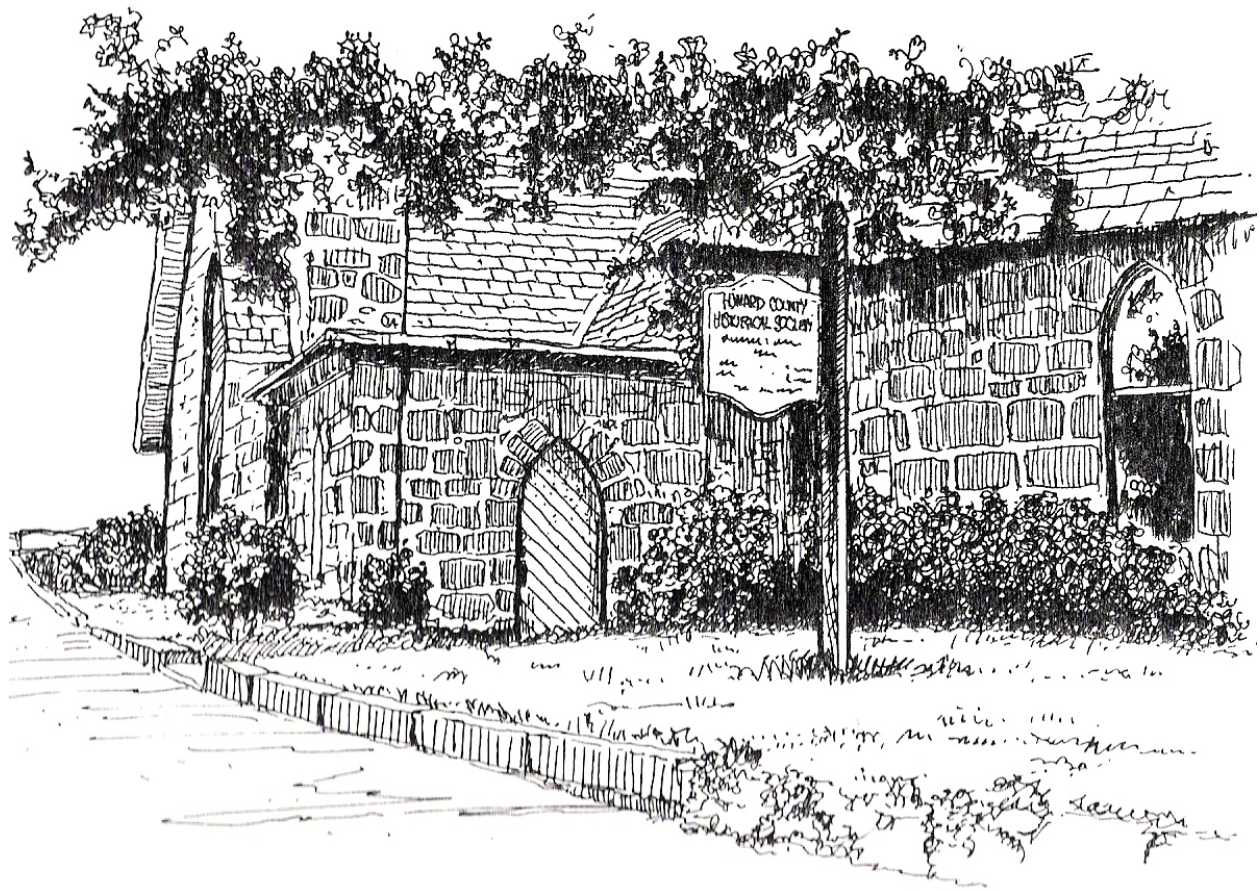
The County's property tax and income tax rates remained the same for Fiscal Year 2010. The Building Excise Tax (used to fund road expansion) rates were increased 5.9 percent, the first increase since the tax was enacted in 1993. Water charges were increased 6 percent to offset anticipated increases in the cost of water purchased from Baltimore City. No changes were made to the annual refuse and recycling fees and the water and sewer ad valorem or fire tax rates.

Currently Known Facts, Decisions and Conditions

The State recently cut FY 2010 funding to the County by \$7 million. The County will offset that cut by reducing operating expenditures and budgeted pay-as-you-go funding to capital projects and, if necessary, using a portion of the FY 2009 fund balance designated to fund the County's Rainy Day Fund to offset revenue shortfalls.

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 should be addressed to the Department of Finance, 3430 Court House Drive, Ellicott City, Maryland 21043, (410) 313-2113 or e-mailed to sgreisz@howardcountymd.gov. Complete financial reports are also available on our web site www.howardcountymd.gov.



The Howard County Historical Society was established in 1901 and is dedicated to the preservation of the history of the County including news, events and other information.

Credit: Art Landerman, local artist, Ellicott City, Maryland

Basic Financial Statements

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

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



Howard County, Maryland
Statement of Net Assets
For the Year Ended June 30, 2009

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Equity in pooled cash and cash equivalents	\$ 109,351,952	8,532,411	117,884,363	47,235,672
Investments	-	-	-	114,809,893
Receivables:				
Property taxes, net	4,025,201	-	4,025,201	-
Due from other governments	73,203,021	-	73,203,021	20,280,358
Other	2,065,300	9,916,904	11,982,204	6,082,641
Materials and supplies	681,002	87,163	768,165	2,313,611
Prepays	16,981	-	16,981	783,725
Other assets	1,585	-	1,585	-
Restricted assets:				
Equity in pooled cash and cash equivalents	87,884,368	85,035,535	172,919,903	7,664,561
Investments	36,058,457	-	36,058,457	-
Property taxes	443,926	121,627	565,553	-
Due from other governments	9,392,931	-	9,392,931	-
Water & sewer assessments receivable	-	89,502,426	89,502,426	-
Other receivables	13,154,552	296,718	13,451,270	2,774,916
Materials and supplies	386,442	923,819	1,310,261	-
Deferred accreted bond interest cost	973,289	-	973,289	-
Internal balances	(1,902,633)	1,902,633	-	-
Other assets	2,664,061	422,325	3,086,386	-
Capital assets:				
Land	431,824,209	10,802,873	442,627,082	45,014,284
Construction in progress	193,962,742	125,739,407	319,702,149	200,280,266
Buildings and improvements, net	178,517,298	370,014,850	548,532,148	811,486,323
Machinery and equipment, net	49,265,780	749,941	50,015,721	10,483,420
Infrastructure, net	154,031,443	-	154,031,443	-
Other capital assets	-	-	-	3,043,869
Total assets	1,346,001,907	704,048,632	2,050,050,539	1,272,253,539
LIABILITIES				
Accounts payable and other current liabilities	20,431,086	8,311,512	28,742,598	87,129,876
Accrued interest payable	12,719,182	1,675,986	14,395,168	-
Accrued wages and benefits	13,374,948	579,091	13,954,039	1,478,288
Deposits	3,090,359	1,869,325	4,959,684	303,674
Bond anticipation notes	12,600,000	-	12,600,000	-
Due to primary government	-	-	-	6,816,326
Unearned revenues	14,233,396	-	14,233,396	28,721,883
Noncurrent liabilities:				
Due within one year	50,762,913	13,490,314	64,253,227	9,880,435
Due in more than one year, net	830,354,021	186,688,242	1,017,042,263	80,155,235
Total liabilities	957,565,905	212,614,470	1,170,180,375	214,485,717
NET ASSETS				
Invested in capital assets, net of related debt	669,410,210	338,277,158	1,007,687,368	997,232,029
Restricted for:				
Public safety	6,367,561	-	6,367,561	-
Public works	135,105,202	150,465,046	285,570,248	-
Grants	710,780	-	710,780	-
Recreation and parks	6,045,582	762,994	6,808,576	-
Community services	13,577,805	-	13,577,805	-
Education	-	-	-	7,682,463
Business type operations	-	-	-	4,207,838
Unrestricted	(442,781,138)	1,928,964	(440,852,174)	48,645,492
Total net assets	\$ 388,436,002	491,434,162	879,870,164	1,057,767,822

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

Howard County, Maryland Statement of Activities For the Year Ended June 30, 2009

Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Gov Activities	Bus Type Activities	Total		
Primary government:									
Governmental activities:									
General government	\$ 49,015,557	22,623,190	3,275,515	7,765,432	(15,351,420)	-	(15,351,420)	-	
Public safety	152,639,155	5,548,030	11,203,861	-	(135,887,264)	-	(135,887,264)	-	
Public works	115,081,550	39,248,132	7,755,048	10,060,607	(58,017,763)	-	(58,017,763)	-	
Recreation and parks	28,490,509	13,050,979	515,937	9,014,161	(5,909,432)	-	(5,909,432)	-	
Legislative and judicial	21,414,495	761,893	1,315,387	-	(19,337,215)	-	(19,337,215)	-	
Community services	42,552,461	2,172,849	11,493,881	320,000	(28,565,731)	-	(28,565,731)	-	
State highways	646,354	-	-	-	(646,354)	-	(646,354)	-	
Education	560,909,969	-	-	-	(560,909,969)	-	(560,909,969)	-	
Interest on long term debt	33,065,408	-	-	-	(33,065,408)	-	(33,065,408)	-	
Total governmental activities	1,003,815,458	83,405,073	35,559,629	27,160,200	(857,690,556)	-	(857,690,556)	-	
Business type activities:									
Water and sewer	59,226,089	43,184,222	30,981,090	6,959,259	-	21,898,482	21,898,482	-	
Golf course	1,734,769	2,103,674	-	-	-	368,905	368,905	-	
Total business-type activities	60,960,858	45,287,896	30,981,090	6,959,259	-	22,267,387	22,267,387	-	
Total primary government	1,064,776,316	128,692,969	66,540,719	34,119,459	(857,690,556)	-	(835,423,169)	-	
Component units:									
Public school system	787,761,263	27,393,943	96,956,509	54,178,217	-	-	-	(609,232,594)	
Community college	82,168,866	32,927,129	1,536,111	21,171,658	-	-	-	(26,533,968)	
Library	18,539,534	629,029	-	-	-	-	-	(17,910,505)	
Housing commission	21,361,556	4,727,029	-	13,746,195	-	-	-	(2,888,332)	
Total component units	909,831,219	65,677,130	98,492,620	89,096,070	-	-	-	(656,565,399)	
General revenues:									
Property taxes			\$ 467,389,345				467,389,345		
Local income taxes			271,595,421				271,595,421		
Transfer tax			18,370,981				18,370,981		
Recodation tax			12,991,383				12,991,383		
Building excise tax			3,712,270				3,712,270		
Hotel / motel tax			3,059,774				3,059,774		
Admission tax			2,121,909				2,121,909		
County development tax			55,586				55,586		
Mobile home tax			577,657				577,657		
Intergovernmental, unrestricted			13,409,168				13,409,168		
Unrestricted investment income			10,547,370			1,174,356	11,721,726		
Gain on sale of capital assets			-			-	-		
Miscellaneous			589,962				589,962		
Transfers			1,695,504			(1,695,504)	-		
Total general revenues and transfers			806,116,330			(521,148)	805,595,182		
Change in net assets			(51,574,226)			21,746,239	(29,827,987)		
Net assets - beginning of year, as previously reported			412,753,911			469,687,923	882,441,834		
Adjustment to restate net assets			27,256,317			-	27,256,317		
Net assets - beginning of year, as restated			440,010,228			469,687,923	909,698,151		
Net assets - end of year			388,436,002			491,434,162	879,870,164		

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

**Howard County, Maryland
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2009**

	General	Agricultural Land Preservation Fund	General Capital Projects	Highway Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Pooled cash and cash equivalents	\$ 73,202,842	-	-	-	7,756,741	80,959,583
Receivables:	-	-	-	-	-	-
Property taxes, net	4,025,201	-	-	-	-	4,025,201
Due from other governments	73,203,021	-	-	-	-	73,203,021
Interfund receivable	226,916	-	-	-	-	226,916
Other	1,495,715	-	-	-	24,344	1,520,059
Other assets	1,585	-	-	-	-	1,585
Restricted assets:	-	-	-	-	-	-
Pooled cash and cash equivalents	-	31,306,710	-	19,585,181	36,992,477	87,884,368
Investments	-	36,058,457	-	-	-	36,058,457
Due from other funds	-	-	-	35,226,002	-	35,226,002
Property taxes	-	-	-	-	443,926	443,926
Materials and supplies	-	-	-	-	386,442	386,442
Due from other governments	-	517,130	1,068,842	41,250	7,765,709	9,392,931
Other	-	-	-	698,236	12,456,316	13,154,552
Total assets	152,155,280	67,882,297	1,068,842	55,550,669	65,825,955	342,483,043
LIABILITIES						
Due to other funds	\$ -	-	35,108,265	-	318,322	35,426,587
Accounts payable / accrued liabilities	5,520,467	10,725	6,617,142	299,075	1,632,402	14,079,811
Accrued wages and benefits	8,643,215	8,139	41,710	-	4,117,723	12,810,787
Bond anticipation notes	-	-	10,110,896	601,098	1,888,006	12,600,000
Deposits and connection fees	24,286	-	1,802,832	49,376	1,213,865	3,090,359
Deferred revenue	56,168,092	-	450,000	1,729	11,801,193	68,421,014
Total liabilities	70,356,060	18,864	54,130,845	951,278	20,971,511	146,428,558
FUND BALANCES						
Reserved for:	-	-	-	-	-	-
Encumbrances	9,236,748	-	29,983,318	16,292,510	16,342,345	71,854,921
Noncurrent receivables	-	-	-	-	11,744,068	11,744,068
Budget stabilization account	48,703,989	-	-	-	-	48,703,989
Unreserved, reported in:	-	-	-	-	-	-
General fund:	-	-	-	-	-	-
Designated for subsequent year's expenditures	14,197,182	-	-	-	-	14,197,182
Designated for subsequent years' budget stabilization account	8,099,622	-	-	-	-	8,099,622
Undesignated	1,561,679	-	-	-	-	1,561,679
Special Revenue funds:	-	-	-	-	-	-
Designated for future balloon payment	-	36,058,457	-	-	-	36,058,457
Designated for subsequent year's expenditures	-	30,672,640	-	-	-	30,672,640
Undesignated	-	1,132,336	-	-	20,136,984	21,269,320
Capital Projects funds:	-	-	-	-	-	-
Undesignated	-	-	(83,045,321)	38,306,881	(3,368,953)	(48,107,393)
Total fund balances	81,799,220	67,863,433	(53,062,003)	54,599,391	44,854,444	196,054,485
Total liabilities and fund balances	\$ 152,155,280	67,882,297	1,068,842	55,550,669	65,825,955	342,483,043

Howard County, Maryland
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
For the Year Ended June 30, 2009

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

Total fund balances - governmental funds (page 17)		\$ 196,054,485
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		41,710,821
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	\$ (740,127,725)	
Deferred refunding gain/loss and costs	(28,427,413)	
Accrued interest payable	(12,719,182)	
Compensated absences	(18,253,380)	
Net OPEB obligation	(49,693,803)	
Landfill closure & post closure	<u>(34,503,000)</u>	(883,724,503)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		980,207,581
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		<u>54,187,618</u>
Net assets of governmental activities (page 15)		<u><u>\$ 388,436,002</u></u>

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

Howard County, Maryland
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	General Fund	Agricultural Land Preservation Fund	General Capital Projects	Highway Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 401,088,742	-	-	-	65,832,995	466,921,737
Other local taxes	335,963,901	4,648,331	4,592,745	3,712,270	9,185,491	358,102,738
State shared taxes	13,409,168	-	-	-	-	13,409,168
Revenues from other governments	6,312,621	-	7,765,432	297,871	31,808,425	46,184,349
Charges for services	9,917,542	-	-	-	35,600,878	45,518,420
Interest on investments	4,499,093	3,412,672	464,814	958,066	1,012,568	10,347,213
Licenses and permits	4,923,057	-	-	-	-	4,923,057
Fines and forfeitures	3,568,672	-	-	-	33,712	3,602,384
Developer fees	-	-	-	674,248	555,329	1,229,577
Rental of property	-	-	-	-	716,648	716,648
Recoveries for interfund services	6,009,417	-	-	-	-	6,009,417
Payments from component units	589,962	-	-	-	-	589,962
Miscellaneous program revenues	2,030,958	1,339	4,187,765	1,052,886	916,703	8,189,651
Total revenues	788,313,133	8,062,342	17,010,756	6,695,341	145,662,749	965,744,321
EXPENDITURES						
Current:						
General government	21,132,537	-	-	-	2,030,609	23,163,146
Legislative & judicial	19,872,513	-	-	-	1,311,616	21,184,129
Public works	61,586,824	343,422	118,238	-	30,806,917	92,855,401
Public safety	91,829,032	-	-	-	55,530,550	147,359,582
Recreation and parks	13,868,320	-	-	-	11,748,131	25,616,451
Community services	9,189,925	-	-	-	34,132,036	43,321,961
Education	499,133,213	-	59,137,911	-	-	558,271,124
Capital improvements	-	-	25,582,096	14,201,573	23,005,116	62,788,785
Debt service:						
Principal	48,615,000	235,000	-	-	-	48,850,000
Interest	30,321,646	4,585,891	-	-	-	34,907,537
Total expenditures	795,549,010	5,164,313	84,838,245	14,201,573	158,564,975	1,058,318,116
Excess (deficiency) of revenues over expenditures	(7,235,877)	2,898,029	(67,827,489)	(7,506,232)	(12,902,226)	(92,573,795)
OTHER FINANCING SOURCES (USES)						
Bond premium	-	-	4,104,393	-	-	4,104,393
Capital related debt issued	-	-	69,720,000	-	-	69,720,000
Transfers in	27,763,388	-	12,031,986	19,298,846	35,896,774	94,990,994
Transfers out	(41,655,303)	(185,447)	(26,018,402)	(4,123,393)	(15,312,788)	(87,295,333)
Total other financing sources and uses	(13,891,915)	(185,447)	59,837,977	15,175,453	20,583,986	81,520,054
Net change in fund balances	(21,127,792)	2,712,582	(7,989,512)	7,669,221	7,681,760	(11,053,741)
Adjustment to beginning balance	-	-	-	-	2,480,860	2,480,860
Fund balances - beginning, as previously reported	102,927,012	65,150,851	(45,072,491)	46,930,170	34,691,824	204,627,366
Fund balances-ending	\$ 81,799,220	67,863,433	(53,062,003)	54,599,391	44,854,444	196,054,485

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, 2009

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) \$ (11,053,741)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of the amount by which capital outlays exceeds depreciation in the current period is as follows:

Capital improvements	56,483,281	
Less: Depreciation expense	<u>(20,518,737)</u>	35,964,544

In the statement of activities, only the gain on the sale of land and buildings is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the land and buildings sold. (3,626,047)

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	(45,617,757)	
Revenues that do not provide current financial resources	<u>948,608</u>	(44,669,149)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments. (26,423,586)

In the statement of activities, certain operating expenses are measured by the amounts accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources expended. 1,761,021

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The new revenue (expense) of certain internal service funds is reported with governmental activities. (3,527,268)

Change in net assets of governmental activities (page 16). \$ (51,574,226)

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, 2009

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
REVENUES				
Property taxes	\$ 392,914,621	392,914,621	401,089,044	8,174,423
Other local taxes	356,560,455	356,560,455	335,963,901	(20,596,554)
State shared taxes	15,790,764	15,790,764	13,409,168	(2,381,596)
Revenues from other governments	6,833,341	6,833,341	6,312,621	(520,720)
Charges for services	10,436,825	10,436,825	9,917,542	(519,283)
Interest on investments	10,398,990	10,398,990	4,499,093	(5,899,897)
Licenses and permits	6,673,475	6,673,475	4,923,057	(1,750,418)
Recoveries for interfund services	6,059,977	6,059,977	6,009,417	(50,560)
Fines and forfeitures	3,465,790	3,465,790	3,565,936	100,146
Payments from component units	589,964	589,964	589,962	(2)
Miscellaneous	737,500	737,500	2,408,540	1,671,040
Total revenues	810,461,702	810,461,702	788,688,281	(21,773,421)
EXPENDITURES				
Current:				
General government	22,979,949	21,789,216	20,584,723	1,204,493
Legislative & judicial	21,145,144	21,145,144	19,812,433	1,332,711
Public works	59,517,702	60,708,435	57,168,432	3,540,003
Public safety	95,949,834	95,949,834	92,019,531	3,930,303
Recreation and parks	14,018,864	14,018,864	14,013,602	5,262
Community services	9,410,506	9,410,506	9,095,330	315,176
Education	499,133,213	499,133,213	499,133,213	-
Debt service:				
Principal payments on debt	48,615,005	48,615,005	48,615,000	5
Interest payments on debt	36,796,667	36,796,667	30,321,646	6,475,021
Total expenditures	807,566,884	807,566,884	790,763,910	16,802,974
Excess (deficiency) of revenues over expenditures	2,894,818	2,894,818	(2,075,629)	(4,970,447)
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	22,691,971	22,691,971	22,691,971	-
Transfers in	29,066,914	29,066,914	27,763,388	(1,303,526)
Transfers out	(54,653,703)	(54,653,703)	(44,653,703)	10,000,000
Total other financing sources and uses	(2,894,818)	(2,894,818)	5,801,656	8,696,474
Net change in fund balance	-	-	3,726,027	3,726,027
Less appropriation from fund balance	-	-	(22,691,971)	-
Fund balances - beginning	-	-	100,895,823	-
Fund balances - ending	\$ -	-	81,929,879	-

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

Howard County, Maryland
Statement of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Agricultural Land Preservation Fund
For the Year Ended June 30, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Local taxes	\$ 6,100,000	6,100,000	4,648,331	(1,451,669)
Investment income	-	-	3,412,672	3,412,672
Miscellaneous program revenue	15,000	15,000	1,339	(13,661)
Total revenues	6,115,000	6,115,000	8,062,342	1,947,342
EXPENDITURES				
Public works:				
Agricultural land preservation program administration	907,746	907,746	342,408	565,338
Agricultural land preservation board	1,900	1,900	409	1,491
Contingency	30,531,387	30,531,387	-	30,531,387
Total public works	31,441,033	31,441,033	342,817	31,098,216
Debt service:				
Principal payments on debt	146,000	146,000	235,000	(89,000)
Interest payments on debt	4,585,893	4,585,893	4,585,891	2
Total debt service	4,731,893	4,731,893	4,820,891	(88,998)
Total expenditures	36,172,926	36,172,926	5,163,708	31,009,218
Excess (deficiency) of revenues over expenditures	(30,057,926)	(30,057,926)	2,898,634	32,956,560
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	30,243,373	30,243,373	-	30,243,373
Transfers out	(185,447)	(185,447)	(185,447)	-
Total other financing sources (uses)	30,057,926	30,057,926	(185,447)	30,243,373
Net change in fund balance	-	-	2,713,187	2,713,187
Fund balances - beginning	-	-	65,158,385	-
Fund balances - ending	\$ -	-	67,871,572	-

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

Howard County, Maryland
Statement of Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

ASSETS	Enterprise Funds			Gov't Activities- Internal Service Funds
	Water and Sewer	Special Recreation Facility	Total	
Current assets:				
Equity in pooled cash and cash equivalents	\$ 8,532,411	-	8,532,411	28,392,369
Prepaid expenses	-	-	-	16,981
Receivables:				
Service billings	9,916,904	-	9,916,904	545,241
Materials and supplies	-	87,163	87,163	681,002
Restricted assets:				
Equity in pooled cash and cash equivalents	84,272,112	763,423	85,035,535	-
Water and sewer assessments	7,420,575	-	7,420,575	-
Total current assets	110,142,002	850,586	110,992,588	29,635,593
Noncurrent assets:				
Restricted assets:				
Receivables:				
Property taxes	121,627	-	121,627	-
Water and sewer assessments	82,081,851	-	82,081,851	-
Other receivables	16,718	280,000	296,718	-
Materials and supplies	923,819	-	923,819	-
Capital assets:				
Land	2,117,977	8,684,896	10,802,873	-
Construction in progress	125,739,407	-	125,739,407	-
Buildings and improvements, net	369,195,088	819,762	370,014,850	-
Machinery and equipment, net	616,248	133,693	749,941	27,393,891
Other assets	301,214	121,111	422,325	-
Total noncurrent assets	581,113,949	10,039,462	591,153,411	27,393,891
Total assets	691,255,951	10,890,048	702,145,999	57,029,484
LIABILITIES				
Current liabilities:				
Due to other funds	-	26,331	26,331	-
Accounts payable	7,938,520	356,229	8,294,749	469,044
Capital lease	-	16,763	16,763	-
Accrued wages and benefits	579,091	-	579,091	564,161
Compensated absences	14,800	-	14,800	793,506
Unpaid insurance claims	-	-	-	5,807,231
Deposits and connection fees	-	-	-	75,000
Current liabilities	8,532,411	399,323	8,931,734	7,708,942
Current liabilities payable from restricted assets:				
Deposits and connection fees	1,869,325	-	1,869,325	-
Developer agreement rebates and deposits	199,183	-	199,183	-
Deferred water and sewer assessments	2,782,716	-	2,782,716	-
Other debt payable	3,758,615	-	3,758,615	-
Bonds payable	6,210,000	525,000	6,735,000	-
Interest payable	1,586,606	89,380	1,675,986	-
Current liabilities payable from restricted assets	16,406,445	614,380	17,020,825	-
Total current liabilities	24,938,856	1,013,703	25,952,559	7,708,942
Noncurrent liabilities:				
Developer agreement rebates and deposits	3,117,468	-	3,117,468	-
Deferred water and sewer assessments	26,928,426	-	26,928,426	-
Net OPEB obligation	741,449	-	741,449	-
Compensated absences	681,252	-	681,252	-
Unpaid insurance claims	-	-	-	5,680,757
Special revenue bonds payable	-	6,870,000	6,870,000	-
Metropolitan district bonds payable	106,070,747	-	106,070,747	-
Deferred refunding amount	(87,028)	(451,245)	(538,273)	-
Other long-term debt	42,817,173	-	42,817,173	-
Total noncurrent liabilities	180,269,487	6,418,755	186,688,242	5,680,757
Total liabilities	205,208,343	7,432,458	212,640,801	13,389,699
NET ASSETS				
Invested in capital assets, net of related debt	335,582,562	2,694,596	338,277,158	27,393,891
Restricted:				
For debt service	82,220,196	763,423	82,983,619	-
Unrestricted	68,244,850	(429)	68,244,421	16,245,894
Total net assets	\$ 486,047,608	3,457,590	489,505,198	43,639,785
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds			1,928,964	
Net assets of business-type activities			491,434,162	

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

Howard County, Maryland
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Water and Sewer	Special Recreation Facility	Total	
Operating revenues:				
User charges	\$ 37,552,428	-	37,552,428	68,715,331
Greens and cart fees	-	1,585,080	1,585,080	-
Range fees	-	85,950	85,950	-
Merchandise	-	116,530	116,530	-
Food and beverage	-	297,834	297,834	-
Insurance recoveries	-	-	-	463,314
Miscellaneous sales and services	471,271	18,280	489,551	1,028,545
Total operating revenues	38,023,699	2,103,674	40,127,373	70,207,190
Operating expenses:				
Salaries and employee benefits	10,182,864	-	10,182,864	10,144,170
Contractual services	5,457,307	1,400,663	6,857,970	8,842,472
Supplies and materials	1,693,101	-	1,693,101	639,620
Business and travel	118,494	-	118,494	316,872
Vehicle fuels and supplies	1,497,836	-	1,497,836	5,471,990
Purchased water and transmission charges	10,458,127	-	10,458,127	-
Sewage treatment charges	6,472,009	-	6,472,009	-
Share of county administrative expenses	3,795,532	-	3,795,532	1,165,025
Insurance claims	-	-	-	39,784,845
Other administrative	70,101	-	70,101	4,178,885
Depreciation expense	12,304,252	40,083	12,344,335	5,015,103
Less: house connection and capitalized overhead costs	(207,355)	-	(207,355)	-
Total operating expenses	51,842,268	1,440,746	53,283,014	75,558,982
Operating income (loss)	(13,818,569)	662,928	(13,155,641)	(5,351,792)
Nonoperating revenues (expenses):				
Ad valorem charges	30,981,090	-	30,981,090	-
Water and sewer assessment charges	4,203,443	-	4,203,443	-
Interest on investments	1,157,236	17,120	1,174,356	331,943
Inspection services and system connection installations	394,875	-	394,875	-
Interest expense	(6,832,838)	(241,002)	(7,073,840)	-
(Loss) or gain on sale of capital assets	36,859	-	36,859	6,941,755
Other, net	525,346	(53,021)	472,325	-
Total nonoperating revenues (expenses)	30,466,011	(276,903)	30,189,108	7,273,698
Net income (loss) before contributions and transfers	16,647,442	386,025	17,033,467	1,921,906
Capital contributions	6,959,259	-	6,959,259	-
Transfers in (out)	(1,694,138)	(1,366)	(1,695,504)	(6,000,157)
Change in net assets	21,912,563	384,659	22,297,222	(4,078,251)
Total net assets - beginning	464,135,045	3,072,931	467,207,976	47,718,036
Total net assets - ending	\$ 486,047,608	3,457,590	489,505,198	43,639,785
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(550,983)	
Change in net assets of business -type activities			21,746,239	

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, 2009

	Water & Sewer	Special Recreation Facility	Total	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 45,393,404	2,103,674	47,497,078	70,361,793
Cash paid to suppliers	(21,794,332)	(1,399,329)	(23,193,661)	(56,058,835)
Cash paid to / for employees	(7,738,274)	-	(7,738,274)	(7,731,715)
Cash paid for interfund services used	(5,940,184)	-	(5,940,184)	(4,894,387)
Other operating (disbursements) / cash receipts	(567,500)	-	(567,500)	177,822
Net cash provided by operating activities	9,353,114	704,345	10,057,459	1,854,678
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers in (out) to other funds	-	24,965	24,965	(6,123,119)
Net cash provided by (used in) noncapital financing activities	-	24,965	24,965	(6,123,119)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of county bonds	26,663,451	-	26,663,451	-
Proceeds from state loan	966,706	-	966,706	-
Proceeds from developer contributions	560,441	-	560,441	-
Cash receipts from assessments & connection charges	32,009,018	-	32,009,018	-
Acquisition and construction of capital assets	(35,408,257)	(42,900)	(35,451,157)	(5,173,353)
Capital lease payment	-	(15,538)	(15,538)	-
Payment of long term debt principal	(8,900,908)	(520,000)	(9,420,908)	-
Interest paid on long term debt	(6,840,451)	(244,422)	(7,084,873)	-
Net cash provided by (used in) capital and related financing activities	9,050,000	(822,860)	8,227,140	(5,173,353)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	1,157,236	17,120	1,174,356	331,943
Net cash provided by investing activities	1,157,236	17,120	1,174,356	331,943
Net increase (decrease) in cash and cash equivalents	19,560,350	(76,430)	19,483,920	(9,109,851)
Balances - beginning of the year	73,244,174	839,853	74,084,027	37,502,220
Balances - end of the year	92,804,524	763,423	93,567,947	28,392,369
Reconciliation of operating (loss) income to net cash provided by operating activities				
Operating (loss) income	(13,818,569)	662,928	(13,155,641)	(5,351,792)
Adjustments to reconcile operating income to net cash				
Depreciation expense	12,304,252	40,083	12,344,335	5,015,103
Change in assets and liabilities:				
Decrease in accounts and other receivables	7,369,705	-	7,369,705	619,999
Decrease (increase) in inventories	108,688	(15,362)	93,326	-
Increase in operating accounts payables	3,427,681	16,696	3,444,377	1,571,368
Decrease in compensated absences and net opeb obligation	(38,643)	-	(38,643)	-
Total adjustments	23,171,683	41,417	23,213,100	7,206,470
Net cash provided by operating activities	\$ 9,353,114	704,345	10,057,459	1,854,678

Noncash investing, capital and financing activities:

In Fiscal Year 2009, water and sewer lines with an estimated market value of \$4,305,338 were contributed to the water and sewer enterprise fund by developers.

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 Assets
Pension and Other Post Employment Benefits Trust Funds and Agency Funds
For the Year Ended June 30, 2009

	Pension and OPEB Trust Funds	Agency Funds
ASSETS		
Equity in pooled cash and cash equivalents	\$ -	3,154,227
Receivables:		
Property tax	-	236,454
Interest and dividends	1,142,648	-
Employer contributions	1,576,764	-
Employee contributions	471,112	-
Sale of investments	4,950,385	-
Other	43,975	-
Investments, at fair value:		
Cash	49,519	-
Common stocks	109,799,617	-
Mutual funds	105,326,101	-
Money market funds	49,591,556	-
Fixed income securities	130,800,091	-
Real estate	21,498,496	-
Other	517,342	-
Prepaid insurance	27,355	-
Total assets	425,794,961	3,390,681
LIABILITIES		
Accounts payable		
Investments purchased	29,222,250	-
Other	951,821	918,059
Deposits	-	2,472,622
Total liabilities	30,174,071	3,390,681
NET ASSETS		
Held in trust for pension and OPEB benefits	\$ 395,620,890	

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

Howard County, Maryland
Statement of Changes in Fiduciary Net Assets
Pension and Other Post Employment Benefits Trust Funds
For the Year Ended June 30, 2009

ADDITIONS	
Contributions:	
Employer	\$ 38,904,196
Member	7,353,217
Total contributions	46,257,413
Investment income:	
Net change in fair value of investments	(84,906,947)
Interest	6,483,086
Dividends	9,407,567
Other	282,710
Investment expense	(1,498,212)
Net investment (loss) income	(70,231,796)
Total additions	(23,974,383)
DEDUCTIONS	
Benefits	24,285,826
Administrative expenses	494,541
Total deductions	24,780,367
Change in net assets	(48,754,750)
Net assets - beginning	444,375,640
Net assets - ending	\$ 395,620,890

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

Howard County, Maryland
Combining Statement of Net Assets
Component Units
For the Year Ended June 30, 2009

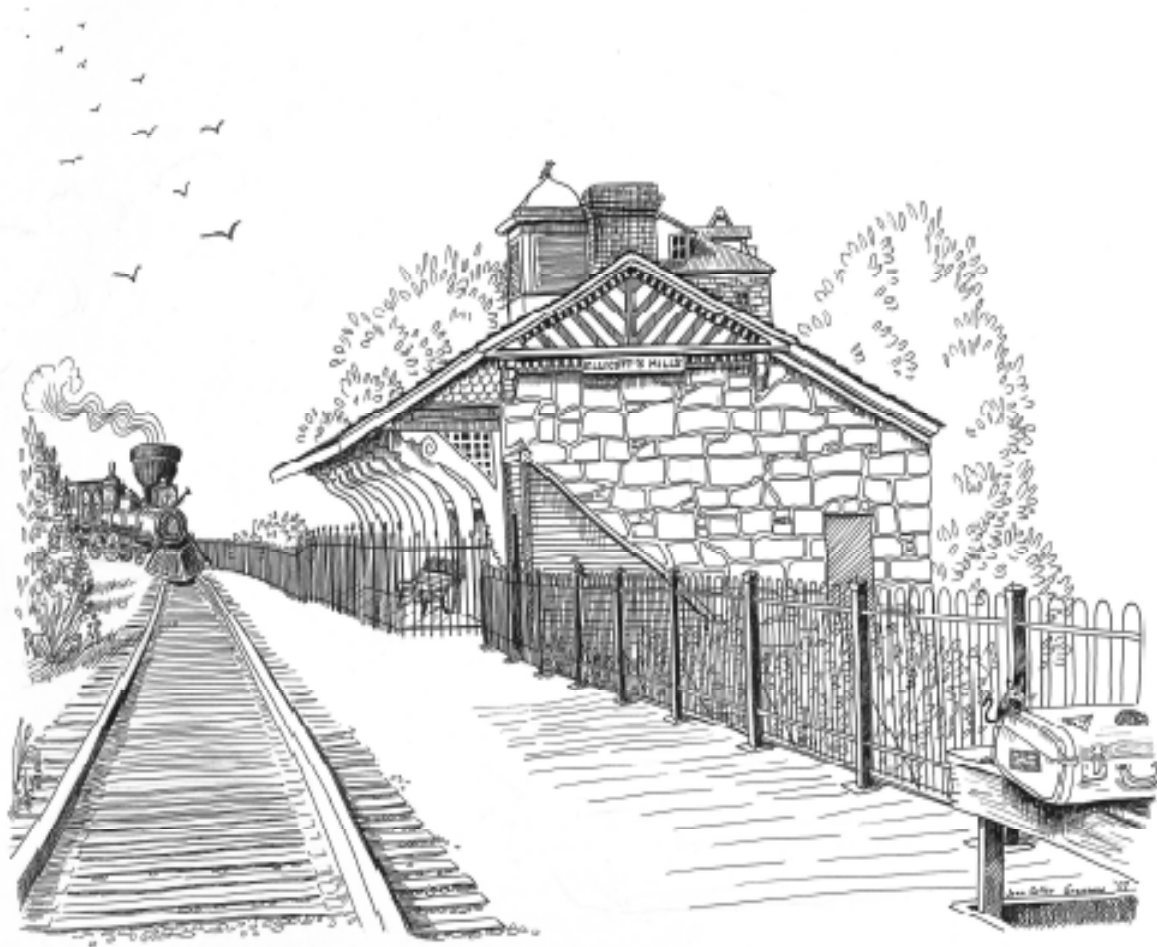
	Public School System	Community College	Library	Housing Commission	Total
ASSETS					
Equity in pooled cash and cash equivalents	\$ 15,651,928	26,248,504	1,696,888	3,638,352	47,235,672
Investments	109,011,916	4,450,209	1,315,288	32,480	114,809,893
Receivables:					
Due from other governments	11,398,300	8,882,058	-	-	20,280,358
Other	3,031,970	2,480,416	8,318	561,937	6,082,641
Materials and supplies	1,622,611	691,000	-	-	2,313,611
Prepays	253,493	290,237	230,395	9,600	783,725
Restricted assets:					
Equity in pooled cash and cash equivalents	118,656	-	228,759	7,317,146	7,664,561
Mortgage receivable	-	-	-	2,774,916	2,774,916
Capital assets:					
Land	12,621,398	3,034,351	164,453	29,194,082	45,014,284
Construction in progress	195,990,732	3,116,613	-	1,172,921	200,280,266
Buildings and improvements, net	640,100,224	132,912,086	-	38,474,013	811,486,323
Machinery and equipment, net	6,383,530	3,797,239	302,651	-	10,483,420
Other assets	-	453,100	2,590,769	-	3,043,869
Total assets	996,184,758	186,355,813	6,537,521	83,175,447	1,272,253,539
LIABILITIES					
Current liabilities:					
Accounts payable and other current liabilities	81,124,109	3,915,194	1,136,307	954,266	87,129,876
Accrued salaries and benefits	-	1,171,486	306,802	-	1,478,288
Deposits	-	280,358	-	23,316	303,674
Due to primary government	-	6,816,326	-	-	6,816,326
Unearned revenues	24,747,429	2,671,577	297,166	1,005,711	28,721,883
Long term liabilities:					
Due within one year	5,744,481	554,207	-	3,581,747	9,880,435
Due in more than one year, net	19,252,688	11,677,819	849,526	48,375,202	80,155,235
Total liabilities	130,868,707	27,086,967	2,589,801	53,940,242	214,485,717
NET ASSETS					
Invested in capital assets, net of related debt	842,154,961	132,688,053	3,057,873	19,331,142	997,232,029
Restricted for:					
Education	983,613	6,470,091	228,759	-	7,682,463
Business type operations	806,232	652,942	-	2,748,664	4,207,838
Unrestricted	21,371,245	19,457,760	661,088	7,155,399	48,645,492
Total net assets	\$ 865,316,051	159,268,846	3,947,720	29,235,205	1,057,767,822

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, 2009**

Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				Total
		Charges for Services	Operating Grants and Contributions	Capital Contributions	Public School System	Community College	Library	Housing Commission	
Component units:									
Public school system	\$ 787,761,263	27,393,943	96,956,509	54,178,217	(609,232,594)	-	-	-	(609,232,594)
Community college	82,168,866	32,927,129	1,536,111	21,171,658	-	(26,533,968)	-	-	(26,533,968)
Library	18,539,534	629,029	-	-	-	-	(17,910,505)	-	(17,910,505)
Housing commission	21,361,556	4,727,029	-	13,746,195	-	-	-	(2,888,332)	(2,888,332)
Total component units	\$ 909,831,219	65,677,130	98,492,620	89,096,070	(609,232,594)	(26,533,968)	(17,910,505)	(2,888,332)	(656,565,399)
General revenues:									
Property taxes					\$ 454,794,610	25,195,470	15,553,354	-	495,543,434
Other local taxes					-	-	-	-	-
State shared taxes					-	-	-	-	-
Intergovernmental, unrestricted					168,788,991	21,758,562	2,391,707	-	192,939,260
Program revenue					-	-	-	-	-
Investment income					961,922	(818,989)	32,854	189,020	364,807
Sale of property					-	-	-	-	-
Miscellaneous					1,212,029	-	-	6,844,454	8,056,483
Total general revenues					625,757,552	46,135,043	17,977,915	7,033,474	696,903,984
Change in net assets					16,524,958	19,601,075	67,410	4,145,142	40,338,585
Net assets - beginning of year					848,791,093	139,667,771	3,880,310	25,090,063	1,017,429,237
Net assets - end of year					\$ 865,316,051	159,268,846	3,947,720	29,235,205	1,057,767,822

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



On July 4, 1828, the first stone of the Baltimore and Ohio Railroad was laid by Charles Carroll, the last living signer of the Declaration of Independence. This railway provided a faster way for Midwestern goods to reach the East Coast and thereby infused the trade industry with a new goal of efficiency.

Credits: Joan Geller Grauman, local artist, Ellicott City, Maryland and Mat About You Gallery and Framing Studio

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 is comprised of five members elected by County voters. The County is responsible for levying taxes and has budgetary control over the Board.

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

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

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

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

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

Howard County Library
10375 Little Patuxent Parkway
Columbia, Maryland 21044

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

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

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

The County reports the following major proprietary funds:

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

The *Special Recreation Facility Fund* accounts for the operations and related debt service costs of a public golf course opened in September 1996. All assets, except those available to fund current liabilities, are considered restricted because a change in the charter is required to allow these assets to be used for other purposes.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources, which by law are designated to finance particular functions or activities of the County. 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 fee, grants, registration fees for recreational programs, and fees for health services.

Capital Projects Funds are used to account for all resources for the construction or acquisition of capital assets, except those accounted for in the General Capital Projects fund and proprietary fund types.

Internal Service Funds are funds used to account for goods and services furnished by one County department to another County department on a cost reimbursement basis. Internal Service Funds account for centralized printing and mailing services; information systems and communication (telephone) operations; risk management activities for workers' compensation, general liability, environmental, vehicle and property insurance; County employee health benefits costs; and the maintenance and replacement of the County's radio communications systems.

Agency Funds are used to account for resources held in a custodial capacity on behalf of parties outside the government, including money paid by residents of street lights districts for energy costs, State property tax, Bay Restoration Fee, and surety bonds held on construction work.

Pension Trust Funds are used to account for the activities of the County's single-employer public employee retirement plans. These include the Police and Fire Employees' Retirement Plan and the General Employees' Plan. The plans account for employee contributions, County contributions and the earnings and profits from investments. They also account for the disbursements made for employee retirements, withdrawals, disability and death benefits as well as administrative expenses.

Annual Financial Reports for both pension trust funds can be obtained from their administrative office at Howard County, Maryland, Director of Finance, 3430 Court House Drive, Ellicott City, Maryland 21043 or by contacting the County via e-mail at staghavi@howardcountymd.gov.

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

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

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

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

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

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

D. Budgetary Process

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

During the fiscal year, the County Council, upon the request of the County Executive, may approve transfers between projects in the capital budget but it may not increase the total size of the capital budget. The County Council, at any time during the fiscal year, may approve supplemental operating budget requests from the County Executive. The budgeted contingency reserve, which may not exceed 4 percent of the appropriated budget, is the funding source for supplemental requests. After April 1 of each year, the Council may also at the request of the Executive approve transfers between departments in the operating budgets. The Council may approve supplemental budgets from unappropriated funds only in emergencies affecting "life, health and property." Additionally, the County Executive has the authority to make transfers within a department at any time during the year without approval of the County Council. During fiscal year 2009, the Council approved three capital budget transfers and eight operating budget supplements.

Budgetary data, as revised, is presented in the Basic Financial Statements for the General and Agricultural Land Preservation Funds. Outstanding encumbrances are included in the final budget and 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 miscellaneous revenue on a budgetary basis. Open encumbrances are treated as reservations of fund balances on a modified accrual (fund) reporting basis.

E. Deposits and Investments

Cash Equivalents

For purposes of the statement of cash flows, 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 Non-major Governmental Funds represent stripped-coupon U.S. Treasury securities stated at fair value in the Agricultural Land Preservation Fund. They are also reported in aggregate as part of U.S. Government Securities in the Equity in Pooled Cash and Cash Equivalents and Investments note.

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

F. Loans Receivable

For the purposes of the fund financial statements, Special Revenue Fund expenditures relating to housing loans in the Community Renewal Fund are charged to operations upon funding, and the loans are recorded with an offset to a restricted fund balance account. The restricted fund balance account is analyzed to identify new loans added during the year. For purposes of the Government-wide Financial Statements, housing loans are not offset by restricted fund balance accounts.

G. Inventory

Materials and supplies are valued at cost, using the first-in/first-out (FIFO) method. Materials and supplies are recorded as an asset when purchased, and charged to expenditures/expenses when consumed. This is referred to as the consumption method of inventory accounting.

H. Capital Assets

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

Capital assets are depreciated using the straight-line method over the estimated useful lives (in years) which were revised in fiscal year 2009 as follows:

Buildings	50	Computer software	5
Infrastructure	15-40	Vehicles	6
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 increase values, change capacities or extend useful lives are capitalized.

I. Compensated Absences

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

J. Self-Insurance

The County establishes its funding of claims liabilities as they occur. This funding level includes provisions for indemnity, medical losses and allocated loss adjustment expenses which are all classified as incremental claim adjustment expenses. Unpaid claims in the self-insurance funds include liabilities for unpaid claims based upon individual case estimates for claims reported at June 30, 2009. The unpaid claims also include liabilities for incurred but not reported (IBNR) claims as of June 30, 2009.

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 is established for the entire uncollected assessed amount. The portion of the receivable relating to bond principal is credited to net assets and the portion representing interest is initially recorded as a deferred liability and then recognized as revenue when billed.

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

L. Reconciliation Between GAAP and Budgetary Basis

The General and Special Revenue Funds of the primary government have legally adopted annual budgets. The "Statement of Revenues, Expenditures, and Changes in Fund Balances - Budgetary Basis" – General Fund and Agricultural Land Preservation Fund are prepared on a basis consistent with their budgets. The "Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis" for Non-major Special Revenue Funds are prepared on a basis consistent with those budgets. The budgets are prepared using encumbrance accounting wherein encumbrances are treated as an expenditure of the current period. Also, the budgets include appropriations of prior year fund balances as other sources in the current year and account for payroll expenditures on a cash basis. The "Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds" is prepared on a basis consistent with GAAP where encumbrances are treated only as a reservation of fund balance, prior year fund balances are not included as other sources and payroll expenditures, including compensated absences, are recorded on a modified accrual basis. The overall general fund final budget did not change from the original. However, several programs within the general fund were modified during the year by resolution. Appropriations were transferred from the General Fund contingency to cover unanticipated expenditures for snow removal. Several appropriations were transferred from the Grant Contingency Fund to various departments for new grants that were awarded by other governments.

The financial statements are reconciled as follows:

	<u>General Fund</u>	<u>Agricultural Land Pres. Fund</u>
Budgetary basis - revenues and other sources over expenditures and other uses	\$ 3,726,027	2,713,186
Adjustments:		
Appropriation of prior year fund balances	(22,691,971)	-
Current year encumbrances outstanding	7,776,938	-
Prior year encumbrances expended this year	(8,072,678)	
Prior year encumbrances lapsed during the current fiscal year	(377,582)	-
Effect of recording payroll expenditure - modified accrual basis	(1,091,182)	(604)
Other	(397,344)	-
GAAP basis - net change in fund balances	\$ (21,127,792)	2,712,582

The ending fund balances are reconciled as follows:

	<u>General Fund</u>	<u>Agricultural Land Pres. Fund</u>
Budgetary basis, June 30, 2009	\$ 81,929,879	67,871,571
Adjustments:		
Current year encumbrances outstanding	7,776,938	-
FY 2008 encumbrances outstanding	1,459,790	-
Payroll expenditures recorded on a modified accrual basis	(9,055,474)	(8,138)
Other	(311,913)	-
GAAP basis, June 30, 2009	\$ 81,799,220	\$ 67,863,433

M. Budget Stabilization Account

The County has established a budget stabilization account (also known as the “rainy day fund”) to provide funding in emergency situations or in cases of revenue shortfalls. The County Charter sets a goal of maintaining the account at 7 percent of audited General Fund expenditures for the most recently completed fiscal year at the time the budget is prepared. When the fiscal year 2009 budget was prepared, the fiscal year 2007 financial statements were the most recently completed and audited. Therefore, the charter target is based upon fiscal year 2007 audited expenditures. A contribution of \$3,608,559 was made to the fund in fiscal year 2009, which resulted in achieving the charter target of \$48,703,989. A designation of fund balance has been made in the General Fund in the amount of \$8,099,622 to meet the charter target for fiscal years 2010 and 2011.

The budget stabilization account is calculated as follows:

Budget Fiscal Year	Audited Expenditures from Fiscal Year	Audited Expenditures	Percentage	Charter Target
2009	2007	\$ 695,771,280	7%	\$ 48,703,989
2010	2008	\$ 781,162,373	7%	\$ 54,681,366
2011	2009	\$ 811,480,156	7%	\$ 56,803,611

N. Net Assets Restricted by Enabling Legislation

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

Governmental activities	\$ 161,806,930
Business-type activities	151,228,040
Total	\$ 313,034,970

O. Implementation of New Accounting Principles

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

Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations”: This statement identifies the circumstances under which a governmental entity would be required to report a liability related to pollution remediation.

Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments”: This statement requires endowments to report land and real estate held as an investment at fair value.

Adoption of these standards has no material impact on the County’s financial statements.

2. Equity in Pooled Cash and Cash Equivalents and Investments

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

The County’s Cash and Investments

The County maintains a cash 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 their 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 \$23,955,325 and the bank balance was \$4,742,942 at June 30, 2009. The bank balance was covered by federal depository insurance or by collateral held by the County’s agent in the County’s name. The component units had a combined bank balance of \$35,835,737. Of that amount, \$1,349,446 was covered by federal depository insurance or by collateral held in the component unit’s name; \$34,486,291 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 at least 102% of the cost plus accrued interest of the investment.

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

County's policy limits the maximum amount invested through any broker, dealer or other financial institution to 40% of the portfolio. An additional restriction limits investments in commercial paper to 5%, which is more restrictive than State law.

Of the component units, the Howard County Public School System, the Community College and the Library have investment policies, while the Housing Commission does not.

The table below reconciles the County's deposits (\$23,955,325) and investments (\$723,594,828) to the Government-wide Statement of Net Assets and the Statement of Net Assets – Pension and Other Post Employment Benefits Trust Funds and Agency Funds:

Equity in pooled cash and cash equivalents	\$	121,038,590
Restricted equity in pooled cash and cash equivalents		172,919,903
Investments		453,591,660
Total	\$	747,550,153

Investments of the County and its component units as of June 30, 2009:

Investments	Fair value		
	Primary Government	Component Units	Reporting Entity
Repurchase agreements	\$ 40,000,000	\$ -	\$ 40,000,000
U.S. Government securities	36,058,457	-	36,058,457
U.S. Government sponsored enterprises	108,000,000	-	108,000,000
Maryland Local Govt. Investment Pool	92,528,588	134,380,332	226,908,920
Money market funds	50,078,557	-	50,078,557
Mutual funds	-	4,450,209	4,450,209
Equity in properties under home ownership	-	4,244,329	4,244,329
Total	\$ 326,665,602	\$ 143,074,870	\$ 469,740,472

Interest Rate Risk: The County's investment policy requires that the majority of investments will have a maturity of one year or less, except for U.S. Treasury stripped coupon securities purchased as part of the Agricultural Land Preservation Program (see Note 8). These securities have no coupon and have long-term maturity lengths; therefore, they are very interest rate sensitive. If market interest rates were to rise, the market value of these securities would decline further than a similar coupon-paying Treasury security. Conversely, if market interest rates were to fall, the market value of these securities would rise further than a similar coupon-paying Treasury security. The County plans to hold these securities to their maturity.

At June 30, 2009, the County had \$55,000,000 of callable investments. All of the call dates were within 9 months of final maturity. In calculating weighted average maturity, we made the assumption that all of these investments would be called.

The following is a list of County investments and their weighted average maturities.

Investment Type	Fair Value	Weighted Average Maturity (in years)
Repurchase agreements	\$ 40,000,000	0.07
U.S. Government securities	36,058,457	11.87
U.S. Government-Sponsored Enterprises	108,000,000	0.44
Total	\$ 184,058,457	
Portfolio weighted average maturity		2.60

The Maryland Local Government Investment Pool and the money market funds used by the County are operated in accordance with Rule 2a7 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 AAA by Standard & Poor's. The Maryland Local Government Investment Pool and the money market fund are both rated AAAM by Standard & Poor's.

Concentration of Credit Risk: The County 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, the Federal Agricultural Mortgage Corporation, and the Federal Home Loan Mortgage Corporation. At June 30, 2009, investments in these U.S. Government Sponsored Enterprises represent 42.4%, 5.4%, and 8.1% respectively, of the County's total investments.

Pension Trust Funds' Cash and Investments

The County's Pension Trust funds, the Howard County Police & 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 60% equities and 40% fixed income. The minimum and maximum percentages for equities are 50% and 70%, respectively, and for fixed income are 30% and 50%, respectively.

Investments of the Plans as of June 30, 2009:

Investments	Fair value
Common stocks	\$ 109,799,617
Mutual funds	105,326,101
Money market funds	28,987,579
Fixed income	130,800,091
Real estate	21,498,496
Other	517,342
	\$ 396,929,226

Interest rate risk: The Plans' investment policy does not place any limits on the investment managers with respect to the duration of their investments. The list below shows Plans' investments and their related weighted-average maturities:

Investment Type	Fair Value	Weighted Average Maturity (in years)
Asset backed securities	\$ 1,142,099	18.98
Auto loans receivable	397,984	1.71
Collateralized mortgage obligations	14,773,616	32.1
Corporate bonds	49,095,012	11.07
Credit card receivable	623,772	3.38
Government sponsored enterprises	36,573,362	68.71
U.S. Agency securities	144,000	10.87
U.S. Treasury	6,432,014	4.4
Total	\$ 109,181,859	
Portfolio weighted average maturity		32.84

Credit Risk: The money market fund used by State Street Bank is unrated, as are the mutual funds used by the Plans. As of June 30, 2009, the Plans' fixed income investments had the following risk characteristics:

Standard & Poor's Rating or Comparable	Fair Value
AAA to A	\$ 48,595,278
BBB to B	30,237,502
CCC to C	718,883
Less than C	144,000
Total	\$ 79,695,663

Custodial Credit Risk: State Street invests in a money market fund on behalf of the Plans. At June 30, 2009, the amount in the money market fund was \$28,911,979 of which \$24,097,000 was committed to the prospective settlement of federal agency mortgage backed security TBA's. This fund is uninsured and uncollateralized. All other investments of the fund are held by State Street Bank as trustee in the Plans' names.

Credit Risk – Currency Forward Contract

One of the Plans' investment objectives is to diversify assets in accordance with the Modern Portfolio Theory (MPT) in order to reduce overall risk. Consistent with this objective, the Plans have participated in a mutual fund that holds 3-month currency forward contracts. This strategy is undertaken to protect the dollar value of underlying international investments. The hedging is restricted to 100% of the underlying asset value and 50% of the total Fund value. As of June 2009, the Plans had no exposure to currency hedging since the hedges that were in place to reduce exposure to sterling and the euro were closed in September 2008.

Also, during the year, one of the Plans investment managers entered into derivative transactions such as futures to hedge interest rate risk; currency forwards and currency options transactions to gain currency exposure; credit derivatives to increase investment grade credit risk and the UK interest rate swaps to obtain interest rate exposure. As of June 2009, the Plans total investment in derivative transactions was \$.5 million or 0.1% of total assets at fair value.

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 20% at any given time. As of June 30, 2009, the Plans' exposure to foreign currency risk was equal to an immaterial amount.

Other Post Employment Benefits Trust Funds' Cash and Investments

The carrying amount of total deposits for the OPEB Trust and the bank balance was \$49,519 at June 30, 2009. The bank balance was covered by federal depository insurance. The OPEB Trust had \$20,603,977 in money market accounts at Maryland Local Government Investment Pool as of June 30, 2009.

3. Receivables

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

	General Fund	Agricultural Land Pres. Fund	General County Capital Proj.	Highway Capital Projects	Enterprise Funds	Nonmajor and Other Funds	Total
<u>Receivables:</u>							
Property taxes	\$ 4,090,843	-	-	-	121,627	680,380	4,892,850
Service billings	-	-	-	-	9,916,904	545,241	10,462,145
Water and sewer assessments	-	-	-	-	89,502,426	-	89,502,426
Due from other governments	73,203,021	517,130	1,068,842	41,250	-	7,765,709	82,595,952
Other	1,495,715	-	-	698,236	296,718	20,665,544	23,156,213
Gross receivables	78,789,579	517,130	1,068,842	739,486	99,837,675	29,656,874	210,609,586
Less: Allowance for uncollectables	(65,642)	-	-	-	-	-	(65,642)
Total Receivable	\$ 78,723,937	517,130	1,068,842	739,486	99,837,675	29,656,874	210,543,944

Governmental funds report deferred revenues in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Most of the receivables in the Enterprise Funds are liens on real property that will be sold via the annual tax sale process if not paid. Therefore, no allowance is established. At June 30, 2009, the various components of deferred revenue and unearned revenue reported were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Governmental funds:		
General Fund:		
Private roads	\$ -	29,855
Income tax	51,645,111	-
Property tax	3,650,209	-
Escrow	-	842,917
General Capital Projects Fund		
Due from governmental agencies	450,000	-
Highway Capital Projects Fund	-	1,729
Non-major funds:		
Due from governmental agencies	-	8,852,976
Recreation program fees	-	2,948,217
Total governmental funds	\$ 55,745,320	12,675,694

4. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2009 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Special Revenue Funds - Grants Fund	\$ 200,585
	Enterprise Funds - Special Recreation Facility	26,331
Highway Capital Projects	General Capital Projects Fund	35,108,265
	Nonmajor Capital Projects Funds - Public Libraries, Storm Drainage Funds	<u>117,737</u>
		<u>\$ 35,452,918</u>

The balances due to the General and Highway Capital Projects Funds are the result of loans made to cover operating cash deficits.

Transfers:

Interfund transfers for the year ended June 30, 2009 consisted of the following:

Fund	Reconciliation of Transfers In and Out								
	General	Agricultural Land Pres.	Capital Projects			Non-major Special Revenue	Internal Service	Enterprise	Total In
			General	Highway	Non-major				
General	\$ -	185,447	7,580,099	4,123,393	4,239,955	4,947,833	6,000,157	686,504	27,763,388
Capital Projects:									
General	10,281,986	-	-	-	-	1,750,000	-	-	12,031,986
Highway	9,635,000	-	9,663,846	-	-	-	-	-	19,298,846
Non-major	1,145,000	-	8,774,457	-	-	4,375,000	-	-	14,294,457
Non-major Special Revenue	21,602,317	-	-	-	-	-	-	-	21,602,317
Internal Service	-	-	-	-	-	-	3,066,518	-	3,066,518
Enterprise	(1,009,000)	-	-	-	-	-	-	-	(1,009,000)
Total Out	\$ 41,655,303	185,447	26,018,402	4,123,393	4,239,955	11,072,833	9,066,675	686,504	97,048,512

The transfers out from the General Fund are operating funding to a State Agency, the disbursement of grant matching funds, and the disbursement of pay-as-you-go monies to various capital projects. The transfers out from the General Capital Projects Fund to other capital project funds are bond funds. When bonds are sold, the proceeds are posted to the General Capital Projects Fund and then transferred to the other capital project funds as expenditures occur. 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. The transfers out from the internal service funds are the return of surplus to the General Fund, and the transfer of residual net assets from the Radio Maintenance Fund which closed at the end of fiscal year 2009 to the Information Systems Services Fund.

5. Due From Other Governments

The amounts due from other governments are primarily tax and grant revenues due from the Federal and State governments.

6. Property Tax and Transfer Tax

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

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

7. Capital Assets

Capital asset activity for governmental activities for the fiscal year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 424,157,955	9,737,719	2,071,465	431,824,209
Construction in progress	176,085,529 *	55,422,977	37,545,764	193,962,742
Total capital assets, not being depreciated	<u>600,243,484</u>	<u>65,160,696</u>	<u>39,617,229</u>	<u>625,786,951</u>
Capital assets being depreciated:				
Buildings	194,108,384	6,121,108	-	200,229,492
Improvements other than buildings	68,429,529	3,509,412	-	71,938,941
Equipment	94,826,929	21,546,725	2,539,169	113,834,485
Infrastructure	270,205,728	10,733,389	1,461,094	279,478,023
Total capital assets, being depreciated	<u>627,570,570</u>	<u>41,910,634</u>	<u>4,000,263</u>	<u>665,480,941</u>
Less accumulated depreciation for:				
Buildings	56,627,140	3,804,007	-	60,431,147
Improvements other than buildings	30,391,082	2,828,906	-	33,219,988
Equipment	55,918,812	11,060,652	2,410,759	64,568,705
Infrastructure	117,607,050	7,840,275	745	125,446,580
Total accumulated depreciation	<u>260,544,084</u>	<u>25,533,840</u>	<u>2,411,504</u>	<u>283,666,420</u>
Total capital assets, being depreciated, net	<u>367,026,486</u>	<u>16,376,794</u>	<u>1,588,759</u>	<u>381,814,521</u>
Governmental activities capital assets, net	<u>\$ 967,269,970</u>	<u>81,537,490</u>	<u>41,205,988</u>	<u>1,007,601,472</u>

* restated

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

Governmental activities:	Amount
General government	\$ 1,678,687
Public safety	2,884,804
Public facilities	12,915,219
Legislative and judicial	19,331
Community services	819,520
Recreation and parks	2,201,176
Capital assets held by the government's internal service funds are charged to the various functions based on usage of assets	<u>5,015,103</u>
Total depreciation expense - governmental activities	<u>\$ 25,533,840</u>

Capital asset activity for business-type activities for the fiscal year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 10,802,873	-	-	10,802,873
Construction in progress	<u>106,295,697</u>	<u>37,537,893</u>	<u>18,094,183</u>	<u>125,739,407</u>
Total capital assets, not being depreciated	<u>117,098,570</u>	<u>37,537,893</u>	<u>18,094,183</u>	<u>136,542,280</u>
Capital assets being depreciated:				
Buildings	37,019,412	2,921,338	-	39,940,750
Improvements other than buildings	591,533,465	19,255,662	24,972	610,764,155
Equipment	<u>1,572,652</u>	<u>244,004</u>	<u>-</u>	<u>1,816,656</u>
Total capital assets, being depreciated	<u>630,125,529</u>	<u>22,421,004</u>	<u>24,972</u>	<u>652,521,561</u>
Less accumulated depreciation for:				
Buildings	8,649,811	728,879	-	9,378,690
Improvements other than buildings	259,764,537	11,547,399	571	271,311,365
Equipment	<u>998,658</u>	<u>68,057</u>	<u>-</u>	<u>1,066,715</u>
Total accumulated depreciation	<u>269,413,006</u>	<u>12,344,335</u>	<u>571</u>	<u>281,756,770</u>
Total capital assets, being depreciated, net	<u>360,712,523</u>	<u>10,076,669</u>	<u>24,401</u>	<u>370,764,791</u>
Business-type activities capital assets, net	<u>\$ 477,811,093</u>	<u>47,614,562</u>	<u>18,118,584</u>	<u>507,307,071</u>

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

Business-type activities:	Amount
Water and Sewer system	\$ 12,304,252
Golf course	40,083
Total depreciation expense - business-type activities	<u>\$ 12,344,335</u>

Construction Commitments

Howard County government total encumbrances outstanding as of June 30, 2009 were \$177,837,418.

8. Long-Term Debt

A. Primary Government

A summary of long-term debt outstanding for the primary government at June 30, 2009 is as follows:

	<u>Due Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Governmental Activities:			
Consolidated public improvement bonds (1)	2009-2029	2.00% to 5.25%	\$ 671,880,814
State Water Quality Revolving Loan	2009-2016	2.41%	7,980,000
Total debt subject to statutory limit			679,860,814
Compensated Absences	various	not applicable	19,046,886
Net OPEB Obligation	various	not applicable	49,693,803
Landfill closure obligation	various	not applicable	34,503,000
Agricultural Land Preservation Program	2009-2028	6.00% to 8.60%	61,240,200
Total Governmental Activities			(2) 844,344,703
Business Type Activities:			
Metropolitan district bonds (1)	2009-2038	2.00% to 5.25%	\$ 110,889,110
State water quality revolving loan	2008-2024	1.10% to 4.33%	46,575,788
Special facility revenue bonds	2008-2020	2.00% to 3.800%	7,395,000
Compensated Absences	various	not applicable	696,052
Net OPEB Obligation	various	not applicable	741,449
Major water and sewer agreements	various	not applicable	2,922,762
Total Business Type Activities			(3) 169,220,161
Total Debt			<u>\$ 1,013,564,864</u>

Note (1): Adjusted to reflect accreted interest on Capital Appreciation Bonds.

Note (2): Does not include deferred refunding premium liability of \$32,707,325, economic refunding loss of (\$1,615,851), and unpaid insurance claims of \$5,680,757 shown in the Statement of Net Assets.

Note (3): Does not include deferred refunding premium of \$1,391,637, and economic refunding loss of (\$538,273) shown in the Statement of Net Assets. Also, does not include developer agreement rebates of \$393,889, (a contractual obligation to reimburse a developer for a portion of the cost of constructing water/sewer lines donated to the County) or deferred water and sewer assessments of \$29,711,142.

The County is subject to State and County law which limits the amount of applicable General County debt (including Consolidated Public Improvement Bonds, State Water Quality Loan, Local Government Insurance Trust, and Maryland State Retirement) outstanding to 4.8 percent of the assessed value of real property and personal property located in the County. At June 30, 2009 the statutory debt limit was \$2,286,682,866 providing a debt margin of \$1,606,822,052. The authorized, unissued General County Bonds, Metropolitan District Bonds and Water Quality Bonds at June 30, 2009 were \$355,956,846, \$238,481,022, and \$88,011,372 respectively. It is the County's intent to use such unissued bonds to fund future capital projects. There is no overlapping municipal bonded debt in the County and the County is in compliance with its debt agreement provisions.

The changes in long-term debt for the primary government for the year ended June 30, 2009 are as follows:

	Balance			Balance June 30, 2009	Amounts Due Within One Year
	June 30, 2008	Additions	Retirements		
Consolidated public improvement bonds (1)	\$ 648,874,905	69,840,909	46,835,000	671,880,814	47,415,814
State Water Quality Revolving Loan	9,760,000	-	1,780,000	7,980,000	2,185,000
Compensated absences	17,845,511	2,022,500	821,125	19,046,886	920,099
Landfill closure obligation	34,656,180	-	153,180	34,503,000	-
Agricultural Land Preservation Program	60,582,200	893,000	235,000	61,240,200	242,000
Total long-term debt	<u>771,718,796</u>	<u>72,756,409</u>	<u>49,824,305</u>	(2) <u>794,650,900</u>	<u>50,762,913</u>
Metropolitan district bonds (1)	89,796,846	26,382,264	5,290,000	110,889,110	6,210,000
State Water Quality Revolving Loan	49,219,990	966,706	3,610,908	46,575,788	3,758,615
Special facility revenue bonds	7,915,000	-	520,000	7,395,000	525,000
Compensated absences	640,691	78,593	23,232	696,052	14,800
Major water and sewer agreements	3,003,736	658,825	739,799	2,922,762	-
Total enterprise fund	<u>150,576,263</u>	<u>28,086,388</u>	<u>10,183,939</u>	(3) <u>168,478,712</u>	<u>10,508,415</u>
Total	<u>\$ 922,295,059</u>	<u>100,842,797</u>	<u>60,008,244</u>	<u>963,129,612</u>	<u>61,271,328</u>

Note (1): Adjusted to reflect accreted interest on Capital Appreciation Bonds.

Note (2): Does not include deferred refunding premium liability of \$32,707,325, economic refunding loss of (\$1,615,851), unpaid insurance claims of \$5,680,757 and net OPEB obligation of \$49,693,803 shown in the Statement of Net Assets.

Note (3): Does not include deferred refunding premium of \$1,391,637 and economic refunding loss of (\$538,273) shown in the Statement of Net Assets. Also, does not include net OPEB obligation of \$741,449, developer agreement rebates of \$393,889, or deferred water and sewer assessments of \$29,711,142.

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 8, 2009, the County issued \$69,720,000 in **Consolidated Public Improvement Project Bonds** with an effective interest rate of 3.941 percent, \$26,240,000 in **Metropolitan District Project Bonds** with an effective interest rate of 3.912 percent. The County issued these bonds to pay off \$73,400,00 of the 2006 commercial paper bond anticipation notes (BANs); to provide funding for certain capital projects and to pay bond issuance costs.

Since 1993, the County has participated in the **State Water Quality Revolving Loan Program**. Under this program, the State makes loans to local governments with interest rates that are below the market rate for tax-exempt financing. As of June 30, 2009, the County has borrowed \$87,982,218; of which \$73,772,218 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 \$46,575,788 and \$7,980,000, respectively.

Industrial revenue bonds issued by the County for the benefit of private businesses in the County are neither debt of nor charges against the general credit or taxing power of the County. These amounts are not included in general long-term debt (see Note 10).

During fiscal year 1995, the County issued **Special Facility Revenue Bonds** in the amount of \$10,675,000. On June 1, 2003, the County refunded the balance of the **Special Facility Revenue Bonds**, which was \$9,220,000, and issued **Golf Course Refunding Bonds** in the amount of \$9,880,000. The original bonds were issued for the purpose of constructing a public golf course with related facilities. Income derived from the golf course facility is pledged to pay debt service on these bonds and to establish a debt service reserve fund equal to the greatest amount of debt service payable in a fiscal year. The balance in the debt service reserve fund at June 30, 2009 is \$763,423. If a deficiency exists in the debt service reserve fund securing these bonds, the County is obligated to restore the amount in the debt service reserve fund to the maximum annual debt service on these bonds not later than 30 days after the beginning of the first fiscal year beginning after such deficiency is determined, until these bonds have been paid in full. These bonds do not constitute a pledge of the County's full faith and credit or

taxing power, but the County's covenant to restore the amount in the debt service reserve fund is a general contractual obligation of the County.

Under its **Agricultural Land Preservation Program**, the County acquires development rights on a parcel of agricultural property by entering into an installment purchase agreement with the property owner. Under the terms of the agreement, the County pays the property owner semiannual interest payments for 30 years and minimal portions of the installment purchase price for 29 years. The remaining amount of the purchase price is paid at the end of 30 years with a balloon payment. Upon execution of an agreement, the County purchases stripped-coupon U.S. Treasury obligations in amounts sufficient to equal the balloon payment in 30 years (See Note 2). The County acquires the development rights to the land in perpetuity.

In prior years, the County defeased certain Consolidated Public Improvement and Metropolitan District bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included as long-term obligations of the County or Enterprise Fund. At June 30, 2009, \$55,466,460 of Consolidated Public Improvement bonds and \$4,610,000 of Metropolitan District bonds are considered defeased.

A summary of debt service requirements to maturity, including principal and interest, for certain long-term debt as of June 30, 2009 is as follows:

Debt service requirements of governmental activities:

Year ending June 30:	General County Bonds *		Agricultural Land Program	
	Principal	Interest	Principal	Interest
2010	\$ 49,600,814	30,313,453	242,000	4,604,765
2011	48,665,000	27,977,382	151,000	4,603,863
2012	47,990,000	25,992,871	242,000	4,591,498
2013	46,475,000	24,049,134	151,000	4,573,444
2014	43,795,000	21,976,572	242,000	4,561,079
2015-2019	188,875,000	81,650,757	9,945,200	21,604,225
2020-2024	164,745,000	41,403,632	42,263,000	10,316,521
2025-2029	89,715,000	9,387,624	8,004,000	1,517,871
	\$ 679,860,814	262,751,425	61,240,200	56,373,266

* Includes accreted interest on Capital Appreciation Bonds.

Debt service requirements of business-type activities:

Year ending June 30:	Metro District Bonds		Water Quality		Special Facility Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
	2010	\$ 6,099,110	4,743,613	3,758,615	1,343,814	525,000
2011	5,535,000	4,407,852	3,867,209	1,246,719	540,000	219,822
2012	5,580,000	4,173,722	3,979,312	1,144,035	555,000	204,747
2013	5,225,000	3,973,713	4,094,051	1,038,129	575,000	187,797
2014	5,430,000	3,767,014	3,017,153	872,027	590,000	170,322
2015-2019	28,440,000	15,292,537	15,522,066	3,273,985	3,245,000	548,171
2020-2024	23,460,000	9,613,206	12,139,100	1,296,573	1,365,000	50,265
2025-2029	20,610,000	5,015,025	198,282	33,296	-	-
2030-2034	7,855,000	1,512,789	-	-	-	-
2035-2038	2,655,000	252,787	-	-	-	-
	<u>\$ 110,889,110</u>	<u>52,752,258</u>	<u>46,575,788</u>	<u>10,248,578</u>	<u>7,395,000</u>	<u>1,613,471</u>

B. Component Units

The changes in long-term obligations for the component units for the year ended June 30, 2009 are as follows:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009
Public School System:				
Capital leases and compensated absences	\$ 20,293,599	11,739,542	7,035,972	24,997,169
Community College:				
Loans and compensated absences	13,332,260	3,783,406	4,883,640	12,232,026
Library:				
Compensated absences	756,530	92,996	-	849,526
Housing:				
Loans and compensated absences	17,015,494	35,881,506	940,051	51,956,949
Total	\$ 51,397,883	51,497,450	12,859,663	90,035,670

9. Short-Term Debt

The changes in short-term debt for the primary government for the year ended June 30, 2009 are as follows:

Type	Balance July 1, 2008	Issued	Retired	Balance June 30, 2009
Bond Anticipation Note	\$ 86,000,000	-	73,400,000	12,600,000

10. Conduit Debt

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

As of June 30, 2009, there were 67 series of conduit debt outstanding. The aggregate principal amount payable for the 16 series issued after July 1, 1996 was \$115,288,286. The aggregate principal amount payable for the 51 series issued prior to June 30, 1996 could not be determined; however, their original issue amounts totaled \$203,899,329.

11. Lease Obligations

Operating Leases – Primary Government

The County is committed under various long-term operating lease agreements for office space as lessee. Lease expenditures for the year ended June 30, 2009 amounted to \$3,585,430. Future lease payments including any agreed upon percentage increases are as follows:

Fiscal Year	
2010	\$ 3,287,329
2011	1,582,343
2012	545,743
2013	443,763
2014	443,673
2015-2017	889,009

The County also leases County-owned tower space under various long-term operating lease agreements as lessor. Lease revenues for the year ended June 30, 2009 amounted to \$305,667. Future lease revenues are as follows:

Fiscal Year	
2010	\$ 125,983
2011	9,040
2012	9,040
2013	9,040
2014	9,040
2015-2017	1,703

Capital Leases

In Fiscal Year 2008, the golf course entered into two lease agreements as lessee for financing the acquisition of one mower and one tractor with a down payment of \$18,086 through the Special Recreation Facility Fund. These lease agreements qualify as capital leases for accounting purposes, and must be recorded at the lesser of their fair value or the present value of their future minimum lease payments. Therefore, they have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through these capital leases are as follows:

	<u>Business Activities</u>
Asset:	
Machinery and Equipment	\$ 50,386
Less: Accumulated Depreciation	<u>(10,156)</u>
Total	<u>\$ 40,230</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009 are as follows:

	<u>Business Activities</u>
Year Ending June 30	
2010	\$ 18,086
Less: amount representing interest	<u>(1,323)</u>
Present value of minimum lease payments	<u>\$ 16,763</u>

12. Restricted Assets

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

13. Landfill Closure and Post-Closure Care Cost

State and federal laws and regulations require the County to place a final cover cap on closed cells at the currently operating Alpha Ridge Landfill and to perform certain maintenance and monitoring functions at the landfill site for a minimum period of 30 years after closure. The County recognizes a portion of these costs in each operating period based on landfill capacity used as of each balance sheet date. Closure and post-closure care costs are paid after each cell is filled to capacity. The closure cap for a 70-acre inactive landfill cell was completed in 2001. 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 \$41,231,800. Actual cost may differ due to inflation or future design changes. The County ceased using the Alpha Ridge Landfill as its primary disposal site as of March 1997 and, thus, it is not expected to use the landfill to its full capacity in the foreseeable future. The

County is exporting waste to a regional landfill in Virginia. The remaining capacity at the landfill will be held for backup or future use. As of June 30, 2009, the County has recognized \$34,503,000 of these costs. This cumulative amount reported to date is based on the use of 71.01 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 \$6,728,800. The County intends to finance these costs through the proceeds of bonds and through its annual operating budget. The General Fund has been used in prior years to liquidate the liability.

14. Retirement Plans

Generally, the majority of employees of the primary government, except certain police and fire officers, participate in the Howard County Retirement Plan ("Retirement Plan") which was established July 1, 1995. As of that date, approximately 73 percent of the County employees participating in the Maryland State Retirement Systems, described below, transferred to the Retirement Plan. Certain police and fire personnel participate in the Howard County Police and Fire Employees' Retirement Plan ("Police and Fire Plan") which was established July 1, 1990. The Retirement Plan and the Police and Fire Plan are single-employer defined benefit public employee retirement plans administered by Howard County, Maryland. The financial statements of the Plans were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The remaining employees of the primary government participate in the State Employees Retirement System ("Retirement System") established October 1, 1941, and the State Employees Pension System ("Pension System") established January 1, 1980. These cost-sharing multiple-employer defined benefit systems administered by the Maryland State Retirement Systems were established under the provisions of Article 73B of the Annotated Code of Maryland. Responsibility for administration and operation of the systems vests in a 14-member Board of Trustees ("Trustees"). The Retirement Plan and the Police and Fire Plan were established and operate under the provisions of the Howard County Code, Sections 1.400, 1.401 to 1.478 and 1.401A to 1.478A. Substantially all of the County's full-time benefited and part-time benefited employees are eligible to participate in the Retirement Plan, except for certain exceptions provided for in Howard County Code Section 1.406. Responsibility for administration and operation of the Retirement Plan and the Police and Fire Plan vests in 7-member Retirement Committees ("Committees"). The Committees and the Trustees have authority to establish and amend the respective benefit and contribution provisions. All full-time and permanent part-time employees of the County must be members of one of the plans. Police and fire officers hired on or after July 1, 1990 must enroll in the Police and Fire Plan. All other employees hired after July 1, 1995 must enroll in the Retirement Plan.

The payroll for employees covered by the Retirement Plan for the year ended June 30, 2009 was \$84,885,555. The payroll for police and fire employees covered by the Police and Fire Plan for the year ended June 30, 2009 was \$52,617,234. The payroll for employees covered by the State Retirement System and State Pension System for the year ended June 30, 2009 was \$2,365,647 and \$5,370,586 respectively. The County's total payroll was approximately \$171,359,166. 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 contacting the County via e-mail at staghavi@howardcountymd.gov.

The Retirement Plan and the Police and Fire Plan provide retirement benefits as well as death and disability benefits and cost-of-living adjustments. Under the conditions of the Retirement Plan, participants attaining the age of 62 who have completed two years of eligibility service and the sum of attained age in whole years and years of eligibility service equal at least 67 or participants who have completed 30 years eligibility service, are entitled to a normal retirement benefit. After July 1, 2005, normal retirement is also defined as 20 years of service for participating Corrections employees. For non-Corrections participants, the benefit is 1.55% of the participants average compensation times the participant's creditable service. The Plan permits early retirement for participants who attain the age of 55 and have completed 15 years of eligibility service. The benefit is reduced ½ percent for each month the early retirement date precedes the participant attaining age 62. For participants who reach a termination after August 31, 2002, early retirement is also provided to participants who achieve 25 years of eligibility service. This benefit is reduced by ½ percent each month the benefit commencement date precedes 30 years of eligibility service, or ½ percent for each month the retiree's age precedes age 62, if less. Participating Corrections employees who retire on or after July 1, 2005 are entitled to receive a normal retirement benefit of 2.5 percent of average compensation multiplied by years of creditable service (up to 20 years) plus 1 percent of average compensation multiplied by service greater than 20 years but less than 30 years (excluding sick leave, which is always credited at 1 percent of average compensation.) Prior

to July 1, 2005, other rules applied. The benefit was 2.0 percent of average compensation multiplied by post-1997 creditable service. The benefit for pre-1998 creditable service is 1.55 percent or 2 percent, depending on phase-in rules. Participants become vested after 5 years of eligibility service and are entitled to a benefit beginning at age 62. If an employee leaves employment or dies before 5 years of eligibility service, prior to July 1, 2006, accumulated employee contributions plus 5 percent interest are refunded to the employee or the designated beneficiary. If an employee leaves employment or dies before 5 years of eligibility service after July 1, 2006, accumulated employee contributions plus 2 percent interest are refunded to the employee or designated beneficiary. A participant who becomes totally and permanently disabled may retire prior to normal retirement and receive a benefit. Both disability and death benefits vary if incurred in the line of duty. Participant contributions are 8.5 percent of base pay for participating Corrections participants with less than 20 years of creditable service, 0 percent for Corrections participants with greater than 20 years of creditable service and 2 percent of base pay for other participants. The County funds the remainder of the cost of its employees' participation in the Retirement Plan.

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

Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses, benefits, and refunds are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

The Retirement Plan and the Police and Fire Plan's funding policies provide for periodic employer contributions at actuarially determined rates that, expressed as percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. During the year ended June 30, 2009 contributions to each plan were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at July 1, 2008. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the accrued actuarial liability.

Actuarial assumptions are as follows:

	Howard County Retirement Plan	Police and Fire Retirement Plan
Contribution rates:		
County	11.3%	26.9%
Plan members	2.0-8.5%	7.7-11.6%
Annual pension cost (thousands)	\$9,745	\$14,426
Contributions made (thousands)	\$9,745	\$14,426
Actuarial valuation date	7/1/08	7/1/08
Actuarial methods and significant assumptions:		
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percentage	Level percentage
	of pay, increases 3.0% annually	of pay, increases 3.0% annually
Remaining amortization period	15-30 years, except actuarial gains and losses which are amortized over 15 years	15-30 years, except actuarial gains and losses which are amortized over 15 years
Asset valuation method	5-year smoothed market	5-year smoothed market
Investment rate of return	8% compounded annually, gross of investment expenses	8% compounded annually, gross of investment expenses
Projected salary increases*	4.0-7.0%	4.0-8.5%
Cost-of-living adjustments	3%, compounded	2%, compounded

* Includes inflation at 3%

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

	Year Ending	Annual Pension Cost (000)	Percentage of ARC Contributed	Net Pension Obligation
Retirement Plan	6/30/04	\$ 6,432	100	0
	6/30/05	7,163	100	0
	6/30/06	9,253	100	0
	6/30/07	9,695	100	0
	6/30/08	10,022	100	0
	6/30/09	9,745	100	0
Police and Fire Plan	6/30/04	\$ 7,923	100	0
	6/30/05	9,401	100	0
	6/30/06	12,217	100	0
	6/30/07	13,549	100	0
	6/30/08	14,717	100	0
	6/30/09	14,426	100	0

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

Schedule of Funding Progress - Howard County Retirement Plan

Actuarial Valuation Date of July 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a % of Covered Payroll
2008	\$ 217.2	\$ 225.6	96.3%	\$ 8.4	\$ 81.5	10.3%

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

Actuarial Valuation Date of July 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a % of Covered Payroll
2008	\$ 238.4	\$ 300.7	79.3%	\$ 62.3	\$ 46.9	132.9%

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

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

Generally, all employees of the component units participate in The State of Maryland Employees' Retirement and Pension Systems ("Employees' Retirement and Pension Systems") and the Teachers' Retirement and Pension Systems ("Teachers' Retirement and Pension Systems"). The component units' employer contributions to the Employees' Retirement and Pension Systems were \$3,466,173, \$3,694,713 and \$3,100,937 for the years ended June 30, 2009, 2008 and 2007 respectively. Contributions to the Teachers' Retirement and Pension Systems are made directly by the State of Maryland according to State statute on behalf of the component units and amounted to \$44,755,291, \$41,099,879 and \$32,258,775 in 2009, 2008 and 2007, respectively.

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

15. Other Post-Employment Benefits

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

Plan Description

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

The County provides a post-employment health insurance program in addition to the pension benefits described in Note 14. These post-employment benefits are subject to change at any time. All employees who retire from the County may participate in the program. In order to be eligible, the retiree must have a minimum of ten years of County service, and immediately preceding retirement, been enrolled in a medical, vision or prescription drug insurance plan offered to active employees of the County. The County will pay a percentage of the retiree's health insurance premium based upon these criteria. This percentage varies with the number of years of service attained by the employee. Other retirees who do not meet the eligibility criteria are permitted to participate in the retirees' health insurance program by paying the full premium at the group rate.

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

As of 12/1/2008 for Board of Education, 2/1/2009 for General Government and 3/1/2009 for College, 9,413 employees of the County and its component units met the eligibility requirements set by each entity. Separate financial statements for the OPEB Plan are not available.

Basis of Accounting

The Plan's financial information is prepared based on the accrual accounting. Expenditures are recognized on the accrual basis as retirees' insurance costs are incurred. For FY 2009, the Plan's insurance costs are \$13.4 million; \$5.2 million is paid by the retirees and the balance that is paid by the County and its component units through the County's self insurance fund (internal service fund) is reimbursed by the trust.

Funding Policies and Funded Progress

The Plan's funding policy provides for the County to contribute to the trust the actuarially determined annual required contribution (ARC). In FY 2009, the County contributed \$5 million from operating revenue. The County's eight year phase-in funding policy has been deferred due to the extraordinary economic downturn. Fiscal Year 2010 includes funding for pay-as-you go OPEB costs only. Effective July 1, 2009 (for the County and Library) and July 1, 2010 (Public Schools) the benefit has been reduced. Those reductions are estimated to reduce the ARC by \$10.7 million. The County expects to return to its eight year phase in of the ARC in Fiscal Year 2012.

The required contribution amount and OPEB expense per the most recent actuarial valuation report with valuation date of 12/1/2008 for Board of Education, 2/1/2009 for General Government and 3/1/2009 for College are presented below:

	Actuarial Unfunded Accrued Liability	Amortization of Actuarial Unfunded Accrued Liability	Normal Cost	Annual Required Contribution	ARC Funding	Net OPEB Obligation (NOO)
	<i>1</i>	<i>2</i>	<i>3</i>	<i>2 + 3</i>	<i>4</i>	<i>2 + 3 - 4</i>
Schools	\$ 461,904,000	20,776,000	23,520,000	44,296,000	8,068,884	36,227,116
College	11,777,000	530,000	838,000	1,368,000	255,278	1,112,722
County ⁽¹⁾	199,783,000	8,986,000	10,518,000	19,504,000	6,408,386	13,095,614
	\$ 673,464,000	30,292,000	34,876,000	65,168,000	14,732,548	50,435,452

(1) Enterprise Fund share of PAYGO funding and net OPEB obligation is \$164,317 and \$741,449 respectively.

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	12/1/08 for Board of Ed, 2/1/09 for General Gov't and 3/1/09 for College
Actuarial cost method	Projected Unit Credit
Amortization method	29 years using level percentage of pay
Asset valuation method	Fair Value
Actuarial trend assumption:	Medical and prescription drug trend rate applied to FY 2009 is 8.50%. This rate decreases by .5% for FY 2010 thru FY 2011, then decrease by 1.70% in FY2012 . The ultimate rate is 4.20%.
	Dental trend to be applied is 5.00% for all years.
Interest assumption	Discount rate of 4.70%
Salary increases	3.00%

16. Deferred Compensation Plan

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

17. Risk Management

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

The reporting entity belongs to the Maryland Local Government Insurance Trust ("LGIT"), which provides insurance for claims in excess of coverage provided by the reporting entity's Risk Management Fund. The County pays an annual premium to LGIT for this coverage. The reporting entity participates in LGIT in the areas of excess property, general and automobile liability coverages. LGIT consists of various counties and local municipalities. LGIT was created to provide broader insurance coverages than those available from commercial insurers, coverages which would otherwise be unavailable, and loss control and risk management services. Settled claims have not exceeded this coverage in any of the past five fiscal years.

All funds and component units of the reporting entity, excluding the Howard County Public School System, participate in the risk management program and make payments to the Internal Service Funds based on a combination of actuarial estimates and historical cost information. These amounts are needed to pay prior and current year claims and to establish a reserve for future claims and/or catastrophic losses. The Howard County Public School System has its own risk management program.

As of June 30, 2009, the combined net assets for the two Internal Service Funds are \$10,229,348 and are reported as reserved for insurance claims in the Internal Service Funds. The combined claims liability of the two funds, \$11,487,988 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 2008 and 2009 are presented in the schedule below.

		Current Year Claims and			End of Year	Expected Amount Due Within One Year
		Beginning of Year	Changes in Estimates	Claims Payments		
2009	\$	9,972,713	39,784,845	(38,269,570)	11,487,988	5,807,231
2008	\$	9,946,031	35,407,488	(35,380,806)	9,972,713	-

The current portion is included under accounts payable and other current liabilities and the non current portion is included under Noncurrent liabilities – due in more than one year on the Government Wide Statement of Net Assets.

18. Prior Period Adjustment and Individual Fund Disclosure

The General, Public Libraries, and Storm Drainage Capital Projects Funds will eliminate their deficits of (\$53,062,003), (\$507,307) and (\$991,258), respectively, through future bond sales.

The adjustment of the beginning fund balance of the Community Renewal Program Fund is to properly record housing loans receivable from prior fiscal years in the amount of \$2,480,860.

The adjustment to restate net assets of governmental activities shown on the Statement of Activities is largely the result of failing to capitalize all eligible expenditures as construction in progress in the amount of \$24,775,457. Of this amount, \$2.7 million relates to fiscal years prior to 2008.

19. Commitments and Contingencies

Grants

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

Construction

The County had \$692,576,791 authorized but unobligated capital project appropriations at June 30, 2009.

Yard Debris Composting Intergovernmental Agreement

The County participates in a regional yard waste composting program under the terms of a June 1995 Intergovernmental agreement with Baltimore and Anne Arundel Counties, and Maryland Environmental Services (“MES”).

Pursuant to the agreement, the County agrees to deliver a minimum of 8,000 tons of yard debris per year for composting to the site located in Howard County. The \$54.28 per ton processing fee covers the County’s share of the operating cost. In lieu of delivering the required 8,000 tons of yard debris, the County has an option under the agreement to pay for its proportionate share of the program’s operating costs. The agreement expires in 2015.

Composting operations ceased at the composting site due to odor problems. Yard debris is currently delivered to the facility and then exported for composting. The parties modified the inter-governmental agreement to provide for the sale of the property and to use the proceeds of the sale to defease the bonds. The property sale was completed in September 1999. The bonds were defeased in September 2005.

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.

**Required Supplementary
Information**



Howard County, Maryland
Required Supplementary Information
Pension Trust Funds
For the Year Ended June 30, 2009

Required supplementary information (unaudited) for the Howard County Retirement Plan for the years ended June 30, 2007, 2008, and 2009 respectively, is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/06	\$ 165,915,183	\$ 181,249,863	91.5%	\$ 15,334,680	\$ 71,415,550	21.5%
7/1/07	192,985,856	199,722,676	96.6%	6,736,820	72,454,154	9.3%
7/1/08	217,212,899	225,594,376	96.3%	8,381,477	81,475,327	10.3%

Required supplementary information (unaudited) for the Howard County Police and Fire Employees' Retirement Plan for the years ended June 30, 2007, 2008, and 2009 respectively, is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/06	\$ 180,087,521	\$ 245,378,647	73.4%	\$ 65,291,126	\$ 41,773,853	156.3%
7/1/07	210,784,674	270,497,729	77.9%	59,713,055	43,604,715	136.9%
7/1/08	238,417,336	300,686,389	79.3%	62,269,053	46,863,025	132.9%

**Howard County, Maryland
Required Supplementary Information
Other Post Employment Benefits Fund
For the Year Ended June 30, 2009**

Schedule of funding progress (unaudited) for the Howard County Post Employment Benefits Plan for the year ended June 30, 2009 is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/07	-	707,256,000	0.0%	707,256,000	486,385,877	145.4%
7/1/08	14,000,000	687,464,000	2.0%	673,464,000	627,617,736	107.3%

Schedule of employer contribution (unaudited) for the Howard County Post Employment Benefits Plan for the year ended June 30, 2009 is as follows:

Date	ARC	Contribution	Percentage of ARC Contributed	Net OPEB Obligations
6/30/08	73,601,000	21,977,714	30%	51,623,286
6/30/09	65,168,000	14,732,748	23%	50,435,252

Combining and Individual Fund Statements and Schedules

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

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



General Fund

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



Howard County, Maryland
Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2009

	Budget Amounts		Revenues	Variance with
	Original	Final		Final budget
				Over (Under)
Property taxes:				
Real, personal and corporate	\$ 389,678,547	389,678,547	400,476,759	10,798,212
Payment in lieu of taxes	1,436,074	1,436,074	608,659	(827,415)
Additions and abatements	750,000	750,000	(1,256,016)	(2,006,016)
Interest on taxes	750,000	750,000	1,259,642	509,642
Tax sale revenue	300,000	300,000	-	(300,000)
Total property taxes	392,914,621	392,914,621	401,089,044	8,174,423
Other local taxes:				
Local income tax surcharge	331,351,570	331,351,570	317,213,178	(14,138,392)
Admission tax	2,000,000	2,000,000	2,121,909	121,909
Recordation	18,805,260	18,805,260	12,991,383	(5,813,877)
Mobile home	600,000	600,000	577,657	(22,343)
Hotel / motel	3,803,625	3,803,625	3,059,774	(743,851)
Total other local taxes	356,560,455	356,560,455	335,963,901	(20,596,554)
State shared taxes:				
Highway	15,775,764	15,775,764	13,357,472	(2,418,292)
Corporate	15,000	15,000	51,696	36,696
Total state shared taxes	15,790,764	15,790,764	13,409,168	(2,381,596)
Revenues from other governments:				
Grants from federal government	35,000	35,000	112	(34,888)
Grants from state government:				
Human resources	502,841	502,841	585,336	82,495
Police protection	3,500,000	3,500,000	3,471,474	(28,526)
Soil conservation	35,000	35,000	43,407	8,407
911 system reimbursement	2,760,500	2,760,500	2,212,292	(548,208)
Total revenues from other governments	6,833,341	6,833,341	6,312,621	(520,720)
Charges for services:				
Sale of maps and publications	3,500	3,500	1,828	(1,672)
Civil marriage	10,000	10,000	7,880	(2,120)
Tax certificates	175,000	175,000	119,855	(55,145)
Other charges for services	-	-	10	10
Planning and zoning fees	1,025,000	1,025,000	670,490	(354,510)
IRB and MIDFA loan fees	2,000	2,000	1,000	(1,000)
Rental housing inspection fees	575,500	575,500	767,605	192,105
Extension development agreement fees	28,000	28,000	31,350	3,350
Development - review fees	1,500,000	1,500,000	947,409	(552,591)
Development - specifications	10,000	10,000	5,660	(4,340)
Developer - water and sewer overhead	900,000	900,000	328,168	(571,832)
Sale of topographic maps	-	-	15	15
House type revision fees	111,500	111,500	94,738	(16,762)
Master in chancery fees	133,800	133,800	134,792	992
Police records check	55,000	55,000	54,669	(331)
Sheriff fees	250,000	250,000	367,875	117,875
Boarding prisoners	1,911,000	1,911,000	2,323,943	412,943
Weekender inmate fees	25,000	25,000	31,044	6,044
Recreation and parks other	145,000	145,000	100,495	(44,505)
Use of county landfill	10,000	10,000	555	(9,445)
Parking meters	60,000	60,000	47,521	(12,479)
Private road revenue	7,500	7,500	6,139	(1,361)
Other road charges for services	11,000	11,000	9,089	(1,911)
CATV franchise fee	3,488,025	3,488,025	3,865,412	377,387
Total charges for services	10,436,825	10,436,825	9,917,542	(519,283)

(Continued)

Howard County, Maryland
Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2009

	Budget Amounts		Revenues	Variance with Final Budget Over (Under)
	Original	Final		
Interest on investments	10,398,990	10,398,990	4,499,093	(5,899,897)
Licenses and permits:				
Beer, wine and liquor	233,500	233,500	263,745	30,245
Traders	450,000	450,000	490,490	40,490
Peddlers and solicitors	8,500	8,500	20,607	12,107
Building	3,690,125	3,690,125	2,315,615	(1,374,510)
Electrical	1,199,600	1,199,600	904,464	(295,136)
Plumbing	911,250	911,250	736,144	(175,106)
Trailer park	7,000	7,000	6,800	(200)
Signs	35,000	35,000	48,900	13,900
Animal license	72,000	72,000	57,550	(14,450)
Marriage license	9,000	9,000	8,235	(765)
Marriage license surcharge	55,500	55,500	66,308	10,808
Other	2,000	2,000	4,199	2,199
Total licenses and permits	6,673,475	6,673,475	4,923,057	(1,750,418)
Recoveries for interfund services:				
Streelight districts	65,000	65,000	21,210	(43,790)
Public works operations - utility pro rata	3,495,291	3,495,291	3,549,291	54,000
Office of law - self insurance	450,638	450,638	494,091	43,453
Planning and zoning	2,000	2,000	-	(2,000)
Pension plan	125,000	125,000	150,278	25,278
Public works - W&S capital projects pro rata	400,000	400,000	375,833	(24,167)
Waste management pro rata	682,048	682,048	682,048	-
Public works - water and sewer developer capital projects	450,000	450,000	405,833	(44,167)
General county capital projects pro rata share	390,000	390,000	330,833	(59,167)
Total recoveries for interfund services	6,059,977	6,059,977	6,009,417	(50,560)
Fines and forfeitures	3,465,790	3,465,790	3,565,936	100,146
Component units return of funding:				
Community college	589,964	589,964	589,962	(2)
Total component units	589,964	589,964	589,962	(2)
Miscellaneous revenues:				
Commissions, rents and concessions	145,000	145,000	104,028	(40,972)
Sale of property and equipment	21,000	21,000	57,176	36,176
Other revenue	571,500	571,500	2,247,336	1,675,836
Total miscellaneous revenue	737,500	737,500	2,408,540	1,671,040
Total revenues	810,461,702	810,461,702	788,688,281	(21,773,421)
Other sources of financial resources:				
Transfers in:				
Agricultural land preservation fund	185,447	185,447	185,447	-
Interest on investments assigned from various funds	-	-	1,694,703	1,694,703
Fire and rescue fund	3,053,227	3,053,227	3,053,227	-
Community renewal program fund	998,966	998,966	998,966	-
DILP technology debt	503,476	503,476	503,476	-
Technology fee funding	400,000	400,000	400,000	-
Excise tax debt	3,689,153	3,689,153	3,689,153	-
Fire and rescue reserve fund	696,503	696,503	696,503	-
Public school system debt	5,801,403	5,801,403	5,801,401	(2)
Internal service funds-return of surplus	10,000,000	10,000,000	5,800,000	(4,200,000)
Recreation program fund	3,315,215	3,315,215	3,315,215	-
Capital projects - return of funding	20,000	20,000	1,221,773	1,201,773
Housing & community development	403,524	403,524	403,524	-
Total transfers in	29,066,914	29,066,914	27,763,388	(1,303,526)
Appropriation from fund balance	22,691,971	22,691,971	22,691,971	-
Total revenues and other sources of financial resources	\$ 862,220,587	862,220,587	839,143,640	(23,076,947)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2009

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget (Over) Under
	Original	Final				
<u>General Government</u>						
Office of the county executive	\$ 1,041,247	1,041,247	1,018,566	16,137	1,034,703	6,544
Office of the county administrator:						
Contribution for OPEB	275,866	275,866	275,866	-	275,866	-
Bureau of staff services:						
Staff services	1,783,158	1,839,590	1,647,782	85,966	1,733,748	105,842
Personnel board	2,300	-	-	-	-	-
Environmental sustainability	108,490	110,190	109,983	-	109,983	207
Office of human rights	691,215	678,183	632,288	-	632,288	45,895
Human rights commission	17,400	14,415	14,161	-	14,161	254
County employment services	246,921	171,421	65,963	-	65,963	105,458
Total bureau of staff services	3,125,350	3,089,665	2,746,043	85,966	2,832,009	257,656
Bureau of management services:						
Budget division	763,309	838,809	757,322	79,106	836,428	2,381
Human resources	1,363,318	1,338,318	1,208,527	50,723	1,259,250	79,068
Environmental sustainability board	800	800	-	-	-	800
Employee tuition reimbursement	73,750	73,750	73,750	-	73,750	-
Purchasing division	1,108,165	1,102,207	1,085,594	15,372	1,100,966	1,241
Central services	667,136	611,779	582,277	-	582,277	29,502
Public information	851,114	897,614	882,857	-	882,857	14,757
Total bureau of management services	4,827,592	4,863,277	4,590,327	145,201	4,735,528	127,749
Total office of the county administrator	7,952,942	7,952,942	7,336,370	231,167	7,567,537	385,405
Department of economic development	1,384,594	1,384,594	1,384,594	-	1,384,594	-
Total dept of economic development	1,384,594	1,384,594	1,384,594	-	1,384,594	-
Department of finance:						
Office of the director	1,932,110	1,934,110	1,903,433	179	1,903,612	30,498
Bureau of accounting	1,557,203	1,548,703	1,455,149	179	1,455,328	93,375
Bureau of revenue and customer service	1,671,723	1,629,723	1,504,757	3,351	1,508,108	121,615
Bond issue expense	300,000	300,000	274,639	-	274,639	25,361
Utility and miscellaneous billing	515,864	564,364	556,357	59	556,416	7,948
Bureau of payroll / disbursements	974,614	974,614	925,048	250	925,298	49,316
Total department of finance	6,951,514	6,951,514	6,619,383	4,018	6,623,401	328,113
Office of law	3,167,402	3,167,402	3,094,173	-	3,094,173	73,229
Technology and communication services	982,250	982,250	868,460	11,855	880,315	101,935
General fund contingency	1,500,000	309,267	-	-	-	309,267
Total General Government	22,979,949	21,789,216	20,321,546	263,177	20,584,723	1,204,493
<u>Legislative and Judicial</u>						
Legislative:						
Contribution for OPEB	341,087	341,087	341,087	-	341,087	-
County council	2,060,316	2,060,316	1,978,291	-	1,978,291	82,025
County auditor	896,661	896,661	716,679	115,024	831,703	64,958
Board of license commissioners	19,205	19,205	11,203	-	11,203	8,002
Zoning board	134,428	134,428	97,927	-	97,927	36,501
Board of appeals	204,225	204,225	78,812	-	78,812	125,413
Total legislative	3,655,922	3,655,922	3,223,999	115,024	3,339,023	316,899

(Continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2009

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget (Over) Under
	Original	Final				
Judicial:						
Circuit court	\$ 2,535,756	2,535,756	2,346,213	-	2,346,213	189,543
Orphans' court	46,085	46,085	41,531	-	41,531	4,554
Sheriff's department	5,845,761	5,845,761	5,811,377	-	5,811,377	34,384
State attorney's office	6,312,085	6,312,085	5,960,525	1,055	5,961,580	350,505
Total judicial	14,739,687	14,739,687	14,159,646	1,055	14,160,701	578,986
Board of election supervisors	1,234,033	1,289,920	1,212,155	-	1,212,155	77,765
Election expense	1,515,502	1,459,615	894,154	206,400	1,100,554	359,061
Total Legislative and Judicial	21,145,144	21,145,144	19,489,954	322,479	19,812,433	1,332,711
Public Works						
Department of public works:						
Office of the director	3,444,562	3,569,871	3,402,743	30,539	3,433,282	136,589
Contribution for OPEB	695,394	695,394	695,394	-	695,394	-
Total office of the director	4,139,956	4,265,265	4,098,137	30,539	4,128,676	136,589
Bureau of engineering:						
Administrative management division	613,420	586,220	565,807	11,452	577,259	8,961
Transportation & watershed management	999,242	1,020,242	995,883	20,302	1,016,185	4,057
Construction inspection division	3,143,849	3,071,849	2,924,039	100,000	3,024,039	47,810
Survey and drafting division	797,164	800,364	777,580	18,121	795,701	4,663
Total bureau of engineering	5,553,675	5,478,675	5,263,309	149,875	5,413,184	65,491
Bureau of highways:						
Operations	1,129,591	1,129,591	1,106,454	15,511	1,121,965	7,626
Highway maintenance division	14,826,552	16,017,285	14,365,192	1,589,077	15,954,269	63,016
Traffic engineering division	1,402,676	1,402,676	919,579	397,842	1,317,421	85,255
Total bureau of highways	17,358,819	18,549,552	16,391,225	2,002,430	18,393,655	155,897
Bureau of facilities:						
Administration	6,675,309	6,875,309	6,760,509	-	6,760,509	114,800
Building and ground maintenance	7,857,955	7,657,955	7,322,920	55,002	7,377,922	280,033
Total bureau of facilities	14,533,264	14,533,264	14,083,429	55,002	14,138,431	394,833
Bureau of environmental services:						
Stormwater management	1,452,638	1,402,329	1,231,128	139,529	1,370,657	31,672
Total bureau of environmental services	1,452,638	1,402,329	1,231,128	139,529	1,370,657	31,672
Total department of public works	43,038,352	44,229,085	41,067,228	2,377,375	43,444,603	784,482
Department of inspections, licenses and permits:						
Operations division	2,273,674	2,281,874	1,940,561	58,154	1,998,715	283,159
Inspection and enforcement division	3,036,525	3,028,325	2,841,995	-	2,841,995	186,330
Plan review division	1,051,249	1,051,249	987,558	-	987,558	63,691
Licenses and permits division	716,497	716,497	679,266	-	679,266	37,231
Total dept of inspection, license e and permits	7,077,945	7,077,945	6,449,380	58,154	6,507,534	570,411

(Continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2009

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget (Over) Under
	Original	Final				
Department of planning and zoning:						
Office of the director	\$ 1,388,301	1,387,511	1,219,852	92,156	1,312,008	75,503
Historic district commission	2,050	2,050	1,042	-	1,042	1,008
Planning board	8,900	8,900	5,306	-	5,306	3,594
Division of land development	1,203,477	1,203,402	1,189,702	880	1,190,582	12,820
Baltimore metropolitan council	80,224	80,224	71,724	-	71,724	8,500
Division of research	746,628	774,128	705,214	9,904	715,118	59,010
Division of transportation planning	498,604	498,604	433,474	763	434,237	64,367
Public transportation board	900	900	224	-	224	676
Public service and zoning administration	803,544	745,254	693,566	3,425	696,991	48,263
Environmental and community planning	-	196,696	193,995	-	193,995	2,701
Development engineering division	1,300,293	1,286,873	1,280,721	-	1,280,721	6,152
Conservation easements program	688,910	537,289	529,286	239	529,525	7,764
Total department of planning and zoning	6,721,831	6,721,831	6,324,106	107,367	6,431,473	290,358
Soil conservation district	729,035	729,035	677,900	24,419	702,319	26,716
Department of Transportation	1,950,539	1,950,539	82,503	-	82,503	1,868,036
Total Public Works	59,517,702	60,708,435	54,601,117	2,567,315	57,168,432	3,540,003
<u>Public Safety</u>						
Police department:						
Office of the chief	4,535,904	3,985,904	3,860,562	1,878	3,862,440	123,464
Contribution for OPEB	1,373,749	1,373,749	1,373,749	-	1,373,749	-
Animal matters hearing board	160	160	-	-	-	160
Animal control division	1,513,840	1,543,840	1,335,880	38,500	1,374,380	169,460
Administrative command	1,049,621	1,049,621	984,467	-	984,467	65,154
Command operations	29,662,436	30,004,336	29,447,158	-	29,447,158	557,178
Bureau of criminal investigations	10,936,549	11,056,549	10,342,391	2,000	10,344,391	712,158
Special operations bureau	7,500,173	7,000,173	6,008,306	254,665	6,262,971	737,202
Information and technology bureau	13,154,519	12,966,520	11,816,747	159,708	11,976,455	990,065
Human resource bureau	3,398,094	4,606,194	4,343,919	52,381	4,396,300	209,894
Management services bureau	9,586,361	8,924,360	7,702,691	938,792	8,641,483	282,877
Investigations and special operations	49,145	249,145	193,405	-	193,405	55,740
Total police department	82,760,551	82,760,551	77,409,275	1,447,924	78,857,199	3,903,352
Department of corrections	13,189,283	13,189,283	13,159,055	3,277	13,162,332	26,951
Total Public Safety	95,949,834	95,949,834	90,568,330	1,451,201	92,019,531	3,930,303
<u>Recreation and Parks</u>						
Department of recreation and parks	13,800,580	13,800,580	13,621,056	174,262	13,795,318	5,262
Contribution for OPEB	218,284	218,284	218,284	-	218,284	-
Total Recreation and Parks	14,018,864	14,018,864	13,839,340	174,262	14,013,602	5,262
<u>Community Services</u>						
Department of social services	668,714	668,714	628,507	-	628,507	40,207
Citizen services administration	1,562,677	1,555,677	1,458,804	104	1,458,908	96,769
Commission for women	5,800	5,800	3,553	-	3,553	2,247
Disability issues commission	1,190	1,190	440	-	440	750
Community development	1,500	1,500	500	-	500	1,000
Consumer affairs division	390,394	397,394	393,942	-	393,942	3,452
Consumer affairs advisory board	500	500	-	-	-	500
Office on aging	164,738	164,738	-	-	-	164,738
Commission on aging	2,980	2,980	2,072	-	2,072	908
Contribution for OPEB	33,492	33,492	33,492	-	33,492	-

(Continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2009

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget (Over) Under
	Original	Final				
County grants in-aid:						
Adaptive living	\$ 17,000	17,000	17,000	-	17,000	-
Alianza	15,600	15,600	15,600	-	15,600	-
American red cross	10,300	10,300	10,300	-	10,300	-
Association for community services	35,500	35,500	35,500	-	35,500	-
Autism society / the parents place	37,000	37,000	37,000	-	37,000	-
Center african american culture	35,000	35,000	35,000	-	35,000	-
Community action council	634,936	634,936	634,936	-	634,936	-
Congregations concerned for homeless	156,000	156,000	156,000	-	156,000	-
Crisis intervention	1,213,585	1,213,585	1,213,585	-	1,213,585	-
Disabilities job network	29,900	29,900	29,900	-	29,900	-
Domestic violence center	447,000	447,000	447,000	-	447,000	-
Economic development grant program	75,000	75,000	75,000	-	75,000	-
Family and children / family life	145,000	145,000	145,000	-	145,000	-
Family and children's service	90,000	90,000	90,000	-	90,000	-
FIRN (Foreign-born info refer network)	200,040	200,040	200,040	-	200,040	-
Forest conservancy district board	5,000	5,000	5,000	-	5,000	-
HCGH healthy families	45,500	45,500	45,500	-	45,500	-
Healthy howard	500,000	500,000	500,000	-	500,000	-
Historical society	30,000	30,000	30,000	-	30,000	-
Hospice services of howard county	55,000	55,000	55,000	-	55,000	-
Howard County assn for retarded citizens	112,200	112,200	112,200	-	112,200	-
Humanin	38,880	38,880	38,880	-	38,880	-
Humanin step	225,500	225,500	225,500	-	225,500	-
Korean american center	31,200	31,200	31,200	-	31,200	-
Legal aid bureau	87,500	87,500	87,500	-	87,500	-
Local / regional arts grants	460,535	460,535	460,535	-	460,535	-
Maryland's pride inc	163,537	163,537	163,537	-	163,537	-
Meals-on-wheels	23,000	23,000	23,000	-	23,000	-
Metro washington ear	3,000	3,000	3,000	-	3,000	-
National family resiliency center	38,000	38,000	38,000	-	38,000	-
Neighbor ride	26,000	26,000	26,000	-	26,000	-
On our own	36,100	36,100	36,100	-	36,100	-
Special allocation	20,000	20,000	20,000	-	20,000	-
St. John's mentoring	5,500	5,500	5,500	-	5,500	-
St. Stephen's	27,000	27,000	27,000	-	27,000	-
STTAR	237,300	237,300	237,300	-	237,300	-
Therapeutic riding center	11,096	11,096	11,096	-	11,096	-
Tourism council	441,388	441,388	441,388	-	441,388	-
Voices for children	15,400	15,400	15,400	-	15,400	-
Winter growth	36,500	36,500	36,500	-	36,500	-
YMCA	9,000	9,000	9,000	-	9,000	-
Total grants	5,825,997	5,825,997	5,825,997	-	5,825,997	-
Mental health authority	330,000	330,000	330,000	-	330,000	-
Cooperative extension services	422,524	422,524	417,919	-	417,919	4,605
Total Community Services	9,410,506	9,410,506	9,095,226	104	9,095,330	315,176

(Continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2009

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget (Over) Under
	Original	Final				
Education:						
Board of education	\$ 450,164,753	450,164,753	450,164,753	-	450,164,753	-
OPEB contribution on behalf of board of education	8,068,884	8,068,884	8,068,884	-	8,068,884	-
Community college	25,195,470	25,195,470	25,195,470	-	25,195,470	-
OPEB contribution on behalf of comm college	94,220	94,220	94,220	-	94,220	-
Library	15,553,554	15,553,554	15,553,554	-	15,553,554	-
OPEB contribution on behalf of library	56,332	56,332	56,332	-	56,332	-
Total Education	499,133,213	499,133,213	499,133,213	-	499,133,213	-
Debt Service						
Principal:						
Police	491,101	498,332	498,332	-	498,332	-
Schools	21,640,988	21,819,068	21,819,067	-	21,819,067	1
Community college	2,054,701	2,056,548	2,056,547	-	2,056,547	1
Fire	483,115	483,346	483,345	-	483,345	1
General county projects	14,200,623	13,990,796	13,990,796	-	13,990,796	-
Recreation and parks	2,420,671	2,426,014	2,426,013	-	2,426,013	1
Community renewal	722,212	726,434	726,434	-	726,434	-
Storm drainage	686,998	699,871	699,871	-	699,871	-
Excise bonds	2,580,000	2,580,000	2,580,000	-	2,580,000	-
DILP technology	454,400	454,400	454,400	-	454,400	-
School surcharge	2,651,453	2,651,453	2,651,453	-	2,651,453	-
College bonds	228,743	228,743	228,742	-	228,742	1
Total principal	48,615,005	48,615,005	48,615,000	-	48,615,000	5
Interest:						
Police	314,739	316,057	316,056	-	316,056	1
Schools	13,401,170	13,433,606	13,433,605	-	13,433,605	1
Community college	1,664,780	1,665,116	1,665,115	-	1,665,115	1
Fire	213,388	213,430	213,430	-	213,430	-
General county	7,209,535	7,171,317	7,171,316	-	7,171,316	1
Recreation and parks	894,544	895,517	895,517	-	895,517	-
Community renewal	276,754	277,523	277,523	-	277,523	-
Storm drainage	474,493	476,837	476,837	-	476,837	-
Excise bonds	1,109,153	1,109,153	1,109,153	-	1,109,153	-
DILP Technology	49,076	49,076	49,076	-	49,076	-
School surcharge	3,149,950	3,149,950	3,149,948	-	3,149,948	2
College bonds	318,585	318,585	318,584	-	318,584	1
Short term construction note	7,720,500	7,720,500	1,245,486	-	1,245,486	6,475,014
Total interest	36,796,667	36,796,667	30,321,646	-	30,321,646	6,475,021
Total Debt Service	85,411,672	85,411,672	78,936,646	-	78,936,646	6,475,026
Total expenditures and encumbrances	807,566,884	807,566,884	785,985,372	4,778,538	790,763,910	16,802,974
Transfers Out:						
Health department	9,463,638	9,463,638	9,463,638	-	9,463,638	-
Pay as you go	32,691,971	32,691,971	19,693,571	2,998,400	22,691,971	10,000,000
Grant matching funds	12,498,094	12,498,094	12,498,094	-	12,498,094	-
Total Transfers Out	54,653,703	54,653,703	41,655,303	2,998,400	44,653,703	10,000,000
Total Expenditures and Encumbrances	\$ 862,220,587	862,220,587	827,640,675	7,776,938	835,417,613	26,802,974



In the 1800s, Tongue Row was rebuilt as a series of small stone structures to replace the log cabins that burned in a massive fire. Many of these buildings served as homes for the area mill workers.

Credits: Joan Geller Grauman, local artist, Ellicott City, Maryland and Mat About You Gallery and Framing Studio

Non-major Governmental Funds

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

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



**Howard County, Maryland
Combining Balance Sheet
Non-major Governmental Funds
For the Year Ended June 30, 2009**

	Special Revenue Funds	Capital Project Funds	Total Non-major Governmental Funds
ASSETS			
Pooled cash and cash equivalents	\$ 7,756,741	-	7,756,741
Other receivables	24,344	-	24,344
Restricted assets:			
Pooled cash and cash equivalents	23,596,176	13,396,301	36,992,477
Housing loans	11,747,438	-	11,747,438
Property taxes	443,926	-	443,926
Materials and supplies	386,442	-	386,442
Due from other governments	6,990,014	775,695	7,765,709
Other	107,920	600,958	708,878
Total assets	51,053,001	14,772,954	65,825,955
LIABILITIES			
Due to other funds	200,585	117,737	318,322
Accounts payable	1,110,416	521,986	1,632,402
Accrued wages and benefits	4,117,723	-	4,117,723
Bond anticipation notes	-	1,888,006	1,888,006
Deposits and connection fees	253,532	960,333	1,213,865
Deferred revenue	11,430,879	370,314	11,801,193
Total liabilities	17,113,135	3,858,376	20,971,511
FUND BALANCES			
Reserved for:			
Encumbrances	2,058,814	14,283,531	16,342,345
Noncurrent housing loans receivables	11,744,068	-	11,744,068
Unreserved:			
Undesignated reported in:			
Special revenue funds	20,136,984	-	20,136,984
Capital project funds	-	(3,368,953)	(3,368,953)
Total fund balances	33,939,866	10,914,578	44,854,444
Total liabilities and fund balances	\$ 51,053,001	14,772,954	65,825,955

Howard County, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue Funds	Capital Project Funds	Total
REVENUES			
Property taxes	\$ 65,832,995	-	65,832,995
Other local taxes	2,296,373	6,889,118	9,185,491
Revenues from other agencies (grants)	22,531,264	9,277,161	31,808,425
Charges for services	35,600,878	-	35,600,878
Interest on investments	788,356	224,212	1,012,568
Fines and forfeitures	33,712	-	33,712
Developer contributions	434,744	120,585	555,329
Rental of property	716,648	-	716,648
Miscellaneous program revenue	433,503	483,200	916,703
Total revenues	128,668,473	16,994,276	145,662,749
EXPENDITURES			
Current:			
General government	2,030,609	-	2,030,609
Legislative and judicial	1,311,616	-	1,311,616
Public works	30,806,917	-	30,806,917
Public safety	55,530,550	-	55,530,550
Recreation and parks	11,748,131	-	11,748,131
Community services	34,132,036	-	34,132,036
Capital improvements	70,141	22,934,975	23,005,116
Total expenditures	135,630,000	22,934,975	158,564,975
Excess (deficiency) of revenues over expenditures	(6,961,527)	(5,940,699)	(12,902,226)
OTHER FINANCING SOURCES (USES)			
Transfers in:			
Fundings	21,602,317	1,145,000	22,747,317
Bonds	-	8,774,457	8,774,457
Other	-	4,375,000	4,375,000
Transfers out	(11,072,833)	(4,239,955)	(15,312,788)
Total other financing sources and uses	10,529,484	10,054,502	20,583,986
Net change in fund balances	3,567,957	4,113,803	7,681,760
Adjustment to beginning balance	2,480,860	-	2,480,860
Fund balances - beginning, as previously reported	27,891,049	6,800,775	34,691,824
Fund balances - ending	\$ 33,939,866	10,914,578	44,854,444

**Howard County, Maryland
Combining Balance Sheet
Non-major Special Revenue Funds
For the Year Ended June 30, 2009**

	Community Renewal Program Fund	Environmental Services Fund	Forest Conservation Fund	Fire and Rescue Reserve Fund	Grants Fund	Health Department Fund	Recreation Program Fund	Total
ASSETS								
Pooled cash and cash equivalents	\$ -	-	-	-	-	3,737,586	4,019,155	7,756,741
Other receivables	-	-	-	-	-	-	24,344	24,344
Permanently restricted assets:								
Pooled cash and cash equivalents	2,419,114	8,712,329	4,590,883	7,873,850	-	-	-	23,596,176
Housing loans	9,930,575	-	-	-	1,816,863	-	-	11,747,438
Property taxes	-	-	-	443,926	-	-	-	443,926
Materials and supplies	-	-	-	386,442	-	-	-	386,442
Due from other governments	1,513,250	-	-	-	5,476,764	-	-	6,990,014
Other	-	97,325	-	-	10,595	-	-	107,920
Total assets	13,862,939	8,809,654	4,590,883	8,704,218	7,304,222	3,737,586	4,043,499	51,053,001
LIABILITIES								
Due to other funds	-	-	-	-	200,585	-	-	200,585
Accounts payable	3,059	413,037	-	56,263	432,304	19,315	186,438	1,110,416
Accrued wages and benefits	188,408	165,811	25,366	2,653,379	603,914	35,130	445,715	4,117,723
Deposits and connection fees	93,667	153,945	-	-	5,320	-	600	253,532
Deferred revenue	-	-	-	-	5,351,319	3,131,343	2,948,217	11,430,879
Total liabilities	285,134	732,793	25,366	2,709,642	6,593,442	3,185,788	3,580,970	17,113,135
FUND BALANCES								
Reserved for:								
Encumbrances	400,000	37,390	14,325	71,221	1,187,625	235,329	112,924	2,058,814
Noncurrent housing loans receivable	9,927,205	-	-	-	1,816,863	-	-	11,744,068
Unreserved:								
Undesignated (deficit)	3,250,600	8,039,471	4,551,192	5,923,355	(2,293,708)	316,469	349,605	20,136,984
Total fund balances	13,577,805	8,076,861	4,565,517	5,994,576	710,780	551,798	462,529	33,939,866
Total liabilities and fund balances	\$ 13,862,939	8,809,654	4,590,883	8,704,218	7,304,222	3,737,586	4,043,499	51,053,001

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended June 30, 2009

	Community Renewal Program Fund	Environmental Services Fund	Forest Conservation Fund	Fire and Rescue Reserve Fund	Grants Fund	Health Department Fund	Recreation Program Fund	Total
REVENUES								
Property taxes	\$ -	-	-	65,832,995	-	-	-	65,832,995
Other local taxes	2,296,373	-	-	-	-	-	-	2,296,373
Revenues from other agencies (grants)	3,453,340	-	-	-	18,710,656	367,268	-	22,531,264
Charges for services	-	20,770,543	-	-	1,114,290	1,425,608	12,290,437	35,600,878
Interest on investments	160,486	97,025	78,550	300,142	27,921	14,958	109,274	788,356
Fines and forfeitures	-	-	8,804	-	24,908	-	-	33,712
Developer fees	-	-	434,744	-	-	-	-	434,744
Rental of property	553,237	-	-	-	-	-	163,411	716,648
Miscellaneous program revenue	29,915	-	-	227,520	8,562	146,370	21,136	433,503
Total revenues	6,493,351	20,867,568	522,098	66,360,657	19,886,337	1,954,204	12,584,258	128,668,473
EXPENDITURES								
Current:								
General government	-	-	-	-	2,030,609	-	-	2,030,609
Legislative and judicial	-	-	-	-	1,311,616	-	-	1,311,616
Public works	-	19,038,773	514,447	-	11,253,697	-	-	30,806,917
Public safety	-	-	-	52,464,135	3,066,415	-	-	55,530,550
Recreation and parks	-	-	-	-	98,516	-	11,649,615	11,748,131
Community services	8,879,617	-	-	-	13,016,326	12,236,093	-	34,132,036
Capital improvements	70,141	-	-	-	-	-	-	70,141
Total expenditures	8,949,758	19,038,773	514,447	52,464,135	30,777,179	12,236,093	11,649,615	135,630,000
Excess (deficiency) of revenues over expenditures	(2,456,407)	1,828,795	7,651	13,896,522	(10,890,842)	(10,281,889)	934,643	(6,961,527)
OTHER FINANCING SOURCES (USES)								
Transfers in:								
Fundings	-	-	-	-	12,138,679	9,463,638	-	21,602,317
Transfers out	(1,544,692)	(97,025)	9,226	(9,478,370)	138,101	9,201	(109,274)	(11,072,833)
Total other financing sources and uses	(1,544,692)	(97,025)	9,226	(9,478,370)	12,276,780	9,472,839	(109,274)	10,529,484
Net change in fund balances	(4,001,099)	1,731,770	16,877	4,418,152	1,385,938	(809,050)	825,369	3,567,957
Adjustment to beginning balance	2,480,860	-	-	-	-	-	-	2,480,860
Fund balances - beginning, as previously reported	15,098,044	6,345,091	4,548,640	1,576,424	(675,158)	1,360,848	(362,840)	27,891,049
Fund balances - ending	\$ 13,577,805	8,076,861	4,565,517	5,994,576	710,780	551,798	462,529	33,939,866

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Community Renewal Program Fund
For the Year Ended June 30, 2009

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
REVENUES				
Local taxes	\$ 2,750,000	2,750,000	2,296,373	(453,627)
Rental of property	1,363,346	1,363,346	553,237	(810,109)
Revenue from other agencies	1,725,650	1,725,650	3,453,340	1,727,690
Miscellaneous	7,000	7,000	29,915	22,915
Interest on investments	-	-	160,487	160,487
Total revenues	5,845,996	5,845,996	6,493,352	647,356
EXPENDITURES				
Community services:				
Housing and community development administration	3,890,299	4,133,591	117,272	4,016,319
Community development committee	8,390	8,390	3,873	4,517
Guilford Gardens	508,000	218,000	14,244	203,756
Tiber Hudson	54,200	100,908	20,117	80,791
Housing initiatives	4,439,350	8,939,350	6,056,326	2,883,024
Pleasant Chase	102,649	102,649	7,566	95,083
Capital improvements	-	-	(82,962)	82,962
Contingency reserve	4,661,372	161,372	-	161,372
Total expenditures	13,664,260	13,664,260	6,136,436	7,527,824
Excess (deficiency) of revenues over expenditures	(7,818,264)	(7,818,264)	356,916	8,175,180
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	9,280,901	9,280,901	9,280,901	-
Transfers out	(1,462,637)	(1,462,637)	(1,544,692)	(82,055)
Total other financing sources (uses)	7,818,264	7,818,264	7,736,209	(82,055)
Net change in fund balance	-	-	8,093,125	8,093,125
Less appropriation from fund balance	-	-	(9,280,901)	-
Fund balances - beginning	-	-	15,765,749	-
Fund balances - ending	\$ -	-	14,577,973	8,093,125

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Environmental Services Fund
For the Year Ended June 30, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Charges for services	\$ 20,800,000	20,800,000	20,770,543	(29,457)
Interest on investments	-	-	97,025	97,025
Total revenues	20,800,000	20,800,000	20,867,568	67,568
EXPENDITURES				
Waste management:				
Environmental services	590,525	593,772	582,945	10,827
Solid waste	21,958,778	21,955,531	18,428,306	3,527,225
Total expenditures	22,549,303	22,549,303	19,011,251	3,538,052
Excess (deficiency) of revenues over expenditures	(1,749,303)	(1,749,303)	1,856,317	3,605,620
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	1,749,303	1,749,303	1,749,303	-
Transfers out	-	-	(97,025)	(97,025)
Total other financing sources (uses)	1,749,303	1,749,303	1,652,278	(97,025)
Net change in fund balance	-	-	3,508,595	3,508,595
Less appropriation from fund balance	-	-	(1,749,303)	-
Fund balances - beginning	-	-	7,132,278	-
Fund balances - ending	\$ -	-	8,891,570	3,508,595

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Forest Conservation Fund
For the Year Ended June 30, 2009

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
REVENUES				
Developer Contributions-Mitigation	\$ 700,000	700,000	421,438	(278,562)
Developer Contributions-Inspections	50,000	50,000	13,306	(36,694)
Fines & Forfeitures	220,000	220,000	8,804	(211,196)
Interest on Investments	30,000	30,000	78,550	48,550
Total revenues	1,000,000	1,000,000	522,098	(477,902)
EXPENDITURES				
Public Works:				
Reforestation Inspections	224,521	224,521	64,660	159,861
Forest Mitigation	877,345	877,345	458,689	418,656
Contingency	1,788,799	1,788,799	-	1,788,799
Total expenditures	2,890,665	2,890,665	523,349	2,367,316
Excess (deficiency) of revenues over expenditures	(1,890,665)	(1,890,665)	(1,251)	1,889,414
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	1,890,665	1,890,665	1,890,665	-
Transfers out	-	-	9,226	9,226
Total other financing sources (uses)	1,890,665	1,890,665	1,899,891	9,226
Net change in fund balance	-	-	1,898,640	1,898,640
Less appropriation from fund balance	-	-	(1,890,665)	-
Fund balances - beginning	-	-	4,568,582	-
Fund balances - ending	\$ -	-	4,576,557	1,898,640

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, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 65,358,376	65,358,376	65,832,995	474,619
Miscellaneous	-	-	228,031	228,031
Interest on investments	-	-	300,143	300,143
Total revenues	65,358,376	65,358,376	66,361,169	1,002,793
EXPENDITURES				
Public safety:				
Metro fire district	55,192,502	55,192,502	50,177,268	5,015,234
Rural fire district	3,827,609	3,827,609	1,793,209	2,034,400
Total expenditures	59,020,111	59,020,111	51,970,477	7,049,634
Excess (deficiency) of revenues over expenditures	6,338,265	6,338,265	14,390,692	8,052,427
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	2,839,962	2,839,962	2,839,962	-
Transfers out	(9,178,227)	(9,178,227)	(9,478,370)	(300,143)
Total other financing sources (uses)	(6,338,265)	(6,338,265)	(6,638,408)	(300,143)
Net change in fund balance	-	-	7,752,284	7,752,284
Less appropriation from fund balance	-	-	(2,839,962)	-
Fund balances - beginning	-	-	3,565,662	-
Fund balances - ending	\$ -	-	8,477,984	7,752,284

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Grants Fund
For the Year Ended June 30, 2009

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from other agencies:				
Grants from federal government	\$ 9,793,636	9,895,136	6,813,782	(3,081,354)
Grants from state government	18,461,892	18,396,563	11,426,958	(6,969,605)
Other Local grants	2,578,154	2,578,154	469,920	(2,108,234)
Total revenue from other agencies	30,833,682	30,869,853	18,710,660	(12,159,193)
Interest on investments	20,000	20,000	27,883	7,883
Miscellaneous	12,158,614	11,831,658	1,148,074	(10,683,584)
Total revenues	43,012,296	42,721,511	19,886,617	(22,834,894)
EXPENDITURES				
General government	5,290,913	5,390,913	1,965,344	3,425,569
Public safety	13,511,676	13,629,102	3,409,998	10,219,104
Recreation & parks	148,510	148,510	98,516	49,994
Community services	18,025,581	18,025,581	13,233,971	4,791,610
Public works	14,895,659	14,895,659	11,040,801	3,854,858
Legislative & judicial	1,229,834	1,339,364	1,072,318	267,046
Contingency	5,000,000	4,673,044	-	4,673,044
Total expenditures	58,102,173	58,102,173	30,820,948	27,281,225
Excess (deficiency) of revenues over expenditures	(15,089,877)	(15,380,662)	(10,934,331)	4,446,331
OTHER FINANCING SOURCES (USES)				
Transfers in	15,089,877	15,380,662	12,138,679	(3,241,983)
Transfers out	-	-	138,101	138,101
Total other financing sources (uses)	15,089,877	15,380,662	12,276,780	(3,103,882)
Net change in fund balance	-	-	1,342,449	1,342,449
Fund balances - beginning	-	-	(7,317,477)	-
Fund balances - ending	\$ -	-	(5,975,028)	1,342,449

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Health Department Fund
For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Over</u>
				<u>(Under)</u>
REVENUES				
Revenue from other agencies	\$ 7,941,198	7,941,198	367,265	(7,573,933)
Charges for services	1,877,219	1,877,219	1,425,610	(451,609)
Interest on investments	1,005,050	1,005,050	14,959	(990,091)
Other	850,000	850,000	158,591	(691,409)
Total revenues	11,673,467	11,673,467	1,966,425	(9,707,042)
EXPENDITURES				
Community services:				
General local health services	8,049,833	8,049,833	6,477,853	1,571,980
Targeted funds	2,943,875	2,368,875	565,523	1,803,352
Non matching programs	2,159,705	3,084,705	2,682,697	402,008
Grant programs	7,983,692	7,633,692	2,252,936	5,380,756
Total expenditures	21,137,105	21,137,105	11,979,009	9,158,096
Excess (deficiency) of revenues over expenditures	(9,463,638)	(9,463,638)	(10,012,584)	(548,946)
OTHER FINANCING SOURCES (USES)				
Transfers in	9,463,638	9,463,638	9,463,638	-
Transfers out	-	-	9,201	9,201
Total other financing sources (uses)	9,463,638	9,463,638	9,472,839	9,201
Net change in fund balance	-	-	(539,745)	(539,745)
Fund balances - beginning	-	-	792,940	-
Fund balances - ending	\$ -	-	253,195	(539,745)

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Recreation Program Fund
For the Year Ended June 30, 2009

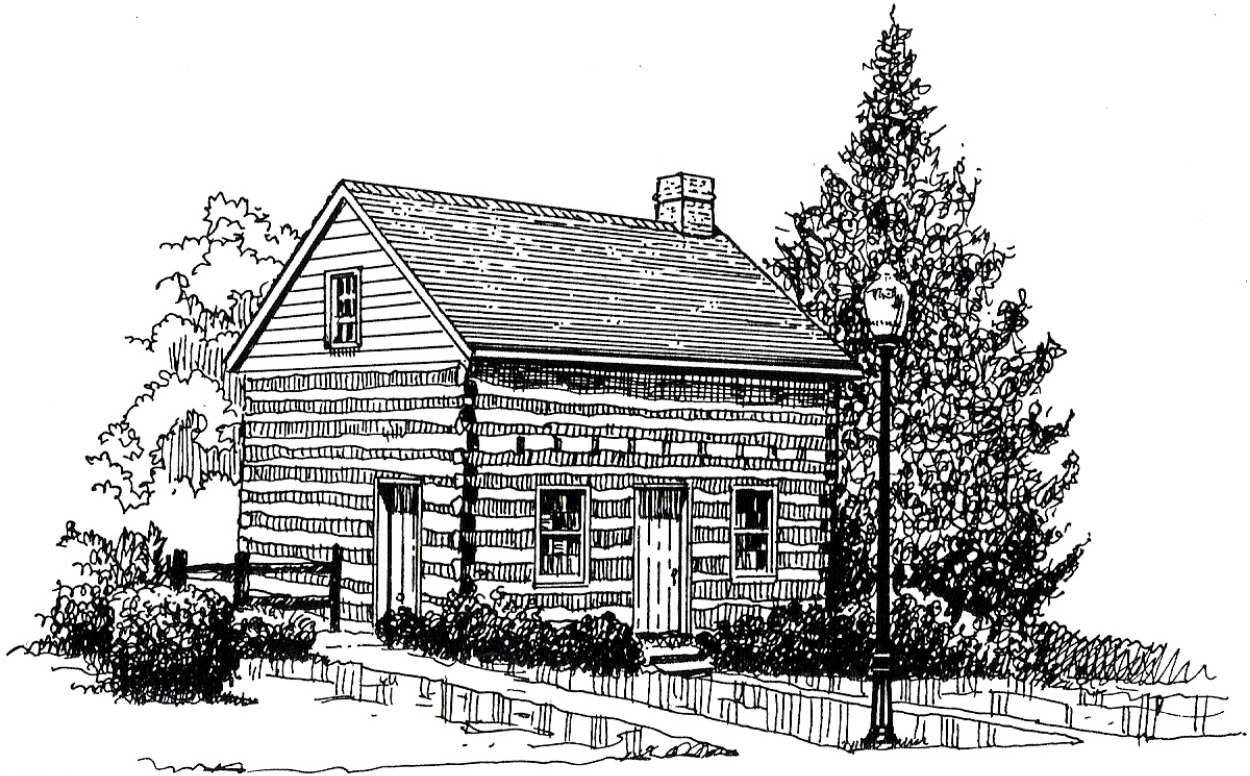
	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Charges for services	\$ 12,932,650	12,932,650	12,474,983	(457,667)
Interest on investments	-	-	109,274	109,274
Total revenues	12,932,650	12,932,650	12,584,257	(348,393)
EXPENDITURES				
Recreation and parks:				
Administration	13,092,861	13,092,861	11,776,779	1,316,082
Contingency	1,765	1,765	-	1,765
Total expenditures	13,094,626	13,094,626	11,776,779	1,317,847
Excess (deficiency) of revenues over expenditures	(161,976)	(161,976)	807,478	969,454
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	161,976	161,976	161,976	-
Transfers out	-	-	(109,274)	(109,274)
Total other financing sources (uses)	161,976	161,976	52,702	(109,274)
Net change in fund balance	-	-	860,180	860,180
Less appropriation from fund balance	-	-	(161,976)	-
Fund balances - beginning	-	-	162,226	-
Fund balances - ending	\$ -	-	\$ 860,430	860,180

**Howard County, Maryland
Combining Balance Sheet
Non-major Capital Projects Funds
For the Year Ended June 30, 2009**

	Fire Service Bldg & Equip Fund	Public Libraries Fund	Recreation and Parks Fund	Storm Drainage Fund	Total
RESTRICTED ASSETS					
Equity in pooled cash and cash equivalents	\$ 7,357,789	-	6,038,512	-	13,396,301
Receivables:					
Due from other governments	258,565	-	517,130	-	775,695
Other	-	-	600,958	-	600,958
Total assets	7,616,354	-	7,156,600	-	14,772,954
LIABILITIES					
Due to other funds	-	60,226	-	57,511	117,737
Accounts payable/accrued liability	93,297	111,081	305,718	11,890	521,986
Bond anticipation notes	630,000	336,000	6,000	916,006	1,888,006
Deposits and connection fees	525,496	-	428,986	5,851	960,333
Deferred revenue	-	-	370,314	-	370,314
Total liabilities	1,248,793	507,307	1,111,018	991,258	3,858,376
FUND BALANCES					
Reserved for encumbrances	3,766,009	2,613,806	5,977,665	1,926,051	14,283,531
Unreserved, undesignated	2,601,552	(3,121,113)	67,917	(2,917,309)	(3,368,953)
Total fund balances	6,367,561	(507,307)	6,045,582	(991,258)	10,914,578
Total liabilities and fund balances	\$ 7,616,354	-	7,156,600	-	14,772,954

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Capital Projects Funds
For the Year Ended June 30, 2009

	Fire Service Bldg & Equip Fund	Public Libraries Fund	Recreation and Parks Fund	Storm Drainage Fund	Total
REVENUES					
Other local taxes	\$ 2,296,373	-	4,592,745	-	6,889,118
Revenues from other agencies	-	320,000	8,957,161	-	9,277,161
Developer contributions	-	-	57,000	63,585	120,585
Interest on investments	79,572	1,347	142,369	924	224,212
Miscellaneous program revenues	-	-	475,500	7,700	483,200
Total revenues	2,375,945	321,347	14,224,775	72,209	16,994,276
EXPENDITURES					
Capital improvements	9,119,252	1,214,580	9,569,814	3,031,329	22,934,975
Total expenditures	9,119,252	1,214,580	9,569,814	3,031,329	22,934,975
Excess (deficiency) of revenues over expenditures	(6,743,307)	(893,233)	4,654,961	(2,959,120)	(5,940,699)
OTHER FINANCING SOURCES (USES)					
Transfers in:					
Pay go funding	-	-	1,145,000	-	1,145,000
Other	4,375,000	-	-	-	4,375,000
Bonds	6,022,000	299,000	533,230	1,920,227	8,774,457
Transfers out	(776,076)	(1,347)	(3,457,583)	(4,949)	(4,239,955)
Total other financing sources and (uses)	9,620,924	297,653	(1,779,353)	1,915,278	10,054,502
Net change in fund balances	2,877,617	(595,580)	2,875,608	(1,043,842)	4,113,803
Fund balances - beginning	3,489,944	88,273	3,169,974	52,584	6,800,775
Fund balances - ending	\$ 6,367,561	(507,307)	6,045,582	(991,258)	10,914,578



The Thomas Isaac log cabin, named after one of its 19th century owners, was built in the 1780s by an early settler of Ellicott Mills. The cabin was reconstructed on its present site, Ellicott City's Main Street, in the late 20th century so that visitors can learn about the settlement and development of the region from authentically costumed historians and artisans.

Credit: Art Landerman, local artist, Ellicott City, Maryland

Internal Service Funds

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



Howard County, Maryland
Combining Statement of Net Assets
Internal Service Funds
For the Year Ended June 30, 2009

	Central Stores	Information Systems Services	Risk Management Self- Insurance	Employee Benefits Self- Insurance	Radio Maintenance	Total
ASSETS						
Current assets:						
Equity in pooled cash and cash equivalents	\$ 2,715,375	4,233,179	9,235,656	12,208,159	-	28,392,369
Prepaid Expenses	16,981	-	-	-	-	16,981
Receivables	789	10,610	252,900	280,942	-	545,241
Materials and supplies	681,002	-	-	-	-	681,002
Total current assets	3,414,147	4,243,789	9,488,556	12,489,101	-	29,635,593
Noncurrent assets:						
Capital asset:						
Machinery and equipment, net	19,420,132	7,973,759	-	-	-	27,393,891
Total noncurrent assets	19,420,132	7,973,759	-	-	-	27,393,891
Total assets	22,834,279	12,217,548	9,488,556	12,489,101	-	57,029,484
LIABILITIES						
Current liabilities:						
Accounts payable	59,893	265,052	131,462	12,637	-	469,044
Accrued salaries and benefits	189,295	307,362	34,087	33,417	-	564,161
Compensated absences	298,511	446,277	41,211	7,507	-	793,506
Unpaid insurance claims	-	-	3,456,033	2,351,198	-	5,807,231
Deposits and connection fees	-	75,000	-	-	-	75,000
Total current liabilities	547,699	1,093,691	3,662,793	2,404,759	-	7,708,942
Noncurrent liabilities:						
Unpaid insurance claims	-	-	5,388,929	291,828	-	5,680,757
Total noncurrent liabilities	-	-	5,388,929	291,828	-	5,680,757
Total liabilities	547,699	1,093,691	9,051,722	2,696,587	-	13,389,699
NET ASSETS						
Invested in capital assets, net of related debt	19,420,132	7,973,759	-	-	-	27,393,891
Unrestricted	2,866,448	3,150,098	436,834	9,792,514	-	16,245,894
Total net assets	\$ 22,286,580	11,123,857	436,834	9,792,514	-	43,639,785

Howard County, Maryland
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2009

	Central Stores	Information Systems Services	Risk Management Self- Insurance	Employee Benefits Self- Insurance	Radio Maintenance	Total
Operating revenues:						
User charges	\$ 15,343,632	14,263,605	4,719,602	34,388,492	-	68,715,331
Insurance recoveries	-	-	143,650	319,664	-	463,314
Miscellaneous sales and services	-	994,373	-	-	34,172	1,028,545
Total operating revenues	15,343,632	15,257,978	4,863,252	34,708,156	34,172	70,207,190
Operating expenses:						
Salaries and employee benefits	3,355,259	5,482,935	600,166	665,345	40,465	10,144,170
Contractual services	1,297,766	6,130,716	951,869	293,116	169,005	8,842,472
Supplies and materials	474,836	154,524	8,737	1,523	-	639,620
Business and travel	115,054	188,405	13,413	-	-	316,872
Vehicle fuels and supplies	5,471,990	-	-	-	-	5,471,990
Insurance claims	-	-	4,084,606	35,700,239	-	39,784,845
Other administrative	750,000	3,382,970	5,758	40,157	-	4,178,885
Share of county administrative expenses	132,138	445,519	565,108	22,260	-	1,165,025
Depreciation	4,200,355	814,748	-	-	-	5,015,103
Total operating expenses	15,797,398	16,599,817	6,229,657	36,722,640	209,470	75,558,982
Operating income (loss)	(453,766)	(1,341,839)	(1,366,405)	(2,014,484)	(175,298)	(5,351,792)
Nonoperating revenues (expenses)						
Interest on investments	18,507	57,694	131,786	123,956	-	331,943
Gain on sale of capital	111,508	6,830,247	-	-	-	6,941,755
Total nonoperating revenues	130,015	6,887,941	131,786	123,956	-	7,273,698
Net income (loss) before transfers	(323,751)	5,546,102	(1,234,619)	(1,890,528)	(175,298)	1,921,906
Transfers in (out)	(3,018,507)	3,008,824	-	(2,923,956)	(3,066,518)	(6,000,157)
Change in net assets	(3,342,258)	8,554,926	(1,234,619)	(4,814,484)	(3,241,816)	(4,078,251)
Total net assets - beginning	25,628,838	2,568,931	1,671,453	14,606,998	3,241,816	47,718,036
Total net assets - ending	\$ 22,286,580	11,123,857	436,834	9,792,514	-	43,639,785

Howard County, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009

	Central Stores	Information Systems	Risk Management Self-Insurance	Employee Benefits Self-Insurance	Radio Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 15,345,091	15,247,367	4,691,702	35,077,252	381	70,361,793
Cash paid to suppliers	(7,305,069)	(9,026,871)	(3,448,151)	(36,109,739)	(169,005)	(56,058,835)
Cash paid to / for employees	(2,534,245)	(4,243,322)	(400,143)	(554,005)	-	(7,731,715)
Cash paid for quasi-external transactions	(1,759,343)	(2,230,146)	(769,916)	(134,982)	-	(4,894,387)
Other operating cash receipts	-	-	143,650	-	34,172	177,822
Net cash provided by (used in) operating activities	<u>3,746,434</u>	<u>(252,972)</u>	<u>217,142</u>	<u>(1,721,474)</u>	<u>(134,452)</u>	<u>1,854,678</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating subsidies and transfers (to) from other funds	<u>(3,018,507)</u>	<u>3,008,824</u>	<u>-</u>	<u>(2,923,956)</u>	<u>(3,189,480)</u>	<u>(6,123,119)</u>
Net cash (used in) provided by noncapital financing activities	<u>(3,018,507)</u>	<u>3,008,824</u>	<u>-</u>	<u>(2,923,956)</u>	<u>(3,189,480)</u>	<u>(6,123,119)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	<u>(4,662,134)</u>	<u>(511,219)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,173,353)</u>
Net cash used in capital and related financing activities	<u>(4,662,134)</u>	<u>(511,219)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,173,353)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	<u>18,507</u>	<u>57,694</u>	<u>131,786</u>	<u>123,956</u>	<u>-</u>	<u>331,943</u>
Net cash provided by investing activities	<u>18,507</u>	<u>57,694</u>	<u>131,786</u>	<u>123,956</u>	<u>-</u>	<u>331,943</u>
Net (decrease) increase in cash and cash equivalents	(3,915,700)	2,302,327	348,928	(4,521,474)	(3,323,932)	(9,109,851)
Cash and cash equivalents - beginning of the year	<u>6,631,075</u>	<u>1,930,852</u>	<u>8,886,728</u>	<u>16,729,633</u>	<u>3,323,932</u>	<u>37,502,220</u>
Cash and cash equivalents - end of the year	<u>2,715,375</u>	<u>4,233,179</u>	<u>9,235,656</u>	<u>12,208,159</u>	<u>-</u>	<u>28,392,369</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating (loss) income	<u>(453,766)</u>	<u>(1,341,839)</u>	<u>(1,366,405)</u>	<u>(2,014,484)</u>	<u>(175,298)</u>	<u>(5,351,792)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	4,200,355	814,748	-	-	-	5,015,103
Change in assets and liabilities:						
(Increase) decrease other assets	(6,307)	284,729	(27,900)	369,096	381	619,999
Increase (decrease) accounts and other payables	6,152	(10,610)	1,611,447	(76,086)	40,465	1,571,368
Total adjustments	<u>4,200,200</u>	<u>1,088,867</u>	<u>1,583,547</u>	<u>293,010</u>	<u>40,846</u>	<u>7,206,470</u>
Net cash provided by (used in) operating activities	<u>\$ 3,746,434</u>	<u>(252,972)</u>	<u>217,142</u>	<u>(1,721,474)</u>	<u>(134,452)</u>	<u>1,854,678</u>

Notes:

The Radio Maintenance Fund was closed during Fiscal Year 2009. The residual assets and liabilities, which netted to \$3,066,518 were transferred to the Information Systems Fund. Of this amount, \$3,189,480 represented cash and cash equivalents; the balance represented net receivables and payables.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Central Stores
For the Year Ended June 30, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Central stores chargebacks	\$ 127,000	127,000	416,241	289,241
Fleet operations chargebacks	15,831,861	15,831,861	14,927,394	(904,467)
Contingency reserve	7,259,067	7,259,067	-	(7,259,067)
Total revenues	23,217,928	23,217,928	15,343,635	(7,874,293)
EXPENDITURES				
Central stores	899,688	899,688	564,408	335,280
Fleet operations	18,697,509	18,697,509	15,254,226	3,443,283
Contingency	920,731	920,731	-	920,731
Total expenditures	20,517,928	20,517,928	15,818,634	4,699,294
Excess (deficiency) of revenues over expenditures	2,700,000	2,700,000	(474,999)	(3,174,999)
OTHER FINANCING SOURCES (USES)				
Gain on sale of capital asset	300,000	300,000	111,508	(188,492)
Interest on investments	-	-	18,507	18,507
Transfer out	(3,000,000)	(3,000,000)	(3,018,507)	(18,507)
Total other financing sources (uses)	(2,700,000)	(2,700,000)	(2,888,492)	(188,492)
Net change in fund balance	-	-	(3,363,491)	(3,363,491)
Fund balance - beginning	-	-	25,627,594	-
Fund balance - ending	\$ -	-	22,264,103	-

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Information Systems Services and Radio Maintenance
For the Year Ended June 30, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Data processing chargeback	\$ 8,403,860	8,403,860	8,411,730	7,870
Telephone service chargebacks	2,670,264	2,670,264	2,669,590	(674)
PEG/INET fee	-	-	71,245	71,245
Tower rentals	410,000	410,000	475,505	65,505
GIS chargeback	863,072	863,072	863,072	-
Radio maintenance charge	2,255,838	2,255,838	2,255,838	-
Records management chargeback	482,909	482,909	483,039	130
Total revenues	15,085,943	15,085,943	15,230,019	144,076
EXPENDITURES				
Information systems services	8,554,094	8,680,594	8,623,685	56,909
GIS operations	1,173,615	1,101,615	1,097,445	4,170
Radio maintenance	2,450,986	2,455,286	2,476,147	(20,861)
Communication equipment	821,800	862,800	862,182	618
Telephone services	2,488,145	2,950,845	2,947,114	3,731
Other	532,282	511,482	509,683	1,799
Contingency	1,659,332	1,117,632	-	1,117,632
Total expenditures	17,680,254	17,680,254	16,516,256	1,163,998
Excess (deficiency) of revenues over expenditures	(2,594,311)	(2,594,311)	(1,286,237)	1,308,074
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	2,574,311	2,574,311	-	(2,574,311)
Gain on sale of capital asset	20,000	20,000	6,830,247	6,810,247
Donations	-	-	70,000	70,000
Interest on investments	-	-	57,694	57,694
Transfers in (out)	-	-	(57,694)	(57,694)
Total other financing sources (uses)	2,594,311	2,594,311	6,900,247	4,305,936
Net change in fund balance	-	-	5,614,010	5,614,010
Fund balance - beginning	-	-	5,372,854	-
Fund balance - ending	\$ -	-	10,986,864	5,614,010

* Due to the closing of the Radio Maintenance Fund in fiscal year 2009, it was combined with the Information Systems Services Fund for the purpose of the budgetary basis schedule only.

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Risk Management Self-Insurance
For the Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Over</u>
				<u>(Under)</u>
REVENUES				
Insurance chargeback	\$ 4,719,730	4,719,730	4,719,602	(128)
Insurance recoveries	150,000	150,000	143,650	(6,350)
Total revenues	4,869,730	4,869,730	4,863,252	(6,478)
EXPENDITURES				
Claims cost:				
Claims	4,650,000	4,650,000	4,084,606	565,394
Insurance premiums	1,037,500	1,037,500	725,532	311,968
Other operating costs	641,250	641,250	320,189	321,061
Administrative costs:				
Interfund transfer to general fund	494,091	494,091	494,091	-
Other administrative costs	675,343	675,343	605,239	70,104
Total expenditures	7,498,184	7,498,184	6,229,657	1,268,527
Excess (deficiency) of revenues over expenditures	(2,628,454)	(2,628,454)	(1,366,405)	1,262,049
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	2,478,454	2,478,454	-	(2,478,454)
Interest on investments	150,000	150,000	131,786	(18,214)
Total other financing sources (uses)	2,628,454	2,628,454	131,786	(2,496,668)
Net change in fund balance	-	-	(1,234,619)	(1,234,619)
Fund balance - beginning	-	-	1,671,453	-
Fund balance - ending	\$ -	-	\$ 436,834	(1,234,619)

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Employee Benefits Self-Insurance
For the Year Ended June 30, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
County chargebacks	\$ 20,813,762	20,813,762	18,393,448	(2,420,314)
Component unit chargebacks	5,602,009	5,602,009	5,333,500	(268,509)
OPEB trust premium	3,575,240	3,575,240	3,575,240	-
Employee contributions	4,175,243	4,175,243	5,183,429	1,008,186
Cobra and retiree contributions	1,725,622	1,725,622	1,903,458	177,836
Insurance Recoveries	-	-	319,664	319,664
Total revenues	35,891,876	35,891,876	34,708,739	(1,183,137)
EXPENDITURES				
Administrative costs	885,019	885,019	895,401	(10,382)
County insurance charges	24,487,488	24,487,488	24,481,059	6,429
Component unit insurance charges	5,602,009	5,602,009	5,602,009	-
OPEB trust premium	3,575,240	3,575,240	3,575,240	-
Employee flexible benefits	2,489,009	2,489,009	2,489,009	-
Contingency	2,030,201	2,030,201	-	2,030,201
Total expenditures	39,068,966	39,068,966	37,042,718	2,026,248
Excess (deficiency) of revenues over expenditures	(3,177,090)	(3,177,090)	(2,333,979)	843,111
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	10,177,090	10,177,090	-	(10,177,090)
Interest on investments	-	-	123,956	123,956
Transfers out	(7,000,000)	(7,000,000)	(2,923,956)	4,076,044
Total other financing sources (uses)	3,177,090	3,177,090	(2,800,000)	(5,977,090)
Net change in fund balance	-	-	(5,133,979)	(5,133,979)
Fund balance - beginning	-	-	14,526,998	-
Fund balance - ending	\$ -	-	9,393,019	(5,133,979)



The Firehouse Museum, Ellicott City's first fire station, was built in 1889. This structure is most famous for its oversized cupola with bell, which was used to call volunteers, and the original weather vane.

Credits: Joan Geller Grauman, local artist, Ellicott City, Maryland and Mat About You Gallery and Framing Studio

Fiduciary Funds

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



Howard County, Maryland
Combining Statement of Net Assets
Pension and Other Post Employment Benefits Trust Funds
For the Year Ended June 30, 2009

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post Employment Benefits Fund	June 30, 2009 Total
ASSETS				
Receivables:				
Interest and dividends	\$ 536,747	597,087	8,814	1,142,648
Employer contributions	660,140	916,624	-	1,576,764
Employee contributions	137,390	333,722	-	471,112
Sale of investments	2,345,579	2,604,806	-	4,950,385
Other	20,836	23,139	-	43,975
Investments, at fair value:				
Cash	-	-	49,519	49,519
Common stocks	52,024,976	57,774,641	-	109,799,617
Mutual funds	49,905,345	55,420,756	-	105,326,101
Money market funds	13,397,319	15,590,260	20,603,977	49,591,556
Fixed income securities	61,975,367	68,824,724	-	130,800,091
Real estate	10,186,363	11,312,133	-	21,498,496
Other	245,126	272,216	-	517,342
Prepaid insurance	12,825	14,530	-	27,355
Total assets	191,448,013	213,684,638	20,662,310	425,794,961
LIABILITIES				
Accounts payable				
Investments purchased	13,846,012	15,376,238	-	29,222,250
Other	276,998	286,030	388,793	951,821
Total liabilities	14,123,010	15,662,268	388,793	30,174,071
Net assets held in trust for pension and other post employment benefits	\$ 177,325,003	198,022,370	20,273,517	395,620,890

Howard County, Maryland
Combining Statement of Changes in Net Assets
Pension and Other Post Employment Benefits Trust Funds
For the Year Ended June 30, 2009

	<u>Howard County Retirement Plan</u>	<u>Howard County Police and Fire Employees' Retirement Plan</u>	<u>Howard County Other Post Employment Benefits Fund</u>	<u>June 30, 2009 Total</u>
ADDITIONS				
Contributions:				
Employer	\$ 9,745,024	14,426,424	14,732,748	38,904,196
Member	2,107,354	5,245,863	-	7,353,217
Total contributions	11,852,378	19,672,287	14,732,748	46,257,413
Investment income:				
Net change in fair value of investments	(40,687,104)	(44,219,843)	-	(84,906,947)
Interest	2,964,884	3,279,638	238,564	6,483,086
Dividends	4,479,883	4,927,684	-	9,407,567
Other	135,772	146,938	-	282,710
Investment expense	(717,797)	(780,415)	-	(1,498,212)
Net investment (loss) income	(33,824,362)	(36,645,998)	238,564	(70,231,796)
Total additions	(21,971,984)	(16,973,711)	14,971,312	(23,974,383)
DEDUCTIONS				
Benefits	5,727,976	9,892,888	8,664,962	24,285,826
Administrative expenses	232,986	215,175	46,380	494,541
Total deductions	5,960,962	10,108,063	8,711,342	24,780,367
Change in net assets	(27,932,946)	(27,081,774)	6,259,970	(48,754,750)
Net assets - beginning of year	205,257,949	225,104,144	14,013,547	444,375,640
Net assets - end of year	\$ 177,325,003	198,022,370	20,273,517	395,620,890

Howard County, Maryland
Combining Statement of Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2009

	Street Light District Fund	State Property Tax and Interest Fund	Road Surety Deposit Fund	Total
ASSETS				
Equity in pooled cash and cash equivalents	\$ 1,314,360	681,605	1,158,262	3,154,227
Property taxes receivable	-	236,454	-	236,454
Total assets	1,314,360	918,059	1,158,262	3,390,681
LIABILITIES				
Accounts payable	-	918,059	-	918,059
Deposits	1,314,360	-	1,158,262	2,472,622
Total liabilities	\$ 1,314,360	918,059	1,158,262	3,390,681

Howard County, Maryland
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<u>Street Light District Fund</u>				
ASSETS				
Equity in pooled cash and cash equivalents	\$ 1,392,166	484,103	561,909	1,314,360
Total assets	1,392,166	484,103	561,909	1,314,360
LIABILITIES				
Accounts payable	-	222,180	222,180	-
Deposits	1,392,166	144,374	222,180	1,314,360
Total liabilities	1,392,166	366,554	444,360	1,314,360
<u>State Property Tax and Interest Fund</u>				
ASSETS				
Equity in pooled cash and cash equivalents	644,171	181,195,599	181,158,165	681,605
Property taxes receivable	249,122	61,630,134	61,642,802	236,454
Total assets	893,293	242,825,733	242,800,967	918,059
LIABILITIES				
Accounts payable	893,293	111,289,680	111,264,914	918,059
Total liabilities	893,293	111,289,680	111,264,914	918,059
<u>Road Surety Deposit Fund</u>				
ASSETS				
Equity in pooled cash and cash equivalents	1,191,316	1,402,298	1,435,352	1,158,262
Total assets	1,191,316	1,402,298	1,435,352	1,158,262
LIABILITIES				
Accounts payable	-	609,085	609,085	-
Deposits	1,191,316	554,440	587,494	1,158,262
Total liabilities	1,191,316	1,163,525	1,196,579	1,158,262
<u>Totals - All Agency Funds</u>				
ASSETS				
Equity in pooled cash and cash equivalents	3,227,653	183,082,000	183,155,426	3,154,227
Property taxes receivable	249,122	61,630,134	61,642,802	236,454
Total assets	3,476,775	244,712,134	244,798,228	3,390,681
LIABILITIES				
Accounts payable	893,293	112,120,945	112,096,179	918,059
Deposits	2,583,482	698,814	809,674	2,472,622
Total liabilities	\$ 3,476,775	112,819,759	112,905,853	3,390,681

**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, 2009

Function and Activity	Land and Land Improvements	Buildings	Improvements Other Than Buildings	Equipment	Construction In Progress	Total
General government:						
County executive	\$ -	-	7,314	6,020	-	13,334
Technology and communication	-	-	-	655,728	-	655,728
Finance	-	-	-	4,148,449	-	4,148,449
Law	-	-	-	35,984	-	35,984
County administration	-	-	31,810,224	1,236,551	-	33,046,775
Total general government	-	-	31,817,538	6,082,732	-	37,900,270
Public safety:						
Corrections	-	-	-	83,810	-	83,810
Fire	1,116,001	6,591,807	-	27,769,199	-	35,477,007
Police	-	-	-	8,601,270	-	8,601,270
Total public safety	1,116,001	6,591,807	-	36,454,279	-	44,162,087
Public facilities:						
Public works	270,084,312	131,385,742	288,486,225	3,598,566	-	693,554,845
Planning and zoning	-	-	-	3,442,936	-	3,442,936
Inspections, licenses and permits	-	-	-	3,119,908	-	3,119,908
Transportation	-	-	-	1,032,084	-	1,032,084
Total public facilities	270,084,312	131,385,742	288,486,225	11,193,494	-	701,149,773
Legislative and judicial:						
Board of elections	-	-	-	47,840	-	47,840
Circuit court	-	-	-	80,629	-	80,629
County council	-	-	-	15,280	-	15,280
State's attorney	-	-	-	59,229	-	59,229
Sheriff	-	-	-	104,020	-	104,020
Total legislative and judicial	-	-	-	306,998	-	306,998
Community services:						
Citizen services	-	-	-	127,837	-	127,837
Health department	-	-	-	1,042,042	-	1,042,042
Housing and community development	490,900	4,374,719	-	107,324	-	4,972,943
Library	2,280,637	32,058,771	44,523	121,181	-	34,505,112
Social services	-	-	-	263,804	-	263,804
Total community services	2,771,537	36,433,490	44,523	1,662,188	-	40,911,738
Recreation and parks:						
Recreation and parks	92,322,159	25,818,453	31,068,678	1,396,898	-	150,606,188
Total recreation and parks	92,322,159	25,818,453	31,068,678	1,396,898	-	150,606,188
Agricultural land preservation:						
Agricultural land easements	65,530,200	-	-	-	-	65,530,200
Total agricultural land preservation	65,530,200	-	-	-	-	65,530,200
Construction in progress	-	-	-	-	193,962,742	193,962,742
Total governmental funds capital assets	\$ 431,824,209	200,229,492	351,416,964	57,096,589	193,962,742	1,234,529,996

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

Howard County, Maryland
Schedule of Changes By Function and Activity
Capital Assets Used in the Operation of Governmental Funds
For the Year Ended June 30, 2009

Function and Activity	Balances June 30, 2008		Assets		Balances June 30, 2009		Balances June 30, 2008		Allowance for Depreciation		Balances June 30, 2009	
		\$	Additions	Deductions			Additions	Deductions				
General government:												
County executive		13,334	-	-	-	13,334	6,993	485	-	-	7,478	
Technology and communication		504,528	151,200	-	655,728	496,228	10,014	-	-	506,242		
Finance		3,619,828	534,579	5,958	4,148,449	2,338,653	511,946	5,550	-	2,845,049		
Law		35,984	-	-	35,984	33,737	133	-	-	33,870		
County administration		32,013,520	1,301,900	268,645	33,046,775	14,962,167	1,156,109	250,754	-	15,867,522		
Total general government		36,187,194	1,987,679	274,603	37,900,270	17,837,778	1,678,687	256,304	-	19,260,161		
Public safety:												
Corrections		83,810	-	-	83,810	83,810	-	-	-	83,810		
Fire		32,167,514	3,966,061	656,568	35,477,007	16,320,407	2,195,359	623,351	-	17,892,415		
Police		7,963,008	697,177	58,915	8,601,270	4,431,358	689,445	40,089	-	5,080,714		
Total public safety		40,214,332	4,663,238	715,483	44,162,087	20,835,575	2,884,804	663,440	-	23,056,939		
Public facilities:												
Public works		671,677,981	25,316,729	3,439,865	693,554,845	153,433,592	10,735,332	15,519	-	164,153,405		
Planning and zoning		3,499,707	-	56,771	3,442,936	2,457,241	639,019	44,348	-	3,051,912		
Inspections, licenses and permits		1,127,194	1,992,714	-	3,119,908	863,170	1,397,523	-	-	2,260,693		
Transportation		-	1,032,084	-	1,032,084	-	143,345	-	-	143,345		
Total public facilities		676,304,882	28,341,527	3,496,636	701,149,773	156,754,003	12,915,219	59,867	-	169,609,355		
Legislative and judicial:												
Board of elections		47,840	-	-	47,840	47,840	-	-	-	47,840		
Circuit court		80,629	-	-	80,629	29,191	10,429	-	-	39,620		
County council		15,280	-	-	15,280	15,280	-	-	-	15,280		
States attorney		59,229	-	-	59,229	57,420	776	-	-	58,196		
Sheriff		104,020	-	-	104,020	73,117	8,126	-	-	81,243		
Total legislative and judicial		306,998	-	-	306,998	222,848	19,331	-	-	242,179		
Community services:												
Citizen services		143,695	-	15,858	127,837	120,438	8,766	4,390	-	124,814		
Cooperative extension service		12,502	-	12,502	-	-	-	-	-	-		
Health department		1,013,386	28,656	-	1,042,042	626,230	70,626	-	-	696,856		
Housing and community development		5,986,058	-	1,013,115	4,972,943	2,394,183	100,127	10,040	-	2,484,270		
Library		33,502,037	1,003,075	-	34,505,112	9,958,710	640,001	-	-	10,598,711		
Social services		263,804	-	-	263,804	263,804	-	-	-	263,804		
Total community services		40,921,482	1,031,731	1,041,475	40,911,738	13,363,365	819,520	14,430	-	14,168,455		
Recreation and parks:												
Recreation and parks		147,123,828	3,597,470	115,110	150,606,188	25,791,792	2,201,176	7,642	-	27,985,326		
Total recreation and parks		147,123,828	3,597,470	115,110	150,606,188	25,791,792	2,201,176	7,642	-	27,985,326		
Agricultural land preservation:												
Agricultural land easements		64,637,200	893,000	-	65,530,200	-	-	-	-	-		
Total agricultural land preservation		64,637,200	893,000	-	65,530,200	-	-	-	-	-		
Total county government		1,005,695,916	40,514,645	5,643,307	1,040,567,254	234,805,361	20,518,737	1,001,683	-	254,322,415		
Construction in progress		176,085,529	55,422,977	37,545,764	193,962,742	234,805,361	20,518,737	1,001,683	-	254,322,415		
Total governmental funds capital assets		\$ 1,181,781,445	95,937,622	43,189,071	1,234,529,996	234,805,361	20,518,737	1,001,683	-	254,322,415		

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

* restated

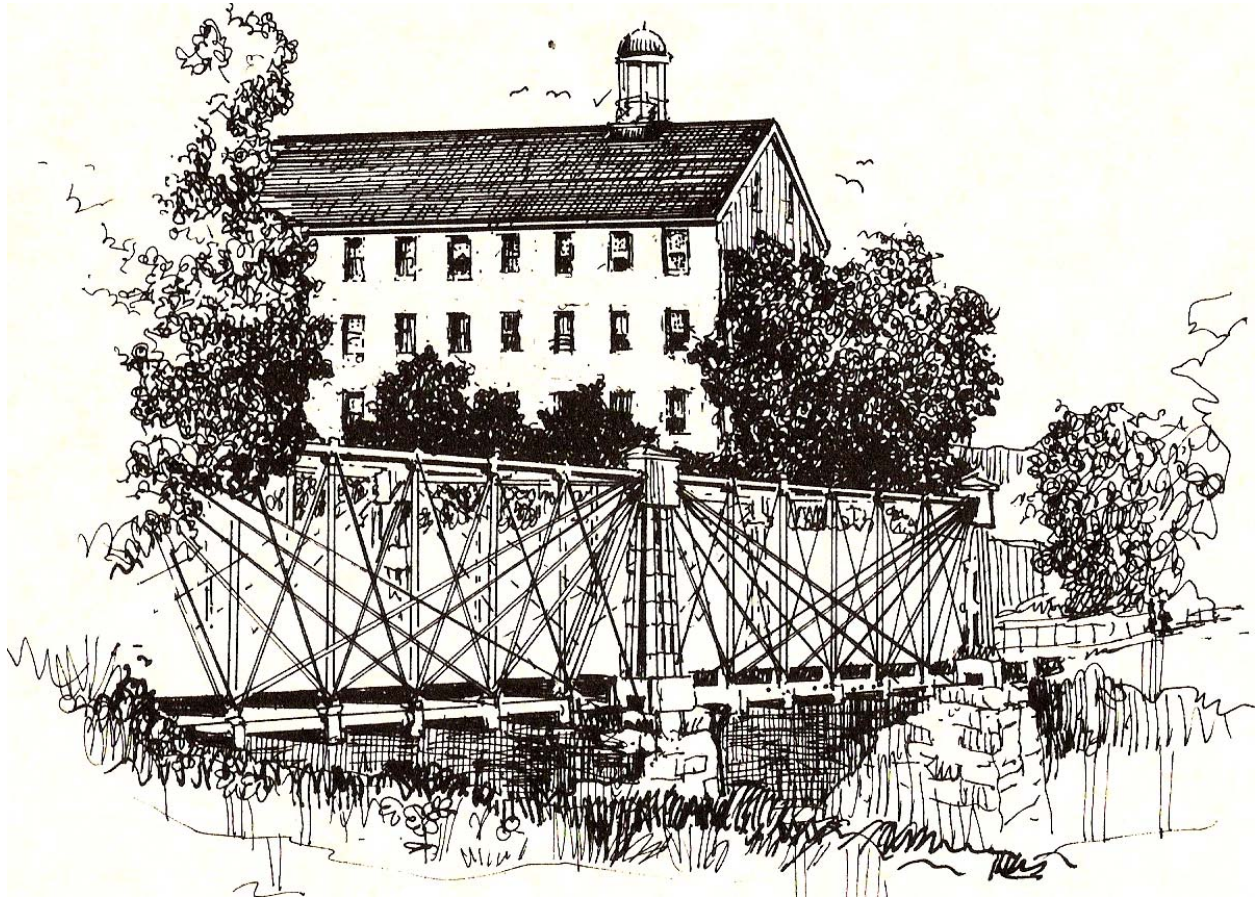
**Capital Assets Used in the Operation of
Enterprise Funds**



Howard County, Maryland
Capital Assets and Depreciation
Capital Assets Used in the Operation of Enterprise Funds
For the Year Ended June 30, 2009

	Balances		Assets		Balances	Allowance for Depreciation			Balances
	June 30, 2008		Additions	Deductions	June 30, 2009	June 30, 2008	Additions	Deductions	June 30, 2009
Land:									
Sewer system	\$ 2,117,977	-	-	-	2,117,977	-	-	-	-
Golf Course	8,684,896	-	-	-	8,684,896	-	-	-	-
Total land	10,802,873	-	-	-	10,802,873	-	-	-	-
Buildings:									
Water system	35,215,473	2,921,338	-	-	38,136,811	7,700,441	703,105	-	8,403,546
Sewer system	745,806	-	-	-	745,806	609,099	7,887	-	616,986
Golf course	1,058,133	-	-	-	1,058,133	340,271	17,887	-	358,158
Total buildings	37,019,412	2,921,338	-	-	39,940,750	8,649,811	728,879	-	9,378,690
Improvements other than buildings:									
Water lines and laterals	239,340,357	2,611,740	24,972	-	241,927,125	109,882,259	3,902,953	571	113,784,641
Sewer lines and laterals	200,820,090	10,944,196	-	-	211,764,286	81,254,308	3,475,798	-	84,730,106
Other	151,255,539	5,669,337	-	-	156,924,876	68,606,897	4,161,640	-	72,768,537
Golf course improvements	117,479	30,389	-	-	147,868	21,073	7,008	-	28,081
Total improvements	591,533,465	19,255,662	24,972	-	610,764,155	259,764,537	11,547,399	571	271,311,365
Machinery and equipment:									
Machinery and equipment	1,121,553	231,493	-	-	1,353,046	683,929	52,869	-	736,798
Machinery and equipment - golf course	451,099	12,511	-	-	463,610	314,729	15,188	-	329,917
Total machinery and equipment	1,572,652	244,004	-	-	1,816,656	998,658	68,057	-	1,066,715
Grand total	\$ 640,928,402	22,421,004	24,972	-	663,324,434	269,413,006	12,344,335	571	281,756,770

Does not include \$125,739,407 of Construction in Progress.



In 1869 the Savage Mill and Bollman Truss Bridge was engineered by Wendell Bollman in order to carry trains from the Savage Cotton Mill over the Little Patuxent River.

Credit: Art Landerman, local artist, Ellicott City, Maryland

Long-Term Debt

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



Howard County, Maryland
Schedule of General Long-Term Debt - General County Bonds
Long-Term Obligations
For the Year Ended June 30, 2009

Type of Debt	Maturity	Rate of Interest	Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
General improvement bonds:						
10-15-91	1992-2009	0.00	\$ 26,137,503 *	555,955	110,150	666,105
06-29-99	2000-2016	2.41	14,210,000	7,980,000	1,062,466	9,042,466
03-15-01	2001-2021	4.25 - 4.75	24,426,524	618,795	352,713	971,508
02-01-02	2002-2015	3.40 - 5.25	26,559,453	10,188,809	1,463,807	11,652,616
06-01-03	2003-2023	2.00 - 5.00	26,565,326	7,280,481	1,258,587	8,539,068
02-01-04	2004-2024	2.00 - 5.00	37,724,019	31,753,062	11,618,061	43,371,123
01-01-05	2005-2025	3.00 - 4.25	13,716,504	11,015,183	3,607,579	14,622,762
01-15-06	2006-2026	3.50 - 4.50	23,906,607	20,842,981	8,291,859	29,134,840
03-15-07	2007-2027	4.00 - 5.00	16,490,227	15,048,165	7,165,927	22,214,092
12-19-07	2009-2019	3.75 - 5.00	29,567,105	25,621,780	4,538,079	30,159,859
02-27-08	2009-2028	3.00 - 5.00	46,633,639	44,932,738	21,735,005	66,667,743
03-23-09	2010-2029	3.50 - 5.00	20,124,587	20,124,587	10,900,613	31,025,200
Total general improvement bonds			306,061,494	195,962,536	72,104,846	268,067,382
Storm drain bonds:						
10-15-91	1992-2009	0.00	366,846	3,796	8,332	12,128
03-15-01	2001-2021	4.25 - 4.75	619,253	45,474	25,920	71,394
02-01-02	2002-2015	3.40 - 5.25	2,394,309	1,026,821	149,226	1,176,047
06-01-03	2003-2023	2.00 - 5.00	1,903,649	687,604	121,812	809,416
02-01-04	2004-2024	2.00 - 5.00	2,214,872	1,972,867	769,579	2,742,446
01-01-05	2005-2025	3.00 - 4.25	341,954	290,985	107,084	398,069
01-15-06	2006-2026	3.50 - 4.50	1,745,637	1,577,782	662,915	2,240,697
03-15-07	2007-2027	4.00 - 5.00	2,465,000	2,293,168	1,187,707	3,480,875
12-19-07	2009-2019	3.75 - 5.00	897,891	778,080	137,812	915,892
02-27-08	2009-2028	3.00 - 5.00	1,344,420	1,300,301	662,248	1,962,549
03-23-09	2010-2029	3.50 - 5.00	1,920,227	1,920,227	1,040,866	2,961,093
Total storm drain bonds			16,214,058	11,897,105	4,873,501	16,770,606
Police department bonds:						
03-15-01	2001-2021	4.25 - 4.75	347,861	25,545	14,560	40,105
02-01-02	2002-2015	3.40 - 5.25	1,585,542	744,122	111,297	855,419
06-01-03	2003-2023	2.00 - 5.00	874,118	505,204	95,876	601,080
02-01-04	2004-2024	2.00 - 5.00	2,754,040	2,272,123	890,755	3,162,878
01-01-05	2005-2025	3.00 - 4.25	1,978,000	1,683,174	619,417	2,302,591
01-15-06	2006-2026	3.50 - 4.50	1,432,986	1,295,195	544,184	1,839,379
03-15-07	2007-2027	4.00 - 5.00	176,319	164,028	84,955	248,983
12-19-07	2009-2019	3.75 - 5.00	472,855	409,759	72,576	482,335
02-27-08	2009-2028	3.00 - 5.00	16,000	15,475	7,881	23,356
03-23-09	2010-2029	3.50 - 5.00	357,459	357,459	193,762	551,221
Total police department bonds			9,995,180	7,472,084	2,635,263	10,107,347
Fire department bonds:						
10-15-91	1992-2009	0.00	1,083,932 *	23,071	5,238	28,309
03-15-01	2001-2021	4.25 - 4.75	11,077	813	464	1,277
02-01-02	2002-2015	3.40 - 5.25	1,838,425	984,075	152,639	1,136,714
06-01-03	2003-2023	2.00 - 5.00	793,991	503,589	97,103	600,692
02-01-04	2004-2024	2.00 - 5.00	1,060,772	981,916	382,118	1,364,034
03-15-07	2007-2027	4.00 - 5.00	134,000	124,659	64,565	189,224
12-19-07	2009-2019	3.75 - 5.00	1,127,193	976,785	173,006	1,149,791
02-27-08	2009-2028	3.00 - 5.00	559,000	540,655	275,358	816,013
03-23-09	2010-2029	3.50 - 5.00	6,022,000	6,022,000	3,264,248	9,286,248
Total fire department bonds			12,630,390	10,157,563	4,414,739	14,572,302

* Adjusted to reflect accreted interest on Capital Appreciation Bonds

(Continued)

Howard County, Maryland
Schedule of General Long-Term Debt - General County Bonds
Long-Term Obligations
For the Year Ended June 30, 2009

Type of Debt	Maturity	Rate of Interest	Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
School bonds:						
10-15-91	1992-2009	0.00	37,870,781 *	806,055	183,021	989,076
03-15-01	2001-2021	4.25 - 4.75	8,566,322	629,060	358,565	987,625
02-01-02	2002-2015	3.40 - 5.25	70,208,285	29,070,375	4,173,616	33,243,991
06-01-03	2003-2023	2.00 - 5.00	44,571,096	16,935,043	3,763,118	20,698,161
02-01-04	2004-2024	2.00 - 5.00	78,248,341	69,822,287	27,132,439	96,954,726
01-01-05	2005-2025	3.00 - 4.25	43,148,176	36,716,824	13,511,985	50,228,809
01-15-06	2006-2026	3.50 - 4.50	62,704,950	56,351,613	23,581,949	79,933,562
03-15-07	2007-2027	4.00 - 5.00	59,669,454	55,641,910	29,235,210	84,877,120
12-19-07	2009-2019	3.75 - 5.00	42,951,282	37,220,022	6,592,336	43,812,358
02-27-08	2009-2028	3.00 - 5.00	48,722,941	47,122,389	23,996,396	71,118,785
03-23-09	2010-2029	3.50 - 5.00	28,734,289	28,734,289	15,574,439	44,308,728
Total school bonds			525,395,917	379,049,867	148,103,074	527,152,941
Community renewal bonds:						
03-15-01	2001-2021	4.25 - 4.75	203,127	14,917	8,502	23,419
02-01-02	2002-2015	3.40 - 5.25	1,845,230	937,511	143,437	1,080,948
06-01-03	2003-2023	2.00 - 5.00	1,534,126	499,820	69,069	568,889
02-01-04	2004-2024	2.00 - 5.00	684,423	611,672	238,552	850,224
01-01-05	2005-2025	3.00 - 4.25	20,000	17,019	6,263	23,282
12-19-07	2009-2019	3.75 - 5.00	3,139,952	2,720,968	481,933	3,202,901
Total community renewal bonds			7,426,858	4,801,907	947,756	5,749,663
Recreation and parks bonds:						
10-15-91	1992-2009	0.00	4,536,180 *	96,550	21,922	118,472
03-15-01	2001-2021	4.25 - 4.75	257,019	18,874	10,758	29,632
02-01-02	2002-2015	3.40 - 5.25	5,881,846	2,852,329	430,749	3,283,078
06-01-03	2003-2023	2.00 - 5.00	7,485,140	2,235,088	280,219	2,515,307
02-01-04	2004-2024	2.00 - 5.00	3,247,873	2,819,928	1,101,795	3,921,723
01-01-05	2005-2025	3.00 - 4.25	245,442	208,858	76,861	285,719
01-15-06	2006-2026	3.50 - 4.50	10,481	9,474	3,980	13,454
03-15-07	2007-2027	4.00 - 5.00	3,328,000	3,096,010	1,603,525	4,699,535
12-19-07	2009-2019	3.75 - 5.00	6,253,677	5,419,210	959,840	6,379,050
02-27-08	2009-2028	3.00 - 5.00	59,000	57,064	29,063	86,127
03-23-09	2010-2029	3.50 - 5.00	533,230	533,230	289,039	822,269
Total recreation and parks bonds			31,837,888	17,346,615	4,807,751	22,154,366
Community college bonds:						
10-15-91	1992-2009	0.00	4,246,634 *	90,387	20,523	110,910
03-15-01	2001-2021	4.25 - 4.75	88,816	6,522	3,718	10,240
02-01-02	2002-2015	3.40 - 5.25	1,851,909	800,958	116,734	917,692
06-01-03	2003-2023	2.00 - 5.00	11,042,554	2,773,171	723,058	3,496,229
02-01-04	2004-2024	2.00 - 5.00	7,370,659	6,611,145	2,577,760	9,188,905
01-01-05	2005-2025	3.00 - 4.25	549,925	467,957	172,211	640,168
01-15-06	2006-2026	3.50 - 4.50	1,574,339	1,422,955	597,863	2,020,818
03-15-07	2007-2027	4.00 - 5.00	17,737,000	16,532,060	8,664,111	25,196,171
12-19-07	2009-2019	3.75 - 5.00	3,010,045	2,608,396	461,994	3,070,390
02-27-08	2009-2028	3.00 - 5.00	10,165,000	9,831,378	5,007,079	14,838,457
03-23-09	2010-2029	3.50 - 5.00	12,028,208	12,028,208	6,519,444	18,547,652
Total community college bonds			69,665,089	53,173,137	24,864,495	78,037,632
Total bonds			\$ 979,226,874	679,860,814	262,751,425	942,612,239

* Adjusted to reflect accreted interest on Capital Appreciation Bonds

Howard County, Maryland
Schedule of Changes in Long-Term Debt
Long-Term Obligations
For the Year Ended June 30, 2009

	Balance June 30, 2008	Issued	Retired	Balance June 30, 2009	
General county bonds:					
General improvement	\$ 192,819,982	20,167,752	17,025,198	195,962,536	*
Storm drain	10,676,749	1,920,227	699,871	11,897,105	
Police department	7,612,956	357,459	498,331	7,472,084	
Fire department	4,617,143	6,023,765	483,345	10,157,563	*
School bonds	374,724,423	28,795,965	24,470,521	379,049,867	*
Community renewal bonds	5,528,341	-	726,434	4,801,907	
Recreation and parks bonds	19,232,009	540,617	2,426,011	17,346,615	*
Community college bonds	43,423,302	12,035,124	2,285,289	53,173,137	*
Total bonds	658,634,905	69,840,909	48,615,000	679,860,814	
Other long-term debt:					
Compensated absences	17,845,511	2,022,500	821,125	19,046,886	
Landfill closure obligation	34,656,180	-	153,180	34,503,000	
Agricultural land preservation program	60,582,200	893,000	235,000	61,240,200	
Total other long-term debt	113,083,891	2,915,500	1,209,305	114,790,086	
Total long-term debt	\$ 771,718,796	72,756,409	49,824,305	794,650,900	**

* Adjusted to reflect accreted interest on Capital Appreciation Bonds

** Does not include deferred refunding premium liability of \$32,707,325, economic refunding loss of (\$1,615,851), unpaid insurance claims of \$5,680,757 and net OPEB obligation of \$49,693,803 shown in the Statement of Net Assets.

Howard County, Maryland
Schedule of Bonded and Other Long-Term Debt
Enterprise Fund
For the Year Ended June 30, 2009

Date of Issue	Maturity	Rate of Interest	Amount Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity	
Metropolitan district bonds:							
10-15-91	1991-2009	0.00	\$ 48,670,519	2,154,110	110,890 (a)	2,265,000	
03-15-01	2001-2031	4.25-4.88	6,000,000	2,985,000	2,582,263	5,567,263	
02-01-02	2002-2031	3.40-5.25	26,150,000	21,815,000	8,048,995	29,863,995	
06-01-03	2003-2032	3.00-5.00	29,180,000	17,670,000	7,105,169	24,775,169	
02-01-04	2004-2023	2.00-4.25	8,325,000	8,070,000	2,146,361	10,216,361	
01-01-05	2005-2034	3.00-4.50	4,000,000	3,650,000	2,359,618	6,009,618	
01-15-06	2006-2035	3.50-4.40	3,000,000	2,815,000	1,884,490	4,699,490	
03-15-07	2007-2037	4.00-4.50	10,000,000	9,620,000	6,994,693	16,614,693	
12-19-07	2009-2029	3.75-4.375	11,980,000	11,850,000	5,649,425	17,499,425	
02-27-08	2009-2038	3.00-4.375	4,095,000	4,020,000	3,018,150	7,038,150	
03-23-09	2010-2029	3.00-5.00	26,240,000	26,240,000	12,852,204	39,092,204	
Total metropolitan district bonds			177,640,519	110,889,110	52,752,258	163,641,368	
MD water quality							
MD water quality 06/1/92	1992-2013	3.50	15,211,855	4,305,290	612,352 (b)	4,917,642	
MD water quality 10/10/95	1995-2015	4.33	1,985,344	802,961	171,810 (b)	974,771	
MD water quality 10/18/00	2000-2022	2.40	34,000,000	23,883,456	5,543,917 (b)	29,427,373	
MD water quality 1/29/02	2002-2024	2.00	21,329,363	16,617,375	3,579,008 (b)	20,196,383	
MD water quality 10/1/08	2009-2029	2.30	1,088,570	966,706	341,491 (b)	1,308,197	
Total water quality			73,615,132	46,575,788	10,248,578	56,824,366	
Special recreation facility bonds		2003-2020	2.00-3.80	9,880,000	7,395,000	1,613,471	9,008,471
Major water and sewer agreements		n/a	n/a	n/a	2,922,762	n/a	2,922,762
Total debt			\$ 261,135,651	167,782,660 (c)	64,614,307	232,396,967	

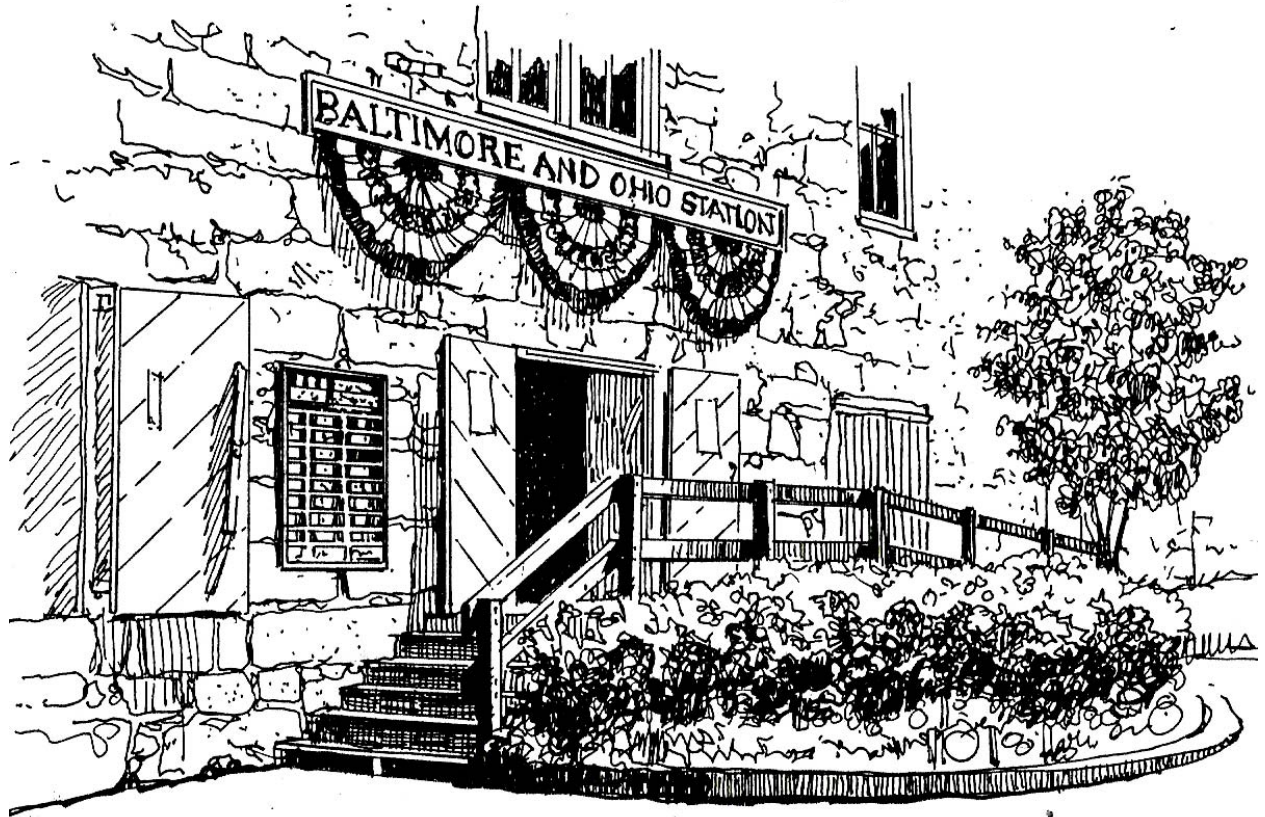
- (a) Includes accreted interest on Capital Appreciation Bonds.
- (b) Includes administrative fees.
- (c) Does not include deferred refunding premium liability of \$1,391,637 and economic refunding loss of (\$538,273) shown in the Statement of Net Assets. Also, does not include net OPEB obligation of \$741,449, compensated absences of \$696,052, developer agreement rebates of \$393,889, or deferred water and sewer assessments of \$29,711,142.

Howard County, Maryland
Schedule of Changes in Bonded Long-Term Debt
Enterprise Fund
For the Year Ended June 30, 2009

Date of Issue	Balance June 30, 2008	Issued	Retired	Balance June 30, 2009
Metropolitan district bonds:				
10-15-91 (a)	\$ 4,306,846	142,264	2,295,000	2,154,110
03-15-00	65,000	-	65,000	-
03-15-01	3,115,000	-	130,000	2,985,000
02-01-02	22,670,000	-	855,000	21,815,000
06-01-03	18,995,000	-	1,325,000	17,670,000
02-01-04	8,135,000	-	65,000	8,070,000
01-01-05	3,740,000	-	90,000	3,650,000
01-15-06	2,880,000	-	65,000	2,815,000
03-15-07	9,815,000	-	195,000	9,620,000
12-19-07	11,980,000	-	130,000	11,850,000
02-27-08	4,095,000	-	75,000	4,020,000
03-23-09	-	26,240,000	-	26,240,000
Total metropolitan district bonds	89,796,846	26,382,264	5,290,000	110,889,110
MD water quality 06/1/92	5,270,989	-	965,699	4,305,290
MD water quality 10/10/95	918,034	-	115,073	802,961
MD water quality 10/18/00	25,433,506	-	1,550,050	23,883,456
MD water quality 1/29/02	17,597,461	-	980,086	16,617,375
MD water quality 10/1/08	-	966,706	-	966,706
Total water quality	49,219,990	966,706	3,610,908	46,575,788
Special recreation facility bonds	7,915,000	-	520,000	7,395,000
Compensated absences	640,691	78,593	23,232	696,052
Major water and sewer agreements	3,003,736	658,825	739,799	2,922,762
Total debt	\$ 150,576,263	28,086,388	10,183,939	168,478,712 (b)

(a) Includes accreted interest on Capital Appreciation Bonds.

(b) Does not include deferred refunding premium liability of \$1,391,637 and economic refunding loss of (\$538,273) shown in the Statement of Net Assets. Also, does not include net OPEB obligation of \$741,449, developer agreement rebates of \$393,889, or deferred water and sewer assessments of \$29,711,142.



The Ellicott City Station is the oldest surviving railroad station in America, and was the original terminus of the B&O Railroad's first 13 miles of commercial rail in the country.

Credit: Art Landerman, local artist, Ellicott City, Maryland

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



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland (the County), as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

Capital Assets

During the course of the audit, we performed testwork related to the reconciliation of the balance sheet of governmental funds to the statement of net assets. The reconciliation is completed once a year by the County and includes various entries to move expenditures reported in the governmental funds to capital assets reported in the governmental activities. Items were noted which resulted in a prior period adjustment, understatement of construction-in-progress, overstatement of construction-in-progress, and an inconsistent application of capitalization for similar costs. Due to the significant volume of transactions, the potential materiality of the transactions and the complexity of the accounts, the reconciliation of expenditures to capital assets should be performed on a periodic basis and reviewed by the Department of Finance.

Management Response

Finance agrees with the recommendation and will determine the appropriate reconciliation process as we complete the SAP implementation.

Network and Application Access Controls

The County did not maintain effective controls over logical access to their computer systems. Available settings for the County's computer network and accounting application during fiscal year 2009 (prior to the conversion to the County's new SAP accounting system) had not been configured to enforce password requirements typically found in other organizations to help reduce the risk of unauthorized access to accounting records and other system resources. Also, some users had inappropriate unrestricted privileged access to the network and servers, and others had unrestricted ability to perform all functions within the application; accordingly, appropriate segregation of duties was not enforced. In addition, records were not available to show what system access individuals were authorized to have and who authorized the access, nor did records evidence that a periodic review of access was being performed.

Management Response

Howard County is in the process of having a new password policy approved. It is currently being revised to meet management comments. The policy has more rigid requirements which allow stronger passwords on all systems within the County. A copy of the draft policy has been previously forwarded to Reznick Group.

Administrative access to the network has been curtailed for any new additions or refurbishments of existing systems. As older systems are moved to the new domain, more restrictive access is being applied. We are in the process currently and it is estimate by first quarter 2010 we will have replaced all existing systems that had not been upgraded or administratively managed. We will document review of the access levels for the system in the future.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Howard County, Maryland, in a separate letter dated November 23, 2009.

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

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

Reznick Group, P.C.

Baltimore, Maryland
November 23, 2009



Completed in 1842, the Circuit Courthouse sits atop a hill in Ellicott City. It currently houses the Circuit Court functions and the Law Library.

Credits: Alice Webb, local artist, Ellicott City, Maryland

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.

<u>Net Assets by Category</u>	<u>113</u>
<u>Changes in Net Assets</u>	<u>114</u>
<u>Fund Balances, Governmental Funds</u>	<u>116</u>
<u>Changes in Fund Balances of Governmental Funds</u>	<u>117</u>

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

<u>Assessed and Estimated Actual Value of Taxable Property</u>	<u>118</u>
<u>Direct and Overlapping Property Tax Rates</u>	<u>119</u>
<u>Principal Property Tax Payers</u>	<u>120</u>
<u>Property Tax Levies and Collections</u>	<u>121</u>

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.

<u>Ratios of Outstanding Debt by Type</u>	<u>122</u>
<u>Ratios for General Bonded Debt Outstanding</u>	<u>123</u>
<u>Legal Debt Margin</u>	<u>124</u>
<u>Pledged-Revenue Coverage</u>	<u>125</u>

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.

<u>Demographic and Economic Statistics</u>	<u>126</u>
<u>Principal Employers</u>	<u>127</u>
<u>County Government Employees by Function</u>	<u>128</u>

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.

<u>Operating Indicators by Function</u>	<u>129</u>
<u>Capital Asset Statistics by Function</u>	<u>130</u>



Howard County, Maryland
Net Assets by Category
Last Eight Fiscal Years (a)
(accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities								
Invested in capital assets, net of related debt	\$ 403,144,510	438,961,798	419,037,009	453,682,183	437,104,153	420,387,445	581,284,859	669,410,210
Restricted (b)	10,432,617	17,405,974	28,342,688	109,514,508	119,756,349	139,763,814	147,266,158	161,806,930
Unrestricted (c)	(76,875,129)	(103,050,451)	(95,289,397)	(161,602,748)	(105,399,387)	(110,356,141)	(288,540,789)	(442,781,138)
Subtotal governmental activities net assets	336,701,998	353,317,321	352,090,300	401,593,943	451,461,115	449,795,118	440,010,228	388,436,002
Business-type activities								
Invested in capital assets, net of related debt	303,777,509	311,410,291	326,966,323	325,302,549	340,388,015	306,098,965	328,013,443	338,277,158
Restricted (b)	84,835,551	87,490,610	82,466,384	99,171,080	99,161,799	142,022,020	139,098,839	151,228,040
Unrestricted	9,968,918	11,165,880	15,067,893	731,350	938,013	2,381,317	2,575,641	1,928,964
Subtotal business-type activities net assets	398,581,978	410,066,781	424,500,600	425,204,979	440,487,827	450,502,302	469,687,923	491,434,162
Primary government								
Invested in capital assets, net of related debt	706,922,019	750,372,089	746,003,332	778,984,732	777,492,168	726,486,410	909,298,302	1,007,687,368
Restricted (b)	95,268,168	104,896,584	110,809,072	208,685,588	218,918,148	281,785,834	286,364,997	313,034,970
Unrestricted	(66,906,211)	(91,884,571)	(80,221,504)	(160,871,398)	(104,461,374)	(107,974,824)	(285,965,148)	(440,852,174)
Total primary government net assets	\$ 735,283,976	763,384,102	776,590,900	826,798,922	891,948,942	900,297,420	909,698,151	879,870,164

(a) Due to the implementation of GASB Statement 34 in fiscal year 2002, information prior to that year is not available.

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

(c) Deficits occur in unrestricted net assets for governmental activities because the County issues debt to fund construction costs for the Public School System and Community College, yet these component units own the capital assets. See the Management's Discussion and Analysis for further details.

(d) FY2008 net assets of governmental activities were restated in fiscal year 2009. See note 18 for further details.

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

Expenses	2002 (b)	2003 (b)	2004	2005	2006	2007	2008	2009
Governmental activities:								
General government	\$ 33,861,811	21,203,520	40,705,773	38,174,921	43,401,671	43,441,064	46,844,606	49,015,557
Public safety	81,320,229	89,948,701	92,035,236	99,797,362	112,396,115	122,208,338	144,114,893	152,639,155
Public works (k)	75,855,425	70,485,129	87,315,039	85,450,609	94,663,945	103,782,948	95,262,350	115,081,550
Recreation and parks	17,334,111	18,255,567	20,268,442	24,309,652	25,296,028	28,304,306	28,335,338	28,490,509
Legislative and judicial	13,051,161	14,167,992	15,109,402	15,630,364	16,347,843	17,935,936	21,577,751	21,414,495
Community services	34,980,366	37,810,310	30,585,440	31,350,625	36,071,390	36,624,968	39,035,177	42,552,461
State highways (k)	3,339,416	4,962,451	5,229,593	1,972,412	302,754	2,244,049	378,464	646,354
Education	319,422,458	336,918,897	368,316,954	423,466,686	510,243,607	538,176,394	587,904,740	560,909,969
Interest on long term debt	23,989,117	24,611,613	23,507,751	25,949,006	27,669,889	31,436,334	35,419,506	33,065,408
Total governmental activities expenses	603,154,094	618,364,180	683,073,630	746,101,637	866,393,242	924,154,337	998,872,825 (j)	1,003,815,458
Business-type activities:								
Water and sewer	43,203,095	46,993,461	46,907,290	51,271,398	62,881,137	64,479,789	66,966,290	59,226,089
Golf course	2,030,798	1,943,021	1,922,354	1,884,139	1,921,122	1,896,158	1,910,116	1,734,769
Total business-type activities expenses	45,233,893	48,936,482	48,829,644	53,155,537	64,802,259	66,375,947	68,876,406	60,960,858
Total primary government expenses	648,387,987	667,300,662	731,903,274	799,257,174	931,195,501	990,530,284	1,067,749,231	1,064,776,316
Program revenues								
Governmental activities:								
Charges for services								
General government	17,700,457	9,460,935	19,303,477	22,336,590	19,210,703	19,202,259	21,908,851	22,623,190
Public works	20,999,584	26,165,606	28,766,381	35,564,427	41,819,146	40,699,663	42,589,702	39,248,132
Recreation and parks	7,775,099	10,106,790	8,366,050	9,496,397	11,147,873	11,467,477	12,213,842	13,050,979
Other	5,667,863	6,187,326	5,541,222	6,379,711	6,542,390	6,999,654	6,787,417	8,482,772
Operating grants and contributions	24,641,598	29,435,731	22,874,525	25,895,910	21,919,457	25,128,602	25,331,284	35,559,629
Capital grants and contributions	27,522,229	34,492,645	17,075,753	23,199,688	40,618,331	47,769,364	32,890,596	27,160,200
Total governmental activities program revenues	104,306,830	115,849,033	101,927,408	122,872,723	141,257,900	151,267,019	141,721,692	146,124,902
Business-type activities:								
Charges for services								
Water and sewer	26,211,959	27,506,628	28,678,494	35,112,827	35,751,512	40,708,994	43,270,127	43,184,222
Golf course	2,316,057	1,972,953	2,033,858	2,084,257	2,320,341	2,294,374	2,257,710	2,103,674
Operating grants and contributions	14,176,668	14,958,376	15,908,499	17,850,331	20,256,749	23,386,096	27,199,512	30,981,090
Capital grants and contributions	15,738,021	15,111,194	15,635,936	12,115,385	19,293,954	5,922,565	13,087,530	6,959,259
Total business-type activities program revenues	58,442,705	59,549,151	62,256,787	67,162,800	77,622,556	75,312,029	85,814,879	83,228,245
Total primary government program revenues	162,749,535	175,398,184	164,184,195	190,035,523	218,880,456	223,579,048	227,536,571	229,353,147

(continued)

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

	2002 (b)	2003 (b)	2004	2005	2006	2007	2008	2009
Net (expenses)/revenue								
Governmental activities	\$ (498,847,264)	(581,146,222)	(581,146,222)	(623,228,914)	(725,135,342)	(772,887,318)	(857,151,133)	(857,690,556)
Business-type activities	13,208,812	10,612,669	13,427,143	14,007,263	12,820,297	5,936,082	16,938,473	22,267,387
Total primary government net expenses	(485,638,452)	(491,902,478)	(567,719,079)	(609,221,651)	(712,315,045)	(766,951,236)	(840,212,660)	(835,423,169)
General revenues and other changes in net assets								
Taxes								
Property taxes	268,910,097	284,275,663	299,709,216	324,785,642	353,894,412	383,551,777	426,302,542	467,389,345
Local income taxes	183,965,323	162,722,900	206,952,771	261,205,355	317,108,241	287,499,387	323,836,591	271,595,421
Other local taxes	39,668,634	44,501,489	57,116,429	63,386,811	79,177,105	67,000,997	53,619,620	40,889,560
Intergovernmental, unrestricted	13,450,430	12,895,419	10,857,401	12,540,562	15,298,806	15,955,176	15,513,177	13,409,168
Unrestricted investment income	6,813,346	8,924,257	2,542,571	10,761,191	9,673,535	18,723,699	24,208,820	10,547,370
Miscellaneous	-	-	3,540,813	52,996	50,415	47,835	508,178	589,962
Transfers	512,807,830	513,319,728	579,919,201	672,732,557	(200,000)	(1,557,550)	703,755	1,695,504
Subtotal governmental activities	1,398,408	832,408	575,824	1,278,838	2,262,551	2,520,843	2,950,903	1,174,356
Business-type activities:								
Unrestricted investment income	-	-	575,824	1,278,838	200,000	1,557,550	(703,755)	(1,695,504)
Transfers	1,398,408	832,408	575,824	1,278,838	2,462,551	4,078,393	2,247,148	(521,148)
Subtotal business-type activities	1,398,408	832,408	575,824	1,278,838	2,462,551	4,078,393	2,247,148	(521,148)
Total primary government	514,206,238	514,152,136	580,495,025	674,011,395	777,465,065	775,299,714	846,939,831	805,595,182
Net assets balances								
Governmental activities:								
Change in net assets, governmental activities	13,960,566	10,804,581	(1,227,021)	49,503,643	49,867,172	(1,665,997)	(12,458,450)	(51,574,226)
Net assets, beginning-governmental activities	322,741,432	336,701,998	353,317,321	352,090,300	401,593,943	451,461,115	449,795,118	440,010,228
Restatement	-	5,810,742	-	-	-	-	2,673,560	-
Net assets, ending-governmental activities	336,701,998	353,317,321	352,090,300	401,593,943	451,461,115	449,795,118	440,010,228	388,436,002
Business-type activities:								
Change in net assets, business-type activities	14,607,220	11,445,077	14,002,967	15,286,101	15,282,848	10,014,475	19,185,621	21,746,239
Net Assets, beginning-business-type activities	383,974,758	398,581,978	410,066,781	424,500,600	425,675,557	440,487,827	450,502,302	469,687,923
Restatement	-	39,726	430,852	(14,111,144)	(470,578)	-	-	-
Net assets, ending-business-type activities	398,581,978	410,066,781	424,500,600	425,675,557	440,487,827	450,502,302	469,687,923	491,434,162
Total primary government	\$ 735,283,976	763,384,102	776,590,900	827,269,500	891,948,942	900,297,420	909,698,151	879,870,164

(a) Due to the implementation of GAS B Statement 34 in fiscal year 2002, information prior to that year is not available.

(b) Reclassifications of data for fiscal years 2002 and 2003 were made to allow for consistency and comparison amongst all years.

(c) The decrease from prior periods is due to a decrease in operating and capital grants and contributions, and an increase in the cost of capital improvements.

(d) The increase from prior period is due to increases in property and local income taxes.

(e) 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.

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

(g) Net assets of governmental activities were restated in fiscal year 2003 to correct the method of calculating grant accruals and deferrals.

(h) Net assets of business-type activities were restated in fiscal years 2003, 2004, and 2006 to eliminate internal balances created in prior years to allocate profit and loss in internal service funds since internal service funds operate under the premise of breaking even.

(i) In fiscal year 2005, net assets of business-type activities were restated to eliminate a water treatment plant owned by another entity.

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

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

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

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General fund										
Encumbrances	\$ 3,183,319	4,349,163	2,975,162	1,776,527	2,985,741	4,814,517	5,036,891	6,054,237	9,910,050	9,236,748
Budget stabilization account	24,802,721	26,533,747	28,491,375	28,491,375	34,696,561	35,806,942	38,423,367	41,782,615	45,095,430	48,703,989
Reserved	27,986,040	30,882,910	31,466,537	30,267,902	37,682,302	40,621,459	43,460,258	47,836,852	55,005,480	57,940,737
Unreserved (a)	35,842,212	22,630,080	3,922,264	307,472	2,068,326	31,589,257	65,693,657	67,301,953	47,921,532	23,858,483
Total general fund	63,828,252	53,512,990	35,388,801	30,575,374	39,750,628	72,210,716	109,153,915	115,138,805	102,927,012	81,799,220
All other governmental funds										
Encumbrances	59,794,409	59,945,020	39,834,211	53,672,910	37,310,062	48,353,210	48,868,523	68,216,836	64,305,449	62,618,173
Noncurrent receivables	7,394,601	7,496,596	7,350,615	7,084,400	6,408,294	5,561,795	5,141,356	7,384,145	6,272,324	11,744,068
Reserved	67,189,010	67,441,616	47,184,826	60,757,310	43,718,356	53,915,005	54,009,879	75,600,981	70,577,773	74,362,241
Unreserved reported in:										
Special revenue	29,076,139	28,169,411	29,787,648	43,101,105	45,244,894	57,450,736	61,095,650	75,624,786	83,717,538	88,000,417
Capital projects funds	14,632,403	(10,750,026)	(81,519)	(2,668,794)	3,152,735	(18,332,249)	(49,450,360)	(73,359,763)	(52,594,957)	(48,107,393)
Total all other governmental funds	\$ 110,897,552	84,861,001	76,890,955	101,189,621	92,115,985	93,033,492	65,655,169	77,866,004	101,700,354	114,255,265

Notes:

(a) Decreases in the general fund - unreserved fund balance from fiscal years 2000 to 2003 and 2007 to 2009 were the result of downturns in the national economy.

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Property taxes (a)	2,354,755,526	2,488,883,572	2,687,422,609	2,837,251,779	2,995,527,817	3,242,280,297	3,553,195,328	3,842,236,664	4,261,888,822	4,666,921,737
Other local taxes	188,560,648	207,774,114	217,361,907	211,127,568	261,533,292 (b)	315,911,598	362,241,884	360,307,897	370,344,167	358,102,738 (c)
State shared taxes	13,384,422	12,651,650	13,450,430	12,895,419	10,087,401	12,540,562	15,298,806	15,955,176	15,513,177	13,409,168
Revenues from other governments	22,215,470	17,602,587	33,247,564	30,289,929	26,532,973	31,843,597	27,984,230	39,792,804	39,792,804	46,184,349
Charges for services	24,381,991	27,145,190	28,940,190	31,116,332	33,858,811	38,681,860	39,274,492	39,894,526	42,488,507	45,518,420
Interest on investments	7,059,665	8,293,893	6,959,001	8,112,900	11,132,131	10,614,636	17,655,119	17,655,119	22,647,797	10,347,213
Licenses and permits	4,257,383	4,936,431	5,777,844	6,180,086	7,735,488	7,790,049	7,790,049	7,047,647	6,311,980	4,923,057
Fines and forfeitures	2,697,158	2,607,939	2,068,404	2,232,012	2,171,579	2,466,331	2,667,805	3,154,241	3,607,775	3,602,384
Developer fees (d)	983,629	1,304,590	1,104,093	1,895,940	1,763,924	2,270,854	2,009,027	1,811,520	2,345,464	1,229,577
Rental of property (d)	1,743,707	900,076	534,563	794,335	793,983	757,290	1,026,567	991,458	510,315	716,648
Recoveries for interfund services	4,442,713	5,048,557	6,162,816	7,452,902	5,845,634	5,424,689	5,391,777	5,418,929	5,932,335	6,009,417
Payments from component units (d)	1,007,626	394,998	1,560,737	581,577	3,540,813	52,996	50,415	47,835	508,178	589,962
Miscellaneous program revenues	6,897,392	8,637,627	7,256,723	1,778,149	2,349,629	7,928,572	10,504,384	8,651,601	9,094,850	8,189,651
Total revenues	5,131,073,330	5,461,811,224	5,862,275,991	5,983,358,908	6,562,276,470	7,605,581,690	8,366,272,726	8,890,005,286	9,452,286,171	9,657,444,331
Expenditures										
Current:										
General government	32,245,654	24,036,129	24,702,501	17,852,659	18,900,479	19,961,665	20,502,167	23,089,141	23,311,692	23,163,146
Legislative & judicial	11,359,719	12,250,523	12,925,101	13,925,101	14,996,418	15,806,162	16,661,584	18,554,621	20,943,849	21,184,129
Public works	42,795,271	53,293,552	59,282,360	62,116,869	69,115,109	70,906,152	71,953,116	78,994,209	85,529,891	92,855,401
Public safety	63,346,362	68,642,781	78,203,077	85,820,025	92,021,978	100,863,152	114,695,165	128,272,671	141,928,781	147,359,582
Recreation and parks	13,231,160	15,205,099	16,378,165	16,920,154	18,637,385	19,752,579	22,608,386	23,986,622	25,309,800	25,616,451
Community services	15,248,188	21,636,191	24,331,466	27,393,680	30,332,789	30,368,627	35,784,748	33,668,684	40,935,310	43,321,961
Education	248,518,239	269,949,628	302,724,401	316,134,117	335,840,342	361,586,585	506,364,891 (e)	536,256,495	546,950,012	558,271,124
Capital improvements	52,904,556	68,688,141	75,222,890	59,817,928	73,921,934	102,339,370	63,124,243 (e)	62,188,653	85,200,083	62,788,785
Debt service:										
Principal	27,298,001	29,223,488	33,408,001	31,560,998	33,121,999	40,310,999	40,822,000	41,716,000	45,182,000	48,850,000
Interest	23,482,345	24,066,080	23,505,462	23,064,888	20,925,083	24,695,244	26,310,766	30,330,362	33,696,141	34,907,537
Total expenditures	5,304,294,945	5,871,916,112	6,506,654,426	6,537,066,429	7,069,133,513	7,867,906,550	9,183,272,066	9,777,057,458	10,488,987,559	10,583,318,116
Revenues over (under) expenditures	(173,221,615)	(410,104,888)	(643,784,335)	(553,707,521)	(506,857,043)	(262,324,860)	(821,999,340)	(88,052,172)	(103,701,388)	(92,573,795)
Other Financing Sources (Uses)										
Bond premium/(discount)	(352,372)	310,436	5,060,234	7,593,411	9,236,278	(560,100)	108,843	6,736,869	10,319,070	4,104,393
Capital related debt issued	65,535,000	34,520,000	35,000,000	54,895,000	48,290,000	60,000,000	91,375,000	100,000,000	107,500,000	69,720,000
Refunding bonds issued	-	-	771,650,000	39,875,000	85,015,000	-	-	-	87,420,000	-
Payment to bond refunding escrow agent	-	-	(81,376,073)	(42,042,048)	(91,855,055)	-	-	-	(92,179,903)	-
Transfers in	43,111,853	53,161,480	34,953,192	37,884,250	36,263,480	34,039,823	61,971,415	68,119,015	89,413,236	94,990,994
Transfers out	(42,901,860)	(52,606,313)	(34,726,020)	(32,784,507)	(36,211,042)	(33,893,268)	(61,691,042)	(68,607,987)	(87,148,458)	(87,295,333)
Retirement of bond anticipation notes (f)	(35,000,000)	(30,000,000)	(30,000,000)	-	-	-	-	-	-	-
Total other financing sources (uses)	30,392,621	5,385,603	36,976,333	65,421,046	50,738,661	59,586,455	91,764,216	106,247,897	115,323,945	81,520,054
Proceeds from sale of property	-	-	2,565,093	3,600,972	-	-	-	-	-	-
Net change in fund balances	\$ 13,070,456	(35,624,785)	(25,737,009)	13,674,947	101,618	33,377,595	9,564,876	18,195,725	11,622,557	(11,053,741)
Debt service as a percentage of noncapital expenditures	10.63%	10.30%	9.89%	9.20%	8.40%	9.50%	7.85%	7.88%	8.18%	8.41%

(a) Increase in real property taxes is due to steady increases in property values in the County. See the Management's Discussion & Analysis for further details.

(b) Increase in other local taxes is due to a rate increase in the local income tax from 2.45 to 3.2 percent.

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

(d) 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) Prior to fiscal year 2002, the bond anticipation notes were reported in the long term debt account group and the retirement of such notes was considered other financing uses. Starting in fiscal year 2002, the bond anticipation notes were recorded on the balance sheet as short term debt. As such, the retirement of such notes has resulted in a reduction of a fund liability.

Howard County, Maryland
Assessed and Estimated Actual 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)	
2000	14,530,248,375	3,473,444,000	18,003,692,375	1.044	1,118,900,130	2.610	19,122,592,505
2001	15,278,352,973	3,715,239,000	18,993,591,973	1.044	1,216,880,705	2.610	20,210,472,678
2002	16,001,276,251	4,092,988,000	20,094,264,251	1.044	1,334,993,869	2.610	21,429,258,120
2003	17,059,315,828	4,342,237,000	21,401,552,828	1.044	1,332,670,460	2.610	22,734,223,288
2004	18,600,029,068	4,580,465,000	23,180,494,068	1.044	1,313,970,320	2.610	24,494,464,388
2005	19,875,069,165	6,069,882,095	25,944,951,260	1.044	1,331,028,850	2.610	27,275,980,110
2006	23,275,630,570	6,577,363,510	29,852,994,080	1.014	1,391,713,320	2.535	31,244,707,400
2007	28,754,085,178	6,172,812,902	34,926,898,080	1.014	1,468,267,950	2.535	36,395,166,030
2008	34,222,495,933	6,539,516,569	40,762,012,502	1.014	1,496,189,730	2.535	42,258,202,232
2009	39,129,032,552	7,012,754,331	46,141,786,883	1.014	1,497,439,490	2.535	47,639,226,373

(a) Real property and personal property assessments are done every three years and every year, respectively, by the State Department of Assessments and Taxation at

100% of estimated fair value. Tax-exempt property is not included in the assessed value.

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

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

Howard County Direct Rates		
Fiscal Year	Real Property	Personal Property
2000	1.044	2.610
2001	1.044	2.610
2002	1.044	2.610
2003	1.044	2.610
2004	1.044	2.610
2005	1.044	2.610
2006	1.014	2.535
2007	1.014	2.535
2008	1.014	2.535
2009	1.014	2.535

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

	2009		2000		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation
Baltimore Gas & Electric Company	\$ 313,818,170	0.66%	Baltimore Gas & Electric Company	\$ 228,659,990	2.75%
Mall in Columbia Business Trust	175,785,132	0.37%	Bell Atlantic	118,487,010	1.42%
Verizon - Maryland	128,755,260	0.27%	Columbia Mall	81,596,130	0.98%
Magazine Howard Crossing LLC	105,891,564	0.22%	U.S. Sprint Communications	62,493,320	0.75%
Liberty Property Ltd Partnership	79,465,316	0.17%	Howard Research & Development Corp	32,082,980	0.39%
API Columbia Town Center LLC	79,265,066	0.17%	Town & Country West Greenview	20,287,160	0.24%
Seasons of Laurel LLC	71,105,282	0.15%	Columbia Association	19,693,290	0.24%
Sherwood Crossing Apartments LLC	70,425,200	0.15%	Washington D.C. SMSA	18,028,170	0.22%
Sprint Communications	52,567,440	0.11%	Comcast CaHvision	17,720,250	0.21%
NewCingular Wireless PCS, LLC	35,854,070	0.08%	Maryland Associates LTD	17,065,810	0.21%
Total	\$ 1,112,932,500	2.35%	Total	\$ 616,114,110 (a)	7.41%

(a) Prior to 2002, the State assessed all real property at 40% of its fair value. The taxable assessed valuation for 2000 includes both personal and real property for each taxpayer.

However, the breakdown of real and personal property for these principal taxpayers was not available and therefore could not be presented as 100% in order to be more comparable to the 2009 valuation.

**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		Amount	Percentage of Levy
2000	236,531,533	235,348,987	99.5%	1,033,283	236,382,270	99.9%	
2001	250,619,586	249,341,918	99.5%	1,203,457	250,545,375	100.0%	
2002	272,888,397	270,842,836	99.3%	1,872,971	272,715,807	99.9%	
2003	286,459,075	284,784,071	99.4%	1,426,149	286,210,220	99.9%	
2004	306,220,976	305,055,699	99.6%	1,017,245	306,072,944	100.0%	
2005	338,595,522	336,809,362	99.5%	1,631,357	338,440,719	100.0%	
2006	384,872,472	382,410,597	99.4%	1,950,616	384,361,213	99.9%	
2007	435,502,514	433,853,289	99.6%	1,024,391	434,877,680	99.9%	
2008	507,119,578	505,465,702	99.7%	988,268	506,453,970	99.9%	
2009	562,745,229	561,004,121	99.7%	-	561,004,121	99.7%	

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									
	General Obligation Bonds	State Water Quality Revolving Loans	Installment Purchase Agreements (a)	MD State Retirement System Liability	Local Govt. Insurance Trust Obligations	State Promissory Note	Total Governmental Activities	Metropolitan District Bonds	Special Facility Revenue Bonds	State Water Quality Revolving Loans	Business-Type Activities	Total Primary Government	Percentage of Personal Income (b)	Portion of Per Capita Personal Income (b)						
2000	402,117	14,200	51,200	2,806	1,331	582	472,236	101,006	10,045	13,350	124,401	596,637	5.48%	2,416						
2001	408,772	14,090	51,064	2,237	1,222	-	477,385	100,393	9,785	20,341	130,519	607,904	5.33%	2,377						
2002	410,869	13,975	53,307	1,948	1,104	-	481,203	98,057	9,510	40,733	148,300	629,503	5.34%	2,411						
2003	436,514	13,855	53,171	1,638	-	-	505,178	97,047	9,880	50,219	157,146	662,324	5.41%	2,498						
2004	454,881	13,735	52,944	1,305	-	-	522,865	91,839	9,880	57,118	158,837	681,702	5.10%	2,538						
2005	477,853	11,790	52,808	762	-	-	543,213	89,515	9,405	58,833	157,753	700,966	4.93%	2,572						
2006	529,618	11,705	52,581	-	-	-	593,904	86,467	8,915	56,278	151,660	745,564	4.95%	2,699						
2007	588,785	11,555	52,445	-	-	-	652,785	91,266	8,420	52,831	152,517	805,302	4.99%	2,721						
2008	648,875	9,760	60,582	-	-	-	719,217	89,797	7,915	49,220	146,932	866,149	N/A	N/A						
2009	671,881	7,980	61,240	-	-	-	741,101	110,889	7,395	46,576	164,860	905,961	N/A	N/A						

(a) Installment Purchase Agreements comprises Agricultural Land Preservation program agreements.

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

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

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

Fiscal Year	Estimated Population	General Obligation Debt (a)	Percentage of	
			Estimated Actual Taxable Value of Property (b)	General Obligation Debt per Capita (c)
2000	246,984	421,036	2.2%	1,705
2001	255,698	426,321	2.1%	1,667
2002	261,134	427,896	2.0%	1,639
2003	265,095	452,007	2.0%	1,705
2004	268,561	469,921	1.9%	1,750
2005	272,584	490,405	1.8%	1,799
2006	276,287	541,323	1.7%	1,959
2007	278,900	600,340	1.6%	2,153
2008	282,674	658,635	1.6%	2,330
2009	284,952	679,861	1.4%	2,386

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

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

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

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

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Assessed value										
Real property	\$ 18,003,693	18,993,592	20,094,264	21,401,553	23,180,494	25,944,951	29,852,994	34,926,898	40,762,012	46,141,787
Personal property	1,118,900	1,216,881	1,334,994	1,332,670	1,313,970	1,331,029	1,391,713	1,468,268	1,496,190	1,497,439
Total assessed value	19,122,593	20,210,473	21,429,258	22,734,223	24,494,464	27,275,980	31,244,707	36,395,166	42,258,202	47,639,226
Legal debt margin										
Debt limit (12% of assessed value of real property)	864,177	911,692	964,525	1,027,275	1,112,664	1,245,358	1,432,944	1,746,968	2,028,394	2,286,683
Debt limit (12% of 100% of assessed value of personal property)	134,268	146,026	160,199	159,920	157,676	159,723	167,006	1,746,968	2,028,394	2,286,683
Debt limit (4.8% of assessed value of real property and personal property)	998,445	1,057,718	1,124,724	1,187,195	1,270,340	1,405,081	1,599,950	1,746,968	2,028,394	2,286,683
Debt applicable to limit										
General county	402,117	408,772	410,870	436,514	454,881	477,853	529,619	588,785	648,875	671,881
Local Government Insurance Trust	1,331	1,222	1,104	-	-	-	-	-	-	-
State promissory note	582	-	-	-	-	-	-	-	-	-
State Water Quality Revolving Loan	14,200	14,090	13,975	13,855	13,735	11,790	11,705	11,555	9,760	7,980
Maryland State Retirement System Liability	2,806	2,237	1,948	1,638	1,305	762	-	-	-	-
Total debt applicable to limit	421,036	426,321	427,897	452,007	469,921	490,405	541,324	600,340	658,635	679,861
Legal debt margin	\$ 577,409	631,397	696,827	735,188	800,419	914,676	1,058,626	1,146,628	1,369,759	1,606,822
Total debt applicable to the limit as a percentage of debt limit	42.17%	40.31%	38.04%	38.07%	36.99%	34.90%	33.83%	34.36%	32.47%	29.73%

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

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

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2000	2,207,316	1,308,669	898,647	250,000	602,028	1.05
2001	2,185,895	1,388,354	797,541	260,000	589,278	0.94
2002	2,369,556	1,412,473	957,083	275,000	575,888	1.12
2003	1,998,554	1,363,747	634,807	290,000	561,588	0.75
2004	2,050,330	1,498,772	551,558	- (a)	203,075	2.72
2005	2,100,092	1,492,518	607,574	475,000	283,073	0.80
2006	2,331,256	1,531,074	800,182	490,000	273,423	1.05
2007	2,308,060	1,516,767	791,293	495,000	263,573	1.04
2008	2,282,219	1,533,517	748,702	505,000	253,573	0.99
2009	2,120,794	1,400,663	720,131	520,000	243,322	0.94

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

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

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

Fiscal Year	Estimated Population (a)	Personal		Per Capita		Public School Enrollment (d)	Unemployment Rate (e)
		(thousands of dollars)	Income (b)	Personal Income (b)	Income (b)		
2000	246,984	10,893,197	44,105	43,156	1.9%		
2001	255,698	11,410,552	44,625	44,525	2.6%		
2002	261,134	11,798,956	45,184	45,722	3.3%		
2003	265,095	12,236,163	46,158	46,650	3.0%		
2004	268,561	13,354,838	49,727	47,211	2.7%		
2005	272,584	14,214,278	52,146	47,552	3.2%		
2006	276,287	15,075,245	54,564	48,596	3.1%		
2007	278,900	16,149,370	57,904	48,222	2.7%		
2008	282,674	N/A	N/A	48,595	3.2%		
2009	284,952	N/A	N/A	48,888	5.7%		

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 restated for all years per Bureau of Economic Analysis, U.S. Dept. of Commerce.
- (d) Howard County Public School System - School enrollment is based on head count taken September 30th of each year.
- (e) 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	2009			2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public Schools	7,850	1	5.29%	5,642	1	3.64%
Johns Hopkins Applied Physics Laboratory	4,400	2	2.96%	2,700	2	1.74%
Howard County Government	2,869	3	1.93%	2,465	3	1.59%
Verizon Wireless	2,028	4	1.37%	--	--	--
Giant Food, Inc.	1,953	5	1.32%	1,200	4	0.77%
Howard County General Hospital	1,720	6	1.16%	1,200	4	0.77%
Columbia Association	1,600	7	1.08%	--	--	--
SAIC	1,058	8	0.71%	--	--	--
Wells Fargo Securities Administrative Services	842	9	0.57%	--	--	--
MICROS Systems, Inc.	815	10	0.55%	--	--	--
Amerix Corporation	--	--	--	1,200	4	0.77%
SYS CO Food Services of Baltimore	--	--	--	945	7	0.61%
The Rouse Company	--	--	--	850	8	0.55%
Magellan Behavioral Health	--	--	--	850	8	0.55%
Care First	--	--	--	720	10	0.46%
Total	25,135		16.94%	17,772		11.45%

Sources:
Howard County Department of Economic Development

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

Function/program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	355	362	360	270 (a)	271	269	276	283	291	288
Public safety										
Police	424	445	462	522 (a)	526	531	538	550	595	623
Fire	281	296	301	301	301	357	329	361	404	405
Corrections	121	123	123	123	123	139	141	141	144	144
Public works	512	523	525	524	528	529	539	556	577	579
Recreation and parks	191	202	218	218	225	232	238	246	251	246
Legislative and judicial	174	173	178	175	175	179	183	188	197	204
Community services	205	229	259	290	293	329	330	366	384	380
Total	2,263	2,353	2,426	2,423	2,442	2,565	2,574	2,691	2,843	2,869

Source: Howard County Budget Office

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

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

Function/program	Executive/Council										
	1851										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
General Government											
Finance:											
Real property tax accounts billed	87,012	88,070	88,900	89,931	90,707	91,172	94,937	92,592	93,712	94,813	
Business personal property tax accounts billed	9,721	9,818	9,615	9,910	9,920	10,255	7,960	9,906	11,854	9,613	
Public Safety											
Police:											
Physical arrests	N/A	7,953	8,606	8,073	8,081	7,703	9,748	9,160	9,686	9,987	
Parking violations	8,419	7,159	8,108	7,797	8,033	8,539	8,639	8,484	8,933	10,556	
Traffic violations	N/A	N/A	29,340	23,499	25,990	30,115	52,850	62,730	65,217	80,724	
Fire:											
Emergency responses	49,606	54,443	52,588	55,296	57,152	59,679	57,507	63,396	63,598	64,425	
Inspections	N/A	N/A	N/A	371	411	586	549	471	570	610	
Corrections:											
Average yearly prison population	245	231	273	276	264	241	247	297	278	284	
Public Works											
Inspections, licenses and permits:											
Construction permits issued (a)	7,048	6,612	6,665	6,404	6,900	6,553	6,941	6,112	5,835	4,370	
Environmental services:											
Refuse collected (tons per year)	110,362	109,383	107,999	108,200	116,218	116,647	124,913	125,494	120,838	107,756	
Recyclables collected (tons per year)	40,906	40,194	38,847	40,420	56,478	50,373	55,691	60,317	54,293	60,860	
Recreation and parks											
Programs operated	4,067	4,433	4,530	4,820	4,759	4,772	4,162	4,186	4,200	4,226	
Registrations processed	60,511	84,568	83,775	94,321	96,657	101,052	94,361	105,665	106,014	101,503	
Legislative and judicial											
Circuit court cases filed	2,264	2,110	1,089	1,223	1,053	1,205	1,277	1,182	996	999	
District court cases filed	12,059	8,406	12,029	19,979	14,204	14,091	10,124	12,373	13,815	12,295	
Community services											
Senior centers operated	7	7	8	8	8	9	9	9	9	9	
Consumer affairs - cases closed	N/A	248	289	237	253	189	194	210	191	223	
Community service partnership grants	29	32	33	30	29	29	32	31	32	36	
Assisted living monitoring visits	N/A	N/A	N/A	N/A	N/A	292	280	205	163	217	
Water and sewer											
Water main breaks	99	106	126	119	140	143	123	137	82	137	
Average daily water consumption (thousands of gallons)	21,530	22,160	22,130	20,860	21,370	22,100	22,500	23,000	22,400	22,000	
Number of water customers	60,435	63,111	62,900	63,978	64,189	65,567	66,434	67,868	69,170	69,833	
Average daily sewage treatment (thousand of gallons)	23,692	22,600	18,610	27,600	26,450	25,052	18,800	25,600	24,400	26,800	
Number of sewer customers	52,765	60,080	59,630	60,652	60,853	62,159	63,022	64,240	65,494	66,096	
Golf course											
Rounds played	48,481	45,572	50,259	40,673	40,210	41,360	44,856	41,395	40,455	36,450	

Sources: Various Howard County Departments
 Note: Indicators are not available for the State highways or education functions.
 (a) Construction permits issued prior to 2005 were provided on a calendar year basis.

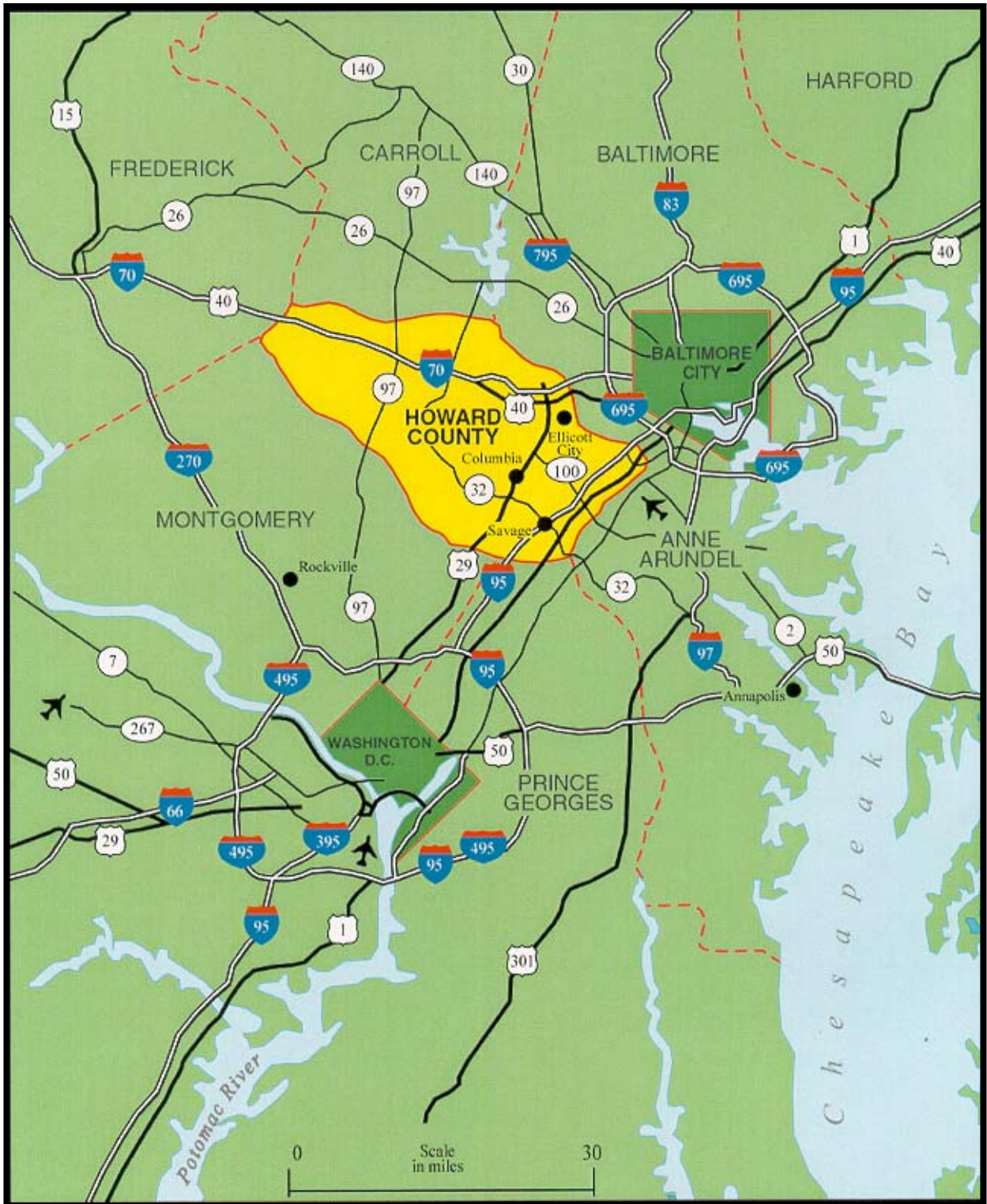
Howard County, Maryland Capital Asset Statistics by Function Last Ten Fiscal Years

Function/program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Buildings	9	10	10	10	10	10	11	11	12	17
Vehicles	N/A	N/A	N/A	N/A	N/A	N/A	42	44	49	60
Legislative and judicial										
Vehicles	N/A	N/A	N/A	N/A	N/A	N/A	45	53	58	61
Public safety										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units (vehicles)	189	199	199	199	194	200	200	207	225	244
Other vehicles	N/A	N/A	N/A	N/A	N/A	N/A	196	209	231	250
Fire:										
Stations	4	4	4	4	5	5	5	5	6	6
Pumpers/tankers	23	23	23	23	23	23	29	31	34	32
Ladder trucks	4	4	4	4	4	4	6	6	7	7
Paramedic units	17	21	21	21	21	21	21	24	27	28
Vehicles	N/A	N/A	N/A	N/A	N/A	N/A	90	106	118	101
Public Works										
Buildings	39	40	41	43	45	46	46	46	46	49
Transit buses	23	24	35	43	45	47	47	52	53	56
Vehicles	N/A	N/A	N/A	N/A	N/A	N/A	214	234	278	279
Streets (miles)	907	943	955	962	966	970	975	980	988	995
Streetlights	5,180	5,500	5,600	6,000	6,180	6,631	8,217	8,448	7,500	7,700
Stormwater management facilities	530	570	620	650	664	700	719	745	745	770
Recreation and parks										
Buildings	39	40	40	40	40	41	44	44	44	44
Parks and open space acreage	7,491	7,507	7,507	7,907	8,392	8,211	8,494	8,812	8,962	9,015
Playgrounds	237	245	245	248	252	248	251	257	265	233
Vehicles	N/A	N/A	N/A	N/A	N/A	N/A	64	70	69	63
Water and sewer										
Wastewater treatment plants	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	885	905	907	882	888	905	927	943	960	992
Sanitary sewers (miles)	930	846	848	862	869	880	892	898	906	955
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.

Howard County Regional Location





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