



**HOWARD COUNTY, MARYLAND**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2018**



# Howard County, Maryland

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## Certain Appointed Officials

Lonnie R. Robbins  
*Chief Administrative Officer*

Janet R. Irvin  
*Director of Finance*

James M. Irvin  
*Director of Public Works*

Gary W. Kuc  
*County Solicitor*

Valdis Lazdins  
*Director of Planning and Zoning*

Holly Sun  
*Budget Administrator*

Craig Glendenning  
*County Auditor*

## Financial Advisor

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Timonium, MD 21093  
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Fax (410) 453-0914  
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## County Executive

Allan H. Kittleman



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## County Council

Mary Kay Sigaty  
*Chairperson*



Dr. Calvin Ball  
*Vice Chairperson*



Jon Weinstein  
*Council Member*



Greg Fox  
*Council Member*



Jennifer Terrasa  
*Council Member*



# Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018



Prepared by the Department of Finance

Howard County, Maryland



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### Listing of County Officials

#### County Executive and Council

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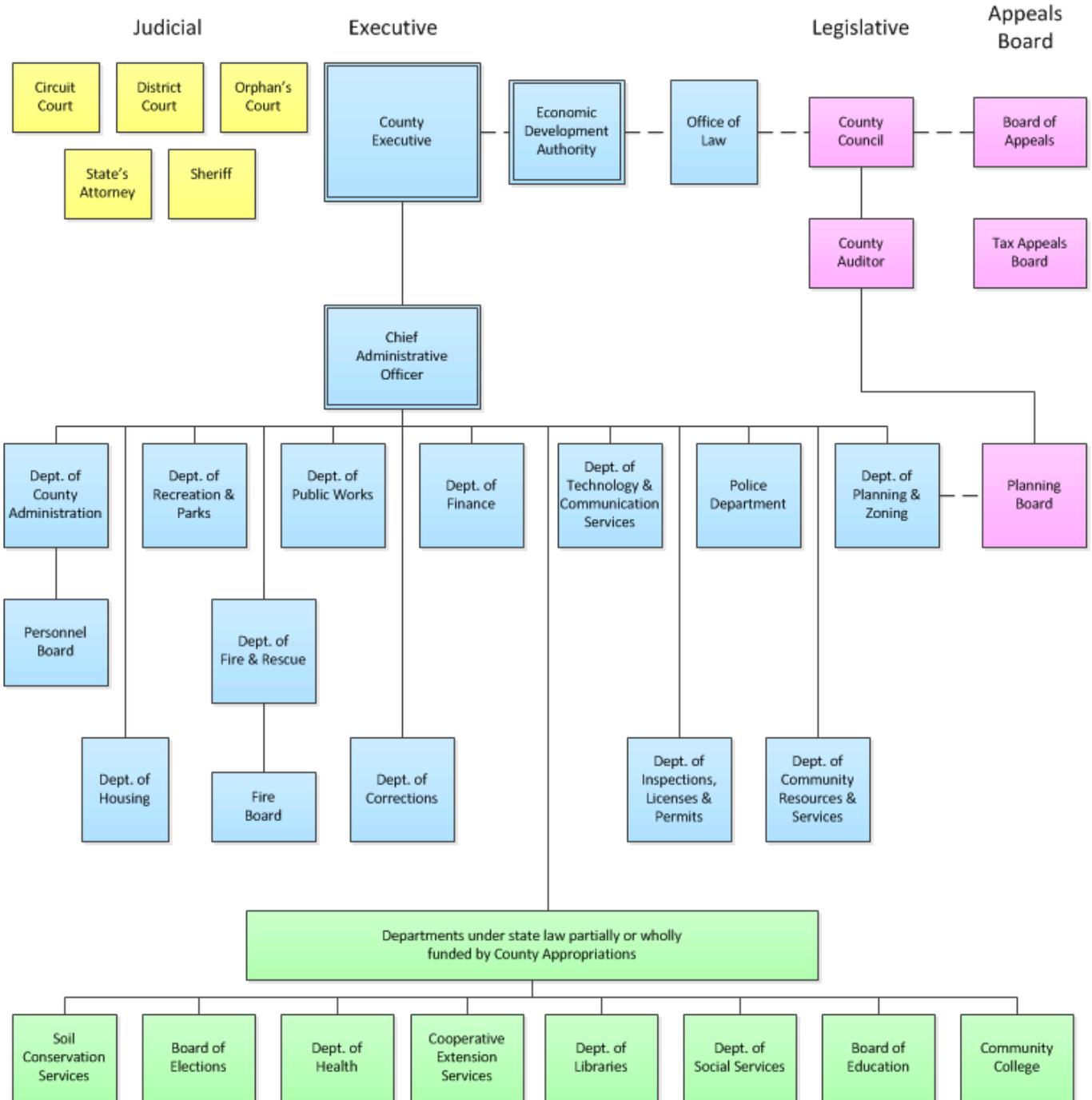
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# HOWARD COUNTY GOVERNMENT ORGANIZATIONAL CHART





## HOWARD COUNTY DEPARTMENT OF FINANCE

3430 Court House Drive

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Janet R. Irvin, Director

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FAX 410-313-4433

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November 27, 2018

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

Ladies and Gentlemen:

### **FORMAL TRANSMITTAL OF THE CAFR**

The audited Comprehensive Annual Financial Report (CAFR) of Howard County, Maryland (the County) prepared by the Department of Finance for the fiscal year (FY) ended June 30, 2018, is hereby submitted in compliance with Howard County Charter, Section 212 and includes the auditor's opinion issued by the independent public accounting firm of CliftonLarsonAllen LLP hired by the County Council. The annual report was prepared by the Howard County Department of Finance in cooperation with the finance departments of the County's component units.

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

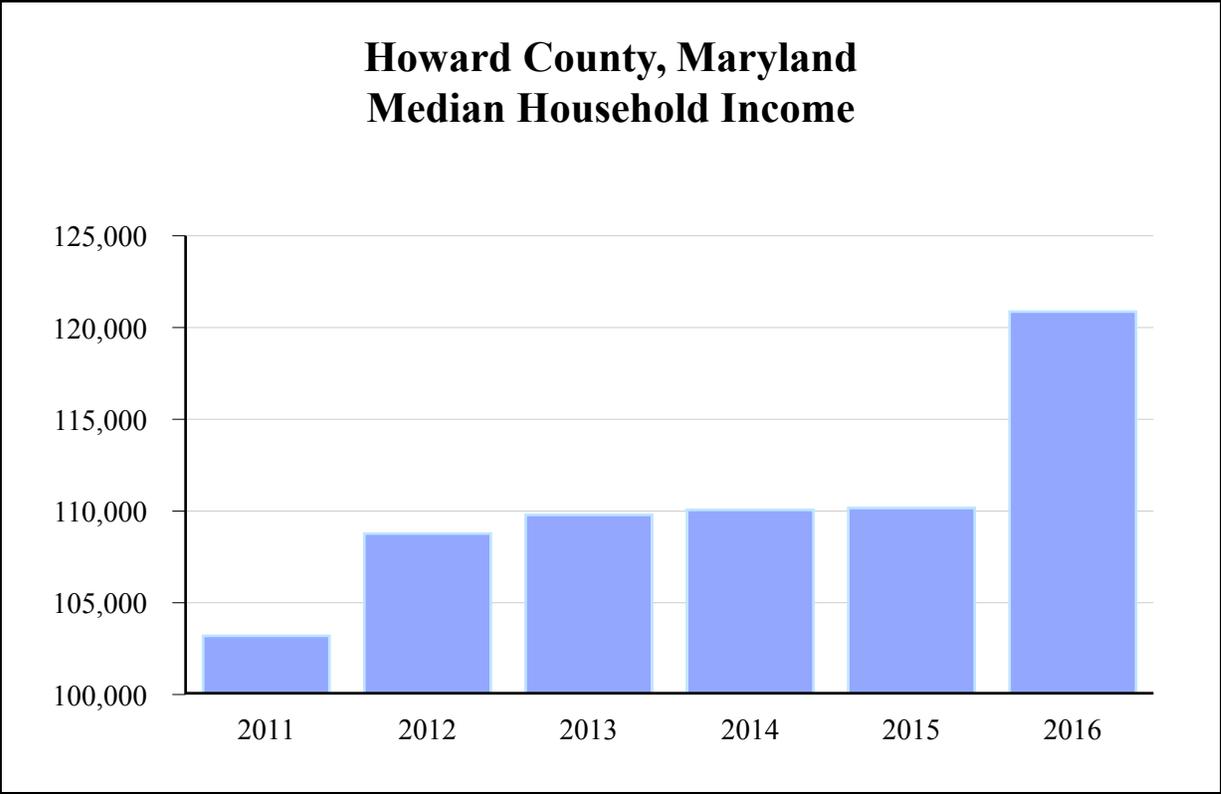
CliftonLarsonAllen LLP, licensed certified public accountants, performed an independent audit and issued an unmodified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2018. The Independent Auditor's Report is presented as the first element of the Financial Section of this report.

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

### **PROFILE OF THE GOVERNMENT**

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

Located directly between Baltimore, Maryland and Washington, D.C. and at its closest point is less than four miles from the former and 13 miles from the latter, the County is 251 square miles in area. The County was predominantly agricultural in character until 1966, when construction began on the planned community of Columbia. Columbia is unique for its purposeful goal to be an integrated community at a time before the Fair Housing Act of 1968 made it illegal to discriminate in housing based on race, color, national origin or religion. Howard County is home to approximately 321,113 residents based on estimates by the Maryland Department of Planning. The Howard County Library System (HCLS) was named one of the best Library Systems in North America by the Library Journal Index of Public Service for the five straight years. Columbia/Ellicott City was named Money Magazines #1 the best places to live in 2016 and ranked in the top ten for the fifth time in a row. According to the U.S. Census Bureau’s, American Community Survey, Howard County has both the highest median income in the State and the second highest in the nation.



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

**COMPONENT UNITS**

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

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

## **BUDGET**

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

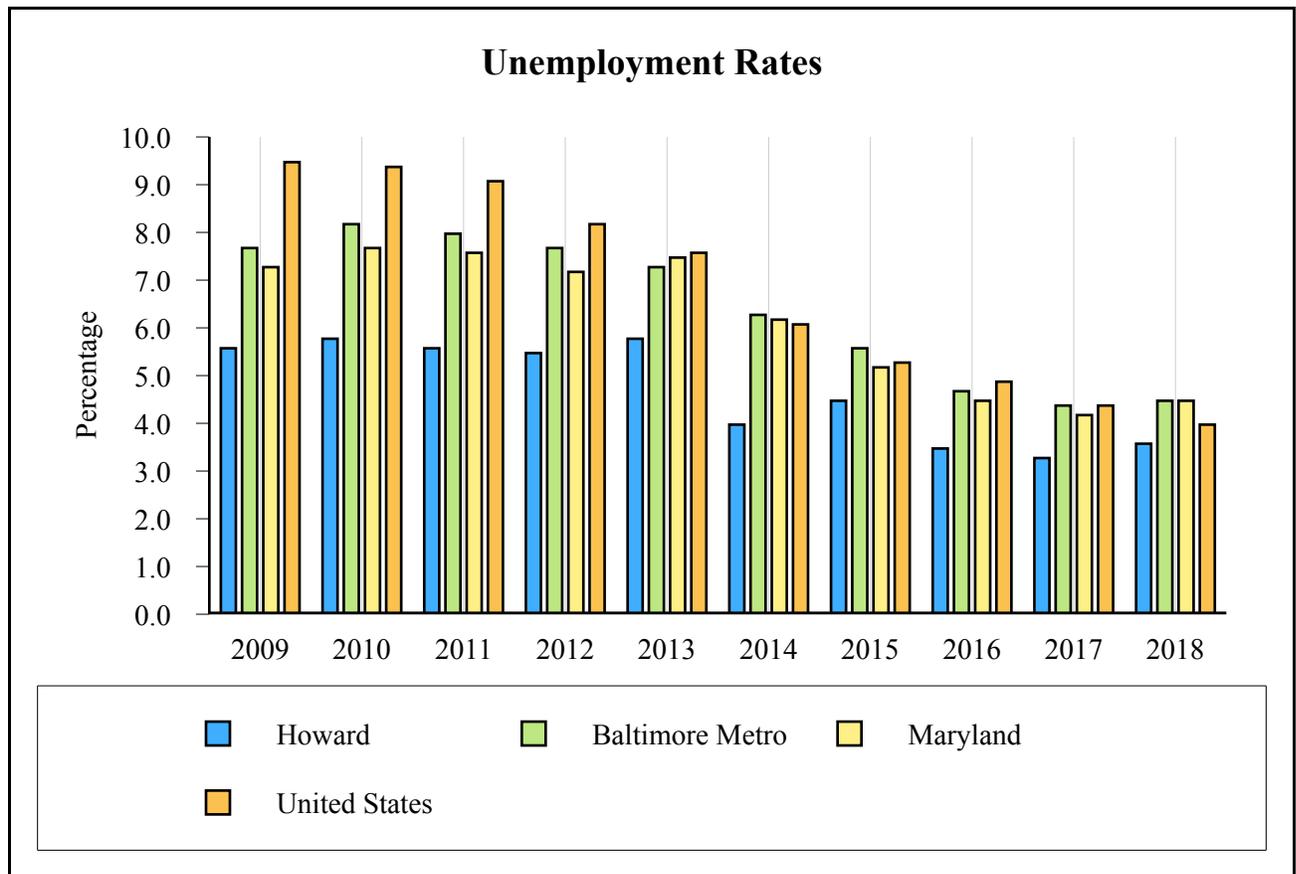
The budget process begins each fall when the County Executive appoints a Spending Affordability Advisory Committee to establish guidelines for determining debt affordability levels for the upcoming year. County departments and agencies submit budget requests to the Executive in late January or early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

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

appropriations of the operating budget lapse at year-end. Unencumbered capital appropriations continue until the specific capital project is closed.

## ECONOMIC CONDITION AND OUTLOOK

Howard County continues to have a diverse economic base, taking advantage of a friendly business climate, a highly educated workforce and superb quality of life. It is located in the heart of the corridor between Washington, D.C. and Baltimore. Employment is expected to remain stable and the unemployment rate is expected to remain below the state (4.5%) and national (4.0%) levels as evidenced by the June 2018 rate of 3.6%. The unemployment rate has continued to decline to nearly pre-recession levels.



Source: Maryland Department of Labor, Licensing and Regulation

## LOCAL ECONOMY

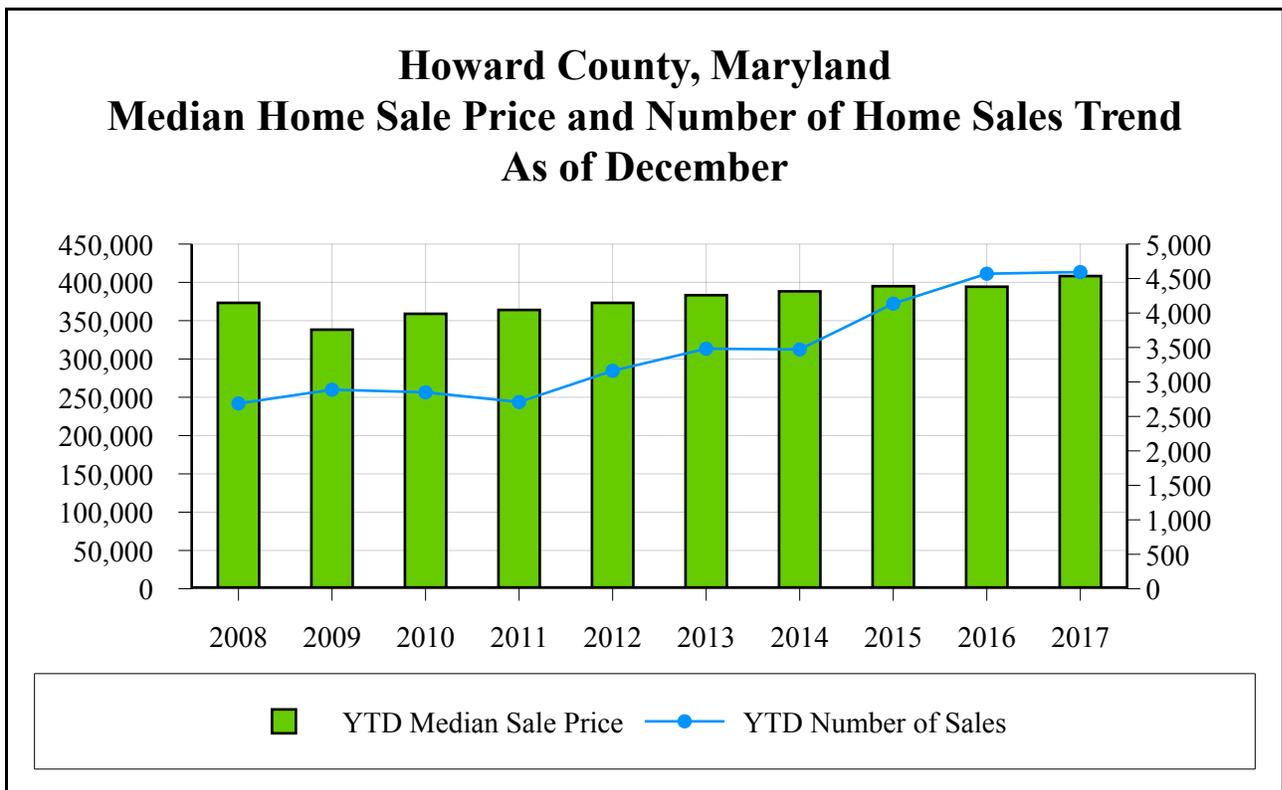
Howard County’s ideal geographic location is a major factor in the substantial economic growth across a wide variety of industry sectors. According to the Maryland Department of Labor Licensing and Regulation, over 9,994 businesses in Howard County employ 168,817 workers in industries such as information technology, telecommunications, biotechnology, research and development, wholesale distribution, manufacturing, agriculture and in multinational corporations. The service sector is the largest industry in the County, employing 88% of the workforce. In the service industry, government contracts support cybersecurity and information technology programs and will continue to do so with the growth projected at Fort George Meade, which is less than two miles outside the County border.

Although BRAC (Base Realignment and Closure) officially ended in 2011, projections indicate that the on-base workforce could grow to a total of 64,000 by 2020.

Commercial real estate vacancy rates continue to decline and the average remains below 7% for flex, retail, industrial, and office space as reported by Costar. The year-to-date average vacancy rate for 2018 is 5.1%. FY 2018 property tax collections increased 3.7% above the previous fiscal year. In its FY 2019 budget, Howard County projects a modest increase in property tax collections. One-third of property in the County is assessed each year, with increases in assessed values phased in over 3 years. This triennial assessment of property, the phasing in of assessment increases, and the County’s 5% Homestead Property Tax Credit rate help to stabilize the tax base and tax revenues.

Local income tax is the County’s other main revenue source. Income tax collection increased by 6.9% when compared to the actual for FY 2017, partially due to increased capital gains. The FY 2019 projection for income tax collections represents a 2.3% increase from what was budgeted in FY 2018.

Recordation tax, a leading indicator of the health of the local real estate market, continues to fluctuate. FY 2018 revenue from recordation tax decreased 8.5% from the previous fiscal year. The FY 2019 budget projects a 5.0% decrease in recordation tax collections compared to FY 2018. The declining recordation tax is attributed to fewer refinancings. The average days on market continued to decrease to 52 days.



Source: Metropolitan Regional Information Systems Inc.

As a result of continued focus on opportunities to reduce spending and increase efficiencies, the County had a surplus at the end of FY 2018. Looking forward, overall economic performance is expected to improve slightly in FY 2019. The adopted budget projects the FY 2019 gross assessable base of Howard County will increase by 4.7% from FY 2018. Due to decreasing Homestead Tax Credits, the net taxable assessment will increase by approximately 6.2%. This is because the Homestead Tax Credit limits taxable increases on homeowner occupied properties to 5% per year, and most residential properties have fully phased in the pre-2006 housing market increases. Approximately 19% of homeowner occupied properties in Howard County received this credit in FY 2018.

## **MAJOR INITIATIVES**

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

## **LONG TERM FINANCIAL PLANNING**

### **Rainy Day Fund**

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

### **Capital Projects and Debt Administration**

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

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

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

### **Spending Affordability Advisory Committee**

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

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

## **FINANCIAL POLICIES**

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

### **Debt Management Policy**

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

### **Investment Policy**

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

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

## AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Howard County, Maryland for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the 42<sup>nd</sup> consecutive year that the County received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized CAFR. This report satisfied both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

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

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2017. This was the 24<sup>th</sup> consecutive year the County has received this award. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged as proficient in several categories, including as a policy document, a financial plan, an operations guide and a communication device.

A very special thank you to Salomey Awuku, Zsatina Boris, Al Brown, Lori Buchman, Andrew Galarza, Nicole Griffith, Dawit Gebregiorgis, Verda Hall, Ashley Kelly, Sherrea Lassiter, Marquia Lewis, Jonathan Miller, Marvin Miller, Angela Moore, Angela Price, Sima Taghavi, John Vu, Lan Xu and Mimi Xu, for their efforts in preparing and publishing this document. Credit also must be given to the County Executive and the County Council for their unwavering support for maintaining the highest standards of professionalism in the management of Howard County's finances.

Respectfully submitted,



Janet R. Irvin, CPFO  
Director of Finance



## OFFICE OF THE COUNTY AUDITOR

Craig Glendenning, CPA  
County Auditor

November 27, 2018

### CERTIFICATE OF THE COUNTY AUDITOR

The Honorable Allan Kittleman  
County Executive

Honorable Members of the County Council

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

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

The independent certified public accounting firm of CliftonLarsonAllen LLP has been retained by the County Council to assist the County Auditor in the discharge of this responsibility. I hereby certify that the auditing requirements of Article II, Section 212 of the Howard County Charter have been satisfied for the fiscal year ended June 30, 2018. Also, in accordance with the Charter Amendment approved by the voters of Howard County, I will make copies of this report available to the public at the County Auditor's Office and at the Howard County public libraries.

Respectfully submitted,

Craig Glendenning, CPA  
County Auditor



### **Elkrige 50+ Center**

In March 2018, Howard County opened a new 50+ Center in Elkrige that is five times larger than the previous one that had served county residents since 1994.



Government Finance Officers Association

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

Presented to

**Howard County  
Maryland**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



## **Financial Section**

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





CliftonLarsonAllen LLP  
CLAcconnect.com

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland (the County), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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



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

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

#### Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Agricultural Land Preservation Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Emphasis of Matter

##### Change in Accounting Principle

During the fiscal year ended June 30, 2018, the County adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. As a result of the implementation of this standard, the County reported a restatement for the changes in accounting principle (see Note 20). Our auditor's opinion was not modified with respect to this restatement.

#### Other Matters

##### Required Supplementary Information

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

#### Other Information

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

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

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

combining and individual fund statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 27, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
November 27, 2018



## 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, 2018. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal (found on pages iii to x of this report). The discussion focuses on the County's primary government and, unless otherwise noted, does not include component units reported separately from the primary government.

### Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$570.5 million. That amount is net of a \$852.9 million unrestricted deficit. The unrestricted deficit occurs because the County issues debt to fund construction costs for the Public School System and the Community College, two of its component units, but does not own the corresponding assets. Debt outstanding for education projects is \$475.4 million and for college projects is \$108.8 million. Public School System ownership of buildings transfers to the County if the assets are no longer needed for educational purposes. The current net book value of the Public School System's buildings and improvements and construction in progress is \$1.20 billion. Additionally, the unrestricted deficit is caused by the net pension liability of \$153.5 million and net OPEB liability of \$321.6 million.
- The \$57.5 million increase in the government's total net position is primarily due to an increase of \$59.3 million in total general revenues.
- The County's property tax revenues increased this year by \$22.3 million, or 3.7%, due to rising property values.
- Approximately 47.2% of the total governmental fund balance, \$148.9 million, is available to meet the County's current and future needs as mandated by the appropriate level of authority within the County and is properly designated as committed, assigned and unassigned. Available fund balance for the General Fund is \$128.6 million, or 13.4% of total General Fund expenditures.
- At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$315.4 million, an increase of about \$76.4 million in comparison with the prior year. Specifically, the fund balance of the General Fund increased by \$5.6 million due to a decrease in the County's debt service payments, as a result of refunding debt at a lower rate. Additionally, there was an increase of \$53 million in the General Capital Projects' fund, due in part to the issuance of the Downtown Columbia TIF bonds.
- The reserve for the budget stabilization account balance is \$71.3 million, an increase of \$4 million million or 6.7% of fiscal year 2018 General Fund expenditures. That balance meets the target set by the County Charter (7% of fiscal year 2016 expenditures). We have reached that target and assigned \$5.6 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 \$288.8 million, (20.1% during the current fiscal year). The major factors in this increase were the issuance of \$314.3 million Consolidated Public Improvement (CPI) Project Bonds, and \$94.2 million in Metropolitan (Metro) District Project Bonds. The County

refunded \$205.3 million in CPI bonds and \$60.4 million in Metro bonds and retired \$58.1 million, \$11.9 million and \$3.3 million of CPI, Metro, and Water Quality Bonds, respectively. The County also retired \$485,000 of Special Facility Revenue bonds.

## Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Proprietary funds provide both long- and short-term financial information consistent with the focus provided by the government-wide financial statements, only in more detail. The proprietary fund financial statements

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

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

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

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

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

**Notes to basic financial statements.** The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to Basic Financial Statements are located immediately after the Basic Financial Statements on pages 41-97.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning management's discussion and analysis and the County's progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees. Required supplementary information is located on pages 101-108 of this report.

The combining statements referred to earlier in connection with the general fund, non-major governmental funds, enterprise funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information on pensions and are considered to be supplementary information. Combining and individual fund statements and schedules start on page 113 of this report.

Detailed capital asset schedules for governmental and proprietary funds are located on pages 161-165. Schedules providing additional long-term debt detail start on page 169. The Statistical Section begins on page 175.

## **Government-Wide Financial Analysis**

Over time, changes in net position serve as a useful indicator of a government's financial position. Howard County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$570.5 million at the close of the most recent fiscal year.

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

Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves

cannot be used to liquidate these liabilities. It is important to note that although counties in the State of Maryland issue debt for the construction of schools, the school buildings are owned by each county's Public School System. Ownership reverts to the County if the local board determines a building is no longer needed. The County also funds projects for the Howard Community College and for intersection improvements to state-owned roads. As of June 30, 2018, debt outstanding for education projects is \$475.4 million and for college projects is \$108.8 million. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. The negative unrestricted governmental activities' net position of \$1,004 million reflects the imbalance of liabilities without corresponding assets as well as the governmental activities' portion of the County's Net OPEB liability of \$321.6 million and net pension liability of \$153.5 million.

An additional portion of the County's net position (\$178.0 million or 31.2%) represents resources subject to external restrictions on their usage.

### Summary of Net Position

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 570,256,100	\$ 455,277,682	\$ 254,410,191	\$ 262,493,086	\$ 824,666,291	\$ 717,770,768
Capital assets	1,471,809,169	1,380,975,720	732,651,692	683,192,482	2,204,460,861	2,064,168,202
Total assets	2,042,065,269	1,836,253,402	987,061,883	945,685,568	3,029,127,152	2,781,938,970
Deferred outflows of resources	133,975,754	129,968,646	7,950,943	6,015,100	141,926,697	135,983,746
Total assets and deferred outflows	2,176,041,023	1,966,222,048	995,012,826	951,700,668	3,171,053,849	2,917,922,716
Long-term liabilities outstanding	1,970,434,368	1,910,237,555	347,366,753	320,520,041	2,317,801,121	2,230,757,596
Other liabilities	133,064,667	124,416,702	48,446,726	41,797,664	181,511,393	166,214,366
Total liabilities	2,103,499,035	2,034,654,257	395,813,479	362,317,705	2,499,312,514	2,396,971,962
Deferred inflows of resources	96,775,805	6,769,119	4,424,258	419,097	101,200,063	7,188,216
Total liabilities and deferred inflows	2,200,274,840	2,041,423,376	400,237,737	362,736,802	2,600,512,577	2,404,160,178
Net position						
Invested in capital assets	826,399,982	834,114,554	419,010,628	414,126,888	1,245,410,610	1,248,241,442
Restricted	153,326,501	114,206,491	24,709,724	27,949,207	178,036,225	142,155,698
Unrestricted	(1,003,960,300)	(1,024,274,891)	151,054,737	146,887,771	(852,905,563)	(877,387,120)
Total net position	\$ (24,233,817)	\$ (75,953,846)	\$ 594,775,089	\$ 588,963,866	\$ 570,541,272	\$ 513,010,020

\*FY17 amounts have been restated for GASB 75

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

## Changes in Net Position

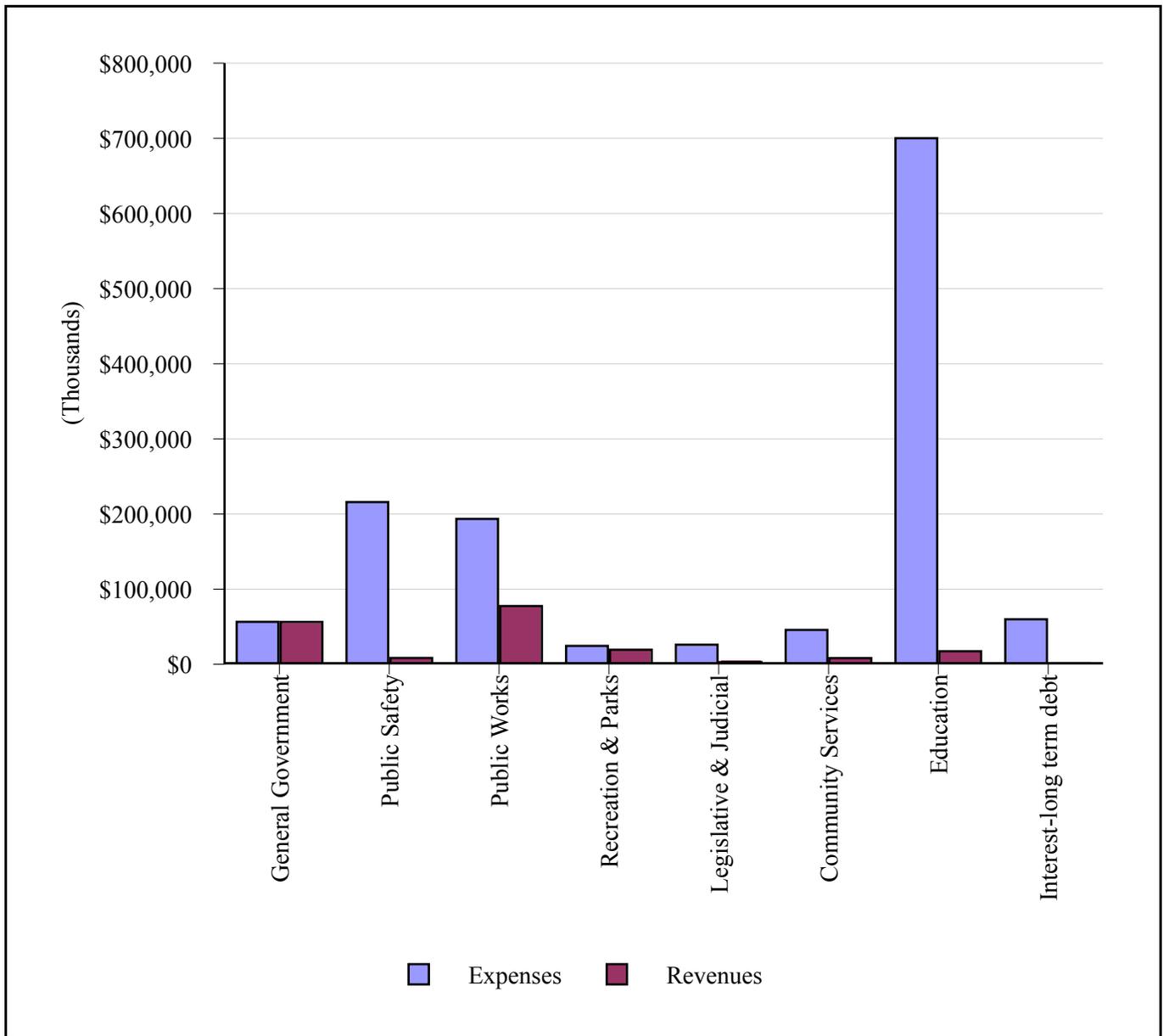
	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 129,677,448	\$ 131,951,646	\$ 78,354,625	\$ 78,668,293	\$ 208,032,073	\$ 210,619,939
Operating grants and contributions	43,351,124	39,402,540	33,958,088	32,669,952	77,309,212	72,072,492
Capital grants and contributions	24,455,008	18,163,355	11,976,929	10,262,423	36,431,937	28,425,778
<b>General revenues</b>						
Property taxes	630,762,037	608,458,370	—	—	630,762,037	608,458,370
Local income taxes	466,935,173	436,993,783	—	—	466,935,173	436,993,783
Other taxes	77,122,059	77,911,373	—	—	77,122,059	77,911,373
Other	9,289,565	3,059,751	2,488,271	895,469	11,777,836	3,955,220
<b>Total revenues</b>	<b>1,381,592,414</b>	<b>1,315,940,818</b>	<b>126,777,913</b>	<b>122,496,137</b>	<b>1,508,370,327</b>	<b>1,438,436,955</b>
<b>Expenses</b>						
General government	58,020,097	53,466,698	—	—	58,020,097	53,466,698
Public safety	217,378,984	164,141,326	—	—	217,378,984	164,141,326
Public works	194,980,993	151,176,536	—	—	194,980,993	151,176,536
Recreation and parks	25,923,502	37,788,857	—	—	25,923,502	37,788,857
Legislative and judicial	27,484,681	18,595,263	—	—	27,484,681	18,595,263
Community services	47,215,901	37,915,040	—	—	47,215,901	37,915,040
State highways	4,934,098	5,842,868	—	—	4,934,098	5,842,868
Education	701,633,749	739,013,105	—	—	701,633,749	739,013,105
Interest on long-term debt	61,452,013	57,494,607	—	—	61,452,013	57,494,607
Water & Sewer	—	—	105,229,515	112,260,444	105,229,515	112,260,444
Other	—	—	6,585,542	7,422,276	6,585,542	7,422,276
<b>Total expenses</b>	<b>1,339,024,018</b>	<b>1,265,434,300</b>	<b>111,815,057</b>	<b>119,682,720</b>	<b>1,450,839,075</b>	<b>1,385,117,020</b>
Increase (decrease) in net position	42,568,396	50,506,518	14,962,856	2,813,417	57,531,252	53,319,935
Transfers	9,151,633	5,389,399	(9,151,633)	(5,389,399)	—	—
<b>Total Increase (decrease) in net position</b>	<b>51,720,029</b>	<b>55,895,917</b>	<b>5,811,223</b>	<b>(2,575,982)</b>	<b>57,531,252</b>	<b>53,319,935</b>
Net position beginning	(198,072,383)	(109,182,625)	599,911,965	591,539,848	401,839,582	482,357,223
Adjustment to restate net position	122,118,537	(22,667,138)	(10,948,099)	—	111,170,438	(22,667,138)
<b>Net position ending</b>	<b>\$ (24,233,817)</b>	<b>\$ (75,953,846)</b>	<b>\$ 594,775,089</b>	<b>\$ 588,963,866</b>	<b>\$ 570,541,272</b>	<b>\$ 513,010,020</b>

\*FY17 amounts have been restated for GASB 75

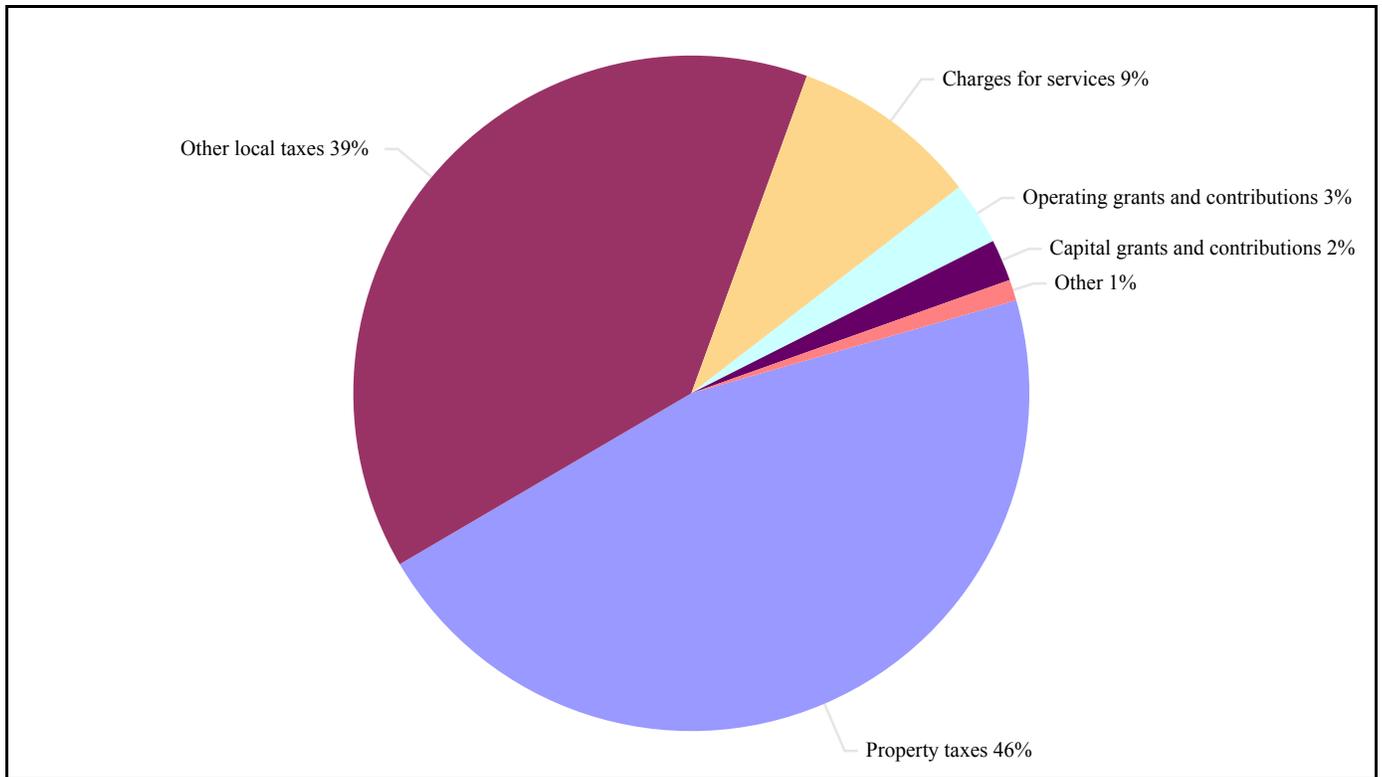
**Governmental activities.** Governmental activities increased the County's net position by \$51.7 million. Key elements of this increase are as follows:

- Property tax revenues increased by \$22.3 million due to rising property values.
- Income tax revenues increased by \$29.9 million due to the continued recovery of the job market.
- Recordation tax revenues decreased by \$1.2 million due to a decrease in property transfers and refinancings because of rising interest rates.
- Net OPEB liability and net pension liability, decreased by \$141.5 million and \$63.6 million, respectively.
- Education expenses decreased by \$37.4 million; \$18.7 million for the Public School System, \$14.8 million for the Community College, offset by an increase in expenses of \$0.4 million for the Library.

## Expenses and Program Revenues - Governmental Activities



## Revenues by Source - Governmental Activities

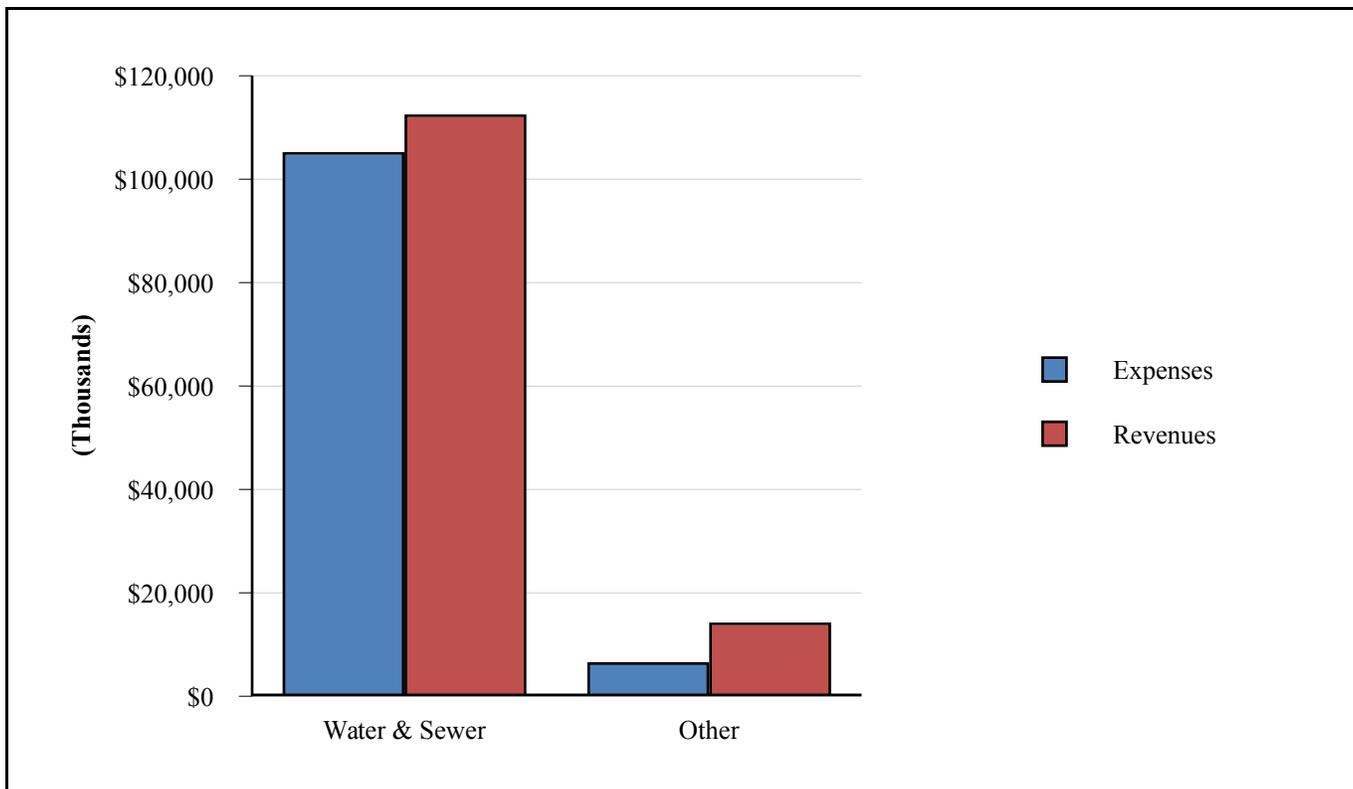


**Business-type activities.** Business-type activities increased the County's net position by \$5.8 million. The components of this increase are as follows:

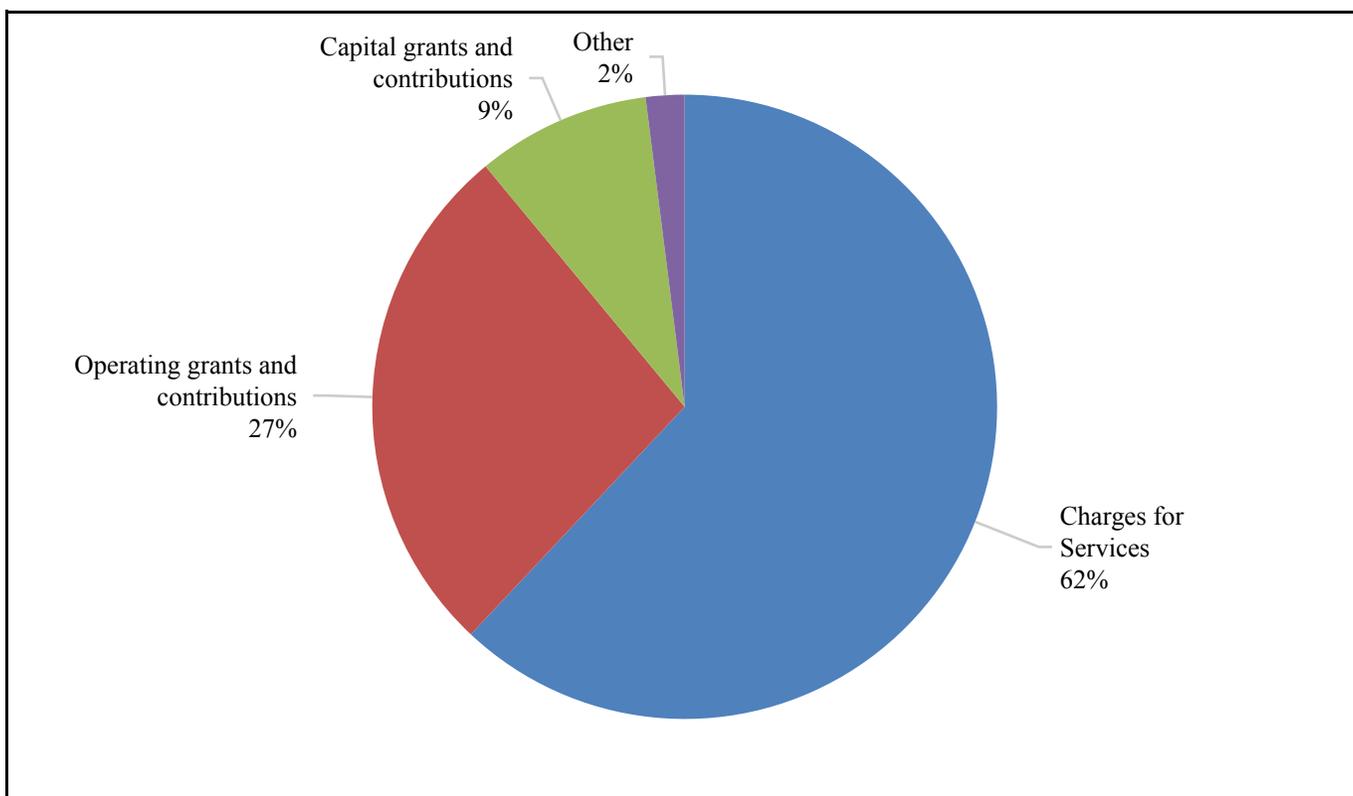
- Charges for services decreased by \$0.3 million due to a decrease in water and sewer consumption.
- Operating grants and contributions, which totaled \$34.0 million, represent an annual ad valorem fee levied on all properties within the water and sewer service district. This charge is used primarily to fund debt service payments and pay-as-you-go funding on capital projects.
- \$12.0 million was received in capital contributions. This revenue includes the value of water and sewer lines constructed by developers and donated at no cost to the County. The County pays for additional water and sewer lines built by developers through a rebate process. Capital contributions also include front foot revenues assessed to properties connected to the water and sewer system. These front foot revenues fund the debt issued to pay developer rebates. Effective July 1, 2004, the County has not entered into any new rebate contracts. Developers pay for those improvements and are still required to donate the assets to the County. Overall, capital grants and contributions increased by \$1.7 million from fiscal year 2017.

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

**Expenses and Program Revenues - Business-type activities**



**Revenues by Source - Business-type Activities**



## **Financial Analysis of the County's Funds**

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$315.4 million, a increase of \$76.4 million in comparison with the prior year. Of this fund balance, \$13.3 million is nonspendable, \$153.3 million is restricted by enabling legislation, \$124.2 million is committed by the County, at the highest level of authority, \$105.5 million is assigned by management, and \$80.8 million is deficit unassigned fund balance.

The general fund is the chief operating fund of the County. At fiscal year-end, the total General Fund fund balance was \$142.2 million, \$5.6 million or 4.1% more than the prior year primarily due to refunding debt at a lower rate.

The \$58.7 million total fund balance of the Agricultural Land Preservation Fund is a \$2.8 million decrease from the prior year. The decrease is the result of a decrease in the market value of United States Treasury Strips investments.

The general capital projects fund is used to track the construction of general county buildings, as well as schools and other buildings for the community college. The fund balance is a \$15.9 million deficit. This is a timing issue due to capital project expenditures occurring before revenues from grants and bonds are recognized.

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

All assets in the Water and Sewer Proprietary Fund, except those available to fund current liabilities, are considered restricted because a change in the County charter is required to allow these assets to be used for other purposes. Net position of the water and sewer operations at fiscal year-end was \$557.2 million. Net position of the Water and Sewer Proprietary Fund increased \$6.2 million due to the receipt of ad valorem fees and capital contributions.

### **General Fund Budgetary Highlights**

The original general fund expenditure and revenue budgets were increased by \$1,914,400 during the current fiscal year to fund unanticipated expenses related to the Ellicott City flood response and recovery efforts.

The County spent \$8.3 million less than the budget as the County departments exercised caution with spending. The County experienced a favorable variance of \$1.9 million budget versus actual due to lower than anticipated expenditures within General Government. The Legislative and Judicial departments showed a favorable variance of budget versus actual expenditures of \$1.3 million.

## Capital Assets and Debt Administration

**Capital assets** - The County's investment in capital assets for its governmental and business-type activities as of June 30, 2018 is \$2.2 billion (net of accumulated depreciation). Capital assets include land, easements, buildings, improvements, machinery and equipment, park facilities, sidewalks, roads, highways, bridges, water and sewer lines, and stormwater management systems. The total increase in the County's investment in capital assets for the current fiscal year was 6.8% (a 6.6% increase for governmental activities and a 7.2% increase for business-type activities).

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

- \$23.4 Million for Construction of New Elkridge Branch Library
- \$17 Million for Construction of New Elkridge Fire Station
- \$11.8 Million for completion of Blandair Park Phase II
- \$9.3 Million for completion of Troy Park Phase II
- \$7.3 Million for completion of Roadway within the limits of Blandair Park Phase II
- \$3.2 Million for Agricultural Land Preservation Program
- \$2.9 Million for Savage Area Sewer Realignment
- \$1.5 Million for Kerger Road Pump Station Renovations/Improvements
- \$5.8 Million for various stream/pond renovations

### Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Land and land improvements	\$ 594,852,144	\$ 584,171,392	\$ 11,753,538	\$ 11,753,538	\$ 606,605,682	\$ 595,924,930
Construction in progress	70,541,932	78,098,481	95,136,036	41,723,733	165,677,968	119,822,214
Buildings and improvements	430,869,137	374,892,439	186,164,811	191,671,385	617,033,948	566,563,824
Machinery and equipment	73,597,335	66,499,244 *	10,246,747	10,501,512 *	83,844,082	77,000,756
Infrastructure	301,948,621	277,314,164 *	429,350,560	427,542,314 *	731,299,181	704,856,478
Total capital assets	\$ 1,471,809,169	\$ 1,380,975,720	\$ 732,651,692	\$ 683,192,482	\$ 2,204,460,861	\$ 2,064,168,202

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

**Long-term debt.** At the end of the current fiscal year, the County had total long-term debt outstanding of \$1.7 billion. Of this amount, \$1.6 billion comprises debt backed by the full faith and credit of the government. The remainder of the County's debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds).

## Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 1,203,303,112	\$ 1,011,405,001	\$ 301,618,642	\$ 257,140,000	\$ 1,504,921,754	\$ 1,268,545,001
State water quality loan	—	—	17,956,260	21,267,308	17,956,260	21,267,308
Tax increment financing bonds	65,165,000	16,980,000	—	—	65,165,000	16,980,000
Agricultural land preservation program	97,715,767	100,122,836	—	—	97,715,767	100,122,836
Special facility revenue bonds	—	—	2,714,000	3,199,000	2,714,000	3,199,000
Other	35,011,551	24,802,374	922,923	737,054	35,934,474	25,539,428
Total outstanding debt	\$ 1,401,195,430	\$ 1,153,310,211	\$ 323,211,825	\$ 282,343,362	\$ 1,724,407,255	\$ 1,435,653,573

The County's total long-term debt increased by \$288.8 million, (20.1% during the current fiscal year). The major factors in this increase were the issuance of \$314.3 million Consolidated Public Improvement (CPI) Project Bonds, and \$94.2 million in Metropolitan (Metro) District Project Bonds. The County refunded \$205.3 million in CPI bonds and \$60.4 million in Metro bonds and retired \$58.1 million, \$11.9 million and \$3.3 million of CPI, Metro, and Water Quality Bonds, respectively. The County also retired \$485,000 of Special Facility Revenue bonds. The County maintains an "AAA" rating from both Standard & Poor's and Fitch Ratings, and an "Aaa" rating from Moody's Investors Service for general obligation debt.

Local statutes limit the amount of general obligation debt a governmental entity may issue to 4.8% of its total assessed valuation. The current debt limitation for the County is \$2.5 billion, which is significantly more than the County's outstanding general obligation debt at fiscal year-end.

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

## Economic Factors and Next Year's Budgets and Rates

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

- The June 2018 unemployment rate for the County was 3.6%. This compares favorably to the state's unemployment rate of 4.5% and the national rate of 4.0% for the same period.
- The occupancy rate for commercial space as of June 2018 was 94.9% up from 94.3% a year ago. Howard County had an increase of 340,938 total rentable building area (RBA) during this fiscal year.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2019 fiscal year.

The fiscal year 2019 general fund budget is \$41.1 million or 3.8% more than the fiscal year 2018 budget. This increase is primarily the result of a \$28.8 million increase in funding of education, \$3.3 million increase for public safety, \$1.9 million increase for Health Department funding.

The County's property tax and income tax rates remained the same for fiscal year 2018. There were also no changes to the Building Excise Tax (used to fund road expansion), Water and Sewer charges, annual refuse and recycling fees or the water and sewer ad valorem.

## **Currently Known Facts, Decisions and Conditions**

The County is anticipating a modest surplus in fiscal year 2019. Income tax receipts are down 23.3% through October 2018 compared to fiscal year 2018 in the same period. All other major revenue sources are on budget for fiscal year 2019.

## **Requests for Information**

This financial report is designed to provide a general overview of Howard County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information can be addressed to the:

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

Complete financial reports are also available on our website: [www.howardcountymd.gov](http://www.howardcountymd.gov).



## **Business Roundtable**

Howard County boasts the lowest unemployment in Maryland. County Executive Allan H. Kittleman regularly meets with small groups of business leaders to learn how local government can better support their growth and success.

## **Basic Financial Statements**

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

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



**Howard County, Maryland**  
**Statement of Net Position**  
**June 30, 2018**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Equity in pooled cash	\$ 311,425,167	\$ 58,230,983	\$ 369,656,150	\$ 57,891,262
Cash and securities with fiscal agents	34,741,315	—	34,741,315	—
Investments	46,328,434	—	46,328,434	76,193,929
Receivables:				
Property taxes, net	4,201,848	311,340	4,513,188	—
Due from other governments	125,023,576	909,622	125,933,198	30,449,597
Service billings	—	12,006,465	12,006,465	—
Due from component units	29,103,116	—	29,103,116	—
Other	15,013,010	185,530	15,198,540	3,067,087
Materials and supplies	2,609,277	1,021,810	3,631,087	1,271,130
Prepays	6,888	—	6,888	2,448,834
Restricted assets:				
Cash and cash equivalent and equity in pooled cash	—	156,573,159	156,573,159	18,698,066
Investments	—	—	—	9,059,793
Water and sewer assessments receivable	—	4,009,614	4,009,614	—
Other receivables	—	—	—	6,462,220
Internal balances	(1,013,442)	1,013,442	—	—
Other non-current receivables	2,816,911	20,148,226	22,965,137	—
Other non-current assets	—	—	—	118,902
Capital Assets:				
Land and land improvements	594,852,144	11,753,538	606,605,682	115,954,692
Construction in progress	70,541,932	95,136,036	165,677,968	101,686,729
Buildings and improvements, net	430,869,137	186,164,811	617,033,948	1,529,811,185
Machinery and equipment, net	73,597,335	10,246,747	83,844,082	14,982,740
Infrastructure, net	301,948,621	429,350,560	731,299,181	—
Other capital assets	—	—	—	2,893,435
<b>Total assets</b>	<b>2,042,065,269</b>	<b>987,061,883</b>	<b>3,029,127,152</b>	<b>1,970,989,601</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred refunding amount	5,114,038	4,683,716	9,797,754	—
Retirement plans	116,930,783	2,625,717	119,556,500	15,129,134
Other post employment benefits	11,206,032	641,510	11,847,542	25,725,453
Length of service award program	724,901	—	724,901	—
Derivative instruments - interest rate swap	—	—	—	275,999
<b>Total deferred outflows of resources</b>	<b>133,975,754</b>	<b>7,950,943</b>	<b>141,926,697</b>	<b>41,130,586</b>
<b>Total assets and deferred outflows of resources</b>	<b>2,176,041,023</b>	<b>995,012,826</b>	<b>3,171,053,849</b>	<b>2,012,120,187</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	28,327,592	17,704,569	46,032,161	101,755,419
Accrued interest payable	19,363,623	4,162,576	23,526,199	—
Accrued wages and benefits	17,599,054	692,951	18,292,005	2,621,574
Deposits	7,228,937	1,418,818	8,647,755	764,792
Short-term loans and notes payable	31,402,505	23,584,824	54,987,329	—
Due to primary government	—	—	—	29,103,116
Unearned revenues	29,142,956	882,988	30,025,944	12,378,576

(Continued)

**Howard County, Maryland**  
**Statement of Net Position**  
**June 30, 2018**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Noncurrent liabilities:</b>				
Due within one year	80,106,967	15,438,413	95,545,380	8,811,583
Due in more than one year, net	1,890,327,401	331,928,340	2,222,255,741	1,073,362,975
<b>Total liabilities</b>	<b>2,103,499,035</b>	<b>395,813,479</b>	<b>2,499,312,514</b>	<b>1,228,798,035</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Retirement plans	50,931,842	1,942,581	52,874,423	4,528,966
Other post employment benefits	43,350,432	2,481,677	45,832,109	102,962,020
Length of service award program	2,493,531	—	2,493,531	—
<b>Total deferred inflows of resources</b>	<b>96,775,805</b>	<b>4,424,258</b>	<b>101,200,063</b>	<b>107,490,986</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>2,200,274,840</b>	<b>400,237,737</b>	<b>2,600,512,577</b>	<b>1,336,289,021</b>
<b>NET POSITION</b>				
Net investment in capital assets	826,399,982	419,010,628	1,245,410,610	1,505,442,611
<b>Restricted:</b>				
Business-type operations				12,346,994
Catalyst loan program	864,231	—	864,231	—
Economic development initiatives	741,484	—	741,484	—
Fee in lieu	468,864	—	468,864	—
Fire & rescue services	15,177,105	—	15,177,105	—
Forest conservation	1,860,610	—	1,860,610	—
Health Department	1,024,450	—	1,024,450	—
Middle Patuxent environmental area program	41,672	—	41,672	—
Open space	536,376	—	536,376	—
Parkland watershed facilities	13,049,453	—	13,049,453	—
Program revenue	578,226	—	578,226	—
Public road facilities	63,593,603	—	63,593,603	—
Public school facilities	16,177,639	—	16,177,639	5,077,675
Speed enforcement	1,453,418	—	1,453,418	—
Tax increment financing project	37,759,370	—	37,759,370	—
Debt Services	—	24,709,724	24,709,724	—
Unrestricted	(1,003,960,300)	151,054,737	(852,905,563)	(847,036,114)
<b>Total net position</b>	<b>\$ (24,233,817)</b>	<b>\$ 594,775,089</b>	<b>\$ 570,541,272</b>	<b>\$ 675,831,166</b>

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

**Howard County, Maryland**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

Programs	Expenses	Program Revenues			Primary Government			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			
					Governmental Activities	Business-Type Activities	Total	
<b>Primary government:</b>								
<b>Governmental activities:</b>								
General government	\$ 58,020,097	47,092,030	10,366,642	322,585	(238,840)	—	(238,840)	—
Public safety	217,378,984	7,377,442	2,541,935	—	(207,459,607)	—	(207,459,607)	—
Public works	194,980,993	49,740,333	24,579,278	4,610,720	(116,050,662)	—	(116,050,662)	—
Recreation and parks	25,923,502	19,791,578	380,650	649,730	(5,101,544)	—	(5,101,544)	—
Legislative and judicial	27,484,681	832,733	563,521	—	(26,088,427)	—	(26,088,427)	—
Community services	47,215,901	4,843,332	4,919,098	—	(37,453,471)	—	(37,453,471)	—
State highways	4,934,098	—	—	—	(4,934,098)	—	(4,934,098)	—
Education	701,633,749	—	—	18,871,973	(682,761,776)	—	(682,761,776)	—
Interest on long-term debt	61,452,013	—	—	—	(61,452,013)	—	(61,452,013)	—
<b>Total governmental activities</b>	<b>1,339,024,018</b>	<b>129,677,448</b>	<b>43,351,124</b>	<b>24,455,008</b>	<b>(1,141,540,438)</b>	<b>—</b>	<b>(1,141,540,438)</b>	<b>—</b>
<b>Business-type activities:</b>								
Water and sewer	105,229,515	64,642,532	33,958,088	11,433,070	—	4,804,175	4,804,175	—
Other	6,585,542	13,712,093	—	543,859	—	7,670,410	7,670,410	—
<b>Total business-type activities</b>	<b>111,815,057</b>	<b>78,354,625</b>	<b>33,958,088</b>	<b>11,976,929</b>	<b>—</b>	<b>12,474,585</b>	<b>12,474,585</b>	<b>—</b>
<b>Total primary government</b>	<b>\$ 1,450,839,075</b>	<b>208,032,073</b>	<b>77,309,212</b>	<b>36,431,937</b>	<b>(1,141,540,438)</b>	<b>12,474,585</b>	<b>(1,129,065,853)</b>	<b>—</b>
<b>Component units:</b>								
Housing commission	48,150,381	19,847,673	4,145,079	10,731,260	—	—	—	(13,426,369)
Public school system	1,067,275,256	28,150,054	168,923,430	61,698,589	—	—	—	(808,503,183)
Library	25,378,885	727,295	—	—	—	—	—	(24,651,590)
Community college	117,977,448	36,673,944	413,229	22,818,534	—	—	—	(58,071,741)
<b>Total component units</b>	<b>\$ 1,258,781,970</b>	<b>85,398,966</b>	<b>173,481,738</b>	<b>95,248,383</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>\$ (904,652,883)</b>
<b>General revenues:</b>								
Property taxes	—	—	—	—	630,762,037	—	630,762,037	—
Local income taxes	—	—	—	—	466,935,173	—	466,935,173	—
Transfer tax	—	—	—	—	37,826,118	—	37,826,118	—
Recordation tax	—	—	—	—	22,702,722	—	22,702,722	—
Building excise tax	—	—	—	—	7,360,916	—	7,360,916	—
Hotel / motel tax	—	—	—	—	5,288,893	—	5,288,893	—
Admission tax	—	—	—	—	2,978,338	—	2,978,338	—
County development tax	—	—	—	—	291,059	—	291,059	—
Mobile home tax	—	—	—	—	674,013	—	674,013	—
Appropriations from primary government	—	—	—	—	—	—	—	628,304,166
Intergovernmental, unrestricted	—	—	—	—	1,590,437	—	1,590,437	254,227,978
Unrestricted investment income	—	—	—	—	4,998,389	2,434,920	7,433,309	2,620,108
Miscellaneous	—	—	—	—	2,700,739	53,351	2,754,090	15,749,005
Transfers	—	—	—	—	9,151,633	(9,151,633)	—	—
<b>Total general revenues</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,193,260,467</b>	<b>(6,663,362)</b>	<b>1,186,597,105</b>	<b>900,901,257</b>
Change in net position	—	—	—	—	51,720,029	5,811,223	57,531,252	(3,751,626)
<b>Net position - beginning</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(198,072,383)</b>	<b>599,911,965</b>	<b>401,839,582</b>	<b>1,490,524,574</b>
Adjustment to restate beginning net position	—	—	—	—	122,118,537	(10,948,099)	111,170,438	(810,941,782)
<b>Net position - beginning of year, as restated</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(75,953,846)</b>	<b>588,963,866</b>	<b>513,010,020</b>	<b>679,582,792</b>
<b>Net position - ending</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>\$ (24,233,817)</b>	<b>\$ 594,775,089</b>	<b>\$ 570,541,272</b>	<b>\$ 675,831,166</b>

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

**Howard County, Maryland**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	General Fund	Agricultural Land Preservation Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Equity in pooled cash	\$ 118,384,173	\$ 11,375,686	\$ —	\$ 135,118,573	\$ 264,878,432
Cash with fiscal agent	—	—	29,112,560	5,628,755	34,741,315
Investments	—	46,328,434	—	—	46,328,434
Receivables:					
Property taxes, net	3,530,717	—	—	671,131	4,201,848
Due from other governments	113,025,844	1,049,240	1,106,742	9,841,750	125,023,576
Due from other funds	17,649,178	—	—	13,439,711	31,088,889
Due from component units	12,053,670	—	11,559,052	5,490,394	29,103,116
Housing loans	—	—	—	11,636,859	11,636,859
Other	464,360	—	—	378,879	843,239
Prepaid Items	—	—	—	1,843	1,843
Economic development loans	—	—	—	142,639	142,639
Materials and supplies	546,803	—	—	654,878	1,201,681
<b>Total assets</b>	<b>265,654,745</b>	<b>58,753,360</b>	<b>41,778,354</b>	<b>183,005,412</b>	<b>549,191,871</b>
<b>LIABILITIES</b>					
Due to other funds	—	—	15,357,281	13,017,711	28,374,992
Accounts payable / accrued liabilities	4,058,305	—	9,581,993	10,518,447	24,158,745
Accrued wages and benefits	11,615,865	5,914	47,969	5,170,283	16,840,031
Short-term loans and notes payable	—	—	21,024,200	10,378,305	31,402,505
Deposits and connection fees	6,790,209	—	—	370,488	7,160,697
Unearned revenue	19,353,095	—	85,009	9,697,350	29,135,454
<b>Total liabilities</b>	<b>41,817,474</b>	<b>5,914</b>	<b>46,096,452</b>	<b>49,152,584</b>	<b>137,072,424</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable income taxes	77,812,700	—	—	—	77,812,700
Unavailable property taxes	2,817,154	—	—	626,188	3,443,342
Unavailable fees	962,886	—	—	152,875	1,115,761
Unavailable grant revenues	—	—	11,616,554	2,683,828	14,300,382
<b>Total deferred inflows</b>	<b>81,592,740</b>	<b>—</b>	<b>11,616,554</b>	<b>3,462,891</b>	<b>96,672,185</b>
<b>Total liabilities and deferred inflows</b>	<b>123,410,214</b>	<b>5,914</b>	<b>57,713,006</b>	<b>52,615,475</b>	<b>233,744,609</b>
<b>FUND BALANCES</b>					
Nonspendable	12,600,473	—	—	656,721	13,257,194
Restricted	1,024,450	—	45,290,199	107,011,852	153,326,501
Committed	71,338,939	2,629,959	—	50,227,837	124,196,735
Assigned	49,382,483	56,117,487	—	—	105,499,970
Unassigned	7,898,186	—	(61,224,851)	(27,506,473)	(80,833,138)
<b>Total fund balances (deficits)</b>	<b>142,244,531</b>	<b>58,747,446</b>	<b>(15,934,652)</b>	<b>130,389,937</b>	<b>315,447,262</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 265,654,745</b>	<b>\$ 58,753,360</b>	<b>\$ 41,778,354</b>	<b>\$ 183,005,412</b>	<b>\$ 549,191,871</b>

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

**Howard County, Maryland**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2018**

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

Total fund balances - governmental funds (page 24) .....		\$ 315,447,262
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position. ....		64,225,028
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds and notes payable	(1,225,225,768)	
Capital leases	(34,081,639)	
Deferred refunding gain/loss and premium	(135,818,671)	
Other noncurrent liabilities	(3,639,359)	
Accrued interest payable	(19,363,623)	
Compensated absences	(25,313,371)	
Landfill closure and post-closure	(23,085,000)	(1,466,527,431)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. ....		1,428,751,419
The net pension and OPEB liabilities are not due and payable in the current period and related deferred inflows and outflows are not an available resource and, therefore, are not reported in the funds.		(465,619,193)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows in the funds. ....		99,489,098
Net position of governmental activities (page 22) .....		\$ (24,233,817)

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, 2018**

	General Fund	Agricultural Land Preservation Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 533,539,518	\$ —	\$ —	\$ 96,462,953	\$ 630,002,471
Other local taxes	477,394,004	9,747,589	9,456,530	27,275,976	523,874,099
State shared taxes	1,595,662	—	—	—	1,595,662
Revenues from other governments	8,177,619	—	18,655,633	20,048,424	46,881,676
Charges for services	15,058,396	—	—	43,761,891	58,820,287
Investment income:					
Interest on investments	2,419,548	3,009,798	349,010	2,183,151	7,961,507
Decrease in fair value of investments	—	(3,203,311)	—	—	(3,203,311)
Installment interest from housing loans	—	—	—	53,025	53,025
Licenses and permits	6,874,461	—	—	—	6,874,461
Fines and forfeitures	3,128,935	—	—	1,186,940	4,315,875
Developer fees	—	—	—	2,372,712	2,372,712
Payments from component units	2,095,129	—	—	—	2,095,129
Miscellaneous program revenues	2,271,232	24,785	6,224,727	8,629,210	17,149,954
<b>Total revenues</b>	<b>1,052,554,504</b>	<b>9,578,861</b>	<b>34,685,900</b>	<b>201,974,282</b>	<b>1,298,793,547</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	46,746,600	—	—	4,560,971	51,307,571
Legislative & judicial	26,559,879	—	—	615,422	27,175,301
Public works	71,597,606	4,014,034	4,821,615	31,986,854	112,420,109
Public safety	129,596,403	—	—	98,870,493	228,466,896
Recreation and parks	22,440,323	—	—	19,437,429	41,877,752
Community services	35,656,000	—	—	9,163,301	44,819,301
Education	627,146,166	—	77,400,530	—	704,546,696
Capital improvements	—	—	39,549,197	74,735,060	114,284,257
<b>Debt service:</b>					
Principal	60,900,864	5,502,739	—	40,000	66,443,603
Interest	39,056,522	5,185,888	—	2,935,089	47,177,499
<b>Total expenditures</b>	<b>1,059,700,363</b>	<b>14,702,661</b>	<b>121,771,342</b>	<b>242,344,619</b>	<b>1,438,518,985</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(7,145,859)</b>	<b>(5,123,800)</b>	<b>(87,085,442)</b>	<b>(40,370,337)</b>	<b>(139,725,438)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond premium	—	—	35,886,634	13,453,425	49,340,059
Capital lease	—	—	11,936,898	—	11,936,898
Capital-related issuance of debt	4,272,627	—	74,603,794	49,503,579	128,380,000
Tax increment financing bonds	—	—	48,225,000	—	48,225,000
Refunding bonds issued	—	—	140,033,111	44,406,889	184,440,000
Installment purchase agreements issued	—	3,095,670	—	—	3,095,670
Payment to bond refunding escrow agent	—	—	(168,483,147)	(51,502,701)	(219,985,848)
Transfers in	25,689,132	—	11,543,425	21,022,132	58,254,689
Transfers out	(17,262,704)	(775,085)	(13,659,243)	(15,887,613)	(47,584,645)
<b>Total other financing sources (uses)</b>	<b>12,699,055</b>	<b>2,320,585</b>	<b>140,086,472</b>	<b>60,995,711</b>	<b>216,101,823</b>
<b>Net change in fund balances</b>	<b>5,553,196</b>	<b>(2,803,215)</b>	<b>53,001,030</b>	<b>20,625,374</b>	<b>76,376,385</b>
<b>Fund balances (deficit) - beginning</b>	<b>136,691,335</b>	<b>61,550,661</b>	<b>(68,935,682)</b>	<b>109,764,563</b>	<b>239,070,877</b>
<b>Fund balances (deficit) - ending</b>	<b>\$ 142,244,531</b>	<b>\$ 58,747,446</b>	<b>\$ (15,934,652)</b>	<b>\$ 130,389,937</b>	<b>\$ 315,447,262</b>

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, 2018**

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

Net change in fund balances - total governmental funds (page 26) .....	\$	76,376,385
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of the amount by which capital outlays exceed depreciation in the current period is as follows:</p>		
Capital outlays		116,888,360
Less: Depreciation expense		(42,727,243)
		74,161,117
<p>In the statement of activities, only the gain on the sale of land and buildings is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the land and buildings sold. ....</p>		
		(1,226,435)
<p>Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. ....</p>		
		18,603,347
<p>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:</p>		
Revenues related to prior periods		(74,302,640)
Revenues that do not provide current financial resources		96,672,185
		22,369,545
<p>Long-term debt proceeds (i.e., bonds, leases, installment purchase agreements) provide current financial resources to governmental funds, while the repayment of the principal of the long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. ....</p>		
		(151,622,589)
<p>In the statement of activities, some expenses do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. ....</p>		
		(10,414)
<p>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. ....</p>		
		13,069,073
Change in net position of governmental activities (page 23) .....	\$	51,720,029

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, 2018**

REVENUES	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
Property taxes	\$ 532,445,797	532,445,797	533,671,859	1,226,062
Other local taxes	477,945,469	477,945,469	477,394,005	(551,464)
State shared taxes	1,627,606	1,627,606	1,595,662	(31,944)
Revenues from other governments	3,035,265	6,835,265	8,177,619	1,342,354
Charges for services	14,675,776	14,875,776	15,059,519	183,743
Interest on investments	1,528,000	1,528,000	3,486,566	1,958,566
Licenses and permits	7,350,835	7,350,835	6,874,462	(476,373)
Recoveries for inter-fund services	18,003,812	19,091,568	15,959,058	(3,132,510)
Fines and forfeitures	3,237,105	3,237,105	3,128,935	(108,170)
Component units return of funding	2,833,716	2,833,716	2,095,129	(738,587)
Miscellaneous	11,837,259	3,185,683	2,320,181	(865,502)
<b>Total revenues</b>	<b>1,074,520,640</b>	<b>1,070,956,820</b>	<b>1,069,762,995</b>	<b>(1,193,825)</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	48,350,336	49,861,316	47,952,581	1,908,735
Legislative & judicial	28,171,919	28,171,919	26,912,476	1,259,443
Public works	80,829,217	83,679,402	82,870,863	808,539
Public safety	134,812,893	135,162,893	133,557,439	1,605,454
Recreation and parks	24,065,544	24,295,544	24,227,258	68,286
Community services	35,190,309	25,659,405	24,872,147	787,258
Education	627,146,166	627,146,166	627,146,166	—
Health Department	12,860,904	12,038,187	10,775,015	1,263,172
<b>Debt service:</b>				
Principal	64,121,701	60,846,725	60,616,650	230,075
Interest	38,132,341	39,471,591	39,056,522	415,069
<b>Total expenditures</b>	<b>1,093,681,330</b>	<b>1,086,333,148</b>	<b>1,077,987,117</b>	<b>8,346,031</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(19,160,690)</b>	<b>(15,376,328)</b>	<b>(8,224,122)</b>	<b>(7,152,206)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation from fund balance	10,537,540	12,451,940	2,887,679	(9,564,261)
Transfers in	26,549,175	29,297,778	31,269,173	1,971,395
Transfers out	(17,926,025)	(26,365,890)	(26,249,755)	116,135
<b>Total other financing sources (uses)</b>	<b>19,160,690</b>	<b>15,383,828</b>	<b>7,907,097</b>	<b>(7,476,731)</b>
Net change in fund balance	—	7,500	(317,025)	<u>324,525</u>
Plus prior year encumbrances lapsed			2,619,827	
Less appropriation from fund balance			(2,887,679)	
<b>Fund balances - beginning</b>			<b>127,015,729</b>	
<b>Fund balances - ending</b>			<b>\$ 126,430,852</b>	

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

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

**Howard County, Maryland**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis**  
**Agricultural Land Preservation Fund**  
**For the Year Ended June 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local taxes	\$ 7,350,000	7,350,000	9,747,589	2,397,589
Investment income	1,500,000	1,500,000	(193,513)	(1,693,513)
Miscellaneous	1,674,000	1,674,000	24,785	(1,649,215)
<b>Total revenues</b>	<b>10,524,000</b>	<b>10,524,000</b>	<b>9,578,861</b>	<b>(945,139)</b>
<b>EXPENDITURES</b>				
<b>Public works:</b>				
Agricultural land preservation program administration	901,344	901,344	788,651	112,693
Agricultural land preservation board	1,300	1,300	—	1,300
Capital improvements	—	—	3,271,405	(3,271,405)
<b>Debt service:</b>				
Principal	5,657,483	5,657,483	5,502,738	154,745
Interest	5,201,222	5,201,222	5,185,889	15,333
<b>Total expenditures</b>	<b>11,761,349</b>	<b>11,761,349</b>	<b>14,748,683</b>	<b>(2,987,334)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,237,349)</b>	<b>(1,237,349)</b>	<b>(5,169,822)</b>	<b>(3,932,473)</b>
<b>OTHER FINANCING SOURCES</b>				
Appropriation from fund balance	2,012,434	2,012,434	2,012,434	—
Installment purchase agreements issued	—	—	3,095,670	3,095,670
Transfers out	(775,085)	(775,085)	(775,085)	—
<b>Total other financing sources</b>	<b>1,237,349</b>	<b>1,237,349</b>	<b>4,333,019</b>	<b>3,095,670</b>
<b>Net change in fund balance</b>	<b>—</b>	<b>—</b>	<b>(836,803)</b>	<b>(836,803)</b>
Less appropriation from fund balance			(2,012,434)	
<b>Fund balance - beginning</b>			<b>61,596,683</b>	
<b>Fund balance - ending</b>			<b>\$ 58,747,446</b>	

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

**Howard County, Maryland**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	Business-Type Activities			Governmental Activities
	Water and Sewer Fund	Other Enterprise Funds	Total	Internal Services Funds
<b>ASSETS</b>				
<b>Current assets:</b>				
Equity in pooled cash	\$ 41,684,526	\$ 16,546,457	\$ 58,230,983	\$ 46,546,735
<b>Receivables:</b>				
Property taxes	311,340	—	311,340	—
Due from other governments	909,622	—	909,622	—
Service billings	11,873,319	133,146	12,006,465	—
Prepaid Expenses	—	—	—	5,045
Other receivables	69,800	115,730	185,530	2,390,273
Materials and supplies	1,021,810	—	1,021,810	1,407,596
<b>Restricted assets:</b>				
Equity in pooled cash and cash equivalents	156,013,159	560,000	156,573,159	—
Water and sewer assessments	4,009,614	—	4,009,614	—
<b>Total current assets</b>	<b>215,893,190</b>	<b>17,355,333</b>	<b>233,248,523</b>	<b>50,349,649</b>
<b>Noncurrent assets:</b>				
<b>Restricted assets:</b>				
<b>Receivables:</b>				
Water and sewer assessments	20,140,110	—	20,140,110	—
Other receivables	—	8,116	8,116	—
<b>Capital assets:</b>				
Land and land improvements	3,068,642	8,684,896	11,753,538	—
Construction in progress	95,136,036	—	95,136,036	—
Buildings and improvements, net	183,318,461	2,846,350	186,164,811	2,106,674
Machinery and equipment, net	8,446,934	1,799,813	10,246,747	40,951,077
Infrastructure, net	417,955,084	11,395,476	429,350,560	—
<b>Total noncurrent assets</b>	<b>728,065,267</b>	<b>24,734,651</b>	<b>752,799,918</b>	<b>43,057,751</b>
<b>Total assets</b>	<b>943,958,457</b>	<b>42,089,984</b>	<b>986,048,441</b>	<b>93,407,400</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred refunding amount	4,649,030	34,686	4,683,716	—
Retirement plans	2,625,717	—	2,625,717	—
Other post employment benefits	641,510	—	641,510	—
<b>Total deferred outflows of resources</b>	<b>7,916,257</b>	<b>34,686</b>	<b>7,950,943</b>	<b>—</b>
<b>Total assets and deferred outflows of resources</b>	<b>951,874,714</b>	<b>42,124,670</b>	<b>993,999,384</b>	<b>93,407,400</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Due to other funds	—	2,713,897	2,713,897	—
Accounts payable	17,476,828	227,741	17,704,569	4,168,847
Accrued wages and benefits	622,874	70,077	692,951	746,234
Compensated absences	—	—	—	12,789
Short-term loans and notes payable	23,584,824	—	23,584,824	—
Deposits and connection fees	—	—	—	68,240
Unpaid insurance claims	—	—	—	7,613,609
Current portion capital lease obligation	—	—	—	255,076
Unearned revenue	—	—	—	7,502
<b>Current liabilities</b>	<b>41,684,526</b>	<b>3,011,715</b>	<b>44,696,241</b>	<b>12,872,297</b>

(Continued)

**Howard County, Maryland**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	Business-Type Activities			Governmental Activities
	Water and	Other	Total	Internal Services
	Sewer	Enterprise Funds		Funds
<b>Current liabilities payable from restricted assets:</b>				
Deposits and connection fees	1,418,818	—	1,418,818	—
Developer agreement rebates and deposits	48,000	—	48,000	—
Other debt payable	3,383,413	—	3,383,413	—
Bonds and note payable	11,510,000	497,000	12,007,000	—
Interest payable	4,162,576	—	4,162,576	—
Current liabilities payable from restricted assets	20,522,807	497,000	21,019,807	—
Total current liabilities	62,207,333	3,508,715	65,716,048	12,872,297
<b>Noncurrent liabilities:</b>				
Developer agreement rebates and deposits	874,923	—	874,923	—
Net OPEB liability	18,409,093	—	18,409,093	—
Net pension liability	2,321,197	—	2,321,197	—
Compensated absences	853,593	36,045	889,638	1,010,187
Unpaid insurance claims	—	—	—	10,897,713
Long-term capital lease obligation	—	—	—	674,836
Refunding revenue note payable	—	2,217,000	2,217,000	—
Metropolitan district bonds payable	290,099,860	—	290,099,860	—
Broadband bonds payable	—	2,543,782	2,543,782	—
Unearned revenue	882,988	—	882,988	—
Other long-term debt	14,572,847	—	14,572,847	—
Total noncurrent liabilities	328,014,501	4,796,827	332,811,328	12,582,736
Total liabilities	390,221,834	8,305,542	398,527,376	25,455,033
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Retirement plans	1,942,581	—	1,942,581	—
OPEB	2,481,677	—	2,481,677	—
Total deferred inflows of resources	4,424,258	—	4,424,258	—
Total liabilities and deferred inflows of resources	394,646,092	8,305,542	402,951,634	25,455,033
<b>NET POSITION</b>				
Net investment in capital assets	399,507,189	19,503,439	419,010,628	42,127,839
Restricted:				
For debt service	24,149,724	560,000	24,709,724	—
Unrestricted	133,571,709	13,755,689	147,327,398	25,824,528
Total net position	\$ 557,228,622	\$ 33,819,128	\$ 591,047,750	\$ 67,952,367
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds			3,727,339	
Net position of business-type activities			\$ 594,775,089	

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

**Howard County, Maryland**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	Business-Type Activities			Governmental Activities
	Water and Sewer	Other Enterprise Funds	Total	Internal Service Funds
<b>Operating revenues:</b>				
User charges	\$ 60,634,279	\$ 12,598,355	\$ 73,232,634	\$ 115,063,169
Greens and cart fees	—	686,958	686,958	—
Range fees	—	50,887	50,887	—
Merchandise	—	73,841	73,841	—
Food and beverage	—	161,133	161,133	—
Insurance recoveries	—	—	—	322,430
Miscellaneous sales and services	2,684,100	140,919	2,825,019	1,873,125
<b>Total operating revenues</b>	<b>63,318,379</b>	<b>13,712,093</b>	<b>77,030,472</b>	<b>117,258,724</b>
<b>Operating expenses:</b>				
Salaries and employee benefits	13,549,689	1,599,502	15,149,191	14,879,296
Contractual services	14,764,944	2,561,875	17,326,819	14,034,041
Supplies and materials	2,215,735	11,125	2,226,860	4,875,964
Business and travel	93,656	1,236	94,892	376,713
Vehicle fuels and supplies	1,747,313	—	1,747,313	3,481,699
Purchased water and transmission charges	26,925,722	—	26,925,722	—
Sewage treatment charges	7,549,794	—	7,549,794	—
Share of county administrative expenses	5,034,538	1,253,122	6,287,660	909,589
Insurance claims	729,615	—	729,615	58,527,560
Other administrative	—	82,294	82,294	2,285,345
Depreciation expense	22,714,323	955,510	23,669,833	7,927,542
Less: house connection and capitalized overhead costs	(51,123)	—	(51,123)	—
<b>Total operating expenses</b>	<b>95,274,206</b>	<b>6,464,664</b>	<b>101,738,870</b>	<b>107,297,749</b>
<b>Operating income (loss)</b>	<b>(31,955,827)</b>	<b>7,247,429</b>	<b>(24,708,398)</b>	<b>9,960,975</b>
<b>Nonoperating revenues (expenses):</b>				
Ad valorem charges	33,958,088	—	33,958,088	—
Water and sewer assessment charges	1,324,153	—	1,324,153	—
Interest on investments	2,201,163	233,757	2,434,920	405,858
Interest expense	(10,828,375)	(84,645)	(10,913,020)	(20,335)
Gain (loss) on sale of capital assets	53,351	—	53,351	—
Capital contributions disbursed	—	—	—	(15,931)
Other, net	(28,219)	(36,233)	(64,452)	—
<b>Total nonoperating revenues (expenses)</b>	<b>26,680,161</b>	<b>112,879</b>	<b>26,793,040</b>	<b>369,592</b>
<b>Net income (loss) before contributions and transfers</b>	<b>(5,275,666)</b>	<b>7,360,308</b>	<b>2,084,642</b>	<b>10,330,567</b>
Capital contributions	11,433,070	543,859	11,976,929	5,035,284
Transfers in	—	1,280,919	1,280,919	—
Transfers out	—	(10,432,552)	(10,432,552)	(1,395,944)
<b>Change in net position</b>	<b>6,157,404</b>	<b>(1,247,466)</b>	<b>4,909,938</b>	<b>13,969,907</b>
Net position - beginning	562,019,317	35,066,594	—	53,982,459
Adjustment to beginning net position	(10,948,099)	—	—	—
<b>Net position - beginning of year, as restated</b>	<b>551,071,218</b>	<b>35,066,594</b>	<b>—</b>	<b>53,982,460</b>
<b>Net position - ending</b>	<b>\$ 557,228,622</b>	<b>\$ 33,819,128</b>	<b>\$ —</b>	<b>\$ 67,952,367</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			901,285	
Change in net position of business - type activities			\$ 5,811,223	

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, 2018**

	Business-Type Activities			Governmental
	Water and Sewer	Other Enterprise Funds	Total	Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 66,267,268	\$ 13,855,649	\$ 80,122,917	\$ 116,731,316
Cash paid to suppliers	(53,304,469)	(2,742,142)	(56,046,611)	(72,033,692)
Cash paid to / for employees	(13,888,100)	(1,592,756)	(15,480,856)	(15,241,392)
Cash paid for inter-fund services used	(6,653,615)	(480,009)	(7,133,624)	(9,345,201)
Other operating cash receipts	500,000	—	500,000	—
Other operating disbursements	—	(1,033,880)	(1,033,880)	(530,071)
<b>Net cash provided by operating activities</b>	<b>(7,078,916)</b>	<b>8,006,862</b>	<b>927,946</b>	<b>19,580,960</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Inter-fund payable	—	648,009	648,009	—
Inter-fund operating transfers in (out)	—	(9,151,633)	(9,151,633)	(1,395,944)
<b>Net cash (used for) noncapital financing activities</b>	<b>—</b>	<b>(8,503,624)</b>	<b>(8,503,624)</b>	<b>(1,395,944)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale of county bonds	102,229,824	2,543,782	104,773,606	—
Cash receipts from assessments & connection charges	35,359,958	478,082	35,838,040	—
Acquisition and construction of capital assets	(61,918,256)	(1,372,708)	(63,290,964)	(4,916,632)
Capital contribution	1,714,118	—	1,714,118	(20,335)
Interest paid	—	(10,935)	(10,935)	—
Payment of long-term debt principal	(75,586,047)	(485,000)	(76,071,047)	(255,075)
Interest paid on long-term debt	(2,523,183)	(73,710)	(2,596,893)	—
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>(723,586)</b>	<b>1,079,511</b>	<b>355,925</b>	<b>(5,192,042)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	2,131,363	233,757	2,365,120	405,858
<b>Net cash provided by investing activities</b>	<b>2,131,363</b>	<b>233,757</b>	<b>2,365,120</b>	<b>405,858</b>
Net increase (decrease) in cash and cash equivalents	(5,671,139)	816,506	(4,854,633)	13,398,832
Cash and cash equivalents -beginning of the year	203,368,824	16,289,951	219,658,775	33,147,903
<b>Cash and cash equivalents - end of the year</b>	<b>\$ 197,697,685</b>	<b>\$ 17,106,457</b>	<b>\$ 214,804,142</b>	<b>\$ 46,546,735</b>
<b>Reconciliation of operating (loss) income to net cash (used for) provided by operating activities</b>				
Operating (loss) income	\$ (31,955,827)	\$ 7,247,429	\$ (24,708,398)	\$ 9,960,975
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>				
Depreciation expense	22,714,323	955,510	23,669,833	7,927,542
<b>Effect of changes in operating assets and liabilities:</b>				
Accounts and other receivables	3,384,322	135,440	3,519,762	(527,411)
Prepaid expenses	—	—	—	8,942
Inventories	(77,935)	41,174	(36,761)	(151,654)
Accounts payable	(1,657,364)	(380,540)	(2,037,904)	1,442,240
Accrued wages and benefits	—	(3,104)	(3,104)	19,847
Compensated absences	—	—	—	(5,038)
Deposits and connection fees	—	—	—	(2,000)
Unpaid insurance claims	—	—	—	903,243
Compensated absences	82,937	10,953	93,890	—
Increase in net OPEB obligation and net pension liability	430,628	—	430,628	—
<b>Total adjustments</b>	<b>24,876,911</b>	<b>759,433</b>	<b>25,636,344</b>	<b>9,619,985</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (7,078,916)</b>	<b>\$ 8,006,862</b>	<b>\$ 927,946</b>	<b>\$ 19,580,960</b>

**Noncash investing, capital, and financing activities:**

In Fiscal Year 2018, \$9,718,953 was contributed to the Water and Sewer Enterprise Fund by various entities and developers for water and sewer lines and \$1,714,118 was posted as cash receipt.

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

**Howard County, Maryland**  
**Statement of Fiduciary Net Position**  
**Pension and Other Post Employment Benefits Trust Funds and Agency Funds**  
**June 30, 2018**

	Pension and OPEB Trust Funds	Agency Funds
<b>ASSETS</b>		
Equity in pooled cash and cash equivalents	\$ —	\$ 7,766,871
Receivables:		
Property tax	—	425,119
Interest and dividends	1,055,669	—
Employer contributions	2,391,341	—
Member contributions	680,385	—
Sale of investments	234,715	—
Other	112,002	—
Investments, at fair value:		
Cash	57,989	—
Equities	442,290,962	—
Alternative investments	244,304,471	—
Mutual funds	129,733,283	—
Money market funds	13,588,784	—
Fixed income securities	281,049,037	—
Real assets	35,245,313	—
Prepaid insurance	44,315	—
<b>Total assets</b>	<b>1,150,788,266</b>	<b>8,191,990</b>
<b>LIABILITIES</b>		
Accounts payable	—	2,107,492
Investments purchased	380,164	—
Deposits	1,321,521	6,082,191
Other	—	2,307
<b>Total liabilities</b>	<b>1,701,685</b>	<b>8,191,990</b>
<b>NET POSITION</b>		
Net position held in trust for pension and other post employment benefits	<b>\$ 1,149,086,581</b>	

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

**Howard County, Maryland**  
**Statement of Changes in Fiduciary Net Position**  
**Pension and Other Post Employment Benefits Trust Funds**  
**For the Year Ended June 30, 2018**

<b>ADDITIONS</b>	
<b>Contributions:</b>	
Employer	\$ 79,804,946
Member	12,015,158
<b>Total contributions</b>	<b>91,820,104</b>
<b>Investment income:</b>	
Net change in fair value of investments	66,536,147
Interest	4,569,941
Dividends	23,764,512
Other	124,920
Investment expense	(3,427,510)
<b>Net investment (loss) income</b>	<b>91,568,010</b>
<b>Total additions</b>	<b>183,388,114</b>
<b>DEDUCTIONS</b>	
Benefits	64,191,224
Administrative expenses	761,633
<b>Total deductions</b>	<b>64,952,857</b>
<b>Change in net position</b>	<b>118,435,257</b>
<b>Net position - beginning</b>	<b>1,030,651,324</b>
<b>Net position - ending</b>	<b>\$ 1,149,086,581</b>

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

**Howard County, Maryland**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2018**

	Community College	Housing Commission	Library	Public School System	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 38,429,407	\$ 5,343,893	\$ 2,018,396	\$ 12,099,566	\$ 57,891,262
Investments	4,283,202	2,745,428	1,333,569	67,831,730	76,193,929
Receivables:					
Due from other governments	13,365,301	—	—	17,084,296	30,449,597
Other	447,576	962,050	381,894	1,275,567	3,067,087
Materials and supplies	—	—	—	1,271,130	1,271,130
Prepaid items	1,273,727	291,785	415,224	468,098	2,448,834
Restricted assets:					
Cash and cash equivalents	—	18,637,800	60,266	—	18,698,066
Investments	8,886,330	—	173,463	—	9,059,793
Mortgage receivable	—	6,462,220	—	—	6,462,220
Other non-current assets	118,902	—	—	—	118,902
Capital Assets:					
Land and land improvements	678,342	83,249,674	—	32,026,676	115,954,692
Construction in progress	21,079,148	15,378,906	—	65,228,675	101,686,729
Buildings and improvements, net	241,976,855	155,718,758	—	1,132,115,572	1,529,811,185
Machinery and equipment, net	4,217,749	—	133,541	10,631,450	14,982,740
Other capital assets	404,136	113,556	2,375,743	—	2,893,435
<b>Total assets</b>	<b>335,160,675</b>	<b>288,904,070</b>	<b>6,892,096</b>	<b>1,340,032,760</b>	<b>1,970,989,601</b>
<b>DEFERRED OUTFLOWS</b>					
Retirement plans	643,507	307,779	—	14,177,848	15,129,134
Other post employment benefits	269,612	—	531,695	24,924,146	25,725,453
Derivative instruments - interest rate swap	—	275,999	—	—	275,999
<b>Total deferred outflows</b>	<b>913,119</b>	<b>583,778</b>	<b>531,695</b>	<b>39,101,994</b>	<b>41,130,586</b>
<b>Total assets and deferred outflows</b>	<b>336,073,794</b>	<b>289,487,848</b>	<b>7,423,791</b>	<b>1,379,134,754</b>	<b>2,012,120,187</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable and other current liabilities	5,102,603	3,656,497	1,259,200	91,737,119	101,755,419
Accrued salaries and benefits	1,815,092	—	806,482	—	2,621,574
Deposits	83,922	680,870	—	—	764,792
Due to primary government	23,612,722	5,490,394	—	—	29,103,116
Unearned revenue	3,363,101	1,335,994	477,465	7,202,016	12,378,576
<b>Long-term liabilities:</b>					
Due within one year	611,598	1,226,099	—	6,973,886	8,811,583
Due in more than one year, net	37,525,578	248,861,255	16,393,492	770,582,650	1,073,362,975
<b>Total liabilities</b>	<b>72,114,616</b>	<b>261,251,109</b>	<b>18,936,639</b>	<b>876,495,671</b>	<b>1,228,798,035</b>
<b>DEFERRED INFLOWS</b>					
Retirement plans	303,408	171,825	—	4,053,733	4,528,966
Other post employment benefits	4,486,330	—	2,056,856	96,418,834	102,962,020
<b>Total deferred inflows</b>	<b>4,789,738</b>	<b>171,825</b>	<b>2,056,856</b>	<b>100,472,567</b>	<b>107,490,986</b>
<b>Total liabilities and deferred inflows</b>	<b>76,904,354</b>	<b>261,422,934</b>	<b>20,993,495</b>	<b>976,968,238</b>	<b>1,336,289,021</b>
<b>NET POSITION</b>					
Net investment in capital assets	254,604,434	13,455,630	2,509,284	1,234,873,263	1,505,442,611
Restricted for:					
Business-type operations	688,431	3,143,577	—	1,011,938	4,843,946
Education	11,100,401	—	—	1,246,593	12,346,994
Restricted for deferred support	—	—	233,729	—	233,729
Unrestricted	(7,223,826)	11,465,707	(16,312,717)	(834,965,278)	(847,036,114)
<b>Total net position</b>	<b>\$ 259,169,440</b>	<b>\$ 28,064,914</b>	<b>\$ (13,569,704)</b>	<b>\$ 402,166,516</b>	<b>\$ 675,831,166</b>

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, 2018**

Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position					
		Charges for Services	Operating Grants and Contributions	Capital Contributions	Community College	Housing Commission	Library	Public School System	Total	
<b>Component units:</b>										
Community college	\$ 117,977,448	\$ 36,673,944	\$ 413,229	\$ 22,818,534	\$ (58,071,741)	\$ —	\$ —	\$ —	\$ (58,071,741)	
Housing commission*	48,150,381	19,847,673	4,145,079	10,731,260	—	(13,426,369)	—	—	(13,426,369)	
Library	25,378,885	727,295	—	—	—	—	(24,651,590)	—	(24,651,590)	
Public school system	1,067,275,256	28,150,054	168,923,430	61,698,589	—	—	—	(808,503,183)	(808,503,183)	
<b>Total component units</b>	<b>\$ 1,258,781,970</b>	<b>\$ 85,398,966</b>	<b>\$ 173,481,738</b>	<b>\$ 95,248,383</b>	<b>\$ (58,071,741)</b>	<b>\$ (13,426,369)</b>	<b>\$ (24,651,590)</b>	<b>\$ (808,503,183)</b>	<b>\$ (904,652,883)</b>	
<b>General revenues:</b>										
Appropriations from primary government					35,123,130	—	20,309,381	572,871,655	628,304,166	
Intergovernmental, unrestricted					38,186,773	—	3,496,708	212,544,497	254,227,978	
Investment income					1,560,069	225,992	17,693	816,354	2,620,108	
Miscellaneous					—	10,655,262	—	5,093,743	15,749,005	
<b>Total general revenues</b>					<b>74,869,972</b>	<b>10,881,254</b>	<b>23,823,782</b>	<b>791,326,249</b>	<b>900,901,257</b>	
<b>Change in net position</b>					<b>16,798,231</b>	<b>(2,545,115)</b>	<b>(827,808)</b>	<b>(17,176,934)</b>	<b>(3,751,626)</b>	
<b>Net position as previously stated</b>					<b>278,751,811</b>	<b>30,610,029</b>	<b>3,436,315</b>	<b>1,177,726,419</b>	<b>1,490,524,574</b>	
<b>Adjustment to restate beginning balance</b>					<b>(36,380,602)</b>	<b>—</b>	<b>(16,178,211)</b>	<b>(758,382,969)</b>	<b>(810,941,782)</b>	
<b>Net position - beginning, as restated</b>					<b>242,371,209</b>	<b>30,610,029</b>	<b>(12,741,896)</b>	<b>419,343,450</b>	<b>679,582,792</b>	
<b>Net position - end of year</b>					<b>259,169,440</b>	<b>28,064,914</b>	<b>(13,569,704)</b>	<b>402,166,516</b>	<b>675,831,166</b>	

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

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



### **Patrick Farm**

Howard County has begun the largest stream restoration project in the county's history on farmland in Woodbine. The \$4.1 million project will restore around 6,200 feet of Cattail Creek during the next two years as the county attempts to meet state requirements to tackle stormwater runoff. The project, on Maple Dell Farm in Woodbine, illustrates how the County must work with private property owners to meet state requirements for stormwater management.

## **Notes to Basic Financial Statements**

**The Notes are an integral part of the financial statements.**



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# Notes to Basic Financial Statements

## 1. Summary of Significant Accounting Policies

### A. The Reporting Entity

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

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

### Discretely Presented Component Units

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

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

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

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

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

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

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

Howard Community College  
10901 Little Patuxent Parkway  
Columbia, Maryland 21044

Howard County Library  
10375 Little Patuxent Parkway  
Columbia, Maryland 21044

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

## **B. Government-Wide and Fund Financial Statements**

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

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

The County reports the following major proprietary fund:

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

The County reports the following fund types:

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

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

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

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

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

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

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

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

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

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

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

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

#### **D. Budgetary Process**

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

During the fiscal year, the County Council, upon the request of the County Executive, may approve transfers between projects in the capital budget but it may not increase the total size of the capital budget. The County Council, at any time during the fiscal year, may approve supplemental operating budget requests from the County Executive. The budgeted contingency reserve, which may not exceed 4 percent of the appropriated budget, is the funding source for supplemental requests. After April 1 of each year, the Council may also, at the request of the Executive, approve transfers between departments in the operating budgets. The Council may approve supplemental budgets from un-appropriated funds only in emergencies affecting "life, health, and property." Additionally, the County Executive has the authority to make transfers within a department at any time during the year without approval of the County Council. During fiscal year 2018, the Council approved two operating budget supplements, two capital budget transfers, and one bill amending the annual budget appropriation ordinance.

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

**E. Deposits and Investments**

**Cash Equivalents**

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

**Investments**

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

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

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

**F. Loans Receivable**

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

**G. Inventory**

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

**H. Capital Assets**

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Effective in fiscal year 2018, the threshold for capital assets as defined by Howard County was raised to include assets with an initial, individual cost of \$10,000 or greater and an estimated useful life in excess of one year. This is a prospective change and no adjustments were made to existing assets. Such assets are recorded at historical or at estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value at the date donated.

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

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

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

#### **I. Compensated Absences**

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

#### **J. Self-Insurance**

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

#### **K. Water and Sewer Assessments**

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

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

#### **L. Deferred Outflows/Inflows of Resources**

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

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

Under the modified accrual basis of accounting, several deferred inflows of resources are reported as unavailable revenues. In the governmental balance sheet the government reports deferred inflows of resources from: income and property taxes,

fees, grant revenues and prepaid taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### **M. Net Position Flow Assumptions**

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

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

#### **N. Fund Balance Flow Assumptions**

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

#### **O. Fund Balance**

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

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

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

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

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

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

## P. Reconciliation Between GAAP and Budgetary Basis

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

The financial statements are reconciled below:

	General Fund	Agricultural Land Pres. Fund
Budgetary basis - revenues and other sources over expenditures and other uses	\$ (317,025)	\$ (836,803)
Appropriation from fund balance	(2,887,679)	(2,012,434)
Current year encumbrances outstanding	10,625,073	—
Prior year encumbrances expended this year	(8,561,629)	—
Effect of recording contractual service expenditures modified accrual basis	513,677	46,022
Other	6,180,779	—
<b>GAAP basis - net change in fund balances</b>	<b>\$ 5,553,196</b>	<b>\$ (2,803,215)</b>

The ending fund balances are reconciled as follows:

	General Fund	Agricultural Land Pres. Fund
Budgetary basis - ending fund balance	\$ 126,430,852	\$ 58,747,446
Adjustments:		
Elimination of encumbrances outstanding	17,183,313	—
Accruals	(1,323,697)	—
Other	(45,937)	—
<b>GAAP basis - ending fund balance</b>	<b>\$ 142,244,531</b>	<b>\$ 58,747,446</b>

## Q. Budget Stabilization Account

The County has established a budget stabilization account (also known as the Rainy Day Fund) to provide funding in cases of revenue shortfalls, which would not include anticipated revenue shortfalls unless the shortfall was quantified, and was of a magnitude that would distinguish it from other shortfalls that regularly occur during the normal course of governmental operation or emergency situations affecting life, health, or property. The County Charter sets a goal of maintaining the account at seven percent of audited General Fund expenditures for the most recently completed fiscal year at the time the budget is prepared. When the fiscal year 2018 budget was prepared, the fiscal year 2016 financial statements were the most recently completed and audited. Therefore, the charter target is based upon fiscal year 2016 audited expenditures. An increase of \$3,955,966 was made to the fund in fiscal year 2018, which resulted in achieving the charter target of \$71,338,939.

The budget stabilization account is calculated as follows:

Budget Fiscal Year	Audited Expenditures from Fiscal Year	Audited Expenditures*	Percentage	Charter Target
2018	2016	\$ 1,019,127,694	7%	\$ 71,338,939
2019	2017	\$ 1,056,545,745	7%	\$ 73,958,202
2020	2018	\$ 1,083,504,317	7%	\$ 75,845,302

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

## R. Net Position Restricted

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

Governmental activities	\$ 153,326,501
Business-type activities	24,709,724
Component units activities	17,424,669
Total	\$ 195,460,894

## S. Fair Value Measurements

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

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

## T. Implementation of New Accounting Principles

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

GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,"* effective for fiscal years beginning after June 15, 2017. The requirements of this Statement improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and enhance its value for accessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. Decision-usefulness and accountability are also enhanced through new note disclosures and required supplementary information as follows: (1) more robust disclosures of assumptions will allow for better informed assessments of the reasonableness of OPEB measurements; (2) explanations of how and why the OPEB liability changed from year to year will improve transparency; (3) the summary OPEB liability information, including ratios, will offer an indication of the extent to which the total OPEB liability is covered by resources held by the OPEB plan, if any and (4) for employers that provide benefits through OPEB plans that are administered through trusts that meet the specified criteria, the contribution schedules will provide measures to evaluate decisions related to contributions. The required changes are reflected in the County's financial statements.

Statement No. 85, *"Omnibus 2017,"* effective for reporting periods beginning after June 15, 2017. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this Statement enhance

consistency in the application of accounting and financial reporting requirements. Consistent reporting improves the usefulness of information for users of state and local government financial statements. The required changes are reflected in the County's financial statements.

Statement No. 86, "*Certain Debt Extinguishment Issues*", effective for reporting periods beginning after June 15, 2017. The requirements of this Statement increase consistency in accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt were acquired. The requirements of this Statement also enhances consistency in financial reporting of prepaid insurance related to debt that has been extinguished. In addition, this Statement enhances the decision-usefulness of information in notes to financial statements regarding debt that has been defeased in substance. The required changes are reflected in the County's financial statements.

## 2. Equity in Pooled Cash and Cash Equivalents and Investments

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

### A. County's Cash and Cash Equivalents and Investments

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

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy requires at least 102% collateralization of deposits. The carrying amount of total deposits, including certificates of deposit, for the County was \$64,911,384 and the bank balance was \$68,756,225, at fiscal year-end. The bank balance was covered by federal depository insurance or by collateral held by the County's agent in the County's name. Petty cash was \$13,824 at June 30, 2018.

The County's component units had a combined bank balance of \$51,105,472, of which \$431,429, reported by the Housing Commission, was not collateralized. All other bank balances were covered by federal depository insurance or by collateral held by the component unit's agent in the component unit's name. The component units do not have a policy covering deposits.

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

	Primary Government	Fiduciary Funds	Component Units
<b>Statement of Net Position Amounts:</b>			
Equity in pooled cash and investments	\$ 369,656,150	\$ 7,766,871	\$ 57,891,262
Cash with fiscal agent	34,741,315	—	—
Restricted equity in pooled cash and cash equivalents	156,573,159	—	18,698,066
Investments	46,328,434	1,146,269,839	85,247,276
<b>Total</b>	<b>\$ 607,299,058</b>	<b>\$ 1,154,036,710</b>	<b>\$161,836,604</b>
<b>Deposits and Investment Summary:</b>			
Carrying value of cash deposits	\$ 57,158,337	\$ 7,766,871	\$ 76,589,328
Investments	550,140,721	1,146,269,839	85,247,276
<b>Total</b>	<b>\$ 607,299,058</b>	<b>\$ 1,154,036,710</b>	<b>\$161,836,604</b>

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

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

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

Investment Type	Fair Value		
	Primary Government	Component Units	Total Reporting Entity
U.S. Government Securities	\$ 46,328,434	\$ —	\$ 46,328,434
U.S. Government - Sponsored Enterprises	279,460,240	—	279,460,240
Maryland Local Govt. Investment Pool	219,310,987	68,618,526	287,929,513
Money market funds	5,041,060	—	5,041,060
Fixed income	—	914,945	914,945
Mutual funds	—	1,805,285	1,805,285
Interest in external investment pool	—	10,312,591	10,312,591
Interest in irrevocable trust	—	129,462	129,462
Treasury bills	—	721,039	721,039
Equity in properties under home ownership	—	2,745,428	2,745,428
Total	\$ 550,140,721	\$ 85,247,276	\$ 635,387,997

**Fair Value Measurement**

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

The County has the following recurring fair value measurements as of June 30, 2018:

Investments by fair value level:	Total	Primary Government Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
U.S. Government Securities	\$ 46,328,434	\$ 46,328,434	\$ —	\$ —
U.S. Government - Sponsored Enterprises	279,460,240	—	279,460,240	—
Total investments by fair value level	\$ 325,788,674	\$ 46,328,434	\$ 279,460,240	\$ —
Investments measured at amortized cost:				
Maryland Local Govt. Investment Pool	219,310,987			
Money market funds	5,041,060			
Investments measured at amortized cost	\$ 224,352,047			
Total investments	\$ 550,140,721			

	Total	Component Units		
		Fair Value Measurements Using		
Investments by fair value level:		(Level 1)	(Level 2)	(Level 3)*
Treasury bills	\$ 721,039	\$ 721,039	\$ —	\$ —
Fixed income	914,945	914,945	—	—
Mutual funds	1,805,285	1,805,285	—	—
Interest in external investment pool	10,312,591	—	—	10,312,591
Interest in irrevocable trust	129,462	—	129,462	—
Total investments by fair value level	\$ 13,883,322	\$ 3,441,269	\$ 129,462	\$10,312,591
Investments measured at amortized cost:				
Maryland Local Govt. Investment Pool	68,618,526			
Investments measured at amortized cost	\$ 68,618,526			
Investments measured at the net asset value (NAV):				
Equity in properties under home ownership	2,745,428			
Total investments measured at the NAV	\$ 2,745,428			
Total investments	\$ 85,247,276			

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

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

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

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

Investment Type	Fair Value/ Amortized Cost	Weighted Average Maturity (in years)
U.S. Government Securities	\$ 46,328,434	3.54
U.S. Government - Sponsored Enterprises	279,460,240	0.32
Total	\$ 325,788,674	
Portfolio weighted average maturity		0.78

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

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

Concentration of Credit Risk: The County's investment policy places no limit on the amount the County may invest in any one issuer. More than 5% of the County's investments are in the Federal Home Loan Bank, Federal Farm Credit Bank and the Federal Agricultural Mortgage Corporation. At fiscal year-end, investments in these U.S. Government Sponsored Enterprises represent 67.31% of the County's total investments.

**B. Pension Trust Funds' Cash and Investments**

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

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

Asset Class	Minimum Allocation	Target	Maximum Allocation
Equities	30.0%	40.0%	50.0%
Fixed income	20.0%	30.0%	40.0%
Alternative investments	15.0%	22.5%	27.5%
Real assets	2.5%	7.5%	12.5%

Investments of the Plans at fiscal year-end:

Investments	Fair Value/NAV
Equities	\$ 442,290,962
Fixed income	281,049,037
Alternative investments	244,304,471
Real assets	35,245,313
Money market funds	13,427,943
<b>Total</b>	<b>\$ 1,016,317,726</b>

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

Investment Type	Fair Value/ NAV	Weighted Average Maturity (in years)
Corporate bonds	\$ 43,538,281	12.05
U.S. Government - Sponsored Enterprises	33,186,563	23.82
Government Issued / Treasuries	23,921,540	3.82
Collateralized mortgage obligations	5,426,712	40.25
Municipal securities	2,528,230	15.07
Other asset backed securities	1,131,645	19.83
Credit card receivable	1,110,266	4.71
Auto loan receivable	545,544	8.05
Alternative investments, mutual funds and TIPS identified as fixed income for reporting purposes	169,660,256	N/A
Total	\$ 281,049,037	
Portfolio weighted average maturity		15.22

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

Standard & Poor's Rating or Comparable	Fair Value
AAA to A-	\$ 11,007,855
BBB to BB-	37,846,111
Not rated	232,195,071
Total	\$ 281,049,037

Custodial Credit Risk: State Street Bank invests in Government Short-Term Investment Fund (GSTIF) on behalf of the Plans. At fiscal year-end, the amount in this fund at fair value was \$13,359,878 which was partially used for settlement of open purchases of \$380,293. All other investments of the fund are held by State Street Bank as trustee in the Plans' names.

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

Foreign Currency Risk: The Plans' exposure to foreign currency risk derives from its investments in foreign currency or instruments denominated in foreign currency. Investments in such securities are limited to a maximum net currency exposure of 40.0% at any given time. The Plans were exposed to foreign currency risk through the Pool's investments in Euro denominated alternative investments. The Pool total of these investments was \$19,054,279 and \$18,156,822.

## Pension Trust Funds' Fair Value Measurement

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. It has the following recurring fair value measurements as of June 30, 2018:

Investments by fair value level	Total	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
<b>Debt securities:</b>				
Collateralized Mortgage Obligations (Fannie Mae and Freddie Mac)	\$ 5,426,712	\$ —	\$ 5,426,712	\$ —
Corporate bonds	43,538,281	—	43,538,281	—
Auto loan receivables	545,544	—	545,544	—
Credit card receivables	1,110,266	—	1,110,266	—
Commingled funds (fixed income)	146,862,515	—	146,862,515	—
FHLMC and FNMA bonds	33,186,563	—	33,186,563	—
U.S. Treasury Securities	23,921,540	23,921,540	—	—
Municipals bonds	2,528,230	—	2,528,230	—
Other asset backed securities	1,131,645	—	1,131,645	—
Preferred stock	1,287,250	1,287,250	—	—
Treasury Inflation Protected Securities	21,510,491	—	21,510,491	—
<b>Total debt securities</b>	<b>281,049,037</b>	<b>25,208,790</b>	<b>255,840,247</b>	<b>—</b>
<b>Equity securities:</b>				
Common Stocks	223,192,122	223,192,122	—	—
Small Company Portfolio	24,225,260	24,225,260	—	—
Emerging Markets Value Portfolio	131,095,668	131,095,668	—	—
Real Estate Investment Trusts (REITS)	3,982,364	3,982,364	—	—
<b>Total equity securities</b>	<b>382,495,414</b>	<b>382,495,414</b>	<b>—</b>	<b>—</b>
<b>Total investment by fair value level</b>	<b>\$ 663,544,451</b>	<b>\$ 407,704,204</b>	<b>\$ 255,840,247</b>	<b>\$ —</b>
<b>Investments measured at the net asset value (NAV):</b>				
Private equity funds	\$ 127,181,277			
Equity hedge funds	117,123,194			
Real assets funds	35,245,313			
International equity funds	59,795,548			
<b>Total investments measured at the NAV</b>	<b>\$ 339,345,332</b>			
<b>Total investments measured at fair value/NAV*</b>	<b>\$ 1,002,889,783</b>			

\*Does not include money market funds totaling \$13,427,943, which represents securities that have remaining maturities of less than 1 year and may be measured at amortized cost.

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

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

	Fair Value	Unfunded Commitments	Frequency (if Currently Eligible)	Notice Period
Private equity funds	\$ 127,181,277	\$ 45,697,569	Illiquid	N/A
Equity Hedge fund 1	58,088,493	—	Quarterly	65 days
Equity Hedge fund 2	59,034,701	—	Semi Annually	95 days
Real assets funds	35,245,313	21,231,628	Illiquid	N/A
International equity funds	59,795,548	—	Monthly	15 days
	<u>\$ 339,345,332</u>			

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

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

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

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

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

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

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

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

Investments of the Plans at fiscal year-end:

Investments	Fair Value/Amortized Cost
Cash	\$ 57,989
Mutual Funds	129,733,283
Money market funds	160,841
Total	\$ 129,952,113

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

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

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. It has the following recurring fair value measurements as of June 30, 2018:

Investments by fair value level	Total	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
Mutual Funds:				
Mutual Funds - Equity	\$ 88,903,589	\$ 88,903,589	\$ —	\$ —
Mutual Funds - Fixed Income	40,766,423	40,766,423	—	—
Total Mutual Funds	129,670,012	129,670,012	—	—
Total investment by fair value level *	\$ 129,670,012	\$ 129,670,012	\$ —	\$ —

\*Does not include cash and money market funds totaling \$63,271, which represents securities that have remaining maturities of less than 1 year and may be measured at amortized cost.

### 3. Receivables

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

Receivables:	General Fund	Agricultural Land Pres. Fund	General Capital Project Fund	Water and Sewer Fund	Non-Major and Other Funds	Total
Property taxes	\$ 4,847,366	\$ —	\$ —	311,340	\$ 1,096,250	\$ 6,254,956
Due from other governments	113,025,844	1,049,240	1,106,742	909,622	9,841,750	125,933,198
Due from component units	12,053,670	—	11,559,052	—	5,490,394	29,103,116
Housing loans	—	—	—	—	11,636,859	11,636,859
Other	464,360	—	—	69,800	7,497,122	8,031,282
Service billings	—	—	—	11,873,319	133,146	12,006,465
Water and sewer assessments	—	—	—	24,149,724	—	24,149,724
Gross receivables	130,391,240	1,049,240	12,665,794	37,313,805	35,695,521	217,115,600
Less: Allowance for uncollectibles	(1,316,649)	—	—	—	—	(1,316,649)
Total Receivables	\$ 129,074,591	\$ 1,049,240	\$ 12,665,794	\$ 37,313,805	\$ 35,695,521	\$ 215,798,951

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

### 4. Interfund Receivables, Payables, and Transfers

#### Interfund Receivables and Payables:

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

Due from other funds	Due to other funds	Amount
General Fund	General Capital Projects	\$ 15,357,281
	Special Recreation Facility	2,291,897
		<u>17,649,178</u>
Highway Fund	Storm Drain Capital Projects	13,017,711
	Recreation Program Fund	Special Recreation Facility
		<u>13,439,711</u>
Total Inter-fund Receivable/Payable		\$ 31,088,889

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

**Transfers:**

Interfund transfers for the year consisted of the following:

Fund	General Fund	Non-Major Governmental Funds							Total In
		General Capital Projects Fund	Agricultural Land Pres. Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	Internal Service Funds	
<b>Major Funds</b>									
General Fund	\$ —	\$ 9,637,960	\$ 775,085	\$ 2,422,702	\$ 10,128	\$ 12,596,665	\$ 9,100	\$ 237,492	\$ 25,689,132
General Capital Projects	8,838,271	—	—	—	—	104,918	2,600,236	—	11,543,425
<b>Non-Major Funds</b>									
Special Revenue	466,024	—	—	—	—	—	—	—	466,024
Debt Service	2,209,570	4,021,283	—	—	—	—	—	—	6,230,853
Capital Projects	5,748,839	—	—	668,200	—	85,000	7,823,216	—	14,325,255
Enterprise Funds	—	—	—	—	—	—	—	1,158,452	1,158,452
<b>Total Out</b>	<b>\$ 17,262,704</b>	<b>\$ 13,659,243</b>	<b>\$ 775,085</b>	<b>\$ 3,090,902</b>	<b>\$ 10,128</b>	<b>\$ 12,786,583</b>	<b>\$ 10,432,552</b>	<b>\$ 1,395,944</b>	<b>\$ 59,413,141</b>

The transfers from the General Fund are the disbursement of pay-as-you-go funding to various capital projects, funding of bond anticipation note debt service expenditures in excess of interest income, and interest allocation to various funds. Transfer tax revenue is dedicated to various functions in the Capital Projects and Non-Major Special Revenue Funds. Part of that revenue is then transferred to the General Fund to cover each function’s share of debt service costs for the year. Transfers from the Non-Major Enterprise Funds are to pay for watershed protection related capital projects. The chart above does not reflect a \$122,467 transfer out of fixed assets from the General Fund, which is on the modified accrual basis of accounting, to the Broadband Fund, an enterprise fund.

**5. Property Tax and Transfer Tax**

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

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

## 6. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land and land improvements	\$ 584,171,392	10,735,372	54,620	\$ 594,852,144
Construction in progress	78,098,481	108,173,508	115,730,057	70,541,932
<b>Total capital assets, not being depreciated</b>	<b>662,269,873</b>	<b>118,908,880</b>	<b>115,784,677</b>	<b>665,394,076</b>
Capital assets being depreciated:				
Buildings	364,797,134	42,655,904	1,890,324	405,562,714
Improvements other than buildings	224,738,996	36,357,828	178,763	260,918,061
Machinery and equipment	192,230,107	22,334,712	14,904,705	199,660,114
Infrastructure	495,582,466	39,252,439	—	534,834,905
<b>Total capital assets, being depreciated</b>	<b>1,277,348,703</b>	<b>140,600,883</b>	<b>16,973,792</b>	<b>1,400,975,794</b>
Less accumulated depreciation for:				
Buildings	106,399,159	7,387,829	828,038	112,958,950
Improvements other than buildings	108,244,532	14,464,453	56,295	122,652,690
Machinery and equipment	125,730,863	14,184,518	13,852,602	126,062,779
Infrastructure	218,268,302	14,617,982	—	232,886,284
<b>Total accumulated depreciation</b>	<b>558,642,856</b>	<b>50,654,782</b>	<b>14,736,935</b>	<b>594,560,703</b>
<b>Total capital assets, being depreciated, net</b>	<b>718,705,847</b>	<b>89,946,101</b>	<b>2,236,857</b>	<b>806,415,091</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 1,380,975,720</b>	<b>208,854,981</b>	<b>118,021,534</b>	<b>\$ 1,471,809,167</b>

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

Governmental activities:	Amount
General government	\$ 1,672,106
Public safety	5,414,501
Public facilities	27,546,446
Legislative and judicial	23,010
Community services	307,333
Recreation and parks	5,896,466
Education	1,867,378
Capital assets held by the government's internal service funds are charged to the various functions based on usage of assets	7,927,542
<b>Total depreciation expense - governmental activities</b>	<b>\$ 50,654,782</b>

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

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land and land improvements	\$ 11,753,538	—	—	\$ 11,753,538
Construction in progress	41,723,733	66,212,071	12,799,768	95,136,036
<b>Total capital assets, not being depreciated</b>	<b>53,477,271</b>	<b>66,212,071</b>	<b>12,799,768</b>	<b>106,889,574</b>
Capital assets being depreciated:				
Buildings	238,062,093	—	—	238,062,093
Improvements other than buildings	81,559,291	2,456,524	—	84,015,815
Machinery and Equipment	15,805,101	1,396,238	31,758	17,169,581
Infrastructure	725,153,333	16,278,116	—	741,431,449
<b>Total capital assets, being depreciated</b>	<b>1,060,579,818</b>	<b>20,130,878</b>	<b>31,758</b>	<b>1,080,678,938</b>
Less accumulated depreciation for:				
Buildings	83,415,254	4,695,048	—	88,110,302
Improvements other than buildings	44,534,745	3,268,050	—	47,802,795
Machinery and Equipment	5,303,589	1,651,003	31,758	6,922,834
Infrastructure	297,611,019	14,469,870	—	312,080,889
<b>Total accumulated depreciation</b>	<b>430,864,607</b>	<b>24,083,971 *</b>	<b>31,758</b>	<b>454,916,820</b>
<b>Total capital assets, being depreciated, net</b>	<b>629,715,211</b>	<b>(3,953,093)</b>	<b>—</b>	<b>625,762,118</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 683,192,482</b>	<b>62,258,978</b>	<b>12,799,768</b>	<b>\$ 732,651,692</b>

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

Business-type activities:	Amount
Water and sewer system	\$ 22,714,323
Golf course	150,942
Inter-County Broadband	707,146
Watershed	97,423
<b>Total depreciation expense - business-type activities</b>	<b>\$ 23,669,834 *</b>

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

### Construction Commitments:

Total construction encumbrances outstanding at fiscal year-end were \$149,017,801.

## 7. Long-Term Obligations

### A. Primary Government

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

	Due Dates at Fiscal Year Ending	Interest Rates	Amount Outstanding
Governmental Activities			
Consolidated public improvement bonds	2019 - 2038	3.00% to 5.00%	\$ 1,062,345,001
Total debt subject to statutory limit			<u>1,062,345,001</u>
Tax increment financing bonds	2019 - 2048	4.00% to 6.10%	65,165,000
Compensated absences	various	not applicable	26,323,557
Capital leases	various	1.639% to 2.880%	35,011,551
Net OPEB liability	various	not applicable	321,573,764
Net pension liability	various	not applicable	153,482,520
Net length of service award program liability	various	not applicable	22,648,821
Landfill closure obligation	various	not applicable	23,085,000
Agricultural land preservation program	2019 - 2037	2.19% to 8.60%	97,715,767
Total Governmental Activities			(1) \$ <u>1,807,350,981</u>
Business Type Activities:			
Metropolitan district bonds	2019 - 2048	2.00% to 5.00%	\$ 277,580,000
State water quality revolving loan	2019 - 2031	1.00% to 2.40%	17,956,260
Special facility revenue bonds	2019 - 2022	2.475%	2,714,000
Broadband Bonds	2021 - 2023	2.00% to 3.00%	2,535,000
Compensated absences	various	not applicable	889,638
Net OPEB liability	various	not applicable	18,409,093
Net pension liability	various	not applicable	2,321,197
Major water and sewer agreements	various	not applicable	922,923
Total Business Type Activities			(2) \$ <u>323,328,111</u>
Total			<u>\$ 2,130,679,092</u>

Note (1): Does not include deferred refunding premium liability of \$140,958,111, unpaid claims of \$18,511,322, other non-current liabilities of \$3,639,358 and unamortized bond discount of (\$25,404) included in the Statement of Net Position.

Note (2): Does not include deferred refunding premium of \$24,038,642 included in the Statement of Net Position.

The County is subject to State and County law which limits the amount of applicable General County debt outstanding to 4.8 percent of the assessed value of real property and personal property located in the County. At fiscal year-end the statutory debt limit was \$2,472,864,240, providing a debt margin of \$1,372,972,696. The authorized, unissued General County Bonds, Metropolitan District Bonds and Tax Increment Finance Bonds at fiscal year-end were \$427,089,281, \$261,991,194 and \$71,775,000, respectively. It is the County's intent to use such unissued bonds to fund future capital projects. There is no overlapping municipal bonded debt in the County and the County is in compliance with debt agreement provisions.

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Consolidated public improvement bonds	\$ 1,011,405,001	314,330,000	263,390,000	\$ 1,062,345,001	\$ 63,010,000
Tax increment financing bonds	16,980,000	48,225,000	40,000	65,165,000	65,000
Compensated absences	25,712,254	1,262,914	651,611	26,323,557	302,065
Capital leases	24,802,374	14,598,185	4,389,008	35,011,551	4,883,764
Landfill closure obligation	23,988,000	—	903,000	23,085,000	—
Agricultural land preservation program	100,122,836	3,095,670	5,502,739	97,715,767	4,232,529
Deferred refunding premium	115,789,716	25,168,395	—	140,958,111	—
Unpaid Claims	17,608,082	903,240	—	18,511,322	7,613,609
Net OPEB liability	463,091,645	—	141,517,881	321,573,764	—
Net pension liability	217,097,486	—	63,614,966	153,482,520	—
Other noncurrent liability	24,348,804	—	1,699,983	22,648,821	—
<b>Total Governmental Activities</b>	<b>\$ 2,040,946,198</b>	<b>\$ 407,583,404</b>	<b>\$ 481,709,188</b>	<b>(1) \$ 1,966,820,414</b>	<b>\$ 80,106,967</b>
<b>Business Type Activities:</b>					
Metropolitan district bonds	\$ 255,630,000	94,225,000	72,275,000	\$ 277,580,000	\$ 11,510,000
State water quality revolving loan	21,267,307	—	3,311,047	17,956,260	3,383,413
Broadband bonds	1,510,000	1,025,000	—	2,535,000	—
Special facility revenue bonds	3,199,000	—	485,000	2,714,000	497,000
Compensated absences	794,630	100,231	5,223	889,638	—
Major water and sewer agreements	737,054	592,595	406,726	922,923	48,000
Deferred refunding premium	14,580,682	9,457,960	—	24,038,642	—
Net OPEB liability	8,571,546	9,837,547	—	18,409,093	—
Net pension liability	4,181,343	—	1,860,146	2,321,197	—
<b>Total Business Type Activities</b>	<b>\$ 310,471,562</b>	<b>115,238,333</b>	<b>78,343,142</b>	<b>\$ 347,366,753</b>	<b>\$ 15,438,413</b>
<b>Total</b>	<b>\$ 2,351,417,760</b>	<b>522,821,737</b>	<b>560,052,330</b>	<b>\$ 2,314,187,167</b>	<b>\$ 95,545,380</b>

Note (1): Does not include other non-current liabilities of \$3,639,358 and unamortized bond discount of (\$25,404) included in the Statement of Net Position.

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 December 21, 2017, the County issued \$184,440,000 in Consolidated Public Improvement Refunding Bonds 2017 Series D, with a true interest cost of 2.51% and \$56,075,000 in Metropolitan District Refunding Bonds 2017 Series E, with a true interest cost 2.69%. The County issued these bonds to refund \$205,335,000 and \$60,380,000 of Consolidated Public Improvement and Metropolitan District Bonds, respectively and to pay bond issuance costs. The savings or aggregate difference in debt service from refunding Consolidated Public Improvement Bonds was \$8,095,688 and from refunding

Metropolitan District Bonds was \$4,205,655. The economic gain or net present value of savings from refunding Consolidated Public Improvement Bonds was \$7,829,877 and from refunding Metropolitan District Bonds was \$3,057,760.

On April 18, 2018, the County issued \$129,890,000 in Consolidated Public Improvement Project Bonds 2018 Series A (Tax-Exempt), \$1,025,000 in Consolidated Public Improvement Project Bonds 2018 Series B (Taxable) and \$38,150,000 in Metropolitan District Project Bonds 2018 Series C (Tax-Exempt). The true interest costs were 3.06%, 2.91% and 3.44% for the Series A, B and C bonds respectively. The County issued these bonds to pay off \$181,000,000 of outstanding Consolidated Public Improvement Bond Anticipation Notes, 2017 Series (BANs); reimburse the County for costs related to capital projects; and to pay bond issuance costs.

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

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

- The Board of Education (Public School System) and the Community College have no authority to issue bonded debt. The authority rests with the County subject to approval of the Council. The County had approximately \$584 million of its net Consolidated Public Improvement general obligation bonds outstanding that are related to capital facilities of the component units at fiscal year end.
- The Metropolitan District Act requires Baltimore City to provide water to the County’s Metropolitan District. The City also treats sewage from the Metropolitan District at cost. The County has agreed to pay the City on a pro rata basis for construction of certain City-owned water and sewer capital projects that serve the Metropolitan District. Since 2004, the County has contributed approximately \$81.6 million toward these City-owned facilities that are funded primarily with bond proceeds. The County estimates 8.8% of its net Metropolitan District general obligation bonds outstanding or \$24.3 million is related to these facilities at fiscal year-end.

Since 1993, the County has participated in the State Water Quality Revolving Loan Program. Under this program, the State makes loans to local governments with interest rates that are below the market rate for tax exempt financing. As of fiscal year-end, the County has borrowed \$91,255,779, of which \$77,045,779 was borrowed by the Water and Sewer Enterprise Fund to expand the County’s water reclamation. The outstanding balances of these loans are \$17,956,260.

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

During fiscal year 1995, the County issued Special Facility Revenue Bonds in the amount of \$10,675,000. On June 1, 2003, the County refunded the balance of the Special Facility Revenue Bonds, which was \$9,220,000 and issued Golf Course Refunding Bonds in the amount of \$9,880,000. On May 30, 2012, the County refunded the balance of the Golf Course Refunding Bonds, which was \$5,775,000, and issued a Taxable Golf Course Refunding Note in the amount of \$5,400,000. The original bonds were issued for the purpose of constructing a public golf course with related facilities. Income derived from the golf course facility is pledged to pay debt service on these bonds and to establish a debt service reserve fund equal to the greatest amount of debt service payable in a fiscal year. The balance in the debt service reserve fund at fiscal year-end is \$560,000. This reserve will not be available for other purposes until the maturity of the notes on August 15, 2022. If a deficiency exists in the debt service reserve fund securing the note, the County is obligated to restore the amount in the debt service reserve fund to \$560,000 not later than 30 days after the beginning of the first fiscal year beginning after such deficiency is determined, until the note has been paid in full. This note does not constitute a pledge of the County’s full faith and credit or taxing power, but the County’s covenant to restore the amount in the debt service reserve fund is a general contractual obligation of the County. For fiscal year 2018, the net available revenue and debt service payments were \$143,935 and \$558,710, respectively.

In prior years, the County defeased certain Consolidated Public Improvement and Metropolitan District bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included as long-term obligations of the County. At fiscal year-end, \$405,188,000 of Consolidated Public Improvement Bonds and \$109,851,700 of Metropolitan District Bonds were considered defeased.

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

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

Debt service requirements of governmental activities:

Year ending June 30:	General County Bonds		Agricultural Land Program	
	Principal	Interest*	Principal	Interest
2019	\$ 63,010,000	\$ 46,709,374	\$ 4,232,529	\$ 5,077,092
2020	65,200,000	44,563,823	17,059,529	4,709,479
2021	65,585,000	41,412,773	17,838,529	3,453,618
2022	70,315,000	38,304,023	7,107,529	2,346,352
2023	73,505,000	34,963,973	3,357,529	2,107,993
2024-2028	349,165,001	122,613,324	34,941,643	5,513,399
2029-2033	258,845,000	49,409,966	10,912,554	760,401
2034-2038	116,720,000	9,968,238	2,265,927	96,132
<b>Total</b>	<b>\$ 1,062,345,001</b>	<b>\$ 387,945,494</b>	<b>\$ 97,715,767</b>	<b>\$ 24,064,466</b>

\*Includes administrative fees

Debt service requirements of business-type activities:

Year ending June 30:	Metro District Bonds		Special Facility Revenue Bonds		Water Quality Bonds		Broadband	
	Principal	Interest	Principal	Interest	Principal	Interest*	Principal	Interest *
2019	\$ 11,510,000	\$ 10,535,282	\$ 497,000	\$ 61,570	\$ 3,383,413	\$ 545,433	—	\$ 55,569
2020	11,415,000	10,373,549	510,000	49,123	3,457,397	471,449	—	60,950
2021	9,880,000	9,942,024	522,000	36,364	3,533,036	395,810	1,510,000	60,950
2022	9,985,000	9,488,293	535,000	23,296	3,610,367	318,479	—	30,750
2023	10,435,000	9,024,405	650,000	2,588	1,528,976	136,226	1,025,000	30,750
2024-2028	55,265,000	37,668,637	—	—	1,875,053	215,790	—	—
2029-2033	53,980,000	25,595,353	—	—	568,018	41,631	—	—
2034-2038	54,875,000	15,822,360	—	—	—	—	—	—
2039-2043	39,190,000	7,449,787	—	—	—	—	—	—
2044-2048	21,045,000	1,956,757	—	—	—	—	—	—
<b>Total</b>	<b>\$277,580,000</b>	<b>\$137,856,447</b>	<b>\$2,714,000</b>	<b>\$172,941</b>	<b>\$ 17,956,260</b>	<b>\$2,124,817</b>	<b>\$ 2,535,000</b>	<b>\$ 238,969</b>

\*Includes administrative fees.

**Special Obligation Bonds**

On March 11, 2014, the County issued its first Special Obligation Bonds (Annapolis Junction Town Center) 2014 Series in the amount of \$17 million, with an overall true interest cost of 6.148%. The proceeds were used to construct a 704-space parking garage on 12.73 acres of land dedicated for commuter rail patrons. The County had previously designated the 12.73

acres as a Development District, at the site of the MARC Savage Commuter Rail Station. The land is state-owned, thus no real property taxes were paid to the County for this property. However, County management anticipates opportunities for local economic development by putting tax-exempt property on the local tax roll while improving transportation infrastructure.

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

These bonds are not general obligation bonds of the County; rather they are special obligations of the County payable solely from the incremental real property taxes collected within the Development District, any special taxes imposed and collected from the companion Special Tax District, and any Base Realignment and Closure (BRAC) Zone Grant awarded by the State of Maryland. The project was approved for designation as a BRAC Zone in June 2009. The total amount of pledged revenue is \$34,471,535. A reserve fund in the amount of \$1,678,465 was established as part of the debt issuance. This reserve will not be available for other purposes until the final maturity of the bonds in fiscal year 2044. Additionally, as of fiscal year end, \$10,171 is being held by an escrow agent for fiscal year 2018 debt service. Pledged revenues of \$398,528 were recognized in fiscal year 2018. The outstanding debt of \$40,000 is included in the primary government's long-term debt on the Statement of Net Position.

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

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

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

The total amount of pledged revenue is \$87,385,911. A reserve fund in the amount of \$3,921,283 was established as part of the debt issuance. This reserve will not be available for other purposes until the final maturity of the bonds in fiscal year 2047. Additionally, as of fiscal year end, \$ 2,115,880 is being held by an escrow agent for fiscal year 2018 debt service. Pledged revenues of \$2,297,099, were recognized in fiscal year 2018. The outstanding debt of \$48,225,000 is included in the primary government's long-term debt on the Statement of Net Position.

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

Debt service requirements of TIF governmental activities:

Year ending June 30:	Tax Increment Financing Bonds		Annual Debt Service
	Principal	Interest	
2019	\$ 65,000	\$ 3,111,904	\$ 3,176,904
2020	90,000	3,108,784	3,198,784
2021	315,000	3,104,464	3,419,464
2022	245,000	3,090,944	3,335,944
2023	275,000	3,079,984	3,354,984
2024-2028	5,495,000	14,959,230	20,454,230
2029-2033	9,585,000	13,311,996	22,896,996
2034-2038	13,430,000	10,727,437	24,157,437
2039-2043	22,230,000	6,631,944	28,861,944
2044-2048	13,435,000	1,165,510	14,600,510
Total	\$ 65,165,000	\$ 62,292,197	\$ 127,457,197

**B. Component Units**

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

Component Unit	Beginning Balance	Additions	Reductions	Ending Balance
<b>*Community College:</b>				
Compensated absences, net OPEB liability and net pension liability	\$ 41,588,795	419,786	3,871,405	\$ 38,137,176
<b>**Housing:</b>				
Loans, compensated absences and net pension liability	186,307,735	65,840,530	2,060,911	250,087,354
<b>*Library:</b>				
Compensated absences and net OPEB liability	17,723,706	1,004,572	2,334,786	16,393,492
<b>*Public School System:</b>				
Capital leases, workers compensation, compensated absences, net OPEB liability and net pension liability	856,461,427	1,747,218	80,652,109	777,556,536
Total	\$1,102,081,663	\$ 69,012,106	\$ 88,919,211	\$ 1,082,174,558

\*Restated per GASB75

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

**8. Short-Term Debt**

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

Type	Beginning Balance	Issued	Retired	Ending Balance
Bond Anticipation Notes	\$ 53,449,732	182,537,597	181,000,000	\$ 54,987,329

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

## 9. Conduit Debt

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

At fiscal year-end, there were 20 series of conduit debt outstanding. The aggregate principal amount outstanding for the 11 series issued after July 1, 1996 was \$95,725,062. The aggregate principal amount outstanding for the 9 series issued prior to June 30, 1996 could not be determined; however, their original issue amounts totaled \$59,155,000.

## 10. Lease Obligations

### A. Operating Leases - Primary Government

The County is committed under various long-term operating lease agreements for office space as lessee. Lease expenditures for the fiscal year amounted to \$1,883,775.

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

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Fiscal Year	
2019	\$ 1,705,679
2020	1,587,423
2021	1,358,374
2022	833,349
2023	339,887
2024-2028	769,045

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

Lease revenues for the year amounted to \$1,754,711. Future lease revenues are as follows:

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Fiscal Year	
2019	\$ 1,356,769
2020	1,200,567
2021	1,172,788
2022	989,295
2023	878,221
2024-2028	4,026,176

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### B. Capital Leases

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

The assets acquired and placed in service are as follows:

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Machinery and equipment	\$ 27,571,225
Less: accumulated depreciation	(8,350,311)
Total asset value under capital leases	\$ 19,220,914

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

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 are as follows:

Year ending June 30:	Activities
2019	\$ 5,652,877
2020	5,461,075
2021	4,438,602
2022	4,292,810
2023	4,116,989
2024-2029	14,347,444
2030-2031	1,126,603
Total minimum lease payments	39,436,400
Less: amount representing interest	(4,424,849)
Present value of minimum lease payments	\$ 35,011,551

## 11. Restricted Assets

Federal and State grants, golf course receivables, water and sewer assessments, user charges, in-aid-of-construction charges, developer contributions, and bond and loan proceeds for purposes of construction of the water and sewer system are restricted. Developer contributions primarily represent water and sewer projects constructed by developers on behalf of the County in connection with the development of privately owned property. The agreements between the developers and the County relating to such projects provide for specific rebates of construction costs to the developer from bond proceeds based upon house connections within a ten year period. Any amounts not rebated at the end of 10 years are recognized as contributed revenue. The cumulative amounts of other non-operating revenues are available for construction activities and reflected as restricted Net Position. Assets and liabilities arising from the construction and operation of the County's publicly owned golf course are restricted in the Special Recreation Facility Fund. Restricted assets also include funds that are legally restricted for special purposes such as public housing projects.

## 12. Fund Equity

The governmental fund balances at June 30, 2018 are composed of the following:

	General Fund	Agricultural Land Preservation Fund	General Capital Projects Funds	Other Governmental Funds	Total
<b>FUND BALANCES</b>					
Nonspendable:					
Inventory	\$ 546,803	\$ —	\$ —	\$ 654,878	\$ 1,201,681
Prepaid items	—	—	—	1,843	1,843
Long-term receivable:					
Due from component units	12,053,670	—	—	—	12,053,670
<b>Total nonspendable</b>	<b>12,600,473</b>	<b>—</b>	<b>—</b>	<b>656,721</b>	<b>13,257,194</b>
Restricted for:					
Catalyst loan program	—	—	—	864,231	864,231
Economic development initiative	—	—	—	741,484	741,484
Fee in lieu	—	—	—	468,864	468,864
Fire & rescue services	—	—	—	15,177,105	15,177,105
Forest conservation	—	—	—	1,860,610	1,860,610
Health department	1,024,450	—	—	—	1,024,450
Middle Patuxent environmental area program	—	—	—	41,672	41,672
Open space	—	—	—	536,376	536,376
Parkland watershed facilities	—	—	—	13,049,453	13,049,453
Program revenue	—	—	—	578,226	578,226
Public road facilities	—	—	—	63,593,603	63,593,603
Public school facilities	—	—	16,177,639	—	16,177,639
Speed enforcement	—	—	—	1,453,418	1,453,418
Tax increment financing project	—	—	29,112,560	8,646,810	37,759,370
<b>Total restricted</b>	<b>1,024,450</b>	<b>—</b>	<b>45,290,199</b>	<b>107,011,852</b>	<b>153,326,501</b>
Committed for:					
Budget stabilization account	71,338,939	—	—	—	71,338,939
Agricultural land preservation	—	2,629,959	—	—	2,629,959
Community renewal programs	—	—	—	26,692,007	26,692,007
Environmental services	—	—	—	11,683,078	11,683,078
Firehouse & training facilities	—	—	—	9,464,639	9,464,639
Recreation programs	—	—	—	2,388,113	2,388,113
<b>Total committed</b>	<b>71,338,939</b>	<b>2,629,959</b>	<b>—</b>	<b>50,227,837</b>	<b>124,196,735</b>

(Continued)

	General Fund	Agricultural Land Preservation Fund	General Capital Projects Funds	Other Governmental Funds	Total
Assigned for:					
Funding for one time expenditures	14,823,778	—	—	—	14,823,778
Future balloon payments	—	46,328,434	—	—	46,328,434
Pay-as-you-go contributions to capital projects	8,395,000	—	—	—	8,395,000
Policy Reserve	5,000,000	—	—	—	5,000,000
Purchase commitments	15,577,170	—	—	—	15,577,170
Subsequent year's budget stabilization account	5,586,535	—	—	—	5,586,535
Subsequent year's expenditures	—	9,789,053	—	—	9,789,053
<b>Total assigned</b>	<b>49,382,483</b>	<b>56,117,487</b>	<b>—</b>	<b>—</b>	<b>105,499,970</b>
Unassigned	7,898,186	—	(61,224,851)	(27,506,473)	(80,833,138)
<b>Total fund balance</b>	<b>\$ 142,244,531</b>	<b>\$ 58,747,446</b>	<b>\$ (15,934,652)</b>	<b>\$ 130,389,937</b>	<b>\$ 315,447,262</b>

### 13. Landfill Closure and Post-Closure Care Cost

State and Federal laws and regulations require the County to place a final cover cap on closed cells at the currently operating Alpha Ridge Landfill and to perform certain maintenance and monitoring functions at the landfill site for a minimum period of 30 years after closure. The County recognizes a portion of these costs in each operating period based on landfill capacity used as of each fiscal year-end. Closure and post-closure care costs are paid after each cell is filled to capacity. The closure cap for a 70-acre inactive landfill cell was completed in fiscal year 2000. A separate active lined landfill cell is projected to close no earlier than 2050 if current operating conditions continue and will be capped at that time. In addition, the County has constructed closure caps and groundwater treatment systems at two older closed landfills, and the post-closure operating cost are included in the Environmental Services Fund budget. The long-term liability for these older landfills has been removed from long-term debt. Future total closure and post-closure care costs for the Alpha Ridge Landfill as determined through engineering studies will approximate \$28,939,626. Actual costs may differ due to inflation or future design changes. The County ceased using the Alpha Ridge Landfill as its primary disposal site as of March 1997 and, thus, it is not expected to use the landfill to its full capacity in the foreseeable future. The County is exporting waste to a regional landfill in Virginia. The remaining capacity at the landfill will be held for backup or future use. At fiscal year-end, the County has recognized \$23,085,000 of these costs. This cumulative amount reported to date is based on the use of 69.86% 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 \$5,854,626. The County intends to finance these costs through the proceeds of bonds and through its annual operating budget. The General Fund has been used in prior years to liquidate the liability.

### 14. Tax Abatements

As of June 30, 2018 the County provides tax abatements through two programs the Pilot Program and Commercial or Industrial Business Program.

#### **PILOT (Payment in Lieu of Taxes)**

##### Nixon Farm

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

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

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

##### Housing

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

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

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

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

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

### **Commercial or Industrial Business**

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

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

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

For the fiscal year ended June 30, 2018 , the County abated taxes totaling \$1,364,526 including the following tax abatement agreement/s that each exceeds 10 percent of the total amount abated:

Tax Abatement Program	Amount of Taxes Abated
PILOT (Payment in Lieu of Taxes)	\$ 1,339,333

## 15. Retirement Plans

### Summary of Significant Accounting Policies

Pension: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Howard County Retirement Plan (HCRP) and Police and Fire Employees' Plan (PFEP) and additions to/deductions from the two plans' fiduciary net position have been determined on the same basis as they were reported by each plan as of the June 30, 2017 measurement date. The financial statements of the Plans were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses, benefits, and refunds are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Investments were reported at fair value.

### General Information about the Pension Plans

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

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

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

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

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

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

#### A. Howard County Retirement Plan:

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

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

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

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

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

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

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

Employees covered by benefit terms: At July 1, 2016 and 2015, the following employees were covered by the benefit terms:

	2016	2015
Inactive employees or beneficiaries currently receiving benefits	678	637
Inactive employees entitled to but not yet receiving benefits	198	195
Active employees	1,760	1,692
Total	2,636	2,524

Contributions: The Plan is authorized to establish or amend the obligation to make contributions under the provisions of Sections 1.423 and 1.465 of the Howard County Code. The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate adequate assets to pay benefits when due. Participant contributions are 8.5% of base pay for participating Corrections participants with less than 20 years of creditable service, 0% for Corrections participants with greater than 20 years of creditable service, and, effective January 1, 2014, 3.0% of base pay for other participants. The County funds the remainder of the cost of its employees' participation in the Retirement Plan which was 12.4% of covered payroll in fiscal years 2017 and 2016, respectively.

### **Net Pension Liability**

The County's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 rolled forward to June 30, 2017.

Actuarial Assumption: The total pension liability was determined by an actuarial valuation as of July 1, 2016 rolled forward to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the 2014 Experience Study covering the period of July 1, 2009 through June 30, 2013.

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

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

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

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

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 12.18 percent.

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

#### Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2016	\$ 420,480,853	\$ 362,299,533	\$ 58,181,320
Changes for the year:			
Service cost	15,861,472	—	15,861,472
Interest	30,959,358	—	30,959,358
Changes of benefit terms	—	—	—
Differences between expected and actual experience	(6,369,872)	—	(6,369,872)
Changes of assumptions	—	—	—
Contributions - employer	—	14,179,325	(14,179,325)
Contributions - member	—	3,904,407	(3,904,407)
Net investment income	—	45,446,505	(45,446,505)
Benefit payments, including refunds of employee contributions	(15,378,819)	(15,378,819)	—
Administrative expense	—	(336,066)	336,066
Net changes	25,072,139	47,815,352	(22,743,213)
Balance as of 6/30/2017	\$ 445,552,992	\$ 410,114,885	\$ 35,438,107

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's net pension liability	\$ 90,243,928	\$ 34,347,432	\$ (12,444,218)
Economic Development Authority <sup>1</sup>	1,441,795	548,756	(198,817)
Housing Commission	1,423,829	541,919	(196,339)
<b>Total</b>	<b>\$ 93,109,552</b>	<b>\$ 35,438,107</b>	<b>\$ (12,839,374)</b>

<sup>1</sup>Economic Development Authority statements are not included in the County's CAFR due to immateriality.

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

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

For the year ended June 30, 2017, the County and the participating component units recognized pension expense of \$14,302,721, and \$454,171 respectively. The County's share of deferred outflows of resources and deferred inflows of resources related to the pension is reported below. The portions allocated to the component units are not reported due to immateriality for Economic Development Authority and a different fiscal year end for Housing.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 9,643,443
Changes of assumptions	4,535,117	471,298
Net difference between projected and actual earnings on pension plan investments	18,841,752	18,630,211
Changes in proportion	148,297	
Contributions subsequent to the measurement date	14,385,994	—
<b>Total</b>	<b>\$ 37,911,160</b>	<b>\$ 28,744,952</b>

Other than contributions subsequent to the measurement date (\$14,385,994), which will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the fiscal years ended June 30:

2018	\$ (1,167,450)
2019	3,362,341
2020	325,389
2021	(5,442,265)
2022	(1,437,053)
Thereafter	(860,748)
<b>Total</b>	<b>\$ (5,219,786)</b>

### **B. Police and Fire Plan:**

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

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

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

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

Employees covered by benefit terms: At July 1, 2016 and 2015, the following employees were covered by the benefit terms:

	2016	2015
Inactive employees or beneficiaries currently receiving benefits	353	335
Inactive employees entitled to but not yet receiving benefits	19	18
Active employees	872	882
Total	1,244	1,235

The Plan offers a program called Deferred Retirement Option Plan (DROP). This is a voluntary benefit program which offers qualified active Police Participants, who would be entitled to retire and receive benefits, the option to continue working. An individual DROP record is created and is credited with the monthly retirement benefits that would have been paid during the DROP period had the participant actually retired. The record is also credited with the required employee contributions and interest. The payment is made to the employee, in addition to the benefit payment entitled under the defined benefit plan based on the earlier years of service, when the employee eventually retires. Participating members may elect distribution as one lump sum payment, a rollover or in monthly payments. Balance held by plan as of June 30, 2017 is \$15,197,265.

Contributions: The Plan is authorized to establish or amend the obligations to make contributions under the provisions of the Howard County Code, Sections 1.423A and 1.465A. The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Participant contributions are 11.6% of pay for participating Police Department Employees and 7.7% of pay for participating Fire Department Employees. The County funds the remainder of the cost of its employees' participation in the Police and Fire Plan, which was 30.6% and 30.0% of covered payroll in fiscal years 2017 and 2016, respectively.

### **Net Pension Liability**

The County's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 rolled forward to June 30, 2017.

Actuarial Assumptions: The total pension liability in the July 1, 2016 actuarial valuation rolled forward to June 30, 2017 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the 2014 Experience Study covering the period of July 1, 2009 through June 30, 2013.

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

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

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

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 12.18 percent.

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

#### Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2016	\$ 589,225,747	\$ 448,948,629	\$ 140,277,118
Changes for the year:			
Service cost	19,162,591	—	19,162,591
Interest	43,426,138	—	43,426,138
Changes of benefit terms	—	—	—
Differences between expected and actual experience	6,318,742	—	6,318,742
Changes of assumptions	—	—	—
Contributions - employer	—	24,729,051	(24,729,051)
Contributions - member	—	7,387,461	(7,387,461)
Net investment income	—	55,956,414	(55,956,414)
Benefit payments, including refunds of employee contributions	(20,421,146)	(20,421,146)	—
Administrative expense	—	(344,622)	344,622
Net changes	48,486,325	67,307,158	(18,820,833)
Balance as of 6/30/2017	\$ 637,712,072	\$ 516,255,787	\$ 121,456,285

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

	1% Decrease (6.5)%	Current Discount Rate (7.5)%	1% Increase (8.5)%
County's net pension liability	\$ 212,181,223	\$ 121,456,285	\$ 46,938,580

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

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

For the year ended June 30, 2017, the County recognized pension expense of \$25,374,587. The County reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,695,585	\$ 1,117,622
Changes of assumptions	19,962,159	—
Net difference between projected and actual earnings on pension plan investments	23,650,511	23,011,849
Contributions subsequent to the measurement date	26,337,085	—
<b>Total</b>	<b>\$ 81,645,340</b>	<b>\$ 24,129,471</b>

Other than contributions subsequent to the measurement date (\$26,337,085), which will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the fiscal years ended June 30:

2018	\$ 3,925,499
2019	9,449,659
2020	5,525,069
2021	257,959
2022	4,629,881
Thereafter	7,390,717
<b>Total</b>	<b>\$ 31,178,784</b>

### C. Employer Aggregate Pension Disclosure

	General	Police & Fire	Total
As of June 30, 2017:			
Total net pension liabilities	\$ 34,347,432	121,456,285	155,803,717
Total pension assets	410,766,980	517,063,254	927,830,234
Total deferred outflows of resources from pension	37,911,160	81,645,340	119,556,500
Total deferred inflows of resources from pension	28,744,952	24,129,471	52,874,423
For the year ended June 30, 2017:			
Total pension expense	14,302,721	25,374,587	39,677,308

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

### D. Component Units:

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

These three component units adopted GASB 68 for the year ended June 30, 2015 and reported their proportionate share of the collective pension amounts calculated by the Maryland State Retirement and Pension System. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportionate share of these component units' net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

As of June 30, 2018, the Howard County School System and Howard County Community College proportions for the System were 0.204% and 0.106%, respectively. Howard County School System and Howard County Community College reported net pension liabilities of \$44,161,368 and \$2,295,602, respectively. For the year ended June 30, 2018, Howard County School System and Howard County Community College recognized pension expense of \$2,325,779 and \$38,254 (related to the employee's system only and does not include amounts that may be included in the state paid benefits), respectively. Howard County Library has no expense for pension costs, is not responsible for unfunded pension obligation and did not report any net pension liability due to a special funding situation.

## 16. Other Post-Employment Benefits (OPEB)

### Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Howard County OPEB Plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they were reported by the plan as of June 30, 2017 which is the measurement date. The financial statements of the Plan were prepared using the accrual basis of accounting. Expenditures are recognized on the accrual basis as retirees' insurance costs are incurred. The Plan's insurance costs are paid by the retirees, the County and its component units through the County's self-insurance fund (internal service fund).

## Plan Description

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

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

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

Plan membership per the actuarial valuation as of January 1, 2016 consisted of the following:

Retirees and beneficiaries receiving benefits	3,158
Active plan members	9,895
Deferred vested terminations	35
Total	13,088

There are no separate financial statements for the Plan.

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

The Plan's funding policy provides for the County to contribute to the trust as determined by the County budget. During the fiscal year, the County's proportionate share of the collective net other post-employment benefits liability is 30.75% of the \$13,000,000 contributed to the trust by the County, or \$3,997,500. The County has re-adopted its eight-year phase-in funding policy due to improvement in the economy. The County budget for fiscal year 2018 included funding for pay-as-you-go OPEB costs as well as \$16,000,000 to the trust.

Based on the most recent actuarial valuation which was prepared as of July 1, 2016 and rolled forward to June 30, 2017, the actuarially calculated proportionate share of total OPEB liability as of the measurement date of June 30, 2017 was \$372,049,157 and there was \$32,066,300 of actuarial plan assets; therefore, the net OPEB liability for the County was \$339,982,857. The plan fiduciary net position as a percentage of the total OPEB liability was 8.62%.

### Actuarial Assumptions

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

Actuarial cost method	Entry Age Normal
Projected cash flows	Member and County contributions will continue to increase \$3 million per annum. Discount rate of 7.50% was applied to investments in fiscal years 2018 through 2036.
Municipal bond rate	3.58% as of 6/30/17 based on the Bond Buyer General Obligation 20-year Bond Municipal Bond Index
Interest assumption	Equivalent single discount rate of 3.94% as of 6/30/17
Inflation	2.30%
Long-term expected real rate of return, based on geometric means	3.27% for Equity investments (based on 65% target allocation) and 1.14% for Fixed Income investments (based on 35% target allocation), or a total of 4.41%
Healthcare cost trend rate	3.90%

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

For the fiscal year-ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 11.65%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

In measuring the total liability and determining the discount rate, the actuary projected cash flows by assuming that the County will continue to make the current contribution levels increasing 3% per annum. These contributions were first allocated to the normal cost for future hires. The present value of payments through 2035 was determined using the expected rate of return of assets of 7.5% and using the bond rate of 3.58% for benefit payments after 2035. The equivalent single rate is 3.94%. Based on these assumptions, the plan is expected to become insolvent in 2036.

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

	<b>Total OPEB Liability</b>	<b>Increase (Decrease) Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances at June 30, 2016</b>	\$ 396,659,698	24,997,305	371,662,393
<b>Changes for the year:</b>			
Service Cost	19,974,174	—	19,974,174
Interest	12,578,749	—	12,578,749
Contributions - Employer	—	11,169,638	(11,169,638)
Net investment income	(50,015,858)	3,047,886	(53,063,744)
Benefit payments	(7,147,606)	(7,147,606)	—
Administrative expenses	—	(923)	923
<b>Net Changes</b>	<b>(24,610,541)</b>	<b>7,068,995</b>	<b>(31,679,537)</b>
<b>Balances at June 30, 2017</b>	<b>\$ 372,049,157</b>	<b>32,066,300</b>	<b>339,982,857</b>

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

Discount Rate Sensitivity	1% Decrease 2.94%	Discount Rate 3.94%	1% Increase 4.94%
Total OPEB Liability	\$ 441,767,108	\$ 372,049,157	\$ 316,426,725
Net OPEB Liability	\$ 409,700,792	\$ 339,982,857	\$ 284,360,414

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

Trend Sensitivity Year 2075	1% Decrease 2.90%	Medical Trend 3.90%	1% Increase 4.90%
Total OPEB Liability	\$ 308,196,180	\$ 372,049,157	\$ 456,741,743
Net OPEB Liability	\$ 276,129,869	\$ 339,982,857	\$ 424,675,426

For the year-ended June 30, 2017, the County recognized OPEB expenses of \$25,322,212. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ —	45,014,272
Net difference between projected and actual earnings on OPEB plan investments	—	817,837
Contributions subsequent to the measurement date	11,847,542	—
<b>Total</b>	<b>\$ 11,847,542</b>	<b>45,832,109</b>

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

Fiscal Year ended June 30:	
2019	\$ (5,206,045)
2020	(5,206,045)
2021	(5,206,045)
2022	(5,206,047)
2023	(5,001,586)
Thereafter	(20,006,341)
	<u>\$ (45,832,109)</u>

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

**Employer Aggregate Disclosure**

	Howard County Government *	Howard County Public Schools	Howard Community College	Howard County Library	Howard County Housing Commission	Howard County Economic Develop- ment Authority (EDA) **	Total
<b>As of June 30, 2017:</b>							
Total proportion of net OPEB liabilities	\$339,982,857	715,235,479	33,279,623	15,257,767	1,437,326	442,254	\$ 1,105,635,306
Total proportion of OPEB assets	32,066,300	67,459,155	3,138,847	1,439,073	135,565	41,712	104,280,652
Total deferred outflows of resources from OPEB	11,847,542	24,924,146	1,159,711	531,695	50,087	15,411	38,528,592
Total deferred inflows of resources from OPEB	45,832,109	96,418,834	4,486,330	2,056,856	193,762	59,619	149,047,510
<b>For the year ended June 30, 2017:</b>							
Total OPEB expense	25,322,212	53,271,345	2,478,694	1,136,411	107,053	32,939	82,348,654

\* Enterprise fund share of net OPEB liability, OPEB assets, deferred outflows, and deferred inflows is \$18,409,093, \$1,796,503, \$641,510, and \$2,481,677, respectively. The portion allocated to the Howard County Soil Conservation District for net OPEB liability, OPEB assets, deferred outflows, and deferred inflows is \$331,691, \$31,284, \$11,559, and \$44,714, respectively.

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

**Plan Perspective under GASB Statement No. 74**

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

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

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

A summary of the assumptions included in the June 30, 2018 report are as follows.

Actuarial cost method	Entry Age Normal
Interest assumption	Discount rate of 3.98% as of 6/30/18
Inflation	2.20%
Municipal bond rate	3.62% as of 6/30/18 based on the Bond Buyer General Obligation 20-year Bond Municipal Bond Index
Projected cash flows	Member and County contributions will continue to increase \$3 million per annum. Long-term expected rate of return was applied to fiscal years 2018 through 2036.
Long-term expected real rate of return, based on geometric means	3.27% for Equity investments (based on 65% target allocation) and 1.25% for Fixed Income investments (based on 35% target allocation), or a total of 4.52%
Mortality	Generational RP-2000 Combined Mortality Table for Males and Females projected using Scale AA

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

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

In measuring the total liability and determining the discount rate, the actuary projected cash flows by assuming that the County will continue to make the current contribution levels increasing 3% per annum. These contributions were first allocated to the normal cost for future hires. The present value of payments through 2035 was determined using the expected rate of return of assets of 7.50% and using the bond rate of 3.62% for benefit payments after 2035. The equivalent single rate is 3.98%.

Based on the aforementioned methods and assumptions, the components of the County’s Net OPEB liability as of June 30, 2018 were as follows:

Total OPEB liability	\$	1,302,161,473
Plan fiduciary net position		129,425,035
County’s net OPEB liability	\$	<u>1,172,736,438</u>
Plan fiduciary net position as a percentage of the total OPEB liability		9.94%

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

Discount Rate Sensitivity	Discount Rate		
	1% Decrease 2.98%	3.98%	1% Increase 4.98%
Total OPEB Liability	\$ 1,562,877,749	\$ 1,302,161,473	\$ 1,097,164,767
Net OPEB Liability	\$ 1,433,452,714	\$ 1,172,736,438	\$ 967,739,732

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

Trend Sensitivity Year 2075	1% Decrease 2.8%	Discount Rate 3.8%	1% Increase 4.8%
Total OPEB Liability	\$ 1,078,040,597	\$ 1,302,161,473	\$ 1,601,141,603
Net OPEB Liability	\$ 948,615,562	\$ 1,172,736,438	\$ 1,471,716,568

## Financial Statements

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

Statement of Net Position	
ASSETS	
Receivables:	
Interest and dividends	\$ 334
Other	98,149
Investments, at fair value:	
Cash	57,989
Mutual funds	129,733,283
Money market funds	160,841
<b>Total assets</b>	<b>130,050,596</b>
LIABILITIES	
Other	625,561
<b>Total liabilities</b>	<b>625,561</b>
Net position held in trust for other post-employment benefits	
	\$ 129,425,035
Statement of Changes in Net Position	
ADDITIONS	
Contributions:	
Employer	\$ 38,626,741
<b>Total contributions</b>	<b>38,626,741</b>
Investment income (expense):	
Net change in fair value of investments	6,826,045
Interest	24,929
Dividends	2,628,296
Investment expense	(279,293)
<b>Net investment income</b>	<b>9,199,977</b>
<b>Total additions and net investment income</b>	<b>47,826,718</b>
DEDUCTIONS	
Benefits	22,626,741
Administrative expenses	55,594
<b>Total deductions</b>	<b>22,682,335</b>
<b>Change in net position</b>	<b>25,144,383</b>
<b>Net position - beginning</b>	<b>104,280,652</b>
<b>Net position - ending</b>	<b>\$ 129,425,035</b>

## 17. Length of Service Award Program

### Summary of Significant Accounting Policies

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

### General Information about the Pension Plans

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

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

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

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

Participants aged 50 years with 25 years of eligibility service are entitled to a normal retirement benefit. Effective January 1, 2015, a monthly benefit is equal to 1% of the current annual starting salary of a trainee in the Department of Fire and Rescue Services (which is \$478 as of January 1, 2016), plus \$10 for each full year of certified active service over 25 years. The monthly amount representing 1% of the current starting salary of a trainee cannot exceed \$770.25 based on limitations presented in the County Code.

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

Employees covered by benefit terms: At January 1, 2016 the following employees were covered by the benefit terms:

	2016
Inactive employees or beneficiaries currently receiving benefits	89
Active employees	370
Total	459

## Net Pension Liability

The County's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016 rolled forward to June 30, 2017.

Actuarial Assumption: The total pension liability was determined by an actuarial valuation as of January 1, 2016 rolled forward to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 %
Salary increases	The starting salary of a trainee in the DFRS is assumed to increase by 2.75% annually
Interest	7% compounded annually
Investment rate of return	3.56%
Mortality	RP-2000 Combined Healthy tables with generational projection by Scale AA.

Discount rate: The discount rate used to measure the total pension liability was 3.56 percent.

## Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2016	\$ 24,348,804	\$ —	\$ 24,348,804
Changes for the year:			
Service cost	1,026,555	—	1,026,555
Interest	713,656	—	713,656
Changes of benefit terms	—	—	—
Differences between expected and actual experience	—	—	—
Changes of assumptions	(2,770,590)	—	(2,770,590)
Contributions - employer	—	669,604	(669,604)
Contributions - member	—	—	—
Net investment income	—	—	—
Benefit payments	(669,604)	(669,604)	—
Administrative expense	—	—	—
Other changes	—	—	—
Net changes	(1,699,983)	—	(1,699,983)
Balance as of 6/30/2017	\$ 22,648,821	\$ —	\$ 22,648,821

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County LOSAP, calculated using the discount rate of 3.56 percent, as well as what the County’s net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.56 percent) or 1 percentage-point higher (4.56 percent) than the current rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
County's net pension liability	\$ 26,694,887	\$ 22,648,821	\$ 19,448,332

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

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

For the year ended June 30, 2017, the County recognized pension expense of \$1,463,152. The County reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ —	\$ 2,493,531
Contributions subsequent to the measurement date	724,901	—
<b>Total</b>	<b>\$ 724,901</b>	<b>\$ 2,493,531</b>

Other than contributions subsequent to the measurement date (\$724,901), which will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the fiscal years ended June 30:

2018	\$ (277,059)
2019	(277,059)
2020	(277,059)
2021	(277,059)
2022	(277,059)
Thereafter	(1,108,236)
<b>Total</b>	<b>\$ (2,493,531)</b>

**18. Deferred Compensation Plan**

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

## 19. Risk Management

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

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

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

At fiscal year-end, the combined Net Position for the two internal service funds was \$11,775,829. The combined claims liability of the two funds, \$18,511,322, is based on generally accepted accounting principles, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The changes in the combined self-insurance funds' unpaid claims liability in fiscal years 2018 and 2017 are presented below:

	Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	End of Year	Expected Amount Due Within One Year
2018	\$17,608,081	58,527,241	(57,624,000)	\$18,511,322	\$7,613,609
2017	\$16,296,841	57,238,142	(55,926,902)	\$17,608,081	\$7,037,387

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

## 20. Individual Fund Disclosure

### Individual Fund Disclosure:

The General Capital Projects Fund, a major fund, as well as the Public Libraries and Storm Drainage Capital Projects Funds, non-major funds, plan to eliminate their deficit fund balances of (\$15,934,652), (\$3,404,282) and (\$14,238,463), respectively, through receipt of future grant revenues and future bond sales.

The Grants Fund, a non-major Special Revenue Fund, will eliminate its deficit of (\$224,916) through receipt of future grant revenues in fiscal year 2019.

**Change in Accounting Principle:**

**Primary Government**

Net positions of governmental activities and business-type activities have been restated by \$122,118,537 and (\$10,948,099), respectively, due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

**Component Units**

**The Howard County Public Schools:** Net positions of the Howard County Public Schools have been restated by (\$758,382,969), due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

**The Howard County Community College:** Net positions of Howard Community College have been restated by (\$36,380,612), due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

**The Howard County Library:** Net positions of Howard County Library have been restated by (\$16,178,211), due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

**21. Commitments and Contingencies**

**A. Grants**

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

**B. Construction**

The County had \$921,200,219 authorized but unobligated capital project appropriations at fiscal year-end.

**C. Encumbrances**

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

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

	Restricted	Committed	Assigned	Total
Major Governmental Funds	\$ 940,549	\$ —	\$ 15,577,180	\$ 16,517,729
Non-Major Governmental Funds	32,053,732	3,439,998	—	35,493,730
<b>Total</b>	<b>\$ 32,994,281</b>	<b>\$ 3,439,998</b>	<b>\$ 15,577,180</b>	<b>\$ 52,011,459</b>

**D. Public Private Partnership**

On July 27, 2018, the Howard County Council adopted CB54-2018 approving a multi-year Project Agreement between Howard County, Maryland and a special purpose entity formed by Edgemoor-Star America Judicial Partners (ESJP) for the design, construction, partial financing, operation and maintenance of a new Courthouse and related Parking Structure to be

located on the Project Site located at 9250 Judicial Way (formerly known as 9240 and 9250 Bendix Road) in Ellicott City. The County reached commercial and financial close with ESJP on October 16, 2018. The County has a commitment to make a \$75 million milestone payment to ESJP on the expected occupancy readiness date of June 30, 2021. Council Bill 41-2017 authorized the issuance of General Obligation bonds to finance the milestone payment.

**E. Capital Lease**

On November 13, 2017, the County executed a \$2,223,000 Tax-exempt Capital Lease Agreement with Bank of America Public Capital Corp. for the purchase of six transit buses. The funds were held in escrow with Bank of America until the buses were received from the manufacturer in September 2018.



## **Breast Cancer**

Staff members at the Howard County Health Department organize and participate in several activities to mark Breast Cancer Awareness Month each October. These activities promote the importance of regular mammograms and serve as a memorial to those who have lost their lives to this deadly disease.

**Required Supplementary  
Information**



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

Last 10 Fiscal Years

(Dollar amounts in thousands)

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

**Notes to Schedule:**

*Benefit changes and change of assumptions: None*

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

Last 10 Fiscal Years

(Dollar amounts in thousands)

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

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

**Notes to Schedule:**

Valuation date:

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year. The assumptions shown below are from the currently approved assumptions and assumptions used to determine all contributions in the past would not have been the same.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit (Entry Age used for GASB 67 purposes)
Amortization method	Level percentage of pay increasing 2.75% per year
Remaining amortization period	Remaining Amortization periods range from 5 to 22 years.
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by service. 4.00 to 6.75 percent, including inflation
Investment rate of return	7.50%, before expenses, including inflation
Retirement age	Rates vary by participant age and service
Mortality	RP-2000 Combined Healthy tables with generational projection by Scale AA
Cost-of-Living Increases	2.75%

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

Last 10 Fiscal Years

(Dollar amounts in thousands)

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

**Notes to Schedule:**

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

*Changes of assumptions.* None

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

Last 10 Fiscal Years

(Dollar amounts in thousands)

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

**Notes to Schedule**

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit (Entry Age used for GASB 67 purposes)
Amortization method	Level percentage of pay increasing 2.75% per year
Remaining amortization period	Remaining Amortization periods range from 5 to 16 years.
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by service. 4.25% to 7.55%, including inflation
Investment rate of return	7.50%, before expenses, including inflation
Retirement age	Rates vary by participant age and service and (for GASB purposes only) set at 100% at DROP entry (or expected entry). Normal Cost (for GASB purposes) ceases for Police and Fire members when they enter DROP since GASB 67 does not allow Normal Cost while in DROP.
Mortality	RP-2000 Combined Healthy tables with generational projection by Scale AA.
Cost-of-Living Increases	2.0%

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

	2018	2017
<b>Total OPEB liability</b>		
Employer's proportion of the net OPEB liability	30.75%	Information
Employer's proportionate share of net OPEB liability	\$339,983	for FY2017
Covered-employee payroll	\$184,681	and earlier
Employer's proportionate share of the net OPEB liability as a percentage of covered-employee payroll	54.32%	is not available.
Plan fiduciary net position as a percentage of total OPEB liability	8.62%	

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

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

Last 10 Fiscal Years

(Dollar amounts in thousands)

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

Notes to Schedule:

*Benefit changes. None*

*Changes of assumptions. Discount rate at 6/30/17 is 3.94% and at 6/30/18 is 3.98%.*

**Howard County, Maryland**  
**Other Postemployment Benefits**  
**Schedule of Required Supplementary Information**  
**Schedule of Investment Returns**

Last 10 Fiscal Years

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

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

Last 10 Fiscal Years  
(Dollar amounts in thousands)

	2018	2017	2016
Total pension liability			
Service cost	\$ 1,026	\$ 1,027	
Interest	714	655	Information for FY2016 and earlier not available
Changes of benefit terms	—	—	
Differences between expected and actual experience	—	—	
Changes of assumptions	(2,771)	—	
Benefit payments, including refunds of member contributions	(669)	(610)	
Net change in total pension liability	(1,700)	1,072	
Total pension liability - beginning	24,349	23,277	
Total pension liability - ending (a)	\$ 22,649	\$ 24,349	
Plan fiduciary net position			
Net investment income	\$ —	\$ —	
Benefit payments, including refunds of member contributions	—	—	
Administrative expense	—	—	
Net change in plan fiduciary net position	\$ —	\$ —	
Plan fiduciary net position - beginning	—	—	
Plan fiduciary net position - ending (b)	—	—	
County's net pension liability - ending (a)-(b)	\$ 22,649	\$ 24,349	
Plan fiduciary net position as a percentage of the total pension liability	—%	—%	
Total Covered payroll	n/a	n/a	
County's net pension liability as a percentage of covered-employee payroll	n/a	n/a	
Expected average remaining service years of all participants	10	10	

**Notes to Schedule:**

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

*Benefit changes.* None

*Changes of assumptions.* Discount rate changed from 2.85% to 3.56%.

## **Combining and Individual Fund Statements and Schedules**

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

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



## **General Fund**

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



**Howard County, Maryland**  
**Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2018**

	Budget Amounts		Revenues	Variance with Final Budget
	Original	Final		
<b>Property taxes:</b>				
Real, personal and corporate	\$ 529,830,394	529,830,394	531,870,820	2,040,426
Payment in lieu of taxes	1,600,000	1,600,000	1,520,226	(79,774)
Additions and abatements	165,403	165,403	(609,571)	(774,974)
Interest on taxes	750,000	750,000	878,890	128,890
Tax sale revenue	100,000	100,000	24,282	(75,718)
<b>Total property taxes</b>	<b>532,445,797</b>	<b>532,445,797</b>	<b>533,684,647</b>	<b>1,238,850</b>
<b>Other local taxes:</b>				
Heavy equipment	800,000	800,000	1,296,655	496,655
Local income tax surcharge	444,292,184	444,292,184	444,453,384	161,200
Admission tax	2,500,000	2,500,000	2,978,338	478,338
Local recordation tax	24,170,434	24,170,434	22,702,722	(1,467,712)
Mobile home tax	633,180	633,180	674,013	40,833
Room rental tax	5,549,671	5,549,671	5,288,893	(260,778)
<b>Total other local taxes</b>	<b>477,945,469</b>	<b>477,945,469</b>	<b>477,394,005</b>	<b>(551,464)</b>
<b>State shared taxes:</b>				
Highway	1,627,606	1,627,606	1,595,662	(31,944)
<b>Total state shared taxes</b>	<b>1,627,606</b>	<b>1,627,606</b>	<b>1,595,662</b>	<b>(31,944)</b>
<b>Revenues from other governments</b>	<b>2,835,265</b>	<b>6,835,265</b>	<b>8,177,274</b>	<b>1,342,009</b>
<b>Charges for services:</b>				
Boarding prisoners	2,138,000	2,138,000	2,747,037	609,037
Cable TV franchise fees	5,750,000	5,750,000	5,979,756	229,756
Civil marriage	10,133	10,133	11,290	1,157
Developer - water and sewer overhead	537,279	537,279	613,523	76,244
Development - review fees	1,600,000	1,600,000	1,609,896	9,896
Development - specifications	1,000	1,000	—	(1,000)
Extension development agreement fees	49,754	49,754	34,000	(15,754)
House type revision fees	177,500	177,500	117,200	(60,300)
Master in chancery fees	150,000	150,000	2,276	(147,724)
Other charges for services	95,000	95,000	102,060	7,060
Parking meters	50,000	50,000	5,293	(44,707)
Planning and zoning fees	768,983	768,983	652,694	(116,289)
Police records check discovery fee	35,000	35,000	33,551	(1,449)
Recreation and parks	80,000	80,000	67,795	(12,205)
Rental housing inspection fees	1,700,000	1,700,000	1,842,673	142,673
Sale of maps and publications	60,000	60,000	43,455	(16,545)
Sale of topographic maps	—	—	30	30
Sheriff fees	425,000	425,000	423,201	(1,799)
Tax certificates	348,127	348,127	305,065	(43,062)
Weekender inmate fees	45,000	45,000	31,391	(13,609)
Food and beverage	135,000	135,000	153,503	18,503
<b>Total charges for services</b>	<b>14,155,776</b>	<b>14,155,776</b>	<b>14,775,689</b>	<b>619,913</b>

(Continued)

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

**Howard County, Maryland**  
**Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2018**

	<u>Budget Amounts</u>		<u>Revenues</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Interest on investments</b>	1,528,000	1,528,000	3,479,442	1,951,442
<b>Licenses and permits:</b>				
Animal licenses	61,840	61,840	57,683	(4,157)
Beer, wine and liquor	309,595	309,595	300,625	(8,970)
Building	4,214,651	4,214,651	3,778,431	(436,220)
Electrical	1,031,836	1,031,836	1,171,678	139,842
Marriage licenses	2,900	2,900	—	(2,900)
Marriage license surcharge	95,527	95,527	94,905	(622)
Mobile home park	6,394	6,394	6,475	81
Other	—	—	190	190
Peddlers and solicitors	23,315	23,315	13,412	(9,903)
Plumbing	1,128,777	1,128,777	896,755	(232,022)
Signs	50,000	50,000	51,775	1,775
Traders	426,000	426,000	487,331	61,331
<b>Total licenses and permits</b>	<b>7,350,835</b>	<b>7,350,835</b>	<b>6,859,260</b>	<b>(491,575)</b>
<b>Recoveries for interfund services:</b>				
Agricultural land preservation fund	1,068,166	293,081	360,469	67,388
Finance - Employee health benefits fund	11,624	11,624	55,536	43,912
Fire and rescue fund	5,362,165	5,362,165	5,362,165	—
Forest Conservation pro rata share	—	55,000	55,166	166
General County capital projects pro rata share	100,000	100,000	—	(100,000)
Housing and community development	466,274	466,274	466,274	—
Office of law - self insurance	446,316	446,316	446,316	—
Pension plan	300,000	300,000	376,458	76,458
Public works - water & sewer capital projects pro rata share	3,160,435	3,160,435	—	(3,160,435)
Public works - water and sewer developer capital projects	540,333	540,333	500,000	(40,333)
Public works operations - utility pro rata	4,162,719	4,162,719	4,162,719	—
Recreation and parks	—	1,807,841	1,807,675	(166)
Streetlight districts	30,000	30,000	10,500	(19,500)
Waste management pro rata share	1,415,340	1,415,340	1,415,340	—
Watershed pro rata share	940,440	940,440	940,440	—
<b>Total recoveries for interfund services</b>	<b>18,003,812</b>	<b>19,091,568</b>	<b>15,959,058</b>	<b>(3,132,510)</b>
<b>Fines and forfeitures</b>	<b>3,237,105</b>	<b>3,237,105</b>	<b>3,128,935</b>	<b>(108,170)</b>
<b>Component units return of funding:</b>				
Community college	1,071,611	1,071,611	333,024	(738,587)
Public school system	1,762,105	1,762,105	1,762,105	—
<b>Total component units return of funding</b>	<b>2,833,716</b>	<b>2,833,716</b>	<b>2,095,129</b>	<b>(738,587)</b>
<b>Miscellaneous revenues:</b>				
Commissions, rents and concessions	415,000	415,000	501,896	86,896
Miscellaneous program revenue	8,486,359	650,000	648,788	(1,212)
Other intergovernmental revenue	—	—	204	204
Other revenue	890,900	890,900	1,113,471	222,571
Sale of property and equipment	15,000	15,000	35,308	20,308
Sale of surplus property	—	—	(35,273)	(35,273)
<b>Total miscellaneous revenue</b>	<b>9,807,259</b>	<b>1,970,900</b>	<b>2,264,394</b>	<b>293,494</b>
<b>Total revenues</b>	<b>1,071,770,640</b>	<b>1,069,022,037</b>	<b>1,069,415,909</b>	<b>393,872</b>
<b>Other financing sources:</b>				
<b>Transfers in:</b>				
Operating transfer	500,000	1,275,085	928,164	(346,921)
Community renewal program fund - debt	220,850	220,850	200,742	(20,108)
Fire and rescue reserve fund - debt	1,935,945	1,935,945	1,752,427	(183,518)
Recreation program fund - debt	1,862,841	—	4,290,730	4,290,730
Excise tax debt	6,974,579	6,974,579	6,410,000	(564,579)
Public school system debt	—	7,836,359	6,916,132	(920,227)
Capital contributions	4,000,000	—	—	—
Environmental services fund	566,517	566,517	557,946	(8,571)
Master lease debt service reimbursement	957,539	957,539	682,128	(275,411)
<b>Total other financing sources</b>	<b>17,018,271</b>	<b>19,766,874</b>	<b>21,738,269</b>	<b>1,971,395</b>
<b>Appropriation from fund balance</b>	<b>9,957,540</b>	<b>11,871,940</b>	<b>2,307,679</b>	<b>(9,564,261)</b>
<b>Total revenues and other financing sources</b>	<b>\$ 1,098,746,451</b>	<b>1,100,660,851</b>	<b>1,093,461,857</b>	<b>(7,198,994)</b>

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

**Howard County, Maryland**  
**Schedule of Expenditures and Encumbrances - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2018**

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
<b>General Government</b>						
Office of the County Executive	\$ 1,918,341	1,918,341	1,879,552	—	1,879,552	38,789
<b>Office of the County Administrator:</b>						
<b>Bureau of staff services:</b>						
Staff services	2,250,106	2,244,035	2,059,752	51,500	2,111,252	132,783
Environmental sustainability	457,067	457,067	402,131	11,400	413,531	43,536
Office of human rights	905,303	905,303	873,409	—	873,409	31,894
Workforce development	276,753	276,753	151,594	39,000	190,594	86,159
<b>Total bureau of staff services</b>	<b>3,889,229</b>	<b>3,883,158</b>	<b>3,486,886</b>	<b>101,900</b>	<b>3,588,786</b>	<b>294,372</b>
<b>Bureau of management services:</b>						
Budget division	1,202,325	1,208,396	1,130,071	59,623	1,189,694	18,702
Human resources	2,353,198	2,353,198	2,247,536	63,551	2,311,087	42,111
Purchasing division	1,742,923	1,742,923	1,556,737	95,268	1,652,005	90,918
Central services	740,658	740,658	677,169	30,000	707,169	33,489
Public information	1,277,214	1,277,214	1,226,750	10,000	1,236,750	40,464
<b>Total bureau of management services</b>	<b>7,316,318</b>	<b>7,322,389</b>	<b>6,838,263</b>	<b>258,442</b>	<b>7,096,705</b>	<b>225,684</b>
<b>Total Office of the County Administrator</b>	<b>11,205,547</b>	<b>11,205,547</b>	<b>10,325,149</b>	<b>360,342</b>	<b>10,685,491</b>	<b>520,056</b>
<b>Department of economic development</b>	<b>2,728,649</b>	<b>2,728,649</b>	<b>2,728,649</b>	<b>—</b>	<b>2,728,649</b>	<b>—</b>
<b>Department of finance:</b>						
Office of the director	2,481,338	2,542,840	2,020,352	104,733	2,125,085	417,755
Office of the controller	2,679,349	2,679,349	2,232,344	16,870	2,249,214	430,135
Office of business management and customer service	2,574,984	2,513,482	2,238,385	97,974	2,336,359	177,123
Bureau of disbursements	1,061,891	1,061,891	925,817	28,550	954,367	107,524
<b>Total department of finance</b>	<b>8,797,562</b>	<b>8,797,562</b>	<b>7,416,898</b>	<b>248,127</b>	<b>7,665,025</b>	<b>1,132,537</b>
Office of law	4,079,701	4,079,701	3,969,214	—	3,969,214	110,487
Technology and communication services	274,006	274,006	272,853	—	272,853	1,153
General fund contingency	2,000,000	—	—	—	—	—
Non-departmental expenses	17,346,530	20,857,510	19,770,466	981,331	20,751,797	105,713
<b>Total General Government</b>	<b>48,350,336</b>	<b>49,861,316</b>	<b>46,362,781</b>	<b>1,589,800</b>	<b>47,952,581</b>	<b>1,908,735</b>
<b>Legislative and Judicial</b>						
<b>Legislative:</b>						
County council	3,464,177	3,464,177	3,103,849	224,983	3,328,832	135,345
County auditor	1,394,246	1,394,246	1,240,776	89,420	1,330,196	64,050
Board of license commissioners	134,273	134,273	84,045	—	84,045	50,228
Zoning board	134,237	134,237	90,961	—	90,961	43,276
Board of appeals	101,990	101,990	31,292	—	31,292	70,698
<b>Total legislative</b>	<b>5,228,923</b>	<b>5,228,923</b>	<b>4,550,923</b>	<b>314,403</b>	<b>4,865,326</b>	<b>363,597</b>

(Continued)

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

**Howard County, Maryland**  
**Schedule of Expenditures and Encumbrances - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2018**

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
<b>Judicial</b>						
Circuit court	3,055,059	3,055,059	2,923,169	—	2,923,169	131,890
Orphan's court	51,398	51,398	47,413	—	47,413	3,985
Sheriff's department	7,997,250	7,997,250	7,740,959	13,975	7,754,934	242,316
State attorney's office	8,542,456	8,542,456	8,264,898	—	8,264,898	277,558
<b>Total judicial</b>	<b>19,646,163</b>	<b>19,646,163</b>	<b>18,976,439</b>	<b>13,975</b>	<b>18,990,414</b>	<b>655,749</b>
Board of election supervisors	1,873,063	1,873,063	1,866,558	—	1,866,558	6,505
Election expense	1,423,770	1,423,770	1,122,198	67,980	1,190,178	233,592
<b>Total Legislative and Judicial</b>	<b>28,171,919</b>	<b>28,171,919</b>	<b>26,516,118</b>	<b>396,358</b>	<b>26,912,476</b>	<b>1,259,443</b>
<b>Public Works</b>						
<b>Department of public works:</b>						
Office of the director	5,356,345	5,283,844	4,051,776	1,213,092	5,264,868	18,976
<b>Total office of the director</b>	<b>5,356,345</b>	<b>5,283,844</b>	<b>4,051,776</b>	<b>1,213,092</b>	<b>5,264,868</b>	<b>18,976</b>
<b>Bureau of engineering:</b>						
Administrative management division	573,130	525,131	515,454	—	515,454	9,677
Transportation & watershed management	1,342,987	1,390,195	1,384,790	—	1,384,790	5,405
Construction inspection division	3,622,962	3,232,642	3,203,028	—	3,203,028	29,614
Survey and drafting division	967,429	919,386	914,185	—	914,185	5,201
<b>Total bureau of engineering</b>	<b>6,506,508</b>	<b>6,067,354</b>	<b>6,017,457</b>	<b>—</b>	<b>6,017,457</b>	<b>49,897</b>
<b>Bureau of highways:</b>						
Operations	1,249,355	1,410,855	1,410,333	—	1,410,333	522
Highway maintenance division	19,956,496	23,980,379	19,751,764	4,115,777	23,867,541	112,838
Traffic engineering division	2,294,746	2,070,372	1,735,890	311,776	2,047,666	22,706
<b>Total bureau of highways</b>	<b>23,500,597</b>	<b>27,461,606</b>	<b>22,897,987</b>	<b>4,427,553</b>	<b>27,325,540</b>	<b>136,066</b>
<b>Bureau of facilities:</b>						
Administration	7,681,178	8,166,330	8,163,209	3,120	8,166,329	1
Building and ground maintenance	10,285,541	9,555,435	9,501,102	54,332	9,555,434	1
<b>Total bureau of facilities</b>	<b>17,966,719</b>	<b>17,721,765</b>	<b>17,664,311</b>	<b>57,452</b>	<b>17,721,763</b>	<b>2</b>
<b>Bureau of environmental services:</b>						
Stormwater management	1,312,927	1,242,927	1,189,432	12,034	1,201,466	41,461
<b>Total bureau of environmental services</b>	<b>1,312,927</b>	<b>1,242,927</b>	<b>1,189,432</b>	<b>12,034</b>	<b>1,201,466</b>	<b>41,461</b>
<b>Total Department of Public Works</b>	<b>54,643,096</b>	<b>57,777,496</b>	<b>51,820,963</b>	<b>5,710,131</b>	<b>57,531,094</b>	<b>246,402</b>
<b>Department of inspections, licenses and permits:</b>						
Operations division	2,101,177	2,132,627	1,974,778	83,388	2,058,166	74,461
Inspection and enforcement division	3,741,590	3,710,140	3,378,019	—	3,378,019	332,121
Plan review division	1,441,322	1,421,433	1,396,589	—	1,396,589	24,844
Licenses and permits division	782,555	802,444	749,038	—	749,038	53,406
<b>Total department of inspections, licenses and permits</b>	<b>8,066,644</b>	<b>8,066,644</b>	<b>7,498,424</b>	<b>83,388</b>	<b>7,581,812</b>	<b>484,832</b>

(Continued)

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

**Howard County, Maryland**  
**Schedule of Expenditures and Encumbrances - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2018**

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
<b>Department of planning and zoning:</b>						
Office of the director	1,490,236	1,588,057	1,369,492	200,000	1,569,492	18,565
Division of land development	1,409,478	1,331,581	1,331,506	—	1,331,506	75
Division of research	926,894	989,386	835,462	150,000	985,462	3,924
Public service and zoning administration	1,161,688	1,108,890	1,103,728	—	1,103,728	5,162
Environmental and community planning	555,278	515,256	508,786	2,406	511,192	4,064
Development engineering division	1,063,892	1,063,423	1,063,423	—	1,063,423	—
Conservation easements program	579,741	590,614	589,333	—	589,333	1,281
<b>Total department of planning and zoning</b>	<b>7,187,207</b>	<b>7,187,207</b>	<b>6,801,730</b>	<b>352,406</b>	<b>7,154,136</b>	<b>33,071</b>
<b>Soil conservation district</b>	<b>968,031</b>	<b>968,031</b>	<b>968,031</b>	<b>—</b>	<b>968,031</b>	<b>—</b>
<b>Department of transportation</b>	<b>9,964,239</b>	<b>9,680,024</b>	<b>9,279,735</b>	<b>356,055</b>	<b>9,635,790</b>	<b>44,234</b>
<b>Total Public Works</b>	<b>80,829,217</b>	<b>83,679,402</b>	<b>76,368,883</b>	<b>6,501,980</b>	<b>82,870,863</b>	<b>808,539</b>
<b>Public Safety</b>						
<b>Police department:</b>						
Animal control division	1,805,536	1,805,536	1,603,691	96,505	1,700,196	105,340
Office of the chief	6,342,275	6,442,275	6,416,674	—	6,416,674	25,601
Administrative command	838,270	850,770	835,343	—	835,343	15,427
Command operations	44,330,016	46,041,869	46,030,511	2,652	46,033,163	8,706
Bureau of criminal investigations	17,655,560	17,871,820	17,542,221	161,145	17,703,366	168,454
Special operations bureau	9,462,926	9,763,816	8,856,070	565,078	9,421,148	342,668
Information and technology bureau	18,146,504	17,241,501	16,947,346	100,000	17,047,346	194,155
Human resource bureau	6,016,257	5,173,915	4,999,678	28,603	5,028,281	145,634
Management services bureau	9,905,398	9,968,240	9,690,237	240,829	9,931,066	37,174
Investigations and special operations	341,000	386,000	380,423	—	380,423	5,577
<b>Total police department</b>	<b>114,843,742</b>	<b>115,545,742</b>	<b>113,302,194</b>	<b>1,194,812</b>	<b>114,497,006</b>	<b>1,048,736</b>
<b>Department of corrections</b>	<b>18,974,574</b>	<b>18,974,574</b>	<b>18,626,019</b>	<b>304,894</b>	<b>18,930,913</b>	<b>43,661</b>
<b>Total Public Safety</b>	<b>133,818,316</b>	<b>134,520,316</b>	<b>131,928,213</b>	<b>1,499,706</b>	<b>133,427,919</b>	<b>1,092,397</b>
<b>Recreation and Parks</b>						
<b>Department of recreation and parks</b>	<b>24,065,544</b>	<b>24,295,544</b>	<b>24,154,837</b>	<b>72,421</b>	<b>24,227,258</b>	<b>68,286</b>
<b>Total Recreation and Parks</b>	<b>24,065,544</b>	<b>24,295,544</b>	<b>24,154,837</b>	<b>72,421</b>	<b>24,227,258</b>	<b>68,286</b>
<b>Community Services</b>						
<b>Department of social services</b>	<b>673,896</b>	<b>673,896</b>	<b>595,339</b>	<b>—</b>	<b>595,339</b>	<b>78,557</b>
<b>Department of Community Resources and Services</b>	<b>10,203,968</b>	<b>10,187,521</b>	<b>9,729,996</b>	<b>43,610</b>	<b>9,773,606</b>	<b>413,915</b>
Consumer affairs division	474,415	474,415	458,748	—	458,748	15,667
Office on aging	2,791,338	2,807,785	2,663,013	22,179	2,685,192	122,593
Mental health authority	654,627	654,627	638,249	16,378	654,627	—
Cooperative extension services	494,548	494,548	484,156	—	484,156	10,392
Health department	9,530,904	—	—	—	—	—
<b>Total Community Services</b>	<b>24,823,696</b>	<b>15,292,792</b>	<b>14,569,501</b>	<b>82,167</b>	<b>14,651,668</b>	<b>641,124</b>

(Continued)

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

**Howard County, Maryland**  
**Schedule of Expenditures and Encumbrances - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2018**

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
<b>County grants in-aid:</b>						
<b>Arts &amp; tourism grants:</b>						
Center of African-American Culture	38,000	38,000	38,000	—	38,000	—
African Art Museum of Maryland	12,000	12,000	12,000	—	12,000	—
Ellicott City Partnership	50,000	50,000	50,000	—	50,000	—
Inner Arbor	5,000	5,000	5,000	—	5,000	—
Patapsco Heritage Greenway	25,000	25,000	—	—	—	25,000
Local / regional arts grants	832,000	832,000	832,000	—	832,000	—
Tourism Council	1,057,080	1,057,080	1,057,080	—	1,057,080	—
Total arts and tourism grants	2,019,080	2,019,080	1,994,080	—	1,994,080	25,000
<b>Civic grants:</b>						
Historical society	75,000	75,000	75,000	—	75,000	—
Total civic grants	75,000	75,000	75,000	—	75,000	—
<b>Community service partnerships human service grants</b>						
Community service partnerships human service grants	8,272,533	8,272,533	8,151,399	—	8,151,399	121,134
Total County Grants in-Aid	10,366,613	10,366,613	10,220,479	—	10,220,479	146,134
Total Community Service and grants in-aid	35,190,309	25,659,405	24,789,980	82,167	24,872,147	787,258
<b>Education</b>						
Public schools	572,871,655	572,871,655	572,871,655	—	572,871,655	—
Community college	33,965,130	33,965,130	33,965,130	—	33,965,130	—
Library	20,309,381	20,309,381	20,309,381	—	20,309,381	—
Total Education	627,146,166	627,146,166	627,146,166	—	627,146,166	—

(Continued)

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

**Howard County, Maryland**  
**Schedule of Expenditures and Encumbrances - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2018**

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
<u>Debt Service</u>						
<b>Principal:</b>						
Community college	6,081,731	5,431,173	5,433,789	—	5,433,789	(2,616)
Community renewal	138,723	138,723	138,825	—	138,825	(102)
Environmental services	—	280,750	280,942	—	280,942	(192)
Excise bonds	4,583,833	4,426,711	3,997,324	—	3,997,324	429,387
Fire	1,096,257	999,782	1,000,822	—	1,000,822	(1,040)
General county projects	9,964,764	12,794,223	13,231,444	—	13,231,444	(437,221)
Police	413,073	393,559	393,568	—	393,568	(9)
Recreation and parks	2,554,169	2,148,047	2,149,209	—	2,149,209	(1,162)
School surcharge	5,408,307	4,928,539	4,929,393	—	4,929,393	(854)
Schools	29,199,458	24,726,816	24,737,311	—	24,737,311	(10,495)
Storm drainage	2,090,448	1,761,676	1,762,373	—	1,762,373	(697)
Master lease financing	2,590,938	2,816,726	2,561,650	—	2,561,650	255,076
<b>Total principal</b>	<b>64,121,701</b>	<b>60,846,725</b>	<b>60,616,650</b>	<b>—</b>	<b>60,616,650</b>	<b>230,075</b>
<b>Interest:</b>						
Broadband	—	34,600	34,600	—	34,600	—
Community college	4,109,715	3,918,750	3,782,603	—	3,782,603	136,147
Community renewal	82,127	71,980	61,916	—	61,916	10,064
Environmental services	—	285,405	277,004	—	277,004	8,401
Excise bonds	2,957,262	3,103,106	2,412,675	—	2,412,675	690,431
Fire	839,688	842,964	751,606	—	751,606	91,358
General county projects	5,308,364	9,381,849	9,373,758	—	9,373,758	8,091
Police	261,767	206,097	204,243	—	204,243	1,854
Recreation and parks	2,109,842	2,239,315	2,141,521	—	2,141,521	97,794
School surcharge	2,428,052	2,137,090	1,986,739	—	1,986,739	150,351
Schools	18,461,261	15,657,973	16,521,763	—	16,521,763	(863,790)
Storm drainage	1,445,557	1,405,959	1,341,297	—	1,341,297	64,662
Master lease financing	128,706	186,503	166,797	—	166,797	19,706
<b>Total interest</b>	<b>38,132,341</b>	<b>39,471,591</b>	<b>39,056,522</b>	<b>—</b>	<b>39,056,522</b>	<b>415,069</b>
<b>Total Debt Service</b>	<b>102,254,042</b>	<b>100,318,316</b>	<b>99,673,172</b>	<b>—</b>	<b>99,673,172</b>	<b>645,144</b>
<b>Total expenditures and encumbrances before transfers out</b>	<b>1,080,820,426</b>	<b>1,074,294,961</b>	<b>1,057,059,670</b>	<b>10,152,432</b>	<b>1,067,212,102</b>	<b>7,082,859</b>
<u>Other financing uses</u>						
Health department	—	9,530,904	9,530,904	—	9,530,904	—
General government	—	2,219,941	2,219,941	—	2,219,941	—
Legislation and judicial	116,135	116,135	—	—	—	116,135
Recreation and Parks	427,910	427,910	427,910	—	427,910	—
Paygo - capital	14,071,000	14,071,000	14,071,000	—	14,071,000	—
Paygo - operating	3,310,980	—	—	—	—	—
<b>Total other financing uses</b>	<b>17,926,025</b>	<b>26,365,890</b>	<b>26,249,755</b>	<b>—</b>	<b>26,249,755</b>	<b>116,135</b>
<b>Total Expenditures, Encumbrances and other financing uses</b>	<b>1,098,746,451</b>	<b>1,100,660,851</b>	<b>1,083,309,425</b>	<b>10,152,432</b>	<b>1,093,461,857</b>	<b>7,198,994</b>

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

**Howard County, Maryland**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis**  
**Health Department Fund**  
**For the Year Ended June 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Revenue from other governments	\$ 200,000	—	345	345
Charges for services	520,000	720,000	283,830	(436,170)
Interest on investments	—	—	7,124	7,124
Miscellaneous	2,030,000	1,214,783	55,787	(1,158,996)
<b>Total revenue</b>	<b>2,750,000</b>	<b>1,934,783</b>	<b>347,086</b>	<b>(1,587,697)</b>
<b>EXPENDITURES</b>				
<b>Community Services:</b>				
General health services	10,860,904	10,860,904	10,093,348	767,556
Grant programs	2,000,000	1,177,283	681,667	495,616
<b>Total expenditures</b>	<b>12,860,904</b>	<b>12,038,187</b>	<b>10,775,015</b>	<b>1,263,172</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(10,110,904)</b>	<b>(10,103,404)</b>	<b>(10,427,929)</b>	<b>(324,525)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation from fund balance	580,000	580,000	580,000	—
Capital Contributions	—	—	—	—
Transfers in	9,530,904	9,530,904	9,530,904	—
<b>Total other financing sources (uses)</b>	<b>10,110,904</b>	<b>10,110,904</b>	<b>10,110,904</b>	<b>—</b>
Net change in fund balance	—	7,500	(317,025)	<u>(324,525)</u>
Plus: Prior year encumbrances lapsed			213,667	
Less appropriation from fund balance			(580,000)	
Fund balances - beginning			767,259	
<b>Fund balances - ending</b>			<b>\$ 83,901</b>	

## **Non-Major Governmental Funds**

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

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

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



**Howard County, Maryland  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2018**

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total
<b>ASSETS</b>				
Equity in pooled cash	\$ 54,186,423	\$ 77,889,773	\$ 3,042,377	\$ 135,118,573
Cash with fiscal agents	—	—	5,628,755	5,628,755
Receivables:				
Property taxes	671,131	—	—	671,131
Due from other governments	7,530,818	2,310,932	—	9,841,750
Due from other funds	422,000	13,017,711	—	13,439,711
Due from component units	5,490,394	—	—	5,490,394
Housing loans	11,636,859	—	—	11,636,859
Other	362,274	3,978	12,627	378,879
Prepaid items	1,843	—	—	1,843
Economic development loans	142,639	—	—	142,639
Material and supplies	654,878	—	—	654,878
<b>Total assets</b>	<b>81,099,259</b>	<b>93,222,394</b>	<b>8,683,759</b>	<b>183,005,412</b>
<b>LIABILITIES</b>				
Due to other funds	—	13,017,711	—	13,017,711
Accounts payable / accrued liabilities	2,959,405	7,522,093	36,949	10,518,447
Accrued wages and benefits	5,149,326	20,957	—	5,170,283
Short-term loans and notes payable	—	10,378,305	—	10,378,305
Deposits and connection fees	370,488	—	—	370,488
Unearned revenue	9,625,731	71,619	—	9,697,350
<b>Total liabilities</b>	<b>18,104,950</b>	<b>31,010,685</b>	<b>36,949</b>	<b>49,152,584</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable property taxes	626,188	—	—	626,188
Unavailable fees	—	152,875	—	152,875
Unavailable grant revenues	2,683,828	—	—	2,683,828
<b>Total deferred inflows</b>	<b>3,310,016</b>	<b>152,875</b>	<b>—</b>	<b>3,462,891</b>
<b>Total liabilities and deferred inflows</b>	<b>21,414,966</b>	<b>31,163,560</b>	<b>36,949</b>	<b>52,615,475</b>
<b>FUND BALANCES</b>				
<b>Nonspendable:</b>				
Inventory	654,878	—	—	654,878
Prepaid Items	1,843	—	—	1,843
<b>Restricted:</b>				
Catalyst loan program	864,231	—	—	864,231
Economic development initiatives	741,484	—	—	741,484
Fees in lieu	259,000	209,864	—	468,864
Fire & rescue services	15,177,105	—	—	15,177,105
Forest conservation	1,860,610	—	—	1,860,610
Middle Patuxent environmental area program	41,672	—	—	41,672
Open space	—	536,376	—	536,376
Parkland watershed facilities	—	13,049,453	—	13,049,453
Program revenue	578,226	—	—	578,226
Public road facilities	—	63,593,603	—	63,593,603
Speed enforcement	1,453,418	—	—	1,453,418
Tax incremental financing project	—	—	8,646,810	8,646,810
<b>Committed:</b>				
Community renewal programs	26,692,007	—	—	26,692,007
Environmental services	11,683,078	—	—	11,683,078
Fire house & training facilities	—	9,464,639	—	9,464,639
Recreation programs	2,388,113	—	—	2,388,113
<b>Assigned:</b>				
Unassigned	(2,711,372)	(24,795,101)	—	(27,506,473)
<b>Total fund balances</b>	<b>59,684,293</b>	<b>62,058,834</b>	<b>8,646,810</b>	<b>130,389,937</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 81,099,259</b>	<b>\$ 93,222,394</b>	<b>\$ 8,683,759</b>	<b>\$ 183,005,412</b>

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

**Howard County, Maryland**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2018**

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total
<b>REVENUES</b>				
Property taxes	\$ 94,044,314	\$ —	\$ 2,418,639	\$ 96,462,953
Other local taxes	4,728,265	21,545,711	1,002,000	27,275,976
Revenues from other governments	15,461,135	4,587,289	—	20,048,424
Charges for services	42,939,184	822,707	—	43,761,891
Investment income:				
Interest on investments	1,017,578	878,457	287,116	2,183,151
Installment interest from housing loans	53,025	—	—	53,025
Fines and forfeitures	1,186,940	—	—	1,186,940
Developer fees	473,689	1,899,023	—	2,372,712
Miscellaneous program revenue	7,754,781	874,429	—	8,629,210
<b>Total revenues</b>	<b>167,658,911</b>	<b>30,607,616</b>	<b>3,707,755</b>	<b>201,974,282</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	4,181,039	—	379,932	4,560,971
Legislative and judicial	615,422	—	—	615,422
Public works	31,986,854	—	—	31,986,854
Public safety	98,870,493	—	—	98,870,493
Recreation and parks	19,437,429	—	—	19,437,429
Community services	9,163,301	—	—	9,163,301
Capital improvements	—	74,735,060	—	74,735,060
<b>Debt service:</b>				
Principal payments on debt	—	—	40,000	40,000
Interest payments on debt	—	—	2,935,089	2,935,089
<b>Total expenditures</b>	<b>164,254,538</b>	<b>74,735,060</b>	<b>3,355,021</b>	<b>242,344,619</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>3,404,373</b>	<b>(44,127,444)</b>	<b>352,734</b>	<b>(40,370,337)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond premium	153,960	13,299,465	—	13,453,425
Capital-related issuance of debt	—	49,503,579	—	49,503,579
Refunding bonds issued	754,361	43,652,528	—	44,406,889
Payment to bond refunding escrow agent	(899,744)	(50,602,957)	—	(51,502,701)
Transfers in	466,024	14,325,255	6,230,853	21,022,132
Transfers out	(3,090,902)	(12,786,583)	(10,128)	(15,887,613)
<b>Total other financing sources</b>	<b>(2,616,301)</b>	<b>57,391,287</b>	<b>6,220,725</b>	<b>60,995,711</b>
Net change in fund balances	788,072	13,263,843	6,573,459	20,625,374
<b>Fund balances - beginning</b>	<b>58,896,221</b>	<b>48,794,991</b>	<b>2,073,351</b>	<b>109,764,563</b>
<b>Fund balances - ending</b>	<b>\$ 59,684,293</b>	<b>\$ 62,058,834</b>	<b>\$ 8,646,810</b>	<b>\$ 130,389,937</b>

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

**Howard County, Maryland**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**June 30, 2018**

	Community Renewal Program Fund	Environmental Services Fund	Fire and Rescue Reserve Fund	Forest Conservation Fund	Grants Fund	Recreation Program Fund	Speed Enforcement Fund	Total
<b>ASSETS</b>								
Equity in pooled cash	\$ 9,177,682	\$ 12,745,753	\$ 19,571,136	\$ 1,875,991	\$ 1,451,240	\$ 7,829,376	\$ 1,535,245	54,186,423
Receivables:								
Property taxes	—	22,533	648,598	—	—	—	—	671,131
Due from other funds	—	—	—	—	—	422,000	—	422,000
Due from other governments	524,620	—	—	—	7,006,198	—	—	7,530,818
Due from component units	5,490,394	—	—	—	—	—	—	5,490,394
Housing loans	11,636,859	—	—	—	—	—	—	11,636,859
Other	—	185,656	33,206	—	132,084	11,328	—	362,274
Prepaid items	—	—	—	—	1,843	—	—	1,843
Economic development loans	—	—	—	—	142,639	—	—	142,639
Materials and supplies	—	—	420,426	—	—	234,452	—	654,878
<b>Total assets</b>	<b>26,829,555</b>	<b>12,953,942</b>	<b>20,673,366</b>	<b>1,875,991</b>	<b>8,734,004</b>	<b>8,497,156</b>	<b>1,535,245</b>	<b>81,099,259</b>
<b>LIABILITIES</b>								
Accounts payable / accrued liabilities	87,338	905,184	436,165	4,040	930,535	532,495	63,648	2,959,405
Accrued wages and benefits	47,600	224,706	4,013,251	11,341	264,574	569,675	18,179	5,149,326
Deposits and connection fees	—	—	—	—	127,228	243,260	—	370,488
Unearned revenue	2,610	140,974	231	—	4,952,755	4,529,161	—	9,625,731
<b>Total liabilities</b>	<b>137,548</b>	<b>1,270,864</b>	<b>4,449,647</b>	<b>15,381</b>	<b>6,275,092</b>	<b>5,874,591</b>	<b>81,827</b>	<b>18,104,950</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable property taxes	—	—	626,188	—	—	—	—	626,188
Unavailable grant revenues	—	—	—	—	2,683,828	—	—	2,683,828
<b>Total deferred inflows of resources</b>	<b>—</b>	<b>—</b>	<b>626,188</b>	<b>—</b>	<b>2,683,828</b>	<b>—</b>	<b>—</b>	<b>3,310,016</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>137,548</b>	<b>1,270,864</b>	<b>5,075,835</b>	<b>15,381</b>	<b>8,958,920</b>	<b>5,874,591</b>	<b>81,827</b>	<b>21,414,966</b>
<b>FUND BALANCES</b>								
<b>Nonspendable:</b>								
Inventory	—	—	420,426	—	—	234,452	—	654,878
Prepaid items	—	—	—	—	1,843	—	—	1,843
<b>Restricted:</b>								
Catalyst loan program	—	—	—	—	864,231	—	—	864,231
Economic development initiatives	—	—	—	—	741,484	—	—	741,484
Fees in lieu	—	—	—	—	259,000	—	—	259,000
Fire & rescue services	—	—	15,177,105	—	—	—	—	15,177,105
Forest conservation	—	—	—	1,860,610	—	—	—	1,860,610
Middle Patuxent environmental area program	—	—	—	—	41,672	—	—	41,672
Program revenue	—	—	—	—	578,226	—	—	578,226
Speed enforcement	—	—	—	—	—	—	1,453,418	1,453,418
<b>Committed:</b>								
Community renewal programs	26,692,007	—	—	—	—	—	—	26,692,007
Environmental services	—	11,683,078	—	—	—	—	—	11,683,078
Recreation programs	—	—	—	—	—	2,388,113	—	2,388,113
Unassigned	—	—	—	—	(2,711,372)	—	—	(2,711,372)
<b>Total fund balances (deficits)</b>	<b>26,692,007</b>	<b>11,683,078</b>	<b>15,597,531</b>	<b>1,860,610</b>	<b>(224,916)</b>	<b>2,622,565</b>	<b>1,453,418</b>	<b>59,684,293</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 26,829,555</b>	<b>\$ 12,953,942</b>	<b>\$ 20,673,366</b>	<b>\$ 1,875,991</b>	<b>\$ 8,734,004</b>	<b>\$ 8,497,156</b>	<b>\$ 1,535,245</b>	<b>\$ 81,099,259</b>

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

**Howard County, Maryland**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Special Revenue Funds**  
**For the Year Ended June 30, 2018**

	Community Renewal Program Fund	Environmental Services Fund	Fire and Rescue Reserve Fund	Forest Conservation Fund	Grants Fund	Recreation Program Fund	Speed Enforcement Fund	Total
<b>REVENUES</b>								
Property taxes	\$ —	\$ 36,021	\$ 94,008,293	\$ —	\$ —	\$ —	\$ —	\$ 94,044,314
Other local taxes	4,728,265	—	—	—	—	—	—	4,728,265
Revenues from other governments	—	131,416	—	—	15,329,719	—	—	15,461,135
Charges for services	—	22,649,169	261,830	—	566,204	19,461,981	—	42,939,184
Investment income:								
Interest on investments	77,246	258,716	534,768	27,018	41,030	61,973	16,827	1,017,578
Installment interest from housing loans	53,025	—	—	—	—	—	—	53,025
Fines and forfeitures	—	930	3,500	—	—	21,931	1,160,579	1,186,940
Developer fees	—	—	—	214,689	259,000	—	—	473,689
Miscellaneous program revenue	3,062,847	2,665	13,542	—	4,488,727	174,220	12,780	7,754,781
<b>Total revenues</b>	<b>7,921,383</b>	<b>23,078,917</b>	<b>94,821,933</b>	<b>241,707</b>	<b>20,684,680</b>	<b>19,720,105</b>	<b>1,190,186</b>	<b>167,658,911</b>
<b>EXPENDITURES</b>								
General government	—	—	—	—	4,181,039	—	—	4,181,039
Legislative and judicial	—	—	—	—	615,422	—	—	615,422
Public works	—	24,424,330	—	—	7,562,524	—	—	31,986,854
Public safety	—	—	94,945,751	—	3,148,930	—	775,812	98,870,493
Recreation and parks	—	—	—	336,863	54,426	19,046,140	—	19,437,429
Community services	2,810,069	—	—	—	6,353,232	—	—	9,163,301
<b>Total expenditures</b>	<b>2,810,069</b>	<b>24,424,330</b>	<b>94,945,751</b>	<b>336,863</b>	<b>21,915,573</b>	<b>19,046,140</b>	<b>775,812</b>	<b>164,254,538</b>
Excess (deficiency) of revenues over expenditures	5,111,314	(1,345,413)	(123,818)	(95,156)	(1,230,893)	673,965	414,374	3,404,373
<b>OTHER FINANCING SOURCES (USES)</b>								
Bond premium	153,960	—	—	—	—	—	—	153,960
Refunding bonds issued	754,361	—	—	—	—	—	—	754,361
Payment to bond refunding escrow agent	(899,744)	—	—	—	—	—	—	(899,744)
Transfers in	—	—	—	—	38,114	427,910	—	466,024
Transfers out	(277,987)	(816,663)	(1,716,896)	(2,027)	(30,328)	(61,973)	(185,028)	(3,090,902)
<b>Total other financing sources (uses)</b>	<b>(269,410)</b>	<b>(816,663)</b>	<b>(1,716,896)</b>	<b>(2,027)</b>	<b>7,786</b>	<b>365,937</b>	<b>(185,028)</b>	<b>(2,616,301)</b>
Net change in fund balances	4,841,904	(2,162,076)	(1,840,714)	(97,183)	(1,223,107)	1,039,902	229,346	788,072
Fund balances - beginning	21,850,103	13,845,154	17,438,245	1,957,793	998,191	1,582,663	1,224,072	58,896,221
Fund balances - ending	\$ 26,692,007	\$ 11,683,078	\$ 15,597,531	\$ 1,860,610	\$ (224,916)	\$ 2,622,565	\$ 1,453,418	\$ 59,684,293

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

Howard County, Maryland  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis  
Community Renewal Program Fund  
For the Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local taxes	\$ 3,600,000	\$ 3,600,000	\$ 4,728,265	\$ 1,128,265
Installment interest from housing loans	75,000	75,000	53,025	(21,975)
Miscellaneous	610,000	610,000	3,054,552	2,444,552
<b>Total revenues</b>	<b>4,285,000</b>	<b>4,285,000</b>	<b>7,835,842</b>	<b>3,550,842</b>
<b>EXPENDITURES</b>				
<b>Community services:</b>				
Revolving Loan Program Income	110,000	110,000	57,260	52,740
Housing initiatives	2,300,000	2,920,000	2,768,639	151,361
Housing and community development administration	2,481,524	1,861,524	1,505,067	356,457
<b>Total expenditures</b>	<b>4,891,524</b>	<b>4,891,524</b>	<b>4,330,966</b>	<b>560,558</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(606,524)</b>	<b>(606,524)</b>	<b>3,504,876</b>	<b>4,111,400</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation from fund balance	827,374	827,374	—	(827,374)
Transfers out	(220,850)	(220,850)	(200,742)	20,108
<b>Total other financing sources (uses)</b>	<b>606,524</b>	<b>606,524</b>	<b>(200,742)</b>	<b>(807,266)</b>
<b>Net change in fund balance</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 3,304,134</b>	<b>\$ 3,304,134</b>
Plus: Prior year encumbrance lapsed			—	
<b>Fund balance - beginning</b>			<b>19,634,609</b>	
<b>Fund balance - ending</b>			<b>\$ 22,938,743</b>	
<b>The ending fund balance is reconciled as follows:</b>				
<b>Budgetary basis, end of the fiscal year</b>			<b>\$ 22,938,743</b>	
<b>Adjustments:</b>				
Elimination of encumbrances outstanding			935,831	
Accruals (Housing loans)			3,895,647	
Non budgeted - Bad debt expense			(1,078,214)	
<b>GAAP basis, end of fiscal year</b>			<b>\$ 26,692,007</b>	

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

**Howard County, Maryland**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis**  
**Environmental Services Funds**  
**For the Year Ended June 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 20,000	\$ 20,000	\$ 36,021	\$ 16,021
Revenue from other governments	—	—	131,416	131,416
Fines and forfeitures	—	—	930	930
Charges for services	22,591,000	22,591,000	22,649,169	58,169
Miscellaneous	3,000	3,000	5,026	2,026
<b>Total revenues</b>	<b>\$ 22,614,000</b>	<b>\$ 22,614,000</b>	<b>\$ 22,822,562</b>	<b>\$ 208,562</b>
<b>EXPENDITURES</b>				
<b>Public works:</b>				
Administrative services	3,058,807	2,292,807	2,192,956	99,851
Operations	12,187,060	12,193,060	11,916,082	276,978
Collections	4,673,240	4,436,841	4,381,972	54,869
Recycling	5,869,474	6,099,873	6,099,859	14
Contingency	—	766,000	—	766,000
<b>Total expenditures</b>	<b>25,788,581</b>	<b>25,788,581</b>	<b>24,590,869</b>	<b>1,197,712</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(3,174,581)</b>	<b>(3,174,581)</b>	<b>(1,768,307)</b>	<b>1,406,274</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation from fund balance	3,741,098	3,741,098	2,326,253	(1,414,845)
Transfers out	(566,517)	(566,517)	(557,946)	8,571
<b>Total other financing sources (uses)</b>	<b>3,174,581</b>	<b>3,174,581</b>	<b>1,768,307</b>	<b>(1,406,274)</b>
<b>Net change in fund balance</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
Plus: Prior year encumbrance lapsed			750,352	
Less: Appropriation from fund balance			(2,326,253)	
<b>Fund balance - beginning</b>			<b>12,457,273</b>	
<b>Fund balance - ending</b>			<b>\$ 10,881,372</b>	
<b>The ending fund balance is reconciled as follows:</b>				
<b>Budgetary basis, end of the fiscal year</b>			<b>\$ 10,881,372</b>	
<b>Adjustments:</b>				
Elimination of encumbrances outstanding			1,051,214	
Accruals			(212,491)	
Non budgeted - Bad debt expense			(37,017)	
<b>GAAP basis, end of fiscal year</b>			<b>\$ 11,683,078</b>	

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

**Howard County, Maryland**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis**  
**Fire and Rescue Reserve Fund**  
**For the Year Ended June 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 93,203,326	\$ 93,203,326	\$ 94,008,293	\$ 804,967
Charges for services	310,000	310,000	255,396	(54,604)
Fines and forfeitures	—	—	3,500	3,500
Miscellaneous	30,000	30,000	31,438	1,438
<b>Total revenues</b>	<b>93,543,326</b>	<b>93,543,326</b>	<b>94,298,627</b>	<b>755,301</b>
<b>EXPENDITURES</b>				
<b>Public safety:</b>				
Administrative	101,048,635	101,048,635	100,091,778	956,857
<b>Total expenditures</b>	<b>101,048,635</b>	<b>101,048,635</b>	<b>100,091,778</b>	<b>956,857</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(7,505,309)</b>	<b>(7,505,309)</b>	<b>(5,793,151)</b>	<b>1,712,158</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation from fund balance	8,687,437	8,687,437	6,975,279	(1,712,158)
Transfers out	(1,182,128)	(1,182,128)	(1,182,128)	—
<b>Total other financing sources (uses)</b>	<b>7,505,309</b>	<b>7,505,309</b>	<b>5,793,151</b>	<b>(1,712,158)</b>
<b>Net change in fund balance</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
Less: Appropriation from fund balance			(6,975,279)	
<b>Fund balance - beginning</b>			<b>20,358,343</b>	
<b>Fund balance - ending</b>			<b>\$ 13,383,064</b>	
<b>The ending fund balance is reconciled as follows:</b>				
Budgetary basis, end of the fiscal year			\$ 13,383,064	
<b>Adjustments:</b>				
Elimination of encumbrances outstanding			2,286,373	
Accruals			(27,608)	
Non budgeted - Bad debt expense			(44,298)	
<b>GAAP basis, end of fiscal year</b>			<b>\$ 15,597,531</b>	

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

**Plus: Prior year encumbrance lapsed**

**Howard County, Maryland  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis  
Forest Conservation Fund  
For the Year Ended June 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest on investments	\$ 3,500	\$ 3,500	\$ 24,991	\$ 21,491
Developer fees - inspections	15,000	15,000	—	(15,000)
Developer fees - mitigation	663,751	663,751	214,689	(449,062)
<b>Total revenues</b>	<b>682,251</b>	<b>682,251</b>	<b>239,680</b>	<b>(442,571)</b>
<b>EXPENDITURES</b>				
<b>Public Works:</b>				
Forest mitigation	682,251	682,251	363,558	318,693
<b>Total expenditures</b>	<b>682,251</b>	<b>682,251</b>	<b>363,558</b>	<b>318,693</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>—</b>	<b>—</b>	<b>(123,878)</b>	<b>(123,878)</b>
Net change in fund balance	\$ —	\$ —	\$ (123,878)	\$ (123,878)
Fund balance - beginning			1,988,529	
Fund balance - ending			\$ 1,864,651	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			\$ 1,864,651	
Accruals			(4,041)	
GAAP basis, end of fiscal year			\$ 1,860,610	

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

Howard County, Maryland  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis  
Grants Fund  
For the Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>Revenue from other agencies:</b>				
Grants from federal government	\$ 9,099,888	\$ 9,099,888	\$ 7,625,614	\$ (1,474,274)
Grants from state government	9,126,196	9,126,196	7,421,685	(1,704,511)
Other local grants	3,657,848	3,664,148	282,425	(3,381,723)
<b>Total revenue from other agencies</b>	<b>21,883,932</b>	<b>21,890,232</b>	<b>15,329,724</b>	<b>(6,560,508)</b>
Charges for services	825,000	825,000	549,674	(275,326)
Interest on investments	—	—	10,702	10,702
Developer fees	—	—	259,000	259,000
Contingency	5,000,000	4,993,700	—	(4,993,700)
Miscellaneous	12,468,064	12,111,764	4,731,888	(7,379,876)
<b>Total revenues</b>	<b>35,176,996</b>	<b>34,826,996</b>	<b>20,880,988</b>	<b>(13,946,008)</b>
<b>EXPENDITURES</b>				
General government	6,834,960	6,484,960	4,286,115	2,198,845
Legislative & judicial	887,316	887,316	667,294	220,022
Public works	9,269,052	9,269,052	7,745,270	1,523,782
Public safety	4,304,357	4,304,357	3,123,850	1,180,507
Recreation & parks	148,000	154,300	66,539	87,761
Community services	8,083,311	8,083,311	6,710,665	1,372,646
Contingency	5,000,000	4,993,700	—	4,993,700
<b>Total expenditures</b>	<b>34,526,996</b>	<b>34,176,996</b>	<b>22,599,733</b>	<b>11,577,263</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>650,000</b>	<b>650,000</b>	<b>(1,718,745)</b>	<b>(2,368,745)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(650,000)	(650,000)	—	650,000
<b>Total other financing sources (uses)</b>	<b>(650,000)</b>	<b>(650,000)</b>	<b>—</b>	<b>650,000</b>
<b>Net change in fund balance</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (1,718,745)</b>	<b>\$ (1,718,745)</b>
<b>Plus: Prior year encumbrances lapsed</b>			<b>666,782</b>	
<b>Fund balances - beginning</b>			<b>995,239</b>	
<b>Fund balances - ending</b>			<b>\$ (56,724)</b>	
<b>The ending fund balance is reconciled as follows:</b>				
Budgetary basis, end of the fiscal year			\$ (56,724)	
Adjustments:				
Elimination of encumbrances outstanding			\$ 702,664	
Accruals			\$ (11,348)	
Non budgeted revenue - Bad debt expense/write off			\$ (260,174)	
Elimination of loan expenses			\$ (599,334)	
<b>GAAP basis, end of fiscal year</b>			<b>\$ (224,916)</b>	

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

**Howard County, Maryland**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis**  
**Recreation Program Fund**  
**For the Year Ended June 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 20,094,083	\$ 20,094,083	\$ 19,461,980	\$ (632,103)
Fines and forfeitures	75,000	75,000	21,932	(53,068)
Miscellaneous program revenue	180,000	180,000	172,862	(7,138)
<b>Total revenues</b>	<b>20,349,083</b>	<b>20,349,083</b>	<b>19,656,774</b>	<b>(692,309)</b>
<b>EXPENDITURES</b>				
<b>Recreation and parks:</b>				
Administration	20,973,978	20,973,978	19,470,157	1,503,821
<b>Total expenditures</b>	<b>20,973,978</b>	<b>20,973,978</b>	<b>19,470,157</b>	<b>1,503,821</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(624,895)</b>	<b>(624,895)</b>	<b>186,617</b>	<b>811,512</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	624,895	624,895	427,910	(196,985)
<b>Total other financing sources (uses)</b>	<b>624,895</b>	<b>624,895</b>	<b>427,910</b>	<b>(196,985)</b>
<b>Net change in fund balance</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 614,527</b>	<b>\$ 614,527</b>
Plus: Prior year encumbrances lapsed			34,188	
<b>Fund balance - beginning</b>			<b>1,927,150</b>	
<b>Fund balance - ending</b>			<b>\$ 2,575,865</b>	
<b>The ending fund balance is reconciled as follows:</b>				
Budgetary basis, end of the fiscal year			\$ 2,575,865	
<b>Adjustments:</b>				
Elimination of encumbrances outstanding			94,712	
Accruals			(40,185)	
Non budgeted - Bad debt expense			(7,827)	
<b>GAAP basis, end of fiscal year</b>			<b>\$ 2,622,565</b>	

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

**Howard County, Maryland**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis**  
**Speed Enforcement Fund**  
**For the Year Ended June 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Fines & forfeitures	\$ 1,227,377	\$ 1,227,377	\$ 1,160,579	\$ (66,798)
Other	30,778	30,778	12,768	(18,010)
<b>Total revenues</b>	<b>1,258,155</b>	<b>1,258,155</b>	<b>1,173,347</b>	<b>(84,808)</b>
<b>EXPENDITURES</b>				
<b>Public safety:</b>				
Administrative	1,089,955	1,089,955	860,812	229,143
<b>Total expenditures</b>	<b>1,089,955</b>	<b>1,089,955</b>	<b>860,812</b>	<b>229,143</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>168,200</b>	<b>168,200</b>	<b>312,535</b>	<b>144,335</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(168,200)	(168,200)	(168,200)	—
<b>Total other financing sources (uses)</b>	<b>(168,200)</b>	<b>(168,200)</b>	<b>(168,200)</b>	<b>—</b>
<b>Net change in fund balance</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 144,335</b>	<b>\$ 144,335</b>
Plus: prior year encumbrances lapsed			—	
<b>Fund balance - beginning</b>			<b>1,224,072</b>	
<b>Fund balance - ending</b>			<b>\$ 1,368,407</b>	
<b>The ending fund balance is reconciled as follows:</b>				
Budgetary basis, end of the fiscal year			\$ 1,368,407	
<b>Adjustments:</b>				
Elimination of encumbrances outstanding			116,824	
Accruals			(31,824)	
Non budgeted - Bad debt expense			11	
<b>GAAP basis, end of fiscal year</b>			<b>\$ 1,453,418</b>	

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

**Combining Balance Sheet**  
**Non-Major Capital Project Funds**  
**June 30, 2018**

	Fire Service Bldg & Equip Fund	Highway Fund	Public Libraries Fund	Recreation and Parks Fund	Storm Drainage Fund	Total
<b>ASSETS</b>						
Equity in pooled cash	\$ 8,867,710	\$ 55,047,388	\$ 2,080,089	\$ 11,809,586	\$ 85,000	\$ 77,889,773
Due from other governments	524,620	105,377	—	1,099,024	581,911	2,310,932
Due from other funds	—	13,017,711	—	—	—	13,017,711
Other	—	3,978	—	—	—	3,978
<b>Total assets</b>	<b>9,392,330</b>	<b>68,174,454</b>	<b>2,080,089</b>	<b>12,908,610</b>	<b>666,911</b>	<b>93,222,394</b>
<b>LIABILITIES</b>						
Due to other funds	—	—	—	—	13,017,711	13,017,711
Accounts payable/accrued liability	380,051	3,165,809	1,189,875	1,243,411	1,542,947	7,522,093
Accrued wages and benefits	7,105	6,356	7,496	—	—	20,957
Short-term loans and notes payable	2,878,000	2,930,589	4,287,000	25,000	257,716	10,378,305
Unearned revenue	—	71,619	—	—	—	71,619
<b>Total liabilities</b>	<b>3,265,156</b>	<b>6,174,373</b>	<b>5,484,371</b>	<b>1,268,411</b>	<b>14,818,374</b>	<b>31,010,685</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable grant revenues	—	16,091	—	49,784	87,000	152,875
<b>Total liabilities and deferred inflows of resources</b>	<b>3,265,156</b>	<b>6,190,464</b>	<b>5,484,371</b>	<b>1,318,195</b>	<b>14,905,374</b>	<b>31,163,560</b>
<b>FUND BALANCES</b>						
<b>Restricted:</b>						
Fees in Lieu	—	—	—	—	209,864	209,864
Open space	—	—	—	536,376	—	536,376
Parkland watershed facilities	—	—	—	13,049,453	—	13,049,453
Public road facilities	—	63,593,603	—	—	—	63,593,603
<b>Committed:</b>						
Firehouse & training facilities	9,464,639	—	—	—	—	9,464,639
Unassigned	(3,337,465)	(1,609,613)	(3,404,282)	(1,995,414)	(14,448,327)	(24,795,101)
<b>Total fund balances</b>	<b>6,127,174</b>	<b>61,983,990</b>	<b>(3,404,282)</b>	<b>11,590,415</b>	<b>(14,238,463)</b>	<b>62,058,834</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 9,392,330</b>	<b>\$ 68,174,454</b>	<b>\$ 2,080,089</b>	<b>\$ 12,908,610</b>	<b>\$ 666,911</b>	<b>\$ 93,222,394</b>

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

**Howard County, Maryland**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Capital Project Funds**  
**For the Year Ended June 30, 2018**

	Fire Service Bldg & Equip Fund	Highway Fund	Public Libraries Fund	Recreation and Parks Fund	Storm Drainage Fund	Total
<b>REVENUES</b>						
Other local taxes	\$ 4,728,265	\$ 7,360,916	\$ —	\$ 9,456,530	\$ —	\$ 21,545,711
Revenues from other governments	—	848,916	317,531	2,056,194	1,364,648	4,587,289
Charges for services	—	822,707	—	—	—	822,707
Interest on investments	59,009	734,948	—	84,500	—	878,457
Developer contributions	—	1,105,429	—	685,730	107,864	1,899,023
Miscellaneous program revenues	100,000	351,335	—	78,875	344,219	874,429
<b>Total revenues</b>	<b>4,887,274</b>	<b>11,224,251</b>	<b>317,531</b>	<b>12,361,829</b>	<b>1,816,731</b>	<b>30,607,616</b>
<b>EXPENDITURES</b>						
Capital improvements	11,493,009	22,029,403	14,291,218	7,888,188	19,033,242	74,735,060
<b>Total expenditures</b>	<b>11,493,009</b>	<b>22,029,403</b>	<b>14,291,218</b>	<b>7,888,188</b>	<b>19,033,242</b>	<b>74,735,060</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(6,605,735)</b>	<b>(10,805,152)</b>	<b>(13,973,687)</b>	<b>4,473,641</b>	<b>(17,216,511)</b>	<b>(44,127,444)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond premium	2,366,435	5,287,294	2,147,615	2,291,220	1,206,901	13,299,465
Capital related debt issued	9,022,140	15,689,990	16,900,510	6,113,681	1,777,258	49,503,579
Refunding bonds issued	7,674,417	19,088,379	3,178,826	8,569,714	5,141,192	43,652,528
Payment to bond refunding escrow agent	(9,141,542)	(21,873,763)	(3,233,482)	(10,221,826)	(6,132,344)	(50,602,957)
Transfers in	500,000	5,813,944	13,171	—	7,998,140	14,325,255
Transfers out	(1,811,436)	(6,599,917)	—	(4,375,230)	—	(12,786,583)
<b>Total other financing sources (uses)</b>	<b>8,610,014</b>	<b>17,405,927</b>	<b>19,006,640</b>	<b>2,377,559</b>	<b>9,991,147</b>	<b>57,391,287</b>
Net change in fund balances	2,004,279	6,600,775	5,032,953	6,851,200	(7,225,364)	13,263,843
Fund balances - beginning	4,122,895	55,383,215	(8,437,235)	4,739,215	(7,013,099)	48,794,991
Fund balances - ending	\$ 6,127,174	\$ 61,983,990	\$ (3,404,282)	\$ 11,590,415	\$ (14,238,463)	\$ 62,058,834

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

**Howard County, Maryland**  
**Combining Balance Sheet**  
**Non-Major Debt Service Funds**  
**June 30, 2018**

	Bond Anticipation Note Fund	Tax Increment Financing Fund	Total
<b>ASSETS</b>			
Equity in pooled cash and cash equivalents	\$ 3,077	\$ 3,039,300	\$ 3,042,377
Cash and securities with Fiscal Agents	—	5,628,755	5,628,755
Other	—	12,627	12,627
<b>Total assets</b>	<b>3,077</b>	<b>8,680,682</b>	<b>8,683,759</b>
<b>LIABILITIES</b>			
Accounts payable / accrued liabilities	3,077	33,872	36,949
<b>Total liabilities</b>	<b>3,077</b>	<b>33,872</b>	<b>36,949</b>
<b>FUND BALANCES</b>			
<b>Restricted:</b>			
Tax incremental financing project	—	8,646,810	8,646,810
<b>Total fund balances</b>	<b>—</b>	<b>8,646,810</b>	<b>8,646,810</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,077</b>	<b>\$ 8,680,682</b>	<b>\$ 8,683,759</b>

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

**Howard County, Maryland**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Debt Service Funds**  
**For the Year Ended June 30, 2018**

	Bond Anticipation Note Fund	Tax Increment Financing Fund	Total
<b>REVENUES</b>			
Property taxes	\$ —	\$ 2,418,639	\$ 2,418,639
Other local taxes	—	1,002,000	1,002,000
Interest on investments	—	287,116	287,116
<b>Total revenues</b>	<b>—</b>	<b>3,707,755</b>	<b>3,707,755</b>
<b>EXPENDITURES</b>			
<b>Current:</b>			
General government	316,224	63,708	379,932
<b>Debt service:</b>			
Principal payments on debt	—	40,000	40,000
Interest payments on debt	1,893,346	1,041,743	2,935,089
<b>Total expenditures</b>	<b>2,209,570</b>	<b>1,145,451</b>	<b>3,355,021</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,209,570)</b>	<b>2,562,304</b>	<b>352,734</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	2,209,570	4,021,283	6,230,853
Transfers out	—	(10,128)	(10,128)
<b>Total other financing sources (uses)</b>	<b>2,209,570</b>	<b>4,011,155</b>	<b>6,220,725</b>
Net change in fund balances	—	6,573,459	6,573,459
Fund balances - beginning	—	2,073,351	2,073,351
<b>Fund balances - ending</b>	<b>\$ —</b>	<b>\$ 8,646,810</b>	<b>\$ 8,646,810</b>

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

**Howard County, Maryland**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis**  
**Bond Anticipation Notes**  
**For the Year Ended June 30, 2018**

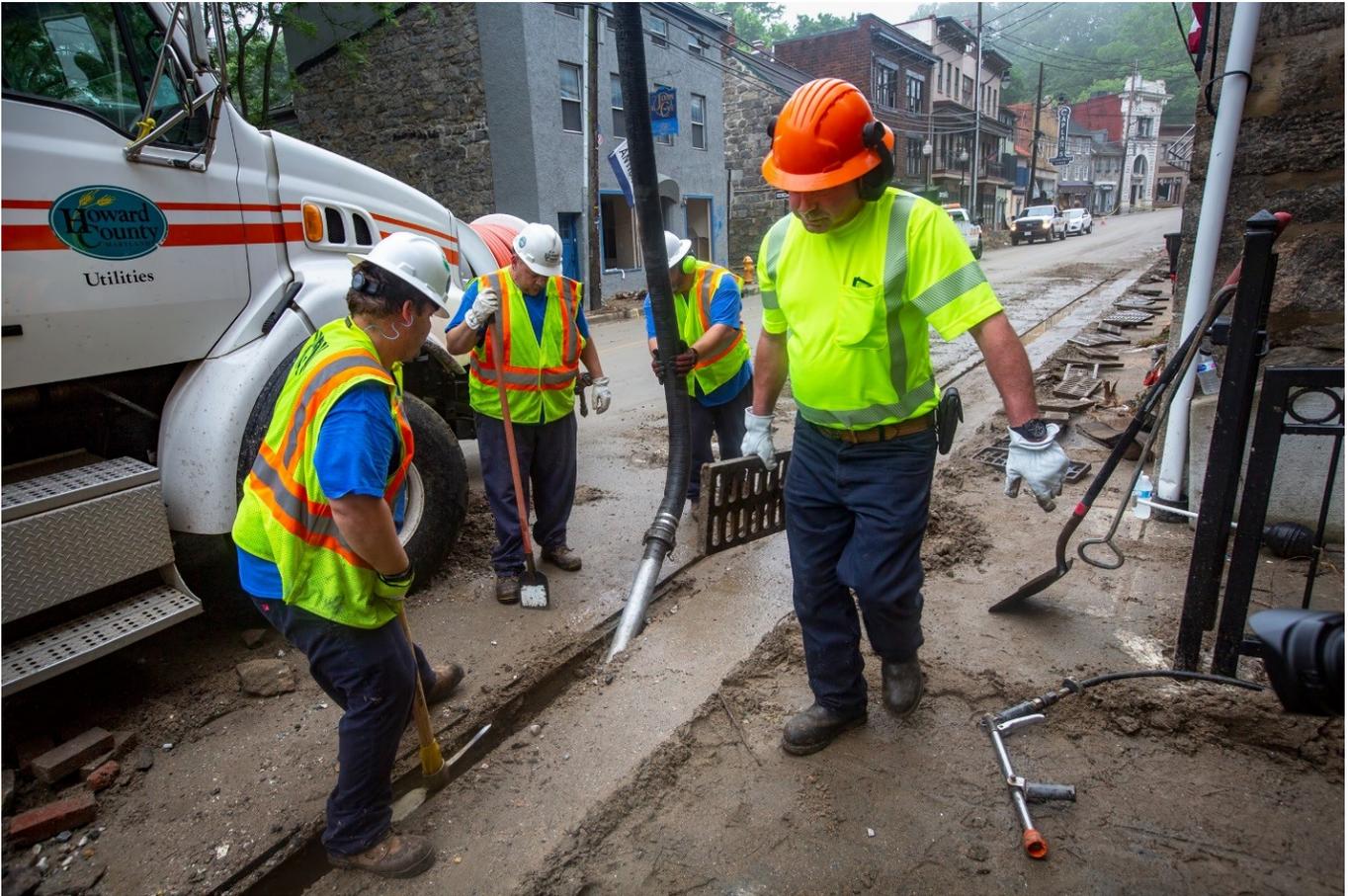
	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>General government:</b>				
Bond anticipation notes	\$ 465,000	\$ 341,000	\$ 336,726	\$ 4,274
<b>Debt service:</b>				
Interest	1,865,000	1,989,000	1,883,215	105,785
<b>Total expenditures</b>	<b>2,330,000</b>	<b>2,330,000</b>	<b>2,219,941</b>	<b>110,059</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,330,000)</b>	<b>(2,330,000)</b>	<b>(2,219,941)</b>	<b>110,059</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	2,330,000	2,330,000	2,219,941	(110,059)
<b>Total other financing sources</b>	<b>2,330,000</b>	<b>2,330,000</b>	<b>2,219,941</b>	<b>(110,059)</b>
<b>Net change in fund balance</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Fund balances - beginning</b>				<b>—</b>
<b>Fund balances - ending</b>			<b>\$ —</b>	

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

**Howard County, Maryland**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis**  
**Tax Increment Financing Fund**  
**For the Year Ended June 30, 2018**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ —	\$ —	\$ 2,418,639	\$ 2,418,639
Other local taxes	1,257,000	1,257,000	1,002,000	(255,000)
Interest on investments	—	—	276,989	276,989
<b>Total revenues</b>	<b>1,257,000</b>	<b>1,257,000</b>	<b>3,697,628</b>	<b>2,440,628</b>
<b>EXPENDITURES</b>				
<b>General government:</b>				
Tax incremental financing	205,000	174,100	151,638	22,462
<b>Debt Services:</b>				
Principal	1,012,000	40,000	40,000	—
Interest	40,000	1,042,900	1,041,743	1,157
<b>Total expenditures</b>	<b>1,257,000</b>	<b>1,257,000</b>	<b>1,233,381</b>	<b>23,619</b>
<b>Excess of revenues over expenditures</b>	<b>—</b>	<b>—</b>	<b>2,464,247</b>	<b>2,464,247</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,025,000	1,025,000	5,046,283	4,021,283
Transfers out	(1,025,000)	(1,025,000)	(1,025,000)	—
<b>Total other financing sources</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 4,021,283</b>	<b>\$ 4,021,283</b>
<b>Net change in fund balance</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 6,485,530</b>	<b>\$ 6,485,530</b>
<b>Fund balances - beginning</b>			<b>2,073,463</b>	
<b>Fund balances - ending</b>			<b>\$ 8,558,993</b>	

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



## **Drain Cleaning**

As part of the recovery following the devastating flash flood in Ellicott City on May 27, 2018, crews from the Department of Public Works spent thousands of hours repairing public infrastructure and removing debris from storm drains.

## **Non-Major Enterprise Funds**

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



**Howard County, Maryland**  
**Combining Statement of Net Position**  
**Non-Major Enterprise Funds**  
**June 30, 2018**

	Broadband	Special Recreation Facility	Watershed Protection and Restoration	Total
<b>ASSETS</b>				
<b>Current assets:</b>				
Equity in pooled cash	\$ 3,649,691	\$ —	\$ 12,896,766	\$ 16,546,457
<b>Receivables:</b>				
Service billings	133,146	—	—	133,146
Other receivables	—	93,674	22,056	115,730
<b>Restricted assets:</b>				
Equity in pooled cash and cash equivalents	—	560,000	—	560,000
<b>Total current assets</b>	<b>3,782,837</b>	<b>653,674</b>	<b>12,918,822</b>	<b>17,355,333</b>
<b>Noncurrent assets:</b>				
<b>Restricted assets:</b>				
Other receivables	1,256	—	6,860	8,116
<b>Capital assets:</b>				
Land	—	8,684,896	—	8,684,896
Buildings and improvements, net	—	2,663,313	183,037	2,846,350
Machinery and equipment, net	886,773	25,137	887,903	1,799,813
Infrastructure, net	11,395,476	—	—	11,395,476
<b>Total noncurrent assets</b>	<b>12,283,505</b>	<b>11,373,346</b>	<b>1,077,800</b>	<b>24,734,651</b>
<b>Total assets</b>	<b>16,066,342</b>	<b>12,027,020</b>	<b>13,996,622</b>	<b>42,089,984</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred refunding amount	—	34,686	—	34,686
<b>Total deferred outflows of resources</b>	<b>—</b>	<b>34,686</b>	<b>—</b>	<b>34,686</b>
<b>Total assets and deferred outflows of resources</b>	<b>16,066,342</b>	<b>12,061,706</b>	<b>13,996,622</b>	<b>42,124,670</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Due to other funds	—	2,713,897	—	2,713,897
Accounts payable	1,650	125,615	100,476	227,741
Accrued wages and benefits	28,405	—	41,672	70,077
<b>Total current liabilities</b>	<b>30,055</b>	<b>2,839,512</b>	<b>142,148</b>	<b>3,011,715</b>
<b>Current liabilities payable from restricted assets:</b>				
Note payable	—	497,000	—	497,000
<b>Total current liabilities payable from restricted assets</b>	<b>—</b>	<b>497,000</b>	<b>—</b>	<b>497,000</b>
<b>Total current liabilities</b>	<b>30,055</b>	<b>3,336,512</b>	<b>142,148</b>	<b>3,508,715</b>
<b>Noncurrent liabilities:</b>				
Compensated absences	—	—	36,045	36,045
Refunding revenue note payable	—	2,217,000	—	2,217,000
LT Bond Payable	2,543,782	—	—	2,543,782
<b>Total noncurrent liabilities</b>	<b>2,543,782</b>	<b>2,217,000</b>	<b>36,045</b>	<b>4,796,827</b>
<b>Total liabilities</b>	<b>2,573,837</b>	<b>5,553,512</b>	<b>178,193</b>	<b>8,305,542</b>
<b>NET POSITION</b>				
Net investment in capital assets	9,738,467	8,694,032	1,070,940	19,503,439
<b>Restricted:</b>				
For debt service	—	560,000	—	560,000
Unrestricted	3,754,038	(2,745,838)	12,747,489	13,755,689
<b>Total net position</b>	<b>\$ 13,492,505</b>	<b>\$ 6,508,194</b>	<b>\$ 13,818,429</b>	<b>\$ 33,819,128</b>

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

**Howard County, Maryland**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2018**

	Broadband	Special Recreation Facility	Watershed Protection and Restoration	Total
<b>Operating revenues:</b>				
User charges	\$ 1,786,773	\$ —	\$ 10,811,582	\$ 12,598,355
Greens and cart fees	—	686,958	—	686,958
Range fees	—	50,887	—	50,887
Merchandise	—	73,841	—	73,841
Food and beverage	—	161,133	—	161,133
Miscellaneous sales and services	—	116,405	24,514	140,919
<b>Total operating revenues</b>	<b>1,786,773</b>	<b>1,089,224</b>	<b>10,836,096</b>	<b>13,712,093</b>
<b>Operating expenses:</b>				
Salaries and employee benefits	661,223	—	938,279	1,599,502
Contractual services	40,735	934,988	1,586,152	2,561,875
Supplies and materials	220	10,301	604	11,125
Business and travel	417	—	819	1,236
Share of county administrative expenses	—	—	1,253,122	1,253,122
Other administrative	—	—	82,294	82,294
Depreciation expense	707,145	150,942	97,423	955,510
<b>Total operating expenses</b>	<b>1,409,740</b>	<b>1,096,231</b>	<b>3,958,693</b>	<b>6,464,664</b>
<b>Operating income (loss)</b>	<b>377,033</b>	<b>(7,007)</b>	<b>6,877,403</b>	<b>7,247,429</b>
<b>Nonoperating revenues (expenses):</b>				
Interest on investments	44,511	(14,359)	203,605	233,757
Interest expense	(10,935)	(73,710)	—	(84,645)
Other, net	—	(36,233)	—	(36,233)
<b>Total nonoperating revenues (expenses)</b>	<b>33,576</b>	<b>(124,302)</b>	<b>203,605</b>	<b>112,879</b>
<b>Net income (loss) before contributions and transfers</b>	<b>410,609</b>	<b>(131,309)</b>	<b>7,081,008</b>	<b>7,360,308</b>
Capital contribution	543,859	—	—	543,859
Transfers in	1,280,919	—	—	1,280,919
Transfers out	(2,539,959)	(4,141)	(7,888,452)	(10,432,552)
<b>Change in net position</b>	<b>(304,572)</b>	<b>(135,450)</b>	<b>(807,444)</b>	<b>(1,247,466)</b>
Net position - beginning	13,797,077	6,643,644	14,625,873	35,066,594
<b>Net position - ending</b>	<b>\$ 13,492,505</b>	<b>\$ 6,508,194</b>	<b>\$ 13,818,429</b>	<b>\$ 33,819,128</b>

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

**Howard County, Maryland**  
**Combining Statement of Cash Flows**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2018**

	Broadband	Special Recreation Facility	Watershed Protection and Restoration	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 1,757,891	\$ 1,279,760	\$ 10,817,998	\$ 13,855,649
Cash paid to suppliers	(46,957)	(1,343,915)	(1,351,270)	(2,742,142)
Cash paid to / for employees	(664,338)	—	(928,418)	(1,592,756)
Cash paid for interfund services used	(1,702)	—	(478,307)	(480,009)
Other operating disbursements	(1,256)	—	(1,032,624)	(1,033,880)
Net cash provided by (used for) operating activities	1,043,638	(64,155)	7,027,379	8,006,862
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund payable	—	648,009	—	648,009
Interfund operating transfers in (out)	(1,259,040)	(4,141)	(7,888,452)	(9,151,633)
Net cash provided by (used for) noncapital financing activities	(1,259,040)	643,868	(7,888,452)	(8,503,624)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale of county bonds	2,543,782	—	—	2,543,782
Proceeds from sale of assets	478,082	—	—	478,082
Acquisition and construction of capital assets	(1,184,003)	(6,644)	(182,061)	(1,372,708)
Interest paid	(10,935)	—	—	(10,935)
Payment of long-term debt principal	—	(485,000)	—	(485,000)
Interest paid on long-term debt	—	(73,710)	—	(73,710)
Net cash (used for) capital and related financing activities	1,826,926	(565,354)	(182,061)	1,079,511
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	44,511	(14,359)	203,605	233,757
Net cash provided by (used for) investing activities	44,511	(14,359)	203,605	233,757
Net increase (decrease) in cash and cash equivalents	1,656,035	—	(839,529)	816,506
Balances - beginning of the year	1,993,656	560,000	13,736,295	16,289,951
Balances - end of the year	\$ 3,649,691	\$ 560,000	\$ 12,896,766	\$ 17,106,457
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating (loss) income	\$ 377,033	\$ (7,007)	\$ 6,877,403	\$ 7,247,429
<b>Adjustments to reconcile operating income to net cash:</b>				
Depreciation expense	707,145	150,942	97,423	955,510
<b>Effect of changes in operating assets and liabilities:</b>				
Accounts and other receivables	(30,138)	190,535	(24,957)	135,440
Inventories	—	41,174	—	41,174
Accounts payable	(7,704)	(439,799)	66,963	(380,540)
Accrued wages and benefits	(2,698)	—	(406)	(3,104)
Compensated absences	—	—	10,953	10,953
Total adjustments	666,605	(57,148)	149,976	759,433
Net cash provided by (used in) operating activities	\$ 1,043,638	\$ (64,155)	\$ 7,027,379	\$ 8,006,862

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



### **PepsiCo Tour**

Howard County Executive Allan H. Kittleman tours a PepsiCo distribution facility in Columbia. PepsiCo is one of the world's leading food and beverage companies with more than \$63 billion in net revenue in 2017.

## **Internal Service Funds**

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



**Howard County, Maryland**  
**Combining Statement of Net Position**  
**Internal Services Funds**  
**June 30, 2018**

	Employee Benefits Self-Insurance	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Total
<b>ASSETS</b>					
<b>Current assets:</b>					
Equity in pooled cash	\$ 10,936,882	\$ 11,282,195	\$ 5,940,050	\$ 18,387,608	\$ 46,546,735
Other receivables	1,819,229	262,161	4,389	304,494	2,390,273
Prepaid expenses	—	5,045	—	—	5,045
Materials and supplies	—	1,235,823	171,773	—	1,407,596
<b>Total current assets</b>	<b>12,756,111</b>	<b>12,785,224</b>	<b>6,116,212</b>	<b>18,692,102</b>	<b>50,349,649</b>
<b>Noncurrent assets:</b>					
<b>Capital assets:</b>					
Buildings and improvements, net	—	1,168,924	937,750	—	2,106,674
Machinery and equipment, net	—	21,762,646	19,185,943	2,488	40,951,077
<b>Total noncurrent assets</b>	<b>—</b>	<b>22,931,570</b>	<b>20,123,693</b>	<b>2,488</b>	<b>43,057,751</b>
<b>Total assets</b>	<b>12,756,111</b>	<b>35,716,794</b>	<b>26,239,905</b>	<b>18,694,590</b>	<b>93,407,400</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	867,947	421,332	2,699,494	180,074	4,168,847
Accrued wages and benefits	33,142	224,376	459,619	29,097	746,234
Compensated absences	—	8,100	4,689	—	12,789
Deposits and connection fees	—	—	68,240	—	68,240
Unpaid insurance claims	2,965,613	—	—	4,647,996	7,613,609
Current portion capital lease obligation	—	255,076	—	—	255,076
Unearned revenue	—	—	7,502	—	7,502
<b>Total current liabilities</b>	<b>3,866,702</b>	<b>908,884</b>	<b>3,239,544</b>	<b>4,857,167</b>	<b>12,872,297</b>
<b>Noncurrent liabilities:</b>					
Compensated absences	19,947	295,374	661,523	33,343	1,010,187
Unpaid insurance claims	60,523	—	—	10,837,190	10,897,713
Long-term capital lease obligation	—	674,836	—	—	674,836
<b>Total noncurrent liabilities</b>	<b>80,470</b>	<b>970,210</b>	<b>661,523</b>	<b>10,870,533</b>	<b>12,582,736</b>
<b>Total liabilities</b>	<b>3,947,172</b>	<b>1,879,094</b>	<b>3,901,067</b>	<b>15,727,700</b>	<b>25,455,033</b>
<b>NET POSITION</b>					
Net investment in capital assets	—	22,001,658	20,123,693	2,488	42,127,839
Unrestricted	8,808,939	11,836,042	2,215,145	2,964,402	25,824,528
<b>Total net position</b>	<b>\$ 8,808,939</b>	<b>\$ 33,837,700</b>	<b>\$ 22,338,838</b>	<b>\$ 2,966,890</b>	<b>\$ 67,952,367</b>

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

**Howard County, Maryland**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2018**

	Employee Benefits Self-Insurance	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Total
<b>Operating revenues:</b>					
User charges	\$ 62,317,949	\$ 17,843,026	\$ 24,164,776	\$ 10,737,418	\$ 115,063,169
Insurance recoveries	—	—	—	322,430	322,430
Miscellaneous sales and services	—	583,210	1,292,628	(2,713)	1,873,125
<b>Total operating revenues</b>	<b>62,317,949</b>	<b>18,426,236</b>	<b>25,457,404</b>	<b>11,057,135</b>	<b>117,258,724</b>
<b>Operating expenses:</b>					
Salaries and employee benefits	410,097	3,952,256	9,626,115	890,828	14,879,296
Contractual services	703,680	1,212,681	11,673,119	444,561	14,034,041
Supplies and materials	—	2,044,810	2,803,943	27,211	4,875,964
Business and travel	—	6,650	368,388	1,675	376,713
Vehicle fuels and supplies	—	3,420,385	52,992	8,322	3,481,699
Share of County administrative expenses	4,180	386,599	22,774	496,036	909,589
Insurance claims	52,267,933	319	—	6,259,308	58,527,560
Other administrative	2,231,012	—	—	54,333	2,285,345
Depreciation expense	—	4,595,108	3,331,406	1,028	7,927,542
<b>Total operating expenses</b>	<b>55,616,902</b>	<b>15,618,808</b>	<b>27,878,737</b>	<b>8,183,302</b>	<b>107,297,749</b>
<b>Operating income (loss)</b>	<b>6,701,047</b>	<b>2,807,428</b>	<b>(2,421,333)</b>	<b>2,873,833</b>	<b>9,960,975</b>
<b>Nonoperating revenues (expenses):</b>					
Interest on investments	84,020	116,623	36,849	168,366	405,858
Interest expense	—	(20,335)	—	—	(20,335)
Capital contributions disbursed	—	—	—	(15,931)	(15,931)
<b>Total nonoperating revenues (expenses)</b>	<b>84,020</b>	<b>96,288</b>	<b>36,849</b>	<b>152,435</b>	<b>369,592</b>
<b>Net income (loss) before contributions and transfers</b>	<b>6,785,067</b>	<b>2,903,716</b>	<b>(2,384,484)</b>	<b>3,026,268</b>	<b>10,330,567</b>
Capital contributions	—	240,005	4,795,279	—	5,035,284
Transfers out	(84,020)	(116,623)	(1,195,301)	—	(1,395,944)
<b>Change in net position</b>	<b>6,701,047</b>	<b>3,027,098</b>	<b>1,215,495</b>	<b>3,026,268</b>	<b>13,969,907</b>
<b>Net position - beginning</b>	<b>2,107,892</b>	<b>30,810,602</b>	<b>21,123,343</b>	<b>(59,378)</b>	<b>53,982,459</b>
<b>Net position - ending</b>	<b>\$ 8,808,939</b>	<b>\$ 33,837,700</b>	<b>\$ 22,338,838</b>	<b>\$ 2,966,890</b>	<b>\$ 67,952,367</b>

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

**Howard County, Maryland**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2018**

	Employee Benefits Self-Insurance	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 61,750,150	\$ 18,446,977	\$ 25,521,543	\$ 11,012,646	\$ 116,731,316
Cash paid to suppliers	(54,593,845)	(5,958,005)	(5,176,040)	(6,305,802)	(72,033,692)
Cash paid to / for employees	(402,608)	(3,926,786)	(10,011,365)	(900,633)	(15,241,392)
Cash paid for quasi-external transactions	(65,463)	(1,680,328)	(7,539,355)	(60,055)	(9,345,201)
Other operating cash disbursements	—	—	(75,433)	(454,638)	(530,071)
Net cash provided by operating activities	6,688,234	6,881,858	2,719,350	3,291,518	19,580,960
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating subsidies and transfers to other funds	(84,020)	(116,623)	(1,195,301)	—	(1,395,944)
Net cash used for noncapital financing activities	(84,020)	(116,623)	(1,195,301)	—	(1,395,944)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	—	(5,393,644)	488,607	(11,595)	(4,916,632)
Capital contributions	—	(20,335)	—	—	(20,335)
Payment of long-term debt principal	—	(255,075)	—	—	(255,075)
Net cash (used for) provided by capital and related financing activities	—	(5,669,054)	488,607	(11,595)	(5,192,042)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	84,020	116,623	36,849	168,366	405,858
Net cash (used for) provided by investing activities	84,020	116,623	36,849	168,366	405,858
Net increase in cash and cash equivalents	6,688,234	1,212,804	2,049,505	3,448,289	13,398,832
Cash and cash equivalents - beginning of the year	4,248,648	10,069,391	3,890,545	14,939,319	33,147,903
Cash and cash equivalents - end of the year	\$ 10,936,882	\$ 11,282,195	\$ 5,940,049	\$ 18,387,608	\$ 46,546,735
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 6,701,047	\$ 2,807,428	\$ (2,421,333)	\$ 2,873,833	\$ 9,960,975
<b>Adjustments to reconcile operating income to net cash provided by (used for) operating activities:</b>					
Depreciation expense	—	4,595,108	3,331,406	1,028	7,927,542
<b>Effect of changes in operating assets and liabilities:</b>					
Accounts and other receivables	(567,799)	20,740	64,138	(44,490)	(527,411)
Prepaid expenses	—	8,942	—	—	8,942
Inventories	—	(167,744)	16,090	—	(151,654)
Accounts payable	167,158	(414,929)	1,743,637	(53,626)	1,442,240
Accrued wages and benefits	4,006	27,330	(3,466)	(8,023)	19,847
Compensated absences	3,482	4,983	(13,396)	(107)	(5,038)
Deposits and connection fees	—	—	(2,000)	—	(2,000)
Unpaid insurance claims	380,340	—	—	522,903	903,243
Total adjustments	(12,813)	4,074,430	5,140,683	417,685	9,619,985
Net cash provided by operating activities	\$ 6,688,234	\$ 6,881,858	\$ 2,719,350	\$ 3,291,518	\$ 19,580,960

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



## **RTA Buses**

Howard County is a partner in the Regional Transportation Agency (RTA) of Central Maryland. The County's Office of Transportation has been working with the RTA to secure the funding to update and modernize the fleet.

## **Fiduciary Funds**

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



**Howard County, Maryland**  
**Combining Statement of Net Position**  
**Pension and Other Post-Employment Benefits Trust Funds**  
**June 30, 2018**

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post- Employment Benefits Fund	Total
<b>ASSETS</b>				
<b>Receivables:</b>				
Interest and dividends	\$ 463,927	\$ 591,408	\$ 334	\$ 1,055,669
Employer contributions	900,000	1,491,341	—	2,391,341
Member contributions	255,729	424,656	—	680,385
Sale of investments	103,119	131,596	—	234,715
Other	6,086	7,767	98,149	112,002
<b>Investments, at fair value:</b>				
Cash	—	—	57,989	57,989
Equities	194,314,524	247,976,438	—	442,290,962
Alternative investments	107,331,850	136,972,621	—	244,304,471
Mutual funds	—	—	129,733,283	129,733,283
Money market funds	5,889,213	7,538,730	160,841	13,588,784
Fixed income securities	123,475,076	157,573,961	—	281,049,037
Real assets	15,484,549	19,760,764	—	35,245,313
Prepaid insurance	19,761	24,554	—	44,315
<b>Total assets</b>	<b>448,243,834</b>	<b>572,493,836</b>	<b>130,050,596</b>	<b>1,150,788,266</b>
<b>LIABILITIES</b>				
Investments purchased	167,020	213,144	—	380,164
Other	317,304	378,656	625,561	1,321,521
<b>Total liabilities</b>	<b>484,324</b>	<b>591,800</b>	<b>625,561</b>	<b>1,701,685</b>
<b>NET POSITION</b>				
Net position held in trust for pension and other post-employment benefits	\$ 447,759,510	\$ 571,902,036	\$ 129,425,035	\$ 1,149,086,581

**Howard County, Maryland**  
**Combining Statement of Changes in Net Assets**  
**Pension and Other Post Employment Benefits Trust Funds**  
**For the Year Ended June 30, 2018**

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post- Employment Benefits Fund	Total
<b>ADDITIONS</b>				
<b>Contributions:</b>				
Employer	\$ 14,841,120	\$ 26,337,085	\$ 38,626,741	\$ 79,804,946
Member	4,155,758	7,859,400	—	12,015,158
<b>Total contributions</b>	<b>18,996,878</b>	<b>34,196,485</b>	<b>38,626,741</b>	<b>91,820,104</b>
<b>Investment income (expense):</b>				
Net change in fair value of investments	25,822,801	33,887,301	6,826,045	66,536,147
Interest	2,011,702	2,533,310	24,929	4,569,941
Dividends	9,324,118	11,812,098	2,628,296	23,764,512
Other	55,151	69,769	—	124,920
Investment expense	(1,405,827)	(1,742,390)	(279,293)	(3,427,510)
Net investment income	35,807,945	46,560,088	9,199,977	91,568,010
<b>Total additions</b>	<b>54,804,823</b>	<b>80,756,573</b>	<b>47,826,718</b>	<b>183,388,114</b>
<b>DEDUCTIONS</b>				
Benefits	16,809,399	24,755,084	22,626,741	64,191,224
Administrative expenses	350,799	355,240	55,594	761,633
<b>Total deductions</b>	<b>17,160,198</b>	<b>25,110,324</b>	<b>22,682,335</b>	<b>64,952,857</b>
Change in net position	37,644,625	55,646,249	25,144,383	118,435,257
Net position - beginning of year	410,114,885	516,255,787	104,280,652	1,030,651,324
Net position - end of year	\$ 447,759,510	\$ 571,902,036	\$ 129,425,035	\$ 1,149,086,581

**Howard County, Maryland**  
**Combining Statement of Assets and Liabilities**  
**Agency Funds**  
**June 30, 2018**

	<u>Multifarious Fund</u>	<u>Road Surety Deposit Fund</u>	<u>State Property Tax and Interest Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Equity in pooled cash	\$ 381,922	\$ 5,766,486	\$ 1,618,463	\$ 7,766,871
Property taxes receivable	—	—	425,119	425,119
<b>Total assets</b>	<b>381,922</b>	<b>5,766,486</b>	<b>2,043,582</b>	<b>8,191,990</b>
<b>LIABILITIES</b>				
Accounts payable	—	63,910	2,043,582	2,107,492
Deposits	379,615	5,702,576	—	6,082,191
Other liabilities	2,307	—	—	2,307
<b>Total liabilities</b>	<b>\$ 381,922</b>	<b>\$ 5,766,486</b>	<b>\$ 2,043,582</b>	<b>\$ 8,191,990</b>

**Howard County, Maryland**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2018**

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<b>Multifarious Fund</b>				
<b>ASSETS</b>				
Equity in pooled cash and cash equivalents	\$ 363,230	48,761	30,069	\$ 381,922
<b>Total assets</b>	<b>363,230</b>	<b>48,761</b>	<b>30,069</b>	<b>381,922</b>
<b>LIABILITIES</b>				
Deposits	355,623	48,761	24,769	379,615
Other liabilities	7,607	—	5,300	2,307
<b>Total liabilities</b>	<b>363,230</b>	<b>48,761</b>	<b>30,069</b>	<b>381,922</b>
<b>Road Surety Deposit Fund</b>				
<b>ASSETS</b>				
Equity in pooled cash and cash equivalents	5,958,613	2,004,056	2,196,183	5,766,486
<b>Total assets</b>	<b>5,958,613</b>	<b>2,004,056</b>	<b>2,196,183</b>	<b>5,766,486</b>
<b>LIABILITIES</b>				
Accounts payable	457,837	5,798,893	6,192,820	63,910
Deposits	5,500,776	1,919,180	1,717,380	5,702,576
<b>Total liabilities</b>	<b>5,958,613</b>	<b>7,718,073</b>	<b>7,910,200</b>	<b>5,766,486</b>
<b>State Property Tax and Interest Fund</b>				
<b>ASSETS</b>				
Equity in pooled cash and cash equivalents	1,747,857	189,551,321	189,680,715	1,618,463
Property taxes receivable	414,593	135,382,402	135,371,876	425,119
<b>Total assets</b>	<b>2,162,450</b>	<b>324,933,723</b>	<b>325,052,591</b>	<b>2,043,582</b>
<b>LIABILITIES</b>				
Accounts payable	2,162,450	262,745,003	262,863,871	2,043,582
<b>Total liabilities</b>	<b>2,162,450</b>	<b>262,745,003</b>	<b>262,863,871</b>	<b>2,043,582</b>
<b>Total Agency Funds</b>				
<b>ASSETS</b>				
Equity in pooled cash and cash equivalents	8,069,700	191,604,138	191,906,967	7,766,871
Property taxes receivable	414,593	135,382,402	135,371,876	425,119
<b>Total assets</b>	<b>8,484,293</b>	<b>326,986,540</b>	<b>327,278,843</b>	<b>8,191,990</b>
<b>LIABILITIES</b>				
Accounts payable	2,620,287	268,543,896	269,056,691	2,107,492
Deposits	5,856,399	1,967,941	1,742,149	6,082,191
Other liabilities	7,607	—	5,300	2,307
<b>Total liabilities</b>	<b>\$ 8,484,293</b>	<b>270,511,837</b>	<b>270,804,140</b>	<b>\$ 8,191,990</b>

**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, 2018**

Function and Activity	Improvements					Construction In Progress	Total
	Land and Land Improvements	Buildings	Other Than Buildings	Equipment			
<b>General government:</b>							
County executive	\$ —	\$ —	\$ 7,314	\$ —	\$ —	\$ —	\$ 7,314
Technology and communication	—	—	—	5,586,895	—	—	5,586,895
Finance	—	—	—	2,033,222	—	—	2,033,222
County administration	—	—	32,457,859	639,741	—	—	33,097,600
<b>Total general government</b>	<b>—</b>	<b>—</b>	<b>32,465,173</b>	<b>8,259,858</b>	<b>—</b>	<b>—</b>	<b>40,725,031</b>
<b>Public safety:</b>							
Corrections	—	—	—	383,615	—	—	383,615
Fire	5,710,331	50,056,945	9,784,146	42,616,185	—	—	108,167,607
Police	—	7,102,813	4,452,304	12,413,726	—	—	23,968,843
<b>Total public safety</b>	<b>5,710,331</b>	<b>57,159,758</b>	<b>14,236,450</b>	<b>55,413,526</b>	<b>—</b>	<b>—</b>	<b>132,520,065</b>
<b>Public facilities:</b>							
Public works	327,674,363	187,132,873	615,764,463	12,617,146	—	—	1,143,188,845
Planning and zoning	13,476	—	323,225	322,890	—	—	659,591
Inspections, licenses and permits	—	—	—	2,788,579	—	—	2,788,579
Transportation	2,679,368	12,146,655	283,461	13,686,338	—	—	28,795,822
<b>Total public facilities</b>	<b>330,367,207</b>	<b>199,279,528</b>	<b>616,371,149</b>	<b>29,414,953</b>	<b>—</b>	<b>—</b>	<b>1,175,432,837</b>
<b>Legislative and judicial:</b>							
Board of elections	—	—	—	—	—	—	—
Circuit court	—	—	63,560	77,383	—	—	140,943
County council	—	—	—	32,616	—	—	32,616
State's attorney	—	—	—	59,229	—	—	59,229
Sheriff	—	25,434	—	229,868	—	—	255,302
<b>Total legislative and judicial</b>	<b>—</b>	<b>25,434</b>	<b>63,560</b>	<b>399,096</b>	<b>—</b>	<b>—</b>	<b>488,090</b>
<b>Community services:</b>							
Citizen services	—	—	176,213	190,154	—	—	366,367
Health department	—	—	374,202	1,485,119	—	—	1,859,321
Housing and community development	490,900	3,400,119	—	—	—	—	3,891,019
Library	3,164,668	94,681,178	6,658,856	209,830	—	—	104,714,532
<b>Total community services</b>	<b>3,655,568</b>	<b>98,081,297</b>	<b>7,209,271</b>	<b>1,885,103</b>	<b>—</b>	<b>—</b>	<b>110,831,239</b>
<b>Recreation and parks:</b>							
Recreation and parks	115,405,866	50,946,498	122,843,817	4,880,283	—	—	294,076,464
<b>Total recreation and parks</b>	<b>115,405,866</b>	<b>50,946,498</b>	<b>122,843,817</b>	<b>4,880,283</b>	<b>—</b>	<b>—</b>	<b>294,076,464</b>
<b>Agricultural land preservation:</b>							
Agricultural land easements	139,713,172	—	—	—	—	—	139,713,172
<b>Total agricultural land preservation</b>	<b>139,713,172</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>139,713,172</b>
<b>Construction in progress</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>70,541,932</b>	<b>—</b>	<b>70,541,932</b>
<b>Total governmental funds capital assets</b>	<b>\$ 594,852,144</b>	<b>\$ 405,492,515</b>	<b>\$ 793,189,420</b>	<b>\$ 100,252,819</b>	<b>\$ 70,541,932</b>	<b>\$ —</b>	<b>\$ 1,964,328,830</b>

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

**Howard County, Maryland**  
**Schedule of Changes By Function and Activity**  
**Capital Assets Used in the Operation of Governmental Funds**  
**For the Year Ended June 30, 2018**

Function and Activity	Balances		Assets		Balances		Allowance for Depreciation		Balances	
	June 30, 2017		Additions	Deductions	June 30, 2018		Additions	Deductions	June 30, 2018	
<b>General government:</b>										
County executive	\$ 7,314	—	—	—	\$ 7,314	\$ 5,357	489	—	\$ 5,846	
Technology and communication	7,474,795	—	1,887,900	—	5,586,895	7,458,623	15,120	1,887,900	5,585,843	
Finance	2,033,222	—	—	—	2,033,222	1,972,853	5,842	—	1,978,695	
County administration	33,074,611	22,989	—	—	33,097,600	28,045,605	1,637,155	—	29,682,760	
<b>Total general government</b>	<b>42,589,942</b>	<b>22,989</b>	<b>1,887,900</b>	<b>—</b>	<b>40,725,031</b>	<b>37,482,438</b>	<b>1,658,606</b>	<b>1,887,900</b>	<b>37,253,144</b>	
<b>Public safety:</b>										
Corrections	329,488	54,127	—	—	383,615	80,727	45,374	—	126,101	
Fire	86,140,488	22,725,056	697,937	—	108,167,607	35,250,612	4,302,272	683,836	38,869,048	
Police	22,338,294	1,752,953	122,404	—	23,968,843	10,306,667	1,091,522	118,704	11,279,485	
<b>Total public safety</b>	<b>108,808,270</b>	<b>24,532,136</b>	<b>820,341</b>	<b>—</b>	<b>132,520,065</b>	<b>45,638,006</b>	<b>5,439,168</b>	<b>802,540</b>	<b>50,274,634</b>	
<b>Public facilities:</b>										
Public works	1,094,619,772	50,950,018	2,380,945	—	1,143,188,845	322,257,792	26,167,582	1,751,840	346,673,534	
Planning and zoning	685,224	—	25,633	—	659,591	377,014	40,050	25,633	391,431	
Inspections, licenses and permits	2,778,629	9,950	—	—	2,788,579	2,736,079	6,213	—	2,742,292	
Transportation	23,803,303	5,953,134	960,615	—	28,795,822	8,128,468	1,346,111	929,177	8,545,402	
<b>Total public facilities</b>	<b>1,121,886,928</b>	<b>56,913,102</b>	<b>3,367,193</b>	<b>—</b>	<b>1,175,432,837</b>	<b>333,499,353</b>	<b>27,559,956</b>	<b>2,706,650</b>	<b>358,352,659</b>	
<b>Legislative and judicial:</b>										
County Council	—	32,616	—	—	32,616	—	4,271	—	4,271	
Circuit court	129,349	11,594	—	—	140,943	61,210	7,061	—	68,271	
States attorney	59,229	—	—	—	59,229	59,230	—	—	59,230	
Sheriff	244,487	10,815	—	—	255,302	124,592	16,142	—	140,734	
<b>Total legislative and judicial</b>	<b>433,065</b>	<b>55,025</b>	<b>—</b>	<b>—</b>	<b>488,090</b>	<b>245,032</b>	<b>27,474</b>	<b>—</b>	<b>272,506</b>	
<b>Community services:</b>										
Citizen services	336,471	29,896	—	—	366,367	127,328	28,021	—	155,349	
Health department	1,852,842	82,668	76,189	—	1,859,321	1,107,728	211,558	74,978	1,244,308	
Housing and community development	3,891,019	—	—	—	3,891,019	2,174,057	68,004	—	2,242,061	
Library	76,555,762	28,158,770	—	—	104,714,532	19,371,078	1,866,449	—	21,237,527	
<b>Total community services</b>	<b>82,636,094</b>	<b>28,271,334</b>	<b>76,189</b>	<b>—</b>	<b>110,831,239</b>	<b>22,780,191</b>	<b>2,174,032</b>	<b>74,978</b>	<b>24,879,245</b>	
<b>Recreation and parks:</b>										
Recreation and parks	267,458,005	27,476,878	1,037,182	—	293,897,701	58,781,120	5,897,739	256,100	64,422,759	
<b>Total recreation and parks</b>	<b>267,458,005</b>	<b>27,476,878</b>	<b>1,037,182</b>	<b>—</b>	<b>293,897,701</b>	<b>58,781,120</b>	<b>5,897,739</b>	<b>256,100</b>	<b>64,422,759</b>	
<b>Agricultural land preservation:</b>										
Agricultural land easements	136,441,768	3,271,404	—	—	139,713,172	—	—	—	—	
<b>Total agricultural land preservation</b>	<b>136,441,768</b>	<b>3,271,404</b>	<b>—</b>	<b>—</b>	<b>139,713,172</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	
<b>Total county government</b>	<b>1,760,254,072</b>	<b>140,542,868</b>	<b>7,010,042</b>	<b>—</b>	<b>1,893,786,898</b>	<b>498,426,140</b>	<b>42,756,975</b>	<b>5,728,168</b>	<b>535,454,947</b>	
<b>Construction in progress</b>	<b>78,098,481</b>	<b>108,173,508</b>	<b>115,730,057</b>	<b>—</b>	<b>70,541,932</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	
<b>Total governmental funds capital assets</b>	<b>\$ 1,838,352,553</b>	<b>248,716,376</b>	<b>122,740,099</b>	<b>—</b>	<b>\$ 1,964,328,830</b>	<b>\$ 498,426,140</b>	<b>42,756,975</b>	<b>5,728,168</b>	<b>\$ 535,454,947</b>	

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

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



**Howard County, Maryland**  
**Schedule of Capital Assets and Depreciation**  
**Schedule of Capital Assets Used in the Operation of Enterprise Funds**  
**For the Year Ended June 30, 2018**

	Balances		Assets		Balances		Allowance for Depreciation		Balances	
	June 30, 2017		Additions	Deductions	June 30, 2018	June 30, 2017	Additions	Deductions	June 30, 2018	
<b>Land:</b>										
Utility	\$ 3,068,642	—	—	—	\$ 3,068,642	\$ —	—	—	—	\$ —
Golf course	8,684,896	—	—	—	8,684,896	—	—	—	—	—
<b>Total land</b>	<b>11,753,538</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>11,753,538</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Buildings:</b>										
Utility	236,808,771	—	—	—	236,808,771	82,879,545	4,669,981	—	—	87,549,526
Golf course	1,058,133	—	—	—	1,058,133	527,461	21,163	—	—	548,624
Watershed	195,189	—	—	—	195,189	8,249	3,903	—	—	12,152
<b>Total buildings</b>	<b>238,062,093</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>238,062,093</b>	<b>83,415,255</b>	<b>4,695,047</b>	<b>—</b>	<b>—</b>	<b>88,110,302</b>
<b>Improvements other than buildings:</b>										
Utility	79,190,371	2,456,524	—	—	81,646,895	44,438,074	3,149,604	—	—	47,587,678
Golf course	2,368,920	—	—	—	2,368,920	96,671	118,446	—	—	215,117
<b>Total improvements</b>	<b>81,559,291</b>	<b>2,456,524</b>	<b>—</b>	<b>—</b>	<b>84,015,815</b>	<b>44,534,745</b>	<b>3,268,050</b>	<b>—</b>	<b>—</b>	<b>47,802,795</b>
<b>Machinery and equipment:</b>										
Utility	14,177,386	282,037	13,763	—	14,445,660	4,840,316	1,172,174	13,763	—	5,998,727
Golf course	337,997	6,644	17,995	—	326,646	308,172	11,333	17,995	—	301,510
Watershed	932,045	182,062	—	—	1,114,107	132,683	93,520	—	—	226,203
Broadband	357,673	925,495	—	—	1,283,168	22,418	373,976	—	—	396,394
<b>Total machinery and equipment</b>	<b>15,805,101</b>	<b>1,396,238</b>	<b>31,758</b>	<b>—</b>	<b>17,169,581</b>	<b>5,303,589</b>	<b>1,651,003</b>	<b>31,758</b>	<b>—</b>	<b>6,922,834</b>
<b>Infrastructure:</b>										
Utility	711,694,416	15,555,493	—	—	727,249,909	295,556,462	13,738,362	—	—	309,294,824
Broadband	13,458,917	722,623	—	—	14,181,540	2,054,557	731,508	—	—	2,786,065
<b>Total infrastructure</b>	<b>725,153,333</b>	<b>16,278,116</b>	<b>—</b>	<b>—</b>	<b>741,431,449</b>	<b>297,611,019</b>	<b>14,469,870</b>	<b>—</b>	<b>—</b>	<b>312,080,889</b>
<b>Grand total</b>	<b>\$ 1,072,333,356</b>	<b>20,130,878</b>	<b>31,758</b>	<b>\$1,092,432,476</b>	<b>\$ 430,864,608</b>	<b>24,083,970</b>	<b>31,758</b>	<b>\$ 454,916,820</b>		

Does not include \$19,544,799 of construction in progress.



## **BTS Biodigester**

BTS Biogas broke ground on an innovative, state of the art anaerobic digestion plant in Jessup. The plant will recycle organic waste and agricultural and food industry byproducts into electricity, thermal energy for heating and cooling, methane gas and organic fertilizers.

## **Long-Term Debt**

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



**Howard County, Maryland**  
**Schedule of Bonded and Other Long-Term Debt**  
**General**  
**June 30, 2018**

Type of Debt	Maturity	Rate of Interest	Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
<b>Consolidated Public Improvement Bonds</b>						
02/12/2004	2005-2024	2.00 - 5.00	\$ 112,305,000	\$ 15,550,000	\$ 788,500 *	\$ 16,338,500
04/08/2009	2010-2029	3.50 - 5.00	69,720,000	3,265,000	163,250	3,428,250
12/08/2009	2011-2022	2.00 - 5.00	85,860,000	50,915,000	4,725,950	55,640,950
03/16/2010	2011-2030	0.60 - 5.55	88,420,000	47,905,000	19,648,450	67,553,450
03/09/2011	2012-2031	4.00 - 5.00	111,115,000	4,900,000	245,000	5,145,000
11/17/2011	2012-2031	3.00 - 5.00	139,525,000	99,650,000	22,926,760	122,576,760
04/11/2012	2013-2032	2.00 - 4.00	37,370,000	1,640,000	131,200	1,771,200
04/04/2013	2014-2033	2.375 - 4.00	97,910,000	7,660,000	579,250	8,239,250
04/03/2014	2015-2034	3.00 - 5.00	112,365,000	32,205,001	5,119,250	37,324,251
04/22/2015	2016-2035	3.00 - 5.00	136,770,000	124,400,000	38,141,950	162,541,950
03/30/2016	2017-2036	3.00 - 5.00	96,260,000 ***	90,845,000	34,248,450	125,093,450
04/25/2017	2018-2037	3.25 - 5.00	274,310,000	269,105,000	111,286,570	380,391,570
12/21/2017	2018-2044	3.00 - 5.00	184,440,000	184,415,000	88,306,950	272,721,950
04/18/2018	2019-2048	3.25 - 5.00	129,890,000	129,890,000	61,633,964	191,523,964
<b>Total Consolidated Public Improvement Bonds</b>			<b>1,676,260,000</b>	<b>1,062,345,001</b>	<b>387,945,494</b>	<b>1,450,290,495</b>
<b>Tax increment financing bonds</b>	<b>2018-2047</b>	<b>4.80 - 6.10</b>	<b>65,225,000</b>	<b>65,165,000</b>	<b>62,292,197</b>	<b>127,457,197</b>
<b>Compensated absences</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>26,323,557</b>	<b>n/a</b>	<b>26,323,557</b>
<b>Capital leases</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>35,011,551</b>	<b>n/a</b>	<b>35,011,551</b>
<b>Landfill closure obligations</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>23,085,000</b>	<b>n/a</b>	<b>23,085,000</b>
<b>Agricultural land preservation program</b>	<b>2018-2037</b>	<b>2.19 - 8.60</b>	<b>n/a</b>	<b>97,715,767</b>	<b>24,064,466</b>	<b>121,780,233</b>
<b>Total debt</b>			<b>\$ 1,741,485,000</b>	<b>\$1,309,645,876 **</b>	<b>\$ 474,302,157</b>	<b>\$ 1,783,948,033</b>

\* Includes administrative fees.

\*\* Does not include deferred refunding premium liability of \$140,958,111, unamortized bond discount of (\$25,404), unpaid claims of \$18,511,322, net OPEB liability of \$321,573,764, net LOSAP liability of \$22,648,821 and net pension liability of \$153,482,520 and other non-current liabilities of \$3,639,358, included in the Statement of Net Position.

\*\*\* Adjusted to reflect debt related to Broadband in Enterprise Funds.

**Howard County, Maryland**  
**Schedule of Changes in General Long-Term Debt**  
**Long-Term Obligations**  
**For the Year Ended June 30, 2018**

	Balance				Balance
	June 30, 2017	Issued	Refunded	Retired	June 30, 2018
<b>General county bonds:</b>					
General improvement	\$ 321,808,364 **	\$ 115,345,400	\$ 65,924,251	\$ 17,509,710	\$ 353,719,803
Storm drain	36,516,975	6,918,450	5,723,936	1,762,373	35,949,116
Police department	5,928,045	1,060,344	75,784	393,568	6,519,037
Fire department	19,429,078	16,696,558	8,543,962	1,000,822	26,580,852
Schools	476,245,575	122,060,096	93,202,535	29,666,704	475,436,432
Community renewal	1,906,201	754,361	839,822	138,825	1,681,915
Recreation and parks	50,642,357	14,683,395	9,541,062	2,149,209	53,635,481
Community college	98,928,406	36,811,396	21,483,648	5,433,789	108,822,365
<b>Total Bonds</b>	<b>1,011,405,001</b>	<b>314,330,000</b>	<b>205,335,000</b>	<b>58,055,000</b>	<b>1,062,345,001</b>
<b>Other long-term debt</b>					
Tax increment financing	16,980,000	48,225,000	—	40,000	65,165,000
Compensated absences	25,712,254	1,262,914	—	651,611	26,323,557
Capital Leases	24,802,374	14,598,185	—	4,389,008	35,011,551
Landfill closure obligation	23,988,000	—	—	903,000	23,085,000
Agricultural land preservation program	100,122,836	3,095,670	—	5,502,739	97,715,767
<b>Total other long-term debt</b>	<b>191,605,464</b>	<b>67,181,769</b>	<b>—</b>	<b>11,486,358</b>	<b>247,300,875</b>
<b>Total long-term debt</b>	<b>\$ 1,203,010,465</b>	<b>\$ 381,511,769</b>	<b>\$ 205,335,000</b>	<b>\$ 69,541,358</b>	<b>\$ 1,309,645,876</b>

\* Does not include deferred refunding premium liability of \$140,958,111, unamortized bond discount of (\$25,404), unpaid claims of \$18,511,322 (including \$7,613,609 due within one year), other non-current liabilities of \$3,639,358, net OPEB liability of \$321,573,764, net LOSAP liability of \$22,648,821 and net pension liability of \$153,482,520 included in the Statement of Net Position.

\*\* Adjusted to reflect debt related to Broadband in Enterprise Funds.

**Howard County, Maryland**  
**Schedule of Bonded and Other Long-Term Debt**  
**Enterprise Fund**  
**June 30, 2018**

Date of Issue	Maturity	Rate of Interest	Amount Issued	Outstanding	Interest Payable to Maturity	Total Due to Maturity
<b>Metropolitan district bonds:</b>						
12/19/2007	2009-2029	3.75 - 4.36	\$ 11,980,000	\$ —	\$ —	\$ —
04/08/2009	2010-2029	3.00 - 5.00	26,240,000	1,255,000	50,200	1,305,200
12/08/2009	2011-2030	1.00 - 4.00	7,255,000	6,775,000	1,878,022	8,653,022
03/09/2011	2012-2041	4.00 - 4.75	49,990,000	1,140,000	45,600	1,185,600
11/17/2011	2012-2041	3.00 - 5.00	36,245,000	17,480,000	6,493,038	23,973,038
04/11/2012	2013-2037	3.00 - 4.00	19,970,000	1,300,000	58,800	1,358,800
04/04/2013	2014-2038	2.375 - 4.00	39,155,000	17,190,000	6,466,950	23,656,950
04/03/2014	2015-2044	2.00 - 4.00	22,055,000	9,490,000	3,465,317	12,955,317
04/22/2015	2016-2045	2.00 - 5.00	31,015,000	23,645,000	13,164,191	36,809,191
03/15/2016	2017-2046	3.125 - 5.00	26,190,000	25,270,000	13,423,313	38,693,313
04/25/2017	2018-2047	3.00 - 5.00	81,515,000	80,460,000	40,948,614	121,408,614
12/21/2017	2018-2044	3.00 - 5.00	56,075,000	55,425,000	25,525,775	80,950,775
04/18/2018	2019-2048	2.50 - 5.00	38,150,000	38,150,000	26,336,627	64,486,627
<b>Total metropolitan district bonds</b>			<b>445,835,000</b>	<b>277,580,000</b>	<b>137,856,447</b>	<b>415,436,447</b>
MD water quality 10/18/00	2000-2022	2.40	34,000,000	8,147,187	907,389 *	9,054,576
MD water quality 01/29/02	2002-2024	2.00	21,329,363	6,865,803	810,375 *	7,676,178
MD water quality 10/1/08	2009-2029	2.30	1,197,362	646,177	128,231 *	774,408
MD water quality 11/19/09	2010-2031	1.00	3,443,711	2,297,093	278,821 *	2,575,914
<b>Total water quality</b>			<b>59,970,436</b>	<b>17,956,260</b>	<b>2,124,816</b>	<b>20,081,076</b>
Broadband 03/15/16	2,021	2.00	1,510,000 ***	1,510,000	90,600	1,600,600
Broadband 04/18/18	2,023	3.00	1,025,000	1,025,000	148,369	1,173,369
<b>Total Broadband</b>			<b>2,535,000</b>	<b>2,535,000</b>	<b>238,969</b>	<b>2,773,969</b>
Special recreation facility bonds	2012-2022	2.48	5,400,000	2,714,000	172,941	2,886,941
Compensated absences	n/a	n/a	n/a	889,638	n/a	889,638
Major water and sewer agreements	n/a	n/a	n/a	922,923	n/a	922,923
<b>Total debt</b>			<b>\$ 513,740,436</b>	<b>\$ 302,597,821</b>	<b>** \$ 140,393,173</b>	<b>\$ 442,990,994</b>

\* Includes administrative fees.

\*\*Does not include deferred refunding premium of \$24,038,642, net OPEB liability of \$18,409,093, and net pension liability of \$2,321,197 included in the Statement of Net Position.

\*\*\*Adjusted to reflect debt related to Broadband in Enterprise Funds.

**Howard County, Maryland**  
**Schedule of Changes in Bonded Long-Term Debt**  
**Enterprise Fund**  
**For the Year Ended June 30, 2018**

	Balance June 30, 2017	Issued	Refunded	Retired	Balance June 30, 2018
<b>Metropolitan district bonds:</b>					
12/19/2007	\$ 8,710,000	\$ —	\$ 8,210,000	\$ 500,000	\$ —
04/08/2009	3,765,000	—	1,305,000	1,205,000	1,255,000
12/08/2009	6,910,000	—	—	135,000	6,775,000
03/09/2011	3,420,000	—	1,185,000	1,095,000	1,140,000
11/17/2011	27,175,000	—	7,410,000	2,285,000	17,480,000
04/11/2012	17,045,000	—	15,125,000	620,000	1,300,000
04/04/2013	33,035,000	—	14,205,000	1,640,000	17,190,000
04/03/2014	18,715,000	—	7,840,000	1,385,000	9,490,000
04/22/2015	29,655,000	—	5,100,000	910,000	23,645,000
03/15/2016	25,685,000	—	—	415,000	25,270,000
04/25/2017	81,515,000	—	—	1,055,000	80,460,000
12/21/2017	—	56,075,000	—	650,000	55,425,000
04/18/2018	—	38,150,000	—	—	38,150,000
<b>Total Bonds</b>	<b>255,630,000</b>	<b>94,225,000</b>	<b>60,380,000</b>	<b>11,895,000</b>	<b>277,580,000</b>
<b>Other long-term debt</b>					
MD water quality 10/18/00	10,066,055	—	—	1,918,868	8,147,187
MD water quality 01/29/02	8,037,096	—	—	1,171,293	6,865,803
MD water quality 10/1/08	698,331	—	—	52,154	646,177
MD water quality 11/19/09	2,465,825	—	—	168,732	2,297,093
<b>Total other long-term debt</b>	<b>21,267,307</b>	<b>—</b>	<b>—</b>	<b>3,311,047</b>	<b>17,956,260</b>
Broadband 03/15/16	1,510,000 **	—	—	—	1,510,000
Broadband 04/18/18	—	1,025,000	—	—	1,025,000
<b>Total Broadband</b>	<b>1,510,000</b>	<b>1,025,000</b>	<b>—</b>	<b>—</b>	<b>2,535,000</b>
<b>Special recreation facility bonds</b>	<b>3,199,000</b>	<b>—</b>	<b>—</b>	<b>485,000</b>	<b>2,714,000</b>
<b>Compensated absences</b>	<b>794,630</b>	<b>100,231</b>	<b>—</b>	<b>5,223</b>	<b>889,638</b>
<b>Major water and sewer agreements</b>	<b>737,054</b>	<b>592,595</b>	<b>—</b>	<b>406,726</b>	<b>922,923</b>
<b>Total long-term debt</b>	<b>\$ 283,137,991</b>	<b>\$ 95,942,826</b>	<b>\$ 60,380,000</b>	<b>\$ 16,102,996</b>	<b>\$ 302,597,821 *</b>

\*Does not include deferred refunding premium of \$24,038,642, net OPEB liability of \$18,409,093, and net pension liability of \$2,321,197 included in the Statement of Net Position.

\*\* Adjusted to reflect debt related to Broadband in Enterprise Funds.

## **Statistical Section**

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



## Statistical Section (Unaudited)

### Index

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

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

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

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

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



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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Net investment in capital assets	\$ 669,410,210	\$ 735,346,804	\$ 780,074,223	\$ 716,222,072	\$ 740,258,162	\$ 755,904,065	\$ 754,407,588	\$ 772,350,290	\$ 834,114,554	\$ 826,399,982
Restricted	161,806,930	163,458,570	83,470,483	82,432,184	94,955,786	109,207,649	99,723,862	109,620,128	114,206,491	153,326,501
Unrestricted (a)	(442,781,138)	(629,621,547)	(619,606,891)	(620,794,431)	(727,260,025)	(905,160,838)	(950,355,750)	(991,153,043)	(1,207,393,428)	(1,003,960,300)
Subtotal governmental activities net position	388,436,002	269,183,827 (c)	243,937,815 (d)	177,859,825 (e)	107,953,923	(40,049,124) (f)	(96,224,300)	(109,182,625)	(259,072,383)	(24,233,817)
<b>Business-type activities</b>										
Net investment in capital assets	338,277,158	391,047,153	412,443,596	352,371,984	343,029,639	349,976,408	410,168,067	410,561,263	414,126,888	419,010,628
Restricted	151,228,040	120,266,910	132,071,680	60,755,862	54,677,366	48,248,364	48,241,852	42,470,585	27,949,207	24,709,724
Unrestricted	1,928,964	719,135	1,877,926	85,856,157	114,065,506	115,007,448	107,862,198	138,508,000	157,835,870	151,054,737
Subtotal business-type activities net position	491,434,162	512,033,198 (c)	546,393,202 (d)	498,984,003 (e)	511,772,511	513,232,220 (f)	566,272,117	591,539,848	599,911,965	594,775,089
<b>Primary government</b>										
Net investment in capital assets	1,126,393,957	1,126,393,957	1,068,594,056	1,083,287,801	1,105,880,473	1,164,575,655	1,164,575,655	1,182,911,553	1,248,241,442	1,245,410,610
Restricted	283,725,480	283,725,480	143,188,046	149,633,152	157,456,013	147,965,714	147,965,714	152,090,713	142,155,698	178,036,225
Unrestricted	(628,902,412)	(628,902,412)	(534,938,274)	(613,194,519)	(790,153,390)	(842,493,552)	(842,493,552)	(852,645,043)	(1,049,557,558)	(852,905,563)
Total primary government net position	\$ 781,217,025	\$ 781,217,025	\$ 676,843,828	\$ 619,726,434	\$ 473,183,096	\$ 470,047,817	\$ 470,047,817	\$ 482,357,223	\$ 340,839,582	\$ 570,541,272

- (a) Deficits occur in unrestricted net position for governmental activities because the County issues debt to fund construction costs for the Public School System and Community College, yet these component units own the capital assets. See the Management's Discussion and Analysis for further details.
- (b) System and Community College, yet these component units own the capital assets. See the Management's Discussion and Analysis for further details.
- (c) FY2010 net positions of governmental and business-type activities were restated in fiscal year 2011.
- (d) FY2011 net positions of governmental and business-type activities were restated in fiscal year 2012.
- (e) FY2012 net positions of governmental and business-type activities were restated in fiscal year 2013.
- (f) FY2014 net positions of governmental and business-type activities were restated in fiscal year 2015, mainly due to the implementation of GASB 68, which resulted in an overall negative net positions of governmental activities.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 49,015,557	\$ 40,551,179	\$ 50,599,944	\$ 84,025,615 (a)	\$ 87,405,901	\$ 104,520,136	\$ 75,558,318	\$ 66,234,421	\$ 66,948,584	\$ 58,020,097
Public safety	152,639,155	154,381,502	167,113,492	184,324,533	196,950,283	198,590,882	208,298,711	207,170,029	230,134,183	217,378,984
Public works	115,081,550	101,682,165	102,947,974	115,231,452	130,500,653	148,889,651	179,349,488	156,707,838	168,834,876	194,980,993
Recreation and parks	28,490,509	26,909,791	27,086,201	29,974,257	29,210,799	35,764,376	37,193,427	42,880,875	47,094,291	25,923,502
Legislative and judicial	21,414,495	19,917,865	21,684,657	22,248,551	23,682,923	23,259,531	27,110,955	26,070,345	27,693,094	27,484,681
Community services	42,552,461	38,203,641	38,522,217	45,302,315	38,506,895	45,311,763	48,650,488	45,928,376	44,497,229	47,215,901
State highways	646,354	2,450,937	1,917,170	2,900,053	7,225,028	6,634,669	763,353	3,341,087	5,842,868	4,934,098
Education	560,909,969	557,205,570	605,557,506	610,774,387	639,025,259	637,839,632	669,067,653	717,742,080	739,013,105	701,633,749
Interest on long-term debt	33,065,408	32,759,477	37,102,195	53,851,903	47,729,955	50,489,693	43,648,543	49,977,613	57,494,607	61,452,013
Total governmental activities expenses	1,003,815,458	974,062,127	1,052,531,356	1,148,633,066	1,200,237,696	1,251,300,333	1,289,640,936	1,316,052,664	1,387,552,837	1,339,024,018
<b>Business-type activities:</b>										
Water and sewer	59,226,089	64,845,285	66,636,363	67,635,638	87,569,376	98,795,678	97,764,211	95,781,698	101,312,345	105,229,515
Golf course	1,734,769	1,791,000	1,762,425	1,921,518	1,885,101	—	—	—	—	—
Other (b)	—	—	—	—	—	3,094,253	5,977,330	6,551,799	7,356,981	6,585,542
Total business-type activities expenses	60,960,858	66,636,285	68,398,788	69,557,156	89,454,477	101,889,931	103,741,541	102,333,497	108,669,326	111,815,057
Total primary government expenses	1,064,776,316	1,040,698,412	1,120,930,144	1,218,190,222	1,289,692,173	1,353,190,264	1,393,382,477	1,418,386,161	1,496,222,163	1,450,839,075
<b>Program revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services</b>										
General government	22,623,190	29,198,040	33,914,325	42,534,975	46,065,885	49,312,264	40,365,251	41,462,547	52,783,407	47,092,030
Public works	39,248,132	42,937,855	41,652,829	46,145,115	43,476,909	44,007,973	48,319,370	50,419,335	48,313,166	49,740,333
Recreation and parks	13,050,979	12,621,042	13,361,672	13,591,958	14,420,583	16,481,357	17,471,881	18,231,380	20,182,293	19,791,578
Other	8,482,772	7,079,677	8,665,495	22,407,037	10,725,120	12,538,229	25,188,353	13,987,065	10,672,780	13,053,507
Operating grants and contributions	35,559,629	26,732,848	26,559,373	46,323,888	27,837,622	33,472,335	35,864,017	40,094,831	39,402,540	43,351,124
Capital grants and contributions	27,160,200	22,998,508	24,715,975	68,472,451 (c)	42,575,352	10,215,527	16,814,899	27,792,294	18,163,355	24,455,008
Total governmental activities program revenues	146,124,902	141,567,970	148,869,669	239,475,424	185,101,471	166,027,685	184,023,771	191,987,452	189,517,541	197,483,580
<b>Business-type activities:</b>										
<b>Charges for services</b>										
Water and sewer	43,184,222	44,355,147	48,606,394	50,729,734	54,712,858	59,641,881	64,133,085	64,965,916	64,761,724	64,642,532
Golf course	2,103,674	2,149,442	2,056,408	2,134,912	2,069,082	—	—	—	—	—
Other (b)	—	—	—	—	—	12,310,600	14,129,334	14,256,985	13,906,569	13,712,093
Operating grants and contributions	30,981,090	32,395,714	30,884,327	29,880,497	29,006,605	29,196,783	30,010,057	31,339,509	32,669,952	33,958,088
Capital grants and contributions	6,959,259	9,666,912	24,331,033	21,109,099	16,285,260	11,361,621	51,939,661	14,728,750	10,262,423	11,976,929
Total business-type activities program revenues	83,228,245	88,567,215	105,878,162	103,854,242	102,073,805	112,510,885	160,212,137	125,291,160	121,600,668	124,289,642
Total primary government program revenues	229,353,147	230,135,185	254,747,831	343,329,666	287,175,276	278,538,570	344,235,908	317,278,612	311,118,209	321,773,222

(continued)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Net (expenses)/revenue</b>										
Governmental activities	(857,690,556)	(832,494,157)	(903,661,687)	(909,157,642)	(1,015,136,225)	(1,085,272,648)	(1,105,617,165)	(1,124,065,212)	(1,198,035,296)	(1,141,540,438)
Business-type activities	22,267,387	21,930,930	37,479,374	34,297,086	12,619,328	10,620,954	54,470,596	22,957,663	12,931,342	12,474,585
<b>Total primary government net expenses</b>	<b>(835,423,169)</b>	<b>(810,563,227)</b>	<b>(866,182,313)</b>	<b>(874,860,556)</b>	<b>(1,002,516,897)</b>	<b>(1,074,651,694)</b>	<b>(1,051,146,569)</b>	<b>(1,101,107,549)</b>	<b>(1,185,103,954)</b>	<b>(1,129,065,853)</b>
<b>General revenues and other changes in net position</b>										
<b>Governmental activities:</b>										
<b>Taxes</b>										
Property taxes	467,389,345	494,218,364	504,884,233	504,771,008	523,266,142	539,731,584	559,405,539	586,123,532	608,458,370	630,762,037
Local income taxes	271,595,421	266,953,624	331,334,252	358,356,561	360,251,116	400,455,701	412,674,188	431,743,893	436,993,783	466,935,173
Other local taxes	40,889,560	47,911,642	46,357,182	54,343,807	61,337,101	61,035,196	68,300,957	72,656,951	77,911,373	77,122,059
Intergovernmental, unrestricted	13,409,168	790,181 (e)	1,089,121	780,358	1,422,086	1,466,960	1,553,636	1,836,227	1,763,063	1,590,437
Unrestricted investment income	10,547,370	6,481,902	2,890,191	9,636,106	(552,647) (f)	2,230,944	2,840,722	5,054,711	1,206,178	4,998,389
Miscellaneous	589,962	861,084	816,830	1,216,774	1,195,039	1,102,401	970,104	3,347,590	90,510	2,700,739
Transfers	1,695,504	(587,000)	2,995,034	(586,842)	—	7,345,000	3,696,843	2,318,086	5,389,399	9,151,633
<b>Subtotal governmental activities</b>	<b>806,116,330</b>	<b>816,629,797</b>	<b>890,366,843</b>	<b>928,517,772</b>	<b>946,918,837</b>	<b>1,013,367,786</b>	<b>1,049,441,989</b>	<b>1,103,080,990</b>	<b>1,131,812,676</b>	<b>1,193,260,467</b>
<b>Business-type activities:</b>										
Unrestricted investment income	1,174,356	395,605	196,349	170,617	169,180	135,292	242,826	823,902	830,024	2,434,920
Miscellaneous	—	—	—	—	—	—	23,318	3,804,252	150	53,351
Transfers	(1,695,504)	587,000	(2,995,034)	586,842	—	(7,345,000)	(3,696,843)	(2,318,086)	(5,389,399)	(9,151,633)
<b>Subtotal business-type activities</b>	<b>(521,148)</b>	<b>982,605</b>	<b>(2,798,685)</b>	<b>757,459</b>	<b>169,180</b>	<b>(7,209,708)</b>	<b>(3,430,699)</b>	<b>2,310,068</b>	<b>(4,559,225)</b>	<b>(6,663,362)</b>
<b>Total primary government</b>	<b>805,595,182</b>	<b>817,612,402</b>	<b>887,568,158</b>	<b>929,275,231</b>	<b>947,088,017</b>	<b>1,006,158,078</b>	<b>1,046,011,290</b>	<b>1,105,391,058</b>	<b>1,127,253,451</b>	<b>1,186,597,105</b>
<b>Net position balances</b>										
<b>Governmental activities:</b>										
Change in net position, governmental activities	(51,574,226) (d)	(15,864,360)	(13,294,844)	19,360,130	(68,217,388)	(71,904,862)	(48,149,278)	(20,984,222)	(66,222,620)	51,720,029
Net position, beginning-governmental activities	440,010,228	388,436,002	377,349,272	254,510,988	263,297,945	107,953,923	36,049,061	(88,198,403)	(131,849,763)	(198,072,383)
Restatement	—	4,777,630	(109,543,440)	(10,573,173)	(87,126,634)	—	(76,098,186)	—	—	122,118,537
<b>Net position, ending-governmental activities</b>	<b>388,436,002</b>	<b>377,349,272</b>	<b>254,510,988</b>	<b>263,297,945</b>	<b>107,953,923</b>	<b>36,049,061</b>	<b>(88,198,403)</b>	<b>(109,182,625)</b>	<b>(198,072,383)</b>	<b>(24,233,817)</b>
<b>Business-type activities:</b>										
Change in net position, business-type activities	21,746,239	22,913,535	34,680,689	35,054,545	12,788,508	3,411,246	53,039,897	25,267,731	8,372,117	5,811,223
Net position, beginning-business-type activities	469,687,923	491,434,162	514,347,697	546,713,887	581,447,747	511,772,511	515,183,757	566,272,117	591,539,848	599,911,965
Restatement	—	—	(2,314,499)	(320,685)	(82,463,744)	—	(1,951,537)	—	—	(10,948,099)
<b>Net position, ending-business-type activities</b>	<b>491,434,162</b>	<b>514,347,697</b>	<b>546,713,887</b>	<b>581,447,747</b>	<b>511,772,511</b>	<b>515,183,757</b>	<b>566,272,117</b>	<b>591,539,848</b>	<b>599,911,965</b>	<b>594,775,089</b>
<b>Total primary government</b>	<b>\$ 879,870,164</b>	<b>\$ 891,696,969</b>	<b>\$ 801,224,875</b>	<b>\$ 844,745,692</b>	<b>\$ 619,726,434</b>	<b>\$ 551,232,818</b>	<b>\$ 478,073,714</b>	<b>\$ 482,357,223</b>	<b>\$ 401,839,582</b>	<b>\$ 570,541,272</b>

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

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

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

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

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General fund</b>										
Nonspendable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,319	\$ 8,140,178	\$ 7,632,118	\$ 9,045,255	\$ 12,600,473
Restricted	—	—	—	—	—	—	—	1,972,282	2,070,419	1,024,450
Committed	—	—	56,803,611	56,258,912	57,209,710	59,271,162	61,260,575	64,172,639	67,382,973	71,338,939
Assigned	—	—	27,137,601	45,003,053	67,354,332	64,171,013	34,992,177	53,577,009	31,953,418	49,382,483
Unassigned	—	—	8,732,004	10,616,787	9,095,856	2,831,645	3,295,630	12,015,718	26,239,270	7,898,186
Reserved	57,940,737	61,447,806	—	—	—	—	—	—	—	—
Unreserved (a)	23,858,483	10,324,543	—	—	—	—	—	—	—	—
<b>Total general fund</b>	<b>81,799,220</b>	<b>71,772,349</b>	<b>92,673,216 (b)</b>	<b>111,878,752 (b)</b>	<b>133,659,898</b>	<b>126,277,139</b>	<b>107,688,560 (c)</b>	<b>139,369,766</b>	<b>136,691,335</b>	<b>142,244,531</b>
<b>All other governmental funds</b>										
Nonspendable			14,244,327	14,620,132	14,929,252	16,636,383	22,166,070	648,352	644,176	656,721
Restricted			83,470,483	82,432,184	94,955,786	97,656,784	100,314,009	107,647,846	112,136,072	152,302,051
Committed			39,463,332	46,521,229	47,867,222	38,602,234	35,555,303	46,729,075	48,677,180	52,857,796
Assigned			77,104,933	72,761,301	62,934,694	63,615,900	63,398,155	63,361,371	60,075,902	56,117,487
Unassigned			(106,842,248)	(82,621,664)	(77,809,341)	(67,616,626)	(72,262,418)	(125,621,490)	(119,153,788)	(88,731,324)
Reserved	74,362,241	94,605,498	—	—	—	—	—	—	—	—
<b>Unreserved reported in:</b>										
Special revenue funds	88,000,417	102,795,989	—	—	—	—	—	—	—	—
Capital projects funds	(48,107,393)	(54,747,305)	—	—	—	—	—	—	—	—
<b>Total all other governmental funds</b>	<b>114,255,265</b>	<b>142,654,182</b>	<b>107,440,827</b>	<b>133,713,182</b>	<b>142,877,613</b>	<b>148,894,675</b>	<b>149,171,119</b>	<b>92,765,154</b>	<b>102,379,542</b>	<b>173,202,731</b>
<b>Total governmental funds</b>	<b>\$196,054,485</b>	<b>\$214,426,531</b>	<b>\$ 200,114,043</b>	<b>\$245,591,934</b>	<b>\$276,537,511</b>	<b>\$275,171,814</b>	<b>\$ 256,859,679</b>	<b>\$ 232,134,920</b>	<b>\$ 239,070,877</b>	<b>\$ 315,447,262</b>

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>REVENUES</b>										
Property taxes (a)	\$ 466,921,737	494,641,029	504,030,717	504,228,502	524,942,040	539,320,074	559,393,599	586,906,599	608,790,864	630,002,471
Other local taxes	358,102,738 (b)	341,954,181 (b)	361,710,858	411,966,798	436,072,090	453,982,722	463,904,916	506,819,854	514,455,726	523,874,099
State shared taxes	13,409,168	790,181 (c)	1,089,121	780,358	1,422,086	1,247,317	1,531,596	2,077,909	1,818,048	1,595,662
Revenues from other agencies (grants)	—	—	—	—	—	—	—	—	—	—
Revenues from other governments	46,184,349	30,866,154	40,479,177	80,612,132	73,118,716	37,436,410	35,645,234	30,616,053	53,144,527	46,881,676
Charges for services	45,518,420	47,153,092	49,916,981	49,498,494	51,204,711	53,168,180	54,693,447	55,954,266	57,428,448	58,820,287
Interest on investments	10,347,213	6,435,344	2,394,644	9,487,997	(712,942) (e)	2,010,668	2,574,475	4,970,717	4,878,623	7,961,507
Decrease in fair value of investments	—	—	—	—	—	—	—	—	(3,699,638)	(3,203,311)
Installment interest from housing loans	—	—	495,546	148,109	160,296	220,274	268,410	83,994	27,190	53,025
Licenses and permits	4,923,057	5,839,006	5,651,511	5,754,961	6,455,619	6,696,288	6,586,220	7,200,241	7,090,791	6,874,461
Recoveries for interfund services	6,009,417	11,457,728	11,734,246	11,720,813	11,553,101	11,633,284	14,133,304	15,706,180	—	—
Fines and forfeitures	3,602,384	2,983,119	3,393,723	3,534,706	3,462,342	3,863,722	4,024,120	4,356,639	4,481,676	4,315,875
Developer contributions (d)	1,229,577	1,665,829	1,363,545	1,556,906	1,767,910	1,446,618	4,561,155	4,612,357	9,070,823	2,372,712
Rental of property (d)	716,648	206,754	197,100	196,214	159,373	177,814	111,853	—	—	—
Payments from component units (d)	589,962	861,084	816,830	817,842	818,144	818,167	351,439	2,588,330	2,076,568	2,095,129
Sale of property	—	—	—	—	—	—	3,464,497	—	—	—
Miscellaneous program revenues	9,094,850	8,189,651	8,645,463	8,752,216	22,328,003	13,318,287	14,594,154	25,441,734	15,406,458	17,149,954
<b>Total revenues</b>	<b>966,649,520</b>	<b>953,043,152</b>	<b>991,919,462</b>	<b>1,089,056,048</b>	<b>1,132,751,489</b>	<b>1,125,339,825</b>	<b>1,165,838,419</b>	<b>1,247,334,873</b>	<b>1,274,970,104</b>	<b>1,298,793,547</b>
<b>EXPENDITURES</b>										
<b>Current:</b>										
General government	23,163,146	21,822,449	23,691,385	25,227,536	33,612,637	45,526,306	50,754,551	54,918,742	51,307,571	51,307,571
Legislative & judicial	21,184,129	19,370,470	20,263,005	20,919,318	21,547,432	22,684,466	24,165,800	25,893,292	27,175,301	27,175,301
Public works	92,855,401	87,553,902	84,173,380	92,598,067	90,672,711	97,867,406	104,503,144	102,894,102	112,420,109	112,420,109
Public safety	147,359,582	148,773,884	156,336,439	168,832,385	175,555,967	191,882,471	205,038,450	208,774,567	228,466,896	228,466,896
Recreation and parks	25,616,451	24,363,103	23,856,314	27,999,911	30,906,131	35,432,626	36,911,248	38,473,557	41,877,752	41,877,752
Community services	43,321,961	37,096,762	36,935,327	36,671,787	37,503,416	45,406,497	46,474,576	44,631,695	44,819,301	44,819,301
Education	558,271,124	542,819,926	572,584,372	584,322,887	603,534,562	606,673,692	651,103,285	651,837,577	704,546,696	704,546,696
Capital improvements (d)	63,681,785	79,441,474	129,566,744	146,521,532	101,470,657	106,355,030	112,042,331	133,208,954	114,284,257	114,284,257
<b>Debt service:</b>										
Principal	48,850,000	50,192,000	52,461,000	58,381,930	54,262,375	60,433,375	61,185,578	68,484,249	66,443,603	66,443,603
Interest	34,907,537	33,465,400	37,179,040	40,178,908	43,795,819	45,176,541	45,595,837	45,384,247	47,177,499	47,177,499
<b>Total expenditures</b>	<b>1,059,211,116</b>	<b>1,044,899,370</b>	<b>1,137,047,006</b>	<b>1,201,654,261</b>	<b>1,192,861,707</b>	<b>1,257,438,410</b>	<b>1,337,774,800</b>	<b>1,374,500,982</b>	<b>1,438,518,985</b>	<b>1,438,518,985</b>
Excess (deficiency) of revenues over expenditures	(92,561,596)	(91,856,218)	(145,127,544)	(112,598,213)	(60,110,218)	(132,098,585)	(171,936,381)	(127,166,109)	(163,548,881)	(139,725,438)
<b>OTHER FINANCING SOURCES (USES)</b>										
Bond premium	4,104,393	18,974,053	4,604,998	30,560,868	9,283,948	11,979,779	17,522,949	13,541,018	49,340,059	49,340,059
Capital lease proceeds	—	4,909,012	186,598	—	—	—	12,562,393	10,058,351	11,936,898	11,936,898
Capital related debt issued	69,720,000	101,010,000	111,115,000	109,310,002	91,930,000	117,315,277	100,180,000	76,490,000	128,380,000	128,380,000
Tax increment financing bonds	—	—	—	—	—	—	—	—	—	48,225,000
Refunding bonds issued	—	85,860,000	—	110,115,000	5,980,000	16,809,723	84,015,000	21,280,000	184,440,000	184,440,000
Capital lease	—	(4,909,012)	—	—	—	—	—	—	—	—
Installment purchase agreements issued (d)	893,000	—	10,274,400	25,253,100	—	4,951,615	3,448,120	4,817,735	3,095,670	3,095,670
Payment to bond refunding escrow agent	—	(99,078,896)	—	(128,985,283)	(6,714,081)	(32,958,802)	(93,816,818)	(26,600,367)	(219,985,848)	(219,985,848)
Transfers in	94,990,994	35,705,614	39,835,317	38,465,384	45,403,189	66,149,637	53,153,609	27,765,305	58,254,689	58,254,689
Transfers out	(87,295,333)	(36,246,056)	(36,788,523)	(40,218,754)	(45,378,817)	(54,790,208)	(47,084,255)	(24,910,692)	(47,584,645)	(47,584,645)
<b>Total other financing sources and uses</b>	<b>82,413,054</b>	<b>106,224,715</b>	<b>129,227,790</b>	<b>144,500,317</b>	<b>100,504,239</b>	<b>129,457,021</b>	<b>129,980,998</b>	<b>102,441,350</b>	<b>167,876,823</b>	<b>216,101,823</b>
<b>Net change in fund balances</b>	<b>\$ (10,148,542)</b>	<b>\$ 14,368,497</b>	<b>\$ (15,899,754)</b>	<b>\$ 31,902,104</b>	<b>\$ 40,394,021</b>	<b>\$ (2,641,564)</b>	<b>\$ (41,955,383)</b>	<b>\$ (24,724,759)</b>	<b>\$ 4,327,942</b>	<b>\$ 76,376,385</b>
Debt service as a percentage of noncapital expenditures	8.14%	8.35%	8.67%	8.87%	8.92%	8.61%	8.91%	8.71% (f)	8.94%	8.60%

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

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

Fiscal Year	Real Property			Total Direct Tax Rate (b)	Personal Property		Total Assessed Value
	Residential Assessed Value	Commercial Assessed Value	Assessed Value (a)		Assessed Value (a)	Total Direct Tax Rate (b)	
2009	\$ 39,129,032,552	\$ 7,012,754,331	\$ 46,141,786,883	1.014	\$ 1,497,439,490	2.535	\$ 47,639,226,373
2010	41,289,749,176	7,374,511,107	48,664,260,283	1.014	1,588,889,810	2.535	50,253,150,093
2011	39,020,062,724	7,498,201,792	46,518,264,516	1.014	1,623,786,020	2.535	48,142,050,536
2012	36,128,044,459	7,493,817,659	43,621,862,118	1.014	1,555,657,980	2.535	45,177,520,098
2013	35,145,195,556	7,494,536,821	42,639,732,377	1.014	1,561,354,930	2.535	44,201,087,307
2014	35,501,333,441	7,489,276,140	42,990,609,581	1.014	1,561,531,690	2.535	44,552,141,271
2015	36,390,442,780	7,722,275,864	44,112,718,644	1.014	1,618,445,500	2.535	45,731,164,144
2016	37,954,765,647	7,984,317,384	45,939,083,031	1.014	1,702,530,310	2.535	47,641,613,341
2017	39,566,020,328	8,410,004,037	47,976,024,365	1.014	1,650,784,630	2.535	49,626,808,995
2018	41,352,080,551	8,469,703,245	49,821,783,796	1.014	1,696,221,380	2.535	51,518,005,176

(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)**

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**Howard County Direct Rates**

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<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>
2009	1.014	2.535
2010	1.014	2.535
2011	1.014	2.535
2012	1.014	2.535
2013	1.014	2.535
2014	1.014	2.535
2015	1.014	2.535
2016	1.014	2.535
2017	1.014	2.535
2018	1.014	2.535

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

2018			2009		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation
Baltimore Gas & Electric Company	\$ 287,190,100	0.56%	Baltimore Gas & Electric Company	\$ 228,659,990	2.75%
Parcel D Property LLC	146,877,800	0.29%	Bell Atlantic	118,487,010	1.42%
Mall in Columbia Business Trust	133,653,366	0.26%	Columbia Mall	81,596,130	0.98%
Howard Properties Howard Crossing	105,637,100	0.21%	U.S. Sprint Communications	62,493,320	0.75%
Verizon-Maryland Inc.	100,498,900	0.20%	Howard Research & Development Corp	32,082,980	0.39%
Seasons of Laurel LLC	83,520,000	0.16%	Town & Country West Greenview	20,287,160	0.24%
API Columbia Town Center LLC	82,360,733	0.16%	Columbia Association	19,693,290	0.24%
KMF Sherwood Crossing LLC	72,730,300	0.14%	Washington D.C. SMSA	18,028,170	0.22%
Cellco Partnership	38,894,470	0.08%	Comcast Cablevision	17,720,250	0.21%
New Cingular Wireless PCS LLC	37,218,990	0.07%	Maryland Associates LTD	17,065,810	0.21%
<b>Total</b>	<b>\$ 1,088,581,759</b>	<b>2.14%</b>	<b>Total</b>	<b>\$ 616,114,110</b>	<b>7.41%</b>

Source: Howard County Department of Finance, Bureau of Revenue

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collection to Date		
		Amount	Percentage of Levy	Subsequent tax Collections	Amount	Percentage of Levy	
2009	\$ 569,987,425	\$ 568,246,317	99.7%	\$ 1,330,081	\$ 569,576,398	99.9%	
2010	601,068,331	599,327,223	99.7%	1,271,476	600,598,699	99.9%	
2011	577,633,399	574,828,923	99.5%	2,626,243	577,455,166	100.0%	
2012	541,972,687	540,659,569	99.8%	1,069,409	541,728,978	100.0%	
2013	551,716,941	547,732,006	99.3%	3,776,363	551,508,369	100.0%	
2014	555,254,638	550,755,917	99.2%	4,228,349	554,984,266	100.0%	
2015	569,892,160	568,111,915	99.7%	1,411,389	569,523,304	99.9%	
2016	594,757,776	593,510,182	99.8%	812,684	594,322,866	99.9%	
2017	616,633,669	612,695,057	99.4%	3,152,341	612,695,057	99.4%	
2018	639,933,124	635,257,806	99.3%	—	635,257,806	99.3%	

Source: Howard County Department of Finance, Bureau of Revenue

(a) Subsequent tax collections for fiscal years 2009-2017, updated per Howard County Department of Finance, Bureau of Revenue.

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

Fiscal Year	Governmental Activities						Business-Type Activities						Percentage of Personal Income (b)	Portion of Per Capita Personal Income (b)
	General Obligation Bonds (a)	State Water Quality Revolving Loans	Installment Purchase Agreements	Tax Increment Bonds	Capital Leases	Total Governmental Activities	Metropolitan District Bonds (a)	Special Facility Revenue Bonds	State Water Quality Revolving Loans	Capital Leases	Total Business-Type Activities	Total Primary Government		
2009	704,588	7,980	61,240	—	—	773,808	112,281	7,395	46,576	17	166,269	940,077	5.20%	3,214
2010	771,706	5,795	60,998	—	4,889	843,388	113,712	6,870	43,220	—	163,802	1,007,190	5.52%	3,491
2011	832,751	4,050	71,122	—	4,945	912,868	157,344	6,330	41,958	—	205,632	1,118,500	5.75%	3,816
2012	901,586	2,850	94,623	—	4,738	1,003,797	189,930	5,400	38,364	—	233,694	1,237,491	5.86%	4,133
2013	943,831	2,840	92,695	—	5,191	1,044,557	213,780	5,022	34,110	—	252,912	1,297,469	6.01%	4,260
2014	989,035	2,830	95,629	17,000	5,062	1,109,556	220,642	4,583	30,930	—	256,155	1,365,711	n/a	n/a
2015	1,035,280	2,475	96,626	17,000	17,894	1,169,275	238,963	4,133	27,679	—	270,775	1,440,050	n/a	n/a
2016	1,050,289	—	98,661	17,000	24,874	1,190,824	251,963	3,240	24,508	—	279,711	1,470,535	n/a	n/a
2017	1,128,705	—	100,123	16,980	24,802	1,270,610	270,211	3,199	21,267	—	294,677	1,565,287	n/a	n/a
2018	1,205,838	—	97,716	65,165	35,012	1,403,731	301,619	2,714	17,956	—	322,289	1,726,020	n/a	n/a

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

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

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

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

Fiscal Year	Estimated Population	General Obligation Debt (a)	Percentage of Estimated Actual Taxable Value of Property (b)	General Obligation Debt per Capita (c)
2009	284,952	712,568	1.6%	2,501
2010	287,907	782,390	1.5%	2,718
2011	291,200	841,746	1.6%	2,891
2012	294,256	909,174	1.7%	3,090
2013	297,732	951,863	2.0%	3,197
2014	302,113	1,013,927 (d)	2.2%	3,356
2015	305,462	1,072,650	2.2%	3,512
2016	316,579	1,103,582 (d)	2.3%	3,486
2017	317,233	1,170,487	2.3%	3,690
2018	321,113	1,306,015	2.5%	4,067

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed value									(a)	
Real property	46,141,787	48,664,260	46,518,265	43,621,862	42,639,732	42,990,610	44,112,719	45,939,083	47,976,024	49,821,784
Personal property	1,497,439	1,588,890	1,623,786	1,555,658	1,561,355	1,561,532	1,618,446	1,702,530	1,650,785	1,696,221
Total assessed value	47,639,226	50,253,150	48,142,051	45,177,520	44,201,087	44,552,142	45,731,165	47,641,613	49,626,809	51,518,005
Legal debt margin										
Debt limit (4.8% of assessed value of real property and personal property)	2,286,683	2,412,151	2,310,818	2,168,521	2,121,652	2,138,503	2,195,096	2,286,797	2,382,087	2,472,864
Total debt limit	2,286,683	2,412,151	2,310,818	2,168,521	2,121,652	2,138,503	2,195,096	2,286,797	2,382,087	2,472,864
Debt applicable to limit										
General county	671,881	728,194 (b)	788,800 (b)	832,318 (b)	871,701 (b)	911,842 (b)	936,199	984,119	1,037,717	1,099,892
State Water Quality Revolving Loan	7,980	5,795	4,050	2,850	2,840	2,830	2,475	—	—	—
Total debt applicable to limit	679,861	733,989	792,850	835,168	874,541	914,672	938,674	984,119	1,037,717	1,099,892
Legal debt margin	1,606,822	1,678,162	1,517,968	1,333,353	1,247,111	1,223,831	1,256,422	1,302,678	1,344,370	1,372,972
Total debt applicable to the limit as a percentage of debt limit	29.73%	30.43%	34.31%	38.51%	41.22%	42.77%	42.76%	43.03%	43.56%	44.48%

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

(a) Revised to include capital leases

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

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

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2009	\$ 2,120,794	\$ 1,400,663	\$ 720,131	\$ 520,000	\$ 243,322	0.94
2010	2,174,432	1,460,408	714,024	525,000	232,347	0.94
2011	2,080,177	1,444,807	635,370	540,000	219,822	0.84
2012	2,164,962	1,458,542	706,420	555,000	204,748	0.93
2013	2,091,506	1,482,180	609,326	378,000	135,504	1.19
2014	2,010,152	1,570,610	439,542	439,000	119,351	0.79
2015	1,893,015	1,459,050	433,965	450,000	108,362	0.78
2016	1,840,152	1,556,796	283,356	461,000	98,429	0.51
2017	1,260,820	2,728,803	(1,467,983)	473,000	85,688	-2.63
2018	1,089,224	945,289	143,935	485,000	73,710	0.26

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

**Howard County, Maryland  
Pledged Revenue Coverage  
Tax Increment Financing District  
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2015	968	64,912	(63,944)	—	939,435	(0.07)
2016	1,945,699	150,454	1,795,245	—	1,012,565	1.77
2017	595,178	30,579	564,599	—	1,011,605	0.56
2018	7,729,038	73,836	7,655,202	—	1,011,605	7.57

\* Information for FY2014 and earlier not available

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

Fiscal Year	Estimated Population (a)	Personal Income (b) (thousands of dollars)	Per Capita Personal Income (b)	Public School Enrollment (c)	Unemployment Rate (d)
2009	284,952	18,034,525	\$63,713	48,888	5.6%
2010	287,907	18,716,589	64,880	49,683	5.8%
2011	291,200	20,141,181	68,594	49,991	5.7%
2012	294,256	21,263,384	71,030	50,997	5.6%
2013	297,732	21,587,512	70,876	51,190	5.5%
2014	302,113	n/a	n/a	51,701	4.8%
2015	305,462	n/a	n/a	52,511	4.5%
2016	316,579	n/a	n/a	54,870	3.5%
2017	321,113	n/a	n/a	55,638	3.5%
2018	321,113	n/a	n/a	58,019	3.6%

**Sources:**

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

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

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public Schools	8,230	1	4.83%	7,850	1	5.29%
Johns Hopkins Applied Physics Laboratory	7,000	2	4.11%	4,400	2	2.96%
Howard County Government	3,000	3	1.76%	2,869	3	1.93%
Verizon	1,700	4	1.00%	2,028	4	1.37%
Howard County General Hospital	1,765	5	1.04%	1,720	6	1.16%
Lorien Health Systems	1,190	6	0.70%			
Coastal Sunbelt Produce	1,050	7	0.62%			
Giant Food			—%	1,953	5	1.32%
Columbia Association			—%	1,600	7	1.08%
SAIC			—%	1,058	8	0.71%
Wells Fargo Securities Administrative Services	807	8	0.47%	842	9	0.57%
MICROS				815	10	0.55%
Nestle Dreyer's Ice Cream	735	9	0.43%	—		—%
Sysco Food Service	680	10	0.40%	—		—%
<b>Total</b>	<b>26,157</b>		<b>15.36%</b>	<b>25,135</b>		<b>16.94%</b>

Source: Howard County Economic Development Authority

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

Function/program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	288	287	288	292	299	312	335	341	349	354
<b>Public safety</b>										
Police	623	624	624	634	635	651	672	667	677	691
Fire	405	417	419	419	461	463	472	465	468	491
Corrections	144	144	145	144	144	148	152	153	153	154
Public works	579	579	575	572	577	599	612	611	614	617
Recreation and parks	246	246	252	256	261	268	281	283	295	304
Legislative and judicial	204	202	202	202	202	204	206	208	212	216
Community services	380	358	341	343	299	307	324	325	330	341
<b>Total</b>	<b>2,869</b>	<b>2,857</b>	<b>2,846</b>	<b>2,862</b>	<b>2,878</b>	<b>2,952</b>	<b>3,054</b>	<b>3,053</b>	<b>3,098</b>	<b>3,168</b>

Source: Howard County Budget Office

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

	Date of incorporation	1851								
	Form of government	Executive/Council								
	Date present charter adopted	1968								
	Area in square miles	215								
Function/program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government</b>										
<b>Finance:</b>										
Real property tax accounts billed	94,813	95,846	97,099	98,023	98,884	99,034	105,692	105,692	107,342	108,292
Business personal property tax accounts billed	9,613	9,833	11,658	9,809	9,829	8,831	10,628	13,232	14,803	11,323
<b>Public Safety</b>										
<b>Police:</b>										
Physical arrests	9,987	10,383	10,451	10,810	10,315	10,885	10,016	9,351	8,379	7,527
Parking violations	10,556	6,919	5,445	4,415	9,052	9,439	7,180	7,180	7,545	7,104
Traffic violations	80,724	80,735	81,588	84,306	85,682	88,987	99,963	92,314	82,917	75,402
<b>Fire:</b>										
Emergency responses	64,425	65,362	60,183	59,887	58,129	56,925	58,369	58,484	60,997	69,074
Inspections	610	1,425	1,217	2,173	2,516	2,203	2,742	2,865	3,274	2,498
<b>Corrections:</b>										
Average daily prison population	284	287	308	320	340	348	304	284	285	319
<b>Public Works</b>										
<b>Inspections, licenses and permits:</b>										
Construction permits issued	4,370	5,047	5,249	5,583	6,293	6,007	6,379	7,145	6,599	5,575
<b>Environmental services:</b>										
Refuse collected (tons per year)	107,756	102,492	103,749	102,249	101,912	103,120	115,941	103,719	109,313	109,397
Recyclables collected (tons per year)	60,860	61,993	63,100	64,619	61,974	58,197	55,704	57,815	67,006	59,024
<b>Recreation and parks</b>										
Programs operated	4,226	4,328	3,998	4,479	5,723	6,792	7,250	7,324	6,562	7,441
Registrations processed	101,503	113,354	85,598	84,420	89,345	102,305	103,731	105,522	77,682	80,410
<b>Legislative and judicial</b>										
Circuit court cases filed	999	957	985	1,021	1,007	1,057	1,064	1,238	1,203	1,069
District court cases filed	12,295	13,193	13,379	13,867	12,685	10,730	9,296	9,527	10,131	9,346
<b>Community services</b>										
50+ centers operated (a)	9	9	9	7	7	7	7	7	7	7
Consumer affairs - cases closed	223	225	210	278	246	319	282	287	271	313
Community service partnership grants	36	36	33	33	28	28	30	30	29	29
Assisted living monitoring visits	217	172	418	183	205	543	461	535	622	774
<b>Water and sewer</b>										
Water main breaks	137	185	174	172	189	176	186	170	119	275
Average daily water consumption (thousands of gallons)	22,000	23,910	24,930	22,610	22,370	23,580	21,870	22,100	23,600	23,470
Number of water customers	69,833	70,646	70,062	72,229	73,121	74,153	74,991	74,206	75,266	75,933
Average daily sewage treatment (thousands of gallons)	26,800	26,530	24,628	26,350	26,860	26,980	27,500	27,660	24,880	24,850
Number of sewer customers	66,096	66,862	68,163	68,872	69,727	70,714	71,547	72,474	73,537	74,215
<b>Golf course</b>										
Rounds played	36,450	35,525	34,309	36,142	35,432	34,197	31,260	31,271	23,003	30,196

Sources: Various Howard County Departments

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

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

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

Function/program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government</b>										
Buildings	17	19	20	23	38	40	44	44	45	44
Vehicles	60	65	54	57	45	43	51	51	64	60
<b>Legislative and judicial</b>										
Vehicles	61	67	66	70	70	77	71	71	78	81
<b>Public safety</b>										
<b>Police:</b>										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units (vehicles)	244	265	265	286	292	291	292	284	274	275
Other vehicles	250	237	212	250	264	226	214	214	271	282
<b>Fire:</b>										
Stations (a)	6	6	6	6	6	6	6	6	6	7
Pumpers/tankers	32	28	28	29	25	28	29	29	28	29
Ladder trucks	7	5	5	6	6	6	7	8	8	8
Paramedic units	28	30	30	32	34	32	32	37	35	39
Vehicles	101	128	133	119	118	119	120	120	211	193
<b>Public Works</b>										
Buildings (b)	31	31	31	36	40	40	40	42	42	42
Transit buses	56	67	58	57	52	57	42	42	68	62
Vehicles	279	385	339	354	355	354	367	367	395	446
Streets (miles) (c)	995	1,014	1,015	1,030	1,035	1,044	1,062	1,066	1,066	1,066
Streetlights (d)	6,686	6,944	7,048	7,315	7,558	7,750	7,941	8,131	8,447	8,720
Stormwater management facilities (e)	770	850	908	933	983	1,011	1,127	1,216	1,250	1,313
<b>Recreation and parks</b>										
Buildings	44	45	44	59	62	62	62	65	65	65
Parks and open space acreage	8,737	8,846	8,850	9,097	9,116	9,173	9,227	9,255	9,493	9,579
Playgrounds	42	42	40	39	41	43	44	44	44	44
Vehicles	63	76	78	85	96	99	103	103	159	120
<b>Water and sewer</b>										
Wastewater treatment plants	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	992	1,005	1,024	1,028	1,041	1,054	1,089	1,100	1,078	1,078
Sanitary sewers (miles)	955	962	971	980	987	999	1,018	1,026	1,026	1,026
<b>Golf course</b>	1	1	1	1	1	1	1	1	1	1

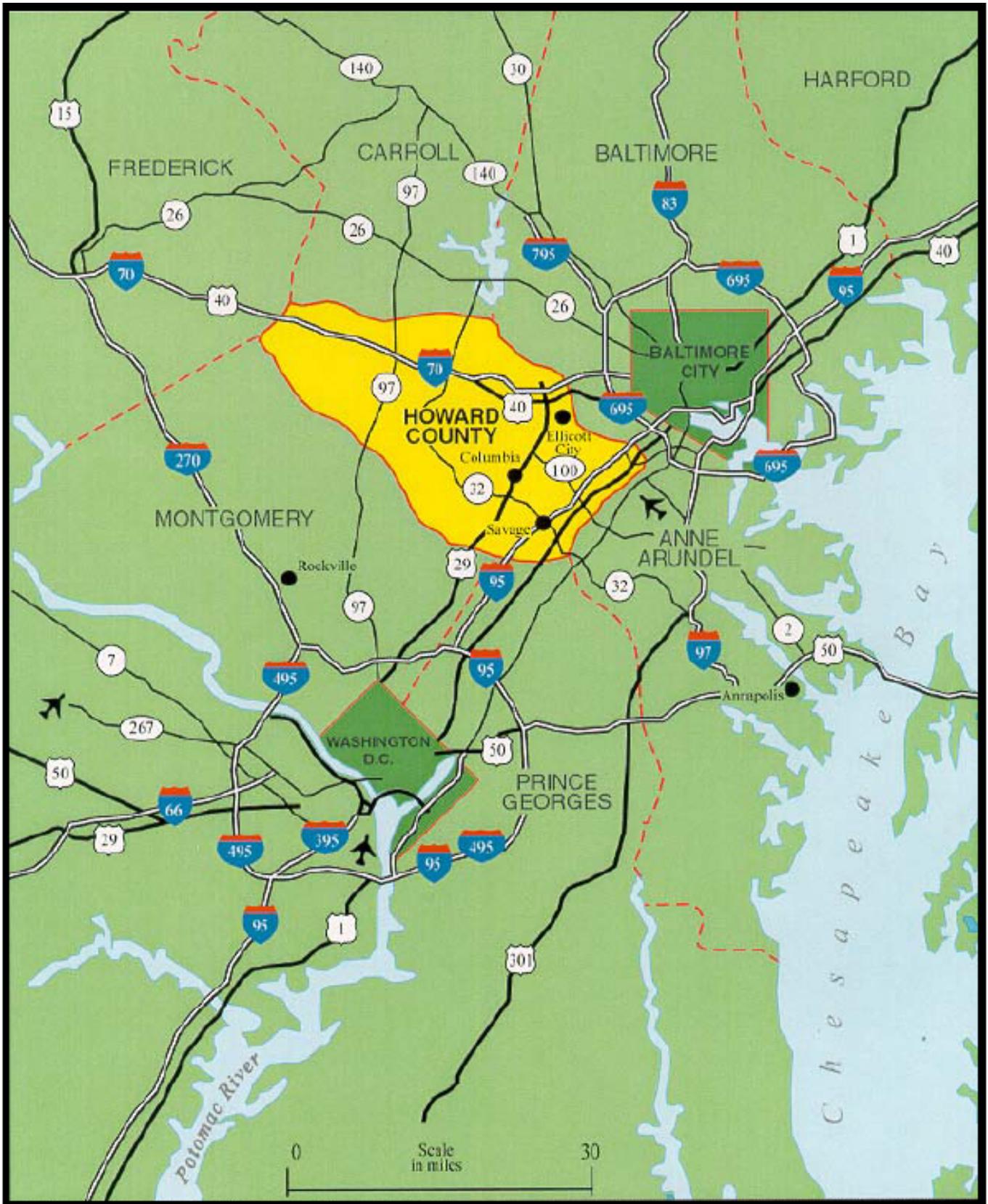
Sources: Various Howard County Departments

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

- (a) Prior period 2010 through 2014 restated to exclude non County-owned fire stations
- (b) Prior periods 2009 through 2014 restated to exclude nonbuilding structures.
- (c) Prior period 2014 restated due to error in previous amount reported.
- (d) Prior periods 2009 and 2012 restated to exclude fixtures that Howard County rented/leased to BGE.
- (e) Prior period 2014 restated to exclude Board of Education facilities that are owned by the school system.



# Howard County Regional Location





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