PRELIMINARY OFFICIAL STATEMENT DATED MARCH 13, 2012

New Issue – Book-Entry Only

Under existing law, the Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange shall be exempt at all times from every kind and nature of taxation by the State of Maryland or by any of its political subdivisions, municipal corporations or public agencies. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds, their transfer or the interest therefrom. Assuming compliance with certain covenants described herein, under existing statutes, regulations and decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes. Interest on the Bonds for federal income tax purposes is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment; however, interest on the Bonds may be taken into account in determining "adjusted current earnings" for purposes of computing the alternative minimum tax for corporations, and interest on the Bonds will be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States of America. See "TAX MATTERS."

$55,035,000* General Obligation Bonds

RATINGS: (See the section "RATINGS")
Fitch……………………………………AAA
Moody's………………………………...Aaa
Standard & Poor's……………………..AAA

$36,520,000* Consolidated Public Improvement Bonds, 2012 Series A
$18,515,000* Metropolitan District Bonds, 2012 Series A

Dated: Date of Delivery **Due:** February 15, as shown herein

Payable:	Interest on and principal of the Bonds will be paid by the County to The Depository Trust Company, New York, New York, as securities depository. Disbursement of such payments will be made by DTC to its Participants which in turn will provide for payment to the Beneficial Owners of the Bonds, all as described herein. Beneficial Owners will not receive certificates evidencing their interests in Bonds purchased.
Redemption:	The Bonds maturing on and after February 15, 2021 are subject to optional redemption on or anytime after February 15, 2020 at a redemption price as set forth herein.
Purpose:	Proceeds of the Bonds and investment earnings thereon are being used to (1) pay or reimburse the County for the payment of costs related to certain projects and (2) pay costs of issuance of the Bonds.
Security:	The Bonds are general obligations of the County, and its full faith and credit and unlimited taxing power are irrevocably pledged to the punctual payment of principal of and interest on the Bonds when due.
Denomination:	Integral multiples of $5,000
Interest Payable:	August 15 and February 15
First Interest Payment Due:	August 15, 2012

FOR MATURITY SCHEDULES SEE INSIDE COVER

This cover page contains information for quick reference only. It is not a summary of the Bonds. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinions of McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel. Public Financial Management, Inc. served as financial advisor to the County in connection with the issuance of the Bonds. The Bonds in definitive form will be available for delivery through the facilities of DTC on or about April 11, 2012.

*Preliminary, subject to change.

Maturity Schedules

$36,520,000* Consolidated Public Improvement Bonds, 2012 Series A

Due Feb. 15	Principal Amount	CUSIP	Interest Rate	Yield	Due Feb. 15	Principal Amount	CUSIP	Interest Rate	Yield
2013	$ -	442565---	%	%	2023	$ -	442565---	%	%
2014		442565---			2024		442565---		
2015		442565---			2025		442565---		
2016		442565---			2026		442565---		
2017		442565---			2027		442565---		
2018		442565---			2028		442565---		
2019		442565---			2029		442565---		
2020		442565---			2030		442565---		
2021		442565---			2031		442565---		
2022		442565---			2032		442565---		

$18,515,000* Metropolitan District Bonds, 2012 Series A

Due Feb. 15	Principal Amount	CUSIP	Interest Rate	Yield	Due Feb. 15	Principal Amount	CUSIP	Interest Rate	Yield
2013	$ -	442565---	%	%	2026	$ -	442565---	%	%
2014		442565---			2027		442565---		
2015		442565---			2028		442565---		
2016		442565---			2029		442565---		
2017		442565---			2030		442565---		
2018		442565---			2031		442565---		
2019		442565---			2032		442565---		
2020		442565---			2033		442565---		
2021		442565---			2034		442565---		
2022		442565---			2035		442565---		
2023		442565---			2036		442565---		
2024		442565---			2037		442565---		
2025		442565---							

*Preliminary, subject to change.

Howard County, Maryland

3430 Court House Drive
Ellicott City, Maryland 21043
Telephone (410) 313-2195
Fax (410) 313-4433
www.howardcountymd.gov

County Executive

Ken Ulman

County Council

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

Certain Appointed Officials

Haskell Arnold, *County Auditor*
John Byrd, *Director of Recreation and Parks*
Jessica Feldmark, *Chief of Staff*
Robert J. Frances, *Director of Inspections, Licenses and Permits*
Stanley J. Milesky, *Director of Finance*
William F. Goddard III, *Director of Fire and Rescue*
James M. Irvin, *Director of Public Works*
Jack Kavanagh, *Director of Corrections*
Ira Levy, *Director of Technology and Communication Services*
Margaret Ann Nolan, *County Solicitor*
William McMahon, *Chief of Police*
Marsha McLaughlin, *Director of Planning and Zoning*
Lonnie R. Robbins, *Chief Administrative Officer*
Lois Mikkila, *Director of Citizen Services*
Stephen LeGendre, *Administrator to the County Council*
Raymond S. Wacks, *Budget Administrator*

Financial Advisor

Public Financial Management, Inc.
Two Logan Square
Suite 1600
18th & Arch Street
Philadelphia, Pennsylvania 19103-2748
Telephone (215) 567-6100
Fax (215) 567-4180
www.pfm.com

Bond Counsel

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401 East Pratt Street, Suite 2315
Baltimore, Maryland 21202
Telephone (410) 843-3500
Fax (410) 843-3501
www.mshllp.com

Independent Auditor

Reznick Group, P.C.
500 East Pratt Street, Suite 200
Baltimore, Maryland 21202-3100
Telephone (410) 783-4900
Fax (410) 727-0460
www.reznickgroup.com

No dealer, broker, salesman or other person has been authorized by Howard County, Maryland to give any information or to make any representations with respect to Howard County, Maryland, or the Bonds, other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of, the Bonds described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinion and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of Howard County, Maryland since the respective dates as of which such information is given herein. This Official Statement is not to be construed as a contract or agreement between Howard County, Maryland and the purchasers or holders of any of the Bonds. Furthermore, this Official Statement does not contain any investment advice for purchasers or holders of any of the Bonds. Such persons should consult their own financial advisors regarding possible financial consequences of ownership of the Bonds.

In connection with the offering of the Bonds, the purchasers of the Bonds may over-allot or effect transactions that stabilize or maintain the market price of the Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission (the “SEC”) or with any state security agency. The Bonds have not been approved or disapproved by the SEC or any state securities agency nor has the SEC or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary may be a criminal offense.

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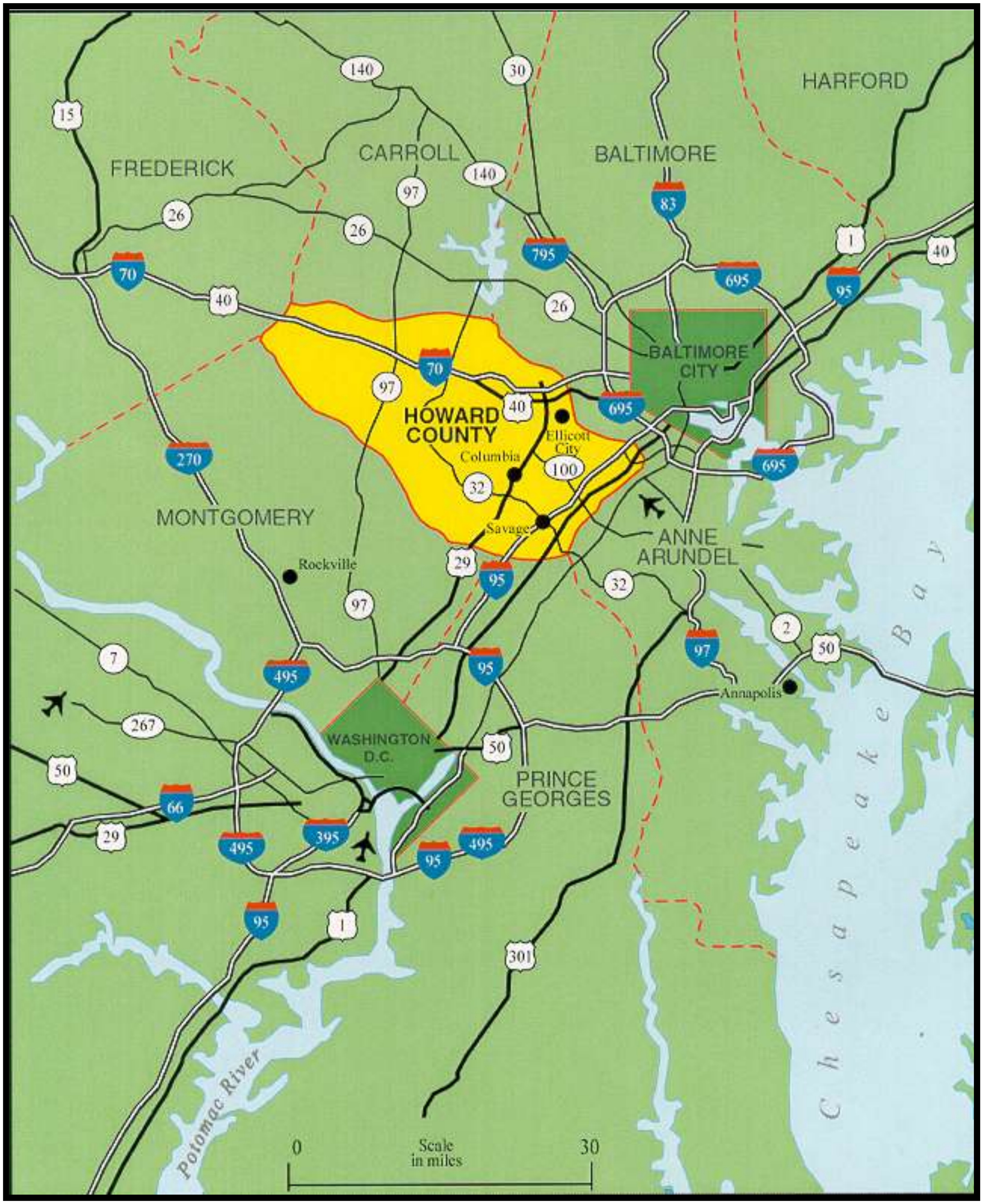
Table of Contents

Howard County Regional Location



The Bonds

Purpose of Official Statement

This Official Statement provides information regarding Howard County, Maryland (the "County") and the offering of $55,035,000* general obligation bonds (the "Bonds"). The Bonds consist of the following:

- $36,520,000* Consolidated Public Improvement Bonds, 2012 Series A (the "Public Improvement Bonds") and

- $18,515,000* Metropolitan District Bonds, 2012 Series A (the "Metropolitan District Bonds").

The County

Howard County, Maryland is 251 square miles in area and is home to approximately 287,085 residents. The County is located in the State of Maryland (the "State") between Baltimore, Maryland and Washington, D.C., and at its closest points is less than four miles from the former and 13 miles from the latter. The County was formed in 1851 and bears the name of Colonel John Eager Howard, the fifth Governor of Maryland. The County was predominately agricultural until 1966, when construction began on the new town of Columbia. The County's population has grown an average of 1.58 percent annually since 2000, and is the third wealthiest in the nation. Under a home rule charter since 1968, the County is governed by an elected county executive (the "County Executive") and five-member council (the "Council").

Authorization

The Public Improvement Bonds are being issued pursuant to the authority of Article 25A of the Annotated Code of Maryland (2011 Replacement Volume) ("Article 25A"), Section 2C of Article 31 of the Annotated Code of Maryland (2010 Replacement Volume), the Howard County Charter (the "Charter"), certain bond enabling bills of the County Council of Howard County, Maryland (the "Council"), and in accordance with Council Bill No. 41-2009 enacted during the 2009 Legislative Session, Council Bill No. 48-2010 enacted during the 2010 Legislative Session and Council Bill No. 48-2011 enacted during the 2011 Legislative Session, as amended and supplemented by Council Bill No.1-2012 enacted during the 2012 Legislative Session (collectively, the "Bond Ordinance").

The Metropolitan District Bonds are being issued pursuant to the authority of Article 25A, the Charter, Chapter 991 of the Acts of the General Assembly of Maryland 1943, as amended, Chapter 609 of the Acts of the General Assembly of Maryland of 1945, as amended, Chapter 369 of the Acts of the General Assembly of Maryland of 1963, as amended and Chapter 356 of the Acts of the General Assembly of Maryland of 1965, as amended, certain bond enabling bills of the Council, and in accordance with the Bond Ordinance.

Description

The Bonds are dated and bear interest from their date of delivery (the "Closing Date"), and pay interest on February 15 and August 15 of each year, beginning August 15, 2012, at the interest rates set forth on the inside cover page of this Official Statement. Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds are issued as fully-registered bonds without coupons, book-entry form only, and are denominated in integral multiples of $5,000. The Bonds mature, subject to prior redemption as described herein, on the dates and in the amounts set forth on the inside cover page of this Official Statement.

*Preliminary, subject to change.

Registration, Payment and Transfer

Registration through Securities Depository

The information contained in the following paragraphs of this subsection "Book-Entry Only System" has been extracted from a schedule prepared by The Depository Trust Company ("DTC") entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE." The County makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds in principal amount equal to the aggregate principal amount of the Bonds of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com .

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments and any premium on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC, DTC's nominee, the Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest or premium to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or its Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Neither the County nor its agents will have any responsibility or obligation to Direct or Indirect Participants or to any Beneficial Owner with respect to 1) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; 2) the payment by DTC or any Direct or Indirect Participant of any amount with respect to the principal of, premium, if any, or interest on the bonds; 3) any notice which is permitted or required to be given to Beneficial Owners; 4) any consent given by DTC or other action taken by DTC as bondholder; or 5) the selection by DTC or any Direct or Indirect Participant of any Beneficial Owner to receive payment in the event of a partial redemption of Bonds.

Termination of Book-Entry System

DTC may discontinue providing its services with respect to the Bonds at any time by giving reasonable notice to the County or the Director of Finance of the County (the "Director of Finance"), or his successor as registrar for the Bonds (the "Bond Registrar"). In addition, the County Executive may discontinue the book-entry system with DTC. If the County Executive fails to identify another qualified securities depository to replace DTC, the County will deliver replacement Bonds in the form of fully registered certificates, and payments of principal of and interest on such replacement Bonds will be paid in accordance with the terms of the Bond Ordinance. Each Beneficial Owner, upon registration of certificates held in such Beneficial Owner's name, will become a Bondholder. Subject to the further conditions contained in the Bond Ordinance, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof by the registered owners or their duly authorized representatives. For every transfer and exchange of the Bonds, the registered owner may be charged a sum sufficient to cover any tax or other governmental charge required to be paid in connection with such exchange or transfer.

Record Dates

The record dates for the Bonds will be the fifteenth day preceding each interest payment date for the Bonds and the fifteenth day preceding the date of publication of any notice of redemption.

Redemption

Mandatory Sinking Fund Redemption

The Consolidated Public Improvement Bonds maturing on February 15, 20__ are subject to mandatory sinking fund redemption by the County at a redemption price equal to 100 percent of the principal amount thereof, together with interest accrued to the date fixed for redemption from sinking fund installments becoming due on February 15 of the following years and in the following amounts:

Consolidated Public Improvement Bonds Mandatory Sinking Fund Redemption

Term Bonds Due February 15, 20__			
Year	**Sinking Fund Installment**	**Year**	**Sinking Fund Installment**
20__	__	20__	__

*Maturity

The Metropolitan District Bonds maturing on February 15, 20__ are subject to mandatory sinking fund redemption by the County at a redemption price equal to 100 percent of the principal amount thereof, together with interest accrued to the date fixed for redemption from sinking fund installments becoming due on February 15 of the following years and in the following amounts:

Metropolitan District Bonds Mandatory Sinking Fund Redemption

Term Bonds Due February 15, 20__			
Year	**Sinking Fund Installment**	**Year**	**Sinking Fund Installment**
20__	__	20__	__

*Maturity

Optional Redemption

Bonds maturing on or before February 15, 2020 are not redeemable prior to their stated maturities. Bonds maturing on and after February 15, 2021 are subject to redemption prior to their respective maturities, at the option of the County, on or at any time after February 15, 2020, in whole or in part, at a redemption price of 100 percent of the principal amount thereof, together with interest accrued to the redemption date.

If less than all of the outstanding Bonds of any series are called for optional redemption, the County will choose the maturities to be redeemed and the principal amount of each such maturity to be redeemed, in its sole discretion. If less than all of such Bonds of any one maturity are called for redemption, then the particular Bonds of such maturity or portions of such Bonds to be redeemed will be chosen by DTC in accordance with its normal and customary procedures (so long as the Bonds are in book-entry form), or by the Bond Registrar, by lot (if the book-entry system has been discontinued). For an optional redemption of Term Bonds, the County will choose the mandatory sinking fund redemption installments of such Term Bonds to be reduced and the amount of each such reduction, in its sole discretion. The Bonds are redeemable only in integral multiples of $5,000.

Notice of Redemption

A notice calling for redemption of any Bonds will be delivered to DTC not less than 30 nor more than 45 days prior to the date fixed for redemption (the "Redemption Date"), and otherwise as provided in the Bond Ordinance. If the book-entry system has been discontinued for the Bonds, a notice calling for redemption of any Bonds will be mailed, not less than 30 nor more than 45 days prior to the Redemption Date, to all registered owners of the Bonds to be redeemed (in whole or in part), at their last addresses appearing on the registration books kept by the Bond Registrar, by first-class mail, postage prepaid. Failure to mail or deliver any such notice or any defect in the notice or its mailing or delivery will not affect the validity of any redemption proceedings. Any redemption notice will specify the series, CUSIP numbers, maturities and interest rates of any Bonds to be redeemed, the date of the notice, the Redemption Date, the redemption price, the name, address and telephone number of the Bond Registrar, and, for a partial redemption, the principal amount of each maturity of the Bonds to be redeemed. Such notice will further state that, on the Redemption Date, the Bonds called for redemption will be due and become payable at the office of the Bond Registrar, and that, from and after the Redemption Date, interest thereon shall cease to accrue.

On the Redemption Date, if sufficient money to pay the redemption price of Bonds called for redemption and accrued interest on the Bonds are held by the Bond Registrar, such Bonds called for redemption will become due and payable, interest on such Bonds will cease to accrue and the registered owners of such Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest thereon to the Redemption Date.

Security and Sources of Payment

General Obligation

The Bonds are general obligations of the County, and its full faith and credit and unlimited taxing power are irrevocably pledged to the punctual payment of principal and interest on such Bonds when due and payable.

Consolidated Public Improvement Bonds

In each and every fiscal year during which any of the Consolidated Public Improvement Bonds are outstanding, the County will levy or cause to be levied ad valorem taxes on real and tangible personal property and on intangible property subject to taxation by the County in an amount sufficient, together with other available funds, to pay the annual interest on the outstanding Consolidated Public Improvement Bonds and to pay the principal of the Consolidated Public Improvement Bonds due and payable during the succeeding fiscal year. Without limiting the foregoing, portions of the Consolidated Public Improvement Bonds are expected to be paid from transfer tax revenues, school facilities surcharges and building excise taxes on new construction.

Metropolitan District Bonds

The principal of and the interest on the Metropolitan District Bonds are payable from revenues obtained from: (1) special front foot benefit assessments collected by the County on all property in the Metropolitan District (described in more detail under "Government and Infrastructure, Water and Sewer System" herein) directly benefited by water and sewer facilities, (2) special annual ad valorem taxes levied by the County upon assessable property within the Metropolitan District, (3) water and sewer service charges for the use of utilities and charges for the upkeep of water and sewer systems that have a connection with water mains or sewers and (4) water and sewer connection charges. However, in the event such revenues in any fiscal year are insufficient to pay the annual interest on outstanding Metropolitan District Bonds and to pay the principal of the Metropolitan District Bonds due and payable, the County will levy ad valorem taxes on real and tangible personal property and on intangible property subject to taxation by the County in an amount sufficient, together with other available funds, to pay such annual interest and to pay the principal of such Metropolitan District Bonds. The County has never had to levy ad valorem taxes to pay the interest or principal due on Metropolitan District Bonds.

Purpose of Financing

Public Improvement Bonds

The County is issuing the Public Improvement Bonds to defray a portion of the costs of certain County capital projects specified in the Bond Ordinance, and to pay costs of issuance of the Public Improvement Bonds.

Metropolitan District Bonds

The County is issuing the Metropolitan District Bonds to defray a portion of the costs of County water and sewer capital projects specified in the Bond Ordinance and to pay costs of issuance of the Metropolitan District Bonds.

Continuing Disclosure

In order to enable the bidders for the Bonds to comply with the requirements of paragraph (b)(5) of Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12"), the County will execute and deliver, on or before the date of issuance and delivery of the Bonds, a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"). The form of this agreement is included in Appendix D of this Official Statement. Certain of the events listed in Section 4(a) of the Continuing Disclosure Agreement have been included for purposes of compliance with Rule 15c2-12 but are not relevant for the Bonds. Those events relate to debt service reserves, credit enhancements and liquidity providers, and property or other collateral. The County has not failed to comply with the terms and provisions of previous continuing disclosure agreements entered into in order to comply with the requirements of Rule 15c2-12.

Additional Information

This Official Statement speaks only as of the date appearing on the cover page, and the information contained herein is subject to change. Questions regarding this Official Statement should be directed to the Director of Finance at the address and telephone number listed on the inside of the cover page. The full text of the Bond Ordinance and the County's latest comprehensive annual financial report and budget are available from the Director of Finance for the cost of reproducing such material or at www.howardcountymd.gov or on the MSRB's EMMA website.

Financial Information

Financial Reporting

Basis of Accounting

The County's audited basic financial statements for the fiscal year ended June 30, 2011 are included in Appendix A of this Official Statement. These statements were audited by Reznick Group, P.C., independent certified public accountants, to the extent stated in their report appearing in Appendix A. The accounting and financial reporting policies of the County conform to generally accepted accounting principles ("GAAP") as applicable to governmental units.

The County's accounts are organized on the basis of funds. Fund types include (1) the General Fund, which is the general operating fund of the County, (2) Special Revenue Funds, which account for specific revenues that by law are designated for particular activities, (3) Proprietary Funds, which include the enterprise funds that account for the County's water and sewer and golf course operations, and (4) Capital Projects Funds, which account for construction or acquisition of fixed assets.

The financial data for the Board of Education of Howard County (the "Board of Education"), the Howard County Library (the "Library"), Howard Community College (the "Community College") and the Howard County Housing Commission (the "Housing Commission," and collectively, the "Component Units") are discretely presented in the government-wide statements to emphasize their legal separation from the County. However, the County is responsible for levying taxes and has budgetary control over the Component Units.

The County's comprehensive annual financial report ("CAFR") for the fiscal year ended June 30, 2010 was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada ("GFOA"). To receive this highest recognition from GFOA, a government unit's CAFR must be easily readable, efficiently organized and satisfy both GAAP and legal requirements. The County has received this certificate for each fiscal year since 1976 and will submit its CAFR for the fiscal year ended June 30, 2011 to GFOA for another certificate.

Budget

The County's budget includes an operating and a capital budget. The operating budget is derived from programs detailing the nature, volume and cost of work to be performed by each of the County's agencies. This element of the budget includes revenues estimated to be received during and expenditures recommended for the ensuing fiscal year, surpluses or deficits estimated for the current fiscal year and debt service requirements. The operating budget also projects summaries of revenues and expenditures for the ensuing five fiscal years.

The capital budget describes each capital project proposed in the ensuing fiscal year and receipts anticipated from all borrowings and other sources for such projects. The capital budget also proposes capital projects to be undertaken in the ensuing five fiscal years and the means of financing such projects. (See "Capital Requirements and Debt Management, Capital Budget and Program" herein.)

The County's budget for the fiscal year ending June 30, 2012 was awarded the Distinguished Budget Presentation Award by GFOA. To receive this award, a government unit must publish a budget document that meets program criteria as a policy document, operations guide, financial plan and communication device. The County has received this certificate for each fiscal year since 1994.

The County Executive must submit a capital budget and an operating budget to the Council by April 1 and April 21, respectively. The Council may decrease or delete any budgetary item, except those mandated by State law and provisions to pay outstanding debt service or eliminate cash deficits. The Council has no power to alter revenue estimates or increase any recommended expenditures, except as expressly provided in State law. After enacting the operating budget and adopting the capital budget, the Council must then levy taxes required to balance budget revenues and expenditures. If a new operating budget is not enacted by the Council before June 2 in any fiscal year, the operating budget proposed by the County Executive stands adopted and funds for expenditures stand appropriated.

No agency of the County may incur any liability in excess of the amounts appropriated for the same general classification of expenditure in the budget. Any such liability incurred, except for small purchases, must first have funds for the designated purpose certified as available by the Director of Finance. The Council, upon the request of the County Executive, may approve transfers between projects in the capital budget and supplemental operating budgets funded from the contingency reserve and from unappropriated funds in emergencies. After April 1 of each year, the Council, upon the request of the County Executive, may approve transfers between departments in the operating budget; the County Executive has authority to make operating budget transfers within a department at any time without approval of the Council.

Surplus revenues in any fiscal year must be appropriated into the Rainy Day fund until its balance equals seven percent of the audited General Fund expenditures for the prior fiscal year. Money in the fund may be used only for emergencies or to cover significant revenue shortfalls during a fiscal year that the County Executive determines cannot be offset by reducing expenditures. Surplus revenues not required for the rainy-day fund must be used to fund capital projects, reduce existing County debt or fund appropriations for non-recurring expenses, unless otherwise determined by a vote of two-thirds of the members of the Council.

To finance capital projects from borrowing, the Council adopts a bond issue authorization ordinance pursuant to enabling laws. Such ordinances are not subject to referendum, nor to executive veto. Any contract, lease or other obligation providing for payment of funds after the end of the fiscal year in which such obligation is made must be approved by ordinance. No contract for the purchase of real or leasehold property may be entered into unless funds therefor are included in the capital budget. No obligations of the County may be authorized in any fiscal year for any capital project not included in the capital budget.

Government-Wide Full Accrual Reporting

In 2002, the County implemented Statement No. 34 issued by the Governmental Accounting Standards Board ("GASB Statement 34"). One of the key requirements of GASB Statement 34 is the preparation of government-wide financial statements on a full accrual accounting basis. The positive total net assets shown below as of June 30, 2011, reflect the County's commitment to maintaining infrastructure assets and its tradition of providing substantial pay-go funding for capital outlays.

Summary of Net Assets

	Governmental Activities	Business-type Activities	Total
NET ASSETS			
Invested in capital assets, net of related debt	790,647,396	412,443,596	1,203,090,992
Restricted	83,470,483	132,392,365	215,862,848
Unrestricted	(619,606,891)	1,877,926	(617,728,965)
Total net assets	$ 254,510,988	546,713,887	801,224,875

The negative unrestricted net assets for governmental activities results from County issuance of debt to construct schools that are owned by the Board of Education. Ownership of school buildings no longer needed for educational purposes reverts to the County. At June 30, 2011 the outstanding debt for school buildings was $433 million. The net value of buildings, improvements and construction in progress owned by the Board of Education was $889.3 million. If those assets were included in the County's financial statements, the unrestricted net assets for governmental activities would go from negative $619.6 million to positive $269.7 million.

The schedule below shows the value of net assets resulting from operations in fiscal year 2011 for governmental and business activities combined.

Changes in Net Assets

	Governmental Activities	Business-type Activities	Total
Revenues	1,036,241,478	106,074,511	1,142,315,989
Expenses	1,052,531,357	68,398,787	1,120,930,144
Increase in net assets before transfers	(16,289,879)	37,675,724	21,385,845
Transfers	2,995,034	(2,995,034)	(0)
Increase in net assets after transfers	(13,294,845)	34,680,690	21,385,845
Adjustments to restate net assets	(109,543,440)	(2,314,499)	(111,857,939)
Net Assets - July 1, 2010	377,349,272	514,347,697	891,696,969
Net Assets - June 30, 2011	254,510,988	546,713,887	801,224,875

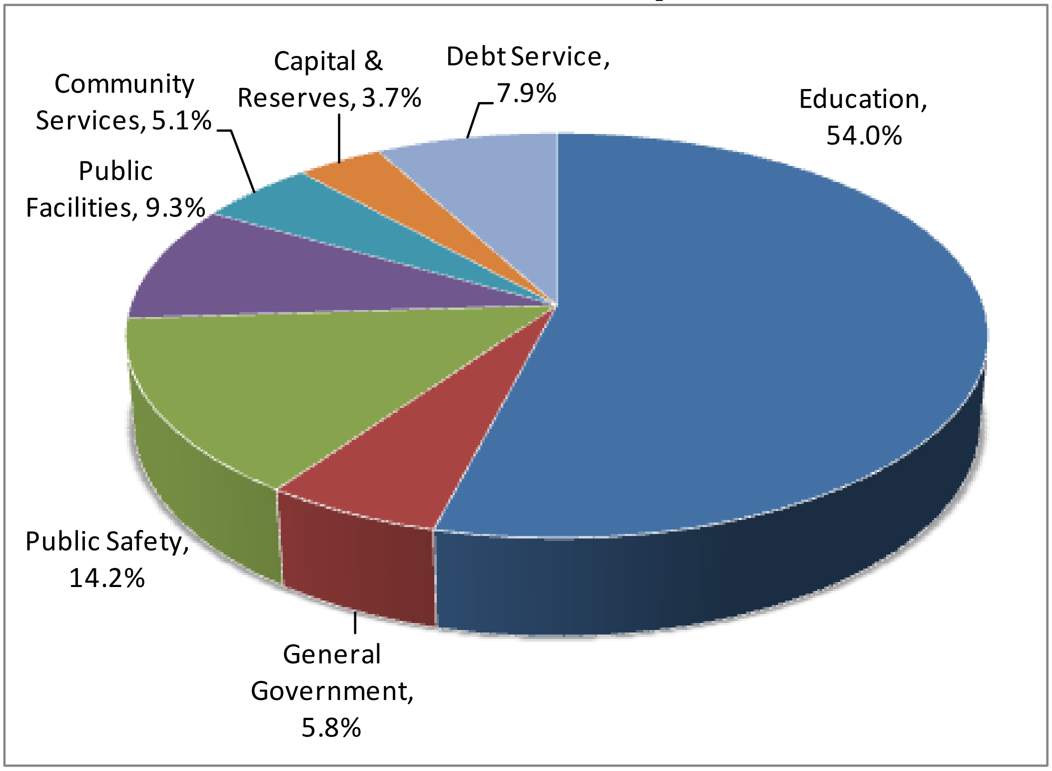
Overview of Revenues and Expenditures

The largest fund in the County's basic financial statements, the General Fund, records receipt of taxes and other revenues not directed by law into other funds and payment of all operating costs of County government and services. Transfers from the General Fund and revenues from other government agencies (particularly the State) provide most of the revenues for the County's Board of Education, Library, Community College and Housing Commission, each of which is a Component Unit.

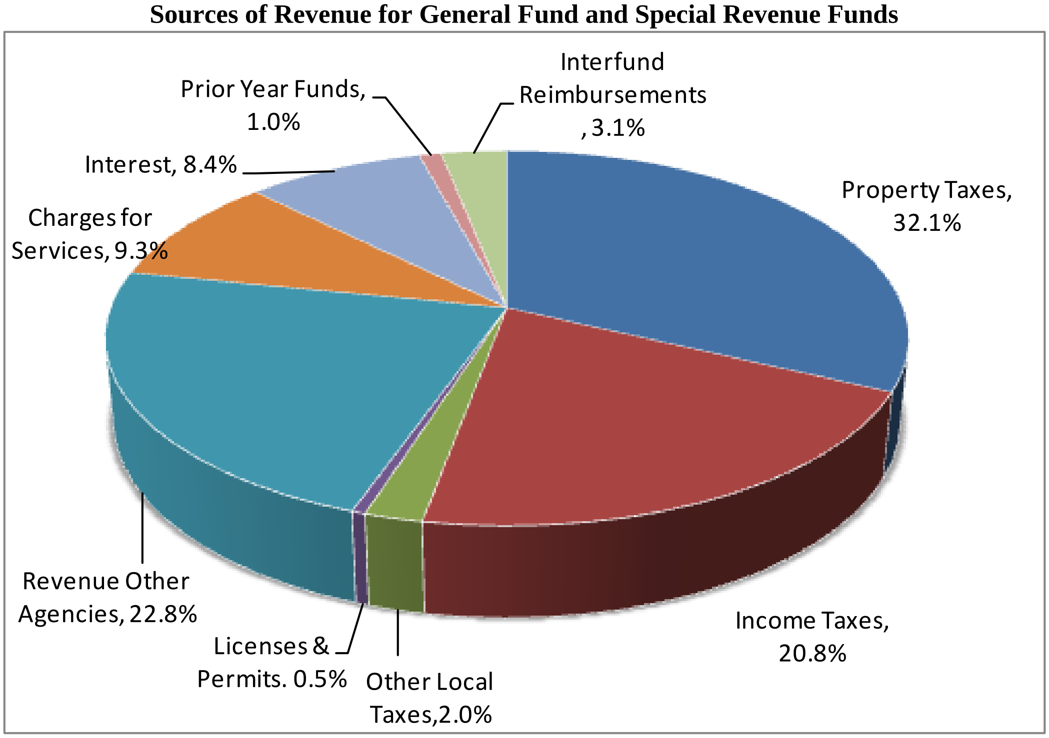
Special Revenue Funds account for specific revenues that by law are designated for particular functions or activities. The County uses Special Revenue Funds as a way of linking fees or taxes paid by residents with benefits or services received by them. Special Revenue Funds deal with management and construction of public housing, preservation of agricultural land, account for metropolitan and rural fire district activities, record categorical grants received from federal, State and local sources, account for the County's portion of the local health department, support user-funded recreation and parks programs, account for speed enforcement programs and provide for the collection and disposal of solid waste, including the County landfill.

The charts below present the composition of services funded from the General Fund and Special Revenue Funds, budgeted in fiscal year 2012, and the sources of funding for such services.

Services Funded from General Fund and Special Revenue Funds

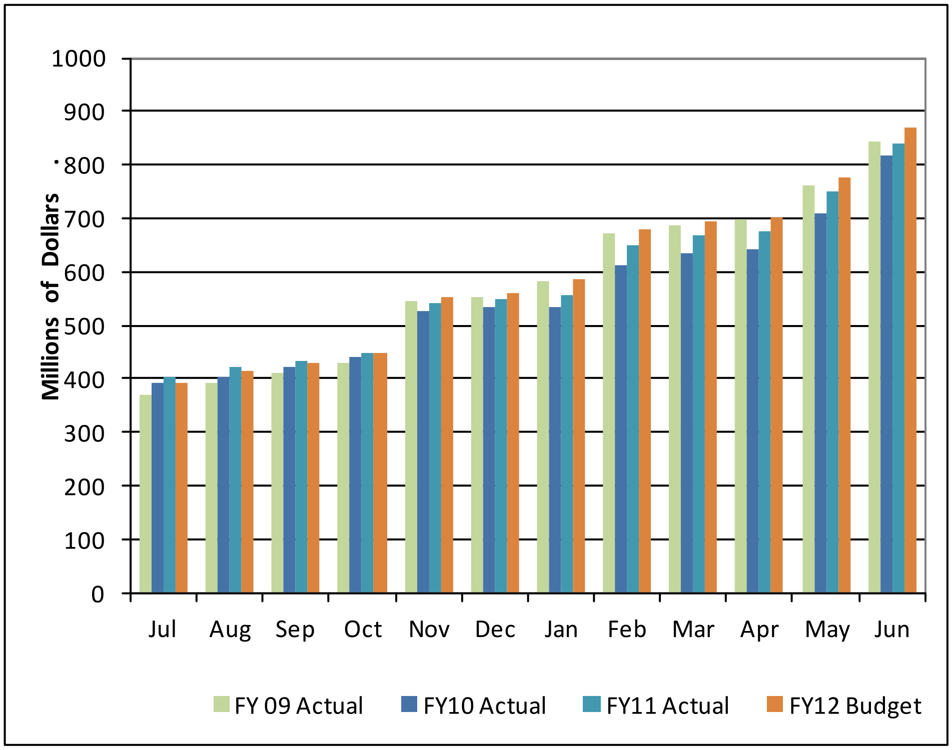


Sources of Revenue for General Fund and Special Revenue Funds



The revenues collected by the County each month are determined by the tax rates and fee levels established at the beginning of the fiscal year and the value of the bases during the year on which taxes and fees are collected. Property taxes are collected primarily during the County's first and second quarters; income taxes are received from the State following the end of each quarter. The chart below presents General Fund revenues budgeted for the current fiscal year and audited revenues for fiscal years 2009, 2010 and 2011.

Cumulative Collection of General Fund Revenues



Based on preliminary estimates, the County is not anticipating any shortfall for Fiscal Year 2012. We expect to end the year with a positive fund balance. No decisions regarding commitment or assignments of Fund Balance have been made at this time.

The following table presents the activity in the General Fund for fiscal years on 2007 through 2011 on a budgetary basis, along with the annual budget adopted for fiscal year 2012.

Statement of General Fund Revenues and Expenditures (Budgetary Basis) (000) (1)

	Fiscal Year Ended June 30					Budget
	2007	**2008**	**2009**	**2010**	**2011**	**2012**
Tax Revenues						
Local property taxes	$ 337,533	$ 367,835	$ 401,089	$ 425,879	$ 437,598	$440,216
Local income taxes	293,307	316,725	317,213	294,043	315,354	325,465
Other local taxes	28,635	24,130	18,751	20,902	20,317	24,000
State shared taxes	15,955	15,513	13,409	790	1,089	769
Total Taxes	**$ 675,430**	**$ 724,203**	**$ 750,462**	**$ 741,614**	**$ 774,358**	**$790,450**
Other Revenues						
State grants	6,045	5,684	6,313	5,159	5,655	5,567
Charges for services	10,987	12,893	9,918	11,136	11,052	9,254
Interest on investments	10,647	10,861	4,499	633	782	708
Licenses and permits	7,047	6,312	4,923	5,839	5,647	7,463
Interfund reimbursements	20,509	27,875	33,773	28,829	31,779	34,748
Fines and forfeitures	3,112	3,356	3,566	2,963	3,004	4,472
Appropriation from fund balance	21,282	37,740	22,692	14,197	-	16,294
Return of funding from component units	48	508	590	4,761	817	-
Miscellaneous revenues	963	993	2,409	1,557	2,499	1,864
Total Revenues	**$ 756,070**	**$ 830,425**	**$ 839,144**	**$ 816,688**	**$ 835,592**	**$870,818**
Expenditures						
General government	20,714	22,362	20,553	19,106	19,703	23,276
Legislative and judicial	18,111	20,064	19,773	18,886	19,759	22,015
Public works (2)	59,214	69,834	65,358	64,408	61,386	64,943
Public safety	81,312	87,361	90,666	88,171	90,613	99,259
Recreation and parks	12,865	13,101	13,795	13,008	12,791	14,443
Health	7,529	8,296	9,464	9,334	9,209	9,534
Community services	7,912	12,578	12,108	14,231	14,408	16,250
Education	419,777	451,677	475,360	482,756	489,904	493,568
Libraries	13,086	14,374	15,554	15,230	15,230	16,345
Debt service:						
Principal payment on debt	41,580	44,950	48,615	49,950	52,310	56,630
Interest payment on debt	26,218	29,325	30,322	28,885	32,475	35,889
Capital improvements	21,278	18,370	22,692	5,644	-	18,666
OPEB funding(3)	-	15,466	11,157	-	-	-
Total Expenditures	**$ 729,596**	**$ 807,758**	**$ 835,418**	**$ 809,609**	**$ 817,787**	**$870,818**
Excess Revenues over Expenditures	26,474	22,666	3,726	7,079	17,805	-
Less Appropriation from Fund Balance	(21,282)	(37,740)	(22,692)	(14,197)	0	(16,294)
Plus Lapsed Encumbrances	-	-	-	-	2,233	-
Beginning Fund Balance	110,777	115,969	100,896	81,930	74,812	94,850
Ending Fund Balance	**$ 115,969**	**$ 100,896**	**$ 81,930**	**$ 74,812**	**$ 94,850**	**$ 78,556**

(1) The information in this table is presented in the same format as set forth in the County's Operating Budget and should be read in conjunction with the audited basic financial statements included in Appendix A of this Official Statement.

(2) Beginning in FY 2009, the revenues and expenditures of the County recycling program are accounted for in the Environmental Services Special Revenue Fund rather than the General Fund.

(3) Funding was in addition to annual pay-go budget.

The following table presents the activity in all Special Revenue Funds for fiscal years 2007 through 2011 on a budgetary basis, along with the annual budget adopted for fiscal year 2012.

Statement of Special Revenue Funds Revenues and Expenditures (Budgetary Basis)(000)[(1)]

	Fiscal Year Ended					Annual Budget
	2007	2008	2009	2010	2011	2012
Revenues						
Property taxes	$ 46,704	$ 58,354	$ 65,833	$ 68,762	$ 66,427	$ 62,220
Other local taxes	13,490	10,559	7,413	8,744	8,027	7,625
Revenues from other governmental agencies[(2)]	18,998	18,335	22,531	16,261	18,877	50
Charges for services	28,907	29,595	35,601	36,017	39,685	37,541
Interest on investments	3,917	7,578	4,201	5,414	2,081	9,797
Rental of property[(3)]	991	510	717	207	197	-
Miscellaneous revenues	304	147	435	335	878	615
Total Revenues	**$113,312**	**$125,079**	**$136,731**	**$135,739**	**$ 136,172**	**$ 117,848**
Other Sources of Financial Resources						
Operating transfers in[(2)]	19,869	21,719	21,602	9,004	13,204	9,451
Appropriation from fund balance	-	-	-	-	203	26,267
Total Revenues and Other Sources of Financial Resources	**$133,181**	**$146,798**	**$158,333**	**$144,743**	**$ 149,580**	**$ 153,566**
Expenditures and Encumbrances						
Public safety	47,406	51,000	56,842	60,328	65,295	72,169
Recreation and parks	11,122	12,149	11,748	11,393	11,421	16,118
Health[(2)]	11,403	10,828	12,236	9,879	10,481	-
Environmental [(4)]	13,218	14,383	19,039	17,919	22,281	21,687
Community services and intergovernmental[(2)]	28,802	33,606	36,038	20,036	19,373	65,618
Capital improvements	-	-	70	1,757	-	8,877
Debt service:						
Principal payment on debt[(5)]	136	232	235	242	151	2,325
Interest payment on debt	4,113	4,371	4,586	4,605	4,716	5,107
Total Expenditures and Encumbrances	**$116,199**	**$126,570**	**$140,794**	**$126,160**	**$ 133,719**	**$ 191,902**
Other Uses of Financial Resources						
Operating transfers out	3,383	13,405	11,258	3,424	7,233	8,729
Total Expenditures and Other Uses of Financial Resources	**$119,582**	**$139,975**	**$152,053**	**$129,584**	**$ 140,951**	**$ 200,632**
Excess Revenues and Other Sources of Financial Resources over Expenditures and Encumbrances and Other Uses of Financial Resources	13,599	6,822	6,281	15,159	8,628	(47,066)
Less Appropriation from Fund Balance	0	0	0	0	(203)	(26,267)
Beginning Fund Balance[(6)]	72,620	86,220	95,523	102,597	117,756	115,418
Ending Fund Balance	**$ 86,220**	**$ 93,042**	**$101,803**	**$117,756**	**$ 126,181**	**$ 42,085**

(1) The information in this table should be read in conjunction with the audited basic financial statements included in Appendix A of this Official Statement.
(2) Beginning in FY 2012, the Department of Health and Mental Hygiene and Grants will no longer be included as Special Revenue Funds of the County.
(3) Beginning in FY 2010, property rental revenue is collected by the Housing Commission.
(4) Beginning in FY 2009, the revenues and expenditures of the County's recycling program are accounted for in the Environmental Services Fund rather than the General Fund.
(5) Principal payments increased due to the change to equal annual principal payments in Agricultural Land Preservation Program Installment Purchase Agreements.
(6) Adjusted in FY2009 for unrecorded loans in the Community Renewal Program Fund, the FY2010 balance was adjusted for overrecognized expenditures in the Grants Fund.

The following table presents the Component Units' activity for the last five fiscal years on a GAAP basis, which is not comparable to General Fund and Special Revenue Funds statements prepared on a budgetary basis.

Statement of Component Units Revenues and Expenses (GAAP Basis)(000)[1]

	Fiscal Year Ended June 30				
	2007	**2008**	**2009**	**2010**	**2011**
Revenues:					
Revenues from other agencies	$ 329,986	$ 370,566	$ 359,356	$ 404,924	$ 449,137
Charges for services	42,871	48,055	65,048	52,402	57,223
Interest on investments	3,558	2,571	332	882	1,183
Fines and forfeitures	734	728	662	-	-
Miscellaneous	12,989	14,370	29,228	5,137	5,699
Total Revenues	**$ 390,138**	**$ 436,290**	**$ 454,626**	**$ 463,345**	**$ 513,242**
Other Sources of Financial Resources:					
Proceeds of long-term debt	1,355	-	-	-	-
Sale of property	(6)	758	-	-	-
Operating transfers from primary government	418,702	465,185	495,543	497,986	509,222
Total Revenues and Other Sources of Financial Resources	**$ 810,189**	**$ 902,233**	**$ 950,170**	**$ 961,330**	**$ 1,022,464**
Expenditures:					
Education	677,018	730,557	815,752	882,830	925,984
Libraries	14,999	16,449	18,540	18,281	19,841
Housing	14,996	16,044	21,362	24,886	23,971
Capital improvements	91,375	71,339	54,178	-	-
Total Expenditures	**$ 798,388**	**$ 834,389**	**$ 909,831**	**$ 925,997**	**$ 969,795**
Excess (Deficiency) of Revenues and Other Sources of Financial Resources over Expenditures (2)	11,801	67,844	40,339	35,334	52,669
Beginning Net Assets	937,784	949,585	1,017,429	1,057,767	1,093,101
Ending Net Assets, GAAP Basis	**$ 949,585**	**$ 1,017,429**	**$ 1,057,767**	**$ 1,093,101**	**$ 1,145,770**

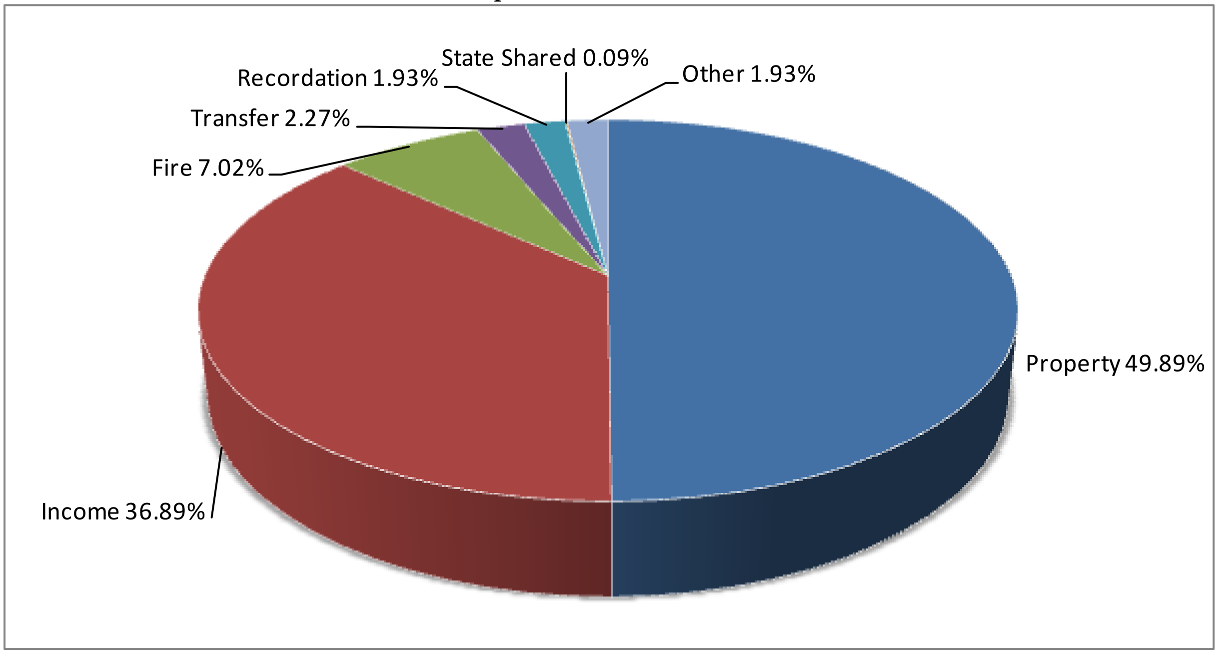
(1) Excludes the Internal Service Funds.
(2) Increases due to unspent County appropriations for capital improvements.

Sources of Revenue

Overview of Tax Revenues

The chart below presents the composition of the County's budgeted tax revenues for fiscal year 2012.

Composition of Tax Revenues



Local Property Taxes

Assessments

The assessment of all real and tangible personal property for purposes of property taxation by the County is solely the responsibility of the State Department of Assessment and Taxation, an independent State agency. Assessment records and tax rolls are maintained in each county seat and in Baltimore City. Real property is valued at market value ("full cash value") and active farm property is assessed at $500 per acre. Personal property owned by a business is assessed annually by the State based on returns filed by April 15 for property owned as of January 1 of that year.

Property Tax Credit Programs

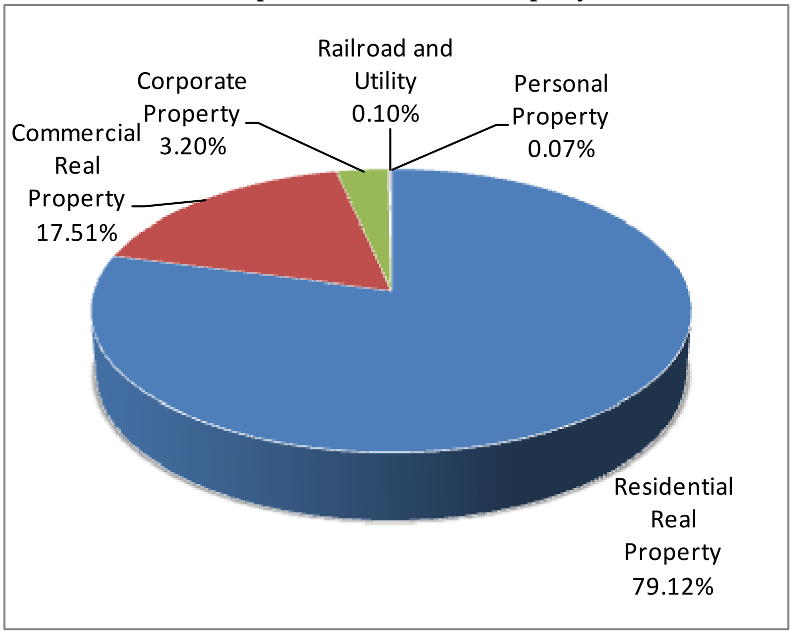
Under State law, certain owners who occupy residential property receive tax credits against local property taxes. The effect of the homestead property tax credit is to limit property tax increases payable as a result of increases in assessed values. State law permits a maximum increase of 10 percent in assessed value annually, but the County has elected to reduce that percentage to five percent. The County granted $70.4 million of such tax credits in fiscal year 2011 and estimates $35.9 million will be granted in fiscal year 2012.

A State-mandated tax credit is granted to certain property owners with lower incomes. The credit is calculated using a scale that establishes a maximum property tax liability for various income levels. The credit is reimbursed to the County by the State; for fiscal year 2011, the County received $3,304,296. In fiscal year 2011 the County granted a supplemental credit to certain property owners with lower incomes. This credit amounted to $14,452. In FY 2008, the County implemented a tax credit for homeowners 70 years of age and older who fell into certain income and asset categories. In the fiscal year 2011, senior credits were issued in the amount of $489,723.

Assessed Value, Property Tax Rates and Property Tax Levies

The chart below presents the composition of the County's assessable base of both real and personal property in fiscal year 2011.

Composition of Assessed Property



The following table presents the assessed value of all taxable property in the County for the last five fiscal years, the County tax rates and the tax levy in each of those years. The County has exempted manufacturers' and warehousing inventories and manufacturers' machinery, tools and equipment from local property taxation. Assessed values of tax-exempt properties owned by Federal, State and County governments, churches, charities, schools, fraternal organizations, cemeteries, fire companies, disabled veterans and the blind, aggregating approximately $2.9 billion as of June 30, 2011, are not included in the table below.

Assessed Values, Tax Rates and Tax Levies

	Fiscal Year Ended June 30				
	2007	2008	2009	2010	2011
Assessed Value(000)					
Real property	$34,926,898	$40,762,013	$46,141,787	$48,664,260	$46,518,265
Personal property	35,088	26,041	25,684	29,824	32,592
Railroads and public utilities	24,752	30,598	30,888	25,492	49,080
Corporations	1,408,428	1,439,551	1,440,868	1,533,574	1,542,114
Total Assessable Base	36,395,166	42,258,202	47,639,226	50,253,150	48,142,051
County Tax Rate:					
Real Property	1.014	1.014	1.014	1.014	1.014
Personal Property	2.535	2.535	2.535	2.535	2.535
County Tax Levy (000)(1)	388,917	448,806	504,431	532,017	511,314
Fire District Tax Rate					
Real property	.12550/.10550	.13550/.11550	.13550/.11550	.13550/.11550	.13550/.11550
Personal property	.31375/.26375	.33875/.28875	.33875/.28875	.33875/.28875	.33875/.28875
Fire Tax Levy (000)	46,586	58,314	65,556	69,052	66,319

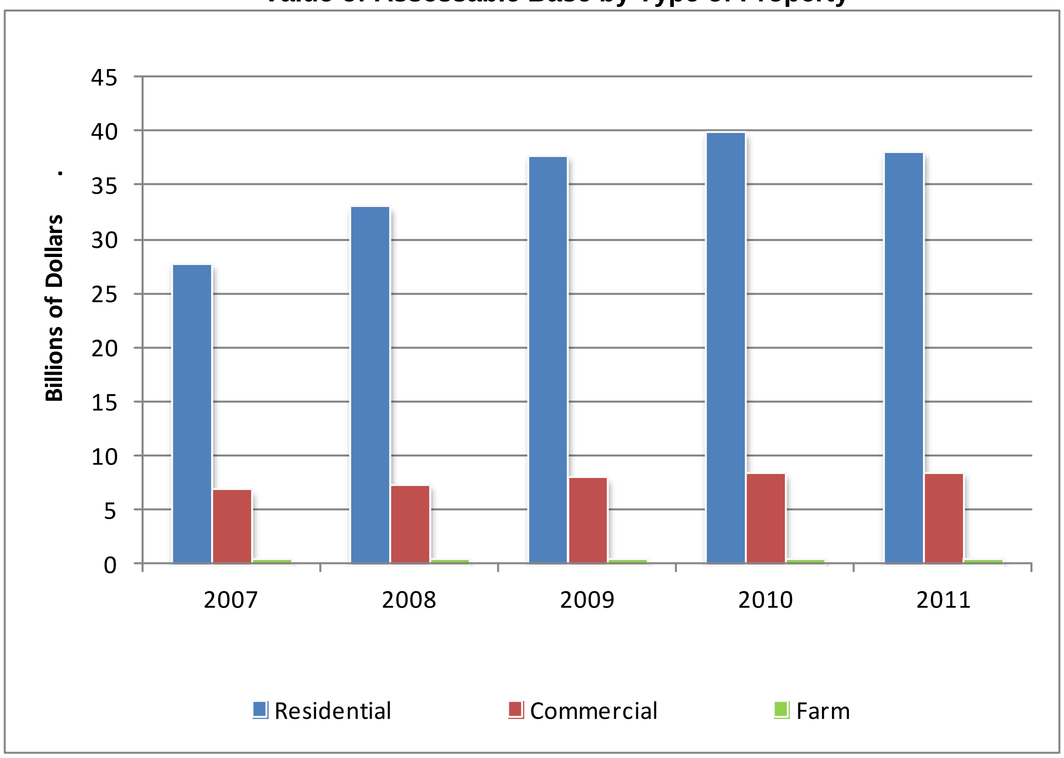
(1) Excludes payments in lieu of taxes, additions and abatements, interest on taxes, discounts on taxes, various tax credits and tax levies on any tax-exempt property.

The fire district tax is levied on the assessable base within each of the County's two fire districts. Proceeds of the tax are distributed to the Fire Tax Reserve Fund, a Special Revenue Fund, to fund operations, equipment and buildings. The two districts are divided by the western boundary of the area to which the County currently provides or plans to provide water and sewer service.

The County estimates that the average home (including townhouses and condominiums) in the County for fiscal year 2012 has an assessed value of $430,800. At current tax rates, the owner of this average home would incur a County property tax bill of approximately $4,952, before credits described above.

The growth in the County's assessable base reflects the County's balanced economy. As presented in the following chart, the value of commercial/industrial property increased approximately 24 percent over the last five fiscal years, while residential real property values grew approximately 37 percent.

Value of Assessable Base by Type of Property



The County estimates that the assessed value of all taxable property in the County for the fiscal year ending June 30, 2012 will be approximately $44.8 billion. The County's real property tax rate for fiscal year 2012 is $1.014 per $100 of full cash value for real property and $2.535 per $100 of assessed value for personal property owned by businesses. In fiscal year 2012, the total property tax levy budgeted for the General Fund is $440.2 million, or a 0.5 percent increase from the amount budgeted in FY 2011.

Property Tax Collection

County taxes are due and payable as of July 1 of each fiscal year, except that real property taxes on principal residences and on small business properties are due and payable in two installments as of July 1 and December 1 of each fiscal year. A discount of 0.5 percent is allowed on payments made in July. The County records property tax revenues as the taxes are billed. Over the last five years, the County has collected virtually all of the property taxes levied.

When taxes become delinquent, combined interest and penalty at the rate of 1.5 percent per month are charged for each month or fraction thereof that taxes due remain unpaid for the current year. Delinquent taxes are satisfied, after prior notice of delinquency, at public auction conducted by the Director of Finance prior to the end of the fiscal year of billing. The net receivables uncollected 60 days after year-end are recorded as deferred revenues. Personal property taxes receivable are charged off as uncollectible after all collection means are exhausted.

The table below presents information with respect to the County's tax levies and tax collections for fiscal years 2007 through 2011.

Total Property Tax Levies and Collections (000)

Fiscal Year Ended June 30	Total Tax Levy (1)	Current Year's Taxes Collection Year of Levy		Taxes Collected (Current and Delinquent)		Delinquent Taxes	Delinquent Taxes as % of Current Year's Tax Levy
		Amount	%	Amount	%	Amount	
2011	$577,633	$574,829	99.51	$574,829	99.51	$2,804	0.49
2010	601,068	599,327	99.71	600,225	99.86	1,741	0.29
2009	569,987	561,004	98.42	569,087	99.84	901	0.16
2008	507,120	505,466	99.67	506,735	99.92	385	0.08
2007	435,503	433,853	99.62	435,098	99.91	404	0.09

(1) Total tax levy represents the original property tax levy, and excludes fire district taxes levied, payments in lieu of taxes, additions and abatements, interest on taxes, discount on taxes and various tax levies on any tax-exempt property.

Major Property Taxpayers

Ownership of property in the County is widely diffused, with the 25 largest taxpayers accounting for less than five percent of the County's assessed value. The following table presents the ten largest property taxpayers on June 30, 2011, the total taxes paid by such taxpayers during fiscal year 2011 and the assessed value of real and personal property owned by each taxpayer during fiscal year 2011.

Ten Largest Property Taxpayers (1)

Name of Taxpayer	Type of Business	Total Taxes Paid (000)	Taxable Assessed Valuation Amount (000)	Percentage of Total County Assessed Valuation
Baltimore Gas & Electric Company	Gas and Electric Utility	$9,530	$331,551	0.69
Mall in Columbia Business Trust	Rental Real Estate	2,408	179,525	0.37
Verizon - Maryland	Telephone Communicatons	4,564	159,379	0.33
Magazine Howard Crossing LLC	Apartment Rentals	1,466	109,248	0.23
Seasons of Laurel LLC	Apartment Rentals	1,143	85,033	0.16
Liberty Property Ltd Partnership	Rental Real Estate	993	73,357	0.15
Sprint Communications	Telephone Communications	1,578	54,895	0.11
WLA Sherwood Investors VI LLC	Apartment Rentals	988	69,758	0.14
New Cingular Wireless PCS, LLC	Cellular Communications	1,331	46,357	0.10
Cellco Partnership	Telephone Communications	1,107	40,950	0.09
Totals		$25,109	$1,150,054	2.37%

(1) The information set forth above was compiled from tax rolls on which the names of owners are not always recorded in the same manner.

Local Income, Transfer and Other County Taxes

Local Income Taxes

The State imposes an income tax on the adjusted income of individuals as determined for federal income tax purposes, subject to certain adjustments. The current State rates are 4.75 percent for individuals making less than $150,000 a year and couples making less than $200,000. The rate increases to 5 percent on taxable income above $150,000 a year for individuals and $200,000 for couples, 5.25 percent on taxable income above $300,000 a year for individuals and $350,000 a year for couples and 5.5 percent for taxable income above $500,000 a year. The individual exemption for taxpayers earning up to $100,000 a year is $3,200 and depending on their taxable income, other taxpayers receive an exemption of $600 to $2,400.

Pursuant to State law, each county and Baltimore City may levy a local income tax at the rate of at least one percent, but not more than 3.2 percent, of the State taxable income of individuals domiciled in their respective jurisdictions. With a local income tax rate of 3.2 percent, the County is one of four with local income tax rates set at the maximum.

The following table presents the total amount of income tax budgeted for the last six fiscal years and received for fiscal years 2007 through 2011. The County budgeted $325,465,000 for fiscal year 2012.

Income Tax Revenues (000)

Fiscal Year Ended June 30	Budget	Actual
2011	$299,000	$315,354
2010	300,650	294,043
2009	331,352	317,213
2008	314,191	316,725
2007	293,636	293,307

Local Transfer Taxes

The County levies and collects a transfer tax at the rate of one percent of the actual consideration paid for the conveyance of title, which tax is imposed upon all transfers of real property within the County. Twenty-five percent of proceeds of the transfer tax are distributed to an agency fund for school construction and site acquisition, 25 percent for Recreation and Parks, 12.5 percent for Fire Service Buildings and Equipment Capital Project Funds, and 25 percent for the Agricultural Land Preservation Program and 12.5 percent to the Community Renewal Special Revenue Funds. In fiscal year 2011, the total amount of transfer tax collected was $21.3 million. The amount of transfer tax budgeted for fiscal year 2012 is $20 million.

Building Excise Tax

The County levies and collects a building excise tax on all construction in the County. The tax is levied at the time a building permit is issued and the amount of tax paid is determined by the square footage of the construction project. The County uses this money to fund road construction projects as well as to pay debt service on general obligation bonds whose proceeds fund such projects. The County has issued $65.0 million of these general obligation bonds since 2000. In addition, $54.3 million of excise tax collected has been appropriated as pay-go funding on road construction projects since fiscal year 1995. The total amount of excise taxes collected were $4.7 million in fiscal year 2011 and $5.0 million was budgeted in fiscal year 2012.

School Facilities Surcharge

The County levies and collects a surcharge on all residential construction in the County. The surcharge is levied at the time a building permit is issued. The County uses this money to fund public school construction projects as well as to pay debt service on general obligation bonds whose proceeds fund such projects. Prior capital budgets included $88.95 million of County general obligation bonds whose debt service will be paid from the surcharge. The County has issued $88.96 million of these general obligation bonds. The total amount of school facilities surcharge collected in fiscal year 2011 was $4.9 million and $5 million budgeted in fiscal year 2012.

Other County Taxes

The County levies and collects other miscellaneous taxes, the largest of which is the recordation tax on instruments conveying title to property and securing debt. In fiscal year 2011, the total amount of other taxes collected was $20.3 million. Of this amount, $14.6 million was attributable to the recordation tax. The fiscal year 2012 recordation tax budget is $17 million.

Local Charges for Services, Licenses and Permits, and Fines

The County and its Component Units collect charges for various services as well as fees for licenses and permits. The largest of these constituting General Fund revenues are building license fees, development-review fees, cable television franchise fees and charges for boarding prisoners. In fiscal year 2011, the total amount of charges and fees collected in the General Fund were $19.7 million. The fiscal year 2012 budget is $21.2 million.

The largest charges and fees credited to Special Revenue Funds are charges for use of recreational facilities and programs and fees and charges for trash collection and use of the County landfill. The total amount of charges and fees collected in Special Revenue Funds in fiscal year 2011 were $38.9 million and $37.5 million was budgeted in fiscal year 2012.

State-Shared Taxes

The State shares certain taxes collected in the County with the County. These taxes are primarily collected on gasoline sales and used for construction and maintenance of highways. The State is not required to share such taxes and has changed the amount that it shares from year to year. The total amount of State-shared taxes collected in fiscal year 2011 was $1,089,121, with $769,000 budgeted for fiscal year 2012.

State and Federal Grant Assistance

The County receives and accrues grant revenues from the federal and State governments. The largest of these grants constituting General Fund revenues is from the State for police protection. The total amount of grants received in the General Fund in fiscal year 2011 was $5.7 million, with $5.6 million budgeted in fiscal year 2012.

Revenues in the Grants Special Revenue Fund are primarily categorical grants from the federal government funding special programs, such as housing, senior services, transit and homeland security. The total amount of grant funds received in the Grants Special Revenue Fund in fiscal year 2011 was $22.6 million, with $66.9 million budgeted in fiscal year 2012. Fiscal Year 2012 includes a $30 million contingency appropriation to allow the County to accept grants mid-year.

The County's Component Units receive and accrue grants from other government agencies, primarily the State, in addition to operating transfers received from the County. In fiscal year 2011, the total amount of grants collected by the Component Units was $200.6 million. Of that amount $169.4 million was used for operations by the Board of Education, $27.6 million was used for operations by the Community College and $3.6 million funded the Howard County Library.

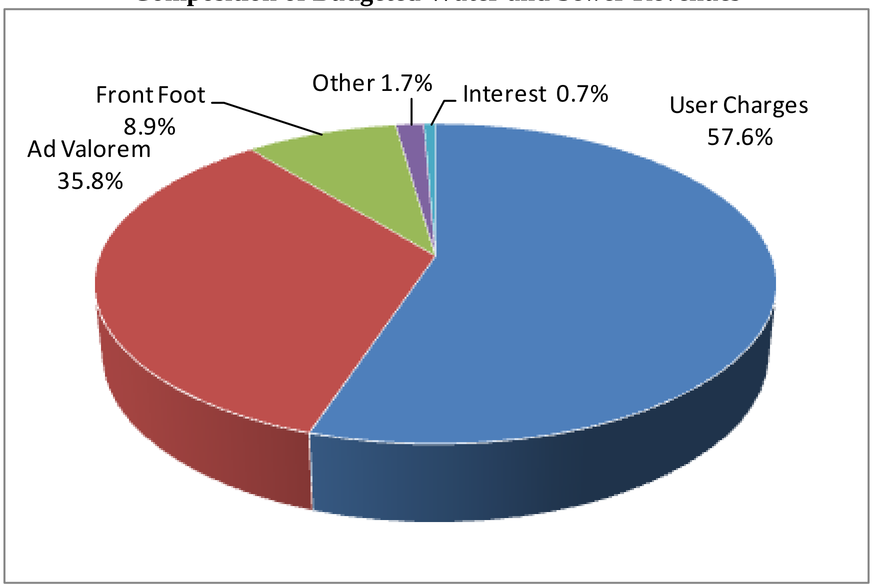
Water and Sewer Enterprise Fund

The County provides water and sewer services primarily to areas of heavy residential and commercial demand in the eastern part of the County (the "Metropolitan District"). The Metropolitan District and the County's water and sewer facilities are described in more detail under "Government and Infrastructure, Water and Sewer System" herein. Financial accounting for the County's water and sewer operations is consolidated in an enterprise fund.

Water and sewer service charges are recorded as revenues when they are billed. At each fiscal year-end, revenue is accrued for the amount of unbilled water and sewage service provided. Other revenues are recorded as payments when received, except at fiscal year-end, when all other revenues are also accrued. Unpaid water and sewer service charges and assessments are a lien on the real property served and are collectible in the same manner as real property taxes at tax sale.

The water and sewer enterprise fund's largest source of operating revenues are water and sewer user charges. These charges are based on the amount of water used. Commercial and residential properties connecting into the water and sewer system also pay connection charges. The average quarterly bill for a family of four in fiscal year 2012 is approximately $200. Effective July 1, 2011 user charges were increased 9% to offset the increase in the cost of water purchased from Baltimore City and the cost of sewage sent to Baltimore County for treatment.

Composition of Budgeted Water and Sewer Revenues



Capital costs related to provision of water and sewer services are financed primarily with ad valorem, front-foot charges, and Metropolitan District general obligation bonds. For fiscal year 2012, an ad valorem charge of $0.08 per $100 assessed value was levied upon all property located within the Metropolitan District. Property abutting a road under which the County has built a water or sewer main is charged a fixed amount annually for 30 years (front foot), with such amount established in the year in which water or sewer service becomes available to each specific property. An in-aid-of-construction charge is collected for each connection of an equivalent dwelling unit.

The County has entered into certain agreements with Baltimore City, Baltimore County and the Washington Suburban Sanitary Commission for water supply services and/or sewage disposal services. Under the terms of such agreements, the County is to reimburse these governmental units for their costs of providing water and sewer service. The County provides for annual accrual of its liability under these agreements. Under the terms of several other agreements with these governmental units as well as Anne Arundel County, the County is obligated to fund a portion of capital improvements to certain existing and proposed water and sewer facilities. The County estimates that its remaining commitment under these agreements over the next five fiscal years is $34.9 million and such obligation is included in the County's capital program.

The following table presents the revenues, expenses and changes in net assets of the water and sewer enterprise fund for fiscal years 2007 through 2011.

Water & Sewer Enterprise Fund Statement of Revenues, Expenses & Changes in Net Assets (000)[1]

	Fiscal Year Ended June 30				
Operating Revenues:	**2007**	**2008**	**2009**	**2010**	**2011**
User charges	$ 32,745	$ 36,843	$ 37,552	$ 39,899	$ 44,209
Miscellaneous sales and services	764	488	471	539	1,512
Total Operating Revenues	$ 33,509	$ 37,331	$ 38,024	$ 40,438	$ 45,721
Operating Expenses:					
Salaries and employee benefits	9,295	10,644	10,183	10,365	10,314
Contractual services	5,083	5,322	5,457	6,714	4,942
Supplies and materials	1,788	1,851	1,693	1,483	3,083
Business, travel and vehicle expenses	1,883	1,277	1,616	1,806	49
Purchased water and transmission charges	10,038	11,028	10,458	12,546	13,372
Sewage treatment charges	4,337	2,748	6,472	5,742	9,606
Share of county administrative expense	3,909	4,499	3,796	4,018	4,340
Other	87	87	70	693	916
Depreciation expense	18,320	18,205	12,304	13,634	13,766
Less: House connection and capitalized overhead costs	(545)	(411)	(207)	(50)	(44)
Total Operating Expenses	$ 54,195	$ 55,250	$ 51,842	$ 56,952	$ 60,344
Operating Loss	(20,686)	(17,919)	(13,819)	(16,514)	(14,623)
Nonoperating Revenues (Expenses):					
Ad valorem charges	23,386	27,200	30,981	32,396	30,884
Water and sewer assessment charges	3,280	5,671	4,203	4,083	2,885
Interest on investments	2,507	2,926	1,157	371	173
Charges for services	(3,711)	(3,452)	395	-	-
Interest expense	(6,573)	(6,800)	(6,833)	(7,947)	(6,187)
Other revenue (expense)[2]	2,983	(1,464)	562	(166)	18,555
Total Nonoperating Revenues (Expenses)	$ 21,872	$ 24,081	$ 30,466	$ 28,737	$ 46,310
Net Income before Contributions and Transfers	1,186	6,162	16,647	12,222	31,687
Capital contributions	5,922	13,088	6,959	9,667	5,776
Operating transfers in (out)	1,571	(700)	(1,694)	587	(3,200)
Change in Net Assets	$ 8,679	$ 18,550	$ 21,913	$ 22,476	$ 34,263
Net Assets at Beginning of Period	436,906	445,585	464,135	486,048	508,524
Adjustment to Beginning Balance	-	-	-	-	(2,314)
Net Assets at End of Period	**$445,585**	**$464,135**	**$486,048**	**$508,524**	**$540,473**

(1) This information should be read in conjunction with the audited basic financial statements included in Appendix A of this Official Statement.
(2) Receipt of a portion of the Bay Restoration Fund grant for the upgrade of the Little Patuxent Water Reclamation Plant.

Golf Course Enterprise Fund

The County owns an 18-hole public golf course, opened in 1996, whose construction and equipping were financed with proceeds of revenue bonds issued in 1995 and subsequently refunded in 2003. The County accounts for the operations of the golf course in an enterprise fund. The County has a multi-year contract through June 30, 2013 with a management company to operate the course.

The following table presents the revenues, expenses and changes in net assets of the golf course enterprise fund for fiscal years 2007 through 2011.

Golf Course Enterprise Fund Statement of Revenues, Expenses & Changes in Net Assets (000)[1]

	Fiscal Year Ended June 30					
Operating Revenues:	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Greens & cart fees	$ 1,719	$ 1,697	$ 1,672	$ 1,585	$ 1,606	$ 1,532
Range fees	93	94	91	86	97	89
Merchandise sales & services	153	157	142	117	112	109
Food & beverage	334	314	333	298	314	307
Miscellaneous sales & services	22	32	20	18	21	19
Total Operating Revenues	$ 2,320	$ 2,294	$ 2,258	$ 2,104	$ 2,149	$ 2,056
Operating Expenses:						
Contractual services	$ 1,531	$ 1,517	$ 1,534	$ 1,401	$ 1,460	$ 1,445
Depreciation expense	66	66	72	40	49	50
Total Operating Expenses	$ 1,597	$ 1,583	$ 1,605	$ 1,441	$ 1,509	$ 1,495
Operating Income/(Loss)	$ 723	$ 711	$ 652	$ 663	$ 640	$ 562
Nonoperating Expenses:	(313)	(300)	(280)	(277)	(257)	(244)
Income before contributions & transfers	410	412	372	386	383	318
Operating transfers in (out)	-	(13)	(4)	(1)	-	205
Change in Net Assets	$ 410	$ 398	$ 368	$ 385	$ 383	$ 523
Net Assets at Beginning of Period	1,896	2,306	2,705	3,073	3,458	3,841
Total Net Assets	$ 2,306	$ 2,705	$ 3,073	$ 3,458	$ 3,841	$ 4,364

(1) The information in this table should be read in conjunction with the audited basic financial statements included in Appendix A of this Official Statement.

Retirement and Pension Programs

Overview of Programs

Each fully benefited employee of the County is provided retirement benefits through and must be a member of (1) the Police and Fire Employees' Retirement Plan ("Police/Fire Plan"), (2) the Howard County Retirement Plan ("County Plan") or (3) the Employee Retirement and Pension Systems of the State of Maryland ("State Systems"). The State Systems are cost-sharing multiple-employer defined benefit systems; the Police/Fire Plan and the County Plan are single-employer defined benefit public employee retirement plans administered by the County. Fully benefited employees of the Component Units are provided retirement benefits through the State Systems; most contributions to the State Systems for these employees are made directly by the State according to State statute. The Governor's budget includes a proposal to have the counties share the cost of funding teachers' pensions. The estimated cost of the teachers' pensions to be transferred to Howard County in FY 2013 is $17,225,563. There are revenue proposals being considered by the General Assembly to partially offset this cost. As of this date, the General Assembly has not adopted statutory changes to the current obligation of the State to pay pension costs or regarding any costs or responsibilities for unfunded actuarial liabilities that might be passed on to the counties or the revenues that could be made available to offset any costs that might be transferred. The Component Units' financial reports for the year ended June 30, 2011 present information related to their participation in the State Systems.

The following table presents the enrollment (as of July 1, 2011) and payroll in fiscal year 2011 for County employees covered by the State Systems (excluding Component Unit employees), Police/Fire Plan and County Plan.

Enrollment and Payroll of Covered Employees

	Enrollment			
	Retired	**Vested**	**Non-Vested**	**Payroll (000)**
State Systems	-	113	-	$7,048
Police/Fire Plan	270	579	252	59,571
County Plan	438	1,025	481	86,464
Non-Covered Payroll	-	-	-	10,724
Total	**708**	**1,717**	**733**	**$163,807**

Information regarding these retirement and pension programs is contained in Note 14 of the notes to the audited basic financial statements included in Appendix A of this Official Statement.

Funding of Payments

Retirement and pension payments are funded from three sources: County contributions, member contributions and investment earnings. The following table presents the County's total pension contributions for fiscal years 2007 through 2011.

Total Pension Contributions (000)

Fiscal Year Ended June 30	State Systems Contribution	Police/Fire Plan Contribution	County Plan Contribution	Total County Contribution
2011	$0	$15,667	$10,304	$25,971
2010	0	14,881	9,758	24,639
2009	0	14,426	9,745	24,171
2008	0	14,717	10,022	24,739
2007	0	13,549	9,695	23,244

Pension Obligation

The County's funding policies provide for periodic employer contributions at rates determined actuarially to accumulate sufficient assets to pay for benefits when due. The County had no net pension obligation as of July 1, 2010 associated with any retirement plans, as the County has always made its annual required contributions. The following tables present the computation of contribution requirements for the Police/Fire Plan and the County Plan through the most recent actuarial valuations.

The Police/Fire Plan was only 37% funded when it was established in 1990. The increase in unfunded accrued liabilities of the Police/Fire Plan and the County Plan is the result of investment returns below the assumed rate after smoothing. Investment gains and losses are smoothed over five years and actuarial gains and losses are amortized over 15 years for both plans.

Computation of Contribution Requirements

	Police/Fire Plan				
	July 1, 2007 Valuation	July 1, 2008 Valuation	July 1, 2009 Valuation	July 1, 2010 Valuation	July 1, 2011 Valuation
Market Value of Assets ($000)	232,829	225,104	198,022	233,907	290,335
Actuarial Value of Assets ($000)	210,785	238,417	253,567	266,985	288,376
Actuarial Accrued Liability ($000)	270,500	300,686	322,470	348,702	378,297
Unfunded Accrued Liability ($000)	(59,715)	(62,269)	(68,903)	(81,717)	(89,921)
Percentage Funded (1)	77.9	79.3	78.6	76.6	76.2
Annual Covered Payroll ($000)	43,600	46,863	52,145	53,308	55,566
Unfunded Accrued Liability as % of Annual Covered Payroll (1)	136.9	132.9	132.1	153.3	161.8

	County Plan				
	July 1, 2007 Valuation	July 1, 2008 Valuation	July 1, 2009 Valuation	July 1, 2010 Valuation	July 1, 2011 Valuation
Market Value of Assets ($000)	213,860	205,258	177,325	208,024	257,476
Actuarial Value of Assets ($000)	192,986	217,213	228,133	237,415	253,099
Actuarial Accrued Liability ($000)	199,700	225,594	245,226	253,783	273,669
Unfunded Accrued Liability ($000)	(6,714)	(8,381)	(17,093)	(16,368)	(20,570)
Percentage Funded (1)	96.6	96.3	93.0	93.6	92.5
Annual Covered Payroll ($000)	76,600	81,475	85,231	84,846	86,500
Unfunded Accrued Liability as % of Annual Covered Payroll (1)	9.3	10.3	20.1	19.3	23.8

(1) Based on Actuarial Value of Assets
Source: Bolton Partners, Inc., Actuarial Valuation

Other Post Employment Benefits

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

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

There is no vesting in the post-employment health benefits. The County and Schools made substantial changes to the benefits effective July 1, 2009 for the County and July 1, 2010 for the Schools. Eligibility was increased from 10 years of service to 15 years of service for all employees who did not have 10 years of service as of July 1, 2009. The rate at which the level of subsidy is awarded was significantly reduced for School employees and the maximum level of subsidy was reduced from 100% to 90% for all participants. The base premium used to calculate the benefit was reduced for County employees. The benefit changes resulted in a $10.7 million savings in the ARC.

Given the extraordinary economic conditions we are in, the County's FY 2012 budget only includes funds for the pay-as-you-go costs, but $5.3 million was designated for OPEB from the June 30, 2011 fund balance. The County is committed to funding its OPEB plan and expects to begin an 8 to 10 year phase-in funding schedule in FY 2013. The latest actuarial evaluation estimates an Annual OPEB Cost of $62.8 million at June 30, 2011, and $61.2 million at June 30, 2012. The decreases are the result of favorable claims experience. The County plans to begin a second review and analysis of the benefit next to identify additional cost savings options to be implemented in FY 2013.

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

	Actuarial Unfunded Accrued Liability	Amortization of Actuarial Unfunded Accrued Liability	Normal Cost	Annual Required Contribution (ARC)	ARC Funding	Net OPEB Obligation (NOO)
	1	*2*	*3*	*2 + 3*	*4*	*2 + 3 - 4*
Howard County Public School System	$388,284,000	$16,910,000	$20,168,000	$37,078,000	$9,331,000	$27,747,000
Howard Community College	20,219,901	881,000	1,665,000	2,546,000	218,000	2,328,000
Howard County Government	242,827,000	10,575,000	12,555,000	23,130,000	4,867,000	18,263,000
	$651,330,901	$28,366,000	$34,388,000	$62,754,000	$14,416,000	$48,338,000

Actuarial Assumptions

Actuarial valuation date	2/1/11 for Board of Education, 1/1/11 for General Government and 3/1/11 for Community College
Actuarial cost method	Projected Unit Credit
Amortization method	27 years using level percentage of pay
Asset valuation method	Fair Value, assumed 7.5% return
Actuarial trend assumption	Medical and prescription drug trend rate applied to FY 2012 is 5.80%. The ultimate rate in FY 2080 is 4.20%. Dental and vision trend to be applied is 5.00% for all years.
Interest assumption	Discount rate of 4.00%
Salary increases	3% annually

Accounting for Annual and Disability Leave

As of June 30, 2011, employees paid from the General Fund, Special Revenue Funds, and Internal Service Funds accrued unused annual leave of $19.9 million. Unused annual leave for employees paid from the water and sewer enterprise fund was $781,608. These amounts are based upon the average daily pay rate for the employees at year-end. The annual leave amounts are recognized as liabilities in the County's financial statements. The Disability leave amounts do not vest to the employees and are not reflected as liabilities.

Insurance and 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; environmental exposures; and natural disasters. The County, excluding the Board of Education, has established two internal service funds to account for and finance its risks of loss. The County's risk-financing techniques include a combination of risk retention through self-insurance and risk transfer through the use of a risk pool and commercial insurance.

The Risk Management Fund is administered by the Office of Risk Management in the Department of County Administration. All funds of the County participate in the risk management program and make annual payments to the internal service fund which provides coverage in the amount of the self-insured retention. Losses above the self-insured retention are paid by the risk pool or commercial insurance. Currently, the self-insured retention is $1 million for each automobile liability claim, $1 million for each general liability claim, $100,000 for each property damage claim and unlimited for each workers' compensation claim. The self-insured retention can change based on the terms of the annual policy renewal. Currently, the Fund totally self-insures workers compensation and third-party environmental exposures due to the lack of availability of adequate and affordable commercial excess coverage. The Fund also totally self-insures first-party auto physical damage claims.

Contributions to the Risk Management Fund from covered departments and agencies are calculated based on a combination of actuarial estimates and historical cost information. These amounts are needed to pay prior, current and anticipated claims, to establish a reserve for catastrophic losses, and pay for commercial insurance premiums and administrative costs. In addition, the Library, Community College, Howard County Economic Development Authority, Housing Commission and Howard County Mental Health Authority have entered into agreements with the County whereby they contribute to and are covered through the Risk Management Fund.

The County belongs to the Local Government Insurance Trust ("LGIT"), which provides insurance for claims in excess of coverage provided by the County's Risk Management Fund for certain exposures. The County participates in LGIT in the areas of excess property, general liability and automobile liability. LGIT consists of various Maryland local governments including counties and municipalities. LGIT was created to provide broader insurance coverages than those available from commercial insurers, coverages that may otherwise be unavailable, and loss control and risk management services to Maryland local governments. In FY 2010, LGIT paid property claims arising from the blizzards of February 2010 that exceeded the County's $100,000 retention in the Risk Management Fund.

The Employee Benefits Fund provides full coverage for employee health benefits and long-term disability claims. An employee may contribute a percentage of the cost of employee benefits other than long-term disability, which is fully funded by the County. This program is administered by the County Office of Human Resources, and employees of the County are covered by its benefits.

Investment Policy

The County has established an investment policy that applies to all of its financial assets. This policy invests public funds in a manner that conforms to all applicable State and County statutes while meeting the County's investment objectives. The three prioritized objectives of the County's investment activities are (1) safety of principal through (a) diversification, (b) third-party collateralization and safekeeping and (c) delivery versus payment; (2) liquidity sufficient to meet all reasonably anticipated operating requirements; and (3) return on investment at least equal to the yield on U.S. Treasury bills of comparable duration. The Director of Finance is required to develop and maintain written administrative procedures as well as a system of controls to regulate the operation of the investment program. Compliance with these procedures and controls is audited as part of the County's annual financial audit.

As of June 30, 2011, the County had investments totaling approximately $426.8 million. All of these investments mature within one year except for stripped-coupon U.S. Treasury securities that the County has purchased to provide for the payment of the final installments under its agricultural land preservation installment-purchase agreements. All investments were purchased to be held to maturity, and interest is paid throughout the term except as previously noted. The County has never entered into reverse repurchase transactions, and does not invest in derivatives.

In 2003, the County's investment policy was updated and received a certificate of excellence from the Association of Public Treasurers of the United States and Canada. The County is a member of the Investment Affinity Group of the Maryland GFOA, which periodically brings together public investment officers from large Maryland counties, Baltimore City and the State.

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Capital Requirements and Debt Management

Capital Projects Fund

The following table presents the sources and uses of funds in the County's Capital Projects Fund.

Sources and Uses of Capital Projects Fund (000)[1]

	Fiscal Year Ended June 30				
	2007	**2008**	**2009**	**2010**	**2011**
Source of Funds:					
Proceeds of bonds and notes	$ 113,400	$ 136,845	$ 78,494	$101,010	$111,115
Proceeds of refunding bonds	-	87,420	-	85,796	-
Bond Premium	-	-	4,104	18,964	4,605
Local transfer tax	25,465	20,021	15,194	18,933	18,006
Pay-as-you-go funding	-	5,497	1,145	-	-
Revenues from other governmental agencies	18,789	15,774	17,340	10,071	15,439
Developer contributions	1,263	1,505	795	1,019	940
Other	17,626	12,409	7,371	7,260	5,824
Operating transfers in	19,707	21,228	35,706	9,330	6,223
Total Sources	**$ 196,250**	**$ 300,699**	**$160,150**	**$252,383**	**$162,152**
Use of Funds:					
Capital projects expenditures	169,813	157,853	121,975	127,027	187,594
Operating transfers out	27,827	33,654	34,382	16,145	20,219
Payment to refunded bond escrow agent	-	92,180	-	99,005	-
Total Uses	**$ 197,640**	**$ 283,687**	**$156,357**	**$242,177**	**$207,813**
Excess (Deficit) of Sources over Uses	(1,390)	17,012	3,794	10,206	(45,660)
Fund Balance at Beginning of Period	(6,965)	(8,355)	8,657	12,452	22,657
Fund Balance (Deficit) at End of Period	**(8,355)**	**8,657**	**12,452**	**22,657**	**(23,003)**

[1] The information in this table should be read in conjunction with the audited basic financial statements included in Appendix A of this Official Statement.

Board of Education Capital Projects

The following table presents the sources and uses of funds for the Board of Education's capital projects for the last five fiscal years.

Sources and Uses of Funds for Board of Education Capital Projects (000) [1]

	Fiscal Year Ended June 30				
	2007	**2008**	**2009**	**2010**	**2011**
Sources of Funds:					
Proceeds of County bonds and notes	84,963	57,759	32,419	39,131	57,134
Revenues from County and State	3,175	13,322	20,745	19,517	6,690
Other	366	6,281	10,543	2	1
Total Sources	88,505	77,362	63,707	58,650	63,825
Uses of Funds:					
Capital projects expenditures	86,669	76,054	63,129	55,033	58,999
Other	2,978	4,034	6,593	4,988	4,269
Total Uses	89,647	80,088	69,722	60,022	63,268
Excess (Deficit) of Sources over Uses	(1,143)	(2,726)	(6,015)	(1,371)	557
Fund Balance at Beginning of Period	6,454	5,311	2,585	(3,430)	(4,801)
Fund Balance at End of Period	5,311	2,585	(3,430)	(4,801)	(4,244)

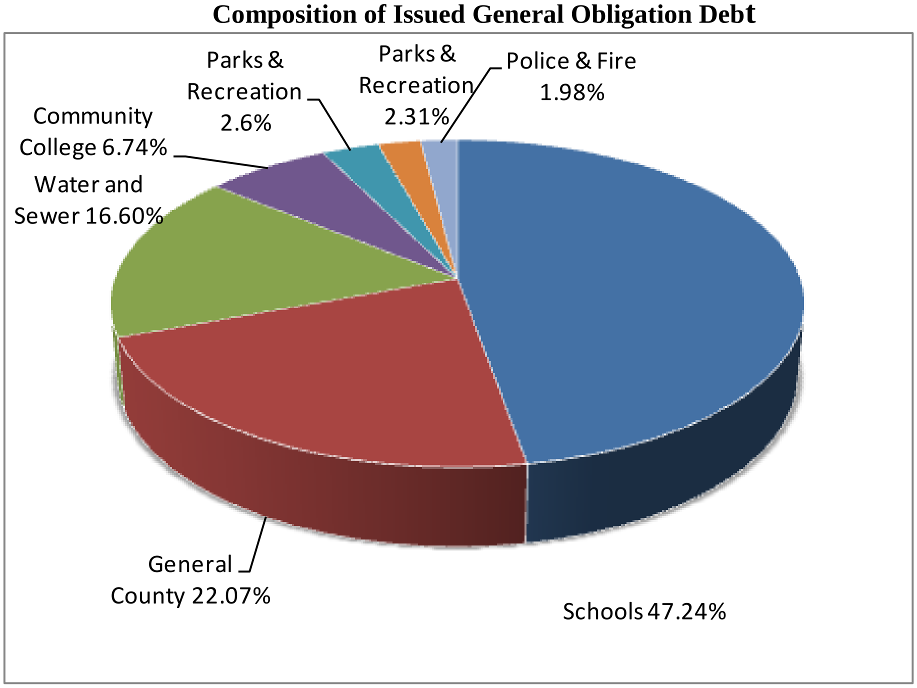
[1] This table should be read in conjunction with the audited basic financial statements of the Board of Education.

Source: Howard County Public School System Office of Finance

Composition of Debt

The chart below presents how proceeds of outstanding County bonds were used as of December 31, 2011.

Composition of Issued General Obligation Debt



Capital Budget and Program

The following table presents the County's adopted capital budget for fiscal year 2012 and program for fiscal years 2013 through 2017.

Capital Budget and Program (000)

	Authorization								
Program Title	**Prior**	**FY2012**	**Subtotal**	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**	**Total**
Bridge Improvements	$ 13,742	600	14,342	2,550	250	1,700	100	1,250	20,192
Storm Drainage	30,796	10,000	40,796	10,415	12,015	14,650	14,450	11,050	103,376
Road Resurfacing	37,643	4,725	42,368	11,750	11,750	1,000	1,000	1,000	68,868
Road Construction	204,633	(16,555)	188,078	31,860	47,185	32,025	9,195	3,405	311,748
Sidewalk/Curb Projects	9,674	685	10,359	2,705	3,575	1,698	1,195	1,525	21,057
Traffic Improvements	7,293	1,170	8,463	800	350	300	300	-	10,213
General County	407,707	32,543	440,250	17,621	27,245	21,663	12,535	810	520,124
Fire	75,123	7,870	82,993	16,675	25,245	3,895	1,250	1,250	131,308
Library	28,425	3,212	31,637	8,744	42,839	4,370	-	-	87,590
Police	6,155	-	6,155	1,945	9,605	2,385	-	-	20,090
Recreation & Parks	113,240	5,617	118,857	25,829	55,097	10,472	15,352	5,052	230,659
Agricultural Preservation	120,608	-	120,608	-	-	-	-	-	120,608
Community Renewal	15,650	2,100	17,750	2,000	2,000	-	-	-	21,750
Sewer	427,477	20,637	448,114	10,632	8,097	6,067	4,567	3,102	480,579
Water	166,678	10,750	177,428	62,908	24,058	26,775	25,255	12,780	329,204
Board of Education	528,307	72,936	601,243	106,962	99,261	101,760	94,512	112,866	1,116,604
Community College	103,385	31,664	135,049	12,321	61,343	58,055	35,221	45,703	347,692
Total	$ 2,296,536	187,954	2,484,490	325,717	429,915	286,815	214,932	199,793	3,941,662

Debt Management Policy

Chapter 693 of the 2009 Laws of Maryland requires each local government unit to adopt by resolution, motion or ordinance a local debt policy consistent with the Maryland Constitution, State law and the Howard County Charter. On October 5, 2009, the County adopted an updated debt management policy that establishes the processes employed in the management of its short- and long-term 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. The County recently added long-term variable rate debt as an approved type of debt that can be issued. By establishing a debt policy, the County has recognized its binding commitment to full and timely repayment of all debt. The policy ensures that the County maintains a sound debt position and that its credit quality is protected.

In addition, the County adopted Build America Bonds ("BABs") – Direct Pay Procedures in March 2010 and Tax-Exempt Issuance Procedures in February 2012. The procedures ensure that the County does not expend bond proceeds for non-eligible costs or projects and establish document retention, semi-annual filing and on-going compliance guidelines.

Debt Capacity

Pursuant to Article VI of the County Charter and State law, the aggregate amount of bonds and other indebtedness of the County outstanding at any one time may not exceed 4.8 percent of the full market value of real property and personal property located within the County. In computing this percentage under the County Charter and State law, the following are excluded: (1) tax anticipation notes or other debts having a maturity not in excess of 12 months, (2) bonds or other debts issued or guaranteed by the County payable primarily or exclusively from taxes levied on or in, or other revenues of, special taxing areas or districts and (3) bonds and other debts issued for selfliquidating and other projects payable primarily or exclusively from the proceeds of assessments or charges for special benefits or services. Metropolitan District debt, which is payable primarily from water and sewer charges, does not constitute general obligation debt for the purpose of computing such percentage, and there are no other debt limitations applicable to Metropolitan District debt. For the purpose of determining whether refunding bonds issued under such statute are within the legal debt limitation of the County, the amount of bonds refunded is subtracted from, and the amount of refunding bonds issued is added to, the aggregate of the County's outstanding bonds.

Shown below is a calculation of the County's legal debt capacity as of December 31, 2011, based on the County's estimated assessable base as of December 31, 2011.

Legal Debt Capacity (000)

Assessable base limit on general obligation debt	$2,092,562
Total outstanding debt to be applied against County Charter limit	795,505
Additional legal debt capacity	$1,297,057

Description of Debt

Public Improvement Debt

The County issues public improvement debt to defray the costs of general County capital projects, including storm drainage, fire service, police, road construction, bridge, library, recreation and parks, school, community college, sidewalk and curb, intersection and signal improvement, and community renewal capital projects. Such debt is a general obligation of the County, and the County's full faith and credit and unlimited taxing power are irrevocably pledged to the punctual payment of principal of and interest on such debt when due and payable. Debt service on public improvement debt is payable primarily from general tax revenues; however, building excise taxes, school surcharge and transfer taxes are also used to pay debt service for certain types of capital projects.

Short-Term Construction Financing Program

The County issues bond anticipation notes (BANs) in order to provide interim financing for a portion of the cost of its ongoing capital projects. The notes are currently in the form of commercial paper and are rolled over at maturity until repaid with proceeds of the County's long-term bonds. The County typically issues its long-term bonds once a year in an amount corresponding to the note proceeds expended since its last bond sale and uses such bond proceeds to redeem outstanding notes. The outstanding amount of such notes as of December 31, 2011 is $20 million, with $80 million re-issued in January 2012. The County does not intend to refund the outstanding BANs with this bond issue.

Landfill Closure and Post-Closure Care Cost

State and federal laws and regulations require the County to place a final cap on closed landfill cells and to perform certain maintenance and monitoring functions at cells for 30 years after closure. The County recognizes a portion of these estimated closure and post-closure care costs in each operating budget, based on cell capacity used.

The County ceased using the Alpha Ridge landfill as its primary waste disposal site in 1997, and now exports waste to a regional landfill in Virginia. The closure cap for a 70-acre cell at Alpha Ridge was completed and paid for in 2001. The County does not expect to use the 29.44 percent capacity at the remaining cell in the foreseeable future.

Closure costs for the existing cell and post-closure care cost for the closed and existing cells at the Alpha Ridge landfill will approximate $43.6 million. Actual costs may differ due to inflation or future design changes. As of June 30, 2011, the County had recognized $36.3 million of these costs. The County intends to fund the remaining costs from bond proceeds and its annual Environmental Services fund budget.

Metropolitan District

The County issues Metropolitan District debt to defray the costs of the County's water and sewer capital projects as well as its share of Baltimore City water and sewer capital projects. Such debt is a general obligation of the County, and its full faith and credit and unlimited taxing power are irrevocably pledged to the punctual payment of principal of and interest on such debt when due and payable. Debt service on Metropolitan District debt is payable from water and sewer revenues and other revenues.

Maryland Water Quality Financing Administration

Under the Maryland Water Quality Financing Administration's revolving loan program, the State has seven outstanding loans to the County at interest rates that are below market. Four of the loans are tax-exempt obligations that were primarily used to finance the expansion of the Little Patuxent Wastewater Treatment Plant and two more financed the Holiday Hills sewer project. As with Metropolitan District debt, such debt is payable from water and sewer revenues and other revenues, but the full faith and credit of the County is also pledged to the payment thereof.

The remaining loan, incurred in 1999, was used to refund $14.04 million of public improvement debt used to fund landfill closure costs. Interest on this refunding loan is not tax-exempt and debt service on this refunding loan is payable from the County's General Fund.

Agricultural Land Preservation Program

Through its agricultural land preservation program, the County finances the acquisition of development rights to a particular parcel of agricultural property by entering into an installment-purchase agreement with the property owner. Historically, under the terms of the installment-purchase agreement, the County paid the property owner semiannual interest payments for up to 30 years, and minimal portions of the installment-purchase price biennially until maturity. The rest of the purchase price for the development rights is paid at the end of the term with a balloon payment. Upon execution of an installment-purchase agreement, the County purchased stripped-coupon U.S. Treasury obligations in amounts sufficient to equal the balloon payment at the maturity of the installment purchase.
Under the current program, the County pays ten percent of the purchase price at closing, with equal annual principal payments over 20 years with interest. The County acquires the development rights to the land in perpetuity. The County is using the 25 percent portion of the local transfer tax that is dedicated to agricultural land preservation and the County's share of the State transfer tax on agricultural land to fund this program.

Golf Course

In 1995, the County issued revenue bonds to finance construction of a public golf course with related facilities. The original bonds were refunded in 2003. Income derived from the golf course facility is pledged to pay debt service on the 2003 bonds and to maintain a debt service reserve fund. If a deficiency exists in the debt service reserve fund, the County is obligated to restore the amount in the debt service reserve fund to the maximum annual debt service on the 2003 bonds not later than 30 days after the beginning of the first fiscal year following a determination of such a deficiency, until the 2003 bonds have been paid in full. The County has never had to replenish the debt service reserve fund due to a deficiency. The 2003 bonds do not constitute a pledge of the County's full faith and credit or taxing power, but the County's covenant to restore the amount in the debt service reserve fund and to maintain the facility in first class operating condition is a general contractual obligation of the County. For the past two fiscal years, the County General Fund has supplemented golf course maintenance costs.

Capital Leases

The County entered into two lease agreements as lessee with Grant Capital Management for financing the acquisition of equipment for the energy performance contract. These lease agreements qualify as capital leases for accounting purposes, and have been recorded at the present value of their future minimum lease payments as of the inception date. The future minimum lease obligations total $7,027,523 and the net present value of these minimum lease payments as of June 30, 2011 are $4,944,759.

Overlapping Debt

There are no incorporated towns, villages, municipalities or other subdivisions within the County boundaries having separate taxing authority. Thus there is no overlapping municipal debt in the County. However, the Columbia Homeowners Association does have authority to issue debt which is funded via a fee. (See "Demography and Economy, Columbia" herein.)

Tax Incremental Financing

The County has authorized the issuance of tax increment financing ("TIF") bonds to finance a portion of the costs of construction of a parking garage at the Savage MARC Rail Station. The purpose of the proposed TIF bonds will be to finance a portion of the public improvements on the property and to encourage a mixed use "transit oriented development" consisting of residential, hotel, retail and office use. The State has approved the transfer of property to the developer in exchange for the developer's agreement to construct a commuter garage (to be owned by the State) and an apartment building. The County currently anticipates that a portion of the costs of the garage (approximately $14 million) will be financed with proceeds of the County's TIF bonds and the remainder will be funded by the developer. The County created the "Savage Towne Centre Special Taxing District" to levy and collect property taxes to fund the special obligation bonds. TIF bonds are not expected to be issued in the current fiscal year.

Conduit Debt

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

As of June 30, 2011, there were 47 series of Conduit debt outstanding. The aggregate principal amount payable for the 17 series issued after July 1, 1996 was $121,962,637. The aggregate principal amount payable for the 30 series issued prior to June 30, 1996 could not be determined; however, their original issue amounts totaled $141,780,339.

The Howard County Housing Commission issued $13,655,000 Lease Revenue Bonds (Roger Carter Recreation Center) in December 2011. The Commission will use the proceeds of the Bonds to finance a portion of the costs of the design, development, construction, and equipping of a recreation center, an indoor swim center facility, and parking deck and related structures and site improvements to be located on Ellicott Mills Drive in Ellicott City in the County. The Project will be constructed on an approximately 4.8-acre parcel of land owned by the Commission. The Commission and the County entered into a Lease Agreement dated as of December 1, 2011, under which the Commission will lease the Project and the Leased Premises to the County. The Lease Agreement will require the County to make lease payments, which are calculated to be sufficient to pay when due the principal of and interest on the Bonds. The Lease Agreement is not a general obligation of the County and does not constitute a pledge of the faith and credit or the taxing powers of the County.

Outstanding Long-Term Debt

As of February 29, 2012, the County had outstanding long-term debt presented below.

	Dated Date	Issued (000)	Interest Rates	Final Maturity	Outstanding Feb. 29, 2012
MD Water Quality Refunding	06/29/99	14,210	2.41	02/01/16	2,850
Public Improvement Project and Refunding	06/01/03	94,770	2.00 - 5.00	08/15/17	13,530
Public Improvement and Refunding, Series A	02/01/04	112,305	2.00 - 5.00	08/15/22	80,210
Public Improvement and Refunding, Series B	02/01/04	21,000	2.00 - 5.00	08/15/19	3,935
Consolidated Public Improvement	01/01/05	60,000	3.00 – 4.25	02/15/13	2,800
Consolidated Public Improvement	01/15/06	91,375	3.50 – 4.50	02/15/14	8,300
Consolidated Public Improvement, Series A	03/15/07	100,000	4.00 – 5.00	02/15/27	48,200
Public Improvement Refunding, Series B	12/19/07	87,420	3.75 – 5.00	02/15/19	37,690
Consolidated Public Improvement	02/27/08	107,500	3.00 - 5.00	02/15/28	65,070
Consolidated Public Improvement, Series A	04/08/09	69,720	3.50 - 5.00	04/15/29	65,165
Public Improvement Refunding, Series B	12/08/09	85,860	2.00 - 5.00	08/15/22	85,855
Consolidated Public Improvement, Series A	03/16/10	49,015	3.00 - 5.00	02/15/23	43,985
Consolidated Public Improvement, Series B	03/16/10	12,590	0.60 - 3.70	02/15/17	9,135
Public Improvement BABs, Series C (2)	03/16/10	39,405	5.00 - 5.55	02/15/30	39,405
Consolidated Public Improvement, Series A	03/09/11	111,115	4.00 – 5.00	02/15/31	107,320
Public Improvement and Refunding, Series B	11/17/11	182,055	3.00 - 5.00	08/15/31	182,055
Total Long-Term Public Improvement Debt					**$795,505**
MD Water Quality Financing Administration	06/01/92	15,212	3.50	02/01/13	1,146
MD Water Quality Financing Administration	10/10/95	1,831	4.33	02/01/15	427
MD Water Quality Financing Administration	10/18/00	34,000 (3)	2.40	02/01/22	19,007
MD Water Quality Financing Administration	01/29/02	22,000 (3)	2.00	02/01/24	13,558
Metropolitan District Project and Refunding	06/01/03	29,180	3.0 - 5.0	08/15/32	10,350
Metropolitan District Refunding	02/01/04	8,325	2.0 - 4.25	08/15/23	7,065
Metropolitan District	01/01/05	4,000	3.0 – 4.5	02/15/34	2,725
Metropolitan District	01/15/06	3,000	3.5 – 4.4	02/15/35	2,365
Metropolitan District, Series A	03/15/07	10,000	4.0 – 4.5	02/15/37	8,440
Metropolitan District Refunding, Series B	12/19/07	11,980	3.75 – 4.375	02/15/29	10,920
Metropolitan District	02/27/08	4,095	3.00 - 4.75	02/15/38	3,775
MD Water Quality Financing Administration	10/01/08	1,089 (3)	2.30	02/01/29	942
Metropolitan District, Series A	04/08/09	26,240	2.81 - 5.00	04/15/29	24,495
MD Water Quality Financing Administration	11/19/09	3,500 (3)	1.00	02/01/31	2,740
Metropolitan District Refunding, Series B	12/08/09	7,255	1.00 - 4.00	08/15/30	7,215
Metropolitan District, Series A	03/16/10	5,520	2.00 - 4.00	02/15/15	3,400
Metropolitan District, Series A	03/09/11	49,990	4.00 - 4.75	02/15/41	48,980
Metropolitan District and Refunding, Series B	11/17/11	36,245	3.00 - 5.00	08/15/41	36,245
Total Water and Sewer Enterprise Fund Debt(4)					**$203,794**
Agricultural Land Preservation Program(5)(6)	1989-2011	100,813	2.73 - 8.60	02/15/31	35,628
Golf Course Refunding Revenue(7)	06/01/03	9,880	2.00 -3.80	08/15/20	5,775
Total Special Revenue Funds, Other Enterprise Fund and Guaranteed Debt					**$41,403**

(1) The outstanding amounts do not include bonds to be redeemed with the proceeds of refunding bonds previously issued by the County; such bonds to be redeemed are not considered as outstanding debt of the County for debt limitation purposes.
(2) The gross interest rate and debt service are shown, the County expects to receive a Federal Subsidy of $11,037,533.
(3) This amount is the maximum that the County is authorized to draw down from the Maryland Water Quality Financing
(4) The payment of the principal of and interest on this debt is to be made first from certain charges the County is authorized to levy within the Metropolitan District, but the full faith and credit of the County are also unconditionally pledged to such payment.
(5) The payment of the principal and interest on this debt is to be made first from certain taxes the County and the State are authorized to levy on real estate transactions on property within the County, but the full faith and credit of the County are also unconditionally pledged to such payment.
(6) This amount does not include a portion of these obligations in the aggregate principal amount of $58,995,200, which will be paid in fiscal years 2017-2028 with proceeds of U.S. Treasury obligations purchased by the County.
(7) These bonds do not constitute a pledge of the County's full faith and credit or taxing power, but the County's covenant to restore the amount in the debt service reserve fund is a general contractual obligation of the County.

Schedules of Long-Term Debt Principal and Interest Payments

The following table presents the principal and interest payments for the County's long-term public improvement debt as of February 29, 2012. Debt service on the Public Improvement Bonds is shown in Appendix E.

Debt Service on Long-Term Consolidated Public Improvement Debt (000)

Fiscal Year	Principal (1)	Interest	BAB Subsidy	MWQFA Fees	Total
2012	2,445	1,465	0	0	3,910
2013	50,830	36,472	(726)	53	86,628
2014	53,615	34,109	(726)	53	87,050
2015	52,130	31,544	(726)	53	83,001
2016	51,250	29,073	(726)	53	79,649
2017	49,350	26,573	(726)	-	75,197
2018	47,235	24,028	(726)	-	70,537
2019	45,570	21,764	(726)	-	66,608
2020	46,450	19,463	(726)	-	65,187
2021	45,125	17,297	(726)	-	61,696
2022	45,380	15,321	(726)	-	59,975
2023	47,290	13,255	(726)	-	59,819
2024	47,730	11,277	(726)	-	58,281
2025	45,140	9,123	(637)	-	53,626
2026	40,290	7,254	(545)	-	46,999
2027	35,400	5,619	(446)	-	40,573
2028	29,800	3,966	(344)	-	33,422
2029	23,245	2,596	(235)	-	25,606
2030	18,810	1,534	(121)	-	20,224
2031	13,125	665	-	-	13,790
2032	5,295	106	-	-	5,401
Totals	**$795,505**	**$312,502**	**($11,038)**	**$210**	**$1,097,180**

(1) Includes mandatory sinking fund redemption payments on term bonds rounded to the nearest dollar.

The following table presents the principal and interest payments for the County's other long-term debt, as of February 29, 2012. Debt service on the Metropolitan District Bonds is shown in Appendix E.

Debt Service on Other Long-Term Debt (000)

	Water and Sewer Enterprise Fund (Metropolitan District and Water Quality Financing Administration) (1)			Agricultural Land Preservation Program (2)			Special Recreation Facility (Golf Course) Enterprise Fund		
Fiscal Year	**Principal (3)**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
2012	$ 955	489	1,444	-	-	-	-	-	-
2013	10,070	7,437	17,507	1,927	5,478	7,405	575	188	763
2014	11,014	7,421	18,436	2,018	5,417	7,435	590	170	760
2015	11,472	7,072	18,544	1,927	5,350	7,278	605	152	757
2016	10,191	6,656	16,847	2,018	5,289	7,308	625	132	757
2017	10,535	6,281	16,817	1,922	5,223	7,145	650	111	761
2018	10,696	5,916	16,612	2,010	4,716	6,726	670	88	758
2019	11,053	5,552	16,605	1,912	4,577	6,489	695	64	759
2020	11,177	5,166	16,344	1,894	4,244	6,138	720	38	758
2021	9,833	4,817	14,651	1,796	3,022	4,818	645	12	657
2022	9,810	4,496	14,306	1,851	1,949	3,800	-	-	-
2023	7,954	4,072	12,026	1,796	1,745	3,541	-	-	-
2024	7,052	3,797	10,849	1,807	1,696	3,503	-	-	-
2025	6,642	3,483	10,125	1,796	861	2,657	-	-	-
2026	6,765	3,224	9,989	1,800	793	2,594	-	-	-
2027	6,829	2,954	9,782	1,776	545	2,322	-	-	-
2028	6,186	2,683	8,870	1,776	317	2,094	-	-	-
2029	6,249	2,418	8,667	1,776	128	1,905	-	-	-
2030	4,360	2,151	6,511	1,776	80	1,856	-	-	-
2031	4,440	1,972	6,412	1,776	32	1,808	-	-	-
2032	4,255	1,792	6,047	266	4	270	-	-	-
2033	4,155	1,574	5,729	-	-	-	-	-	-
2034	3,985	1,435	5,420	-	-	-	-	-	-
2035	3,920	1,255	5,175	-	-	-	-	-	-
2036	3,925	1,077	5,002	-	-	-	-	-	-
2037	4,100	898	4,998	-	-	-	-	-	-
2038	3,710	711	4,421	-	-	-	-	-	-
2039	3,625	542	4,167	-	-	-	-	-	-
2040	3,790	376	4,166	-	-	-	-	-	-
2041	3,965	203	4,168	-	-	-	-	-	-
2042	1,080	22	1,102						
	$ 203,794	**97,944**	**301,738**	**35,628**	**51,465**	**87,093**	**5,775**	**957**	**6,732**

(1) Includes administrative fees of five percent of total debt service over the total loan period for the Water Quality Financing Administration debt.
(2) This amount does not include a portion of these obligations in the aggregate principal amount of $58,995,200 which will be paid in fiscal years 2017 - 2028 with proceeds of U.S. Treasury obligations purchased by the County.
(3) Includes mandatory sinking fund redemption payments on term bonds rounded to the nearest dollar.

Rapidity of Long-Term Debt Principal Repayment

The following table analyzes how much of the County's long-term public improvement debt outstanding as of February 29, 2012 is scheduled to be repaid over 20 years. This excludes $100 million in short-term construction financing currently outstanding.

Rapidity of Consolidated Public Improvement Debt Principal Repayment

	Before Issuance of Bonds			After Issuance of Bonds	
On or before Fiscal Year	Amount ($000)	% of Outstanding	On or before Fiscal Year	Amount ($000)	% of Outstanding
2017	259,620	32.64	2017		
2022	489,380	61.52	2022		
2027	705,230	88.65	2027		
2032	795,505	100.00	2032		

The following table analyzes how much of the County's long-term water and sewer enterprise fund debt outstanding as of February 29, 2012 is scheduled to be repaid over 30 years.

	Before Issuance of Bonds			After Issuance of Bonds	
On or before Fiscal Year	Amount ($000)	% of Outstanding	On or before Fiscal Year	Amount ($000)	% of Outstanding
2017	37,140	22.38	2017		
2022	72,415	43.63	2022		
2027	104,505	62.96	2027		
2032	129,720	78.16	2032		
2037	149,805	90.26	2037		
2042	165,975	100.00	2042		

Long-Term Debt Ratios

The following table presents the County's net long-term public improvement debt per capita and ratios of net long-term public improvement debt to assessed value and to per capita personal income at the end of the last five fiscal years.

Long-Term Consolidated Public Improvement Debt Ratios

					Net Long-Term CPI Debt	
Fiscal Year Ended June 30	Net Long-Term CPI Debt (000)	Estimated Population (000) (1)	Assessed Value (000)	Per Capita	As % of Assessed Value	As % of Personal Income (2)
2011	787,905	288	48,106,377	2,737	1.6	4.41
2010	729,100	288	50,253,150	2,532	1.5	4.08
2009	678,888	285	47,639,226	2,382	1.4	3.89
2008	636,013	283	42,258,202	2,250	1.5	3.76
2007	575,824	279	36,395,166	2,065	1.6	3.59
2006	541,323	276	31,244,707	1,959	1.7	3.59

(1) Source: Howard County Department of Planning and Zoning.

(2) Source: Bureau of Labor and Statistics and Howard County Budget Office

The following table presents the County's debt service expenditures for long-term public improvement debt as a percentage of General Fund expenditures.

Long-Term Debt Service as Percentage of General Fund Expenditures

Fiscal Year Ended June 30	Public Improvement Debt Principal (000)	Public Improvement Debt Interest (000)	Public Improvement Debt Service (000)	Total General Fund (000)	Debt Service as % of General Fund Expenditures
2012 Budget	$ 56,630	34,889	91,519	870,818	10.51
2011	52,310	31,970	84,280	817,800	10.31
2010	49,950	29,964	79,914	820,225	9.74
2009	42,296	27,033	69,329	835,418	8.30
2008	44,950	25,516	70,466	812,534	8.67
2007	41,580	22,670	64,250	695,771	9.23

Future Financing Plans

The County's debt policy is circumscribed by the legal debt margin for general obligation indebtedness established in the County Charter. In addition, the County's budget policy is reviewed annually by a committee of financially experienced residents that recommends the amount of debt that the County can afford. As of December 31, 2011, the County has authorized but unissued general obligation indebtedness of $363.5 million (CPI), $178.7 million metropolitan district bonds and $81.5 million Water Quality (State Revolving Loan Program). These amounts include bonds authorized to redeem the $100 million in short-term construction financing debt. The County currently expects to authorize $90 to $100 million of public improvement bonds annually for new money projects identified in the annual Capital Budget and annually issue approximately $25 to $50 million of Metropolitan District bonds or borrow some or all of such amounts under the Maryland Water Quality Financing Administration's revolving loan program. Where direct benefits from capital improvements can be identified to specific users, the County intends to finance such improvements from user charges.

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Government and Infrastructure

General

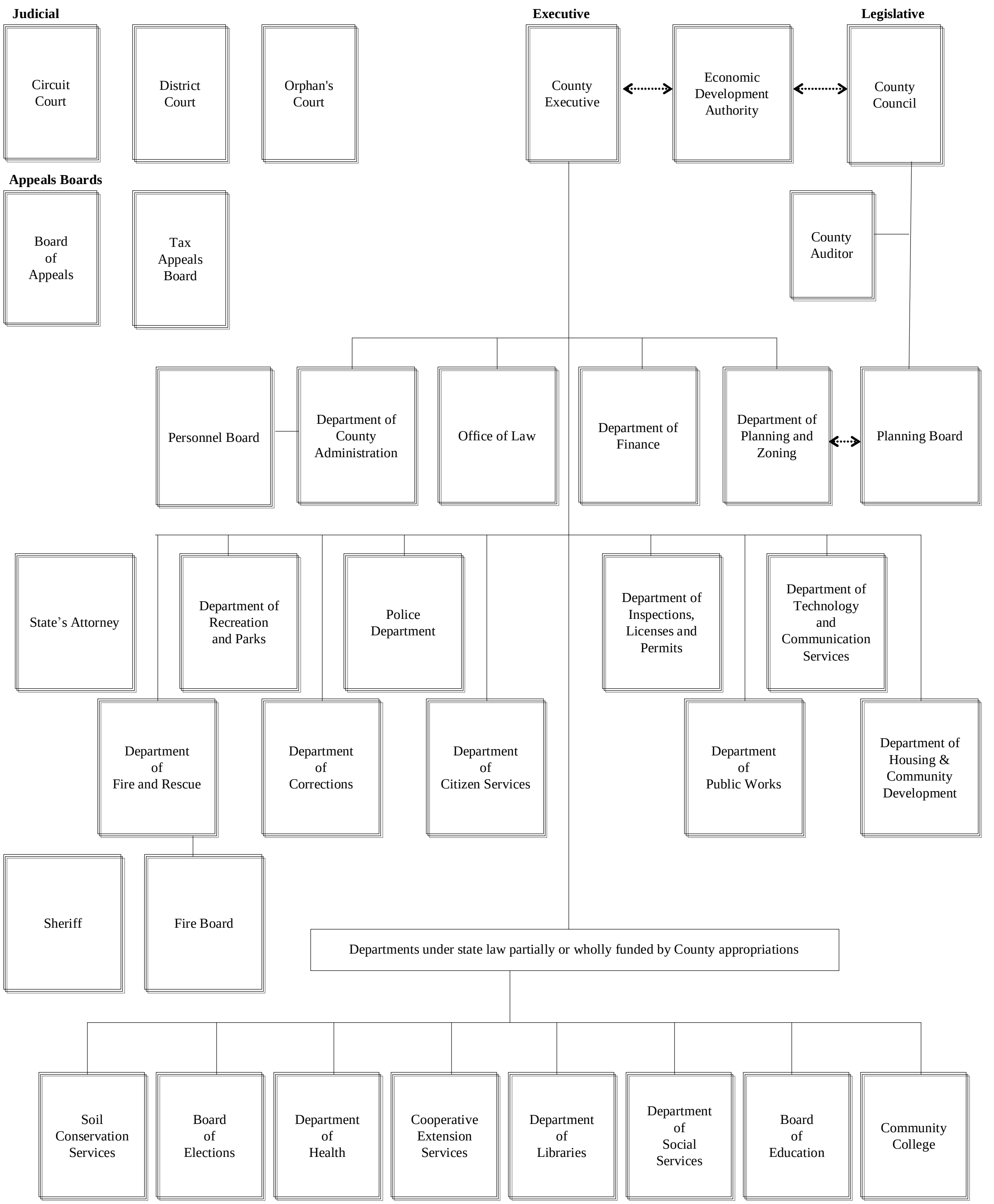
Under the County Charter adopted in 1968, the County's executive functions are vested in the elected County Executive, who is the chief executive officer of the County and is responsible for the proper and efficient administration of the affairs of the County. The Council, which consists of five members elected by district, is the County's legislative body. The County Executive is limited to two consecutive four-year terms, and Council members are limited to three consecutive four-year terms.

Each Council member has one vote, and a simple majority vote is sufficient to pass ordinary legislation. Emergency bills require the vote of two-thirds of the members of the Council as do Council actions to override a veto by the County Executive. A majority of the members of the Council constitute a quorum for the transaction of business, except that for emergency sessions two-thirds of the members of the Council are required. Except as otherwise provided in the County Charter, all laws stand enacted upon approval by the County Executive and take effect 60 days after their enactment, unless by affirmative vote of two-thirds of the members of the Council any such law is declared to be effective on a later date or is declared an emergency measure affecting the public health, safety and welfare, in which event it is effective from the date of its enactment. The Council elects a Chairperson and a Vice Chairperson from its membership at its first meeting in December of each year.

The Chief Administrative Officer performs such duties and exercises such general supervision over the offices and departments of the County government as the County Executive may direct and the Charter specifies. The Chief Administrative Officer acts as the chief budget officer, personnel officer, purchasing agent and central services officer of the County. In addition, the Chief Administrative Officer has been designated to perform the duties of the County Executive during the temporary inability of the County Executive to perform by reason of absence from the County or disability. County financial matters are administered through the Department of Finance by the Director of Finance. The Director of Finance is charged with the administration of the financial affairs of the County, which generally include the collection of State and County taxes, special assessments, Metropolitan District charges, fees and other revenues and funds of every kind due to the County; the enforcement of the collection of taxes in the manner provided by law; the custody and safekeeping of all funds and securities belonging to or by law deposited with, distributed to or handled by the County; the disbursement of County funds; the keeping and supervision of all accounts; the control of all expenditures on the basis of budgetary appropriations and allotments; the preparation of bond sales and advising on debt management; and such other functions as may be prescribed by directive of the County Executive or by legislative act of the Council.

The County Solicitor is appointed by the County Executive subject to confirmation by the Council. All other officials of the County government are appointed by, and serve at the pleasure of, the County Executive.

Howard County Government Organizational Chart



Executive, Administrative, Legislative and Education Officials

Executive

Ken Ulman was elected Howard County Executive on November 7, 2006 and re-elected on November 2, 2010. Prior to being County Executive, he served on the County Council representing District 4. Mr. Ulman is also an attorney who managed his own law firm in Columbia and focused his practice in the areas of estate planning and elder law. Mr. Ulman was born and raised in the County, and is a product of the Howard County public school system. Mr. Ulman is President of the Maryland Association of Counties, and has served as Chair of the Baltimore Regional Transportation Board and the Baltimore Metropolitan Council. In 2005, Mr. Ulman received the Omega Psi Phi Public Service Award in recognition of his leadership and his work to improve the County. Mr. Ulman has served on the Boards of Grassroots Crisis Intervention Center and the Ulman Cancer Fund for Young Adults. The Ulman Cancer Fund was founded by his family after his brother was diagnosed with cancer. A graduate of Centennial High School, Mr. Ulman received a B.A. degree in Government and Politics from the University of Maryland at College Park, and a J.D. degree from Georgetown University Law Center.

Jessica Feldmark was appointed Chief of Staff to Howard County Executive Ken Ulman on February 16, 2009. Before being appointed Chief of Staff, Ms. Feldmark served as the County Executive's Senior Advisor and served as Mr. Ulman's Special Assistant during his term on the Howard County Council. Prior to working for Howard County Government, she served as Training and Special Projects Manager for Volunteer Maryland and worked as a consultant for the Maryland Association of Nonprofit Organizations, the National Crime Prevention Council, and various AmeriCorps programs. She has served as on the Boards of NeighborRide, The Volunteer Center Serving Howard County, and the Howard County Association of Volunteer Administrators. Ms. Feldmark received her B.A. degree from Goucher College.

Administrative

Lonnie R. Robbins was appointed Chief Administrative Officer effective January 3, 2007 after serving as Deputy Chief Administrative Officer since 2004. Mr. Robbins has been Senior Assistant County Solicitor and Assistant County Solicitor. He has also worked as the procurement advisor for the Maryland State Board of Public Works, administrator for Maryland State Department of General Services, and executive aide for the Office of Governor Harry R. Hughes. Mr. Robbins received his B.S. degree in Business and Public Administration from the University of Maryland and a J.D. degree from the University of Baltimore. Mr. Robbins is active in Howard County and Maryland State bar associations, Leadership Howard County and First Tee of Howard County.

Stanley J Milesky was appointed Director of Finance effective September 12, 2011. Prior to that date Mr. Milesky was Howard County's Deputy Director of Finance for three years. Mr. Milesky previously served as the City of Baltimore's Chief of Bureau of Treasury from November 2002 to May 2008. In that capacity, he oversaw all treasury and revenue collection activities on behalf of the City, including all issuance of municipal debt. Mr. Milesky was also employed by the Maryland Department of Transportation for over 33 years, where he served as the Acting Director of Finance and Administration for the Maryland Aviation Administration, and was responsible for financing of the capital expansion at Baltimore/Washington International Airport. During his tenure in the Office of the Secretary of the Maryland Department of Transportation, Mr. Milesky served as the Department's Manager of Cash and Debt Administration, and prior to that, as project director for the implementation of the Department's first comprehensive financial management information system. Mr. Milesky also served as the Director of Administration and Finance for the Maryland State Railroad Administration from 1987 to 1991. Mr. Milesky, a 1969 graduate of Baltimore Polytechnic Institute, earned a Bachelor of Science degree from Towson University in 1978 and in 1981 was awarded a Master of Public Administration degree from the University of Southern California.

Margaret Ann Nolan was appointed Howard County Solicitor effective April 9, 2007. Prior to that, Ms. Nolan was an Assistant Attorney General for the State of Maryland for 18 years, during which time she held positions as Counsel to the Office on Aging, Counsel to the Office for Children, Youth, and Families, Deputy Counsel to the State Department of Education, Deputy Counsel to the State Department of Health and Mental Hygiene, and Chief of Civil Litigation. Before joining the Attorney General's Office, Ms. Nolan practiced law in Indiana as a private practitioner and as an attorney for the Legal Services Program of Northern Indiana. Ms. Nolan holds a B. A. in Psychology from Goucher College and a Juris Doctor degree from the University of Washington in Seattle. She is a member of the Washington State, Indiana, and Maryland bars and is admitted to practice in the federal courts in Indiana and Maryland.

Raymond S. Wacks, was reappointed as Budget Administrator in October 2007 after spending 2 ½ years with the City of Baltimore. Mr. Wacks was previously the Budget Administrator from 1977 until 2005. He holds a B.S. degree from Towson University and Master of Public Administration degree from The American University in Washington, D.C. He also serves as an Academy Advisor to the University of Maryland's Institute for Governmental Service's program: Academy for Excellence in Local Governance. He is a member of the GFOA, and for many years served on the Executive Committee of the MDGFOA. In 2006, he represented the Maryland Association of Counties (MACo) on the State Board of Education's Commission to Study Local Maintenance of Effort for Education Funding. He was appointed Chairman of the Maryland Business Tax Reform Commission by Governor O'Malley in 2008.

Legislative

Mary Kay Sigaty was re-elected to represent District 4 in November 2010 and is the Chairperson of the County Council. A Columbia resident since 1972, Mary Kay Sigaty has a long history of community involvement that currently includes serving as the Patuxent River Commissioner for Howard County and a member of the Maryland State Department of Education's Fine Arts Education Advisory Panel. As a County Council member, she has had the honor to serve as the Chair of the Council as well as the Zoning Board. She has also worked on issues ranging from youth involvement in local government to housing affordability, a living wage for Howard County workers to environmental sustainability and redevelopment of Downtown Columbia and Columbia's Village Centers. Mary Kay's past community involvement includes serving on the Howard County Board of Education, the Wilde Lake Village Board, the County Executive's Spending Affordability Committee, the National School Board Association's Federal Relations Network, as a director for the League of Women Voters, an advisory board member of the Women's Giving Circle of Howard County and as a member of the School Improvement Teams at Bryant Woods Elementary, Wilde Lake Middle and Wilde Lake High. Throughout this time, she has worked as an artist in the community, running a small business and participating as an Artist-in Residence for the Howard County Public Schools, teaching at the Columbia Center for the Arts and volunteering with the theatre departments at Wilde Lake and Marriotts Ridge High Schools. Her first career was in education. It included teaching at the Running Brook Children's Nursery in Columbia, the National Child Research Center in Washington and the Park School in Brooklandville. Mary Kay earned her undergraduate degree from Boston College and certification in Early Childhood Education from Towson University. She has a Masters Degree from Johns Hopkins University. She lives in Wilde Lake with her husband, Tom Graham. They have two daughters, who are both graduates of Wilde Lake High School.

Courtney Watson was re-elected to represent District 1 in November 2010, and is Vice-Chairperson of the County Council. She is a lifelong County resident raised in Clarksville. She was educated in the Howard County public school system and graduated from Atholton High School. After several years as a community activist, Mrs. Watson was elected in 2002 to the Board of Education, completing a four-year term and serving two years as Chairperson. Mrs. Watson has 22 years experience in the private sector and is Vice President of Sales for a Howard County insurance agency. She is the past Chairperson of the Maryland Hospitality Education Foundation and a past board member of the Restaurant Association of Maryland. Mrs. Watson has served on the County's Adequate Public Facilities Ordinance Committee, the Ellicott City Master Plan Steering Committee, and the Economic Development Authority Strategic Plan Committee. She is President of Women of MACo and an alternate to the MACo legislative subcommittee. She served as a member of the MACo 2007 Education Subcommittee. She also served as the Board of Education's representative to the County's Spending Affordability Committee. She was the recipient of the 2001 PTA Council of Howard County Award and a nominee for the Board of Education's 2001 Friends of Education Award. Mrs. Watson attended Howard Community College, earned a Bachelor of Arts degree from Loyola College in Maryland, and also holds a Master of Business Administration degree from the Sellinger School of Business at Loyola.

Calvin Ball was re-elected in November 2010 to represent District 2 and is currently serving his second term as Vice-chairperson of both the Zoning Board and the Board of License Commissioners. He has also served as Chairperson of the Zoning Board and the Board of License Commissioners. Mr. Ball is a Maryland native and Columbia resident, where he served three terms on the Oakland Mills Village Board and has the honor of being the first Community Organizer in Howard County facilitating neighborhood revitalization in the Village of Oakland Mills. He has served as a Howard County firefighter, an emergency medical technician, a certified mediator and has over ten years of experience in the field of higher education, including his current position as faculty member in the Department of Advanced Studies, Leadership and Policy at Morgan State University. He was a member of the Howard County Chamber of Commerce's Educator of the Year Committee and also the Chamber's Workforce Readiness Committee and was appointed in 2010 by Governor O'Malley to serve on both the Maryland Sustainable Growth Commission and the Commission on Environmental Justice and Sustainable Communities. Mr. Ball has volunteered with numerous efforts including the Howard County Public School System Leadership Task Force and Student Performance Review Committee. He has won numerous awards including the Louis Goldstein Award for Democratic Spirit and the Kittleman Award for Legislative Leadership and the Community Champion of the Year Award. Mr. Ball has a Bachelor of Arts degree in Philosophy and Religion from Towson University, a Master's degree in Legal and Ethical Studies from the University of Baltimore, and a Doctor of Education from Morgan State University. He is also a member of Kappa Delta Pi, an International Honor Society in Education.

Greg Fox was re-elected to represent the 5th District (encompassing most of the western and southern portions of Howard County) in November 2010. He is currently the Chairperson of the Board of License Commissioners. Since 2008, he has also served on the National Association of Counties' Energy, Environment and Land Use Steering Committee and Energy Subcommittee. Mr. Fox has been a resident of Howard County since 1990 where he has been active in various community activities including working for five years on the Howard County Public Works Board (the final year as vice-chair), participating as a member of the Howard County Task Force on Childcare, acting as spokesperson and moderator for the Take-A-Step Food Allergy Network, serving as Vice-President of the Howard County Republican Club, coaching soccer, and being a member of the Fulton Elementary PTA. Mr. Fox is a Director of Utility Services for Constellation Energy Projects & Services Group, Inc. and focuses on the areas of energy conservation and renewable energy. He has been in the energy field for more than 20 years. He previously served on the State Task Force for Facility Energy Management. His business background also includes experience in finance, marketing, manufacturing and research and development. He received his Mechanical Engineering degree from Georgia Tech and his MBA Fellows from Loyola College of Maryland's Executive Program where he was inducted into the Beta Gamma Sigma Honor Society for business students. Mr. Fox is a graduate of Leadership Howard County's Class of 2006 and a 2009 Graduate of the University of Maryland's Academy of Excellence in Local Governance.

Jennifer Terrasa was re-elected to represent District 3 in November 2010 and is currently the Chairperson of the Zoning Board. Councilwoman Jennifer Terrasa, a resident of Howard County for more than 35 years, is deeply rooted in the community and committed to its future. Jen has served three terms as chair of the Zoning Board, and two terms as vice-chair of the County Council. Jen was appointed by Governor Martin O'Malley to the Board of Directors of the Maryland Economic Development Corporation (MEDCO) in 2007. In June 2008, Governor O'Malley appointed her to the Student Physical Fitness Task Force. She also serves as the Council's legislative representative to the Maryland Association of Counties. Prior to her election, Jen served her community in a number of roles - a community advocate, president of her homeowner's association, vice-chair and member of the Kings Contrivance Village Board, and member of the Howard County Planning Board. She worked as an attorney for The Women's Law Center of Maryland and taught at the University of Baltimore Law School. Jen is a proud graduate of Oakland Mills High School. She holds a bachelor's degree in sociology from the University of Maryland at College Park, and she graduated summa cum laude from the University of Baltimore School of Law, where she was an editor of the Law Review. During law school, she interned with the Howard County Office of Law and Maryland Attorney General's office. Jen is delighted to be raising her three children, Tony, Kelsey and Joey, in Howard County, where they can experience the opportunity, diversity and quality of life the County has to offer.

Haskell N. Arnold was appointed County Auditor effective April 2, 2007. Mr. Arnold received his B.S. degree in Accounting from Hampton University and his MBA from Harvard Business School. Mr. Arnold is a Certified Public Accountant in the State of Maryland. Mr. Arnold has more than 30 years of accounting, auditing, and governmental experience. Mr. Arnold is a member of the MDGFOA and the Institute of Internal Auditors.

Education

Dr. Sydney L. Cousin, Superintendent, began his career in education as a history teacher in Baltimore. After receiving his Master's degree in City and Regional Planning, he spent a year as a Capital Planner for the Baltimore City Department of Planning. He rejoined the Baltimore City public school system in 1973 as a Long-Range Planner in the Division of Physical Plant Planning and Programming. He was promoted to Staff Director of the Division in 1977. In 1987, Dr. Cousin became Director of School Construction and Planning for the Howard County Public School System. He was promoted to Associate Superintendent of Finance and Operations two years later and then to Deputy Superintendent/Chief Operating Officer in 2001, where Dr. Cousin was responsible for the day-to-day operations of the school system. In 2003, Dr. Cousin became Associate Superintendent/Chief of Facility Management for the Washington, D. C. public school system. He returned to the County in 2004 as Interim Superintendent, and later that year entered into a four-year contract as Superintendent. His contract was renewed for another four years in June 2008. Dr. Cousin is a graduate of Morgan State University. He received his Master's degree from the University of Pennsylvania in 1972, and his doctorate in Education from Temple University in 1986.

Responsibilities and Services

County and Board of Education Employees

The following table presents the number of County (including Library, Community College and Housing Commission) and Board of Education full-time and permanent part-time employees for the last five fiscal years as authorized in the County budget.

County and Board of Education Employees

Fiscal Year	Public Safety	Other County	Board of Education	Total
2012	1,268	2,361	7,467	11,096
2011	1,258	2,324	7,423	11,006
2010	1,255	2,309	7,436	11,000
2009	1,236	2,322	7,376	10,934
2008	1,211	2,300	7,213	10,724

The County has experienced no work stoppages due to labor difficulties and considers its relationship with employees to be satisfactory. The County currently has collective bargaining with the following full exclusive representation bargaining units: (1) American Federation of State, County and Municipal Employees ("AFSCME"), which represents correctional officers and cooks of the County's Detention Center – Local 3080, a separate local representing blue collar workers of various County departments – Local 3085 and with another local, Local 3888 representing blue collar supervisors of various County departments; (2) International Association of Firefighters Local 2000, representing firefighters below the rank of captain; (3)FOP Lodge 21, representing sworn police officers below the rank of sergeant; (4) FOP Lodge 143, representing sergeants, and (5) Howard County Public Safety Dispatchers Association, which represents 911 dispatchers. The County has successfully negotiated contracts with all seven unions. Three contracts expire on June 30, 2012 – AFSCME Local 3888, AFSCME Local 3085 and Howard County Public Safety Dispatchers Association. The remaining four contracts will expire on June 30, 2013 – AFSCME Local 3080, FOP Lodge 21, FOP Lodge 143 and IAFF Local 2000. On September 28, 2010, American Federation of State, County and Municipal Employees (AFSCME), Local 1810 filed a petition requesting that it be certified as the exclusive representative of employees in specific clerical and white collar classifications for the purposes of conducting collective negotiations with the County. The Maryland Commissioner of Labor and Industry conducted an election, in February 2011, in which AFSCME Local 1810 was certified as the exclusive representative of approximately 400 employees in certain job classes. Negotiations were initiated in December 2011 and are ongoing. It is anticipated an agreement will be reached prior to June 30, 2012

Board of Education employees are represented by the Howard County Education Association, affiliated with the Maryland State Education Association and the National Education Association, which represents teachers, staff development facilitators, and other certified nonsupervisory personnel. Howard County Education Association-Educational Support Professionals ("HCEA ESP") represents clerical, secretarial, instructional, student, food and nutrition service, health, and security assistants, educational interpreters, registered nurses and administrative management and technical nonsupervisory personnel. The American Federation of State, County and Municipal Employees (AFSCME - Local 1899) represents custodial, grounds, maintenance and warehouse personnel. The Howard County Administrators Association (HCAA) represents school-based administrators, leadership interns, athletics and activities managers, and instructional facilitators.

Board of Education of Howard County

The Board of Education is a Component Unit of the County. The educational policies, procedures and programs of the public schools in the County are the responsibility of the Board of Education, a seven-member elected body, working with the County Superintendent of Schools appointed by the Board of Education. The County program is governed by the State Board of Education. Daily functions within the schools are the responsibility of the County Superintendent of Schools and his staff.

For the 2011-2012 school year, the Board of Education exercised responsibility for 40 elementary schools, 19 middle schools, 12 high schools, one Pre-K-8 school, and two special centers that accommodate approximately 51,416 students. The composite teacher-to-student ratio is 1:22, as presented in the following table.

Teacher to Student Ratio

Kindergarten	1 professional to 22 students
Grade 1-2	1 professional to 19 students
Grades 3-5	1 professional to 25 students
Grades 6-8	1 professional to 20.5 students
Grades 9-12	1 professional to 23.5 students

The mission of the Howard County Public School System is to ensure excellence in teaching and learning so that each student will participate responsibly in a diverse and changing world. This mission is supported by two goals; that (1) each child will meet the rigorous achievement standards that have been established and (2) each school will provide a safe and nurturing school environment. The public school system in the County offers a comprehensive education program, kindergarten through grade 12, with pre-kindergarten programs available in some schools. Academic support services and gifted programs are available in all schools and in all grades. Special education services are provided for identified students from birth through age 21.

Howard Community College

Howard Community College, a two-year higher education institution with a total of 10,081 students enrolled in credit classes for fall of 2011, is a Component Unit of the County located in Columbia. The Community College offers a broad range of academic programs, cultural arts events, student activities and athletics, and business training. In the Community College’s 191 programs (or majors), students earn academic credit that can be applied to an associate’s degree or transferred to baccalaureate-degree granting colleges or universities. Career programs are one- and two-year courses of study that lead directly to employment. For those not seeking a degree, the Community College offers courses to sharpen specific skills or professional expertise. Courses in computers, management, and advanced technology are available through open enrollment or can be customized for individual businesses or groups, offered on-site or at the Community College facilities. Continuing education courses also allow for pursuit of special interests from music to world languages. Howard Community College is governed by a board of trustees appointed by the Governor of the State, but has historically received a significant portion of its revenues from the County.

Howard County Library System

A major component of Howard County’s strong education system, Howard County Library System (HCLS) delivers high-quality public education for all ages. HCLS’ curriculum comprises three pillars: (1) Self-Directed Education through a collection of one million items in print, audio and electronic formats, and thousands of specialized online research tools, (2) Research Assistance and Instruction for individuals and groups through classes taught by HCLS instructors and, (3) Instructive and Enlightening Experiences through cultural and community center concepts, partnerships such as A+ Partners in Education, Choose Civility, Well & Wise and signature events including best-selling author appearances, Howard County Library Spelling Bee, Battle of the Books and HiTech, the STEM Digital Learning Lab. A Component Unit of the County, the Library is governed by a seven-member Board of Trustees. The Library Board forwards nominees to the County Executive, who appoints Trustees subject to approval by the County Council. The County is responsible for levying taxes and provides 90 percent of the Library’s budget, with additional funding coming from the State and various grants. Capital projects are funded chiefly by the County, supplemented with grant funding from the Maryland State Department of Education. People of all ages, means and backgrounds visited HCL's six branches 2.6 million times in FY10 to borrow 7.2 million items and conduct research on 350 computers. Attendance at HCLS' classes and events totaled 224,000, and research assistance interactions reached 1.6million. A recognized leader in the state and nation for excellence in education for all, Howard County Library's per capita borrowing stands in the top ten nationally. Howard County Library System is proud to be continually ranked among the finest of the nation's great public library systems.

Public Safety

The County Department of Police, administered by the Chief of Police, is responsible for enforcing State and County laws, rules, and regulations. The Police Department employs 616 persons, which includes 440 sworn officers, 176 civilian employees, 25 school crossing guards and has a fleet of 456 vehicles, which includes two armored personnel carriers, one command post, six motorcycles, a tactical support vehicle and a helicopter. The number of officers per 1,000 residents is approximately 1.5. Additionally, the Department has 22 Volunteer Auxiliary Officers (non-sworn).

Howard County Department of Fire and Rescue Services (DFRS) provides 24/7 emergency response services to citizens, businesses and visitors in and around Howard County. These services include fire suppression and investigation, emergency medical service (both basic and advanced life support) technical rescue and hazardous materials mitigation. In addition, the Department also has responsibility for development and implementation of initiatives that reduce risk in both individuals and the community. Examples include fire safety code development and enforcement, building plans review and inspections, public education and fire prevention programs, as well as special events coverage. DFRS operates as a combination system in partnership with six corporate volunteer organizations at the direction of a Fire Chief who is appointed by the Howard County Executive. The Department has an authorized strength of 392 uniformed career personnel and approximately 750 volunteer personnel who staff more than 70 emergency vehicles and apparatus in 11 stations throughout the County each day. In 2011, DFRS responded to over 31,902 requests for service received from the 911 national telephone emergency communication system in the Communications Center. By Howard County Code, the Chief of Fire and Rescue Services also serves as the Director of the Office of Emergency Management (OEM).

Planning and Zoning

The County Department of Planning and Zoning, administered by its Director, is responsible for the comprehensive planning of growth, development and conservation in the County. To accomplish this, the department is involved in five major activities: comprehensive planning of land uses, transportation planning, preservation planning, regulation of land use and development through the administration of subdivision and zoning regulations, and preparation of growth projection and plans for public services.The County's General Plan, adopted in 2000, focuses on growth management, agricultural preservation, environmental protection, conservation of existing communities and revitalization of old commercial-industrial areas. The General Plan retains the strong growth management system initiated by the 1990 General Plan. Based on the 2000 General Plan and the County's Adequate Public Facilities legislation, residential development is restricted to 1,850 units per year. A cap on the pace of rural land subdivision and an ambitious program for agricultural land preservation redirects growth from rural areas into the County's priority funding area under the State "Smart Growth" program. The County has several community planning and corridor revitalization initiatives underway to maintain the quality of life and property values in older residential neighborhoods, as well as promoting redevelopment of older employment areas.

Adequate public facilities legislation, adopted in 1992, requires the testing of proposed development for adequacy of schools and roads as a condition of subdivision or site development plan approval. Milestones, incorporated into the legislation, require properties to move in an orderly and predictable manner through the development process. The County, in turn, adopts a six-year plan for its infrastructure, particularly roads and schools, to serve this pace of development. The rural portion is zoned to promote clustering of development, for agricultural business opportunities and provisions for protection of agricultural and environmental resources. In the urban portion of the County "fast track" processing procedures facilitate economic development. Zoning allows higher intensity employment and mixed-use redevelopment of the U.S. Route 1 and Route 40 corridors, increased multi-family housing, and requires moderate income housing to be provided in eight higher density zoning districts. The new mixed-use zoning on Route 1 has stimulated plans for 9 pioneer mixed-use projects with over 4,000 units of housing, as well as office and retail uses. After extensive input from the community, the County recently adopted both General Plan and zoning regulation amendments, to create a more urban center for the County in Downtown

Columbia, which have the potential to add 5,500 new residences, 600 new hotel rooms, 1.25 million square feet of retail and 4.3 million square feet of office space over the next 30 years.

Howard County has begun the process of updating the General Plan. A citizen task force has been appointed to act as a sounding board to the Department of Planning and Zoning. The process is expected to be completed by mid-2012, and will be followed by a comprehensive rezoning process, as well as a broad range of other implementing actions. As the County continues to transition from greenfield development to grayfield redevelopment, the County will be refining policies and developing new strategies for accommodating continuing business and housing growth in ways that sustain and enhance both our quality of life and the natural and built environments.

Recreation and Parks

The County Department of Recreation and Parks, administered by its Director, is responsible for the organization and conduct of recreational programs and the development and operation of parks and other recreational facilities in the County. County parks and programs are estimated to serve over two million visitors each year. In 2006 the County's Comprehensive Recreation, Parks and Open Space Plan was completed and adopted by the County Council and the County Executive. The Plan will be updated and completed in June 2012. The plan surveys current and expected needs for park facilities and recreation programs, outlines goals and offers strategies for implementation. Land acquisition for recreation areas and natural resource preservation is a critical element of the Plan. Land is purchased using federal, state and local dollars. The County Department of Recreation and Parks currently manages over 9,000 acres of land, four community centers, an 18 hole golf course, an outdoor pool (which will be replaced with an indoor pool in a replacement community center in 2013) and nine active historic sites.

Citizen Services

The Department of Citizen Services, the county government's human service agency, works to enhance the quality of life for all residents by ensuring that Howard County has a comprehensive system of human services that is accessible, responsive and effective. Services and partnerships address the needs of senior citizens, youth, people with disabilities, women, the homeless, people seeking consumer protection, and others who need assistance. The department plays a leadership role in implementation of the Human Services Master Plan, manages seven senior centers and the County's grant support to non-profits. The goal of the Department is to create a community where people at every stage of life have access to and benefit from innovative, high-quality human services that support and improve their well-being.

Public Works

The County Department of Public Works, administered by its Director through five bureaus, is responsible for the programming, design, construction, operation and maintenance of public works facilities in accordance with the County's General Plan. The department also provides for the administration, enforcement and inspection of site development construction activities.

The Bureau of Engineering is responsible for the design, inspection and construction of public works projects. The bureau also prepares engineering water and sewer plans and develops and implements the water and sewer program in the County capital budget. The Bureau of Engineering also acts as the County's agent in all functions related to the construction of roads, bridges, water, sewer, storm drainage and traffic control. This Bureau has been designated the responsibility of ensuring that Public Works' projects are constructed according to standards established by Howard County. These projects include both developer and capital type facilities such as storm drains, water systems, sewer facilities, roadways and public parks.

The Bureau of Facilities is responsible for maintaining the daily operations of all County-owned facilities which fall under the direction of the Director of Public Works. This responsibility includes building service and maintenance, technical expertise in the development of new facilities, control of energy use and costs, control of building service contracts, i.e. custodial services and corresponding costs to the County, and providing security guards and systems where necessary.

The Bureau of Highways is responsible for maintenance and repair of all County-owned roadways, bridges, drainage facilities, and other public roadway infrastructure. The bureau responsibilities also include tree care, snow removal, traffic signals operation and street signs.

The Bureau of Utilities is responsible for the operation, maintenance and construction of the County's water and sewer system within the Metropolitan District and Shared Sewerage Disposal Facilities. This bureau is operated as a public utility and is financially a self-supporting operation. Financial information regarding the system is shown under "Financial Information, Water and Sewer Enterprise Fund" herein.

The Bureau of Environmental Services is responsible for an integrated solid waste management system and watershed management efforts in accordance with local, state, and federal laws. The integrated solid waste management system includes curbside trash and recycling collection; the County's Alpha Ridge Solid Waste Management Center including the landfill, transfer station, residential drop-off center, and recycling center; and the contracts associated with the collections, processing, and disposal of the solid waste and recyclables. The watershed management program includes inspection and oversight of maintenance of existing stormwater management facilities, floodplain studies, an illicit discharge elimination program, stream restorations, and retrofitting stormwater management facilities. All programs include education and outreach.

Water and Sewer System

The Metropolitan District is located in the eastern part of the County and encompasses over one third of the County's area. It functions as a single sanitary district for both water and sewer purposes. The County provides water and sewer services to 98.9 percent of the County residents located in areas of heavy residential and commercial population within the Metropolitan District. Little public water or sewer service is provided to County residents residing outside the Metropolitan District.

The County neither owns nor operates any water supply treatment facilities. Instead, it has entered into agreements with the City of Baltimore and the Washington Suburban Sanitary Commission for the purchase of water. The County purchases 95 percent of its potable water from Baltimore City and 5 percent from the Washington Suburban Sanitary Commission. Commitments from the County's water suppliers total over 41.5 million gallons per day (mgd) average daily flow and 74.8 mgd maximum daily flow. Improvements to the distribution system and storage facilities are under construction or included in the capital program in order to increase the service area within the Metropolitan District. A joint effort is under way to provide additional water to the County from its water suppliers. While the County's water system is being expanded to meet future demands, the County Department of Public Works closely monitors its water capacity.

The County is located in and served by two major watersheds: the Patapsco River watershed and the Patuxent River watershed. The sewer system is designed so that sewage from the northeastern part of the Metropolitan District flows into the Patapsco River watershed through four connections that lead to the Patapsco Treatment Plant in Baltimore City. Sewage from the southwestern part of the Metropolitan District flows into the Patuxent River watershed to the Little Patuxent Water Reclamation Plant. The latter plant is located east of the community of Savage in the County, and provides tertiary treatment. A $100+ million expansion/upgrade to the Little Patuxent Water Reclamation Plant is currently under construction and will be substantially completed in 2012. The following table summarizes the overall sewage treatment capacity for the County:

County Sewage Treatment Capacity

Watershed	Current Flow (mgd)	Current Treatment Capacity (mgd)	Projected Treatment Capacity (mgd)
Patuxent	18.4	25.0	29.0
Patapsco	8.4	12.4	12.4

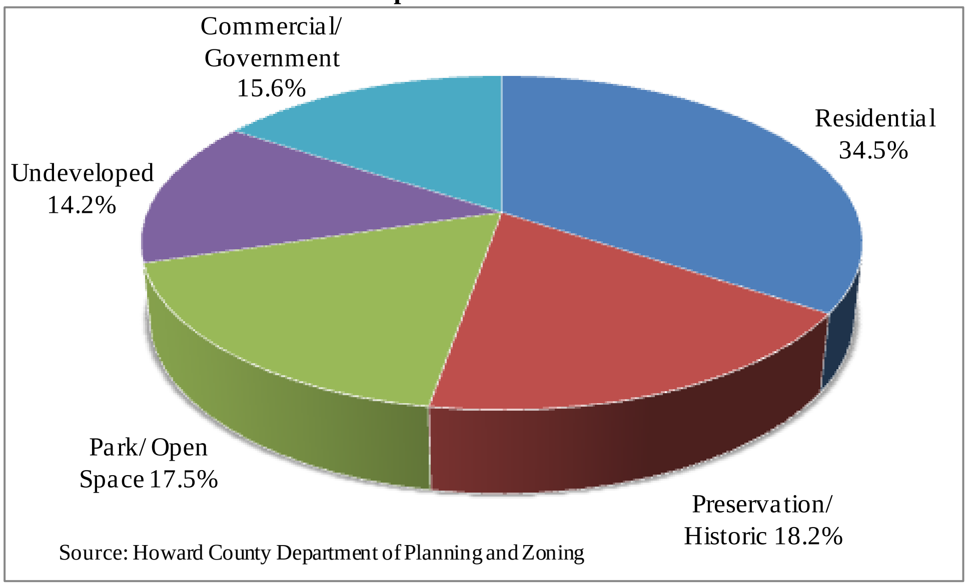
The County's rate of development requires effective management of the allocation of water and sewer capacity. The County policy allocates service on a "first-come, first-served" basis. This policy commits capacity only to parcels ready to be developed, allowing more orderly development with known allocation priorities and recovery of costs in a more orderly and timely manner. All County sewage treatment facilities meet current State Department of the Environment standards, and State approval is being obtained for the sewage treatment facility expansion.

Economy and Demography

Size and Land Use

The County is 251 square miles in area, making it the second smallest in the State. The chart below presents the composition of land use in the County.

Composition of Land Use



Population

The County experienced rapid population growth beginning in the late 1960s with the development of the new town of Columbia. The rate of growth has slowed over the last decade with the maturation of Columbia. The County's population density has increased from 247 persons per square mile in 1970 to 1,144 per square mile in 2010. The following table presents data on the population of the County and the State in the years 1970, 1980, 1990, 2000 and 2010.

Population

	Howard County	County Density Per Square Mile	State of Maryland	County as % Of State
2010	287,085	1,144	5,773,552	5.0
2000	247,842	987	5,296,486	4.7
1990	187,328	746	4,781,468	3.9
1980	118,570	472	4,216,446	2.8
1970	61,910	247	3,923,897	1.6

Source: Maryland State Data Center, Department of Planning

A large part of the County's recent growth has been the result of domestic and international migration. The following table presents population growth by component of change for selected larger counties and the State from 2000 to 2009. Compared to the counties listed and the State as a whole, Howard County has had the greatest percentage increase in population.

Net Migration

	2000-2009				Total Population		
Place of Residence	**Natural Increase**	**Domestic Migration**	**International Migration**	**Total**	**2000**	**2009**	**Percent Change**
Howard County	18,327	6,028	9,680	34,035	247,849	281,884	13.7%
Anne Arundel County	26,942	(375)	4,978	31,545	489,664	521,209	6.4%
Baltimore County	13,361	5,217	16,928	35,506	754,308	789,814	4.7%
Montgomery County	76,536	(67,717)	89,435	98,254	873,346	971,600	11.3%
Prince George's County	63,350	(77,225)	46,919	33,044	801,516	834,560	4.1%
State of Maryland	307,644	(95,972)	191,262	402,934	5,296,544	5,699,478	7.6%

Source: U.S. Department of Commerce, Bureau of Census, Population Division

The following table presents data on the age and sex composition of the County's population for the years 2000 and 2010.

Age and Sex Distribution

	2000					2010			
Age Group	**Male**	**%**	**Female**	**%**	**Age Group**	**Male**	**%**	**Female**	**%**
Under 5	9,432	7.7	8,816	7.0	Under 5	8,796	6.2	8,644	5.9
5-17	26,468	21.7	24,827	19.7	5-17	30,078	21.2	27,103	18.5
18-44	49,089	40.4	51,665	41.0	18-44	49,089	34.6	51,422	35.1
45-64	29,030	23.8	30,047	23.8	45-64	40,718	28.7	43,071	29.4
Over 64	7,755	6.4	10,713	8.5	Over 64	13,194	9.3	16,262	11.1
Total	121,774	100.0	126,068	100.0	Total	141,875	100.0	146,501	100.0

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey 2010

The following table presents the age composition of populations of selected Maryland counties, the State and the nation for 2010.

Comparative Age Distributions

Age Group	**Howard County**	**Anne Arundel County**	**Baltimore County**	**Montgomery County**	**Prince George's County**	**State of Maryland**	**United States**
Under 18	26.0 %	23.2 %	23.5 %	24.0 %	23.7 %	23.4 %	24.0 %
18-24	7.0	9.1	10.5	7.5	11.8	9.7	10.0
25-44	27.6	27.3	25.8	28.1	28.9	27.0	26.6
45-64	29.2	28.7	27.5	28.1	26.1	27.6	26.3
Over 64	10.2	11.7	12.7	12.3	9.5	12.3	13.1

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2010

Education

Students in the County's schools consistently perform better in State-wide functional tests than most of their peers. The following table presents the percentage of proficiency or better for eighth graders in reading comprehension, mathematics and science in selected counties and the State for the 2010-2011 school year.

Eighth Grade Scores in Comprehensive Tests of Basic Skills

Tests	Howard County	Anne Arundel County	Baltimore County	Montgomery County	Prince George's County	State of Maryland
Reading	93.0	87.1	83.6	89.2	70.8	82.7
Mathematics	84.1	71.2	65.3	74.7	43.7	66.1
Science	87.1	78.7	71.9	75.7	47.7	69.5

Source: Maryland Department of Education, 2011 Maryland Report Card

The following table presents comparative figures concerning the number of County public high school graduates in recent years and their plans for additional education.

Plans of Public High School Graduates

Year Of Graduation	Total Number Of Graduates	Continuing Education (1)	Entering Workforce (2)	Other (3)
2011	3,701	91.00 %	6.60 %	2.40 %
2010	3,883	90.00	5.00	5.00
2009	3,451	86.30	11.30	2.40
2008	3,539	87.90	10.40	1.70
2007	3,210	87.60	10.00	2.40

Source: Maryland Department of Education, 2011 Maryland Report Card
(1) Includes full-time college, trade and business school.
(2) Includes military.
(3) Includes non-respondents.

The County's residents are among the best educated in the region. The State of Maryland had the second most educated workforce in the nation according to the 2008 State New Economy Index produced by the Information Technology and Innovation Foundation and the Kauffman Foundation of Entrepreneurship. The following table presents the percentage of residents age 25 and over of selected counties who were high school graduates or higher and college graduates or higher in 2010.

Level of Educational Attainment

County	% High School Graduate or Higher	% College Graduate or Higher
Howard County, Maryland	94.6	59.6
Anne Arundel County, Maryland	89.9	36.2
Baltimore County, Maryland	90.4	36.8
Montgomery County, Maryland	90.6	56.6
Prince George's County, Maryland	86.5	29.6

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2010

The County consistently spends more per pupil on its students than school systems in most other parts of the State. The following table presents the budgeted expenses per pupil in the public schools in selected counties and the State for the indicated school years.

Budgeted Expenses Per Pupil

School Year	Howard County	Anne Arundel County	Baltimore County	Montgomery County	Prince George's County	State of Maryland
2009-2010	$ 14,304	$ 12,330	$ 13,101	$ 15,181	$ 13,612	$ 13,369
2008-2009	14,166	12,178	12,236	14,969	13,246	13,019
2007-2008	13,174	11,545	11,619	14,543	13,024	12,509
2006-2007	11,940	10,847	11,038	13,536	11,189	11,398
2005-2006	11,260	9,848	10,108	12,678	9,737	10,350

Source: Maryland Department of Education, 2011 Maryland Report Card

Income

The County's median household income is the highest in Maryland and third highest in the nation. The following table presents the median household income for selected counties in the State in 2010.

Median Household Income

Howard County	$101,771
Anne Arundel County	81,455
Baltimore County	64,906
Montgomery County	89,155
Prince George's County	70,019

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2010

The following table presents the top 10 affluent counties in the nation by their national ranking for 2010 median household income.

National Rankings by Median Household Income

Rank	County, State	Median Household Income
1	Loudon County, Virginia	$119,540
2	Fairfax County, Virginia	103,010
3	**Howard County, Maryland**	**101,771**
4	Hunterdon County, New Jersey	97,874
5	Arlington County, Virginia	94,986
6	Douglas County, Colorado	94,909
7	Stafford County, Virginia	94,317
8	Somerset County, New Jersey	94,270
9	Prince William County, Virginia	92,655
10	Morris County, New Jersey	91,469

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2010

A comparison of County and Maryland personal income for the past five years is presented in the following table.

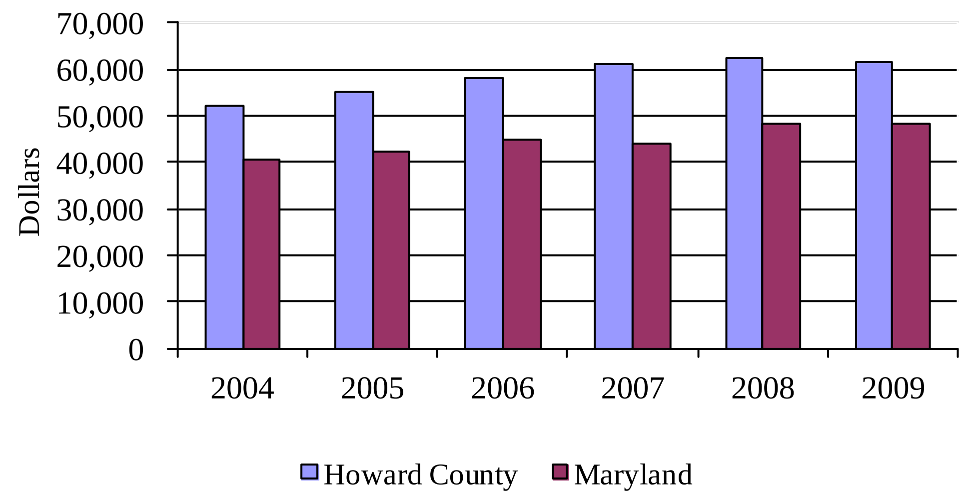
Personal Income

Year	Howard County Personal Income (000)	Percentage Change from Previous Year	Maryland Personal Income (000)	Percentage Change from Previous Year	Howard County Proportion
2009	$ 17,426,777	1.2	$ 274,980,101	0.9	6.3%
2008	17,212,636	6.6	272,542,169	4.4	6.3%
2007	16,149,370	6.2	261,114,676	6.2	6.2%
2006	15,207,509	6.4	245,878,837	5.5	6.2%
2005	14,297,943	7.1	232,950,333	5.8	6.1%

Source: U.S. Department of Commerce, Bureau of Economic Analysis and Maryland Department of Planning

The chart below presents the per capita income for the County and the State from 2004 through 2009.

Comparative Income Per Capita



Poverty is less of a problem in the County than in other counties in the Baltimore- Washington metropolitan region. The following table presents the percentage of the population living below the poverty level for selected counties in the State in 2010.

Population Below Poverty Level

County	Percentage Below Poverty Level
Howard County	4.7%
Anne Arundel County	6.4%
Baltimore County	8.1%
Montgomery County	7.7%
Prince George's County	9.4%

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2010

Housing

The County's housing stock predominately consists of owner-occupied single-family houses. The following table presents the distribution of housing in the County by type of structure as of April 2011.

Distribution of Housing by Type

Type of Structure	Number	Percent
Single-Family	82,362	76.4%
Multi-Family	25,464	23.6%
Total	107,826	100.0%

Source: County Department of Planning and Zoning

The following table presents the average and median sales price of housing in selected counties in the State as of December 31, 2011.

Sales Price of Housing

County	Average Price	Median Price
Howard County	$396,016	$365,000
Anne Arundel County	345,566	280,000
Baltimore County	243,870	195,000
Montgomery County	426,499	350,000
Prince George's County	185,903	160,000

Source: Maryland Association of Realtors, December 2011.

The following table presents the distribution of housing by year of construction in selected counties in the State through 2010.

Age of Housing

	Year Structure Built				
County	**1939 or earlier**	**1940 to 1979**	**1980 to 1989**	**1990 to 1999**	**2000 or later**
Howard County	2.9 %	32.7	25.6	23.2	15.6
Anne Arundel County	5.8	47.4	15.4	17.1	14.3
Baltimore County	7.6	55.4	15.1	12.8	9.1
Montgomery County	4.4	49.5	22.6	12.3	11.2
Prince George's County	4.5	57.7	12.8	13.1	11.9

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2010

The following table presents data regarding the size of housing in selected counties in the State in 2010.

Size of Housing

	Percentage of Housing with		
County	**Four to Seven Rooms**	**Eight or More Rooms**	**Median Number of Rooms**
Howard County	49.3%	43.3%	7.0
Anne Arundel County	59.8%	34.2%	6.5
Baltimore County	62.4%	28.8%	6.2
Montgomery County	49.1%	37.2%	6.4
Prince George's County	56.8%	31.3%	6.1

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2010

The following table presents new construction and renovation activity throughout the County from 2006 through 2011, as illustrated by the number of building permits issued and their estimated cost.

Building Permits

	Commercial		Residential		Non-Taxable	
Calendar Year	Permits Issued	Estimated Construction Cost (000)	Permits Issued	Estimated Construction Cost (000)	Permits Issued	Estimated Construction Cost (000)
2011	880	$ 132,387	3,758	$ 322,021	146	$ 114,492
2010	1,169	291,661	3,860	321,740	139	215,727
2009	672	151,950	2,786	314,287	152	369,544
2008	1,252	320,833	3,353	269,378	67	167,015
2007	1,654	388,408	4,022	365,805	159	89,550

Source: Howard County Department of Inspections, Licenses and Permits

Economy

Jobs in the County

In the past four decades the County has changed from a farming community into a community of urban, suburban and rural components. This is due, in part, to the County's close proximity to the cities of Washington, D.C. and Baltimore, as well as to the County's active promotion of economic development. The following table presents full- and part-time jobs located in the County and the State, regardless of worker's place of residence. The first segment, Trade, Transportation, and Utilities, includes utilities, wholesale and retail, couriers and transit. The second, Professional and Business, includes professional and technical services, management and administrative services and waste management and remediation services.

Jobs in County and State

	Howard County			State of Maryland		
Employment Categories	2010	2009	2008	2010	2009	2008
Construction	9,714	10,079	11,370	142,774	153,122	178,076
Manufacturing	5,853	6,018	6,999	115,086	118,707	128,440
Natural Resources and Mining	556	468	242	6,520	6,428	6,528
Services						
Trade, Transp. and Utils.	31,330	31,668	33,659	434,661	436,545	461,249
Information	3,668	3,662	3,893	43,830	46,513	49,820
Financial Activities	8,173	8,271	8,329	138,000	141,937	149,220
Professional and Business	36,324	34,274	33,962	386,796	384,033	398,952
Education and Health	14,807	14,695	13,960	385,013	378,238	367,671
Leisure and Hospitality	12,921	12,225	13,997	229,797	230,220	236,048
Other	4,557	4,384	4,357	87,759	87,816	90,111
Government	18,113	17,836	17,548	484,108	476,918	470,409
Other		-	2	74	495	876
Total	146,016	143,580	148,318	2,454,418	2,460,972	2,537,400

Source: Maryland Department of Labor, Licensing and Regulation

Workers Living in the County

The following table presents employment statistics, by employee's place of residence, for the County and the State in December of the last five years.

Employment by Residence

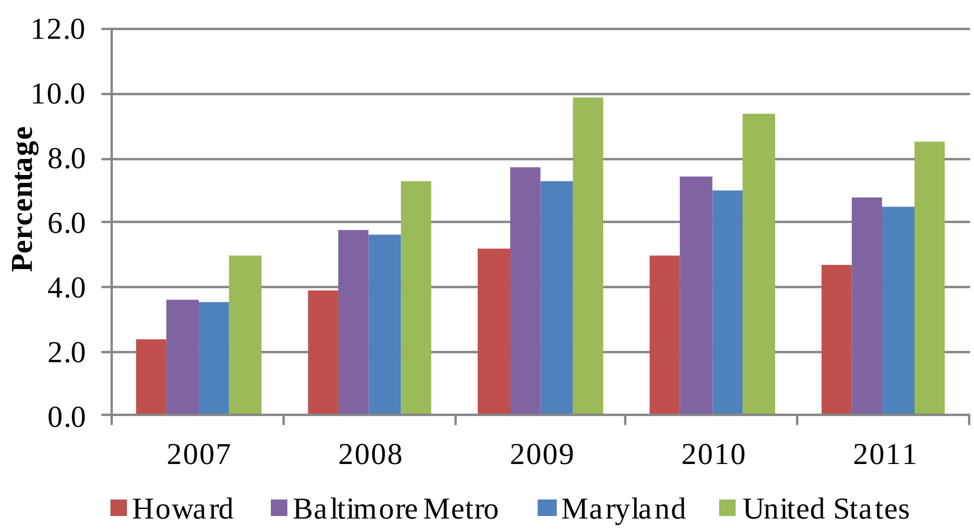
	Howard County		State of Maryland	
Year	**Employment**	**Labor Force**	**Employment**	**Labor Force**
2011	154,164	161,781	2,790,166	3,028,283
2010	151,056	159,072	2,750,009	2,958,338
2009	150,996	159,346	2,737,271	2,953,359
2008	154,991	161,259	2,844,595	3,012,334
2007	157,730	161,647	2,910,222	3,014,753

Source: Maryland Department of Labor, Licensing and Regulation

Unemployment

The chart below compares the unemployment rates in the County in December of the last five years with the rates in the Baltimore metropolitan region, Maryland and the United States.

Unemployment Rate



Source: Maryland Department of Labor, Licensing and Regulation

Local Firms and Employers

Listed below are the County's ten largest private employers as of September 30, 2011.

Ten Largest Private Employers

Employer	Products or Activities	Employment	Employed Residents
John Hopkins University Applied Physics Laboratory	Engineering, Research & Development	4,600	2.99%
Verizon Wireless	Regional Headquarters & Customer Service Operations Center	2,028	1.32%
Lorien Health Systems	Corporate Headquarters, Healthcare Services	2,000	1.30%
Howard County General Hospital	Acute-care Facility & Comprehensive Healthcare Services	1,682	1.09%
SAIC	Research & Engineering of Information Systems & Technology	1,060	0.69%
The Columbia Association	Non-profit organization managing Columbia	900	0.58%
Wells Fargo Bank Corporate Trust Services	Provider of Securities Administration to Public & Private Entities	842	0.55%
MICROS Systems	Corporate Headquarters & Hospitality Software Development	815	0.53%
Coastal Sunbelt Produce	Fresh Produce Distribution & Food Processing	800	0.52%
Arbitron, Inc.	Corporate Headquarters, Media Information Services	760	0.49%

Source: Howard County Economic Development Authority

Listed below are representative examples of other major private employers located in the County and the number of persons each employed as of September 30, 2011. This list is presented for the purpose of demonstrating the diversity of employment opportunities in the County and is not intended to be a ranking of employers or an exhaustive list of all major private employers in the County.

Other Major Private Employers

Employer	Products or Activities	Employment	Employed Residents
Ascend One	Corporate Headquarters, Consumer Debt Management Counseling	655	0.43%
Dreyers Grand Ice Cream	Frozen Dessert Manufacturing	735	0.48%
Enterprise Community Partners, Inc.	Corporate Headquarters, Community Development	505	0.33%
Giant Food	Grocery Retailing and Distribution	462	0.30%
Humanim	Non-profit organization serving individuals with disabilities	458	0.30%
Maxim Healthcare Services	Corporate Headquarters, Medical Staffing & Wellness Services	675	0.44%
Merkle Inc.	Corporate Headquarters, Database Marketing Services	400	0.26%
Northrop Grumman	Engineering consulting services	700	0.45%
SYSCO Food Services	Regional Headquarters, Wholesale Food Distribution	521	0.34%
W.R. Grace & Co.	Corporate Headquarters and Chemical Research & Development	500	0.32%

Source: Howard County Economic Development Authority

Economic Development

The County is a major commercial center for the Washington-Baltimore region, with nearly 1,100 buildings offering 60 million square feet of space to over 8,800 businesses. Several of the largest office and business parks in the Washington-Baltimore region are located in the County, including Columbia Gateway with 600 acres, Maryland Wholesale Food Center with 400 acres and Rivers Corporate Park with 350 acres. The county is also home to Emerson Corporate Commons with 570 acres and Maple Lawn with 506 acres, both mixed-use developments with over 3 million square feet of office space.

The following table presents statistics for the industrial and commercial space available in the metropolitan area of the County through the fourth quarter of 2011.

Industrial and Commercial Space

Type of Space	Number of Buildings	Total Square Footage (000)	Total Available Square Footage (000)	Vacancy Rate	2011 Sq. Foot Absorption (000) (1)
Flexible	228	11,539	747	6.5%	107
Industrial	381	31,525	3,851	12.2%	523
Office	490	17,000	2,212	13.0%	230
Total	**1,099**	**60,064**	**6,810**	**11.3%**	**860**

Source: CoStar Realty Inc.

Retail Sales

The following table presents a comparison of fiscal year 2011 retail sales in the County and selected other jurisdictions, a measure of the drawing power of local retailers.

County	Food, Beverage	Apparel	General Merchandise	Automotive	Furniture, Appliances	Building, Industrial Supplies	Utilities, Transport	Hardware, Machinery, Equipment	Misc.	Total	Per Capita Sales
Howard	41,663	9,390	31,130	11,771	14,085	15,658	9,093	5,494	28,068	166,352	577
Anne Arundel	101,885	25,072	63,858	36,785	30,474	36,967	23,429	10,068	37,065	365,603	678
Baltimore	126,566	29,712	122,851	37,541	48,510	72,246	40,411	7,424	47,792	533,053	662
Montgomery	147,833	31,209	82,849	45,729	46,445	43,034	39,428	6,258	56,203	498,989	511
Prince George's	109,949	22,582	89,972	35,678	27,516	70,627	31,183	9,515	56,514	453,535	524

Source: Comptroller of Maryland, Sales and Use Tax Report FY 2011

The fourth-largest shopping center in the region, the Mall in Columbia, is located in the County. At 1.4 million square feet, the Mall in Columbia features 202 stores and restaurants, including five major department stores and a 14-screen movie theater. Ten village centers throughout Columbia feature over 1.0 million square feet of retail space. Other shopping centers in the County in excess of 100,000 square feet are Columbia Crossing, Long Gate Shopping Center, Chatham Station Shopping Center, Dobbin Center, Normandy Shopping Center, Savage Mill, Enchanted Forest Shopping Center, Snowden Square, Gateway Overlook I and Gateway Overlook II. These centers offer over 4 million additional square feet of leasable space. As of December 2011, the vacancy rate at these shopping centers was only 2.5%.

Columbia

Howard Research and Development Corporation began the development of Columbia with initial land purchases in 1962. Today, Columbia is an unincorporated city built on 14,000 acres in the east-central portion of the County. Columbia has 99,615 residents, 5,500 businesses and 91,000 local jobs located in over 23 million square feet of commercial office, industrial and research and development buildings. Ten village centers, each providing a variety of day-to-day shopping needs and community and professional facilities and services, are now in operation. In addition, the Mall in Columbia, Columbia Crossing, Dobbin Center, Snowden Square and Long Gate provide 3.5 million square feet of retail stores, shops and restaurants. As of December 2011 the estimated assessed valuation of properties in Columbia was $11.0 billion, representing 22.9 percent of the assessed value of property in the County.

If Columbia were to become a municipality, the Maryland Constitution provides that the County's assessable base would not be affected. Services provided by the Columbia Association for Columbia residents, which include primarily provision of recreational facilities and maintenance of open space areas, are separate and distinct from the services provided by the County and are paid for through separate assessments made annually by the Columbia Association against residential and commercial property located in Columbia and facility user fees.

As of December 31, 2011, the Columbia Association had long-term debt of $17.6 million in aggregate principal amount. As additional facilities are constructed, the amount of debt of the Columbia Association may increase. The interest on the Columbia Association's debt is not tax-exempt. Payments on such property assessments are not deductible for federal income tax purposes, and liens for such property assessments are subordinate to liens for State and County real property taxes.

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Legal and Miscellaneous

Approval of Legal Proceedings

All legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of McKennon Shelton & Henn LLP, Bond Counsel. Delivery of the Bonds is conditioned upon delivery by Bond Counsel of opinions substantially in the forms included in Appendix B of this Official Statement.

Tax Matters

Maryland Income Taxation

In the opinion of Bond Counsel, under existing law, the Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange shall be exempt at all times from every kind and nature of taxation by the State of Maryland, or by any of its political subdivisions, municipal corporations or public agencies. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds, their transfer or the interest thereon. Interest on the Bonds may be subject to state or local income taxes in jurisdictions other than the State of Maryland under applicable state or local tax laws. Purchasers of the Bonds should consult their own tax advisors with respect to the taxable status of the Bonds in jurisdictions other than Maryland.

Federal Income Taxation

In the opinion of Bond Counsel, assuming compliance with certain covenants described herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations, and decisions.

In rendering its opinion with respect to the Bonds, Bond Counsel will rely, without independent investigation, on certifications provided by the County with respect to certain material facts within their knowledge relevant to the tax-exempt status of interest on the Bonds.

Under the provisions of the Code, there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the Bonds in order that the interest thereon be excludable from gross income. These include the following: (i) a requirement that certain earnings received from the investment of the proceeds of the Bonds be rebated to the United States of America under certain circumstances (or that certain payments in lieu of rebate be made); (ii) other requirements applicable to the investment of the proceeds of the Bonds; and (iii) other requirements applicable to the use of the proceeds of the Bonds and the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds.

Interest on the Bonds will not be includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. However, for purposes of calculating the corporate alternative minimum tax, a corporation subject to tax may be required to increase its alternative minimum taxable income by 75% of the amount by which its “adjusted current earnings” exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, “adjusted current earnings” could include, among other items, interest income from the Bonds. In addition, interest income on the Bonds will be subject to the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States of America.

Certain Other Federal Tax Consequences

There are other federal tax consequences of ownership of obligations such as the Bonds under certain circumstances, including the following: (i) deductions are disallowed for certain expenses of taxpayers allocable to interest on tax-exempt obligations, as well as interest on indebtedness incurred or continued to purchase or carry tax-exempt obligations and interest expense of financial institutions allocable to tax-exempt interest, (ii) for property and casualty insurance companies, the amount of the deduction for losses incurred must be reduced by 15% of the sum of tax-exempt interest income and the deductible portion of dividends received by such companies; (iii) interest income that is exempt from tax must be taken into account for the purpose of determining whether, and what amount of, social security or railroad retirement benefits are includable in gross income for federal income tax purposes; and (iv) for S corporations having Subchapter C earnings and profits, the receipt of certain levels of passive investment income, which includes interest on tax-exempt obligations such as the Bonds, can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status.

Tax Accounting Treatment of Discount Bonds

Certain maturities of the Bonds may be issued at an initial public offering price which is less than the amount payable on such Bonds at maturity (the "Discount Bonds"). The difference between the initial offering price at which a substantial amount of the Discount Bonds of each maturity was sold, and the principal amount of such Discount Bonds payable at maturity constitutes original issue discount. In the case of any holder of Discount Bonds, the amount of such original issue discount which is treated as having accrued with respect to such Discount Bonds is added to the original cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, early redemption or repayment at maturity). For federal income tax purposes (i) any holder of a Discount Bond will recognize gain or loss upon the disposition of such security (including sale, early redemption or payment at maturity) in an amount equal to the difference between (a) the amount received upon such disposition and (b) the sum of (1) the holder's original cost basis in such Discount Bond, and (2) the amount of original issue discount attributable to the period during which the holder held such Discount Bond, and (ii) the amount of the basis adjustment described in clause (i)(b)(2) will not be included in the gross income of the holder.

Original issue discount on Discount Bonds will be attributed to permissible compounding periods during the life of any Discount Bonds in accordance with a constant rate of interest accrual method. The yield to maturity of the Discount Bonds of each maturity is determined using permissible compounding periods. In general, the length of a permissible compounding period cannot exceed the length of the interval between debt service payments on the Discount Bonds and must begin or end on the date of such payments. Such yield then is used to determine an amount of accrued interest for each permissible compounding period. For this purpose, interest is treated as compounding periodically at the end of each applicable compounding period. The amount of original issue discount which is treated as having accrued in respect of a Discount Bond for any particular compounding period is equal to the excess of (i) the product of (a) the yield for the Discount Bond (adjusted as necessary for an initial short period) divided by the number of compounding periods in a year multiplied by (b) the amount that would be the tax basis of such Discount Bond at the beginning of such period if held by an original purchaser who purchased at the initial public offering price, over (ii) the amount actually payable as interest on such Discount Bond during such period. For purposes of the preceding sentence the tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to the initial public offering price of such Discount Bond the original issue discount that is treated as having accrued during all prior compounding periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then interest which would have accrued for that compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Holders of Discount Bonds should note that, under the tax regulations, the yield and maturity of a Discount Bond is determined without regard to commercially reasonable sinking fund payments, and any original issue discount remaining unaccrued at the time that a Discount Bond is redeemed in advance of stated maturity will be treated as taxable gain.

Moreover, tax regulations prescribe special conventions for determining the yield and maturity of certain debt instruments that provide for alternative payment schedules applicable on the occurrence of certain contingencies. The prices or yields furnished by the successful bidder for the Bonds as shown on the inside cover of this Official Statement may not reflect the initial issue prices for the purposes of determining the original issues discount for federal income tax purposes.

The foregoing summarizes certain federal income tax consequences of original issue discount with respect to the Discount Bonds but does not purport to deal with all aspects of federal income taxation that may be relevant to particular investors or circumstances, including those set out above. Prospective purchasers of Discount Bonds should consider possible state and local income, excise or franchise tax consequences arising from original issue discount on Discount Bonds. In addition, prospective corporate purchasers should consider possible federal tax consequences arising from original issue discount on such Discount Bonds under the alternative minimum tax or the branch profits tax. The amount of original issue discount considered to have accrued may be reportable in the year of accrual for state and local tax purposes or for purposes of the alternative minimum tax or the branch profits tax without a corresponding receipt of cash with which to pay any tax liability attributable to such discount. Purchasers with questions concerning the detailed tax consequences of transactions in the Discount Bonds should consult their tax advisors.

Purchase, Sale and Retirement of Bonds

Except as noted below in the case of market discount, the sale or other disposition of a Bond will normally result in capital gain or loss to its holder. A holder's initial tax basis in a Bond will be its cost. Upon the sale or retirement of a Bond, for federal income tax purposes, a holder will recognize capital gain or loss upon the disposition of such security (including sale, early redemption or payment at maturity) in an amount equal to the difference between (a) the amount received upon such disposition and (b) the tax basis in such Bond, determined by adding to the original cost basis in such Bond the amount of original issue discount that is treated as having accrued as described above under "*Tax Matters — Tax Accounting Treatment of Discount Bonds.*" Such gain or loss will be a long-term capital gain or loss if at the time of the sale or retirement the Bond has been held for more than one year. Present law taxes both long and short-term capital gains of corporations at the rates applicable to ordinary income. For noncorporate taxpayers, however, net capital gains will be taxed at a maximum rate of 15%, while short-term capital gains and other ordinary income will be taxed at a maximum rate of 35%. Net capital gains are the excess of net long-term capital gains (gains on capital assets held for more than one year) over net short-term capital losses. Because of the limitation on itemized deductions and the deduction for personal exemptions applicable to higher income taxpayers, the effective rate of tax may be higher in certain circumstances. The operation of sunset, effective date and similar timing provisions in current law would result in a change in the tax rates in certain future time periods.

Market Discount

If a holder acquires a Bond after its original issuance at a discount below its principal amount (or in the case of a Bond issued at an original issue discount, at a price that produces a yield to maturity higher than the yield to maturity at which such bond was first issued), the holder will be deemed to have acquired the Bond at "market discount," unless the amount of market discount is *de minimis*, as described in the following paragraph. If a holder that acquires a Bond with market discount subsequently realizes a gain upon the disposition of the Bond, such gain shall be treated as taxable interest income to the extent such gain does not exceed the accrued market discount attributable to the period during which the holder held such Bond, and any gain realized in excess of such market discount will be treated as capital gain. Potential purchasers should consult their tax advisors as to the proper method of accruing market discount.

In the case of a Bond not issued at an original issue discount, market discount will be *de minimis* if the excess of the Bond's stated redemption price at maturity over the holder's cost of acquiring the Bond is less than 0.25% of the stated redemption price at maturity multiplied by the number of complete years between the date the holder acquires the Bond and its maturity date. In the case of a Bond issued with original issue discount, market discount will be *de minimis* if the excess of the Bond's revised issue price over the holder's cost of acquiring the Bond is less than 0.25% of the revised issue price multiplied by the number of complete years between the date the holder acquires the Bond and its stated maturity date. For this purpose, a "revised issue price" is the sum of (i) its original issue price and (ii) the aggregate amount of original issue discount that is treated as having accrued with respect to the Bond during the period between its original issue date and the date of acquisition by the holder.

Amortizable Bond Premium

A Bond will be considered to have been purchased at a premium if, and to the extent that, the holder's tax basis in the Bond exceeds the amount payable at maturity (or, in the case of a Bond callable prior to maturity, the amount payable on the earlier call date). Under tax regulations applicable to the Bonds, the amount of the premium would be determined with reference to the amount payable on that call date (including for this purpose the maturity date) which produces the lowest yield to maturity on the Bonds. The holder will be required to reduce his tax basis in the

Bond for purposes of determining gain or loss upon disposition of the Bond by the amount of amortizable bond premium that accrues, determined in the manner prescribed in the regulations. Generally, no deduction (or other tax benefit) is allocable in respect of any amount of amortizable bond premium on the Bonds.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not discuss all aspects of federal income taxation that may be relevant to a particular holder of Bonds in light of such holder's particular circumstances and income tax situation. Each holder of Bonds should consult such holder's tax advisor as to the specific tax consequences to such holder of the ownership and disposition of the Bonds, including the application of state, local, foreign and other tax laws.

Legislative Developments

Legislative proposals currently under consideration or proposed after issuance and delivery of the Bonds could adversely affect the market value of the Bonds. Further, if enacted into law, any such proposal could cause the interest on the Bonds to be subject, directly or indirectly, to federal income taxation and could otherwise alter or amend one or more of the provisions of federal tax law described above or their consequences. Prospective purchasers of the Bonds should consult with their tax advisors as to the status and potential effect of pending proposed legislative proposals, as to which Bond Counsel expresses no opinion.

Ratings

Fitch Ratings, Moody's Investors Service and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., have given the Bonds the ratings indicated on the cover page of this Official Statement. An explanation of the significance of any rating may be obtained from the appropriate rating agency. The County furnished to each rating agency the information contained in a preliminary Official Statement and other materials and information. Generally, rating agencies base their ratings on such materials and information, as well as their own investigations, studies and assumptions. Each rating may be changed at any time and no assurance can be given that it will not be revised downward or withdrawn by the applicable rating agency if, in the judgment of such rating agency, circumstances should warrant such action. Any such downward revision or withdrawal of any rating could have an adverse effect on the market price of the Bonds.

On August 4, 2011, Moody's announced that in conjunction with its assignment of a negative outlook to the rating of the U.S. government, Moody's has revised the outlooks for indirectly linked U.S. public finance issuers, including the County, to negative. On December 7, 2011, Moody's announced that certain public finance issuers, including the County, continue to have a negative outlook due to indirect linkage with the U.S. government. A copy of the foregoing announcements may be obtained from Moody's. The content of such announcement is maintained solely by Moody's, and the County assumes no responsibility for the content or continued availability thereof.

Litigation

The County is a party to numerous legal proceedings of the type that normally occur in governmental operations. The pending legal proceedings are not, in the opinion of the County Solicitor, likely to have a material adverse impact on the County's financial condition. In addition, the County is currently reviewing and adjusting a number of claims through its self-insurance program. In the opinion of the County Solicitor, none of these pending matters is likely to have a material adverse impact on the County's financial condition, nor should there be any substantial recovery against the County in amounts in excess of reserved funds.

Independent Auditors

The basic financial statements of Howard County, Maryland for the year ended June 30, 2011 have been included in Appendix A of this Official Statement have been audited by Reznick Group, P.C., independent certified public accountants, to the extent stated in their report appearing herein. The basic financial statements have been included in reliance upon the report of Reznick Group, P.C.

The independent accountants were not requested to review or update such financial statements or their report in connection with the issuance of the Bonds and the County did not request such independent accountants' consent to the inclusion of their report in this Official Statement. Such report speaks only as of its date.

Financial Advisor

Public Financial Management of Philadelphia, Pennsylvania, has acted as financial advisor to the County in connection with the issuance of the Bonds. Public Financial Management is not obligated to undertake, and has neither undertaken an independent verification of, or assumed responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Public Financial Management is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Sales at Public Bidding

The Bonds of each series were offered for sale by the County at public bidding on March 20, 2012, in accordance with the official Notice of Sale. ______________ was awarded the Consolidated Public Improvement Bonds at a price of $_____________ and the Metropolitan District Bonds at a price of $__________. The initial public reoffering prices set forth on the inside cover page are based on information furnished to the County by each successful bidder and may be changed by each successful bidder; the successful bidder may reoffer and sell the Bonds that it has purchased to certain dealers (including dealers depositing bonds into investment trusts) and others at prices lower than the reoffering prices set forth on the cover page. Any other information concerning the terms of reoffering of the Bonds of each series, if any, including yields or prices, should be obtained from the successful bidder therefor and not from the County.

Certificate of County Officials

Simultaneously with or before delivery of and payment for the Bonds, the County will furnish to the purchasers of the Bonds a certificate of the County Executive, the Chief Administrative Officer and the Director of Finance that will state that, to the best of their knowledge and belief, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of material fact and does not omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, and that between the date of sale and the date of delivery of the Bonds there has been no material adverse change in the financial position or revenues of the County, except as reflected or contemplated in this Official Statement (and any amendment or supplement hereto).

Miscellaneous

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of any of the Bonds.

The execution and delivery of this Official Statement have been approved by Howard County, Maryland.

HOWARD COUNTY, MARYLAND

By: ______________________
KEN ULMAN
County Executive

and

By: ______________________
STANLEY J. MILESKY
Director of Finance

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Appendix A

Audited Basic Financial Statements

Table of Contents

The combining, individual fund, individual account group financial statements and schedules, the supplementary information contained in the statistical section, and the auditors' report dated March 12, 2012 on their consideration of the County's internal control over financial reporting and their tests of the County's compliance with certain provisions of laws, regulations, contracts and grants referenced in the Independent Auditors' Report contained in this Appendix A are not included in this Official Statement.

In addition, page number references contained in the Independent Auditors' Report and the Management's Discussion and Analysis and in other text in this Appendix A may not correlate to the actual presentation of the referenced information due to formatting adjustments.

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Reznick Group
ACCOUNTING • TAX • BUSINESS ADVISORY

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Baltimore, MD 21202-3100
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INDEPENDENT AUDITOR'S REPORT

County Council
Howard County, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland (the County), as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Howard County Public School System, Howard Community College, or the Howard County Housing Commission, which represent 36 percent, 59 percent, and 46 percent, respectively, of the assets, net assets, and revenues of the total governmental activities, the business-type activities, and the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based on the report of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 12, 2012, on our consideration of Howard County, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion, required supplemental schedules of funding progress for Pension Trust funds and Other Post Employment Benefit (OPEB) Trust, and required schedule of employer contributions for OPEB Trust Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

Reznick Group, P.C.

Baltimore, Maryland
March 12, 2012

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, 2011. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal (found on pages iii to x of this report.) The discussion focuses on the County's primary government and, unless otherwise noted, does not include component units reported separately from the primary government.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by $801.2 million. That amount is net of a $617.7 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 $433.0 million and for college projects is $67.7 million. Ownership of the buildings owned by the Public School System transfers to the County if the assets are no longer needed for educational purposes. The current net value of the Public School System's buildings and improvements and construction in progress is $889.3 million.

- The $21.4 million increase in the government's total net assets is primarily due to the receipt of $18.6 million in grant funding from the State of Maryland to fund water and sewer system capital improvements and $5.8 million in contributed capital.

- The County's local income tax revenues increased by $64.4 million or 24.1% this year due to gains in the number of residents employed. State shared revenues increased by $0.3 million.

- In accordance with the Governmental Accounting Standards Board Statement No. 54, effective for the year ended June 30, 2011, new fund balance categories were established for financial statement reporting purposes of all governmental funds. These new categories, nonspendable, restricted, committed, assigned and unassigned, were established to enhance fund balance presentation and improve the usefulness of fund balance information. Approximately 51.2% of the total governmental fund balance, $102.4 million, is available to meet the County's current and future needs as mandated by the appropriate level of authority within the County and are properly designated as committed, assigned and unassigned. Available fund balance for the General Fund was $92.7 million, or 11.5% of total General Fund expenditures.

- At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $200.1 million, a decrease of about $14.3 million in comparison with the prior year. Specifically, the fund balance of the General Capital Projects Fund decreased by $32.7 million due to the purchase of a new County office building for $25.7 million and technology upgrades for the Public School System of $8.0 million. Also, there was a restatement of beginning fund balance of the nonmajor governmental funds totaling $1.5 million due to changes in prior years' accounts receivable and deferred revenue related to grants.

- The reserve for the budget stabilization account balance is $56.8 million, an increase of $2.1 million or 7.0% of fiscal year 2011 general fund expenditures. That balance meets the target set by the County Charter (7% of fiscal year 2009 expenditures). We have reached that target and have assigned $0.4 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 $111.9 million (11.3%) during the current fiscal year. The major factors in this increase were the issuance of $111.1 million in Consolidated Public Improvement (CPI) Project Bonds, $50.0 million in Metropolitan (Metro) District Project Bonds, and a $2.6 million draw on the State Water Quality Revolving Loan Fund. The County retired $52.3, $6.6, and $3.9 million of Consolidated Public Improvement, Metropolitan District and Water Quality Bonds, respectively. The County also retired $540,000 of Special Facility Revenue bonds.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found immediately after the Basic Financial Statements on pages 31-62.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning management's discussion and analysis and the County's progress in funding its obligation to provide pension and other post employment benefits to its employees. Required supplementary information can be found on page 63-64 of this report.

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

Detailed capital asset schedules for governmental and proprietary funds appear on pages 95-97. Schedules providing additional long-term debt detail start on page 99. The Statistical Section begins on page 109.

Government-Wide Financial Analysis

Over time, changes in net assets serve as a useful indicator of a government's financial position. Howard County's assets exceeded liabilities by $801.2 million at the close of the most recent fiscal year.

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

Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. It is important to note that although counties in the State of Maryland issue debt for the construction of schools, school buildings are owned by each county's Public School System. Ownership reverts to the County if the local board determines a building is no longer needed. The County also funds projects for the Howard Community College and for intersection improvements to State owned roads. As of June 30, 2011, debt outstanding for education projects is $433.0 million and for college projects is $67.7 million. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. The negative unrestricted governmental activities net assets of $619.6 million reflects the imbalance of liabilities without corresponding assets as well as the County's Net OPEB Obligation of $219.8 million.

An additional portion of the County's net assets ($215.9 million or 26.9%) represents resources subject to external restrictions on their usage.

Summary of Net Assets

	Governmental activities		Business-type activities		Total	
	2011	**2010 ***	**2011**	**2010 ****	**2011**	**2010 ***
Current and other assets	$ 443,070,170	332,601,646	177,926,066	168,989,462	620,996,236	501,591,108
Capital assets	1,175,460,495	1,067,437,465	619,618,427	556,575,702	1,795,078,922	1,624,013,167
Total assets	1,618,530,665	1,400,039,111	797,544,493	725,565,164	2,416,075,158	2,125,604,275
Long-term liabilities outstanding	1,193,344,944	1,064,623,440	234,584,071	194,497,937	1,427,929,015	1,259,121,377
Other liabilities	170,674,733	67,609,839	16,246,535	19,034,029	186,921,268	86,643,868
Total liabilities	1,364,019,677	1,132,233,279	250,830,606	213,531,966	1,614,850,283	1,345,765,245
Net assets:						
Invested in capital assets net of related debt	790,647,396	735,346,804	412,443,596	391,047,153	1,203,090,992	1,126,393,957
Restricted	83,470,483	163,458,570	132,392,365	120,266,910	215,862,848	283,725,480
Unrestricted	(619,606,891)	(630,999,542)	1,877,926	719,135	(617,728,965)	(630,280,407)
Total net assets	**$ 254,510,988**	**267,805,832**	**546,713,887**	**512,033,198**	**801,224,875**	**779,839,030**

* Restated by $100,481,835 to correct the net OPEB obligation, $10,542,118 to correct construction-in-progress, and $1,480,513 in the governmental funds to correct prior years' accounts receivable and deferred revenue related to grants, for a total of $109,543,440.

** Restated by $1,263,876 to correct the net OPEB obligation and $1,050,623 to correct construction-in-progress, for a total of $2,314,499.

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

The County's net assets increased by $21.4 million during the current fiscal year as the result of a $34.7 million increase business-type activities offset by a $13.3 million decrease in governmental activities. The business-type activities increase is due to the receipt of $18.6 million in grant funding from the State of Maryland to fund water and sewer system capital improvements and $5.8 million in contributed capital. The governmental activities decrease is primarily due to recognition of the $219.8 million net OPEB obligation.

The deficit in unrestricted net assets for governmental activities decreased by $11.4 million this year because of the following factors:

- The outstanding debt for School and Community College capital projects (see discussion above) increased by $14.9 and $4.6 million respectively.
- The County's net OPEB obligation increased by $49.5 million.
- Net assets that would have been previously reported as restricted moved to the unrestricted category, due to the implementation of GASB Statement No. 54 in the current fiscal year. Restricted net assets decreased by $80.0 million from fiscal year 2010. This had the effect of reducing the deficit in unrestricted net assets.
- Investment earnings decreased by $3.5 million due to a smaller increase in the fair value of the United States Treasury Strips investments than the previous fiscal year and a further decline in interest rates during the year.

Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2011	2010 *	2011	2010 **	2011	2010
Revenues						
Program revenues						
Charges for services	$ 97,594,321	91,836,614	50,662,802	46,504,589	148,257,123	138,341,203
Operating grants and contributions	26,559,373	26,513,435	30,884,327	32,395,714	57,443,700	58,909,149
Capital grants and contributions	24,715,975	22,998,508	24,331,033	9,666,912	49,047,008	32,665,420
General revenues						
Property taxes	504,884,233	494,218,364	-	-	504,884,233	494,218,364
Local Income taxes	331,334,252	266,953,624	-	-	331,334,252	266,953,624
Other taxes	47,446,303	48,701,823	-	-	47,446,303	48,701,823
Other	3,707,021	7,342,986	196,349	395,605	3,903,370	7,738,591
Total revenues	**1,036,241,478**	**958,565,354**	**106,074,511**	**88,962,820**	**1,142,315,989**	**1,047,528,174**
Expenses						
General government	50,599,944	41,838,369	-	-	50,599,944	41,838,369
Public safety	167,113,492	157,890,697	-	-	167,113,492	157,890,697
Public works	102,947,974	114,088,506	-	-	102,947,974	114,088,506
Recreation and parks	27,086,201	28,011,377	-	-	27,086,201	28,011,377
Legislative and judicial	21,684,657	20,819,872	-	-	21,684,657	20,819,872
Community services	38,522,217	39,164,160	-	-	38,522,217	39,164,160
State highways	1,917,170	2,450,937	-	-	1,917,170	2,450,937
Education	605,557,506	595,574,926	-	-	605,557,506	595,574,926
Interest on long term debt	37,102,195	32,759,477	-	-	37,102,195	32,759,477
Water & Sewer	-	-	66,636,363	64,845,285	66,636,363	64,845,285
Golf course	-	-	1,762,425	1,791,000	1,762,425	1,791,000
Total expenses	**1,052,531,356**	**1,032,598,321**	**68,398,788**	**66,636,285**	**1,120,930,144**	**1,099,234,606**
Increase (decrease) in net assets	(16,289,878)	(74,032,967)	37,675,723	22,326,535	21,385,845	(51,706,432)
Transfers	2,995,034	(587,000)	(2,995,034)	587,000	-	-
Increase (decrease) in net assets	(13,294,844)	(74,619,967)	34,680,689	22,913,535	21,385,845	(51,706,432)
Net assets beginning	**267,805,832**	**342,425,799**	**512,033,198**	**489,119,663**	**779,839,030**	**831,545,462**
Net assets ending	**$ 254,510,988**	**$ 267,805,832**	**546,713,887**	**512,033,198**	**801,224,875**	**779,839,030**

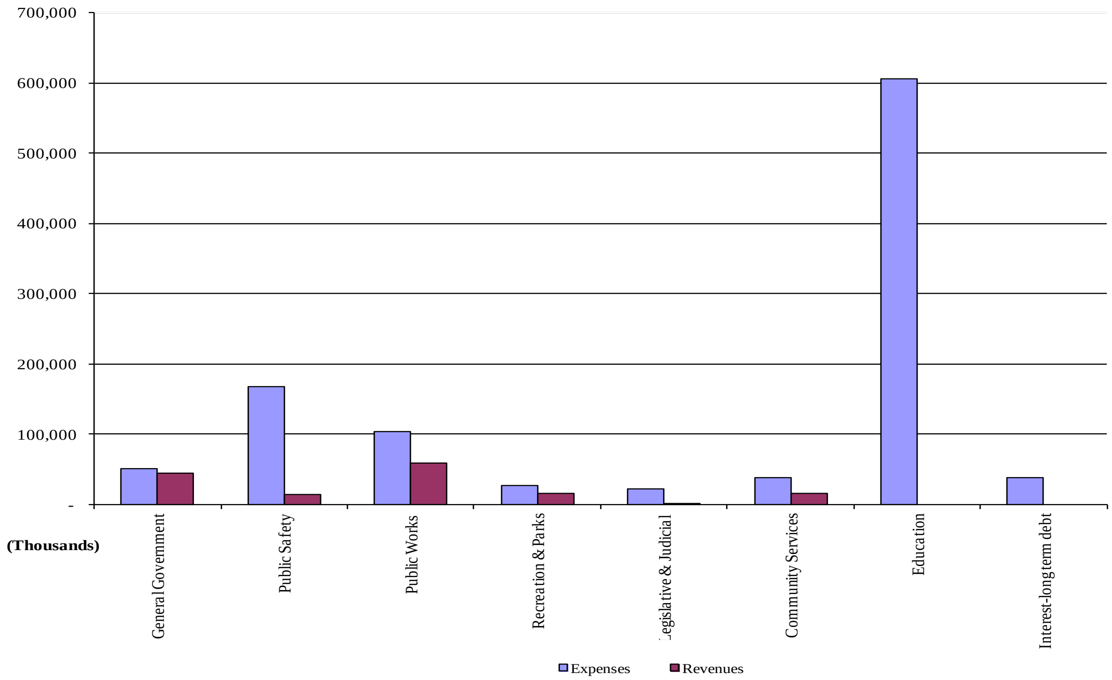
* Restated by $100,481,835 to correct the net OPEB obligation, $10,542,118 to correct construction-in-progress, and $1,480,513 in the governmental funds to correct prior years' accounts receivable and deferred revenue related to grants, for a total of $109,543,440.

** Restated by $1,263,876 to correct the net OPEB obligation and $1,050,623 to correct construction-in-progress, for a total of $2,314,499.

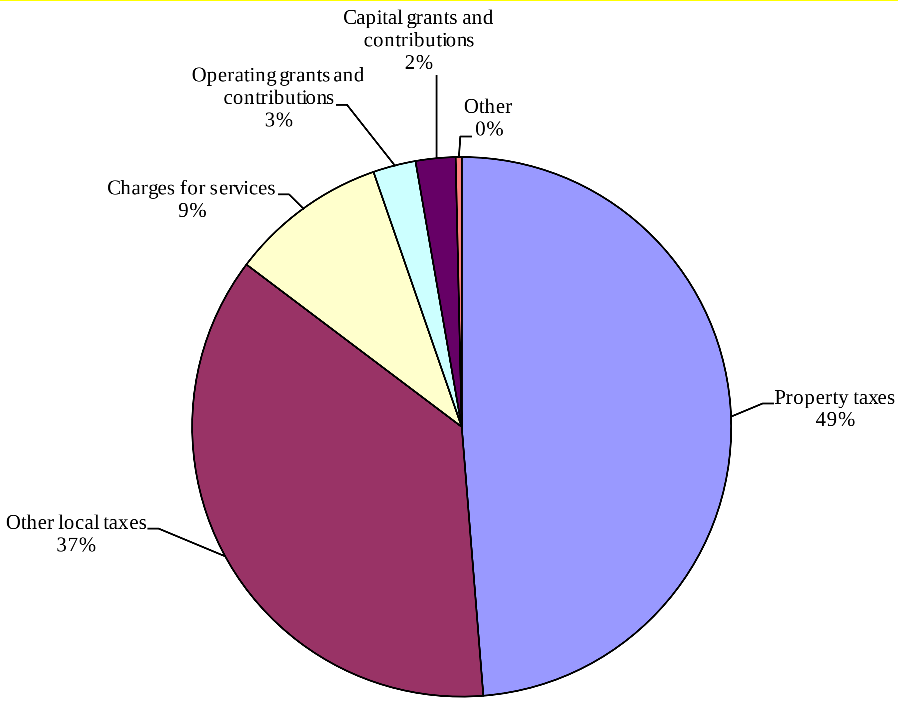
Governmental activities. Governmental activities decreased the County's net assets by $13.3 million. Key elements of this decrease are as follows:

- Program Revenues increased overall by $7.5 million (5.3%). The County received $2.6 million in federal grant monies to fund One Maryland Broadband Plan. In addition, proceeds from the sale of items collected curbside via single stream recycling increased $0.7 million due to increased market prices for commodities such as metal.
- Property tax revenue increased by $10.7 million (2.2 %) this year. The taxable assessed value declined in the current fiscal year. Taxable residential assessed values are limited to 5% annual increases (Homestead Credit). This limitation resulted in a substantial difference between full assessed values and taxable assessed values on residential properties at the peak real estate market in 2007. The 5% Homestead Credit means the County was not relying on taxes levied against full market values at the peak of the real estate market in 2007. As full assessed values decline they are still, overall, slightly higher than taxable assessed values.
- Local income taxes increased by $64.4 million or 24.1% this year due to gains in the number of residents employed.
- Investment earnings decreased by $3.5 million due to a smaller increase in the fair value of the United States Treasury Strips investments than the previous fiscal year and a further decline in interest rates during the year.
- Expenses increased by $49.5 million for additional Net OPEB Obligation.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities

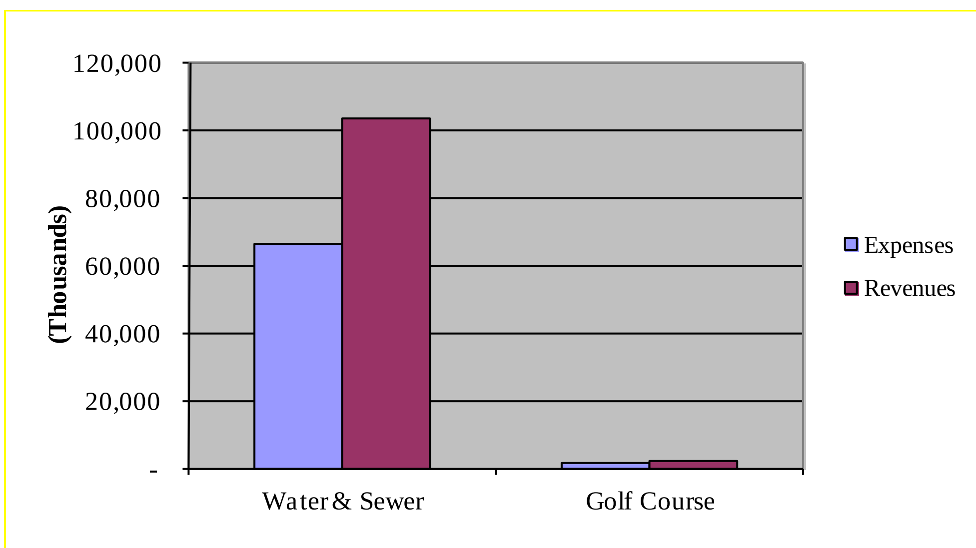


Business-type activities. Business-type activities increased the County's net assets by $34.6 million. The components of this increase are as follows:

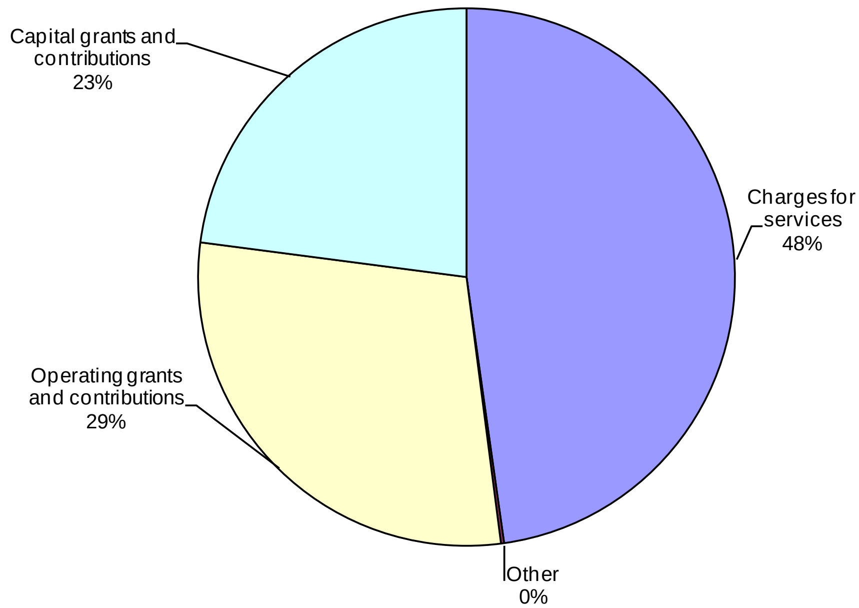
- Charges for services increased by $4.2 million due to a 9% rate increase for water and sewer usage.
- Operating grants and contributions which totaled $30.9 million represent an annual ad valorem fee levied on all properties within the water and sewer service district. This charge is primarily used to fund debt service payments and pay-as-you-go funding on capital projects.
- Capital grants and contributions mainly consisted of the receipt of $18.6 million in grant funding from the State of Maryland to fund improvements to reduce nitrogen discharge in the reclaimed water system. In addition, $5.8 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 $14.7 million from fiscal year 2010.
- Interest expense decreased by $1.8 million due to the final payoff of 1991 capital appreciation bonds in fiscal year 2010.

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

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $200.1 million, a decrease of $14.3 million in comparison with the prior year. Of this fund balance, $14.2 million is nonspendable, $83.5 million is restricted by enabling legislation, $96.3 million is committed by the County at the highest level of authority, $104.2 million is assigned, and ($98.1) million is deficit unassigned fund balance.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, total fund balance of the general fund is $92.7 million, $20.9 million or 29.1% more than the prior year due to a $21.3 million increase in local income tax revenue.

The $72.8 million total fund balance of the Agricultural Land Preservation Fund is a $0.2 million decrease from the prior year. The decrease is the result of closing on four preservation purchases during the fiscal year.

The general capital projects fund is used to track the construction of general county buildings. The fund balance is a negative $73.3 million. This is a timing issue due to capital project expenditures occurring before revenues are recognized.

The highway capital projects fund is used to track the construction of bridges, roads, sidewalks, and intersections. The fund balance is $49.8 million of which $41.4 million represents funds restricted for public road facilities.

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

All assets in the Water and Sewer Proprietary Fund and the Special Recreation Facility Fund (golf course), except those available to fund current liabilities, are considered restricted because a change in the charter is required to allow these assets to be used for other purposes. Net assets of the water and sewer operations at the end of the year amounted to $540.5 million, and those for the golf course operation were $4.4 million. The total increase in net assets in each fund was $34.3 million and $0.5 million, respectively.

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

General Fund Budgetary Highlights

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

Due to uncertainty surrounding the economy at the beginning of the fiscal year, the County held back on expenditures and spent $6.6 million less than the budget. The County collected $16.4 million more in local income taxes than budgeted due to a quicker than anticipated recovery in the local jobs market.

Total debt service final budget amounts compared to expenditures and encumbrances for the period show a favorable variance of $7.2 million. Likewise, interest on investments fell short of budgeted revenue by $8.2 million. This occurred because interest income and expense on variable rate debt, commercial paper, are budgeted high to allow for increases in interest rates during the year. Component units' return of funding was $3.9 million less than budgeted because the funding was received in fiscal year 2010, but budgeted in fiscal year 2011.

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, 2011 is $1.8 billion (net of accumulated depreciation). Capital assets includes land, easements, buildings, improvements, machinery and equipment, park facilities, sidewalks, roads, highways, bridges, water and sewer lines, and storm water management systems. The total increase in the County's investment in capital assets for the current fiscal year was 10.5% (a 10.1% increase for governmental activities and an 11.3% increase for business-type activities).

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

- $45.1 million for the Water Reclamation Plant expansion and enhancement
- $27.4 million for land purchases for agricultural land preservation program easements, a new transit facility, and one park
- $25.7 million on the purchase of a new County office building and $9.4 million on the renovation of the main County office buildings
- $21.3 million in developer donated roads, storm drainage, water and sewer lines and open space land
- $16.0 million on the Little Patuxent Parallel Sewer system
- $12.8 million on the new Miller library branch
- $11.8 million on the North Laurel Park Community Center
- $11.2 million for transit buses and $4.2 million for fire vehicles and equipment

Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Land and land improvements	$ 470,374,442	443,156,392	10,802,873	10,802,873	481,177,315	453,959,265
Buildings	149,845,607	136,854,015	73,665,111	76,229,701	223,510,718	213,083,716
Improvements other than buildings	27,578,798	29,042,279	25,739,727	27,525,487	53,318,525	56,567,766
Equipment	42,891,223	46,894,998	1,127,457	1,221,329	44,018,680	48,116,327
Infrastructure	171,777,099	160,740,085	270,060,641	262,395,927	441,837,740	423,136,012
Construction in progress	312,993,326	250,749,696 *	238,222,618	178,400,385 *	551,215,944	429,150,081
Total capital assets	**$1,175,460,495**	**1,067,437,465**	**619,618,427**	**556,575,702**	**1,795,078,922**	**1,624,013,167**

*Restated due to prior period adjustment

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

Long-term debt. At the end of the current fiscal year, the County had total long-term debt outstanding of $1.1 billion. Of this amount, $1.09 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	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
General obligation bonds	$ 783,854,998	723,305,002	154,210,000	110,810,000	938,064,998	834,115,002
State water quality loan	4,050,000	5,795,000	41,957,623	43,220,051	46,007,623	49,015,051
Landfill closure obligation	36,341,000	35,002,000	-	-	36,341,000	35,002,000
Agricultural land preservation program	71,121,600	60,998,200	-	-	71,121,600	60,998,200
Special facility revenue bonds	-	-	6,330,000	6,870,000	6,330,000	6,870,000
Other	4,945,142	4,888,717	2,034,984	2,034,984	6,980,126	6,923,701
Total outstanding debt	**$ 900,312,740**	**829,988,919**	**204,532,607**	**162,935,035**	**1,104,845,347**	**992,923,954**

The County's total long-term debt increased by $111.9 million (11.3%) during the current fiscal year. The major factors in this increase were the issuance of $111.1 million of Consolidated Public Improvement Project Bonds, $50.0 million of Metropolitan District Project Bonds, and a $2.6 million draw on the State Water Quality Revolving Loan Fund. The County retired $52.3, $6.6, and $3.9 million of CPI, Metro and Water Quality Bonds, respectively. The County also retired $540,000 of Special Facility Revenue bonds. The County maintains an "AAA" rating from both Standard & Poor's and Fitch Ratings, and an "Aaa" rating from Moody's Investors Service for general obligation debt. Additionally, the County entered into $10.3 million of installment purchase agreements for the purchase of four properties in the Agricultural land preservation program.

Local statutes limit the amount of general obligation debt a governmental entity may issue to 4.8% of its total assessed valuation. The current debt limitation for the County is $2.3 billion, which is significantly in excess of Howard County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note 8 starting on page 48 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- The June 2011 unemployment rate for the County was 5.6% (peaked at 5.8% in July 2010 and was 4.7% in December 2011). This compares favorably to the state's unemployment rate of 7.4% and the national rate of 9.1% for the same period. The County's rate was 2.4% in December 2007.

- The occupancy rate for commercial space as of June 2011 was 87.6%, up from 87.2% a year ago. Howard County had 397,757 SF new commercial space come on line during this fiscal year.

- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2012 fiscal year.

The fiscal year 2012 general fund budget is $38.7 million or 4.7% more than the fiscal year 2011 budget. This increase is the result of an $18.7 million increase in pay-as-you-go funding of one-time expenditures, $11.4 million increase in Education and $5.8 million increase for public safety.

The County's property tax and income tax rates remained the same for Fiscal Year 2012. The Building Excise Tax (used to fund road expansion) rates were increased 5% (based on the Baltimore Cost Index). Water charges were increased 9% to offset an increase in the cost of water purchased from Baltimore City. No changes were made to the annual refuse and recycling fees and the water and sewer ad valorem or fire tax rates.

Currently Known Facts, Decisions and Conditions

The County is anticipating a revenue increase in FY 2012. FY 2012 income tax received through January 2012 is up 25% over FY 2011 and is running ahead of budgeted expectation for that period. All other major revenue sources are on budget for FY 2012.

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) 313-2113 or e-mailed to smilesky@howardcountymd.gov. Complete financial reports are also available on our web site www.howardcountymd.gov.

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Howard County, Maryland
Statement of Net Assets
June 30, 2011

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Equity in pooled cash and cash equivalents	$ 129,927,147	12,519,061	142,446,208	43,238,891
Investments	-	-	-	150,391,818
Receivables:				
Property taxes, net	4,694,640	156,990	4,851,630	-
Due from other governments	62,890,486	-	62,890,486	15,959,354
Other	917,123	9,317,293	10,234,416	5,214,919
Materials and supplies	1,293,524	883,700	2,177,224	2,609,253
Prepaids	-	-	-	1,444,575
Property held for sale	-	-	-	2,700,000
Restricted assets:				
Equity in pooled cash and cash equivalents	168,498,024	77,229,454	245,727,478	8,262,970
Investments	42,452,520	-	42,452,520	-
Property taxes	593,726	-	593,726	-
Due from other governments	15,277,908	-	15,277,908	-
Water & sewer assessments receivable	-	74,903,445	74,903,445	-
Other receivables	13,876,267	343,140	14,219,407	3,569,208
Materials and supplies	481,385	-	481,385	-
Internal balances	(1,877,588)	1,877,588	-	-
Other assets	4,045,008	695,395	4,740,403	-
Capital assets:				
Land	470,374,442	10,802,873	481,177,315	44,575,576
Construction in progress	312,993,326	238,222,618	551,215,944	152,595,031
Buildings and improvements, net	177,424,405	99,404,838	276,829,243	925,751,141
Machinery and equipment, net	42,891,223	1,127,457	44,018,680	9,328,740
Infrastructure, net	171,777,099	270,060,641	441,837,740	-
Other capital assets	-	-	-	2,924,969
Total assets	1,618,530,665	797,544,493	2,416,075,158	1,368,566,445
LIABILITIES				
Accounts payable and other current liabilities	31,249,802	12,258,548	43,508,350	103,855,089
Accrued interest payable	14,495,237	2,262,792	16,758,029	-
Accrued wages and benefits	12,372,565	572,269	12,944,834	1,659,036
Deposits	3,558,754	749,051	4,307,805	366,946
Bond anticipation notes	100,000,000	-	100,000,000	-
Due to primary government	-	-	-	9,963,007
Unearned revenues	8,998,375	403,875	9,402,250	32,572,410
Noncurrent liabilities:				
Due within one year	58,522,505	14,940,625	73,463,130	5,483,990
Due in more than one year, net	1,134,822,439	219,643,446	1,354,465,885	68,895,542
Total liabilities	1,364,019,677	250,830,606	1,614,850,283	222,796,020
NET ASSETS				
Invested in capital assets, net of related debt	790,647,396	412,443,596	1,203,090,992	1,070,268,304
Property held for sale	-	-	-	2,700,000
Restricted for:				
Public school facilities	14,105,662	-	14,105,662	-
Public road facilities	41,441,585	-	41,441,585	-
Forest conservation	4,436,975	-	4,436,975	-
Fire & rescue services	18,609,426	-	18,609,426	-
Park land watershed facilities	4,267,398	-	4,267,398	-
Program open space	229,786	-	229,786	
Storm water construction	379,651	-	379,651	9,750,709
Debt service	-	132,392,365	132,392,365	4,378,357
Unrestricted	(619,606,891)	1,877,926	(617,728,965)	58,673,055
Total net assets	$ 254,510,988	546,713,887	801,224,875	1,145,770,425

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

Howard County, Maryland
Statement of Activities
For the Year Ended June 30, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			
Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Gov Activities	Bus Type Activities	Total	Component Units
Primary government:								
Governmental activities:								
General government	$ 50,599,944	33,914,325	2,012,095	8,250,051	(6,423,473)	-	(6,423,473)	-
Public safety	167,113,492	4,555,304	10,022,129	21,192	(152,514,867)	-	(152,514,867)	-
Public works	102,947,974	41,652,829	3,614,450	12,675,353	(45,005,342)	-	(45,005,342)	-
Recreation and parks	27,086,201	13,361,672	155,348	2,720,502	(10,848,679)	-	(10,848,679)	-
Legislative and judicial	21,684,657	563,936	509,924	-	(20,610,797)	-	(20,610,797)	-
Community services	38,522,217	3,546,255	10,245,427	1,048,877	(23,681,658)	-	(23,681,658)	-
State highways	1,917,170	-	-	-	(1,917,170)	-	(1,917,170)	-
Education	605,557,506	-	-	-	(605,557,506)	-	(605,557,506)	-
Interest on long term debt	37,102,195	-	-	-	(37,102,195)	-	(37,102,195)	-
Total governmental activities	1,052,531,356	97,594,321	26,559,373	24,715,975	(903,661,687)	-	(903,661,687)	-
Business type activities:								
Water and sewer	66,636,363	48,606,394	30,884,327	24,331,033	-	37,185,391	37,185,391	-
Golf course	1,762,425	2,056,408	-	-	-	293,983	293,983	-
Total business-type activities	68,398,788	50,662,802	30,884,327	24,331,033	-	37,479,374	37,479,374	-
Total primary government	1,120,930,144	148,257,123	57,443,700	49,047,008	(903,661,687)	37,479,374	(866,182,313)	-
Component units:								
Public school system	831,030,580	15,659,881	154,173,954	63,876,658	-	-	-	(597,320,087)
Community college	94,953,136	34,893,405	820,157	13,710,576	-	-	-	(45,528,998)
Library	19,840,656	770,202	-	-	-	-	-	(19,070,454)
Housing commission	23,971,034	5,899,954	-	15,945,039	-	-	-	(2,126,041)
Total component units	$ 969,795,406	57,223,442	154,994,111	93,532,273	-	-	-	(664,045,580)

	Gov Activities	Bus Type Activities	Total	Component Units
General revenues:				
Property taxes	$ 504,884,233	-	504,884,233	509,221,945
Local income taxes	331,334,252	-	331,334,252	-
Transfer tax	21,319,655	-	21,319,655	-
Recordation tax	14,599,474	-	14,599,474	-
Building excise tax	4,681,589	-	4,681,589	-
Hotel / motel tax	3,012,642	-	3,012,642	-
Admission tax	2,137,962	-	2,137,962	-
County development tax	39,306	-	39,306	-
Mobile home tax	566,554	-	566,554	-
Intergovernmental, unrestricted	1,089,121	-	1,089,121	200,610,267
Unrestricted investment income	2,890,191	196,349	3,086,540	1,183,267
Miscellaneous	816,830	-	816,830	5,698,901
Transfers	2,995,034	(2,995,034)	-	-
Total general revenues and transfers	890,366,843	(2,798,685)	887,568,158	716,714,380
Change in net assets	(13,294,844)	34,680,689	21,385,845	52,668,800
Net assets - beginning of year, as previously reported	377,349,272	514,347,697	891,696,969	1,093,101,625
Adjustment to restate net assets	(109,543,440)	(2,314,499)	(111,857,939)	-
Net assets - beginning of year, as restated	267,805,832	512,033,198	779,839,030	1,093,101,625
Net assets - end of year	$ 254,510,988	546,713,887	801,224,875	1,145,770,425

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

Howard County, Maryland
Balance Sheet
Governmental Funds
June 30, 2011

	General	Agricultural Land Preservation Fund	General Capital Projects	Highway Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Pooled cash and cash equivalents	$ 81,180,246	-	-	-	15,424,577	96,604,823
Receivables:						
Property taxes, net	4,694,640	-	-	-	-	4,694,640
Due from other governments	61,388,115	-	-	-	-	61,388,115
Due from other funds	3,022,368	-	-	-	-	3,022,368
Other	344,835	-	-	-	115,822	460,657
Restricted assets:	-					
Pooled cash and cash equivalents	-	29,473,175	45,586,426	36,531,534	56,906,889	168,498,024
Investments	-	42,452,520	-	-	-	42,452,520
Due from other funds	-	-	-	15,351,782	-	15,351,782
Economic development loans	-	-	-	-	26,708	26,708
Housing loans	-	-	-	-	13,736,234	13,736,234
Property taxes	-	-	-	-	593,726	593,726
Materials and supplies	-	-	-	-	481,385	481,385
Due from other governments	-	531,192	3,277,041	-	11,469,675	15,277,908
Other	-	-	19,883	21,987	71,455	113,325
Total assets	150,630,204	72,456,887	48,883,350	51,905,303	98,826,471	422,702,215
LIABILITIES						
Due to other funds	-	-	14,249,239	-	4,124,911	18,374,150
Accounts payable / accrued liabilities	1,883,301	22	17,263,645	885,122	8,893,261	28,925,351
Accrued wages and benefits	7,767,204	8,519	95,294	3,742	3,917,790	11,792,549
Bond anticipation notes	-	-	88,439,384	1,225,875	10,334,741	100,000,000
Deposits and connection fees	3,321,336	-	-	-	237,418	3,558,754
Claims payable	506,821	-	-	-	-	506,821
Deferred revenue	44,478,326	-	2,116,783	-	12,835,438	59,430,547
Total liabilities	57,956,988	8,541	122,164,345	2,114,739	40,343,559	222,588,172
FUND BALANCES						
Nonspendable:						
Inventory	-	-	-	-	481,385	481,385
Long term receivables:						
Noncurrent economic development loans	-	-	-	-	26,708	26,708
Noncurrent housing loans receivables	-	-	-	-	13,736,234	13,736,234
Restricted for:						
Public school facilities	-	-	14,105,662	-	-	14,105,662
Public road facilities	-	-	-	41,441,585	-	41,441,585
Forest conservation	-	-	-	-	4,436,975	4,436,975
Fire & rescue services	-	-	-	-	18,609,426	18,609,426
Park land watershed facilities	-	-	-	-	4,267,398	4,267,398
Program open space	-	-	-	-	229,786	229,786
Storm water construction	-	-	-	-	379,651	379,651
Committed for:						
Budget stabilization account	56,803,611	-	-	-	-	56,803,611
Agricultural land preservation	-	11,999,033	-	-	-	11,999,033
Community renewal programs	-	-	-	-	1,127,532	1,127,532
Environmental services	-	-	-	-	13,515,465	13,515,465
Health department	-	-	-	-	7,883,991	7,883,991
Recreation programs	-	-	-	-	3,156,484	3,156,484
Fire house & training facilities	-	-	-	-	1,780,827	1,780,827
Assigned for:						
Future balloon payments	-	42,452,520	-	-	-	42,452,520
Subsequent year's expenditures	2,244,000	17,996,793	-	-	-	20,240,793
Subsequent years' budget stabilization account	406,099	-	-	-	-	406,099
Other post-employment benefits	5,326,780	-	-	-	-	5,326,780
Purchase commitments	8,610,722	-	-	-	-	8,610,722
Pay-as-you-go contribution to capital projects	10,550,000	-	-	-	-	10,550,000
Capital projects	-	-	-	8,348,979	8,306,641	16,655,620
Unassigned	8,732,004	-	(87,386,657)	-	(19,455,591)	(98,110,244)
Total fund balances	92,673,216	72,448,346	(73,280,995)	49,790,564	58,482,912	200,114,043
Total liabilities and fund balances	$ 150,630,204	72,456,887	48,883,350	51,905,303	98,826,471	422,702,215

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

Howard County, Maryland
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2011

Amounts reported for governmental activities in the statement of net assets (page 15) are different because:		
Total fund balances - governmental funds (page 17)		**$ 200,114,043**
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		**37,251,901**
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	**$ (859,026,598)**	
Capital lease	**(4,945,142)**	
Deferred refunding gain/loss and costs	**(36,676,783)**	
Accrued interest payable	**(14,495,237)**	
Compensated absences	**(19,914,772)**	
Net OPEB obligation	**(219,833,035)**	
Landfill closure & post closure	**(36,341,000)**	**(1,191,232,567)**
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		**1,157,717,035**
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		**50,660,576**
Net assets of governmental activities (page 15)		**$ 254,510,988**

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, 2011

	General Fund	Agricultural Land Preservation Fund	General Capital Projects	Highway Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	$ 437,603,223	-	-	-	66,427,494	504,030,717
Other local taxes	335,670,307	5,369,220	5,329,914	4,681,589	10,659,828	361,710,858
State shared taxes	1,089,121	-	-	-	-	1,089,121
Revenues from other governments	5,655,420	-	7,569,723	3,006,426	23,918,650	40,150,219
Charges for services	11,049,968	-	-	-	38,867,013	49,916,981
Interest on investments	547,145	1,432,176	124,539	114,542	176,242	2,394,644
Installment interest from housing loans	-	-	-	-	495,546	495,546
Licenses and permits	5,646,996	-	-	-	4,515	5,651,511
Fines and forfeitures	3,003,943	-	-	-	389,780	3,393,723
Developer contributions	-	-	-	761,276	602,269	1,363,545
Rental of property	-	-	-	-	197,100	197,100
Recoveries for interfund services	11,734,246	-	-	-	-	11,734,246
Payments from component units	816,830	-	-	-	-	816,830
Miscellaneous program revenues	2,498,710	255	5,144,804	14,181	1,094,266	8,752,216
Total revenues	815,315,909	6,801,651	18,168,980	8,578,014	142,832,703	991,697,257
EXPENDITURES						
Current:						
General government	19,616,315	-	-	-	4,075,070	23,691,385
Legislative & judicial	19,741,992	-	-	-	521,013	20,263,005
Public works	58,272,797	2,131,595	851,124	-	22,917,864	84,173,380
Public safety	91,041,327	-	-	-	65,295,112	156,336,439
Recreation and parks	12,435,087	-	-	-	11,421,227	23,856,314
Community services	14,471,310	-	-	-	22,464,018	36,935,328
Education	505,134,037	-	67,450,335	-	-	572,584,372
Capital improvements	-	10,274,400	70,095,822	11,984,841	37,211,681	129,566,744
Debt service:						
Principal	52,310,000	151,000	-	-	-	52,461,000
Interest	32,462,558	4,716,482	-	-	-	37,179,040
Total expenditures	805,485,423	17,273,477	138,397,281	11,984,841	163,905,985	1,137,047,007
Excess (deficiency) of revenues over expenditures	9,830,486	(10,471,826)	(120,228,301)	(3,406,827)	(21,073,282)	(145,349,750)
OTHER FINANCING SOURCES (USES)						
Bond premium	-	-	3,639,006	228,907	737,085	4,604,998
Capital related debt issued	-	-	87,806,361	5,523,364	17,785,275	111,115,000
Capital lease proceeds	-	-	186,598	-	-	186,598
Installment purchase agreements issued	-	10,274,400	-	-	-	10,274,400
Transfers in	20,407,509	-	3,707,764	-	15,720,044	39,835,317
Transfers out	(9,337,128)	-	(7,848,520)	(7,201,500)	(12,401,375)	(36,788,523)
Total other financing sources and uses	11,070,381	10,274,400	87,491,209	(1,449,229)	21,841,029	129,227,790
Net change in fund balances	20,900,867	(197,426)	(32,737,092)	(4,856,056)	767,747	(16,121,960)
Adjustment to beginning balance	-	-	-	-	2,030,725	2,030,725
Fund balances - beginning, as previously reported	71,772,349	72,645,772	(40,543,903)	54,646,620	55,905,693	214,426,531
Fund balances-ending	$ 92,673,216	72,448,346	(73,280,995)	49,790,564	58,704,165	200,335,296

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, 2011

Amounts reported for governmental activities in the statement of activities (page 16) are different because:		
Net change in fund balances - total governmental funds (page 19)		**$ (15,793,001)**
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of the amount by which capital outlays exceeds depreciation in the current period is as follows:		
Capital outlays	**126,258,688**	
Less: Depreciation expense	**(21,746,190)**	**104,512,498**
In the statement of activities, only the gain on the sale of land and buildings is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the land and buildings sold.		**(1,470,116)**
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		**8,092,491**
Revenues to governmental funds that relate to prior periods are not reported in the statement of activities. Similarly, revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund. The details are as follows:		
Revenues related to prior periods	**16,832,592**	
Revenues that do not provide current financial resources	**1,341,635**	**18,174,227**
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.		**(74,344,938)**
In the statement of activities, certain operating expenses are measured by the amounts accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources expended.		**(49,837,452)**
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.		**(1,660,122)**
Transfers of capital assets within funds incorporated as part of governmental activities are removed from the statement of activities. In this case, assets were transferred from governmental funds to internal service funds.		**(968,431)**
Change in net assets of governmental activities (page 16).		**$ (13,294,844)**

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, 2011

	Budget Amounts			Variance with
REVENUES	**Original**	**Final**	**Actual**	**Final Budget**
Property taxes	$ 438,152,849	438,152,849	437,598,106	(554,743)
Other local taxes	320,500,000	320,500,000	335,670,307	15,170,307
State shared taxes	433,000	433,000	1,089,121	656,121
Revenues from other governments	5,609,900	5,609,900	5,655,420	45,520
Charges for services	10,907,844	10,907,844	11,051,898	144,054
Interest on investments	8,942,232	8,942,232	781,632	(8,160,600)
Licenses and permits	5,189,400	5,189,400	5,646,996	457,596
Recoveries for interfund services	12,716,817	12,716,817	11,734,246	(982,571)
Fines and forfeitures	3,096,500	3,096,500	3,003,943	(92,557)
Payments from component units	4,759,469	4,759,469	816,830	(3,942,639)
Miscellaneous	934,750	934,750	2,498,709	1,563,959
Total revenues	811,242,761	811,242,761	815,547,208	4,304,447
EXPENDITURES				
Current:				
General government	21,927,499	20,277,499	19,703,211	574,288
Legislative & judicial	21,582,476	21,690,069	19,758,533	1,931,536
Public works	57,530,878	62,005,674	61,385,857	619,817
Public safety	93,335,398	93,405,990	90,613,014	2,792,976
Recreation and parks	12,997,540	12,792,540	12,790,635	1,905
Community services	15,038,332	15,038,332	14,407,710	630,622
Education	505,134,037	505,134,037	505,134,037	-
Debt service:				
Principal payments on debt	52,310,015	52,310,015	52,310,000	15
Interest payments on debt	39,690,091	39,690,091	32,474,709	7,215,382
Total expenditures	819,546,266	822,344,247	808,577,706	13,766,541
Excess (deficiency) of revenues over expenditures	(8,303,505)	(11,101,486)	6,969,502	18,070,988
OTHER FINANCING SOURCES (USES)				
Transfers in	20,853,601	20,853,601	20,044,527	(809,074)
Transfers out	(12,550,096)	(9,752,115)	(9,209,000)	543,115
Total other financing sources (uses)	8,303,505	11,101,486	10,835,527	(265,959)
Net change in fund balance	-	-	17,805,029	17,805,029
Plus prior year encumbrances lapsed	-	-	2,232,730	-
Fund balances - beginning	-	-	74,811,606	-
Fund balances - ending	$ -	-	94,849,365	-

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, 2011

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Local taxes	$ 4,625,000	4,625,000	5,361,720	736,720
Investment income	-	-	1,432,176	1,432,176
Miscellaneous program revenue	15,000	15,000	255	(14,745)
Total revenues	4,640,000	4,640,000	6,794,151	2,154,151
EXPENDITURES				
Public works:				
Agricultural land preservation program administration	1,570,801	2,657,301	2,156,800	500,501
Agricultural land preservation board	1,900	1,900	199	1,701
Contingency	27,387,303	26,187,303	-	26,187,303
Capital improvements	-	-	10,247,400	(10,247,400)
Total public works	28,960,004	28,846,504	12,404,399	16,442,105
Debt service:				
Principal payments on debt	151,000	151,000	151,000	-
Interest payments on debt	4,603,863	4,717,363	4,716,482	881
Total debt service	4,754,863	4,868,363	4,867,482	881
Total expenditures	33,714,867	33,714,867	17,271,881	16,442,986
Excess (deficiency) of revenues over expenditures	(29,074,867)	(29,074,867)	(10,477,730)	18,597,137
OTHER FINANCING SOURCES				
Appropriation from fund balance	29,074,867	29,074,867	203,330	28,871,537
Installment purchase agreements issued	-	-	10,274,400	(10,274,400)
Total other financing sources	29,074,867	29,074,867	10,477,730	18,597,137
Net change in fund balance	-	-	-	-
Less appropriation from fund balance	-	-	(203,330)	-
Plus prior year encumbrances lapsed	-	-	690	-
Fund balances - beginning	-	-	72,653,206	-
Fund balances - ending	$ -	-	72,450,566	-

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

Howard County, Maryland
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Enterprise Funds			Gov't Activities-
	Water and Sewer	Special Recreation Facility	Total	Internal Service Funds
ASSETS				
Current assets:				
Equity in pooled cash and cash equivalents	$ 12,487,908	31,153	12,519,061	33,322,324
Prepaid expenses	-	-	-	-
Receivables:				
Service billings	9,317,293	-	9,317,293	-
Property taxes	156,990		156,990	-
Due from other governments	-	-	-	1,502,371
Other receivables	-	-	-	456,466
Materials and supplies	841,646	42,054	883,700	1,293,534
Restricted assets:				
Equity in pooled cash and cash equivalents	76,466,031	763,423	77,229,454	-
Water and sewer assessments	7,152,400	-	7,152,400	-
Total current assets	106,422,268	836,630	107,258,898	36,574,695
Noncurrent assets:				
Restricted assets:				
Receivables:				
Water and sewer assessments	67,751,045	-	67,751,045	-
Other receivables	63,140	280,000	343,140	-
Materials and supplies	-	-	-	-
Capital assets:				
Land	2,117,977	8,684,896	10,802,873	-
Construction in progress	238,222,618	-	238,222,618	-
Buildings and improvements, net	368,702,842	762,637	369,465,479	-
Machinery and equipment, net	1,017,086	110,371	1,127,457	17,743,459
Other assets	601,155	94,240	695,395	-
Total noncurrent assets	678,475,863	9,932,144	688,408,007	17,743,459
Total assets	784,898,131	10,768,774	795,666,905	54,318,154
LIABILITIES				
Current liabilities:				
Due to other funds	-	-	-	-
Accounts payable	11,890,820	367,728	12,258,548	1,700,713
Capital lease	-	-	-	-
Accrued wages and benefits	572,269	-	572,269	580,016
Compensated absences	24,819	-	24,819	46,585
Unpaid insurance claims	-	-	-	5,242,093
Deposits and connection fees	-	-	-	75,000
Other accrued expenses	-	-	-	41,917
Current liabilities	12,487,908	367,728	12,855,636	7,686,324
Current liabilities payable from restricted assets:				
Deposits and connection fees	749,051	-	749,051	-
Developer agreement rebates and deposits	344,924	-	344,924	-
Deferred water and sewer assessments	2,182,616	-	2,182,616	-
Other debt payable	4,138,266	-	4,138,266	-
Bonds payable	7,695,000	555,000	8,250,000	-
Interest payable	2,183,412	79,380	2,262,792	-
Current liabilities payable from restricted assets	17,293,269	634,380	17,927,649	-
Total current liabilities	29,781,177	1,002,108	30,783,285	7,686,324
Noncurrent liabilities:				
Developer agreement rebates and deposits	1,926,149	-	1,926,149	-
Deferred water and sewer assessments	20,674,832	-	20,674,832	-
Net OPEB obligation	3,425,259	-	3,425,259	-
Compensated absences	756,789	-	756,789	924,415
Unpaid insurance claims	-	-	-	6,577,926
Special revenue bonds payable	-	5,769,904	5,769,904	-
Metropolitan district bonds payable	149,653,806	-	149,653,806	-
Deferred refunding amount	(15,673)	(366,977)	(382,650)	-
Deferred revenue	403,875	-	403,875	-
Other long-term debt	37,819,357	-	37,819,357	-
Total noncurrent liabilities	214,644,394	5,402,927	220,047,321	7,502,341
Total liabilities	244,425,571	6,405,035	250,830,606	15,188,665
NET ASSETS				
Invested in capital assets, net of related debt	408,843,618	3,599,977	412,443,595	17,743,459
Restricted:				
For debt service	67,751,045	763,423	68,514,468	-
Unrestricted	63,877,897	339	63,878,236	21,386,030
Total net assets	$ 540,472,560	4,363,739	544,836,299	39,129,489
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds			1,877,588	
Net assets of business-type activities			546,713,887	

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

Howard County, Maryland
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business-Type Activities			Governmental Activities -
	Water and Sewer	Special Recreation Facility	Total	Internal Service Funds
Operating revenues:				
User charges	$ 44,209,000	-	44,209,000	69,366,431
Greens and cart fees	-	1,531,616	1,531,616	-
Range fees	-	89,354	89,354	-
Merchandise	-	108,540	108,540	-
Food and beverage	-	307,440	307,440	-
Insurance recoveries	-	-	-	1,253,088
Miscellaneous sales and services	1,512,241	19,458	1,531,699	1,962,850
Total operating revenues	45,721,241	2,056,408	47,777,649	72,582,369
Operating expenses:				
Salaries and employee benefits	10,314,199	-	10,314,199	10,072,352
Contractual services	4,942,439	1,444,808	6,387,247	9,616,402
Supplies and materials	1,521,777	-	1,521,777	2,181,476
Business and travel	49,446	-	49,446	56,687
Vehicle fuels and supplies	1,560,991	-	1,560,991	6,600,548
Purchased water and transmission charges	13,371,950	-	13,371,950	-
Sewage treatment charges	9,606,069	-	9,606,069	-
Share of county administrative expenses	4,339,626	-	4,339,626	646,948
Insurance claims	914,723	-	914,723	41,005,127
Other administrative	1,083	-	1,083	-
Depreciation expense	13,765,809	49,808	13,815,617	4,858,123
Less: house connection and capitalized overhead costs	(43,777)	-	(43,777)	-
Total operating expenses	60,344,335	1,494,616	61,838,951	75,037,663
Operating income (loss)	(14,623,094)	561,792	(14,061,302)	(2,455,294)
Nonoperating revenues (expenses):				
Ad valorem charges	30,884,327	-	30,884,327	-
Water and sewer assessment charges	2,885,153	-	2,885,153	-
Interest on investments	172,580	23,769	196,349	71,894
Interest expense	(6,186,604)	(267,809)	(6,454,413)	-
Loss on sale of capital assets	-	-	-	(298,817)
Other, net	18,554,834	-	18,554,834	-
Total nonoperating revenues (expenses)	46,310,290	(244,040)	46,066,250	(226,923)
Net income (loss) before contributions and transfers	31,687,196	317,752	32,004,948	(2,682,217)
Capital contributions	5,776,199	-	5,776,199	-
Transfers in	-	205,000	205,000	968,431
Transfers out	(3,200,000)	(34)	(3,200,034)	(51,760)
Change in net assets	34,263,395	522,718	34,786,113	(1,765,546)
Total net assets - beginning (as previously reported)	508,523,664	3,841,021		40,895,035
Prior period adjustment	(2,314,499)	-		-
Total net assets - beginning (as restated)	506,209,165	-		40,895,035
Total net assets - ending	$ 540,472,560	4,363,739		39,129,489
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(105,424)	
Change in net assets of business -type activities			34,680,689	

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, 2011

	Water & Sewer	Special Recreation Facility	Total	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 54,378,079	2,056,407	56,434,486	71,151,368
Cash paid to suppliers	(33,533,651)	(1,408,844)	(34,942,495)	(51,662,595)
Cash paid to / for employees	(10,421,058)	-	(10,421,058)	(10,132,526)
Cash paid for interfund services used	(5,459,201)	-	(5,459,201)	(7,347,270)
Other operating cash receipts	108,917	-	108,917	771,034
Net cash provided by (used in) operating activities	5,073,086	647,563	5,720,649	2,780,011
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers in (out) to other funds	(3,200,000)	114,644	(3,085,356)	(51,760)
Net cash (used in) provided by noncapital financing activities	(3,200,000)	114,644	(3,085,356)	(51,760)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of county bonds	49,887,835	-	49,887,835	-
Proceeds from state loan	2,604,792	-	2,604,792	-
Cash receipts from assessments & connection charges	31,257,910	-	31,257,910	-
Acquisition and construction of capital assets	(73,394,473)	-	(73,394,473)	(2,045,099)
Capital contribution	2,314,921	-	2,314,921	-
Proceeds from grant and capital contribution	18,554,834	-	18,554,834	-
Payment of long term debt principal	(10,457,209)	(540,000)	(10,997,209)	-
Interest paid on long term debt	(5,646,022)	(214,788)	(5,860,810)	-
Net cash provided by (used in) capital and related financing activities	15,122,588	(754,788)	14,367,800	(2,045,099)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	172,580	23,734	196,314	71,894
Net cash provided by investing activities	172,580	23,734	196,314	71,894
Net increase (decrease) in cash and cash equivalents	17,168,254	31,153	17,199,407	755,046
Balances - beginning of the year	71,785,684	763,423	72,549,107	32,567,278
Balances - end of the year	88,953,938	794,576	89,748,514	33,322,324
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities				
Operating (loss) income	(14,623,094)	561,792	(14,061,302)	(2,455,294)
Adjustments to reconcile operating income to net cash:				
Depreciation expense	13,765,809	49,808	13,815,617	4,858,123
Change in assets and liabilities:				
Decrease (increase) in accounts and other receivables	8,606,360	-	8,606,360	(519,424)
Decrease (increase) in inventories	(34,216)	(1,542)	(35,758)	-
Increase (decrease) in operating accounts payables	(3,562,776)	37,505	(3,525,271)	896,606
Increase in compensated absences and net opeb obligation	921,003	-	921,003	-
Total adjustments	19,696,180	85,771	19,781,951	5,235,305
Net cash provided by (used in) operating activities	$ 5,073,086	647,563	5,720,649	2,780,011

Noncash investing, capital and financing activities:

In Fiscal Year 2011, water and sewer lines with an estimated market value of $3,461,278 were contributed to the water and sewer enterprise fund by developers.

All investments mature in one year or less so the change in fair value is not determined.

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

Howard County, Maryland
Statement of Fiduciary Net Assets
Pension and Other Post Employment Benefits Trust Funds and Agency Funds
June 30, 2011

	Pension and OPEB Trust Funds	Agency Funds
ASSETS		
Equity in pooled cash and cash equivalents	$ -	5,897,869
Receivables:		
Property tax	-	310,144
Interest and dividends	997,735	-
Employer contributions	2,052,741	-
Employee contributions	564,766	-
Sale of investments	908,775	-
Other	53,171	2,837
Investments, at fair value:		
Cash	10,349	-
Common stocks	163,557,126	-
Mutual funds	197,492,952	-
Money market funds	5,659,463	-
Fixed income securities	176,302,978	-
Real estate	26,237,331	-
Other	-	-
Prepaid insurance	53,529	-
Total assets	573,890,916	6,210,850
LIABILITIES		
Accounts payable		
Investments purchased	667,820	-
Other	1,551,967	1,136,508
Deposits	-	5,074,342
Total liabilities	2,219,787	6,210,850
NET ASSETS		
Held in trust for pension and OPEB benefits	$ 571,671,129	

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

Howard County, Maryland
Statement of Changes in Fiduciary Net Assets
Pension and Other Post Employment Benefits Trust Funds
For the Year Ended June 30, 2011

ADDITIONS		
Contributions:		
Employer	$	37,612,897
Member		7,881,276
Total contributions		45,494,173
Investment income:		
Net change in fair value of investments		82,632,980
Interest		4,766,351
Dividends		10,770,688
Other		119,069
Investment expense		(2,224,396)
Net investment (loss) income		96,064,692
Total additions		141,558,865
DEDUCTIONS		
Benefits		31,095,946
Administrative expenses		543,414
Total deductions		31,639,360
Change in net assets		109,919,505
Net assets - beginning		461,751,624
Net assets - ending	$	571,671,129

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

Howard County, Maryland
Combining Statement of Net Assets
Component Units
June 30, 2011

	Public School System	Community College	Library	Housing Commission	Total
ASSETS					
Equity in pooled cash and cash equivalents	$ 14,127,029	23,708,535	2,354,357	3,048,970	43,238,891
Investments	140,416,013	8,227,141	1,320,136	428,528	150,391,818
Receivables:					
Due from other governments	6,529,871	9,429,483	-	-	15,959,354
Other	2,392,679	987,802	56,784	1,777,654	5,214,919
Materials and supplies	1,791,181	818,072	-	-	2,609,253
Prepaids	461,337	690,659	230,826	61,753	1,444,575
Property held for sale	-	2,700,000	-	-	2,700,000
Restricted assets:					
Equity in pooled cash and cash equivalents	119,394	-	229,461	7,914,115	8,262,970
Mortgage receivable	-	-	-	3,569,208	3,569,208
Capital assets:					
Land	12,476,159	1,164,643	164,453	30,770,321	44,575,576
Construction in progress	144,874,972	6,904,678	-	815,381	152,595,031
Buildings and improvements, net	744,434,167	141,846,519	-	39,470,455	925,751,141
Machinery and equipment, net	4,191,061	4,925,020	212,659	-	9,328,740
Other assets	-	211,623	2,713,346	-	2,924,969
Total assets	1,071,813,863	201,614,175	7,282,022	87,856,385	1,368,566,445
LIABILITIES					
Current liabilities:					
Accounts payable and other current liabilities	96,679,442	4,951,424	1,696,088	528,135	103,855,089
Accrued salaries and benefits	-	1,320,986	338,050	-	1,659,036
Deposits	-	102,316	-	264,630	366,946
Due to primary government	-	7,481,453	-	2,481,554	9,963,007
Unearned revenues	28,335,553	2,607,513	328,875	1,300,469	32,572,410
Long term liabilities:					
Due within one year	3,873,985	381,416	-	1,228,589	5,483,990
Due in more than one year, net	10,150,174	10,860,218	930,594	46,954,556	68,895,542
Total liabilities	139,039,154	27,705,326	3,293,607	52,757,933	222,796,020
NET ASSETS					
Invested in capital assets, net of related debt	898,949,405	144,995,662	3,090,458	23,232,779	1,070,268,304
Property Held for Sale	-	2,700,000	-	-	2,700,000
Restricted for:					
Education	1,235,579	8,285,669	229,461	-	9,750,709
Business type operations	146,090	726,415	-	3,505,852	4,378,357
Unrestricted	32,443,635	17,201,103	668,496	8,359,821	58,673,055
Total net assets	$ 932,774,709	173,908,849	3,988,415	35,098,452	1,145,770,425

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, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Contributions	Public School System	Community College	Library	Housing Commission	Total
Component units:									
Public school system	$ 831,030,580	15,659,881	154,173,954	63,876,658	(597,320,087)	-	-	-	(597,320,087)
Community college	94,953,136	34,893,405	820,157	13,710,576	-	(45,528,998)	-	-	(45,528,998)
Library	19,840,656	770,202	-	-	-	-	(19,070,454)	-	(19,070,454)
Housing commission	23,971,034	5,899,954	-	15,945,039	-	-	-	(2,126,041)	(2,126,041)
Total component units	$ 969,795,406	57,223,442	154,994,111	93,532,273	(597,320,087)	(45,528,998)	(19,070,454)	(2,126,041)	(664,045,580)
General revenues:									
Property taxes					$ 464,708,788	25,195,470	15,229,779	4,087,908	509,221,945
Intergovernmental, unrestricted					169,356,259	27,613,312	3,640,696	-	200,610,267
Investment income					121,532	951,765	1,555	108,415	1,183,267
Miscellaneous					1,382,489	-	-	4,316,412	5,698,901
Total general revenues					635,569,068	53,760,547	18,872,030	8,512,735	716,714,380
Change in net assets					38,248,981	8,231,549	(198,424)	6,386,694	52,668,800
Net assets - beginning of year					894,525,728	165,677,300	4,186,839	28,711,758	1,093,101,625
Net assets - end of year					$ 932,774,709	173,908,849	3,988,415	35,098,452	1,145,770,425

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

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Notes to Basic Financial Statements
Index

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Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies

A. The Reporting Entity

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

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

Discretely Presented Component Units

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

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

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

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

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

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

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

Howard County Library
10375 Little Patuxent Parkway
Columbia, Maryland 21044

Howard Community College
10901 Little Patuxent Parkway
Columbia, Maryland 21044

Howard County Housing Commission
6751 Columbia Gateway Drive, 3rd Floor
Columbia, Maryland 21046

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

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

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

The County reports the following major proprietary funds:

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

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

Additionally, the County reports the following fund types:

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

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

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

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

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

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

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

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

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

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

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

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

D. Budgetary Process

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

During the fiscal year, the County Council, upon the request of the County Executive, may approve transfers between projects in the capital budget but it may not increase the total size of the capital budget. The County Council, at any time during the fiscal year, may approve supplemental operating budget requests from the County Executive. The budgeted contingency reserve, which may not exceed 4 percent of the appropriated budget, is the funding source for supplemental requests. After April 1 of each year, the Council may also at the request of the Executive approve transfers between departments in the operating budgets. The Council may approve supplemental budgets from unappropriated funds only in emergencies affecting "life, health and property." Additionally, the County Executive has the authority to make transfers within a department at any time during the year without approval of the County Council. During fiscal year 2011, the Council approved two capital budget transfers and seven operating budget supplements.

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

E. Deposits and Investments

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

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

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

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

F. Loans Receivable

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

G. Inventory

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

H. Capital Assets

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

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

Buildings	50	Computer software	5
Infrastructure	15-40	Vehicles	6
Water and sewer lines	50	Furniture and Equipment	5-20

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

I. Compensated Absences

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

J. Self-Insurance

The County establishes its funding of claims liabilities as they occur. This funding level includes provisions for indemnity, medical losses, and allocated loss adjustment expenses which are all classified as incremental claim adjustment expenses. Unpaid claims in the self-insurance funds include liabilities for unpaid claims based upon individual case estimates for claims reported at June 30, 2011. The unpaid claims also include liabilities for incurred but not reported (IBNR) claims as of June 30, 2011.

K. Water and Sewer Assessments

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

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

L. Reconciliation Between GAAP and Budgetary Basis

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

The financial statements are reconciled on the following page:

		General Fund	Agricultural Land Pres. Fund
Budgetary basis - revenues and other sources over expenditures and other uses	$	17,805,029	(203,330)
Adjustments:			
Current year encumbrances outstanding		6,790,022	-
Prior year encumbrances expended this year		(2,653,083)	(690)
Effect of recording payroll expenditure - modified accrual basis		(1,044,655)	(906)
Other		3,554	7,500
GAAP basis - net change in fund balances	$	20,900,867	(197,426)

The ending fund balances are reconciled as follows:

		General Fund		Agricultural Land Pres. Fund
Budgetary basis, June 30, 2011	$	94,849,365		72,450,566
Adjustments:				
Current year encumbrances outstanding		6,790,022		-
Prior years encumbrances outstanding		1,880,573		-
Payroll expenditures recorded on a modified accrual basis		(10,309,842)		(9,270)
Other		(536,902)		7,050
GAAP basis, June 30, 2011	$	92,673,216	$	72,448,346

M. Budget Stabilization Account

The County has established a budget stabilization account (also known as the "rainy day fund") to provide funding in emergency situations or in cases of revenue shortfalls. The County Charter sets a goal of maintaining the account at 7 percent of audited General Fund expenditures for the most recently completed fiscal year at the time the budget is prepared. When the fiscal year 2011 budget was prepared, the fiscal year 2009 financial statements were the most recently completed and audited. Therefore, the charter target is based upon fiscal year 2009 audited expenditures. A contribution of $2,122,245 was made to the fund in fiscal year 2011, which resulted in achieving the charter target of $56,803,611.

The budget stabilization account is calculated as follows:

Budget Fiscal Year	Audited Expenditures from Fiscal Year	Audited Expenditures	Percentage	Charter Target
2011	2009	$ 811,480,156	7%	$ 56,803,611
2012	2010	$ 803,698,741	7%	$ 56,258,912
2013	2011	$ 817,281,569	7%	$ 57,209,710

N. Net Assets Restricted by Enabling Legislation

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

Governmental activities	$ 83,470,483
Business-type activities	132,392,365
Total	$ 215,862,848

O. Implementation of New Accounting Principles

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

Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions*": This statement addresses the recording and reporting of governmental funds fund balances on the Balance Sheet. In prior years reporting Governmental Funds fund balances were reported as either reserved or unreserved. Reserved fund balances reported dollar amounts that had been appropriated for which resources have already been committed while unreserved fund balances were residual amounts that were still available for further expenditure.

GASB 54 establishes fund balance classifications that focus on the extent to which a government is bound to observe constraints on the specific purposes for which the amounts can be spent. This statement also clarifies the definition of governmental funds particularly special revenue funds as funds that are used to account for specific revenue sources that are restricted or committed to expenditure for specified purposes other than capital projects and debt service.

GASB 54 requires that fund balance amounts be properly reported within one of the five fund balance categories listed below:

Non-spendable – 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 amounts that are restricted to specific purposes when constraints are placed on the use of resources by external parties, constitution provisions or enabling legislation.

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

Assigned –Represents amounts intended to be used for specific purposes. The County Executive assigns fund balance amounts in the General Fund. In addition, GASB 54 requires all residual amounts in special revenue funds to be reported as assigned.

*Unassigned –R*epresents the residual fund balance of the General Fund (cannot be reported in other Governmental Funds unless amount is reported negative) after the other four fund balance categories are reported.

Statement No. 59, "*Financial Instruments Omnibus"*: *Omnibus*. This statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. Adoption of this standard has no material impact on the County's financial statements.

2. Equity in Pooled Cash and Cash Equivalents and Investments

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

<u>The County's Cash and Investments</u>
The County maintains a cash and investment pool that is available for use by all funds except the Pension and Other Post Employment Benefits trust funds. Each County fund is allocated interest income based on their share of the investment pool. Except as otherwise legislated, interest income earned by Governmental and Internal Service Funds is transferred to the General Fund.

<u>Custodial Credit Risk - Deposits:</u> In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy requires at least 102% collateralization of deposits. None of the component units have a policy covering deposits. The carrying

amount of total deposits, including certificates of deposit, for the County was $9,689,594 and the bank balance was $16,833,462 at June 30, 2011. The bank balance was covered by federal depository insurance or by collateral held by the County's agent in the County's name. The component units had a combined bank balance of $33,264,733. Of that amount, $1,621,882 was covered by federal depository insurance or by collateral held in the component unit's name and the remaining $31,642,851 was covered by collateral held in the pledging bank's trust department or by the pledging bank's agent in the component unit's name.

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

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

The table below reconciles the County's deposits ($9,689,594) and investments ($996,094,680) to the Government-wide Statement of Net Assets and the Statement of Net Assets – Pension and Other Post Employment Benefits Trust Funds and Agency Funds:

Equity in pooled cash and cash equivalents	$	148,344,077
Restricted equity in pooled cash and cash equivalents		245,727,478
Investments		611,712,719
Total	$	1,005,784,274

Investments of the County and its component units as of June 30, 2011:

	Fair value			
Investments		Primary Government	Component Units	Reporting Entity
Repurchase agreements	$	90,000,000	-	90,000,000
U.S. Government securities		42,452,520	-	42,452,520
U.S. Government sponsored enterprises		109,900,059	-	109,900,059
Maryland Local Govt. Investment Pool		150,646,845	164,277,744	314,924,589
Money market funds		33,835,057	96,372	33,931,429
Mutual funds		-	8,227,141	8,227,141
Equity in properties under home ownership		-	4,024,389	4,024,389
Total	**$**	**426,834,481**	**176,625,646**	**603,460,127**

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

At June 30, 2011, 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 and their weighted average maturities.

Investment Type		Fair Value	Weighted Average Maturity (in years)
Repurchase agreements	$	90,000,000	0.02
U.S. Government securities		42,452,520	9.87
U.S. Government- Sponsored Enterprises		109,900,059	0.45
Total	**$**	**242,352,579**	
Portfolio weighted average maturity			1.94

The Maryland Local Government Investment Pool and the money market funds used by the County are operated in accordance with Rule 2a7 of the Investment Company Act of 1940. The County's investments in these pools are not included in the computation of weighted average maturity.

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

Concentration of Credit Risk: The County 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 Home Loan Mortgage Corporation. At June 30, 2011, investments in these U.S. Government Sponsored Enterprises represent 16.51%, 8.25%, and 18.54% respectively, of the County's total investments.

Pension Trust Funds' Cash and Investments

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

Investments: The Plans' investment policy includes an asset allocation plan for investments. The target allocation is 67.5% equities (including Alternative Investments and Real Estate) and 32.5% fixed income. The minimum and maximum percentages for equities are 35% and 92.5% (including 27.5% Alternative Investments and 10% Real Estate), respectively, and for fixed income are 22.5% and 42.5%, respectively.

Investments of the Plans as of June 30, 2011:

Investments		Fair value
Common stocks	$	163,557,126
Mutual funds		173,261,738
Money market funds		5,054,348
Fixed income		176,302,978
Real estate		26,237,331
Total	**$**	**544,413,521**

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

Investment Type	Fair Value	Weighted Average Maturity (in years)
Corporate bonds	$ 35,535,323	8.99
Government sponsored enterprises	36,738,108	22.00
Municipal securities	4,402,793	6.61
U.S. Treasury	13,024,898	0.64
Total	**$ 89,701,122**	
Portfolio weighted average maturity		2.14

Credit Risk: The money market fund used by State Street Bank is unrated, as are the mutual funds used by the Plans. As of June 30, 2011, the Plans' fixed income investments had the following risk characteristics:

Standard & Poor's Rating or Comparable		Fair Value
AAA to A	$	51,166,014
BBB to B		25,795,235
Total	**$**	**76,961,249**

Custodial Credit Risk: State Street invests in a money market fund on behalf of the Plans. At June 30, 2011, the amount in the money market fund was $5,054,348 of which $667,820 was committed to the prospective settlement of various securities and the rest is collateralized or insured. All other investments of the fund are held by State Street Bank as trustee in the Plans' names.

Credit Risk – Currency Forward Contract

One of the Plans' investment objectives is to diversify assets in accordance with the Modern Portfolio Theory (MPT) in order to reduce overall risk. Consistent with this objective, the Plans have participated in a mutual fund that holds 3-month currency forward contracts. This strategy is undertaken to protect the dollar value of underlying international investments. The hedging is restricted to 100% of the underlying asset value and 50% of the total Fund value. As of June 2011, there were hedges in place to reduce exposure to Australian dollar and Swiss franc.

Foreign Currency Risk: The Plans' exposure to foreign currency risk derives from its investments in foreign currency or instruments denominated in foreign currency. Investments in such securities are limited to a maximum net currency exposure of 37.5% at any given time. As of June 30, 2011, the Plans' exposure to foreign currency risk is as follows:

Investment Type	Currency	Fair Value
Common Stock	Euro Currency	$ 6
Foreign Currency	Euro Currency	9,927
Total		$ 9,933

Other Post Employment Benefits Trust Funds' Cash and Investments

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

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

Investments of the Plans as of June 30, 2011:

Investments	Fair value
Mutual funds	$ 24,231,214
Money market funds	605,115
Total	**$ 24,836,329**

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

3. Receivables

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

Receivables:	General Fund	Agricultural Land Pres. Fund	General County Capital Proj.	Highway Capital Projects	Enterprise Funds	Nonmajor and Other Funds	Total
Property taxes	$ 5,028,780	-	-	-	156,990	903,870	6,089,640
Service billings	-	-	-	-	9,317,293	456,466	9,773,759
Water and sewer assessments	-	-	-	-	74,903,445	-	74,903,445
Due from other governments	61,388,115	531,192	3,277,041	-	-	12,972,046	78,168,394
Other	344,835	-	19,883	21,987	343,140	18,530,244	19,260,089
Gross receivables	66,761,730	531,192	3,296,924	21,987	84,720,868	32,862,626	188,195,327
Less: Allowance for uncollectables	(334,140)	-	-	-	-	-	(334,140)
Total Receivable	$ 66,427,590	531,192	3,296,924	21,987	84,720,868	32,862,626	187,861,187

Governmental funds report deferred revenues in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Most of the receivables in the

Enterprise Funds are liens on real property that will be sold via the annual tax sale process if not paid. Therefore, no allowance is established. At June 30, 2011, the various components of deferred revenue and unearned revenue reported were as follows:

		Unavailable	Unearned
Governmental funds:			
General Fund:			
Due from governmental agencies	$	521,500	-
Income tax		39,237,167	-
Property tax		4,373,560	-
Escrow		-	346,099
General Capital Projects Fund		754,775	1,362,008
Non-major funds:			
Property tax		471,363	-
Due from governmental agencies		5,710,804	3,452,961
Recreation program fees		-	3,200,310
Total governmental funds	$	51,069,169	8,361,378

4. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2011 is as follows:

Due to/from other funds:

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

Receivable Fund	Payable Fund		Amount
General Fund	Nonmajor Special Revenue Funds - Grants Fund	$	3,022,368
Highway Capital Projects	General Capital Projects Fund		14,249,239
	Nonmajor Capital Projects Funds		1,102,543
		$	18,374,150

Transfers:

Interfund transfers for the year ended June 30, 2011 consisted of the following:

Reconciliation of Transfers In and Out

Fund		General	Capital Projects General	Capital Projects Highway	Capital Projects Non-major	Non-major Special Revenue	Internal Service	Enterprise	Total In
General	$	-	7,848,520	7,201,500	5,168,797	136,898	51,760	34	20,407,509
Capital Projects:									
General		107,764	-	-	-	400,000	-	3,200,000	3,707,764
Non-major		10,596	-	-	-	2,505,000	-	-	2,515,596
Non-major Special									
Revenue		9,013,768	-	-	-	4,190,680	-	-	13,204,448
Enterprise		205,000	-	-	-	-	-	-	205,000
Total Out	$	9,337,128	7,848,520	7,201,500	5,168,797	7,232,578	51,760	3,200,034	40,040,317

The transfers out from the General Fund are operating funding to a State Agency and the County's golf course enterprise fund, as well as 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. There is an additional transfer in to the Internal Service Funds of $968,431 representing a transfer of capital assets from the General Capital Projects Fund, for which there is no corresponding transfer out on the modified accrual basis.

5. Due From Other Governments

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

6. Property Tax and Transfer Tax

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

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

7. Capital Assets

Capital asset activity for governmental activities for the fiscal year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	$ 443,156,392	27,363,320	145,270	470,374,442
Construction in progress	250,749,696 *	131,032,732	68,789,102	312,993,326
Total capital assets, not being depreciated	693,906,088	158,396,052	68,934,372	783,367,768
Capital assets being depreciated:				
Buildings	201,252,279	18,280,691	3,038,814	216,494,156
Improvements other than buildings	65,375,177	1,514,267	173,178	66,716,266
Equipment	118,249,843	9,257,268	5,836,810	121,670,301
Infrastructure	294,149,226	19,445,330	-	313,594,556
Total capital assets, being depreciated	679,026,525	48,497,556	9,048,802	718,475,279
Less accumulated depreciation for:				
Buildings	64,398,264	4,031,247	1,780,962	66,648,549
Improvements other than buildings	36,332,898	2,917,192	112,622	39,137,468
Equipment	71,354,845	12,882,983	5,458,750	78,779,078
Infrastructure	133,409,141	8,408,316	-	141,817,457
Total accumulated depreciation	305,495,148	28,239,738	7,352,334	326,382,552
Total capital assets, being depreciated, net	373,531,377	20,257,818	1,696,468	392,092,727
Governmental activities capital assets, net	$ 1,067,437,465	178,653,870	70,630,840	1,175,460,495

* Restated due to prior period adjustment of $10,542,118. See note 18 for further details.

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

Governmental activities:	**Amount**
General government	$ 3,378,229
Public safety	2,885,590
Public facilities	12,861,736
Legislative and judicial	14,110
Community services	155,550
Recreation and parks	1,809,799
Education	641,175
Capital assets held by the government's internal service funds are charged to the various functions based on usage of assets	4,858,123
Total depreciation expense - governmental activities	$ 26,604,312

Capital asset activity for business-type activities for the fiscal year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land and land improvements	$ 10,802,873	-	-	10,802,873
Construction in progress	178,400,385 *	87,432,852	27,610,619	238,222,618
Total capital assets, not being depreciated	189,203,258	87,432,852	27,610,619	249,025,491
Capital assets being depreciated:				
Buildings	129,185,533	-	-	129,185,533
Improvements other than buildings	55,604,784	212,701	-	55,817,485
Equipment	3,665,580	100,751	16,928	3,749,403
Infrastructure	474,356,530	16,737,140	-	491,093,670
Total capital assets, being depreciated	662,812,427	17,050,592	16,928	679,846,091
Less accumulated depreciation for:				
Buildings	52,955,832	2,564,590	-	55,520,422
Improvements other than buildings	28,079,297	1,998,461	-	30,077,758
Equipment	2,444,251	194,623	16,928	2,621,946
Infrastructure	211,960,603	9,072,426	-	221,033,029
Total accumulated depreciation	295,439,983	13,830,100	16,928	309,253,155
Total capital assets, being depreciated, net	367,372,444	3,220,492	-	370,592,936
Business-type activities capital assets, net	$ 556,575,702	90,653,344	27,610,619	619,618,427

* Restated due to prior period adjustment of $1,050,623. See note 18 for further details.

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

Business-type activities:	Amount
Water and Sewer system	$ 13,765,809
Golf course	49,808
Total depreciation expense - business-type activities	$ 13,815,617

Construction Commitments

Howard County government total encumbrances outstanding as of June 30, 2011 were $123,413,213.

8. Long-Term Debt

A. Primary Government

A summary of long-term debt outstanding for the primary government at June 30, 2011 is as follows:

	Due Dates	Interest Rates		Amount Outstanding
Governmental Activities:				
Consolidated public improvement bonds	2012-2031	0.60% to 5.55%		$ 783,854,998
State Water Quality Revolving Loan	2011-2016	2.41%		4,050,000
Total debt subject to statutory limit				787,904,998
Compensated absences	various	not applicable		20,885,772
Capital leases	various	not applicable		4,945,142
Net OPEB Obligation	various	not applicable		219,833,035
Landfill closure obligation	various	not applicable		36,341,000
Agricultrual Land Preservation Program	2012-2031	2.73% to 8.60%		71,121,600
Total Governmental Activities			(1)	$ 1,141,031,547
Business Type Activities:				
Metropolitan district bonds	2012-2041	1.00% to 5.25%		$ 154,210,000
Special facility revenue bonds	2012-2021	2.00% to 3.80%		6,330,000
State water quality revolving loan	2012-2029	1.00% to 4.40%		41,957,623
Compensated absences	various	not applicable		781,608
Net OPEB Obligation	various	not applicable		3,425,259
Major water and sewer agreements	various	not applicable		2,034,984
Total Business Type Activities			(2)	208,739,474
Total Debt				$ 1,349,771,021

Note (1): Does not include deferred refunding premium liability of $48,895,503, economic refunding loss of ($8,402,125), and unpaid insurance claims of $11,820,019 shown in the Statement of Net Assets.

Note (2): Does not include deferred refunding premium of $3,138,806, unamortized discount of ($5,096), and economic refunding loss of ($382,650) shown in the Statement of Net Assets. Also, does not include developer agreement rebates of $236,089, (a contractual obligation to reimburse a developer for a portion of the cost of constructing water/sewer lines donated to the County) or deferred water and sewer assessments of $22,857,448.

The County is subject to State and County law which limits the amount of applicable General County debt (including Consolidated Public Improvement Bonds, State Water Quality Loan, Local Government Insurance Trust, and Maryland State Retirement) outstanding to 4.8 percent of the assessed value of real property and personal property located in the County. At June 30, 2011 the statutory debt limit was $2,310,818,426 providing a debt margin of $1,522,913,426. The authorized, unissued General County Bonds, Metropolitan District Bonds, and Water Quality Bonds at June 30, 2011 were $443,528,340, $198,705,797, and $81,475,502 respectively. It is the County's intent to use such unissued bonds to fund future capital projects. There is no overlapping municipal bonded debt in the County and the County is in compliance with its debt agreement provisions.

The changes in long-term debt for the primary government for the year ended June 30, 2011 are as follows:

	Balance June 30, 2010	Additions	Retirements		Balance June 30, 2011	Amounts Due Within One Year
Consolidated public improvement bonds (1)	$ 723,305,002	111,115,000	50,565,004		783,854,998	55,430,000
State Water Quality Revolving Loan	5,795,000	-	1,745,000		4,050,000	1,200,000
Compensated absences	20,268,672	1,172,309	555,209		20,885,772	946,727
Capital Leases	4,888,717	186,598	130,173		4,945,142	207,628
Landfill closure obligation	35,002,000	1,339,000	-		36,341,000	-
Agricultural Land Preservation Program	60,998,200	10,274,400	151,000		71,121,600	755,720
Total long-term debt	850,257,591	124,087,307	53,146,386	(1)	921,198,512	58,540,075
Metropolitan district bonds (1)	110,810,000	49,990,000	6,590,000		154,210,000	7,695,000
State Water Quality Revolving Loan	43,220,040	2,604,792	3,867,209		41,957,623	4,138,266
Special facility revenue bonds	6,870,000	-	540,000		6,330,000	555,000
Compensated absences	774,239	22,265	14,896		781,608	24,819
Major water and sewer agreements	2,034,984	-	-		2,034,984	-
Total enterprise fund	163,709,263	52,617,057	11,012,105	(2)	205,314,215	12,413,085
Total	$ 1,013,966,854	176,704,364	64,158,491		1,126,512,727	70,953,160

Note (1): Does not include deferred refunding premium liability of $48,895,503, economic refunding loss of ($8,402,125), unpaid insurance claims of $11,820,019, and net OPEB obligation of $219,833,035 shown in the Statement of Net Assets.

Note (2): Does not include deferred refunding premium of $3,138,806, unamortized discount of ($5,096), and economic refunding loss of ($382,650**)** shown in the Statement of Net Assets. Also, does not include net OPEB obligation of $3,425,259, developer agreement rebates of $2,271,073, (a contractual obligation to reimburse a developer for a portion of the cost of constructing water/sewer lines donated to the County) or deferred water and sewer assessments of $22,857,448.

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

On March 9, 2011, the County issued $111,115,000 in **Consolidated Public Improvement Bonds** with an effective interest rate of 3.933 percent and $49,990,000 in **Metropolitan District Bonds** with an effective interest rate of 4.524 percent. The County issued these bonds to pay off $115,000,000 of the Commercial Paper Bond Anticipation Notes, Series D (BANs), to provide funding for certain capital projects and to pay bond issuance costs.

Since 1993, the County has participated in the **State Water Quality Revolving Loan Program**. Under this program, the State makes loans to local governments with interest rates that are below the market rate for tax-exempt financing. As of June 30, 2011, the County has borrowed $90,710,936, of which $76,500,936 was borrowed by the Water and Sewer Enterprise Fund to expand the County's water reclamation plant and $14,210,000 was used to refund Consolidated Public Improvement Bonds. The outstanding balances of these loans are $41,957,634 and $4,050,000, respectively.

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

During fiscal year 1995, the County issued **Special Facility Revenue Bonds** in the amount of $10,675,000. On June 1, 2003, the County refunded the balance of the **Special Facility Revenue Bonds**, which was $9,220,000, and issued **Golf Course Refunding Bonds** in the amount of $9,880,000. The original bonds were issued for the purpose of constructing a public golf course with related facilities. Income derived from the golf course facility is pledged to pay debt service on these bonds and to establish a debt service reserve fund equal to the greatest amount of debt service payable in a fiscal year. The balance in the debt service reserve fund at June 30, 2011 is $763,423. If a deficiency exists in the debt service reserve fund securing these bonds, the County is obligated to restore the amount in the debt service reserve fund to the maximum annual debt service on these bonds not later than 30 days after the beginning of the first fiscal year beginning after such deficiency is determined, until these bonds have been paid in full. These bonds do not constitute a pledge of the County's full faith and credit or taxing power, but the County's covenant to restore the amount in the debt service reserve fund is a general contractual obligation of the County.

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

In prior years, the County defeased certain Consolidated Public Improvement and Metropolitan District bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included as long-term obligations of the County or Enterprise Fund. At June 30, 2011, $140,380,000 of Consolidated Public Improvement Bonds and $7,900,000 of Metropolitan District Bonds are considered defeased.

A summary of debt service requirements to maturity, including principal and interest, for certain long-term debt as of June 30, 2011 is as follows:

Debt service requirements of governmental activities:

Year ending		**General County Bonds**		**Agricultural Land Program**	
June 30:		**Principal**	**Interest**	**Principal**	**Interest**
2012	$	56,630,000	34,888,546	755,720	4,864,877
2013		55,095,000	32,967,982	664,720	4,832,803
2014		52,760,000	30,551,488	755,720	4,806,419
2015		50,245,000	28,085,907	664,720	4,774,345
2016		49,225,000	25,754,246	755,720	4,747,961
2017-2021		220,700,000	95,170,205	40,343,800	19,591,570
2022-2026		206,450,000	48,631,856	17,209,600	5,715,140
2027-2031		96,799,998	10,967,646	9,971,600	635,408
	$	787,904,998	307,017,876	71,121,600	49,968,523

Debt service requirements of business-type activities:

Year ending June 30:	Metro District Bonds Principal	Metro District Bonds Interest	Special Facility Revenue Bonds Principal	Special Facility Revenue Bonds Interest	Water Quality Principal	Water Quality Interest
2012	$ 7,695,000	6,318,098	555,000	204,748	4,138,266	1,186,046
2013	7,220,000	6,192,803	575,000	187,798	4,254,594	1,080,454
2014	7,540,000	5,916,973	590,000	170,323	3,179,302	912,746
2015	7,750,000	5,599,298	605,000	152,019	3,251,704	840,344
2016	6,530,000	5,283,910	625,000	132,410	3,171,029	758,557
2017-2021	33,780,000	22,110,824	3,380,000	314,003	16,925,159	2,722,771
2022-2026	28,800,000	15,862,354	-	-	6,514,001	626,454
2027-2031	24,185,000	9,988,122	-	-	523,568	53,832
2032-2036	16,310,000	5,600,599	-	-	-	-
2037-2041	14,400,000	2,021,124	-	-	-	-
	$ 154,210,000	84,894,105	6,330,000	1,161,301	41,957,623	8,181,204

B. Component Units

The changes in long-term obligations for the component units for the year ended June 30, 2011 are as follows:

	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011
Public School System:				
Capital leases and compensated absences	$ 19,105,388	-	5,081,229	14,024,159
Community College:				
Loans and compensated absences	11,628,642	-	387,008	11,241,634
Library:				
Compensated absences	888,071	42,523	-	930,594
Housing:				
Loans and compensated absences	53,827,435	2,796,748	8,441,038	48,183,145
Total	$ 85,449,536	2,839,271	13,909,275	74,379,532

9. Short-Term Debt

The changes in short-term debt for the primary government for the year ended June 30, 2011 are as follows:

Type	Balance July 1, 2010	Issued	Retired	Balance June 30, 2011
Bond Anticipation Notes	$ -	215,000,000	115,000,000	$ 100,000,000

10. Conduit Debt

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

As of June 30, 2011, there were 47 series of conduit debt outstanding. The aggregate principal amount payable for the 17 series issued after July 1, 1996 was $121,962,637. The aggregate principal amount payable for the 30 series issued prior to June 30, 1996 could not be determined; however, their original issue amounts totaled $141,780,339.

11. Lease Obligations

Operating Leases – Primary Government

The County is committed under various long-term operating lease agreements for office space as lessee. Lease expenditures for the year ended June 30, 2011 amounted to $3,755,405. Future lease payments including any agreed upon percentage increases are as follows:

Fiscal Year		
2012	$	2,454,693
2013		1,765,320
2014		664,164
2015		496,914
2016		449,764
2017-2019		5,940

The County also leases County-owned tower space under various long-term operating lease agreements as lessor. Lease revenues for the year ended June 30, 2011 amounted to $1,375,325. Future lease revenues are as follows:

Fiscal Year		
2012	$	2,209,168
2013		2,139,618
2014		2,070,384
2015		2,098,822
2016		941,703
2017-2021		4,995,723

Capital Leases

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

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 are as follows:

Year Ending June 30, 2011	Governmental Activities
2012	$ 476,869
2013	491,175
2014	505,909
2015	521,085
2016-2020	2,849,509
2021-2024	2,182,976
Total minimum lease payments	7,027,523
Less: amount representing interest	(2,082,381)
Present value of minimum lease payments	$ 4,945,142

12. Restricted Assets

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

13. Landfill Closure and Post-Closure Care Cost

State and federal laws and regulations require the County to place a final cover cap on closed cells at the currently operating Alpha Ridge Landfill and to perform certain maintenance and monitoring functions at the landfill site for a minimum period of 30 years after closure. The County recognizes a portion of these costs in each operating period based on landfill capacity used as of each balance sheet date. Closure and post-closure care costs are paid after each cell is filled to capacity. The closure cap for a 70-acre inactive landfill cell was completed in 2001. A separate active lined landfill cell is projected to close no earlier than 2050 if current operating conditions continue and will be capped at that time. In addition, the County has constructed closure caps and groundwater treatment systems at two older closed landfills, and the post-closure operating costs are included in the Environmental Services Fund budget. The long-term liability for these older landfills has been removed from long-term debt. Future total closure and post-closure care costs for the Alpha Ridge Landfill as determined through engineering studies will approximate $43,559,200. Actual cost may differ due to inflation or future design changes. The County ceased using the Alpha Ridge Landfill as its primary disposal site as of March 1997 and, thus, it is not expected to use the landfill to its full capacity in the foreseeable future. The County is exporting waste to a regional landfill in Virginia. The remaining capacity at the landfill will be held for backup or future use. As of June 30, 2011, the County has recognized $36,341,000 of these costs. This cumulative amount reported to date is based on the use of 70.56 percent of the existing cell and 100 percent of the closed cell. The total current cost of closure and post-closure care to be recognized in future years is $7,218,200. The County intends to finance these costs through the proceeds of bonds and through its annual operating budget. The General Fund has been used in prior years to liquidate the liability.

14. Retirement Plans

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

The payroll for employees covered by the Retirement Plan for the year ended June 30, 2011 was $84,782,324. The payroll for police and fire employees covered by the Police and Fire Plan for the year ended June 30, 2011 was $57,159,360. The payroll for employees covered by the State Retirement System and State Pension System for the year ended June 30, 2011 was $2,189,756 and $4,971,272 respectively. The County's total payroll was approximately $174,840,994. Both the Retirement Plan and the Police and Fire Plan issue separate audited financial reports which may be obtained by writing to: Howard County, Maryland, Director of Finance, 3430 Court House Drive, Ellicott City, Maryland 21043, or by accessing the reports online at www.howardcountymd.gov.

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

20 years but less than 30 years (excluding sick leave, which is always credited at 1 percent of average compensation). Prior to July 1, 2005, other rules applied. The benefit was 2.0 percent of average compensation multiplied by post-1997 creditable service. The benefit for pre-1998 creditable service is 1.55 percent or 2 percent, depending on phase-in rules. Participants become vested after 5 years of eligibility service and are entitled to a benefit beginning at age 62. If an employee leaves employment or dies before 5 years of eligibility service, prior to July 1, 2006, accumulated employee contributions plus 5 percent interest are refunded to the employee or the designated beneficiary. If an employee leaves employment or dies before 5 years of eligibility service after July 1, 2006, accumulated employee contributions plus 2 percent interest are refunded to the employee or designated beneficiary. A participant who becomes totally and permanently disabled may retire prior to normal retirement and receive a benefit. Both disability and death benefits vary if incurred in the line of duty. Participant contributions are 8.5 percent of base pay for participating Corrections participants with less than 20 years of creditable service, 0 percent for Corrections participants with greater than 20 years of creditable service, and 2 percent of base pay for other participants. The County funds the remainder of the cost of its employees' participation in the Retirement Plan.

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

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

The Retirement Plan and the Police and Fire Plan's funding policies provide for periodic employer contributions at actuarially determined rates that, expressed as percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. During the year ended June 30, 2011 contributions to each plan were made in excess of actuarially determined contribution requirements determined through an actuarial valuation performed at July 1, 2010. This increase in contribution was necessary in order to spread significant increases recommended by the actuary for the coming years. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the accrued actuarial liability.

Actuarial assumptions are as follows:

	Howard County Retirement Plan	Police and Fire Retirement Plan
Contribution rates: County	11.9%	26.3%
Plan members	2.0-8.5%	7.7-11.6%
Annual Required Contribution (thousands)	$10,304	$15,677
Contributions made (thousands)	$10,304	$15,677
Actuarial valuation date	7/1/10	7/1/10
Actuarial methods and significant assumptions:		
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percentage of pay, increases 3.0% annually	Level percentage of pay, increases 3.0% annually
Remaining amortization period**	15-29 years, except actuarial gains and losses which are amortized over 15 year open amortization period.	12-23 years, except actuarial gains and losses which are amortized over a15 year open amortization period.
Asset valuation method	5-year smoothed market	5-year smoothed market
Investment rate of return	8% compounded annually, gross of investment expenses	8%compounded annually, gross of investment expenses
Projected salary increases*	4.0-7.0%	4.50-8.25%
Cost-of-living adjustments	3%, compounded annually	2%, compounded annually

* Includes inflation at 3%
** Closed amortization period

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

	Year Ending	Annual Pension Cost (000)	Percentage of ARC Contributed	Net Pension Obligation
Retirement Plan	6/30/06	9,253	100	0
	6/30/07	9,695	100	0
	6/30/08	10,022	100	0
	6/30/09	9,745	100	0
	6/30/10	9,758	102	0
	6/30/11	10,304	100	0
Police and Fire Plan	6/30/06	12,217	100	0
	6/30/07	13,549	100	0
	6/30/08	14,717	100	0
	6/30/09	14,426	100	0
	6/30/10	14,881	105	0
	6/30/11	15,677	100	0

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

Schedule of Funding Progress - Howard County Retirement Plan

Actuarial Valuation Date of July 1,	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a % of Covered Payroll
2010	$ 237.4	$ 253.8	93.6%	$ 16.4	$ 84.8	19.3%

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

Actuarial Valuation Date of July 1,	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a % of Covered Payroll
2010	$ 267.0	$ 348.7	76.6%	$ 81.7	$ 53.3	153.3%

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

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

Generally, all employees of the component units participate in The State of Maryland Employees' Retirement and Pension Systems ("Employees' Retirement and Pension Systems") and the Teachers' Retirement and Pension Systems ("Teachers' Retirement and Pension Systems"). The component units' employer contributions to the Employees' Retirement and Pension Systems were $5,204,226, $3,799,270 and $3,466,173 for the years ended June 30, 2011, 2010, and 2009 respectively. Contributions to the Teachers' Retirement and Pension Systems are made directly by the State of Maryland according to State statute on behalf of the component units and amounted to $64,193,297, $55,529,077 and $44,755,291 in 2011, 2010, and 2009, respectively.

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

15. Other Post-Employment Benefits

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

Plan Description

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

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

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

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

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

There are no separate financial statements for the Plan.

Basis of Accounting

The Plan's financial information is prepared on the accrual basis of accounting. Expenditures are recognized on the accrual basis as retirees' insurance costs are incurred. For FY 2011, the Plan's insurance costs are $17.5 million; $5.9 million is paid by the retirees and the balance that is paid by the County and its component units through the County's self insurance fund (internal service fund) is reimbursed by the trust.

Funding Policies and Funded Progress

The Plan's funding policy provides for the County to contribute to the trust the actuarially determined annual required contribution (ARC). In FY 2011, the County made no contributions to the trust. The County's eight year phase-in funding policy has been deferred due to the extraordinary economic downturn. Fiscal Year 2011 includes funding for pay-as-you go OPEB costs only.

As of June 30, 2011, per the most recent actuarial valuation, the actuarial accrued liability (AAL) was $671,151,000 and there was $19,820,099 of actuarial plan assets; therefore, the unfunded AAL (UAAL) was $651,330,901. The annual covered payroll of active employees covered by the Plan was $650,701,932 and the ratio of the UAAL to covered payroll was 100.1%.

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

	Actuarial Unfunded Accrued Liability (1)	Amortization of Actuarial Unfunded Accrued Liability (2)	Normal Cost (3)	Annual Required Contribution (2)+(3)	ARC Funding (4)	Net OPEB Obligation (NOO) (2)+(3)-(4)
Schools	$ 388,284,000	16,910,000	20,168,000	37,078,000	8,165,048	28,912,952
College	20,219,901	881,000	1,665,000	2,546,000	214,872	2,331,128
County	242,827,000	10,575,000	12,555,000	23,130,000	3,252,073	19,877,927
	651,330,901	28,366,000	34,388,000	62,754,000	11,631,993	51,122,007
			Beginning balance - restated (see Note 18):			172,750,242
			Less NOO amortization			7,523,965
			Plus interest on NOO			6,910,010
			Total NOO			$ 223,258,294

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

Fiscal Year	Annual OPEB Cost (AOC)	% of AOC contributed	Net OPEB Obligation
2009	$ 65,268,921	23%	102,159,373
2010	78,700,853	10%	172,750,242
2011	62,140,044	19%	223,258,294

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

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

Actuarial Assumptions

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

Actuarial valuation date	2/1/11 for Board of Ed, 1/1/11 for General Government and 3/1/11 for College
Actuarial cost method	Projected Unit Credit
Amortization method	Amortized over a closed period of 27 years using level percentage of pay.
Asset valuation method	Fair Value. Assets are assumed to earn a 7.4% return.
Actuarial trend assumption:	Medical and prescription drug trend rate applied to FY 2011 is 7.50%. This rate decreases by 1.70% in FY 2012. The ultimate rate is 4.20%. Dental trend to be applied is 5.00% for all years.
Interest assumption	Discount rate of 4.00%
Salary increases	3.00%

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

Statement of Net Assets

Assets	
Receivables:	
Interest and dividends	$ 50
Investments, at fair value:	
Cash	10,349
Mutual funds	24,231,214
Money market funds	605,115
Total assets	$ 24,846,728
Liabilities	
Accounts payable	
Other	986,541
Total liabilities	986,541
Net assets held in trust for other post employment benefits	$ 23,860,187

Statement of Changes in Net Assets

Additions	
Contributions:	
Employer	$ 11,631,993
Total contributions	11,631,993
Investment income:	
Net change in fair value of investments	3,690,705
Interest	-
Dividends	612,963
Investment expense	(76,707)
Net investment (loss) income	4,226,961
Total additions	15,858,954
Deductions	
Benefits	11,765,007
Administrative expenses	53,859
Total deductions	11,818,866
Change in net assets	4,040,088
Net assets - beginning of year	19,820,099
Net assets - end of year	$ 23,860,187

16. Deferred Compensation Plan

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

17. Risk Management

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

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

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

As of June 30, 2011, the combined net assets for the two Internal Service Funds are $9,656,974 and are reported as reserved for insurance claims in the Internal Service Funds. The combined claims liability of the two funds, $11,820,019 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 2010 and 2011 are presented in the schedule below.

	Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	End of Year	Expected Amount Due Within One Year
2011	$ 11,858,574	41,691,435	(41,729,990)	11,820,019	5,242,093
2010	$ 11,487,988	38,051,541	(37,680,955)	11,858,574	5,365,140

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

18. Individual Fund Disclosure and Prior Period Adjustments

The Grants Fund will eliminate its deficit of ($4,438,780) through receipt of intergovernmental revenues.

The General, Public Libraries, and Storm Drainage Capital Projects Funds will eliminate their deficits of ($73,280,995), ($8,424,749), and ($2,434,256), respectively, through future bond sales.

The deficit of ($468,801) in the Risk Management Self-Insurance Internal Service Fund will be eliminated via increased funding in fiscal year 2012.

The adjustment to the beginning balance of the Grants Fund of $1,480,513 is for correcting prior years' accounts receivable and deferred revenue balances.

The adjustments to the beginning balance of construction in progress in governmental activities and business-type activities for $10,542,118 and $1,050,623, respectively, are to remove the capital projects that were not going to result in assets owned by Howard County.

The noncurrent liabilities in governmental activities and business-type activities are adjusted for $100,481,835 and $1,263,876, respectively, in order to correct prior years' calculation of the net OPEB obligation.

19. Commitments and Contingencies

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

Construction
The County had $842,949,395 authorized but unobligated capital project appropriations at June 30, 2011.

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

Required supplementary information (unaudited) for the Howard County Retirement Plan for the years ended June 30, 2009 2010 and 2011 respectively, is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/08	**217,212,899**	**225,594,376**	**96.3%**	**8,381,477**	**81,475,327**	**10.3%**
7/1/09	**228,132,672**	**245,225,658**	**93.0%**	**17,092,986**	**85,231,182**	**20.1%**
7/1/10	**237,414,529**	**253,782,682**	**93.6%**	**16,368,153**	**84,845,897**	**19.3%**

Required supplementary information (unaudited) for the Howard County Police and Fire Employees' Retirement Plan for the years ended June 30, 2009, 2010, and 2011 respectively, is as follows:

Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5)
7/1/08	**238,417,336**	**300,686,389**	**79.3%**	**62,269,053**	**46,863,025**	**132.9%**
7/1/09	**253,566,998**	**322,469,583**	**78.6%**	**68,902,585**	**52,145,928**	**132.1%**
7/1/10	**266,984,658**	**348,701,993**	**76.6%**	**81,717,335**	**53,308,475**	**153.3%**

Howard County, Maryland
Required Supplementary Information
Other Post Employment Benefits Fund
For the Year Ended June 30, 2011

Schedule of funding progress (unaudited) for the Howard County Post Employment Benefits Plan for the year ended June 30, 2011 is as follows:

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

Schedule of employer contribution (unaudited) for the Howard County Post Employment Benefits Plan for the year ended June 30, 2011 is as follows:

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

Form of Bond Counsel Opinions

[Closing Date]

County Executive and County Council
of Howard County, Maryland
3430 Court House Drive
Ellicott City, Maryland 21043

County Executive and Council Members:

We have examined a record of proceedings relating to the issuance by Howard County, Maryland (the "County") of its Consolidated Public Improvement Bonds, 2012 Series A (the "Bonds").

The Bonds are dated on their date of delivery and are issued in fully registered in form in the denomination of $5,000 each or any integral multiple thereof. The Bonds are consolidated and issued pursuant to Article 25A of the Annotated Code of Maryland (2011 Replacement Volume) (the "Enabling Law"), Section 2C of Article 31 of the Annotated Code of Maryland (2010 Replacement Volume) (the "Consolidating Act"), the County Charter (the "Charter"), certain bond enabling ordinances of the County Council of the County (the "Enabling Ordinances"), Council Bill No. 41-2009 enacted by the County Council on October 5, 2009 and effective on October 7, 2009, Council Bill No. 48-2010 enacted by the County Council on October 4, 2010 and effective on October 6, 2010 and Council Bill No. 48-2011 enacted by the County Council and effective on October 12, 2011, as amended and supplemented by Council Bill No. 1-2012, enacted by the County Council and effective on February 11, 2012 (collectively, the "Bond Ordinance"), and Executive Order No. 2012-03, executed and delivered on ________ (the "Executive Order").

In rendering this opinion, we have relied without investigation on the County's Tax and Section 148 Certificate dated this date made on behalf of the County by officers thereof with respect to certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Bonds.

With respect to the executed and authenticated Bond that we have examined, and the Bonds similarly executed and identical thereto in form except for numbers, interest rates, denominations, and maturities, we are of the opinion that:

(a) The County is a validly created and existing body politic and corporate and political subdivision of the State of Maryland, possessing authority under the Enabling Law, the Charter, the Consolidating Act, the Refunding Act, the Enabling Ordinances, the Bond Ordinance and the Executive Order to issue the Bonds.

(b) The Bonds are valid and legally binding obligations of the County to which its full faith and credit and taxing power are pledged, and for the payment of which the County is empowered and directed to levy ad valorem taxes unlimited as to rate and amount upon all real and tangible personal property and certain intangible personal property subject to assessment for unlimited County taxation.

(c) To provide for the payment of the principal of and interest on the Bonds, the County has covenanted to levy or cause to be levied ad valorem taxes upon all the assessable property within the corporate limits of the County, in rate and amount sufficient for that purpose in each fiscal year in which provision must be made for the payment of such principal and interest.

(d) Under existing law, the Bonds, their transfer, the interest payable on them and any income derived from them, including any profit realized in their sale or exchange shall be exempt at all times from every kind and nature of taxation by the State of Maryland, or by any of its political subdivisions, municipal corporations or public agencies of any kind. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

(e) Assuming compliance with certain covenants referred to herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations and decisions. It is noted that under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the bonds of the issue of bonds of which the Bonds are a part, in order that the interest thereon be excludable from gross income. These include (i) a requirement that certain investment earnings received from the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances; (ii) other requirements applicable to the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part; and (iii) requirements applicable to the use of the proceeds of the bonds of the issue of bonds of which the Bonds are a part and the use of the facilities financed with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability of interest on the Bonds from gross income for federal income tax purposes. It is our opinion that, assuming compliance with such covenants, the interest on the Bonds will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

(f) Interest on the Bonds is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. However, for purposes of calculating the corporate alternative minimum tax, a corporation subject to such tax may be required to increase its alternative minimum taxable income by 75% of the amount by which its "adjusted current earnings" exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, "adjusted current earnings" would include, among other items, interest income from the Bonds. In addition, interest income on the Bonds will be subject to the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

The opinions expressed above are limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof.

Very truly yours,

[Closing Date]

County Executive and County Council
of Howard County, Maryland
3430 Court House Drive
Ellicott City, Maryland 21043

County Executive and Council Members:

We have examined a record of proceedings relating to the issuance by Howard County, Maryland (the "County") of its Metropolitan District Bonds, 2012 Series A (the "Bonds").

The Bonds are dated on their date of delivery and are issued in fully registered in form in the denomination of $5,000 each or any integral multiple thereof. The Bonds are consolidated and issued pursuant to Article 25A of the Annotated Code of Maryland (2011 Replacement Volume) (the "Enabling Law"), the County Charter (the "Charter"), Chapter 991 of the Acts of the General Assembly of Maryland of 1943, as amended, Chapter 609 of the Acts of the General Assembly of Maryland of 1945, as amended, Chapter 369 of the Acts of the General Assembly of Maryland of 1963, as amended and Chapter 356 of the Acts of the General Assembly of Maryland of 1965, as amended (collectively, the "Acts"), certain bond enabling ordinances of the County Council of the County (the "Enabling Ordinances"), Council Bill 41-2009 enacted by the County Council on October 5, 2009 and effective on October 7, 2009, Council Bill 48-2010 enacted by the County Council on October 4, 2010 and effective on October 6, 2010 and Council Bill No. 48-2011 enacted by the County Council and effective on October 12, 2011, as amended and supplemented by Council Bill No. 1-2012, enacted by the County Council and effective on February 11, 2012 (collectively, the "Bond Ordinance"), and Executive Order No. 2012-03, executed and delivered on _________ (the "Executive Order").

In rendering this opinion, we have relied without investigation on the County's Tax and Section 148 Certificate dated this date made on behalf of the County by officers thereof with respect to certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Bonds.

With respect to the executed and authenticated Bond that we have examined, and the Bonds similarly executed and identical thereto in form except for numbers, interest rates, denominations, and maturities, we are of the opinion that:

(a) The County is a validly created and existing body politic and corporate and political subdivision of the State of Maryland, possessing authority under the Enabling Law, the Charter, the Acts, the Enabling Ordinances, the Bond Ordinance and the Executive Order to issue the Bonds.

(b) The Bonds are valid and legally binding obligations of the County to which its full faith and credit and taxing power are pledged, payable primarily from ad valorem taxes, unlimited in rate and amount, which the County is empowered to levy upon all taxable property within the Metropolitan District of the County, together with benefit assessments and other available funds, but if not so paid, are payable as to both principal and interest, as general obligations, ultimately from ad valorem taxes, unlimited in rate and amount, which the County is empowered to levy upon all real and tangible personal property and certain intangible personal property subject to assessment for unlimited County taxation.

(c) Under existing law, the Bonds, their transfer, the interest payable on them and any income derived from them, including any profit realized in their sale or exchange shall be exempt at all times from every kind and nature of taxation by the State of Maryland, or by any of its political subdivisions, municipal corporations or public agencies of any kind. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

(d) Assuming compliance with certain covenants referred to herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations and decisions. It is noted that under the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the bonds of the issue of bonds of which the Bonds are a part, in order that the interest thereon be excludable from gross income. These include (i) a requirement that certain investment earnings received from the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances; (ii) other requirements applicable to the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part; and (iii) requirements applicable to the use of the proceeds of the bonds of the issue of bonds of which the Bonds are a part and the use of the facilities financed with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability of interest on the Bonds from gross income for federal income tax purposes. It is our opinion that, assuming compliance with such covenants, the interest on the Bonds will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

(e) Interest on the Bonds is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. However, for purposes of calculating the corporate alternative minimum tax, a corporation subject to such tax may be required to increase its alternative minimum taxable income by 75% of the amount by which its “adjusted current earnings” exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, “adjusted current earnings” would include, among other items, interest income from the Bonds. In addition, interest income on the Bonds will be subject to the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

The opinions expressed above are limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof.

Very truly yours,

Official Notice of Sale

$55,035,00
Howard County, Maryland
General Obligation Bonds

Consisting of

$36,520,000* Consolidated Public Improvement Bonds, 2012 Series A

$18,515,000* Metropolitan District Bonds, 2012 Series A

NOTICE IS HEREBY GIVEN that electronic bids will be received on the date and up to the time specified below:

SALE DATE:	**Tuesday, March 20, 2012**
SALE TIME:	**10:30 a.m. Prevailing Eastern Time**
ELECTRONIC BIDS:	Must be submitted through ***PARITY***® as described below. **No other form of bid or provider of electronic bidding services will be accepted.**

Bids will be received for the purchase of all, but not less than all, of the Howard County, Maryland general obligation bonds, consisting of the $36,520,000* Consolidated Public Improvement Bonds, 2012 Series A (the "Public Improvement Bonds") and the $18,515,000* Metropolitan District Bonds, 2012 Series A (the "Metropolitan District Bonds", and together with the Public Improvement Bonds, collectively, the "Bonds") to be issued by Howard County, Maryland (the "County"). The Bonds are more particularly described in the Preliminary Official Statement dated March 13, 2012 relating to the Bonds, available at the i-Deal Prospectus website, www.i-dealprospectus.com. Prior to accepting bids, the County reserves the right to change the principal amount of the Bonds being offered, to change the terms of the Bonds, to postpone the sale of the Bonds to a later date, or to cancel the sale of the Bonds based on market conditions.

Consideration of the bids and the award will be made by the County on the Sale Date (as set forth above and in the Bidding Parameters Table herein). The County also reserves the right to adjust the principal amount of the Bonds offered, to eliminate maturities, or to cancel the sale of the Bonds after the bids are opened as further described herein. See "Adjustment of Amounts and Maturities."

*Preliminary, subject to change.

Contact Information

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I-DEAL/PARITY® (ELECTRONIC BIDDING PLATFORM)

Client Services
Phone: (212) 849-5024
Email: parity@i-deal.com

BIDDING PARAMETERS TABLE*

INTEREST		PRICING	
Dated Date:	Date of Delivery	Max. Aggregate Bid Price:	Unlimited
Anticipated Date of Delivery:	April 11, 2012	Min. Aggregate Bid Price:	100.0%
Interest Payment Dates:	February 15 and August 15		
First Interest Payment Date:	August 15, 2012	Max. Reoffering Price (each maturity):	Unlimited
Coupon Multiples:	1/8 or 1/20 of 1%	Min. Reoffering Price (each maturity):	98.5%
Maximum Coupon:	N/A		
Minimum Coupon:	N/A		
Maximum TIC:	N/A		
Maximum Difference Between Coupons:	N/A		
PRINCIPAL		**PROCEDURAL**	
Optional Redemption:	On and after February 15, 2021 callable on February 15, 2020 and thereafter at par.	Sale Date: Sale Time:	March 20, 2012 10:30 a.m. Prevailing Eastern Time
Post-bid Principal Increases Each Maturity: Aggregate:	 N/A 15%	Bid Submission:	Electronic bids through PARITY only
Post-bid Principal Reductions Each Maturity: Aggregate:	 N/A 15%	All or None?	Yes
Term Bonds:	Any two or more consecutive maturities in the Bonds may be designated as term bonds; Public Improvement Bond maturities may not be combined with Metropolitan District Bond maturities; must have sinkers equal to date and amount shown on the principal amortization schedule.	Bid Award Method:	Lowest TIC Electronically
		Bid Confirmation:	Fax Signed PARITY screen
		Awarding of Bid:	On the Sale Date by the County
		Good Faith Deposit:	$1,100,700; as more fully described on page C-9 "Good Faith Deposit"

* If numerical or date references contained in the body of this Official Notice of Sale conflict with the Bidding Parameters Table, the Bidding Parameters Table of this Official Notice of Sale shall control. Consult the body of this Official Notice of Sale for a detailed explanation of the items contained in the Bidding Parameters Table, including interpretation of such items and methodologies used to determine such items.

PRINCIPAL AMORTIZATION SCHEDULE

The Bonds will be issued in serial form or, if subject to mandatory sinking fund redemption, in term form, or in a combination of such forms, as designated by the successful bidder for the Bonds in its proposal, as described below. The principal of the Bonds shall be payable in installments on February 15 in the following years and in the following amounts:

$36,520,000* Consolidated Public Improvement Bonds 2012 Series A

Year of Principal Payment*	Principal Amount Payable*	Year of Principal Payment*	Principal Amount Payable*
2013	$1,435,000	2023	$1,805,000
2014	1,270,000	2024	1,875,000
2015	1,320,000	2025	1,950,000
2016	1,370,000	2026	2,030,000
2017	1,425,000	2027	2,110,000
2018	1,485,000	2028	2,195,000
2019	1,540,000	2029	2,285,000
2020	1,605,000	2030	2,375,000
2021	1,670,000	2031	2,470,000
2022	1,735,000	2032	2,570,000

$18,515,000* Metropolitan District Bonds 2012 Series A

Year of Principal Payment*	Principal Amount Payable*	Year of Principal Payment*	Principal Amount Payable*
2013	$555,000	2026	$735,000
2014	460,000	2027	765,000
2015	480,000	2028	795,000
2016	495,000	2029	830,000
2017	515,000	2030	860,000
2018	540,000	2031	895,000
2019	560,000	2032	930,000
2020	580,000	2033	970,000
2021	605,000	2034	1,005,000
2022	630,000	2035	1,045,000
2023	655,000	2036	1,090,000
2024	680,000	2037	1,130,000
2025	710,000		

*Preliminary, subject to change.

The Bonds

Security

The Bonds are general obligations of the County, and its full faith and credit and unlimited taxing power are irrevocably pledged to the punctual payment of principal of and interest on such Bonds when due and payable.

Description of the Bonds

The Bonds will be issued in fully registered form in denominations of $5,000 or integral multiples thereof, will be dated the anticipated date of delivery (the "Dated Date") set forth in the Bidding Parameters Table, and will bear interest from the Dated Date until paid or duly called for redemption at the annual rate or rates specified by the successful bidder, subject to the limitations specified below, payable as shown on the Bidding Parameters Table. Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board ("MSRB"). The Bonds must meet the minimum and maximum coupon and pricing criteria shown in the Bidding Parameters Table on a maturity and aggregate basis.

The Bonds will mature on the month and day, in the years and principal amounts shown in the Principal Amortization Schedule, subject in each case to adjustment to the extent permitted in this Official Notice of Sale.

Book-Entry Only

The Bonds will be issued in fully registered, book-entry only form and a bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates with DTC, registered in the name of Cede & Co. Principal of, premium, if any, and interest on the Bonds will be payable by the paying agent and registrar (the "Bond Registrar") by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal, premium, if any, and interest payments to the beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. Neither the County nor the Bond Registrar will be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. The successful bidder will be required to furnish to DTC within seven days after the sale the customary underwriter's questionnaire and information as to each DTC participant and the Bonds to be held for it. See the Preliminary Official Statement for more information regarding DTC.

Authority for Issuance

The Public Improvement Bonds are being issued pursuant to the authority of Article 25A of the Annotated Code of Maryland (2011 Replacement Volume) ("Article 25A"), Section 2C of Article 31 of the Annotated Code of Maryland (2010 Replacement Volume), the Howard County Charter (the "Charter"), certain bond enabling bills of the County Council of Howard County, Maryland (the "Council"), and in accordance with Council Bill No. 41-2009 enacted during the 2009 Legislative Session, Council Bill No. 48-2010 enacted during the 2010 Legislative Session and Council Bill No. 48-2011 enacted during the 2011 Legislative Session, as amended and supplemented by Council Bill No.1-2012 enacted during the 2012 Legislative Session (collectively, the "Bond Ordinance").

The Metropolitan District Bonds are being issued pursuant to the authority of Article 25A, the Refunding Act, the Charter, Chapter 991 of the Acts of the General Assembly of Maryland 1943, as amended, Chapter 609 of the Acts of the General Assembly of Maryland of 1945, as amended, Chapter 369 of the Acts of the General Assembly of Maryland of 1963, as amended and Chapter 356 of the Acts of the General Assembly of Maryland of 1965, as amended, certain bond enabling bills of the Council, and in accordance with the Bond Ordinance.

Designation of Term Bonds

Within the Public Improvement Bonds and the Metropolitan District Bonds, respectively, bidders may, at their option, designate any two or more consecutive principal amounts (as such principal amounts may be adjusted in accordance herewith) to be combined into term bonds as set forth in the Bidding Parameters Table. Public Improvement Bond maturities may not be combined with Metropolitan District Bond maturities to create term bonds. Each such term bond designated will be subject to mandatory sinking fund redemption commencing on the principal payment date of the first year which has been combined to form such term bond and continuing on the principal payment date in each year thereafter until the stated maturity date of such term bond, which will be the last year combined to form such term bond. The amount redeemed in any year will be equal to the principal amount for such year as set forth in the Principal Amortization Schedule (as such principal amounts may be adjusted in accordance herewith). The Bonds to be redeemed in any year by mandatory sinking fund redemption will be redeemed at par. Bidders may specify one or more of such term bonds.

Optional Redemption

Bonds maturing on or before February 15, 2020 are not subject to redemption prior to their respective maturities. The Bonds of each series maturing on or after February 15, 2021, shall be subject to optional redemption prior to their respective maturities, at the option of the County, on or at any time after February 15, 2020, in whole or in part, at a redemption price of 100 percent of the principal amount thereof, together with accrued interest to the date fixed for redemption at the rate or rates stated in the Bonds to be redeemed.

Adjustment of Amounts and Maturities

Prior to the Sale Date, the County may cancel the sale of the Bonds or adjust the aggregate principal amount and the principal amount of any maturity of the Bonds. The preliminary aggregate principal amount of the Bonds and the preliminary principal amount of each installment payment on the Bonds as set forth in this Official Notice of Sale (the "Preliminary Aggregate Principal Amount" and the "Preliminary Principal Amount", and collectively the "Preliminary Amounts") may be revised before the receipt and opening of the bids for their purchase. **ANY SUCH REVISIONS** made prior to the opening of the bids (the "Revised Aggregate Principal Amount" and the "Revised Principal Amount", and collectively the "Revised Amounts") **WILL BE PUBLISHED ON THOMPSON MUNICIPAL MARKET MONITOR ("TM3") (www.tm3.com) NOT LATER THAN 4:00 P.M., PREVAILING EASTERN TIME, ON THE BUSINESS DAY IMMEDIATELY PRIOR TO THE SALE DATE FOR THE BONDS.**

In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised Amounts will be used to compare bids and select a winning bidder.

After the receipt and opening of the bids for their purchase, the County may reject the bids for the Bonds or adjust the aggregate principal amount and the principal amount of each maturity of the Bonds; provided that such adjustments are within the limitations set forth in the Bidding Parameters Table, calculated based on the applicable bid amount. The County will consult with the successful bidder before adjusting the amount of any maturity of the Bonds or canceling the sale of the Bonds; however, the County reserves the sole right to make adjustments, within the limits described above, or to cancel the sale of the Bonds. The County intends to notify the successful bidder, if any, of any adjustments made after the opening of the bids promptly and in any event not later than twenty-four (24) hours after the bid opening unless waived by the successful bidder. Adjustments within the limits described above will not relieve the successful bidder from its obligation to purchase all of the Bonds offered by the County, assuming the County has satisfied all other conditions of this Official Notice of Sale.

If the principal amount of any maturity of the Bonds is adjusted after the award, the interest rate and reoffering price (as a percentage of the adjusted principal) for each maturity and the Underwriter's Discount on the Bonds as submitted by the successful bidder shall be held constant. The "Underwriter's Discount" shall be defined as the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid.

Change of Sale Date and/or Closing Date

Notice of a change or cancellation will be announced via the Thomson Municipal News wire at *www.tm3.com* not later than 12:00 noon, prevailing Eastern Time, on the day preceding the bid opening. Such notice will specify the revised principal amount or other revised feature, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated on at least forty-eight (48) hours notice via the Thomson Municipal News wire at *www.tm3.com*.

Preliminary Official Statement and Final Official Statement

The County has authorized the preparation and distribution of a Preliminary Official Statement containing information relating to the Bonds. The County will furnish the successful bidder on the date of closing, with a certificate, in its usual form, of an official of the County, dated the date of the original issuance and delivery of the Bonds, stating that as of the date thereof, to the best of the knowledge and belief of said official, the Official Statement does not contain an untrue statement of a material fact concerning the County or omit to state any material fact necessary in order to make the statements made therein concerning the County, in the light of the circumstances under which they were made, not misleading.

The Preliminary Official Statement and this Official Notice of Sale will be available electronically at i-Deal's website, *www.i-dealprospectus.com*. Assistance in obtaining the documents will be provided by i-Deal's customer service at (212) 404-8104 or from Two Logan Square, Suite 1600, 18th & Arch Streets, Philadelphia, PA 19103, (410) 461-3605, gintyl@pfm.com or jonesl@pfm.com (Attention: Linda Ginty or Lorpu Jones, respectively).

The County undertakes to provide a reasonable number of copies (not to exceed 200 copies) of a final Official Statement, which will be complete in all material respects up to the date of the original issuance and delivery of the Bonds, without cost to the successful bidder for the Bonds, no more than seven business days after the date of the sale of the Bonds, such copies to be in sufficient quantity for the successful bidder to comply with Rule 15c2-12 of the Securities and Exchange Commission and the rules of the MSRB; provided that the successful bidder cooperates in providing information required to complete the final Official Statement.

If the Bonds are awarded to a syndicate, the County will designate the senior managing underwriter of the syndicate as its agent for purposes of distributing copies of the final Official Statement to each participating underwriter. Any underwriter submitting a bid with respect to the Bonds agrees thereby that if its bid is accepted, it shall accept such designation and shall enter into an appropriate contractual relationship with all participating underwriters for the purpose of assuring the receipt and distribution by each participating underwriter of the final Official Statement.

Notwithstanding the generality of the foregoing, by making a bid for the Bonds the successful bidder further affirmatively agrees to: (i) disseminate to all members of any underwriting syndicate copies of the Official Statement, including any supplements prepared by the County, (ii) promptly file a copy of the final Official Statement, including any supplements prepared by the County, with the MSRB in an electronic format prescribed by the MSRB and (iii) take any and all other actions necessary to comply with applicable rules of the Securities and Exchange Commission and the MSRB governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

Electronic Bidding

Procedures

Only electronic bids submitted via PARITY® will be accepted. No other provider of electronic bidding services will be accepted. No bid delivered in person or by facsimile directly to the County will be accepted. Bidders are permitted to submit bids for the Bonds during the bidding time period, provided they are eligible to bid as described under "ELIGIBILITY TO BID" below.

Each bid must be unconditional and received by PARITY® before the Sale Time set forth in the Bidding Parameters Table. No proposal to purchase the Bonds may be withdrawn after the deadline set for receiving bids. Prior to the deadline set for receiving bids, an eligible prospective bidder may, subject to any limitations which may be imposed by PARITY®, modify the proposed terms of its bid in which event the proposed terms last modified will constitute its bid for Bonds. At the deadline stated above for receiving bids, the bidding process will close and each bid shall then constitute an irrevocable offer to purchase the Bonds on the terms provided in the bid and this Official Notice of Sale.

Eligibility to Bid

All prospective bidders shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting such bidder's bid in a timely manner and in compliance with the requirements of the County pursuant to this Official Notice of Sale. The County shall have no duty or obligation to provide or assure such access to any bidder. Without limiting the generality of the foregoing, bidders submitting an electronic proposal must fulfill any requirements of the bidding service provider, if any, over and above the requirements of the County set forth in this Official Notice of Sale. Each bidder may contact BiDCOMP at 212-849-5059 for further information regarding its services.

Form of Bid, Interest Rates and Bid Prices

All bids must conform to the requirements of this Official Notice of Sale. Bidders must bid to purchase all maturities of the Bonds. No bid will be considered which does not offer to purchase all of the Bonds. Each bid must specify (i) an annual rate of interest for each maturity, (ii) a reoffering price or yield for each maturity, and (iii) a dollar purchase price for the entire issue of the Bonds.

A bidder must specify the rate or rates of interest per annum per maturity, which the Bonds are to bear, to be expressed in the coupon rate multiples set forth in the Bidding Parameters Table. Any number of interest rates may be named, but the Bonds of each maturity must bear interest at the same single rate for all bonds of that maturity.

Each bid for the Bonds must meet the minimum and maximum coupon and pricing criteria shown in the Bidding Parameters Table on a maturity and aggregate basis.

Each bidder must specify, as part of its bid, the prices or yields at which a substantial amount (i.e., at least 10%) of the Bonds of each maturity will be offered and sold to the public. Reoffering prices presented as a part of the bids will not be used in computing the bidders' true interest cost. As promptly as reasonably possible after bids are received, the County will notify each successful bidder that it is an apparent winner.

Disclaimer

Electronic bids may be submitted via PARITY® only. No other provider of electronic bidding services will be accepted. The use of PARITY® electronic bidding shall be at the bidder's risk and expense, and the County shall have no liability with respect thereto. The County is using electronic bidding as a communications medium and solely as a courtesy to prospective bidders. PARITY® is not acting as the County's agent. The County shall assume no responsibility or liability for bids submitted through such electronic bidding service provider. The County shall not be responsible for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, the approved provider's service. Without limiting the generality of the foregoing disclaimers, the County does not assume responsibility for any communications or negotiations between bidders and any electronic bidding service provider, or for any failure of such a provider to accurately or timely submit any electronic proposal.

Each electronic bid submitted via PARITY® shall be deemed an offer, in response to this Official Notice of Sale, and shall be binding on the bidder as if made by a signed, sealed bid delivered to the County. The successful bidder must confirm such bid by a signed PARITY® Bid Form and a signed statement of reoffering prices, both delivered by fax to the County's Department of Finance (at (410) 313-4433, Attention Stanley J. Milesky, Director) no later than one hour after being notified by the County of being the winning bidder, the original of each of which must be received by the County on the following business day at the address shown above. Failure to deliver this written confirmation does not relieve the bidder of the obligation to purchase the Bonds.

Any electronic proposals shall be deemed to incorporate all of the provisions of this Official Notice of Sale. If any provision of this Official Notice of Sale conflicts with information provided by PARITY®, this Official Notice of Sale shall control. The County is not bound by any advice or determination of PARITY® as to whether any bid complies with the terms of this Official Notice of Sale. The time as maintained by PARITY® shall constitute the official time with respect to all bids submitted.

Award of Bid

The County expects to award the Bonds (or a series of Bonds) to the winning bidder or bidders on the Sale Date. It is anticipated that all bids will be reviewed by the Director of Finance of the County at the time stated above and will be acted on following the opening, tabulation and verification of the bids received. The decision as to the award of each series of Bonds will be final. Bids may not be withdrawn prior to the award.

The Bonds (or a series of Bonds) will be awarded by the County on the Sale Date to the bidder or bidders whose bid complies with this Official Notice of Sale and results in the lowest true interest cost to the County. The lowest true interest cost will be determined in accordance with the True Interest Cost ("TIC") method by doubling the semi-annual interest rate, compounded semi-annually, necessary to discount the debt service payments from the payment dates to the Dated Date of the Bonds and to the aggregate purchase price of the Bonds. If two or more bidders offer to purchase the Bonds (or a series of Bonds) at the same lowest TIC, such Bonds may be apportioned between such bidders if it is agreeable to each of the bidders who have offered the price producing the same lowest TIC; provided, that if apportionment is not acceptable to such bidders, the County will have the right to award such Bonds to one of such bidders.

Right of Rejection

The County expressly reserves the right (i) to waive any informalities, (ii) to reject all bids, any incomplete bid or any bid not fully complying with all of the requirements set forth herein, and (iii) to solicit new bids or proposals for the sale of the Bonds or otherwise provide for the public sale of the Bonds if all bids are rejected or the winning bidder defaults, including, without limitation, sale of the Bonds to one or more of the losing or rejected bidders without regard to their original bid or its relationship to any other bid.

Delivery and Payment

Delivery of the Bonds will be made by the County to DTC in book-entry only form, in New York, New York on or about the Dated Date, or on or about such other date as may be agreed on by the County and the successful bidder.

At the time of delivery of the Bonds, payment of the amount due for the Bonds must be made by the successful bidder to the order of the County immediately available in federal funds or other funds immediately available to the County, or by such other means as may be acceptable to the Director of Finance of the County. Any expense incurred in providing immediately available funds, whether by transfer of federal funds or otherwise, shall be borne by the purchaser.

Good Faith Deposit

A Good Faith Deposit in the amount of $1,100,700 is required of the winning bidder only for the Bonds. The winning bidder for the Bonds is required to submit such Good Faith Deposit payable to the order of the County in the form of a wire transfer in federal funds as instructed by the County's Financial Advisor, Public Financial Management, Inc. The winning bidder shall submit the Good Faith Deposit not more than two hours after verbal award is made. The winning bidder should provide as quickly as it is available, evidence of wire transfer by providing the County the federal funds reference number. If the Good Faith Deposit is not received in the time allotted, the bid of the winning bidder may be rejected and the County may direct the next lowest bidder to submit a Good Faith Deposit and thereafter may award the sale of the Bonds to the same. If the winning bidder fails to comply with the Good Faith Deposit requirement as described herein, that bidder is nonetheless obligated to pay to the County the sum of $1,100,700 as liquidated damages due to the failure of the winning bidder to timely deposit the Good Faith Deposit.

Submission of a bid to purchase the Bonds serves as acknowledgement and acceptance of the terms of the Good Faith Deposit requirement.

The Good Faith Deposit so wired will be retained by the County until the delivery of the Bonds, at which time the Good Faith Deposit will be applied against the purchase price of the Bonds or the Good Faith Deposit will be retained by the County as partial liquidated damages in the event of the failure of the successful bidder to take up and pay for such Bonds in compliance with the terms of this Official Notice of Sale and of its bid. No interest on the Good Faith Deposit will be paid by the County. The balance of the purchase price must be wired in federal funds to the account detailed in the closing memorandum, simultaneously with delivery of the Bonds.

CUSIP Numbers; Expenses of the Bidder

It is anticipated that CUSIP numbers will be assigned to each of the Bonds, but neither the failure to type or print such numbers on any of the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. The policies of the CUSIP Service Bureau will govern the assignment of specific numbers to the Bonds. The successful bidder will be responsible for applying for and obtaining, subject to the CUSIP Service Bureau policy and procedures, CUSIP numbers for the Bonds promptly upon award of the bid. All expenses of typing or printing CUSIP numbers for the Bonds will be paid for by the County; provided the CUSIP Service Bureau charges for the assignment of the numbers shall be the responsibility of and shall be paid for by the successful bidder.

All charges of DTC and all other expenses of the successful bidder will be the responsibility of the successful bidder for the Bonds.

Reoffering Price Certificate

SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE BONDS, THE SUCCESSFUL BIDDER SHALL FURNISH TO THE COUNTY A CERTIFICATE ACCEPTABLE TO BOND COUNSEL TO THE EFFECT THAT (I) THE SUCCESSFUL BIDDER HAS MADE A BONA FIDE PUBLIC OFFERING OF EACH MATURITY OF THE BONDS AT THE INITIAL REOFFERING PRICES, (II) AS OF THE DATE OF THE SALE OF THE BONDS, THE SUCCESSFUL BIDDER REASONABLY EXPECTED TO SELL A SUBSTANTIAL AMOUNT OF EACH MATURITY OF THE BONDS TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE REOFFERING PRICES, AND (III) A SUBSTANTIAL AMOUNT OF EACH MATURITY OF THE BONDS WAS SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL REOFFERING PRICES OR SUCH OTHER FACTS REGARDING THE ACTUAL SALE OF THE BONDS AS BOND COUNSEL SHALL REQUEST, AS DESCRIBED BELOW. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of each maturity of the Bonds at the initial reoffering prices would be sufficient to certify as of the sale of a substantial amount of the Bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds.

Additional Obligation of Successful Bidder

As a condition to the award of the Bonds (and to the County's obligation to deliver the Bonds pursuant to the bid of the successful bidder), the successful bidder agrees by submitting its bid that the successful bidder shall supply the names and tax identification numbers of the registered owners of beneficial interests in the Bonds to be delivered, and the denomination of each such Bond ($5,000 or any multiple of $5,000), not later than seven (7) days prior to the date of delivery, by written direction to the Bond Registrar for the Bonds.

Continuing Disclosure

In order to assist bidders in complying with the requirements of the Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule"), the County intends, for the benefit of the respective holders of the Bonds, to execute a Continuing Disclosure Agreement dated as of the date of original issuance of the Bonds (the "Disclosure Agreement"), setting forth the undertaking of the County to provide certain annual financial reports and notices of the occurrence of certain events. A description of this undertaking, including certain limitations thereon, is set forth in the Preliminary Official Statement, and will also be set forth in the final Official Statement. The County will deliver the Disclosure Agreement in connection with the original issuance of the Bonds. The County has never failed to materially comply with any continuing disclosure obligations relating to any bonds for which the County was an "obligated person" within the meaning of the Rule.

Tax Status, Legal Opinions, Closing Documents and No Litigation

The approving legal opinions of McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel, will be furnished without cost to purchasers of the Bonds. A summary description of the tax treatment of the Bonds is contained in the Preliminary Official Statement under the heading "Tax Matters." The proposed forms of legal opinions of bond counsel are attached as Appendix B to the Preliminary Official Statement.

Additional Information

This Official Notice of Sale is not a summary of the terms of the Bonds. Reference is made to the Preliminary Official Statement for a further description of the Bonds and the County. Prospective investors or bidders for the Bonds must read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision. The Preliminary Official Statement is deemed final by the County as of its date for purposes of the Rule but is subject to revision, amendment and completion in a final Official Statement. Additional information concerning the matters discussed in this Official Notice of Sale, and copies of the Official Bid Form and Preliminary Official Statement may be obtained online at www.i-dealprospectus.com or by request from Nicole Hogue, the County's Debt Manager, at (410) 313-4063 or nhogue@howardcountymd.gov or from Linda Ginty or Lorpu Jones at (410) 461-3605 or gintyl@pfm.com or jonesl@pfm.com, respectively.

HOWARD COUNTY, MARYLAND

By: Stanley J. Milesky
Director of Finance

Appendix D

Continuing Disclosure Agreement

This **CONTINUING DISCLOSURE AGREEMENT** (the "Disclosure Agreement) is executed and delivered by Howard County, Maryland (the "County") in connection with the issuance of its Consolidated Public Improvement Bonds, 2012 Series A and Metropolitan District Bonds, 2012 Series A (collectively, the "Bonds"). The County, intending to be legally bound hereby and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement.

This Disclosure Agreement is being executed and delivered by the County for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions.

In addition to the definitions set forth above, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"**EMMA**" shall mean Electronic Municipal Market Access System maintained by the MSRB. For more information on EMMA, see www.emma.msrb.org.

"**Listed Events**" shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

"**MSRB**" shall mean the Municipal Securities Rulemaking Board, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

"**Participating Underwriter**" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"**Rule**" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"**State**" shall mean the State of Maryland.

Section 3. Provision of Annual Financial Information, Operating Data and Audited Information.

(a) The County shall provide to the MSRB annual financial information and operating data to be updated as of the end of the preceding fiscal year and made available within 275 days after the end of the County's fiscal year.

(b) The County shall provide to the MSRB annual audited financial statements for the County, such information to be made available within 275 days after the end of the County's fiscal year, unless the audited financial statements are not available on or before such date, in which event said financial statements will be provided promptly when and if available. In the event that audited financial statements are not available within 275 days after the end of the County's fiscal year, the County will provide unaudited financial statements within said time period.

(c) The presentation of the financial information referred to in paragraph (a) and in paragraph (b) shall be made in accordance with the same accounting principles as utilized in connection with the presentation of applicable comparable financial information included in the final official statement for the Bonds, provided that the County may modify the accounting principles utilized in the presentation of financial information by amending this Disclosure Agreement pursuant to the provisions of Section 7 hereof. Changes in Generally Accepted Accounting Principles, where applicable to financial information to be provided by the County, shall not require the County to amend this Disclosure Agreement.

(d) If the County is unable to provide the annual financial information and operating data within the applicable time periods specified in (a) and (b) above, the County shall send in a timely manner a notice of such failure to the MSRB.

Section 4. Reporting of Significant Events.

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(7) modifications to rights of Bondholders, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of property securing repayment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the County;

(13) appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(14) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(b) In a timely manner, not in excess of ten business days after the occurrence of an event listed in Section 4(a) above, the County shall file a notice of such occurrence with the MSRB.

Section 5. *Filing with EMMA.* Unless otherwise required by the MSRB, all filings with the MSRB shall be made with EMMA and shall be accompanied by indentifying information as prescribed by the MSRB.

Section 6. Termination of Reporting Obligation.

The County obligations under this Disclosure Agreement shall terminate upon the payment in full of all of the Bonds either at their maturity or by early redemption. In addition, the County may terminate its obligations under this Disclosure Agreement if and when the County no longer remains an obligated person with respect to the Bonds within the meaning of Securities and Exchange Commission Rule 15c2-12.

Section 7. Amendment.

The County may provide further or additional assurances that will become part of the County's obligations under the Disclosure Agreement. In addition, this Disclosure Agreement may be amended by the County in its discretion provided that (i) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County as the obligated person with respect to the Bonds, or type of business conducted; (ii) the Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment does not materially impair the interests of holders of the Bonds, as determined either by counsel selected by the County that is expert in federal securities law matters, or by an approving vote of the holders of 25% of the outstanding aggregate principal amount of Bonds. The reasons for the County agreeing to provide any further or additional assurances or for any amendment and the impact of the change in the type of operating data or financial information being provided will be explained in information provided with the annual financial information containing the additional or amended operating data or financial information.

Section 8. Additional Information.

Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event.

Section 9. Law of Maryland.

This Disclosure Agreement, and any claim made with respect to the performance by the County of its obligations hereunder, shall be governed by, subject to, and construed according to the laws of the State.

Section 10. Limitation of Forum.

Any suit or other proceeding seeking redress with regard to any claimed failure by the County to perform its obligations under this Disclosure Agreement must be filed in the Circuit Court of Howard County, Maryland.

Section 11. Limitation on Remedies.

The County shall be given written notice at the address set forth below of any claimed failure by the County to perform its obligations under the Disclosure Agreement, and the County shall be given 15 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the County shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the County shall be given to the Director of Finance at 3540 Court House Drive, Ellicott City, Maryland 21043 or at such alternate address as shall be specified by the County with disclosures made pursuant to Section 4(a) or 4(b) hereof or a notice of occurrence of a Listed Event.

Section 12. Relationship to Bonds.

This Disclosure Agreement constitutes an undertaking by the County that is independent of the County's obligations with respect to the Bonds; any breach or default by the County under this Disclosure Agreement shall not constitute or give rise to a breach or default under the Bonds.

Section 13. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF this Continuing Disclosure Agreement is being executed on behalf of Howard County, Maryland by the Director of Finance, as of this _____ day of _________, 2012.

HOWARD COUNTY, MARYLAND

By:____

Stanley J. Milesky
Director of Finance

Bond Amortization Tables

$36,520,000* Consolidated Public Improvement Bonds, 2012 Series A

Date	Principal Maturity	Interest Rate	Semiannual Interest	Semiannual Debt Service	Annual Debt Service
8/15/2012					
2/15/2013					
8/15/2013					
2/15/2014					
8/15/2014					
2/15/2015					
8/15/2015					
2/15/2016					
8/15/2016					
2/15/2017					
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8/15/2028					
2/15/2029					
8/15/2029					
2/15/2030					
8/15/2030					
2/15/2031					
8/15/2031					
2/15/2032					
TOTAL	**$0**		**$0**	**$0**	**$0**

*Preliminary, subject to change.

$18,515,000* Metropolitan District Bonds, 2012 Series A

Date	Principal Maturity	Interest Rate	Semiannual Interest	Semiannual Debt Service	Annual Debt Service
8/15/2012					
2/15/2013					
8/15/2013					
2/15/2014					
8/15/2014					
2/15/2015					
8/15/2015					
2/15/2016					
8/15/2016					
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2/15/2034					
8/15/2034					
2/15/2035					
8/15/2035					
2/15/2036					
8/15/2036					
2/15/2037					
TOTAL	**$0**		**$0**	**$0**	**$0**

*Preliminary, subject to change.

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Official Statement

$36,520,000* Consolidated Public Improvement Bonds, 2012 Series A
$18,515,000* Metropolitan District Bonds, 2012 Series A

*Preliminary, subject to change.

Howard County, Maryland, 3430 Court House Drive, Ellicott City, Maryland 21043 · (410) 313-2195