



Baltimore County Maryland

**Comprehensive Annual Financial Report
For The
Fiscal Year Ended June 30, 2008**

Baltimore County, Maryland



Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2008

Prepared By The Office Of Budget and Finance

INTRODUCTORY



SECTION

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FOR THE YEAR ENDED JUNE 30, 2008
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BALTIMORE COUNTY

M A R Y L A N D

JAMES T. SMITH, JR.
County Executive

KEITH DORSEY, *Director*
Office of Budget and Finance

December 23, 2008

Honorable County Executive and Members of
The Baltimore County Council

The Comprehensive Annual Financial Report (CAFR) of Baltimore County, Maryland (the "County") for the fiscal year ended June 30, 2008 is submitted herewith in accordance with the requirements of Section 516 of the Baltimore County Charter. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data as presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds, and that all disclosures are included that are necessary to enable the reader to gain the maximum understanding of the County's financial affairs.

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

The County's financial statements have been audited by Clifton Gunderson LLP, Independent Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the County's financial statements for the fiscal year ended June 30, 2008 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that the County's financial statements as of and for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section.

The County is required to undergo a federally mandated annual audit called "The Single Audit" which is designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit report.

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

THE REPORTING ENTITY AND ITS SERVICES

Baltimore County is situated in the geographic center of the State and located in a metropolitan area with a population of more than 2.5 million. Within its 612 square miles (plus an additional 28 square miles of water) are situated 29 identifiable, unincorporated communities which, as of 2000, ranged in population from approximately 4,300 to 63,000. The County has the third highest population and is the third largest land area of any political subdivision in the State of Maryland.

The County is a corporate polity which performs all local governmental functions within its jurisdiction, as there are no incorporated towns, villages, municipalities or other political subdivisions with separate taxing authority. Under home rule charter since 1957, the County is governed by an elected County Executive and a seven-member County Council with each serving separate executive and legislative functions, respectively.

The Community College of Baltimore County, the Board of Education of Baltimore County, and the Board of Library Trustees for Baltimore County are reported as discretely presented component units because they are deemed to be fiscally dependent on the County. The component units are reported separately within the County's financial statements to emphasize that they are legally separate from the County. The County and its component units provide the full range of municipal services contemplated by statute or charter. This includes education, police and fire protection, sanitation, health and social services, public improvements, planning and zoning, recreational and cultural activities, and general administrative services.

ADOPTED BUDGET

The annual budget serves as the foundation for the County's financial planning and control. Pursuant to County Charter, the County Executive presents the capital and operating budgets to the County Council during April of each year. The County Council may decrease or delete any items in the budget except those required by the public laws of the State of Maryland and except any provision for debt service on outstanding obligations or for estimated cash deficits. In its deliberations, the Council considers the recommendations of the Spending Affordability Committee (SAC) consisting of 3 members of the County Council and 2 other members from an area of specialty, such as finance, organized labor, etc. On or before February 15 in each year, the Committee submits to the County Council and County Executive a report with recommendations on fiscal goals or growth in the County budget to a level that does not exceed the rate of growth of the County's economy. The budget must be adopted by the affirmative vote of not less than four members of the County Council on or before June 1 each year. The adopted budget becomes effective July 1 and provides the spending authority at the program level for the County's operations.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management. A budget-to-actual comparison is provided for the General Fund on page 21 as part of the basic financial statements for the governmental funds. Additional information regarding the County's budget can be found in Note 1 of the notes to the basic financial statements and in schedules provided in the other supplementary information section.

FACTORS AFFECTING FINANCIAL CONDITION

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

ECONOMIC CONDITION

The County, with a population of 797,913 contributes 428,860 workers to the region's labor force. The County has both the largest civilian labor force and greatest number of jobs in the Baltimore Metropolitan Area. The County has moved to second in the State in total number of jobs, with Montgomery County in the Washington, D.C. suburbs ranking higher. The County's economy is highly integrated with those of the other jurisdictions in the region, as evidenced by the significant degree of inter-jurisdictional commuting. Of the County's residents 16 years or older, nearly half of the County's workforce (47.3%) work outside of the County. At the same time, approximately 42% of jobs located in the County are filled by non-residents.

The County's unemployment rate for calendar year 2008 (through May) was 4.0% -- remaining near historic lows and below the Baltimore Metropolitan Area unemployment rate of 4.1%.

From 2003 to 2007 (the last period for which data is available), employment in the County increased by 20,701. The rapid job growth over the past 4 years more than doubled the growth of 1999 to 2002.

With 34.3% of the population 25 or older holding a bachelors degree or higher, the County's workforce continues to be a major asset for economic development attraction for many business sectors. Opportunities include maximizing the impact of successful technology clusters, such as:

- Pharmaceuticals and medical manufacturing, led by BD Diagnostic, one of the largest bioscience employers in the State of Maryland.
- Modeling, simulation and digital entertainment cluster, which uses game technology for entertainment, military training and health applications.
- Information technology and operation centers such as the headquarters of the Social Security Administration and the Centers of Medicare and Medicaid, and the concentration of private sector companies providing support such as Lockheed Martin Technology and VIPS.
- Defense contractors doing business with Aberdeen Proving Ground and Ft. Meade. Opportunities to capture new private contractors will increase as the Base Realignment and Closure process (BRAC) will bring an estimated 36,500 new jobs to the Baltimore region in the next 3-10 years.

The County enjoys a diverse economic base, ranging from concentrations in traditional primary industries to a spectrum of high-technology sectors. The County's 22,191 businesses employ more than 381,652 workers. Major employers include the world headquarters for McCormick & Company, CareFirst BlueCross & BlueShield, T. Rowe Price, Towson University, the Greater Baltimore Medical Center, Severstal Sparrows Point, Franklin Square Hospital, BD Diagnostics, University of Maryland Baltimore County, Lockheed Martin, Solo Cup, Bank of America, Black and Decker world headquarters, UPS, AAI, Procter & Gamble Cosmetics and Fragrance Division headquarters, St. Paul Travelers and Middle River Aircraft Systems. Social Security Administration and The Centers for Medicare & Medicaid headquarters employ nearly 13,000 federal workers in the County.

From July 2007 through March 2008, the County worked directly with more than 100 business prospects resulting in the relocation of new companies and expansion of existing businesses. The following highlights some of the most recent activity:

- T. Rowe Price has announced a major \$185 million expansion of its Owings Mills Financial Center campus. The investment management firm will be building two new buildings with two parking garages to accommodate the addition of 1,400 new workers. The new facilities are scheduled for late 2009 completion.
- GM Powertrain officially began production of the auto industry's most technologically advanced hybrid transmission at its Baltimore transmission plant in White Marsh, the only hybrid transmission designed and built in the United States by a major automaker. GM invested \$118 million to prepare the transmission plant for production of the 2-Mode Hybrid transmission, including new machinery and tooling and a 100,000 square-foot addition.

- OAO Severstal, a Russian steelmaker, purchased the integrated steel mill at Sparrows Point from Arcelor Mittal SA for \$810 million. Severstal will continue to employ 2,530 at the facility, and plans to add new workers as it expands with new investment and upgrades to run the plant at full capacity. The Department of Justice ordered Arcelor Mittal to divest Sparrows Point to comply with antitrust law. Despite its age, Sparrows Point has undergone significant upgrades. Longtime owner Bethlehem Steel Corp. invested hundreds of millions of dollars before its assets were sold, building a new cold mill and relining the blast furnace, the largest and most efficient in North America. The Sparrows Point mill posted significant profits under ISG and Mittal, after years of declining revenue under Bethlehem Steel ownership.
- Corporate Office Properties Trust (COPT), a publicly traded real estate investment trust (REIT) has acquired the commercial/office portfolio of Nottingham Properties. The portfolio purchase price was \$362.5 million for 55 properties in White Marsh, Owings Mills and the BWI corridor, totaling 2.4 million square feet and 187 acres of land.
- AAI Corporation, a defense contractor that designs, engineers and builds unmanned aerial vehicles, has invested over \$1 million to expand its Cockeysville facility and currently is hiring 250 new workers.
- CSC/U.S. Census Bureau has leased 200,000 square feet in the Marshfield Business Park to conduct State operations for the 2010 Census. The Census will hire over 1,000 full and part time employees.
- Alexander's Mobility, a moving and storage company, has moved into a new 150,000 square foot headquarters at Baltimore Crossroads @95 on the new Maryland 43 Extension in eastern Baltimore County. The company will employ 150 at the new facility.
- BGE Home has moved its corporate headquarters to the County. The company moved into its new 55,000 square foot facility at Baltimore Crossroads @ 95 in December 2007, and will employ 200 immediately and up to 400 over the next few years. Capital investment for the home improvement and services company is \$11 million.
- Pevco, a manufacturer of pneumatic delivery systems for health care facilities, has moved its corporate headquarters and manufacturing plant to Baltimore Crossroads @ 95.
- Baltimore Crossroads @ 95 is where various companies have leased space in the 1,000-acre Middle River business park including Surety Recovery Management, Matthai Material Handling, Brinks Home Security, International Nutrition, Trans Union and XIGroupAuto.
- Franklin Square Hospital, a facility of MedStar Health, is developing a five story medical tower at their Rossville campus. The hospital expects to add 300 employees at completion of the \$225 million, 388,000 square foot building.
- CoStar, a provider of information services to the commercial real estate industry, has opened a new business division in the County at 8140 Corporate Drive, White Marsh. The firm has leased 38,000 square feet of office and research space. The new location will employ more than 250 people, with a capital investment of \$1.6 million.
- Global Payment Systems, a provider of credit card processing and global funds transfer services, added 275 new workers at its Owings Mills facility for a total of 800 workers.
- Maryland Metals Processing has added a new product line and is completing work on a new 12,000 square foot warehouse at their North Point Boulevard metal products manufacturing facility.

- SC&H, a business services firm providing accounting, auditing, and management consulting services, has purchased and renovated a 56,323 square-foot building at 910 Ridgebrook Road in Sparks. The new facility has room for up to 300 employees, including 50 new positions. The move represents more than \$9 million in capital investment.
- Environmental Quality Resources, an environmental restoration company, has moved its corporate headquarters from Gaithersburg, Maryland to a seven-acre industrial site in Arbutus in the Southwest Enterprise Zone. The company has built a 21,000 square-foot office/warehouse building and a native plant nursery. The company employs 130.
- McCormick, the Fortune 500 spice and food flavorings company headquartered in the County, has expanded their spice and sauces production and distribution center. The company has invested \$20 million in a 115,000 square foot addition to their Cockeysville distribution center, which retains 100 jobs and adds an additional 100 jobs.
- Cargil, a salt packing plant, is adding a new product line in their 77,000 square foot facility on Philadelphia Road in White Marsh with capital investment at \$2 million.
- Tescos Technologies, a supplier of wireless telephone products, including hand sets and cell towers, is leasing an additional 65,000 square feet on McCormick Drive for warehouse space. Tescos also re-signed leases for their headquarters and office location.
- Restoration Hardware, a specialty hardware chain, has expanded its distribution and warehouse facility to 710,000 square feet at the Marshfield Business Park in Rossville. The company employs 175 workers at the site.
- Ferguson Enterprises, a leading trade distributor of plumbing and heating supplies and building materials, consolidating three businesses in the Halethorpe facility, has brought 170 jobs to the County's Southwest Enterprise Zone. Extensive renovations to the 367,000 square foot building on Hollins Ferry Road accommodate operations for Ferguson (plumbing supply distribution), Ferguson Fire and Fabrication, and Stock Building Supply.
- Bakery Express is a provider of baked goods to 1,100 7-Eleven stores in the Mid Atlantic, as well as serving restaurants and specialty stores through its Ms Desserts division. Bakery Express and Merritt Properties are completing construction of a new manufacturing facility in Halethorpe. As lead tenant for the new 210,000 square foot building, Bakery Express will bring over 300 new jobs to the County's Southwest Enterprise Zone.
- Preston Partners, a real estate development firm, has purchased and is redeveloping over 1.3 million square feet of industrial space in the Southwest Enterprise Zone. In addition to current tenants such as Northrop Grumman and Cowan Transportation, Federal Express has leased 125,000 square feet of space in the redeveloped Hollins End Corporate Park.
- Cowan Trucking has constructed a \$6 million, 30,000 square feet headquarters building in Halethorpe and plans to expand to 325 employees. This new facility is in addition to their leased facility at Hollins End Corporate Park.
- U.S. Geological Survey Water Science Center Mid-Atlantic has opened its newly constructed 23,500 square foot building at bwtech @ UMBC, the University of Maryland Baltimore County's research and technology park.
- iMagic Labs, an automobile dealer customer relations management software firm, has moved from California to Owings Mills. Employment will total 100 by the close of 2008.
- Capital Funding Group, a health care financing firm, has leased 20,000 square feet in a new office tower in Towson. The company employs 30.

MAJOR INITIATIVES

The Department of Economic Development's Commercial Revitalization Program focuses on revitalizing the County's older commercial areas through loans, tax credits, marketing, and architectural and development assistance. The program focuses on improving the appearance of 13 designated districts, supporting existing businesses, attracting new businesses, and promoting selective redevelopment. Since the program's inception in 1995, the County has awarded over \$830,000 in grants to local business organizations for beautification, security and marketing projects. In FY05, the Department initiated the "ReDiscover Your Neighborhood Downtown" marketing strategy to encourage County residents to patronize their traditional neighborhood retail centers.

Countywide Redevelopment With the passage of time, the number of vacant, "Greenfields" sites inside the Urban-Rural Demarcation Line (URDL) available for development continues to dwindle. As a result, for the past several years the County has been focusing increased attention and resources on promoting quality redevelopment of underutilized or outdated industrial and commercial properties, to make optimal use of its land assets.

The 1.9 million square foot former Depot facility in Middle River was sold by the U.S. General Service Administration for \$37.5 million in late 2005, setting a GSA record for an on-line real estate auction. The purchasers, Middle River Station LLC, are finalizing their development team and market research to redevelop this signature building. The Depot, a former World War II aircraft manufacturing plant, is strategically located near the waterfront, adjacent to the new MD43 highway and Martin State Airport. The County is working with GSA to encourage a quality redevelopment incorporating a mix of business, residential, and commercial uses.

Another excellent example of this strategy is the Metro Center @ Owings Mills project. Construction of the first public parking garage (2,800 spaces) is complete at this private, mixed-use, transit-oriented development on 46-acres of State-owned land surrounding the Owings Mills Metro station. This garage replaces the surface parking for Metro commuters, and clears the way for redevelopment of the surface parking area for a main street-focused project, including 1.2 million square feet of office, 300,000 square feet of retail and restaurants, 500 residential units, a hotel, and a new County public library-community college facility. The County is a partner with the State and the developer and has contributed to the cost of the public parking garage.

Since 2002, 16 aging shopping centers with significant vacancies have been extensively renovated and fully leased. Examples include transformation of Hunt Valley Mall to Hunt Valley Town Centre anchored by Wegmans; Martin Plaza in Middle River where a new Target store replaces a vacant Ames discount store; and Brenbrook Shopping Center in Randallstown where a new Home Depot replaces a long vacant K-Mart building.

A new property owner of Dundalk Village has invested \$8 million to renovate this retail/residential center. With the help of loans from the County, deteriorated subsidized apartments have been upgraded to market rate units, and retail space is fully leased. A new County streetscape and improved parks surround the Village, which is part of a district listed in the National Register of Historic Places.

Towson, the County's seat of government, is undergoing significant private redevelopment leveraged by County incentives such as 10 year real estate property tax credits on improvements, grants for public infrastructure improvements, and low interest loans. There are three major residential projects under construction for a total of 1,620 units, with 80% being rental apartments, a segment of the market not significantly harmed by the housing credit crisis. An additional 488 units are in the development review pipeline. Two significant commercial development projects are underway which will add 160,000 square feet of new restaurant and retail space as well as a new theater complex (62,920 square feet with 2,500 stadium style seats) atop a 700 space parking garage. Another major mixed-use redevelopment project is in the planning and design phase and, according to the development team, should bring a 150 room

hotel and additional restaurants and retail into the heart of the downtown. A long vacant 180,000 square foot office building will likely be sold by the end of this calendar year and improved with a new façade and re-tenanting. The total investment of projects in permitting or under construction is about \$700 million. Of additional note is the quality of the development companies investing in Towson; the residential developers are national leaders in apartment construction and management (The Hanover Company of Huston, Texas; Lane Company of Atlanta, Georgia; The Bozzuto Group of Greenbelt, Maryland; and Southern Management Corporation of Vienna, Virginia) as are the retail developers (Heritage Properties, Inc. of Towson, Maryland; The Cordish Company of Baltimore, Maryland, and Western Development Corporation of Washington, DC).

Capital Improvements The County and State are aggressively moving forward to construct and maximize economic development surrounding several road projects to provide access to key development sites. The largest road project is the \$60 million, 3.8 mile road extension of MD 43 from Rt. 40 to Eastern Avenue, which opened to traffic in October 2006. Central to a major effort to boost the economy of eastern Baltimore County, the extension of MD 43 opened 1,000 acres of land-locked, industrially-zoned properties just two miles from I-95 and the White Marsh Growth Area. The development is one of the largest development-ready sites along I-95 near a Mid-Atlantic metro area. The property holds the potential for 5.5 million total square feet of commercial development and 10,000 new jobs at build-out. As of June 2008, over 1,025,000 square feet of commercial space has been built, with three corporate headquarters and 14 companies located in two new business parks.

The County has rebuilt and assumed control and maintenance of the once privately-owned Grays Road in Sparrows Point. The 1.7 mile road now has 22 businesses with 300 employees, generating 4,000 weekly truck and vehicle trips. The transfer to County control and the subsequent reconstruction to County standards has improved access and stimulated business activity in the area.

The County extended Kelso Drive in eastern Baltimore County in 1996, enabling development of the Marshfield Business Park. To date, the 1.3 million square foot park has generated 500 jobs from companies such as U.S. Can, Restoration Hardware, and DAP. The County is now facilitating negotiations between property owners and developers to undertake a second extension of the road at a cost of \$1.9 million, opening more than 100 acres of land product for industrial development.

Enterprise Zone The State of Maryland offers Enterprise Zone designation and its associated tax credits to local jurisdictions to promote economic development in certain qualifying areas. The County has two Enterprise Zones, the North Point Zone, located along the industrial North Point corridor in southeast Baltimore County, and the Southwest Zone, located in the Washington Boulevard/Hollins Ferry Road corridor. Together, these two areas contain over 5,000 acres of industrially-zoned land, and well over 300 businesses. Since the approval of the first zone in December 1995, 119 businesses in the two zones have created 2,187 new jobs and committed to investing over \$136 million in real property improvements and \$210 million in machinery and equipment. Additionally, in 1999 the former Bethlehem Steel, built a \$300 million cold mill at its Sparrows Point plant in the North Point Zone.

Economic Development Financing Assistance In the first three quarters of FY2008, the County provided financial assistance to 30 companies for various projects with significant economic benefit for the County. In each of these projects, the County has leveraged its investment with additional financial assistance provided by public or private resources. Together, these 30 projects are expected to result in over \$11.5 million in new investment, creating more than 156 new jobs and retaining 2,895 existing jobs.

Revenue Stabilization Account and General Fund Surplus:

The County's Revenue Stabilization Account was established to protect the County from unforeseen emergencies and future economic downturns which result in major revenue shortfalls. At the close of any fiscal year, the Director of Budget and Finance must transfer to the Revenue Stabilization Reserve Account any unreserved General Fund surplus equal to 5 percent of the budgeted General Fund revenue. Funds in the account may not be utilized for any other purpose without the specific recommendation of the County Executive and a majority plus one approval of the County Council.

The County's target is to produce unreserved General Fund fund balance equal to 5% of General Fund revenues each year. Any unreserved fund balance in excess of the 5% of revenues target level will be retained to provide only short term tax stabilization. Any excess well above the target level will be eliminated through tax rate reductions or dedicated to one time items such as pay-as-you-go contributions in order to reduce the level of programmed borrowing for capital expenditures.

Investment of Operating and Capital Funds:

County funds held for operating and capital purposes are managed by the Office of Budget and Finance with strict guidelines as to investment vehicles. Investments are governed by State of Maryland law, the requirements of which include limiting permissible investments and the adoption of an investment policy. The County is in full compliance with such laws. The County does not invest in leveraged products or reverse repurchase agreements. The County invests primarily in obligations of the United States Government, its agencies or instrumentalities, repurchase agreements, bankers acceptances and money market funds. The repurchase agreements are collateralized by United States Government treasuries, agencies and instrumentalities, held by an independent third-party custodian and marked to market daily. Unless matched to a specific cash flow, the County will not directly invest in securities maturing more than one year from the date of purchase.

During this fiscal year, the average size of the County's short-term investment portfolio was \$405 million. Investment income earnings totaled \$14.94 million for an effective return of 3.69%.

Risk Management:

Risk management is administered by the Office of Budget and Finance. In addition, the County has retained actuaries to conduct analyses of the Self-Insurance Program Fund covering its exposure for health care, general and automotive liability, and workers' compensation claims. Each year the County appropriates and pays to the Fund an amount which is projected to fully fund, on a present value basis, all liabilities expected to occur during the upcoming fiscal year.

Pension Systems and Post employment Benefits:

The Employees' Retirement System of Baltimore County (the "System") is funded on a sound actuarial basis. The System's actuarially funded status is measured by comparing the actuarial value of assets based on a four-year moving average market value with the accrued liability. On this basis, the System's funded ratio is 88% as of June 30, 2008. The Office of Budget and Finance prepares a separate comprehensive annual financial report for the System. The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the System for fiscal years 1994 through 2007. The report is to be submitted to the GFOA again for fiscal year 2008.

The County has additionally funded the liability of a pension plan that provides benefits to County firefighters and police officers (and their spouses) hired prior to October 1, 1959. The County also provides benefits through appropriation in the General Fund to spouses of volunteer firefighters killed in the line of duty.

The County has a Deferred Compensation Plan for its employees managed by a plan administrator. The County, in accordance with the Small Business and Protection Act of 1996, has transferred its Deferred Compensation Plan assets to a trustee to be held in a separate custodial account for the benefit of plan participants. The County, therefore, no longer owns the Plan assets and the assets are not subject to the claims of the County's creditors.

The County also provides postemployment health care and life insurance to eligible retirees. Beginning in fiscal year 2008, new government accounting standards require the County to quantify and recognize the cost of non-pension postemployment benefits attributable to current and former employees. See the Management's Discussion and Analysis narrative of this report for a further discussion on how the County has addressed this reporting requirement.

AWARDS AND ACKNOWLEDGEMENTS

The GFOA has awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2007. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This CAFR must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The County has received a Certificate of Achievement for the last 29 consecutive years (fiscal years ended June 30, 1979 – 2007). We believe that our current report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Financial Operations Division. I would like to express my appreciation to them for their dedication to ensuring the financial integrity of the County and in the preparation of this report.

Credit also must be given to the County Executive and the County Council for their support in maintaining the highest standards of professionalism in the management of the County's finances.

Respectfully submitted,

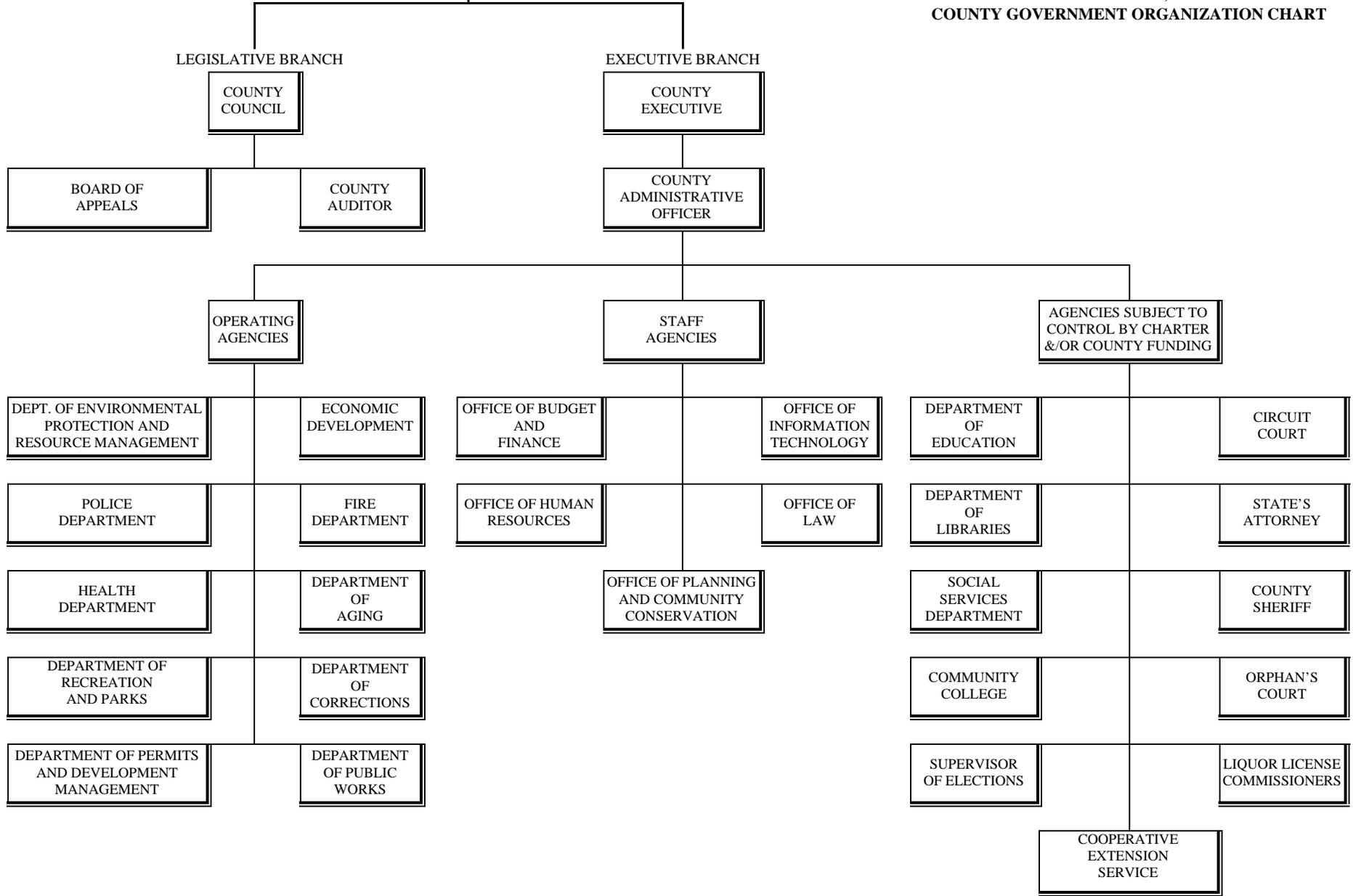
A handwritten signature in black ink that reads "Keith Dorsey". The signature is written in a cursive, flowing style.

Keith Dorsey, Director
Office of Budget and Finance

VOTERS

BALTIMORE COUNTY, MARYLAND COUNTY GOVERNMENT ORGANIZATION CHART

IIX



LIST OF PRINCIPAL OFFICIALS
June 30, 2008

Elective

County Executive
County Council

James T. Smith, Jr.
S.G. Samuel Moxley
Kevin Kamenetz
T. Bryan McIntire
Kenneth N. Oliver
Vincent J. Gardina
Joseph Bartenfelder
John Olszewski, Sr.

Administrative

Administrative Officer
Director of Budget and Finance
County Attorney
Director of Public Works
Chief of Police
Fire Chief
Director of Aging
Director of Economic Development
Director of Employment & Training
Director of Environmental Protection
and Resource Management
Director of Information Technology
Director of Permits & Development
Management
Director of Human Resources
Director of Planning
Director of Recreation and Parks
Superintendent of Schools
Health Officer
Director of Libraries
Director of Social Services
Chancellor of Community College
Director of Community Conservation
Director of Corrections

Fred Homan
Keith Dorsey
John E. Beverungen
Edward C. Adams, Jr.
James W. Johnson
John J. Hohman
Arnold Eppel
David S. Iannucci
Barry F. Williams

Jonas W. Jacobson
Robert R. Stradling

Timothy M. Kotroco
Theresa Stokes Hill
Arnold F. Keller, III
Robert J. Barrett
Joe A. Hairston
Gregory Branch, MD (Acting)
James H. Fish
Timothy W. Griffith, MSW
Sandra L. Kurtinitis, Ph.D
Mary L. Harvey
James P. O'Neill

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for the Fiscal Year Ended
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Oliver S. Cox

President

Jeffrey R. Emmer

Executive Director