



# **Baltimore County Maryland**

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**Comprehensive Annual Financial Report  
For The  
Fiscal Year Ended June 30, 2012**

# **Baltimore County, Maryland**



***Comprehensive Annual Financial Report***

***For The Fiscal Year Ended June 30, 2012***

***Prepared By The Office Of Budget and Finance***

# INTRODUCTORY



# SECTION

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BALTIMORE COUNTY, MARYLAND  
FOR THE YEAR ENDED JUNE 30, 2012  
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**KEVIN KAMENETZ**  
County Executive

**KEITH DORSEY, Director**  
Office of Budget and Finance

December 24, 2012

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, 2012 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 CliftonLarsonAllen 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, 2012 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, 2012, 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.

## **PROFILE OF THE COUNTY**

### **The Reporting Entity And Its Services**

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 19 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.

As part of the annual operating budget process, the County develops a six-year Capital Improvement Program (CIP) consisting of the upcoming fiscal year's appropriations (the "Budget Year") and the succeeding five-year program. The CIP is divided into two areas: the Metropolitan District, for all water and sewer projects, and the Consolidated Public Improvements for all other capital projects. A major source of funding for the CIP is borrowed funds. CIP bond appropriations appearing in the Budget Year represent an authorization to borrow money. The cost to service this debt impacts the General Fund and the Metropolitan District Fund and increases with the amount of outstanding debt.

## **INFORMATION USEFUL IN ASSESSING THE GOVERNMENT'S ECONOMIC 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 is situated in the geographic center of Maryland, surrounding the City of Baltimore almost entirely. The County is the largest jurisdiction in a metropolitan area with a population in excess of 2.6 million. The City of Baltimore and the County are entirely separate political units.

The County has the third largest land area of any political subdivision in the State of Maryland. Within its 612 square miles (plus an additional 28 square miles of water with over 200 miles of shoreline) are situated at least 29 identifiable, unincorporated communities which, as of 2010, ranged in population from approximately 4,300 to 63,000. The County's overall population grew 6.7% from 754,292 in 2000 to 805,029 in 2010. Today, the County has the third highest population in the State of Maryland and the second highest number of jobs.

Healthcare and education, the sectors that generally report job stability and growth despite economic downturns, are well represented in the County by five regional medical centers and five major colleges and universities. BD Diagnostic Systems shares a zip code with one of the largest concentrations of computer game developers on the East Coast. Headquarters for the Social Security Administration and Centers for Medicare and Medicaid Services and a corps of IT contractors form the Woodlawn Federal Center. Major operations of T. Rowe Price, Toyota Financial Services, Euler Hermes, Zurich America, Baltimore Life, Farmers Insurance Group, and Bank of America form a powerful finance-insurance community. Manufacturing holds its place with General Motors, McCormick and Company, Stanley Black & Decker, Lockheed Martin, AAI and Procter & Gamble.

### **New Business and Real Estate Activity**

The following list highlights a selection of business and real estate activity in Baltimore County from August 2011 to July 2012.

Towson City Center is a \$30 million redevelopment project in downtown Towson that opened in August 2012. The building was being converted into green offices for tenants including MileOne Automotive's headquarters, Caves Valley Partners, Towson University's College of Health Professions, BusinessSuites, studios and offices for WTMD Public Radio, and Cunningham Kitchen restaurant. Over 500 employees will work in the building when it is fully occupied.

Towson Square (formerly known as Towson Circle III) is a new mixed-use project in Towson developed by the Heritage Properties/Cordish Company joint venture. The proposed four-acre development will include a 75,000 square foot, 3,400-seat, 15 screen multiplex cinema atop a 3-story, 850-space garage and 6 restaurants. The open, pedestrian friendly plaza will include a traffic circle with a European-style fountain, bistro-style outdoor dining areas and landscaping. Respective County funds of \$6.2 million and \$2 million for the parking garage and for infrastructure improvements will leverage \$85 million in private investment. Slated to open in late 2014, the project will bring an estimated total of 1,530 jobs to the area; 660 on the construction side and another 870 others when the project is operational.

Towson Residential - Since 2008, over 1,200 new luxury apartment units in three major projects have been completed. Towson Green, a LEED certified, 160-unit condominium and town home development, is under construction.

Towson Retail - During the period 2008 through 2012, over 110,000 square feet of new stores and restaurants have opened in the luxury wing of the regional Towson Town Center mall, including

upscale retailers such as Tiffany's, Louis Vuitton, Burberry, Sur La Table, Lilly Pulitzer, and L'Occitane, a fragrance and personal-care retailer. A freestanding Urban Outfitters store opened last fall in downtown Towson, a half-mile from the mall. This store is capitalizing on the significant student population of the two universities bracketing downtown Towson (Towson University and Goucher College).

General Motors announced in 2010 a \$244 million investment in its White Marsh facility to enable the manufacture of GRE drive units and motors. GM broke ground on the 40,000 square foot expansion in April 2011 and plans to create 189 new jobs. The County will provide a \$6 million grant along with support for workforce training and recruitment.

Farmers Insurance Group has invested \$1.6 million in the Owings Mills facility with plans to create 150 new jobs.

EA Engineering, Science, and Technology, Inc. has announced expansion into a new 64,000 square foot LEED building at 226 Schilling Circle in Hunt Valley.

Kaiser Permanente purchased 9.6 acres in the Beltway Business Park to construct a 130,000 square foot building that will be the first multi-specialty healthcare facility in the Baltimore region.

Zynga East, developer of massively multi-player games Farmville and Frontierville, expanded into a larger space in Timonium. The parent company went public in December 2011.

T. Rowe Price recently constructed two new buildings on their Owings Mills campus and anticipates adding 300 new employees in 2012-13. Current employment is approximately 2,600.

PayPal, a division of eBay, Inc. recently leased an additional 53,000 square feet of space in Hunt Valley and is expected to employ an additional 200 people beginning in March 2012.

Maricom Systems, Inc. was acquired by CSC, a global leader in providing technology-enabled business solutions and services headquartered in Falls Church, Va. Maricom is a provider of healthcare information technology that added 100 new jobs in 2010. As a result of several new federal contracts, the company has moved into larger offices in the Federal Center at Woodlawn Enterprise Zone.

Brawner Builders, a Baltimore County based construction firm, purchased a 58,000 square foot building in Hunt Valley as a location for their corporate headquarters.

Douron Commercial Interiors purchased the property at 10 Painters Mill Road for a new headquarters. The 100,000 square foot facility will allow the company to consolidate several warehouses and provide space for a new showroom. The company currently employs approximately 115 people.

Albersee Products (Saver Automotive Products) a Halethorpe windshield wiper and automotive accessory manufacturer, invested \$4.5 million to expand its facility by 102,000 square feet and create 27 new jobs.

Armada Employer Services, an employment and consulting service company, expanded its Hunt Valley headquarters by 12,000 square feet.

Metro Bobcat, a construction equipment distributor, expanded its White Marsh warehouse facility by 11,000 square feet.

Mindgrub Technologies, a Catonsville mobile application development company, announced the expansion of its office facility in June 2012, with the creation of 40 new positions.

St. Agnes Healthcare announced a 33,000 square foot expansion of its Halethorpe-based physicians' office.

Willis of Maryland, a Hunt Valley insurance brokerage firm, announced a 23,000 square foot expansion.

Wittenbach Business Systems, an office equipment distributor, announced in May 2012 that it would expand its warehouse by 25,000 square feet.

Industrial Roll, a manufacturer of rolls, purchased a 14,000 square foot building and will move their operations and 28 jobs from Baltimore City to Dundalk.

Nations Photo Lab, a national photo processing lab, purchased and occupied a 35,000 square foot building at 11103 Pepper Road in Hunt Valley. The company expects to add approximately 80 jobs to their existing employment base of 120. The company experienced 92% growth in 2010.

Centric Business Systems, a Baltimore/Washington based office technology company, has occupied a new 39,000 square foot office building in Owings Mills. This building will serve as the company's new corporate headquarters.

#### **New tenants at bwtech@UMBC Research & Technology Park:**

Assured Information Security (AIS), Inc. is a software company focused on researching critical Air Force and Department of Defense cyber technology requirements, has opened its newest office in April 2012. The company will employ 20 people in the first year.

Communications Scientific International is an aerospace technology and services company that provides communications and information systems for satellite, airborne and ground applications to the Department of Defense. The firm signed a lease for 2,804 square feet of office space at 5523 Research Park Drive, creating five jobs.

Tech Edge USA, an IT solutions company, signed a lease for 3,631 square feet of office space at 5523 Research Park Drive.

Clovis Group, an IT staffing company, signed a lease for 3,613 square feet of space at 5523 Research Drive.

#### **Capital Improvements**

The availability of convenient transportation access and public infrastructure is critical to business location decisions. The County and the State have moved forward aggressively to construct several road projects to enable key development opportunities. One such project, Baltimore Crossroads @95 ("Crossroads"), is one of the largest development ready land opportunities between Philadelphia and Richmond along I-95. Crossroads, which consultants project holds the potential for 10,000 new jobs, has seen significant speculative and tenanted construction of office, flex and industrial buildings. Of the 1.6 million square feet proposed for the business park, 1.1 million square feet has been constructed, housing 1,250 employees and 30 businesses. Recent openings include: Mid-Atlantic Port Services, Social Solutions and CDS Logistics.

The Maryland Transportation Authority (MDTA) is constructing two additional lanes on the most congested 10-mile portion of I-95 north of Baltimore City to White Marsh in the County. These two lanes will be express toll lanes and will facilitate both regional commuting and interstate commercial and personal travel. The Express Toll Lanes are anticipated to be fully operational in 2014.

In response to an earlier feasibility study jointly funded by the County and the State, the State Highway Administration (SHA) initiated a formal project planning study for the I-795/Dolfield Boulevard area, including a potential interchange at the Pleasant Hill Road/Dolfield Boulevard overpass, to provide improved access to the major employment corridor along Red Run Boulevard on the west side of I-795.

The preferred alignment for this road has been chosen, but all planning and environmental work on the project is currently on indefinite hold due to the State's budget constraints.

In May 2010, the new \$8 million Dolfield Boulevard Bridge over Red Run was opened to traffic. This bridge provides a key east-west connection between the Red Run Boulevard employment corridor and the residential growth area in Owings Mills New Town, an important piece of transportation infrastructure supporting the Owings Mills growth area.

Construction has begun on the next phases of Owings Mill Boulevard, which will provide improved access from the Owings Mills Growth Area to Liberty Road and areas to the west. Phase I terminated at Winands Road and was open to traffic in August 2012. Phase II will terminate at Liberty and Live Oak Roads. An open to service date has not been developed for Phase II.

In 1996, as part of the implementation of the Eastern Baltimore County Revitalization Strategy, the County extended Kelso Drive in Rosedale, Maryland, enabling the development of the Marshfield Business Park. The Park now has 1.3 million square feet of space generating 500 jobs, with tenants such as U.S. Can and DAP. The County is planning the construction of another extension of Kelso Drive, opening up more than 100 acres of new land for business development.

### **Base Realignment and Closure (BRAC)**

As of September 15, 2011, the relocation of all direct Federal jobs identified for movement to Aberdeen Proving Ground and Fort Meade under BRAC 2005 was complete. Approximately 21,000 new Federal jobs came to Maryland in the move. To accommodate these employees, the Army spent more than \$1 billion on construction; added 2.8 million square feet of facilities, including 18 buildings; demolished 140 buildings; improved 9 miles of roads; and upgraded electric, water, and information technology infrastructure.

While the movement of Federal personnel under BRAC is complete, relocations and expansions by private contractors serving the relocated commands is still under way and can be expected to continue over the next several years as new Federal contracts are awarded and companies reassess their need to be closer to their clients now based in Maryland. Although most contractor expansions and relocations to date have settled very close to the APG and Fort Meade installations themselves, the County will continue to be alert for opportunities to attract military contractors with more flexible location requirements.

### **Industrial Redevelopment**

#### *Sparrows Point/Dundalk*

The Sparrows Point peninsula, location of a major integrated steel mill for over a century, includes an estimated 2,500 acres of land with deep water, heavy rail and interstate access. The steel mill has had a series of owners since Bethlehem Steel declared bankruptcy and sold off its assets to ISG in 2003. In May 2012, the current owner, RG Steel (a subsidiary of the New York-based Renco Group) filed for Chapter 11 bankruptcy protection. Most employees were laid off in subsequent weeks while RG seeks a buyer. The County is providing comprehensive support to affected workers to put them in touch with available human service and outplacement resources.

Recognizing the tremendous untapped potential of the southeast industrial area and the current expansion of the nearby Port of Baltimore, the County established a new advisory group of 17 prominent business and private sector leaders, the Sparrows Point Partnership. The Partnership will advise the County on the highest and best uses for industrially-zoned properties on the Sparrows Point peninsula, the area closest to the Seagirt Marine Terminal, which is adding a 50' deep berth to accommodate new "Panamax" ships. The Partnership will also look at the impact of the Port's expansion on manufacturing-zoned properties in the North Point, Essex, Rossville and Middle River areas. From this study, the County will implement an action plan to promote manufacturing and port-related job activity around the Sparrows Point peninsula.

#### *Essex/Middle River*

The U.S. General Services Administration (GSA) auctioned the 1.9 million square foot former GSA Depot facility in Middle River in 2006 for a record \$37.5 million. This higher-than-expected sale price was evidence of the success of the County's waterfront revitalization efforts over the past ten years. Now known as Middle River Station, the complex is strategically located near the waterfront and just minutes from I-95 along MD43, and across the street from Martin State Airport, a general aviation facility that handles a significant level of corporate air travel. The County is working with the owners, a New York-based investment team, to encourage a quality redevelopment that will

incorporate a mix of business, residential and commercial uses. The County and State partnered on a study to determine the feasibility of relocating a nearby MARC commuter rail station to Middle River Station to encourage redevelopment as a major transit-oriented development with direct access to Baltimore, Washington and Aberdeen Proving Ground.

## **Technology Locations**

### *bwtech@UMBC*

The County and the University of Maryland Baltimore County (UMBC) jointly developed a 71-acre research and technology park adjacent to the University campus. The State and County completed the Park's \$2.3 million infrastructure in 1999. The facility offers companies a setting for research and development in such fields as cyber security, photonics, biotechnology, and computer software development.

The opening of 5520 Research Park Drive, a 110,400 square foot multi-tenant office building completed build-out of the five-building, 355,000 square foot complex. Almost fully leased, the complex has attracted RMF Engineering to the County to be a lead tenant. Observation Baltimore, Maryland Business Roundtable for Education, Research Triangle Institute, Telcordia and RTGX have also leased space. Tenants located at 5523 Research Drive include: NASA Goddard Earth Sciences and Technology Center; Physicians Practice, Inc. and Med IQ, healthcare communications and technology firms; Avande, an IT firm; Converger Technologies and Clear Resolution Consulting, cyber security companies; Audacious Inquiry, a health information systems firm; Cardio Med Devices, a medical equipment firm; and the U.S. Forest Service. Tenants at 5522 Research Park Drive include the U.S. Geological Survey which occupies 23,500 square feet of office and wet lab space. Allegis, a retirement community owner and operator, occupies 100,000-square feet in the 5525 building.

The UMBC Incubator and Accelerator (*bwtech@UMBC South*), a successful technology incubator is less than one mile from *bwtech@UMBC*. Opening in late 1998, nearly forty bioscience, information technology and related research companies are now located in the former Lockheed Martin laboratory complex.

Together, these two projects create a critical mass of technology research and development in the southwest area of the County. Marketing efforts draw on UMBC's international reputation as a research institution and location of the facilities near I-95, BWI and the Baltimore-Washington technology corridor, and for cyber companies, close proximity to Fort Meade.

## **Enterprise Zones**

An enterprise zone is a tool that the State of Maryland offers to local jurisdictions for promoting economic development in certain qualifying areas. The County has three Enterprise Zones - the North Point Zone, located along the industrial North Point corridor in southeast Baltimore County; the Southwest Zone, located in the Washington Boulevard/Hollins Ferry Road industrial corridor; and the newest zone – the Federal Center at Woodlawn Zone, just approved in June 2011. These three areas contain over 5,400 acres of industrial and office-zoned land, and over 550 businesses. Since the approval of the first zone in December 1995, 120 businesses in the North Point and Southwest enterprise zones have committed to investing over \$300 million in real property improvements and \$221 million in machinery and equipment. In addition, approximately 3,070 new jobs have been created. The Halethorpe-Arbutus area in the Southwest Enterprise Zone has seen particularly dramatic growth, with almost 600 new jobs in a four-year period. The program offers two primary benefits to businesses in the designated zone that make new investments or hire new employees:

1. *Property Tax Credits*. The local jurisdiction provides an annual property tax credit that is phased out over a ten-year period. For the first five years, the credit is equal to 80% of the increase in property tax resulting from the new investment in real property. In the subsequent five years, the credit decreases 10% annually until it is phased-out entirely in the eleventh year.

2. *Income Tax Credits.* For each new, full-time job created in an enterprise zone, the State grants a \$1,000, one-time State income tax credit to the employer. If a worker who is certified as economically disadvantaged fills the new job, the credit can total as much as \$6,000 over three years.

The local property tax credit is applied only to the increased tax liability resulting from the new investment. Therefore, the County experiences no loss in property tax revenue as a result of the program; it simply foregoes a portion of the increase in property tax revenue that results from the new investment. Additionally, the State of Maryland reimburses the County for 50% of the property tax credits to businesses.

### **Economic Development Financing Assistance**

In FY2012, the County provided financial assistance to 7 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 7 projects are expected to result in over \$55.4 million in new investment, creating more than 77 new jobs and retaining 1,341 existing jobs. The Baltimore County Small Business Loan Fund was expanded to include 20 financial institutions. The Loan Fund was able to increase its lending capacity to \$12.3 million. The loan program is used to provide financing to small businesses that operate in the County.

### **Relevant Financial Policies**

The County's debt and financial management policies as set forth by the County Executive were recognized by all major rating agencies with the continuation of the County's triple-A credit rating. The policies included target ratios to be met and ceiling or floor ratios. The County will take appropriate corrective action to ensure that ratios do not go above or drop below their respective desired ceiling or floor.

The County's long-term policy was to produce unreserved General Fund fund balance equal to 5% of General Fund revenues each year. The volatility in the national economy and potential changes in intergovernmental aid required the County to take the fiscally prudent step of raising its target level for unreserved General Fund balances during this period to 7% of General Fund revenues. Most of the 7%, an amount equal to 5% of the revenue budget will be placed in the County's Revenue Stabilization Account to protect the County from unforeseen emergencies and future economic downturns which result in major revenue shortfalls. 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.

Any unreserved fund balance in excess of the 7% 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.

### **Major Initiatives**

The following are some selected highlights and budget priorities for FY12 that are expected to affect future financial position:

Education – The FY12 budget continued to make education the County's top priority. The budget included a \$703 million General Fund appropriation for our public schools system. The County's commitment to fully fund Baltimore County Public Schools at "maintenance of effort" continued in this budget even with an increase in student population coupled with only a 1% increase in State aid over the FY11 funding and the loss of the American Recovery and Reinvestment Act (ARRA) funding that ended in FY11.

The Community College of Baltimore County budget included funding for an additional 31 positions to help meet the demand of increased enrollment. The College also received additional Opportunity Grant funds of \$150,000 to bring the total up to \$500,000 in FY12 for students who do not qualify for Pell or other federal or state assistance.

Public Safety – The Police Department is working in conjunction with the Office of Information Technology (OIT) on various technological initiatives to enable officers to complete reports from their cars while in the field; equip all vehicles with an electronic citation writing system; give citizens the ability to report online certain non-violent crimes; and improve the process for tracking and reporting on evidence.

The Fire Department and OIT are implementing a new statewide web-based software system known as the electronic Maryland EMS Data System (eMEDS) that will allow agencies to either input or upload data, thereby enabling the Maryland Institute for Emergency Medical Services Systems (MIEMSS) to assist jurisdictions in improving operational efficiency.

Other – The Office of Workforce Development opened the Liberty Center at Randallstown this past January. This Center will be shared with CCBC and the Department of Social Services and is a one-stop shop for career advancement, higher education and other community services. This is the third Career Development Center in the County.

## **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, 2011. 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 33 consecutive years (fiscal years ended June 30, 1979 – 2011). 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.

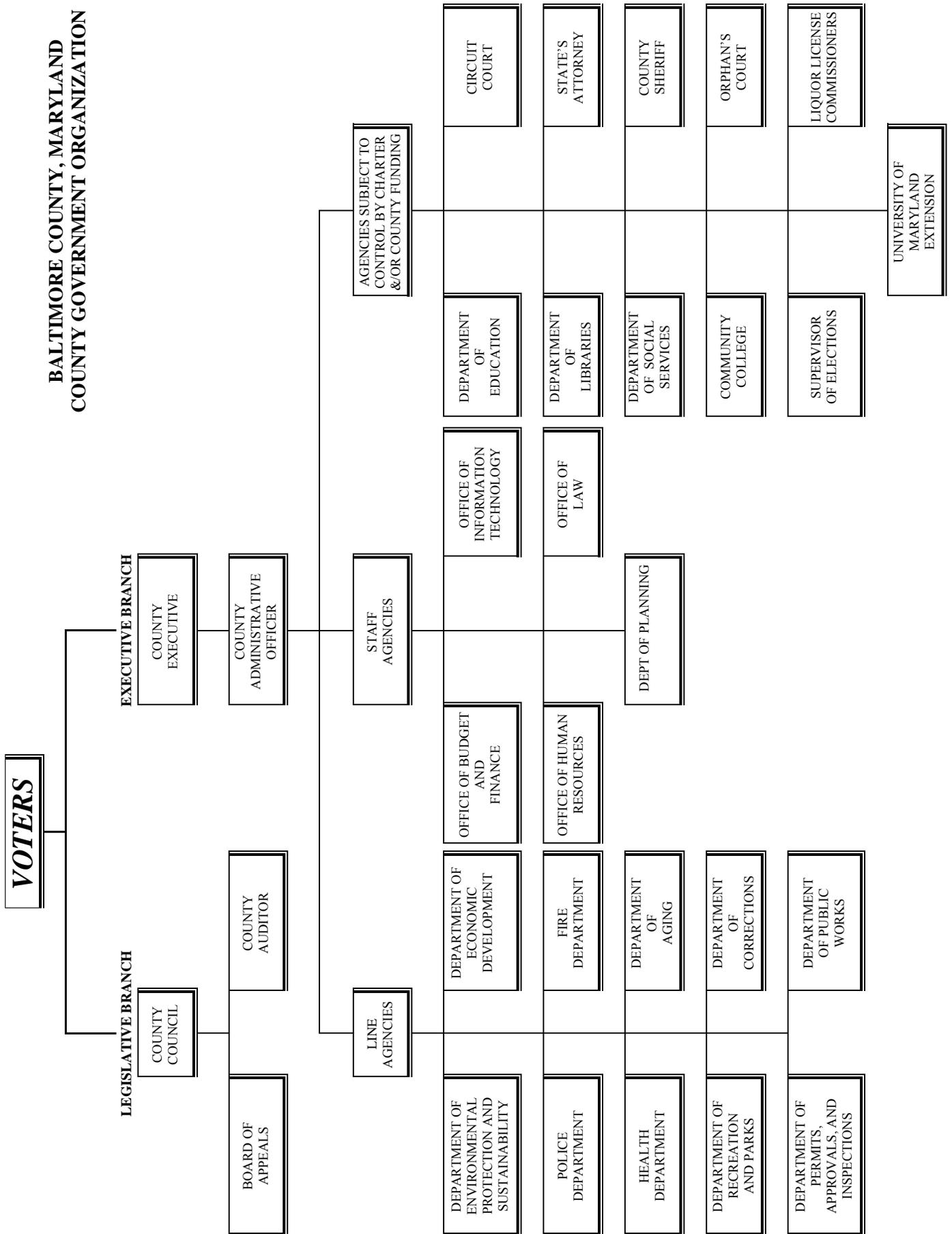
Credit also must be given to the County Executive and the County Council for their support in maintaining the highest standards of professionalism in the management of the County's finances.

Respectfully submitted,



Keith Dorsey, Director  
Office of Budget and Finance

**BALTIMORE COUNTY, MARYLAND  
COUNTY GOVERNMENT ORGANIZATION**



**LIST OF PRINCIPAL OFFICIALS**  
**June 30, 2012**

---

*Elective*

**County Executive**  
**County Council**

**Kevin Kamenetz**  
**Tom Quirk**  
**Vicki Almond**  
**Todd Huff**  
**Kenneth N. Oliver**  
**David Marks**  
**Cathy Bevins**  
**John Olszewski, Sr.**

*Administrative*

**Administrative Officer**  
**Director of Budget and Finance**  
**County Attorney**  
**County Auditor**  
**Director of Public Works**  
**Chief of Police**  
**Fire Chief**  
**Director of Aging**  
**Director of Economic Development**  
**Director of Environmental Protection**  
**and Sustainability**  
**Director of Information Technology**  
**Director of Permits, Approvals**  
**and Inspections**  
**Director of Human Resources**  
**Director of Planning**  
**Director of Recreation and Parks**  
**Superintendent of Schools**  
**Director of Health and Human Services**  
**Director of Libraries**  
**President of Community College**  
**Director of Corrections**  
**Administrative Law Judges**

**Fred Homan**  
**Keith A. Dorsey**  
**Michael E. Field**  
**Lauren Smelkinson**  
**Edward C. Adams, Jr.**  
**James W. Johnson**  
**John J. Hohman**  
**Joanne E. Williams**  
**Dan Gundersen**

**Vincent J. Gardina**  
**Robert R. Stradling**

**Arnold Jablon**  
**George E. Gay**  
**Andrea VanArsdale**  
**Barry F. Williams**  
**Dr. Joe A. Hairston**  
**Dr. Gregory Wm. Branch**  
**James H. Fish**  
**Sandra L. Kurtinitis, Ph.D**  
**James P. O'Neill**  
**Lawrence M. Stahl**  
**John E. Beverungen**  
**Timothy M. Kotroco**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Baltimore County  
Maryland

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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



*Linda C. Danison*

President

*Jeffrey R. Emer*

Executive Director

**FINANCIAL**



**SECTION**



CliftonLarsonAllen

CliftonLarsonAllen LLP  
www.cliftonlarsonallen.com

## Independent Auditor's Report

The Honorable County Executive and  
Members of the County Council  
Baltimore 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 Baltimore County, Maryland (the County) as of and for the year ended June 30, 2012 and the budgetary comparison for the general fund for the year ended June 30, 2012, 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 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, 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 Baltimore County, Maryland as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and the schedule of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing basic financial statements in 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 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. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules – supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules – supplementary information is the responsibility of management and was 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 basic financial statements taken as a whole.

The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*CliftonLarsonAllen LLP*

Baltimore, Maryland  
December 21, 2012

## **BALTIMORE COUNTY, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS**

Baltimore County, Maryland management is providing this narrative overview and analysis of the financial activities of the primary government (the County) as of and for the fiscal year ended June 30, 2012. Readers are to consider the data presented here in conjunction with the information presented in the transmittal letter at the front of this report and with all the County's financial statements and accompanying notes to those financial statements, which follow this section.

### **Financial Highlights**

#### **Government-wide:**

- The County's assets and liabilities are \$4.434 billion and \$2.974 billion respectively, resulting in net assets of \$1.46 billion.
- The County's total net assets decreased by \$214.287 million as a result of current year operations.

#### **Fund Level:**

- The County's governmental funds have combined fund balances of \$316.362 million.
- The General Fund's fund balance is \$402.232 million of which \$229.972 million is unassigned fund balance inclusive of \$84.822 million in a Revenue Stabilization account.

#### **Long-term Debt:**

- The County's total bond, note and certificate of participation debt increased by \$375.568 million during the current year. The key factors in this increase were the issuance of \$711.6 million in general obligation bonds and bond anticipation notes and a \$24.312 million draw on the Maryland Water Quality Revolving Loan Fund offset by debt service payments of \$360.344 million.

### **Overview of the Financial Statements**

This discussion and analysis is an introduction to the County's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

#### **Government-wide Statements (Reporting the County as a Whole)**

The *Statement of Net Assets* and the *Statement of Activities* are two financial statements that report information about the County's activities that should serve as a useful indicator of whether the County, as a whole, is better or worse off as a result of this year's activities. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The *Statement of Net Assets* on page 14 presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in net assets measure whether the County's financial position is improving or deteriorating.

The *Statement of Activities* on page 15 presents information showing how the County's net assets changed during fiscal year 2012. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The focus of the statements is clearly on the primary government and the presentation allows the user to address the relative relationship with the component units. Both statements report three activities, which include the governmental activities and business-type activities of the primary government and separate reporting for the County's component units.

- *Governmental Activities* – Most of the County's basic services are reported under this category. Taxes and intergovernmental revenues generally fund these services. The general government, public safety, public works, health and human services, culture and leisure services, economic and community development, and education functions fall within the governmental activities.
- *Business-type Activities* – The County charges fees to customers to help it cover all or most of the cost of certain services it provides. The Metropolitan District water and sewer services are the only business-type activity reported.
- *Discretely Presented Component Units* – Component units are legally separate organizations for which the primary government is financially accountable or for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The County reports three component units that are described in the notes to the basic financial statements.

This report includes two summary reconciliations (pages 16 and 18) between the governmental fund financial statements (modified accrual accounting) and the governmental activities (full accrual accounting) reflected on the government-wide financial statements. Note 2 of the notes to the basic financial statements also provides more detail as to the transactions that impact the conversion from the modified accrual basis of accounting to the full accrual basis of accounting.

### **Fund Financial Statements (Reporting the County's Major Funds)**

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is on major funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the County uses to keep track of specific sources of funding and spending for a particular purpose. The County's funds are divided into three categories – governmental, proprietary, and fiduciary – and use different accounting approaches.

- *Governmental funds* – Most of the County's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The County reports the General Fund, Gifts and Grants Fund, and the Consolidated Public Improvement Construction Fund as major funds.
- *Proprietary funds* – When the County charges customers for the services it provides, whether to outside customers or to other agencies within the County, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) utilize accrual accounting; the same method used by private sector businesses. Enterprise funds report activities that provide supplies and services to the general public. The County reports the Metropolitan District Fund as a major fund. Internal service funds report activities that provide supplies and services to the County's other programs and activities. Internal service funds are reported as governmental activities on the government-wide statements.
- *Fiduciary funds* – The County is the trustee for its employee pension plans and the post employment healthcare benefits plan. These funds are reported using accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent discretionary assets of the County to finance its operations.

## Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 27.

### Other Information

Required supplementary information includes schedules concerning the County's progress in funding its obligations to provide post employment healthcare benefits to its employees. These schedules can be found on page 64. Other supplementary information includes combining and individual fund financial statements and schedules for the General Fund, Liquor License Fund, internal service funds and fiduciary funds. These statements and schedules can be found starting on page 66.

### Financial Analysis of the County as a Whole

The County's combined net assets decreased \$214.287 million in FY 2012. The net assets of the governmental activities decreased \$172.114 million and business-type activities decreased \$42.173 million. The schedule below presents the net assets of the County's governmental and business-type activities as of June 30, 2012.

The largest component of the County's net assets reflects its investment in capital assets (e.g., land, buildings, equipment, and infrastructure), less any related outstanding debt used to acquire the assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not liquid or available for future spending or liquidation of any liabilities. It is important to note that counties in the State of Maryland issue debt for the construction of schools, yet the school buildings are owned by each county's Board of Education. Ownership reverts to the County if the local board determines a building is no longer needed. The County also funds projects for the Community College of Baltimore County. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. The governmental activities negative unrestricted net assets of \$344.303 million reflect the result of recording the liabilities without the corresponding assets. The County has a similar situation where it issues debt to finance capital contributions for Baltimore City owned assets. This is what causes the negative unrestricted net assets of \$175.2 million in the business-type activities. These situations are described in more detail in Note 8.

#### Net Assets as of June 30 (in thousands)

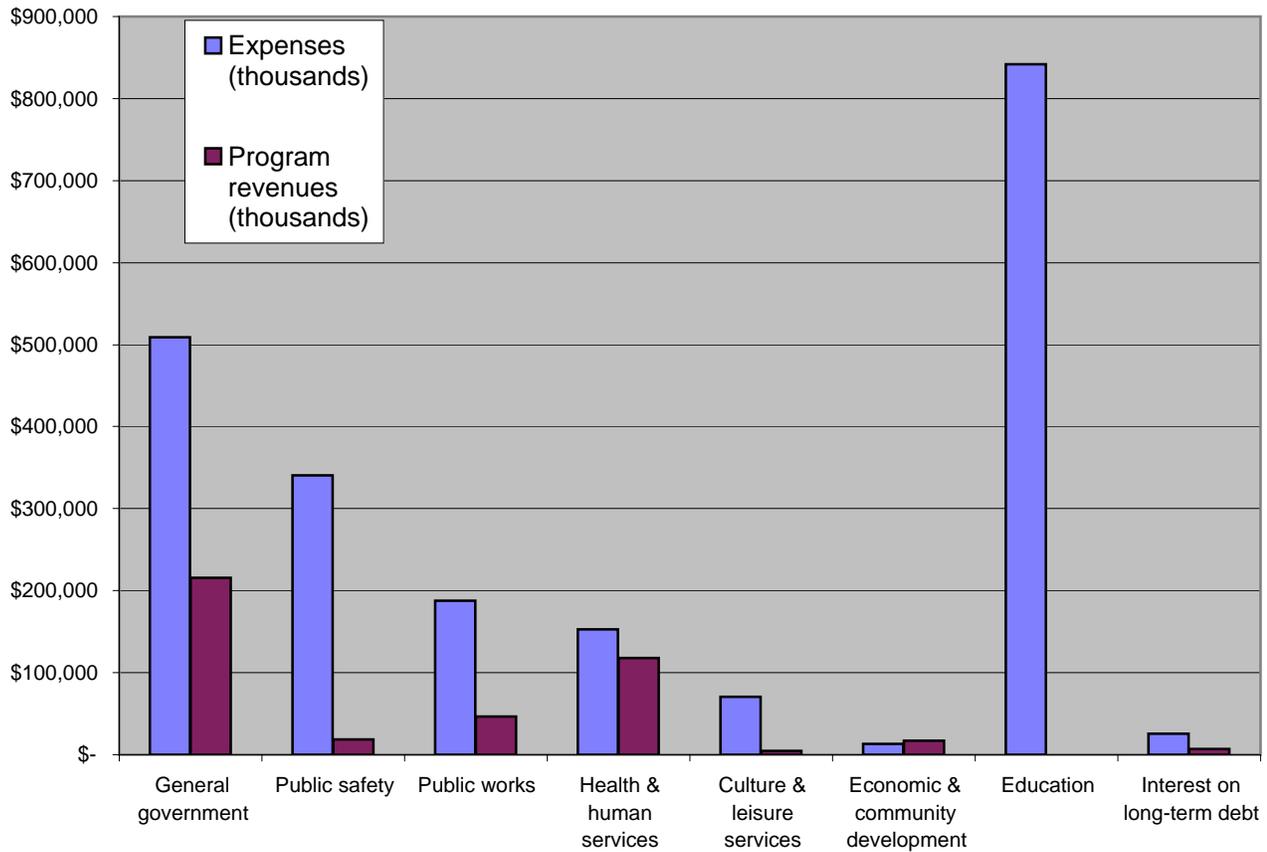
	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<b>Assets:</b>						
Current and other non-current assets	\$ 683,667	\$ 490,917	\$ 314,567	\$ 241,735	\$ 998,234	\$ 732,652
Capital assets	2,302,397	2,291,812	1,133,491	1,106,405	3,435,888	3,398,217
<b>Total assets</b>	<b>2,986,064</b>	<b>2,782,729</b>	<b>1,448,058</b>	<b>1,348,140</b>	<b>4,434,122</b>	<b>4,130,869</b>
<b>Liabilities:</b>						
Current liabilities	557,167	495,540	254,855	188,682	812,022	684,222
Long-term liabilities	1,359,853	1,062,319	802,401	734,750	2,162,254	1,797,069
<b>Total liabilities</b>	<b>1,917,020</b>	<b>1,557,859</b>	<b>1,057,256</b>	<b>923,432</b>	<b>2,974,276</b>	<b>2,481,291</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	1,386,096	1,550,280	566,002	588,201	1,952,098	2,138,481
Restricted	27,251	26,653	-	-	27,251	26,653
Unrestricted (deficit)	(344,303)	(335,775)	(175,200)	(155,226)	(519,503)	(491,001)
<b>Total net assets</b>	<b>\$ 1,069,044</b>	<b>\$ 1,241,158</b>	<b>\$ 390,802</b>	<b>\$ 432,975</b>	<b>\$ 1,459,846</b>	<b>\$ 1,674,133</b>

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the County's net assets changed during the fiscal year.

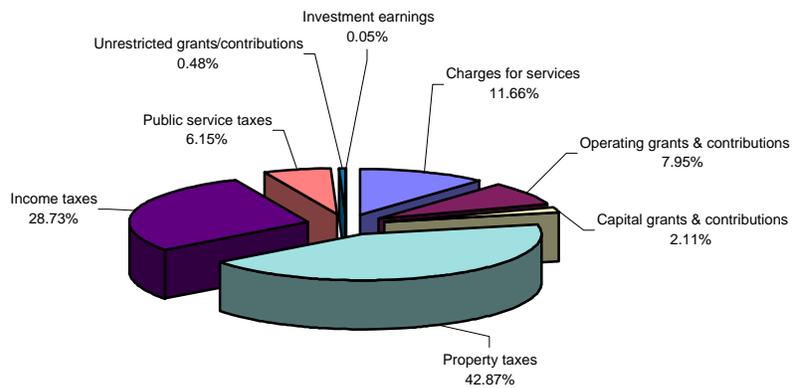
	Changes in Net Assets (in thousands)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 229,620	\$ 206,404	\$ 220,188	\$ 224,510	\$ 449,808	\$ 430,914
Operating grants	156,508	152,365	3,777	2,462	160,285	154,827
Capital grants	41,519	37,614	11,282	14,126	52,801	51,740
General revenues						
Property taxes	844,069	837,092	-	-	844,069	837,092
Income taxes	565,571	534,553	-	-	565,571	534,553
Public service taxes	121,099	110,405	-	-	121,099	110,405
Unrestricted grants and contributions	9,423	8,823	-	-	9,423	8,823
Investment earnings	1,077	966	360	256	1,437	1,222
<b>Total revenues</b>	<u>1,968,886</u>	<u>1,888,222</u>	<u>235,607</u>	<u>241,354</u>	<u>2,204,493</u>	<u>2,129,576</u>
<b>Expenses</b>						
General government	509,187	449,008	-	-	509,187	449,008
Public safety	340,263	346,253	-	-	340,263	346,253
Public works	187,816	150,606	-	-	187,816	150,606
Health and human services	152,490	144,972	-	-	152,490	144,972
Culture and leisure services	70,803	69,368	-	-	70,803	69,368
Economic and community development	13,379	16,232	-	-	13,379	16,232
Education	841,494	803,828	-	-	841,494	803,828
Interest on long-term debt	25,568	22,844	-	-	25,568	22,844
Water and sewer services	-	-	277,780	223,858	277,780	223,858
<b>Total expenses</b>	<u>2,141,000</u>	<u>2,003,111</u>	<u>277,780</u>	<u>223,858</u>	<u>2,418,780</u>	<u>2,226,969</u>
Increase (decrease) in net assets	(172,114)	(114,889)	(42,173)	17,496	(214,287)	(101,104)
Net assets - beginning (as restated)	1,241,158	1,356,047	432,975	415,479	1,674,133	1,771,526
Net assets - ending	<u>\$ 1,069,044</u>	<u>\$ 1,241,158</u>	<u>\$ 390,802</u>	<u>\$ 432,975</u>	<u>\$ 1,459,846</u>	<u>\$ 1,670,422</u>

The following graphs and charts depict the expenses and revenues of the governmental activities and business-type activities for the fiscal year which are derived from the government-wide Statement of Activities.

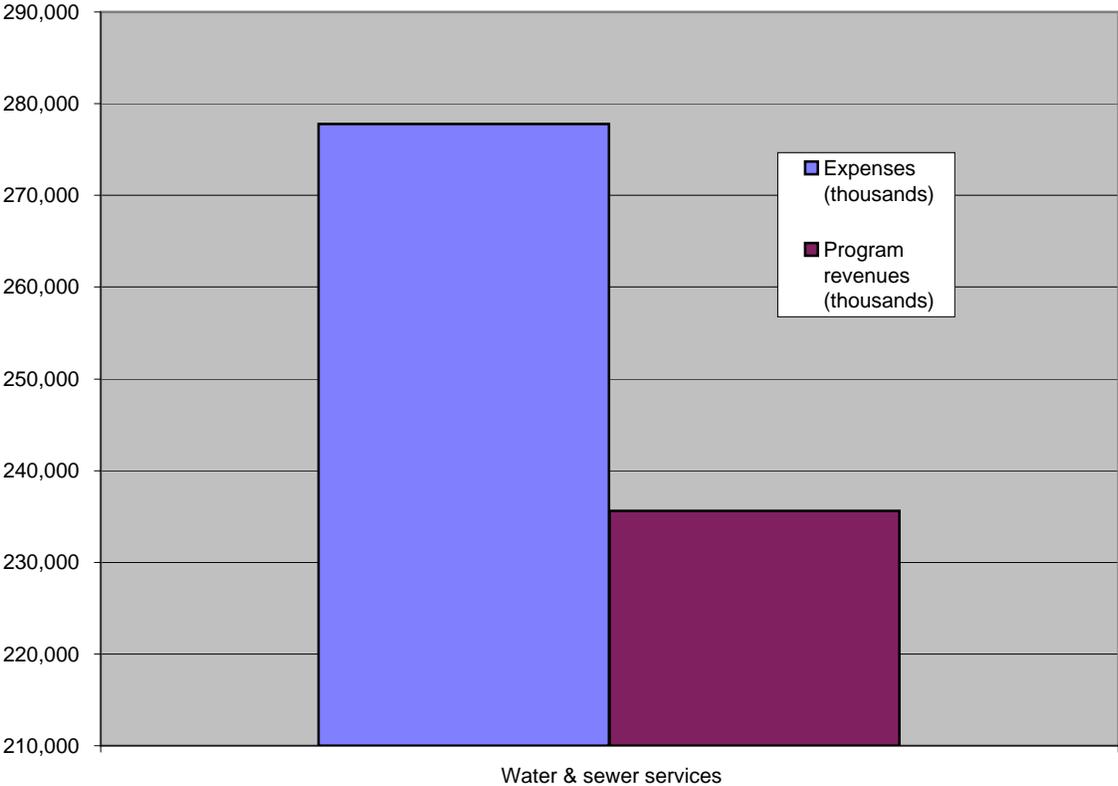
### Expenses & Program Revenues-Governmental Activities



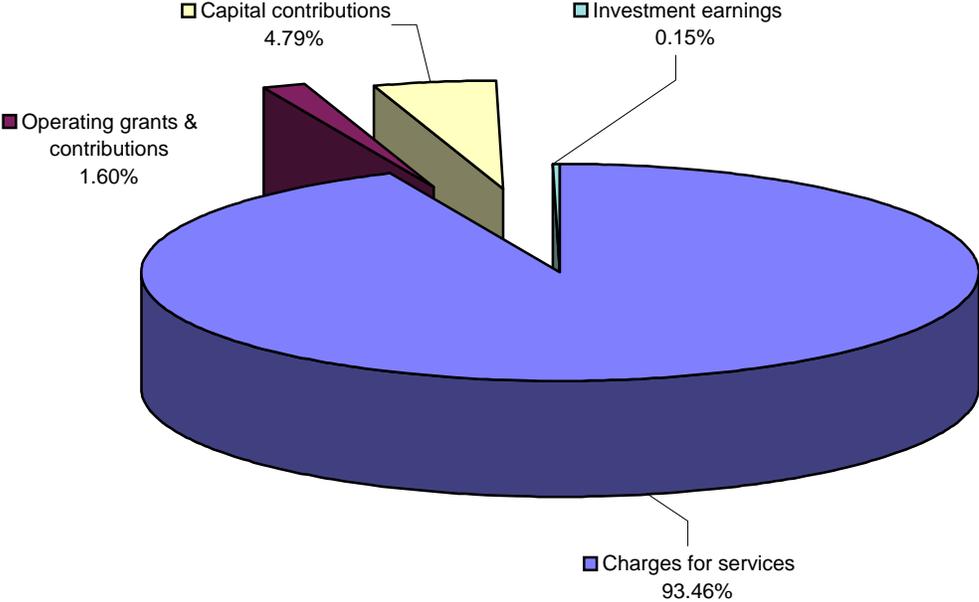
### Revenues by Source-Governmental Activities



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



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



### **Governmental Activities**

Governmental activities decreased the County's net assets by \$172.114 million. Key elements affecting the change in net assets included:

- A decrease of \$155.169 million to Invested in Capital Assets, Net of Related Debt classification was because the County replaced previously borrowed cash from pooled County funds with approved bond funding. The County also changed its unit value capitalization threshold for personal property from \$1,000 to \$5,000 effective July 1, 2011.
- Unrestricted net assets was impacted because of the following factors:
  - General tax revenue increased \$48.689 over the prior fiscal year. Income tax revenue increased \$31.018 million after a \$27.633 million negative adjustment for the County's portion of income tax reserves held by the state that was recognized under full accrual accounting. A \$60.019 million reduction to the County's 4% Homestead tax credit that mitigated lost property tax revenue from declining property assessments was a significant factor in property tax revenue increasing \$6.977 million. Increased recordation and transfer taxes from a 15.2% spike in home sales during FY12 accounted for the majority of the \$10.694 million increase to public services taxes.
  - The County had no contribution to its OPEB annual required contribution resulting in an increase of \$109.487 million to its net OPEB obligation
  - The outstanding debt for the Board of Education and the Community College capital projects (see previous discussion) increased by \$14.897 million.
- Capital asset infrastructure donations from developers increased 58.6% to \$12.829 million.

### **Business-type Activities**

Business-type activities decreased the County's net assets by \$42.173 million. The key elements of the Metropolitan District operations that affect net assets are as follows:

- In FY12, the County completed phase 2 of 3 phases of capital improvements under the County's consent decree with the U.S. Environmental Protection Agency. This accounted for the majority of the respective expense increases of \$28.967 million and \$20.548 million over last year to the capital construction and maintenance of County facilities and to the County's net cost sharing contributions to Baltimore City for capital facilities.
- Final settlement of FY11 water and sewer operating costs between the County and Baltimore City resulted in a \$6.097 million refund from the City in FY12.
- Front foot assessments that are billed over 40 years to County homeowners to recover costs for County construction of water and sewer lines showed a continuing decline of \$6.455 million due to developers assuming the responsibility for construction of these lines.

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

The County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

#### **Governmental Funds**

The governmental funds provide data on near-term inflows, outflows and balances of spendable resources. This data is useful in assessing the County's financing requirements. The unassigned fund balance serves as a useful measure of the County's financial resources available for appropriation at the end of the fiscal year.

The County's governmental funds reported combined ending fund balances of \$316.362 million as of June 30, 2012, an increase of \$194.849 million. Unassigned fund balance of the General Fund, as stated below, is available at the County's discretion. The remaining fund balance of \$199.12 million is not available for new spending because of varying constraints set on them.

The General Fund is the County's chief operating fund. At the end of FY12, unassigned fund balance of the General Fund was \$229.972 million, while total fund balance was \$402.232 million. Unassigned fund balance represents 14.49% of total fund expenditures, while total fund balance represents 25.35% of total

expenditures. These ratios are typically useful as a measure of the General Fund's liquidity. The County has \$84.822 million in a Revenue Stabilization account and has assigned \$40.584 million to finance, in part, the FY13 operating budget.

The General Fund fund balance increased by \$152.178 million during the current fiscal year. The increase is primarily due to an increase in income tax revenues of \$78.49 million over FY11 due, in part, from improved resident employment. The County also realized \$92.689 million, including premium, from certificate of participation financing to be used to purchase new technology and equipment for use throughout the County. General Fund expenditures increased \$17.078 million from the prior fiscal year due primarily from a \$6.295 million increase to debt service obligations from added borrowing and a \$10.309 million increase to its healthcare contributions to maintain self-insurance reserves at a targeted level.

The Gifts and Grants Fund fund balance of \$26.504 million consists primarily of \$21.263 million of earned revenue in excess of grant expenditures for the various grant activities administered by the County and is restricted for those activities. The primary reason for the \$1.8 million decrease in total fund balance is the timing of Economic Development construction loan payments made in FY12 against loan funds assigned in the prior year.

The Consolidated Public Improvement Construction Fund fund balance increased \$44.36 million. Major fluctuations in fund balance are primarily the result of the timing of cash inflows from bond sale proceeds and capital expenditure outflows. The County issued \$235.42 million in new debt to fund capital projects. Capital expenditures for various County projects decreased \$6.682 million to \$102.145 million while payments to component units for their capital facilities increased \$30.438 million to \$120.619 million.

### **Proprietary Funds**

The County's proprietary funds provide more detailed data of the information reported in the government-wide financial statements.

The Metropolitan District Fund net assets decreased \$42.644 million. The main factors concerning this decrease have already been addressed in the discussion of the County's business-type activities.

### **General Fund Budgetary Highlights**

The County had no supplemental appropriations to its original budget during the year. Significant differences between the final budget and actual amounts are summarized as follows:

- The County had \$7.829 million in salary savings across the board due to the implementation of position vacancy control and by having most employees leave payroll by March 1, 2012 under a Retirement Incentive Program (RIP) offered to eligible employees during the winter 2012. The County estimates yearly savings of \$21 million from the 310 employees that qualified to retire under the program.
- The County realized \$1.02 million employer social security tax savings resulting from the workforce reduction from the RIP.
- Income tax revenue was \$84.656 million more than budget due to a 5% over-distribution of tax revenue from the State and higher than expected revenue growth from nonresidents establishing residency in the County and from gains in the number of residents employed.
- A \$3.249 million favorable variance in debt service principal resulted when the County elected to use a portion of the premium from a November 2011 bond sale to pay off its mortgage on a County building instead of using funds originally appropriated in the debt service budget.
- The Storm Emergency program was \$4.059 million less than original budget because there was no snow accumulation in the Baltimore area this past winter.

## Capital Asset and Debt Administration

### Capital Assets

The County's investment in capital assets for its governmental and business-type activities totaled \$3.436 billion net of accumulated depreciation. The investment in capital assets includes land, buildings, machinery, vehicles and infrastructure assets.

#### Capital Assets as of June 30, net of accumulated depreciation (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 260,171	\$ 256,653	\$ 1,308	\$ 1,307	\$ 261,479	\$ 257,960
Buildings and improvements	337,777	340,655	109,182	88,629	446,959	429,284
Vehicles and equipment	111,164	120,986	3,229	4,209	114,393	125,195
Infrastructure	1,228,791	1,240,997	810,664	742,362	2,039,455	1,983,359
Construction in progress	364,494	332,521	209,108	269,898	573,602	602,419
Total	<u>\$ 2,302,397</u>	<u>\$ 2,291,812</u>	<u>\$ 1,133,491</u>	<u>\$ 1,106,405</u>	<u>\$ 3,435,888</u>	<u>\$ 3,398,217</u>

The County added \$13.6 million for new or improved roads, \$6.6 million for storm drains, and \$49.3 million for water and sewer lines as a major part of its infrastructure assets for FY12.

Selected capital asset events during the current year were as follows:

- The County completed the Owings Mills Boulevard South Extension from Lyons Mills Road to Winands Avenue at a cost of \$8.2 million.
- The County completed new curb, gutter, sidewalk and paving for the Leeds-Linden Avenues to Southwestern Boulevard at a cost of \$1.5 million.
- The County completed a 40" water main rehabilitation along Kenilworth Avenue that was structurally deficient at a cost of \$5 million.
- The County completed work on the Jacksonville Community Center and Sweet Air Park at a cost of \$4.4 million.
- The County completed improvements on the Bear Creek Towne pumping station at a cost of \$1.7 million.
- To date the County has spent \$3.9 million of a three-year \$7.4 million grant from the U.S. Department of Energy for various energy efficient initiatives across the County.

Additional capital asset information can be found in Note 7.

### Long-term Debt

At the end of the current fiscal year, the County had total general obligation debt outstanding of \$2.284 billion. This includes Consolidated Public Improvement bonds and notes of \$1.277 billion, Pension Funding bonds of \$.025 billion and Metropolitan District bonds and notes of \$.982 billion. The bonds and notes are backed by the full faith and credit of the County.

#### Outstanding General Obligation Debt as of June 30 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General obligation bonds	\$ 1,061,235	\$ 949,890	\$ 822,490	\$ 750,917	\$ 1,883,725	\$ 1,700,807
General obligation BANs	240,000	174,900	160,000	106,500	400,000	281,400
Total	<u>\$ 1,301,235</u>	<u>\$ 1,124,790</u>	<u>\$ 982,490</u>	<u>\$ 857,417</u>	<u>\$ 2,283,725</u>	<u>\$ 1,982,207</u>

The County's total general obligation debt increased in 2012 by \$301.518 million (considering new borrowing and debt retirement).

The County maintains an "AAA" rating from both Standard & Poor's and Fitch Investor's Service, and a "Aaa" rating from Moody's Investor's Service for general obligation bonds.

The County Charter limits the amount of general obligation debt that the County may issue for Consolidated Public Improvements to 4% of the County's assessable property base. Metropolitan District debt may be issued up to debt limit of 3.2% of the District's assessable property base. The County's debt is significantly below the respective limits of \$3.38 billion and \$2.39 billion. Additional information on the County's long-term debt can be found in Note 8.

### **Economic Factors and Next Years Budgets and Rates**

- Over the June 2011 to June 2012 period, County residential employment increased by 1,932 people, or 0.5%, while Maryland employment increased by 0.7%.
- The calendar year 2011 unemployment rate for the County averaged 7.5%, which is the same as the Baltimore Metropolitan Area unemployment rate but above and the State of Maryland rate of 7%.
- Existing home sales in the County totaled 6,541 units in FY12, 15.2% above FY11 sales.
- The County's Spending Affordability Committee set a budget base for FY13 not to exceed 2.98%. This increase maintains the policy of utilizing a five year average of annual personal income growth rates.
- Lost real property tax revenue from lower property reassessments is mitigated by the County's 4% Homestead Assessment Growth Cap on residential property. The tax credit for homeowners will decrease from \$109.335 million in FY12 to \$65.847 million in FY13.

These and other economic indicators were considered when preparing the FY13 General Fund budget, which estimates revenues at \$1.608 billion. General Fund appropriations for FY13 of \$1.648 billion reflect a 2.8% increase over the FY12 adjusted budget. Significant items that impact the FY13 budget are the \$20 million OPEB contribution on behalf of the General Government and the State's transfer of teacher pension costs to local governments, of which the County's share is \$15.7 million. During the past two years the budget has not included OPEB contributions due to declining revenues and other budgetary pressures. The budget also includes General Government staffing levels that decreased 7.1% over FY12 due to a Retirement Incentive Program that was offered to eligible employees during the winter of 2012. All told, 310 employees qualified for this program, saving the County an estimated \$21 million, each and every year. The projected unassigned fund balance at the end of FY13 is \$215.04 million or 13.4% of the estimated FY13 total revenues.

There are no new taxes levied to fund the FY13 budget. The income tax rate of 2.83% is unchanged. The respective real property and personnel property tax rates remain at \$1.10 and \$2.75 per \$100 of assessed value. The Homestead Assessment Growth Cap remains at 4%, excluding home sales, new construction, and non-principal residences.

### **Information Requests**

This financial report is designed to provide a general overview of Baltimore County's finances for all those with an interest in good government. The report seeks to demonstrate the County's accountability for the monies it receives and for the services it provides. Requests for information regarding this report or additional financial information can be sent to the Baltimore County Office of Budget and Finance, 400 Washington Avenue, Room 149 Towson, Maryland 21204-4665.

The County's component units issue their own separately audited financial statements. These statements may be obtained by directly contacting the component unit (see Note 1).



## **Basic Financial Statements**

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

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

Notes to the Basic Financial Statements are an integral part of the financial statements.

**Baltimore County, Maryland**  
**Statement of Net Assets**  
**June 30, 2012**  
**(In Thousands)**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and investments (Note 3)	\$ 349,848	\$ 153,444	\$ 503,292	\$ 71,333
Receivables, net (Note 5)	214,214	151,350	365,564	35,579
Due from primary government (Note 6)	-	-	-	60,480
Inventories	7,617	560	8,177	3,160
Prepaid costs	6,545	-	6,545	378
Deferred charges	5,596	3,155	8,751	105
Restricted assets:				
Cash and investments (Note 3)	99,847	6,058	105,905	1,056
Capital assets (Note 7)				
Not being depreciated	624,665	210,416	835,081	406,871
Depreciable (net of accumulated depreciation)	1,677,732	923,075	2,600,807	1,088,090
Total assets	<u>2,986,064</u>	<u>1,448,058</u>	<u>4,434,122</u>	<u>1,667,052</u>
<b>LIABILITIES</b>				
Accounts payable	32,021	35,621	67,642	45,201
Accrued payroll	14,711	396	15,107	16,715
Accrued interest payable	17,300	12,279	29,579	-
Internal balances	3,087	(3,087)	-	-
Due to component units (Note 6)	55,195	-	55,195	-
Other liabilities	23,736	4,837	28,573	3,009
Unearned revenue (Note 5)	4,380	-	4,380	10,165
Liabilities payable from restricted assets	-	-	-	1,056
Noncurrent liabilities (Note 8)				
Due within one year	406,737	204,809	611,546	24,924
Due in more than one year	1,359,853	802,401	2,162,254	77,367
Total liabilities	<u>1,917,020</u>	<u>1,057,256</u>	<u>2,974,276</u>	<u>178,437</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	1,386,096	566,002	1,952,098	1,475,794
Restricted for:				
Public works	4,858	-	4,858	-
Economic development	898	-	898	-
Education	-	-	-	19,151
Grant projects	21,263	-	21,263	-
Debt service	232	-	232	-
Expendable endowments	-	-	-	3,921
Unrestricted (deficit)	(344,303)	(175,200)	(519,503)	(10,251)
Total net assets	<u>\$ 1,069,044</u>	<u>\$ 390,802</u>	<u>\$ 1,459,846</u>	<u>\$1,488,615</u>

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

Baltimore County, Maryland  
Statement of Activities  
For the Year Ended June 30, 2012  
(In Thousands)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		
						Business-type Activities		Total
<b>PRIMARY GOVERNMENT</b>								
Governmental activities:								
General government	\$ 509,187	\$ 212,958	\$ 2,457	\$ -	\$ (293,772)	\$ -	\$ (293,772)	
Public safety	340,263	5,958	12,879	-	(321,426)	-	(321,426)	
Public works	187,816	2,942	2,260	41,519	(141,095)	-	(141,095)	
Health and human services	152,490	3,622	114,528	-	(34,340)	-	(34,340)	
Culture and leisure services	70,803	3,653	1,145	-	(66,005)	-	(66,005)	
Economic and community development	13,379	487	16,386	-	3,494	-	3,494	
Education	841,494	-	-	-	(841,494)	-	(841,494)	
Interest on long-term debt	25,568	-	6,853	-	(18,715)	-	(18,715)	
Total governmental activities	2,141,000	229,620	156,508	41,519	(1,713,353)	-	(1,713,353)	
Business-type activities:								
Water and sewer services	277,780	220,188	3,777	11,282	-	(42,533)	(42,533)	
Total business-type activities	277,780	220,188	3,777	11,282	-	(42,533)	(42,533)	
Total primary government	\$ 2,418,780	\$ 449,808	\$ 160,285	\$ 52,801	\$ (1,713,353)	\$ (42,533)	\$ (1,755,886)	
<b>COMPONENT UNITS</b>								
Board of Education	\$ 1,505,631	\$ 14,627	\$ 167,527	\$ 140,192	-	-	(1,183,285)	
Community College	225,576	72,366	98,271	26,359	-	-	(28,580)	
Board of Library Trustees	42,116	3,831	6,154	676	-	-	(31,455)	
Total component units	\$ 1,773,323	\$ 90,824	\$ 271,952	\$ 167,227	-	-	(1,243,320)	
General revenues:								
Taxes:								
Property taxes					844,069	-	844,069	
Income taxes					565,571	-	565,571	
Public service taxes					121,099	-	121,099	
Grants and contributions not restricted to specific programs:								
Baltimore County					-	-	741,028	
State of Maryland					9,423	-	9,423	
Unrestricted investment earnings					1,077	360	1,437	
Other					-	-	10,633	
Total general revenues and transfers					1,541,239	360	1,541,599	
Change in net assets					(172,114)	(42,173)	(214,287)	
Net assets at beginning of the year, as restated (Note 16)					1,241,158	432,975	1,674,133	
Net assets at end of the year					\$ 1,069,044	\$ 390,802	\$ 1,459,846	

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

**Baltimore County, Maryland**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**  
**(In Thousands)**

	General	Gifts and Grants	Consolidated Public Improvement Construction	Nonmajor Governmental Liquor License	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 235,793	\$ 18,453	\$ -	\$ 362	\$ 254,608
Cash and investments - restricted	99,847	-	-	-	99,847
Receivables, net	152,763	50,586	9,481	-	212,830
Due from other funds	77,762	-	-	-	77,762
Inventories	7,109	-	-	-	7,109
Total assets	<u>\$ 573,274</u>	<u>\$ 69,039</u>	<u>\$ 9,481</u>	<u>\$ 362</u>	<u>\$ 652,156</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 14,723	\$ 3,028	\$ 11,648	\$ -	\$ 29,399
Accrued expenditures	14,183	465	-	6	14,654
Due to other funds	-	-	77,762	-	77,762
Due to component units	39,087	-	16,108	-	55,195
Other liabilities	10,922	1,004	11,810	-	23,736
Deferred revenue	92,127	38,038	4,883	-	135,048
Total liabilities	<u>171,042</u>	<u>42,535</u>	<u>122,211</u>	<u>6</u>	<u>335,794</u>
Fund balances (deficit) (Note 15)					
Nonspendable	7,109	-	-	-	7,109
Restricted	99,492	22,161	-	-	121,653
Committed	-	-	-	-	-
Assigned	65,659	4,343	-	356	70,358
Unassigned	229,972	-	(112,730)	-	117,242
Total fund balances (deficit)	<u>402,232</u>	<u>26,504</u>	<u>(112,730)</u>	<u>356</u>	<u>316,362</u>
Total liabilities and fund balances	<u>\$ 573,274</u>	<u>\$ 69,039</u>	<u>\$ 9,481</u>	<u>\$ 362</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,285,124
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	130,668
Internal service funds are used by management to charge the costs of self insurance, fleet management and reproduction to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	55,224
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 2).	(1,718,334)
Net assets of governmental activities	<u>\$ 1,069,044</u>

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

**Baltimore County, Maryland**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**  
**(In Thousands)**

	General	Gifts and Grants	Consolidated Public Improvement Construction	Nonmajor Governmental Liquor License	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 1,545,610	\$ -	\$ -	\$ -	\$ 1,545,610
Licenses and permits	4,916	-	-	951	5,867
Intergovernmental	31,517	129,514	26,058	-	187,089
Repayment of loans	-	1,695	-	-	1,695
Charges for services	10,068	7,899	325	73	18,365
Assessments	-	-	2,183	-	2,183
Fines and forfeitures	5,149	-	-	-	5,149
Investment income	753	262	-	-	1,015
Miscellaneous	24,498	1,464	1,080	-	27,042
Total revenues	<u>1,622,511</u>	<u>140,834</u>	<u>29,646</u>	<u>1,024</u>	<u>1,794,015</u>
<b>EXPENDITURES</b>					
Current:					
General government	70,640	3,383	-	613	74,636
Public safety	331,603	8,381	-	-	339,984
Public works	115,393	104	-	-	115,497
Health and human services	37,697	114,227	-	-	151,924
Culture and leisure services	23,999	3,051	-	-	27,050
Economic and community development	1,349	21,038	-	-	22,387
Pension plan contributions	58,985	-	-	-	58,985
Healthcare contributions	66,676	-	-	-	66,676
Miscellaneous	16,942	-	-	-	16,942
Capital projects	-	-	102,145	-	102,145
Payments to component units	775,282	-	120,619	-	895,901
Debt service:					
Principal retirement	50,765	-	-	-	50,765
Interest	32,133	-	-	-	32,133
Fiscal charges	2,051	-	-	-	2,051
Total expenditures	<u>1,583,515</u>	<u>150,184</u>	<u>222,764</u>	<u>613</u>	<u>1,957,076</u>
Excess (deficiency) of revenues over expenditures	<u>38,996</u>	<u>(9,350)</u>	<u>(193,118)</u>	<u>411</u>	<u>(163,061)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds issued	-	-	170,000	-	170,000
Bond anticipation notes - proceeds	-	-	235,100	-	235,100
Bond anticipation notes - refunding	-	-	(170,000)	-	(170,000)
COPs proceeds	78,430	-	-	-	78,430
COPs premium	14,259	-	-	-	14,259
BAN premium	3,307	-	-	-	3,307
Bond premium	26,285	-	-	-	26,285
Installment debt	-	-	320	-	320
Transfers in	393	7,734	2,739	-	10,866
Transfers out	(9,492)	(184)	(681)	(300)	(10,657)
Total other financing sources (uses)	<u>113,182</u>	<u>7,550</u>	<u>237,478</u>	<u>(300)</u>	<u>357,910</u>
Net change in fund balances	<u>152,178</u>	<u>(1,800)</u>	<u>44,360</u>	<u>111</u>	<u>194,849</u>
Fund balances (deficit) at beginning of the year	250,054	28,304	(157,090)	245	121,513
Fund balances (deficit) at end of the year	<u>\$ 402,232</u>	<u>\$ 26,504</u>	<u>\$ (112,730)</u>	<u>\$ 356</u>	<u>\$ 316,362</u>

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

**Baltimore 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, 2012**  
**(In Thousands)**

Net change in fund balances-total governmental funds	\$ 194,849
Amounts reported for governmental activities in the statement of activities are different because:	
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. This is the amount by which capital outlays exceeded depreciation in the current period (Note 2).	2,277
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets (Note 2).	12,434
Some revenues will not be collected for several months after the fiscal year ends. As such these revenues are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues decreased this year.	(17,202)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items (Note 2).	(285,915)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (Note 2).	(99,213)
Internal service funds are used by management to charge the costs of self insurance, fleet management, and reproduction services to individual funds. The net expense of these internal service funds is reported with governmental activities.	20,656
Change in net assets of governmental activities	<u><u>\$ (172,114)</u></u>

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

**Baltimore County, Maryland**  
**Budgetary Comparison Statement - General Fund**  
**For the Year Ended June 30, 2012**  
(In Thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,463,396	\$ 1,463,396	\$ 1,545,610	\$ 82,214
Licenses and permits	3,520	3,520	4,916	1,396
Intergovernmental	31,622	31,622	31,517	(105)
Charges for services	10,515	10,515	10,068	(447)
Fines and forfeitures	3,754	3,754	5,149	1,395
Reimbursement from other funds	7,193	7,193	7,699	506
Interest on investments	1,665	1,665	958	(707)
Miscellaneous	21,399	21,399	24,131	2,732
Total revenues	<u>1,543,064</u>	<u>1,543,064</u>	<u>1,630,048</u>	<u>86,984</u>
<b>EXPENDITURES</b>				
Current:				
General government	76,680	76,680	73,710	2,970
Public safety	331,147	331,247	330,137	1,110
Public works	119,751	119,751	116,079	3,672
Health and human services	38,030	38,030	37,595	435
Culture and leisure services	24,689	24,764	23,812	952
Economic and community development	1,642	1,642	1,419	223
Pension plan contributions	59,007	59,010	59,009	1
Healthcare contributions	68,575	68,575	66,838	1,737
Miscellaneous	18,966	18,788	16,942	1,846
Payments to component units	775,515	775,515	775,282	233
Debt service:				
Principal retirement	50,764	50,764	47,516	3,248
Interest	30,802	30,802	30,070	732
Fiscal charges	827	827	784	43
Total expenditures	<u>1,596,395</u>	<u>1,596,395</u>	<u>1,579,193</u>	<u>17,202</u>
Excess (deficiency) of revenues over expenditures (budgetary basis)	<u>(53,331)</u>	<u>(53,331)</u>	<u>50,855</u>	<u>104,186</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
COPs premium	-	-	14,259	14,259
COPs	-	-	78,430	78,430
Transfers in	153	153	153	-
Transfers out	(7,390)	(7,390)	(7,390)	-
Total other financing sources (uses)	<u>(7,237)</u>	<u>(7,237)</u>	<u>85,452</u>	<u>92,689</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	<u>\$ (60,568)</u>	<u>\$ (60,568)</u>	<u>136,307</u>	<u>\$ 196,875</u>
Adjustments required under generally accepted accounting principles:				
Net change during year in reserve for encumbrances			(894)	
Unbudgeted equipment financing activity			(6,118)	
Unbudgeted bond escrow payment			232	
Net change in reserve for inventories, imprest funds and other programs			21,481	
Prior year encumbrances liquidations			1,170	
Net change in fund balance-GAAP			<u>152,178</u>	
Fund balance at beginning of the year			250,054	
Fund balance at end of the year			<u>\$ 402,232</u>	

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

**Baltimore County, Maryland**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2012**  
**(In Thousands)**

	<b>Metropolitan District Enterprise Fund</b>	<b>Internal Service Funds</b>
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 153,444	\$ 95,240
Cash and investments - restricted	6,058	-
Receivables, net (Note 5)	24,212	1,384
Due from other funds	-	5,385
Inventories	560	508
Prepaid costs	-	6,545
Deferred charges	3,155	-
Total current assets	<u>187,429</u>	<u>109,062</u>
Noncurrent assets:		
Assessments receivable (Note 5)	127,138	-
Capital assets:		
Non-depreciable	210,416	-
Depreciable (net of accumulated depreciation)	923,075	17,273
Total noncurrent assets	<u>1,260,629</u>	<u>17,273</u>
Total assets	<u>1,448,058</u>	<u>126,335</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	35,621	2,622
Accrued payroll	396	57
Accrued interest payable	12,279	-
Due to other funds	-	5,385
Compensated absences	1,276	238
Claims and judgments	-	34,406
General obligation debt (Note 8)	202,933	-
Certificates of participation	600	-
Other liabilities	4,837	-
Total current liabilities	<u>257,942</u>	<u>42,708</u>
Noncurrent liabilities:		
Compensated absences	67	-
Claims and judgments	-	25,316
General obligation debt (Note 8)	795,670	-
Certificates of participation	6,664	-
Total noncurrent liabilities	<u>802,401</u>	<u>25,316</u>
Total liabilities	<u>1,060,343</u>	<u>68,024</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	566,002	17,273
Unrestricted (deficit)	(178,287)	41,038
Total net assets	<u>387,715</u>	<u>\$ 58,311</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	3,087	
Net assets of business-type activities	<u>\$ 390,802</u>	

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

**Baltimore County, Maryland**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2012**  
**(In Thousands)**

	<b>Metropolitan District Enterprise Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>			
Licenses and permits	\$ 922	\$ 922	\$ -
Charges for services	212,810	212,810	279,852
Assessments	6,456	6,456	-
Intergovernmental	3,777	3,777	-
Miscellaneous	-	-	223
Total operating revenues	223,965	223,965	280,075
<b>OPERATING EXPENSES</b>			
Personal services	22,264	22,264	2,897
Business and travel	78	78	-
Contractual services	81,732	81,732	635
Rents and utilities	3,989	3,989	458
Supplies and maintenance	56,808	56,808	13,940
Insurance claims and expenses	-	-	236,496
Equipment	184	184	-
Fringe benefits and overhead	12,214	12,214	-
Depreciation expense	23,601	23,601	3,826
Other	42	42	809
Total operating expenses	200,912	200,912	259,061
Operating income	23,053	23,053	21,014
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest on investments	360	360	322
Interest expense	(19,620)	(19,620)	-
Capital contributions to other subdivisions	(57,719)	(57,719)	-
Total nonoperating revenues (expenses)	(76,979)	(76,979)	322
Income (loss) before transfers and capital contributions	(53,926)	(53,926)	21,336
Transfers in	-	-	31
Transfers out	-	-	(240)
Capital contributions from external parties	11,282	11,282	-
Change in net assets	(42,644)	(42,644)	21,127
Net assets at beginning of the year as restated (Note 16)	430,359		37,184
Net assets at end of the year	\$ 387,715		\$ 58,311
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		471	
Change in net assets of business-type activities		\$ (42,173)	

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

**Baltimore County, Maryland**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2012**  
**(In Thousands)**

	<b>Metropolitan District Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 232,238	\$ 282,963
Payments to suppliers	(136,926)	(15,090)
Payments to employees	(35,603)	(2,999)
Payment for interfund services used	-	(809)
Claims paid	-	(244,734)
Other receipts	-	235
Net cash provided by operating activities	59,709	19,566
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	-	31
Transfers out	-	(240)
Capital contributions paid to other subdivisions	(50,797)	-
Net cash used in noncapital financing activities	(50,797)	(209)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	262,196	-
Retirement of bond anticipation notes	(85,000)	-
Capital contributions from external parties	8,872	-
Acquisition and construction of capital assets	(36,644)	(168)
Principal paid on capital debt	(38,339)	-
Interest paid on capital debt	(33,328)	-
Sales of capital assets	-	468
Net cash provided by capital and related financing activities	77,757	300
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	360	322
Net cash provided by investing activities	360	322
Net increase in cash and cash equivalents	87,029	19,979
Cash and cash equivalents at beginning of the year	72,473	75,261
Cash and cash equivalents at end of the year	\$ 159,502	\$ 95,240
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 23,053	\$ 21,014
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	23,601	3,826
Amortization expense	171	-
Effect of changes in operating assets and liabilities:		
Receivables, net	12,112	3,111
Prepaid costs	-	(934)
Inventories	20	12
Accounts and other payables	1,799	(1,147)
Accrued expenses	(1,047)	(102)
Claims and judgements	-	(6,214)
Net cash provided by operating activities	\$ 59,709	\$ 19,566
<b>NONCASH CAPITAL FINANCING ACTIVITIES</b>		
Capital assets acquired through contributions from developers.	\$ 4,798	\$ -

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

**Baltimore County, Maryland**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**  
**(In Thousands)**

	<b>Benefits Trust Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents (Note 3)	\$ 48,815
Collateral for loaned securities (Note 3)	25,422
Receivables:	
Accrued interest & dividend income	2,977
Receivable for investments sold	15,463
Receivables other	2,694
Total receivables	21,134
Investments, at fair value:	
U.S. Government and Agency securities	145,996
Municipal bonds	23,141
Foreign bonds	18,143
Corporate bonds	148,023
Stocks	435,737
Bond mutual funds	305,659
Stock mutual funds	408,398
Real estate equity funds	97,594
Hedge funds	108,109
Private equity funds	125,211
Real assets	98,546
Global asset allocation	347,510
Total investments	2,262,067
Total assets	2,357,438
<b>LIABILITIES</b>	
Securities lending payable	27,779
Investments purchased	37,042
Investment expenses payable	2,539
Refunds payable	398
Other	6,270
Total liabilities	74,028
<b>NET ASSETS</b>	
Net assets held in trust for benefits	\$ 2,283,410

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

**Baltimore County, Maryland**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2012**  
**(In Thousands)**

	<b>Benefits Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 129,420
Employees	67,059
Other	9,373
Total contributions	205,852
Investment earnings:	
Net decrease in the fair value of plan assets	(132)
Interest and dividends	44,852
Investment expenses	(16,245)
Net investment gain	28,475
Net loss from securities lending:	
Securities lending income	187
Net decrease in fair value of investments	(2,357)
Borrower rebates	719
Agent fees	(279)
Net loss from securities lending	(1,730)
Total net investment gain	26,745
Total additions	232,597
<b>DEDUCTIONS</b>	
Benefits	345,663
Refunds	3,640
Administrative expense	2,329
Total deductions	351,632
Change in net assets	(119,035)
Net assets at beginning of the year	2,402,445
Net assets at end of the year	\$ 2,283,410

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

**Baltimore County, Maryland**  
**Statement of Net Assets**  
**Component Units**  
**June 30, 2012**  
**(In Thousands)**

	<u>Board of Education</u>	<u>Community College</u>	<u>Board of Library Trustees</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments (Note 3)	\$ 34,125	\$ 27,561	\$ 9,647	\$ 71,333
Receivables	23,648	11,759	172	35,579
Due from primary government	58,276	2,204	-	60,480
Inventories	1,228	1,724	208	3,160
Prepaid costs	372	-	6	378
Deferred charges	-	105	-	105
Cash restricted for lease purchase	1,056	-	-	1,056
Capital assets (Note 7)				
Non-depreciable	372,290	34,581	-	406,871
Depreciable (net of accumulated depreciation)	960,773	115,283	12,034	1,088,090
Total assets	<u>1,451,768</u>	<u>193,217</u>	<u>22,067</u>	<u>1,667,052</u>
<b>LIABILITIES</b>				
Accounts payable	32,511	11,633	1,057	45,201
Accrued payroll	11,834	3,659	1,222	16,715
Other liabilities	1,472	1,537	-	3,009
Unearned revenue	4,198	5,933	34	10,165
Liabilities payable from restricted assets	1,056	-	-	1,056
Noncurrent liabilities (Note 8)				
Due within one year	19,568	4,335	1,021	24,924
Due in more than one year	64,968	10,649	1,750	77,367
Total liabilities	<u>135,607</u>	<u>37,746</u>	<u>5,084</u>	<u>178,437</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	1,315,276	148,484	12,034	1,475,794
Restricted for:				
Education	14,662	4,489	-	19,151
Expendable endowments	-	3,371	550	3,921
Unrestricted	(13,777)	(873)	4,399	(10,251)
Total net assets	<u>\$ 1,316,161</u>	<u>\$ 155,471</u>	<u>\$ 16,983</u>	<u>\$ 1,488,615</u>

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

**Baltimore County, Maryland**  
**Statement of Activities**  
**Component Units**  
**For the Year Ended June 30, 2012**  
**(In Thousands)**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Board of Education	Community College	Board of Library Trustees	Total
<b>BOARD OF EDUCATION</b>							
Public education	\$ 1,322,631	\$ 140,123	\$ 139,788	\$ (1,041,999)	\$ -	\$ -	\$ (1,041,999)
Facilities operations	143,800	998	404	(142,398)	-	-	(142,398)
Food service	39,200	26,406	-	1,112	-	-	1,112
Total Board of Education	1,505,631	167,527	140,192	(1,183,285)	-	-	(1,183,285)
<b>COMMUNITY COLLEGE</b>							
Educational and general expenses	191,320	98,271	-	-	(29,523)	-	(29,523)
Facilities operations	23,464	-	26,359	-	2,895	-	2,895
Auxiliary enterprises	10,792	-	-	-	(1,952)	-	(1,952)
Total Community College	225,576	98,271	26,359	-	(28,580)	-	(28,580)
<b>BOARD OF LIBRARY TRUSTEES</b>							
Culture and leisure services	42,116	6,154	676	-	-	(31,455)	(31,455)
Total component units	\$ 1,773,323	\$ 271,952	\$ 167,227	(1,183,285)	(28,580)	(31,455)	(1,243,320)
General Revenues:							
Baltimore County				668,495	38,463	34,070	741,028
State of Maryland				559,539	-	-	559,539
Unrestricted investment earnings				-	24	-	24
Other				10,633	-	-	10,633
Total general revenues				1,238,667	38,487	34,070	1,311,224
Change in net assets				55,382	9,907	2,615	67,904
Net assets at beginning of the year				1,260,779	145,564	14,368	1,420,711
Net assets at end of the year				\$ 1,316,161	\$ 155,471	\$ 16,983	\$ 1,488,615

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

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting and reporting policies of the County conform in all material respects to generally accepted accounting principles as applicable to governmental entities in the United States (GAAP). The following is a summary of significant policies.

***Financial Reporting Entity***

Baltimore County, Maryland (the "County") is a corporate polity, performing all local governmental functions within its jurisdiction. Under home rule charter since 1957, the County is governed by an elected County Executive and a seven-member County Council, with each serving executive and legislative functions, respectively.

In accordance with GAAP, the accompanying financial statements include the various departments and agencies governed by the County Executive and County Council (the primary government) and the County's component units. Discretely presented component units are reported separately from the primary government to emphasize that they are legally separate from the County. The component units are included as part of the County's reporting entity because of the significance of their operational or financial relationships with the County. The component units are fiscally dependent on the County because the County approves budget requests providing a significant amount of funding for each of these units, levies taxes to provide the majority of their fiscal support, and issues debt for construction of capital facilities.

***Discretely Presented Component Units***

The discretely presented component units are all governed by individual boards. The Board of Education of Baltimore County and the Board of Trustees of the Community College of Baltimore County are appointed by the Governor of Maryland. The Board of Library Trustees is appointed by the County Executive. A brief description of the component units follows.

1. The Board of Education of Baltimore County operates all public schools (grades K through 12) within the County.
2. The Board of Library Trustees operates all public libraries within the County.
3. The Board of Trustees of the Community College of Baltimore County operates a two-year college program at three campuses: Catonsville, Dundalk and Essex.

Annual financial reports can be obtained from the respective administrative offices listed below:

Baltimore County Public Schools  
Department of Fiscal Services  
1940G Greenspring Drive  
Timonium, Maryland 21093

Community College of Baltimore County  
Office of Finance  
7200 Sollers Point Road  
Baltimore, Maryland 21222

Board of Library Trustees  
320 York Road  
Towson, Maryland 21204

***Related Organizations***

The County Executive is also responsible for appointing the members of numerous boards, but the County's accountability for these organizations does not extend beyond making appointments. These boards include:

Adult Public Guardianship Review Board  
Advisory Arbitration Panel  
Animal Hearing Board  
Board of Architectural Review  
Board of Liquor License Commissioners  
Board of Social Services  
Commission for Women  
Commission on Arts and Sciences

Advisory Commission on Environmental Quality  
Agricultural Land Preservation Advisory Board  
Board of Appeals  
Board of Health  
Board of Recreation and Parks  
Child Protection Panel  
Commission on Aging  
Commission on Disabilities

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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Commission on Veterans' Affairs	Conference and Tourism Advisory Council
Criminal Justice Coordinating Council	Design Review Panel
Drug and Alcohol Abuse Advisory Council	Electrical Administrative Board
Ethics Commission	Ethnic Diversity Advisory Council
Human Relations Commission	Landmarks Preservation Commission
Library Board of Trustees	Local Management Board
Mental Health Advisory Council	Minority and Women Business Enterprise Commission
Pedestrian and Bicycle Advisory Committee	Planning Board
Personnel and Salary Advisory Board	Professional Services Selection Committee
Plumbing Board	Soil Conservation District Board
Revenue Authority	
Workforce Development Council	

The amounts that the County appropriated to these organizations during the fiscal year ended June 30, 2012 were immaterial to the basic financial statements taken as a whole.

***Government-Wide and Fund Financial Statements***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Government-Wide Financial Statements***

The statement of net assets and statement of activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Interfund activity within the governmental activities and within the business-type activities have been eliminated from these statements.

The **Statement of Net Assets** presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

**Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

**Restricted net assets** result when constraints placed on net asset use are either externally imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net assets** consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are assigned to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are reported as general revenue.

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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***Fund Financial Statements***

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds, major individual proprietary funds and the only nonmajor governmental (Liquor License) fund are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

The General Fund is the County's general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

The Gifts and Grants Fund accounts for a number of gifts and grants awarded to the County that are not accounted for in another fund.

The Consolidated Public Improvement Construction Fund accounts for the acquisition or construction and related financing sources for capital facilities of the primary government and for capital contributions made to the County's component units for their capital facilities.

The County reports on the following major enterprise fund:

The Metropolitan District Fund accounts for the operation of the Metropolitan District, which provides water supply and sewerage systems to County residents within the District.

The County also reports the following fund types:

Internal Service Funds account for the operation of a motor pool of passenger vehicles and light duty trucks, a printing facility and a self-insurance program for workers' compensation; general and auto liability insurance; and employee health insurance.

Benefits Trust Fund, which includes the following:

Pension Trust Funds account for the accumulation of assets to be used for pension benefit payments to qualified employees.

Other Post Employment Benefits Trust Fund accounts for the accumulation of assets to be used for healthcare and life insurance benefit payments to qualified employees.

***Basis of Accounting***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is 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.

The governmental funds financial statements are reported using the modified accrual basis of accounting. The measurement focus of these funds is the determination of financial position and changes in financial position ("current financial resources" focus). Under the modified accrual basis of accounting, revenues are recorded when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon thereafter to pay liabilities of the current period. The County considers sales and income taxes, interest income and various intergovernmental revenues available if they are collected within 60 days after year-end. Property tax revenue is recognized on receipts within 30 days of year-end. Revenue related to expenditure driven grants is recognized when the applicable eligibility requirements have been met and to the extent that cash is expected to be received within one year of year-end. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Expenditures, other than principal and interest on long-term debt and

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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compensated absences as described below, are recorded when the liability is incurred. Principal and interest on general long-term debt are recorded in the governmental funds as liabilities when due.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 Enterprise and Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. 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 the same limitation. The County has elected not to follow subsequent private-sector guidance.

The pension trust funds and the other postemployment benefit trust fund use the accrual basis of accounting. Member contributions are recognized in the period when due. Employer contributions are recognized when due and a formal contribution commitment has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded on a trade-date basis. These transactions are not finalized until settlement date, which occurs approximately three business days after the trade date.

The County reports unearned revenue in the government-wide statements and proprietary fund financial statements when cash is received prior to being earned. Deferred revenue is recognized in the governmental fund statements when revenue is unearned or unavailable.

***Budgetary Data***

As required by Article VII of the Baltimore County Charter, the annual operating budget and the capital budget are prepared by the County Executive and submitted to the County Council for adoption. Such budgets are generally prepared on the modified accrual basis of accounting described above and reflect encumbrance accounting. Prior to adoption of the budgets, the County Council may decrease or delete any item with the exception of those required by the general laws of the State of Maryland, provisions for debt service on outstanding obligations and provisions to eliminate any estimated cash deficits. Requests for supplementary and emergency appropriations may be prepared during the year by the County Executive and adopted by the County Council. There were no supplementary and emergency appropriations adopted for the General Fund operating budget during fiscal year 2012.

Annual budgets are adopted for the General Fund and the nonmajor Liquor License Special Revenue Fund. All other governmental funds have an adopted project-length budget. The operating budget reflects appropriations for the General Fund and the Special Revenue Funds on a function/agency/program basis. Expenditures and encumbrances of such funds may not legally exceed appropriations at the program level. Inter-program transfers of no more than ten percent of appropriations may be authorized by the County Administrative Officer. Inter-program transfers in excess of ten percent of appropriations require the approval of the County Executive and the County Council. Inter-agency transfers between County offices, departments or agencies may be made during the last quarter of the fiscal year only on the recommendation of the County Executive with the approval of the County Council. All unencumbered appropriations of annual budgets lapse at the end of the fiscal year.

The County presents its General Fund budgetary comparison statement as part of the basic financial statements. Unbudgeted equipment financing activity in the General Fund comparison consists of 0.004 million of interest income decreased by \$6.122 million is equipment purchases. The unspent equipment financing proceeds of \$99.260 million are reported as a restriction of fund balance at fiscal year-end.

The capital budget reflects appropriations for the Consolidated Public Improvement Construction Fund at the individual project level. Expenditures and encumbrances may not legally exceed appropriations at that level and unencumbered appropriations lapse at the completion or abandonment of individual projects. Transfers of appropriations between projects must be approved by the County Executive and the County Council.

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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***Pooled Cash, Cash Equivalents and Investment Income***

The County maintains a cash and investment income pool for all funds except for the fiduciary funds. Based on the availability of cash in various funds, marketable securities are purchased and income on investments is credited to the General, Metropolitan District, and Self-Insurance Program Funds.

For purposes of the statements of cash flows, the County defines cash equivalents to include the following: all highly liquid, unrestricted investments with a maturity of three months or less when purchased; all cash and investment pools that are used essentially as demand accounts; all cash with fiscal agents; and all restricted cash and investments that have been determined to be cash equivalents.

***Debt Retirement***

General obligation long-term debt retirements are paid from the General and Metropolitan District Funds. The Metropolitan District Fund includes \$108 million of receivables for future billings of assessments for water and sewer lateral pipe abutting properties within the District. These assessments, which are levied on individual properties for a period of forty years from the date of installation, represent a significant cash stream that is designated to retire the Metropolitan District long-term debt.

***Investments***

Money market investments and participating interest-earning investment contracts are carried at amortized cost, which approximates fair value. Other investment securities are carried at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at the prevailing exchange rates as of June 30, 2012. The fair value of mutual funds is based on the fair values of the underlying securities. The fair value of real estate equity funds is based on independent appraisals. Private equity funds and hedge funds are valued based on information provided by the respective fund managers.

***Inventories***

Inventories are valued at cost. They are accounted for using the purchases method in the General Fund. Under the purchases method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets. Non-spendable fund balance for the amount of General Fund inventories has been reported in the governmental fund statements to reflect the non-availability of those amounts for appropriation or expenditure.

***Capital Assets***

Capital assets of governmental funds are recorded in the statement of net assets at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. The County's capitalization levels are \$5,000 for vehicles, machinery and equipment, and \$25,000 for buildings and infrastructure. The County changed its capitalization threshold for personal property to \$5,000 effective July 1, 2011. Assets capitalized in previous years, with unit value below \$5,000 will remain capitalized until they are fully depreciated or disposed of. The costs of normal maintenance and repairs that do not add value to the asset or materially extend the asset's life are not capitalized. An allowance for depreciation has been provided using the straight-line method over the estimated useful life. The estimated useful lives range from two to fifteen years for vehicles, machinery and equipment, twenty to fifty years for buildings, and twenty to seventy-five years for infrastructure. Major outlays for the construction of buildings and infrastructure are capitalized as constructed. Interest is capitalized during the construction of business-type activities capital assets as it is incurred.

***Outstanding Claims***

The outstanding claims liability includes estimates for all known workers' compensation, personal injury, property damage and health claims and an estimate for claims incurred but not reported at June 30, 2012.

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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***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 and personal leave days up to a certain maximum depending on employment classification. Employees are not reimbursed for accumulated sick leave. Payments made to terminated employees for accumulated leave are charged as expenditures/expenses, primarily in the General Fund, Special Revenue Funds, and Proprietary Funds, when paid. Accumulated vacation, personal leave and compensatory time benefits at year-end are recorded as obligations in the statement of net assets and proprietary fund statements.

***Restricted Net Assets***

The government-wide statement of net assets reports \$27.251 million of restricted net assets, of which \$4.858 million is restricted by enabling legislation.

***Governmental Funds' Fund Balance***

The County has adopted the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, this statement clarifies the definitions of the general fund, special revenue funds and capital project fund as applicable to the County. This statement changed fund balance classifications reported in the Governmental Fund Balance Sheet and requires expanded disclosure of the County's policies and procedures as it relates to authority levels, spending policy, reporting of encumbrances and the County's revenue stabilization account.

GASB 54 requires that fund balance amounts be properly reported within one of the 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 a specific purpose when constraints are placed on the use of resources by constitution, external resource providers, or through enabling legislation.

*Committed* – Includes fund balance amounts that can be used only for the specific purposes determined by formal action of the County. Formal action of the County would be those actions which are voted on by its seven member County Council (the highest level of decision-making authority) that are in compliance with Maryland law. Similar action of the County is required to modify or rescind such commitments.

*Assigned* – Includes fund balance amounts that are intended to be used by the County for specific purposes as determined by the County Executive or his designee in accordance with County Charter. Constraints imposed on the use of assigned amounts do not rise to the level required to be classified as either restricted or committed.

*Unassigned* – Represents the residual classification for the County's funds and includes all spendable amounts not contained in the four classifications described above.

***Order of Fund Balance Spending Policy***

The County has established a fund balance spending policy for those instances where an expenditure is incurred for a purpose for which amounts in any of the restricted or unrestricted fund balance classifications (committed, assigned, or unassigned) could be used. The County will apply expenditures against restricted amounts first, followed by the committed, assigned and unassigned amounts.

Amounts reported as encumbrances may be classified as either restricted, committed or assigned depending on the

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

constraints and approval in place at year end. Encumbrances outstanding at year-end are reported as assignments of fund balance in the General Fund and Special Revenue Funds and do not constitute expenditures or liabilities because the obligation will be honored during the subsequent year.

**Revenue Stabilization Account**

Section 10-8-101 of the County Code gives the County the authority to establish and maintain a Revenue Stabilization Account (the Account) to provide a financial cushion for unanticipated decreases in revenues, primarily intergovernmental revenues. The General Fund Unassigned Fund Balance includes \$84.822 million that the County has set aside in the Account. Revenues in excess of estimates and any unexpended appropriations at the close of the fiscal year shall be transferred to the Account if the Account balance does not exceed five percent of the current fiscal year General Fund budgeted revenue after interest is credited to the Account. The Director of Budget and Finance shall notify the County Executive and County Council that a funds availability deficit exists in the General Fund at the end of any fiscal year and request that sufficient monies to the extent available be transferred from the Account to eliminate the deficit. Funds in the Account are not to be used for any other purpose except upon the recommendation of the County Executive and approval of a majority plus one of the County Council.

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS** (expressed in thousands):

**Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of the reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$1,718,334 difference are as follows:

General obligation debt	\$ 1,301,235
Certificates of participation and mortgage payable	130,860
Add: Issuance premium (to be amortized as reduction to interest expense)	63,744
Less: Issuance discount (to be amortized as interest expense)	(1,804)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(5,596)
Less: Deferred charge on refunding (to be amortized as interest expense)	(3,290)
Accrued interest payable	17,300
Compensated absences	58,530
Other post employment benefits liability	142,677
Estimated landfill closing costs	14,678
Net adjustment to reduce fund balance - total funds to arrive at net assets of governmental activities	\$ 1,718,334

**Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of the reconciliation explains that “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 this \$2,277 difference are as follows:

Capital outlay	\$ 83,306
Depreciation expense	(81,029)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ 2,277

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Another element of the reconciliation states that "The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets." The details of this \$12,434 difference are as follows:

In the statement of activities, only the gain/(loss) on the sale or disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	\$ (395)
Donations and transfers in 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.	<u>12,829</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.	<u><u>\$ 12,434</u></u>

Another element of the reconciliation states that "The issuance of long-term debt (e.g., bonds, certificates of participation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$285,915 difference are as follows:

Debt issued or incurred:	
General obligation debt	\$ (405,420)
Certificates of participation	(78,430)
Add: premium	(43,851)
Less: debt issuance costs	1,460
Principal repayments:	
General obligation debt	228,975
Certificates of participation	8,030
Mortgage payable	<u>3,321</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (285,915)</u></u>

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Another element of the reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$99,213 difference are as follows:

Decrease in compensated absences	\$ 4,693
Increase in accrued interest	(3,747)
Increase in other post employment benefits liability	(109,487)
Increase in landfill closure and post-closure costs	(556)
Amortization of issuance costs	(428)
Amortization of deferred charge on refunding	(900)
Amortization of premiums	11,291
Amortization of discounts	<u>(79)</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	          <u>\$ (99,213)</u>

**3. CASH, INVESTMENTS AND SECURITIES LENDING:**

The County maintains a cash and investment pool that is available for use by all funds, except for the fiduciary funds. Each fund's portion of this pool is reported on the statement of net assets as "Cash and investments." The fiduciary funds investments are held and managed separately from those of other County funds.

Deposits

The County maintains cash balances, which are covered by FDIC insurance and collateral held at the Federal Reserve in the County's name. The component units' cash in banks are covered either by FDIC insurance or the County's blanket collateral coverage. At June 30, 2012, the carrying amounts of cash for the primary government and its component units were \$5.632 million and \$32.386 million respectively.

Investments

*Internal Investment Pool (the "Pool")* - The County has adopted an investment policy to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the cash flow demands of the County and conforming to all state and local statutes governing the investment of public funds. Permissible investments include U.S. Government obligations, U.S. Government agency obligations, money market mutual funds, repurchase agreements, banker's acceptances, commercial paper (no more than 10% of the portfolio) and the Maryland Local Government Investment Pool (MLGIP) that is administered by the State Treasurer. Repurchase agreements are collateralized according to Maryland State Investment Code and marked to market daily.

*Pension Trust Funds and Other Post Employment Benefits ("OPEB")* - As provided in Article 5, Title 1 and § 10-14-106 of the Baltimore County Code, the Board of Trustees of the Employees' Retirement System (the "System") is empowered to invest the System's and OPEB's assets jointly and to take appropriate action regarding the investment, management and custodianship of the System's and OPEB's plan assets. The System's and OPEB's investment policy targets 22% in U.S. equities, 16% in international equities, 27% in core-plus fixed income investments, 5% in real estate equity, 5% in hedge funds, 5% in private equities, 5% in real assets and 15% in Global Asset Allocation Funds. Certain System and OPEB investment managers have invested in the following types of instruments: asset backed securities, warrants, variable rate securities and interest rate swaps, U.S. Treasury interest and principal strips, U.S. Treasury futures and options, and collateralized mortgage obligations. The System's and OPEB's fixed income managers primarily acquire these types of instruments to increase investment yield and/or decrease investment risk. Open Futures Contract exposure was (\$8,719,063) for the System's and OPEB's portfolio at the fiscal year ended June 30, 2012. The Police, Fire and Widows' Pension Plan (the "Pension Plan"), funded through the sale of bonds, invests primarily in fixed income securities.

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Investments for the reporting entity as of June 30, 2012 are as follows (in thousands):

Investments	The Pool	The System	OPEB Plan	Pension Plan	Total Primary Government	Component Units	Reporting Entity
U.S. securities and agencies							
Not on securities loan	\$ 232	\$ 108,230	\$ 13,106	\$ -	\$ 121,568	\$ -	\$ 121,568
On securities loan for securities or cash collateral	-	21,996	2,664	-	24,660	-	24,660
MLGIP	123	-	-	-	123	33,028	33,151
Municipal bonds	-	1,709	207	21,225	23,141	-	23,141
Foreign bonds	-	11,060	1,339	5,744	18,143	-	18,143
Corporate bonds							
Not on securities loan	-	131,361	15,908	-	147,269	-	147,269
On securities loan for securities or cash collateral	-	673	81	-	754	-	754
Bond mutual funds	-	267,068	32,342	6,249	305,659	-	305,659
Money market funds	594,137	42,272	5,119	6,350	647,878	6,975	654,853
Real estate equity funds	-	87,052	10,542	-	97,594	-	97,594
Stocks							
Not on securities loan	-	364,828	44,180	-	409,008	-	409,008
On securities loan for securities or cash collateral	-	23,842	2,887	-	26,729	-	26,729
Stock mutual funds	-	350,795	42,480	15,123	408,398	-	408,398
Private equity funds	-	111,686	13,525	-	125,211	-	125,211
Hedge funds	-	96,431	11,678	-	108,109	-	108,109
Real assets	-	87,901	10,645	-	98,546	-	98,546
Global Asset Allocation fund	-	309,973	37,537	-	347,510	-	347,510
Securities lending short-term collateral investment pool	-	22,676	2,746	-	25,422	-	25,422
Total	<u>\$ 594,492</u>	<u>\$ 2,039,553</u>	<u>\$ 246,986</u>	<u>\$ 54,691</u>	<u>\$ 2,935,722</u>	<u>\$ 40,003</u>	<u>\$ 2,975,725</u>

*Securities Lending Transactions* - The System's, the OPEB Plan's and the Pension Plan's policies authorize the lending of their securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The System's, the OPEB Plan's and the Pension Plan's custodian may lend U.S. government and agency securities, corporate bonds and stocks for collateral in the form of cash, other securities and irrevocable bank letters of credit. Collateral securities, letters of credit and cash are initially pledged at 102% of the market value of the securities lent. Additional collateral is to be provided by the next business day if the collateral value falls to less than 100% of the market value of the securities lent. The System, the OPEB Plan and the Pension Plan did not impose any restrictions during the fiscal year on security loans the custodian made on its behalf. The System, the OPEB Plan and the Pension Plan at year-end had no credit risk exposure to borrowers because the amounts owed to borrowers exceed the amounts the borrowers owe. The System, the OPEB Plan, the Pension Plan or the borrower can terminate securities loans on demand. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end had a weighted average maturity of 12 days. The System, the OPEB Plan and the Pension Plan cannot pledge or sell collateral securities received unless the borrower defaults. The collateral held and the fair value of securities on loan as of June 30, 2012 totaled \$52.624 million and \$52.143 million, respectively. At June 30, 2012, the cash collateral pool had an unrealized loss of \$2.356 million, which is recorded in the Statement of Changes in Plan Net Assets as a decrease in the fair value of investments for securities lending.

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The following is a listing of the OPEB Plan's and the Pension Trust Funds' fixed income investments of bonds, short-term investments and related maturity schedule (in thousands):

Investment Type	Fair Value	Investment Maturities (in years)					
		Less than 1	1 - 4.9	5 - 9.9	10 - 19.9	20 - 30	More than 30
<b>The System</b>							
U.S. Government Obligations	\$ 61,278	\$ 3,035	\$ 15,070	\$ 2,480	\$ 13,106	\$ 20,098	\$ 7,489
U.S. Agency Securities	68,948	11,999	-	7,273	14,814	25,012	9,850
Municipal Bonds	1,709	888	-	119	131	186	385
Corporate Debt	132,034	24,729	35,612	34,505	15,495	15,186	6,507
Bond Mutual Funds	267,068	-	-	267,068	-	-	-
Foreign Debt	11,060	7,456	1,216	1,755	-	633	-
<b>Total</b>	<b>542,097</b>	<b>48,107</b>	<b>51,898</b>	<b>313,200</b>	<b>43,546</b>	<b>61,115</b>	<b>24,231</b>
<b>OPEB Plan</b>							
U.S. Government Obligations	7,420	367	1,825	300	1,587	2,434	907
U.S. Agency Securities	8,350	1,453	-	881	1,794	3,029	1,193
Municipal Bonds	207	108	-	14	16	22	47
Corporate Debt	15,989	2,995	4,313	4,178	1,876	1,839	788
Bond Mutual Funds	32,342	-	-	32,342	-	-	-
Foreign Debt	1,339	903	147	213	-	76	-
<b>Total</b>	<b>65,647</b>	<b>5,826</b>	<b>6,285</b>	<b>37,928</b>	<b>5,273</b>	<b>7,400</b>	<b>2,935</b>
<b>Pension Plan</b>							
Municipal Bonds	21,225	1,969	6,271	7,284	5,701	-	-
Bond Mutual Funds	6,249	-	-	6,249	-	-	-
Foreign Debt	5,744	2,500	-	-	-	-	3,244
<b>Total</b>	<b>33,218</b>	<b>4,469</b>	<b>6,271</b>	<b>13,533</b>	<b>5,701</b>	<b>-</b>	<b>3,244</b>
<b>Total Primary Government</b>	<b>\$ 640,962</b>	<b>\$ 58,402</b>	<b>\$ 64,454</b>	<b>\$ 364,661</b>	<b>\$ 54,520</b>	<b>\$ 68,515</b>	<b>\$ 30,410</b>

*Interest Rate Risk* – To the extent possible, the Pool attempts to match investments with anticipated cash flow requirements. Unless matched to specific cash flow, the Pool will not directly invest in securities maturing more than one year from the date of purchase. The Pension Trust Funds' and the OPEB Plan's policy guidelines do not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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*Credit Risk* – The Pool’s, the Pension Trust Funds’ and the OPEB Plan’s investment policies are to apply the prudent-person rule: Investments are made as a prudent person would be expected to act with discretion and intelligence, to seek reasonable income, preserve capital and in general, avoid speculative investments. As of June 30, 2012, the Pension Trust Funds’ and the OPEB Plan’s fixed income investments had the following risk characteristics:

Moody's Rating or Comparable	The System		OPEB Plan		Pension Plan	
	Percent of Total Investments	Fair Value (in thousands)	Percent of Total Investments	Fair Value (in thousands)	Percent of Total Investments	Fair Value (in thousands)
AAA	26.07%	\$ 141,320	26.07%	\$ 17,114	3.17%	\$ 1,054
AA	1.52%	8,217	1.52%	995	37.72%	12,532
A	5.46%	29,610	5.46%	3,585	19.80%	6,578
BBB	7.45%	40,372	7.45%	4,889	0.83%	275
BB	1.00%	5,432	1.00%	658	0.00%	-
B	0.76%	4,120	0.76%	499	0.00%	-
CCC	0.09%	461	0.09%	56	0.00%	-
CC	0.73%	3,942	0.73%	477	0.00%	-
Not Rated	56.92%	308,623	56.92%	37,374	38.48%	12,779
Total	100.00%	\$ 542,097	100.00%	\$ 65,647	100.00%	\$ 33,218

*Foreign Currency Risk* – The System’s and the OPEB Plan’s exposure to foreign currency risk is derived from its positions in foreign currency-denominated common stock and fixed asset investments. The System’s and the OPEB Plan’s exposure to foreign currency risk is as follows:

Currency	Fair Value (in thousands)		
	The System	OPEB Plan	Total
Australian Dollar	\$ 4,299	\$ 521	\$ 4,820
British Pound Sterling	15,264	1,848	17,112
Danish Krone	538	65	603
Euro Currency Unit	45,702	5,534	51,236
Hong Kong Dollar	5,872	711	6,583
Israeli Shekel	822	100	922
Japanese Yen	26,858	3,252	30,110
Norwegian Krone	949	115	1,064
Singapore Dollar	1,653	201	1,854
South Korean Won	5,532	670	6,202
Swedish Krona	3,756	455	4,211
Swiss Franc	8,921	1,080	10,001
	\$ 120,166	\$ 14,552	\$ 134,718

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Futures contracts are standardized, exchange-traded contracts to purchase or sell a specific financial instrument at a predetermined price. Gains and losses on futures contracts are settled daily based on a notional (underlying) principal value and do not involve an actual transfer of the specific instrument. Because of daily settlement, the futures contracts have no fair value. The System and the OPEB Plan entered into certain futures contracts of which the notional value at June 30, 2012 are as follows:

Futures Contracts as of June 30, 2012  
(expressed in thousands)

Currency	Long Contracts	Short Contracts
US Treasury Bond Future (CBT)	\$ 8,139	\$ -
US 10YR Note Future (CBT)	5,068	-
US Ultra Bond (CBT)	2,169	-
US 5YR Treasury Note Future (CBT)	-	(12,645)
US 2YR Treasury NTS Future (CBT)	-	(11,450)

The System and the OPEB Plan utilizes certain derivative instruments for the purpose of obtaining income or profit. The derivatives are subject to credit risks, interest rate risk, and foreign currency risk. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2012, classified by type and the changes in fair value of such derivative instruments for the year then ended are as follows:

	Changes in Fair Value (expressed in thousands)		Fair Value as of June 30, 2012 (expressed in thousands)	
	Classification	Amount	Amount	Notional Value
<b>Investment Derivatives</b>				
Futures	Investment revenue	\$ -	\$ -	\$ (8,719)
Options	Investment revenue	(46)	22	(3,755)
Swaps	Investment revenue	28	89	(563)
Mortgage Derivatives	Investment revenue	(98)	2,425	2,425
TBA Transactions	Investment revenue	33	12,026	12,026

*Rationale for derivative strategies:* The purpose of using futures and options is to hedge the portfolio to reduce risk and adjust exposure along the yield curve. A short position in total options reduces the portfolio's convexity in exchange for higher yield. A long position increases convexity in exchange for lower yields.

The effect of long and short treasury notes and bond futures is to shift the portfolio's duration to its target position.

The combined effect of Eurodollar and Euribor futures and options is to adjust exposure to the front portion of the yield curve.

Long and short call and put options on notes and bond futures are used to adjust portfolio convexity in exchange for higher yields.

Credit default indices and credit default swaps on individual names are used as an efficient, low cost way of adjusting credit exposure on the margin.

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**4. PROPERTY TAX:**

The major portion of the County's property tax is levied each July 1 on the assessed value listed as of that date for all real and personal property located in the County.

Assessed values are established by the Maryland Department of Assessments and Taxation at one hundred percent of estimated market value. The assessed value of taxable real and personal property in the County for fiscal year 2012 was \$84.5 billion.

The property tax rate for the year ended June 30, 2012 was \$1.10 for real property and \$2.75 for personal property per \$100 of assessed valuation. The current tax collections for the year were 99.2% of the tax levied. Property taxes are recorded as receivables in the General Fund at the levy date with appropriate allowances for estimated uncollectible amounts as described in Note 5.

The full year property tax calendar is as follows:

\*July 1 - Full year levy assessed for current fiscal year.

\*July 31 - Bills paid during July are granted a 1% discount.

August 31 - Bills paid during August are granted a ½% discount.

September 30 - First semiannual installment is due if eligible property owners elect the semiannual payment option for real property taxes.

October-April - Delinquent taxes accrue interest at the rate of 1% a month from October 1 to date of payment.

December 1 - Second installment due on real property taxes if paying on a semiannual basis.

June - Delinquent real properties are sold at the annual tax sale.

\*A 1% discount is granted if paid within 30 days, for bills dated other than July.

**5. RECEIVABLES** (in thousands):

Receivables as of June 30, 2012 for the County's major funds and Internal Service Funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities					Total Receivables
	General	Gifts and Grants	Consolidated Public Improvement Construction	Internal Service Funds	Metropolitan District	
Property taxes	\$ 14,875	\$ -	\$ -	\$ -	\$ -	\$ 14,875
Accounts	15,141	-	-	1,384	6,422	22,947
Intergovernmental	123,723	16,062	4,581	-	2,459	146,825
Assessments	1,109	-	4,900	-	142,469	148,478
Loans	-	60,950	-	-	-	60,950
Interest	38	-	-	-	-	38
Total receivables	<u>154,886</u>	<u>77,012</u>	<u>9,481</u>	<u>1,384</u>	<u>151,350</u>	<u>394,113</u>
Allowance for uncollectible accounts	(2,123)	(26,426)	-	-	-	(28,549)
Net total receivables	<u>\$ 152,763</u>	<u>\$ 50,586</u>	<u>\$ 9,481</u>	<u>\$ 1,384</u>	<u>\$ 151,350</u>	<u>\$ 365,564</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 917</u>	<u>\$ 29,018</u>	<u>\$ 3,680</u>	<u>\$ -</u>	<u>\$ 127,138</u>	<u>\$ 160,753</u>

At June 30, 2012, the County has recorded \$60.950 million of outstanding loans receivable in the Gifts and Grants Fund. Of these receivables, \$46.324 million are for loans made to residents and developers to acquire, rehab, or repair low-income housing units or to provide funds for settlement costs to qualified first-time home buyers under various federally funded financial assistance programs. Approximately \$26.426 million of these loans are offset by an allowance for uncollectible accounts because collections are highly uncertain. In many cases, the loan repayment is forgiven if the resident/developer complies with certain federal requirements, which may include residing in the property for a stated number of years.

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Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. The various components of deferred revenue and unearned revenue reported in the governmental funds as of June 30, 2012 were as follows:

	Unavailable	Unearned	Total
Property taxes receivable	\$ 10,378	\$ 836	\$ 11,214
Income taxes receivable	78,828	-	78,828
Interest subsidy receivable	977	-	977
Economic and community development loans	34,493	-	34,493
Special assessments not yet due	5,992	-	5,992
Grant funds received prior to meeting all eligibility requirements	-	3,544	3,544
<b>Total deferred/unearned revenue for governmental funds</b>	<b>\$ 130,668</b>	<b>\$ 4,380</b>	<b>\$ 135,048</b>

**6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS** (in thousands):

The composition of interfund balances as of June 30, 2012 is as follows:

Receivable fund	Payable fund	Purpose	Amount
Self-Insurance Program	Vehicle Operation and Maintenance	Deficit cash balance	\$ 5,385
General	Consolidated Public Improvement	Deficit cash balance	77,762
		Total	<u>\$ 83,147</u>

Interfund transfers for the fiscal year ended June 30, 2012 were as follows:

Transferred from	Transferred to				Total
	General	Gifts and Grants	Consolidated Public Improvement Construction	Internal Service Funds	
General	\$ -	\$ 6,753	\$ 2,739	\$ -	\$ 9,492
Gifts and Grants	153	-	-	31	184
Consolidated Public Improvement Construction	-	681	-	-	681
Nonmajor Governmental Funds	-	300	-	-	300
Internal Service Funds	240	-	-	-	240
<b>Total transfers</b>	<b>\$ 393</b>	<b>\$ 7,734</b>	<b>\$ 2,739</b>	<b>\$ 31</b>	<b>\$ 10,897</b>

The transfers from the General Fund to the Consolidated Public Improvement Construction Fund are pay-as-you-go funding for capital projects. Net transfers of \$6.6 million between the General Fund and the Gifts and Grants Fund are County matching funds for grant funded programs. The transfers of \$0.24 million from the Self-Insurance Program Fund to the General Fund are investment income transfers on pooled cash. The remaining transfers are various funding contributions for operations.

As of June 30, 2012, receivable and payable balances remained between the primary government and its discretely presented component units. These balances and transactions are a result of the primary government's ongoing funding of the component units' capital and operating costs. Receivables and payables between the primary government and the component units do not equal due to timing differences.

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**7. CAPITAL ASSETS** (in thousands):

A summary of the primary government's changes in capital assets for the year ended June 30, 2012 is reported below:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 256,653	\$ 3,531	\$ (13)	\$ 260,171
Construction in progress	332,521	81,308	(49,335)	364,494
Total capital assets not being depreciated	<u>589,174</u>	<u>84,839</u>	<u>(49,348)</u>	<u>624,665</u>
Capital assets being depreciated:				
Buildings and improvements	478,093	8,839	-	486,932
Machinery and equipment	145,221	14,573	(31,598)	128,196
Vehicles	116,107	1,068	(4,345)	112,830
Infrastructure	2,331,079	36,319	-	2,367,398
Total capital assets being depreciated	<u>3,070,500</u>	<u>60,799</u>	<u>(35,943)</u>	<u>3,095,356</u>
Less accumulated depreciation for:				
Buildings and improvements	(137,438)	(11,717)	-	(149,155)
Machinery and equipment	(76,600)	(15,180)	31,195	(60,585)
Vehicles	(63,742)	(9,433)	3,898	(69,277)
Infrastructure	(1,090,082)	(48,525)	-	(1,138,607)
Total accumulated depreciation	<u>(1,367,862)</u>	<u>(84,855)</u>	<u>35,093</u>	<u>(1,417,624)</u>
Total capital assets being depreciated, net	<u>1,702,638</u>	<u>(24,056)</u>	<u>(850)</u>	<u>1,677,732</u>
Governmental activities capital assets, net	<u>\$ 2,291,812</u>	<u>\$ 60,783</u>	<u>\$ (50,198)</u>	<u>\$ 2,302,397</u>
<b>Business-type activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,307	\$ 1	\$ -	\$ 1,308
Construction in progress	269,898	49,154	(109,944)	209,108
Total capital assets not being depreciated	<u>271,205</u>	<u>49,155</u>	<u>(109,944)</u>	<u>210,416</u>
Capital assets being depreciated:				
Buildings and improvements	150,365	24,953	-	175,318
Machinery and equipment	1,897	48	(725)	1,220
Vehicles	10,154	-	(393)	9,761
Infrastructure	1,021,270	86,475	-	1,107,745
Total capital assets being depreciated	<u>1,183,686</u>	<u>111,476</u>	<u>(1,118)</u>	<u>1,294,044</u>
Less accumulated depreciation for:				
Buildings and improvements	(61,736)	(4,400)	-	(66,136)
Machinery and equipment	(1,083)	(310)	725	(668)
Vehicles	(6,759)	(718)	393	(7,084)
Infrastructure	(278,908)	(18,173)	-	(297,081)
Total accumulated depreciation	<u>(348,486)</u>	<u>(23,601)</u>	<u>1,118</u>	<u>(370,969)</u>
Total capital assets being depreciated, net	<u>835,200</u>	<u>87,875</u>	<u>-</u>	<u>923,075</u>
Business-type activities capital assets, net	<u>\$ 1,106,405</u>	<u>\$ 137,030</u>	<u>\$ (109,944)</u>	<u>\$ 1,133,491</u>

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Depreciation expense was charged to primary government functions as follows:

Governmental activities:	
General government	\$ 12,445
Public safety	6,460
Public works, which includes the depreciation of infrastructure assets	51,148
Health and human services	1,373
Culture and leisure services	9,582
Economic and community development	21
Capital assets held by the County's internal service funds is charged to the various activities based on their usage of the assets.	<u>3,826</u>
Total depreciation expense - governmental activities	<u><u>\$ 84,855</u></u>
Business-type activities:	
Water and sewer services, which include the depreciation of infrastructure assets	<u>\$ 23,601</u>
Total depreciation expense - business-type activities	<u><u>\$ 23,601</u></u>

A summary of the component units' changes in capital assets is reported below:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Board of Education:</b>				
Capital assets not being depreciated:				
Land	\$ 28,857	\$ -	\$ -	\$ 28,857
Construction in progress	225,546	138,475	(20,588)	343,433
Total capital assets not being depreciated	<u>254,403</u>	<u>138,475</u>	<u>(20,588)</u>	<u>372,290</u>
Capital assets being depreciated:				
Buildings	1,312,349	18,854	(527)	1,330,676
Improvements other than buildings	67,221	2,457	-	69,678
Equipment and vehicles	131,962	7,601	(4,303)	135,260
Total capital assets being depreciated	<u>1,511,532</u>	<u>28,912</u>	<u>(4,830)</u>	<u>1,535,614</u>
Less accumulated depreciation	<u>(524,615)</u>	<u>(54,331)</u>	<u>4,105</u>	<u>(574,841)</u>
Total capital assets being depreciated, net	<u>986,917</u>	<u>(25,419)</u>	<u>(725)</u>	<u>960,773</u>
Board of Education capital assets, net	<u><u>\$ 1,241,320</u></u>	<u><u>\$ 113,056</u></u>	<u><u>\$ (21,313)</u></u>	<u><u>\$ 1,333,063</u></u>

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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Community College:</b>				
Capital assets not being depreciated:				
Land	\$ 4,798	\$ -	\$ -	\$ 4,798
Construction in progress	13,190	23,894	(7,301)	29,783
Total capital assets not being depreciated	<u>17,988</u>	<u>23,894</u>	<u>(7,301)</u>	<u>34,581</u>
Capital assets being depreciated:				
Buildings and improvements	151,737	7,189	-	158,926
Infrastructure	25,244	-	-	25,244
Equipment and vehicles	23,349	790	-	24,139
Library materials	6,460	260	-	6,720
Total capital assets being depreciated	<u>206,790</u>	<u>8,239</u>	<u>-</u>	<u>215,029</u>
Less accumulated depreciation	<u>(91,524)</u>	<u>(8,222)</u>	<u>-</u>	<u>(99,746)</u>
Total capital assets being depreciated, net	<u>115,266</u>	<u>17</u>	<u>-</u>	<u>115,283</u>
The Community College of Baltimore County capital assets, net	<u>\$ 133,254</u>	<u>\$ 23,911</u>	<u>\$ (7,301)</u>	<u>\$ 149,864</u>
<b>Board of Library Trustees:</b>				
Capital assets being depreciated:				
Equipment and vehicles	\$ 10,399	\$ 1,101	\$ -	\$ 11,500
Circulation materials	17,424	5,743	(5,515)	17,652
Total capital assets being depreciated	<u>27,823</u>	<u>6,844</u>	<u>(5,515)</u>	<u>29,152</u>
Less accumulated depreciation	<u>(17,486)</u>	<u>(5,147)</u>	<u>5,515</u>	<u>(17,118)</u>
Board of Library Trustees capital assets, net	<u>\$ 10,337</u>	<u>\$ 1,697</u>	<u>\$ -</u>	<u>\$ 12,034</u>

**8. LONG-TERM OBLIGATIONS:**

The County's principal long-term obligations are general obligation bonds and commercial paper bond anticipation notes (BANs) issued to finance the construction of county-wide public capital projects, water and sewer facilities within the County's Metropolitan District, and pension obligations for police officers and firefighters hired prior to October, 1959 and their spouses. The County's full faith, credit and unlimited taxing power are irrevocably pledged to the payment of the principal and interest of these bonds and notes.

Other long-term obligations include the accrued liability for vested compensated absences, estimated landfill closing costs and certificates of participation. The County considers all non-proprietary funds vested compensated absences to be long-term debt. Of the primary government's general long-term debt, only the redemption of the BANs and the liability for landfill closing costs are expected to be paid with bond proceeds.

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The County Charter authorizes the County Council by appropriate resolution to issue bonds, other than metropolitan district bonds, up to a debt limit of 4% of the County's assessable property base, and metropolitan district bonds up to a debt limit of 3.2% of the District's assessable property base. Information related to these limitations are as follows:

	(in thousands)	
	General Bonds	Metropolitan District
Legal limitation for the borrowing of funds and issuance of bonds	\$ 3,378,913	\$ 2,391,411
General obligation debt outstanding applicable to debt limit	1,301,235	982,490

General obligation debt issuances require approval by voter referendum. Approved and unissued general obligation bonded debt totaled \$514,749,361 as of June 30, 2012, comprised of \$199,971,881 for public schools, \$276,837,910 for public facilities and \$37,939,570 for the Community College. Appropriated and unissued Metropolitan District bonded debt totaled \$537,037,328 as of June 30, 2012.

**General Obligation Bonds**

On November 30, 2011, the County settled the total issuance of \$255 million general obligation bonds consisting of \$85 million Metropolitan District Bonds (74<sup>th</sup> Issue) and \$170 million Consolidated Public Improvement Bonds – 2011 Series. The \$85 million Metropolitan District Bonds were issued for the purpose of providing funds for the redemption of Metropolitan District Commercial Paper Bond Anticipation Notes, the proceeds of which were expended for the design and construction, purchase or acquisition of County water supply, sewerage and drainage systems. The \$170 million Consolidated Public Improvement Bonds were issued for the purpose of providing funds for the redemption of Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, the proceeds of which were expended for capital improvement projects.

The Metropolitan District Bonds are due February 1, in each of the years 2013 to 2042, inclusive, and bear a true interest cost of 3.64%. The Consolidated Public Improvement Bonds are due February 1, in each of the years 2013 to 2032, inclusive, and bear a true interest cost of 3.13%.

**Agricultural Preservation Installment Purchase Agreement**

On September 22, 2011, the County entered into an installment purchase agreement in the amount of \$320,000 for the purchase of the development rights easement to agricultural lands. Installments of \$80,000 shall be payable to the registered owner on November 15, 2011 and in each year to and including November 15, 2014. The installment purchase agreement is a valid and legally binding general obligation of the County to which its full faith and credit and unlimited taxing power are pledged.

**General Obligation Bond Anticipation Notes (BANs)**

As of June 30, 2012, the County has outstanding \$240 million Consolidated Public Improvement (CPI) BANs and \$160 million Metropolitan District (MD) BANs, comprised of both Commercial Paper (CP) BANs and Fixed Rate (FR) BANs.

During FY 2012, the County issued \$235.1 million in CPI BANs and \$138.5 million in MD BANs in three separate issuances as follows:

On August 4, 2011, the County issued \$65 million CPI CP BANs, and \$53.4 million MD CP BANs.

On November 30, 2011, the County issued \$55.2 million CP BANs. Of the \$55.2 million CP BANs, \$30.1 million were issued as CPI CP BANs and \$25.1 million were issued as MD CP BANs.

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On November 30, 2011, the County issued \$200 million FR BANs for the purpose of providing funds for capital improvement projects. Of the \$200 million FR BANs, \$140 million were issued as CPI FR BANs and \$60 million were issued as MD FR BANs, maturing on December 17, 2012, with a true interest cost of 0.25%.

Commercial Paper Bond Anticipation Notes are sold with an initial maturity of up to 270 days, and upon maturity, they are remarketed. This remarketing is backed for liquidity purposes by a line of credit, the terms of which provide that no principal repayments are due by the County until the completion of the Liquidity Agreement. The weighted-average maturity of the Commercial Paper Bond Anticipation Notes for FY 2012 was 20 days and interest rates ranged from 0.10% to 0.75%.

#### **Maryland Water Quality Financing Agreement**

During fiscal year 2012, the County issued \$24,311,977 in Metropolitan District Bonds through the Maryland Water Quality Revolving Loan Fund. The Fund subsidizes the interest rate on sewer and water projects. As of June 30, 2012, the balance outstanding was \$90,049,564.

#### **General Obligation Bonds Defeasance**

The County defeased certain general obligation 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 in the County's financial statements. As of June 30, 2012, \$102,100,000 of bonds were refunded in advance and are considered defeased.

#### **Certificates of Participation**

The County entered into a ten-year conditional equipment purchase agreement on June 19, 2012. The equipment consists of the acquisition of (i) heavy equipment and vehicles for use primarily in the County's public works department, (ii) fire trucks, medic units, and public safety equipment, and (iii) information technology hardware for various departments including 911 equipment. The conditional purchase agreement was financed through the sale of certificates of participation in the aggregate principal of \$82,680,000. The certificates of participation are due October 1, in each of the years 2013 to 2022, inclusive, and bear a true interest cost of 1.84%.

#### **Other**

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

- The Board of Education and the Community College have no authority to issue bonded debt. That authority rests with the County subject to voter approval. The County had \$439.314 million of its net Consolidated Public Improvement general obligation bonds outstanding (net of unamortized premiums and deferred charges) that is related to capital facilities of the component units as of June 30, 2012.
- The Metropolitan District Act requires the City to provide water to the County's Metropolitan District. The City also treats sewage from the Metropolitan District at cost. The County has agreed to pay the City on a pro-rata basis for construction of certain City owned sewer and water capital projects that serve the Metropolitan District. The County has contributed approximately \$774.982 million towards these City owned facilities that are funded primarily with bond proceeds. The County estimates 37.82% of its net Metropolitan District general obligation bonds outstanding or \$376.501 million is related to these facilities as of June 30, 2012.

At June 30, 2012, the County has accrued \$14.68 million of estimated closure and postclosure care costs for its one active landfill. State and federal laws require the County to place a final cover on its open landfill when it stops accepting waste in approximately 2049 and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure costs generally will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these costs as a liability in the Governmental Activities of the Statement of Net Assets based on the landfill capacity used as of the end of the fiscal year. The

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amount included in the landfill closure and postclosure care costs liability at June 30, 2012 represents the cumulative unspent amount reported to date based on the use of 51.7% of the estimated landfill capacity. The County will recognize the remaining estimated cost of closure and postclosure care of \$13.70 million as the remaining estimated capacity is filled. The actual cost may differ due to inflation, changes in technology, or changes in regulations. The County intends to finance these costs primarily with bond proceeds in its Consolidated Public Improvement Construction Fund.

Financial assurance provisions of federal regulations require owners and operators of municipal solid waste landfills to demonstrate that adequate funds will be readily available for the costs of closure, post closure care, and corrective action associated with their facilities. The County had demonstrated that it met the local government financial test assurance mechanism as of December 31, 2011 and has placed appropriate documents in the operating record of its active landfill.

The County has participated in the issuance of economic development revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities. The County is not obligated in any manner for repayment of the bonds, and therefore they are not reported as liabilities in the financial statements. The aggregate outstanding principal amount as of June 30, 2012 for bonds issued prior to July 1, 1996 could not be determined, however, the original issue amounts approximate \$508.69 million. The aggregate principal amount payable for bonds issued after July 1, 1996 was \$426.01 million at June 30, 2012.

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Long-term liability activity for the year ended June 30, 2012 is as follows (in thousands):

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Due Within One Year
<b>Primary Government:</b>					
<b>Governmental activities:</b>					
General obligation debt					
Consolidated public improvement bonds	\$ 918,085	\$ 170,000	\$ (51,825)	\$ 1,036,260	\$ 59,915
Installment purchase agreement	-	320	(80)	240	80
Pension funding bonds	31,805	-	(7,070)	24,735	7,015
Bond anticipation notes	174,900	235,100	(170,000)	240,000	240,000
	<u>1,124,790</u>	<u>405,420</u>	<u>(228,975)</u>	<u>1,301,235</u>	<u>307,010</u>
Add remaining original issue premium	29,892	29,592	(10,896)	48,588	-
Less deferred amount on refunding	(4,190)	-	900	(3,290)	-
Less remaining original issue discount	<u>(1,883)</u>	<u>-</u>	<u>79</u>	<u>(1,804)</u>	<u>-</u>
Total general obligation debt	<u>1,148,609</u>	<u>435,012</u>	<u>(238,892)</u>	<u>1,344,729</u>	<u>307,010</u>
Certificates of participation	60,460	78,430	(8,030)	130,860	9,080
Add remaining original issue premium	1,292	14,259	(395)	15,156	-
Total certificates of participation	<u>61,752</u>	<u>92,689</u>	<u>(8,425)</u>	<u>146,016</u>	<u>9,080</u>
Other long-term liabilities					
Mortgage	3,321	-	(3,321)	-	-
Compensated absences	63,462	54,627	(59,321)	58,768	56,241
Claims payable	65,936	236,496	(242,710)	59,722	34,406
Other post employment benefits	33,190	109,487	-	142,677	-
Estimated landfill closing costs	14,122	556	-	14,678	-
Total other long-term liabilities	<u>180,031</u>	<u>401,166</u>	<u>(305,352)</u>	<u>275,845</u>	<u>90,647</u>
Total governmental activities long-term liabilities	<u>\$ 1,390,392</u>	<u>\$ 928,867</u>	<u>\$ (552,669)</u>	<u>\$ 1,766,590</u>	<u>\$ 406,737</u>
<b>Business-type activities:</b>					
General obligation debt					
Metropolitan District bonds	\$ 750,917	\$ 109,312	\$ (37,739)	\$ 822,490	\$ 42,933
Bond anticipation notes	106,500	138,500	(85,000)	160,000	160,000
	<u>857,417</u>	<u>247,812</u>	<u>(122,739)</u>	<u>982,490</u>	<u>202,933</u>
Add remaining original issue premium	16,938	9,361	(4,847)	21,452	-
Less deferred amount on refunding	<u>(6,013)</u>	<u>-</u>	<u>674</u>	<u>(5,339)</u>	<u>-</u>
Total general obligation debt	<u>868,342</u>	<u>257,173</u>	<u>(126,912)</u>	<u>998,603</u>	<u>202,933</u>
Certificates of participation	2,800	4,250	(600)	6,450	600
Add remaining original issue premium	64	773	(23)	814	-
Total certificates of participation	<u>2,864</u>	<u>5,023</u>	<u>(623)</u>	<u>7,264</u>	<u>600</u>
Compensated absences	1,510	823	(990)	1,343	1,276
Total business-type activities long-term liabilities	<u>\$ 872,716</u>	<u>\$ 263,019</u>	<u>\$ (128,525)</u>	<u>\$ 1,007,210</u>	<u>\$ 204,809</u>

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	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Due Within One Year
<b>Component Units:</b>					
<b>Board of Education:</b>					
Compensated absences	\$ 20,293	\$ 13,032	\$ (12,733)	\$ 20,592	\$ 12,733
Capital leases	21,408	3,604	(7,226)	17,786	6,835
Net OPEB obligation	(6,027)	109,512	(57,327)	46,158	-
Total Board of Education	<u>35,674</u>	<u>126,148</u>	<u>(77,286)</u>	<u>84,536</u>	<u>19,568</u>
<b>Community College:</b>					
Compensated absences	5,370	3,910	(3,414)	5,866	3,884
Capital leases	1,771	20	(411)	1,380	451
Net OPEB obligation	880	12,455	(5,597)	7,738	-
Total Community College	<u>8,021</u>	<u>16,385</u>	<u>(9,422)</u>	<u>14,984</u>	<u>4,335</u>
<b>Board of Library Trustees:</b>					
Compensated absences	1,014	7	-	1,021	1,021
Net OPEB obligation	211	1,539	-	1,750	-
Total Board of Library Trustees	<u>1,225</u>	<u>1,546</u>	<u>-</u>	<u>2,771</u>	<u>1,021</u>
Total component unit long-term liabilities	<u>\$ 44,920</u>	<u>\$ 144,079</u>	<u>\$ (86,708)</u>	<u>\$ 102,291</u>	<u>\$ 24,924</u>

**BALTIMORE COUNTY, MARYLAND**  
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General long-term debt currently outstanding as of June 30, 2012 is as follows:

**Governmental Activities:**  
(in thousands)

**General Obligation Debt:**

**Bonds**

Dated	Original Maturity Range	Interest Rate Range	Issue Amount	Balance 6/30/2012	Unamortized Premium/ (Discount)	Unamortized Deferred Difference	Carrying Value 6/30/2012
07/02/02	2003-2022	3.000 - 5.250	\$ 135,000	\$ 6,750	\$ 8	\$ -	\$ 6,758
09/04/02	2003-2015	3.000 - 5.250	83,385 *	28,265	291	-	28,556
02/26/04	2005-2024	3.000 - 5.000	152,000	107,900	1,721	-	109,621
02/26/04	2009-2020	3.250 - 5.000	63,085 *	58,845	1,676	(1,060)	59,461
09/27/06	2007-2026	4.000 - 5.000	111,000	85,000	2,222	-	87,222
01/03/08	2009-2028	4.000 - 5.000	140,000	116,000	4,481	-	120,481
02/24/09	2009-2018	2.000 - 5.000	26,880 *	17,940	1,803	(890)	18,853
02/24/09	2009-2015	3.000 - 5.000	46,140 *	24,735	1,089	(380)	25,444
11/05/09	2010-2025	6.150 - 6.150	19,400	19,400	(1,804)	-	17,596
11/10/09	2010-2029	0.650 - 5.650	155,570	145,600	525	-	146,125
08/10/10	2011-2022	2.500 - 4.000	13,565 *	13,560	1,187	(960)	13,787
11/09/10	2012-2017	5.000 - 5.000	70,050	70,050	7,846	-	77,896
11/09/10	2012-2029	3.110 - 4.900	19,950	19,950	-	-	19,950
11/09/10	2018-2030	4.970 - 4.970	177,000	177,000	-	-	177,000
11/15/11	2011-2015	0.300 - 1.350	320	240	-	-	240
11/30/11	2013-2032	3.000 - 5.000	170,000	170,000	24,355	-	194,355
			<u>1,383,345</u>	<u>1,061,235</u>	<u>45,400</u>	<u>(3,290)</u>	<u>1,103,345</u>
<b>Bond Anticipation Notes</b>							
11/30/11	2011-2012	2.500 - 2.500	140,000	140,000	1,384	-	141,384
12/05/11	2012-2013	0.140 - 0.170	100,000	100,000	-	-	100,000
			<u>240,000</u>	<u>240,000</u>	<u>1,384</u>	<u>-</u>	<u>241,384</u>
<b>Total General Obligation Debt</b>			<u>\$ 1,623,345</u>	<u>\$ 1,301,235</u>	<u>\$ 46,784</u>	<u>\$ (3,290)</u>	<u>\$ 1,344,729</u>
<b>Certificates of Participation</b>							
12/18/01	2002-2021	3.500 - 5.125	\$ 22,000	\$ 13,430	\$ 26	\$ -	\$ 13,456
06/01/04	2005-2014	3.000 - 5.000	42,500	10,000	94	-	10,094
08/12/09	2009-2018	3.250 - 5.000	34,700	29,000	855	-	29,855
06/19/12	2013-2022	3.000 - 5.000	78,430	78,430	14,181	-	92,611
<b>Total Certificates of Participation</b>			<u>\$ 177,630</u>	<u>\$ 130,860</u>	<u>\$ 15,156</u>	<u>\$ -</u>	<u>\$ 146,016</u>

\* Refunding issue

**BALTIMORE COUNTY, MARYLAND**  
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**Business-type Activities:**

(in thousands)

**General Obligation Debt:**

**Bonds**

Dated	Original Maturity Range	Interest Rate Range	Issue Amount	Balance 6/30/2012	Unamortized Premium	Unamortized Deferred Difference	Carrying Value 6/30/2012
11/27/90	1993-2013	4.894 - 4.894	\$ 9,498	\$ 122	\$ -	\$ -	\$ 122
06/23/93	1995-2014	3.250 - 3.250	1,456	186	-	-	186
11/04/94	1997-2016	3.500 - 4.750	20,902	5,702	-	-	5,702
03/22/00	2001-2020	2.600 - 2.600	14,417	6,934	-	-	6,934
06/22/01	2003-2022	2.300 - 2.300	14,105	8,177	-	-	8,177
06/26/02	2004-2023	2.000 - 2.000	7,006	4,122	-	-	4,122
07/02/02	2003-2032	3.000 - 5.000	65,000	10,600	(93)	-	10,507
09/04/02	2003-2015	3.000 - 5.250	46,365 *	14,745	167	-	14,912
03/11/03	2004-2023	1.100 - 1.100	8,638	5,103	-	-	5,103
02/26/04	2009-2019	3.250 - 5.000	38,645 *	33,335	926	(643)	33,618
02/26/04	2005-2035	3.000 - 5.000	48,000	36,800	61	-	36,861
07/16/04	2005-2025	1.200 - 1.200	8,501	4,651	-	-	4,651
09/12/05	2006-2024	1.000 - 1.000	20,495	14,264	-	-	14,264
09/27/06	2007-2036	4.000 - 5.000	89,000	74,000	(436)	-	73,564
07/31/07	2008-2027	1.000 - 1.000	16,757	13,432	-	-	13,432
01/03/08	2009-2038	4.250 - 5.000	200,000	178,000	4,635	-	182,635
02/24/09	2009-2018	3.000 - 5.000	24,515 *	14,905	935	(831)	15,009
11/10/09	2010-2039	0.650 - 5.600	106,600	99,400	342	-	99,742
12/18/09	2011-2032	1.000 - 1.000	10,397	10,258	-	-	10,258
08/10/10	2011-2030	2.000 - 4.500	61,720 *	61,655	4,409	(3,865)	62,199
11/09/10	2012-2018	2.000 - 5.000	30,100	30,100	-	-	30,100
11/09/10	2019-2040	2.000 - 5.050	93,900	93,900	2,572	-	96,472
11/30/11	2013-2042	3.000 - 5.000	85,000	85,000	7,341	-	92,341
05/31/12	2014-2032	1.800 - 1.800	16,768	16,768	-	-	16,768
05/31/12	2014-2032	1.800 - 1.800	331	331	-	-	331
			<u>1,038,116</u>	<u>822,490</u>	<u>20,859</u>	<u>(5,339)</u>	<u>838,010</u>

**Bond Anticipation Notes**

11/30/11	2011-2012	2.500 - 2.500	60,000	60,000	593	-	60,593
12/05/11	2012-2013	0.140 - 0.180	100,000	100,000	-	-	100,000
			<u>160,000</u>	<u>160,000</u>	<u>593</u>	<u>-</u>	<u>160,593</u>

**Total General Obligation Debt**

<u>\$ 1,198,116</u>	<u>\$ 982,490</u>	<u>\$ 21,452</u>	<u>\$ (5,339)</u>	<u>\$ 998,603</u>
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**Certificates of Participation**

06/01/04	2005-2014	3.000 - 5.000	\$ 4,000	\$ 800	\$ 8	\$ -	\$ 808
08/12/09	2009-2018	3.250 - 5.000	2,000	1,400	38	-	1,438
06/19/12	2013-2022	3.000 - 5.000	4,250	4,250	768	-	5,018

**Total Certificates of Participation**

<u>\$ 10,250</u>	<u>\$ 6,450</u>	<u>\$ 814</u>	<u>\$ -</u>	<u>\$ 7,264</u>
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**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

The following is a schedule of the primary government's debt service payments for certain long-term debt as of June 30, 2012:

General Long-Term Debt  
(in thousands)

Fiscal Year Ended June 30	Governmental Activities					
	General Obligation Debt		COPs & Other Long-term Debt		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 307,010	\$ 38,797	\$ 9,080	\$ 5,314	\$ 316,090	\$ 44,111
2014	68,810	35,582	13,555	5,659	82,365	41,241
2015	72,135	38,942	11,175	5,031	83,310	43,973
2016	71,935	37,037	13,730	4,486	85,665	41,523
2017	63,200	33,808	14,790	3,798	77,990	37,606
2018-2022	305,265	126,495	60,530	8,834	365,795	135,329
2023-2027	264,930	63,946	8,000	200	272,930	64,146
2028-2032	147,950	16,059	-	-	147,950	16,059
<b>Total</b>	<b>\$ 1,301,235</b>	<b>\$ 390,666</b>	<b>\$ 130,860</b>	<b>\$ 33,322</b>	<b>\$ 1,432,095</b>	<b>\$ 423,988</b>

Fiscal Year Ended June 30	Business-type Activities					
	General Obligation Debt		COPs		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 202,933	\$ 30,998	\$ 600	\$ 253	\$ 203,533	\$ 31,251
2014	40,749	30,278	1,025	263	41,774	30,541
2015	39,819	31,829	625	221	40,444	32,050
2016	39,969	30,267	625	193	40,594	30,460
2017	37,060	28,660	625	163	37,685	28,823
2018-2022	178,487	121,827	2,525	392	181,012	122,219
2023-2027	154,564	88,291	425	11	154,989	88,302
2028-2032	135,509	55,481	-	-	135,509	55,481
2033-2037	106,100	25,548	-	-	106,100	25,548
2038-2042	47,300	4,824	-	-	47,300	4,824
<b>Total</b>	<b>\$ 982,490</b>	<b>\$ 448,003</b>	<b>\$ 6,450</b>	<b>\$ 1,496</b>	<b>\$ 988,940</b>	<b>\$ 449,499</b>

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**9. COMMITMENTS:**

***Leases***

The following is a schedule by years of future minimum rental payments for facilities and equipment under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2012 (in thousands):

Year ending June 30	Primary Government	Component Units
2013	\$ 544	\$ 5,467
2014	319	3,781
2015	291	3,357
2016	133	1,876
2017	37	1,891
2018-2022	154	8,962
2023-2027	133	8,274
2028-2032	60	-
2033-2037	60	
	<u>\$ 1,731</u>	<u>\$ 33,608</u>

The total rental expenditures for the year ended June 30, 2012, for all leases except those with terms of a month or less that were not renewed were approximately \$5.5 million for the primary government and \$6.7 million for the component units.

***Contracts and Commitments***

Contract commitments in the Consolidated Public Improvement Construction Fund, the Metropolitan District Enterprise Fund, and the Gifts and Grants Fund amounted to approximately \$55.4 million, \$115.9 million, and \$25.9 million, respectively, at June 30, 2012. Such amounts will be funded by future bond proceeds, approved federal and state grants, and future assessments.

**10. LITIGATION:**

The County is a defendant in various suits claiming damages for personal injury and property damage in automobile and general liability cases, and various personnel actions. In addition, there are various other tort suits alleging violations of individual civil rights pending against the County as well as miscellaneous other litigation, mostly contract claims. Amounts claimed in some of these matters are substantial. In the opinion of the County Attorney, the County should prevail in most of said various tort suits, suits alleging violations of individual civil rights and in miscellaneous other litigation (although the outcome of litigation cannot be predicted with certainty). It is the further opinion of the County Attorney that the likelihood of the County incurring aggregate liability arising from such litigation in an amount that would be material in relation to its financial position is remote.

Litigation against the Employees' Retirement System of Baltimore County is addressed in its separate Comprehensive Annual Financial Report (CAFR). See note 13 for CAFR availability.

**11. CONTINGENCIES:**

The County receives significant financial assistance from the U. S. Government and the State of Maryland in the form of grants. Entitlement to grant resources is generally conditioned upon compliance with terms and conditions of the

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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grant agreements and applicable federal and state regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits in accordance with grantor requirements. Any disallowances as a result of these audits become a liability of the County. The County estimates that no material liabilities will result from such audits.

The County is contingently liable for loans guaranteed in the Gifts & Grants Fund that aggregate approximately \$0.898 million as of June 30, 2012. A restriction of fund balance has been made for this amount.

**12. 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; employee health and accident; and natural disasters. The County manages its risks internally and sets aside assets for claims settlement in an Internal Service Fund, the Self-Insurance Program Fund (SIPF). The County services all claims for risk of loss to which the County is exposed except as noted below. The SIPF allocates County claims payments by charging a "premium" to each fund, or component unit, based on the actuarially determined liability and SIPF net assets.

The County purchases commercial insurance for claims that exceed 120% of projected health care claims and associated administrative expenses, and for real and personal property losses subject to policy deductibles. Settled claims have not exceeded this commercial health care excess coverage for the past three fiscal years.

SIPF liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Since actual claim liabilities depend on complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing claim liability results in an estimate. Certain liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their actual value and are not discounted.

Changes in the balances of claim liabilities during fiscal years 2011 and 2012 were as follows (in thousands):

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2011	61,320	228,421	(223,805)	65,936
2012	65,936	236,496	(242,710)	59,722

**13. BENEFIT PLANS:**

***Employees' Retirement System***

*Plan Description:* The Employees' Retirement System of Baltimore County (the "System") is a cost-sharing multiple-employer defined benefit public employee retirement system that acts as a common investment and administrative agent serving five entities including the County and certain employees of the Baltimore County Board of Education, Baltimore County Board of Library Trustees, the Community College of Baltimore County and the Baltimore County Revenue Authority. The System is not an employer. The System provides retirement and disability benefits, cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and maintain the System is specified in Section 5-1-101 of the Baltimore County Code (the "Code").

The System is considered part of the County's reporting entity and its financial statements are included in the County's basic financial statements as a pension trust fund. The County is obligated for the payment of all pensions, annuities, retirement allowances, refunds, reserves and other benefits. The System is fiscally dependent on the County by virtue of the legislative and executive controls exercised with respect to its operations, policies and administrative budget. In

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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accordance with Section 5-1-238 of the Code, responsibility for the proper operation of the System is vested in an eight-member Board of Trustees (the "Board"), the majority of which are appointed by the County Executive. The general administration of the System is vested in the Director of Budget and Finance.

The System issues a separately prepared Comprehensive Annual Financial Report that includes financial statements, note disclosures and required supplementary information. The report may be obtained by writing to the Office of Budget and Finance, Mezzanine, Historic Court House, 400 Washington Avenue, Towson, Maryland 21204.

**FUNDING POLICY** – Per Section 5-1-203 of the County Code, contribution requirements of the plan members and the participating employers are established and may be amended by the Board. System members contribute a percentage of their salary to the System. The contribution rates for members hired prior to July 1, 2007 are actuarially determined based on the member's age at enrollment and employee classification. Contribution rates for members hired after July 1, 2007 are fixed based on employee classification.

Participating employers are required to make contributions on an actuarially determined basis. Level percentages of payroll employer contribution rates are determined using the projected unit credit actuarial funding method. The employer contributions to the System for the fiscal years ended June 30, 2012, 2011 and 2010, were \$65,126,694, \$58,339,727 and \$57,976,378, respectively, which were equal to the required contributions for each year. The primary government's contributions for the three aforementioned fiscal years were \$60,203,061, \$54,739,250 and \$54,133,144, respectively.

***Police, Fire and Widows' Pension Plan***

The County is the administrator of a closed single-employer defined benefit pension plan (the "Pension Plan") providing benefits to County firefighters and police officers hired prior to October 1, 1959 and their spouses. The Pension Plan was created pursuant to the County Code. The Pension Plan has not added any new members since October 1, 1959. The pension allowance for retired firefighters and police officers is one-half of the salary of a current employee with the same rank the pensioner held at the time of his retirement. The pension allowance to a widow of a deceased pensioner is one-fourth of the base salary of an active member of the County Police and Fire departments.

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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The condensed financial statements as of and for the year ended June 30, 2012 are as follows (in thousands):

**Statement of Plan Net Assets**  
**Police, Fire, and Widows' Pension Plan**  
**As of June 30, 2012**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 6,355
Investment securities	48,341
Interest and dividends receivable	409
Total assets	55,105
<b>LIABILITIES</b>	
Accounts payable	14
Total liabilities	14
<b>NET ASSETS</b>	
Net assets held in trust for pension benefits	\$ 55,091

**Statement of Changes in Plan Net Assets**  
**Police, Fire and Widows' Pension Plan**  
**For the year ended June 30, 2012**

<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 15
Total contributions	15
Investment earnings:	
Net decrease in the fair value of plan assets	(124)
Interest and dividends	1,819
Investment expenses	(118)
Net investment gain	1,577
Total additions	1,592
<b>DEDUCTIONS</b>	
Benefits	11,321
Total deductions	11,321
Change in net assets	(9,729)
Net assets at beginning of the year	64,820
Net assets at end of the year	\$ 55,091

***Other Pension Plans***

The County provides supplemental pension benefits through General Fund appropriations to certain judges, judges' widows and families of members of volunteer fire and ambulance companies killed in the line of duty. The respective costs of these plans are not significant.

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

Substantially all employees of the component units who do not participate in the System participate in the State of Maryland Teachers' Retirement and Pension Systems. Employer contributions to these systems for the years ended June 30, 2012, 2011, 2010, of approximately \$103.45 million, \$99.72 million and \$92.43 million, respectively, were made directly by the State of Maryland on behalf of the component units according to State statute. The contributions have been recognized as a revenue and an expense in the component unit statement of activities. Additionally, some professional employees of the Community College participate in an optional private retirement system.

**14. OTHER POST EMPLOYMENT BENEFIT PLAN:**

**Plan Description and Contribution Information**

*Plan Description:* The County's Other Post Employment Benefit Plan (OPEB Plan) is an agent multiple-employer defined benefit postemployment healthcare plan that covers retired employees of the primary government, the Baltimore County Board of Education, the Community College of Baltimore County, the Board of Library Trustees for Baltimore County and the Baltimore County Revenue Authority. The OPEB Plan was established and is maintained by the County as a trust fund as specified in Article 10, Title 14 of the County Code. The trust fund is included in these financial statements as an Other Post Employment Benefits Trust Fund. Separate financial statements are not issued for the OPEB Plan. The OPEB Plan provides healthcare and life insurance benefits to eligible retirees and their beneficiaries who receive retirement benefits either from the Employees' Retirement System of Baltimore County under Article 5, Title 1 of the County Code or the State Retirement and Pension System of Maryland. Retiree benefits are in accordance with bargaining unit agreements negotiated between each employer's governing body/board and each employee's representative labor organization. At June 30, 2011, the date of the latest available valuation, the OPEB Plan covered a projected 32,318 members; 20,360 active plan members and 11,958 retirees receiving benefits.

*Contributions:* Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward healthcare based on their hire date, years of active service, the medical plan chosen and whether they are Medicare eligible (age 65). The County receives Retiree Drug Subsidy and Prescription Drug Plan reimbursements on Medicare eligible retirees. Each employer is required to contribute its annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. Article 10, Title 14 of the County Code gives the Director of Budget and Finance the authority to determine the annual contribution to the trust fund based on the results of the actuarial valuation of the ARC. The annual OPEB cost was calculated based on the ARC and the net OPEB asset. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation (in thousands):

	All Employers	The County
Annual required contribution (ARC)	\$ 234,440	\$ 109,596
Interest on net OPEB asset	1,130	1,328
Adjustment to ARC	(1,223)	(1,437)
Annual OPEB cost (expense)	234,347	109,487
Contributions made	(64,278)	-
Increase in net OPEB asset	170,069	109,487
Net OPEB obligation beginning of year	28,254	33,190
Net OPEB obligation end of year	<u>\$ 198,323</u>	<u>\$ 142,677</u>

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year 2012 and the two preceding fiscal years were as follows (dollars in thousands):

Fiscal Year Ended June 30	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB (Asset) Obligation
2010	\$ 137,167	80.82	\$ (54,507)
2011	150,866	45.14	28,254
2012	234,347	27.43	198,323

**Funded Status and Funding Progress**

The funded status of the OPEB Plan as of the most recent actuarial valuation date is as follows (dollars in thousands):

Schedule of Funding Progress

Actuarial Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2011	\$ 215,729	\$ 3,235,990	\$ 3,020,261	6.67%	\$ 1,244,694	242.65

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about future employment, mortality and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employers are subject to continual revision as actuarial results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing benefit costs between employers and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of the assets, consistent with the long-term perspective of the calculations. An implicit subsidy amount is factored into the valuation for blended rates charged to retirees who should be contributing at rates much higher than active employees.

The June 30, 2011 actuarial valuation used the projected unit credit method under which the benefits of each individual included in an actuarial valuation are allocated by a consistent formula to all valuation years. The method used to determine the actuarial value of assets was fair value. The actuarial assumptions applied were future salary increases of 3% per year and the interest was assumed to have a discount rate of 4.0%. The discount rate is the rate used to determine the present value of the future cash flows. The unfunded actuarial accrued liability is being amortized over a period of 30 years on a closed basis using level percentage of projected payroll. The remaining amortization period at June 30, 2012 was twenty-five years. The initial medical trend assumption is 8% decreasing gradually to an ultimate rate of 4.6% after 2098. The medical trend assumption was developed using the Society of Actuaries Long-Run Medical Cost Trend Model baseline assumptions. The following assumptions were used as input variables into this model:

Rate of inflation	2.9%
Rate of growth in real income/GDP per Capita	1.7%
Income multiplier for health spending	1.4
Extra trend due to technology and other factors	1.2%
Year for limiting cost growth to GDP growth	2075

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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The condensed financial statements as of and for the year ended June 30, 2012 are as follows (in thousands):

**Statement of Plan Net Assets**  
**OPEB Plan**  
**As of June 30, 2012**

**ASSETS**

Investments, at fair value	\$ 239,121
Collateral for loaned securities (net of unrealized loss)	2,746
Receivables:	
Accrued interest & dividend income	277
Receivable for investments sold	1,670
Receivables other	1,612
Total assets	<u>245,426</u>

**LIABILITIES**

Collateral for loaned securities	3,001
Investments purchased	4,001
Investment expenses payable	274
Other	6,089
Total liabilities	<u>13,365</u>

**NET ASSETS**

Net assets held in trust for benefits	<u>\$ 232,061</u>
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**Statement of Changes in Plan Net Assets**  
**OPEB Plan**  
**For the year ended June 30, 2012**

**ADDITIONS**

Contributions:	
Employer	\$ 64,278
Employee	27,578
On-behalf	7,008
Other	2,365
Total contributions	<u>101,229</u>
Investment earnings:	
Net decrease in the fair value of plan assets	(1,128)
Interest and dividends	4,963
Securities lending loss	(183)
Investment expenses	(1,805)
Net investment gain	<u>1,847</u>
Total additions	<u>103,076</u>

**DEDUCTIONS**

Benefits	<u>124,669</u>
Total deductions	<u>124,669</u>
Change in net assets	(21,593)
Net assets at beginning of the year	253,654
Net assets at end of the year	<u>\$ 232,061</u>

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**15. INDIVIDUAL FUND DISCLOSURES:**

**Details of Fund Balances**

The details of the Governmental Funds balances at June 30, 2012 are shown as follows (in thousands):

	<u>General</u>	<u>Gifts and Grants</u>	<u>Consolidated Public Improvement Construction</u>	<u>Nonmajor Governmental Fund</u>	<u>Total Governmental Funds</u>
Fund balances					
Nonspendable:					
Inventories	\$ 7,109	\$ -	\$ -	\$ -	\$ 7,109
Total Nonspendable	<u>7,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,109</u>
Restricted for:					
Equipment financing	99,260	-	-	-	99,260
Bond escrow	232	-	-	-	232
Loan guarantees and grants	-	22,161	-	-	22,161
Total Restricted	<u>99,492</u>	<u>22,161</u>	<u>-</u>	<u>-</u>	<u>121,653</u>
Assigned to:					
Encumbrances for:					
Contractual Services	1,627	-	-	-	1,627
Supplies & Materials	1,120	-	-	-	1,120
Equipment & Other	945	-	-	-	945
Imprest funds	69	-	-	-	69
Loans & grants	-	4,343	-	-	4,343
Subsequent year's expenditures	40,584	-	-	-	40,584
Retirement of long-term debt	21,314	-	-	-	21,314
Liquor license regulation	-	-	-	356	356
Total Assigned	<u>65,659</u>	<u>4,343</u>	<u>-</u>	<u>356</u>	<u>70,358</u>
Unassigned:					
Revenue stabilization	84,822	-	-	-	84,822
Other	145,150	-	(112,730)	-	32,420
Total Unassigned	<u>229,972</u>	<u>-</u>	<u>(112,730)</u>	<u>-</u>	<u>117,242</u>
Total fund balances(deficit)	<u>\$ 402,232</u>	<u>\$ 26,504</u>	<u>\$ (112,730)</u>	<u>\$ 356</u>	<u>\$ 316,362</u>

**Deficit Fund Balance**

At June 30, 2012, the Consolidated Public Improvement Construction Fund had an unassigned fund deficit of \$112.73 million. This deficit will be eliminated by pay-as-you-go contributions from the General Fund and from bond proceeds.

**16. ACCOUNTING CHANGE:**

The County changed its amortization of bond/COPs premium and discount from the straight-line method to the effective interest method. The effective interest method produces a periodic interest expense equal to a constant percentage of the carrying value of the debt. The County has restated the beginning July 1 balances of the carrying value of the premium/discount of the debt in Note 8 and its net assets in the financial statements to affect the change in amortization method.

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

The following table shows the impact of the restatement on beginning Net Assets of the Metropolitan Enterprise Fund in the Proprietary Fund Statement of Net Assets and the Governmental Activities & Business-type Activities in the Government-wide Statement of Net Assets.

	Metropolitan District Enterprise Fund	Government -wide	
		Governmental Activities	Business-type Activities
Net assets July 1, 2011, as previously stated	\$ 422,092	\$ 1,224,870	\$ 424,708
Affects of accounting method change	8,267	16,288	8,267
Net assets July 1, 2011, as restated	<u>\$ 430,359</u>	<u>\$ 1,241,158</u>	<u>\$ 432,975</u>

**17. SUBSEQUENT EVENTS:**

On December 12, 2012, the County sold \$253 million General Obligation Bonds consisting of \$60 million Metropolitan District Bonds (75th Issue) and \$193 million Consolidated Public Improvement Bonds – 2012 Series. The Metropolitan District Bonds were issued for the purpose of providing funds for the redemption of Fixed Rate Bond Anticipation Notes – 2011 Series, due December 17, 2012, the proceeds of which were expended for the design and construction, purchase or acquisition of County water supply, sewerage and drainage systems. The Consolidated Public Improvement Bonds were issued for the purpose of providing funds for the redemption of \$140 million Fixed Rate Bond Anticipation Notes – 2011 Series, due December 17, 2012, and \$53,000,000 aggregate principal amount of Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, the proceeds of which were expended for capital improvement projects. Concurrently, the County reissued \$53 million Consolidated Public Improvement Commercial Paper Bond Anticipation Notes.

On December 12, 2012, the County sold \$112,085,000 General Obligation Refunding Bonds – 2012 Refunding Series. The issuance consisted of \$18,005,000 Metropolitan District Bonds and \$94,080,000 Consolidated Public Improvement Bonds. The net proceeds of the refunding were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments. The bonds were used for the purpose of refunding \$18,065,000 of outstanding Metropolitan District Bonds, and \$102,485,000 of outstanding Consolidated Public Improvement Bonds. As a result of the refunding, a net present value savings of approximately 13.13% was obtained.

On December 13, 2012, the County sold \$256,290,000 Taxable General Obligation Bonds to fund the present value of the increased liabilities of the portion of the Employees' Retirement System of Baltimore County (the "System") closed to new membership effective as of July 1, 2007 resulting from the reduction of the valuation rate by the Board of Trustees of the System from 7.875% to 7.25%. The proceeds of the bonds are expected to be used to purchase investments for the benefit of the closed plan.





## **Required Supplementary Information**

**BALTIMORE COUNTY, MARYLAND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2012**

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**OPEB Plan:**

Three year historical trend information about the OPEB Plan will be presented herewith as required supplementary information. This information is intended to help users assess the OPEB Plan's funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due and make comparisons with other public employee retirement systems' OPEB Plans.

Schedule of Funding Progress  
(dollars in thousands)

Actuarial Valuation Date <u>June 30</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a % of Covered Payroll <u>((b-a)/c)</u>
2009	\$ 153,449	\$ 1,755,670	\$ 1,602,221	8.74	\$ 1,167,722	137.21
2011 *	220,034	2,002,386	1,782,352	10.99	1,213,070	146.93
2011 *	215,729	3,235,990	3,020,261	6.67	1,244,694	242.65

\* The June 30, 2011 actuarial valuation contained OPEB projections for fiscal years 2011 and 2012. The large increase to the actuarial accrued liability in 2012 is primarily the result of changing the discount rate from 6.75% in 2011 to 4.0% in 2012.

Schedule of Employers' Contributions  
(dollars in thousands)

Fiscal Year Ended <u>June 30</u>	Annual Required Contribution <u></u>	Percentage Contributed <u></u>
2010	\$ 138,501	80.04
2011	151,453	44.97
2012	234,440	27.42



## **Supplementary Information Schedules & Combining Financial Statements**

The schedules provide selected budgetary information concerning the General Fund and the Liquor License Fund. The combining financial statements provide detailed information concerning financial position and results of operations for the Internal Service funds and Fiduciary funds.

**Baltimore County**  
**Schedule of Appropriations and Expenditures - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2012**  
**(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>General Government:</b>				
Legislative:				
County Council	\$ 1,937	\$ 1,937	\$ 1,814	\$ 123
Judicial:				
Circuit Court:				
Criminal and civil adjudication	4,497	4,497	4,364	133
Orphans Court:				
Adjudication of estates	199	199	199	-
States Attorney:				
Criminal prosecution	8,281	8,281	7,962	319
County Sheriff:				
Conveying prisoners and serving summonses	5,685	5,685	5,599	86
Total	<u>18,662</u>	<u>18,662</u>	<u>18,124</u>	<u>538</u>
Executive:				
Office of the County Executive	996	996	973	23
County Administrative Officer:				
General administration	1,256	1,256	1,125	131
Baltimore metropolitan council	131	131	131	-
Total	<u>2,383</u>	<u>2,383</u>	<u>2,229</u>	<u>154</u>
Elections:				
Board of Supervisors of Elections	<u>3,976</u>	<u>3,976</u>	<u>3,329</u>	<u>647</u>
Financial Administration:				
Office of Budget and Finance:				
Budget formulation and administration	1,924	1,924	1,852	72
Financial operations	4,064	4,014	3,811	203
Pay systems	257	257	224	33
Investment and debt management	278	278	278	-
Insurance administration	1,608	1,708	1,687	21
Purchasing and disbursements	1,545	1,495	1,268	227
Total	<u>9,676</u>	<u>9,676</u>	<u>9,120</u>	<u>556</u>
County Auditor	<u>1,606</u>	<u>1,606</u>	<u>1,431</u>	<u>175</u>
Office of Law:				
General legal services	2,402	2,402	2,262	140
Legislative relations	292	292	276	16
Ethics/human relations	287	287	275	12
Total	<u>2,981</u>	<u>2,981</u>	<u>2,813</u>	<u>168</u>
Other:				
Vehicle Operations and Maintenance	1,295	1,295	1,188	107
Office of Planning and Community Conservation				
General administration	2,376	2,324	2,150	174
Zoning commissioner	515	567	567	-
People's counsel	183	183	183	-
Community conservation	387	387	337	50
Office of Human Resources:				
Personnel administration	2,500	2,500	2,357	143

(continued)

**Baltimore County**  
**Schedule of Appropriations and Expenditures - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2012**  
**(In Thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts - Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Department of Permits and Development Management:				
General administration	1,471	1,556	1,552	4
Electrical licensing and regulation	17	17	17	-
Plumbing licensing and regulation	28	28	28	-
Real estate compliance	1,064	1,064	1,053	11
Development processing	1,105	1,060	1,030	30
Code inspections and enforcement	4,470	4,495	4,489	6
Permits and licenses	827	762	735	27
Board of Appeals	218	218	211	7
Cooperative Extension Service	248	248	226	22
Office of Information Technology:				
General administration	1,638	1,598	1,598	-
Applications development	11,857	12,145	12,143	2
Computer and technical services	2,999	2,721	2,721	-
Telecommunications Services	2,261	2,291	2,265	26
Total	<u>35,459</u>	<u>35,459</u>	<u>34,850</u>	<u>609</u>
General Government Total	<u>76,680</u>	<u>76,680</u>	<u>73,710</u>	<u>2,970</u>
<b>Public Safety:</b>				
Police Department:				
General administration	8,009	7,304	7,301	3
Administrative & technical services	20,025	18,961	18,955	6
Criminal/forensic investigations	22,578	22,348	22,347	1
Vice/intelligence/narcotics	8,837	8,391	8,390	1
Patrol/precincts	115,678	117,843	117,835	8
Support operations	12,824	13,499	13,475	24
Human resources	3,918	3,523	3,489	34
School safety	1,346	1,346	1,328	18
Total	<u>193,215</u>	<u>193,215</u>	<u>193,120</u>	<u>95</u>
Bureau of Corrections:				
Custodial care of prisoners	34,512	34,612	34,589	23
Fire Department:				
General administration	910	910	898	12
Investigative services	2,604	2,574	2,284	290
Alarm and communication system	1,065	1,065	1,008	57
Field operations	77,272	77,272	77,086	186
Office of emergency preparedness	445	445	267	178
Field operation administration	1,802	1,802	1,684	118
Fire/rescue academy	1,400	1,400	1,365	35
Contributions - volunteer fire companies	6,791	6,821	6,806	15
Total	<u>92,289</u>	<u>92,289</u>	<u>91,398</u>	<u>891</u>
Communications:				
Central communications center	11,131	11,131	11,030	101
Public Safety Total	<u>331,147</u>	<u>331,247</u>	<u>330,137</u>	<u>1,110</u>

(continued)

**Baltimore County**  
**Schedule of Appropriations and Expenditures - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2012**  
**(In Thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts - Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Public Works:</b>				
Office of Director of Public Works:				
General administration	794	794	747	47
Metro Financing/Petition Proc	24	25	24	1
Total	<u>818</u>	<u>819</u>	<u>771</u>	<u>48</u>
Bureau of Engineering and Construction:				
General administration	447	447	424	23
Structural design	2,052	2,052	2,005	47
Public buildings design	589	589	537	52
General surveying	396	396	347	49
Contracts and construction inspection	2,108	2,108	1,973	135
Total	<u>5,592</u>	<u>5,592</u>	<u>5,286</u>	<u>306</u>
Bureau of Highways:				
General administration	1,218	1,218	1,125	93
General operations and maintenance	14,072	13,446	13,115	331
Storm emergencies	5,922	3,446	1,863	1,583
Total	<u>21,212</u>	<u>18,110</u>	<u>16,103</u>	<u>2,007</u>
Bureau of Solid Waste Management:				
General administration	520	520	481	39
Refuse collection	28,331	28,461	28,461	-
Refuse disposal	20,750	22,095	21,333	762
Recycling	1,800	1,800	1,645	155
Total	<u>51,401</u>	<u>52,876</u>	<u>51,920</u>	<u>956</u>
Bureau of Traffic Engineering and Transportation Planning:				
Traffic planning	8,811	9,326	9,325	1
Traffic sign installation and maintenance	1,641	1,641	1,365	276
Traffic signal operation and maintenance	1,136	1,151	1,148	3
Total	<u>11,588</u>	<u>12,118</u>	<u>11,838</u>	<u>280</u>
Bureau of Utilities:				
Sewer and water maintenance	574	574	574	-
Bureau of Building and Equipment Services:				
Building maintenance	7,035	7,170	7,170	-
Building operation and management	15,508	15,748	15,746	2
Equipment maintenance	6,023	6,744	6,671	73
Total	<u>28,566</u>	<u>29,662</u>	<u>29,587</u>	<u>75</u>
Public Works Total	<u>119,751</u>	<u>119,751</u>	<u>116,079</u>	<u>3,672</u>

(continued)

**Baltimore County**  
**Schedule of Appropriations and Expenditures - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2012**  
**(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Health and Human Services:</b>				
Health:				
Department of Health:				
General administration	3,259	3,449	3,422	27
Nursing services	3,070	3,010	3,010	-
Acute communicable disease control	1,543	1,490	1,480	10
Medical environmental health	2,332	2,254	2,253	1
Medical social work service	705	683	666	17
Animal control	1,697	1,719	1,719	-
School health services	1,665	1,627	1,615	12
Developmental disabilities	526	526	523	3
Home health services	1,517	1,477	1,473	4
Long-term care services	1,810	1,852	1,832	20
Medical assistance and hospital support	992	1,016	1,004	12
Dental health services	734	775	758	17
Speech, language and hearing	281	253	223	30
Total	<u>20,131</u>	<u>20,131</u>	<u>19,978</u>	<u>153</u>
Department of Environmental Protection and Resource Management	<u>5,759</u>	<u>5,759</u>	<u>5,759</u>	<u>-</u>
Human Services:				
Department of Social Services:				
Adult foster care assistance	145	145	145	-
Welfare to work program	425	425	402	23
Emergency funds/housing for the homeless	538	538	507	31
Battered spouse program	121	121	121	-
Day resource center	216	216	216	-
In-home care program	219	229	228	1
Volunteer program	74	74	72	2
Adult services	741	774	768	6
General administration	1,552	1,481	1,454	27
STEPS program	277	277	276	1
Children's services	383	390	390	-
Income maintenance	672	680	679	1
Family services	1,158	1,171	1,170	1
Total	<u>6,521</u>	<u>6,521</u>	<u>6,428</u>	<u>93</u>
Aging Programs & Services:				
Department of Aging:				
General administration	739	739	711	28
Adult medical day care	50	50	50	-
Senior centers network	1,966	1,966	1,898	68
Special geriatric services	201	201	200	1
Facilities	1,088	1,088	1,037	51
Transportation	1,263	1,263	1,262	1
Program and volunteer services	312	312	272	40
Total	<u>5,619</u>	<u>5,619</u>	<u>5,430</u>	<u>189</u>
Health and Human Services Total	<u>38,030</u>	<u>38,030</u>	<u>37,595</u>	<u>435</u>

(continued)

**Baltimore County**  
**Schedule of Appropriations and Expenditures - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2012**  
**(In Thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts - Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Culture and Leisure Services:</b>				
Department of Recreation and Parks:				
General administration	1,249	1,249	1,198	51
Community & neighborhood recreation, organization, direction and development	5,255	5,255	4,985	270
Activity leadership	2,836	2,836	2,700	136
Operation and maintenance of facilities	6,808	6,808	6,677	131
Revenue producing facilities	687	687	613	74
Nature and environmental center	923	923	877	46
Organization Contributions:				
Organization contributions	3,328	3,328	3,322	6
General grant program	3,603	3,678	3,440	238
<b>Culture and Leisure Services Total</b>	<b>24,689</b>	<b>24,764</b>	<b>23,812</b>	<b>952</b>
<b>Economic and Community Development:</b>				
Economic Development Commission	1,642	1,642	1,419	223
<b>Economic and Community Development Total</b>	<b>1,642</b>	<b>1,642</b>	<b>1,419</b>	<b>223</b>
<b>Pension Plan Contributions:</b>				
Employees' retirement contributions	58,787	58,787	58,787	-
Non-system retirement	220	223	222	1
<b>Pension Plan Contributions Total</b>	<b>59,007</b>	<b>59,010</b>	<b>59,009</b>	<b>1</b>
<b>Healthcare Contributions:</b>				
Employee health & life insurance	68,575	68,575	66,838	1,737
<b>Healthcare Contributions Total</b>	<b>68,575</b>	<b>68,575</b>	<b>66,838</b>	<b>1,737</b>
<b>Miscellaneous:</b>				
Social Security	17,927	17,924	16,903	1,021
Reserve for Contingencies	1,000	825	-	825
Local share - State & Federal	39	39	39	-
<b>Miscellaneous Total</b>	<b>18,966</b>	<b>18,788</b>	<b>16,942</b>	<b>1,846</b>
<b>Payments to Component Units:</b>				
Community College	38,463	38,463	38,463	-
Board of Education	702,982	702,982	702,749	233
Library	34,070	34,070	34,070	-
<b>Payments to Component Units Total</b>	<b>775,515</b>	<b>775,515</b>	<b>775,282</b>	<b>233</b>

(continued)

**Baltimore County**  
**Schedule of Appropriations and Expenditures - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2012**  
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Debt Service:</b>				
Principal retirement:				
General obligation bonds:				
Community College	2,584	2,584	2,584	-
General public facilities	29,760	29,760	29,760	-
Pension funding bonds	7,070	7,070	7,070	-
Non-general obligation debt	11,350	11,350	8,102	3,248
Total	<u>50,764</u>	<u>50,764</u>	<u>47,516</u>	<u>3,248</u>
Interest:				
General obligation bonds:				
Community College	3,211	3,211	3,129	82
General public facilities	23,200	23,200	22,634	566
Pension funding bonds	1,414	1,414	1,414	-
Non-general obligation debt	2,977	2,977	2,893	84
Total	<u>30,802</u>	<u>30,802</u>	<u>30,070</u>	<u>732</u>
Fiscal charges:				
General obligation bonds:				
General public facilities	817	817	779	38
Non-general obligation debt	10	10	5	5
Total	<u>827</u>	<u>827</u>	<u>784</u>	<u>43</u>
Debt Service Total	<u>82,393</u>	<u>82,393</u>	<u>78,370</u>	<u>4,023</u>
<b>Operating Transfers Out:</b>				
Contribution to capital budget	637	637	637	-
Gifts and Grants	6,753	6,753	6,753	-
Operating Transfers Out Total	<u>7,390</u>	<u>7,390</u>	<u>7,390</u>	<u>-</u>
General Fund Total	<u>\$ 1,603,785</u>	<u>\$ 1,603,785</u>	<u>\$ 1,586,583</u>	<u>\$ 17,202</u>

**Baltimore County, Maryland**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Liquor License Fund**  
**For the Year Ended June 30, 2012**  
**(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Licenses and permits	\$ 1,071	\$ 1,024	\$ (47)
Total revenues	<u>1,071</u>	<u>1,024</u>	<u>(47)</u>
<b>Expenditures:</b>			
General government:			
License sale and control	686	613	73
Total expenditures	<u>686</u>	<u>613</u>	<u>73</u>
Excess of revenues over expenditures	<u>385</u>	<u>411</u>	<u>26</u>
<b>Other financing uses:</b>			
Operating transfers out	(300)	(300)	-
Deficiency of revenues over expenditures, and other uses	<u>\$ 85</u>	111	<u>\$ 26</u>
Fund balance at beginning of year		245	
Fund balance at end of year		<u>\$ 356</u>	

**Baltimore County, Maryland**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2012**  
**(In Thousands)**

	<b>Vehicle Operations and Maintenance</b>	<b>Central Printing Service</b>	<b>Self-Insurance Program</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ -	\$ 395	\$ 94,845	\$ 95,240
Receivables, net	27	-	1,357	1,384
Due from other funds	-	-	5,385	5,385
Inventories	508	-	-	508
Prepaid costs	-	-	6,545	6,545
Total current assets	<u>535</u>	<u>395</u>	<u>108,132</u>	<u>109,062</u>
Capital assets:				
Depreciable (net of accumulated depreciation)	17,113	160	-	17,273
Total assets	<u>17,648</u>	<u>555</u>	<u>108,132</u>	<u>126,335</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,187	16	1,419	2,622
Accrued payroll	51	6	-	57
Compensated absences	221	17	-	238
Due to other funds	5,385	-	-	5,385
Claims and judgments	-	-	34,406	34,406
Total current liabilities	<u>6,844</u>	<u>39</u>	<u>35,825</u>	<u>42,708</u>
Noncurrent liabilities:				
Claims and judgments	-	-	25,316	25,316
Total liabilities	<u>6,844</u>	<u>39</u>	<u>61,141</u>	<u>68,024</u>
<b>NET ASSETS</b>				
Invested in capital assets	17,113	160	-	17,273
Unrestricted (deficit)	(6,309)	356	46,991	41,038
Total net assets	<u>\$ 10,804</u>	<u>\$ 516</u>	<u>\$ 46,991</u>	<u>\$ 58,311</u>

**Baltimore County, Maryland**  
**Combining Statement of Revenues, Expenses,**  
**and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2012**  
**(In Thousands)**

	<b>Vehicle Operations and Maintenance</b>	<b>Central Printing Service</b>	<b>Self-Insurance Program</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for services-internal	\$ 19,420	\$ 724	\$ 71,313	\$ 91,457
Charges for services-other	4,401	15	183,979	188,395
Miscellaneous	223	-	-	223
Total operating revenues	<u>24,044</u>	<u>739</u>	<u>255,292</u>	<u>280,075</u>
<b>OPERATING EXPENSES</b>				
Personal services	2,503	394	-	2,897
Contractual services	549	86	-	635
Rents and utilities	243	215	-	458
Supplies and maintenance	13,782	158	-	13,940
Insurance claims and expenses	-	-	236,496	236,496
Depreciation	3,794	32	-	3,826
Other expenses	771	38	-	809
Total operating expenses	<u>21,642</u>	<u>923</u>	<u>236,496</u>	<u>259,061</u>
Operating income (loss)	<u>2,402</u>	<u>(184)</u>	<u>18,796</u>	<u>21,014</u>
<b>NONOPERATING REVENUES</b>				
Interest on investments	-	-	322	322
Total nonoperating revenues	-	-	322	322
Income (loss) before transfers	2,402	(184)	19,118	21,336
Transfers in	31	-	-	31
Transfers out	-	-	(240)	(240)
Change in net assets	<u>2,433</u>	<u>(184)</u>	<u>18,878</u>	<u>21,127</u>
Net assets at beginning of the year	8,371	700	28,113	37,184
Net assets at end of the year	<u>\$ 10,804</u>	<u>\$ 516</u>	<u>\$ 46,991</u>	<u>\$ 58,311</u>

**Baltimore County, Maryland**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2012**  
**(In Thousands)**

	<b>Vehicle Operations and Maintenance</b>	<b>Central Printing Service</b>	<b>Self-Insurance Program</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 23,813	\$ 739	\$ 258,411	\$282,963
Payments to suppliers	(14,630)	(460)	-	(15,090)
Payments to employees	(2,583)	(416)	-	(2,999)
Payment for interfund services used	(771)	(38)	-	(809)
Claims paid	-	-	(244,734)	(244,734)
Other receipts	235	-	-	235
Net cash provided (used) by operating activities	<u>6,064</u>	<u>(175)</u>	<u>13,677</u>	<u>19,566</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	31	-	-	31
Transfers out	-	-	(240)	(240)
Repayment of advancement	(6,395)	-	6,395	-
Net cash provided (used) by noncapital activities	<u>(6,364)</u>	<u>-</u>	<u>6,155</u>	<u>(209)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(168)	-	-	(168)
Sales of capital assets	468	-	-	468
Net cash provided by capital and related financing activities	<u>300</u>	<u>-</u>	<u>-</u>	<u>300</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	-	-	322	322
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>322</u>	<u>322</u>
Net increase (decrease) in cash and cash equivalents	-	(175)	20,154	19,979
Cash and cash equivalents at beginning of the year	-	570	74,691	75,261
Cash and cash equivalents at end of the year	<u>\$ -</u>	<u>\$ 395</u>	<u>\$ 94,845</u>	<u>\$ 95,240</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 2,402	\$ (184)	\$ 18,796	\$ 21,014
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	3,794	32	-	3,826
Effect of changes in operating assets and liabilities:				
Receivables, net	(8)	-	3,119	3,111
Prepaid costs	-	-	(934)	(934)
Inventories	12	-	-	12
Accounts and other payables	(56)	(1)	(1,090)	(1,147)
Accrued expenses	(80)	(22)	-	(102)
Claims and judgements	-	-	(6,214)	(6,214)
Net cash provided (used) by operating activities	<u>\$ 6,064</u>	<u>\$ (175)</u>	<u>\$ 13,677</u>	<u>\$ 19,566</u>

**Baltimore County, Maryland**  
**Combining Statement of Fiduciary Net Assets**  
**Benefits Trust Funds**  
**June 30, 2012**  
(In Thousands)

	<b>Employees' Retirement System</b>	<b>Police, Fire, and Widows' Pension Plan</b>	<b>OPEB Plan</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 42,460	\$ 6,355	\$ -	\$ 48,815
Collateral for loaned securities	22,676	-	2,746	25,422
Receivables:				
Accrued interest & dividend income	2,291	409	277	2,977
Receivable for investments sold	13,793	-	1,670	15,463
Receivables other	1,082	-	1,612	2,694
Total receivables	<u>17,166</u>	<u>409</u>	<u>3,559</u>	<u>21,134</u>
Investments, at fair value:				
U.S. Government and Agency securities	130,226	-	15,770	145,996
Municipal bonds	1,709	21,225	207	23,141
Foreign bonds	11,060	5,744	1,339	18,143
Corporate bonds	132,034	-	15,989	148,023
Stocks	388,670	-	47,067	435,737
Bond mutual funds	267,068	6,249	32,342	305,659
Stock mutual funds	350,795	15,123	42,480	408,398
Real estate equity funds	87,052	-	10,542	97,594
Hedge funds	96,431	-	11,678	108,109
Private equity funds	111,686	-	13,525	125,211
Real assets	87,901	-	10,645	98,546
Global Asset Allocation	309,973	-	37,537	347,510
Total investments	<u>1,974,605</u>	<u>48,341</u>	<u>239,121</u>	<u>2,262,067</u>
Total assets	<u>2,056,907</u>	<u>55,105</u>	<u>245,426</u>	<u>2,357,438</u>
<b>LIABILITIES</b>				
Securities lending payable	24,778	-	3,001	27,779
Investments purchased	33,041	-	4,001	37,042
Investment expenses payable	2,265	-	274	2,539
Refunds payable	398	-	-	398
Other	167	14	6,089	6,270
Total liabilities	<u>60,649</u>	<u>14</u>	<u>13,365</u>	<u>74,028</u>
<b>NET ASSETS</b>				
Net assets held in trust for benefits	<u>\$ 1,996,258</u>	<u>\$ 55,091</u>	<u>\$ 232,061</u>	<u>\$ 2,283,410</u>

**Baltimore County, Maryland**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Benefits Trust Funds**  
**For the Year Ended June 30, 2012**  
**(In Thousands)**

	<u>Employees' Retirement System</u>	<u>Police, Fire, and Widows' Pension Plan</u>	<u>OPEB Plan</u>	<u>Total</u>
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 65,127	\$ 15	\$ 64,278	\$ 129,420
Employees	39,481	-	27,578	67,059
Intergovernmental	-	-	9,373	9,373
Total contributions	<u>104,608</u>	<u>15</u>	<u>101,229</u>	<u>205,852</u>
Investment earnings:				
Net increase in the fair value of plan assets	1,120	(124)	(1,128)	(132)
Interest and dividends	38,070	1,819	4,963	44,852
Investment expenses	(14,322)	(118)	(1,805)	(16,245)
Net investment gain	<u>24,868</u>	<u>1,577</u>	<u>2,030</u>	<u>28,475</u>
Net loss from securities lending:				
Securities lending income	162	-	25	187
Net decrease in fair value of investments	(2,102)	-	(255)	(2,357)
Borrower rebates	641	-	78	719
Agent fees	(248)	-	(31)	(279)
Net loss from securities lending	<u>(1,547)</u>	<u>-</u>	<u>(183)</u>	<u>(1,730)</u>
Total net investment gain	<u>23,321</u>	<u>1,577</u>	<u>1,847</u>	<u>26,745</u>
Total additions	<u>127,929</u>	<u>1,592</u>	<u>103,076</u>	<u>232,597</u>
<b>DEDUCTIONS</b>				
Benefits	209,673	11,321	124,669	345,663
Refunds	3,640	-	-	3,640
Administrative expense	2,329	-	-	2,329
Total deductions	<u>215,642</u>	<u>11,321</u>	<u>124,669</u>	<u>351,632</u>
Change in net assets	(87,713)	(9,729)	(21,593)	(119,035)
Net assets at beginning of the year	2,083,971	64,820	253,654	2,402,445
Net assets at end of the year	<u>\$ 1,996,258</u>	<u>\$ 55,091</u>	<u>\$ 232,061</u>	<u>\$ 2,283,410</u>



# STATISTICAL



# SECTION

The Statistical Section presents data to assist users of this report to assess the economic condition of the County. They are intended to provide a broader and more complete understanding of the County and its financial affairs than is possible from the basic financial statements and supporting schedules included in the “Financial Section.” Many of these schedules cover more than two fiscal years and present data from sources other than the accounting records. Therefore, the data contained in the Statistical Section has not been subjected to independent audit. The five categories of information are as follows:

## **Financial Trends**

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

## **Revenue Capacity**

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

## **Debt Capacity**

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

## **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s activities take place.

## **Operating Information**

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

**Baltimore County, Maryland**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(dollars expressed in thousands)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012
<b>Governmental activities</b>										
Invested in capital assets, net of related debt <sup>a</sup>	\$ 262,897	\$ 1,303,115	\$ 1,385,791	\$ 1,465,260	\$ 1,492,767	\$ 1,523,265	\$ 1,595,901	\$ 1,593,450	\$ 1,550,280	\$ 1,386,096
Restricted	9,488	8,853	12,135	17,807	15,324	122,079	73,357	57,713	26,653	27,251
Unrestricted (deficit)	(61,982)	(72,658)	(43,935)	46,525	103,053	20,351	(67,683)	(309,380)	(335,775)	(344,303)
Total governmental activities net assets	\$ 220,403	\$ 1,239,310	\$ 1,353,991	\$ 1,529,592	\$ 1,611,144	\$ 1,665,695	\$ 1,601,575	\$ 1,341,783	\$ 1,241,158	\$ 1,069,044
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 419,453	\$ 440,818	\$ 482,784	\$ 524,996	\$ 543,107	\$ 489,563	\$ 568,225	\$ 568,687	\$ 588,201	\$ 566,002
Unrestricted (deficit)	64,392	37,529	(12,176)	(68,780)	(107,952)	(63,032)	(137,808)	(159,788)	(155,226)	(175,200)
Total business-type activities net assets	\$ 483,845	\$ 478,347	\$ 470,608	\$ 456,216	\$ 435,155	\$ 426,531	\$ 430,417	\$ 408,899	\$ 432,975	\$ 390,802
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$ 682,350	\$ 1,743,933	\$ 1,868,575	\$ 1,990,256	\$ 2,035,874	\$ 2,012,828	\$ 2,164,126	\$ 2,162,137	\$ 2,138,481	\$ 1,952,098
Restricted	9,488	8,853	12,135	17,807	15,324	122,079	73,357	57,713	26,653	27,251
Unrestricted (deficit)	12,410	(35,129)	(56,111)	(22,255)	(4,899)	(42,681)	(205,491)	(469,168)	(491,001)	(519,503)
Total primary government net assets	\$ 704,248	\$ 1,717,657	\$ 1,824,599	\$ 1,985,808	\$ 2,046,299	\$ 2,092,226	\$ 2,031,992	\$ 1,750,682	\$ 1,674,133	\$ 1,459,846

<sup>a</sup> Fiscal year 2004 reflects an accounting change of \$949 million for retroactive reporting of costs incurred prior to July 1, 2001 associated with the County's governmental activities infrastructure assets.

\* The amounts for FY 2011 net asset components have been restated to affect the change in amortization of bond/COPs premium and discount from the straight-line method to the effective interest method.

**Baltimore County, Maryland**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(dollars expressed in thousands)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012
<b>Expenses</b>										
Governmental activities:										
General government	\$ 302,731	\$ 322,644	\$ 344,959	\$ 370,820	\$ 364,796	\$ 427,611	\$ 457,696	\$ 390,428	\$ 449,008	\$ 509,187
Public safety	232,827	231,618	246,937	268,561	284,729	321,024	336,325	339,301	346,253	340,263
Public works	95,535	116,548	154,490	154,883	187,130	166,234	163,493	198,075	150,606	187,816
Health and human services	104,755	109,405	117,270	112,427	124,274	134,693	141,023	144,614	144,972	152,490
Culture and leisure services	42,730	42,449	47,476	52,746	56,889	62,080	66,856	68,818	69,368	70,803
Economic and community development	13,660	14,340	10,562	9,473	7,713	8,762	10,578	13,743	16,232	13,379
Education	672,214	642,794	666,277	691,906	766,468	781,588	774,053	831,550	803,828	841,494
Interest on long-term debt	22,937	22,004	23,895	20,568	21,940	22,900	20,305	22,057	22,844	25,568
Total governmental activities expenses	<u>1,487,389</u>	<u>1,501,802</u>	<u>1,611,866</u>	<u>1,681,384</u>	<u>1,833,939</u>	<u>1,924,892</u>	<u>1,970,329</u>	<u>2,008,586</u>	<u>2,003,111</u>	<u>2,141,000</u>
Business-type activities:										
Water and sewer services	158,398	175,148	173,803	215,217	222,606	229,829	223,534	240,626	223,858	277,780
Recreational facilities	817	868	929	4	-	-	-	-	-	-
Total business-type activities expenses	<u>159,215</u>	<u>176,016</u>	<u>174,732</u>	<u>215,221</u>	<u>222,606</u>	<u>229,829</u>	<u>223,534</u>	<u>240,626</u>	<u>223,858</u>	<u>277,780</u>
Total primary government expenses	<u>\$ 1,646,604</u>	<u>\$ 1,677,818</u>	<u>\$ 1,786,598</u>	<u>\$ 1,896,605</u>	<u>\$ 2,056,545</u>	<u>\$ 2,154,721</u>	<u>\$ 2,193,863</u>	<u>\$ 2,249,212</u>	<u>\$ 2,226,969</u>	<u>\$ 2,418,780</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 167,239	\$ 180,553	\$ 200,590	\$ 218,711	\$ 201,113	\$ 188,526	\$ 187,868	\$ 145,403	\$ 190,247	\$ 212,958
Public safety	3,426	3,057	2,887	2,783	3,294	2,022	1,935	2,294	5,077	5,958
Public works	1,873	2,701	2,153	2,420	2,273	1,837	1,669	2,616	3,195	2,942
Health and human services	4,146	3,237	4,522	4,522	4,155	3,916	3,916	3,801	3,652	3,622
Culture and leisure services	425	489	523	2,164	2,578	2,653	2,856	3,247	3,382	3,653
Economic and community development	491	454	503	505	601	939	571	713	851	487
Operating grants and contributions:										
General government	1,533	1,744	2,379	2,979	9,172	2,587	3,093	2,894	5,778	2,457
Public safety	20,812	18,685	23,881	24,930	19,499	19,627	20,638	18,115	14,093	12,879
Public works	34,542	27,610	34,168	41,790	43,257	41,584	36,342	2,128	2,865	2,260
Health and human services	82,427	85,294	91,476	86,606	92,341	101,797	109,357	100,877	100,326	114,528
Culture and leisure services	1,330	1,151	1,138	1,276	1,745	1,502	1,519	1,261	1,124	1,145
Economic and community development	12,244	12,937	9,154	7,268	7,075	6,569	8,249	17,938	24,115	16,386
Interest on long-term debt	-	-	-	-	-	-	-	1,137	4,064	6,853
Capital grants and contributions	38,094	38,398	42,552	37,550	42,348	53,287	54,852	31,263	37,614	41,519
Total governmental activities program revenues	<u>368,582</u>	<u>376,310</u>	<u>415,926</u>	<u>433,509</u>	<u>429,451</u>	<u>426,846</u>	<u>432,865</u>	<u>333,687</u>	<u>396,383</u>	<u>427,647</u>
Business-type activities:										
Charges for services:										
Water and sewer services	132,097	148,656	144,419	165,606	168,715	189,246	200,741	206,031	224,510	220,188
Recreational facilities	607	628	647	-	-	-	-	-	-	-
Operating grants and contributions:										
Capital grants and contributions	19,299	20,673	21,014	34,086	32,693	30,850	25,585	12,071	14,126	11,282
Total business-type activities program revenues	<u>152,003</u>	<u>169,957</u>	<u>166,080</u>	<u>199,692</u>	<u>201,408</u>	<u>220,096</u>	<u>226,326</u>	<u>218,931</u>	<u>241,098</u>	<u>235,247</u>
Total primary government program revenues	<u>\$ 520,585</u>	<u>\$ 546,267</u>	<u>\$ 582,006</u>	<u>\$ 633,201</u>	<u>\$ 630,859</u>	<u>\$ 646,942</u>	<u>\$ 659,191</u>	<u>\$ 552,618</u>	<u>\$ 637,481</u>	<u>\$ 662,894</u>

(continued)

**Baltimore County, Maryland**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(dollars expressed in thousands)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011*	2012
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (1,118,807)	\$ (1,125,492)	\$ (1,195,940)	\$ (1,247,875)	\$ (1,404,488)	\$ (1,498,046)	\$ (1,537,464)	\$ (1,674,899)	\$ (1,606,728)	\$ (1,713,353)
Business-type activities	(7,212)	(6,059)	(8,652)	(15,529)	(21,198)	(9,733)	2,792	(21,695)	17,240	(42,533)
Total primary government net expense	\$ (1,126,019)	\$ (1,131,551)	\$ (1,204,592)	\$ (1,263,404)	\$ (1,425,686)	\$ (1,507,779)	\$ (1,534,672)	\$ (1,696,594)	\$ (1,589,488)	\$ (1,755,886)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 545,202	\$ 564,407	\$ 588,773	\$ 626,149	\$ 662,307	\$ 712,863	\$ 767,103	\$ 813,970	\$ 837,092	\$ 844,069
Income taxes	420,710	473,017	531,090	572,136	589,994	661,125	569,736	473,792	534,553	565,571
Public service taxes	128,450	147,997	173,530	199,591	180,736	155,699	123,863	116,592	110,405	121,099
Grants and contributions not restricted to specific programs:										
State of Maryland	8,394	6,932	8,622	8,553	9,165	8,847	6,954	9,655	8,823	9,423
Unrestricted investment earnings	5,070	3,003	8,262	17,547	43,777	13,953	5,688	1,098	966	1,077
Transfers	18	-	344	(500)	61	110	-	-	-	-
Total governmental activities	1,107,844	1,195,356	1,310,621	1,423,476	1,486,040	1,552,597	1,473,344	1,415,107	1,491,839	1,541,239
Business-type activities										
Unrestricted investment earnings	1,027	561	1,257	637	198	1,219	1,094	177	256	360
Transfers	(18)	-	(344)	500	(61)	(110)	-	-	-	-
Total business-type activities	1,009	561	913	1,137	137	1,109	1,094	177	256	360
Total primary government	\$ 1,108,853	\$ 1,195,917	\$ 1,311,534	\$ 1,424,613	\$ 1,486,177	\$ 1,553,706	\$ 1,474,438	\$ 1,415,284	\$ 1,492,095	\$ 1,541,599
<b>Change in Net Assets</b>										
Governmental activities	\$ (10,963)	\$ 69,864	\$ 114,681	\$ 175,601	\$ 81,552	\$ 54,551	\$ (64,120)	\$ (259,792)	\$ (114,889)	\$ (172,114)
Business-type activities	(6,203)	(5,498)	(7,739)	(14,392)	(21,061)	(8,624)	3,886	(21,518)	17,496	(42,173)
Total primary government	\$ (17,166)	\$ 64,366	\$ 106,942	\$ 161,209	\$ 60,491	\$ 45,927	\$ (60,234)	\$ (281,310)	\$ (97,393)	\$ (214,287)

\* The amounts for FY 2011 changes in net assets have been restated to affect the change in amortization of bond/COPs premium and discount from the straight-line method to the effective interest method.

**Baltimore County, Maryland**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(dollars expressed in thousands)**

	2003 *	2004 *	2005 *	2006 *	2007 *	2008 *	2009 *	2010 *	2011	2012
General Fund										
Nonspendable	\$ 3,395	\$ 3,673	\$ 4,111	\$ 4,468	\$ 4,061	\$ 5,431	\$ 5,911	\$ 5,906	\$ 6,942	\$ 7,109
Restricted	9,075	46,036	32,556	20,450	6,995	2,657	31,132	17,763	12,689	99,492
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	86,439	93,653	124,271	161,774	142,587	143,571	141,214	99,589	65,223	65,659
Unassigned	42,423	83,444	117,277	122,523	133,899	118,530	82,703	109,231	165,200	229,972
Total General Fund	141,332	226,806	278,215	309,215	287,542	270,189	260,960	232,489	250,054	402,232
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	9,488	8,853	12,135	13,083	10,333	10,925	14,108	17,835	21,365	22,161
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	3,330	41,501	2,587	9,602	166,138	8,860	22,816	5,926	7,184	4,699
Unassigned	(11,689)	-	(53,149)	(91,614)	(121,680)	(48,410)	(98,521)	(209,354)	(157,090)	(112,730)
Total all other governmental funds	\$ 1,129	\$ 50,354	\$ (38,427)	\$ (68,929)	\$ 54,791	\$ (28,625)	\$ (61,597)	\$ (185,593)	\$ (128,541)	\$ (85,870)
Total governmental funds	\$ 142,461	\$ 277,160	\$ 239,788	\$ 240,286	\$ 342,333	\$ 241,564	\$ 199,363	\$ 46,896	\$ 121,513	\$ 316,362

<sup>a</sup> In FY 2007 the County transferred \$114.4 million from the General Fund and the Self-Insurance Program Internal Service Fund, respectively, to a Post Employment Benefit (OPEB) Fund to accumulate funds to meet future annual required contributions (ARC) to an OPEB Trust Fund.

<sup>b</sup> In FY2008, the fund balance of \$156.275 million in the OPEB Fund as of 6/30/07, was contributed to the OPEB Trust Fund

\* This information was prepared by the County Office of Budget and Finance based upon evaluation of fund balances and was presented for comparative purposes only.

Baltimore County, Maryland  
Fund Balances of Governmental Funds  
Pre GASB Statement No. 54  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(dollars expressed in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011 *	2012 *
<b>General Fund</b>										
Reserved for:										
Encumbrances	\$ 3,327	\$ 3,740	\$ 4,101	\$ 4,565	\$ 4,996	\$ 4,101	\$ 4,985	\$ 5,762	\$ 4,586	\$ 3,692
Inventories	3,395	3,673	4,111	4,468	4,061	5,431	5,911	5,906	6,942	7,109
Imprest funds	70	69	68	67	68	70	67	70	69	69
Equipment financing	9,075	46,036	32,556	20,450	6,995	2,657	31,132	17,763	12,689	99,260
Bond Escrow	-	-	-	-	-	-	-	-	-	232
<b>Total reserved</b>	<b>15,867</b>	<b>53,518</b>	<b>40,836</b>	<b>29,550</b>	<b>16,120</b>	<b>12,259</b>	<b>42,095</b>	<b>29,501</b>	<b>24,286</b>	<b>110,362</b>
<b>Unreserved</b>										
Designated for:										
Subsequent years' expenditures	17,032	23,142	52,018	81,126	57,531	47,471	52,082	9,400	60,568	40,584
Retirement of long-term debt	-	-	-	-	-	8,986	-	-	-	21,314
Revenue stabilization	66,010	66,702	68,084	76,016	79,992	82,943	84,080	84,357	84,610	84,822
Undesignated	42,423	83,444	117,277	122,523	133,899	118,530	82,703	109,231	80,590	145,150
Total unreserved	125,465	173,288	237,379	279,665	271,422	257,930	218,865	202,988	225,768	291,870
<b>Total General Fund</b>	<b>141,332</b>	<b>226,806</b>	<b>278,215</b>	<b>309,215</b>	<b>287,542</b>	<b>270,189</b>	<b>260,960</b>	<b>232,489</b>	<b>250,054</b>	<b>402,232</b>
<b>All other governmental funds</b>										
Reserved	9,491	9,453	12,712	15,281	15,572	15,686	16,628	19,942	28,304	26,504
Unreserved, reported in:										
Special revenue funds <sup>a,b</sup>	3,327	1,981	2,010	7,404	160,899	4,099	20,296	3,819	245	356
Capital project funds	(11,689)	38,920	(53,149)	(91,614)	(121,680)	(48,410)	(98,521)	(209,354)	(157,090)	(112,730)
Total all other governmental funds	1,129	50,354	(38,427)	(68,929)	54,791	(28,625)	(61,597)	(185,593)	(128,541)	(85,870)
<b>Total governmental funds</b>	<b>142,461</b>	<b>\$ 277,160</b>	<b>\$ 239,788</b>	<b>\$ 240,286</b>	<b>\$ 342,333</b>	<b>\$ 241,564</b>	<b>\$ 199,363</b>	<b>\$ 46,896</b>	<b>\$ 121,513</b>	<b>\$ 316,362</b>

<sup>a</sup> In FY 2007 the County transferred \$114.4 million and \$80 million from the General Fund and the Self-Insurance Program Internal Service

<sup>b</sup> In FY 2008, the fund balance of \$156.275 million in the OPEB Fund as of 6/30/07, was contributed to the OPEB Trust Fund

\* This information was prepared by the County Office of Budget and Finance and was derived from records for FY 2011 and FY 2012 based on standards used prior to FY 2011. Information was presented for comparative purposes only.

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Taxes	\$ 1,097,478	\$ 1,169,179	\$ 1,263,927	\$ 1,364,725	\$ 1,441,828	\$ 1,499,041	\$ 1,518,367	\$ 1,414,149	\$ 1,448,849	\$ 1,545,610
Licenses and permits	4,559	4,865	4,859	5,161	4,690	4,545	4,171	3,648	4,480	5,867
Intergovernmental	182,388	175,643	189,615	188,216	197,088	201,079	215,211	170,515	186,868	187,089
Repayment of loans	1,260	2,612	3,615	4,538	3,571	3,810	2,490	2,450	3,990	1,695
Charges for services	10,944	11,835	12,259	13,958	36,897	13,502	12,882	14,104	17,923	16,365
Assessments	1,254	1,662	3,220	3,623	4,430	2,422	5,249	1,091	2,475	2,183
Fines and forfeitures	4,995	4,695	4,652	4,374	4,725	3,098	3,407	3,660	3,876	5,149
Interest revenue	4,304	2,260	5,921	12,199	42,643	10,520	3,780	1,085	852	1,015
Miscellaneous	21,273	21,158	22,244	23,396	19,824	25,317	22,175	24,049	32,468	27,042
Total revenues	1,328,455	1,393,909	1,510,312	1,620,190	1,757,696	1,763,334	1,787,732	1,634,751	1,701,781	1,794,015
<b>Expenditures</b>										
General government	58,784	59,717	60,823	67,271	69,845	73,556	74,504	73,972	76,067	74,636
Public safety	227,760	228,791	244,346	266,151	289,362	311,867	329,337	341,735	341,131	339,984
Public works	90,379	90,533	93,758	100,053	108,201	113,150	117,271	140,709	127,513	115,497
Health and human services	103,136	108,479	115,804	115,667	122,685	133,918	139,638	142,922	143,731	151,924
Culture and leisure services	17,259	16,898	17,825	20,876	22,852	24,707	25,960	26,999	26,771	27,050
Economic and community development	14,090	15,268	10,901	10,683	10,256	11,339	11,563	15,242	16,244	22,387
Pension plan contributions	16,182	22,419	27,428	31,190	35,968	40,778	46,446	53,156	53,795	56,985
Healthcare contributions	75,195	85,238	79,109	85,948	105,780	266,019	81,446	66,769	56,367	66,676
Loans	1,110	2,405	1,684	3,366	2,910	3,281	3,290	1,163	-	-
Miscellaneous	12,957	13,033	12,429	13,770	15,489	15,966	16,686	17,551	17,384	16,942
Capital projects	89,399	96,729	117,789	119,255	154,112	124,064	131,929	126,773	108,827	102,145
Payments to component units	710,676	676,250	702,182	731,291	829,109	828,488	823,229	882,459	857,010	895,901
Debt service:										
Principal retirement	33,359	41,107	41,544	39,781	40,493	45,418	40,981	46,030	48,149	50,765
Interest	19,504	19,725	22,128	21,561	22,770	23,157	25,108	24,213	28,454	32,133
Fiscal charges	1,286	2,093	538	501	849	635	1,027	1,216	2,413	2,051
Total expenditures	1,471,076	1,478,685	1,548,288	1,627,364	1,830,681	2,016,343	1,868,415	1,960,909	1,906,456	1,957,076
Excess (deficiency) of revenues over expenditures	(142,621)	(84,776)	(37,976)	(7,174)	(72,985)	(253,009)	(80,683)	(326,158)	(204,675)	(163,061)

(continued)

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Other financing sources (uses)</b>										
Bonds issued	135,000	152,000	-	-	111,000	140,000	-	174,970	267,000	170,000
Bond premium	5,232	12,602	-	-	5,293	9,150	-	725	12,041	26,285
Bond discount	-	-	-	-	-	-	-	(2,002)	-	-
Bond anticipation notes issued	152,000	161,000	-	-	90,000	140,000	35,000	-	70,050	235,100
Bond anticipation notes premium	-	-	-	-	-	-	-	-	-	3,307
Refunding bonds issued	141,175	63,085	-	-	-	-	73,020	-	13,565	-
Bond premium - refunding	10,766	6,127	-	-	-	-	8,151	-	1,387	-
Certificates of participation issued	-	42,500	-	-	-	-	34,700	-	-	78,430
Certificates of participation premium	-	2,528	-	-	-	-	1,723	-	-	14,259
Installment purchase agreement	-	-	-	-	-	-	-	-	-	320
Mortgage issued	-	-	-	3,784	-	-	-	-	-	-
Auction rate notes refunding	-	-	-	-	(111,000)	(140,000)	(35,000)	-	(70,050)	(170,000)
Bond anticipation notes refunding	(135,000)	(152,000)	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Payment to bond refunding escrow agent	(151,273)	(68,876)	-	-	-	-	(80,850)	-	(14,879)	10,866
Transfers in	13,701	8,814	53,508	132,424	347,855	158,675	165,168	158,907	61,265	(10,657)
Transfers out	(13,350)	(8,305)	(52,904)	(128,536)	(268,116)	(155,585)	(163,430)	(158,909)	(61,087)	-
Total other financing sources (uses)	156,251	219,475	604	7,672	175,032	152,240	38,482	173,691	279,292	357,910
<b>Net change in fund balances</b>	\$ 15,630	\$ 134,699	\$ (37,372)	\$ 498	\$ 102,047	\$ (100,769)	\$ (42,201)	\$ (152,467)	\$ 74,617	\$ 194,849
Debt service as a percentage of noncapital expenditures	3.84%	4.36%	4.42%	4.06%	3.73%	3.61%	3.80%	3.83%	4.33%	4.42%

**Baltimore County, Maryland**  
**Unreserved Fund Balance and Revenue Stabilization Reserve Account Expressed as a Percentage of General Fund Revenues**  
**and Transfers In**  
**Last Ten Fiscal Years**  
**(budgetary basis)**  
**(dollars expressed in thousands)**

Fiscal Year	Total General Fund Revenues	Unreserved Fund Balance	Unreserved Fund Balance as a % of General Fund Revenues	Revenue Stabilization Reserve Account ("RSRA")	Undesignated Fund Balance	Undesignated Fund Balance PLUS RSRA as % of G.F. Revenues
2003	1,228,894	125,465	10.2	66,010	42,423	8.8
2004	1,289,731	173,288	13.4	66,702	83,444	11.6
2005	1,389,453	237,379	17.1	68,084	117,277	13.3
2006	1,504,492	279,665	18.6	76,016	122,523	13.2
2007	1,595,721	271,422	17.0	79,992	133,899	13.4
2008	1,640,051	257,930	15.7	82,943	118,530	12.3
2009	1,635,375	218,865	13.4	84,080	82,703	10.2
2010	1,489,427	202,988	13.6	84,357	109,231	13.0
2011	1,547,926	225,768	14.6	84,610	80,590	10.7
2012	1,722,890	291,870	16.9	84,822	145,150	13.3

The General Fund Unassigned Fund Balance includes the Revenue Stabilization Reserve Account (the Account) which is a designation of General Fund fund balance to provide a financial cushion for unanticipated decreases in revenues; primarily intergovernmental revenues. Effective in fiscal year 2007, revenues in excess of estimates and any unexpended appropriations at the close of the fiscal year shall be transferred to the Account if the Account balance does not exceed five percent of the current fiscal year General Fund budgeted revenue after interest is credited to the Account. Prior to FY07, the Account balance could not exceed five percent of the current fiscal year General Fund budget unless approved by the County Executive and County Council. Interest which is not subject to the five percent cap, was credited to the Account at the close of each fiscal year. If a deficit exists in the General Fund at the end of any fiscal year, the Director of Budget and Finance shall notify the County Executive and County Council; and request that sufficient monies to the extent available be transferred from the Account to eliminate the deficit. Funds in the Account are not to be used for any other purpose except upon the recommendation of the County Executive and approval of a majority plus one of the County Council.

Section 10-8-101 of the County Code gives the County the authority to establish and maintain a Revenue Stabilization account (the Account) to provide a financial cushion for unanticipated decreases in revenues; primarily intergovernmental revenues. The General Fund Unassigned Fund Balance includes \$84,822 million that the County has set aside in the Account. Revenues in excess of estimates and any unexpended appropriations at the close of the fiscal year shall be transferred to the Account if the Account balance does not exceed five percent of the current fiscal year General Fund budgeted revenue after interest is credited to the Account. The Director of Budget and Finance shall notify the County Executive and County Council that a funds availability deficit exists in the General Fund at the end of any fiscal year and request that sufficient monies to the extent available be transferred from the Account to eliminate the deficit. Funds in the Account are not to be used for any other purpose except upon the recommendation of the County Executive and approval of a majority plus one of the County Council.

**Baltimore County, Maryland**  
**General Fund Revenues**  
**Last Ten Fiscal Years**  
**(budgetary basis)**  
**(dollars expressed in thousands)**

Fiscal Year	Taxes (1)	Licenses and Permits	Inter-Governmental	Charges for Services	Fines and Forfeitures	Interest on Investments and Miscellaneous	Reimbursements and Other Financing Sources	Total
2003	1,097,478	3,909	71,241	8,665	4,995	23,283	19,323	1,228,894
2004	1,169,179	4,220	61,043	9,801	4,695	18,527	22,266	1,289,731
2005	1,263,927	4,179	71,962	9,719	4,652	25,752	9,262	1,389,453
2006	1,364,725	4,485	78,406	10,773	4,374	32,567	9,162	1,504,492
2007	1,441,828	4,026	80,647	10,582	4,725	39,594	14,319	1,595,721
2008	1,499,041	3,864	78,434	9,720	3,098	30,750	15,144	1,640,051
2009	1,518,367	3,539	70,424	8,861	3,407	23,320	7,457	1,635,375
2010	1,414,149	3,009	30,904	9,497	3,660	21,270	6,938	1,489,427
2011	1,448,849	3,858	34,186	9,963	3,876	26,214	20,980	1,547,926
2012	1,545,610	4,916	31,517	10,068	5,149	25,089	100,541	1,722,890

Note: Table does not include major interfund transfers that occurred in FY 2010 and FY 2011.

(1) See the General Fund Tax Revenues by Source table for detail

**Baltimore County, Maryland**  
**General Fund Tax Revenues by Source**  
**Last Ten Fiscal Years**  
**(budgetary basis)**  
**(dollars expressed in thousands)**

Fiscal Year	Total Taxes	General			Other Local Taxes (1)
		Property Taxes	Income Taxes		
2003	1,097,478	547,015	430,224		120,239
2004	1,169,179	563,857	465,970		139,352
2005	1,263,927	588,640	510,788		164,499
2006	1,364,725	626,750	547,875		190,100
2007	1,441,828	663,289	607,932		170,607
2008	1,499,041	713,116	640,985		144,940
2009	1,518,367	765,573	640,176		112,618
2010	1,414,149	814,100	495,656		104,393
2011	1,448,849	837,056	514,715		97,078
2012	1,545,610	845,238	593,204		107,168

(1) Fiscal year 2012 other local taxes include: title transfer tax - \$43.517 million, recordation tax - \$20.398 million, electricity - \$15.200 million, telephone tax - \$9.166 million, admissions and amusement tax - \$5.503 million, motel and hotel occupancy tax - \$8.232 million, 911 fee - \$4.545 million and auto trailer camp tax - \$0.607 million.

**Baltimore County, Maryland**  
**General Fund Expenditures and Transfers by Function**  
**Last Ten Fiscal Years**  
**(budgetary basis)**  
**(dollars expressed in thousands)**

Fiscal Year	General Government	Public Safety	Public Works	Health and Human Services	Culture and Leisure Services	Economic and Community Development	Debt Service	Payments to		Total
								Non-Departmental (1)	Component Units	
2003	55,873	218,382	91,215	28,199	16,333	1,263	52,634	107,322	626,838	1,204,009
2004	56,653	222,905	92,438	28,802	15,635	1,378	60,770	124,207	631,830	1,242,464
2005	58,487	235,021	93,018	29,786	16,764	1,616	63,552	123,972	651,783	1,325,854
2006	62,083	255,462	97,276	31,771	19,002	1,708	61,718	135,403	679,650	1,463,178
2007	66,769	275,431	106,890	33,263	20,416	1,776	63,893	68,514	703,313	1,604,706
2008	74,202	304,400	112,962	35,468	22,410	1,758	68,990	166,824	713,750	1,654,460
2009	74,811	321,064	117,197	36,521	24,014	2,022	66,655	144,553	743,667	1,676,223
2010	75,026	327,432	136,389	37,993	24,681	2,104	70,784	138,157	770,486	1,623,602
2011	76,761	330,042	126,883	37,537	23,622	1,889	77,221	127,467	766,829	1,578,189
2012	73,710	330,137	116,079	37,595	23,812	1,419	78,370	142,789	775,282	1,586,583

(1) Non-Departmental expenditures include costs incurred for pension plan contributions, social security, workers compensation, general and auto liability insurance, employees health and life insurance and miscellaneous programs.

**Baltimore County, Maryland**  
**Taxable Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(dollars expressed in thousands)**

Fiscal Year Ended June 30	Real Property (1)					Personal Property			Total Taxable Assessed Value (1)	Total Direct Rate	Estimated Actual Value
	Residential Property	Commercial Property	Total Real Property	Railroad/Utility Property	Other Business Property	Total Personal Property					
2003	33,364,185	10,101,402	43,465,587	1,232,584	1,624,621	2,857,205	46,322,792	\$	1.218	46,322,792	
2004	35,308,428	10,180,399	45,488,827	1,256,859	1,590,123	2,846,982	48,335,809		1.213	48,335,809	
2005	37,842,322	10,450,586	48,292,908	1,282,225	1,579,151	2,861,376	51,154,284		1.209	51,154,284	
2006	42,299,963	10,894,155	53,194,118	1,291,619	1,619,851	2,911,470	56,105,588		1.202	56,105,588	
2007	48,631,721	11,407,441	60,039,162	1,351,599	1,715,999	3,067,598	63,106,760		1.181	63,106,760	
2008	56,863,450	12,482,221	69,345,671	1,255,594	1,812,240	3,067,834	72,413,505		1.170	72,413,505	
2009	62,317,297	16,565,357	78,882,654	1,257,017	1,860,511	3,117,528	82,000,182		1.163	82,000,182	
2010	67,285,085	18,977,845	86,262,930	1,225,048	1,885,528	3,110,576	89,373,506		1.162	89,373,506	
2011	66,400,696	19,833,974	86,234,670	1,241,027	1,703,753	2,944,780	89,179,450		1.155	89,179,450	
2012	61,900,847	19,547,635	81,448,482	1,229,659	1,794,683	3,024,342	84,472,824		1.159	84,472,824	

Note:

- (1) Tax exempt properties are not included
- (2) Expressed in dollars per \$100 of assessed value

**Baltimore County, Maryland  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>County Direct Rates</b>		
	<b>Real</b>	<b>Personal</b>	<b>Total (a)</b>
2003	\$ 1.115	\$ 2.7875	\$ 1.218
2004	1.115	2.7875	1.213
2005	1.115	2.7875	1.209
2006	1.115	2.7875	1.202
2007	1.100	2.7500	1.181
2008	1.100	2.7500	1.170
2009	1.100	2.7500	1.163
2010	1.100	2.7500	1.162
2011	1.100	2.7500	1.155
2012	1.100	2.7500	1.159

**Notes:**

- (1) Rates are per \$100 of assessed value.
- (2) Except for the State of Maryland, there is no separate taxing authority that overlaps the County geographically.
- (3) There are no tax limits.
- (a) Weighted average of the individual Real & Personal direct rates.

**Baltimore County, Maryland  
Principal Property Taxpayers  
Current Year and Nine Years Ago  
(dollars expressed in thousands)**

Taxpayer	2012		Taxpayer	2003	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Percentage of Total Taxable Assessed Value
BGE	997,578	1.18%	BGE	836,615	1.73%
Verizon	315,450	0.37%	Verizon	381,479	0.79%
Merritt Management Corp.	444,481	0.53%	Merritt Management Corporation	221,782	0.46%
Towson Town Center Associates	244,751	0.29%	Comcast	62,392	0.13%
RG Steel (previously Bethlehem Steel)	240,719	0.28%	Towson Town Center Associates	142,771	0.30%
Comcast	87,955	0.10%	Town & Country	139,344	0.29%
TRP Suburban	174,438	0.21%	Oak Campus Partners LLC	136,487	0.28%
Wal Mart	191,945	0.23%	Maryland Health and Higher Education	120,812	0.25%
Oak Campus Partners LLC	167,247	0.20%	Bethlehem Steel	125,359	0.26%
General Motors Co	89,070	0.11%	Nottingham Properties	96,865	0.20%
	<u>\$ 2,953,634</u>	<u>3.50%</u>		<u>\$ 2,263,906</u>	<u>4.69%</u>

Source: State of Maryland Assessment Files and Baltimore County Office of Budget and Finance Tax Files

**Baltimore County, Maryland**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
(dollars expressed in thousands)

Fiscal Year Ended June 30	Collected within the Fiscal Year of the Levy				Collections in Subsequent Years	Total Collections to Date	
	Original Tax Levy	Prior Year Adjusted Levy	Total Adjusted Levy	Amount		Percentage of Original Levy	Amount
2003	549,094	(3,876)	545,218	545,797	3,149	548,946	99.9
2004	568,642	(1,914)	566,728	565,489	275	565,764	99.5
2005	594,413	(3,317)	591,096	590,984	(798)	590,186	99.3
2006	629,732	(3,927)	625,805	627,157	531	627,688	99.7
2007	663,836	(2,486)	661,350	661,344	129	661,473	99.6
2008	711,785	(1,955)	709,830	709,242	869	710,111	99.8
2009	763,191	(1,461)	761,730	758,977	886	759,863	99.6
2010	808,956	(881)	808,075	805,384	1,985	807,369	99.8
2011	838,282	(1,899)	836,383	834,831	1,334	836,165	99.7
2012	849,559	629	850,188	841,983	3,264	845,257	99.5

**Baltimore County, Maryland**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
(dollars expressed in thousands)

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1) (2)
	General Obligation Debt	Certificates of Participation	Purchase Agreements	Loan Payable	General Obligation Debt	Certificates of Participation	Purchase Agreements				
2003	670,390	51,385	7,216	-	394,892	-	1,057	1,124,940	3.60	1,446.39	
2004	791,005	87,605	3,236	-	421,379	4,000	545	1,307,770	3.92	1,667.28	
2005	752,245	78,095	665	-	405,051	3,600	107	1,239,763	3.61	1,571.09	
2006	710,335	69,520	29	3,755	433,304	3,200	-	1,220,143	3.29	1,537.22	
2007	757,825	59,640	-	3,681	535,035	2,800	-	1,358,981	3.51	1,707.11	
2008	850,400	47,310	-	3,601	722,041	2,400	-	1,625,752	4.06	2,035.62	
2009	795,375	76,100	-	3,515	692,248	4,000	-	1,571,238	4.08	1,959.62	
2010	916,350	68,450	-	3,422	765,337	3,400	-	1,756,959	4.42	2,179.95	
2011	1,124,790	60,460	-	3,321	857,417	2,800	-	2,048,788	4.94	2,529.55	
2012	1,301,235	130,860	-	-	982,490	6,450	-	2,421,035	5.58	2,975.87	

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

(2) Expressed in dollars

**Baltimore County, Maryland**  
**Ratios of Consolidated Public Improvement (CPI) General Obligation (GO) Debt to**  
**Estimated Actual Value of Property and CPI GO Debt Per Capita**  
**Last Ten Fiscal Years**  
(dollars expressed in thousands)

Fiscal Year	Estimated Population (1)	Estimated Actual Value of Real & Personal Property	CPI GO Debt (2)	Percent of CPI GO Debt to	
				Estimated Actual Value of Property	Debt per Capita (3)
2003	777,756	46,322,792	670,390	1.45	861.95
2004	784,371	48,335,809	791,005	1.64	1,008.46
2005	789,110	51,154,284	752,245	1.47	953.28
2006	793,733	56,105,588	710,335	1.27	894.93
2007	796,073	63,106,760	757,825	1.20	951.95
2008	798,651	72,413,505	850,400	1.17	1,064.80
2009	801,808	82,000,182	795,375	0.97	991.98
2010	805,964	89,373,506	916,350	1.03	1,136.96
2011	809,941	89,179,450	1,124,790	1.26	1,388.73
2012	813,556	84,472,825	1,301,235	1.54	1,599.44

Notes:

- (1) U.S. Bureau of the Census, Population Estimates Branch
- (2) The County has no resources restricted to repaying the principal of outstanding debt.
- (3) Expressed in dollars

**Baltimore County, Maryland**  
**Ratios of Metropolitan District (MD) General Obligation (GO) Debt to Estimated**  
**Actual Value of Property and MD GO Debt Per Capita**  
**Last Ten Fiscal Years**  
**(dollars expressed in thousands)**

Fiscal Year	Estimated Population (1)	Estimated Actual Value of Real & Personal Property	MD GO Debt (2)	Percent of MD GO Debt to Estimated	
				Actual Value of Property	MD GO Debt per Capita (3)
2003	777,756	40,974,427	394,892	0.96	507.73
2004	784,371	42,692,467	421,379	0.99	537.22
2005	789,110	44,812,397	405,051	0.90	513.30
2006	793,733	49,121,179	433,304	0.88	545.91
2007	796,073	55,405,898	535,035	0.97	672.09
2008	798,651	63,754,867	722,041	1.13	904.08
2009	801,808	72,114,666	692,248	0.96	863.36
2010	805,964	78,333,295	765,337	0.98	949.59
2011	809,941	79,460,477	857,417	1.08	1,058.62
2012	813,556	74,731,588	982,490	1.31	1,207.65

**Notes:**

- (1) U.S. Bureau of the Census, Population Estimates Branch
- (2) The County has no resources restricted to repaying the principal of outstanding debt.
- (3) Expressed in dollars

**Baltimore County, Maryland**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
(dollars expressed in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Consolidated Public Improvement (CPI) General Obligation Debt</b>										
Assessed value										
Real property	\$ 43,465,587	\$ 45,488,827	\$ 48,292,908	\$ 53,194,118	\$ 60,039,162	\$ 69,345,671	\$ 78,882,654	\$ 86,262,930	\$ 86,234,670	\$ 81,448,483
Personal property	2,857,205	2,846,982	2,861,376	2,911,470	3,067,598	3,067,834	3,117,528	3,110,576	2,944,780	3,024,342
Total assessed value	46,322,792	48,335,809	51,154,284	56,105,588	63,106,760	72,413,505	82,000,182	89,373,506	89,179,450	84,472,825
Debt limit (4% of total assessed value) (2)	4,632,279	4,833,581	5,115,428	5,610,559	2,524,270	2,896,540	3,280,007	3,574,940	3,567,178	3,378,913
Debt applicable to limit:										
Consolidated public improvement bonds	419,110	538,085	507,035	473,140	550,070	651,290	574,235	702,565	918,085	1,036,500
Pension liability funding	99,280	91,920	84,210	76,195	67,755	59,110	46,140	38,885	31,805	24,735
CPI commercial paper notes	152,000	161,000	161,000	161,000	140,000	140,000	175,000	174,900	174,900	240,000
Total debt applicable to debt limit	670,390	791,005	752,245	710,335	757,825	850,400	795,375	916,350	1,124,790	1,301,235
Legal debt margin	\$ 3,961,889	\$ 4,042,576	\$ 4,363,183	\$ 4,900,224	\$ 1,766,445	\$ 2,046,140	\$ 2,484,632	\$ 2,658,590	\$ 2,442,388	\$ 2,077,678
<b>Metropolitan District General Obligation Debt</b>										
Assessed value (1)										
Real property	\$ 38,447,111	\$ 40,177,878	\$ 42,305,762	\$ 46,572,148	\$ 52,712,637	\$ 61,053,861	\$ 69,372,971	\$ 75,606,965	\$ 76,836,626	\$ 72,056,007
Personal property	2,527,316	2,514,589	2,506,635	2,549,031	2,693,261	2,701,006	2,741,695	2,726,330	2,623,851	2,675,581
Total assessed value	40,974,427	42,692,467	44,812,397	49,121,179	55,405,898	63,754,867	72,114,666	78,333,295	79,460,477	74,731,588
Debt limit (3.2% of total assessed value) (3)	3,277,954	3,415,397	3,584,992	3,929,694	1,772,989	2,040,156	2,307,669	2,506,665	2,542,735	2,391,411
Debt applicable to limit:										
Metropolitan District (MD) bonds	346,892	382,379	366,051	394,304	475,035	662,041	585,648	658,837	750,917	822,490
MD commercial paper notes	48,000	39,000	39,000	39,000	60,000	60,000	106,600	106,500	106,500	160,000
Total debt applicable to debt limit	394,892	421,379	405,051	433,304	535,035	722,041	692,248	765,337	857,417	982,490
Legal debt margin	\$ 2,883,062	\$ 2,994,018	\$ 3,179,941	\$ 3,496,390	\$ 1,237,954	\$ 1,318,115	\$ 1,615,421	\$ 1,741,328	\$ 1,685,318	\$ 1,408,921

**Notes:**

- (1) Assessed value of property in the Metropolitan District.
- (2) The County General Bond debt limit on assessed value of real property was changed from 10% to 4% beginning in FY 2007.
- (3) The Metropolitan District debt limit on assessed value of real property was changed from 8% to 3.2% beginning in FY 2007.

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

Fiscal Year	Estimated Population (1)	Total Personal Income (expressed in thousands)	Per Capita Personal Income (2)	Education		School Enrollment (4)	Unemployment Rate (5)
				Median Age (3)	Level in Years of Formal Schooling (3)		
2003	777,756	31,282,233	40,403	37.8	14.8	108,604	4.9
2004	784,371	33,385,795	42,841	37.9	14.8	108,792	4.7
2005	789,110	34,389,478	43,580	37.8	14.7	108,015	4.5
2006	793,733	37,035,713	46,660	37.8	14.8	107,386	4.1
2007	796,073	38,726,771	48,647	37.9	14.9	105,330	3.7
2008	798,651	40,008,568	50,095	38.0	14.9	104,714	4.5
2009	801,808	38,464,815	47,973	38.0	15.0	103,643	7.9
2010	805,964	39,717,586	49,280	38.4	15.0	103,832	7.8
2011	809,941	41,510,448	51,251	39.1	15.0	104,331	7.9
2012	813,556	43,363,550	53,301	39.1	15.4	105,315	7.7

**Notes:**

- (1) U.S. Bureau of the Census, Population Estimates Branch. Total Personal income growth rate estimated at 4.51% for FY 2011 and 4.46% for FY 2012.
- (2) Data extracts prepared by the U.S. Bureau of the Census and Maryland Office of Planning. Per Capita Personal Income growth rate estimated at 4.00% for FY 2011 and FY 2012.
- (3) Baltimore County Office of Planning
- (4) Baltimore County Board of Education
- (5) Maryland Department of Labor and Licensing Regulation

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

	2012		2003	
	Employers	Percentage of Total County Employment	Employees	Percentage of Total County Employment
<b>Employer</b>				
Social Security Administration/CMS	16,000	4.47	13,671	3.79
Baltimore County Public Schools	14,327	4.01	8,950	2.48
Baltimore County Government	8,262	2.31	8,037	2.23
Greater Baltimore Medical Center	3,700	1.03	3,000	0.83
Towson University	3,474	0.97	3,000	0.83
Franklin Square Hospital	3,470	0.97	2,798	0.78
St. Joseph Medical Center	2,109	0.59	2,796	0.77
UMBC	1,952	0.55	2,750	0.75
Carefirst, Inc.	1,934	0.54	2,300	0.64
Sheppard Pratt Health System	1,864	0.52	2,294	0.64
<b>Total</b>	<b>57,092</b>	<b>15.96</b>	<b>49,596</b>	<b>13.74</b>

Source: Baltimore County Department of Economic Development

**Baltimore County, Maryland**  
**Full-time Equivalent County Government Employees by Function**  
**Last Ten Fiscal Years**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>GENERAL GOVERNMENT</b>										
County Executive	15	15	15	15	15	15	15	15	14	14
Administrative Office	24	24	24	24	24	24	23	23	23	13
Office of Budget and Finance	139	139	141	143	151	151	163	160	184	132
Office of Law	48	48	47	46	34	33	32	32	30	39
Planning & Community Conservation	52	52	50	50	50	51	49	50	49	49
Office of Human Resources	37	35	34	34	34	32	33	33	32	34
Permits, Approvals and Inspections	215	215	216	215	222	223	224	223	188	202
County Council	38	38	38	38	37	37	37	37	37	37
County Auditor	19	19	19	19	19	19	19	19	19	19
Board of Appeals	10	10	10	10	10	10	10	10	10	9
Information Technology	130	134	136	145	148	148	176	186	186	186
Internal Service Funds	67	67	65	62	59	59	59	59	59	59
<b>HEALTH &amp; HUMAN SERVICES</b>										
Department of Health	557	582	553	558	555	552	550	533	531	526
Social Services	201	189	206	202	199	206	205	213	214	237
Social Services - State	17	17	17	17	17	17	16	12	12	12
Department of Aging	329	336	338	338	338	330	332	332	331	322
Environmental Protection and Sustainability	108	108	108	116	116	116	119	119	119	89
Local Management Board	7	6	6	8	8	9	9	10	7	5
Housing Office	79	80	80	67	67	60	60	60	59	64
<b>RECREATION &amp; COMM. SERV.</b>										
Recreation & Parks	268	260	261	311	347	325	333	336	315	329
Recreation - Enterprise Fund	49	52	52	-	-	-	-	-	-	-
Economic Development	20	20	20	20	20	19	19	21	21	16
Community Development Block Grants	23	24	27	27	27	26	25	31	30	27
Workforce Development	33	37	34	31	28	29	32	49	45	48
Organization Contributions	1	1	1	1	1	1	1	2	-	-
<b>PUBLIC WORKS</b>	1,101	1,115	1,131	1,150	1,160	1,173	1,179	1,181	1,181	1,128
<b>SUBTOTAL</b>	<b>3,587</b>	<b>3,623</b>	<b>3,629</b>	<b>3,647</b>	<b>3,686</b>	<b>3,665</b>	<b>3,720</b>	<b>3,746</b>	<b>3,696</b>	<b>3,596</b>

(continued)

**Baltimore County, Maryland**  
**Full-time Equivalent County Government Employees by Function**  
**Last Ten Fiscal Years**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>PUBLIC SAFETY</b>										
Department of Corrections	350	350	410	435	444	471	472	472	473	470
Communications Center	191	192	192	192	193	193	192	187	187	186
Police Department	2,471	2,486	2,487	2,527	2,550	2,566	2,564	2,590	2,575	2,534
Fire Department	1,062	1,080	1,080	1,083	1,083	1,083	1,098	1,091	1,090	1,082
<b>SUBTOTAL</b>	<b>4,074</b>	<b>4,108</b>	<b>4,169</b>	<b>4,237</b>	<b>4,270</b>	<b>4,313</b>	<b>4,326</b>	<b>4,340</b>	<b>4,325</b>	<b>4,272</b>
<b>STATE MANDATED AGENCIES</b>										
Circuit Court	104	91	90	92	97	98	98	100	100	89
Orphan's Court	4	4	4	4	4	5	5	5	5	5
Board Of Elections	10	10	13	15	15	14	14	14	14	14
Board Of Elections - State	22	24	24	26	26	26	26	26	26	26
State's Attorney	104	108	112	114	118	120	123	124	124	122
County Sheriff	94	94	94	94	100	100	100	104	104	104
Liquor License Commission	26	26	26	26	26	26	25	25	25	24
Cooperative Extension	2	2	2	2	2	2	2	2	2	2
Cooperative Extension - State	10	9	10	10	10	8	8	8	8	8
<b>SUBTOTAL</b>	<b>376</b>	<b>368</b>	<b>375</b>	<b>383</b>	<b>398</b>	<b>399</b>	<b>401</b>	<b>408</b>	<b>408</b>	<b>394</b>
<b>EDUCATION, COMMUNITY COLLEGE &amp; LIBRARY</b>										
Community College	1,743	1,805	1,728	1,754	1,745	1,711	1,777	1,795	1,974	2,060
Education	13,671	13,976	14,119	14,286	14,399	14,472	14,757	14,537	14,606	14,327
Library	469	469	471	474	475	477	483	489	495	492
<b>SUBTOTAL</b>	<b>15,883</b>	<b>16,250</b>	<b>16,318</b>	<b>16,514</b>	<b>16,619</b>	<b>16,660</b>	<b>17,017</b>	<b>16,821</b>	<b>17,075</b>	<b>16,879</b>
<b>TOTAL</b>	<b>23,920</b>	<b>24,349</b>	<b>24,491</b>	<b>24,781</b>	<b>24,973</b>	<b>25,037</b>	<b>25,464</b>	<b>25,315</b>	<b>25,504</b>	<b>25,141</b>

Source: Baltimore County Office of Budget and Finance Budget Documents

Baltimore County, Maryland  
Operating Indicators by Function  
Fiscal Years 2002 - 2011

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>CIRCUIT COURT</b>										
Cases and Appeals Filed	18,452	19,482	18,299	18,408	17,718	19,630	20,000	18,606	19,885	15,924
Civil	6,807	6,606	6,300	6,588	8,274	8,125	8,250	9,290	10,211	10,648
Criminal	4,615	3,463	3,741	3,726	4,244	4,566	4,750	3,872	3,852	3,495
Juvenile	651	635	681	675	755	721	750	697	783	827
Custody Mediation & Investigations										
OFFICE OF STATE'S ATTORNEY										
Defendants Disposed	8,512	8,556	9,422	9,436	9,450	8,200	8,366	9,324	10,388	10,790
Circuit Court	61,691	61,296	48,210	49,116	51,000	47,475	46,786	48,718	53,709	52,863
District Court	3,231	3,357	3,928	4,045	4,100	3,375	3,426	3,865	3,244	2,941
Juvenile Respondents	4,233	4,442	4,615	4,315	4,350	3,950	4,009	4,194	4,132	3,942
Felonies Screened										
POLICE DEPT. (calendar year)	595,700	604,755	608,818	586,669	599,818	590,341	618,713	626,783	604,706	579,614
Calls for Service	115	115	115	115	118	118	118	118	118	118
Patrol Car Posts										
FIRE DEPT. (calendar year)	20,637	23,336	25,234	26,281	27,721	28,529	29,012	29,196	30,175	31,197
Fire Calls	84,804	89,734	93,545	98,924	97,084	104,329	107,374	84,450	86,844	87,454
Medical Calls										
DEPT. OF PERMITS & DEV. MGT.										
Inspections	36,819	36,039	40,489	36,842	36,800	33,776	32,468	24,298	21,534	20,090
Plumbing Code	28,640	31,901	32,777	33,593	33,500	33,920	33,101	31,045	25,466	30,572
Electrical Code	50,020	42,510	39,993	42,815	42,800	36,173	35,958	28,422	26,693	26,276
Building	7,475	7,500	6,813	7,800	6,600	9,000	9,000	7,800	8,400	8,400
Business & Amusement License	39,435	41,000	39,435	40,100	43,008	84,953	106,192	39,852	38,200	37,090
Enforcement										
Applications, Permits and Licenses										
Building, Electrical &										
Plumbing Permits	32,186	31,300	34,319	34,206	36,696	31,036	26,900	20,331	21,174	21,835
Electrical Licenses	2,663	2,897	2,663	3,150	3,280	1,460	1,100	3,832	3,934	4,134
Plumbing Licenses	2,623	2,584	2,683	2,683	2,780	2,775	2,800	2,712	2,758	2,850
Animal Licenses	26,435	33,627	24,710	19,770	18,570	21,730	23,000	21,427	18,672	18,000
Miscellaneous Permits	11,797	11,683	7,900	9,300	8,642	8,520	14,550	7,232	7,003	7,000
BUREAU OF CORRECTIONS										
Prisoner Days (daily population x 365 days)	418,914	437,737	416,035	411,152	455,885	491,930	529,980	510,905	502,014	508,473
COUNTY SHERIFF										
Prisoners Transported	11,883	12,450	12,583	11,799	11,850	19,318	24,000	18,580	19,029	22,518
Summons, Writs Served	62,457	62,433	47,429	48,320	50,000	43,941	47,216	41,103	43,855	40,687
DEPT. OF SOCIAL SERVICES										
Average Caseload	2,416	2,258	2,258	2,215	2,365	2,064	2,027	2,073	2,304	2,919
Temporary Cash Assistance	865	1,028	2,164	2,045	2,200	1,047	1,017	1,052	1,225	1,408
Transitional Emergency Assst.	58,164	68,532	72,156	68,568	68,568	69,540	66,914	69,235	66,186	71,688
Section 8 Housing Units Served										

(continued)

Baltimore County, Maryland  
Operating Indicators by Function  
Fiscal Years 2002 - 2011

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
COMMUNITY COLLEGE										
Equivalent Full Time Students	17,082	16,968	16,958	17,199	17,622	17,108	17,005	16,380	20,137	20,966
DEPARTMENT OF AGING										
Senior Centers Registered Membership	14,176	14,250	12,873	15,185	15,450	16,685	15,547	14,491	14,991	16,477
County Ride Trips	27,457	25,663	40,794	47,898	48,855	65,227	64,719	67,142	65,720	66,686
Congregate Meals	220,847	225,354	218,423	200,472	205,000	190,079	179,986	168,476	193,091	131,096
DEPARTMENT OF HEALTH										
Center Based Services Visits	11,800	12,272	13,531	12,700	13,000	11,753	11,058	10,522	13,231	13,510
W.I.C. Nutrition Program Visits	72,000	50,737	53,415	53,000	53,000	58,596	59,500	72,530	75,584	79,359
Home Health Visits	9,296	7,585	7,464	7,363	8,100	8,500	8,500	12,953	11,477	10,466
Animal Control Calls for Service	58,980	59,758	63,912	62,411	63,000	58,179	60,924	54,756	57,070	54,730
DEPT. OF EDUCATION										
Student Enrollment	107,322	108,814	108,954	108,015	107,386	106,182	104,988	103,643	103,832	104,331
Number of Pupils Transported	75,988	79,044	78,277	69,753	70,106	62,904	65,194	62,231	72,818	70,142
BOARD OF LIBRARY TRUSTEES										
Books in Library	1,893,104	1,771,025	1,686,840	1,643,714	1,656,515	1,546,231	1,554,270	1,629,143	1,718,261	1,678,782
Circulation of Materials	9,535,461	9,649,168	9,663,000	9,526,920	9,327,983	9,147,294	9,579,090	10,217,972	10,130,476	10,507,820
Requests for Information	1,777,707	1,978,019	1,752,393	1,752,709	1,995,709	1,948,470	1,992,338	1,966,948	1,951,241	2,115,860
DEPT. OF PUBLIC WORKS										
Highways										
Miles of Road Paved	2,572	2,586	2,614	2,620	2,627	2,646	2,652	2,656	2,666	2,678
Miles of Streets Swept	6,632	8,825	6,082	7,160	6,400	6,235	3,812	4,047	3,777	3,397
Solid Waste										
Refuse Collection Units Served	315,344	318,760	321,297	322,460	324,504	326,555	327,277	327,959	328,325	328,918
Tons of Refuse Collected	349,760	370,024	386,065	376,835	378,154	370,048	375,000	342,896	347,010	342,557
Traffic Engineering										
Signs Installed and Repaired	10,056	8,361	7,372	8,550	9,500	9,695	11,000	12,200	8,500	13,500
Signals and Flashers Maintained	382	386	390	388	392	395	397	399	403	403
Number of Street Lights	39,356	39,500	39,700	40,117	40,400	40,870	41,100	41,161	41,279	41,448
Utilities										
Miles of Sanitary Sewer Lines	3,049	3,077	3,091	3,087	3,100	3,060	3,077	3,085	3,137	3,142
Miles of Water Main	1,805	1,850	1,889	1,950	2,010	2,055	2,129	2,080	2,105	2,109
Miles of Storm Drain Lines	794	805	810	810	815	833	853	866	844	902
RECREATION AND PARKS										
Community Center Participants	316,035	322,389	333,143	343,724	348,900	380,900	403,278	423,641	319,400	299,089
Attendance:										
Beaches	44,690	33,908	36,958	47,975	49,318	49,451	55,000	55,715	58,454	57,900
Lodge	201,326	167,434	152,521	168,627	172,689	172,375	176,000	172,913	171,533	176,366
Fishing Center	21,507	17,861	26,311	30,590	30,590	28,873	30,000	27,240	26,647	23,561

Source: Baltimore County Office of Budget and Finance Budget Documents

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
Police stations	9	9	9	9	10	10	10	10	10	10
Fire stations	25	25	25	25	25	25	25	25	25	25
Public works										
Highways and streets										
Streets (miles)	2,586	2,614	2,620	2,635	2,646	2,659	2,664	2,674	2,676	2,679
Streetlights	39,500	39,700	39,900	40,000	40,100	41,000	41,100	42,000	42,000	42,000
Traffic signals	386	390	388	392	396	397	400	401	401	401
Utilities										
Water mains (miles)	1,850	1,889	1,950	2,010	2,035	2,055	2,080	2,105	2,109	2,107
Fire hydrants	11,590	11,755	11,886	11,925	12,082	12,217	12,410	12,660	13,260	13,295
Sanitary sewers (miles)	3,077	3,091	3,100	3,105	3,100	3,078	3,084	3,137	3,142	3,148
Storm drains (miles)	805	810	815	820	833	853	866	884	902	899
Solid waste										
Citizen drop-off centers	3	3	3	3	3	3	3	3	3	3
Culture and leisure										
Parks acreage	16,627	16,912	16,912	15,906	15,304	15,501	15,779	16,149	16,435	16,641
Recreation centers	182	162	161	161	188	192	195	199	202	205
Health and human services										
Senior centers	17	17	18	18	19	19	19	19	19	20
Health centers	7	7	7	7	7	7	7	7	7	7

Source: Baltimore County Office of Budget and Finance Budget Documents and Accounting Records