



Baltimore County Maryland

**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.

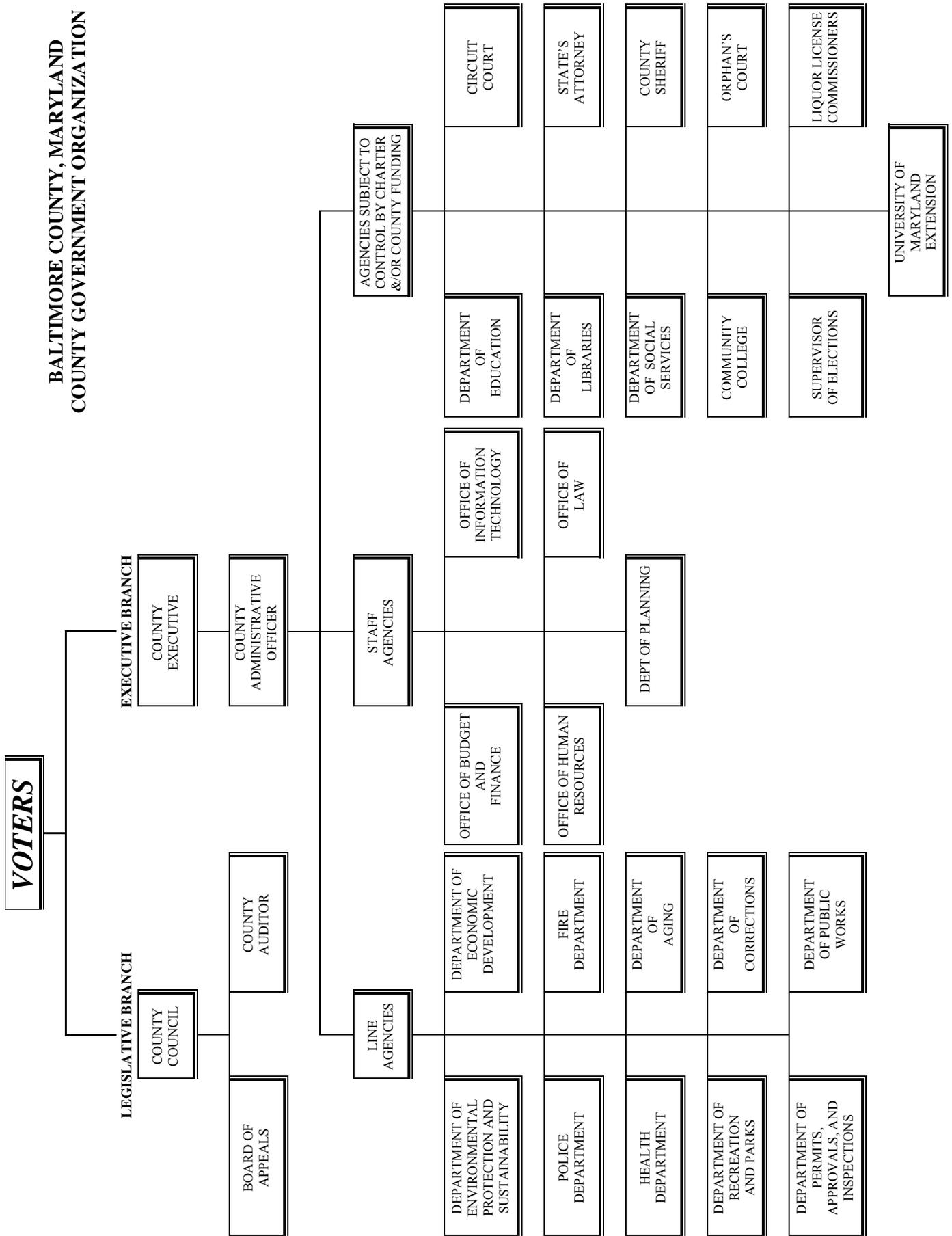
Credit also must be given to the County Executive and the County Council for their support in maintaining the highest standards of professionalism in the management of the County's finances.

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

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