



Baltimore County Maryland

**Comprehensive Annual Financial Report
For The
Fiscal Year Ended June 30, 2015**

Baltimore County, Maryland



Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2015

Prepared By The Office Of Budget and Finance

INTRODUCTORY



SECTION

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BALTIMORE COUNTY, MARYLAND
FOR THE YEAR ENDED JUNE 30, 2015
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KEVIN KAMENETZ
County Executive

KEITH DORSEY, Director
Office of Budget and Finance

December 23, 2015

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, 2015 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, 2015 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, 2015, 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 (Committee) consisting of 3 members of the County Council and 2 other members from an area of specialty, such as finance, organized labor, etc. On or before February 15 in each year, the Committee submits to the County Council and County Executive a report with recommendations on fiscal goals or growth in the County budget to a level that does not exceed the rate of growth of the County's economy. The budget must be adopted by the affirmative vote of not less than four members of the County Council on or before June 1 each year. The adopted budget becomes effective July 1 and provides the spending authority at the program level for the County's operations.

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

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 by population in a metropolitan area with more than 2.6 million people. 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 Pay Pal and a large concentration of nationally recognized professional service organizations. 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 companies such as: General Motors, McCormick and Company, Stanley Black & Decker, Lockheed Martin, AAI and Procter & Gamble.

New Business and Real Estate Activity

The following section highlights a sampling of business and real estate activity in the County from July 2014 to June 2015

The Federal Savings Bank – a federally chartered Chicago based bank that focuses on home lending, has relocated its Columbia loan production office to Timonium. It's looking to hire up to 30 people in this new location.

Hardesty Capital Management – In September 2014, this boutique investment firm moved from Mount Vernon in Baltimore City to a new 5,765 square foot office on International Drive in Hunt Valley.

J.O. Spice Co. – A manufacturing company located in Halethorpe has signed a lease to expand by adding 17,000 square feet of additional space to their current facility. Expansion will result in the creation of two jobs and a \$500,000 capital investment.

Towson Square (formerly known as Towson Circle III) – This new mixed use project in Towson is being developed by a joint venture of Heritage Properties and The Cordish Company. A 75,000 square foot, 3,400 seat, 15 screen multiplex cinema has already opened atop a new three story 850 space garage. Three of seven planned restaurants are also open, with others soon to open. The pedestrian friendly plaza includes a traffic circle with a European style fountain, bistro style outdoor dining areas and landscaping. The County invested \$6.2 million toward the parking garage and \$2 million for infrastructure improvements, which is leveraging \$85 million in private investment. The project brings an estimated 1,530 jobs to the area, 660 construction jobs and another 870 jobs when the project is completed.

Towson Residential – Since 2008, over 1,200 new luxury apartment units in three major projects have been completed. Wood Partners has teamed with Chesapeake Realty Partners to develop The Winthrop, which consists of 295 units. A second phase, developed by Wood Partners and Taylor Property Group, will comprise 175 units. The apartments will be owned and operated separately, but their design is complementary. These buildings will replace a 70 year old, 150 unit apartment complex and will triple the site's density. A \$60 million, 611 bed, 248 unit student housing project with first floor retail is planned at 101 York Rd. Project details are being finalized.

Towson Mews – Construction is to begin in the next six months on 35 townhouses on 2 acres in the heart of Towson.

Towson Row – Demolition is underway on this transformative, \$350 million mixed use development at the southern gateway to downtown Towson, one block from Towson University. The development program calls for 200,000 square feet of Class A office space, 350 luxury residential units, 200 limited service hotel rooms, 300 quality student housing units and more than 100,000 square feet of retail, shops, restaurants and anchored by the 45,000 square foot Whole Foods Market grocery chain.

Daft McCune Walker – This company, which currently employs 35 people and is looking to add 4-5 new positions, occupies 10,691 square feet at 501 Fairmount Ave in Towson.

The Shops at Kenilworth – Greenberg Gibbons has announced plans for a \$20 million renovation to The Shops at Kenilworth, a landmark shopping destination in Towson, Md., which was originally built in 1979. Plans call for transforming the concrete exterior and outdated interior into a more contemporary and welcoming specialty shopping and community gathering place. The design concept includes reducing the current space by 8,000 square feet and adding a 20,000 square foot, three level "marketplace" featuring a wine bar, a mix of casual and fine dining options, and a rooftop garden with panoramic views. Project completion is targeted for 2017.

Sale of County Properties – In December 2013, the County Council approved the sale of three functionally obsolete County properties housing two police stations and a fire station, located on heavily traveled commercial corridors in Randallstown, Towson and Dundalk. The Towson and Dundalk properties are awaiting the approval of Planned Unit Development (PUD). The profit from the sale of these properties will help defray the cost of new replacement buildings and generate new property tax revenue, in addition to providing jobs and economic stimulus. In Dundalk, Vanguard Commercial Development will redevelop a portion of the property into a restaurant/retail/recreational town center to be known as "Merritt Pavilion." Merritt Pavilion is envisioned as a family friendly destination and would have 12 separate buildings spread over 12 acres. It is anticipated to include restaurants, fast casual dining establishments, an ice cream or frozen yogurt shop, an urgent care medical facility, a convenience store/gas station facility, a drive-in fast food restaurant, and other not yet defined retail. Along with the \$2.1 million purchase price, the annual property tax at full build-out is anticipated to be approximately \$76,172. The proposal also allows recreation programs at the site to continue uninterrupted and adds other recreational amenities. In Towson, CVP-TF, LLC will add a convenience store and gas station, as well as approximately 10,000 square feet of retail strip and a 4,200 square foot restaurant pad site. Retail uses include a drive-in fast food restaurant, a fast casual restaurant, and a bank. The property was purchased from the County for \$8.3 million and will add annual property tax revenue of approximately \$26,125. In Randallstown, 101 Development Group, a wholly-owned subsidiary of Genesis HealthCare LLC, purchased the County property that joins its neighboring senior nursing center for \$275,000. The Development Group will raze the existing building and construct much needed additional parking.

Metro Centre at Owings Mills – Metro Centre at Owings Mills is a mixed use, transit oriented special taxing district that is being developed by Owings Mills Transit, LLC through the use of tax increment financing. At completion, the project will support more than 1.2 million square feet of commercial office space, 300,000 square feet of complementary retail space, 1,700 residential units, educational facilities and a hospitality component. The project adjoins the Owings Mills Metro stop and two commuter parking garages with a total of 5,277 spaces. Total investment in

the project is expected to be \$550 million. The project already completed a 120,000 square foot County Campus that includes a County library, community college branch, and two five story upscale residential buildings with 232 apartments and ground floor retail and restaurant space. The developer, David S. Brown Enterprises, Ltd., is beginning development of a full service, 150 room hotel that will be a first for the area's hotel market.

Foundry Row – This \$140 million mixed use development in Owings Mills, anchored by a Wegman's grocery store, will include 356,000 square feet of retail space and 48,000 square feet of office space. Joining Wegmans as tenants will be Panera Bread, Bagby Liquors, Smashburger, Zoes Kitchen, Nalley Fresh, DSW Shoes, LA Fitness, ULTA and Sports Authority. Demolition of the industrial building on the site is complete and site prep is in process. The Wegmans store is slated to open in 2016, with other retail to follow in 2017.

McCormick & Company – The international spice manufacturer, currently located in Sparks, will consolidate 900 office employees from several area locations into a 340,000 square foot headquarters at 99 Shawan Road, to be completed in 2018. A former telephone company building on the site will be completely redone, creating a state of the art corporate campus for McCormick. The building will house corporate functions, the company's US consumer and industrial divisions and a health and wellness center. Company officials spent 15 months studying 60 possible sites in three states before selecting the Shawan Road location.

Johnson, Mirmiran & Thompson (JMT) – This nationally ranked architectural and engineering firm, will move its headquarters from Sparks to a new five story 130,000 square foot building on Wight Avenue in Hunt Valley. Companywide, the firm employs 1,200 engineers, architects, planners, technicians and other employees, 600 of which will be located in the new headquarters. Design has started on the new building at 40 Wight Avenue, with construction expected to begin later in 2015. JMT expects to move in early 2017.

Abramoff Neuberger LLP – a prominent Baltimore law firm, signed a lease for 9,360 square feet at Quarry Lake at Greenspring.

Tetra Tech – signed a lease for 15,600 square feet of space at 10711 Red Run Boulevard in Owings Mills.

Mid-Atlantic Recruiters – signed a lease for space at 10045 Red Run Blvd. in Owings Mills.

Miller's Minuteman Press – A graphic design, print and mailing company has centralized its production facility and expanded its services. Miller's recently occupied a new \$5.2 million, 36,450 square foot one story facility in Owings Mills, which allows the company to expand its workforce by about 30 percent.

Kelly & Associates – purchased the 90,000-square-foot building at 1 Fila Way in Sparks for its company headquarters. The company is investing \$10.5 million in their renovation project that was completed in July 2015. Kelly's 500 employees are now occupying the location. The company also purchased an adjoining lot that can support an addition to the building and an expanded parking lot.

Reliable Churchill – The largest wine and spirits distributorship in Maryland is locating its headquarters, office and warehouse operations to Baltimore Crossroads. A new 449,200 square foot building to complete the consolidation opened in September 2014. Reliable transferred over 500 associates to the new location.

Du-Claw Brewing Company – has leased space on Yellow Brick Road in Rosedale for a brewing operation that will supply beer for their popular brew pub chain, produce beer for retail sales through distributors, and provide bottling services for other brewers.

BECO Management – The Rockville-based real estate management company purchased two office buildings located at 10451 and 10461 Mill Run Circle adjacent to Owings Mills Mall. The company invested \$15 million in improvements to the two properties and there is a resurgence of leasing activity as a result of renovations where seven new tenants have signed leases totaling over 35,000 square feet.

Apex IT Services – This IT solutions provider to federal, state and commercial clients relocated from Columbia, Maryland to leased office space on Lord Baltimore Drive in Woodlawn. Plans include adding 53 jobs.

Ruby Tuesday – The national chain casual dining restaurant built a new 175 seat, 5,000 square-foot restaurant on Liberty Road in Randallstown. It opened in October 2014 and employs 60 - 80 people.

Collins Seafood and Grill – This family run restaurant opened on Offutt Road in Randallstown investing \$850,000 and employing 40 people.

Sparrows Point Terminal LLC – recently acquired the 3,100 acre former steel production facility. The new owners agreed to \$48 million in assurances to pay for environmental clean-up to the area. The property will be redeveloped for industrial use.

PrimeAE – is one of the newest companies to the bwtech North at UMBC. They consolidated two office buildings from Owings Mills and Linthicum and are relocating approximately 100 employees to the new site. PrimeAE offers engineering, technical, GIS, and data migration services.

H&E, Equipment – is leasing a new 38,000 square foot facility on Grays Road in Dundalk, MD, and will bring 30 jobs. H&E is a rental company for new and used construction equipment.

Loomis Armored U.S – signed a 50,000 square-foot lease at 4979 Mercantile Road in the White Marsh Business Community. Loomis plans to double its work force from 100 to 200 people after it moves from its location near Golden Ring Park in Rosedale.

Lockheed Martin's – contract with the U.S. Navy was renewed for \$235 million to manufacture missile-firing systems at its facility in Middle River. The deal extends through 2022 and could be worth as much as \$356 million if the Navy adds optional orders. The flexible missile system can launch a variety of missiles.

Vac Pac – acquired a 46,000 square-foot building at 917 Middle River Road, where the company will relocate 25 employees in 2016. Vac Pac specializes in cooking bags for ovens and microwaves. Its new Middle River building will include a new test facility, allowing the company to better showcase research and development and expand internationally with annual revenue between \$5 and \$10 million.

Bottling Group, LLC, – signed a lease for 25,400 square feet in a new 60,000 square-foot warehouse and distribution facility under construction in the White Marsh Business Park on Days Cove Road. The building completion is yet to be determined. Products such as Pepsi, 7-Up and Gatorade will be moving in and out of the new facility. The building has room to double the warehouse space.

Chesapeake Real Estate Group – has two buildings ready for delivery along Route 43 in the Crossroads @95 business park. A 435,000 square-foot Class A building on Tangier Drive that features ample car and trailer parking and a 100,685 square-foot warehouse and distribution building at 11501 Pocomoke Court was completed in the first quarter of 2015.

Carpet Consultants – a provider of residential and commercial flooring products, has signed a lease for approximately 18,000 square feet of space at 11501 Pocomoke Circle in Crossroads @95 business park. The company, which markets a full range of products including carpeting, hardwood, laminate, tile and stone, intends to relocate its entire operation to the new building.

CapRock Grain – an import supplier of organic animal grain, signed a fully executed five year lease at 8907 Bethlehem Blvd. Future plans include a Build to Suite location on Sparrows Point

Terminal property for a soybean milling and crushing manufacturing operation, resulting in an oil product for export. Current job potential is 10-25, and 200 in five years.

Pro Transport Inc. – has signed a 51,100 square-foot lease to expand at 11630 Crossroads Circle in Crossroads @95 business park. The company will lease the entire building, which features 16-foot ceiling heights and drive-in loading capabilities.

Industrial Redevelopment

Sparrows Point/Dundalk

The Sparrows Point peninsula was the location of a major integrated steel mill for more than 100 years. In May 2012, the final steel mill operator, RG Steel, declared bankruptcy and announced plans to close the facility and lay off all 2,000 workers. The County has been working aggressively with Sparrows Point Terminal (owner) and State Department of Commerce to define and pursue a new vision for this valuable 3,100 acres of land with deep water, freight rail and interstate access, and to help the dislocated steelworkers acquire the training and support services they need to enable them to move into new careers. Sparrows Point Terminal has estimated 10,000 new jobs over the next 10 years.

The Sparrows Point Partnership, an advisory group of private-sector port, logistics and real estate professionals, was established by the County Executive in 2012 to recommend how best to position Sparrows Point and the surrounding area for long term job growth. In May 2013, the Partnership released its first-year report, which highlighted the area's exceptional assets including a massive land product: 5.3 square miles, with more than 3,300-acres zoned for industrial use, deepwater access near the growing Port of Baltimore, interconnected transportation, including direct connection to two class one railroads and interstate highways, exceptional natural gas and electricity supplies, a large supply of treated water flowing directly to the site and a highly capable, motivated workforce

The report also outlined the County's vision for growth at Sparrows Point, driven by several key principles which include expanding maritime use on the peninsula in partnership with the Maryland Port Administration, retaining the current zoning for industrial use, encouraging private ownership to rebuild the aging infrastructure on the site, managing a long-term strategy that includes active participation and guidance from the County, the State of Maryland and the Port of Baltimore

Sparrows Point Terminal LLC acquired the 3,100 acre former steel production facility in September 2014. The new owners agreed to \$48 million in assurances to pay for environmental clean-up to the area. The property will be redeveloped for industrial use.

Baltimore County continues to provide support services to dislocated RG workers. Hundreds of workers have received training for new jobs under Federal trade adjustment assistance programs. County and state staffs are working to help those workers find jobs as they complete their training programs.

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 previous ten years. Now known as Martin's Landing, 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. In the County's 2012 comprehensive rezoning process, the 53 acre property was rezoned from heavy industrial to a classification that allows a mix of uses.

Technology Locations

bwtech@UMBC

The [bwtech@UMBC](#) Research & Technology Park (the “Park”) is a 71-acre community engaged in research, entrepreneurship, and economic development. The Park contains eight buildings, including multi and single-tenant buildings and 3 incubators. Over 40 cyber security companies currently reside and do business in the Park. The Park is adjacent to the main UMBC campus with direct access to the innovative research and amenities of a major university.

The Research & Technology Park includes 118 tenants and 1,200 employees, these include mature, emerging and incubator companies. [bwtech@UMBC](#) operates these distinct business incubators with specific industry orientation. These companies include the Life Sciences Incubator (LSI) which began operation in 1989 on the UMBC campus and moved to [bwtech](#) south in 1996; the Clean Energy Technology Incubator (CETI) which focuses on companies working in the areas of solar power, wind power, biofuels, electric grid, and energy management and storage; the Northrop Gruman and the Cyber program which is a partnership between Northrop Gruman and the Cyber [Incubator@bwtech](#); the CyberHive which is a program offering a business development environment for companies not leasing office space at [bwtech@UMBC](#). The CyberMaryland Map is an interactive website and business directory of companies that are part of CyberMaryland. The Cyber Incubator is the most recent business incubation program at [bwtech@UMBC](#). Like the other incubators, it benefits from extensive interaction with the UMBC community as well as its proximity to federal agencies. The Cyber Incubator is one of four [bwtech@UMBC](#) initiatives directed at cyber security.

The [bwtech@UMBC](#) companies have access to UMBC campus amenities and enjoy the strategic location only minutes away from BWI Thurgood Marshall Airport, downtown Baltimore, and the federal agencies located in the Washington, D.C. corridor. The location, coupled with the opportunity to collaborate with the talented students and faculty of UMBC's nationally recognized science and engineering programs, makes [bwtech@UMBC](#) an ideal location for technology, bioscience and research organizations at all stages of development.

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 Chesapeake Zone (formerly the North Point Zone), located along the industrial North Point Blvd., Pulaski Highway and Eastern Blvd. corridors in Eastern Baltimore County, the Southwest Zone, located in the Washington Boulevard/Hollins Ferry Road industrial corridor and the Federal Center at Woodlawn Zone. These three areas contain over 9,100 acres of industrial and office zoned land and over 1,600 businesses. Since the approval of the first zone in December 1995, 144 businesses in the Chesapeake, Southwest and Federal Center at Woodlawn enterprise zones have committed to investing over \$315 million in real property improvements and \$308 million in machinery and equipment. In addition, approximately 3,700 new jobs have been created. 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 FY2015, the County provided financial assistance to 3 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 3 projects are expected to result in over \$8 million in new investment, creating more than 51 new jobs and retaining 79 existing jobs. Additionally, in June 2015 the County was awarded \$1.6 million from the State of Maryland Boost Fund to fund loans to small, minority, women-owned and veteran owned businesses in the State of Maryland. The Boost Fund provides flexible financing to assist in the acquisition of business assets, working capital, equipment, owner occupied commercial real estate, construction of new facilities and lease hold improvements. Twelve loans were approved totaling \$1,440,000 from the County's first round of funding that was received in July 2014.

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 unassigned 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 unassigned General Fund balances during this period to 8% of General Fund revenues. Most of the 8%, 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 unassigned fund balance in excess of the 8% 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 FY 2015 that are expected to affect future financial position:

Education – The FY 2015 budget exceeds Maintenance of Effort, with \$1.4 billion education operating budget comprising 53% of the County's net operating budget. Some of the education operating budget include 90 additional teaching positions to support enrollment growth, the

opening of Mays Chapel Elementary, and an increase in special education staffing. In addition the budget includes \$4 million to complete the County's investment in wireless classrooms; \$3.8 million for instructional materials to support the digital curriculum and \$2.5 million for the one-Card safety identification system.

Working with Baltimore County Public Schools, the County is launching a school renovation and construction program intended to meet the needs of the County's educational facilities for the next generation. This \$1.1 billion initiative is called the Schools for Our Future program. Schools for Our Future will be a decade-long commitment to upgrading school facilities and eliminating overcrowding in classrooms.

Again this year, the Community College of Baltimore continues to lead with the State's highest community college enrollment. The new Owings Mills campus opened this year at the Metro Center. This year's budget funds CCBC at Maintenance of Effort levels, and also includes \$4.5 million for the first construction phase of the Health Careers and Technology building on the Essex campus, \$2.9 million to complete the conversion of the former library at the Catonsville campus to a new science and mathematics hall, \$1.5 million for a project to restore the historic mansion in Catonsville and \$1.1 million for the construction of a new facility to house the Veterinarian Technology program at Essex

Public Safety – The FY15 operating budget maintains a strong commitment to public safety with an operating budget of \$280 million dollars for the County's Police and Fire Departments. In anticipation of the opening of the Towson Square this summer, the budget funds five additional police officers of Towson's new entertainment district.

Community Conservation and Preservation - The FY2015 budget includes a 15.4% increase for the County's emergency social service funds, which will provide emergency medical funds and help families avoid evictions and utility shut-offs during tough economic times.

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, 2014. 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 36 consecutive years (fiscal years ended June 30, 1979 – 2014). 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.

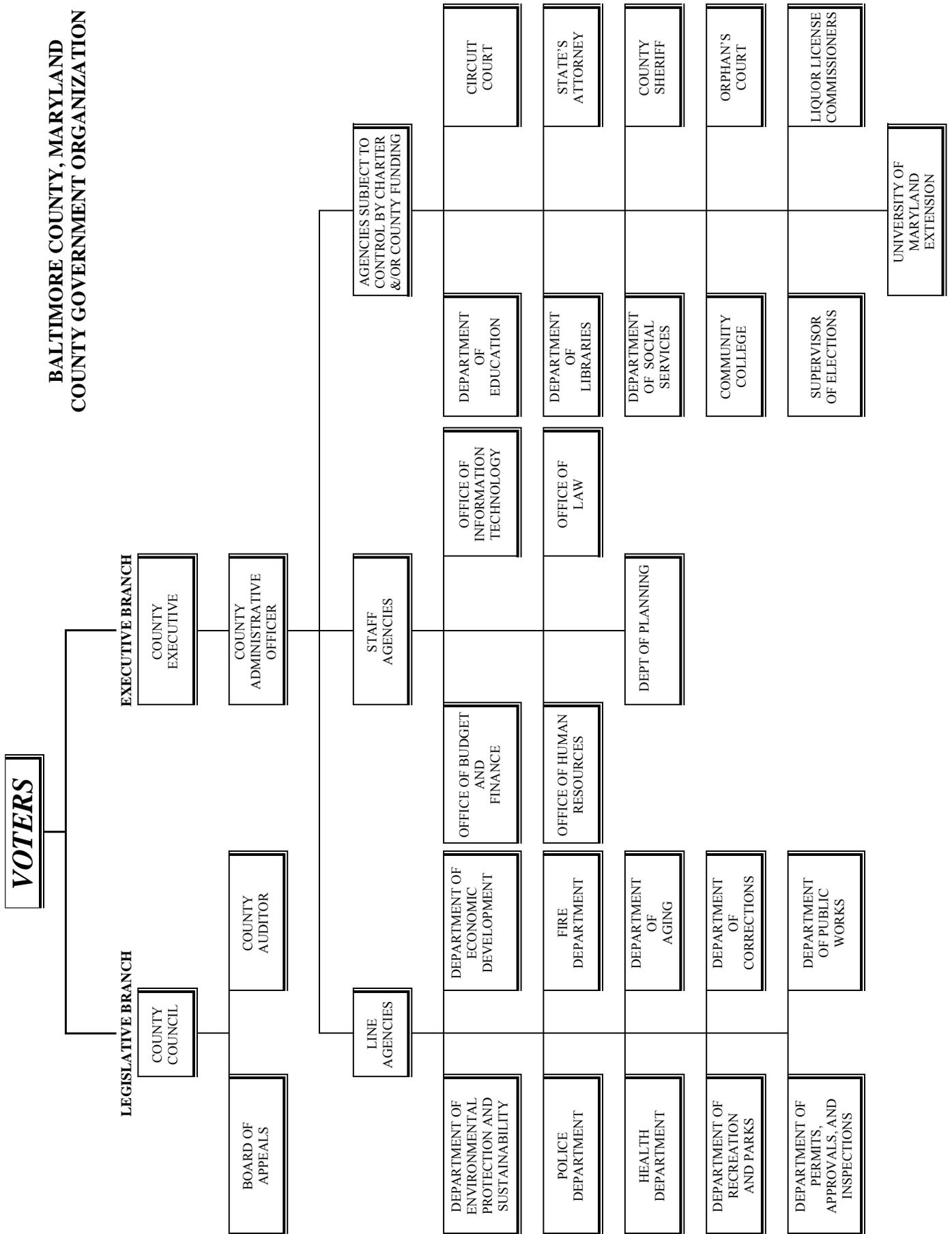
Credit also must be given to the County Executive and the County Council for their support in maintaining the highest standards of professionalism in the management of the County's finances.

Respectfully submitted,



Keith Dorsey, Director
Office of Budget and Finance

**BALTIMORE COUNTY, MARYLAND
COUNTY GOVERNMENT ORGANIZATION**



LIST OF PRINCIPAL OFFICIALS
June 30, 2015

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 and
Workforce 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

Will Anderson

Vincent J. Gardina
Robert R. Stradling

Arnold Jablon
George E. Gay
Andrea VanArsdale
Barry F. Williams
S. Dallas Dance, Ph.D
Dr. Gregory Wm. Branch
Paula Miller
Sandra L. Kurtinitis, Ph.D
Deborah J. Richardson
Lawrence M. Stahl
John E. Beverungen**



Government Finance Officers Association

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**Baltimore County
Maryland**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Jeffrey R. Emer

Executive Director/CEO

FINANCIAL



SECTION

INDEPENDENT AUDITORS' REPORT

The Honorable County Executive and
Members of the County Council
Baltimore County, Maryland
Towson, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Baltimore County, Maryland (the County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During fiscal year ended June 30, 2015, the County adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the County reported a restatement for the change in accounting principle (see Note 16). Our auditor's opinion was not modified with respect to the restatement.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 15 and the schedule of the County's proportionate share of the net pension liability and schedule of county contributions for the Employees' Retirement System, the schedule of changes in the County's net pension liability and related ratios, schedule of County contributions, and schedule of investment returns for the Police, Fire and Widow's Pension Plan and schedule of funding progress and employers' contributions for the OPEB Trust on pages 74 - 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules-supplementary information, as 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules - supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
December 23, 2015

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, 2015. 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 deferred outflows of resources were \$4.769 billion and its liabilities and deferred inflows were \$4.949 billion, resulting in negative net position of \$.18 billion.
- The County's total net position decreased by \$1.437 billion. The adoption of Governmental Accounting Standards Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pension Plans* and related GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date* required the July 1, 2014 net position of the County to be restated. This resulted in a reduction of the beginning FY15 net position of \$1.412 billion.

Fund Level:

- The County's governmental funds have combined fund balances of \$428.277 million.
- The General Fund's fund balance is \$405.59 million of which \$229.819 million is unassigned fund balance inclusive of \$89.341 million in a Revenue Stabilization account.

Long-term Debt:

- The County's total bond and note debt increased by \$61.315 million during the current year. The key factors in this increase were the issuance of \$200 million in bond anticipation notes and a \$6.505 million draw on the Maryland Water Quality Revolving Loan Fund offset by debt service payments of \$133.09 million and net principal reductions of \$12.1 million from bond refundings.

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 Position* 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 Position* on page 16 presents all of the County's non-fiduciary assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases and decreases in net position measure whether the County's financial position is improving or deteriorating.

The *Statement of Activities* on page 17 presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position 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 costs 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 18 and 20) 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 primarily 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 29.

Other Information

Required supplementary information includes schedules concerning the County's pension plans and its post-employment healthcare benefits provided to its employees. These schedules can be found starting on page 74. Other supplementary information includes combining and individual fund financial statements and schedules for the General Fund, Liquor License Fund, Stormwater Management Fund, internal service funds and fiduciary funds. These statements and schedules can be found starting on page 78.

Financial Analysis of the County as a Whole

The County's combined net position decreased \$1.437 billion in FY 2015. The net position of the governmental activities decreased \$1.314 billion and business-type activities decreased \$.123 billion. A change in accounting principle requiring the long term pension liability be recorded on the entity wide statements resulted in a \$1.412 billion reduction in the restatement of the County's net position. The schedule below presents the net position of the County's governmental and business-type activities as of June 30, 2015.

The largest component of the County's net position 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 public school system. The County also funds projects for the Community College of Baltimore County. Therefore, the County's financial statements include this outstanding debt, without the addition of the corresponding assets, which is a major reason for the governmental activities negative unrestricted net position. 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 position in the business-type activities. These situations are described in more detail in Note 8.

Net Position as of June 30 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014*	2015	2014*	2015	2014*
Assets:						
Current and other non-current assets	\$ 769,923	\$ 1,011,587	\$ 193,630	\$ 226,947	\$ 963,553	\$ 1,238,534
Capital assets	2,406,782	2,344,151	1,259,724	1,214,119	3,666,506	3,558,270
Total assets	<u>3,176,705</u>	<u>3,355,738</u>	<u>1,453,354</u>	<u>1,441,066</u>	<u>4,630,059</u>	<u>4,796,804</u>
Total deferred outflow of resources	<u>117,294</u>	<u>9,388</u>	<u>21,669</u>	<u>5,527</u>	<u>138,963</u>	<u>14,915</u>
Liabilities:						
Current liabilities	597,819	568,206	315,612	270,926	913,431	839,132
Long-term liabilities	2,943,432	1,853,007	966,836	863,078	3,910,268	2,716,085
Total liabilities	<u>3,541,251</u>	<u>2,421,213</u>	<u>1,282,448</u>	<u>1,134,004</u>	<u>4,823,699</u>	<u>3,555,217</u>
Total deferred inflow of resources	<u>122,236</u>	<u>-</u>	<u>3,382</u>	<u>-</u>	<u>125,618</u>	<u>-</u>
Net position:						
Net investment in capital assets	1,346,549	1,277,986	540,690	526,907	1,887,239	1,804,893
Restricted	31,871	29,053	-	-	31,871	29,053
Unrestricted (deficit)	(1,747,908)	(363,126)	(351,497)	(214,318)	(2,099,405)	(577,444)
Total net position	<u>\$ (369,488)</u>	<u>\$ 943,913</u>	<u>\$ 189,193</u>	<u>\$ 312,589</u>	<u>\$ (180,295)</u>	<u>\$ 1,256,502</u>

* The County implemented GASB Statement No. 68 effective July 1, 2014. The 2014 net position amounts have not been restated to reflect the implementation of GASB 68.

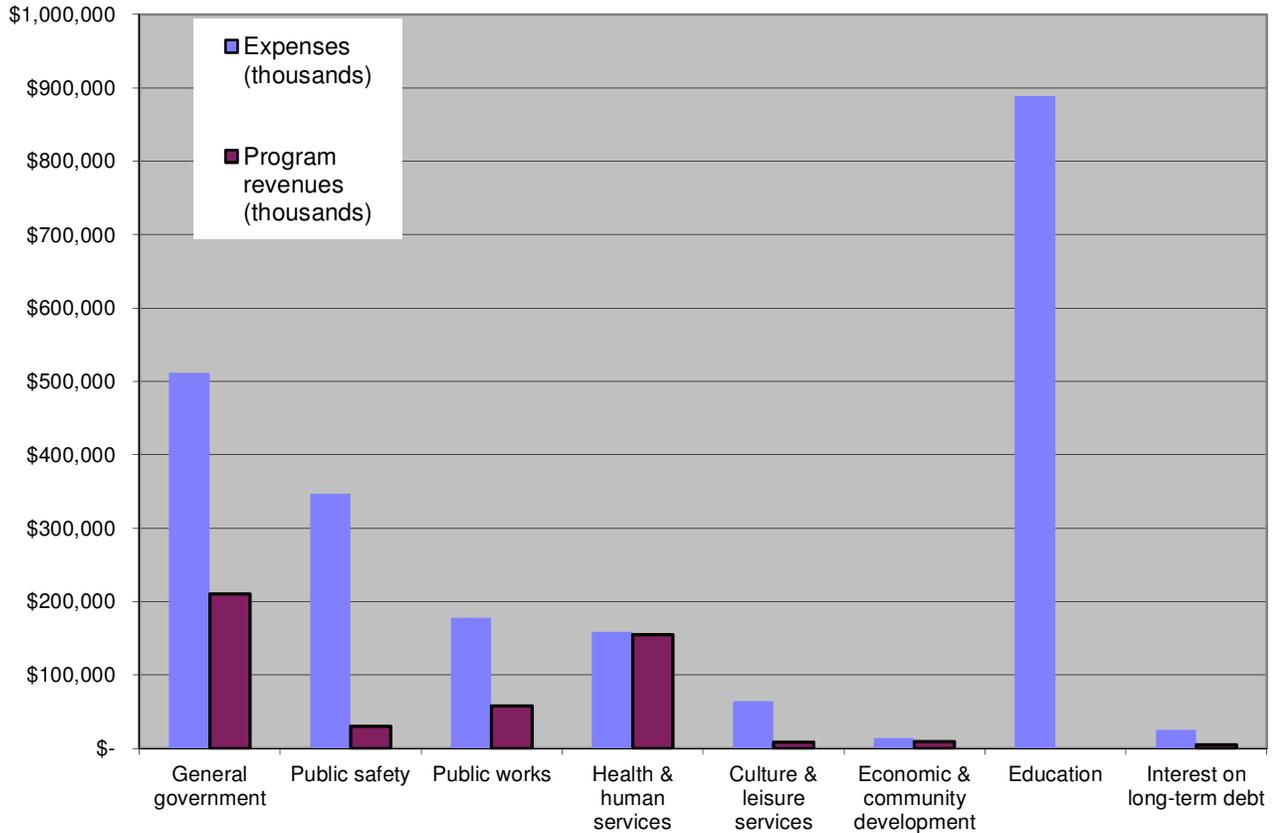
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the County's net position changed during the fiscal year.

	Changes in Net Position (in thousands)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 255,921	\$ 249,260	\$ 202,674	\$ 214,154	\$ 458,595	\$ 463,414
Operating grants	171,906	159,549	2,918	2,942	174,824	162,491
Capital grants	48,492	25,843	14,196	14,641	62,688	40,484
General revenues						
Property taxes	866,698	850,367	-	-	866,698	850,367
Income taxes	736,760	679,371	-	-	736,760	679,371
Public service taxes	153,522	140,032	-	-	153,522	140,032
Unrestricted grants and contributions	9,210	9,063	-	-	9,210	9,063
Investment earnings	749	1,096	98	192	847	1,288
Special item - interactivity transfer of debt	10,213	-	(10,213)	-	-	-
Total revenues	<u>2,253,471</u>	<u>2,114,581</u>	<u>209,673</u>	<u>231,929</u>	<u>2,463,144</u>	<u>2,346,510</u>
Expenses						
General government	511,254	507,968	-	-	511,254	507,968
Public safety	346,834	345,801	-	-	346,834	345,801
Public works	177,495	192,092	-	-	177,495	192,092
Health and human services	158,431	147,998	-	-	158,431	147,998
Culture and leisure services	63,742	65,487	-	-	63,742	65,487
Economic and community development	13,838	19,637	-	-	13,838	19,637
Education	888,832	852,799	-	-	888,832	852,799
Interest on long-term debt	25,257	26,081	-	-	25,257	26,081
Water and sewer services		-	302,014	272,177	302,014	272,177
Total expenses	<u>2,185,683</u>	<u>2,157,863</u>	<u>302,014</u>	<u>272,177</u>	<u>2,487,697</u>	<u>2,430,040</u>
Increase (decrease) in net position	67,788	(43,282)	(92,341)	(40,248)	(24,553)	(83,530)
Net position - beginning (as restated)*	(437,276)	987,195	281,534	352,837	(155,742)	1,340,032
Net position - ending	<u>\$ (369,488)</u>	<u>\$ 943,913</u>	<u>\$ 189,193</u>	<u>\$ 312,589</u>	<u>\$ (180,295)</u>	<u>\$ 1,256,502</u>

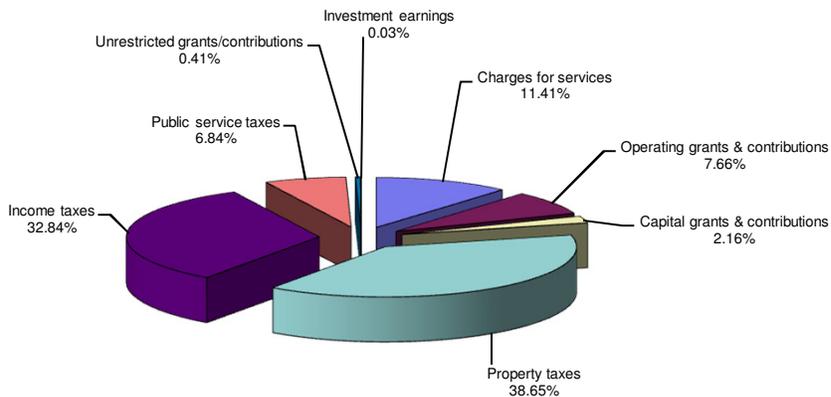
*The County implemented GASB Statement No. 68 effective July 1, 2014. The 2014 beginning net position amounts have not been restated to reflect the implementation of GASB 68.

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.

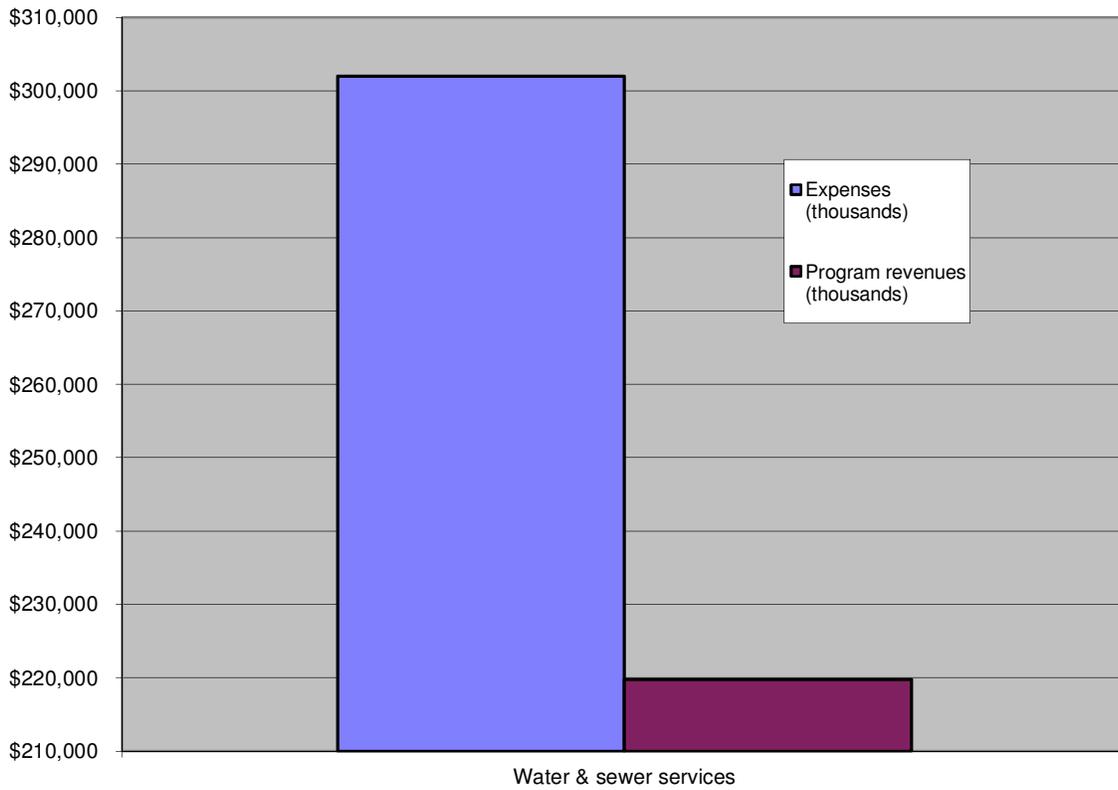
Expenses & Program Revenues-Governmental Activities



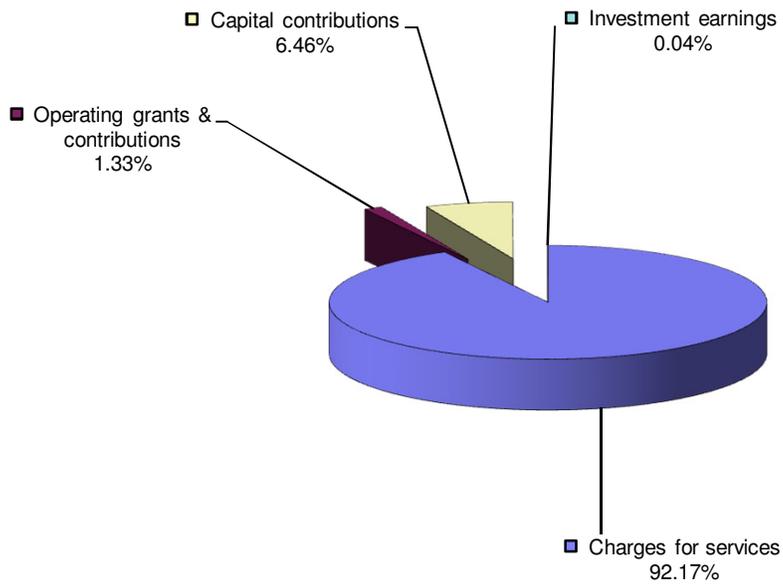
Revenues by Source-Governmental Activities



Expenses and Program Revenues-Business-type Activities



Revenues by Source-Business-type Activities



Governmental Activities

The net position of governmental activities, prior to being restated for a change in accounting principle, increased \$67.788 million during FY15. Key elements affecting the net position include:

- General revenues increased \$87.01 million over the prior fiscal year. Income tax revenue increased \$57.389 million due primarily to a \$40.426 million change to the County's portion of income tax reserves held by the State that was recognized under full accrual accounting.
- An interactivity transfer of \$10.213 million was reported to reflect the assumption of pension obligation bonded debt by the Metropolitan District Enterprise Fund that was previously an obligation that would that been paid from the General Fund.
- Pension expense decreased \$16.772 million from the change in accounting principle requiring the County to record its proportionate share of the net pension liability from County employee retirement plans.
- Capital asset infrastructure donations from developers rebounded to pre-recession levels with an increase of \$19.435 million.
- Education expenses increased \$36.033 million from FY14 due to \$26.28 million additional funding of operational costs for the Board of Education and increased non-capitalizable expenses of \$9.753 million incurred for component unit assets.

Business-type Activities

The net position of business-type activities, prior to being restated for a change in accounting principle, decreased \$92.341 million during FY15. The key elements of the Metropolitan District operations that affect net position are as follows:

- The consent decree with the U.S. Environmental Protection Agency continues to drive expenditures. In FY15, the County's cost sharing contribution of \$81.95 million to Baltimore City for capital facilities was an increase of \$24.737 million from the previous year. The upgrade of the Patapsco and Back River wastewater treatment plants by the City are major projects contributing to this high level of cost sharing.
- Final settlement of FY14 water and sewer operating costs between the County and Baltimore City resulted in a \$4.932 million expenditure in FY15. Additionally, the FY15 projected water settlement with the City resulted in a \$15.504 million expenditure accrual.
- 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 \$6.058 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 \$428.277 million as of June 30, 2015, a decrease of \$17.174 million. Unassigned fund balance of the General Fund, as stated below, is available at the County's discretion. The remaining positive fund balance of \$227.845 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 FY15, unassigned fund balance of the General Fund was \$229.819 million, while total fund balance was \$405.59 million. Unassigned fund balance represents 12.49% of total budgetary expenditures, while total fund balance represents 22.05% of total budgetary expenditures. These ratios are typically useful as a measure of the General Fund's liquidity. The County has \$89.341 million in a Revenue Stabilization account and has assigned \$89.648 million to finance, in part, the FY16 operating budget.

The General Fund fund balance decreased by \$28.392 million during the current fiscal year. Income tax revenue was \$28.411 million more than in FY15, due, in part, from improved resident employment and personal income growth. FY15 was the first year that the County has fully met its OPEB Annual Required Contribution with increased funding of \$5.7 million to \$116.1 million. Payments for the Board of Education, including transfers for school projects, increased \$41.39 million which reflects the County's funding commitment at Maintenance of Effort level and to address aging school concerns. The General Fund also had increased contributions of \$23.794 million for pension costs.

The Gifts and Grants Fund fund balance of \$40.486 million consists primarily of \$23.709 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 reasons for the \$8.631 million increase in total fund balance are respective increases of \$1.339 million, \$1.724 million, and \$2.344 million in Speed Camera fines, funds allotted to the County for the Asset Forfeiture program and FEMA assistance receipts.

The Consolidated Public Improvement Construction Fund fund balance increased \$.546 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 \$112 million in new debt to fund capital projects. Capital expenditures for various County projects increased \$23.096 million to \$118.430 million and payments to component units for their capital facilities increased \$9.848 million to \$92.647 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 position, as restated, decreased \$91.827 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 final budget for the General Fund was increased \$13.938 million over the original budget. FY15 included two significant General Fund budget supplements totaling \$13.844 million, \$11.3 million of which was provided to cover excess costs to clear and maintain County roads from 20 snowstorms that impacted the County during the 2014-2015 winter season and \$2.544 million to provide additional funds necessary to expedite the Phase II package of security enhancements at County schools.

Significant differences between the final budget and actual amounts are summarized as follows:

- Title transfer and recordation taxes were \$10.896 more than budget due to an increase in high dollar commercial property transactions and from the slowly recovering real estate market.
- The major factor for miscellaneous revenue being \$4.352 million more than budget was a \$6.5 million return of unused prior years County funds from the Board of Library Trustees.
- The County released \$30.161 million of employer healthcare contributions to its Self-Insurance Program to bring its healthcare reserves down closer to its projected long term medical claims. \$4.734 million of those were contributed to the County's Pension System in FY15 to cover an employer contribution shortfall of its actuarially required contribution in FY16.
- The County had \$7.5 million in salary savings across the board from the continuation of position vacancy control and from consolidation of selected operations.
- The Storm Emergencies program used only \$9.857 million of the above \$11.3 million supplemental appropriation due to additional costs being lower than projected for snow removal.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities totaled \$3.667 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 287,829	\$ 268,599	\$ 1,317	\$ 1,317	\$ 289,146	\$ 269,916
Buildings and improvements	325,417	338,292	111,567	113,582	436,984	451,874
Vehicles and equipment	118,954	121,794	5,132	4,996	124,086	126,790
Infrastructure	1,216,628	1,200,698	890,384	864,267	2,107,012	2,064,965
Construction in progress	457,954	414,768	251,324	229,957	709,278	644,725
Total	<u>\$2,406,782</u>	<u>\$2,344,151</u>	<u>\$1,259,724</u>	<u>\$1,214,119</u>	<u>\$ 3,666,506</u>	<u>\$3,558,270</u>

The County added \$42 million for new or improved roads, \$4.7 million for storm drains, and \$16.8 million for water and sewer lines as a major part of its infrastructure assets for FY15.

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

- The County completed the extension of Dolfield Boulevard at a cost of \$5.6 million.
- The County completed work on Soukup Arena, Fullerton Park and Gough Park at a combined cost of over \$6.7 million.
- The County completed work on the Sollers Point Multi-Purpose Center at a cost of \$2.9 million.
- Work was completed on the County's Data Center Co-location at a cost of \$1.7 million

Additional capital asset information can be found in Note 7.

Long-term Debt

At the end of the current fiscal year, the County had general obligation debt outstanding of \$2.851 billion. This includes Consolidated Public Improvement bonds and notes of \$1.486 billion, Pension Funding bonds of \$.259 billion and Metropolitan District bonds and notes of \$1.106 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General obligation bonds	\$ 1,523,487	\$ 1,502,815	\$ 928,611	\$ 875,708	\$ 2,452,098	\$ 2,378,523
General obligation BANs	211,900	216,000	187,500	183,800	399,400	399,800
Total	<u>\$ 1,735,387</u>	<u>\$ 1,718,815</u>	<u>\$1,116,111</u>	<u>\$1,059,508</u>	<u>\$ 2,851,498</u>	<u>\$ 2,778,323</u>

The County's general obligation debt increased in 2015 by \$73.175 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 \$3.133 billion and \$2.161 billion. Additional information on the County's long-term debt can be found in Note 8.

Economic Factors and Next Years Budgets and Rates

- The Spending Affordability Committee's consultant, Sage Policy Group, Inc. predicts that County and State personal income will grow 4.16% and 4.21% respectively, in FY15. These rates represent a significant increase from the estimated FY14 County growth rate of 1.46%.
- Employment increased by 0.5% among County residents, by 0.1% among state residents, and 1.9% nationally on an annual average basis from calendar year (CY)13 to CY14. County and State unemployment rates were 5.4% and 5.3%, respectively, in December 2014 and averaged 6% and 5.8%, respectively, for all of CY14. For CY15, Sage Policy Group, Inc. predicts that County employment will grow 0.7% compared to population growth of 0.4%, while State employment growth is expected to be slightly lower than population growth.

These and other economic indicators were considered when preparing the FY16 General Fund budget, which estimates revenues at \$1.862 billion. General Fund appropriations for FY16 of \$1.952 billion reflect a 4.03% increase from the FY15 adjusted budget. The FY16 budget includes a 3% cost-of-living adjustment (COLA) for County and most component unit employees and a 5% COLA for Board of Education certified personnel, the first COLA since January 2010. The FY16 OPEB funding level was reduced from full funding in FY15 to 90% of the Annual Required Contribution. One major bond rating agency has placed less emphasis on full funding of the OPEB liability while placing more focus on the size of a jurisdiction's General Fund fund balance. As a result, the County has raised the target level of its fund balance from 8% to 10% of General Fund revenues and used the money not spent on OPEB to provide additional capital projects funding. The budget includes \$102 million PAYGO contribution to support the FY16 capital budget, an increase of \$51 million over last year. The difference between estimated revenue and appropriations of \$90 million is covered by fund balance reserves. The projected unassigned fund balance at the end of FY16 is \$207.917 million or 11.2% of the estimated FY16 total revenues.

The income tax rate of 2.83% is unchanged. The respective real property and personal 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 Position
June 30, 2015
(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments (Note 3)	\$ 521,103	\$ 64,355	\$ 585,458	\$ 95,597
Receivables, net (Note 5)	221,421	123,820	345,241	47,703
Due from primary government (Note 6)	-	-	-	76,785
Inventories	7,592	623	8,215	2,675
Prepaid costs	1,135	-	1,135	468
Restricted assets:				
Cash and investments (Note 3)	18,672	4,832	23,504	2,494
Capital assets (Note 7)				
Not being depreciated	745,783	252,641	998,424	334,820
Depreciable (net of accumulated depreciation)	1,660,999	1,007,083	2,668,082	1,372,905
Total assets	<u>3,176,705</u>	<u>1,453,354</u>	<u>4,630,059</u>	<u>1,933,447</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	21,931	18,717	40,648	-
Contributions to retirement plan after the measurement date of the net pension liability	95,363	2,952	98,315	9,646
Total deferred outflows of resources	<u>117,294</u>	<u>21,669</u>	<u>138,963</u>	<u>9,646</u>
LIABILITIES				
Accounts payable	45,583	62,945	108,528	60,972
Accrued payroll	19,050	583	19,633	28,368
Accrued interest payable	23,817	12,394	36,211	-
Internal balances	2,306	(2,306)	-	-
Due to component units (Note 6)	69,624	-	69,624	-
Other liabilities	26,390	3,996	30,386	4,190
Unearned revenue (Note 5)	2,372	-	2,372	7,959
Liabilities payable from restricted assets	-	-	-	2,494
Noncurrent liabilities (Note 8)				
Due within one year	408,677	238,000	646,677	33,796
Due in more than one year	2,943,432	966,836	3,910,268	167,218
Total liabilities	<u>3,541,251</u>	<u>1,282,448</u>	<u>4,823,699</u>	<u>304,997</u>
DEFERRED INFLOWS OF RESOURCES				
Difference between projected and actual earnings on retirement plan investments	122,236	3,382	125,618	10,792
NET POSITION				
Net investment in capital assets	1,346,549	540,690	1,887,239	1,657,830
Restricted for:				
Public works	6,677	-	6,677	-
Economic development	899	-	899	-
Education	-	-	-	22,430
Grant projects	23,709	-	23,709	-
Debt service	586	-	586	-
Expendable endowments	-	-	-	5,166
Unrestricted (deficit)	(1,747,908)	(351,497)	(2,099,405)	(58,122)
Total net position (deficit)	<u>\$ (369,488)</u>	<u>\$ 189,193</u>	<u>\$ (180,295)</u>	<u>\$ 1,627,304</u>

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

Baltimore County, Maryland
Statement of Activities
For the Year Ended June 30, 2015
(In Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Operating		Capital Grants and Contributions	Governmental Activities	Business-type Activities		Component Units
		Charges for Services	Grants and Contributions			Primary Government	Total	
PRIMARY GOVERNMENT								
Governmental activities:								
General government	\$ 511,254	\$ 206,918	\$ 3,210	\$ -	\$ (301,126)	\$ -	\$ (301,126)	\$ -
Public safety	346,834	10,979	19,602	-	(316,253)	-	(316,253)	-
Public works	177,495	4,702	4,300	48,492	(120,001)	-	(120,001)	-
Health and human services	158,431	28,590	126,609	-	(3,232)	-	(3,232)	-
Culture and leisure services	63,742	4,303	4,251	-	(55,188)	-	(55,188)	-
Economic and community development	13,838	429	8,679	-	(4,730)	-	(4,730)	-
Education	888,832	-	-	-	(888,832)	-	(888,832)	-
Interest on long-term debt	25,257	-	5,255	-	(20,002)	-	(20,002)	-
Total governmental activities	2,185,683	255,921	171,906	48,492	(1,709,364)	-	(1,709,364)	-
Business-type activities:								
Water and sewer services	302,014	202,674	2,918	14,196	-	(82,226)	(82,226)	-
Total business-type activities	302,014	202,674	2,918	14,196	-	(82,226)	(82,226)	-
Total primary government	\$ 2,487,697	\$ 458,595	\$ 174,824	\$ 62,688	\$ (1,709,364)	\$ -	\$ (1,791,590)	\$ -
COMPONENT UNITS								
Board of Education	\$ 1,579,055	\$ 12,802	\$ 182,349	\$ 121,262	-	-	-	(1,262,642)
Community College	215,375	72,217	93,972	24,653	-	-	-	(24,533)
Board of Library Trustees	43,729	3,168	6,672	96	-	-	-	(33,793)
Total component units	\$ 1,838,159	\$ 88,187	\$ 282,993	\$ 146,011	\$ -	\$ -	\$ -	(1,320,968)
General revenues:								
Taxes:								
Property taxes					866,698			866,698
Income taxes					736,760			736,760
Public service taxes					153,522			153,522
Grants and contributions not restricted to specific programs:								
Baltimore County					-			811,000
State of Maryland					9,210			603,108
Unrestricted investment earnings					749	98	847	269
Other					-			1,540
Special item - intragovernmental transfer of long term debt					10,213	(10,213)	-	-
Total general revenues and transfers					1,777,152	(10,115)	1,767,037	1,415,917
Change in net position					67,788	(92,341)	(24,553)	94,949
Net position (deficit) at beginning of the year, as restated (Note 16)					(437,276)	281,534	(155,742)	1,532,355
Net position (deficit) at end of the year					\$ (369,488)	\$ 189,193	\$ (180,295)	\$ 1,627,304

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

Baltimore County, Maryland
Balance Sheet
Governmental Funds
June 30, 2015
(In Thousands)

	General	Gifts and Grants	Consolidated Public Improvement Construction	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 406,246	\$ 27,498	\$ 24,531	\$ 4,807	\$ 463,082
Cash and investments - restricted	18,672	-	-	-	18,672
Receivables, net	161,539	49,141	9,061	162	219,903
Inventories	6,998	-	-	-	6,998
Total assets	<u>\$ 593,455</u>	<u>\$ 76,639</u>	<u>\$ 33,592</u>	<u>\$ 4,969</u>	<u>\$ 708,655</u>
LIABILITIES					
Accounts payable	\$ 15,960	\$ 5,026	\$ 21,775	\$ 26	\$ 42,787
Accrued expenditures	18,203	744	-	32	18,979
Due to component units	51,249	-	18,375	-	69,624
Other liabilities	12,643	761	12,986	-	26,390
Unearned revenue - other (Note 5)	595	1,777	-	-	2,372
Total liabilities	<u>98,650</u>	<u>8,308</u>	<u>53,136</u>	<u>58</u>	<u>160,152</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue (Note 5)	89,215	27,845	3,166	-	120,226
Total deferred inflows of resources	<u>89,215</u>	<u>27,845</u>	<u>3,166</u>	<u>-</u>	<u>120,226</u>
FUND BALANCES (DEFICITS) (NOTE 15)					
Nonspendable	6,998	-	-	-	6,998
Restricted	17,490	24,608	6,677	-	48,775
Committed	-	-	-	-	-
Assigned	151,283	15,878	-	4,911	172,072
Unassigned	229,819	-	(29,387)	-	200,432
Total fund balances (deficit)	<u>405,590</u>	<u>40,486</u>	<u>(22,710)</u>	<u>4,911</u>	<u>428,277</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 593,455</u>	<u>\$ 76,639</u>	<u>\$ 33,592</u>	<u>\$ 4,969</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,392,698
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows in the funds.	120,226
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 position.	14,982
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).	(3,298,798)
The net effect of the deferred outflows and deferred inflows of resources recorded in conjunction with the recognition of the County pension liability is shown in the governmental activities but not included in the governmental statements.	(26,873)
Net position of governmental activities	<u>\$ (369,488)</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, 2015
(In Thousands)

	General	Gifts and Grants	Consolidated Public Improvement Construction	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 1,703,481	\$ -	\$ -	\$ -	\$ 1,703,481
Licenses and permits	5,306	-	-	25,441	30,747
Intergovernmental	43,739	136,021	14,860	-	194,620
Repayment of loans	-	3,042	-	-	3,042
Charges for services	12,544	12,644	750	97	26,035
Assessments	-	-	2,243	-	2,243
Fines and forfeitures	6,033	-	-	-	6,033
Investment income	684	236	-	32	952
Miscellaneous	40,072	1,169	2,024	-	43,265
Total revenues	<u>1,811,859</u>	<u>153,112</u>	<u>19,877</u>	<u>25,570</u>	<u>2,010,418</u>
EXPENDITURES					
Current:					
General government	107,010	3,486	-	2,236	112,732
Public safety	340,410	9,985	-	-	350,395
Public works	112,309	256	-	-	112,565
Health and human services	36,327	120,192	-	-	156,519
Culture and leisure services	17,654	3,329	-	-	20,983
Economic and community development	1,079	14,054	-	-	15,133
Pension plan contributions	95,585	-	-	-	95,585
Healthcare contributions	99,924	-	-	-	99,924
Miscellaneous	17,571	-	-	-	17,571
Capital projects	-	-	118,430	-	118,430
Payments to component units	854,509	-	92,647	-	947,156
Debt service:					
Principal retirement	68,647	-	-	-	68,647
Interest	45,664	-	-	-	45,664
Fiscal charges	3,150	-	-	-	3,150
Total expenditures	<u>1,799,839</u>	<u>151,302</u>	<u>211,077</u>	<u>2,236</u>	<u>2,164,454</u>
Excess (deficiency) of revenues over expenditures	<u>12,020</u>	<u>1,810</u>	<u>(191,200)</u>	<u>23,334</u>	<u>(154,036)</u>
OTHER FINANCING SOURCES (USES)					
Bonds issued	-	-	116,000	-	116,000
Refunding bonds issued	117,365	-	-	-	117,365
Bond anticipation notes issued	-	-	112,000	-	112,000
Bond anticipation notes - refunding	-	-	(116,000)	-	(116,000)
Payment to refunding escrow agents	(137,501)	-	-	-	(137,501)
Premiums on debt	44,998	-	-	-	44,998
Transfers in	273	7,094	80,317	-	87,684
Transfers out	(65,547)	(273)	(571)	(21,293)	(87,684)
Total other financing sources (uses)	<u>(40,412)</u>	<u>6,821</u>	<u>191,746</u>	<u>(21,293)</u>	<u>136,862</u>
Net change in fund balances	<u>(28,392)</u>	<u>8,631</u>	<u>546</u>	<u>2,041</u>	<u>(17,174)</u>
Fund balances (deficit) at beginning of the year	433,982	31,855	(23,256)	2,870	445,451
Fund balances (deficit) at end of the year	<u>\$ 405,590</u>	<u>\$ 40,486</u>	<u>\$ (22,710)</u>	<u>\$ 4,911</u>	<u>\$ 428,277</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, 2015
(In Thousands)

Net change in fund balances-total governmental funds	\$ (17,174)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (Note 2).</p>	34,530
<p>The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position (Note 2).</p>	28,557
<p>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 inflows increased this year.</p>	37,229
<p>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 position. This amount is the net effect of these differences in the treatment of long-term debt and related items (Note 2).</p>	(42,079)
<p>The transfer of long-term debt to the Metropolitan District Proprietary Fund was not reported in the governmental funds.</p>	10,213
<p>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).</p>	29,335
<p>The net effect of the expenses for recording the County's pension liability from employee retirement plans.</p>	16,772
<p>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.</p>	(29,595)
Change in net position of governmental activities	\$ 67,788

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, 2015
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget- Positive (Negative)</u>
REVENUES				
Taxes	\$ 1,676,262	\$ 1,678,837	\$ 1,703,481	\$ 24,644
Licenses and permits	4,854	4,854	5,306	452
Intergovernmental	42,947	42,947	43,739	792
Charges for services	11,546	11,546	12,544	998
Fines and forfeitures	4,901	4,901	6,033	1,132
Reimbursement from other funds	8,727	8,727	10,107	1,380
Interest on investments	568	568	650	82
Miscellaneous	34,171	34,171	38,523	4,352
Total revenues	<u>1,783,976</u>	<u>1,786,551</u>	<u>1,820,383</u>	<u>33,832</u>
EXPENDITURES				
Current:				
General government	112,890	113,272	109,697	3,575
Public safety	336,411	336,505	334,171	2,334
Public works	100,400	112,200	110,129	2,071
Health and human services	37,387	37,728	36,448	1,280
Culture and leisure services	18,509	18,509	17,940	569
Economic and community development	1,230	1,230	1,015	215
Pension plan contributions	90,881	95,891	95,618	273
Healthcare contributions	131,848	126,408	99,987	26,421
Miscellaneous	18,345	17,612	17,572	40
Payments to component units	849,433	849,916	849,915	1
Debt service:				
Principal retirement	68,488	68,548	68,547	1
Interest	41,070	40,502	40,500	2
Fiscal charges	659	624	617	7
Total expenditures	<u>1,807,551</u>	<u>1,818,945</u>	<u>1,782,156</u>	<u>36,789</u>
Excess (deficiency) of revenues over expenditures (budgetary basis)	<u>(23,575)</u>	<u>(32,394)</u>	<u>38,227</u>	<u>70,621</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	273	273	273	-
Transfers out	(54,753)	(57,297)	(57,297)	-
Total other financing sources (uses)	<u>(54,480)</u>	<u>(57,024)</u>	<u>(57,024)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	<u>\$ (78,055)</u>	<u>\$ (89,418)</u>	<u>(18,797)</u>	<u>\$ 70,621</u>
Adjustments required under generally accepted accounting principles:				
Net change during year in reserve for encumbrances			653	
Unbudgeted equipment financing activity			(17,537)	
Unbudgeted bond escrow payment			138	
Net change in reserve for inventories, imprest funds and other programs			6,179	
Prior year encumbrances liquidations			972	
Net change in fund balance-GAAP			(28,392)	
Fund balance at beginning of the year			433,982	
Fund balance at end of the year			<u>\$ 405,590</u>	

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

Baltimore County, Maryland
Statement of Net Position
Proprietary Funds
June 30, 2015
(In Thousands)

	Metropolitan District Enterprise Fund	Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 64,355	\$ 58,021
Cash and investments - restricted	4,832	-
Receivables, net (Note 5)	16,560	1,518
Due from other funds	-	325
Inventories	623	594
Prepaid costs	-	1,135
Total current assets	86,370	61,593
Noncurrent assets:		
Assessments receivable (Note 5)	107,260	-
Capital assets:		
Non-depreciable	252,641	705
Depreciable (net of accumulated depreciation)	1,007,083	13,379
Total noncurrent assets	1,366,984	14,084
Total assets	1,453,354	75,677
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	18,717	-
Contributions to retirement plan after the measurement date of the net pension liability	2,952	-
Total deferred outflows of resources	21,669	-
LIABILITIES		
Current liabilities:		
Accounts payable	62,945	2,796
Accrued payroll	583	71
Accrued interest payable	12,394	-
Due to other funds	-	325
Compensated absences (Note 8)	1,564	270
Claims and judgments (Note 8)	-	33,662
General obligation debt (Note 8)	235,555	-
Pension funding bonds (Note 8)	256	-
Certificates of participation (Note 8)	625	-
Other liabilities	3,996	-
Total current liabilities	317,918	37,124
Noncurrent liabilities (Note 8):		
Compensated absences	95	-
Claims and judgments	-	21,265
General obligation debt	923,029	-
Pension funding bonds (Note 8)	9,957	-
Net pension liability (Note 8)	29,770	-
Certificates of participation	3,985	-
Total noncurrent liabilities	966,836	21,265
Total liabilities	1,284,754	58,389
DEFERRED INFLOWS OF RESOURCES		
Difference between projected and actual earnings on retirement plan investments	3,382	-
Total deferred inflows of resources	3,382	-
NET POSITION		
Net investment in capital assets	540,690	14,084
Unrestricted (deficit)	(353,803)	3,204
Total net position	186,887	\$ 17,288
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	2,306	
Net position of business-type activities	\$ 189,193	

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

Baltimore County, Maryland
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015
(In Thousands)

	Metropolitan District Enterprise Fund	Total	Internal Service Funds
OPERATING REVENUES			
Licenses and permits	\$ 984	\$ 984	\$ -
Charges for services	194,830	194,830	267,637
Assessments	6,768	6,768	-
Intergovernmental	2,918	2,918	-
Miscellaneous	92	92	185
Total operating revenues	<u>205,592</u>	<u>205,592</u>	<u>267,822</u>
OPERATING EXPENSES			
Personal services	21,944	21,944	2,838
Business and travel	104	104	-
Contractual services	73,266	73,266	870
Rents and utilities	4,293	4,293	203
Supplies and maintenance	60,479	60,479	14,003
Insurance claims and expenses	-	-	275,668
Equipment	911	911	-
Fringe benefits and overhead	13,934	13,934	-
Depreciation expense	28,032	28,032	3,616
Other	44	44	766
Total operating expenses	<u>203,007</u>	<u>203,007</u>	<u>297,964</u>
Operating income (loss)	<u>2,585</u>	<u>2,585</u>	<u>(30,142)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest on investments	98	98	33
Interest expense	(16,542)	(16,542)	-
Capital contributions to other subdivisions	(81,951)	(81,951)	-
Total nonoperating revenues (expenses)	<u>(98,395)</u>	<u>(98,395)</u>	<u>33</u>
Income/(loss) before capital contributions and special items	(95,810)	(95,810)	(30,109)
Capital contributions from external parties	14,196	14,196	-
Special item- transfer of long-term debt from governmental activities	(10,213)	(10,213)	-
Change in net position	(91,827)	(91,827)	(30,109)
Net position at beginning of the year as restated (Note 16)	278,714		47,397
Net position at end of the year	<u>\$ 186,887</u>		<u>\$ 17,288</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		(514)	
Change in net position of business-type activities		<u>\$ (92,341)</u>	

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, 2015
(In Thousands)

	Metropolitan District Enterprise Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from external customers	\$ 212,638	\$ 168,238
Receipts for interfund services	-	99,300
Payments to suppliers	(124,047)	(14,760)
Payments to employees	(36,679)	(2,830)
Payment for interfund services used	-	(766)
Claims paid	-	(277,841)
Other receipts	-	185
Net cash provided by (used for) operating activities	<u>51,912</u>	<u>(28,474)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Capital contributions paid to other subdivisions	(66,571)	-
Net cash provided by (used for) noncapital financing activities	<u>(66,571)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	195,331	-
Retirement of bond anticipation notes	(84,000)	-
Capital contributions from external parties	9,975	-
Acquisition and construction of capital assets	(49,596)	(3,320)
Principal paid on capital debt	(44,276)	-
Interest paid on capital debt	(37,667)	-
Sales of capital assets	-	161
Net cash used for capital and related financing activities	<u>(10,233)</u>	<u>(3,159)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	98	33
Net cash provided by investing activities	<u>98</u>	<u>33</u>
Net increase (decrease) in cash and cash equivalents	(24,794)	(31,600)
Cash and cash equivalents at beginning of the year	93,981	89,621
Cash and cash equivalents at end of the year	<u>\$ 69,187</u>	<u>\$ 58,021</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 2,585	\$ (30,142)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	28,032	3,616
Effect of changes in operating accounts:		
Receivables, net	5,991	(99)
Inventories	171	(76)
Deferred outflows	(2,952)	-
Accounts and other payables	15,829	(5,159)
Accrued expenses	2,256	8
Claims and judgements	-	3,378
Net cash provided by (used for) operating activities	<u>\$ 51,912</u>	<u>\$ (28,474)</u>
NONCASH CAPITAL AND NONCAPITAL FINANCING ACTIVITIES		
Capital assets acquired through contributions from developers.	\$ 6,583	\$ -
Transfer of long-term debt from governmental activities	10,213	-

During the year the County issued bonds to refund outstanding Metropolitan District Bonds. The \$146,529 in net proceeds were deposited in an irrevocable trust for the defeasance of \$132,600 of outstanding bond principal.

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

Baltimore County, Maryland
Statement of Net Position
Fiduciary Funds
June 30, 2015
(In Thousands)

	Benefits Trust Funds
ASSETS	
Cash and cash equivalents (Note 3)	\$ 43,246
Collateral for loaned securities (Note 3)	25,826
Receivables:	
Accrued interest & dividend income	2,904
Receivable for investments sold	28,198
Receivables other	3,340
Total receivables	34,442
Investments, at fair value (Note 3):	
U.S. Government and Agency securities	167,664
Municipal bonds	21,150
Foreign bonds	37,252
Corporate bonds	113,261
Stocks	593,698
Bond mutual funds	415,059
Stock mutual funds	549,886
Real estate equity funds	137,966
Hedge funds	180,101
Private equity funds	130,078
Real assets	110,261
Global asset allocation	434,999
Total investments	2,891,375
Total assets	2,994,889
LIABILITIES	
Securities lending payable	25,826
Investments purchased	37,042
Investment expenses payable	2,596
Refunds payable	1,030
Other	21,755
Total liabilities	88,249
NET POSITION	
Net position restricted for benefits	\$ 2,906,640

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

Baltimore County, Maryland
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2015
(In Thousands)

	Benefits Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 224,588
Employees	72,458
Other	17,071
Total contributions	314,117
Investment earnings:	
Net decrease in the fair value of plan assets	(6,906)
Interest and dividends	56,162
Investment expenses	(19,580)
Net investment gain	29,676
Net income from securities lending:	
Securities lending income	109
Borrower rebates	366
Agent fees	(137)
Net income from securities lending	338
Total net investment gain	30,014
Total additions	344,131
DEDUCTIONS	
Benefits	313,061
Refunds	3,540
Administrative expense	82,929
Total deductions	399,530
Change in net position	(55,399)
Net position at beginning of the year	2,962,039
Net position at end of the year	\$ 2,906,640

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

Baltimore County, Maryland
Statement of Net Position
Component Units
June 30, 2015
(In Thousands)

	Board of Education	Community College	Board of Library Trustees	Total
ASSETS				
Cash and investments (Note 3)	\$ 64,416	\$ 24,065	\$ 7,116	\$ 95,597
Receivables	34,553	13,032	118	47,703
Due from primary government	74,388	2,397	-	76,785
Inventories	1,160	1,395	120	2,675
Prepaid costs and other assets	342	120	6	468
Cash restricted for lease purchase	2,494	-	-	2,494
Capital assets (Note 7)				
Non-depreciable	294,498	40,322	-	334,820
Depreciable (net of accumulated depreciation)	<u>1,219,338</u>	<u>142,659</u>	<u>10,908</u>	<u>1,372,905</u>
Total assets	<u>1,691,189</u>	<u>223,990</u>	<u>18,268</u>	<u>1,933,447</u>
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to retirement plan after the measurement date of the net pension liability	<u>8,988</u>	<u>482</u>	<u>176</u>	<u>9,646</u>
LIABILITIES				
Accounts payable	45,551	13,339	2,082	60,972
Accrued payroll	22,875	4,314	1,179	28,368
Other liabilities	2,705	1,485	-	4,190
Unearned revenue	3,548	4,387	24	7,959
Liabilities payable from restricted assets	2,494	-	-	2,494
Noncurrent liabilities (Note 8)				
Due within one year	28,602	4,171	1,023	33,796
Due in more than one year	<u>153,173</u>	<u>10,096</u>	<u>3,949</u>	<u>167,218</u>
Total liabilities	<u>258,948</u>	<u>37,792</u>	<u>8,257</u>	<u>304,997</u>
DEFERRED INFLOWS OF RESOURCES				
Difference between projected and actual earnings on retirement plan investments	<u>10,015</u>	<u>572</u>	<u>205</u>	<u>10,792</u>
NET POSITION				
Net investment in capital assets	1,464,121	182,800	10,909	1,657,830
Restricted for:				
Education	16,843	5,587	-	22,430
Expendable endowments	-	4,607	559	5,166
Unrestricted	<u>(49,750)</u>	<u>(6,886)</u>	<u>(1,486)</u>	<u>(58,122)</u>
Total net position	<u>\$ 1,431,214</u>	<u>\$ 186,108</u>	<u>\$ 9,982</u>	<u>\$ 1,627,304</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, 2015
(In Thousands)

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Board of Education	Community College	Board of Library Trustees	Total
BOARD OF EDUCATION							
Public education	\$ 1,375,593	\$ 146,854	\$ 120,797	\$ (1,107,474)	\$ -	\$ -	\$ (1,107,474)
Facilities operations	158,132	2,693	465	(154,974)	-	-	(154,974)
Food service	45,330	32,802	-	(194)	-	-	(194)
Total Board of Education	1,579,055	182,349	121,262	(1,262,642)	-	-	(1,262,642)
COMMUNITY COLLEGE							
Educational and general expenses	180,831	93,972	-	-	(21,929)	-	(21,929)
Facilities operations	25,601	-	24,653	-	(948)	-	(948)
Auxiliary enterprises	8,943	-	-	-	(1,656)	-	(1,656)
Total Community College	215,375	93,972	24,653	-	(24,533)	-	(24,533)
BOARD OF LIBRARY TRUSTEES							
Culture and leisure services	43,729	6,672	96	-	-	(33,793)	(33,793)
Total component units	\$ 1,838,159	\$ 282,993	\$ 146,011	(1,262,642)	(24,533)	(33,793)	(1,320,968)
General Revenues:							
Baltimore County				738,075	39,362	33,563	811,000
State of Maryland				603,108	-	-	603,108
Unrestricted investment earnings				-	269	-	269
Other				8,040	-	(6,500)	1,540
Total general revenues				1,349,223	39,631	27,063	1,415,917
Change in net position				86,581	15,098	(6,730)	94,949
Net position at beginning of the year, as restated				1,344,633	171,010	16,712	1,532,355
Net position at end of the year				\$ 1,431,214	\$ 186,108	\$ 9,982	\$ 1,627,304

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

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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 their 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
6901 N. Charles St.
Towson, Maryland 21204

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

Advisory Commission on Environmental Quality
Agricultural Land Preservation Advisory Board
Board of Appeals
Board of Health
Board of Recreation and Parks

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Board of Social Services	Child Protection Panel
Commission for Women	Commission on Aging
Commission on Arts and Sciences	Commission on Disabilities
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
Pedestrian and Bicycle Advisory Committee	Enterprise Commission
Personnel and Salary Advisory Board	Planning Board
Plumbing Board	Professional Services Selection Committee
Revenue Authority	Soil Conservation District Board
Workforce Development Council	

The amounts that the County appropriated to these organizations during the fiscal year ended June 30, 2015 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, liabilities and deferrals 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 position 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 Position** presents the reporting entity's non-fiduciary assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets, 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 position results when constraints placed on net position use are either externally imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position which does not meet the definition of the two preceding categories. Unrestricted net position often is assigned to indicate that management does not consider it to be available for general operations. Unrestricted net position often has 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.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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.

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 two combined nonmajor governmental (Liquor License and Stormwater Management) funds 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 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 Funds, which include 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

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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 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

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, governmental funds and proprietary fund financial statements when cash is received prior to being earned. Deferred inflows are recognized in the governmental fund statements when revenue is 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 \$13.938 million in supplementary and emergency appropriations adopted for the General Fund operating budget during fiscal year 2015.

Annual budgets are adopted for the General Fund and the nonmajor Special Revenue Funds - Liquor License Fund and the Stormwater Management 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 \$0.002 million of interest

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

income decreased by \$17.539 million of equipment purchases. The unspent equipment financing proceeds of \$16.904 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.

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 \$90.5 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, 2015. 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 position 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 individual vehicles, machinery and equipment, and \$25,000 for buildings and infrastructure. 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

BALTIMORE COUNTY, MARYLAND
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capitalized as constructed. Interest is capitalized during the construction of business-type activities capital assets as it is incurred.

Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until the future period. At June 30, 2015, the County had deferred outflows of resources for deferred charges on bond refundings and for FY15 contributions to the County Employees Retirement System made after the measurement date.

A deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2015, the County had deferred inflows of resources related to the difference between projected and actual earnings on investments of the County Employees Retirement System.

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, 2015.

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 position and proprietary fund statements.

Restricted Net Position

The government-wide statement of net position reports \$31.871 million of restricted net position, of which \$6.677 million is restricted by enabling legislation.

Governmental Funds' Fund Balance

Fund balance classifications comprise a hierarchy based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance amounts are 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's highest level of decision-making authority. The County Council is the highest level of decision-making authority for the County that can commit fund balance by adoption of a Council bill prior to fiscal year end. Similar action of the County Council is required to modify or rescind such commitments.

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Assigned – Includes fund balance amounts that are intended to be used by the County for specific purposes as determined by the County Executive or County Administrative Officer in accordance with County Charter. Additionally, in accordance with Section 715 of the County Charter on certification of funds availability, the Director of Budget & Finance may assign fund balance for contractual commitments encumbered prior to year end. 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. Unassigned fund balance can only be used in the General fund or, if negative, in other governmental funds.

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 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 financial resources for unanticipated decreases in revenues, primarily intergovernmental revenues. The General Fund Unassigned Fund Balance includes \$89.341 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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the County's pension plans (Employees' Retirement System Plan and Police, Fire and Widows' Pension Plan) and additions to/deductions from their respective fiduciary net position have been determined on the same basis as they are reported by each pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 position.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of the reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable

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in the current period and therefore are not reported in the funds.” The details of this \$3,298,798 difference are as follows:

General obligation debt	\$ 1,735,387
Certificates of participation and loan payable	110,921
Add: Issuance premium (to be amortized as a reduction to interest expense)	120,306
Less: Issuance discount (to be amortized as interest expense)	(1,531)
Less: Deferred charge on refunding (to be amortized as interest expense)	(21,931)
Accrued interest payable	23,817
Compensated absences	62,061
Other post employment benefits liability	170,831
Net pension liability	1,082,544
Estimated landfill closing costs	<u>16,393</u>
Net adjustment to reduce fund balance - total funds to arrive at net position of governmental activities	<u><u>\$ 3,298,798</u></u>

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 position 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 \$34,530 difference are as follows:

Capital outlay	\$ 116,989
Depreciation expense	<u>(82,459)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 34,530</u></u>

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 position.” The details of this \$28,557 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 position differs from the change in fund balance by the net book value of the capital assets sold.	\$ (542)
Donations and transfers in of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>29,099</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u><u>\$ 28,557</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

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long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 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 \$42,079 difference are as follows:

Debt issued or incurred:	
General obligation debt	\$ (345,365)
Payment to escrow agent for refundings	138,972
Add: premium	(44,998)
Principal repayments:	
General obligation debt	193,500
Certificates of participation and loans	15,812
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (42,079)</u></u>

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 \$29,335 difference are as follows:

Increase in compensated absences	\$ (603)
Increase in accrued interest	(1,813)
Decrease in other post employment benefits liability	9,659
Increase in landfill closure and post-closure costs	(128)
Amortization of deferred charge on refunding	(1,429)
Amortization of premiums	23,747
Amortization of discounts	(98)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 29,335</u></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 position 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, 2015, the carrying amounts of cash for the primary government and its component units were \$11.204 million and \$18.092 million respectively.

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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, 17% in international equities, 26% in core-plus fixed income investments, 4% in real estate equity, 6% 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. The Police, Fire and Widows' Pension Plan (the "Pension Plan") invests 70% in fixed income securities and 30% in equities.

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Investments for the primary government as of June 30, 2015 are as follows (in thousands):

Primary Government Investments	<u>The System</u>					Pension Plan	Total Primary Government
	The Pool	Plan A	Plan B	OPEB Plan			
U.S. securities and agencies							
Not on securities loan	\$ 170,581	\$ 120,782	\$ 2,306	\$ 20,397	\$ -	\$ -	\$ 314,066
On securities loan for							
securities or cash collateral	-	20,353	389	3,437	-	-	24,179
MLGIP	299,989	-	-	-	-	-	299,989
Municipal bonds	-	4,700	90	794	15,566	-	21,150
Foreign bonds	-	25,118	480	4,242	7,412	-	37,252
Corporate bonds							
Not on securities loan	-	93,839	1,792	15,847	-	-	111,478
On securities loan for							
securities or cash collateral	-	1,501	29	253	-	-	1,783
Bond mutual funds	-	348,626	6,657	58,873	903	-	415,059
Money market funds	125,694	34,909	667	5,895	3,269	-	170,434
Real estate equity funds	-	116,136	2,218	19,612	-	-	137,966
Stocks							
Not on securities loan	-	472,117	9,015	79,727	-	-	560,859
On securities loan for							
securities or cash collateral	-	27,643	528	4,668	-	-	32,839
Stock mutual funds	-	452,923	8,649	76,486	11,828	-	549,886
Private equity funds	-	151,604	2,895	25,602	-	-	180,101
Hedge funds	-	109,496	2,091	18,491	-	-	130,078
Real assets	-	92,815	1,772	15,674	-	-	110,261
Global Asset Allocation fund	-	366,171	6,992	61,836	-	-	434,999
Securities lending short-term collateral investment pool	-	21,740	415	3,671	-	-	25,826
Total	\$ 596,264	\$ 2,460,473	\$ 46,985	\$ 415,505	\$ 38,978	\$ -	\$ 3,558,205

Component units' investments of \$79.999 million include \$69.098 million of MLGIP and \$10.901 million of money market funds.

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

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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 4 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, 2015 totaled \$60.847 million and \$58.801 million, respectively.

The following is a listing of the Pool's, 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
The Pool							
U.S. Government Obligations	\$ 170,581	\$ 169,995	\$ -	\$ -	\$ 586	\$ -	\$ -
The System - Plan A							
U.S. Government Obligations	\$ 64,733	\$ 6,236	\$ 6,702	\$ 13,983	\$ 4,842	\$ 25,483	\$ 7,487
U.S. Agency Securities	76,402	2,197	11,190	17,249	24,128	20,858	780
Municipal Bonds	4,700	-	-	1,453	-	3,247	-
Corporate Debt	95,340	24,524	20,759	21,630	7,590	11,761	9,076
Bond Mutual Funds	348,626	-	-	348,626	-	-	-
Foreign Debt	25,118	8,068	6,927	5,896	1,992	1,561	674
Total	<u>614,919</u>	<u>41,025</u>	<u>45,578</u>	<u>408,837</u>	<u>38,552</u>	<u>62,910</u>	<u>18,017</u>
The System - Plan B							
U.S. Government Obligations	1,236	119	128	267	92	487	143
U.S. Agency Securities	1,459	42	214	329	461	398	15
Municipal Bonds	90	-	-	28	-	62	-
Corporate Debt	1,821	469	396	413	145	225	173
Bond Mutual Funds	6,657	-	-	6,657	-	-	-
Foreign Debt	480	154	132	113	38	30	13
Total	<u>11,743</u>	<u>784</u>	<u>870</u>	<u>7,807</u>	<u>736</u>	<u>1,202</u>	<u>344</u>
OPEB Plan							
U.S. Government Obligations	10,932	1,053	1,132	2,361	818	4,303	1,265
U.S. Agency Securities	12,902	371	1,890	2,913	4,074	3,522	132
Municipal Bonds	794	-	-	245	-	549	-
Corporate Debt	16,100	4,141	3,506	3,653	1,282	1,986	1,532
Bond Mutual Funds	58,873	-	-	58,873	-	-	-
Foreign Debt	4,242	1,363	1,169	996	336	264	114
Total	<u>103,843</u>	<u>6,928</u>	<u>7,697</u>	<u>69,041</u>	<u>6,510</u>	<u>10,624</u>	<u>3,043</u>
Pension Plan							
Municipal Bonds	15,566	153	917	-	14,496	-	-
Bond Mutual Funds	903	-	903	-	-	-	-
Foreign Debt	7,412	2,500	-	-	-	-	4,912
Total	<u>23,881</u>	<u>2,653</u>	<u>1,820</u>	<u>-</u>	<u>14,496</u>	<u>-</u>	<u>4,912</u>
Total Primary Government	<u>\$ 924,967</u>	<u>\$ 221,385</u>	<u>\$ 55,965</u>	<u>\$ 485,685</u>	<u>\$ 60,880</u>	<u>\$ 74,736</u>	<u>\$ 26,316</u>

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

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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.

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, 2015, the Pension Trust Funds' and the OPEB Plan's fixed income investments had the following risk characteristics:

Moody's Rating or Comparable	The System - Plan A		The System - Plan B		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)	Percent of Total Investments	Fair Value (in thousands)
AAA	24.3%	\$ 149,414	24.3%	\$ 2,853	24.3%	\$ 25,232	0.0%	\$ -
AA	2.0%	12,360	2.0%	236	2.0%	2,088	3.6%	866
A	5.7%	34,968	5.7%	668	5.7%	5,905	0.9%	205
BBB	5.7%	35,194	5.7%	672	5.7%	5,943	0.0%	-
BB	1.1%	6,748	1.1%	129	1.1%	1,140	0.0%	-
B	0.3%	1,548	0.3%	30	0.3%	261	0.0%	-
CCC	0.7%	4,017	0.7%	77	0.7%	678	0.0%	-
CC	0.2%	1,501	0.2%	29	0.2%	254	0.0%	-
Not Rated	60.0%	369,169	60.0%	7,049	60.0%	62,342	95.5%	22,810
Total	100.0%	\$ 614,919	100.0%	\$ 11,743	100.0%	\$ 103,843	100.0%	\$ 23,881

The Pool's fixed income investments of \$170,581 were invested 100% in AAA rated investments.

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:

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Currency	Fair Value (in thousands)			
	The System			Total
	Plan A	Plan B	OPEB Plan	
Australian Dollar	\$ 5,263	\$ 100	\$ 889	\$ 6,252
Brazil Real	531	10	90	631
Canadian Dollar	1,214	23	205	1,442
Chinese Yuan Renminbi	11	-	2	13
Danish Krone	2,806	54	474	3,334
Euro Currency Unit	57,571	1,099	9,722	68,392
Hong Kong Dollar	10,094	194	1,704	11,992
Israeli Shekel	1,353	26	228	1,607
Japanese Yen	46,903	896	7,921	55,720
Malaysian Ringgit	456	9	77	542
Mexican New Peso	859	16	145	1,020
New Taiwan Dollar	1,063	20	179	1,262
New Turkish Lira	259	5	44	308
Norwegian Krone	1,693	32	286	2,011
Pound Sterling	25,691	491	4,338	30,520
S African Comm Rand	453	9	76	538
Singapore Dollar	1,991	38	336	2,365
South Korean Won	4,996	95	844	5,935
Swedish Krona	6,407	122	1,082	7,611
Swiss Franc	13,886	265	2,345	16,496
	<u>\$ 183,500</u>	<u>\$ 3,504</u>	<u>\$ 30,987</u>	<u>\$ 217,991</u>

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, 2015 was \$(80,535,113).

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, 2015, classified by type and the changes in fair value of such derivative instruments for the year then ended are as follows:

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	Changes in Fair Value (expressed in thousands)		Fair Value as of June 30, 2014 (expressed in thousands)	
	Classification	Amount	Amount	Notional Value
Investment Derivatives				
The System - Plan A				
Futures	Investment revenue	\$ -	\$ -	\$ (67,792)
Options	Investment revenue	10	(4)	140
Swaps	Investment revenue	16	107	424
Mortgage Derivatives	Investment revenue	(25)	1,750	1,750
TBA Transactions	Investment revenue	(16)	3,885	3,885
The System - Plan B				
Futures	Investment revenue	\$ -	\$ -	\$ (1,295)
Options	Investment revenue	-	-	3
Swaps	Investment revenue	-	2	8
Mortgage Derivatives	Investment revenue	-	33	33
TBA Transactions	Investment revenue	-	74	74
OPEB				
Futures	Investment revenue	\$ -	\$ -	\$ (11,448)
Options	Investment revenue	2	(1)	25
Swaps	Investment revenue	3	18	72
Mortgage Derivatives	Investment revenue	(4)	296	296
TBA Transactions	Investment revenue	(3)	656	656

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.

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 2015 was \$78.3 billion.

The property tax rate for the year ended June 30, 2015 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 99.6% of the tax levied. Property

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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, 2015 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	Nonmajor and Internal Service	Metropolitan District	
Property taxes	\$ 10,002	\$ -	\$ -	\$ -	\$ -	\$ 10,002
Accounts	18,089	-	-	1,518	864	20,471
Intergovernmental	134,524	21,295	5,880	-	1,326	163,025
Assessments	474	-	3,181	162	121,630	125,447
Loans	447	57,781	-	-	-	58,228
Interest	107	-	-	-	-	107
Total receivables	<u>163,643</u>	<u>79,076</u>	<u>9,061</u>	<u>1,680</u>	<u>123,820</u>	<u>377,280</u>
Allowance for uncollectible accounts	(2,104)	(29,935)	-	-	-	(32,039)
Net total receivables	<u>\$ 161,539</u>	<u>\$ 49,141</u>	<u>\$ 9,061</u>	<u>\$ 1,680</u>	<u>\$ 123,820</u>	<u>\$ 345,241</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 314</u>	<u>\$ 26,589</u>	<u>\$ 2,318</u>	<u>\$ -</u>	<u>\$ 107,260</u>	<u>\$ 136,481</u>

At June 30, 2015, the County has recorded \$57.781 million of outstanding loans receivable in the Gifts and Grants Fund. Of these receivables, \$53.646 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 \$29.935 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.

Governmental funds report deferred inflows of resources 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 inflows and unearned revenue reported in the governmental funds as of June 30, 2015 were as follows:

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	Unavailable	Unearned	Total
Property taxes	\$ 7,403	\$ 595	\$ 7,998
Income taxes	80,015	-	80,015
Interest subsidy	875	-	875
Economic and community development loans	28,292	-	28,292
Special assessments not yet due	3,641	-	3,641
Grant funds received prior to meeting all eligibility requirements	-	1,777	1,777
Total	\$ 120,226	\$ 2,372	\$ 122,598

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

The composition of interfund balances as of June 30, 2015 is as follows:

Receivable fund	Payable fund	Purpose	Amount
Self-Insurance Program	Vehicle Operation and Maintenance	Deficit cash balance	\$ 325
		Total	<u>\$ 325</u>

Interfund transfers for the fiscal year ended June 30, 2015 were as follows:

Transferred from	Transferred to			
	General	Gifts and Grants	Consolidated Public Improvement Construction	Total
General	\$ -	\$ 6,073	\$ 59,474	\$ 65,547
Gifts and Grants	273	-	-	273
Consolidated Public Improvement Construction	-	571	-	571
Nonmajor Governmental Funds	-	450	20,843	21,293
Total transfers	<u>\$ 273</u>	<u>\$ 7,094</u>	<u>\$ 80,317</u>	<u>\$ 87,684</u>

The transfers from the General Fund to the Consolidated Public Improvement Construction Fund (CPI) are pay-as-you-go funding for capital projects. Net transfers of \$5.8 million between the General Fund and the Gifts and Grants Fund are County matching funds for grant funded programs. A transfer of \$20.843 million from the Stormwater Management Fund to CPI is allocated for capital improvements to reduce stormwater runoff into the Chesapeake Bay. The remaining transfers are various funding contributions for designated grant programs.

An interactivity transfer of \$10.213 million recognized in the Proprietary Funds and the Government-wide Statement of Activities was the assumption of pension obligation bond debt by the Metropolitan District Enterprise Fund that was previously the obligation that would have been paid from the General Fund.

As of June 30, 2015, 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, 2015 is reported below:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 268,599	\$ 19,230	\$ -	\$ 287,829
Construction in progress	414,768	100,996	(57,810)	457,954
Total capital assets not being depreciated	<u>683,367</u>	<u>120,226</u>	<u>(57,810)</u>	<u>745,783</u>
Capital assets being depreciated:				
Buildings and improvements	512,435	-	-	512,435
Machinery and equipment	136,659	2,818	(10,976)	128,501
Vehicles	121,467	17,991	(7,712)	131,746
Infrastructure	2,438,375	66,183	-	2,504,558
Total capital assets being depreciated	<u>3,208,936</u>	<u>86,992</u>	<u>(18,688)</u>	<u>3,277,240</u>
Less accumulated depreciation for:				
Buildings and improvements	(174,143)	(12,875)	-	(187,018)
Machinery and equipment	(62,070)	(12,546)	10,753	(63,863)
Vehicles	(74,262)	(10,401)	7,233	(77,430)
Infrastructure	(1,237,677)	(50,253)	-	(1,287,930)
Total accumulated depreciation	<u>(1,548,152)</u>	<u>(86,075)</u>	<u>17,986</u>	<u>(1,616,241)</u>
Total capital assets being depreciated, net	<u>1,660,784</u>	<u>917</u>	<u>(702)</u>	<u>1,660,999</u>
Governmental activities capital assets, net	<u>\$ 2,344,151</u>	<u>\$ 121,143</u>	<u>\$ (58,512)</u>	<u>\$ 2,406,782</u>
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 1,317	\$ -	\$ -	\$ 1,317
Construction in progress	229,957	55,112	(33,745)	251,324
Total capital assets not being depreciated	<u>231,274</u>	<u>55,112</u>	<u>(33,745)</u>	<u>252,641</u>
Capital assets being depreciated:				
Buildings and improvements	190,520	3,643	-	194,163
Machinery and equipment	1,311	144	(108)	1,347
Vehicles	11,450	834	(1,591)	10,693
Infrastructure	1,201,320	47,649	-	1,248,969
Total capital assets being depreciated	<u>1,404,601</u>	<u>52,270</u>	<u>(1,699)</u>	<u>1,455,172</u>
Less accumulated depreciation for:				
Buildings and improvements	(76,938)	(5,658)	-	(82,596)
Machinery and equipment	(616)	(91)	108	(599)
Vehicles	(7,149)	(751)	1,591	(6,309)
Infrastructure	(337,053)	(21,532)	-	(358,585)
Total accumulated depreciation	<u>(421,756)</u>	<u>(28,032)</u>	<u>1,699</u>	<u>(448,089)</u>
Total capital assets being depreciated, net	<u>982,845</u>	<u>24,238</u>	<u>-</u>	<u>1,007,083</u>
Business-type activities capital assets, net	<u>\$ 1,214,119</u>	<u>\$ 79,350</u>	<u>\$ (33,745)</u>	<u>\$ 1,259,724</u>

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Depreciation expense was charged to primary government functions as follows:

Governmental activities:

General government	\$ 12,926
Public safety	6,573
Public works, which includes the depreciation of infrastructure assets	52,563
Health and human services	1,301
Culture and leisure services	9,078
Economic and community development	18
Capital assets held by the County's internal service funds is charged to the various activities based on their usage of the assets.	<u>3,616</u>
Total depreciation expense - governmental activities	<u><u>\$ 86,075</u></u>

Business-type activities:

Water and sewer services, which include the depreciation of infrastructure assets	<u>\$ 28,032</u>
Total depreciation expense - business-type activities	<u><u>\$ 28,032</u></u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Board of Education:				
Capital assets not being depreciated:				
Land	\$ 30,526	\$ -	\$ -	\$ 30,526
Construction in progress	199,398	104,111	(39,537)	263,972
Total capital assets not being depreciated	<u>229,924</u>	<u>104,111</u>	<u>(39,537)</u>	<u>294,498</u>
Capital assets being depreciated:				
Buildings	1,642,840	47,409	-	1,690,249
Improvements other than buildings	89,204	6,035	-	95,239
Equipment and vehicles	150,264	16,831	(8,422)	158,673
Total capital assets being depreciated	<u>1,882,308</u>	<u>70,275</u>	<u>(8,422)</u>	<u>1,944,161</u>
Less accumulated depreciation	<u>(668,693)</u>	<u>(64,399)</u>	<u>8,269</u>	<u>(724,823)</u>
Total capital assets being depreciated, net	<u>1,213,615</u>	<u>5,876</u>	<u>(153)</u>	<u>1,219,338</u>
Board of Education capital assets, net	<u><u>\$ 1,443,539</u></u>	<u><u>\$ 109,987</u></u>	<u><u>\$ (39,690)</u></u>	<u><u>\$ 1,513,836</u></u>

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	Beginning Balance	Increases	Decreases	Ending Balance
The Community College of Baltimore County:				
Capital assets not being depreciated:				
Land	\$ 4,798	\$ -	\$ -	\$ 4,798
Construction in progress	21,988	24,998	(11,462)	35,524
Total capital assets not being depreciated	<u>26,786</u>	<u>24,998</u>	<u>(11,462)</u>	<u>40,322</u>
Capital assets being depreciated:				
Buildings and improvements	195,013	10,970	-	205,983
Infrastructure	26,958	704	(291)	27,371
Equipment and vehicles	27,667	3,174	(6,169)	24,672
Library materials	7,153	167	(522)	6,798
Total capital assets being depreciated	<u>256,791</u>	<u>15,015</u>	<u>(6,982)</u>	<u>264,824</u>
Less accumulated depreciation	<u>(117,850)</u>	<u>(10,863)</u>	<u>6,548</u>	<u>(122,165)</u>
Total capital assets being depreciated, net	<u>138,941</u>	<u>4,152</u>	<u>(434)</u>	<u>142,659</u>
The Community College of Baltimore County capital assets, net	<u>\$ 165,727</u>	<u>\$ 29,150</u>	<u>\$ (11,896)</u>	<u>\$ 182,981</u>
Board of Library Trustees:				
Capital assets being depreciated:				
Equipment and vehicles	\$ 13,233	\$ 177	\$ (4,573)	\$ 8,837
Circulation materials	17,941	5,797	(5,743)	17,995
Total capital assets being depreciated	<u>31,174</u>	<u>5,974</u>	<u>(10,316)</u>	<u>26,832</u>
Less accumulated depreciation	<u>(19,607)</u>	<u>(6,627)</u>	<u>10,310</u>	<u>(15,924)</u>
Board of Library Trustees capital assets, net	<u>\$ 11,567</u>	<u>\$ (653)</u>	<u>\$ (6)</u>	<u>\$ 10,908</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 to finance pension obligations of the System and the Pension Plan. 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

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closing costs, certificates of participation and loans payable. 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.

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	\$ 3,132,521	\$ 2,161,394
General obligation debt outstanding applicable to debt limit	1,735,387	1,116,111

General obligation debt issuances require approval by voter referendum. Approved and unissued general obligation bonded debt totaled \$626,876,361 as of June 30, 2015, comprised of \$304,745,881 for public schools, \$293,190,910 for public facilities and \$28,939,570 for the Community College. Appropriated and unissued Metropolitan District bonded debt totaled \$643,441,329 as of June 30, 2015.

General Obligation Bonds

On July 15, 2014, the County sold \$74,605,000 General Obligation Refunding Bonds, comprised of \$26,370,000 Metropolitan District Bonds – 2014 C Refunding Series and \$48,235,000 Consolidated Public Improvement Bonds – 2014 B Refunding Series for the advance refunding of \$27,000,000 Metropolitan District Bonds and \$50,000,000 Consolidated Public Improvement Bonds. The net proceeds of the advance refunding were invested in State and Local Government Securities (SLGS) and deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result of the refunding, the aggregate difference between the refunding debt and the refunded debt was \$6,136,315 or an economic gain of approximately 7.28%. The refunded bonds are considered defeased and the liability for those bonds are removed from the government-wide statement of net position.

On December 23, 2014, the County sold \$200,000,000 General Obligation Bonds, consisting of \$84,000,000 Metropolitan District Bonds – 77th Issue, for the payment of Baltimore County Metropolitan District Bond Anticipation Notes – 2014 Series and \$116,000,000 Consolidated Public Improvement Bonds 2014B Series, for the payment of Baltimore County Consolidated Public Improvement Bond Anticipation Notes – 2014 Series. The Metropolitan District Bonds are due August 1, in each of the years 2015 to 2044, inclusive, and bear a true interest cost of 3.31%. The Consolidated Public Improvement Bonds are due August 1, in each of the years 2016 to 2034, inclusive, and bear a true interest cost of 2.71%.

On June 30, 2015, the County sold \$170,895,000 General Obligation Refunding Bonds, comprised of \$101,765,000 Metropolitan District Bonds – 2015 Refunding Series and \$69,130,000 Consolidated Public Improvement Bonds – 2015 Refunding Series. The Metropolitan District Bonds were issued for the advance refunding of \$14,600,000 principal amount of Baltimore County Metropolitan District Bonds (70th Issue) and \$91,000,000 principal amount of Baltimore County Metropolitan District Bonds (71st Issue). The Baltimore County Consolidated Public Improvement Bonds were issued for the advance refunding of \$5,000,000 principal amount of Baltimore County Consolidated Public Improvement Bonds - 2006 Series and \$70,000,000 principal amount of Baltimore County Consolidated Public Improvement Bonds – 2008 Series.

The net proceeds of the advance refunding were invested in State and Local Government Securities (SLGS) and deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result

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of the refunding, the aggregate difference between the refunding debt and the refunded debt was \$20,168,445 or an economic gain of approximately 8.38%. The refunded bonds are considered defeased and the liability for those bonds are removed from the government-wide statement of net position.

General Obligation Bond Anticipation Notes (BANs)

As of June 30, 2015, the County has outstanding \$211.9 million Consolidated Public Improvement (CPI) BANs and \$187.5 million Metropolitan District (MD) BANs, comprised of both Commercial Paper (CP) BANs and Fixed Rate (FR) BANs.

On March 17, 2015, the County issued \$200 million Fixed Rate (FR) BANs for the purpose of providing funds for capital improvement projects. Of the \$200 million Fixed Rate BANs, \$112 million were issued as CPI FR BANs, and \$88 million were issued as MD FR BANs, maturing on April 1, 2016, with a true interest cost of 0.19%. The BANs will be refunded with the sale of general obligation bonds.

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 Liquidity Agreement was renewed on August 1, 2014 for four years, until August 1, 2018. The weighted-average maturity of the Commercial Paper Bond Anticipation Notes for FY 2015 was 62 days and interest rates ranged from 0.04% to 0.10%.

Maryland Water Quality Financing Agreement

During FY 2015, the County issued \$6,505,422 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, 2015, the balance outstanding was \$94,708,213.

General Obligation Bonds Defeasance

The County defeased certain general obligation bonds in the current and prior years 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, 2015, \$257,600,000 of bonds were refunded in advance and are considered defeased.

Single Stream Recycling Loan

On December 11, 2012, the County entered into an agreement with the Baltimore County Employees' Retirement System for a loan in an amount not to exceed \$21,508,651. The loan was to be used for the purpose of upgrading or replacing an existing transfer station and procuring and installing a single stream recyclables processing system at the Baltimore County Resource Recovery Facility in Cockeysville, Maryland.

On August 15, 2013, the County paid in full, the principal of \$13,659,260 and interest of \$500,157 to the Employees' Retirement System and cancelled the loan agreement. On the same date, the County entered into a conditional purchase agreement with the Baltimore County Police, Fire and Widows Pension Plan to advance funds to the County to repay the loan to the Employees' Retirement System and finance the County's acquisition of the project up to a maximum purchase price of \$18,625,000. The principal component of the loan is to be repaid monthly commencing July 1, 2014 through June 30, 2018. The interest component of the loan has been paid monthly at an annual rate of 7.875%. As of June 30, 2015, the balance of outstanding principal was \$14,495,979.

Other

The County issues debt to finance the construction of certain capital facilities of its component units and for major

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water and sewer projects done in conjunction with the City of Baltimore (the "City"), which decreases the "Unrestricted" net position component in the statement of net position. 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 \$590.163 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, 2015.
- 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 \$986.15 million towards these City owned facilities that are funded primarily with bond proceeds. The County estimates 36.9% of its net Metropolitan District general obligation bonds outstanding or \$420.611 million is related to these facilities as of June 30, 2015.

At June 30, 2015, the County has accrued \$16.39 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 Position based on the landfill capacity used as of the end of the fiscal year. The amount included in the landfill closure and postclosure care costs liability at June 30, 2015 represents the cumulative unspent amount reported to date based on the use of 55.51% of the estimated landfill capacity. The County will recognize the remaining estimated cost of closure and postclosure care of \$13.14 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, 2014 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, 2015 for bonds issued prior to July 1, 1996 could not be determined, however, the original issue amounts approximate \$444.08 million. The aggregate principal amount payable for bonds issued after July 1, 1996 was \$219.99 million at June 30, 2015.

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Long-term liability activity for the year ended June 30, 2015 is as follows (in thousands):

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Due Within One Year
Primary Government:					
Governmental activities:					
General obligation debt					
Consolidated public improvement bonds	\$ 1,235,650	\$ 233,365	\$ (194,610)	\$ 1,274,405	\$ 74,665
Installment purchase agreement	80	-	(80)	-	-
Pension funding bonds	267,085	-	(18,003)	249,082	10,154
Bond anticipation notes	216,000	112,000	(116,100)	211,900	211,900
	<u>1,718,815</u>	<u>345,365</u>	<u>(328,793)</u>	<u>1,735,387</u>	<u>296,719</u>
Add remaining original issue premium	88,506	44,998	(21,273)	112,231	-
Less remaining original issue discount	(1,629)	-	98	(1,531)	-
Total general obligation debt	<u>1,805,692</u>	<u>390,363</u>	<u>(349,968)</u>	<u>1,846,087</u>	<u>296,719</u>
Certificates of participation	107,660	-	(11,235)	96,425	13,760
Add remaining original issue premium	10,549	-	(2,474)	8,075	-
Total certificates of participation	<u>118,209</u>	<u>-</u>	<u>(13,709)</u>	<u>104,500</u>	<u>13,760</u>
Other long-term liabilities					
Loan payable	18,993	-	(4,497)	14,496	4,458
Compensated absences	61,729	55,407	(54,805)	62,331	60,078
Claims payable	51,549	275,668	(272,290)	54,927	33,662
Other post employment benefits	180,490	-	(9,659)	170,831	-
Net pension liability	1,197,763	-	(115,219) *	1,082,544	-
Estimated landfill closing costs	16,265	128	-	16,393	-
Total other long-term liabilities	<u>1,526,789</u>	<u>331,203</u>	<u>(456,470)</u>	<u>1,401,522</u>	<u>98,198</u>
Total governmental activities long-term liabilities	<u>\$ 3,450,690</u>	<u>\$ 721,566</u>	<u>\$ (820,147)</u>	<u>\$ 3,352,109</u>	<u>\$ 408,677</u>
Business-type activities:					
General obligation debt					
Metropolitan District bonds	\$ 875,708	\$ 218,640	\$ (175,950)	\$ 918,398	\$ 48,055
Pension funding bonds	-	10,213	-	10,213	256
Bond anticipation notes	183,800	88,000	(84,300)	187,500	187,500
	<u>1,059,508</u>	<u>316,853</u>	<u>(260,250)</u>	<u>1,116,111</u>	<u>235,811</u>
Add remaining original issue premium	25,881	33,846	(7,041)	52,686	-
Total general obligation debt	<u>1,085,389</u>	<u>350,699</u>	<u>(267,291)</u>	<u>1,168,797</u>	<u>235,811</u>
Certificates of participation	4,825	-	(625)	4,200	625
Add remaining original issue premium	536	-	(126)	410	-
Total certificates of participation	<u>5,361</u>	<u>-</u>	<u>(751)</u>	<u>4,610</u>	<u>625</u>
Compensated absences	1,646	972	(959)	1,659	1,564
Net pension liability	33,067	-	(3,297) *	29,770	-
Total business-type activities long-term liabilities	<u>\$ 1,125,463</u>	<u>\$ 351,671</u>	<u>\$ (272,298)</u>	<u>\$ 1,204,836</u>	<u>\$ 238,000</u>

* Net decrease is shown

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	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Due Within One Year
Component Units:					
Board of Education:					
Compensated absences	\$ 22,160	\$ 13,667	\$ (12,806)	\$ 23,021	\$ 12,806
Capital leases	46,011	13,767	(10,062)	49,716	9,296
Claims payable	11,300	8,561	(6,928)	12,933	6,500
Net OPEB obligation	10,730	48,440	(49,068)	10,102	-
Net pension liability	96,730	-	(10,727)	86,003	-
Total Board of Education	<u>186,931</u>	<u>84,435</u>	<u>(89,591)</u>	<u>181,775</u>	<u>28,602</u>
Community College:					
Compensated absences	6,119	4,228	(3,890)	6,457	3,992
Capital leases	530	-	(351)	179	179
Net OPEB obligation	3,557	-	(834)	2,723	-
Net pension liability	5,167	-	(259)	4,908	-
Total Community College	<u>15,373</u>	<u>4,228</u>	<u>(5,334)</u>	<u>14,267</u>	<u>4,171</u>
Board of Library Trustees:					
Compensated absences	1,128	-	(105)	1,023	1,023
Net OPEB obligation	2,408	-	(210)	2,198	-
Net pension liability	-	1,751	-	1,751	-
Total Board of Library Trustees	<u>3,536</u>	<u>1,751</u>	<u>(315)</u>	<u>4,972</u>	<u>1,023</u>
Total component unit long-term liabilities	<u>\$ 205,840</u>	<u>\$ 90,414</u>	<u>\$ (95,240)</u>	<u>\$ 201,014</u>	<u>\$ 33,796</u>

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

General long-term debt currently outstanding as of June 30, 2015 is as follows:

Governmental Activities:
(in thousands)

General Obligation Debt:

Bonds

Dated	Original Maturity Range	Interest Rate Range	Issue Amount	Balance 6/30/2015	Unamortized Premium/ (Discount)	Carrying Value 6/30/2015
09/27/06	2007-2026	4.000 - 5.000	\$ 111,000	\$ 12,000	\$ 58	\$ 12,058
01/03/08	2009-2028	4.000 - 5.000	140,000	22,000	2,321	24,321
02/24/09	2009-2018	2.000 - 5.000	26,880 *	14,405	799	15,204
02/24/09	2009-2015	3.000 - 5.000	46,140 *	4,005	10	4,015
11/05/09	2010-2025	6.150 - 6.150	19,400	19,400	(1,531)	17,869
11/10/09	2010-2029	0.650 - 5.650	155,570	121,000	323	121,323
08/10/10	2011-2022	2.500 - 4.000	13,565 *	13,545	846	14,391
11/09/10	2012-2017	5.000 - 5.000	70,050	42,000	1,872	43,872
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
11/30/11	2013-2032	3.000 - 5.000	170,000	153,000	15,590	168,590
12/12/12	2013-2024	2.000 - 5.000	94,080 *	80,210	8,763	88,973
12/12/12	2013-2032	3.000 - 5.000	193,000	187,000	24,404	211,404
12/13/12	2013-2042	0.416 - 3.739	246,077 **	245,077	-	245,077
02/20/14	2016-2034	3.000 - 5.000	140,000	140,000	11,877	151,877
06/26/14	2015-2020	4.000 - 5.000	39,530 *	39,530	3,202	42,732
07/15/14	2015-2025	3.000 - 4.500	48,235 *	48,235	6,193	54,428
12/23/14	2015-2038	2.000 - 5.000	116,000	116,000	21,653	137,653
06/30/15	2016-2027	2.000 - 5.000	69,130 *	69,130	13,425	82,555
			<u>1,895,607</u>	<u>1,523,487</u>	<u>109,805</u>	<u>1,633,292</u>

Bond Anticipation Notes

03/31/15	2015-2016	1.250 - 1.250	112,000	112,000	895	112,895
05/05/15	2015-2016	0.080 - 0.090	99,900	99,900	-	99,900
			<u>211,900</u>	<u>211,900</u>	<u>895</u>	<u>212,795</u>

Total General Obligation Debt \$ 2,107,507 \$ 1,735,387 \$ 110,700 \$ 1,846,087

Certificates of Participation

08/12/08	2009-2018	3.250 - 5.000	\$ 34,700	\$ 18,000	\$ 304	\$ 18,304
06/19/12	2013-2022	3.000 - 5.000	78,430	69,000	7,324	76,324
02/06/13	2013-2021	1.500 - 3.000	11,830 *	9,425	447	9,872
			<u>\$ 124,960</u>	<u>\$ 96,425</u>	<u>\$ 8,075</u>	<u>\$ 104,500</u>

Total Certificates of Participation

Loan Payable

08/15/13	2014-2021	7.875 - 7.875	\$ 18,617	\$ 14,496	\$ -	\$ 14,496
			<u>\$ 18,617</u>	<u>\$ 14,496</u>	<u>\$ -</u>	<u>\$ 14,496</u>

Total Loan Payable

* Refunding issue

** Taxable 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 6/30/2015	Unamortized Premium	Carrying Value 6/30/2015
11/04/94	1997-2016	3.500 - 4.750	\$ 20,902	\$ 1,518	\$ -	\$ 1,518
03/22/00	2001-2020	2.600 - 2.600	14,417	4,498	-	4,498
06/22/01	2003-2022	2.300 - 2.300	14,105	5,916	-	5,916
06/26/02	2004-2023	2.000 - 2.000	7,006	2,918	-	2,918
03/11/03	2004-2023	1.100 - 1.100	8,638	3,696	-	3,696
07/16/04	2005-2025	1.200 - 1.200	8,501	2,924	-	2,924
09/12/05	2006-2024	1.000 - 1.000	21,146	10,542	-	10,542
09/27/06	2007-2036	4.000 - 5.000	89,000	23,400	(639)	22,761
07/31/07	2008-2027	1.000 - 1.000	16,794	10,874	-	10,874
01/03/08	2009-2038	4.250 - 5.000	200,000	66,000	2,700	68,700
02/24/09	2009-2018	3.000 - 5.000	24,515 *	8,535	295	8,830
11/10/09	2010-2039	0.650 - 5.600	106,600	88,600	223	88,823
12/18/09	2011-2032	1.000 - 1.000	15,625	13,815	-	13,815
08/10/10	2011-2030	2.000 - 4.500	61,720 *	60,850	3,163	64,013
11/09/10	2012-2018	2.000 - 5.000	30,100	17,200	602	17,802
11/09/10	2019-2040	2.000 - 5.050	93,900	93,900	-	93,900
11/30/11	2013-2042	3.000 - 5.000	85,000	76,300	4,786	81,086
05/31/12	2014-2032	1.800 - 1.800	37,046	36,628	-	36,628
12/12/12	2013-2032	2.250 - 5.000	18,005	9,655	65	9,720
12/12/12	2013-2042	2.000 - 5.000	60,000	56,000	2,412	58,412
12/13/12	2015-2042	0.416 - 3.739	10,213 **	10,213	-	10,213
09/10/13	2013-2034	2.200 - 2.200	1,850	1,379	-	1,379
02/20/14	2016-2034	3.000 - 5.000	60,000	60,000	3,178	63,178
02/20/14	2015-2020	4.000 - 5.000	30,325 *	30,325	1,949	32,274
06/26/14	2015-2020	4.000 - 5.000	20,790 *	20,790	1,556	22,346
07/15/14	2015-2025	3.000 - 4.500	26,370 *	26,370	2,786	29,156
12/23/14	2015-2038	2.000 - 5.000	84,000	84,000	15,172	99,172
06/30/15	2016-2017	2.000 - 5.000	101,765 *	101,765	13,735	115,500
			<u>1,268,333</u>	<u>928,611</u>	<u>51,983</u>	<u>980,594</u>
Bond Anticipation Notes						
03/31/15	2015-2016	1.250 - 1.250	88,000	88,000	703	88,703
05/04/15	2014-2016	0.070 - 0.080	99,500	99,500	-	99,500
			<u>187,500</u>	<u>187,500</u>	<u>703</u>	<u>188,203</u>
Total General Obligation Debt			<u>\$ 1,455,833</u>	<u>\$ 1,116,111</u>	<u>\$ 52,686</u>	<u>\$ 1,168,797</u>
Certificates of Participation						
08/12/08	2009-2018	3.250 - 5.000	\$ 2,000	\$ 800	\$ 13	\$ 813
06/19/12	2013-2022	3.000 - 5.000	4,250	3,400	397	3,797
Total Certificates of Participation			<u>\$ 6,250</u>	<u>\$ 4,200</u>	<u>\$ 410</u>	<u>\$ 4,610</u>

* Refunding issue

** Taxable issue

BALTIMORE COUNTY, MARYLAND
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The following is a schedule of the primary government's debt service payments for certain long-term debt as of June 30, 2015:

Fiscal Year Ended June 30	Governmental Activities					
	General Obligation Debt		COPs & Other Long-term Debt		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 296,719	\$ 51,144	\$ 18,218	\$ 3,920	\$ 314,937	\$ 55,064
2017	94,372	54,088	19,602	4,199	113,974	58,287
2018	94,275	50,635	20,026	3,105	114,301	53,740
2019	93,757	50,954	14,840	2,178	108,597	53,132
2020	90,943	46,895	10,370	1,581	101,313	48,476
2021-2025	429,377	176,071	27,865	1,912	457,242	177,983
2026-2030	367,078	91,461	-	-	367,078	91,461
2031-2035	174,292	32,218	-	-	174,292	32,218
2036-2040	55,747	12,626	-	-	55,747	12,626
2041-2045	38,827	2,214	-	-	38,827	2,214
Total	\$1,735,387	\$ 568,306	\$ 110,921	\$ 16,895	\$ 1,846,308	\$ 585,201

Fiscal Year Ended June 30	Business-type Activities					
	General Obligation Debt		COPs		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 235,811	\$ 31,975	\$ 625	\$ 129	\$ 236,436	\$ 32,104
2017	45,383	32,465	625	163	46,008	32,628
2018	45,403	31,195	625	132	46,028	31,327
2019	44,775	32,730	625	101	45,400	32,831
2020	42,923	30,987	425	74	43,348	31,061
2021-2025	202,974	129,843	1,275	96	204,249	129,939
2026-2030	188,787	89,908	-	-	188,787	89,908
2031-2035	158,014	53,770	-	-	158,014	53,770
2036-2040	112,623	21,738	-	-	112,623	21,738
2041-2045	39,418	3,396	-	-	39,418	3,396
Total	\$1,116,111	\$ 458,007	\$ 4,200	\$ 695	\$ 1,120,311	\$ 458,702

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015 (in thousands):

Year ending June 30	Primary Government	Component Units
2016	\$ 568	\$ 8,760
2017	414	6,980
2018	329	4,046
2019	287	3,818
2020	235	3,926
2021-2025	252	8,460
2026-2030	116	3,621
2031-2035	99	-
2036-2040	64	-
	<u>\$ 2,364</u>	<u>\$ 39,611</u>

The total rental expenditures for the year ended June 30, 2015, for all leases except those with terms of a month or less that were not renewed were approximately \$4.8 million for the primary government and \$6.8 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 \$81.1 million, \$98.3 million, and \$14.6 million, respectively, at June 30, 2015. 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.

The State of Maryland currently allows Maryland citizens who earn personal income in jurisdictions outside Maryland to take a credit against their Maryland Personal Income Tax for the income taxes paid to other jurisdictions. Maryland has not allowed this credit against Maryland County or Municipal income taxes. A suit was

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

brought against the State, the Wynne Case, asserting that this unequal treatment violated the Federal Commerce Clause. The State lost the case before the Maryland Court of Appeals and the U.S. Supreme Court has upheld that ruling. As a result, the State must allow credits against county income taxes. The impact to the County will be a loss of current revenues, as well as a refund of overpayments for the three prior tax years. The County has assigned \$25.427 million of its General Fund fund balance to cover its estimated loss from these refunds.

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 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 \$0.899 million as of June 30, 2015. 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 2014 and 2015 were as follows (in thousands):

Fiscal Year	Balance at Beginning of Year	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2014	63,506	255,258	(267,215)	51,549
2015	51,549	275,668	(272,290)	54,927

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

13. BENEFIT PLANS (in thousands):

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").

On October 15, 2012, the County Council passed Bill No. 65-12 that formally closed the System for members hired prior to July 1, 2007, now known as members of "Plan A". Members hired on or after July 1, 2007 are considered members of "Plan B". Plan A and Plan B are unitized plans of the System. 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 benefit trust fund. Separate Plan A and Plan B financial statements are included in the combining fiduciary fund statements in the supplementary information section of this report. 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 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, or online at <http://www.baltimorecountymd.gov>.

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 on or 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, 2015, 2014 and 2013, were \$108,191, \$80,453, \$73,362, respectively, which were equal to or greater than the required contributions for each year. The primary government's contributions for the three aforementioned fiscal years were \$98,315, \$73,586, and \$67,353, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Net Pension Liability: At June 30, 2015 the County reported a liability of \$1,088,771 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all the participating agencies, actuarially determined. At June 30, 2015 the County's proportion was 91.96 percent.

There have been no changes in the benefit terms that would affect the measurement of the total pension liability since the last measurement date.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Pension Expense: For the year ended June 30, 2015 the County recognized a decrease in the pension expense of \$21,630. At June 30, 2015 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 123,696
County contributions subsequent to the measurement date	98,315	-
Total	\$ 98,315	\$ 123,696

The \$98,315 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The \$123,696 reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (30,924)
2017	(30,924)
2018	(30,924)
2019	(30,924)

Actuarial Assumptions: The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3 percent
Salary increases	Rates vary by participant service.
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation
Actuarial cost method	Projected Unit Credit Method
Asset valuation method	Ten-year moving market

Mortality rates were based on RP-200 Combined Mortality Table for males and females, as appropriate, with adjustments for mortality improvements based on Scale AA. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2006 through June 30, 2011. As a result of this experience study the following actuarial assumptions and method changes were made:

- Salary increase assumptions were updated to reflect recent experience and long-term anticipated inflation.
- The mortality tables for health and disabled pensioners were updated to reflect future expected increases in life expectancy.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
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- The rates of withdrawal from active service due to termination of employment, death and accidental death, ordinary disability, and accidental disability were updated to reflect recent plan experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric rates of return for each major asset class included in the System's target asset allocation as of June 30, 2014 are summarized in the table below:

Schedule of Long-term expected rate of return.

Asset Class	Long-Term Expected Rate of Return	Target asset Allocation
Cash	0.00%	0.00%
Large Cap Equities	7.75%	15.00%
Small/Mid Cap Equities	8.00%	7.00%
International Equities (Unhedged)	8.25%	10.00%
Emerging International Equities	9.50%	7.00%
Core Bonds	4.46%	11.00%
High-Yield Bonds	6.00%	1.00%
EMD (Local Currency)	7.25%	4.00%
Diversified Fixed Income	5.84%	10.00%
Private Equity	9.75%	5.00%
Real Estate (Core)	6.50%	4.00%
Hedge Funds	7.00%	6.00%
Global Asset Allocation	7.32%	10.00%
Risk Parity	6.39%	5.00%
Commodities	6.00%	5.00%

Discount Rate: The discount rate used to measure the total pension liability was the funding valuation interest rate of 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will continue to follow the current funding policy. Based on those assumptions, the System's fiduciary net position was projected to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate: The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

BALTIMORE COUNTY, MARYLAND
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	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 1,478,555	\$ 1,088,771	\$ 759,414

Pension Plan Fiduciary Net Position: Detail information about the System's fiduciary net position is available in its separately issued financial report.

Police, Fire and Widows' Pension Plan

Plan Description: The County administers the Police, Fire, and Widow's Pension Plan (Pension Plan) which is a single-employer defined benefit pension plan that provides pensions for policemen and firemen hired prior to October 1, 1959 and for their widows. The Pension Plan has been closed and frozen. The Pension Plan valuation was based on the plan provisions as described in the Baltimore County Code for Pensions and Retirements, Article III for Fire and Police Departments, Section 23-141 through Section 23-204. 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.

Funding Policy: The County intends to fund the Pension Plan on a pay-as-you-go basis if Pension Plan assets are depleted. Management of the Pension Plan is vested in an eight-member Board of Trustees, comprised of ex-officio and elected representatives. The general administration of the Pension Plan is vested in the Director of Budget and Finance.

At June 30, 2014, pension plan membership consisted of 280 inactive plan members or beneficiaries currently receiving benefits with no other inactive members or beneficiaries entitled to receive benefits.

Investments: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.31%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability: At June 30, 2015, the County reported a liability of \$23,542 for the Pension Plan. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The components of the net pension liability of the County at June 30, 2015, were as follows:

Total pension liability	\$	68,726	
Plan fiduciary net position		(45,184)	
County's net pension liability	\$	23,542	
Plan fiduciary net position as a percentage of the total pension liability		65.74%	

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
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Actuarial Assumptions: The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	Rates vary by participant service
Investment rate of return	4.03% blended rate
Health Mortality	RP-2000 projected by Scale AA.
Disabled Mortality	Rates vary by age and based on a special mortality table for policemen and firemen

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the table below.

Schedule of Long-term expected rate of return

Asset Class	Long-Term Expected Rate of Return
Domestic equity	7.75%
International equity	8.25%
Fixed Income	4.46%
Cash	3.75%

Discount Rate: The discount rate used to measure the total pension liability was 4.03%. The projection of cash flows used to determine the discount rate assumed that County contributions will continue to follow the current funding policy. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the year 2021. A municipal bond rate of 3.66% was used in the development of the blended GASB discount rate after that point. The 3.66% rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2014. Based on the long-term rate of return of 5.00% and the municipal bond rate of 3.66%, the blended GASB discount rate would be 4.03%. The assumed discount rate has been determined in accordance with the method prescribed by GASB Statement No. 67.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/14	\$ 71,582	\$ 50,121	\$ 21,461
Changes for the year:			
Interest	3,341	-	3,341
Changes of assumptions	3,425	-	3,425
Net investment income	-	4,671	(4,671)
Benefit payments, including refunds of member contributions	(9,622)	(9,622)	-
Other	-	14	(14)
Net Changes	<u>(2,856)</u>	<u>(4,937)</u>	<u>2,081</u>
Balances at 6/30/15	<u>\$ 68,726</u>	<u>\$ 45,184</u>	<u>\$ 23,542</u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability, calculated using the discount rate of 4.03%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.03%) or 1-percentage-point higher (5.03%) than the current rate:

	1.00% Decrease (3.03%)	Current Discount Rate (4.03%)	1.00% Increase (5.03%)
County's net pension liability	\$ 27,455	\$ 23,542	\$ 20,017

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

Pension Expense: For the year ended June 30, 2015, the County recognized pension expense of \$4,003. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,922
Total	<u>\$ -</u>	<u>\$ 1,922</u>

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

The \$1,922 reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	(481)
2017		(481)
2018		(480)
2019		(480)

The condensed financial statements as of and for the year ended June 30, 2015 are as follows:

Statement of Fiduciary Net Position
Police, Fire, and Widows' Pension Plan
As of June 30, 2015

Assets	
Cash and cash equivalents	\$ 3,296
Investment securities	35,709
Interest and dividends receivable	26
Total assets	39,031
 Liabilities	
Accounts payable	3
Total liabilities	3
 Net position restricted for pensions	 \$ 39,028

Statement of Changes in Fiduciary Net Position
Police, Fire and Widows' Pension Plan
For the year ended June 30, 2015

Additions	
Contributions:	
Other	\$ 15
Total contributions	15
Investment earnings:	
Net decrease in the fair value of plan assets	(3,206)
Interest and dividends	5,712
Investment expenses	(20)
Net investment gain	2,486
Total additions	2,501
 Deductions	
Benefits	8,657
Total deductions	8,657
Net decrease in net position	(6,156)
 Net position restricted for pensions	
Beginning of the year	45,184
End of the year	\$ 39,028

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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 and related net pension liability of these plans are not significant.

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, 2015, 2014, 2013, of approximately \$95,460, \$94,400 and \$82,150, 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, 2015, the date of the latest available valuation, the OPEB Plan covered a projected 32,662 members; 19,176 active plan members and 13,486 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 Prescription Drug Plan reimbursements on Medicare eligible retirees. Each employer is required to contribute its annual OPEB cost (AOC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The annual required contribution 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 AOC. The AOC was calculated based on the ARC and the net OPEB liability. The following table shows the components of the AOC for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation (in thousands):

	<u>All Employers</u>	<u>The County</u>
Annual required contribution (ARC)	\$ 103,893	\$ 50,139
Interest on net OPEB liability	13,803	12,634
Adjustment to ARC	<u>(12,629)</u>	<u>(11,560)</u>
Annual OPEB cost (expense)	105,067	51,213
Contributions made	<u>(116,397)</u>	<u>(60,872)</u>
Increase (decrease) in net OPEB liability	(11,330)	(9,659)
Net OPEB obligation beginning of year	<u>197,184</u>	<u>180,490</u>
Net OPEB obligation end of year	<u>\$ 185,854</u>	<u>\$ 170,831</u>

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year 2015 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 Obligation
2013	121,150	105.27	191,932
2014	117,439	95.53	197,184
2015	105,067	110.78	185,854

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	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
June 30	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
2015	\$ 378,135	\$ 1,522,538	\$1,144,403	24.84	\$ 1,168,725	97.92

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 OPEB cost 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, 2015 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 7.0%. 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, 2015 was twenty-two years. The initial medical trend assumption is 4.5% decreasing gradually to an ultimate rate of 3.9% after 2077. 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:

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Rate of inflation	2.4%
Rate of growth in real income/GDP per Capita	1.5%
Extra trend due to technology and other factors	1.0%
Health share of GDP resistance point	25.0%
Year for limiting cost growth to GDP growth	2075

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

The condensed financial statements as of and for the year ended June 30, 2015 are as follows (in thousands):

Statement of Net Position
OPEB Plan
As of June 30, 2015

Assets	
Cash and cash equivalents	\$ 1,853
Investments, at fair value	405,939
Collateral for loaned securities (net of unrealized loss)	3,671
Receivables:	
Accrued interest & dividend income	409
Receivable for investments sold	4,008
Receivables other	1,720
Total assets	<u>417,600</u>
Liabilities	
Payable for collateral for loaned securities	3,671
Investments purchased	5,266
Other	1,224
Total liabilities	<u>10,161</u>
Net position	
Net position restricted for benefits	<u>\$ 407,439</u>

Statement of Changes in Net Position
OPEB Plan
For the year ended June 30, 2015

Additions	
Contributions:	
Employer	\$ 116,397
Employee	32,733
On-behalf	17,056
Total contributions	<u>166,186</u>
Investment earnings:	
Net decrease in the fair value of plan assets	(21)
Interest and dividends	7,222
Securities lending net income	48
Investment expenses	(2,748)
Net investment gain	4,501
Total additions	<u>170,687</u>
Deductions	
Benefits	60,090
Administrative expenses	81,247
Total deductions	<u>141,337</u>
Change in net position	29,350
Net position at beginning of the year	378,089
Net position at end of the year	<u>\$ 407,439</u>

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

15. INDIVIDUAL FUND DISCLOSURES:

Details of Fund Balances

The details of the Governmental Funds balances at June 30, 2015 are shown as follows (in thousands):

	General	Gifts and Grants	Consolidated Public Improvement Construction	Nonmajor Governmental Fund	Total Governmental Funds
Fund balances					
Nonspendable:					
Inventories	\$ 6,998	\$ -	\$ -	\$ -	\$ 6,998
Total Nonspendable	<u>6,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,998</u>
Restricted for:					
Equipment financing	16,904	-	-	-	16,904
Bond escrow	586	-	-	-	586
Loan guarantees and grants	-	24,608	-	-	24,608
In lieu fee arrangements	-	-	6,677	-	6,677
Total Restricted	<u>17,490</u>	<u>24,608</u>	<u>6,677</u>	<u>-</u>	<u>48,775</u>
Assigned to:					
Encumbrances for:					
Contractual services	2,550	-	-	-	2,550
Supplies & materials	1,483	-	-	-	1,483
Equipment & other	2,275	-	-	-	2,275
Imprest funds	74	-	-	-	74
Loans & grants	-	15,878	-	-	15,878
Subsequent year's expenditures	89,648	-	-	-	89,648
Retirement of long-term debt	29,826	-	-	-	29,826
Disputed taxes	25,427	-	-	-	25,427
Stormwater remediation	-	-	-	4,866	4,866
Liquor license regulation	-	-	-	45	45
Total Assigned	<u>151,283</u>	<u>15,878</u>	<u>-</u>	<u>4,911</u>	<u>172,072</u>
Unassigned:					
Revenue stabilization	89,341	-	-	-	89,341
Other	140,478	-	(29,387)	-	111,091
Total Unassigned	<u>229,819</u>	<u>-</u>	<u>(29,387)</u>	<u>-</u>	<u>200,432</u>
Total fund balances(deficit)	<u>\$ 405,590</u>	<u>\$ 40,486</u>	<u>\$ (22,710)</u>	<u>\$ 4,911</u>	<u>\$ 428,277</u>

Deficit Fund Balance

At June 30, 2015, the Consolidated Public Improvement Construction Fund had an unassigned fund deficit of \$29.387 million. This deficit will be eliminated by pay-as-you-go contributions from the General Fund and from bond proceeds.

16. NEW ACCOUNTING PRONOUNCEMENTS:

The County adopted Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pension Plans, an amendment of GASB Statement No. 27, and GASB statement No. 71, Pension Transition for Contributions made subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which improves accounting and financial reporting by state and local government employers whose employees are provided benefits through pensions. The County is now required to record a liability for future pension benefits in excess of accumulated plan assets.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

These pronouncements require the restatement of the June 30, 2014 net position of the Metropolitan District Enterprise Fund in the Proprietary Fund Statement of Net Position and the Governmental Activities and Business-type Activities in the Government-wide Statement of Net Position as follows:

	Metropolitan District Enterprise Fund	Government-wide	
		Governmental Activities	Business-type Activities
Net Position July 1, 2014 as previously stated	\$ 309,769	\$ 943,913	\$ 312,589
Cumulative affect of application of GASB 68, net pension liability	(33,067)	(1,452,763)	(33,067)
Cumulative affect of application of GASB 71, deferred outflow of resources for County contributions made to the pension plan during the fiscal year ending June 30, 2014	2,012	71,574	2,012
Net position July 1, 2014 as restated	<u>\$ 278,714</u>	<u>\$ (437,276)</u>	<u>\$ 281,534</u>





Required Supplementary Information

BALTIMORE COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

Employees' Retirement System (dollars in thousands):

**Schedule of the County's Proportionate Share of the Net
Pension Liability and Related Ratios**

	<u>2015</u>
County's proportionate share of the net pension liability	91.96%
County's proportionate share of the net pension liability	\$ 1,088,771
County's covered employee payroll	\$ 404,352
County's proportionate share of the net pension liability as a percentage of its covered employee payroll	269.26%
Plan fiduciary net position as a percentage of the total pension liability	68.2%

Notes to the Schedule:

The amounts presented for fiscal year 2015 were determined as of July 1 of two years prior, using membership data as of that day, projected to June 30 of the previous year. Additionally, the County implemented GASB 68 during fiscal year 2015. Therefore, only one year of information is available.

Schedule of County Contributions

The last 3 fiscal years are presented only.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 93,495	\$ 73,586	\$ 67,353
Contributions in relation to the actuarially determined contribution	93,495	73,586	67,353
Prefunding of FY2016 contribution in FY2015	4,819	-	-
Contribution deficiency (excess)	<u>\$ (4,819)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 404,352	\$ 407,522	\$ 436,673
Contributions as a percentage of covered employee payroll	24.31%	18.06%	15.42%

Notes to the Schedule:

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

BALTIMORE COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

Methods and assumptions used to determine contribution:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Percentage of Payroll
Amortization period	30 year layered amortization
Asset valuation method	10-year smoothed market
Inflation	3.0%
Salary increases	Rates vary by participant age and service
Investment rate of return	7.0%, net of investment expense and gain sharing, and including inflation
Retirement age	Rates vary by participant age and service
Mortality	For healthy participants and beneficiaries: For males 108% of the RP-2000 Combined Healthy male table projected to 2027 by Scale AA and for females 100% of the RP-2000 Combined Healthy female table projected to 2027 by Scale AA. For disabled members, RP-2000 Disabled Annuitant Tables projected to 2027 with Scale AA.

Police, Fire and Widow's Pension Plan (dollars in thousands):

The following schedules are presented for one year only. Additional years will be presented as the information becomes available.

Schedule of Changes in County's Net Pension Liability and Related Ratios

	<u>2014</u>
Total pension liability	
Interest	\$ 3,341
Changes of assumptions	3,425
Benefit payments	<u>(9,622)</u>
Net change in total pension liability	(2,856)
Beginning total pension liability	71,582
Ending total pension liability: (a)	<u><u>\$ 68,726</u></u>
 Plan fiduciary net position	
Net investment income	4,671
Benefit payments	(9,622)
Other income	14
Net change in plan fiduciary net position	<u>(4,937)</u>
Beginning Plan fiduciary net position	50,121
Ending Plan fiduciary net position: (b)	<u><u>\$ 45,184</u></u>
Ending County's net pension liability: (a) - (b)	<u><u>\$ 23,542</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 65.74%
 Covered-employee payroll	 Not applicable
Net pension liability as a percentage of covered-employee payroll	Not applicable

BALTIMORE COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

Schedule of County Contributions

	2014
Actuarially determined contribution	Not calculated
Contributions related to the actuarially determined contribution	\$ -
Contribution deficiency (excess)	Not applicable

Note to Schedule:

County contributions were not calculated because the Pension Plan has been closed since October 1, 1959 and the County intends to fund the Pension Plan on a pay-as-you-go basis if the Pension Plan assets are depleted. Also, the number of pension recipients was considered insignificant and the recipients' ages are at the higher end of the mortality tables.

Schedule of Investment Returns

	2014
Annual money-weighted rate of return, net of investment expenses	10.31%

OPEB Plan (dollars in thousands):

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

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)
2013	232,061	1,707,901	1,475,840	13.59	1,246,161	118.43
2014	293,659	1,649,039	1,355,380	17.81	1,172,926	115.55
2015	378,135	1,522,538	1,144,403	24.83	1,168,725	97.92

Schedule of Employers' Contributions

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2013	120,211	106.10
2014	116,399	96.38
2015	103,893	112.03



Supplementary Information Schedules & Combining Financial Statements

The schedules provide selected budgetary information concerning the General Fund, the Stormwater Management 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
For the Year Ended June 30, 2015
(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>		
General Government:				
Legislative:				
County Council	\$ 2,092	\$ 2,092	\$ 1,922	\$ 170
Judicial:				
Circuit Court:				
Criminal and civil adjudication	4,579	4,579	4,491	88
Orphans Court:				
Adjudication of estates	228	228	219	9
States Attorney:				
Criminal prosecution	8,579	8,579	8,388	191
County Sheriff:				
Conveying prisoners and serving summonses	5,517	5,517	5,238	279
Total	<u>18,903</u>	<u>18,903</u>	<u>18,336</u>	<u>567</u>
Executive:				
Office of the County Executive	1,016	1,016	1,014	2
County Administrative Officer:				
General administration	1,337	1,337	1,325	12
Baltimore metropolitan council	146	146	146	-
Total	<u>2,499</u>	<u>2,499</u>	<u>2,485</u>	<u>14</u>
Elections:				
Board of Supervisors of Elections	4,226	4,226	3,564	662
Financial Administration:				
Office of Budget and Finance:				
Budget formulation and administration	1,248	1,308	1,307	1
Financial operations	4,106	4,420	4,420	-
Pay systems	271	241	239	2
Investment and debt management	367	367	366	1
Insurance administration	1,005	1,090	1,080	10
Purchasing and disbursements	1,303	1,303	1,303	-
Total	<u>8,300</u>	<u>8,729</u>	<u>8,715</u>	<u>14</u>
County Auditor	1,550	1,550	1,380	170
Office of Law:				
General legal services	2,537	2,537	2,521	16
Legislative relations	316	316	291	25
Total	<u>2,853</u>	<u>2,853</u>	<u>2,812</u>	<u>41</u>
Other:				
Vehicle Operations and Maintenance	228	238	237	1
Office of Planning and Community Conservation				
General administration	2,117	2,082	2,016	66
Zoning commissioner	395	425	420	5
People's counsel	189	194	191	3
Community conservation	513	513	513	-
Office of Human Resources:				
Personnel administration	3,281	3,281	3,271	10

(continued)

Baltimore County
Schedule of Appropriations and Expenditures - Budgetary Basis
For the Year Ended June 30, 2015
(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>		
Department of Permits and Development Management:				
General administration	1,533	1,533	1,521	12
Electrical licensing and regulation	17	17	17	-
Plumbing licensing and regulation	29	29	29	-
Real estate compliance (1713)	846	846	838	8
Development processing	936	936	924	12
Code inspections and enforcement	4,628	4,592	4,546	46
Permits and licenses	706	742	735	7
Board of Appeals	229	229	211	18
Cooperative Extension Service	253	253	239	14
Office of Information Technology:				
General administration	2,534	2,716	2,714	2
Applications development	7,633	7,396	7,376	20
Computer and technical services	10,338	10,419	10,389	30
Telecommunications Services	3,286	3,260	3,254	6
Property Management				
Administration	1,159	1,159	1,086	73
Building maintenance	7,913	8,113	8,028	85
Building operation and management	17,292	17,035	15,903	1,132
Maintenance of grounds and recreation sites	6,412	6,412	6,025	387
Total	<u>72,467</u>	<u>72,420</u>	<u>70,483</u>	<u>1,937</u>
General Government Total	<u>112,890</u>	<u>113,272</u>	<u>109,697</u>	<u>3,575</u>
Public Safety:				
Police Department:				
General administration	3,729	3,729	3,698	31
Administrative & technical services	24,312	24,312	24,146	166
Criminal/forensic investigations	23,588	23,588	23,289	299
Vice/intelligence/narcotics	8,615	7,815	7,683	132
Patrol/precincts	117,021	118,421	118,320	101
Support operations	13,841	13,241	13,144	97
Human resources	3,386	3,386	3,373	13
School safety	1,362	1,362	1,271	91
Total	<u>195,854</u>	<u>195,854</u>	<u>194,924</u>	<u>930</u>
Bureau of Corrections:				
Custodial care of prisoners	35,719	35,752	35,736	16
Fire Department:				
General administration	986	1,026	982	44
Investigative services	1,761	1,761	1,706	55
Alarm and communication system	965	970	962	8
Field operations	78,906	78,897	78,454	443
Office of emergency preparedness	161	161	113	48
Field operation administration	1,512	1,512	1,449	63
Fire/rescue academy	1,365	1,365	945	420
Contributions - volunteer fire companies	7,007	7,032	6,998	34
Total	<u>92,663</u>	<u>92,724</u>	<u>91,609</u>	<u>1,115</u>

(continued)

Baltimore County
Schedule of Appropriations and Expenditures - Budgetary Basis
For the Year Ended June 30, 2015
(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>		
Communications:				
Central communications center	12,175	12,175	11,902	273
Public Safety Total	<u>336,411</u>	<u>336,505</u>	<u>334,171</u>	<u>2,334</u>
Public Works:				
Office of Director of Public Works:				
General administration	591	598	596	2
Metro Financing/Petition Proc	27	27	23	4
	<u>618</u>	<u>625</u>	<u>619</u>	<u>6</u>
Bureau of Engineering and Construction:				
General administration	373	373	360	13
Structural design	1,730	1,580	1,553	27
General surveying	380	360	351	9
Contracts and construction inspection	1,822	1,797	1,789	8
Total	<u>4,305</u>	<u>4,110</u>	<u>4,053</u>	<u>57</u>
Bureau of Highways & Equipment Management:				
General administration	755	755	747	8
General operations and maintenance	12,892	13,392	12,964	428
Storm emergencies	5,987	16,340	14,897	1,443
Total	<u>19,634</u>	<u>30,487</u>	<u>28,608</u>	<u>1,879</u>
Bureau of Solid Waste Management:				
General administration	478	453	445	8
Refuse collection	30,730	30,690	30,685	5
Refuse disposal	23,811	24,806	24,771	35
Recycling	1,687	1,677	1,663	14
Total	<u>56,706</u>	<u>57,626</u>	<u>57,564</u>	<u>62</u>
Bureau of Traffic Engineering and Transportation Planning:				
Traffic planning	9,659	9,864	9,862	2
Traffic sign installation and maintenance	1,491	1,561	1,548	13
Traffic signal operation and maintenance	934	894	886	8
Total	<u>12,084</u>	<u>12,319</u>	<u>12,296</u>	<u>23</u>
Bureau of Utilities:				
Sewer and water maintenance	574	574	574	-
Bureau of Building and Equipment Services:				
Equipment maintenance	6,479	6,459	6,415	44
Public Works Total	<u>100,400</u>	<u>112,200</u>	<u>110,129</u>	<u>2,071</u>

(continued)

Baltimore County
Schedule of Appropriations and Expenditures - Budgetary Basis
For the Year Ended June 30, 2015
(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>		
Health and Human Services:				
Health:				
Department of Health:				
General administration	2,551	2,661	2,641	20
Nursing services	3,082	3,082	2,912	170
Acute communicable disease control	1,273	1,308	1,295	13
Medical environmental health	2,283	2,283	2,248	35
Medical social work service	983	983	958	25
Animal control	2,261	2,601	2,482	119
School health services	161	161	156	5
Developmental disabilities	1,023	1,043	1,035	8
Home health services	1,596	1,596	1,561	35
Long-term care services	1,462	1,377	1,332	45
Medical assistance and hospital support	1,892	1,812	1,768	44
Dental health services	1,084	1,084	1,073	11
Speech, language and hearing	851	851	831	20
Total	<u>20,502</u>	<u>20,842</u>	<u>20,292</u>	<u>550</u>
Department of Environmental Protection and Resource Management	<u>5,158</u>	<u>5,158</u>	<u>4,883</u>	<u>275</u>
Human Services:				
Department of Social Services:				
Adult foster care assistance	145	148	130	18
Welfare to work program	400	400	400	-
Emergency funds/housing for the homeless	750	764	764	-
Battered spouse program	127	127	127	-
Day Resource Center	209	209	185	24
In-home care program	216	216	184	32
Adult services	1,211	1,232	1,223	9
General administration	1,405	1,405	1,351	54
Children's services	447	447	424	23
Income maintenance	1,037	1,023	979	44
Family services	1,346	1,323	1,227	96
Total	<u>7,293</u>	<u>7,294</u>	<u>6,994</u>	<u>300</u>
Aging Programs & Services:				
Department of Aging:				
General administration	813	813	795	18
Adult medical day care	50	50	32	18
Senior centers network	2,002	2,002	1,950	52
Special geriatric services	187	187	176	11
Facilities	295	295	254	41
Transportation	856	856	854	2
Program and volunteer services	231	231	218	13
Total	<u>4,434</u>	<u>4,434</u>	<u>4,279</u>	<u>155</u>
Health and Human Services Total	<u>37,387</u>	<u>37,728</u>	<u>36,448</u>	<u>1,280</u>

(continued)

Baltimore County
Schedule of Appropriations and Expenditures - Budgetary Basis
For the Year Ended June 30, 2015
(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>		
Culture and Leisure Services:				
Department of Recreation and Parks:				
General administration	917	917	891	26
Community & neighborhood recreation, organization, direction and development	9,569	9,569	9,463	106
Organization Contributions:				
Organization contributions	2,691	2,691	2,672	19
General grant program	5,332	5,332	4,914	418
Culture and Leisure Services Total	<u>18,509</u>	<u>18,509</u>	<u>17,940</u>	<u>569</u>
Economic and Community Development:				
Economic Development Commission	1,230	1,230	1,015	215
Economic and Community Development Total	<u>1,230</u>	<u>1,230</u>	<u>1,015</u>	<u>215</u>
Pension Plan Contributions:				
Employees' retirement contributions	90,629	95,629	95,363	266
Non-system retirement	252	262	255	7
Pension Total	<u>90,881</u>	<u>95,891</u>	<u>95,618</u>	<u>273</u>
Insurance Contributions				
Employee health & life insurance	131,848	126,408	99,987	26,421
Insurance Total	<u>131,848</u>	<u>126,408</u>	<u>99,987</u>	<u>26,421</u>
Miscellaneous:				
Social Security	17,270	17,520	17,497	23
Reserve for Contingencies	1,000	17	-	17
Local share - State & Federal	75	75	75	-
Miscellaneous Total	<u>18,345</u>	<u>17,612</u>	<u>17,572</u>	<u>40</u>
Payments to Component Units:				
Community College	39,363	39,363	39,363	-
Board of Education	776,990	776,990	776,989	1
Library	33,080	33,563	33,563	-
Total Payments to Component Units	<u>849,433</u>	<u>849,916</u>	<u>849,915</u>	<u>1</u>

(continued)

Baltimore County
Schedule of Appropriations and Expenditures - Budget and Actual
General Fund
For the Year Ended June 30, 2015
(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>		
Debt Service:				
Principal retirement:				
General obligation bonds:				
Community College	3,999	3,999	3,999	-
General public facilities	41,026	41,026	41,026	-
Pension funding bonds	7,790	7,790	7,790	-
Non-general obligation debt	15,673	15,733	15,732	1
Total	<u>68,488</u>	<u>68,548</u>	<u>68,547</u>	<u>1</u>
Interest:				
General obligation bonds:				
Community College	3,373	3,373	3,372	1
General public facilities	26,977	26,409	26,408	1
Pension funding bonds	8,222	8,222	8,222	-
Non-general obligation debt	2,498	2,498	2,498	-
Total	<u>41,070</u>	<u>40,502</u>	<u>40,500</u>	<u>2</u>
Fiscal charges:				
General obligation bonds:				
General public facilities	649	614	614	-
Non-general obligation debt	10	10	3	7
Total	<u>659</u>	<u>624</u>	<u>617</u>	<u>7</u>
Debt Service Total	<u>110,217</u>	<u>109,674</u>	<u>109,664</u>	<u>10</u>
Operating Transfers Out:				
Contribution to capital budget	45,561	48,105	48,105	-
Contribution to capital budget - schools	3,119	3,119	3,119	-
Gifts and Grants	6,073	6,073	6,073	-
Total Operating Transfers Out	<u>54,753</u>	<u>57,297</u>	<u>57,297</u>	<u>-</u>
General Fund Total	<u>\$ 1,862,304</u>	<u>\$ 1,876,242</u>	<u>\$ 1,839,453</u>	<u>\$ 36,789</u>

**Baltimore County, Maryland
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015
(In Thousands)**

	Special Revenue Funds		
	Liquor License	Stormwater Management	Total
ASSETS			
Cash and investments	\$ 57	\$ 4,750	\$ 4,807
Receivables, net	-	162	162
Total assets	\$ 57	\$ 4,912	\$ 4,969
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 5	\$ 21	\$ 26
Accrued expenditures	7	25	32
Total liabilities	12	46	58
Fund Balance			
Assigned	45	4,866	4,911
Total fund balances	45	4,866	4,911
Total liabilities and fund balances	\$ 57	\$ 4,912	\$ 4,969

Baltimore County, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015
(In Thousands)

	Special Revenue Funds		
	Liquor License	Stormwater Management	Total
REVENUES			
Licenses and fees	\$ 998	\$ 24,443	\$ 25,441
Charges for services	97	-	97
Interest revenue	-	32	32
Total revenues	1,095	24,475	25,570
EXPENDITURES			
General government	649	1,587	2,236
Total expenditures	649	1,587	2,236
Excess of revenues over expenditures	446	22,888	23,334
OTHER FINANCING USES			
Transfers out	(450)	(20,843)	(21,293)
Total other financing uses	(450)	(20,843)	(21,293)
Net change in fund balances	(4)	2,045	2,041
Fund balances at beginning of the year	49	2,821	2,870
Fund balances at end of the year	\$ 45	\$ 4,866	\$ 4,911

Baltimore County, Maryland
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Liquor License Fund
For the Year Ended June 30, 2015
(In Thousands)

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Licenses and permits	\$ 1,190	\$ 1,095	\$ (95)
Total revenues	1,190	1,095	(95)
Expenditures:			
General government:			
License sale and control	717	651	66
Total expenditures	717	651	66
Excess of revenues over expenditures	473	444	(29)
Other financing uses:			
Operating transfers out	(450)	(450)	-
Excess(deficiency) of revenues over expenditures, and other uses	\$ 23	(6)	\$ (29)
Net change during year in reserve for encumbrances		2	
Fund balance at beginning of year		49	
Fund balance at end of year		\$ 45	

Baltimore County, Maryland
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Stormwater Management Fund
For the Year Ended June 30, 2015
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Fees	\$ 23,802	\$ 24,443	\$ 641
Interest revenue	-	32	32
Total revenues	<u>23,802</u>	<u>24,475</u>	<u>673</u>
Expenditures:			
General government:			
General administration	2,645	1,461	1,184
Total expenditures	<u>2,645</u>	<u>1,461</u>	<u>1,184</u>
Excess of revenues over expenditures	<u>21,157</u>	<u>23,014</u>	<u>1,857</u>
Other financing uses:			
Operating transfers out	(20,843)	(20,843)	-
Excess of revenues over expenditures, and other uses	<u>\$ 314</u>	2,171	<u>\$ 1,857</u>
Net change during year in reserve for encumbrances		(126)	
Fund balance at beginning of year		<u>2,821</u>	
Fund balance at end of year		<u>\$ 4,866</u>	

Baltimore County, Maryland
Combining Statement of Net Position
Internal Service Funds
June 30, 2015
(In Thousands)

	Vehicle Operations and Maintenance	Central Printing Service	Self-Insurance Program	Total
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 302	\$ 57,719	\$ 58,021
Receivables, net	11	-	1,507	1,518
Due from other funds	-	-	325	325
Inventories	594	-	-	594
Prepaid costs	-	-	1,135	1,135
Total current assets	<u>605</u>	<u>302</u>	<u>60,686</u>	<u>61,593</u>
Capital assets:				
Non-depreciable	705	-	-	705
Depreciable (net of accumulated depreciation)	13,293	86	-	13,379
Total assets	<u>14,603</u>	<u>388</u>	<u>60,686</u>	<u>75,677</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,487	38	1,271	2,796
Accrued payroll	67	4	-	71
Compensated absences	263	7	-	270
Due to other funds	325	-	-	325
Claims and judgments	-	-	33,662	33,662
Total current liabilities	<u>2,142</u>	<u>49</u>	<u>34,933</u>	<u>37,124</u>
Noncurrent liabilities:				
Claims and judgments	-	-	21,265	21,265
Total liabilities	<u>2,142</u>	<u>49</u>	<u>56,198</u>	<u>58,389</u>
NET POSITION				
Net investment in capital assets	13,998	86	-	14,084
Unrestricted (deficit)	(1,537)	253	4,488	3,204
Total net position	<u>\$ 12,461</u>	<u>\$ 339</u>	<u>\$ 4,488</u>	<u>\$ 17,288</u>

Baltimore County, Maryland
Combining Statement of Revenues, Expenses,
and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2015
(In Thousands)

	Vehicle Operations and Maintenance	Central Printing Service	Self-Insurance Program	Total
OPERATING REVENUES				
Charges for services-internal	\$ 17,376	\$ 692	\$ 81,232	\$ 99,300
Charges for services-other	4,310	2	164,025	168,337
Miscellaneous	185	-	-	185
Total operating revenues	<u>21,871</u>	<u>694</u>	<u>245,257</u>	<u>267,822</u>
OPERATING EXPENSES				
Personal services	2,638	200	-	2,838
Contractual services	637	233	-	870
Rents and utilities	53	150	-	203
Supplies and maintenance	13,899	104	-	14,003
Insurance claims and expenses	-	-	275,668	275,668
Depreciation	3,576	40	-	3,616
Other expenses	741	25	-	766
Total operating expenses	<u>21,544</u>	<u>752</u>	<u>275,668</u>	<u>297,964</u>
Operating income (loss)	<u>327</u>	<u>(58)</u>	<u>(30,411)</u>	<u>(30,142)</u>
NONOPERATING REVENUES				
Interest on investments	-	-	33	33
Total nonoperating revenues	-	-	33	33
Change in net position	327	(58)	(30,378)	(30,109)
Net position at beginning of the year	12,134	397	34,866	47,397
Net position at end of the year	<u>\$ 12,461</u>	<u>\$ 339</u>	<u>\$ 4,488</u>	<u>\$ 17,288</u>

Baltimore County, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015
(In Thousands)

	Vehicle Operations and Maintenance	Central Printing Service	Self-Insurance Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from external customers	\$ 4,327	\$ 2	\$ 163,909	\$168,238
Receipts for interfund services	17,376	692	81,232	99,300
Payments to suppliers	(14,277)	(483)	-	(14,760)
Payments to employees	(2,623)	(207)	-	(2,830)
Payment for interfund services used	(741)	(25)	-	(766)
Claims paid	-	-	(277,841)	(277,841)
Other receipts	185	-	-	185
Net cash provided by (used for) operating activities	<u>4,247</u>	<u>(21)</u>	<u>(32,700)</u>	<u>(28,474)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment of advance	(1,088)	-	1,088	-
Net cash provided by (used for) noncapital activities	<u>(1,088)</u>	<u>-</u>	<u>1,088</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(3,320)	-	-	(3,320)
Sales of capital assets	161	-	-	161
Net cash used for capital and related financing activities	<u>(3,159)</u>	<u>-</u>	<u>-</u>	<u>(3,159)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	-	-	33	33
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>33</u>	<u>33</u>
Net increase (decrease) in cash and cash equivalents	-	(21)	(31,579)	(31,600)
Cash and cash equivalents at beginning of the year	-	323	89,298	89,621
Cash and cash equivalents at end of the year	<u>\$ -</u>	<u>\$ 302</u>	<u>\$ 57,719</u>	<u>\$ 58,021</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ 327	\$ (58)	\$ (30,411)	\$ (30,142)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation expense	3,576	40	-	3,616
Effect of changes in operating assets and liabilities:				
Receivables, net	17	-	(116)	(99)
Inventories	(76)	-	-	(76)
Accounts and other payables	388	4	(5,551)	(5,159)
Accrued expenses	15	(7)	-	8
Claims and judgements	-	-	3,378	3,378
Net cash provided by (used for) operating activities	<u>\$ 4,247</u>	<u>\$ (21)</u>	<u>\$ (32,700)</u>	<u>\$ (28,474)</u>

Baltimore County, Maryland
Combining Statement of Net Position
Benefits Trust Funds
June 30, 2015
(In Thousands)

	Employees' Retirement System Plan A	Employees' Retirement System Plan B	Police, Fire, and Widows' Pension Plan	OPEB Plan	Total
ASSETS					
Cash and cash equivalents	\$ 38,545	\$ -	\$ 3,296	\$ 1,853	\$ 43,694
Collateral for loaned securities	21,740	415	-	3,671	25,826
Receivables:					
Accrued interest & dividend income	2,423	46	26	409	2,904
Receivable for investments sold	23,737	453	-	4,008	28,198
Receivables other	1,259	361	-	1,720	3,340
Total receivables	<u>27,419</u>	<u>860</u>	<u>26</u>	<u>6,137</u>	<u>34,442</u>
Investments, at fair value:					
U.S. Government and Agency securities	141,135	2,695	-	23,834	167,664
Municipal bonds	4,700	90	15,566	794	21,150
Foreign bonds	25,118	480	7,412	4,242	37,252
Corporate bonds	95,340	1,821	-	16,100	113,261
Stocks	499,760	9,543	-	84,395	593,698
Bond mutual funds	348,626	6,657	903	58,873	415,059
Stock mutual funds	452,923	8,649	11,828	76,486	549,886
Real estate equity funds	116,136	2,218	-	19,612	137,966
Hedge funds	151,604	2,895	-	25,602	180,101
Private equity funds	109,496	2,091	-	18,491	130,078
Real assets	92,815	1,772	-	15,674	110,261
Global asset allocation	366,171	6,992	-	61,836	434,999
Total investments	<u>2,403,824</u>	<u>45,903</u>	<u>35,709</u>	<u>405,939</u>	<u>2,891,375</u>
Total assets	<u>2,491,528</u>	<u>47,178</u>	<u>39,031</u>	<u>417,600</u>	<u>2,995,337</u>
LIABILITIES					
Cash overdraft	-	448	-	-	448
Securities lending payable	21,740	415	-	3,671	25,826
Investments purchased	31,181	595	-	5,266	37,042
Investment expenses payable	2,547	49	-	-	2,596
Refunds payable	54	976	-	-	1,030
Other	20,528	-	3	1,224	21,755
Total liabilities	<u>76,050</u>	<u>2,483</u>	<u>3</u>	<u>10,161</u>	<u>88,697</u>
NET POSITION					
Net position restricted for benefits	<u>\$ 2,415,478</u>	<u>\$ 44,695</u>	<u>\$ 39,028</u>	<u>\$ 407,439</u>	<u>\$ 2,906,640</u>

Baltimore County, Maryland
Combining Statement of Changes in Net Position
Benefits Trust Funds
For the Year Ended June 30, 2015
(In Thousands)

	Employees' Retirement System Plan A	Employees' Retirement System Plan B	Police, Fire, and Widows' Pension Plan	OPEB Plan	Total
ADDITIONS					
Contributions:					
Employer	\$ 106,912	\$ 1,279	\$ -	\$ 116,397	\$ 224,588
Employees	29,463	10,262	-	32,733	72,458
Other	-	-	15	17,056	17,071
Total contributions	<u>136,375</u>	<u>11,541</u>	<u>15</u>	<u>166,186</u>	<u>314,117</u>
Investment earnings:					
Net decrease in the fair value of plan assets	(3,677)	(2)	(3,206)	(21)	(6,906)
Interest and dividends	42,595	633	5,712	7,222	56,162
Investment expenses	(16,555)	(257)	(20)	(2,748)	(19,580)
Net investment gain	<u>22,363</u>	<u>374</u>	<u>2,486</u>	<u>4,453</u>	<u>29,676</u>
Net income from securities lending:					
Securities lending income	92	1	-	16	109
Borrower rebates	308	6	-	52	366
Agent fees	(115)	(2)	-	(20)	(137)
Net income from securities lending	<u>285</u>	<u>5</u>	<u>-</u>	<u>48</u>	<u>338</u>
Total net investment gain	<u>22,648</u>	<u>379</u>	<u>2,486</u>	<u>4,501</u>	<u>30,014</u>
Total additions	<u>159,023</u>	<u>11,920</u>	<u>2,501</u>	<u>170,687</u>	<u>344,131</u>
DEDUCTIONS					
Benefits	244,314	-	8,657	60,090	313,061
Refunds	1,760	1,780	-	-	3,540
Administrative expense	1,651	31	-	81,247	82,929
Total deductions	<u>247,725</u>	<u>1,811</u>	<u>8,657</u>	<u>141,337</u>	<u>399,530</u>
Change in net position	(88,702)	10,109	(6,156)	29,350	(55,399)
Net position at beginning of the year	2,504,180	34,586	45,184	378,089	2,962,039
Net position at end of the year	<u>\$ 2,415,478</u>	<u>\$ 44,695</u>	<u>\$ 39,028</u>	<u>\$ 407,439</u>	<u>\$ 2,906,640</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 Position by Component
Last Ten Fiscal Years
 (accrual basis of accounting)
 (dollars expressed in thousands)

	2006	2007	2008	2009	2010	2011*	2012**	2013	2014	2015***
Governmental activities										
Net investment in capital assets	\$ 1,465,260	\$ 1,492,767	\$ 1,523,265	\$ 1,595,901	\$ 1,593,450	\$ 1,550,280	\$ 1,386,096	\$ 1,313,131	\$ 1,277,986	\$ 1,346,549
Restricted	17,807	15,324	122,079	73,357	57,713	26,653	27,251	26,972	29,053	31,871
Unrestricted (deficit)	46,525	103,053	20,351	(67,683)	(309,380)	(335,775)	(349,899)	(352,908)	(363,126)	(1,747,908)
Total governmental activities net position	\$ 1,529,592	\$ 1,611,144	\$ 1,665,695	\$ 1,601,575	\$ 1,341,783	\$ 1,241,158	\$ 1,063,448	\$ 987,195	\$ 943,913	\$ (369,486)
Business-type activities										
Net investment in capital assets	\$ 524,996	\$ 543,107	\$ 489,563	\$ 568,225	\$ 568,687	\$ 588,201	\$ 566,002	\$ 553,132	\$ 526,907	\$ 540,690
Unrestricted (deficit)	(68,780)	(107,952)	(63,032)	(137,808)	(159,788)	(155,226)	(178,355)	(200,295)	(214,318)	(351,497)
Total business-type activities net position	\$ 456,216	\$ 435,155	\$ 426,531	\$ 430,417	\$ 408,899	\$ 432,975	\$ 387,647	\$ 352,837	\$ 312,589	\$ 189,193
Primary government										
Net investment in capital assets	\$ 1,990,256	\$ 2,035,874	\$ 2,012,828	\$ 2,164,126	\$ 2,162,137	\$ 2,138,481	\$ 1,952,098	\$ 1,866,263	\$ 1,804,893	\$ 1,887,239
Restricted	17,807	15,324	122,079	73,357	57,713	26,653	27,251	26,972	29,053	31,871
Unrestricted (deficit)	(22,255)	(4,899)	(42,681)	(205,491)	(469,168)	(491,001)	(528,254)	(553,203)	(577,444)	(2,099,405)
Total primary government net position	\$ 1,985,808	\$ 2,046,299	\$ 2,092,226	\$ 2,031,992	\$ 1,750,682	\$ 1,674,133	\$ 1,451,095	\$ 1,340,032	\$ 1,256,502	\$ (180,295)

* The amounts for FY 2011 net position 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.

** The amounts for FY 2012 net position components have been restated to affect the change in no longer amortizing the issuance costs related to debt

*** The amounts for FY15 unrestricted (deficit) net position have been restated to affect the change in the County reporting its net pension liability required by GASB No. 68.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 370,820	\$ 364,796	\$ 427,611	\$ 457,696	\$ 390,428	\$ 449,008	\$ 510,219	\$ 499,598	\$ 507,968	\$ 511,254
Public safety	268,561	284,729	321,024	336,325	339,301	346,253	340,263	336,402	345,801	346,834
Public works	154,883	187,130	166,234	163,493	198,075	150,606	187,816	153,997	192,092	177,495
Health and human services	112,427	124,274	134,693	141,023	144,614	144,972	152,490	149,078	147,998	158,431
Culture and leisure services	52,746	56,889	62,080	66,856	68,818	69,368	70,803	64,554	65,487	63,479
Economic and community development	9,473	7,713	8,762	10,578	13,743	16,232	13,379	21,126	19,637	13,838
Education	691,906	786,468	781,588	774,053	831,550	803,828	841,494	807,336	852,799	888,832
Interest on long-term debt	20,568	21,940	22,900	20,305	22,057	22,844	25,568	26,885	26,081	25,257
Total governmental activities expenses	<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>2,142,032</u>	<u>2,058,976</u>	<u>2,157,863</u>	<u>2,185,683</u>
Business-type activities:										
Water and sewer services	215,217	222,606	229,829	223,534	240,626	223,858	278,104	270,090	272,177	302,014
Recreational facilities	4	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	<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>278,104</u>	<u>270,090</u>	<u>272,177</u>	<u>302,014</u>
Total primary government expenses	<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>\$ 2,420,136</u>	<u>\$ 2,329,066</u>	<u>\$ 2,430,040</u>	<u>\$ 2,487,697</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 218,711	\$ 201,113	\$ 188,526	\$ 187,868	\$ 145,403	\$ 190,247	\$ 212,958	\$ 201,032	\$ 202,899	\$ 206,918
Public safety	2,783	3,294	2,022	1,935	2,294	5,077	5,958	6,950	9,205	10,979
Public works	2,420	2,273	1,837	1,669	2,616	3,195	2,942	3,379	3,681	4,702
Health and human services	4,527	4,155	3,916	3,916	3,801	3,652	3,622	4,031	28,872	28,590
Culture and leisure services	2,164	2,578	2,653	2,856	3,247	3,382	3,653	3,769	4,018	4,303
Economic and community development	505	601	939	571	713	851	487	876	585	429
Operating grants and contributions:										
General government	2,979	9,172	2,587	3,093	2,894	5,778	2,457	3,016	3,849	3,210
Public safety	24,930	19,499	19,627	20,638	18,115	14,093	12,879	12,930	16,175	19,602
Public works	41,790	43,257	41,584	36,342	2,128	2,865	2,260	3,772	5,614	4,300
Health and human services	86,606	92,341	101,797	109,357	100,877	100,326	114,528	113,800	114,841	126,609
Culture and leisure services	1,276	1,745	1,502	1,519	1,261	1,124	1,145	4,350	4,124	4,251
Economic and community development	7,268	7,075	6,569	8,249	17,938	24,115	16,386	12,148	9,524	8,679
Interest on long-term debt	-	-	-	-	1,137	4,064	6,853	5,671	5,422	5,255
Capital grants and contributions	37,550	42,348	53,287	54,852	31,263	37,614	41,519	32,015	25,843	48,492
Total governmental activities program revenues	<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>	<u>407,739</u>	<u>434,652</u>	<u>476,319</u>
Business-type activities:										
Charges for services:										
Water and sewer services	165,606	168,715	189,246	200,741	206,031	224,510	220,188	215,703	214,154	202,674
Recreational facilities	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions:										
Capital grants and contributions	34,086	32,693	30,850	25,585	12,071	14,126	3,777	3,184	2,942	2,918
Total business-type activities program revenues	<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>	<u>234,958</u>	<u>231,737</u>	<u>219,788</u>
Total primary government program revenues	<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>	<u>\$ 642,697</u>	<u>\$ 666,389</u>	<u>\$ 696,107</u>

(continued)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue										
Governmental activities	\$ (1,247,875)	\$ (1,404,488)	\$ (1,498,046)	\$ (1,537,464)	\$ (1,674,899)	\$ (1,606,728)	\$ (1,714,385)	\$ (1,651,237)	\$ (1,723,211)	\$ (1,709,364)
Business-type activities	(15,529)	(21,198)	(9,733)	2,792	(21,695)	17,240	(42,857)	(35,132)	(40,440)	(82,226)
Total primary government net expense	\$ (1,263,404)	\$ (1,425,686)	\$ (1,507,779)	\$ (1,534,672)	\$ (1,696,594)	\$ (1,589,488)	\$ (1,757,242)	\$ (1,686,369)	\$ (1,763,651)	\$ (1,791,590)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 626,149	\$ 662,307	\$ 712,863	\$ 767,103	\$ 813,970	\$ 837,092	\$ 844,069	\$ 847,439	\$ 850,367	\$ 866,698
Income taxes	572,136	589,994	661,125	569,736	473,792	534,553	565,571	573,376	679,371	736,760
Public service taxes	199,591	180,736	155,699	123,863	116,592	110,405	121,099	143,067	140,032	153,522
Grants and contributions not restricted to specific programs:										
State of Maryland	8,553	9,165	8,847	6,954	9,655	8,823	9,423	9,686	9,063	9,210
Unrestricted investment earnings	17,547	43,777	13,953	5,688	1,098	966	1,077	1,416	1,096	749
Transfers	(500)	61	110	-	-	-	-	-	-	10,213
Total governmental activities	1,423,476	1,486,040	1,552,597	1,473,344	1,415,107	1,491,839	1,541,239	1,574,984	1,679,929	1,777,152
Business-type activities										
Unrestricted investment earnings	637	198	1,219	1,094	177	256	360	322	192	98
Transfers	500	(61)	(110)	-	-	-	-	-	-	(10,213)
Total business-type activities	1,137	137	1,109	1,094	177	256	360	322	192	(10,115)
Total primary government	\$ 1,424,613	\$ 1,486,177	\$ 1,553,706	\$ 1,474,438	\$ 1,415,284	\$ 1,492,095	\$ 1,541,599	\$ 1,575,306	\$ 1,680,121	\$ 1,767,037
Change in Net Position										
Governmental activities	\$ 175,601	\$ 81,552	\$ 54,551	\$ (64,120)	\$ (259,792)	\$ (114,889)	\$ (173,146)	\$ (76,253)	\$ (43,282)	\$ 67,788
Business-type activities	(14,392)	(21,061)	(8,624)	3,886	(21,518)	17,496	(42,497)	(34,810)	(40,248)	(92,341)
Total primary government	\$ 161,209	\$ 60,491	\$ 45,927	\$ (60,234)	\$ (281,310)	\$ (97,393)	\$ (215,643)	\$ (111,063)	\$ (83,530)	\$ (24,553)

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

	2006 *	2007 *	2008 *	2009 *	2010 *	2011	2012	2013	2014	2015
General Fund										
Nonspendable	\$ 4,468	\$ 4,061	\$ 5,431	\$ 5,911	\$ 5,906	\$ 6,942	\$ 7,109	\$ 6,772	\$ 5,574	\$ 6,998
Restricted	20,450	6,995	2,657	31,132	17,763	12,689	99,492	69,140	34,889	17,490
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	161,774	142,587	143,571	141,214	99,589	65,223	65,659	91,286	108,855	151,283
Unassigned	122,523	133,899	118,530	82,703	109,231	165,200	229,972	294,935	284,664	229,819
Total General Fund	309,215	287,542	270,189	260,960	232,489	250,054	402,232	462,133	433,982	405,590
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	13,083	10,333	10,925	14,108	17,835	21,365	22,161	21,770	18,667	31,285
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	9,602	166,138	8,860	22,816	5,926	7,184	4,699	14,365	16,058	20,789
Unassigned	(91,614)	(121,680)	(48,410)	(98,521)	(209,354)	(157,090)	(112,730)	(48,347)	(23,256)	(29,387)
Total all other governmental funds	\$ (68,929)	\$ 54,791	\$ (28,625)	\$ (61,597)	\$ (185,593)	\$ (128,541)	\$ (85,870)	\$ (12,212)	\$ 11,469	\$ 22,687
Total governmental funds	\$ 240,286	\$ 342,333	\$ 241,564	\$ 199,363	\$ 46,896	\$ 121,513	\$ 316,362	\$ 449,921	\$ 445,451	\$ 428,277

^a In FY 2007 the County transferred \$114.4 million and \$80 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.

^b 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)

	2006	2007	2008	2009	2010	2011 *	2012 *	2013*	2014*	2015*
General Fund										
Reserved for:										
Encumbrances	\$ 4,565	\$ 4,996	\$ 4,101	\$ 4,985	\$ 5,762	\$ 4,586	\$ 3,692	\$ 5,210	\$ 5,655	\$ 6,308
Inventories	4,468	4,061	5,431	5,911	5,906	6,942	7,109	6,772	5,574	6,998
Imprest funds	67	68	70	67	70	69	69	69	69	74
Equipment financing	20,450	6,995	2,657	31,132	17,763	12,689	99,260	68,821	34,441	16,904
Bond Escrow	-	-	-	-	-	-	232	319	448	586
Disputed taxes	-	-	-	-	-	-	-	-	-	25,427
Total reserved	29,550	16,120	12,259	42,095	29,501	24,286	110,362	81,191	46,187	56,297
Unreserved										
Designated for:										
Subsequent years expenditures	81,126	57,531	47,471	52,082	9,400	60,568	40,584	39,532	78,056	89,648
Retirement of long-term debt	-	-	8,986	-	-	-	21,314	46,475	25,075	29,826
Revenue stabilization	76,016	79,992	82,943	84,080	84,957	84,610	84,822	85,034	85,187	89,341
Undesignated	122,523	133,899	118,530	82,703	109,231	80,590	145,150	209,901	199,477	140,478
Total unreserved	279,665	271,422	257,930	218,865	202,988	225,768	291,870	380,942	387,795	349,293
Total General Fund	309,215	287,542	270,189	260,960	232,489	250,054	402,232	462,133	433,982	405,590
All other governmental funds										
Reserved	15,281	15,572	15,686	16,628	19,942	28,304	26,504	35,952	31,855	40,486
Unreserved, reported in:										
Special revenue funds ^{a,b}	7,404	160,899	4,099	20,296	3,819	245	356	183	2,870	4,911
Capital project funds	(91,614)	(121,680)	(48,410)	(98,521)	(209,354)	(157,090)	(112,730)	(48,347)	(23,256)	(22,710)
Total all other governmental funds	(84,210)	(56,781)	(38,711)	(78,225)	(205,535)	(156,845)	(86,174)	(18,064)	(20,386)	(17,800)
Total governmental funds	\$ 240,286	\$ 342,333	\$ 241,564	\$ 199,363	\$ 46,896	\$ 121,513	\$ 316,362	\$ 449,921	\$ 445,451	\$ 428,277

^a In FY 2007 the County transferred \$114.4 million and \$80 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 (APC) to an OPEB Trust Fund.

^b 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 - FY 2015 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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 1,364,725	\$ 1,441,828	\$ 1,499,041	\$ 1,518,367	\$ 1,414,149	\$ 1,448,849	\$ 1,545,610	\$ 1,605,959	\$ 1,645,650	\$ 1,703,481
Licenses and permits	5,161	4,690	4,545	4,171	3,648	4,480	5,867	5,933	30,585	30,747
Intergovernmental	188,216	197,088	201,079	215,211	170,515	186,868	187,089	182,690	177,093	194,620
Repayment of loans	4,538	3,571	3,810	2,490	2,450	3,990	1,695	2,954	2,978	3,042
Charges for services	13,958	38,897	13,502	12,882	14,104	17,923	18,365	19,775	23,670	26,035
Assessments	3,623	4,430	2,422	5,249	1,091	2,475	2,183	2,017	2,745	2,243
Fines and forfeitures	4,374	4,725	3,098	3,407	3,660	3,876	5,149	4,844	5,066	6,033
Interest revenue	12,199	42,643	10,520	3,780	1,085	852	1,015	1,847	1,428	952
Miscellaneous	23,396	19,824	25,317	22,175	24,049	32,468	27,042	30,316	33,704	43,265
Total revenues	1,620,190	1,757,696	1,763,334	1,787,732	1,634,751	1,701,781	1,794,015	1,856,335	1,922,919	2,010,418
Expenditures										
General government	67,271	69,845	73,556	74,504	73,972	76,667	74,636	112,682	113,669	112,732
Public safety	266,151	289,362	311,867	329,337	341,735	341,131	339,984	334,669	342,776	350,395
Public works	100,053	108,201	113,150	117,271	140,709	127,513	115,497	100,688	116,419	112,565
Health and human services	115,667	122,685	133,918	139,638	142,922	143,731	151,924	147,854	146,612	156,519
Culture and leisure services	20,876	22,852	24,707	25,960	26,999	26,771	27,050	19,777	20,307	20,983
Economic and community development	10,683	10,256	11,339	11,563	15,242	18,244	22,387	21,245	20,921	15,133
Pension plan contributions	31,190	35,968	40,778	46,446	53,156	53,795	58,985	320,818	71,791	95,585
Healthcare contributions	85,948	105,780	266,019	81,446	66,769	56,367	66,676	92,311	99,447	99,924
Loans	3,366	2,910	3,281	3,290	1,163	-	-	-	-	-
Miscellaneous	13,770	15,489	15,966	16,686	17,551	17,384	16,942	16,067	16,532	17,571
Capital projects	119,255	154,112	124,064	131,929	126,773	106,827	102,145	97,928	95,334	118,430
Payments to component units	731,291	829,109	828,488	823,229	882,459	857,010	895,901	864,835	911,309	947,156
Debt service:										
Principal retirement	39,781	40,493	45,418	40,981	46,030	48,149	50,765	54,543	59,631	68,647
Interest	21,561	22,770	23,157	25,108	24,213	28,454	32,133	36,774	49,256	45,664
Fiscal charges	501	849	635	1,027	1,216	2,413	2,051	3,517	1,250	3,150
Total expenditures	1,627,364	1,830,681	2,016,343	1,868,415	1,960,909	1,906,456	1,957,076	2,223,708	2,065,454	2,164,454
Deficiency of revenues over expenditures	(7,174)	(72,985)	(253,009)	(80,683)	(326,158)	(204,675)	(163,061)	(367,373)	(142,535)	(154,036)

(continued)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other financing sources (uses)										
Bonds issued	-	111,000	140,000	-	174,970	267,000	170,000	449,290	140,000	116,000
Bond premium	-	5,293	9,150	-	725	12,041	26,285	36,013	20,659	44,998
Bond discount	-	-	(2,002)	-	-	-	-	-	-	-
Bond anticipation notes issued	-	90,000	140,000	35,000	-	70,050	235,100	193,000	116,000	112,000
Bond anticipation notes premium	-	-	-	-	-	-	3,307	1,967	-	-
Refunding bonds issued	-	-	-	73,020	-	13,565	-	94,080	39,530	-
Bond premium - refunding	-	-	-	8,151	-	1,387	-	16,228	-	117,365
Certificates of participation issued	-	-	-	34,700	-	-	78,430	-	-	-
Refunding certificates of participation issued	-	-	-	-	-	-	-	11,830	-	-
Certificates of participation premium	-	-	-	1,723	-	-	14,259	786	-	-
Installment purchase agreement	-	-	-	-	-	-	320	-	-	-
Mortgage	3,784	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	12,946	6,088	-
Auction rate notes refunding	-	-	-	(35,000)	-	-	-	-	-	-
Bond anticipation notes refunding	-	(111,000)	(140,000)	-	-	(70,050)	(170,000)	(193,000)	(140,000)	(116,000)
Sale of capital assets	-	-	-	-	-	-	-	-	(44,190)	(137,501)
Payment to refunding escrow agent	-	-	-	(80,850)	-	(14,879)	-	(122,342)	-	-
Transfers in	132,424	347,855	158,675	165,168	158,907	61,265	10,866	36,366	71,776	87,684
Transfers out	(128,536)	(268,116)	(155,585)	(163,430)	(158,909)	(61,087)	(10,657)	(36,232)	(71,798)	(87,684)
Total other financing sources	7,672	175,032	152,240	38,482	173,691	279,292	357,910	500,932	138,065	136,862
Net change in fund balances	\$ 498	\$ 102,047	\$ (100,769)	\$ (42,201)	\$ (152,467)	\$ 74,617	\$ 194,849	\$ 133,559	\$ (4,470)	\$ (17,174)
Debt service as a percentage of noncapital expenditures	4.06%	3.73%	3.61%	3.80%	3.83%	4.33%	4.42%	4.30%	5.49%	5.58%

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
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
2013	1,701,812	380,942	22.4	85,034	209,901	17.3
2014	1,750,110	387,795	22.2	85,187	199,477	16.3
2015	1,820,656	349,367	19.2	89,341	140,478	12.6

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 \$85.187 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
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
2013	1,605,959	4,970	37,717	10,378	4,844	29,419	8,525	1,701,812
2014	1,645,650	4,925	43,473	11,118	5,066	30,966	8,912	1,750,110
2015	1,703,481	5,306	43,739	12,544	6,033	39,173	10,380	1,820,656

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	Taxes (1)	
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	
2013	1,605,959	853,860	624,060	128,039	
2014	1,645,650	853,317	667,924	124,409	
2015	1,703,481	870,115	696,335	137,031	

(1) Fiscal year 2015 other local taxes include: title transfer tax - \$63.025 million, recordation tax - \$28.446 million, electricity - \$14.707 million, telephone tax - \$9.097 million, admissions and amusement tax - \$5.486 million, motel and hotel occupancy tax - \$9.619 million, 911 fee - \$6.110 million and auto trailer camp tax - \$0.541 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	Non-Departmental (1)		Payments to Component Units	Interfund Transfers	Total
								Departmental	Non-Departmental			
2006	62,083	255,462	97,276	31,771	19,002	1,708	61,718	135,403	679,650	119,105	1,463,178	
2007	66,769	275,431	106,890	33,263	20,416	1,776	63,893	68,514	703,313	264,441	1,604,706	
2008	74,202	304,400	112,962	35,468	22,410	1,758	68,990	166,824	713,750	153,696	1,654,460	
2009	74,811	321,064	117,197	36,521	24,014	2,022	66,655	144,553	743,667	145,719	1,676,223	
2010	75,026	327,432	136,389	37,993	24,681	2,104	70,784	138,157	770,486	40,550	1,623,602	
2011	76,761	330,042	126,883	37,537	23,622	1,889	77,221	127,467	766,829	9,938	1,578,189	
2012	73,710	330,137	116,079	37,595	23,812	1,419	78,370	142,789	775,282	7,390	1,586,583	
2013	102,135	323,636	89,235	34,311	16,684	1,295	81,835	174,216	795,428	20,590	1,639,365	
2014	103,973	324,374	104,495	34,837	17,289	1,170	95,922	187,839	821,274	32,233	1,723,406	
2015	109,697	334,171	110,129	36,448	17,940	1,015	109,664	213,177	849,915	57,297	1,839,453	

(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)						Total Personal Property	Total Taxable Assessed Value (1)	Estimated Actual Value	Total Direct Rate (2)
	Residential Property	Commercial Property	Total Real Property	Railroad/Utility Property	Other Business Property	Total Personal Property				
2006	42,299,963	10,894,155	53,194,118	1,291,619	1,619,851	2,911,470	56,105,588	56,105,588	1.202	
2007	48,631,721	11,407,441	60,039,162	1,351,599	1,715,999	3,067,598	63,106,760	63,106,760	1.181	
2008	56,863,450	12,482,221	69,345,671	1,255,594	1,812,240	3,067,834	72,413,505	72,413,505	1.170	
2009	62,317,297	16,565,357	78,882,654	1,257,017	1,860,511	3,117,528	82,000,182	82,000,182	1.163	
2010	67,285,085	18,977,845	86,262,930	1,225,048	1,885,528	3,110,576	89,373,506	89,373,506	1.162	
2011	66,400,696	19,833,974	86,234,670	1,241,027	1,703,753	2,944,780	89,179,450	89,179,450	1.155	
2012	61,900,847	19,547,635	81,448,482	1,229,659	1,794,683	3,024,342	84,472,824	84,472,824	1.159	
2013	58,402,524	19,467,508	77,870,032	1,271,351	1,753,389	3,024,740	80,894,772	80,894,772	1.161	
2014	56,661,374	18,887,124	75,548,498	1,245,132	1,741,590	2,986,722	78,535,220	78,535,220	1.162	
2015	55,714,387	19,575,325	75,289,712	1,306,763	1,716,549	3,023,312	78,313,024	78,313,024	1.164	

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**

Fiscal Year	County Direct Rates		
	Real	Personal	Total (a)
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
2013	1.100	2.7500	1.161
2014	1.100	2.7500	1.162
2015	1.100	2.7500	1.164

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)**

2015		2006	
Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value
BGE	973,284,987	BGE	900,289,812
Verizon	256,214,600	Verizon	368,753,690
Wal Mart	187,079,300	Merritt Mgt Corp	273,438,024
Comcast	84,035,480	TRP Suburban	107,969,287
Home Properties	203,883,967	Towson Town Center	146,182,999
Towson Town Center	259,975,940	Oak Campus Partners LLC	144,550,160
Sparrows Point Terminal LLC	165,008,300	Nottingham Properties	128,417,277
TRP Suburban	144,991,437	Maryland Health & High Education	127,018,400
White Marsh Mall	143,198,893	Wal Mart	110,680,982
Maryland Health & High Education	140,206,854	Comcast	46,957,820
	<u>\$ 2,557,879,758</u>		<u>\$ 2,354,258,451</u>
	Percentage of Total Taxable Assessed Value		Percentage of Total Taxable Assessed Value
	1.24%		1.60%
	0.33%		0.66%
	0.24%		0.49%
	0.11%		0.19%
	0.26%		0.26%
	0.33%		0.26%
	0.21%		0.23%
	0.19%		0.23%
	0.18%		0.20%
	0.18%		0.08%
	<u>3.27%</u>		<u>4.20%</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
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	(2,925)	846,634	841,983	3,398	845,381	99.8
2013	854,900	(1,560)	853,340	851,115	895	852,010	99.8
2014	858,621	(3,217)	855,404	854,254	357	854,612	99.5
2015	872,635	(1,757)	870,878	869,303	2,698	872,271	99.9

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 (2)	Per Capita (2) (3)
	General Obligation Debt (1)	Certificates of Participation (1)	Purchase Agreements	Loan Payable	General Obligation Debt (1)	Certificates of Participation (1)	Purchase Agreements	Total Primary Government			
2006	738,324	71,894	29	3,755	442,787	3,377	-	1,260,166	3.40	1,587.64	
2007	788,682	61,486	-	3,681	544,090	2,955	-	1,400,894	3.62	1,759.76	
2008	887,695	48,896	-	3,601	739,080	2,533	-	1,681,805	4.20	2,105.81	
2009	835,146	79,090	-	3,515	710,512	4,192	-	1,632,455	4.24	2,035.97	
2010	951,250	71,008	-	3,422	782,702	3,561	-	1,811,943	4.56	2,248.17	
2011	1,168,253	62,586	-	3,321	882,556	2,930	-	2,119,646	5.11	2,617.04	
2012	1,348,019	146,016	-	-	1,003,942	7,264	-	2,505,241	5.78	3,079.37	
2013	1,759,768	134,490	-	12,946	1,032,220	6,522	-	2,945,946	6.79	3,601.43	
2014	1,805,692	118,209	-	18,993	1,085,389	5,361	-	3,033,644	6.68	3,669.21	
2015	1,735,387	96,425	-	14,496	1,116,111	4,200	-	2,966,619	6.23	3,574.70	

(1) Presented net of original issuance discounts and premiums

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

(3) Expressed in dollars

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

Fiscal Year	Estimated Population (1)	Estimated Actual Value of Real & Personal Property	GO Debt (2)	Less: Amounts Available in Escrow for Debt Service (3)	Net GO Debt	Percent of Net GO Debt to	
						Estimated Actual Value of Property	GO Debt per Capita (4)
2006	793,733	56,105,588	1,181,111	-	1,181,111	2.11	1,488.05
2007	796,073	63,106,760	1,332,772	-	1,332,772	2.11	1,674.18
2008	798,651	72,413,505	1,626,775	-	1,626,775	2.25	2,036.90
2009	801,808	82,000,182	1,545,658	-	1,545,658	1.88	1,927.72
2010	805,964	89,373,506	1,733,952	-	1,733,952	1.94	2,151.40
2011	809,941	89,179,450	2,050,809	-	2,050,809	2.30	2,532.05
2012	813,556	84,472,824	2,351,961	232	2,351,729	2.78	2,890.68
2013	817,993	80,894,772	2,791,988	319	2,791,669	3.45	3,412.83
2014	826,784	78,535,220	2,891,081	448	2,890,633	3.68	3,496.24
2015	832,050	78,313,024	3,014,884	586	3,014,298	3.85	3,622.74

Notes:

- (1) U.S. Bureau of the Census, Population Estimates Branch
- (2) This is the general obligation debt of both governmental and business-type activities, net of original issuance discounts and premiums
- (3) The County has resources restricted to repaying the principal of outstanding debt.
- (4) Expressed in dollars

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Consolidated Public Improvement (CPI)										
General Obligation Debt										
Assessed value										
Real property	\$ 53,194,118	\$ 60,039,162	\$ 69,345,671	\$ 78,882,654	\$ 86,262,930	\$ 86,234,670	\$ 81,448,482	\$ 77,870,032	\$ 75,548,498	\$ 75,289,712
Personal property	2,911,470	3,067,598	3,067,834	3,117,528	3,110,576	2,944,780	3,024,342	3,024,740	2,986,722	3,023,312
Total assessed value	56,105,588	63,106,760	72,413,505	82,000,182	89,373,506	89,179,450	84,472,824	80,894,772	78,535,220	78,313,024
Debt limit (4% of total assessed value) (2)	5,610,559	2,524,270	2,896,540	3,280,007	3,574,940	3,567,178	3,378,913	3,235,791	3,141,409	3,132,521
Debt applicable to limit:										
Consolidated public improvement bonds	473,140	550,070	651,290	574,235	702,565	918,085	1,036,500	1,161,100	1,235,730	1,274,405
Pension liability funding	76,195	67,755	59,110	46,140	38,885	31,805	24,735	274,010	267,085	249,082
CPI commercial paper notes	161,000	140,000	140,000	175,000	174,900	174,900	240,000	240,000	216,000	211,900
Total debt applicable to debt limit	710,335	757,825	850,400	795,375	916,350	1,124,790	1,301,235	1,675,110	1,718,815	1,735,387
Legal debt margin	\$ 4,900,224	\$ 1,766,445	\$ 2,046,140	\$ 2,484,632	\$ 2,658,590	\$ 2,442,388	\$ 2,077,678	\$ 1,560,681	\$ 1,422,594	\$ 1,397,134
Metropolitan District General Obligation Debt										
Assessed value (1)										
Real property	\$ 46,572,148	\$ 52,712,637	\$ 61,053,861	\$ 69,372,971	\$ 75,606,965	\$ 76,836,626	\$ 72,056,007	\$ 68,888,892	\$ 67,005,625	\$ 64,936,021
Personal property	2,549,031	2,693,261	2,701,006	2,741,695	2,726,330	2,623,851	2,675,581	2,675,882	2,648,990	2,607,552
Total assessed value	49,121,179	55,405,898	63,754,867	72,114,666	78,333,295	79,460,477	74,731,588	71,564,774	69,654,615	67,543,573
Debt limit (3.2% of total assessed value) (3)	3,929,694	1,772,989	2,040,156	2,307,669	2,506,665	2,542,735	2,391,411	2,290,073	2,228,948	2,161,394
Debt applicable to limit:										
Metropolitan District (MD) bonds	394,304	475,035	662,041	585,648	658,837	750,917	822,490	850,645	875,708	928,611
MD commercial paper notes	39,000	60,000	60,000	106,600	106,500	106,500	160,000	160,000	183,800	187,500
Total debt applicable to debt limit	433,304	535,035	722,041	692,248	765,337	857,417	982,490	1,010,645	1,059,508	1,116,111
Legal debt margin	\$ 3,496,390	\$ 1,237,954	\$ 1,318,115	\$ 1,615,421	\$ 1,741,328	\$ 1,685,318	\$ 1,408,921	\$ 1,279,428	\$ 1,169,440	\$ 1,045,283

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.
- * The County has \$0.586 million restricted to repaying the principal of outstanding debt as of June 30, 2015.

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)	Median Age (3)	Education		Unemployment Rate (5)
					Level in Years of Formal Schooling (3)	School Enrollment (4)	
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
2013	817,993	43,356,172	53,003	39.2	15.4	107,033	7.3
2014	826,784	45,392,095	54,902	39.2	15.4	108,376	6.5
2015	832,050	47,605,203	57,363	39.2	15.3	109,984	5.9

Notes:

- (1) U.S. Bureau of the Census, Population Estimates Branch. Total Personal income growth rate estimated at 3.17% for FY 2012 and 1.88% for FY 2013.
- (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 2.63% for FY 2012 and 1.41% FY 2013.
- (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**

	2015		2006	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
Employer				
Baltimore County Public Schools	14,625	4.04	14,119	3.38
Social Security Administration/CMS	14,235	3.93	9,800	2.34
Baltimore County Government	7,983	2.21	8,173	1.95
T. Rowe Price Associates, Inc.	4,200	1.16	3,331	0.80
Greater Baltimore Medical Center	3,900	1.08	2,968	0.71
Towson University	3,476	0.96	2,800	0.67
Franklin Square Hospital	2,829	0.78	2,530	0.60
McCormick & Company, Inc.	2,132	0.59	2,498	0.60
UMBC	2,017	0.56	2,300	0.55
Sheppard Pratt Health Systems	1,913	0.53	2,098	0.50
Total	57,310	15.84	50,617	12.10

Source: Baltimore County Department of Economic Development

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL GOVERNMENT										
County Executive	15	15	15	15	15	14	14	14	14	14
Administrative Office	24	24	24	23	23	23	13	13	13	13
Office of Budget and Finance	143	151	151	163	160	184	132	122	123	124
Office of Law	46	34	33	32	32	30	39	37	33	33
Planning & Community Conservation	50	50	51	49	50	49	49	42	41	44
Office of Human Resources	34	34	32	33	33	32	34	31	33	44
Permits, Approvals and Inspections	215	222	223	224	223	188	202	182	184	186
Property Management	-	-	-	-	-	-	-	315 *	291	288
County Council	38	37	37	37	37	37	37	36	36	36
County Auditor	19	19	19	19	19	19	19	19	18	18
Board of Appeals	10	10	10	10	10	10	9	9	9	9
Information Technology	145	148	148	176	186	186	186	173	173	204
Internal Service Funds	62	59	59	59	59	59	59	55	53	50
HEALTH & HUMAN SERVICES										
Department of Health	558	555	552	550	533	531	526	524	521	541
Social Services	202	199	206	205	213	214	237	190	185	185
Social Services - State	17	17	17	16	12	12	12	12	12	10
Department of Aging	338	338	330	332	332	331	322	285	285	283
Environmental Protection and Sustainability	116	116	116	119	119	119	89	79	97	95
Local Management Board	8	8	9	9	10	7	5	5	5	3
Housing Office	67	67	60	60	60	59	64	49	49	48
RECREATION & COMM. SERV.										
Recreation & Parks	311	347	325	333	336	315	329	191	190	189
Economic Development	20	20	19	19	21	21	16	11	11	11
Community Development Block Grants	27	27	26	25	31	30	27	29	28	27
Workforce Development	31	28	29	32	49	45	48	44	44	46
Organization Contributions	1	1	1	1	2	-	-	-	-	-
PUBLIC WORKS	1,150	1,160	1,173	1,179	1,181	1,181	1,128	867	867	865
SUBTOTAL	3,647	3,686	3,665	3,720	3,746	3,696	3,596	3,334	3,315	3,366

(continued)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PUBLIC SAFETY										
Department of Corrections	435	444	471	472	472	473	470	462	463	463
Communications Center	192	193	193	192	187	187	186	186	186	190
Police Department	2,527	2,550	2,566	2,564	2,590	2,575	2,534	2,524	2,531	2,519
Fire Department	1,083	1,083	1,083	1,098	1,091	1,090	1,082	1,062	1,062	1,062
SUBTOTAL	4,237	4,270	4,313	4,326	4,340	4,325	4,272	4,234	4,242	4,234
STATE MANDATED AGENCIES										
Circuit Court	92	97	98	98	100	100	89	89	89	91
Orphan's Court	4	4	5	5	5	5	5	5	5	5
Board Of Elections	15	15	14	14	14	14	14	12	12	12
Board Of Elections - State	26	26	26	26	26	26	26	26	26	26
State's Attorney	114	118	120	123	124	124	122	120	120	120
County Sheriff	94	100	100	100	104	104	104	99	95	95
Liquor License Commission	26	26	26	25	25	25	24	24	24	24
Cooperative Extension	2	2	2	2	2	2	2	2	2	2
Cooperative Extension - State	10	10	8	8	8	8	8	8	8	8
SUBTOTAL	383	398	399	401	408	408	394	385	381	383
EDUCATION, COMMUNITY										
COLLEGE & LIBRARY										
Community College	1,754	1,745	1,711	1,777	1,795	1,974	2,060	2,040	1,976	1,936
Education	14,286	14,399	14,472	14,757	14,537	14,606	14,327	14,342	14,472	14,626
Library	474	475	477	483	489	495	492	521	522	478
SUBTOTAL	16,514	16,619	16,660	17,017	16,821	17,075	16,879	16,903	16,970	17,040
TOTAL	24,781	24,973	25,037	25,464	25,315	25,504	25,141	24,856	24,908	25,023

Source: Baltimore County Office of Budget and Finance Budget Documents

* Organizational shift in personnel with the majority of employees coming from the Department of Public Works and Recreation and Parks.

Baltimore County, Maryland
Operating Indicators by Function
Fiscal Years 2005 - 2014

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
CIRCUIT COURT										
Cases and Appeals Filed										
Civil	18,408	17,718	19,630	20,000	18,606	19,885	15,924	16,443	17,116	18,008
Criminal	6,588	8,274	8,125	8,250	9,290	10,211	10,648	10,751	10,536	10,159
Juvenile	3,726	4,244	4,566	4,750	3,872	3,852	3,495	3,362	3,452	2,980
Custody Mediation & Investigations	675	755	721	750	697	783	827	815	816	859
OFFICE OF STATE'S ATTORNEY										
Defendants Disposed										
Circuit Court	9,436	9,450	8,200	8,366	9,324	10,388	10,790	10,978	10,838	10,314
District Court	49,116	51,000	47,475	46,786	48,718	53,709	52,863	52,562	53,682	55,613
Juvenile Respondents	4,045	4,100	3,375	3,426	3,865	3,244	2,941	3,465	3,384	3,312
Felonies Screened	4,315	4,350	3,950	4,009	4,194	4,132	3,942	4,119	4,034	4,043
POLICE DEPT. (calendar year)										
Calls for Service	586,669	599,818	590,341	618,713	626,783	604,706	579,614	564,898	609,026	571,436
Patrol Car Posts	115	118	118	118	118	118	118	118	118	118
FIRE DEPT. (calendar year)										
Fire Calls	26,281	27,721	28,529	29,012	29,196	30,175	31,197	29,939	30,084	53,211
Medical Calls	98,924	97,084	104,329	107,374	84,450	86,844	87,454	91,083	95,724	103,557
DEPT. OF PERMITS & DEV. MGT.										
Inspections										
Plumbing Code	36,842	36,800	33,776	32,468	24,298	21,534	20,090	22,135	23,286	29,509
Electrical Code	33,593	33,500	33,920	33,101	31,045	25,466	30,572	26,477	24,741	28,428
Building	42,815	42,800	36,173	35,958	28,422	26,693	26,276	25,872	24,722	24,587
Business & Amusement License Enforcement	7,800	6,600	9,000	9,000	7,800	8,400	8,400	8,400	8,400	5,400
Applications, Permits and Licenses Building, Electrical & Plumbing Permits	40,100	43,008	84,953	106,192	39,852	38,200	37,090	36,080	36,107	41,758
Electrical Licenses	34,206	36,696	31,036	26,900	20,331	21,174	21,835	22,480	23,286	28,155
Plumbing Licenses	3,150	3,280	1,460	1,100	3,832	3,934	4,134	4,201	4,329	4,204
Animal Licenses	2,683	2,780	2,775	2,800	2,712	2,758	2,850	2,949	3,002	108
Miscellaneous Permits	19,770	18,570	21,730	23,000	21,427	18,672	18,000	18,000	18,000	13,000
BUREAU OF CORRECTIONS										
Prisoner Days (daily population x 365 days)	9,300	8,642	8,520	14,550	7,232	7,003	7,000	8,806	8,900	8,391
COUNTY SHERIFF										
Prisoners Transported	411,152	455,885	491,930	529,980	510,905	502,014	508,473	530,122	518,300	472,373
Summons, Writs Served	11,799	11,850	19,318	24,000	18,580	19,029	22,518	24,356	25,300	20,855
DEPT. OF SOCIAL SERVICES										
Average Caseload	48,320	50,000	43,941	47,216	41,103	43,855	40,687	42,362	45,000	44,213
Temporary Cash Assistance	2,215	2,365	2,064	2,027	2,073	2,304	2,919	3,163	3,149	2,962
Transitional Emergency Assist.	2,045	2,200	1,047	1,017	1,052	1,225	1,408	1,333	1,293	1,798
Section 8 Housing Units Served	68,568	68,568	69,540	66,914	69,235	66,186	71,688	72,288	73,188	73,488

(continued)

Baltimore County, Maryland
Operating Indicators by Function
Fiscal Years 2005 - 2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
COMMUNITY COLLEGE										
Equivalent Full Time Students	17,199	17,622	17,108	17,005	16,380	20,137	20,966	20,894	19,883	19,628
DEPARTMENT OF AGING										
Senior Centers Registered Membership	15,185	15,450	16,685	15,547	14,491	14,991	16,477	17,600	18,000	19,038
County Ride Trips	47,898	48,855	65,227	64,719	67,142	65,720	66,686	68,225	70,229	40,963
Congregate Meals	200,472	205,000	190,079	179,986	168,476	193,091	131,096	140,508	156,038	120,215
DEPARTMENT OF HEALTH										
Center Based Services Visits	12,700	13,000	11,753	11,058	10,522	13,231	13,019	12,894	12,680	11,829
W.I.C. Nutrition Program Visits	53,000	53,000	58,596	59,500	72,530	75,584	79,359	80,089	75,000	78,636
Home Health Visits	7,363	8,100	8,500	8,500	12,953	11,477	10,466	10,290	10,444	10,270
Animal Control Calls for Service	62,411	63,000	58,179	60,924	54,756	57,070	54,730	41,305	42,000	42,000
DEPT. OF EDUCATION										
Student Enrollment	108,015	107,386	106,182	104,988	103,643	103,832	104,331	105,315	106,885	108,376
Number of Pupils Transported	69,753	70,106	62,904	65,194	62,231	72,818	70,142	70,300	70,300	71,431
BOARD OF LIBRARY TRUSTEES										
Books in Library	1,643,714	1,656,515	1,546,231	1,554,270	1,629,143	1,718,261	1,678,782	1,805,836	1,800,000	1,917,385
Circulation of Materials	9,526,920	9,327,983	9,147,294	9,579,090	10,217,972	10,130,476	10,507,820	10,577,067	10,437,437	11,287,133
Requests for Information	1,752,709	1,995,709	1,948,470	1,992,338	1,966,948	1,951,241	2,115,860	1,984,668	1,984,668	1,513,434
DEPT. OF PUBLIC WORKS										
Highways										
Miles of Road Paved	2,620	2,627	2,646	2,652	2,656	2,666	2,678	2,680	2,684	2,689
Miles of Streets Swept	7,160	6,400	6,235	3,812	4,047	3,777	3,397	3,800	3,800	3,861
Solid Waste										
Refuse Collection Units Served	322,460	324,504	326,555	327,277	327,959	328,325	328,918	329,688	330,213	331,287
Tons of Refuse Collected	376,835	378,154	370,048	375,000	342,896	347,010	342,557	340,835	341,000	348,730
Traffic Engineering										
Signs Installed and Repaired	8,550	9,500	9,695	11,000	12,200	8,500	13,500	14,464	15,500	10,960
Signals and Flashers Maintained	388	392	395	397	399	403	403	404	406	406
Number of Street Lights	40,117	40,400	40,870	41,100	41,161	41,279	41,448	41,546	41,650	41,788
Utilities										
Miles of Sanitary Sewer Lines	3,087	3,100	3,060	3,077	3,085	3,137	3,142	3,149	3,145	3,160
Miles of Water Main	1,950	2,010	2,055	2,129	2,080	2,105	2,109	2,107	2,108	2,139
Miles of Storm Drain Lines	810	815	833	853	866	844	902	899	900	1,393
RECREATION AND PARKS										
Community Center Participants	343,724	348,900	380,900	403,278	423,641	319,400	299,089	275,462	280,000	208,159
Attendance:										
Beaches	47,975	49,318	49,451	55,000	55,715	58,454	57,900	41,392	42,000	46,120
Lodge	168,627	172,689	172,375	176,000	172,913	171,533	176,366	186,696	188,000	167,204
Fishing Center	30,590	30,590	28,873	30,000	27,240	26,647	23,561	27,888	28,000	23,704

Source: Baltimore County Office of Budget and Finance Budget Documents

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

Function	2006	2007	2008	2009	2010	2011	2012	2013*	2014	2015
Public safety										
Police stations	9	10	10	10	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)	2,635	2,646	2,659	2,664	2,674	2,676	2,679	2,684	2,684	2,691
Streetlights	40,000	40,100	41,000	41,100	42,000	42,000	42,000	42,020	42,100	42,240
Traffic signals	392	396	397	400	401	401	401	401	401	401
Utilities										
Water mains (miles)	2,010	2,035	2,055	2,080	2,105	2,109	2,107	2,109	2,110	2,112
Fire hydrants	11,925	12,082	12,217	12,410	12,660	13,260	13,295	13,347	13,357	13,370
Sanitary sewers (miles)	3,105	3,100	3,078	3,084	3,137	3,142	3,148	3,151	3,153	3,160
Storm drains (miles)	820	833	853	866	884	902	899	1,416	1,423	1,423
Solid waste										
Citizen drop-off centers	3	3	3	3	3	3	3	3	3	3
Culture and leisure										
Parks acreage	15,906	15,304	15,501	15,779	16,149	16,435	16,641	16,743	16,797	16,873
Recreation centers	161	188	192	195	199	202	205	205	205	206
Health and human services										
Senior centers	18	19	19	19	19	19	20	20	20	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
 * The large increase in storm drain pipe miles is due to this being the first year using the GIS as a data source.