



Baltimore County Maryland

**Comprehensive Annual Financial Report
For The
Fiscal Year Ended June 30, 2010**

Baltimore County, Maryland



Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2010

Prepared By The Office Of Budget and Finance

INTRODUCTORY



SECTION

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BALTIMORE COUNTY, MARYLAND
FOR THE YEAR ENDED JUNE 30, 2010
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KEVIN KAMENETZ
County Executive

KEITH DORSEY, Director
Office of Budget and Finance

December 21, 2010

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, 2010 is submitted herewith in accordance with the requirements of Section 516 of the Baltimore County Charter. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data as presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds, and that all disclosures are included that are necessary to enable the reader to gain the maximum understanding of the County's financial affairs.

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

The County's financial statements have been audited by Clifton Gunderson LLP, Independent Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the County's financial statements for the fiscal year ended June 30, 2010 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, 2010, 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.

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www.baltimorecountymd.gov

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

PROFILE OF THE COUNTY

The Reporting Entity And Its Services

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

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

Adopted Budget

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

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management. A budget-to-actual comparison is provided for the General Fund on page 19 as part of the basic financial statements for the governmental funds. Additional information regarding the County's budget can be found in Note 1 of the notes to the basic financial statements and in schedules provided in the other supplementary information section.

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

INFORMATION USEFUL IN ASSESSING THE GOVERNMENT'S ECONOMIC CONDITION

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

Economic Condition

The County is situated in the geographic center of Maryland, surrounding the City of Baltimore almost entirely. The County is the largest jurisdiction in a metropolitan area with a population in excess of 2.6 million. The City of Baltimore and the County are entirely separate political units.

The County has the third largest land area of any political subdivision in the State of Maryland. Within its 612 square miles (plus an additional 28 square miles of water with over 175 miles of shoreline) are situated at least 29 identifiable, unincorporated communities which, as of 2000, ranged in population from approximately 4,300 to 63,000. The County's overall population grew 14% from 692,134 in 1990 to 789,618 in 2009. 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 consistently report job stability and growth despite economic downturns, are well represented in the County by five regional medical centers and five major colleges and universities. BD Diagnostic Systems shares a zip code with one of the largest concentrations of computer game developers on the East Coast. Headquarters for the Social Security Administration and Centers for Medicare and Medicaid Services and a corps of IT contractors form the Woodlawn Federal Center, the epicenter of national health care reform implementation. Major operations of T. Rowe Price, Toyota Financial Services, Euler Hermes, Zurich America, Baltimore Life, and Bank of America form a powerful finance-insurance community. Manufacturing holds its place with General Motors, McCormick, Stanley Black & Decker, AAI, Severstal Sparrows Point, and Procter & Gamble.

New Business and Real Estate Activity

From January 2010 through June 2010, the County worked directly with more than 100 business prospects resulting in the relocation of new companies and expansion of existing businesses. The following highlights some of the most recent activity:

Saft America Inc., the U.S. leader in lithium ion batteries research and development has leased an additional 20,000 square feet to deliver high power lithium batteries to Boeing for on-board satellite use. The company added 40 new jobs to the County, bringing their total employee count to 175. They are expecting additional contracts for this alternative and renewable energy product.

Zynga, a San Francisco based online-gaming company is opening their East Coast Headquarters in a 3,200 square foot office in Timonium. Zynga expects to hire 15 to 25 employees in the next year.

State Auto Insurance, an Ohio based auto insurance firm has opened their Eastern Regional District Office in Hunt Valley. State Auto will have 72 positions in their 17,112 square foot facility on North Park Drive.

Mastix Medica, a pharmaceutical delivery products manufacturer has been purchased and expanded on 10711 Gilroy Road in Hunt Valley. Mastix expects to employ 45 in the next year as their business orders increase in the 28,000 square foot manufacturing facility.

Firaxis Games, a digital media gaming company has moved into their new Corporate Headquarters in Loveton Circle complex in Sparks. The redeveloped 31,000 square foot game development center won architectural awards. Firaxis employs 70 in the new facility.

Carroll Fuels Service, an independent full service fuels dealer, has purchased a new 40,000 square foot Corporate Headquarters in Hunt Valley. Carroll employs 75 and will continue their expansion.

Gill-Simpson, an electrical construction services firm is building their new Corporate Headquarters on Red Run Boulevard in Owings Mills. The new 40,000 square foot Class A office building is the first of three multi-story offices to be developed on the new site. Gill Simpson will employ 80 within the next two years.

Mini of Baltimore County, recently opened the world's second largest Mini dealership on Reisterstown Road. The auto sales and service dealership employs 40 in the new facility.

Zurich American Insurance Company is moving its Baltimore area operations to the County, bringing approximately 325 employees to Red Brook Corporate Center in Owings Mills.

Lockheed Martin Information Systems & Global Technology opened their sixth facility in Woodlawn, adding 160 new jobs. The expansion brings their total County employment to 1,500.

GM Powertrain is expanding its current manufacturing operations in White Marsh to include capacity for developing and manufacturing global rear-drive electric motors. GM plans to invest over \$200 million in the project and will hire an additional 189 employees. In addition to the U.S. Department of Energy, funding from the County and the State of Maryland assisted in this expansion.

Middle River Aircraft Systems, a part of GE aviation is adding 200 new jobs at its facility in eastern Baltimore County. The new jobs will support the development and manufacturing of the engine thrust reverser for the Boeing 747-8 commercial aircraft.

BP Lubricants is adding additional tank capacity to reduce energy costs and production time. They will be investing \$3.5 million in the project and doubling their current employment.

Social Solutions Inc., a developer of software to track the effectiveness of nonprofit programs, moved to the County. The technology firm will occupy 17,000 square feet of office space at Baltimore Crossroads @95. The company plans to double its 85-person work force over the next 18 months.

Atradius Trade Credit Insurance, Inc., one of the world's largest credit insurers, is moving its U.S. headquarters from White Marsh to Schilling Green in Hunt Valley.

KCI Technologies, an engineering, transportation, telecommunication, and environmental services firm, has moved its corporate headquarters to a new green building in the Highlands Office Park in Sparks.

Six new companies have opened or moved to bwtech@UMBC, the University of Maryland Baltimore County's business incubator and accelerator: StormCenter Communications specializes in weather and climate communications technologies that enable weather and climate visualization and collaboration for NOAA's National Weather Service, FEMA and other civilian purposes. Pearl Life Science Partners is developing a platform that uses a modified viral particle vaccine technology to increase the efficacy of vaccines. Quantum Medical Metrics is developing an advanced dual energy x-ray imaging system that can measure bone strength using three-dimensional engineering analysis. Amidus, a consultancy offering marketing and technology services, is focusing on creating personalized experiences at conferences and business events. Science Systems and Applications' Calibration and Validation Office evaluates ocean data from satellites and field operations under contract for NASA and other government agencies. Premier Management Corporation is working in collaboration with UMBC to develop cyber security technologies that detect vulnerabilities and prevent Internet attacks against federal government computer systems.

The Maryland Clean Energy Center Technology Incubator Network opened its first site at bwtech@UMBC. The program provides affordable space and assistance with business plans, marketing, and management of intellectual property for start-up companies that are focused on a clean or renewable energy product, service or technology.

Corporate Office Properties Trust (COPT), a publicly traded real estate investment trust (REIT) acquired the commercial/office portfolio of Nottingham Properties. Nottingham Ridge, an 89-acre site with excellent visibility from I-95, is COPT's premier County site. COPT plans to develop the site as a Planned Unit Development (PUD) consisting of 1,250 residential units in multi-family/mixed use buildings, 1,290,000 square feet of general office space, 311,000 square feet of retail, 500 hotel rooms in multiple buildings, 82,500 square feet of restaurant space and 10,000 square feet of conference space. The PUD concept plan has been approved by the Planning Board and the project is currently in the County's development review process. The project is planned in three phases and the market will determine the construction timeline.

Federal Express has moved to a new \$20 million, 125,000 square foot facility in Halethorpe to support its Fed Ex Ground and Fed Ex Home Delivery business units. The facility has a total of 85 employees, 48 of which represent new jobs.

Arginetix, a Lutherville biopharmaceutical company, has secured \$10 million in venture capital. The financing will advance development of therapeutic arginase inhibitors for cardiovascular, respiratory and other human diseases.

Commercial Revitalization

From January 2010 to July 2010, the Commercial Revitalization Program assisted 20 development projects. The County provided \$705,000 in financing and four Commercial Revitalization Property Tax Credits, which leveraged over \$103,000,000 in investment in the districts. These projects affected over 529,000 square feet of space and impacted approximately 450 jobs.

Several major projects in the Towson Revitalization District have advanced, including the opening of the 110,000 square foot luxury wing of the General Growth Properties owned Towson Town Center; leasing of two major residential projects: The Quarter with 430 rental units and Towson Promenade with 379 rental units; beginning of construction on the Palisades, another residential project with 355 rental units; and final development plan approval of Towson Circle III, an entertainment destination mixed use project consisting of a 2,250 seat theater complex, 120,000 square feet of retail, restaurant, and office space, and a 700 space public parking garage. In May, the long vacant Investment Building was purchased by Caves Valley Partners, and the building will be completely renovated, repositioned, and renamed as Towson City Center. The \$27 million project will result in 150,000 square feet of leasable commercial space and expected tenants include MileOne and Caves Valley Partners occupying about 30% of the space, a high-end steak house restaurant, a fast casual restaurant, and ancillary retail. Major building construction should be completed by winter 2011.

Capital Improvements

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

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

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

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

Construction has begun on the next phase of Owings Mill Boulevard, which will provide improved access from the Owings Mills Growth Area to Liberty Road and areas to the west.

The County rebuilt and assumed control and maintenance of Grays Road in Dundalk, Maryland from Mittal Steel. The 1.7-mile road has 14 businesses with 210 employees that generate 4,000 weekly truck and vehicle trips. The transfer to County control and the subsequent reconstruction to County standards improve access, supporting and stimulating activity in the area.

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

Brenbrook Drive in Randallstown was extended to alleviate traffic along Old Court Road and Liberty Road. The extension, which will provide increased traffic alongside the Brenbrook Shopping Center and Liberty Plaza, was completed in the spring 2009.

Base Realignment and Closure (BRAC)

Base Realignment and Closure (BRAC) is the congressionally authorized process the U.S. Department of Defense uses to reorganize its base structure to better support today's military. As a result of the 2005 BRAC round, Fort Meade, located southwest of the County and Aberdeen Proving Ground, 20 minutes to the northeast are scheduled to receive thousands of federal research and development, information technology, homeland security and communications jobs. The potential exists for an estimated two additional private contractor jobs for every transferred job. Estimates place the number of new BRAC-related jobs for the Baltimore metropolitan area at 35,000 by 2011. The Maryland Department of Planning estimates that the County will see 3,900 new direct, indirect and induced jobs from BRAC, and more than 3,600 new households by 2015. As the relocation deadline approaches, an increased number of moves by federal commands and military contractors are expected over the next 2-3 years.

Initiatives since January 2010 which promote the quality of life in the County to those considering transferring to Maryland include a formal presentation to Booz Allen Hamilton, updating the Fort Meade Alliance and Chesapeake Science & Security Corridor relocation guides, and participation in the March DISSA Relocation Fair in northern Virginia and the Fort Monmouth Relocation Fair in May. As of April, the Greater Baltimore Board of Realtors informally reported that members had reported stepped up activity from families who are relocating from New Jersey.

Industrial Redevelopment

Sparrows Point/Dundalk

The Sparrows Point peninsula includes an estimated 2,200 acres of land with deepwater, heavy rail and interstate access. In May 2008 OAO Severstal (“Severstal”) became the largest property owner, when it purchased the former Arcelor-Mittal steel facility for \$810 million.

Severstal, one of Russia’s largest steel producers became the mill’s fourth owner in four years. This transaction is a result of the U.S. Justice Department’s order to Arcelor Mittal to sell its Sparrows Point mill to preserve competition in the tin-plated steel market. Severstal continues to employ 2,300 at the East Coast’s largest fully integrated steel mill, despite global competition. As a result of declining product demand, in June 2010 the company announced a 30-day layoff of 600 workers at its Sparrows Point plant as certain operations are idled. The Sparrows Point plant has benefited from more than \$700 million in capital investments and \$500 million in environmental upgrades over the past decade.

Essex/ Middle River

The U.S. General Services Administration (“GSA”) auctioned the 1.9 million square foot Federal Depot facility (the “Facility”) in Middle River in 2006 for \$37.5 million, setting an on-line auction record for a GSA property sale. This higher-than-expected sale price was evidence of the success of the County’s waterfront revitalization efforts over the past ten years. The Facility is strategically located near the waterfront and just three minutes from I-95 along the newly opened extension of 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 new owners of the property, a New York-based development team, to encourage a quality redevelopment that will incorporate a mix of business, residential and commercial uses. The County and State are partnering on a study to determine the feasibility of relocating a nearby MARC commuter rail station to the Facility to facilitate redevelopment as a major transit-oriented development, with direct access to Baltimore, Washington and Aberdeen Proving Ground.

Technology Locations

bwtech@UMBC

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

The five building complex is complete. RWD Applied Technology Solutions, a division of RWD Technologies specializing in internet technologies for start-up companies, occupies the first building in bwtech@UMBC. The second building is fully leased with tenants including the NASA Goddard Earth Sciences and Technology Center, software maker BD Metrics Inc., healthcare communications and technology firm Physicians Practice, Inc., engineering/design firm Edwards & Kelcey, and UMBC’s Alex. Brown Center for entrepreneurship. The U.S. Geological Survey occupies the third building, which contains over 300,000 square feet of office and wet lab space. Corporate Office Properties Trust has completed a 110,400 square foot multi-tenant office building and has attracted RMF Engineering into the County to be lead tenant. Observation Baltimore and Maryland Business Roundtable for Education have also leased space. Erickson Retirement Communities, LLC. occupies the final building at 100,000 square feet.

The UMBC Incubator and Accelerator, less than one mile from bwtech@UMBC, is a successful technology incubator. Opened in late 1998, some twenty bioscience, information technology and related research companies are now located in the former Lockheed Martin laboratory complex.

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

Enterprise Zones

An enterprise zone is a tool the State of Maryland offers to local jurisdictions for promoting economic development in certain qualifying areas. The County has two Enterprise Zones, the North Point Zone, located along the industrial North Point corridor in southeast Baltimore County, and the Southwest Zone, located in the Washington Boulevard/Hollins Ferry Road industrial corridor. Together, these two areas contain over 5,000 acres of industrially zoned land, and over 350 businesses. Since the approval of the first zone in December 1995, 120 businesses in the two enterprise zones have committed to investing over \$249 million in real property improvements and \$219 million in machinery and equipment. In addition, 2,700 new jobs have been created. The Halethorpe-Arbutus area in the Southwest Enterprise Zone has seen particularly dramatic growth, with almost 600 new jobs in a four year period.

The program offers two primary benefits to businesses in the designated zone that make new investments or hire new employees:

1. *Property Tax Credits.* The local jurisdiction provides an annual property tax credit that is phased out over a ten-year period. For the first five years, the credit is equal to 80% of the increase in property tax resulting from the new investment in real property. In each subsequent year, the credit decreases 10% until it is phased-out entirely in the tenth year.
2. *Income Tax Credits.* For each new, full-time job created in an enterprise zone, the State grants a \$1,000, one-time tax credit to the employer. If a worker who is certified as economically disadvantaged fills the new job, the credit can total \$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.

Tourism

Visitor spending in the County accounted for more than \$1.98 billion, generated more than \$15 million in direct taxes, and accounted for nearly 20,000 jobs in 2008 according to research by Global Insight. July 1, 2008 the Baltimore County Conference and Visitors Bureau transitioned from an independent non-profit organization to a program within the Department of Economic Development. The primary goals of the initiative are to add to the County's revenue through additional hotel and amusement and admissions taxes; grow the sector's economic impact by strengthening businesses in the industry; and enhance the quality of life for County residents.

Economic Development Financing Assistance

In FY2010, the County provided financial assistance to 38 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 38 projects are expected to result in over \$37 million in new investment, creating more than 549 new jobs and retaining 232 existing jobs.

Relevant Financial Policies

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

The County's long-term policy was to produce unreserved General Fund fund balance equal to 5% of General Fund revenues each year. The volatility in the national economy and potential changes in intergovernmental aid required the County to take the fiscally prudent step of raising its target level for unreserved General Fund balances during this period to 7% of General Fund revenues. Most of the 7%, an amount equal to 5% of the revenue budget will be placed in the County's Revenue Stabilization Account to protect the County from unforeseen emergencies and future economic downturns which result in major revenue shortfalls. Funds in the account may not be utilized for any other purpose without the specific recommendation of the County Executive and a majority plus one approval of the County Council.

Any unreserved fund balance in excess of the 7% of revenues target level will be retained to provide only short-term tax stabilization. Any excess well above the target level will be eliminated through tax rate reductions or dedicated to one time items such as pay-as-you-go contributions in order to reduce the level of programmed borrowing for capital expenditures.

Major Initiatives

The following are some selected highlights and budget priorities for FY10 that are expected to affect future financial position:

Education – The FY10 budget continued to make education the County's top priority. The budget included a \$703.8 million General Fund appropriation for our public schools system, which exceeded maintenance of effort by \$30.5 million.

Funding was provided for an additional 46 teachers for the 2009-2010 public school year in response to a projected enrollment increase of 512 students.

The budget contained the necessary additional funding to hold In-County tuition at its current rate of \$90 per credit hour for the County's three community college campuses.

Public Safety – Respective transfers of eight police officers into the Community Resources Bureau and the transfers of six officers into the Violent Crimes Unit were made to address workload demands with first time juvenile offenders and to address the monitoring of repeat offenders and to assist on fugitive tracking and apprehension.

The Baltimore County Volunteer Fireman's Association is looking for ways to provide economics of scale by encouraging the County's 33 volunteer fire companies to use County fuel depots under the County bid arrangement. A pilot program of six companies in FY09 has grown to at least 21 companies in FY10 that have benefited from the County's fuel subsidy.

Other – More than \$350,000 was included in the budget to promote the County's change from dual stream recycling to single stream recycling.

The Health Department completed a reorganization in FY10 by reducing its eight bureaus to six which will provide more efficient service to County residents.

Ten additional positions, at a cost of \$365,000 were budgeted for a new Westside Customer Service office for the Office of Workforce Development.

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, 2009. 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 31 consecutive years (fiscal years ended June 30, 1979 – 2009). We believe that our current report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

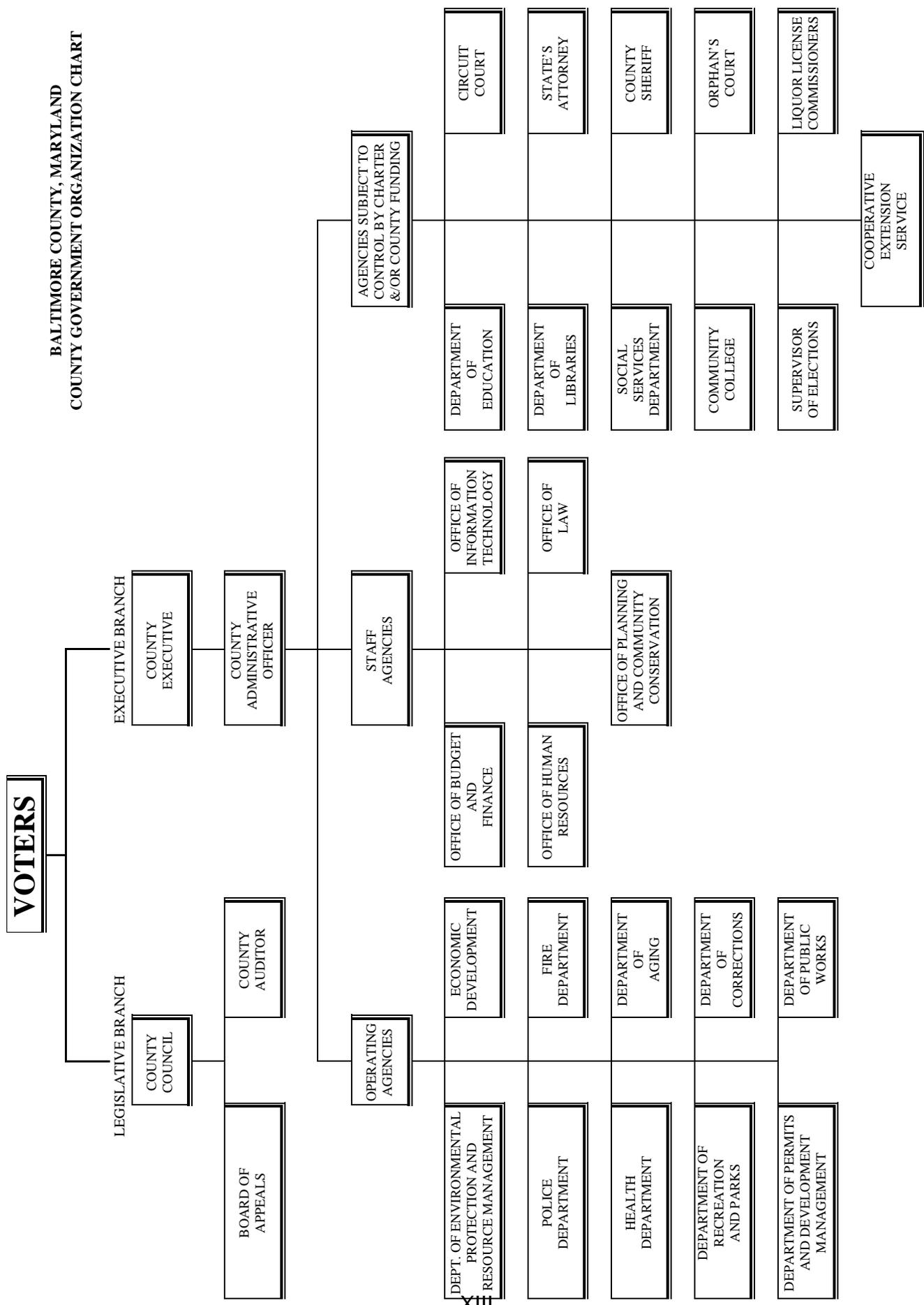
Credit also must be given to the County Executive and the County Council for their support in maintaining the highest standards of professionalism in the management of the County's finances.

Respectfully submitted,

A handwritten signature in cursive script that reads "Keith Dorsey".

Keith Dorsey, Director
Office of Budget and Finance

BALTIMORE COUNTY, MARYLAND
COUNTY GOVERNMENT ORGANIZATION CHART



LIST OF PRINCIPAL OFFICIALS
June 30, 2010

Elective

County Executive
County Council

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

Administrative

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

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

Jonas W. Jacobson
Robert R. Stradling

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Baltimore County
Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



President

Executive Director