



# **Baltimore County Maryland**

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**Comprehensive Annual Financial Report  
For The  
Fiscal Year Ended June 30, 2013**

# **Baltimore County, Maryland**



***Comprehensive Annual Financial Report***

***For The Fiscal Year Ended June 30, 2013***

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

# INTRODUCTORY



# SECTION

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BALTIMORE COUNTY, MARYLAND  
FOR THE YEAR ENDED JUNE 30, 2013  
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**KEVIN KAMENETZ**  
County Executive

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

December 23, 2013

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, 2013 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, 2013 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, 2013, 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.

Historic Courthouse | 400 Washington Avenue | Towson, Maryland 21204  
[www.baltimorecountymd.gov](http://www.baltimorecountymd.gov)

## **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 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 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 June 2012 to July 2013.

Towson City Center is a \$30 million redevelopment project in downtown Towson that opened in August 2012. The green building's tenants include corporate headquarters for MileOne Automotive, Caves Valley Partners, and Remedi SeniorCare. Other major tenants include the Towson University Institute for Well-Being and WTMD radio station. Cunningham's, a white tablecloth restaurant opened in November 2013. Towson City Center is now fully leased and is estimated to house close to 500 employees.

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

Towson Residential - Since 2008, over 1,200 new luxury residential units in four major projects have been completed. Additional upscale housing already under construction or proposed will add 800 units, in addition to 500 units of privately-developed student apartments.

Towson Retail – Since 2008, Towson has attracted over \$200 million in new private retail/mixed-use investment in downtown Towson, including the \$85 million Towson Square project anchored by Cinemark movie theatres and restaurants, and the \$27 million fully leased Towson City Center. Plans were announced in June 2013 for Towson Row, a major \$300 million project with residential, hotel, retail and student housing.

General Dynamics Information Technology (formerly ViPS), the largest tenant in Towson Commons, has expanded its leased space from 120,000 SF to 146,000 SF to accommodate a consolidation from two other locations in the County.

LA Fitness, a national chain of fitness clubs, is renovating the former movie theater space in Towson Commons to create a new 52,700 SF state-of-the-art facility including an indoor pool. They plan to hire 30 employees.

Over the past several years, Owings Mills has attracted nearly \$700 million in new investment, including the \$550 million Metro Centre at Owings Mills transit oriented development and the planned \$140 million Foundry Row mixed-use project.

Fore Development Company, a Nevada-based multi-family housing developer, constructed Groveton Green, a 226-unit LEED Gold-certified luxury apartment complex on Lakeside Boulevard in Owings Mills. Total investment is \$35 million and the project is 83% leased with construction nearly complete on the last building.

Shekel Scales, a high-tech Israeli firm, opened a new office in Owings Mills earlier this year. The company produces precision scales for the retail trade and health care industries, and plans to hire 30 people in Maryland.

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

In April 2013 developers announced the \$100 million Greenleigh at Crossroads project, a 200-acre new urbanism town center blending office, retail and a mix of residential styles located off Maryland Route 43 in White Marsh/Middle River.

Atlantic Design, Inc. manufactures equipment that is used to blast, remove and recycle grit created during construction. The family owned company more than doubled the size of its former location in March 2013, by opening a 42,000 SF building at Baltimore Crossroads@95 in the County.

EA Engineering, Science, and Technology, Inc. has consolidated and expanded into a new 64,000 SF LEED building at 226 Schilling Circle in Hunt Valley.

Dunbar Digital Armor, a cyber security division of Dunbar Armored security service, opened a new 7,500 SF facility on Schilling Circle in Hunt Valley in June 2013. Plans include hiring 100 employees.

Prometric (formerly Thomson Prometric), a professionally licensed provider of IT certification exams, signed a lease in Woodlawn, relocating from Anne Arundel County and St. Paul Minnesota.

Kaiser Permanente opened a multi-specialty facility in Halethorpe April 2013. The 4-story, 130,000 SF facility brings together primary care and a number of specialty services in one location. The project also includes a 4-level parking garage. It is the first integrated care facility of its kind in the Baltimore area for the health plan and care provider, which is looking to grow its membership throughout the mid-Atlantic region. Three hundred jobs were created as a result of this new facility.

Beco Management, a 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 is investing \$15 million in improvements to the two properties.

T. Rowe Price will increase its workforce by 200-300 workers in the latter half of 2013 and will move into two new buildings (381,000 SF, \$185 million) built in 2008-2009 but not occupied.

PayPal, a division of eBay, Inc., occupied an additional 53,000 SF of space on Schilling Road and now employs over 600 people in Cockeysville and Hunt Valley.

Apex IT Services, an 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.

Keffa Coffee, a Towson Global Incubator-based importer and distributor of unroasted coffee beans from Ethiopia, leased 1,200 SF of office space on Cromwell Bridge Road in Towson.

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

Greater Baltimore Board of Realtors, a membership services organization for residential realtors, signed a lease for 7,798 SF of office space at Timonium Two on Greenspring Drive, its new headquarters location.

Advanced Fire Protection, an installer and servicer of fire protection equipment, relocated from Glen Burnie to Monumental Avenue in Halethorpe, bringing 60 new jobs.

NovaTech, an Owings Mills-based company that assembles monitoring systems, relocated into a 26,000 SF facility in Hunt Valley.

Nations Photo Lab, a Hunt Valley photo processing lab, relocated to its newly leased 16,000 SF space in Cockeysville in June 2012.

Triad Isotopes, a firm which supplies hospitals with drugs for diagnostic imaging, has opened a nuclear pharmacy in Baltimore Crossroads@95 with plans to add 11 jobs.

Cole Taylor Equipment Finance, an equipment finance company and a division of Cole Taylor Bank of Chicago, signed a lease for 10,000 SF at 501 Fairmount Avenue in Towson and plans to add 7 jobs.

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

Fueled by cybersecurity, [bwtech@umbc](http://bwtech@umbc) has reached its capacity for the first time. Northrop Grumman and UMBC have expanded the Cync program, a cybersecurity technology incubator initiative, to include three additional companies (Informs – 16,000 SF, GSA Train – 4,500 SF and Hussman Institute for Autism – 40,000 SF). Another recent bwtech tenant is Communications Scientific International, an aerospace technology and services company that provides the U.S. Department of Defense with communications and information systems for satellite, airborne and ground.

#### **Capital Improvements**

The availability of convenient transportation access and public infrastructure is critical to business location decisions. The County and the State have moved forward aggressively to construct several road projects to enable key development opportunities. One such project, Baltimore Crossroads @95 (“Crossroads”), is one of the largest development ready land opportunities between Philadelphia and Richmond along I-95. Crossroads 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, including: Mid-Atlantic Port Services, Social Solutions, CDS Logistics, Pevco, Alexander’s Mobility (headquarters), American Infrastructure, BGE Home (headquarters), Brinks Home Security, Danfoss Group, International Nutrition, Matthai Material Handling, SAIM School, Surety Recovery Management, TransUnion, United Cerebral Palsy of Central Maryland and XIGroup Auto.

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

In response to an earlier feasibility study jointly funded by the County and the State, the State Highway Administration (SHA) initiated a formal project planning study for the I-795/Dolfield Boulevard area, including a potential interchange at the Pleasant Hill Road/Dolfield Boulevard overpass to provide

improved access to the major employment corridor along Red Run Boulevard on the west side of I-795. The SHA is currently analyzing and developing stormwater management plans, along with completing the environmental documents for the project. The preferred alignment for this road has been chosen, but all planning and environmental work on the project is currently on indefinite hold due to the State's budget constraints.

Dolfield Boulevard, from I-795 to Reisterstown Road, is under construction. The new, four-lane divided highway, which includes sidewalks, will connect Reisterstown Road with Red Run Boulevard and the Owings Mills Town Center. The \$6.5 million project will be more than a half-mile long and was opened to traffic in late 2013.

Construction has begun on the final phase of Owings Mill Boulevard, which will provide improved access from the Owings Mills Growth Area to Liberty Road and areas to the west. Phase I terminated at Winands Road and was opened to traffic in August 2012. Phase II will terminate at Liberty Road and is now under construction.

Recognizing the development potential for the Woodlawn Federal Center business area, the County plans to extend Security Boulevard by .5 miles from its current terminus at the U.S. Centers for Medicare & Medicaid Services to a development opportunity site just to the west.

The Mohrs Lane Bridge over the CSX Railroad, north of Pulaski Highway, was closed in 2007 because of structural deterioration. Demolition was completed by CSX in March 2011 at no cost to the County, which has assumed ownership and plans to rebuild the span. A new bridge is currently being designed with construction scheduled for 2015. The bridge will be part of the future Campbell Boulevard Corridor.

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

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

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

### **Industrial Redevelopment**

#### *Sparrows Point/Dundalk*

The Sparrows Point peninsula, location of a major integrated steel mill for over a century, includes an estimated 3,300 acres of land with deep water, heavy rail and interstate access. The steel mill has had a series of owners since Bethlehem Steel declared bankruptcy and sold off its assets to ISG in 2003. In May 2012, the last steel mill operator, RG, declared bankruptcy and announced that it would lay off all 2,000 remaining workers. In early August, a bankruptcy judge accepted a \$72 million bid from a joint venture of Hilco Industrial LLC and Environmental Liability Transfer Inc. (ELT) to purchase the facility. ELT will be responsible for environmental remediation and longer-term redevelopment of land. Hilco's efforts to secure a new operator for all or part of the steelmaking operation were unsuccessful and in December 2012 ELT/Hilco announced that the mill would be razed to make way for redevelopment of the site.

The County's efforts are now focused on promoting employment-intensive industrial and port-related redevelopment of the peninsula and supporting the laid-off RG workers. A key player in this effort has been the Sparrows Point Partnership, a business advisory group of port officials, and real estate, manufacturing, logistics and distribution executives established in 2012 by County Executive Kevin Kamenetz in the last months of RG operation. The Partnership was charged with helping develop recommendations to produce net new business activity and jobs for Sparrows Point and the entire eastern part of the County. In May 2013, the Partnership released its report, "Common Ground: A Vision for Redeveloping Sparrows Point and Leveraging the Industrial Assets of East Baltimore County." The report highlighted Sparrows Point's exceptional combination of assets: massive acreage of industrially-zoned land with six miles of deep water frontage, service by two Class I freight railroads and direct interstate access. It identified four major market opportunities: port and maritime uses, clean energy, advanced manufacturing and assembly, and distribution, logistics and freight. Work on implementing the Partnership's vision is under way. A major milestone toward realizing the vision will be the Maryland Port Administration's (MPA) acquisition of approximately 500 acres of the property for a new auto import terminal and dredge disposal facility that is key to ensuring ongoing success of the entire Port of Baltimore. Negotiations between MPA and ELT/Hilco are under way.

In terms of providing support for RG workers, the County secured \$1.0 million in grant funds from the Department of Labor, to be used to provide dislocated workers with the needed skills for re-employment. The County is working with the State of Maryland to coordinate delivery of Trade Adjustment Assistance services, and has established a dedicated workforce center for former RG employees.

#### *Essex/Middle River*

The U.S. General Services Administration (GSA) auctioned the 1.9 million square foot former GSA Depot facility in Middle River in 2006 for a record \$37.5 million. This higher-than-expected sale price was evidence of the success of the County's waterfront revitalization efforts over the past ten years. Now known as 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. The County and State partnered on a study to determine the feasibility of relocating a nearby MARC commuter rail station to Middle River Station to encourage redevelopment as a major transit-oriented development with direct access to Baltimore, Washington and Aberdeen Proving Ground. Amtrak has also included the area as a future station in its 2010 Northeast Corridor infrastructure master plan.

#### **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 UMBC campus. The State and County completed the Park's \$2.3 million infrastructure in 1999. The facility offers companies a setting for research and development in such fields as cyber security, photonics, biotechnology, and computer software development.

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

Geological Survey which occupies 23,500 SF of office and wet lab space. Allegis, a retirement community owner and operator, occupies 100,000SF in the 5525 building.

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

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

### **Enterprise Zones**

An enterprise zone is a tool that the State of Maryland offers to local jurisdictions for promoting economic development in certain qualifying areas. The County has three Enterprise Zones - the North Point Zone, located along the industrial North Point corridor in southeast Baltimore County; the Southwest Zone (which was just recertified for an additional ten years in June 2013), located in the Washington Boulevard/Hollins Ferry Road industrial corridor; and the Federal Center at Woodlawn Zone approved in June 2011. These three areas contain over 5,400 acres of industrial and office-zoned land, and over 550 businesses. Since the approval of the first zone in December 1995, 160 businesses in the North Point and Southwest enterprise zones have committed to investing over \$300 million in real property improvements and \$270 million in machinery and equipment. In addition, approximately 3,000 new jobs have been created. The Halethorpe-Arbutus area in the Southwest Enterprise Zone has seen particularly dramatic growth, with almost 3,000 new jobs in a four-year period. The program offers two primary benefits to businesses in the designated zone that make new investments or hire new employees:

1. *Property Tax Credits.* The local jurisdiction provides an annual property tax credit that is phased out over a ten-year period. For the first five years, the credit is equal to 80% of the increase in property tax resulting from the new investment in real property. In the subsequent five years, the credit decreases 10% annually until it is phased-out entirely in the eleventh year.
2. *Income Tax Credits.* For each new, full-time job created in an enterprise zone, the State grants a \$1,000, one-time State income tax credit to the employer. If a worker who is certified as economically disadvantaged fills the new job, the credit can total as much as \$6,000 over three years.

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

### **Economic Development Financing Assistance**

In FY 2013, 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 \$8.5 million in new investment, creating more than 155 new jobs and retaining 100 existing jobs. The Baltimore County Small Business Loan Fund was expanded to include 20 financial institutions which increased its lending capacity to \$12.3 million. The loan program is used to provide financing to small businesses that operate in the County.

## Relevant Financial Policies

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

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

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

## Major Initiatives

The following are some selected highlights and budget priorities for FY 2013 that are expected to affect future financial position:

Education – The FY 2013 budget continued to make education a top priority in the County. The budget included a \$718 million General Fund appropriation for our public schools system, which is slightly above the “maintenance of effort” level and accounts for nearly 44 cents of every taxpayer's dollar. The County's commitment to fund Baltimore County Public Schools at such a level continued in this budget even with an increase in student population coupled with only a 1% increase in State aid over the FY 2012 funding.

The FY 2013 budget also includes “maintenance of effort” funding for the Community College of Baltimore County (CCBC). Credit hours and Full-Time Equivalent enrollment at CCBC has soared in the past few years. The enrollment growth experienced between FY 2007 and FY 2011 was approximately 36%. The projection for FY 2013 credit enrollment remains a slight decrease over the FY 2012 amounts.

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

Community Conservation and Preservation - The County began construction of a new single stream processing facility which recently was opened for operation in November, 2013. The project gives the County the ability to process its own recyclables for sale in the commodity markets.

The budget was committed to ensuring that County workers have the resources and equipment they need to serve our communities with a \$73 million allocation for capital acquisitions. This includes \$13 million for the County Fire Department to purchase new breathing apparatus, 21 medic units, 12 engines, and two ladder trucks; \$26 million to purchase new heavy equipment for the Department of Public Works Solid Waste, Utilities, and Highways snow removal operations; and \$34 million to purchase new technology and equipment for use throughout County government.

## 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, 2012. 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 34 consecutive years (fiscal years ended June 30, 1979 – 2012). 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.

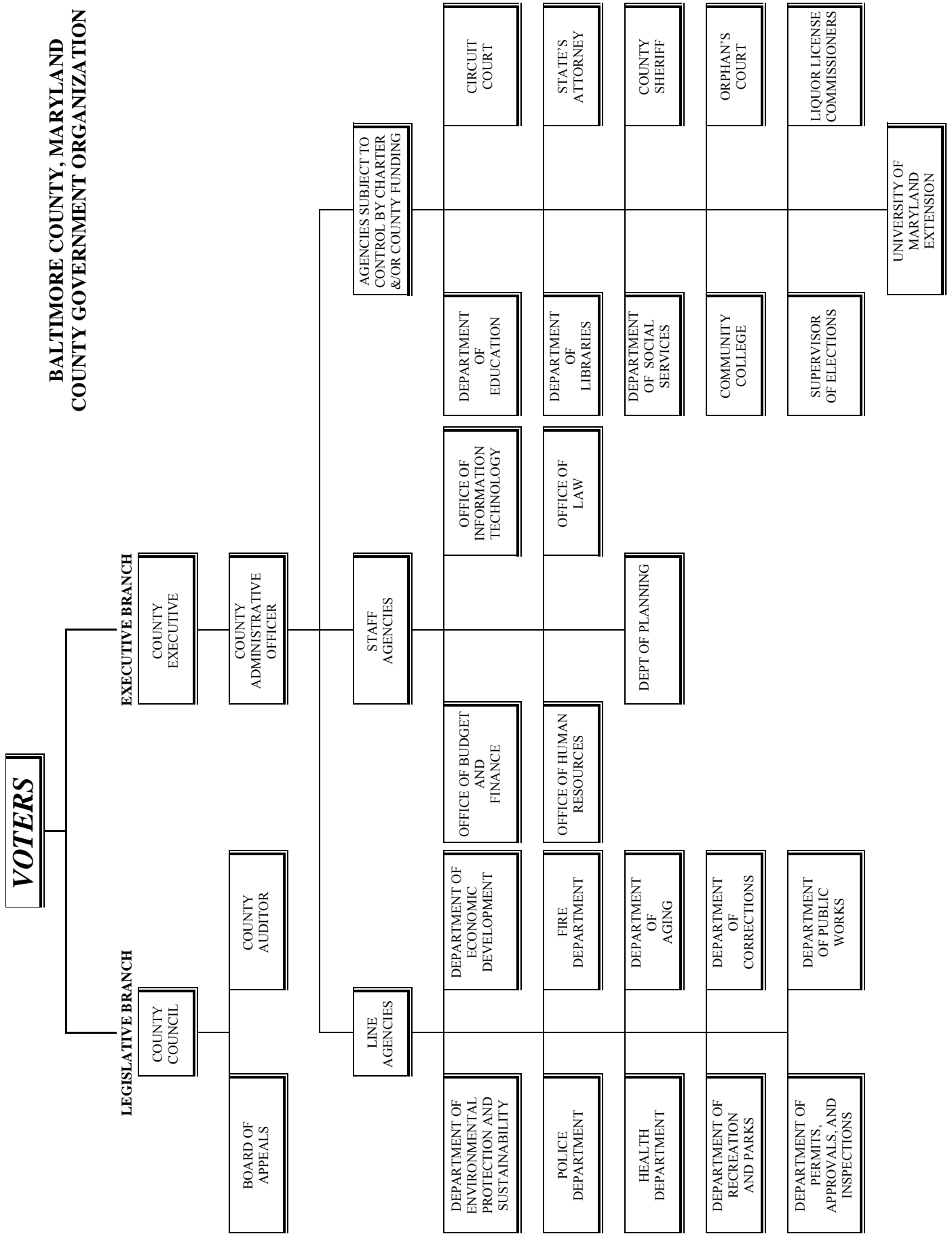
Credit also must be given to the County Executive and the County Council for their support in maintaining the highest standards of professionalism in the management of the County's finances.

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**



**LIST OF PRINCIPAL OFFICIALS**  
**June 30, 2013**

---

***Elective***

**County Executive  
County Council**

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

***Administrative***

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

**Fred Homan  
Keith A. Dorsey  
Michael E. Field  
Lauren Smelkinson  
Edward C. Adams, Jr.  
James W. Johnson  
John J. Hohman  
Joanne E. Williams  
Dan Gundersen  
  
Vincent J. Gardina  
Robert R. Stradling  
  
Arnold Jablon  
George E. Gay  
Andrea VanArsdale  
Barry F. Williams  
S. Dallas Dance, Ph.D  
Dr. Gregory Wm. Branch  
James H. Fish  
Sandra L. Kurtinitis, Ph.D  
Deborah J. Richardson  
Lawrence M. Stahl  
John E. Beverungen**



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
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Presented to

**Baltimore County  
Maryland**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

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, 2013, 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 Baltimore County, Maryland as of June 30, 2013, 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.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress on pages 3-12 and 64 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, 2013, on our consideration of 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.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
December 23, 2013

## **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, 2013. 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 \$4.799 billion and its liabilities were \$3.459 billion, resulting in net position of \$1.34 billion.
- The County's total net position decreased by \$111.063 million as a result of current year operations.

#### **Fund Level:**

- The County's governmental funds have combined fund balances of \$449.921 million.
- The General Fund's fund balance is \$462.133 million of which \$294.935 million is unassigned fund balance inclusive of \$85.034 million in a Revenue Stabilization account.

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

- The County's total bond, note and certificate of participation (COP) debt increased by \$391.83 million during the current year. The key factors in this increase were the issuance of \$509.29 million in general obligation bonds and bond anticipation notes and a \$11.149 million draw on the Maryland Water Quality Revolving Loan Fund offset by debt service payments of \$119.624 million and net principal reductions of \$8.985 million from bond and COP 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 14 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 15 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 cost of certain services it provides. The Metropolitan District water and sewer services are the only business-type activity reported.
- *Discretely Presented Component Units* – Component units are legally separate organizations for which the primary government is financially accountable or for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The County reports three component units that are described in the notes to the basic financial statements.

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

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

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

- *Governmental funds* – Most of the County's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The County reports the General Fund, Gifts and Grants Fund, and the Consolidated Public Improvement Construction Fund as major funds.
- *Proprietary funds* – When the County charges customers for the services it provides, whether to outside customers or to other agencies within the County, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) utilize accrual accounting; the same method used by private sector businesses. Enterprise funds report activities that provide supplies and services to the general public. The County reports the Metropolitan District Fund as a major fund. Internal service funds report activities that provide supplies and services to the County's other programs and activities. Internal service funds are 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 27.

### Other Information

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

### Financial Analysis of the County as a Whole

The County's combined net position decreased \$111.063 million in FY 2013. The net position of the governmental activities decreased \$76.253 million and business-type activities decreased \$34.81 million. The schedule below presents the net position of the County's governmental and business-type activities as of June 30, 2013.

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 county's Board of Education. Ownership reverts to the County if the local board determines a building is no longer needed. The County also funds projects for the Community College of Baltimore County. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. The governmental activities negative unrestricted net position of \$352.908 million reflects the result of recording the liabilities without the corresponding assets. The County has a similar situation where it issues debt to finance capital contributions for Baltimore City owned assets. This is what causes the negative unrestricted net position of \$200.295 million 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	
	2013	2012	2013	2012	2013	2012
<b>Assets:</b>						
Current and other non-current assets	\$ 1,006,845	\$ 678,071	\$ 255,570	\$ 311,412	\$ 1,262,415	\$ 989,483
Capital assets	2,335,708	2,302,397	1,185,757	1,133,491	3,521,465	3,435,888
<b>Total assets</b>	<u>3,342,553</u>	<u>2,980,468</u>	<u>1,441,327</u>	<u>1,444,903</u>	<u>4,783,880</u>	<u>4,425,371</u>
<b>Total deferred outflow of resources</b>	\$ 9,683	\$ 3,290	\$ 5,013	\$ 5,339	\$ 14,696	\$ 8,629
<b>Liabilities:</b>						
Current liabilities	582,913	557,167	258,746	254,855	841,659	812,022
Long-term liabilities	1,782,128	1,363,143	834,757	807,740	2,616,885	2,170,883
<b>Total liabilities</b>	<u>2,365,041</u>	<u>1,920,310</u>	<u>1,093,503</u>	<u>1,062,595</u>	<u>3,458,544</u>	<u>2,982,905</u>
<b>Net position:</b>						
Net investment in capital assets	1,313,131	1,386,096	553,132	566,002	1,866,263	1,952,098
Restricted	26,972	27,251	-	-	26,972	27,251
Unrestricted (deficit)	(352,908)	(349,899)	(200,295)	(178,355)	(553,203)	(528,254)
<b>Total net position</b>	<u>\$ 987,195</u>	<u>\$ 1,063,448</u>	<u>\$ 352,837</u>	<u>\$ 387,647</u>	<u>\$ 1,340,032</u>	<u>\$ 1,451,095</u>

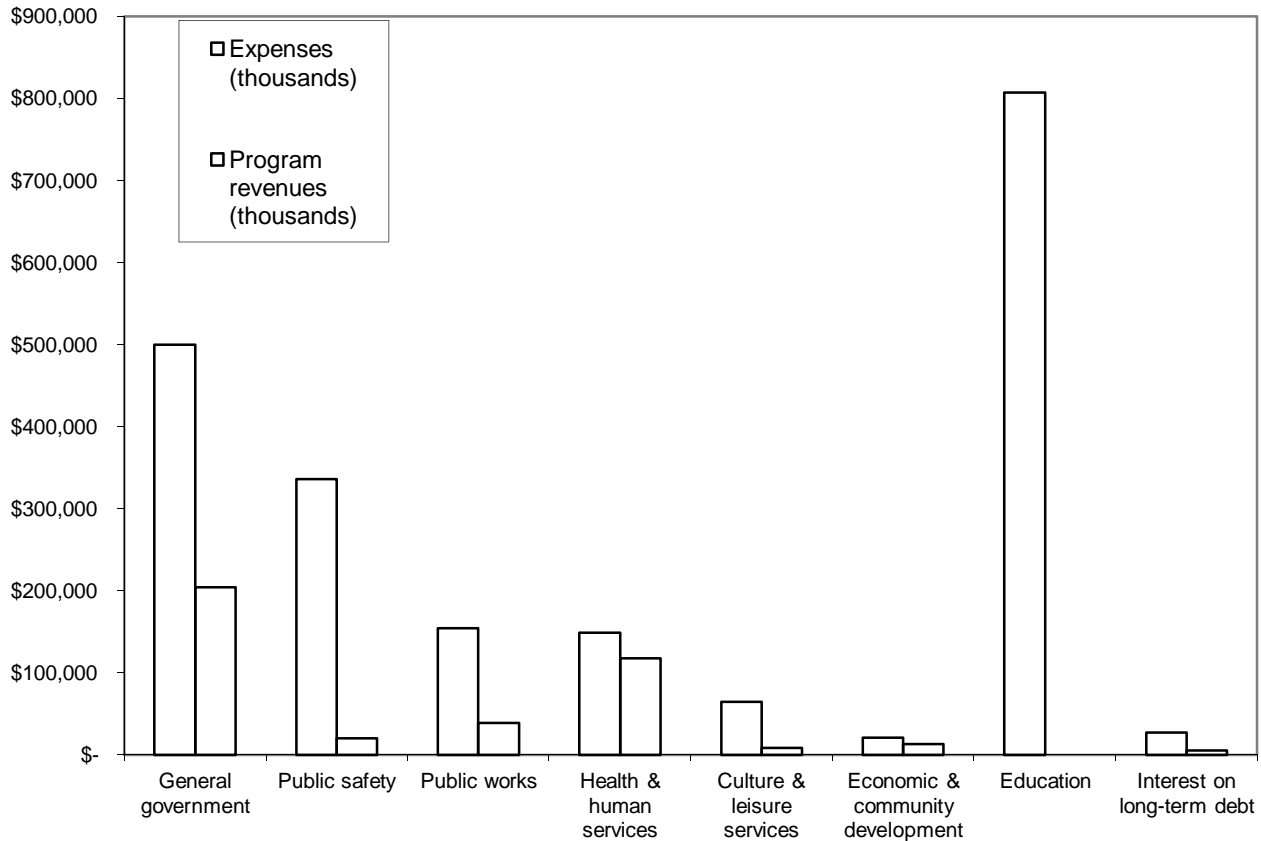
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the County's net position changed during the fiscal year.

	<b>Changes in Net Position (in thousands)</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<u>2013</u>	<u>2012*</u>	<u>2013</u>	<u>2012*</u>	<u>2013</u>	<u>2012*</u>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 220,037	\$ 229,620	\$ 215,703	\$ 220,188	\$ 435,740	\$ 449,808
Operating grants	155,687	156,508	3,184	3,777	158,871	160,285
Capital grants	32,015	41,519	16,071	11,282	48,086	52,801
General revenues						
Property taxes	847,439	844,069		-	847,439	844,069
Income taxes	573,376	565,571		-	573,376	565,571
Public service taxes	143,067	121,099		-	143,067	121,099
Unrestricted grants and contributions	9,686	9,423		-	9,686	9,423
Investment earnings	1,416	1,077	322	360	1,738	1,437
<b>Total revenues</b>	<u>1,982,723</u>	<u>1,968,886</u>	<u>235,280</u>	<u>235,607</u>	<u>2,218,003</u>	<u>2,204,493</u>
<b>Expenses</b>						
General government	499,598	510,219	-	-	499,598	510,219
Public safety	336,402	340,263	-	-	336,402	340,263
Public works	153,997	187,816	-	-	153,997	187,816
Health and human services	149,078	152,490	-	-	149,078	152,490
Culture and leisure services	64,554	70,803	-	-	64,554	70,803
Economic and community development	21,126	13,379	-	-	21,126	13,379
Education	807,336	841,494	-	-	807,336	841,494
Interest on long-term debt	26,885	25,568	-	-	26,885	25,568
Water and sewer services	-	-	270,090	278,104	270,090	278,104
<b>Total expenses</b>	<u>2,058,976</u>	<u>2,142,032</u>	<u>270,090</u>	<u>278,104</u>	<u>2,329,066</u>	<u>2,420,136</u>
Increase (decrease) in net position	(76,253)	(173,146)	(34,810)	(42,497)	(111,063)	(215,643)
Net position - beginning (as restated)	1,063,448	1,236,594	387,647	430,144	1,451,095	1,666,738
Net position - ending	<u>\$ 987,195</u>	<u>\$ 1,063,448</u>	<u>\$ 352,837</u>	<u>\$ 387,647</u>	<u>\$ 1,340,032</u>	<u>\$ 1,451,095</u>

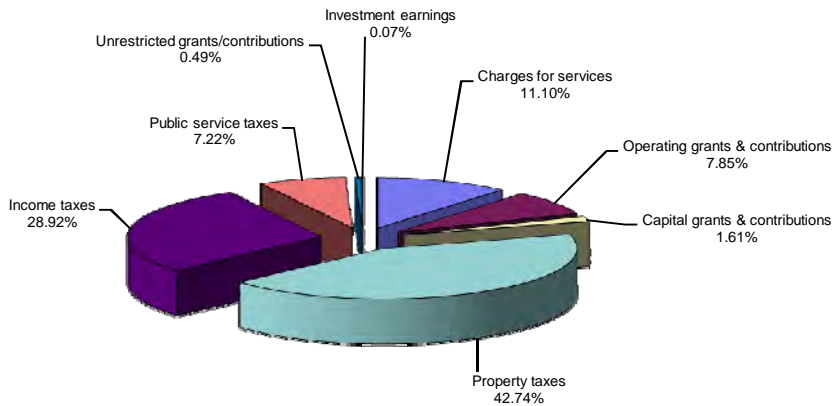
\*With the implementation of GASB Statement No. 65, FY 2012 amounts have been restated to affect the change in no longer amortizing issuance costs related to debt.

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

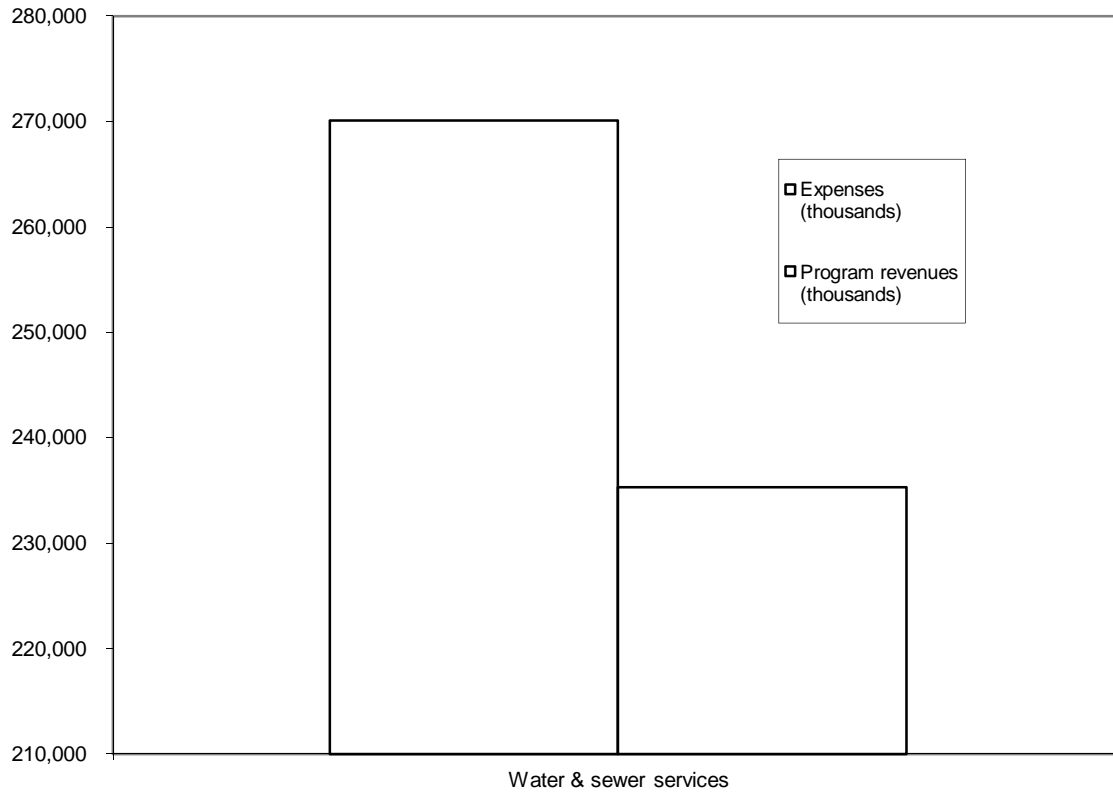
**Expenses & Program Revenues-Governmental Activities**



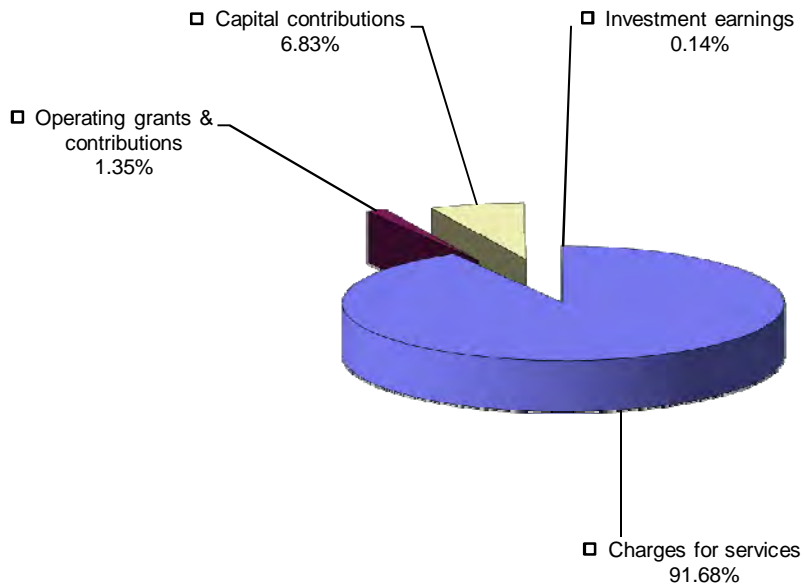
**Revenues by Source-Governmental Activities**



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



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



### **Governmental Activities**

Governmental activities decreased the County's net position by \$76.253 million. Key elements affecting the change in net position included:

- Unrestricted net position was impacted because of the following factors:
  - General tax revenue increased \$33.143 over the prior fiscal year. Income tax revenue increased \$7.805 million after a \$52.659 million negative adjustment for the County's portion of income tax reserves held by the state that was recognized under full accrual accounting. A \$44.637 million reduction to the County's 4% Homestead tax credit that mitigated lost property tax revenue from declining property assessments was a significant factor in property tax revenue increasing \$3.37 million. Increased recordation and transfer taxes from a spike in home sales during FY13 accounted for the majority of the \$21.968 million increase to public services taxes.
  - The County had a \$255 million excess contribution to its pension trust that is offset by the sale of \$256 million in pension obligation bonds, which were issued to fund increased liability resulting from lowering the actuarial valuation interest rate from 7.875% to 7.250%. See Note 8.
  - The outstanding debt for the Board of Education and the Community College capital projects (see previous discussion) increased by \$78.924 million.
- Capital asset infrastructure donations from developers decreased 32.2% to \$8.693 million.

### **Business-type Activities**

Business-type activities decreased the County's net position by \$34.81 million. 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 FY13, the County's cost sharing contribution of \$58.992 million to Baltimore City for capital facilities remained at a high level. The upgrade of the Patapsco Treatment Plant by the City is a major project contributing to this high level of cost sharing.
- Final settlement of FY12 water and sewer operating costs between the County and Baltimore City resulted in a \$4.189 million refund from the City in FY13.
- 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 \$5.955 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 \$449.921 million as of June 30, 2013, an increase of \$133.559 million. Unassigned fund balance of the General Fund, as stated below, is available at the County's discretion. The remaining fund balance of \$203.333 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 FY13, unassigned fund balance of the General Fund was \$294.935 million, while total fund balance was \$462.133 million. Unassigned fund balance represents 17.99% of total budgetary expenditures, while total fund balance represents 28.19% of total budgetary expenditures. These ratios are typically useful as a measure of the General Fund's liquidity. The County has \$85.034 million in a Revenue Stabilization account and has assigned \$39.532 million to finance, in part, the FY14 operating budget.

The General Fund fund balance increased by \$59.901 million during the current fiscal year. Tax revenues were \$60.349 million more than in FY12, with income, recordation and title transfer taxes accounting for \$50.484 million of the increase. The County also realized \$54.994 million in premium proceeds from debt financing to be used for future debt service interest payments and capital improvements. General Fund expenditures, including transfers, increased \$335.335 million from the prior fiscal year due primarily to a \$255 million excess contribution to the Employees' Retirement System from the issuance of \$256 million of pension obligation bonds in December 2012. The County also had a \$29 million increase to its OPEB contributions for General Government employees.

The Gifts and Grants Fund fund balance of \$35.952 million consists primarily of \$20.871 million of earned revenue in excess of grant expenditures for the various grant activities administered by the County and is restricted for those activities. The primary reason for the \$9.448 million increase in total fund balance is a \$14 million contribution from the Consolidated Public Improvement Construction Fund to fund future Economic Development construction loans.

The Consolidated Public Improvement Construction Fund fund balance increased \$64.383 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 \$205.946 million in new debt to fund capital projects. Capital expenditures for various County projects decreased \$4.217 million to \$97.928 million while payments to component units for their capital facilities decreased \$54.1 million to \$66.519 million.

### **Proprietary Funds**

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

The Metropolitan District Fund net assets decreased \$34.583 million. The main factors concerning this decrease have already been addressed in the discussion of the County's business-type activities.

### **General Fund Budgetary Highlights**

The County had a supplemental appropriation of \$9 million to its Insurance Contribution program to supplement an initial \$20 million payment into the OPEB Trust Fund for General Government employees. Significant differences between the final budget and actual amounts are summarized as follows:

- FY13 General Government staffing levels decreased 7.1% over FY12 due to the Retirement Incentive Program offered to eligible employees during the winter of 2012. The County had \$8.753 million in salary savings across the board from the implementation of position vacancy control and from additional positions targeted for elimination.
- Income tax revenue was \$62.689 million more than budget because the County estimated a 3.1% decrease in collections in FY13 to reflect an anticipated adjustment to be made due to a 5% over distribution from the State in FY12.
- Favorable variances in Payments to Component Units – Board of Education of \$2.026 million and Debt Service Interest of \$2.073 million resulted when the County elected to use a portion of the premium from a November 2011 bond sale to make debt interest payments instead of using funds originally appropriated in those budget items.
- The Storm Emergency program was \$2.272 million less than original budget because there was no significant snow accumulation in the Baltimore area this past winter.

## Capital Asset and Debt Administration

### Capital Assets

The County's investment in capital assets for its governmental and business-type activities totaled \$3.521 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	
	2013	2012	2013	2012	2013	2012
Land	\$ 267,218	\$ 260,171	\$ 1,317	\$ 1,308	\$ 268,535	\$ 261,479
Buildings and improvements	341,244	337,777	110,171	109,182	451,415	446,959
Vehicles and equipment	110,534	111,164	3,870	3,229	114,404	114,393
Infrastructure	1,236,289	1,228,791	828,631	810,664	2,064,920	2,039,455
Construction in progress	380,423	364,494	241,768	209,108	622,191	573,602
<b>Total</b>	<b>\$ 2,335,708</b>	<b>\$ 2,302,397</b>	<b>\$ 1,185,757</b>	<b>\$ 1,133,491</b>	<b>\$ 3,521,465</b>	<b>\$ 3,435,888</b>

The County added \$17 million for new or improved roads, \$3.4 million for storm drains, and \$20.3 million for water and sewer lines as a major part of its infrastructure assets for FY13.

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

- The County completed new curb, gutter, sidewalk and paving in various areas of the County at a cost of \$8.9 million.
- The County completed a 54" SW transmission water main rehabilitation that was structurally deficient at a cost of \$8.8 million.
- To date the County has spent \$7.1 million of a three-year \$7.4 million grant from the U.S. Department of Energy for various energy efficient initiatives across the County.
- The County completed renovations to the Robert E. Lee Memorial Park at a cost of \$2.9 million.
- The County completed repairs and renovations to the Loveton Estates pumping station at a cost of \$2.2 million.
- The County completed repairs and renovations to the Nollmeyer Seneca Park collection system at a cost of \$3.7 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 \$2.686 billion. This includes Consolidated Public Improvement bonds and notes of \$1.401 billion, Pension Funding bonds of \$ .274 billion and Metropolitan District bonds and notes of 1.011 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	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 1,435,110	\$ 1,061,235	\$ 850,645	\$ 822,490	\$ 2,285,755	\$ 1,883,725
General obligation BANs	240,000	240,000	160,000	160,000	400,000	400,000
<b>Total</b>	<b>\$ 1,675,110</b>	<b>\$ 1,301,235</b>	<b>\$ 1,010,645</b>	<b>\$ 982,490</b>	<b>\$ 2,685,755</b>	<b>\$ 2,283,725</b>

The County's general obligation debt increased in 2013 by \$402.03 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 \$3.236 billion and \$2.29 billion. Additional information on the County's long-term debt can be found in Note 8.

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

- Over the January 2012 to January 2013 period, County residential employment increased by 11,894 people, or 2.9%, while Maryland employment increased by 1.2%.
- The unemployment rate among County residents was 7.6% in January 2013, up from 7.4% a year earlier, and higher than the current state rate of 7.2%.
- Existing home sales in the County totaled 6,916 units in CY12, 13.6% above CY11 sales.
- The County's Spending Affordability Committee set a budget base for FY14 not to exceed 3.07%. This increase maintains the policy of utilizing a five year average of annual personal income growth rates.
- Lost real property tax revenue from lower property reassessments is mitigated by the County's 4% Homestead Assessment Growth Cap on residential property. The tax credit for homeowners will decrease from \$64.413 million in FY13 to \$35.427 million in FY14.

These and other economic indicators were considered when preparing the FY14 General Fund budget, which estimates revenues at \$1.685 billion. General Fund appropriations for FY14 of \$1.724 billion reflect a 4.05 % increase over the FY13 adjusted budget. In formulating the FY14 budget, county agencies were given guidelines with a 1.6% reduction in spending, excluding built-in cost items such as debt service, utilities, and contractually obligated employee salary and benefit costs. Two significant items that impact the FY14 budget are increased contribution levels to \$26.56 million and to \$32.5 million for respective Pay-As-You-Go capital budget and for General Government OPEB payment. The difference between estimated revenue and appropriations of \$39 million is covered by fund balance reserves. The projected unassigned fund balance at the end of FY14 is \$263.368 million or 15.6 % of the estimated FY14 total revenues.

New to FY14 is a Stormwater Remediation fee charged to residential and commercial properties, which will be used to comply with federal mandates to reduce the amount of sediment, phosphorous and nitrogen carried in stormwater to the Chesapeake Bay. The income tax rate of 2.83% is unchanged. The respective real property and personnel property tax rates remain at \$1.10 and \$2.75 per \$100 of assessed value. The Homestead Assessment Growth Cap remains at 4%, excluding home sales, new construction, and non-principal residences.

### **Information Requests**

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

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



## **Basic Financial Statements**

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

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

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

**Baltimore County, Maryland**  
**Statement of Net Position**  
**June 30, 2013**  
**(In Thousands)**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and investments (Note 3)	\$ 508,509	\$ 109,378	\$ 617,887	\$ 64,748
Receivables, net (Note 5)	164,142	140,216	304,358	44,707
Due from primary government (Note 6)	-	-	-	66,665
Inventories	7,348	623	7,971	2,707
Prepaid costs	1,134	-	1,134	402
Net pension asset	255,000	-	255,000	-
Restricted assets:				
Cash and investments (Note 3)	70,712	5,353	76,065	3,900
Capital assets (Note 7)				
Not being depreciated	647,641	243,085	890,726	326,337
Depreciable (net of accumulated depreciation)	1,688,067	942,672	2,630,739	1,219,798
Total assets	<u>3,342,553</u>	<u>1,441,327</u>	<u>4,783,880</u>	<u>1,729,264</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	9,683	5,013	14,696	-
Total deferred outflows of resources	<u>9,683</u>	<u>5,013</u>	<u>14,696</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	34,080	39,442	73,522	44,843
Accrued payroll	15,441	381	15,822	19,789
Accrued interest payable	25,343	12,351	37,694	-
Internal balances	2,860	(2,860)	-	-
Due to component units (Note 6)	63,480	-	63,480	-
Other liabilities	25,555	3,944	29,499	3,050
Unearned revenue (Note 5)	2,650	-	2,650	11,584
Liabilities payable from restricted assets	-	-	-	3,900
Noncurrent liabilities (Note 8)				
Due within one year	413,504	205,488	618,992	24,616
Due in more than one year	1,782,128	834,757	2,616,885	61,418
Total liabilities	<u>2,365,041</u>	<u>1,093,503</u>	<u>3,458,544</u>	<u>169,200</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,313,131	553,132	1,866,263	1,529,135
Restricted for:				
Public works	4,883	-	4,883	-
Economic development	899	-	899	-
Education	-	-	-	19,852
Grant projects	20,871	-	20,871	-
Debt service	319	-	319	-
Expendable endowments	-	-	-	4,762
Unrestricted (deficit)	(352,908)	(200,295)	(553,203)	6,315
Total net position	<u>\$ 987,195</u>	<u>\$ 352,837</u>	<u>\$ 1,340,032</u>	<u>\$ 1,560,064</u>

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

Baltimore County, Maryland  
Statement of Activities  
For the Year Ended June 30, 2013  
(In Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		
						Business-type Activities	Total	
<b>PRIMARY GOVERNMENT</b>								
Governmental activities:								
General government	\$ 499,598	\$ 201,032	\$ 3,016	\$ -	\$ (295,550)	\$ -	\$ (295,550)	\$ -
Public safety	336,402	6,950	12,930	-	(316,522)	-	(316,522)	-
Public works	153,997	3,379	3,772	32,015	(114,831)	-	(114,831)	-
Health and human services	149,078	4,031	113,800	-	(31,247)	-	(31,247)	-
Culture and leisure services	64,554	3,769	4,350	-	(56,435)	-	(56,435)	-
Economic and community development	21,126	876	12,148	-	(8,102)	-	(8,102)	-
Education	807,336	-	-	-	(807,336)	-	(807,336)	-
Interest on long-term debt	26,885	-	5,671	-	(21,214)	-	(21,214)	-
Total governmental activities	2,058,976	220,037	155,687	32,015	(1,651,237)	-	(1,651,237)	-
Business-type activities:								
Water and sewer services	270,090	215,703	3,184	16,071	-	(35,132)	(35,132)	-
Total business-type activities	270,090	215,703	3,184	16,071	-	(35,132)	(35,132)	-
Total primary government	\$ 2,329,066	\$ 435,740	\$ 158,871	\$ 48,086	\$ (1,651,237)	\$ -	\$ (1,686,369)	\$ -
<b>COMPONENT UNITS</b>								
Board of Education	\$ 1,473,580	\$ 13,703	\$ 172,990	\$ 92,210	-	-	-	(1,194,677)
Community College	211,346	73,344	95,563	15,205	-	-	-	(27,234)
Board of Library Trustees	41,498	3,612	6,018	2,027	-	-	-	(29,841)
Total component units	\$ 1,726,424	\$ 90,659	\$ 274,571	\$ 109,442	\$ -	\$ -	\$ -	(1,251,752)
General revenues:								
Taxes:								
Property taxes					847,439	-	847,439	-
Income taxes					573,376	-	573,376	-
Public service taxes					143,067	-	143,067	-
Grants and contributions not restricted to specific programs:								
Baltimore County					-	-	-	762,854
State of Maryland					9,686	-	9,686	553,193
Unrestricted investment earnings					1,416	322	1,738	394
Other					-	-	-	6,760
Total general revenues and transfers					1,574,984	322	1,575,306	1,323,201
Change in net position					(76,253)	(34,810)	(111,063)	71,449
Net position at beginning of the year, as restated (Note 16)					1,063,448	387,647	1,451,095	1,488,615
Net position at end of the year					\$ 987,195	\$ 352,837	\$ 1,340,032	\$ 1,560,064

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

**Baltimore County, Maryland**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**  
**(In Thousands)**

	General	Gifts and Grants	Consolidated Public Improvement Construction	Nonmajor Governmental Liquor License	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 395,281	\$ 24,535	\$ -	\$ 188	\$ 420,004
Cash and investments - restricted	70,712	-	-	-	70,712
Receivables, net	105,853	50,501	6,563	-	162,917
Due from other funds	17,721	-	-	-	17,721
Inventories	6,772	-	-	-	6,772
Total assets	<u>\$ 596,339</u>	<u>\$ 75,036</u>	<u>\$ 6,563</u>	<u>\$ 188</u>	<u>\$ 678,126</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 16,602	\$ 4,144	\$ 8,080	\$ -	\$ 28,826
Accrued expenditures	14,926	457	-	5	15,388
Due to other funds	-	-	17,721	-	17,721
Due to component units	50,318	-	13,162	-	63,480
Other liabilities	12,887	1,261	11,407	-	25,555
Unearned revenue - other (Note 5)	727	1,923	-	-	2,650
Total liabilities	<u>95,460</u>	<u>7,785</u>	<u>50,370</u>	<u>5</u>	<u>153,620</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue (Note 5)	38,746	31,299	4,540	-	74,585
Total deferred inflows of resources	<u>38,746</u>	<u>31,299</u>	<u>4,540</u>	<u>-</u>	<u>74,585</u>
<b>FUND BALANCES (DEFICITS) (NOTE 15)</b>					
Nonspendable	6,772	-	-	-	6,772
Restricted	69,140	21,770	-	-	90,910
Committed	-	-	-	-	-
Assigned	91,286	14,182	-	183	105,651
Unassigned	294,935	-	(48,347)	-	246,588
Total fund balances (deficit)	<u>462,133</u>	<u>35,952</u>	<u>(48,347)</u>	<u>183</u>	<u>449,921</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 596,339</u>	<u>\$ 75,036</u>	<u>\$ 6,563</u>	<u>\$ 188</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.	2,319,671
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	74,585
Excess Plan A pension benefits contributions made in relation to the Annual Required Contribution is recognized as a year-end asset.	255,000
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.	35,565
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).	(2,147,547)
Net position of governmental activities	<u>\$ 987,195</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, 2013**  
**(In Thousands)**

	General	Gifts and Grants	Consolidated Public Improvement Construction	Nonmajor Governmental Liquor License	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 1,605,959	\$ -	\$ -	\$ -	\$ 1,605,959
Licenses and permits	4,970	-	-	963	5,933
Intergovernmental	37,717	125,168	19,805	-	182,690
Repayment of loans	-	2,954	-	-	2,954
Charges for services	10,378	9,322	-	75	19,775
Assessments	-	-	2,017	-	2,017
Fines and forfeitures	4,844	-	-	-	4,844
Investment income	1,205	642	-	-	1,847
Miscellaneous	27,861	612	1,843	-	30,316
Total revenues	<u>1,692,934</u>	<u>138,698</u>	<u>23,665</u>	<u>1,038</u>	<u>1,856,335</u>
<b>EXPENDITURES</b>					
Current:					
General government	108,813	3,258	-	611	112,682
Public safety	324,201	10,468	-	-	334,669
Public works	100,540	148	-	-	100,688
Health and human services	34,188	113,666	-	-	147,854
Culture and leisure services	16,377	3,400	-	-	19,777
Economic and community development	1,287	19,958	-	-	21,245
Pension plan contributions (Note 8 & 13)	320,818	-	-	-	320,818
Healthcare contributions	92,311	-	-	-	92,311
Miscellaneous	16,067	-	-	-	16,067
Capital projects	-	-	97,928	-	97,928
Payments to component units	798,316	-	66,519	-	864,835
Debt service:					
Principal retirement	54,543	-	-	-	54,543
Interest	36,774	-	-	-	36,774
Fiscal charges	3,517	-	-	-	3,517
Total expenditures	<u>1,907,752</u>	<u>150,898</u>	<u>164,447</u>	<u>611</u>	<u>2,223,708</u>
Excess (deficiency) of revenues over expenditures	<u>(214,818)</u>	<u>(12,200)</u>	<u>(140,782)</u>	<u>427</u>	<u>(367,373)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds issued	256,290	-	193,000	-	449,290
Refunding bonds issued	94,080	-	-	-	94,080
Bond anticipation notes issued	-	-	193,000	-	193,000
Bond anticipation notes - refunding	-	-	(193,000)	-	(193,000)
Refunding COPs issued	11,830	-	-	-	11,830
COPs premium	-	-	-	-	-
Payment to refunding escrow agents	(122,342)	-	-	-	(122,342)
Premiums on debt	54,994	-	-	-	54,994
Loan	-	-	12,946	-	12,946
Transfers in	457	21,971	13,938	-	36,366
Transfers out	(20,590)	(323)	(14,719)	(600)	(36,232)
Total other financing sources (uses)	<u>274,719</u>	<u>21,648</u>	<u>205,165</u>	<u>(600)</u>	<u>500,932</u>
Net change in fund balances	59,901	9,448	64,383	(173)	133,559
Fund balances (deficit) at beginning of the year	402,232	26,504	(112,730)	356	316,362
Fund balances (deficit) at end of the year	<u>\$ 462,133</u>	<u>\$ 35,952</u>	<u>\$ (48,347)</u>	<u>\$ 183</u>	<u>\$ 449,921</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, 2013**  
**(In Thousands)**

Net change in fund balances-total governmental funds	\$ 133,559
<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>	26,417
<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>	8,130
<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 revenues decreased this year.</p>	(56,083)
<p>Expenses in the statement of activities are adjusted for the difference between Plan A pension expense in relation to the Annual Required Contribution (ARC) and contributions made in relation to the ARC.</p>	255,000
<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>	(424,708)
<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>	1,091
<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>	(19,659)
Change in net position of governmental activities	\$ (76,253)

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, 2013**  
**(In Thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget- Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 1,520,982	\$ 1,520,982	\$ 1,605,959	\$ 84,977
Licenses and permits	3,688	3,688	4,970	1,282
Intergovernmental	37,881	37,881	37,717	(164)
Charges for services	9,928	9,928	10,378	450
Fines and forfeitures	4,210	4,210	4,844	634
Reimbursement from other funds	7,662	7,662	8,202	540
Interest on investments	1,052	1,052	1,324	272
Miscellaneous	22,170	22,170	28,095	5,925
Total revenues	<u>1,607,573</u>	<u>1,607,573</u>	<u>1,701,489</u>	<u>93,916</u>
<b>EXPENDITURES</b>				
Current:				
General government	105,189	105,189	102,135	3,054
Public safety	325,995	325,995	323,636	2,359
Public works	94,442	94,281	89,235	5,046
Health and human services	35,011	35,140	34,311	829
Culture and leisure services	17,012	18,044	16,684	1,360
Economic and community development	1,345	1,345	1,295	50
Pension plan contributions	65,848	65,857	65,856	1
Healthcare contributions	83,434	92,434	92,294	140
Miscellaneous	33,540	16,776	16,066	710
Payments to component units	781,698	797,454	795,428	2,026
Debt service:				
Principal retirement	54,543	54,543	54,543	-
Interest	28,823	28,823	26,750	2,073
Fiscal charges	1,010	1,010	542	468
Total expenditures	<u>1,627,890</u>	<u>1,636,891</u>	<u>1,618,775</u>	<u>18,116</u>
Excess (deficiency) of revenues over expenditures (budgetary basis)	<u>(20,317)</u>	<u>(29,318)</u>	<u>82,714</u>	<u>112,032</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	323	323	323	-
Transfers out	(20,590)	(20,590)	(20,590)	-
Total other financing sources (uses)	<u>(20,267)</u>	<u>(20,267)</u>	<u>(20,267)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	<u>\$ (40,584)</u>	<u>\$ (49,585)</u>	<u>62,447</u>	<u>\$ 112,032</u>
Adjustments required under generally accepted accounting principles:				
Net change during year in reserve for encumbrances			1,519	
Unbudgeted equipment financing activity			(30,438)	
Unbudgeted bond escrow payment			87	
Net change in reserve for inventories, imprest funds and other programs			24,820	
Prior year encumbrances liquidations			1,466	
Net change in fund balance-GAAP			<u>59,901</u>	
Fund balance at beginning of the year			402,232	
Fund balance at end of the year			<u>\$ 462,133</u>	

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

**Baltimore County, Maryland**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2013**  
**(In Thousands)**

	<b>Metropolitan District Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 109,378	\$ 88,505
Cash and investments - restricted	5,353	-
Receivables, net (Note 5)	19,615	1,225
Due from other funds	-	2,983
Inventories	623	576
Prepaid costs	-	1,134
Total current assets	134,969	94,423
Noncurrent assets:		
Assessments receivable (Note 5)	120,601	-
Capital assets:		
Non-depreciable	243,085	705
Depreciable (net of accumulated depreciation)	942,672	15,332
Total noncurrent assets	1,306,358	16,037
Total assets	1,441,327	110,460
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	5,013	-
Total deferred outflows of resources	5,013	-
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	39,442	5,254
Accrued payroll	381	53
Accrued interest payable	12,351	-
Due to other funds	-	2,983
Compensated absences	1,414	239
Claims and judgments	-	34,915
General obligation debt (Note 8)	203,049	-
Certificates of participation (Note 8)	1,025	-
Other liabilities	3,944	-
Total current liabilities	261,606	43,444
Noncurrent liabilities:		
Compensated absences	89	-
Claims and judgments	-	28,591
General obligation debt (Note 8)	829,171	-
Certificates of participation (Note 8)	5,497	-
Total noncurrent liabilities	834,757	28,591
Total liabilities	1,096,363	72,035
<b>NET POSITION</b>		
Net investment in capital assets	553,132	16,037
Unrestricted (deficit)	(203,155)	22,388
Total net position	349,977	\$ 38,425
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	2,860	
Net position of business-type activities	\$ 352,837	

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, 2013**  
**(In Thousands)**

	<b>Metropolitan District Enterprise Fund</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>			
Licenses and permits	\$ 978	\$ 978	\$ -
Charges for services	207,161	207,161	269,161
Assessments	7,104	7,104	-
Intergovernmental	3,184	3,184	-
Miscellaneous	460	460	195
Total operating revenues	<u>218,887</u>	<u>218,887</u>	<u>269,356</u>
<b>OPERATING EXPENSES</b>			
Personal services	21,702	21,702	2,768
Business and travel	62	62	-
Contractual services	68,695	68,695	603
Rents and utilities	4,240	4,240	291
Supplies and maintenance	57,719	57,719	13,298
Insurance claims and expenses	-	-	267,539
Equipment	1,580	1,580	-
Fringe benefits and overhead	12,500	12,500	-
Depreciation expense	25,472	25,472	4,019
Other	51	51	799
Total operating expenses	<u>192,021</u>	<u>192,021</u>	<u>289,317</u>
Operating income (loss)	<u>26,866</u>	<u>26,866</u>	<u>(19,961)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest on investments	322	322	209
Interest expense	(18,850)	(18,850)	-
Capital contributions to other subdivisions	(58,992)	(58,992)	-
Total nonoperating revenues (expenses)	<u>(77,520)</u>	<u>(77,520)</u>	<u>209</u>
Loss before transfers and capital contributions	<u>(50,654)</u>	<u>(50,654)</u>	<u>(19,752)</u>
Transfers out	-	-	(134)
Capital contributions from external parties	16,071	16,071	-
Change in net position	<u>(34,583)</u>	<u>(34,583)</u>	<u>(19,886)</u>
Net position at beginning of the year as restated (Note 16)	384,560		58,311
Net position at end of the year	<u>\$ 349,977</u>		<u>\$ 38,425</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		<u>(227)</u>	
Change in net position of business-type activities		<u>\$ (34,810)</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, 2013**  
**(In Thousands)**

	<b>Metropolitan District Enterprise Fund</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 222,341	\$ 269,320
Payments to suppliers	(120,446)	(14,250)
Payments to employees	(34,119)	(2,771)
Payment for interfund services used	-	(799)
Claims paid	-	(255,722)
Other receipts	-	195
Net cash provided by (used for) operating activities	<u>67,776</u>	<u>(4,027)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers out	-	(134)
Capital contributions paid to other subdivisions	(59,551)	-
Net cash used for noncapital financing activities	<u>(59,551)</u>	<u>(134)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	136,029	-
Retirement of bond anticipation notes	(60,000)	-
Capital contributions from external parties	10,068	-
Acquisition and construction of capital assets	(60,260)	(2,977)
Principal paid on capital debt	(43,533)	-
Interest paid on capital debt	(35,622)	-
Sales of capital assets	-	194
Net cash used for capital and related financing activities	<u>(53,318)</u>	<u>(2,783)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	322	209
Net cash provided by investing activities	<u>322</u>	<u>209</u>
Net decrease in cash and cash equivalents	(44,771)	(6,735)
Cash and cash equivalents at beginning of the year	159,502	95,240
Cash and cash equivalents at end of the year	<u>\$ 114,731</u>	<u>\$ 88,505</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 26,866	\$ (19,961)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation expense	25,472	4,019
Effect of changes in operating assets and liabilities:		
Receivables, net	10,387	159
Prepaid costs	-	5,411
Inventories	(62)	(68)
Accounts and other payables	4,968	2,632
Accrued expenses	145	(3)
Claims and judgements	-	3,784
Net cash provided by (used for) operating activities	<u>\$ 67,776</u>	<u>\$ (4,027)</u>
<b>NONCASH CAPITAL FINANCING ACTIVITIES</b>		
Capital assets acquired through contributions from developers.	\$ 6,750	\$ -

During the year the County issued bonds to refund outstanding Metropolitan District Bonds. The \$18,422 in net proceeds were deposited in an irrevocable trust for the defeasance of \$18,065 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, 2013**  
**(In Thousands)**

	<b>Benefits Trust Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents (Note 3)	\$ 90,516
Collateral for loaned securities (Note 3)	32,209
Receivables:	
Accrued interest & dividend income	3,456
Receivable for investments sold	49,913
Receivables other	5,103
Total receivables	58,472
Investments, at fair value:	
U.S. Government and Agency securities	177,930
Municipal bonds	36,438
Foreign bonds	23,541
Corporate bonds	142,315
Stocks	584,683
Bond mutual funds	352,893
Stock mutual funds	465,670
Real estate equity funds	108,494
Hedge funds	121,851
Private equity funds	121,810
Real assets	121,026
Global asset allocation	367,164
Total investments	2,623,815
Total assets	2,805,012
<b>LIABILITIES</b>	
Securities lending payable	33,930
Investments purchased	80,687
Investment expenses payable	3,762
Refunds payable	543
Other	6,690
Total liabilities	125,612
<b>NET POSITION</b>	
Net position held in trust for benefits	\$ 2,679,400

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, 2013**  
**(In Thousands)**

	<b>Benefits Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 455,916
Employees	68,965
Other	14,135
Total contributions	539,016
Investment earnings:	
Net decrease in the fair value of plan assets	197,825
Interest and dividends	48,472
Investment expenses	(17,370)
Net investment gain	228,927
Net loss from securities lending:	
Securities lending income	129
Net decrease in fair value of investments	(1,722)
Borrower rebates	431
Agent fees	(160)
Net loss from securities lending	(1,322)
Total net investment gain	227,605
Total additions	766,621
<b>DEDUCTIONS</b>	
Benefits	365,227
Refunds	3,110
Administrative expense	2,294
Total deductions	370,631
Change in net position	395,990
Net position at beginning of the year	2,283,410
Net position at end of the year	\$ 2,679,400

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

**Baltimore County, Maryland**  
**Statement of Net Position**  
**Component Units**  
**June 30, 2013**  
**(In Thousands)**

	<u>Board of Education</u>	<u>Community College</u>	<u>Board of Library Trustees</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments (Note 3)	\$ 24,831	\$ 27,656	\$ 12,261	\$ 64,748
Receivables	35,320	9,260	127	44,707
Due from primary government	63,419	3,246	-	66,665
Inventories	1,006	1,568	133	2,707
Prepaid costs and other assets	345	51	6	402
Cash restricted for lease purchase	3,900	-	-	3,900
Capital assets (Note 7)				
Non-depreciable	299,478	26,859	-	326,337
Depreciable (net of accumulated depreciation)	1,074,899	130,367	14,532	1,219,798
Total assets	<u>1,503,198</u>	<u>199,007</u>	<u>27,059</u>	<u>1,729,264</u>
<b>LIABILITIES</b>				
Accounts payable	36,600	7,109	1,134	44,843
Accrued payroll	14,464	3,827	1,498	19,789
Other liabilities	1,885	1,165	-	3,050
Unearned revenue	4,195	7,151	238	11,584
Liabilities payable from restricted assets	3,900	-	-	3,900
Noncurrent liabilities (Note 8)				
Due within one year	19,303	4,267	1,046	24,616
Due in more than one year	50,937	8,394	2,087	61,418
Total liabilities	<u>131,284</u>	<u>31,913</u>	<u>6,003</u>	<u>169,200</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,358,337	156,266	14,532	1,529,135
Restricted for:				
Education	15,297	4,555	-	19,852
Expendable endowments	-	4,205	557	4,762
Unrestricted	(1,720)	2,068	5,967	6,315
Total net position	<u>\$ 1,371,914</u>	<u>\$ 167,094</u>	<u>\$ 21,056</u>	<u>\$ 1,560,064</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, 2013**  
**(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
<b>BOARD OF EDUCATION</b>							
Public education	\$ 1,283,099	\$ 383	\$ 142,334	\$ 91,741	\$ (1,048,641)	\$ -	\$ (1,048,641)
Facilities operations	149,077	-	1,353	469	(147,255)	-	(147,255)
Food service	41,404	13,320	29,303	-	1,219	-	1,219
Total Board of Education	1,473,580	13,703	172,990	92,210	(1,194,677)	-	(1,194,677)
<b>COMMUNITY COLLEGE</b>							
Educational and general expenses	178,959	64,757	95,563	-	(18,639)	-	(18,639)
Facilities operations	21,902	-	-	15,205	(6,697)	-	(6,697)
Auxiliary enterprises	10,485	8,587	-	-	(1,898)	-	(1,898)
Total Community College	211,346	73,344	95,563	15,205	(27,234)	-	(27,234)
<b>BOARD OF LIBRARY TRUSTEES</b>							
Culture and leisure services	41,498	3,612	6,018	2,027	-	(29,841)	(29,841)
Total component units	\$ 1,726,424	\$ 90,659	\$ 274,571	\$ 109,442	\$ (27,234)	\$ (29,841)	\$ (1,251,752)
General Revenues:							
Baltimore County				690,477	38,463	33,914	762,854
State of Maryland				553,193	-	-	553,193
Unrestricted investment earnings				-	394	-	394
Other				6,760	-	-	6,760
Total general revenues				1,250,430	38,857	33,914	1,323,201
Change in net position				55,753	11,623	4,073	71,449
Net position at beginning of the year				1,316,161	155,471	16,983	1,488,615
Net position at end of the year				\$ 1,371,914	\$ 167,094	\$ 21,056	\$ 1,560,064

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

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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

***Financial Reporting Entity***

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

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

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

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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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, 2013 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** consist of net position which do not meet the definition of the two preceding categories. Unrestricted net position often are assigned to indicate that management does not consider them to be available for general operations. Unrestricted net position often have constraints on resources which are imposed by management, but can be removed or modified.

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are reported as general revenue.

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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***Fund Financial Statements***

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

The County reports the following major governmental funds:

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

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

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

The County reports on the following major enterprise fund:

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

The County also reports the following fund types:

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

Benefits Trust 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 and "available" means collectable within the current period or soon thereafter to pay liabilities of the current period. The County considers sales and income taxes, interest income and various intergovernmental revenues available if they are collected within 60 days after year-end. Property tax revenue is recognized on receipts within 30 days of year-end. Revenue related to expenditure driven grants is recognized when the applicable eligibility requirements have been met and to the extent that cash is expected to be received within one year of year-end. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Expenditures, other than principal and interest on long-term debt and

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of Enterprise and Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). This guidance is codified in GASB Statement No. 62. Governments also have the option of following private-sector guidance not included in GASB 62 for their business-type activities and enterprise funds, subject to the same limitation. The County has elected not to follow subsequent private-sector guidance.

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

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

***Budgetary Data***

As required by Article VII of the Baltimore County Charter, the annual operating budget and the capital budget are prepared by the County Executive and submitted to the County Council for adoption. Such budgets are generally prepared on the modified accrual basis of accounting described above and reflect encumbrance accounting. Prior to adoption of the budgets, the County Council may decrease or delete any item with the exception of those required by the general laws of the State of Maryland, provisions for debt service on outstanding obligations and provisions to eliminate any estimated cash deficits. Requests for supplementary and emergency appropriations may be prepared during the year by the County Executive and adopted by the County Council. There were \$9 million in supplementary and emergency appropriations adopted for the General Fund operating budget during fiscal year 2013.

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

The County presents its General Fund budgetary comparison statement as part of the basic financial statements. Unbudgeted equipment financing activity in the General Fund comparison consists of \$0.034 million of interest income decreased by \$30.472 million of equipment purchases. The unspent equipment financing proceeds of \$68.821 million are reported as a restriction of fund balance at fiscal year-end.

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

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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

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

***Debt Retirement***

General obligation long-term debt retirements are paid from the General and Metropolitan District Funds. The Metropolitan District Fund includes \$102 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, 2013. 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 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 (expenditure) until the future period. At June 30, 2013, the County recognized deferred charges on refunding as a deferred outflow of resources in the government - wide statement of net position and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**BALTIMORE COUNTY, MARYLAND**  
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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, 2013, the County recognized deferred inflows of resources in the governmental funds balance sheet.

***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, 2013.

***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 \$26.972 million of restricted net position, of which \$4.883 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, by adoption of a Council bill or resolution prior to fiscal year end, commit fund balance. Similar action of the County Council is required to modify or rescind such commitments.

*Assigned* – Includes fund balance amounts that are intended to be used by the County for specific purposes as determined by the County Executive or 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.

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***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 a financial cushion for unanticipated decreases in revenues, primarily intergovernmental revenues. The General Fund Unassigned Fund Balance includes \$85.034 million that the County has set aside in the Account. Revenues in excess of estimates and any unexpended appropriations at the close of the fiscal year shall be transferred to the Account if the Account balance does not exceed five percent of the current fiscal year General Fund budgeted revenue after interest is credited to the Account. The Director of Budget and Finance shall notify the County Executive and County Council that a funds availability deficit exists in the General Fund at the end of any fiscal year and request that sufficient monies to the extent available be transferred from the Account to eliminate the deficit. Funds in the Account are not to be used for any other purpose except upon the recommendation of the County Executive and approval of a majority plus one of the County Council.

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

**Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net 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 in the current period and therefore are not reported in the funds.” The details of this \$2,147,547 difference are as follows:

General obligation debt	\$ 1,675,110
Certificates of participation and loan payable	134,206
Add: Issuance premium (to be amortized as a reduction to interest expense)	99,608
Less: Issuance discount (to be amortized as interest expense)	(1,720)
Less: Deferred charge on refunding (to be amortized as interest expense)	(9,683)
Accrued interest payable	25,343
Compensated absences	58,182
Other post employment benefits liability	151,299
Estimated landfill closing costs	15,202
Net adjustment to reduce fund balance - total funds to arrive at net position of governmental activities	\$ 2,147,547

**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

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“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 \$26,417 difference are as follows:

Capital outlay	\$	103,915
Depreciation expense		<u>(77,498)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	<u>26,417</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 \$8,130 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.	\$	(563)
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>8,693</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	\$	<u>8,130</u>

Another element of the reconciliation states that “The issuance of long-term debt (e.g., bonds, certificates of participation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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 \$424,708 difference are as follows:

Debt issued or incurred:		
General obligation debt	\$	(736,370)
Certificates of participation		(11,830)
Payment to escrow agent for refundings		122,342
Loan payment		(12,946)
Add: premium		(54,994)
Principal repayments:		
General obligation debt		260,010
Certificates of participation		<u>9,080</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities		<u><u>\$(424,708)</u></u>



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Investments for the primary government as of June 30, 2013 are as follows (in thousands):

Primary Government Investments	The System				Pension Plan	Total Primary Government
	The Pool	Plan A	Plan B	OPEB Plan		
U.S. securities and agencies						
Not on securities loan	\$ 319	\$ 137,309	\$ 1,397	\$ 18,148	\$ -	\$ 157,173
On securities loan for						
securities or cash collateral	-	18,449	188	2,439	-	21,076
MLGIP	123	-	-	-	-	123
Municipal bonds	-	16,171	165	2,137	17,965	36,438
Foreign bonds	-	14,327	146	1,894	7,174	23,541
Corporate bonds						
Not on securities loan	-	123,675	1,259	16,346	-	141,280
On securities loan for						
securities or cash collateral	-	906	9	120	-	1,035
Bond mutual funds	-	301,393	3,068	39,835	8,597	352,893
Money market funds	699,376	73,098	744	9,661	1,114	783,993
Real estate equity funds	-	94,974	967	12,553	-	108,494
Stocks						
Not on securities loan	-	481,931	4,906	63,697	-	550,534
On securities loan for						
securities or cash collateral	-	29,894	304	3,951	-	34,149
Stock mutual funds	-	394,524	4,016	52,145	14,985	465,670
Private equity funds	-	106,631	1,085	14,094	-	121,810
Hedge funds	-	106,667	1,086	14,098	-	121,851
Real assets	-	105,945	1,078	14,003	-	121,026
Global Asset Allocation fund	-	321,412	3,271	42,481	-	367,164
Securities lending short-term collateral investment pool	-	28,195	287	3,727	-	32,209
<b>Total</b>	<b>\$ 699,818</b>	<b>\$ 2,355,501</b>	<b>\$ 23,976</b>	<b>\$ 311,329</b>	<b>\$ 49,835</b>	<b>\$ 3,440,459</b>

Component units' investments of \$47.496 million include \$37.123 million of MLGIP and \$10.373 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 borrowers because the amounts owed to borrowers exceed the amounts the borrowers owe. The System, the OPEB Plan, the Pension Plan or the borrower can terminate securities loans on demand. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end had a weighted average maturity of 12 days. The System, the OPEB Plan and the Pension Plan cannot pledge or sell collateral securities received unless the borrower defaults. The collateral held and the fair value of securities on loan as of June 30, 2013 totaled \$58.149 million and \$56.259 million, respectively. At June 30, 2013, the cash collateral pool had an unrealized loss of \$1.722 million, which is recorded in the Statement of Changes in Net Position as a decrease in the fair value of investments for securities lending.

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

Investment Type	Fair Value	Investment Maturities (in years)					
		Less than 1	1 - 4.9	5 - 9.9	10 - 19.9	20 - 30	More than 30
<b>The Pool</b>							
U.S. Government Obligations	\$ 319	\$ -	\$ -	\$ -	\$ -	\$ 319	\$ -
<b>The System - Plan A</b>							
U.S. Government Obligations	80,038	2,637	7,895	21,607	14,996	24,069	8,834
U.S. Agency Securities	75,720	4,378	6,779	9,115	15,405	21,213	18,830
Municipal Bonds	16,171	887	11,333	-	-	3,951	-
Corporate Debt	124,581	26,740	36,437	28,053	11,617	11,456	10,278
Bond Mutual Funds	301,393	-	-	301,393	-	-	-
Foreign Debt	14,327	2,685	6,395	3,827	-	809	611
Total	612,230	37,327	68,839	363,995	42,018	61,498	38,553
<b>The System - Plan B</b>							
U.S. Government Obligations	815	27	80	220	153	245	90
U.S. Agency Securities	770	44	69	93	157	216	191
Municipal Bonds	165	9	116	-	-	40	-
Corporate Debt	1,268	272	371	285	118	117	105
Bond Mutual Funds	3,068	-	-	3,068	-	-	-
Foreign Debt	146	28	65	39	-	8	6
Total	6,232	380	701	3,705	428	626	392
<b>OPEB Plan</b>							
U.S. Government Obligations	10,579	348	1,044	2,856	1,982	3,181	1,168
U.S. Agency Securities	10,008	579	896	1,205	2,036	2,804	2,488
Municipal Bonds	2,137	117	1,498	-	-	522	-
Corporate Debt	16,466	3,534	4,816	3,708	1,536	1,514	1,358
Bond Mutual Funds	39,835	-	-	39,835	-	-	-
Foreign Debt	1,894	355	845	506	-	107	81
Total	80,919	4,933	9,099	48,110	5,554	8,128	5,095
<b>Pension Plan</b>							
Municipal Bonds	17,965	1,725	8,831	5,220	2,189	-	-
Bond Mutual Funds	8,597	-	-	8,597	-	-	-
Foreign Debt	7,174	-	2,500	-	-	-	4,674
Total	33,736	1,725	11,331	13,817	2,189	-	4,674
Total Primary Government	\$ 733,436	\$ 44,365	\$ 89,970	\$ 429,627	\$ 50,189	\$ 70,571	\$ 48,714

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

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*Credit Risk* – The Pool’s, the Pension Trust Funds’ and the OPEB Plan’s investment policies are to apply the prudent-person rule: Investments are made as a prudent person would be expected to act with discretion and intelligence, to seek reasonable income, preserve capital and in general, avoid speculative investments. As of June 30, 2013, 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	23.31	\$ 142,713	23.31	\$ 1,453	23.31	\$ 18,862	4.74	\$ 1,600
AA	2.18	13,339	2.18	136	2.18	1,763	23.74	8,009
A	6.46	39,554	6.46	402	6.46	5,228	23.02	7,765
BBB	7.42	45,399	7.42	462	7.42	6,000	0.59	200
BB	0.57	3,498	0.57	36	0.57	463	0.00	-
B	0.46	2,833	0.46	29	0.46	375	0.00	-
CCC	0.43	2,628	0.43	27	0.43	347	0.00	-
CC	0.16	976	0.16	10	0.16	129	0.00	-
Not Rated	59.01	361,290	59.01	3,677	59.01	47,752	47.91	16,162
Total	100.00	\$ 612,230	100.00	\$ 6,232	100.00	\$ 80,919	100.00	\$ 33,736

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

Currency	Fair Value (in thousands)			
	The System		OPEB Plan	Total
	Plan A	Plan B		
Australian Dollar	\$ 5,369	\$ 55	\$ 709	\$ 6,133
Canadian Dollar	36	1	5	42
Danish Krone	142	1	19	162
Euro Currency Unit	53,763	547	7,106	61,416
Hong Kong Dollar	5,514	56	729	6,299
Israeli Shekel	921	9	122	1,052
Japanese Yen	34,731	354	4,590	39,675
Norwegian Krone	1,020	10	135	1,165
Pound Sterling	16,383	167	2,165	18,715
Singapore Dollar	1,082	11	143	1,236
South Korean Won	5,233	53	692	5,978
Swedish Krona	5,286	54	699	6,039
Swiss Franc	10,322	105	1,364	11,791
	\$ 139,802	\$ 1,423	\$ 18,478	\$ 159,703

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, 2013 was (\$18,391,875).

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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, 2013, classified by type and the changes in fair value of such derivative instruments for the year then ended are as follows:

Investment Derivatives	Changes in Fair Value (expressed in thousands)		Fair Value as of June 30, 2013 (expressed in thousands)	
	Classification	Amount	Amount	Notional Value
<b>The System - Plan A</b>				
Futures	Investment revenue	\$ -	\$ -	\$ (16,100)
Options	Investment revenue	(31)	(34)	424
Swaps	Investment revenue	-	84	372
Mortgage Derivatives	Investment revenue	(94)	3,111	3,111
TBA Transactions	Investment revenue	(192)	16,097	16,097
<b>The System - Plan B</b>				
Futures	Investment revenue	\$ -	\$ -	\$ (164)
Options	Investment revenue	-	-	4
Swaps	Investment revenue	-	-	4
Mortgage Derivatives	Investment revenue	(1)	32	32
TBA Transactions	Investment revenue	(2)	164	164
<b>OPEB</b>				
Futures	Investment revenue	\$ -	\$ -	\$ (2,128)
Options	Investment revenue	(4)	(5)	56
Swaps	Investment revenue	-	11	49
Mortgage Derivatives	Investment revenue	(13)	411	411
TBA Transactions	Investment revenue	(25)	2,127	2,127

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

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

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

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

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

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**4. PROPERTY TAX:**

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

Assessed values are established by the Maryland Department of Assessments and Taxation at one hundred percent of estimated market value. The assessed value of taxable real and personal property in the County for fiscal year 2013 was \$80.9 billion.

The property tax rate for the year ended June 30, 2013 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 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, 2013 for the County's major funds and Internal Service Funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities					Total Receivables
	General	Gifts and Grants	Consolidated Public Improvement Construction	Internal Service Funds	Metropolitan District	
Property taxes	\$ 10,585	\$ -	\$ -	\$ -	\$ -	\$ 10,585
Accounts	17,502	-	-	1,225	1,992	20,719
Intergovernmental	78,156	19,172	2,005	-	2,505	101,838
Assessments	876	-	4,558	-	135,719	141,153
Loans	406	59,135	-	-	-	59,541
Interest	21	-	-	-	-	21
Total receivables	<u>107,546</u>	<u>78,307</u>	<u>6,563</u>	<u>1,225</u>	<u>140,216</u>	<u>333,857</u>
Allowance for uncollectible accounts	(1,693)	(27,806)	-	-	-	(29,499)
Net total receivables	<u>\$ 105,853</u>	<u>\$ 50,501</u>	<u>\$ 6,563</u>	<u>\$ 1,225</u>	<u>\$ 140,216</u>	<u>\$ 304,358</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 693</u>	<u>\$ 29,096</u>	<u>\$ 3,384</u>	<u>\$ -</u>	<u>\$ 120,601</u>	<u>\$ 153,774</u>

At June 30, 2013, the County has recorded \$59.135 million of outstanding loans receivable in the Gifts and Grants Fund. Of these receivables, \$48.392 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 \$27.806 million of these loans are offset by an allowance for uncollectible accounts because collections are highly uncertain. In many cases, the loan repayment is forgiven if the resident/developer complies with certain federal requirements, which may include residing in the property for a stated number of years.

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Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. The various components of deferred revenue reported in the governmental funds as of June 30, 2013 were as follows:

	Unavailable	Unearned	Total
Property taxes receivable	\$ 8,404	\$ 727	\$ 9,131
Income taxes receivable	28,143	-	28,143
Interest subsidy receivable	917	-	917
Economic and community development loans	11,119	-	11,119
Special assessments not yet due	5,417	-	5,417
Grant funds received prior to meeting all eligibility requirements	20,585	1,923	22,508
Total deferred revenue for governmental funds	<u>\$ 74,585</u>	<u>\$ 2,650</u>	<u>\$ 77,235</u>

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

The composition of interfund balances as of June 30, 2013 is as follows:

Receivable fund	Payable fund	Purpose	Amount
Self-Insurance Program	Vehicle Operation and Maintenance	Deficit cash balance	\$ 2,983
General	Consolidated Public Improvement	Deficit cash balance	17,721
		Total	<u>\$ 20,704</u>

Interfund transfers for the fiscal year ended June 30, 2013 were as follows:

Transferred from	Transferred to			
	General	Gifts and Grants	Consolidated Public Improvement Construction	Total
General	\$ -	\$ 6,652	\$ 13,938	\$ 20,590
Gifts and Grants	323	-	-	323
Consolidated Public Improvement Construction	-	14,719	-	14,719
Nonmajor Governmental Funds	-	600	-	600
Internal Service Funds	134	-	-	134
Total transfers	<u>\$ 457</u>	<u>\$ 21,971</u>	<u>\$ 13,938</u>	<u>\$ 36,366</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 \$6.329 million between the General Fund and the Gifts and Grants Fund are County matching funds for grant funded programs. The transfers of \$0.134 million from the Self-Insurance Program Fund to the General Fund are investment income transfers on pooled cash. A transfer of \$14.7 million from CPI to the Gifts and Grants Fund is funds allocated to the County's economic development loan program. The remaining transfers are various funding contributions for operations.

As of June 30, 2013, 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, 2013 is reported below:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 260,171	\$ 7,047	\$ -	\$ 267,218
Construction in progress	364,494	82,004	(66,075)	380,423
Total capital assets not being depreciated	<u>624,665</u>	<u>89,051</u>	<u>(66,075)</u>	<u>647,641</u>
Capital assets being depreciated:				
Buildings and improvements	486,932	15,641	-	502,573
Machinery and equipment	128,196	9,959	(9,019)	129,136
Vehicles	112,830	10,286	(5,702)	117,414
Infrastructure	2,367,398	56,724	-	2,424,122
Total capital assets being depreciated	<u>3,095,356</u>	<u>92,610</u>	<u>(14,721)</u>	<u>3,173,245</u>
Less accumulated depreciation for:				
Buildings and improvements	(149,155)	(12,174)	-	(161,329)
Machinery and equipment	(60,585)	(10,956)	8,750	(62,791)
Vehicles	(69,277)	(9,161)	5,213	(73,225)
Infrastructure	(1,138,607)	(49,226)	-	(1,187,833)
Total accumulated depreciation	<u>(1,417,624)</u>	<u>(81,517)</u>	<u>13,963</u>	<u>(1,485,178)</u>
Total capital assets being depreciated, net	<u>1,677,732</u>	<u>11,093</u>	<u>(758)</u>	<u>1,688,067</u>
Governmental activities capital assets, net	<u>\$ 2,302,397</u>	<u>\$ 100,144</u>	<u>\$ (66,833)</u>	<u>\$ 2,335,708</u>
<b>Business-type activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,308	\$ 9	\$ -	\$ 1,317
Construction in progress	209,108	61,495	(28,835)	241,768
Total capital assets not being depreciated	<u>210,416</u>	<u>61,504</u>	<u>(28,835)</u>	<u>243,085</u>
Capital assets being depreciated:				
Buildings and improvements	175,318	6,293	-	181,611
Machinery and equipment	1,220	52	(16)	1,256
Vehicles	9,761	1,221	(601)	10,381
Infrastructure	1,107,745	37,503	-	1,145,248
Total capital assets being depreciated	<u>1,294,044</u>	<u>45,069</u>	<u>(617)</u>	<u>1,338,496</u>
Less accumulated depreciation for:				
Buildings and improvements	(66,136)	(5,304)	-	(71,440)
Machinery and equipment	(668)	(61)	16	(713)
Vehicles	(7,084)	(571)	601	(7,054)
Infrastructure	(297,081)	(19,536)	-	(316,617)
Total accumulated depreciation	<u>(370,969)</u>	<u>(25,472)</u>	<u>617</u>	<u>(395,824)</u>
Total capital assets being depreciated, net	<u>923,075</u>	<u>19,597</u>	<u>-</u>	<u>942,672</u>
Business-type activities capital assets, net	<u>\$ 1,133,491</u>	<u>\$ 81,101</u>	<u>\$ (28,835)</u>	<u>\$ 1,185,757</u>

**BALTIMORE COUNTY, MARYLAND**  
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Depreciation expense was charged to primary government functions as follows:

Governmental activities:	
General government	\$ 11,833
Public safety	6,058
Public works, which includes the depreciation of infrastructure assets	49,277
Health and human services	1,401
Culture and leisure services	8,879
Economic and community development	50
Capital assets held by the County's internal service funds is charged to the various activities based on their usage of the assets.	4,019
Total depreciation expense - governmental activities	<u>\$ 81,517</u>

Business-type activities:	
Water and sewer services, which include the depreciation of infrastructure assets	\$ 25,472
Total depreciation expense - business-type activities	<u>\$ 25,472</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Board of Education:</b>				
Capital assets not being depreciated:				
Land	\$ 28,857	\$ -	\$ -	\$ 28,857
Construction in progress	343,433	81,350	(154,162)	270,621
Total capital assets not being depreciated	<u>372,290</u>	<u>81,350</u>	<u>(154,162)</u>	<u>299,478</u>
Capital assets being depreciated:				
Buildings	1,330,676	153,537	(1,127)	1,483,086
Improvements other than buildings	69,678	8,127	(15)	77,790
Equipment and vehicles	135,260	9,367	(1,657)	142,970
Total capital assets being depreciated	<u>1,535,614</u>	<u>171,031</u>	<u>(2,799)</u>	<u>1,703,846</u>
Less accumulated depreciation	<u>(574,841)</u>	<u>(55,605)</u>	<u>1,499</u>	<u>(628,947)</u>
Total capital assets being depreciated, net	<u>960,773</u>	<u>115,426</u>	<u>(1,300)</u>	<u>1,074,899</u>
Board of Education capital assets, net	<u>\$ 1,333,063</u>	<u>\$ 196,776</u>	<u>\$ (155,462)</u>	<u>\$ 1,374,377</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Community College:</b>				
Capital assets not being depreciated:				
Land	\$ 4,798	\$ -	\$ -	\$ 4,798
Construction in progress	29,783	13,162	(20,884)	22,061
Total capital assets not being depreciated	34,581	13,162	(20,884)	26,859
Capital assets being depreciated:				
Buildings and improvements	158,926	20,885	-	179,811
Infrastructure	25,244	-	-	25,244
Equipment and vehicles	24,139	2,160	(30)	26,269
Library materials	6,720	218	-	6,938
Total capital assets being depreciated	215,029	23,263	(30)	238,262
Less accumulated depreciation	(99,746)	(8,177)	28	(107,895)
Total capital assets being depreciated, net	115,283	15,086	(2)	130,367
The Community College of Baltimore County capital assets, net	\$ 149,864	\$ 28,248	\$ (20,886)	\$ 157,226
<b>Board of Library Trustees:</b>				
Capital assets being depreciated:				
Equipment and vehicles	\$ 11,500	\$ 1,524	\$ -	\$ 13,024
Circulation materials	17,652	6,578	(5,437)	18,793
Total capital assets being depreciated	29,152	8,102	(5,437)	31,817
Less accumulated depreciation	(17,118)	(5,604)	5,437	(17,285)
Board of Library Trustees capital assets, net	\$ 12,034	\$ 2,498	\$ -	\$ 14,532

**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 closing costs, certificates of participation and a loan 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.

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

	(in thousands)	
	General Bonds	Metropolitan District
Legal limitation for the borrowing of funds and issuance of bonds	\$ 3,235,791	\$ 2,290,073
General obligation debt outstanding applicable to debt limit	1,675,110	1,010,645

General obligation debt issuances require approval by voter referendum. Approved and unissued general obligation bonded debt totaled \$577,177,361 as of June 30, 2013, comprised of \$261,846,881 for public schools, \$270,390,910 for public facilities and \$44,939,570 for the Community College. Appropriated and unissued Metropolitan District bonded debt totaled \$465,388,386 as of June 30, 2013.

**General Obligation Bonds**

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

On December 12, 2012, the County sold \$112,085,000 General Obligation Refunding Bonds – 2012 Refunding Series. The issuance consisted of a current refunding of \$18,005,000 Metropolitan District Bonds, a current refunding of \$11,080,000 Consolidated Public Improvement Bonds and the advanced refunding of \$83,000,000 Consolidated Public Improvement Bonds. The net proceeds of the 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. The Bonds were used for the purpose of refunding \$18,065,000 of outstanding Metropolitan District Bonds, and \$102,485,000 of outstanding Consolidated Public Improvement Bonds. As a result of the refunding, a net present value savings of \$15,825,721 was obtained. The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$7.7 million, which will be charged to future operations using the effective interest method. The advanced refunding of the \$83,000,000 Consolidated Public Improvement Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

On December 13, 2012, the County sold \$256,290,000 Taxable General Obligation Bonds to fund the present value of the increased liability of the portion of the Employees' Retirement System of Baltimore County (the "System") that was closed to new membership effective as of July 1, 2007 resulting from the reduction of the valuation rate by the Board of Trustees of the System from 7.875% to 7.25%. The \$255 million proceeds from the bonds were used to purchase investments for the benefit of the System.

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

As of June 30, 2013, the County has outstanding \$240 million Consolidated Public Improvement (CPI) BANs and \$160 million Metropolitan District (MD) BANs, comprised of both Commercial Paper (CP) BANs and Fixed Rate (FR) BANs. During FY 2013, the County issued \$193 million in CPI BANs and \$60 million in MD BANs in two separate issuances

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as follows:

On December 12, 2012, the County redeemed and concurrently reissued \$53 million Consolidated Public Improvement Commercial Paper BANs (CPI CP BANs).

On February 6, 2013, the County issued \$200 million FR BANs for the purpose of providing funds for capital improvement projects. Of the \$200 million FR BANs, \$140 million were issued as CPI FR BANs, and \$60 million were issued as MD FR BANs, maturing on February 24, 2014, with a true interest cost of 0.16%.

CP BANs are sold with an initial maturity of up to 270 days, and upon maturity they are remarketed. This remarketing is backed for liquidity purposes by a line of credit, the terms of which provide that no principal repayments are due by the County until the completion of the liquidity agreement. The weighted-average maturity of the CP BANs for FY 2013 was 40 days and interest rates ranged from 0.08% to 0.20%.

**Maryland Water Quality Financing Agreement**

During FY 2013, the County issued \$11,148,941 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, 2013, the balance outstanding was \$94,485,101.

**General Obligation Bonds Defeasance**

The County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. As of June 30, 2013, \$83,000,000 of bonds were refunded in advance and are considered defeased.

**Certificates of Participation**

On February 6, 2013, the County issued \$11,830,000 Certificates of Participation (Health and Social Services Building Project) – Refunding Series 2013. The net proceeds of the refunding were invested in US Treasury Bills and deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. The Certificates of Participation were used for the purpose of a current refunding of \$12,350,000 of outstanding Certificates of Participation (Health and Social Services Building Project) Series 2001. As a result of the refunding, a net present value saving of \$1,952,185 was obtained. The Certificates of Participation (Health and Social Services Building Project) – Refunding Series 2013 are due October 1, in each of the years 2013 to 2021, inclusive, and bear a true interest cost of 1.37%.

**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. The loan was due to be repaid on October 1 in each of the years 2014-2023 inclusive, at a rate of 7.875%. As of June 30, 2013, the balance outstanding was \$12,945,885.

**Other**

The County issues debt to finance the construction of certain capital facilities of its component units and for major water and sewer projects done in conjunction with the City of Baltimore (the "City"), which decreases the "Unrestricted" net 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.

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- 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 \$518.238 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, 2013.
- 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 \$846.932 million towards these City owned facilities that are funded primarily with bond proceeds. The County estimates 37.82% of its net Metropolitan District general obligation bonds outstanding or \$388.49 million is related to these facilities as of June 30, 2013.

At June 30, 2013, the County has accrued \$15.2 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, 2013 represents the cumulative unspent amount reported to date based on the use of 52.61% of the estimated landfill capacity. The County will recognize the remaining estimated cost of closure and postclosure care of \$13.69 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, 2012 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, 2013 for bonds issued prior to July 1, 1996 could not be determined, however, the original issue amounts approximate \$508.69 million. The aggregate principal amount payable for bonds issued after July 1, 1996 was \$371.39 million at June 30, 2013.

**BALTIMORE COUNTY, MARYLAND**  
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Long-term liability activity for the year ended June 30, 2013 is as follows (in thousands):

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
<b>Primary Government:</b>					
<b>Governmental activities:</b>					
General obligation debt					
Consolidated public improvement bonds	\$ 1,036,260	\$ 287,080	\$ (162,400)	\$ 1,160,940	\$ 61,725
Installment purchase agreement	240	-	(80)	160	80
Pension funding bonds	24,735	256,290	(7,015)	274,010	6,925
Bond anticipation notes	240,000	193,000	(193,000)	240,000	240,000
	<u>1,301,235</u>	<u>736,370</u>	<u>(362,495)</u>	<u>1,675,110</u>	<u>308,730</u>
Add remaining original issue premium	48,588	54,208	(16,418)	86,378	-
Less remaining original issue discount	(1,804)	-	84	(1,720)	-
Total general obligation debt	<u>1,348,019</u>	<u>790,578</u>	<u>(378,829)</u>	<u>1,759,768</u>	<u>308,730</u>
Certificates of participation	130,860	11,830	(21,430)	121,260	13,600
Add remaining original issue premium	15,156	786	(2,712)	13,230	-
Total certificates of participation	<u>146,016</u>	<u>12,616</u>	<u>(24,142)</u>	<u>134,490</u>	<u>13,600</u>
Other long-term liabilities					
Loan payable	-	12,946	-	12,946	-
Compensated absences	58,768	54,305	(54,652)	58,421	56,259
Claims payable	59,722	267,539	(263,755)	63,506	34,915
Other post employment benefits	142,677	8,622	-	151,299	-
Estimated landfill closing costs	14,678	524	-	15,202	-
Total other long-term liabilities	<u>275,845</u>	<u>343,936</u>	<u>(318,407)</u>	<u>301,374</u>	<u>91,174</u>
Total governmental activities long-term liabilities	<u>\$ 1,769,880</u>	<u>\$ 1,147,130</u>	<u>\$ (721,378)</u>	<u>\$ 2,195,632</u>	<u>\$ 413,504</u>
<b>Business-type activities:</b>					
General obligation debt					
Metropolitan District bonds	\$ 822,490	\$ 89,154	\$ (60,999)	\$ 850,645	\$ 43,049
Bond anticipation notes	160,000	60,000	(60,000)	160,000	160,000
	<u>982,490</u>	<u>149,154</u>	<u>(120,999)</u>	<u>1,010,645</u>	<u>203,049</u>
Add remaining original issue premium	21,452	5,439	(5,316)	21,575	-
Total general obligation debt	<u>1,003,942</u>	<u>154,593</u>	<u>(126,315)</u>	<u>1,032,220</u>	<u>203,049</u>
Certificates of participation	6,450	-	(600)	5,850	1,025
Add remaining original issue premium	814	-	(142)	672	-
Total certificates of participation	<u>7,264</u>	<u>-</u>	<u>(742)</u>	<u>6,522</u>	<u>1,025</u>
Compensated absences	1,343	935	(775)	1,503	1,414
Total business-type activities long-term liabilities	<u>\$ 1,012,549</u>	<u>\$ 155,528</u>	<u>\$ (127,832)</u>	<u>\$ 1,040,245</u>	<u>\$ 205,488</u>

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	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
<b>Component Units:</b>					
<b>Board of Education:</b>					
Compensated absences	\$ 20,592	\$ 12,931	\$ (12,116)	\$ 21,407	\$ 12,134
Capital leases	17,786	5,051	(6,799)	16,038	7,169
Net OPEB obligation	46,158	51,809	(65,172)	32,795	-
Total Board of Education	<u>84,536</u>	<u>69,791</u>	<u>(84,087)</u>	<u>70,240</u>	<u>19,303</u>
<b>Community College:</b>					
Compensated absences	5,866	3,654	(3,571)	5,949	3,816
Capital leases	1,380	-	(420)	960	451
Net OPEB obligation	7,738	5,080	(7,066)	5,752	-
Total Community College	<u>14,984</u>	<u>8,734</u>	<u>(11,057)</u>	<u>12,661</u>	<u>4,267</u>
<b>Board of Library Trustees:</b>					
Compensated absences	1,021	25	-	1,046	1,046
Net OPEB obligation	1,750	337	-	2,087	-
Total Board of Library Trustees	<u>2,771</u>	<u>362</u>	<u>-</u>	<u>3,133</u>	<u>1,046</u>
<b>Total component unit long-term liabilities</b>	<u>\$ 102,291</u>	<u>\$ 78,887</u>	<u>\$ (95,144)</u>	<u>\$ 86,034</u>	<u>\$ 24,616</u>

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General long-term debt currently outstanding as of June 30, 2013 is as follows:

**Governmental Activities:**  
(in thousands)

**General Obligation Debt:**

**Bonds**

Dated	Original Maturity Range	Interest Rate Range	Issue Amount	Balance 6/30/2013	Unamortized Premium/ (Discount)	Carrying Value 6/30/2013
02/26/04	2005-2024	3.000 - 5.000	\$ 152,000	\$ 16,600	\$ 440	\$ 17,040
02/26/04	2009-2020	3.250 - 5.000	63,085 *	57,755	1,157	58,912
09/27/06	2007-2026	4.000 - 5.000	111,000	79,000	1,730	80,730
01/03/08	2009-2028	4.000 - 5.000	140,000	108,000	3,660	111,660
02/24/09	2009-2018	2.000 - 5.000	26,880 *	15,200	1,472	16,672
02/24/09	2009-2015	3.000 - 5.000	46,140 *	17,720	501	18,221
11/05/09	2010-2025	6.150 - 6.150	19,400	19,400	(1,720)	17,680
11/10/09	2010-2029	0.650 - 5.650	155,570	137,400	454	137,854
08/10/10	2011-2022	2.500 - 4.000	13,565 *	13,555	1,076	14,631
11/09/10	2012-2017	5.000 - 5.000	70,050	63,000	5,470	68,470
11/09/10	2012-2029	3.110 - 4.900	19,950	19,950	-	19,950
11/09/10	2018-2030	4.970 - 4.970	177,000	177,000	-	177,000
11/15/11	2011-2015	0.300 - 1.350	320	160	-	160
11/30/11	2013-2032	3.000 - 5.000	170,000	167,000	21,331	188,331
12/12/12	2013-2024	2.000 - 5.000	94,080 *	94,080	14,414	108,494
12/12/12	2013-2032	3.000 - 5.000	193,000	193,000	33,460	226,460
12/13/12	2013-2042	0.416 - 3.739	256,290	256,290	-	256,290
			<u>1,708,330</u>	<u>1,435,110</u>	<u>83,445</u>	<u>1,518,555</u>

**Bond Anticipation Notes**

11/30/11	2011-2012	2.500 - 2.500	140,000	140,000	1,213	141,213
12/05/11	2012-2013	0.140 - 0.170	100,000	100,000	-	100,000
			<u>240,000</u>	<u>240,000</u>	<u>1,213</u>	<u>241,213</u>

**Total General Obligation Debt**      \$ 1,948,330      \$ 1,675,110      \$ 84,658      \$1,759,768

**Certificates of Participation**

06/01/04	2005-2014	3.000 - 5.000	\$ 42,500	\$ 5,000	\$ 29	\$ 5,029
08/12/09	2009-2018	3.250 - 5.000	34,700	26,000	655	26,655
06/19/12	2013-2022	3.000 - 5.000	78,430	78,430	11,823	90,253
02/06/13	2013-2021	1.500 - 3.000	11,830 *	11,830	723	12,553
			<u>\$ 167,460</u>	<u>\$ 121,260</u>	<u>\$ 13,230</u>	<u>\$ 134,490</u>

**Loan Payable**

12/11/12	2013-2021	7.88 - 7.88	\$ 21,509	\$ 12,946	\$ -	\$ 12,946
			<u>\$ 21,509</u>	<u>\$ 12,946</u>	<u>\$ -</u>	<u>\$ 12,946</u>

\* Refunding issue

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**Business-type Activities:**  
(in thousands)

**General Obligation Debt:**

**Bonds**

Dated	Original Maturity Range	Interest Rate Range	Issue Amount	Balance 6/30/2013	Unamortized Premium	Carrying Value 6/30/2013
06/23/93	1995-2014	3.250 - 3.250	\$ 1,456	\$ 94	\$ -	\$ 94
11/04/94	1997-2016	3.500 - 4.750	20,902	4,366	-	4,366
03/22/00	2001-2020	2.600 - 2.600	14,417	6,143	-	6,143
06/22/01	2003-2022	2.300 - 2.300	14,105	7,440	-	7,440
06/26/02	2004-2023	2.000 - 2.000	7,006	3,729	-	3,729
03/11/03	2004-2023	1.100 - 1.100	8,638	4,639	-	4,639
02/26/04	2009-2019	3.250 - 5.000	38,645 *	29,860	639	30,499
02/26/04	2005-2035	3.000 - 5.000	48,000	35,200	(39)	35,161
07/16/04	2005-2025	1.200 - 1.200	8,501	4,082	-	4,082
09/12/05	2006-2024	1.000 - 1.000	21,146	13,036	-	13,036
09/27/06	2007-2036	4.000 - 5.000	89,000	71,000	(537)	70,463
07/31/07	2008-2027	1.000 - 1.000	16,794	12,588	-	12,588
01/03/08	2009-2038	4.250 - 5.000	200,000	171,000	3,902	174,902
02/24/09	2009-2018	3.000 - 5.000	24,515 *	11,905	668	12,573
11/10/09	2010-2039	0.650 - 5.600	106,600	95,800	300	96,100
12/18/09	2011-2032	1.000 - 1.000	16,617	13,733	-	13,733
08/10/10	2011-2030	2.000 - 4.500	61,720 *	61,590	4,000	65,590
11/09/10	2012-2018	2.000 - 5.000	30,100	25,800	1,725	27,525
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	82,100	6,419	88,519
05/31/12	2014-2032	1.800 - 1.800	24,634	24,635	-	24,635
12/12/12	2013-2032	2.250 - 5.000	18,005	18,005	348	18,353
12/12/12	2013-2042	2.000 - 5.000	60,000	60,000	3,630	63,630
			<u>1,009,701</u>	<u>850,645</u>	<u>21,055</u>	<u>871,700</u>

**Bond Anticipation Notes**

02/06/13	2013-2014	1.500 - 1.500	60,000	60,000	520	60,520
06/05/13	2013-2014	0.080 - 0.200	100,000	100,000	-	100,000
			<u>160,000</u>	<u>160,000</u>	<u>520</u>	<u>160,520</u>

**Total General Obligation Debt**

<u>\$1,169,701</u>	<u>\$1,010,645</u>	<u>\$ 21,575</u>	<u>\$ 1,032,220</u>
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**Certificates of Participation**

06/01/04	2005-2014	3.000 - 5.000	\$ 4,000	\$ 400	\$ 3	\$ 403
08/12/09	2009-2018	3.250 - 5.000	2,000	1,200	29	1,229
06/19/12	2013-2022	3.000 - 5.000	4,250	4,250	640	4,890
			<u>\$ 10,250</u>	<u>\$ 5,850</u>	<u>\$ 672</u>	<u>\$ 6,522</u>

\* Refunding issues

**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, 2013:

Fiscal Year Ended June 30	Governmental Activities					
	General Obligation Debt		COPs & Other Long-term Debt		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 309,035	\$ 44,953	\$ 13,600	\$ 2,781	\$ 322,635	\$ 47,734
2015	77,585	46,511	12,706	2,140	90,291	48,651
2016	85,180	52,485	15,352	4,327	100,532	56,812
2017	80,490	48,760	16,502	4,291	96,992	53,051
2018	80,980	45,159	16,673	3,449	97,653	48,608
2019-2023	394,000	174,775	59,373	6,421	453,373	181,196
2024-2028	326,245	98,634	-	-	326,245	98,634
2029-2033	202,730	39,316	-	-	202,730	39,316
2034-2038	53,880	17,336	-	-	53,880	17,336
2039-2043	64,985	6,257	-	-	64,985	6,257
<b>Total</b>	<b>\$ 1,675,110</b>	<b>\$ 574,186</b>	<b>\$ 134,206</b>	<b>\$ 23,409</b>	<b>\$ 1,809,316</b>	<b>\$ 597,595</b>

Fiscal Year Ended June 30	Business-type Activities					
	General Obligation Debt		COPs		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 203,049	\$ 30,371	\$ 1,025	\$ 70	\$ 204,074	\$ 30,441
2015	42,879	32,198	625	42	43,504	32,240
2016	43,032	31,831	625	156	43,657	31,987
2017	40,111	30,117	625	163	40,736	30,280
2018	40,286	28,556	625	132	40,911	28,688
2019-2023	184,280	120,568	2,325	271	186,605	120,839
2024-2028	163,179	85,873	-	-	163,179	85,873
2029-2033	144,629	52,107	-	-	144,629	52,107
2034-2038	108,400	22,773	-	-	108,400	22,773
2039-2043	40,800	3,381	-	-	40,800	3,381
<b>Total</b>	<b>\$ 1,010,645</b>	<b>\$ 437,775</b>	<b>\$ 5,850</b>	<b>\$ 834</b>	<b>\$ 1,016,495</b>	<b>\$ 438,609</b>

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**9. COMMITMENTS:**

***Leases***

The following is a schedule by years of future minimum rental payments for facilities and equipment under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2013 (in thousands):

Year ending June 30	Primary Government	Component Units
2014	\$ 409	\$ 5,277
2015	362	4,772
2016	205	3,736
2017	117	3,771
2018	118	3,753
2019-2023	201	12,471
2024-2028	134	6,766
2029-2033	60	-
2034-2038	49	-
	\$ 1,655	\$ 40,546

The total rental expenditures for the year ended June 30, 2013, for all leases except those with terms of a month or less that were not renewed were approximately \$5.7 million for the primary government and \$6.7 million for the component units.

***Contracts and Commitments***

Contract commitments in the Consolidated Public Improvement Construction Fund, the Metropolitan District Enterprise Fund, and the Gifts and Grants Fund amounted to approximately \$49.1 million, \$91.3 million, and \$16.1 million, respectively, at June 30, 2013. 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 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, but the Attorney General has filed a petition for a writ of certiorari before

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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the Supreme Court of the United States to affirm that a sovereign may tax the entire income of its residence. If the Supreme Court grants a writ, the County believes that the Maryland State Comptroller, with the Wynne Case having implications for the tax structure in other states, will ultimately prevail in this litigation. If the State loses the case and must allow credits against county income taxes, the impact would be a loss of current revenues, as well as a refund of overpayments for the three prior tax years. The State Comptroller has estimated the County's liability for these refunds to be about \$13.7 million.

**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, 2013. 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 2012 and 2013 were as follows (in thousands):

Fiscal Year	Balance at Beginning of Year	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2012	\$ 65,936	\$ 236,496	\$ (242,710)	\$ 59,722
2013	59,722	267,539	(263,755)	63,506

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**13. BENEFIT PLANS:**

***Employees' Retirement System***

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

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.

**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, 2013, 2012 and 2011, were \$73,362,028, \$65,126,694 and \$58,339,727, respectively, which were equal to the required contributions for each year. The primary government's contributions for the three aforementioned fiscal years were \$67,353,091, \$60,203,061 and \$54,739,250, respectively. In FY 2013, the County contributed an additional \$255 million to the System from the sale of pension obligation bonds, resulting in a pension net asset of \$255 million.

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

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

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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The condensed financial statements as of and for the year ended June 30, 2013 are as follows (in thousands):

**Statement of Net Position**  
**Police, Fire, and Widows' Pension Plan**  
**As of June 30, 2013**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,120
Investment securities	48,721
Interest and dividends receivable	293
Total assets	<u>50,134</u>
<b>LIABILITIES</b>	
Accounts payable	13
Total liabilities	<u>13</u>
<b>NET POSITION</b>	
Net position held in trust for pension benefits	<u>\$ 50,121</u>

**Statement of Changes in Net Position**  
**Police, Fire and Widows' Pension Plan**  
**For the year ended June 30, 2013**

<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 14
Total contributions	<u>14</u>
Investment earnings:	
Net increase in the fair value of plan assets	4,273
Interest and dividends	1,424
Investment expenses	(99)
Net investment gain	<u>5,598</u>
Total additions	<u>5,612</u>
<b>DEDUCTIONS</b>	
Benefits	10,582
Total deductions	<u>10,582</u>
Change in net position	(4,970)
Net position at beginning of the year	55,091
Net position at end of the year	<u>\$ 50,121</u>

**Other Pension Plans**

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

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

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

June 30, 2013, 2012, 2011, of approximately \$82.15 million, \$103.45 million and \$99.72 million, respectively, were made directly by the State of Maryland on behalf of the component units according to State statute. The contributions have been recognized as a revenue and an expense in the component unit statement of activities. Additionally, some professional employees of the Community College participate in an optional private retirement system.

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

**Plan Description and Contribution Information**

*Plan Description:* The County's Other Post Employment Benefit Plan (OPEB Plan) is an agent multiple-employer defined benefit postemployment healthcare plan that covers retired employees of the primary government, the Baltimore County Board of Education, the Community College of Baltimore County, the Board of Library Trustees for Baltimore County and the Baltimore County Revenue Authority. The OPEB Plan was established and is maintained by the County as a trust fund as specified in Article 10, Title 14 of the County Code. The trust fund is included in these financial statements as an Other Post Employment Benefits Trust Fund. Separate financial statements are not issued for the OPEB Plan. The OPEB Plan provides healthcare and life insurance benefits to eligible retirees and their beneficiaries who receive retirement benefits either from the Employees' Retirement System of Baltimore County under Article 5, Title 1 of the County Code or the State Retirement and Pension System of Maryland. Retiree benefits are in accordance with bargaining unit agreements negotiated between each employer's governing body/board and each employee's representative labor organization. At June 30, 2013, the date of the latest available valuation, the OPEB Plan covered a projected 32,285 members; 19,447 active plan members and 12,838 retirees receiving benefits.

*Contributions:* Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward healthcare based on their hire date, years of active service, the medical plan chosen and whether they are Medicare eligible (age 65). The County receives Retiree Drug Subsidy and Prescription Drug Plan reimbursements on Medicare eligible retirees. Each employer is required to contribute its annual 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):

	All Employers	The County
Annual required contribution (ARC)	\$ 120,211	\$ 61,945
Interest on net OPEB liability	11,899	8,561
Adjustment to ARC	(10,960)	(7,884)
Annual OPEB cost (expense)	121,150	62,622
Contributions made	(127,540)	(54,000)
Increase (decrease) in net OPEB liability	(6,390)	8,622
Net OPEB obligation beginning of year	198,322	142,677
Net OPEB obligation end of year	\$ 191,932	\$ 151,299

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year 2013 and the two preceding fiscal years were as follows (dollars in thousands):

Fiscal Year Ended	% of Annual OPEB		
	Annual OPEB Cost	Cost Contributed	Net OPEB Obligation
June 30			
2011	\$ 150,866	45.14	\$ 28,254
2012	234,347	27.43	198,323
2013	121,150	105.27	191,932

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**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)
2013	\$ 232,061	\$1,707,901	\$1,475,840	13.59	\$1,246,161	118.43

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, 2013 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 6.0%. 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, 2013 was twenty-four years. The initial medical trend assumption is 8% decreasing gradually to an ultimate rate of 4.2% after 2098. The medical trend assumption was developed using the Society of Actuaries Long-Run Medical Cost Trend Model baseline assumptions. The following assumptions were used as input variables into this model:

Rate of inflation	2.5%
Rate of growth in real income/GDP per Capita	1.7%
Income multiplier for health spending	1.4
Extra trend due to technology and other factors	1.1%
Year for limiting cost growth to GDP growth	2075

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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The condensed financial statements as of and for the year ended June 30, 2013 are as follows (in thousands):

**Statement of Net Position**  
**OPEB Plan**  
**As of June 30, 2013**

**ASSETS**

Cash and cash equivalents	\$ 14,275
Investments, at fair value	297,941
Collateral for loaned securities (net of unrealized loss)	3,727
Receivables:	
Accrued interest & dividend income	366
Receivable for investments sold	5,775
Receivables other	4,023
Total assets	<u>326,107</u>

**LIABILITIES**

Collateral for loaned securities	3,926
Investments purchased	9,336
Investment expenses payable	435
Other	6,511
Total liabilities	<u>20,208</u>

**NET POSITION**

Net position held in trust for benefits	<u>\$ 305,899</u>
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**Statement of Changes in Net Position**  
**OPEB Plan**  
**For the year ended June 30, 2013**

**ADDITIONS**

Contributions:	
Employer	\$ 127,540
Employee	31,283
On-behalf	14,135
Total contributions	<u>172,958</u>
Investment earnings:	
Net increase in the fair value of plan assets	20,017
Interest and dividends	5,162
Securities lending loss	(156)
Investment expenses	(1,908)
Net investment gain	<u>23,115</u>
Total additions	<u>196,073</u>

**DEDUCTIONS**

Benefits	122,235
Total deductions	<u>122,235</u>
Change in net position	73,838
Net position at beginning of the year	232,061
Net position at end of the year	<u>\$ 305,899</u>

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**15. INDIVIDUAL FUND DISCLOSURES:**

**Details of Fund Balances**

The details of the Governmental Funds balances at June 30, 2013 are shown as follows (in thousands):

	<u>General</u>	<u>Gifts and Grants</u>	<u>Consolidated Public Improvement Construction</u>	<u>Nonmajor Governmental Fund</u>	<u>Total Governmental Funds</u>
Fund balances					
Nonspendable:					
Inventories	\$ 6,772	\$ -	\$ -	\$ -	\$ 6,772
Total Nonspendable	<u>6,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,772</u>
Restricted for:					
Equipment financing	68,821	-	-	-	68,821
Bond escrow	319	-	-	-	319
Loan guarantees and grants	-	21,770	-	-	21,770
Total Restricted	<u>69,140</u>	<u>21,770</u>	<u>-</u>	<u>-</u>	<u>90,910</u>
Assigned to:					
Encumbrances for:					
Contractual services	2,227	-	-	-	2,227
Supplies & materials	1,453	-	-	-	1,453
Equipment & other	1,530	-	-	-	1,530
Imprest funds	69	-	-	-	69
Loans & grants	-	14,182	-	-	14,182
Subsequent year's expenditures	39,532	-	-	-	39,532
Retirement of long-term debt	46,475	-	-	-	46,475
Liquor license regulation	-	-	-	183	183
Total Assigned	<u>91,286</u>	<u>14,182</u>	<u>-</u>	<u>183</u>	<u>105,651</u>
Unassigned:					
Revenue stabilization	85,034	-	-	-	85,034
Other	209,901	-	(48,347)	-	161,554
Total Unassigned	<u>294,935</u>	<u>-</u>	<u>(48,347)</u>	<u>-</u>	<u>246,588</u>
Total fund balances(deficit)	<u>\$ 462,133</u>	<u>\$ 35,952</u>	<u>\$ (48,347)</u>	<u>\$ 183</u>	<u>\$ 449,921</u>

**Deficit Fund Balance**

At June 30, 2013, the Consolidated Public Improvement Construction Fund had an unassigned fund deficit of \$48.347 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 the provisions of GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB No. 14 and No. 34*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. These Statements have no material effect on the County's financial statements.

The County adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which addresses

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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the reclassification of certain items that were previously reported as assets and liabilities to deferred outflows/deferred inflows of resources. The County is no longer amortizing the issuance costs related to debt.

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

	Metropolitan District Enterprise Fund	Government-wide	
		Governmental Activities	Business-type Activities
Net position July 1 2012, as previously stated	\$ 387,715	\$ 1,069,044	\$ 390,802
Effect of accounting change	(3,155)	(5,596)	(3,155)
Net position July 1 2012, as restated	<u>\$ 384,560</u>	<u>\$ 1,063,448</u>	<u>\$ 387,647</u>

**17. SUBSEQUENT EVENTS:**

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 Single Stream Recycling 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 is being paid monthly at an annual rate of 7.875%. The interest payments commenced September 30, 2013 with the final payment due June 30, 2018.





## **Required Supplementary Information**

**BALTIMORE COUNTY, MARYLAND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2013**

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**OPEB Plan:**

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

Schedule of Funding Progress  
(dollars in thousands)

Actuarial Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2011 *	\$ 220,034	\$ 2,002,386	\$1,782,352	10.99	\$ 1,213,070	146.93
2011 *	215,729	3,235,990	3,020,261	6.67	1,244,694	242.65
2013	232,061	1,707,901	1,475,840	13.59	1,246,161	118.43

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

Schedule of Employers' Contributions  
(dollars in thousands)

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2011	\$ 151,453	44.97
2012	234,440	27.42
2013	120,211	106.10



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

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

**Baltimore County**  
**Schedule of Appropriations and Expenditures - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2013**  
**(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>General Government:</b>				
Legislative:				
County Council	\$ 1,899	\$ 1,899	\$ 1,780	\$ 119
Judicial:				
Circuit Court:				
Criminal and civil adjudication	4,473	4,473	4,393	80
Orphans Court:				
Adjudication of estates	201	201	199	2
States Attorney:				
Criminal prosecution	8,188	8,188	7,942	246
County Sheriff:				
Conveying prisoners and serving summonses	5,542	5,542	5,446	96
Total	<u>18,404</u>	<u>18,404</u>	<u>17,980</u>	<u>424</u>
Executive:				
Office of the County Executive	987	987	983	4
County Administrative Officer:				
General administration	1,256	1,256	1,247	9
Baltimore metropolitan council	131	131	131	-
Total	<u>2,374</u>	<u>2,374</u>	<u>2,361</u>	<u>13</u>
Elections:				
Board of Supervisors of Elections	<u>3,992</u>	<u>3,992</u>	<u>3,561</u>	<u>431</u>
Financial Administration:				
Office of Budget and Finance:				
Budget formulation and administration	1,195	1,195	1,130	65
Financial operations	4,097	4,077	3,950	127
Pay systems	249	269	262	7
Investment and debt management	331	331	327	4
Insurance administration	1,656	1,656	1,642	14
Purchasing and disbursements	1,379	1,379	1,201	178
Total	<u>8,907</u>	<u>8,907</u>	<u>8,512</u>	<u>395</u>
County Auditor	<u>1,574</u>	<u>1,574</u>	<u>1,311</u>	<u>263</u>
Office of Law:				
General legal services	2,338	2,373	2,361	12
Legislative relations	291	284	276	8
Ethics/human relations	289	261	235	26
Total	<u>2,918</u>	<u>2,918</u>	<u>2,872</u>	<u>46</u>
Other:				
Vehicle Operations and Maintenance	1,138	1,138	1,080	58
Office of Planning and Community Conservation				
General administration	2,016	2,016	1,956	60
Zoning commissioner	513	513	393	120
People's counsel	184	184	183	1
Community conservation	351	351	339	12
Office of Human Resources:				
Personnel administration	2,299	2,299	2,277	22

(continued)

**Baltimore County**  
**Schedule of Appropriations and Expenditures - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2013**  
**(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	1,305	1,425	1,396	29
Electrical licensing and regulation	17	17	17	-
Plumbing licensing and regulation	28	28	28	-
Real estate compliance	713	778	777	1
Development processing	915	915	902	13
Code inspections and enforcement	4,480	4,295	4,185	110
Permits and licenses	696	696	646	50
Board of Appeals	218	218	207	11
Cooperative Extension Service	249	249	240	9
Office of Information Technology:				
General administration	3,121	3,101	3,095	6
Applications development	5,809	5,374	5,366	8
Computer and technical services	7,655	8,230	8,221	9
Telecommunications Services	3,123	3,003	2,980	23
Property Management				
Adminsitration	923	923	892	31
Building maintenance	6,587	6,732	6,730	2
Building operarion and management	16,253	16,253	15,720	533
Maintenance of grounds and recreation sites	6,528	6,383	6,128	255
Total	<u>65,121</u>	<u>65,121</u>	<u>63,758</u>	<u>1,363</u>
General Government Total	<u>105,189</u>	<u>105,189</u>	<u>102,135</u>	<u>3,054</u>
<b>Public Safety:</b>				
Police Department:				
General administration	3,114	2,914	2,895	19
Administrative & technical services	24,322	23,622	23,581	41
Criminal/forensic investigations	22,136	19,986	19,667	319
Vice/intelligence/narcotics	8,346	7,521	7,102	419
Patrol/precincts	113,807	117,994	117,947	47
Support operations	12,919	13,027	13,019	8
Human resources	3,263	2,938	2,895	43
School safety	1,349	1,254	1,248	6
Total	<u>189,256</u>	<u>189,256</u>	<u>188,354</u>	<u>902</u>
Bureau of Corrections:				
Custodial care of prisoners	34,388	34,388	34,332	56
Fire Department:				
General administration	1,010	1,010	931	79
Investigative services	1,641	1,641	1,614	27
Alarm and communication system	901	921	915	6
Field operations	77,668	77,548	76,661	887
Office of emergency preparedness	221	276	266	10
Field operation administration	1,328	1,373	1,373	-
Fire/rescue academy	1,235	1,235	1,136	99
Contributions - volunteer fire companies	6,841	6,841	6,805	36
Total	<u>90,845</u>	<u>90,845</u>	<u>89,701</u>	<u>1,144</u>

(continued)

**Baltimore County**  
**Schedule of Appropriations and Expenditures - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2013**  
**(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	11,506	11,506	11,249	257
Public Safety Total	<u>325,995</u>	<u>325,995</u>	<u>323,636</u>	<u>2,359</u>
<b>Public Works:</b>				
Office of Director of Public Works:				
General administration	540	540	525	15
Metro Financing/Petition Proc	25	25	24	1
	<u>565</u>	<u>565</u>	<u>549</u>	<u>16</u>
Bureau of Engineering and Construction:				
General administration	371	371	357	14
Structural design	1,650	1,650	1,570	80
General surveying	358	358	302	56
Contracts and construction inspection	1,787	1,787	1,692	95
Total	<u>4,166</u>	<u>4,166</u>	<u>3,921</u>	<u>245</u>
Bureau of Highways:				
General administration	794	794	690	104
General operations and maintenance	13,352	13,352	12,402	950
Storm emergencies	5,987	5,826	3,715	2,111
Total	<u>20,133</u>	<u>19,972</u>	<u>16,807</u>	<u>3,165</u>
Bureau of Solid Waste Management:				
General administration	475	475	443	32
Refuse collection	28,613	28,613	28,578	35
Refuse disposal	20,312	20,312	19,833	479
Recycling	1,689	1,689	1,638	51
Total	<u>51,089</u>	<u>51,089</u>	<u>50,492</u>	<u>597</u>
Bureau of Traffic Engineering and Transportation Planning:				
Traffic planning	9,124	9,124	9,024	100
Traffic sign installation and maintenance	1,533	1,533	1,258	275
Traffic signal operation and maintenance	948	948	925	23
Total	<u>11,605</u>	<u>11,605</u>	<u>11,207</u>	<u>398</u>
Bureau of Utilities:				
Sewer and water maintenance	574	574	-	574
Bureau of Building and Equipment Services:				
Equipment maintenance	6,310	6,310	6,259	51
Total	<u>6,310</u>	<u>6,310</u>	<u>6,259</u>	<u>51</u>
Public Works Total	<u>94,442</u>	<u>94,281</u>	<u>89,235</u>	<u>5,046</u>

(continued)

**Baltimore County**  
**Schedule of Appropriations and Expenditures - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2013**  
**(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Health and Human Services:</b>				
Health:				
Department of Health:				
General administration	2,563	2,613	2,588	25
Nursing services	2,984	2,869	2,816	53
Acute communicable disease control	1,252	1,252	1,218	34
Medical environmental health	2,208	2,130	2,109	21
Medical social work service	931	931	899	32
Animal control	1,718	1,718	1,698	20
Developmental disabilities	915	980	969	11
Home health services	1,526	1,526	1,501	25
Long-term care services	1,490	1,390	1,353	37
Medical assistance and hospital support	1,830	1,830	1,763	67
Dental health services	1,009	1,009	956	53
Speech, language and hearing	808	808	785	23
Total	<u>19,234</u>	<u>19,056</u>	<u>18,655</u>	<u>401</u>
Department of Environmental Protection and Resource Management	<u>4,952</u>	<u>5,081</u>	<u>5,060</u>	<u>21</u>
Human Services:				
Department of Social Services:				
Adult foster care assistance	145	145	145	-
Welfare to work program	400	400	400	-
Emergency funds/housing for the homeless	527	642	639	3
Battered spouse program	123	123	123	-
Day Resource Center	216	196	174	22
In-home care program	229	229	219	10
Volunteer program	80	87	83	4
Adult services	873	873	851	22
General administration	1,178	1,283	1,264	19
STEPS program	275	275	274	1
Children's services	453	424	423	1
Income maintenance	566	566	556	10
Family services	1,215	1,215	1,201	14
Total	<u>6,280</u>	<u>6,458</u>	<u>6,352</u>	<u>106</u>
Aging Programs & Services:				
Department of Aging:				
General administration	724	724	711	13
Adult medical day care	50	50	50	-
Senior centers network	1,840	1,865	1,862	3
Special geriatric services	166	166	135	31
Facilities	390	365	300	65
Transportation	1,082	1,082	931	151
Program and volunteer services	293	293	255	38
Total	<u>4,545</u>	<u>4,545</u>	<u>4,244</u>	<u>301</u>
Health and Human Services Total	<u>35,011</u>	<u>35,140</u>	<u>34,311</u>	<u>829</u>

(continued)

**Baltimore County**  
**Schedule of Appropriations and Expenditures - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2013**  
**(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Culture and Leisure Services:</b>				
Department of Recreation and Parks:				
General administration	1,036	1,036	972	64
Community & neighborhood recreation, organization, direction and development	9,556	9,556	8,632	924
Organization Contributions:				
Organization contributions	2,762	2,762	2,762	-
General grant program	3,658	4,690	4,318	372
Culture and Leisure Services Total	<u>17,012</u>	<u>18,044</u>	<u>16,684</u>	<u>1,360</u>
<b>Economic and Community Development:</b>				
Economic Development Commission	1,345	1,345	1,295	50
Economic and Community Development Total	<u>1,345</u>	<u>1,345</u>	<u>1,295</u>	<u>50</u>
<b>Pension Plan Contributions:</b>				
Employees' retirement contributions	65,630	65,630	65,630	-
Non-system retirement	218	227	226	1
Pension Total	<u>65,848</u>	<u>65,857</u>	<u>65,856</u>	<u>1</u>
<b>Insurance Contributions</b>				
Employee health & life insurance	83,434	92,434	92,294	140
Insurance Total	<u>83,434</u>	<u>92,434</u>	<u>92,294</u>	<u>140</u>
<b>Miscellaneous:</b>				
Social Security	16,771	16,763	16,053	710
Reserve for Contingencies	16,756	-	-	-
Local share - State & Federal	13	13	13	-
Miscellaneous Total	<u>33,540</u>	<u>16,776</u>	<u>16,066</u>	<u>710</u>
<b>Payments to Component Units:</b>				
Community College	38,463	38,463	38,463	-
Board of Education	709,310	725,066	723,040	2,026
Library	33,925	33,925	33,925	-
Total Payments to Component Units	<u>781,698</u>	<u>797,454</u>	<u>795,428</u>	<u>2,026</u>

(continued)

**Baltimore County**  
**Schedule of Appropriations and Expenditures - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2013**  
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Debt Service:</b>				
Principal retirement:				
General obligation bonds:				
Community College	3,437	3,437	3,437	-
General public facilities	35,011	35,011	35,011	-
Pension funding bonds	7,015	7,015	7,015	-
Non-general obligation debt	9,080	9,080	9,080	-
Total	<u>54,543</u>	<u>54,543</u>	<u>54,543</u>	<u>-</u>
Interest:				
General obligation bonds:				
Community College	3,032	3,032	2,942	90
General public facilities	21,309	21,309	20,753	556
Pension funding bonds	1,061	1,061	1,061	-
Non-general obligation debt	3,421	3,421	1,994	1,427
Total	<u>28,823</u>	<u>28,823</u>	<u>26,750</u>	<u>2,073</u>
Fiscal charges:				
General obligation bonds:				
General public facilities	1,000	1,000	534	466
Non-general obligation debt	10	10	8	2
Total	<u>1,010</u>	<u>1,010</u>	<u>542</u>	<u>468</u>
Debt Service Total	<u>84,376</u>	<u>84,376</u>	<u>81,835</u>	<u>2,541</u>
<b>Operating Transfers Out:</b>				
Contribution to capital budget	5,000	5,000	5,000	-
Contribution to capital budget - schools	8,938	8,938	8,938	-
Gifts and Grants	6,652	6,652	6,652	-
Total Operating Transfers Out	<u>20,590</u>	<u>20,590</u>	<u>20,590</u>	<u>-</u>
General Fund Total	<u>\$ 1,648,480</u>	<u>\$ 1,657,481</u>	<u>\$ 1,639,365</u>	<u>\$ 18,116</u>

**Baltimore County, Maryland**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Liquor License Fund**  
**For the Year Ended June 30, 2013**  
**(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Licenses and permits	\$ 1,090	\$ 1,038	\$ (52)
Total revenues	<u>1,090</u>	<u>1,038</u>	<u>(52)</u>
<b>Expenditures:</b>			
General government:			
License sale and control	676	611	65
Total expenditures	<u>676</u>	<u>611</u>	<u>65</u>
Excess of revenues over expenditures	<u>414</u>	<u>427</u>	<u>13</u>
<b>Other financing uses:</b>			
Operating transfers out	<u>(600)</u>	<u>(600)</u>	<u>-</u>
Deficiency of revenues over expenditures, and other uses	<u>\$ (186)</u>	<u>(173)</u>	<u>\$ 13</u>
Fund balance at beginning of year		356	
Fund balance at end of year		<u>\$ 183</u>	

**Baltimore County, Maryland**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2013**  
**(In Thousands)**

	<b>Vehicle Operations and Maintenance</b>	<b>Central Printing Service</b>	<b>Self-Insurance Program</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ -	\$ 328	\$ 88,177	\$ 88,505
Receivables, net	26	-	1,199	1,225
Due from other funds	-	-	2,983	2,983
Inventories	576	-	-	576
Prepaid costs	-	-	1,134	1,134
<b>Total current assets</b>	<b>602</b>	<b>328</b>	<b>93,493</b>	<b>94,423</b>
Capital assets:				
Non-depreciable	705	-	-	705
Depreciable (net of accumulated depreciation)	15,190	142	-	15,332
<b>Total assets</b>	<b>16,497</b>	<b>470</b>	<b>93,493</b>	<b>110,460</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,204	9	4,041	5,254
Accrued payroll	48	5	-	53
Compensated absences	221	18	-	239
Due to other funds	2,983	-	-	2,983
Claims and judgments	-	-	34,915	34,915
<b>Total current liabilities</b>	<b>4,456</b>	<b>32</b>	<b>38,956</b>	<b>43,444</b>
Noncurrent liabilities:				
Claims and judgments	-	-	28,591	28,591
<b>Total liabilities</b>	<b>4,456</b>	<b>32</b>	<b>67,547</b>	<b>72,035</b>
<b>NET POSITION</b>				
Net investment in capital assets	15,895	142	-	16,037
Unrestricted (deficit)	(3,854)	296	25,946	22,388
<b>Total net position</b>	<b>\$ 12,041</b>	<b>\$ 438</b>	<b>\$ 25,946</b>	<b>\$ 38,425</b>

**Baltimore County, Maryland**  
**Combining Statement of Revenues, Expenses,**  
**and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2013**  
**(In Thousands)**

	<b>Vehicle Operations and Maintenance</b>	<b>Central Printing Service</b>	<b>Self-Insurance Program</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for services-internal	\$ 17,543	\$ 757	\$ 76,563	\$ 94,863
Charges for services-other	4,433	9	169,856	174,298
Miscellaneous	195	-	-	195
Total operating revenues	<u>22,171</u>	<u>766</u>	<u>246,419</u>	<u>269,356</u>
<b>OPERATING EXPENSES</b>				
Personal services	2,404	364	-	2,768
Contractual services	534	69	-	603
Rents and utilities	101	190	-	291
Supplies and maintenance	13,128	170	-	13,298
Insurance claims and expenses	-	-	267,539	267,539
Depreciation	4,001	18	-	4,019
Other expenses	766	33	-	799
Total operating expenses	<u>20,934</u>	<u>844</u>	<u>267,539</u>	<u>289,317</u>
Operating income (loss)	<u>1,237</u>	<u>(78)</u>	<u>(21,120)</u>	<u>(19,961)</u>
<b>NONOPERATING REVENUES</b>				
Interest on investments	-	-	209	209
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>209</u>	<u>209</u>
Income (loss) before transfers	1,237	(78)	(20,911)	(19,752)
Transfers out	-	-	(134)	(134)
Change in net position	<u>1,237</u>	<u>(78)</u>	<u>(21,045)</u>	<u>(19,886)</u>
Net position at beginning of the year	10,804	516	46,991	58,311
Net position at end of the year	<u>\$ 12,041</u>	<u>\$ 438</u>	<u>\$ 25,946</u>	<u>\$ 38,425</u>

**Baltimore County, Maryland**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2013**  
(In Thousands)

	<u>Vehicle Operations and Maintenance</u>	<u>Central Printing Service</u>	<u>Self-Insurance Program</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 21,977	\$ 766	\$ 246,577	\$269,320
Payments to suppliers	(13,814)	(436)	-	(14,250)
Payments to employees	(2,407)	(364)	-	(2,771)
Payment for interfund services used	(766)	(33)	-	(799)
Claims paid	-	-	(255,722)	(255,722)
Other receipts	195	-	-	195
Net cash provided by (used for) operating activities	<u>5,185</u>	<u>(67)</u>	<u>(9,145)</u>	<u>(4,027)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers out	-	-	(134)	(134)
Repayment of advancement	(2,402)	-	2,402	-
Net cash provided by (used for) noncapital activities	<u>(2,402)</u>	<u>-</u>	<u>2,268</u>	<u>(134)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(2,977)	-	-	(2,977)
Sales of capital assets	194	-	-	194
Net cash used for capital and related financing activities	<u>(2,783)</u>	<u>-</u>	<u>-</u>	<u>(2,783)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	-	-	209	209
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>209</u>	<u>209</u>
Net decrease in cash and cash equivalents	-	(67)	(6,668)	(6,735)
Cash and cash equivalents at beginning of the year	-	395	94,845	95,240
Cash and cash equivalents at end of the year	<u>\$ -</u>	<u>\$ 328</u>	<u>\$ 88,177</u>	<u>\$ 88,505</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 1,237	\$ (78)	\$ (21,120)	\$ (19,961)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation expense	4,001	18	-	4,019
Effect of changes in operating assets and liabilities:				
Receivables, net	1	-	158	159
Prepaid costs	-	-	5,411	5,411
Inventories	(68)	-	-	(68)
Accounts and other payables	17	(7)	2,622	2,632
Accrued expenses	(3)	-	-	(3)
Claims and judgements	-	-	3,784	3,784
Net cash provided by (used for) operating activities	<u>\$ 5,185</u>	<u>\$ (67)</u>	<u>\$ (9,145)</u>	<u>\$ (4,027)</u>

**Baltimore County, Maryland**  
**Combining Statement of Net Position**  
**Benefits Trust Funds**  
**June 30, 2013**  
**(In Thousands)**

	<b>Employees' Retirement System Plan A</b>	<b>Employees' Retirement System Plan B</b>	<b>Police, Fire, and Widows' Pension Plan</b>	<b>OPEB Plan</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 73,499	\$ 1,622	\$ 1,120	\$ 14,275	\$ 90,516
Collateral for loaned securities	28,195	287	-	3,727	32,209
Receivables:					
Accrued interest & dividend income	2,769	28	293	366	3,456
Receivable for investments sold	43,693	445	-	5,775	49,913
Receivables other	900	180	-	4,023	5,103
Total receivables	<u>47,362</u>	<u>653</u>	<u>293</u>	<u>10,164</u>	<u>58,472</u>
Investments, at fair value:					
U.S. Government and Agency securities	155,758	1,585	-	20,587	177,930
Municipal bonds	16,171	165	17,965	2,137	36,438
Foreign bonds	14,327	146	7,174	1,894	23,541
Corporate bonds	124,581	1,268	-	16,466	142,315
Stocks	511,825	5,210	-	67,648	584,683
Bond mutual funds	301,393	3,068	8,597	39,835	352,893
Stock mutual funds	394,524	4,016	14,985	52,145	466,670
Real estate equity funds	94,974	967	-	12,553	108,494
Hedge funds	106,667	1,086	-	14,098	121,851
Private equity funds	106,631	1,085	-	14,094	121,810
Real assets	105,945	1,078	-	14,003	121,026
Global asset allocation	321,412	3,271	-	42,481	367,164
Total investments	<u>2,254,208</u>	<u>22,945</u>	<u>48,721</u>	<u>297,941</u>	<u>2,623,815</u>
Total assets	<u>2,403,264</u>	<u>25,507</u>	<u>50,134</u>	<u>326,107</u>	<u>2,805,012</u>
<b>LIABILITIES</b>					
Securities lending payable	29,702	302	-	3,926	33,930
Investments purchased	70,632	719	-	9,336	80,687
Investment expenses payable	3,293	34	-	435	3,762
Refunds payable	134	409	-	-	543
Other	166	-	13	6,511	6,690
Total liabilities	<u>103,927</u>	<u>1,464</u>	<u>13</u>	<u>20,208</u>	<u>125,612</u>
<b>NET POSITION</b>					
Net position held in trust for benefits	<u>\$ 2,299,337</u>	<u>\$ 24,043</u>	<u>\$ 50,121</u>	<u>\$ 305,899</u>	<u>\$ 2,679,400</u>

**Baltimore County, Maryland**  
**Combining Statement of Changes in Net Position**  
**Benefits Trust Funds**  
**For the Year Ended June 30, 2013**  
**(In Thousands)**

	<b>Employees' Retirement System Plan A</b>	<b>Employees' Retirement System Plan B</b>	<b>Police, Fire, and Widows' Pension Plan</b>	<b>OPEB Plan</b>	<b>Total</b>
<b>ADDITIONS</b>					
Contributions:					
Employer	\$ 327,894	\$ 468	\$ 14	\$ 127,540	\$ 455,916
Employees	30,643	7,039	-	31,283	68,965
Intergovernmental	-	-	-	14,135	14,135
Total contributions	<u>358,537</u>	<u>7,507</u>	<u>14</u>	<u>172,958</u>	<u>539,016</u>
Investment earnings:					
Net increase in the fair value of plan assets	172,195	1,340	4,273	20,017	197,825
Interest and dividends	41,523	363	1,424	5,162	48,472
Investment expenses	<u>(15,222)</u>	<u>(141)</u>	<u>(99)</u>	<u>(1,908)</u>	<u>(17,370)</u>
Net investment gain	<u>198,496</u>	<u>1,562</u>	<u>5,598</u>	<u>23,271</u>	<u>228,927</u>
Net loss from securities lending:					
Securities lending income	118	-	-	11	129
Net decrease in fair value of investments	(1,508)	(15)	-	(199)	(1,722)
Borrower rebates	377	4	-	50	431
Agent fees	<u>(142)</u>	<u>-</u>	<u>-</u>	<u>(18)</u>	<u>(160)</u>
Net loss from securities lending	<u>(1,155)</u>	<u>(11)</u>	<u>-</u>	<u>(156)</u>	<u>(1,322)</u>
Total net investment gain	<u>197,341</u>	<u>1,551</u>	<u>5,598</u>	<u>23,115</u>	<u>227,605</u>
Total additions	<u>555,878</u>	<u>9,058</u>	<u>5,612</u>	<u>196,073</u>	<u>766,621</u>
<b>DEDUCTIONS</b>					
Benefits	232,410	-	10,582	122,235	365,227
Refunds	2,085	1,025	-	-	3,110
Administrative expense	2,278	16	-	-	2,294
Total deductions	<u>236,773</u>	<u>1,041</u>	<u>10,582</u>	<u>122,235</u>	<u>370,631</u>
Change in net position	319,105	8,017	(4,970)	73,838	395,990
Net position at beginning of the year	<u>1,980,232</u>	<u>16,026</u>	<u>55,091</u>	<u>232,061</u>	<u>2,283,410</u>
Net position at end of the year	<u>\$ 2,299,337</u>	<u>\$ 24,043</u>	<u>\$ 50,121</u>	<u>\$ 305,899</u>	<u>\$ 2,679,400</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)

	2004	2005	2006	2007	2008	2009	2010	2011*	2012**	2013
<b>Governmental activities</b>										
Net investment in capital assets	\$ 1,303,115	\$ 1,385,791	\$ 1,465,260	\$ 1,492,767	\$ 1,523,265	\$ 1,595,901	\$ 1,593,450	\$ 1,550,280	\$ 1,386,096	\$ 1,313,131
Restricted	8,853	12,135	17,807	15,324	122,079	73,357	57,713	26,653	27,251	26,972
Unrestricted (deficit)	(72,658)	(43,935)	46,525	103,053	20,351	(67,683)	(309,380)	(335,775)	(349,899)	(352,908)
<b>Total governmental activities net position</b>	<b>\$ 1,239,310</b>	<b>\$ 1,353,991</b>	<b>\$ 1,529,592</b>	<b>\$ 1,611,144</b>	<b>\$ 1,665,695</b>	<b>\$ 1,601,575</b>	<b>\$ 1,341,783</b>	<b>\$ 1,241,158</b>	<b>\$ 1,063,448</b>	<b>\$ 987,195</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 440,818	\$ 482,784	\$ 524,996	\$ 543,107	\$ 489,563	\$ 568,225	\$ 568,687	\$ 588,201	\$ 566,002	\$ 553,132
Unrestricted (deficit)	37,529	(12,176)	(68,780)	(107,952)	(63,032)	(137,808)	(159,788)	(155,226)	(178,355)	(200,295)
<b>Total business-type activities net position</b>	<b>\$ 478,347</b>	<b>\$ 470,608</b>	<b>\$ 456,216</b>	<b>\$ 435,155</b>	<b>\$ 426,531</b>	<b>\$ 430,417</b>	<b>\$ 408,899</b>	<b>\$ 432,975</b>	<b>\$ 387,647</b>	<b>\$ 352,837</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 1,743,933	\$ 1,868,575	\$ 1,990,256	\$ 2,035,874	\$ 2,012,828	\$ 2,164,126	\$ 2,162,137	\$ 2,138,481	\$ 1,952,098	\$ 1,866,263
Restricted	8,853	12,135	17,807	15,324	122,079	73,357	57,713	26,653	27,251	26,972
Unrestricted (deficit)	(35,129)	(56,111)	(22,255)	(4,899)	(42,681)	(205,491)	(469,168)	(491,001)	(528,254)	(553,203)
<b>Total primary government net position</b>	<b>\$ 1,717,657</b>	<b>\$ 1,824,599</b>	<b>\$ 1,985,808</b>	<b>\$ 2,046,299</b>	<b>\$ 2,092,226</b>	<b>\$ 2,031,992</b>	<b>\$ 1,750,682</b>	<b>\$ 1,674,133</b>	<b>\$ 1,451,095</b>	<b>\$ 1,340,032</b>

\* 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

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

	2004	2005	2006	2007	2008	2009	2010	2011*	2012**	2013
<b>Expenses</b>										
Governmental activities:										
General government	\$ 322,644	\$ 344,959	\$ 370,820	\$ 364,796	\$ 427,611	\$ 457,696	\$ 390,428	\$ 449,008	\$ 510,219	\$ 499,598
Public safety	231,618	246,937	268,561	284,729	321,024	336,325	339,301	346,253	340,263	336,402
Public works	116,548	154,490	154,883	187,130	166,234	163,493	198,075	150,606	187,816	153,997
Health and human services	109,405	117,270	112,427	124,274	134,693	141,023	144,614	144,972	152,490	149,078
Culture and leisure services	42,449	47,476	52,746	56,889	62,080	66,856	68,818	69,368	70,803	64,554
Economic and community development	14,340	10,562	9,473	7,713	8,762	10,578	13,743	16,232	13,379	21,126
Education	642,794	666,277	691,906	786,468	781,588	774,063	831,550	803,828	841,494	807,336
Interest on long-term debt	22,004	23,895	20,568	21,940	22,900	20,305	22,057	22,844	25,568	26,885
Total governmental activities expenses	1,501,802	1,611,866	1,681,384	1,833,939	1,924,892	1,970,329	2,008,586	2,003,111	2,142,032	2,058,976
Business-type activities:										
Water and sewer services	175,148	173,803	215,217	222,606	229,829	223,534	240,626	223,858	278,104	270,090
Recreational facilities	868	929	4	-	-	-	-	-	-	-
Total business-type activities expenses	176,016	174,732	215,221	222,606	229,829	223,534	240,626	223,858	278,104	270,090
Total primary government expenses	\$ 1,677,818	\$ 1,786,598	\$ 1,896,605	\$ 2,056,545	\$ 2,154,721	\$ 2,193,863	\$ 2,249,212	\$ 2,226,969	\$ 2,420,136	\$ 2,329,066
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 180,553	\$ 200,590	\$ 218,711	\$ 201,113	\$ 188,526	\$ 187,868	\$ 145,403	\$ 190,247	\$ 212,958	\$ 201,032
Public safety	3,057	2,887	2,783	3,294	2,022	1,935	2,294	5,077	5,958	6,950
Public works	2,701	2,153	2,420	2,273	1,837	1,669	2,616	3,195	2,942	3,379
Health and human services	3,237	4,522	4,527	4,155	3,916	3,916	3,801	3,652	3,622	4,031
Culture and leisure services	489	523	2,164	2,578	2,653	2,856	3,247	3,382	3,653	3,769
Economic and community development	454	503	505	601	939	571	713	851	487	876
Operating grants and contributions:										
General government	1,744	2,379	2,979	9,172	2,587	3,093	2,894	5,778	2,457	3,016
Public safety	18,685	23,881	24,930	19,499	19,627	20,638	18,115	14,093	12,879	12,930
Public works	27,610	34,168	41,790	43,257	41,584	36,342	2,128	2,865	2,260	3,772
Health and human services	85,294	91,476	86,606	92,341	101,797	109,357	100,877	100,326	114,528	113,800
Culture and leisure services	1,151	1,138	1,276	1,745	1,502	1,519	1,261	1,124	1,145	4,350
Economic and community development	12,937	9,154	7,268	7,075	6,569	8,249	17,938	24,115	16,386	12,148
Interest on long-term debt	-	-	-	-	-	-	1,137	4,064	6,853	5,671
Capital grants and contributions	38,398	42,552	37,550	42,348	53,287	54,852	31,263	37,614	41,519	32,015
Total governmental activities program revenues	376,310	415,926	433,509	429,451	426,846	432,865	333,687	396,383	427,647	407,739
Business-type activities:										
Charges for services:										
Water and sewer services	148,656	144,419	165,606	168,715	189,246	200,741	206,031	224,510	220,188	215,703
Recreational facilities	628	647	-	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	-	-	-	-	-	-	829	2,462	3,777	3,184
Public works	-	-	-	-	-	-	12,071	14,126	11,282	16,071
Health and human services	20,673	21,014	34,086	32,693	30,850	25,585	218,931	241,098	235,247	234,958
Culture and leisure services	169,957	166,080	199,692	201,408	220,096	226,326	218,931	241,098	235,247	234,958
Economic and community development	546,267	582,006	633,201	630,859	646,942	659,191	552,618	637,481	662,894	642,697
Total business-type activities program revenues	\$ 546,267	\$ 582,006	\$ 633,201	\$ 630,859	\$ 646,942	\$ 659,191	\$ 552,618	\$ 637,481	\$ 662,894	\$ 642,697

(continued)

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

	2004	2005	2006	2007	2008	2009	2010	2011*	2012**	2013
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (1,125,492)	\$ (1,195,940)	\$ (1,247,875)	\$ (1,404,488)	\$ (1,498,046)	\$ (1,537,464)	\$ (1,674,899)	\$ (1,606,728)	\$ (1,714,385)	\$ (1,651,237)
Business-type activities	(6,059)	(8,652)	(15,529)	(21,198)	(9,733)	2,792	(21,695)	17,240	(42,857)	(35,132)
Total primary government net expense	\$ (1,131,551)	\$ (1,204,592)	\$ (1,263,404)	\$ (1,425,686)	\$ (1,507,779)	\$ (1,534,672)	\$ (1,696,594)	\$ (1,589,488)	\$ (1,757,242)	\$ (1,686,369)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 564,407	\$ 588,773	\$ 626,149	\$ 662,307	\$ 712,863	\$ 767,103	\$ 813,970	\$ 837,092	\$ 844,069	\$ 847,439
Income taxes	473,017	531,090	572,136	589,994	661,125	569,736	473,792	534,553	565,571	573,376
Public service taxes	147,997	173,530	199,591	180,736	155,699	123,863	116,592	110,405	121,099	143,067
Grants and contributions not restricted to specific programs:										
State of Maryland	6,932	8,622	8,553	9,165	8,847	6,954	9,655	8,823	9,423	9,686
Unrestricted investment earnings	3,003	8,262	17,547	43,777	13,953	5,688	1,098	966	1,077	1,416
Transfers	-	344	(500)	61	110	-	-	-	-	-
Total governmental activities	1,195,356	1,310,621	1,423,476	1,486,040	1,552,597	1,473,344	1,415,107	1,491,839	1,541,239	1,574,984
Business-type activities										
Unrestricted investment earnings	561	1,257	637	198	1,219	1,094	177	256	360	322
Transfers	-	(344)	500	(61)	(110)	-	-	-	-	-
Total business-type activities	561	913	1,137	137	1,109	1,094	177	256	360	322
Total primary government	\$ 1,195,917	\$ 1,311,534	\$ 1,424,613	\$ 1,486,177	\$ 1,553,706	\$ 1,474,438	\$ 1,415,284	\$ 1,492,095	\$ 1,541,599	\$ 1,575,306
<b>Change in Net Position</b>										
Governmental activities	\$ 69,864	\$ 114,681	\$ 175,601	\$ 81,552	\$ 54,551	\$ (64,120)	\$ (259,792)	\$ (114,889)	\$ (173,146)	\$ (76,253)
Business-type activities	(5,498)	(7,739)	(14,392)	(21,061)	(8,624)	3,886	(21,518)	17,496	(42,497)	(34,810)
Total primary government	\$ 64,366	\$ 106,942	\$ 161,209	\$ 60,491	\$ 45,927	\$ (60,234)	\$ (281,310)	\$ (97,393)	\$ (215,643)	\$ (111,063)

\* The amounts for FY 2011 changes in net position 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

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

	2004 *	2005 *	2006 *	2007 *	2008 *	2009 *	2010 *	2011	2012	2013
General Fund										
Nonspendable	\$ 3,673	\$ 4,111	\$ 4,468	\$ 4,061	\$ 5,431	\$ 5,911	\$ 5,906	\$ 6,942	\$ 7,109	\$ 6,772
Restricted	46,036	32,556	20,450	6,995	2,657	31,132	17,763	12,689	99,492	69,140
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	93,653	124,271	161,774	142,587	143,571	141,214	99,589	65,223	65,659	91,286
Unassigned	83,444	117,277	122,523	133,899	118,530	82,703	109,231	165,200	229,972	294,935
Total General Fund	226,806	278,215	309,215	287,542	270,189	260,960	232,489	250,054	402,232	462,133
All other governmental funds										
Nonspendable	-	12,135	13,083	10,333	10,925	14,108	17,835	21,365	22,161	21,770
Restricted	8,853	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	41,501	2,587	9,602	166,138	8,860	22,816	5,926	7,184	4,699	14,365
Unassigned	-	(53,149)	(91,614)	(121,680)	(48,410)	(98,521)	(209,354)	(157,090)	(112,730)	(48,347)
Total all other governmental funds	50,354	(38,427)	(68,929)	54,791	(28,625)	(61,597)	(185,593)	(128,541)	(85,870)	(12,212)
Total governmental funds	\$ 277,160	\$ 239,788	\$ 240,286	\$ 342,333	\$ 241,564	\$ 199,363	\$ 46,896	\$ 121,513	\$ 316,362	\$ 449,921

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

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

\* 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)

	2004	2005	2006	2007	2008	2009	2010	2011 *	2012 *	2013*
<b>General Fund</b>										
Reserved for:										
Encumbrances	\$ 3,740	\$ 4,101	\$ 4,565	\$ 4,996	\$ 4,101	\$ 4,985	\$ 5,762	\$ 4,586	\$ 3,692	\$ 5,210
Inventories	3,673	4,111	4,468	4,061	5,431	5,911	5,906	6,942	7,109	6,772
Imprest funds	69	68	67	68	70	67	70	69	69	69
Equipment financing	46,036	32,556	20,450	6,995	2,657	31,132	17,763	12,689	99,260	68,821
Bond Escrow	-	-	-	-	-	-	-	-	232	319
<b>Total reserved</b>	<b>53,518</b>	<b>40,836</b>	<b>29,550</b>	<b>16,120</b>	<b>12,259</b>	<b>42,095</b>	<b>29,501</b>	<b>24,286</b>	<b>110,362</b>	<b>81,191</b>
Unreserved										
Designated for:										
Subsequent years' expenditures	23,142	52,018	81,126	57,531	47,471	52,082	9,400	60,568	40,584	39,532
Retirement of long-term debt	-	-	-	-	8,986	-	-	-	21,314	46,475
Revenue stabilization	66,702	68,084	76,016	79,992	82,943	84,080	84,357	84,610	84,822	85,034
Undesignated	83,444	117,277	122,523	133,899	118,530	82,703	109,231	80,590	145,150	209,901
<b>Total unreserved</b>	<b>173,288</b>	<b>237,379</b>	<b>279,665</b>	<b>271,422</b>	<b>257,930</b>	<b>218,865</b>	<b>202,988</b>	<b>225,768</b>	<b>291,870</b>	<b>380,942</b>
<b>Total General Fund</b>	<b>226,806</b>	<b>278,215</b>	<b>309,215</b>	<b>287,542</b>	<b>270,189</b>	<b>260,960</b>	<b>232,489</b>	<b>250,054</b>	<b>402,232</b>	<b>462,133</b>
<b>All other governmental funds</b>										
Reserved	9,453	12,712	15,281	15,572	15,686	16,628	19,942	28,304	26,504	35,952
Unreserved, reported in:										
Special revenue funds <sup>a b</sup>	1,981	2,010	7,404	160,899	4,099	20,296	3,819	245	356	183
<b>Capital project funds</b>	<b>38,920</b>	<b>(53,149)</b>	<b>(91,614)</b>	<b>(121,680)</b>	<b>(48,410)</b>	<b>(98,521)</b>	<b>(209,354)</b>	<b>(157,090)</b>	<b>(112,730)</b>	<b>(48,347)</b>
<b>Total all other governmental funds</b>	<b>50,354</b>	<b>(38,427)</b>	<b>(68,929)</b>	<b>54,791</b>	<b>(28,625)</b>	<b>(61,597)</b>	<b>(185,593)</b>	<b>(128,541)</b>	<b>(85,870)</b>	<b>(12,212)</b>
<b>Total governmental funds</b>	<b>\$ 277,160</b>	<b>\$ 239,788</b>	<b>\$ 240,286</b>	<b>\$ 342,333</b>	<b>\$ 241,564</b>	<b>\$ 199,363</b>	<b>\$ 46,896</b>	<b>\$ 121,513</b>	<b>\$ 316,362</b>	<b>\$ 449,921</b>

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

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

\* This information was prepared by the County Office of Budget and Finance and was derived from records for FY 2011-FY 2013 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)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Taxes	\$ 1,169,179	\$ 1,263,927	\$ 1,364,725	\$ 1,441,828	\$ 1,499,041	\$ 1,518,367	\$ 1,414,149	\$ 1,448,849	\$ 1,545,610	\$ 1,605,959
Licenses and permits	4,865	4,859	5,161	4,690	4,545	4,171	3,648	4,480	5,867	5,933
Intergovernmental	175,643	189,615	188,216	197,088	201,079	215,211	170,515	186,868	187,069	182,690
Repayment of loans	2,612	3,615	4,538	3,571	3,810	2,490	2,450	3,990	1,695	2,954
Charges for services	11,835	12,259	13,958	38,897	13,502	12,882	14,104	17,923	18,365	19,775
Assessments	1,662	3,220	3,623	4,430	2,422	5,249	1,091	2,475	2,183	2,017
Fines and forfeitures	4,695	4,652	4,374	4,725	3,098	3,407	3,660	3,876	5,149	4,844
Interest revenue	2,260	5,921	12,199	42,643	10,520	3,780	1,085	852	1,015	1,847
Miscellaneous	21,158	22,244	23,396	19,624	25,317	22,175	24,049	32,468	27,042	30,316
Total revenues	1,393,909	1,510,312	1,620,190	1,757,696	1,763,334	1,787,732	1,634,751	1,701,781	1,794,015	1,856,335
<b>Expenditures</b>										
General government	59,717	60,823	67,271	69,845	73,556	74,504	73,972	76,667	74,636	112,682
Public safety	228,791	244,346	266,151	289,362	311,867	329,337	341,735	341,131	339,984	334,669
Public works	90,533	93,758	100,053	108,201	113,150	117,271	140,709	127,513	115,497	100,688
Health and human services	108,479	115,804	115,667	122,685	133,918	139,638	142,922	143,731	151,924	147,854
Culture and leisure services	16,898	17,825	20,876	22,852	24,707	25,960	26,999	26,771	27,050	19,777
Economic and community development	15,268	10,901	10,683	10,256	11,339	11,563	15,242	18,244	22,387	21,245
Pension plan contributions	22,419	27,428	31,190	35,968	40,778	46,446	53,156	53,795	58,985	320,818
Healthcare contributions	85,238	79,109	85,948	105,780	266,019	81,446	66,769	56,367	66,676	92,311
Loans	2,405	1,684	3,366	2,910	3,281	3,290	1,163	-	-	-
Miscellaneous	13,033	12,429	13,770	15,489	15,966	16,686	17,551	17,384	16,942	16,067
Capital projects	96,729	117,789	119,255	154,112	124,064	131,929	126,773	108,827	102,145	97,928
Payments to component units	676,250	702,182	731,291	829,109	828,488	823,229	882,459	857,010	895,901	864,835
Debt service:										
Principal retirement	41,107	41,544	39,781	40,493	45,418	40,981	46,030	48,149	50,765	54,543
Interest	19,725	22,128	21,561	22,770	23,157	25,108	24,213	28,454	32,133	36,774
Fiscal charges	2,093	538	501	649	635	1,027	1,216	2,413	2,051	3,517
Total expenditures	1,478,685	1,548,288	1,627,364	1,830,681	2,016,343	1,868,415	1,960,909	1,906,456	1,957,076	2,223,708
Deficiency of revenues over expenditures	(84,776)	(37,976)	(7,174)	(72,985)	(253,009)	(80,683)	(326,158)	(204,675)	(163,061)	(367,373)

(continued)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Other financing sources (uses)</b>										
Bonds issued	152,000	-	-	111,000	140,000	-	174,970	267,000	170,000	449,290
Bond premium	12,602	-	-	5,293	9,150	-	725	12,041	26,285	36,013
Bond discount	-	-	-	-	-	-	(2,002)	-	-	-
Bond anticipation notes issued	161,000	-	-	90,000	140,000	35,000	-	70,050	235,100	193,000
Bond anticipation notes premium	-	-	-	-	-	-	-	-	3,307	1,967
Refunding bonds issued	63,085	-	-	-	-	73,020	-	13,565	-	94,080
Bond premium - refunding	6,127	-	-	-	-	8,151	-	1,387	-	16,228
Certificates of participation issued	42,500	-	-	-	-	34,700	-	-	78,430	-
Refunding certificates of participation issued	-	-	-	-	-	-	-	-	-	11,830
Certificates of participation premium	2,528	-	-	-	-	1,723	-	-	14,259	786
Installment purchase agreement	-	-	-	-	-	-	-	-	320	-
Mortgage	-	-	3,784	-	-	-	-	-	-	-
Loan	-	-	-	-	-	-	-	-	-	12,946
Auction rate notes refunding	-	-	-	-	-	(35,000)	-	-	-	-
Bond anticipation notes refunding	(152,000)	-	-	(111,000)	(140,000)	-	-	(70,050)	(170,000)	(193,000)
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Payment to refunding escrow agent	(68,876)	-	-	-	-	(80,850)	-	(14,879)	-	(122,342)
Transfers in	8,814	53,508	132,424	347,855	158,675	165,168	158,907	61,265	10,866	36,366
Transfers out	(8,305)	(52,904)	(128,536)	(268,116)	(155,585)	(163,430)	(158,909)	(61,087)	(10,657)	(36,232)
Total other financing sources (uses)	219,475	604	7,672	175,032	152,240	38,482	173,691	279,292	357,910	500,932
<b>Net change in fund balances</b>	<b>\$ 134,699</b>	<b>\$ (37,372)</b>	<b>\$ 498</b>	<b>\$ 102,047</b>	<b>\$ (100,769)</b>	<b>\$ (42,201)</b>	<b>\$ (152,467)</b>	<b>\$ 74,617</b>	<b>\$ 194,649</b>	<b>\$ 133,559</b>
Debt service as a percentage of noncapital expenditures	4.36%	4.42%	4.06%	3.73%	3.61%	3.80%	3.83%	4.33%	4.42%	4.30%

**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
2004	1,289,731	173,288	13.4	66,702	83,444	11.6
2005	1,389,453	237,379	17.1	68,084	117,277	13.3
2006	1,504,492	279,665	18.6	76,016	122,523	13.2
2007	1,595,721	271,422	17.0	79,992	133,899	13.4
2008	1,640,051	257,930	15.7	82,943	118,530	12.3
2009	1,635,375	218,865	13.4	84,080	82,703	10.2
2010	1,489,427	202,988	13.6	84,357	109,231	13.0
2011	1,547,926	225,768	14.6	84,610	80,590	10.7
2012	1,722,890	291,870	16.9	84,822	145,150	13.3
2013	1,701,812	380,942	22.4	85,034	209,901	17.3

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

Section 10-8-101 of the County Code gives the County the authority to establish and maintain a Revenue Stabilization account (the Account) to provide a financial cushion for unanticipated decreases in revenues; primarily intergovernmental revenues. The General Fund Unassigned Fund Balance includes \$85.034 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
2004	1,169,179	4,220	61,043	9,801	4,695	18,527	22,266	1,289,731
2005	1,263,927	4,179	71,962	9,719	4,652	25,752	9,262	1,389,453
2006	1,364,725	4,485	78,406	10,773	4,374	32,567	9,162	1,504,492
2007	1,441,828	4,026	80,647	10,582	4,725	39,594	14,319	1,595,721
2008	1,499,041	3,864	78,434	9,720	3,098	30,750	15,144	1,640,051
2009	1,518,367	3,539	70,424	8,861	3,407	23,320	7,457	1,635,375
2010	1,414,149	3,009	30,904	9,497	3,660	21,270	6,938	1,489,427
2011	1,448,849	3,858	34,186	9,963	3,876	26,214	20,980	1,547,926
2012	1,545,610	4,916	31,517	10,068	5,149	25,089	100,541	1,722,890
2013	1,605,959	4,970	37,717	10,378	4,844	29,419	8,525	1,701,812

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		
		Property Taxes	Income Taxes	Other Local Taxes (1)
2004	1,169,179	563,857	465,970	139,352
2005	1,263,927	588,640	510,788	164,499
2006	1,364,725	626,750	547,875	190,100
2007	1,441,828	663,289	607,932	170,607
2008	1,499,041	713,116	640,985	144,940
2009	1,518,367	765,573	640,176	112,618
2010	1,414,149	814,100	495,656	104,393
2011	1,448,849	837,056	514,715	97,078
2012	1,545,610	845,238	593,204	107,168
2013	1,605,959	853,860	624,060	128,039

(1) Fiscal year 2013 other local taxes include: title transfer tax - \$52.963 million, recordation tax - \$30.579 million, electricity - \$15.110 million, telephone tax - \$9.085 million, admissions and amusement tax - \$5.303 million, motel and hotel occupancy tax - \$8.755 million, 911 fee - \$5.726 million and auto trailer camp tax - \$0.518 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		Total
									Component Units	Interfund Transfers	
2004	56,653	222,905	92,438	28,802	15,635	1,378	60,770	124,207	631,830	7,846	1,242,464
2005	58,487	235,021	93,018	29,786	16,764	1,616	63,552	123,972	651,783	51,855	1,325,854
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

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

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

Fiscal Year Ended June 30	Real Property (1)					Personal Property			Total Taxable Assessed Value (1)	Estimated Actual Value	Total Direct Rate (2)
	Residential Property	Commercial Property	Total Real Property	Railroad/Utility Property	Other Business Property	Total Personal Property					
2004	35,308,428	10,180,399	45,488,827	1,256,859	1,590,123	2,846,982	48,335,809	48,335,809	1.213		
2005	37,842,322	10,450,586	48,292,908	1,282,225	1,579,151	2,861,376	51,154,284	51,154,284	1.209		
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		

Note:

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

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

<b>Fiscal Year</b>	<b>County Direct Rates</b>		
	<b>Real</b>	<b>Personal</b>	<b>Total (a)</b>
2004	1.115	2.7875	1.213
2005	1.115	2.7875	1.209
2006	1.115	2.7875	1.202
2007	1.100	2.7500	1.181
2008	1.100	2.7500	1.170
2009	1.100	2.7500	1.163
2010	1.100	2.7500	1.162
2011	1.100	2.7500	1.155
2012	1.100	2.7500	1.159
2013	1.100	2.7500	1.161

**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)**

2013		2004	
Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value
BGE	1,064,380	BGE	836,615
ISG Sparrows Point Inc.	417,053	Verizon	381,479
Verizon	290,931	Merritt Mgt Corp	221,782
Merrit Management Corp.	438,189	Comcast	62,392
Towson Town Center	250,822	Towson Town Center	142,771
TRP Suburban	177,234	Town & Country	139,344
Wal Mart	193,672	Oak Campus Partners LLC	136,487
Home Properties	208,262	Maryland Health and Higher Education	120,812
Comcast	80,381	Bethlehem Steel	125,359
White Marsh Mall	151,866	Nottingham Properties	96,865
	<u>\$ 3,272,790</u>		<u>\$ 2,263,906</u>
	Percentage of Total Taxable Assessed Value		Percentage of Total Taxable Assessed Value
	1.26%		1.73%
	0.49%		0.79%
	0.34%		0.46%
	0.52%		0.13%
	0.30%		0.30%
	0.21%		0.29%
	0.23%		0.28%
	0.25%		0.25%
	0.10%		0.26%
	0.18%		0.20%
	<u>3.88%</u>		<u>4.69%</u>

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

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

Fiscal Year Ended June 30	Collected within the Fiscal Year of the Levy				Collections in Subsequent Years	Total Collections to Date	
	Original Tax Levy	Prior Year Adjusted Levy	Total Adjusted Levy	Amount		Percentage of Original Levy	Amount
2004	568,642	(1,914)	566,728	565,489	275	565,764	99.5
2005	594,413	(3,317)	591,096	590,984	(798)	590,186	99.3
2006	629,732	(3,927)	625,805	627,157	531	627,688	99.7
2007	663,836	(2,486)	661,350	661,344	129	661,473	99.6
2008	711,785	(1,955)	709,830	709,242	869	710,111	99.8
2009	763,191	(1,461)	761,730	758,977	886	759,863	99.6
2010	808,956	(881)	808,075	805,384	1,985	807,369	99.8
2011	838,282	(1,899)	836,383	834,831	1,334	836,165	99.7
2012	849,559	629	850,188	841,983	3,264	845,247	99.5
2013	854,900	(3,183)	851,717	851,115	4,892	856,007	100.1

**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			
2004	823,438	91,078	3,236	-	432,452	4,221	545	1,354,970	4.06	1,727.46	
2005	782,456	81,019	665	-	415,329	3,799	107	1,283,375	3.73	1,626.36	
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	

(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)
2004	784,371	48,335,809	1,255,890	-	-	1,255,890	2.60		1,601.14
2005	789,110	51,154,284	1,197,785	-	-	1,197,785	2.34		1,517.89
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	84,472,825	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

**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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Consolidated Public Improvement (CPI)</b>										
<b>General Obligation Debt</b>										
Assessed value										
Real property	\$ 45,488,827	\$ 48,292,908	\$ 53,194,118	\$ 60,039,162	\$ 69,345,671	\$ 78,882,654	\$ 86,262,930	\$ 86,234,670	\$ 81,448,483	\$ 77,870,032
Personal property	2,846,982	2,861,376	2,911,470	3,067,598	3,067,834	3,117,528	3,110,576	2,944,780	3,024,342	3,024,740
Total assessed value	48,335,809	51,154,284	56,105,588	63,106,760	72,413,505	82,000,182	89,373,506	89,179,450	84,472,825	80,894,772
Debt limit (4% of total assessed value) (2)	4,833,581	5,115,428	5,610,559	2,524,270	2,896,540	3,280,007	3,574,940	3,567,178	3,378,913	3,235,791
Debt applicable to limit:										
Consolidated public improvement bonds	538,085	507,035	473,140	550,070	651,290	574,235	702,565	918,085	1,036,500	1,161,100
Pension liability funding	91,920	84,210	76,195	67,755	59,110	46,140	38,885	31,805	24,735	274,010
CPI commercial paper notes	161,000	161,000	161,000	140,000	140,000	175,000	174,900	174,900	240,000	240,000
Total debt applicable to debt limit	791,005	752,245	710,335	757,825	850,400	795,375	916,350	1,124,790	1,301,235	1,675,110*
Legal debt margin	\$ 4,042,576	\$ 4,363,183	\$ 4,900,224	\$ 1,766,445	\$ 2,046,140	\$ 2,484,632	\$ 2,658,590	\$ 2,442,388	\$ 2,077,678	\$ 1,560,681

**Metropolitan District General Obligation Debt**

Assessed value (1)										
Real property	\$ 40,177,878	\$ 42,305,762	\$ 46,572,148	\$ 52,712,637	\$ 61,053,861	\$ 69,372,971	\$ 75,606,965	\$ 76,836,626	\$ 72,056,007	\$ 68,888,892
Personal property	2,514,589	2,506,635	2,549,031	2,693,261	2,701,006	2,741,695	2,726,330	2,623,851	2,675,581	2,675,882
Total assessed value	42,692,467	44,812,397	49,121,179	55,405,898	63,754,867	72,114,666	78,333,295	79,460,477	74,731,588	71,564,774
Debt limit (3.2% of total assessed value) (3)	3,415,397	3,584,992	3,929,694	1,772,989	2,040,156	2,307,669	2,506,665	2,542,735	2,391,411	2,290,073
Debt applicable to limit:										
Metropolitan District (MD) bonds	382,379	366,051	394,304	475,035	662,041	585,648	658,837	750,917	822,490	850,645
MD commercial paper notes	39,000	39,000	39,000	60,000	60,000	106,600	106,500	106,500	160,000	160,000
Total debt applicable to debt limit	421,379	405,051	433,304	535,035	722,041	692,248	765,337	857,417	982,490	1,010,645
Legal debt margin	\$ 2,994,018	\$ 3,179,941	\$ 3,496,390	\$ 1,237,954	\$ 1,318,115	\$ 1,615,421	\$ 1,741,328	\$ 1,685,318	\$ 1,408,921	\$ 1,279,428

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 \$0.319 million restricted to repaying the principal of outstanding debt as of June 30, 2013.

**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)	
2004	784,371	33,385,795	42,841	37.9	14.8	108,792	4.7
2005	789,110	34,389,478	43,580	37.8	14.7	108,015	4.5
2006	793,733	37,035,713	46,660	37.8	14.8	107,386	4.1
2007	796,073	38,726,771	48,647	37.9	14.9	105,330	3.7
2008	798,651	40,008,568	50,095	38.0	14.9	104,714	4.5
2009	801,808	38,464,815	47,973	38.0	15.0	103,643	7.9
2010	805,964	39,717,586	49,280	38.4	15.0	103,832	7.8
2011	809,941	41,510,448	51,251	39.1	15.0	104,331	7.9
2012	813,556	43,363,550	53,301	39.1	15.4	105,315	7.7
2013	817,993	43,356,172	53,003	39.2	15.4	107,033	7.3

**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**

	2013		2004	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
<b>Employer</b>				
Social Security Administration/CMS	16,000	3.83	13,976	3.53
Baltimore County Public Schools	14,342	3.43	12,768	3.22
Baltimore County Government	7,953	1.90	8,099	2.04
United Parcel Service (UPS)	5,562	1.33	2,530	0.64
Greater Baltimore Medical Center	3,695	0.88	2,506	0.63
Towson University	3,208	0.77	2,480	0.62
Franklin Square Hospital	2,829	0.68	2,294	0.58
T. Rowe Price Associates, Inc.	2,580	0.62	2,271	0.57
University of Maryland, Baltimore County	2,188	0.52	1,796	0.45
McCormick & Company, Inc.	2,132	0.50	1,767	0.45
<b>Total</b>	<b>60,489</b>	<b>14.46</b>	<b>50,487</b>	<b>12.73</b>

Source: Baltimore County Department of Economic Development

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>GENERAL GOVERNMENT</b>										
County Executive	15	15	15	15	15	15	15	14	14	14
Administrative Office	24	24	24	24	24	23	23	23	13	13
Office of Budget and Finance	139	141	143	151	151	163	160	184	132	122
Office of Law	48	47	46	34	33	32	32	30	39	37
Planning & Community Conservation	52	50	50	50	51	49	50	49	49	42
Office of Human Resources	35	34	34	34	32	33	33	32	34	31
Permits, Approvals and Inspections	215	216	215	222	223	224	223	188	202	182
Property Management	-	-	-	-	-	-	-	-	-	315 *
County Council	38	38	38	37	37	37	37	37	37	36
County Auditor	19	19	19	19	19	19	19	19	19	19
Board of Appeals	10	10	10	10	10	10	10	10	9	9
Information Technology	134	136	145	148	148	176	186	186	186	173
Internal Service Funds	67	65	62	59	59	59	59	59	59	55
<b>HEALTH &amp; HUMAN SERVICES</b>										
Department of Health	582	553	558	555	552	550	533	531	526	524
Social Services	189	206	202	199	206	205	213	214	237	190
Social Services - State	17	17	17	17	17	16	12	12	12	12
Department of Aging	336	338	338	338	330	332	332	331	322	285
Environmental Protection and Sustainability	108	108	116	116	116	119	119	119	89	79
Local Management Board	6	6	8	8	9	9	10	7	5	5
Housing Office	80	80	67	67	60	60	60	59	64	49
<b>RECREATION &amp; COMM. SERV.</b>										
Recreation & Parks	260	261	311	347	325	333	336	315	329	191
Recreation - Enterprise Fund	52	52	-	-	-	-	-	-	-	-
Economic Development	20	20	20	20	19	19	21	21	16	11
Community Development Block Grants	24	27	27	27	26	25	31	30	27	29
Workforce Development	37	34	31	28	29	32	49	45	48	44
Organization Contributions	1	1	1	1	1	1	2	-	-	-
<b>PUBLIC WORKS</b>										
	1,115	1,131	1,150	1,160	1,173	1,179	1,181	1,181	1,128	867
<b>SUBTOTAL</b>	<u>3,623</u>	<u>3,629</u>	<u>3,647</u>	<u>3,686</u>	<u>3,665</u>	<u>3,720</u>	<u>3,746</u>	<u>3,696</u>	<u>3,596</u>	<u>3,334</u>

(continued)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>PUBLIC SAFETY</b>										
Department of Corrections	350	410	435	444	471	472	472	473	470	462
Communications Center	192	192	192	193	193	192	187	187	186	186
Police Department	2,486	2,487	2,527	2,550	2,566	2,564	2,590	2,575	2,534	2,524
Fire Department	1,080	1,080	1,083	1,083	1,083	1,098	1,091	1,090	1,082	1,062
<b>SUBTOTAL</b>	<b>4,108</b>	<b>4,169</b>	<b>4,237</b>	<b>4,270</b>	<b>4,313</b>	<b>4,326</b>	<b>4,340</b>	<b>4,325</b>	<b>4,272</b>	<b>4,234</b>
<b>STATE MANDATED AGENCIES</b>										
Circuit Court	91	90	92	97	98	98	100	100	89	89
Orphan's Court	4	4	4	4	5	5	5	5	5	5
Board Of Elections	10	13	15	15	14	14	14	14	14	12
Board Of Elections - State	24	24	26	26	26	26	26	26	26	26
State's Attorney	108	112	114	118	120	123	124	124	122	120
County Sheriff	94	94	94	100	100	100	104	104	104	99
Liquor License Commission	26	26	26	26	26	25	25	25	24	24
Cooperative Extension	2	2	2	2	2	2	2	2	2	2
Cooperative Extension - State	9	10	10	10	8	8	8	8	8	8
<b>SUBTOTAL</b>	<b>368</b>	<b>375</b>	<b>383</b>	<b>398</b>	<b>399</b>	<b>401</b>	<b>408</b>	<b>408</b>	<b>394</b>	<b>385</b>
<b>EDUCATION, COMMUNITY COLLEGE &amp; LIBRARY</b>										
Community College	1,805	1,728	1,754	1,745	1,711	1,777	1,795	1,974	2,060	2,040
Education	13,976	14,119	14,286	14,399	14,472	14,757	14,537	14,606	14,327	14,342
Library	469	471	474	475	477	483	489	495	492	521
<b>SUBTOTAL</b>	<b>16,250</b>	<b>16,318</b>	<b>16,514</b>	<b>16,619</b>	<b>16,660</b>	<b>17,017</b>	<b>16,821</b>	<b>17,075</b>	<b>16,879</b>	<b>16,903</b>
<b>TOTAL</b>	<b>24,349</b>	<b>24,491</b>	<b>24,781</b>	<b>24,973</b>	<b>25,037</b>	<b>25,464</b>	<b>25,315</b>	<b>25,504</b>	<b>25,141</b>	<b>24,856</b>

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 2003 - 2012**

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>CIRCUIT COURT</b>										
Cases and Appeals Filed	19,482	18,299	18,408	17,718	19,630	20,000	18,606	19,885	15,924	16,443
Civil	6,606	6,300	6,588	8,274	8,125	8,250	9,290	10,211	10,648	10,751
Criminal	3,463	3,741	3,726	4,244	4,566	4,750	3,872	3,852	3,495	3,362
Juvenile	635	681	675	755	721	750	697	783	827	815
Custody Mediation & Investigations										
OFFICE OF STATE'S ATTORNEY										
Defendants Disposed	8,556	9,422	9,436	9,450	8,200	8,366	9,324	10,388	10,790	10,978
Circuit Court	61,296	48,210	49,116	51,000	47,475	46,786	48,718	53,709	52,863	52,562
District Court	3,357	3,928	4,045	4,100	3,375	3,426	3,865	3,244	2,941	3,465
Juvenile Respondents	4,442	4,615	4,315	4,350	3,950	4,009	4,194	4,132	3,942	4,119
Felones Screened										
POLICE DEPT. (calendar year)	604,755	608,818	586,669	599,818	590,341	618,713	626,783	604,706	579,614	564,898
Calls for Service	115	115	115	118	118	118	118	118	118	118
Patrol Car Posts										
FIRE DEPT. (calendar year)	23,336	25,234	26,281	27,721	28,529	29,012	29,196	30,175	31,197	29,939
Fire Calls	89,734	93,545	98,924	97,084	104,329	107,374	84,450	86,844	87,454	91,083
Medical Calls										
DEPT. OF PERMITS & DEV. MGT.										
Inspections	36,039	40,489	36,842	36,800	33,776	32,468	24,298	21,534	20,090	22,135
Plumbing Code	31,901	32,777	33,593	33,500	33,920	33,101	31,045	25,466	30,572	26,477
Electrical Code	42,510	39,993	42,815	42,800	36,173	35,958	28,422	26,693	26,276	25,872
Building	7,500	6,813	7,800	6,600	9,000	9,000	7,800	8,400	8,400	8,400
Business & Amusement License	41,000	39,435	40,100	43,008	84,953	106,192	39,852	38,200	37,090	36,080
Enforcement										
Applications, Permits and Licenses										
Building, Electrical &										
Plumbing Permits	31,300	34,319	34,206	36,696	31,036	26,900	20,331	21,174	21,835	22,480
Electrical Licenses	2,897	2,663	3,150	3,280	1,460	1,100	3,832	3,934	4,134	4,201
Plumbing Licenses	2,584	2,683	2,584	2,780	2,775	2,800	2,712	2,758	2,850	2,949
Animal Licenses	33,627	24,710	19,770	18,570	21,730	23,000	21,427	18,672	18,000	18,000
Miscellaneous Permits	11,683	7,900	9,300	8,642	8,520	14,550	7,232	7,003	7,000	8,806
BUREAU OF CORRECTIONS										
Prisoner Days (daily population x 365 days)	437,737	416,035	411,152	455,885	491,930	529,980	510,905	502,014	508,473	530,122
COUNTY SHERIFF										
Prisoners Transported	12,450	12,583	11,799	11,850	19,318	24,000	18,580	19,029	22,518	24,356
Summons, Writs Served	62,433	47,429	48,320	50,000	43,941	47,216	41,103	43,855	40,687	42,362
DEPT. OF SOCIAL SERVICES										
Average Caseload	2,258	2,258	2,215	2,365	2,064	2,027	2,073	2,304	2,919	3,163
Temporary Cash Assistance	1,028	2,164	2,045	2,200	1,047	1,017	1,052	1,225	1,408	1,333
Transitional Emergency Assis.	68,532	72,156	68,568	68,568	69,540	66,914	69,235	66,186	71,688	72,288
Section 8 Housing Units Served										

(continued)

Baltimore County, Maryland  
Operating Indicators by Function  
Fiscal Years 2003 - 2012

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
COMMUNITY COLLEGE										
Equivalent Full Time Students	16,968	16,958	17,199	17,622	17,108	17,005	16,380	20,137	20,966	20,894
DEPARTMENT OF AGING										
Senior Centers Registered Membership	14,250	12,873	15,185	15,450	16,685	15,547	14,491	14,991	16,477	17,600
County Ride Trips	25,663	40,794	47,898	48,855	65,227	64,719	67,142	65,720	66,686	68,225
Congregate Meals	225,354	218,423	200,472	205,000	190,079	179,986	168,476	193,091	131,096	140,508
DEPARTMENT OF HEALTH										
Center Based Services Visits	12,272	13,531	12,700	13,000	11,753	11,058	10,522	13,231	13,019	12,894
W.I.C. Nutrition Program Visits	50,737	53,415	53,000	53,000	58,596	59,500	72,530	75,584	79,359	80,069
Home Health Visits	7,585	7,464	7,363	8,100	8,500	8,500	12,953	11,477	10,466	10,290
Animal Control Calls for Service	59,758	63,912	62,411	63,000	58,179	60,924	54,756	57,070	54,730	41,305
DEPT. OF EDUCATION										
Student Enrollment	108,814	108,954	108,015	107,386	106,182	104,988	103,643	103,832	104,331	105,315
Number of Pupils Transported	79,044	78,277	69,753	70,106	62,904	65,194	62,231	72,818	70,142	70,300
BOARD OF LIBRARY TRUSTEES										
Books in Library	1,771,025	1,686,840	1,643,714	1,656,515	1,546,231	1,554,270	1,629,143	1,718,261	1,678,782	1,805,836
Circulation of Materials	9,649,168	9,663,000	9,526,920	9,327,983	9,147,294	9,579,090	10,217,972	10,130,476	10,507,820	10,577,067
Requests for Information	1,978,019	1,752,393	1,752,709	1,995,709	1,948,470	1,992,338	1,966,948	1,951,241	2,115,860	1,984,668
DEPT. OF PUBLIC WORKS										
Highways										
Miles of Road Paved	2,586	2,614	2,620	2,627	2,646	2,652	2,656	2,666	2,678	2,680
Miles of Streets Swept	8,825	6,082	7,160	6,400	6,235	3,812	4,047	3,777	3,397	3,800
Solid Waste										
Refuse Collection Units Served	318,760	321,297	322,460	324,504	326,555	327,277	327,959	328,325	328,918	329,688
Tons of Refuse Collected	370,024	386,065	376,835	378,154	370,048	375,000	342,896	347,010	342,557	340,835
Traffic Engineering										
Signs Installed and Repaired	8,361	7,372	8,550	9,500	9,695	11,000	12,200	8,500	13,500	14,464
Signals and Flashers Maintained	386	390	388	392	395	397	399	403	403	404
Number of Street Lights	39,500	39,700	40,117	40,400	40,870	41,100	41,161	41,279	41,448	41,546
Utilities										
Miles of Sanitary Sewer Lines	3,077	3,091	3,087	3,100	3,060	3,077	3,085	3,137	3,142	3,149
Miles of Water Main	1,850	1,889	1,950	2,010	2,055	2,129	2,080	2,105	2,109	2,107
Miles of Storm Drain Lines	805	810	810	815	833	853	866	844	902	899
RECREATION AND PARKS										
Community Center Participants	322,389	333,143	343,724	348,900	380,900	403,278	423,641	319,400	299,089	275,462
Attendance:										
Beaches	33,908	36,958	47,975	49,318	49,451	55,000	55,715	58,454	57,900	41,392
Lodge	167,434	152,521	168,627	172,689	172,375	176,000	172,913	171,533	176,366	186,696
Fishing Center	17,861	26,311	30,590	30,590	28,873	30,000	27,240	26,647	23,561	27,888

Source: Baltimore County Office of Budget and Finance Budget Documents

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

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013*
Public safety										
Police stations	9	9	9	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)	2,614	2,620	2,635	2,646	2,659	2,664	2,674	2,676	2,679	2,684
Streetlights	39,700	39,900	40,000	40,100	41,000	41,100	42,000	42,000	42,000	42,020
Traffic signals	390	388	392	396	397	400	401	401	401	401
Utilities										
Water mains (miles)	1,889	1,950	2,010	2,035	2,055	2,080	2,105	2,109	2,107	2,109
Fire hydrants	11,755	11,886	11,925	12,082	12,217	12,410	12,660	13,260	13,295	13,347
Sanitary sewers (miles)	3,091	3,100	3,105	3,100	3,078	3,084	3,137	3,142	3,148	3,151
Storm drains (miles)	810	815	820	833	853	866	884	902	899	1,416
Solid waste										
Citizen drop-off centers	3	3	3	3	3	3	3	3	3	3
Culture and leisure										
Parks acreage	16,912	16,912	15,906	15,304	15,501	15,779	16,149	16,435	16,641	16,743
Recreation centers	162	161	161	188	192	195	199	202	205	205
Health and human services										
Senior centers	17	18	18	19	19	19	19	19	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.