



Baltimore County Maryland

**Comprehensive Annual Financial Report
For The
Fiscal Year Ended June 30, 2019**

Baltimore County, Maryland



Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2019

Prepared By The Office Of Budget and Finance

INTRODUCTORY



SECTION

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
BALTIMORE COUNTY, MARYLAND
FOR THE YEAR ENDED JUNE 30, 2019
TABLE OF CONTENTS**

I. INTRODUCTORY SECTION

Letter of Transmittal	III
Organizational Chart	XV
List of Principal Officials	XVI
GFOA Certificate of Achievement	XVII

II. FINANCIAL SECTION

Independent Auditors' Report	1
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A. MANAGEMENT'S DISCUSSION AND ANALYSIS 4

B. BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position	16
Statement of Activities	17

Fund Financial Statements

Governmental Fund Financial Statements

Balance Sheet	18
Statement of Revenues, Expenditures and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Budgetary Comparison Statement – General Fund	21

Proprietary Fund Financial Statements

Statement of Net Position	22
Statement of Revenues, Expenses, and Changes in Net Position	23
Statement of Cash Flows	24

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position	25
Statement of Changes in Fiduciary Net Position	26

Component Units Financial Statements

Statement of Net Position	27
Statement of Activities	28

Notes to Basic Financial Statements	29
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C. REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the County's Proportionate Share of the Net Pension Liability and Related Ratios – Employees' Retirement System	84
Schedule of County Contributions – Employees' Retirement System	84
Schedule of Changes in County's Net Pension Liability and Related Ratios – Police Fire and Widow's Pension Plan (PFW)	86
Schedule of County Contributions – PFW Pension Plan	87
Schedule of Investment Returns – PFW Pension Plan	87
Schedule of Changes in Total Liability and Related Ratios – OPEB Trust	88
Schedule of the County's Proportionate Share of the Net Pension Liability and Related Ratios – OPEB Trust	89

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
BALTIMORE COUNTY, MARYLAND
FOR THE YEAR ENDED JUNE 30, 2019
TABLE OF CONTENTS
(continued)**

**D. COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES –
SUPPLEMENTARY INFORMATION**

Governmental Funds

Schedule of Appropriations and Expenditures – Budget and Actual	
– General Fund	92
Combining Balance Sheet – Nonmajor Governmental Funds	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	
– Nonmajor Governmental Funds	99
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Liquor License Fund	100

Internal Service Funds

Combining Statement of Net Position	101
Combining Statement of Revenues, Expenses and Changes in Net Position	102
Combining Statement of Cash Flows	103

Fiduciary Funds

Combining Statement of Fiduciary Net Position – Benefits Trust Funds	104
Combining Statement of Changes in Fiduciary Net Position	
– Benefits Trust Funds	105

III. STATISTICAL SECTION

Financial Trends

Net Position by Component	107
Changes in Net Position	108
Fund Balances of Governmental Funds	110
Changes in Fund Balances of Governmental Funds	111
Unreserved Fund Balance and Revenue Stabilization Reserve Account Expressed as a Percentage of General Fund Revenues and Transfers In	113
General Fund Revenues	114
General Fund Tax Revenues by Source	115
General Fund Expenditures and Transfers by Function	116

Revenue Capacity

Taxable Assessed Value and Estimated Actual Value of Taxable Property	117
Property Tax Rates – Direct and Overlapping Governments	118
Principal Property Taxpayers	119
Property Tax Levies and Collections	120

Debt Capacity

Ratios of Outstanding Debt by Type	121
Ratios of Net General Obligation (GO) Debt to Estimated Actual Value of Property	
And Net GO Debt per Capita	122
Legal Debt Margin Information	123

Demographic and Economic Information

Demographic and Economic Statistics	124
Principal Employers	125

Operating Information

Full-time Equivalent County Government Employees by Function	126
Operating Indicators by Function	128
Capital Asset Statistics by Function	130



JOHN A. OLSZEWSKI, JR.
County Executive

EDWARD P. BLADES
Director
Office of Budget and Finance

December 20, 2019

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, 2019 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, 2019 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, 2019, are fairly presented in all material respects 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 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE COUNTY

The Reporting Entity And Its Services

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

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

Adopted Budget

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

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

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

INFORMATION USEFUL IN ASSESSING THE GOVERNMENT'S ECONOMIC CONDITION

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

Economic Condition

The County is situated in the geographic center of Maryland, surrounding the City of Baltimore almost entirely. The County is the largest jurisdiction by population in a metropolitan area with more than 2.8 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 10% from 754,292 in 2000 to 828,431 in 2018. The 2019 population estimate for Baltimore County is 835,673. Today, the County has the third highest population in the State of Maryland.

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

New Business and Real Estate Activity

The following section highlights a sampling of business and real estate activity in the County from July 2018 to June 2019:

Towson Circle East - Retail Properties of America, the owner of Towson Square is now redeveloping the former Towson Circle building and the site across the street into Towson Circle East. The two projects will be integrated in design and street level amenities. This project includes a \$30 million mixed use development planned for the traffic circle at York and Joppa Roads. The development will include 371 mid and high-rise apartments and over 240,000 square feet of new and refurbished retail space with underground parking. The project is currently under construction and is expected to be completed in 2020. Some existing retail operations have closed or have been relocated to accommodate the project, which will include underground parking for the retail space.

Towson Residential – Since 2008, three major projects consisting of over 1,200 new luxury apartments have been completed with around 400 currently under construction. A \$60 million, 611 bed, 248 unit student housing project with first floor retail is planned at 101 York Road. Federal Realty Investment Trust's project, The Flats at 703, a new 105 unit apartment project located at 703 Washington Avenue, is completed and fully leased. Towson Mews, 34 luxury townhomes being built by Evergreene Homes is over half completed.

Towson Row – This 1.2 million square foot mixed use development situated at downtown Towson's southern gateway is bounded by York Road, Towsontown Boulevard, Chesapeake Avenue and Susquehanna Avenue. When fully developed, this \$350 million project will offer roughly 145,000 square feet of Class A office space, 250 market rate apartments and condominiums, 220 limited service and extended stay hotel rooms, 985 beds for student housing, and roughly 140,000 square feet of commercial space, including shops, restaurants, and a grocery store. Portions of the development are set to be completed by fall 2020.

Stanley Black & Decker Global Tools & Storage – The company signed a lease for an additional 92,000 square feet in the Greenleigh development in Middle River. 600 total employees will be located at Greenleigh, 400 of which will be new employees hired by December 31, 2020 the remaining 200 of those employees are moving there from Towson. \$8.5 million will be invested in the new space, including real property improvements, furniture, fixtures, and equipment. The new space was necessary to accommodate projected employment growth resulting from the two major purchases in the past few years of the Newell Brands' tool business and the Craftsman line of tools from Sears. These purchases helped SB&D push deeper into the consumer and industrial equipment business sectors and extend its reach into household brand name retail markets. Towson will continue to be the headquarters for Stanley Black & Decker's Global Tools and Storage business. The company currently occupies a total of 565,000 square feet in the Towson area, split between the 31 acre campus they own at 701 E. Joppa Road and several nearby leased properties. They currently employ 1600 full-time employees and 350 private contractors.

The Shops at Kenilworth – Greenberg Gibbons is completing work on a \$20 million renovation to The Shops at Kenilworth, a landmark shopping destination in Towson, originally built in 1979. Stebbins Anderson's new store is now located on the lower level and Trader Joe's opened on the upper level in 2017. New shops include: Amaryllis, Kenilworth Wine & Spirits, Liza Byrd Boutique, Lou Lou Boutiques, Quiet Storm Surf Shop, TAC @ Kenilworth (Summer Gallery), Wilkes & Riley, ZenLife Yoga Boutique & Juice Bar, longtime local boutique Ruth Shaw, J Jill and Radcliffe Jewelers.

Towson Commons Retail – Affiliates of MFI and Woodmont Properties II are redeveloping 115,000 square feet of retail space along York Road and Pennsylvania Avenue. Existing businesses include, CVS Pharmacy, Chipotle, Hair Cuttery, Brown Rice, Insomnia Cookies, First National Bank, C&R Pub, Rosen, Sapperstein & Friedlander have opened and renovations are underway for others.

Mill Station – The former Owings Mills Mall site is being redeveloped as an outdoor shopping center called Mill Station. This is a 575,000 square foot, \$108 million project to be anchored by a new Costco warehouse store. The 148,000 square foot Costco, the retailer's fifth Baltimore area location, opened in October 2018. In addition, an 111,000 square foot Lowe's Home Improvement store opened in January 2019. Other announced tenants include Marshalls, Burlington, Homesense, Five Below and Giant Food, all of which are expected to open in late summer 2019. Plans also call for extensive renovations to the existing AMC Theatre

Metro Centre at Owings Mills – is a \$550 million mixed use, transit oriented special taxing district that is being developed by Owings Mills Transit, LLC. At completion, the project will support more than 1.2 million square feet of commercial office space, 300,000 square feet of complementary retail space and 700 residential units and a full service 225 room hotel amenity. The project adjoins the Owings Mills Metro stop and two commuter parking garages with a total of 5,277 spaces. The project includes a County library, community college branch, and two five story upscale buildings with 232 apartments that are over 90% leased and ground floor retail and restaurant space. Salontra Select Suites, Suya Spot, World of Beer and Club Pilates, are the newest tenants. Construction has started on a new seven story apartment building which will bring the total number of apartments at Metro Centre to 350. The 114 unit building will be called The Met at Metro Centre. A deal has been signed for a new 225 room full service Marriott International hotel with conference facilities and a 1,000 seat ballroom. The hotel, which represents a \$70 million investment is expected to open in late 2019.

Foundry Row – This \$140 million mixed use development in Owings Mills, anchored by a Wegman's grocery store, includes 356,000 square feet of retail space and 48,000 square feet of office space. Businesses including LifeBridge Health, LA Fitness, DSW, Ulta Beauty, Bagby Pizza, Panera Bread, Zoe's Kitchen, Smashburger, Nally Fresh, Bar Louie, Mission BBQ, Chipotle, La-Z-Boy Furniture, Old Navy, Floyd's 99 Barbershop, Hair Cuttery, Sleep Number, Palio, Muse Paint Bar, Amazing Lash and Home Goods have all joined Wegmans as tenants.

Hunt Valley Towne Centre – Avalon Hunt Valley, a \$70 million upscale apartment complex on the eastern end of Hunt Valley Towne Centre, is 95% occupied. The Class A apartment building offers a variety of

amenities, including a dog park, a gym, and a game room. The new apartment community sits above 30,000 square feet of retail.

McCormick & Company – The international spice manufacturer, currently located in Sparks, occupied their new 340,000 square foot headquarters building at 99 Shawan Road in October 2018. A former telephone company building was completely renovated and retrofitted, creating a state of the art corporate campus for McCormick. The building, home to 1,100 employees, houses corporate functions, the company's US consumer and industrial divisions, and a health and wellness center.

Bank of America – Bank of America (BoFA) plans to add 600 jobs at its call center in Hunt Valley by 2020. These jobs will join the 300 jobs that the bank added at the two-building complex in 2017. The new positions will be primarily call center and staff support positions and will bring the bank's employee count at the site up to 1,500 over the next two years. BoFA has taken over new space, upgraded interiors, and increased parking at the 377,000 square-foot complex they own at 11333 McCormick Road. Merrill Lynch, Bank of America's wealth management division, also has offices at the site.

Green Valley Market – This grocery store is operated by B Green, a local grocery store operator. The market opened in December 2018 at 15 E. Padonia Rd and employs 120 people.

Paul Fredrick Menstyle LLC - This online men's clothing retailer, relocated its corporate headquarters from Pennsylvania to Sparks. The company leased 7,200 square feet and invested \$1 million in improvements. They will employ 60 people at that location and expect to add additional operations in the future.

Conveyor Automation Technologies- This developer and provider of production line technology to the manufacturing and packaging industry, purchased a 47,000 square foot building on Loveton Circle in Sparks to expand their business. The company employs 27 at the facility and invested over \$4 million in the purchase and renovation of the building.

MedStar Health Timonium – MedStar Health is consolidating several of its orthopedic offices into a 48,000 square foot building at 2118 Greenspring Drive in Timonium. The \$10 million renovation, will also add 8,000 square feet to the second and third floors of the building. The new Timonium offices will hold orthopedic surgeons, some occupational therapy and physical therapy services, as well as X-ray and imaging services. The building will also be home to MedStar's sports medicine services, where it often works with Ravens and Orioles players.

Johnson, Mirmiran & Thompson (JMT) – JMT is a nationally ranked employee owned architectural and engineering firm has occupied its new headquarters building in Hunt Valley. Five hundred employees moved in March 2019 to the five story 130,000 square foot building located on Wight Avenue.

Tradepoint Atlantic – In 2014, Tradepoint Atlantic acquired the former steel production facility at Sparrows Point. The 3,250-acre property is being redeveloped for industrial and distribution use. In summer 2018, Tradepoint Atlantic purchased Sparrows Point Shipyard for \$33.5 million to expand its maritime operations. For more information about current tenants at Tradepoint Atlantic, see Industrial Redevelopment section below.

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

Greenleigh at Crossroads – Greenleigh at Crossroads broke ground in May 2016 on a \$750 million mixed use community of offices, shops, apartments, single-family homes, and a hotel. The project will occupy 250 acres of the 1,000 acre Baltimore Crossroads and is expected to build out over 10 to 15 years. Greenleigh plans currently include 1,800 detached homes and townhomes, three midrise office buildings totaling 300,000 square feet, another 350,000 square feet in single-story office buildings, 116,000 square feet of retail, and a 120-room Springhill Suites by Marriott hotel.

Eisai Inc. – This US pharmaceutical subsidiary of Tokyo based Eisai Co. Ltd., signed a 40,000 square foot building lease within Greenleigh at Crossroads. Construction is scheduled to be completed in 2019 after which the company will relocate approximately 55 employees from its existing location in Baltimore City.

Medstar Franklin Square Hospital – In July 2017, MedStar Franklin Square Medical Center was approved by the Maryland Health Care Commission to move forward with a \$70 million project to replace old surgical facilities with a new two story 75,000 square foot building and 14 operating rooms to be constructed on the hospital's Rosedale campus. The work began in October 2017 with the demolition of an old building that sat on the site. About \$40 million for the project will come from tax exempt debt financing, \$10 million will come from hospital operations and the other \$20 million will come from several private and public investments. The project is intended to replace Franklin Square's current surgical facilities and will be constructed over the next two years. In January 2018, MedStar Orthopedic Institute opened the Orthopedic and Sports Medicine Center at MedStar Franklin Square Medical Center. Located in 10,043 square feet of space, the practice is dedicated to bone, joint, and soft tissue injuries, and includes seven orthopedic and sports medicine experts, along with rehabilitation therapy in one centralized location. The new center is located in the Medical Arts building across from the main hospital on Franklin Square Drive. It will include 18 exam rooms, two imaging suites, and an expansive waiting room with an area for children to play. The location is convenient to communities of Harford County and Eastern Baltimore County.

Empire Resources – In July 2018, Empire Resources delayed its plans to convert their 200,000 square foot building in Essex into a “cold rolling” mill for aluminum and steel because of ongoing international tariff issues. Capital Investment in the project is \$40 million. The company still anticipates creating 150 new manufacturing related jobs within two years of opening.

Netzer Metalcraft – This fabricating and machining company purchased a site in Essex to manufacture aerospace parts. They relocated from Baltimore City in late 2018.

Advantage Book Binding – This industry leading trade bindery for over 30 years purchased a site at 2 Nashua Court in Essex. They relocated from Anne Arundel County with 30 existing jobs and up to 5 new positions. The approximate capital investment is \$3.5 million.

Social Security Administration (SSA) – Social Security headquarters in Woodlawn announced that they will receive a \$150 million Congressional Appropriation for major renovations of their main administrative building. SSA employs approximately 11,000 at this site and this significant investment ensures that Baltimore County remains home to the Social Security Administration for decades to come.

iCyberCenter@bwtech – Located at UMBC's business incubator, the iCyberCenter is the first global cyber incubator that will attract international companies to the Maryland market, and offer connections with existing organizations. Currently, there are eight national and international companies participating in the program.

Guinness Open Gate Brewery and Barrel House – In 2017, Diageo began work on their Relay Campus to produce experimental beers, Guinness Blonde Lager, and a visitor center. The \$80 million brewery project will create approximately 200 production and hospitality jobs. The tap room opened in 2017, with full brewing operations completed in October 2018, with more to come.

Beltway Business Park – Merritt Properties constructed two new buildings on Twin Springs Road in fall 2017 and spring of 2018. Both buildings are about 40,000 square feet each, and the total investment including land was \$6.2 million. They are expected to be open for new tenants in fall of 2019.

Saval Foods – Saval foods opened a meat slicing and packaging facility on Twins Springs Road in Halethorpe. They created 38 new jobs, with an investment of \$1.9 million in new equipment and buildout.

Good Wrappers – Good Wrappers recently purchased 3901 Washington Blvd for expansion of their operation. The \$2.6 million expansion will provide 160,000 square feet of additional space. As a result of the expansion, they expect to increase their employment from 50 to 60 employees.

Heavy Seas – The brewery announced they will be expanding and renovating their brewery in Halethorpe. They expect to add four more positions to their existing 55 employees.

US Census Office – Towson was selected to open an office for the 2020 US Census. The office is expected to create 50 new jobs in the 8,000 square foot office building. This will be an 18-month term assignment for this operation.

LKQ – LKQ distributes and sells vehicle parts, collision paint and supplies, and car service items. In 2018, they began hiring 25 new positions to add to their existing 113 person workforce. They are in a lease agreement at the newly constructed Hollins Ferry Logistics Center.

Vanns Spices – In December 2018, Vanns Spices relocated to a new facility in Baltimore County which doubled their existing space from 30,000 square feet to 60,000 square feet. They expect to increase the number of employees from 45 to 65 in 2019. The new facility will require over a \$1 million buildout and renovations.

Industrial Redevelopment

Sparrows Point/Dundalk

The Sparrows Point peninsula was the location of a major integrated steel mill for more than 100 years. In May 2012, the final steel mill operator, RG Steel, declared bankruptcy and announced plans to close the facility and lay off all 2,000 workers. The County has been working aggressively with Sparrows Point Terminal (owner) and the State Department of Commerce to define and pursue a new vision for this valuable 3,250 acres of land with deep water, freight rail and interstate access, and to help the dislocated steelworkers acquire the training and support services they need to enable them to move into new careers. Sparrows Point Terminal has estimated 10,000 new jobs over the next 10 years.

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

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

Tradepoint Atlantic (TPA), formerly Sparrows Point LLC, recently acquired the 3,250 acre former steel production facility at Sparrows Point. The new owners agreed to \$48 million in assurances to pay for the environmental cleanup. The property will be redeveloped for industrial use. In May, 2017, Maryland's Public Service Commission (PSC) approved two development companies, U.S. Wind Inc. and Skipjack Offshore Wind LLC, to build offshore wind projects off the coast of Ocean City, Maryland. As part of its project approval order, the PSC set certain conditions for the developers including the use of port facilities in Greater Baltimore and Ocean City, and collectively invest at least \$39.6 million to support port upgrades at Tradepoint Atlantic and \$76 million in a steel fabrication plant in Maryland.

Tradepoint Atlantic purchased Sparrows Point Shipyard in the summer of 2018 for \$33.5 million to expand maritime operations. The property will be redeveloped for industrial use, recent activities include:

Perdue AgriBusiness, a division of Perdue Farms, is investing \$30 million to open an organic grain receiving and storage facility at Tradepoint Atlantic. The facility includes grain and oilseed processing/milling and will support more than 25 new jobs. The facility is scheduled to open in late 2019 or early 2020.

Gotham Greens LLC – This agriculture startup is building a 100,000 square foot hydroponic greenhouse at Tradepoint Atlantic and plans to open in late 2019, bringing 50 new jobs.

US Department of Transportation Tiger Grant – In March 2018, Tradepoint Atlantic was awarded a \$20 million grant from the US Department of Transportation to upgrade its east-west port berth and deepen channels to improve efficient transport and movement of bulk cargo goods transfer. The grant is being administered by the Baltimore County Department of Economic & Workforce Development.

Floor & Décor – This specialty retailer of tile, wood, laminate, natural stone flooring and accessories will open a 1.5 million square foot distribution center in late 2019, bringing 150 new jobs.

Fed Ex Ground – FedEx Ground secured a long term lease and in July 2017, opened a new 300,000 square foot distribution center at Tradepoint Atlantic that employs 150 with plans to hire up to another 150 long-term package handlers, drivers, and office workers.

Under Armour Omni Distribution House – Under Armour signed a deal with Tradepoint Atlantic to build a one million square foot distribution warehouse that will employ 1,000 people and be part of an overall \$175 million capital investment. The facility opened in May 2019 and will serve as the company's national hub to fulfill consumers online orders.

Amazon – Amazon opened an 855,000 square foot fulfillment center at Tradepoint Atlantic and will bring 1,500 new jobs to the region. Associates at the new facility will pick, pack, and ship customer items such as electronics, books, housewares and toys.

The Shoppes at Tradepoint Atlantic – In November, 2017, Tradepoint Atlantic announced Royal Farms as the first tenant to occupy this 70 acre retail development. The Baltimore based convenience store chain has signed a long-term lease. The Royal Farms development includes retail gas and diesel fueling, a convenience store, and car wash.

Technology Locations

bwtech@UMBC

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

The Park includes 133 tenants and 1,500 employees, including mature, emerging and incubator companies. This past year 10 new companies joined their incubator. bwtech@UMBC operates these distinct business incubators with specific industry orientation and has offered 10 workshops for over 100 businesses participating, and conducts direct advisory services to over 60 tenant companies. bwtech@UMBC companies have access to UMBC campus amenities and enjoy the strategic location only minutes away from BWI Thurgood Marshall Airport, downtown Baltimore, and the federal agencies located in the Washington, D.C. corridor. The location, coupled with the opportunity to collaborate with the talented students and faculty of UMBC's nationally recognized science and engineering programs, makes bwtech@UMBC an ideal location for technology, bioscience and research organizations at all stages of development.

Bwtech@UMBC recently announced the establishment of a new internal cybersecurity center called iCyberCenter. The iCyberCenter will provide an executive training session, a 12-month incubator program, and other support to companies from the United Kingdom and other nations to help them establish a foothold in the U.S. market. The new iCyberCenter connects to mentors, thought-leaders, potential customers, investors and partners while being part of an unparalleled cybersecurity ecosystem. Companies in the iCyberCenter's incubation program benefit from expert mentoring by highly experienced international cyber business experts and a continuous program of training, events, networking, and new business opportunities designed to help them accelerate entry into the US market.

UMBC was designated as a RISE Zone institution by the State of Maryland. This designation provides income tax credits to incubator companies for each new job created. UMBC has significant resources and expertise in the areas of economic development and community relations that it expects to apply to these goals. Senior officials in charge of bwtech@UMBC, corporate relations, and community relations will lead planning for the Rise Zone. Virtually all the Park's 525,000 square feet are leased and the Park generated nearly \$500 million in income and business sales. These figures speak to UMBC's economic development ability.

The following list highlights tenants at bwtech@UMBC Research & Technology Park as of FY 2019:

FZata – This biotech company focuses on developing antibody based therapeutic and preventative medicines, as well as diagnostic products.

Fearless Solutions – This minority owned business serves a variety of federal, state, and local government clients providing visualization, Rapid Prototyping / Proof of Concept, and software engineering.

Leverage – Leverage develops software products that enable customers to intelligently manage and visualize large networks of diverse sensors.

Syncopated Engineering – This is a creative solution provider of software applications and embedded systems for wireless communications, signal processing, and data analytics.

Resilient Point – This business is a Service Disabled Veteran Owned Small Business (SDVOSB) that delivers secure mobile, cyber security, and intelligence solutions to both government and commercial organizations.

Zavda Technologies – This business provides high caliber solutions to address technology related issues before they occur.

Enterprise Zones

An enterprise zone is a tool the State of Maryland offers to local jurisdictions for promoting economic development in certain qualifying areas. The County has three Enterprise Zones - the Chesapeake Zone (formerly known as the North Point Zone), located along the industrial North Point corridor in eastern Baltimore County; the Southwest Zone, located in the Washington Boulevard/Hollins Ferry Road industrial corridor; and the Federal Center at Woodlawn Zone. These three areas contain over 10,000 acres of industrial and office-zoned land, and over 700 businesses. Since the approval of the first zone in December 1995, more than 130 businesses in the North Point and Southwest enterprise zones have committed to investing over \$315 million in real property improvements and \$270 million in machinery and equipment. In addition, approximately 3,700 new jobs have been created. The Halethorpe-Arbutus area in the Southwest Enterprise Zone has seen dramatic growth, with almost 600 new jobs in a four year period. The Southwest Enterprise Zone was amended and redesignated in June 2013. The North Point

Zone expired and was replaced in 2015 by the Chesapeake Zone, a larger area that now includes the entire Sparrows Point peninsula, now known as Tradeport Atlantic.

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, fulltime job created in an enterprise zone, the State grants a \$1,000, onetime 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.

Opportunity Zones

An Opportunity Zone is a federal incentive which allows private investors to defer paying capital gains taxes on investments in designated low-income areas. This is an investment incentive only and is not linked to job creation or property taxes. The Opportunity Zone creates an incentive for a private investor to provide equity not debt to an existing business, development project, start-up, or residential development located within one of the zones.

Economic Development Financing Assistance

In FY 2019 the County approved financial assistance to four businesses from the County's Revolving Financing Fund totaling \$353,000. Additionally, during FY 2019 the County approved five loans totaling \$1,050,000 from the County's Boost loan program. The Boost Fund provides flexible financing to assist in the acquisition of business assets, working capital, equipment, owner-occupied commercial real estate, construction of new facilities, and lease hold improvements.

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.

To protect the County from unforeseen emergencies and future economic downturns, the County took the fiscally prudent step of raising its target level for unreserved General Fund balances. Rather than the long-term policy level of 5% of the revenue budget, effective FY18 the County Council approved an amount equal to 10% of the revenue budget be transferred to the Revenue Stabilization Reserve Account (RSRA) with limited access for withdrawals. The County plans to maintain unreserved General Fund balances in excess of 10% of General Fund's revenues each year. Effective FY18, there is established a minimum level of reserves in the RSRA equal to 7% of the budgeted general fund revenue for the current fiscal year. Funds in the RSRA may not remain 7% for more than two consecutive years.

The County will insure that any unreserved fund balance in excess of the target level of revenues target level will be retained to provide only short-term tax stabilization. Excess reserves well above the target level

will be eliminated through dedicated one-time items such as PAYGO contributions in order to reduce the level of programmed borrowing in support of the capital budget.

Major Initiatives

The following are some selected highlights and budget priorities for FY 2019 that are expected to affect future financial position:

Education – The FY 2019 budget increased by \$53.2 million or 3.6% over FY 2018 funding levels. The budget exceeds Maintenance of Effort by 3.3% or \$25.8 million.

The FY19 capital budget and capital improvement program continues the Schools for Our Future program. The program was initiated to eliminate elementary school overcrowding, modernize schools and install air conditioning in all County schools. The \$1.3 billion initiative (65% County/35% State funds) will add over 8,000 new seats and air condition over 50,500 seats. Schools for Our Future is a groundbreaking capital program to modernize our schools, not just for today, but to meet future enrollment needs as the County's population continues to grow. This \$1.3 billion initiative is building, rebuilding, or modernizing more than 90 schools. In FY 2019 all students will have access to 1:1 digital device through the S.T.A.T. initiative – Students and Teachers Accessing Tomorrow. The complete implementation of S.T.A.T. increases the budget by (\$9.6 million) in FY 2019.

The Community College of Baltimore's County's (CCBC) FY 2019 Operating Budget reflects a one-year increase in local General Fund support of more than \$5.6 million, thereby exceeding the County's Maintenance of Effort level of funding contribution requirement to qualify for the receipt of marginally greater State Community College Aid for FY 2019. The FY 2019 Operating Budget also continues to reflect CCBC's Economic Stabilization and Enrollment Stabilization initiatives, both of which were implemented in previous years to address the inter-dependent concerns of a continuous enrollment decline indicative of an improving local economy and the resultant destabilization of revenue streams that strongly correlate with credit enrollment and constitute the financial foundation of CCBC's operations. CCBC intends for the strategic results from these two initiatives to propel the college into the next decade via its Strategic Plan FY 2017-FY 2019 entitled "CCBC 2020 – A College on the Cutting Edge." Especially noteworthy in this regard is the implementation of CCBC's "Strategic Alignment Target," a plan to re-deploy dozens of vacant positions reclassified to complement new programs, such as additional on-line curricula offerings. Thus, CCBC will have adjusted its staff size and composition, consistent with mission-centric programs, and will have also taken the necessary steps to diversify its revenues and contain cost inefficiencies.

Public Safety – Baltimore County continues to explore strategies and technologies that enhance transparency. The FY 2019 budget reflects the third full year of the County's new emergency medical transport billing initiated with the cooperation of the Baltimore County Volunteer Firemen Association. With projected FY 2019 revenue of \$24 million a broader, deeper commitment has been made to Baltimore County's volunteer fire and EMS companies including a 7.4 percent increase in funding over the current operating budget.

Community Conservation and Preservation - The Department of Health and Human Services is the largest provider of social safety net activities for the County. Its mission is to promote the well-being of individuals and families through the provision of quality health and social services. The FY 2019 Adopted Budget includes more than \$100 million in its Health and Human Services Agencies' budgets. Although this amount includes a significant amount of federal and state funding, it also includes more than \$37 million in County funds towards these worthy endeavors.

Health related services are wide ranging and address a myriad of issues including public health, care of pregnant women and children, care of disabled individuals, substance abuse, and mental health. Social Service functions are equally wide ranging and include services to vulnerable adults, care for abused and neglected children, provision of emergency resources to needy families and other services aiding families transitioning to self-sufficiency. More than \$30 million, of the previously mentioned \$37 million in County funds, has been budgeted in FY 2019 to address these issues.

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, 2018. 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 40 consecutive years (fiscal years ended June 30, 1979 – 2018). 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.

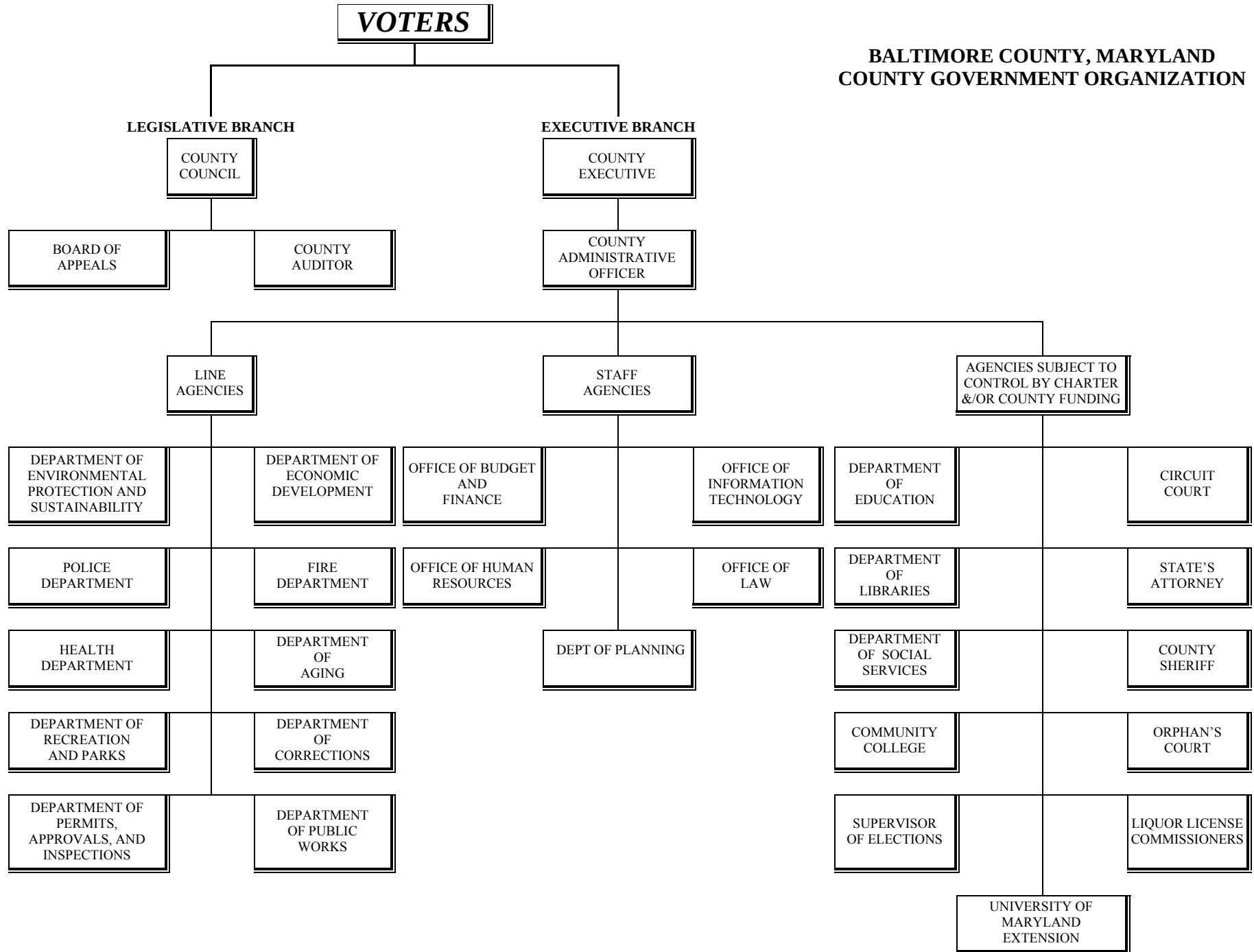
Credit also must be given to the County Executive and the County Council for their support in maintaining the highest standards of professionalism in the management of the County's finances.

Respectfully submitted,



Edward Blades, Director
Office of Budget and Finance

BALTIMORE COUNTY, MARYLAND COUNTY GOVERNMENT ORGANIZATION



LIST OF PRINCIPAL OFFICIALS
June 30, 2019

Elective

County Executive
County Council

John A. Olszewski, Jr
Tom Quirk
Izzy Patoka
Wade Kach
Julian E. Jones, Jr.
David Marks
Cathy Bevins
Todd K. Crandell

Administrative

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

Stacy L. Rodgers
Edward P. Blades
James R. Benjamin
Lauren Smelkinson
Steven A. Walsh
Melissa Hyatt
Joanne Rund
Laura Riley

Will Anderson

David Lykens
Rob O'Connor

Michael Mallinoff
Rhoda Benjamin
Pete Gutwald
Keith H. Williams
Darryl Williams
Dr. Gregory Wm. Branch
Paula Miller
Sandra L. Kurtinitis, Ph.D
Gail Watts
Lawrence M. Stahl
John Beverungen



Government Finance Officers Association

**Certificate of
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Reporting**

Presented to

**Baltimore County
Maryland**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrell

Executive Director/CEO

FINANCIAL



SECTION



CliftonLarsonAllen LLP
CLAconnect.com

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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2019, 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 on pages 4 - 14 and required supplementary information, as listed in the table of contents on pages 84 - 89 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 Honorable County Executive and
Members of the County Council
Baltimore County, Maryland

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 20, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland
December 20, 2019

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, 2019. 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 \$5.981 billion and its liabilities and deferred inflows were \$7.677 billion, resulting in negative net position of \$1.696 billion.
- The County's total net position decreased by \$259.097 million.

Fund Level:

- The County's governmental funds have combined fund balances of \$461.933 million.
- The General Fund's fund balance is \$476.175 million of which \$217.501 million is unassigned fund balance inclusive of \$207.223 million in a Revenue Stabilization account.

Long-term Debt:

- The County's total bond and note debt increased by \$280.172 million during the current year. The key factors in this increase were the issuance of \$288.000 million in bond anticipation notes, \$92.892 draw on the Maryland Water Quality Revolving Loan Fund. These issuances and draws were offset by debt service payments of \$187.745 million.

Overview of the Financial Statements

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

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

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

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

The *Statement of Activities* on page 17 presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

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

This report includes two summary reconciliations (pages 18 and 20) between the governmental fund financial statements (modified accrual accounting) and the governmental activities (full accrual accounting) reflected on the government-wide financial statements. Note 2 of the notes to the basic financial statements also provides more detail as to the transactions that impact the conversion from the modified accrual basis of accounting to the full accrual basis of accounting.

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

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

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

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 29.

Other Information

Required supplementary information includes schedules concerning the County's pension plans and its post-employment healthcare benefits provided to its employees. These schedules can be found starting on page 84. Other supplementary information includes combining and individual fund financial statements and schedules for the General Fund, Liquor License Fund, Stormwater Management Fund, internal service funds and fiduciary funds. These statements and schedules can be found starting on page 92.

Financial Analysis of the County as a Whole

The County's combined net position decreased \$259.097 million in FY 2019. The net position of the governmental activities decreased \$195.343 million and business-type activities decreased \$63.754 million. The schedule below presents the net position of the County's governmental and business-type activities as of June 30, 2019.

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. The liabilities associated with the County's net pension and net OPEB liabilities along debt used to finance capital projects, are the main cause of the County's negative unrestricted net position balance for both Governmental and Business-type Activities. It is important to note that counties in the State of Maryland issue debt for the construction of schools, yet the school buildings are owned by each public school system. The County also funds projects for the Community College of Baltimore County. Therefore, the County's financial statements include this outstanding debt, without the addition of the corresponding assets, which is a major reason for the governmental activities negative unrestricted net position. The County has a similar situation where it issues debt to finance capital contributions for Baltimore City owned assets. This is what causes the negative unrestricted net position in the business-type activities. These situations are described in more detail in Note 8.

Net Position as of June 30 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets:						
Current and other non- current assets	\$ 921,744	\$ 686,549	\$ 247,137	\$ 277,635	\$ 1,168,881	\$ 964,184
Capital assets	<u>2,621,945</u>	<u>2,580,107</u>	<u>1,518,075</u>	<u>1,440,291</u>	<u>4,140,020</u>	<u>4,020,398</u>
Total assets	<u>3,543,689</u>	<u>3,266,656</u>	<u>1,765,212</u>	<u>1,717,926</u>	<u>5,308,901</u>	<u>4,984,582</u>
 Total deferred outflow of resources	 <u>627,851</u>	 <u>359,526</u>	 <u>44,363</u>	 <u>31,740</u>	 <u>672,214</u>	 <u>391,266</u>
 Liabilities:						
Current liabilities	686,511	659,325	220,300	414,508	906,811	1,073,833
Long-term liabilities	<u>4,904,631</u>	<u>4,220,575</u>	<u>1,768,668</u>	<u>1,452,140</u>	<u>6,673,299</u>	<u>5,672,715</u>
Total liabilities	<u>5,591,142</u>	<u>4,879,900</u>	<u>1,988,968</u>	<u>1,866,648</u>	<u>7,580,110</u>	<u>6,746,548</u>
 Total deferred inflow of resources	 <u>92,725</u>	 <u>63,066</u>	 <u>3,967</u>	 <u>2,624</u>	 <u>96,692</u>	 <u>65,690</u>
 Net position:						
Net investment in capital assets	1,498,138	1,482,372	552,407	533,456	2,050,545	2,015,828
Restricted	110,636	106,103	-	-	110,636	106,103
Unrestricted (deficit)	<u>(3,120,901)</u>	<u>(2,905,259)</u>	<u>(735,767)</u>	<u>(653,062)</u>	<u>(3,856,668)</u>	<u>(3,558,321)</u>
Total net position	<u><u>\$ (1,512,127)</u></u>	<u><u>\$ (1,316,784)</u></u>	<u><u>\$ (183,360)</u></u>	<u><u>\$ (119,606)</u></u>	<u><u>\$ (1,695,487)</u></u>	<u><u>\$ (1,436,390)</u></u>

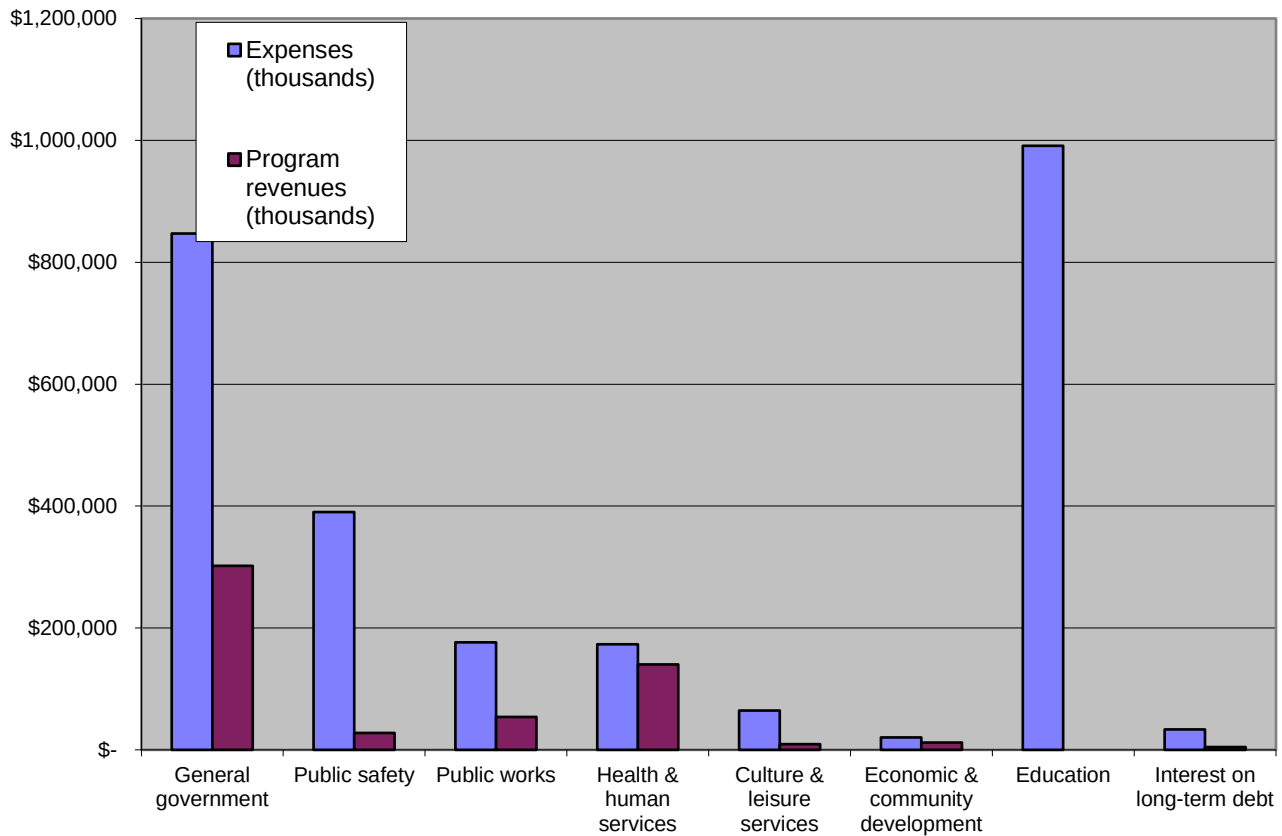
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the County's net position changed during the fiscal year.

Changes in Net Position
(in thousands)

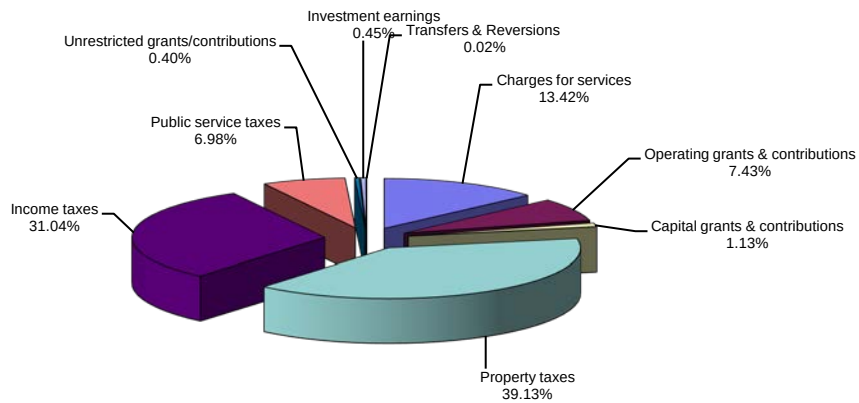
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program revenues						
Charges for services	\$ 335,754	\$ 325,050	\$ 311,638	\$ 270,963	\$ 647,392	\$ 596,013
Operating grants	185,783	180,846	2,774	2,810	188,557	183,656
Capital grants	28,381	40,068	27,148	34,503	55,529	74,571
General revenues						
Property taxes	979,118	944,733	-	-	979,118	944,733
Income taxes	776,555	718,980	-	-	776,555	718,980
Public service taxes	174,522	171,967	-	-	174,522	171,967
Unrestricted grants and contributions	9,907	9,635	-	-	9,907	9,635
Investment earnings	11,283	5,537	3,906	924	15,189	6,461
Total revenues	<u>2,501,303</u>	<u>2,396,816</u>	<u>345,466</u>	<u>309,200</u>	<u>2,846,769</u>	<u>2,706,016</u>
Expenses						
General government	847,073	600,687	-	-	847,073	600,687
Public safety	390,366	373,651	-	-	390,366	373,651
Public works	176,429	188,893	-	-	176,429	188,893
Health and human services	173,462	173,638	-	-	173,462	173,638
Culture and leisure services	64,575	62,790	-	-	64,575	62,790
Economic and community development	20,543	9,581	-	-	20,543	9,581
Education	991,165	1,046,755	-	-	991,165	1,046,755
Interest on long-term debt	33,433	33,044	-	-	33,433	33,044
Water and sewer services	-	-	409,220	386,405	409,220	386,405
Total expenses	<u>2,697,046</u>	<u>2,489,039</u>	<u>409,220</u>	<u>386,405</u>	<u>3,106,266</u>	<u>2,875,444</u>
Increase(decrease) in net position before transfers	(195,743)	(92,223)	(63,754)	(77,205)	(259,497)	(169,428)
Reversion of fund balance from component units	400	600	-	-	400	600
Transfers	-	3,551	-	(3,551)	-	-
Increase (decrease) in net position	(195,343)	(88,072)	(63,754)	(80,756)	(259,097)	(168,828)
Net position - beginning	(1,316,784)	(1,228,712)	(119,606)	(38,850)	(1,436,390)	(1,267,562)
Net position - ending	<u>\$ (1,512,127)</u>	<u>\$ (1,316,784)</u>	<u>\$ (183,360)</u>	<u>\$ (119,606)</u>	<u>\$ (1,695,487)</u>	<u>\$ (1,436,390)</u>

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

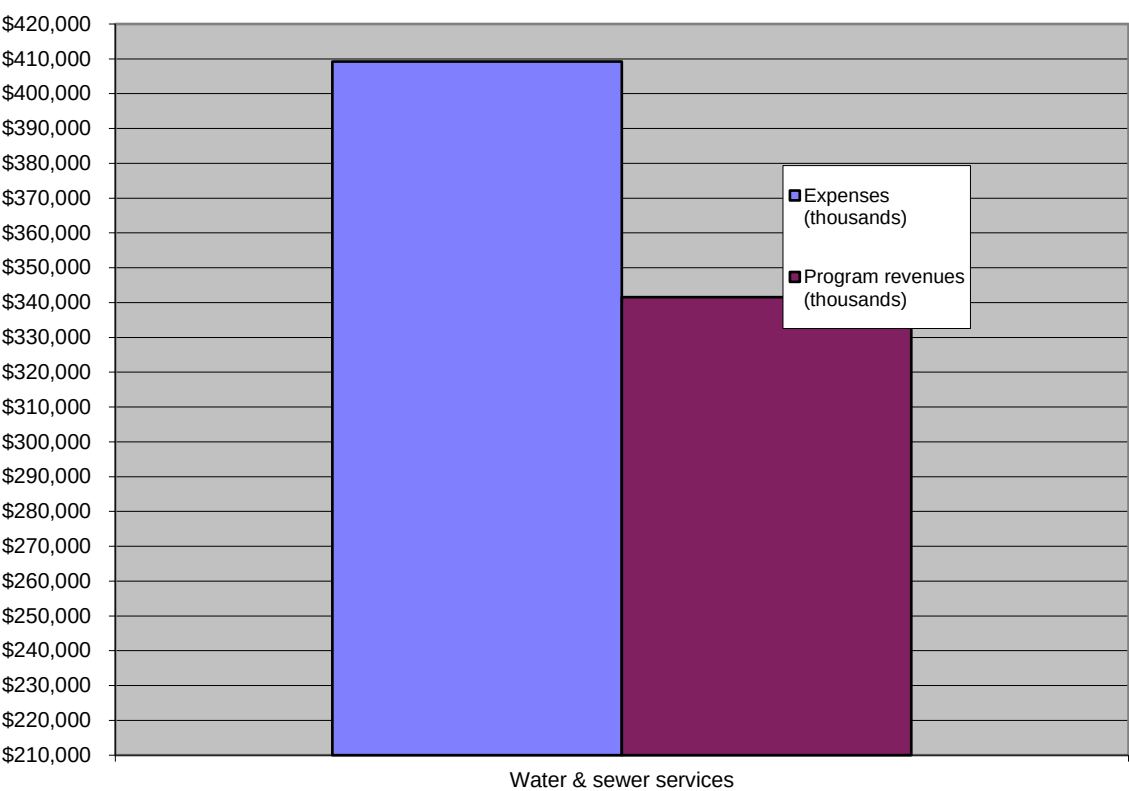
Expenses & Program Revenues-Governmental Activities



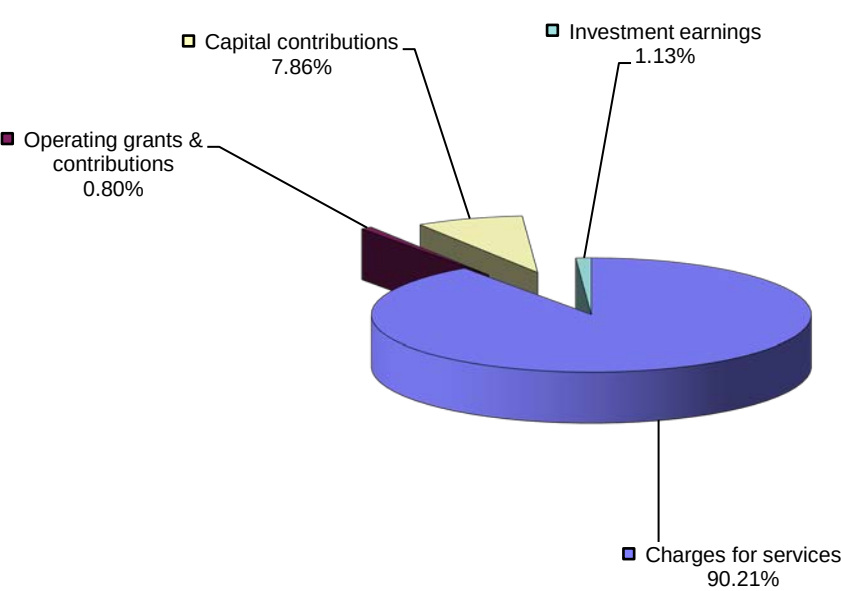
Revenues by Source-Governmental Activities



Expenses and Program Revenues-Business-type Activities



Revenues by Source-Business-type Activities



Governmental Activities

The net position of governmental activities decreased \$195.343 million during FY19. Key elements affecting the net position include:

- General revenues increased \$100.533 million over the prior fiscal year. Income tax revenue increased \$57.575 million after adjusting for the County's portion of income tax reserves held by the State that was recognized under full accrual accounting. Property taxes provided 39.1% of total revenue with an increase of \$34.385 million due from new construction county-wide and from higher reassessed values on real property in the Eastern third of the County.
- General government expenses increased \$246.386 million primarily because of an increase in pension and OPEB plan related expenses.
- Education expenses decreased \$55.590 million over the prior fiscal year due to a decrease in funding of capital costs for the Board of Education.
- The outstanding debt for the Board of Education and the Community College capital projects (see previous discussion) increased by \$130.974 million.

Business-type Activities

The net position of business-type activities decreased \$63.754 million during FY19. 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 FY19, the County's cost sharing contribution of \$146.917 million to Baltimore City for capital facilities was an increase of \$4.495 million from the previous year. Improvements to headworks and wet weather flow improvements at the Back River Wastewater Treatment Plant, Improvements to Guilford Reservoir / Pumping Station Rehab Study, Druid Reservoir Study and Ashburton Reservoir Study amounted to a combined \$100.484 million in cost sharing expenditures.
- 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 \$5.495 million due to developers assuming the responsibility for construction of these lines.
- The County's charges for services decreased \$40.675 million due decrease in consumption from the previous fiscal year.

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 \$461.933 million as of June 30, 2019, an increase of \$182.804 million. Unassigned fund balance of the General Fund, as stated below, is available at the County's discretion. The remaining positive fund balance of \$324.909 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 FY19, unassigned fund balance of the General Fund was \$217.501 million, while total fund balance was \$476.175 million. Unassigned fund balance represents 10.88% of total budgetary expenditures, while total fund balance represents 23.82% of total budgetary expenditures. These ratios are typically useful as a measure of the General Fund's liquidity. The County has \$207.223 million in a Revenue Stabilization account.

The General Fund fund balance increased by \$112.721 million during the current fiscal year. Board of Education expenditures, increased by \$32.901 attributable to increased operating funding levels in FY19.

The General Fund also had a \$17.699 million increase in public safety expenditures as a result of the County's continued focus on safe communities. Employer contributions to OPEB decreased by \$24.999 million.

The Gifts and Grants Fund fund balance of \$47.880 million consists primarily of \$15.325 million of earned revenue in excess of grant expenditures restricted for various grant activities administered by the County. Specifically, the Asset Forfeiture, Speed Camera, Housing Choice Voucher grants and Environmental Protection grants amounted to a combined \$11.791 million in excess revenue. In addition, \$10.111 million of earned revenue was restricted for the Affordable Housing Program.

The Consolidated Public Improvement Construction Fund fund balance increased by \$57.294 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 \$246 million in new debt to fund capital projects in FY19. Capital expenditures for various County projects decreased \$16.805 million to \$104.983 million.

Proprietary Funds

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

The Metropolitan District Fund net position decreased \$63.817 million during FY19. 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 \$1.464 million to the Police Department for additional personnel equipment.

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

- Title transfer taxes were \$5.822 million more than budget due to an increase in high dollar commercial property transactions and increased sales and higher property values from the slowly recovering real estate market.
- The County had \$6.218 million in salary savings across the board from the continuation of position vacancy control.
- An unfavorable revenue variance of \$40.990 million in County income tax revenue resulted because of the lack in growth of personal income, mainly from capital gains. In addition, the County has assumed some additional loss in revenue due to the Wynne Case, which held that Maryland violated the Commerce Clause because it did not permit a taxpayer to take a credit against the County portion of the personal property income tax for taxes paid to other states.
- The County received \$2.304 million over budget emergency medical service transport fees partially due to resolutions made by major insurance carriers over prior payment processing.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities totaled \$4.14 billion net of accumulated depreciation. The investment in capital assets includes land, buildings, machinery, vehicles and infrastructure assets.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 299,686	\$ 298,100	\$ 1,317	\$ 1,317	\$ 301,003	\$ 299,417
Buildings and improvements	364,662	362,699	99,309	105,263	463,971	467,962
Vehicles and equipment	108,814	100,289	2,676	3,381	111,490	103,670
Infrastructure	1,145,258	1,163,039	1,085,756	1,041,139	2,231,014	2,204,178
Construction in progress	703,525	655,980	329,017	289,191	1,032,542	945,171
Total	<u>\$ 2,621,945</u>	<u>\$ 2,580,107</u>	<u>\$ 1,518,075</u>	<u>\$ 1,440,291</u>	<u>\$ 4,140,020</u>	<u>\$ 4,020,398</u>

The County added \$17.9 million for new or improved roads, \$4.9 million for storm drains, and \$64.7 million for water and sewer lines as a major part of its infrastructure assets for FY19.

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

- The County completed new and existing updates to County owned buildings at a cost of \$14.7 million
- The County completed improvements and purchases of land totaling \$7.3 million.
- The County completed repairs and renovations to the Pikesville pumping station totaling \$6.5 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 \$3.820 billion. This includes Consolidated Public Improvement bonds and notes of \$1.804 billion, Pension Funding bonds of \$.374 billion and Metropolitan District bonds and notes of \$1.642 billion. The bonds and notes are backed by the full faith and credit of the County.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ 1,916,590	\$ 1,779,127	\$ 1,615,201	\$ 1,334,052	\$ 3,531,791	\$ 3,113,179
General obligation BANs	246,000	246,000	42,000	245,000	288,000	491,000
Total	<u>\$ 2,162,590</u>	<u>\$ 2,025,127</u>	<u>\$ 1,657,201</u>	<u>\$ 1,579,052</u>	<u>\$ 3,819,791</u>	<u>\$ 3,604,179</u>

The County's general obligation debt increased in 2019 by \$215.612 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 \$3.510 billion and \$2.502 billion. Additional information on the County's long-term debt can be found in Note 8.

Economic Factors and Next Years Budgets and Rates

- The Spending Affordability Committee's consultant, Sage Policy Group Sage Policy Group, Inc. predicts that the County and State personal income will grow 4.31% and 4.36% respectively, in FY20.
- Employment increased by 0.7% among Baltimore County residents, by 0.3% among Maryland residents, and by 1.7% nationally on an annual average basis from calendar year (CY)17 to CY18. County and State unemployment rates were 4.0% and 3.8% respectively, in December 2018 and averaged 4.2% and 4.1%, respectively, for all CY18. For CY19, Sage policy group, Inc. predicts that the County employment will grow 0.8%, compared to population growth of 0.7%, while State employment growth is expected to be 1.1% compared to population growth of 0.8%.

These and other economic indicators were considered when preparing the FY20 General Fund budget, which estimates revenues at \$2.156 billion. General Fund appropriations for FY20 of \$2.154 billion reflects a 4.97% increase from the FY19 adjusted budget. The FY20 budget for Baltimore County Public Schools (BCPS) includes an increase of \$81.8 million or 5.3% over FY19 funding levels. The budget exceeds Maintenance of Effort by \$35.5 million. The FY20 budget reflects the forth full year of the County's new emergency medical transport billing initiated with the cooperation of the Baltimore County Volunteer Firemen Association. With projected FY20 revenue of \$25 million, a broader, deeper commitment has been made to the Baltimore County's volunteer fire and EMS companies including a 1% increase in funding over last year. The County expects to fund \$60.7 million PAYGO to support the FY20 capital budget. The projected unassigned fund balance at the end of FY19 is \$220.57 million or 10.6% of the estimated FY20 total revenues.

The FY20 budget includes an increase of the income tax rate from 2.83% to 3.2%. This represents the first income tax rate increase for County residents in over 25 years. The respective real property and personal property tax rates remain at \$1.10 and \$2.75 per \$100 of assessed value. The Homestead Assessment Growth Cap remains at 4%, excluding home sales, new construction, and non-principle 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, 2019
(In Thousands)

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
ASSETS				
Cash and investments (Note 3)	\$ 385,172	\$ 93,733	\$ 478,905	\$ 177,714
Receivables, net (Note 5)	353,390	105,028	458,418	35,569
Due from primary government (Note 6)	-	-	-	24,941
Inventories	9,311	824	10,135	1,477
Prepaid costs	1,135	-	1,135	462
Restricted assets:				
Cash and investments (Note 3)	172,936	47,552	220,488	8,672
Capital assets (Note 7)				
Not being depreciated	1,003,211	330,334	1,333,545	328,453
Depreciable (net of accumulated depreciation)	1,618,734	1,187,741	2,806,475	1,846,295
Total assets	<u>3,543,889</u>	<u>1,765,212</u>	<u>5,309,101</u>	<u>2,423,583</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	13,903	16,213	30,116	-
Retirement and OPEB plans	613,948	28,150	642,098	432,054
Total deferred outflows of resources	<u>627,851</u>	<u>44,363</u>	<u>672,214</u>	<u>432,054</u>
LIABILITIES				
Accounts payable	34,096	88,505	122,601	67,236
Accrued payroll	16,755	1,153	17,908	26,180
Accrued interest payable	32,513	21,423	53,936	-
Internal balances	3,124	(3,124)	-	-
Due to component units (Note 6)	19,290	-	19,290	-
Other liabilities	81,980	7,113	89,093	4,518
Unearned revenue (Note 5)	4,483	-	4,483	7,509
Liabilities payable from restricted assets	-	-	-	8,672
Noncurrent liabilities (Note 8)				
Due within one year	494,270	105,230	599,500	35,027
Due in more than one year	4,904,631	1,768,668	6,673,299	1,637,666
Total liabilities	<u>5,591,142</u>	<u>1,988,968</u>	<u>7,580,110</u>	<u>1,786,808</u>
DEFERRED INFLOWS OF RESOURCES				
Retirement and OPEB plans	<u>92,725</u>	<u>3,967</u>	<u>96,692</u>	<u>33,071</u>
NET POSITION				
Net investment in capital assets	1,498,138	552,407	2,050,545	2,058,887
Restricted for:				
Public works	17,828	-	17,828	-
Economic development	10,111	-	10,111	-
Education	-	-	-	27,796
Grant projects	15,325	-	15,325	-
Debt service	67,372	-	67,372	-
Unrestricted (deficit)	<u>(3,120,901)</u>	<u>(735,767)</u>	<u>(3,856,668)</u>	<u>(1,050,924)</u>
Total net position (deficit)	<u>\$ (1,512,127)</u>	<u>\$ (183,360)</u>	<u>\$ (1,695,487)</u>	<u>\$ 1,035,759</u>

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

Baltimore County, Maryland
Statement of Activities
For the Year Ended June 30, 2019
(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating	Capital	Primary Government			Component Units
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT								
Governmental activities:								
General government	\$ 847,073	\$ 299,711	\$ 2,396	\$ -	\$ (544,966)	\$ -	\$ (544,966)	\$ -
Public safety	390,366	9,163	18,408	-	(362,795)	-	(362,795)	-
Public works	176,429	16,936	8,733	28,381	(122,379)	-	(122,379)	-
Health and human services	173,462	4,401	135,533	-	(33,528)	-	(33,528)	-
Culture and leisure services	64,575	4,510	4,878	-	(55,187)	-	(55,187)	-
Economic and community development	20,543	1,033	11,014	-	(8,496)	-	(8,496)	-
Education	991,165	-	-	-	(991,165)	-	(991,165)	-
Interest on long-term debt	33,433	-	4,821	-	(28,612)	-	(28,612)	-
Total governmental activities	2,697,046	335,754	185,783	28,381	(2,147,128)	-	(2,147,128)	-
Business-type activities:								
Water and sewer services	409,220	311,638	2,774	27,148	-	(67,660)	(67,660)	-
Total business-type activities	409,220	311,638	2,774	27,148	-	(67,660)	(67,660)	-
Total primary government	\$ 3,106,266	\$ 647,392	\$ 188,557	\$ 55,529	(2,147,128)	(67,660)	(2,214,788)	-
COMPONENT UNITS								
Board of Education	\$ 1,942,703	\$ 12,885	\$ 208,521	\$ 112,470	-	-	-	(1,608,827)
Community College	226,432	68,300	86,708	15,527	-	-	-	(55,897)
Board of Library Trustees	45,569	7,432	3,517	-	-	-	-	(34,620)
Total component units	\$ 2,214,704	\$ 88,617	\$ 298,746	\$ 127,997	-	-	-	(1,699,344)
General revenues:								
Taxes:								
Property taxes					979,118	-	979,118	-
Income taxes					776,555	-	776,555	-
Public service taxes					174,522	-	174,522	-
Grants and contributions not restricted to specific programs:								
Baltimore County					-	-	-	901,771
State of Maryland					9,907	-	9,907	673,570
Unrestricted investment earnings					11,283	3,906	15,189	1,219
Other					-	-	-	9,223
Reversion of fund balance from component units					400	-	400	(400)
Total general revenues and transfers					1,951,785	3,906	1,955,691	1,585,383
Change in net position					(195,343)	(63,754)	(259,097)	(113,961)
Net position (deficit) at beginning of the year					(1,316,784)	(119,606)	(1,436,390)	1,149,720
Net position (deficit) at end of the year					\$ (1,512,127)	\$ (183,360)	\$ (1,695,487)	\$ 1,035,759

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

Baltimore County, Maryland
Balance Sheet
Governmental Funds
June 30, 2019
(In Thousands)

	General	Gifts and Grants	Consolidated Public Improvement Construction	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 253,353	\$ 39,217	\$ -	\$ 520	\$ 293,090
Cash and investments - restricted	172,936	-	-	-	172,936
Receivables, net	276,886	69,935	4,174	42	351,037
Due from other funds	12,255	-	-	-	12,255
Inventories	8,724	-	-	-	8,724
Total assets	<u>\$ 724,154</u>	<u>\$ 109,152</u>	<u>\$ 4,174</u>	<u>\$ 562</u>	<u>\$ 838,042</u>
LIABILITIES					
Accounts payable	\$ 13,230	\$ 5,550	\$ 12,951	\$ 4	\$ 31,735
Accrued expenditures	15,062	1,528	-	27	16,617
Due to other funds	-	-	12,255	-	12,255
Due to component units	-	-	19,290	-	19,290
Other liabilities	53,110	1,114	20,423	-	74,647
Unearned revenue - other (Note 5)	328	4,155	-	-	4,483
Total liabilities	<u>81,730</u>	<u>12,347</u>	<u>64,919</u>	<u>31</u>	<u>159,027</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue (Note 5)	166,249	48,925	1,908	-	217,082
Total deferred inflows of resources	<u>166,249</u>	<u>48,925</u>	<u>1,908</u>	<u>-</u>	<u>217,082</u>
FUND BALANCES (DEFICITS) (NOTE 15)					
Nonspendable	8,724	-	-	-	8,724
Restricted	171,664	25,436	17,824	-	214,924
Assigned	78,286	22,444	-	531	101,261
Unassigned	217,501	-	(80,477)	-	137,024
Total fund balances (deficit)	<u>476,175</u>	<u>47,880</u>	<u>(62,653)</u>	<u>531</u>	<u>461,933</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 724,154</u>	<u>\$ 109,152</u>	<u>\$ 4,174</u>	<u>\$ 562</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.	2,607,025
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows in the funds.	217,082
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.	34,737
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).	(5,346,794)
The net effect of the deferred outflows and deferred inflows of resources recorded in conjunction with the recognition of the County pension liability and OPEB liability is shown in the governmental activities but not included in the governmental statements.	521,223
Amount accrued for Police salary arbitration	(7,333)
Net deficit of governmental activities	<u>\$ (1,512,127)</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, 2019
(In Thousands)

	General	Gifts and Grants	Consolidated Public Improvement Construction	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 1,873,642	\$ -	\$ -	\$ 1,427	\$ 1,875,069
Licenses and permits	6,180	-	-	1,298	7,478
Intergovernmental	52,519	141,060	7,647	-	201,226
Repayment of loans	-	1,212	-	-	1,212
Charges for services	52,591	11,033	-	102	63,726
Assessments	-	-	1,761	-	1,761
Fines and forfeitures	5,955	-	-	-	5,955
Investment income	7,806	1,046	-	-	8,852
Miscellaneous	30,299	1,619	5,516	-	37,434
Total revenues	<u>2,028,992</u>	<u>155,970</u>	<u>14,924</u>	<u>2,827</u>	<u>2,202,713</u>
EXPENDITURES					
Current:					
General government	120,453	3,622	-	2,141	126,216
Public safety	378,888	10,727	-	-	389,615
Public works	112,933	28	-	-	112,961
Health and human services	41,720	130,308	-	-	172,028
Culture and leisure services	16,938	3,633	-	-	20,571
Economic and community development	1,290	24,114	-	-	25,404
Pension plan contributions	123,512	-	-	-	123,512
Healthcare contributions	91,045	-	-	-	91,045
Miscellaneous	19,436	157	-	-	19,593
Capital projects	-	-	104,983	-	104,983
Payments to component units	966,932	-	93,628	-	1,060,560
Debt service:					
Principal retirement	94,375	-	-	-	94,375
Interest	58,568	-	-	-	58,568
Fiscal charges	1,345	-	-	-	1,345
Total expenditures	<u>2,027,435</u>	<u>172,589</u>	<u>198,611</u>	<u>2,141</u>	<u>2,400,776</u>
Excess (deficiency) of revenues over expenditures	<u>1,557</u>	<u>(16,619)</u>	<u>(183,687)</u>	<u>686</u>	<u>(198,063)</u>
OTHER FINANCING SOURCES (USES)					
Bonds issued	-	-	246,000	-	246,000
Bond anticipation notes issued	-	-	246,000	-	246,000
Certificates of participation issued	77,960	-	-	-	77,960
Premiums on debt	53,600	-	-	-	53,600
Bond anticipation notes - retired	-	-	(246,000)	-	(246,000)
Reversion of fund balance from component units	-	-	400	-	400
Transfers in	28,799	31,551	42,026	-	102,376
Transfers out	(49,195)	(891)	(47,445)	(1,938)	(99,469)
Total other financing sources (uses)	<u>111,164</u>	<u>30,660</u>	<u>240,981</u>	<u>(1,938)</u>	<u>380,867</u>
Net change in fund balances	<u>112,721</u>	<u>14,041</u>	<u>57,294</u>	<u>(1,252)</u>	<u>182,804</u>
Fund balances (deficit) at beginning of the year	<u>363,454</u>	<u>33,839</u>	<u>(119,947)</u>	<u>1,783</u>	<u>279,129</u>
Fund balances (deficit) at end of the year	<u>\$ 476,175</u>	<u>\$ 47,880</u>	<u>\$ (62,653)</u>	<u>\$ 531</u>	<u>\$ 461,933</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, 2019
(In Thousands)

Net change in fund balances-total governmental funds	\$ 182,804
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (Note 2).	28,610
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position (Note 2).	13,668
Some revenues will not be collected for several months after the fiscal year ends. As such these revenues are not considered "available" revenues and are deferred in the governmental funds. Deferred inflows increased this year.	46,926
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).	(247,612)
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).	(70,567)
The net effect of the expenses for recording the County's pension liability from employee retirement plans.	(135,170)
Internal service funds are used by management to charge the costs of self insurance, fleet management, and reproduction services to individual funds. The net income of these internal service funds is reported with governmental activities.	(4,506)
The recognition of a long-term liability for disputed taxes that was not reported in the governmental funds decreases net position.	(2,163)
The recognition of a long-term liability for police salary arbitration that was not reported in the governmental funds decreases net position.	(7,333)
Change in net position of governmental activities	<u><u>\$ (195,343)</u></u>

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

Baltimore County, Maryland
Budgetary Comparison Statement - General Fund (Non GAAP Budgetary Basis)
For the Year Ended June 30, 2019
(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget- Positive (Negative)
REVENUES				
Taxes	\$ 1,905,454	\$ 1,905,454	1,873,642	\$ (31,812)
Licenses and permits	4,988	4,988	6,180	1,192
Intergovernmental	55,134	55,134	52,519	(2,615)
Charges for services	45,825	45,825	52,591	6,766
Fines and forfeitures	6,238	6,238	5,955	(283)
Reimbursement from other funds	10,781	10,781	12,705	1,924
Interest on investments	8,694	8,694	9,152	458
Miscellaneous	34,884	34,884	29,991	(4,893)
Total revenues	2,071,998	2,071,998	2,042,735	(29,263)
EXPENDITURES				
Current:				
General government	132,147	132,814	130,212	2,602
Public safety	371,024	371,727	370,994	733
Public works	107,933	109,133	108,080	1,053
Health and human services	42,747	42,885	41,880	1,005
Culture and leisure services	17,524	17,524	17,132	392
Economic and community development	1,357	1,357	1,357	-
Pension plan contributions	123,542	123,542	123,512	30
Healthcare contributions	91,769	91,102	91,047	55
Miscellaneous	20,397	19,472	19,432	40
Payments to component units	956,186	956,186	956,168	18
Debt service:				
Principal retirement	94,375	94,375	94,375	-
Interest	44,929	44,929	44,928	1
Fiscal charges	105	105	100	5
Total expenditures	2,004,035	2,005,151	1,999,217	5,934
Excess (deficiency) of revenues over expenditures (budgetary basis)	67,963	66,847	43,518	(23,329)
OTHER FINANCING SOURCES (USES)				
Transfers in	235	235	25,235	25,000
Transfers out	(48,709)	(49,195)	(49,195)	-
Total other financing sources (uses)	(48,474)	(48,960)	(23,960)	25,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ 19,489	\$ 17,887	\$ 19,558	\$ 1,671
Adjustments required under generally accepted accounting principles:				
Net change during year in reserve for encumbrances			1,343	
Unbudgeted equipment financing activity			78,220	
Unbudgeted bond escrow payment			429	
Net change in reserve for inventories, imprest funds and other programs			12,337	
Prior year encumbrances liquidations			834	
Net change in fund balance-GAAP			112,721	
Fund balance at beginning of the year			363,454	
Fund balance at end of the year			\$ 476,175	

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

Baltimore County, Maryland
Statement of Net Position
Proprietary Funds
June 30, 2019
(In Thousands)

	Metropolitan District Enterprise Fund	Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 93,733	\$ 92,082
Cash and investments - restricted	47,552	-
Receivables, net (Note 5)	23,140	2,353
Inventories	824	587
Prepaid costs		1,135
Total current assets	<u>165,249</u>	<u>96,157</u>
Noncurrent assets:		
Assessments receivable (Note 5)	81,888	-
Capital assets: (Note 7)		
Non-depreciable	330,334	705
Depreciable (net of accumulated depreciation)	1,187,741	14,215
Total noncurrent assets	<u>1,599,963</u>	<u>14,920</u>
Total assets	<u>1,765,212</u>	<u>111,077</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	16,213	-
Retirement and OPEB plans	28,150	-
Total deferred outflows of resources	<u>44,363</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	88,505	2,361
Accrued payroll	1,153	138
Accrued interest payable	21,423	-
Compensated absences (Note 8)	2,064	237
Claims and judgments (Note 8)		36,025
General obligation debt (Note 8)	101,178	-
Pension funding bonds (Note 8)	414	-
Certificates of participation (Note 8)	1,574	-
Other liabilities	7,113	-
Total current liabilities	<u>223,424</u>	<u>38,761</u>
Noncurrent liabilities (Note 8):		
Compensated absences	108	-
Claims and judgments		34,455
General obligation debt	1,631,537	-
Pension funding bonds	14,541	-
Net pension and OPEB liability	107,952	-
Certificates of participation	14,530	-
Total noncurrent liabilities	<u>1,768,668</u>	<u>34,455</u>
Total liabilities	<u>1,992,092</u>	<u>73,216</u>
DEFERRED INFLOWS OF RESOURCES		
Retirement and OPEB plans	3,967	-
Total deferred inflows of resources	<u>3,967</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	552,407	14,920
Unrestricted (deficit)	(738,891)	22,941
Total net position (deficit)	<u>(186,484)</u>	<u>\$ 37,861</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	3,124	
Net position (deficit) of business-type activities	<u>\$ (183,360)</u>	

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, 2019
(In Thousands)

	Metropolitan District Enterprise Fund	Total	Internal Service Funds
OPERATING REVENUES			
Licenses and permits	\$ 1,012	\$ 1,012	\$ -
Charges for services	304,754	304,754	351,283
Assessments	5,590	5,590	-
Intergovernmental	1,274	1,274	-
Miscellaneous	282	282	95
Total operating revenues	<u>312,912</u>	<u>312,912</u>	<u>351,378</u>
OPERATING EXPENSES			
Personal services	24,062	24,062	3,010
Business and travel	120	120	-
Contractual services	52,812	52,812	606
Rents and utilities	4,476	4,476	198
Supplies and maintenance	65,786	65,786	11,314
Insurance claims and expenses		-	337,831
Equipment	3,789	3,789	-
Fringe benefits and overhead	28,835	28,835	-
Depreciation expense	33,360	33,360	2,879
Other	115	115	594
Total operating expenses	<u>213,355</u>	<u>213,355</u>	<u>356,432</u>
Operating income (loss)	<u>99,557</u>	<u>99,557</u>	<u>(5,054)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest on investments	3,906	3,906	3,518
Interest expense	(49,011)	(49,011)	-
Capital contributions to other subdivisions	(146,917)	(146,917)	-
Total nonoperating revenues (expenses)	<u>(192,022)</u>	<u>(192,022)</u>	<u>3,518</u>
Income/(loss) before transfers and capital contributions	<u>(92,465)</u>	<u>(92,465)</u>	<u>(1,536)</u>
Capital contributions from external parties	28,648	28,648	-
Transfers out	-	-	(2,907)
Change in net position	<u>(63,817)</u>	<u>(63,817)</u>	<u>(4,443)</u>
Net position at beginning of the year	<u>(122,667)</u>		<u>42,304</u>
Net position at end of the year	<u>\$ (186,484)</u>		<u>\$ 37,861</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		63	
Change in net position of business-type activities		<u>\$ (63,754)</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, 2019
(In Thousands)

	Metropolitan District Enterprise Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from external customers	\$ 312,521	\$ 242,767
Receipts for interfund services	-	109,739
Payments to suppliers	(128,336)	(12,069)
Payments to employees	(42,239)	(3,014)
Payment for interfund services used	-	(594)
Claims paid	-	(330,538)
Other receipts	-	95
Net cash provided by (used in) operating activities	<u>141,946</u>	<u>6,386</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers out		(2,907)
Capital contributions paid to other subdivisions	(144,216)	-
Net cash used in noncapital financing activities	<u>(144,216)</u>	<u>(2,907)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	412,111	-
Retirement of bond anticipation notes	(245,000)	-
Capital contributions from external parties	36,117	-
Acquisition and construction of capital assets	(100,163)	(2,702)
Principal paid on capital debt	(57,797)	-
Interest paid on capital debt	(62,862)	-
Sales of capital assets	-	263
Net cash provided by (used in) capital and related financing activities	<u>(17,594)</u>	<u>(2,439)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	3,905	3,518
Net cash provided by investing activities	<u>3,905</u>	<u>3,518</u>
Net increase (decrease) in cash and cash equivalents	(15,959)	4,558
Cash and cash equivalents at beginning of the year	157,244	87,524
Cash and cash equivalents at end of the year	<u>\$ 141,285</u>	<u>\$ 92,082</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ 99,557	\$ (5,054)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	33,360	2,879
Effect of changes in operating accounts:		
Receivables, net	(1,367)	1,223
Inventories	(83)	4
Deferred outflows	(14,165)	-
Accounts and other payables	(299)	668
Accrued expenses	24,943	(4)
Claims and judgements	-	6,670
Net cash provided by (used in) operating activities	<u>\$ 141,946</u>	<u>\$ 6,386</u>
NONCASH CAPITAL AND NONCAPITAL FINANCING ACTIVITIES		
Capital assets acquired through contributions from developers.	\$ 7,839	\$ -

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

Baltimore County, Maryland
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019
(In Thousands)

	Benefits Trust Funds
ASSETS	
Cash and cash equivalents (Note 3)	\$ 43,214
Collateral for loaned securities (Note 3)	11,712
Receivables:	
Accrued interest & dividend income	3,796
Receivable for investments sold	5,136
Receivables other	2,718
Total receivables	<u>11,650</u>
Investments, at fair value (Note 3):	
U.S. Government and Agency securities	99,955
Municipal bonds	4,375
Foreign bonds	30,619
Corporate bonds	132,724
Stocks	546,006
Bond mutual funds	505,841
Stock mutual funds	953,363
Real estate equity funds	166,028
Hedge funds	132
Private equity funds	186,998
Global asset allocation	464,436
Total investments	<u>3,090,477</u>
Total assets	<u>3,157,053</u>
LIABILITIES	
Securities lending payable	11,712
Investments purchased	26,015
Investment expenses payable	3,556
Refunds payable	3,573
Other	3,570
Total liabilities	<u>48,426</u>
NET POSITION	
Net position restricted for pensions and OPEB	<u><u>\$ 3,108,627</u></u>

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

Baltimore County, Maryland
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019
(In Thousands)

	Benefits Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 143,927
Employees	84,674
Other	13,074
Total contributions	<u>241,675</u>
Investment earnings:	
Net increase in the fair value of plan assets	90,213
Interest and dividends	55,151
Investment expenses	(22,763)
Net investment gain	<u>122,601</u>
Net income from securities lending:	
Securities lending income	43
Borrower rebates	251
Agent fees	(86)
Net income from securities lending	<u>208</u>
Total net investment gain	<u>122,809</u>
Total additions	<u>364,484</u>
DEDUCTIONS	
Benefits	437,264
Refunds	7,786
Administrative expense	1,125
Total deductions	<u>446,175</u>
Change in net position	(81,691)
Net position at beginning of the year	<u>3,190,318</u>
Net position at end of the year	<u><u>\$ 3,108,627</u></u>

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

Baltimore County, Maryland
Statement of Net Position
Component Units
June 30, 2019
(In Thousands)

	Board of Education	Community College	Board of Library Trustees	Total
ASSETS				
Cash and investments (Note 3)	\$ 129,050	\$ 40,074	\$ 8,590	\$ 177,714
Receivables	29,058	6,202	309	35,569
Due from primary government	22,442	2,499	-	24,941
Inventories	1,406	-	71	1,477
Prepaid costs and other assets	323	134	5	462
Cash restricted for lease purchase	8,672	-	-	8,672
Capital assets (Note 7)				
Non-depreciable	299,922	28,531	-	328,453
Depreciable (net of accumulated depreciation)	1,683,622	154,865	7,808	1,846,295
Total assets	<u>2,174,495</u>	<u>232,305</u>	<u>16,783</u>	<u>2,423,583</u>
DEFERRED OUTFLOWS OF RESOURCES				
Retirement and OPEB plans	<u>387,958</u>	<u>35,581</u>	<u>8,515</u>	<u>432,054</u>
LIABILITIES				
Accounts payable	49,626	15,942	1,668	67,236
Accrued payroll	21,482	2,956	1,742	26,180
Other liabilities	2,599	1,919	-	4,518
Unearned revenue	3,170	4,325	14	7,509
Liabilities payable from restricted assets	8,672	-	-	8,672
Noncurrent liabilities (Note 8)				
Due within one year	28,914	5,043	1,070	35,027
Due in more than one year	1,491,577	119,252	26,837	1,637,666
Total liabilities	<u>1,606,040</u>	<u>149,437</u>	<u>31,331</u>	<u>1,786,808</u>
DEFERRED INFLOWS OF RESOURCES				
Retirement and OPEB plans	<u>28,785</u>	<u>2,689</u>	<u>1,597</u>	<u>33,071</u>
NET POSITION				
Net investment in capital assets	1,869,176	181,903	7,808	2,058,887
Restricted for:				
Education	11,113	16,053	630	27,796
Unrestricted	(952,661)	(82,196)	(16,067)	(1,050,924)
Total net position	<u>\$ 927,628</u>	<u>\$ 115,760</u>	<u>\$ (7,629)</u>	<u>\$ 1,035,759</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, 2019
(In Thousands)

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Board of Education	Community College	Board of Library Trustees	Total
BOARD OF EDUCATION								
Public education	\$ 1,709,957	\$ 178	\$ 170,573	\$ 112,470	\$ (1,426,736)	\$ -	\$ -	\$ (1,426,736)
Facilities operations	182,037	-	415		(181,622)	-	-	(181,622)
Food service	50,709	12,707	37,533	-	(469)	-	-	(469)
Total Board of Education	1,942,703	12,885	208,521	112,470	(1,608,827)	-	-	(1,608,827)
COMMUNITY COLLEGE								
Educational and general expenses	196,901	67,305	86,708	-	-	(42,888)	-	(42,888)
Facilities operations	29,004	-	-	15,527	-	(13,477)	-	(13,477)
Auxiliary enterprises	527	995	-	-	-	468	-	468
Total Community College	226,432	68,300	86,708	15,527	-	(55,897)	-	(55,897)
BOARD OF LIBRARY TRUSTEES								
Culture and leisure services	45,569	7,432	3,517	-	-	-	(34,620)	(34,620)
Total component units	\$ 2,214,704	\$ 88,617	\$ 298,746	\$ 127,997	(1,608,827)	(55,897)	(34,620)	(1,699,344)
General Revenues:								
Baltimore County					816,971	50,980	33,820	901,771
State of Maryland					673,570	-	-	673,570
Unrestricted investment earnings					-	1,219	-	1,219
Other					9,223	-	-	9,223
Reversion of fund balance to Baltimore County					-	-	(400)	(400)
Total general revenues					1,499,764	52,199	33,420	1,585,383
Change in net position					(109,063)	(3,698)	(1,200)	(113,961)
Net position at beginning of the year					1,036,691	119,458	(6,429)	1,149,720
Net position at end of the year					\$ 927,628	\$ 115,760	\$ (7,629)	\$ 1,035,759

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

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Financial Reporting Entity

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

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

Discretely Presented Component Units

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

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

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

Baltimore County Public Schools
Department of Fiscal Services
6901 N. Charles St.
Towson, Maryland 21204

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

Board of Library Trustees
320 York Road
Towson, Maryland 21204

Related Organizations

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

Adult Public Guardianship Review Board
Advisory Arbitration Panel
Animal Hearing Board
Board of Architectural Review
Board of Liquor License Commissioners

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

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

The amounts that the County appropriated to these organizations during the fiscal year ended June 30, 2019 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/and or reclassified from these statements.

The **Statement of Net Position** presents the reporting entity's non-fiduciary assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Net position is reported in three categories:

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

Restricted net position results when constraints placed on net position use are either externally imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position which does not meet the definition of the two preceding categories. Unrestricted net position often is assigned to indicate that management does not consider it to be available for general operations. Unrestricted net position often has constraints on resources which are imposed by management, but can be removed or modified.

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are reported as general revenue.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds, major individual proprietary funds and three combined nonmajor governmental (Liquor License, Owings Mills Tax District and Stormwater Management) funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise fund:

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

The County also reports the following fund types:

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

Benefits Trust Funds, which include the following:

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

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

Measurement Focus and 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

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of Enterprise and Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses

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

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

Budgetary Data

As required by Article VII of the Baltimore County Charter, the annual operating budget and the capital budget are prepared by the County Executive and submitted to the County Council for adoption. Such budgets are generally prepared on the modified accrual basis of accounting described above and reflect encumbrance accounting. Prior to adoption of the budgets, the County Council may decrease or delete any item with the exception of those required by the general laws of the State of Maryland, provisions for debt service on outstanding obligations and provisions to eliminate any estimated cash deficits. Requests for supplementary and emergency appropriations may be prepared during the year by the County Executive and adopted by the County Council. There were \$1.602 million in supplementary and emergency appropriations adopted for the General Fund operating budget during fiscal year 2019.

Annual budgets are adopted for the General Fund and the nonmajor Special Revenue Funds - Liquor License Fund. The nonmajor Special Revenue Funds – Owings Mills Tax District Fund and the Stormwater Management Fund had no adopted budget. 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.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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 \$0.870 million of interest income, \$90.566 million in new proceeds and decreased by \$13.216 million of equipment purchases. The unspent equipment financing proceeds of \$104.292 million are reported as a restriction of fund balance at fiscal year-end.

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

Pooled Cash, Cash Equivalents and Investment Income

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

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

Debt Retirement

Debt retirements for general obligation long-term debt, net pension liability and the net liability for Other Post Employee Benefits (OPEB) are paid from the General and Metropolitan District Funds. Other long-term obligations of the County include compensated absences, general and workers compensation claims and landfill closing costs, the liquidation procedures for these liabilities are described below. The Metropolitan District Fund includes \$66.5 million of receivables for future billings of assessments for water and sewer lateral pipe abutting properties within the District. These assessments, which are levied on individual properties for a period of forty years from the date of installation, represent a significant cash stream that is designated to retire the Metropolitan District long-term debt.

Investments

Money market investments and participating interest-earning investment contracts are carried at amortized cost, which approximates fair value. Other investment securities are carried at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at the prevailing exchange rates as of June 30, 2019. 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 acquisition value at the date of donation. The County's capitalization levels are \$5,000 for individual vehicles, machinery and

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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.

Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until the future period. At June 30, 2019, the County had deferred outflows of resources for deferred charges on bond refundings and for changes in activity, experience, assumptions and contributions related to the County Employees Retirement System and for the differences between projected and actual experience and assumptions related to the County's Other Post-Employment Benefits (OPEB) plan.

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, 2019, the County had deferred inflows of resources related to the difference between actual and expected experience changes in proportion and the difference between projected and actual earnings on investments of the County pensions and OPEB plans.

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, 2019.

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 \$110,636 million of restricted net position, of which \$17,828 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.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Committed – Includes fund balance amounts that can be used only for the specific purposes determined by formal action of the County's highest level of decision-making authority. The County Council is the highest level of decision-making authority for the County that can commit fund balance by adoption of a Council bill prior to fiscal year end. Similar action of the County Council is required to modify or rescind such commitments.

Assigned – Includes fund balance amounts that are intended to be used by the County for specific purposes as determined by the County Executive or County Administrative Officer in accordance with County Charter. Additionally, in accordance with Section 715 of the County Charter on certification of funds availability, the Director of Budget & Finance may assign fund balance for contractual commitments encumbered prior to year-end. Constraints imposed on the use of assigned amounts do not rise to the level required to be classified as either restricted or committed.

Unassigned – Represents the residual classification for the County's funds and includes all spendable amounts not contained in the four classifications described above. Unassigned fund balance can only be used in the General fund or, if negative, in other governmental funds.

Order of Fund Balance Spending Policy

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

Amounts reported as encumbrances may be classified as either restricted, committed or assigned depending on the constraints and approval in place at year end. Encumbrances outstanding at year-end are reported as assignments of fund balance in the General Fund and Special Revenue Funds and do not constitute expenditures or liabilities because the obligation will be honored during the subsequent year.

Revenue Stabilization Account

Section 10-8-101 of the County Code gives the County the authority to establish and maintain a Revenue Stabilization Reserve Account (RSRA) to provide financial resources for unanticipated decreases in revenues, primarily intergovernmental revenues. The County plans to maintain unreserved General Fund balances in excess of 10% of General Fund's revenues each year. Effective FY18, the County established a minimum level of reserves in the RSRA equal to 7% of the budgeted general fund revenue for the current fiscal year. Funds in the RSRA may not remain 7% for more than two consecutive years.

Pensions

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

Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

reported by the County's OPEB Plan. For this purpose, the County's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost

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 \$5,346,794 difference are as follows:

General obligation debt	\$ 2,162,590
Certificates of participation and loan payable	173,138
Add: Issuance premium (to be amortized as a reduction to interest expense)	145,325
Less: Issuance discount (to be amortized as interest expense)	(1,060)
Less: Deferred charge on refunding (to be amortized as interest expense)	(13,903)
Accrued interest payable	32,513
Compensated absences	73,043
Net other post employment benefits liability	1,080,739
Net pension liability	1,620,601
Disputed taxes	52,285
Estimated landfill closing costs	21,523
Net adjustment to reduce fund balance - total funds to arrive at net position of governmental activities	<u><u>\$ 5,346,794</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of the reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$28,610 difference are as follows:

Capital outlay	\$ 114,716
Depreciation expense	<u>(86,106)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 28,610</u></u>

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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 \$13,668 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.	\$ (217)
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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>13,885</u>
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Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u><u>\$ 13,668</u></u>
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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 \$247,612 difference are as follows:

Debt issued or incurred:	
General obligation debt	\$ (569,960)
Add: premium	(53,600)
Principal repayments:	
General obligation debt	354,537
Certificates of participation and loans	<u>21,411</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>\$ (247,612)</u></u>

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Another element of the reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$70,567 difference are as follows:

Increase in compensated absences	\$ (2,797)
Increase in accrued interest	(2,127)
Increase in net other post employment benefits liability	(89,762)
Increase in landfill closure and post-closure costs	(3,143)
Amortization of deferred charge on refunding	(1,896)
Amortization of premiums	29,289
Amortization of discounts	<u>(131)</u>
Net adjustment to decrease net changes in fund balances - total	
governmental funds to arrive at changes in net position of	
governmental activities	<u>\$ (70,567)</u>

3. CASH, INVESTMENTS AND SECURITIES LENDING:

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

Deposits

The County maintains cash balances, which are covered by FDIC insurance and collateral held at the Federal Reserve in the County's name. The component units' cash in banks are covered either by FDIC insurance or the County's blanket collateral coverage. At June 30, 2019, the carrying amounts of cash for the primary government and its component units were \$(12,258) million and \$20.309 million respectively.

Investments

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

The MLGIP was established under the Annotated Code of Maryland and is rated AAAM by Standard and Poors, their highest rating for money market funds. MLGIP is a 2a7 like pool, which is not registered with the Securities and Exchange Commission (SEC), but generally operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940 (Rule 2a7). Unit value is computed using the amortized cost method and maintains a \$1 per share value.

Pension Trust Funds and Other Post Employment Benefits ("OPEB Plan") – As provided in Article 5, Title 1 and § 10-14-106 of the Baltimore County Code, the Board of Trustees of the Employees' Retirement System (the "System") is empowered to invest the System's and the OPEB Plan's assets jointly and to take appropriate action regarding the investment, management and custodianship of the System's and the OPEB Plan's assets. The System's and the OPEB Plan's investment policy targets 26% in U.S. equities, 24% in international equities, 26% in core-plus fixed income investments, 5% in real estate equity, 7% in private equities and 12% in Global Asset

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Allocation Funds. Certain System and the OPEB Plan's investment managers have invested in the following types of instruments: asset backed securities, warrants, variable rate securities and interest rate swaps, U.S. Treasury interest and principal strips, U.S. Treasury futures and options, and collateralized mortgage obligations. The System's and the OPEB Plan's fixed income managers primarily acquire these types of instruments to increase investment yield and/or decrease investment risk. The Police, Fire and Widows' Pension Plan (the "Pension Plan") invests 70% in fixed income securities and 30% in equities.

Investments for the primary government as of June 30, 2019 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	\$ 103,461	\$ 76,488	\$ 3,846	\$ 8,427	\$ -	\$ 192,222
On securities loan for						
securities or cash collateral	-	9,650	481	1,063	-	11,194
MLGIP	493,826	-	-	-	-	493,826
Municipal bonds	-	-	-	-	4,375	4,375
Foreign bonds	-	20,910	1,050	2,304	6,355	30,619
Corporate bonds						
Not on securities loan	-	113,000	5,677	12,450	-	131,127
On securities loan for						
securities or cash collateral	-	1,376	69	152	-	1,597
Bond mutual funds	-	434,093	21,807	47,828	2,113	505,841
Money market funds	117,249	34,749	1,746	3,828	6	157,578
Real estate equity funds	-	143,076	7,188	15,764	-	166,028
Stocks						
Not on securities loan	-	413,344	20,784	45,540	-	479,668
On securities loan for						
securities or cash collateral	-	57,183	2,853	6,302	-	66,338
Stock mutual funds - domestic	-	391,161	19,650	43,097	3,025	456,933
Stock mutual funds - international	-	425,446	21,372	46,875	2,737	496,430
Hedge funds	-	114	6	12	-	132
Private equity funds	-	161,148	8,095	17,755	-	186,998
Global Asset Allocation fund	-	400,233	20,106	44,097	-	464,436
Securities lending short-term collateral investment pool	-	10,096	503	1,113	-	11,712
Total	<u>\$ 714,536</u>	<u>\$ 2,692,067</u>	<u>\$ 135,233</u>	<u>\$ 296,607</u>	<u>\$ 18,611</u>	<u>\$ 3,857,054</u>

Component units' investments of \$166.076 million include \$144.422 million of MLGIP and \$21.654 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 fair 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 fair value of the securities lent. The System, the OPEB Plan and the

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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 1.57 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, 2019 totaled \$80.569 million and \$79.128 million, respectively.

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

		Investment Maturities (in years)					
Investment Type	Fair Value	Less than 1	1 - 4.9	5 - 9.9	10 - 19.9	20 - 30	More than 30
The Pool							
U.S. Government Obligations	\$ 714,536	\$ 710,621	\$ -	\$ 3,915	\$ -	\$ -	\$ -
The System - Plan A							
U.S. Government Obligations	43,232	8,400	8,358	6,373	2,694	17,355	52
U.S. Agency Securities	42,906	18,364	7,416	3,752	1,973	10,843	558
Corporate Debt	114,376	42,331	45,340	10,606	2,385	9,744	3,970
Bond Mutual Funds	434,093	-	171,149	262,944	-	-	-
Foreign Debt	20,910	8,931	7,367	2,802	602	840	368
Total	655,517	78,026	239,630	286,477	7,654	38,782	4,948
The System - Plan B							
U.S. Government Obligations	2,172	422	420	320	135	872	3
U.S. Agency Securities	2,155	923	372	188	99	545	28
Corporate Debt	5,746	2,127	2,278	533	120	489	199
Bond Mutual Funds	21,807	-	8,598	13,209	-	-	-
Foreign Debt	1,050	449	370	141	30	42	18
Total	32,930	3,921	12,038	14,391	384	1,948	248
OPEB Plan							
U.S. Government Obligations	4,763	925	921	702	297	1,912	6
U.S. Agency Securities	4,727	2,024	817	413	217	1,195	61
Corporate Debt	12,602	4,664	4,995	1,169	263	1,074	437
Bond Mutual Funds	47,828	-	18,857	28,971	-	-	-
Foreign Debt	2,304	983	812	309	67	92	41
Total	72,224	8,596	26,402	31,564	844	4,273	545
Pension Plan							
Municipal bonds	4,375	4,375	-	-	-	-	-
Bond Mutual Funds	2,113	-	2,113	-	-	-	-
Foreign Debt	6,355	1,500	1,000	-	-	-	3,855
Total	12,843	5,875	3,113	-	-	-	3,855
Total Primary Government	\$ 1,488,050	\$ 807,039	\$ 281,183	\$ 336,347	\$ 8,882	\$ 45,003	\$ 9,596

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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.

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, 2019, 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	13.5%	\$ 88,348	13.5%	\$ 4,438	13.5%	\$ 9,734	0.0%	\$ -
AA	1.6%	10,215	1.6%	513	1.6%	1,125	0.0%	-
A	8.7%	57,145	8.7%	2,871	8.7%	6,296	0.0%	-
BBB	5.3%	35,031	5.3%	1,760	5.3%	3,859	0.0%	-
BB	0.7%	4,797	0.7%	241	0.7%	529	0.0%	-
B	0.0%	123	0.0%	6	0.0%	14	0.0%	-
CCC	0.0%	303	0.0%	15	0.0%	33	0.0%	-
CC	0.0%	171	0.0%	9	0.0%	19	0.0%	-
Not Rated	70.1%	459,384	70.1%	23,077	70.1%	50,615	100.0%	12,843
Total	100.0%	\$ 655,517	100.0%	\$ 32,930	100.0%	\$ 72,224	100.0%	\$ 12,843

The Pool's fixed income investments of \$614,930 were invested 100% in AAA rated investments.

Foreign Currency Risk – The System's and the OPEB Plan's exposure to foreign currency risk is derived from its positions in foreign currency-denominated common stock and fixed asset investments. Managers are allowed to use derivatives to hedge out foreign currency, however, there is no formal policy regarding foreign currency risk. The System's and the OPEB Plan's exposure to foreign currency risk is as follows:

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Currency	Fair Value (in thousands)			
	The System		OPEB Plan	Total
	Plan A	Plan B		
Australian Dollar	\$ 7,106	\$ 357	\$ 783	\$ 8,246
Brazil Real	329	17	36	382
Canadian Dollar	2,531	127	279	2,937
Danish Krone	703	35	77	815
Euro Currency Unit	70,301	3,532	7,746	81,579
Hong Kong Dollar	16,082	808	1,772	18,662
Israeli Shekel	456	23	50	529
Japanese Yen	48,834	2,454	5,380	56,668
New Taiwan Dollar	1,264	63	139	1,466
Norwegian Krone	1,397	70	154	1,621
Polish Zloty	356	18	39	413
Pound Sterling	22,917	1,151	2,525	26,593
Singapore Dollar	4,236	213	467	4,916
South African Rand	636	32	70	738
South Korean Won	7,593	381	837	8,811
Swedish Krona	8,243	414	908	9,565
Swiss Franc	11,347	570	1,250	13,167
Turkish Lira	224	11	25	260
	<u>\$ 204,555</u>	<u>\$ 10,276</u>	<u>\$ 22,537</u>	<u>\$ 237,368</u>

Derivative Policy:

As permitted by guidelines established by the Board of Trustees the System may invest in Derivatives.

A derivative is a security or contractual agreement, which derives its value from some underlying security, commodity, currency, or index.

1. Types of derivative contracts
 - a. Forward-based derivatives, including forward contracts, futures contracts, swaps, and similar instruments, and
 - b. Option-based derivatives, including put options, call options, interest rate caps and floors, and similar instruments.
2. Types of Derivative Securities
 - a. Collateralized Mortgage Obligations (CMOs)
 - b. Structured Notes
3. Domestic Debt Securities are permitted and may include U.S. Government and Agency obligations, corporate bonds, asset backed securities, agency guaranteed mortgage pass-through securities and low risk collateralized mortgage obligations of comparable or lower risk, such as Planned Amortizations Class Level 1 and Sequentials, commercial paper, and certificates of deposit. Managers may also invest in U.S. dollar denominated issues of international agencies, foreign governments and foreign corporations (i.e., Eurodollar and Yankee bonds.
4. Futures and Options strategies may be employed, upon specific authorization of the Board, on equity and fixed income investments to provide volatility protection or enhance the rate of return over time.
5. Where appropriate, managers may use derivative contracts for the following reasons:

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

- a. Hedging. To the extent that the portfolio is exposed to clearly defined risks and there are derivative contracts that can be used to reduce those risks, the investment managers are permitted to use such derivatives for hedging purposes, including cross hedging of currency exposures.
 - b. Creation of Market Exposures. Managers are permitted to use derivatives to replicate the risk/return profile of an asset or asset class provided that the guidelines for the Manager allow for such exposures to be created with the underlying assets themselves.
6. The following two uses of derivative contracts and securities are strictly prohibited:
- a. Leverage. Derivatives shall not be used to magnify overall portfolio exposure to an asset, asset class, interest rate, or any other financial variable beyond that which would be allowed by a portfolio's investment guidelines if derivatives were not used.
 - b. Unrelated speculation. Derivatives shall not be used to create exposures to securities, currencies, indices, or any other financial variable unless such exposures would be allowed by a portfolio's investment guidelines if created with non-derivative securities.

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, 2019, classified by type and the changes in fair value of such derivative instruments for the year then ended are as follows:

		Changes in Fair Value (expressed in thousands)		Fair Value as of June 30, 2019 (expressed in thousands)	
Investment Derivatives	Classification	Amount	Amount	Notional Value	
The System - Plan A					
Futures	Investment revenue	\$ -	\$ 317	\$ 17,232	
Options	Investment revenue	45	(12)	535	
Swaps	Investment revenue	(272)	(118)	(382)	
TBA Transactions	Investment revenue	9	13,673	13,673	
The System - Plan B					
Futures	Investment revenue	\$ -	\$ 16	\$ 866	
Options	Investment revenue	2	(1)	27	
Swaps	Investment revenue	(14)	(6)	(19)	
TBA Transactions	Investment revenue	-	687	687	
OPEB Plan					
Futures	Investment revenue	\$ -	\$ 35	\$ 1,899	
Options	Investment revenue	5	(1)	59	
Swaps	Investment revenue	(30)	(13)	(42)	
TBA Transactions	Investment revenue	1	1,506	1,506	

Fair Value Measurement - Investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 – Investments reflect prices quoted in active markets for identical assets or liabilities.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Level 2 – Investments reflect prices that are observable for the asset or liability, whether directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable sources, where there is little, if any market activity.

The following table presents the primary government's recurring fair value measurements as of June 30, 2019

<u>INVESTMENT VALUATION (in Thousands)</u>		<u>Fair Value Measurement Using</u>			
	6/30/2019	Quoted Prices in	Significant Other	Significant	
	Fair Value	Active Markets for	Observable Inputs	Unobservable	
		Identical Assets	Level 2	Inputs	
		Level 1		Level 3	
<u>Investments by Fair Value Level</u>					
Fixed Income:					
U.S. Government Obligations	\$ 151,600	\$ 147,143	\$ 4,457	\$ -	
U.S. Securities and Agencies	35,761	-	35,761	-	
Municipal debt	4,375	-	4,375	-	
Corporate debt	132,681	-	130,141	2,540	
Foreign debt	30,634	-	23,100	7,534	
Total Debt Securities	355,051	147,143	197,834	10,074	
Equity Securities:					
Domestic	307,848	307,848	-	-	
International	238,158	238,158	-	-	
Total Equity Securities:	546,006	546,006	-	-	
Securities Lending Cash Collateral	11,712	-	11,712	-	
<u>Investments Derivative Instruments:</u>					
Futures	368	368	-	-	
Options	(14)	(14)	-	-	
Swaps	(137)	-	(137)	-	
TBAs	15,866	-	15,866	-	
Total Investments Derivative Instruments	16,083	354	15,729	-	
Total Investments by Fair Value Level	928,852	\$ 693,149	\$ 209,546	\$ 10,074	
<u>Investments Measured at the Net Asset Value (NAV):</u>					
Commingled Fixed Income Funds	505,841				
Commingled Domestic Equity	456,933				
Commingled International Equity	496,430				
Real Estate Funds	166,028				
Hedge Fund of Funds	132				
Private Equity Funds	186,998				
Global Asset Allocation	464,436				
Total Investments Measured at the NAV	2,276,798				
Total Investments and Collateral for Loaned Securities	\$ 3,205,650				

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt, equities, and investment derivatives classified in Level 1 of the fair value hierarchy are valued based on prices

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

quoted in active markets for those securities, such as the New York Stock Exchange or the Nasdaq stock market. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique, which is based on the securities' relationship to benchmark quoted prices. Derivative instruments classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates and foreign exchange rates. Securities classified in Level 3 of the fair value hierarchy are valued using unobservable inputs for the asset or liability.

Investments in Entities That Calculate Net Asset Value Per Share - The fair values of investments in certain equity, fixed income, and marketable alternatives funds are based on the investments' net asset value (NAV) per share (or its equivalent) of the Pool's, the System's and the OPEB Plan's ownership interest in the partners' capital provided by the investee. The fair values of investments in certain private equity funds have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

The following table presents the primary government's unfunded commitments, redemption terms and investments measured at the NAV as of June 30, 2019.

Investments Measured at the NAV (expressed in thousands)	Fair Value	Strategy Type	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Loomis Sayes Strategic Alpha	\$ 102,373	Absolute Return	-	Semi-monthly	15 days
Pimco Diversified Income	178,153	Global, High Yield , Emg. Mkt.	-	Daily	1 day
Pimco Total Return Fund	2,113	Core Plus	-	Daily	1 day
Stone Harbor Local Market	126,971	Emerging Market Debt	-	Daily	1 day
Guggenheim Investments	57,707	Bank Loans	-	Monthly	21 days
Pacific Asset Management	38,524	Bank Loans	-	Monthly	30 days
(a) Commingled Fixed Income Funds	<u>505,841</u>				
Benchmark	35,823	Portable Alpha	-	Annually	90 days
Blackrock US Equity	421,110	Wilshire 5000 Index	-	Daily	3 days
(b) Commingled Domestic Equity	<u>456,933</u>				
Blackrock ACWI Ex-US	191,578	International Equity Index	-	Daily	4 days
Mondrian Emerging Markets	152,680	Emerging Market Equity	-	Monthly	15 days
Strategic Global Advisors	35,400	International Equity - Small Cap	-	Daily	5 days
LMCG Investments	37,775	Emerging Mkt Equity - Small Cap	-	Monthly	5 days
Metis Intl. Small Cap	29,254	International Equity - Small Cap	-	Monthly	30 Days
Invesco Emerging Mkts Innovators	49,743	Emerging Mkt Equity - Small Cap	-	Daily	5 days
(c) Commingled International Equity	<u>496,430</u>				
JP Morgan	55,253	Value Added Real Estate	-	Monthly	15 days
Clarion Lion	54,031	Core Real Estate	-	Quarterly	90 days
UBS Real Estate	56,744	Core Real Estate	-	Quarterly	60 days
(d) Real Estate Funds	<u>166,028</u>				
EIM Management Alternative	132	Hedge Fund-of-Funds	-	N/A	N/A
(e) Hedge Fund of Funds	<u>132</u>				
(f) Private Equity	<u>186,998</u>	Private Equity	170,923	N/A	N/A
Bridgewater All Weather	158,677	Risk Parity	-	Monthly	5 days
Mellon EB DV Global Alpha 1	149,656	Global Asset Allocation	-	Daily	3 days
Wellington WTC-CIF Opportunistic	156,103	Global Asset Allocation	-	Monthly	30 days
(g) Global Asset Allocation	<u>464,436</u>				
Total Investments Measured at NAV	<u>\$ 2,276,798</u>				

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Investments measured at the NAV above comprise of the following:

- (a) **Commingled Fixed Income Funds** – This type includes investments in five funds, utilizing a variety of strategies which include Absolute Return, High Yield Debt and Emerging Market Debt. Three of the funds may be redeemed daily and the other two funds may be redeemed semi-monthly. The fair value of the investments in this type has been determined using the NAV per share (or its equivalent) of the investments.
- (b) **Commingled Domestic Equity Funds** – This type includes two funds with investments in U.S. common stocks. The strategy type employed are Portable Alpha and the Wilshire 5000 index. The fund utilizing the Portable Alpha strategy may only be redeemed annually with a redemption notice period of ninety days. The fund utilizing the Wilshire 5000 index strategy may be redeemed daily with a redemption notice period of three days. The fair value of the investments in this type has been determined using the NAV per share (or its equivalent) of the investments.
- (c) **Commingled International Equity Funds** – This type includes two funds. One of the funds utilizes the All Country World Ex-US Index, with a daily redemption frequency and a redemption notice period of five days. The second fund utilizes an Emerging Market Equity strategy with a monthly redemption frequency and a redemption notice period of fifteen days. The fair value of the investments in this type has been determined using the NAV per share (or its equivalent) of the investments.
- (d) **Real Estate Funds** – This type includes four funds that invest primarily in U.S. commercial real estate. The fund utilizing the Opportunistic Real Estate strategy is a closed fund. It is expected the assets will be liquidated over five to ten years. The strategy type for two of these funds is Core Real Estate and the fourth fund employs a Value Added Real Estate strategy. The fair value of the investments in this type has been determined using the NAV per share (or its equivalent) of the investments.
- (e) **Hedge Fund of Funds** – This type includes two funds. These funds are in liquidation. The fair value of the investments in this type has been determined using the NAV per share (or its equivalent) of the investments.
- (f) **Private Equity Funds** – This type includes thirty two funds whose investments are not publicly traded on a stock exchange. These investments cannot be redeemed with the funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. If these investments were held, it is expected that the underlying assets of the fund would be generally liquidated over ten years. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital.
- (g) **Global Asset Allocation** – This type includes three funds. One fund utilizes the Risk Parity strategy and the other two funds employ Global Tactical Asset Allocation (GTAA). GTAA is designed to balance risk by investing in a variety of asset classes through active management. Funds may be invested in global equities, bonds and commodities. One fund allows daily redemptions with a redemption notice period of three days. The other two funds allow only monthly redemptions. The redemption period is five and thirty days, respectively. The fair value of the investments in this type has been determined using the NAV per share (or its equivalent) of the investments.

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 2019 was \$87.7 billion.

The property tax rate for the year ended June 30, 2019 was \$1.10 for real property and \$2.75 for personal property

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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. Gross amount of levy is due on all other real and personal 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.

5. RECEIVABLES (in thousands):

Receivables as of June 30, 2019 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					
	General	Gifts and Grants	Consolidated Public Improvement Construction	Nonmajor and Internal Service	Metropolitan District	Total Receivables
Property taxes	\$ 9,779	\$ -	\$ -	\$ -	\$ -	\$ 9,779
Accounts	43,242	-	-	2,353	3,754	49,349
Intergovernmental	225,836	21,007	2,252	-	6,618	255,713
Assessments	16	-	1,922	-	94,656	96,594
Loans	8	77,532	-	42	-	77,582
Interest	15	-	-	-	-	15
Total receivables	278,896	98,539	4,174	2,395	105,028	489,032
Allowance for uncollectible accounts	(2,010)	(28,604)	-	-	-	(30,614)
Net total receivables	<u>\$ 276,886</u>	<u>\$ 69,935</u>	<u>\$ 4,174</u>	<u>\$ 2,395</u>	<u>\$ 105,028</u>	<u>\$ 458,418</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ -</u>	<u>\$ 44,500</u>	<u>\$ 1,459</u>	<u>\$ -</u>	<u>\$ 81,888</u>	<u>\$ 127,847</u>

At June 30, 2019, the County has recorded \$77,532 million of outstanding loans receivable in the Gifts and Grants Fund. Of these receivables, \$57,936 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 \$28,604 million of these loans are offset by an allowance for uncollectible accounts because collections are highly uncertain. In many cases, the loan repayment is forgiven if the resident/developer complies with certain federal requirements, which may include residing in the property for a stated number of years.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. The various components of deferred inflows and unearned revenue reported in the governmental funds as of June 30, 2019 were as follows:

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

	Unavailable	Unearned	Total
Property taxes	\$ 6,884	\$ 328	\$ 7,212
Income taxes	158,558	-	158,558
Interest subsidy	783	-	783
Economic and community development loans	48,933	-	48,933
Special assessments not yet due	1,924	-	1,924
Grant funds received prior to meeting all eligibility requirements	-	4,155	4,155
Total	<u>\$ 217,082</u>	<u>\$ 4,483</u>	<u>\$ 221,565</u>

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

The composition of interfund balances as of June 30, 2019 is as follows:

Receivable fund	Payable fund	Purpose	Amount
General	Consolidated Public Improvement Construction	Deficit cash balance	\$ 12,255
		Total	<u>\$ 12,255</u>

Interfund transfers for the fiscal year ended June 30, 2019 were as follows:

Transferred to				
Transferred from	General	Gifts and Grants	Consolidated Public Improvement Construction	Total
General	\$ -	\$ 8,657	\$ 40,538	\$ 49,195
Gifts and Grants	891	-	-	891
Consolidated Public Improvement Construction	25,001	22,444	-	47,445
Nonmajor Governmental Funds	-	450	1,488	1,938
Internal Service Funds	2,907	-	-	2,907
Total transfers	<u>\$ 28,799</u>	<u>\$ 31,551</u>	<u>\$ 42,026</u>	<u>\$ 102,376</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 \$7,766 million between the General Fund and the Gifts and Grants Fund are County matching funds for grant funded programs. A transfer of \$1,488 million from the Stormwater Management Fund to CPI is allocated for capital improvements to reduce stormwater runoff into the Chesapeake Bay. Transfers totaling \$22,444 million from CPI to the Gifts and Grants Fund are contributions for loans and grants and transfers totaling \$25,001 million are for transfers from CPI appropriations to the General Fund in FY19. The remaining transfers are various funding contributions for designated grant programs.

As of June 30, 2019, 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.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

7. CAPITAL ASSETS (in thousands):

A summary of the primary government's changes in capital assets for the year ended June 30, 2019 is reported below:

	Beginning			Ending
	Balance	Increases	Decreases	Balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 298,100	\$ 2,766	\$ (1,180)	\$ 299,686
Construction in progress	655,980	105,327	(57,782)	703,525
Total capital assets not being depreciated	954,080	108,093	(58,962)	1,003,211
Capital assets being depreciated:				
Buildings and improvements	590,161	17,860	-	608,021
Machinery and equipment	124,985	7,318	(559)	131,744
Vehicles	135,430	21,040	(6,074)	150,396
Infrastructure	2,605,086	34,774	-	2,639,860
Total capital assets being depreciated	3,455,662	80,992	(6,633)	3,530,021
Less accumulated depreciation for:				
Buildings and improvements	(227,462)	(15,897)	-	(243,359)
Machinery and equipment	(73,634)	(8,588)	559	(81,663)
Vehicles	(86,492)	(10,974)	5,803	(91,663)
Infrastructure	(1,442,047)	(53,526)	971	(1,494,602)
Total accumulated depreciation	(1,829,635)	(88,985)	7,333	(1,911,287)
Total capital assets being depreciated, net	1,626,027	(7,993)	700	1,618,734
Governmental activities capital assets, net	\$ 2,580,107	\$ 100,100	\$ (58,262)	\$ 2,621,945

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 1,317	\$ -	\$ -	\$ 1,317
Construction in progress	289,191	109,780	(69,954)	329,017
Total capital assets not being depreciated	290,508	109,780	(69,954)	330,334
Capital assets being depreciated:				
Buildings and improvements	205,404	-	-	205,404
Machinery and equipment	1,309	-	-	1,309
Vehicles	10,305	-	(34)	10,271
Infrastructure	1,472,144	71,318	-	1,543,462
Total capital assets being depreciated	1,689,162	71,318	(34)	1,760,446
Less accumulated depreciation for:				
Buildings and improvements	(100,141)	(5,954)	-	(106,095)
Machinery and equipment	(788)	(69)	-	(857)
Vehicles	(7,445)	(636)	34	(8,047)
Infrastructure	(431,005)	(26,701)	-	(457,706)
Total accumulated depreciation	(539,379)	(33,360)	34	(572,705)
Total capital assets being depreciated, net	1,149,783	37,958	-	1,187,741
Business-type activities capital assets, net	\$1,440,291	\$ 147,738	\$ (69,954)	\$ 1,518,075

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Depreciation expense was charged to primary government functions as follows:

Governmental activities:

General government	\$ 13,897
Public safety	7,665
Public works, which includes the depreciation of infrastructure assets	53,290
Health and human services	1,271
Culture and leisure services	9,977
Economic and community development	6
Capital assets held by the County's internal service funds is charged to the various activities based on their usage of the assets.	<u>2,879</u>
Total depreciation expense - governmental activities	<u><u>\$ 88,985</u></u>

Business-type activities:

Water and sewer services, which include the depreciation of infrastructure assets	<u>\$ 33,360</u>
Total depreciation expense - business-type activities	<u><u>\$ 33,360</u></u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
Board of Education of Baltimore County				
Capital assets not being depreciated:				
Land	\$ 30,526	\$ 1,525	\$ -	\$ 32,051
Construction in progress	366,890	104,543	(203,562)	267,871
Total capital assets not being depreciated	<u>397,416</u>	<u>106,068</u>	<u>(203,562)</u>	<u>299,922</u>
Capital assets being depreciated:				
Buildings	2,179,699	237,785	(22,055)	2,395,429
Improvements other than buildings	103,555	1,597	(2,910)	102,242
Equipment and vehicles	168,236	14,437	(6,461)	176,212
Total capital assets being depreciated	<u>2,451,490</u>	<u>253,819</u>	<u>(31,426)</u>	<u>2,673,883</u>
Less accumulated depreciation	<u>(926,040)</u>	<u>(86,224)</u>	<u>22,003</u>	<u>(990,261)</u>
Total capital assets being depreciated, net	<u>1,525,450</u>	<u>167,595</u>	<u>(9,423)</u>	<u>1,683,622</u>
Board of Education capital assets, net	<u><u>\$ 1,922,866</u></u>	<u><u>\$ 273,663</u></u>	<u><u>\$ (212,985)</u></u>	<u><u>\$ 1,983,544</u></u>

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

	Beginning Balance	Increases	Decreases	Ending Balance
The Community College of Baltimore County				
Capital assets not being depreciated:				
Land	\$ 4,798	\$ -	\$ -	\$ 4,798
Construction in progress	6,434	18,538	(1,239)	23,733
Total capital assets not being depreciated	11,232	18,538	(1,239)	28,531
Capital assets being depreciated:				
Buildings and improvements	259,063	94	-	259,157
Infrastructure	29,531	56	-	29,587
Equipment and vehicles	29,814	3,713	(1,065)	32,462
Library materials	3,232	82	(183)	3,131
Total capital assets being depreciated	321,640	3,945	(1,248)	324,337
Less accumulated depreciation	(156,519)	(13,452)	499	(169,472)
Total capital assets being depreciated, net	165,121	(9,507)	(749)	154,865
The Community College of Baltimore County capital assets, net	<u>\$ 176,353</u>	<u>\$ 9,031</u>	<u>\$ (1,988)</u>	<u>\$ 183,396</u>
Board of Library Trustees for Baltimore County				
Capital assets being depreciated:				
Equipment and vehicles	\$ 8,719	\$ 94	\$ -	\$ 8,813
Circulation materials	14,993	4,738	(5,060)	14,671
Total capital assets being depreciated	23,712	4,832	(5,060)	23,484
Less accumulated depreciation	(15,540)	(5,196)	5,060	(15,676)
Board of Library Trustees for Baltimore County capital assets, net	<u>\$ 8,172</u>	<u>\$ (364)</u>	<u>\$ -</u>	<u>\$ 7,808</u>

8. LONG-TERM OBLIGATIONS:

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

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

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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	\$ 3,509,765	\$ 2,502,470
General obligation debt outstanding applicable to debt limit	2,162,590	1,657,201

General obligation debt issuances require approval by voter referendum. Approved and unissued general obligation bonded debt totaled \$797,805,347 as of June 30, 2019, comprised of \$433,262,881 for public schools, \$333,602,896 for public facilities and \$30,939,570 for the Community College. Appropriated and unissued Metropolitan District bonded debt totaled \$824,928,697 as of June 30, 2019.

General Obligation Bonds

On March 18, 2019, the County sold \$491,000,000 General Obligation Bonds, consisting of \$245,000,000 Metropolitan District Bonds – 81st Issue, for the payment of Baltimore County Metropolitan District Bond Anticipation Notes and \$246,000,000 Consolidated Public Improvement Bonds 2019 Series, for the payment of Baltimore County Consolidated Public Improvement Bond Anticipation Notes. The Metropolitan District Bonds are due March 1, in each of the years 2020 to 2040, inclusive, 2044 and 2049, and bear a true interest cost of 3.48%. The Consolidated Public Improvement Bonds are due March 1, in each of the years 2020 to 2039, inclusive, and bear a true interest cost of 2.98%.

General Obligation Bond Anticipation Notes (BANs)

On March 18, 2019, the County issued \$288 million Fixed Rate (FR) BANs for the purpose of providing funds for capital improvement projects. Of the \$288 million FR BANs, \$246 million were issued as Consolidated Public Improvement (CPI) FR BANs, and \$42 million were issued as Metropolitan District (MD) FR BANs, maturing on March 19, 2020. The true interest cost was 1.74% for the CPI FR BANs and 1.73% for the MD FR BANs.

Maryland Water Quality Financing Agreement

During fiscal year 2019, the County issued \$92,891,939 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, 2019, the balance outstanding was \$244,415,800.

Certificates of Participation

The County entered into a ten-year conditional equipment purchase agreement on March 26, 2019. The Equipment consists of the acquisition of (i) heavy equipment and vehicles for use primarily in the County's public works department, (ii) fire trucks, medic units, and public safety equipment, and (iii) information technology hardware for various departments including 911 equipment. The conditional purchase agreement was financed through the sale of certificates of participation in the aggregate principal of \$87,025,000. The certificates of participation are due March 1, in each of the years 2020 to 2029, inclusive, and bear a true interest cost of 2.04%.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Single Stream Recycling Loan

The County has a conditional purchase agreement with the Baltimore County Police, Fire and Widows Pension Plan that was used to finance a waste transfer station upgrade and to procure and install a single stream recyclables processing system at the County's Resource Recovery Facility in Cockeysville, Maryland. On September 15, 2017, the County and the Baltimore County Police, Fire and Widows' Pension Plan amended the Single Stream Recycling Loan Agreement so that the remaining principal of the Loan will be repaid June 30, 2021 in the amount of \$4,374,709. The interest component of the loan will continue to be repaid monthly through June 30, 2021 at an annual rate of 7.875%.

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.

- 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 \$966.237 million of its net Consolidated Public Improvement general obligation debt outstanding (net of unamortized premiums and deferred charges) that is related to capital facilities of the component units as of June 30, 2019.
- 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's contributions towards these City owned facilities are funded primarily with bond proceeds. The County estimates 41.91% of its net Metropolitan District general obligation bonds outstanding or \$694.533 million is related to these facilities as of June 30, 2019.

At June 30, 2019, the County has accrued \$21.52 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 2033 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, 2019 represents the cumulative unspent amount reported to date based on the use of 68% of the estimated landfill capacity. The County will recognize the remaining estimated cost of closure and postclosure care of \$10.13 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, 2018 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, 2019 for bonds issued prior to July 1, 1996 could not be determined, however, the original issue amounts approximate \$404.87 million. The

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

aggregate principal amount payable for bonds issued after July 1, 1996 was \$147.12 million at June 30, 2019.

The State of Maryland allows Maryland residents who earn personal income in jurisdictions outside Maryland to take a credit against their Maryland State income taxes 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 and the U.S. Supreme Court has upheld that ruling. As a result, the State must allow credits against county income taxes. The impact to the County will be a loss of current revenues, as well as refunds of overpayments for the prior tax years which the state will recoup from income tax revenue distributions to the County over 20 quarters starting May 2021. The County has recognized an estimated \$52,285 million liability in its government-wide statements and has assigned \$25.425 million of its General Fund fund balance for these refunds.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Long-term liability activity for the year ended June 30, 2019 is as follows (in thousands):

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Due Within One Year
Primary Government:					
Governmental activities:					
General obligation debt					
Consolidated public improvement bonds	\$ 1,410,445	\$ 246,000	\$ (98,750)	\$ 1,557,695	\$ 107,255
Pension funding bonds	368,682	-	(9,787)	358,895	9,916
Bond anticipation notes	246,000	246,000	(246,000)	246,000	246,000
	2,025,127	492,000	(354,537)	2,162,590	363,171
Add remaining original issue premium	109,964	40,994	(25,789)	125,169	-
Less remaining original issue discount	(1,191)	-	131	(1,060)	-
Total general obligation debt	2,133,900	532,994	(380,195)	2,286,699	363,171
Certificates of participation	112,214	77,960	(21,411)	168,763	23,141
Add remaining original issue premium	11,050	12,606	(3,500)	20,156	-
Total certificates of participation	123,264	90,566	(24,911)	188,919	23,141
Other long-term liabilities					
Loan payable	4,375	-	-	4,375	-
Compensated absences	70,490	61,647	(58,857)	73,280	71,933
Claims payable	63,810	337,831	(331,161)	70,480	36,025
Net other post employment benefits liability	717,257	363,482	- *	1,080,739	-
Net pension liability	1,518,589	102,012	- *	1,620,601	-
Disputed taxes	50,122	2,163	-	52,285	-
Estimated landfill closing costs	18,380	3,143	-	21,523	-
Total other long-term liabilities	2,443,023	870,278	(390,018)	2,923,283	107,958
Total governmental activities long-term liabilities	\$ 4,700,187	\$ 1,493,838	\$ (795,124)	\$ 5,398,901	\$ 494,270
Business-type activities:					
General obligation debt					
Metropolitan District bonds	\$ 1,318,689	\$ 337,892	\$ (56,335)	\$ 1,600,246	\$ 59,178
Pension funding bonds	15,363	-	(408)	14,955	414
Bond anticipation notes	245,000	42,000	(245,000)	42,000	42,000
	1,579,052	379,892	(301,743)	1,657,201	101,592
Add remaining original issue premium	84,238	21,689	(15,458)	90,469	-
Total general obligation debt	1,663,290	401,581	(317,201)	1,747,670	101,592
Certificates of participation	6,186	9,065	(1,054)	14,197	1,574
Add remaining original issue premium	683	1,466	(242)	1,907	-
Total certificates of participation	6,869	10,531	(1,296)	16,104	1,574
Compensated absences	1,772	1,233	(833)	2,172	2,064
Net pension liability	46,712	3,957	- *	50,669	-
Net other post employment benefits liability	38,017	19,266	- *	57,283	-
Total business-type activities long-term liabilities	\$ 1,756,660	\$ 436,568	\$ (319,330)	\$ 1,873,898	\$ 105,230

* Net increase is shown

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Due Within One Year
Component Units:					
Board of Education:					
Compensated absences	\$ 24,702	\$ 16,269	\$ (14,800)	\$ 26,171	\$ 14,838
Capital leases	70,334	45,323	(12,150)	103,507	7,054
Claims payable	13,146	8,393	(7,328)	14,211	7,022
Net OPEB liability	789,640	460,720	-	1,250,360	-
Net pension liability	127,250	-	(1,008)	126,242	-
Total Board of Education	1,025,072	530,705	(35,286)	1,520,491	28,914
Community College:					
Compensated absences	6,614	4,546	(4,384)	6,776	4,253
Capital leases	1,640	600	(741)	1,499	790
Net OPEB liability	71,859	38,207	-	110,066	-
Net pension liability	5,879	75	-	5,954	-
Total Community College	85,992	43,428	(5,125)	124,295	5,043
Board of Library Trustees:					
Compensated absences	1,076	-	(6)	1,070	1,070
Net OPEB liability	17,320	9,819	(1,137)	26,002	-
Net pension liability	1,138	47	(350)	835	-
Total Board of Library Trustees	19,534	9,866	(1,493)	27,907	1,070
Total component unit long-term liabilities	<u>\$ 1,130,598</u>	<u>\$ 583,999</u>	<u>\$ (41,904)</u>	<u>\$ 1,672,693</u>	<u>\$ 35,027</u>

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

General long-term debt currently outstanding as of June 30, 2019 is as follows:

Governmental Activities:
(in thousands)

General Obligation Debt:

Bonds

Dated	Original Maturity Range	Interest Rate Range	Issue Amount	Balance 6/30/2019	Unamortized Premium/ (Discount)	Carrying Value 6/30/2019
11/05/09	2010-2025	6.150 - 6.150	19,400	19,400	(1,060)	18,340
11/10/09	2010-2029	0.650 - 5.650	155,570	88,200	121	88,321
08/10/10	2011-2022	2.500 - 4.000	13,565 *	13,525	344	13,869
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	163,000	-	163,000
11/30/11	2013-2032	3.000 - 5.000	170,000	117,000	7,303	124,303
12/12/12	2013-2024	2.000 - 5.000	94,080 *	45,855	1,955	47,810
12/12/12	2013-2032	3.000 - 5.000	193,000	147,000	10,301	157,301
12/13/12	2013-2042	0.416 - 3.739	246,077 **	220,199	-	220,199
02/20/14	2016-2034	3.000 - 5.000	140,000	115,000	4,417	119,417
06/26/14	2015-2020	4.000 - 5.000	39,530 *	13,850	205	14,055
07/15/14	2015-2025	3.000 - 4.500	48,235 *	36,430	1,940	38,370
12/23/14	2015-2038	2.000 - 5.000	116,000	94,250	12,159	106,409
06/30/15	2016-2027	2.000 - 5.000	69,130 *	62,605	6,392	68,997
03/08/16	2018-2036	5.000 - 5.000	112,000	100,000	16,311	116,311
08/03/16	2017-2036	0.600 - 3.303	144,000 **	138,696	-	138,696
03/15/17	2019-2037	4.000 - 4.000	99,800	94,500	8,547	103,047
11/16/17	2020-2030	3.000 - 4.000	60,130 *	60,130	3,771	63,901
03/16/18	2020-2038	4.000 - 5.000	121,000	121,000	13,084	134,084
03/19/19	2020-2039	4.000 - 5.000	246,000	246,000	34,306	280,306
			<u>2,284,467</u>	<u>1,916,590</u>	<u>120,096</u>	<u>2,036,686</u>
Bond Anticipation Notes						
03/18/19	2019-2020	4.000 - 4.000	246,000	246,000	4,013	250,013
			<u>246,000</u>	<u>246,000</u>	<u>4,013</u>	<u>250,013</u>
Total General Obligation Debt			<u>\$ 2,530,467</u>	<u>\$ 2,162,590</u>	<u>\$ 124,109</u>	<u>\$ 2,286,699</u>

Certificates of Participation

06/19/12	2013-2022	3.000 - 5.000	78,430	34,000	1,533	35,533
02/06/13	2013-2021	1.500 - 3.000	11,830 *	4,235	82	4,317
09/27/16	2017-2026	5.000 - 5.000	59,810	52,568	6,503	59,071
03/26/19	2020-2029	5.000 - 5.000	77,960	77,960	12,038	89,998
Total Certificates of Participation			<u>\$ 228,030</u>	<u>\$ 168,763</u>	<u>\$ 20,156</u>	<u>\$ 188,919</u>

Loan Payable

08/15/13	2014-2021	7.875 - 7.875	\$ 18,617	\$ 4,375	\$ -	\$ 4,375
Total Loan Payable			<u>\$ 18,617</u>	<u>\$ 4,375</u>	<u>\$ -</u>	<u>\$ 4,375</u>

* Refunding issue

** Taxable Issue

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Business-type Activities:
(in thousands)

General Obligation Debt:
Bonds

Dated	Original Maturity Range	Interest Rate Range	Issue Amount	Balance 6/30/2019	Unamortized Premium	Carrying Value 6/30/2019
03/22/00	2001-2020	2.600 - 2.600	14,417	946	-	946
06/22/01	2003-2022	2.300 - 2.300	14,105	2,651	-	2,651
06/26/02	2004-2023	2.000 - 2.000	7,006	1,197	-	1,197
03/11/03	2004-2023	1.100 - 1.100	8,638	1,746	-	1,746
07/16/04	2005-2025	1.200 - 1.200	8,501	523	-	523
09/12/05	2006-2024	1.000 - 1.000	21,146	5,404	-	5,404
07/31/07	2008-2027	1.000 - 1.000	16,794	7,343	-	7,343
11/10/09	2010-2039	0.650 - 5.600	106,600	74,200	91	74,291
12/18/09	2011-2032	1.000 - 1.000	15,625	10,675	-	10,675
08/10/10	2011-2030	2.000 - 4.500	61,720 *	56,605	1,491	58,096
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	64,700	2,438	67,138
05/31/12	2014-2032	1.800 - 1.800	44,326	31,955	-	31,955
12/12/12	2013-2042	2.000 - 5.000	60,000	48,000	943	48,943
12/12/12	2013-2032	2.250 - 5.000	18,005	8,235	46	8,281
12/13/12	2015-2042	0.416 - 3.739	10,213 **	9,176	-	9,176
09/10/13	2013-2034	2.200 - 2.200	9,198	6,731	-	6,731
02/20/14	2016-2034	3.000 - 5.000	60,000	51,600	1,127	52,727
02/20/14	2015-2020	4.000 - 5.000	30,325 *	23,985	777	24,762
06/26/14	2015-2020	4.000 - 5.000	20,790 *	5,245	16	5,261
07/15/14	2015-2025	3.000 - 4.500	26,370 *	20,460	908	21,368
12/23/14	2015-2038	2.000 - 5.000	84,000	72,800	10,319	83,119
06/30/15	2016-2017	2.000 - 5.000	101,765 *	95,010	6,537	101,547
09/25/15	2016-2035	1.600 - 1.600	86,311	65,317	-	65,317
03/08/16	2017-2038	2.000 - 4.000	65,705 *	79,000	12,995	91,995
03/08/16	2017-2046	5.000 - 5.000	88,000	65,255	1,147	66,402
07/29/16	2017-2046	1.300 - 1.300	13,475	13,007	-	13,007
08/03/16	2017-2036	0.600 - 3.303	6,000 **	5,779	-	5,779
03/15/17	2019-2047	4.000 - 5.000	99,300	95,800	7,340	103,140
11/16/17	2019-2029	5.000 - 5.000	31,035	31,035	5,165	36,200
11/17/17	2018-2047	0.700 - 0.700	25,785	25,785	-	25,785
03/16/18	2019-2047	4.000 - 5.000	225,000 *	225,000	18,180	243,180
10/25/18	2019-2048	0.800 - 0.800	71,136	71,136	-	71,136
03/01/19	2020-2049	2.000 - 5.000	245,000	245,000	20,264	265,264
			<u>1,875,191</u>	<u>1,615,201</u>	<u>89,784</u>	<u>1,704,985</u>
Bond Anticipation Notes						
06/18/19	2019-2020	4.000 - 4.000	42,000	42,000	685	42,685
			<u>42,000</u>	<u>42,000</u>	<u>685</u>	<u>42,685</u>
Total General Obligation Debt			<u>\$ 1,917,191</u>	<u>\$ 1,657,201</u>	<u>\$ 90,469</u>	<u>\$ 1,747,670</u>

Certificates of Participation

06/19/12	2013-2022	3.000 - 5.000	\$ 4,250	\$ 1,700	\$ 83	\$ 1,783
09/27/16	2017-2026	5.000 - 5.000	3,905	3,432	424	3,856
03/26/19	2020-2029	5.000 - 5.000	9,065	9,065	1,400	10,465
Total Certificates of Participation			<u>\$ 17,220</u>	<u>\$ 14,197</u>	<u>\$ 1,907</u>	<u>\$ 16,104</u>

* Refunding issue

** Taxable issue

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

The following is a schedule of the primary government's debt service payments for certain long-term debt as of June 30, 2019:

Fiscal Year Ended June 30	Governmental Activities					
	General Obligation Debt		COPs & Other Long-term Debt		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 363,171	\$ 57,601	\$ 23,141	\$ 1,926	\$ 386,312	\$ 59,527
2021	122,146	70,436	27,866	3,570	150,012	74,006
2022	122,573	65,393	22,861	2,429	145,434	67,822
2023	122,319	60,307	21,746	4,599	144,065	64,906
2024	116,460	55,428	14,106	3,712	130,566	59,140
2025-2029	569,134	208,788	63,418	8,247	632,552	217,035
2030-2034	409,496	107,156	-	-	409,496	107,156
2035-2039	234,499	41,191	-	-	234,499	41,191
2040-2044	81,691	9,990	-	-	81,691	9,990
2045-2049	21,101	1,061	-	-	21,101	1,061
Total	<u>\$ 2,162,590</u>	<u>\$ 677,351</u>	<u>\$ 173,138</u>	<u>\$ 24,483</u>	<u>\$ 2,335,728</u>	<u>\$ 701,834</u>

Fiscal Year Ended June 30	Business-type Activities					
	General Obligation Debt		COPs		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 101,592	\$ 44,068	\$ 1,574	\$ 74	\$ 103,166	\$ 44,142
2021	62,225	48,649	1,609	193	63,834	48,842
2022	72,125	56,392	1,649	150	73,774	56,542
2023	71,092	53,948	1,689	447	72,781	54,395
2024	70,089	51,447	1,304	373	71,393	51,820
2025-2029	356,879	220,316	6,372	884	363,251	221,200
2030-2034	332,366	158,909	-	-	332,366	158,909
2035-2039	248,728	102,279	-	-	248,728	102,279
2040-2044	198,607	53,901	-	-	198,607	53,901
2045-2049	143,498	15,945	-	-	143,498	15,945
Total	<u>\$ 1,657,201</u>	<u>\$ 805,854</u>	<u>\$ 14,197</u>	<u>\$ 2,121</u>	<u>\$ 1,671,398</u>	<u>\$ 807,975</u>

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019 (in thousands):

Year ending June 30	Primary Government	Component Units
2020	\$ 501	\$ 42,930
2021	346	26,845
2022	171	18,810
2023	151	4,478
2024	118	3,052
2025-2029	506	7,001
2030-2034	318	-
2035-2039	293	-
2040-2044	204	-
	\$ 2,608	\$ 103,116

The total rental expenditures for the year ended June 30, 2019, for all leases except those with terms of a month or less that were not renewed were approximately \$5.2 million for the primary government and \$60.9 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 \$64.8 million, \$188.2 million, and \$30 million, respectively, at June 30, 2019. Such amounts will be funded by future bond proceeds, approved federal and state grants, and future assessments.

10. LITIGATION:

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

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

11. CONTINGENCIES:

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

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

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 \$0.849 million as of June 30, 2019. 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 2018 and 2019 were as follows (in thousands):

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2018	65,854	302,128	(304,172)	63,810
2019	63,810	337,831	(331,161)	70,480

13. BENEFIT PLANS (in thousands):

Employees' Retirement System

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

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

On October 15, 2012, the County Council passed Bill No. 65-12 that formally closed the System for members hired prior to July 1, 2007, now known as members of "Plan A". Members hired on or after July 1, 2007 are considered members of "Plan B". Plan A and Plan B are unitized plans of the System. The System is considered part of the County's reporting entity and its financial statements are included in the County's basic financial statements as a benefit trust fund. Separate Plan A and Plan B financial statements are included in the combining fiduciary fund statements in the supplementary information section of this report. The County is obligated for the payment of all pensions, annuities, retirement allowances, refunds, reserves and other benefits. The System is fiscally dependent on the County by virtue of the legislative and executive controls exercised with respect to its operations, policies and administrative budget. In accordance with Section 5-1-238 of the Code, responsibility for the proper operation of the System is vested in an eight-member Board of Trustees (the "Board"), the majority of which are appointed by the County Executive. The general administration of the System is vested in the Director of Budget and Finance.

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

Funding Policy: Per Section 5-1-203 of the County Code, contribution requirements of the plan members and the participating employers are established and may be amended by the Board. System members contribute a percentage of their salary to the System. The contribution rates for members are 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, 2019, 2018 and 2017, were \$138,200, \$128,896 and \$118,156, respectively, which were equal to or greater than the required contributions for each year. The primary government's contributions for the three aforementioned fiscal years were \$127,976, \$119,253 and \$108,549, respectively.

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

Net Pension Liability: At June 30, 2019 the County reported a liability of \$1,655,035 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all the participating agencies, actuarially determined. At June 30, 2018 the County's proportion was 92.40 percent, which is a decrease of .59 percent from its proportion as of June 30, 2017.

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

Pension Expense: For the year ended June 30, 2019 the County recognized pension expense of \$271,327. At June 30, 2019 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual experience	\$ 85,824	\$ 19,139
Changes in assumptions	108,306	-
Net difference between projected and actual earnings on pension plan investments	-	35,939
Changes in proportion and differences between County contributions and proportionate share of contributions	15,488	13,261
County contributions subsequent to the measurement date	127,976	-
Total	<u>\$ 337,594</u>	<u>\$ 68,339</u>

Deferred outflows of \$127,976 are reported as resources related to pensions resulting from County contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 119,952
2021	74,984
2022	(42,411)
2023	(8,863)
2024	(613)
Thereafter	(1,770)

Actuarial Assumptions: The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3 percent
Salary increases	Rates vary by participant service
Investment rate of return	6.375 percent, net of pension plan investment expense, including inflation
Actuarial cost method	Entry Age Normal
Asset valuation method	Ten-year smoothed market

Mortality rates were based on RP-2000 Combined Mortality Table for males and females, as appropriate, with adjustments for mortality improvements based on Scale AA. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2006 through June 30, 2011. As a result of this experience study the following actuarial assumptions and method changes were made:

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

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

- The rates of withdrawal from active service due to termination of employment, death and accidental death, ordinary disability, and accidental disability were updated to reflect recent plan experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018 are summarized in the table below:

Schedule of Long-term expected rate of return

Asset Class	Long-Term Expected Rate of Return	Target asset Allocation
Large Cap Equities	4.75%	17.00%
Small/Mid Cap Equities	5.00%	7.00%
International Equities (Unhedged)	5.00%	16.00%
Emerging International Equities	6.50%	9.00%
Core Bonds	1.00%	8.00%
Bank Loans	2.75%	3.00%
EMD (Local Currency)	3.75%	4.00%
Diversified Fixed Income	2.33%	9.00%
Private Equity	6.75%	7.00%
Real Estate (Core)	3.75%	5.00%
Global Asset Allocation	3.44%	10.00%
Risk Parity	4.01%	5.00%

Discount Rate: The discount rate used to measure the total pension liability was the funding valuation interest rate of 6.375 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will continue to follow the current funding policy. Based on those assumptions, the System's fiduciary net position was projected to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate: The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 6.375 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.375 percent) or 1-percentage-point higher (7.375 percent) than the current rate:

	1.00% Decrease (5.375%)	Current Discount Rate (6.375%)	1.00% Increase (7.375%)
County's proportionate share of the net pension liability	\$ 2,161,352	\$ 1,655,035	\$ 1,229,493

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

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Police, Fire and Widows' Pension Plan

Plan Description: The County administers the Police, Fire, and Widow's Pension Plan (Pension Plan) which is a single-employer defined benefit pension plan that provides pensions for policemen and firemen hired prior to October 1, 1959 and for their widows. The Pension Plan has been closed and frozen. The Pension Plan valuation was based on the plan provisions as described in the Baltimore County Code for Pensions and Retirements, Article III for Fire and Police Departments, Section 23-141 through Section 23-204. The pension allowance for retired firefighters and police officers is one-half of the salary of a current employee with the same rank the pensioner held at the time of his retirement. The pension allowance to a widow of a deceased pensioner is one-fourth of the base salary of an active member of the County Police and Fire departments.

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

At June 30, 2018, pension plan membership consisted of 160 inactive plan members or beneficiaries currently receiving benefits with no other inactive members or beneficiaries entitled to receive benefits.

Investments: For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.13%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability: At June 30, 2019, the County reported a liability of \$16,235 for the Pension Plan. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The components of the net pension liability of the County at June 30, 2019, were as follows:

Total pension liability	\$ 39,504
Plan fiduciary net position	(23,269)
County's net pension liability	<u>\$ 16,235</u>

Plan fiduciary net position as a percentage of the total pension liability	58.90%
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Actuarial Assumptions: The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	Not applicable
Investment rate of return	3.96% blended rate
Health Mortality	RP-2000 projected by Scale AA.
Cost of living adjustments	3.0%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the table below.

Schedule of Long-term expected rate of return

Asset Class	Long-Term Expected Rate of Return	Target asset Allocation
Large Cap Equities	4.75%	17.00%
Small/Mid Cap Equities	5.00%	7.00%
International Equities (Unhedged)	5.00%	16.00%
Emerging International Equities	6.50%	9.00%
Core Bonds	1.00%	8.00%
Bank Loans	2.75%	3.00%
EMD (Local Currency)	3.75%	4.00%
Diversified Fixed Income	2.33%	9.00%
Private Equity	6.75%	7.00%
Real Estate (Core)	3.75%	5.00%
Global Asset Allocation	3.44%	10.00%
Risk Parity	4.01%	5.00%

Discount Rate: The discount rate used to measure the total pension liability was 3.96%. The projection of cash flows used to determine the discount rate assumed that County contributions will continue to follow the current funding policy. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the year 2021. A municipal bond rate of 2.98% was used in the development of the blended GASB discount rate after that point. The 2.98% rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2018. Based on the long-term rate of return of 5.00% and the municipal bond rate of 2.98%, the blended GASB discount rate would be 3.96%. The assumed discount rate has been determined in accordance with the method prescribed by GASB Statement No. 67.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/17	\$ 46,181	\$ 27,849	\$ 18,332
Changes for the year:			
Interest	1,681	-	1,681
Differences between expected and actual experience	(1,796)	-	(1,796)
Changes of assumptions	(99)	-	(99)
Net investment income	-	1,872	(1,872)
Benefit payments, including refunds of member contributions	(6,463)	(6,463)	-
Other	-	11	(11)
Net Changes	(6,677)	(4,580)	(2,097)
Balances at 6/30/18	\$ 39,504	\$ 23,269	\$ 16,235

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability, calculated using the discount rate of 3.96%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.96%) or 1-percentage-point higher (4.96%) than the current rate:

	1.00% Decrease (2.96%)	Current Discount Rate (3.96%)	1.00% Increase (4.96%)
County's net pension liability	\$ 18,305	\$ 16,235	\$ 14,353

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

Pension Expense: For the year ended June 30, 2019, the County recognized pension expense of (\$2,537). At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,669
Total	\$ -	\$ 1,669

Deferred outflows and deferred inflows of resources resulting from the difference between projected and actual earnings on pension plan investments will be recognized in pension expense as follows:

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Year ended June 30:

2020	\$	(598)
2021		(431)
2022		(513)
2023		(127)

The condensed financial statements as of and for the year ended June 30, 2019 are as follows:

Statement of Fiduciary Net Position
Police, Fire, and Widows' Pension Plan
As of June 30, 2019

Assets

Cash and cash equivalents	\$	6
Investment securities		18,605
Interest and dividends receivable		27
Total assets		<u>18,638</u>

Liabilities

Accounts payable	<u>18</u>
Total liabilities	<u>18</u>

Net position restricted for pensions	<u><u>\$ 18,620</u></u>
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Statement of Changes in Fiduciary Net Position
Police, Fire and Widows' Pension Plan
For the year ended June 30, 2019

Additions

Contributions:	
Other	\$ <u>12</u>
Total contributions	<u>12</u>
Investment earnings:	
Net increase in the fair value of plan assets	576
Interest and dividends	694
Investment expenses	<u>(23)</u>
Net investment gain	<u>1,247</u>
Total additions	<u>1,259</u>

Deductions

Benefits	<u>5,908</u>
Total deductions	<u>5,908</u>
Net decrease in net position	(4,649)

Net position restricted for pensions

Beginning of the year	<u>23,269</u>
End of the year	<u><u>\$ 18,620</u></u>

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Other Pension Plans

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

Substantially all employees of the component units who do not participate in the System participate in the State of Maryland Teachers' Retirement and Pension Systems. Employer contributions to these systems for the years ended June 30, 2019, 2018, 2017, of approximately \$97,386, \$95,089 and \$98,351, 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, 2019, the date of the latest available valuation, the OPEB Plan covered a projected 32,647 members; 19,662 active plan members and 12,985 retirees receiving benefits. County employees covered at June 30, 2019 included a projected 13,330 members; 5,984 active plan members, 5,149 inactive plan members receiving benefits and 2,197 inactive plan members entitled to but not receiving benefits.

Contributions: Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward healthcare based on their hire date, years of active service, the medical plan chosen and whether they are Medicare eligible (age 65). The County receives Prescription Drug Plan reimbursements on Medicare eligible retirees. The OPEB Plan does not have any required contributions from active employees.

Funding Policy: There are no statutory or contractual requirements for County contributions to the plan. The funding of the plan is determined by the Director of Budget and Finance after reviewing the actuarial GASB 74 and 75 reports.

GASB 74 – Financial Reporting for Postemployment Benefits Other Than Pensions

Investments: Per Section 10-14-106 of the County Code, Other Post-Employment Benefits Trust Fund money identified by the Director of Budget and Finance as available for investment shall be jointly invested with retirement funds as per Section 5-1-247. Pursuant to Section 5-1-247 of the Baltimore County Code, the Board of Trustees utilizes the "prudent person" standard for managing the assets of the System. The Board has established the following policies:

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

- 1) Assure that the System's investment policy has been designed to provide broad diversification among asset classes in order to maximize return at an appropriate level of risk and minimize the risk of large losses to the System.
- 2) Employ a diversity of investment managers with different investment styles on how to obtain their investment objective.
- 3) Closely monitor the performance of all investment managers not only in relation to specific objectives, but also in relation to other fund managers following the same investment objectives.

The System is currently invested in stocks (domestic and foreign), fixed income securities, private equity funds, real estate funds, and global asset allocation funds. The Code provides for full power to hold, purchase, sell, assign, transfer and dispose of any of the securities and investments in any of the System's funds. For the year ended June 30, 2019, the System has operated in all material respects in accordance with the System's investment policy.

The System's investment policy as of June 30, 2019, is shown below for the broad investment categories:

Asset Class	Allocation Target	Allocation Range
U. S. Equities	26%	20 - 30%
International Equities	24%	20 - 30%
Private Equities	7%	0 - 9%
Fixed Income	26%	20 - 30%
Real Estate	5%	0 - 7%
Global Asset Allocation	12%	7 - 17%
Cash and Cash equivalents	<u>0%</u>	0 - 5%
Total	<u>100%</u>	

Rate of Return: For the year ended June 30, 2019, the annual money-weighted rate of return on OPEB plan investments, net of OPEB investment expense, was 3.9%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability (including component units): At June 30, 2019, the County has a net OPEB liability of \$3,947,367. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The components of the net OPEB liability at June 30, 2019, were as follows:

Total OPEB liability	\$ 4,243,466
Fiduciary net position	<u>(296,099)</u>
County's net OPEB liability	<u>\$ 3,947,367</u>

Plan fiduciary net position as a percentage of the total OPEB liability	6.98%
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BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Actuarial Assumptions: The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.2%
Salary increases	0%-6.55%
Investment rate of return	6.375%
Health Mortality	RP 2000 projected by scale AA
Cost of living adjustments	N/A
Healthcare cost trend rates	3.9%-5.4%

The long-term expected rate of return on OPEB investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the table below.

Asset Class	Long-Term Expected Rate of Return	Target asset Allocation
Large Cap Equities	4.75%	19.00%
Small/Mid Cap Equities	5.00%	7.00%
International Equities (Unhedged)	5.00%	16.00%
Emerging International Equities	6.50%	8.00%
Core Bonds	1.62%	5.00%
Core Bonds - Short	0.25%	5.00%
Bank Loans	2.75%	3.00%
EMD (Local Currency)	4.00%	4.00%
Diversified Fixed Income	1.70%	9.00%
Private Equity	8.40%	7.00%
Real Estate (Core)	3.50%	5.00%
Risk Parity	2.27%	6.00%
Global Asset Allocation	3.47%	6.00%

Discount Rate: The discount rate used to measure the total OPEB liability was the funding valuation interest rate of 3.15% as of June 30, 2019. The projection of cash flow used to determine the discount rate assumed that employer contributions will continue to follow the current funding policy. Based on those assumptions, the Plan's fiduciary net position was projected to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB investments was applied to all periods of projected benefit payments to determine the total OPEB liability, in accordance with the method prescribed by GASB Statement No. 74. In the event of benefit payments not covered by the Plan's fiduciary net position, a municipal bond rate of 2.79% for FY19, would be used to discount the benefit payments not covered by the Plan's fiduciary net position. The 2.79% rate equals the S&P Municipal Bond 20-Year High Grade Rate index at June 30, 2019. In determining the discount rate, the actuary estimated future contributions based on the average of the County contributions over the 5 year period between fiscal years 2015-2019.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Sensitivity of the net OPEB liability to changes in the discount rate: The following presents the net OPEB liability, calculated using the discount rate of 3.15%, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.15%) or 1-percentage-point higher (4.15%) than the current rate:

	1.00% Decrease (2.15%)	Current Discount Rate (3.15%)	1.00% Increase (4.15%)
Net OPEB Liability	\$ 4,741,030	\$ 3,947,367	\$ 3,319,686

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability, calculated using the healthcare trend rate of 3.90% and a trend rate that is 1-percentage-point lower (2.90%) and 1-percentage-point higher (4.90%) than the current rate:

	1.00% Decrease (2.90%)	Healthcare Cost Trend Rate (3.90%)	1.00% Increase (4.90%)
Net OPEB Liability	\$ 3,295,982	\$ 3,947,367	\$ 4,803,674

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

Net OPEB Liability: At June 30, 2019, the County reported a net OPEB liability of \$1,138,022 which was measured as of June 30, 2018 and total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The components of the net OPEB liability at June 30, 2018, were as follows:

Total OPEB liability	\$ 1,308,041
Fiduciary net position	<u>(170,019)</u>
County's net OPEB liability	<u><u>\$ 1,138,022</u></u>

Plan fiduciary net position as a percentage of the total OPEB liability	13.00%
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Actuarial Assumptions: The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	0%-5.70%
Investment rate of return	6.375% blended rate
Health Mortality	RP-2000 projected by Scale AA.
Cost of living adjustments	N/A

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018 are summarized in the table below:

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Schedule of Long-term expected rate of return

Asset Class	Long-Term Expected Rate of Return	Target asset Allocation
Large Cap Equities	4.75%	17.00%
Small/Mid Cap Equities	5.00%	7.00%
International Equities (Unhedged)	5.00%	16.00%
Emerging International Equities	6.50%	9.00%
Core Bonds	1.00%	8.00%
Bank Loans	2.75%	3.00%
EMD (Local Currency)	3.75%	4.00%
Diversified Fixed Income	2.33%	9.00%
Private Equity	6.75%	7.00%
Real Estate (Core)	3.75%	5.00%
Global Asset Allocation	3.44%	10.00%
Risk Parity	4.01%	5.00%

Discount Rate: The discount rate used to measure the total OPEB liability was the funding valuation interest rate of 4.01% as of June 30, 2018. The projection of cash flow used to determine the discount rate assumed that employer contributions will continue to follow the current funding policy. Based on those assumptions, the System's fiduciary net position was projected to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB investments was applied to all periods of projected benefit payments to determine the total OPEB liability, in accordance with the method prescribed by GASB Statement No. 74. In the event of benefit payments not covered by the System's fiduciary net position, a municipal bond rate of 2.98% for FY18, would be used to discount the benefit payments not covered by the System's fiduciary net position. The 2.98% rate equals the S&P Municipal Bond 20-Year High Grade Rate index at June 30 2018.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/17	\$ 949,496	\$ 194,222	\$ 755,274
Changes for the year:			
Service Cost	16,687	-	16,687
Interest	57,713	-	57,713
Changes of Benefit Terms	-	-	-
Experience Losses	5,861	-	5,861
ER Trust Contribution	-	13,662	(13,662)
Net Investment Income	-	14,333	(14,333)
Changes in Assumptions	349,107	-	349,107
Changes in Proportion	(23,415)	(4,790)	(18,625)
Benefit Payments	(47,408)	(47,408)	-
Administrative Expense	-	-	-
Net Changes	358,545	(24,203)	382,748
Balances at 6/30/18	\$ 1,308,041	\$ 170,019	\$ 1,138,022

Sensitivity of the County's proportionate share of the OPEB liability to changes in the discount rate: The following presents the County's proportionate share of the OPEB liability calculated using the discount rate of 4.01 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.01 percent) or 1-percentage-point higher (5.01 percent) than the current rate:

	1.00% Decrease (3.01%)	Current Discount Rate (4.01%)	1.00% Increase (5.01%)
County's proportionate share of the OPEB liability	\$ 1,349,124	\$ 1,138,022	\$ 966,502

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability, calculated using the healthcare trend rate of 3.80% and a trend rate that is 1-percentage-point lower (2.80%) and 1-percentage-point higher (4.80%) than the current rate:

	1.00% Decrease (2.80%)	Healthcare Cost Trend Rate (3.80%)	1.00% Increase (4.80%)
Net OPEB Liability	\$ 956,111	\$ 1,138,022	\$ 1,370,579

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

OPEB Expense: For the year ended June 30, 2019 the County recognized OPEB expense of \$108,183. At June 30, 2019 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual experience	\$ 5,269	\$ -
Changes in assumptions	299,235	-
Net difference between projected and actual earnings on OPEB plan investments	-	10,499
Change in proportion	-	16,185
Total	<u>\$ 304,504</u>	<u>\$ 26,684</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ 44,784
2021	44,784
2022	44,783
2023	47,394
2024	48,061
Thereafter	48,014

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

The condensed financial statements as of and for the year ended June 30, 2019 are as follows (in thousands):

Statement of Fiduciary Net Position
OPEB Plan
As of June 30, 2019

Assets	
Cash and cash equivalents	\$ 5,527
Investments, at fair value	291,666
Collateral for loaned securities (net of unrealized loss)	1,113
Receivables:	
Accrued interest & dividend income	362
Receivable for investments sold	488
Receivables other	1,376
Total assets	<u>300,532</u>
Liabilities	
Payable for collateral for loaned securities	1,113
Investments purchased	2,470
Other	850
Total liabilities	<u>4,433</u>
Net position	
Net position restricted for benefits	<u>\$ 296,099</u>

Statement of Changes in Fiduciary Net Position
OPEB Plan
For the year ended June 30, 2019

Additions	
Contributions:	
Employer	\$ 5,727
Employee	36,476
On-behalf	13,062
Total contributions	<u>55,265</u>
Investment earnings:	
Net decrease in the fair value of plan assets	5,946
Interest and dividends	5,806
Securities lending net income	23
Investment expenses	(2,302)
Net investment gain	<u>9,473</u>
Total additions	<u>64,738</u>
Deductions	
Benefits	<u>148,039</u>
Total deductions	<u>148,039</u>
Change in net position	(83,301)
Net position at beginning of the year	379,400
Net position at end of the year	<u>\$ 296,099</u>

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

15. INDIVIDUAL FUND DISCLOSURES:

Details of Fund Balances

The details of the Governmental Funds balances at June 30, 2019 are shown as follows (in thousands):

	General	Gifts and Grants	Consolidated Public Improvement Construction	Nonmajor Governmental Fund	Total Governmental Funds
Fund balances					
Nonspendable:					
Inventories	\$ 8,724	\$ -	\$ -	\$ -	\$ 8,724
Total Nonspendable	8,724	-	-	-	8,724
Restricted for:					
Equipment financing	104,292	-	-	-	104,292
Bond escrow	67,372	-	-	-	67,372
Loans, guarantees and grants	-	25,436	-	-	25,436
In lieu of fee arrangements	-	-	17,824	-	17,824
Total Restricted	171,664	25,436	17,824	-	214,924
Assigned to:					
Encumbrances for:					
Contractual services	2,824	-	-	-	2,824
Supplies & materials	1,644	-	-	-	1,644
Equipment & other	976	-	-	-	976
Imprest funds	75	-	-	-	75
Loans & grants	-	22,444	-	-	22,444
Retirement of long-term debt	47,342	-	-	-	47,342
Disputed taxes	25,425	-	-	-	25,425
Stormwater remediation	-	-	-	100	100
Liquor license regulation	-	-	-	431	431
Total Assigned	78,286	22,444	-	531	101,261
Unassigned:					
Revenue stabilization	207,223	-	-	-	207,223
Other	10,278	-	(80,477)	-	(70,199)
Total Unassigned	217,501	-	(80,477)	-	137,024
Total fund balances(deficit)	\$ 476,175	\$ 47,880	\$ (62,653)	\$ 531	\$ 461,933

Deficit Fund Balance

At June 30, 2019, the Consolidated Public Improvement Construction Fund had an unassigned fund deficit of \$80.477 million. This deficit will be eliminated by pay-as-you-go contributions from the General Fund and from bond proceeds.

16. TAX ABATEMENTS:

As of June 30, 2019, the County provides tax abatements through four programs – Payment in Lieu of Taxes (PILOT), Historical Property County Tax Credit, Enterprise Zone Tax Credit, and Conservation Land Tax Credit. The Payment in Lieu of Taxes Program provides property tax abatements to encourage an increase in the number of senior and low income housing and is authorized under Maryland State Law, Tax – Property Article Section 7-502. Abatements are obtained through contract between property owner and the County; under the agreement, the

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

owner pays the County a negotiated amount in lieu of property tax. The amount of abatement is deducted from the recipient's tax bill.

Historical Property Tax Credit provides property tax abatements to encourage the renovation or rehabilitation of properties listed in a historical register or in a historic district and is authorized under County Code Section 11-2-201. Abatements are obtained through application by the property owner, including proof that the improvements have been made. Commercial property tax abatements are based on the increase of the assessed value as a result of the improvements made. Residential property tax abatements are 20% of actual approved renovation or rehabilitation expenses. Both commercial and residential properties must not be altered so that it no longer complies with the rehabilitation standards by which the property obtained eligibility. The amount of abatement is deducted from the recipient's tax bill.

Enterprise Zone Tax Credit provides property tax abatements to encourage economic growth in distressed areas of the County and is authorized under Maryland State Law, Tax – Property Article Section 9-103. Abatements are obtained through an application process. Taxpayer submits application to the Baltimore County Department of Economic and Workforce Development which is forwarded to the Maryland State Department of Commerce for review and approval. Approved applications are returned to the County; award letters are sent to the taxpayer and the State Department of Assessments and Taxation (SDAT). SDAT then certifies the credit base to Baltimore County Office of Budget and Finance. Eligible companies that make improvements to real property in one of the Enterprise Zones can benefit from property tax credits over a 10 year period. For the first 5 years, the tax credit is equal to 80% of the increase in property tax owed resulting from the new investment. The tax credit declines in the remaining five years by 10% annually. The amount of abatement is deducted from the recipient's tax bill. (See page XI for more information.)

Conservation Land Tax Credit provides property tax abatements to encourage preservation of natural areas and agricultural land under County Code Section 11-2-110. Abatements are obtained through application by the property owner, accompanied by proof that the property meets the definition of "conservation land". Conservation land is defined as real property that is subject to a perpetual conservation easement that was donated to a land trust on or after July 1, 1991. Conservation land also includes real property that is owned in fee by a qualified land trust and was acquired by the trust on or after July 1, 1991. The credit is for 100% of the property tax obligation and has a duration of five years. If the property is transferred to an entity other than a government agency or another qualified trust, the credit will lapse and the property owner will become liable for all the property taxes had the credit not been granted, as well as interest on those taxes. The amount of abatement is deducted from the recipient's tax bill.

Property Taxes Abated
Fiscal Year 2019
(in thousands)

Payment in Lieu of Taxes	\$	3,748
Historical Property Tax Credit		498
Enterprise Zone Tax Credit		2,417
Conservation Land Tax Credit		20
Total	\$	<u>6,683</u>

17. NEW ACCOUNTING PRONOUNCEMENTS:

The County has adopted the provisions of Governmental Accounting Standard Board (GASB) issued Statement No. 83, entitled Certain Asset Retirement Obligations; Statement No. 88, entitled Certain Disclosures Related to

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Debt, including Direct Borrowings and Direct Placements; and Statement No. 89, entitled Accounting for Interest Cost Incurred before the End of a Construction Period.

The adoption of these standards did not have a material effect on these statements with the exception of Statement No. 89. The adoption of GASB Statement No.89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, in FY19 and in future fiscal years interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The adoption of this statement has no effect on previously reported amounts.

18. SUBSEQUENT EVENTS:

On August 6, 2019, the County sold \$32,365,000 Metropolitan District Bonds – 2019 Refunding Series. The Bonds were issued for the redemption of the Baltimore County Metropolitan District Bonds (72nd Issue – Series B) (Federally Taxable – Issuer Subsidy Build America Bonds), the proceeds of which were used to finance and refinance the design and construction, purchase or acquisition of the water supply, sewerage and drainage systems provided for by the Baltimore County Code.

The bonds are due November 1, in each of the years 2020 to 2039, inclusive. The interest rate range from 3.00% to 5.00%. The net proceeds of the refunding were invested in U.S. Treasury Notes and Strips, and deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result of the refunding, a net present value savings of \$5.25 million will be obtained. The refunded bonds are considered defeased and the liability for those bonds will be removed from the government-wide statement of net position in fiscal year 2020.



Required Supplementary Information

BALTIMORE COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Employees' Retirement System (dollars in thousands):

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

(Measurement date June 30 of the stated year)

	2018	2017	2016	2015	2014
County's proportionate share of the net pension liability	92.40%	91.81%	92.23%	90.45%	91.96%
County's proportionate share of the net pension liability	\$ 1,655,035	\$ 1,546,969	\$ 1,610,549	\$ 1,315,135	\$ 1,088,771
County's covered payroll	\$ 458,692	\$ 457,327	\$ 435,266	\$ 418,026	\$ 411,453
County's proportionate share of the net pension liability as a percentage of its covered payroll	360.82%	338.26%	370.02%	314.61%	264.62%
Plan fiduciary net position as a percentage of the total pension liability	60.9%	61.5%	57.1%	62.8%	68.2%

Notes to the Schedule:

The County implemented GASB 68 in fiscal year 2015. As such, only five years of information is available.

Schedule of County Contributions

The last 6 fiscal years are presented only

	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 127,976	\$ 119,253	\$ 108,549	\$ 101,927	\$ 93,495	\$ 73,586
Contributions in relation to the actuarially determined contribution	127,976	119,253	108,549	97,108	93,495	73,586
Prefunding of the FY2016 contribution in FY2015	-	-	-	-	4,819	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 4,819	\$ (4,819)	\$ -
Covered payroll	\$ 470,920	\$ 458,692	\$ 457,327	\$ 435,266	\$ 418,026	\$ 411,453
Contributions as a percentage of covered payroll	27.18%	26.00%	23.74%	22.31%	23.52%	17.88%

Notes to the Schedule:

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

BALTIMORE COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Methods and assumptions used to determine contribution:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Percentage of Payroll
Amortization period	28 year layered amortization
Asset valuation method	10-year smoothed market
Inflation	3.0%
Salary increases	Rates vary by participant age and service
Investment rate of return	6.375%, net of investment expense and gain sharing, and including inflation
Retirement age	Rates vary by participant age and service
Mortality	For healthy participants and beneficiaries: For males 108% of the RP-2000 Combined Healthy male table projected to 2027 by Scale AA and for females 100% of the RP-2000 Combined Healthy female table projected to 2027 by Scale AA. For disabled members, RP-2000 Disabled Annuitant Tables projected to 2027 with Scale AA.

BALTIMORE COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

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

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

Schedule of Changes in County's Net Pension Liability and Related Ratios
(Measurement date June 30 of the stated year)

	2018	2017	2016	2015	2014
Total pension liability					
Interest	1,681	1,735	2,255	2,597	3,341
Differences between expected and actual experience	(1,796)	(2,929)	620	(3,272)	-
Changes of assumptions	(99)	(1,502)	2,356	(186)	3,425
Benefit payments	(6,463)	(7,353)	(8,210)	(8,657)	(9,622)
Net change in total pension liability	(6,677)	(10,049)	(2,978)	(9,518)	(2,856)
Beginning total pension liability	46,181	56,230	59,208	68,726	71,582
Ending total pension liability: (a)	<u>\$ 39,504</u>	<u>\$ 46,181</u>	<u>\$ 56,230</u>	<u>\$ 59,208</u>	<u>\$ 68,726</u>
Plan fiduciary net position					
Net investment income	1,872	3,340	1,017	2,486	4,671
Benefit payments	(6,463)	(7,353)	(8,210)	(8,657)	(9,622)
Other income	11	13	14	15	14
Net change in plan fiduciary net position	<u>\$ (4,580)</u>	<u>\$ (4,000)</u>	<u>\$ (7,179)</u>	<u>\$ (6,156)</u>	<u>\$ (4,937)</u>
Beginning Plan fiduciary net position	27,849	31,849	39,028	45,184	50,121
Ending Plan fiduciary net position: (b)	<u>\$ 23,269</u>	<u>\$ 27,849</u>	<u>\$ 31,849</u>	<u>\$ 39,028</u>	<u>\$ 45,184</u>
Ending County's net pension liability: (a) - (b)	<u>\$ 16,235</u>	<u>\$ 18,332</u>	<u>\$ 24,380</u>	<u>\$ 20,180</u>	<u>\$ 23,542</u>
Plan fiduciary net position as a percentage of the total pension liability	58.90%	60.30%	56.64%	65.92%	65.74%
Covered payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Net pension liability as a percentage of covered payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
County's net pension liability as a percentage of covered payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

BALTIMORE COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Schedule of County Contributions

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	Not calculated	Not calculated	Not calculated	Not calculated	Not calculated
Contributions related to the actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Note to Schedule:

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

Schedule of Investment Returns

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expenses	7.13%	12.04%	3.36%	5.70%	10.31%

BALTIMORE COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Schedule of Changes in Total Liability and Related Ratios

Total OPEB Liability	2019	2018	2017
Service Cost	\$ 71,426	\$ 37,165	\$ 34,938
Interest Cost	114,929	128,366	124,086
Difference of Expected and Actual Experience	425,827	13,026	766
Change in Benefit Terms	(425)	-	-
Changes in Assumptions	820,137	777,119	-
Benefit Payments	(98,501)	(105,352)	(92,979)
Net Change in Total OPEB Liability	1,333,393	850,324	66,811
Total OPEB Liability - Beginning of Year	2,910,073	2,059,749	1,992,938
Total OPEB Liability - End of Year	<u>\$ 4,243,466</u>	<u>\$ 2,910,073</u>	<u>\$ 2,059,749</u>
Plan Fiduciary Net Position	2019	2018	2017
Contributions Employer	\$ 5,727	\$ 30,672	\$ 65,729
Net Investment Income	9,473	32,023	53,408
Benefit Payments	(98,501)	(105,352)	(92,979)
Net Change in Fiduciary net Position	(83,301)	(42,657)	26,158
Fiduciary Net Position - Beginning of Year	379,400	422,057	395,899
Fiduciary Net Position - End of Year	<u>\$ 296,099</u>	<u>\$ 379,400</u>	<u>\$ 422,057</u>
Net OPEB Liability	<u>3,947,367</u>	<u>2,530,673</u>	<u>1,637,692</u>
Fiduciary Net Position as a percentage of Total OPEB Liability	<u>6.98%</u>	<u>13.04%</u>	<u>20.49%</u>
Covered Payroll	Not Applicable	Not Applicable	Not Applicable
Net OPEB Liability as a percentage of Covered Payroll	Not Applicable	Not Applicable	Not Applicable
(OPEB benefits do not depend on salary; therefore, salary information is not applicable)			
Expected Average Remaining Service Years of All Participants	8	7	7
Money-Weighted Rate of Return	3.90%	7.60%	13.60%

Notes to Schedule

Amounts in the schedule represent totals for the County, BCPS, CCBC and BCPL. Individual amounts are not available and therefore not reported. The County implemented GASB 74 during Fiscal Year 2017. Therefore, only three years information is available.

BALTIMORE COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Schedule of the County's Proportionate Share of the OPEB Liability and Related Ratios

(Measurement date June 30 of the stated fiscal year)

	<u>2018</u>	<u>2017</u>
County's proportionate share of the OPEB liability	45.08%	46.13%
County's proportionate share of the OPEB liability	\$ 1,138,022	\$ 755,274
County's covered payroll	\$ 458,692	\$ 457,327
County's proportionate share of the net OPEB as a percentage of its covered payroll	248.10%	165.15%
Plan fiduciary net position as a percentage of the total OPEB liability	13.00%	20.46%

Notes to Schedule

The County implemented GASB 75 during fiscal year 2018 using a measurement date of 6/30/2017. As such, only two years of information is available.





Supplementary Information Schedules & Combining Financial Statements

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

Baltimore County
Schedule of Appropriations and Expenditures - Budgetary Basis
For the Year Ended June 30, 2019
(In Thousands)

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Government:				
Legislative:				
County Council	2,739	2,739	2,340	399
Judicial:				
Circuit Court:				
Criminal and civil adjudication	4,955	4,955	4,914	41
Orphans Court:				
Adjudication of estates	254	254	254	-
States Attorney:				
Criminal prosecution	9,652	9,652	9,467	185
County Sheriff:				
Conveying prisoners and serving summonses	5,420	5,420	5,361	59
Total	20,281	20,281	19,996	285
Executive:				
Office of the County Executive	1,057	1,057	1,019	38
County Administrative Officer:				
General administration	1,393	1,645	1,606	39
Baltimore metropolitan council	146	146	100	46
Total	2,596	2,848	2,725	123
Elections:				
Board of Supervisors of Elections	5,391	5,391	5,086	305
Financial Administration:				
Office of Budget and Finance:				
Budget formulation and administration	1,376	1,406	1,403	3
Financial operations	4,155	4,051	4,036	15
Pay systems	239	239	220	19
Investment and debt management	400	420	417	3
Insurance administration	1,075	1,075	1,040	35
Purchasing and disbursements	1,363	1,668	1,662	6
Total	8,608	8,859	8,778	81
County Auditor	1,732	1,732	1,456	276
Office of Law:				
General legal services	2,631	2,631	2,615	16
Legislative relations	264	264	263	1
Total	2,895	2,895	2,878	17
Other:				
Vehicle Operations and Maintenance	588	588	534	54
Office of Planning and Community Conservation				
General administration	2,302	2,302	2,047	255
Zoning commissioner	464	464	463	1
People's counsel	200	200	200	-
Community conservation	4,506	4,506	4,438	68
Office of Human Resources:				
Personnel administration	4,018	4,018	3,914	104

(continued)

Baltimore County
Schedule of Appropriations and Expenditures - Budgetary Basis
For the Year Ended June 30, 2019
(In Thousands)

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Department of Permits and Development Management:				
General administration	1,752	1,709	1,593	116
Electrical licensing and regulation	18	18	12	6
Plumbing licensing and regulation	30	30	28	2
Real estate compliance (1713)	967	967	922	45
Development processing	977	994	986	8
Code inspections and enforcement	5,383	5,383	5,222	161
Permits and licenses	828	853	842	11
Board of Appeals	243	243	242	1
Cooperative Extension Service	275	275	215	60
Office of Information Technology:				
General administration	3,675	3,675	3,669	6
Applications development	8,644	8,644	8,614	30
Computer and technical services	14,341	14,341	14,326	15
Telecommunications Services	3,423	3,423	3,417	6
Property Management				
Adminsitration	1,698	1,618	1,606	12
Building maintenance	8,372	8,277	8,271	6
Building operation and management	17,436	18,026	17,940	86
Maintenance of grounds and recreation sites	7,765	7,515	7,452	63
Total	87,905	88,069	86,953	1,116
General Government Total	132,147	132,814	130,212	2,602
Public Safety:				
Police Department:				
General administration	3,621	3,894	3,893	1
Administrative & technical services	25,245	27,058	27,037	21
Criminal/forensic investigations	29,386	28,509	28,478	31
Vice/intelligence/narcotics	9,237	9,430	9,426	4
Patrol/precincts	127,460	127,358	127,334	24
Support operations	15,972	15,577	15,564	13
School safety	1,370	1,368	1,367	1
Total	212,291	213,194	213,099	95
Bureau of Corrections:				
Custodial care of prisoners	42,213	42,213	42,201	12
Fire Department:				
General administration	1,166	1,166	1,112	54
Investigative services	1,815	1,815	1,726	89
Alarm and communication system	892	872	774	98
Field operations	85,274	85,274	85,134	140
Office of emergency preparedness	200	200	197	3
Field operation administration	1,944	1,944	1,899	45
Fire/rescue academy	1,306	1,126	1,080	46
Contributions - volunteer fire companies	9,772	9,772	9,745	27
Total	102,369	102,169	101,667	502

(continued)

Baltimore County
Schedule of Appropriations and Expenditures - Budgetary Basis
For the Year Ended June 30, 2019
(In Thousands)

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Communications:				
Central communications center	14,151	14,151	14,027	124
Public Safety Total	<u>371,024</u>	<u>371,727</u>	<u>370,994</u>	<u>733</u>
Public Works:				
Office of Director of Public Works:				
General administration	648	638	628	10
Metro Financing/Petition Proc	51	51	48	3
	<u>699</u>	<u>689</u>	<u>676</u>	<u>13</u>
Bureau of Engineering and Construction:				
General administration	384	349	345	4
Structural design	1,750	1,770	1,765	5
General surveying	379	389	389	-
Contracts and construction inspection	1,735	1,735	1,730	5
Total	<u>4,248</u>	<u>4,243</u>	<u>4,229</u>	<u>14</u>
Bureau of Highways & Equipment Management:				
General administration	783	683	676	7
General operations and maintenance	12,740	12,565	12,389	176
Storm emergencies	9,022	9,232	9,229	3
Total	<u>22,545</u>	<u>22,480</u>	<u>22,294</u>	<u>186</u>
Bureau of Solid Waste Management:				
General administration	511	499	487	12
Refuse collection	47,530	47,370	47,369	1
Refuse disposal	6,680	7,418	7,354	64
Recycling	1,879	1,864	1,826	38
MRF operations	4,396	4,630	4,572	58
Total	<u>60,996</u>	<u>61,781</u>	<u>61,608</u>	<u>173</u>
Bureau of Traffic Engineering and Transportation Planning:				
Traffic planning	8,899	8,274	8,230	44
Traffic sign installation and maintenance	1,784	1,762	1,739	23
Traffic signal operation and maintenance	972	994	992	2
Total	<u>11,655</u>	<u>11,030</u>	<u>10,961</u>	<u>69</u>
Bureau of Utilities:				
Sewer and water maintenance	574	574	13	561
Bureau of Building and Equipment Services:				
Equipment maintenance	7,216	8,336	8,299	37
Public Works Total	<u>107,933</u>	<u>109,133</u>	<u>108,080</u>	<u>1,053</u>

(continued)

Baltimore County
Schedule of Appropriations and Expenditures - Budgetary Basis
For the Year Ended June 30, 2019
(In Thousands)

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Health and Human Services:				
Health:				
Department of Health:				
General administration	3,159	3,344	3,334	10
Nursing services	2,845	3,060	3,060	-
Acute communicable disease control	1,360	1,285	1,262	23
Medical environmental health	2,935	2,765	2,735	30
Medical social work service	1,340	1,425	1,400	25
Animal services	4,100	3,845	3,839	6
School Health Services	1,112	1,018	1,006	12
Developmental disabilities	2,121	2,031	2,023	8
Home health services	952	1,032	1,005	27
Long-term care services	2,059	2,199	2,177	22
Medical assistance and hospital support	1,193	1,286	1,256	30
Dental health services	910	940	938	2
Total	24,086	24,230	24,035	195
Department of Environmental Protection and Resource Management	5,553	5,553	5,199	354
Human Services:				
Department of Social Services:				
Adult foster care assistance	145	145	142	3
Welfare to work program	400	400	400	-
Human relations	150	140	128	12
Emergency funds/housing for the homeless	685	617	477	140
Battered spouse program	127	127	127	-
Day Resource Center	437	394	320	74
In-home care program	298	313	310	3
Adult services	1,349	1,479	1,476	3
General administration	1,912	1,852	1,831	21
Children's services	481	461	434	27
Income maintenance	1,110	1,060	1,046	14
Family services	1,525	1,625	1,599	26
Total	8,619	8,613	8,290	323
Aging Programs & Services:				
Department of Aging:				
General administration	759	759	719	40
Adult medical day care	50	50	50	-
Senior centers network	2,113	2,148	2,141	7
Special geriatric services	203	203	203	-
Facilities	250	260	252	8
Transportation	886	841	792	49
Program and volunteer services	228	228	199	29
Total	4,489	4,489	4,356	133
Health and Human Services Total	42,747	42,885	41,880	1,005

(continued)

Baltimore County
Schedule of Appropriations and Expenditures - Budgetary Basis
For the Year Ended June 30, 2019
(In Thousands)

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Culture and Leisure Services:				
Department of Recreation and Parks:				
General administration	983	983	978	5
Community & neighborhood recreation, organization, direction and development	10,462	10,462	10,175	287
Organization Contributions:				
Organization contributions	2,816	2,816	2,796	20
General grant program	3,263	3,263	3,183	80
Culture and Leisure Services Total	17,524	17,524	17,132	392
Economic and Community Development:				
Economic Development Commission	1,357	1,357	1,357	-
Economic and Community Development Total	1,357	1,357	1,357	-
Pension Plan Contributions:				
Employees' retirement contributions	123,201	123,201	123,201	-
Non-system retirement	341	341	311	30
Pension Total	123,542	123,542	123,512	30
Insurance Contributions				
Employee health & life insurance	91,769	91,102	91,047	55
Insurance Total	91,769	91,102	91,047	55
Miscellaneous:				
Social Security	19,397	19,397	19,357	40
Reserve for Contingencies	1,000	-	-	-
Local share - State & Federal	-	75	75	-
Miscellaneous Total	20,397	19,472	19,432	40
Payments to Component Units:				
Community College	50,987	50,987	50,987	-
Board of Education	871,366	871,366	871,360	6
Library	33,833	33,833	33,821	12
Total Payments to Component Units	956,186	956,186	956,168	18

(continued)

Baltimore County
Schedule of Appropriations and Expenditures - Budget and Actual
General Fund
For the Year Ended June 30, 2019
(In Thousands)

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Debt Service:				
Principal retirement:				
General obligation bonds:				
Community College	7,453	7,453	7,453	-
General public facilities	55,724	55,724	55,724	-
Pension funding bonds	9,787	9,787	9,787	-
Non-general obligation debt	21,411	21,411	21,411	-
Total	94,375	94,375	94,375	-
Interest:				
General obligation bonds:				
Community College	4,283	4,283	4,283	-
General public facilities	26,799	26,799	26,799	-
Pension funding bonds	11,325	11,325	11,325	-
Non-general obligation debt	2,522	2,522	2,521	1
Total	44,929	44,929	44,928	1
Fiscal charges:				
General obligation bonds:				
General public facilities	100	100	98	2
Non-general obligation debt	5	5	2	3
Total	105	105	100	5
Debt Service Total	139,409	139,409	139,403	6
Operating Transfers Out:				
Contribution to capital budget	40,538	40,538	40,538	-
Gifts and Grants	8,171	8,657	8,657	-
Operating Transfers Out Total	48,709	49,195	49,195	-
 General Fund Total	 \$ 2,052,744	 \$ 2,054,346	 \$ 2,048,412	 \$ 5,934

Baltimore County, Maryland
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019
(In Thousands)

Special Revenue Funds

	Liquor License	Owings Mills Tax District	Stormwater Management	Total
ASSETS				
Cash and investments	\$ 462	\$ -	\$ 58	\$ 520
Receivables, net	-	-	42	42
Total assets	<u>\$ 462</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 562</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 4	\$ -	\$ -	\$ 4
Accrued expenditures	27	-	-	27
Total liabilities	<u>31</u>	<u>-</u>	<u>-</u>	<u>31</u>
Fund Balance				
Assigned	431	-	100	531
Total fund balances	<u>431</u>	<u>-</u>	<u>100</u>	<u>531</u>
Total liabilities and fund balances	<u>\$ 462</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 562</u>

Baltimore County, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019
(In Thousands)

	Special Revenue Funds			
	Liquor License	Owings Mills Tax District	Stormwater Management	Total
REVENUES				
Taxes	\$ -	\$ 1,427	\$ -	\$ 1,427
Licenses and fees	1,296	-	2	1,298
Charges for services	102	-	-	102
Interest revenue	-	-	-	-
Total revenues	1,398	1,427	2	2,827
EXPENDITURES				
General government	714	1,427	-	2,141
Total expenditures	714	1,427	-	2,141
Excess of revenues over expenditures	684	-	2	686
OTHER FINANCING USES				
Transfers out	(450)	-	(1,488)	(1,938)
Total other financing uses	(450)	-	(1,488)	(1,938)
Net change in fund balances	234	-	(1,486)	(1,252)
Fund balances at beginning of the year	197	-	1,586	1,783
Fund balances at end of the year	\$ 431	\$ -	\$ 100	\$ 531

Baltimore County, Maryland
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Liquor License Fund
For the Year Ended June 30, 2019
(In Thousands)

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Licenses and permits	\$ 1,210	\$ 1,398	\$ 188
Total revenues	<u>1,210</u>	<u>1,398</u>	<u>188</u>
Expenditures:			
General government:			
License sale and control	771	714	57
Total expenditures	<u>771</u>	<u>714</u>	<u>57</u>
Excess of revenues over expenditures	<u>439</u>	<u>684</u>	<u>245</u>
Other financing uses:			
Operating transfers out	(450)	(450)	-
Excess of revenues over expenditures, and other uses	<u>\$ (11)</u>	<u>234</u>	<u>\$ 245</u>
Fund balance at beginning of year		197	
Fund balance at end of year		<u>\$ 431</u>	

Baltimore County, Maryland
Combining Statement of Net Position
Internal Service Funds
June 30, 2019
(In Thousands)

	Vehicle Operations and Maintenance	Central Printing Service	Self-Insurance Program	Total
ASSETS				
Current assets:				
Cash and investments	\$ 6,308	\$ 312	\$ 85,462	\$ 92,082
Receivables, net	13	-	2,340	2,353
Inventories	587	-	-	587
Prepaid costs	-	-	1,135	1,135
Total current assets	<u>6,908</u>	<u>312</u>	<u>88,937</u>	<u>96,157</u>
Capital assets:				
Non-depreciable	705	-	-	705
Depreciable (net of accumulated depreciation)	14,206	9	-	14,215
Total assets	<u>21,819</u>	<u>321</u>	<u>88,937</u>	<u>111,077</u>
LIABILITIES				
Current liabilities:				
Accounts payable	768	47	1,546	2,361
Accrued payroll	130	8	-	138
Compensated absences	222	15	-	237
Claims and judgments	-	-	36,025	36,025
Total current liabilities	<u>1,120</u>	<u>70</u>	<u>37,571</u>	<u>38,761</u>
Noncurrent liabilities:				
Claims and judgments	-	-	34,455	34,455
Total liabilities	<u>1,120</u>	<u>70</u>	<u>72,026</u>	<u>73,216</u>
NET POSITION				
Net investment in capital assets	14,911	9	-	14,920
Unrestricted	5,788	242	16,911	22,941
Total net position	<u>\$ 20,699</u>	<u>\$ 251</u>	<u>\$ 16,911</u>	<u>\$ 37,861</u>

Baltimore County, Maryland
Combining Statement of Revenues, Expenses,
and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2019
(In Thousands)

	Vehicle Operations and Maintenance	Central Printing Service	Self-Insurance Program	Total
OPERATING REVENUES				
Charges for services-internal	\$ 17,862	\$ 620	\$ 91,257	\$ 109,739
Charges for services-other	2,866	3	238,675	241,544
Miscellaneous	95	-	-	95
Total operating revenues	<u>20,823</u>	<u>623</u>	<u>329,932</u>	<u>351,378</u>
OPERATING EXPENSES				
Personal services	2,848	162	-	3,010
Contractual services	530	76	-	606
Rents and utilities	28	170	-	198
Supplies and maintenance	11,131	183	-	11,314
Insurance claims and expenses	-	-	337,831	337,831
Depreciation	2,879	-	-	2,879
Other expenses	574	20	-	594
Total operating expenses	<u>17,990</u>	<u>611</u>	<u>337,831</u>	<u>356,432</u>
Operating income (loss)	<u>2,833</u>	<u>12</u>	<u>(7,899)</u>	<u>(5,054)</u>
NONOPERATING REVENUES				
Interest on investments	-	-	3,518	3,518
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>3,518</u>	<u>3,518</u>
Income (loss) before transfers	2,833	12	(4,381)	(1,536)
Transfers out	<u>-</u>	<u>-</u>	<u>(2,907)</u>	<u>(2,907)</u>
Changes in net position	2,833	12	(7,288)	(4,443)
Net position at beginning of the year	17,866	239	24,199	42,304
Net position at end of the year	<u>\$ 20,699</u>	<u>\$ 251</u>	<u>\$ 16,911</u>	<u>\$ 37,861</u>

Baltimore County, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019
(In Thousands)

	Vehicle Operations and Maintenance	Central Printing Service	Self-Insurance Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from external customers	\$ 2,880	\$ 3	\$ 239,884	\$ 242,767
Receipts for interfund services	17,862	620	91,257	109,739
Payments to suppliers	(11,661)	(408)	-	(12,069)
Payments to employees	(2,853)	(161)	-	(3,014)
Payment for interfund services used	(574)	(20)	-	(594)
Claims paid	-	-	(330,538)	(330,538)
Other receipts	95	-	-	95
Net cash provided by (used in) operating activities	<u>5,749</u>	<u>34</u>	<u>603</u>	<u>6,386</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer out	-	-	(2,907)	(2,907)
Net cash provided by (used in) noncapital activities	<u>-</u>	<u>-</u>	<u>(2,907)</u>	<u>(2,907)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(2,702)	-	-	(2,702)
Sales of capital assets	263	-	-	263
Net cash used for capital and related financing activities	<u>(2,439)</u>	<u>-</u>	<u>-</u>	<u>(2,439)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	-	-	3,518	3,518
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>3,518</u>	<u>3,518</u>
Net increase (decrease) in cash and cash equivalents	<u>3,310</u>	<u>34</u>	<u>1,214</u>	<u>4,558</u>
Cash and cash equivalents at beginning of the year	<u>2,998</u>	<u>278</u>	<u>84,248</u>	<u>87,524</u>
Cash and cash equivalents at end of the year	<u>\$ 6,308</u>	<u>\$ 312</u>	<u>\$ 85,462</u>	<u>\$ 92,082</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ 2,833	\$ 12	\$ (7,899)	\$ (5,054)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	2,879	-	-	2,879
Effect of changes in operating assets and liabilities:				
Receivables, net	14	-	1,209	1,223
Inventories	4	-	-	4
Accounts and other payables	24	21	623	668
Accrued expenses	(5)	1	-	(4)
Claims and judgements	-	-	6,670	6,670
Net cash provided by (used in) operating activities	<u>\$ 5,749</u>	<u>\$ 34</u>	<u>\$ 603</u>	<u>\$ 6,386</u>

Baltimore County, Maryland
Combining Statement of Fiduciary Net Position
Benefits Trust Funds
June 30, 2019
(In Thousands)

	Employees' Retirement System Plan A	Employees' Retirement System Plan B	Police, Fire, and Widows' Pension Plan	OPEB Plan	Total
ASSETS					
Cash and cash equivalents	\$ 35,592	\$ 2,089	\$ 6	\$ 5,527	\$ 43,214
Collateral for loaned securities	10,096	503	-	1,113	11,712
Receivables:					
Accrued interest & dividend income	3,246	161	27	362	3,796
Receivable for investments sold	4,426	222	-	488	5,136
Receivables other	749	593	-	1,376	2,718
Total receivables	<u>8,421</u>	<u>976</u>	<u>27</u>	<u>2,226</u>	<u>11,650</u>
Investments, at fair value:					
U.S. Government and Agency securities	86,138	4,327	-	9,490	99,955
Municipal bonds	-	-	4,375	-	4,375
Foreign bonds	20,910	1,050	6,355	2,304	30,619
Corporate bonds	114,376	5,746	-	12,602	132,724
Stocks	470,527	23,637	-	51,842	546,006
Bond mutual funds	434,093	21,807	2,113	47,828	505,841
Stock mutual funds	816,607	41,022	5,762	89,972	953,363
Real estate equity funds	143,076	7,188	-	15,764	166,028
Hedge funds	114	6	-	12	132
Private equity funds	161,148	8,095	-	17,755	186,998
Global asset allocation	400,233	20,106	-	44,097	464,436
Total investments	<u>2,647,222</u>	<u>132,984</u>	<u>18,605</u>	<u>291,666</u>	<u>3,090,477</u>
Total assets	<u>2,701,331</u>	<u>136,552</u>	<u>18,638</u>	<u>300,532</u>	<u>3,157,053</u>
LIABILITIES					
Securities lending payable	10,096	503	-	1,113	11,712
Investments purchased	22,419	1,126	-	2,470	26,015
Investment expenses payable	3,385	169	2	-	3,556
Refunds payable	56	3,517	-	-	3,573
Other	2,704	-	16	850	3,570
Total liabilities	<u>38,660</u>	<u>5,315</u>	<u>18</u>	<u>4,433</u>	<u>48,426</u>
NET POSITION					
Net position restricted for pensions and OPEB	<u>\$ 2,662,671</u>	<u>\$ 131,237</u>	<u>\$ 18,620</u>	<u>\$ 296,099</u>	<u>\$ 3,108,627</u>

Baltimore County, Maryland
Combining Statement of Changes in Fiduciary Net Position
Benefits Trust Funds
For the Year Ended June 30, 2019
(In Thousands)

	Employees' Retirement System Plan A	Employees' Retirement System Plan B	Police, Fire, and Widows' Pension Plan	OPEB Plan	Total
ADDITIONS					
Contributions:					
Employer	\$ 131,510	\$ 6,690	\$ -	\$ 5,727	\$ 143,927
Employees	28,564	19,634	-	36,476	84,674
Other	-	-	12	13,062	13,074
Total contributions	160,074	26,324	12	55,265	241,675
Investment earnings:					
Net increase (decrease) in the fair value of plan assets	79,356	4,335	576	5,946	90,213
Interest and dividends	46,592	2,059	694	5,806	55,151
Investment expenses	(19,535)	(903)	(23)	(2,302)	(22,763)
Net investment gain	106,413	5,491	1,247	9,450	122,601
Net income from securities lending:					
Securities lending income	35	-	-	8	43
Borrower rebates	216	11	-	24	251
Agent fees	(74)	(3)	-	(9)	(86)
Net income from securities lending	177	8	-	23	208
Total net investment gain	106,590	5,499	1,247	9,473	122,809
Total additions	266,664	31,823	1,259	64,738	364,484
DEDUCTIONS					
Benefits	283,043	274	5,908	148,039	437,264
Refunds	2,459	5,327	-	-	7,786
Administrative expense	1,071	54	-	-	1,125
Total deductions	286,573	5,655	5,908	148,039	446,175
Change in net position	(19,909)	26,168	(4,649)	(83,301)	(81,691)
Net position at beginning of the year	2,682,580	105,069	23,269	379,400	3,190,318
Net position at end of the year	\$ 2,662,671	\$ 131,237	\$ 18,620	\$ 296,099	\$ 3,108,627



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)

	2010	2011*	2012**	2013	2014	2015***	2016	2017	2018****	2019
Governmental activities										
Net investment in capital assets	\$ 1,593,450	\$ 1,550,280	\$ 1,386,096	\$ 1,313,131	\$ 1,277,986	\$ 1,346,549	\$ 1,529,027	\$ 1,602,876	\$ 1,482,372	\$ 1,498,138
Restricted	57,713	26,653	27,251	26,972	29,053	31,871	42,647	49,922	106,103	110,636
Unrestricted (deficit)	(309,380)	(335,775)	(349,899)	(352,908)	(363,126)	(1,747,908)	(2,067,561)	(2,425,266)	(2,905,259)	(3,120,901)
Total governmental activities net position	<u>\$ 1,341,783</u>	<u>\$ 1,241,158</u>	<u>\$ 1,063,448</u>	<u>\$ 987,195</u>	<u>\$ 943,913</u>	<u>\$ (369,488)</u>	<u>\$ (495,887)</u>	<u>\$ (772,468)</u>	<u>\$ (1,316,784)</u>	<u>\$ (1,512,127)</u>
Business-type activities										
Net investment in capital assets	\$ 568,687	\$ 588,201	\$ 566,002	\$ 553,132	\$ 526,907	\$ 540,690	\$ 614,609	\$ 538,172	\$ 533,456	\$ 552,407
Unrestricted (deficit)	(159,788)	(155,226)	(178,355)	(200,295)	(214,318)	(351,497)	(526,541)	(540,754)	(652,992)	(735,767)
Total business-type activities net position	<u>\$ 408,899</u>	<u>\$ 432,975</u>	<u>\$ 387,647</u>	<u>\$ 352,837</u>	<u>\$ 312,589</u>	<u>\$ 189,193</u>	<u>\$ 88,068</u>	<u>\$ (2,582)</u>	<u>\$ (119,536)</u>	<u>\$ (183,360)</u>
Primary government										
Net investment in capital assets	\$ 2,162,137	\$ 2,138,481	\$ 1,952,098	\$ 1,866,263	\$ 1,804,893	\$ 1,887,239	\$ 2,143,636	\$ 2,141,048	\$ 2,015,828	\$ 2,050,545
Restricted	57,713	26,653	27,251	26,972	29,053	31,871	42,647	49,922	106,103	110,636
Unrestricted (deficit)	\$ (469,168)	\$ (491,001)	\$ (528,254)	\$ (553,203)	\$ (577,444)	\$ (2,099,405)	\$ (2,594,102)	\$ (2,966,020)	\$ (3,558,251)	\$ (3,856,668)
Total primary government net position	<u>\$ 1,750,682</u>	<u>\$ 1,674,133</u>	<u>\$ 1,451,095</u>	<u>\$ 1,340,032</u>	<u>\$ 1,256,502</u>	<u>\$ (180,295)</u>	<u>\$ (407,819)</u>	<u>\$ (775,050)</u>	<u>\$ (1,436,320)</u>	<u>\$ (1,695,487)</u>

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

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

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

**** The amounts for FY18 unrestricted (deficit) net position have been restated to affect the change in the County reporting its OPEB liability required by GASB No. 75.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 390,428	\$ 449,008	\$ 510,219	\$ 499,598	\$ 507,968	\$ 511,254	\$ 615,205	\$ 864,527	\$ 600,687	\$ 847,073
Public safety	339,301	346,253	340,263	336,402	345,801	346,834	368,337	372,623	373,651	390,366
Public works	198,075	150,606	187,816	153,997	192,092	177,495	178,728	185,743	188,893	176,429
Health and human services	144,614	144,972	152,490	149,078	147,998	158,431	164,430	167,861	173,638	173,462
Culture and leisure services	68,818	69,368	70,803	64,554	65,487	63,742	64,165	64,520	62,790	64,575
Economic and community development	13,743	16,232	13,379	21,126	19,637	13,838	12,449	12,598	9,581	20,543
Education	831,550	803,828	841,494	807,336	852,799	888,832	943,217	956,006	1,046,755	991,165
Interest on long-term debt	22,057	22,844	25,568	26,885	26,081	25,257	26,648	33,651	33,044	33,433
Total governmental activities expenses	2,008,586	2,003,111	2,142,032	2,058,976	2,157,863	2,185,683	2,373,179	2,657,529	2,489,039	2,697,046
Business-type activities:										
Water and sewer services	240,626	223,858	278,104	270,090	272,177	302,014	356,593	361,069	386,405	409,220
Total business-type activities expenses	240,626	223,858	278,104	270,090	272,177	302,014	356,593	361,069	386,405	409,220
Total primary government expenses	<u>\$ 2,249,212</u>	<u>\$ 2,226,969</u>	<u>\$ 2,420,136</u>	<u>\$ 2,329,066</u>	<u>\$ 2,430,040</u>	<u>\$ 2,487,697</u>	<u>\$ 2,729,772</u>	<u>\$ 3,018,598</u>	<u>\$ 2,875,444</u>	<u>\$ 3,106,266</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 145,403	\$ 190,247	\$ 212,958	\$ 201,032	\$ 202,899	\$ 206,918	\$ 253,728	\$ 309,123	\$ 290,376	\$ 299,711
Public safety	2,294	5,077	5,958	6,950	9,205	10,979	11,210	11,802	10,536	9,163
Public works	2,616	3,195	2,942	3,379	3,681	4,702	7,257	13,920	15,771	16,936
Health and human services	3,801	3,652	3,622	4,031	28,872	28,590	20,251	15,231	3,841	4,401
Culture and leisure services	3,247	3,382	3,653	3,769	4,018	4,303	3,971	4,260	3,934	4,510
Economic and community development	713	851	487	876	585	429	983	457	592	1,033
Operating grants and contributions:										
General government	2,894	5,778	2,457	3,016	3,849	3,210	2,781	2,996	3,148	2,396
Public safety	18,115	14,093	12,879	12,930	16,175	19,602	18,316	18,163	19,453	18,408
Public works	2,128	2,865	2,260	3,772	5,614	4,300	5,033	4,826	6,081	8,733
Health and human services	100,877	100,326	114,528	113,800	114,841	126,609	125,413	129,450	132,523	135,533
Culture and leisure services	1,261	1,124	1,145	4,350	4,124	4,251	4,303	4,294	4,419	4,878
Economic and community development	17,938	24,115	16,386	12,148	9,524	8,679	11,899	11,220	10,230	11,014
Interest on long-term debt	1,137	4,064	6,853	5,671	5,422	5,255	5,186	5,079	4,992	4,821
Capital grants and contributions	31,263	37,614	41,519	32,015	25,843	48,492	35,781	36,021	40,068	28,381
Total governmental activities program revenues	333,687	396,383	427,647	407,739	434,652	476,319	506,112	566,842	545,964	549,918
Business-type activities:										
Charges for services:										
Water and sewer services	206,031	224,510	220,188	215,703	214,154	202,674	237,071	246,175	270,963	311,638
Operating grants and contributions:	829	2,462	3,777	3,184	2,942	2,918	2,893	2,850	2,810	2,774
Capital grants and contributions	12,071	14,126	11,282	16,071	14,641	14,196	16,186	21,602	34,503	27,148
Total business-type activities program revenues	218,931	241,098	235,247	234,958	231,737	219,788	256,150	270,627	308,276	341,560
Total primary government program revenues	<u>\$ 552,618</u>	<u>\$ 637,481</u>	<u>\$ 662,894</u>	<u>\$ 642,697</u>	<u>\$ 666,389</u>	<u>\$ 696,107</u>	<u>\$ 762,262</u>	<u>\$ 837,469</u>	<u>\$ 854,240</u>	<u>\$ 891,478</u>

(continued)

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense)/Revenue										
Governmental activities	\$ (1,674,899)	\$ (1,606,728)	\$ (1,714,385)	\$ (1,651,237)	\$ (1,723,211)	\$ (1,709,364)	\$ (1,867,067)	\$ (2,090,687)	\$ (1,943,075)	\$ (2,147,128)
Business-type activities	(21,695)	17,240	(42,857)	(35,132)	(40,440)	(82,226)	(100,443)	(90,442)	(78,129)	(67,660)
Total primary government net expense	<u>\$ (1,696,594)</u>	<u>\$ (1,589,488)</u>	<u>\$ (1,757,242)</u>	<u>\$ (1,686,369)</u>	<u>\$ (1,763,651)</u>	<u>\$ (1,791,590)</u>	<u>\$ (1,967,510)</u>	<u>\$ (2,181,129)</u>	<u>\$ (2,021,204)</u>	<u>\$ (2,214,788)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 813,970	\$ 837,092	\$ 844,069	\$ 847,439	\$ 850,367	\$ 866,698	\$ 891,823	\$ 916,768	\$ 944,733	\$ 979,118
Income taxes	473,792	534,553	565,571	573,376	679,371	736,760	663,510	689,515	718,980	776,555
Public service taxes	116,592	110,405	121,099	143,067	140,032	153,522	174,239	176,124	171,967	174,522
Grants and contributions not restricted to specific programs:										
State of Maryland	9,655	8,823	9,423	9,686	9,063	9,210	8,966	8,926	9,635	9,907
Unrestricted investment earnings	1,098	966	1,077	1,416	1,096	749	1,392	2,068	5,537	11,283
Reversion of fund balance from component units	-	-	-	-	-	-	-	20,463	600	400
Transfers	-	-	-	-	-	10,213	738	242	3,551	-
Total governmental activities	<u>1,415,107</u>	<u>1,491,839</u>	<u>1,541,239</u>	<u>1,574,984</u>	<u>1,679,929</u>	<u>1,777,152</u>	<u>1,740,668</u>	<u>1,814,106</u>	<u>1,855,003</u>	<u>1,951,785</u>
Business-type activities										
Unrestricted investment earnings	177	256	360	322	192	98	56	34	924	3,906
Transfers	-	-	-	-	-	(10,213)	(738)	(242)	(3,551)	-
Total business-type activities	<u>177</u>	<u>256</u>	<u>360</u>	<u>322</u>	<u>192</u>	<u>(10,115)</u>	<u>(682)</u>	<u>(208)</u>	<u>(2,627)</u>	<u>3,906</u>
Total primary government	<u>\$ 1,415,284</u>	<u>\$ 1,492,095</u>	<u>\$ 1,541,599</u>	<u>\$ 1,575,306</u>	<u>\$ 1,680,121</u>	<u>\$ 1,767,037</u>	<u>\$ 1,739,986</u>	<u>\$ 1,813,898</u>	<u>\$ 1,852,376</u>	<u>\$ 1,955,691</u>
Change in Net Position										
Governmental activities	\$ (259,792)	\$ (114,889)	\$ (173,146)	\$ (76,253)	\$ (43,282)	\$ 67,788	\$ (126,399)	\$ (276,581)	\$ (88,072)	\$ (195,343)
Business-type activities	(21,518)	17,496	(42,497)	(34,810)	(40,248)	(92,341)	(101,125)	(90,650)	(80,756)	(63,754)
Total primary government	<u>\$ (281,310)</u>	<u>\$ (97,393)</u>	<u>\$ (215,643)</u>	<u>\$ (111,063)</u>	<u>\$ (83,530)</u>	<u>\$ (24,553)</u>	<u>\$ (227,524)</u>	<u>\$ (367,231)</u>	<u>\$ (168,828)</u>	<u>\$ (259,097)</u>

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

	2010 *	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	\$ 5,906	\$ 6,942	\$ 7,109	\$ 6,772	\$ 5,574	\$ 6,998	\$ 7,489	\$ 9,251	\$ 9,420	\$ 8,724
Restricted	17,763	12,689	99,492	69,140	34,889	17,490	5,194	61,062	93,015	171,664
Assigned	99,589	65,223	65,659	91,286	108,855	151,283	83,161	53,984	56,575	78,286
Unassigned	109,231	165,200	229,972	294,935	284,664	229,819	239,528	205,391	204,444	217,501
Total General Fund	<u>232,489</u>	<u>250,054</u>	<u>402,232</u>	<u>462,133</u>	<u>433,982</u>	<u>405,590</u>	<u>335,372</u>	<u>329,688</u>	<u>363,454</u>	<u>476,175</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	17,835	21,365	22,161	21,770	18,667	31,285	41,444	48,276	39,160	43,260
Assigned	5,926	7,184	4,699	14,365	16,058	20,789	16,089	15,644	12,134	22,975
Unassigned	(209,354)	(157,090)	(112,730)	(48,347)	(23,256)	(29,387)	(164,685)	(134,959)	(135,619)	(80,477)
Total all other governmental funds	<u>\$ (185,593)</u>	<u>\$ (128,541)</u>	<u>\$ (85,870)</u>	<u>\$ (12,212)</u>	<u>\$ 11,469</u>	<u>\$ 22,687</u>	<u>\$ (107,152)</u>	<u>\$ (71,039)</u>	<u>\$ (84,325)</u>	<u>\$ (14,242)</u>
Total governmental funds	<u>\$ 46,896</u>	<u>\$ 121,513</u>	<u>\$ 316,362</u>	<u>\$ 449,921</u>	<u>\$ 445,451</u>	<u>\$ 428,277</u>	<u>\$ 228,220</u>	<u>\$ 258,649</u>	<u>\$ 279,129</u>	<u>\$ 461,933</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 1,414,149	\$ 1,448,849	\$ 1,545,610	\$ 1,605,959	\$ 1,645,650	\$ 1,703,481	\$ 1,761,006	\$ 1,776,875	\$ 1,784,245	\$ 1,875,069
Licenses and permits	3,648	4,480	5,867	5,933	30,585	30,747	22,477	17,749	6,530	7,478
Intergovernmental	170,515	186,868	187,089	182,690	177,093	194,620	193,332	202,695	209,376	201,226
Repayment of loans	2,450	3,990	1,695	2,954	2,978	3,042	1,759	1,270	2,099	1,212
Charges for services	14,104	17,923	18,365	19,775	23,670	26,035	35,050	56,962	59,554	63,726
Assessments	1,091	2,475	2,183	2,017	2,745	2,243	1,645	2,177	2,034	1,761
Fines and forfeitures	3,660	3,876	5,149	4,844	5,066	6,033	7,099	7,056	7,336	5,955
Interest revenue	1,085	852	1,015	1,847	1,428	952	1,714	1,525	4,232	8,852
Miscellaneous	24,049	32,468	27,042	30,316	33,704	43,265	42,564	62,149	46,485	37,434
Total revenues	<u>1,634,751</u>	<u>1,701,781</u>	<u>1,794,015</u>	<u>1,856,335</u>	<u>1,922,919</u>	<u>2,010,418</u>	<u>2,066,646</u>	<u>2,128,458</u>	<u>2,121,891</u>	<u>2,202,713</u>
Expenditures										
General government	73,972	76,667	74,636	112,682	113,669	112,732	111,204	116,215	128,209	126,216
Public safety	341,735	341,131	339,984	334,669	342,776	350,395	359,811	367,595	374,722	389,615
Public works	140,709	127,513	115,497	100,688	116,419	112,565	117,785	117,670	138,218	112,961
Health and human services	142,922	143,731	151,924	147,854	146,612	156,519	163,418	166,968	172,544	172,028
Culture and leisure services	26,999	26,771	27,050	19,777	20,507	20,983	22,128	22,951	20,284	20,571
Economic and community development	15,242	18,244	22,387	21,245	20,921	15,133	19,973	16,405	20,315	25,404
Pension plan contributions	53,156	53,795	58,985	320,818	71,791	95,585	92,550	247,707	114,983	123,512
Healthcare contributions	66,769	56,367	66,676	92,311	99,447	99,924	126,386	102,742	71,568	91,045
Loans	1,163	-	-	-	-	-	-	-	-	-
Miscellaneous	17,551	17,384	16,942	16,067	16,532	17,571	17,963	18,599	19,026	19,593
Capital projects	126,773	108,827	102,145	97,928	95,334	118,430	131,710	139,167	121,788	104,983
Payments to component units	882,459	857,010	895,901	864,835	911,309	947,156	1,001,289	1,020,500	1,114,973	1,060,560
Debt service:										
Principal retirement	46,030	48,149	50,765	54,543	59,631	68,647	77,829	83,421	83,574	94,375
Interest	24,213	28,454	32,133	36,774	49,256	45,664	49,458	49,925	58,318	58,568
Fiscal charges	1,216	2,413	2,051	3,517	1,250	3,150	1,082	2,355	946	1,345
Total expenditures	<u>1,960,909</u>	<u>1,906,456</u>	<u>1,957,076</u>	<u>2,223,708</u>	<u>2,065,454</u>	<u>2,164,454</u>	<u>2,292,586</u>	<u>2,472,220</u>	<u>2,439,468</u>	<u>2,400,776</u>
Deficiency of revenues over expenditures	<u>(326,158)</u>	<u>(204,675)</u>	<u>(163,061)</u>	<u>(367,373)</u>	<u>(142,535)</u>	<u>(154,036)</u>	<u>(225,940)</u>	<u>(343,762)</u>	<u>(317,577)</u>	<u>(198,063)</u>

(continued)

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other financing sources (uses)										
Bonds issued	174,970	267,000	170,000	449,290	140,000	116,000	112,000	243,800	181,130	246,000
Bond premium	725	12,041	26,285	36,013	20,659	44,998	25,010	12,340	19,976	35,393
Bond discount	(2,002)	-	-	-	-	-	-	-	-	-
Bond anticipation notes issued	-	70,050	235,100	193,000	116,000	112,000	-	121,000	246,000	246,000
Bond anticipation notes premium	-	-	3,307	1,967	-	-	-	2,592	6,239	5,601
Refunding bonds issued	-	13,565	-	94,080	39,530	-	-	-	-	-
Bond premium - refunding	-	1,387	-	16,228	-	117,365	-	-	-	-
Certificates of participation issued	-	-	78,430	-	-	-	-	59,810	-	77,960
Refunding certificates of participation issued	-	-	-	11,830	-	-	-	-	-	-
Certificates of participation premium	-	-	14,259	786	-	-	-	11,950	-	12,606
Installment purchase agreement	-	-	320	-	-	-	-	-	-	-
Mortgage	-	-	-	-	-	-	-	-	-	-
Loans	-	-	-	12,946	6,088	-	-	1,091	-	-
Auction rate notes refunding	-	-	-	-	-	-	-	-	-	-
Bond anticipation notes retired	-	(70,050)	(170,000)	(193,000)	(140,000)	(116,000)	(112,000)	(99,800)	(121,000)	(246,000)
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Payment to refunding escrow agent	-	(14,879)	-	(122,342)	(44,190)	(137,501)	-	-	-	-
Reversion of fund balance from component units	-	-	-	-	-	-	-	20,463	600	400
Transfers in	158,907	61,265	10,866	36,366	71,776	87,684	139,543	179,757	54,643	102,376
Transfers out	(158,909)	(61,087)	(10,657)	(36,232)	(71,798)	(87,684)	(138,670)	(178,812)	(49,531)	(99,469)
Total other financing sources	173,691	279,292	357,910	500,932	138,065	136,862	25,883	374,191	338,057	380,867
Net change in fund balances	\$ (152,467)	\$ 74,617	\$ 194,849	\$ 133,559	\$ (4,470)	\$ (17,174)	\$ (200,057)	\$ 30,429	\$ 20,480	\$ 182,804
Debt service as a percentage of noncapital expenditures	3.83%	4.33%	4.42%	4.30%	5.49%	5.58%	5.88%	5.68%	6.14%	6.72%

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
2010	1,489,427	202,988	13.6	84,357	109,231	13.0
2011	1,547,926	225,768	14.6	84,610	80,590	10.7
2012	1,722,890	291,870	16.9	84,822	145,150	13.3
2013	1,701,812	380,942	22.4	85,034	209,901	17.3
2014	1,750,110	387,795	22.2	85,187	199,477	16.3
2015	1,820,656	349,367	19.2	89,341	140,478	12.6
2016	1,887,247	293,192	15.5	93,107	146,421	12.7
2017	1,972,182	227,650	11.5	99,360	106,031	10.4
2018	1,952,908	231,418	11.8	198,995	5,449	10.5
2019	2,042,735	217,501	10.6	207,223	10,278	10.6

The General Fund Unassigned Fund Balance includes the Revenue Stabilization Reserve Account (the Account) which is a designation of General Fund fund balance to provide a financial cushion for unanticipated decreases in revenues; primarily intergovernmental revenues. Section 10-8-101 of the County Code gives the County the authority to establish and maintain 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. 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.

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
2010	1,414,149	3,009	30,904	9,497	3,660	21,270	6,938	1,489,427
2011	1,448,849	3,858	34,186	9,963	3,876	26,214	20,980	1,547,926
2012	1,545,610	4,916	31,517	10,068	5,149	25,089	100,541	1,722,890
2013	1,605,959	4,970	37,717	10,378	4,844	29,419	8,525	1,701,812
2014	1,645,650	4,925	43,473	11,118	5,066	30,966	8,912	1,750,110
2015	1,703,481	5,306	43,739	12,544	6,033	39,173	10,380	1,820,656
2016	1,759,834	5,194	46,609	22,404	7,099	33,686	12,421	1,887,247
2017	1,775,935	5,767	47,764	43,822	7,056	78,736	13,102	1,972,182
2018	1,783,112	5,453	49,190	47,998	7,336	47,433	12,386	1,952,908
2019	1,873,642	6,180	52,519	52,591	5,955	39,143	37,940	2,067,970

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)
2010	1,414,149	814,100	495,656	104,393
2011	1,448,849	837,056	514,715	97,078
2012	1,545,610	845,238	593,204	107,168
2013	1,605,959	853,860	624,060	128,039
2014	1,645,650	853,317	667,924	124,409
2015	1,703,481	870,115	696,335	137,031
2016	1,759,834	892,906	709,377	157,551
2017	1,775,935	919,193	697,694	159,048
2018	1,783,112	947,350	680,282	155,480
2019	1,873,642	980,124	734,948	158,570

(1) Fiscal year 2019 other local taxes include: title transfer tax - \$78.542 million, recordation tax - \$35.848 million, electricity - \$14.285 million, telephone tax - \$7.521 million, admissions and amusement tax - \$6.075 million, motel and hotel occupancy tax - \$9.899 million, 911 fee - \$6.131 million and auto trailer camp tax - \$0.265 million.

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

Fiscal Year	General Government	Public Safety	Public Works	Health and Human Services	Culture and Leisure Services	Economic and Community Development	Debt Service	Non-Departmental (1)	Payments to Component Units	Interfund Transfers	Total
2010	75,026	327,432	136,389	37,993	24,681	2,104	70,784	138,157	770,486	40,550	1,623,602
2011	76,761	330,042	126,883	37,537	23,622	1,889	77,221	127,467	766,829	9,938	1,578,189
2012	73,710	330,137	116,079	37,595	23,812	1,419	78,370	142,789	775,282	7,390	1,586,583
2013	102,135	323,636	89,235	34,311	16,684	1,295	81,835	174,216	795,428	20,590	1,639,365
2014	103,973	324,374	104,495	34,837	17,289	1,170	95,922	187,839	821,274	32,233	1,723,406
2015	109,697	334,171	110,129	36,448	17,940	1,015	109,664	213,177	849,915	57,297	1,839,453
2016	113,437	340,701	113,532	37,936	18,307	1,192	118,692	236,896	862,811	107,568	1,951,072
2017	119,786	352,432	113,328	40,076	19,514	1,285	125,568	225,811	882,629	142,990	2,023,419
2018	127,054	361,101	115,958	41,074	16,765	1,295	129,162	205,504	923,401	38,941	1,960,255
2019	130,212	370,994	108,080	41,880	17,132	1,357	139,403	233,991	956,168	49,195	2,048,412

(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			
2010	67,285,085	18,977,845	86,262,930	1,225,048	1,885,528	3,110,576	89,373,506	89,373,506	1.162
2011	66,400,696	19,833,974	86,234,670	1,241,027	1,703,753	2,944,780	89,179,450	89,179,450	1.155
2012	61,900,847	19,547,635	81,448,482	1,229,659	1,794,683	3,024,342	84,472,824	84,472,824	1.159
2013	58,402,524	19,467,508	77,870,032	1,271,351	1,753,389	3,024,740	80,894,772	80,894,772	1.161
2014	56,661,374	18,887,124	75,548,498	1,245,132	1,741,590	2,986,722	78,535,220	78,535,220	1.162
2015	55,714,387	19,575,325	75,289,712	1,306,763	1,716,549	3,023,312	78,313,024	78,313,024	1.164
2016	56,669,097	19,910,764	76,579,861	1,347,311	1,897,128	3,244,439	79,824,300	79,824,300	1.167
2017	58,287,682	20,479,456	78,767,138	1,424,762	1,909,921	3,334,683	82,101,821	82,101,821	1.167
2018	61,084,509	20,361,503	81,446,012	1,544,456	1,897,163	3,441,619	84,887,631	84,887,631	1.167
2019	56,384,341	27,771,392	84,155,733	1,656,565	1,931,896	3,588,461	87,744,194	87,744,194	1.167

Note:

(1) Tax exempt properties are not included

(2) Expressed in dollars per \$100 of assessed value

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

Fiscal Year	County Direct Rates		
	Real	Personal	Total (a)
2010	1.100	2.7500	1.162
2011	1.100	2.7500	1.155
2012	1.100	2.7500	1.159
2013	1.100	2.7500	1.161
2014	1.100	2.7500	1.162
2015	1.100	2.7500	1.164
2016	1.100	2.7500	1.167
2017	1.100	2.7500	1.167
2018	1.100	2.7500	1.167
2019	1.100	2.7500	1.167

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)**

2019			2010		
Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
BGE	1,267,172,870	1.44%	BGE	1,027,983,982	1.15%
Verizon	272,679,870	0.31%	Verizon	360,703,590	0.40%
Merritt Mgt Corp	576,952,664	0.66%	Merritt Mgt Corp	413,066,023	0.46%
Trade Point Atlantic LLC	482,412,296	0.55%	Wal Mart	218,853,732	0.24%
Comcast	118,298,340	0.13%	Comcast	163,150,322	0.18%
TRP Suburban	197,993,150	0.23%	Towson Town Center	174,905,206	0.20%
Towson Town Center	267,890,810	0.31%	Oak Campus Partners LLC	76,080,950	0.09%
Wal Mart	172,960,510	0.20%	Maryland Health and Higher Education	169,042,460	0.19%
Columbia Gas Transmission LLC	71,517,860	0.08%	ISG	145,458,133	0.16%
White Marsh Mall	153,021,700	0.17%	White Marsh Mall	165,090,785	0.18%
	\$ 3,580,900,070	4.08%		\$ 2,914,335,183	3.26%

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	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Original Levy
2010	806,805	805,384	99.82	992	806,376	99.95
2011	839,080	834,831	99.49	3,501	838,332	99.91
2012	846,418	841,983	99.48	3,536	845,519	99.89
2013	853,307	851,115	99.74	1,365	852,480	99.90
2014	856,946	854,254	99.69	1,824	856,078	99.90
2015	872,676	869,303	99.61	2,452	871,755	99.89
2016	888,230	886,008	99.75	973	886,981	99.86
2017	921,713	918,421	99.64	-	918,421	99.64
2018	953,533	947,231	99.70	-	950,641	99.70
2019	987,128	982,261	99.60	-	982,774	99.60

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

Fiscal Year	Governmental Activities			Business-Type Activities			Percentage of Personal Income (2)	Per Capita (2) (3)
	General Obligation Debt (1)	Certificates of Participation (1)	Loan Payable	General Obligation Debt (1)	Certificates of Participation (1)	Total Primary Government		
2010	951,250	71,008	3,422	782,702	3,561	1,811,943	4.71	2,259.82
2011	1,168,253	62,586	3,321	882,556	2,930	2,119,646	5.34	2,629.95
2012	1,348,019	146,016	-	1,003,942	7,264	2,505,241	5.76	3,093.12
2013	1,759,768	134,490	12,946	1,032,220	6,522	2,945,946	6.83	3,621.07
2014	1,805,692	118,209	18,993	1,085,389	5,361	3,033,644	6.90	3,670.27
2015	1,846,087	104,500	14,496	1,168,797	4,610	3,138,490	6.93	3,784.14
2016	1,762,843	88,566	10,038	1,164,150	3,875	3,029,472	6.48	3,643.68
2017	1,927,873	142,205	5,216	1,399,888	7,743	3,482,925	7.12	4,169.55
2018	2,133,900	123,264	4,375	1,663,290	6,869	3,931,698	7.70	4,684.97
2019	2,286,699	188,919	4,375	1,747,670	16,104	4,243,767	8.07	5,060.53

(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)
2010	805,964	89,373,506	1,733,952	-	1,733,952	1.94	2,151.40
2011	809,941	89,179,450	2,050,809	-	2,050,809	2.30	2,532.05
2012	813,556	84,472,824	2,351,961	232	2,351,729	2.78	2,890.68
2013	817,993	80,894,772	2,791,988	319	2,791,669	3.45	3,412.83
2014	826,784	78,535,220	2,891,081	448	2,890,633	3.68	3,496.24
2015	829,379	78,313,024	3,014,884	586	3,014,298	3.85	3,634.40
2016	831,431	79,824,300	2,926,993	1,203	2,925,790	3.67	3,518.98
2017	832,465	82,101,821	3,327,761	1,647	3,326,114	4.05	3,995.50
2018	835,535	84,887,632	3,797,190	103,996	3,693,194	4.47	4,420.15
2019	835,673	87,744,194	4,034,369	103,461	3,930,908	4.60	4,687.46

Notes:

- (1) U.S. Bureau of the Census, Population Estimates Branch. Last year based on budgetary estimates
- (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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Consolidated Public Improvement (CPI)										
General Obligation Debt										
Assessed value										
Real property	\$ 86,262,930	\$ 86,234,670	\$ 81,448,482	\$ 77,870,032	\$ 75,548,498	\$ 75,289,712	\$ 76,579,861	\$ 78,767,139	\$ 81,446,013	\$ 84,155,733
Personal property	3,110,576	2,944,780	3,024,342	3,024,740	2,986,722	3,023,312	3,244,439	3,334,682	3,441,619	3,588,461
Total assessed value	89,373,506	89,179,450	84,472,824	80,894,772	78,535,220	78,313,024	79,824,300	82,101,821	84,887,632	87,744,194
Debt limit (4% of total assessed value)	3,574,940	3,567,178	3,378,913	3,235,791	3,141,409	3,132,521	3,192,972	3,284,073	3,395,505	3,509,768
Debt applicable to limit:										
Consolidated public improvement bonds	702,565	918,085	1,036,500	1,161,100	1,235,730	1,274,405	1,311,740	1,323,355	1,410,445	1,557,695
Pension liability funding	38,885	31,805	24,735	274,010	267,085	249,082	238,928	376,741	368,682	246,000
CPI commercial paper notes	174,900	174,900	240,000	240,000	216,000	211,900	99,800	121,000	246,000	358,895
Total debt applicable to debt limit	916,350	1,124,790	1,301,235	1,675,110	1,718,815	1,735,387	1,650,468	1,821,096	2,025,127	2,162,590
Legal debt margin	\$ 2,658,590	\$ 2,442,388	\$ 2,077,678	\$ 1,560,681	\$ 1,422,594	\$ 1,397,134	\$ 1,542,504	\$ 1,462,977	\$ 1,370,378	\$ 1,347,178
Metropolitan District General Obligation Debt										
Assessed value (1)										
Real property	\$ 75,606,965	\$ 76,836,626	\$ 72,056,007	\$ 68,888,892	\$ 67,005,625	\$ 64,936,021	\$ 67,958,118	\$ 69,971,527	\$ 72,576,110	\$ 75,003,966
Personal property	2,726,330	2,623,851	2,675,581	2,675,882	2,648,990	2,607,552	2,879,164	2,962,312	3,066,809	3,198,222
Total assessed value	78,333,295	79,460,477	74,731,588	71,564,774	69,654,615	67,543,573	70,837,282	72,933,839	75,642,919	78,202,188
Debt limit (3.2% of total assessed value)	2,506,665	2,542,735	2,391,411	2,290,073	2,228,948	2,161,394	2,266,793	2,333,883	2,420,573	2,502,470
Debt applicable to limit:										
Metropolitan District (MD) bonds	658,837	750,917	822,490	850,645	875,708	928,611	1,003,368	1,107,298	1,334,052	1,615,201
MD commercial paper notes	106,500	106,500	160,000	160,000	183,800	187,500	99,300	225,000	245,000	42,000
Total debt applicable to debt limit	765,337	857,417	982,490	1,010,645	1,059,508	1,116,111	1,102,668	1,332,298	1,579,052	1,657,201
Legal debt margin	\$ 1,741,328	\$ 1,685,318	\$ 1,408,921	\$ 1,279,428	\$ 1,169,440	\$ 1,045,283	\$ 1,164,125	\$ 1,001,585	\$ 841,521	\$ 845,269

Notes:

(1) Assessed value of property in the Metropolitan District.

* The County has \$1.646 million restricted to repaying the principal of outstanding debt as of June 30, 2017.

Baltimore County, Maryland
Demographic and Economic Statistics
Fiscal Years 2009 - 2018

Fiscal Year	Estimated Population (1)	Total Personal Income (expressed in thousands)	Per Capita Personal Income (2)	Median Age (3)	Education Level in Years of Formal Schooling (3)	School Enrollment (4)	Unemployment Rate (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	43,379,449	53,321	39.1	15.4	105,315	7.7
2013	817,993	43,128,806	52,348	39.2	15.4	107,033	7.3
2014	826,784	44,611,807	53,949	39.2	15.4	108,376	6.5
2015	829,379	46,234,945	55,568	39.2	15.3	109,984	5.9
2016	831,431	47,793,124	57,235	39.1	15.3	111,126	5.4
2017	832,465	48,328,776	57,708	39.1	15.3	112,351	4.4
2018	835,535	50,755,156	60,942	39.4	15.4	113,282	4.2

Notes:

- (1) U.S. Bureau of the Census, Population Estimates Branch
- (2) Data extracts prepared by the U.S. Bureau of the Census and Maryland Office of Planning
- (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**

2019			2010		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
Social Security Administration/CMS	15,345	3.68	Social Security Administration/CMS	14,948	3.82
Baltimore County Public Schools	14,235	3.41	Baltimore County Public Schools	14,537	3.71
Baltimore County Government	7,998	1.92	Baltimore County Government	8,494	2.17
T. Rowe Price Associates, Inc.	4,200	1.01	Franklin Square Hospital	3,500	0.89
Greater Baltimore Medical Center	3,900	0.94	Greater Baltimore Medical Center	3,331	0.85
UMBC	3,612	0.87	UMBC	3,258	0.83
Towson University	3,476	0.83	Erickson Retirement Communities	3,070	0.78
Franklin Square Hospital	3,225	0.77	Towson University	2,965	0.76
McCormick & Company, Inc.	2,300	0.55	Sheppard Pratt Health System	2,227	0.57
Sheppard Pratt Health Systems	1,913	0.46	McCormick & Company, Inc.	2,014	0.51
Total	60,204	14.44	Total	58,344	14.89

Source: Baltimore County Department of Economic Development

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL GOVERNMENT										
County Executive	15	14	14	14	14	14	14	14	14	12
Administrative Office	23	23	13	13	13	13	13	13	11	10
Office of Budget and Finance	160	184	132	122	123	124	122	121	121	121
Office of Law	32	30	39	37	33	33	29	29	29	30
Planning & Community Conservation	50	49	49	42	41	44	44	44	44	44
Office of Human Resources	33	32	34	31	33	44	49	49	48	48
Permits, Approvals and Inspections	223	188	202	182	184	186	188	188	188	188
Property Management	-	-	-	315 *	291	288	279	270	245	243
County Council	37	37	37	36	36	36	36	36	36	36
County Auditor	19	19	19	19	18	18	18	18	18	17
Board of Appeals	10	10	9	9	9	9	9	9	9	9
Information Technology	186	186	186	173	173	204	209	216	223	225
Internal Service Funds	59	59	59	55	53	50	50	50	49	49
HEALTH & HUMAN SERVICES										
Department of Health	533	531	526	524	521	541	546	581	599	599
Social Services	213	214	237	190	185	185	197	197	206	209
Social Services - State	12	12	12	12	12	10	10	10	10	10
Department of Aging	332	331	322	285	285	283	283	282	238	238
Environmental Protection and Sustainability	119	119	89	79	97	95	91	83	79	79
Local Management Board	10	7	5	5	5	3	3	3	3	4
Housing Office	60	59	64	49	49	48	59	60	60	60
RECREATION & COMM. SERV.										
Recreation & Parks	336	315	329	191	190	189	174	176	176	176
Economic Development	21	21	16	11	11	11	11	11	14	15
Community Development Block Grants	31	30	27	29	28	27	27	27	27	27
Workforce Development	49	45	48	44	44	46	50	47	46	46
Organization Contributions	2	-	-	-	-	-	-	-	-	-
PUBLIC WORKS	1,181	1,181	1,128	867	867	865	865	871	956	957
SUBTOTAL	3,746	3,696	3,596	3,334	3,315	3,366	3,376	3,405	3,449	3,452

(continued)

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
PUBLIC SAFETY										
Department of Corrections	472	473	470	462	463	463	463	472	470	485
Communications Center	187	187	186	186	186	190	190	193	193	205
Police Department	2,590	2,575	2,534	2,524	2,531	2,519	2,527	2,529	2,543	2,557
Fire Department	1,091	1,090	1,082	1,062	1,062	1,062	1,064	1,076	1,076	1,091
SUBTOTAL	4,340	4,325	4,272	4,234	4,242	4,234	4,244	4,270	4,282	4,338
STATE MANDATED AGENCIES										
Circuit Court	100	100	89	89	89	91	91	93	92	92
Orphan's Court	5	5	5	5	5	5	5	5	5	5
Board Of Elections	14	14	14	12	12	12	12	12	12	12
Board Of Elections - State	26	26	26	26	26	26	26	26	26	26
State's Attorney	124	124	122	120	120	120	120	123	133	133
County Sheriff	104	104	104	99	95	95	90	90	90	90
Liquor License Commission	25	25	24	24	24	24	24	24	24	24
Cooperative Extension	2	2	2	2	2	2	2	2	2	2
Cooperative Extension - State	8	8	8	8	8	8	8	8	8	8
SUBTOTAL	408	408	394	385	381	383	378	383	392	392
EDUCATION, COMMUNITY COLLEGE & LIBRARY										
Community College	1,795	1,974	2,060	2,040	1,976	1,936	1,929	1,779	1,752	1,701
Education	14,537	14,606	14,327	14,342	14,472	14,626	14,753	15,015	15,228	15,531
Library	489	495	492	521	522	478	485	489	489	493
SUBTOTAL	16,821	17,075	16,879	16,903	16,970	17,040	17,167	17,283	17,469	17,725
TOTAL	25,315	25,504	25,141	24,856	24,908	25,023	25,165	25,341	25,592	25,907

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 2009 - 2018

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
CIRCUIT COURT										
Cases and Appeals Filed										
Civil	18,606	19,885	15,924	16,443	17,116	18,008	17,855	18,190	16,489	16,812
Criminal	9,290	10,211	10,648	10,751	10,536	10,159	10,158	11,235	15,140	8,577
Juvenile	3,872	3,852	3,495	3,362	3,452	2,980	2,777	2,773	2,773	2,617
Custody Mediation & Investigations	697	783	827	815	816	859	806	838	838	783
OFFICE OF STATE'S ATTORNEY										
Defendants Disposed										
New and Reopened Crime Cases	58,042	64,097	63,653	63,540	64,520	65,927	63,970	63,500	75,000	22,315
POLICE DEPT. (calendar year)										
Calls for Service	626,783	604,706	579,614	564,898	609,026	571,436	582,894	580,000	600,071	618,072
Patrol Car Posts	118	118	118	118	118	118	118	118	118	118
FIRE DEPT. (calendar year)										
Fire Calls	29,196	30,175	31,197	29,939	30,084	53,211	51,689	54,970	55,761	57,819
Medical Calls	84,450	86,844	87,454	91,083	95,724	103,557	108,643	113,382	119,227	120,465
DEPT. OF PERMITS & DEV. MGT.										
Applications, Permits and Licenses										
Building Permit Applications	20,331	21,174	21,835	22,480	23,286	28,155	33,857	35,000	11,418	32,583
Electrical Licenses	3,832	3,934	4,134	4,201	4,329	4,204	150	4,500	4,869	4,925
Plumbing Licenses	2,712	2,758	2,850	2,949	3,002	108	2,843	25	3,130	3,150
Animal Licenses	21,427	18,672	18,000	18,000	18,000	13,000	14,054	17,062	19,207	18,000
Miscellaneous Permits	7,232	7,003	7,000	8,806	8,900	8,391	8,104	7,753	7,132	6,839
BUREAU OF CORRECTIONS										
Prisoner Days (daily population x 365 days)	510,905	502,014	508,473	530,122	518,300	472,373	457,358	441,102	444,091	438,000
COUNTY SHERIFF										
Summons, Writs Served	41,103	43,855	40,687	42,362	45,000	44,213	42,043	33,000	23,500	33,000
DEPT. OF SOCIAL SERVICES										
Average Caseload										
Temporary Cash Assistance	2,073	2,304	2,919	3,163	3,149	2,962	2,969	2,720	2,720	2,309
Transitional Emergency Assist.	1,052	1,225	1,408	1,333	1,293	1,798	1,645	1,682	1,982	1,257
Housing Choice Voucher Unit	69,235	66,186	71,688	72,288	73,188	73,488	75,918	76,068	76,068	76,068

(continued)

**Baltimore County, Maryland
Operating Indicators by Function
Fiscal Years 2009 - 2018**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
COMMUNITY COLLEGE										
Equivalent Full Time Students	16,380	20,137	20,966	20,894	19,883	19,628	18,234	18,400	16,704	16,517
DEPARTMENT OF AGING										
Senior Centers Registered Membership	14,491	14,991	16,477	17,600	18,000	19,038	19,081	19,870	17,398	21,142
County Ride Trips	67,142	65,720	66,686	68,225	70,229	40,963	44,800	54,068	39,836	38,301
DEPARTMENT OF HEALTH										
Center Based Services Visits	10,522	13,231	13,019	12,894	12,680	11,829	13,453	12,737	12,737	14,242
W.I.C. Nutrition Program Visits	72,530	75,584	79,359	80,089	75,000	78,636	79,570	79,000	76,055	75,997
Home Health Visits	12,953	11,477	10,466	10,290	10,444	10,270	7,484	10,449	10,449	9,123
DEPT. OF EDUCATION										
Student Enrollment	103,643	103,832	104,331	105,315	106,885	108,376	109,984	111,126	111,126	113,282
BOARD OF LIBRARY TRUSTEES										
Books in Library	1,629,143	1,718,261	1,678,782	1,805,836	1,800,000	1,917,385	1,764,617	1,750,000	1,798,810	1,800,238
Circulation of Materials	10,217,972	10,130,476	10,507,820	10,577,067	10,437,437	11,287,133	11,212,886	11,200,000	11,188,247	10,701,227
Requests for Information	1,966,948	1,951,241	2,115,860	1,984,668	1,984,668	1,513,434	1,473,342	1,500,000	1,473,307	1,573,520
DEPT. OF PUBLIC WORKS										
Highways										
Miles of Road Paved	2,656	2,666	2,678	2,680	2,684	2,689	2,692	2,692	2,700	2,712
Miles of Streets Swept	4,047	3,777	3,397	3,800	3,800	3,861	1,598	1,917	1,837	1,837
Solid Waste										
Refuse Collection Units Served	327,959	328,325	328,918	329,688	330,213	331,287	332,463	333,824	331,795	332,673
Tons of Refuse Collected	342,896	347,010	342,557	340,835	341,000	348,730	321,426	322,500	319,807	415,083
Traffic Engineering										
Signs Installed and Repaired	12,200	8,500	13,500	14,464	15,500	10,960	11,913	12,000	5,850	5,909
Signals and Flashers Maintained	399	403	403	404	406	406	406	350	350	379
Number of Street Lights	41,161	41,279	41,448	41,546	41,650	41,788	41,900	42,392	41,179	42,640
Utilities										
Miles of Sanitary Sewer Lines	3,085	3,137	3,142	3,149	3,145	3,160	3,164	3,168	3,170	3,175
Miles of Water Main	2,080	2,105	2,109	2,107	2,108	2,139	2,143	2,146	2,260	1,437
Miles of Storm Drain Lines	866	844	902	899	900	1,393	1,357	1,364	1,442	1,437
RECREATION AND PARKS										
Community Center Participants	423,641	319,400	299,089	275,462	280,000	208,159	200,876	229,703	231,033	206,366
Attendance:										
Beaches	55,715	58,454	57,900	41,392	42,000	46,120	38,752	32,030	40,773	40,799
Lodge	172,913	171,533	176,366	186,696	188,000	167,204	188,355	184,345	169,059	170,809
Fishing Center	27,240	26,647	23,561	27,888	28,000	23,704	22,890	38,103	26,003	26,514

Source: Baltimore County Office of Budget and Finance Budget Documents

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

Function	2010	2011	2012	2013*	2014	2015	2016**	2017***	2018	2019
Public safety										
Police stations	10	10	10	10	10	10	10	10	10	10
Fire stations	25	25	25	25	25	25	25	25	25	25
Public works										
Highways and streets										
Streets (miles)	2,674	2,676	2,679	2,684	2,684	2,691	2,692	2,705	2,705	2,706
Streetlights	42,000	42,000	42,000	42,020	42,100	42,240	42,255	42,392	42,817	42,817
Traffic signals	401	401	401	401	401	401	401	401	401	401
Utilities										
Water mains (miles)	2,105	2,109	2,107	2,109	2,110	2,112	2,112	2,146	2,260	2,266
Fire hydrants	12,660	13,260	13,295	13,347	13,357	13,370	14,288	13,873	14,444	14,444
Sanitary sewers (miles)	3,137	3,142	3,148	3,151	3,153	3,160	3,164	3,170	3,170	3,170
Storm drains (miles)	884	902	899	1,416	1,423	1,423	1,462	1,458	1,462	1,462
Solid waste										
Citizen drop-off centers	3	3	3	3	3	3	3	3	3	3
Culture and leisure										
Parks acreage	16,149	16,435	16,641	16,743	16,797	16,873	13,202	13,648	13,862	14,067
Recreation centers	199	202	205	205	205	206	206	206	205	205
Health and human services										
Senior centers	19	19	20	20	20	20	20	20	20	20
Health centers	7	7	7	7	7	7	7	7	7	7

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

* The large increase in storm drain pipe miles is due to this being the first year using the GIS as a data source.

** The large decrease in park acreage has occurred because prior to FY 2016 park acreage was estimated based on the Maryland State standard calculation of providing 30 acres of parkland per thousand citizens. The number presented above for FY 2016 is the total acres of County owned and leased parks, undeveloped park sites, greenway reservations, and open spaces.

*** The large decrease in fire hydrants reflects the count less private hydrants and those owned by other jurisdictions. Decrease in sanitary sewers reflects no longer including mileage for laterals extending from