



Baltimore County Maryland

**Comprehensive Annual Financial Report
For The
Fiscal Year Ended June 30, 2008**

Baltimore County, Maryland



Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2008

Prepared By The Office Of Budget and Finance

INTRODUCTORY



SECTION

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BALTIMORE COUNTY, MARYLAND
FOR THE YEAR ENDED JUNE 30, 2008
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BALTIMORE COUNTY

M A R Y L A N D

JAMES T. SMITH, JR.
County Executive

KEITH DORSEY, *Director*
Office of Budget and Finance

December 23, 2008

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, 2008 is submitted herewith in accordance with the requirements of Section 516 of the Baltimore County Charter. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data as presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds, and that all disclosures are included that are necessary to enable the reader to gain the maximum understanding of the County's financial affairs.

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

The County's financial statements have been audited by Clifton Gunderson LLP, Independent Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the County's financial statements for the fiscal year ended June 30, 2008 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, 2008, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section.

The County is required to undergo a federally mandated annual audit called "The Single Audit" which is designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit report.

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

THE REPORTING ENTITY AND ITS SERVICES

Baltimore County is situated in the geographic center of the State and located in a metropolitan area with a population of more than 2.5 million. Within its 612 square miles (plus an additional 28 square miles of water) are situated 29 identifiable, unincorporated communities which, as of 2000, ranged in population from approximately 4,300 to 63,000. The County has the third highest population and is the third largest land area of any political subdivision in the State of Maryland.

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

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

ADOPTED BUDGET

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

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management. A budget-to-actual comparison is provided for the General Fund on page 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.

FACTORS AFFECTING FINANCIAL 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, with a population of 797,913 contributes 428,860 workers to the region's labor force. The County has both the largest civilian labor force and greatest number of jobs in the Baltimore Metropolitan Area. The County has moved to second in the State in total number of jobs, with Montgomery County in the Washington, D.C. suburbs ranking higher. The County's economy is highly integrated with those of the other jurisdictions in the region, as evidenced by the significant degree of inter-jurisdictional commuting. Of the County's residents 16 years or older, nearly half of the County's workforce (47.3%) work outside of the County. At the same time, approximately 42% of jobs located in the County are filled by non-residents.

The County's unemployment rate for calendar year 2008 (through May) was 4.0% -- remaining near historic lows and below the Baltimore Metropolitan Area unemployment rate of 4.1%.

From 2003 to 2007 (the last period for which data is available), employment in the County increased by 20,701. The rapid job growth over the past 4 years more than doubled the growth of 1999 to 2002.

With 34.3% of the population 25 or older holding a bachelors degree or higher, the County's workforce continues to be a major asset for economic development attraction for many business sectors. Opportunities include maximizing the impact of successful technology clusters, such as:

- Pharmaceuticals and medical manufacturing, led by BD Diagnostic, one of the largest bioscience employers in the State of Maryland.
- Modeling, simulation and digital entertainment cluster, which uses game technology for entertainment, military training and health applications.
- Information technology and operation centers such as the headquarters of the Social Security Administration and the Centers of Medicare and Medicaid, and the concentration of private sector companies providing support such as Lockheed Martin Technology and VIPS.
- Defense contractors doing business with Aberdeen Proving Ground and Ft. Meade. Opportunities to capture new private contractors will increase as the Base Realignment and Closure process (BRAC) will bring an estimated 36,500 new jobs to the Baltimore region in the next 3-10 years.

The County enjoys a diverse economic base, ranging from concentrations in traditional primary industries to a spectrum of high-technology sectors. The County's 22,191 businesses employ more than 381,652 workers. Major employers include the world headquarters for McCormick & Company, CareFirst BlueCross & BlueShield, T. Rowe Price, Towson University, the Greater Baltimore Medical Center, Severstal Sparrows Point, Franklin Square Hospital, BD Diagnostics, University of Maryland Baltimore County, Lockheed Martin, Solo Cup, Bank of America, Black and Decker world headquarters, UPS, AAI, Procter & Gamble Cosmetics and Fragrance Division headquarters, St. Paul Travelers and Middle River Aircraft Systems. Social Security Administration and The Centers for Medicare & Medicaid headquarters employ nearly 13,000 federal workers in the County.

From July 2007 through March 2008, the County worked directly with more than 100 business prospects resulting in the relocation of new companies and expansion of existing businesses. The following highlights some of the most recent activity:

- T. Rowe Price has announced a major \$185 million expansion of its Owings Mills Financial Center campus. The investment management firm will be building two new buildings with two parking garages to accommodate the addition of 1,400 new workers. The new facilities are scheduled for late 2009 completion.
- GM Powertrain officially began production of the auto industry's most technologically advanced hybrid transmission at its Baltimore transmission plant in White Marsh, the only hybrid transmission designed and built in the United States by a major automaker. GM invested \$118 million to prepare the transmission plant for production of the 2-Mode Hybrid transmission, including new machinery and tooling and a 100,000 square-foot addition.

- OAO Severstal, a Russian steelmaker, purchased the integrated steel mill at Sparrows Point from Arcelor Mittal SA for \$810 million. Severstal will continue to employ 2,530 at the facility, and plans to add new workers as it expands with new investment and upgrades to run the plant at full capacity. The Department of Justice ordered Arcelor Mittal to divest Sparrows Point to comply with antitrust law. Despite its age, Sparrows Point has undergone significant upgrades. Longtime owner Bethlehem Steel Corp. invested hundreds of millions of dollars before its assets were sold, building a new cold mill and relining the blast furnace, the largest and most efficient in North America. The Sparrows Point mill posted significant profits under ISG and Mittal, after years of declining revenue under Bethlehem Steel ownership.
- Corporate Office Properties Trust (COPT), a publicly traded real estate investment trust (REIT) has acquired the commercial/office portfolio of Nottingham Properties. The portfolio purchase price was \$362.5 million for 55 properties in White Marsh, Owings Mills and the BWI corridor, totaling 2.4 million square feet and 187 acres of land.
- AAI Corporation, a defense contractor that designs, engineers and builds unmanned aerial vehicles, has invested over \$1 million to expand its Cockeysville facility and currently is hiring 250 new workers.
- CSC/U.S. Census Bureau has leased 200,000 square feet in the Marshfield Business Park to conduct State operations for the 2010 Census. The Census will hire over 1,000 full and part time employees.
- Alexander's Mobility, a moving and storage company, has moved into a new 150,000 square foot headquarters at Baltimore Crossroads @95 on the new Maryland 43 Extension in eastern Baltimore County. The company will employ 150 at the new facility.
- BGE Home has moved its corporate headquarters to the County. The company moved into its new 55,000 square foot facility at Baltimore Crossroads @ 95 in December 2007, and will employ 200 immediately and up to 400 over the next few years. Capital investment for the home improvement and services company is \$11 million.
- Pevco, a manufacturer of pneumatic delivery systems for health care facilities, has moved its corporate headquarters and manufacturing plant to Baltimore Crossroads @ 95.
- Baltimore Crossroads @ 95 is where various companies have leased space in the 1,000-acre Middle River business park including Surety Recovery Management, Matthai Material Handling, Brinks Home Security, International Nutrition, Trans Union and XIGroupAuto.
- Franklin Square Hospital, a facility of MedStar Health, is developing a five story medical tower at their Rossville campus. The hospital expects to add 300 employees at completion of the \$225 million, 388,000 square foot building.
- CoStar, a provider of information services to the commercial real estate industry, has opened a new business division in the County at 8140 Corporate Drive, White Marsh. The firm has leased 38,000 square feet of office and research space. The new location will employ more than 250 people, with a capital investment of \$1.6 million.
- Global Payment Systems, a provider of credit card processing and global funds transfer services, added 275 new workers at its Owings Mills facility for a total of 800 workers.
- Maryland Metals Processing has added a new product line and is completing work on a new 12,000 square foot warehouse at their North Point Boulevard metal products manufacturing facility.

- SC&H, a business services firm providing accounting, auditing, and management consulting services, has purchased and renovated a 56,323 square-foot building at 910 Ridgebrook Road in Sparks. The new facility has room for up to 300 employees, including 50 new positions. The move represents more than \$9 million in capital investment.
- Environmental Quality Resources, an environmental restoration company, has moved its corporate headquarters from Gaithersburg, Maryland to a seven-acre industrial site in Arbutus in the Southwest Enterprise Zone. The company has built a 21,000 square-foot office/warehouse building and a native plant nursery. The company employs 130.
- McCormick, the Fortune 500 spice and food flavorings company headquartered in the County, has expanded their spice and sauces production and distribution center. The company has invested \$20 million in a 115,000 square foot addition to their Cockeysville distribution center, which retains 100 jobs and adds an additional 100 jobs.
- Cargil, a salt packing plant, is adding a new product line in their 77,000 square foot facility on Philadelphia Road in White Marsh with capital investment at \$2 million.
- Tessco Technologies, a supplier of wireless telephone products, including hand sets and cell towers, is leasing an additional 65,000 square feet on McCormick Drive for warehouse space. Tessco also re-signed leases for their headquarters and office location.
- Restoration Hardware, a specialty hardware chain, has expanded its distribution and warehouse facility to 710,000 square feet at the Marshfield Business Park in Rossville. The company employs 175 workers at the site.
- Ferguson Enterprises, a leading trade distributor of plumbing and heating supplies and building materials, consolidating three businesses in the Halethorpe facility, has brought 170 jobs to the County's Southwest Enterprise Zone. Extensive renovations to the 367,000 square foot building on Hollins Ferry Road accommodate operations for Ferguson (plumbing supply distribution), Ferguson Fire and Fabrication, and Stock Building Supply.
- Bakery Express is a provider of baked goods to 1,100 7-Eleven stores in the Mid Atlantic, as well as serving restaurants and specialty stores through its Ms Desserts division. Bakery Express and Merritt Properties are completing construction of a new manufacturing facility in Halethorpe. As lead tenant for the new 210,000 square foot building, Bakery Express will bring over 300 new jobs to the County's Southwest Enterprise Zone.
- Preston Partners, a real estate development firm, has purchased and is redeveloping over 1.3 million square feet of industrial space in the Southwest Enterprise Zone. In addition to current tenants such as Northrop Grumman and Cowan Transportation, Federal Express has leased 125,000 square feet of space in the redeveloped Hollins End Corporate Park.
- Cowan Trucking has constructed a \$6 million, 30,000 square feet headquarters building in Halethorpe and plans to expand to 325 employees. This new facility is in addition to their leased facility at Hollins End Corporate Park.
- U.S. Geological Survey Water Science Center Mid-Atlantic has opened its newly constructed 23,500 square foot building at bwtech @ UMBC, the University of Maryland Baltimore County's research and technology park.
- iMagic Labs, an automobile dealer customer relations management software firm, has moved from California to Owings Mills. Employment will total 100 by the close of 2008.
- Capital Funding Group, a health care financing firm, has leased 20,000 square feet in a new office tower in Towson. The company employs 30.

MAJOR INITIATIVES

The Department of Economic Development's Commercial Revitalization Program focuses on revitalizing the County's older commercial areas through loans, tax credits, marketing, and architectural and development assistance. The program focuses on improving the appearance of 13 designated districts, supporting existing businesses, attracting new businesses, and promoting selective redevelopment. Since the program's inception in 1995, the County has awarded over \$830,000 in grants to local business organizations for beautification, security and marketing projects. In FY05, the Department initiated the "ReDiscover Your Neighborhood Downtown" marketing strategy to encourage County residents to patronize their traditional neighborhood retail centers.

Countywide Redevelopment With the passage of time, the number of vacant, "Greenfields" sites inside the Urban-Rural Demarcation Line (URDL) available for development continues to dwindle. As a result, for the past several years the County has been focusing increased attention and resources on promoting quality redevelopment of underutilized or outdated industrial and commercial properties, to make optimal use of its land assets.

The 1.9 million square foot former Depot facility in Middle River was sold by the U.S. General Service Administration for \$37.5 million in late 2005, setting a GSA record for an on-line real estate auction. The purchasers, Middle River Station LLC, are finalizing their development team and market research to redevelop this signature building. The Depot, a former World War II aircraft manufacturing plant, is strategically located near the waterfront, adjacent to the new MD43 highway and Martin State Airport. The County is working with GSA to encourage a quality redevelopment incorporating a mix of business, residential, and commercial uses.

Another excellent example of this strategy is the Metro Center @ Owings Mills project. Construction of the first public parking garage (2,800 spaces) is complete at this private, mixed-use, transit-oriented development on 46-acres of State-owned land surrounding the Owings Mills Metro station. This garage replaces the surface parking for Metro commuters, and clears the way for redevelopment of the surface parking area for a main street-focused project, including 1.2 million square feet of office, 300,000 square feet of retail and restaurants, 500 residential units, a hotel, and a new County public library-community college facility. The County is a partner with the State and the developer and has contributed to the cost of the public parking garage.

Since 2002, 16 aging shopping centers with significant vacancies have been extensively renovated and fully leased. Examples include transformation of Hunt Valley Mall to Hunt Valley Town Centre anchored by Wegmans; Martin Plaza in Middle River where a new Target store replaces a vacant Ames discount store; and Brenbrook Shopping Center in Randallstown where a new Home Depot replaces a long vacant K-Mart building.

A new property owner of Dundalk Village has invested \$8 million to renovate this retail/residential center. With the help of loans from the County, deteriorated subsidized apartments have been upgraded to market rate units, and retail space is fully leased. A new County streetscape and improved parks surround the Village, which is part of a district listed in the National Register of Historic Places.

Towson, the County's seat of government, is undergoing significant private redevelopment leveraged by County incentives such as 10 year real estate property tax credits on improvements, grants for public infrastructure improvements, and low interest loans. There are three major residential projects under construction for a total of 1,620 units, with 80% being rental apartments, a segment of the market not significantly harmed by the housing credit crisis. An additional 488 units are in the development review pipeline. Two significant commercial development projects are underway which will add 160,000 square feet of new restaurant and retail space as well as a new theater complex (62,920 square feet with 2,500 stadium style seats) atop a 700 space parking garage. Another major mixed-use redevelopment project is in the planning and design phase and, according to the development team, should bring a 150 room

hotel and additional restaurants and retail into the heart of the downtown. A long vacant 180,000 square foot office building will likely be sold by the end of this calendar year and improved with a new façade and re-tenanting. The total investment of projects in permitting or under construction is about \$700 million. Of additional note is the quality of the development companies investing in Towson; the residential developers are national leaders in apartment construction and management (The Hanover Company of Huston, Texas; Lane Company of Atlanta, Georgia; The Bozzuto Group of Greenbelt, Maryland; and Southern Management Corporation of Vienna, Virginia) as are the retail developers (Heritage Properties, Inc. of Towson, Maryland; The Cordish Company of Baltimore, Maryland, and Western Development Corporation of Washington, DC).

Capital Improvements The County and State are aggressively moving forward to construct and maximize economic development surrounding several road projects to provide access to key development sites. The largest road project is the \$60 million, 3.8 mile road extension of MD 43 from Rt. 40 to Eastern Avenue, which opened to traffic in October 2006. Central to a major effort to boost the economy of eastern Baltimore County, the extension of MD 43 opened 1,000 acres of land-locked, industrially-zoned properties just two miles from I-95 and the White Marsh Growth Area. The development is one of the largest development-ready sites along I-95 near a Mid-Atlantic metro area. The property holds the potential for 5.5 million total square feet of commercial development and 10,000 new jobs at build-out. As of June 2008, over 1,025,000 square feet of commercial space has been built, with three corporate headquarters and 14 companies located in two new business parks.

The County has rebuilt and assumed control and maintenance of the once privately-owned Grays Road in Sparrows Point. The 1.7 mile road now has 22 businesses with 300 employees, generating 4,000 weekly truck and vehicle trips. The transfer to County control and the subsequent reconstruction to County standards has improved access and stimulated business activity in the area.

The County extended Kelso Drive in eastern Baltimore County in 1996, enabling development of the Marshfield Business Park. To date, the 1.3 million square foot park has generated 500 jobs from companies such as U.S. Can, Restoration Hardware, and DAP. The County is now facilitating negotiations between property owners and developers to undertake a second extension of the road at a cost of \$1.9 million, opening more than 100 acres of land product for industrial development.

Enterprise Zone The State of Maryland offers Enterprise Zone designation and its associated tax credits to local jurisdictions to promote economic development in certain qualifying areas. The County has two Enterprise Zones, the North Point Zone, located along the industrial North Point corridor in southeast Baltimore County, and the Southwest Zone, located in the Washington Boulevard/Hollins Ferry Road corridor. Together, these two areas contain over 5,000 acres of industrially-zoned land, and well over 300 businesses. Since the approval of the first zone in December 1995, 119 businesses in the two zones have created 2,187 new jobs and committed to investing over \$136 million in real property improvements and \$210 million in machinery and equipment. Additionally, in 1999 the former Bethlehem Steel, built a \$300 million cold mill at its Sparrows Point plant in the North Point Zone.

Economic Development Financing Assistance In the first three quarters of FY2008, the County provided financial assistance to 30 companies for various projects with significant economic benefit for the County. In each of these projects, the County has leveraged its investment with additional financial assistance provided by public or private resources. Together, these 30 projects are expected to result in over \$11.5 million in new investment, creating more than 156 new jobs and retaining 2,895 existing jobs.

Revenue Stabilization Account and General Fund Surplus:

The County's Revenue Stabilization Account was established to protect the County from unforeseen emergencies and future economic downturns which result in major revenue shortfalls. At the close of any fiscal year, the Director of Budget and Finance must transfer to the Revenue Stabilization Reserve Account any unreserved General Fund surplus equal to 5 percent of the budgeted General Fund revenue. Funds in the account may not be utilized for any other purpose without the specific recommendation of the County Executive and a majority plus one approval of the County Council.

The County's target is to produce unreserved General Fund fund balance equal to 5% of General Fund revenues each year. Any unreserved fund balance in excess of the 5% of revenues target level will be retained to provide only short term tax stabilization. Any excess well above the target level will be eliminated through tax rate reductions or dedicated to one time items such as pay-as-you-go contributions in order to reduce the level of programmed borrowing for capital expenditures.

Investment of Operating and Capital Funds:

County funds held for operating and capital purposes are managed by the Office of Budget and Finance with strict guidelines as to investment vehicles. Investments are governed by State of Maryland law, the requirements of which include limiting permissible investments and the adoption of an investment policy. The County is in full compliance with such laws. The County does not invest in leveraged products or reverse repurchase agreements. The County invests primarily in obligations of the United States Government, its agencies or instrumentalities, repurchase agreements, bankers acceptances and money market funds. The repurchase agreements are collateralized by United States Government treasuries, agencies and instrumentalities, held by an independent third-party custodian and marked to market daily. Unless matched to a specific cash flow, the County will not directly invest in securities maturing more than one year from the date of purchase.

During this fiscal year, the average size of the County's short-term investment portfolio was \$405 million. Investment income earnings totaled \$14.94 million for an effective return of 3.69%.

Risk Management:

Risk management is administered by the Office of Budget and Finance. In addition, the County has retained actuaries to conduct analyses of the Self-Insurance Program Fund covering its exposure for health care, general and automotive liability, and workers' compensation claims. Each year the County appropriates and pays to the Fund an amount which is projected to fully fund, on a present value basis, all liabilities expected to occur during the upcoming fiscal year.

Pension Systems and Post employment Benefits:

The Employees' Retirement System of Baltimore County (the "System") is funded on a sound actuarial basis. The System's actuarially funded status is measured by comparing the actuarial value of assets based on a four-year moving average market value with the accrued liability. On this basis, the System's funded ratio is 88% as of June 30, 2008. The Office of Budget and Finance prepares a separate comprehensive annual financial report for the System. The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the System for fiscal years 1994 through 2007. The report is to be submitted to the GFOA again for fiscal year 2008.

The County has additionally funded the liability of a pension plan that provides benefits to County firefighters and police officers (and their spouses) hired prior to October 1, 1959. The County also provides benefits through appropriation in the General Fund to spouses of volunteer firefighters killed in the line of duty.

The County has a Deferred Compensation Plan for its employees managed by a plan administrator. The County, in accordance with the Small Business and Protection Act of 1996, has transferred its Deferred Compensation Plan assets to a trustee to be held in a separate custodial account for the benefit of plan participants. The County, therefore, no longer owns the Plan assets and the assets are not subject to the claims of the County's creditors.

The County also provides postemployment health care and life insurance to eligible retirees. Beginning in fiscal year 2008, new government accounting standards require the County to quantify and recognize the cost of non-pension postemployment benefits attributable to current and former employees. See the Management's Discussion and Analysis narrative of this report for a further discussion on how the County has addressed this reporting requirement.

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, 2007. 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 29 consecutive years (fiscal years ended June 30, 1979 – 2007). We believe that our current report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

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

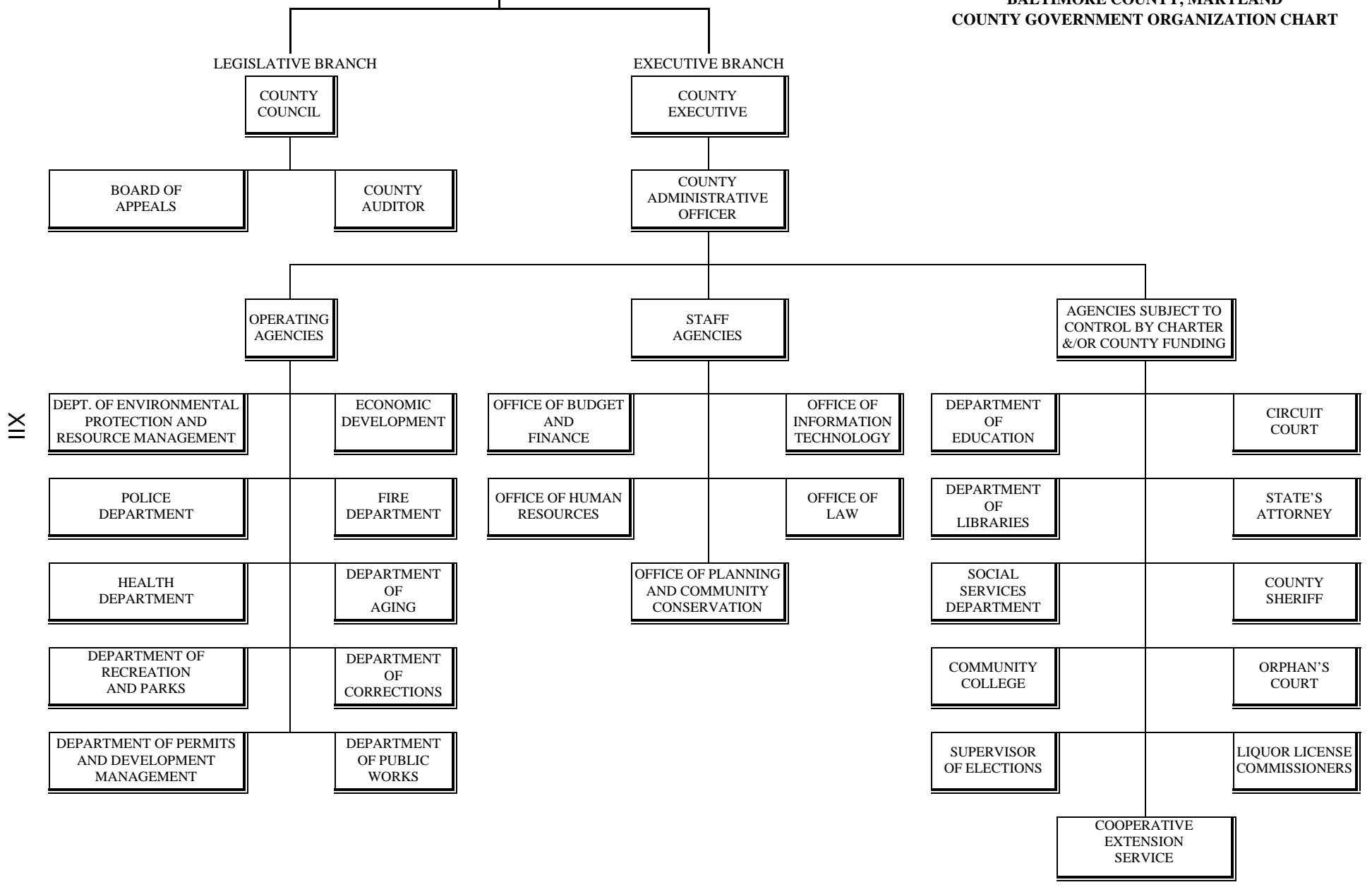
Respectfully submitted,

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

Keith Dorsey, Director
Office of Budget and Finance

VOTERS

BALTIMORE COUNTY, MARYLAND COUNTY GOVERNMENT ORGANIZATION CHART



IIX

LIST OF PRINCIPAL OFFICIALS
June 30, 2008

Elective

County Executive
County Council

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

Administrative

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

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

Jonas W. Jacobson
Robert R. Stradling

Timothy M. Kotroco
Theresa Stokes Hill
Arnold F. Keller, III
Robert J. Barrett
Joe A. Hairston
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James H. Fish
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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Baltimore County
Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



Oliver S. Cox

President

Jeffrey R. Emmer

Executive Director

FINANCIAL



SECTION

Independent Auditor's Report

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

We have audited the accompanying financial statements of 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, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Baltimore County, Maryland as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the general fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2008 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Schedules of Funding Progress and Employer Contributions as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information, such as the introductory section, the combining and individual fund statements and schedules – supplementary information and statistical tables 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Henderson LLP

Baltimore, Maryland
December 23, 2008

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) for the fiscal year ended June 30, 2008. 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 liabilities are \$4.086 billion and \$1.994 billion respectively resulting in net assets of \$2.092 billion.
- The County's total net assets increased by \$45.927 million as a result of current year operations.

Fund Level:

- The County's governmental funds have combined fund balances of \$241.564 million.
- The General Fund's fund balance is \$270.189 million of which \$118.53 million is unreserved undesignated fund balance.

Long-term Debt:

- The County's total debt increased by \$272.654 million during the current year. The key factors in this increase was the issuance of \$340 million in general obligation bonds and notes and a \$17.189 million draw on the Maryland Water Quality Revolving Loan Fund offset by debt service payments of \$90.418 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 Assets* 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 Assets* on page 16 presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in net assets 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 assets changed during fiscal year 2008. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

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

This report includes two summary reconciliations (pages 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 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 progress in funding its obligation to provide post employment healthcare benefits to its employees. These schedules can be found on page 60. Other supplementary information includes combining and individual fund financial statements and schedules for the General Fund, non-major governmental funds, internal service funds, and fiduciary funds. These statements and schedules can be found starting on page 62.

Financial Analysis of the County as a Whole

The County's combined net assets increased \$45.927 million for FY 2008. The net assets of the governmental activities increased \$54.551 million and business-type activities decreased \$8.624 million. The schedule below presents the net assets of the County's governmental and business-type activities as of June 30, 2008.

The largest component of the County's net assets reflects its investment in capital assets (e.g., land, buildings, equipment, and infrastructure), less any related outstanding debt used to acquire the assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not liquid or available for future spending or liquidation of any liabilities. It is important to note that counties in the State of Maryland issue debt for the construction of schools, yet the school buildings are owned by each county's Board of Education. Ownership reverts to the County if the local board determines a building is no longer needed. The County also funds projects for the Community College of Baltimore County. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. The governmental activities unrestricted net assets of \$20.351 million reflect the result of recording the liabilities without the corresponding assets. The County has a similar situation where it issues debt to finance capital contributions for Baltimore City owned assets, which is a major factor for the negative unrestricted net assets of \$63.032 million in the business-type activities. These situations are described in more detail in Note 8.

Net Assets as of June 30 (in thousands)

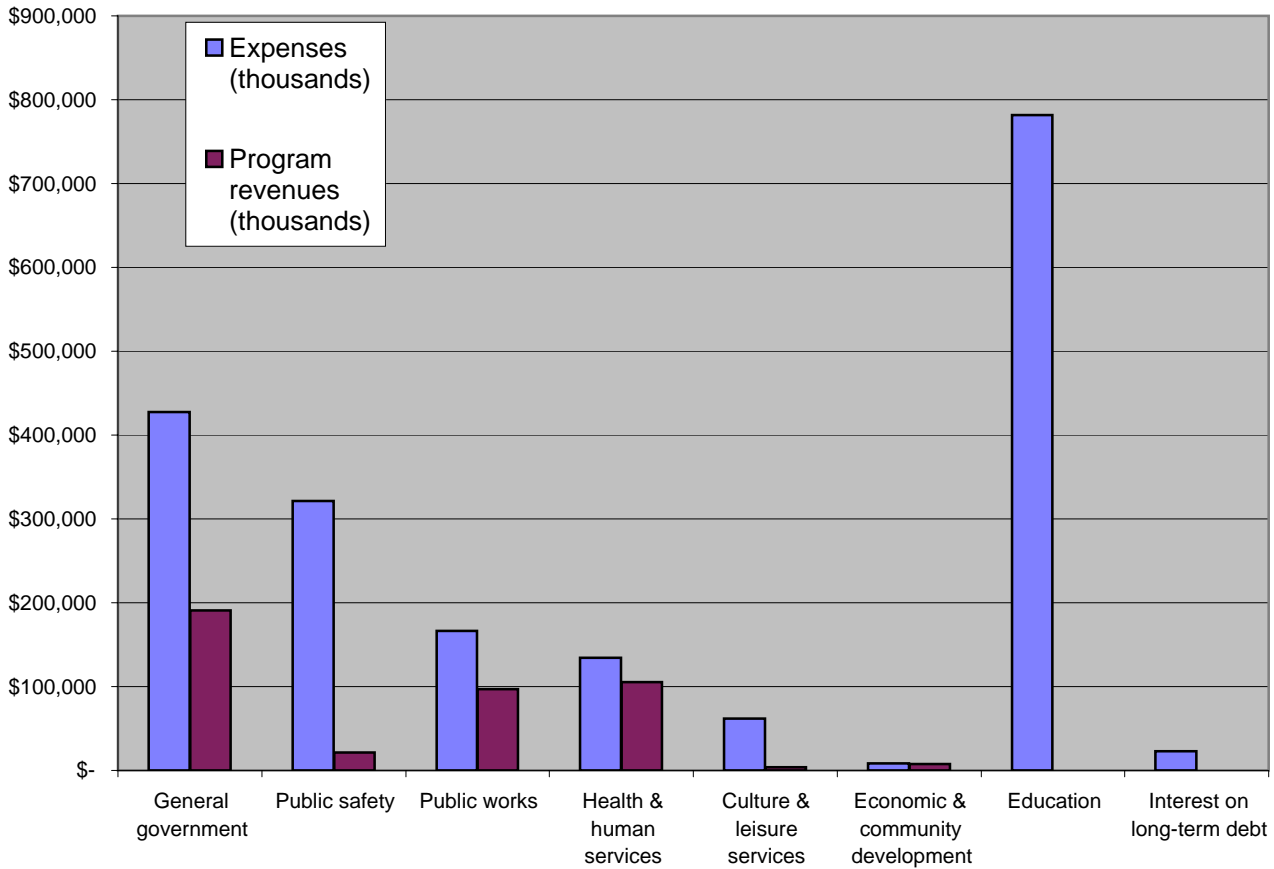
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Assets:						
Current and other non-current assets	\$ 824,540	\$ 756,914	\$ 256,381	\$ 153,595	\$ 1,080,921	\$ 910,509
Capital assets	2,068,254	1,985,814	936,911	870,219	3,005,165	2,856,033
Total assets	<u>2,892,794</u>	<u>2,742,728</u>	<u>1,193,292</u>	<u>1,023,814</u>	<u>4,086,086</u>	<u>3,766,542</u>
Liabilities:						
Current liabilities	445,596	445,518	120,328	135,662	565,924	581,180
Long-term liabilities	781,503	686,066	646,433	452,997	1,427,936	1,139,063
Total Liabilities	<u>1,227,099</u>	<u>1,131,584</u>	<u>766,761</u>	<u>588,659</u>	<u>1,993,860</u>	<u>1,720,243</u>
Net assets:						
Invested in capital assets, net of related debt	1,523,265	1,492,767	489,563	543,107	2,012,828	2,035,874
Restricted	122,079	15,324	-	-	122,079	15,324
Unrestricted (deficit)	20,351	103,053	(63,032)	(107,952)	(42,681)	(4,899)
Total net assets	<u>\$ 1,665,695</u>	<u>\$ 1,611,144</u>	<u>\$ 426,531</u>	<u>\$ 435,155</u>	<u>\$ 2,092,226</u>	<u>\$ 2,046,299</u>

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

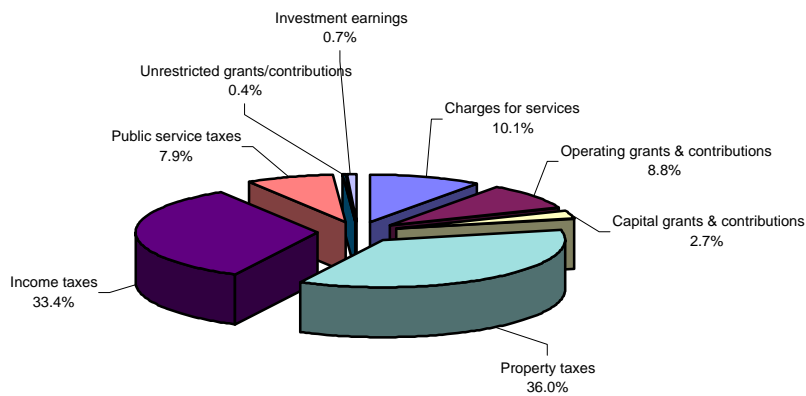
	Changes in Net Assets (in thousands)					
	Governmental		Business-type		Total Primary	
	Activities		Activities		Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues						
Program revenues						
Charges for services	\$ 199,893	\$ 214,014	\$ 189,246	\$ 168,715	\$ 389,139	\$ 382,729
Operating grants	173,666	173,089	-	-	173,666	173,089
Capital grants	53,287	42,348	30,850	32,693	84,137	75,041
General revenues						
Property taxes	712,863	662,307	-	-	712,863	662,307
Income taxes	661,125	589,994	-	-	661,125	589,994
Public service taxes	155,699	180,736	-	-	155,699	180,736
Unrestricted grants and contributions	8,847	9,165	-	-	8,847	9,165
Investment earnings	13,953	43,777	1,219	198	15,172	43,975
Total revenues	<u>\$ 1,979,333</u>	<u>1,915,430</u>	<u>221,315</u>	<u>201,606</u>	<u>2,200,648</u>	<u>2,117,036</u>
Expenses						
General government	427,611	364,796	-	-	427,611	364,796
Public safety	321,024	284,729	-	-	321,024	284,729
Public works	166,234	187,130	-	-	166,234	187,130
Health and human services	134,693	124,274	-	-	134,693	124,274
Culture and leisure services	62,080	56,889	-	-	62,080	56,889
Economic and community development	8,762	7,713	-	-	8,762	7,713
Education	781,588	786,468	-	-	781,588	786,468
Interest on long-term debt	22,900	21,940	-	-	22,900	21,940
Water and sewer services			229,829	222,606	229,829	222,606
Total expenses	<u>1,924,892</u>	<u>1,833,939</u>	<u>229,829</u>	<u>222,606</u>	<u>2,154,721</u>	<u>2,056,545</u>
Increase (decrease) in net assets before transfers	54,441	81,491	(8,514)	(21,000)	45,927	60,491
Transfers	110	61	(110)	(61)	-	-
Increase (decrease) in net assets	54,551	81,552	(8,624)	(21,061)	45,927	60,491
Net assets - beginning	1,611,144	1,529,592	435,155	456,216	2,046,299	1,985,808
Net assets - ending	<u>\$ 1,665,695</u>	<u>\$ 1,611,144</u>	<u>\$ 426,531</u>	<u>\$ 435,155</u>	<u>\$ 2,092,226</u>	<u>\$ 2,046,299</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.

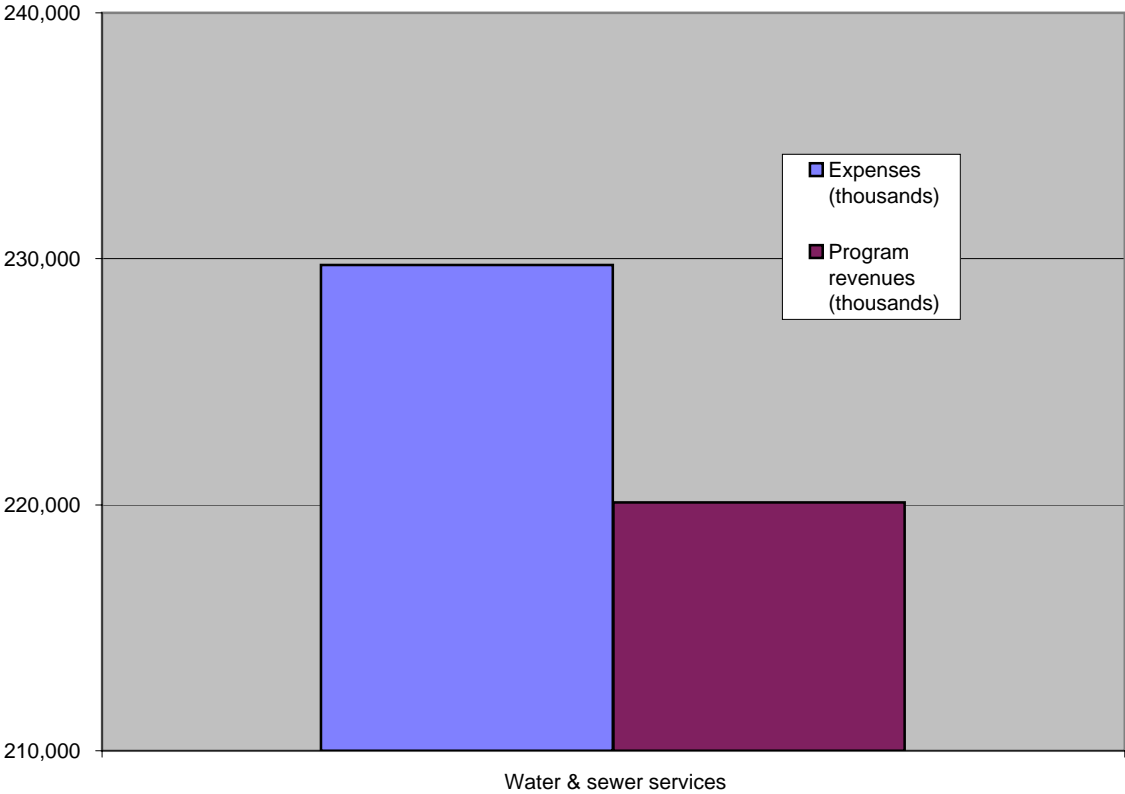
Expenses & Program Revenues-Governmental Activities



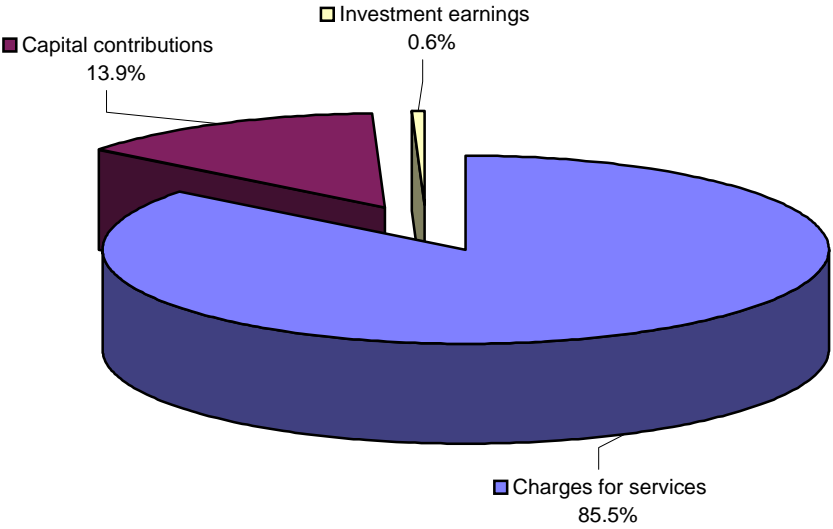
Revenues by Source-Governmental Activities



Expenses and Program Revenues-Business-type Activities



Revenues by Source-Business-type Activities



Governmental Activities

Governmental activities increased the County's net assets by \$54.551 million. Key elements affecting the increase in net assets included:

- Total tax revenue from all governmental sources increased 6.7% in FY08 compared to an 2.5% increase in the prior year:
 - Property taxes provided 36% of total revenue with an increase of \$50.556 million. A steady growth in property taxes will continue from reassessment of real property. While homeowners were realizing double-digit annual increases, they will be taxed on a maximum 4% annual increase according to the County's assessment growth cap.
 - Local income taxes increased \$71.131 million or 12.1% this year.
 - Public service taxes decreased 13.9% due primarily to recordation and transfer taxes decreases from the dramatic drop in real estate purchases and loan refinancing activity.
- Capital asset infrastructure donations from developers increased \$6.8 million to \$27.6 million.

Business-type Activities

Business-type activities decreased the County's net assets by \$8.624 million. The key elements of the Metropolitan District operations that affect net assets are as follows:

- The County's construction and capital maintenance activities on its sanitary sewer collection system remained at a high level due to the County's consent decree with the U.S. Environmental Protection Agency.
- 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 \$4.969 million due to developers assuming the responsibility for construction of these lines.

Financial Analysis of the County's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The governmental funds provide data on near-term inflows, outflows and balances of spendable resources. This data is useful in assessing the County's financing requirements. The unreserved 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 \$241.564 million as of June 30, 2008, a decrease of \$100.769 million. This includes unreserved fund balance of \$213.619 million, which is available for spending at the County's discretion. The remaining fund balance of \$27.945 million is reserved to indicate that it is not available for new spending because it has already been committed.

The General Fund is the County's chief operating fund. At the end of FY08, unreserved fund balance of the General Fund was \$257.93 million, while total fund balance was \$270.189 million. Unreserved fund balance represents 15.59% of total fund expenditures, while total fund balance represents 16.33% of total expenditures. These ratios are typically useful as a measure of the General Fund's liquidity. Of its unreserved fund balance, the County has designated \$82.943 million to its Revenue Stabilization Reserve account, \$8.986 for retirement of long-term debt and \$47.471 million to finance, in part, the FY09 operating budget.

The General Fund fund balance decreased by \$17.353 million during the current fiscal year. Factors affecting fund balance are addressed in the discussion of the General Fund budget below.

The Gifts and Grants Fund fund balance of \$9.841 million reflects the accumulation of earned revenue in excess of grant expenditures for the various grant activities administered by the County and is restricted for those activities.

The Other Post Employment Benefits Fund's FY07 fund balance of \$156.275 million was contributed to the County's OPEB trust fund in FY08.

The Consolidated Public Improvement Construction Fund fund balance increased \$73.27 million. Bond sale proceeds of \$140 million and \$146.875 million in current expense contributions from the General Fund were the primary reasons for increased cash flow. Capital expenditures of \$238.555 million included \$124.064 million for various County projects and \$114.491 for component unit facilities.

Proprietary Funds

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

The Metropolitan District Fund net assets decreased \$9.38 million. The main factors concerning this decrease have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The final budget for the General Fund was increased \$4.551 million over the original budget. FY08 included eight significant General Fund budget supplements. A \$2 million supplement for payment to the Vehicle Operations and Maintenance Fund was made to cover rising fuel costs. Five supplements totaling \$1.624 million were made for salary related shortfalls and contractual and equipment costs in excess of original budget projections. Required local matching funds of \$.437 million were appropriated to obtain a \$1.75 million federal Homeland Security grant. A supplement of \$.49 million was for the Board of Supervisors of Election's voting machines and its voter registration system.

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

- Real property taxes exceeded budget estimates by \$7.177 million. Also, losses from the Homestead Credit and the Allowance for Uncollectible Taxes were not as great as anticipated, providing added tax revenues of \$5.034 million.
- In developing the FY08 revenue budget, it was assumed that the real estate market would slow significantly. Title transfer and recordation taxes were still \$12.016 less than budget, which is representative of the current trend in the slowed housing market.
- Income taxes exceeded budget estimates by \$43.984 million due primarily to added amounts received from a change in the State's distribution of local income taxes.
- Investment income was \$2.42 million under budget. The effective rate of return for FY08 was 3.69%; down from 5.23% in FY07.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities totaled \$3.005 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	
	2008	2007	2008	2007	2008	2007
	Land	\$ 216,584	\$ 190,635	\$ 1,304	\$ 1,303	\$ 217,888
Buildings and Improvements	321,996	308,957	79,510	75,262	401,506	384,219
Vehicles and equipment	91,660	86,424	5,415	5,967	97,075	92,391
Infrastructure	1,186,154	1,162,969	660,386	628,461	1,846,540	1,791,430
Construction in Progress	251,860	236,829	190,296	159,226	442,156	396,055
Total	\$ 2,068,254	\$ 1,985,814	\$ 936,911	\$ 870,219	\$ 3,005,165	\$ 2,856,033

The County added \$20.4 million for new or improved roads, \$16.2 million for storm drains, and \$49.6 million for water and sewer lines as a major part of its infrastructure assets for FY08.

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

- The County spent \$15.8 million on various revitalization projects throughout the region, such as an additional \$4.6 million for the Yorkway Apartment acquisitions and \$4.9 million and \$2.2 million respectively for the Randallstown and Dundalk Community Centers.
- New construction was started on the Arbutus library with projected costs of \$5.7 million.
- The County continues to enhance its computer technology by spending \$7.4 million primarily for upgrades to its Accounting, Purchasing and Performance Budgeting systems.
- The Sportsplex indoor recreational facility at the Reisterstown Regional Park was completed costing \$2.9 million.
- Acquisitions of a five-acre addition to Double Rock Park and an 85-acre park site on the Back River Peninsula were made totaling \$1.7 million.
- A canoe launch, nature center addition, and facilities upgrades were completed at the Marshy Point Park and Nature Center costing \$2.2 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 total general obligation debt outstanding of \$1.572 billion. This includes Consolidated Public Improvement bonds and notes of \$791.29 million, Pension Funding bonds of \$59.11 million and Metropolitan District bonds and notes of \$722.041 million. 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	
	2008	2007	2008	2007	2008	2007
	General obligation bonds	\$ 675,400	\$ 580,325	\$ 615,441	\$ 426,735	\$ 1,290,841
General obligation BANs	175,000	177,500	106,600	108,300	281,600	285,800
Total	\$ 850,400	\$ 757,825	\$ 722,041	\$ 535,035	\$ 1,572,441	\$ 1,292,860

The County's total general obligation debt increased in 2008 by \$279.581 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.

In FY07, 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 \$2.896 billion and \$2.04 billion. Additional information on the County's long-term debt can be found in Note 8.

Economic Factors and Next Years Budgets and Rates

- Estimated personal income growth in the County is 4.56%.
- Revenue from higher property reassessments is mitigated by the County's 4% Homestead Assessment Growth Cap on residential property. The tax credit for homeowners will increase from \$115 million in FY08 to \$171.5 million in FY09.
- The 2007 unemployment rate for the County was 3.9%; down from 4% in 2006 and remains below the Baltimore Metropolitan region unemployment rate of 4%.

These and other economic indicators were considered when preparing the FY09 General Fund budget, which estimates revenues at \$1.672 billion. General Fund appropriations for FY09 of \$1.72 billion reflect a 3.5% increase over the FY08 adjusted budget. The most significant change in the FY09 budget with multi-year impact is the second year of required payments for Other Post-Employment Benefits (OPEB). The budget includes \$111.8 million of Annual Required Contribution (ARC) funding for OPEB. Much of the on-going increase to the budget stems from full year funding of employee wage increases granted in FY08, utility cost increases, and funding to offset a loss of state aid at the public schools. The difference between estimated revenue and appropriations of \$48 million is covered by fund balance reserves. The projected unreserved fund balance at the end of FY09 is \$185 million or 10.7% of the estimated FY09 total revenues.

There are no new taxes levied to fund the FY09 budget. The income tax rate of 2.83% is unchanged. The respective real property and personnel property tax rates remain at \$1.10 and 2.75 per \$100 of assessed value. The Homestead Assessment Growth Cap remains at 4%, excluding home sales, new construction, and non-principal residences. A County-funded supplemental Homeowners' Property Tax Credit is allowed each year to qualified homeowners, which increases the property tax credit up to a maximum of \$160 above the amount that is allowed under the State Homeowners' Property Tax Credit program.

Other Significant Matters

In June 2004, the Governmental Accounting Standards Board (GASB) issued its formal Statement No. 45 – *Accounting and Financial Reporting By Employers for Postemployment Benefits Other Than Pensions*. This Statement established requirements that standardize the methods used to account for non-pension postemployment benefits, commonly referred to as "other postemployment benefits" or "OPEB". In order to implement these changes, governments must quantify and recognize the cost of OPEB attributable to former and current employees. The County has implemented this standard for its fiscal year beginning July 1, 2007.

The County established an OPEB trust fund to provide for payment of healthcare and life insurance benefits for retirees of Baltimore County Government (County), Baltimore County Board of Education (BOE) and the Community College of Baltimore County (CCBC). The County had an updated actuarial analysis done for its fiscal year 2008. The valuation quantified the respective Unfunded Actuarial Accrued Liability and the ARC as of July 1, 2007 for all employers at \$1.766 billion and \$148.893 million. The results are based on a 7.875% present value discount factor, which assumes a management policy of funding the ARC resulting in long-term investment returns.

At the end of each fiscal year, each employer must report an OPEB contribution deficiency or excess contribution if their actual contributions do not equal their ARC. At June 30, 2008, BOE and CCBC contributed 100% of their ARC's while the County had an excess contribution of \$105.351 million. The County has reported this amount as a Net OPEB Asset in its Governmental Activities of the Government-wide Statement of Net Assets. The County currently has a five-year plan to ramp up its annual OPEB budget appropriations where the employer contributions will eventually equal the ARC while, in effect, drawing down this Net OPEB Asset to zero during that time period.

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 Assets
June 30, 2008
(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments (Note 3)	\$ 390,797	\$ 84,650	\$ 475,447	\$ 40,503
Receivables, net (Note 5)	311,631	168,970	480,601	34,375
Due from primary government (Note 6)	-	-	-	53,555
Inventories	6,187	522	6,709	3,180
Prepaid costs	5,677	-	5,677	1,172
Deferred charges	2,122	1,375	3,497	110
Net OPEB asset (Note 16)	105,351	-	105,351	-
Restricted assets:				
Cash and investments (Note 3)	2,775	864	3,639	770
Capital assets (Note 7)				
Non-depreciable	468,444	191,600	660,044	292,266
Depreciable (net of accumulated depreciation)	1,599,810	745,311	2,345,121	864,579
Total assets	<u>2,892,794</u>	<u>1,193,292</u>	<u>4,086,086</u>	<u>1,290,510</u>
LIABILITIES				
Accounts payable	46,231	15,704	61,935	42,236
Accrued payroll	10,529	970	11,499	15,975
Accrued interest payable	12,918	9,456	22,374	-
Internal balances	3,044	(3,044)	-	-
Due to component units (Note 6)	54,832	-	54,832	-
Other liabilities	22,181	3,419	25,600	2,549
Unearned revenue (Note 5)	9,861	-	9,861	9,313
Liabilities payable from restricted assets	-	-	-	770
Noncurrent liabilities (Note 8)				
Due within one year	286,000	93,823	379,823	18,449
Due in more than one year	781,503	646,433	1,427,936	19,171
Total liabilities	<u>1,227,099</u>	<u>766,761</u>	<u>1,993,860</u>	<u>108,463</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,523,265	489,563	2,012,828	1,142,249
Restricted for:				
OPEB trust	105,351	-	105,351	-
Public works	5,803	-	5,803	-
Economic development	1,084	-	1,084	-
Education	-	-	-	4,899
Grant projects	9,841	-	9,841	-
Expendable endowments	-	-	-	2,372
Unrestricted (deficit)	20,351	(63,032)	(42,681)	32,527
Total net assets	<u>\$ 1,665,695</u>	<u>\$ 426,531</u>	<u>\$ 2,092,226</u>	<u>\$ 1,182,047</u>

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

Baltimore County, Maryland
Statement of Activities
For the Year Ended June 30, 2008
(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT								
Governmental activities:								
General government	\$ 427,611	\$ 188,526	\$ 2,587	\$ -	\$ (236,498)	\$ -	\$ (236,498)	\$ -
Public safety	321,024	2,022	19,627	-	(299,375)	-	(299,375)	-
Public works	166,234	1,837	41,584	53,287	(69,526)	-	(69,526)	-
Health and human services	134,693	3,916	101,797	-	(28,980)	-	(28,980)	-
Culture and leisure services	62,080	2,653	1,502	-	(57,925)	-	(57,925)	-
Economic and community development	8,762	939	6,569	-	(1,254)	-	(1,254)	-
Education	781,588	-	-	-	(781,588)	-	(781,588)	-
Interest on long-term debt	22,900	-	-	-	(22,900)	-	(22,900)	-
Total governmental activities	<u>1,924,892</u>	<u>199,893</u>	<u>173,666</u>	<u>53,287</u>	<u>(1,498,046)</u>	<u>-</u>	<u>(1,498,046)</u>	<u>-</u>
Business-type activities:								
Water and sewer services	229,829	189,246	-	30,850	-	(9,733)	(9,733)	-
Total business-type activities	<u>229,829</u>	<u>189,246</u>	<u>-</u>	<u>30,850</u>	<u>-</u>	<u>(9,733)</u>	<u>(9,733)</u>	<u>-</u>
Total primary government	<u>\$ 2,154,721</u>	<u>\$ 389,139</u>	<u>\$ 173,666</u>	<u>\$ 84,137</u>	<u>(1,498,046)</u>	<u>(9,733)</u>	<u>(1,507,779)</u>	<u>-</u>
COMPONENT UNITS								
Board of Education	\$ 1,354,897	\$ 17,798	\$ 140,392	\$ 165,219	-	-	-	(1,031,488)
Community College	166,924	50,674	66,935	13,904	-	-	-	(35,411)
Board of Library Trustees	43,117	5,897	5,564	1,063	-	-	-	(30,593)
Total component units	<u>\$ 1,564,938</u>	<u>\$ 74,369</u>	<u>\$ 212,891</u>	<u>\$ 180,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,097,492)</u>
General revenues:								
Taxes:								
Property taxes					712,863	-	712,863	-
Income taxes					661,125	-	661,125	-
Public service taxes					155,699	-	155,699	-
Grants and contributions not restricted to specific programs:								
Baltimore County					-	-	-	708,226
State of Maryland					8,847	-	8,847	518,553
Unrestricted investment earnings					13,953	1,219	15,172	1,492
Other					-	-	-	9,661
Extraordinary item - sale of FCC license					-	-	-	8,000
Transfers					110	(110)	-	-
Total general revenues and transfers					<u>1,552,597</u>	<u>1,109</u>	<u>1,553,706</u>	<u>1,245,932</u>
Change in net assets					54,551	(8,624)	45,927	148,440
Net assets at beginning of the year					1,611,144	435,155	2,046,299	1,033,607
Net assets at end of the year					<u>\$ 1,665,695</u>	<u>\$ 426,531</u>	<u>\$ 2,092,226</u>	<u>\$ 1,182,047</u>

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

Baltimore County, Maryland
Balance Sheet
Governmental Funds
June 30, 2008
(In Thousands)

	General	Gifts and Grants	Consolidated Public Improvement Construction	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 258,545	\$ 15,600	\$ -	\$ 10,262	\$ 284,407
Cash and investments - restricted	2,775	-	-	-	2,775
Receivables, net	259,061	28,290	9,053	11,613	308,017
Due from other funds	3,784	-	-	-	3,784
Inventories	5,431	-	-	-	5,431
Total assets	<u>\$ 529,596</u>	<u>\$ 43,890</u>	<u>\$ 9,053</u>	<u>\$ 21,875</u>	<u>\$ 604,414</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 17,762	\$ 4,685	\$ 17,844	\$ -	\$ 40,291
Accrued expenditures	8,999	1,085	-	318	10,402
Due to other funds	-	-	3,784	-	3,784
Due to component units	37,509	-	17,323	-	54,832
Other liabilities	8,833	3,420	9,928	-	22,181
Deferred revenue	186,304	24,859	8,584	11,613	231,360
Total liabilities	<u>259,407</u>	<u>34,049</u>	<u>57,463</u>	<u>11,931</u>	<u>362,850</u>
Fund balances					
Reserved for:					
Encumbrances	4,101	-	-	4,761	8,862
Inventories	5,431	-	-	-	5,431
Imprest funds	70	-	-	-	70
Equipment financing	2,657	-	-	-	2,657
Loan guarantees and grants	-	9,841	-	1,084	10,925
Unreserved:					
Designated for subsequent year's expenditures:					
General Fund	47,471	-	-	-	47,471
Special Revenue Funds	-	-	-	57	57
Designated for retirement of long-term debt	8,986	-	-	-	8,986
Designated for revenue stabilization	82,943	-	-	-	82,943
Undesignated, reported in:					
General Fund	118,530	-	-	-	118,530
Capital Projects Fund	-	-	(48,410)	-	(48,410)
Special Revenue Funds	-	-	-	4,042	4,042
Total fund balances (deficit)	<u>270,189</u>	<u>9,841</u>	<u>(48,410)</u>	<u>9,944</u>	<u>241,564</u>
Total liabilities and fund balances	<u>\$ 529,596</u>	<u>\$ 43,890</u>	<u>\$ 9,053</u>	<u>\$ 21,875</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,051,792
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	221,499
Excess other post employment benefits (OPEB) contributions made in relation to the Annual Required Contribution is recognized as a year-end asset.	105,351
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 assets.	66,742
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).	(1,021,253)
Net assets of governmental activities	<u>\$ 1,665,695</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, 2008
(In Thousands)

	General	Gifts and Grants	Other Post- Employment Benefits	Consolidated Public Improvement Construction	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 1,499,041	\$ -	\$ -	\$ -	\$ -	\$ 1,499,041
Licenses and permits	3,864	-	-	-	681	4,545
Intergovernmental	78,434	103,853	-	18,792	-	201,079
Repayment of loans	-	1,932	-	-	1,878	3,810
Charges for services	9,720	3,256	-	250	276	13,502
Assessments	-	-	-	2,422	-	2,422
Fines and forfeitures	3,098	-	-	-	-	3,098
Investment income	8,925	1,001	-	-	594	10,520
Miscellaneous	19,651	921	-	4,745	-	25,317
Total revenues	<u>1,622,733</u>	<u>110,963</u>	<u>-</u>	<u>26,209</u>	<u>3,429</u>	<u>1,763,334</u>
EXPENDITURES						
Current:						
General government	70,049	2,867	-	-	640	73,556
Public safety	306,928	4,939	-	-	-	311,867
Public works	113,105	45	-	-	-	113,150
Health and human services	35,439	98,479	-	-	-	133,918
Culture and leisure services	22,426	2,281	-	-	-	24,707
Economic and community development	1,757	8,482	-	-	1,100	11,339
Pension plan contributions	40,778	-	-	-	-	40,778
Healthcare contributions	109,744	-	156,275	-	-	266,019
Loans	-	-	-	-	3,281	3,281
Miscellaneous	15,966	-	-	-	-	15,966
Capital projects	-	-	-	124,064	-	124,064
Payments to component units	713,997	-	-	114,491	-	828,488
Debt service:						
Principal retirement	45,418	-	-	-	-	45,418
Interest	23,157	-	-	-	-	23,157
Fiscal charges	635	-	-	-	-	635
Retirement of bond anticipation notes	-	-	-	140,000	-	140,000
Total expenditures	<u>1,499,399</u>	<u>117,093</u>	<u>156,275</u>	<u>378,555</u>	<u>5,021</u>	<u>2,156,343</u>
Excess (deficiency) of revenues over expenditures	<u>123,334</u>	<u>(6,130)</u>	<u>(156,275)</u>	<u>(352,346)</u>	<u>(1,592)</u>	<u>(393,009)</u>
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	140,000	-	140,000
Bond premium	9,150	-	-	-	-	9,150
Bond anticipation notes proceeds	-	-	-	140,000	-	140,000
Transfers in	3,859	6,950	-	146,875	991	158,675
Transfers out	(153,696)	(300)	-	(1,259)	(330)	(155,585)
Total other financing sources (uses)	<u>(140,687)</u>	<u>6,650</u>	<u>-</u>	<u>425,616</u>	<u>661</u>	<u>292,240</u>
Net change in fund balances	<u>(17,353)</u>	<u>520</u>	<u>(156,275)</u>	<u>73,270</u>	<u>(931)</u>	<u>(100,769)</u>
Fund balances (deficit) at beginning of the year	287,542	9,321	156,275	(121,680)	10,875	342,333
Fund balances (deficit) at end of the year	<u>\$ 270,189</u>	<u>\$ 9,841</u>	<u>\$ -</u>	<u>\$ (48,410)</u>	<u>\$ 9,944</u>	<u>\$ 241,564</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, 2008
(In Thousands)

Net change in fund balances-total governmental funds \$ (100,769)

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). 52,903

The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets (Note 2). 26,785

Some revenues will not be collected for several months after the fiscal year ends. As such these revenues are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased this year. 21,995

Expenses in the statement of activities are adjusted for the difference between OPEB expense in relation to the Annual Required Contribution (ARC) and contributions made in relation to the ARC. 105,351

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 assets. This amount is the net effect of these differences in the treatment of long-term debt and related items (Note 2). (89,075)

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). (5,671)

Internal service funds are used by management to charge the costs of self insurance, fleet management, and reproduction services to individual funds. The net expense of these internal service funds is reported with governmental activities. 43,032

Change in net assets of governmental activities \$ 54,551

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

Baltimore County, Maryland
Budgetary Comparison Statement - General Fund
For the Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget- Positive (Negative)
REVENUES				
Taxes	\$ 1,456,355	\$ 1,456,355	\$ 1,499,041	\$ 42,686
Licenses and permits	4,192	4,192	3,864	(328)
Intergovernmental	82,509	82,509	78,434	(4,075)
Charges for services	10,488	10,488	9,720	(768)
Fines and forfeitures	3,941	3,941	3,098	(843)
Reimbursement from other funds	9,817	9,817	6,042	(3,775)
Interest on investments	14,890	14,890	12,470	(2,420)
Miscellaneous	18,022	18,022	18,280	258
Total revenues	<u>1,600,214</u>	<u>1,600,214</u>	<u>1,630,949</u>	<u>30,735</u>
EXPENDITURES				
Current:				
General government	72,416	76,360	74,202	2,158
Public safety	301,553	304,968	304,400	568
Public works	110,862	113,083	112,962	121
Health and human services	35,846	36,563	35,468	1,095
Culture and leisure services	23,030	22,918	22,410	508
Economic and community development	1,892	1,894	1,758	136
Pension plan contributions	40,787	40,799	40,799	-
Healthcare contributions	109,759	110,061	110,060	1
Miscellaneous	23,956	19,184	15,965	3,219
Payments to component units	714,638	713,778	713,750	28
Debt service:				
Principal retirement	45,418	45,418	45,418	-
Interest	23,812	23,158	23,156	2
Fiscal charges	518	417	416	1
Total expenditures	<u>1,504,487</u>	<u>1,508,601</u>	<u>1,500,764</u>	<u>7,837</u>
Excess of revenues over expenditures (budgetary basis)	<u>95,727</u>	<u>91,613</u>	<u>130,185</u>	<u>38,572</u>
OTHER FINANCING SOURCES (USES)				
Bond premium	-	-	8,986	8,986
Transfers in	-	-	116	116
Transfers out	(153,259)	(153,696)	(153,696)	-
Total other financing sources (uses)	<u>(153,259)</u>	<u>(153,696)</u>	<u>(144,594)</u>	<u>9,102</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	<u>\$ (57,532)</u>	<u>\$ (62,083)</u>	<u>(14,409)</u>	<u>\$ 47,674</u>
Adjustments required under generally accepted accounting principles:				
Net change during year in reserve for encumbrances			(895)	
Unbudgeted equipment financing activity			(4,338)	
Net change in reserve for inventories, imprest funds and other programs			1,371	
Prior year encumbrances liquidations			918	
Net change in fund balance-GAAP			<u>(17,353)</u>	
Fund balance at beginning of the year			<u>287,542</u>	
Fund balance at end of the year			<u>\$ 270,189</u>	

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

Baltimore County, Maryland
Statement of Net Assets
Proprietary Funds
June 30, 2008
(In Thousands)

	Metropolitan District Enterprise Fund	Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 84,650	\$ 106,390
Cash and investments - restricted	864	-
Receivables, net (Note 5)	16,585	3,614
Due from other funds	-	12,375
Inventories	522	756
Prepaid costs	-	5,677
Deferred charges	1,375	-
Total current assets	103,996	128,812
Noncurrent assets:		
Assessments receivable (Note 5)	152,385	-
Capital assets:		
Non-depreciable	191,600	-
Depreciable (net of accumulated depreciation)	745,311	16,462
Total noncurrent assets	1,089,296	16,462
Total assets	1,193,292	145,274
LIABILITIES		
Current liabilities:		
Accounts payable	15,704	5,940
Accrued payroll	970	127
Accrued interest payable	9,456	-
Compensated absences	1,377	237
Due to other funds	-	12,375
Claims and judgments	-	33,694
General obligation debt (Note 8)	92,046	-
Certificates of participation	400	-
Other liabilities	3,419	-
Total current liabilities	123,372	52,373
Noncurrent liabilities:		
Claims and judgments	-	23,115
General obligation debt (Note 8)	644,300	-
Certificates of participation	2,133	-
Total noncurrent liabilities	646,433	23,115
Total liabilities	769,805	75,488
NET ASSETS		
Invested in capital assets, net of related debt	489,563	16,462
Unrestricted (deficit)	(66,076)	53,324
Total net assets	423,487	\$ 69,786
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	3,044	
Net assets of business-type activities	\$ 426,531	

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

Baltimore County, Maryland
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008
(In Thousands)

	Metropolitan District Enterprise Fund	Total	Internal Service Funds
OPERATING REVENUES			
Licenses and permits	\$ 839	\$ 839	\$ -
Charges for services	179,254	179,254	248,785
Assessments	9,082	9,082	-
Miscellaneous	71	71	189
Total operating revenues	<u>189,246</u>	<u>189,246</u>	<u>248,974</u>
OPERATING EXPENSES			
Personal services	20,669	20,669	2,908
Business and travel	594	594	-
Contractual services	45,457	45,457	942
Rents and utilities	4,154	4,154	539
Supplies and maintenance	59,706	59,706	11,400
Insurance claims and expenses	-	-	186,744
Equipment	517	517	-
Fringe benefits and overhead	9,795	9,795	-
Depreciation expense	18,768	18,768	3,712
Other	42	42	658
Total operating expenses	<u>159,702</u>	<u>159,702</u>	<u>206,903</u>
Operating income	<u>29,544</u>	<u>29,544</u>	<u>42,071</u>
NONOPERATING REVENUES (EXPENSES)			
Interest on investments	1,219	1,219	4,697
Interest expense	(21,132)	(21,132)	-
Capital contributions to other subdivisions	(49,751)	(49,751)	-
Total nonoperating revenues (expenses)	<u>(69,664)</u>	<u>(69,664)</u>	<u>4,697</u>
Income (loss) before transfers and capital contributions	<u>(40,120)</u>	<u>(40,120)</u>	<u>46,768</u>
Transfers in	-	-	433
Transfers out	(110)	(110)	(3,413)
Capital contributions from external parties	30,850	30,850	-
Change in net assets	<u>(9,380)</u>	<u>(9,380)</u>	<u>43,788</u>
Net assets at beginning of the year	432,867		25,998
Net assets at end of the year	<u>\$ 423,487</u>		<u>\$ 69,786</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		756	
Change in net assets of business-type activities		<u>\$ (8,624)</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, 2008
(In Thousands)

	Metropolitan District Enterprise Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 194,802	\$ 248,185
Payments to suppliers	(110,242)	(12,524)
Payments to employees	(30,752)	(2,876)
Payment for interfund services used	-	(658)
Claims paid	-	(179,125)
Other receipts	-	(26)
Net cash provided by operating activities	53,808	52,976
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	-	433
Transfers out	(110)	(3,413)
Advances from other funds	-	468
Advances to other funds	-	(468)
Repayment of cash advance	(25,335)	6,937
Capital contributions paid to other subdivisions	(62,794)	-
Net cash provided (used) by noncapital financing activities	(88,239)	3,957
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	286,127	-
Retirement of bond anticipation notes	(60,000)	-
Capital contributions	8,926	-
Acquisition and construction of capital assets	(65,174)	(7,015)
Principal paid on capital debt	(30,583)	-
Interest paid on capital debt	(21,260)	-
Sales of capital assets	-	551
Net cash provided (used) by capital and related financing activities	118,036	(6,464)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	1,064	4,893
Net cash provided by investing activities	1,064	4,893
Net increase in cash and cash equivalents	84,669	55,362
Cash and cash equivalents at beginning of the year	845	51,028
Cash and cash equivalents at end of the year	\$ 85,514	\$ 106,390
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 29,544	\$ 42,071
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	18,768	3,712
Amortization expense	79	-
Effect of changes in operating assets and liabilities:		
Receivables, net	5,599	(600)
Prepaid costs	-	(12,155)
Inventories	(45)	(215)
Accounts and other payables	(443)	15,593
Accrued expenses	306	32
Claims and judgements	-	4,538
Net cash provided by operating activities	\$ 53,808	\$ 52,976
NONCASH CAPITAL FINANCING ACTIVITIES		
Capital assets acquired through contributions from developers.	\$ 21,712	\$ -

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

Baltimore County, Maryland
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008
(In Thousands)

	Benefits Trust Funds
ASSETS	
Cash and cash equivalents (Note 3)	\$ 119,241
Collateral for loaned securities (Note 3)	267,244
Receivables:	
Accrued interest & dividend income	6,292
Receivable for investments sold	77,239
Receivables other	1,971
Total receivables	85,502
Investments, at fair value:	
U.S. Government and Agency securities	207,921
Municipal bonds	60,110
Foreign bonds	20,699
Corporate bonds	195,730
Stocks	496,781
Bond mutual funds	174,101
Stock mutual funds	626,662
Real estate equity funds	124,929
Hedge funds	114,836
Private equity funds	83,152
Global asset allocation	229,995
Total investments	2,334,916
Total assets	2,806,903
LIABILITIES	
Collateral for loaned securities	267,244
Investments purchased	188,417
Investment expenses payable	2,968
Refunds payable	432
Other	2,525
Total liabilities	461,586
NET ASSETS	
Net assets held in trust for benefits	\$ 2,345,317

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

Baltimore County, Maryland
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2008
(In Thousands)

	Benefits Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 298,426
Employees	53,142
Other	1,011
Total contributions	352,579
Investment earnings:	
Net decrease in the fair value of plan assets	(175,174)
Interest and dividends	52,299
Investment expenses	(13,708)
Net investment loss	(136,583)
Net income from securities lending:	
Securities lending income	10,413
Less:	
Borrower rebates	(8,752)
Agent fees	(520)
Net income from securities lending	1,141
Total net investment loss	(135,442)
Total additions	217,137
DEDUCTIONS	
Benefits	247,206
Refunds	2,949
Administrative expense	1,009
Total deductions	251,164
Change in net assets	(34,027)
Net assets at beginning of the year	2,379,344
Net assets at end of the year	\$ 2,345,317

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

Baltimore County, Maryland
Statement of Net Assets
Component Units
June 30, 2008
(In Thousands)

	<u>Board of Education</u>	<u>Community College</u>	<u>Board of Library Trustees</u>	<u>Total</u>
ASSETS				
Cash and investments (Note 3)	\$ 9,291	\$ 24,570	\$ 6,642	\$ 40,503
Receivables	25,925	8,138	312	34,375
Due from primary government	52,043	1,368	144	53,555
Inventories	1,688	1,357	135	3,180
Prepaid costs	1,172	-	-	1,172
Deferred charges	-	110	-	110
Cash restricted for lease purchase	770	-	-	770
Capital assets (Note 7)				
Non-depreciable	271,702	20,564	-	292,266
Depreciable (net of accumulated depreciation)	782,548	71,839	10,192	864,579
Total assets	<u>1,145,139</u>	<u>127,946</u>	<u>17,425</u>	<u>1,290,510</u>
LIABILITIES				
Accounts payable	33,756	6,308	2,172	42,236
Accrued payroll	11,649	2,623	1,703	15,975
Other liabilities	1,317	1,232	-	2,549
Unearned revenue	5,148	4,046	119	9,313
Liabilities payable from restricted assets	770	-	-	770
Noncurrent liabilities (Note 8)				
Due within one year	14,515	2,938	996	18,449
Due in more than one year	17,651	1,520	-	19,171
Total liabilities	<u>84,806</u>	<u>18,667</u>	<u>4,990</u>	<u>108,463</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,039,653	92,404	10,192	1,142,249
Restricted for:				
Education	297	4,602	-	4,899
Expendable endowments	-	1,949	423	2,372
Unrestricted	20,383	10,324	1,820	32,527
Total net assets	<u>\$ 1,060,333</u>	<u>\$ 109,279</u>	<u>\$ 12,435</u>	<u>\$ 1,182,047</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, 2008
(In Thousands)

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	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	\$ 1,178,505	\$ 675	\$ 120,780	\$ 163,198	\$ (893,852)	\$ -	\$ -	\$ (893,852)
Facilities operations	139,362	-	1,299	2,021	(136,042)	-	-	(136,042)
Food service	37,030	17,123	18,313	-	(1,594)	-	-	(1,594)
Total Board of Education	<u>1,354,897</u>	<u>17,798</u>	<u>140,392</u>	<u>165,219</u>	<u>(1,031,488)</u>	<u>-</u>	<u>-</u>	<u>(1,031,488)</u>
COMMUNITY COLLEGE								
Educational and general expenses	139,879	44,057	66,935	-	-	(28,887)	-	(28,887)
Facilities operations	18,561	-	-	13,904	-	(4,657)	-	(4,657)
Auxiliary enterprises	8,484	6,617	-	-	-	(1,867)	-	(1,867)
Total Community College	<u>166,924</u>	<u>50,674</u>	<u>66,935</u>	<u>13,904</u>	<u>-</u>	<u>(35,411)</u>	<u>-</u>	<u>(35,411)</u>
BOARD OF LIBRARY TRUSTEES								
Culture and leisure services	43,117	5,897	5,564	1,063	-	-	(30,593)	(30,593)
Total component units	<u>\$ 1,564,938</u>	<u>\$ 74,369</u>	<u>\$ 212,891</u>	<u>\$ 180,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,097,492)</u>
General Revenues:								
Baltimore County					638,184	38,332	31,710	708,226
State of Maryland					518,553	-	-	518,553
Unrestricted investment earnings					-	1,492	-	1,492
Other					9,661	-	-	9,661
Extraordinary item - sale of FCC license					-	8,000	-	8,000
Total general revenues					<u>1,166,398</u>	<u>47,824</u>	<u>31,710</u>	<u>1,245,932</u>
Change in net assets					134,910	12,413	1,117	148,440
Net assets at beginning of the year					925,423	96,866	11,318	1,033,607
Net assets at end of the year					<u>\$ 1,060,333</u>	<u>\$ 109,279</u>	<u>\$ 12,435</u>	<u>\$ 1,182,047</u>

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

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

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 and have no taxing authority.

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
1940G Greenspring Drive
Timonium, Maryland 21093

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

Board of Library Trustees
320 York Road
Towson, Maryland 21204

Related Organizations

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

Adult Public Guardianship Review Board
Advisory Arbitration Panel
Animal Hearing Board
Board of Architectural Review
Board of Liquor License Commissioners
Board of Social Services
Children and Youth Council
Commission on Aging
Commission on Disabilities
Criminal Justice Coordinating Council

Advisory Commission on Environmental Quality
Agricultural Land Preservation Advisory Board
Board of Appeals
Board of Health
Board of Recreation and Parks
Child Protection Panel
Commission for Women
Commission on Arts and Sciences
Commission on Veterans' Affairs
Design Review Panel

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Drug and Alcohol Abuse Advisory Council	Electrical Administrative Board
Ethics Commission	Ethnic Diversity Advisory Council
Human Relations Commission	Landmarks Preservation Commission
Local Management Board	Mental Health Advisory Council
Minority and Women Business Enterprise Commission	Personnel and Salary Advisory Board
Plumbing Board	Planning Board
Revenue Authority	Professional Services Selection Committee
Workforce Development Council	Soil Conservation District Board

The amounts that the County appropriated to these organizations during the fiscal year ended June 30, 2008 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, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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 assets and statement of activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Interfund activity within the governmental activities and within the business-type activities have been eliminated from these statements.

The **Statement of Net Assets** presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt 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 assets result when constraints placed on net asset use are either externally imposed by law through constitutional provisions or enabling legislation.

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

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

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with nonmajor funds being combined into a single column.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

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 Other Post Employment Benefits (OPEB) Fund accounted for the accumulation of assets earmarked to fund future OPEB obligations. This fund was dissolved with the contribution of the accumulated assets to an OPEB trust fund in FY 2008.

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

The County reports on the following major enterprise fund:

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

The County also reports the following fund types:

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

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

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

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The governmental funds financial statements are reported using the modified accrual basis of accounting. The measurement focus of these funds is the determination of financial position and changes in financial position ("current financial resources" focus). Under the modified accrual basis of accounting, revenues are recorded when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon thereafter to pay liabilities of the current period. The County considers sales and income taxes, interest income and various intergovernmental revenues available if they are collected within 60 days after year-end. Property tax revenue is recognized on receipts within 30 days of year-end. Revenue related to expenditure driven grants is recognized when the applicable eligibility requirements have been met and to the extent that cash is expected to be received within one year of year-end. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Expenditures, other than principal and interest on long-term debt and 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.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

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

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The County has elected not to follow subsequent private-sector guidance.

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

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

Budgetary Data

As required by Article VII of the Baltimore County Charter, the annual operating budget and the capital budget are prepared by the County Executive and submitted to the County Council for adoption. Such budgets are generally prepared on the modified accrual basis of accounting described above and reflect encumbrance accounting. Prior to adoption of the budgets, the County Council may decrease or delete any item with the exception of those required by the general laws of the State of Maryland, provisions for debt service on outstanding obligations and provisions to eliminate any estimated cash deficits. Requests for supplementary and emergency appropriations may be prepared during the year by the County Executive and adopted by the County Council. During the fiscal year ended June 30, 2008, supplementary and emergency appropriations of \$4.551 million were adopted for the General Fund operating budget.

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

The County presents its General Fund budgetary comparison statement as part of the basic financial statements. Unbudgeted equipment financing activity in the General Fund comparison consists of \$4.536 million in equipment purchased and interest payments on debt reduced by \$0.198 million of interest income. The unspent equipment financing proceeds of \$2.657 million are reported as a reservation 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

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

availability of cash in various funds, marketable securities are purchased and income on investments is credited to the General, Metropolitan District, and Self-Insurance Program Funds.

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

Debt Retirement

General obligation long-term debt retirements are paid from the General and Metropolitan District Funds. The Metropolitan District Fund includes \$132.3 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, 2008. 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 accounted for using the purchase method. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets. A reservation of fund balance for the amount of General Fund inventories has been made in the governmental fund statements to reflect the non-availability of those amounts for appropriation or expenditure. Inventories are valued at the lower of cost or market using a moving average cost.

Capital Assets

Capital assets of governmental funds are recorded in the statement of net assets at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. The County's capitalization levels are \$1,000 for vehicles, machinery and equipment, and \$25,000 for buildings and infrastructure. The costs of normal maintenance and repairs that do not add value to the asset or materially extend the asset's life are not capitalized. An allowance for depreciation has been provided using the straight-line method over the estimated useful life. The estimated useful lives range from two to fifteen years for vehicles, machinery and equipment, twenty to fifty years for buildings, and twenty to seventy-five years for infrastructure. Major outlays for the construction of buildings and infrastructure are capitalized as constructed. Interest is capitalized during the construction of business-type activities capital assets as it is incurred.

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, 2008.

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

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

benefits at year-end are recorded as obligations in the statement of net assets and proprietary fund statements.

Reservations/Designations of Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance are not legally required, but represent the intent of the County's administration to use fund balance for specific purposes in the future. Designations for subsequent years' expenditures represent funds that will be used to finance, in part, the FY09 General Fund operating budget. Designations for revenue stabilization are intended to protect the County against future revenue shortfalls and may be used upon County Council approval only when certain criteria have been met. The County has designated the net premium proceeds from the January 3, 2008 bond sale for future debt retirement.

Restricted Net Assets

The government-wide statement of net assets reports \$122.079 million of restricted net assets, of which \$111.154 million is restricted by enabling legislation.

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 assets.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. 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 \$1,021,253 difference are as follows:

General obligation debt	\$ (850,400)
Purchase agreements, certificates of participation and mortgage payable	(50,911)
Add: Issuance premium (to be amortized as reduction to interest expense)	(38,881)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	2,122
Less: Deferred charge on refunding (to be amortized as interest expense)	4,818
Accrued interest payable	(12,918)
Compensated absences	(58,158)
Estimated landfill closing costs	<u>(16,925)</u>
Net adjustment to reduce fund balance - total funds to arrive at net assets of governmental activities	<u><u>\$ (1,021,253)</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 assets 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 \$52,903 difference are as follows:

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Capital outlay	\$ 118,126
Depreciation expense	<u>(65,223)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 52,903</u>

Another element of the reconciliation states that "The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets." The details of this \$26,785 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 assets differs from the change in fund balance by the net book value of the capital assets sold.	\$ (802)
Donations and transfers in of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>27,587</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.	<u>\$ 26,785</u>

Another element of the reconciliation states that "The issuance of long-term debt (e.g., bonds, certificates of participation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 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 \$89,075 difference are as follows:

Debt issued or incurred:	
General obligation debt	\$ (280,000)
Add premium	(9,150)
Less debt issuance costs	240
Principal repayments:	
General obligation debt	187,425
Purchase agreements and certificates of participation	12,330
Mortgage payable	<u>80</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (89,075)</u>

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

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 \$5,671 difference are as follows:

Increase in compensated absences	\$ (6,539)
Increase in accrued interest	(1,150)
Decrease in landfill closure and post-closure costs	808
Amortization of issuance costs	(197)
Amortization of deferred charge on refunding	(1,565)
Amortization of premiums	2,972
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$ (5,671)

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 assets 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, 2008, the carrying amounts of cash for the primary government and its component units were \$8.371 million and \$0.968 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.

Pension Trust Funds and Other Post Employment Benefits Trust ("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 37% in U.S. equities, 13% in international equities, 25% in core-plus fixed income investments, 5% in real estate equity, 5% in hedge funds, 5% in private equities and 10% in Global Asset Allocation Funds. Certain System and OPEB Plan 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. They represent approximately 2.8% of the System's and the OPEB Plan's portfolio at and during the fiscal year ended June 30, 2008. The Police, Fire and Widows' Pension Plan (the "Pension Plan"), funded through the sale of bonds, invests primarily in fixed income securities.

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Investments for the reporting entity as of June 30, 2008 are as follows (in thousands):

Investments	The Pool	The System	OPEB Plan	Pension Plan	Total Primary Government	Component Units	Reporting Entity
U.S. securities and agencies							
Not on securities loan	\$ -	\$ 187,379	\$ 15,553	\$ -	\$ 202,932	\$ 352	\$ 203,284
On securities loan for							
securities or cash collateral	-	4,607	382	-	4,989	-	4,989
MLGIP	-	-	-	-	-	26,993	26,993
Municipal bonds	-	-	-	60,110	60,110	-	60,110
Foreign bonds	-	16,809	1,395	2,495	20,699	-	20,699
Corporate bonds							
Not on securities loan	-	172,722	14,336	-	187,058	-	187,058
On securities loan for							
securities or cash collateral	-	8,007	665	-	8,672	-	8,672
Bond mutual funds	-	160,715	13,340	46	174,101	12,960	187,061
Money market funds	471,874	87,511	7,264	23,307	589,956	-	589,956
Real estate equity funds	-	115,354	9,575	-	124,929	-	124,929
Stocks							
Not on securities loan	-	226,179	18,774	-	244,953	-	244,953
On securities loan for							
securities or cash collateral	-	232,528	19,300	-	251,828	-	251,828
Stock mutual funds	-	553,861	45,972	26,829	626,662	-	626,662
Venture capital mutual funds	-	76,779	6,373	-	83,152	-	83,152
Hedge funds	-	106,035	8,801	-	114,836	-	114,836
Global Asset Allocation fund	-	212,368	17,627	-	229,995	-	229,995
Securities lending short-term collateral investment pool	-	246,762	20,482	-	267,244	-	267,244
Total	\$ 471,874	\$ 2,407,616	\$ 199,839	\$ 112,787	\$ 3,192,116	\$ 40,305	\$ 3,232,421

Securities Lending Transactions - The System's, the OPEB Plan's and the Pension Plan's policies authorize the lending of their securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The System's, the OPEB Plan's and the Pension Plan's custodian may lend U.S. government and agency securities, corporate bonds and stocks for collateral in the form of cash, other securities and irrevocable bank letters of credit. Collateral securities, letters of credit and cash are initially pledged at 102% of the market value of the securities lent. Additional collateral is to be provided by the next business day if the collateral value falls to less than 100% of the market value of the securities lent. The System, the OPEB Plan and the Pension Plan did not impose any restrictions during the fiscal year on security loans the custodian made on its behalf. The System, the OPEB Plan and the Pension Plan at year-end had no credit risk exposure to borrowers because the amounts owed to borrowers exceed the amounts the borrowers owe. The System, the OPEB Plan, the Pension Plan or the borrower can terminate securities loans on demand. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end had a weighted average maturity of 22 days. The relationship between the maturities of the investment pool and the System's, the OPEB Plan's and the Pension Plan's loans is affected by the maturities of the security loans made by other entities that use the agent's pool, which the System, the OPEB Plan and the Pension Plan cannot determine. 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, 2008 totaled \$276.692 million and \$265.489 million, respectively.

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

Investment Type	Fair Value	Investment Maturities (in years)					
		Less than 1	1 - 4.9	5 - 9.9	10 - 19.9	20 - 30	More than 30
The System							
U.S. Government Obligations	\$ 78,942	\$ -	\$ 74	\$ 14,246	\$ 22,825	\$ 15,571	\$ 26,226
U.S. Agency Securities	113,044	4,737	526	2,369	14,841	77,240	13,331
Corporate Bonds	180,729	1,845	30,666	42,493	22,745	38,653	44,327
Bond Mutual Funds	160,715	-	9,272	143,321	3,310	4,812	-
Foreign Bonds	16,809	1,459	2,854	4,254	3,605	4,180	457
Total	<u>550,239</u>	<u>8,041</u>	<u>43,392</u>	<u>206,683</u>	<u>67,326</u>	<u>140,456</u>	<u>84,341</u>
OPEB Plan							
U.S. Government Obligations	6,552	-	6	1,182	1,895	1,292	2,177
U.S. Agency Securities	9,383	393	43	197	1,232	6,411	1,107
Corporate Bonds	15,001	153	2,546	3,527	1,888	3,208	3,679
Bond Mutual Funds	13,340	-	770	11,896	275	399	-
Foreign Bonds	1,395	121	237	353	299	347	38
Total	<u>45,671</u>	<u>667</u>	<u>3,602</u>	<u>17,155</u>	<u>5,589</u>	<u>11,657</u>	<u>7,001</u>
Pension Plan							
Municipal Bonds	60,110	716	15,318	17,759	23,017	3,300	-
Bond Mutual Funds	46	-	-	46	-	-	-
Foreign Bonds	2,495	-	2,495	-	-	-	-
Total	<u>62,651</u>	<u>716</u>	<u>17,813</u>	<u>17,805</u>	<u>23,017</u>	<u>3,300</u>	<u>-</u>
Total Primary Government	<u>\$ 658,561</u>	<u>\$ 9,424</u>	<u>\$ 64,807</u>	<u>\$ 241,643</u>	<u>\$ 95,932</u>	<u>\$ 155,413</u>	<u>\$ 91,342</u>

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

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Credit Risk—The Pool's, the Pension Trust Funds' and the OPEB Plan's investment policies are to apply the prudent-person rule: Investments are made as a prudent person would be expected to act with discretion and intelligence, to seek reasonable income, preserve capital and in general, avoid speculative investments. As of June 30, 2008, the Pension Trust Funds and the OPEB Plan's fixed income investments had the following risk characteristics:

Moody's Rating or Comparable	The System		OPEB Plan		Pension Plan	
	Percent of Total Investments	Market Value (in thousands)	Percent of Total Investments	Market Value (in thousands)	Percent of Total Investments	Market Value (in thousands)
P2	0.00%	\$ -	0.00%	\$ -	0.05%	\$ 46
AAA	13.92%	288,551	13.92%	23,950	25.58%	22,891
AA	0.77%	15,957	0.77%	1,324	23.13%	20,694
A	1.15%	23,867	1.15%	1,981	17.25%	15,431
BBB	1.98%	40,982	1.98%	3,402	1.57%	1,404
BB	0.48%	9,898	0.48%	822	2.44%	2,185
B	0.49%	10,177	0.49%	845	0.00%	-
CCC	0.09%	1,954	0.09%	162	0.00%	-
Ca	0.03%	519	0.02%	43	0.00%	-
Not Rated	7.64%	158,334	7.64%	13,142	0.00%	-
Total	26.55%	\$ 550,239	26.54%	\$ 45,671	70.02%	\$ 62,651

Foreign Investments/Forward Exchange Contracts—Foreign investments include equity and fixed income securities. In conjunction with certain foreign investments, the System and the OPEB Plan have entered into forward exchange contracts to sell or purchase certain foreign currencies at specified rates at stated dates. At June 30, 2008, the System and the OPEB Plan had cash and cash equivalent forward exchange contracts of \$39.8 million. The System and the OPEB Plan continues to invest in similar contracts. The Pension Trust Funds' and the OPEB Plan's investment policy guidelines include a section on derivatives, which speaks to the use of futures, forwards and other derivative instruments and securities. These guidelines strictly prohibit the use of derivatives to create leverage, create exposure to currencies and securities that would not otherwise be allowed, or increase the actual or potential risk of the portfolio.

Foreign Currency Risk

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

Currency	Fair Value (in thousands)		
	The System	OPEB Plan	Total
Australian Dollar	\$ 6,263	\$ 520	\$ 6,783
British Pound Sterling	27,689	2,298	29,987
Danish Krone	6,159	511	6,670
Euro Currency Unit	61,176	5,078	66,254
Hong Kong Dollar	4,249	352	4,601
Japanese Yen	27,832	2,310	30,142
Malaysian Ringgit	1	-	1
Norwegian Krone	1,459	121	1,580
Singapore Dollar	1,127	94	1,221
South Korean Won	3,082	256	3,338
Swedish Krona	3,749	311	4,060
Swiss Franc	11,949	992	12,941
	\$ 154,735	\$ 12,843	167,578

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4. PROPERTY TAX:

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

Assessed values are established by the Maryland Department of Assessments and Taxation at one hundred percent of estimated market value. The assessed value of taxable real and personal property in the County for fiscal year 2008 was \$72.4 billion.

The property tax rate for the year ended June 30, 2008 was \$1.10 for real property and \$2.75 for personal property per \$100 of assessed valuation. The current tax collections for the year were 99.6% of the tax levied. Property taxes are recorded as receivables in the General Fund at the levy date with appropriate allowances for estimated uncollectible amounts as described in Note 5.

The full year property tax calendar is as follows:

*July 1 - Full year levy assessed for current fiscal year.

*July 31 - Bills paid during July are granted a 1% discount

August 31 - Bills paid during August are granted a ½% discount

September 30 - First semiannual installment is due if eligible property owners elect the semiannual payment option for real property taxes.

October-April - Delinquent taxes accrue interest at the rate of 1% a month from October 1 to date of payment

December 1 - Second installment due on real property taxes if paying on a semiannual basis.

June - Delinquent real properties are sold at the annual tax sale

*A 1% discount is granted if paid within 30 days, for bills dated other than July.

5. RECEIVABLES (in thousands):

Receivables as of June 30, 2008 for the County's major funds, Internal Service Funds, and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Gifts and Grants	Consolidated Public Improvement Construction	Metropolitan District	Nonmajor and Other Funds	Total Receivables
Property taxes	\$ 7,137	\$ -	\$ -	\$ -	\$ -	\$ 7,137
Accounts	8,130	-	-	487	-	8,617
Intergovernmental	243,665	12,972	456	55	3,614	260,762
Assessments	1,246	-	8,597	168,428	-	178,271
Loans	-	33,396	-	-	11,613	45,009
Interest	20	-	-	-	-	20
Total receivables	<u>260,198</u>	<u>46,368</u>	<u>9,053</u>	<u>168,970</u>	<u>15,227</u>	<u>499,816</u>
Allowance for uncollectible accounts	(1,137)	(18,078)	-	-	-	(19,215)
Net total receivables	<u>\$ 259,061</u>	<u>\$ 28,290</u>	<u>\$ 9,053</u>	<u>\$ 168,970</u>	<u>\$ 15,227</u>	<u>\$ 480,601</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 1,093</u>	<u>\$ 13,318</u>	<u>\$ 7,055</u>	<u>\$ 152,385</u>	<u>\$ 10,133</u>	<u>\$ 183,984</u>

At June 30, 2008, the County has recorded \$33.396 million of outstanding loans receivable in the Gifts and Grants Fund. These receivables 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 \$18.078 million of these loans are offset by an allowance for uncollectible accounts because collections are highly uncertain. In many cases, the loan repayment is forgiven if the resident/developer complies with certain federal requirements, which may include residing in the property for a stated number of years.

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Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. The various components of deferred revenue and unearned revenue reported in the governmental funds as of June 30, 2008 were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable	\$ 5,812	\$ 319	\$ 6,131
Income taxes	178,927	-	178,927
Economic and community development loans	26,930	-	26,930
Special assessments not yet due	9,830	-	9,830
Grant funds received prior to meeting all eligibility requirements	-	9,542	9,542
Total deferred/unearned revenue for governmental funds	<u>\$ 221,499</u>	<u>\$ 9,861</u>	<u>\$ 231,360</u>

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

The composition of interfund balances as of June 30, 2008 is as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Purpose</u>	<u>Amount</u>
Self-Insurance Program	Vehicle Operation and Maintenance	Deficit cash balance	\$ 12,375
General	Consolidated Public Improvement	Deficit cash balance	3,784
		Total	<u>\$ 16,159</u>

Interfund transfers for the fiscal year ended June 30, 2008 were as follows:

<u>Transferred from</u>	<u>Transferred to</u>					<u>Total</u>
	<u>General</u>	<u>Gifts and Grants</u>	<u>Consolidated Public Improvement Construction</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Funds</u>	
General	\$ -	\$ 6,682	\$ 146,875	\$ -	\$ 139	\$ 153,696
Gifts and Grants	116	-	-	-	184	300
Consolidated Public Improvement Construction	-	268	-	991	-	1,259
Metropolitan District	-	-	-	-	110	110
Nonmajor Governmental Funds	330	-	-	-	-	330
Internal Service Funds	3,413	-	-	-	-	3,413
Total transfers	<u>\$ 3,859</u>	<u>\$ 6,950</u>	<u>\$ 146,875</u>	<u>\$ 991</u>	<u>\$ 433</u>	<u>\$ 159,108</u>

The transfers out from the General Fund to the Consolidated Public Improvement Construction Fund are pay-as-you-go funding for capital projects. Respective transfers of \$3.413 million and \$0.33 million from the Self-Insurance Program Fund and the Economic Development Revolving Loan Fund to the General Fund are investment income transfers on pooled cash. The remaining transfers are various funding contributions for operations.

Receivables and payables between the primary government and the component units do not equal due to timing differences.

BALTIMORE COUNTY, MARYLAND
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7. CAPITAL ASSETS (in thousands):

A summary of the primary government's changes in capital assets for the year ended June 30, 2008 is reported below:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 190,635	\$ 25,950	\$ (1)	\$ 216,584
Construction in progress	236,829	94,635	(79,604)	251,860
Total capital assets not being depreciated	<u>427,464</u>	<u>120,585</u>	<u>(79,605)</u>	<u>468,444</u>
Capital assets being depreciated:				
Buildings and improvements	404,852	22,570	-	427,422
Machinery and equipment	86,373	14,729	(2,752)	98,350
Vehicles	107,946	8,355	(7,525)	108,776
Infrastructure	2,071,935	66,093	-	2,138,028
Total capital assets being depreciated	<u>2,671,106</u>	<u>111,747</u>	<u>(10,277)</u>	<u>2,772,576</u>
Less accumulated depreciation for:				
Buildings and improvements	(95,895)	(9,531)	-	(105,426)
Machinery and equipment	(53,166)	(7,371)	2,279	(58,258)
Vehicles	(54,729)	(9,125)	6,646	(57,208)
Infrastructure	(908,966)	(42,908)	-	(951,874)
Total accumulated depreciation	<u>(1,112,756)</u>	<u>(68,935)</u>	<u>8,925</u>	<u>(1,172,766)</u>
Total capital assets being depreciated, net	<u>1,558,350</u>	<u>42,812</u>	<u>(1,352)</u>	<u>1,599,810</u>
Governmental activities capital assets, net	<u>\$ 1,985,814</u>	<u>\$ 163,397</u>	<u>\$ (80,957)</u>	<u>\$ 2,068,254</u>
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 1,303	\$ 1	\$ -	\$ 1,304
Construction in progress	159,226	62,405	(31,335)	190,296
Total capital assets not being depreciated	<u>160,529</u>	<u>62,406</u>	<u>(31,335)</u>	<u>191,600</u>
Capital assets being depreciated:				
Buildings and improvements	122,951	7,472	-	130,423
Machinery and equipment	1,457	262	(112)	1,607
Vehicles	10,141	55	(84)	10,112
Infrastructure	844,150	46,600	-	890,750
Total capital assets being depreciated	<u>978,699</u>	<u>54,389</u>	<u>(196)</u>	<u>1,032,892</u>
Less accumulated depreciation for:				
Buildings and improvements	(47,689)	(3,224)	-	(50,913)
Machinery and equipment	(878)	(142)	112	(908)
Vehicles	(4,753)	(727)	84	(5,396)
Infrastructure	(215,689)	(14,675)	-	(230,364)
Total accumulated depreciation	<u>(269,009)</u>	<u>(18,768)</u>	<u>196</u>	<u>(287,581)</u>
Total capital assets being depreciated, net	<u>709,690</u>	<u>35,621</u>	<u>-</u>	<u>745,311</u>
Business-type activities capital assets, net	<u>\$ 870,219</u>	<u>\$ 98,027</u>	<u>\$ (31,335)</u>	<u>\$ 936,911</u>

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Depreciation expense was charged to primary government functions as follows:

Governmental activities:	
General government	\$ 9,124
Public safety	6,421
Public works, which includes the depreciation of infrastructure assets	42,552
Health and human services	1,457
Culture and leisure services	5,623
Economic and community development	46
Capital assets held by the County's internal service funds is charged to the various activities based on their usage of the assets.	<u>3,712</u>
Total depreciation expense - governmental activities	<u><u>\$ 68,935</u></u>
Business-type activities:	
Water and sewer services, which include the depreciation of infrastructure assets	<u>\$ 18,768</u>
Total depreciation expense - business-type activities	<u><u>\$ 18,768</u></u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
Board of Education:				
Capital assets not being depreciated:				
Land	\$ 22,260	\$ 3,318	\$ -	\$ 25,578
Construction in progress	183,566	158,810	(96,252)	246,124
Total capital assets not being depreciated	<u>205,826</u>	<u>162,128</u>	<u>(96,252)</u>	<u>271,702</u>
Capital assets being depreciated:				
Buildings	937,429	88,060	-	1,025,489
Improvements other than buildings	43,551	5,757	-	49,308
Equipment and vehicles	106,162	16,697	(4,330)	118,529
Total capital assets being depreciated	<u>1,087,142</u>	<u>110,514</u>	<u>(4,330)</u>	<u>1,193,326</u>
Less accumulated depreciation	<u>(376,676)</u>	<u>(38,294)</u>	<u>4,192</u>	<u>(410,778)</u>
Total capital assets being depreciated, net	<u>710,466</u>	<u>72,220</u>	<u>(138)</u>	<u>782,548</u>
Board of Education capital assets, net	<u><u>\$ 916,292</u></u>	<u><u>\$ 234,348</u></u>	<u><u>\$ (96,390)</u></u>	<u><u>\$ 1,054,250</u></u>

BALTIMORE COUNTY, MARYLAND
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	Beginning Balance	Increases	Decreases	Ending Balance
Community College:				
Capital assets not being depreciated:				
Land	\$ 4,798	\$ -	\$ -	\$ 4,798
Construction in progress	13,718	11,803	(9,755)	15,766
Total capital assets not being depreciated	<u>18,516</u>	<u>11,803</u>	<u>(9,755)</u>	<u>20,564</u>
Capital assets being depreciated:				
Buildings and improvements	91,578	8,176	(40)	99,714
Infrastructure	21,528	1,567	-	23,095
Equipment and vehicles	19,012	1,046	(2,467)	17,591
Library materials	5,277	162	-	5,439
Total capital assets being depreciated	<u>137,395</u>	<u>10,951</u>	<u>(2,507)</u>	<u>145,839</u>
Less accumulated depreciation	<u>(72,019)</u>	<u>(4,484)</u>	<u>2,503</u>	<u>(74,000)</u>
Total capital assets being depreciated, net	<u>65,376</u>	<u>6,467</u>	<u>(4)</u>	<u>71,839</u>
The Community College of Baltimore County capital assets, net	<u>\$ 83,892</u>	<u>\$ 18,270</u>	<u>\$ (9,759)</u>	<u>\$ 92,403</u>
Board of Library Trustees:				
Capital assets being depreciated:				
Equipment and vehicles	\$ 9,313	\$ 742	\$ (4)	\$ 10,051
Circulation materials	15,247	5,651	(4,708)	16,190
Total capital assets being depreciated	<u>24,560</u>	<u>6,393</u>	<u>(4,712)</u>	<u>26,241</u>
Less accumulated depreciation	<u>(15,112)</u>	<u>(5,649)</u>	<u>4,712</u>	<u>(16,049)</u>
Board of Library Trustees capital assets, net	<u>\$ 9,448</u>	<u>\$ 744</u>	<u>\$ -</u>	<u>\$ 10,192</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 pension obligations for police officers and firefighters hired prior to October, 1959 and their spouses. The County's full faith, credit and unlimited taxing power are irrevocably pledged to the payment of the principal and interest of these bonds and notes.

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

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

	(in thousands)	
	General Bonds	Metropolitan District
Legal limitation for the borrowing of funds and issuance of bonds	\$ 2,896,540	\$ 2,040,156
General obligation debt outstanding applicable to debt limit	850,400	722,041

General obligation debt issuances require approval by voter referendum. Approved and unissued general obligation bonded debt totaled \$652,239,881 as of June 30, 2008, comprised of \$228,259,881 for public schools, \$377,870,000 for public facilities and \$46,110,000 for the Community College. Appropriated and unissued Metropolitan District bonded debt totaled \$267,550,794 at June 30, 2008.

As of June 30, 2008, the County had \$175 million Consolidated Public Improvement Notes outstanding, consisting of \$35 million Bond Anticipation Auction Rate Notes and \$140 million Bond Anticipation Commercial Paper Notes, and \$106.6 million Metropolitan District Bond Anticipation Notes outstanding, consisting of \$46.6 million Bond Anticipation Auction Rate Notes and \$60 million Bond Anticipation Commercial Paper Notes.

On January 3, 2008, the County settled the issuance of \$340 million general obligation bonds consisting of \$140 million Consolidated Public Improvement Bonds – 2008 Series and \$200 million Metropolitan District Bonds (71st Issue). The bonds are due February 1, in each of the years 2009 to 2031, inclusive, and 2034 and 2038, and bear a true interest cost rate of 4.27%. The Consolidated Public Improvement Bond proceeds were used for the purpose of providing funds for the redemption of \$140 million aggregate principal amount of Consolidated Public Improvement Commercial Paper Bond Anticipation Notes. The Metropolitan District Bonds (71st Issue) were used for the purpose of providing \$140 million in funds for the design and construction, purchase or acquisition of the water supply, sewerage and drainage systems and for the purpose of providing funds for the redemption of \$60 million Baltimore County Metropolitan District Commercial Paper Bond Anticipation Notes.

The County subsequently issued \$140 million Consolidated Public Improvement Bond Anticipation Notes and \$60 million Metropolitan District Bond Anticipation Notes as the prior BANs were paid off.

Commercial Paper Bond Anticipation Notes are sold with an initial maturity of up to 270 days, and upon maturity they are refinanced. This remarketing is backed for liquidity purposes by a line of credit, the terms of which provide that no principal repayments are due by the County until the completion of the agreement. On April 3, 2007, the County entered into a seven-year liquidity agreement with BNP Paribas, which will be in effect until April 3, 2014. The weighted-average maturity of the Commercial Paper Bond Anticipation Notes for FY 2008 was 82 days and interest rates ranged from 1.00% to 3.78%.

During fiscal year 2008, the County issued \$17,188,878 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, 2008, the balance outstanding was \$85,876,032.

The County defeased certain general obligation bonds in prior years by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. As of June 30, 2008, \$127,175,000 of bonds outstanding from refundings are considered defeased.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Long-term liability activity for the year ended June 30, 2008 is as follows (in thousands):

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008	Due Within One Year
Primary Government:					
Governmental activities:					
General obligation debt					
Consolidated public improvement bonds	\$ 512,570	\$ 140,000	\$ (36,280)	\$ 616,290	\$ 40,430
Pension funding bonds	67,755	-	(8,645)	59,110	9,135
Bond anticipation notes	140,000	140,000	(140,000)	140,000	140,000
Auction rate notes	37,500	-	(2,500)	35,000	2,500
	<u>757,825</u>	<u>280,000</u>	<u>(187,425)</u>	<u>850,400</u>	<u>192,065</u>
Add remaining original issue premium	30,857	9,150	(2,712)	37,295	-
Less deferred amount on refunding	(6,383)	-	1,565	(4,818)	-
Total general obligation debt	<u>782,299</u>	<u>289,150</u>	<u>(188,572)</u>	<u>882,877</u>	<u>192,065</u>
Certificates of participation	59,640	-	(12,330)	47,310	5,910
Add remaining original issue premium	1,846	-	(260)	1,586	-
Total certificates of participation	<u>61,486</u>	<u>-</u>	<u>(12,590)</u>	<u>48,896</u>	<u>5,910</u>
Other long-term liabilities					
Mortgage	3,681	-	(80)	3,601	86
Compensated absences	51,850	53,192	(46,647)	58,395	58,395
Claims payable	54,514	186,744	(184,449)	56,809	33,694
Estimated landfill closing costs	17,733	-	(808)	16,925	-
Total other long-term liabilities	<u>127,778</u>	<u>239,936</u>	<u>(231,984)</u>	<u>135,730</u>	<u>92,175</u>
Total governmental activities long-term liabilities	<u>\$ 971,563</u>	<u>\$ 529,086</u>	<u>\$ (433,146)</u>	<u>\$ 1,067,503</u>	<u>\$ 290,150</u>
Business-type activities:					
General obligation debt					
Metropolitan District bonds	\$ 426,735	\$ 217,189	\$ (28,483)	\$ 615,441	\$ 30,346
Bond anticipation notes	60,000	60,000	(60,000)	60,000	60,000
Auction rate notes	48,300	-	(1,700)	46,600	1,700
	<u>535,035</u>	<u>277,189</u>	<u>(90,183)</u>	<u>722,041</u>	<u>92,046</u>
Add remaining original issue premium	9,055	8,938	(954)	17,039	-
Less deferred amount on refunding	(3,532)	-	798	(2,734)	-
Total general obligation debt	<u>540,558</u>	<u>286,127</u>	<u>(90,339)</u>	<u>736,346</u>	<u>92,046</u>
Certificates of participation	2,800	-	(400)	2,400	400
Add remaining original issue premium	155	-	(22)	133	-
Total certificates of participation	<u>2,955</u>	<u>-</u>	<u>(422)</u>	<u>2,533</u>	<u>400</u>
Compensated absences	1,231	810	(664)	1,377	1,377
Total business-type activities long-term liabilities	<u>\$ 544,744</u>	<u>\$ 286,937</u>	<u>\$ (91,425)</u>	<u>\$ 740,256</u>	<u>\$ 93,823</u>
Component Units:					
Board of Education:					
Compensated absences	\$ 15,858	\$ 11,702	\$ (9,991)	\$ 17,569	\$ 9,991
Capital leases	10,359	8,881	(4,643)	14,597	4,524
Total Board of Education	<u>26,217</u>	<u>20,583</u>	<u>(14,634)</u>	<u>32,166</u>	<u>14,515</u>
Community College:					
Compensated absences	4,368	2,944	(2,854)	4,458	2,938
Board of Library Trustees:					
Compensated absences	892	104	-	996	996
Total component units long-term liabilities	<u>\$ 31,477</u>	<u>\$ 23,631</u>	<u>\$ (17,488)</u>	<u>\$ 37,620</u>	<u>\$ 18,449</u>

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

2008 General long-term debt currently outstanding is as follows:

Governmental Activities:
(in thousands)

General Obligation Debt:

Bonds

Dated	Original Maturity Range	Interest Rate Range	Issue Amount	Balance 6/30/2008	Unamortized Premium	Unamortized Deferred Difference	Carrying Value 6/30/2008
02/15/98	1998-2012	4.000 - 5.000	\$ 40,065 *	\$ 15,320	\$ -	\$ -	\$ 15,320
04/01/98	1998-2015	4.100 - 5.125	55,980 *	50,640	-	-	50,640
06/01/98	1999-2018	4.250 - 5.000	63,000	9,865	-	-	9,865
06/19/01	2002-2021	4.000 - 5.500	27,000	6,240	-	-	6,240
07/02/02	2003-2022	3.000 - 5.250	135,000	54,000	3,664	-	57,664
09/04/02	2003-2015	3.000 - 5.250	83,385 *	61,200	5,067	(1,637)	64,630
02/04/03	2004-2009	2.000 - 4.500	8,875 *	8,470	108	-	8,578
02/04/03	2004-2010	3.000 - 5.000	15,190 *	1,670	265	-	1,935
05/06/03	2004-2011	2.000 - 3.250	33,725 *	15,810	70	-	15,880
02/26/04	2009-2020	3.250 - 5.000	63,085 *	63,085	4,507	(3,181)	64,411
02/26/04	2005-2024	3.000 - 5.000	152,000	141,100	9,864	-	150,964
09/27/06	2007-2026	4.000 - 5.000	111,000	108,000	4,825	-	112,825
01/03/08	2009-2028	4.000 - 5.000	140,000	140,000	8,925	-	148,925
			<u>928,305</u>	<u>675,400</u>	<u>37,295</u>	<u>(4,818)</u>	<u>707,877</u>

Bond Anticipation Notes

01/03/08	2008-2009	1.650 - 3.750	75,000	75,000	-	-	75,000
01/03/08	2008-2009	1.000 - 3.780	65,000	65,000	-	-	65,000
			<u>140,000</u>	<u>140,000</u>	<u>-</u>	<u>-</u>	<u>140,000</u>

Auction Rate Notes

05/08/02	2003-2022	0.850 - 2.600	50,000	35,000	-	-	35,000
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Total General Obligation Debt \$ 1,118,305 \$ 850,400 \$ 37,295 \$ (4,818) \$ 882,877

Certificates of Participation

12/18/01	2002-2021	3.500 - 5.125	\$ 22,000	\$ 17,310	\$ 90	\$ -	\$ 17,400
06/01/04	2005-2014	3.000 - 5.000	42,500	30,000	1,496	-	31,496

Total Certificates of Participation \$ 64,500 \$ 47,310 \$ 1,586 \$ - \$ 48,896

Mortgage

12/30/05	2005-2012	7.770 - 7.770	\$ 3,784	\$ 3,601	\$ -	\$ -	\$ 3,601
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Total Mortgage \$ 3,784 \$ 3,601 \$ - \$ - \$ 3,601

* Refunding issue

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Business-type Activities:

(in thousands)

General Obligation Debt:

Bonds

Dated	Original Maturity Range	Interest Rate Range	Issue Amount	Balance 6/30/2008	Unamortized Premium	Unamortized Deferred Difference	Carrying Value 6/30/2008
07/15/79	1981-2009	5.800 - 5.900	\$ 15,000	\$ 1,030	\$ -	\$ -	\$ 1,030
11/27/90	1993-2013	4.894 - 4.894	9,498	2,855	-	-	2,855
12/04/91	1993-2012	4.458 - 4.458	4,071	1,060	-	-	1,060
06/23/93	1995-2014	3.250 - 3.250	1,456	523	-	-	523
11/04/94	1997-2016	3.500 - 3.500	7,230	3,497	-	-	3,497
11/04/94	1997-2016	4.750 - 4.750	13,672	7,017	-	-	7,017
02/15/98	1998-2012	4.000 - 5.000	34,930 *	16,580	-	-	16,580
06/01/98	1999-2018	4.250 - 5.000	37,000	3,750	-	-	3,750
03/22/00	2001-2020	2.600 - 2.600	14,417	9,902	-	-	9,902
06/19/01	2003-2031	4.000 - 5.500	98,000	59,500	-	-	59,500
06/22/01	2003-2022	2.300 - 2.300	14,105	10,961	-	-	10,961
06/26/02	2004-2023	2.000 - 2.000	7,005	5,621	-	-	5,621
07/02/02	2003-2032	3.000 - 5.000	65,000	43,220	12	-	43,232
09/04/02	2003-2015	3.000 - 5.250	46,365 *	31,460	2,775	(802)	33,433
02/04/03	2004-2010	3.000 - 5.000	9,435 *	915	127	-	1,042
03/11/03	2004-2023	1.100 - 1.100	8,206	6,477	-	-	6,477
05/06/03	2004-2011	2.000 - 3.250	11,565 *	5,265	21	-	5,286
02/26/04	2009-2020	3.250 - 5.000	38,645 *	38,645	3,042	(1,932)	39,755
02/26/04	2005-2035	3.000 - 5.000	48,000	43,200	1,915	-	45,115
07/16/04	2006-2025	1.200 - 1.200	6,914	5,488	-	-	5,488
07/16/04	2005-2024	1.200 - 1.200	1,075	861	-	-	861
09/12/05	2006-2024	1.000 - 1.000	20,495	18,405	-	-	18,405
09/27/06	2007-2036	4.000 - 5.000	89,000	86,000	355	-	86,355
07/31/07	2007-2027	1.000 - 1.000	12,671	12,670	-	-	12,670
07/31/07	2007-2027	1.000 - 1.000	606	539	-	-	539
01/03/08	2009-2038	4.250 - 5.000	200,000	200,000	8,792	-	208,792
			<u>814,361</u>	<u>615,441</u>	<u>17,039</u>	<u>(2,734)</u>	<u>629,746</u>

Bond Anticipation Notes

01/03/08	2008-2009	1.350 - 3.760	60,000	60,000	-	-	60,000
			<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>60,000</u>

Auction Rate Notes

10/06/05	2007-2036	2.480 - 3.550	50,000	46,600	-	-	46,600
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Total General Obligation Debt	<u>\$ 924,361</u>	<u>\$ 722,041</u>	<u>\$ 17,039</u>	<u>\$ (2,734)</u>	<u>\$ 736,346</u>
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Certificates of Participation

06/01/04	2005-2014	3.000 - 5.000	\$ 4,000	\$ 2,400	\$ 133	\$ -	\$ 2,533
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Total Certificates of Participation	<u>\$ 4,000</u>	<u>\$ 2,400</u>	<u>\$ 133</u>	<u>\$ -</u>	<u>\$ 2,533</u>
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* Refunding issues

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

The following is a schedule of the primary government's debt service payments for certain long-term debt as of June 30, 2008:

General Long-Term Debt
(in thousands)

Fiscal Year Ended June 30	Governmental Activities					
	General Obligation Debt		COPs & Other Long-term Debt		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 192,065	\$ 35,863	\$ 5,996	\$ 2,567	\$ 198,061	\$ 38,430
2010	56,635	29,841	6,043	2,273	62,678	32,114
2011	56,795	27,460	6,091	1,975	62,886	29,435
2012	56,750	24,722	9,351	1,675	66,101	26,397
2013	51,940	22,073	6,080	1,125	58,020	23,198
2014-2018	209,475	76,244	11,180	2,580	220,655	78,824
2019-2023	155,140	34,088	6,170	639	161,310	34,727
2024-2028	71,600	7,245	-	-	71,600	7,245
Total	<u>\$ 850,400</u>	<u>\$ 257,536</u>	<u>\$ 50,911</u>	<u>\$ 12,834</u>	<u>\$ 901,311</u>	<u>\$ 270,370</u>

Fiscal Year Ended June 30	Business-type Activities					
	General Obligation Debt		COPs		Total Debt Service	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 92,046	\$ 29,317	\$ 400	\$ 120	\$ 92,446	\$ 29,437
2010	35,653	26,493	400	100	36,053	26,593
2011	35,817	25,286	400	80	36,217	25,366
2012	35,770	23,725	400	60	36,170	23,785
2013	33,805	22,234	400	40	34,205	22,274
2014-2018	140,526	92,451	400	20	140,926	92,471
2019-2023	116,383	66,154	-	-	116,383	66,154
2024-2028	94,941	43,522	-	-	94,941	43,522
2029-2033	86,500	22,098	-	-	86,500	22,098
2034-2038	50,600	5,881	-	-	50,600	5,881
Total	<u>\$ 722,041</u>	<u>\$ 357,161</u>	<u>\$ 2,400</u>	<u>\$ 420</u>	<u>\$ 724,441</u>	<u>\$ 357,581</u>

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 asset component in the statement of net assets. The following summarizes these situations where the County is reporting the debt in its financial statements, while the corresponding assets are reported in the other reporting entities' financial statements.

- 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 \$322.83 million of its net Consolidated Public Improvement general obligation bonds outstanding (net of unamortized premiums and deferred charges) that is related to capital facilities of the component units as of June 30, 2008.
- The Metropolitan District Act requires the City to provide water to the County's Metropolitan District. The City also treats sewage from the Metropolitan District at cost. The County has agreed to pay the City on a pro-rata basis for construction of certain City owned sewer and water capital projects that serve the Metropolitan District. The County has contributed approximately \$662.69 million towards these City owned facilities that are funded primarily with bond proceeds. The County estimates 39.36% of its net Metropolitan District general obligation bonds outstanding or \$289.294 million is related to these facilities as of June 30, 2008.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

At June 30, 2008, the County has accrued \$16.92 million of estimated closure and postclosure care costs for its one active and three closed landfills in the Governmental Activities of the Statement of Net Assets. Of this liability, \$3.76 million is related to the estimated closure costs for the inactive landfills. State and federal laws require the County to place a final cover on its open landfill when it stops accepting waste in approximately 2049 and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure costs generally will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these costs as a liability in the Governmental Activities of the Statement of Net Assets based on the landfill capacity used as of the end of the fiscal year. The \$13.16 million included in the landfill closure and postclosure care costs liability at June 30, 2008 for the open landfill represents the cumulative unspent amount reported to date based on the use of 48.7% of the estimated landfill capacity. The County will recognize the remaining estimated cost of closure and postclosure care of \$13.86 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, 2007 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, 2008 for bonds issued prior to July 1, 1996 could not be determined, however, the original issue amounts approximate \$585 million. The aggregate principal amount payable for bonds issued after July 1, 1996 was \$377.3 million at June 30, 2008.

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, 2008 (in thousands):

Year ending June 30	Primary Government	Component Units
2009	\$ 1,851	\$ 5,958
2010	1,435	5,297
2011	1,253	3,923
2012	1,142	3,612
2013	707	3,187
2014-2018	787	7,082
2019-2023	88	7,130
2024-2028	50	8,266
	\$ 7,313	\$ 44,455

The total rental expenditures for the year ended June 30, 2008, for all leases except those with terms of a month or less that were not renewed were approximately \$5.3 million for the primary government and \$7.4 million for the component units.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Contracts and Commitments

Contract commitments in the Consolidated Public Improvement Construction Fund, the Metropolitan District Fund, and the Gifts and Grants Fund amounted to approximately \$104.1 million, \$60.8 million, and \$9.7 million, respectively, at June 30, 2008. 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.

11. CONTINGENCIES:

The County receives significant financial assistance from the U. S. Government and the State of Maryland in the form of grants. Entitlement to grant resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal and state regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits in accordance with grantor requirements. Any disallowances as a result of these audits become a liability of the County. The County estimates that no material liabilities will result from such audits.

The County is contingently liable for loans guaranteed through the Economic Development Revolving Financing Fund that aggregate approximately \$1.1 million as of June 30, 2008. A reservation 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.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Changes in the balances of claim liabilities during fiscal years 2007 and 2008 were as follows (in thousands):

Fiscal Year	Balance at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2007	\$ 49,367	\$ 260,751	\$ (255,604)	\$ 54,514
2008	54,514	186,744	(184,449)	56,809

13. INDIVIDUAL FUND DISCLOSURE:

At June 30, 2008, the Consolidated Public Improvement Construction Fund had a deficit fund balance of \$48.41 million. This deficit will be eliminated by pay-as-you-go contributions from the General Fund and from bond proceeds.

14. ACCOUNTING CHANGE:

The County has implemented the following Governmental Accounting Standard Board statements effective July 1, 2007:

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which provides the financial reporting framework for defined benefit OPEB plans the are administered as trusts or equivalent arrangements.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pensions*, establishes standards of accounting and financial reporting for OPEB expenses/expenditures and related OPEB liabilities or assets, note disclosure and required supplementary information (RSI) in the financial reports of state and local governmental employers.

GASB Statement No. 50, *Pension Disclosures*, which amends applicable note disclosure and required supplementary information requirements of Statement No. 25 and No. 27 to more closely align the financial reporting for pension plans with those for OPEB.

15. BENEFIT PLANS:

Employees' Retirement System

PLAN DESCRIPTION – The Employee's 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 Board of Education, Board of Library Trustees, Community College and the Baltimore County Revenue Authority. The System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System is authorized by Section 5-1-101 of the County Code.

The System is considered part of the County's reporting entity and its financial statements are included in the basic financial statements as a pension trust fund. 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 County Code, responsibility for the proper operation of the System is vested in an eight member Board of Trustees, the majority of which are appointed by the County Executive. System administration is vested in the Director of Budget and Finance.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

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 Employees' Retirement System of Baltimore County, 400 Washington Avenue, Room 176, Towson, Maryland 21204.

FUNDING POLICY – System members contribute a percentage of their salary to the System determined by County Code. The contribution rates for members hired prior to July 1, 2007 are actuarially determined based on the member's age at enrollment and employee classification. Contribution rates for members hired after July 1, 2007 are based on employee classification. Fiscal year 2008 contribution rates range as follows:

Classification	Contribution Rate as a % of Covered Payroll	
	Hired prior to July 1, 2007	Hired after July 1, 2007
Elected officials	13.85%	13.85%
Department Head	6.61 - 10.98 %	9%
General employees	4.42 - 8.36 %	6%
Correctional Officers	4.46 - 8.12 %	7%
Deputy Sheriffs	4.46 - 8.36 %	7%
Firefighters	6.46 - 8.50 %	7%
Police officers	5.51 - 8.72 %	7%

Interest is credited on member contributions at the rate of 5.0% per annum.

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. Employers are required to make contributions on an actuarially determined basis that, expressed as percentages of annual covered payroll, and are sufficient to pay benefits when due. 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, 2008, 2007 and 2006, were \$44,167,525, \$40,065,314 and \$34,433,062, respectively, which were equal to the required contributions for each year. The primary government's contribution for the three aforementioned fiscal years were \$41,422,328, \$37,372,611 and \$32,322,042, respectively.

Police, Fire and Widows' Pension Plan

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

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

The condensed financial statements as of and for the year ended June 30, 2008 are as follows (in thousands):

Statement of Plan Net Assets
Police, Fire, and Widows' Pension Plan
As of June 30, 2008

ASSETS	
Cash and cash equivalents	\$ 23,318
Investment securities	89,480
Interest and dividends receivable	969
Total assets	113,767
LIABILITIES	
Accounts payable	39
Total liabilities	39
NET ASSETS	
Net assets held in trust for pension benefits	\$ 113,728

Statement of Changes in Plan Net Assets
Police, Fire and Widows' Pension Plan
For the year ended June 30, 2008

ADDITIONS	
Contributions:	
Employer	\$ 15
Total contributions	15
Investment earnings:	
Net decrease in the fair value of plan assets	(4,804)
Interest and dividends	3,365
Investment expenses	(173)
Net investment income	(1,612)
Total additions	(1,597)
DEDUCTIONS	
Benefits	13,376
Total deductions	13,376
Change in net assets	(14,973)
Net assets at beginning of the year	128,701
Net assets at end of the year	\$ 113,728

Other Pension Plans

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

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

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 year ended June 30, 2008, 2007 and 2006, of approximately \$73.8 million, \$59.0 million and \$53.2 million, respectively, were made directly by the State of Maryland on behalf of the component units according to State statute. The contributions have been recognized as a revenue and an expense in the component unit statement of activities. Additionally, some professional employees of the Community College participate in an optional private retirement system.

16. 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 and the Community College of Baltimore County. The OPEB Plan was established and will be maintained by the County as a trust fund as specified in Article 10, Title 14 of the County Code. 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, 2008, the date of the last plan valuation, the OPEB Plan covered a projected 33,360 members; 18,965 active plan members and 14,395 retirees receiving benefits.

Contributions: Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward healthcare based on their hire date, years of active service, the medical plan chosen and whether they are Medicare eligible (age 65). The County receives Retiree Drug Subsidy and Prescription Drug Plan reimbursements on Medicare eligible retirees. Each employer is required to contribute its annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. Article 10, Title 14 of the County Code gives the Director of Budget and Finance the authority to determine the annual contribution to the trust fund based on the results of the actuarial valuation of the ARC. The annual OPEB cost, the amounts actually contributed to the trust, and the net OPEB obligation (NOO) for the fiscal year ended June 30, 2008 were as follows (in thousands):

	Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
	2008	\$ 148,892	170.76%
		All Employers	The County
Beginning of the year NOO		\$ -	\$ -
Annual Required Contribution		148,892	78,142
Employer Contributions		(254,243)	(183,493)
End of the year NOO (negative)		\$ (105,351)	\$ (105,351)

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Funded Status and Funding Progress

The funded status of the OPEB Plan as of the most recent actuarial valuation date is as follows (dollars in thousands):

Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess of) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (Excess of) as a % of Covered Payroll ((b-a)/c)
2007	\$ -	\$ 1,765,553	\$ 1,765,553	0%	\$ 1,067,669	165.37

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about future employment, mortality and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employers are subject to continual revision as actuarial results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information that will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. This year's schedule shows only the initial year of funding.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing benefit costs between employers and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of the assets, consistent with the long-term perspective of the calculations.

The July 1, 2007 actuarial valuation used the projected unit credit method under which the benefits of each individual included in an actuarial valuation are allocated by a consistent formula to all valuation years. The method to be used to determine the actuarial value of assets will be fair value. The actuarial assumptions included a discount rate of 7.875%. The discount rate is the rate used to determine the present value of the future cash flows. The unfunded actuarial accrued liability is being amortized as a percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2008 was twenty-nine years. The initial medical trend assumption is 9.875% decreasing gradually to an ultimate rate of 7% after 2010. An implicit subsidy amount is also factored into the valuation for blended rates charged to retirees who should be contributing at rates much higher than active employees.

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

The condensed financial statements as of and for the year ended June 30, 2008 are as follows (in thousands):

Statement of Plan Net Assets
OPEB Plan
As of June 30, 2008

ASSETS	
Cash and cash equivalents	\$ 7,649
Investments, at fair value:	172,093
Collateral for loaned securities	20,482
Receivables:	
Accrued interest & dividend income	408
Receivable for investments sold	5,920
Receivables other	1,450
Total assets	<u>208,002</u>
LIABILITIES	
Collateral for loaned securities	20,482
Investments purchased	14,440
Investment expenses payable	225
Other	2,377
Total liabilities	<u>37,524</u>
NET ASSETS	
Net assets held in trust for benefits	<u>\$ 170,478</u>

Statement of Changes in Plan Net Assets
OPEB Plan
For the year ended June 30, 2008

ADDITIONS	
Contributions:	
Employer	\$ 254,243
Employee	23,180
Other	1,011
Total contributions	<u>278,434</u>
Investment earnings:	
Net decrease in the fair value of plan assets	(12,060)
Interest and dividends	4,026
Securities lending income	818
Investment expenses	(1,901)
Net investment loss	<u>(9,117)</u>
Total additions	<u>269,317</u>
DEDUCTIONS	
Benefits	<u>98,839</u>
Total deductions	<u>98,839</u>
Change in net assets	170,478
Net assets at beginning of the year	-
Net assets at end of the year	<u>\$ 170,478</u>

BALTIMORE COUNTY, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

17. SUBSEQUENT EVENTS:

On August 12, 2008, the County issued \$36.7 million in Certificates of Participation for the financing of equipment purchases for the County.

On August 12, 2008, the County issued \$81.6 million in Commercial Paper Bond Anticipation Notes for the purpose of redeeming \$81.6 million of Auction Rate Bond Anticipation Notes on September 11, 2008.

18. DECLINES IN INVESTMENT VALUES:

During 2008, financial markets as a whole have incurred significant declines in values. As of December 23, 2008, the County's investment portfolio for its Pension Trust Funds and its OPEB Plan has incurred a significant decline in the values reported in the accompanying financial statements. However, because the values of the individual investments fluctuate with market conditions, the amount of investment losses that the County will recognize in its future financial statements, if any, cannot be determined.



Required Supplementary Information

BALTIMORE COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2008

Three year historical trend information about the OPEB Plan will be presented herewith as required supplementary information. This information is intended to help users assess the OPEB Plan's funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due and make comparisons with other public employee retirement systems' OPEB Plans. The following schedules show only fiscal year 2008 information, the initial year of funding.

Schedule of Funding Progress
(dollars in thousands)

Actuarial Valuation Date <u>July 1</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Unfunded (Excess of) AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL (Excess of) as a % of Covered Payroll <u>((b-a)/c)</u>
2008	\$ -	\$ 1,765,553	\$ 1,765,553	0%	\$ 1,067,669	165.37

Schedule of Employer Contributions
(dollars in thousands)

Fiscal Year Ended <u>June 30</u>	Annual Required Contribution <u></u>	Percentage Contributed <u></u>
2008	\$ 148,892	170.76%



Combining Financial Statements

The combining financial statements provide detailed information concerning financial position and results of operations.

- General Fund
- Nonmajor Governmental Funds
- Internal Service Funds
- Fiduciary Funds

Baltimore County
Schedule of Appropriations and Expenditures - Budgetary Basis
For the Year Ended June 30, 2008
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General Government:				
Legislative:				
County Council	\$ 1,835	\$ 1,835	\$ 1,660	\$ 175
Judicial:				
Circuit Court:				
Criminal and civil adjudication	5,189	5,190	5,048	142
Orphans Court:				
Adjudication of estates	208	208	192	16
States Attorney:				
Criminal prosecution	7,698	7,602	7,537	65
County Sheriff:				
Conveying prisoners and serving summonses	4,824	5,038	5,025	13
Total	<u>17,919</u>	<u>18,038</u>	<u>17,802</u>	<u>236</u>
Executive:				
Office of the County Executive	1,134	1,134	1,106	28
County Administrative Officer:				
General administration	1,272	1,273	1,273	-
Human relations commission	368	367	320	47
Fair practices	391	391	377	14
Baltimore metropolitan council	125	125	125	-
Total	<u>3,290</u>	<u>3,290</u>	<u>3,201</u>	<u>89</u>
Elections:				
Board of Supervisors of Elections	4,690	5,182	4,490	692
Financial Administration:				
Office of Budget and Finance:				
Budget formulation and administration	1,694	1,913	1,913	-
Financial operations	4,335	4,570	4,570	-
Pay systems	348	344	343	1
Investment and debt management	370	344	343	1
Insurance administration	1,630	1,565	1,565	-
Purchasing and disbursements	1,277	1,431	1,431	-
Total	<u>9,654</u>	<u>10,167</u>	<u>10,165</u>	<u>2</u>
County Auditor	<u>1,558</u>	<u>1,558</u>	<u>1,369</u>	<u>189</u>
Office of Law:				
General legal services	2,318	2,320	2,064	256
Legislative relations	328	328	325	3
Total	<u>2,646</u>	<u>2,648</u>	<u>2,389</u>	<u>259</u>
Other:				
Vehicle Operations and Maintenance	1,100	3,408	3,408	-
Office of Planning and Community Conservation				
General administration	2,416	2,422	2,343	79
Zoning commissioner	307	318	317	1
People's counsel	183	184	178	6
Community conservation	446	446	445	1
Office of Human Resources:				
Personnel administration	2,265	2,269	2,181	88

(continued)

Baltimore County
Schedule of Appropriations and Expenditures - Budgetary Basis
For the Year Ended June 30, 2008
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Department of Permits and Development Management:				
General administration	1,389	1,440	1,430	10
Electrical licensing and regulation	17	17	17	-
Plumbing licensing and regulation	28	28	27	1
Development processing	2,142	2,150	2,072	78
Code inspections and enforcement	4,635	5,012	5,011	1
Permits and licenses	844	869	847	22
Board of Appeals	251	252	235	17
Cooperative Extension Service	298	299	264	35
Office of Information Technology:				
General administration	1,701	1,676	1,641	35
Applications development	3,279	3,165	3,149	16
Computer and technical services	6,984	7,097	7,009	88
Telecommunications Services	2,539	2,590	2,552	38
Total	<u>30,824</u>	<u>33,642</u>	<u>33,126</u>	<u>516</u>
General Government Total	<u>72,416</u>	<u>76,360</u>	<u>74,202</u>	<u>2,158</u>
Public Safety:				
Police Department:				
General administration	3,598	3,494	3,489	5
Administrative & technical services	23,861	24,157	23,851	306
Criminal/forensic investigations	18,521	19,075	19,017	58
Vice/intelligence/narcotics	4,883	5,043	5,030	13
Patrol/precincts	108,261	108,356	108,293	63
Support operations	10,505	10,892	10,837	55
Human resources	4,539	4,342	4,336	6
School safety	1,411	1,321	1,308	13
Total	<u>175,579</u>	<u>176,680</u>	<u>176,161</u>	<u>519</u>
Bureau of Corrections:				
Custodial care of prisoners	29,936	30,714	30,673	41
Fire Department:				
General administration	1,290	1,336	1,336	-
Investigative services	3,204	3,144	3,144	-
Alarm and communication system	999	1,016	1,016	-
Field operations	70,305	71,203	71,203	-
Office of emergency preparedness	406	383	383	-
Field operation administration	1,604	1,459	1,454	5
Fire/rescue academy	1,330	1,438	1,438	-
Contributions - volunteer fire companies	6,498	6,436	6,436	-
Total	<u>85,636</u>	<u>86,415</u>	<u>86,410</u>	<u>5</u>
Communications:				
Central communications center	10,402	11,159	11,156	3
Public Safety Total	<u>301,553</u>	<u>304,968</u>	<u>304,400</u>	<u>568</u>

(continued)

Baltimore County
Schedule of Appropriations and Expenditures - Budgetary Basis
For the Year Ended June 30, 2008
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Works:				
Office of Director of Public Works:				
General administration	689	699	689	10
Metro Financing/Petition Proc	25	25	22	3
Total	<u>714</u>	<u>724</u>	<u>711</u>	<u>13</u>
Bureau of Engineering and Construction:				
General administration	437	423	422	1
Structural design	1,814	1,798	1,797	1
Public buildings design	542	505	504	1
General surveying	346	338	335	3
Contracts and construction inspection	2,005	1,941	1,937	4
Total	<u>5,144</u>	<u>5,005</u>	<u>4,995</u>	<u>10</u>
Bureau of Highways:				
General administration	1,103	1,125	1,125	-
General operations and maintenance	12,725	12,869	12,850	19
Storm emergencies	5,116	5,913	5,913	-
Total	<u>18,944</u>	<u>19,907</u>	<u>19,888</u>	<u>19</u>
Bureau of Solid Waste Management:				
General administration	464	480	479	1
Refuse collection	27,091	27,274	27,274	-
Refuse disposal	17,899	17,376	17,372	4
Recycling	2,042	1,974	1,974	-
Total	<u>47,496</u>	<u>47,104</u>	<u>47,099</u>	<u>5</u>
Bureau of Traffic Engineering and Transportation Planning:				
Traffic planning	8,831	9,028	9,026	2
Traffic sign installation and maintenance	1,711	1,824	1,823	1
Traffic signal operation and maintenance	1,174	1,153	1,153	-
Total	<u>11,716</u>	<u>12,005</u>	<u>12,002</u>	<u>3</u>
Bureau of Utilities:				
Sewer and water maintenance	567	542	540	2
Bureau of Building and Equipment Services:				
Building maintenance	6,334	6,633	6,631	2
Building operation and management	14,816	15,242	15,193	49
Equipment maintenance	5,131	5,921	5,903	18
Total	<u>26,281</u>	<u>27,796</u>	<u>27,727</u>	<u>69</u>
Public Works Total	<u>110,862</u>	<u>113,083</u>	<u>112,962</u>	<u>121</u>

(continued)

Baltimore County
Schedule of Appropriations and Expenditures - Budgetary Basis
For the Year Ended June 30, 2008
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Health and Human Services:				
Health:				
Department of Health:				
General administration	2,735	2,824	2,754	70
Nursing services	2,372	2,237	2,071	166
Acute communicable disease control	1,275	1,278	1,222	56
Medical environmental health	624	580	543	37
Medical social work service	341	362	345	17
Animal control	1,581	1,655	1,604	51
Maternal and child health	1,475	1,610	1,602	8
School health services	1,213	1,201	1,131	70
Developmental disabilities	585	594	591	3
Home health services	1,496	1,508	1,456	52
Long-term care services	1,705	1,705	1,687	18
Medical assistance and hospital support	912	937	918	19
Dental health services	591	579	497	82
Speech, language and hearing	356	393	368	25
Total	<u>17,261</u>	<u>17,463</u>	<u>16,789</u>	<u>674</u>
Department of Environmental Protection and Resource Management	<u>6,942</u>	<u>7,271</u>	<u>7,216</u>	<u>55</u>
Human Services:				
Department of Social Services:				
Adult foster care assistance	150	150	149	1
Welfare to work program	447	447	420	27
Foster care for children	17	17	10	7
Emergency funds/housing for the homeless	531	531	508	23
Battered spouse program	132	132	132	-
In-home care program	240	240	218	22
Volunteer program	68	71	70	1
Adult services	650	676	621	55
General administration	1,421	1,483	1,482	1
STEPS program	259	262	220	42
Children's services	353	366	362	4
Income maintenance	634	659	648	11
Family services	996	967	924	43
Total	<u>5,898</u>	<u>6,001</u>	<u>5,764</u>	<u>237</u>
Aging Programs & Services:				
Department of Aging:				
General administration	710	714	701	13
Adult medical day care	100	100	100	-
Senior centers network	1,760	1,741	1,731	10
Special geriatric services	289	298	256	42
Facilities	1,402	1,372	1,370	2
Transportation	1,084	1,199	1,186	13
Program and volunteer services	400	404	355	49
Total	<u>5,745</u>	<u>5,828</u>	<u>5,699</u>	<u>129</u>
Health and Human Services Total	<u>35,846</u>	<u>36,563</u>	<u>35,468</u>	<u>1,095</u>

(continued)

Baltimore County
Schedule of Appropriations and Expenditures - Budgetary Basis
For the Year Ended June 30, 2008
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Culture and Leisure Services:				
Department of Recreation and Parks:				
General administration	1,601	1,338	1,289	49
Community & neighborhood recreation, organization, direction and development	4,130	4,151	4,027	124
Activity leadership	2,716	2,636	2,480	156
Operation and maintenance of facilities	5,727	5,952	5,934	18
Revenue producing facilities	692	692	685	7
Nature and environmental center	711	696	668	28
Organization Contributions:				
Organization contributions	4,408	4,408	4,308	100
General grant program	3,045	3,045	3,019	26
Culture and Leisure Services Total	23,030	22,918	22,410	508
Economic and Community Development:				
Economic Development Commission	1,892	1,894	1,758	136
Economic and Community Development Total	1,892	1,894	1,758	136
Pension Plan Contributions:				
Employees' retirement contributions	40,672	40,672	40,672	-
Non-system retirement	115	127	127	-
Pension Plan Contributions Total	40,787	40,799	40,799	-
Healthcare Contributions:				
Employee health & life insurance	109,759	110,061	110,060	1
Healthcare Contributions Total	109,759	110,061	110,060	1
Miscellaneous:				
Social Security	19,731	17,938	15,728	2,210
Reserve for Contingencies	4,037	1,000	-	1,000
Local share - State & Federal	188	246	237	9
Miscellaneous Total	23,956	19,184	15,965	3,219
Payments to Component Units:				
Community College	38,532	38,532	38,531	1
Board of Education	644,767	643,907	643,880	27
Library	31,339	31,339	31,339	-
Payments to Component Units Total	714,638	713,778	713,750	28

(continued)

Baltimore County
Schedule of Appropriations and Expenditures - Budgetary Basis
For the Year Ended June 30, 2008
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Debt Service:				
Principal retirement:				
General obligation bonds:				
Community College	1,923	1,923	1,923	-
General public facilities	22,440	22,440	22,440	-
Pension funding bonds	8,645	8,645	8,645	-
Non-general obligation debt	12,410	12,410	12,410	-
Total	<u>45,418</u>	<u>45,418</u>	<u>45,418</u>	<u>-</u>
Interest:				
General obligation bonds:				
Community College	1,609	1,521	1,519	2
General public facilities	16,013	15,451	15,451	-
Pension funding bonds	3,172	3,172	3,172	-
Non-general obligation debt	3,018	3,014	3,014	-
Total	<u>23,812</u>	<u>23,158</u>	<u>23,156</u>	<u>2</u>
Fiscal charges:				
General obligation bonds:				
General public facilities	506	411	410	1
Non-general obligation debt	12	6	6	-
Total	<u>518</u>	<u>417</u>	<u>416</u>	<u>1</u>
Debt Service Total	<u>69,748</u>	<u>68,993</u>	<u>68,990</u>	<u>3</u>
Operating Transfers Out:				
Contribution to capital budget	55,514	55,514	55,514	-
Contribution to capital budget - schools	91,361	91,361	91,361	-
Gifts and Grants	6,245	6,682	6,682	-
Vehicle Operations and Maintenance Fund	139	139	139	-
Operating Transfers Out Total	<u>153,259</u>	<u>153,696</u>	<u>153,696</u>	<u>-</u>
General Fund Total	<u>\$ 1,657,746</u>	<u>\$ 1,662,297</u>	<u>\$ 1,654,460</u>	<u>\$ 7,837</u>

**Baltimore County, Maryland
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008
(In Thousands)**

	Special Revenue Funds		
	Liquor License	Economic Development Revolving Financing	Total
ASSETS			
Cash and investments	\$ 376	\$ 9,886	\$ 10,262
Loans receivable	-	11,613	11,613
Total assets	\$ 376	\$ 21,499	\$ 21,875
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	22	296	318
Deferred revenue	-	11,613	11,613
Total liabilities	22	11,909	11,931
Fund balances			
Reserved for:			
Encumbrances	-	4,761	4,761
Loan guarantees	-	1,084	1,084
Unreserved:			
Designated for subsequent years' expenditures	57	-	57
Undesignated	297	3,745	4,042
Total fund balances	354	9,590	9,944
Total liabilities and fund balances	\$ 376	\$ 21,499	\$ 21,875

Baltimore County, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008
(In Thousands)

	Special Revenue Funds		
	Liquor License	Economic Development Revolving Financing	Total
REVENUES			
Licenses and permits	\$ 681	\$ -	\$ 681
Repayment of loans	-	1,878	1,878
Charges for services	-	276	276
Interest revenue	-	594	594
Total revenues	<u>681</u>	<u>2,748</u>	<u>3,429</u>
EXPENDITURES			
General government	640	-	640
Economic development	-	1,100	1,100
Loans	-	3,281	3,281
Total expenditures	<u>640</u>	<u>4,381</u>	<u>5,021</u>
Excess (deficiency) of revenues over expenditures	<u>41</u>	<u>(1,633)</u>	<u>(1,592)</u>
OTHER FINANCING SOURCES			
Transfers in	-	991	991
Transfers out	-	(330)	(330)
Total other financing sources	<u>-</u>	<u>661</u>	<u>661</u>
Net change in fund balances	<u>41</u>	<u>(972)</u>	<u>(931)</u>
Fund balances at beginning of the year	313	10,562	10,875
Fund balances at end of the year	<u>\$ 354</u>	<u>\$ 9,590</u>	<u>\$ 9,944</u>

Baltimore County, Maryland
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Liquor License Fund
For the Year Ended June 30, 2008
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Licenses and permits	\$ 645	\$ 681	\$ 36
Total revenues	<u>645</u>	<u>681</u>	<u>36</u>
Expenditures:			
General government:			
License sale and control	<u>678</u>	<u>640</u>	<u>38</u>
Total expenditures	<u>678</u>	<u>640</u>	<u>38</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (33)</u>	<u>41</u>	<u>\$ 74</u>
Fund balance at beginning of year		<u>313</u>	
Fund balance at end of year		<u>\$ 354</u>	

Baltimore County, Maryland
Combining Statement of Net Assets
Internal Service Funds
June 30, 2008
(In Thousands)

	Vehicle Operations and Maintenance	Central Printing Service	Self-Insurance Program	Total
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 671	\$ 105,719	\$ 106,390
Receivables, net	3	-	3,611	3,614
Due from other funds	-	-	12,375	12,375
Inventories	756	-	-	756
Prepaid costs	-	-	5,677	5,677
Total current assets	<u>759</u>	<u>671</u>	<u>127,382</u>	<u>128,812</u>
Capital assets:				
Depreciable (net of accumulated depreciation)	16,253	209	-	16,462
Total assets	<u>17,012</u>	<u>880</u>	<u>127,382</u>	<u>145,274</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,113	18	4,809	5,940
Accrued payroll	108	19	-	127
Compensated absences	227	10	-	237
Due to other funds	12,375	-	-	12,375
Claims and judgments	-	-	33,694	33,694
Total current liabilities	<u>13,823</u>	<u>47</u>	<u>38,503</u>	<u>52,373</u>
Noncurrent liabilities:				
Claims and judgments	-	-	23,115	23,115
Total liabilities	<u>13,823</u>	<u>47</u>	<u>61,618</u>	<u>75,488</u>
NET ASSETS				
Invested in capital assets	16,253	209	-	16,462
Unrestricted (deficit)	(13,064)	624	65,764	53,324
Total net assets	<u>\$ 3,189</u>	<u>\$ 833</u>	<u>\$ 65,764</u>	<u>\$ 69,786</u>

Baltimore County, Maryland
Combining Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2008
(In Thousands)

	Vehicle Operations and Maintenance	Central Printing Service	Self-Insurance Program	Total
OPERATING REVENUES				
Charges for services-internal	\$ 17,322	\$ 954	\$ 62,080	\$ 80,356
Charges for services-other	3,354	26	165,049	168,429
Miscellaneous	189	-	-	189
Total operating revenues	<u>20,865</u>	<u>980</u>	<u>227,129</u>	<u>248,974</u>
OPERATING EXPENSES				
Personal services	2,480	428	-	2,908
Contractual services	826	116	-	942
Rents and utilities	346	193	-	539
Supplies and maintenance	11,229	171	-	11,400
Insurance claims and expenses	-	-	186,744	186,744
Depreciation	3,689	23	-	3,712
Other expenses	623	35	-	658
Total operating expenses	<u>19,193</u>	<u>966</u>	<u>186,744</u>	<u>206,903</u>
Operating income	<u>1,672</u>	<u>14</u>	<u>40,385</u>	<u>42,071</u>
NONOPERATING REVENUES				
Interest on investments	-	-	4,697	4,697
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>4,697</u>	<u>4,697</u>
Income before transfers	1,672	14	45,082	46,768
Transfers in	433	-	-	433
Transfers out	-	-	(3,413)	(3,413)
Change in net assets	<u>2,105</u>	<u>14</u>	<u>41,669</u>	<u>43,788</u>
Net assets at beginning of the year	1,084	819	24,095	25,998
Net assets at end of the year	<u>\$ 3,189</u>	<u>\$ 833</u>	<u>\$ 65,764</u>	<u>\$ 69,786</u>

Baltimore County, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2008
(In Thousands)

	Vehicle Operations and Maintenance	Central Printing Service	Self-Insurance Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 20,684	\$ 980	\$ 226,521	\$248,185
Payments to suppliers	(12,038)	(486)	-	(12,524)
Payments to employees	(2,447)	(429)	-	(2,876)
Payment for interfund services used	(623)	(35)	-	(658)
Claims paid	-	-	(179,125)	(179,125)
Other receipts	(26)	-	-	(26)
Net cash provided by operating activities	<u>5,550</u>	<u>30</u>	<u>47,396</u>	<u>52,976</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	433	-	-	433
Transfers out	-	-	(3,413)	(3,413)
Advances from other funds	468	-	-	468
Advances to other funds	-	-	(468)	(468)
Repayment of cash advance	-	-	6,937	6,937
Net cash provided by noncapital activities	<u>901</u>	<u>-</u>	<u>3,056</u>	<u>3,957</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(7,002)	(13)	-	(7,015)
Sales of capital assets	551	-	-	551
Net cash used by capital and related financing activities	<u>(6,451)</u>	<u>(13)</u>	<u>-</u>	<u>(6,464)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	-	-	4,893	4,893
Net cash provided by investing activities	-	-	4,893	4,893
Net increase in cash and cash equivalents	-	17	55,345	55,362
Cash and cash equivalents at beginning of the year	-	654	50,374	51,028
Cash and cash equivalents at end of the year	<u>\$ -</u>	<u>\$ 671</u>	<u>\$ 105,719</u>	<u>\$106,390</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 1,672	\$ 14	\$ 40,385	\$ 42,071
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	3,689	23	-	3,712
Effect of changes in operating assets and liabilities:				
Receivables, net	8	-	(608)	(600)
Prepaid costs	-	-	(12,155)	(12,155)
Inventories	(215)	-	-	(215)
Accounts and other payables	363	(6)	15,236	15,593
Accrued expenses	33	(1)	-	32
Claims and judgements	-	-	4,538	4,538
Net cash provided by operating activities	<u>\$ 5,550</u>	<u>\$ 30</u>	<u>\$ 47,396</u>	<u>\$ 52,976</u>

Baltimore County, Maryland
Combining Statement of Fiduciary Net Assets
Benefits Trust Funds
June 30, 2008
(In Thousands)

	<u>Employees' Retirement System</u>	<u>Police, Fire, and Widows' Pension Plan</u>	<u>OPEB Plan</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 88,274	\$ 23,318	\$ 7,649	\$ 119,241
Collateral for loaned securities	246,762	-	20,482	267,244
Receivables:				
Accrued interest & dividend income	4,915	969	408	6,292
Receivable for investments sold	71,319	-	5,920	77,239
Receivables other	521	-	1,450	1,971
Total receivables	<u>76,755</u>	<u>969</u>	<u>7,778</u>	<u>85,502</u>
Investments, at fair value:				
U.S. Government and Agency securities	191,986	-	15,935	207,921
Municipal bonds	-	60,110	-	60,110
Foreign bonds	16,809	2,495	1,395	20,699
Corporate bonds	180,729	-	15,001	195,730
Stocks	458,707	-	38,074	496,781
Bond mutual funds	160,715	46	13,340	174,101
Stock mutual funds	553,861	26,829	45,972	626,662
Real estate equity funds	115,354	-	9,575	124,929
Hedge funds	106,035	-	8,801	114,836
Private equity funds	76,779	-	6,373	83,152
Global Asset Allocation	212,368	-	17,627	229,995
Total investments	<u>2,073,343</u>	<u>89,480</u>	<u>172,093</u>	<u>2,334,916</u>
Total assets	<u>2,485,134</u>	<u>113,767</u>	<u>208,002</u>	<u>2,806,903</u>
LIABILITIES				
Collateral for loaned securities	246,762	-	20,482	267,244
Investments purchased	173,977	-	14,440	188,417
Investment expenses payable	2,743	-	225	2,968
Refunds payable	432	-	-	432
Other	109	39	2,377	2,525
Total liabilities	<u>424,023</u>	<u>39</u>	<u>37,524</u>	<u>461,586</u>
NET ASSETS				
Net assets held in trust for benefits	<u>\$ 2,061,111</u>	<u>\$ 113,728</u>	<u>\$ 170,478</u>	<u>\$ 2,345,317</u>

Baltimore County, Maryland
Combining Statement of Changes in Fiduciary Net Assets
Benefits Trust Funds
For the Year Ended June 30, 2008
(In Thousands)

	<u>Employees' Retirement System</u>	<u>Police, Fire, and Widows' Pension Plan</u>	<u>OPEB Plan</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Employer	\$ 44,168	\$ 15	\$ 254,243	\$ 298,426
Employees	29,962	-	23,180	53,142
Other	-	-	1,011	1,011
Total contributions	<u>74,130</u>	<u>15</u>	<u>278,434</u>	<u>352,579</u>
Investment earnings:				
Net decrease in the fair value of plan assets	(158,310)	(4,804)	(12,060)	(175,174)
Interest and dividends	44,908	3,365	4,026	52,299
Investment expenses	(12,353)	(173)	(1,182)	(13,708)
Net investment loss	<u>(125,755)</u>	<u>(1,612)</u>	<u>(9,216)</u>	<u>(136,583)</u>
Net income from securities lending:				
Securities lending income	9,595	-	818	10,413
Less:				
Borrower rebates	(8,078)	-	(674)	(8,752)
Agent fees	(475)	-	(45)	(520)
Net income from securities lending	<u>1,042</u>	<u>-</u>	<u>99</u>	<u>1,141</u>
Total net investment loss	<u>(124,713)</u>	<u>(1,612)</u>	<u>(9,117)</u>	<u>(135,442)</u>
Total additions	<u>(50,583)</u>	<u>(1,597)</u>	<u>269,317</u>	<u>217,137</u>
DEDUCTIONS				
Benefits	134,991	13,376	98,839	247,206
Refunds	2,949	-	-	2,949
Administrative expense	1,009	-	-	1,009
Total deductions	<u>138,949</u>	<u>13,376</u>	<u>98,839</u>	<u>251,164</u>
Change in net assets	(189,532)	(14,973)	170,478	(34,027)
Net assets at beginning of the year	2,250,643	128,701	-	2,379,344
Net assets at end of the year	<u>\$ 2,061,111</u>	<u>\$ 113,728</u>	<u>\$ 170,478</u>	<u>\$ 2,345,317</u>

STATISTICAL



SECTION

The Statistical Section presents data to assist users of this report to assess the economic condition of the County. They are intended to provide a broader and more complete understanding of the County and its financial affairs than is possible from the basic financial statements and supporting schedules included in the “Financial Section.” Many of these schedules cover more than two fiscal years and present data from sources other than the accounting records. Therefore, the data contained in the Statistical Section has not been subjected to independent audit. The five categories of information are as follows:

Financial Trends

These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.

Baltimore County, Maryland
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)
(dollars expressed in thousands)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Governmental activities							
Invested in capital assets, net of related debt ^a	\$ 302,305	\$ 262,897	\$ 1,303,115	\$ 1,385,791	\$ 1,465,260	\$ 1,492,767	\$ 1,523,265
Restricted	8,046	9,488	8,853	12,135	17,807	15,324	122,079
Unrestricted (deficit)	(78,985)	(51,982)	(72,658)	(43,935)	46,525	103,053	20,351
Total governmental activities net assets	<u>\$ 231,366</u>	<u>\$ 220,403</u>	<u>\$ 1,239,310</u>	<u>\$ 1,353,991</u>	<u>\$ 1,529,592</u>	<u>\$ 1,611,144</u>	<u>\$ 1,665,695</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 424,562	\$ 419,453	\$ 440,818	\$ 482,784	\$ 524,996	\$ 543,107	\$ 489,563
Unrestricted (deficit)	65,486	64,392	37,529	(12,176)	(68,780)	(107,952)	(63,032)
Total business-type activities net assets	<u>\$ 490,048</u>	<u>\$ 483,845</u>	<u>\$ 478,347</u>	<u>\$ 470,608</u>	<u>\$ 456,216</u>	<u>\$ 435,155</u>	<u>\$ 426,531</u>
Primary government							
Invested in capital assets, net of related debt	\$ 726,867	\$ 682,350	\$ 1,743,933	\$ 1,868,575	\$ 1,990,256	\$ 2,035,874	\$ 2,012,828
Restricted	8,046	9,488	8,853	12,135	17,807	15,324	122,079
Unrestricted (deficit)	(13,499)	12,410	(35,129)	(56,111)	(22,255)	(4,899)	(42,681)
Total primary government net assets	<u>\$ 721,414</u>	<u>\$ 704,248</u>	<u>\$ 1,717,657</u>	<u>\$ 1,824,599</u>	<u>\$ 1,985,808</u>	<u>\$ 2,046,299</u>	<u>\$ 2,092,226</u>

Notes: Accrual basis financial information for the County as a whole is available back to 2002 only, the year GASB Statement 34 was implemented.

^a Fiscal year 2004 reflects an accounting change of \$949 million for retroactive reporting of costs incurred prior to July 1, 2001 associated with the County's governmental activities infrastructure assets.

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental activities:							
General government	\$ 266,118	\$ 302,731	\$ 322,644	\$ 344,959	\$ 370,820	\$ 364,796	\$ 427,611
Public safety	223,713	232,827	231,618	246,937	268,561	284,729	321,024
Public works	90,018	95,535	116,548	154,490	154,883	187,130	166,234
Health and human services	96,935	104,755	109,405	117,270	112,427	124,274	134,693
Culture and leisure services	42,514	42,730	42,449	47,476	52,746	56,889	62,080
Economic and community development	12,674	13,660	14,340	10,562	9,473	7,713	8,762
Education	727,649	672,214	642,794	666,277	691,906	786,468	781,588
Interest on long-term debt	17,214	22,937	22,004	23,895	20,568	21,940	22,900
Total governmental activities expenses	<u>1,476,835</u>	<u>1,487,389</u>	<u>1,501,802</u>	<u>1,611,866</u>	<u>1,681,384</u>	<u>1,833,939</u>	<u>1,924,892</u>
Business-type activities:							
Water and sewer services	151,227	158,398	175,148	173,803	215,217	222,606	229,829
Recreational facilities	868	817	868	929	4	-	-
Total business-type activities expenses	<u>152,095</u>	<u>159,215</u>	<u>176,016</u>	<u>174,732</u>	<u>215,221</u>	<u>222,606</u>	<u>229,829</u>
Total primary government expenses	<u>\$ 1,628,930</u>	<u>\$ 1,646,604</u>	<u>\$ 1,677,818</u>	<u>\$ 1,786,598</u>	<u>\$ 1,896,605</u>	<u>\$ 2,056,545</u>	<u>\$ 2,154,721</u>
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 134,447	\$ 167,239	\$ 180,553	\$ 200,590	\$ 218,711	\$ 201,113	\$ 188,526
Public safety	5,194	3,426	3,057	2,887	2,783	3,294	2,022
Public works	3,439	1,873	2,701	2,153	2,420	2,273	1,837
Health and human services	4,052	4,146	3,237	4,522	4,527	4,155	3,916
Culture and leisure services	416	425	489	523	2,164	2,578	2,653
Economic and community development	1,135	491	454	503	505	601	939
Operating grants and contributions:							
General government	1,237	1,533	1,744	2,379	2,979	9,172	2,587
Public safety	18,912	20,812	18,685	23,881	24,930	19,499	19,627
Public works	38,031	34,542	27,610	34,168	41,790	43,257	41,584
Health and human services	72,945	82,427	85,294	91,476	86,606	92,341	101,797
Culture and leisure services	1,108	1,330	1,151	1,138	1,276	1,745	1,502
Economic and community development	10,864	12,244	12,937	9,154	7,268	7,075	6,569
Capital grants and contributions	50,624	38,094	38,398	42,552	37,550	42,348	53,287
Total governmental activities program revenues	<u>342,404</u>	<u>368,582</u>	<u>376,310</u>	<u>415,926</u>	<u>433,509</u>	<u>429,451</u>	<u>426,846</u>
Business-type activities:							
Charges for services:							
Water and sewer services	134,422	132,097	148,656	144,419	165,606	168,715	189,246
Recreational facilities	670	607	628	647	-	-	-
Capital grants and contributions	23,045	19,299	20,673	21,014	34,086	32,693	30,850
Total business-type activities program revenues	<u>158,137</u>	<u>152,003</u>	<u>169,957</u>	<u>166,080</u>	<u>199,692</u>	<u>201,408</u>	<u>220,096</u>
Total primary government program revenues	<u>\$ 500,541</u>	<u>\$ 520,585</u>	<u>\$ 546,267</u>	<u>\$ 582,006</u>	<u>\$ 633,201</u>	<u>\$ 630,859</u>	<u>\$ 646,942</u>

(continued)

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Net (Expense)/Revenue							
Governmental activities	\$ (1,134,431)	\$ (1,118,807)	\$ (1,125,492)	\$ (1,195,940)	\$ (1,247,875)	\$ (1,404,488)	\$ (1,498,046)
Business-type activities	6,042	(7,212)	(6,059)	(8,652)	(15,529)	(21,198)	(9,733)
Total primary government net expense	<u>\$ (1,128,389)</u>	<u>\$ (1,126,019)</u>	<u>\$ (1,131,551)</u>	<u>\$ (1,204,592)</u>	<u>\$ (1,263,404)</u>	<u>\$ (1,425,686)</u>	<u>\$ (1,507,779)</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes:							
Property taxes	\$ 528,560	\$ 545,202	\$ 564,407	\$ 588,773	\$ 626,149	\$ 662,307	\$ 712,863
Income taxes	434,201	420,710	473,017	531,090	572,136	589,994	661,125
Public service taxes	117,917	128,450	147,997	173,530	199,591	180,736	155,699
Grants and contributions not restricted to specific programs:							
State of Maryland	9,194	8,394	6,932	8,622	8,553	9,165	8,847
Unrestricted investment earnings	5,922	5,070	3,003	8,262	17,547	43,777	13,953
Gain on sale of capital assets	2,806	-	-	-	-	-	-
Transfers	-	18	-	344	(500)	61	110
Total governmental activities	<u>1,098,600</u>	<u>1,107,844</u>	<u>1,195,356</u>	<u>1,310,621</u>	<u>1,423,476</u>	<u>1,486,040</u>	<u>1,552,597</u>
Business-type activities							
Unrestricted investment earnings	1,261	1,027	561	1,257	637	198	1,219
Transfers	-	(18)	-	(344)	500	(61)	(110)
Total business-type activities	<u>1,261</u>	<u>1,009</u>	<u>561</u>	<u>913</u>	<u>1,137</u>	<u>137</u>	<u>1,109</u>
Total primary government	<u>\$ 1,099,861</u>	<u>\$ 1,108,853</u>	<u>\$ 1,195,917</u>	<u>\$ 1,311,534</u>	<u>\$ 1,424,613</u>	<u>\$ 1,486,177</u>	<u>\$ 1,553,706</u>
Change in Net Assets							
Governmental activities	\$ (35,831)	\$ (10,963)	\$ 69,864	\$ 114,681	\$ 175,601	\$ 81,552	\$ 54,551
Business-type activities	7,303	(6,203)	(5,498)	(7,739)	(14,392)	(21,061)	(8,624)
Total primary government	<u>\$ (28,528)</u>	<u>\$ (17,166)</u>	<u>\$ 64,366</u>	<u>\$ 106,942</u>	<u>\$ 161,209</u>	<u>\$ 60,491</u>	<u>\$ 45,927</u>

Note: Accrual basis financial information for the County as a whole is available back to 2002 only, the year GASB Statement 34 was implemented.

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
General Fund							
Reserved	\$ 28,609	\$ 15,867	\$ 53,518	\$ 40,836	\$ 29,550	\$ 16,120	\$ 12,259
Unreserved	99,987	125,465	173,288	237,379	279,665	271,422	257,930
Total General Fund	<u>128,596</u>	<u>141,332</u>	<u>226,806</u>	<u>278,215</u>	<u>309,215</u>	<u>287,542</u>	<u>270,189</u>
All other governmental funds							
Reserved	7,923	9,491	9,453	12,712	15,281	15,572	15,686
Unreserved, reported in:							
Special revenue funds ^{a b}	1,152	3,327	1,981	2,010	7,404	160,899	4,099
Capital project funds	(10,840)	(11,689)	38,920	(53,149)	(91,614)	(121,680)	(48,410)
Total all other governmental funds	<u>(1,765)</u>	<u>1,129</u>	<u>50,354</u>	<u>(38,427)</u>	<u>(68,929)</u>	<u>54,791</u>	<u>(28,625)</u>
Total governmental funds	<u>\$ 126,831</u>	<u>\$ 142,461</u>	<u>\$ 277,160</u>	<u>\$ 239,788</u>	<u>\$ 240,286</u>	<u>\$ 342,333</u>	<u>\$ 241,564</u>

Note: Due to changes in the County's fund structure connected with the implementation of GASB Statement 34, fund balance information is available back to 2002 only.

^a In FY 2007 the County transferred \$114.4 million and \$80 million from the General Fund and the Self-Insurance Program Internal Service Fund, respectively, to a Post Employment Benefit (OPEB) Fund to accumulate funds to meet future annual required contributions (ARC) to an OPEB Trust Fund.

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

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Revenues							
Taxes	\$ 1,069,383	\$ 1,097,478	\$ 1,169,179	\$ 1,263,927	\$ 1,364,725	\$ 1,441,828	\$ 1,499,041
Licenses and permits	4,281	4,559	4,865	4,859	5,161	4,690	4,545
Intergovernmental	184,753	182,388	175,643	189,615	188,216	197,088	201,079
Repayment of loans	662	1,260	2,612	3,615	4,538	3,571	3,810
Charges for services	12,795	10,944	11,835	12,259	13,958	38,897	13,502
Assessments	764	1,254	1,662	3,220	3,623	4,430	2,422
Fines and forfeitures	6,535	4,995	4,695	4,652	4,374	4,725	3,098
Interest revenue	5,247	4,304	2,260	5,921	12,199	42,643	10,520
Miscellaneous	22,133	21,273	21,158	22,244	23,396	19,824	25,317
Total revenues	1,306,553	1,328,455	1,393,909	1,510,312	1,620,190	1,757,696	1,763,334
Expenditures							
General government	57,645	58,784	59,717	60,823	67,271	69,845	73,556
Public safety	220,330	227,760	228,791	244,346	266,151	289,362	311,867
Public works	81,159	90,379	90,533	93,758	100,053	108,201	113,150
Health and human services	96,429	103,136	108,479	115,804	115,667	122,685	133,918
Culture and leisure services	16,941	17,259	16,898	17,825	20,876	22,852	24,707
Economic and community development	13,274	14,090	15,268	10,901	10,683	10,256	11,339
Pension plan contributions	10,485	16,182	22,419	27,428	31,190	35,968	40,778
Healthcare contributions	55,551	75,195	85,238	79,109	85,948	105,780	266,019
Loans	1,371	1,110	2,405	1,684	3,366	2,910	3,281
Bad debt	323	-	-	-	-	-	-
Miscellaneous	12,422	12,957	13,033	12,429	13,770	15,489	15,966
Capital projects	130,263	89,399	96,729	117,789	119,255	154,112	124,064
Payments to component units	760,125	710,676	676,250	702,182	731,291	829,109	828,488
Debt service:							
Principal retirement	39,401	33,359	41,107	41,544	39,781	40,493	45,418
Interest	17,101	19,504	19,725	22,128	21,561	22,770	23,157
Fiscal charges	794	1,286	2,093	538	501	849	635
Retirement of bond anticipation notes	27,000	135,000	152,000	-	-	111,000	140,000
Total expenditures	1,540,614	1,606,076	1,630,685	1,548,288	1,627,364	1,941,681	2,156,343
Excess (deficiency) of revenues over expenditures	(234,061)	(277,621)	(236,776)	(37,976)	(7,174)	(183,985)	(393,009)

(continued)

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Other financing sources (uses)							
Bonds issued	-	135,000	152,000	-	-	111,000	140,000
Bond premium	-	5,232	12,602	-	-	5,293	9,150
Bond anticipation notes issued	185,000	152,000	161,000	-	-	90,000	140,000
Refunding bonds issued	-	141,175	63,085	-	-	-	-
Bond premium - refunding	-	10,766	6,127	-	-	-	-
Certificates of participation issued	53,584	-	42,500	-	-	-	-
Certificates of participation premium	-	-	2,528	-	-	-	-
Purchase agreements financing issued	574	-	-	-	-	-	-
Mortgage issued	-	-	-	-	3,784	-	-
Sale of capital assets	8,894	-	-	-	-	-	-
Payment to bond refunding escrow agent	-	(151,273)	(68,876)	-	-	-	-
Transfers in	74,812	13,701	8,814	53,508	132,424	347,855	158,675
Transfers out	(74,090)	(13,350)	(8,305)	(52,904)	(128,536)	(268,116)	(155,585)
Total other financing sources (uses)	<u>248,774</u>	<u>293,251</u>	<u>371,475</u>	<u>604</u>	<u>7,672</u>	<u>286,032</u>	<u>292,240</u>
Net change in fund balances	<u>\$ 14,713</u>	<u>\$ 15,630</u>	<u>\$ 134,699</u>	<u>\$ (37,372)</u>	<u>\$ 498</u>	<u>\$ 102,047</u>	<u>\$ (100,769)</u>
Debt service as a percentage of noncapital expenditures	4.01%	3.50%	3.93%	4.42%	4.06%	3.50%	3.37%

Note: Due to changes in the County's fund structure connected with the implementation of GASB Statement 34, revenue and expenditure information is available back to 2002 only.

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
1999	\$ 1,094,360	\$ 148,431	13.6	\$ 32,432	\$ 63,813	8.8
2000	1,134,690	133,631	11.8	34,686	57,150	8.1
2001	1,199,848	114,941	9.6	63,275	32,203	8.0
2002	1,200,670	99,987	8.3	65,009	34,978	8.3
2003	1,228,894	125,465	10.2	66,010	42,423	8.8
2004	1,289,731	173,288	13.4	66,702	83,444	11.6
2005	1,389,453	237,379	17.1	68,084	117,277	13.3
2006	1,504,492	279,665	18.6	76,016	122,523	13.2
2007	1,595,721	271,422	17.0	79,992	133,899	13.4
2008	1,640,051	257,930	15.7	82,943	118,530	12.3

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

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
1999	\$ 980,472	\$ 3,981	\$ 67,106	\$ 6,470	\$ 2,579	\$ 26,247	\$ 7,505	\$ 1,094,360
2000	1,014,427	3,854	68,940	6,718	5,959	27,408	7,384	1,134,690
2001	1,075,733	3,702	71,137	6,563	6,581	29,650	6,482	1,199,848
2002	1,069,383	3,636	74,771	9,550	6,535	19,465	17,330	1,200,670
2003	1,097,478	3,909	71,241	8,665	4,995	23,283	19,323	1,228,894
2004	1,169,179	4,220	61,043	9,801	4,695	18,527	22,266	1,289,731
2005	1,263,927	4,179	71,962	9,719	4,652	25,752	9,262	1,389,453
2006	1,364,725	4,485	78,406	10,773	4,374	32,567	9,162	1,504,492
2007	1,441,828	4,026	80,647	10,582	4,725	39,594	14,319	1,595,721
2008	1,499,041	3,864	78,434	9,720	3,098	30,750	15,144	1,640,051

(1) Detail shown in table below

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)
1999	\$ 980,472	\$ 494,346	\$ 389,826	\$ 96,300
2000	1,014,427	511,962	403,712	98,753
2001	1,075,733	526,576	447,175	101,982
2002	1,069,383	527,142	433,751	108,490
2003	1,097,478	547,015	430,224	120,239
2004	1,169,179	563,857	465,970	139,352
2005	1,263,927	588,640	510,788	164,499
2006	1,364,725	626,750	547,875	190,100
2007	1,441,828	663,289	607,932	170,607
2008	1,499,041	713,116	640,985	144,940

(1) Fiscal year 2008 other local taxes include: title transfer tax - \$58.4 million, recordation tax - \$33.4 million, electricity - \$16.6 million, telephone tax - \$12.4 million, admissions and amusement tax - \$7.2 million, motel and hotel occupancy tax - \$8.8 million, 911 fee - \$7.6 million and auto trailer camp tax - \$0.5 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
1999	\$ 48,696	\$ 176,828	\$ 79,690	\$ 25,616	\$ 10,999	\$ 1,557	\$ 58,138	\$ 68,205	\$ 506,205	\$ 101,653	\$ 1,077,587
2000	50,141	190,372	81,614	26,474	11,915	1,640	59,449	69,014	533,300	126,352	1,150,271
2001	52,593	198,080	81,906	27,199	14,491	1,119	56,120	83,357	590,142	114,380	1,219,387
2002	54,046	211,982	82,092	27,785	15,824	1,284	57,059	80,989	614,733	70,330	1,216,124
2003	55,873	218,382	91,215	28,199	16,333	1,263	52,634	107,322	626,838	5,950	1,204,009
2004	56,653	222,905	92,438	28,802	15,635	1,378	60,770	124,207	631,830	7,846	1,242,464
2005	58,487	235,021	93,018	29,786	16,764	1,616	63,552	123,972	651,783	51,855	1,325,854
2006	62,083	255,462	97,276	31,771	19,002	1,708	61,718	135,403	679,650	119,105	1,463,178
2007	66,769	275,431	106,890	33,263	20,416	1,776	63,893	68,514	703,313	264,441	1,604,706
2008	74,202	304,400	112,962	35,468	22,410	1,758	68,990	166,824	713,750	153,696	1,654,460

(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)

<u>Fiscal Year Ended June 30</u>	<u>Real Property (1),(2),(3)</u>			<u>Personal Property (3)</u>			<u>Total Taxable Assessed Value (2)</u>	<u>Estimated Actual Value</u>
	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Total Real Property</u>	<u>Railroad/Utility Property</u>	<u>Other Business Property</u>	<u>Total Personal Property</u>		
1999	\$ 11,711,810	\$ 3,611,767	\$ 15,323,577	\$ 1,237,998	\$ 1,371,116	\$ 2,609,114	\$ 17,932,691	\$ 40,918,056
2000	11,766,889	4,012,767	15,779,656	1,269,796	1,517,847	2,787,643	18,567,299	42,236,783
2001	12,358,704	3,874,980	16,233,684	1,255,969	1,602,920	2,858,889	19,092,573	43,443,099
2002	31,894,624	9,901,502	41,796,126	1,266,979	1,648,277	2,915,256	44,711,382	44,711,382
2003	33,364,185	10,101,402	43,465,587	1,232,584	1,624,621	2,857,205	46,322,792	46,322,792
2004	35,308,428	10,180,399	45,488,827	1,256,859	1,590,123	2,846,982	48,335,809	48,335,809
2005	37,842,322	10,450,586	48,292,908	1,282,225	1,579,151	2,861,376	51,154,284	51,154,284
2006	42,299,963	10,894,155	53,194,118	1,291,619	1,619,851	2,911,470	56,105,588	56,105,588
2007	48,631,721	11,407,441	60,039,162	1,351,599	1,715,999	3,067,598	63,106,760	63,106,760
2008	56,863,450	12,482,221	69,345,671	1,255,594	1,812,240	3,067,834	72,413,505	72,413,505

Note:

- (1) In fiscal year 2002 the State of Maryland instituted full cash value for real property assessments which is 2.5 times the amount of the previous years' assessment figures.
- (2) Tax exempt properties are not included
- (3) See the Property Tax Rates, Direct and Overlapping Governments table for the applicable fiscal year direct rate applied.

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

Fiscal Year	County Direct Rates	
	Real	Personal
1999	\$ 2.855	\$ 2.8550
2000	2.855	2.8550
2001	2.855	2.8550
2002	1.115	2.7875
2003	1.115	2.7875
2004	1.115	2.7875
2005	1.115	2.7875
2006	1.115	2.7875
2007	1.100	2.7500
2008	1.100	2.7500

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.
- (4) Debt service is included in the tax rate.
- (5) In fiscal year 2002 the State of Maryland instituted full cash value for real property assessments which is 2.5 times the amount of the previous assessment figures. The County reduced the tax rate in fiscal year 2002 to 40% of the previous rates to adjust for full cash value.

**Baltimore County, Maryland
Principal Property Taxpayers
Current Year and Nine Years Ago
(dollars expressed in thousands)**

	<u>2008</u>			<u>1999</u>	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value		Taxpayer	Taxable Assessed Value
Taxpayer					
BGE	\$ 961,815	1.33%	BGE	\$ 853,679	4.76%
Verizon	377,636	0.52%	Bell Atlantic - Maryland	359,544	2.00%
Merritt Management Corp.	295,976	0.41%	Rouse - Teachers Properties, Inc.	107,946	0.60%
Oak Campus Partners, LLC.	148,582	0.21%	Bethlehem Steel Corp.	84,957	0.47%
Towson Town Center Associates	147,608	0.20%	Town & Country, Inc.	54,364	0.30%
Maryland Health & Higher Education	135,071	0.19%	Comcast	79,261	0.27%
Wal-Mart	123,198	0.17%	Towson Town Center Associates	44,428	0.25%
ISG	117,592	0.16%	St. Charles Associates Ltd.	44,340	0.25%
TRP Suburban	113,683	0.16%	Nottingham Properties	42,810	0.24%
Comcast	54,079	0.07%	Proctor and Gamble	40,215	0.22%
	<u>\$ 2,475,240</u>	<u>3.42%</u>		<u>\$ 1,711,544</u>	<u>9.36%</u>

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

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

Fiscal Year Ended June 30	Original Tax Levy	Prior Year Adjusted Levy	Total Adjusted 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
1999	\$ 497,279	\$ (2)	\$ 497,277	\$ 493,416	99.2	\$ 5,024	\$ 498,440	100.2
2000	514,658	410	515,068	510,363	99.2	4,594	514,957	100.0
2001	530,559	(2,437)	528,122	526,664	99.3	1,378	528,042	99.5
2002	532,856	(1,874)	530,982	527,168	98.9	1,589	528,757	99.2
2003	549,094	(3,876)	545,218	545,797	99.4	3,149	548,946	99.9
2004	568,642	(1,914)	566,728	565,489	99.4	275	565,764	99.5
2005	594,413	(3,317)	591,096	590,984	99.4	(798)	590,186	99.3
2006	629,732	(3,927)	625,805	627,157	99.6	531	627,688	99.7
2007	663,836	(2,486)	661,350	661,344	99.6	129	661,473	99.6
2008	711,785	(1,955)	709,830	709,242	99.6	869	710,111	99.8

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

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1) (2)
	General Obligation Debt	Certificates of Participation	Purchase Agreements	Loan Payable	General Obligation Debt	Certificates of Participation	Purchase Agreements			
1999	\$ 536,840	\$ 3,315	\$ 16,456	\$ -	\$ 309,569	\$ -	\$ 106	\$ 866,286	3.43	\$ 1,156.14
2000	456,755	-	18,924	-	324,765	-	1,225	801,669	2.96	1,060.37
2001	444,485	-	18,228	-	405,207	-	2,031	869,951	3.02	1,140.87
2002	562,355	52,000	12,091	-	361,181	-	1,556	989,183	3.32	1,286.83
2003	670,390	51,385	7,216	-	394,892	-	1,057	1,124,940	3.68	1,451.89
2004	791,005	87,605	3,236	-	421,379	4,000	545	1,307,770	4.00	1,676.58
2005	752,245	78,095	665	-	405,051	3,600	107	1,239,763	3.68	1,583.58
2006	710,335	69,520	29	3,755	433,304	3,200	-	1,220,143	3.41	1,548.87
2007	757,825	59,640	-	3,681	535,035	2,800	-	1,358,981	3.68	1,722.42
2008	850,400	47,310	-	3,601	722,041	2,400	-	1,625,752	4.23	2,037.51

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

(2) Expressed in dollars

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

<u>Fiscal Year</u>	<u>Estimated Population (1)</u>	<u>Estimated Actual Value of Real & Personal Property</u>	<u>CPI GO Debt (2)</u>	<u>Percent of CPI GO Debt to Estimated Actual Value of Property</u>	<u>CPI GO Debt per Capita (3)</u>
1999	749,292	\$ 40,918,056	\$ 536,840	1.31 %	\$ 716.46
2000	756,030	42,236,783	456,755	1.08	604.15
2001	762,536	43,443,099	444,485	1.02	582.90
2002	768,697	44,711,382	562,355	1.26	731.57
2003	774,811	46,322,792	670,390	1.45	865.23
2004	780,022	48,335,809	791,005	1.64	1,014.08
2005	782,885	51,154,284	752,245	1.47	960.86
2006	787,762	56,105,588	710,335	1.27	901.71
2007	788,994	63,106,760	757,825	1.20	960.50
2008	797,913	72,413,505	850,400	1.17	1,065.78

Notes:

- (1) U.S. Bureau of the Census, Population Estimates Branch
- (2) The County has no resources restricted to repaying the principal of outstanding debt.
- (3) Expressed in dollars

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

<u>Fiscal Year</u>	<u>Estimated Population (1)</u>	<u>Estimated Actual Value of Real & Personal Property</u>	<u>MD GO Debt (2)</u>	<u>Percent of MD GO Debt to Estimated Actual Value of Property</u>	<u>MD GO Debt per Capita (3)</u>
1999	749,292	\$ 36,523,453	\$ 309,569	0.85 %	413.15
2000	756,030	37,259,750	324,765	0.87	429.57
2001	762,536	38,652,056	405,207	1.05	531.39
2002	768,697	39,676,108	361,181	0.91	469.86
2003	774,811	40,974,427	394,892	0.96	509.66
2004	780,022	42,692,467	421,379	0.99	540.21
2005	782,885	44,812,397	405,051	0.90	517.38
2006	787,762	49,121,179	433,304	0.88	550.04
2007	788,994	55,405,898	535,035	0.97	678.12
2008	797,913	63,754,867	722,041	1.13	904.91

Notes:

- (1) U.S. Bureau of the Census, Population Estimates Branch
- (2) The County has no resources restricted to repaying the principal of outstanding debt.
- (3) Expressed in dollars

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Consolidated Public Improvement (CPI)										
General Obligation Debt										
Assessed value										
Real property (1)	\$ 38,308,942	\$ 39,449,140	\$ 40,584,210	\$ 41,796,126	\$ 43,465,587	\$ 45,488,827	\$ 48,292,908	\$ 53,194,118	\$ 60,039,162	\$ 69,345,671
Personal property	2,609,114	2,787,643	2,858,889	2,915,256	2,857,205	2,846,982	2,861,376	2,911,470	3,067,598	3,067,834
Total assessed value	<u>40,918,056</u>	<u>42,236,783</u>	<u>43,443,099</u>	<u>44,711,382</u>	<u>46,322,792</u>	<u>48,335,809</u>	<u>51,154,284</u>	<u>56,105,588</u>	<u>63,106,760</u>	<u>72,413,505</u>
Debt limit (4% of total assessed value) (3)	4,091,806	4,223,678	4,344,310	4,471,138	4,632,279	4,833,581	5,115,428	5,610,559	2,524,270	2,896,540
Debt applicable to limit:										
Consolidated public improvement bonds	346,090	309,970	304,010	320,585	419,110	538,085	507,035	473,140	550,070	651,290
Pension liability funding	125,750	119,785	113,475	106,770	99,280	91,920	84,210	76,195	67,755	59,110
CPI commercial paper notes	65,000	27,000	27,000	135,000	152,000	161,000	161,000	161,000	140,000	140,000
Total debt applicable to debt limit	<u>536,840</u>	<u>456,755</u>	<u>444,485</u>	<u>562,355</u>	<u>670,390</u>	<u>791,005</u>	<u>752,245</u>	<u>710,335</u>	<u>757,825</u>	<u>850,400</u>
Legal debt margin	<u>\$ 3,554,966</u>	<u>\$ 3,766,923</u>	<u>\$ 3,899,825</u>	<u>\$ 3,908,783</u>	<u>\$ 3,961,889</u>	<u>\$ 4,042,576</u>	<u>\$ 4,363,183</u>	<u>\$ 4,900,224</u>	<u>\$ 1,766,445</u>	<u>\$ 2,046,140</u>
Metropolitan District General Obligation Debt										
Assessed value (2)										
Real property (1)	\$ 34,194,558	\$ 34,800,593	\$ 36,108,454	\$ 37,089,160	\$ 38,447,111	\$ 40,177,878	\$ 42,305,762	\$ 46,572,148	\$ 52,712,637	\$ 61,053,861
Personal property	2,328,895	2,459,157	2,543,602	2,586,948	2,527,316	2,514,589	2,506,635	2,549,031	2,693,261	2,701,006
Total assessed value	<u>36,523,453</u>	<u>37,259,750</u>	<u>38,652,056</u>	<u>39,676,108</u>	<u>40,974,427</u>	<u>42,692,467</u>	<u>44,812,397</u>	<u>49,121,179</u>	<u>55,405,898</u>	<u>63,754,867</u>
Debt limit (3.2% of total assessed value) (4)	2,921,876	2,980,780	3,092,164	3,174,089	3,277,954	3,415,397	3,584,992	3,929,694	1,772,989	2,040,156
Debt applicable to limit:										
Metropolitan District (MD) bonds	249,569	226,765	307,207	296,181	346,892	382,379	366,051	394,304	475,035	662,041
MD commercial paper notes	60,000	98,000	98,000	65,000	48,000	39,000	39,000	39,000	60,000	60,000
Total debt applicable to debt limit	<u>309,569</u>	<u>324,765</u>	<u>405,207</u>	<u>361,181</u>	<u>394,892</u>	<u>421,379</u>	<u>405,051</u>	<u>433,304</u>	<u>535,035</u>	<u>722,041</u>
Legal debt margin	<u>\$ 2,612,307</u>	<u>\$ 2,656,015</u>	<u>\$ 2,686,957</u>	<u>\$ 2,812,908</u>	<u>\$ 2,883,062</u>	<u>\$ 2,994,018</u>	<u>\$ 3,179,941</u>	<u>\$ 3,496,390</u>	<u>\$ 1,237,954</u>	<u>\$ 1,318,115</u>

Notes:

- (1) The assessed value of real property for fiscal years 1999 to 2001 has been restated for comparative purposes due to the State changing real property assessments from 40% to 100% of the full cash value in fiscal year 2002.
- (2) Assessed value of property in the Metropolitan District.
- (3) The County General Bond debt limit on assessed value of real property was changed from 10% to 4% beginning in FY 2007.
- (4) The Metropolitan District debt limit on assessed value of real property was changed from 8% to 3.2% beginning in FY 2007.

**Baltimore County, Maryland
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Estimated Population (1)	Total Personal Income (expressed in thousands)	Per Capita Personal Income (2)	Median Age (3)	Education Level in Years of Formal Schooling (3)	School Enrollment (4)	Unemployment Rate (5)
1999	749,292	\$ 25,222,801	\$ 33,662	37.4	14.5	106,205	3.8
2000	756,030	27,083,084	35,823	37.7	14.6	106,424	4.2
2001	762,536	28,777,992	37,740	37.7	14.6	107,133	4.3
2002	768,697	29,776,382	38,736	37.7	14.8	107,322	4.6
2003	774,811	30,604,261	39,499	37.8	14.8	108,604	4.9
2004	780,022	32,663,669	41,875	37.9	14.8	108,792	4.4
2005	782,885	33,681,357	43,022	37.8	14.7	108,015	4.0
2006	787,762	35,764,674	45,400	37.8	14.8	107,386	4.3
2007	788,994	36,894,937	46,762	37.9	14.9	105,330	3.9
2008	797,913	38,431,368	48,165	38.0	14.9	104,714	4.5

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. Per Capita Personal Income growth rate estimated at 3.0% for FY 2007 and FY 2008.
- (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**

<u>Employer</u>	<u>2008</u>		<u>Employer</u>	<u>1999</u>	
	<u>Employees</u>	<u>Percentage of Total County Employment</u>		<u>Employees</u>	<u>Percentage of Total County Employment</u>
Baltimore County Public Schools	14,482	3.36	Baltimore County Public Schools	11,126	2.83
Social Security Administration	9,800	2.27	Social Security Administration	8,907	2.27
Baltimore County Government	8,771	2.03	Baltimore County Government	7,551	1.92
Greater Baltimore Medical Center	3,331	0.77	Bethlehem Steel Corp./Sparrows Point Division	5,085	1.29
UMBC	3,258	0.76	Center for Medicare & Medicaid Services - CMS	2,698	0.69
Erickson Retirement Communities	3,100	0.72	Greater Baltimore Medical Center	2,285	0.58
Franklin Square Hospital	3,000	0.70	CareFirst BlueCross & BlueShield	2,145	0.55
Center for Medicare & Medicaid Services - CMS	2,968	0.69	Sweetheart Cup Company	2,016	0.51
T. Rowe Price Group	2,724	0.63	McCormick & Company, Inc.	2,001	0.51
St. Joseph Medical Center	2,650	0.61	Baltimore Gas & Electric Company	1,853	0.47
Total	54,084	12.54		45,667	11.62

Source: Baltimore County Department of Economic Development

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
GENERAL GOVERNMENT										
County Executive	14	14	14	15	15	15	15	15	15	15
Administrative Office	27	26	26	24	24	24	24	24	24	24
Office of Budget and Finance	138	175	175	144	139	139	141	143	151	151
Office of Law	49	47	46	48	48	48	47	46	34	33
Planning & Community Conservation	53	52	52	52	52	52	50	50	50	51
Office of Human Resources	37	36	37	37	37	35	34	34	34	32
Permits & Development Mgt.	211	213	213	213	215	215	216	215	222	223
County Council	38	38	38	38	38	38	38	38	37	37
County Auditor	17	17	17	19	19	19	19	19	19	19
Board of Appeals	11	10	10	10	10	10	10	10	10	10
Information Technology	120	91	93	127	130	134	136	145	148	148
Internal Service Funds	62	60	60	59	67	67	65	62	59	59
HEALTH & HUMAN SERVICES										
Department of Health	484	477	504	554	557	582	553	558	555	552
Social Services	148	163	206	212	201	189	206	202	199	206
Social Services - State	17	17	17	17	17	17	17	17	17	17
Department of Aging	282	282	295	320	329	336	338	338	338	330
Environmental Protection	108	108	108	108	108	108	108	116	116	116
Local Management Board	3	3	4	5	7	6	6	8	8	9
Housing Office	68	64	79	79	79	80	80	67	67	60
RECREATION & COMM. SERV.										
Recreation & Parks	253	255	250	256	268	260	261	311	347	325
Recreation - Enterprise Fund	60	59	52	51	49	52	52	-	-	-
Economic Development	20	20	20	20	20	20	20	20	20	19
Community Development Block Grants	24	23	26	23	23	24	27	27	27	26
Workforce Development	34	36	32	33	33	37	34	31	28	29
Organization Contributions	1	1	2	1	1	1	1	1	1	1
PUBLIC WORKS	<u>1,085</u>	<u>1,090</u>	<u>1,090</u>	<u>1,093</u>	<u>1,101</u>	<u>1,115</u>	<u>1,131</u>	<u>1,150</u>	<u>1,160</u>	<u>1,173</u>
SUBTOTAL	<u>3,364</u>	<u>3,377</u>	<u>3,466</u>	<u>3,558</u>	<u>3,587</u>	<u>3,623</u>	<u>3,629</u>	<u>3,647</u>	<u>3,686</u>	<u>3,665</u>

(continued)

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
PUBLIC SAFETY										
Department of Corrections	344	343	344	350	350	350	410	435	444	471
Communications Center	183	187	191	191	191	192	192	192	193	193
Police Department	2,323	2,360	2,412	2,455	2,471	2,486	2,487	2,527	2,550	2,566
Fire Department	1,063	1,063	1,062	1,062	1,062	1,080	1,080	1,083	1,083	1,083
SUBTOTAL	<u>3,913</u>	<u>3,953</u>	<u>4,009</u>	<u>4,058</u>	<u>4,074</u>	<u>4,108</u>	<u>4,169</u>	<u>4,237</u>	<u>4,270</u>	<u>4,313</u>
STATE MANDATED AGENCIES										
Circuit Court	157	99	101	100	104	91	90	92	97	98
Orphan's Court	4	4	4	4	4	4	4	4	4	5
Board Of Elections	6	9	9	9	10	10	13	15	15	14
Board Of Elections - State	18	19	19	22	22	24	24	26	26	26
State's Attorney	94	98	100	103	104	108	112	114	118	120
County Sheriff	90	95	95	94	94	94	94	94	100	100
Liquor License Commission	25	26	26	26	26	26	26	26	26	26
Cooperative Extension	2	2	2	2	2	2	2	2	2	2
Cooperative Extension - State	10	10	9	10	10	9	10	10	10	8
SUBTOTAL	<u>406</u>	<u>362</u>	<u>365</u>	<u>370</u>	<u>376</u>	<u>368</u>	<u>375</u>	<u>383</u>	<u>398</u>	<u>399</u>
EDUCATION, COMMUNITY COLLEGE & LIBRARY										
Community College	1,600	1,649	1,592	1,671	1,743	1,805	1,728	1,754	1,745	1,711
Education	12,456	12,669	12,903	13,312	13,671	13,976	14,119	14,286	14,399	14,472
Library	467	470	469	469	469	469	471	474	475	477
SUBTOTAL	<u>14,523</u>	<u>14,788</u>	<u>14,964</u>	<u>15,452</u>	<u>15,883</u>	<u>16,250</u>	<u>16,318</u>	<u>16,514</u>	<u>16,619</u>	<u>16,660</u>
TOTAL	<u>22,206</u>	<u>22,480</u>	<u>22,804</u>	<u>23,438</u>	<u>23,920</u>	<u>24,349</u>	<u>24,491</u>	<u>24,781</u>	<u>24,973</u>	<u>25,037</u>

Source: Baltimore County Office of Budget and Finance Budget Documents

**Baltimore County, Maryland
Operating Indicators by Function
Fiscal Years 1998 - 2007**

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
CIRCUIT COURT										
Cases and Appeals Filed										
Civil	15,402	16,764	16,638	17,121	18,452	19,482	18,299	18,408	17,718	19,630
Criminal	7,667	7,465	6,875	6,849	6,807	6,606	6,300	6,588	8,274	8,125
Juvenile	4,986	4,250	5,548	5,110	4,615	3,463	3,741	3,726	4,244	4,566
Custody Mediation & Investigations	727	636	696	725	651	635	681	675	755	721
OFFICE OF STATE'S ATTORNEY										
Defendants Disposed										
Circuit Court	8,852	8,647	8,792	8,612	8,512	8,556	9,422	9,436	9,450	8,200
District Court	46,200	44,120	57,775	60,485	61,691	61,296	48,210	49,116	51,000	154,250
Juvenile Respondents	3,392	3,835	3,840	3,800	3,231	3,357	3,928	4,045	4,100	3,375
Felonies Screened	4,030	4,718	4,892	4,478	4,233	4,442	4,615	4,315	4,350	3,950
POLICE DEPT. (calendar year)										
Calls for Service	548,644	538,347	541,879	558,974	595,700	604,755	608,818	586,669	599,818	590,341
Patrol Car Posts	115	115	115	115	115	115	115	115	118	118
FIRE DEPT. (calendar year)										
Fire Calls	17,682	19,029	21,373	20,629	20,637	23,336	25,234	26,281	27,721	28,529
Medical Calls	69,697	72,629	76,454	82,883	84,804	89,734	93,545	98,924	97,084	104,329
DEPT. OF PERMITS & DEV. MGT.										
Inspections										
Plumbing Code	32,720	39,230	35,000	36,819	36,819	36,039	40,489	36,842	36,800	33,776
Electrical Code	27,036	30,491	30,369	28,640	28,640	31,901	32,777	33,593	33,500	33,920
Building	45,281	48,701	49,433	50,020	50,020	42,510	39,993	42,815	42,800	36,173
Business & Amusement License Enforcement	6,240	6,460	7,200	7,475	7,475	7,500	6,813	7,800	6,600	9,000
Enforcement	34,336	29,580	38,002	39,435	39,435	41,000	39,435	40,100	43,008	84,953
Applications, Permits and Licenses										
Building, Electrical & Plumbing Permits	46,547	35,320	22,410	32,186	32,186	31,300	34,319	34,206	36,696	31,036
Electrical Licenses	2,547	2,636	2,640	2,542	2,663	2,897	2,663	3,150	3,280	1,460
Plumbing Licenses	1,568	2,044	2,623	2,669	2,623	2,584	2,584	2,683	2,780	2,775
Animal Licenses	34,240	24,951	27,332	26,435	26,435	33,627	24,710	19,770	18,570	21,730
Miscellaneous Permits	16,898	12,346	12,345	11,797	11,797	11,683	7,900	9,300	8,642	8,520
BUREAU OF CORRECTIONS										
Prisoner Days (daily population x 365 days)	429,652	429,422	440,744	438,048	418,914	437,737	416,035	411,152	455,885	491,930
COUNTY SHERIFF										
Prisoners Transported	10,683	11,296	11,319	9,527	11,883	12,450	12,583	11,799	11,850	19,318
Summons, Writs Served	65,001	59,553	57,430	61,561	62,457	62,433	47,429	48,320	50,000	43,941
DEPT. OF SOCIAL SERVICES										
Average Caseload										
Temporary Cash Assistance	4,609	3,516	2,776	2,273	2,416	2,258	2,258	2,215	2,365	2,064
Transitional Emergency Assist.	940	859	858	783	865	1,028	2,164	2,045	2,200	1,047
Section 8 Housing Units Served	4,510	4,831	5,625	5,494	4,847	5,711	6,013	5,714	5,714	5,795

(continued)

Baltimore County, Maryland
Operating Indicators by Function
Fiscal Years 1998 - 2007

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
COMMUNITY COLLEGE										
Equivalent Full Time Students	15,442	16,200	15,758	16,616	17,082	16,968	16,958	17,199	17,622	17,108
DEPARTMENT OF AGING										
Senior Centers Registered Membership	13,826	13,919	13,994	14,967	14,176	14,250	12,873	15,185	15,450	16,685
County Ridge Trips	32,425	31,900	25,570	28,628	27,457	25,663	40,794	47,898	48,855	65,227
Congregate Meals	295,012	275,172	248,186	223,730	220,847	225,354	218,423	200,472	205,000	190,079
DEPARTMENT OF HEALTH										
Maternal & Child Health Visits	10,010	12,905	10,774	9,953	11,800	12,272	13,531	12,700	13,000	11,753
W.I.C. Program Visits	69,170	69,079	66,166	64,880	72,000	50,737	53,415	53,000	53,000	58,596
Home Health Visits	13,004	11,414	12,171	11,977	9,296	7,585	7,464	7,363	8,100	8,500
Animal Control Calls for Service	75,050	72,762	72,764	74,000	58,980	59,758	63,912	62,411	63,000	58,179
DEPT. OF EDUCATION										
Student Enrollment	105,520	106,300	106,723	107,133	107,322	108,814	108,954	108,015	107,386	106,182
Number of Pupils Transported	65,422	65,808	67,721	67,721	75,975	79,044	79,044	69,753	70,106	62,904
BOARD OF LIBRARY TRUSTEES										
Books in Library	1,876,088	1,819,610	1,866,045	1,880,922	1,893,104	1,771,025	1,686,840	1,643,714	1,656,515	1,546,231
Circulation of Materials	9,944,704	9,511,157	9,543,864	9,561,701	9,535,461	9,649,168	9,663,000	9,526,920	9,327,983	9,147,294
Requests for Information	1,451,698	1,545,408	1,657,887	1,791,160	1,777,707	1,978,019	1,752,393	1,752,709	1,995,709	1,948,470
DEPT. OF PUBLIC WORKS										
Number of Street Lights	37,743	38,366	38,923	39,141	39,356	39,500	39,700	40,117	40,400	40,870
Highways										
Miles of Road Paved	2,533	2,543	2,543	2,560	2,572	2,586	2,614	2,620	2,627	2,646
Miles of Storm Drains Lines	782	787	790	792	794	805	810	810	815	833
Miles of Streets Swept	14,500	25,000	24,891	12,147	6,632	8,825	6,082	7,160	6,400	6,235
Solid Waste										
Refuse Collection Units Served	303,915	306,741	309,524	313,113	315,344	318,760	321,297	322,460	324,504	326,555
Tons of Refuse Collected	334,917	334,000	340,868	349,525	349,760	370,024	386,065	376,835	378,154	370,048
Traffic Engineering										
Signs Installed and Repaired	15,000	10,800	8,355	9,088	10,056	8,361	7,372	8,550	9,500	9,695
Signals and Flashers Maintained	357	367	373	379	382	386	390	388	392	395
Utilities										
Miles of Sanitary Sewer Lines	1,922	1,941	3,019	3,059	3,049	3,077	3,091	3,087	3,100	3,060
Miles of Water Main	1,697	1,715	1,750	1,775	1,805	1,850	1,889	1,950	2,010	2,055
RECREATION AND PARKS										
Community Center Participants	274,903	281,817	293,629	299,731	316,035	322,389	333,143	343,724	348,900	380,900
Attendance:										
Beaches	54,707	67,580	58,589	59,810	44,690	33,908	36,958	47,975	49,318	49,451
Lodge	157,949	157,352	166,329	198,356	201,326	167,434	152,521	168,627	172,689	172,375
Fishing Center	18,199	22,999	20,507	24,667	21,507	17,861	26,311	30,590	30,590	28,873

Source: Baltimore County Office of Budget and Finance Budget Documents

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

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public safety										
Police stations	9	9	9	9	9	9	9	9	10	10
Fire stations	25	24	25	25	25	25	25	25	25	25
Public works										
Highways and streets										
Streets (miles)	2,543	2,543	2,560	2,572	2,586	2,614	2,620	2,635	2,646	2,659
Streetlights	38,366	38,923	39,141	39,356	39,500	39,700	39,900	40,000	40,100	41,000
Traffic signals	367	373	379	382	386	390	388	392	396	404
Utilities										
Water mains (miles)	1,715	1,750	1,795	1,805	1,850	1,889	1,950	2,010	2,035	2,055
Fire hydrants	11,073	11,198	11,310	11,445	11,590	11,755	11,886	11,925	12,082	12,217
Sanitary sewers (miles)	1,941	3,019	3,059	3,049	3,077	3,091	3,100	3,105	3,100	3,078
Storm drains (miles)	787	790	792	794	805	810	815	820	833	853
Solid waste										
Citizen drop-off centers	3	3	3	3	3	3	3	3	3	3
Culture and leisure										
Parks acreage	16,375	16,474	15,578	15,578	16,627	16,912	16,912	15,906	15,304	15,501
Recreation centers	175	159	182	182	182	162	161	161	188	192
Health and human services										
Senior centers	16	16	17	17	17	17	18	18	19	19
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