



# **Baltimore County Maryland**

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**Comprehensive Annual Financial Report  
For The  
Fiscal Year Ended June 30, 2011**

# **Baltimore County, Maryland**



***Comprehensive Annual Financial Report***

***For The Fiscal Year Ended June 30, 2011***

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

**INTRODUCTORY**



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FOR THE YEAR ENDED JUNE 30, 2011  
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**KEVIN KAMENETZ**  
County Executive

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

December 20, 2011

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, 2011 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, 2011 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, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section.

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

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

## **PROFILE OF THE COUNTY**

### **The Reporting Entity And Its Services**

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

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

### **Adopted Budget**

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

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

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

### **INFORMATION USEFUL IN ASSESSING THE GOVERNMENT'S ECONOMIC CONDITION**

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

## **Economic Condition**

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

The County has the third largest land area of any political subdivision in the State of Maryland. Within its 612 square miles (plus an additional 28 square miles of water with over 175 miles of shoreline) are situated at least 29 identifiable, unincorporated communities which, as of 2000, ranged in population from approximately 4,300 to 63,000. The County's overall population grew 6.7% from 754,292 in 2000 to 805,029 in 2010. Today, the County has the third highest population in the State of Maryland, and the second highest number of jobs.

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

### ***New Business and Real Estate Activity***

From June 2010 through August 2011, 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:

Towson City Center is in the process of being converted into a green office building at a cost of approximately \$30 million. Once completed, it is anticipated to employ 500 people.

General Motors announced in 2010 that they are investing \$244 million in the White Marsh facility to enable the manufacturing of GRE drive units and motors. GM broke ground on the 40,000 square foot expansion in May 2011, creating 189 new jobs. The County will provide a \$6 million grant along with support for workforce training and recruitment.

Kaiser Permanente purchased 9.6 acres in the Beltway Business Park to construct a 130,000 square foot building that will be the first multi-specialty healthcare facility in the Baltimore region.

Telcordia is a global leader in the development of mobile, broadband and enterprise software and services has established a new location at bwtech@UMBC. This location will employ about 50 people and will amplify Telcordia's development of extensive tools to address cyber security and critical infrastructure protection. The firm will collaborate with UMBC personnel and resources.

Zynga East is a developer of massively multi-player online games Farmville and Frontierville and recently expanded into a larger space. A forthcoming IPO is expected to value the company at \$20 billion.

T Rowe Price recently constructed two new office buildings totaling 400,000 square feet at a total project cost of approximately \$185 million. Current employment is approximately 2,300.

Owings Mills Metro Centre construction has started on the centerpiece building at a 46-acre transit oriented town center. The six-story building will house the largest public library branch in the County and a center for the Community College of Baltimore County, Maryland's largest community college. This building is a major milestone in moving the Metro Centre project forward. Once the infrastructure for the library and college building has been completed, the private development team will turn its attention to the next phase of development, the Town Center, with a lively mix of shops, offices, a hotel and apartments.



Pharmaceuticals International is a contract drug manufacturer located in Hunt Valley, Maryland and has purchased several buildings, which include approximately 150,000 square feet of space. The company currently has approximately 380 employees. Project cost is in excess \$5 million.

Maricom Systems, Inc., a provider of healthcare information technology, added 100 new jobs in 2010. As a result of new federal contracts, the company is moving into larger offices in the Woodlawn Federal Center Enterprise Zone.

ViPS, a General Dynamics Information Technology Company, has added 100 new information technology jobs in the County during 2010. With offices in downtown Towson and Woodlawn, ViPS now employs more than 700 workers in the County.

MITRE Corporation recently moved to Rolling Run Road, bringing 85 jobs to Woodlawn. This firm works with CMS and other federal agencies. Their 22,000 square feet of new office space is in a building that used to be a manufacturing facility.

Saver Auto Parts has relocated its manufacturing operation from Baltimore City and is currently leasing a 102,000 square foot facility with the intent on purchasing the property in November 2011 for \$6 million. Current employment is 110. Private investment on this project is approximately \$6 million.

EA Engineering, Science, and Technology, Inc. (EA), has started construction on a new LEEDS platinum headquarters. The new facility will consolidate more than 200 employees from three Baltimore County locations and one York, Pennsylvania, location into a single building. The company plans to hire about 40 new employees over the next four years. Private investments total \$27 million for the headquarters building and new EA ecotoxicology and biological testing laboratories to be built next door.

## **Commercial Revitalization**

From July 2010 to July 2011, the Commercial Revitalization Program assisted 16 development projects. The County provided four Architect On-Call assists and one Commercial Revitalization Property Tax Credit, which leveraged over \$22,210,000 in investment in the districts. These projects affected over 305,000 square feet of space and impacted approximately 495 jobs.

Among the most substantial projects was the eagerly anticipated Walmart in Randallstown. After long negotiations, Walmart has signed a lease to locate into Liberty Plaza at the intersection of Liberty Road and Brenbrook Drive. This will transform the long vacant shopping center. The owner of the center, Centro Properties, broke ground on the project in May, 2011. The 160,000 square foot super center will employ over 350 people. Walmart is scheduled to open in fall 2011.

## ***Downtown Towson***

**Residential:** Since 2008, over 1,200 new luxury apartment units in three major projects have been completed. Towson Green, a 160-unit condominium and town home LEED certified development, is under construction. The Palisades of Towson, an 18 story 357 unit luxury apartment complex, opened in August of 2010 and was over 92 percent leased within one year.

**Retail:** From 2008 to 2011, over 110,000 square feet of new stores and restaurants have opened in the luxury wing of the regional Towson Town Center mall, including upscale retailers such as Tiffany, Louis Vuitton and Burberry. A freestanding Urban Outfitters store one mile from the mall will open for the 2011 holiday season, capitalizing on the demographic strengths of two major universities bracketing downtown Towson (Towson University and Goucher College).

**Office and Mixed Use:** A vacant, 12-story office building in the center of downtown Towson was purchased and is being redeveloped as a LEED certified mixed use project. The Towson City Center includes 150,000 square feet of office and commercial space with ground level retail and restaurants. Corporate headquarters for MileOne, one of the nation's largest privately held automobile sales and service delivery networks, is the lead tenant. The project has the capacity to bring 500 jobs to downtown Towson. Construction is underway, with completion targeted for June 2012.

Final development plans have been approved for Towson Circle III, a mixed use entertainment destination consisting of a 2,250 seat movie theater complex, 120,000 square feet of retail, restaurant, and office space, and a 700 space public parking garage.

### **Capital Improvements**

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

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

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

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

When BRAC 2005 was first announced, the Baltimore region assumed that the influx of 15,000 new federal civilian jobs at Aberdeen Proving Ground and Fort Meade would have an enormous impact on the area as a whole. Although the actual federal jobs were all located on the two respective posts, it was assumed by all experts that there would be a significant "contractor tail" (private military contractors supporting the various missions) with up to 20,000 jobs that would be distributed more widely around surrounding jurisdictions. However, as the BRAC moves have become a reality (the majority of the relocations are expected to be complete by September 2011), the pace and pattern of contractor locations has differed significantly from what had been expected.

The number of contractor jobs moving to or being created in Maryland has not yet been as large as predicted. This is in part due to the confluence of BRAC with the extraordinary national financial recession, which seems to have caused many private contractors to be more cautious about opening new facilities and creating new positions. Also, some contractors reportedly have been waiting to see whether their expiring contracts with the federal commands will be renewed or awarded again before making real estate decisions.

In addition, the preference of contractors to locate either on or immediately outside the gate of the military installations where their clients are located is much stronger than predicted. As a result, the vast majority of BRAC-related contractor jobs have located in Harford County (near APG) and Anne Arundel County (near Fort Meade). The County's more modest results are comparable to those of the other jurisdictions in the Baltimore region that are not home to one of the BRAC-affected installations. The County has attracted Telcordia, which works with Department of Defense agencies at both Fort Meade and Aberdeen Proving Ground, and is the first major company to establish a presence in the County as a result of BRAC. The firm, a global leader in communications software, has opened an office at the bwtech@UMBC Research and Technology Park focused on developing tools to support and protect vital communications networks. MITRE, which has had an office in Catonsville serving both the Centers for

Medicare & Medicaid (CMS) and military contracts, has relocated to a larger, renovated space adjacent to the CMS campus.

## **Industrial Redevelopment**

### *Sparrows Point/Dundalk*

The Sparrows Point peninsula includes an estimated 2,200 acres of land with deepwater, heavy rail and interstate access. In March 2011, RG Steel, a subsidiary of the New York-based Renco Group became the largest property owner, when it purchased the Sparrows Point steel facility and two other mills in West Virginia and Ohio from Severstal North America in a \$1.2 billion deal. Severstal had idled most of the mill's operations and laid off workers in July 2010. RG has brought approximately 2,000 workers back to Sparrows Point and has resumed making steel at the East Coast's largest fully integrated steel mill. RG is the fifth owner of Sparrows Point in the last decade. The Sparrows Point plant has benefited from over \$700 million in capital investments and \$500 million in environmental upgrades over the past decade.

### *Essex/ Middle River*

The U.S. General Services Administration ("GSA") auctioned the 1.9 million square foot Federal Depot facility (the "Facility") in Middle River in 2006 for \$37.5 million, setting an on-line auction record for a GSA property sale. This higher-than-expected sale price was evidence of the success of the County's waterfront revitalization efforts over the past ten years. The Facility is strategically located near the waterfront and just three minutes from I-95 along the newly opened extension of MD43, and across the street from Martin State Airport, a general aviation facility that handles a significant level of corporate air travel. The County is working with the new owners of the property, a New York-based development team, to encourage a quality redevelopment that will incorporate a mix of business, residential and commercial uses. The County and the State are partnering on a study to determine the feasibility of relocating a nearby MARC commuter rail station to the Facility to facilitate redevelopment as a major transit-oriented development, with direct access to Baltimore, Washington and Aberdeen Proving Ground.

## **Technology Locations**

### *bwtech@UMBC*

The County and the University of Maryland Baltimore County (UMBC) jointly developed a 71-acre research and technology park adjacent to the University campus. The facility offers companies a setting for research and development in such fields as cyber security, photonics, biotechnology, and computer software development.

The five building, 355,000 square foot complex is complete. RWD Applied Technology Solutions, a division of RWD Technologies specializing in internet technologies for start-up companies, occupies the first building in bwtech, at 60,000 square feet. The complex has fully leased buildings that includes the NASA Goddard Earth Sciences and Technology Center, healthcare communications and technology firms Physicians Practice, Inc. and Med IQ, IT firm Avande, cybersecurity companies, Converger Technologies and Clear Resolution Consulting, Audaacious Inquiry specializing in health information systems, Cardio Med Devices and the U.S. Forest. The U.S. Geological Survey occupies a building, which contains 23,500 square feet of office and wet lab space. Corporate Office Properties Trust has completed a 110,400 square foot multi-tenant office building and has attracted RMF Engineering to the County as lead tenant. Observation Baltimore and Maryland Business Roundtable for Education have also leased space, as well as Research Triangle Institute and cyber tenants to include: an intelligence agency, Telcordia, RTGX, Fairfield Systems and twelve companies that are part of the new Cyber incubator. Allegis occupies another building at 100,000 square feet

The UMBC Incubator and Accelerator (bwtech@UMBC South), a successful technology incubator is less than one mile from bwtech@UMBC. Opening in late 1998, nearly forty bioscience,

information technology and related research companies are now located in the former Lockheed Martin laboratory complex.

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

### **Enterprise Zones**

An enterprise zone is a tool that the State of Maryland offers to local jurisdictions for promoting economic development in certain qualifying areas. The County has three Enterprise Zones - the North Point Zone, located along the industrial North Point corridor in southeast Baltimore County; the Southwest Zone, located in the Washington Boulevard/Hollins Ferry Road industrial corridor; and the newest zone – the Federal Center at Woodlawn Zone, just approved in June 2011. These three areas contain over 5,400 acres of industrial- and office-zoned land, and over 550 businesses. Since the approval of the first zone in December 1995, 120 businesses in the North Point and Southwest enterprise zones have committed to investing over \$300 million in real property improvements and \$221 million in machinery and equipment. In addition, over 3,070 new jobs have been created. The Halethorpe-Arbutus area in the Southwest Enterprise Zone has seen particularly dramatic growth, with almost 600 new jobs in a four year period.

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

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

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

### **Economic Development Financing Assistance**

In FY2011, the County provided financial assistance to 20 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 20 projects are expected to result in over \$116 million in new investment, creating more than 191 new jobs and retaining 604 existing jobs.

### **Relevant Financial Policies**

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

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

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

### **Major Initiatives**

The following are some selected highlights and budget priorities for FY11 that are expected to affect future financial position:

Education – The FY11 budget continued to make education the County's top priority. The budget included a \$695.5 million General Fund appropriation for our public schools system, which is slightly above the "maintenance of effort" level.

Funding was provided for 17 infants and toddlers positions to be converted from 10 to 12 month positions. In addition, funding was included to provide 11 additional administrative and support staff positions for the new West Towson Elementary School that opened in August 2010.

The Community College of Baltimore County added a \$350,000 Opportunity Grant for students who do not qualify for Pell or other federal or state assistance.

Public Safety – The Fire Department will bring in one new class of 29 EMT recruits in FY11. Despite the new class, the FY11 budget has maintained spending near the FY10 appropriation level.

Community Conservation – The Housing Office projects that it will receive over \$3.2 million in additional federal funds for the Housing Choice Voucher Program. These rental assistance funds are used to fill the gap between what a family can afford to pay in rent and the actual rent payment. The total program appropriation is \$48,725,000.

The Housing Office will also receive an additional \$291,500 for the HUD – VA Supportive Housing Program. These funds assist eligible, homeless veterans with long-term rental assistance and on-going Veteran's Administration case management and clinical services. The total program appropriation is \$1,291,500.

Other – The Office of Workforce Development will be opening a west-side Career Development Center in Randallstown, at a site to be shared with CCBC and the Department of Social Services. This will be the third Career Development Center in the County.

### **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, 2010. 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 32 consecutive years (fiscal years ended June 30, 1979 – 2010).

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.

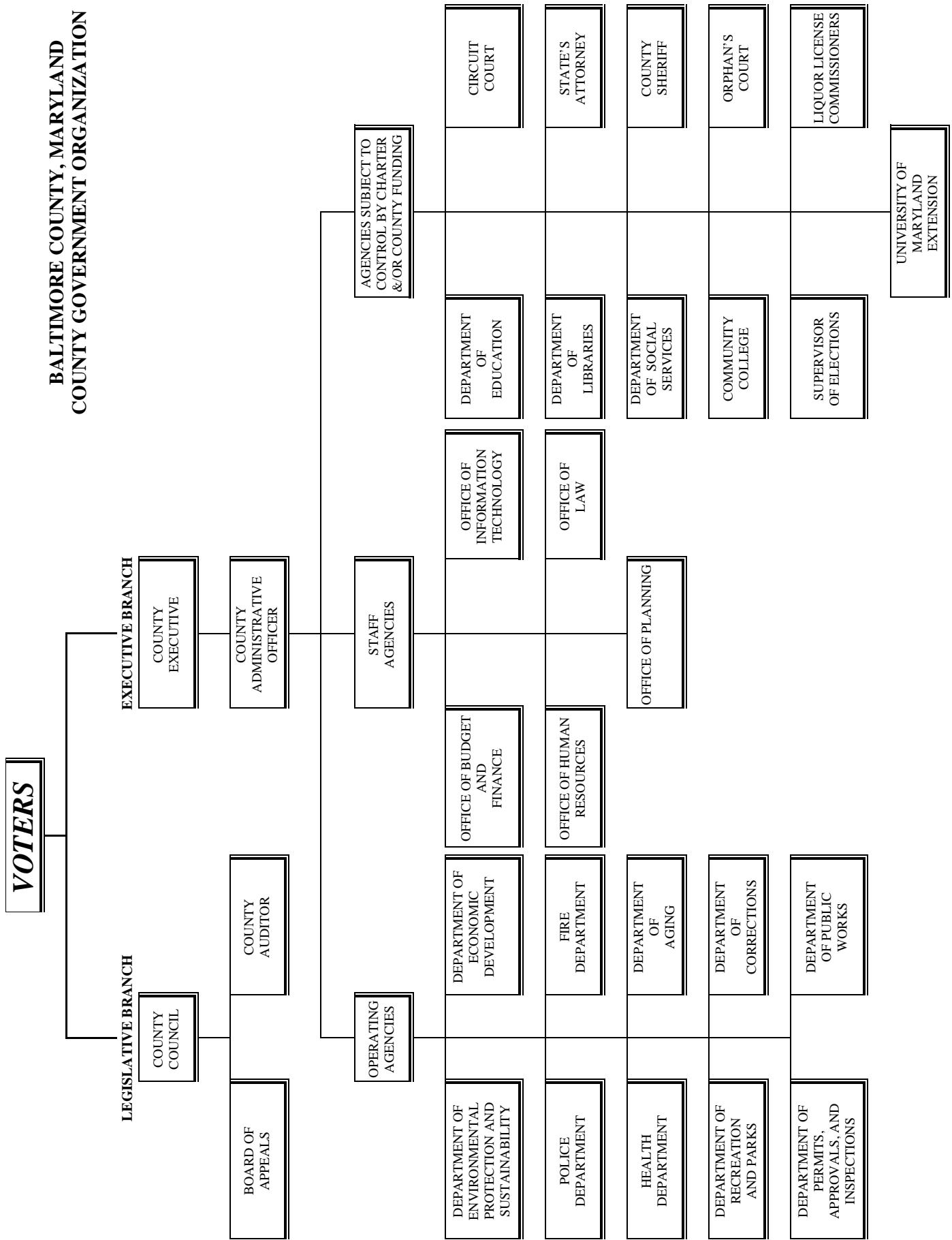
Credit also must be given to the County Executive and the County Council for their support in maintaining the highest standards of professionalism in the management of the County's finances.

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

**BALTIMORE COUNTY, MARYLAND  
COUNTY GOVERNMENT ORGANIZATION**



**LIST OF PRINCIPAL OFFICIALS**  
**June 30, 2011**

---

***Elective***

**County Executive**  
**County Council**

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

***Administrative***

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

**Fred Homan**  
**Keith A. Dorsey**  
**Michael E. Field**  
**Lauren Smelkinson**  
**Edward C. Adams, Jr.**  
**James W. Johnson**  
**John J. Hohman**  
**Joanne E. Williams**  
**Dan Gundersen**

**Vincent J. Gardina**  
**Robert R. Stradling**

**Arnold Jablon**  
**George E. Gay**  
**Andrea VanArsdale**  
**Barry F. Williams**  
**Dr. Joe A. Hairston**  
**Dr. Gregory Wm. Branch**  
**James H. Fish**  
**Timothy Griffith**  
**Sandra L. Kurtinitis, Ph.D**  
**James P. O'Neill**  
**Lawrence M. Stahl**  
**John E. Beverungen**  
**Timothy M. Kotroco**





Certificate of  
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for Excellence  
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Reporting

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Maryland

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

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



President

Executive Director

# FINANCIAL



# SECTION

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Baltimore County, Maryland (the County) as of and for the year ended June 30, 2011 and the budgetary comparison for the general fund for the year ended June 30, 2011, 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Baltimore County, Maryland as of June 30, 2011, 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 20, 2011 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, 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 section 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 section as 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 20, 2011

## **BALTIMORE COUNTY, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS**

Baltimore County, Maryland management is providing this narrative overview and analysis of the financial activities of the primary government (the County) as of and for the fiscal year ended June 30, 2011. 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 \$4.131 billion and \$2.481 billion respectively resulting in net assets of \$1.65 billion.
- The County's total net assets decreased by \$101.104 million as a result of current year operations.

#### **Fund Level:**

- The County's governmental funds have combined fund balances of \$121.513 million.
- The General Fund's fund balance is \$250.054 million of which \$165.2 million is unassigned fund balance inclusive of \$84.61 million in a Revenue Stabilization account.

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

- The County's total bond, note and certificate of participation debt increased by \$291.93 million during the current year. The key factors in this increase were the issuance of \$391 million in general obligation bonds and a \$6.292 million draw on the Maryland Water Quality Revolving Loan Fund offset by debt service payments of \$104.587 million and a net principal reduction of \$.775 million from bond refundings.

### **Overview of the Financial Statements**

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

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

The *Statement of Net 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 14 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 15 presents information showing how the County's net assets changed during fiscal year 2011. 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 16 and 18) between the governmental fund financial statements (modified accrual accounting) and the governmental activities (full accrual accounting) reflected on the government-wide financial statements. Note 2 of the notes to the basic financial statements also provides more detail as to the transactions that impact the conversion from the modified accrual basis of accounting to the full accrual basis of accounting.

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

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

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

## Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 27.

### Other Information

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

### Financial Analysis of the County as a Whole

The County's combined net assets decreased \$101.104 million for FY 2011. The net assets of the governmental activities decreased \$116.913 million while business-type activities increased \$15.809 million. The schedule below presents the net assets of the County's governmental and business-type activities as of June 30, 2011.

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 negative unrestricted net assets of \$343.048 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. This is what causes the negative unrestricted net assets of \$158.571 million in the business-type activities. These situations are described in more detail in Note 8.

#### Net Assets as of June 30 (in thousands)

|   | Governmental<br>Activities |                     | Business-type<br>Activities |                   | Total Primary<br>Government |                     |
|---|----------------------------|---------------------|-----------------------------|-------------------|-----------------------------|---------------------|
|   | 2011                       | 2010                | 2011                        | 2010              | 2011                        | 2010                |
| <b>Assets:</b>                                  |                            |                     |                             |                   |                             |                     |
| Current and other non-current assets            | \$ 490,917                 | \$ 457,308          | \$ 241,735                  | \$ 193,197        | \$ 732,652                  | \$ 650,505          |
| Capital assets                                  | 2,291,812                  | 2,219,105           | 1,106,405                   | 1,034,558         | 3,398,217                   | 3,253,663           |
| <b>Total assets</b>                             | <b>2,782,729</b>           | <b>2,676,413</b>    | <b>1,348,140</b>            | <b>1,227,755</b>  | <b>4,130,869</b>            | <b>3,904,168</b>    |
| <b>Liabilities:</b>                             |                            |                     |                             |                   |                             |                     |
| Current liabilities                             | 495,540                    | 470,960             | 188,682                     | 178,623           | 684,222                     | 649,583             |
| Long-term liabilities                           | 1,062,319                  | 863,670             | 734,750                     | 640,233           | 1,797,069                   | 1,503,903           |
| <b>Total liabilities</b>                        | <b>1,557,859</b>           | <b>1,334,630</b>    | <b>923,432</b>              | <b>818,856</b>    | <b>2,481,291</b>            | <b>2,153,486</b>    |
| <b>Net assets:</b>                              |                            |                     |                             |                   |                             |                     |
| Invested in capital assets, net of related debt | 1,541,265                  | 1,593,450           | 583,279                     | 568,687           | 2,124,544                   | 2,162,137           |
| Restricted                                      | 26,653                     | 57,713              | -                           | -                 | 26,653                      | 57,713              |
| Unrestricted (deficit)                          | (343,048)                  | (309,380)           | (158,571)                   | (159,788)         | (501,619)                   | (469,168)           |
| <b>Total net assets</b>                         | <b>\$ 1,224,870</b>        | <b>\$ 1,341,783</b> | <b>\$ 424,708</b>           | <b>\$ 408,899</b> | <b>\$ 1,649,578</b>         | <b>\$ 1,750,682</b> |

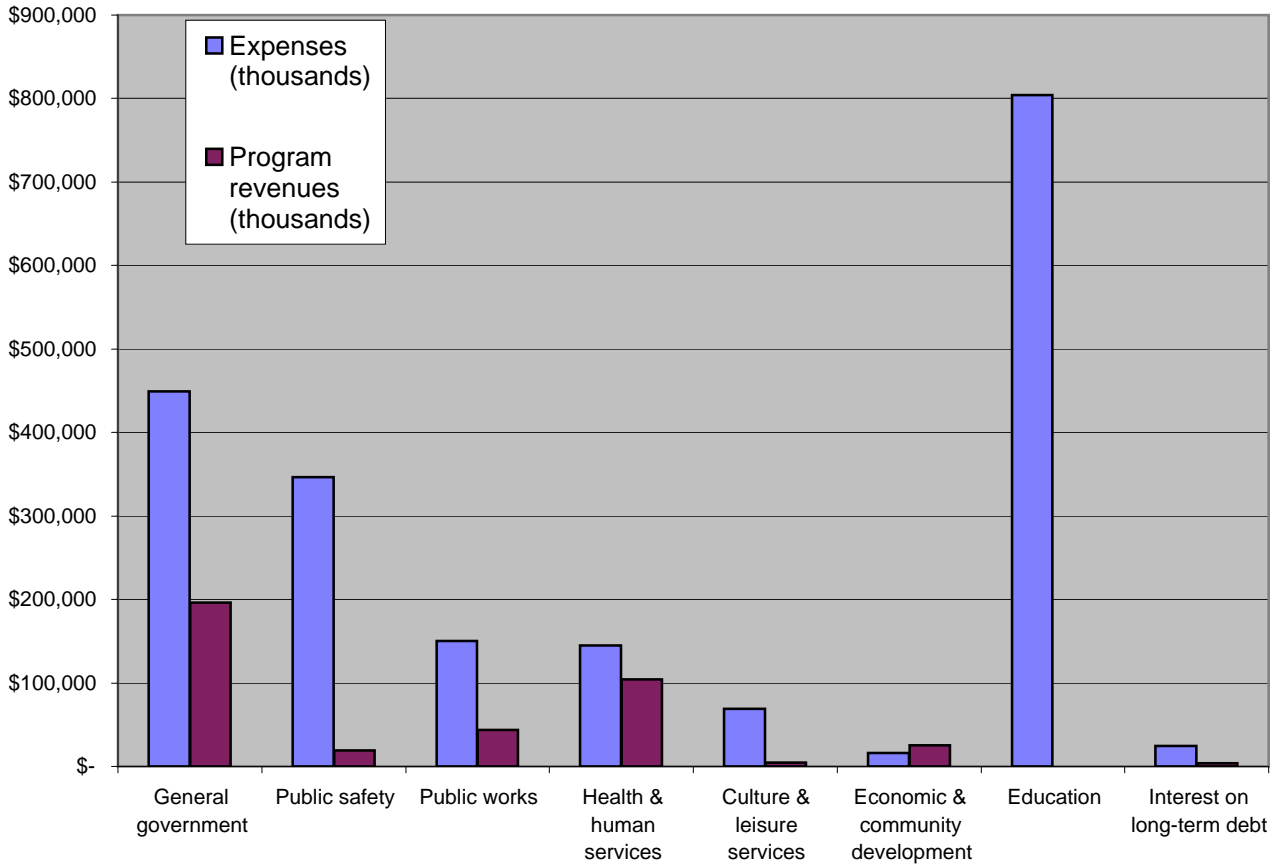


The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the County's net assets changed during the fiscal year.

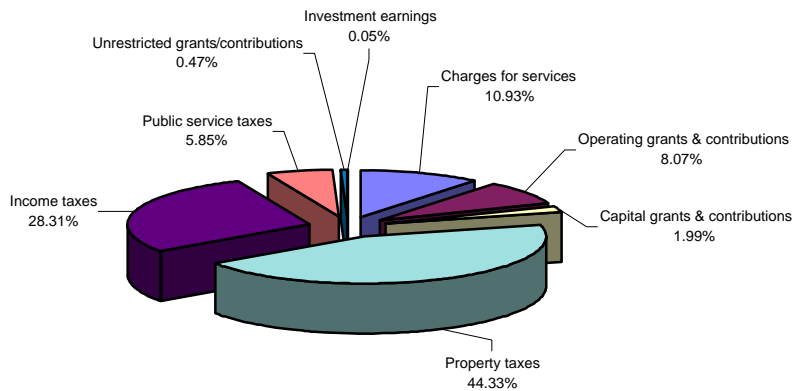
|                                       | <b>Changes in Net Assets<br/>(in thousands)</b> |                     |                                     |                   |                                     |                     |
|---------------------------------------|---|---------------------|-------------------------------------|-------------------|-------------------------------------|---------------------|
|                                       | <b>Governmental<br/>Activities</b>              |                     | <b>Business-type<br/>Activities</b> |                   | <b>Total Primary<br/>Government</b> |                     |
|                                       | <u>2011</u>                                     | <u>2010</u>         | <u>2011</u>                         | <u>2010</u>       | <u>2011</u>                         | <u>2010</u>         |
| <b>Revenues</b>                       |   |                     |                                     |                   |                                     |                     |
| Program revenues                      |   |                     |                                     |                   |                                     |                     |
| Charges for services                  | \$ 206,404                                      | \$ 158,074          | \$ 224,510                          | \$ 206,031        | \$ 430,914                          | \$ 364,105          |
| Operating grants                      | 152,365   | 144,350             | 2,462                               | 829               | 154,827                             | 145,179             |
| Capital grants                        | 37,614  | 31,263              | 14,126                              | 12,071            | 51,740                              | 43,334              |
| General revenues                      |   |                     |                                     |                   |                                     |                     |
| Property taxes                        | 837,092   | 813,970             | -                                   | -                 | 837,092                             | 813,970             |
| Income taxes                          | 534,553   | 473,792             | -                                   | -                 | 534,553                             | 473,792             |
| Public service taxes                  | 110,405   | 116,592             | -                                   | -                 | 110,405                             | 116,592             |
| Unrestricted grants and contributions | 8,823   | 9,655               | -                                   | -                 | 8,823                               | 9,655               |
| Investment earnings                   | 966   | 1,098               | 256                                 | 177               | 1,222                               | 1,275               |
| <b>Total revenues</b>                 | <u>1,888,222</u>                                | <u>1,748,794</u>    | <u>241,354</u>                      | <u>219,108</u>    | <u>2,129,576</u>                    | <u>1,967,902</u>    |
| <b>Expenses</b>                       |   |                     |                                     |                   |                                     |                     |
| General government                    | 449,008   | 390,428             | -                                   | -                 | 449,008                             | 390,428             |
| Public safety                         | 346,253   | 339,301             | -                                   | -                 | 346,253                             | 339,301             |
| Public works                          | 150,606   | 198,075             | -                                   | -                 | 150,606                             | 198,075             |
| Health and human services             | 144,972   | 144,614             | -                                   | -                 | 144,972                             | 144,614             |
| Culture and leisure services          | 69,368  | 68,818              | -                                   | -                 | 69,368                              | 68,818              |
| Economic and community development    | 16,232  | 13,743              | -                                   | -                 | 16,232                              | 13,743              |
| Education                             | 803,828   | 831,550             | -                                   | -                 | 803,828                             | 831,550             |
| Interest on long-term debt            | 24,868  | 22,057              | -                                   | -                 | 24,868                              | 22,057              |
| Water and sewer services              | -   | -                   | 225,545                             | 240,626           | 225,545                             | 240,626             |
| <b>Total expenses</b>                 | <u>2,005,135</u>                                | <u>2,008,586</u>    | <u>225,545</u>                      | <u>240,626</u>    | <u>2,230,680</u>                    | <u>2,249,212</u>    |
| Increase (decrease) in net assets     | (116,913)                                       | (259,792)           | 15,809                              | (21,518)          | (101,104)                           | (281,310)           |
| Net assets - beginning                | <u>1,341,783</u>                                | <u>1,601,575</u>    | <u>408,899</u>                      | <u>430,417</u>    | <u>1,750,682</u>                    | <u>2,031,992</u>    |
| Net assets - ending                   | <u>\$ 1,224,870</u>                             | <u>\$ 1,341,783</u> | <u>\$ 424,708</u>                   | <u>\$ 408,899</u> | <u>\$ 1,649,578</u>                 | <u>\$ 1,750,682</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.

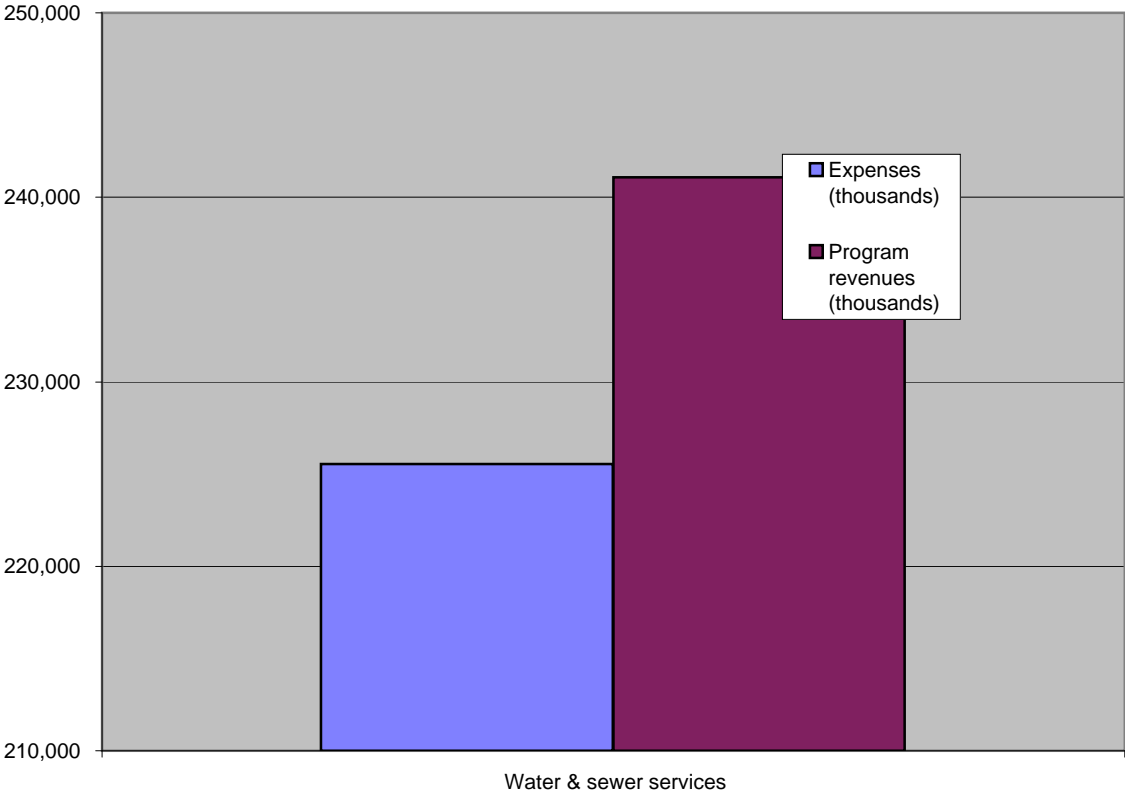
### Expenses & Program Revenues-Governmental Activities



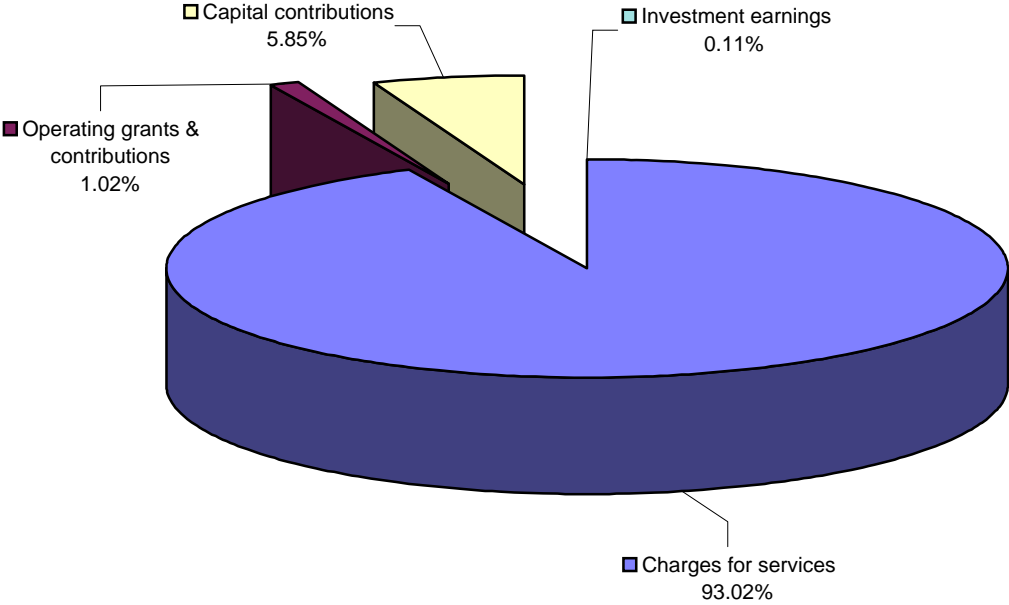
### Revenues by Source-Governmental Activities



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



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



### **Governmental Activities**

Governmental activities decreased the County's net assets by \$116.913 million. Key elements affecting the decrease in net assets included:

- A decrease of \$52.185 million to Invested in Capital Assets, Net of Related Debt classification was because the County replaced previously appropriated General Fund contributions to the Capital budget with approved bond funding.
- Unrestricted net assets was impacted because of the following factors:
  - The County had a \$68.185 million decrease to its net OPEB asset of \$34.995 million resulting in a net OPEB obligation of \$33.19 million at the end of the year.
  - The outstanding debt for the Board of Education and the Community College capital projects (see previous discussion) increased by \$92.163.
- Capital asset infrastructure donations from developers decreased 30.6% to \$8.091 million.

### **Business-type Activities**

Business-type activities increased the County's net assets by \$15.809 million. The key elements of the Metropolitan District operations that affect net assets are as follows:

- The County's charges for services increased \$18.479 million due to a 10% rate increase in FY11 for sewer service, water distribution and water consumption charges.
- Final settlement of FY10 water and sewer operating costs between the County and Baltimore City resulted in a \$5.041 million refund from the City in FY11.
- Front foot assessments that are billed over 40 years to County homeowners to recover costs for County construction of water and sewer lines showed a continuing decline of \$6.42 million due to developers assuming the responsibility for construction of these lines.

## **Financial Analysis of the County's Funds**

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

### **Governmental Funds**

The governmental funds provide data on near-term inflows, outflows and balances of spendable resources. This data is useful in assessing the County's financing requirements. The unassigned fund balance serves as a useful measure of the County's financial resources available for appropriation at the end of the fiscal year.

The County's governmental funds reported combined ending fund balances of \$121.513 million as of June 30, 2011, an increase of \$74.617 million. Unassigned fund balance of the General Fund, as stated below, is available at the County's discretion. The remaining fund balance of \$113.403 million is not available for new spending because of varying constraints set on them.

The General Fund is the County's chief operating fund. At the end of FY11, unassigned fund balance of the General Fund was \$165.2 million, while total fund balance was \$250.054 million. Unassigned fund balance represents 10.5% of total fund expenditures, while total fund balance represents 15.8% of total expenditures. These ratios are typically useful as a measure of the General Fund's liquidity. The County has \$84.61 million in a Revenue Stabilization account and has assigned \$60.568 million to finance, in part, the FY12 operating budget.

The General Fund fund balance increased by \$17.565 million during the current fiscal year. The County transferred \$50 million of prior year General Fund contributions back to the General Fund to address a \$45.3 million shortage in income tax receipts. Property tax revenue was up \$22.957 million over last year due primarily to a \$30.83 million decrease in the County's Homestead tax credit. Recordation and transfer tax revenue was down \$7.019 million due to the depressed housing market.

The Gifts and Grants Fund fund balance of \$28.304 million consists primarily of \$20.468 million of earned revenue in excess of grant expenditures for the various grant activities administered by the County and is

restricted for those activities. The \$5.003 increase from last year is attributable to \$1.475 million for Economic Development loans and grants that was combined with the Gifts and Grants fund in FY11 under the new GASB Statement No. 54 criteria, \$2.9 million of fees earned from Section 8 Housing administration and an additional \$1.1 million of Asset Forfeiture funds to be used to supplement police programs.

The Consolidated Public Improvement Construction Fund fund balance increased \$52.264 million. Major fluctuations in fund balance are primarily the result of the timing of cash inflows from bond sale proceeds and capital expenditure outflows. The County issued \$267 million in new debt to fund capital projects and reduced expenditures by \$39.308 million from the prior year. Also, the County returned \$48.219 million of prior year current expense contributions to the General Fund to mitigate an income tax revenue shortfall.

### 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 increased \$15.816 million. The main factors concerning this increase have already been addressed in the discussion of the County's business-type activities.

### General Fund Budgetary Highlights

The County had a supplemental appropriation of \$5.7 million to its Storm Emergency program that resulted from the unusually high number of storms that impacted the County during the year. Significant differences between the final budget and actual amounts are summarized as follows:

- In light of anticipated reductions in property and income tax receipts and state aid to local governments, the County, in FY11, had consolidated four agencies, utilized new technologies to obtain operational efficiencies and had kept as many as 143 personnel positions vacant. This resulted in respective cost savings of \$2.589 million, \$2.345 million and \$4.021 million to General Government, Public Safety and Public Works operations of the County.
- Income taxes budget estimates were \$45.3 million less due primarily to a reduction by the State of FY11 tax receipts for overpayments of FY09 distributions.
- The County released \$12.9 million of employer health care contributions to its Self Insurance Program to maintain unassigned General Fund balance at a higher targeted level during this period of revenue uncertainty.
- Debt service interest savings of \$1.877 million were realized from debt issuance at interest rates that were lower than budgeted.

## Capital Asset and Debt Administration

### Capital Assets

The County's investment in capital assets for its governmental and business-type activities totaled \$3.398 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<br>Activities |                     | Business-type<br>Activities |                     | Total Primary<br>Government |                     |
|----------------------------|----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|
|                            | 2011                       | 2010                | 2011                        | 2010                | 2011                        | 2010                |
| Land                       | \$ 256,653                 | \$ 245,965          | \$ 1,307                    | \$ 1,306            | \$ 257,960                  | \$ 247,271          |
| Buildings and improvements | 340,655                    | 322,761             | 88,629                      | 86,359              | 429,284                     | 409,120             |
| Vehicles and equipment     | 120,986                    | 99,502              | 4,209                       | 4,718               | 125,195                     | 104,220             |
| Infrastructure             | 1,240,997                  | 1,246,515           | 742,362                     | 712,595             | 1,983,359                   | 1,959,110           |
| Construction in progress   | 332,521                    | 304,362             | 269,898                     | 229,580             | 602,419                     | 533,942             |
| <b>Total</b>               | <b>\$ 2,291,812</b>        | <b>\$ 2,219,105</b> | <b>\$ 1,106,405</b>         | <b>\$ 1,034,558</b> | <b>\$ 3,398,217</b>         | <b>\$ 3,253,663</b> |

The County added \$11.9 million for new or improved roads, \$5.7 million for storm drains, and \$24.7 million for water and sewer lines as a major part of its infrastructure assets for FY11.

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

- The County reopened the recently acquired Robert E. Lee Park. The County renovated a large portion of this 415 acre site at a cost of \$2.5 million.
- The County completed the design and construction of the Sweet Air/Jacksonville Community Park and Recreation Center at a cost of \$4.6 million.
- The County acquired a 247 acre conservation and public recreation access easement known as the Bee Tree Preserve at a cost of \$1.3 million.
- Phase one (site, construction, resource center) for the Baltimore County Center for Maryland Agricultural and Farm Park was completed at a cost of \$5.8 million.
- Construction on the Sollers Point Library/Recreation/Multi Purpose Center was started at an estimated completion cost of \$7.8 million.
- To date the County has spent \$1.676 million of a three-year \$7.4 million grant from the U.S. Department of Energy for various energy efficient initiatives across the County.

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 \$1.982 billion. This includes Consolidated Public Improvement bonds and notes of \$1.093 billion, Pension Funding bonds of \$.032 billion and Metropolitan District bonds and notes of \$.857 billion. The bonds and notes are backed by the full faith and credit of the County.

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

|                          | Governmental<br>Activities |                   | Business-type<br>Activities |                   | Total Primary<br>Government |                     |
|--------------------------|----------------------------|-------------------|-----------------------------|-------------------|-----------------------------|---------------------|
|                          | 2011                       | 2010              | 2011                        | 2010              | 2011                        | 2010                |
| General obligation bonds | \$ 949,890                 | \$ 741,450        | \$ 750,917                  | \$ 658,837        | \$ 1,700,807                | \$ 1,400,287        |
| General obligation BANs  | 174,900                    | 174,900           | 106,500                     | 106,500           | 281,400                     | 281,400             |
| Total                    | <u>\$ 1,124,790</u>        | <u>\$ 916,350</u> | <u>\$ 857,417</u>           | <u>\$ 765,337</u> | <u>\$ 1,982,207</u>         | <u>\$ 1,681,687</u> |

The County's total general obligation debt increased in 2011 by \$300.52 million (considering new borrowing and debt retirement).

The County maintains an "AAA" rating from both Standard & Poor's and Fitch Investor's Service, and a "Aaa" rating from Moody's Investor's Service for general obligation bonds.

The County Charter limits the amount of general obligation debt that the County may issue for Consolidated Public Improvements to 4% of the County's assessable property base. Metropolitan District debt may be issued up to debt limit of 3.2% of the District's assessable property base. The County's debt is significantly below the respective limits of \$3.57 billion and \$2.54 billion. Additional information on the County's long-term debt can be found in Note 8.

### Economic Factors and Next Years Budgets and Rates

- Even with gains in some areas of the economy, the struggle with decreased revenues will continue for the County as recovery for local and state government will lag behind the rest of the economy.
- The calendar year 2010 unemployment rate for the County averaged 8%, which is above the Baltimore Metropolitan Area unemployment rate of 7.9% and the State of Maryland rate of 7.5%.
- Estimated personal income growth in the County is projected to be 2.25%.

- Lost real property tax revenue from lower property reassessments is mitigated by the County's 4% Homestead Assessment Growth Cap on residential property. The tax credit for homeowners will decrease from \$169.377 million in FY11 to \$112.006 million in FY12.

These and other economic indicators were considered when preparing the FY12 General Fund budget, which estimates revenues at \$1.543 billion. General Fund appropriations for FY12 of \$1.604 billion reflect a .13% decrease over the FY11 adjusted budget. Even with a slight decrease the FY12 budget takes into account a 15.5% increase in vehicle fuel cost and increases in healthcare, payroll and retirement costs for County employees. In recognition of these significant increases the budget eliminates 184 vacant positions, which lowers the number of general government employees by 2.8% from last year. Also, this budget absorbs the impact of the loss of intergovernmental aid. Two prior years of federal ARRA funding for 194 instructional assistants at the Public Schools will shift to local funding. In addition, the State will transfer an estimated \$6.5 million cost of administering the State's Teacher Pension System and the State Department of Assessment and Taxation to the County. The projected unassigned fund balance at the end of FY12 is \$153.176 million or 9.9% of the estimated FY12 total revenues.

There are no new taxes levied to fund the FY12 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.

### **Other Significant Matters**

The County administers an OPEB trust fund that provides for payment of healthcare and life insurance benefits for retirees of Baltimore County Government; the County's component units, which include the Baltimore County Board of Education, the Community College of Baltimore County, the Board of Library Trustees for Baltimore County; the Baltimore County Revenue Authority (BCRA). Accounting standards require that OPEB benefits be accounted for on an accrual basis. 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 AOC. As of June 30, 2011, the County had a contribution deficiency of \$33.2 million while its component units had excess net contributions of \$4.9 million, which are reported in its Government-wide Statement of Net Assets.

### **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, 2011**  
**(In Thousands)**

|   | <b>Primary Government</b>          |                                     |                     | <b>Component<br/>Units</b> |
|---|------------------------------------|-------------------------------------|---------------------|----------------------------|
|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>        |                            |
| <b>ASSETS</b>                                   |                                    |                                     |                     |                            |
| Cash and investments (Note 3)                   | \$ 230,484                         | \$ 71,420                           | \$ 301,904          | \$ 82,721                  |
| Receivables, net (Note 5)                       | 229,236                            | 165,850                             | 395,086             | 41,572                     |
| Due from primary government (Note 6)            | -                                  | -                                   | -                   | 52,182                     |
| Inventories                                     | 7,462                              | 580                                 | 8,042               | 3,269                      |
| Prepaid costs                                   | 5,611                              | -                                   | 5,611               | 1,380                      |
| Deferred charges                                | 4,564                              | 2,832                               | 7,396               | 78                         |
| Net OPEB asset (Note 14)                        | -                                  | -                                   | -                   | 6,027                      |
| Restricted assets:                              |                                    |                                     |                     |                            |
| Cash and investments (Note 3)                   | 13,560                             | 1,053                               | 14,613              | 519                        |
| Capital assets (Note 7)                         |                                    |                                     |                     |                            |
| Non-depreciable                                 | 589,174                            | 271,205                             | 860,379             | 272,391                    |
| Depreciable (net of accumulated depreciation)   | 1,702,638                          | 835,200                             | 2,537,838           | 1,112,520                  |
| Total assets                                    | <u>2,782,729</u>                   | <u>1,348,140</u>                    | <u>4,130,869</u>    | <u>1,572,659</u>           |
| <b>LIABILITIES</b>                              |                                    |                                     |                     |                            |
| Accounts payable                                | 37,815                             | 29,798                              | 67,613              | 41,969                     |
| Accrued payroll                                 | 16,934                             | 1,276                               | 18,210              | 28,097                     |
| Accrued interest payable                        | 13,553                             | 10,588                              | 24,141              | -                          |
| Internal balances                               | 2,616                              | (2,616)                             | -                   | -                          |
| Due to component units (Note 6)                 | 48,326                             | -                                   | 48,326              | -                          |
| Other liabilities                               | 20,913                             | 3,403                               | 24,316              | 5,372                      |
| Unearned revenue (Note 5)                       | 11,022                             | -                                   | 11,022              | 25,044                     |
| Liabilities payable from restricted assets      | -                                  | -                                   | -                   | 519                        |
| Noncurrent liabilities (Note 8)                 |                                    |                                     |                     |                            |
| Due within one year                             | 344,361                            | 146,233                             | 490,594             | 24,531                     |
| Due in more than one year                       | 1,062,319                          | 734,750                             | 1,797,069           | 26,416                     |
| Total liabilities                               | <u>1,557,859</u>                   | <u>923,432</u>                      | <u>2,481,291</u>    | <u>151,948</u>             |
| <b>NET ASSETS</b>                               |                                    |                                     |                     |                            |
| Invested in capital assets, net of related debt | 1,541,265                          | 583,279                             | 2,124,544           | 1,361,732                  |
| Restricted for:                                 |                                    |                                     |                     |                            |
| OPEB trust                                      |                                    |                                     |                     | 6,027                      |
| Public works                                    | 5,288                              | -                                   | 5,288               | -                          |
| Economic development                            | 897                                | -                                   | 897                 | -                          |
| Education                                       | -                                  | -                                   | -                   | 17,427                     |
| Grant projects                                  | 20,468                             | -                                   | 20,468              | -                          |
| Expendable endowments                           | -                                  | -                                   | -                   | 5,283                      |
| Unrestricted (deficit)                          | (343,048)                          | (158,571)                           | (501,619)           | 30,242                     |
| Total net assets                                | <u>\$ 1,224,870</u>                | <u>\$ 424,708</u>                   | <u>\$ 1,649,578</u> | <u>\$ 1,420,711</u>        |

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

Baltimore County, Maryland  
Statement of Activities  
For the Year Ended June 30, 2011  
(In Thousands)

| Functions/Programs  | Program Revenues |                      |                                    | Net (Expense) Revenue and Changes in Net Assets |                         |                          | Component Units |
|---|------------------|----------------------|------------------------------------|---|-------------------------|--------------------------|-----------------|
|   | Expenses         | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions                | Primary Government      |                          |                 |
|   |                  |                      |                                    |   | Governmental Activities | Business-type Activities |                 |
| <b>PRIMARY GOVERNMENT</b>                                     |                  |                      |                                    |   |                         |                          |                 |
| Governmental activities:                                      |                  |                      |                                    |   |                         |                          |                 |
| General government  | \$ 449,008       | \$ 190,247           | \$ 5,778                           | \$ -  | \$ (252,983)            | \$ -                     | \$ (252,983)    |
| Public safety   | 346,253          | 5,077                | 14,093                             | -   | (327,083)               | -                        | (327,083)       |
| Public works  | 150,606          | 3,195                | 2,865                              | 37,614  | (106,932)               | -                        | (106,932)       |
| Health and human services                                     | 144,972          | 3,652                | 100,326                            | -   | (40,994)                | -                        | (40,994)        |
| Culture and leisure services                                  | 69,368           | 3,382                | 1,124                              | -   | (64,862)                | -                        | (64,862)        |
| Economic and community development                            | 16,232           | 851                  | 24,115                             | -   | 8,734                   | -                        | 8,734           |
| Education   | 803,828          | -                    | -                                  | -   | (803,828)               | -                        | (803,828)       |
| Interest on long-term debt                                    | 24,868           | -                    | 4,064                              | -   | (20,804)                | -                        | (20,804)        |
| Total governmental activities                                 | 2,005,135        | 206,404              | 152,365                            | 37,614  | (1,608,752)             | -                        | (1,608,752)     |
| Business-type activities:                                     |                  |                      |                                    |   |                         |                          |                 |
| Water and sewer services                                      | 225,545          | 224,510              | 2,462                              | 14,126  | -                       | 15,553                   | 15,553          |
| Total business-type activities                                | 225,545          | 224,510              | 2,462                              | 14,126  | -                       | 15,553                   | 15,553          |
| Total primary government                                      | \$ 2,230,680     | \$ 430,914           | \$ 154,827                         | \$ 51,740                                       | \$ (1,608,752)          | \$ 15,553                | \$ (1,593,199)  |
| <b>COMPONENT UNITS</b>  |                  |                      |                                    |   |                         |                          |                 |
| Board of Education  | \$ 1,473,675     | \$ 15,407            | \$ 184,765                         | \$ 96,745                                       | -                       | -                        | (1,176,758)     |
| Community College   | 211,356          | 70,133               | 92,957                             | 17,615  | -                       | -                        | (30,651)        |
| Board of Library Trustees                                     | 44,498           | 4,727                | 6,194                              | 1,239   | -                       | -                        | (32,338)        |
| Total component units   | \$ 1,729,529     | \$ 90,267            | \$ 283,916                         | \$ 115,599                                      | -                       | -                        | (1,239,747)     |
| General revenues:   |                  |                      |                                    |   |                         |                          |                 |
| Taxes:  |                  |                      |                                    |   |                         |                          |                 |
| Property taxes  |                  |                      |                                    |   | 837,092                 | -                        | 837,092         |
| Income taxes  |                  |                      |                                    |   | 534,553                 | -                        | 534,553         |
| Public service taxes  |                  |                      |                                    |   | 110,405                 | -                        | 110,405         |
| Grants and contributions not restricted to specific programs: |                  |                      |                                    |   |                         |                          |                 |
| Baltimore County  |                  |                      |                                    |   | -                       | -                        | 735,023         |
| State of Maryland   |                  |                      |                                    |   | 8,823                   | -                        | 8,823           |
| Unrestricted investment earnings                              |                  |                      |                                    |   | 966                     | 256                      | 850             |
| Other   |                  |                      |                                    |   | -                       | -                        | 42,139          |
| Total general revenues and transfers                          |                  |                      |                                    |   | 1,491,839               | 256                      | 1,492,095       |
| Change in net assets  |                  |                      |                                    |   | (116,913)               | 15,809                   | (101,104)       |
| Net assets at beginning of the year                           |                  |                      |                                    |   | 1,341,783               | 408,899                  | 1,750,682       |
| Net assets at end of the year                                 |                  |                      |                                    |   | \$ 1,224,870            | \$ 424,708               | \$ 1,649,578    |

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

**Baltimore County, Maryland**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**  
**(In Thousands)**

|                                      | General           | Gifts<br>and<br>Grants | Consolidated<br>Public<br>Improvement<br>Construction | Nonmajor<br>Governmental<br>Liquor<br>License | Total<br>Governmental<br>Funds |
|--------------------------------------|-------------------|------------------------|---|---|--------------------------------|
| <b>ASSETS</b>                        |                   |                        |   |   |                                |
| Cash and investments                 | \$ 127,689        | \$ 27,265              | \$ -  | \$ 269  | \$ 155,223                     |
| Cash and investments - restricted    | 13,560            | -                      | -   | -   | 13,560                         |
| Receivables, net                     | 172,711           | 44,581                 | 7,449   | -   | 224,741                        |
| Due from other funds                 | 122,088           | -                      | -   | -   | 122,088                        |
| Inventories                          | 6,942             | -                      | -   | -   | 6,942                          |
| Total assets                         | <u>\$ 442,990</u> | <u>\$ 71,846</u>       | <u>\$ 7,449</u>                                       | <u>\$ 269</u>                                 | <u>\$ 522,554</u>              |
| <b>LIABILITIES AND FUND BALANCES</b> |                   |                        |   |   |                                |
| Liabilities                          |                   |                        |   |   |                                |
| Accounts payable                     | \$ 14,752         | \$ 3,158               | \$ 16,136   | \$ -  | \$ 34,046                      |
| Accrued expenditures                 | 15,301            | 1,451                  | -   | 24  | 16,776                         |
| Due to other funds                   | -                 | -                      | 122,088   | -   | 122,088                        |
| Due to component units               | 39,047            | -                      | 9,279   | -   | 48,326                         |
| Other liabilities                    | 8,501             | 1,217                  | 11,195  | -   | 20,913                         |
| Deferred revenue                     | 115,335           | 37,716                 | 5,841   | -   | 158,892                        |
| Total liabilities                    | <u>192,936</u>    | <u>43,542</u>          | <u>164,539</u>  | <u>24</u>                                     | <u>401,041</u>                 |
| Fund balances (deficit) (Note 15)    |                   |                        |   |   |                                |
| Nonspendable                         | 6,942             | -                      | -   | -   | 6,942                          |
| Restricted                           | 12,689            | 21,365                 | -   | -   | 34,054                         |
| Committed                            | -                 | -                      | -   | -   | -                              |
| Assigned                             | 65,223            | 6,939                  | -   | 245   | 72,407                         |
| Unassigned                           | 165,200           | -                      | (157,090)   | -   | 8,110                          |
| Total fund balances (deficit)        | <u>250,054</u>    | <u>28,304</u>          | <u>(157,090)</u>                                      | <u>245</u>                                    | <u>121,513</u>                 |
| Total liabilities and fund balances  | <u>\$ 442,990</u> | <u>\$ 71,846</u>       | <u>\$ 7,449</u>                                       | <u>\$ 269</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.  | 2,270,413           |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.   | 147,870             |
| Deficiency of other post employment benefits (OPEB) contributions made in relation to the Annual OPEB Costs is recognized as a year-end liability.   | (33,190)            |
| 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. | 34,568              |
| 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).  | (1,316,304)         |
| Net assets of governmental activities  | <u>\$ 1,224,870</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, 2011**  
**(In Thousands)**

|  | General           | Gifts<br>and<br>Grants | Consolidated<br>Public<br>Improvement<br>Construction | Nonmajor<br>Governmental<br>Liquor<br>License | Total<br>Governmental<br>Funds |
|--|-------------------|------------------------|---|---|--------------------------------|
| <b>REVENUES</b>  |                   |                        |   |   |                                |
| Taxes  | \$ 1,448,849      | \$ -                   | \$ -  | \$ -  | \$ 1,448,849                   |
| Licenses and permits   | 3,858             | -                      | -   | 622   | 4,480                          |
| Intergovernmental  | 34,186            | 127,184                | 25,498  | -   | 186,868                        |
| Repayment of loans   | -                 | 3,990                  | -   | -   | 3,990                          |
| Charges for services   | 9,963             | 7,483                  | 400   | 77  | 17,923                         |
| Assessments  | -                 | -                      | 2,475   | -   | 2,475                          |
| Fines and forfeitures  | 3,876             | -                      | -   | -   | 3,876                          |
| Investment income  | 570               | 282                    | -   | -   | 852                            |
| Miscellaneous  | 29,514            | 849                    | 2,105   | -   | 32,468                         |
| Total revenues   | <u>1,530,816</u>  | <u>139,788</u>         | <u>30,478</u>   | <u>699</u>                                    | <u>1,701,781</u>               |
| <b>EXPENDITURES</b>  |                   |                        |   |   |                                |
| Current:   |                   |                        |   |   |                                |
| General government   | 72,770            | 3,271                  | -   | 626   | 76,667                         |
| Public safety  | 329,618           | 11,513                 | -   | -   | 341,131                        |
| Public works   | 127,313           | 200                    | -   | -   | 127,513                        |
| Health and human services  | 37,195            | 106,536                | -   | -   | 143,731                        |
| Culture and leisure services   | 23,881            | 2,890                  | -   | -   | 26,771                         |
| Economic and community development   | 1,925             | 16,319                 | -   | -   | 18,244                         |
| Pension plan contributions   | 53,795            | -                      | -   | -   | 53,795                         |
| Healthcare contributions   | 56,367            | -                      | -   | -   | 56,367                         |
| Miscellaneous  | 17,282            | 102                    | -   | -   | 17,384                         |
| Capital projects   | -                 | -                      | 108,827   | -   | 108,827                        |
| Payments to component units  | 766,829           | -                      | 90,181  | -   | 857,010                        |
| Debt service:  |                   |                        |   |   |                                |
| Principal retirement   | 48,149            | -                      | -   | -   | 48,149                         |
| Interest   | 28,454            | -                      | -   | -   | 28,454                         |
| Fiscal charges   | 2,413             | -                      | -   | -   | 2,413                          |
| Retirement of bond anticipation notes                                      | -                 | -                      | 70,050  | -   | 70,050                         |
| Total expenditures   | <u>1,565,991</u>  | <u>140,831</u>         | <u>269,058</u>  | <u>626</u>                                    | <u>1,976,506</u>               |
| Excess (deficiency) of revenues<br>over expenditures                       | <u>(35,175)</u>   | <u>(1,043)</u>         | <u>(238,580)</u>                                      | <u>73</u>                                     | <u>(274,725)</u>               |
| <b>OTHER FINANCING SOURCES (USES)</b>                                      |                   |                        |   |   |                                |
| Bonds issued   | -                 | -                      | 267,000   | -   | 267,000                        |
| Bond anticipation notes - proceeds   | -                 | -                      | 70,050  | -   | 70,050                         |
| Bonds issued - refunding   | 13,565            | -                      | -   | -   | 13,565                         |
| Bond premium - refunding   | 1,387             | -                      | -   | -   | 1,387                          |
| Proceeds of bond premium   | 12,041            | -                      | -   | -   | 12,041                         |
| Payment to bond refunding escrow agent                                     | (14,879)          | -                      | -   | -   | (14,879)                       |
| Transfers in   | 50,564            | 8,101                  | 2,600   | -   | 61,265                         |
| Transfers out  | (9,938)           | (2,055)                | (48,806)  | (288)   | (61,087)                       |
| Total other financing sources (uses)                                       | <u>52,740</u>     | <u>6,046</u>           | <u>290,844</u>  | <u>(288)</u>                                  | <u>349,342</u>                 |
| Net change in fund balances  | 17,565            | 5,003                  | 52,264  | (215)   | 74,617                         |
| Fund balances (deficit) at beginning of the year,<br>as restated (Note 16) | 232,489           | 23,301                 | (209,354)   | 460   | 46,896                         |
| Fund balances (deficit) at end of the year                                 | <u>\$ 250,054</u> | <u>\$ 28,304</u>       | <u>\$ (157,090)</u>                                   | <u>\$ 245</u>                                 | <u>\$ 121,513</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, 2011**  
**(In Thousands)**

|  |              |
|--|--------------|
| Net change in fund balances-total governmental funds   | \$ 74,617    |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p>  |              |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (Note 2).</p>  | 63,255       |
| <p>The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets (Note 2).</p>   | 7,320        |
| <p>Some revenues will not be collected for several months after the fiscal year ends. As such these revenues are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased this year.</p>  | 16,977       |
| <p>Expenses in the statement of activities are adjusted for the difference between OPEB expense in relation to the Annual OPEB Cost (AOC) and contributions made in relation to the AOC.</p>   | (68,185)     |
| <p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items (Note 2).</p> | (210,681)    |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (Note 2).</p>  | 1,176        |
| <p>Internal service funds are used by management to charge the costs of self insurance, fleet management, and reproduction services to individual funds. The net expense of these internal service funds is reported with governmental activities.</p>   | (1,392)      |
| Change in net assets of governmental activities  | \$ (116,913) |

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, 2011**  
**(In Thousands)**

|  | <b>Budgeted Amounts</b> |                    | <b>Actual Amounts</b>    | <b>Variance with</b>                         |
|--|-------------------------|--------------------|--------------------------|--|
|  | <b>Original</b>         | <b>Final</b>       | <b>(Budgetary Basis)</b> | <b>Final Budget-<br/>Positive (Negative)</b> |
| <b>REVENUES</b>  |                         |                    |                          |  |
| Taxes  | \$ 1,508,817            | \$ 1,508,817       | \$ 1,448,849             | \$ (59,968)                                  |
| Licenses and permits   | 3,008                   | 3,008              | 3,858                    | 850  |
| Intergovernmental  | 33,776                  | 33,776             | 34,186                   | 410  |
| Charges for services   | 9,743                   | 9,743              | 9,963                    | 220  |
| Fines and forfeitures  | 3,351                   | 3,351              | 3,876                    | 525  |
| Reimbursement from other funds   | 6,256                   | 6,256              | 7,552                    | 1,296  |
| Interest on investments  | 4,101                   | 4,101              | 837                      | (3,264)                                      |
| Miscellaneous  | 21,698                  | 21,698             | 38,805                   | 17,107                                       |
| Total revenues   | <u>1,590,750</u>        | <u>1,590,750</u>   | <u>1,547,926</u>         | <u>(42,824)</u>                              |
| <b>EXPENDITURES</b>  |                         |                    |                          |  |
| Current:   |                         |                    |                          |  |
| General government   | 79,050                  | 79,350             | 76,761                   | 2,589  |
| Public safety  | 332,412                 | 332,387            | 330,042                  | 2,345  |
| Public works   | 125,204                 | 130,904            | 126,883                  | 4,021  |
| Health and human services  | 38,417                  | 38,417             | 37,537                   | 880  |
| Culture and leisure services   | 24,063                  | 24,063             | 23,622                   | 441  |
| Economic and community development   | 2,152                   | 2,152              | 1,889                    | 263  |
| Pension plan contributions   | 53,831                  | 53,831             | 53,826                   | 5  |
| Healthcare contributions   | 69,558                  | 69,283             | 56,359                   | 12,924                                       |
| Miscellaneous  | 18,743                  | 18,743             | 17,282                   | 1,461  |
| Payments to component units  | 767,583                 | 767,583            | 766,829                  | 754  |
| Debt service:  |                         |                    |                          |  |
| Principal retirement   | 48,249                  | 48,249             | 48,149                   | 100  |
| Interest   | 30,331                  | 30,331             | 28,454                   | 1,877  |
| Fiscal charges   | 619                     | 619                | 618                      | 1  |
| Total expenditures   | <u>1,590,212</u>        | <u>1,595,912</u>   | <u>1,568,251</u>         | <u>27,661</u>                                |
| Excess (deficiency) of revenues over expenditures (budgetary basis)  | <u>538</u>              | <u>(5,162)</u>     | <u>(20,325)</u>          | <u>(15,163)</u>                              |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                         |                    |                          |  |
| Transfers in   | -                       | -                  | 50,288                   | 50,288                                       |
| Transfers out  | (9,938)                 | (9,938)            | (9,938)                  | -  |
| Total other financing sources (uses)   | <u>(9,938)</u>          | <u>(9,938)</u>     | <u>40,350</u>            | <u>50,288</u>                                |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis) | <u>\$ (9,400)</u>       | <u>\$ (15,100)</u> | <u>20,025</u>            | <u>\$ 35,125</u>                             |
| Adjustments required under generally accepted accounting principles:   |                         |                    |                          |  |
| Net change during year in reserve for encumbrances   |                         |                    | (1,176)                  |  |
| Unbudgeted equipment financing activity  |                         |                    | (5,073)                  |  |
| Net change in reserve for inventories, imprest funds and other programs  |                         |                    | 1,035                    |  |
| Prior year encumbrances liquidations   |                         |                    | 2,754                    |  |
| Net change in fund balance-GAAP  |                         |                    | <u>17,565</u>            |  |
| Fund balance at beginning of the year  |                         |                    | 232,489                  |  |
| Fund balance at end of the year  |                         |                    | <u>\$ 250,054</u>        |  |

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

**Baltimore County, Maryland**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**  
**(In Thousands)**

|  | <b>Metropolitan<br/>District<br/>Enterprise<br/>Fund</b> | <b>Internal<br/>Service<br/>Funds</b> |
|--|--|---------------------------------------|
|  | <u>          </u>  | <u>          </u>                     |
| <b>ASSETS</b>  |  |                                       |
| Current assets:  |  |                                       |
| Cash and investments   | \$ 71,420  | \$ 75,261                             |
| Cash and investments - restricted  | 1,053  | -                                     |
| Receivables, net (Note 5)  | 31,427   | 4,495                                 |
| Due from other funds   | -  | 11,780                                |
| Inventories  | 580  | 520                                   |
| Prepaid costs  | -  | 5,611                                 |
| Deferred charges   | 2,832  | -                                     |
| Total current assets   | <u>107,312</u>   | <u>97,667</u>                         |
| Noncurrent assets:   |  |                                       |
| Assessments receivable (Note 5)  | 134,423  | -                                     |
| Capital assets:  |  |                                       |
| Non-depreciable  | 271,205  | -                                     |
| Depreciable (net of accumulated depreciation)  | 835,200  | 21,399                                |
| Total noncurrent assets  | <u>1,240,828</u>   | <u>21,399</u>                         |
| Total assets   | <u>1,348,140</u>   | <u>119,066</u>                        |
| <b>LIABILITIES</b>   |  |                                       |
| Current liabilities:   |  |                                       |
| Accounts payable   | 29,798   | 3,769                                 |
| Accrued payroll  | 1,276  | 158                                   |
| Accrued interest payable   | 10,588   | -                                     |
| Due to other funds   | -  | 11,780                                |
| Compensated absences   | 1,394  | 239                                   |
| Claims and judgments   | -  | 39,551                                |
| General obligation debt (Note 8)   | 144,239  | -                                     |
| Certificates of participation  | 600  | -                                     |
| Other liabilities  | 3,403  | -                                     |
| Total current liabilities  | <u>191,298</u>   | <u>55,497</u>                         |
| Noncurrent liabilities:  |  |                                       |
| Compensated absences   | 116  | -                                     |
| Claims and judgments   | -  | 26,385                                |
| General obligation debt (Note 8)   | 732,304  | -                                     |
| Certificates of participation  | 2,330  | -                                     |
| Total noncurrent liabilities   | <u>734,750</u>   | <u>26,385</u>                         |
| Total liabilities  | <u>926,048</u>   | <u>81,882</u>                         |
| <b>NET ASSETS</b>  |  |                                       |
| Invested in capital assets, net of related debt  | 583,279  | 21,399                                |
| Unrestricted (deficit)   | (161,187)  | 15,785                                |
| Total net assets   | <u>422,092</u>   | <u>\$ 37,184</u>                      |
| Adjustment to reflect the consolidation of internal service fund<br>activities related to enterprise funds | 2,616  |                                       |
| Net assets of business-type activities   | <u>\$ 424,708</u>  |                                       |

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, 2011**  
**(In Thousands)**

|   | <b>Metropolitan<br/>District<br/>Enterprise<br/>Fund</b> | <b>Total</b>     | <b>Internal<br/>Service<br/>Funds</b> |
|---|--|------------------|---------------------------------------|
| <b>OPERATING REVENUES</b>   |  |                  |                                       |
| Licenses and permits  | \$ 1,398   | \$ 1,398         | \$ -                                  |
| Charges for services  | 216,313  | 216,313          | 248,912                               |
| Assessments   | 6,788  | 6,788            | -                                     |
| Intergovernmental   | 2,462  | 2,462            | -                                     |
| Miscellaneous   | 11   | 11               | 267                                   |
| Total operating revenues  | <u>226,972</u>   | <u>226,972</u>   | <u>249,179</u>                        |
| <b>OPERATING EXPENSES</b>   |  |                  |                                       |
| Personal services   | 22,536   | 22,536           | 2,974                                 |
| Business and travel   | 83   | 83               | -                                     |
| Contractual services  | 52,765   | 52,765           | 674                                   |
| Rents and utilities   | 3,998  | 3,998            | 574                                   |
| Supplies and maintenance  | 55,099   | 55,099           | 13,001                                |
| Insurance claims and expenses   | -  | -                | 228,421                               |
| Equipment   | 596  | 596              | -                                     |
| Fringe benefits and overhead  | 11,952   | 11,952           | -                                     |
| Depreciation expense  | 21,628   | 21,628           | 4,451                                 |
| Other   | 61   | 61               | 699                                   |
| Total operating expenses  | <u>168,718</u>   | <u>168,718</u>   | <u>250,794</u>                        |
| Operating income (loss)   | <u>58,254</u>  | <u>58,254</u>    | <u>(1,615)</u>                        |
| <b>NONOPERATING REVENUES (EXPENSES)</b>   |  |                  |                                       |
| Interest on investments   | 256  | 256              | 394                                   |
| Interest expense  | (19,649)   | (19,649)         | -                                     |
| Capital contributions to other subdivisions   | (37,171)   | (37,171)         | -                                     |
| Total nonoperating revenues (expenses)  | <u>(56,564)</u>  | <u>(56,564)</u>  | <u>394</u>                            |
| Income (loss) before transfers and capital contributions  | 1,690  | 1,690            | (1,221)                               |
| Transfers in  | -  | -                | 98                                    |
| Transfers out   | -  | -                | (276)                                 |
| Capital contributions from external parties   | 14,126   | 14,126           | -                                     |
| Change in net assets  | <u>15,816</u>  | <u>15,816</u>    | <u>(1,399)</u>                        |
| Net assets at beginning of the year   | 406,276  |                  | 38,583                                |
| Net assets at end of the year   | <u>\$ 422,092</u>  |                  | <u>\$ 37,184</u>                      |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds |  | <u>(7)</u>       |                                       |
| Change in net assets of business-type activities  |  | <u>\$ 15,809</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, 2011**  
(In Thousands)

|   | <b>Metropolitan<br/>District<br/>Enterprise<br/>Fund</b> | <b>Internal<br/>Service<br/>Funds</b> |
|---|--|---------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |  |                                       |
| Receipts from customers   | \$ 234,578   | \$ 248,057                            |
| Payments to suppliers   | (118,081)  | (13,624)                              |
| Payments to employees   | (34,557)   | (2,965)                               |
| Payment for interfund services used   | -  | (699)                                 |
| Claims paid   | -  | (223,106)                             |
| Other receipts  | -  | 283                                   |
| Net cash provided by operating activities   | 81,940   | 7,946                                 |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |  |                                       |
| Transfers in  | -  | 98                                    |
| Transfers out   | -  | (276)                                 |
| Repayments from other funds   | -  | 324                                   |
| Repayments to other funds   | -  | (324)                                 |
| Capital contributions paid to other subdivisions  | (29,780)   | -                                     |
| Net cash used by noncapital financing activities  | (29,780)   | (178)                                 |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                               |  |                                       |
| Proceeds from capital debt  | 164,669  | -                                     |
| Retirement of bond anticipation notes   | (30,100)   | -                                     |
| Capital contributions from external parties   | 7,812  | -                                     |
| Acquisition and construction of capital assets  | (76,336)   | (7,264)                               |
| Principal paid on capital debt  | (38,212)   | -                                     |
| Interest paid on capital debt   | (30,261)   | -                                     |
| Sales of capital assets   | -  | 681                                   |
| Net cash used by capital and related financing activities                                     | (2,428)  | (6,583)                               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |  |                                       |
| Interest on investments   | 256  | 394                                   |
| Net cash provided by investing activities   | 256  | 394                                   |
| Net increase in cash and cash equivalents   | 49,988   | 1,579                                 |
| Cash and cash equivalents at beginning of the year  | 22,485   | 73,682                                |
| Cash and cash equivalents at end of the year  | \$ 72,473  | \$ 75,261                             |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b> |  |                                       |
| Operating income (loss)   | \$ 58,254  | \$ (1,615)                            |
| Adjustments to reconcile operating income to net cash provided by operating activities:       |  |                                       |
| Depreciation expense  | 21,628   | 4,451                                 |
| Amortization expense  | 167  | -                                     |
| Effect of changes in operating assets and liabilities:  |  |                                       |
| Receivables, net  | 3,056  | (855)                                 |
| Prepaid costs   | -  | 3,447                                 |
| Inventories   | (10)   | 16                                    |
| Accounts and other payables   | (1,168)  | (2,123)                               |
| Accrued expenses  | 13   | 9                                     |
| Claims and judgements   | -  | 4,616                                 |
| Net cash provided by operating activities   | \$ 81,940  | \$ 7,946                              |
| <b>NONCASH CAPITAL FINANCING ACTIVITIES</b>   |  |                                       |
| Capital assets acquired through contributions from developers.                                | \$ 5,863   | \$ -                                  |

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

**Baltimore County, Maryland**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**  
**(In Thousands)**

|   | <b>Benefits Trust<br/>Funds</b> |
|---|---------------------------------|
| <b>ASSETS</b>                             |                                 |
| Cash and cash equivalents (Note 3)        | \$ 108,007                      |
| Collateral for loaned securities (Note 3) | 132,236                         |
| Receivables:                              |                                 |
| Accrued interest & dividend income        | 3,601                           |
| Receivable for investments sold           | 49,087                          |
| Receivables other                         | 3,423                           |
| Total receivables                         | 56,111                          |
| Investments, at fair value:               |                                 |
| U.S. Government and Agency securities     | 206,718                         |
| Municipal bonds                           | 34,913                          |
| Foreign bonds                             | 14,431                          |
| Corporate bonds                           | 143,050                         |
| Stocks                                    | 507,388                         |
| Bond mutual funds                         | 278,594                         |
| Stock mutual funds                        | 419,660                         |
| Real estate equity funds                  | 85,117                          |
| Hedge funds                               | 113,714                         |
| Private equity funds                      | 109,204                         |
| Real assets                               | 111,190                         |
| Global asset allocation                   | 365,683                         |
| Total investments                         | 2,389,662                       |
| Total assets                              | 2,686,016                       |
| <b>LIABILITIES</b>                        |                                 |
| Securities lending payable                | 133,052                         |
| Investments purchased                     | 144,615                         |
| Investment expenses payable               | 2,803                           |
| Refunds payable                           | 327                             |
| Other                                     | 2,774                           |
| Total liabilities                         | 283,571                         |
| <b>NET ASSETS</b>                         |                                 |
| Net assets held in trust for benefits     | \$ 2,402,445                    |

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, 2011**  
**(In Thousands)**

|   | <u><b>Benefits Trust<br/>Funds</b></u> |
|---|--|
| <b>ADDITIONS</b>                              |  |
| Contributions:                                |  |
| Employer                                      | \$ 126,458                             |
| Employees                                     | 62,894                                 |
| Other   | 8,749                                  |
| Total contributions                           | <u>198,101</u>                         |
| Investment earnings:                          |  |
| Net increase in the fair value of plan assets | 397,949                                |
| Interest and dividends                        | 44,537                                 |
| Investment expenses                           | (15,687)                               |
| Net investment gain                           | <u>426,799</u>                         |
| Net income from securities lending:           |  |
| Securities lending income                     | 407                                    |
| Net decrease in fair value of investments     | (816)                                  |
| Borrower rebates                              | 83                                     |
| Agent fees                                    | (142)                                  |
| Net loss from securities lending              | <u>(468)</u>                           |
| Total net investment gain                     | <u>426,331</u>                         |
| Total additions                               | <u>624,432</u>                         |
| <b>DEDUCTIONS</b>                             |  |
| Benefits                                      | 293,808                                |
| Refunds                                       | 2,726                                  |
| Administrative expense                        | 2,541                                  |
| Total deductions                              | <u>299,075</u>                         |
| Change in net assets                          | 325,357                                |
| Net assets at beginning of the year           | <u>2,077,088</u>                       |
| Net assets at end of the year                 | <u><u>\$ 2,402,445</u></u>             |

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

**Baltimore County, Maryland**  
**Statement of Net Assets**  
**Component Units**  
**June 30, 2011**  
**(In Thousands)**

|   | <u>Board of<br/>Education</u> | <u>Community<br/>College</u> | <u>Board of<br/>Library<br/>Trustees</u> | <u>Total</u>        |
|---|-------------------------------|------------------------------|--|---------------------|
| <b>ASSETS</b>                                   |                               |                              |  |                     |
| Cash and investments (Note 3)                   | \$ 52,427                     | \$ 23,896                    | \$ 6,398                                 | \$ 82,721           |
| Receivables                                     | 28,959                        | 12,496                       | 117                                      | 41,572              |
| Due from primary government                     | 49,302                        | 2,403                        | 477                                      | 52,182              |
| Inventories                                     | 1,322                         | 1,864                        | 83                                       | 3,269               |
| Prepaid costs                                   | 1,377                         | -                            | 3  | 1,380               |
| Deferred charges                                | -                             | 78                           | -  | 78                  |
| Cash restricted for lease purchase              | 519                           | -                            | -  | 519                 |
| Net OPEB asset (Note 14)                        | 6,027                         | -                            | -  | 6,027               |
| Capital assets (Note 7)                         |                               |                              |  |                     |
| Non-depreciable                                 | 254,403                       | 17,988                       | -  | 272,391             |
| Depreciable (net of accumulated depreciation)   | 986,917                       | 115,266                      | 10,337                                   | 1,112,520           |
| Total assets                                    | <u>1,381,253</u>              | <u>173,991</u>               | <u>17,415</u>                            | <u>1,572,659</u>    |
| <b>LIABILITIES</b>                              |                               |                              |  |                     |
| Accounts payable                                | 32,343                        | 8,761                        | 865                                      | 41,969              |
| Accrued payroll                                 | 23,420                        | 3,761                        | 916                                      | 28,097              |
| Other liabilities                               | 3,596                         | 1,776                        | -  | 5,372               |
| Unearned revenue                                | 18,895                        | 6,108                        | 41                                       | 25,044              |
| Liabilities payable from restricted assets      | 519                           | -                            | -  | 519                 |
| Noncurrent liabilities (Note 8)                 |                               |                              |  |                     |
| Due within one year                             | 19,693                        | 3,824                        | 1,014                                    | 24,531              |
| Due in more than one year                       | 22,008                        | 4,197                        | 211                                      | 26,416              |
| Total liabilities                               | <u>120,474</u>                | <u>28,427</u>                | <u>3,047</u>                             | <u>151,948</u>      |
| <b>NET ASSETS</b>                               |                               |                              |  |                     |
| Invested in capital assets, net of related debt | 1,219,912                     | 131,483                      | 10,337                                   | 1,361,732           |
| Restricted for:                                 |                               |                              |  |                     |
| Education                                       | 12,994                        | 4,433                        | -  | 17,427              |
| OPEB  | 6,027                         | -                            | -  | 6,027               |
| Expendable endowments                           | -                             | 3,165                        | 2,118                                    | 5,283               |
| Unrestricted                                    | 21,846                        | 6,483                        | 1,913                                    | 30,242              |
| Total net assets                                | <u>\$ 1,260,779</u>           | <u>\$ 145,564</u>            | <u>\$ 14,368</u>                         | <u>\$ 1,420,711</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, 2011**  
**(In Thousands)**

|                                     | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Assets |                   |                           |                |
|-------------------------------------|----------------------|------------------------------------|----------------------------------|---|-------------------|---------------------------|----------------|
|                                     | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Board of Education                              | Community College | Board of Library Trustees | Total          |
| <b>BOARD OF EDUCATION</b>           |                      |                                    |                                  |   |                   |                           |                |
| Public education                    | \$ 1,288,327         | \$ 159,954                         | \$ 95,501                        | \$ (1,032,286)                                  | \$ -              | \$ -                      | \$ (1,032,286) |
| Facilities operations               | 146,871              | 652                                | 1,244                            | (144,975)                                       | -                 | -                         | (144,975)      |
| Food service                        | 38,477               | 24,159                             | -                                | 503   | -                 | -                         | 503            |
| Total Board of Education            | 1,473,675            | 184,765                            | 96,745                           | (1,176,758)                                     | -                 | -                         | (1,176,758)    |
| <b>COMMUNITY COLLEGE</b>            |                      |                                    |                                  |   |                   |                           |                |
| Educational and general expenses    | 179,139              | 92,957                             | -                                | -   | (25,333)          | -                         | (25,333)       |
| Facilities operations               | 21,349               | -                                  | 17,615                           | -   | (3,734)           | -                         | (3,734)        |
| Auxiliary enterprises               | 10,868               | -                                  | -                                | -   | (1,584)           | -                         | (1,584)        |
| Total Community College             | 211,356              | 92,957                             | 17,615                           | -   | (30,651)          | -                         | (30,651)       |
| <b>BOARD OF LIBRARY TRUSTEES</b>    |                      |                                    |                                  |   |                   |                           |                |
| Culture and leisure services        | 44,498               | 4,727                              | 1,239                            | -   | -                 | (32,338)                  | (32,338)       |
| Total component units               | \$ 1,729,529         | \$ 283,916                         | \$ 115,599                       | (1,176,758)                                     | (30,651)          | (32,338)                  | (1,239,747)    |
| General Revenues:                   |                      |                                    |                                  |   |                   |                           |                |
| Baltimore County                    |                      |                                    |                                  | 663,144   | 38,263            | 33,616                    | 735,023        |
| State of Maryland                   |                      |                                    |                                  | 518,223   | -                 | -                         | 518,223        |
| Unrestricted investment earnings    |                      |                                    |                                  | -   | 850               | -                         | 850            |
| Other                               |                      |                                    |                                  | 42,139  | -                 | -                         | 42,139         |
| Total general revenues              |                      |                                    |                                  | 1,223,506                                       | 39,113            | 33,616                    | 1,296,235      |
| Change in net assets                |                      |                                    |                                  | 46,748  | 8,462             | 1,278                     | 56,488         |
| Net assets at beginning of the year |                      |                                    |                                  | 1,214,031                                       | 137,102           | 13,090                    | 1,364,223      |
| Net assets at end of the year       |                      |                                    |                                  | \$ 1,260,779                                    | \$ 145,564        | \$ 14,368                 | \$ 1,420,711   |

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

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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

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

***Financial Reporting Entity***

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

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

***Discretely Presented Component Units***

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

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

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

Baltimore County Public Schools  
Department of Fiscal Services  
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

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

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|   |   |
|---|---|
| Commission on Disabilities                        | Commission on Veterans' Affairs           |
| Criminal Justice Coordinating Council             | Design Review Panel                       |
| Drug and Alcohol Abuse Advisory Council           | Electrical Administrative Board           |
| Ethics Commission                                 | Ethnic Diversity Advisory Council         |
| Human Relations Commission                        | Landmarks Preservation Commission         |
| 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, 2011 were immaterial to the basic financial statements taken as a whole.

***Government-Wide and Fund Financial Statements***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets 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

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

The County reports the following major governmental funds:

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

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

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

The County reports on the following major enterprise fund:

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

The County also reports the following fund types:

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

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.

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



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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. There were \$5.7 million in supplementary and emergency appropriations adopted for the General Fund operating budget during fiscal year 2011.

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

The County presents its General Fund budgetary comparison statement as part of the basic financial statements. Unbudgeted equipment financing activity in the General Fund comparison consists of \$0.01 million of interest income decreased by \$5.083 million in equipment purchases. The unspent equipment financing proceeds of \$12.689 million are reported as a restriction of fund balance at fiscal year-end.

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

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

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

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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 \$115 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, 2011. The fair value of mutual funds is based on the fair values of the underlying securities. The fair value of real estate equity funds is based on independent appraisals. Private equity funds and hedge funds are valued based on information provided by the respective fund managers.

***Inventories***

Inventories are valued at cost. They are accounted for using the purchases method in the General Fund. Under the purchases method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets. Non-spendable fund balance for the amount of General Fund inventories has been reported in the governmental fund statements to reflect the non-availability of those amounts for appropriation or expenditure.

***Capital Assets***

Capital assets of governmental funds are recorded in the statement of net 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, 2011.

***Compensated Absences***

County employees are granted vacation, personal, and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and personal leave days up to a certain maximum depending on employment classification. Employees are not reimbursed for accumulated sick leave. Payments made to terminated employees for accumulated leave are charged as expenditures/expenses, primarily in the General Fund, Special Revenue Funds, and Proprietary Funds, when paid. Accumulated vacation, personal leave and compensatory time benefits at year-end are recorded as obligations in the statement of net assets and proprietary fund statements.

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***Restricted Net Assets***

The government-wide statement of net assets reports \$26.653 million of restricted net assets, of which \$5.288 million is restricted by enabling legislation.

***Governmental Funds' Fund Balance***

The County has adopted the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, this statement clarifies the definitions of the general fund, special revenue funds and capital project fund as applicable to the County. This statement changes fund balance classifications reported in the Governmental Fund Balance Sheet and requires expanded disclosure of the County's policies and procedures as it relates to authority levels, spending policy, reporting of encumbrances and the County's revenue stabilization account.

GASB 54 requires that fund balance amounts be properly reported within one of the fund balance categories listed below:

*Non-spendable* – Includes fund balance amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact, such as a permanent fund. Not in spendable form includes items that are not expected to be converted to cash, such as inventories and prepaid items.

*Restricted* – Includes amounts that are restricted to a specific purpose when constraints are placed on the use of resources by constitution, external resource providers, or through enabling legislation.

*Committed* – Includes fund balance amounts that can be used only for the specific purposes determined by formal action of the County (the highest level of decision-making authority). Formal action of the County would be those actions which are voted on at County Council meetings that are in compliance with Maryland law. Similar action of the County is required to modify or rescind such commitments.

*Assigned* – Includes fund balance amounts that are intended to be used by the County for specific purposes as determined by the County Executive or his designee in accordance with County Charter. Constraints imposed on the use of assigned amounts do not rise to the level required to be classified as either restricted or committed.

*Unassigned* – Represents the residual classification for the County's funds and includes all spendable amounts not contained in the four classifications described above.

***Order of Fund Balance Spending Policy***

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

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

***Revenue Stabilization Account***

Section 10-8-101 of the County Code gives the County the authority to establish and maintain a Revenue Stabilization Account (the Account) to provide a financial cushion for unanticipated decreases in revenues, primarily

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intergovernmental revenues. The General Fund Unassigned Fund Balance includes \$84.61 million that the County has set aside in the Account. Revenues in excess of estimates and any unexpended appropriations at the close of the fiscal year shall be transferred to the Account if the Account balance does not exceed five percent of the current fiscal year General Fund budgeted revenue after interest is credited to the Account. The Director of Budget and Finance shall notify the County Executive and County Council that a funds availability deficit exists in the General Fund at the end of any fiscal year and request that sufficient monies to the extent available be transferred from the Account to eliminate the deficit. Funds in the Account are not to be used for any other purpose except upon the recommendation of the County Executive and approval of a majority plus one of the County Council.

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

**Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net 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 \$1,316,304 difference are as follows:

|  |                            |
|--|----------------------------|
| General obligation debt  | \$ 1,124,790               |
| Certificates of participation and mortgage payable   | 63,781                     |
| Add: Issuance premium (to be amortized as reduction to interest expense)                               | 47,384                     |
| Less: Issuance discount (to be amortized as interest expense)  | (1,795)                    |
| Less: Deferred charge for issuance costs (to be amortized over life of debt)                           | (4,564)                    |
| Less: Deferred charge on refunding (to be amortized as interest expense)                               | (4,190)                    |
| Accrued interest payable   | 13,553                     |
| Compensated absences   | 63,223                     |
| Estimated landfill closing costs   | <u>14,122</u>              |
| Net adjustment to reduce fund balance - total funds to arrive at net assets of governmental activities | <u><u>\$ 1,316,304</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 \$63,255 difference are as follows:

|  |                         |
|--|-------------------------|
| Capital outlay   | \$ 137,766              |
| Depreciation expense   | <u>(74,511)</u>         |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | <u><u>\$ 63,255</u></u> |

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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 \$7,320 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. | \$ (771)               |
| 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>8,091</u>           |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.  | <u><u>\$ 7,320</u></u> |

Another element of the reconciliation states that "The issuance of long-term debt (e.g., bonds, certificates of participation) provides current financial resources to governmental funds, while the repayment of the principal of 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 \$210,681 difference are as follows:

|  |                            |
|--|----------------------------|
| Debt issued or incurred:   |                            |
| General obligation debt  | \$ (350,615)               |
| Add premium  | (13,428)                   |
| Less debt issuance costs   | 1,957                      |
| Principal repayments:  |                            |
| General obligation debt  | 128,435                    |
| Certificates of participation  | 7,990                      |
| Mortgage payable   | 101                        |
| Payment to escrow agent for refunding  | <u>14,879</u>              |
| Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | <u><u>\$ (210,681)</u></u> |

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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 \$1,176 difference are as follows:

|  |                            |
|--|----------------------------|
| Increase in compensated absences   | \$ (1,614)                 |
| Increase in accrued interest   | (822)                      |
| Increase in landfill closure and post-closure costs  | (409)                      |
| Amortization of issuance costs   | (387)                      |
| Amortization of deferred charge on refunding   | (889)                      |
| Amortization of premiums   | 5,422                      |
| Amortization of discounts  | <u>(125)</u>               |
| <br>   |                            |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | <br><u><u>\$ 1,176</u></u> |

**3. CASH, INVESTMENTS AND SECURITIES LENDING:**

The County maintains a cash and investment pool that is available for use by all funds, except for the fiduciary funds. Each fund's portion of this pool is reported on the statement of net 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, 2011, the carrying amounts of cash for the primary government and its component units were \$54.853 million and \$36.670 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 ("OPEB")* - As provided in Article 5, Title 1 and § 10-14-106 of the Baltimore County Code, the Board of Trustees of the Employees' Retirement System (the "System") is empowered to invest the System's and OPEB's assets jointly and to take appropriate action regarding the investment, management and custodianship of the System's and OPEB's plan assets. The System's and OPEB's investment policy targets 24% in U.S. equities, 14% in international equities, 27% in core-plus fixed income investments, 5% in real estate equity, 5% in hedge funds, 5% in private equities, 5% in real assets and 15% in Global Asset Allocation Funds. Certain System and OPEB investment managers have invested in the following types of instruments: asset backed securities, warrants, variable rate securities and interest rate swaps, U.S. Treasury interest and principal strips, U.S. Treasury futures and options, and collateralized mortgage obligations. The System's and OPEB's fixed income managers primarily acquire these types of instruments to increase investment yield and/or decrease investment risk. Open Futures Contract exposure was (\$12,499,102) for the System's and OPEB's portfolio at the fiscal year ended June 30, 2011. 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, 2011 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                                   | \$ -              | \$ 160,643          | \$ 19,883         | \$ -             | \$ 180,526               | \$ -             | \$ 180,526          |
| On securities loan for securities or cash collateral     | -                 | 23,307              | 2,885             | -                | 26,192                   | -                | 26,192              |
| MLGIP  | 123               | -                   | -                 | -                | 123                      | 40,400           | 40,523              |
| Municipal bonds  | -                 | 1,894               | 234               | 32,785           | 34,913                   | -                | 34,913              |
| Foreign bonds  | -                 | 7,514               | 930               | 5,987            | 14,431                   | -                | 14,431              |
| Corporate bonds  |                   |                     |                   |                  |                          |                  |                     |
| Not on securities loan                                   | -                 | 118,128             | 14,621            | -                | 132,749                  | -                | 132,749             |
| On securities loan for securities or cash collateral     | -                 | 9,167               | 1,134             | -                | 10,301                   | -                | 10,301              |
| Bond mutual funds  | -                 | 241,602             | 29,904            | 7,088            | 278,594                  | -                | 278,594             |
| Money market funds                                       | 258,063           | 96,262              | 11,915            | 3,308            | 369,548                  | 5,651            | 375,199             |
| Real estate equity funds                                 | -                 | 75,742              | 9,375             | -                | 85,117                   | -                | 85,117              |
| Stocks   |                   |                     |                   |                  |                          |                  |                     |
| Not on securities loan                                   | -                 | 364,288             | 45,089            | -                | 409,377                  | -                | 409,377             |
| On securities loan for securities or cash collateral     | -                 | 87,216              | 10,795            | -                | 98,011                   | -                | 98,011              |
| Stock mutual funds                                       | -                 | 360,022             | 44,561            | 15,077           | 419,660                  | -                | 419,660             |
| Private equity funds                                     | -                 | 97,176              | 12,028            | -                | 109,204                  | -                | 109,204             |
| Hedge funds  | -                 | 101,190             | 12,524            | -                | 113,714                  | -                | 113,714             |
| Real assets  | -                 | 98,944              | 12,246            | -                | 111,190                  | -                | 111,190             |
| Global Asset Allocation fund                             | -                 | 325,407             | 40,276            | -                | 365,683                  | -                | 365,683             |
| Securities lending short-term collateral investment pool | -                 | 117,672             | 14,564            | -                | 132,236                  | -                | 132,236             |
| Other  | -                 | -                   | -                 | -                | -                        | 519              | 519                 |
| <b>Total</b>   | <b>\$ 258,186</b> | <b>\$ 2,286,174</b> | <b>\$ 282,964</b> | <b>\$ 64,245</b> | <b>\$ 2,891,569</b>      | <b>\$ 46,570</b> | <b>\$ 2,938,139</b> |

*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 7 days. The System, the OPEB Plan and the Pension Plan cannot pledge or sell collateral securities received unless the borrower defaults. The collateral held and the fair value of securities on loan as of June 30, 2011 totaled \$137.140 million and \$134.503 million, respectively. At June 30, 2011, the cash collateral pool had an unrealized loss of \$0.816 million, which is recorded in the Statement of changes in Plan New Assets as a decrease in the fair value of investments for securities lending.

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

| Investment Type             | Fair Value        | Investment Maturities (in years) |                  |                   |                  |                   |                  |
|-----------------------------|-------------------|----------------------------------|------------------|-------------------|------------------|-------------------|------------------|
|                             |                   | Less than 1                      | 1 - 4.9          | 5 - 9.9           | 10 - 19.9        | 20 - 30           | More than 30     |
| <b>The System</b>           |                   |                                  |                  |                   |                  |                   |                  |
| U.S. Government Obligations | \$ 81,959         | \$ 215                           | \$ 16,074        | \$ 12,497         | \$ 14,057        | \$ 32,616         | \$ 6,500         |
| U.S. Agency Securities      | 101,991           | 1,302                            | 432              | 14,543            | 10,752           | 73,100            | 1,862            |
| Municipal Bonds             | 1,894             | -                                | -                | 295               | 36               | 381               | 1,182            |
| Corporate Debt              | 127,295           | 9,859                            | 31,301           | 33,812            | 19,348           | 19,081            | 13,894           |
| Bond Mutual Funds           | 241,602           | -                                | -                | 241,602           | -                | -                 | -                |
| Foreign Debt                | 7,514             | 7,396                            | -                | -                 | 118              | -                 | -                |
| Total                       | <u>562,255</u>    | <u>18,772</u>                    | <u>47,807</u>    | <u>302,749</u>    | <u>44,311</u>    | <u>125,178</u>    | <u>23,438</u>    |
| <b>OPEB Plan</b>            |                   |                                  |                  |                   |                  |                   |                  |
| U.S. Government Obligations | 10,144            | 27                               | 1,989            | 1,547             | 1,740            | 4,037             | 804              |
| U.S. Agency Securities      | 12,624            | 161                              | 53               | 1,800             | 1,331            | 9,048             | 231              |
| Municipal Bonds             | 234               | -                                | -                | 36                | 5                | 47                | 146              |
| Corporate Debt              | 15,755            | 1,220                            | 3,874            | 4,185             | 2,395            | 2,362             | 1,719            |
| Bond Mutual Funds           | 29,904            | -                                | -                | 29,904            | -                | -                 | -                |
| Foreign Debt                | 930               | 915                              | -                | -                 | 15               | -                 | -                |
| Total                       | <u>69,591</u>     | <u>2,323</u>                     | <u>5,916</u>     | <u>37,472</u>     | <u>5,486</u>     | <u>15,494</u>     | <u>2,900</u>     |
| <b>Pension Plan</b>         |                   |                                  |                  |                   |                  |                   |                  |
| Municipal Bonds             | 32,785            | 1,100                            | 10,581           | 13,041            | 6,643            | 1,420             | -                |
| Bond Mutual Funds           | 7,088             | -                                | -                | -                 | 7,088            | -                 | -                |
| Foreign Debt                | 5,987             | -                                | 2,500            | -                 | -                | -                 | 3,487            |
| Total                       | <u>45,860</u>     | <u>1,100</u>                     | <u>13,081</u>    | <u>13,041</u>     | <u>13,731</u>    | <u>1,420</u>      | <u>3,487</u>     |
| Total Primary Government    | <u>\$ 677,706</u> | <u>\$ 22,195</u>                 | <u>\$ 66,804</u> | <u>\$ 353,262</u> | <u>\$ 63,528</u> | <u>\$ 142,092</u> | <u>\$ 29,825</u> |

*Interest Rate Risk* – To the extent possible, the Pool attempts to match investments with anticipated cash flow requirements. Unless matched to specific cash flow, the Pool will not directly invest in securities maturing more 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, 2011, the Pension Trust Funds’ and the OPEB Plan’s fixed income investments had the following risk characteristics:

| Moody's<br>Rating or<br>Comparable | The System                         |                              | OPEB Plan                          |                              | Pension Plan                       |                              |
|------------------------------------|------------------------------------|------------------------------|------------------------------------|------------------------------|------------------------------------|------------------------------|
|                                    | Percent of<br>Total<br>Investments | Fair Value (in<br>thousands) | Percent of<br>Total<br>Investments | Fair Value (in<br>thousands) | Percent of<br>Total<br>Investments | Fair Value (in<br>thousands) |
| AAA                                | 24.90%                             | \$ 139,984                   | 24.90%                             | \$ 17,326                    | 5.89%                              | \$ 2,700                     |
| AA                                 | 2.63%                              | 14,787                       | 2.63%                              | 1,830                        | 46.18%                             | 21,179                       |
| A                                  | 5.17%                              | 29,083                       | 5.17%                              | 3,600                        | 15.39%                             | 7,060                        |
| BBB                                | 4.44%                              | 24,947                       | 4.44%                              | 3,088                        | 3.16%                              | 1,450                        |
| BB                                 | 1.39%                              | 7,817                        | 1.39%                              | 967                          | 0.00%                              | -                            |
| B                                  | 1.00%                              | 5,606                        | 1.00%                              | 694                          | 0.00%                              | -                            |
| CCC                                | 1.39%                              | 7,800                        | 1.39%                              | 965                          | 0.00%                              | -                            |
| CC                                 | 0.31%                              | 1,759                        | 0.31%                              | 218                          | 0.00%                              | -                            |
| Not Rated                          | 58.77%                             | 330,472                      | 58.77%                             | 40,903                       | 29.38%                             | 13,471                       |
| Total                              | 100.00%                            | \$ 562,255                   | 100.00%                            | \$ 69,591                    | 100.00%                            | \$ 45,860                    |

*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      | \$ 5,709                  | \$ 707    | \$ 6,416   |
| British Pound Sterling | 17,110                    | 2,118     | 19,228     |
| Danish Krone           | 691                       | 86        | 777        |
| Euro Currency Unit     | 57,983                    | 7,177     | 65,160     |
| Hong Kong Dollar       | 7,908                     | 979       | 8,887      |
| Israeli Shekel         | 479                       | 59        | 538        |
| Japanese Yen           | 30,251                    | 3,744     | 33,995     |
| Norwegian Krone        | 1,054                     | 130       | 1,184      |
| Singapore Dollar       | 1,857                     | 230       | 2,087      |
| South Korean Won       | 6,302                     | 780       | 7,082      |
| Swedish Krona          | 4,009                     | 496       | 4,505      |
| Swiss Franc            | 9,973                     | 1,234     | 11,207     |
|                        | \$ 143,326                | \$ 17,740 | \$ 161,066 |

*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 has entered into forward exchange contracts to sell or purchase certain foreign currencies at specified rates at stated dates. The System and the OPEB Plan continue to invest in similar contracts. The Pension Trust Funds’ and OPEB’s investment policy guidelines include a section on derivatives, which speaks to the use of futures, forwards and other derivative instruments and securities.

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that would not otherwise be allowed, or increase the actual or potential risk of the portfolio. At June 30, 2011, the System's and the OPEB Plan's contracts to purchase and sell by foreign currencies were as follows:

Forward Exchange Contracts as of June 30, 2011  
(expressed in thousands)

| Currency               | Receivable      | Payable         | Unrealized<br>Gain/(Loss) |
|------------------------|-----------------|-----------------|---------------------------|
| Australian Dollar      | \$ 423          | \$ -            | \$ 7                      |
| Euro Currency Unit     | 240             | -               | 1                         |
| Hong Kong Dollar       | 441             | -               | -                         |
| Swiss Franc            | 38              | -               | -                         |
| British Pound Sterling | -               | (34)            | -                         |
| Japanese Yen           | -               | (273)           | (1)                       |
| Singapore Dollar       | -               | (36)            | -                         |
|                        | <u>\$ 1,142</u> | <u>\$ (343)</u> | <u>\$ 7</u>               |

Futures contracts are standardized, exchange-traded contracts to purchase or sell a specific financial instrument at a predetermined price. Gains and losses on futures contracts are settled daily based on a notional (underlying) principal value and do not involve an actual transfer of the specific instrument. Because of daily settlement, the futures contracts have no fair value. The System and the OPEB Plan entered into certain futures contracts of which the notional value at June 30, 2011 are as follows:

Futures Contracts as of June 30, 2011  
(expressed in thousands)

| Currency                          | Buy Contracts | Sell Contracts |
|-----------------------------------|---------------|----------------|
| US Treasury Bond Future (CBT)     | \$ 3,937      | \$ -           |
| US 10YR Note Future (CBT)         | 6,361         | -              |
| US Ultra Bond (CBT)               | 5,176         | -              |
| US 5YR Treasury Note Future (CBT) | -             | (22,051)       |
| US 2YR Treasury NTS Future (CBT)  | -             | (5,922)        |

The System and the OPEB Plan utilizes certain derivative instruments for the purpose of obtaining income or profit. The derivatives are subject to credit risks, interest rate risk, and foreign currency risk. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2011, classified by type and the changes in fair value of such derivative instruments for the year then ended are as follows:

|                               | Changes in Fair Value (expressed in<br>thousands) |        | Fair Value as of June 30, 2011 (expressed<br>in thousands) |                |
|-------------------------------|---|--------|--|----------------|
|                               | Classification                                    | Amount | Amount   | Notional Value |
| <b>Investment Derivatives</b> |   |        |  |                |
| Futures                       | Investment revenue                                | \$ -   | \$ -   | \$ 12,499      |
| Options                       | Investment revenue                                | (1)    | 8  | -              |
| Swaps                         | Investment revenue                                | (346)  | (141)  | 1,169          |
| Mortgage Derivatives          | Investment revenue                                | (44)   | 1,826  | 14,949         |
| TBA Transactions              | Investment revenue                                | (37)   | 28,229   | 26,750         |

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

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

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

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

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

**4. PROPERTY TAX:**

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

Assessed values are established by the Maryland Department of Assessments and Taxation at one hundred percent of estimated market value. The assessed value of taxable real and personal property in the County for fiscal year 2011 was \$89.2 billion.

The property tax rate for the year ended June 30, 2011 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.

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**5. RECEIVABLES** (in thousands):

Receivables as of June 30, 2011 for the County's major funds and Internal Service Funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

|   | General           | Gifts<br>and<br>Grants | Consolidated<br>Public Improvement<br>Construction | Metropolitan<br>District | Internal<br>Service<br>Funds | Total<br>Receivables |
|---|-------------------|------------------------|--|--------------------------|------------------------------|----------------------|
| Property taxes  | \$ 9,933          | \$ -                   | \$ -   | \$ -                     | \$ -                         | \$ 9,933             |
| Accounts  | 13,692            | -                      | -  | 12,610                   | 4,495                        | 30,797               |
| Intergovernmental   | 149,885           | 17,382                 | 1,593  | 3,200                    | -                            | 172,060              |
| Assessments   | 1,332             | -                      | 5,856  | 150,040                  | -                            | 157,228              |
| Loans   | -                 | 49,021                 | -  | -                        | -                            | 49,021               |
| Interest  | 64                | -                      | -  | -                        | -                            | 64                   |
| Total receivables   | <u>174,906</u>    | <u>66,403</u>          | <u>7,449</u>                                       | <u>165,850</u>           | <u>4,495</u>                 | <u>419,103</u>       |
| Allowance for uncollectible accounts                            | <u>(2,195)</u>    | <u>(21,822)</u>        | <u>-</u>   | <u>-</u>                 | <u>-</u>                     | <u>(24,017)</u>      |
| Net total receivables   | <u>\$ 172,711</u> | <u>\$ 44,581</u>       | <u>\$ 7,449</u>                                    | <u>\$ 165,850</u>        | <u>\$ 4,495</u>              | <u>\$ 395,086</u>    |
| Amounts not scheduled for collection during the subsequent year | <u>\$ 1,124</u>   | <u>\$ 25,334</u>       | <u>\$ 4,522</u>                                    | <u>\$ 134,423</u>        | <u>\$ -</u>                  | <u>\$ 165,403</u>    |

At June 30, 2011, the County has recorded \$49.021 million of outstanding loans receivable in the Gifts and Grants Fund. Of these receivables, \$39.722 million are for loans made to residents and developers to acquire, rehab, or repair low-income housing units or to provide funds for settlement costs to qualified first-time home buyers under various federally funded financial assistance programs. Approximately \$21.822 million of these loans are offset by an allowance for uncollectible accounts because collections are highly uncertain. In many cases, the loan repayment is forgiven if the resident/developer complies with certain federal requirements, which may include residing in the property for a stated number of years.

Governmental funds report deferred 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, 2011 were as follows:

|  | Unavailable       | Unearned         | Total             |
|--|-------------------|------------------|-------------------|
| Property taxes receivable  | \$ 7,040          | \$ 503           | \$ 7,543          |
| Income taxes   | 106,461           | -                | 106,461           |
| Economic and community development loans                           | 27,197            | -                | 27,197            |
| Special assessments not yet due                                    | 7,172             | -                | 7,172             |
| Grant funds received prior to meeting all eligibility requirements | -                 | 10,519           | 10,519            |
| Total deferred/unearned revenue for governmental funds             | <u>\$ 147,870</u> | <u>\$ 11,022</u> | <u>\$ 158,892</u> |

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

The composition of interfund balances as of June 30, 2011 is as follows:

| Receivable fund        | Payable fund                      | Purpose              | Amount            |
|------------------------|-----------------------------------|----------------------|-------------------|
| Self-Insurance Program | Vehicle Operation and Maintenance | Deficit cash balance | \$ 11,780         |
| General                | Consolidated Public Improvement   | Deficit cash balance | 122,088           |
|                        |                                   | Total                | <u>\$ 133,868</u> |

Interfund transfers for the fiscal year ended June 30, 2011 were as follows:

| Transferred from                                | Transferred to   |                        |   |                              |  | Total            |
|---|------------------|------------------------|---|------------------------------|--|------------------|
|   | General          | Gifts<br>and<br>Grants | Consolidated<br>Public<br>Improvement<br>Construction | Internal<br>Service<br>Funds |  |                  |
| General   | \$ -             | \$ 7,289               | \$ 2,600  | \$ 49                        |  | \$ 9,938         |
| Gifts and Grants                                | 2,006            | -                      | -   | 49                           |  | 2,055            |
| Consolidated Public<br>Improvement Construction | 48,219           | 587                    | -   | -                            |  | 48,806           |
| Nonmajor Governmental Funds                     | 63               | 225                    | -   | -                            |  | 288              |
| Internal Service Funds                          | 276              | -                      | -   | -                            |  | 276              |
| Total transfers                                 | <u>\$ 50,564</u> | <u>\$ 8,101</u>        | <u>\$ 2,600</u>                                       | <u>\$ 98</u>                 |  | <u>\$ 61,363</u> |

The transfers from the General Fund to the Consolidated Public Improvement Construction Fund are pay-as-you-go funding for capital projects. Net transfers of \$7,064 between the General Fund and the Gifts and Grants Fund are County matching funds for grant funded programs. Respective transfers of \$48.219 million and \$1.781 million from the Consolidated Public Improvement Construction Loan Fund and the Gifts and Grants Fund of prior pay-as-you-go funding was returned to the General Fund to mitigate significant losses in income tax revenues. The transfers of \$0.276 million from the Self-Insurance Program Fund to the General Fund are investment income transfers on pooled cash. The remaining transfers are various funding contributions for operations.

As of June 30, 2011, receivable and payable balances remained between the primary government and its discretely presented component units. These balances and transactions are a result of the primary government's ongoing funding of the component units' capital and operating costs. Receivables and payables between the primary government and the component units do not equal due to timing differences.

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**7. CAPITAL ASSETS** (in thousands):

A summary of the primary government's changes in capital assets for the year ended June 30, 2011 is reported below:

|  | Beginning<br>Balance | Increases         | Decreases          | Ending<br>Balance   |
|--|----------------------|-------------------|--------------------|---------------------|
| <b>Governmental activities</b>               |                      |                   |                    |                     |
| Capital assets not being depreciated:        |                      |                   |                    |                     |
| Land   | \$ 245,965           | \$ 10,688         | \$ -               | \$ 256,653          |
| Construction in progress                     | 304,362              | 106,222           | (78,063)           | 332,521             |
| Total capital assets not being depreciated   | <u>550,327</u>       | <u>116,910</u>    | <u>(78,063)</u>    | <u>589,174</u>      |
| Capital assets being depreciated:            |                      |                   |                    |                     |
| Buildings and improvements                   | 448,809              | 29,284            | -                  | 478,093             |
| Machinery and equipment                      | 118,564              | 32,260            | (5,603)            | 145,221             |
| Vehicles                                     | 114,555              | 10,555            | (9,003)            | 116,107             |
| Infrastructure                               | 2,288,954            | 42,900            | (775)              | 2,331,079           |
| Total capital assets being depreciated       | <u>2,970,882</u>     | <u>114,999</u>    | <u>(15,381)</u>    | <u>3,070,500</u>    |
| Less accumulated depreciation for:           |                      |                   |                    |                     |
| Buildings and improvements                   | (126,048)            | (11,390)          | -                  | (137,438)           |
| Machinery and equipment                      | (71,254)             | (10,222)          | 4,876              | (76,600)            |
| Vehicles                                     | (62,363)             | (9,656)           | 8,277              | (63,742)            |
| Infrastructure                               | (1,042,439)          | (47,694)          | 51                 | (1,090,082)         |
| Total accumulated depreciation               | <u>(1,302,104)</u>   | <u>(78,962)</u>   | <u>13,204</u>      | <u>(1,367,862)</u>  |
| Total capital assets being depreciated, net  | <u>1,668,778</u>     | <u>36,037</u>     | <u>(2,177)</u>     | <u>1,702,638</u>    |
| Governmental activities capital assets, net  | <u>\$ 2,219,105</u>  | <u>\$ 152,947</u> | <u>\$ (80,240)</u> | <u>\$ 2,291,812</u> |
| <b>Business-type activities</b>              |                      |                   |                    |                     |
| Capital assets not being depreciated:        |                      |                   |                    |                     |
| Land   | \$ 1,306             | \$ 1              | \$ -               | \$ 1,307            |
| Construction in progress                     | 229,580              | 80,133            | (39,815)           | 269,898             |
| Total capital assets not being depreciated   | <u>230,886</u>       | <u>80,134</u>     | <u>(39,815)</u>    | <u>271,205</u>      |
| Capital assets being depreciated:            |                      |                   |                    |                     |
| Buildings and improvements                   | 144,191              | 6,174             | -                  | 150,365             |
| Machinery and equipment                      | 1,734                | 299               | (136)              | 1,897               |
| Vehicles                                     | 10,366               | -                 | (212)              | 10,154              |
| Infrastructure                               | 974,587              | 46,683            | -                  | 1,021,270           |
| Total capital assets being depreciated       | <u>1,130,878</u>     | <u>53,156</u>     | <u>(348)</u>       | <u>1,183,686</u>    |
| Less accumulated depreciation for:           |                      |                   |                    |                     |
| Buildings and improvements                   | (57,832)             | (3,904)           | -                  | (61,736)            |
| Machinery and equipment                      | (1,101)              | (119)             | 137                | (1,083)             |
| Vehicles                                     | (6,281)              | (689)             | 211                | (6,759)             |
| Infrastructure                               | (261,992)            | (16,916)          | -                  | (278,908)           |
| Total accumulated depreciation               | <u>(327,206)</u>     | <u>(21,628)</u>   | <u>348</u>         | <u>(348,486)</u>    |
| Total capital assets being depreciated, net  | <u>803,672</u>       | <u>31,528</u>     | <u>-</u>           | <u>835,200</u>      |
| Business-type activities capital assets, net | <u>\$ 1,034,558</u>  | <u>\$ 111,662</u> | <u>\$ (39,815)</u> | <u>\$ 1,106,405</u> |

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Depreciation expense was charged to primary government functions as follows:

|   |                  |
|---|------------------|
| Governmental activities:  |                  |
| General government  | \$ 13,079        |
| Public safety   | 6,483            |
| Public works, which includes the depreciation of infrastructure assets  | 45,371           |
| Health and human services   | 1,387            |
| Culture and leisure services  | 8,140            |
| Economic and community development  | 51               |
| Capital assets held by the County's internal service funds is charged to the various activities based on their usage of the assets. | <u>4,451</u>     |
| Total depreciation expense - governmental activities  | <u>\$ 78,962</u> |
| Business-type activities:   |                  |
| Water and sewer services, which include the depreciation of infrastructure assets   | <u>\$ 21,628</u> |
| Total depreciation expense - business-type activities   | <u>\$ 21,628</u> |

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

|   | Beginning<br>Balance | Increases         | Decreases           | Ending<br>Balance   |
|---|----------------------|-------------------|---------------------|---------------------|
| <b>Board of Education:</b>                  |                      |                   |                     |                     |
| Capital assets not being depreciated:       |                      |                   |                     |                     |
| Land  | \$ 28,854            | \$ 3              | \$ -                | \$ 28,857           |
| Construction in progress                    | 238,229              | 91,035            | (103,718)           | 225,546             |
| Total capital assets not being depreciated  | <u>267,083</u>       | <u>91,038</u>     | <u>(103,718)</u>    | <u>254,403</u>      |
| Capital assets being depreciated:           |                      |                   |                     |                     |
| Buildings                                   | 1,213,057            | 99,292            | -                   | 1,312,349           |
| Improvements other than buildings           | 60,939               | 6,313             | (31)                | 67,221              |
| Equipment and vehicles                      | 125,316              | 13,933            | (7,287)             | 131,962             |
| Total capital assets being depreciated      | <u>1,399,312</u>     | <u>119,538</u>    | <u>(7,318)</u>      | <u>1,511,532</u>    |
| Less accumulated depreciation               | <u>(481,250)</u>     | <u>(50,328)</u>   | <u>6,963</u>        | <u>(524,615)</u>    |
| Total capital assets being depreciated, net | <u>918,062</u>       | <u>69,210</u>     | <u>(355)</u>        | <u>986,917</u>      |
| Board of Education capital assets, net      | <u>\$ 1,185,145</u>  | <u>\$ 160,248</u> | <u>\$ (104,073)</u> | <u>\$ 1,241,320</u> |

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|   | Beginning<br>Balance | Increases        | Decreases          | Ending<br>Balance |
|---|----------------------|------------------|--------------------|-------------------|
| <b>Community College:</b>                                     |                      |                  |                    |                   |
| Capital assets not being depreciated:                         |                      |                  |                    |                   |
| Land  | \$ 4,798             | \$ -             | \$ -               | \$ 4,798          |
| Construction in progress                                      | 27,278               | 16,658           | (30,746)           | 13,190            |
| Total capital assets not being depreciated                    | <u>32,076</u>        | <u>16,658</u>    | <u>(30,746)</u>    | <u>17,988</u>     |
| Capital assets being depreciated:                             |                      |                  |                    |                   |
| Buildings and improvements                                    | 122,237              | 29,500           | -                  | 151,737           |
| Infrastructure  | 24,094               | 1,150            | -                  | 25,244            |
| Equipment and vehicles  | 20,762               | 2,673            | (86)               | 23,349            |
| Library materials   | 6,069                | 391              | -                  | 6,460             |
| Total capital assets being depreciated                        | <u>173,162</u>       | <u>33,714</u>    | <u>(86)</u>        | <u>206,790</u>    |
| Less accumulated depreciation                                 | <u>(84,529)</u>      | <u>(7,064)</u>   | <u>69</u>          | <u>(91,524)</u>   |
| Total capital assets being depreciated, net                   | <u>88,633</u>        | <u>26,650</u>    | <u>(17)</u>        | <u>115,266</u>    |
| The Community College of Baltimore County capital assets, net | <u>\$ 120,709</u>    | <u>\$ 43,308</u> | <u>\$ (30,763)</u> | <u>\$ 133,254</u> |
| <br>  |                      |                  |                    |                   |
|   | Beginning<br>Balance | Increases        | Decreases          | Ending<br>Balance |
| <b>Board of Library Trustees:</b>                             |                      |                  |                    |                   |
| Capital assets being depreciated:                             |                      |                  |                    |                   |
| Equipment and vehicles  | \$ 10,479            | \$ 72            | \$ (152)           | \$ 10,399         |
| Circulation materials   | 16,599               | 6,471            | (5,646)            | 17,424            |
| Total capital assets being depreciated                        | <u>27,078</u>        | <u>6,543</u>     | <u>(5,798)</u>     | <u>27,823</u>     |
| Less accumulated depreciation                                 | <u>(17,262)</u>      | <u>(6,022)</u>   | <u>5,798</u>       | <u>(17,486)</u>   |
| Board of Library Trustees capital assets, net                 | <u>\$ 9,816</u>      | <u>\$ 521</u>    | <u>\$ -</u>        | <u>\$ 10,337</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 funds vested compensated absences to be long-term debt. Of the primary government's general long-term debt, only the redemption of the BANs and the liability for landfill closing costs are expected to be paid with bond proceeds.

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



**BALTIMORE COUNTY, MARYLAND**  
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limitations are as follows:

|   | (in thousands) |                       |
|---|----------------|-----------------------|
|   | General Bonds  | Metropolitan District |
| Legal limitation for the borrowing of funds and issuance of bonds | \$ 3,567,178   | \$ 2,542,735          |
| General obligation debt outstanding applicable to debt limit      | 1,124,790      | 857,417               |

General obligation debt issuances require approval by voter referendum. Approved and unissued general obligation bonded debt totaled \$750,169,361 as of June 30, 2011, comprised of \$284,971,881 for public schools, \$396,257,910 for public facilities and \$68,939,570 for the Community College. Appropriated and unissued Metropolitan District bonded debt totaled \$350,511,572 as of June 30, 2011.

**General Obligation Bond Refunding**

On July 27, 2010, the County settled the issuance of \$75,285,000 related to the refunding of General Obligation Bonds. The issuance consisted of \$61,720,000 Metropolitan District Bonds – 2010 Refunding Series and \$13,565,000 Consolidated Public Improvement – 2010 Refunding Series. The net proceeds of the refunding were used to purchase state and local government securities and were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments. The 2010 Refunding Series Bonds were used for the purpose of advance refunding \$62,320,000 of outstanding Metropolitan District Bonds, and \$13,740,000 of outstanding Consolidated Public Improvement Bonds. As a result of the refunding, debt service was reduced by \$12,190,871 and an economic gain of approximately 11.22% will be obtained. The Metropolitan District Bonds are due in the years 2011-2030, inclusive, and the Consolidated Public Improvement Refunding Series Bonds are due in the years 2011-2022, inclusive.

**General Obligation Bonds**

(Tax-Exempt Bonds, Taxable Build America Bonds “BABs” and Qualified School Construction Bonds “QSCBs”)

On November 9, 2010, the County settled the issuance of \$391,000,000 General Obligation Bonds comprised of \$124,000,000 Metropolitan District Bonds (73<sup>rd</sup> Issue) and \$267,000,000 Consolidated Public Improvement Bonds. The proceeds of the bonds were used for the purpose of redeeming commercial paper bond anticipation notes and to provide funding for capital projects. The American Recovery and Reinvestment Act of 2009 allows the County to issue BABs in lieu of tax-exempt bonds and receive a payment from the United States Treasury of 35% of the interest payable on the BABs and 100% of the interest payable on the QSCBs. The full faith and credit and unlimited taxing power of the County are irrevocably pledged to the payment of the principal of and interest on the bonds.

The Metropolitan District Bonds were comprised of \$30,100,000 tax-exempt bonds due November 1, 2012-2018 and \$93,900,000 BABs due November 1, 2019-2040 and bear a true interest cost of 2.97% net of federal subsidy payments.

The Consolidated Public Improvement Bonds were comprised of \$70,050,000 tax-exempt bonds, \$177,000,000 BABs, and \$19,950,000 QSCBs. The tax-exempt bonds are due November 1, 2012-2017. The BABs are due November 1, 2018-2030. The tax-exempt bonds and BABs bear a true interest cost of 2.58% net of federal subsidy payments. The QSCBs are due November 1, 2029 and bear a true interest cost of 0.05% net of federal subsidy payments. The County intends to deposit annual installments beginning November 1, 2012 into a sinking fund account to be held in trust by an escrow agent. The County expects to use the funds in the sinking fund account for the repayment of the principal of the QSCBs upon maturity.

**Commercial Paper**

As of June 30, 2011, the County had \$174.9 million Consolidated Public Improvement Commercial Paper Bond

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Anticipation Notes (CPI CP BANs) outstanding and \$106.5 million Metropolitan District Commercial Paper Bond Anticipation Notes (Metro District CP BANs) outstanding. On November 9, 2010, the County redeemed and subsequently reissued \$70,050,000 CPI CP BANs and \$30,100,000 Metro District CP BANs. The CP BANs are sold with an initial maturity of up to 270 days, and upon maturity they are remarketed. This remarketing is backed for liquidity purposes by a line of credit, the terms of which provide that no principal repayments are due by the County until the completion of the agreement. On April 3, 2007, the County entered into a seven-year liquidity agreement for \$200 million with BNP Paribas, which will be in effect until April 3, 2014. On August 12, 2008, the County entered into a second three-year liquidity agreement for \$81.6 million with BNP Paribas until August 12, 2011. The weighted-average maturity of the CP BANs for FY 2011 was 68 days and interest rates ranged from 0.21% to 0.38%.

During fiscal year 2011, the County issued \$6,291,952 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, 2011, the balance outstanding was \$73,112,048.

The County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. As of June 30, 2011, \$102,100,000 of bonds were refunded in advance and are considered defeased.

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 by the other reporting entity.

- The Board of Education and the Community College have no authority to issue bonded debt. That authority rests with the County subject to voter approval. The County had \$424.417 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, 2011.
- 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 \$741.702 million towards these City owned facilities that are funded primarily with bond proceeds. The County estimates 40.46% of its net Metropolitan District general obligation bonds outstanding or \$353.515 million is related to these facilities as of June 30, 2011.

At June 30, 2011, the County has accrued \$14.12 million of estimated closure and postclosure care costs for its one active landfill in the Governmental Activities of the Statement of Net Assets. 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 amount included in the landfill closure and postclosure care costs liability at June 30, 2011 represents the cumulative unspent amount reported to date based on the use of 50.6% of the estimated landfill capacity. The County will recognize the remaining estimated cost of closure and postclosure care of \$13.79 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, 2010 and has placed appropriate documents in the operating record of its active landfill.

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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, 2011 for bonds issued prior to July 1, 1996 could not be determined, however, the original issue amounts approximate \$552.8 million. The aggregate principal amount payable for bonds issued after July 1, 1996 was \$442.9 million at June 30, 2011.

Long-term liability activity for the year ended June 30, 2011 is as follows (in thousands):

|  | Balance<br>July 1, 2010 | Increases         | Decreases           | Balance<br>June 30, 2011 | Due Within<br>One Year |
|--|-------------------------|-------------------|---------------------|--------------------------|------------------------|
| <b>Primary Government:</b>                           |                         |                   |                     |                          |                        |
| <b>Governmental activities:</b>                      |                         |                   |                     |                          |                        |
| General obligation debt                              |                         |                   |                     |                          |                        |
| Consolidated public improvement bonds                | \$ 702,565              | \$ 280,565        | \$ (65,045)         | \$ 918,085               | \$ 52,025              |
| Pension funding bonds                                | 38,885                  | -                 | (7,080)             | 31,805                   | 7,070                  |
| Bond anticipation notes                              | 174,900                 | 70,050            | (70,050)            | 174,900                  | 174,900                |
|  | <u>916,350</u>          | <u>350,615</u>    | <u>(142,175)</u>    | <u>1,124,790</u>         | <u>233,995</u>         |
| Add remaining original issue premium                 | 36,820                  | 13,428            | (4,990)             | 45,258                   | -                      |
| Less deferred amount on refunding                    | (3,940)                 | (1,139)           | 889                 | (4,190)                  | -                      |
| Less remaining original issue discount               | (1,920)                 | -                 | 125                 | (1,795)                  | -                      |
| Total general obligation debt                        | <u>947,310</u>          | <u>362,904</u>    | <u>(146,151)</u>    | <u>1,164,063</u>         | <u>233,995</u>         |
| Certificates of participation                        | 68,450                  | -                 | (7,990)             | 60,460                   | 8,030                  |
| Add remaining original issue premium                 | 2,558                   | -                 | (432)               | 2,126                    | -                      |
| Total certificates of participation                  | <u>71,008</u>           | <u>-</u>          | <u>(8,422)</u>      | <u>62,586</u>            | <u>8,030</u>           |
| Other long-term liabilities                          |                         |                   |                     |                          |                        |
| Mortgage   | 3,422                   | -                 | (101)               | 3,321                    | 3,321                  |
| Compensated absences                                 | 61,848                  | 57,214            | (55,600)            | 63,462                   | 59,464                 |
| Claims payable                                       | 61,320                  | 228,421           | (223,805)           | 65,936                   | 39,551                 |
| Other post employment benefits                       | (34,995)                | 69,943            | (1,758)             | 33,190                   | -                      |
| Estimated landfill closing costs                     | 13,713                  | 409               | -                   | 14,122                   | -                      |
| Total other long-term liabilities                    | <u>105,308</u>          | <u>355,987</u>    | <u>(281,264)</u>    | <u>180,031</u>           | <u>102,336</u>         |
| Total governmental activities long-term liabilities  | <u>\$ 1,123,626</u>     | <u>\$ 718,891</u> | <u>\$ (435,837)</u> | <u>\$ 1,406,680</u>      | <u>\$ 344,361</u>      |
| <b>Business-type activities:</b>                     |                         |                   |                     |                          |                        |
| General obligation debt                              |                         |                   |                     |                          |                        |
| Metropolitan District bonds                          | \$ 658,837              | \$ 192,012        | \$ (99,932)         | \$ 750,917               | \$ 37,739              |
| Bond anticipation notes                              | 106,500                 | 30,100            | (30,100)            | 106,500                  | 106,500                |
|  | <u>765,337</u>          | <u>222,112</u>    | <u>(130,032)</u>    | <u>857,417</u>           | <u>144,239</u>         |
| Add remaining original issue premium                 | 17,365                  | 9,432             | (1,658)             | 25,139                   | -                      |
| Less deferred amount on refunding                    | (2,395)                 | (4,268)           | 650                 | (6,013)                  | -                      |
| Total general obligation debt                        | <u>780,307</u>          | <u>227,276</u>    | <u>(131,040)</u>    | <u>876,543</u>           | <u>144,239</u>         |
| Certificates of participation                        | 3,400                   | -                 | (600)               | 2,800                    | 600                    |
| Add remaining original issue premium                 | 161                     | -                 | (31)                | 130                      | -                      |
| Total certificates of participation                  | <u>3,561</u>            | <u>-</u>          | <u>(631)</u>        | <u>2,930</u>             | <u>600</u>             |
| Compensated absences                                 | 1,500                   | 866               | (856)               | 1,510                    | 1,394                  |
| Total business-type activities long-term liabilities | <u>\$ 785,368</u>       | <u>\$ 228,142</u> | <u>\$ (132,527)</u> | <u>\$ 880,983</u>        | <u>\$ 146,233</u>      |

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|  | Balance<br>July 1, 2010 | Increases        | Decreases          | Balance<br>June 30, 2011 | Due Within<br>One Year |
|--|-------------------------|------------------|--------------------|--------------------------|------------------------|
| <b>Component Units:</b>                    |                         |                  |                    |                          |                        |
| <b>Board of Education:</b>                 |                         |                  |                    |                          |                        |
| Compensated absences                       | \$ 19,789               | \$ 12,899        | \$ (12,395)        | \$ 20,293                | \$ 12,395              |
| Capital leases                             | 19,126                  | 8,762            | (6,480)            | 21,408                   | 7,298                  |
| Total Board of Education                   | <u>38,915</u>           | <u>21,661</u>    | <u>(18,875)</u>    | <u>41,701</u>            | <u>19,693</u>          |
| <b>Community College:</b>                  |                         |                  |                    |                          |                        |
| Compensated absences                       | 5,012                   | 3,598            | (3,240)            | 5,370                    | 3,413                  |
| Capital leases                             | -                       | 2,052            | (281)              | 1,771                    | 411                    |
| Net OPEB Obligation                        | -                       | 880              | -                  | 880                      | -                      |
| Total Community College                    | <u>5,012</u>            | <u>6,530</u>     | <u>(3,521)</u>     | <u>8,021</u>             | <u>3,824</u>           |
| <b>Board of Library Trustees:</b>          |                         |                  |                    |                          |                        |
| Compensated absences                       | 1,044                   | -                | (30)               | 1,014                    | 1,014                  |
| Net OPEB Obligation                        | -                       | 211              | -                  | 211                      | -                      |
| Total Board of Library Trustees            | <u>1,044</u>            | <u>211</u>       | <u>(30)</u>        | <u>1,225</u>             | <u>1,014</u>           |
| Total component unit long-term liabilities | <u>\$ 44,971</u>        | <u>\$ 28,402</u> | <u>\$ (22,426)</u> | <u>\$ 50,947</u>         | <u>\$ 24,531</u>       |

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

General long-term debt currently outstanding as of June 30, 2011 is as follows:

**Governmental Activities:**  
(in thousands)

**General Obligation Debt:**

**Bonds**

| Dated    | Original Maturity Range | Interest Rate Range | Issue Amount     | Balance 6/30/2011 | Unamortized Premium/ (Discount) | Unamortized Deferred Difference | Carrying Value 6/30/2011 |
|----------|-------------------------|---------------------|------------------|-------------------|---------------------------------|---------------------------------|--------------------------|
| 07/02/02 | 2003-2022               | 3.000 - 5.250       | \$ 135,000       | \$ 13,500         | \$ 78                           | \$ -                            | \$ 13,578                |
| 09/04/02 | 2003-2015               | 3.000 - 5.250       | 83,385           | 38,045            | 3,029                           | -                               | 41,074                   |
| 05/06/03 | 2004-2011               | 2.000 - 3.250       | 33,725           | 3,755             | 1                               | -                               | 3,756                    |
| 02/26/04 | 2005-2024               | 3.000 - 5.000       | 152,000          | 116,200           | 7,974                           | -                               | 124,174                  |
| 02/26/04 | 2009-2020               | 3.250 - 5.000       | 63,085           | 59,935            | 3,388                           | (1,590)                         | 61,733                   |
| 09/27/06 | 2007-2026               | 4.000 - 5.000       | 111,000          | 91,000            | 4,032                           | -                               | 95,032                   |
| 01/03/08 | 2009-2028               | 4.000 - 5.000       | 140,000          | 124,000           | 7,553                           | -                               | 131,553                  |
| 02/24/09 | 2009-2018               | 2.000 - 5.000       | 26,880           | 20,785            | 2,483                           | (1,039)                         | 22,229                   |
| 02/24/09 | 2009-2015               | 3.000 - 5.000       | 46,140           | 31,805            | 3,258                           | (506)                           | 34,557                   |
| 11/05/09 | 2010-2025               | 6.150 - 6.150       | 19,400           | 19,300            | (1,795)                         | -                               | 17,505                   |
| 11/10/09 | 2010-2029               | 0.650 - 5.650       | 155,570          | 151,000           | 671                             | -                               | 151,671                  |
| 08/10/10 | 2011-2022               | 2.500 - 4.000       | 13,565           | 13,565            | 1,285                           | (1,055)                         | 13,795                   |
| 11/09/10 | 2012-2017               | 5.000 - 5.000       | 70,050           | 70,050            | -                               | -                               | 70,050                   |
| 11/09/10 | 2012-2029               | 3.110 - 4.900       | 19,950           | 19,950            | -                               | -                               | 19,950                   |
| 11/09/10 | 2018-2030               | 4.970 - 4.970       | 177,000          | 177,000           | 11,506                          | -                               | 188,506                  |
|          |                         |                     | <u>1,246,750</u> | <u>949,890</u>    | <u>43,463</u>                   | <u>(4,190)</u>                  | <u>989,163</u>           |

**Bond Anticipation Notes**

|          |           |               |                |                |          |          |                |
|----------|-----------|---------------|----------------|----------------|----------|----------|----------------|
| 05/06/11 | 2011-2012 | 0.270 - 0.350 | 65,000         | 64,900         | -        | -        | 64,900         |
| 05/20/10 | 2011-2012 | 0.260 - 0.350 | 75,000         | 75,000         | -        | -        | 75,000         |
| 05/03/11 | 2011-2012 | 0.250 - 0.320 | 35,000         | 35,000         | -        | -        | 35,000         |
|          |           |               | <u>175,000</u> | <u>174,900</u> | <u>-</u> | <u>-</u> | <u>174,900</u> |

**Total General Obligation Debt**      \$ 1,421,750      \$ 1,124,790      \$ 43,463      \$ (4,190)      \$ 1,164,063

**Certificates of Participation**

|          |           |               |           |           |       |      |           |
|----------|-----------|---------------|-----------|-----------|-------|------|-----------|
| 12/18/01 | 2002-2021 | 3.500 - 5.125 | \$ 22,000 | \$ 14,460 | \$ 70 | \$ - | \$ 14,530 |
| 06/01/04 | 2005-2014 | 3.000 - 5.000 | 42,500    | 15,000    | 738   | -    | 15,738    |
| 08/12/09 | 2009-2018 | 3.250 - 5.000 | 34,700    | 31,000    | 1,318 | -    | 32,318    |

**Total Certificates of Participation**      \$ 99,200      \$ 60,460      \$ 2,126      \$ -      \$ 62,586

**Mortgage**

|          |           |               |          |          |      |      |          |
|----------|-----------|---------------|----------|----------|------|------|----------|
| 12/30/05 | 2005-2012 | 7.770 - 7.770 | \$ 3,784 | \$ 3,321 | \$ - | \$ - | \$ 3,321 |
|----------|-----------|---------------|----------|----------|------|------|----------|

**Total Mortgage**      \$ 3,784      \$ 3,321      \$ -      \$ -      \$ 3,321

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Business-type Activities:**  
(in thousands)

**General Obligation Debt:**

**Bonds**

| Dated    | Original Maturity Range | Interest Rate Range | Issue Amount   | Balance 6/30/2011 | Unamortized Premium | Unamortized Deferred Difference | Carrying Value 6/30/2011 |
|----------|-------------------------|---------------------|----------------|-------------------|---------------------|---------------------------------|--------------------------|
| 11/27/90 | 1993-2013               | 4.894 - 4.894       | \$ 9,498       | \$ 855            | \$ -                | \$ -                            | \$ 855                   |
| 12/04/91 | 1993-2012               | 4.458 - 4.458       | 4,071          | 183               | -                   | -                               | 183                      |
| 06/23/93 | 1995-2014               | 3.250 - 3.250       | 1,456          | 274               | -                   | -                               | 274                      |
| 11/04/94 | 1997-2016               | 3.500 - 4.750       | 20,902         | 6,982             | -                   | -                               | 6,982                    |
| 03/22/00 | 2001-2020               | 2.600 - 2.600       | 14,417         | 7,705             | -                   | -                               | 7,705                    |
| 06/22/01 | 2003-2022               | 2.300 - 2.300       | 14,105         | 8,897             | -                   | -                               | 8,897                    |
| 06/26/02 | 2004-2023               | 2.000 - 2.000       | 7,006          | 4,508             | -                   | -                               | 4,508                    |
| 07/02/02 | 2003-2032               | 3.000 - 5.000       | 65,000         | 12,800            | 2                   | -                               | 12,802                   |
| 09/04/02 | 2003-2015               | 3.000 - 5.250       | 46,365 *       | 19,825            | 1,658               | -                               | 21,483                   |
| 03/11/03 | 2004-2023               | 1.100 - 1.100       | 8,638          | 5,562             | -                   | -                               | 5,562                    |
| 05/06/03 | 2004-2011               | 2.000 - 3.250       | 11,565 *       | 1,250             | 1                   | -                               | 1,251                    |
| 02/26/04 | 2009-2019               | 3.250 - 5.000       | 38,645 *       | 36,830            | 2,219               | (965)                           | 38,084                   |
| 02/26/04 | 2005-2035               | 3.000 - 5.000       | 48,000         | 38,400            | 1,691               | -                               | 40,091                   |
| 07/16/04 | 2005-2025               | 1.200 - 1.200       | 8,501          | 5,214             | -                   | -                               | 5,214                    |
| 09/12/05 | 2006-2024               | 1.000 - 1.000       | 20,495         | 14,828            | -                   | -                               | 14,828                   |
| 09/27/06 | 2007-2036               | 4.000 - 5.000       | 89,000         | 77,000            | 317                 | -                               | 77,317                   |
| 07/31/07 | 2008-2027               | 1.000 - 1.000       | 16,757         | 14,230            | -                   | -                               | 14,230                   |
| 01/03/08 | 2009-2038               | 4.250 - 5.000       | 200,000        | 185,000           | 7,898               | -                               | 192,898                  |
| 02/24/09 | 2009-2018               | 3.000 - 5.000       | 24,515         | 17,980            | 1,849               | (969)                           | 18,860                   |
| 11/10/09 | 2010-2039               | 0.650 - 5.600       | 106,600        | 103,000           | 427                 | -                               | 103,427                  |
| 12/18/09 | 2011-2032               | 1.000 - 1.000       | 2,675          | 3,874             | -                   | -                               | 3,874                    |
| 08/10/10 | 2011-2030               | 2.000 - 4.500       | 61,720         | 61,720            | 4,926               | (4,079)                         | 62,567                   |
| 11/09/10 | 2012-2018               | 2.000 - 5.000       | 30,100         | 30,100            | -                   | -                               | 30,100                   |
| 11/09/10 | 2019-2040               | 2.000 - 5.050       | 93,900         | 93,900            | 4,151               | -                               | 98,051                   |
|          |                         |                     | <u>943,931</u> | <u>750,917</u>    | <u>25,139</u>       | <u>(6,013)</u>                  | <u>770,043</u>           |

**Bond Anticipation Notes**

|          |           |               |                |                |          |          |                |
|----------|-----------|---------------|----------------|----------------|----------|----------|----------------|
| 05/03/11 | 2011-2012 | 0.210 - 0.380 | 46,600         | 46,600         | -        | -        | 46,600         |
| 04/08/11 | 2011-2012 | 0.250 - 0.350 | 60,000         | 59,900         | -        | -        | 59,900         |
|          |           |               | <u>106,600</u> | <u>106,500</u> | <u>-</u> | <u>-</u> | <u>106,500</u> |

**Total General Obligation Debt**

|                     |                   |                  |                   |                   |
|---------------------|-------------------|------------------|-------------------|-------------------|
| <u>\$ 1,050,531</u> | <u>\$ 857,417</u> | <u>\$ 25,139</u> | <u>\$ (6,013)</u> | <u>\$ 876,543</u> |
|---------------------|-------------------|------------------|-------------------|-------------------|

**Certificates of Participation**

|          |           |               |          |          |       |      |          |
|----------|-----------|---------------|----------|----------|-------|------|----------|
| 06/01/04 | 2005-2014 | 3.000 - 5.000 | \$ 4,000 | \$ 1,200 | \$ 65 | \$ - | \$ 1,265 |
| 08/12/09 | 2009-2018 | 3.250 - 5.000 | 2,000    | 1,600    | 65    | -    | 1,665    |

**Total Certificates of Participation**

|                 |                 |               |             |                 |
|-----------------|-----------------|---------------|-------------|-----------------|
| <u>\$ 6,000</u> | <u>\$ 2,800</u> | <u>\$ 130</u> | <u>\$ -</u> | <u>\$ 2,930</u> |
|-----------------|-----------------|---------------|-------------|-----------------|

**BALTIMORE COUNTY, MARYLAND**  
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The following is a schedule of the primary government's debt service payments for certain long-term debt as of June 30, 2011:

General Long-Term Debt  
(in thousands)

| Fiscal Year<br>Ended<br>June 30 | Governmental Activities |                   |                             |                  |                     |                   |
|---------------------------------|-------------------------|-------------------|-----------------------------|------------------|---------------------|-------------------|
|                                 | General Obligation Debt |                   | COPs & Other Long-term Debt |                  | Total Debt Service  |                   |
|                                 | Principal               | Interest          | Principal                   | Interest         | Principal           | Interest          |
| 2012                            | \$ 233,995              | \$ 42,118         | \$ 11,351                   | \$ 2,977         | \$ 245,346          | \$ 45,095         |
| 2013                            | 64,035                  | 38,495            | 9,080                       | 2,343            | 73,115              | 40,838            |
| 2014                            | 63,835                  | 35,581            | 10,125                      | 1,917            | 73,960              | 37,498            |
| 2015                            | 63,160                  | 32,610            | 5,175                       | 1,461            | 68,335              | 34,071            |
| 2016                            | 63,440                  | 29,627            | 5,730                       | 1,236            | 69,170              | 30,863            |
| 2017-2021                       | 270,005                 | 110,083           | 20,660                      | 2,365            | 290,665             | 112,448           |
| 2022-2026                       | 230,440                 | 56,283            | 1,660                       | 42               | 232,100             | 56,325            |
| 2027-2031                       | 135,880                 | 15,932            | -                           | -                | 135,880             | 15,932            |
| <b>Total</b>                    | <b>\$ 1,124,790</b>     | <b>\$ 360,729</b> | <b>\$ 63,781</b>            | <b>\$ 12,341</b> | <b>\$ 1,188,571</b> | <b>\$ 373,070</b> |

| Fiscal Year<br>Ended<br>June 30 | Business-type Activities |                   |                 |               |                    |                   |
|---------------------------------|--------------------------|-------------------|-----------------|---------------|--------------------|-------------------|
|                                 | General Obligation Debt  |                   | COPs            |               | Total Debt Service |                   |
|                                 | Principal                | Interest          | Principal       | Interest      | Principal          | Interest          |
| 2012                            | \$ 144,239               | \$ 32,631         | \$ 600          | \$ 124        | \$ 144,839         | \$ 32,755         |
| 2013                            | 40,033                   | 30,612            | 600             | 97            | 40,633             | 30,709            |
| 2014                            | 37,517                   | 29,084            | 600             | 70            | 38,117             | 29,154            |
| 2015                            | 35,844                   | 27,584            | 200             | 42            | 36,044             | 27,626            |
| 2016                            | 35,345                   | 26,098            | 200             | 34            | 35,545             | 26,132            |
| 2017-2021                       | 157,758                  | 110,682           | 600             | 45            | 158,358            | 110,727           |
| 2022-2026                       | 135,196                  | 80,947            | -               | -             | 135,196            | 80,947            |
| 2027-2031                       | 124,684                  | 52,487            | -               | -             | 124,684            | 52,487            |
| 2032-2036                       | 96,900                   | 25,228            | -               | -             | 96,900             | 25,228            |
| 2037-2041                       | 49,900                   | 5,173             | -               | -             | 49,900             | 5,173             |
| <b>Total</b>                    | <b>\$ 857,416</b>        | <b>\$ 420,526</b> | <b>\$ 2,800</b> | <b>\$ 412</b> | <b>\$ 860,216</b>  | <b>\$ 420,938</b> |

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**9. COMMITMENTS:**

***Leases***

The following is a schedule by years of future minimum rental payments for facilities and equipment under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2011 (in thousands):

| Year ending<br>June 30 | Primary<br>Government | Component<br>Units |
|------------------------|-----------------------|--------------------|
| 2012                   | \$ 2,685              | \$ 5,396           |
| 2013                   | 2,414                 | 5,310              |
| 2014                   | 2,285                 | 3,615              |
| 2015                   | 2,275                 | 3,230              |
| 2016                   | 645                   | 1,290              |
| 2017-2021              | 2,929                 | 6,723              |
| 2022-2026              | 390                   | 7,757              |
| 2027-2031              | -                     | 1,977              |
|                        | <u>\$ 13,623</u>      | <u>\$ 35,298</u>   |

The total rental expenditures for the year ended June 30, 2011, for all leases except those with terms of a month or less that were not renewed were approximately \$6.4 million for the primary government and \$6.6 million for the component units.

***Contracts and Commitments***

Contract commitments in the Consolidated Public Improvement Construction Fund, the Metropolitan District Enterprise Fund, and the Gifts and Grants Fund amounted to approximately \$85.1 million, \$108.4 million, and \$14.8 million, respectively, at June 30, 2011. 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.



**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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The County is contingently liable for loans guaranteed in the Gifts & Grants Fund that aggregate approximately \$0.897 million as of June 30, 2011. A restriction of fund balance has been made for this amount.

**12. RISK MANAGEMENT:**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident; and natural disasters. The County manages its risks internally and sets aside assets for claims settlement in an Internal Service Fund, the Self-Insurance Program Fund (SIPF). The County services all claims for risk of loss to which the County is exposed except as noted below. The SIPF allocates County claims payments by charging a "premium" to each fund, or component unit, based on the actuarially determined liability and SIPF net assets.

The County purchases commercial insurance for claims that exceed 120% of projected health care claims and associated administrative expenses, and for real and personal property losses subject to policy deductibles. Settled claims have not exceeded this commercial health care excess coverage for the past three fiscal years.

SIPF liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Since actual claim liabilities depend on complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing claim liability results in an estimate. Certain liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their actual value and are not discounted.

Changes in the balances of claim liabilities during fiscal years 2010 and 2011 were as follows (in thousands):

| <u>Fiscal Year</u> | <u>Balance at Beginning of Year</u> | <u>Claims and Changes in Estimates</u> | <u>Claim Payments</u> | <u>Balance at Fiscal Year End</u> |
|--------------------|-------------------------------------|--|-----------------------|-----------------------------------|
| 2010               | \$ 56,760                           | \$ 215,996                             | \$ (211,436)          | \$ 61,320                         |
| 2011               | 61,320                              | 228,421                                | (223,805)             | 65,936                            |

**13. BENEFIT PLANS:**

***Employees' Retirement System***

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

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

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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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** – Per Section 5-1-203 of the County Code, contribution requirements of the plan members and the participating employers are established and may be amended by the Board. System members contribute a percentage of their salary to the System. The contribution rates for members hired prior to July 1, 2007 are actuarially determined based on the member's age at enrollment and employee classification. Contribution rates for members hired after July 1, 2007 are fixed based on employee classification.

Participating employers are required to make contributions on an actuarially determined basis. Level percentages of payroll employer contribution rates are determined using the projected unit credit actuarial funding method. The employer contributions to the System for the fiscal years ended June 30, 2011, 2010 and 2009, were \$58,339,727, \$57,976,378 and \$49,762,854, respectively, which were equal to the required contributions for each year. The primary government's contribution for the three aforementioned fiscal years were \$54,739,250, \$54,133,144 and \$47,246,879, 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 to the County Code. The Pension Plan has not added any new members since October 1, 1959. The pension allowance for retired firefighters and police officers is one-half of the salary of a current employee with the same rank the pensioner held at the time of his retirement. The pension allowance to a widow of a deceased pensioner is one-fourth of the base salary of an active member of the County Police and Fire departments.

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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The condensed financial statements as of and for the year ended June 30, 2011 are as follows (in thousands):

**Statement of Plan Net Assets**  
**Police, Fire, and Widows' Pension Plan**  
**As of June 30, 2011**

| <b>ASSETS</b>                                 |           |
|---|-----------|
| Cash and cash equivalents                     | \$ 3,309  |
| Investment securities                         | 60,937    |
| Interest and dividends receivable             | 595       |
| Total assets                                  | 64,841    |
| <b>LIABILITIES</b>                            |           |
| Accounts payable                              | 21        |
| Total liabilities                             | 21        |
| <b>NET ASSETS</b>                             |           |
| Net assets held in trust for pension benefits | \$ 64,820 |

**Statement of Changes in Plan Net Assets**  
**Police, Fire and Widows' Pension Plan**  
**For the year ended June 30, 2011**

| <b>ADDITIONS</b>                              |           |
|---|-----------|
| Contributions:                                |           |
| Employer                                      | \$ 13     |
| Total contributions                           | 13        |
| Investment earnings:                          |           |
| Net increase in the fair value of plan assets | 3,814     |
| Interest and dividends                        | 2,320     |
| Investment expenses                           | (142)     |
| Net investment gain                           | 5,992     |
| Total additions                               | 6,005     |
| <b>DEDUCTIONS</b>                             |           |
| Benefits                                      | 11,968    |
| Total deductions                              | 11,968    |
| Change in net assets                          | (5,963)   |
| Net assets at beginning of the year           | 70,783    |
| Net assets at end of the year                 | \$ 64,820 |

**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, 2011**

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, 2011, 2010, 2009, of approximately \$100.0 million, \$92.0 million and \$78.0million, respectively, were made directly by the State of Maryland on behalf of the component units according to State statute. The contributions have been recognized as a revenue and an expense in the component unit statement of activities. Additionally, some professional employees of the Community College participate in an optional private retirement system.

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

**Plan Description and Contribution Information**

*Plan Description:* The County's Other Post Employment Benefit Plan (OPEB Plan) is an agent multiple-employer defined benefit postemployment healthcare plan that covers retired employees of the primary government, the Baltimore County Board of Education, the Community College of Baltimore County, the Board of Library Trustees for Baltimore County and the Baltimore County Revenue Authority. The OPEB Plan was established and is maintained by the County as a trust fund as specified in Article 10, Title 14 of the County Code. The trust fund is included in these financial statements as an Other Post Employment Benefits Trust Fund. Separate financial statements are not issued for the OPEB Plan. The OPEB Plan provides healthcare and life insurance benefits to eligible retirees and their beneficiaries who receive retirement benefits either from the Employees' Retirement System of Baltimore County under Article 5, Title 1 of the County Code or the State Retirement and Pension System of Maryland. Retiree benefits are in accordance with bargaining unit agreements negotiated between each employer's governing body/board and each employee's representative labor organization. At June 30, 2011, the date of the latest available valuation, the OPEB Plan covered a projected 32,318 members; 20,360 active plan members and 11,958 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 was calculated based on the ARC and the net OPEB asset. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation (in thousands):

|                                    | All Employers | The County |
|------------------------------------|---------------|------------|
| Annual required contribution (ARC) | \$ 151,453    | \$ 70,320  |
| Interest on net OPEB asset         | (3,678)       | (2,362)    |
| Adjustment to ARC                  | 3,091         | 1,985      |
| Annual OPEB cost (expense)         | 150,866       | 69,943     |
| Contributions made                 | (68,105)      | (1,758)    |
| Decrease in net OPEB asset         | 82,761        | 68,185     |
| Net OPEB asset beginning of year   | (54,507)      | (34,995)   |
| Net OPEB obligation end of year    | \$ 28,254     | \$ 33,190  |

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year 2011 and the two preceding fiscal years were as follows (dollars in thousands):

| Fiscal Year Ended<br>June 30 | Annual OPEB Cost | % of Annual OPEB<br>Cost Contributed | Net OPEB (Asset)<br>Obligation |
|------------------------------|------------------|--------------------------------------|--------------------------------|
| 2009                         | \$ 137,008       | 82.09                                | \$ (80,813)                    |
| 2010                         | 137,167          | 80.82                                | (54,507)                       |
| 2011                         | 150,866          | 45.14                                | 28,254                         |

**Funded Status and Funding Progress**

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

Schedule of Funding Progress

| Actuarial<br>Valuation<br>Date<br>June 30 | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability (AAL)<br>(b) | Unfunded<br>AAL (UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered Payroll<br>(c) | UAAL as a %<br>of Covered<br>Payroll<br>((b-a)/c) |
|---|--|--|---------------------------------|--------------------------|------------------------|---|
| 2011                                      | \$ 220,034                             | \$ 2,002,386                                   | \$ 1,782,352                    | 10.99%                   | \$ 1,213,070           | 146.93  |

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, presents multiyear trend information that will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing benefit costs between employers and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of the assets, consistent with the long-term perspective of the calculations. An implicit subsidy amount is factored into the valuation for blended rates charged to retirees who should be contributing at rates much higher than active employees.

The June 30, 2011 actuarial valuation used the projected unit credit method under which the benefits of each individual included in an actuarial valuation are allocated by a consistent formula to all valuation years. The method used to determine the actuarial value of assets was fair value. The actuarial assumptions applied were future salary increases of 3% per year and the interest was assumed to have a discount rate of 6.75%. The discount rate is the rate used to determine the present value of the future cash flows. The unfunded actuarial accrued liability is being amortized over a period of 30 years on a closed basis using level percentage of projected payroll. The remaining amortization period at June 30, 2011 was twenty-six years. The initial medical trend assumption is 9% decreasing gradually to an ultimate rate of 4.6% after 2099. The medical trend assumption was developed using the Society of Actuaries Long-Run Medical Cost Trend Model baseline assumptions. The following assumptions were used as input variables into this model:

|   |      |
|---|------|
| Rate of inflation                               | 2.9% |
| Rate of growth in real income/GDP per Capita    | 1.7% |
| Income multiplier for health spending           | 1.4  |
| Extra trend due to technology and other factors | 1.2% |
| Year for limiting cost growth to GDP growth     | 2075 |

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

The condensed financial statements as of and for the year ended June 30, 2011 are as follows (in thousands):

**Statement of Plan Net Assets**  
**OPEB Plan**  
**As of June 30, 2011**

| <b>ASSETS</b>   |                   |
|---|-------------------|
| Cash and cash equivalents                                 | \$ 7,883          |
| Investments, at fair value                                | 256,485           |
| Collateral for loaned securities (net of unrealized loss) | 14,564            |
| Receivables:  |                   |
| Accrued interest & dividend income                        | 331               |
| Receivable for investments sold                           | 5,406             |
| Receivables other   | 2,327             |
| Total assets  | <u>286,996</u>    |
| <b>LIABILITIES</b>  |                   |
| Collateral for loaned securities                          | 14,654            |
| Investments purchased                                     | 15,928            |
| Investment expenses payable                               | 309               |
| Other   | 2,451             |
| Total liabilities   | <u>33,342</u>     |
| <b>NET ASSETS</b>   |                   |
| Net assets held in trust for benefits                     | <u>\$ 253,654</u> |

**Statement of Changes in Plan Net Assets**  
**OPEB Plan**  
**For the year ended June 30, 2011**

| <b>ADDITIONS</b>                              |                   |
|---|-------------------|
| Contributions:                                |                   |
| Employer                                      | \$ 68,105         |
| Employee                                      | 26,327            |
| On-behalf                                     | 6,628             |
| Other   | 2,121             |
| Total contributions                           | <u>103,181</u>    |
| Investment earnings:                          |                   |
| Net increase in the fair value of plan assets | 44,644            |
| Interest and dividends                        | 4,739             |
| Securities lending loss                       | (51)              |
| Investment expenses                           | (1,708)           |
| Net investment gain                           | <u>47,624</u>     |
| Total additions                               | <u>150,805</u>    |
| <b>DEDUCTIONS</b>                             |                   |
| Benefits                                      | <u>117,185</u>    |
| Total deductions                              | <u>117,185</u>    |
| Change in net assets                          | 33,620            |
| Net assets at beginning of the year           | 220,034           |
| Net assets at end of the year                 | <u>\$ 253,654</u> |

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**15. INDIVIDUAL FUND DISCLOSURES:**

**Details of Fund Balances**

The details of the Governmental Funds balances at June 30, 2011 are shown as follows (in thousands):

|                                | <u>General</u>    | <u>Gifts<br/>and<br/>Grants</u> | <u>Consolidated<br/>Public<br/>Improvement<br/>Construction</u> | <u>Nonmajor<br/>Governmental<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--------------------------------|-------------------|---------------------------------|---|---|---|
| Fund balances                  |                   |                                 |   |   |   |
| Nonspendable:                  |                   |                                 |   |   |   |
| Inventories                    | \$ 6,942          | \$ -                            | \$ -  | \$ -                                      | \$ 6,942                                |
| Total Nonspendable             | <u>6,942</u>      | <u>-</u>                        | <u>-</u>  | <u>-</u>                                  | <u>6,942</u>                            |
| Restricted for:                |                   |                                 |   |   |   |
| Equipment financing            | 12,689            | -                               | -   | -   | 12,689                                  |
| Loan guarantees and grants     | -                 | 21,365                          | -   | -   | 21,365                                  |
| Total Restricted               | <u>12,689</u>     | <u>21,365</u>                   | <u>-</u>  | <u>-</u>                                  | <u>34,054</u>                           |
| Assigned to:                   |                   |                                 |   |   |   |
| Encumbrances for:              |                   |                                 |   |   |   |
| Contractual Services           | 2,905             | -                               | -   | -   | 2,905                                   |
| Supplies & Materials           | 863               | -                               | -   | -   | 863                                     |
| Equipment & Other              | 818               | -                               | -   | -   | 818                                     |
| Imprest funds                  | 69                | -                               | -   | -   | 69                                      |
| Loan commitments & grants      | -                 | 6,939                           | -   | -   | 6,939                                   |
| Subsequent year's expenditures | 60,568            | -                               | -   | -   | 60,568                                  |
| Liquor license regulation      | -                 | -                               | -   | 245                                       | 245                                     |
| Total Assigned                 | <u>65,223</u>     | <u>6,939</u>                    | <u>-</u>  | <u>245</u>                                | <u>72,407</u>                           |
| Unassigned:                    |                   |                                 |   |   |   |
| Revenue stabilization          | 84,610            | -                               | -   | -   | 84,610                                  |
| Other                          | 80,590            | -                               | (157,090)   | -   | (76,500)                                |
| Total Unassigned               | <u>165,200</u>    | <u>-</u>                        | <u>(157,090)</u>  | <u>-</u>                                  | <u>8,110</u>                            |
| Total fund balances(deficit)   | <u>\$ 250,054</u> | <u>\$ 28,304</u>                | <u>\$ (157,090)</u>   | <u>\$ 245</u>                             | <u>\$ 121,513</u>                       |

**Deficit Fund Balance**

At June 30, 2011, the Consolidated Public Improvement Construction Fund had a unassigned fund deficit of \$157.090 million. This deficit will be eliminated by pay-as-you-go contributions from the General Fund and from bond proceeds.

**16. ACCOUNTING CHANGE:**

The County's Economic Development Revolving Financing (EDRF) fund does not meet the new criteria for a special revenue fund under GASB Statement No. 54. The County has reclassified the EDRF fund from its Nonmajor Governmental Funds to its Gifts and Grants Special Revenue fund in that the Gifts and Grants fund has activity with a similar purpose as the EDRF fund. The following table shows the impact of the restatement on beginning fund balances of those fund classifications (in thousands):

|   | <u>Gifts and Grants</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> |
|---|-------------------------|--|
| Fund Balance July 1, 2010, as previously reported | \$ 16,940               | \$ 6,821                                   |
| Affect of reclassification                        | 6,361                   | (6,361)                                    |
| Fund Balance July 1, 2010, as restated            | <u>\$ 23,301</u>        | <u>\$ 460</u>                              |

**BALTIMORE COUNTY, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

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**17. SUBSEQUENT EVENTS:**

The County entered into an agreement with Mizuho Bank for a period of three years beginning August 1, 2011 as liquidity provider for \$200 million of Commercial Paper Bond Anticipation Notes (CP BANs). On August 4, 2011, the County issued \$200 million CP BANs, comprised of \$100 million of Consolidated Public Improvement CP BANs and \$100 million Metropolitan District CP BANs. Of the \$200 million CP BANs, \$118.4 million was used to fund capital projects and \$81.6 million was used to refund outstanding CP BANs under the prior liquidity agreement with BNP Paribas.

On November 30, 2011, the County settled a total issuance of \$255 million general obligation bonds consisting of \$85 million Metropolitan District Bonds (74<sup>th</sup> Issue) and \$170 million Consolidated Public Improvement Bonds – 2011 Series. These bonds were issued for the purpose of providing funds for the redemption of CP BANs. The Metropolitan District Bonds are due February 1, in each of the years 2013 to 2042, inclusive, and bear a true interest cost of 3.64%. The Consolidated Public Improvement Bonds are due February 1, in each of the years 2013 to 2032, inclusive, and bear a true interest cost of 3.13%. Concurrently, the County reissued \$55.2 million CP BANs). Of the \$55.2 million CP BANs, \$25.1 million were issued as Metropolitan District CP BANs and \$30.1 million were issued as Consolidated Public Improvement CP BANs.

On November 30, 2011, the County issued \$200 million fixed rate Bond Anticipation Notes (BANs) for the purpose of providing funds for capital improvement projects. Of the \$200 million fixed rate BANs, \$60 million were issued as Metropolitan District BANs and \$140 million were issued as Consolidated Public Improvement BANs, maturing on December 17, 2012, with a true interest cost of 0.25%.







## **Required Supplementary Information**

**BALTIMORE COUNTY, MARYLAND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2011**

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**OPEB Plan:**

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

(dollars in thousands)

| Actuarial<br>Valuation<br>Date<br>June 30 | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability (AAL)<br>(b) | Unfunded AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered Payroll<br>(c) | UAAL as a %<br>of Covered<br>Payroll<br>((b-a)/c) |
|---|--|--|---------------------------------|--------------------------|------------------------|---|
| 2008                                      | \$170,478                              | \$ 1,752,891                                   | \$ 1,582,413                    | 9.73                     | \$ 1,165,779           | 135.74  |
| 2009                                      | 153,449                                | 1,755,670                                      | 1,602,221                       | 8.74                     | 1,167,722              | 137.21  |
| 2011                                      | 220,034                                | 2,002,386                                      | 1,782,352                       | 10.99                    | 1,213,070              | 146.93  |

**Schedule of Employers' Contributions**  
(dollars in thousands)

| Fiscal Year<br>Ended<br>June 30 | Annual<br>Required<br>Contribution | Percentage<br>Contributed |
|---------------------------------|------------------------------------|---------------------------|
| 2009                            | \$ 138,858                         | 81.00                     |
| 2010                            | 138,501                            | 80.04                     |
| 2011                            | 151,453                            | 44.97                     |



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

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

**Baltimore County**  
**Schedule of Appropriations and Expenditures - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2011**  
**(In Thousands)**

|   | <u>Budgeted Amounts</u> |               | <u>Actual<br/>Amounts -<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|---------------|---|---|
|   | <u>Original</u>         | <u>Final</u>  |   |   |
| <b>General Government:</b>                    |                         |               |   |   |
| Legislative:                                  |                         |               |   |   |
| County Council                                | \$ 1,883                | \$ 1,883      | \$ 1,798  | \$ 85   |
| Judicial:                                     |                         |               |   |   |
| Circuit Court:                                |                         |               |   |   |
| Criminal and civil adjudication               | 5,056                   | 5,056         | 5,042   | 14  |
| Orphans Court:                                |                         |               |   |   |
| Adjudication of estates                       | 207                     | 207           | 198   | 9   |
| States Attorney:                              |                         |               |   |   |
| Criminal prosecution                          | 8,423                   | 8,423         | 8,041   | 382   |
| County Sheriff:                               |                         |               |   |   |
| Conveying prisoners and serving summonses     | 5,676                   | 5,676         | 5,547   | 129   |
| Total   | <u>19,362</u>           | <u>19,362</u> | <u>18,828</u>                                       | <u>534</u>  |
| Executive:                                    |                         |               |   |   |
| Office of the County Executive                | 997                     | 997           | 997   | -   |
| County Administrative Officer:                |                         |               |   |   |
| General administration                        | 1,185                   | 1,185         | 1,127   | 58  |
| Human relations commission                    | 286                     | 286           | 241   | 45  |
| Fair practices                                | 414                     | 414           | 261   | 153   |
| Baltimore metropolitan council                | 131                     | 131           | 131   | -   |
| Total   | <u>3,013</u>            | <u>3,013</u>  | <u>2,757</u>  | <u>256</u>  |
| Elections:                                    |                         |               |   |   |
| Board of Supervisors of Elections             | 5,190                   | 5,190         | 4,387   | 803   |
| Financial Administration:                     |                         |               |   |   |
| Office of Budget and Finance:                 |                         |               |   |   |
| Budget formulation and administration         | 2,042                   | 1,992         | 1,986   | 6   |
| Financial operations                          | 4,384                   | 4,634         | 4,619   | 15  |
| Pay systems                                   | 285                     | 267           | 255   | 12  |
| Investment and debt management                | 365                     | 335           | 304   | 31  |
| Insurance administration                      | 1,859                   | 1,947         | 1,920   | 27  |
| Purchasing and disbursements                  | 1,468                   | 1,443         | 1,431   | 12  |
| Total   | <u>10,403</u>           | <u>10,618</u> | <u>10,515</u>                                       | <u>103</u>  |
| County Auditor                                | 1,592                   | 1,592         | 1,412   | 180   |
| Office of Law:                                |                         |               |   |   |
| General legal services                        | 2,057                   | 2,057         | 1,941   | 116   |
| Legislative relations                         | 277                     | 277           | 233   | 44  |
| Total   | <u>2,334</u>            | <u>2,334</u>  | <u>2,174</u>  | <u>160</u>  |
| Other:  |                         |               |   |   |
| Office of Budget and Finance:                 |                         |               |   |   |
| Land acquisition                              | 1,156                   | 1,141         | 1,122   | 19  |
| Vehicle Operations and Maintenance            | 1,295                   | 1,295         | 1,190   | 105   |
| Office of Planning and Community Conservation |                         |               |   |   |
| General administration                        | 2,292                   | 2,272         | 2,193   | 79  |
| Zoning commissioner                           | 351                     | 486           | 482   | 4   |
| People's counsel                              | 190                     | 190           | 188   | 2   |
| Community conservation                        | 534                     | 519           | 458   | 61  |
| Office of Human Resources:                    |                         |               |   |   |
| Personnel administration                      | 2,234                   | 2,234         | 2,184   | 50  |

(continued)

**Baltimore County**  
**Schedule of Appropriations and Expenditures - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2011**  
**(In Thousands)**

|   | <u>Budgeted Amounts</u> |                | <u>Actual<br/>Amounts -<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|----------------|---|---|
|   | <u>Original</u>         | <u>Final</u>   |   |   |
| Department of Permits and Development Management: |                         |                |   |   |
| General administration                            | 1,643                   | 1,643          | 1,629   | 14  |
| Electrical licensing and regulation               | 17                      | 17             | 17  | -   |
| Plumbing licensing and regulation                 | 28                      | 28             | 28  | -   |
| Development processing                            | 1,068                   | 1,104          | 1,099   | 5   |
| Code inspections and enforcement                  | 4,597                   | 4,597          | 4,588   | 9   |
| Permits and licenses                              | 870                     | 834            | 781   | 53  |
| Board of Appeals                                  | 251                     | 251            | 236   | 15  |
| Cooperative Extension Service                     | 256                     | 256            | 231   | 25  |
| Office of Information Technology:                 |                         |                |   |   |
| General administration                            | 1,757                   | 1,777          | 1,771   | 6   |
| Applications development                          | 11,623                  | 11,660         | 11,648  | 12  |
| Computer and technical services                   | 2,980                   | 2,887          | 2,884   | 3   |
| Telecommunications Services                       | 2,131                   | 2,167          | 2,161   | 6   |
| Total   | <u>35,273</u>           | <u>35,358</u>  | <u>34,890</u>                                       | <u>468</u>  |
| General Government Total                          | <u>79,050</u>           | <u>79,350</u>  | <u>76,761</u>                                       | <u>2,589</u>  |
| <b>Public Safety:</b>                             |                         |                |   |   |
| Police Department:                                |                         |                |   |   |
| General administration                            | 8,070                   | 7,995          | 7,987   | 8   |
| Administrative & technical services               | 20,242                  | 19,722         | 19,685  | 37  |
| Criminal/forensic investigations                  | 22,586                  | 22,161         | 22,160  | 1   |
| Vice/intelligence/narcotics                       | 8,938                   | 8,713          | 8,685   | 28  |
| Patrol/precincts                                  | 114,506                 | 115,276        | 115,276   | -   |
| Support operations                                | 12,568                  | 12,893         | 12,890  | 3   |
| Human resources                                   | 5,250                   | 5,400          | 5,388   | 12  |
| School safety                                     | 1,346                   | 1,346          | 1,333   | 13  |
| Total   | <u>193,506</u>          | <u>193,506</u> | <u>193,404</u>                                      | <u>102</u>  |
| Bureau of Corrections:                            |                         |                |   |   |
| Custodial care of prisoners                       | <u>34,573</u>           | <u>34,573</u>  | <u>34,562</u>                                       | <u>11</u>   |
| Fire Department:                                  |                         |                |   |   |
| General administration                            | 900                     | 900            | 893   | 7   |
| Investigative services                            | 3,500                   | 3,480          | 3,044   | 436   |
| Alarm and communication system                    | 1,067                   | 1,067          | 1,037   | 30  |
| Field operations                                  | 77,149                  | 77,049         | 75,565  | 1,484   |
| Office of emergency preparedness                  | 261                     | 281            | 273   | 8   |
| Field operation administration                    | 1,833                   | 1,833          | 1,736   | 97  |
| Fire/rescue academy                               | 1,493                   | 1,493          | 1,387   | 106   |
| Contributions - volunteer fire companies          | 6,784                   | 6,784          | 6,762   | 22  |
| Total   | <u>92,987</u>           | <u>92,887</u>  | <u>90,697</u>                                       | <u>2,190</u>  |
| Communications:                                   |                         |                |   |   |
| Central communications center                     | <u>11,346</u>           | <u>11,421</u>  | <u>11,379</u>                                       | <u>42</u>   |
| Public Safety Total                               | <u>332,412</u>          | <u>332,387</u> | <u>330,042</u>                                      | <u>2,345</u>  |

(continued)

**Baltimore County**  
**Schedule of Appropriations and Expenditures - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2011**  
**(In Thousands)**

|  | <b>Budgeted Amounts</b> |                | <b>Actual<br/>Amounts -<br/>Budgetary<br/>Basis</b> | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|----------------|---|---|
|  | <b>Original</b>         | <b>Final</b>   |   |   |
| <b>Public Works:</b>                                       |                         |                |   |   |
| Office of Director of Public Works:                        |                         |                |   |   |
| General administration                                     | 772                     | 792            | 778   | 14  |
| Metro Financing/Petition Proc                              | 22                      | 24             | 23  | 1   |
| Total  | <u>794</u>              | <u>816</u>     | <u>801</u>  | <u>15</u>   |
| Bureau of Engineering and Construction:                    |                         |                |   |   |
| General administration                                     | 465                     | 465            | 430   | 35  |
| Structural design  | 2,066                   | 2,076          | 2,061   | 15  |
| Public buildings design                                    | 573                     | 578            | 570   | 8   |
| General surveying  | 419                     | 419            | 367   | 52  |
| Contracts and construction inspection                      | 2,156                   | 2,156          | 2,062   | 94  |
| Total  | <u>5,679</u>            | <u>5,694</u>   | <u>5,490</u>  | <u>204</u>  |
| Bureau of Highways:  |                         |                |   |   |
| General administration                                     | 1,225                   | 1,225          | 1,168   | 57  |
| General operations and maintenance                         | 14,365                  | 14,365         | 13,659  | 706   |
| Storm emergencies  | 6,191                   | 11,891         | 11,545  | 346   |
| Total  | <u>21,781</u>           | <u>27,481</u>  | <u>26,372</u>                                       | <u>1,109</u>  |
| Bureau of Solid Waste Management:                          |                         |                |   |   |
| General administration                                     | 497                     | 517            | 507   | 10  |
| Refuse collection  | 28,426                  | 28,526         | 28,486  | 40  |
| Refuse disposal  | 22,927                  | 22,527         | 21,789  | 738   |
| Recycling  | 2,402                   | 2,402          | 2,349   | 53  |
| Total  | <u>54,252</u>           | <u>53,972</u>  | <u>53,131</u>                                       | <u>841</u>  |
| Bureau of Traffic Engineering and Transportation Planning: |                         |                |   |   |
| Traffic planning   | 9,141                   | 9,141          | 9,067   | 74  |
| Traffic sign installation and maintenance                  | 1,935                   | 1,935          | 1,288   | 647   |
| Traffic signal operation and maintenance                   | 1,139                   | 1,189          | 1,025   | 164   |
| Total  | <u>12,215</u>           | <u>12,265</u>  | <u>11,380</u>                                       | <u>885</u>  |
| Bureau of Utilities:                                       |                         |                |   |   |
| Sewer and water maintenance                                | 574                     | 574            | 571   | 3   |
| Bureau of Building and Equipment Services:                 |                         |                |   |   |
| Building maintenance                                       | 7,090                   | 7,170          | 7,142   | 28  |
| Building operation and management                          | 16,796                  | 16,610         | 15,892  | 718   |
| Equipment maintenance                                      | 6,023                   | 6,322          | 6,104   | 218   |
| Total  | <u>29,909</u>           | <u>30,102</u>  | <u>29,138</u>                                       | <u>964</u>  |
| Public Works Total   | <u>125,204</u>          | <u>130,904</u> | <u>126,883</u>                                      | <u>4,021</u>  |

(continued)

**Baltimore County**  
**Schedule of Appropriations and Expenditures - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2011**  
**(In Thousands)**

|   | <u>Budgeted Amounts</u> |               | <u>Actual<br/>Amounts -<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|---------------|---|---|
|   | <u>Original</u>         | <u>Final</u>  |   |   |
| <b>Health and Human Services:</b>                                 |                         |               |   |   |
| Health:   |                         |               |   |   |
| Department of Health:   |                         |               |   |   |
| General administration  | 3,021                   | 3,303         | 3,223   | 80  |
| Nursing services  | 3,002                   | 3,082         | 3,056   | 26  |
| Acute communicable disease control                                | 1,563                   | 1,531         | 1,514   | 17  |
| Medical environmental health                                      | 596                     | 611           | 599   | 12  |
| Medical social work service                                       | 675                     | 645           | 616   | 29  |
| Animal control  | 1,734                   | 1,714         | 1,698   | 16  |
| School health services  | 1,762                   | 1,642         | 1,634   | 8   |
| Developmental disabilities  | 540                     | 520           | 502   | 18  |
| Home health services  | 1,719                   | 1,569         | 1,463   | 106   |
| Long-term care services   | 1,849                   | 1,759         | 1,743   | 16  |
| Medical assistance and hospital support                           | 890                     | 945           | 924   | 21  |
| Dental health services  | 701                     | 756           | 706   | 50  |
| Speech, language and hearing                                      | 326                     | 301           | 293   | 8   |
| Total   | <u>18,378</u>           | <u>18,378</u> | <u>17,971</u>                                       | <u>407</u>  |
| Department of Environmental Protection and<br>Resource Management | <u>7,593</u>            | <u>7,593</u>  | <u>7,414</u>  | <u>179</u>  |
| Human Services:   |                         |               |   |   |
| Department of Social Services:                                    |                         |               |   |   |
| Adult foster care assistance                                      | 145                     | 145           | 142   | 3   |
| Welfare to work program   | 425                     | 425           | 406   | 19  |
| Foster care for children  | -                       | -             | -   | -   |
| Emergency funds/housing for the homeless                          | 600                     | 541           | 503   | 38  |
| Battered spouse program   | 121                     | 121           | 121   | -   |
| Day resource center   | 217                     | 217           | 208   | 9   |
| In-home care program  | 227                     | 227           | 217   | 10  |
| Volunteer program   | 74                      | 74            | 67  | 7   |
| Adult services  | 775                     | 765           | 755   | 10  |
| General administration  | 1,416                   | 1,498         | 1,479   | 19  |
| STEPS program   | 261                     | 261           | 252   | 9   |
| Children's services   | 392                     | 392           | 378   | 14  |
| Income maintenance  | 748                     | 735           | 686   | 49  |
| Family services   | 1,186                   | 1,186         | 1,178   | 8   |
| Total   | <u>6,587</u>            | <u>6,587</u>  | <u>6,392</u>  | <u>195</u>  |
| Aging Programs & Services:  |                         |               |   |   |
| Department of Aging:  |                         |               |   |   |
| General administration  | 744                     | 726           | 718   | 8   |
| Adult medical day care  | 50                      | 50            | 50  | -   |
| Senior centers network  | 2,037                   | 2,055         | 2,024   | 31  |
| Special geriatric services  | 344                     | 344           | 343   | 1   |
| Facilities  | 1,080                   | 1,080         | 1,050   | 30  |
| Transportation  | 1,241                   | 1,241         | 1,233   | 8   |
| Program and volunteer services                                    | 363                     | 363           | 342   | 21  |
| Total   | <u>5,859</u>            | <u>5,859</u>  | <u>5,760</u>  | <u>99</u>   |
| Health and Human Services Total                                   | <u>38,417</u>           | <u>38,417</u> | <u>37,537</u>                                       | <u>880</u>  |

(continued)



**Baltimore County**  
**Schedule of Appropriations and Expenditures - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2011**  
**(In Thousands)**

|   | <u>Budgeted Amounts</u> |                | <u>Actual<br/>Amounts -<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|----------------|---|---|
|   | <u>Original</u>         | <u>Final</u>   |   |   |
| <b>Culture and Leisure Services:</b>  |                         |                |   |   |
| Department of Recreation and Parks:   |                         |                |   |   |
| General administration  | 1,438                   | 1,413          | 1,249   | 164   |
| Community & neighborhood recreation, organization,<br>direction and development | 4,597                   | 4,597          | 4,515   | 82  |
| Activity leadership   | 2,838                   | 2,838          | 2,796   | 42  |
| Operation and maintenance of facilities   | 6,487                   | 6,487          | 6,476   | 11  |
| Revenue producing facilities  | 666                     | 666            | 620   | 46  |
| Nature and environmental center   | 748                     | 773            | 764   | 9   |
| Organization Contributions:   |                         |                |   |   |
| Organization contributions  | 3,536                   | 3,536          | 3,507   | 29  |
| General grant program   | 3,753                   | 3,753          | 3,695   | 58  |
| <b>Culture and Leisure Services Total</b>                                       | <b>24,063</b>           | <b>24,063</b>  | <b>23,622</b>                                       | <b>441</b>  |
| <b>Economic and Community Development:</b>                                      |                         |                |   |   |
| Economic Development Commission   | 2,152                   | 2,152          | 1,889   | 263   |
| <b>Economic and Community Development Total</b>                                 | <b>2,152</b>            | <b>2,152</b>   | <b>1,889</b>  | <b>263</b>  |
| <b>Pension Plan Contributions:</b>  |                         |                |   |   |
| Employees' retirement contributions   | 53,620                  | 53,620         | 53,620  | -   |
| Non-system retirement   | 211                     | 211            | 206   | 5   |
| <b>Pension Plan Contributions Total</b>   | <b>53,831</b>           | <b>53,831</b>  | <b>53,826</b>                                       | <b>5</b>  |
| <b>Healthcare Contributions:</b>  |                         |                |   |   |
| Employee health & life insurance  | 69,558                  | 69,283         | 56,359  | 12,924  |
| <b>Healthcare Contributions Total</b>   | <b>69,558</b>           | <b>69,283</b>  | <b>56,359</b>                                       | <b>12,924</b>   |
| <b>Miscellaneous:</b>   |                         |                |   |   |
| Social Security   | 17,668                  | 17,668         | 17,207  | 461   |
| Reserve for Contingencies   | 1,000                   | 1,000          | -   | 1,000   |
| Local share - State & Federal   | 75                      | 75             | 75  | -   |
| <b>Miscellaneous Total</b>  | <b>18,743</b>           | <b>18,743</b>  | <b>17,282</b>                                       | <b>1,461</b>  |
| <b>Payments to Component Units:</b>   |                         |                |   |   |
| Community College   | 38,463                  | 38,463         | 38,463  | -   |
| Board of Education  | 695,504                 | 695,504        | 694,750   | 754   |
| Library   | 33,616                  | 33,616         | 33,616  | -   |
| <b>Payments to Component Units Total</b>  | <b>767,583</b>          | <b>767,583</b> | <b>766,829</b>                                      | <b>754</b>  |

(continued)

**Baltimore County**  
**Schedule of Appropriations and Expenditures - Budgetary Basis**  
**General Fund**  
**For the Year Ended June 30, 2011**  
(In Thousands)

|                                    | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts -<br/>Budgetary<br/>Basis</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|------------------------------------|-------------------------|---------------------|---|---|
|                                    | <u>Original</u>         | <u>Final</u>        |   |   |
| <b>Debt Service:</b>               |                         |                     |   |   |
| Principal retirement:              |                         |                     |   |   |
| General obligation bonds:          |                         |                     |   |   |
| Community College                  | 2,491                   | 2,491               | 2,491   | -   |
| General public facilities          | 30,587                  | 30,587              | 30,487  | 100   |
| Pension funding bonds              | 7,080                   | 7,080               | 7,080   | -   |
| Non-general obligation debt        | 8,091                   | 8,091               | 8,091   | -   |
| Total                              | <u>48,249</u>           | <u>48,249</u>       | <u>48,149</u>                                       | <u>100</u>  |
| Interest:                          |                         |                     |   |   |
| General obligation bonds:          |                         |                     |   |   |
| Community College                  | 2,878                   | 2,878               | 2,700   | 178   |
| General public facilities          | 22,343                  | 22,343              | 20,644  | 1,699   |
| Pension funding bonds              | 1,767                   | 1,767               | 1,767   | -   |
| Non-general obligation debt        | 3,343                   | 3,343               | 3,343   | -   |
| Total                              | <u>30,331</u>           | <u>30,331</u>       | <u>28,454</u>                                       | <u>1,877</u>  |
| Fiscal charges:                    |                         |                     |   |   |
| General obligation bonds:          |                         |                     |   |   |
| General public facilities          | 613                     | 613                 | 613   | -   |
| Non-general obligation debt        | 6                       | 6                   | 5   | 1   |
| Total                              | <u>619</u>              | <u>619</u>          | <u>618</u>  | <u>1</u>  |
| Debt Service Total                 | <u>79,199</u>           | <u>79,199</u>       | <u>77,221</u>                                       | <u>1,978</u>  |
| <b>Operating Transfers Out:</b>    |                         |                     |   |   |
| Contribution to capital budget     | 2,600                   | 2,600               | 2,600   | -   |
| Gifts and Grants                   | 7,289                   | 7,289               | 7,289   | -   |
| Vehicle Operations and Maintenance | 49                      | 49                  | 49  | -   |
| Operating Transfers Out Total      | <u>9,938</u>            | <u>9,938</u>        | <u>9,938</u>  | <u>-</u>  |
| General Fund Total                 | <u>\$ 1,600,150</u>     | <u>\$ 1,605,850</u> | <u>\$ 1,578,189</u>                                 | <u>\$ 27,661</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, 2011**  
**(In Thousands)**

|   | <u>Budget</u>   | <u>Actual</u> | <u>Variance<br/>Positive<br/>(Negative)</u> |
|---|-----------------|---------------|---|
| <b>Revenues:</b>  |                 |               |   |
| Licenses and permits  | \$ 700          | \$ 699        | \$ (1)                                      |
| Total revenues  | <u>700</u>      | <u>699</u>    | <u>(1)</u>                                  |
| <b>Expenditures:</b>  |                 |               |   |
| General government:   |                 |               |   |
| License sale and control                                    | 629             | 626           | 3   |
| Total expenditures  | <u>629</u>      | <u>626</u>    | <u>3</u>                                    |
| Excess of revenues over expenditures                        | <u>71</u>       | <u>73</u>     | <u>2</u>                                    |
| <b>Other financing uses:</b>                                |                 |               |   |
| Operating transfers out                                     | <u>(225)</u>    | <u>(288)</u>  | <u>(63)</u>                                 |
| Deficiency of revenues over expenditures,<br>and other uses | <u>\$ (154)</u> | <u>(215)</u>  | <u>\$ (61)</u>                              |
| Fund balance at beginning of year                           |                 | 460           |   |
| Fund balance at end of year                                 |                 | <u>\$ 245</u> |   |

**Baltimore County, Maryland**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2011**  
**(In Thousands)**

|   | <b>Vehicle<br/>Operations<br/>and<br/>Maintenance</b> | <b>Central<br/>Printing<br/>Service</b> | <b>Self-Insurance<br/>Program</b> | <b>Total</b>     |
|---|---|---|-----------------------------------|------------------|
| <b>ASSETS</b>                                 |   |   |                                   |                  |
| Current assets:                               |   |   |                                   |                  |
| Cash and investments                          | \$ -  | \$ 570                                  | \$ 74,691                         | \$ 75,261        |
| Receivables, net                              | 19  | -                                       | 4,476                             | 4,495            |
| Due from other funds                          | -   | -                                       | 11,780                            | 11,780           |
| Inventories                                   | 520   | -                                       | -                                 | 520              |
| Prepaid costs                                 | -   | -                                       | 5,611                             | 5,611            |
| Total current assets                          | <u>539</u>  | <u>570</u>                              | <u>96,558</u>                     | <u>97,667</u>    |
| Capital assets:                               |   |   |                                   |                  |
| Depreciable (net of accumulated depreciation) | <u>21,207</u>   | <u>192</u>                              | <u>-</u>                          | <u>21,399</u>    |
| Total assets                                  | <u>21,746</u>   | <u>762</u>                              | <u>96,558</u>                     | <u>119,066</u>   |
| <b>LIABILITIES</b>                            |   |   |                                   |                  |
| Current liabilities:                          |   |   |                                   |                  |
| Accounts payable                              | 1,243   | 17                                      | 2,509                             | 3,769            |
| Accrued payroll                               | 132   | 26                                      | -                                 | 158              |
| Compensated absences                          | 220   | 19                                      | -                                 | 239              |
| Due to other funds                            | 11,780  | -                                       | -                                 | 11,780           |
| Claims and judgments                          | -   | -                                       | 39,551                            | 39,551           |
| Total current liabilities                     | <u>13,375</u>   | <u>62</u>                               | <u>42,060</u>                     | <u>55,497</u>    |
| Noncurrent liabilities:                       |   |   |                                   |                  |
| Claims and judgments                          | -   | -                                       | 26,385                            | 26,385           |
| Total liabilities                             | <u>13,375</u>   | <u>62</u>                               | <u>68,445</u>                     | <u>81,882</u>    |
| <b>NET ASSETS</b>                             |   |   |                                   |                  |
| Invested in capital assets                    | 21,207  | 192                                     | -                                 | 21,399           |
| Unrestricted (deficit)                        | (12,836)  | 508                                     | 28,113                            | 15,785           |
| Total net assets                              | <u>\$ 8,371</u>                                       | <u>\$ 700</u>                           | <u>\$ 28,113</u>                  | <u>\$ 37,184</u> |

**Baltimore County, Maryland**  
**Combining Statement of Revenues, Expenses,**  
**and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2011**  
**(In Thousands)**

|                                     | <b>Vehicle<br/>Operations<br/>and<br/>Maintenance</b> | <b>Central<br/>Printing<br/>Service</b> | <b>Self-Insurance<br/>Program</b> | <b>Total</b>     |
|-------------------------------------|---|---|-----------------------------------|------------------|
| <b>OPERATING REVENUES</b>           |   |   |                                   |                  |
| Charges for services-internal       | \$ 17,974   | \$ 895                                  | \$ 66,280                         | \$ 85,149        |
| Charges for services-other          | 4,119   | 20                                      | 159,624                           | 163,763          |
| Miscellaneous                       | 267   | -                                       | -                                 | 267              |
| Total operating revenues            | <u>22,360</u>   | <u>915</u>                              | <u>225,904</u>                    | <u>249,179</u>   |
| <b>OPERATING EXPENSES</b>           |   |   |                                   |                  |
| Personal services                   | 2,497   | 477                                     | -                                 | 2,974            |
| Contractual services                | 573   | 101                                     | -                                 | 674              |
| Rents and utilities                 | 344   | 230                                     | -                                 | 574              |
| Supplies and maintenance            | 12,834  | 167                                     | -                                 | 13,001           |
| Insurance claims and expenses       | -   | -                                       | 228,421                           | 228,421          |
| Depreciation                        | 4,421   | 30                                      | -                                 | 4,451            |
| Other expenses                      | 664   | 35                                      | -                                 | 699              |
| Total operating expenses            | <u>21,333</u>   | <u>1,040</u>                            | <u>228,421</u>                    | <u>250,794</u>   |
| Operating income (loss)             | <u>1,027</u>  | <u>(125)</u>                            | <u>(2,517)</u>                    | <u>(1,615)</u>   |
| <b>NONOPERATING REVENUES</b>        |   |   |                                   |                  |
| Interest on investments             | -   | -                                       | 394                               | 394              |
| Total nonoperating revenues         | <u>-</u>  | <u>-</u>                                | <u>394</u>                        | <u>394</u>       |
| Income (loss) before transfers      | 1,027   | (125)                                   | (2,123)                           | (1,221)          |
| Transfers in                        | 98  | -                                       | -                                 | 98               |
| Transfers out                       | -   | -                                       | (276)                             | (276)            |
| Change in net assets                | 1,125   | (125)                                   | (2,399)                           | (1,399)          |
| Net assets at beginning of the year | 7,246   | 825                                     | 30,512                            | 38,583           |
| Net assets at end of the year       | <u>\$ 8,371</u>                                       | <u>\$ 700</u>                           | <u>\$ 28,113</u>                  | <u>\$ 37,184</u> |

**Baltimore County, Maryland**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2011**  
(In Thousands)

|   | <b>Vehicle<br/>Operations<br/>and<br/>Maintenance</b> | <b>Central<br/>Printing<br/>Service</b> | <b>Self-Insurance<br/>Program</b> | <b>Total</b>     |
|---|---|---|-----------------------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |   |   |                                   |                  |
| Receipts from customers   | \$ 22,076   | \$ 915                                  | \$ 225,066                        | \$248,057        |
| Payments to suppliers   | (13,060)  | (564)                                   | -                                 | (13,624)         |
| Payments to employees   | (2,493)   | (472)                                   | -                                 | (2,965)          |
| Payment for interfund services used   | (664)   | (35)                                    | -                                 | (699)            |
| Claims paid   | -   | -                                       | (223,106)                         | (223,106)        |
| Other receipts  | 283   | -                                       | -                                 | 283              |
| Net cash provided (used) by operating activities  | <u>6,142</u>  | <u>(156)</u>                            | <u>1,960</u>                      | <u>7,946</u>     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>  |   |   |                                   |                  |
| Transfers in  | 98  | -                                       | -                                 | 98               |
| Transfers out   | -   | -                                       | (276)                             | (276)            |
| Advances from other funds   | 324   | -                                       | -                                 | 324              |
| Advances to other funds   | -   | -                                       | (324)                             | (324)            |
| Net cash provided (used) by noncapital activities   | <u>422</u>  | <u>-</u>                                | <u>(600)</u>                      | <u>(178)</u>     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                               |   |   |                                   |                  |
| Purchases of capital assets   | (7,245)   | (19)                                    | -                                 | (7,264)          |
| Sales of capital assets   | 681   | -                                       | -                                 | 681              |
| Net cash used by capital and related financing activities                                     | <u>(6,564)</u>  | <u>(19)</u>                             | <u>-</u>                          | <u>(6,583)</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |   |   |                                   |                  |
| Interest on investments   | -   | -                                       | 394                               | 394              |
| Net cash provided by investing activities   | <u>-</u>  | <u>-</u>                                | <u>394</u>                        | <u>394</u>       |
| Net increase (decrease) in cash and cash equivalents  | <u>-</u>  | <u>(175)</u>                            | <u>1,754</u>                      | <u>1,579</u>     |
| Cash and cash equivalents at beginning of the year  | <u>-</u>  | <u>745</u>                              | <u>72,937</u>                     | <u>73,682</u>    |
| Cash and cash equivalents at end of the year  | <u>\$ -</u>   | <u>\$ 570</u>                           | <u>\$ 74,691</u>                  | <u>\$ 75,261</u> |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b> |   |   |                                   |                  |
| Operating income (loss)   | \$ 1,027  | \$ (125)                                | \$ (2,517)                        | \$ (1,615)       |
| Adjustments to reconcile operating income to net cash provided by operating activities:       |   |   |                                   |                  |
| Depreciation expense  | 4,421   | 30                                      | -                                 | 4,451            |
| Effect of changes in operating assets and liabilities:  |   |   |                                   |                  |
| Receivables, net  | (17)  | -                                       | (838)                             | (855)            |
| Prepaid costs   | -   | -                                       | 3,447                             | 3,447            |
| Inventories   | 16  | -                                       | -                                 | 16               |
| Accounts and other payables   | 691   | (66)                                    | (2,748)                           | (2,123)          |
| Accrued expenses  | 4   | 5                                       | -                                 | 9                |
| Claims and judgements   | -   | -                                       | 4,616                             | 4,616            |
| Net cash provided (used) by operating activities  | <u>\$ 6,142</u>                                       | <u>\$ (156)</u>                         | <u>\$ 1,960</u>                   | <u>\$ 7,946</u>  |

**Baltimore County, Maryland**  
**Combining Statement of Fiduciary Net Assets**  
**Benefits Trust Funds**  
**June 30, 2011**  
**(In Thousands)**

|                                       | <b>Employees'<br/>Retirement<br/>System</b> | <b>Police, Fire,<br/>and Widows'<br/>Pension Plan</b> | <b>OPEB Plan</b>  | <b>Total</b>        |
|---------------------------------------|---|---|-------------------|---------------------|
| <b>ASSETS</b>                         |   |   |                   |                     |
| Cash and cash equivalents             | \$ 96,815                                   | \$ 3,309  | \$ 7,883          | \$ 108,007          |
| Collateral for loaned securities      | 117,672                                     | -   | 14,564            | 132,236             |
| Receivables:                          |   |   |                   |                     |
| Accrued interest & dividend income    | 2,675                                       | 595   | 331               | 3,601               |
| Receivable for investments sold       | 43,681                                      | -   | 5,406             | 49,087              |
| Receivables other                     | 1,096                                       | -   | 2,327             | 3,423               |
| Total receivables                     | <u>47,452</u>                               | <u>595</u>  | <u>8,064</u>      | <u>56,111</u>       |
| Investments, at fair value:           |   |   |                   |                     |
| U.S. Government and Agency securities | 183,950                                     | -   | 22,768            | 206,718             |
| Municipal bonds                       | 1,894                                       | 32,785  | 234               | 34,913              |
| Foreign bonds                         | 7,514                                       | 5,987   | 930               | 14,431              |
| Corporate bonds                       | 127,295                                     | -   | 15,755            | 143,050             |
| Stocks                                | 451,504                                     | -   | 55,884            | 507,388             |
| Bond mutual funds                     | 241,602                                     | 7,088   | 29,904            | 278,594             |
| Stock mutual funds                    | 360,022                                     | 15,077  | 44,561            | 419,660             |
| Real estate equity funds              | 75,742                                      | -   | 9,375             | 85,117              |
| Hedge funds                           | 101,190                                     | -   | 12,524            | 113,714             |
| Private equity funds                  | 97,176                                      | -   | 12,028            | 109,204             |
| Real assets                           | 98,944                                      | -   | 12,246            | 111,190             |
| Global Asset Allocation               | 325,407                                     | -   | 40,276            | 365,683             |
| Total investments                     | <u>2,072,240</u>                            | <u>60,937</u>   | <u>256,485</u>    | <u>2,389,662</u>    |
| Total assets                          | <u>2,334,179</u>                            | <u>64,841</u>   | <u>286,996</u>    | <u>2,686,016</u>    |
| <b>LIABILITIES</b>                    |   |   |                   |                     |
| Securities lending payable            | 118,398                                     | -   | 14,654            | 133,052             |
| Investments purchased                 | 128,687                                     | -   | 15,928            | 144,615             |
| Investment expenses payable           | 2,494                                       | -   | 309               | 2,803               |
| Refunds payable                       | 327   | -   | -                 | 327                 |
| Other                                 | 302   | 21  | 2,451             | 2,774               |
| Total liabilities                     | <u>250,208</u>                              | <u>21</u>   | <u>33,342</u>     | <u>283,571</u>      |
| <b>NET ASSETS</b>                     |   |   |                   |                     |
| Net assets held in trust for benefits | <u>\$ 2,083,971</u>                         | <u>\$ 64,820</u>                                      | <u>\$ 253,654</u> | <u>\$ 2,402,445</u> |

**Baltimore County, Maryland**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Benefits Trust Funds**  
**For the Year Ended June 30, 2011**  
**(In Thousands)**

|   | <u>Employees'</u><br><u>Retirement</u><br><u>System</u> | <u>Police, Fire,</u><br><u>and Widows'</u><br><u>Pension Plan</u> | <u>OPEB Plan</u>  | <u>Total</u>        |
|---|---|---|-------------------|---------------------|
| <b>ADDITIONS</b>                              |   |   |                   |                     |
| Contributions:                                |   |   |                   |                     |
| Employer                                      | \$ 58,340   | \$ 13   | \$ 68,105         | \$ 126,458          |
| Employees                                     | 36,567  | -   | 26,327            | 62,894              |
| Intergovernmental                             | -   | -   | 8,749             | 8,749               |
| Total contributions                           | <u>94,907</u>   | <u>13</u>   | <u>103,181</u>    | <u>198,101</u>      |
| Investment earnings:                          |   |   |                   |                     |
| Net increase in the fair value of plan assets | 349,491   | 3,814   | 44,644            | 397,949             |
| Interest and dividends                        | 37,478  | 2,320   | 4,739             | 44,537              |
| Investment expenses                           | (13,837)  | (142)   | (1,708)           | (15,687)            |
| Net investment gain                           | <u>373,132</u>  | <u>5,992</u>  | <u>47,675</u>     | <u>426,799</u>      |
| Net income from securities lending:           |   |   |                   |                     |
| Securities lending income                     | 361   | -   | 46                | 407                 |
| Net decrease in fair value of investments     | (726)   | -   | (90)              | (816)               |
| Borrower rebates                              | 74  | -   | 9                 | 83                  |
| Agent fees                                    | (126)   | -   | (16)              | (142)               |
| Net loss from securities lending              | <u>(417)</u>  | <u>-</u>  | <u>(51)</u>       | <u>(468)</u>        |
| Total net investment gain                     | <u>372,715</u>  | <u>5,992</u>  | <u>47,624</u>     | <u>426,331</u>      |
| Total additions                               | <u>467,622</u>  | <u>6,005</u>  | <u>150,805</u>    | <u>624,432</u>      |
| <b>DEDUCTIONS</b>                             |   |   |                   |                     |
| Benefits                                      | 164,655   | 11,968  | 117,185           | 293,808             |
| Refunds                                       | 2,726   | -   | -                 | 2,726               |
| Administrative expense                        | 2,541   | -   | -                 | 2,541               |
| Total deductions                              | <u>169,922</u>  | <u>11,968</u>   | <u>117,185</u>    | <u>299,075</u>      |
| Change in net assets                          | 297,700   | (5,963)   | 33,620            | 325,357             |
| Net assets at beginning of the year           | 1,786,271   | 70,783  | 220,034           | 2,077,088           |
| Net assets at end of the year                 | <u>\$ 2,083,971</u>                                     | <u>\$ 64,820</u>  | <u>\$ 253,654</u> | <u>\$ 2,402,445</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 Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(dollars expressed in thousands)**

|  | Fiscal Year       |                   |                     |                     |                     |                     |                     |                     |                     |                     |
|--|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2002              | 2003              | 2004                | 2005                | 2006                | 2007                | 2008                | 2009                | 2010                | 2011                |
| <b>Governmental activities</b>                               |                   |                   |                     |                     |                     |                     |                     |                     |                     |                     |
| Invested in capital assets, net of related debt <sup>a</sup> | \$ 302,305        | \$ 262,897        | \$ 1,303,115        | \$ 1,385,791        | \$ 1,465,260        | \$ 1,492,767        | \$ 1,523,265        | \$ 1,595,901        | \$ 1,593,450        | \$ 1,541,285        |
| Restricted   | 8,046             | 9,488             | 8,853               | 12,135              | 17,807              | 15,324              | 122,079             | 73,357              | 57,713              | 26,653              |
| Unrestricted (deficit)                                       | (78,985)          | (51,982)          | (72,658)            | (43,935)            | 46,525              | 103,053             | 20,351              | (67,683)            | (309,380)           | (343,048)           |
| <b>Total governmental activities net assets</b>              | <b>\$ 231,366</b> | <b>\$ 220,403</b> | <b>\$ 1,239,310</b> | <b>\$ 1,353,991</b> | <b>\$ 1,529,592</b> | <b>\$ 1,611,144</b> | <b>\$ 1,665,695</b> | <b>\$ 1,601,575</b> | <b>\$ 1,341,783</b> | <b>\$ 1,224,870</b> |
| <b>Business-type activities</b>                              |                   |                   |                     |                     |                     |                     |                     |                     |                     |                     |
| Invested in capital assets, net of related debt              | \$ 424,562        | \$ 419,453        | \$ 440,818          | \$ 482,784          | \$ 524,996          | \$ 543,107          | \$ 489,563          | \$ 568,225          | \$ 568,687          | \$ 583,279          |
| Unrestricted (deficit)                                       | 65,486            | 64,392            | 37,529              | (12,176)            | (68,780)            | (107,952)           | (63,032)            | (137,808)           | (159,786)           | (158,571)           |
| <b>Total business-type activities net assets</b>             | <b>\$ 490,048</b> | <b>\$ 483,845</b> | <b>\$ 478,347</b>   | <b>\$ 470,608</b>   | <b>\$ 456,216</b>   | <b>\$ 435,155</b>   | <b>\$ 426,531</b>   | <b>\$ 430,417</b>   | <b>\$ 408,899</b>   | <b>\$ 424,708</b>   |
| <b>Primary government</b>                                    |                   |                   |                     |                     |                     |                     |                     |                     |                     |                     |
| 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        | \$ 2,164,126        | \$ 2,162,137        | \$ 2,124,544        |
| Restricted   | 8,046             | 9,488             | 8,853               | 12,135              | 17,807              | 15,324              | 122,079             | 73,357              | 57,713              | 26,653              |
| Unrestricted (deficit)                                       | (13,499)          | 12,410            | (35,129)            | (56,111)            | (22,255)            | (4,899)             | (42,681)            | (205,491)           | (469,168)           | (501,619)           |
| <b>Total primary government net assets</b>                   | <b>\$ 721,414</b> | <b>\$ 704,248</b> | <b>\$ 1,717,657</b> | <b>\$ 1,824,599</b> | <b>\$ 1,985,808</b> | <b>\$ 2,046,299</b> | <b>\$ 2,092,226</b> | <b>\$ 2,031,992</b> | <b>\$ 1,750,682</b> | <b>\$ 1,649,578</b> |

<sup>a</sup> 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 Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(dollars expressed in thousands)**

|   | Fiscal Year  |              |              |              |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | 2002         | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         |
| <b>Expenses</b>                                 |              |              |              |              |              |              |              |              |              |              |
| Governmental activities:                        |              |              |              |              |              |              |              |              |              |              |
| General government                              | \$ 266,118   | \$ 302,731   | \$ 322,644   | \$ 344,959   | \$ 370,820   | \$ 364,796   | \$ 427,611   | \$ 457,696   | \$ 390,428   | \$ 449,008   |
| Public safety                                   | 223,713      | 232,827      | 231,618      | 246,937      | 268,561      | 284,729      | 321,024      | 336,325      | 339,301      | 346,253      |
| Public works                                    | 90,018       | 95,535       | 116,548      | 154,930      | 154,883      | 187,130      | 166,234      | 163,493      | 198,075      | 150,606      |
| Health and human services                       | 96,935       | 104,755      | 109,405      | 117,270      | 112,427      | 124,274      | 134,693      | 141,023      | 144,614      | 144,972      |
| Culture and leisure services                    | 42,514       | 42,730       | 42,449       | 47,476       | 52,746       | 56,889       | 62,080       | 66,856       | 68,818       | 69,368       |
| Economic and community development              | 12,674       | 13,660       | 14,340       | 10,562       | 9,473        | 7,713        | 8,762        | 10,578       | 13,743       | 16,232       |
| Education                                       | 727,649      | 672,214      | 642,794      | 666,277      | 691,906      | 786,468      | 781,588      | 774,053      | 831,550      | 803,828      |
| Interest on long-term debt                      | 17,214       | 22,937       | 22,004       | 23,895       | 20,568       | 21,940       | 22,900       | 20,305       | 22,057       | 24,868       |
| Total governmental activities expenses          | 1,476,835    | 1,487,389    | 1,501,802    | 1,611,866    | 1,681,384    | 1,833,939    | 1,924,892    | 1,970,329    | 2,008,586    | 2,005,135    |
| Business-type activities:                       |              |              |              |              |              |              |              |              |              |              |
| Water and sewer services                        | 151,227      | 158,398      | 175,148      | 173,803      | 215,217      | 222,606      | 229,829      | 223,534      | 240,626      | 225,545      |
| Recreational facilities                         | 868          | 817          | 868          | 929          | 4            |              |              |              |              |              |
| Total business-type activities expenses         | 152,095      | 159,215      | 176,016      | 174,732      | 215,221      | 222,610      | 229,829      | 223,534      | 240,626      | 225,545      |
| Total primary government expenses               | \$ 1,628,930 | \$ 1,646,604 | \$ 1,677,818 | \$ 1,786,598 | \$ 1,896,605 | \$ 2,056,545 | \$ 2,154,721 | \$ 2,193,863 | \$ 2,249,212 | \$ 2,230,680 |
| <b>Program Revenues</b>                         |              |              |              |              |              |              |              |              |              |              |
| Governmental activities:                        |              |              |              |              |              |              |              |              |              |              |
| Charges for services:                           | \$ 134,447   | \$ 167,239   | \$ 180,553   | \$ 200,590   | \$ 218,711   | \$ 201,113   | \$ 188,526   | \$ 187,868   | \$ 145,403   | \$ 190,247   |
| General government                              | 5,194        | 3,426        | 3,057        | 2,887        | 2,783        | 3,294        | 2,022        | 1,935        | 2,294        | 5,077        |
| Public safety                                   | 3,439        | 1,873        | 2,701        | 2,153        | 2,420        | 2,273        | 1,837        | 1,669        | 2,616        | 3,195        |
| Health and human services                       | 4,052        | 4,146        | 3,237        | 4,522        | 4,527        | 4,155        | 3,916        | 3,916        | 3,801        | 3,652        |
| Culture and leisure services                    | 416          | 425          | 489          | 523          | 2,164        | 2,578        | 2,653        | 2,856        | 3,247        | 3,382        |
| Economic and community development              | 1,135        | 491          | 454          | 503          | 505          | 601          | 939          | 571          | 713          | 851          |
| Operating grants and contributions:             |              |              |              |              |              |              |              |              |              |              |
| General government                              | 1,237        | 1,533        | 1,744        | 2,379        | 2,979        | 9,172        | 2,587        | 3,093        | 2,894        | 5,778        |
| Public safety                                   | 18,912       | 20,812       | 18,685       | 23,881       | 24,930       | 19,499       | 19,627       | 20,638       | 18,115       | 14,093       |
| Public works                                    | 38,031       | 34,542       | 27,610       | 34,168       | 41,790       | 43,257       | 41,584       | 36,342       | 2,128        | 2,865        |
| Health and human services                       | 72,945       | 82,427       | 85,294       | 91,476       | 86,606       | 92,341       | 101,797      | 109,357      | 100,877      | 100,326      |
| Culture and leisure services                    | 1,108        | 1,330        | 1,151        | 1,138        | 1,276        | 1,745        | 1,502        | 1,519        | 1,261        | 1,124        |
| Economic and community development              | 10,864       | 12,244       | 12,937       | 9,154        | 7,268        | 7,075        | 6,569        | 8,249        | 17,938       | 24,115       |
| Interest on long-term debt                      | -            | -            | -            | -            | -            | -            | -            | -            | 1,137        | 4,064        |
| Capital grants and contributions                | 50,624       | 38,094       | 38,398       | 42,552       | 37,550       | 42,348       | 53,287       | 54,852       | 31,263       | 37,614       |
| Total governmental activities program revenues  | 342,404      | 368,582      | 376,310      | 415,926      | 433,509      | 429,451      | 426,846      | 432,865      | 333,687      | 396,383      |
| Business-type activities:                       |              |              |              |              |              |              |              |              |              |              |
| Charges for services:                           | 134,422      | 132,097      | 148,656      | 144,419      | 165,606      | 168,715      | 189,246      | 200,741      | 206,031      | 224,510      |
| Water and sewer services                        | 670          | 607          | 628          | 647          | -            | -            | -            | -            | -            | -            |
| Recreational facilities                         | -            | -            | -            | -            | -            | -            | -            | -            | -            | 829          |
| Operating grants and contributions:             | 23,045       | 19,299       | 20,673       | 21,014       | 34,086       | 32,693       | 30,850       | 25,585       | 12,071       | 14,126       |
| Capital grants and contributions                | 158,137      | 152,003      | 169,957      | 166,080      | 199,692      | 201,408      | 220,096      | 226,326      | 218,931      | 241,098      |
| Total business-type activities program revenues | 500,541      | 520,585      | 546,267      | 582,006      | 633,201      | 630,859      | 646,942      | 659,191      | 552,618      | 637,481      |

(continued)

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

|                                      | Fiscal Year    |                |                |                |                |                |                |                |                |                |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                      | 2002           | 2003           | 2004           | 2005           | 2006           | 2007           | 2008           | 2009           | 2010           | 2011           |
| <b>Net (Expense)/Revenue</b>         |                |                |                |                |                |                |                |                |                |                |
| Governmental activities              | \$ (1,134,431) | \$ (1,118,807) | \$ (1,125,492) | \$ (1,195,940) | \$ (1,247,875) | \$ (1,404,488) | \$ (1,498,046) | \$ (1,537,464) | \$ (1,674,899) | \$ (1,608,752) |
| Business-type activities             | 6,042          | (7,212)        | (6,059)        | (8,652)        | (15,529)       | (21,198)       | (9,733)        | 2,792          | (21,695)       | 15,553         |
| Total primary government net expense | \$ (1,128,389) | \$ (1,126,019) | \$ (1,131,551) | \$ (1,204,592) | \$ (1,263,404) | \$ (1,425,686) | \$ (1,507,779) | \$ (1,534,672) | \$ (1,696,594) | \$ (1,593,199) |

**General Revenues and Other Changes in**

**Net Assets**

Governmental activities:

Taxes:

Property taxes

Income taxes

Public service taxes

Grants and contributions not restricted to

specific programs:

State of Maryland

Unrestricted investment earnings

Transfers

Total governmental activities

Business-type activities

Unrestricted investment earnings

Transfers

Total business-type activities

Total primary government

|              |              |              |              |              |              |              |              |              |              |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ 528,560   | \$ 545,202   | \$ 564,407   | \$ 588,773   | \$ 626,149   | \$ 662,307   | \$ 712,863   | \$ 767,103   | \$ 813,970   | \$ 837,092   |
| 434,201      | 420,710      | 473,017      | 531,090      | 572,136      | 589,994      | 661,125      | 569,736      | 473,792      | 534,553      |
| 117,917      | 128,450      | 147,997      | 173,530      | 199,591      | 180,736      | 155,699      | 123,863      | 116,592      | 110,405      |
| 9,194        | 8,394        | 6,932        | 8,622        | 8,553        | 9,165        | 8,847        | 6,954        | 9,655        | 8,823        |
| 5,922        | 5,070        | 3,003        | 8,262        | 17,547       | 43,777       | 13,953       | 5,688        | 1,098        | 966          |
| 2,806        | 18           | -            | 344          | (500)        | 61           | 110          | -            | -            | -            |
| 1,098,600    | 1,107,844    | 1,195,356    | 1,310,621    | 1,423,476    | 1,486,040    | 1,552,597    | 1,473,344    | 1,415,107    | 1,491,839    |
| 1,261        | 1,027        | 561          | 1,257        | 637          | 198          | 1,219        | 1,094        | 177          | 256          |
| -            | (18)         | -            | (344)        | 500          | (61)         | (110)        | -            | -            | -            |
| 1,261        | 1,009        | 561          | 913          | 1,137        | 137          | 1,109        | 1,094        | 177          | 256          |
| \$ 1,099,861 | \$ 1,108,853 | \$ 1,195,917 | \$ 1,311,534 | \$ 1,424,613 | \$ 1,486,177 | \$ 1,553,706 | \$ 1,474,438 | \$ 1,415,284 | \$ 1,492,095 |

**Change in Net Assets**

Governmental activities

Business-type activities

Total primary government

|             |             |           |            |            |           |           |             |              |              |
|-------------|-------------|-----------|------------|------------|-----------|-----------|-------------|--------------|--------------|
| \$ (35,831) | \$ (10,963) | \$ 69,864 | \$ 114,681 | \$ 175,601 | \$ 81,552 | \$ 54,551 | \$ (64,120) | \$ (259,792) | \$ (116,913) |
| 7,303       | (6,203)     | (5,498)   | (7,739)    | (14,392)   | (21,061)  | (8,624)   | 3,886       | (21,518)     | 15,809       |
| \$ (28,528) | \$ (17,166) | \$ 64,366 | \$ 106,942 | \$ 161,209 | \$ 60,491 | \$ 45,927 | \$ (60,234) | \$ (281,310) | \$ (101,104) |

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

|                                    | Fiscal Year |            |            |             |             |            |             |             |              |              |
|------------------------------------|-------------|------------|------------|-------------|-------------|------------|-------------|-------------|--------------|--------------|
|                                    | 2002 *      | 2003 *     | 2004 *     | 2005 *      | 2006 *      | 2007 *     | 2008 *      | 2009 *      | 2010 *       | 2011         |
| General Fund                       |             |            |            |             |             |            |             |             |              |              |
| Nonspendable                       | \$ 2,983    | \$ 3,395   | \$ 3,673   | \$ 4,111    | \$ 4,468    | \$ 4,061   | \$ 5,431    | \$ 5,911    | \$ 5,906     | \$ 6,942     |
| Restricted                         | 23,091      | 9,075      | 46,036     | 32,556      | 20,450      | 6,995      | 2,657       | 31,132      | 17,763       | 12,689       |
| Committed                          | -           | -          | -          | -           | -           | -          | -           | -           | -            | -            |
| Assigned                           | 67,544      | 86,439     | 93,653     | 124,271     | 161,774     | 142,587    | 143,571     | 141,214     | 99,589       | 65,223       |
| Unassigned                         | 34,978      | 42,423     | 83,444     | 117,277     | 122,523     | 133,899    | 118,530     | 82,703      | 109,231      | 165,200      |
| Total General Fund                 | 128,596     | 141,332    | 226,806    | 278,215     | 309,215     | 287,542    | 270,189     | 260,960     | 232,489      | 250,054      |
| All other governmental funds       |             |            |            |             |             |            |             |             |              |              |
| Nonspendable                       | \$ -        | \$ -       | \$ -       | \$ -        | \$ -        | \$ -       | \$ -        | \$ -        | \$ -         | \$ -         |
| Restricted                         | 7,923       | 9,488      | 8,853      | 12,135      | 13,083      | 10,333     | 10,925      | 14,108      | 17,835       | 21,365       |
| Committed                          | -           | -          | -          | -           | -           | -          | -           | -           | -            | -            |
| Assigned                           | 1,152       | 3,330      | 41,501     | 2,587       | 9,602       | 166,138    | 8,860       | 22,816      | 5,926        | 7,184        |
| Unassigned                         | (10,840)    | (11,689)   | -          | (53,149)    | (91,614)    | (121,680)  | (48,410)    | (98,521)    | (209,354)    | (157,090)    |
| Total all other governmental funds | \$ (1,765)  | \$ 1,129   | \$ 50,354  | \$ (38,427) | \$ (68,929) | \$ 54,791  | \$ (28,625) | \$ (61,597) | \$ (185,593) | \$ (128,541) |
| Total governmental funds           | \$ 126,831  | \$ 142,461 | \$ 277,160 | \$ 239,788  | \$ 240,286  | \$ 342,333 | \$ 241,564  | \$ 199,363  | \$ 46,896    | \$ 121,513   |

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

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

\* This information was prepared by the County Office of Budget and Finance based upon evaluation of fund balances and was presented for comparative purposes only.

Baltimore County, Maryland  
Fund Balances of Governmental Funds  
Pre GASB Statement No. 54  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(dollars expressed in thousands)

|                                      | Fiscal Year |            |            |            |            |            |            |            |           |            |
|--------------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|-----------|------------|
|                                      | 2002        | 2003       | 2004       | 2005       | 2006       | 2007       | 2008       | 2009       | 2010      | 2011 *     |
| General Fund                         |             |            |            |            |            |            |            |            |           |            |
| Reserved for:                        |             |            |            |            |            |            |            |            |           |            |
| Encumbrances                         | \$ 2,466    | \$ 3,327   | \$ 3,740   | \$ 4,101   | \$ 4,565   | \$ 4,996   | \$ 4,101   | \$ 4,985   | \$ 5,762  | \$ 4,586   |
| Inventories                          | 2,983       | 3,395      | 3,673      | 4,111      | 4,468      | 4,061      | 5,431      | 5,911      | 5,906     | 6,942      |
| Imprest funds                        | 69          | 70         | 69         | 68         | 67         | 68         | 70         | 67         | 70        | 69         |
| Equipment financing                  | 23,091      | 9,075      | 46,036     | 32,556     | 20,450     | 6,995      | 2,657      | 31,132     | 17,763    | 12,689     |
| Total reserved                       | 28,609      | 15,867     | 53,518     | 40,836     | 29,550     | 16,120     | 12,259     | 42,095     | 29,501    | 24,286     |
| Unreserved                           |             |            |            |            |            |            |            |            |           |            |
| Designated for:                      |             |            |            |            |            |            |            |            |           |            |
| Subsequent years' expenditures       | -           | 17,032     | 23,142     | 52,018     | 81,126     | 57,531     | 47,471     | 52,082     | 9,400     | 60,568     |
| Retirement of long-term debt         | -           | -          | -          | -          | -          | -          | 8,986      | -          | -         | -          |
| Revenue stabilization                | 65,009      | 66,010     | 66,702     | 68,084     | 76,016     | 79,992     | 82,943     | 84,080     | 84,357    | 84,610     |
| Undesignated                         | 34,978      | 42,423     | 83,444     | 117,277    | 122,523    | 133,899    | 118,530    | 82,703     | 109,231   | 80,590     |
| Total unreserved                     | 99,987      | 125,465    | 173,288    | 237,379    | 279,665    | 271,422    | 257,930    | 218,865    | 202,988   | 225,768    |
| Total General Fund                   | 128,596     | 141,332    | 226,806    | 278,215    | 309,215    | 287,542    | 270,189    | 260,960    | 232,489   | 250,054    |
| All other governmental funds         |             |            |            |            |            |            |            |            |           |            |
| Reserved                             | 7,923       | 9,491      | 9,453      | 12,712     | 15,281     | 15,572     | 15,686     | 16,628     | 19,942    | 28,304     |
| Unreserved, reported in:             |             |            |            |            |            |            |            |            |           |            |
| Special revenue funds <sup>a,b</sup> | 1,152       | 3,327      | 1,981      | 2,010      | 7,404      | 160,899    | 4,099      | 20,296     | 3,819     | 245        |
| Capital project funds                | (10,840)    | (11,689)   | 38,920     | (53,149)   | (91,614)   | (121,680)  | (48,410)   | (98,521)   | (209,354) | (157,090)  |
| Total all other governmental funds   | (1,765)     | 1,129      | 50,354     | (38,427)   | (68,929)   | 54,791     | (28,625)   | (61,597)   | (185,593) | (128,541)  |
| Total governmental funds             | \$ 126,831  | \$ 142,461 | \$ 277,160 | \$ 239,788 | \$ 240,286 | \$ 342,333 | \$ 241,564 | \$ 199,363 | \$ 46,896 | \$ 121,513 |

<sup>a</sup> 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,  
<sup>b</sup> In FY2008, the fund balance of \$156.275 million in the OPEB Fund as of 6/30/07, was contributed to the OPEB Trust Fund.  
 \* This information was prepared by the County Office of Budget and Finance and was derived from records for FY 2011 based on standards used in prior years. Information was presented for comparative purposes only.

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

|   | Fiscal Year  |              |              |              |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | 2002         | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         |
| <b>Revenues</b>                                   |              |              |              |              |              |              |              |              |              |              |
| Taxes   | \$ 1,069,383 | \$ 1,097,478 | \$ 1,169,179 | \$ 1,263,927 | \$ 1,364,725 | \$ 1,441,828 | \$ 1,499,041 | \$ 1,518,367 | \$ 1,414,149 | \$ 1,448,849 |
| Licenses and permits                              | 4,281        | 4,559        | 4,865        | 4,859        | 5,161        | 4,690        | 4,545        | 4,171        | 3,648        | 4,480        |
| Intergovernmental                                 | 184,753      | 182,388      | 175,643      | 189,615      | 189,216      | 197,088      | 201,079      | 215,211      | 170,515      | 186,868      |
| Repayment of loans                                | 662          | 1,260        | 2,612        | 3,615        | 4,538        | 3,571        | 3,810        | 2,490        | 2,450        | 3,990        |
| Charges for services                              | 12,795       | 10,944       | 11,835       | 12,259       | 13,958       | 38,897       | 13,502       | 12,882       | 14,104       | 17,923       |
| Assessments                                       | 764          | 1,254        | 1,662        | 3,220        | 3,623        | 4,430        | 2,422        | 5,249        | 1,091        | 2,475        |
| Fines and forfeitures                             | 6,535        | 4,995        | 4,695        | 4,652        | 4,374        | 4,725        | 3,098        | 3,407        | 3,660        | 3,876        |
| Interest revenue                                  | 5,247        | 4,304        | 2,260        | 5,921        | 12,199       | 42,843       | 10,520       | 3,780        | 1,085        | 852          |
| Miscellaneous                                     | 22,133       | 21,273       | 21,158       | 22,244       | 23,396       | 19,824       | 25,317       | 22,175       | 24,049       | 32,468       |
| Total revenues                                    | 1,306,553    | 1,328,455    | 1,383,909    | 1,510,312    | 1,620,190    | 1,757,696    | 1,763,334    | 1,787,732    | 1,634,751    | 1,701,781    |
| <b>Expenditures</b>                               |              |              |              |              |              |              |              |              |              |              |
| General government                                | 57,645       | 58,784       | 59,717       | 60,823       | 67,271       | 69,845       | 73,556       | 74,504       | 73,972       | 76,667       |
| Public safety                                     | 220,330      | 227,760      | 228,791      | 244,346      | 266,151      | 289,362      | 311,867      | 329,337      | 341,735      | 341,131      |
| Public works                                      | 81,159       | 90,379       | 90,533       | 93,758       | 100,053      | 108,201      | 113,150      | 117,271      | 140,709      | 127,513      |
| Health and human services                         | 96,429       | 103,136      | 108,479      | 115,804      | 115,667      | 122,685      | 133,918      | 139,638      | 142,922      | 143,731      |
| Culture and leisure services                      | 16,941       | 17,259       | 16,898       | 17,825       | 20,876       | 22,852       | 24,707       | 25,960       | 26,999       | 26,771       |
| Economic and community development                | 13,274       | 14,090       | 15,268       | 10,901       | 10,683       | 10,256       | 11,339       | 11,563       | 15,242       | 18,244       |
| Pension plan contributions                        | 10,485       | 16,182       | 22,419       | 27,428       | 31,190       | 35,968       | 40,778       | 46,446       | 53,156       | 53,795       |
| Healthcare contributions                          | 55,551       | 75,195       | 85,238       | 79,109       | 85,948       | 105,780      | 266,019      | 81,446       | 66,769       | 56,367       |
| Loans   | 1,371        | 1,110        | 2,405        | 1,684        | 3,366        | 2,910        | 3,281        | 3,290        | 1,163        | -            |
| Bad debt  | 323          | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Miscellaneous                                     | 12,422       | 12,957       | 13,033       | 12,429       | 13,770       | 15,489       | 15,966       | 16,686       | 17,551       | 17,384       |
| Capital projects                                  | 130,263      | 89,399       | 96,729       | 117,789      | 119,255      | 154,112      | 124,064      | 131,929      | 126,773      | 106,827      |
| Payments to component units                       | 760,125      | 710,676      | 676,250      | 702,182      | 731,291      | 829,109      | 828,488      | 823,229      | 882,459      | 857,010      |
| Debt service:                                     |              |              |              |              |              |              |              |              |              |              |
| Principal retirement                              | 39,401       | 33,359       | 41,107       | 41,544       | 39,781       | 40,493       | 45,418       | 40,981       | 46,030       | 48,149       |
| Interest  | 17,101       | 19,504       | 19,725       | 22,128       | 21,561       | 22,770       | 23,157       | 25,108       | 24,213       | 28,454       |
| Fiscal charges                                    | 794          | 1,286        | 2,093        | 538          | 501          | 849          | 635          | 1,027        | 1,216        | 2,413        |
| Retirement of auction rate notes                  | -            | -            | -            | -            | -            | -            | -            | 35,000       | -            | -            |
| Retirement of bond anticipation notes             | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Total expenditures                                | 27,000       | 1,350,000    | 1,630,685    | 1,548,288    | 1,627,364    | 1,941,681    | 1,400,000    | 1,903,415    | 1,960,909    | 1,976,506    |
| Excess (deficiency) of revenues over expenditures | (234,061)    | (277,621)    | (236,776)    | (37,976)     | (7,174)      | (183,985)    | (393,009)    | (115,683)    | (326,158)    | (274,725)    |

(continued)



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

|  | Fiscal Year      |                  |                   |                    |               |                   |                     |                    |                     |                  |
|--|------------------|------------------|-------------------|--------------------|---------------|-------------------|---------------------|--------------------|---------------------|------------------|
|  | 2002             | 2003             | 2004              | 2005               | 2006          | 2007              | 2008                | 2009               | 2010                | 2011             |
| <b>Other financing sources (uses)</b>                          |                  |                  |                   |                    |               |                   |                     |                    |                     |                  |
| Bonds issued   | -                | 135,000          | 152,000           | -                  | -             | 111,000           | 140,000             | -                  | 174,970             | 267,000          |
| Bond premium   | -                | 5,232            | 12,602            | -                  | -             | 5,293             | 9,150               | -                  | 725                 | 12,041           |
| Bond discount  | -                | -                | -                 | -                  | -             | -                 | -                   | -                  | (2,002)             | -                |
| Bond anticipation notes issued                                 | 185,000          | 152,000          | 161,000           | -                  | -             | 90,000            | 140,000             | 35,000             | -                   | 70,050           |
| Refunding bonds issued   | -                | 141,175          | 63,085            | -                  | -             | -                 | -                   | 73,020             | -                   | 13,565           |
| Bond premium - refunding                                       | -                | 10,766           | 6,127             | -                  | -             | -                 | -                   | 8,151              | -                   | 1,387            |
| Certificates of participation issued                           | 53,584           | -                | 42,500            | -                  | -             | -                 | -                   | 34,700             | -                   | -                |
| Certificates of participation premium                          | -                | -                | 2,528             | -                  | -             | -                 | -                   | 1,723              | -                   | -                |
| 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)          | -                  | -             | -                 | -                   | (80,850)           | -                   | (14,879)         |
| Transfers in   | 74,812           | 13,701           | 8,814             | 53,508             | 132,424       | 347,855           | 158,675             | 165,168            | 158,907             | 61,265           |
| Transfers out  | (74,090)         | (13,350)         | (8,305)           | (52,904)           | (128,536)     | (268,116)         | (155,585)           | (163,430)          | (158,909)           | (61,087)         |
| <b>Total other financing sources (uses)</b>                    | <b>248,774</b>   | <b>293,251</b>   | <b>371,475</b>    | <b>604</b>         | <b>7,672</b>  | <b>286,032</b>    | <b>292,240</b>      | <b>73,482</b>      | <b>173,691</b>      | <b>349,342</b>   |
| <b>Net change in fund balances</b>                             | <b>\$ 14,713</b> | <b>\$ 15,630</b> | <b>\$ 134,699</b> | <b>\$ (37,372)</b> | <b>\$ 498</b> | <b>\$ 102,047</b> | <b>\$ (100,769)</b> | <b>\$ (42,201)</b> | <b>\$ (152,467)</b> | <b>\$ 74,617</b> |
| <b>Debt service as a percentage of noncapital expenditures</b> | <b>4.01%</b>     | <b>3.50%</b>     | <b>3.93%</b>      | <b>4.42%</b>       | <b>4.06%</b>  | <b>3.50%</b>      | <b>3.37%</b>        | <b>3.70%</b>       | <b>3.83%</b>        | <b>4.17%</b>     |

**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   |  | Revenue Stabilization Reserve Account ("RSRA") | Undesignated Fund Balance | Undesignated Fund Balance PLUS RSRA as % of G.F. Revenues |
|-------------|-----------------------------|--------------|--|--|---------------------------|---|
|             |                             | Fund Balance | Fund Balance as a % of General Fund Revenues |  |                           |   |
| 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  |
| 2009        | 1,635,375                   | 218,865      | 13.4   | 84,080   | 82,703                    | 10.2  |
| 2010        | 1,489,427                   | 202,988      | 13.6   | 84,357   | 109,231                   | 13.0  |
| 2011        | 1,547,926                   | 225,768      | 14.6   | 84,610   | 80,590                    | 10.7  |

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

**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     |
|-------------|-----------|----------------------|--------------------|----------------------|-----------------------|---|--|-----------|
|             |           |                      |                    |                      |                       |   |  |           |
| 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 |
| 2009        | 1,518,367 | 3,539                | 70,424             | 8,861                | 3,407                 | 23,320                                    | 7,457                                      | 1,635,375 |
| 2010        | 1,414,149 | 3,009                | 30,904             | 9,497                | 3,660                 | 21,270                                    | 6,938                                      | 1,489,427 |
| 2011        | 1,448,849 | 3,858                | 34,186             | 9,963                | 3,876                 | 26,214                                    | 20,980                                     | 1,547,926 |

Note: Table does not include major interfund transfers that occurred in FY 2010 and FY 2011.

(1) See the General Fund Tax Revenues by Source table for detail

**Baltimore County, Maryland**  
**General Fund Tax Revenues by Source**  
**Last Ten Fiscal Years**  
**(budgetary basis)**  
**(dollars expressed in thousands)**

| Fiscal Year | Total Taxes  | General        |              |           | Other Local Taxes (1) |
|-------------|--------------|----------------|--------------|-----------|-----------------------|
|             |              | Property Taxes | Income Taxes | Taxes (1) |                       |
| 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               |
| 2009        | 1,518,367    | 765,573        | 640,176      |           | 112,618               |
| 2010        | 1,414,149    | 814,100        | 495,656      |           | 104,393               |
| 2011        | 1,448,849    | 837,056        | 514,715      |           | 97,078                |

(1) Fiscal year 2011 other local taxes include: title transfer tax - \$35.670 million, recordation tax - \$18.344 million, electricity - \$15.735 million, telephone tax - \$9.402 million, admissions and amusement tax - \$4.995 million, motel and hotel occupancy tax - \$7.658 million, 911 fee - \$4.742 million and auto trailer camp tax - \$0.532 million.

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

| Fiscal Year | General Government | Public Safety | Public Works | Health and Human Services | Culture and Leisure Services | Economic and Community Development | Debt Service | Non-Departmental (1) | Payments to     |                     | Total        |
|-------------|--------------------|---------------|--------------|---------------------------|------------------------------|------------------------------------|--------------|----------------------|-----------------|---------------------|--------------|
|             |                    |               |              |                           |                              |                                    |              |                      | Component Units | Interfund Transfers |              |
| 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    |
| 2009        | 74,811             | 321,064       | 117,197      | 36,521                    | 24,014                       | 2,022                              | 66,655       | 144,553              | 743,667         | 145,719             | 1,676,223    |
| 2010        | 75,026             | 327,432       | 136,389      | 37,993                    | 24,681                       | 2,104                              | 70,784       | 138,157              | 770,486         | 40,550              | 1,623,602    |
| 2011        | 76,761             | 330,042       | 126,883      | 37,537                    | 23,622                       | 1,889                              | 77,221       | 127,467              | 766,829         | 9,938               | 1,578,189    |

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

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

| Fiscal Year<br>Ended June<br>30 | Real Property (1)       |                        |                        |  |                              | Personal Property             |                               |  |               | Total Taxable<br>Assessed<br>Value (1) | Estimated<br>Actual Value |
|---------------------------------|-------------------------|------------------------|------------------------|--|------------------------------|-------------------------------|-------------------------------|--|---------------|--|---------------------------|
|                                 | Residential<br>Property | Commercial<br>Property | Total Real<br>Property | Real<br>Property<br>Direct Tax<br>Rate (2) | Railroad/Utility<br>Property | Other<br>Business<br>Property | Total<br>Personal<br>Property | Personal<br>Property<br>Direct Tax<br>Rate (2) |               |  |                           |
| 2002                            | \$ 31,894,624           | \$ 9,901,502           | \$ 41,796,126          | \$ 1.115                                   | \$ 1,266,979                 | \$ 1,648,277                  | \$ 2,915,256                  | \$ 2.7875                                      | \$ 44,711,382 | \$ 44,711,382                          |                           |
| 2003                            | 33,364,185              | 10,101,402             | 43,465,587             | 1.115                                      | 1,232,584                    | 1,624,621                     | 2,857,205                     | 2.7875   | 46,322,792    | 46,322,792                             |                           |
| 2004                            | 35,308,428              | 10,180,399             | 45,488,827             | 1.115                                      | 1,256,859                    | 1,590,123                     | 2,846,982                     | 2.7875   | 48,335,809    | 48,335,809                             |                           |
| 2005                            | 37,842,322              | 10,450,586             | 48,292,908             | 1.115                                      | 1,282,225                    | 1,579,151                     | 2,861,376                     | 2.7875   | 51,154,284    | 51,154,284                             |                           |
| 2006                            | 42,299,963              | 10,894,155             | 53,194,118             | 1.115                                      | 1,291,619                    | 1,619,851                     | 2,911,470                     | 2.7875   | 56,105,588    | 56,105,588                             |                           |
| 2007                            | 48,631,721              | 11,407,441             | 60,039,162             | 1.100                                      | 1,351,599                    | 1,715,999                     | 3,067,598                     | 2.7500   | 63,106,760    | 63,106,760                             |                           |
| 2008                            | 56,863,450              | 12,482,221             | 69,345,671             | 1.100                                      | 1,255,594                    | 1,812,240                     | 3,067,834                     | 2.7500   | 72,413,505    | 72,413,505                             |                           |
| 2009                            | 62,317,297              | 16,565,357             | 78,882,654             | 1.100                                      | 1,257,017                    | 1,860,511                     | 3,117,528                     | 2.7500   | 82,000,182    | 82,000,182                             |                           |
| 2010                            | 67,285,085              | 18,977,845             | 86,262,930             | 1.100                                      | 1,225,048                    | 1,885,528                     | 3,110,576                     | 2.7500   | 89,373,506    | 89,373,506                             |                           |
| 2011                            | 66,400,696              | 19,833,974             | 86,234,670             | 1.100                                      | 1,241,027                    | 1,703,753                     | 2,944,780                     | 2.7500   | 89,179,450    | 89,179,450                             |                           |

Note:  
(1) Tax exempt properties are not included  
(2) Expressed in dollars

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

| Fiscal<br>Year | County Direct Rates |           |
|----------------|---------------------|-----------|
|                | Real                | Personal  |
| 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    |
| 2009           | 1.100               | 2.7500    |
| 2010           | 1.100               | 2.7500    |
| 2011           | 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.

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

| 2011                                 |                               | 2002                          |   |
|--------------------------------------|-------------------------------|-------------------------------|---|
| <u>Taxpayer</u>                      | <u>Taxable Assessed Value</u> | <u>Taxable Assessed Value</u> | <u>Percentage of Total Taxable Assessed Value</u> |
| BGE                                  | 979,411                       | \$ 827,818                    | 1.85%   |
| Verizon                              | 336,239                       | 384,932                       | 0.86%   |
| Merritt Management Corp.             | 414,496                       | 192,587                       | 0.43%   |
| Towson Town Center Associates        | 238,680                       | 167,183                       | 0.37%   |
| TRP Surburban                        | 182,582                       | 138,797                       | 0.31%   |
| ISG                                  | 204,044                       | 133,370                       | 0.30%   |
| Wal Mart                             | 185,403                       | 129,284                       | 0.29%   |
| Oak Campus Partners LLC              | 167,260                       | 120,443                       | 0.27%   |
| Maryland Health and Higher Education | 140,165                       | 113,801                       | 0.25%   |
| Comcast                              | 89,196                        | 52,927                        | 0.12%   |
|                                      | <u>\$ 2,937,476</u>           | <u>\$ 2,261,142</u>           | <u>5.05%</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<br>Ended<br>June 30 | Original   |                             |                        | Collected within the Fiscal<br>Year of the Levy |                                   |                                       | Total Collections to Date |                                |  |
|---------------------------------|------------|-----------------------------|------------------------|---|-----------------------------------|---------------------------------------|---------------------------|--------------------------------|--|
|                                 | Tax Levy   | Prior Year<br>Adjusted Levy | Total Adjusted<br>Levy | Amount  | Percentage<br>of Original<br>Levy | Collections in<br>Subsequent<br>Years | Amount                    | Percentage of<br>Original Levy |  |
| 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                           |  |
| 2009                            | 763,191    | (1,461)                     | 761,730                | 758,977   | 99.4                              | 886                                   | 759,863                   | 99.6                           |  |
| 2010                            | 808,956    | (881)                       | 808,075                | 805,384   | 99.6                              | 1,985                                 | 807,369                   | 99.8                           |  |
| 2011                            | 838,282    | (1,899)                     | 836,383                | 834,831   | 99.6                              | 1,334                                 | 836,165                   | 99.7                           |  |

**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 |            |                          |                                   |                    |
| 2002        | \$ 562,355              | \$ 52,000                     | \$ 12,091           | \$ -         | \$ 361,181               | \$ -                          | \$ 1,556            | \$ 989,183 | 3.32                     | \$ 1,287.92                       |                    |
| 2003        | 670,390                 | 51,385                        | 7,216               | -            | 394,892                  | -                             | 1,057               | 1,124,940  | 3.68                     | 1,453.56                          |                    |
| 2004        | 791,005                 | 87,605                        | 3,236               | -            | 421,379                  | 4,000                         | 545                 | 1,307,770  | 4.00                     | 1,679.19                          |                    |
| 2005        | 752,245                 | 78,095                        | 665                 | -            | 405,051                  | 3,600                         | 107                 | 1,239,763  | 3.68                     | 1,586.49                          |                    |
| 2006        | 710,335                 | 69,520                        | 29                  | 3,755        | 433,304                  | 3,200                         | -                   | 1,220,143  | 3.41                     | 1,553.93                          |                    |
| 2007        | 757,825                 | 59,640                        | -                   | 3,681        | 535,035                  | 2,800                         | -                   | 1,358,981  | 3.68                     | 1,729.36                          |                    |
| 2008        | 850,400                 | 47,310                        | -                   | 3,601        | 722,041                  | 2,400                         | -                   | 1,625,752  | 4.23                     | 2,069.39                          |                    |
| 2009        | 795,375                 | 76,100                        | -                   | 3,515        | 692,248                  | 4,000                         | -                   | 1,571,238  | 3.99                     | 1,979.68                          |                    |
| 2010        | 916,350                 | 68,450                        | -                   | 3,422        | 765,337                  | 3,400                         | -                   | 1,756,959  | 4.30                     | 2,191.41                          |                    |
| 2011        | 1,124,790               | 60,460                        | -                   | 3,321        | 857,417                  | 2,800                         | -                   | 2,048,788  | 4.73                     | 2,529.06                          |                    |

(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)**

| Fiscal Year | Estimated Population (1) | Estimated Actual Value of Real & Personal Property | CPI GO Debt (2) | Percent of CPI GO Debt to Estimated Actual Value of Property |  | CPI GO Debt per Capita (3) |
|-------------|--------------------------|--|-----------------|--|--|----------------------------|
|             |                          |  |                 |  |  |                            |
| 2002        | 768,047                  | \$ 44,711,382                                      | \$ 562,355      | 1.26   |  | \$ 732                     |
| 2003        | 773,921                  | 46,322,792   | 670,390         | 1.45   |  | 866.23                     |
| 2004        | 778,810                  | 48,335,809   | 791,005         | 1.64   |  | 1,015.66                   |
| 2005        | 781,452                  | 51,154,284   | 752,245         | 1.47   |  | 962.62                     |
| 2006        | 785,200                  | 56,105,588   | 710,335         | 1.27   |  | 904.65                     |
| 2007        | 785,830                  | 63,106,760   | 757,825         | 1.20   |  | 964.36                     |
| 2008        | 785,618                  | 72,413,505   | 850,400         | 1.17   |  | 1,082.46                   |
| 2009        | 793,684                  | 82,000,182   | 795,375         | 0.97   |  | 1,002.13                   |
| 2010        | 801,750                  | 89,373,506   | 916,350         | 1.03   |  | 1,142.94                   |
| 2011        | 810,100                  | 89,179,450   | 1,124,790       | 1.26   |  | 1,388.46                   |

**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)**

| Fiscal Year | Estimated Population (1) | Estimated Actual Value of Real & Personal Property |  | MD GO Debt (2) | Percent of MD GO Debt to Estimated Actual Value of Property |  | MD GO Debt per Capita (3) |
|-------------|--------------------------|--|--|----------------|---|--|---------------------------|
|             |                          | \$   |  |                |   |  |                           |
| 2002        | 768,047                  | \$ 39,676,108                                      |  | \$ 361,181     | 0.91  |  | \$ 470.26                 |
| 2003        | 773,921                  | 40,974,427   |  | 394,892        | 0.96  |  | 510.25                    |
| 2004        | 778,810                  | 42,692,467   |  | 421,379        | 0.99  |  | 541.05                    |
| 2005        | 781,452                  | 44,812,397   |  | 405,051        | 0.90  |  | 518.33                    |
| 2006        | 785,200                  | 49,121,179   |  | 433,304        | 0.88  |  | 551.84                    |
| 2007        | 785,830                  | 55,405,898   |  | 535,035        | 0.97  |  | 680.85                    |
| 2008        | 785,618                  | 63,754,867   |  | 722,041        | 1.13  |  | 919.07                    |
| 2009        | 793,684                  | 72,114,666   |  | 692,248        | 0.96  |  | 872.20                    |
| 2010        | 801,750                  | 78,333,295   |  | 765,337        | 0.98  |  | 954.58                    |
| 2011        | 810,100                  | 79,460,477   |  | 857,417        | 1.08  |  | 1,058.41                  |

**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)

|  | 2002          | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          | 2009          | 2010          | 2011          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Consolidated Public Improvement (CPI) General Obligation Debt</b> |               |               |               |               |               |               |               |               |               |               |
| Assessed value   |               |               |               |               |               |               |               |               |               |               |
| Real property  | \$ 41,796,126 | \$ 43,465,587 | \$ 45,488,827 | \$ 48,292,908 | \$ 53,194,118 | \$ 60,039,162 | \$ 69,345,671 | \$ 78,882,654 | \$ 86,262,930 | \$ 86,234,670 |
| Personal property  | 2,915,256     | 2,857,205     | 2,846,982     | 2,861,376     | 2,911,470     | 3,067,598     | 3,067,834     | 3,117,528     | 3,110,576     | 2,944,780     |
| Total assessed value   | 44,711,382    | 46,322,792    | 48,335,809    | 51,154,284    | 56,105,588    | 63,106,760    | 72,413,505    | 82,000,182    | 89,373,506    | 89,179,450    |
| Debt limit (4% of total assessed value) (2)                          | 4,471,138     | 4,632,279     | 4,833,581     | 5,115,428     | 5,610,559     | 2,524,270     | 2,896,540     | 3,280,007     | 3,574,940     | 3,567,178     |
| Debt applicable to limit:  |               |               |               |               |               |               |               |               |               |               |
| Consolidated public improvement bonds                                | 320,585       | 419,110       | 538,085       | 507,035       | 473,140       | 550,070       | 651,290       | 574,235       | 702,565       | 918,085       |
| Pension liability funding  | 106,770       | 99,280        | 91,920        | 84,210        | 76,195        | 67,755        | 59,110        | 46,140        | 38,885        | 31,805        |
| CPI commercial paper notes   | 135,000       | 152,000       | 161,000       | 161,000       | 161,000       | 140,000       | 140,000       | 175,000       | 174,900       | 174,900       |
| Total debt applicable to debt limit                                  | 562,355       | 670,390       | 791,005       | 752,245       | 710,335       | 757,825       | 850,400       | 795,375       | 916,350       | 1,124,790     |
| Legal debt margin  | \$ 3,908,783  | \$ 3,961,889  | \$ 4,042,576  | \$ 4,363,183  | \$ 4,900,224  | \$ 1,766,445  | \$ 2,046,140  | \$ 2,484,632  | \$ 2,658,590  | \$ 2,442,388  |
| <b>Metropolitan District General Obligation Debt</b>                 |               |               |               |               |               |               |               |               |               |               |
| Assessed value (1)   |               |               |               |               |               |               |               |               |               |               |
| Real property  | \$ 37,089,160 | \$ 38,447,111 | \$ 40,177,878 | \$ 42,305,762 | \$ 46,572,148 | \$ 52,712,637 | \$ 61,053,861 | \$ 69,372,971 | \$ 75,606,965 | \$ 76,836,626 |
| Personal property  | 2,586,948     | 2,527,316     | 2,514,589     | 2,506,635     | 2,549,031     | 2,693,261     | 2,701,006     | 2,741,695     | 2,726,330     | 2,623,851     |
| Total assessed value   | 39,676,108    | 40,974,427    | 42,692,467    | 44,812,397    | 49,121,179    | 55,405,898    | 63,754,867    | 72,114,666    | 78,333,295    | 79,460,477    |
| Debt limit (3.2% of total assessed value) (3)                        | 3,174,089     | 3,277,954     | 3,415,397     | 3,584,992     | 3,929,694     | 1,772,989     | 2,040,156     | 2,307,669     | 2,506,665     | 2,542,735     |
| Debt applicable to limit:  |               |               |               |               |               |               |               |               |               |               |
| Metropolitan District (MD) bonds                                     | 296,181       | 346,892       | 382,379       | 366,051       | 394,304       | 475,035       | 662,041       | 585,648       | 658,837       | 750,917       |
| MD commercial paper notes  | 65,000        | 48,000        | 39,000        | 39,000        | 39,000        | 60,000        | 60,000        | 106,600       | 106,500       | 106,500       |
| Total debt applicable to debt limit                                  | 361,181       | 394,892       | 421,379       | 405,051       | 433,304       | 535,035       | 722,041       | 692,248       | 765,337       | 857,417       |
| Legal debt margin  | \$ 2,812,908  | \$ 2,883,062  | \$ 2,994,018  | \$ 3,179,941  | \$ 3,496,390  | \$ 1,237,954  | \$ 1,318,115  | \$ 1,615,421  | \$ 1,741,328  | \$ 1,685,318  |

Notes:

- (1) Assessed value of property in the Metropolitan District.
- (2) The County General Bond debt limit on assessed value of real property was changed from 10% to 4% beginning in FY 2007.
- (3) The Metropolitan District debt limit on assessed value of real property was changed from 8% to 3.2% beginning in FY 2007.

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

| Fiscal Year | Estimated Population (1) | Total Personal Income (expressed in thousands) | Per Capita Personal Income (2) | Median Age (3) | Education                              |                       | Unemployment Rate (5) |
|-------------|--------------------------|--|--------------------------------|----------------|--|-----------------------|-----------------------|
|             |                          |  |                                |                | Level in Years of Formal Schooling (3) | School Enrollment (4) |                       |
| 2002        | 768,047                  | \$ 29,776,382                                  | \$ 38,769                      | 37.7           | 14.8                                   | 107,322               | 4.6                   |
| 2003        | 773,921                  | 30,604,261                                     | 39,544                         | 37.8           | 14.8                                   | 108,604               | 4.9                   |
| 2004        | 778,810                  | 32,663,669                                     | 41,940                         | 37.9           | 14.8                                   | 108,792               | 4.7                   |
| 2005        | 781,452                  | 33,681,357                                     | 43,101                         | 37.8           | 14.7                                   | 108,015               | 4.5                   |
| 2006        | 785,200                  | 35,764,674                                     | 45,548                         | 37.8           | 14.8                                   | 107,386               | 4.1                   |
| 2007        | 785,830                  | 36,894,937                                     | 46,950                         | 37.9           | 14.9                                   | 105,330               | 3.7                   |
| 2008        | 785,618                  | 38,431,368                                     | 48,919                         | 38.0           | 14.9                                   | 104,714               | 4.5                   |
| 2009        | 793,684                  | 39,411,966                                     | 49,657                         | 38.0           | 15.0                                   | 103,643               | 7.9                   |
| 2010        | 801,750                  | 40,905,988                                     | 51,021                         | 38.4           | 15.0                                   | 103,832               | 7.8                   |
| 2011        | 810,100                  | 43,321,098                                     | 53,476                         | 39.1           | 15.0                                   | 104,331               | 7.9                   |

**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 1.9% for FY 2010 and 4.91% for FY 2011.
- (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**

|                                    | 2011      |                                       | 2002      |                                       |
|------------------------------------|-----------|---------------------------------------|-----------|---------------------------------------|
|                                    | Employees | Percentage of Total County Employment | Employees | Percentage of Total County Employment |
| <b>Employer</b>                    |           |                                       |           |                                       |
| Social Security Administration/CMS | 14,948    | 3.82                                  | 13,312    | 3.69                                  |
| Baltimore County Public Schools    | 14,608    | 3.73                                  | 8,950     | 2.48                                  |
| Baltimore County Government        | 8,429     | 2.15                                  | 7,986     | 2.21                                  |
| Franklin Square Hospital           | 3,500     | 0.89                                  | 3,825     | 1.06                                  |
| Towson University                  | 3,344     | 0.86                                  | 2,798     | 0.78                                  |
| Greater Baltimore Medical Center   | 3,331     | 0.85                                  | 2,324     | 0.65                                  |
| St. Joseph Medical Center          | 3,330     | 0.85                                  | 2,285     | 0.63                                  |
| UMBC                               | 3,258     | 0.83                                  | 2,145     | 0.59                                  |
| Erickson Retirement Communities    | 3,070     | 0.78                                  | 2,100     | 0.58                                  |
| Sheppard Pratt Health System       | 2,380     | 0.61                                  | 2,036     | 0.57                                  |
| Total                              | 60,198    | 15.37                                 | 47,761    | 13.24                                 |

Source: Baltimore County Department of Economic Development

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

|   | 2002  | 2003  | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>GENERAL GOVERNMENT</b>                   |       |       |       |       |       |       |       |       |       |       |
| County Executive                            | 15    | 15    | 15    | 15    | 15    | 15    | 15    | 15    | 15    | 14    |
| Administrative Office                       | 24    | 24    | 24    | 24    | 24    | 24    | 24    | 23    | 23    | 23    |
| Office of Budget and Finance                | 144   | 139   | 139   | 141   | 143   | 151   | 151   | 163   | 160   | 184   |
| Office of Law                               | 48    | 48    | 48    | 47    | 46    | 34    | 33    | 32    | 32    | 30    |
| Planning & Community Conservation           | 52    | 52    | 52    | 50    | 50    | 50    | 51    | 49    | 50    | 49    |
| Office of Human Resources                   | 37    | 37    | 35    | 34    | 34    | 34    | 32    | 33    | 33    | 32    |
| Permits, Approvals and Inspections          | 213   | 215   | 215   | 216   | 215   | 222   | 223   | 224   | 223   | 188   |
| County Council                              | 38    | 38    | 38    | 38    | 38    | 37    | 37    | 37    | 37    | 37    |
| County Auditor                              | 19    | 19    | 19    | 19    | 19    | 19    | 19    | 19    | 19    | 19    |
| Board of Appeals                            | 10    | 10    | 10    | 10    | 10    | 10    | 10    | 10    | 10    | 10    |
| Information Technology                      | 127   | 130   | 134   | 136   | 145   | 148   | 148   | 176   | 186   | 186   |
| Internal Service Funds                      | 59    | 67    | 67    | 65    | 62    | 59    | 59    | 59    | 59    | 59    |
| <b>HEALTH &amp; HUMAN SERVICES</b>          |       |       |       |       |       |       |       |       |       |       |
| Department of Health                        | 554   | 557   | 582   | 553   | 558   | 555   | 552   | 550   | 533   | 531   |
| Social Services                             | 212   | 201   | 189   | 206   | 202   | 199   | 206   | 205   | 213   | 214   |
| Social Services - State                     | 17    | 17    | 17    | 17    | 17    | 17    | 17    | 16    | 12    | 12    |
| Department of Aging                         | 320   | 329   | 336   | 338   | 338   | 338   | 330   | 332   | 332   | 331   |
| Environmental Protection and Sustainability | 108   | 108   | 108   | 108   | 116   | 116   | 116   | 119   | 119   | 119   |
| Local Management Board                      | 5     | 7     | 6     | 6     | 8     | 8     | 9     | 9     | 10    | 7     |
| Housing Office                              | 79    | 79    | 80    | 80    | 67    | 67    | 60    | 60    | 60    | 59    |
| <b>RECREATION &amp; COMM. SERV.</b>         |       |       |       |       |       |       |       |       |       |       |
| Recreation & Parks                          | 256   | 268   | 260   | 261   | 311   | 347   | 325   | 333   | 336   | 315   |
| Recreation - Enterprise Fund                | 51    | 49    | 52    | 52    | -     | -     | -     | -     | -     | -     |
| Economic Development                        | 20    | 20    | 20    | 20    | 20    | 20    | 19    | 19    | 21    | 21    |
| Community Development Block Grants          | 23    | 23    | 24    | 27    | 27    | 27    | 26    | 25    | 31    | 30    |
| Workforce Development                       | 33    | 33    | 37    | 34    | 31    | 28    | 29    | 32    | 49    | 45    |
| Organization Contributions                  | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 2     | -     |
| <b>PUBLIC WORKS</b>                         | 1,093 | 1,101 | 1,115 | 1,131 | 1,150 | 1,160 | 1,173 | 1,179 | 1,181 | 1,181 |
| <b>SUBTOTAL</b>                             | 3,558 | 3,587 | 3,623 | 3,629 | 3,647 | 3,686 | 3,665 | 3,720 | 3,746 | 3,696 |

(continued)



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

|   | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>PUBLIC SAFETY</b>                              |        |        |        |        |        |        |        |        |        |        |
| Department of Corrections                         | 350    | 350    | 350    | 410    | 435    | 444    | 471    | 472    | 472    | 473    |
| Communications Center                             | 191    | 191    | 192    | 192    | 192    | 193    | 193    | 192    | 187    | 187    |
| Police Department                                 | 2,455  | 2,471  | 2,486  | 2,487  | 2,527  | 2,550  | 2,566  | 2,564  | 2,590  | 2,575  |
| Fire Department                                   | 1,062  | 1,062  | 1,080  | 1,080  | 1,083  | 1,083  | 1,083  | 1,098  | 1,091  | 1,090  |
|   | 4,058  | 4,074  | 4,108  | 4,169  | 4,237  | 4,270  | 4,313  | 4,326  | 4,340  | 4,325  |
| <b>STATE MANDATED AGENCIES</b>                    |        |        |        |        |        |        |        |        |        |        |
| Circuit Court                                     | 100    | 104    | 91     | 90     | 92     | 97     | 98     | 98     | 100    | 100    |
| Orphan's Court                                    | 4      | 4      | 4      | 4      | 4      | 4      | 5      | 5      | 5      | 5      |
| Board Of Elections                                | 9      | 10     | 10     | 13     | 15     | 15     | 14     | 14     | 14     | 14     |
| Board Of Elections - State                        | 22     | 22     | 24     | 24     | 26     | 26     | 26     | 26     | 26     | 26     |
| State's Attorney                                  | 103    | 104    | 108    | 112    | 114    | 118    | 120    | 123    | 124    | 124    |
| County Sheriff                                    | 94     | 94     | 94     | 94     | 94     | 100    | 100    | 100    | 104    | 104    |
| Liquor License Commission                         | 26     | 26     | 26     | 26     | 26     | 26     | 26     | 25     | 25     | 25     |
| Cooperative Extension                             | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      |
| Cooperative Extension - State                     | 10     | 10     | 9      | 10     | 10     | 10     | 8      | 8      | 8      | 8      |
|   | 370    | 376    | 368    | 375    | 383    | 398    | 399    | 401    | 408    | 408    |
| <b>EDUCATION, COMMUNITY COLLEGE &amp; LIBRARY</b> |        |        |        |        |        |        |        |        |        |        |
| Community College                                 | 1,671  | 1,743  | 1,805  | 1,728  | 1,754  | 1,745  | 1,711  | 1,777  | 1,795  | 1,974  |
| Education Library                                 | 13,312 | 13,671 | 13,976 | 14,119 | 14,286 | 14,399 | 14,472 | 14,757 | 14,537 | 14,606 |
|   | 469    | 469    | 469    | 471    | 474    | 475    | 477    | 483    | 489    | 495    |
|   | 15,452 | 15,883 | 16,250 | 16,318 | 16,514 | 16,619 | 16,660 | 17,017 | 16,821 | 17,075 |
|   | 23,438 | 23,920 | 24,349 | 24,491 | 24,781 | 24,973 | 25,037 | 25,464 | 25,315 | 25,504 |
| <b>TOTAL</b>                                      |        |        |        |        |        |        |        |        |        |        |

Source: Baltimore County Office of Budget and Finance Budget Documents

**Baltimore County, Maryland**  
**Operating Indicators by Function**  
**Fiscal Years 2001 - 2010**

| Function                                    | 2001    | 2002    | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    | 2010    |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>CIRCUIT COURT</b>                        |         |         |         |         |         |         |         |         |         |         |
| Cases and Appeals Filed                     |         |         |         |         |         |         |         |         |         |         |
| Civil                                       | 17,121  | 18,452  | 19,482  | 18,299  | 18,408  | 17,718  | 19,630  | 20,000  | 18,606  | 19,885  |
| Criminal                                    | 6,849   | 6,807   | 6,606   | 6,300   | 6,588   | 8,274   | 8,125   | 8,250   | 9,290   | 10,211  |
| Juvenile                                    | 5,110   | 4,615   | 3,463   | 3,741   | 3,726   | 4,244   | 4,566   | 3,872   | 3,872   | 3,852   |
| Custody Mediation & Investigations          | 725     | 651     | 635     | 681     | 675     | 755     | 721     | 750     | 697     | 783     |
| <b>OFFICE OF STATE'S ATTORNEY</b>           |         |         |         |         |         |         |         |         |         |         |
| Defendants Disposed                         |         |         |         |         |         |         |         |         |         |         |
| Circuit Court                               | 8,612   | 8,512   | 8,556   | 9,422   | 9,436   | 9,450   | 8,200   | 8,366   | 9,324   | 10,388  |
| District Court                              | 60,485  | 61,691  | 61,296  | 48,210  | 49,116  | 51,000  | 47,475  | 46,786  | 48,718  | 53,709  |
| Juvenile Respondents                        | 3,800   | 3,231   | 3,357   | 3,928   | 4,045   | 4,100   | 3,375   | 3,426   | 3,865   | 3,244   |
| Felonies Screened                           | 4,478   | 4,233   | 4,442   | 4,615   | 4,315   | 4,350   | 3,950   | 4,009   | 4,194   | 4,132   |
| <b>POLICE DEPT. (calendar year)</b>         |         |         |         |         |         |         |         |         |         |         |
| Calls for Service                           | 558,974 | 595,700 | 604,755 | 608,818 | 586,669 | 599,818 | 590,341 | 618,713 | 626,783 | 604,706 |
| Patrol Car Posts                            | 115     | 115     | 115     | 115     | 115     | 118     | 118     | 118     | 118     | 118     |
| <b>FIRE DEPT. (calendar year)</b>           |         |         |         |         |         |         |         |         |         |         |
| Fire Calls                                  | 20,629  | 20,637  | 23,336  | 25,234  | 26,281  | 27,721  | 28,529  | 29,012  | 29,196  | 30,175  |
| Medical Calls                               | 82,883  | 84,804  | 89,734  | 93,545  | 98,924  | 97,084  | 104,329 | 107,374 | 84,450  | 86,844  |
| <b>DEPT. OF PERMITS &amp; DEV. MGT.</b>     |         |         |         |         |         |         |         |         |         |         |
| Inspections                                 |         |         |         |         |         |         |         |         |         |         |
| Plumbing Code                               | 36,819  | 36,819  | 36,039  | 40,489  | 36,842  | 36,800  | 33,776  | 32,468  | 24,298  | 21,534  |
| Electrical Code                             | 28,640  | 28,640  | 31,901  | 32,777  | 33,593  | 33,500  | 33,920  | 33,101  | 31,045  | 25,466  |
| Building                                    | 50,020  | 50,020  | 42,510  | 39,993  | 42,815  | 42,800  | 36,173  | 35,958  | 28,422  | 26,693  |
| Business & Amusement License                | 7,475   | 7,475   | 7,500   | 6,813   | 7,800   | 6,600   | 9,000   | 9,000   | 7,800   | 8,400   |
| Enforcement                                 | 39,435  | 39,435  | 41,000  | 39,435  | 40,100  | 43,008  | 84,953  | 106,192 | 39,852  | 38,200  |
| Applications, Permits and Licenses          |         |         |         |         |         |         |         |         |         |         |
| Building, Electrical & Plumbing Permits     | 32,186  | 32,186  | 31,300  | 34,319  | 34,206  | 36,696  | 31,036  | 26,900  | 20,331  | 21,174  |
| Electrical Licenses                         | 2,542   | 2,663   | 2,897   | 2,663   | 3,150   | 3,280   | 1,460   | 1,100   | 3,832   | 3,934   |
| Plumbing Licenses                           | 2,669   | 2,623   | 2,584   | 2,584   | 2,683   | 2,780   | 2,775   | 2,800   | 2,712   | 2,758   |
| Animal Licenses                             | 26,435  | 26,435  | 33,627  | 24,710  | 19,770  | 18,570  | 21,730  | 23,000  | 21,427  | 18,672  |
| Miscellaneous Permits                       | 11,797  | 11,797  | 11,683  | 7,900   | 9,300   | 8,642   | 8,520   | 14,550  | 7,232   | 7,003   |
| <b>BUREAU OF CORRECTIONS</b>                |         |         |         |         |         |         |         |         |         |         |
| Prisoner Days (daily population x 365 days) | 438,048 | 418,914 | 437,737 | 416,035 | 411,152 | 455,885 | 491,930 | 529,980 | 510,905 | 502,014 |
| <b>COUNTY SHERIFF</b>                       |         |         |         |         |         |         |         |         |         |         |
| Prisoners Transported                       | 9,527   | 11,883  | 12,450  | 12,583  | 11,799  | 11,850  | 19,318  | 24,000  | 18,580  | 19,029  |
| Summons, Writs Served                       | 61,561  | 62,457  | 62,433  | 47,429  | 48,320  | 50,000  | 43,941  | 47,216  | 41,103  | 43,855  |
| <b>DEPT. OF SOCIAL SERVICES</b>             |         |         |         |         |         |         |         |         |         |         |
| Average Caseload                            |         |         |         |         |         |         |         |         |         |         |
| Temporary Cash Assistance                   | 2,273   | 2,416   | 2,258   | 2,258   | 2,215   | 2,365   | 2,064   | 2,027   | 2,073   | 2,304   |
| Transitional Emergency Assist.              | 783     | 865     | 1,028   | 2,164   | 2,045   | 2,200   | 1,047   | 1,017   | 1,052   | 1,225   |
| Section 8 Housing Units Served              | 65,928  | 58,164  | 68,532  | 72,156  | 68,568  | 68,568  | 69,540  | 66,914  | 69,235  | 66,186  |

(continued)

Baltimore County, Maryland  
Operating Indicators by Function  
Fiscal Years 2001 - 2010

|                                      | 2001      | 2002      | 2003      | 2004      | 2005      | 2006      | 2007      | 2008      | 2009       | 2010       |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|
| COMMUNITY COLLEGE                    |           |           |           |           |           |           |           |           |            |            |
| Equivalent Full Time Students        | 16,616    | 17,082    | 16,968    | 16,958    | 17,199    | 17,622    | 17,108    | 17,005    | 16,380     | 20,137     |
| DEPARTMENT OF AGING                  |           |           |           |           |           |           |           |           |            |            |
| Senior Centers Registered Membership | 14,967    | 14,176    | 14,250    | 12,873    | 15,185    | 15,450    | 16,685    | 15,547    | 14,491     | 14,991     |
| County Ride Trips                    | 28,628    | 27,457    | 25,663    | 40,794    | 47,898    | 48,855    | 65,227    | 64,719    | 67,142     | 65,720     |
| Congregate Meals                     | 223,730   | 220,847   | 225,354   | 218,423   | 200,472   | 205,000   | 190,079   | 179,986   | 168,476    | 193,091    |
| DEPARTMENT OF HEALTH                 |           |           |           |           |           |           |           |           |            |            |
| Center Based Services Visits         | 9,953     | 11,800    | 12,272    | 13,531    | 12,700    | 13,000    | 11,753    | 11,058    | 10,522     | 13,231     |
| W.I.C. Nutrition Program Visits      | 64,880    | 72,000    | 50,737    | 53,415    | 53,000    | 53,000    | 58,596    | 59,500    | 72,530     | 75,584     |
| Home Health Visits                   | 11,977    | 9,296     | 7,585     | 7,464     | 7,363     | 8,100     | 8,500     | 8,500     | 12,953     | 11,477     |
| Animal Control Calls for Service     | 74,000    | 58,980    | 59,758    | 63,912    | 62,411    | 63,000    | 58,179    | 60,924    | 54,756     | 57,070     |
| DEPT. OF EDUCATION                   |           |           |           |           |           |           |           |           |            |            |
| Student Enrollment                   | 107,133   | 107,322   | 108,814   | 108,954   | 108,015   | 107,386   | 106,182   | 104,988   | 103,643    | 103,832    |
| Number of Pupils Transported         | 67,721    | 75,988    | 79,044    | 78,277    | 69,753    | 70,106    | 62,904    | 65,194    | 62,231     | 72,818     |
| BOARD OF LIBRARY TRUSTEES            |           |           |           |           |           |           |           |           |            |            |
| Books in Library                     | 1,880,922 | 1,893,104 | 1,771,025 | 1,686,840 | 1,643,714 | 1,656,515 | 1,546,231 | 1,554,270 | 1,629,143  | 1,718,261  |
| Circulation of Materials             | 9,561,701 | 9,535,461 | 9,649,168 | 9,663,000 | 9,526,920 | 9,327,983 | 9,147,294 | 9,579,090 | 10,217,972 | 10,130,476 |
| Requests for Information             | 1,791,160 | 1,777,707 | 1,978,019 | 1,752,393 | 1,752,709 | 1,995,709 | 1,948,470 | 1,992,338 | 1,966,948  | 1,951,241  |
| DEPT. OF PUBLIC WORKS                |           |           |           |           |           |           |           |           |            |            |
| Number of Street Lights              | 39,141    | 39,356    | 39,500    | 39,700    | 40,117    | 40,400    | 40,870    | 41,100    | 41,161     | 41,279     |
| Highways                             |           |           |           |           |           |           |           |           |            |            |
| Miles of Road Paved                  | 2,560     | 2,572     | 2,586     | 2,614     | 2,620     | 2,627     | 2,646     | 2,652     | 2,656      | 2,666      |
| Miles of Storm Drain Lines           | 792       | 794       | 805       | 810       | 810       | 815       | 833       | 853       | 866        | 844        |
| Miles of Streets Swept               | 12,147    | 6,632     | 8,825     | 6,082     | 7,160     | 6,400     | 6,235     | 3,812     | 4,047      | 3,777      |
| Solid Waste                          |           |           |           |           |           |           |           |           |            |            |
| Refuse Collection Units Served       | 313,113   | 315,344   | 318,760   | 321,297   | 322,460   | 324,504   | 326,555   | 327,277   | 327,959    | 328,325    |
| Tons of Refuse Collected             | 349,525   | 349,760   | 370,024   | 386,065   | 376,835   | 378,154   | 370,048   | 375,000   | 342,896    | 347,010    |
| Traffic Engineering                  |           |           |           |           |           |           |           |           |            |            |
| Signs Installed and Repaired         | 9,088     | 10,056    | 8,361     | 7,372     | 8,550     | 9,500     | 9,695     | 11,000    | 12,200     | 8,500      |
| Signals and Flashers Maintained      | 379       | 382       | 386       | 390       | 388       | 392       | 395       | 397       | 399        | 403        |
| Utilities                            |           |           |           |           |           |           |           |           |            |            |
| Miles of Sanitary Sewer Lines        | 3,059     | 3,049     | 3,077     | 3,091     | 3,087     | 3,100     | 3,060     | 3,077     | 3,085      | 3,137      |
| Miles of Water Main                  | 1,775     | 1,805     | 1,850     | 1,889     | 1,950     | 2,010     | 2,055     | 2,129     | 2,080      | 2,105      |
| RECREATION AND PARKS                 |           |           |           |           |           |           |           |           |            |            |
| Community Center Participants        | 299,731   | 316,035   | 322,389   | 333,143   | 343,724   | 348,900   | 380,900   | 403,278   | 423,641    | 319,400    |
| Attendance:                          |           |           |           |           |           |           |           |           |            |            |
| Beaches                              | 59,810    | 44,690    | 33,908    | 36,958    | 47,975    | 49,318    | 49,451    | 55,000    | 55,715     | 58,454     |
| Lodge                                | 198,356   | 201,326   | 167,434   | 152,521   | 168,627   | 172,689   | 172,375   | 176,000   | 172,913    | 171,533    |
| Fishing Center                       | 24,667    | 21,507    | 17,861    | 26,311    | 30,590    | 30,590    | 28,873    | 30,000    | 27,240     | 26,647     |

Source: Baltimore County Office of Budget and Finance Budget Documents

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

| Function                  | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Public safety             |        |        |        |        |        |        |        |        |        |        |
| Police stations           | 9      | 9      | 9      | 9      | 9      | 10     | 10     | 10     | 10     | 10     |
| Fire stations             | 25     | 25     | 25     | 25     | 25     | 25     | 25     | 25     | 25     | 25     |
| Public works              |        |        |        |        |        |        |        |        |        |        |
| Highways and streets      |        |        |        |        |        |        |        |        |        |        |
| Streets (miles)           | 2,572  | 2,586  | 2,614  | 2,620  | 2,635  | 2,646  | 2,659  | 2,664  | 2,674  | 2,676  |
| Streetlights              | 39,356 | 39,500 | 39,700 | 39,900 | 40,000 | 40,100 | 41,000 | 41,100 | 42,000 | 42,000 |
| Traffic signals           | 382    | 386    | 390    | 388    | 392    | 396    | 397    | 400    | 401    | 401    |
| Utilities                 |        |        |        |        |        |        |        |        |        |        |
| Water mains (miles)       | 1,805  | 1,850  | 1,889  | 1,950  | 2,010  | 2,035  | 2,055  | 2,080  | 2,105  | 2,109  |
| Fire hydrants             | 11,445 | 11,590 | 11,755 | 11,886 | 11,925 | 12,082 | 12,217 | 12,410 | 12,660 | 13,260 |
| Sanitary sewers (miles)   | 3,049  | 3,077  | 3,091  | 3,100  | 3,105  | 3,100  | 3,078  | 3,084  | 3,137  | 3,142  |
| Storm drains (miles)      | 794    | 805    | 810    | 815    | 820    | 833    | 853    | 866    | 884    | 902    |
| Solid waste               |        |        |        |        |        |        |        |        |        |        |
| Citizen drop-off centers  | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      |
| Culture and leisure       |        |        |        |        |        |        |        |        |        |        |
| Parks acreage             | 15,578 | 16,627 | 16,912 | 16,912 | 15,906 | 15,304 | 15,501 | 15,779 | 16,149 | 16,435 |
| Recreation centers        | 182    | 182    | 162    | 161    | 161    | 188    | 192    | 195    | 199    | 202    |
| Health and human services |        |        |        |        |        |        |        |        |        |        |
| Senior centers            | 17     | 17     | 17     | 18     | 18     | 19     | 19     | 19     | 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