



# **Baltimore County Maryland**

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**Comprehensive Annual Financial Report  
For The  
Fiscal Year Ended June 30, 2017**

# **Baltimore County, Maryland**



***Comprehensive Annual Financial Report***

***For The Fiscal Year Ended June 30, 2017***

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

**INTRODUCTORY**



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FOR THE YEAR ENDED JUNE 30, 2017  
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**KEVIN KAMENETZ**  
County Executive

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

December 22, 2017

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, 2017 is submitted herewith in accordance with the requirements of Section 516 of the Baltimore County Charter. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data as presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds, and that all disclosures are included that are necessary to enable the reader to gain the maximum understanding of the County's financial affairs.

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

The County's financial statements have been audited by CliftonLarsonAllen LLP, Independent Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the County's financial statements for the fiscal year ended June 30, 2017 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, 2017, are fairly presented in all material respects in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section.

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

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

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

## **PROFILE OF THE COUNTY**

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

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

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

### **Adopted Budget**

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

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

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

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

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

### **Economic Condition**

The County is situated in the geographic center of Maryland, surrounding the City of Baltimore almost entirely. The County is the largest jurisdiction by population in a metropolitan area with more than 2.8 million people. The City of Baltimore and the County are entirely separate political units.

The County has the third largest land area of any political subdivision in the State of Maryland. Within its 612 square miles (plus an additional 28 square miles of water with over 200 miles of shoreline) are situated at least 29 identifiable, unincorporated communities which, as of 2010, ranged in population from approximately 4,300 to 63,000. The County's overall population grew 10% from 754,292 in 2000 to 831,026 in 2016. Today, the County has the third highest population in the State of Maryland.

Healthcare and education, the sectors that generally report job stability and growth despite economic downturns, are well represented in the County by five regional medical centers and five major colleges and universities. BD Diagnostic Systems shares a zip code with Pay Pal and a large concentration of nationally recognized professional service organizations. Headquarters for the Social Security Administration and Centers for Medicare and Medicaid Services and a corps of IT contractors form the Woodlawn Federal Center. Major operations of T. Rowe Price, Toyota Financial Services, Euler Hermes, Zurich America, Baltimore Life, Farmers Insurance Group, and Bank of America form a powerful finance-insurance community. Manufacturing holds its place with companies such as: General Motors, McCormick and Company, Inc., Stanley Black & Decker Global Tools and Storage, Lockheed Martin, AAI Textron, and Middle River Aircraft.

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

The following section highlights a sampling of business and real estate activity in the County from July 2016 to June 2017:

**Towson Square** – Towson Square includes a 75,000 square foot, 3,400 seat, 15 screen multiplex cinema atop a three story, 850 space garage. Seven restaurants are open. The pedestrian friendly plaza includes a traffic circle with a European style fountain, bistro style outdoor dining areas and landscaping. The County invested \$6.2 million toward the parking garage and \$2 million for infrastructure improvements, which is leveraging \$85 million in private investment. The project has brought an estimated 1,530 jobs to the area, 660 construction jobs and another 870 jobs related to the completed project. Retail Properties of America is the project owner and is redeveloping the former Towson Circle building and the site across the street into Towson Circle East. The two projects will be integrated in design and street level amenities.

**Towson Circle East** – is a \$30 million mixed use development planned for the traffic circle at York and Joppa Roads. The project will include 371 mid and high-rise apartments and over 240,000 square feet of new and refurbished retail space. The project is currently in the design review and permitting stages and is expected to be completed in 2019. Some existing retail operations have closed or have been relocated to accommodate the project, which will include underground parking for the retail space.



**Towson Residential** – Since 2008, three major projects consisting of over 1,200 new luxury apartments have been completed. A \$60 million, 611 bed, 248 unit student housing project with first floor retail is planned at 101 York Road. The Flats at 703, a new 105 unit apartment project located at 703 Washington Avenue, will open this fall. Evergreene Homes is constructing Towson Mews, 34 luxury townhomes built on two acres bounded by East Pennsylvania, Jefferson and Virginia Avenues.

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

**Stanley Black & Decker Global Tools & Storage** – has leased 48,000 square feet in the Towson Commons building to relocate employees while the company is enlarging the parking lots at the headquarters location in on Joppa Rd. in Towson. The parking lot project is necessary to accommodate projected employment growth as a result of two major purchases in the past year, Newell Brands' tool business and the Craftsman line of tools from Sears. These purchases help SB&D push deeper into consumer and industrial equipment and extend its reach into retail markets with a household name brand. Towson will continue to be the headquarters for Stanley Black & Decker's Global Tools and Storage business and the company's presence here is expected to grow between 300 and 400 positions over the next two to five years.

**The Shops at Kenilworth** – Greenberg Gibbons is completing work on a \$20 million renovation to The Shops at Kenilworth, a landmark shopping destination in Towson, which was originally built in 1979. Stebbins Anderson's new store is now located on the lower level and Trader Joe's opened on the upper level in March. New shops include [Amaryllis](#), [Kenilworth Wine & Spirits](#), [Liza Byrd Boutique](#), [Lou Lou Boutiques](#), [Quiet Storm Surf Shop](#), [TAC @ Kenilworth \(Summer Gallery\)](#), [Wilkes & Riley](#), and [ZenLife Yoga Boutique & Juice Bar](#). Longtime local boutique Ruth Shaw will join these retailers in the fall.

**Towson Commons Retail** – Affiliates of MFI and Woodmont Properties II have taken control of, and are redeveloping 115,000 square feet of retail space along York Road and Pennsylvania Avenue. Four new retailers, Boho Nation, CVS Pharmacy, Chipotle and Hair Cuttery, have opened and renovations are underway for four others including Brown Rice, First National Bank, the CPA firm, Rosen, Sapperstein & Friedlander, and a shoe store.

**Nacho Mamas** – In December 2016, Nacho Mamas opened a 6,700 square foot restaurant in the former S&G Crab Ranch space on Pennsylvania Avenue in Towson.

**Metro Centre at Owings Mills** – is a \$550 million investment in a mixed use, transit oriented special taxing district. At completion the project will support more than 1.2 million square feet of commercial office space, 300,000 square feet of complementary retail space and 700 residential units and a full service 225 room hotel amenity.

**Carefirst** – has renewed their leases in six buildings in Owings Mills and they are keeping 2,200 employees in 655,000 square feet there. The company conducted an RFP for space in the region and was considering other options before electing to stay in Baltimore County.

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

**Hunt Valley Towne Centre** – a \$70 million upscale apartment complex on the eastern end of Hunt Valley Towne Centre, began renting its units in August 2016. The 332 unit Class A apartment building offers a variety of amenities, including a dog park, a gym and a game room. The new apartment community will sit above 30,000 square feet of retail.

**McCormick & Company** – The international spice manufacturer, currently located in Sparks, will consolidate 900 office employees from several area locations into a 340,000 square foot headquarters at 99 Shawan Road. Completion of this consolidation is planned for 2018. A former telephone company building on the site will be completely redone, creating a state of the art corporate campus for McCormick. The building will house corporate functions, the company's US consumer and industrial divisions and a health and wellness center.

**Johnson, Mirmiran and Thompson** – This nationally ranked employee owned architectural and engineering firm has occupied its new headquarters building in Hunt Valley. In March 2017, 500 employees moved into the five story 130,000 square foot building on Wight Avenue.

**MedStar Health Timonium** – MedStar Health is consolidating several of its orthopedic offices into a 48,000 square foot building at 2118 Greenspring Drive in Timonium. The \$10 million renovation will also add 8,000 square feet to the second and third floors of the building and is expected to be completed by August 2017. The new Timonium offices will hold orthopedic surgeons, occupational therapy, physical therapy service and imaging services. The building will also be home to MedStar's sports medicine services that often works with Baltimore Ravens and Orioles players.

**Floors Etc.** – This Timonium based flooring company added 20,000 square feet of space to its 70,000 square foot lease at 9603 Deereco Rd. and opened an outlet store selling designer tile, stone, mosaics, carpet vinyl and hardwood. The business has grown 25 percent over the last three years.

**Mouth Party Caramels** – This manufacturer and wholesaler of handmade caramels has signed an 8,000 square foot lease at 1946 Greenspring Avenue, in Timonium.

**Apex IT Services** – This IT solutions provider to federal, state and commercial clients relocated from Columbia, Maryland to leased office space on Lord Baltimore Drive in Woodlawn. Plans include adding 53 jobs.

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

**Aging Barns, LLC** – Part of Sagamore Development, Aging Barns purchased the parcel at 4611 North Point Boulevard to transform it into five aging barns to store up to 80,000 barrels of Sagamore Spirit Rye Whiskey. The first building was made available March 2017.

**Greenleigh at Crossroads** – developed by St. John Properties and Somerset Construction Company, broke ground in May 2016 on a \$750 million mixed use community of offices, shops, apartments, single family homes and a hotel. The project will occupy 250 of the 1,000 acre Baltimore Crossroads and is expected to build out over 10 to 15 years. Greenleigh will include 1,000 detached homes and townhouses, three midrise office buildings totaling 300,000 square feet, another 128,000 square feet in single story office buildings, 116,000 square feet of retail and a 120 room Springhill Suites by Marriott hotel.

**Medstar Franklin Square Hospital** – The hospital opened a new \$7.8 million neonatal intensive care unit. The 16,000 square foot newly constructed facility has 23 beds. In May 2017, Franklin Square Medical Center opened the new High Risk Assessment and Cancer Prevention Clinic, dedicated to identifying and caring for individuals who have an increased risk of cancer due to family history, medical and genetic factors, and/or lifestyle influences. In July 2017, MedStar Franklin Square Medical Center

was approved by the Maryland Health Care Commission to move forward with a \$70 million project to replace old surgical facilities with a new two story 75,000 square foot building and 14 operating rooms to be constructed on the hospital's Rosedale campus. The work will begin in October 2017 with the demolition of an old building that currently sits on the site. About \$40 million for the project will come from tax exempt debt financing, \$10 million cash will come from hospital operations and the other \$20 million will come from several private and public investments. The project is intended to replace Franklin Square's current surgical facilities and will be constructed over the next two years.

**Ruxton Chocolates** – The maker of Mary Sue, Naron and Glauber's candies moved into their new 100,000 square foot, \$8 million headquarters and manufacturing plant facility at 1412 Tangier Drive in Middle River. Ruxton brought 43 new jobs to Baltimore County when the facility opened in May 2017.

**Hollins Ferry Logistics Center** – This 285,000 square foot Class A warehouse and logistics center completed construction and plans to attract major tenants in Baltimore County throughout 2017.

**Security Square Mall** – The Seoul Plaza section of the shopping mall will be undergoing a major redevelopment to attract national tenants to revitalize this shopping center.

**ATI Performance** – A producer of high quality state of art race products, purchased 6747 Whitestone Road for \$3 million to remain in Baltimore County and expand their business.

**Amethyst Technologies** – A provider of quality program development and comprehensive compliance services, expanded their Bwtech space to include a new 3,000 square foot lab and increase their line of services to include Advent Laboratories.

**Social Security Administration (SSA)** – Social Security headquarters in Woodlawn announced that they will receive a \$150 million Congressional Appropriation for major renovations of their main administrative building. SSA employs approximately 11,000 at this site.

**Rolling Run Tech Park** – Located at 2270 Rolling Run Road, this 58,000 square foot Class A office building is next to the Centers for Medicare and Medicaid Services headquarters. With construction completed at the end of 2016, this project is almost fully leased with tenants moving in fall of 2017.

**Merritt Beltway Business Park** – A major expansion and renovation is taking place at 1730 Twin Springs Drive, home of the Living Legacy Foundation.

**Lifefridge Health** – In February 2016, Northwest Hospital System opened a new facility at 8600 Liberty Rd. The 13,500 square foot building houses an ExpressCare Urgent Care Center and offices for primary care doctors and specialists. The building is part of a larger campus expansion at Northwest Hospital that is expected to cost between \$20 million and \$25 million. The Liberty Center project itself cost \$5M.

## **Industrial Redevelopment**

### *Sparrows Point/Dundalk*

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

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

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

Tradeport Atlantic (TPA), formerly Sparrows Point LLC, recently acquired the 3,100 acre former steel production facility at Sparrows Point. The new owners agreed to \$48 million in assurances to pay for the environmental cleanup. The property will be redeveloped for industrial use. In May, 2017, Maryland's Public Service Commission (PSC) approved two development companies, U.S. Wind Inc. and Skipjack Offshore Wind LLC, to build offshore wind projects off the coast of Ocean City, Maryland. As part of its project approval order, the PSC set certain conditions for the developers including the use of port facilities in Greater Baltimore and Ocean City, and collectively invest at least \$39.6 million to support port upgrades at Tradeport Atlantic and \$76 million in a steel fabrication plant in Maryland. Tradeport Atlantic recent activity includes:

**Host Terminals** – In April 2017, Tradeport Atlantic announced a 10 year agreement with Host Terminals to oversee marine cargo operations at the Baltimore County site, which includes \$30 million in combined investment toward infrastructure improvements. It is expected to bring 9,500 jobs to the region. The International Union of Operating Engineers' Local 37 will provide union labor for the facility.

**Fed Ex Ground** – FedEx Ground secured a long term lease and in July 2017, is opening a new 300,000 square foot distribution center at Tradeport Atlantic that will employ up to 300 employees.

**Atlantic Forest Products** – In October 2016, Tradeport Atlantic signed a long term land lease with Atlantic Forest Products to bring its corporate headquarters and wholesale distribution of building products to Sparrows Point. Atlantic Forest Products will be leasing two storage buildings totaling 160,000 square feet on 16 acres for staging of building products. In addition, the lease includes 6,500 square feet of office space for Atlantic Forest Products to locate its corporate headquarters to Sparrows Point.

**Under Armour** – In August 2016, Under Armour signed a deal with Tradeport Atlantic to build a one million square foot distribution warehouse that will employ 1,000 people and be part of an overall \$175 million capital investment. The facility will serve as the company's national hub to fulfill consumers' online orders.

**Harley-Davidson** - relocated a training center that is projected to train 800 students per year on the site.

**Pasha Automotive Services** - a global logistics and transportation company, signed a lease to launch automobile processing operations at Tradeport Atlantic.

#### *Essex/Middle River*

The U.S. General Services Administration (GSA) auctioned the 1.9 million square foot former GSA Depot facility in Middle River in 2006 for a record \$37.5 million. This higher-than-expected sale price was evidence of the success of the County's waterfront revitalization efforts over the previous ten years. Now known as Martin's Landing, the complex is strategically located near the waterfront and just minutes

from I-95 along MD43, and across the street from Martin State Airport, a general aviation facility that handles a significant level of corporate air travel. The County is working with the owners, a New York based investment team, to encourage a quality redevelopment that will incorporate a mix of business, residential and commercial uses. In the County's 2012 comprehensive rezoning process, the 53 acre property was rezoned from heavy industrial to a classification that allows a mix of uses.

## **Technology Locations**

*bwtech@UMBC*

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

The Park includes 118 tenants and 1,200 employees, including mature, emerging and incubator companies. bwtech@UMBC operates these distinct business incubators with specific industry orientation. The [bwtech@UMBC](#) companies have access to UMBC campus amenities and enjoy the strategic location only minutes away from BWI Thurgood Marshall Airport, downtown Baltimore, and the federal agencies located in the Washington, D.C. corridor. The location, coupled with the opportunity to collaborate with the talented students and faculty of UMBC's nationally recognized science and engineering programs, makes [bwtech@UMBC](#) an ideal location for technology, bioscience and research organizations at all stages of development.

UMBC intends to invest in a RISE Zone in the Catonsville-Arbutus area of southwestern Baltimore County by doubling or tripling the size of bwtech@UMBC. The expansion would add hundreds of new jobs to the park as well as increase opportunities for local businesses.

UMBC has significant resources and expertise in the areas of economic development and community relations that it expects to apply to these goals. Senior officials in charge of bwtech@UMBC, corporate relations, and community relations will lead planning for the zone. Virtually all the Park's 525,000 square feet are leased and the Park generated nearly \$500 million in income and business sales in 2014. These figures speak to UMBC's economic development ability.

The following list highlights new tenants at bwtech@UMBC Research & Technology Park in Fiscal Year 2017:

**Up Therapeutics** – is a startup biotech company focusing on a new type of drug development to treat cancers.

**Unit Cell Diamond** – Synthesizes diamonds from "tetrahedral" molecules, which approximate the tetrahedral diamond unit cell, the smallest assembly of carbon atoms that make up diamond.

**LCG Technologies** – LCG delivers technology based solutions that help companies strategically develop, integrate, and align technology to improve their business.

**Surevine** – Surevine's flagship product, is a next generation cyber security information sharing platform designed for secure cross organizational collaboration and intelligence analysis.

**Swain Techs** – As an Enterprise Systems Integrator, Swain Techs is CMMi ML3 Development & Services appraised and ISO 9001 certified providing strategic technology solutions in Engineering, Managed Services, and Cyber Security.

**New Paradigm Consulting** – is an IT company specializing in cybersecurity, data transformation, and business and management consulting providing services and solutions to the intelligence community and commercial vendors.

**DynaMed Solutions** – offers solutions in the field of Health Information Technology, offering services and software solutions to meet the needs of today’s healthcare challenges, while helping to shape the healthcare of tomorrow.

**Silobreaker** – helps security and intelligence professionals make sense of the overwhelming amount of open source data available on the web.

## **Enterprise Zones**

An enterprise zone is a tool the State of Maryland offers to local jurisdictions for promoting economic development in certain qualifying areas. The County has three Enterprise Zones - the Chesapeake Zone (formerly known as the North Point Zone), located along the industrial North Point corridor in eastern Baltimore County; the Southwest Zone, located in the Washington Boulevard/Hollins Ferry Road industrial corridor; and the Federal Center at Woodlawn Zone. These three areas contain over 10,000 acres of industrial and office-zoned land, and over 700 businesses. Since the approval of the first zone in December 1995, more than 130 businesses in the North Point and Southwest enterprise zones have committed to investing over \$315 million in real property improvements and \$270 million in machinery and equipment. In addition, approximately 3,700 new jobs have been created. The Halethorpe-Arbutus area in the Southwest Enterprise Zone has seen dramatic growth, with almost 600 new jobs in a four year period. The Southwest Enterprise Zone was amended and redesignated in June 2013. The North Point Zone expired and was replaced in 2015 by the Chesapeake Zone, a larger area that now includes the entire Sparrows Point peninsula, now known as Tradepoint Atlantic. The program offers two primary benefits to businesses in the designated zone that make new investments or hire new employees:

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

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

## **Economic Development Financing Assistance**

In FY 2017 the County approved financial assistance to four businesses from the County’s Revolving Financing Fund totaling \$825,000. Additionally, during FY 2017 the County approved six loans totaling \$725,000 from the County’s Boost loan program. Boost loans are targeted to small, minority, women owned, and veteran owned businesses in the State of Maryland. The Boost Fund provides flexible financing to assist in the acquisition of business assets, working capital, equipment, owner-occupied commercial real estate, construction of new facilities, and lease hold improvements.

## **Relevant Financial Policies**

The County’s debt and financial management policies as set forth by the County Executive were recognized by all major rating agencies with the continuation of the County’s triple-A credit rating. The

policies included target ratios to be met and ceiling or floor ratios. The County will take appropriate corrective action to ensure that ratios do not go above or drop below their respective desired ceiling or floor.

The County's long-term policy was to produce unassigned 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 unassigned General Fund balances during this period to 8% of General Fund revenues. Most of the 8%, 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 unassigned fund balance in excess of the 8% of revenues target level will be retained to provide only short-term tax stabilization. Any excess well above the target level will be eliminated through tax rate reductions or dedicated to one-time items such as pay-as-you-go contributions in order to reduce the level of programmed borrowing for capital expenditures.

### **Major Initiatives**

The following are some selected highlights and budget priorities for FY 2017 that are expected to affect future financial position:

Education – The FY 2017 is a budget increase of \$8.7 million or 1.2% over FY 2016 funding levels. As in prior years the budget exceeded Maintenance of Effort with the increasing enrollment accounting for \$8.4 million in higher funding levels.

Baltimore County is now more than halfway through the unprecedented Schools for Our Future program to modernize schools and address rising enrollment. Funding of nearly \$416 million county dollars has been committed over the next five years for school renovation and construction, supplemented with requested State funding of at least \$213 million. The FY 2017 capital budget included over \$121 million in forward funding of the anticipated State funding. The total investment in county schools for the decade from 2011 to 2021 will be an unprecedented \$1.3 billion dollars.

The Community College of Baltimore's FY 2017 budget is funded at Maintenance of Effort which includes an increase of \$2.9 million in County funding. The budget also reflects the community college's efforts to stabilize revenues through Enrollment and Economic Stabilization Initiatives since an improving economy has resulted in severe enrollment declines. The stabilization initiatives are about (1) assuring that CCBC is the right-size for its reduced student enrollment and (2) assuring that CCBC has taken the necessary fiscal steps to diversify revenues and take advantage of cost containment opportunities.

Public Safety – Baltimore County continues to explore strategies and technologies that enhance transparency. The County committed over \$1.5 million in FY 2017, and over \$10 million during the next five fiscal years to provide Body Worn cameras to police officers throughout the County, The Police Department has also increased its use of social and web-based media as a vehicle for accessibility and communication.

The FY 2017 budget reflects the first full year of the County's new emergency medical transport billing initiated with the cooperation of the Baltimore County Volunteer Firemen Association. With projected FY 2017 revenue of \$27.5 million a broader, deeper commitment has been made to Baltimore County's volunteer fire and EMS companies including a 9.2 percent increase in funding over the current operating budget.

Community Conservation and Preservation - The Department of Health and Human Services is the largest provider of social safety net activities for the County. Its mission is to promote the well-being of individuals and families through the provision of quality health and social services. The FY 2017 Adopted Budget includes more than \$100 million in its Health and Human Services Agencies' budgets. Although

this amount includes a significant amount of federal and state funding, it also includes more than \$38 million in County funds towards these worthy endeavors.

Health related services are wide ranging and address a myriad of issues including public health, care of pregnant women and children, care of disabled individuals, substance abuse, and mental health. Social Service functions are equally wide ranging and include services to vulnerable adults, care for abused and neglected children, provision of emergency resources to needy families and other services aiding families transitioning to self-sufficiency. More than \$24.4 million, of the previously mentioned \$38 million in County funds, has been budgeted in FY 2017 to address these issues.

## **AWARDS AND ACKNOWLEDGEMENTS**

The GFOA has awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2016. 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 38 consecutive years (fiscal years ended June 30, 1979 – 2016). We believe that our current report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

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

Respectfully submitted,

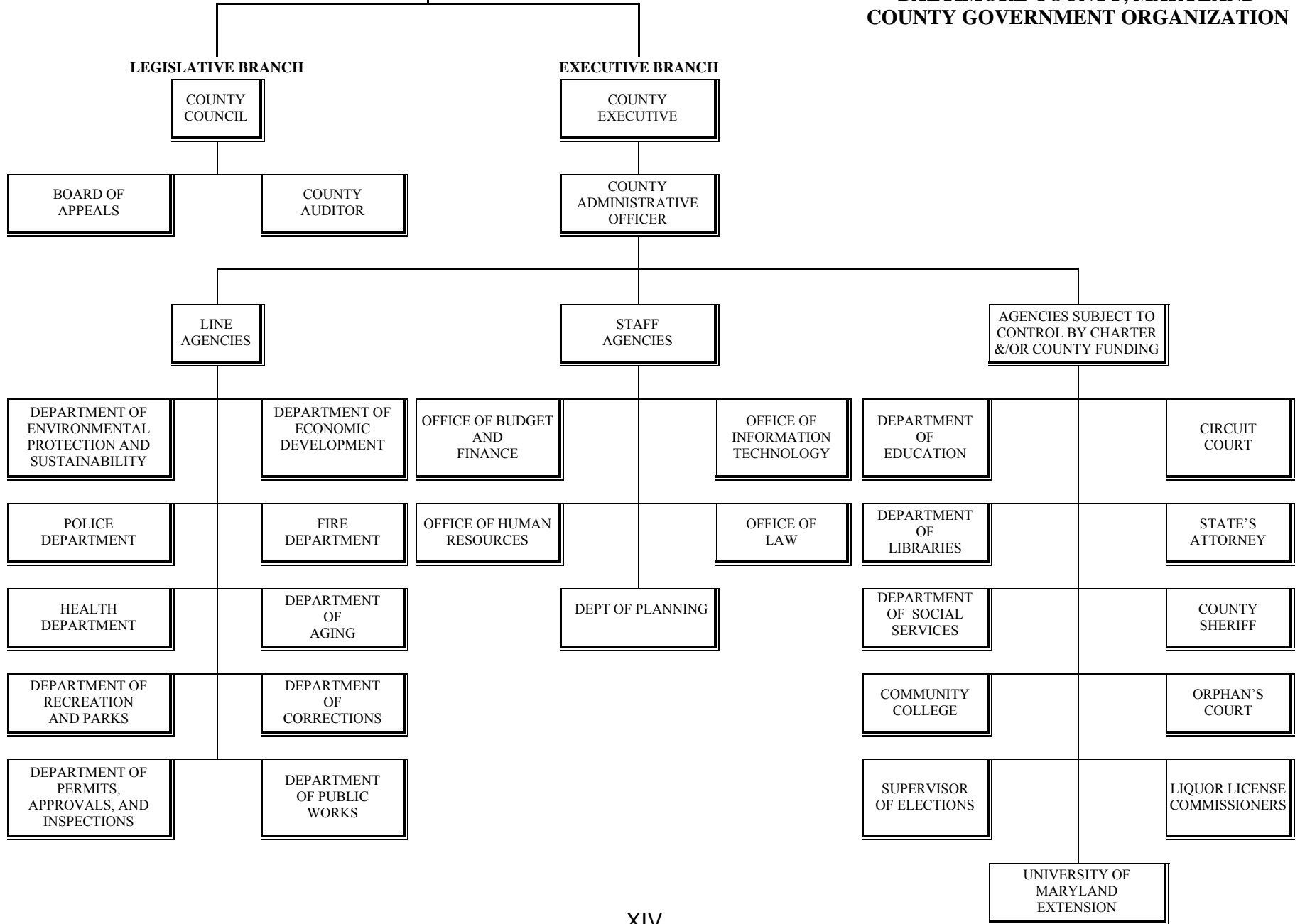
A handwritten signature in cursive script that reads "Keith Dorsey".

Keith Dorsey, Director  
Office of Budget and Finance



**VOTERS**

**BALTIMORE COUNTY, MARYLAND  
COUNTY GOVERNMENT ORGANIZATION**



**LIST OF PRINCIPAL OFFICIALS**  
**June 30, 2017**

---

*Elective*

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

**Kevin Kamenetz**  
**Tom Quirk**  
**Vicki Almond**  
**Wade Kach**  
**Julian E. Jones, Jr.**  
**David Marks**  
**Cathy Bevins**  
**Todd K. Crandell**

*Administrative*

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

**Fred Homan**  
**Keith A. Dorsey**  
**Michael E. Field**  
**Lauren Smelkinson**  
**Steven A. Walsh**  
**Terrence B. Sheridan**  
**Kyrle W. Preis, III**  
**JoAnne Williams**

**Will Anderson**

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

**Arnold Jablon**  
**George E. Gay**  
**Andrea Van Arsdale**  
**Barry F. Williams**  
**Dr. Verletta White**  
**Dr. Gregory Wm. Branch**  
**Paula Miller**  
**Sandra L. Kurtinitis, Ph.D**  
**Deborah J. Richardson**  
**Lawrence M. Stahl**  
**John E. Beverungen**



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**Maryland**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO