

Anne Arundel County, Maryland

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2004

County Executive

Janet S. Owens

County Council

C. Edward Middlebrooks, Chairman
Ronald C. Dillon, Jr., Vice-Chairman
Pamela G. Beidle
Bill D. Burlison
Cathleen M. Vitale
Barbara D. Samorajczyk
Edward R. Reilly

Prepared by: Office of Finance - William R. Brown, Jr., Controller

**Anne Arundel County, Maryland
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004**

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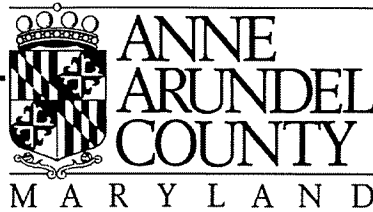
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OFFICE OF FINANCE

Telephone:
(410) 222-1781

**ARUNDEL CENTER
P.O. BOX 2700
ANNAPOLIS, MARYLAND 21404-2700**

Fax:
(410) 222-1354

December 10, 2004

The Honorable County Executive,
The Honorable Members of the County Council and
Citizens of Anne Arundel County, Maryland

I am pleased to submit to you the Comprehensive Annual Financial Report of the County for the fiscal year ended June 30, 2004. The purpose of this report is to provide you and the taxpayers of Anne Arundel County with sufficient information to evaluate the County's financial performance during fiscal year 2004.

This report was prepared by the Office of Finance of Anne Arundel County. The basic financial statements have been audited by the County's independent auditors, Clifton Gunderson LLP, in conjunction with the County Auditor. Opinions from Clifton Gunderson LLP and the County Auditor are included in the report.

The responsibility for the accuracy and fairness of the presentation, including all disclosures, rests with the County. We believe the data as presented to be accurate in all material respects and to reflect fairly the financial position and results of operations for the various funds.

About Anne Arundel County

Anne Arundel County was named for England's Lady Anne of Arundell, beloved wife of Cecil Calvert, second Baron Baltimore. Married at 13 and the mother of many, her intellect was legend, and her love of the arts strong. The expedition to St. Mary's in Maryland was planned in her sitting room in Tisbury, England. History records that both she and Cecil Calvert longed to voyage to the New World, although neither made it. Her son Charles, the third Lord Baltimore, and Cecil's younger brother Leonard Calvert, who later became Maryland's first proprietary governor, were the first family members to step on Maryland soil. Anne of Arundell died at the age of 34. Her husband had engraved on her tombstone, "Farewell, you most lovely of earthly beauties." The following year, in 1650, the General Assembly of the Maryland Colony named this county in her honor.

The County is located thirteen miles east of Washington, D. C. with Baltimore City and Baltimore County as its northern boundary and the Chesapeake Bay as its entire eastern boundary. The State's capital, Annapolis, is an incorporated municipality located within the County.

Government

Under a home rule charter, the County's executive functions are vested in the elected County Executive, who is the chief executive officer of the County and is generally responsible for the proper and efficient administration of the affairs of the County. The County Council, which consists of seven members, is the County's

ANNE ARUNDEL COUNTY

legislative body. The Council members are elected by election district and the County Executive is elected at-large to serve four-year terms; the County Council members and the County Executive are limited to two consecutive four-year terms.

The County provides the full range of basic services as articulated in its Charter. These services include Public Safety (Police, Fire and Detention Center), Street Construction and Maintenance, Planning and Code Enforcement, Recreation and Parks, Human Services, Education, a Community College, Libraries and General Administrative Services. The County also operates, in conjunction with the State of Maryland, services related to general community health and social services. In addition, a water and wastewater utility, solid waste disposal, and child care facilities are operated as business-type activities.

Economic Condition and Outlook

Anne Arundel County has once again proven itself to be one of the strongest economies in Maryland. The County has a strong economic foundation due to a diverse business mix, ranging from the technology sector, to distribution, and tourism. The County is also fortunate to have a strong Federal presence with Ft. George G. Meade Federal Campus housing the National Security Agency, being located in western Anne Arundel County.

Much of the County's growth is a direct result of the National Security Agency (NSA) and the federal dollars it pumps into the economy. NSA employs some 16,000 people in the Baltimore Washington region. The agency procures \$2 billion worth of contracts in Maryland per year, with Anne Arundel County businesses receiving about \$1.2 billion in defense contracts in FY 2003. NSA is projecting to create an unprecedented 7,500 jobs over the next five years. Anne Arundel County is poised for growth as defense and homeland security contractors locate and expand in the County to be in close proximity to NSA. Projects like National Business Park's expansion of class A office space and the Chesapeake Innovation Center (CIC), a publicly funded technology-based incubator focused on developing homeland security technologies, fortify the county's ability to retain and attract high quality companies and employees.

Anne Arundel County continues to sustain a healthy tourism sector. People visit Anne Arundel County to enjoy the 534 miles of shoreline, the historic Annapolis area, the annual boat shows and many festivals, and the 1.4 million square-foot Arundel Mills Mall in Northern Anne Arundel County. The most recent economic impact study reports that travelers spend an estimated \$2.2 billion in Anne Arundel County, which is 26% of all travel expenditures in Maryland. Tourism in Anne Arundel County supports some 22,400 jobs, which generates \$710.6 million in payroll income. Travel spending in the County generates \$62.4 million in local tax revenue.

Anne Arundel County sustains positive trends in employment and job growth largely because of its geographic location in the fourth largest and wealthiest consumer market in the nation. The County's unemployment rate has averaged 3.4% percent during recent months, which is below the State of Maryland at 4.1%, and well below the national average of 5.6%. Anne Arundel County's job growth remains positive, adding some 3,999 jobs in 2003, while national job growth remains below 1%. The professional and business services and information sectors continue to expand reflecting the growth of defense contractors in the County, such as Booz Allen & Hamilton, Computer Sciences Corp, Northrop Grumman and Titan Corporation.

Anne Arundel County is home to the Baltimore Washington International Airport (BWI), one of the fastest-growing airports in North America. BWI supports 11,000 direct jobs in the County, generates \$2.7 billion of direct economic activity in the County and contributes \$153 million in state and local tax revenue. The airport is mid-way through the \$1.8 billion expansion and renovation plan, with the addition of parking spaces, infrastructure improvements and a new consolidated rental car facility. Soon to come on-line will be a new terminal for Southwest Airlines and an overhauled concession and shopping area.

The County continues to build on an already strong economic base with expanding defense and technology sectors and sustained growth in the tourism and hospitality sectors. The attractive quality of life offered in

ANNE ARUNDEL COUNTY

Anne Arundel County, coupled with a highly skilled work force, will continue to attract businesses that will make the County their choice as a business location.

Financial Information

Funds and Component Units

The County's accounting system is organized and operated on the basis of funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations. All funds of the County are included in this Comprehensive Annual Financial Report.

In addition, in the fiscal year 2002 the County implemented several new statements issued by the Governmental Accounting Standards Board, including Statement No. 34, which significantly changed the form and content of the Comprehensive Annual Financial Report. In addition to fund statements, a set of government-wide financial statements are presented that use the full accrual method of accounting. Also included is management's discussion and analysis of the basic financial statements. I urge you to read the Management Discussion and Analysis, Basic Financial Statements, and the Notes to the Basic Financial Statements to better understand the new reporting format.

In addition to general government activities, the governing body has financial accountability for the Anne Arundel County Board of Education and the Public Schools, the Anne Arundel Community College, the Public Library of Annapolis and Anne Arundel County, the Anne Arundel County Economic Development Corporation, the Tipton Airport Authority, and Anne Arundel Workforce Development Corporation. These agencies are included in the financial report as discretely presented component units.

Budgetary Controls

The County maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriation ordinance approved by the County Council. The County budget is comprised of the current expense budget and the capital budget. Activities of the General Fund and certain special revenue funds are included in the current expense budget. An annual budget is adopted for the following special revenue funds: County Parking Garage, Street Light, Forfeiture and Asset Seizure Team, Economic Development, Conference and Visitors, Incentive Loan Program, Roads and Special Benefits, Piney Orchard Wastewater Service, Local Management Board, Inmate Benefit and Morale, Reforestation, and Workforce Development. The capital budget, included in the six-year capital program, sets forth capital projects to be undertaken and the proposed sources of funding the capital projects.

The Office of Finance is responsible for budgetary control. The level of control at which expenditures cannot legally exceed the appropriated amount is set at the department level for the operating budget and at the project level for the capital budget. The County maintains an encumbrance system for budgetary control. All unencumbered appropriations of the operating budget lapse at year-end. Unencumbered capital appropriations continue until the specific capital project is closed.

Revenue Reserve Fund

The balance of the Revenue Reserve fund was \$27,177,741 at June 30, 2004. This fund may only be used upon request of the County Executive, with the approval of the County Council, to cover existing appropriations when revenues are not attained.

In September 2002, legislation was enacted to change the maximum amount that may be retained in the Revenue Reserve Fund as a percentage of the total general fund appropriation. The legislation provides that the amount of the annual appropriation to the Revenue Reserve Fund may not cause the sum of the balance of the Reve-

ANNE ARUNDEL COUNTY

nue Reserve Fund plus the appropriation to exceed an amount equal to 10% of the estimated average aggregate annual revenue derived from the income tax, real property transfer tax, recordation tax, and investment income of the General Fund in the three fiscal years preceding the fiscal year for which the appropriation is made. If credited interest earnings cause the total amount of the fund to exceed an amount equal to 10% of the estimated average aggregate annual revenue derived from the income tax, real property transfer tax, recordation tax, and investment income of the General Fund in the three fiscal years preceding the fiscal year for which the appropriation is made, the Controller may credit interest earnings of the Revenue Reserve Fund to the General Fund.

Cash Management

County funds, excluding component units, held for operation and capital purposes are managed by the Office of Finance with strict guidelines as to investment vehicles. Investments are restricted by State of Maryland law, with which the County complies. The County does not invest in derivatives or reverse repurchase agreements. It does no borrowing or lending of securities. It invests primarily in obligations of the United States Government, its agencies or instrumentalities, and repurchase agreements with primary dealers. The repurchase agreements are collateralized by United States Government treasuries, agencies, and instrumentalities held by the County's custodian bank and marked to market daily.

Pension funds are separately administered by the Anne Arundel County Retirement and Pension System. These funds are managed separately through contracts with professional money managers.

Debt Management

The County Charter established a Spending Affordability Committee for the County in Fiscal Year 1990. This committee is charged to make advisory recommendations to the Office of Budget, the County Executive and the County Council relating to spending affordability, including County spending levels to reflect the affordability of the taxpayers to finance County operations and service long-term debt. With input from the Spending Affordability Committee, the County administration develops debt management policies to be used in planning future debt issuance levels. The objective is to maintain creditworthiness while at the same time ensuring that necessary capital projects will be funded. The County has an internal debt affordability model that is updated annually.

Risk Management

It is the policy of the County to retain risks of losses in those areas where it believes it is more economical to manage its risks internally and set aside assets for claims settlement in its internal service fund. The County purchases insurance for real and personal property, boilers and machinery, and faithful performance bonds, as well as school bus insurance for the bus contractors of the Board of Education.

The County maintains the self-insurance fund to provide workers' compensation and directors and officers' coverage for the County government, the Board of Education, and the Community College, and general liability and vehicle liability coverage for the County government and the Board of Education.

Retirement Plans and Other Post Employment Benefits

Anne Arundel County sponsors four single-employer defined benefit pension plans in separate trust funds administered by the Anne Arundel County Retirement and Pension System, a corporation that is an agency in the Executive Branch of County Government. County employees also participate in two multi-employer cost sharing pension plans administered by the State. The County plans were established under authority created by the County Charter and legislation, while the State Plans were created under authority created by State legislation.

Each year, an independent actuary engaged by the pension plans calculates the amount of the annual contribution that the County must make to each pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis.

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The County also provides post retirement health and dental care benefits for certain retirees and their dependents. Currently, Generally Accepted Accounting Principles (GAAP) do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Awards and Acknowledgements

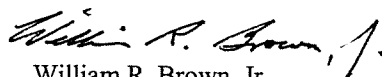
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to Anne Arundel County, Maryland for its comprehensive annual financial report for the fiscal year ended June 30, 2003. This was the twenty-third consecutive year that the County has received this prestigious award.

In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. This report satisfies both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

On behalf of the Office of Finance, I would like to thank the County Executive for her leadership and support in planning and conducting the financial operations of the County in a responsible and progressive manner. I would like to express my appreciation to the entire accounting staff in the Office of Finance, and especially to Jodee Dickinson, Assistant Controller.

Sincerely,



William R. Brown, Jr.
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Anne Arundel County,
Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

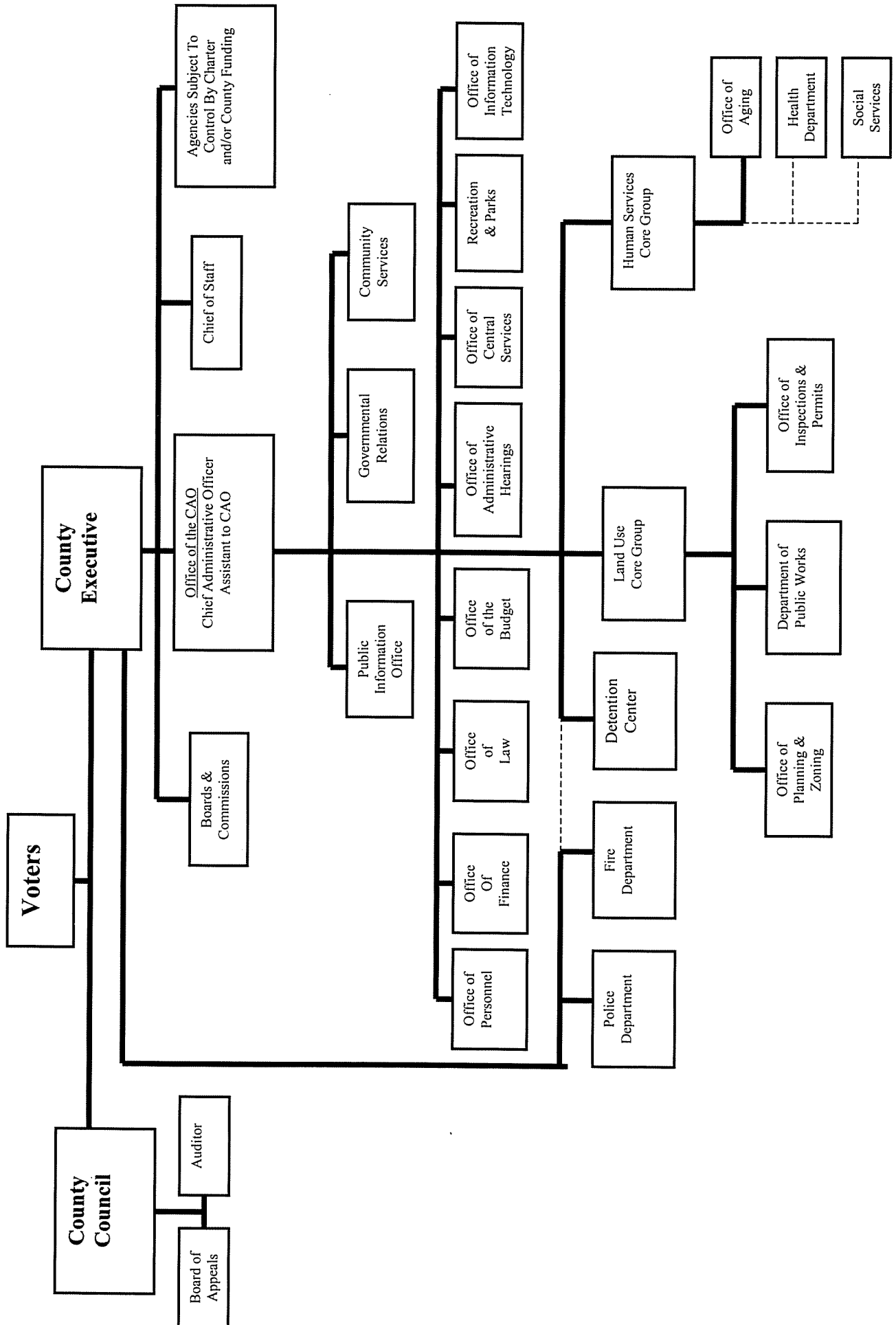
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

Anne Arundel County, Maryland Organizational Chart



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Independent Auditor's Report

The County Executive
And Members of the County Council
Anne Arundel 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 Anne Arundel County, Maryland (the County), as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Anne Arundel County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit (1) the component unit financial statements of the Anne Arundel Community College; (2) the component unit financial statements of the Anne Arundel Economic Development Corporation, the Tipton Airport Authority and the Anne Arundel Workforce Development Corporation, which represent 55 percent, 50 percent, and 34 percent, respectively, of the assets, net assets and revenues of the other nonmajor component units and (3) the financial statements of the Pension Trust Fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above mentioned component units and pension trust fund, is based solely on the reports of the other auditors.

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 and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, 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 Anne Arundel County, Maryland, as of June 30, 2004, 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 *Governmental Auditing Standards*, we have also issued our report dated December 10, 2004 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Schedule of Funding Progress for Single Employer Defined Benefit Pension Plans as referenced in the table of contents are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors 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 Anne Arundel County, Maryland's basic financial statements. The accompanying supplementary information, such as the introductory section, combining and individual nonmajor component units and fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor component units and fund financial statements have been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Henderson LLP

Baltimore, Maryland
December 10, 2004



**ANNE ARUNDEL COUNTY
OFFICE OF THE COUNTY AUDITOR**

Independent Auditor's Report

The County Executive
And Members of the County Council
Anne Arundel 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 the Anne Arundel County, Maryland (the County), as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Anne Arundel County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit (1) the component unit financial statements of the Anne Arundel County Board of Education; (2) the component unit financial statements of the Anne Arundel Community College; (3) the component unit financial statements of the Anne Arundel Economic Development Corporation, the Tipton Airport Authority and the Anne Arundel Workforce Development Corporation, which represent 55 percent, 50 percent, and 34 percent, respectively, of the assets, net assets and revenues of the other nonmajor component units and (4) the financial statements of the Pension Trust Fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above mentioned component units and pension trust fund, is based solely on the reports of the other auditors.

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 and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, 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 Anne Arundel County, Maryland, as of June 30, 2004, 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 *Governmental Auditing Standards*, we have also issued our report dated December 10, 2004 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. The report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Schedule of Funding Progress for Single Employer Defined Benefit Pension Plans as referenced in the table of contents are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors 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 Anne Arundel County, Maryland's basic financial statements. The accompanying supplementary information, such as the introductory section, combining and individual nonmajor component units and fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor component units and fund financial statements have been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, in our opinion based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Annapolis, Maryland
December 10, 2004



Anne Arundel County, Maryland

Management Discussion and Analysis

Year Ended June 30, 2004

As Management of Anne Arundel County, Maryland (the County), we have prepared the following discussion and analysis to inform readers of the County's annual financial report about the financial information that the enclosed statements present. We encourage readers to consider the discussion and analysis along with the other information in this report, including the transmittal letter and notes to the basic financial statements. In this section we have provided an overview of the basic financial statements, selected condensed financial data and highlights, and analysis of the County's financial position and changes in financial position. Comparable amounts from the fiscal year ended June 30, 2003 have been provided herein.

Overview of Basic Financial Statements

The basic financial statements consist of the government-wide financial statements, fund financial statements, budgetary statements, and notes to the basic financial statements. Each component intends to provide a different perspective of the County's financial results. These components are discussed below.

Government-wide Financial Statements – These statements are designed to provide a broad, entity-wide perspective of the County's financial position and changes in financial position. These statements are prepared using a full-accrual accounting method that measures changes when the underlying economic activity occurs regardless of the timing of the related cash flows. This method is consistent with that used in the private sector.

The government-wide statements have consolidated the Primary government's operations into two columns – governmental activities and business-type activities. In addition, the component units' entity-wide statements are presented. The governmental activities are those functions of the Primary government that are principally supported by taxes and other general revenue sources. Such activities include education, public safety, general government, health and human services, public works, community services and recreation, judicial, code enforcement, land use, and economic development. The business-type activities include the Primary government's functions that are primarily supported by user-fees and charges, such as utility services, waste collection, and child care services.

Statement of Net Assets – The statement of net assets presents the composition of the County's assets, liabilities, and net asset position at the end of the fiscal year. This statement includes long-term capital assets and long-term liabilities. In addition, capital assets are shown at their depreciated value. Net assets are divided into three components: capital assets, net of related debt; restricted net assets; and unrestricted net assets. These components highlight the composition of the County's net asset position. Changes in these net asset categories over time may indicate an improvement in, or deterioration of, the County's financial condition.

Statement of Activities - The statement of activities summarizes the transactions that resulted in changes to net assets during the fiscal year. The statement presents these results of operation in a net expense format. The total expenses are presented first and grouped on a functional basis. Program revenues, which represent charges for services, grants, and contributions from outside parties, are subtracted from the functional expenses to derive the County's net expenses. Finally, the general revenue sources, such as taxes, investment earnings, and other general revenue, are applied to net expenses to derive the change in net assets for the year.

Both statements include the Primary government's component units, including the Board of Education, Community College, Library, Economic Development Corporation, Tipton Airport, and Workforce Development. These entities are included because the County provides a substantial amount of their funding or the County Executive appoints a majority of the Board members, implying a substantial degree of control over their management. In addition, the County approves the budgets of these entities.

Fund Financial Statements – The Primary government segregates its financial operations into several funds in order to account separately for funding sources and activities that the government undertakes. This provides better control over resources that are designated for specific activities or objectives. These funds are grouped into three different types: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – The governmental funds of the Primary government include the General Fund; the

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General County Capital Projects Fund, which is used to accumulate and spend resources to construct capital assets; the special revenue funds, which segregate restricted revenue sources to ensure these funds are spent on their intended purpose; and debt service funds which accumulate resources to pay certain long term debt issued by the County or separate districts.

The perspective of these statements is narrower than the government-wide statements discussed previously. These statements present the financial position and changes in financial position resulting from currently available resources and currently due liabilities. Therefore, revenues are not recorded until available and expenses are primarily recorded when the underlying economic activity occurs. In addition, because these statements focus on current resources, long-term assets and liabilities are not included.

The statements focus on the Primary government's major funds. Major governmental funds include the General Fund, the Impact Fee Fund and the General County Capital Projects Fund. Separate columns are presented for those funds considered major either by size or by importance. The other funds are aggregated into one column called "other nonmajor funds".

Proprietary Funds – The proprietary funds include those activities within the Primary government that are self-supporting. These funds include enterprise funds, which provide services to citizens in exchange for user fees, and internal service funds, which provide services to the Primary government and its component units, in exchange for fees. Transactions for these funds are recorded using the full-accrual basis of accounting, whereby transactions are recorded when the underlying economic event takes place regardless of the timing of cash flows. Moreover, long-term assets and liabilities are recorded on the statements.

The enterprise funds include the Water and Wastewater Utilities Fund, the Solid Waste Fund, and the Child Care Fund. Internal service funds include the Self Insurance, Health Insurance, Print Shop, and Central Garage Funds. These statements also focus on major funds and, therefore, include separate columns for the Water and Wastewater and Solid Waste Funds.

Fiduciary Funds – The fiduciary funds accumulate assets that are managed, but not owned by the Primary government. The County's four defined benefit pension plans that comprise the Retirement System Pension Trust Fund are included in this category. In addition, this category includes agency funds which are used to accumulate temporary deposits and other funds that are collected from outside parties in order to be returned to the payor or passed on to a 3rd party. The Pension Trust Fund follows the full-accrual method of accounting. The agency funds are presented as balances only and record no revenue or expenses.

Budgetary Statements – A budgetary statement of revenue and expenditures for the General Fund has been presented in the basic financial statements. This statement provides the results of the County's General Fund operations compared to the legally adopted budget. The statement uses the budgetary method when accounting for transactions. Revenues are generally recognized when available and expenditures are recognized as soon as a commitment, in the form of a purchase order or contract, has been issued to a vendor.

Notes to the Basic Financial Statements - The notes follow the basic financial statements and provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Required Supplementary Information - There is one required supplementary schedule that provides trend data about the Pension Trust Fund.

Financial Highlights

Changes to net assets – Net assets related to governmental activities increased \$40.3 million from fiscal year 2003 to 2004. This is due to an increase in total assets of \$59 million, which outpaced the increase in total liabilities of \$18.7million. The current assets category showed the highest increase, of approximately \$45.3 million,

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caused primarily by higher cash balances. In addition, capital assets increased by \$31.1 million, due to increases in construction work in progress. The increase in total liabilities was caused by net changes to short-term debt and long-term bonds of \$8.4 million, \$4.21 million increase in self insurance reserves, and fiscal year 2004 premiums on the sale of County general improvement bonds of \$3.3 million.

Net assets related to business-type activities increased only \$6.2 million or 1% in fiscal year 2004. The fluctuation was caused by assets increasing \$22.3 million, offset by liabilities increasing by \$16.1 million. Asset increases were primarily caused by the net change of \$27.4 million in capital assets. Additional bond anticipation notes of \$7 million, increases in deferred bond premiums and connection fees of \$2.3 million, and increases to the capital projects accruals of \$4.8 million are the primary causes of this increase.

Significant changes in revenues and expenses – Despite the still struggling economy, general revenues in governmental activities increased \$77.5 million, or 10% from fiscal year 2003. Anne Arundel County experienced growth in property tax revenues of \$22.3 million, local income taxes of \$24.3 million, and recordation and transfer taxes of \$25 million. Investment earnings continued to drop off by 14%; however, are less than 1% of general revenues so the trend had little effect on overall financial position. The growth in revenues resulted from increasing housing values, home sales, and mortgage refinancing.

The program revenues in governmental activities decreased by \$12.7 million, or 7%. Growth in license and permit fees of \$3.6 million, other fees and commission of \$1.9 million, and other revenue of \$2 million were offset by decreases in operating and capital grants and contributions of \$8.1 million and \$12.7 million, respectively.

The business-type activities show a decrease in total program revenue of \$7.2 million. There was a modest increase in charges for services of \$1.6 million or 2%; however, capital grants and contributions decreased by \$8.8 million from fiscal year 2003. The decrease to grants and contributions was caused by a drop in developer constructed assets of \$2.9 million from the previous year, a \$2.6 million decline in front foot and capital connection revenue, capital project grant revenue decrease of \$1.4 million, and a decrease in \$1.8 million decrease in environmental protection fees.

Factors Affecting Comparability – As discussed in the footnotes to the basic financial statements, there were adjustments to beginning net assets. The prior year comparative amounts in the tables that follow have been adjusted to reflect those restatements.

Changes to debt – The County's total bonded debt balance showed a net decrease of \$2.3 million in fiscal year 2004. The County issued \$49.5 million of bonds for governmental activities and \$13 million of bonds for business-type activities. Of this debt \$42 million of the proceeds was used to liquidate BANS issued in May 2003 and \$20.5 million was new proceeds for ongoing capital projects. In addition, \$2.57 million of bonds were issued for the Nursery Road Tax Increment District. In refunding the debt for Arundel Mills and West County Tax increments districts and additional \$4,005,000 of debt was incurred. The total of the additional bonds, less the principal payments in fiscal year 2004 caused the noted decrease.

The County issued \$52.5 million of BANS in May 2004 to fund capital expenditures in fiscal year 2005. Of this amount, \$32.5 million related to governmental activities, including education, public safety, infrastructure improvements, recreation, and general government improvements. The business-type activities received the remaining \$20 million of proceeds, which will be used for utility and waste collection improvements.

Financial Data and Management's Analysis

Government-wide Statements

Below is a condensed statement of net assets with comparative amounts from the previous fiscal year. We have also provided an analysis of the contents and fluctuations noted in the schedule.

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Anne Arundel County, Maryland Condensed Statement of Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2004	2003 (restated)	2004	2003	2004	2003 (restated)
Assets:						
Current	\$ 231,413,195	\$ 186,126,963	\$ 56,145,714	\$ 55,179,154	\$ 287,558,909	\$ 241,306,117
Restricted - Current	149,995,667	167,396,139	161,394,071	161,381,623	311,389,738	328,777,762
Restricted - Noncurrent	-	-	72,410,066	78,530,404	72,410,066	78,530,404
Capital	856,256,298	825,175,300	968,506,133	941,088,111	1,824,762,431	1,766,263,411
Total	<u>1,237,665,160</u>	<u>1,178,698,402</u>	<u>1,258,455,984</u>	<u>1,236,179,292</u>	<u>2,496,121,144</u>	<u>2,414,877,694</u>
Liabilities:						
Current	139,442,081	138,483,720	50,001,247	40,932,366	189,443,328	179,416,086
Restricted - current	25,012,948	22,048,161	20,805,947	13,578,982	45,818,895	35,627,143
Noncurrent	559,262,948	544,515,885	288,945,962	289,180,565	848,208,910	833,696,450
Total	<u>723,717,977</u>	<u>705,047,766</u>	<u>359,753,156</u>	<u>343,691,913</u>	<u>1,083,471,133</u>	<u>1,048,739,679</u>
Net Assets:						
Invested in capital assets, net of related debt	505,949,827	479,796,593	710,573,981	680,732,077	1,216,523,808	1,160,528,670
Restricted	107,050,148	102,281,573	184,793,565	194,972,623	291,843,713	297,254,196
Unrestricted	(99,052,792)	(108,427,530)	3,335,282	16,782,679	(95,717,510)	(91,644,851)
Total	<u>\$ 513,947,183</u>	<u>\$ 473,650,636</u>	<u>\$ 898,702,828</u>	<u>\$ 892,487,379</u>	<u>\$ 1,412,650,011</u>	<u>\$ 1,366,138,015</u>

Discussion of components – This statement condenses the statement of net assets into broad categories. Current assets are those unrestricted assets that are readily convertible to cash and available to pay the liabilities of the County. Current restricted assets are those readily convertible to cash but legally restricted for a specific use. Noncurrent restricted assets are also limited as to use but are due to the County over several years. Restrictions can originate from Federal, State, or local law, grant agreements, or other contracts. Capital assets are those with an extended useful life that are not readily convertible to cash. These assets depreciate in value over their respective useful lives.

Current liabilities are those liabilities that will be paid with currently available resources within a year, while the current restricted liabilities will be paid with restricted assets. Noncurrent liabilities are not expected to be liquidated within one year. Noncurrent liabilities are those not expected to be paid within a year, including long term debt balances, accrued liabilities for annual and sick leave, estimates for long term insurance claims, long term escrow deposits, and revenue recorded but not yet earned.

Net assets represent equity remaining once amounts due are subtracted from assets available. Net assets are shown in three categories: Capital assets, net of any related debt issued to construct or buy the assets, restricted net assets remaining after restricted liabilities are covered by restricted assets, and unrestricted net asset balances.

Management's Analysis – Current assets are \$45.3 million higher in fiscal year 2004 in the governmental activities primarily due to increases in cash and temporary investments of \$34.4 million. The increase in cash and investments is due to the overall increase in revenues noted earlier. The General Fund fund balance has grown \$50.4 million since fiscal year 2003. The business-type activities show only \$966,560 in additional current assets.

Restricted assets in governmental activities have dropped \$17.4 million due to significant decreases in the General County Capital Projects Fund's cash and receivables balances of \$14.2 million and \$7.8 million, respectively. During fiscal year 2004, the new bond monies added to general county capital projects was \$20.5 million, which is lower than in recent fiscal years. In addition, the pay go funds coming from the General Fund to capital projects dropped from \$17,350,000 in fiscal year 2003 to \$12,807,000 in 2004. These two factors, along with continued capital spending, caused the drop in cash balances. In addition, at the end of fiscal year 2003 there was a significant receivable balance due from the State for certain Recreation and Parks projects. Much of that balance was collected in fiscal 2004.

The current restricted assets in business-type activities shows an insignificant change. Restricted

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noncurrent assets have decreased by \$6.1 million from fiscal year 2003. These assets result from long-term receivables for front foot benefit charges, capital connection charges, and a note receivable due from a developer. These balances continue to decrease as the number of properties allowed to defer the charges is declining and the developer is paying down the principal balance of the note. Newer developments are generally required to pay front foot and capital connection fees up front.

The governmental capital assets net balance has increased by \$31.1 million from the previous year, a 4% increase. There was no significant increase in any one category of capital assets. Capital assets in the business-type activities increased by \$27.4 million, or 3%.

Current liabilities for governmental activities have only increased by \$958,361. The increase in bond anticipation notes of \$3.2 million from the previous year was offset by a decrease in the accrued liabilities. The current liabilities in business-type activities increased by \$9.1 million, or 22%, from fiscal year 2003. The bond anticipation notes outstanding at the end of fiscal 2004 was \$7 million higher than at the end of fiscal year 2003, which is the primary cause of the variance.

Restricted current liabilities for governmental activities have increased \$3 million, or 13% from fiscal year 2003 to 2004. This fluctuation was caused by the increase in the amount due to the Board of Education and the Community College component units for capital project activity. The amount due the Board of Education increased by \$2.6 million and the liability to the College increased \$488,356. Restricted current liabilities for business-type activities have increased by \$7.2 million, or 53%. The increase is due to higher payables and retainages in Utility capital projects of \$4.8 million and \$2.3 million in additional deferred connection fee agreements.

Noncurrent liabilities consist of bonded debt, self insurance reserves, loans, capital leases, and other liabilities. These liabilities increased \$14.7 million or 3% in governmental activities and dropped only slightly in business-type activities. For governmental activities the long-term insurance reserves have increased by \$3.7 million due to increase in health care costs and self insurance claims reserves. The long-term bonds and agreements have increased by \$7.2 million and the deferred revenue has increased by \$5 million primarily due to \$3.3 million of premiums received on bonds sold during fiscal 2004.

The components of net assets in the governmental activities have all increased during fiscal year 2004. Capital assets net of related debt has increased \$26.2 million or 5%, Restricted net assets have increased \$4.8 million or 5%, and the unrestricted net assets have increased \$9.4 million, an increase of 9%. The first two categories growth is moderate; however, the increase to the unrestricted category is the result of the strong revenue streams from property, income, and recordation and transferred taxes, along with controlled spending.

It is important to note that although counties in the State of Maryland issue debt for the construction of schools, the schools are owned by the local Board of Education. Ownership reverts to the County if the building is no longer needed. The County also funds projects for the Community College and others that do not result in a County asset. Therefore, while the County's statements include this outstanding debt, there are no capital assets recorded on the primary government's statements. The negative unrestricted governmental activities fund balance of \$99.1 million reflects this treatment. The Board of Education and Community College capital net asset bases of approximately \$542 million and \$55.7 million, respectively, is evidence of the significant level of capital assets that were constructed primarily from County incurred debt.

A negative balance in unrestricted net assets does not constitute concern. However, the trend of the negative amount should be analyzed. The fiscal year 2001 unrestricted net asset amount of (\$54.1) million was 10.2% of total net assets, in fiscal year 2002 the amount (as restated) was (\$80.7) million or 14.5%, and in 2003 the amount of (\$108.4) million was 21%. Fiscal year 2004 has seen a change in this trend reducing the amount to (\$99.1) million or 9%. Continued growth in this number, as a percent, may highlight an increase in the related liabilities outpacing the increase in the available assets. Management continues to monitor the changes in this category to insure adequacy of current resources.

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The next schedule is a condensed version of the Statement of Activities; however, the revenues are listed first with the functional expenses presented last. The schedule includes comparative amount from the previous fiscal year. An analysis of this information follows the schedule.

Anne Arundel County, Maryland						
Statement of Activities						
	Governmental Activities		Business-type Activities		Total	
	2004	2003 (restated)	2004	2003	2004	2003
Program revenues:						
Charges for services	\$ 63,908,474	\$ 55,867,208	\$ 97,133,010	\$ 95,497,326	\$ 161,041,484	\$ 151,364,534
Operating grants & contributions	68,018,578	76,083,182	-	-	68,018,578	76,083,182
Capital grants & contributions	38,716,764	51,392,280	28,947,374	37,769,179	67,664,138	89,161,459
	<u>170,643,816</u>	<u>183,342,670</u>	<u>126,080,384</u>	<u>133,266,505</u>	<u>296,724,200</u>	<u>316,609,175</u>
General revenue:						
General property taxes	393,883,820	371,534,227			393,883,820	371,534,227
Local income taxes	289,676,102	265,326,986			289,676,102	265,326,986
State shared taxes	6,918,566	5,890,916			6,918,566	5,890,916
Recordation & transfer taxes	99,053,108	74,120,137			99,053,108	74,120,137
Local sales taxes	30,830,077	29,617,564			30,830,077	29,617,564
Investment income	1,632,805	1,891,430	3,729,904	5,576,906	5,362,709	7,468,336
Other revenue	6,671,086	2,762,129	7,286,423	4,475,193	13,957,509	7,237,322
	<u>828,665,564</u>	<u>751,143,389</u>	<u>11,016,327</u>	<u>10,052,099</u>	<u>839,681,891</u>	<u>761,195,488</u>
Total revenues	<u>999,309,380</u>	<u>934,486,059</u>	<u>137,096,711</u>	<u>143,318,604</u>	<u>1,136,406,091</u>	<u>1,077,804,663</u>
Expenses:						
Education	460,910,902	444,902,592			460,910,902	444,902,592
Public safety	174,599,087	188,389,041			174,599,087	188,389,041
General government	89,831,540	103,922,806			89,831,540	103,922,806
Health & human services	68,204,598	68,448,082			68,204,598	68,448,082
Public works	53,980,672	85,666,142			53,980,672	85,666,142
Recreation & community services	40,949,426	47,930,205			40,949,426	47,930,205
Judicial	18,962,146	19,837,894			18,962,146	19,837,894
Code enforcement	9,996,379	10,511,978			9,996,379	10,511,978
Land use & development	10,261,520	9,457,559			10,261,520	9,457,559
Economic development	3,342,050	3,520,112			3,342,050	3,520,112
Interest expense on debt	27,974,513	25,506,435			27,974,513	25,506,435
Water & wastewater			85,920,260	85,254,365	85,920,260	85,254,365
Waste collection			42,946,457	36,066,380	42,946,457	36,066,380
Child care			2,014,545	1,819,086	2,014,545	1,819,086
Total expenses	<u>959,012,833</u>	<u>1,008,092,846</u>	<u>130,881,262</u>	<u>123,139,831</u>	<u>1,089,894,095</u>	<u>1,131,232,677</u>
Increase in net assets before transfers and other items	40,296,547	(73,606,787)	6,215,449	20,178,773	46,511,996	(53,428,014)
Transfers and other items	-	-	-	-	-	-
Change in net assets	40,296,547	(73,606,787)	6,215,449	20,178,773	46,511,996	(53,428,014)
Net assets, beg of year, as restated	473,650,636	547,257,423	892,487,379	872,308,606	1,366,138,015	1,419,566,029
Net assets, end of year	<u>\$ 513,947,183</u>	<u>\$ 473,650,636</u>	<u>\$ 898,702,828</u>	<u>\$ 892,487,379</u>	<u>\$ 1,412,650,011</u>	<u>\$ 1,366,138,015</u>

The Statement of Activities presents some significant changes in revenues. These fluctuations were explained in the financial highlights section. Governmental activities' overall revenue has increased by \$64.8 million, which is a 7% increase from the previous year. Despite the decreases to operating and capital grants and contributions, positive trends in major tax revenue sources has provide the County with a significant amount of additional revenues.

The expenses of the governmental activities have decreased by \$49.1 million or 5% from fiscal year 2003. The decrease is due to two primary factors. The County adopted a very conservative budget for fiscal year 2004 based on potential mid year reductions in State funding. These cuts did not materialize; however, departments kept spending conservatively. The second factor is fiscal year 2003 had abnormally high costs because capital project completions resulted in significant additional expenditures.

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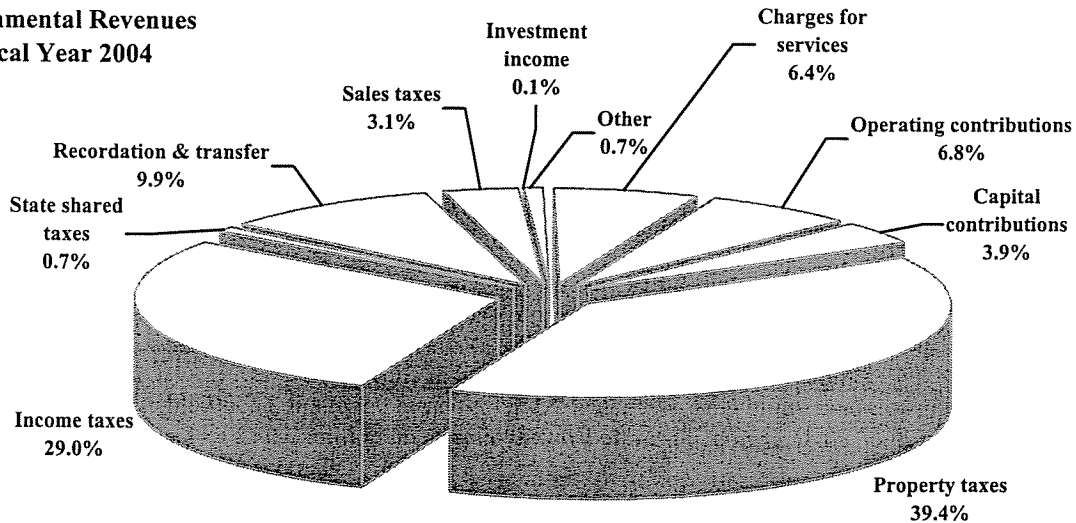
Education, Land use and development, and Interest expense are the only three categories that had higher expenses in fiscal year 2004 compared to 2003. Education expenses increased by \$16 million, a 4% increase. State law regulates funding to the Board of Education and College and local government funding must maintain certain maintenance of effort requirements so County must maintain level spending. All other functional categories show decreases in overall expenses due to controlled spending and fiscal year 2003 capital expenses as discussed above.

In business-type activities there was a modest increase in charges for services of \$1.6 million or 2% in fiscal year 2004, while capital grants and contributions dropped by \$8.8 million. Fewer developer contributions of water and wastewater facilities were the primary causes of that decrease. Interest earnings dropped by \$1.8 million compared to the previous year due to the decline in interest rates. This trend was noted throughout all County activities. The only notable fluctuation in the business-type expenses is a \$6.9 million increase in Waste collection activities. This was caused by a \$2.7 million increase in the cost of trash hauling and a \$3.6 million increase in the Landfill closure and postclosure accruals.

Distribution of Revenues and Expenses

The charts below show the percentage distribution of revenues from governmental activities and the percentage expended on each governmental function. A discussion of the 2004 distribution and significant changes from fiscal year 2003 follows.

**Governmental Revenues
Fiscal Year 2004**



General revenue sources continue to provide the vast majority of the County's revenue. Tax revenues from property assessments, income, state shared sources, recordation and transfer, and sales of certain goods provided 82.1% of our revenue base. This total percent is consistent has increased from 79.2% in the previous fiscal year. The increase in the percent was caused by the recordation and transfer taxes, which have increased from 7.9% of revenue in fiscal year 2003 to 9.9% in 2004. Governmental activities' operating and capital contributions have declined from 13.6% of total revenue in fiscal year 2003 to 10.7% in 2004. The reasons for these declines were discussed in financial highlights above.

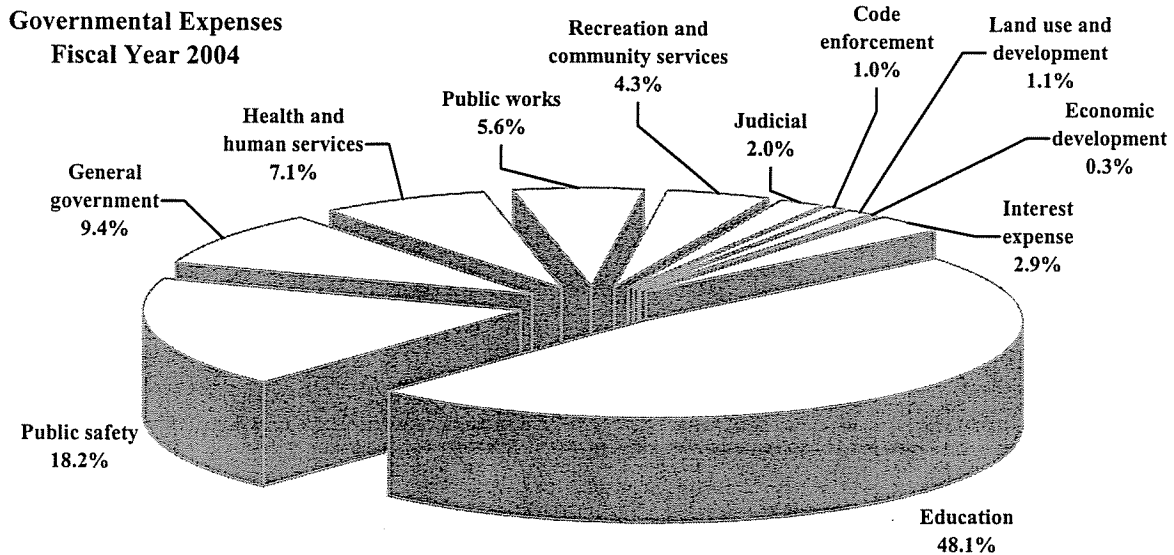
An analysis of the percentage distribution of expenses by function revealed that although Education has increased in its proportion of total expenses from 44.1% in fiscal year 2003 to 48.1% in 2004, many other functional categories have declined in respective percentages. The most significant declines are General Government, down from 10.3% in fiscal year 2003 to 9.4%, Public Works, down from 8.5% to 5.6%, and Recreation & Community

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Services, down from 8.8% to 4.3%. The reasons for the overall declines in these functional expense categories were discussed earlier in this analysis.



Fund Statements

Although tables have not been included herein, certain elements of the fund statements presented in the basic financial statements are discussed below.

Governmental Fund Types

Total assets in the General Fund increased from \$140.4 million to \$183.4 million, an increase of \$43 million from fiscal year. The increases occurred primarily in cash, up by \$33.1 million, and increases in property taxes receivable and State income taxes receivable at the end of fiscal year 2004. These increases are the result of stronger than anticipated revenues from taxes in fiscal year 2004.

The total fund balance has increased from \$49.2 million to \$99.6 million, an increase of \$50.4 million. Management had budgeted to use some of the fiscal year 2003 fund balance in supporting the fiscal year 2004 budget. However, favorable trends in revenues actually created additional fund balance. The unreserved and undesignated General Fund balance increased from \$5 million in fiscal year 2003 to \$36.1 million in 2004.

The County has a revenue reserve fund of \$27 million at the end of fiscal year 2003. The growth in this fund from the prior year of \$2.2 million was due to an additional contribution of \$2 million in fiscal year 2004 and interest earnings of \$249,340. This reserve may only be used when revenues fall short of expectations. Use of the reserve requires legislative action. Further, legislation passed in September 2002 increased the amount of funding that can be allocated to this reserve each year. The fiscal year 2005 budget provides for an additional \$4 million of General Fund monies be reserved. This fund has been in existence since fiscal year 1994 and has not been utilized by Management.

The General Fund's balance sheet also includes a \$4.2 million liability to the Self Insurance Fund (an internal service fund). In fiscal year 2004, the County has allocated the deficit in this internal service fund to participating funds in order to better reflect the increasing claims estimated by the actuary. The General Fund balance sheet also includes a \$6 million reserve for debt service. The County received a premium from its March 2003 and 2004 general obligation bond sales. These premiums have been recognized as revenue in the fund

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statements and will be used to pay interest on the bonds issued as required by restrictions in the bond sale's tax certificate.

The revenues in the General Fund have increased by \$77.6 million compared to the prior fiscal year. Additional property tax revenue of \$17.7 million, state income taxes of \$33.3 million and recordation and transfer taxes of \$25 million account for the increase. Most other revenue sources showed only modest increases from fiscal 2003. Expenditures however increased only \$36.9 million. Except for Education and Public Safety, most of the other departments showed declines in spending from fiscal year 2003. The favorable revenue trends coupled with controlled spending resulted in the increase in fund balance discussed above.

The Impact Fees Fund's statements remained fairly consistent with the prior year. This fund holds developer impact fees until utilized for the construction of capital assets. Assets and fund balance grew from \$51.1 million in fiscal year 2003 to \$56.4 million at the end of fiscal year 2004. The growth is attributable to revenues from impact fees increasing slightly from \$9.1 million in the previous year to \$10.7 million in fiscal year 2004. Investment earnings have declined from \$806,786 to \$650,606. The transfers to capital project construction activity increased from \$5.5 million to \$5.9 million.

The General County Capital Projects Fund's balance sheet shows \$19.2 million fewer assets in fiscal year 2004, from \$90.8 million to \$71.6 million. This decline is seen in both cash balances, down \$14.2 million from the previous year and receivables, down \$7.8 million. Total liabilities are fairly consistent with the previous year. The cause of the drop in assets was a decline in the total revenue sources in the fund during fiscal year 2004 compared to 2003. Although grant revenue increased by \$6.3 million due to the collection of significant State grant receivables, new bond monies declined from \$45 million to \$20.5 million and paygo funding from the General Fund declines from \$17,350,000 to \$12,807,000, a \$4.5 million decrease.

Proprietary Fund Types

The Water and Wastewater Fund's assets increased by \$21 million during fiscal year 2004, caused by a \$27 million increase in capital assets, net of depreciation. The capital assets increase each year as capital projects are completed and developer donated water and sewer facilities are added. Liabilities have declined by \$11.2 million. An analysis shows no significant changes in components. Current liabilities include additional short-term debt from bond anticipation notes, \$7,250,000 higher in fiscal year 2004; however, this is offset by the decline in long-term debt of \$6.3 million. As a result of the changes in assets and liabilities the Water and Wastewater Fund's net assets increased only \$10.7 million, or 1%.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets shows only modest increases in operating revenue of \$1.8 million and operating expenses consistent with the previous fiscal year. Nonoperating elements also show little net change. However, the capital contributions, fees and grants have decreased substantially from \$37.8 million to \$28.9 million. Fiscal year 2003 revenues were higher than normal because the County increased certain capital connection fees and allowed developers to pay their fees in advance to avoid the higher fees. As a result fiscal year 2004 revenues from these sources have declined.

The Solid Waste Fund's assets have increased by a modest \$1.2 million, or 2%. Liabilities have increased by \$4.6 million, primarily due to a higher landfill closure and post closure reserves. These reserves are up from \$24 million in fiscal year 2004 to \$29.5 million, as a result of changes in the estimate of future post closure costs. Revenue has increased by \$2.5 million, or 7%, and is primarily due to an increase in other operating revenues. Expenses have increase \$7 million due to higher contractual waste haulers expense, up by \$2.7 million from fiscal year 2003 and increases to landfill reserves, up \$3.6 million from the previous year.

Fiduciary Fund Types

Fiduciary funds include the Pension Trust Funds and the Agency Funds. The Pension Trust Funds are presented for the calendar year ended December 31, 2003. The Pension Trust Funds' assets increased by \$191.5

Anne Arundel County, Maryland

Management Discussion and Analysis

Year Ended June 30, 2004

million from 2002 to 2003, or 22%. Since the economy has slowly improved, the contributions of \$34 million during 2004, and the asset appreciation of \$195.4 million, more than compensated for the decline noted in 2002. Agency funds have shown no significant changes, with net assets increasing from \$16 million at the end of fiscal year 2003 to \$16.7 million at the end of fiscal year 2004.

Budgetary Variations

The budgetary statements of the General Fund show actual revenues of \$941.7 million compared to budgeted amounts of \$892.4 million, resulting in \$49.2 million more revenues than anticipated. The most significant budgetary variations within components of revenue were actual local income taxes over expected of \$17 million and recordation and transfer taxes in excess of budget by \$34 million. These fluctuations were caused by changes in economic factors discussed in the financial highlights.

Functional expenditures were within budget for all categories. Total expenditures on a budgetary basis were \$892 million compared to appropriation authority of \$901.8, resulting in \$9.9 million, or 1%, less than planned. As a result, the amended budget anticipated using fund balance of \$9.4 million, however, \$49.7 million of fund balance was added.

The General Government and Public Works categories of expenditures had significant increases to the budget of \$3,157,500 and \$3,268,000, respectively during fiscal year 2004. The increase to General Government was primarily due to \$6,988,300 million of additional appropriations added for Self Insurance Fund premiums. This additional appropriation was offset by the use of unused appropriations within the general government function moved to other primarily due to the additional clean up costs for damages resulting from Hurricane Isabel in September 2003. Besides these two changes to budget appropriations, there were no significant changes between original and amended budget in the General Fund. Management is not aware of any reasons why these and other budgetary variations would have a significant effect on future liquidity or services.

Capital Assets

The table below presents the asset values of the capital asset categories in governmental and business-type activities, net of accumulated depreciation. A discussion of the fluctuations and other analysis follows.

Anne Arundel County, Maryland						
Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2004	2003 (restated)	2004	2003	2004	2003 (restated)
Land and easements	\$ 152,128,829	\$ 143,709,828	\$ 8,549,360	\$ 8,365,864	\$ 160,678,189	\$ 152,075,692
Historical property						
and works of art	4,095,225	4,095,225	-	-	4,095,225	4,095,225
Land improvements	40,337,951	40,906,926	16,226,706	16,628,136	56,564,657	57,535,062
Buildings	154,476,999	151,929,236	11,329,930	11,600,322	165,806,929	163,529,558
Roads, bridges and signals	132,426,385	131,766,223	-	-	132,426,385	131,766,223
Sidewalks, curbs and gutters	13,079,858	12,257,702	-	-	13,079,858	12,257,702
Storm drains and culverts	87,599,148	90,172,267	-	-	87,599,148	90,172,267
Water and sewer plants and lines	-	-	809,200,045	802,981,916	809,200,045	802,981,916
Automobiles and rolling stock	17,992,055	18,078,900	1,144,604	1,100,372	19,136,659	19,179,272
Furniture and equipment	7,212,597	8,616,466	2,450,086	3,223,301	9,662,683	11,839,767
Software	4,517,475	5,784,423	-	-	4,517,475	5,784,423
Construction in progress	242,389,776	217,858,104	119,605,402	97,188,200	361,995,178	315,046,304
Total	\$ 856,256,298	\$ 825,175,300	\$ 968,506,133	\$ 941,088,111	\$ 1,824,762,431	\$ 1,766,263,411

Governmental capital assets - Total governmental assets show a slight increase from the prior year of \$31.8 million, or 4%. A review of the categories shows only a couple of significant changes. Land and easements have increased by \$8.4 million and construction in progress has increased by \$24.5 million. A review of the detail supporting this table show additions in fiscal year 2004 greater than the 2003 additions; however, many of the

Anne Arundel County, Maryland

Management Discussion and Analysis

Year Ended June 30, 2004

current year additions have been outpaced by depreciation.

Land and easements and construction in progress typically increase because these assets are not depreciated. There were approximately \$6.1 million of additions in this category, including \$2.8 million of agricultural easements. The only significant land purchase in fiscal year 2004 was a 303-acre parcel at Jug Bay, a South County park, which included \$4.7 million of land. The increase in construction in progress was caused by the continual construction of major capital improvements, including the 800 MGZ communication system and the West County Regional Library. These two projects added \$12.1 million and \$5.7 million of costs, respectively in fiscal 2004.

Business-type capital assets – The capital assets in business-type activities have increased by \$27.4 million, or 3% from fiscal year 2003. Most of the categories of assets show little change since new additions are negated by the continued depreciation of existing assets. Construction in progress has increased by \$22.7 million. Construction on major wastewater projects caused this increase. Woodland Beach Sewer Pumping Station and Annapolis Wastewater Reclamation Facility upgrades added \$4.2 million and \$8.5 million of costs, respectively during fiscal year 2004.

The statement of net assets presents the gross asset balances and total accumulated depreciation. The table below summarizes this information for depreciable assets and presents accumulated depreciation as a % of the gross depreciable assets.

Anne Arundel County, Maryland
Analysis of Depreciable Assets

	Governmental			Business-type		
	2004	2003	2002	2004	2003	2002
Total depreciable capital assets	\$ 861,104,562	\$ 841,621,562	\$ 829,617,900	\$ 1,200,681,588	\$ 1,166,808,643	\$ 1,140,124,702
Accumulated depreciation	(403,462,094)	(382,109,419)	(359,839,272)	(360,330,217)	(331,274,596)	(309,162,398)
Net depreciable capital assets	\$ 457,642,468	\$ 459,512,143	\$ 469,778,628	\$ 840,351,371	\$ 835,534,047	\$ 830,962,304
Net value as a percent of total	53%	55%	57%	70%	72%	73%
Accumulated depreciation as a percent of total	47%	45%	43%	30%	28%	27%

This analysis shows that the governmental capital assets were 47%, 45%, and 43% depreciated in fiscal years 2004, 2003, and 2002, respectively. The business-type capital assets show a 1% increase in the percent depreciated from fiscal year 2002 to 2003 and then another 2% increase in fiscal year 2004. The increase in accumulated depreciation as a percent implies that the asset base is aging slightly in the years presented. The comparison of these fiscal years does not provide any definite conclusion about the County's replacement of aging assets; however an upward trend in accumulated depreciation as a percent of gross assets over several years might indicate that the asset base is aging. Management will continue to monitor this trend. Additional information about the County's capital assets and changes therein is provided in the notes to the basic financial statements.

Debt Administration

The County's outstanding debt at the end of fiscal years 2004 and 2003 is presented in the table below. The County had been utilizing short-term bond anticipation notes to fund capital project expenditures and converting this debt to long term after the funds had been spent.

In May 2004 the County issued \$52.5 million short-term bonds in anticipation of capital project spending in early fiscal year 2005. Of the total, \$32.5 million of the proceeds will be used for general county projects such as

Anne Arundel County, Maryland

Management Discussion and Analysis

Year Ended June 30, 2004

infrastructure, education, public safety, libraries, and parks and recreation. The water and wastewater projects will utilize \$19 million of the proceeds and waste collection will use \$1 million for landfill related projects.

**Anne Arundel County, Maryland
Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Bond anticipation notes	\$ 32,500,000	\$ 29,000,000	\$ 20,000,000	\$ 13,000,000	\$ 52,500,000	\$ 42,000,000
General obligation bonds	493,467,418	494,467,307	266,560,378	273,778,401	760,027,796	768,245,708
Special assessment debt	56,215,000	50,300,000	-	-	56,215,000	50,300,000
State loans	2,723,733	3,058,346	-	-	2,723,733	3,058,346
Capital leases	161,801	210,045	-	-	161,801	210,045
Installment purchase agreements	8,397,948	6,689,948	-	-	8,397,948	6,689,948
Total	\$ 593,465,900	\$ 583,725,646	\$ 286,560,378	\$ 286,778,401	\$ 880,026,278	\$ 870,504,047

The County issued general obligation bonds of \$62.5 million in March 2004, including \$49.5 million for governmental activities and \$13 million for business-type activities. The proceeds were used to pay off \$42 million of bond anticipation notes issued in May 2003 and the net amount of \$20.5 million was used for governmental activities in the General County Capital Projects Fund.

The County took advantage of the low interest rates to issue refunding bonds in May 2004 for both the Arundel Mills and West County tax increment districts' special assessment debt. The proceeds were placed in escrow and will be used to service the refunded bonds and pay off the principal on the earliest callable date. The refunding resulted in an additional \$4,005,000 in principal. The County also sold special assessment bonds for the Nursery Road Tax Increment District totaling \$2,570,000 in order to facilitate some public improvements in the BWI Technology Park.

The changes to the State loans were not significant as there were no new loans in fiscal year 2004 and the decline noted in the table is due to principal payments in 2004. There were no new capital leases added in 2004 and the decline reflects the amortization of the liability. The County's initiative to purchase agricultural easements through installment purchase agreements resulted in two new agreements in fiscal year 2004, totaling \$1,721,000.

Other changes to debt balances resulted from principal payments during fiscal year 2003. Additional information about the County's debt and changes therein is provided in the notes to the basic financial statements.

Fiscal Year 2005 and Beyond

Promulgations by the Governmental Accounting Standards Board require Management to include descriptions of currently known facts, decisions, or conditions that are expected to have a significant effect on financial position (net assets) or results of operations (revenues, expenses, or other changes in net assets.) In that regard there have been no major incidents that are expected to have a major impact on the County's financial position.

The State of Maryland faced budgetary shortfalls in 2004 and fiscal years 2005 and 2006 are expected to be problematic. To date Anne Arundel County has been successful in reacting to any changes in funding from State sources. The County continues to see growth in its major revenue sources as new residents continue to move here as Federal government support industries expand. Real property values have continued to increase in the beginning of fiscal year 2005 and real estate sales and mortgage refinancing continue to provide strong revenue inflow of recordation and transfer taxes.

**Basic
Financial
Statements**

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Anne Arundel County, Maryland
Statement of Net Assets
June 30, 2004

	Primary Government			Discretely Presented Component Units			
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor	
ASSETS							
Current Assets							
Cash and temporary investments	\$ 92,421,061	\$ 37,060,619	\$ 129,481,680	\$ 81,531,663	\$ 7,103,546	\$ 1,618,725	
Investments						834,669	
Taxes and other State revenue receivable	130,270,053	-	130,270,053	2,101,975	249,557	-	
Service billings receivable	-	17,867,943	17,867,943	-	-	-	
Prepays and other receivables	7,203,628	-	7,203,628	4,088,743	7,164,388	1,048,752	
Inventories	1,518,453	1,217,152	2,735,605	1,911,133	858,983	21,904	
Due from primary government	-	-	-	11,635,755	1,640,709	1,155,920	
Restricted assets							
Cash and temporary investments	132,205,954	157,662,786	289,868,740	217,600	-	689,615	
Investments						277,157	
Receivables							
Due from other governmental agencies	13,035,552	1,055,803	14,091,355	-	-	34,431	
Other, net	3,964,120	2,675,482	6,639,602	-	-	440,576	
Other assets	790,041	-	790,041	-	-	-	
Total current restricted assets	149,995,667	161,394,071	311,389,738	217,600	-	1,441,779	
Noncurrent Assets							
Restricted assets							
Deferred assessment and connection charges	-	65,209,109	65,209,109	-	-	-	
Notes receivable	-	7,200,957	7,200,957	-	-	-	
Total noncurrent restricted assets	-	72,410,066	72,410,066	-	-	-	
Loans receivable and other assets	-	-	-	-	6,039,837	1,678,117	
Capital assets not being depreciated	398,613,830	128,154,762	526,768,592	119,955,038	16,813,994	3,071,237	
Capital assets being depreciated	861,104,562	1,200,681,588	2,061,786,150	772,360,677	91,542,894	16,166,968	
Less accumulated depreciation	(403,462,094)	(360,330,217)	(763,792,311)	(350,072,785)	(39,777,968)	(5,614,648)	
	457,642,468	840,351,371	1,297,993,839	422,287,892	51,764,926	10,552,320	
Total capital assets	856,256,298	968,506,133	1,824,762,431	542,242,930	68,578,920	13,623,557	
Total assets	1,237,665,160	1,258,455,984	2,496,121,144	643,729,799	91,635,940	21,423,423	

Anne Arundel County, Maryland
Statement of Net Assets
June 30, 2004

	Primary Government			Discretely Presented Component Units			
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor	
LIABILITIES							
Current liabilities							
Accrued liabilities	33,789,145	7,231,755	41,020,900	72,297,774	6,446,723	1,212,699	
Current portion of non-current liabilities	71,237,179	22,446,763	93,683,942	4,495,880	-	586,573	
Notes payable	-	-	-	-	7,157	1,790,140	
Bond anticipation notes	32,500,000	20,000,000	52,500,000	-	-	-	
Internal balances	(105,100)	105,100	-	-	-	-	
Due to component units	1,905,920	-	1,905,920	-	-	-	
Escrow deposits	114,937	217,629	332,566	-	-	24,706	
Deferred revenue	-	-	-	1,253,518	6,062,547	436,819	
Liabilities related to restricted assets							
Accrued liabilities	9,703,100	13,577,520	23,280,620	-	263,372	237,816	
Due to component units	12,526,464	-	12,526,464	-	-	-	
Escrow and other deposits	2,783,384	1,017,270	3,800,654	-	-	-	
Deferred revenue	-	6,211,157	6,211,157	-	-	220,000	
Total current liabilities	164,455,029	70,807,194	235,262,223	78,047,172	12,779,799	4,508,753	
Noncurrent liabilities							
Compensated absences and other obligations	1,670,051	178,748	1,848,799	-	410,861	-	
Unpaid insurance claims	26,883,000	-	26,883,000	-	-	-	
Estimated landfill closure and postclosure	-	29,517,058	29,517,058	-	-	-	
Long-term debt, net of deferred refunding gain/loss	517,716,599	245,416,615	763,133,214	27,614,223	16,520,804	203,594	
Deferred revenue	12,993,298	13,833,541	26,826,839	-	-	-	
Total liabilities	723,717,977	359,753,156	1,083,471,133	105,661,395	29,711,464	4,712,347	
NET ASSETS							
Capital assets, net of related debt	505,949,827	710,573,981	1,216,523,808	541,977,474	55,658,557	13,616,748	
Restricted for:							
Revenue stabilization	27,177,741	-	27,177,741	-	-	-	
Debt service	13,346,926	156,003,350	169,350,276	-	-	-	
Capital improvements	59,022,217	27,995,401	87,017,618	217,600	-	-	
Other purposes	7,503,264	794,814	8,298,078	3,172,142	4,149,506	1,754,413	
Unrestricted	(99,052,792)	3,335,282	(95,717,510)	(7,298,812)	2,116,413	1,339,915	
Total net assets	\$ 513,947,183	\$ 898,702,828	\$ 1,412,650,011	\$ 538,068,404	\$ 61,924,476	\$ 16,711,076	

Accompanying notes to the basic financial statements are an integral part of this statement. 27

Anne Arundel County, Maryland

Statement of Activities

Year Ended June 30, 2004

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Education	\$ 460,910,902	\$ -	\$ -	\$ 10,764,050
Public Safety	174,599,087	8,938,688	9,686,298	768,569
General government	89,831,540	23,231,798	7,002,035	1,010,421
Health and human services	68,204,598	3,464,494	30,280,340	-
Public works	53,980,672	1,723,233	18,826,410	13,717,628
Recreation and community services	40,949,426	8,041,927	178,839	12,456,096
Judicial	18,962,146	2,541,805	1,568,882	-
Code enforcement	9,996,379	13,281,829	-	-
Land use and development	10,261,520	2,657,538	405,979	-
Economic development	3,342,050	27,162	18	-
Interest on debt and leases	27,974,513	-	69,777	-
	<u>959,012,833</u>	<u>63,908,474</u>	<u>68,018,578</u>	<u>38,716,764</u>
Business-type activities:				
Water and wastewater	85,920,260	59,599,990	-	28,947,374
Waste collection	42,946,457	35,448,676	-	-
Child care	2,014,545	2,084,344	-	-
	<u>130,881,262</u>	<u>97,133,010</u>	<u>-</u>	<u>28,947,374</u>
Total primary government	<u>1,089,894,095</u>	<u>161,041,484</u>	<u>68,018,578</u>	<u>67,664,138</u>
Component units:				
Board of Education	713,331,712	16,672,950	107,257,170	47,381,781
Community College	93,966,734	32,324,107	6,592,211	13,610,045
Library System	16,849,991	595,642	2,660,633	2,460,522
Economic Development Corp	3,831,079	632,384	1,790,450	-
Tipton Airport Authority	906,378	860,006	-	1,801,264
Workforce Development	2,432,834	-	2,358,519	-
Total component units	<u>\$ 831,318,728</u>	<u>\$ 51,085,089</u>	<u>\$ 120,658,983</u>	<u>\$ 65,253,612</u>

General revenues:
 General property taxes
 Local income taxes
 State shared taxes
 Recordation and transfer taxes
 Local sales taxes
 Unrestricted contributions
 Restricted contributions
 Investment income
 Other revenue
 Total general revenues,
 special items, and transfers

Change in net assets

Net assets, July 1 (as restated)
 Net assets, June 30

Accompanying notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenues and Changes in Net Assets

Primary Government			Discretely Presented Component Units		
Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor
\$ (450,146,852)	\$ -	\$ (450,146,852)	\$ -	\$ -	\$ -
(155,205,532)	-	(155,205,532)	-	-	-
(58,587,286)	-	(58,587,286)	-	-	-
(34,459,764)	-	(34,459,764)	-	-	-
(19,713,401)	-	(19,713,401)	-	-	-
(20,272,564)	-	(20,272,564)	-	-	-
(14,851,459)	-	(14,851,459)	-	-	-
3,285,450	-	3,285,450	-	-	-
(7,198,003)	-	(7,198,003)	-	-	-
(3,314,870)	-	(3,314,870)	-	-	-
(27,904,736)	-	(27,904,736)	-	-	-
<u>(788,369,017)</u>	<u>-</u>	<u>(788,369,017)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	2,627,104	2,627,104	-	-	-
-	(7,497,781)	(7,497,781)	-	-	-
-	69,799	69,799	-	-	-
<u>-</u>	<u>(4,800,878)</u>	<u>(4,800,878)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(788,369,017)	(4,800,878)	(793,169,895)	-	-	-
-	-	-	(542,019,811)	-	-
-	-	-	-	(41,440,371)	-
-	-	-	-	-	(11,133,194)
-	-	-	-	-	(1,408,245)
-	-	-	-	-	1,754,892
-	-	-	-	-	<u>(74,315)</u>
-	-	-	(542,019,811)	(41,440,371)	(10,860,862)
393,883,820	-	393,883,820	-	-	-
289,676,102	-	289,676,102	-	-	-
6,918,566	-	6,918,566	-	-	787,444
99,053,108	-	99,053,108	-	-	-
30,830,077	-	30,830,077	-	-	-
-	-	-	542,751,154	44,712,440	11,910,973
-	-	-	-	1,619,149	-
1,632,805	3,729,904	5,362,709	569,246	434,481	17,092
<u>6,671,086</u>	<u>7,286,423</u>	<u>13,957,509</u>	<u>1,791,999</u>	<u>294,955</u>	<u>59,407</u>
<u>828,665,564</u>	<u>11,016,327</u>	<u>839,681,891</u>	<u>545,112,399</u>	<u>47,061,025</u>	<u>12,774,916</u>
40,296,547	6,215,449	46,511,996	3,092,588	5,620,654	1,914,054
<u>473,650,636</u>	<u>892,487,379</u>	<u>1,366,138,015</u>	<u>534,975,816</u>	<u>56,303,822</u>	<u>14,797,022</u>
\$ <u>513,947,183</u>	\$ <u>898,702,828</u>	\$ <u>1,412,650,011</u>	\$ <u>538,068,404</u>	\$ <u>61,924,476</u>	\$ <u>16,711,076</u>

Anne Arundel County, Maryland

Balance Sheet

Governmental Funds

June 30, 2004

	Major Funds			Nonmajor	Totals
	General	Impact Fees	General County Capital Projects	Governmental Funds	
ASSETS					
Cash and temporary investments	\$ 49,730,856	\$ 56,364,409	\$ 55,178,130	\$ 20,663,415	\$ 181,936,810
Receivables					
Property taxes					
(net of \$3,419,823 allowance)	2,375,482	-	-	-	2,375,482
Local sales taxes	3,648,013	-	-	-	3,648,013
State shared revenues	20,748,438	-	-	-	20,748,438
Due from other governmental agencies	6,534,484	-	12,237,774	797,778	19,570,036
Local income tax	96,963,636	-	-	-	96,963,636
Other, net	2,446,102	-	3,358,925	605,195	6,410,222
Inventories	939,042	-	-	-	939,042
Other assets	-	-	790,041	-	790,041
Total assets	<u>183,386,053</u>	<u>56,364,409</u>	<u>71,564,870</u>	<u>22,066,388</u>	<u>333,381,720</u>
LIABILITIES					
Accrued liabilities	21,130,716	-	8,527,891	1,175,209	30,833,816
Due to other funds	4,122,651	-	-	-	4,122,651
Due to component units					
Board of Education	-	-	11,635,755	-	11,635,755
Community College	750,000	-	890,709	-	1,640,709
Library	1,155,920	-	-	-	1,155,920
Escrow and other deposits	114,937	-	-	2,783,384	2,898,321
Deferred revenue	<u>56,496,462</u>	<u>-</u>	<u>14,405,889</u>	<u>25,924</u>	<u>70,928,275</u>
Total liabilities	<u>83,770,686</u>	<u>-</u>	<u>35,460,244</u>	<u>3,984,517</u>	<u>123,215,447</u>
FUND BALANCES:					
Reserved for:					
Encumbrances	5,834,558	-	38,254,855	1,342,633	45,432,046
Revenue stabilization fund	27,177,741	-	-	-	27,177,741
Reserved for debt service	5,996,172	-	-	351,171	6,347,343
Inventories	939,042	-	-	-	939,042
Unreserved:					
Designated for subsequent year's expenditures in:					
General fund	23,569,200	-	-	-	23,569,200
Special revenue funds	-	44,635,472	-	857,900	45,493,372
Capital projects funds	-	-	-	401,700	401,700
Debt service funds	-	-	-	2,134,300	2,134,300
Undesignated in:					
General fund	36,098,654	-	-	-	36,098,654
Special revenue funds	-	11,728,937	-	8,071,115	19,800,052
Capital projects funds	-	-	(2,150,229)	57,769	(2,092,460)
Debt service funds	-	-	-	4,865,283	4,865,283
Total fund balances	<u>99,615,367</u>	<u>56,364,409</u>	<u>36,104,626</u>	<u>18,081,871</u>	<u>210,166,273</u>
Total liabilities and fund balances	<u>\$ 183,386,053</u>	<u>\$ 56,364,409</u>	<u>\$ 71,564,870</u>	<u>\$ 22,066,388</u>	<u>\$ 333,381,720</u>

Anne Arundel County, Maryland

Reconciliation of Governmental Fund Balance to Governmental Net Assets

Governmental Funds

June 30, 2004

Total fund balance for governmental funds as shown on the previous page	\$	210,166,273
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on governmental funds balance sheet.		841,614,694
Certain liabilities are not due and payable in the current period and, therefore, are not included on governmental funds balance sheet.		(609,944,960)
Accrued interest payable on debt is recorded in governmental activities.		(8,464,458)
Revenues not available for use in the current fiscal year have been deferred until future periods on the governmental funds balance sheet.		70,418,381
The assets and liabilities recorded in the internal service funds have been added to governmental net assets because these funds are used to provide services to other funds.		21,062,015
Premiums received on certain bond issues have been deferred on the Statement of Net Assets.		(12,483,404)
Certain expenditures paid with current resources have been deferred to future periods on the Statement of Net Assets.		<u>1,578,642</u>
Total net assets for governmental activities as shown on Statement of Net Assets	\$	<u>513,947,183</u>

Accompanying notes to basic financial statements are an integral part of this statement.

Anne Arundel County, Maryland

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2004

	Major Funds			Nonmajor	Totals
	General	Impact Fees	General County Capital Projects	Governmental Funds	
REVENUES					
General property taxes	\$ 386,355,438	\$ -	\$ -	\$ 8,992,508	\$ 395,347,946
Local income taxes	298,065,106	-	-	-	298,065,106
State shared taxes	25,613,319	-	-	-	25,613,319
Grants and aid	43,821,816	-	20,418,701	6,761,767	71,002,284
Recordation and transfer taxes	99,053,108	-	-	-	99,053,108
Local sales taxes	29,255,189	-	-	1,574,888	30,830,077
License and permit fees	15,154,020	-	-	-	15,154,020
Impact fees	-	10,715,560	-	-	10,715,560
Special community benefit taxes	-	-	-	3,829,032	3,829,032
Investment income	805,477	650,606	720,968	53,672	2,230,723
Other revenue	25,339,731	439,608	2,428,610	4,852,153	33,060,102
Total revenues	923,463,204	11,805,774	23,568,279	26,064,020	984,901,277
EXPENDITURES					
Current					
Education	413,237,691	-	47,514,828	-	460,752,519
Public safety	170,143,272	-	-	942,278	171,085,550
Health and human services	62,076,561	-	-	6,491,750	68,568,311
General government	64,194,640	-	-	886,461	65,081,101
Public works	27,172,688	644,619	-	1,772,870	29,590,177
Recreation and community services	25,188,750	-	-	3,603,976	28,792,726
Judicial	17,531,229	-	-	-	17,531,229
Code enforcement	9,980,085	-	-	-	9,980,085
Land use and development	8,244,505	-	-	355,621	8,600,126
Economic development	1,740,000	-	-	1,602,050	3,342,050
Capital outlay	1,221,885	-	74,604,495	1,463,763	77,290,143
Debt service					
Interest payments on debt	23,791,533	-	-	3,696,648	27,488,181
Principal payments on debt	71,919,901	-	-	1,057,527	72,977,428
Interest payments on leases	18,406	-	-	-	18,406
Principal payments on leases	48,244	-	-	-	48,244
Total expenditures	896,509,390	644,619	122,119,323	21,872,944	1,041,146,276
Revenues over (under) expenditures	26,953,814	11,161,155	(98,551,044)	4,191,076	(56,244,999)
OTHER FINANCING SOURCES (USES)					
Transfers in	5,709,289	-	39,401,327	1,750,000	46,860,616
Transfers out	(35,057,000)	(5,898,994)	(720,968)	(5,183,654)	(46,860,616)
Proceeds from general obligation bonds	49,500,000	-	-	-	49,500,000
Proceeds from bond anticipation notes	-	-	32,500,000	-	32,500,000
Proceeds from Nursery Road Tax Increment bonds	-	-	2,500,000	70,000	2,570,000
Proceeds from Dorchester Taxing District	-	-	5,388,744	-	5,388,744
Installment purchase contracts issued	-	-	1,721,000	-	1,721,000
Proceeds from lease financing	-	-	-	-	-
Proceeds from refunding issue	-	-	-	47,724,175	47,724,175
Premiums (discounts) from sale of bonds	3,330,438	-	-	(35,516)	3,294,922
Payments to escrow agent	-	-	-	(51,047,973)	(51,047,973)
Total other financing sources (uses)	23,482,727	(5,898,994)	80,790,103	(6,722,968)	91,650,868
Net change in fund balances	50,436,541	5,262,161	(17,760,941)	(2,531,892)	35,405,869
Fund balances, July 1	49,178,826	51,102,248	53,865,567	20,613,763	174,760,404
Fund balances, June 30	\$ 99,615,367	\$ 56,364,409	\$ 36,104,626	\$ 18,081,871	\$ 210,166,273

Accompanying notes to basic financial statements are an integral part of this statement.

Anne Arundel County, Maryland

Reconciliation of Changes in Fund Balances to Changes in Net Assets

Governmental Fund Types

Year Ended June 30, 2004

Changes in fund balances as shown on Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds	\$ 35,405,869
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over the estimated useful lives of those assets through an annual depreciation charge. The differences are as follows:</p>	
Current year additions and donations of capital assets	58,568,005
Current year disposals of capital assets	(1,743,524)
Depreciation expense recorded in the Statement of Activities	(25,722,919)
<p>Governmental funds report the additions and payments of long term liabilities in the period that current resources are provided or used. However, in the Statement of Activities, new debt is recorded as a liability and payments of principal are charged against that liability. In addition, interest payable must be accrued from the date of the last interest payment to the end of the fiscal year. Debt related differences are as follows:</p>	
New debt issued in current year (including refunding debt)	(108,898,749)
Principal payments on debt	91,429,720
Change in accrued interest payable	(467,926)
Loss on refunding	7,328,798
Amortization of prior year refunding gain	201,245
<p>Certain charges paid with current financial resources are deferred and amortized over one or more periods on the Statement of Activities. The differences are as follows:</p>	
Expense was deferred to future periods	1,170,384
Amortization of expenditures deferred in previous years	(585,518)
<p>Premiums received on bond issues have been deferred in the government-wide statements. The revenue will be recognized over the life of the related bonds. The differences are as follows:</p>	
Deferred revenue	(3,294,922)
Amortization of amounts deferred	1,024,041
<p>Certain revenue was deferred on the governmental fund statements because it was not available to pay expenditures of the current period. These deferred amounts are recognized as revenue in the Statement of Activities.</p>	
	(13,485,297)
<p>The current year activity in the internal service funds has been combined and eliminated against the governmental activities in the Statement of Activities. However, the net activity in the internal service funds that resulted from provision of services to business-type activities, component units, and outside agencies must be recognized in the Statement of Activities.</p>	
	<u>(632,660)</u>
Changes in Net assets as shown in governmental activities on the Statement of Activities	<u>\$ 40,296,547</u>

Accompanying notes to basic financial statements are an integral part of this statement.

Anne Arundel County, Maryland

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund

Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
General property taxes	\$ 385,089,000	\$ 385,089,000	\$ 386,355,438	\$ 1,266,438
Local income taxes	281,106,000	281,106,000	298,065,106	16,959,106
State shared taxes	23,290,000	23,290,000	25,744,976	2,454,976
Grants and aid	45,171,800	48,012,800	43,682,563	(4,330,237)
Recordation and transfer taxes	65,047,000	65,047,000	99,053,108	34,006,108
Local sales taxes	29,929,000	29,929,000	29,255,189	(673,811)
Licenses and permits	13,602,100	13,602,100	15,154,020	1,551,920
Investment income	2,220,000	2,220,000	1,234,180	(985,820)
Interfund recoveries	18,526,300	18,526,300	17,002,509	(1,523,791)
Other revenues	25,625,600	25,625,600	26,114,949	489,349
Total revenues	889,606,800	892,447,800	941,662,038	49,214,238
EXPENDITURES				
Current				
Education	416,820,000	416,820,000	416,588,804	(231,196)
Higher education	24,395,000	25,145,000	25,041,893	(103,107)
Public safety	173,312,400	172,406,700	170,688,743	(1,717,957)
Health and human services	65,169,400	65,636,500	62,100,968	(3,535,532)
General government	72,943,400	76,100,900	74,264,588	(1,836,312)
Public works	29,716,700	32,984,700	32,273,534	(711,166)
Recreation and community services	24,911,100	25,207,600	25,177,732	(29,868)
Judicial	17,752,300	17,968,200	17,699,830	(268,370)
Land use and development	8,735,700	8,540,700	8,135,677	(405,023)
Code enforcement	9,957,600	10,207,600	10,066,594	(141,006)
Economic development	1,740,000	1,740,000	1,740,000	-
Debt service	36,439,400	36,239,400	35,368,736	(870,664)
Pay go funding - capital projects	12,807,000	12,807,000	12,807,000	-
Total expenditures	894,700,000	901,804,300	891,954,099	(9,850,201)
Revenues over (under) expenditures	(5,093,200)	(9,356,500)	49,707,939	\$ 59,064,439
Fund balances, budgetary, July 1	17,512,490	17,512,490	17,512,490	
Fund balances, budgetary, June 30	\$ 12,419,290	\$ 8,155,990	\$ 67,220,429	
Fund balances - Unreserved				
Undesignated - GAAP basis			\$ 36,098,654	
Effect of revenue deferrals			3,429,924	
Allocation for self insurance fund deficit			4,122,651	
Undesignated - Non-GAAP basis			43,651,229	
Designated for subsequent years			23,569,200	
			\$ 67,220,429	

Accompanying notes to basic financial statements are an integral part of this statement.

Statement of Net Assets

Proprietary Funds

June 30, 2004

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Totals	Internal
	Water and Wastewater	Solid Waste	Child Care		Service Funds
ASSETS					
Current Assets					
Cash and temporary investments	\$ 16,471,362	\$ 19,714,303	\$ 874,954	\$ 37,060,619	\$ 42,690,205
Service billings receivable	16,082,323	1,785,123	497	17,867,943	849,697
Due from other funds	-	-	-	-	4,663,497
Inventories	1,143,989	73,163	-	1,217,152	579,411
Other	-	-	-	-	2,329,187
Restricted assets					
Cash and temporary investments	144,748,217	12,914,569	-	157,662,786	-
Receivables					
Due from other governmental agencies	1,055,803	-	-	1,055,803	-
Other, net	2,675,482	-	-	2,675,482	-
Total current assets	182,177,176	34,487,158	875,451	217,539,785	51,111,997
Noncurrent assets					
Restricted assets					
Deferred connection and assessment charges	65,209,109	-	-	65,209,109	-
Notes receivable	7,200,957	-	-	7,200,957	-
Capital assets	1,274,095,812	54,740,538	-	1,328,836,350	46,547,444
Less accumulated depreciation	(333,637,007)	(26,693,210)	-	(360,330,217)	(31,905,840)
Total capital assets, net of depreciation	940,458,805	28,047,328	-	968,506,133	14,641,604
Total assets	1,195,046,047	62,534,486	875,451	1,258,455,984	65,753,601
LIABILITIES					
Current liabilities					
Accrued liabilities	4,197,372	2,973,988	60,395	7,231,755	4,193,971
Current portion of long-term debt and obligations	19,186,957	3,245,042	14,764	22,446,763	13,102,282
Bond anticipation notes	19,000,000	1,000,000	-	20,000,000	-
Due to other funds	471,804	35,096	33,946	540,846	-
Escrow deposits	90,763	126,866	-	217,629	-
Liabilities related to restricted assets					
Accrued liabilities	13,576,770	750	-	13,577,520	-
Escrow deposits	1,017,270	-	-	1,017,270	-
Deferred revenue	6,211,157	-	-	6,211,157	-
Total current liabilities	63,752,093	7,381,742	109,105	71,242,940	17,296,253
Noncurrent liabilities					
Accrued liability for compensated absences	105,477	63,736	9,535	178,748	76,586
Unpaid insurance claims	-	-	-	-	26,883,000
Estimated landfill closure and postclosure	-	29,517,058	-	29,517,058	-
Long-term debt, net of deferred refunding loss	225,402,686	20,013,929	-	245,416,615	-
Deferred revenue	13,833,541	-	-	13,833,541	-
Total liabilities	303,093,797	56,976,465	118,640	360,188,902	44,255,839
NET ASSETS					
Invested in capital assets, net of related debt	699,669,719	10,904,262	-	710,573,981	14,641,604
Restricted for debt service	156,003,350	-	-	156,003,350	-
Restricted for capital improvements	22,354,802	5,640,599	-	27,995,401	-
Restricted for other purposes	-	794,814	-	794,814	-
Unrestricted	13,924,379	(11,781,654)	756,811	2,899,536	6,856,158
Total net assets	\$ 891,952,250	\$ 5,558,021	\$ 756,811	\$ 898,267,082	\$ 21,497,762

Reconciliation of net assets to business-type activities net assets:

Net assets shown above	\$ 898,267,082
A portion of the assets, liabilities, and current year activity within the internal service funds has been allocated to business-type activities.	435,746
Net assets shown on government wide statement of net assets	\$ 898,702,828

Accompanying notes to basic financial statements are an integral part of this statement.

Anne Arundel County, Maryland

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund		Activities
	Water and Wastewater	Solid Waste	Child Care	Totals	Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 59,599,990	\$ 33,249,700	\$ 2,084,344	\$ 94,934,034	\$ 31,376,206
Landfill charges	-	2,198,976	-	2,198,976	-
Medical premiums	-	-	-	-	50,523,553
Other revenues	3,508,999	3,616,993	-	7,125,992	363,731
Total operating revenues	63,108,989	39,065,669	2,084,344	104,259,002	82,263,490
OPERATING EXPENSES					
Personal services	20,135,225	5,004,813	1,500,622	26,640,660	5,338,949
Contractual services	20,171,672	25,474,689	216,737	45,863,098	2,522,837
Supplies and materials	3,075,729	667,601	150,060	3,893,390	651,178
Business and travel	100,917	15,617	10,945	127,479	28,456
Cost of goods issued	-	-	-	-	2,889,608
Depreciation	27,234,540	2,316,772	-	29,551,312	5,652,714
Provision for claims and estimated losses	-	-	-	-	65,607,972
Landfill closure and postclosure costs	-	5,609,305	-	5,609,305	-
Other	5,561,400	2,614,600	133,986	8,309,986	760,000
Total operating expenses	76,279,483	41,703,397	2,012,350	119,995,230	83,451,714
Operating income (loss)	(13,170,494)	(2,637,728)	71,994	(15,736,228)	(1,188,224)
NONOPERATING REVENUES (EXPENSES)					
Investment income	1,204,589	457,611	-	1,662,200	355,701
Interest earned on long-term receivables	2,067,704	-	-	2,067,704	-
Other revenues	160,431	-	-	160,431	-
Interest expense	(9,167,242)	(1,175,003)	-	(10,342,245)	-
Other expenses	(324,247)	-	-	(324,247)	(19,676)
Income (loss) before contributions	(19,229,259)	(3,355,120)	71,994	(22,512,385)	(852,199)
Capital contributions, fees, and grants	28,947,374	-	-	28,947,374	-
Change in net assets	9,718,115	(3,355,120)	71,994	6,434,989	(852,199)
Net assets/equity, July 1	882,234,135	8,913,141	684,817	891,832,093	22,349,961
Net assets/equity, June 30	\$ 891,952,250	\$ 5,558,021	\$ 756,811	\$ 898,267,082	\$ 21,497,762

Reconciliation of changes in net assets per statement above to change in net assets business-type activities:

Change in net assets shown above	\$ 6,434,989
The portion of internal service funds' current year activity related to enterprise funds has been allocated to the business-type activities on the government-wide statement of activities.	(219,540)
Increase in net assets as shown on the government-wide statement of activities	\$ 6,215,449

Accompanying notes to basic financial statements are an integral part of this statement.

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Anne Arundel County, Maryland

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund		Activities
	Water and Wastewater	Solid Waste	Child Care	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received for services	\$ 58,823,713	\$ 34,791,737	\$ 2,083,937	\$ 95,699,387	\$ 82,318,196
Cash received for expense reimbursement	-	-	-	-	236,634
Cash payments to suppliers for goods and services	(29,286,866)	(27,885,668)	(487,967)	(57,660,501)	(6,504,475)
Cash payments to employees for services	(19,846,231)	(4,904,717)	(1,498,182)	(26,249,130)	(5,291,465)
Cash payments for insurance claims	-	-	-	-	(64,391,129)
Cash payments for landfill closure costs	-	(79,574)	-	(79,574)	-
Other receipts (expenses)	2,307,763	3,616,993	-	5,924,756	338,731
Net cash provided by operating activities	11,998,379	5,538,771	97,788	17,634,938	6,706,492
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Negative cash balance implicitly financed	-	-	-	-	(44,058)
Payments of long-term debt related to closure activities	-	(436,560)	-	(436,560)	-
Interest payments related to closure activities	-	(306,465)	-	(306,465)	-
Net cash provided by (used for) noncapital financing activities	-	(743,025)	-	(743,025)	(44,058)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sale of bonds and bond anticipation notes	30,750,000	1,000,000	-	31,750,000	-
Proceeds from grant funds	1,546,800	-	-	1,546,800	-
Proceeds from developers' contributions	990,199	-	-	990,199	-
Proceeds from sale of equipment	-	-	-	-	1,485
Refunds to developers	(701,836)	-	-	(701,836)	-
Cash received from assessments and connection charges	25,534,152	-	-	25,534,152	-
Environmental protection fees for capital assets	4,853,845	-	-	4,853,845	-
Payments of long-term debt	(17,988,359)	(2,493,594)	-	(20,481,953)	-
Payments of bond anticipation notes	(11,750,000)	-	-	(11,750,000)	-
Interest payments	(11,559,586)	(899,659)	-	(12,459,245)	-
Acquisition and construction of capital assets	(37,886,249)	(2,739,928)	-	(40,626,177)	(5,653,314)
Payments for debt issuance costs	(407,027)	-	-	(407,027)	-
Payments received on note receivable	1,874,506	-	-	1,874,506	-
Proceeds from other capital contributions	108,630	-	-	108,630	-
Net cash used for capital and related financing activities	(14,634,925)	(5,133,181)	-	(19,768,106)	(5,651,829)
CASH FLOW FROM INVESTING ACTIVITIES:					
Purchase of investment securities	(243,732,447)	-	-	(243,732,447)	(70,337,894)
Sale of investment securities	242,733,319	-	-	242,733,319	72,443,692
Interest on investments	1,798,415	457,611	-	2,256,026	279,210
Net cash provided by (used for) investing activities	799,287	457,611	-	1,256,898	2,385,008
Net increase in cash and cash equivalents	(1,837,259)	120,176	97,788	(1,619,295)	3,395,613
Cash and cash equivalents, July 1	75,609,458	32,508,696	777,166	108,895,320	15,786,424
Cash and cash equivalents, June 30	73,772,199	32,628,872	874,954	107,276,025	19,182,037
Investment in non-cash equivalents	87,447,380	-	-	87,447,380	23,508,168
Total cash and temporary investments	\$ 161,219,579	\$ 32,628,872	\$ 874,954	\$ 194,723,405	\$ 42,690,205

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund		Activities
	Water and Wastewater	Solid Waste	Child Care	Totals	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS)					
TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (13,170,494)	\$ (2,637,728)	\$ 71,994	\$ (15,736,228)	\$ (1,188,224)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	27,234,540	2,316,772	-	29,551,312	5,652,714
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(1,993,072)	(663,939)	(407)	(2,657,418)	82,776
Decrease (increase) in inventories	(62,327)	2,536	-	(59,791)	17,732
Increase in other assets	-	-	-	-	(146)
Decrease (increase) in deposit with provider	-	-	-	-	(629,041)
Increase (decrease) in accrued liabilities	(390,733)	925,565	9,316	544,148	(2,258,242)
Increase in unpaid claims	-	-	-	-	5,017,716
Increase in landfill closure and postclosure costs	-	5,529,725	-	5,529,725	-
Increase in (decrease) in due to other funds	283,222	16,325	18,917	318,464	-
Increase in escrow deposits	15,559	7,000	-	22,559	-
Increase in accrued liability for compensated absences	81,684	42,515	(2,032)	122,167	11,207
Net cash provided by operating activities	\$ <u>11,998,379</u>	\$ <u>5,538,771</u>	\$ <u>97,788</u>	\$ <u>17,634,938</u>	\$ <u>6,706,492</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

In fiscal year 2004, facilities with an estimated market value of \$6,481,940 were contributed to the Enterprise funds by developers. These were primarily water and sewer lines placed in new developments.

In fiscal year 2004, amortization of refunding gains and losses resulted in a net expense of \$689,427 in the Water and Wastewater Fund, and \$11,062 in the Solid Waste Fund.

In fiscal year 2004, the net fair market value adjustment related to investments was a loss of \$364,823 in the Water and Wastewater Fund, and a loss of \$36,759 in the Internal Service Funds.

Accompanying notes to basic financial statements are an integral part of this statement.

Anne Arundel County, Maryland

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2004

	Pension Trust Funds (As of December 31, 2003)	Agency Funds
ASSETS		
Investments, at fair value:		
Cash and temporary investments	\$ 92,383,229	\$ 16,660,487
U. S. Government obligations	28,744,895	-
Corporate obligations	106,133,003	-
Corporate obligation investment pools	63,986,863	-
International obligations	27,053,044	-
Common stocks	374,096,897	-
Common stock investment pools	79,105,483	-
International stock investment pools	117,252,882	-
Mortgages and mortgage related securities	72,671,223	-
Real estate investment pools	61,688,707	-
Insurance company general accounts	58,982,856	-
Total investments	<u>1,082,099,082</u>	<u>16,660,487</u>
Collateral from securities lending transactions	<u>57,991,030</u>	<u>-</u>
Receivables:		
Employer contributions	2,442,514	-
Participant contributions	604,370	-
Accrued interest and dividends	3,617,700	-
Investment sales proceeds	31,198,810	-
Total receivables	<u>37,863,394</u>	<u>-</u>
Deposits on hand	<u>205,747</u>	<u>-</u>
Total assets	<u>1,178,159,253</u>	<u>16,660,487</u>
LIABILITIES		
Accounts payable	1,770,249	47,561
Escrow and other deposits	-	16,612,926
Investment commitments payable	74,391,091	-
Obligation for collateral received under securities lending transactions	<u>57,991,030</u>	<u>-</u>
Total liabilities	<u>134,152,370</u>	<u>16,660,487</u>
NET ASSETS HELD IN TRUST	<u>\$ 1,044,006,883</u>	<u>\$ -</u>
(A schedule of funding progress for each plan is presented on page 64.)		

Accompanying notes to the basic financial statements are an integral part of this statement.

Anne Arundel County, Maryland

Statement of Changes in Fiduciary Net Assets

Pension Trust Funds

Year Ended December 31, 2003

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 26,287,740
Participant	7,785,438
Total contributions	<u>34,073,178</u>
Investment income:	
Net appreciation in fair value	
of investments	175,027,075
Interest income	16,416,882
Dividend income	3,957,455
Total investment income	<u>195,401,412</u>
Less investment expense	<u>(4,099,896)</u>
Net income from investing activities	191,301,516
Securities lending activities:	
Securities lending income	620,824
Securities lending expenses:	
Borrower rebates	451,751
Management fees	54,381
Securities lending expense	<u>506,132</u>
Securities lending net income	<u>114,692</u>
Total net investment income	<u>191,416,208</u>
Total additions	<u>225,489,386</u>
DEDUCTIONS	
Participant benefit payments and refunds	32,736,809
Administrative expenses	1,277,345
Total deductions	<u>34,014,154</u>
Net increases (decreases)	191,475,232
Net assets, beginning of year	852,531,651
Net assets, end of year	<u>\$ 1,044,006,883</u>

Accompanying notes to the basic financial statements are an integral part of this statement.

1 Summary of Significant Accounting Policies

The basic financial statements are prepared in accordance with accounting principles generally accepted in the United States applicable to governmental units as prescribed by the Governmental Accounting Standards Board (GASB). This note summarizes the significant accounting policies.

A Reporting Entity – The County’s basic financial statements include various departments, agencies, and other organizational units governed directly by the County Executive and the County Council, herein referred to as the Primary Government. These statements also include other entities, which by their relationship with the Primary Government are considered component units of the County. Accounting principles dictate that those entities that are financially accountable to the Primary Government or where exclusion would cause the financial statements to be misleading or incomplete should be included in the County’s basic financial statements. The County’s component units and the reasons for their inclusion are as follows:

- **Anne Arundel County Board of Education** (Board of Education) - The Board of Education and the Anne Arundel County Public School System provide public education for the County’s students in grades kindergarten through twelve.
- **Anne Arundel Community College** (Community College) – The Community College operates an institution of higher education within the County.
- **Public Library of Annapolis and Anne Arundel County** (Library) – The Library operates the public library system within the County.
- **Anne Arundel Economic Development Corporation** (Economic Development) – Economic Development provides services and programs that promote economic development within the County.
- **Tipton Airport Authority** (Tipton Airport) – Tipton Airport operates a general aviation airport in the western area of the County.
- **Anne Arundel Workforce Development Corporation** (Workforce Development) – Workforce Development provides jobs training and placement services to County citizens.

All of these entities are component units because the Primary Government approves their respective budgets and/or provides a substantial amount of their funding. In addition, the County Executive appoints a majority of the members of the governing bodies for the Economic Development Corporation, Tipton airport, and Workforce Development.

All of these entities are discretely presented in the government-wide statements. The Board of Education and the Community College are considered major component units and have been presented in separate columns on the face of the government-wide statements.

Separately issued financial statements for the Board of Education, the Community College, Economic Development, Tipton Airport, and Workforce Development may be obtained from their respective administrative offices. The addresses are provided below. The Library does not issue separate financial statements, and all of their required financial statements have been included in the County’s comprehensive annual financial report.

Anne Arundel County Board of Education
2644 Riva Road
Annapolis, MD 21401

Anne Arundel Community College
101 College Parkway
Arnold, MD 21012

Anne Arundel Economic Development Corp.
2660 Riva Road, Suite 200
Annapolis, MD 21401

Tipton Airport Authority
P. O. Box 155
Odenton, MD 21113-0155

Anne Arundel Workforce Development
401 Headquarters Drive, Suite 205
Millersville, MD 21108

B Financial Statement Presentation, Measurement Focus, and Bases of Accounting – The basic financial statements are divided into three categories: government-wide financial statements, fund financial statements, and budgetary statements.

Government-Wide Financial Statements

The government-wide financial statements, consisting of the Statement of Net Assets and the Statement of Activities, are reported using the economic resources measurement focus and the accrual basis of accounting. 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 in the year when levied, and grants and similar revenues are recognized when all eligibility requirements imposed by the provider have been met.

The government-wide statements present governmental activities, which are primarily supported by taxes and intergovernmental revenues, separately from business-type activities, which are primarily funded by user fees. In addition, the Primary Government's activity is presented separately from its discretely presented component units. The government-wide statements do not include the net assets or activities of the fiduciary funds, which include the pension trust funds and the agency funds, because these funds account for assets that are not owned by the County.

Interfund activity within the Primary Government's governmental activities and business-type activities has been eliminated from the government-wide statements. Residual balances between the governmental and business-type categories are presented on the Statement of Net Assets as "Internal balances." In addition, transactions between these activities and the internal service funds, which primarily serve the Primary Government, have been eliminated. Residual assets, liabilities, and net assets of the internal service funds have been added to governmental activities. In addition, transactions between the internal service funds and component units or other non-County agencies have been included in governmental activities.

Fund Financial Statements

The fund financial statements herein include statements for the governmental funds, the proprietary funds, and the fiduciary funds. Major funds within each category have been presented in separate columns, while all nonmajor funds are combined in one column.

Governmental fund financial statements - The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Revenues are considered available when they are collectible within the current period or shortly thereafter to pay liabilities of the current period. Expenditures are generally recorded when incurred; however, expenditures for debt service, compensated absences, claims, and judgments are recorded when payments are due.

The County considers revenue collected within 90 days of the end of the year as available, except for property taxes, which must be collected within 60 days. Therefore, the property taxes, income taxes, and grants that have not been received within the availability period have been deferred to future periods.

The governmental fund financial statements separately present the following major funds:

- **General Fund** – This fund is the primary operating fund. It accounts for all financial resources of the Primary Government, except those accounted for in another fund.
- **Impact Fee Fund** – This special revenue fund accounts for impact fees collected from developers to pay a share of the cost of additional school capacity and road improvements necessitated by the development.
- **General County Capital Projects Fund** – This fund accounts for all resources, both restricted and unrestricted, that are received and used for the acquisition or development of major capital improvements. Resources received are applied in the following order: pay-as-you-go, dedicated revenues such as developer contributions, grants, and bonds. This fund is also used to account for certain multi-year Federal grant programs related to housing and tenant rental assistance.

Proprietary fund financial statements - The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of cash flows. These funds account for County services that operate as self-supporting activities. Those who benefit from these services bear the cost through the payment of user fees. The proprietary fund financial statements separately present the following major enterprise funds:

- **Water and Wastewater** – This fund accounts for the operating, debt service, and capital improvement activities of the water and wastewater utility services provided to County residents and businesses.
- **Solid Waste** – This fund accounts for the costs associated with the collection and disposal of refuse for County residents and businesses. This includes the cost of operations, debt service, capital improvement, and landfill restoration.

The proprietary fund statements also include a column that presents totals for internal service funds. These funds operate as self-supporting activities, which primarily serve the Primary Government, its component units, and agencies. The following funds comprise the internal service funds of the County:

- **Self Insurance** – The County is self-insured for workers' compensation, auto liability, and general liability insurance. This fund accounts for this self-insured activity and the purchase of policies from commercial insurers for certain specific exposures. These services, provided to the Primary Government and certain component units, are funded through charges to the users.
- **Health Insurance** – The County is self-insured for employee medical benefits. This fund accounts for this health insurance activity and the payment to outside administrators and medical service providers. These services are provided to the Primary Government and certain component units and other agencies and are funded through premiums charged to the users.
- **Print Shop** – This fund accounts for the activity in the County's print shop. These services are provided to the County, its component units, and agencies, and costs are recouped through user charges.
- **Central Garage and Transportation** – This fund accounts for activity in the County's Central Garage, which provides the Primary Government and its component units with vehicle maintenance, fuel usage, and motor pool vehicles. Costs are recovered through fees to users for maintenance, fuel use, and vehicle lease and replacement charges.

Fiduciary fund financial statements - The fiduciary statements include columns for the following:

- **Pension Trust Funds** – This column includes the activities of the Anne Arundel County Retirement and Pension System (Retirement System). The Retirement System accounts for the activity in the Primary Government's four defined-benefit pension plans and reports on a calendar year basis. The Pension Trust funds are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. These plans accumulate employer and employee contributions and invest these funds to provide guaranteed pension benefits after retirement. Employer contributions are based on actuarial recommendations.
- **Agency Funds** – This column includes the balances of assets and liabilities maintained in the Primary Government's agency funds. Since agency funds report only assets and liabilities, these funds do not use a measurement focus. These funds account for deposits that are collected and held on behalf of individuals, organizations, or other governments. These monies include escrow deposits for developer subdivisions, sediment control, recreation land, tax sale, and other miscellaneous purposes; monies held on behalf of the Farmington Special Assessment District; and taxes collected for other governments.

Budgetary Statements

The basic financial statements include a Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the General Fund. This statement is compiled using the budgetary basis of accounting in which revenues are recognized when measurable and available, except for grant revenue, which is recognized when the grant-related reimbursable expenditures are made. Budgetary expenditures are recognized when encumbered. The Impact Fee Fund, a major governmental fund, does not have a legally adopted budget as the fees are expended through the capital projects fund.

Combining and Other Supplementary Schedules

For all columns in the basic financial statements that accumulate the data for nonmajor funds or component units, we have provided combining statements herein that present the individual funds included in these nonmajor categories. In addition, we have provided budgetary statements of revenue and expenditures for all Primary government funds. Separate financial statements for the Library, a nonmajor component unit, are also presented here because the Library does not issue separate financial statements.

C Cash, Investments, and Related Income – Cash and temporary investments include both cash deposits and investments that mature within one year. These temporary investments are recorded at fair value, except for repurchase agreements, which are valued at cost. Available cash from the Primary Government and Library is pooled in the General Fund and invested in overnight or other temporary investments. To facilitate the pooling, cash belonging to other funds is transferred to and from the General Fund.

Investment income earned on temporary investments is generally allocated to each fund based on its proportionate share of the cash balance at the end of each month. However, investment income earned on the balances in certain special revenue funds and by the Library is retained in the General Fund. In addition, investment earnings recognized in the General County Capital Projects Fund are transferred to the General Fund.

On the Statement of Cash Flows for the proprietary funds, cash and cash equivalents include bank deposits and highly liquid investments readily convertible to cash, with original maturities of three months or less.

Investments of the Retirement System are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price using current exchange rates. The fair value of underlying assets in the real estate investment pools is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

D Inventories and Prepaid Expenses – Inventories of parts and supplies, recorded in the General Fund and certain proprietary funds, are valued at cost assuming a first-in, first-out consumption pattern. The government-wide and the fund statements record the cost of inventory as it is consumed, while the budgetary statements record the cost when the inventory is purchased. For the government-wide statements, prepaid expenses are recognized as the services are consumed.

E Capital Assets – Capital assets of the Primary Government are recorded in the applicable governmental or business-type activities columns on the government-wide Statement of Net Assets. These asset balances include all constructed, purchased, or developer-donated public domain infrastructure (roads, bridges, and similar items). Only items with a value of \$5,000 or more are capitalized. Capital assets are valued at historical cost or estimated historical cost. Donated assets are valued at their estimated fair value on the date donated. Depreciable assets are depreciated on a straight-line basis over their respective useful lives. The estimated useful lives of the capital assets are:

<u>Category</u>	<u>Years</u>	<u>Category</u>	<u>Years</u>
Buildings, structures, sidewalks, curbs, gutters and water / sewer lines	50	Heavy machinery and other equipment	10
Water / sewer structures	35	Library collection	10
Land improvements	30	Furniture and fixtures	5 – 10
Culverts and storm drains	25 – 50	Office equipment, software, and telecommunication systems	5 – 7
Roads and bridges	17 – 30	Automobiles and small rolling stock	5
Landfills	15 – 20		

F Program Revenues – The government-wide Statement of Activities is presented using a net-cost format. Total costs are presented on a functional basis. Some of these functional activities are financed in whole or in part by program revenues received from parties outside the County government. These program revenues are subtracted from the functional costs to arrive at net costs. General County revenues are then applied against the net costs to arrive at changes in net assets for the fiscal year.

Program revenues include amounts received from those who purchase, use, or directly benefit from a program; amounts received from outside parties that are restricted to one or more specific programs; and earnings on investments that are legally restricted for a specific purpose. Program revenues include user fees and charges, impact fees, fines, license and permit fees, special community benefit district assessments, grants and contributions, and restricted investment income.

G *Operating, Non-operating Revenues and Capital Contributions* – The Statement of Revenues, Expenses, and Changes in Fund Net Assets for proprietary funds has categorized revenue sources into operating, non-operating and capital contributions. Operating revenues include charges for water, wastewater, landfill usage, child care, and other revenue used to fund the ongoing provision of utility, refuse collection and child care services to citizens. Non-operating revenues include all other sources such as interest earned and other revenue. Capital contributions include developer-contributed assets and grants, capital connection fees, capital facility assessments, and front foot benefit fees restricted for the construction of capital assets or the payment of debt issued for capital construction.

H *Capitalized interest* – The Primary Government’s Statement of Net Assets for business-type activities includes capitalized interest. Management estimates the fiscal year interest expensed on debt used for the construction of capital assets. This interest is added to the value of the capital assets and is depreciated over the life of the related water and sewer lines and structures.

I *Indirect costs* – Administrative costs of the Primary Government are generally included in the general government function on the government-wide Statement of Activities and the fund financial statements. However, some allocations of administrative costs are made through an indirect cost allocation plan, resulting in charges to the County Parking Garage special revenue fund, proprietary funds, Retirement System, and General County Capital Projects Fund. These allocated costs are included in the functional expenses of these other funds.

J *Encumbrances* – The governmental funds utilize encumbrance accounting under which purchase orders, contracts, and other commitments are recorded in order to reserve budget appropriations for that purpose. Open encumbrances at fiscal year-end are shown as reservations of fund balance in the governmental fund statements and are recorded as expenditures on the budgetary statement. Encumbrances at June 30, 2004 totaled \$45,432,046 in the governmental fund types, \$38,254,855 of which is for construction activity; and \$52,854,818 in the proprietary funds, \$47,267,710 of which is for construction activity.

K *Private sector guidance* – As allowed by generally accepted accounting principles for business-type activities and enterprise funds, the County has chosen not to implement pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 unless those pronouncements are specifically adopted by GASB.

L *Restatement of Beginning Net Assets* – As a result of a duplication of some land and developer-built capital assets, beginning construction in progress for governmental activities was reduced by \$32,485,490.

M *Compensated absences* - The Primary Government’s Statements of Net Assets include an accrual for compensated absences. This accrual is an estimate of unused annual leave at June 30, 2004. The annual leave accrual is calculated using unused annual leave hours at June 30, 2004 and pay rates in place for each employee at fiscal year end.

The compensated absences also includes an estimate of sick leave payouts earned as of fiscal year end. Certain employees are paid \$25 per day for unused sick leave upon retirement. The estimate uses unused sick days at year end multiplied by \$25 per day. The accrual is then adjusted to reflect an estimate of the current employees that will ultimately retire with the Primary Government.

N *Use of Estimates* - The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the amounts reported in the financial statements and the related notes. Actual results could differ from those estimates.

O *New Pronouncements* – The Governmental Accounting Standards Board Statement 39 – Determining Whether Certain Organizations are Component Units became effective in fiscal year 2004. As a result the Community College, a discretely presented component unit, has included the College’s Foundation units financial statements included herein.

2 Budgetary Information

A Excess Expenditures over Appropriations and Fund Deficits – During the fiscal year certain departments and/or funds overspent legal budget appropriations.

The States Attorney’s office overspent its appropriation authority by \$41,280. Personal services costs exceeded budget estimate due to low employee turnover. The Cooperative Extension Service overspent its appropriation by \$56.

The West County and Arundel Mills Tax Increment debt service funds overspent legal budget appropriations by \$1,384,202 and \$3,051,890, respectively. This was caused by an advanced refunding of these districts’ outstanding bonds during fiscal year 2004. The refunding, discussed in Note 8I, resulted in the liquidation of cash reserves and other issuance costs not anticipated in the budget process. This action was approved by the County Council in the form of a resolution.

At fiscal year end the Self Insurance Fund had a total deficit of \$4,441,115. The deficit was allocated to the participating funds of the Primary Government. The portion of the deficit related to the Board of Education was allocated to the General Fund. The allocation was made on the government-wide and modified accrual statements only. Recognition on a budgetary basis will occur when appropriation authority is granted.

B Reconciliation Between Fund Financial Statements and Budgetary Statements - Since the General Fund’s Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual use different revenue and expenditure recognition policies, a reconciliation of these two statements is provided below:

Revenue under expenditures - budgetary basis	\$ 49,707,939
Net effect of encumbrances	(365,637)
Changes in Revenue Stabilization Reserve	2,249,340
Timing differences in revenue recognition	(292,331)
Net effect of fiscal 2003 and 2004 Self Insurance Fund deficits allocation	140,633
Bond proceeds reserved for debt service	(1,254,961)
Net inventory change	251,558
Change in fund balance - modified accrual basis	<u>\$ 50,436,541</u>

3 Cash and Investments

The Primary Government pools available cash and centrally invests these funds to maximize earnings. The component units also pool available cash in this manner. The Retirement System cash is held separately. Significant accounting policies related to cash and investments are included in Note 1C.

A Policies - The Primary Government is authorized to invest available cash in obligations of the U.S. Government, its agencies and instrumentalities; repurchase agreements that are fully collateralized by direct U. S. Government obligations and U. S. Government agency and instrumentality obligations, including fixed rate Mortgage-Backed Securities; Bankers’ Acceptances; mutual funds that invest in U. S. Government securities and/or repurchase agreements; Certificates of Deposit; and Commercial Paper. In addition, the Primary Government can participate in the local government investment pool authorized and maintained by the State of Maryland, regulated by the Annotated Code of Maryland, and audited by State Treasury officials. The fair value of the position in the pool is the same as the value of the shares. Finally, the Primary government is also authorized to invest bond proceeds that are subject to arbitrage rebate requirements in state and local government obligations.

Pooled cash is primarily used to purchase short-term investments, and the bank invests any remaining bank deposits in overnight repurchase agreements prior to the close of each business day. Policy requires that the initial collateral securities underlying repurchase agreements have a market value of at least 102% of the cost of the repurchase agreement. When the collateral falls under 101% or is \$100,000 less than the 102%, additional collateral is required to bring the total to the required level.

The Retirement System is authorized to invest in U. S. Government securities, insurance company general accounts, commercial paper, money market mutual funds, corporate bonds, common and international stocks, mortgage participations, and real estate. The Retirement System lends their securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Retirement System's custodian lends securities of the type on loan at year-end for collateral in the form of cash or other securities in an amount equal to 102% of the market value of the securities loaned.

Either the Retirement System or the borrower may terminate security loans on demand, although the average term of the loans is one week. Cash collateral is invested in the lending agent's money market mutual fund, which at December 31, 2003 had a weighted average maturity of 190 days. The relationship between the maturities of the investment pool and the Retirement System's loans is affected by the maturities of the security loans made by other entities that use the agent's pool, which the Retirement System cannot determine. The Retirement System cannot pledge or sell collateral securities received unless the borrower defaults.

B *Balances and Custodial Risk* – At June 30, 2004, the carrying amount of the Primary Government's bank deposits was (\$7,246,270), while bank balances were \$72,855. Available cash invested overnight as discussed above was \$97,487. The bank balances of \$72,855 were fully secured by Federal Deposit insurance.

The Primary Government's investment balances at year end are summarized on the following page and categorized according to the level of custodial credit risk. Category 1 includes investments held by the Primary Government's agent in the Primary Government's name, Category 2 includes uninsured and unregistered securities held by the counterparty's trust department in the Primary Government's name, and Category 3 includes uninsured and unregistered investments held by the counterparty, but not in the Primary Government's name. Certain investments cannot be categorized because securities are not used as evidence of the investment. Although Banker's Acceptances and Commercial Paper are held in the County's name, the investments are not collateralized. However, in accordance with the County's policy, such investments are limited to highly rated institutions and are limited as a percent of the total portfolio.

Securities on loan at year-end for securities collateral are classified according to the category for the collateral in the following schedule of investments. Securities on loan for cash collateral are unclassified since the cash is invested in a collateral investment pool. At year-end the County has limited credit risk exposure to borrowers because the amounts the County owes the borrowers exceed the amounts the borrowers owe the County.

Cash balances of the Board of Education component unit are fully secured by Federal Deposit Insurance and/or collateral held in the component unit's name at the Federal Reserve. The Community College held \$1,976,984 in uninsured, un-collateralized deposits as of June 30, 2004. The cash balances of the other non-major component units are insured or collateralized except \$231,671, which is neither insured nor collateralized. These cash balances and investments of the component units are summarized on the following page.

Anne Arundel County, Maryland
Notes to the Basic Financial Statements

Primary Government	Category			Not Categorized	Carrying Amount
	1	2	3		
Investments:					
Repurchase agreements	\$ 163,623,125	\$ -	\$ -	\$ -	\$ 163,623,125
U.S. Government Securities	-	-	-	-	-
U.S. Government Agencies	162,916,518	-	-	-	162,916,518
U.S. Government obligations	-	28,744,895	-	-	28,744,895
U.S. Zero coupon bonds	2,129,050	-	-	-	2,129,050
Money market mutual funds	-	-	-	145,904,858	145,904,858
Bankers acceptances	23,926,807	-	-	-	23,926,807
Municipal securities	15,717,103	-	-	-	15,717,103
Commercial paper	21,422,937	-	-	-	21,422,937
Corporate bonds, net of securities loan	-	133,186,047	-	-	133,186,047
Common stock, net of securities loan	-	374,096,897	-	-	374,096,897
Investments held by broker-dealer under securities loan with cash collateral					
U.S. Government obligations	-	-	-	36,541,445	36,541,445
Corporate obligations	-	-	-	21,449,585	21,449,585
Int'l obligation investment pool	-	-	-	-	-
Common and international stock pools	-	-	-	258,047,072	258,047,072
Corporate bond investment pools	-	-	-	63,986,863	63,986,863
Mortgage and related pools	-	-	-	72,671,223	72,671,223
Insurance company general accounts	-	-	-	58,982,856	58,982,856
	<u>\$ 389,735,540</u>	<u>\$ 536,027,839</u>	<u>\$ -</u>	<u>\$ 657,583,902</u>	<u>\$ 1,583,347,281</u>

Cash and investments shown on Statement of Net Assets:

Governmental activities	\$ 224,627,015
Business-type activities	194,723,405
Fiduciary fund types	1,156,750,599
	<u>\$ 1,576,101,019</u>

Cash and investment balances composed of:

Bank deposits	\$ (7,246,262)
Investments	1,583,347,281
	<u>\$ 1,576,101,019</u>

Component Units

Component Units	Category			Not Categorized	Carrying Amount
	1	2	3		
Board of Education					
Repurchase agreements	\$ 2,233,783	\$ -	\$ -	\$ -	2,233,783
Investment pools	-	-	-	79,265,892	79,265,892
	<u>2,233,783</u>	<u>-</u>	<u>-</u>	<u>79,265,892</u>	<u>\$ 81,499,675</u>

Cash and investment balances composed of:

Cash	\$ 31,988
Investments	81,499,675
	<u>\$ 81,531,663</u>

Anne Arundel County, Maryland
Notes to the Basic Financial Statements

Component Units continued	Category			Not Categorized	Carrying Amount
	1	2	3		
Community College					
Repurchase agreements	\$ 437	\$ -	\$ -	\$ -	\$ 437
US Government securities	492,805	-	-	-	492,805
Investment pools	-	-	-	4,719,923	4,719,923
Corporate bonds	550,820	-	-	-	550,820
International bonds	78,136	-	-	-	78,136
Common stock	1,831,462	-	-	-	1,831,462
Guaranteed Inst. Trusts	-	-	-	1,174,998	1,174,998
	<u>\$ 2,953,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,894,921</u>	<u>\$ 8,848,581</u>
Cash and investment balances composed of:					
Cash					\$ 2,814,442
Investments					8,848,581
					<u>\$ 11,663,023</u>
Other Non major component units					
Repurchase agreements	\$ 1,099,882	\$ -	\$ -	\$ -	\$ 1,099,882
Investment pools	-	-	-	107,608	107,608
Debt Instruments	834,669	-	277,157	-	1,111,826
	<u>\$ 1,934,551</u>	<u>\$ -</u>	<u>\$ 277,157</u>	<u>\$ 107,608</u>	<u>\$ 2,319,316</u>
Cash and investment balances composed of:					
Cash					\$ 1,100,850
Investments					2,319,316
					<u>\$ 3,420,166</u>

4 **Receivables**

A *Property Taxes Receivable* - The County's property tax is levied each July 1st based on values assessed and certified by the Maryland State Department of Assessments as of that date. Liens are placed on property at that time. A revaluation of each property is required to be completed every three years. For owner-occupied residential property, property owners can choose to pay one payment due September 30th or two installments due on September 30th and December 31st. Property taxes are due from all other taxpayers on September 30th. After these dates interest is charged each month on the unpaid balance. Property with delinquent taxes is sold at public auction each June.

B *Long Term Receivables* - The Primary Government has long-term receivables recorded in the Utility Fund consisting of deferred connection and assessment charges and a note receivable. The deferred charges are primarily for front foot benefit assessments, capital connections, and capital facility assessments. These receivables are collected over five to thirty years and include an interest charge that varies from 2% to 8%. The balance at June 30, 2004 is \$65,209,109.

The note receivable is due from a developer based on an agreement to provide utility infrastructure and service to the development area. The note is being collected over 10 years and bears an interest rate of 4.25%. The balance at fiscal year end was \$7,200,957.

C *Grants Receivable* - At June 30, 2004 the general county capital projects fund has a receivable of \$1,773,013 recorded for the State of Maryland related to the Waterway Improvement Program. The State has reduced its annual allotment for the County to \$150,000. Therefore, this receivable may not be collected within one year.

5 **Capital Assets**

The components of capital assets, changes in asset categories, and accumulated depreciation for the fiscal year ended June 30, 2004 are presented on the following pages.

Anne Arundel County, Maryland
Notes to the Basic Financial Statements

Primary Government

Category	Balance June 30, 2003	Increases	Decreases	Balance June 30, 2004
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land and easements	\$ 143,709,828	\$ 8,419,001	\$ -	\$ 152,128,829
Historical property/works of art	4,095,225	-	-	4,095,225
Construction in progress (as restated)	217,858,104	51,803,437	(27,271,765)	242,389,776
Total assets not depreciated	<u>365,663,157</u>	<u>60,222,438</u>	<u>(27,271,765)</u>	<u>398,613,830</u>
<i>Capital assets being depreciated:</i>				
Land improvements	73,914,131	2,001,451	-	75,915,582
Buildings	194,736,281	6,558,171	-	201,294,452
Roads and bridges	244,258,782	10,674,952	(4,936,658)	249,997,076
Sidewalks, curbs, and gutters	23,990,520	1,076,351	(3,384)	25,063,487
Storm drains and culverts	191,194,443	4,174,852	(879,753)	194,489,542
Automobiles and rolling stock	59,225,836	5,958,579	(3,768,268)	61,416,147
Furniture, fixtures, and equipment	31,857,032	797,840	(423,803)	32,231,069
Software	22,444,537	28,450	(1,775,780)	20,697,207
Total assets depreciated	<u>841,621,562</u>	<u>31,270,646</u>	<u>(11,787,646)</u>	<u>861,104,562</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(33,007,205)	(2,570,426)	-	(35,577,631)
Buildings	(42,807,045)	(4,000,684)	(9,724)	(46,817,453)
Roads and bridges	(112,492,560)	(8,650,866)	3,572,735	(117,570,691)
Sidewalks, curbs, and gutters	(11,732,818)	(260,683)	9,872	(11,983,629)
Storm drains and culverts	(101,022,175)	(6,419,419)	551,200	(106,890,394)
Automobiles and rolling stock	(41,146,935)	(6,014,815)	3,737,658	(43,424,092)
Furniture, fixtures, and equipment	(23,240,566)	(2,192,095)	414,189	(25,018,472)
Software	(16,660,115)	(1,266,645)	1,747,028	(16,179,732)
Total accumulated depreciation	<u>(382,109,419)</u>	<u>(31,375,633)</u>	<u>10,022,958</u>	<u>(403,462,094)</u>
Total capital assets, being depreciated, net	<u>459,512,143</u>	<u>(104,987)</u>	<u>(1,764,688)</u>	<u>457,642,468</u>
Total governmental activities, net	\$ <u>825,175,300</u>	\$ <u>60,117,451</u>	\$ <u>(29,036,453)</u>	\$ <u>856,256,298</u>
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land and easements	\$ 8,365,864	\$ 183,496	\$ -	\$ 8,549,360
Construction in progress	97,188,200	46,493,959	(24,076,757)	119,605,402
Total assets not depreciated	<u>105,554,064</u>	<u>46,677,455</u>	<u>(24,076,757)</u>	<u>128,154,762</u>
<i>Capital assets being depreciated:</i>				
Buildings	16,154,759	-	-	16,154,759
Landfills	33,720,615	667,231	-	34,387,846
Water and sewer plants and lines	1,098,798,118	32,784,265	-	1,131,582,383
Automobiles and rolling stock	7,468,246	441,013	(418,775)	7,490,484
Furniture, fixtures, and equipment	10,666,905	486,127	(86,916)	11,066,116
Total assets depreciated	<u>1,166,808,643</u>	<u>34,378,636</u>	<u>(505,691)</u>	<u>1,200,681,588</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(4,554,437)	(270,392)	-	(4,824,829)
Landfills	(17,092,479)	(1,068,661)	-	(18,161,140)
Water and sewer plants and lines	(295,816,202)	(26,566,137)	-	(322,382,339)
Automobiles and rolling stock	(6,367,874)	(396,781)	418,776	(6,345,879)
Furniture, fixtures, and equipment	(7,443,604)	(1,249,341)	76,915	(8,616,030)
Total accumulated depreciation	<u>(331,274,596)</u>	<u>(29,551,312)</u>	<u>495,691</u>	<u>(360,330,217)</u>
Total capital assets, being depreciated, net	<u>835,534,047</u>	<u>4,827,324</u>	<u>(10,000)</u>	<u>840,351,371</u>
Total business-type activities, net	\$ <u>941,088,111</u>	\$ <u>51,504,779</u>	\$ <u>(24,086,757)</u>	\$ <u>968,506,133</u>

Anne Arundel County, Maryland
Notes to the Basic Financial Statements

Category	Balance June 30, 2003	Increases	Decreases	Balance June 30, 2004
Component Units				
Board of Education:				
<i>Capital assets not being depreciated:</i>				
Land and improvements	\$ 44,964,098	\$ -	\$ -	\$ 44,964,098
Construction in progress	104,678,709	39,981,762	(69,669,531)	74,990,940
Total assets not depreciated	<u>149,642,807</u>	<u>39,981,762</u>	<u>(69,669,531)</u>	<u>119,955,038</u>
<i>Capital assets being depreciated:</i>				
Buildings	662,200,296	57,535,503	(1,803,132)	717,932,667
Furniture, fixtures, and equipment	54,843,165	3,332,096	(3,747,251)	54,428,010
Total assets depreciated	<u>717,043,461</u>	<u>60,867,599</u>	<u>(5,550,383)</u>	<u>772,360,677</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(294,945,851)	(25,717,175)	1,803,132	(318,859,894)
Furniture, fixtures, and equipment	(28,456,151)	(6,047,620)	3,290,880	(31,212,891)
Total accumulated depreciation	<u>(323,402,002)</u>	<u>(31,764,795)</u>	<u>5,094,012</u>	<u>(350,072,785)</u>
Total capital assets, being depreciated, net	<u>393,641,459</u>	<u>29,102,804</u>	<u>(456,371)</u>	<u>422,287,892</u>
Total Board of Education, net	<u>\$ 543,284,266</u>	<u>\$ 69,084,566</u>	<u>\$ (70,125,902)</u>	<u>\$ 542,242,930</u>
Community College:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,377,654	\$ -	\$ -	\$ 2,377,654
Construction in progress	2,638,775	13,694,353	(1,896,788)	14,436,340
Total assets not depreciated	<u>5,016,429</u>	<u>13,694,353</u>	<u>(1,896,788)</u>	<u>16,813,994</u>
<i>Capital assets being depreciated:</i>				
Land improvements	3,938,139	-	(2,020)	3,936,119
Buildings and improvements	69,988,954	789,808	(449,655)	70,329,107
Furniture, fixtures, and equipment	25,611,970	2,351,226	(10,685,528)	17,277,668
Total assets depreciated	<u>99,539,063</u>	<u>3,141,034</u>	<u>(11,137,203)</u>	<u>91,542,894</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(2,581,220)	(178,880)	1,145	(2,758,955)
Buildings and improvements	(23,116,065)	(2,131,653)	225,659	(25,022,059)
Furniture, fixtures, and equipment	(17,813,896)	(2,104,234)	7,921,176	(11,996,954)
Total accumulated depreciation	<u>(43,511,181)</u>	<u>(4,414,767)</u>	<u>8,147,980</u>	<u>(39,777,968)</u>
Total capital assets, being depreciated, net	<u>56,027,882</u>	<u>(1,273,733)</u>	<u>(2,989,223)</u>	<u>51,764,926</u>
Total Community College, net	<u>\$ 61,044,311</u>	<u>\$ 12,420,620</u>	<u>\$ (4,886,011)</u>	<u>\$ 68,578,920</u>
Other non-major:				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 2,715,757	\$ 355,480	\$ -	\$ 3,071,237
<i>Capital assets being depreciated:</i>				
Airport improvements	682,206	1,445,784	-	2,127,990
Library collection	11,444,107	2,460,522	(1,887,640)	12,016,989
Automobiles and rolling stock	53,072	-	-	53,072
Furniture, fixtures, and equipment	1,581,263	430,280	(42,626)	1,968,917
Total assets depreciated	<u>13,760,648</u>	<u>4,336,586</u>	<u>(1,930,266)</u>	<u>16,166,968</u>
<i>Less accumulated depreciation for:</i>				
Airport improvements	(117,279)	(106,400)	-	(223,679)
Library collection	(3,688,852)	(1,144,411)	674,780	(4,158,483)
Automobiles and rolling stock	(39,452)	(8,427)	-	(47,879)
Furniture, fixtures, and equipment	(981,745)	(227,594)	24,732	(1,184,607)
Total accumulated depreciation	<u>(4,827,328)</u>	<u>(1,486,832)</u>	<u>699,512</u>	<u>(5,614,648)</u>
Total capital assets, being depreciated, net	<u>8,933,320</u>	<u>2,849,754</u>	<u>(1,230,754)</u>	<u>10,552,320</u>
Total other non-major, net	<u>\$ 11,649,077</u>	<u>\$ 3,205,234</u>	<u>\$ (1,230,754)</u>	<u>\$ 13,623,557</u>

The County has established tax increment and special taxing districts to aid in development efforts within certain geographical areas. The proceeds of debt issued on behalf of the districts are primarily used for capital improvements. Expenditures related to the improvements are recorded in the County's capital projects and are included as construction in progress until the projects are completed. Upon project completion, the amounts recorded in construction in progress are expensed, and the related assets are capitalized when developer construction agreements are finalized and the assets inspected. The assets are depreciated over the estimated useful lives.

Depreciation expense has been included in the functional categories on the Statement of Activities based on the governmental department, business-type activity, or component unit responsible for the asset. The tables on the following page show the depreciation expense for each functional category.

<i>Governmental activities:</i>		<i>Business-type activities:</i>	
Education	\$ 43,102	Water and wastewater	\$ 27,234,540
Public Safety	1,761,385	Waste collection	2,316,772
General government	8,747,530		\$ <u>29,551,312</u>
Health and human services	289,325	<i>Component units:</i>	
Public works	16,036,222	Board of Education	\$ 31,764,795
Recreation and community services	3,149,382	Community College	4,414,767
Judicial	1,300,903	Library System	1,263,695
Code enforcement	14,033	Economic Development Corp	77,480
Land use and development	33,751	Tipton Airport Authority	107,970
	\$ <u>31,375,633</u>	Workforce Development	37,687
			\$ <u>37,666,394</u>

6 Restricted Assets and Liabilities

The revenue stabilization fund is restricted in the net assets of the General Fund. The assets of the impact fees, general county capital projects, and other nonmajor governmental funds are being retained in separate funds for their respective purposes and are, therefore, shown as restricted assets on the Statement of Net Assets. In addition, fees collected by the Water and Wastewater proprietary fund, including capital connection, front foot benefit, and environmental protection fees are restricted for the payment of debt service incurred for the construction of capital facilities. The Water and Sewer capital project funding from grants, developer contributions, and other sources are restricted for the construction of capital assets. These restricted debt service and capital projects funds are restricted in the business-type activities of the Statement of Net Assets.

7 Interfund and Inter Entity Balances and Transfers

The interfund balances of the Primary Government consist of the following at June 30, 2004:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Internal Service Funds	General Fund	\$ 4,122,651
	Water and Wastewater	471,804
	Solid Waste	35,096
	Child Care	33,946
		\$ <u>4,663,497</u>

Interfund balances between the General Fund and internal service funds have been eliminated on the government-wide Statement of Net Assets; however, this government-wide statement does include a balance due to the governmental activities from the business-type activities of the Primary Government of \$105,100. This represents the proprietary funds' share of the residual equity of the internal service funds of \$435,746 less the Self Insurance Fund's deficit allocation to proprietary funds of \$540,846.

Transfers between the Primary Government's funds totaled \$46,860,616 for fiscal year 2004. The purposes of these transfers are General Fund bond proceeds and pay-as-you-go funds for capital projects and agricultural easements; impact fee funding for capital projects; capital project investment earnings retained by the General Fund; transfers from special revenues funds to capital projects; excess Parking Garage funds transferred to the General

Fund; and tax increment funds legally appropriated for transfer to the General Fund. A summary of these transfers is presented below:

<u>Originating Fund</u>	<u>Recipient Fund</u>	<u>Amount</u>
General	General County Capital Projects	\$ 33,307,000
	Nonmajor Governmental	1,750,000
<u>Impact Fees</u>	<u>General County Capital Projects</u>	<u>5,898,994</u>
<u>General County Capital Projects</u>	<u>General</u>	<u>720,968</u>
Nonmajor Governmental	General	4,988,321
	General County Capital Projects	195,333
		<u>\$ 46,860,616</u>

At June 30, 2004, receivable and payable balances remained between the Primary Government and its discretely presented component units. Those balances and the payments from the Primary Government to these parties are presented below:

Receivables/Payables

<u>Entity with Receivable</u>	<u>Entity with Payable</u>	<u>Amount</u>
Board of Education	Primary Government	\$ 11,635,755
Community College	Primary Government	1,640,709
Other Nonmajor	Primary Government	1,155,920
		<u>\$ 14,432,384</u>

Primary Government Expenditures

<u>Originating Entity</u>	<u>Recipient Entity</u>	<u>Amount</u>
Primary Government	Board of Education	\$ 424,889,600
Primary Government	Community College	35,126,855
Primary Government	Other Nonmajor	16,248,281
		<u>\$ 476,264,736</u>

8 Bonded Debt and Other Obligations

The Primary Government's Statement of Net Assets includes short and long-term debt and obligations comprised of bond anticipation notes, general obligation bonds, special assessment debt, leases, installment purchase agreements, and liabilities related to State loans, unpaid insurance claims, compensated absences and claims and judgments. Descriptions of certain of these obligations and the respective balances, debt service requirements, and changes during fiscal year 2004 are provided below and on the following page.

A Bond Anticipation Notes – The County periodically incurs short-term debt by issuing bond anticipation notes in the form of commercial paper. Notes are sold with an initial maturity from 1 to 270 days, and on refinancing at their maturity with additional notes marketed at then current interest rates. This remarketing is backed for liquidity purposes by a letter of credit, the terms of which provide that no principal repayments are due by the County (if there is a call on the letter of credit) until the termination of the agreement, which is maintained at two years at all times. The maturity date of this liquidity arrangement is May 1, 2007. The maturities of notes outstanding during fiscal year 2004 ranged from 24 to 207 days and interest rates ranged from 0.93% to 1.12%. The County plans to issue long-term debt in the Spring of 2005 to payoff bond anticipation notes outstanding at June 30, 2004. The terms of this refinancing have not been determined.

B General Obligation Bonds – Substantially all long-term bonded debt is issued as general obligation bonds and guaranteed by the full faith and credit of the County, subject to limitations set forth in section 710 (d) of the County Charter, which restricts the growth of revenue derived from property taxes. The debt service requirements for the bonds outstanding at June 30, 2004 are provided in the following table:

Year ended June 30,	General Obligation Bonds					
	Governmental		Business-type		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 43,099,038	\$ 24,301,283	\$ 21,663,477	\$ 12,742,155	\$ 64,762,515	\$ 37,043,438
2006	42,413,423	22,212,159	20,970,619	11,759,945	63,384,042	33,972,104
2007	41,356,000	20,076,933	19,418,695	10,785,920	60,774,695	30,862,853
2008	39,222,500	18,038,701	18,434,968	9,866,416	57,657,468	27,905,117
2009	36,651,500	16,060,520	17,491,087	8,969,615	54,142,587	25,030,135
2010-2014	149,320,000	55,520,025	65,538,992	34,171,113	214,858,992	89,691,138
2015-2019	95,225,000	24,643,188	49,761,894	19,498,610	144,986,894	44,141,798
2020-2024	48,575,000	6,429,333	31,600,001	10,007,836	80,175,001	16,437,169
2025-2029	3,685,000	281,438	18,595,000	3,678,826	22,280,000	3,960,264
2030-2033	-	-	5,730,000	534,075	5,730,000	534,075
	<u>\$ 499,547,461</u>	<u>\$ 187,563,580</u>	<u>\$ 269,204,733</u>	<u>\$ 122,014,511</u>	<u>\$ 768,752,194</u>	<u>\$ 309,578,091</u>

C Special Assessment Debt - At June 30, 2004, there was \$56,215,000 of Special Obligation Tax Increment Bonds payable from property tax revenue generated from assessment increases occurring since the formation of the tax increment districts. This debt is included in the Primary Government's long-term debt on the Statement of Net Assets. The County has not pledged its full faith and credit for these bonds. During the fiscal year ended June 30, 2004, \$8,992,508 of incremental property tax revenue was collected and available for debt service purposes as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances for the Non-major Governmental Funds. The table below outlines the debt service requirements for these bonds.

June 30,	Principal	Interest	June 30,	Principal	Interest
2005	\$ 695,000	\$ 1,873,723	2010-2014	8,785,000	11,849,726
2006	725,000	2,691,191	2015-2019	9,415,000	9,845,118
2007	835,000	2,653,241	2020-2024	14,160,000	6,974,347
2008	875,000	2,612,666	2025-2029	19,230,000	2,606,922
2009	915,000	2,570,166	2030-2033	580,000	14,450
			Total	<u>\$ 56,215,000</u>	<u>\$ 43,691,550</u>

In addition, there were \$6,085,000 and \$4,722,000 of special tax district bonds related to the Farmington Village Project and the Villages of Dorchester outstanding at June 30, 2004, respectively. The proceeds of these bonds were used to finance infrastructure improvements within the special district. These bonds are payable solely from the proceeds of a special tax levied on parcels within the district and are not backed by the County's full faith and credit. This debt does not appear on the Statement of Net Assets. The County acts only as a fiduciary in collecting the taxes and servicing the debt.

D State Loans - The County has loans outstanding at June 30, 2004 of \$2,723,766. These loans were received from the State for highway improvements and waterway improvements. During fiscal year 2004 the County paid \$334,580 and \$9,000 for principal and interest, respectively. The table below outlines the debt service requirements.

Year ended June 30,	Principal	Interest	Year ended June 30,	Principal	Interest
2005	\$ 341,106	\$ 3,073	2010-2014	822,697	-
2006	215,668	-	2015-2019	564,947	-
2007	213,018	-	2020-2024	146,138	-
2008	213,017	-	2025-2029	13,130	-
2009	194,045	-	2030-2033	-	-
			Total	<u>\$ 2,723,766</u>	<u>\$ 3,073</u>

E Leases - The County has entered into various lease agreements for assets, which qualify as capital leases for accounting purposes. These agreements have resulted in capital assets totaling \$1,244,554, all of which are used for governmental activities. Mechanical equipment leased consists of a road-stripping unit used by the Department of Public Works and golf carts used by the Department of Recreation and Parks. These equipment leases are 5 years in

length and annual payments for all total about \$8,500. Computer hardware comprises the remaining capital leases. These agreements are primarily three years in length with annual payments totaling about \$58,000. The net present value of these minimum lease payments as of June 30, 2004 and the future minimum lease obligations were as follows:

Year ended June 30,	Present Value of Minimum Lease Payments		Total Minimum Payments	
2005	\$ 53,038	\$ 12,729	\$ 65,767	
2006	53,264	7,288	60,552	
2007	55,499	3,680	59,179	
	<u>\$ 161,801</u>	<u>\$ 23,697</u>	<u>\$ 185,498</u>	

The County has also entered into several operating lease arrangements for office space and equipment. All leases are cancelable at the option of the County. Many of the agreements contain renewal options and some have rent escalation clauses. Total lease expenses for fiscal year 2004 were \$2,535,031. Minimum annual rental costs required by the leases are summarized below:

Year ending June 30,	Annual Rentals	Year ending June 30,	Annual Rentals
2005	\$ 1,534,959	2009	\$ 1,058,269
2006	1,422,862	2010-2014	790,320
2007	1,322,408	2015-2019	879,363
2008	1,180,598	2020	64,640
			<u>\$ 8,253,419</u>

F Installment Purchase Agreements – The County has instituted an Installment Purchase Program to facilitate County purchases of real property easements to maintain farmland and other open space. Under this program the County signs long-term debt agreements with property holders with a minimal down payment, typically \$1,000. Interest and nominal principal payments are made over the life of the agreement and a balloon payment is due at the end of the term to pay off the remaining principal balance. In order to pay the balloon payment, the County purchases and reserves a zero coupon U.S. Treasury Strip. This investment matures when the agreement expires and effectively earns the same interest rate that the County pays on the debt. The debt requirements as of June 30, 2004 are presented below:

Year ended June 30,	Principal	Interest	Year ended June 30,	Principal	Interest
2005	\$ 13,948	\$ 466,945	2010-2014	\$ 80,000	\$ 2,364,073
2006	16,000	478,275	2015-2019	80,000	2,341,323
2007	16,000	477,364	2020-2024	80,000	2,318,573
2008	16,000	476,455	2025-2029	6,551,000	1,928,768
2009	16,000	475,544	2030-2033	1,529,000	90,000
			Total	<u>\$ 8,397,948</u>	<u>\$ 11,417,320</u>

G Year End Balances, Debt Limitations, and Authorized Debt - A summary of the debt issues currently outstanding is provided below:

	Due Dates	Interest Rates	Amount of Original Issue	Amount Outstanding
Governmental activities:				
Serial bonds	2005-2027	3.00% to 7.00%	\$ 858,500,750	\$ 499,547,461
Tax increment district bonds	2005-2030	2.00% to 7.35%	98,875,000	56,215,000
Installment purchase agreements	2005-2030	4.95% to 6.00%	8,425,177	8,397,948
Loans payable	2005-2026	2.80% to 4.90%	8,727,644	2,723,766
Total governmental activities			<u>974,528,571</u>	<u>566,884,175</u>
Business-type activities:				
Water and wastewater serial bonds	2005-2033	1.00% to 7.50%	544,005,355	246,122,194
Solid waste serial bonds	2005-2024	2.00% to 6.00%	49,274,250	23,082,539
Total business-type activities			<u>593,279,605</u>	<u>269,204,733</u>
			<u>\$ 1,567,808,176</u>	<u>\$ 836,088,908</u>

Anne Arundel County, Maryland
Notes to the Basic Financial Statements

The County Charter authorizes the County Council to approve the issuance of general obligation bonds (other than water and sewer) up to a limit of 5.2% of the assessable basis of real property and 13% of the assessable base of personal property and certain operating real property of the County; and to issue general obligation water and sewer bonds up to a debt limit of 5.6% of the assessable basis of real property and 14% of the assessable base of personal property and certain operating real property within the County's sanitary district. At June 30, 2004 a review of the legal debt limitations reveals the following:

	General Bonds (5.2%/13% Limitations)	Water and Wastewater (5.6%/14% Limitations)
Charter imposed limitation	\$ 2,343,410,800	\$ 2,325,512,017
Bonded debt outstanding		
Bond anticipation notes	33,500,000	19,000,000
Long-term serial bonds	<u>522,630,000</u>	<u>246,122,194</u>
	<u>556,130,000</u>	<u>265,122,194</u>
Legal debt margin	\$ <u><u>1,787,280,800</u></u>	\$ <u><u>2,060,389,823</u></u>

As of June 30, 2004, the County had the authority to issue bonds in the amount of \$303,525,887, over and above bonds already issued, including \$162,547,528 of water and wastewater series bonds and \$3,493,688 of solid waste series bonds. This unused authority will be used to fund existing capital projects and those appropriated for fiscal year 2005 and to refund outstanding bond anticipation notes.

H Changes in Debt and Obligations – In prior years, the General Fund and the internal service funds are the governmental funds that have been used to liquidate long-term liabilities other than debt. The changes in the Primary Government's long-term liabilities are presented below:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Bond anticipation notes	\$ 29,000,000	\$ 32,500,000	\$ 29,000,000	\$ 32,500,000	\$ 32,500,000
Bonds payable:					
General obligation bonds	493,017,307	49,500,000	42,969,846	499,547,461	43,099,038
Deferred refunding gain (loss)	1,450,000	(7,328,798)	201,245	(6,080,043)	(1,061,559)
Special assessment debt	50,300,000	48,575,000	42,660,000	56,215,000	695,000
Total bonds payable	<u>544,767,307</u>	<u>90,746,202</u>	<u>85,831,091</u>	<u>549,682,418</u>	<u>42,732,479</u>
State loans	3,058,346	-	334,580	2,723,766	341,106
Capital leases	210,045	-	48,244	161,801	53,038
Installment purchase agreements	6,689,948	1,721,000	13,000	8,397,948	13,948
Unpaid insurance claims	34,688,241	65,607,972	60,590,256	39,705,957	12,822,957
Compensated absences	16,625,031	18,929,003	18,719,095	16,834,939	15,273,651
Total long-term	<u>606,038,918</u>	<u>177,004,177</u>	<u>165,536,266</u>	<u>617,506,829</u>	<u>71,237,179</u>
Total governmental activities	<u>\$ 635,038,918</u>	<u>\$ 209,504,177</u>	<u>\$ 194,536,266</u>	<u>\$ 650,006,829</u>	<u>\$ 103,737,179</u>
Business-type activities:					
Bond anticipation notes	\$ 13,000,000	\$ 20,000,000	\$ 13,000,000	\$ 20,000,000	\$ 20,000,000
Bonds payable:					
General obligation bonds	277,123,245	13,000,000	20,918,513	269,204,732	21,663,477
Less: deferred refunding loss	<u>(3,344,844)</u>	<u>-</u>	<u>(700,489)</u>	<u>(2,644,355)</u>	<u>(519,714)</u>
Total bonds payable	<u>273,778,401</u>	<u>13,000,000</u>	<u>20,218,024</u>	<u>266,560,377</u>	<u>21,143,763</u>
Compensated absences	1,359,581	1,482,697	1,360,532	1,481,746	1,303,000
Total long-term	<u>275,137,982</u>	<u>14,482,697</u>	<u>21,578,556</u>	<u>268,042,123</u>	<u>22,446,763</u>
Total business-type activities	<u>\$ 288,137,982</u>	<u>\$ 34,482,697</u>	<u>\$ 34,578,556</u>	<u>\$ 288,042,123</u>	<u>\$ 42,446,763</u>

I Loans Payable – On April 15, 2002, the Anne Arundel Community College Foundation finalized an agreement between Anne Arundel County, Maryland and The Bank of New York whereby the Foundation borrowed \$16,090,000 from the issuance of revenue bonds by the County. The proceeds of the loan were used to finance the cost of the construction of educational facilities. Interest only payments are due semi-annually on September 1 and March 1. Principal payments will begin September 1, 2005 with the final principal payment on September 1, 2028. Interest on the bonds varies from 3.14% to 5.25%. The loan balance at June 30, 2004 was \$16,090,000. Scheduled principal payments due on the bonds payable for future years ending June 30 are as follows:

Year ending June 30,	Principal Payments	Year ending June 30,	Principal Payments
2005	\$ -	2008	\$ 385,000
2006	360,000	2009	400,000
2007	370,000	Thereafter	14,575,000
			<u>\$ 16,090,000</u>

J Advanced Refundings – In fiscal year 2004, the County defeased the callable portion of certain series of Tax Increment Bonds by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. The resulting loss is netted against the new debt and amortized over the remaining life of the refunded debt. The refunding resulted in a net present value savings of \$5,386,908 and decreased the aggregate debt service costs by \$15,763,441.

	Governmental
Carrying value of refunded bonds	\$ 42,000,000
Reacquisition Price	51,047,973
	<u>(9,047,973)</u>
Net Premium on refunding bonds	1,719,175
Net loss on refunding	<u>\$ (7,328,798)</u>

9 Pension Plan

Most County employees participate in one of four single-employer defined benefit pension plans, which are in separate trust funds and administered by the Anne Arundel County Retirement and Pension System (Retirement System). The Retirement System issues a separate financial report for these plans. A copy of this report can be obtained from the Anne Arundel County Office of Personnel, 2662 Riva Road, Annapolis, Maryland, 21401. Some County employees participate in two multi-employer cost sharing pension plans administered by the State. The County plans were established under authority created by County Charter and legislation, while the State plans were created by State legislation.

A Single Employer Defined Benefit Pension Plans - The Retirement System administers the Anne Arundel County Employees' Retirement Plan (Employees Plan), Anne Arundel County Police Service Retirement Plan (Police Plan), Anne Arundel County Fire Service Retirement Plan (Fire Plan), and Anne Arundel County Detention Officers' and Deputy Sheriffs' Pension Plan (Detention Plan). Although the assets of the plans are commingled for investment purposes, each plan's assets must be used for the payment of benefits to the participants within that plan, in accordance with the terms of the plan. All benefit provisions are established by County legislation. Each of the plans provides for cost of living adjustments to annual benefit payments.

Membership in each plan consisted of the following at January 1, 2004, the date of the latest actuarial valuation:

	Employees Plan	Police Plan	Fire Plan	Detention Plan
Retirees and beneficiaries receiving payments	848	411	254	64
Terminated plan members entitled to but not yet receiving payments	205	-	-	8
DROP	-	55	103	-
Active plan members	2,239	555	496	365
	<u>3,292</u>	<u>1,021</u>	<u>853</u>	<u>437</u>

Employees Plan - All permanent County employees not included in another pension plan and employees of Economic Development are eligible to participate in the Employees Plan. Benefits vest after five years of service. The normal retirement age is age 60, or if earlier, when the employee has completed 30 years of service. Employees may elect one of two benefit structures. Tier One employees contribute 4% of their base salary to the Plan. Tier Two employees make no employee contributions. At normal retirement, Tier One employees receive 2% of final

average basic pay (defined as the participant's highest three annual basic pays out of the last five years) times the years and months of credited service, and 2% for unused disability leave and up to three years of pre-employment military service. The maximum benefit is 60% of final average basic pay, except participants may accrue benefits in excess of the 60% cap for credited disability leave and up to three years of pre-employment military service. Tier Two employees receive 1% of final average earnings times the years and months of credited service. The Plan also provides death and disability benefits.

Police Plan - Permanent County employees in police service are eligible to participate in the Police Plan. Benefits vest at 20 years of service or normal retirement age of 50 with five years of service for those hired on or after February 25, 2002; and 20 years of service or age 50 for those hired before that date. Employees who retire are entitled to an annual benefit in an amount equal to 2.5% of final basic pay (defined as the participant's highest three annual basic pays out of the last five years) for each year of service up to 20 years, plus 2% for each year of service between 20 and 30 years, and 2% for unused disability leave and up to three years of pre-employment military service. The maximum benefit is 70% of final average basic pay, except participants may accrue benefits in excess of the 70% cap for unused disability leave and up to three years of pre-employment military service. Participants with 20 years service may elect normal retirement, regardless of age. The Plan also provides death and disability benefits.

Participants in the Police Service Retirement Plan may participate in the deferred retirement option program (DROP) if they were actively employed by the County in a position covered by the Plan and have completed 20 years of actual Plan service. The participant's initial DROP term is three years, but he or she may extend participation for two additional one-year terms. A DROP participant continues as an active employee of the County but the participant no longer makes employee contributions to the plan and accrues no additional pension benefit. During the term of DROP participation, the participant's annual retirement benefit as of the date DROP participation begins is credited to the participant in an account earning 8% interest annually. When the DROP participation ends and the employee terminates service to the County, the account balance is distributed to the participant.

Fire Plan - Permanent County employees in fire service are eligible to participate in the Fire Plan. Benefits vest at normal retirement age. Participants may retire when they have 20 years of service, regardless of age or at age 50 with 5 years of actual service. Employees who retire are entitled to an annual benefit in an amount equal to 2.5% of final average basic pay (defined as the participant's highest three annual basic pays out of the last five years) for each year of service up to 20 years, plus 2% for each year of service between 20 and 30 years, and 2% for unused disability leave and up to three years of pre-employment military service. The maximum benefit is 70% of final earnings, except participants may accrue benefits in excess of the 70% cap for unused disability leave and up to three years of pre-employment military service. The Plan also provides death and disability benefits.

Through June 30, 2002, participants with 20 years of County service who are at least age 50 may participate in a deferred retirement option program with provisions similar to those described for the Police Plan. After June 30, 2002, any participant with 20 years of service may participate, regardless of age.

Detention Plan - Permanent County detention center officers, personnel, and sheriff deputies are eligible to participate in the Detention Plan. Benefits vest after five years of service. The normal retirement age for the members is age 50. Members are entitled to an annual benefit in the amount of 2.5% of final average basic pay (defined as the participant's highest three annual basic pays out of the last five years) for each year of service up to 20 years, plus 2% of final average basic pay for each additional year, and 2% for unused disability leave and up to three years of pre-employment military service. The maximum benefit is 70% of final earnings, except participants may accrue benefits in excess of the 70% cap for unused disability leave and up to 3 years of active military service. The Plan also provides death and disability benefits.

B *Multiple-Employer Pension Plans* - Primary Government employees hired prior to July 1, 1969 who elected not to transfer to the Employees Plan and substantially all employees of the Board of Education, Library and Community College participate in plans of the State Retirement and Pension Systems of Maryland, which are multi-employer cost sharing defined benefit pension plans. The system plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

The State Retirement and Pension System of Maryland issues a financial report that includes financial statements and required supplementary information. That report may be obtained by writing to State Retirement Agency of Maryland, 120 East Baltimore Street, Baltimore, MD 21202.

C Funding Policy and Annual Pension Cost - The employee contribution requirements for each employer defined benefit plan in the Retirement System are set by County legislation. The County's annual contribution is based on annual actuarial valuations. The table below provides the actuarial assumptions, funding methods and contributions related to the fiscal year 2004 financial statements. The actuarial funding method changed from the frozen entry age normal to the projected unit credit method.

	Employees Plan	Police Plan	Fire Plan	Detention Plan
Contribution rates:				
County	Legislated amount	Legislated amount	Legislated amount	Legislated amount
Plan members				
Tier One	4.00%	6.00%	5.00%	5.00%
Tier Two	-	Not applicable	Not applicable	Not applicable
Annual pension cost	\$7,545,780	\$8,814,480	\$8,217,564	\$3,106,740
Contributions made	\$7,545,780	\$8,814,480	\$8,217,564	\$3,106,740
Actuarial valuation date	January 1, 2004	January 1, 2004	January 1, 2004	January 1, 2004
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level % of payroll	Level % of payroll	Level % of payroll	Level % of payroll
Remaining amortization period	30 years, closed	30 years, closed	30 years, closed	30 years, closed
Asset valuation method	5-yr smoothed market	5-yr smoothed market	5-yr smoothed market	5-yr smoothed market
Actuarial assumptions:				
Inflation rate	3.50%	3.50%	3.50%	3.50%
Investment rate of return	4.50%	4.50%	4.50%	4.50%
Projected salary increases (graded scale)	Varies by age	Varies by age	Varies by age	Varies by age
Cost of living adjustments:				
Benefits earned prior to 1/31/97	3.00%	3.50%	3.50%	3.50%
Benefits earned thereafter	2.10%	2.10%	2.10%	2.10%

The next table provides five-year trend data for contributions. The actuarial valuation made no significant changes in assumptions from the prior year.

Five Year Trend Information - Schedule of Employer Contributions
Fiscal year ended June 30,

	2000	2001	2002	2003	2004
<i>Employees Plan</i>					
Annual Pension Cost (APC)	\$ 4,545,366	\$ 2,898,335	\$ 4,592,060	\$ 6,575,769	\$ 7,545,780
Percentage of APC Contributed	100.0%	100.0%	83.0%	100.0%	100.0%
Net Pension Obligation	\$ -	\$ -	\$ 760,179	\$ -	\$ -
<i>Police Plan</i>					
Annual Pension Cost (APC)	\$ 5,062,818	\$ 4,633,411	\$ 6,512,433	\$ 7,759,342	\$ 8,814,480
Percentage of APC Contributed	100.0%	100.0%	89.0%	100.0%	100.0%
Net Pension Obligation	\$ -	\$ -	\$ 714,947	\$ -	\$ -
<i>Fire</i>					
Annual Pension Cost (APC)	\$ 4,953,920	\$ 3,677,602	\$ 5,864,022	\$ 7,506,840	\$ 8,217,564
Percentage of APC Contributed	100.0%	100.0%	83.0%	100.0%	100.0%
Net Pension Obligation	\$ -	\$ -	\$ 1,025,411	\$ -	\$ -
<i>Detention Plan</i>					
Annual Pension Cost (APC)	\$ 1,599,575	\$ 2,012,848	\$ 2,539,796	\$ 2,885,509	\$ 3,106,740
Percentage of APC Contributed	100.0%	100.0%	94.0%	100.0%	100.0%
Net Pension Obligation	\$ -	\$ -	\$ 140,993	\$ -	\$ -

Certain participants in the State Retirement and Pension Systems (State plans) are required to contribute 5% to 7% of compensation to the plans. The County is required to contribute the remaining amounts necessary to fund the plans, except that the State pays the employer's share of retirement costs on behalf of certain teachers, professional librarians, and related positions for the Board of Education, Library, and Community College, in accordance with State law. These amounts are shown as grant revenue and current expenses in the financial statements of these component units. County expenditures for those employees in the State plans for the year ended June 30, 2004, 2003, and 2002 equal the required contributions and are summarized below along with the State's contribution on behalf on the employees discussed on the previous page.

	Fiscal Year Ended June 30,		
	2004	2003	2002
County contributions:			
Primary Government	\$ 1,084,222	\$ 1,032,592	\$ 983,000
Board of Education	4,063,522	4,250,249	3,721,000
Community College	117,400	134,200	118,000
State contributions on behalf of:			
Board of Education	31,419,929	29,119,401	27,193,546
Community College	1,500,000	1,300,000	1,200,000
Library	685,797	687,026	675,000
Total	<u>\$ 38,870,870</u>	<u>\$ 36,523,468</u>	<u>\$ 33,890,546</u>

10 Other Post-retirement Benefits

Retirees of the Primary Government, Library, and Economic Development continue to receive medical coverage. The Primary Government pays eighty percent of the cost. These retirees have the option of retaining dental and vision coverage, but must pay the full cost of these benefits. Health benefits are provided to retirees through an agreement between the Primary Government and the Police labor union, and are extended to others by administrative policy. There were 1,654 retirees and spouses receiving health benefits as of June 30, 2004.

Retirees of the Board of Education who receive benefits from the State Retirement System may elect to continue medical coverage. Retirees may also continue in the Board's dental or vision programs. The Board pays eighty percent of the cost of the basic health care and dental programs with the balance of the cost deducted from the retirees' monthly check. These benefits are provided through an agreement between the Board and Anne Arundel County Retired Teachers Association. There were approximately 3,200 retirees eligible for benefits at June 30, 2004.

Retirees of the Community College receive certain health care and dental benefits. The Community College contributes to the cost of these health and dental benefits at a rate of 2.5 percent per year for each year of service. Employees must have at least 10 years of service to qualify and the maximum paid by the College is 75%. Retirees have no vested rights to these benefits, which are subject to modifications by the Board of Trustees. There were 178 College retirees eligible for benefits at June 30, 2004.

These costs are recognized when paid. Total costs incurred for these benefits for the year ended June 30, 2004 were as follows:

Entity	Amount
Primary Government	\$ 7,510,549
Board of Education	18,248,300
Community College	464,447
Other Nonmajor Component Units	304,011
	<u>\$ 26,527,307</u>

11 Risk Management

The County retains the risk of loss for workers' compensation and Directors and Officers coverage for the Primary Government, the Library, the Board of Education, and the Community College; general liability and vehicle liability coverage for the Primary Government, Library and the Board of Education; and health coverage for the Primary Government. The County purchases insurance coverage for real and personal property and money and security coverage, as well as school bus insurance for the bus contractors of the Board of Education. All insurance

activities are recorded in the Self Insurance Fund, except for health activity, which is recorded in the Health Insurance Fund.

The Self Insurance Fund has recognized a liability at fiscal year-end for those claims where a loss has occurred and the amount of loss can be reasonably estimated. An actuarial review of all claims is used as the basis for determining the liability at the end of the year. Management, with the assistance of claims administrators, estimates the liabilities for the Health Insurance Fund. Both funds include estimated liabilities for claims that have been incurred but not reported. Claims are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. The liability as of June 30, 2004 is undiscounted. Changes in the balances of claims liabilities during fiscal years 2004 and 2003 were as follows:

	2004	2003
Liability balance, July 1	\$ 34,688,241	\$ 29,601,732
Current year claims	65,607,972	58,106,550
Claims payments	(60,590,256)	(53,020,041)
Liability balance, June 30	<u>\$ 39,705,957</u>	<u>\$ 34,688,241</u>

12 Landfill Closure, Postclosure, and Remediation

The Primary Government has utilized three landfill sites; however, only one site, the Millersville Landfill, is still accepting trash. The others, Glen Burnie and Sudley, were closed in 1983 and 1993, respectively. The Millersville site consists of nine individual cells. Cells 1 through 7 are closed, cell 8 is active and 65.2% full and cell 9 has not yet opened. Cell 8 and cell 9 have useful lives to at least 2009 and 2034, respectively. The table below presents the costs and liabilities related to all sites. The costs for cells 8 and 9 at the Millersville Landfill are determined by applying the percent of capacity used to the total estimated closure and postclosure costs.

	<u>Millersville</u>	<u>Closed Sites</u>	<u>Total</u>
Total costs:			
Closure	\$ 52,279,224	\$ 18,121,184	\$ 70,400,408
Post closure	<u>26,403,134</u>	<u>5,770,984</u>	<u>32,174,118</u>
	78,682,358	23,892,168	102,574,526
Less:			
Amount recognized thru June 30, 2004	<u>45,697,483</u>	<u>23,892,168</u>	<u>69,589,651</u>
Costs remaining to be recognized	<u>32,984,875</u>	<u>-</u>	<u>32,984,875</u>
Liability recorded at June 30, 2004:			
Closure	7,302,513	-	7,302,513
Post closure	<u>16,443,561</u>	<u>5,770,984</u>	<u>22,214,545</u>
	<u>\$ 23,746,074</u>	<u>\$ 5,770,984</u>	<u>\$ 29,517,058</u>

The Primary Government accounts for landfill activities in the Solid Waste Fund. Management uses federal and state regulations to estimate the costs of closure, remediation, and monitoring the landfills. These estimates are recorded at current costs and are management's best judgment of the minimum cost required to correct identified problems and close and remediate open cells. These estimates are subject to periodic reevaluation and actual costs may differ due to inflation or deflation, changes in technology, or changes in applicable laws and regulations.

The Primary Government has financial assurance requirements that require the reservation of funds to pay landfill liabilities. The financial assurance reservation totaled \$12,914,569 at June 30, 2004.

13 Contingent Liabilities

A Impact Fees – At June 30, 2004, the Primary Government held impact fees accumulated for construction of schools and roads in designated districts of the County. The legislation authorizing the collection of such fees requires the Primary Government to expend or encumber these funds within specified times after collection.

Although as of June 30, 2004, \$45,258,011 is subject to return if not spent, management believes the refund of these fees is unlikely.

The County has entered into impact fee agreements with developers who provide offsite improvements designed to lessen the impact of the development on the immediate community. Unredeemed impact fee credits totaled \$6,846,369 at June 30, 2004.

B Regional Composting Facility – Under the terms of an intergovernmental agreement with Baltimore County, Howard County, and the Maryland Environmental Service (MES), the County is participating in the use of a regional yard waste composting facility. Pursuant to the agreement, the County has agreed to deliver a minimum of 15,000 tons of yard debris per year at a cost of \$37.45 per ton. This charge pays for the County's share of facility operations and the debt service on the related MES bonds. The agreement also gives the County the option of paying for its proportionate share of the cost of operations in lieu of delivering the required 15,000 tons of yard debris. This agreement will expire in the year 2015.

Due to odor problems at the composting facility, operations have been discontinued. Yard debris is being transferred from the facility site to another site outside the County for composting. MES, the County and the other parties to the agreement have sold a portion of the site. Proceeds have been placed in escrow until the outstanding bonds can be called. No impact on the County processing fee is anticipated.

C Lawsuits – Property owners and taxpayers have filed a class action suit against the County seeking refunds of development impact fees paid to the County. The case was dismissed by the Circuit Court, but the Court of Special Appeals reversed and remanded the case to Circuit Court. The Court of Special Appeals dismissed a substantial portion of the plaintiffs' claims, but granted summary judgment as to liability on several others. The amount of the claim is in excess of \$30,000,000. In the opinion of the County Attorney, the likelihood of an outcome unfavorable to the County is somewhere between probable and remote, and the County's liability if the outcome were to be unfavorable is unlikely to exceed \$5,000,000.

The County is party to other legal proceedings that normally occur in governmental operations. Such proceedings include developer's claims, property damage, employee liability, and workers compensation. These proceedings are not, in the opinion of the County Attorney, likely to have a material, adverse impact on the financial position of the County as a whole, as reserves for losses have been established in the Self Insurance Fund.

D Federal Financial Assistance - The County receives significant financial assistance from the U.S. Government. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits. Any disallowances as a result of these audits become a liability of the fund that received the grants. As of June 30, 2004, the County estimates that no material liabilities will result from such audits.

14 Conduit Debt

The County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition or construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on underlying mortgage loans. Upon repayment of the bonds, ownership of the facilities transfers to the private entity served by the bond issuance.

As of June 30, 2004, 153 Industrial Revenue Bonds series had been issued. The aggregate principal amount payable for the nine series issued after July 1, 1996, was \$18,569,000. The aggregate principal amount payable for the 145 issued prior to July 1, 1996, could not be determined; however, their original issue totaled \$582,700,000. The County is not obligated in any manner for payment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Required Supplementary Information

Year Ended June 30, 2004

The information below is intended to help users assess pension plan 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.

Schedule of Funding Progress for Single Employer Defined Benefit Pension Plans - Last Six Years

	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL)	(B - A) Unfunded AAL (UAAL)	(A / B) Funded Ratio	(C) Covered Payroll	(B - A / C) UAAL as a % of Covered Payroll
Employees Retirement Plan:						
January 1, 1999	258,183,198	274,366,089	16,182,891	94.1%	87,089,448	18.6%
2000	282,462,621	298,209,381	15,746,760	94.7%	89,714,539	17.6%
2001	302,805,427	339,312,018	36,506,591	89.2%	88,927,130	41.1%
2002	321,443,897	357,796,625	36,352,728	89.8%	100,417,059	36.2%
2003	335,539,414	372,472,369	36,932,955	90.1%	101,172,221	36.5%
2004	367,756,502	367,541,352	(215,150)	100.1%	100,944,238	-0.2%
Police Service Retirement Plan:						
January 1, 1999	212,252,477	244,248,434	31,995,957	86.9%	25,658,645	124.7%
2000	235,557,469	268,006,977	32,449,508	87.9%	26,840,786	120.9%
2001	252,149,932	288,017,982	35,868,050	87.5%	28,535,848	125.7%
2002	268,703,856	304,997,842	36,293,986	88.1%	31,105,473	116.7%
2003	281,967,318	318,635,793	36,668,475	88.5%	33,459,024	109.6%
2004	311,371,499	325,555,840	14,184,341	95.6%	31,915,536	44.4%
Fire Service Retirement Plan						
January 1, 1999	185,328,626	214,692,436	29,363,810	86.3%	24,874,704	118.0%
2000	207,721,341	237,433,797	29,712,456	87.5%	25,551,279	116.3%
2001	225,133,219	264,632,156	39,498,937	85.1%	27,373,670	144.3%
2002	241,162,428	281,086,721	39,924,293	85.8%	30,548,866	130.7%
2003	256,190,269	296,478,237	40,287,968	86.4%	32,000,686	125.9%
2004	286,763,188	301,900,234	15,137,046	95.0%	31,463,220	48.1%
Pension Plan for Detention Officers and Personnel:						
January 1, 1999	21,543,373	25,695,468	4,152,095	83.8%	9,570,569	43.4%
2000	27,204,448	32,677,761	5,473,313	83.3%	11,893,991	46.0%
2001	31,116,751	36,777,916	5,661,165	84.6%	12,302,830	46.0%
2002	34,742,230	40,453,761	5,711,531	85.9%	13,565,333	42.1%
2003	38,889,689	47,135,488	8,245,799	82.5%	14,690,339	56.1%
2004	45,710,145	52,889,538	7,179,384	86.4%	15,396,361	46.6%

Notes to Required Supplementary Information

A. Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of pension plan funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the pension plan.

B. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of pension plan progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the pension plan.

**Combining Fund Statements,
Budgetary Schedules, and
Other Supporting Schedules**

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Anne Arundel County, Maryland

Detail Schedule of Revenue - Estimated and Actual

General Fund

Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Over (Under)
GENERAL PROPERTY TAXES				
Real and personal taxes	\$ 384,148,000	\$ 384,148,000	\$ 385,505,918	\$ 1,357,918
Interest and penalties	941,000	941,000	849,520	(91,480)
	<u>385,089,000</u>	<u>385,089,000</u>	<u>386,355,438</u>	<u>1,266,438</u>
LOCAL INCOME TAXES	<u>281,106,000</u>	<u>281,106,000</u>	<u>298,065,106</u>	<u>16,959,106</u>
STATE SHARED TAXES				
Highway user	17,224,000	17,224,000	18,826,410	1,602,410
Admissions	6,060,000	6,060,000	6,912,001	852,001
Auto-boat	6,000	6,000	6,565	565
	<u>23,290,000</u>	<u>23,290,000</u>	<u>25,744,976</u>	<u>2,454,976</u>
GRANTS AND AID				
Programs for the aging	3,191,800	3,191,800	2,873,609	(318,191)
Public safety	8,716,200	10,989,900	9,316,022	(1,673,878)
Mental health	606,200	606,200	668,378	62,178
Health	18,959,700	18,959,700	19,023,496	63,796
Other	13,697,900	14,265,200	11,801,058	(2,464,142)
	<u>45,171,800</u>	<u>48,012,800</u>	<u>43,682,563</u>	<u>(4,330,237)</u>
RECORDATION AND TRANSFER TAXES				
Recordation	33,704,000	33,704,000	51,888,119	18,184,119
Transfer	31,343,000	31,343,000	47,164,989	15,821,989
	<u>65,047,000</u>	<u>65,047,000</u>	<u>99,053,108</u>	<u>34,006,108</u>
LOCAL SALES TAXES				
Electricity	5,036,000	5,036,000	4,860,254	(175,746)
Gas	632,000	632,000	696,314	64,314
Telephone	6,476,000	6,476,000	6,345,993	(130,007)
Fuel	74,000	74,000	103,220	29,220
Hotel-Motel	11,531,000	11,531,000	11,264,733	(266,267)
Parking	5,236,000	5,236,000	5,043,179	(192,821)
Trailer Park Rental Pmts	944,000	944,000	941,496	(2,504)
	<u>29,929,000</u>	<u>29,929,000</u>	<u>29,255,189</u>	<u>(673,811)</u>
LICENSES AND PERMITS				
Amusements	208,500	208,500	238,060	29,560
Special events	4,600	4,600	4,150	(450)
Beer, wine, liquor	625,000	625,000	615,745	(9,255)
Trade licenses	260,300	260,300	269,305	9,005
Traders	710,000	710,000	795,260	85,260
Permits	8,438,000	8,438,000	10,245,315	1,807,315
Fines	21,000	21,000	30,970	9,970
Mobile home parks	35,000	35,000	37,305	2,305
Taxicabs	68,000	68,000	72,649	4,649
Mining and landfills	128,000	128,000	-	(128,000)
Animal control	373,200	373,200	304,788	(68,412)
Other	1,405,500	1,405,500	1,238,441	(167,059)
Health Department	675,000	675,000	593,136	(81,864)
Public space	650,000	650,000	708,896	58,896
	<u>13,602,100</u>	<u>13,602,100</u>	<u>15,154,020</u>	<u>1,551,920</u>

Anne Arundel County, Maryland

Detail Schedule of Revenue - Estimated and Actual

General Fund

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
INVESTMENT INCOME	<u>2,220,000</u>	<u>2,220,000</u>	<u>1,234,180</u>	<u>(985,820)</u>
INTER-FUND RECOVERIES	<u>18,526,300</u>	<u>18,526,300</u>	<u>17,002,509</u>	<u>(1,523,791)</u>
OTHER REVENUES				
Sale of surplus property	96,000	96,000	26,579	(69,421)
Health department fees	397,100	397,100	557,501	160,401
Certification of liens	115,000	115,000	103,760	(11,240)
Recreation and Parks	4,276,000	4,276,000	3,944,899	(331,101)
Developers fees - Street lighting	60,000	60,000	46,896	(13,104)
Sheriff	100,000	100,000	114,980	14,980
Sub-division	2,300,000	2,300,000	1,596,856	(703,144)
Administrative fees	100,000	100,000	104,818	4,818
Rental income	750,000	750,000	579,843	(170,157)
Cable Fees	4,563,000	4,563,000	4,819,302	256,302
Reimbursements	6,291,400	6,291,400	8,799,434	2,508,034
Fines and Fees	335,800	335,800	495,383	159,583
Miscellaneous	<u>6,241,300</u>	<u>6,241,300</u>	<u>4,924,698</u>	<u>(1,316,602)</u>
	<u>25,625,600</u>	<u>25,625,600</u>	<u>26,114,949</u>	<u>489,349</u>
Total revenues	\$ <u>889,606,800</u>	\$ <u>892,447,800</u>	\$ <u>941,662,038</u>	\$ <u>49,214,238</u>

Anne Arundel County, Maryland

Detail Schedule of Appropriations, Expenditures, and Encumbrances

General Fund

Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Over (Under)
EDUCATION				
Board of Education	\$ 416,820,000	\$ 416,820,000	\$ 416,588,804	\$ (231,196)
Community College	<u>24,395,000</u>	<u>25,145,000</u>	<u>25,041,893</u>	<u>(103,107)</u>
	<u>441,215,000</u>	<u>441,965,000</u>	<u>441,630,697</u>	<u>(334,303)</u>
PUBLIC SAFETY				
Police	74,551,900	73,595,400	72,674,449	(920,951)
Fire	66,492,400	67,843,200	67,778,804	(64,396)
Detention Facilities	<u>32,268,100</u>	<u>30,968,100</u>	<u>30,235,490</u>	<u>(732,610)</u>
	<u>173,312,400</u>	<u>172,406,700</u>	<u>170,688,743</u>	<u>(1,717,957)</u>
HEALTH AND HUMAN SERVICES				
Health	45,125,900	45,415,900	43,669,913	(1,745,987)
Social Services	7,402,100	7,579,200	6,120,781	(1,458,419)
Services for the Aging	10,446,400	10,446,400	10,121,339	(325,061)
Other Grants	<u>2,195,000</u>	<u>2,195,000</u>	<u>2,188,935</u>	<u>(6,065)</u>
	<u>65,169,400</u>	<u>65,636,500</u>	<u>62,100,968</u>	<u>(3,535,532)</u>
GENERAL GOVERNMENT				
County Executive	1,966,000	1,966,000	1,845,956	(120,044)
Chief Administrative Officer	7,208,000	1,252,300	796,581	(455,719)
Office of Budget	1,102,000	1,102,000	1,096,466	(5,534)
Office of Finance	7,155,700	7,200,700	7,068,132	(132,568)
Mandated Transfers	4,696,300	6,040,200	5,558,784	(481,416)
Central Services	20,440,400	27,664,700	27,466,427	(198,273)
Personnel	11,549,000	11,949,000	11,749,457	(199,543)
Information Technology	11,939,700	12,039,700	11,951,681	(88,019)
Law	2,286,000	2,286,000	2,272,521	(13,479)
Legislative Branch	2,753,600	2,753,600	2,738,696	(14,904)
Ethics Commission	142,400	142,400	128,282	(14,118)
Board of Election Supervisors	<u>1,704,300</u>	<u>1,704,300</u>	<u>1,591,605</u>	<u>(112,695)</u>
	<u>72,943,400</u>	<u>76,100,900</u>	<u>74,264,588</u>	<u>(1,836,312)</u>
PUBLIC WORKS				
	<u>29,716,700</u>	<u>32,984,700</u>	<u>32,273,534</u>	<u>(711,166)</u>
RECREATION AND COMMUNITY SERVICES				
Recreation and Parks	13,511,100	13,807,600	13,777,732	(29,868)
Public Library System	<u>11,400,000</u>	<u>11,400,000</u>	<u>11,400,000</u>	<u>-</u>
	<u>24,911,100</u>	<u>25,207,600</u>	<u>25,177,732</u>	<u>(29,868)</u>
JUDICIAL				
States Attorney	6,754,600	6,897,100	6,938,380	41,280
Sheriffs Office	6,016,800	5,916,800	5,849,851	(66,949)
Circuit Court	4,885,900	5,059,300	4,822,242	(237,058)
Orphans Court	<u>95,000</u>	<u>95,000</u>	<u>89,357</u>	<u>(5,643)</u>
Total Judicial	<u>17,752,300</u>	<u>17,968,200</u>	<u>17,699,830</u>	<u>(268,370)</u>
LAND USE AND DEVELOPMENT				
Planning and Zoning	6,813,400	6,613,400	6,353,137	(260,263)
Office of Administrative Hearings	267,300	272,300	271,398	(902)
Cooperative Extension Service	190,000	190,000	190,056	56
Land Use and Environment	<u>1,465,000</u>	<u>1,465,000</u>	<u>1,321,086</u>	<u>(143,914)</u>
	<u>8,735,700</u>	<u>8,540,700</u>	<u>8,135,677</u>	<u>(405,023)</u>
CODE ENFORCEMENT				
Inspections and Permits	9,489,200	9,739,200	9,616,560	(122,640)
Board of License Commissioners	<u>468,400</u>	<u>468,400</u>	<u>450,034</u>	<u>(18,366)</u>
	<u>9,957,600</u>	<u>10,207,600</u>	<u>10,066,594</u>	<u>(141,006)</u>
ECONOMIC DEVELOPMENT				
	<u>1,740,000</u>	<u>1,740,000</u>	<u>1,740,000</u>	<u>-</u>
DEBT SERVICE				
	<u>36,439,400</u>	<u>36,239,400</u>	<u>35,368,736</u>	<u>(870,664)</u>
PAY GO FUNDING - CAPITAL PROJECTS				
	<u>12,807,000</u>	<u>12,807,000</u>	<u>12,807,000</u>	<u>-</u>
Total expenditures and encumbrances	\$ <u>894,700,000</u>	\$ <u>901,804,300</u>	\$ <u>891,954,099</u>	\$ <u>(9,850,201)</u>

Non-Major Governmental Funds

The Primary Government has three major governmental funds, the General Fund, the Impact Fee Fund, and the General County Capital Projects Fund. All of these funds have been fully described in the footnotes to the basic financial statements. The combining statements in this section include several non-major funds. Descriptions for these non-major governmental funds are provided below.

Special Revenue Funds

County Parking Garage – This fund accounts for the operation of the County’s Whitmore Parking Garage located near the Arundel Center. It was established based on an agreement with the State of Maryland. The County owns the garage and the County and State pay for their respective spaces and share proportionately in any profit available at the end of each fiscal year.

Street Light – This fund is used to account for installation of street lights. The County collects fees from developers and pays a vendor to install and maintain the lights once development is complete.

Forfeiture and Asset Seizure Team – This fund accounts for assets seized in narcotics investigations. The funds are used for County police and the State’s Attorney’s activities related to narcotics investigation and enforcement.

Economic Development – The County dedicates 7% of its hotel / motel tax revenue to economic development within the County. The fund accounts for the isolation of these revenues and the expenditures that are related to business development, expansion, and relocation to Anne Arundel County. The funds are typically dedicated to the Economic Development Corporation as funding for their programs.

Conference and Visitors – The County dedicates 7% of its hotel / motel tax revenue to the promotion of tourism within the County. This fund accumulates the dedicated revenue and disburses the funds directly to the Annapolis and Anne Arundel County Conference and Visitors Bureau.

Incentive Loan Program – This fund is used to isolate funds dedicated for financial assistance to existing small manufacturing, wholesale, trade and business-related services in the County. Funds are typically disbursed to the Anne Arundel County Economic Development Corporation for use in its Incentive Loan Program.

Road and Special Benefits Districts – The fund accounts for special community benefit taxes collected on behalf of special districts via County property tax collection. The County disburses the money to the community agency or acts as disbursing agent for the community, for the purposes established by the district.

Piney Orchard Wastewater Service – In accordance with the County’s agreement with operator of the Piney Orchard Wastewater plant, this fund segregates 80% of the wastewater usage fees collected from the Piney Orchard wastewater service area. These funds are then disbursed to the plant operator. The County maintains 20% of the fees to offset administrative costs.

Local Management Board – This fund accounts for the grant funds received from the State to be used for various youth and family programs as established by the Local Management Board.

Storm Drain Fees – This fund segregates storm drain fees collected from certain developers and restricted for use in construction and / or repair of storm drain systems throughout the County. The funds are typically used as a revenue source on storm drain capital projects.

Inmate Benefit and Morale – This fund accumulates revenues designated for the benefit and morale of inmates at the County’s two detention centers.

Area Agency on Aging – This fund accounts for grant funds received from the Federal Older Americans Act program. The funds are used for various programs established by the County’s Department of Aging.

Reforestation – This fund segregates the funds collected from developers for reforestation of County properties. The fund collects fees in lieu of replanting and holds deposits until developer replanting is completed. Disbursements pay the costs of the program, including costs to replant, identification of properties for purchase and preservation, and administration of the program.

Non-Major Governmental Funds, Continued

Laurel Racetrack - This fund accounts for special racing revenues received from the Maryland Racing Commission. The funds are used to help services and facilities within three miles of the Laurel Race Course.

Recreation Land Fees – This fund accounts for certain fees paid by developers in lieu of establishing recreation land in smaller subdivisions.

Workforce Development – This fund accounts for grant monies collected by the County and passed through to the Workforce Development Corporation.

Capital Projects Funds

Erosion Districts - This fund accounts for collections of assessments on certain communities for ongoing erosion control. The taxes are levied at the request of the community, and disbursements are made based on invoices approved by the community's representative.

Debt Service Funds

Nursery Road Tax Increment – This fund accumulates the incremental property tax revenues related the Nursery Road Tax Increment District created in 1983. The funds are used to pay the principal and interest on the original and the recent issues of debt, the proceeds of which funded capital improvements within the district. Any unused funds revert to the General fund at the end of the fiscal year.

West County Tax Increment – This fund accumulates the incremental property tax revenues related to the West County Development District, created in 1997. The funds are being used to pay the debt service costs on debt issued to provide improvements within the district.

Arundel Mills Tax Increment – This fund accumulates the incremental property taxes related to the Arundel Mills Tax District, created in 1999. The funds are being used to pay the debt service on debt issued to provide capital improvements within the district.

Parole Tax Increment – This fund accumulates the incremental property taxes related to the Parole Tax Increment District, created in 2000. The funds will be used to pay debt service or construction costs related to capital improvement within the district.

Special Taxing Districts – This fund accounts for the accumulation of resources and the payment of principal on non-interest bearing loans from the State Department of Natural Resources. These loan proceeds are used for district improvements to waterways.

Installment Purchase Agreements – This fund accumulates County funds dedicated to the purchase of easements for the Agricultural and Woodland Preservation Programs.

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Anne Arundel County, Maryland

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2004

	Special Revenue Funds				
	County Parking Garage	Street Light	Forfeiture and Asset Seizure Team	Economic Development	Conference and Visitors
ASSETS					
Cash and temporary investments	\$ 6,524	\$ 1,663,241	\$ 878,815	\$ 161,135	\$ 161,135
Receivables					
Due from other governmental agencies	-	-	-	-	-
Other, net	<u>22,807</u>	<u>-</u>	<u>95,750</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 29,331</u>	<u>\$ 1,663,241</u>	<u>\$ 974,565</u>	<u>\$ 161,135</u>	<u>\$ 161,135</u>
LIABILITIES					
Accrued liabilities	\$ 21,062	\$ 2,120	\$ 2,853	\$ 161,135	\$ 161,135
Escrow deposits	-	-	259,791	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>21,062</u>	<u>2,120</u>	<u>262,644</u>	<u>161,135</u>	<u>161,135</u>
FUND BALANCES					
Reserved					
Encumbrances	8,269	1,032,487	83,152	-	-
Held by trustee	-	-	-	-	-
Unreserved					
Designated for subsequent year's expenditures	-	-	65,600	-	-
Undesignated	<u>-</u>	<u>628,634</u>	<u>563,169</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>8,269</u>	<u>1,661,121</u>	<u>711,921</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 29,331</u>	<u>\$ 1,663,241</u>	<u>\$ 974,565</u>	<u>\$ 161,135</u>	<u>\$ 161,135</u>

Special Revenue Funds

Incentive Loan Program	Road and Special Benefits Districts	Piney Orchard Wastewater Service	Local Management Board	Storm Drain Fees	Inmate Benefit and Morale	Area Agency on Aging
\$ 255	\$ 168,569	\$ 115,409	\$ 863,990	\$ 892,986	\$ 378,765	\$ 9,738
-	-	-	797,778	-	-	-
-	7,558	-	-	-	44,560	-
<u>\$ 255</u>	<u>\$ 176,127</u>	<u>\$ 115,409</u>	<u>\$ 1,661,768</u>	<u>\$ 892,986</u>	<u>\$ 423,325</u>	<u>\$ 9,738</u>
\$ -	\$ 102	\$ 115,409	\$ 532,517	\$ -	\$ 112,453	\$ 9,738
-	-	-	-	-	56,920	-
-	-	-	25,924	-	-	-
<u>-</u>	<u>102</u>	<u>115,409</u>	<u>558,441</u>	<u>-</u>	<u>169,373</u>	<u>9,738</u>
-	-	-	196,355	-	-	-
-	-	-	-	-	-	-
-	152,900	-	639,400	-	-	-
<u>255</u>	<u>23,125</u>	<u>-</u>	<u>267,572</u>	<u>892,986</u>	<u>253,952</u>	<u>-</u>
<u>255</u>	<u>176,025</u>	<u>-</u>	<u>1,103,327</u>	<u>892,986</u>	<u>253,952</u>	<u>-</u>
<u>\$ 255</u>	<u>\$ 176,127</u>	<u>\$ 115,409</u>	<u>\$ 1,661,768</u>	<u>\$ 892,986</u>	<u>\$ 423,325</u>	<u>\$ 9,738</u>

Anne Arundel County, Maryland

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2004

	Special Revenue Funds				Capital Projects Fund
	Reforestation	Laurel Racetrack	Recreational Land Fees	Workforce Development	Erosion Districts
ASSETS					
Cash and temporary investments	\$ 6,787,544	\$ 720,470	\$ 214,277	\$ -	\$ 468,901
Receivables					
Due from other governmental agencies	-	-	-	-	-
Other, net	-	218,000	-	-	688
Total assets	\$ <u>6,787,544</u>	\$ <u>938,470</u>	\$ <u>214,277</u>	\$ <u>-</u>	\$ <u>469,589</u>
LIABILITIES					
Accrued liabilities	\$ 7,126	\$ 2,700	\$ -	\$ -	\$ 10,120
Escrow deposits	2,466,673	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>2,473,799</u>	<u>2,700</u>	<u>-</u>	<u>-</u>	<u>10,120</u>
FUND BALANCES					
Reserved					
Encumbrances	22,370	-	-	-	-
Held by trustee	-	-	-	-	-
Unreserved					
Designated for subsequent year's expenditures	-	-	-	-	401,700
Undesignated	<u>4,291,375</u>	<u>935,770</u>	<u>214,277</u>	<u>-</u>	<u>57,769</u>
Total fund balances	<u>4,313,745</u>	<u>935,770</u>	<u>214,277</u>	<u>-</u>	<u>459,469</u>
Total liabilities and fund balances	\$ <u>6,787,544</u>	\$ <u>938,470</u>	\$ <u>214,277</u>	\$ <u>-</u>	\$ <u>469,589</u>

Debt Service Funds

Nursery Road Tax Increment	West County Tax Increment	Arundel Mills Tax Increment	Parole Tax Increment	Special Taxing Districts	Installment Purchase Agreements	Totals
\$ 1,718	\$ 1,031,114	\$ 537,837	\$ 576,175	\$ 591,258	\$ 4,433,559	\$ 20,663,415
-	-	-	-	-	-	797,778
-	-	-	-	828	215,004	605,195
<u>\$ 1,718</u>	<u>\$ 1,031,114</u>	<u>\$ 537,837</u>	<u>\$ 576,175</u>	<u>\$ 592,086</u>	<u>\$ 4,648,563</u>	<u>\$ 22,066,388</u>
\$ -	\$ -	\$ -	\$ -	\$ 10,495	\$ 26,244	\$ 1,175,209
-	-	-	-	-	-	2,783,384
-	-	-	-	-	-	25,924
-	-	-	-	10,495	26,244	3,984,517
-	-	-	-	-	-	1,342,633
1,718	10,249	339,204	-	-	-	351,171
-	-	-	-	514,300	1,620,000	3,393,900
-	1,020,865	198,633	576,175	67,291	3,002,319	12,994,167
<u>1,718</u>	<u>1,031,114</u>	<u>537,837</u>	<u>576,175</u>	<u>581,591</u>	<u>4,622,319</u>	<u>18,081,871</u>
<u>\$ 1,718</u>	<u>\$ 1,031,114</u>	<u>\$ 537,837</u>	<u>\$ 576,175</u>	<u>\$ 592,086</u>	<u>\$ 4,648,563</u>	<u>\$ 22,066,388</u>

Anne Arundel County, Maryland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2004

	Special Revenue Funds				
	County Parking Garage	Street Light	Forfeiture and Asset Seizure Team	Economic Development	Conference and Visitors
REVENUES					
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and aid	-	-	750,000	-	-
Local sales taxes	-	-	-	787,444	787,444
Commissary sales	-	-	-	-	-
Seized / forfeited funds	-	-	338,134	-	-
Special community benefit taxes	-	-	-	-	-
Fees and commissions	346,272	279,382	-	-	-
Investment income	-	-	10,922	-	-
Other	-	-	-	-	-
Total revenues	<u>346,272</u>	<u>279,382</u>	<u>1,099,056</u>	<u>787,444</u>	<u>787,444</u>
EXPENDITURES					
Current					
Public safety	-	-	94,276	-	-
Health and human services	-	-	-	-	-
General government	318,850	-	-	-	-
Public works	-	223,479	-	-	-
Recreation and community services	-	-	-	-	-
Land use and development	-	-	-	-	-
Economic development	-	-	-	787,444	787,444
Capital outlay	-	-	1,292,239	-	-
Debt service					
Interest payments on debt	-	-	-	-	-
Principal payments on debt	-	-	-	-	-
Total expenditures	<u>318,850</u>	<u>223,479</u>	<u>1,386,515</u>	<u>787,444</u>	<u>787,444</u>
Revenues over (under) expenditures	<u>27,422</u>	<u>55,903</u>	<u>(287,459)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	-	-	-	-	-
Transfers out					
General Fund	(19,964)	-	-	-	-
General County Capital Projects Fund	-	-	-	-	-
Proceeds from refunding issue	-	-	-	-	-
Proceeds from sale of bonds	-	-	-	-	-
Discount from sale of bonds	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>(19,964)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	<u>7,458</u>	<u>55,903</u>	<u>(287,459)</u>	<u>-</u>	<u>-</u>
Fund balances, July 1	<u>811</u>	<u>1,605,218</u>	<u>999,380</u>	<u>-</u>	<u>-</u>
Fund balances, June 30	<u>\$ 8,269</u>	<u>\$ 1,661,121</u>	<u>\$ 711,921</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds

Incentive Loan Program	Road and Special Benefits Districts	Piney Orchard Wastewater Service	Local Management Board	Storm Drain Fees	Inmate Benefit and Morale	Area Agency on Aging
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	3,299,804	-	-	926,659
-	-	-	-	-	-	-
-	-	-	-	-	544,701	-
-	3,348,565	-	-	-	-	-
27,162	-	469,031	-	243,167	272,685	-
18	-	-	18,082	-	5,680	-
-	-	-	5,267	-	15,540	-
<u>27,180</u>	<u>3,348,565</u>	<u>469,031</u>	<u>3,323,153</u>	<u>243,167</u>	<u>838,606</u>	<u>926,659</u>
-	-	-	-	-	848,002	-
-	-	-	3,631,675	-	-	1,074,771
-	-	469,031	-	1,080,360	-	-
-	3,303,540	-	-	-	-	-
27,162	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>27,162</u>	<u>3,303,540</u>	<u>469,031</u>	<u>3,631,675</u>	<u>1,080,360</u>	<u>848,002</u>	<u>1,074,771</u>
18	45,025	-	(308,522)	(837,193)	(9,396)	(148,112)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>18</u>	<u>45,025</u>	<u>-</u>	<u>(308,522)</u>	<u>(837,193)</u>	<u>(9,396)</u>	<u>(148,112)</u>
237	131,000	-	1,411,849	1,730,179	263,348	148,112
<u>\$ 255</u>	<u>\$ 176,025</u>	<u>\$ -</u>	<u>\$ 1,103,327</u>	<u>\$ 892,986</u>	<u>\$ 253,952</u>	<u>\$ -</u>

Anne Arundel County, Maryland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)

Nonmajor Governmental Funds

Year Ended June 30, 2004

	Special Revenue Funds				Capital Projects Fund
	Reforestation	Laurel Racetrack	Recreation Land Fees	Workforce Development	Erosion Districts
REVENUES					
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and aid	-	-	-	1,785,304	-
Local sales taxes	-	-	-	-	-
Commissary sales	-	-	-	-	-
Seized / forfeited funds	-	-	-	-	-
Special community benefit taxes	-	-	-	-	156,404
Other fees and commissions	1,877,338	414,000	10,400	-	-
Investment income	-	-	-	-	-
Other	-	9,074	-	-	-
Total revenues	<u>1,877,338</u>	<u>423,074</u>	<u>10,400</u>	<u>1,785,304</u>	<u>156,404</u>
EXPENDITURES					
Current					
Public safety	-	-	-	-	-
Health and human services	-	-	-	1,785,304	-
General government	-	-	-	-	-
Public works	-	-	-	-	-
Recreation and community services	-	235,400	-	-	-
Land use and development	324,543	-	-	-	-
Economic development	-	-	-	-	-
Capital outlay	-	-	-	-	171,524
Debt service					
Interest payments on debt	-	-	-	-	-
Principal payments on debt	-	-	-	-	-
Total expenditures	<u>324,543</u>	<u>235,400</u>	<u>-</u>	<u>1,785,304</u>	<u>171,524</u>
Revenues over (under) expenditures	<u>1,552,795</u>	<u>187,674</u>	<u>10,400</u>	<u>-</u>	<u>(15,120)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	-	-	-	-	-
Transfers out					
General Fund	-	-	-	-	-
General County Capital Projects Fund	-	(24,062)	-	-	-
Proceeds from refunding issue	-	-	-	-	-
Proceeds from sale of bonds	-	-	-	-	-
Discount from sale of bonds	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(24,062)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	<u>1,552,795</u>	<u>163,612</u>	<u>10,400</u>	<u>-</u>	<u>(15,120)</u>
Fund balances, July 1	<u>2,760,950</u>	<u>772,158</u>	<u>203,877</u>	<u>-</u>	<u>474,589</u>
Fund balances, June 30	\$ <u>4,313,745</u>	\$ <u>935,770</u>	\$ <u>214,277</u>	\$ <u>-</u>	\$ <u>459,469</u>

Debt Service Funds

	Nursery Road Tax Increment	West County Tax Increment	Arundel Mills Tax Increment	Parole Tax Increment	Special Taxing Districts	Installment Purchase Agreements	Totals
\$	2,881,980	\$ 903,690	\$ 2,810,467	\$ 2,396,371	\$ -	\$ -	\$ 8,992,508
	-	-	-	-	-	-	6,761,767
	-	-	-	-	-	-	1,574,888
	-	-	-	-	-	-	544,701
	-	-	-	-	-	-	338,134
	-	-	-	-	324,063	-	3,829,032
	-	-	-	-	-	-	3,939,437
	19,154	17,902	18,756	13,965	-	(50,807)	53,672
	-	-	-	-	-	-	29,881
	<u>2,901,134</u>	<u>921,592</u>	<u>2,829,223</u>	<u>2,410,336</u>	<u>324,063</u>	<u>(50,807)</u>	<u>26,064,020</u>
	-	-	-	-	-	-	942,278
	-	-	-	-	-	-	6,491,750
	32,772	192,994	341,845	-	-	-	886,461
	-	-	-	-	-	-	1,772,870
	-	-	-	-	65,036	-	3,603,976
	-	-	-	-	-	31,078	355,621
	-	-	-	-	-	-	1,602,050
	-	-	-	-	-	-	1,463,763
	15,714	914,800	1,988,000	398,500	-	379,634	3,696,648
	168,857	-	-	660,000	215,670	13,000	1,057,527
	<u>217,343</u>	<u>1,107,794</u>	<u>2,329,845</u>	<u>1,058,500</u>	<u>280,706</u>	<u>423,712</u>	<u>21,872,944</u>
	<u>2,683,791</u>	<u>(186,202)</u>	<u>499,378</u>	<u>1,351,836</u>	<u>43,357</u>	<u>(474,519)</u>	<u>4,191,076</u>
	-	-	-	-	-	1,750,000	1,750,000
	(2,716,557)	-	(750,300)	(1,501,500)	-	-	(4,988,321)
	-	(171,271)	-	-	-	-	(195,333)
	-	16,211,580	31,512,595	-	-	-	47,724,175
	70,000	-	-	-	-	-	70,000
	(35,516)	-	-	-	-	-	(35,516)
	-	(17,262,714)	(33,785,259)	-	-	-	(51,047,973)
	<u>(2,682,073)</u>	<u>(1,222,405)</u>	<u>(3,022,964)</u>	<u>(1,501,500)</u>	<u>-</u>	<u>1,750,000</u>	<u>(6,722,968)</u>
	<u>1,718</u>	<u>(1,408,607)</u>	<u>(2,523,586)</u>	<u>(149,664)</u>	<u>43,357</u>	<u>1,275,481</u>	<u>(2,531,892)</u>
	-	<u>2,439,721</u>	<u>3,061,423</u>	<u>725,839</u>	<u>538,234</u>	<u>3,346,838</u>	<u>20,613,763</u>
\$	<u>1,718</u>	<u>1,031,114</u>	<u>537,837</u>	<u>576,175</u>	<u>581,591</u>	<u>4,622,319</u>	<u>18,081,871</u>

Anne Arundel County, Maryland

Schedules of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual

Special Revenue Funds

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
COUNTY PARKING GARAGE				
Revenues				
Parking fees	\$ 335,500	\$ 335,500	\$ 310,143	\$ (25,357)
Expenditures				
General government	335,500	335,500	310,143	(25,357)
Revenues over (under) expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	
STREET LIGHT				
Revenues				
Developer fees	\$ 1,000,000	\$ 1,000,000	\$ 279,382	\$ (720,618)
Other	-	-	78,293	78,293
	<u>1,000,000</u>	<u>1,000,000</u>	<u>357,675</u>	<u>(642,325)</u>
Expenditures				
Public Works	1,000,000	1,000,000	231,925	(768,075)
Revenues over expenditures	-	-	125,750	\$ <u>125,750</u>
Fund balance, budgetary, July 1	587,116	587,116	587,116	
Fund balance, budgetary, June 30	\$ <u>587,116</u>	\$ <u>587,116</u>	\$ <u>712,866</u>	
FORFEITURE AND ASSET SEIZURE TEAM				
Revenues				
Seized and forfeited funds	\$ 300,000	\$ 300,000	\$ 338,134	\$ 38,134
Grants and aid	-	-	-	-
Investment income	-	-	10,922	10,922
Other	-	-	22,523	22,523
	<u>300,000</u>	<u>300,000</u>	<u>371,579</u>	<u>71,579</u>
Expenditures				
Public Safety	129,800	129,800	94,276	(35,524)
Capital Outlay	409,200	409,200	420,128	10,928
	<u>539,000</u>	<u>539,000</u>	<u>514,404</u>	<u>(24,596)</u>
Revenues over (under) expenditures	(239,000)	(239,000)	(142,825)	\$ <u>96,175</u>
Fund balance, budgetary, July 1	771,593	771,593	771,593	
Fund balance, budgetary, June 30	\$ <u>532,593</u>	\$ <u>532,593</u>	\$ <u>628,768</u>	

Budgeted revenues exclude fund balance appropriated to fund expenditures in the current fiscal year.

Anne Arundel County, Maryland

Schedules of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual

Special Revenue Funds

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
ECONOMIC DEVELOPMENT				
Revenues				
Local sales taxes	\$ 807,000	\$ 807,000	\$ 787,444	\$ (19,556)
Expenditures				
Economic development	807,000	807,000	787,444	(19,556)
Revenues over (under) expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	
CONFERENCE AND VISITORS				
Revenues				
Local sales taxes	\$ 807,000	\$ 807,000	\$ 787,444	\$ (19,556)
Expenditures				
Economic development	807,000	807,000	787,444	(19,556)
Revenues over (under) expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	
INCENTIVE LOAN PROGRAM				
Revenues				
Fees and commissions	\$ 250,000	\$ 250,000	\$ 27,162	\$ (222,838)
Investment income	-	-	18	18
	<u>250,000</u>	<u>250,000</u>	<u>27,180</u>	<u>(222,820)</u>
Expenditures				
Economic Development	250,000	250,000	27,162	(222,838)
Revenues over expenditures	-	-	18	\$ 18
Fund balance, budgetary, July 1	237	237	237	
Fund balance, budgetary, June 30	\$ 237	\$ 237	\$ 255	

Budgeted revenues exclude fund balance appropriated to fund expenditures in the current fiscal year.

Anne Arundel County, Maryland

Schedules of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual

Special Revenue Funds

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
ROADS AND SPECIAL BENEFITS				
Revenues				
Special community benefit taxes	\$ 3,329,600	\$ 3,329,600	\$ 3,348,565	\$ 18,965
Expenditures				
Recreation and community services	4,994,400	5,020,800	3,303,540	(1,717,260)
Revenues over (under) expenditures	(1,664,800)	(1,691,200)	45,025	<u>\$ 1,736,225</u>
Fund balance, budgetary, July 1	<u>131,000</u>	<u>131,000</u>	<u>131,000</u>	
Fund balance, budgetary, June 30	\$ <u>(1,533,800)</u>	\$ <u>(1,560,200)</u>	\$ <u>176,025</u>	
PINEY ORCHARD WASTEWATER SERVICE				
Revenues				
Commissions and fees	\$ 600,000	\$ 600,000	\$ 469,031	\$ (130,969)
Expenditures				
Public works	600,000	600,000	469,031	(130,969)
Revenues over (under) expenditures	-	-	-	<u>\$ -</u>
Fund balance, budgetary, July 1	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance, budgetary, June 30	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	
LOCAL MANAGEMENT BOARD				
Revenues				
Grants and aid	\$ 3,450,300	\$ 3,450,300	\$ 3,299,804	\$ (150,496)
Investment income	-	-	18,082	18,082
Other	25,200	25,200	188,565	163,365
	<u>3,475,500</u>	<u>3,475,500</u>	<u>3,506,451</u>	<u>30,951</u>
Expenditures				
Health and human services	3,969,100	3,969,100	3,819,687	(149,413)
Revenues under expenditures	(493,600)	(493,600)	(313,236)	<u>\$ 180,364</u>
Fund balance, budgetary, July 1	<u>1,220,209</u>	<u>1,220,209</u>	<u>1,220,209</u>	
Fund balance, budgetary, June 30	\$ <u>726,609</u>	\$ <u>726,609</u>	\$ <u>906,973</u>	

Budgeted revenues exclude fund balance appropriated to fund expenditures in the current fiscal year.

Anne Arundel County, Maryland

Schedules of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual

Special Revenue Funds

Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Over (Under)
INMATE BENEFIT AND MORALE				
Revenues				
Commissary sales	\$ 626,000	\$ 626,000	\$ 544,701	\$ (81,299)
Commissions and fees	230,000	230,000	272,685	42,685
Investment income	4,000	4,000	5,680	1,680
Other	-	-	96,315	96,315
	<u>860,000</u>	<u>860,000</u>	<u>919,381</u>	<u>59,381</u>
Expenditures				
Commissary purchases	580,000	580,000	580,046	46
Inmate benefits/morale	280,000	280,000	192,375	(87,625)
Commissary miscellaneous	-	-	123	123
Other miscellaneous	100,000	100,000	47,958	(52,042)
	<u>960,000</u>	<u>960,000</u>	<u>820,502</u>	<u>(139,498)</u>
Revenues under expenditures	(100,000)	(100,000)	98,879	<u>\$ 198,879</u>
Fund balance, budgetary, July 1	<u>155,073</u>	<u>155,073</u>	<u>155,073</u>	
Fund balance, budgetary, June 30	<u>\$ 55,073</u>	<u>\$ 55,073</u>	<u>\$ 253,952</u>	
REFORESTATION				
Revenues				
Commissions and fees	\$ 450,000	\$ 450,000	\$ 1,877,338	\$ 1,427,338
Expenditures				
Land use and development	<u>450,000</u>	<u>450,000</u>	<u>283,210</u>	<u>(166,790)</u>
Revenues over expenditures	-	-	1,594,128	<u>\$ 1,594,128</u>
Fund balance, budgetary, July 1	<u>231,682</u>	<u>231,682</u>	<u>231,682</u>	
Fund balance, budgetary, June 30	<u>\$ 231,682</u>	<u>\$ 231,682</u>	<u>\$ 1,825,810</u>	
LAUREL RACETRACK				
Revenues				
Fees and commissions	\$ 400,000	\$ 400,000	\$ 414,000	\$ 14,000
Other	-	-	9,074	9,074
	<u>400,000</u>	<u>400,000</u>	<u>423,074</u>	<u>23,074</u>
Expenditures				
Recreation and community services	<u>400,000</u>	<u>400,000</u>	<u>259,462</u>	<u>(140,538)</u>
Revenues over (under) expenditures	-	-	163,612	<u>\$ 163,612</u>
Fund balance, budgetary, July 1	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance, budgetary, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,612</u>	

Budgeted revenues exclude fund balance appropriated to fund expenditures in the current fiscal year.

Anne Arundel County, Maryland

Schedules of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual

Special Revenue Funds

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
WORKFORCE DEVELOPMENT				
Revenues				
Grants and aid	\$ 3,500,000	\$ 3,500,000	\$ 1,785,304	\$ (1,714,696)
Expenditures				
Health and human services	3,500,000	3,500,000	1,785,304	(1,714,696)
Revenues over (under) expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	

Budgeted revenues exclude fund balance appropriated to fund expenditures in the current fiscal year.

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Anne Arundel County, Maryland

Schedule of Revenues and Expenditures - Budget and Actual

Roads and Special Benefit Districts

Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Annapolis Roads - Roads	\$ 47,000	\$ 47,000	\$ 48,544	\$ 1,544
Arundel on the Bay-Special Benefits	64,400	64,400	68,571	4,171
Avalon Shores - Special Benefits	16,100	16,100	16,040	(60)
Bay Highlands - Roads	19,800	19,800	20,718	918
Bay Ridge - Special Officer	202,000	202,000	202,018	18
Beverly Beach - Special Benefits	10,700	10,700	10,830	130
Birchwood - Special Benefits	3,200	3,200	3,202	2
Bittersweet	13,200	13,200	13,200	-
Cape Anne - Special Benefits	7,500	7,500	7,500	-
Cape St. Claire-Special Benefits	123,400	123,400	123,804	404
Carrolton Manor	18,000	18,000	18,410	410
Cedarhurst-Special Benefits	59,200	59,200	59,562	362
Chartwell-Special Benefits	25,500	25,500	25,460	(40)
Columbia Beach - Roads	56,800	56,800	61,798	4,998
Crofton - Special Benefits	680,100	680,100	689,121	9,021
Eden Woods - Special Benefits	4,400	4,400	4,421	21
Epping Forest - Special Benefits	154,800	154,800	156,583	1,783
Fairhaven Cliffs- Special Benefits	2,000	2,000	2,044	44
Franklin Manor - Special Benefits	28,600	28,600	29,618	1,018
Gibson Island - Roads	155,400	155,400	158,446	3,046
Greenbriar Gardens	9,100	9,100	9,120	20
Greenbriar II	16,800	16,800	16,800	-
Hillsmere Estates - Roads	94,400	94,400	94,353	(47)
Holland Point - Special Officer	10,600	10,600	12,598	1,998
Hunters Harbor - Roads	10,300	10,300	10,300	-
Indian Hills (Winchester)-Special Benefits	78,300	78,300	77,952	(348)
Landhaven - Special Benefits	2,600	2,600	2,639	39
Little Magothy River	36,400	36,400	-	(36,400)
Long Point on the Severn - Roads	7,800	7,800	7,950	150
Magothy Beach	3,900	3,900	3,900	-
Manhattan Beach - Roads	14,800	14,800	14,850	50
Owings Beach - Roads	-	-	14,059	14,059
Oyster Harbor - Roads	176,400	176,400	189,204	12,804
Parke West-Special Benefits	31,800	31,800	31,530	(270)
Pine Grove Village Special Benefits	5,500	5,500	5,520	20
Provinces - Special Benefits	10,700	10,700	10,656	(44)
Queen's Park - Special Benefits	34,700	34,700	34,477	(223)
Selby on the Bay - Roads	20,800	20,800	20,750	(50)
Severndale - Special Benefits	4,500	4,500	4,497	(3)
Sherwood Forest - Special Benefits	806,500	806,500	806,450	(50)
Shoreham Beach - Roads	16,800	16,800	16,010	(790)
Southgate - Special Benefits	-	-	-	-
South River Heights - Roads	12,700	12,700	12,650	(50)
South River Manor-Special Benefits	4,700	4,700	4,650	(50)
South River Park - Roads	11,100	11,100	11,100	-
Steedman Point - Roads	3,800	3,800	3,750	(50)
Stone Haven	1,000	1,000	996	(4)
Sylvan View on the Magothy	12,500	12,500	12,580	80
Tanglewood Lane - Roads	6,500	6,500	6,500	-
Upper Magothy Beach	15,000	15,000	14,900	(100)
Venice Beach - Roads	24,900	24,900	25,347	447
Venice on the Bay	5,900	5,900	5,910	10
Wilenor	16,200	16,200	16,240	40
Woodland Beach - Roads	126,300	126,300	126,237	(63)
Woodland Beach/Pasadena	4,200	4,200	4,200	-
Total revenues	\$ 3,329,600	\$ 3,329,600	\$ 3,348,565	\$ 18,965

Budgeted revenues exclude fund balance appropriated to fund expenditures in the current fiscal year.

Anne Arundel County, Maryland

Schedule of Revenues and Expenditures - Budget and Actual

Roads and Special Benefit Districts

Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES				
Annapolis Roads - Roads	\$ 102,300	\$ 102,300	\$ 47,300	\$ (55,000)
Arundel on the Bay-Special Benefits	113,000	113,000	64,400	(48,600)
Avalon Shores - Special Benefits	16,800	16,800	16,532	(268)
Bay Highlands - Roads	35,800	35,800	19,897	(15,903)
Bay Ridge - Special Officer	203,500	203,500	202,287	(1,213)
Beverly Beach - Special Benefits	11,000	11,000	10,544	(456)
Birchwood - Special Benefits	5,000	5,000	2,161	(2,839)
Bittersweet	32,300	32,300	13,200	(19,100)
Cape Anne - Special Benefits	16,400	16,400	4,867	(11,533)
Cape St. Claire-Special Benefits	188,300	188,300	124,000	(64,300)
Carrolton Manor	30,400	45,300	32,708	(12,592)
Cedarhurst-Special Benefits	66,400	66,400	58,590	(7,810)
Chartwell-Special Benefits	93,400	93,400	25,491	(67,909)
Columbia Beach - Roads	74,000	74,000	56,800	(17,200)
Crofton - Special Benefits	1,007,900	1,007,900	682,190	(325,710)
Eden Woods - Special Benefits	38,300	38,300	4,482	(33,818)
Epping Forest - Special Benefits	305,800	305,800	155,000	(150,800)
Fairhaven Cliffs- Special Benefits	12,100	12,100	1,001	(11,099)
Franklin Manor - Special Benefits	40,900	40,900	28,843	(12,057)
Gibson Island - Roads	196,200	196,200	155,390	(40,810)
Greenbriar Gardens	9,100	9,100	9,097	(3)
Greenbriar II	16,800	16,800	16,800	-
Hillsmere Estates - Roads	122,200	122,200	94,370	(27,830)
Holland Point - Special Officer	11,700	11,700	11,674	(26)
Hunters Harbor - Roads	15,100	15,100	10,395	(4,705)
Indian Hills (Winchester)-Special Benefits	79,400	79,400	77,111	(2,289)
Landhaven - Special Benefits	7,300	7,300	133	(7,167)
Little Magothy River	36,400	36,400	-	(36,400)
Long Point on the Severn - Roads	40,000	40,000	7,797	(32,203)
Magothy Beach	3,900	3,900	3,695	(205)
Manhattan Beach - Roads	21,700	21,700	14,894	(6,806)
Owings Beach - Roads	17,200	27,100	14,054	(13,046)
Oyster Harbor - Roads	699,800	699,800	177,866	(521,934)
Parke West-Special Benefits	58,200	58,200	31,641	(26,559)
Pine Grove Village Special Benefits	6,100	6,100	5,527	(573)
Provinces - Special Benefits	10,700	10,700	10,526	(174)
Queen's Park - Special Benefits	40,000	40,000	34,634	(5,366)
Selby on the Bay - Roads	28,000	28,000	19,547	(8,453)
Severndale - Special Benefits	19,600	19,600	4,494	(15,106)
Sherwood Forest - Special Benefits	807,000	807,000	806,539	(461)
Shoreham Beach - Roads	18,200	18,200	16,059	(2,141)
Southgate - Special Benefits	4,300	4,300	-	(4,300)
South River Heights - Roads	13,300	13,300	13,295	(5)
South River Manor-Special Benefits	14,200	14,200	4,660	(9,540)
South River Park - Roads	11,100	11,100	11,095	(5)
Steedman Point - Roads	15,600	15,600	185	(15,415)
Stone Haven	2,400	2,400	1,000	(1,400)
Sylvan View on the Magothy	13,600	13,600	11,138	(2,462)
Tanglewood Lane - Roads	8,500	8,500	1,085	(7,415)
Upper Magothy Beach	15,000	15,000	14,792	(208)
Venice Beach - Roads	30,300	30,300	21,244	(9,056)
Venice on the Bay	10,100	10,100	5,997	(4,103)
Wilenor	19,700	21,300	16,293	(5,007)
Woodland Beach - Roads	171,800	171,800	126,030	(45,770)
Woodland Beach/Pasadena	6,300	6,300	4,190	(2,110)
Total expenditures	\$ 4,994,400	\$ 5,020,800	\$ 3,303,540	\$ (1,717,260)

Anne Arundel County, Maryland

Schedule of Funding Sources Authorized and Realized

General County Capital Projects

Year Ended June 30, 2004

	Total	School Construction	Higher Education	Storm Drains	Recreation
AUTHORIZED PER ORIGINAL BUDGET					
County bonds	\$ 415,826,000	\$ 153,766,000	\$ 19,666,000	\$ 14,686,000	\$ 32,001,000
Grants and aid	240,407,000	87,709,000	12,375,000	494,000	40,557,000
Contributions from other funds	202,737,000	91,696,000	2,649,000	5,947,000	9,013,000
Contributions by developers	5,086,000	-	-	-	-
Special fees	87,557,000	13,605,000	-	-	-
Impact fees	70,014,000	35,471,000	-	-	-
Other sources	26,176,000	104,000	-	3,560,000	480,000
Total	<u>\$ 1,047,803,000</u>	<u>\$ 382,351,000</u>	<u>\$ 34,690,000</u>	<u>\$ 24,687,000</u>	<u>\$ 82,051,000</u>
AUTHORIZED PER FINAL BUDGET					
County bonds	\$ 398,094,370	\$ 152,365,858	\$ 19,666,000	\$ 13,557,577	\$ 28,629,199
Grants and aid	232,144,761	86,463,000	12,375,000	494,000	34,556,782
Contributions from other funds	189,222,077	89,820,142	2,649,000	4,416,112	8,699,896
Contributions by developers	5,087,505	-	-	-	-
Special fees	60,730,000	13,230,000	-	-	-
Impact fees	68,492,400	35,446,000	-	-	-
Other sources	15,330,295	104,000	-	3,560,200	80,000
Total	969,101,408	377,429,000	34,690,000	22,027,889	71,965,877
Less: Completed projects	70,430,536	32,064,132	490,000	2,692,014	1,566,076
	<u>898,670,872</u>	<u>345,364,868</u>	<u>34,200,000</u>	<u>19,335,875</u>	<u>70,399,801</u>
REALIZED					
Current year					
Bonds and bond anticipation notes	53,000,000	27,000,000	4,500,000	2,500,000	2,500,000
Installment purchase agreement bonds	1,721,000	-	-	-	-
Grants and aid	15,882,532	239,060	4,023,417	-	4,911,535
Contributions from other funds	12,807,000	9,849,000	(1,500,000)	200,000	1,060,000
Contributions by developers	602,964	-	-	201,634	-
Special fees	355,000	355,000	-	-	-
Impact fees	5,543,994	3,593,721	-	-	-
Proceeds from tax districts	7,888,744	-	-	-	-
Other sources	2,558,449	(49,097)	-	874,009	3,625
Total	100,359,683	40,987,684	7,023,417	3,775,643	8,475,160
Prior years	608,700,204	197,272,239	18,229,061	13,921,689	45,364,153
Total realized funding sources	709,059,887	238,259,923	25,252,478	17,697,332	53,839,313
Less: Completed projects and adjustments	53,654,129	25,867,923	330,952	2,485,471	1,513,355
	<u>655,405,758</u>	<u>212,392,000</u>	<u>24,921,526</u>	<u>15,211,861</u>	<u>52,325,958</u>
Funding sources authorized - June 30, 2004	<u>\$ 243,265,114</u>	<u>\$ 132,972,868</u>	<u>\$ 9,278,474</u>	<u>\$ 4,124,014</u>	<u>\$ 18,073,843</u>

Budgeted revenues exclude fund balance appropriated to fund expenditures in the current fiscal year.

	Libraries	Roads and Bridges	Police and Fire	Community Development Block Grant	Waterway Improvements	Other
\$	13,986,000	\$ 60,978,000	\$ 43,282,000	\$ -	\$ 11,695,000	\$ 65,766,000
	-	4,734,000	27,254,000	39,840,000	10,773,000	16,671,000
	15,926,000	20,242,000	4,799,000	4,350,000	1,181,000	46,934,000
	-	5,041,000	-	-	35,000	10,000
	-	65,002,000	-	-	-	8,950,000
	-	33,975,000	568,000	-	-	-
	-	14,081,000	-	3,214,000	-	4,737,000
\$	<u>29,912,000</u>	<u>204,053,000</u>	<u>75,903,000</u>	<u>47,404,000</u>	<u>23,684,000</u>	<u>143,068,000</u>
\$	13,372,332	\$ 56,115,639	\$ 43,282,097	\$ -	\$ 10,819,023	\$ 60,286,645
	-	4,734,000	27,254,063	39,080,614	10,267,983	16,919,319
	15,869,187	15,115,442	4,698,364	4,350,000	1,085,103	42,518,831
	-	5,042,505	-	-	35,000	10,000
	-	39,600,000	-	-	-	7,900,000
	-	32,478,400	568,000	-	-	-
	-	4,055,425	-	3,214,473	-	4,316,197
	29,241,519	157,141,411	75,802,524	46,645,087	22,207,109	131,950,992
	116,555	11,673,499	582,172	659,000	1,276,348	19,310,740
	<u>29,124,964</u>	<u>145,467,912</u>	<u>75,220,352</u>	<u>45,986,087</u>	<u>20,930,761</u>	<u>112,640,252</u>
	1,500,000	7,000,000	3,500,000	-	1,500,000	3,000,000
	-	-	-	-	-	1,721,000
	-	1,289,579	96,771	4,172,128	883,947	266,095
	2,730,000	56,000	(363,000)	670,000	(1,575,000)	1,680,000
	-	366,330	-	-	35,000	-
	-	-	-	-	-	-
	-	1,614,018	336,255	-	-	-
	-	7,888,744	-	-	-	-
	-	222,847	(75)	762,404	410	744,326
	4,230,000	18,437,518	3,569,951	5,604,532	844,357	7,411,421
	20,859,762	96,624,336	66,638,542	36,255,665	12,926,481	100,608,276
	25,089,762	115,061,854	70,208,493	41,860,197	13,770,838	108,019,697
	132,561	6,580,259	47,846	624,191	1,192,407	14,879,164
	24,957,201	108,481,595	70,160,647	41,236,006	12,578,431	93,140,533
\$	<u>4,167,763</u>	<u>36,986,317</u>	<u>5,059,705</u>	<u>4,750,081</u>	<u>8,352,330</u>	<u>19,499,719</u>

Anne Arundel County, Maryland

Schedule of Appropriations, Expenditures, and Encumbrances

General County Capital Projects

Year Ended June 30, 2004

APPROPRIATIONS	<u>Total</u>	<u>School Construction</u>	<u>Higher Education</u>	<u>Storm Drains</u>
Original Budget	\$ <u>1,047,803,000</u>	\$ <u>382,351,000</u>	\$ <u>34,690,000</u>	\$ <u>24,687,000</u>
Final Budget				
Prior years	\$ 860,938,310	\$ 326,386,000	\$ 31,646,000	\$ 17,567,912
Current year	<u>110,116,991</u>	<u>51,043,000</u>	<u>3,044,000</u>	<u>4,513,306</u>
	971,055,301	377,429,000	34,690,000	22,081,218
Less: Completed projects	<u>70,341,662</u>	<u>32,064,132</u>	<u>490,000</u>	<u>2,692,014</u>
Total appropriations	<u>900,713,639</u>	<u>345,364,868</u>	<u>34,200,000</u>	<u>19,389,204</u>
EXPENDITURES AND ENCUMBRANCES				
Prior years expenditures and transfers	541,064,625	188,772,884	13,545,193	12,212,750
Current year expenditures	75,281,428	-	-	3,316,006
Operating transfers	<u>47,514,828</u>	<u>34,917,973</u>	<u>12,596,855</u>	<u>-</u>
	663,860,881	223,690,857	26,142,048	15,528,756
Less: Completed projects	<u>59,345,080</u>	<u>25,694,984</u>	<u>330,952</u>	<u>2,481,485</u>
Total	604,515,801	197,995,873	25,811,096	13,047,271
Encumbrances outstanding	<u>38,254,855</u>	<u>-</u>	<u>-</u>	<u>1,616,078</u>
Total expenditures and encumbrances	<u>642,770,656</u>	<u>197,995,873</u>	<u>25,811,096</u>	<u>14,663,349</u>
Unencumbered appropriations - June 30, 2004	\$ <u>257,942,983</u>	\$ <u>147,368,995</u>	\$ <u>8,388,904</u>	\$ <u>4,725,855</u>

<u>Recreation</u>	<u>Libraries</u>	<u>Roads and Bridges</u>	<u>Police and Fire</u>	<u>Community Development Block Grant</u>	<u>Waterway Improvements</u>	<u>Other</u>
\$ <u>82,051,000</u>	\$ <u>29,912,000</u>	\$ <u>204,053,000</u>	\$ <u>75,903,000</u>	\$ <u>47,404,000</u>	\$ <u>23,684,000</u>	\$ <u>143,068,000</u>
\$ 66,929,331	\$ 26,511,522	\$ 140,504,000	\$ 75,224,528	\$ 40,501,087	\$ 20,604,121	\$ 115,063,809
<u>5,036,546</u>	<u>2,729,997</u>	<u>16,637,411</u>	<u>577,996</u>	<u>6,144,000</u>	<u>1,602,988</u>	<u>18,787,747</u>
71,965,877	29,241,519	157,141,411	75,802,524	46,645,087	22,207,109	133,851,556
<u>1,566,076</u>	<u>116,555</u>	<u>11,649,624</u>	<u>582,172</u>	<u>659,000</u>	<u>1,211,348</u>	<u>19,310,741</u>
<u>70,399,801</u>	<u>29,124,964</u>	<u>145,491,787</u>	<u>75,220,352</u>	<u>45,986,087</u>	<u>20,995,761</u>	<u>114,540,815</u>
41,803,165	15,770,795	87,931,993	65,577,295	36,255,665	8,391,967	70,802,918
8,203,746	8,256,402	19,426,581	4,078,519	5,604,533	1,743,345	24,652,296
-	-	-	-	-	-	-
50,006,911	24,027,197	107,358,574	69,655,814	41,860,198	10,135,312	95,455,214
<u>1,407,885</u>	<u>116,555</u>	<u>11,575,190</u>	<u>582,172</u>	<u>624,191</u>	<u>1,182,404</u>	<u>15,349,262</u>
48,599,026	23,910,642	95,783,384	69,073,642	41,236,007	8,952,908	80,105,952
<u>5,432,371</u>	<u>3,349,005</u>	<u>10,107,104</u>	<u>2,684,810</u>	<u>4,632,456</u>	<u>1,328,169</u>	<u>9,104,862</u>
<u>54,031,397</u>	<u>27,259,647</u>	<u>105,890,488</u>	<u>71,758,452</u>	<u>45,868,463</u>	<u>10,281,077</u>	<u>89,210,814</u>
\$ <u>16,368,404</u>	\$ <u>1,865,317</u>	\$ <u>39,601,299</u>	\$ <u>3,461,900</u>	\$ <u>117,624</u>	\$ <u>10,714,684</u>	\$ <u>25,330,001</u>

Anne Arundel County, Maryland

Schedule of Revenues and Expenditures - Budget and Actual

Erosion Districts Fund

Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Cedarhurst	\$ 42,300	\$ 42,300	\$ 42,730	\$ 430
Columbia Beach	15,000	15,000	16,315	1,315
Franklin Manor	9,800	9,800	10,153	353
Gibson Island	-	-	-	-
Holland Point	15,000	15,000	17,781	2,781
Idlewilde	-	-	-	-
Riviera Beach	69,800	69,800	69,425	(375)
Total revenues	<u>\$ 151,900</u>	<u>\$ 151,900</u>	<u>\$ 156,404</u>	<u>\$ 4,504</u>
EXPENDITURES				
Cedarhurst	\$ 93,600	\$ 93,600	\$ 48,500	\$ (45,100)
Columbia Beach	42,000	42,000	36,226	(5,774)
Franklin Manor	35,800	35,800	24,234	(11,566)
Gibson Island	57,900	57,900	19,072	(38,828)
Holland Point	48,000	48,000	3,773	(44,227)
Idlewilde	64,200	64,200	30,239	(33,961)
Riviera Beach	79,500	79,500	9,480	(70,020)
Total expenditures	<u>\$ 421,000</u>	<u>\$ 421,000</u>	<u>\$ 171,524</u>	<u>\$ (249,476)</u>

Budgeted revenues exclude fund balance appropriated to fund expenditures in the current fiscal year.

Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Debt Service Funds

Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Over (Under)
NURSERY ROAD TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 2,937,000	\$ 2,937,000	\$ 2,881,980	\$ (55,020)
Investment income	5,000	5,000	19,154	14,154
Other	-	-	20,478	20,478
	<u>2,942,000</u>	<u>2,942,000</u>	<u>2,921,612</u>	<u>(20,388)</u>
Expenditures				
Contractual services	-	-	18,765	18,765
Interest payments on debt	20,900	20,900	15,714	(5,186)
Principal payments on debt	168,900	168,900	168,857	(43)
Other	2,752,200	2,752,200	2,716,558	(35,642)
	<u>2,942,000</u>	<u>2,942,000</u>	<u>2,919,894</u>	<u>(22,106)</u>
Revenues over (under) expenditures	-	-	1,718	\$ <u>1,718</u>
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ 1,718	
WEST COUNTY TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 956,000	\$ 956,000	\$ 903,690	\$ (52,310)
Investment income	-	-	17,902	17,902
Other	-	-	10,003	10,003
	<u>956,000</u>	<u>956,000</u>	<u>931,595</u>	<u>(24,405)</u>
Expenditures				
Contractual services	41,200	41,200	22,603	(18,597)
Interest payments on debt	914,800	914,800	914,800	-
Other	-	-	1,402,799	1,402,799
	<u>956,000</u>	<u>956,000</u>	<u>2,340,202</u>	<u>1,384,202</u>
Revenues over (under) expenditures	-	-	(1,408,607)	\$ <u>(1,408,607)</u>
Fund balance, budgetary, July 1	2,439,721	2,439,721	2,439,721	
Fund balance, budgetary, June 30	\$ 2,439,721	\$ 2,439,721	\$ 1,031,114	
ARUNDEL MILLS TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 2,799,000	\$ 2,799,000	\$ 2,810,467	\$ 11,467
Investment income	5,000	5,000	18,756	13,756
Other	-	-	503,081	503,081
	<u>2,804,000</u>	<u>2,804,000</u>	<u>3,332,304</u>	<u>528,304</u>
Expenditures				
Interest payments on debt	1,988,000	1,988,000	2,153,399	165,399
Other	816,000	816,000	3,702,491	2,886,491
	<u>2,804,000</u>	<u>2,804,000</u>	<u>5,855,890</u>	<u>3,051,890</u>
Revenues under expenditures	-	-	(2,523,586)	\$ <u>(2,523,586)</u>
Fund balance, budgetary, July 1	3,061,423	3,061,423	3,061,423	
Fund balance, budgetary, June 30	\$ 3,061,423	\$ 3,061,423	\$ 537,837	

Budgeted revenues exclude fund balance appropriated to fund expenditures in the current fiscal year.

Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Debt Service Funds

Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Over (Under)
PAROLE TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 2,555,000	\$ 2,555,000	\$ 2,396,371	\$ (158,629)
Investment income	5,000	5,000	13,965	8,965
	<u>2,560,000</u>	<u>2,560,000</u>	<u>2,410,336</u>	<u>(149,664)</u>
Expenditures				
Interest payments on debt	398,900	398,900	398,500	(400)
Principal payments on debt	645,000	645,000	660,000	15,000
Other	1,516,100	1,516,100	1,501,500	(14,600)
	<u>2,560,000</u>	<u>2,560,000</u>	<u>2,560,000</u>	<u>-</u>
Revenues over expenditures	-	-	(149,664)	\$ <u>(149,664)</u>
Fund balance, budgetary, July 1	<u>725,839</u>	<u>725,839</u>	<u>725,839</u>	
Fund balance, budgetary, June 30	\$ <u>725,839</u>	\$ <u>725,839</u>	\$ <u>576,175</u>	
SPECIAL TAXING DISTRICTS				
Revenues				
Special assessments	\$ 316,900	\$ 316,900	\$ 324,063	\$ 7,163
Expenditures				
Principal payments on debt	760,364	760,364	215,670	(544,694)
Other	65,036	65,036	65,036	-
	<u>825,400</u>	<u>825,400</u>	<u>280,706</u>	<u>(544,694)</u>
Revenues over (under) expenditures	(508,500)	(508,500)	43,357	\$ <u>551,857</u>
Fund balance, budgetary, July 1	<u>538,234</u>	<u>538,234</u>	<u>538,234</u>	
Fund balance, budgetary, June 30	\$ <u>29,734</u>	\$ <u>29,734</u>	\$ <u>581,591</u>	
INSTALLMENT PURCHASE AGREEMENTS				
Revenues				
Investment income	\$ -	\$ -	\$ (50,807)	\$ (50,807)
General fund contribution	1,750,000	1,750,000	1,750,000	-
	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,699,193</u>	<u>(50,807)</u>
Expenditures				
Contractual services	100,000	100,000	28,439	(71,561)
Interest payments on debt	405,000	405,000	379,634	(25,366)
Principal payments on debt	-	-	13,000	13,000
Other	1,600,000	1,600,000	-	(1,600,000)
	<u>2,105,000</u>	<u>2,105,000</u>	<u>421,073</u>	<u>(1,683,927)</u>
Revenues over (under) expenditures	(355,000)	(355,000)	1,278,120	\$ <u>1,633,120</u>
Fund balance, budgetary, July 1	<u>3,344,199</u>	<u>3,344,199</u>	<u>3,344,199</u>	
Fund balance, budgetary, June 30	\$ <u>2,989,199</u>	\$ <u>2,989,199</u>	\$ <u>4,622,319</u>	

Budgeted revenues exclude fund balance appropriated to fund expenditures in the current fiscal year.

Anne Arundel County, Maryland

Schedule of Revenues and Expenditures - Budget and Actual

Special Taxing Districts

Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Annapolis Cove	\$ 5,300	\$ 5,300	\$ 5,250	\$ (50)
Annapolis Landing	8,200	8,200	8,217	17
Arundel on the Bay	21,200	21,200	22,588	1,388
Bay Ridge	73,600	73,600	78,216	4,616
Browns Pond - Waterway	11,500	11,500	11,469	(31)
Buckingham Cove	9,500	9,500	9,450	(50)
Cape Anne	6,100	6,100	6,354	254
Cattail Creek	5,400	5,400	5,363	(37)
Elizabeths Landing	17,500	17,500	17,358	(142)
John's Creek - Waterway	7,400	7,400	7,400	-
Lake Hillsmere - Waterway	3,700	3,700	4,020	320
Lake Hillsmere II - Waterway	8,100	8,100	8,050	(50)
Lake Placid - Waterway	7,900	7,900	8,280	380
Masons Beach	25,900	25,900	26,511	611
Pine Grove Village	2,500	2,500	2,484	(16)
Romar Estates	12,900	12,900	12,875	(25)
Snug Harbor - Erosion	9,700	9,700	9,696	(4)
Snug Harbor - Special Benefits	21,100	21,100	21,112	12
Snug Harbor - Waterway	40,900	40,900	40,920	20
Spriggs Pond - Waterway	12,400	12,400	12,375	(25)
Whitehall	6,100	6,100	6,075	(25)
Total debt service	<u>\$ 316,900</u>	<u>\$ 316,900</u>	<u>\$ 324,063</u>	<u>\$ 7,163</u>
EXPENDITURES				
Annapolis Cove	\$ 5,600	\$ 5,600	\$ 5,109	\$ (491)
Annapolis Landing	8,500	8,500	8,094	(406)
Arundel on the Bay	56,000	56,000	33,689	(22,311)
Bay Ridge	388,400	388,400	49,127	(339,273)
Browns Pond - Waterway	22,000	22,000	7,978	(14,022)
Buckingham Cove	11,200	11,200	9,172	(2,028)
Cape Anne	13,500	13,500	2,960	(10,540)
Cattail Creek	10,700	10,700	5,360	(5,340)
Elizabeths Landing	18,600	18,600	17,572	(1,028)
John's Creek - Waterway	7,700	7,700	7,290	(410)
Lake Hillsmere - Waterway	4,800	4,800	3,637	(1,163)
Lake Hillsmere II - Waterway	8,300	8,300	7,946	(354)
Lake Placid - Waterway	8,200	8,200	7,949	(251)
Masons Beach	91,400	91,400	17,587	(73,813)
Pine Grove Village	2,700	2,700	2,636	(64)
Romar Estates	13,000	13,000	12,843	(157)
Snug Harbor - Erosion	10,800	10,800	9,697	(1,103)
Snug Harbor - Special Benefits	40,000	40,000	21,093	(18,907)
Snug Harbor - Waterway	84,000	84,000	31,545	(52,455)
Spriggs Pond - Waterway	12,900	12,900	12,553	(347)
Whitehall	7,100	7,100	6,869	(231)
Total expenditures	<u>\$ 825,400</u>	<u>\$ 825,400</u>	<u>\$ 280,706</u>	<u>\$ (544,694)</u>

Budgeted revenues exclude fund balance appropriated to fund expenditures in the current fiscal year.

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Proprietary Funds

The Primary Government has two major proprietary funds, the Water and Wastewater Fund and the Solid Waste Fund. Both of these funds have been fully described in the footnotes to the basic financial statements. The combining statements in this section include columns for both components of these major funds or for other funds considered to be non-major. Descriptions for these columns are provided below.

Enterprise Funds

Water and Wastewater Enterprise – This fund consists of three component funds, operating, debt service, and capital projects.

Operating – This fund accounts for the operation of public water supply systems and sewage collection and treatment systems in the County. Revenues consist mainly of user fees, and developer and grant contributions.

Debt Service – This fund accounts for the collection of front foot, user connections, and capital connection fees and the use of these funds to pay the principal and interest on water and wastewater debt.

Capital Projects – This fund accounts for the construction of water and wastewater plants and lines used to provide services to County residents. Funding sources and costs are accumulated by project and, when completed, the assets are capitalized in the Operating Fund.

Solid Waste Enterprise – This fund accounts for the costs associated with the collection and disposal of refuse at the County landfills. Revenues originate primarily from annual service charges to customers and tipping fees from commercial trash haulers, and are designed to recover all operating expenses, including interest on long-term debt. The Solid Waste Enterprise Fund also includes capital project accounts for landfill construction and closure costs. Funding sources are primarily from the sale of County General Obligation Bonds, Federal and State Grants and pay-as-you-go moneys provided by the operating fund.

Child Care – This fund accounts for the school age child care program provided by the County's Recreation and Parks Department. Revenues consist of child care fees collected from those participating in the program. Costs of the fund including operating of the several child care sites as well as administrative costs.

Internal Service Funds

Self Insurance – This fund accounts for insurance activity of the County, including self-insured workmen's compensation, auto liability, and general liability. The revenues herein are premiums paid by other County funds and the Board of Education. The disbursements relate to payments of claims and the purchase of insurance policies for property insurance and bonding.

Health Insurance – This fund accounts for the health insurance activity of the County, which is primarily self insured for medical benefits. Premiums are received from County funds and some component units and disbursements are made to claims administrators or insurers.

Print Shop – This fund accounts for the activities of the print shop. Revenues are received from County funds or component units.

Central Garage and Transportation – This fund accounts for the operation of the County's garages and motor pool. Revenues consist of charges to County funds for lease charges, replacement costs, vehicle repair, and gasoline usage.

Anne Arundel County, Maryland

Combining Schedule for Statement of Net Assets

Water and Wastewater Fund

June 30, 2004

	Operating	Debt Service	Capital Projects	Total
ASSETS				
Current Assets				
Cash and temporary investments	\$ 16,471,362	\$ -	\$ -	\$ 16,471,362
Service billings receivable	16,082,323	-	-	16,082,323
Inventories	1,143,989	-	-	1,143,989
Restricted for debt service and capital				
Cash and temporary investments	-	91,532,314	53,215,903	144,748,217
Receivables				
Due from other governmental agencies	-	-	1,055,803	1,055,803
Other, net	-	2,675,482	-	2,675,482
Total current assets	<u>33,697,674</u>	<u>94,207,796</u>	<u>54,271,706</u>	<u>182,177,176</u>
Noncurrent assets				
Restricted assets				
Deferred connection and assessment charges	-	65,209,109	-	65,209,109
Notes receivable	-	7,200,957	-	7,200,957
Total noncurrent restricted assets	<u>-</u>	<u>72,410,066</u>	<u>-</u>	<u>72,410,066</u>
Capital assets				
Land and buildings	19,877,920	-	-	19,877,920
Water and sewer plants	414,325,903	-	-	414,325,903
Water and sewer lines	717,256,480	-	-	717,256,480
Machinery and equipment	9,912,400	-	-	9,912,400
	<u>1,161,372,703</u>	<u>-</u>	<u>-</u>	<u>1,161,372,703</u>
Less accumulated depreciation	<u>(333,637,007)</u>	<u>-</u>	<u>-</u>	<u>(333,637,007)</u>
	827,735,696	-	-	827,735,696
Construction work in progress	4,907,352	-	107,815,757	112,723,109
Total capital assets, net of depreciation	<u>832,643,048</u>	<u>-</u>	<u>107,815,757</u>	<u>940,458,805</u>
Total assets	<u>866,340,722</u>	<u>166,617,862</u>	<u>162,087,463</u>	<u>1,195,046,047</u>
LIABILITIES				
Current liabilities				
Accrued liabilities	4,197,372	-	-	4,197,372
Current portion of long-term debt and obligations	19,696,853	(509,896)	-	19,186,957
Bond anticipation notes	19,000,000	-	-	19,000,000
Due to other funds	471,804	-	-	471,804
Escrow deposits	90,763	-	-	90,763
Liabilities related to restricted assets				
Accrued liabilities	-	4,403,355	9,173,415	13,576,770
Escrow deposits	-	-	1,017,270	1,017,270
Deferred revenue	-	6,211,157	-	6,211,157
Total current liabilities	<u>43,456,792</u>	<u>10,104,616</u>	<u>10,190,685</u>	<u>63,752,093</u>
Noncurrent liabilities				
Accrued liability for compensated absences	105,477	-	-	105,477
Long-term debt, net of deferred refunding loss	144,264,361	(2,096,993)	83,235,318	225,402,686
Deferred revenue	13,833,541	-	-	13,833,541
Total liabilities	<u>201,660,171</u>	<u>8,007,623</u>	<u>93,426,003</u>	<u>303,093,797</u>
NET ASSETS				
Invested in capital assets, net of related debt	650,756,172	2,606,889	46,306,658	699,669,719
Restricted	-	156,003,350	22,354,802	178,358,152
Unrestricted	13,924,379	-	-	13,924,379
Total net assets	<u>\$ 664,680,551</u>	<u>\$ 158,610,239</u>	<u>\$ 68,661,460</u>	<u>\$ 891,952,250</u>

Anne Arundel County, Maryland

Combining Schedule for Statement of Revenues, Expenses, and Changes in Fund Net Assets

Water and Wastewater Fund

Year Ended June 30, 2004

	Operating	Debt Service	Capital Projects	Total
OPERATING REVENUES				
Charges for services	\$ 59,599,990	\$ -	\$ -	\$ 59,599,990
Other revenues	3,508,999	-	-	3,508,999
Total operating revenues	<u>63,108,989</u>	<u>-</u>	<u>-</u>	<u>63,108,989</u>
OPERATING EXPENSES				
Personal services	20,135,225	-	-	20,135,225
Contractual services	20,171,672	-	-	20,171,672
Supplies and materials	3,075,729	-	-	3,075,729
Business and travel	100,917	-	-	100,917
Depreciation	27,234,540	-	-	27,234,540
Other	5,561,400	-	-	5,561,400
Total operating expenses	<u>76,279,483</u>	<u>-</u>	<u>-</u>	<u>76,279,483</u>
Operating loss	(13,170,494)	-	-	(13,170,494)
NONOPERATING REVENUES AND EXPENSES				
Investment income	98,017	1,106,572	-	1,204,589
Interest on long-term receivables	-	2,067,704	-	2,067,704
Other revenues	-	160,431	-	160,431
Interest expense	-	(9,167,242)	-	(9,167,242)
Other expenses	-	(324,247)	-	(324,247)
Net loss before other revenues	<u>(13,072,477)</u>	<u>(6,156,782)</u>	<u>-</u>	<u>(19,229,259)</u>
OTHER				
Capital contributions and grants	8,244,898	15,028,819	607,948	23,881,665
Environmental protection fees	-	5,065,709	-	5,065,709
Net equity transfers between funds	13,236,201	(20,714,267)	7,478,066	-
Change in net assets	8,408,622	(6,776,521)	8,086,014	9,718,115
Net assets, July 1	<u>656,271,929</u>	<u>165,386,760</u>	<u>60,575,446</u>	<u>882,234,135</u>
Net assets, June 30	<u>\$ 664,680,551</u>	<u>\$ 158,610,239</u>	<u>68,661,460</u>	<u>\$ 891,952,250</u>

Anne Arundel County, Maryland

Combining Schedule for Statement of Cash Flows

Water and Wastewater Fund

Year Ended June 30, 2004

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Water and Wastewater</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for services	\$ 58,823,713	\$ -	\$ -	\$ 58,823,713
Cash payments to suppliers for goods and services	(29,286,866)	-	-	(29,286,866)
Cash payments to employees for services	(19,846,231)	-	-	(19,846,231)
Other revenues	2,307,763	-	-	2,307,763
Net cash provided by operating activities	<u>11,998,379</u>	<u>-</u>	<u>-</u>	<u>11,998,379</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of County bonds and bond anticipation notes	-	11,750,000	19,000,000	30,750,000
Proceeds from grant funds	-	-	1,546,800	1,546,800
Proceeds from developers' contributions	-	-	990,199	990,199
Refunds to developers	-	-	(701,836)	(701,836)
Cash receipts from assessment and connection charges	1,762,957	23,771,195	-	25,534,152
Environmental protection fees for capital assets	-	4,853,845	-	4,853,845
Payments of long-term debt	-	(17,988,359)	-	(17,988,359)
Payments of bond anticipation notes	-	(11,750,000)	-	(11,750,000)
Interest payments	-	(11,559,586)	-	(11,559,586)
Operations funds used in construction	(14,743,000)	-	14,743,000	-
Acquisition and construction of capital assets	(537,582)	-	(37,348,667)	(37,886,249)
Payments for debt issuance costs	-	(407,027)	-	(407,027)
Payments received on note receivable	-	1,874,506	-	1,874,506
Proceeds from other capital contributions	9,709	-	98,921	108,630
Net cash used for capital and related financing activities	<u>(13,507,916)</u>	<u>544,574</u>	<u>(1,671,583)</u>	<u>(14,634,925)</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of investment securities	-	(243,732,447)	-	(243,732,447)
Sale of investment securities	-	242,733,319	-	242,733,319
Interest on investments	98,017	1,700,398	-	1,798,415
Net cash provided by investing activities	<u>98,017</u>	<u>701,270</u>	<u>-</u>	<u>799,287</u>
Net increase (decrease) in cash and cash equivalents	(1,411,520)	1,245,844	(1,671,583)	(1,837,259)
Cash and cash equivalents, July 1	<u>17,882,882</u>	<u>2,839,090</u>	<u>54,887,486</u>	<u>75,609,458</u>
Cash and cash equivalents, June 30	<u>16,471,362</u>	<u>4,084,934</u>	<u>53,215,903</u>	<u>73,772,199</u>
Investment in non-cash equivalents	-	87,447,380	-	87,447,380
Total cash and temporary investments	<u>\$ 16,471,362</u>	<u>\$ 91,532,314</u>	<u>\$ 53,215,903</u>	<u>\$ 161,219,579</u>

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Water and Wastewater</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (13,170,494)	\$ -	-	(13,170,494)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	27,234,540	-	-	27,234,540
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	(1,993,072)	-	-	(1,993,072)
Decrease (increase) in inventories	(62,327)	-	-	(62,327)
Increase (decrease) in accrued liabilities	(390,733)	-	-	(390,733)
Increase in (decrease) in due to other funds	283,222	-	-	283,222
Increase (decrease) in escrow deposits	15,559	-	-	15,559
Increase (decrease) in accrued liability for compensated absences	81,684	-	-	81,684
Net cash provided by operating activities	<u>\$ 11,998,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,998,379</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

In fiscal year 2004, facilities with an estimated market value of \$6,481,940 were contributed to the Enterprise funds by developers. These were primarily water and sewer lines placed in new developments.

In fiscal year 2004, amortization of refunding gains and losses resulted in a net expense of \$689,427 in the Water and Wastewater Fund.

In fiscal year 2004, the net fair market value adjustment related to investments was a loss of \$364,823 in the Water and Wastewater Fund.

Schedule of Revenues, Expenses, and Encumbrances - Budget and Actual

Enterprise Funds

Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Over (Under)
WATER AND WASTEWATER OPERATIONS				
Revenues				
Charges for services	\$ 64,193,000	\$ 64,193,000	\$ 61,381,658	\$ (2,811,342)
Investment income	100,000	100,000	98,017	(1,983)
Miscellaneous reimbursement	30,000	30,000	57,265	27,265
Other	2,449,200	2,449,200	3,548,290	1,099,090
	<u>66,772,200</u>	<u>66,772,200</u>	<u>65,085,230</u>	<u>(1,686,970)</u>
Expenses				
Personal services	21,615,000	21,615,000	20,192,490	(1,422,510)
Contractual services	20,232,800	20,232,800	20,019,110	(213,690)
Supplies and materials	2,905,400	2,905,400	2,919,533	14,133
Business and travel	231,400	231,400	100,932	(130,468)
Capital outlay	1,002,100	1,002,100	920,678	(81,422)
Administrative costs	5,561,400	5,561,400	5,561,400	-
Pay-as-you-go	14,743,000	14,743,000	14,743,000	-
	<u>66,291,100</u>	<u>66,291,100</u>	<u>64,457,143</u>	<u>(1,833,957)</u>
Revenues over expenses	<u>\$ 481,100</u>	<u>\$ 481,100</u>	<u>\$ 628,087</u>	<u>\$ 146,987</u>
WATER AND WASTEWATER DEBT SERVICE				
Revenues				
Water and sewer assessments	\$ 7,400,000	\$ 7,400,000	\$ 6,682,223	\$ (717,777)
Capital connection charges	18,708,000	18,708,000	14,659,780	(4,048,220)
Environmental protection fees	6,000,000	6,000,000	5,065,709	(934,291)
Investment income	3,415,000	3,415,000	1,706,650	(1,708,350)
Developer contribution	391,100	391,100	-	(391,100)
Other	95,000	95,000	160,431	65,431
	<u>36,009,100</u>	<u>36,009,100</u>	<u>28,274,793</u>	<u>(7,734,307)</u>
Expenses				
Principal payments on debt	17,988,400	17,988,400	17,988,359	(41)
Interest expense	11,597,500	11,597,500	10,812,811	(784,689)
Other	287,000	287,000	305,870	18,870
	<u>29,872,900</u>	<u>29,872,900</u>	<u>29,107,040</u>	<u>(765,860)</u>
Revenues over (under) expenses	<u>\$ 6,136,200</u>	<u>\$ 6,136,200</u>	<u>\$ (832,247)</u>	<u>\$ (6,968,447)</u>

Budgeted revenues exclude fund balance appropriated to fund expenditures in the current fiscal year.

Anne Arundel County, Maryland

Schedule of Revenues, Expenses, and Encumbrances - Budget and Actual

Enterprise Funds

Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Over (Under)
SOLID WASTE				
Revenues				
Charges for services	\$ 32,790,700	\$ 32,790,700	\$ 33,249,700	\$ 459,000
Landfill charges	1,500,000	1,500,000	2,198,976	698,976
Host fees	1,103,400	1,103,400	1,934,982	831,582
Other	1,420,000	1,420,000	2,087,754	667,754
	<u>36,814,100</u>	<u>36,814,100</u>	<u>39,471,412</u>	<u>2,657,312</u>
Expenses				
Personal services	5,090,400	5,212,400	5,004,813	(207,587)
Contractual services	23,748,700	25,459,700	25,447,724	(11,976)
Supplies and materials	746,700	746,700	744,334	(2,366)
Business and travel	26,900	26,900	15,617	(11,283)
Capital outlay	855,600	855,600	932,889	77,289
Principal payments on debt	2,930,200	2,930,200	2,930,154	(46)
Interest expense	1,206,100	1,206,100	1,163,941	(42,159)
Administrative costs	2,350,000	2,350,000	2,350,000	-
Contributions/Solid Waste Assurance Fund	491,200	491,200	491,200	-
Contributions/Self Insurance Fund	34,800	34,800	34,800	-
Contributions/Northeast Maryland Solid	25,000	25,000	23,020	(1,980)
Other	470,100	470,100	-	(470,100)
Capital improvements	280,000	280,000	280,000	-
	<u>38,255,700</u>	<u>40,088,700</u>	<u>39,418,492</u>	<u>(670,208)</u>
Revenues over (under) expenses	\$ <u>(1,441,600)</u>	\$ <u>(3,274,600)</u>	\$ <u>52,920</u>	\$ <u>3,327,520</u>
SOLID WASTE FINANCIAL ASSURANCE				
Revenues				
Payments from other funds	\$ 491,200	\$ 491,200	\$ 491,200	\$ -
Other	-	-	145,473	145,473
	<u>491,200</u>	<u>491,200</u>	<u>636,673</u>	<u>145,473</u>
Expenses				
Other	491,200	491,200	-	(491,200)
	<u>491,200</u>	<u>491,200</u>	<u>-</u>	<u>(491,200)</u>
Revenues over expenses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>636,673</u>	\$ <u>636,673</u>
CHILD CARE				
Revenues				
Child Care Fees	\$ 2,169,100	\$ 2,169,100	\$ 2,084,344	\$ (84,756)
	<u>2,169,100</u>	<u>2,169,100</u>	<u>2,084,344</u>	<u>(84,756)</u>
Expenses				
Personal services	1,595,400	1,595,400	1,500,622	(94,778)
Contractual services	211,000	211,000	197,821	(13,179)
Supplies and materials	198,700	198,700	148,755	(49,945)
Business and travel	6,700	6,700	10,945	4,245
Capital outlay	25,900	25,900	5,913	(19,987)
Other	131,400	131,400	133,987	2,587
	<u>2,169,100</u>	<u>2,169,100</u>	<u>1,998,043</u>	<u>(171,057)</u>
Revenues over expenses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>86,301</u>	\$ <u>86,301</u>

Budgeted revenues exclude fund balance appropriated to fund expenditures in the current fiscal year.

Anne Arundel County, Maryland

Schedule of Funding Sources Authorized and Realized

Enterprise Funds Capital Projects

Year Ended June 30, 2004

	Water and			
	Total Water and Wastewater	Capital Projects	Water Normal Extensions	Total
AUTHORIZED PER ORIGINAL BUDGET				
County bonds	\$ 238,460,000	\$ 89,201,000	\$ 2,045,000	\$ 91,246,000
Grants and aid	5,088,000	-	-	-
Pay-as-you-go	71,232,000	10,216,000	-	10,216,000
Contributions by developers	8,411,000	-	-	-
Other sources	11,184,000	500,000	-	500,000
Total	<u>\$ 334,375,000</u>	<u>\$ 99,917,000</u>	<u>\$ 2,045,000</u>	<u>\$ 101,962,000</u>
AUTHORIZED PER FINAL BUDGET				
County bonds	\$ 230,788,021	\$ 83,350,749	\$ 1,983,580	\$ 85,334,329
Grants and aid	5,087,500	-	-	-
Pay-as-you-go	56,347,830	9,847,019	-	9,847,019
Contributions by developers	8,410,566	-	-	-
Other sources	11,183,529	500,000	-	500,000
Total	311,817,446	93,697,768	1,983,580	95,681,348
Less: Completed projects	34,382,295	19,749,324	135,023	19,884,347
	<u>277,435,151</u>	<u>73,948,444</u>	<u>1,848,557</u>	<u>75,797,001</u>
REALIZED				
Current year				
Bonds and bond anticipation notes	19,000,000	4,831,804	150,309	4,982,113
Proceeds from State loan	10,855,625	2,991,207	-	2,991,207
Grants and aid	470,883	-	-	-
Pay-as-you-go	14,743,000	1,200,000	-	1,200,000
User connection	-	-	-	-
Developer contributions	38,144	-	-	-
Other source	98,921	18,953	-	18,953
Total	45,206,573	9,041,964	150,309	9,192,273
Prior years	132,600,256	39,686,028	983,705	40,669,733
Total realized funding sources	177,806,829	48,727,992	1,134,014	49,862,006
Less: Completed projects	22,210,442	17,817,213	137,922	17,955,135
	<u>155,596,387</u>	<u>30,910,779</u>	<u>996,092</u>	<u>31,906,871</u>
Funding sources authorized - June 30, 2004	<u>\$ 121,838,764</u>	<u>\$ 43,037,665</u>	<u>\$ 852,465</u>	<u>\$ 43,890,130</u>

Budgeted revenues exclude fund balance appropriated to fund expenditures in the current fiscal year.

Wastewater				
Capital Projects	Wastewater		Oversize Connections	Solid Waste
	Normal Extension	Total		
\$ 143,904,000	\$ 1,942,000	\$ 145,846,000	\$ 1,368,000	\$ 7,994,600
5,088,000	-	5,088,000	-	-
14,004,000	44,000	14,048,000	46,968,000	17,073,000
4,682,000	-	4,682,000	3,729,000	-
9,135,000	-	9,135,000	1,549,000	750,000
<u>\$ 176,813,000</u>	<u>\$ 1,986,000</u>	<u>\$ 178,799,000</u>	<u>\$ 53,614,000</u>	<u>\$ 25,817,600</u>
\$ 142,377,648	\$ 1,712,519	\$ 144,090,167	\$ 1,363,525	\$ 2,908,000
5,087,500	-	5,087,500	-	-
13,193,136	44,438	13,237,574	33,263,237	11,356,420
4,682,000	-	4,682,000	3,728,566	-
9,135,000	-	9,135,000	1,548,529	750,000
<u>174,475,284</u>	<u>1,756,957</u>	<u>176,232,241</u>	<u>39,903,857</u>	<u>15,014,420</u>
<u>11,228,134</u>	<u>203,291</u>	<u>11,431,425</u>	<u>3,066,523</u>	<u>829,003</u>
<u>163,247,150</u>	<u>1,553,666</u>	<u>164,800,816</u>	<u>36,837,334</u>	<u>14,185,417</u>
13,781,221	218,777	13,999,998	17,889	1,000,000
7,864,418	-	7,864,418	-	-
470,883	-	470,883	-	-
3,425,000	-	3,425,000	10,118,000	280,000
-	-	-	-	-
-	-	-	38,144	-
499	79,119	79,618	350	-
<u>25,542,021</u>	<u>297,896</u>	<u>25,839,917</u>	<u>10,174,383</u>	<u>1,280,000</u>
<u>65,810,228</u>	<u>766,792</u>	<u>66,577,020</u>	<u>25,353,503</u>	<u>13,583,323</u>
91,352,249	1,064,688	92,416,937	35,527,886	14,863,323
966,532	206,841	1,173,373	3,081,934	847,835
<u>90,385,717</u>	<u>857,847</u>	<u>91,243,564</u>	<u>32,445,952</u>	<u>14,015,488</u>
<u>\$ 72,861,433</u>	<u>\$ 695,819</u>	<u>\$ 73,557,252</u>	<u>\$ 4,391,382</u>	<u>\$ 169,929</u>

Anne Arundel County, Maryland

Schedule of Appropriations, Expenditures, and Encumbrances

Enterprise Funds Capital Projects

Year Ended June 30, 2004

	Water and			
	Water			Total
	Total	Capital Projects	Normal Extensions	
APPROPRIATIONS				
Original Budget	\$ 334,375,000	\$ 99,917,000	\$ 2,045,000	\$ 101,962,000
Final Budget:				
Prior years	\$ 265,493,086	\$ 70,030,781	\$ 1,783,624	\$ 71,814,405
Current year	46,324,360	23,666,987	199,956	23,866,943
	311,817,446	93,697,768	1,983,580	95,681,348
Less: Completed projects	34,382,296	19,749,324	135,023	19,884,347
Total appropriations	277,435,150	73,948,444	1,848,557	75,797,001
EXPENDITURES AND ENCUMBRANCES				
Prior years expenditures	87,980,202	29,487,994	1,049,490	30,537,484
Current year expenditures	42,155,802	4,953,107	83,475	5,036,582
	130,136,004	34,441,101	1,132,965	35,574,066
Less: Completed projects	22,257,661	17,766,402	135,058	17,901,460
Total	107,878,343	16,674,699	997,907	17,672,606
Encumbrances outstanding	44,534,651	3,946,860	173,820	4,120,680
Total expenditures and encumbrances	152,412,994	20,621,559	1,171,727	21,793,286
Unencumbered appropriations - June 30, 2004	\$ 125,022,156	\$ 53,326,885	\$ 676,830	\$ 54,003,715

Wastewater

Wastewater				
Capital Projects	Normal Extension	Total	Oversize Connections	Solid Waste
\$ 176,813,000	\$ 1,986,000	\$ 178,799,000	\$ 53,614,000	\$ 25,817,600
\$ 162,531,970	\$ 1,358,218	\$ 163,890,188	\$ 29,788,493	\$ 25,537,600
11,943,314	398,739	12,342,053	10,115,364	(10,523,180)
174,475,284	1,756,957	176,232,241	39,903,857	15,014,420
11,228,134	203,291	11,431,425	3,066,524	829,003
163,247,150	1,553,666	164,800,816	36,837,333	14,185,417
44,908,526	789,177	45,697,703	11,745,015	5,335,685
27,122,313	202,896	27,325,209	9,794,011	2,646,728
72,030,839	992,073	73,022,912	21,539,026	7,982,413
768,809	204,540	973,349	3,382,852	808,662
71,262,030	787,533	72,049,563	18,156,174	7,173,751
30,167,239	133,458	30,300,697	10,113,274	2,733,059
101,429,269	920,991	102,350,260	28,269,448	9,906,810
\$ 61,817,881	\$ 632,675	\$ 62,450,556	\$ 8,567,885	\$ 4,278,607

Anne Arundel County, Maryland

Combining Statement of Net Assets

Internal Service Funds

June 30, 2004

	Self Insurance	Health Insurance	Print Shop	Central Garage and Transportation	Totals
ASSETS					
Current assets					
Cash and temporary investments	\$ 30,781,486	\$ 7,691,462	\$ 30,520	\$ 4,186,737	\$ 42,690,205
Receivable	88,150	761,047	-	500	849,697
Due from other funds	4,663,497	-	-	-	4,663,497
Inventories	-	-	15,756	563,655	579,411
Other assets	-	2,329,041	146	-	2,329,187
Total current assets	<u>35,533,133</u>	<u>10,781,550</u>	<u>46,422</u>	<u>4,750,892</u>	<u>51,111,997</u>
Noncurrent assets					
Capital assets					
Land and buildings	-	-	-	2,073,990	2,073,990
Machinery and equipment	-	-	134,227	44,339,227	44,473,454
	-	-	134,227	46,413,217	46,547,444
Less accumulated depreciation	-	-	(98,201)	(31,807,639)	(31,905,840)
Total capital assets, net of depreciation	<u>-</u>	<u>-</u>	<u>36,026</u>	<u>14,605,578</u>	<u>14,641,604</u>
Total assets	<u>35,533,133</u>	<u>10,781,550</u>	<u>82,448</u>	<u>19,356,470</u>	<u>65,753,601</u>
LIABILITIES					
Current liabilities					
Accrued liabilities	64,709	3,384,073	85,236	659,953	4,193,971
Current portion of long-term obligations	8,552,144	4,307,957	19,947	222,234	13,102,282
Total current liabilities	<u>8,616,853</u>	<u>7,692,030</u>	<u>105,183</u>	<u>882,187</u>	<u>17,296,253</u>
Unpaid claims	26,883,000	-	-	-	26,883,000
Accrued liability for compensated absences	33,280	-	1,425	41,881	76,586
Total liabilities	<u>35,533,133</u>	<u>7,692,030</u>	<u>106,608</u>	<u>924,068</u>	<u>44,255,839</u>
NET ASSETS					
Invested in capital assets, net of related debt	-	-	36,026	14,605,578	14,641,604
Unrestricted (deficit)	-	3,089,520	(60,186)	3,826,824	6,856,158
Total net assets	<u>\$ -</u>	<u>\$ 3,089,520</u>	<u>\$ (24,160)</u>	<u>\$ 18,432,402</u>	<u>\$ 21,497,762</u>

Anne Arundel County, Maryland

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Internal Service Funds

Year Ended June 30, 2004

	Self Insurance	Health Insurance	Print Shop	Central Garage and Transportation	Totals
OPERATING REVENUES					
Charges for services	\$ 15,736,014	\$ -	\$ 1,238,230	\$ 14,401,962	\$ 31,376,206
Medical premiums	-	50,523,553	-	-	50,523,553
Other	4,268	-	-	359,463	363,731
Total operating revenues	<u>15,740,282</u>	<u>50,523,553</u>	<u>1,238,230</u>	<u>14,761,425</u>	<u>82,263,490</u>
OPERATING EXPENSES					
Personal services	1,020,082	191,469	350,163	3,777,235	5,338,949
Contractual services	165,719	83,573	631,836	1,641,709	2,522,837
Supplies and materials	45,282	10,401	207,378	388,117	651,178
Business and travel	18,358	-	1,500	8,598	28,456
Cost of goods issued	-	-	-	2,889,608	2,889,608
Depreciation	-	-	6,966	5,645,748	5,652,714
Provision for claims and estimated losses	14,774,855	50,833,117	-	-	65,607,972
Other	-	25,000	-	735,000	760,000
Total operating expenses	<u>16,024,296</u>	<u>51,143,560</u>	<u>1,197,843</u>	<u>15,086,015</u>	<u>83,451,714</u>
Operating income (loss)	(284,014)	(620,007)	40,387	(324,590)	(1,188,224)
NONOPERATING REVENUES					
Investment income	284,014	71,687	-	-	355,701
Loss on disposal of assets	-	-	-	(19,676)	(19,676)
Change in net assets	-	(548,320)	40,387	(344,266)	(852,199)
Net assets, July 1	-	3,637,840	(64,547)	18,776,668	22,349,961
Net assets, June 30	<u>\$ -</u>	<u>\$ 3,089,520</u>	<u>\$ (24,160)</u>	<u>\$ 18,432,402</u>	<u>\$ 21,497,762</u>

Anne Arundel County, Maryland

Combining Statement of Cash Flows

Internal Service Funds

Year Ended June 30, 2004

	Self Insurance	Health Insurance	Print Shop	Central Garage and Transportation	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 15,558,183	\$ 51,120,321	\$ 1,238,230	\$ 14,401,462	\$ 82,318,196
Cash received for expense reimbursement	236,634	-	-	-	236,634
Cash payments to suppliers for goods and services	(279,978)	(93,974)	(818,478)	(5,312,045)	(6,504,475)
Cash payments for claims	(9,819,489)	(54,571,640)	-	-	(64,391,129)
Cash payments to employees for services	(1,003,269)	(191,469)	(345,174)	(3,751,553)	(5,291,465)
Other operating revenues	4,268	-	-	359,463	363,731
Other operating expenses	-	(25,000)	-	-	(25,000)
Net cash provided by (used for) operating activities	<u>4,696,349</u>	<u>(3,761,762)</u>	<u>74,578</u>	<u>5,697,327</u>	<u>6,706,492</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Negative cash balance implicitly financed	-	-	(44,058)	-	(44,058)
Net cash used for non-capital financing activities	<u>-</u>	<u>-</u>	<u>(44,058)</u>	<u>-</u>	<u>(44,058)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	-	-	-	(5,653,314)	(5,653,314)
Proceeds from sale of equipment	-	-	-	1,485	1,485
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,651,829)</u>	<u>(5,651,829)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	(70,337,894)	-	-	-	(70,337,894)
Sale of investment securities	72,443,692	-	-	-	72,443,692
Investment income	207,523	71,687	-	-	279,210
Net cash provided by investing activities	<u>2,313,321</u>	<u>71,687</u>	<u>-</u>	<u>-</u>	<u>2,385,008</u>
Net increase (decrease) in cash and cash equivalents	7,009,670	(3,690,075)	30,520	45,498	3,395,613
Cash and cash equivalents, July 1	263,648	11,381,537	-	4,141,239	15,786,424
Cash and cash equivalents, June 30	7,273,318	7,691,462	30,520	4,186,737	19,182,037
Investment in non-cash equivalents	23,508,168	-	-	-	23,508,168
Total cash and temporary investments	<u>\$ 30,781,486</u>	<u>\$ 7,691,462</u>	<u>\$ 30,520</u>	<u>\$ 4,186,737</u>	<u>\$ 42,690,205</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	\$ (284,014)	\$ (620,007)	\$ 40,387	\$ (324,590)	\$ (1,188,224)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	-	-	6,966	5,645,748	5,652,714
Change in assets and liabilities					
Decrease (increase) in accounts receivable	(177,831)	261,107	-	(500)	82,776
Decrease (increase) in inventories	-	-	(527)	18,259	17,732
Increase in other assets	-	-	(146)	-	(146)
Increase in deposit with provider	-	(629,041)	-	-	(629,041)
Increase (decrease) in accounts payable and accrued expenses	(44,728)	(2,599,537)	25,303	360,720	(2,258,242)
Increase in unpaid claims	5,192,000	(174,284)	-	-	5,017,716
Increase (decrease) in accrued liability for compensated absence:	10,922	-	2,595	(2,310)	11,207
	<u>\$ 4,696,349</u>	<u>\$ (3,761,762)</u>	<u>\$ 74,578</u>	<u>\$ 5,697,327</u>	<u>\$ 6,706,492</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

In fiscal year 2004, the net fair market value adjustment related to investments was a loss of \$36,759 in the Self Insurance Fund.

Anne Arundel County, Maryland

Schedule of Revenues, Expenses, and Encumbrances - Budget and Actual

Internal Service Funds

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
SELF INSURANCE				
Revenues				
Charges for services	\$ 8,530,800	\$ 15,519,100	\$ 15,558,183	\$ 39,083
Investment income	750,000	750,000	284,014	(465,986)
Reimbursements	200,000	200,000	236,634	36,634
Other	-	-	4,268	4,268
	<u>9,480,800</u>	<u>16,469,100</u>	<u>16,083,099</u>	<u>(386,001)</u>
Expenses				
Personal services	1,031,400	1,031,400	1,020,082	(11,318)
Contractual services	7,458,200	14,446,500	10,500,963	(3,945,537)
Supplies and materials	25,500	25,500	35,473	9,973
Business and travel	10,300	10,300	18,358	8,058
Capital outlay	9,600	9,600	9,810	210
	<u>8,535,000</u>	<u>15,523,300</u>	<u>11,584,686</u>	<u>(3,938,614)</u>
Revenues over expenses	<u>\$ 945,800</u>	<u>\$ 945,800</u>	<u>\$ 4,498,413</u>	<u>\$ 3,552,613</u>
HEALTH INSURANCE				
Revenues				
Charges for services	\$ 55,917,000	\$ 55,917,000	\$ 50,523,553	\$ (5,393,447)
Investment income	-	-	71,687	71,687
Other	-	-	348,187	348,187
	<u>55,917,000</u>	<u>55,917,000</u>	<u>50,943,427</u>	<u>(4,973,573)</u>
Expenses				
Medical claim costs	55,927,600	55,927,600	51,181,305	(4,746,295)
Personal services	167,300	167,300	191,469	24,169
Contractual services	126,400	126,400	126,073	(327)
Supplies and materials	23,600	23,600	10,401	(13,199)
Business and travel	5,100	5,100	-	(5,100)
Other	2,019,000	2,019,000	25,000	(1,994,000)
	<u>58,269,000</u>	<u>58,269,000</u>	<u>51,534,248</u>	<u>(6,734,752)</u>
Revenues over expenses	<u>\$ (2,352,000)</u>	<u>\$ (2,352,000)</u>	<u>\$ (590,821)</u>	<u>\$ 1,761,179</u>

Budgeted revenues exclude fund balance appropriated to fund expenditures in the current fiscal year.

Anne Arundel County, Maryland

Schedule of Revenues, Expenses, and Encumbrances - Budget and Actual

Internal Service Funds

Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
PRINT SHOP				
Revenues				
Charges for services	\$ 973,300	\$ 1,193,300	\$ 1,238,230	\$ 44,930
Other	-	-	18,491	18,491
	<u>973,300</u>	<u>1,193,300</u>	<u>1,256,721</u>	<u>63,421</u>
Expenses				
Personal services	372,800	372,800	350,163	(22,637)
Contractual services	515,500	585,500	623,553	38,053
Supplies and materials	77,000	227,000	207,378	(19,622)
Business and travel	8,000	8,000	1,500	(6,500)
	<u>973,300</u>	<u>1,193,300</u>	<u>1,182,594</u>	<u>(10,706)</u>
Revenues under expenses	\$ -	\$ -	\$ 74,127	\$ 74,127
CENTRAL GARAGE AND TRANSPORTATION				
Revenues				
Charges for services	\$ 16,676,000	\$ 16,676,000	\$ 14,401,962	\$ (2,274,038)
Other	608,000	608,000	410,330	(197,670)
	<u>17,284,000</u>	<u>17,284,000</u>	<u>14,812,292</u>	<u>(2,471,708)</u>
Expenses				
Personal services	4,116,400	4,116,400	3,777,235	(339,165)
Contractual services	576,000	576,000	1,523,508	947,508
Supplies and materials	4,038,600	4,038,600	3,289,983	(748,617)
Business and travel	14,300	14,300	8,598	(5,702)
Capital outlay	8,019,200	8,019,200	5,983,669	(2,035,531)
Other	1,235,000	1,235,000	735,000	(500,000)
	<u>17,999,500</u>	<u>17,999,500</u>	<u>15,317,993</u>	<u>(2,681,507)</u>
Revenues over expenses	\$ (715,500)	\$ (715,500)	\$ (505,701)	\$ 209,799

Budgeted revenues exclude fund balance appropriated to fund expenditures in the current fiscal year.

Fiduciary

Pension Trust Funds

Defined Benefit Pensions Plans – These funds account for pension investments for the four County single employer pension plans. The four plans are the *Employees' Retirement Plan, Police Service Retirement Plan, Fire Service Retirement Plan, and Detention Center Retirement Plan*. The nature of each plan and the respective terms are described in detail in the footnotes to the basic financial statements.

Agency Funds

Subdivision Deposits – This fund accounts for amounts placed on deposit from contractors and developers pertaining primarily to road maintenance.

Sediment Control – This fund accounts for amounts received from developers as deposits in lieu of performance bonds for construction site sediment control.

Recreation – This fund accounts for lease payments from Arundel Golf Park.

City and State Tax Collection – This fund accounts for taxes collected for the City of Annapolis and the State of Maryland. These taxes are collected by the County along with County taxes, and are then remitted to the proper jurisdiction.

Tax Sale Escrow Deposits – This fund accounts for payments made during the annual tax sale process. Payments received for delinquent property taxes are deposited in the fund and subsequently distributed to the appropriate revenue accounts.

Farmington Special Assessment – This fund accounts for the transactions of a special taxing district. Taxes are collected and used to pay the debt for the infrastructure improvements within the district.

National Business Park Special Assessment – This fund accounts for the transactions of a special taxing district. Taxes are collected and used to pay the debt for the infrastructure improvements within the district.

Dorchester Special Assessment – This fund accounts for the transactions of a special taxing district. Taxes are collected and used to pay the debt for the infrastructure improvements within the district.

Miscellaneous Escrow Deposits – This fund accounts for any other escrow deposits collected by County departments or agencies that are not in one of the other agency funds. The deposits are held until the depositor meets certain requirements at which time the funds are returned.

Anne Arundel County, Maryland

Combining Statement of Plan Net Assets

Pension Trust Funds

December 31, 2003

	Defined Benefit Pension Plans				
	Employees' Retirement	Police Service Retirement	Fire Service Retirement	Detention Center Retirement	Totals
ASSETS					
Investments, at fair value:					
Cash and temporary investments	\$ 33,420,564	\$ 28,791,938	\$ 26,071,255	\$ 4,099,472	\$ 92,383,229
U. S. Government obligations	10,398,755	8,958,566	8,112,030	1,275,544	28,744,895
Corporate obligations	38,394,683	33,077,160	29,951,547	4,709,613	106,133,003
Corporate obligation investment pools	23,147,892	19,941,994	18,057,583	2,839,394	63,986,863
International obligations	9,786,711	8,431,288	7,634,576	1,200,469	27,053,044
Common stocks	135,333,320	116,590,152	105,573,012	16,600,413	374,096,897
Common stock investment pools	28,617,205	24,653,827	22,324,174	3,510,277	79,105,483
International stock investment pools	42,417,411	36,542,755	33,089,662	5,203,054	117,252,882
Mortgages and mortgage related securities	26,289,547	22,648,541	20,508,376	3,224,759	72,671,223
Real estate investment pools	22,316,511	19,225,756	17,409,026	2,737,414	61,688,707
Insurance company general accounts	21,337,642	18,382,457	16,645,414	2,617,343	58,982,856
Total investments	<u>391,460,241</u>	<u>337,244,434</u>	<u>305,376,655</u>	<u>48,017,752</u>	<u>1,082,099,082</u>
Collateral from securities lending transactions	20,978,839	18,073,347	16,365,513	2,573,331	57,991,030
Receivables:					
Employer contributions	621,322	692,043	833,510	295,639	2,442,514
Participant contributions	313,213	132,998	98,889	59,270	604,370
Accrued interest and dividends	1,308,736	1,127,484	1,020,944	160,536	3,617,700
Investment sales proceeds	11,286,484	9,723,347	8,804,543	1,384,436	31,198,810
Total receivables	<u>13,529,755</u>	<u>11,675,872</u>	<u>10,757,886</u>	<u>1,899,881</u>	<u>37,863,394</u>
Deposits on hand	11,556	130,420	63,771	-	205,747
Total assets	<u>425,980,391</u>	<u>367,124,073</u>	<u>332,563,825</u>	<u>52,490,964</u>	<u>1,178,159,253</u>
LIABILITIES					
Accounts payable	640,405	551,712	499,578	78,554	1,770,249
Investment commitments payable	26,911,727	23,184,551	20,993,736	3,301,077	74,391,091
Obligation for collateral received under securities lending transactions	20,978,839	18,073,347	16,365,513	2,573,331	57,991,030
Total liabilities	<u>48,530,971</u>	<u>41,809,610</u>	<u>37,858,827</u>	<u>5,952,962</u>	<u>134,152,370</u>
Net assets held in trust	\$ <u>377,449,420</u>	\$ <u>325,314,463</u>	\$ <u>294,704,998</u>	\$ <u>46,538,002</u>	\$ <u>1,044,006,883</u>

Anne Arundel County, Maryland

Combining Statement of Changes in Net Assets

Pension Trust Funds

For the Year Ended December 31, 2003

	Defined Benefit Pension Trust				Totals
	Employees' Retirement	Police Service Retirement	Fire Service Retirement	Detention Center Retirement	
ADDITIONS					
Contributions:					
Employer	\$ 7,036,915	\$ 8,229,336	\$ 7,991,349	\$ 3,030,140	\$ 26,287,740
Participant	3,856,604	1,825,584	1,352,179	751,071	7,785,438
Total contributions	<u>10,893,519</u>	<u>10,054,920</u>	<u>9,343,528</u>	<u>3,781,211</u>	<u>34,073,178</u>
Investment income:					
Net appreciation in fair value of investments	63,367,199	54,676,386	49,349,589	7,633,901	175,027,075
Interest income	5,967,978	5,129,459	4,610,430	709,015	16,416,882
Dividend income	1,438,334	1,236,728	1,111,514	170,879	3,957,455
Total investment income	<u>70,773,511</u>	<u>61,042,573</u>	<u>55,071,533</u>	<u>8,513,795</u>	<u>195,401,412</u>
Less investment expense	<u>(1,485,561)</u>	<u>(1,279,294)</u>	<u>(1,154,919)</u>	<u>(180,122)</u>	<u>(4,099,896)</u>
Net income from investing activities	69,287,950	59,763,279	53,916,614	8,333,673	191,301,516
Securities lending activities:					
Securities lending income	225,497	194,241	174,189	26,897	620,824
Securities lending expenses:					
Borrower rebates	164,086	141,342	126,751	19,572	451,751
Management fees	19,752	17,015	15,258	2,356	54,381
Securities lending expense	<u>183,838</u>	<u>158,357</u>	<u>142,009</u>	<u>21,928</u>	<u>506,132</u>
Securities lending net income	<u>41,659</u>	<u>35,884</u>	<u>32,180</u>	<u>4,969</u>	<u>114,692</u>
Total net investment income	<u>69,329,609</u>	<u>59,799,163</u>	<u>53,948,794</u>	<u>8,338,642</u>	<u>191,416,208</u>
Total additions	<u>80,223,128</u>	<u>69,854,083</u>	<u>63,292,322</u>	<u>12,119,853</u>	<u>225,489,386</u>
DEDUCTIONS					
Participant benefit payments and refunds	13,848,357	11,220,998	6,448,118	1,219,336	32,736,809
Administrative expenses	463,779	399,045	359,046	55,475	1,277,345
Total deductions	<u>14,312,136</u>	<u>11,620,043</u>	<u>6,807,164</u>	<u>1,274,811</u>	<u>34,014,154</u>
Net increases (decreases)	65,910,992	58,234,040	56,485,158	10,845,042	191,475,232
Net assets, beginning of year	<u>311,538,428</u>	<u>267,080,423</u>	<u>238,219,840</u>	<u>35,692,960</u>	<u>852,531,651</u>
Net assets, end of year	\$ <u>377,449,420</u>	\$ <u>325,314,463</u>	\$ <u>294,704,998</u>	\$ <u>46,538,002</u>	\$ <u>1,044,006,883</u>

Anne Arundel County, Maryland

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year Ended June 30, 2004

	Balance June 30, 2003	Additions	Deductions	Balance June 30, 2004
SUBDIVISION DEPOSITS				
Assets				
Cash	\$ <u>1,380,612</u>	\$ <u>1,266,259</u>	\$ <u>938,855</u>	\$ <u>1,708,016</u>
Liabilities				
Escrow Deposits	<u>1,380,612</u>	<u>1,266,259</u>	<u>938,855</u>	<u>1,708,016</u>
Total Liabilities	\$ <u>1,380,612</u>	\$ <u>1,266,259</u>	\$ <u>938,855</u>	\$ <u>1,708,016</u>
SEDIMENT CONTROL				
Assets				
Cash	\$ <u>5,063,756</u>	\$ <u>2,092,817</u>	\$ <u>1,627,731</u>	\$ <u>5,528,842</u>
Liabilities				
Escrow and other deposits	<u>5,063,756</u>	<u>2,092,817</u>	<u>1,627,731</u>	<u>5,528,842</u>
Total Liabilities	\$ <u>5,063,756</u>	\$ <u>2,092,817</u>	\$ <u>1,627,731</u>	\$ <u>5,528,842</u>
RECREATION				
Assets				
Cash	\$ <u>223,121</u>	\$ <u>63,678</u>	\$ <u>4,712</u>	\$ <u>282,087</u>
Liabilities				
Deposits	\$ <u>223,121</u>	\$ <u>63,678</u>	\$ <u>4,712</u>	\$ <u>282,087</u>
CITY AND STATE TAX COLLECTION				
Assets				
Cash	\$ <u>95,559</u>	\$ <u>142,790,705</u>	\$ <u>142,437,126</u>	\$ <u>449,138</u>
Total Assets	\$ <u>95,559</u>	\$ <u>142,790,705</u>	\$ <u>142,437,126</u>	\$ <u>449,138</u>
Liabilities				
Escrow Deposits	<u>95,559</u>	<u>142,790,705</u>	<u>142,437,126</u>	<u>449,138</u>
Total Liabilities	\$ <u>95,559</u>	\$ <u>142,790,705</u>	\$ <u>142,437,126</u>	\$ <u>449,138</u>
TAX SALE ESCROW DEPOSITS				
Assets				
Cash	\$ <u>6,319,240</u>	\$ <u>5,286,922</u>	\$ <u>6,210,679</u>	\$ <u>5,395,483</u>
Liabilities				
Escrow Deposits	<u>6,319,240</u>	<u>5,286,922</u>	<u>6,210,679</u>	<u>5,395,483</u>
Total Liabilities	\$ <u>6,319,240</u>	\$ <u>5,286,922</u>	\$ <u>6,210,679</u>	\$ <u>5,395,483</u>

Anne Arundel County, Maryland

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year Ended June 30, 2004

	Balance June 30, 2003	Additions	Deductions	Balance June 30, 2004
FARMINGTON SPECIAL ASSESSMENT				
Assets				
Investments	\$ <u>842,355</u>	\$ <u>479,160</u>	\$ <u>481,281</u>	\$ <u>840,234</u>
Liabilities				
Escrow Deposits	\$ <u>842,355</u>	\$ <u>479,160</u>	\$ <u>481,281</u>	\$ <u>840,234</u>
NATIONAL BUSINESS PARK TAX DISTRICT				
Assets				
Cash	\$ <u>65,874</u>	\$ <u>51,826</u>	\$ <u>117,700</u>	\$ <u>-</u>
Liabilities				
Escrow Deposits	\$ <u>65,874</u>	\$ <u>51,826</u>	\$ <u>117,700</u>	\$ <u>-</u>
DORCHESTER SPECIAL TAX DISTRICT				
Assets				
Investments	\$ <u>1,695,341</u>	\$ <u>815,198</u>	\$ <u>298,835</u>	\$ <u>2,211,704</u>
Liabilities				
Escrow Deposits	\$ <u>1,695,341</u>	\$ <u>815,198</u>	\$ <u>298,835</u>	\$ <u>2,211,704</u>
MISCELLANEOUS ESCROW DEPOSITS				
Assets				
Cash	\$ <u>331,913</u>	\$ <u>98,469</u>	\$ <u>185,399</u>	\$ <u>244,983</u>
Liabilities				
Escrow Deposits	<u>331,913</u>	<u>98,469</u>	<u>185,399</u>	<u>244,983</u>
Total Liabilities	\$ <u>331,913</u>	\$ <u>98,469</u>	\$ <u>185,399</u>	\$ <u>244,983</u>
TOTALS - ALL FUNDS				
Assets				
Cash and temporary investments	\$ <u>16,017,771</u>	\$ <u>152,945,034</u>	\$ <u>152,302,318</u>	\$ <u>16,660,487</u>
Total Assets	\$ <u>16,017,771</u>	\$ <u>152,945,034</u>	\$ <u>152,302,318</u>	\$ <u>16,660,487</u>
Liabilities				
Escrow and other deposits	<u>16,017,771</u>	<u>152,945,034</u>	<u>152,302,318</u>	<u>16,660,487</u>
Total Liabilities	\$ <u>16,017,771</u>	\$ <u>152,945,034</u>	\$ <u>152,302,318</u>	\$ <u>16,660,487</u>

Anne Arundel County, Maryland

Statement of Net Assets

Nonmajor Component Units

June 30, 2004

	Library	Economic Development	Tipton Airport	Workforce Development	Totals
Current Assets					
Cash and temporary investments	\$ 54,682	\$ 636,619	\$ 149,276	\$ 778,148	\$ 1,618,725
Investments	-	834,669	-	-	834,669
Other receivables	50,503	409,986	80,441	429,590	970,520
Inventories	-	-	21,904	-	21,904
Prepaid expenses and other assets	-	27,622	42,857	7,753	78,232
Due from primary government	1,155,920	-	-	-	1,155,920
Restricted assets					
Cash and temporary investments	-	689,615	-	-	689,615
Other investments	-	277,157	-	-	277,157
Receivables					
Due from other governmental agencies	-	-	34,431	-	34,431
Other, net	-	440,576	-	-	440,576
Total current assets	1,261,105	3,316,244	328,909	1,215,491	6,121,749
Noncurrent Assets					
Capital assets	13,077,534	779,373	5,207,079	174,219	19,238,205
Less accumulated depreciation	(4,800,642)	(429,991)	(227,399)	(156,616)	(5,614,648)
	8,276,892	349,382	4,979,680	17,603	13,623,557
Other long term receivables	-	1,678,117	-	-	1,678,117
Total assets	9,537,997	5,343,743	5,308,589	1,233,094	21,423,423
Current Liabilities					
Accrued liabilities	671,930	95,715	67,699	377,355	1,212,699
Current portion on non-current liabilities	-	-	21,101	-	21,101
Notes payable	-	1,790,140	-	-	1,790,140
Accrued liability for compensated absences	542,290	-	-	23,182	565,472
Deferred revenue	-	-	30,171	406,648	436,819
Liabilities related to restricted assets					
Accrued liabilities	-	237,816	-	-	237,816
Escrow and other deposits	-	24,706	-	-	24,706
Deferred revenue	-	220,000	-	-	220,000
Total current liabilities	1,214,220	2,368,377	118,971	807,185	4,508,753
Noncurrent liabilities					
Long-term debt	2,678	-	200,916	-	203,594
Total liabilities	1,216,898	2,368,377	319,887	807,185	4,712,347
Invested in capital assets, net of related debt					
Restricted	8,274,214	349,382	4,975,549	17,603	13,616,748
Unrestricted	28,675	1,371,048	-	-	1,399,723
	18,210	1,254,936	13,153	408,306	1,694,605
Total net assets	\$ 8,321,099	\$ 2,975,366	\$ 4,988,702	\$ 425,909	\$ 16,711,076

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Anne Arundel County, Maryland

Statement of Activities

Nonmajor Component Units

Year Ended June 30, 2004

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<i>Library</i>				
Community services	\$ 16,849,991	\$ 595,642	\$ 2,660,633	\$ 2,460,522
<i>Economic Development</i>				
Arundel Business Loan Program	595,382	240,574	-	-
Training and other grants	708,466	-	1,310,948	-
David Taylor Research Center	-	144,310	-	-
Chesapeake Innovation Center	985,969	247,500	479,502	-
Administrative	1,463,782	-	-	-
Unallocated depreciation	77,480	-	-	-
	<u>3,831,079</u>	<u>632,384</u>	<u>1,790,450</u>	<u>-</u>
<i>Tipton Airport Authority</i>				
Airport Operations	906,378	860,006	-	1,801,264
<i>Workforce Development</i>				
Workforce development programs				
Adult Services	394,061	-	387,768	-
Dislocated worker services	1,007,627	-	991,623	-
Youth services	220,306	-	216,893	-
Other WIA Programs	184,727	-	181,796	-
Administration	155,268	-	152,825	-
Other grants, projects, initiatives	470,845	-	427,614	-
	<u>2,432,834</u>	<u>-</u>	<u>2,358,519</u>	<u>-</u>

General revenues:
 Unrestricted contributions
 Hotel tax
 Interest earnings
 Miscellaneous
 Total general revenues

Changes in net assets

Net assets, July 1 (as restated)

Net assets, June 30

Net (Expense) Revenues and Changes in Net Assets				
<u>Library</u>	<u>Economic Development</u>	<u>Tipton Airport</u>	<u>Workforce Development</u>	<u>Total</u>
\$ <u>(11,133,194)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(11,133,194)</u>
-	(354,808)	-	-	(354,808)
-	602,482	-	-	602,482
-	144,310	-	-	144,310
-	(258,967)	-	-	(258,967)
-	(1,463,782)	-	-	(1,463,782)
-	(77,480)	-	-	(77,480)
-	<u>(1,408,245)</u>	-	-	<u>(1,408,245)</u>
-	-	1,754,892	-	1,754,892
-	-	-	(6,293)	(6,293)
-	-	-	(16,004)	(16,004)
-	-	-	(3,413)	(3,413)
-	-	-	(2,931)	(2,931)
-	-	-	(2,443)	(2,443)
-	-	-	<u>(43,231)</u>	<u>(43,231)</u>
-	-	-	<u>(74,315)</u>	<u>(74,315)</u>
11,400,000	350,000	160,000	973	11,910,973
-	787,444	-	-	787,444
-	11,801	962	4,329	17,092
22,477	600	-	36,330	59,407
<u>11,422,477</u>	<u>1,149,845</u>	<u>160,962</u>	<u>41,632</u>	<u>12,774,916</u>
289,283	(258,400)	1,915,854	(32,683)	1,914,054
<u>8,031,816</u>	<u>3,233,766</u>	<u>3,072,848</u>	<u>458,592</u>	<u>14,797,022</u>
\$ <u>8,321,099</u>	\$ <u>2,975,366</u>	\$ <u>4,988,702</u>	\$ <u>425,909</u>	\$ <u>16,711,076</u>

Anne Arundel County, Maryland

Balance Sheet

Library Component Unit

June 30, 2004

	Governmental Fund Types		
	Operating Fund	Dedicated Revenue Fund	Total
ASSETS			
Cash and temporary investments	\$ 10,678	\$ 44,004	\$ 54,682
Due from primary government	1,137,027	18,893	1,155,920
Receivables	50,503	-	50,503
Total assets	<u>\$ 1,198,208</u>	<u>\$ 62,897</u>	<u>\$ 1,261,105</u>
LIABILITIES			
Accrued liabilities	\$ 666,131	\$ 5,799	\$ 671,930
Deferred revenue	-	28,423	28,423
Total liabilities	<u>666,131</u>	<u>34,222</u>	<u>700,353</u>
FUND BALANCES			
Reserved			
Encumbrances	381,592	1,773	383,365
Unreserved			
Undesignated	150,485	26,902	177,387
Total fund balances (deficits)	<u>532,077</u>	<u>28,675</u>	<u>560,752</u>
Total liabilities and fund balances	<u>\$ 1,198,208</u>	<u>\$ 62,897</u>	<u>\$ 1,261,105</u>

Anne Arundel County, Maryland

Statement of Revenues, Expenditures, and Changes in Fund Balances

Library Component Unit

Year Ended June 30, 2004

	Governmental Fund Types		
	Operating Fund	Dedicated Revenue Fund	Total
REVENUES			
Grants and aid	\$ 14,004,237	\$ 149,553	\$ 14,153,790
Fines and fees	595,642	-	595,642
Other	2,971	19,506	22,477
Total revenues	<u>14,602,850</u>	<u>169,059</u>	<u>14,771,909</u>
EXPENDITURES			
Current			
Recreation and community services	14,070,614	166,142	14,236,756
Capital outlay	305,133	-	305,133
Total expenditures	<u>14,375,747</u>	<u>166,142</u>	<u>14,541,889</u>
Revenues over expenditures	<u>227,103</u>	<u>2,917</u>	<u>230,020</u>
Fund balances, July 1	304,974	25,758	330,732
Fund balances, June 30	<u>\$ 532,077</u>	<u>\$ 28,675</u>	<u>\$ 560,752</u>

Anne Arundel County, Maryland

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Library Component Unit - General Fund

Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Over (under)
REVENUES				
Grants and aid	\$ 1,868,400	\$ 1,868,400	\$ 1,868,440	\$ 40
Primary government contribution	11,400,000	11,400,000	11,400,000	-
Fines and fees	626,000	626,000	595,642	(30,358)
Other	59,000	59,000	54,352	(4,648)
Total revenues	<u>13,953,400</u>	<u>13,953,400</u>	<u>13,918,434</u>	<u>(34,966)</u>
EXPENDITURES				
Current				
Recreation and community services	13,877,700	13,877,700	13,509,703	(367,997)
Capital outlay	75,700	75,700	386,491	310,791
Total expenditures	<u>13,953,400</u>	<u>13,953,400</u>	<u>13,896,194</u>	<u>(57,206)</u>
Revenues over (under) expenditures	-	-	22,240	<u>\$ 22,240</u>
Fund balances, budgetary, July 1	128,245	128,245	128,245	
Fund balances, budgetary, June 30	<u>\$ 128,245</u>	<u>\$ 128,245</u>	<u>\$ 150,485</u>	

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ANNE ARUNDEL COUNTY

DETAILS OF GENERAL LONG-TERM DEBT AND INTEREST

LONG-TERM DEBT APPLICABLE TO 5.6% AND 14% DEBT LIMITATIONS

June 30, 2004

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 04</i>	<i>06/30/04 Outstanding</i>	<i>Interest Payable to Maturity</i>	<i>Total Due to Maturity</i>
BONDS								
Water and Wastewater								
Series 73	12/01/73	1974-03	4.00 to 6.00	10,000,000	500,000	-	-	-
Series 75	03/15/75	1976-05	5.00 to 7.00	10,000,000	100,000	100,000	5,000	105,000
Series 75 (2nd Issue)	07/15/75	1976-05	5.00 to 7.00	10,000,000	500,000	1,000,000	50,000	1,050,000
Series 76	02/01/76	1977-06	4.50 to 6.50	9,000,000	400,000	800,000	54,000	854,000
Series 76 (2nd Issue)	12/01/76	1977-06	4.25 to 6.25	10,000,000	300,000	900,000	57,375	957,375
Series 77	05/15/77	1978-07	4.00 to 6.00	15,000,000	800,000	2,400,000	192,000	2,592,000
Series 78	01/15/78	1979-08	4.00 to 6.00	12,000,000	100,000	400,000	40,000	440,000
Series 79	02/01/79	1980-09	4.50 to 6.50	10,000,000	400,000	1,000,000	135,000	1,135,000
Series 80	02/15/80	1983-10	5.50 to 7.50	12,000,000	350,000	2,100,000	404,250	2,504,250
Series 87 (Refunding)	02/15/87	1988-14	3.50 to 5.75	21,880,000	95,000	2,075,000	747,932	2,822,932
Maryland Water Quality Bond	03/21/90	1991-11	4.89 to 4.89	1,249,900	62,495	383,880	67,285	451,165
Maryland Water Quality Bond	11/27/90	1991-11	4.89 to 4.89	8,281,371	467,065	3,015,257	502,875	3,518,132
Maryland Water Quality Bond	05/08/91	1992-11	4.75 to 4.75	455,332	32,102	69,108	5,270	74,378
Series 1991	05/15/91	1993-09	5.20 to 6.60	3,950,000	265,000	1,610,000	332,690	1,942,690
Series 1992	01/15/92	1993-21	5.50 to 6.00	20,000,000	690,000	690,000	20,010	710,010
Series 1992 Refunding	05/01/92	1994-13	4.40 to 6.00	8,795,000	165,000	840,000	177,900	1,017,900
Maryland Water Quality Bond	06/30/92	1993-13	4.39 to 4.39	4,971,195	249,876	2,692,650	607,106	3,299,756
Maryland Water Quality Bond	06/01/93	1995-14	3.25 to 3.25	12,999,541	627,837	7,515,668	1,407,513	8,923,181
Series 93	07/15/93	1994-23	4.63 to 5.34	11,500,000	385,000	385,000	9,240	394,240
Series 93 Refunding	08/01/93	1994-20	2.40 to 5.30	74,000,000	4,010,000	-	-	-
Series 94	02/01/94	1995-23	4.40 to 5.00	17,000,000	585,000	1,755,000	162,630	1,917,630
Series 95	02/01/95	1996-24	5.50 to 7.00	21,000,000	725,000	2,175,000	195,387	2,370,387
Series 96	03/01/96	1997-25	4.75 to 5.00	13,000,000	450,000	9,850,000	5,412,288	15,262,288
Series 96 Refunding	03/01/96	1996-06	4.00 to 4.50	5,025,000	595,000	1,160,000	68,769	1,228,769
Maryland Water Quality Bond	03/28/96	1997-16	3.99 to 3.99	468,937	23,447	281,362	72,972	354,334
Series 98	05/01/98	1999-27	4.50 to 6.00	17,000,000	590,000	13,460,000	8,301,399	21,761,399
Series 99 Refunding	03/15/99	2000-20	4.00 to 5.25	27,700,000	70,000	27,425,000	13,083,913	40,508,913
Series 99 Refunding (2nd Issue)	04/15/99	2000-09	4.00 to 5.00	14,515,000	1,415,000	8,010,000	1,042,544	9,052,544
Series 99	07/07/99	2000-28	4.50 to 6.50	25,000,000	865,000	20,675,000	13,280,144	33,955,144
Series 01	02/15/01	2002-28	4.125 to 5.0	10,600,000	395,000	9,415,000	5,743,639	15,158,639
Maryland Water Quality Bond	03/28/01	2003-31	1.50 to 1.50	877,382	85,537	707,572	37,404	744,976
Series 02	03/01/02	2003-31	3.00 to 5.375	23,500,000	815,000	21,870,000	15,475,050	37,345,050
Series 03	03/01/03	2004-32	1.00 to 5.00	24,000,000	825,000	23,175,000	15,329,788	38,504,788
Series 03 Refunding	03/01/03	2004-23	1.00 to 5.00	65,085,000	50,000	65,035,000	24,749,519	89,784,519
Maryland Water Quality Bond	06/27/03	2005-24	1.00 to 1.00	1,401,697	-	1,401,697	19,240	1,420,937
Series 04	04/01/04	2005-33	2.00 to 5.00	11,750,000	-	11,750,000	7,909,345	19,659,345
Total applicable to 5.6% and 14% debt limitations				<u>544,005,355</u>	<u>17,988,359</u>	<u>246,122,194</u>	<u>115,699,477</u>	<u>361,821,671</u>

(continued)

DETAILS OF GENERAL LONG-TERM DEBT AND INTEREST (continued)

LONG-TERM DEBT APPLICABLE TO 5.2% AND 13% DEBT LIMITATIONS

June 30, 2004

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 04</i>	<i>06/30/04 Outstanding</i>	<i>Interest Payable to Maturity</i>	<i>Total Due to Maturity</i>
BONDS								
Consolidated General Improvements	12/01/72	1973-02	3.50 to 5.00	7,800,000	-	-	-	-
	12/01/73	1974-03	4.00 to 6.00	14,300,000	300,000	-	-	-
	11/01/74	1975-04	4.50 to 6.50	8,520,000	50,000	50,000	1,125	51,125
	02/15/87	1987-04	3.00 to 5.75	39,635,750	155,000	35,000	1,006	36,006
	01/15/92	1993-12	5.50 to 6.00	40,000,000	1,600,000	1,600,000	46,400	1,646,400
	07/15/93	1994-13	4.63 to 5.30	35,000,000	2,100,000	1,400,000	33,600	1,433,600
	02/01/94	1995-14	4.40 to 5.00	37,000,000	2,220,000	4,440,000	411,440	4,851,440
	02/01/95	1996-24	5.50 to 7.00	65,900,000	3,370,000	9,250,000	781,365	10,031,365
	08/01/95	1996-11	4.00 to 5.38	66,745,000	6,374,846	35,297,461	5,657,344	40,954,805
	03/01/96	1997-25	4.75 to 6.00	48,270,000	2,660,000	29,650,000	10,703,990	40,353,990
	03/01/96	1996-04	4.00 to 4.38	9,760,000	980,000	165,000	3,610	168,610
	05/01/98	1999-27	4.50 to 6.00	67,000,000	3,460,000	46,240,000	21,042,675	67,282,675
	03/15/99	2000-20	4.00 to 5.25	50,060,000	1,670,000	46,350,000	17,087,105	63,437,105
	07/07/99	2000-19	4.50 to 6.50	58,000,000	3,480,000	40,600,000	14,872,650	55,472,650
	02/15/01	2002-20	4.125 to 5.0	47,000,000	3,000,000	38,000,000	13,943,250	51,943,250
	03/01/02	2003-22	3.00 to 5.375	91,500,000	5,490,000	80,520,000	35,328,150	115,848,150
	03/01/03	2004-23	1.00 to 5.00	101,000,000	6,060,000	94,940,000	39,465,750	134,405,750
	03/01/03	2005-14	1.00 to 5.00	21,510,000	-	21,510,000	6,911,000	28,421,000
	04/01/04	2005-24	2.00 to 5.00	49,500,000	-	49,500,000	21,273,120	70,773,120
				<u>858,500,750</u>	<u>42,969,846</u>	<u>499,547,461</u>	<u>187,563,580</u>	<u>687,111,041</u>
Solid Waste	02/15/87	1987-03	3.00 to 5.75	964,250	5,000	-	-	-
	07/15/93	1994-08	4.63 to 5.13	10,000,000	665,000	3,350,000	423,774	3,773,774
	02/01/94	1995-08	4.40 to 4.80	16,000,000	1,140,000	4,560,000	535,800	5,095,800
	08/01/95	1996-10	4.00 to 5.30	2,060,000	170,154	1,222,539	240,710	1,463,249
	03/01/96	1997-16	5.00 to 5.50	12,000,000	600,000	7,800,000	2,694,900	10,494,900
	05/01/98	1999-17	4.65 to 6.00	7,000,000	350,000	4,900,000	1,882,650	6,782,650
	04/01/04	2005-24	2.00 to 5.00	1,250,000	-	1,250,000	537,200	1,787,200
Total Waste Collection Enterprise Fund				<u>49,274,250</u>	<u>2,930,154</u>	<u>23,082,539</u>	<u>6,315,034</u>	<u>29,397,573</u>
Total applicable to 5.2% and 13% debt limitations				<u>907,775,000</u>	<u>45,900,000</u>	<u>522,630,000</u>	<u>193,878,614</u>	<u>716,508,614</u>

DETAILS OF GENERAL LONG-TERM DEBT AND INTEREST (continued)

NOT APPLICABLE TO DEBT LIMITATIONS

June 30, 2004

	Issued	Maturing Serially	Rate of Interest	Issued	Redeemed F/Y 04	06/30/04 Outstanding	Interest Payable to Maturity	Total Due to Maturity
BONDS								
Installment Purchase Agreements - Agricultural Easement Program								
Adelaide F. Colhoun Trust	09/19/00	2002-30	5.85 to 5.85	401,000	1,000	398,000	586,346	984,346
Ellen H. Shepard Trust	09/22/00	2002-30	5.85 to 5.85	161,000	1,000	158,000	221,307	379,307
Harold & Jean Touchette	09/19/00	2002-30	5.85 to 5.85	378,000	1,000	375,000	551,362	926,362
Farm of the Four Winds, LLC	11/13/00	2002-30	6.00 to 6.00	587,000	1,000	584,000	891,540	1,475,540
Kenneth P. Franklin, Trustee	12/28/00	2002-30	5.60 to 5.60	142,055	1,000	139,000	184,184	323,184
Richard F. Moreland	07/18/01	2003-28	5.90 to 5.90	274,000	1,000	272,000	368,868	640,868
Richard L. & Mary M. Smith	07/18/01	2003-28	5.90 to 5.90	831,000	1,000	829,000	1,157,580	1,986,580
Francis R. Windsor	07/26/01	2003-28	5.90 to 5.90	411,174	1,000	409,000	562,860	971,860
Anita Froe/Rian LLC	03/06/02	2003-28	5.90 to 5.90	657,000	1,000	655,000	911,195	1,566,195
Piazza	09/20/02	2004-28	5.25 to 5.25	197,000	1,000	196,000	232,470	428,470
Weeems Dodd Ltd	10/17/02	2004-28	5.45 to 5.45	1,521,000	1,000	1,520,000	1,973,117	3,493,117
Edward Hall III	12/19/02	2004-28	5.55 to 5.55	180,000	1,000	179,000	223,110	402,110
Bristol Farms LLC	01/28/03	2004-28	5.50 to 5.50	700,000	1,000	699,000	899,250	1,598,250
Shearman Talbot	05/22/03	2005-28	4.95 to 4.95	263,948	-	263,948	299,968	563,916
Anne Brice	06/23/04	2006-28	5.80 to 5.80	316,000	-	316,000	423,263	739,263
Thackray Sez nec	06/30/04	2006-28	5.80 to 5.80	1,405,000	-	1,405,000	1,930,900	3,335,900
				8,425,177	13,000	8,397,948	11,417,320	19,815,268
Tax Increment Bonds								
Arundel Mills	12/01/99	2006-29	7.10 to 7.10	\$ 28,000,000	\$ 28,000,000	\$ -	\$ -	\$ -
National Business Park	07/01/00	2005-28	7.375 to 7.375	14,000,000	14,000,000	-	-	-
Parole Town Center	07/12/02	2003-12	5.00 to 5.00	8,300,000	660,000	7,640,000	1,843,250	9,483,250
Arundel Mills Refunding	05/11/04	2010-29	3.00 to 5.125	30,350,000	-	30,350,000	27,126,330	57,476,330
National Business Park Ref	05/11/04	2009-28	3.00 to 5.125	15,655,000	-	15,655,000	13,005,235	28,660,235
West Nursery Road	05/11/04	2006-29	2.00 to 4.70	2,570,000	-	2,570,000	1,716,735	4,286,735
				98,875,000	42,660,000	56,215,000	43,691,550	99,906,550
State Loans								
Highway Construction								
State Transportation 1993								
Refunding	11/15/93	1995-05	2.80 to 4.90	3,577,981	118,912	125,439	3,073	128,512
Department of Natural Resources								
Annapolis Cove	09/16/88	1989-13	0.00	121,220	4,849	48,488	-	48,488
Annapolis Landing	07/21/92	1993-17	0.00	78,570	3,143	43,999	-	43,999
Annapolis Landing	05/03/95	1995-09	0.00	68,075	4,538	31,770	-	31,770
Arundel on the Bay 44-76	08/25/81	1983-07	0.00	200,000	8,000	32,000	-	32,000
Arundel on the Bay 44-76B	07/20/83	1984-08	0.00	247,833	9,913	49,568	-	49,568
Arundel on the Bay	04/28/92	1993-17	0.00	74,220	2,969	41,562	-	41,562
Bay Ridge	11/19/90	1992-16	0.00	669,275	26,771	348,022	-	348,022
Brown's Pond	11/25/91	1992-16	0.00	185,128	7,405	96,265	-	96,265
Buckingham Cove	04/07/97	1997-21	0.00	217,570	8,703	156,649	-	156,649
Cape Anne	04/15/80	1981-06	0.00	66,255	2,650	5,301	-	5,301
Cattail Creek	04/03/98	1998-22	0.00	127,628	5,105	96,998	-	96,998
Elizabeth's Landing	09/26/91	1993-17	0.00	161,310	6,452	90,336	-	90,336
Elizabeth's Landing	05/15/95	1996-10	0.00	153,764	10,251	71,756	-	71,756
John's Creek	12/15/93	1994-19	0.00	173,206	6,920	103,800	-	103,800
Lake Hillsmere	04/08/82	1983-08	0.00	85,950	3,438	13,752	-	13,752
Lake Hillsmere II	04/03/98	1998-22	0.00	188,660	7,546	143,374	-	143,374
Lake Placid	12/04/81	1983-07	0.00	188,355	7,534	30,138	-	30,138
Pine Grove Village	05/03/95	1996-10	0.00	37,689	2,513	17,584	-	17,584
Mason's Beach	06/03/96	1997-06	0.00	277,098	13,855	180,113	-	180,113
Romar Estates	03/27/97	1997-21	0.00	304,987	12,200	219,588	-	219,588
Snug Harbor	05/13/83	1984-09	0.00	230,294	9,212	46,057	-	46,057
Snug Harbor	11/21/91	1992-16	0.00	738,599	29,544	384,072	-	384,072
Snug Harbor Pier	04/13/92	1992-16	0.00	91,443	3,656	47,528	-	47,528
Spriggs Pond	02/28/92	1993-17	0.00	298,400	11,936	155,168	-	155,168
Whitehall Cove	12/19/01	2001-25	0.00	164,134	6,565	144,439	-	144,439
Total not applicable to debt limitations				8,727,644	334,580	2,723,766	3,073	2,726,839
Total long-term debt				\$ 1,567,808,176	\$ 106,895,939	\$ 836,088,908	\$ 364,690,034	\$ 1,200,778,942

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ANNE ARUNDEL COUNTY

SCHEDULE OF DEBT SERVICE REQUIREMENTS FOR LONG-TERM DEBT AND INTEREST

As of June 30, 2004

FISCAL YEAR ENDING	General County Bonds (a)							
	General Government		Solid Waste		Tax Increment		Installment Purchase Agreements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 43,099,038	\$ 24,301,283	\$ 3,040,962	\$ 1,120,388	\$ 695,000	\$ 1,873,723	\$ 13,948	\$ 466,945
2006	42,413,423	22,212,159	3,031,577	978,726	725,000	2,691,191	16,000	478,275
2007	41,356,000	20,076,933	2,954,000	834,592	835,000	2,653,241	16,000	477,364
2008	39,222,500	18,038,702	2,932,500	690,619	875,000	2,612,666	16,000	476,455
2009	36,651,500	16,060,520	2,063,500	545,942	915,000	2,570,166	16,000	475,544
2010	34,030,000	14,285,178	1,260,000	458,043	1,150,000	2,522,457	16,000	474,635
2011	31,645,000	12,574,135	1,025,000	393,438	1,690,000	2,461,848	16,000	473,724
2012	30,375,000	11,018,855	1,025,000	340,338	2,175,000	2,381,943	16,000	472,815
2013	28,475,000	9,511,873	1,025,000	286,763	2,340,000	2,284,268	16,000	471,905
2014	24,795,000	8,129,985	1,025,000	232,713	1,430,000	2,199,210	16,000	470,994
2015	21,110,000	6,887,760	1,000,000	178,188	1,580,000	2,131,383	16,000	470,085
2016	21,075,000	5,837,473	1,000,000	124,438	1,720,000	2,057,808	16,000	469,174
2017	19,330,000	4,829,810	1,350,000	70,388	1,875,000	1,977,473	16,000	468,265
2018	17,760,000	3,959,835	50,000	14,787	2,035,000	1,889,985	16,000	467,355
2019	15,950,000	3,128,310	50,000	12,788	2,205,000	1,788,469	16,000	466,444
2020	13,610,000	2,392,698	50,000	10,788	2,395,000	1,671,605	16,000	465,535
2021	11,600,000	1,765,379	50,000	8,725	2,600,000	1,544,548	16,000	464,624
2022	11,590,000	1,235,025	50,000	6,625	2,820,000	1,406,531	16,000	463,715
2023	7,915,000	699,194	50,000	4,500	3,055,000	1,256,775	16,000	462,804
2024	3,860,000	337,038	50,000	2,250	3,290,000	1,094,888	16,000	461,895
2025	1,860,000	157,481	-	-	3,550,000	920,217	16,000	460,984
2026	1,070,000	85,263	-	-	3,825,000	731,859	16,000	460,075
2027	755,000	38,694	-	-	4,110,000	529,237	16,000	459,164
2028	-	-	-	-	4,410,000	311,650	6,498,000	458,254
2029	-	-	-	-	3,335,000	113,959	5,000	90,291
2030	-	-	-	-	580,000	14,450	1,529,000	90,000
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
	<u>\$ 499,547,461</u>	<u>\$ 187,563,580</u>	<u>\$ 23,082,539</u>	<u>\$ 6,315,034</u>	<u>\$ 56,215,000</u>	<u>\$ 43,691,550</u>	<u>\$ 8,397,948</u>	<u>\$ 11,417,320</u>

- Notes:
- (a) Bonded Debt subject to (1) 5.2% of the assessable basis of real property; (2) 13% of the County's assessable basis of personal property; and (3) 13% of the operating real property described in Section 8-109© of the Tax-Property Article of the Annotated Code of Maryland (1994 Replacement Volume and 2000 Supplement).
 - (b) The Highway Construction advance from the State of Maryland does not impose a requirement on the County to levy taxes. This advance is retired by revenues collected by the State which would otherwise be remitted to the County.
 - (c) Bonded debt subject to (1) 5.6% of the assessable basis of real property in the Sanitary District of Anne Arundel County; (2) 14% of the assessable basis of personal property in the Sanitary District of Anne Arundel County; and (3) 14% of the operating real property described in section 8-109(c) of the Tax-Property Article of the Annotated Code of Maryland (1994 replacement Volume and 2000 Supplement).

<i>State Advances (b)</i>		<i>Water and Sewer Bonds (c)</i>		<i>Total</i>		<i>Debt Service</i>
<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Charge</i>
\$ 341,106	\$ 3,073	\$ 18,622,515	\$ 11,621,767	\$ 65,812,569	\$ 39,387,178	\$ 105,199,747
215,668	-	17,939,042	10,781,219	64,340,710	37,141,570	101,482,280
213,018	-	16,464,695	9,951,328	61,838,713	33,993,458	95,832,171
213,017	-	15,502,468	9,175,797	58,761,485	30,994,240	89,755,725
194,045	-	15,427,587	8,423,673	55,267,632	28,075,845	83,343,477
174,920	-	12,867,566	7,682,659	49,498,486	25,422,971	74,921,457
174,920	-	12,087,843	7,056,587	46,638,763	22,959,731	69,598,494
157,619	-	11,951,849	6,481,091	45,700,468	20,695,042	66,395,510
157,619	-	11,810,652	5,905,331	43,824,271	18,460,139	62,284,410
157,619	-	11,461,082	5,334,153	38,884,701	16,367,055	55,251,756
152,770	-	10,513,447	4,779,532	34,372,217	14,446,947	48,819,164
152,770	-	10,213,447	4,264,633	34,177,217	12,753,525	46,930,742
152,765	-	9,580,000	3,760,925	32,303,765	11,106,860	43,410,625
59,603	-	8,560,000	3,337,718	28,480,603	9,669,680	38,150,283
47,039	-	7,445,000	2,955,216	25,713,039	8,351,227	34,064,266
40,119	-	6,860,000	2,616,201	22,971,119	7,156,826	30,127,945
40,119	-	6,729,999	2,298,577	21,036,118	6,081,853	27,117,971
40,119	-	6,705,000	1,983,376	21,221,119	5,095,272	26,316,391
19,216	-	5,995,001	1,682,281	17,050,217	4,105,554	21,155,771
6,565	-	5,060,001	1,394,513	12,282,566	3,290,583	15,573,149
6,565	-	5,050,000	1,148,707	10,482,565	2,687,389	13,169,954
6,565	-	4,325,000	919,438	9,242,565	2,196,635	11,439,200
-	-	3,880,000	717,607	8,761,000	1,744,701	10,505,701
-	-	3,295,000	526,899	14,203,000	1,296,803	15,499,803
-	-	2,045,000	366,175	5,385,000	570,425	5,955,425
-	-	2,045,000	269,062	4,154,000	373,512	4,527,512
-	-	2,045,000	171,950	2,045,000	171,950	2,216,950
-	-	1,235,000	74,838	1,235,000	74,838	1,309,838
-	-	405,000	18,225	405,000	18,225	423,225
-	-	-	-	-	-	-
<u>\$ 2,723,766</u>	<u>\$ 3,073</u>	<u>\$ 246,122,194</u>	<u>\$ 115,699,477</u>	<u>\$ 836,088,908</u>	<u>\$ 364,690,034</u>	<u>\$ 1,200,778,942</u>

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Statistical Section

ANNE ARUNDEL COUNTY, MARYLAND

SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (Non-GAAP)

GENERAL FUND

Last Four Fiscal Years (Unaudited)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
REVENUES				
General property taxes	\$ 342,679,454	\$ 354,089,603	\$ 368,636,175	\$ 386,355,438
Local income taxes	257,789,570	266,409,098	264,729,935	298,065,106
State shared taxes	29,537,139	29,692,597	29,355,368	25,744,976
Grants and aid	34,607,899	45,095,986	45,840,676	43,682,563
Recordation and transfer taxes	52,854,356	67,796,645	74,120,137	99,053,108
Local sales taxes	26,631,337	27,804,988	28,173,922	29,255,189
Licenses and permits	13,313,667	10,918,655	11,517,360	15,154,020
Investment income	4,941,677	1,173,393	1,313,739	1,234,180
Inter-Fund recoveries	11,716,888	13,923,815	16,046,703	17,002,509
Other	20,820,744	23,528,328	24,498,743	26,114,949
Total revenues	<u>794,892,731</u>	<u>840,433,108</u>	<u>864,232,758</u>	<u>941,662,038</u>
EXPENDITURES				
Education	362,517,970	386,765,837	405,250,553	416,588,804
Higher Education	20,705,446	22,145,398	23,703,794	25,041,893
Public Safety	139,979,821	154,899,647	171,235,778	170,688,743
General Government	58,633,513	57,928,751	73,132,043	74,264,588
Health and Human Services	52,346,544	60,544,803	63,728,934	62,100,968
Public Works	30,279,589	29,995,689	33,817,555	32,273,534
Recreation and Community Services	24,981,297	23,888,211	25,171,029	25,177,732
Judicial	18,077,073	19,604,386	17,611,654	17,699,830
Land Use and Development	10,372,662	8,401,534	7,756,632	8,135,677
Code Enforcement	9,551,525	10,163,877	10,414,049	10,066,594
Economic Development	2,000,000	2,015,000	2,055,000	1,740,000
Debt Service	33,976,835	33,105,184	36,014,529	35,368,736
Pay Go Funding - Capital Projects	48,200,000	46,350,000	17,350,000	12,807,000
Total expenditures and encumbrances	<u>811,622,275</u>	<u>855,808,317</u>	<u>887,241,550</u>	<u>891,954,099</u>
Net increase (decrease) in fund balance	(16,729,544)	(15,375,209)	(23,008,792)	49,707,939
Fund balance, July 1	72,626,035	55,896,491	40,521,282	17,512,490
Fund balance, June 30	\$ <u>55,896,491</u>	\$ <u>40,521,282</u>	\$ <u>17,512,490</u>	\$ <u>67,220,429</u>

Notes - This statement is presented on the encumbrance method, which is utilized by the County for budgetary accounting.
Years prior to fiscal year 2001 data is not readily available as reformatted.

ANNE ARUNDEL COUNTY, MARYLAND

SUMMARY OF CAPITAL PROJECTS REVENUES REALIZED (Non-GAAP)

Last ten Fiscal Years (Unaudited)

CLASS OF PROJECTS	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
GENERAL COUNTY PROJECTS				
County bonds and bond anticipation notes	\$ 65,900,000	\$ 60,270,000	\$ 32,000,000	\$ 65,000,000
Installment purchase agreement bonds	-	-	-	-
Tax increment bonds	-	-	-	-
Long term notes payable	-	-	-	-
Grants and aid	10,503,507	6,882,568	10,245,383	12,078,169
General Fund contributions	9,006,974	10,932,170	14,877,897	20,975,000
Contribution by developers	972,891	59,095	302,426	87,790
State loans	-	-	-	-
Special agreements	200,000	250,000	6,385,063	2,288,585
Impact Fees	3,551,067	4,681,920	9,585,635	16,985,844
Proceeds from tax districts	-	-	-	-
Other sources	1,950,080	1,377,938	3,464,953	4,382,238
Equity transfers	-	-	-	-
Total revenues realized	\$ <u>92,084,519</u>	\$ <u>84,453,691</u>	\$ <u>76,861,357</u>	\$ <u>121,797,626</u>
WATER AND WASTEWATER PROJECTS				
County bonds and bond anticipation notes	\$ 20,845,397	\$ 13,468,937	\$ 6,000,000	\$ 22,875,660
Grants and aid	4,094,134	1,194,599	3,158,146	4,551,163
Pay-As-You-Go	7,561,800	10,896,000	13,804,000	12,930,000
User connection	562,950	634,400	596,819	536,187
Developer contributions	-	-	-	-
Other sources	1,892,230	1,792,474	3,305,230	2,078,441
Total revenue realized	\$ <u>34,956,511</u>	\$ <u>27,986,410</u>	\$ <u>26,864,195</u>	\$ <u>42,971,451</u>
SOLID WASTE PROJECTS				
County bonds and bond anticipation notes	\$ -	\$ 12,000,000	\$ -	\$ 10,000,000
Grants and aid	-	-	-	-
Pay-As-You-Go	-	-	-	-
Other sources	3,613	2,740	307,975	2,108,981
Total revenue realized	\$ <u>3,613</u>	\$ <u>12,002,740</u>	\$ <u>307,975</u>	\$ <u>12,108,981</u>

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
\$	38,000,000	\$ 50,000,000	\$ 34,500,000	\$ 113,000,000	\$ 74,000,000	\$ 53,000,000
	-	-	-	2,173,174	2,861,948	1,721,000
	-	28,000,000	14,000,000	-	-	-
	-	-	1,669,055	-	-	-
	17,467,868	16,708,906	11,292,111	16,129,940	32,688,588	15,882,532
	34,180,000	63,300,000	49,055,784	47,194,216	17,350,000	12,807,000
	540,193	138,784	213,566	(1,488,420)	260,286	602,964
	-	-	-	-	-	-
	(2,574,780)	4,336,950	5,063,428	4,521,219	2,695,456	355,000
	13,557,770	10,630,580	5,774,046	6,324,891	4,949,209	5,543,994
	-	-	-	-	16,523,335	7,888,744
	1,737,516	7,664,229	1,277,413	3,168,085	(837,060)	2,558,449
	-	-	-	-	-	-
\$	<u>102,908,567</u>	<u>\$ 180,779,449</u>	<u>\$ 122,845,403</u>	<u>\$ 191,023,105</u>	<u>\$ 150,491,762</u>	<u>\$ 100,359,683</u>
\$	13,000,000	\$ 11,000,000	\$ 7,500,000	\$ 40,000,000	\$ 11,750,000	\$ 19,000,000
	2,241,143	762,022	5,346,112	2,942,208	785,298	470,883
	12,730,000	13,242,000	13,441,000	13,393,000	14,433,000	14,743,000
	1,115,185	293,055	1,248,332	633,509	1,014,254	-
	-	13,870	73,509	69,668	23,280	38,144
	2,483,404	967,468	(142,215)	1,229,932	1,600,313	10,954,546
\$	<u>31,569,732</u>	<u>\$ 26,278,415</u>	<u>\$ 27,466,738</u>	<u>\$ 58,268,317</u>	<u>\$ 29,606,145</u>	<u>\$ 45,206,573</u>
\$	-	\$ 4,000,000	\$ -	\$ -	\$ 1,250,000	\$ 1,000,000
	267,438	-	-	-	-	-
	750,000	3,500,000	-	4,584,000	6,259,000	280,000
	21,923	75,000	-	-	(749,316)	-
\$	<u>1,039,361</u>	<u>\$ 7,575,000</u>	<u>\$ -</u>	<u>\$ 4,584,000</u>	<u>\$ 6,759,684</u>	<u>\$ 1,280,000</u>

ANNE ARUNDEL COUNTY, MARYLAND

SUMMARY OF CAPITAL PROJECTS EXPENDITURES (Non-GAAP)

Last ten Fiscal Years (Unaudited)

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
CLASS OF PROJECTS				
GENERAL COUNTY PROJECTS				
Storm Drains	\$ 1,937,818	\$ 3,392,791	\$ 3,543,178	\$ 3,821,733
Higher Education (a)	1,225,101	6,335,688	6,758,587	1,306,733
Education (a)	28,528,065	24,825,902	45,528,581	35,389,731
Fire - Police	2,038,558	3,101,368	14,902,473	15,743,041
Roads and Bridges	9,797,112	7,028,484	10,478,471	16,172,857
Libraries	962,845	943,464	652,653	2,720,070
Recreation and Parks	4,691,897	4,172,713	6,444,272	7,084,449
Community Development Block Grant	4,764,385	4,660,015	4,122,914	3,122,619
Waterway Improvements	718,650	2,344,219	2,424,070	1,163,859
Other	9,858,929	17,641,089	24,985,910	15,993,443
Total Expenditures	<u>\$ 64,523,360</u>	<u>\$ 74,445,733</u>	<u>\$ 119,841,109</u>	<u>\$ 102,518,535</u>
WATER AND WASTEWATER PROJECTS				
Water	\$ 11,642,316	\$ 14,574,756	\$ 17,970,918	\$ 17,242,638
Wastewater	12,715,549	6,049,614	20,280,968	13,655,201
Oversize Connections	6,525,695	7,597,690	9,140,103	8,729,512
Total Expenditures	<u>\$ 30,883,560</u>	<u>\$ 28,222,060</u>	<u>\$ 47,391,989</u>	<u>\$ 39,627,351</u>
SOLID WASTE PROJECTS				
Solid Waste	<u>\$ 12,808,407</u>	<u>\$ 8,893,650</u>	<u>\$ 6,595,443</u>	<u>\$ 6,555,127</u>

(a) Amounts shown are funds primarily transferred to Higher Education and Education which represent the County's share of those agencies' construction program.

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
\$	2,779,040	\$ 3,291,110	\$ 2,470,183	\$ 3,119,865	\$ 3,502,800	\$ 3,316,006
	2,581,367	1,929,632	1,149,668	4,714,625	7,833,430	12,596,855
	35,561,477	46,362,455	64,159,599	58,782,995	31,377,679	34,917,973
	10,788,878	8,833,095	8,120,120	3,338,598	5,944,435	4,078,519
	17,933,685	30,996,412	46,663,816	33,027,920	26,500,728	19,426,581
	1,686,878	404,283	1,934,158	8,861,649	5,473,961	8,256,402
	10,819,173	7,693,197	10,068,130	15,980,262	8,598,611	8,203,746
	5,960,174	5,569,920	4,767,448	4,754,249	5,357,308	5,604,533
	2,429,633	1,954,423	3,045,169	2,855,525	3,367,153	1,743,345
	26,343,985	22,597,787	15,382,772	13,722,972	18,655,692	24,652,296
\$	<u>116,884,290</u>	<u>\$ 129,632,314</u>	<u>\$ 157,761,063</u>	<u>\$ 149,158,660</u>	<u>\$ 116,611,797</u>	<u>\$ 122,796,256</u>
\$	7,580,823	\$ 4,508,262	\$ 6,317,299	\$ 8,345,990	\$ 8,715,443	\$ 5,036,582
	13,137,048	14,299,019	13,245,852	10,027,869	9,487,192	27,325,209
	8,619,132	9,892,432	9,221,339	10,837,633	3,936,316	9,794,011
\$	<u>29,337,003</u>	<u>\$ 28,699,713</u>	<u>\$ 28,784,490</u>	<u>\$ 29,211,492</u>	<u>\$ 22,138,951</u>	<u>\$ 42,155,802</u>
\$	<u>7,588,893</u>	<u>\$ 3,733,650</u>	<u>\$ 1,733,742</u>	<u>\$ 1,281,082</u>	<u>\$ 1,799,615</u>	<u>\$ 2,646,728</u>

ANNE ARUNDEL COUNTY, MARYLAND

SUMMARY OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

WATER AND WASTEWATER OPERATIONS FUND

Last Ten Fiscal Years (Unaudited)

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
REVENUES				
Charges for services	\$ 44,226,833	\$ 51,724,439	\$ 51,191,337	\$ 53,448,244
Fire hydrant rental from General Fund	-	-	-	-
Subdivision fees	-	-	-	-
Other revenues	1,990,067	2,227,898	2,489,064	2,657,076
Total revenues	<u>46,216,900</u>	<u>53,952,337</u>	<u>53,680,401</u>	<u>56,105,320</u>
OPERATING EXPENSES				
Water and wastewater operations	42,817,946	41,978,770	43,049,918	42,756,542
Depreciation	15,924,495	21,364,746	22,075,737	22,420,745
Other	-	-	-	-
Total operating expenses	<u>58,742,441</u>	<u>63,343,516</u>	<u>65,125,655</u>	<u>65,177,287</u>
Operating income (loss)	<u>(12,525,541)</u>	<u>(9,391,179)</u>	<u>(11,445,254)</u>	<u>(9,071,967)</u>
Depreciation on fixed assets funded by grants and developers contributions	8,290,747	9,556,745	9,551,629	9,800,243
Net equity transfers between funds	-	-	-	-
Net increase (decrease) in net assets	<u>(4,234,794)</u>	<u>165,566</u>	<u>(1,893,625)</u>	<u>728,276</u>
Net assets/equity, July 1, as restated	626,455,649	622,220,855	622,386,421	620,492,796
Net assets/equity, June 30	<u>\$ 622,220,855</u>	<u>\$ 622,386,421</u>	<u>\$ 620,492,796</u>	<u>\$ 621,221,072</u>

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
\$	58,754,827	\$ 52,965,473	\$ 54,638,283	\$ 56,411,807	\$ 58,291,407	\$ 59,599,990
	-	-	-	-	-	-
	-	-	-	-	-	-
	3,140,983	3,937,785	11,398,677	9,170,062	14,250,517	11,851,914
	<u>61,895,810</u>	<u>56,903,258</u>	<u>66,036,960</u>	<u>65,581,869</u>	<u>72,541,924</u>	<u>71,451,904</u>
	42,347,109	44,125,561	45,106,826	44,541,335	49,464,417	49,044,943
	24,044,445	25,259,479	26,690,496	26,925,559	26,924,247	27,234,540
	-	-	2,141,249	-	-	-
	<u>66,391,554</u>	<u>69,385,040</u>	<u>73,938,571</u>	<u>71,466,894</u>	<u>76,388,664</u>	<u>76,279,483</u>
	(4,495,744)	(12,481,782)	(7,901,611)	(5,885,025)	(3,846,740)	(4,827,579)
	10,102,168	10,447,177	-	-	-	-
	-	-	12,513,620	6,922,021	27,520,439	13,236,201
	<u>5,606,424</u>	<u>(2,034,605)</u>	<u>4,612,009</u>	<u>1,036,996</u>	<u>23,673,699</u>	<u>8,408,622</u>
	621,221,072	626,827,496	624,792,891	629,404,900	632,598,230	656,271,929
\$	<u><u>626,827,496</u></u>	<u><u>624,792,891</u></u>	<u><u>629,404,900</u></u>	<u><u>630,441,896</u></u>	<u><u>656,271,929</u></u>	<u><u>664,680,551</u></u>

ANNE ARUNDEL COUNTY, MARYLAND

SUMMARY OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

WATER AND WASTEWATER DEBT SERVICE FUND

Last Four Fiscal Years (Unaudited)

	<u>2001</u>		<u>2002</u>		<u>2003</u>		<u>2004</u>
REVENUES							
Interest earned on long-term receivables	\$ 299,578	\$	2,292,310	\$	2,209,995	\$	2,067,704
Investment income	6,165,371		4,427,759		2,682,116		1,106,572
Other revenues	161,856		87,645		210,954		160,431
Total revenues	<u>6,626,805</u>		<u>6,807,714</u>		<u>5,103,065</u>		<u>3,334,707</u>
EXPENSES							
Interest expense	12,991,634		10,228,515		8,464,738		9,167,242
Other expenses	703,522		343,472		371,385		324,247
Total expenses	<u>13,695,156</u>		<u>10,571,987</u>		<u>8,836,123</u>		<u>9,491,489</u>
OTHER							
Capital contributions, fees, and grants	20,117,575		14,855,851		24,563,902		20,094,528
Net equity transfers between funds	<u>(18,336,830)</u>		<u>(20,162,551)</u>		<u>(27,816,706)</u>		<u>(20,714,267)</u>
Decrease in net assets	(5,287,606)		(9,070,973)		(6,985,862)		(6,776,521)
Net assets/equity, July 1	186,731,201		181,443,595		172,372,622		165,386,760
Net assets/equity, June 30	<u>\$ 181,443,595</u>	\$	<u>172,372,622</u>	\$	<u>165,386,760</u>	\$	<u>158,610,239</u>

Note - Years prior to fiscal year 2001 data is not readily available as reformatted.

ANNE ARUNDEL COUNTY, MARYLAND

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (Unaudited)

FISCAL YEAR	Real Property(a)		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value (000)
	Assessed Value (000)	Estimated Actual Value (000)	Assessed Value (000)	Estimated Actual Value (000)	Assessed Value (000)	Estimated Actual Value (000)	
	1995	\$ 10,561,886	\$ 26,404,714	\$ 2,074,290	\$ 2,074,290	\$ 12,636,176	
1996	10,821,017	27,052,542	2,187,685	2,187,685	13,008,702	29,240,227	44.5
1997	11,093,689	27,734,223	2,304,968	2,304,968	13,398,657	30,039,191	44.6
1998	11,361,731	28,404,328	2,340,378	2,340,378	13,702,109	30,744,706	44.6
1999	11,719,254	29,298,135	2,383,318	2,383,318	14,102,572	31,681,453	44.5
2000	12,129,077	30,322,692	2,532,380	2,532,380	14,661,457	32,855,072	44.6
2001	12,710,840	31,777,101	2,409,131	2,409,131	15,119,971	34,186,232	44.2
2002	33,561,715	33,561,715	2,420,032	2,420,032	35,981,747	35,981,747	100.0
2003	35,715,595	35,715,595	2,445,954	2,445,954	38,161,549	38,161,549	100.0
2004	39,116,262	39,116,262	2,379,732	2,379,732	41,495,994	41,495,994	100.0

(a) In the fiscal year which began July 1, 2001, the Maryland Truth in Taxation Act requires that real property be assessed at 100% of market value. Upon becoming effective on October 1, 2000, this legislation provided that real property tax rates generally shall be reduced to 40% of the current rates effective July 1, 2000. The legislation is intended to be revenue neutral.

ANNE ARUNDEL COUNTY, MARYLAND

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

(Per \$100 of Assessed Value) Last Ten Fiscal Years (Unaudited)

FISCAL YEAR	Anne Arundel County						Total	
	Other than City of Annapolis		Within City of Annapolis		City of Annapolis	State of Maryland	Other than City of Annapolis	Within City of Annapolis
	Real Property (a)	Personal Prop.	Real Property (a)	Personal Prop.	Real Property	Real Property	Real Property	Real Property
1995	\$ 2.35	\$ 2.35	\$ 1.23	\$ 1.23	\$ 1.78	\$ 0.21	\$ 2.56	\$ 3.22
1996	2.38	2.38	1.29	1.29	1.73	0.21	2.59	3.23
1997	2.38	2.38	1.37	1.37	1.69	0.21	2.59	3.27
1998	2.38	2.38	1.37	1.37	1.68	0.21	2.59	3.26
1999	2.36	2.36	1.35	1.35	1.70	0.21	2.57	3.26
2000	2.36	2.36	1.35	1.35	1.68	0.21	2.57	3.24
2001	2.40	2.40	1.39	1.39	1.67	0.21	2.61	3.27
2002	0.96	2.40	0.56	1.39	0.62	0.08	1.04	1.26
2003	0.95	2.38	0.55	1.38	0.62	0.08	1.03	1.26
2004	0.96	2.39	0.56	1.39	0.60	0.13	1.09	1.29

(a) In the fiscal year which began July 1, 2001, the Maryland Truth in Taxation Act requires that real property be assessed at 100% of market value. Upon becoming effective on October 1, 2000, this legislation provided that real property tax rates generally shall be reduced to 40% of the current rates effective July 1, 2000. The legislation is intended to be revenue neutral.

ANNE ARUNDEL COUNTY, MARYLAND

SUMMARY OF TAXES AND ASSESSMENTS BILLED AND COLLECTED

Last Ten Fiscal Years (Unaudited)

AS OF FISCAL YEAR ENDED JUNE 30	County Real and Personal Rate Per \$100 of Assessed Valuation							
	Total Tax Levy	Excluding City of Annapolis			Within Corporate Limits of City of Annapolis			
		Tax Rate		Tax Levy	County Tax Rate		County Tax Levy	
		Real Property (a)	Personal Prop.		Real Property (a)	Personal Prop.		
1995	\$ 285,431,436	\$ 2.35	\$ 2.35	273,787,826	\$ 1.23	\$ 1.23	\$ 11,643,610	
1996	297,897,504	2.38	2.38	285,400,532	1.29	1.29	12,496,972	
1997	307,355,088	2.38	2.38	293,780,920	1.37	1.37	13,574,168	
1998	314,950,745	2.38	2.38	301,399,375	1.37	1.37	13,551,373	
1999	320,795,918	2.36	2.36	306,944,985	1.35	1.35	13,850,933	
2000	333,526,634	2.36	2.36	319,202,858	1.35	1.35	14,323,776	
2001	349,055,788	2.40	2.40	333,706,464	1.39	1.39	15,349,324	
2002	366,619,067	0.96	2.40	350,517,345	0.56	1.39	16,101,722	
2003	383,762,566	0.95	2.38	367,034,271	0.55	1.38	16,728,295	
2004	414,279,437	0.96	2.39	394,772,371	0.56	1.39	19,507,066	

LEVY YEAR	Real, Personal and Corporate Taxes Billed and Collected			
	Levy (b)	Collected Levy Year	End of	Uncollected
			Levy Year Uncollected	at June 30, 2004
1994-95	\$ 275,984,530	\$ 274,696,463	\$ 1,288,067	\$ -
1995-96	290,831,615	288,990,270	1,841,345	-
1996-97	301,739,753	299,663,385	2,076,368	-
1997-98	310,283,682	306,891,526	3,392,156	-
1998-99	316,838,803	314,140,913	2,697,890	-
1999-00	329,847,238	326,352,858	3,494,380	1,346,580
2000-01	345,227,111	342,441,550	2,785,561	623,223
2001-02	361,424,971	355,998,775	5,426,196	747,899
2002-03	375,682,304	373,310,763	2,371,541	871,769
2003-04	393,762,892	391,557,058	2,205,834	2,205,834
			\$	<u>5,795,305</u>

(a) In the fiscal year which began July 1, 2001, the Maryland Truth in Taxation Act requires that real property be assessed at 100% of market value. Upon becoming effective on October 1, 2000, this legislation provided that real property tax rates generally shall be reduced to 40% of the current rates effective July 1, 2000. The legislation is intended to be revenue neutral.

(b) Original levy less old age credits, disability credits, allowance for uncollectables and undistributed collections.

ANNE ARUNDEL COUNTY, MARYLAND

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS

Last Ten Fiscal Years (Unaudited)

FISCAL YEAR	<i>Commercial Construction</i>		<i>Residential Construction</i>		<i>Bank Deposits (1) (000)</i>	<i>Property Value (a)</i>		
	<i>Number of Permits</i>	<i>Value (000)</i>	<i>Number of Permits</i>	<i>Value (000)</i>		<i>Personal (000)</i>	<i>Real (000)</i>	<i>Non-taxable (000)</i>
1995	2,837	\$ 123,194	9,128	\$ 321,751	\$ 3,045,591	\$ 2,074,290	\$ 26,404,714	\$ 3,034,550
1996	2,699	166,423	9,048	325,491	3,152,743	2,187,685	27,052,542	3,088,830
1997	2,658	300,864	9,153	289,231	3,854,156	2,304,968	27,734,223	3,228,237
1998	3,077	188,517	9,667	367,343	4,040,982	2,340,373	28,404,328	3,317,381
1999	3,119	328,453	10,101	412,187	4,122,030	2,383,318	29,298,135	3,365,121
2000	3,304	337,993	9,790	417,054	4,277,543	2,532,380	30,322,692	3,413,421
2001	3,122	330,148	9,258	388,883	4,542,000	2,409,131	31,777,101	3,493,458
2002	2,331	245,658	8,833	367,165	5,126,000	2,420,032	33,561,715	3,593,792
2003	2,604	258,268	9,687	419,629	5,751,000	2,445,954	35,715,595	4,165,295
2004	2,983	290,121	9,972	436,447	N/A	2,379,732	39,116,262	4,491,368

*(a) Estimated actual value.**Source: (1) Federal Deposit Insurance Corporation website (Summary of Deposits: Summary Tables Report).*

ANNE ARUNDEL COUNTY, MARYLAND

PRINCIPAL TAXPAYERS

Year Ended June 30, 2004 (Unaudited)

NAME OF TAXPAYER	<i>Assessed Valuation</i>	<i>County Taxes</i>	<i>Percentage of Valuation</i>
Baltimore Gas and Electric Company	\$ 993,456,680	\$ 23,439,889	5.95%
Verizon	249,089,820	5,652,029	1.44%
Arundel Mills Limited Partnership (Arundel Mills Mall)	225,879,898	2,228,620	0.57%
Annapolis Mall Limited Partnership (Annapolis Mall)	195,104,766	1,875,355	0.48%
TKL East (Marley Station Mall)	96,754,766	924,008	0.23%
Wal-mart Stores Inc.	77,630,031	823,910	0.21%
Northrop Grumman Corp.	66,196,400	863,279	0.22%
Parole Town Center Associates LTD Partnership	53,103,985	507,746	0.13%
Baywoods Cooperative Aparments LLC	49,300,000	470,815	0.12%
Harbour Gates Inc. (Harbour Gates Apts)	43,077,697	411,392	0.10%
	<u>\$ 2,049,594,043</u>	<u>\$ 37,197,043</u>	<u>9.45%</u>

ANNE ARUNDEL COUNTY, MARYLAND

RATIO OF BONDED DEBT TO ASSESSED VALUE AND BONDED DEBT PER CAPITA

Last Ten Fiscal Years (Unaudited)

	General Bonded Debt				
	County	Assessed Value	Bonded	Bonded Debt as a	Bonded Debt
	Population	Real & Personal Property(a)	Debt(b)	Percentage of Assessed Value	Per Capita
JUNE 30					
1995	459,275	\$ 12,636,175,683	\$ 329,860,000	2.61 %	\$ 718
1996	465,393	13,008,701,348	357,029,961	2.74	767
1997	470,638	13,398,657,053	328,220,999	2.45	697
1998	475,671	13,702,108,737	365,920,806	2.67	769
1999	482,869	14,102,572,000	338,614,076	2.40	701
2000	489,656	14,661,457,000	362,378,114	2.47	740
2001	494,738	15,119,971,404	376,208,537	2.49	760
2002	499,430	35,981,747,000	433,115,037	1.20	867
2003	506,784	38,161,548,000	493,017,307	1.29	973
2004	508,928	41,495,994,000	499,547,461	1.20	982

	Water and Wastewater Utility Bonded Debt				
	Population	Assessed Value	Bonded	Water & Wastewater Bonded Debt	Water & Wastewater Bonded Debt
	of Sanitary District	Real & Personal Property	Debt	as a Percentage of Assessed Value	Per Capita
JUNE 30					
1995	404,126	\$ 11,688,900,535	\$ 281,084,817	2.40	\$ 696
1996	410,493	12,037,653,067	277,834,169	2.31	677
1997	416,155	12,405,938,017	259,386,468	2.09	623
1998	421,236	12,712,029,169	258,984,357	2.04	615
1999	428,735	13,073,976,000	244,193,416	1.87	570
2000	435,574	13,598,875,000	250,332,953	1.84	575
2001	440,976	14,013,372,079	245,445,754	1.75	557
2002	446,025	33,297,221,000	250,080,210	0.75	561
2003	453,429	35,343,127,000	252,276,280	0.71	556
2004	464,118	38,176,020,000	246,122,194	0.64	530

(a) In the fiscal year which began July 1, 2001, the Maryland Truth in Taxation Act requires that real property be assessed at 100% of market value. Upon becoming effective on October 1, 2000, this legislation provided that real property tax rates generally shall be reduced to 40% of the current rates effective July 1, 2000. The legislation is intended to be revenue neutral.

(b) Amounts do not include Solid Waste Enterprise Fund debt.
Population totals are estimates of County Office of Planning and Zoning.

ANNE ARUNDEL COUNTY, MARYLAND

RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES
BUDGET BASIS

Last Ten Fiscal Years (Unaudited)

YEAR ENDED JUNE 30	<i>Expenditures</i>		<i>Debt Service as a Percentage of Total</i>
	<i>Debt Service (a)</i>	<i>Total General Fund</i>	
1995	\$ 44,027,418	\$ 576,348,550	7.64 %
1996	45,160,093	597,811,719	7.55
1997	47,422,731	610,884,040	7.76
1998	46,255,352	650,462,471	7.11
1999	50,778,143	694,422,159	7.31
2000	54,398,646	772,149,955	7.05
2001	54,390,917	811,622,275	6.70
2002	52,483,995	855,808,317	6.13
2003	57,816,907	887,241,550	6.52
2004	66,711,434	891,954,099	7.48

(a) Includes debt service costs classified as Education and Higher Education expenditures in the basic financial statements.

ANNE ARUNDEL COUNTY, MARYLAND

COMPUTATION OF LEGAL DEBT MARGINS

June 30, 2004 (Unaudited)

	<i>General Bonded Debt</i>	<i>Water & Wastewater Utility Bonded Debt</i>
Assessed value of real property (1)	\$39,116,262,395	\$35,942,033,287
Bonded debt limit to assessed value	<u>5.2%</u>	<u>5.6%</u>
Bonded debt limit of real property	2,034,045,645	2,012,753,864
Assessed value of personal and operating real property	\$2,379,731,960	\$2,233,986,810
Bonded debt limit to assessed value	<u>13%</u>	<u>14%</u>
Bonded debt limit of personal property	<u>309,365,155</u>	<u>312,758,153</u>
Legal limitation for the borrowing of funds and issuance of bonds	2,343,410,800	2,325,512,017
Bonded debt applicable to debt limit (2)	499,547,461	246,122,194
Bonded debt for solid waste projects (3)	23,082,539	-
Bond anticipation notes (3)	33,500,000	19,000,000
Legal debt margin	<u>\$ 1,787,280,800</u>	<u>\$ 2,060,389,823</u>

(1) In the fiscal year which began July 1, 2001, the Maryland Truth in Taxation Act requires that real property be assessed at 100% of market value. Upon becoming effective on October 1, 2000, this legislation provided that real property tax rates generally shall be reduced to 40% of the current rates effective July 1, 2000. The legislation is intended to be revenue neutral.

(2) See Note 5 of the General Purpose Financial Statements for explanations of the bonded debt limits.

(3) This presentation of debt for self-liquidating solid waste projects and bond anticipation notes is made to provide a conservative statement of indebtedness that evidences compliance with the 5.2% and 5.6% debt limitation.

ANNE ARUNDEL COUNTY, MARYLAND

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2004 (Unaudited)

	<i>Net Debt Outstanding</i>	<i>Percentage Applicable to Anne Arundel County</i>	<i>Amount Applicable to Anne Arundel County</i>
JURISDICTION			
Anne Arundel County	\$ 836,088,908	100.00%	\$ 836,088,908
City of Annapolis	<u>30,060,941</u>	100.00	<u>30,060,941</u>
	<u>\$ 866,149,849</u>		<u>\$ 866,149,849</u>

ANNE ARUNDEL COUNTY, MARYLAND

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years (Unaudited)

FISCAL YEAR	<i>April 1</i>	<i>Per Capita</i>	<i>Public</i>	<i>Public School</i>	<i>Unemployment</i>
	<i>Population (a)</i>	<i>Income (b)</i>	<i>High School Graduates (c)</i>	<i>Enrollment (d)</i>	<i>Rate (e)</i>
1995	459,275	\$ 26,726	4,020	71,613	4.10 %
1996	465,393	27,810	3,569	72,542	4.10
1997	470,638	29,282	3,777	73,515	3.80
1998	475,671	30,957	3,942	74,097	3.70
1999	482,869	32,210	4,128	74,663	3.20
2000	489,656	33,908	4,324	74,495	2.90
2001	494,738	35,324	4,517	75,094	2.80
2002	499,430	36,665	4,553	75,237	3.10
2003	506,784	37,045	4,690	75,932	3.60
2004	508,928	41,940	4,774	72,602	3.40

Sources:

(a) Population for 2000 is from U.S. Bureau of the Census. Remaining years are estimates derived by the Anne Arundel County Office of Planning and Zoning.

(b) U.S. Bureau of Economic Analysis and the Anne Arundel County Office of Planning and Zoning.

(c) Maryland State Department of Education and the Anne Arundel County Board of Education.

(d) Anne Arundel County Board of Education.

(e) Maryland Department of Labor.

ANNE ARUNDEL COUNTY, MARYLAND

MISCELLANEOUS STATISTICAL DATA

June 30, 2004 (Unaudited)

Date of Incorporation	1650	Education	
Date of present Charter	1965	Number of schools (public)	116
Form of Government	County Executive/County Council	High schools	13
Area--square miles	416	Middle schools	20
County maintained roads and streets--miles	1,751	Elementary schools	78
Recreation--County owned facilities		Special education and vocational	5
Open space--acres	5,240	Number of teachers, principals, assistant principals, guidance counselors, psychologists, and instructional assistants	6,389
Playgrounds and parks--acres	5,647	Other Staff	1,897
Baseball/softball fields	210	Number of students	72,602
Football fields	162	Community College	
Basketball courts	113	Number of locations	90
Tennis courts	214	Classrooms--square feet	60,000
Playgrounds	94	Faculty--full time	220
Police protection		Faculty--part time	400
Uniformed police officers	667	Full time equivalent students	10,000
School crossing guards	198	Libraries	
Civilians	237	Full service libraries	15
Police vehicles		County owned water and wastewater facilities:	
Patrol	414	Water	
Other	260	Miles of mains	1,175
Police facilities	10	Water treatment plants	14
Detention Center	2	Water consumption--daily(MGD)	30.7
Detention Center officers	275	Number of customers	100,427
Fire protection		Wastewater	
Uniformed firefighters	653	Miles of mains	1,179
Volunteers--(estimated)	510	Wastewater treatment plants	7
Civilians	23	Wastewater pumping stations	243
County owned stations	17	Wastewater treated daily--County(MGD)	35.2
Volunteer stations	12	Wastewater treated daily--Baltimore(MGD)	3.6
Equipment		Number of customers	108,017
Pumpers/tankers	60	Total number of water and wastewater customers	119,401
Ladder trucks/squads	22		
Paramedic units / Ambulances	41		
Population (U.S. census)			
1950	117,392		
1960	206,634		
1970	298,042		
1980	370,775		
1990	427,239		
2000	489,656		
Current estimate	508,928		

Source: Office of Budget

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