

Anne Arundel County, Maryland

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2007

County Executive

John R. Leopold

County Council

Ronald C. Dillon, Jr. – Chairperson
C. Edward Middlebrooks – Vice-Chairperson
Daryl Jones
G. James Benoit, Jr.
Cathleen M. Vitale
Joshua J. Cohen
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, 2007**

Table of Contents

Introductory Section

<i>Transmittal Letter</i>	1
<i>GFOA Certificate of Achievement</i>	7
<i>Organizational Chart</i>	8

Financial Section

<i>Independent Auditor's Report</i>	9
<i>County Auditor's Report</i>	11
<i>Management Discussion and Analysis</i>	13

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Assets	28
Statement of Activities	30

Fund Financial Statements

Balance Sheet - Governmental Funds	32
Reconciliation of Governmental Fund Balance to Governmental Net Assets - Governmental Funds	33
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	34
Reconciliation of Changes in Fund Balances to Changes in Net Assets - Governmental Funds	35
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	36
Statement of Net Assets - Proprietary Funds	37
Reconciliation of Enterprise Funds Net Assets to Business-type Net Assets	38
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	39
Statement of Cash Flows - Proprietary Funds	40
Statement of Fiduciary Net Assets - Fiduciary Funds	42
Statement of Changes in Fiduciary Net Assets - Pension Trust Funds	43

<i>Notes to the Basic Financial Statements</i>	44
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Required Supplementary Information

<i>Schedule of Funding Progress for Single Employer Defined Benefit Pension Plans</i>	70
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Combining Fund Statements, Budgetary Statements, and Other Supporting Schedules

Detail Schedule of Revenues - Estimated and Actual - General Fund	72
Detail Schedule of Appropriations, Expenditures, and Encumbrances - General Fund	74

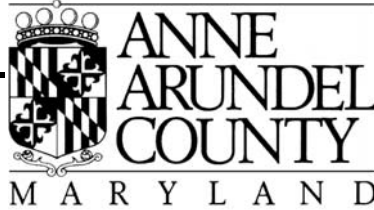
Combining Fund Statements

Combining Balance Sheet - Nonmajor Governmental Funds	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	82
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Funds	86
Schedule of Revenues and Expenditures - Budget and Actual - Roads and Special Benefit Districts	92
Schedule of Funding Sources Authorized - General County Capital Projects	94
Schedule of Appropriations, Expenditures, and Encumbrances - General County Capital Projects	96
Schedule of Revenues and Expenditures - Budget and Actual - Erosion District Funds	98
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Debt Service Funds	99
Schedule of Revenues and Expenditures - Budget and Actual - Special Taxing Districts	102
Combining Statement of Net Assets - Water and Wastewater Fund	104
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Water and Wastewater Fund	105
Combining Statement of Cash Flows - Water and Wastewater Fund	106
Schedule of Revenues, Expenses, and Encumbrances - Budget and Actual - Enterprise Funds	108
Schedule of Funding Sources Authorized and Realized - Enterprise Funds Capital Projects	110
Schedule of Appropriations, Expenditures, and Encumbrances - Enterprise Funds Capital Projects	112

**Anne Arundel County, Maryland
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2007**

Table of Contents (continued)

Combining Statement of Net Assets - Internal Service Funds	114
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Internal Service Funds	115
Combining Statement of Cash Flows - Internal Service Funds	116
Schedule of Revenues, Expenses, and Encumbrances - Budget and Actual - Internal Service Funds	117
Combining Statement of Plan Net Assets - Pension Trust Funds	120
Combining Statement of Changes in Net Assets - Pension Trust Funds	121
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	122
<i>Component Unit Financial Statements</i>	
Combining Statements	
Combining Statement of Net Assets - Nonmajor Component Units	124
Combining Statement of Activities - Nonmajor Component Units	126
Library Component Unit Fund Financial Statements	
Balance Sheet	128
Statement of Revenues, Expenditures, and Changes in Fund Balances	129
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	130
<i>Other Schedules</i>	
Details of Long-term Debt and Interest	132
Schedule of Debt Service Requirements for Long-term Debt and Interest	136
Statistical Section	
<i>Net Assets by Category</i>	141
<i>Changes in Net Assets</i>	142
<i>Fund Balances, Governmental Funds</i>	144
<i>Changes in Fund Balances, Governmental Funds</i>	145
<i>Taxable Assessed Value and Estimated Actual Value of Property</i>	146
<i>Direct and Overlapping Property Tax Rates</i>	147
<i>Principal Property Tax Payers</i>	148
<i>Property Tax Levies and Collections</i>	149
<i>Ratio of Outstanding Debt by Type</i>	150
<i>Ratios of General Bonded Debt Outstanding</i>	151
<i>Direct and Overlapping Governmental Activities Debt</i>	152
<i>Legal Debt Margin</i>	153
<i>Pledged Revenue Bond Coverage</i>	154
<i>Demographic and Economic Statistics</i>	155
<i>Principal Employers</i>	156
<i>County Government Employees by Function</i>	157
<i>Operating Indicators by Function / Program</i>	158
<i>Capital Asset Statistics by Function</i>	159



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December 14, 2007

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, 2007. 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 2007.

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, Teresa Sutherland. 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. Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

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.

ANNE ARUNDEL COUNTY

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 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 childcare facilities are operated as business-type activities.

Economic Condition and Outlook

Anne Arundel County has one of the strongest economies in Maryland and continues to be a leader for job growth in the State. The County is fortunate to have a diverse economic base ranging from a strong government sector supported by the presence of Fort George G. Meade and the National Security Agency, a healthy tourism sector, and a growing professional and business service sector. Anne Arundel County is also home to the Baltimore/Washington International Thurgood Marshall Airport, one of the State's most important economic engines.

One key driver of the County's strong economic performance is federal procurement spending. According to the most recent U.S. Census Bureau data, Anne Arundel County ranks third among Maryland counties for defense procurement dollars spent, receiving \$1.5 billion in defense procurement contracts. This represents an increase of 35.6% over the previous fiscal year. The County will continue to sustain this growth as Fort George G. Meade receives 5,695 new direct jobs over the next five to seven years as a result of the Base Realignment and Closure process (BRAC). The BRAC process represents the largest single employment growth activity in Maryland since World War II. The National Security Agency (NSA) is also on track to hire 4,000 additional personnel over the next five to seven years. Additional growth of 10,000 personnel is projected as contractors cluster around Fort Meade to support NSA and other government agencies located on the base. This contractor growth will be accommodated by the Enhanced Use Lease (EUL) project which will add an additional two million square feet of office space. It is estimated that BRAC-related activities will add \$1 billion to Ft. Meade's economic impact in the County, bringing the total impact of the federal campus to \$5 billion annually.

Anne Arundel County continues to sustain a healthy tourism sector as people visit the County to enjoy the 524 miles of shoreline, the historic Annapolis area, the annual boat shows and many festivals and the myriad shopping choices the County has to offer. Anne Arundel County is ranked number one in the State of Maryland for tourism. Travelers spend an estimated \$1.8 billion in Anne Arundel County, representing 17.1% of the total State tourism dollars spent, the largest share in the State. These visitors generate \$183.0 million in state and local tax revenue. The tourism industry directly employs 28,595 people in Anne Arundel County and generates \$644.7 million in wages for the County. To accommodate the tourism growth in the County, six new hotels opened in FY2007 and currently there are an additional 15 hotels in the planning or construction phase.

The Baltimore/Washington International Thurgood Marshall Airport (BWI) is another important economic driver for Anne Arundel County. BWI supports 10,659 direct jobs in the County and generates \$5.1 billion in business revenues for Maryland. Airport activities generate \$153 million in state and local tax revenue. The

ANNE ARUNDEL COUNTY

first major phase of the \$1.4 billion improvement and expansion program at BWI was completed in late 2006, adding additional parking, improved infrastructure, consolidated rental car facilities and additional gates to accommodate Southwest Airline's growth. With this phase complete, the focus has shifted to improving safety, security and efficiency to ensure that BWI will be prepared for future growth and continue to be a leading airport in the region. BWI set a record for passenger traffic in 2006, serving more than 20.7 million passengers.

During 2006, Anne Arundel County sustained positive trends in employment and job growth. The County's unemployment rate averaged 3.3%, which is below the State of Maryland at 3.9% and well below the National average of 4.5%. Anne Arundel County's job growth remained robust with 3,585 additional people on the payrolls. The County's 14,343 businesses employed some 225,000 workers in industry sectors ranging from professional and business services, trade and transportation, leisure and hospitality to financial and education and health services. The largest job gains in the County in 2006 were professional and business services (+1,910), government (+1,552) and education and health services (+1,115).

Anne Arundel County has proven it is an economic engine for the State of Maryland and the region. This is evidenced by consistent job growth, a low unemployment rate, and industry growth across most sectors. Anne Arundel County's proximity to Washington and Baltimore, coupled with the attractive quality of life and access to a highly skilled workforce, will ensure that the County will experience a healthy economy as businesses continue to choose the County 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 and its Foundation, 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 (annually appropriated major governmental fund) and certain special revenue funds (annually appropriated non-major governmental 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

ANNE ARUNDEL COUNTY

Loan Program, Roads and Special Benefits, Piney Orchard Wastewater Service, Local Management Board, Inmate Benefit and Morale, Reforestation, Laurel Racetrack Community Benefit, Workforce Development, and Arundel Development Community Services (refer to budgetary comparisons on Pages 84-88). An annual budget (appropriated annually) is also adopted for the following debt service funds: Nursery Road Tax Increment District, West County Tax Increment District, Arundel Mills Tax Increment District, Parole Tax Increment District, Park Place Tax Increment District, Special Taxing Districts, and Installment Purchase Agreements (refer to budgetary comparisons on Pages 97-99). 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. Management cannot overspend the budget without the approval of the governing body. 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 Stabilization Fund

The balance of the Revenue Stabilization Fund was \$ 44,952,851 at June 30, 2007. 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 Stabilization Fund as a percentage of the total general fund appropriation. The legislation provides that the amount of the annual appropriation to the Revenue Stabilization Fund may not cause the sum of the balance of the Revenue Stabilization 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 Stabilization 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.

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. However, for reporting periods beginning after December 15, 2006, the County will need to implement Governmental Accounting Standards Board (GASB) Statement #45 providing guidance to employers who offer other post employment benefits (OPEB). Thus, in the fiscal year ended June 30, 2008, the County will report the liability for OPEB.

Long-Term Financial Planning

As part of the County's long-term financial planning, revenues are projected over a number of years and compared with expenditure levels based on certain assumptions, including maintenance of effort service levels, enhanced service levels, and factoring in inflation, the fiscal impact of negotiated labor agreements, health and pension costs, etc. The capital budget and improvement program covers six years and the impact of improvements on the County's operating budget is also factored in expenditure projections. The County's debt affordability model is based upon six-year projections of operating revenue, property assessments, personal income and population. In recent years, the County has provided pay-go funding for capital projects using excess revenues from property recodation and transfer taxes.

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, 2006. This was the twenty-sixth 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.

ANNE ARUNDEL COUNTY

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 his 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., CGFM
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, 2006

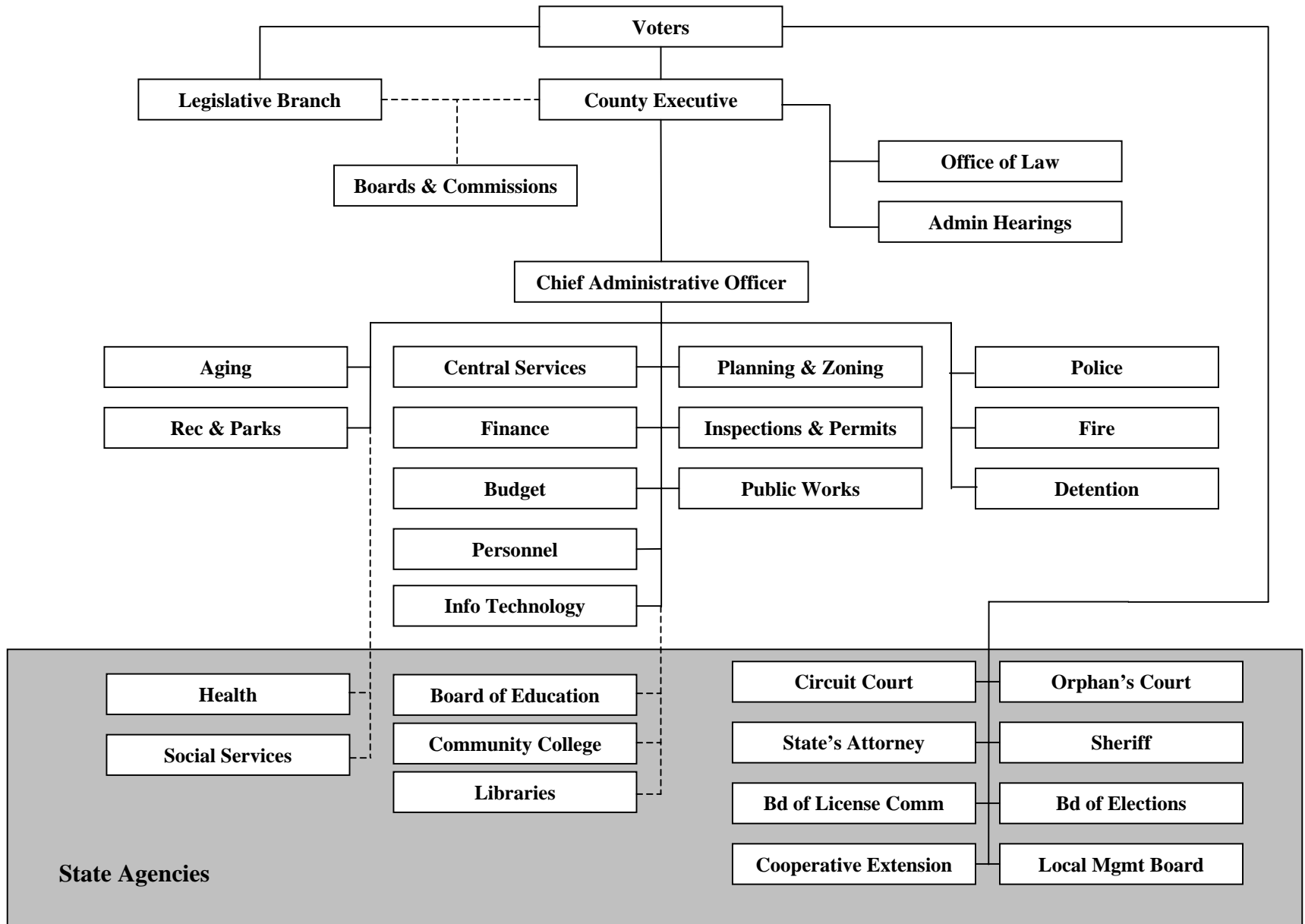
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

Anne Arundel County, Maryland



Independent Auditor's Report

The County Executive and
the Honorable 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, 2007, 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; and (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, 53 percent, and 30 percent, respectively, of the assets, net assets and revenues of the other nonmajor component units. 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, 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, 2007, 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.

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 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 introductory section and combining fund statements, budgetary statements, and other supporting schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund statements, budgetary statements, and other supporting schedules section 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 and statistical sections 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2007 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Clifton Henderson LLP

Baltimore, Maryland
December 14, 2007



**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 Anne Arundel County, Maryland (the County), as of and for the year ended June 30, 2007, 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, 53 percent, and 30 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 the 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, 2007, 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.

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 and the other auditors 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 introductory section and combining fund statements, budgetary statements, and other supporting schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund statements, budgetary statements, and other supporting schedules section 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 and statistical sections 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2007 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 *Government Auditing Standards* and should be considered in assessing the results of our audit.

Annapolis, Maryland
December 14, 2007



Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2007

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, 2006 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, recreation and community services, 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 operations 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 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 the intended

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2007

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, and Central Garage Funds. The Print Shop Fund was closed at beginning of the fiscal year. 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 form the Retirement System Pension Trust Fund are included in this category. In addition, this category includes agency funds that 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 third 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

Overall Financial Position – During fiscal year 2007 the County's net assets resulting from governmental activities have increased by \$48.3 million. All three components of net assets reflect this increase. Capital assets, net of related debt increased by \$29.1 million, restricted net assets increased \$12.9 million, and unrestricted net assets increased \$6.4 million. In fiscal year 2007 results for the County's business-type activities increased \$32.8 million, or 3%. This increase was generated by additional capital assets of \$17 million, additional restricted net assets of \$9.5 million, and an increase in the unrestricted net assets of \$6.4 million. The capital asset increase is modest compared to prior years. The restricted net assets increase occurred as the balances set aside for debt service payments increased by \$7.9 million, and the \$6.4 million increase in unrestricted net assets occurred as the landfills

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2007

reserve estimates were significantly reduced.

Changes to Statement of Net Assets' Components - In governmental activities the increase in total assets of \$111.2 million outpaced the increase in total liabilities of \$62.9 million. The current assets and current restricted assets increased by \$50.6 million (17%) and \$27 million (16%), respectively, while the capital assets increased by \$33.7 million, or 4%. The increases in the two current categories were seen across the board in cash, accounts receivable, and other assets.

While the assets increased by 8%, so did the liabilities, which rose \$62.9 million. The increases occurred in current liabilities by \$14.5 million (9%), current restricted liabilities by \$650,097 (2%), and noncurrent liabilities by \$47.8 million (8%). The current liabilities' increases were apparent in most categories; the increase in current liabilities was primarily the result of an additional \$7.8 million due to the component units for capital projects. The increase in noncurrent liabilities was caused by additional net debt in fiscal year 2007, in which \$92.4 million in debt was issued and \$48.3 million was liquidated.

Net assets related to business-type activities increased \$32.8 million or 3% in fiscal year 2007, which is consistent with the increase in fiscal year 2006 of \$30.1 million. Assets increased by \$81.7 million, while liabilities increased by \$48.9 million. Asset increases were primarily caused by the net change of \$45 million in restricted current assets. This increase is due to the significant increase in cash reserved for debt service and capital projects of \$28.4 million and \$13.5 million, respectively. Because of a planned wastewater connection price increase in fiscal year 2008, many developers paid the connection fees in June to obtain the lower rate. Approximately \$20 million in connection fees were collected through this prepayment program. The capital projects cash increase was due to the additional fiscal year 2007 funding added to capital projects coupled with a reduced number of closed projects.

The \$48.9 million increase in business-type liabilities was caused by increases in both current restricted liabilities of \$16.1 million and noncurrent liabilities of \$33.6 million. Current restricted liabilities increased primarily because the prepaid connection fees discussed above were deferred on the balance sheet for recognition in subsequent years. The increase in noncurrent liabilities was caused by the increased outstanding amount for general obligation bonds, which increased by \$31.7 million from fiscal year 2006.

Significant changes in revenues and expenses – Fiscal year 2007 showed continuing growth in property and sales taxes as the economy continued to improve. Significant Federal defense and intelligence presence help support this growth. However, the rising interest rates caused a slow down in the real estate market, which had a negative impact on the recordation and transfer taxes collected by the County. General revenues in governmental activities increased \$58 million, or 6% from fiscal year 2006. The County experienced growth in property tax revenues of \$32.8 million, or 8% and local income taxes of \$38.7 million (11%). Recordation and transfer taxes declined by \$20.7 million, or 16%.

The governmental activities' program revenues increased by \$13 million. This change comprises an increase in charges for services of \$6 million, or 7%, an increase in operating grants and contributions of \$3.3 million, or 4%, and an increase in capital grants & contributions of \$3.7 million, or 10%. The modest increases in these categories occurred in most sources.

The business-type activities show an increase in total program revenue of \$1.2 million. There was an increase in charges for services of \$2.1 million, or 2%, while the capital grants and contributions declined by \$913,013. The decline in the real estate market has resulted in fewer capital connections to the water and waste water system, which has caused a slow down in capital connection revenue. General revenue sources have increased by \$926,772, a 5% increase from the previous year.

Business-type expenses declined by \$586,515 from the previous year expenses. The water and wastewater expenses increase of \$6 million and the Child Care Fund increase of \$251,699 were offset by the decline in waste collection costs of \$6.9 million. The decline was due to the downward adjustment to landfill closure and post closure reserves.

Changes to debt – The County's total bonded debt balance increased by \$75.4 million in fiscal year 2007.

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2007

The County issued \$92.4 million of bonds for governmental activities and \$46 million for business-type activities. Of the issue of \$138.4 million, \$59 million of the proceeds were used to liquidate BANS issued in April of 2006, and \$79.4 million was used to fund ongoing capital projects. The County issued \$58 million of BANS in April 2007 to fund capital expenditures in fiscal year 2008. Of this amount, \$39 million is related to governmental activities, including education, public safety, infrastructure improvements, recreation, libraries, and general government improvements. The business-type activities received the remaining \$19 million of proceeds, which will be used for utility and waste collection improvements.

Factors Affecting Comparability – As discussed in the footnotes to the basic financial statements, there were adjustments to beginning net assets. In addition, there was a minor change to the presentation in the fiscal year 2007 Statement of Net Assets for business-type activities, in which the current portion of a note receivable was moved to the current asset category. Therefore, the fiscal year 2006 amounts were adjusted herein to enhance comparability.

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.

Anne Arundel County, Maryland						
Condensed Statement of Net Assets						
	Governmental		Business-type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Assets:						
Current	\$ 352,899,757	\$ 302,284,316	\$ 57,059,461	\$ 47,905,265	\$ 409,959,218	\$ 350,189,581
Restricted - Current	199,436,686	172,466,220	208,532,413	163,551,070	407,969,099	336,017,290
Restricted - Noncurrent	-	-	56,091,505	60,097,862	56,091,505	60,097,862
Capital	991,557,618	957,897,959	1,082,832,441	1,051,247,029	2,074,390,059	2,009,144,988
Total	<u>1,543,894,061</u>	<u>1,432,648,495</u>	<u>1,404,515,820</u>	<u>1,322,801,226</u>	<u>2,948,409,881</u>	<u>2,755,449,721</u>
Liabilities:						
Current	167,538,631	153,061,655	51,116,773	51,943,720	218,655,404	205,005,375
Restricted - current	41,065,594	40,415,497	37,220,616	21,144,496	78,286,210	61,559,993
Noncurrent	667,074,340	619,286,809	334,591,494	300,945,153	1,001,665,834	920,231,962
Total	<u>875,678,565</u>	<u>812,763,961</u>	<u>422,928,883</u>	<u>374,033,369</u>	<u>1,298,607,448</u>	<u>1,186,797,330</u>
Net Assets:						
Invested in capital assets, net of related debt	591,560,429	562,505,745	780,708,037	763,729,810	1,372,268,466	1,326,235,555
Restricted	177,126,422	164,234,565	184,510,742	174,990,646	361,637,164	339,225,211
Unrestricted	(100,471,355)	(106,855,776)	16,368,158	10,047,401	(84,103,197)	(96,808,375)
Total	<u>\$ 668,215,496</u>	<u>\$ 619,884,534</u>	<u>\$ 981,586,937</u>	<u>\$ 948,767,857</u>	<u>\$ 1,649,802,433</u>	<u>\$ 1,568,652,391</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 obligations 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.

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2007

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 of governmental activities are \$50.6 million higher in fiscal year 2007 primarily due to an increase in the State income tax receivable of \$20.1 million and higher cash balances in the County's Self Insurance and Health Insurance funds. The business-type activities increased its current assets of \$9.2 million, due to higher levels of cash.

Restricted assets in governmental activities increased by \$27 million as cash in the capital projects fund continues to build. County funding of bond proceeds and paygo has not yet been tapped for construction costs. The fluctuation in current restricted assets in business-type activities is \$45 million, or 28%. This substantial increase is a result of growing cash balances in the cash reserved for utility debt service, a \$28 million increase, and the cash used for utility capital projects, an increase of \$13.5 million. The pending rate increases for wastewater connection fees discussed earlier and the growing and untapped cash balances in the capital projects fund are the causes.

Restricted noncurrent assets in business-type activities decreased by \$4 million from fiscal year 2006, which is a 7% decrease. 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 are 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 in advance.

The governmental capital assets net balance increased by \$33.7 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 \$31.6 million, or 3%. These capital asset fluctuations are consistent with the increases in the prior year. In reviewing the categories of fixed assets, the primary cause for the increase in governmental capital assets was the completion of the Compass Pointe Golf Course improvements and the renovations of Bates High School.

Current liabilities for governmental activities increased by \$14.5 million, or 9% from the previous fiscal year. The increase was caused by increases in accrued liabilities of \$4.8 million, increases in the current portion of long-term debt and additional outstanding bond anticipation notes of \$1 million from the previous year. The current liabilities in business-type activities decreased by \$826,947, or 2%, from fiscal year 2006. Modest increases in most current liability categories were offset by a \$2.5 million decrease in Solid Waste bond anticipation notes from fiscal year 2006.

Restricted current liabilities for governmental activities increased \$650,097, or 2% from fiscal year 2006. The increase was caused by a \$7.5 million increase in the amount due to the Board of Education at year end for capital projects in process and modest increases in other liabilities, offset by a \$7.4 million decrease in accrued liabilities for General County, Highways, and Recreation capital projects. Restricted current liabilities for business-type activities increased by \$16.1 million, or 76%. The prepaid wastewater connection fees discussed earlier were substantially deferred into subsequent years, which has caused restricted deferred revenue to increase by \$18.3 million.

Noncurrent liabilities consist of bonded debt, self insurance reserves, loans, capital leases, and other liabilities. These liabilities increased \$47.8 million, or 8% in governmental activities, and increased by \$33.7 million, or 11% in business-type activities. Both of these increases are substantially higher than the fluctuations noted in the prior year's statements. For governmental activities the net bonded debt balances increased by \$44.2 million. This was due to the new issue of \$92.4 million in fiscal year 2007 exceeding the \$64 million new issue in 2006. Insurance reserves have increased by \$4.5 million due to increases in health care costs and self insurance reserves. The increase noted in the noncurrent liabilities in business-type activities was primarily caused by the fiscal year 2007 bond issue of \$42.5 million, which exceeded the 2006 issue of \$21 million.

The components of governmental and business-type net assets were discussed in the financial highlights above. It should be noted the negative unrestricted net assets in governmental activities have increased from (\$106.9) million to (\$100.5) million, an increase of 6%. It is important to note that although Counties in the State of

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2007

Maryland issue debt for the construction of schools, the schools are owned by the local Boards 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 County assets. 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 \$100.5 million reflects this treatment. The Board of Education and Community College capital net assets of approximately \$608.2 million and \$61.8 million, respectively, are evidence of the significant level of capital assets that were constructed primarily from County incurred debt.

For the reasons noted in the previous paragraph, a negative balance in unrestricted net assets does not constitute concern. However, the trend of the negative amount should be analyzed. The table below shows the fluctuations in this balance over the past few years. Recent financial trends have been favorable for the County and fiscal year 2007 results present continued evidence of that strength. The growth in net assets overall appear to have benefited all categories of net assets equally in fiscal year 2007. Capital assets, restricted, and unrestricted increased 5%, 5%, and 6%, respectively.

<u>Fiscal year</u>	<u>Balance (in millions)</u>	<u>Fiscal year</u>	<u>Balance (in millions)</u>	<u>Fiscal year</u>	<u>Balance (in millions)</u>
2001	\$ (54.1)	2004	\$ (99.1)	2006	\$ (106.9)
2002	(80.4)	2005	(69.4)	2007	(100.5)
2003	(108.4)				

The schedule on the next page 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 amounts from the previous fiscal year. An analysis of this information is as follows.

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 \$70.9 million, which is a 6% increase from the previous year. Except for a decline in recordation and transfer taxes, all sources have increased. While property taxes and local income taxes have continued recent growth, the recordation and transfer taxes have actually decreased from fiscal year 2006 as the real estate market has substantially slowed. Fiscal year 2007 recordation and transfer taxes show a return to more normal levels of this source. Since property and local income tax rates were not raised in fiscal year 2007, increases of \$32.8 million and \$38.7 million, respectively, are evidence of continued improvement in the County's economy. Due to the sizable increase in the assessable property tax base, the Charter-imposed property tax cap calculation required the property tax rates to decline slightly in fiscal year 2006 and in fiscal year 2007.

The expenses of the governmental activities increased by \$84.9 million, or 8% from fiscal year 2006. Most functional categories of expenditures have increased; however, the more notable fluctuations were in Education, General government, Public works, and Land use. Education expenses increased \$59 million, or 11% from fiscal year 2006. This was primarily caused by payments to or on behalf of the Board of Education for operations and capital improvements, which increased by \$39.7 and \$12.7 million, respectively. General government expenses increased \$12.3 million, 14% more than the prior year. Public works expenses decreased by \$1.2 million in fiscal year 2007. In fiscal year 2006 there was a substantial amount of expenses related to closing capital projects in which the costs had been categorized as work in progress. The comparable amount in fiscal year 2007 is lower by \$4.7 million. Land use and development expenses also decreased by \$1.1 million, an 11% decline. The Land Use Office was closed during fiscal year 2007 and operating costs associated with this ongoing function were transferred to other departments.

In business-type activities there was a modest increase in charges for services of \$2.1 million, or 2% in fiscal year 2007. Capital grants and contributions dropped by \$913,013, or 2% from the previous year. There has been a decline in the revenue received from water and wastewater connection fees due to the slow down in the real estate market. Investment income increased \$595,434, or 6% from fiscal year 2006 to 2007. Modest increases in interest rates have caused this fluctuation.

Business-type expenses indicate water and wastewater activities increased by \$6 million, or 6%, waste collection activity decreased \$6.9 million, or 14%, and child Care activities increased by \$251,699, or 10%. The

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2007

decrease in waste collection activities was primarily caused by changes in landfill closure and post closure estimates, which were adjusted downward in fiscal year 2007 by \$2.2 million, compared to an additional charge of \$5.8 million in the previous year.

Anne Arundel County, Maryland						
Statement of Activities						
	Governmental		Business type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Program revenues:						
Charges for services	\$ 89,519,721	\$ 83,563,485	\$ 115,583,882	\$ 113,444,032	\$ 205,103,603	\$ 197,007,517
Operating grants & contributions	89,644,284	86,392,388	-	-	89,644,284	86,392,388
Capital grants & contributions	41,767,457	38,022,877	43,077,787	43,990,800	84,845,244	82,013,677
	<u>220,931,462</u>	<u>207,978,750</u>	<u>158,661,669</u>	<u>157,434,832</u>	<u>379,593,131</u>	<u>365,413,582</u>
General revenue:						
General property taxes	470,163,256	437,323,072			470,163,256	437,323,072
Local income taxes	378,250,270	339,522,458			378,250,270	339,522,458
State shared taxes	7,191,853	7,119,854			7,191,853	7,119,854
Recordation & transfer taxes	109,257,440	129,932,542			109,257,440	129,932,542
Local sales taxes	36,546,370	34,175,913			36,546,370	34,175,913
Investment income	13,262,845	10,594,765	9,841,180	9,245,746	23,104,025	19,840,511
Other revenue	1,968,910	45,417	8,019,340	7,688,002	9,988,250	7,733,419
	<u>1,016,640,944</u>	<u>958,714,021</u>	<u>17,860,520</u>	<u>16,933,748</u>	<u>1,034,501,464</u>	<u>975,647,769</u>
Total revenues	<u>1,237,572,406</u>	<u>1,166,692,771</u>	<u>176,522,189</u>	<u>174,368,580</u>	<u>1,414,094,595</u>	<u>1,341,061,351</u>
Expenses:						
Education	604,272,803	545,274,308			604,272,803	545,274,308
Public safety	211,406,101	208,105,539			211,406,101	208,105,539
General government	99,787,089	87,480,194			99,787,089	87,480,194
Health & human services	77,363,293	72,130,374			77,363,293	72,130,374
Public works	61,128,634	62,299,800			61,128,634	62,299,800
Recreation & community services	56,820,623	53,132,411			56,820,623	53,132,411
Judicial	21,449,798	20,647,728			21,449,798	20,647,728
Code enforcement	11,455,519	11,175,710			11,455,519	11,175,710
Land use & development	9,343,623	10,456,642			9,343,623	10,456,642
Economic development	3,731,000	3,445,000			3,731,000	3,445,000
Interest expense on debt	32,482,961	30,145,870			32,482,961	30,145,870
Water & wastewater			100,135,704	94,108,900	100,135,704	94,108,900
Waste collection			40,773,206	47,638,224	40,773,206	47,638,224
Child care			2,794,199	2,542,500	2,794,199	2,542,500
Total expenses	<u>1,189,241,444</u>	<u>1,104,293,576</u>	<u>143,703,109</u>	<u>144,289,624</u>	<u>1,332,944,553</u>	<u>1,248,583,200</u>
Change in net assets	48,330,962	62,399,195	32,819,080	30,078,956	81,150,042	92,478,151
Net assets, beg of year, as restated	619,884,534	557,485,339	948,767,857	918,688,901	1,568,652,391	1,476,174,240
Net assets, end of year	<u>\$ 668,215,496</u>	<u>\$ 619,884,534</u>	<u>\$ 981,586,937</u>	<u>\$ 948,767,857</u>	<u>\$ 1,649,802,433</u>	<u>\$ 1,568,652,391</u>

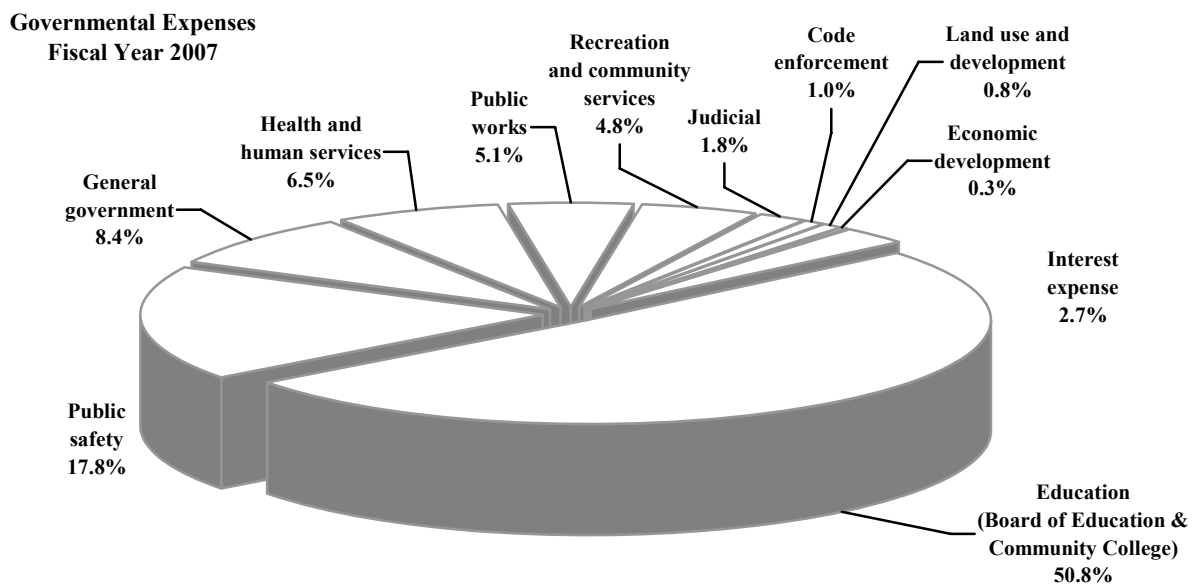
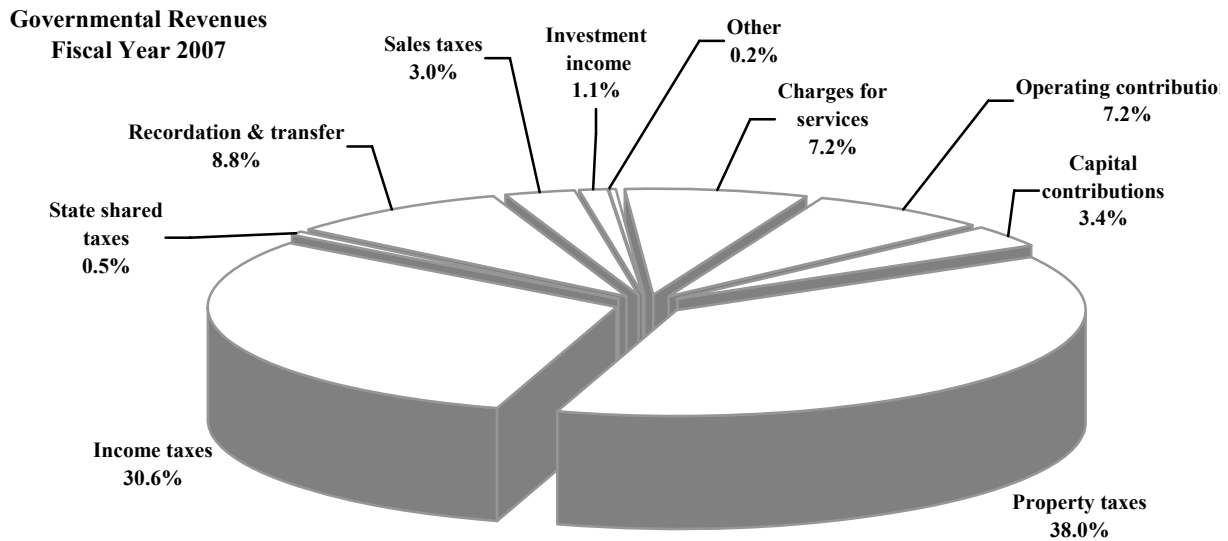
Distribution of Revenues and Expenses

The two pie charts on the next page show the percentage distribution of revenues from governmental activities and the percentage expended on each function, respectively. Discussion of the 2007 distribution and significant changes since 2006 follows.

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 81% of our revenue base, remaining consistent with fiscal year 2006. Charges for services, in which the users pay the County for services obtained, increased as a percent of the total from 7.1% in fiscal year 2006 to 7.2% in 2007. The increase in this revenue source occurred in all functional categories but is primarily from an increase in fees from recreation programs, such as the County's golf courses and swim centers.

An analysis of the percentage distribution of expenses by function revealed that there were no significant changes in any of the functions as a percent of the total. Education expenses increased from 49.4% of total expenses to 50.8%, due to increased capital improvement activity. Education expenses represent those for Anne Arundel Public Schools and Anne Arundel Community College.

Anne Arundel County, Maryland
 Management Discussion and Analysis
 Year Ended June 30, 2007



Fund Statements

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

Governmental Funds:

Total assets in the General Fund increased from \$239.3 million to \$278.5 million, or \$39.1 million, from fiscal year 2006. The increases occurred primarily in cash and investments and local income tax receivable, which increased by \$14.3 million and \$20.1 million, respectively. Total fund balance increased from \$147.2 million to \$164.7 million. The increase in the local income tax receivable balance was mostly offset by the increase in the deferral of this revenue, which is the primary cause of the noted increase in the total liabilities. The increase to cash and fund balances is primarily due to the increase in revenue flows from property taxes and local income taxes of \$30.5 million and \$33.5 million, respectively. These notable increases were offset by a significant decline in the

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2007

recordation and transfer tax revenue of \$20.7 million.

General Fund expenditures increased from \$1,020 million to \$1,101 million, or \$80.8 million. This growth outpaced the revenue increases; however, other sources and uses brought a net \$6.3 million to the General Fund in fiscal year 2007 compared to an net outflow of \$28 million in 2006. This change was caused by a decrease in the amount of pay as you go funding allocated to capital projects, which declined by \$18.9 million, and a \$9.7 million increase in the excess surpluses of governmental funds coming back to the General Fund in fiscal year 2007.

The unreserved and undesignated General Fund balance increased from \$33.1 million in fiscal year 2006 to \$43 million in 2007. Of the \$17.6 million increase in fund balance in fiscal year 2007, \$9.9 million remained in this category. The remaining increase in the General Fund balance was primarily allocated to the Revenue Reserve Fund. This fund increased by \$6.2 million, and the debt service reserve, increased by \$1.9 million from the previous year.

The County has a Revenue Reserve Fund of \$45 million at the end of fiscal year 2007. The growth in this fund from the prior year of \$6.2 million was due to an additional contribution of \$3.9 million in fiscal year 2007 and interest earnings of \$2.3 million. 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 2008 budget provides for an additional \$500,000, the maximum allowed contribution. This fund has been in existence since fiscal year 1994 and has not been utilized by Management.

The General Fund balance sheet also includes a \$6.1 million reserve for debt service. The County received premiums from its March 2006 and 2007 general obligation bond sales. These premiums have been recognized as revenue in the fund statements and will be used to pay interest on the bonds issued as required by restrictions in the bond sale's tax certificate.

The Impact Fees Fund retains developer impact fees until utilized for the construction of capital assets. The total assets and fund balances within this fund are down from \$52.3 million in fiscal year 2006 to \$51.2 million in 2007. Impact fees recognized dropped \$1.8 million, from \$11.1 million in fiscal year 2006 to \$9.3 million in 2007. This decline, due to the slow down in new development, was offset slightly by a \$647,793 increase in investment income. The transfers to other funds appear consistent as \$13.5 million was transferred in fiscal year 2006 compared to \$13.2 million in 2007. However the fiscal year 2006 transfer was used to fund eligible capital projects, while the 2007 transfer consisted of an \$8 million transfer of unused waiver fees to the General Fund and the remaining \$5.2 million to capital projects.

The General County Capital Projects Fund's total assets increased from \$95.1 in fiscal year 2006 to \$117.7 million in 2007, or \$22.6 million. This increase is due to the additional cash in the fund at the end of the fiscal year as fiscal year 2007 bond and BANS issues exceeded the 2006 issues by \$26.9 million. The increased cash balance is the primary cause of the increase in fund balance from \$56.2 million (as restated) in fiscal year 2006 to \$79.1 million in 2007. Liabilities decreased by \$210,780, primarily due to an additional \$7.8 million amount due to the Board of Education for its capital improvement projects offset by decreases in accrued liabilities.

Revenues in the General County Capital Projects Fund declined from \$20.2 million (as restated) in fiscal year 2006 to \$14.7 million in 2007. This was caused by a drop in grant revenues of \$8.9 million in fiscal year 2007. As discussed in the financial highlights section above, a slow down in the receipt of State Program Open Space monies caused this decline. Expenditures in this fund dropped by \$7.3 million. A drop in the capital outlay for County managed projects of \$24.6 million was offset by a \$17.3 million increase in the amounts paid to the Board of Education and Community College.

Proprietary Funds:

The Water and Wastewater Fund's assets, totaling \$1.3 billion at the end of fiscal year 2007, increased by \$78.2 million during fiscal year 2007. The increase was a result of an additional \$41.9 million in cash and investments restricted for debt service and capital projects and a net increase of \$32.5 million in capital assets. Cash increases were a result of the prepaid water and wastewater connection fees mentioned earlier and increases in the

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2007

amount of unspent pay as you go and bond proceeds in the Utility Capital Projects Fund. Capital assets increase each year as capital projects are completed and developer donated water and sewer facilities are added. Liabilities have increased by \$53.7 million. Additional long-term bonded debt and Maryland water quality loans caused this increase. As a result of the changes in assets and liabilities the Water and Wastewater Fund's net assets increased \$24.5 million, or 2.6%.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets shows an increase in operating revenues of \$1.6 million, or 2.3%. Rates for water and wastewater services increased in January 2007. Water rates increased from \$2.00 per thousand gallons to \$2.10 per thousand and wastewater rates increased from \$3.52 per thousand gallons to \$3.70 per thousand. Operating expenses have increased by \$5.7 million, or 6.6%. Nonoperating components also show little change as well as capital contributions, fees and grants, which increased by \$913,013. These contributions represent the capital assets built by developers and fees collected from properties connecting to the County's water and wastewater systems.

The Solid Waste Fund's assets increased by \$3.4 million, or 5.3%. Liabilities decreased by \$4.6 million, primarily due to adjustments in the estimates for landfill closure and post closure reserves, which ended fiscal year 2007 with a balance of \$34.3 million at the end of fiscal year 2007, compared to \$36.5 million at the end of fiscal year 2006. In addition, there were no bond anticipation notes outstanding at the end of fiscal year 2007, compared to \$2.5 million outstanding at the end of 2006.

Operating revenue increased by \$1.5 million. The increase was caused by additional waste collection activity as the rate for household pick-up remained \$275 for both fiscal years 2006 and 2007. Expenses decreased by \$7.3 million, as the adjustment of the landfill reserves declined by \$2.2 million, compared to an increase of \$5.8 million, in fiscal year 2006.

Fiduciary Funds:

Fiduciary funds include the Pension Trust Funds and the Agency Funds. The Pension Trust Funds are presented for the calendar year ended December 31, 2006. Investment growth increased since calendar 2005. The contributions of \$43.2 million during 2006, and the investment activity increase of \$75.6 million, resulted in larger increase in net assets of \$145.5 million, compared to the \$77.7 million in 2005, and \$100.2 million in 2004. Agency funds decreased from \$22.1 million to \$20.5 million. The decrease was caused by the liquidation of the Compass Pointe Golf Escrow, in which the balance of \$897,338 was moved to the General Fund and the decline in Subdivision Deposits and Sediment Control escrow accounts, which have been drawn down by a net \$956,395 during fiscal year 2007.

Budgetary Variations

The budgetary statements of the General Fund show actual revenues of \$1.153 billion compared to budgeted amounts of \$1.106 billion, resulting in \$46.9 million more revenue than anticipated. The most significant budgetary variation within components of revenue was local income taxes, which exceeded budget by \$16.5 million, or 4.8% and interfund recoveries, which exceed budgetary expectation by \$10.8 million, or 40%. Local income taxes were favorable due to continued economic growth in the County. Interfund recoveries were significantly higher due to the fiscal year 2007 transfer of accumulating surpluses from the General County Capital Projects Fund and unspent waiver fees from the Impact Fee Fund.

Functional expenditures were within budget for all categories. Total expenditures on a budgetary basis were \$1.142 billion compared to appropriation authority of \$1.166 billion, resulting in \$23.3 million, or 2%, less than planned. As a result, the amended budget anticipated using fund balance of \$59.7 million; however, \$10.5 million of fund balance was actually added.

The only notable variances in expenditures were Land use and development, which under spent by \$2.3 million or 20.9%; and General government, which under spent by \$8.9 million, or 9.2%. The Land Use and Development Office was closed during fiscal year 2007 and the existing positions and costs were moved to other departments. In anticipation of the closure of this office, many positions were vacant and spending had slowed. The variance in the general government category occurred because the County did not use \$5.9 million of the

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2007

contingency monies set aside in the budget.

In reviewing the changes from the original budget to final budget, the budgeted revenue increased by \$1.0 million for grants and aid due to additional grants available during the fiscal year. The expenditure categories with increases were Education, due to an additional appropriation awarded to the Board of Education of \$1.7 million; Public works of \$2.8 million, for the additional costs associated with snow removal; Judicial, due to additional grants awarded during the year; and Code enforcement, due primarily to the transfer of some functions of the Land Use Office. The budget for certain functional categories declined. These include Health and Human Services because some school-based health programs were transferred to the Board of Education, and Public Safety, general government, and debt service declined, as excess appropriations were moved to departments in need of additional spending authority. Finally, Land use declined due to the closure of the Land Use Office discussed earlier. 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 follows.

Governmental capital assets - Total governmental capital assets show an increase from the prior year of \$33.7 million, or 4%. The table below further shows a \$34.6 million, or 58.7% increase in land improvements. This increase was caused by two recreation capital projects that reached substantial completion during fiscal year 2007. The two projects, East Park and Compass Pointe Golf Course, had incurred costs to date of \$11.9 million and \$24.5 million, respectively. There was a net \$7.8 million increase in the buildings category, which was also caused by two substantially complete projects. These two projects accumulated improvements to Bates High School and totaled \$10.9 million at the end of fiscal year 2007. The infrastructure categories increased \$10.7 million, or 3.8% from completion of capital projects and developer contributions. The increase in automobiles and rolling stock is typical as the County continues to improve its fleet of fire equipment and other rolling stock. Construction in progress has decreased by \$25.7 million, or 14.1%. The continued progress in capital projects was offset by the significant amount of expenditures related to those projects that reached substantial completion during 2007.

Business-type capital assets – The capital assets in business-type activities increased by \$31.6 million, or 3% from fiscal year 2006. Many of the categories of assets show little change since new additions are negated by the continued depreciation of existing assets. The buildings category increased by \$5.9 million, or 40%. This was due to the closure and capitalization of a waste collection project for upgrade of the convenience centers. Construction in progress increased by \$23.4 million, or 13.9%. Construction on major wastewater projects and a decline in fiscal year 2007 closures caused this increase.

Anne Arundel County, Maryland
Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land and easements	\$ 166,522,984	\$ 161,908,627	\$ 10,809,456	\$ 10,800,325	\$ 177,332,440	\$ 172,708,952
Historical property						
and works of art	4,166,465	4,166,465	-	-	4,166,465	4,166,465
Land improvements	93,433,122	58,866,264	9,408,534	10,386,232	102,841,656	69,252,496
Buildings	235,321,051	227,559,876	20,915,132	14,975,559	256,236,183	242,535,435
Roads, bridges and signals	167,802,623	170,792,148	-	-	167,802,623	170,792,148
Sidewalks, curbs and gutters	22,933,191	20,477,291	-	-	22,933,191	20,477,291
Storm drains and culverts	102,278,582	91,049,698	-	-	102,278,582	91,049,698
Water and sewer plants and lines	-	-	843,007,732	840,490,637	843,007,732	840,490,637
Automobiles and rolling stock	27,766,735	25,494,262	1,651,220	1,858,471	29,417,955	27,352,733
Furniture and equipment	12,533,867	12,137,269	6,070,189	5,143,541	18,604,056	17,280,810
Software	1,714,193	2,644,436	-	-	1,714,193	2,644,436
Construction in progress	157,084,805	182,801,623	190,970,178	167,592,264	348,054,983	350,393,887
Total	\$ 991,557,618	\$ 957,897,959	\$ 1,082,832,441	\$ 1,051,247,029	\$ 2,074,390,059	\$ 2,009,144,988

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2007

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 percentage of the gross depreciable assets.

Anne Arundel County, Maryland
Analysis of Depreciable Assets

	Total depreciable capital assets	Accumulated depreciation	Net depreciable capital assets	Accumulated depreciation as a percent of total
Governmental				
2007	1,162,004,520	(498,221,156)	663,783,364	(43%)
2006	1,074,620,715	(465,599,471)	609,021,244	(43%)
2005	1,030,177,091	(443,269,709)	586,907,382	(43%)
2004	979,107,231	(414,993,288)	564,113,943	(42%)
2003	841,621,562	(382,109,419)	459,512,143	(45%)
2002	829,617,900	(359,839,272)	469,778,628	(43%)
Business-type				
2007	1,331,455,400	(450,402,593)	881,052,807	(34%)
2006	1,295,633,930	(422,779,490)	872,854,440	(33%)
2005	1,249,598,067	(390,080,453)	859,517,614	(31%)
2004	1,208,400,613	(363,133,760)	845,266,853	(30%)
2003	1,166,808,643	(331,274,596)	835,534,047	(28%)
2002	1,140,124,702	(309,162,398)	830,962,304	(27%)

This analysis shows that the governmental capital assets were climbing in the percent depreciated in fiscal years 2002 through 2003; however, that trend has slowed and remained at 43% during the last three fiscal years. This indicates that improvements are keeping pace with capital asset degradation. The business-type capital assets show a continual increase in the total depreciation as a percent of the asset values. The percent has increased from 27% in fiscal year 2002 to 34% in fiscal year 2007.

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 these trends. Additional information about the County's capital assets and changes therein is provided in the Note 5 to the basic financial statements.

Debt Administration

The County's outstanding debt at the end of fiscal years 2007 and 2006 is presented in the table on the next page. 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 April 2007 the County issued \$58 million short-term bond anticipation notes in anticipation of capital project spending in early fiscal year 2008. Of the total, \$39 million of the proceeds will be used for general county projects such as infrastructure, education, public safety, libraries, and parks and recreation. The water and wastewater projects will utilize \$19 million of the proceeds.

The County issued general obligation bonds of \$138.4 million in March 2007, including \$92.4 million for governmental activities and \$46 million for business-type activities. The proceeds were used to pay off \$59 million of bond anticipation notes issued in April 2006 and the net amount of \$79.4 million was used to fund \$54.4 million of improvements for general county projects and \$25 million was used to fund projects in the water and sewer and landfill capital projects.

In fiscal year 2006 the County arranged to borrow \$2,050,000 from HUD's section 108 program to fund capital improvements on a local recreational facility. During fiscal year 2006 the County drew down \$1,009,930 of the loan proceeds from the Federal government. In fiscal year 2007 the County drew down the remaining

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2007

\$1,040,070 of the loan. The changes to the State loans were not significant as there was one new loan fiscal year 2007 of \$190,308, which was offset by the principal payments on existing loans. There were no new capital leases added in 2007 and the decline reflects the amortization of the liability. The County's initiative to purchase agricultural easements through installment purchase agreements resulted in one new agreement in fiscal year 2007, totaling \$926,000. Other changes to debt balances resulted from principal payments during fiscal year 2007. Additional information about the County's debt and changes therein is provided in Note 8 to the basic financial statements.

Anne Arundel County, Maryland							
Outstanding Debt							
	Governmental Activities		Business-type Activities		Total		
	2007	2006	2007	2006	2007	2006	
Bond anticipation notes	\$ 39,000,000	\$ 38,000,000	\$ 19,000,000	\$ 21,000,000	\$ 58,000,000	\$ 59,000,000	
General obligation bonds	595,201,252	550,153,824	314,546,578	282,826,949	909,747,830	832,980,773	
Special assessment debt	53,960,000	54,795,000	-	-	53,960,000	54,795,000	
HUD Section 108 Loan	1,640,000	1,009,930	-	-	1,640,000	1,009,930	
State loans	2,163,208	2,166,992	-	-	2,163,208	2,166,992	
Capital leases	277	57,382	-	-	277	57,382	
Installment purchase agreements	9,939,000	9,030,814	-	-	9,939,000	9,030,814	
Total	\$ 701,903,737	\$ 655,213,942	\$ 333,546,578	\$ 303,826,949	\$ 1,035,450,315	\$ 959,040,891	

Fiscal Year 2008 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.)

GASB Statement 45 - In fiscal year 2008 the County will implement GASB Statement 45. This statement requires the County to set aside annual contributions for other post employment benefits in an irrevocable trust or record the unfunded contributions as a liability on the statement of net assets. In the fall of 2005 the County assembled a task force to examine the requirements of the GASB pronouncement, quantify the liability resulting from its implementation, and identify options to address this issue.

The task force issued its report on November 8, 2006. According to actuarial estimates the County and its component units' total actuarial accrued liability is \$1.27 billion. Using a discount rate of 8%, the annual required contribution is estimated at \$117.6 million compared to the current pay as you go funding level of \$42.2 million. This leaves a funding gap of \$75.4 million. The County has earmarked \$5 million in its fiscal year 2008 budget for post retirement health care benefits and has segregated this amount in its records. Footnote 1-N provides more information about the financial impact and Management's plans to address this issue.

The County continues to see strength in its major revenue sources as new residents move into the area. Federal government and supporting industries are expected to expand over the next few years as current BRAC plans are implemented. The County expects revenue in fiscal year 2008 to be consistent with expectations. This differs from recent years when actual revenues, particularly in the area of recordation and transfer taxes, significantly exceeded budget estimates. With respect to fiscal year 2008, the County expects growth in the property tax and income tax revenue; however, recordation and transfer taxes are expected to decline again in fiscal year 2008 as the real estate market has slowed considerably.

The County's Comprehensive Annual Financial Report is available upon request at Anne Arundel County Office of Finance, 44 Calvert Street, Annapolis, MD, 21401. For copies of this report or questions about its contents, please contact William R. Brown, Jr., Controller.

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**Basic
Financial
Statements**

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Anne Arundel County, Maryland

Statement of Net Assets

June 30, 2007

	Primary Government			Discretely Presented Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor
ASSETS						
Current Assets						
Cash and investments	\$ 181,637,909	\$ 34,257,788	\$ 215,895,697	\$ 116,788,964	\$ 18,782,962	\$ 1,771,315
Taxes and other State revenue receivable	151,005,531	-	151,005,531	7,755,586	1,345,170	-
Service billings receivable	-	20,868,274	20,868,274	-	-	143,239
Prepays and other assets	18,384,413	-	18,384,413	13,874,425	8,297,607	858,771
Inventories	1,871,904	1,933,399	3,805,303	1,956,726	1,058,063	22,193
Due from primary government	-	-	-	20,349,547	1,133,974	1,211,909
Restricted assets						
Cash and temporary investments	192,200,979	201,935,247	394,136,226	-	-	1,176,071
Investments	-	-	-	-	-	373,070
Receivables						
Due from other governmental agencies	6,745,890	-	6,745,890	-	-	19,172
Other, net	489,817	6,597,166	7,086,983	-	-	-
Other assets	-	-	-	-	-	95,608
Total current assets	<u>552,336,443</u>	<u>265,591,874</u>	<u>817,928,317</u>	<u>160,725,248</u>	<u>30,617,776</u>	<u>5,671,348</u>
Noncurrent Assets						
Restricted assets						
Deferred assessment and connection charges	-	54,714,974	54,714,974	-	-	-
Notes receivable	-	1,376,531	1,376,531	-	-	-
Total noncurrent restricted assets	-	56,091,505	56,091,505	-	-	-
Loans receivable and other assets	-	-	-	-	8,962,361	713,343
Capital assets not being depreciated	327,774,254	201,779,634	529,553,888	136,259,990	10,671,546	177,515
Capital assets being depreciated	1,162,004,520	1,331,455,400	2,493,459,920	885,773,302	115,861,138	25,111,199
Less accumulated depreciation	(498,221,156)	(450,402,593)	(948,623,749)	(406,085,760)	(52,601,448)	(8,119,398)
	<u>663,783,364</u>	<u>881,052,807</u>	<u>1,544,836,171</u>	<u>479,687,542</u>	<u>63,259,690</u>	<u>16,991,801</u>
Total capital assets	<u>991,557,618</u>	<u>1,082,832,441</u>	<u>2,074,390,059</u>	<u>615,947,532</u>	<u>73,931,236</u>	<u>17,169,316</u>
Total assets	<u>1,543,894,061</u>	<u>1,404,515,820</u>	<u>2,948,409,881</u>	<u>776,672,780</u>	<u>113,511,373</u>	<u>23,554,007</u>

Anne Arundel County, Maryland

Statement of Net Assets

June 30, 2007

	Primary Government			Discretely Presented Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor
LIABILITIES						
Current liabilities						
Accrued liabilities	39,709,571	8,194,176	47,903,747	116,221,959	6,664,933	906,137
Current portion of non-current liabilities	85,105,678	24,314,402	109,420,080	8,829,844	-	666,162
Notes payable	-	-	-	-	-	305,556
Bond anticipation notes	39,000,000	19,000,000	58,000,000	-	-	-
Internal balances	629,167	(629,167)	-	-	-	-
Due to component units	2,923,355	-	2,923,355	-	-	-
Escrow deposits	170,860	237,362	408,222	-	-	-
Unearned/deferred revenue	-	-	-	3,660,301	7,303,521	487,616
Liabilities related to restricted assets						
Accrued liabilities	16,430,818	12,983,895	29,414,713	-	663,543	128,059
Due to component units	19,772,075	-	19,772,075	-	-	-
Escrow and other deposits	3,712,995	1,807,117	5,520,112	-	-	16,405
Unearned revenue	1,149,706	22,429,604	23,579,310	-	-	305,000
Total current liabilities	<u>208,604,225</u>	<u>88,337,389</u>	<u>296,941,614</u>	<u>128,712,104</u>	<u>14,631,997</u>	<u>2,814,935</u>
Noncurrent liabilities						
Compensated absences and other obligations	17,299	48,814	66,113	-	1,266,840	-
Unpaid insurance claims	36,960,000	-	36,960,000	-	-	-
Estimated landfill closure and postclosure	-	34,321,705	34,321,705	-	-	-
Long-term debt, net of deferred refunding gain/loss	610,823,268	291,920,346	902,743,614	35,231,045	15,329,821	110,600
Unearned revenue	19,273,773	8,300,629	27,574,402	-	-	-
Total noncurrent liabilities	<u>667,074,340</u>	<u>334,591,494</u>	<u>1,001,665,834</u>	<u>35,231,045</u>	<u>16,596,661</u>	<u>110,600</u>
Total liabilities	<u>875,678,565</u>	<u>422,928,883</u>	<u>1,298,607,448</u>	<u>163,943,149</u>	<u>31,228,658</u>	<u>2,925,535</u>
NET ASSETS						
Capital assets, net of related debt	591,560,429	780,708,037	1,372,268,466	608,168,963	61,815,996	17,031,489
Restricted for:						
Revenue stabilization	44,952,851	-	44,952,851	-	-	-
Debt service	13,333,162	164,718,410	178,051,572	-	-	-
Capital improvements	104,693,767	19,401,006	124,094,773	-	-	-
Scholarships/Endowments	-	-	-	-	7,225,847	-
Reforestation	7,880,990	-	7,880,990	-	-	-
Other purposes	6,265,652	391,326	6,656,978	4,928,253	-	1,547,509
Unrestricted	<u>(100,471,355)</u>	<u>16,368,158</u>	<u>(84,103,197)</u>	<u>(367,585)</u>	<u>13,240,872</u>	<u>2,049,474</u>
Total net assets	<u>\$ 668,215,496</u>	<u>\$ 981,586,937</u>	<u>\$ 1,649,802,433</u>	<u>\$ 612,729,631</u>	<u>\$ 82,282,715</u>	<u>\$ 20,628,472</u>

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

Statement of Activities

Year Ended June 30, 2007

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Education	\$ 604,272,803	\$ -	\$ -	\$ 9,721,698
Public Safety	211,406,101	10,769,730	8,657,779	3,070,233
General government	99,787,089	35,660,129	10,167,388	1,253,897
Health and human services	77,363,293	4,185,493	31,850,826	-
Public works	61,128,634	3,009,038	30,127,634	25,313,418
Recreation and community services	56,820,623	15,065,220	5,923,688	1,679,710
Judicial	21,449,798	2,732,742	1,681,364	-
Code enforcement	11,455,519	14,849,084	-	-
Land use and development	9,343,623	3,248,285	765,949	728,501
Economic development	3,731,000	-	15	-
Interest on debt and leases	32,482,961	-	469,641	-
	<u>1,189,241,444</u>	<u>89,519,721</u>	<u>89,644,284</u>	<u>41,767,457</u>
Business-type activities:				
Water and wastewater	100,135,704	69,688,775	-	43,077,787
Waste collection	40,773,206	43,014,099	-	-
Child care	2,794,199	2,881,008	-	-
	<u>143,703,109</u>	<u>115,583,882</u>	<u>-</u>	<u>43,077,787</u>
Total primary government	<u>1,332,944,553</u>	<u>205,103,603</u>	<u>89,644,284</u>	<u>84,845,244</u>
Component units:				
Board of Education	905,743,944	16,683,677	121,525,628	91,553,846
Community College	108,531,787	42,202,970	8,768,523	6,614,202
Library System	20,357,618	702,530	2,813,439	2,608,891
Economic Development Corp	3,897,724	628,883	1,448,000	-
Tipton Airport Authority	1,798,873	1,596,921	-	125,197
Workforce Development	2,761,197	-	2,717,498	-
Total component units	<u>\$ 1,043,091,143</u>	<u>\$ 61,814,981</u>	<u>\$ 137,273,088</u>	<u>\$ 100,902,136</u>

General revenues:
 General property taxes
 Local income taxes
 State shared taxes - unrestricted
 Recordation and transfer taxes
 Local sales taxes
 Unrestricted contributions
 Investment income
 Other revenue

Total general revenues 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
\$ (594,551,105)	\$ -	\$ (594,551,105)	\$ -	\$ -	\$ -
(188,908,359)	-	(188,908,359)	-	-	-
(52,705,675)	-	(52,705,675)	-	-	-
(41,326,974)	-	(41,326,974)	-	-	-
(2,678,544)	-	(2,678,544)	-	-	-
(34,152,005)	-	(34,152,005)	-	-	-
(17,035,692)	-	(17,035,692)	-	-	-
3,393,565	-	3,393,565	-	-	-
(4,600,888)	-	(4,600,888)	-	-	-
(3,730,985)	-	(3,730,985)	-	-	-
(32,013,320)	-	(32,013,320)	-	-	-
<u>(968,309,982)</u>	<u>-</u>	<u>(968,309,982)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	12,630,858	12,630,858	-	-	-
-	2,240,893	2,240,893	-	-	-
-	86,809	86,809	-	-	-
<u>-</u>	<u>14,958,560</u>	<u>14,958,560</u>	<u>-</u>	<u>-</u>	<u>-</u>
(968,309,982)	14,958,560	(953,351,422)	-	-	-
-	-	-	(675,980,793)	-	-
-	-	-	-	(50,946,092)	-
-	-	-	-	-	(14,232,758)
-	-	-	-	-	(1,820,841)
-	-	-	-	-	(76,755)
-	-	-	-	-	(43,699)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	(675,980,793)	(50,946,092)	(16,174,053)
470,163,256	-	470,163,256	-	-	-
378,250,270	-	378,250,270	-	-	-
7,191,853	-	7,191,853	-	-	971,098
109,257,440	-	109,257,440	-	-	-
36,546,370	-	36,546,370	-	-	-
-	-	-	701,331,788	57,760,818	14,446,727
13,262,845	9,841,180	23,104,025	4,419,869	2,028,777	181,024
1,968,910	8,019,340	9,988,250	11,503,778	402,317	278,894
<u>1,016,640,944</u>	<u>17,860,520</u>	<u>1,034,501,464</u>	<u>717,255,435</u>	<u>60,191,912</u>	<u>15,877,743</u>
48,330,962	32,819,080	81,150,042	41,274,642	9,245,820	(296,310)
<u>619,884,534</u>	<u>948,767,857</u>	<u>1,568,652,391</u>	<u>571,454,989</u>	<u>73,036,895</u>	<u>20,924,782</u>
\$ <u>668,215,496</u>	\$ <u>981,586,937</u>	\$ <u>1,649,802,433</u>	\$ <u>612,729,631</u>	\$ <u>82,282,715</u>	\$ <u>20,628,472</u>

Anne Arundel County, Maryland

Balance Sheet

Governmental Funds

June 30, 2007

	Major Funds			Nonmajor	Totals
	General	Impact Fees	General County Capital Projects	Governmental Funds	
ASSETS					
Cash and investments	\$ 115,450,156	\$ 51,195,501	\$ 111,792,804	\$ 29,212,674	\$ 307,651,135
Receivables					
Property taxes (net of \$1,435,729 allowance)	2,090,552	-	-	-	2,090,552
Local sales taxes	4,210,988	-	-	-	4,210,988
State shared revenues	22,919,522	-	-	-	22,919,522
Due from other governmental agencies (net of \$295,000 allowance)	9,161,955	-	5,816,669	929,221	15,907,845
Due from other funds	590,519	-	-	-	590,519
Local income tax	112,622,516	-	-	-	112,622,516
Other, net	10,164,599	24,798	68,048	396,971	10,654,416
Inventories	1,275,968	-	-	-	1,275,968
Total assets	<u>278,486,775</u>	<u>51,220,299</u>	<u>117,677,521</u>	<u>30,538,866</u>	<u>477,923,461</u>
LIABILITIES					
Accrued liabilities	26,659,527	-	14,420,353	2,010,465	43,090,345
Due to other funds	-	-	-	181,042	181,042
Due to component units					
Board of Education	1,888,009	-	18,461,538	-	20,349,547
Community College	-	-	1,133,974	-	1,133,974
Library	1,035,346	-	-	-	1,035,346
Economic Development	-	-	-	176,563	176,563
Escrow and other deposits	170,860	-	-	3,712,995	3,883,855
Deferred revenue	84,013,084	-	4,583,099	175,598	88,771,781
Total liabilities	<u>113,766,826</u>	<u>-</u>	<u>38,598,964</u>	<u>6,256,663</u>	<u>158,622,453</u>
FUND BALANCES:					
Reserved for:					
Encumbrances	7,821,979	-	28,988,127	5,235,194	42,045,300
Revenue stabilization fund	44,952,851	-	-	-	44,952,851
Golf courses reserves	634,863	-	-	-	634,863
Reserved for debt service	6,071,789	-	-	879	6,072,668
Reserved for other purposes	121,743	-	-	-	121,743
Inventories	1,275,968	-	-	-	1,275,968
Unreserved:					
Designated for next year's expenditures in:					
General fund	60,880,400	-	-	-	60,880,400
Special revenue funds	-	41,879,259	-	4,257,435	46,136,694
Capital projects funds	-	-	-	533,300	533,300
Debt service funds	-	-	-	2,103,086	2,103,086
Undesignated in:					
General fund	42,960,356	-	-	-	42,960,356
Special revenue funds	-	9,341,040	-	6,858,670	16,199,710
Capital projects funds	-	-	50,090,430	156,231	50,246,661
Debt service funds	-	-	-	5,137,408	5,137,408
Total fund balances	<u>164,719,949</u>	<u>51,220,299</u>	<u>79,078,557</u>	<u>24,282,203</u>	<u>319,301,008</u>
Total liabilities and fund balances	\$ <u>278,486,775</u>	\$ <u>51,220,299</u>	\$ <u>117,677,521</u>	\$ <u>30,538,866</u>	\$ <u>477,923,461</u>

Anne Arundel County, Maryland

Reconciliation of Governmental Fund Balance to Governmental Net Assets

Governmental Funds

June 30, 2007

Total fund balance for governmental funds as shown on the previous page	\$ 319,301,008
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on governmental funds balance sheet.	
Capital assets	1,433,735,560
Accumulated depreciation	(465,015,174)
Certain liabilities are not due and payable in the current period and, therefore, are not included on governmental funds balance sheet.	
Short-term Bond Anticipation Notes	(39,000,000)
Long-term Bonded debt	(661,079,924)
Federal and State Loans	(3,803,208)
Unamortized loss on refunding	1,979,672
Compensated Absences	(18,603,435)
Long-term Leases	(277)
Accrued interest payable on debt is recorded in governmental activities.	(10,729,264)
Deferred and unearned revenues:	
Revenues not available for use in the current fiscal year have been deferred until future periods on the governmental funds balance sheet.	88,162,042
Premiums received on certain bond issues have been deferred on the Statement of Net Assets.	(19,313,572)
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.	
Net assets Internal Service Funds	39,483,753
Business-type activities allocation of net assets	(1,038,644)
Certain expenditures paid with current resources have been deferred to future periods on the Statement of Net Assets.	<u>4,136,959</u>
Total net assets for governmental activities as shown on Statement of Net Assets	<u>\$ 668,215,496</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, 2007

	Major Funds			Nonmajor	Totals
	General	Impact Fees	General County Capital Projects	Governmental Funds	
REVENUES					
General property taxes	\$ 457,825,362	\$ -	\$ -	\$ 15,056,729	\$ 472,882,091
Local income taxes	361,956,043	-	-	-	361,956,043
State shared taxes	37,005,207	-	-	-	37,005,207
Grants and aid	45,313,435	-	5,779,912	11,791,526	62,884,873
Recordation and transfer taxes	109,257,440	-	-	-	109,257,440
Local sales taxes	34,604,174	-	-	1,942,196	36,546,370
License and permit fees	17,681,827	-	-	-	17,681,827
Impact fees	-	9,268,611	-	-	9,268,611
Special community benefit taxes	-	-	-	5,354,940	5,354,940
Investment income	8,428,398	2,883,014	4,073,421	917,464	16,302,297
Fees for services and other revenue	40,349,736	-	4,820,888	6,568,436	51,739,060
Total revenues	1,112,421,622	12,151,625	14,674,221	41,631,291	1,180,878,759
EXPENDITURES					
Current					
Education	519,439,452	-	84,196,363	-	603,635,815
Public safety	210,094,524	-	-	1,179,214	211,273,738
General government	73,567,009	-	-	451,813	74,018,822
Health and human services	72,740,484	-	-	4,687,576	77,428,060
Public works	30,512,823	32,611	-	953,157	31,498,591
Recreation and community services	35,043,576	-	-	11,188,073	46,231,649
Judicial	20,224,216	-	-	-	20,224,216
Code enforcement	11,599,781	-	-	-	11,599,781
Land use and development	8,305,230	-	-	1,074,244	9,379,474
Economic development	1,841,000	-	-	1,890,000	3,731,000
Capital outlay	4,268,966	-	65,140,296	372,819	69,782,081
Debt service					
Interest payments on debt	26,770,718	-	-	3,196,600	29,967,318
Principal payments on debt	86,672,851	-	-	1,138,258	87,811,109
Interest payments on leases	3,743	-	-	-	3,743
Principal payments on leases	57,105	-	-	-	57,105
Total expenditures	1,101,141,478	32,611	149,336,659	26,131,754	1,276,642,502
Revenues over (under) expenditures	11,280,144	12,119,014	(134,662,438)	15,499,537	(95,763,743)
OTHER FINANCING SOURCES (USES)					
Transfers in	27,726,215	-	123,682,221	2,217,678	153,626,114
Transfers out	(119,039,273)	(13,150,283)	(8,265,494)	(13,171,064)	(153,626,114)
General obligation bonds issued	92,400,000	-	-	-	92,400,000
Bond anticipation notes issued	-	-	39,000,000	-	39,000,000
Installment purchase contracts issued	-	-	926,000	-	926,000
Issuance of debt - Federal and State Loans	-	-	1,248,943	-	1,248,943
Premiums from sale of bonds	5,101,149	-	-	-	5,101,149
Transfers from proprietary funds	99,489	-	900,000	-	999,489
Total other financing sources (uses)	6,287,580	(13,150,283)	157,491,670	(10,953,386)	139,675,581
Net change in fund balances	17,567,724	(1,031,269)	22,829,232	4,546,151	43,911,838
Fund balances, July 1 (as restated)	147,152,225	52,251,568	56,249,325	19,736,052	275,389,170
Fund balances, June 30	\$ 164,719,949	\$ 51,220,299	\$ 79,078,557	\$ 24,282,203	\$ 319,301,008

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

Reconciliation of Changes in Fund Balances to Changes in Net Assets

Governmental Funds

Year Ended June 30, 2007

Changes in fund balances as shown on Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds	\$ 43,911,838
<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	69,270,476
Current year disposals of capital assets	(830,423)
Depreciation expense recorded in the Statement of Activities	(35,971,872)
<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	(155,164,022)
Principal payments on debt	108,916,253
Change in accrued interest payable	(2,382,146)
Amortization of prior year refunding gain/loss	(983,066)
<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	1,935,453
Amortization of expenditures deferred in previous years	(731,182)
<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	(5,101,149)
Amortization of amounts deferred	1,739,669
<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>	
	14,725,569
<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>8,995,564</u>
Changes in Net assets as shown in governmental activities on the Statement of Activities	<u>\$ 48,330,962</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 (Non-GAAP Basis)

General Fund

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
General property taxes	\$ 450,653,000	\$ 450,653,000	\$ 457,825,362	\$ 7,172,362
Local income taxes	345,500,000	345,500,000	361,956,043	16,456,043
State shared taxes	38,600,000	38,600,000	37,125,849	(1,474,151)
Grants and aid	47,280,600	48,327,800	45,683,647	(2,644,153)
Recordation and transfer taxes	105,000,000	105,000,000	109,257,440	4,257,440
Local sales taxes	32,460,000	32,460,000	34,604,174	2,144,174
Licenses and permits	16,252,000	16,252,000	17,681,827	1,429,827
Investment income	6,800,000	6,800,000	10,109,420	3,309,420
Interfund recoveries	27,067,000	27,067,000	37,853,669	10,786,669
Other revenues	35,366,400	35,366,400	40,807,633	5,441,233
Total revenues	<u>1,104,979,000</u>	<u>1,106,026,200</u>	<u>1,152,905,064</u>	<u>46,878,864</u>
EXPENDITURES				
Current				
Education	515,527,900	517,177,900	516,915,751	(262,149)
Higher education	34,462,000	34,462,000	34,415,539	(46,461)
Public safety	218,143,200	216,673,100	211,078,507	(5,594,593)
General government	97,136,800	96,408,150	87,509,443	(8,898,707)
Health and human services	75,891,300	75,107,800	72,325,860	(2,781,940)
Public works	34,565,000	37,379,000	37,149,250	(229,750)
Recreation and community services	37,571,600	37,571,600	36,485,707	(1,085,893)
Judicial	20,942,100	21,161,100	20,382,945	(778,155)
Land use and development	11,348,300	10,789,100	8,533,636	(2,255,464)
Code enforcement	12,047,400	12,463,200	11,607,893	(855,307)
Economic development	1,841,000	1,841,000	1,841,000	-
Debt service	41,028,000	40,640,500	40,110,803	(529,697)
Pay go funding - capital projects	64,056,500	64,056,450	64,056,450	-
Total expenditures	<u>1,164,561,100</u>	<u>1,165,730,900</u>	<u>1,142,412,784</u>	<u>(23,318,116)</u>
Revenues over (under) expenditures	(59,582,100)	(59,704,700)	10,492,280	\$ <u>70,196,980</u>
Fund balances, budgetary, July 1	<u>97,264,145</u>	<u>97,264,145</u>	<u>97,264,145</u>	
Fund balances, budgetary, June 30	\$ <u><u>37,682,045</u></u>	\$ <u><u>37,559,445</u></u>	\$ <u><u>107,756,425</u></u>	
Fund balances - Unreserved				
Undesignated - GAAP basis			\$ 42,960,356	
Effect of revenue deferrals			4,203,403	
Effect of Self Insurance allocation entries			(409,477)	
Establish Reserve for PST Landfill			<u>121,743</u>	
Undesignated - Non-GAAP basis			46,876,025	
Designated for subsequent years			<u>60,880,400</u>	
			\$ <u><u>107,756,425</u></u>	

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

Statement of Net Assets

Proprietary Funds

June 30, 2007

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major Funds		Nonmajor Fund		Internal Service Funds
	Water and Wastewater	Solid Waste	Child Care	Totals	
ASSETS					
Current Assets					
Cash and investments	\$ 15,320,712	\$ 17,712,632	\$ 1,224,444	\$ 34,257,788	\$ 66,187,753
Service billings receivable	19,194,874	1,673,395	5	20,868,274	3,441,601
Inventories	1,823,132	110,267	-	1,933,399	595,936
Other	-	-	-	-	641,252
Restricted assets					
Cash and temporary investments	184,656,655	17,278,592	-	201,935,247	-
Receivables					
Other, net	6,597,166	-	-	6,597,166	-
Total current assets	227,592,539	36,774,886	1,224,449	265,591,874	70,866,542
Noncurrent assets					
Restricted assets					
Deferred connection and assessment charges	54,714,974	-	-	54,714,974	-
Notes receivable	1,376,531	-	-	1,376,531	-
Capital assets	1,469,147,908	64,087,126	-	1,533,235,034	56,043,214
Less accumulated depreciation	(416,536,257)	(33,866,336)	-	(450,402,593)	(33,205,982)
Total capital assets, net of depreciation	1,052,611,651	30,220,790	-	1,082,832,441	22,837,232
Total noncurrent assets	1,108,703,156	30,220,790	-	1,138,923,946	22,837,232
Total assets	1,336,295,695	66,995,676	1,224,449	1,404,515,820	93,703,774
LIABILITIES					
Current liabilities					
Accrued liabilities	6,007,258	2,057,049	129,869	8,194,176	2,320,780
Current portion of long-term debt and obligations	20,908,916	3,371,005	34,481	24,314,402	14,421,774
Bond anticipation notes	19,000,000	-	-	19,000,000	-
Due to other funds	380,909	16,665	11,903	409,477	-
Escrow deposits	128,796	108,566	-	237,362	-
Deferred revenue	-	-	-	-	500,168
Liabilities related to restricted assets					
Accrued liabilities	12,983,145	750	-	12,983,895	-
Escrow deposits	1,807,117	-	-	1,807,117	-
Deferred revenue	22,429,604	-	-	22,429,604	-
Total current liabilities	83,645,745	5,554,035	176,253	89,376,033	17,242,722
Noncurrent liabilities					
Accrued liability for compensated absences	-	44,953	3,861	48,814	17,299
Unpaid insurance claims	-	-	-	-	36,960,000
Estimated landfill closure and postclosure	-	34,321,705	-	34,321,705	-
Long-term debt, net of deferred refunding loss	274,695,220	17,225,126	-	291,920,346	-
Deferred revenue	8,300,629	-	-	8,300,629	-
Total noncurrent liabilities	282,995,849	51,591,784	3,861	334,591,494	36,977,299
Total liabilities	366,641,594	57,145,819	180,114	423,967,527	54,220,021
NET ASSETS					
Invested in capital assets, net of related debt	766,225,115	14,482,922	-	780,708,037	22,837,232
Restricted for debt service	164,718,410	-	-	164,718,410	-
Restricted for capital improvements	18,633,399	767,607	-	19,401,006	-
Restricted for other purposes	-	391,326	-	391,326	-
Unrestricted	20,077,177	(5,791,998)	1,044,335	15,329,514	16,646,521
Total net assets	\$ 969,654,101	\$ 9,849,857	\$ 1,044,335	\$ 980,548,293	\$ 39,483,753

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

Anne Arundel County, Maryland

Reconciliation of Enterprise Funds Net Assets to Business-type Net Assets

Proprietary Funds

June 30, 2007

Net assets as shown on previous page	\$ 980,548,293
The cumulative net results of Internal Service Funds activity, as it relates to Enterprise Funds' customers has been accumulated as a receivable in business-type activities.	<u>1,038,644</u>
Net assets shown on government wide statement of net assets	<u>\$ 981,586,937</u>

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, 2007

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Totals	Internal
	Water and Wastewater	Solid Waste	Child Care		Service Funds
OPERATING REVENUES					
Charges for services	\$ 69,688,775	\$ 40,526,107	\$ 2,881,008	\$ 113,095,890	\$ 35,573,946
Landfill charges	-	2,487,992	-	2,487,992	-
Medical premiums	-	-	-	-	67,399,264
Other revenues	3,669,867	3,459,832	-	7,129,699	912,907
Total operating revenues	<u>73,358,642</u>	<u>46,473,931</u>	<u>2,881,008</u>	<u>122,713,581</u>	<u>103,886,117</u>
OPERATING EXPENSES					
Personal services	23,678,231	5,539,495	2,161,591	31,379,317	5,605,298
Contractual services	25,810,316	30,283,604	195,246	56,289,166	1,316,438
Supplies and materials	3,565,127	721,395	272,451	4,558,973	186,920
Business and travel	110,922	28,232	7,390	146,544	21,244
Cost of goods issued	-	-	-	-	6,890,367
Depreciation	30,012,459	2,402,936	-	32,415,395	5,075,217
Provision for claims and estimated losses	-	-	-	-	77,946,561
Landfill closure and postclosure costs	-	(2,215,330)	-	(2,215,330)	-
Other	8,257,778	2,670,575	163,200	11,091,553	808,900
Total operating expenses	<u>91,434,833</u>	<u>39,430,907</u>	<u>2,799,878</u>	<u>133,665,618</u>	<u>97,850,945</u>
Operating income (loss)	<u>(18,076,191)</u>	<u>7,043,024</u>	<u>81,130</u>	<u>(10,952,037)</u>	<u>6,035,172</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	5,686,597	2,339,206	-	8,025,803	3,153,426
Interest earned on long-term receivables	1,815,377	-	-	1,815,377	-
Other revenues (expenses)	873,975	(435,754)	-	438,221	-
Interest expense	(7,882,097)	(991,726)	-	(8,873,823)	-
Gain (loss) on disposal of assets	(403,439)	15,666	-	(387,773)	190,394
Net equity transfers between funds	-	-	-	-	(99,489)
Other	(608,413)	-	-	(608,413)	-
Income (loss) before contributions	<u>(18,594,191)</u>	<u>7,970,416</u>	<u>81,130</u>	<u>(10,542,645)</u>	<u>9,279,503</u>
Capital contributions, fees, and grants	<u>43,077,787</u>	<u>-</u>	<u>-</u>	<u>43,077,787</u>	<u>-</u>
Change in net assets	<u>24,483,596</u>	<u>7,970,416</u>	<u>81,130</u>	<u>32,535,142</u>	<u>9,279,503</u>
Net assets, July 1	<u>945,170,505</u>	<u>1,879,441</u>	<u>963,205</u>	<u>948,013,151</u>	<u>30,204,250</u>
Net assets, June 30	<u>\$ 969,654,101</u>	<u>\$ 9,849,857</u>	<u>\$ 1,044,335</u>	<u>\$ 980,548,293</u>	<u>\$ 39,483,753</u>

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

Change in net assets shown above	\$ 32,535,142
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.	<u>283,938</u>
Increase in net assets as shown on the government-wide statement of activities	<u>\$ 32,819,080</u>

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

Anne Arundel County, Maryland

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Totals	Internal
	Water and Wastewater	Solid Waste	Child Care		Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received for services	\$ 73,455,914	\$ 45,860,084	\$ 2,883,048	\$ 122,199,046	\$ 101,368,606
Cash received for expense reimbursement	-	-	-	-	282,308
Cash payments to suppliers for goods and services	(37,732,929)	(31,088,104)	(633,382)	(69,454,415)	(8,365,889)
Cash payments to employees for services	(23,398,273)	(5,600,167)	(2,121,997)	(31,120,437)	(5,609,315)
Cash payments for insurance claims	-	-	-	-	(74,483,821)
Other receipts (expenses)	-	(2,699,200)	-	(2,699,200)	91,234
Net cash provided by operating activities	<u>12,324,712</u>	<u>6,472,613</u>	<u>127,669</u>	<u>18,924,994</u>	<u>13,283,123</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Payments of long-term debt related to closure activities	-	(436,560)	-	(436,560)	-
Interest payments related to closure activities	-	(240,981)	-	(240,981)	-
Asset transfers between funds	-	-	-	-	(72,754)
Net cash used for noncapital financing activities	<u>-</u>	<u>(677,541)</u>	<u>-</u>	<u>(677,541)</u>	<u>(72,754)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sale of bonds and bond anticipation notes	61,500,000	3,500,000	-	65,000,000	-
Proceeds from loan	7,462,041	-	-	7,462,041	-
Proceeds from developers' contributions	1,066,147	-	-	1,066,147	-
Refunds to developers	(611,290)	-	-	(611,290)	-
Assessments and connection charges	46,731,334	-	-	46,731,334	-
Environmental protection fees for capital assets	4,521,401	-	-	4,521,401	-
Payments of long-term debt	(19,086,724)	(2,627,802)	-	(21,714,526)	-
Payments of bond anticipation notes	(18,500,000)	(2,500,000)	-	(21,000,000)	-
Interest payments	(12,269,531)	(753,105)	-	(13,022,636)	-
Acquisition and construction of capital assets	(45,586,533)	(2,084,246)	-	(47,670,779)	(6,963,384)
Payments of debt issuance costs	(151,725)	-	-	(151,725)	-
Premium on sale of bonds	1,327,068	-	-	1,327,068	-
Payments received on note receivable	1,874,505	-	-	1,874,505	-
Other costs	(565,654)	-	-	(565,654)	-
Net cash provided by (used for) capital and related financing activities	<u>27,711,039</u>	<u>(4,465,153)</u>	<u>-</u>	<u>23,245,886</u>	<u>(6,963,384)</u>

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Totals	Internal
	Water and Wastewater	Solid Waste	Child Care		Service Funds
CASH FLOW FROM INVESTING ACTIVITIES:					
Purchase of investment securities	(129,703,891)	-	-	(129,703,891)	(170,017,068)
Sale of investment securities	115,946,258	-	-	115,946,258	166,235,714
Interest on investments	7,610,990	2,339,206	-	9,950,196	2,892,769
Net cash provided by (used for) investing activities	(6,146,643)	2,339,206	-	(3,807,437)	(888,585)
Net increase in cash and cash equivalents	33,889,108	3,669,125	127,669	37,685,902	5,358,400
Cash and cash equivalents, July 1	65,314,354	31,322,099	1,096,775	97,733,228	12,908,871
Cash and cash equivalents, June 30	99,203,462	34,991,224	1,224,444	135,419,130	18,267,271
Investment in non-cash equivalents	100,773,905	-	-	100,773,905	47,920,482
Total cash and temporary investments	\$ 199,977,367	\$ 34,991,224	\$ 1,224,444	\$ 236,193,035	\$ 66,187,753

**RECONCILIATION OF OPERATING INCOME
(LOSS) TO NET CASH PROVIDED BY
OPERATING ACTIVITIES**

Operating income (loss)	\$ (18,076,191)	\$ 7,043,024	\$ 81,130	\$ (10,952,037)	\$ 6,035,172
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	30,012,459	2,402,936	-	32,415,395	5,075,217
Noncapital construction costs	300,238	-	-	300,238	-
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	51,744	(598,849)	2,040	(545,065)	(2,062,348)
Decrease in deposit with provider	-	-	-	-	1,700,000
Increase in inventories	(642,154)	(28,248)	-	(670,402)	(119,580)
Increase (decrease) in accrued liabilities	791,810	(74,078)	63,117	780,849	(2,283,389)
Increase in deferred revenue	-	-	-	-	500,168
Increase in unpaid claims	-	-	-	-	4,521,784
Decrease in landfill closure and postclosure costs	-	(2,215,330)	-	(2,215,330)	-
Decrease in due to other funds	(283,222)	(16,325)	(18,916)	(318,463)	-
Increase (decrease) in escrow deposits	45,528	(27,300)	-	18,228	-
Increase (decrease) in accrued liability for compensated absences	124,500	(13,217)	298	111,581	(83,901)
Net cash provided by operating activities	\$ 12,324,712	\$ 6,472,613	\$ 127,669	\$ 18,924,994	\$ 13,283,123

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

- In fiscal year 2007, facilities with an estimated market value of \$19,365,741 were contributed to the Enterprise funds by developers. These were primarily water and sewer lines placed in new developments.
- In fiscal year 2007, amortization of refunding gains and losses resulted in a net expense of \$401,958 in the Water and Wastewater Fund, and \$6,717 in the Solid Waste Fund.
- In fiscal year 2007, the net fair market value adjustment related to investments was a loss of \$262,863 in the Water and Wastewater Fund, and a gain of \$84,316 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, 2007

	Pension Trust Funds (As of December 31, 2006)	Agency Funds
ASSETS		
Investments, at fair value:		
Cash and temporary investments	\$ 129,179,624	\$ 20,546,500
U. S. Government obligations	24,462,735	-
Corporate obligations	175,953,309	-
Corporate obligation investment pools	69,488,714	-
International obligations	468,195	-
Common stocks	492,538,536	-
Common stock investment pools	40,206,520	-
International stock investment pools	309,360,506	-
Private markets	5,496,453	-
Real estate investment pools	64,805,049	-
Insurance company general accounts	42,064,903	-
Absolute Return funds	58,719,391	-
	<u>1,412,743,935</u>	<u>20,546,500</u>
Collateral from securities lending transactions	<u>119,560,341</u>	<u>-</u>
Receivables:		
Employer contributions	2,978,898	-
Participant contributions	704,156	-
Accrued interest and dividends	3,660,813	-
Investment sales proceeds	148,545,169	-
	<u>155,889,036</u>	<u>-</u>
Deposits on hand	<u>224,075</u>	<u>-</u>
Total assets	<u>1,688,417,387</u>	<u>20,546,500</u>
LIABILITIES		
Accounts payable	1,001,552	-
Escrow and other deposits	-	20,546,500
Investment commitments payable	200,551,865	-
Obligation for collateral received under securities lending transactions	<u>119,560,341</u>	<u>-</u>
Total liabilities	<u>321,113,758</u>	<u>20,546,500</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 1,367,303,629</u>	<u>\$ -</u>
(A schedule of funding progress for each plan is presented on page 70.)		

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 June 30, 2007

Pension
Trust Funds
(As of December 31, 2006)

ADDITIONS

Contributions:

Employer	\$	34,310,322
Participant		8,904,172
Total contributions		<u>43,214,494</u>

Investment income:

Net appreciation in fair value of investments		112,901,653
Interest income		21,428,256
Dividend income		27,491,160
Total investment income		<u>161,821,069</u>

Less investment expense		<u>(5,282,968)</u>
Net income from investing activities		156,538,101

Securities lending activities:

Securities lending income		5,678,540
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Securities lending expenses:

Borrower rebates		5,396,359
Management fees		84,734
Securities lending expense		<u>5,481,093</u>
Securities lending net income		<u>197,447</u>

Total net investment income		<u>156,735,548</u>
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Total additions		<u>199,950,042</u>
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DEDUCTIONS

Participant benefit payments and refunds		53,053,968
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Administrative expenses		1,428,838
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Total deductions		<u>54,482,806</u>
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Net increases		145,467,236
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Net assets, beginning of year		<u>1,221,836,393</u>
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Net assets, end of year	\$	<u><u>1,367,303,629</u></u>
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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 the entities’ relationships 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 the entities’ 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 and its Foundation 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 the entities’ respective budgets and/or provides a substantial amount of 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 the respective administrative offices. The addresses are provided below. The Library does not issue separate financial statements, and all of its 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 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 if those revenues 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.

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 and its component units. 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 accounted 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. Since the beginning of fiscal year 2007 these activities have been accounted for in the General Fund.
- **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 and fuel usage, and motor pool vehicles. Costs are recovered through fees to users for maintenance, fuel use, and vehicle lease charges.
- **Garage Replacement** – This fund accounts for the collection of replacement fees from participating funds within the Primary Government and its component units. The fees are used to replace motor pool vehicles as needed.

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. Transactions in these funds are recorded using the accrual basis of accounting. 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 in trust on behalf of the Special Assessment Districts or other agreements; 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. The General County Capital Projects Fund does not have an annually adopted budget. Rather the Capital budgets are established for the duration of the respective projects. All non-major governmental funds have legally adopted budgets except for the Storm Drain Fees Fund, the Recreational Land Fees Fund, and the Area Agency on Aging Fund. These funds are expended through the General Fund or 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 of the Primary government's 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 includes bank deposits in checking and savings accounts. Investments are external pools and fixed income issues which generally mature within one year. Investments may extend longer than one year to facilitate the specific purpose of a fund. Details on investment types and term are displayed in Note 3, “Cash and Investments”.

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 investments. To facilitate the pooling, cash belonging to other funds is transferred to and from 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 or maturing within three months of the time of purchase.

Investment income earned on investments is generally allocated to each fund based on its proportionate share of the average daily cash balance each month. However, investment income earned on the balances in certain special revenue funds, certain internal service funds, Agency 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.

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 only, prepaid expenses are recognized as the services are consumed.

E 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.

F 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 (\$50,000 for infrastructure) are capitalized. Capital assets are valued at historical cost or estimated historical cost. Donated assets are valued at the estimated fair value on the date donated. Depreciable assets are depreciated on a straight-line basis over the 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	5 – 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		

G Operating and Non-operating Revenues and Expenses 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, waste collection, and child care services to citizens. The statement also presents combined totals for the Internal Service Funds. These funds collect charges from other funds and component units for insurance and the Primary Government’s motor pool maintenance and replacement. 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.

Operating expenses in the proprietary funds include the costs of operating the County’s water and wastewater system, waste collection activities, and school based child care services. Expenses are comprised of personnel and non-personnel services, cost of goods issued, depreciation, landfill closure, and post-closure costs, indirect costs, and other miscellaneous allocated expenses. Non-operating expenses include interest on debt and other miscellaneous expenses.

H Bond premiums – The Primary Government typically receives premiums as a result of the sale of general obligation bonds. The treatment of the premiums differs depending on the basis of accounting used on the related statements. Premiums earned on debt in governmental activities are recognized as revenue in the year of the bond sale on the modified accrual statement, amortized over the life of the bonds on the government-wide presentation, and applied against interest expense in the subsequent fiscal year on the budgetary statement. Premiums earned on the bonds in business-type activities are amortized over the life of the bonds in fund level and government-wide presentations; however, are applied against interest expense in subsequent year in the budgetary statements.

I 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.

J 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.

K 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, 2007 totaled \$42,045,300 in the governmental fund types, \$28,988,127 of which is for construction activity. The proprietary funds utilize

encumbrance accounting for budgetary purposes. At June 30, 2007 the proprietary funds had encumbrances totaling \$48,119,720, of which \$41,890,254 is for construction activity.

L 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.

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, 2007. The annual leave accrual is calculated using unused annual leave hours at June 30, 2007 and pay rates in place for each employee at fiscal year end.

The compensated absences accrual 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 New Pronouncements - In fiscal year 2008 the County will implement Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The statement requires employers to recognize non-pension, post-retirement benefits in periods when the related services are received. The financial statements must disclose the actuarial accrued liabilities for benefits associated with past services, whether and to what extent those benefits have been funded, and information useful in assessing potential demands on the employer’s future cash flows.

To fully implement the statement the County must actuarially determine an annual required contribution (ARC) that would fully fund the current costs and amortize the past-service costs over a period of time. If the ARC is not set aside in an irrevocable trust, the County must recognize a liability in the amount of the unfunded ARC on its Statements of Net Assets. The County does not intend to establish an irrevocable trust in fiscal year 2008, therefore, the County will have to record a liability for the unfunded ARC. An actuarial evaluation estimated the ARC for the County and its component units for fiscal year 2008 as shown in the table below. The County and its component units are expected to pay approximately \$42.2 million of retiree health care expenses in 2008 on a pay-as-you-go basis. Management intends to continue this level of funding, which would reduce the unfunded ARC.

<u>Reporting Unit</u>	ARC using a 4% discount factor (in <u>millions</u>)	ARC using an 8% discount factor (in <u>millions</u>)
Primary Government	\$103.6	\$62.7
Board of Education	65.2	48.1
Community College	6.7	4.2
Library	<u>3.9</u>	<u>2.6</u>
Total	179.4	117.6
Pay-as-you-go funding	<u>(42.2)</u>	<u>(42.2)</u>
Net funding gap	<u>\$137.2</u>	<u>\$75.4</u>

Management is developing a plan to address its liability in a collaborative effort involving its component units, employee organizations, and the County Council. Management anticipates that modifications will be made to the current retiree health benefit program and this effort, along with plans to increase the amount of funding set aside each year, should result in fully funding the ARC on an ongoing basis in five years (using an 8% discount factor). In fiscal year 2008, \$5 million was set aside for this purpose in the County’s Health Insurance Fund. Once a final determination of the revised retiree health benefit is made, the County anticipates utilizing a trust fund to manage the retiree health insurance liability.

O 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.

P **Restatement of Beginning Net Assets** - During fiscal year 2007, Management determined that \$5,111,035 of advanced Federal grant revenue received during fiscal years 2005 and 2006 had not been expended for eligible purposes and/or within the related time restrictions. The grant monies plus accumulated interest were returned to the grantor in September 2007. The beginning net assets have been adjusted to reflect the prior years' reduction in grant revenue recognized.

2 **Budgetary Information**

A **Excess Expenditures over Appropriations and Fund Deficits** – The County limits the spending of departments and funds by granting budgetary appropriation authority. These limits are established at the department level in the General Fund, separate funds are controlled at the fund level, and capital projects are controlled at the project level.

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 over expenditures - budgetary basis	\$ 10,492,280
Net effect of encumbrances	(2,325,569)
Changes in revenue stabilization and golf courses reserves	6,442,639
Timing differences in revenue recognition	1,027,329
Net effect of Self Insurance Fund deficits allocation	(318,463)
Changes in bond proceeds reserved for debt service	1,933,274
Net inventory change	<u>316,234</u>
Change in fund balance - modified accrual basis	<u>\$ 17,567,724</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 are registered with the Securities and Exchange Commission (SEC) under the Investment Company Act of 1940 (the Act), are operating in accordance with Rule 2A-7 of the Act, and have received the highest possible rating from at least one Nationally Recognized Statistical Rating Organization as designated by the SEC; 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. 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 collected 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, limited partnerships, absolute return funds, private equity, as well as mortgage participations and real estate. The Retirement System lends its 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% for domestic securities and 105% for international 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, 2006, the year-end for the Retirement System, had a weighted average maturity of 195 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. Because the loans were terminable at will, the loans' durations did not generally match the durations of the investments made with cash collateral. The Retirement System cannot pledge or sell collateral securities received unless the borrower defaults.

B Balances and Custodial Credit Risk – At June 30, 2007, the carrying amount of the Primary Government's bank deposits was \$11,013,882, while bank balances were \$11,430,529. Available cash invested overnight in Repurchase agreements, as discussed above, was \$3,473,048. Bank balances of \$177,224 were fully secured by Federal Deposit insurance and the balance of \$11,353,593 represents uncollected bank deposits.

Cash balances of the Board of Education are fully securitized by Federal Deposit Insurance and/or collateral held in the Board's name at the Federal Reserve. Deposits for Anne Arundel Community College are secured and properly protected. The cash balances of the other nonmajor component units are insured or collateralized except \$325,201, which is neither insured nor collateralized.

Custodial credit risk is the risk that the Primary Government will not be able to recover deposits, in the event of the failure of a depository financial institution or will not be able to recover collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Primary Government, and are held by either a counterparty or the counterparty's trust department or agent but not in the Primary Government's name. The Primary Government's Investment Policy requires that the Controller maintain a list of financial institutions authorized to provide investment services, including custodial services, and collateral requirements. Internal procedures establish the methods for evaluating eligible institutions. Custodial credit risk for deposits is not addressed in the policy.

C Concentration Risk - Concentration risk is the risk of loss attributed to the magnitude of the Government's investment in a single issuer. As of June 30, 2007, Federal Home Loan Bank represented 18.8% of the Primary Government's investments with Federal National Mortgage Association and Federal Home Loan Mortgage at 6.9% and 5.2% respectively. Exposure to all other issuers was less than 5.0% each excluding investment pools. The Primary Government's Investment Policy requires diversification of investments by security type and institution. Issuer limits are not addressed. There was no investment greater than 5% for the Board of Education or the Community College excluding pools. The Retirement System's Investment Policy Statement (IPS) sets maximum concentration limits by asset type and manager style. As of December 31, 2006 there was no exposure to a single issuer greater than 5.0% of the System's plan net assets, excluding investment pools.

D Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The fair market value of fixed income (debt) securities is affected by increases and declines in interest rates. These investments may also have embedded call features allowing the issuer to redeem part or all of the issue prior to maturity at a pre-set price. In addition, debt issues may have interest rates that vary according to a pre-determined external index (such as the London Inter-Bank Offered Rate) or a pre-determined step-up in the interest rate at a pre-determined date(s). The Primary Government's Investment Policy does not specifically address interest rate risk. However, term limits are established for certain investments, which serve to minimize interest rate risk. The Retirement System's IPS sets limits on floating rates for mortgage backed securities and establishes limits on the average duration of some investment types.

The table on the following page uses the *Segmented Time Distribution* method to display debt holdings by maturity for the Primary Government and the Component Units by term and investment type. Market values for issues within the Primary Government's agency/instrumentalities category include, \$169,280,776 of callable issues, and \$7,992,500 for issues that have both callable and rate step-up features. Within the Component Units issues with variable rate coupons total \$126,057 in market value.

Anne Arundel County, Maryland
Notes to the Basic Financial Statements

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1 year	1 to 5	6 to 10	over 10
Primary Government					
Repurchase agreements	\$ 234,623,125	\$ 234,000,000	\$ -	\$ -	\$ 623,125
U.S. Government securities	3,300,039	-	-	-	3,300,039
Agency/Instrumentalities	208,806,857	154,725,370	54,081,487	-	-
Bankers' Acceptances	12,491,888	12,491,888	-	-	-
Commercial paper	50,192,251	50,192,251	-	-	-
Money market pools	56,925,325	56,925,325	-	-	-
Tax exempt municipal bonds	53,221,615	16,808,973	36,412,642	-	-
	<u>\$ 619,561,100</u>	<u>\$ 525,143,807</u>	<u>\$ 90,494,129</u>	<u>\$ -</u>	<u>\$ 3,923,164</u>
Board of Education					
Repurchase agreements	\$ 767,214	\$ 767,214	\$ -	\$ -	\$ -
Money market pools	116,021,750	116,021,750	-	-	-
	<u>\$ 116,788,964</u>	<u>\$ 116,788,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Community College					
Certificates of Deposit	\$ 537,092	\$ 537,092	\$ -	\$ -	\$ -
Money market pools	12,965,965	12,965,965	-	-	-
Bond mutual funds	1,015,600	1,015,600	-	-	-
Guaranteed investment trusts	1,174,939	-	-	-	1,174,939
	<u>\$ 15,693,596</u>	<u>\$ 14,518,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,174,939</u>
Other nonmajor component units					
Agency/Instrumentalities	\$ 290,201	\$ 164,144	\$ 126,057	\$ -	\$ -
Certificates of Deposit	373,070	-	373,070	-	-
Money market pools	406,543	406,543	-	-	-
Corporate bonds	172,599	172,599	-	-	-
	<u>\$ 1,242,413</u>	<u>\$ 743,286</u>	<u>\$ 499,127</u>	<u>\$ -</u>	<u>\$ -</u>

The table on the next page uses *Segmented Time Distribution* to display the Retirement System's debt holdings by maturity term, investment type as of December 31, 2006. Some issues within the categories agencies/instrumentalities, corporate bonds, collateralized mortgage obligations, and other asset-backed securities have variable rate features. The total fair value of these securities was \$15,523,024 as of December 31, 2006.

The segmented time distribution table includes issues with call features and assumes that these issues will be held to maturity. The total fair market value of callable securities totals \$80,041,038 with call dates ranging from January 1, 2007, for continuously callable issues, to April 20, 2024. Stated call prices are generally at par or reflect premiums as great as 5.81%. There are also securities that do not have a stated call price, but include a "make whole" provision. This allows the issuer to pay off remaining debt but requires a lump sum payment equal to the net present value of future coupon payments that will not be paid due to the call.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than</u>			
		<u>1 year</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>over 10</u>
U.S. Treasuries	\$ 24,462,735	\$ 1,896,044	\$ 10,623,369	\$ 5,699,621	\$ 6,243,701
Agency/Instrumentalities	55,154,518	467,767	1,775,339	391,935	52,519,477
Corporate Bonds	85,520,237	3,918,675	28,021,125	42,544,785	11,035,652
Bond Mutual Funds	112,021,812	4,499,966	107,521,846	-	-
Collateralized Mrtg Obligations	20,708,980	-	-	-	20,708,980
Other Asset-Backed Securities	8,294,757	-	-	744,840	7,549,917
Foreign Denominated Bonds	6,374,818	395,107	1,928,553	2,732,507	1,318,651
Totals	\$ 312,537,857	\$ 11,177,559	\$ 149,870,232	\$ 52,113,688	\$ 99,376,378

E Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Debt securities are rated by Nationally Recognized Statistical Rating Organizations to provide purchasers with an opinion of the capability and willingness of a borrower to re-pay its debt. The Primary Government’s Investment Policy does not address credit risk. The following table displays the County’s debt holdings and quality ratings from Standard & Poor’s and Moody’s with the highest rating in each asset type listed first. Ratings for the Component Units and Retirement System are listed separately.

<u>Investment Type</u>	<u>S&P</u>	<u>Moody's</u>	<u>%</u>	<u>Investment Type</u>	<u>S&P</u>	<u>Moody's</u>	<u>%</u>
<u>Primary Government</u>							
Federal Home Loan Bank	AAA	Aaa	18.85	Tax Exempt Municipal	AAA	Aaa	4.14
Federal Home Loan Mortgage	AAA	Aaa	5.16	"	AA	A	1.15
Federal National Mort Assoc.	NR	Aaa	6.92	"	A	A	0.66
Federal Agricultural Mort Corp	NR	NR	2.64	"	AAA	NR	0.73
Federal Farm Credit	AAA	Aaa	0.32	"	AA	NR	0.96
Bankers Acceptances	A-1	P-1	2.03	"	NR	Aaa	0.29
Money market pools	AAAm	Aaa	6.84	"	NR	Aa	0.70
"	AAAm	NR	2.02	Commercial paper	A-1	P-1	8.14
"	NR	NR	0.38				
Repurchase agreement	NR	NR	38.07				<u>100.00</u>
<u>Board of Education</u>							
Repurchase Agreement	NR	NR	0.66	Money Market pool	AAAm	NR	<u>99.34</u>
							<u>100.00</u>
<u>Community College</u>							
Money market pool	AAAm	NR	80.48	Guaranteed Invt Trust	NR	NR	7.49
Money market pool	NR	NR	2.14	Certificates of Deposit	NR	NR	<u>3.42</u>
Bond Mutual Funds	NR	NR	6.47				<u>100.00</u>
<u>Nonmajor component units</u>							
Federal Home Loan Bank	AAA	Aaa	11.21	Corporate Bonds	AA	Aa	13.89
Federal Home Loan Mtg Corp	AAA	Aaa	12.15	Money market pools	AAAm	NR	2.03
Certificates of Deposit	NR	NR	30.03	Money market pools	NR	NR	<u>30.69</u>
							<u>100.00</u>

The Retirement System’s Investment Policy Statement (IPS) provides guidelines to all fixed income managers related to allowable quality ratings. Holdings as of December 31, 2006 are displayed in the following page.

<u>Investment type</u>	<u>S&P</u>	<u>Moody's</u>	<u>%</u>	<u>Investment type</u>	<u>S&P</u>	<u>Moody's</u>	<u>%</u>
Agency/Instrumentalities	AAA	Aaa	1.50	Corporate Bonds	AAA	Aaa	0.39
"	NR	NR	11.71	"	AA	Aa	0.37
Collateralized Mort. Oblig.	AAA	Aaa	4.60	"	A	Aa	0.36
"	AAA	NR	0.28	"	A	A	0.51
"	CCC	Caa	0.02	"	A	Baa	0.11
"	NR	Aaa	0.05	"	BBB	A	0.09
Other Asset-backed Obligations	AAA	Aaa	1.47	"	BBB	Baa	2.35
"	AAA	NR	0.33	"	BBB	Ba	0.10
"	A	A	0.03	"	BB	Baa	0.05
"	B	B	0.08	"	BB	Ba	3.46
"	BBB	Baa	0.03	"	BB	B	0.58
"	NR	B	0.03	"	B	Ba	1.06
"	NR	Ca	0.02	"	B	B	7.93
Foreign Govt Issued Debt	AAA	Aaa	0.23	"	B	Caa	0.49
"	AA	Aa	0.09	"	CCC	B	0.42
"	A	A	0.04	"	CCC	Caa	0.84
"	A	Aa	0.04	"	NR	NR	1.39
"	BBB	A	0.05	Mutual Funds	NR	NR	26.55
"	BBB	Baa	0.46	Guaranteed Invest	NR	NR	0.29
"	BB	Baa	0.05	Short Term Investment	NR	NR	<u>30.98</u>
"	B	Ba	0.25				<u>100.00</u>
"	B	B	0.12				
"	NR	A	0.20				

F Foreign Currency Risk – This risk relates to the potential, unfavorable fluctuation of exchange rates compared with the U.S. Dollar. Neither the Primary Government nor its component units had exposure to foreign currency as of June 30, 2007. The Retirement System recognizes the value of global diversification and retains five managers for global and international equity and fixed income investments. Global and international managers may also purchase or sell currency on a spot basis and may enter into forward exchange contracts on currency provided that the use of such contracts is designed to dampen portfolio volatility or to facilitate the settlement of securities transactions.

As of December 31, 2006, the Retirement System's exposure to fixed income foreign currency was reduced to \$2,922 to the Euro and \$53,862 to the Japanese Yen for a total of \$56,784. This compared to a total of \$26,315,565 as of December 31, 2005. This resulted from the decision to move all assets of one global fixed income manager's discrete fixed income investments to two pooled portfolios. This transition was in progress at year-end 2006. International/global equities totaling \$309,360,506 in fair market value, are managed in pooled funds.

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 State Income Taxes Receivable – The State's distribution of the County's share of income taxes lags behind the County's fiscal year. Management estimates the amount of receivables for taxes earned in the fiscal year by analyzing the historical trends of distribution patterns and current year income tax activity.

C 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 8.25%. The balance at June 30, 2007 of the deferred charges is \$54,714,974.

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 \$3,145,324, of which \$1,376,531 is non-current.

5 Capital Assets

The components of capital assets, changes in asset categories, and accumulated depreciation for the fiscal year ended June 30, 2007 are presented below and on the following pages.

<u>Category</u>	<u>Balance June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land and easements	\$ 161,908,627	\$ 4,831,690	\$ (217,333)	\$ 166,522,984
Historical property/works of art	4,166,465	-	-	4,166,465
Construction in progress	182,801,623	51,711,518	(77,428,336)	157,084,805
Total assets not depreciated	<u>348,876,715</u>	<u>56,543,208</u>	<u>(77,645,669)</u>	<u>327,774,254</u>
<i>Capital assets being depreciated:</i>				
Land improvements	101,163,115	39,018,892	-	140,182,007
Buildings	291,243,819	14,042,291	(350,473)	304,935,637
Roads and bridges	307,794,201	8,574,841	(1,042,883)	315,326,159
Sidewalks, curbs, and gutters	33,344,154	3,261,666	(172,051)	36,433,769
Storm drains and culverts	211,692,918	19,026,574	(212,635)	230,506,857
Automobiles and rolling stock	67,978,814	8,846,166	(5,905,958)	70,919,022
Furniture, fixtures, and equipment	41,740,638	3,775,551	(1,679,736)	43,836,453
Software	19,663,056	233,096	(31,536)	19,864,616
Total assets depreciated	<u>1,074,620,715</u>	<u>96,779,077</u>	<u>(9,395,272)</u>	<u>1,162,004,520</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(42,296,851)	(4,452,034)	-	(46,748,885)
Buildings	(63,683,943)	(6,017,101)	86,458	(69,614,586)
Roads and bridges	(137,002,053)	(11,383,847)	862,364	(147,523,536)
Sidewalks, curbs, and gutters	(12,866,863)	(753,089)	119,374	(13,500,578)
Storm drains and culverts	(120,643,220)	(7,729,021)	143,966	(128,228,275)
Automobiles and rolling stock	(42,484,552)	(6,439,028)	5,771,293	(43,152,287)
Furniture, fixtures, and equipment	(29,603,369)	(3,109,631)	1,410,414	(31,302,586)
Software	(17,018,620)	(1,163,339)	31,536	(18,150,423)
Total accumulated depreciation	<u>(465,599,471)</u>	<u>(41,047,090)</u>	<u>8,425,405</u>	<u>(498,221,156)</u>
Total capital assets, being depreciated, net	<u>609,021,244</u>	<u>55,731,987</u>	<u>(969,867)</u>	<u>663,783,364</u>
Total governmental activities, net	<u>\$ 957,897,959</u>	<u>\$ 112,275,195</u>	<u>\$ (78,615,536)</u>	<u>\$ 991,557,618</u>

Anne Arundel County, Maryland
Notes to the Basic Financial Statements

Category	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land and easements	\$ 10,800,325	\$ 9,131	\$ -	\$ 10,809,456
Construction in progress	<u>167,592,264</u>	<u>43,278,188</u>	<u>(19,900,274)</u>	<u>190,970,178</u>
Total assets not depreciated	<u>178,392,589</u>	<u>43,287,319</u>	<u>(19,900,274)</u>	<u>201,779,634</u>
<i>Capital assets being depreciated:</i>				
Buildings	20,864,199	6,348,033	(39,427)	27,172,805
Landfills	34,818,431	645,318	-	35,463,749
Water and sewer plants and lines	1,218,796,147	38,264,836	(9,328,216)	1,247,732,767
Automobiles and rolling stock	7,529,382	214,648	(619,325)	7,124,705
Furniture, fixtures, and equipment	<u>13,625,771</u>	<u>1,757,631</u>	<u>(1,422,028)</u>	<u>13,961,374</u>
Total assets depreciated	<u>1,295,633,930</u>	<u>47,230,466</u>	<u>(11,408,996)</u>	<u>1,331,455,400</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(5,888,640)	(370,609)	1,576	(6,257,673)
Landfills	(24,432,199)	(1,623,016)	-	(26,055,215)
Water and sewer plants and lines	(378,305,510)	(29,233,201)	2,813,676	(404,725,035)
Automobiles and rolling stock	(5,670,911)	(421,899)	619,325	(5,473,485)
Furniture, fixtures, and equipment	<u>(8,482,230)</u>	<u>(766,670)</u>	<u>1,357,715</u>	<u>(7,891,185)</u>
Total accumulated depreciation	<u>(422,779,490)</u>	<u>(32,415,395)</u>	<u>4,792,292</u>	<u>(450,402,593)</u>
Total capital assets, being depreciated, net	<u>872,854,440</u>	<u>14,815,071</u>	<u>(6,616,704)</u>	<u>881,052,807</u>
Total business-type activities, net	<u>\$ 1,051,247,029</u>	<u>\$ 58,102,390</u>	<u>\$ (26,516,978)</u>	<u>\$ 1,082,832,441</u>
Board of Education:				
<i>Capital assets not being depreciated:</i>				
Land and improvements	\$ 48,785,317	\$ -	\$ -	\$ 48,785,317
Construction in progress	<u>79,997,315</u>	<u>75,539,259</u>	<u>(68,061,901)</u>	<u>87,474,673</u>
Total assets not depreciated	<u>128,782,632</u>	<u>75,539,259</u>	<u>(68,061,901)</u>	<u>136,259,990</u>
<i>Capital assets being depreciated:</i>				
Buildings	807,903,405	59,368,849	(3,354,891)	863,917,363
Furniture, fixtures, and equipment	<u>20,987,450</u>	<u>1,140,803</u>	<u>(272,314)</u>	<u>21,855,939</u>
Total assets depreciated	<u>828,890,855</u>	<u>60,509,652</u>	<u>(3,627,205)</u>	<u>885,773,302</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(366,719,669)	(28,879,209)	3,308,233	(392,290,645)
Furniture, fixtures, and equipment	<u>(12,140,217)</u>	<u>(1,884,617)</u>	<u>229,719</u>	<u>(13,795,115)</u>
Total accumulated depreciation	<u>(378,859,886)</u>	<u>(30,763,826)</u>	<u>3,537,952</u>	<u>(406,085,760)</u>
Total capital assets, being depreciated, net	<u>450,030,969</u>	<u>29,745,826</u>	<u>(89,253)</u>	<u>479,687,542</u>
Total Board of Education, net	<u>\$ 578,813,601</u>	<u>\$ 105,285,085</u>	<u>\$ (68,151,154)</u>	<u>\$ 615,947,532</u>

Anne Arundel County, Maryland
Notes to the Basic Financial Statements

Category	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007
Community College:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,377,654	\$ -	\$ -	\$ 2,377,654
Construction in progress	827,662	7,876,956	(410,726)	8,293,892
Total assets not depreciated	<u>3,205,316</u>	<u>7,876,956</u>	<u>(410,726)</u>	<u>10,671,546</u>
<i>Capital assets being depreciated:</i>				
Land improvements	3,936,119	-	-	3,936,119
Buildings and improvements	89,408,412	11,550	-	89,419,962
Furniture, fixtures, and equipment	21,600,309	1,695,187	(790,439)	22,505,057
Total assets depreciated	<u>114,944,840</u>	<u>1,706,737</u>	<u>(790,439)</u>	<u>115,861,138</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(3,100,878)	(166,165)	-	(3,267,043)
Buildings and improvements	(30,101,496)	(2,564,370)	-	(32,665,866)
Furniture, fixtures, and equipment	(15,150,727)	(2,279,274)	761,462	(16,668,539)
Total accumulated depreciation	<u>(48,353,101)</u>	<u>(5,009,809)</u>	<u>761,462</u>	<u>(52,601,448)</u>
Total capital assets, being depreciated, net	<u>66,591,739</u>	<u>(3,303,072)</u>	<u>(28,977)</u>	<u>63,259,690</u>
Total Community College, net	<u>\$ 69,797,055</u>	<u>\$ 4,573,884</u>	<u>\$ (439,703)</u>	<u>\$ 73,931,236</u>
Other non-major:				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 43,243	\$ 177,515	\$ (43,243)	\$ 177,515
<i>Capital assets being depreciated:</i>				
Airport improvements	8,106,489	75,426	-	8,181,915
Library collection	13,932,832	2,608,891	(2,563,751)	13,977,972
Automobiles and rolling stock	58,587	-	-	58,587
Furniture, fixtures, and equipment	2,902,800	123,451	(133,526)	2,892,725
Total assets depreciated	<u>25,000,708</u>	<u>2,807,768</u>	<u>(2,697,277)</u>	<u>25,111,199</u>
<i>Less accumulated depreciation for:</i>				
Airport improvements	(939,989)	(377,112)	-	(1,317,101)
Library collection	(4,832,402)	(1,262,924)	1,102,105	(4,993,221)
Automobiles and rolling stock	(32,154)	(8,810)	-	(40,964)
Furniture, fixtures, and equipment	(1,608,158)	(288,794)	128,840	(1,768,112)
Total accumulated depreciation	<u>(7,412,703)</u>	<u>(1,937,640)</u>	<u>1,230,945</u>	<u>(8,119,398)</u>
Total capital assets, being depreciated, net	<u>17,588,005</u>	<u>870,128</u>	<u>(1,466,332)</u>	<u>16,991,801</u>
Total other non-major, net	<u>\$ 17,631,248</u>	<u>\$ 1,047,643</u>	<u>\$ (1,509,575)</u>	<u>\$ 17,169,316</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 table on the following page shows the depreciation expense for each functional category.

Governmental activities:

Education	\$	42,024
Public Safety		4,327,256
General government		8,806,551
Health and human services		380,268
Public works		20,591,589
Recreation and community services		5,586,270
Judicial		1,288,926
Code enforcement		5,353
Land use and development		18,853
	\$	<u>41,047,090</u>

Business-type activities:

Water and wastewater	\$	30,012,459
Waste collection		2,402,936
	\$	<u>32,415,395</u>

Component units:

Board of Education	\$	30,763,826
Community College		5,009,809
Library System		1,425,123
Economic Development Corp		93,640
Tipton Airport Authority		385,682
Workforce Development		33,195
	\$	<u>37,711,275</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 each funds' 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, 2007:

<u>Fund With Receivable</u>	<u>Fund With Payable</u>	<u>Amount</u>
General Fund	Enterprise Funds	\$ 409,477
General Fund	Special Revenue Funds	181,042
		<u>\$ 590,519</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 business-type activities from the governmental activities of the Primary Government of \$629,167. This represents the proprietary funds' share of the residual equity of the internal service funds of \$1,038,644 less the proprietary funds' share of the Self Insurance Fund's deficits of \$409,477. The \$181,042 balance represents special revenue funds' implicit borrowing from the General Fund at June 30, 2007.

Transfers between the Primary Government's funds, presented on the following page, totaled \$153,626,114 for fiscal year 2007. 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; General Fund's share of grant programs transferred to Arundel Community Development Service Fund; capital project investment earnings retained by the General Fund; transfers from special revenue fund grants to the General Fund; excess Parking Garage funds transferred to the General Fund; and tax increment funds legally appropriated for transfer to the General Fund.

<u>Originating Fund</u>	<u>Recipient Fund</u>	<u>Amount</u>
General	General County Capital Projects	\$ 118,456,450
General	Nonmajor Governmental	582,823
Nonmajor Governmental	General	13,171,064
Impact Fees	General County Capital Projects	5,225,771
Impact Fees	General	7,924,512
General County Capital Projects	Nonmajor Governmental	1,634,855
General County Capital Projects	General	6,630,639
		<u>\$ 153,626,114</u>

At June 30, 2007, receivable and payable balances remained between the Primary Government and its discretely presented component units. These balances and transactions are a result of the Primary Government's ongoing funding of the component units' capital and operating costs. Those balances and the payments from the Primary Government to or on behalf of these parties are presented below:

Between Component Units and Primary Government

Receivables/Payables

<u>Entity with Receivable</u>	<u>Entity with Payable</u>	<u>Amount</u>
Board of Education	Primary Government	\$ 20,349,547
Community College	Primary Government	1,133,974
Other Nonmajor	Primary Government	1,211,909
		<u>\$ 22,695,430</u>

Primary Government Expenditures

<u>Originating Entity</u>	<u>Recipient Entity</u>	<u>Amount</u>
Primary Government	Board of Education	\$ 594,497,912
Primary Government	Community College	38,029,741
Primary Government	Other Nonmajor	18,564,009
		<u>\$ 651,091,662</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 2007 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 the notes' maturities 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 December 15, 2015. The maturities of notes outstanding during fiscal year 2007 ranged from 20 to 223 days and interest rates ranged from 3.50% to 3.90%. The County plans to issue long-term debt in the Spring of 2008 to payoff bond anticipation notes outstanding at June 30, 2007. 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, 2007 are presented on the following page:

Year ended June 30,	General Obligation Bonds					
	Governmental		Business-type		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 51,932,017	\$ 27,711,298	\$ 22,986,352	\$ 13,612,177	\$ 74,918,369	\$ 41,323,475
2009	49,481,016	25,480,014	22,045,004	12,721,647	71,526,020	38,201,661
2010	46,871,142	23,129,575	18,527,943	11,738,703	65,399,085	34,868,278
2011	44,538,229	20,845,498	17,400,551	10,894,115	61,938,780	31,739,613
2012	43,231,628	18,716,752	17,424,365	10,112,304	60,655,993	28,829,056
2013-2017	177,504,277	64,796,343	81,505,604	38,934,167	259,009,881	103,730,510
2018-2022	121,364,190	28,771,540	59,128,677	23,322,377	180,492,867	52,093,917
2023-2027	60,433,425	7,044,684	42,526,932	12,783,077	102,960,357	19,827,761
2028-2032	1,825,000	75,280	25,920,215	5,287,152	27,745,215	5,362,432
2033-2037			9,805,000	903,282	9,805,000	903,282
	<u>\$ 597,180,924</u>	<u>\$ 216,570,984</u>	<u>\$ 317,270,643</u>	<u>\$ 140,309,001</u>	<u>\$ 914,451,567</u>	<u>\$ 356,879,985</u>

C Tax Increment and Other Debt - At June 30, 2007, there was \$53,960,000 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. Except for the Parole Town Center issue with \$5,455,000 outstanding, the County has pledged its full faith and credit for these bonds. During the fiscal year ended June 30, 2007, \$15,056,729 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
2008	\$ 875,000	\$ 2,612,666	2013-2017	\$ 8,945,000	\$ 10,650,142
2009	915,000	2,570,166	2018-2022	12,055,000	8,301,138
2010	1,150,000	2,522,457	2023-2027	17,830,000	4,532,978
2011	1,690,000	2,461,848	2028-2032	8,325,000	440,059
2012	2,175,000	2,381,943	Total	<u>\$ 53,960,000</u>	<u>\$ 36,473,397</u>

In addition, there were \$5,837,000 and \$3,633,000 of special tax district bonds related to the Farmington Village Project and the Villages of Dorchester outstanding at June 30, 2007, 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, 2007 of \$2,163,208. These loans were received from the State for highway improvements and waterway improvements. During fiscal year 2007 the County paid \$212,657 for principal. The table below outlines the debt service requirements.

Year ended June 30,	Principal	Interest	Year ended June 30,	Principal	Interest
2008	\$ 221,501	\$ -	2013-2017	\$ 814,048	\$ -
2009	202,146	-	2018-2022	267,505	-
2010	183,021	-	2023-2027	79,416	-
2011	183,021	-	2028-2032	46,830	-
2012	165,720	-	Total	<u>\$ 2,163,208</u>	<u>\$ -</u>

Federal Loans - As of June 30, 2007, the County had one HUD Section 108 Loan outstanding for a community development capital improvement project. In September of 2006, the variable fixed rate loan was

converted to a fixed rate long-term loan with scheduled principal payments of \$410,000 due in August with a fixed percentage rate of interest. The table below outlines the debt service requirements.

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ -	\$ 81,918
2009	410,000	71,648
2010	410,000	51,209
2011	410,000	30,811
2013	410,000	10,291
Total	<u>\$ 1,640,000</u>	<u>\$ 245,877</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 \$153,400 all of which are used for governmental activities. Mechanical equipment leased consists of golf carts used by the Department of Recreation and Parks. These equipment leases are five years in length and annual payments for all total about \$3,000. 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, 2007 and the future minimum lease obligations were as follows:

<u>Year ended June 30,</u>	<u>Present Value of Minimum Lease Payments</u>	<u>Interest</u>	<u>Total Minimum Payments</u>
2008	<u>\$ 277</u>	<u>\$ 2</u>	<u>\$ 279</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 2007 were \$3,646,320. Anne Arundel County has a fifty-year lease with the City of Annapolis for Eisenhower Golf Course. The lease terms state the rent shall be the sum of fifty percent (50%) of the annual net profits derived from the operation of the facilities. Because the amount varies, the future value of these lease payments is not included in the table below. The lease payments for fiscal years 2007 and 2006 are \$222,740 and \$260,021 respectively. Minimum annual rental costs required by the leases are summarized below:

<u>Year ending June 30,</u>	<u>Annual Rentals</u>	<u>Year ending June 30,</u>	<u>Annual Rentals</u>
2008	\$ 3,391,089	2012	\$ 1,387,308
2009	3,079,770	2013-2017	3,580,522
2010	2,326,016	2018-2022	<u>447,356</u>
2011	2,084,872		<u>\$ 16,296,933</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, 2007 are presented on the following page:

Year ended			Year ended		
June 30,	Principal	Interest	June 30,	Principal	Interest
2008	\$ 19,000	\$ 556,269	2013-2017	\$ 95,000	\$ 2,744,103
2009	19,000	555,205	2018-2022	95,000	2,717,503
2010	19,000	554,141	2023-2027	95,000	2,690,903
2011	19,000	553,077	2028-2032	9,559,000	715,280
2012	19,000	552,012	Total	\$ 9,939,000	\$ 11,638,493

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	2007-2028	1.00% to 7.00%	\$ 1,036,155,000	\$ 597,180,924
Tax increment district bonds	2007-2029	2.00% to 5.125%	56,875,000	53,960,000
Installment purchase agreements	2007-2030	4.90% to 6.00%	10,014,991	9,939,000
Loans payable	2007-2025	4.96% to 5.77%	6,932,281	3,803,208
Total governmental activities			<u>1,109,977,272</u>	<u>664,883,132</u>
Business-type activities:				
Water and wastewater serial bonds	2007-2036	1.00% to 7.50%	549,234,536	296,871,566
Solid waste serial bonds	2007-2027	2.00% to 6.00%	54,810,000	20,399,077
Total business-type activities			<u>604,044,536</u>	<u>317,270,643</u>
			<u>\$ 1,714,021,808</u>	<u>\$ 982,153,775</u>

The County Charter authorizes the County Council to approve the issuance of general obligation bonds and to set limits on bonds issued through ordinance. Based on the effective ordinance, bonds (other than water and sewer) are limited at 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. In addition, general obligation water and sewer bonds are limited at 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, 2007 a review of the legal debt limitations reveals the following:

	(5.2%/13% Limitations)	(5.6%/14% Limitations)
Charter imposed limitation	\$ 3,397,869,092	\$ 3,362,465,845
Bonded debt outstanding		
Bond anticipation notes	39,000,000	19,000,000
Installment Purchase Agreements	9,939,000	-
Long-term serial bonds	617,580,001	296,871,566
Tax increment bonds	53,960,000	-
	<u>720,479,001</u>	<u>315,871,566</u>
Legal debt margin	<u>\$ 2,677,390,091</u>	<u>\$ 3,046,594,279</u>

As of June 30, 2007, the County had the authority to issue bonds in the amount of \$336,715,478 over and above bonds already issued, including \$194,736,183 of water and wastewater series bonds and \$2,889,398 of solid waste series bonds. This unused authority will be used to fund existing capital projects and those appropriated for fiscal year 2007 and to refund outstanding bond anticipation notes.

H 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 began on September 1, 2005 with the final principal payment on September 1, 2028. Interest on the bonds varies from 3.14% to 5.23%. The loan balance at June 30, 2007 was \$15,360,000. Scheduled

principal payments due on the bonds payable for future years ending June 30 shown below:

<u>Year ending June 30,</u>	<u>Principal Payments</u>	<u>Year ending June 30,</u>	<u>Principal Payments</u>
2008	\$ 385,000	2013-2017	2,580,000
2009	400,000	2018-2022	3,290,000
2010	415,000	2023-2027	4,235,000
2011	430,000	2028-2029	3,175,000
2012	450,000		<u>\$ 15,360,000</u>

I 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:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
Governmental activities:					
Bond anticipation notes	\$ 38,000,000	\$ 39,000,000	\$ 38,000,000	\$ 39,000,000	\$ 39,000,000
Bonds payable:					
General obligation bonds	553,116,562	92,400,000	48,335,638	597,180,924	51,932,017
Deferred refunding gain (loss)	(2,962,738)	-	(983,066)	(1,979,672)	(967,327)
Tax incremental and other debt	54,795,000	-	835,000	53,960,000	875,000
Total bonds payable	<u>604,948,824</u>	<u>92,400,000</u>	<u>48,187,572</u>	<u>649,161,252</u>	<u>51,839,690</u>
Federal and State loans	3,176,922	1,248,943	622,657	3,803,208	221,502
Capital leases	57,382	-	57,105	277	277
Installment purchase agreements	9,030,814	926,000	17,814	9,939,000	19,000
Unpaid insurance claims	46,539,075	77,946,560	73,424,776	51,060,859	14,100,859
Compensated absences	18,451,893	21,865,828	21,376,072	18,941,649	18,924,350
Total long-term	<u>682,204,910</u>	<u>194,387,331</u>	<u>143,685,996</u>	<u>732,906,245</u>	<u>85,105,678</u>
Total governmental activities	<u>\$ 720,204,910</u>	<u>\$ 233,387,331</u>	<u>\$ 181,685,996</u>	<u>\$ 771,906,245</u>	<u>\$ 124,105,678</u>
Business-type activities:					
Bond anticipation notes	\$ 21,000,000	\$ 19,000,000	\$ 21,000,000	\$ 19,000,000	\$ 19,000,000
Bonds payable:					
General obligation bonds	285,959,688	53,462,041	22,151,086	317,270,643	22,986,352
Less: deferred refunding loss	(3,132,739)	-	(408,674)	(2,724,065)	(360,119)
Total bonds payable	<u>282,826,949</u>	<u>53,462,041</u>	<u>21,742,412</u>	<u>314,546,578</u>	<u>22,626,233</u>
Compensated absences	1,625,402	1,793,246	1,681,664	1,736,984	1,688,169
Total long-term	<u>284,452,351</u>	<u>55,255,287</u>	<u>23,424,076</u>	<u>316,283,562</u>	<u>24,314,402</u>
Total business-type activities	<u>\$ 305,452,351</u>	<u>\$ 74,255,287</u>	<u>\$ 44,424,076</u>	<u>\$ 335,283,562</u>	<u>\$ 43,314,402</u>

J Advanced Refundings – In prior years, the County in-substance defeased certain general obligation bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County’s financial statements. On June 30, 2007, \$110,200,000 of governmental debt and \$49,505,000 of business-type debt outstanding from prior years is considered defeased.

K Arbitrage Payable – Arbitrage rebate requirements under Internal Revenue Code Section 148 apply to general obligation bond issuances issued after August 31, 1986. The law requires the computation and payment of arbitrage profits on unspent proceeds of a bond issue if the current investment of these funds yields a higher rate of return than the original bond issue. As of June 30, 2007 there is no arbitrage liability due to the Internal Revenue Service.

9 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, 2007, 153 Industrial Revenue Bonds series had been issued. The aggregate principal amounts payable for the six series still outstanding, which were issued after July 1, 1996, was \$16,591,188. The aggregate principal amounts payable for the 145 issued prior to July 1, 1996, could not be determined; however, the original issues 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.

10 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, 2007, the date of the latest actuarial valuation:

	<u>Employees Plan</u>	<u>Police Plan</u>	<u>Fire Plan</u>	<u>Detention Plan</u>	<u>Total</u>
Retirees and beneficiaries receiving payments	1,069	478	332	106	1,985
Terminated plan members entitled to but not yet receiving payments	240	-	-	15	255
Deferred Retirement Option Program (DROP)	-	51	93	-	144
Active plan members	2,338	589	718	359	4,004
	<u>3,647</u>	<u>1,118</u>	<u>1,143</u>	<u>480</u>	<u>6,388</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. In 2004 the County implemented provisions of the County labor contracts that redefined participants in the Plan so that one group can be afforded different benefits. A new "20 and out" benefit was provided to uniformed Detention Officers and Deputy Sheriffs.

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 Costs*** - 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 on the following page provides the actuarial assumptions, funding methods and contributions related to the fiscal year 2007 financial statements.

Anne Arundel County, Maryland
Notes to the Basic Financial Statements

	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%	5% to 6%	5.00%	5.00%
Tier Two	-	Not applicable	Not applicable	Not applicable
Annual Pension Cost (APC)	\$11,158,863	\$10,217,584	\$10,725,662	\$3,644,678
Contributions made	\$11,158,860	\$10,217,580	\$10,725,660	\$3,644,676
Actuarial valuation date	January 1, 2006	January 1, 2006	January 1, 2006	January 1, 2006
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,				
	2003	2004	2005	2006	2007
<i>Employees Plan</i>					
Annual Pension Cost (APC)	\$ 5,731,325	\$ 8,342,504	\$ 9,675,761	\$ 10,351,477	\$ 11,158,863
Percentage of APC Contributed	114.7%	90.5%	99.9%	100.0%	100.0%
Net Pension Obligation	\$ (844,435)	\$ 796,724	\$ 11,899	\$ -	\$ -
<i>Police Plan</i>					
Annual Pension Cost (APC)	\$ 7,724,769	\$ 8,733,903	\$ 8,855,012	\$ 9,005,513	\$ 10,217,584
Percentage of APC Contributed	100.5%	100.9%	99.5%	100.0%	100.0%
Net Pension Obligation	\$ (34,575)	\$ (80,577)	\$ 46,325	\$ -	\$ -
<i>Fire Plan</i>					
Annual Pension Cost (APC)	\$ 7,473,847	\$ 8,508,851	\$ 9,794,829	\$ 10,236,823	\$ 10,725,662
Percentage of APC Contributed	100.4%	96.6%	101.5%	100.0%	100.0%
Net Pension Obligation	\$ (32,993)	\$ 291,287	\$ (145,259)	\$ -	\$ -
<i>Detention Plan</i>					
Annual Pension Cost (APC)	\$ 2,882,271	\$ 3,113,653	\$ 3,102,810	\$ 3,280,056	\$ 3,644,678
Percentage of APC Contributed	100.1%	99.8%	100.1%	100.0%	100.0%
Net Pension Obligation	\$ (3,237)	\$ 6,913	\$ (4,061)	\$ -	\$ -

It is the County's policy to contribute the total APC each year. The differences shown resulted from administrative timing differences. The net pension obligations and assets shown in the table are not material and, therefore, no liability or asset was recorded. There is no net pension obligation or net asset at June 30, 2007.

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, 2007, 2006, and 2005 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,		
	2007	2006	2005
County contributions:			
Primary Government	\$ 1,255,125	\$ 1,195,355	\$ 1,138,433
Board of Education	6,021,256	5,305,219	4,883,055
Community College	150,519	139,927	120,534
State contributions on behalf of:			
Board of Education	35,211,266	32,027,371	32,189,217
Community College	1,700,000	1,500,000	1,600,000
Library	810,704	738,928	728,882
Total	<u>\$ 45,148,870</u>	<u>\$ 40,906,800</u>	<u>\$ 40,660,121</u>

11 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 2,157 retirees and spouses receiving health benefits as of June 30, 2007.

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 3,780 retirees eligible for benefits at June 30, 2007.

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 416 active College employees and retirees eligible to receive post-retirement benefits at June 30, 2007.

These costs are recognized when paid. Total costs incurred for these benefits for the year ended June 30, 2007 were as follows:

<u>Entity</u>	<u>Amount</u>
Primary Government	\$ 11,329,132
Board of Education	26,699,639
Community College	615,918
Other Nonmajor Component Units	427,368
	<u>\$ 39,072,057</u>

12 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. This estimate includes reserves for non-incremental

claims adjustment expense. 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, 2007 is undiscounted. Settlements have not exceeded coverages for each of the past three fiscal years. Changes in the balances of claims liabilities during fiscal years 2007 and 2006 were as follows:

	<u>2007</u>	<u>2006</u>
Liability balance, July 1	\$ 46,539,075	\$ 43,595,433
Current year claims and changes in estimates:		
Changes in estimates - prior periods	1,913,000	132,000
Changes in estimates - current year	76,033,560	71,770,077
Claims payments	<u>(73,424,776)</u>	<u>(68,958,435)</u>
Liability balance, June 30	<u>\$ 51,060,859</u>	<u>\$ 46,539,075</u>

13 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 75.7 % full and cell 9 has not yet opened. Cells 8 and 9 have useful lives to at least 2015 and 2055, respectively. The table that follows 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	\$ 50,291,392	\$ 18,163,719	\$ 68,455,111
Post closure	<u>35,678,726</u>	<u>6,532,034</u>	<u>42,210,760</u>
	85,970,118	24,695,753	110,665,871
Less:			
Amount recognized thru June 30, 2007	<u>48,857,645</u>	<u>24,695,753</u>	<u>73,553,398</u>
Costs remaining to be recognized	<u>\$ 37,112,473</u>	<u>\$ -</u>	<u>\$ 37,112,473</u>
Liability recorded at June 30, 2007:			
Closure	\$ 8,665,459	\$ -	\$ 8,665,459
Post closure	<u>19,124,212</u>	<u>6,532,034</u>	<u>25,656,246</u>
	<u>\$ 27,789,671</u>	<u>\$ 6,532,034</u>	<u>\$ 34,321,705</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. Closure reserves increased by a net of \$847,044 and post closure reserves decreased by a net of \$3,062,374. These increases/decreases include changes to the estimates in the reserves, payments, and other adjustments.

The Primary Government has financial assurance requirements that require the reservation of funds to pay landfill liabilities. The financial assurance reservation totaled \$16,024,470 at June 30, 2007.

14 Contingent Liabilities

A Impact Fees – At June 30, 2007, 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, 2007, \$51,195,501 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 \$5,131,289 at June 30, 2007.

B *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 originally dismissed by the Circuit Court, however, the Court of Special Appeals remanded the case back to Circuit Court. On December 15, 2006, the Circuit Court issued a final judgment, finding that impact fees of \$4,719,359, plus interest, are due to the current owners of the specified impact fee paying properties. In the opinion of the County Attorney, the likelihood of an outcome unfavorable to the County is reasonably possible but the possibility that the loss might exceed \$5,000,000 is remote. The County believes that significant legal issues are preserved for appeal and substantial and compelling defenses remain in favor of the County, and no loss related to this issue has been accrued.

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.

C *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, 2007, the County estimates that no material liabilities will result from such audits.

Anne Arundel County, Maryland

Required Supplementary Information

Year Ended June 30, 2007

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.

	(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, 2005	395,501,876	405,171,824	9,669,948	97.6%	103,105,736	9.4%
2006	422,234,496	439,232,236	16,997,830	96.1%	107,290,189	15.8%
2007	456,656,849	481,971,630	25,314,781	94.7%	116,709,102	21.7%
Police Service Retirement Plan:						
January 1, 2005	337,113,153	346,154,153	9,041,000	97.4%	33,530,370	27.0%
2006	360,268,341	376,560,903	16,292,562	95.7%	36,694,307	44.4%
2007	389,877,885	401,698,105	11,820,220	97.1%	37,805,038	31.3%
Fire Service Retirement Plan						
January 1, 2005	313,478,279	326,860,256	13,381,977	95.9%	34,871,614	38.4%
2006	340,274,675	355,786,396	15,511,721	95.6%	38,592,322	40.2%
2007	368,413,752	383,694,268	15,280,516	96.0%	43,527,351	35.1%
Pension Plan for Detention Officers and Personnel:						
January 1, 2005	52,200,204	60,272,753	8,072,549	86.6%	15,355,590	52.6%
2006	58,379,332	69,092,726	10,713,394	84.5%	16,794,068	63.8%
2007	66,233,757	75,946,236	9,712,479	87.2%	17,367,873	55.9%
State Retirement and Pension System of Maryland (dollar amounts in thousands):						
June 30, 2004	33,484,657	36,325,704	2,841,047	92.2%	8,069,481	35.0%
2005	34,519,500	39,133,450	4,613,949	88.2%	8,603,761	54.0%
2006	35,795,025	43,243,492	7,448,467	82.8%	9,287,576	80.0%

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 (Non-GAAP Basis)

General Fund

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Over (Under)
GENERAL PROPERTY TAXES				
Real and personal taxes	\$ 450,018,000	\$ 450,018,000	\$ 457,043,517	\$ 7,025,517
Interest and penalties	635,000	635,000	781,845	146,845
	<u>450,653,000</u>	<u>450,653,000</u>	<u>457,825,362</u>	<u>7,172,362</u>
LOCAL INCOME TAXES	<u>345,500,000</u>	<u>345,500,000</u>	<u>361,956,043</u>	<u>16,456,043</u>
STATE SHARED TAXES				
Highway user	31,770,000	31,770,000	29,933,996	(1,836,004)
Admissions	6,825,000	6,825,000	7,187,118	362,118
Auto-boat	5,000	5,000	4,735	(265)
	<u>38,600,000</u>	<u>38,600,000</u>	<u>37,125,849</u>	<u>(1,474,151)</u>
GRANTS AND AID				
Programs for the aging	3,172,000	3,507,000	3,650,971	143,971
Public safety	8,783,300	9,132,700	8,022,608	(1,110,092)
Mental health	542,900	542,900	564,275	21,375
Health	20,702,300	20,702,300	20,853,547	151,247
Other	14,080,100	14,442,900	12,592,246	(1,850,654)
	<u>47,280,600</u>	<u>48,327,800</u>	<u>45,683,647</u>	<u>(2,644,153)</u>
RECORDATION AND TRANSFER TAXES				
Recordation	53,000,000	53,000,000	57,226,551	4,226,551
Transfer	52,000,000	52,000,000	52,030,889	30,889
	<u>105,000,000</u>	<u>105,000,000</u>	<u>109,257,440</u>	<u>4,257,440</u>
LOCAL SALES TAXES				
Electricity	5,270,000	5,270,000	5,075,320	(194,680)
Gas	715,000	715,000	711,205	(3,795)
Telephone	7,500,000	7,500,000	8,632,997	1,132,997
Fuel	80,000	80,000	63,202	(16,798)
Hotel-Motel	13,000,000	13,000,000	13,942,409	942,409
Parking	4,965,000	4,965,000	5,236,625	271,625
Trailer Park Rental Pmts	930,000	930,000	942,416	12,416
	<u>32,460,000</u>	<u>32,460,000</u>	<u>34,604,174</u>	<u>2,144,174</u>

Anne Arundel County, Maryland

Detail Schedule of Revenue - Estimated and Actual (Non-GAAP Basis)

General Fund

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Over (Under)
LICENSES AND PERMITS				
Amusements	281,500	281,500	213,562	(67,938)
Special events	4,500	4,500	8,450	3,950
Beer, wine, liquor	711,500	711,500	761,157	49,657
Trade licenses	285,600	285,600	285,667	67
Traders	760,000	760,000	845,508	85,508
Permits	10,114,200	10,114,200	11,329,751	1,215,551
Fines	55,000	55,000	154,816	99,816
Mobile home parks	34,800	34,800	34,223	(577)
Taxicabs	102,400	102,400	106,494	4,094
Animal control	363,400	363,400	343,523	(19,877)
Other	1,566,100	1,566,100	1,608,848	42,748
Health Department	1,257,000	1,257,000	872,522	(384,478)
Public space	716,000	716,000	1,117,306	401,306
	<u>16,252,000</u>	<u>16,252,000</u>	<u>17,681,827</u>	<u>1,429,827</u>
INVESTMENT INCOME	<u>6,800,000</u>	<u>6,800,000</u>	<u>10,109,420</u>	<u>3,309,420</u>
INTER-FUND RECOVERIES	<u>27,067,000</u>	<u>27,067,000</u>	<u>37,853,669</u>	<u>10,786,669</u>
OTHER REVENUES				
Sale of surplus property	50,000	50,000	1,984,034	1,934,034
Health department fees	680,100	680,100	792,189	112,089
Certification of liens	85,000	85,000	82,400	(2,600)
Recreation and Parks	10,658,400	10,658,400	9,566,482	(1,091,918)
Developers fees - Street lighting	50,000	50,000	87,921	37,921
Sheriff	105,000	105,000	111,699	6,699
Sub-division	1,900,000	1,900,000	1,704,042	(195,958)
Administrative fees	120,000	120,000	118,591	(1,409)
Rental income	497,300	497,300	836,300	339,000
Cable Fees	6,089,000	6,089,000	7,502,174	1,413,174
Reimbursements	9,539,800	9,539,800	9,515,041	(24,759)
Fines and Fees	350,000	350,000	360,967	10,967
Miscellaneous	5,241,800	5,241,800	8,145,793	2,903,993
	<u>35,366,400</u>	<u>35,366,400</u>	<u>40,807,633</u>	<u>5,441,233</u>
Total revenues	<u>\$ 1,104,979,000</u>	<u>\$ 1,106,026,200</u>	<u>\$ 1,152,905,064</u>	<u>\$ 46,878,864</u>

Anne Arundel County, Maryland

Detail Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Basis)

General Fund

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Over (Under)
EDUCATION				
Board of Education	\$ 515,527,900	\$ 517,177,900	\$ 516,915,751	\$ (262,149)
Community College	34,462,000	34,462,000	34,415,539	(46,461)
	<u>549,989,900</u>	<u>551,639,900</u>	<u>551,331,290</u>	<u>(308,610)</u>
PUBLIC SAFETY				
Police	91,086,600	90,157,500	87,543,384	(2,614,116)
Fire	89,234,600	89,693,600	87,658,204	(2,035,396)
Detention Facilities	37,822,000	36,822,000	35,876,919	(945,081)
	<u>218,143,200</u>	<u>216,673,100</u>	<u>211,078,507</u>	<u>(5,594,593)</u>
GENERAL GOVERNMENT				
County Executive	2,186,600	2,186,600	2,175,996	(10,604)
Chief Administrative Officer	9,617,700	7,009,000	891,452	(6,117,548)
Office of Budget	1,105,700	1,105,700	1,025,657	(80,043)
Office of Finance	31,249,100	32,584,150	32,356,492	(227,658)
Mandated Transfers	1,108,000	1,178,000	1,101,424	(76,576)
Central Services	20,697,400	21,222,400	20,651,844	(570,556)
Personnel	5,403,000	5,403,000	4,727,034	(675,966)
Information Technology	15,769,900	15,769,900	15,450,370	(319,530)
Law	2,984,500	3,184,500	3,093,486	(91,014)
Legislative Branch	3,313,700	3,313,700	3,174,503	(139,197)
Ethics Commission	185,500	185,500	163,059	(22,441)
Board of Election Supervisors	3,515,700	3,265,700	2,698,126	(567,574)
	<u>97,136,800</u>	<u>96,408,150</u>	<u>87,509,443</u>	<u>(8,898,707)</u>
HEALTH AND HUMAN SERVICES				
Health	51,998,000	50,770,000	49,491,786	(1,278,214)
Social Services	7,021,000	7,121,000	5,961,633	(1,159,367)
Services for the Aging	11,969,100	12,304,100	11,959,741	(344,359)
Other Grants	4,903,200	4,912,700	4,912,700	-
	<u>75,891,300</u>	<u>75,107,800</u>	<u>72,325,860</u>	<u>(2,781,940)</u>
PUBLIC WORKS				
	<u>34,565,000</u>	<u>37,379,000</u>	<u>37,149,250</u>	<u>(229,750)</u>
RECREATION AND COMMUNITY SERVICES				
Recreation and Parks	23,910,600	23,910,600	22,824,707	(1,085,893)
Public Library System	13,661,000	13,661,000	13,661,000	-
	<u>37,571,600</u>	<u>37,571,600</u>	<u>36,485,707</u>	<u>(1,085,893)</u>

Anne Arundel County, Maryland

Detail Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Basis)

General Fund

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Over (Under)
JUDICIAL				
States Attorney	8,086,700	8,163,900	8,065,285	(98,615)
Sheriffs Office	6,973,200	6,975,800	6,650,870	(324,930)
Circuit Court	5,771,400	5,910,600	5,557,987	(352,613)
Orphans Court	110,800	110,800	108,803	(1,997)
Total Judicial	<u>20,942,100</u>	<u>21,161,100</u>	<u>20,382,945</u>	<u>(778,155)</u>
LAND USE AND DEVELOPMENT				
Planning and Zoning	8,668,000	9,550,200	7,783,282	(1,766,918)
Office of Administrative Hearings	291,100	291,100	278,239	(12,861)
Cooperative Extension Service	243,600	243,600	160,416	(83,184)
Land Use and Environment	2,145,600	704,200	311,699	(392,501)
	<u>11,348,300</u>	<u>10,789,100</u>	<u>8,533,636</u>	<u>(2,255,464)</u>
CODE ENFORCEMENT				
Inspections and Permits	11,523,000	11,938,800	11,099,944	(838,856)
Board of License Commissioners	524,400	524,400	507,949	(16,451)
	<u>12,047,400</u>	<u>12,463,200</u>	<u>11,607,893</u>	<u>(855,307)</u>
ECONOMIC DEVELOPMENT				
	<u>1,841,000</u>	<u>1,841,000</u>	<u>1,841,000</u>	<u>-</u>
DEBT SERVICE				
	<u>41,028,000</u>	<u>40,640,500</u>	<u>40,110,803</u>	<u>(529,697)</u>
PAY GO FUNDING - CAPITAL PROJECTS				
	<u>64,056,500</u>	<u>64,056,450</u>	<u>64,056,450</u>	<u>-</u>
Total expenditures and encumbrances \$	<u>\$ 1,164,561,100</u>	<u>\$ 1,165,730,900</u>	<u>\$ 1,142,412,784</u>	<u>\$ (23,318,116)</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 its 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 and Disabilities.

Non-Major Governmental Funds, Continued

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.

Laurel Racetrack Community Benefit - 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.

Arundel Community Development Services – This fund accounts for grant monies collected by the County and passed through to Arundel Community Development Services, Inc.

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 are used to pay debt service or construction costs related to capital improvements within the district.

Park Place Tax Increment – This fund accumulates the incremental property taxes related to the Park Place Tax Increment District, created in 2004. The funds are used to reimburse the City of Annapolis for debt service related to capital improvements 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.

Anne Arundel County, Maryland

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2007

	Special Revenue Funds					
	County Parking Garage	Street Light	Forfeiture and Asset Seizure Team	Economic Development	Conference and Visitors	Incentive Loan Program
ASSETS						
Cash and investments	\$ -	\$ 2,340,300	\$ 972,612	\$ 203,138	\$ 203,138	\$ 287
Receivables						
Due from other governmental agencies	-	-	-	-	-	-
Other, net	24,299	-	95,500	-	-	-
Total assets	\$ 24,299	\$ 2,340,300	\$ 1,068,112	\$ 203,138	\$ 203,138	\$ 287
LIABILITIES						
Accrued liabilities	\$ 13,182	\$ 62,395	\$ 11,931	\$ -	\$ 176,563	\$ -
Due to General Fund	7,302	-	-	-	-	-
Due to Component Unit	-	-	-	176,563	-	-
Escrow deposits	-	-	424,142	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	20,484	62,395	436,073	176,563	176,563	-
FUND BALANCES						
Reserved						
Encumbrances	969	531,308	23,870	-	-	-
Held by trustee	-	-	-	-	-	-
Unreserved						
Designated for next year's expenditures	-	-	100,000	-	-	-
Undesignated	2,846	1,746,597	508,169	26,575	26,575	287
Total fund balances	3,815	2,277,905	632,039	26,575	26,575	287
Total liabilities and fund balances	\$ 24,299	\$ 2,340,300	\$ 1,068,112	\$ 203,138	\$ 203,138	\$ 287

Special Revenue Funds

Road and Special Benefits Districts	Piney Orchard Wastewater Service	Local Management Board	Storm Drain Fees	Inmate Benefit and Morale	Area Agency on Aging	Reforestation
\$ 473,742	\$ 146,960	\$ 1,189,897	\$ 1,786,687	\$ 992,258	\$ 38,952	\$ 11,479,676
-	-	179,318	-	-	-	-
11,175	-	-	-	46,000	-	-
<u>\$ 484,917</u>	<u>\$ 146,960</u>	<u>\$ 1,369,215</u>	<u>\$ 1,786,687</u>	<u>\$ 1,038,258</u>	<u>\$ 38,952</u>	<u>\$ 11,479,676</u>
\$ 9,375	\$ 146,960	\$ 550,762	\$ -	\$ 88,731	\$ -	\$ 359,461
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	49,628	-	3,239,225
-	-	175,598	-	-	-	-
<u>9,375</u>	<u>146,960</u>	<u>726,360</u>	<u>-</u>	<u>138,359</u>	<u>-</u>	<u>3,598,686</u>
-	-	34,625	-	10,408	-	5,298
-	-	-	-	-	-	-
242,070	-	250,000	1,706,365	130,000	-	1,824,000
233,472	-	358,230	80,322	759,491	38,952	6,051,692
<u>475,542</u>	<u>-</u>	<u>642,855</u>	<u>1,786,687</u>	<u>899,899</u>	<u>38,952</u>	<u>7,880,990</u>
<u>\$ 484,917</u>	<u>\$ 146,960</u>	<u>\$ 1,369,215</u>	<u>\$ 1,786,687</u>	<u>\$ 1,038,258</u>	<u>\$ 38,952</u>	<u>\$ 11,479,676</u>

Anne Arundel County, Maryland

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2007

	Special Revenue Funds				Capital	Debt Service
	Laurel	Recreational	Workforce	Arundel	Projects Fund	Funds
	Community Benefit	Land Fees	Development	Community Development Services	Erosion Districts	Nursery Road Tax Increment
ASSETS						
Cash and investments	\$ 1,114,051	\$ 307,127	\$ 7,802	\$ -	\$ 695,134	\$ 27,015
Receivables						
Due from other governmental agencies	-	-	-	749,903	-	-
Other, net	218,000	-	-	-	1,147	-
Total assets	\$ 1,332,051	\$ 307,127	\$ 7,802	\$ 749,903	\$ 696,281	\$ 27,015
LIABILITIES						
Accrued liabilities	\$ -	\$ -	\$ 7,802	\$ 576,163	\$ 6,750	\$ -
Due to General Fund	-	-	-	173,740	-	-
Due to Component Unit	-	-	-	-	-	-
Escrow deposits	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	-	-	7,802	749,903	6,750	-
FUND BALANCES						
Reserved						
Encumbrances	-	-	-	4,608,716	-	-
Held by trustee	-	-	-	-	-	-
Unreserved						
Designated for next year's expenditures	5,000	-	-	-	533,300	-
Undesignated	1,327,051	307,127	-	(4,608,716)	156,231	27,015
Total fund balances	1,332,051	307,127	-	-	689,531	27,015
Total liabilities and fund balances	\$ 1,332,051	\$ 307,127	\$ 7,802	\$ 749,903	\$ 696,281	\$ 27,015

Debt Service Funds

West County Tax Increment	Arundel Mills Tax Increment	Parole Tax Increment	Park Place Tax Increment	Special Taxing Districts	Installment Purchase Agreements	Totals
\$ 879	\$ 97,856	\$ 195,910	\$ 101,252	\$ 679,676	\$ 6,158,325	\$ 29,212,674
-	-	-	-	-	-	929,221
-	-	-	-	850	-	396,971
<u>\$ 879</u>	<u>\$ 97,856</u>	<u>\$ 195,910</u>	<u>\$ 101,252</u>	<u>\$ 680,526</u>	<u>\$ 6,158,325</u>	<u>\$ 30,538,866</u>
\$ 195	\$ 195	\$ -	\$ -	\$ -	\$ -	\$ 2,010,465
-	-	-	-	-	-	181,042
-	-	-	-	-	-	176,563
-	-	-	-	-	-	3,712,995
-	-	-	-	-	-	175,598
<u>195</u>	<u>195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,256,663</u>
-	-	-	-	-	20,000	5,235,194
879	-	-	-	-	-	879
-	-	-	-	503,086	1,600,000	6,893,821
(195)	97,661	195,910	101,252	177,440	4,538,325	12,152,309
<u>684</u>	<u>97,661</u>	<u>195,910</u>	<u>101,252</u>	<u>680,526</u>	<u>6,158,325</u>	<u>24,282,203</u>
<u>\$ 879</u>	<u>\$ 97,856</u>	<u>\$ 195,910</u>	<u>\$ 101,252</u>	<u>\$ 680,526</u>	<u>\$ 6,158,325</u>	<u>\$ 30,538,866</u>

Anne Arundel County, Maryland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2007

	Special Revenue Funds					
	County Parking Garage	Street Light	Forfeiture and Asset Seizure Team	Economic Development	Conference and Visitors	Incentive Loan Program
REVENUES						
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and aid	-	-	-	-	-	-
Local sales taxes	-	-	-	971,098	971,098	-
Commissary sales	-	-	-	-	-	-
Seized / forfeited funds	-	-	301,432	-	-	-
Special community benefit taxes	-	-	-	-	-	-
Fees and commissions	416,595	601,453	-	-	-	-
Investment income	-	-	31,002	-	-	15
Other	-	-	-	-	-	-
Total revenues	<u>416,595</u>	<u>601,453</u>	<u>332,434</u>	<u>971,098</u>	<u>971,098</u>	<u>15</u>
EXPENDITURES						
Current						
Public safety	-	-	111,664	-	-	-
General government	419,402	-	-	-	-	-
Health and human services	-	-	-	-	-	-
Public works	-	311,869	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Land use and development	-	-	-	-	-	-
Economic development	-	-	-	945,000	945,000	-
Capital outlay	-	-	210,120	-	-	-
Debt service						
Interest payments on debt	-	-	-	-	-	-
Principal payments on debt	-	-	-	-	-	-
Total expenditures	<u>419,402</u>	<u>311,869</u>	<u>321,784</u>	<u>945,000</u>	<u>945,000</u>	<u>-</u>
Revenues over (under) expenditures	<u>(2,807)</u>	<u>289,584</u>	<u>10,650</u>	<u>26,098</u>	<u>26,098</u>	<u>15</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
General Fund	4,636	-	-	-	-	-
General County Capital Projects Fund	-	-	-	-	-	-
Transfers out						
General Fund	-	-	-	-	-	-
Total other financing sources (uses)	<u>4,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	<u>1,829</u>	<u>289,584</u>	<u>10,650</u>	<u>26,098</u>	<u>26,098</u>	<u>15</u>
Fund balances, July 1 (as restated)	<u>1,986</u>	<u>1,988,321</u>	<u>621,389</u>	<u>477</u>	<u>477</u>	<u>272</u>
Fund balances, June 30	\$ <u>3,815</u>	\$ <u>2,277,905</u>	\$ <u>632,039</u>	\$ <u>26,575</u>	\$ <u>26,575</u>	\$ <u>287</u>

Special Revenue Funds

Road and Special Benefits Districts	Piney Orchard Wastewater Service	Local Management Board	Storm Drain Fees	Inmate Benefit and Morale	Area Agency on Aging	Reforestation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	3,251,756	-	-	1,282,665	-
-	-	-	-	-	-	-
-	-	-	-	776,025	-	-
4,712,405	-	-	-	-	-	-
-	641,288	-	615,719	419,635	-	2,387,569
-	-	24,173	-	48,339	-	-
-	-	-	-	5,586	-	-
<u>4,712,405</u>	<u>641,288</u>	<u>3,275,929</u>	<u>615,719</u>	<u>1,249,585</u>	<u>1,282,665</u>	<u>2,387,569</u>
-	-	-	-	1,067,550	-	-
-	-	-	-	-	-	-
-	-	3,293,292	-	-	-	-
4,715,401	641,288	-	-	-	-	-
-	-	-	-	-	-	1,065,604
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,715,401</u>	<u>641,288</u>	<u>3,293,292</u>	<u>-</u>	<u>1,067,550</u>	<u>-</u>	<u>1,065,604</u>
<u>(2,996)</u>	<u>-</u>	<u>(17,363)</u>	<u>615,719</u>	<u>182,035</u>	<u>1,282,665</u>	<u>1,321,965</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	(1,316,000)	-
-	-	-	-	-	(1,316,000)	-
<u>(2,996)</u>	<u>-</u>	<u>(17,363)</u>	<u>615,719</u>	<u>182,035</u>	<u>(33,335)</u>	<u>1,321,965</u>
<u>478,538</u>	<u>-</u>	<u>660,218</u>	<u>1,170,968</u>	<u>717,864</u>	<u>72,287</u>	<u>6,559,025</u>
\$ <u>475,542</u>	\$ <u>-</u>	\$ <u>642,855</u>	\$ <u>1,786,687</u>	\$ <u>899,899</u>	\$ <u>38,952</u>	\$ <u>7,880,990</u>

Anne Arundel County, Maryland

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

Nonmajor Governmental Funds

Year Ended June 30, 2007

	Special Revenue Funds				Capital	Debt Service
	Laurel Racetrack Community Benefit	Recreation Land Fees	Workforce Development	Arundel Community Development Services	Projects Fund Erosion Districts	Funds Nursery Road Tax Increment
REVENUES						
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,932,143
Grants and aid	-	-	1,394,284	5,862,821	-	-
Local sales taxes	-	-	-	-	-	-
Commissary sales	-	-	-	-	-	-
Seized / forfeited funds	-	-	-	-	-	-
Special community benefit taxes	-	-	-	-	252,602	-
Other fees and commissions	345,000	51,400	-	-	-	-
Investment income	60,567	-	-	-	-	148,393
Other	-	-	-	-	-	-
Total revenues	<u>405,567</u>	<u>51,400</u>	<u>1,394,284</u>	<u>5,862,821</u>	<u>252,602</u>	<u>4,080,536</u>
EXPENDITURES						
Current						
Public safety	-	-	-	-	-	-
General government	-	-	-	-	-	-
Health and human services	-	-	1,394,284	-	-	-
Public works	-	-	-	-	-	-
Recreation and community services	297,000	-	-	6,141,008	-	-
Land use and development	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay	-	-	-	-	162,699	-
Debt service						
Interest payments on debt	-	-	-	-	-	105,715
Principal payments on debt	-	-	-	-	-	142,787
Total expenditures	<u>297,000</u>	<u>-</u>	<u>1,394,284</u>	<u>6,141,008</u>	<u>162,699</u>	<u>248,502</u>
Revenues over (under) expenditures	<u>108,567</u>	<u>51,400</u>	<u>-</u>	<u>(278,187)</u>	<u>89,903</u>	<u>3,832,034</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
General Fund	-	-	-	278,187	-	-
General County Capital Projects Fund	-	-	-	-	-	-
Transfers out						
General Fund	-	-	-	-	-	(3,863,498)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>278,187</u>	<u>-</u>	<u>(3,863,498)</u>
Change in fund balances	<u>108,567</u>	<u>51,400</u>	<u>-</u>	<u>-</u>	<u>89,903</u>	<u>(31,464)</u>
Fund balances, July 1 (as restated)	<u>1,223,484</u>	<u>255,727</u>	<u>-</u>	<u>-</u>	<u>599,628</u>	<u>58,479</u>
Fund balances, June 30	\$ <u>1,332,051</u>	\$ <u>307,127</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>689,531</u>	\$ <u>27,015</u>

Debt Service Funds

	West County Tax Increment	Arundel Mills Tax Increment	Parole Tax Increment	Park Place Tax Increment	Special Taxing Districts	Installment Purchase Agreements	Totals
\$	2,335,020	\$ 3,720,382	\$ 5,034,490	\$ 34,694	\$ -	\$ -	\$ 15,056,729
	-	-	-	-	-	-	11,791,526
	-	-	-	-	-	-	1,942,196
	-	-	-	-	-	-	776,025
	-	-	-	-	-	-	301,432
	-	-	-	-	389,933	-	5,354,940
	-	-	-	-	-	-	5,478,659
	82,203	117,010	117,048	4,987	-	283,727	917,464
	-	-	-	-	6,734	-	12,320
	<u>2,417,223</u>	<u>3,837,392</u>	<u>5,151,538</u>	<u>39,681</u>	<u>396,667</u>	<u>283,727</u>	<u>41,631,291</u>
	-	-	-	-	-	-	1,179,214
	12,040	13,607	6,764	-	-	-	451,813
	-	-	-	-	-	-	4,687,576
	-	-	-	-	-	-	953,157
	-	-	-	-	34,664	-	11,188,073
	-	-	-	-	-	8,640	1,074,244
	-	-	-	-	-	-	1,890,000
	-	-	-	-	-	-	372,819
	757,425	1,501,956	291,875	-	-	539,629	3,196,600
	-	-	765,000	-	212,657	17,814	1,138,258
	<u>769,465</u>	<u>1,515,563</u>	<u>1,063,639</u>	<u>-</u>	<u>247,321</u>	<u>566,083</u>	<u>26,131,754</u>
	<u>1,647,758</u>	<u>2,321,829</u>	<u>4,087,899</u>	<u>39,681</u>	<u>149,346</u>	<u>(282,356)</u>	<u>15,499,537</u>
	-	-	-	-	-	300,000	582,823
	-	-	-	-	-	1,634,855	1,634,855
	<u>(1,717,768)</u>	<u>(2,301,437)</u>	<u>(3,972,361)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,171,064)</u>
	<u>(1,717,768)</u>	<u>(2,301,437)</u>	<u>(3,972,361)</u>	<u>-</u>	<u>-</u>	<u>1,934,855</u>	<u>(10,953,386)</u>
	<u>(70,010)</u>	<u>20,392</u>	<u>115,538</u>	<u>39,681</u>	<u>149,346</u>	<u>1,652,499</u>	<u>4,546,151</u>
	<u>70,694</u>	<u>77,269</u>	<u>80,372</u>	<u>61,571</u>	<u>531,180</u>	<u>4,505,826</u>	<u>19,736,052</u>
\$	<u>684</u>	<u>\$ 97,661</u>	<u>\$ 195,910</u>	<u>\$ 101,252</u>	<u>\$ 680,526</u>	<u>\$ 6,158,325</u>	<u>\$ 24,282,203</u>

Anne Arundel County, Maryland

Schedules of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)

Special Revenue Funds

Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
COUNTY PARKING GARAGE				
Revenues				
Parking fees	\$ 378,000	\$ 413,000	\$ 411,829	\$ (1,171)
Expenditures				
General government	378,000	413,000	408,983	(4,017)
Revenues over expenditures	-	-	2,846	<u>2,846</u>
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,846</u>	
STREET LIGHT				
Revenues				
Developer fees	\$ 1,000,000	\$ 1,000,000	\$ 601,453	\$ (398,547)
Other	-	-	27,607	27,607
	<u>1,000,000</u>	<u>1,000,000</u>	<u>629,060</u>	<u>(370,940)</u>
Expenditures				
Public Works	1,000,000	1,000,000	63,692	(936,308)
Revenues over expenditures	-	-	565,368	<u>565,368</u>
Fund balance, budgetary, July 1	1,181,229	1,181,229	1,181,229	
Fund balance, budgetary, June 30	<u>\$ 1,181,229</u>	<u>\$ 1,181,229</u>	<u>\$ 1,746,597</u>	
FORFEITURE AND ASSET SEIZURE TEAM				
Revenues				
Seized and forfeited funds	\$ 510,700	\$ 510,700	\$ 301,432	\$ (209,268)
Investment income	-	-	31,002	31,002
	<u>510,700</u>	<u>510,700</u>	<u>332,434</u>	<u>(178,266)</u>
Expenditures				
Public Safety	130,000	130,000	111,664	(18,336)
Capital Outlay	380,700	380,700	233,990	(146,710)
	<u>510,700</u>	<u>510,700</u>	<u>345,654</u>	<u>(165,046)</u>
Revenues over (under) expenditures	-	-	(13,220)	<u>(13,220)</u>
Fund balance, budgetary, July 1	621,389	621,389	621,389	
Fund balance, budgetary, June 30	<u>\$ 621,389</u>	<u>\$ 621,389</u>	<u>\$ 608,169</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 (Non-GAAP Basis)

Special Revenue Funds

Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
ECONOMIC DEVELOPMENT				
Revenues				
Local sales taxes	\$ 910,000	\$ 945,000	\$ 971,098	\$ 26,098
Expenditures				
Economic development	910,000	945,000	945,000	-
Revenues under expenditures	-	-	26,098	<u>\$ 26,098</u>
Fund balance, budgetary, July 1	477	477	477	
Fund balance, budgetary, June 30	<u>\$ 477</u>	<u>\$ 477</u>	<u>\$ 26,575</u>	
CONFERENCE AND VISITORS				
Revenues				
Local sales taxes	\$ 910,000	\$ 945,000	\$ 971,098	\$ 26,098
Expenditures				
Economic development	910,000	945,000	945,000	-
Revenues under expenditures	-	-	26,098	<u>\$ 26,098</u>
Fund balance, budgetary, July 1	477	477	477	
Fund balance, budgetary, June 30	<u>\$ 477</u>	<u>\$ 477</u>	<u>\$ 26,575</u>	
INCENTIVE LOAN PROGRAM				
Revenues				
Fees and commissions	\$ 250,000	\$ 250,000	\$ -	\$ (250,000)
Investment income	-	-	15	15
	<u>250,000</u>	<u>250,000</u>	<u>15</u>	<u>(249,985)</u>
Expenditures				
Economic Development	250,000	250,000	-	(250,000)
Revenues over expenditures	-	-	15	<u>\$ 15</u>
Fund balance, budgetary, July 1	272	272	272	
Fund balance, budgetary, June 30	<u>\$ 272</u>	<u>\$ 272</u>	<u>\$ 287</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 (Non-GAAP Basis)

Special Revenue Funds

Year Ended June 30, 2007

	<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	\$ 4,558,065	\$ 4,558,065	\$ 4,712,405	\$ 154,340
Expenditures				
Recreation and community services	6,991,642	6,991,642	4,715,401	(2,276,241)
Revenues over (under) expenditures	(2,433,577)	(2,433,577)	(2,996)	\$ 2,430,581
Fund balance, budgetary, July 1	478,538	478,538	478,538	
Fund balance, budgetary, June 30	\$ (1,955,039)	\$ (1,955,039)	\$ 475,542	
PINEY ORCHARD WASTEWATER SERVICE				
Revenues				
Commissions and fees	\$ 715,000	\$ 715,000	\$ 641,288	\$ (73,712)
Expenditures				
Public works	715,000	715,000	641,288	(73,712)
Revenues over expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	
LOCAL MANAGEMENT BOARD				
Revenues				
Grants and aid	\$ 2,926,200	\$ 3,578,400	\$ 3,251,756	\$ (326,644)
Investment income	-	-	24,173	24,173
Other	-	-	-	-
	<u>2,926,200</u>	<u>3,578,400</u>	<u>3,275,929</u>	<u>(302,471)</u>
Expenditures				
Health and human services	3,176,200	3,828,400	3,327,917	(500,483)
Revenues under expenditures	(250,000)	(250,000)	(51,988)	\$ 198,012
Fund balance, budgetary, July 1	660,218	660,218	660,218	
Fund balance, budgetary, June 30	\$ 410,218	\$ 410,218	\$ 608,230	

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 (Non-GAAP Basis)

Special Revenue Funds

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Over (Under)
INMATE BENEFIT AND MORALE				
Revenues				
Commissary sales	\$ 754,000	\$ 754,000	\$ 776,025	\$ 22,025
Commissions and fees	308,000	308,000	419,635	111,635
Investment income	18,000	18,000	48,339	30,339
Other	-	-	17,993	17,993
	<u>1,080,000</u>	<u>1,080,000</u>	<u>1,261,992</u>	<u>181,992</u>
Expenditures				
Commissary purchases	730,000	830,000	767,548	(62,452)
Inmate benefits/morale	350,000	350,000	297,627	(52,373)
	<u>1,080,000</u>	<u>1,180,000</u>	<u>1,065,175</u>	<u>(114,825)</u>
Revenues over (under) expenditures	-	(100,000)	196,817	<u>\$ 296,817</u>
Fund balance, budgetary, July 1	<u>692,674</u>	<u>692,674</u>	<u>692,674</u>	
Fund balance, budgetary, June 30	<u>\$ 692,674</u>	<u>\$ 592,674</u>	<u>\$ 889,491</u>	
REFORESTATION				
Revenues				
Commissions and fees	\$ 1,500,000	\$ 1,500,000	\$ 2,387,605	\$ 887,605
Expenditures				
Land use and development	1,594,600	1,594,600	894,702	(699,898)
Revenues over expenditures	(94,600)	(94,600)	1,492,903	<u>\$ 1,587,503</u>
Fund balance, budgetary, July 1	<u>6,382,789</u>	<u>6,382,789</u>	<u>6,382,789</u>	
Fund balance, budgetary, June 30	<u>\$ 6,288,189</u>	<u>\$ 6,288,189</u>	<u>\$ 7,875,692</u>	
LAUREL RACETRACK COMMUNITY BENEFIT				
Revenues				
Fees and commissions	\$ 400,000	\$ 400,000	\$ 345,000	\$ (55,000)
Other	-	-	60,567	60,567
	<u>400,000</u>	<u>400,000</u>	<u>405,567</u>	<u>5,567</u>
Expenditures				
Recreation and community services	322,000	322,000	297,000	(25,000)
Revenues over expenditures	78,000	78,000	108,567	<u>\$ 30,567</u>
Fund balance, budgetary, July 1	<u>1,223,484</u>	<u>1,223,484</u>	<u>1,223,484</u>	
Fund balance, budgetary, June 30	<u>\$ 1,301,484</u>	<u>\$ 1,301,484</u>	<u>\$ 1,332,051</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 (Non-GAAP Basis)

Special Revenue Funds

Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
WORKFORCE DEVELOPMENT				
Revenues				
Grants and aid	\$ <u>1,800,000</u>	\$ <u>1,800,000</u>	\$ <u>1,394,284</u>	\$ <u>(405,716)</u>
Expenditures				
Health and human services	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,394,284</u>	<u>(405,716)</u>
Revenues over expenditures	-	-	-	\$ <u><u>-</u></u>
Fund balance, budgetary, July 1	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance, budgetary, June 30	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	
ARUNDEL COMMUNITY DEVELOPMENT SERVICES				
Revenues				
Grants and aid	\$ <u>6,324,400</u>	\$ <u>6,327,200</u>	\$ <u>6,326,993</u>	\$ <u>(207)</u>
Expenditures				
Health and human services	<u>6,324,400</u>	<u>6,327,200</u>	<u>6,326,993</u>	<u>(207)</u>
Revenues over expenditures	-	-	-	\$ <u><u>-</u></u>
Fund balance, budgetary, July 1	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance, budgetary, June 30	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	

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 (Non-GAAP Basis)

Roads and Special Benefit Districts

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Amberly	\$ 32,182	\$ 32,182	\$ 37,602	\$ 5,420
Annapolis Roads - Roads	257,423	257,423	274,728	17,305
Arundel on the Bay-Special Benefits	96,700	96,700	106,414	9,714
Avalon Shores - Special Benefits	22,742	22,742	22,862	120
Bay Highlands - Roads	46,200	46,200	51,121	4,921
Bay Ridge - Special Officer	220,410	220,410	221,349	939
Beverly Beach - Special Benefits	27,225	27,225	27,450	225
Birchwood - Special Benefits	2,486	2,486	2,487	1
Bittersweet	7,700	7,700	7,700	-
Cape Anne - Special Benefits	7,600	7,600	7,600	-
Cape St. Claire-Special Benefits	138,840	138,840	135,899	(2,941)
Carrolton Manor	79,050	79,050	79,050	-
Cedarhurst-Special Benefits	91,580	91,580	100,883	9,303
Chartwell-Special Benefits	33,450	33,450	33,449	(1)
Columbia Beach - Roads	24,332	24,332	29,761	5,429
Crofton - Special Benefits	738,209	738,209	769,720	31,511
Eden Woods - Special Benefits	14,880	14,880	14,880	-
Epping Forest - Special Benefits	189,600	189,600	200,709	11,109
Fairhaven Cliffs - Special Benefits	3,500	3,500	3,500	-
Felicity Cove - Special Benefits	39,579	39,579	39,579	-
Franklin Manor - Special Benefits	37,600	37,600	40,692	3,092
Gibson Island - Roads	195,800	195,800	209,620	13,820
Greenbriar Gardens	9,075	9,075	9,075	-
Greenbriar II	21,000	21,000	21,000	-
Heritage Pool	38,380	38,380	38,759	379
Hillsmere Estates - Roads	151,417	151,417	153,834	2,417
Holland Point - Special Officer	14,384	14,384	17,651	3,267
Hunters Harbor - Roads	15,450	15,450	15,450	-
Indian Hills (Winchester)-Special Benefits	90,160	90,160	89,760	(400)
Landhaven - Special Benefits	2,771	2,771	2,770	(1)
Little Magothy River	35,350	35,350	35,349	(1)
Long Point on the Severn - Roads	13,250	13,250	13,250	-
Magothy Beach	3,900	3,900	3,900	-
Manhattan Beach - Roads	14,825	14,825	14,800	(25)
Owings Beach - Roads	23,940	23,940	28,202	4,262
Oyster Harbor - Roads	229,440	229,440	256,436	26,996
Parke West-Special Benefits	31,800	31,800	31,800	-
Pine Grove Village Special Benefits	11,040	11,040	11,039	(1)
Provinces - Special Benefits	10,596	10,596	10,595	(1)
Queen's Park - Special Benefits	33,675	33,675	33,675	-
Rockview Beach / Riviera Isles	4,692	4,692	4,692	-
Selby on the Bay - Roads	74,610	74,610	72,330	(2,280)
Severndale - Special Benefits	4,238	4,238	4,238	-
Sherwood Forest - Special Benefits	916,267	916,267	916,267	-
Shoreham Beach - Roads	19,764	19,764	19,906	142
Southgate - Special Benefits	-	-	-	-
South River Heights - Roads	8,502	8,502	8,501	(1)
South River Manor-Special Benefits	4,650	4,650	4,500	(150)
South River Park - Roads	33,300	33,300	33,299	(1)
Steedman Point - Roads	3,750	3,750	3,751	1
Stone Haven	2,835	2,835	2,834	(1)
Sylvan View on the Magothy	12,696	12,696	12,697	1
Tanglewood Lane - Roads	7,150	7,150	7,150	-
Upper Magothy Beach	14,900	14,900	14,850	(50)
Venice Beach - Roads	26,780	26,780	32,532	5,752
Venice on the Bay	6,060	6,060	6,060	-
Warthen Knolls	18,730	18,730	18,730	-
Wilenor	22,800	22,800	22,800	-
Woodland Beach - Roads	312,500	312,500	316,568	4,068
Woodland Beach/Pasadena	6,300	6,300	6,300	-
Total revenues	\$ 4,558,065	\$ 4,558,065	\$ 4,712,405	\$ 154,340

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 (Non-GAAP Basis)

Roads and Special Benefit Districts

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES				
Amberly	\$ 32,182	\$ 32,182	\$ 32,175	\$ (7)
Annapolis Roads - Roads	329,597	329,597	269,815	(59,782)
Arundel on the Bay-Special Benefits	132,170	132,170	102,193	(29,977)
Avalon Shores - Special Benefits	26,242	26,242	22,715	(3,527)
Bay Highlands - Roads	97,700	97,700	46,990	(50,710)
Bay Ridge - Special Officer	272,954	272,954	220,497	(52,457)
Beverly Beach - Special Benefits	30,280	30,280	27,284	(2,996)
Birchwood - Special Benefits	4,224	4,224	124	(4,100)
Bittersweet	13,440	13,440	7,697	(5,743)
Cape Anne - Special Benefits	21,672	21,672	7,595	(14,077)
Cape St. Claire-Special Benefits	257,536	257,536	135,950	(121,586)
Carrolton Manor	79,050	79,050	79,045	(5)
Cedarhurst-Special Benefits	126,080	126,080	126,075	(5)
Chartwell-Special Benefits	102,775	102,775	33,442	(69,333)
Columbia Beach - Roads	68,286	68,286	27,499	(40,787)
Crofton - Special Benefits	1,107,719	1,107,719	758,900	(348,819)
Eden Woods - Special Benefits	26,880	26,880	10,544	(16,336)
Epping Forest - Special Benefits	392,550	392,550	204,890	(187,660)
Fairhaven Cliffs - Special Benefits	3,748	3,748	475	(3,273)
Felicity Cove - Special Benefits	39,579	39,579	39,569	(10)
Franklin Manor - Special Benefits	50,600	50,600	41,990	(8,610)
Gibson Island - Roads	240,266	240,266	210,190	(30,076)
Greenbriar Gardens	11,063	11,063	9,174	(1,889)
Greenbriar II	21,000	21,000	20,989	(11)
Heritage Pool	38,380	38,380	38,366	(14)
Hillsmere Estates - Roads	174,064	174,064	155,700	(18,364)
Holland Point - Special Officer	14,384	14,384	13,880	(504)
Hunters Harbor - Roads	15,450	15,450	11,180	(4,270)
Indian Hills (Winchester)-Special Benefits	94,260	94,260	92,914	(1,346)
Landhaven - Special Benefits	7,892	7,892	2,748	(5,144)
Little Magothy River	69,333	69,333	35,342	(33,991)
Long Point on the Severn - Roads	63,955	63,955	20,743	(43,212)
Magothy Beach	4,390	4,390	3,895	(495)
Manhattan Beach - Roads	14,825	14,825	14,820	(5)
Owings Beach - Roads	33,999	33,999	24,904	(9,095)
Oyster Harbor - Roads	1,063,046	1,063,046	289,563	(773,483)
Parke West-Special Benefits	88,218	88,218	31,795	(56,423)
Pine Grove Village Special Benefits	18,515	18,515	11,528	(6,987)
Provinces - Special Benefits	22,187	22,187	10,881	(11,306)
Queen's Park - Special Benefits	39,675	39,675	33,362	(6,313)
Rockview Beach / Riviera Isles	5,942	5,942	4,662	(1,280)
Selby on the Bay - Roads	130,766	130,766	71,800	(58,966)
Severndale - Special Benefits	21,992	21,992	4,235	(17,757)
Sherwood Forest - Special Benefits	916,267	916,267	916,249	(18)
Shoreham Beach - Roads	19,847	19,847	19,760	(87)
Southgate - Special Benefits	4,300	4,300	-	(4,300)
South River Heights - Roads	8,502	8,502	8,495	(7)
South River Manor-Special Benefits	5,052	5,052	195	(4,857)
South River Park - Roads	41,153	41,153	33,290	(7,863)
Steedman Point - Roads	26,263	26,263	187	(26,076)
Stone Haven	2,942	2,942	2,832	(110)
Sylvan View on the Magothy	16,806	16,806	12,690	(4,116)
Tanglewood Lane - Roads	11,350	11,350	358	(10,992)
Upper Magothy Beach	14,900	14,900	14,820	(80)
Venice Beach - Roads	68,987	68,987	27,567	(41,420)
Venice on the Bay	12,457	12,457	6,053	(6,404)
Warthen Knolls	18,730	18,730	18,720	(10)
Wilenor	24,520	24,520	22,790	(1,730)
Woodland Beach - Roads	371,500	371,500	315,975	(55,525)
Woodland Beach/Pasadena	19,200	19,200	7,285	(11,915)
Total revenues	\$ <u>6,991,642</u>	\$ <u>6,991,642</u>	\$ <u>4,715,401</u>	\$ <u>(2,276,241)</u>

Anne Arundel County, Maryland

Schedule of Funding Sources Authorized and Realized (Non-GAAP Basis)

General County Capital Projects

Year Ended June 30, 2007

	Total	School Construction	Higher Education	Storm Drains	Recreation
AUTHORIZED PER ORIGINAL BUDGET					
County bonds	\$ 611,962,857	\$ 231,257,258	\$ 24,225,000	\$ 18,605,578	\$ 63,115,564
Grants and aid	264,461,762	133,142,000	15,512,000	400,000	43,771,282
Contributions from other funds	308,101,092	174,165,460	6,763,497	5,256,902	14,552,198
Special fees	58,609,000	19,155,000	-	-	-
Impact fees	98,302,150	52,928,000	-	-	-
Other sources	12,600,001	592,900	-	2,054,190	75,455
Total	<u>\$ 1,354,036,862</u>	<u>\$ 611,240,618</u>	<u>\$ 46,500,497</u>	<u>\$ 26,316,670</u>	<u>\$ 121,514,499</u>
AUTHORIZED PER FINAL BUDGET					
County bonds	\$ 514,242,040	\$ 200,603,258	\$ 18,809,000	\$ 16,889,216	\$ 60,713,805
Grants and aid	193,872,401	98,132,431	11,687,000	400,000	40,771,282
Contributions from other funds	256,379,112	143,253,603	5,169,497	3,925,773	13,614,902
Special fees	31,920,000	9,068,000	-	-	-
Impact fees	94,664,150	50,339,000	-	-	-
Other sources	12,056,848	592,900	-	2,037,525	75,455
Total	1,103,134,551	501,989,192	35,665,497	23,252,514	115,175,444
Less: Completed projects	55,299,962	15,638,380	850,000	1,400,266	4,949,129
	<u>1,047,834,589</u>	<u>486,350,812</u>	<u>34,815,497</u>	<u>21,852,248</u>	<u>110,226,315</u>
REALIZED					
Current year					
Bonds and bond anticipation notes	94,325,999	33,000,000	2,500,000	4,000,000	6,500,000
Grants and aid	4,979,692	-	1,635,849	274,439	809,445
Contributions from the general fund	64,956,450	37,648,450	1,850,000	1,350,000	2,685,000
Special fees	2,752,009	2,197,864	-	-	-
Impact fees	3,027,905	855,564	-	-	-
Other sources	3,515,405	3,424,000	-	360	(1)
Total	173,557,460	77,125,878	5,985,849	5,624,799	9,994,444
Prior years	650,635,865	271,325,454	27,317,863	12,205,198	86,248,407
Total realized funding sources	824,193,325	348,451,332	33,303,712	17,829,997	96,242,851
Less: Completed projects and adjustments	51,987,630	15,511,033	797,036	1,398,171	1,649,129
	<u>772,205,695</u>	<u>332,940,299</u>	<u>32,506,676</u>	<u>16,431,826</u>	<u>94,593,722</u>
Funding sources authorized - June 30, 2007	<u>\$ 275,628,894</u>	<u>\$ 153,410,513</u>	<u>\$ 2,308,821</u>	<u>\$ 5,420,422</u>	<u>\$ 15,632,593</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
\$ 14,172,331	\$ 107,966,948	\$ 57,642,097	\$ -	\$ 20,451,140	\$ 74,526,941
-	4,344,000	37,184,063	2,050,000	11,231,098	16,827,319
20,134,153	24,369,095	7,521,189	-	1,101,296	54,237,302
-	32,774,000	-	-	-	6,680,000
-	42,938,150	2,436,000	-	-	-
-	6,670,505	-	-	572,000	2,634,951
<u>\$ 34,306,484</u>	<u>\$ 219,062,698</u>	<u>\$ 104,783,349</u>	<u>\$ 2,050,000</u>	<u>\$ 33,355,534</u>	<u>\$ 154,906,513</u>
\$ 10,156,131	\$ 92,158,562	\$ 28,015,900	\$ -	\$ 18,581,851	\$ 68,314,317
-	4,083,000	9,930,000	2,050,000	10,400,646	16,418,042
11,285,418	20,261,907	4,284,189	-	1,022,312	53,561,511
-	16,172,000	-	-	-	6,680,000
-	41,889,150	2,436,000	-	-	-
-	6,350,505	-	-	572,000	2,428,463
21,441,549	180,915,124	44,666,089	2,050,000	30,576,809	147,402,333
83,094	12,328,483	5,292,000	-	1,651,398	13,107,212
<u>21,358,455</u>	<u>168,586,641</u>	<u>39,374,089</u>	<u>2,050,000</u>	<u>28,925,411</u>	<u>134,295,121</u>
400,000	34,999,999	2,500,000	-	4,000,000	6,426,000
-	10,024	375,000	203,077	1,610,967	60,891
3,350,000	5,686,000	2,755,000	-	297,000	9,335,000
-	-	-	-	-	554,145
-	1,261,260	911,081	-	-	-
-	360,036	(1,497)	-	-	(267,493)
3,750,000	42,317,319	6,539,584	203,077	5,907,967	16,108,543
<u>17,662,275</u>	<u>95,703,216</u>	<u>23,430,939</u>	<u>1,846,923</u>	<u>11,357,701</u>	<u>103,537,889</u>
21,412,275	138,020,535	29,970,523	2,050,000	17,265,668	119,646,432
83,094	12,232,949	5,656,913	-	1,571,119	13,088,186
<u>21,329,181</u>	<u>125,787,586</u>	<u>24,313,610</u>	<u>2,050,000</u>	<u>15,694,549</u>	<u>106,558,246</u>
<u>\$ 29,274</u>	<u>\$ 42,799,055</u>	<u>\$ 15,060,479</u>	<u>\$ -</u>	<u>\$ 13,230,862</u>	<u>\$ 27,736,875</u>

Anne Arundel County, Maryland

Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Basis)

General County Capital Projects

Year Ended June 30, 2007

APPROPRIATIONS	<u>Total</u>	<u>School Construction</u>	<u>Higher Education</u>	<u>Storm Drains</u>
Original Budget	\$ <u>1,355,036,362</u>	\$ <u>611,240,618</u>	\$ <u>46,500,497</u>	\$ <u>26,316,670</u>
Final Budget				
Prior years	\$ 900,959,499	\$ 396,232,780	\$ 33,129,497	\$ 18,058,545
Current year	<u>202,309,052</u>	<u>105,756,412</u>	<u>2,536,000</u>	<u>5,193,969</u>
	1,103,268,551	501,989,192	35,665,497	23,252,514
Less: Completed projects	<u>55,299,962</u>	<u>15,638,380</u>	<u>850,000</u>	<u>1,400,266</u>
Total appropriations	<u>1,047,968,589</u>	<u>486,350,812</u>	<u>34,815,497</u>	<u>21,852,248</u>
 EXPENDITURES AND ENCUMBRANCES				
Prior years expenditures and transfers	584,128,120	238,849,963	23,668,375	11,578,311
Current year expenditures	65,124,414	-	-	3,455,275
Operating transfers	<u>84,196,363</u>	<u>77,582,161</u>	<u>6,614,202</u>	<u>-</u>
	733,448,897	316,432,124	30,282,577	15,033,586
Less: Completed projects	<u>51,650,476</u>	<u>15,601,565</u>	<u>797,714</u>	<u>1,398,171</u>
Total	681,798,421	300,830,559	29,484,863	13,635,415
Encumbrances outstanding	<u>28,988,127</u>	<u>-</u>	<u>-</u>	<u>1,323,478</u>
Total expenditures and encumbrances	<u>710,786,548</u>	<u>300,830,559</u>	<u>29,484,863</u>	<u>14,958,893</u>
Unencumbered appropriations - June 30, 2007	\$ <u>337,182,041</u>	\$ <u>185,520,253</u>	\$ <u>5,330,634</u>	\$ <u>6,893,355</u>

	Recreation	Libraries	Roads and Bridges	Police and Fire	Community Development Block Grant	Waterway Improvements	Other
\$	<u>121,514,499</u>	<u>34,306,484</u>	<u>219,062,698</u>	<u>104,783,349</u>	<u>2,050,000</u>	<u>34,355,034</u>	<u>154,906,513</u>
\$	<u>105,038,461</u>	<u>18,091,559</u>	<u>148,678,155</u>	<u>27,153,089</u>	<u>2,050,000</u>	<u>22,530,766</u>	<u>129,996,647</u>
	<u>10,136,983</u>	<u>3,349,990</u>	<u>32,236,969</u>	<u>17,513,000</u>	<u>-</u>	<u>8,180,043</u>	<u>17,405,686</u>
	<u>115,175,444</u>	<u>21,441,549</u>	<u>180,915,124</u>	<u>44,666,089</u>	<u>2,050,000</u>	<u>30,710,809</u>	<u>147,402,333</u>
	<u>4,949,129</u>	<u>83,094</u>	<u>12,328,483</u>	<u>5,292,000</u>	<u>-</u>	<u>1,651,398</u>	<u>13,107,212</u>
	<u>110,226,315</u>	<u>21,358,455</u>	<u>168,586,641</u>	<u>39,374,089</u>	<u>2,050,000</u>	<u>29,059,411</u>	<u>134,295,121</u>
	<u>79,378,240</u>	<u>15,344,735</u>	<u>96,713,682</u>	<u>16,754,834</u>	<u>1,846,923</u>	<u>9,268,963</u>	<u>90,724,094</u>
	<u>10,076,866</u>	<u>3,545,515</u>	<u>23,283,707</u>	<u>2,626,282</u>	<u>180,329</u>	<u>4,277,644</u>	<u>17,678,796</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>89,455,106</u>	<u>18,890,250</u>	<u>119,997,389</u>	<u>19,381,116</u>	<u>2,027,252</u>	<u>13,546,607</u>	<u>108,402,890</u>
	<u>1,649,129</u>	<u>83,094</u>	<u>12,188,089</u>	<u>5,281,783</u>	<u>-</u>	<u>1,571,120</u>	<u>13,079,811</u>
	<u>87,805,977</u>	<u>18,807,156</u>	<u>107,809,300</u>	<u>14,099,333</u>	<u>2,027,252</u>	<u>11,975,487</u>	<u>95,323,079</u>
	<u>2,332,992</u>	<u>1,361,162</u>	<u>13,315,689</u>	<u>3,902,630</u>	<u>22,748</u>	<u>1,033,780</u>	<u>5,695,648</u>
	<u>90,138,969</u>	<u>20,168,318</u>	<u>121,124,989</u>	<u>18,001,963</u>	<u>2,050,000</u>	<u>13,009,267</u>	<u>101,018,727</u>
\$	<u>20,087,346</u>	<u>1,190,137</u>	<u>47,461,652</u>	<u>21,372,126</u>	<u>-</u>	<u>16,050,144</u>	<u>33,276,394</u>

Anne Arundel County, Maryland

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP Basis)

Erosion Districts Fund

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Cape Anne	\$ 7,708	\$ 7,708	\$ 8,570	\$ 862
Cedarhurst	38,560	38,560	42,478	3,918
Columbia Beach	42,000	42,000	51,689	9,689
Franklin Manor	37,600	37,600	40,698	3,098
Holland Point	23,808	23,808	29,216	5,408
Idlewilde	-	-	-	-
Riviera Beach	77,600	77,600	79,951	2,351
Total revenues	<u>\$ 227,276</u>	<u>\$ 227,276</u>	<u>\$ 252,602</u>	<u>\$ 25,326</u>
EXPENDITURES				
Cape Anne	\$ 24,108	\$ 24,108	\$ 426	\$ (23,682)
Cedarhurst	65,160	65,160	36,830	(28,330)
Columbia Beach	71,700	71,700	2,000	(69,700)
Franklin Manor	39,900	39,900	2,000	(37,900)
Holland Point	55,608	55,608	2,937	(52,671)
Idlewilde	27,300	27,300	24,300	(3,000)
Riviera Beach	385,600	385,600	94,206	(291,394)
Total expenditures	<u>\$ 669,376</u>	<u>\$ 669,376</u>	<u>\$ 162,699</u>	<u>\$ (506,677)</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 (Non-GAAP Basis)

Debt Service Funds

Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
NURSERY ROAD TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 4,092,000	\$ 4,092,000	\$ 3,932,143	\$ (159,857)
Investment income	20,000	20,000	148,393	128,393
	<u>4,112,000</u>	<u>4,112,000</u>	<u>4,080,536</u>	<u>(31,464)</u>
Expenditures				
Contractual services	10,000	10,000	-	(10,000)
Interest payments on debt	105,700	105,700	105,715	15
Principal payments on debt	142,800	142,800	142,787	(13)
Other	3,853,500	3,853,500	3,863,498	9,998
	<u>4,112,000</u>	<u>4,112,000</u>	<u>4,112,000</u>	<u>-</u>
Revenues over (under) expenditures	-	-	(31,464)	\$ <u>(31,464)</u>
Fund balance, budgetary, July 1	<u>58,479</u>	<u>58,479</u>	<u>58,479</u>	
Fund balance, budgetary, June 30	\$ <u>58,479</u>	\$ <u>58,479</u>	\$ <u>27,015</u>	
WEST COUNTY TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 2,382,000	\$ 2,442,000	\$ 2,335,020	\$ (106,980)
Investment income	20,000	74,000	82,203	8,203
	<u>2,402,000</u>	<u>2,516,000</u>	<u>2,417,223</u>	<u>(98,777)</u>
Expenditures				
Contractual services	41,200	41,200	12,040	(29,160)
Interest payments on debt	757,400	757,400	757,425	25
Other	1,603,400	1,717,400	1,717,768	368
	<u>2,402,000</u>	<u>2,516,000</u>	<u>2,487,233</u>	<u>(28,767)</u>
Revenues over (under) expenditures	-	-	(70,010)	\$ <u>(70,010)</u>
Fund balance, budgetary, July 1	<u>70,694</u>	<u>70,694</u>	<u>70,694</u>	
Fund balance, budgetary, June 30	\$ <u>70,694</u>	\$ <u>70,694</u>	\$ <u>684</u>	
ARUNDEL MILLS TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 3,685,000	\$ 3,727,000	\$ 3,720,382	\$ (6,618)
Investment income	30,000	90,000	117,010	27,010
	<u>3,715,000</u>	<u>3,817,000</u>	<u>3,837,392</u>	<u>20,392</u>
Expenditures				
Interest payments on debt	1,502,000	1,502,000	1,501,956	(44)
Other	2,213,000	2,315,000	2,315,044	44
	<u>3,715,000</u>	<u>3,817,000</u>	<u>3,817,000</u>	<u>-</u>
Revenues over (under) expenditures	-	-	20,392	\$ <u>20,392</u>
Fund balance, budgetary, July 1	<u>77,269</u>	<u>77,269</u>	<u>77,269</u>	
Fund balance, budgetary, June 30	\$ <u>77,269</u>	\$ <u>77,269</u>	\$ <u>97,661</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 (Non-GAAP Basis)

Debt Service Funds

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Over (Under)
PAROLE TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 4,926,000	\$ 4,946,000	\$ 5,034,490	\$ 88,490
Investment income	10,000	90,000	117,048	27,048
	<u>4,936,000</u>	<u>5,036,000</u>	<u>5,151,538</u>	<u>115,538</u>
Expenditures				
Contractual services	-	-	6,764	6,764
Interest payments on debt	291,900	291,900	291,875	(25)
Principal payments on debt	765,000	765,000	765,000	-
Other	3,879,100	3,979,100	3,972,361	(6,739)
	<u>4,936,000</u>	<u>5,036,000</u>	<u>5,036,000</u>	<u>-</u>
Revenues over (under) expenditures	-	-	115,538	\$ <u>115,538</u>
Fund balance, budgetary, July 1	<u>80,372</u>	<u>80,372</u>	<u>80,372</u>	
Fund balance, budgetary, June 30	\$ <u>80,372</u>	\$ <u>80,372</u>	\$ <u>195,910</u>	
PARK PLACE TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 50,000	\$ 50,000	\$ 34,694	\$ (15,306)
Investment income	-	-	4,987	4,987
	<u>50,000</u>	<u>50,000</u>	<u>39,681</u>	<u>(10,319)</u>
Expenditures				
Other	<u>50,000</u>	<u>50,000</u>	-	<u>(50,000)</u>
	<u>50,000</u>	<u>50,000</u>	-	<u>(50,000)</u>
Revenues over expenditures	-	-	39,681	\$ <u>39,681</u>
Fund balance, budgetary, July 1	<u>61,571</u>	<u>61,571</u>	<u>61,571</u>	
Fund balance, budgetary, June 30	\$ <u>61,571</u>	\$ <u>61,571</u>	\$ <u>101,252</u>	
SPECIAL TAXING DISTRICTS				
Revenues				
Special assessments	\$ <u>366,116</u>	\$ <u>366,116</u>	\$ <u>396,667</u>	\$ <u>30,551</u>
Expenditures				
Principal payments on debt	878,147	878,147	212,657	(665,490)
Other	<u>34,664</u>	<u>34,664</u>	<u>34,664</u>	<u>-</u>
	<u>912,811</u>	<u>912,811</u>	<u>247,321</u>	<u>(665,490)</u>
Revenues over (under) expenditures	(546,695)	(546,695)	149,346	\$ <u>696,041</u>
Fund balance, budgetary, July 1 (as restated)	<u>531,180</u>	<u>531,180</u>	<u>531,180</u>	
Fund balance, budgetary, June 30	\$ <u>(15,515)</u>	\$ <u>(15,515)</u>	\$ <u>680,526</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 (Non-GAAP Basis)

Debt Service Funds

Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
INSTALLMENT PURCHASE AGREEMENTS				
Revenues				
Investment income	\$ 50,000	\$ 50,000	\$ 283,727	\$ 233,727
General fund contribution and other	<u>300,000</u>	<u>300,000</u>	<u>1,934,855</u>	<u>1,634,855</u>
	<u>350,000</u>	<u>350,000</u>	<u>2,218,582</u>	<u>1,868,582</u>
Expenditures				
Contractual services	100,000	100,000	3,640	(96,360)
Interest payments on debt	680,000	680,000	539,629	(140,371)
Principal payments on debt	<u>20,000</u>	<u>20,000</u>	<u>17,814</u>	<u>(2,186)</u>
	<u>800,000</u>	<u>800,000</u>	<u>561,083</u>	<u>(238,917)</u>
Revenues under expenditures	(450,000)	(450,000)	1,657,499	<u>\$ 2,107,499</u>
Fund balance, budgetary, July 1	<u>4,480,826</u>	<u>4,480,826</u>	<u>4,480,826</u>	
Fund balance, budgetary, June 30	\$ <u>4,030,826</u>	\$ <u>4,030,826</u>	\$ <u>6,138,325</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 (Non-GAAP Basis)

Special Taxing Districts

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Annapolis Cove	\$ 5,460	\$ 5,460	\$ 5,460	\$ -
Annapolis Landing	8,217	8,217	8,217	-
Arundel on the Bay	24,150	24,150	26,596	2,446
Bay Ridge	110,054	110,054	130,543	20,489
Browns Pond - Waterway	11,469	11,469	11,469	-
Buckingham Cove	9,000	9,000	9,000	-
Cattail Creek	5,400	5,400	5,363	(37)
Elizabeths Landing	14,646	14,646	15,028	382
John's Creek - Waterway	7,650	7,650	7,650	-
Lake Hillsmere - Waterway	4,680	4,680	5,884	1,204
Lake Hillsmere II - Waterway	8,050	8,050	8,050	-
Lake Placid - Waterway	14,450	14,450	17,572	3,122
Masons Beach	31,200	31,200	33,289	2,089
Pine Grove Village	2,512	2,512	2,512	-
Romar Estates	12,875	12,875	12,875	-
Snug Harbor - Erosion	10,510	10,510	10,620	110
Snug Harbor - Special Benefits	21,109	21,109	21,331	222
Snug Harbor - Waterway	44,000	44,000	44,000	-
Spriggs Pond - Waterway	13,596	13,596	13,596	-
Whitehall	7,088	7,088	7,612	524
Total debt service	<u>\$ 366,116</u>	<u>\$ 366,116</u>	<u>\$ 396,667</u>	<u>\$ 30,551</u>
EXPENDITURES				
Annapolis Cove	\$ 5,210	\$ 5,210	\$ 5,122	\$ (88)
Annapolis Landing	8,217	8,217	8,090	(127)
Arundel on the Bay	50,450	50,450	28,205	(22,245)
Bay Ridge	441,804	441,804	32,834	(408,970)
Browns Pond - Waterway	28,869	28,869	7,618	(21,251)
Buckingham Cove	10,700	10,700	9,153	(1,547)
Cattail Creek	10,000	10,000	5,361	(4,639)
Elizabeths Landing	22,646	22,646	17,455	(5,191)
John's Creek - Waterway	7,950	7,950	7,302	(648)
Lake Hillsmere - Waterway	7,580	7,580	3,732	(3,848)
Lake Hillsmere II - Waterway	8,350	8,350	7,948	(402)
Lake Placid - Waterway	20,650	20,650	8,413	(12,237)
Masons Beach	120,500	120,500	18,126	(102,374)
Pine Grove Village	2,662	2,662	2,637	(25)
Romar Estates	12,975	12,975	12,843	(132)
Snug Harbor - Erosion	11,610	11,610	9,743	(1,867)
Snug Harbor - Special Benefits	65,474	65,474	4,723	(60,751)
Snug Harbor - Waterway	54,000	54,000	38,454	(15,546)
Spriggs Pond - Waterway	15,676	15,676	12,616	(3,060)
Whitehall	7,488	7,488	6,946	(542)
Total expenditures	<u>\$ 912,811</u>	<u>\$ 912,811</u>	<u>\$ 247,321</u>	<u>\$ (665,490)</u>

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

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 statements in this section include columns for components of the Water and Wastewater Fund, the Internal Service Funds, which are considered to be non-major, and the budgetary statements for all proprietary funds. Descriptions for all proprietary funds and related components 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 individual 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, which are intended to cover 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 monies provided by the Solid Waste 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 include operations at several child care sites as well as administrative expenses.

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 accounted for the activities of the print shop. Revenues were received from County funds or component units. Since the beginning of fiscal year 2007 these activities have been accounted for in the General Fund.

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, vehicle repair, and gasoline usage.

Garage Replacements – This fund accounts for a replacement reserve for of the County's motor pool. Revenues consist of charges to County funds for replacement of vehicles, and gasoline usage.

Anne Arundel County, Maryland

Combining Schedule for Statement of Net Assets

Water and Wastewater Fund

June 30, 2007

	Operating	Debt Service	Capital Projects	Total
ASSETS				
Current Assets				
Cash and investments	\$ 15,320,712	\$ -	\$ -	\$ 15,320,712
Service billings receivable	19,194,874	-	-	19,194,874
Inventories	1,823,132	-	-	1,823,132
Restricted for debt service and capital	-	-	-	-
Cash and temporary investments	-	129,510,152	55,146,503	184,656,655
Receivables	-	-	-	-
Other, net	-	6,597,166	-	6,597,166
Total current assets	<u>36,338,718</u>	<u>136,107,318</u>	<u>55,146,503</u>	<u>227,592,539</u>
Noncurrent assets				
Restricted assets				
Deferred connection and assessment charges	-	54,714,974	-	54,714,974
Notes receivable	-	1,376,531	-	1,376,531
Capital assets				
Land and buildings	20,377,815	-	-	20,377,815
Water and sewer plants	434,604,088	-	-	434,604,088
Water and sewer lines	813,128,679	-	-	813,128,679
Machinery and equipment	10,901,071	-	-	10,901,071
	1,279,011,653	-	-	1,279,011,653
Less accumulated depreciation	(416,536,257)	-	-	(416,536,257)
	862,475,396	-	-	862,475,396
Construction work in progress	6,514,136	-	183,622,119	190,136,255
Total capital assets, net of depreciation	<u>868,989,532</u>	<u>-</u>	<u>183,622,119</u>	<u>1,052,611,651</u>
Total noncurrent assets	<u>868,989,532</u>	<u>56,091,505</u>	<u>183,622,119</u>	<u>1,108,703,156</u>
Total assets	<u>905,328,250</u>	<u>192,198,823</u>	<u>238,768,622</u>	<u>1,336,295,695</u>
LIABILITIES				
Current liabilities				
Accrued liabilities	6,007,258	-	-	6,007,258
Current portion of long-term debt and obligations	21,262,318	(353,402)	-	20,908,916
Bond anticipation notes	19,000,000	-	-	19,000,000
Due to other funds	380,909	-	-	380,909
Escrow deposits	128,796	-	-	128,796
Liabilities related to restricted assets				
Accrued liabilities	-	5,050,809	7,932,336	12,983,145
Escrow deposits	-	-	1,807,117	1,807,117
Deferred revenue	-	22,429,604	-	22,429,604
Total current liabilities	<u>46,779,281</u>	<u>27,127,011</u>	<u>9,739,453</u>	<u>83,645,745</u>
Noncurrent liabilities				
Long-term debt, net of deferred refunding loss	110,946,802	(2,357,976)	166,106,394	274,695,220
Deferred revenue	8,300,629	-	-	8,300,629
Total noncurrent liabilities	<u>119,247,431</u>	<u>(2,357,976)</u>	<u>166,106,394</u>	<u>282,995,849</u>
Total liabilities	<u>166,026,712</u>	<u>24,769,035</u>	<u>175,845,847</u>	<u>366,641,594</u>
NET ASSETS				
Invested in capital assets, net of related debt	719,224,361	2,711,378	44,289,376	766,225,115
Restricted	-	164,718,410	18,633,399	183,351,809
Unrestricted	20,077,177	-	-	20,077,177
Total net assets	<u>\$ 739,301,538</u>	<u>\$ 167,429,788</u>	<u>\$ 62,922,775</u>	<u>\$ 969,654,101</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, 2007

	Operating	Debt Service	Capital Projects	Total
OPERATING REVENUES				
Charges for services	\$ 69,688,775	\$ -	\$ -	\$ 69,688,775
Other revenues	3,669,867	-	-	3,669,867
Total operating revenues	<u>73,358,642</u>	<u>-</u>	<u>-</u>	<u>73,358,642</u>
OPERATING EXPENSES				
Personal services	23,678,231	-	-	23,678,231
Contractual services	25,810,316	-	-	25,810,316
Supplies and materials	3,565,127	-	-	3,565,127
Business and travel	110,922	-	-	110,922
Depreciation	30,012,459	-	-	30,012,459
Other	8,257,778	-	-	8,257,778
Total operating expenses	<u>91,434,833</u>	<u>-</u>	<u>-</u>	<u>91,434,833</u>
Operating loss	(18,076,191)	-	-	(18,076,191)
NONOPERATING REVENUES AND EXPENSES				
Investment income	71,562	5,615,035	-	5,686,597
Interest on long-term receivables	-	1,815,377	-	1,815,377
Other revenues	-	873,975	-	873,975
Interest expense	-	(7,882,097)	-	(7,882,097)
Loss on the disposal of assets	(403,439)	-	-	(403,439)
Other	-	(608,413)	-	(608,413)
Net loss before other revenues	<u>(18,408,068)</u>	<u>(186,123)</u>	<u>-</u>	<u>(18,594,191)</u>
OTHER				
Capital contributions and grants	13,234,764	23,589,206	140,474	36,964,444
Environmental protection fees	-	6,113,343	-	6,113,343
Net equity transfers between funds	<u>12,757,214</u>	<u>(22,054,299)</u>	<u>9,297,085</u>	<u>-</u>
Change in net assets	7,583,910	7,462,127	9,437,559	24,483,596
Net assets, July 1	<u>731,717,628</u>	<u>159,967,661</u>	<u>53,485,216</u>	<u>945,170,505</u>
Net assets, June 30	<u>\$ 739,301,538</u>	<u>\$ 167,429,788</u>	<u>\$ 62,922,775</u>	<u>\$ 969,654,101</u>

Anne Arundel County, Maryland

Combining Schedule for Statement of Cash Flows

Water and Wastewater Fund

Year Ended June 30, 2007

	<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	\$ 73,455,914	\$ -	\$ -	\$ 73,455,914
Cash payments to suppliers for goods and services	(37,732,929)	-	-	(37,732,929)
Cash payments to employees for services	(23,398,273)	-	-	(23,398,273)
Net cash provided by operating activities	<u>12,324,712</u>	<u>-</u>	<u>-</u>	<u>12,324,712</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of County bonds and bond anticipation notes	-	18,500,000	43,000,000	61,500,000
Proceeds from loan	-	-	7,462,041	7,462,041
Proceeds from developers' contributions	-	-	1,066,147	1,066,147
Refunds to developers	-	(183,248)	(428,042)	(611,290)
Assessment and connection charges	1,290,561	45,440,773	-	46,731,334
Environmental protection fees for capital assets	-	4,521,401	-	4,521,401
Payments of long-term debt	-	(19,086,724)	-	(19,086,724)
Payments of bond anticipation notes	-	(18,500,000)	-	(18,500,000)
Interest payments	-	(12,269,531)	-	(12,269,531)
Operations funds used in construction	(14,455,000)	-	14,455,000	-
Acquisition and construction of capital assets	(522,892)	-	(45,063,641)	(45,586,533)
Payments of debt issuance costs	-	(151,725)	-	(151,725)
Premium on sale of bonds	-	1,327,068	-	1,327,068
Payments received on note receivable	-	1,874,505	-	1,874,505
Intrafund surplus transfers	7,000,000	-	(7,000,000)	-
Other costs	-	(565,654)	-	(565,654)
Net cash provided by (used for) capital and related financing activities	<u>(6,687,331)</u>	<u>20,906,865</u>	<u>13,491,505</u>	<u>27,711,039</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of investment securities	-	(129,703,891)	-	(129,703,891)
Sale of investment securities	-	115,946,258	-	115,946,258
Interest on investments	71,562	7,539,428	-	7,610,990
Net cash provided by (used for) investing activities	<u>71,562</u>	<u>(6,218,205)</u>	<u>-</u>	<u>(6,146,643)</u>
Net increase in cash and cash equivalents	5,708,943	14,688,660	13,491,505	33,889,108
Cash and cash equivalents, July 1	9,611,769	14,047,587	41,654,998	65,314,354
Cash and cash equivalents, June 30	<u>15,320,712</u>	<u>28,736,247</u>	<u>55,146,503</u>	<u>99,203,462</u>
Investment in non-cash equivalents	-	100,773,905	-	100,773,905
Total cash and temporary investments	<u>\$ 15,320,712</u>	<u>\$ 129,510,152</u>	<u>\$ 55,146,503</u>	<u>\$ 199,977,367</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 loss	\$ (18,076,191)	\$ -	\$ -	(18,076,191)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	30,012,459	-	-	30,012,459
Noncapital construction costs	300,238	-	-	300,238
Change in assets and liabilities:				
Decrease in accounts receivable	51,744	-	-	51,744
Increase in inventories	(642,154)	-	-	(642,154)
Increase in accrued liabilities	791,810	-	-	791,810
Decrease in due to other funds	(283,222)	-	-	(283,222)
Increase in escrow deposits	45,528	-	-	45,528
Increase in accrued liability for compensated absences	124,500	-	-	124,500
Net cash provided by operating activities	<u>\$ 12,324,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>12,324,712</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

1. In fiscal year 2007, facilities with an estimated market value of \$19,365,741 were contributed to the Enterprise funds by developers. These were primarily water and sewer lines placed in new developments.
2. In fiscal year 2007, amortization of refunding gains and losses resulted in a net expense of \$401,958 in the Water and Wastewater Fund.
3. In fiscal year 2007, the net fair market value adjustment related to investments was a loss of \$262,863 in the Water and Wastewater Fund.

Schedule of Revenues, Expenses, and Encumbrances - Budget and Actual (Non-GAAP Basis)

Enterprise Funds

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Over (Under)
WATER AND WASTEWATER OPERATIONS				
Revenues				
Charges for services	\$ 71,671,000	\$ 71,671,000	\$ 70,991,986	\$ (679,014)
Investment income	80,000	80,000	71,562	(8,438)
Miscellaneous reimbursement	45,100	45,100	55,602	10,502
Other	2,941,700	2,941,700	10,725,566	7,783,866
	<u>74,737,800</u>	<u>74,737,800</u>	<u>81,844,716</u>	<u>7,106,916</u>
Expenses				
Personal services	24,640,600	24,570,600	23,733,833	(836,767)
Contractual services	24,631,100	24,631,100	25,552,757	921,657
Supplies and materials	4,199,300	4,284,300	3,465,117	(819,183)
Business and travel	181,700	166,700	114,922	(51,778)
Capital outlay	1,245,600	1,245,600	1,037,914	(207,686)
Administrative costs	7,841,000	7,841,000	7,841,000	-
Pay-as-you-go	15,155,000	15,155,000	15,155,000	-
	<u>77,894,300</u>	<u>77,894,300</u>	<u>76,900,543</u>	<u>(993,757)</u>
Revenues over (under) expenses	\$ <u>(3,156,500)</u>	\$ <u>(3,156,500)</u>	\$ <u>4,944,173</u>	\$ <u>8,100,673</u>
WATER AND WASTEWATER DEBT SERVICE				
Revenues				
Water and sewer assessments	\$ 6,629,300	\$ 6,629,300	\$ 6,370,390	\$ (258,910)
Capital connection charges	18,366,600	18,366,600	38,738,410	20,371,810
Environmental protection fees	6,165,300	6,165,300	6,113,343	(51,957)
Investment income	6,102,000	6,102,000	7,633,070	1,531,070
Developer contribution	1,168,600	1,168,600	-	(1,168,600)
Other	656,800	656,800	873,975	217,175
	<u>39,088,600</u>	<u>39,088,600</u>	<u>59,729,188</u>	<u>20,640,588</u>
Expenses				
Principal payments on debt	19,091,700	19,091,700	19,086,724	(4,976)
Interest expense	12,703,900	12,703,900	12,135,894	(568,006)
Other	669,400	669,400	565,654	(103,746)
	<u>32,465,000</u>	<u>32,465,000</u>	<u>31,788,272</u>	<u>(676,728)</u>
Revenues over expenses	\$ <u>6,623,600</u>	\$ <u>6,623,600</u>	\$ <u>27,940,916</u>	\$ <u>21,317,316</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 (Non-GAAP Basis)

Enterprise Funds

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Over (Under)
SOLID WASTE				
Revenues				
Charges for services	\$ 40,110,700	\$ 40,110,700	\$ 40,526,107	\$ 415,407
Landfill charges	2,733,100	2,733,100	2,487,992	(245,108)
Host fees	1,200,000	1,200,000	1,229,005	29,005
Other	<u>2,735,100</u>	<u>2,735,100</u>	<u>3,876,631</u>	<u>1,141,531</u>
	<u>46,778,900</u>	<u>46,778,900</u>	<u>48,119,735</u>	<u>1,340,835</u>
Expenses				
Personal services	6,050,800	6,050,800	5,539,495	(511,305)
Contractual services	30,330,300	30,308,300	29,912,444	(395,856)
Supplies and materials	1,131,700	1,273,700	894,405	(379,295)
Business and travel	56,700	58,700	28,232	(30,468)
Capital outlay	894,000	772,000	673,197	(98,803)
Principal payments on debt	3,064,400	3,064,400	3,064,362	(38)
Interest expense	983,500	983,500	985,009	1,509
Administrative costs	2,475,900	2,475,900	2,375,900	(100,000)
Contributions/Solid Waste Assurance Fund	485,800	485,800	485,800	-
Contributions/Self Insurance Fund	86,000	86,000	86,000	-
Contributions/Northeast Maryland Solid	25,000	25,000	25,000	-
Capital improvements	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>-</u>
	<u>46,284,100</u>	<u>46,284,100</u>	<u>44,769,844</u>	<u>(1,514,256)</u>
Revenues over expenses	<u>\$ 494,800</u>	<u>\$ 494,800</u>	<u>\$ 3,349,891</u>	<u>\$ 2,855,091</u>
SOLID WASTE FINANCIAL ASSURANCE				
Revenues				
Payments from other funds	\$ 485,800	\$ 485,800	\$ 485,800	\$ -
Other	<u>-</u>	<u>-</u>	<u>815,638</u>	<u>815,638</u>
	<u>485,800</u>	<u>485,800</u>	<u>1,301,438</u>	<u>815,638</u>
Expenses				
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenses	<u>\$ 485,800</u>	<u>\$ 485,800</u>	<u>\$ 1,301,438</u>	<u>\$ 815,638</u>
CHILD CARE				
Revenues				
Child Care Fees	\$ <u>2,892,400</u>	\$ <u>2,892,400</u>	\$ <u>2,881,008</u>	\$ <u>(11,392)</u>
	<u>2,892,400</u>	<u>2,892,400</u>	<u>2,881,008</u>	<u>(11,392)</u>
Expenses				
Personal services	2,320,900	2,320,900	2,161,591	(159,309)
Contractual services	207,000	207,000	214,162	7,162
Supplies and materials	251,400	251,400	230,382	(21,018)
Business and travel	9,500	9,500	7,390	(2,110)
Capital outlay	73,600	73,600	39,693	(33,907)
Other	<u>163,200</u>	<u>163,200</u>	<u>163,200</u>	<u>-</u>
	<u>3,025,600</u>	<u>3,025,600</u>	<u>2,816,418</u>	<u>(209,182)</u>
Revenues over (under) expenses	<u>\$ (133,200)</u>	<u>\$ (133,200)</u>	<u>\$ 64,590</u>	<u>\$ 197,790</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 (Non-GAAP Basis)

Enterprise Funds Capital Projects

Year Ended June 30, 2007

	Water and			
	Total Water and Wastewater	Capital Projects	Water Normal Extensions	Total
AUTHORIZED PER ORIGINAL BUDGET				
County bonds	\$ 330,934,785	\$ 151,784,285	\$ 2,249,000	\$ 154,033,285
Maryland Water Quality Loan	22,396,215	3,033,715	-	3,033,715
Grants and aid	1,394,500	-	-	-
Pay-as-you-go	86,770,000	8,015,000	-	8,015,000
Contributions by developers	4,204,000	-	-	-
Other sources	5,385,000	1,000,000	-	1,000,000
Total	<u>\$ 451,084,500</u>	<u>\$ 163,833,000</u>	<u>\$ 2,249,000</u>	<u>\$ 166,082,000</u>
AUTHORIZED PER FINAL BUDGET				
County bonds	\$ 326,728,056	\$ 151,784,185	\$ 1,755,875	\$ 153,540,060
Maryland Water Quality Loan	22,396,215	3,033,715	-	3,033,715
Grants and aid	1,394,500	-	-	-
Pay-as-you-go	62,615,334	5,939,710	-	5,939,710
Contributions by developers	4,031,846	-	-	-
Other sources	3,557,123	1,500,000	-	1,500,000
Total	420,723,074	162,257,610	1,755,875	164,013,485
Less: Completed projects	13,141,299	4,077,098	7,213	4,084,311
	<u>407,581,775</u>	<u>158,180,512</u>	<u>1,748,662</u>	<u>159,929,174</u>
REALIZED				
Current year				
Bonds and bond anticipation notes	43,000,000	17,842,969	123,189	17,966,158
Proceeds from State loan	4,259,575	-	-	-
Pay-as-you-go	14,455,000	1,600,000	-	1,600,000
Developer contributions	140,474	-	-	-
Total	61,855,049	19,442,969	123,189	19,566,158
Prior years	183,148,713	43,088,671	779,825	43,868,496
Total realized funding sources	245,003,762	62,531,640	903,014	63,434,654
Less: Completed projects	14,843,608	4,900,622	7,213	4,907,835
	<u>230,160,154</u>	<u>57,631,018</u>	<u>895,801</u>	<u>58,526,819</u>
Funding sources authorized - June 30, 2007	<u>\$ 177,421,621</u>	<u>\$ 100,549,494</u>	<u>\$ 852,861</u>	<u>\$ 101,402,355</u>

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

Wastewater

		Wastewater			
Capital Projects	Normal Extension	Total	Oversize Connections	Solid Waste	
\$ 164,817,500	\$ 2,222,000	\$ 167,039,500	\$ 9,862,000	\$ 11,874,000	
19,362,500	-	19,362,500	-	-	
1,394,500	-	1,394,500	-	-	
26,219,000	44,000	26,263,000	52,492,000	12,222,849	
475,000	-	475,000	3,729,000	-	
3,150,000	-	3,150,000	1,235,000	750,000	
<u>\$ 215,418,500</u>	<u>\$ 2,266,000</u>	<u>\$ 217,684,500</u>	<u>\$ 67,318,000</u>	<u>\$ 24,846,849</u>	
\$ 161,677,600	\$ 1,648,700	\$ 163,326,300	\$ 9,861,696	\$ 11,874,000	
19,362,500	-	19,362,500	-	-	
1,394,500	-	1,394,500	-	-	
22,914,895	44,438	22,959,333	33,716,291	12,014,332	
475,000	-	475,000	3,556,846	-	
2,032,000	-	2,032,000	25,123	750,000	
<u>207,856,495</u>	<u>1,693,138</u>	<u>209,549,633</u>	<u>47,159,956</u>	<u>24,638,332</u>	
<u>6,728,380</u>	<u>73,857</u>	<u>6,802,237</u>	<u>2,254,751</u>	<u>6,844,992</u>	
<u>201,128,115</u>	<u>1,619,281</u>	<u>202,747,396</u>	<u>44,905,205</u>	<u>17,793,340</u>	
23,844,857	215,738	24,060,595	973,247	1,000,000	
4,259,575	-	4,259,575	-	-	
5,725,000	-	5,725,000	7,130,000	500,000	
20,000	-	20,000	120,474	-	
<u>33,849,432</u>	<u>215,738</u>	<u>34,065,170</u>	<u>8,223,721</u>	<u>1,500,000</u>	
<u>111,189,986</u>	<u>621,811</u>	<u>111,811,797</u>	<u>27,468,420</u>	<u>19,503,408</u>	
145,039,418	837,549	145,876,967	35,692,141	21,003,408	
7,432,487	73,857	7,506,344	2,429,429	6,844,992	
<u>137,606,931</u>	<u>763,692</u>	<u>138,370,623</u>	<u>33,262,712</u>	<u>14,158,416</u>	
<u>\$ 63,521,184</u>	<u>\$ 855,589</u>	<u>\$ 64,376,773</u>	<u>\$ 11,642,493</u>	<u>\$ 3,634,924</u>	

Anne Arundel County, Maryland

Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Basis)

Enterprise Funds Capital Projects

Year Ended June 30, 2007

	Water			Water and
	Total	Capital Projects		Total
		Normal Extensions	Normal Extensions	
APPROPRIATIONS				
Original Budget	\$ 451,084,500	\$ 163,833,000	\$ 2,249,000	\$ 166,082,000
Final Budget:				
Prior years	\$ 337,190,654	\$ 119,683,630	\$ 1,555,889	\$ 121,239,519
Current year	83,532,420	42,573,980	199,986	42,773,966
	420,723,074	162,257,610	1,755,875	164,013,485
Less: Completed projects	13,141,299	4,077,098	7,213	4,084,311
Total appropriations	407,581,775	158,180,512	1,748,662	159,929,174
EXPENDITURES AND ENCUMBRANCES				
Prior years expenditures	154,087,978	33,131,511	766,230	33,897,741
Current year expenditures	42,650,877	18,543,517	175,345	18,718,862
	196,738,855	51,675,028	941,575	52,616,603
Less: Completed projects	13,116,736	4,019,234	20,808	4,040,042
Total	183,622,119	47,655,794	920,767	48,576,561
Encumbrances outstanding	41,102,561	13,934,627	273,020	14,207,647
Total expenditures and encumbrances	224,724,680	61,590,421	1,193,787	62,784,208
Unencumbered appropriations - June 30, 2007	\$ 182,857,095	\$ 96,590,091	\$ 554,875	\$ 97,144,966

Wastewater					
	Wastewater				
Capital Projects	Normal Extension	Total	Oversize Connections	Solid Waste	
\$ 215,418,500	\$ 2,266,000	\$ 217,684,500	\$ 67,318,000	\$ 24,846,849	
\$ 179,026,514	\$ 1,294,619	\$ 180,321,133	\$ 35,630,002	\$ 23,758,332	
28,829,981	398,519	29,228,500	11,529,954	880,000	
207,856,495	1,693,138	209,549,633	47,159,956	24,638,332	
6,728,380	73,857	6,802,237	2,254,751	6,844,992	
201,128,115	1,619,281	202,747,396	44,905,205	17,793,340	
97,687,550	519,316	98,206,866	21,983,371	18,910,852	
16,382,439	273,039	16,655,478	7,276,537	1,067,615	
114,069,989	792,355	114,862,344	29,259,908	19,978,467	
6,728,012	96,521	6,824,533	2,252,161	6,810,028	
107,341,977	695,834	108,037,811	27,007,747	13,168,439	
21,103,498	232,736	21,336,234	5,558,680	787,693	
128,445,475	928,570	129,374,045	32,566,427	13,956,132	
\$ 72,682,640	\$ 690,711	\$ 73,373,351	\$ 12,338,778	\$ 3,837,208	

Combining Statement of Net Assets

Internal Service Funds

June 30, 2007

	Self Insurance	Health Insurance	Print Shop	Central Garage and Transportation	Garage Replacement	Totals
ASSETS						
Current assets						
Cash and investments	\$ 48,382,230	\$ 8,605,876	\$ -	\$ 2,718,481	\$ 6,481,166	\$ 66,187,753
Receivable	633,899	2,807,702	-	-	-	3,441,601
Inventories	-	-	-	595,936	-	595,936
Other assets	-	-	-	-	641,252	641,252
Total current assets	<u>49,016,129</u>	<u>11,413,578</u>	<u>-</u>	<u>3,314,417</u>	<u>7,122,418</u>	<u>70,866,542</u>
Noncurrent assets						
Capital assets						
Land and buildings	-	-	-	2,073,990	-	2,073,990
Machinery and equipment	-	-	-	578,084	53,391,140	53,969,224
	-	-	-	2,652,074	53,391,140	56,043,214
Less accumulated depreciation	-	-	-	(1,842,511)	(31,363,471)	(33,205,982)
Total capital assets, net of depreciation	-	-	-	809,563	22,027,669	22,837,232
Total noncurrent assets	-	-	-	809,563	22,027,669	22,837,232
Total assets	<u>49,016,129</u>	<u>11,413,578</u>	<u>-</u>	<u>4,123,980</u>	<u>29,150,087</u>	<u>93,703,774</u>
LIABILITIES						
Current liabilities						
Accrued liabilities	99,041	210,257	-	995,113	1,016,369	2,320,780
Current portion of long-term obligations	10,058,418	4,113,859	-	249,497	-	14,421,774
Deferred revenue	-	500,168	-	-	-	500,168
Total current liabilities	<u>10,157,459</u>	<u>4,824,284</u>	<u>-</u>	<u>1,244,610</u>	<u>1,016,369</u>	<u>17,242,722</u>
Noncurrent liabilities						
Unpaid claims	36,960,000	-	-	-	-	36,960,000
Accrued liability for compensated absences	13,036	-	-	4,263	-	17,299
Total noncurrent liabilities	<u>36,973,036</u>	<u>-</u>	<u>-</u>	<u>4,263</u>	<u>-</u>	<u>36,977,299</u>
Total liabilities	<u>47,130,495</u>	<u>4,824,284</u>	<u>-</u>	<u>1,248,873</u>	<u>1,016,369</u>	<u>54,220,021</u>
NET ASSETS						
Invested in capital assets, net of related debt	-	-	-	809,563	22,027,669	22,837,232
Unrestricted	1,885,634	6,589,294	-	2,065,544	6,106,049	16,646,521
Total net assets	<u>\$ 1,885,634</u>	<u>\$ 6,589,294</u>	<u>\$ -</u>	<u>\$ 2,875,107</u>	<u>\$ 28,133,718</u>	<u>\$ 39,483,753</u>

Anne Arundel County, Maryland

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

Internal Service Funds

Year Ended June 30, 2007

	Self Insurance	Health Insurance	Print Shop	Central Garage and Transportation	Garage Replacement	Totals
OPERATING REVENUES						
Charges for services	\$ 14,580,000	\$ -	\$ -	\$ 13,780,396	\$ 7,213,550	\$ 35,573,946
Medical premiums	-	67,399,264	-	-	-	67,399,264
Other	-	12,773	-	51,072	849,062	912,907
Total operating revenues	<u>14,580,000</u>	<u>67,412,037</u>	<u>-</u>	<u>13,831,468</u>	<u>8,062,612</u>	<u>103,886,117</u>
OPERATING EXPENSES						
Personal services	1,240,560	355,899	-	4,008,839	-	5,605,298
Contractual services	143,092	444,041	57,578	665,704	6,023	1,316,438
Supplies and materials	39,657	20,037	-	114,356	12,870	186,920
Business and travel	12,027	3,776	-	5,441	-	21,244
Cost of goods issued	-	-	-	6,890,367	-	6,890,367
Depreciation	-	-	-	49,117	5,026,100	5,075,217
Provision for claims and estimated losses	15,662,804	62,283,757	-	-	-	77,946,561
Other	-	25,000	-	783,900	-	808,900
Total operating expenses	<u>17,098,140</u>	<u>63,132,510</u>	<u>57,578</u>	<u>12,517,724</u>	<u>5,044,993</u>	<u>97,850,945</u>
Operating income (loss)	(2,518,140)	4,279,527	(57,578)	1,313,744	3,017,619	6,035,172
NONOPERATING REVENUES						
Investment income	2,861,772	291,654	-	-	-	3,153,426
Gain on disposal of assets	-	-	-	-	190,394	190,394
Net equity transfers between funds	-	-	(99,489)	-	-	(99,489)
Change in net assets	343,632	4,571,181	(157,067)	1,313,744	3,208,013	9,279,503
Net assets, July 1	<u>1,542,002</u>	<u>2,018,113</u>	<u>157,067</u>	<u>1,561,363</u>	<u>24,925,705</u>	<u>30,204,250</u>
Net assets, June 30	<u>\$ 1,885,634</u>	<u>\$ 6,589,294</u>	<u>\$ -</u>	<u>\$ 2,875,107</u>	<u>\$ 28,133,718</u>	<u>\$ 39,483,753</u>

Combining Statement of Cash Flows

Internal Service Funds

Year Ended June 30, 2007

	Self Insurance	Health Insurance	Print Shop	Central Garage and Transportation	Garage Replacement	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 14,580,000	\$ 65,794,660	\$ -	\$ 13,780,396	\$ 7,213,550	\$ 101,368,606
Cash received for expense reimbursement	282,308	-	-	-	-	282,308
Cash payments to suppliers for goods and services	(271,391)	(466,578)	(260,482)	(7,348,545)	(18,893)	(8,365,889)
Cash payments for claims	(11,791,113)	(62,692,708)	-	-	-	(74,483,821)
Cash payments to employees for services	(1,194,271)	(355,899)	(11,441)	(4,047,704)	-	(5,609,315)
Other operating revenues	-	-	-	51,072	849,062	900,134
Other operating expenses	-	(25,000)	-	(783,900)	-	(808,900)
Net cash provided by (used for) operating activities	<u>1,605,533</u>	<u>2,254,475</u>	<u>(271,923)</u>	<u>1,651,319</u>	<u>8,043,719</u>	<u>13,283,123</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Asset transfers between funds	-	-	(72,754)	-	-	(72,754)
Net cash used for non-capital financing activities	<u>-</u>	<u>-</u>	<u>(72,754)</u>	<u>-</u>	<u>-</u>	<u>(72,754)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	-	-	-	-	(6,963,384)	(6,963,384)
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,963,384)</u>	<u>(6,963,384)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	(170,017,068)	-	-	-	-	(170,017,068)
Sale of investment securities	166,235,714	-	-	-	-	166,235,714
Investment income	2,601,115	291,654	-	-	-	2,892,769
Net cash provided by (used for) investing activities	<u>(1,180,239)</u>	<u>291,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(888,585)</u>
Net increase (decrease) in cash and cash equivalents	425,294	2,546,129	(344,677)	1,651,319	1,080,335	5,358,400
Cash and cash equivalents, July 1	36,454	6,059,747	344,677	1,067,162	5,400,831	12,908,871
Cash and cash equivalents, June 30	461,748	8,605,876	-	2,718,481	6,481,166	18,267,271
Investment in non-cash equivalents	47,920,482	-	-	-	-	47,920,482
Total cash and temporary investments	<u>\$ 48,382,230</u>	<u>\$ 8,605,876</u>	<u>\$ -</u>	<u>\$ 2,718,481</u>	<u>\$ 6,481,166</u>	<u>\$ 66,187,753</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating income (loss)	\$ (2,518,140)	\$ 4,279,527	\$ (57,578)	\$ 1,313,744	\$ 3,017,619	\$ 6,035,172
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	-	-	-	49,117	5,026,100	5,075,217
Change in assets and liabilities						
Increase in accounts receivable	-	(2,062,348)	-	-	-	(2,062,348)
Decrease in deposit with provider	-	1,700,000	-	-	-	1,700,000
Decrease in inventories	-	-	-	(119,580)	-	(119,580)
Increase (decrease) in accounts payable and accrued expenses	(2,151)	(2,530,656)	(197,486)	446,904	-	(2,283,389)
Increase in deferred revenue	-	500,168	-	-	-	500,168
Increase in unpaid claims	4,154,000	367,784	-	-	-	4,521,784
Decrease in accrued liability for compensated absences	(28,176)	-	(16,859)	(38,866)	-	(83,901)
Net cash provided by (used for) operating activities	<u>\$ 1,605,533</u>	<u>\$ 2,254,475</u>	<u>\$ (271,923)</u>	<u>\$ 1,651,319</u>	<u>\$ 8,043,719</u>	<u>\$ 13,283,123</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

In fiscal year 2007, the net fair market value adjustment related to investments was a gain of \$84,316 in the Self Insurance Fund.

Anne Arundel County, Maryland

Schedule of Revenues, Expenses, and Encumbrances - Budget and Actual (Non-GAAP Basis)

Internal Service Funds

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Over (Under)
SELF INSURANCE				
Revenues				
Charges for services	\$ 14,580,000	\$ 14,580,000	\$ 14,580,000	\$ -
Investment income	1,420,000	1,420,000	2,861,772	1,441,772
Reimbursements	200,000	200,000	282,308	82,308
Other	-	-	2,264	2,264
	<u>16,200,000</u>	<u>16,200,000</u>	<u>17,726,344</u>	<u>1,526,344</u>
Expenses				
Personal services	1,244,200	1,244,200	1,240,560	(3,640)
Contractual services	14,941,500	14,941,500	14,273,327	(668,173)
Supplies and materials	20,000	20,000	34,127	14,127
Business and travel	21,800	21,800	12,027	(9,773)
Capital outlay	10,000	10,000	5,530	(4,470)
	<u>16,237,500</u>	<u>16,237,500</u>	<u>15,565,571</u>	<u>(671,929)</u>
Revenues over (under) expenses	<u>\$ (37,500)</u>	<u>\$ (37,500)</u>	<u>\$ 2,160,773</u>	<u>\$ 2,198,273</u>
HEALTH INSURANCE				
Revenues				
Charges for services	\$ 68,489,900	\$ 69,689,900	\$ 67,399,264	\$ (2,290,636)
Investment income	-	-	291,654	291,654
Other	-	-	14,660	14,660
	<u>68,489,900</u>	<u>69,689,900</u>	<u>67,705,578</u>	<u>(1,984,322)</u>
Expenses				
Medical claim costs	67,816,300	69,016,300	62,283,757	(6,732,543)
Personal services	205,200	205,200	355,899	150,699
Contractual services	413,200	413,200	407,788	(5,412)
Supplies and materials	24,900	24,900	20,037	(4,863)
Business and travel	5,300	5,300	3,776	(1,524)
Other	25,000	25,000	25,000	-
	<u>68,489,900</u>	<u>69,689,900</u>	<u>63,096,257</u>	<u>(6,593,643)</u>
Revenues over (under) expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,609,321</u>	<u>\$ 4,609,321</u>
PRINT SHOP				
Revenues				
Other	\$ -	\$ -	\$ 22,930	\$ 22,930
	<u>-</u>	<u>-</u>	<u>22,930</u>	<u>22,930</u>
Expenses				
Personal services	-	-	-	-
Contractual services	-	-	-	-
Supplies and materials	-	-	-	-
Capital outlay	-	-	-	-
Business and travel	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,930</u>	<u>\$ 22,930</u>

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

Schedule of Revenues, Expenses, and Encumbrances - Budget and Actual (Non-GAAP Basis)

Internal Service Funds

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Over (Under)
CENTRAL GARAGE AND TRANSPORTATION				
Revenues				
Charges for services	\$ 13,322,900	\$ 13,322,900	\$ 13,780,395	\$ 457,495
Other	23,200	23,200	53,384	30,184
	<u>13,346,100</u>	<u>13,346,100</u>	<u>13,833,779</u>	<u>487,679</u>
Expenses				
Personal services	4,202,800	4,202,800	4,008,839	(193,961)
Contractual services	667,900	667,900	665,662	(2,238)
Supplies and materials	7,640,800	7,640,800	6,981,239	(659,561)
Business and travel	16,800	16,800	5,441	(11,359)
Capital outlay	33,900	33,900	24,241	(9,659)
Other	783,900	783,900	783,900	-
	<u>13,346,100</u>	<u>13,346,100</u>	<u>12,469,322</u>	<u>(876,778)</u>
Revenues over (under) expenses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,364,457</u>	\$ <u>1,364,457</u>
GARAGE REPLACEMENT FUND				
Revenues				
Charges for services	\$ 7,405,600	\$ 7,405,600	\$ 7,213,550	\$ (192,050)
Other	666,200	666,200	849,062	182,862
	<u>8,071,800</u>	<u>8,071,800</u>	<u>8,062,612</u>	<u>(9,188)</u>
Expenses				
Contractual services	5,000	2,500	6,023	3,523
Capital outlay	8,205,600	8,208,100	7,109,979	(1,098,121)
	<u>8,210,600</u>	<u>8,210,600</u>	<u>7,116,002</u>	<u>(1,094,598)</u>
Revenues over expenses	\$ <u>(138,800)</u>	\$ <u>(138,800)</u>	\$ <u>946,610</u>	\$ <u>1,085,410</u>

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 Officers' and Deputy Sheriffs' 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.

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.

Medco AA Golf Course Escrow – This fund accounts for the balances in Medco's trust accounts received at the time of the purchase of Compass Pointe Golf Course. These funds will be used to pay any remaining costs related to 2005 and prior golf course operations.

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.

Defined Benefit Pension Plans (as of December 31, 2006)					
	Employees' Retirement	Police Service Retirement	Fire Service Retirement	Detention Officers' & Deputy Sheriffs' Retirement	Totals
ASSETS					
Investments, at fair value:					
Cash and temporary investments	\$ 45,907,136	\$ 39,690,214	\$ 37,030,063	\$ 6,552,211	\$ 129,179,624
U. S. Government obligations	8,689,409	7,523,281	7,009,827	1,240,218	24,462,735
Corporate obligations	62,500,380	54,112,764	50,419,642	8,920,523	175,953,309
Corporate obligation investment pools	24,683,088	21,370,592	19,912,078	3,522,956	69,488,714
International obligations	166,307	143,989	134,162	23,737	468,195
Common stocks	174,954,629	151,475,534	141,137,536	24,970,837	492,538,536
Common stock investment pools	14,281,759	12,365,132	11,521,229	2,038,400	40,206,520
International stock investment pools	109,887,955	95,140,876	88,647,641	15,684,034	309,360,506
Private markets	1,952,395	1,690,382	1,575,016	278,660	5,496,453
Real estate investment pools	23,019,404	19,930,175	18,569,968	3,285,502	64,805,049
Insurance company general accounts	14,941,875	12,936,660	12,053,751	2,132,617	42,064,903
Absolute return funds	20,857,717	18,058,589	16,826,115	2,976,970	58,719,391
Total investments	<u>501,842,054</u>	<u>434,438,188</u>	<u>404,837,028</u>	<u>71,626,665</u>	<u>1,412,743,935</u>
Collateral from securities lending transactions	<u>42,469,032</u>	<u>36,769,644</u>	<u>34,260,166</u>	<u>6,061,499</u>	<u>119,560,341</u>
Receivables:					
Employer contributions	929,905	851,465	893,805	303,723	2,978,898
Participant contributions	342,905	153,109	140,449	67,693	704,156
Accrued interest and dividends	1,300,357	1,125,848	1,049,012	185,596	3,660,813
Investment sales proceeds	<u>52,764,734</u>	<u>45,683,652</u>	<u>42,565,804</u>	<u>7,530,979</u>	<u>148,545,169</u>
Total receivables	<u>55,337,901</u>	<u>47,814,074</u>	<u>44,649,070</u>	<u>8,087,991</u>	<u>155,889,036</u>
Deposits on hand	<u>12,515</u>	<u>148,969</u>	<u>62,591</u>	<u>-</u>	<u>224,075</u>
Total assets	<u>599,661,502</u>	<u>519,170,875</u>	<u>483,808,855</u>	<u>85,776,155</u>	<u>1,688,417,387</u>
LIABILITIES					
Accounts payable	355,761	308,018	286,996	50,777	1,001,552
Investment commitments payable	71,238,034	61,677,815	57,468,389	10,167,627	200,551,865
Obligation for collateral received under securities lending transactions	<u>42,469,032</u>	<u>36,769,644</u>	<u>34,260,166</u>	<u>6,061,499</u>	<u>119,560,341</u>
Total liabilities	<u>114,062,827</u>	<u>98,755,477</u>	<u>92,015,551</u>	<u>16,279,903</u>	<u>321,113,758</u>
Net assets held in trust for pension benefits	<u>\$ 485,598,675</u>	<u>\$ 420,415,398</u>	<u>\$ 391,793,304</u>	<u>\$ 69,496,252</u>	<u>\$ 1,367,303,629</u>

Combining Statement of Changes in Net Assets

Pension Trust Funds

For the Year Ended June 30, 2007

	<u>Defined Benefit Pension Trust (as of December 31, 2006)</u>				
	<u>Employees'</u>	<u>Police</u>	<u>Fire</u>	<u>Detention</u>	
	<u>Retirement</u>	<u>Service</u>	<u>Service</u>	<u>Officers' &</u>	
		<u>Retirement</u>	<u>Retirement</u>	<u>Deputy Sheriffs'</u>	
				<u>Retirement</u>	<u>Totals</u>
ADDITIONS					
Contributions:					
Employer	\$ 10,755,168	\$ 9,611,544	\$ 10,481,244	\$ 3,462,366	\$ 34,310,322
Participant	<u>4,376,510</u>	<u>1,925,644</u>	<u>1,741,476</u>	<u>860,542</u>	<u>8,904,172</u>
Total contributions	<u>15,131,678</u>	<u>11,537,188</u>	<u>12,222,720</u>	<u>4,322,908</u>	<u>43,214,494</u>
Investment income:					
Net appreciation in fair value of investments	40,163,069	34,763,472	32,346,289	5,628,823	112,901,653
Interest income	7,618,363	6,596,686	6,147,919	1,065,288	21,428,256
Dividend income	<u>9,767,449</u>	<u>8,458,710</u>	<u>7,888,657</u>	<u>1,376,344</u>	<u>27,491,160</u>
Total investment income	<u>57,548,881</u>	<u>49,818,868</u>	<u>46,382,865</u>	<u>8,070,455</u>	<u>161,821,069</u>
Less investment expense	<u>(1,879,212)</u>	<u>(1,627,140)</u>	<u>(1,510,805)</u>	<u>(265,811)</u>	<u>(5,282,968)</u>
Net income from investing activities	55,669,669	48,191,728	44,872,060	7,804,644	156,538,101
Securities lending activities:					
Securities lending income	2,018,460	1,747,785	1,629,456	282,839	5,678,540
Securities lending expenses:					
Borrower rebates	1,918,157	1,660,934	1,548,484	268,784	5,396,359
Management fees	<u>30,119</u>	<u>26,080</u>	<u>24,315</u>	<u>4,220</u>	<u>84,734</u>
Securities lending expense	<u>1,948,276</u>	<u>1,687,014</u>	<u>1,572,799</u>	<u>273,004</u>	<u>5,481,093</u>
Securities lending net income	<u>70,184</u>	<u>60,771</u>	<u>56,657</u>	<u>9,835</u>	<u>197,447</u>
Total net investment income	<u>55,739,853</u>	<u>48,252,499</u>	<u>44,928,717</u>	<u>7,814,479</u>	<u>156,735,548</u>
Total additions	<u>70,871,531</u>	<u>59,789,687</u>	<u>57,151,437</u>	<u>12,137,387</u>	<u>199,950,042</u>
DEDUCTIONS					
Participant benefit payments and refunds	19,733,152	15,638,571	15,570,004	2,112,241	53,053,968
Administrative expenses	<u>508,917</u>	<u>431,925</u>	<u>416,838</u>	<u>71,158</u>	<u>1,428,838</u>
Total deductions	<u>20,242,069</u>	<u>16,070,496</u>	<u>15,986,842</u>	<u>2,183,399</u>	<u>54,482,806</u>
Net increases	50,629,462	43,719,191	41,164,595	9,953,988	145,467,236
Net assets, beginning of year	<u>434,969,213</u>	<u>376,696,207</u>	<u>350,628,709</u>	<u>59,542,264</u>	<u>1,221,836,393</u>
Net assets, end of year	<u>\$ 485,598,675</u>	<u>\$ 420,415,398</u>	<u>\$ 391,793,304</u>	<u>\$ 69,496,252</u>	<u>\$ 1,367,303,629</u>

Anne Arundel County, Maryland

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year Ended June 30, 2007

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
SUBDIVISION DEPOSITS				
Assets				
Cash	\$ 2,072,584	\$ 235,451	\$ 647,542	\$ 1,660,493
Total Assets	<u>\$ 2,072,584</u>	<u>\$ 235,451</u>	<u>\$ 647,542</u>	<u>\$ 1,660,493</u>
Liabilities				
Escrow Deposits	\$ 2,072,584	\$ 235,451	\$ 647,542	\$ 1,660,493
Total Liabilities	<u>\$ 2,072,584</u>	<u>\$ 235,451</u>	<u>\$ 647,542</u>	<u>\$ 1,660,493</u>
SEDIMENT CONTROL				
Assets				
Cash	\$ 5,128,585	\$ 1,156,271	\$ 1,700,575	\$ 4,584,281
Total Assets	<u>\$ 5,128,585</u>	<u>\$ 1,156,271</u>	<u>\$ 1,700,575</u>	<u>\$ 4,584,281</u>
Liabilities				
Escrow and other deposits	\$ 5,128,585	\$ 1,156,271	\$ 1,700,575	\$ 4,584,281
Total Liabilities	<u>\$ 5,128,585</u>	<u>\$ 1,156,271</u>	<u>\$ 1,700,575</u>	<u>\$ 4,584,281</u>
RECREATION				
Assets				
Cash	\$ 426,724	\$ 78,891	\$ -	\$ 505,615
Total Assets	<u>\$ 426,724</u>	<u>\$ 78,891</u>	<u>\$ -</u>	<u>\$ 505,615</u>
Liabilities				
Deposits	\$ 426,724	\$ 78,891	\$ -	\$ 505,615
Total Liabilities	<u>\$ 426,724</u>	<u>\$ 78,891</u>	<u>\$ -</u>	<u>\$ 505,615</u>
CITY AND STATE TAX COLLECTION				
Assets				
Cash	\$ 2,172,243	\$ 8,955,460	\$ 9,007,042	\$ 2,120,661
Total Assets	<u>\$ 2,172,243</u>	<u>\$ 8,955,460</u>	<u>\$ 9,007,042</u>	<u>\$ 2,120,661</u>
Liabilities				
Escrow Deposits	\$ 2,172,243	\$ 8,955,460	\$ 9,007,042	\$ 2,120,661
Total Liabilities	<u>\$ 2,172,243</u>	<u>\$ 8,955,460</u>	<u>\$ 9,007,042</u>	<u>\$ 2,120,661</u>
TAX SALE ESCROW DEPOSITS				
Assets				
Cash	\$ 8,210,973	\$ 8,626,660	\$ 8,358,706	\$ 8,478,927
Total Assets	<u>\$ 8,210,973</u>	<u>\$ 8,626,660</u>	<u>\$ 8,358,706</u>	<u>\$ 8,478,927</u>
Liabilities				
Escrow Deposits	\$ 8,210,973	\$ 8,626,660	\$ 8,358,706	\$ 8,478,927
Total Liabilities	<u>\$ 8,210,973</u>	<u>\$ 8,626,660</u>	<u>\$ 8,358,706</u>	<u>\$ 8,478,927</u>

Anne Arundel County, Maryland

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year Ended June 30, 2007

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
FARMINGTON SPECIAL ASSESSMENT				
Assets				
Investments	\$ 797,544	\$ 940,505	\$ 932,996	\$ 805,053
Total Assets	<u>\$ 797,544</u>	<u>\$ 940,505</u>	<u>\$ 932,996</u>	<u>\$ 805,053</u>
Liabilities				
Escrow Deposits	\$ 797,544	\$ 940,505	\$ 932,996	\$ 805,053
Total Liabilities	<u>\$ 797,544</u>	<u>\$ 940,505</u>	<u>\$ 932,996</u>	<u>\$ 805,053</u>
DORCHESTER SPECIAL TAX DISTRICT				
Assets				
Investments	\$ 2,192,091	\$ 2,905,250	\$ 2,891,047	\$ 2,206,294
Total Assets	<u>\$ 2,192,091</u>	<u>\$ 2,905,250</u>	<u>\$ 2,891,047</u>	<u>\$ 2,206,294</u>
Liabilities				
Escrow Deposits	\$ 2,192,091	\$ 2,905,250	\$ 2,891,047	\$ 2,206,294
Total Liabilities	<u>\$ 2,192,091</u>	<u>\$ 2,905,250</u>	<u>\$ 2,891,047</u>	<u>\$ 2,206,294</u>
MEDCO AA GOLF PROJECT ESCROW				
Assets				
Investments	\$ 881,146	\$ 16,192	\$ 897,338	\$ -
Total Assets	<u>\$ 881,146</u>	<u>\$ 16,192</u>	<u>\$ 897,338</u>	<u>\$ -</u>
Liabilities				
Escrow Deposits	\$ 881,146	\$ 16,192	\$ 897,338	\$ -
Total Liabilities	<u>\$ 881,146</u>	<u>\$ 16,192</u>	<u>\$ 897,338</u>	<u>\$ -</u>
MISCELLANEOUS ESCROW DEPOSITS				
Assets				
Cash	\$ 233,620	\$ 60,849	\$ 109,293	\$ 185,176
Total Assets	<u>\$ 233,620</u>	<u>\$ 60,849</u>	<u>\$ 109,293</u>	<u>\$ 185,176</u>
Liabilities				
Escrow and other deposits	\$ 233,620	\$ 60,849	\$ 109,293	\$ 185,176
Total Liabilities	<u>\$ 233,620</u>	<u>\$ 60,849</u>	<u>\$ 109,293</u>	<u>\$ 185,176</u>
TOTALS - ALL FUNDS				
Assets				
Cash and investments	\$ 22,115,510	\$ 22,975,529	\$ 24,544,539	\$ 20,546,500
Total Assets	<u>\$ 22,115,510</u>	<u>\$ 22,975,529</u>	<u>\$ 24,544,539</u>	<u>\$ 20,546,500</u>
Liabilities				
Escrow and other deposits	\$ 22,115,510	\$ 22,975,529	\$ 24,544,539	\$ 20,546,500
Total Liabilities	<u>\$ 22,115,510</u>	<u>\$ 22,975,529</u>	<u>\$ 24,544,539</u>	<u>\$ 20,546,500</u>

Anne Arundel County, Maryland

Statement of Net Assets

Nonmajor Component Units

June 30, 2007

	Library	Economic Development	Tipton Airport	Workforce Development	Totals
Current Assets					
Cash and investments	\$ 36,087	\$ 792,126	\$ 296,503	\$ 646,599	\$ 1,771,315
Service billings receivable	-	-	143,239	-	143,239
Prepays and other assets	26,155	268,037	48,197	516,382	858,771
Inventories	-	-	22,193	-	22,193
Due from primary government	1,035,346	176,563	-	-	1,211,909
Restricted assets					
Cash and temporary investments	-	1,176,071	-	-	1,176,071
Investments	-	373,070	-	-	373,070
Receivables					
Due from other governmental agencies	-	-	19,172	-	19,172
Other assets	-	95,608	-	-	95,608
Total current assets	<u>1,097,588</u>	<u>2,881,475</u>	<u>529,304</u>	<u>1,162,981</u>	<u>5,671,348</u>
Noncurrent Assets					
Loans receivable and other assets	-	713,343	-	-	713,343
Capital assets not being depreciated	-	-	177,515	-	177,515
Capital assets being depreciated	15,468,564	931,913	8,234,927	475,795	25,111,199
Less accumulated depreciation	<u>(5,910,385)</u>	<u>(665,682)</u>	<u>(1,343,421)</u>	<u>(199,910)</u>	<u>(8,119,398)</u>
Total capital assets	<u>9,558,179</u>	<u>266,231</u>	<u>6,891,506</u>	<u>275,885</u>	<u>16,991,801</u>
Total assets	<u>10,655,767</u>	<u>3,861,049</u>	<u>7,598,325</u>	<u>1,438,866</u>	<u>23,554,007</u>
Current Liabilities					
Accrued liabilities	358,568	126,855	192,398	228,316	906,137
Current portion on non-current liabilities	619,375	10,399	16,828	19,560	666,162
Notes payable	-	305,556	-	-	305,556
Deferred revenue	-	-	25,143	462,473	487,616
Liabilities related to restricted assets					
Accrued liabilities	-	128,059	-	-	128,059
Escrow and other deposits	-	16,405	-	-	16,405
Deferred revenue	-	305,000	-	-	305,000
Total current liabilities	<u>977,943</u>	<u>892,274</u>	<u>234,369</u>	<u>710,349</u>	<u>2,814,935</u>
Noncurrent liabilities					
Long-term debt, net of deferred refunding gain/loss	<u>9,711</u>	<u>20,020</u>	<u>80,869</u>	<u>-</u>	<u>110,600</u>
Total liabilities	<u>987,654</u>	<u>912,294</u>	<u>315,238</u>	<u>710,349</u>	<u>2,925,535</u>
Capital assets, net of related debt	9,548,468	235,812	6,971,324	275,885	17,031,489
Restricted for:					
Other purposes	-	1,547,509	-	-	1,547,509
Unrestricted	<u>119,645</u>	<u>1,165,434</u>	<u>311,763</u>	<u>452,632</u>	<u>2,049,474</u>
Total net assets	<u>\$ 9,668,113</u>	<u>\$ 2,948,755</u>	<u>\$ 7,283,087</u>	<u>\$ 728,517</u>	<u>\$ 20,628,472</u>

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Anne Arundel County, Maryland

Statement of Activities

Nonmajor Component Units

Year Ended June 30, 2007

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<i>Library</i>				
Community services	\$ 20,357,618	\$ 702,530	\$ 2,813,439	\$ 2,608,891
<i>Economic Development</i>				
Arundel Business Loan Program	352,698	91,463	150,000	-
Training and other grants	446,797	-	800,000	-
Chesapeake Innovation Center	1,131,493	537,420	498,000	-
Administrative	1,873,096	-	-	-
Unallocated depreciation	93,640	-	-	-
	<u>3,897,724</u>	<u>628,883</u>	<u>1,448,000</u>	<u>-</u>
<i>Tipton Airport Authority</i>				
Airport Operations	<u>1,798,873</u>	<u>1,596,921</u>	<u>-</u>	<u>125,197</u>
<i>Workforce Development</i>				
Workforce development programs				
Adult Services	381,963	-	381,963	-
Dislocated worker services	169,057	-	169,057	-
Youth services	212,540	-	212,540	-
Other WIA Programs	786,789	-	786,789	-
Administration	118,979	-	118,979	-
Other grants, projects, initiatives	<u>1,091,869</u>	<u>-</u>	<u>1,048,170</u>	<u>-</u>
	<u>2,761,197</u>	<u>-</u>	<u>2,717,498</u>	<u>-</u>

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

Changes in net assets

Net assets, July 1

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>(14,232,758)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(14,232,758)</u>
-	(111,235)	-	-	(111,235)
-	353,203	-	-	353,203
-	(96,073)	-	-	(96,073)
-	(1,873,096)	-	-	(1,873,096)
-	<u>(93,640)</u>	-	-	<u>(93,640)</u>
-	<u>(1,820,841)</u>	-	-	<u>(1,820,841)</u>
-	-	<u>(76,755)</u>	-	<u>(76,755)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	<u>(43,699)</u>	<u>(43,699)</u>
-	-	-	<u>(43,699)</u>	<u>(43,699)</u>
13,661,000	774,725	-	11,002	14,446,727
-	971,098	-	-	971,098
-	155,262	4,951	20,811	181,024
<u>52,286</u>	<u>226,608</u>	-	-	<u>278,894</u>
<u>13,713,286</u>	<u>2,127,693</u>	<u>4,951</u>	<u>31,813</u>	<u>15,877,743</u>
(519,472)	306,852	(71,804)	(11,886)	(296,310)
<u>10,187,585</u>	<u>2,641,903</u>	<u>7,354,891</u>	<u>740,403</u>	<u>20,924,782</u>
\$ <u>9,668,113</u>	\$ <u>2,948,755</u>	\$ <u>7,283,087</u>	\$ <u>728,517</u>	\$ <u>20,628,472</u>

Anne Arundel County, Maryland

Balance Sheet

Library Component Unit

June 30, 2007

	Governmental Fund Types		
	Operating Fund	Dedicated Revenue Fund	Total
ASSETS			
Cash and investments	\$ 10,806	\$ 25,281	\$ 36,087
Due from primary government	1,005,763	29,583	1,035,346
Receivables	26,155	-	26,155
Total assets	<u>\$ 1,042,724</u>	<u>\$ 54,864</u>	<u>\$ 1,097,588</u>
LIABILITIES			
Accrued liabilities	\$ 354,970	\$ 3,598	\$ 358,568
Total liabilities	<u>354,970</u>	<u>3,598</u>	<u>358,568</u>
FUND BALANCES			
Reserved			
Encumbrances	320,834	5,100	325,934
Unreserved			
Undesignated	366,920	46,166	413,086
Total fund balances	<u>687,754</u>	<u>51,266</u>	<u>739,020</u>
Total liabilities and fund balances	<u>\$ 1,042,724</u>	<u>\$ 54,864</u>	<u>\$ 1,097,588</u>

Anne Arundel County, Maryland

Statement of Revenues, Expenditures, and Changes in Fund Balances

Library Component Unit

Year Ended June 30, 2007

	Governmental Fund Types		
	Operating Fund	Dedicated Revenue Fund	Total
REVENUES			
Grants and aid	\$ 16,375,521	\$ 98,917	\$ 16,474,438
Fines and fees	702,530	-	702,530
Other	31,791	20,495	52,286
Total revenues	<u>17,109,842</u>	<u>119,412</u>	<u>17,229,254</u>
EXPENDITURES			
Current			
Recreation and community services	16,929,741	110,223	17,039,964
Capital outlay	479,569	678	480,247
Total expenditures	<u>17,409,310</u>	<u>110,901</u>	<u>17,520,211</u>
Revenues over expenditures	<u>(299,468)</u>	<u>8,511</u>	<u>(290,957)</u>
Fund balances, July 1	<u>987,222</u>	<u>42,755</u>	<u>1,029,977</u>
Fund balances, June 30	<u>\$ 687,754</u>	<u>\$ 51,266</u>	<u>\$ 739,020</u>

Anne Arundel County, Maryland

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)

Library Component Unit - General Fund

Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance Over (under)
REVENUES				
Grants and aid	\$ 1,843,800	\$ 1,843,800	\$ 1,843,817	\$ 17
Primary government contribution	13,661,000	13,661,000	13,661,000	-
Fines and fees	759,000	759,000	702,530	(56,470)
Other	69,000	69,000	233,083	164,083
Total revenues	<u>16,332,800</u>	<u>16,332,800</u>	<u>16,440,430</u>	<u>107,630</u>
EXPENDITURES				
Current				
Recreation and community services	15,882,400	15,882,400	15,780,257	(102,143)
Capital outlay	450,400	450,400	430,531	(19,869)
Total expenditures	<u>16,332,800</u>	<u>16,332,800</u>	<u>16,210,788</u>	<u>(122,012)</u>
Revenues over (under) expenditures	-	-	229,642	\$ <u>229,642</u>
Fund balances, budgetary, July 1	137,277	137,277	137,277	
Fund balances, budgetary, June 30	<u>\$ 137,277</u>	<u>\$ 137,277</u>	<u>\$ 366,919</u>	

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ANNE ARUNDEL COUNTY

DETAILS OF GENERAL LONG-TERM DEBT AND INTEREST

June 30, 2007

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 07</i>	<i>06/30/07 Outstanding</i>	<i>Interest Payable to Maturity</i>	<i>Total Due to Maturity</i>
Water and Wastewater Bonds								
Series 76 (2nd Issue)	12/01/76	1977-06	4.25 to 6.25	10,000,000	300,000	-	-	-
Series 77	05/15/77	1978-07	4.00 to 6.00	15,000,000	800,000	-	-	-
Series 78	01/15/78	1979-08	4.00 to 6.00	12,000,000	100,000	100,000	4,000	104,000
Series 79	02/01/79	1980-09	4.50 to 6.50	10,000,000	200,000	400,000	27,000	427,000
Series 80	02/15/80	1983-10	5.50 to 7.50	12,000,000	350,000	1,050,000	115,500	1,165,500
Series 87 (Refunding)	02/15/87	1988-14	3.50 to 5.75	21,880,000	50,000	1,880,000	408,538	2,288,538
Maryland Water Quality Bond	03/21/90	1991-11	4.89 to 4.89	1,249,900	62,495	196,395	20,099	216,494
Maryland Water Quality Bond	11/27/90	1991-11	4.89 to 4.89	8,281,371	539,051	1,472,381	133,279	1,605,660
Maryland Water Quality Bond	05/08/91	1992-11	4.75 to 4.75	455,332	4,904	-	-	-
Series 1991	05/15/91	1993-09	5.20 to 6.60	3,950,000	320,000	710,000	70,950	780,950
Series 1992 Refunding	05/01/92	1994-13	4.40 to 6.00	8,795,000	155,000	360,000	56,100	416,100
Maryland Water Quality Bond	06/30/92	1993-13	4.39 to 4.39	4,971,195	284,292	1,875,177	286,978	2,162,155
Maryland Water Quality Bond	06/01/93	1995-14	3.25 to 3.25	12,999,541	691,062	5,507,055	738,624	6,245,679
Series 95	02/01/95	1996-24	5.50 to 7.00	21,000,000	725,000	-	-	-
Series 96	03/01/96	1997-25	4.75 to 5.00	13,000,000	450,000	-	-	-
Series 96 Refunding	03/01/96	1996-06	4.00 to 4.50	5,025,000	285,000	-	-	-
Maryland Water Quality Bond	03/28/96	1997-16	3.99 to 3.99	468,937	23,447	211,021	42,101	253,122
Series 98	05/01/98	1999-27	4.50 to 6.00	17,000,000	585,000	585,000	35,099	620,099
Series 99 Refunding	03/15/99	2000-20	4.00 to 5.25	27,700,000	755,000	25,735,000	9,444,118	35,179,118
Series 99 Refunding (2nd Issue)	04/15/99	2000-09	4.00 to 5.00	14,515,000	1,600,000	3,400,000	219,972	3,619,972
Series 99	07/07/99	2000-28	4.50 to 6.50	25,000,000	865,000	1,730,000	127,587	1,857,587
Series 01	02/15/01	2002-28	4.125 to 5.0	10,600,000	395,000	1,580,000	179,725	1,759,725
Maryland Water Quality Bond	03/28/01	2003-31	1.50 to 1.50	3,033,715	89,444	2,599,522	515,168	3,114,690
Series 02	03/01/02	2003-31	3.00 to 5.375	23,500,000	810,000	4,050,000	615,600	4,665,600
Series 03	03/01/03	2004-32	1.00 to 5.00	24,000,000	825,000	20,700,000	12,213,688	32,913,688
Series 03 Refunding	03/01/03	2004-23	1.00 to 5.00	65,085,000	4,210,000	52,660,000	15,908,337	68,568,337
Maryland Water Quality Bond	06/27/03	2005-24	1.00 to 1.00	18,613,962	897,029	15,949,432	159,684	16,109,116
Series 04	04/01/04	2005-33	2.00 to 5.00	11,750,000	405,000	10,530,000	6,369,333	16,899,333
Series 05	03/01/05	2006-34	3.00 to 5.00	24,500,000	845,000	22,810,000	14,181,644	36,991,644
Series 05 Refunding	03/01/05	2006-28	3.00 to 5.00	26,480,000	620,000	25,245,000	12,671,406	37,916,406
Series 06	03/21/06	2007-35	4.125 to 5.0	19,000,000	655,000	18,345,000	11,678,172	30,023,172
Series 06 Refunding	03/21/06	2007-31	4.00 to 5.00	34,060,000	190,000	33,870,000	19,630,876	53,500,876
Series 07	03/29/07	2008-36	4.25 to 5.00	42,500,000	-	42,500,000	28,000,055	70,500,055
Maryland Water Quality Bond	04/07/07	2008-27	1.00 to 1.00	820,583	-	820,583	8,206	828,789
Total applicable to 5.6% and 14% debt limitations				549,234,536	19,086,724	296,871,566	133,861,839	430,733,405

(continued)

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

June 30, 2007

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 07</i>	<i>06/30/07 Outstanding</i>	<i>Interest Payable to Maturity</i>	<i>Total Due to Maturity</i>
Consolidated General Improvements	02/01/95	1996-24	5.50 to 7.00	65,900,000	2,510,000	-	-	-
Bonds	08/01/95	1996-11	4.00 to 5.38	66,745,000	6,841,000	13,359,000	1,379,755	14,738,755
	03/01/96	1997-25	4.75 to 6.00	48,270,000	2,660,000	-	-	-
	05/01/98	1999-27	4.50 to 6.00	67,000,000	3,460,000	3,460,000	207,600	3,667,600
	03/15/99	2000-20	4.00 to 5.25	50,060,000	2,075,000	42,395,000	10,941,175	53,336,175
	07/07/99	2000-19	4.50 to 6.50	58,000,000	3,480,000	6,960,000	513,300	7,473,300
	02/15/01	2002-20	4.125 to 5.0	47,000,000	3,000,000	11,000,000	1,195,000	12,195,000
	03/01/02	2003-22	3.00 to 5.375	91,500,000	5,490,000	27,450,000	4,172,400	31,622,400
	03/01/03	2004-23	1.00 to 5.00	101,000,000	6,060,000	76,760,000	26,800,350	103,560,350
	03/01/03	2005-14	1.00 to 5.00	21,510,000	1,330,000	18,835,000	3,752,250	22,587,250
	04/01/04	2005-24	2.00 to 5.00	49,500,000	2,970,000	40,590,000	14,883,165	55,473,165
	03/01/05	2006-25	3.00 to 5.00	55,000,000	3,313,439	48,373,123	18,861,724	67,234,847
	03/01/05	2006-26	3.00 to 5.00	46,625,000	1,470,000	43,630,000	14,659,549	58,289,549
	06/30/05	2007-28	3.00 to 5.00	24,530,000	10,000	24,520,000	13,996,394	38,516,394
	03/21/06	2007-26	4.00 to 5.00	64,000,000	3,236,199	60,763,801	27,039,429	87,803,230
	03/21/06	2007-27	4.00 to 5.00	87,115,000	430,000	86,685,000	37,802,169	124,487,169
	03/29/07	2008-27	4.25 to 5.00	92,400,000	-	92,400,000	40,366,724	132,766,724
				<u>1,036,155,000</u>	<u>48,335,638</u>	<u>597,180,924</u>	<u>216,570,984</u>	<u>813,751,908</u>
Solid Waste Bonds	07/15/93	1994-08	4.63 to 5.13	10,000,000	670,000	1,340,000	68,675	1,408,675
	02/01/94	1995-08	4.40 to 4.80	16,000,000	1,140,000	1,140,000	54,720	1,194,720
	08/01/95	1996-10	4.00 to 5.30	2,060,000	119,000	701,000	81,496	782,496
	03/01/96	1997-16	5.00 to 5.50	12,000,000	600,000	6,000,000	1,611,300	7,611,300
	05/01/98	1999-17	4.65 to 6.00	7,000,000	350,000	3,850,000	1,189,300	5,039,300
	04/01/04	2005-24	2.00 to 5.00	1,250,000	75,000	1,025,000	375,838	1,400,838
	03/01/05	2006-24	3.00 to 5.00	1,000,000	46,561	906,878	368,676	1,275,554
	03/21/06	2007-26	4.00 to 5.00	2,000,000	63,801	1,936,199	951,997	2,888,196
	03/29/07	2008-27	4.25 to 5.00	3,500,000	-	3,500,000	1,745,160	5,245,160
Total Waste Collection Enterprise Fund				<u>54,810,000</u>	<u>3,064,362</u>	<u>20,399,077</u>	<u>6,447,162</u>	<u>26,846,239</u>
Total applicable to 5.2% and 13% debt limitations				<u>1,090,965,000</u>	<u>51,400,000</u>	<u>617,580,001</u>	<u>223,018,146</u>	<u>840,598,147</u>

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

June 30, 2007

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 07</i>	<i>06/30/07 Outstanding</i>	<i>Interest Payable to Maturity</i>	<i>Total Due to Maturity</i>
Installment Purchase Agreements - Agricultural Easement Program								
Adelaide F. Colhoun Trust	09/19/00	2002-30	5.85 to 5.85	401,000	1,000	395,000	516,672	911,672
Ellen H. Shepard Trust	09/22/00	2002-30	5.85 to 5.85	161,000	1,000	155,000	193,754	348,754
Harold & Jean Touchette	09/19/00	2002-30	5.85 to 5.85	378,000	1,000	372,000	485,726	857,726
Farm of the Four Winds, LLC	11/13/00	2002-30	6.00 to 6.00	587,000	1,000	581,000	786,600	1,367,600
Kenneth P. Franklin, Trustee	12/28/00	2002-30	5.60 to 5.60	142,055	1,000	136,000	161,000	297,000
Richard F. Moreland	07/18/01	2003-28	5.90 to 5.90	274,000	1,000	269,000	320,901	589,901
Mary M. Smith	07/18/01	2003-28	5.90 to 5.90	831,000	1,000	826,000	1,011,024	1,837,024
Francis R. Windsor	07/26/01	2003-28	5.90 to 5.90	411,174	1,000	406,000	490,644	896,644
Anita Froe/Rian LLC	03/06/02	2003-28	5.90 to 5.90	657,000	1,000	652,000	795,437	1,447,437
Lauer & Company	09/20/02	2004-28	5.25 to 5.25	197,000	1,000	193,000	201,758	394,758
Weems Dodd Ltd	10/17/02	2004-28	5.45 to 5.45	1,521,000	1,000	1,517,000	1,724,761	3,241,761
Edward Hall III	12/19/02	2004-28	5.55 to 5.55	180,000	1,000	176,000	193,473	369,473
Bristol Farms LLC	01/28/03	2004-28	5.50 to 5.50	700,000	1,000	696,000	785,127	1,481,127
Shearman Talbot	05/22/03	2005-28	4.95 to 4.95	263,948	1,000	261,000	260,916	521,916
Anne Brice	06/23/04	2006-28	5.80 to 5.80	316,000	1,000	314,000	370,272	684,272
Thackray Seznec	06/30/04	2006-28	5.80 to 5.80	1,405,000	1,000	1,403,000	1,696,674	3,099,674
James Parks	07/07/04	2006-28	5.60 to 5.60	295,000	1,000	293,000	332,808	625,808
Dorothy Horky	12/05/05	2006-28	4.90 to 4.90	368,814	814	368,000	368,382	736,382
Virginia Tucker	10/05/06	2007-28	4.90 to 4.90	926,000	-	926,000	942,564	1,868,564
				<u>10,014,991</u>	<u>17,814</u>	<u>9,939,000</u>	<u>11,638,493</u>	<u>21,577,493</u>
Tax Increment Bonds								
Parole Town Center	07/12/02	2003-12	5.00 to 5.00	8,300,000	765,000	5,455,000	857,624	6,312,624
Arundel Mills Refunding	05/11/04	2010-29	3.00 to 5.125	30,350,000	-	30,350,000	23,162,836	53,512,836
National Business Park Ref	05/11/04	2009-28	3.00 to 5.125	15,655,000	-	15,655,000	11,006,476	26,661,476
West Nursery Road	05/11/04	2006-29	2.00 to 4.70	2,570,000	70,000	2,500,000	1,446,461	3,946,461
				<u>56,875,000</u>	<u>835,000</u>	<u>53,960,000</u>	<u>36,473,397</u>	<u>90,433,397</u>
Federal Loans								
Section 108	09/14/06	2007-11	4.96 to 5.77	1,640,000	-	1,640,000	245,877	1,885,877
State Loans								
Department of Natural Resources								
Annapolis Cove	09/16/88	1989-13	0.00	121,220	4,849	33,941	-	33,941
Annapolis Landing	07/21/92	1993-17	0.00	78,570	3,142	34,572	-	34,572
Annapolis Landing	05/03/95	1995-09	0.00	68,075	4,538	18,156	-	18,156
Arundel on the Bay 44-76	08/25/81	1983-07	0.00	200,000	8,000	8,000	-	8,000
Arundel on the Bay 44-76B	07/20/83	1984-08	0.00	247,833	9,913	19,829	-	19,829
Arundel on the Bay	04/28/92	1993-17	0.00	74,220	2,969	32,657	-	32,657
Bay Ridge	11/19/90	1992-16	0.00	669,275	26,771	267,709	-	267,709
Brown's Pond	11/25/91	1992-16	0.00	185,128	7,045	74,410	-	74,410
Buckingham Cove	04/07/97	1997-21	0.00	217,570	8,703	130,540	-	130,540
Camp Wabanna SECD	04/26/05	2011-31	0.00	6,490	-	6,490	-	6,490
Cape Anne SECD	11/30/06	2008-33	0.00	190,308	-	190,308	-	190,308
Cattail Creek	04/03/98	1998-22	0.00	127,628	5,105	81,683	-	81,683
Elizabeth's Landing	09/26/91	1993-17	0.00	161,310	6,452	70,980	-	70,980
Elizabeth's Landing	05/15/95	1996-10	0.00	153,764	10,251	41,003	-	41,003
John's Creek	12/15/93	1994-19	0.00	173,206	6,920	83,040	-	83,040
Holland Point SECD	10/11/04	2011-31	0.00	5,125	-	5,125	-	5,125
Lake Hillsmere	04/08/82	1983-08	0.00	85,950	3,438	3,438	-	3,438
Lake Hillsmere II	04/03/98	1998-22	0.00	188,660	7,546	120,736	-	120,736
Lake Placid	12/04/81	1983-07	0.00	188,355	7,534	7,536	-	7,536
Pine Grove Village	05/03/95	1996-10	0.00	37,689	2,513	10,045	-	10,045
Mason's Beach	06/03/96	1997-06	0.00	277,098	13,855	138,548	-	138,548
Romar Estates	03/27/97	1997-21	0.00	304,987	12,199	182,989	-	182,989
Snug Harbor	05/13/83	1984-09	0.00	230,294	9,212	18,421	-	18,421
Snug Harbor	11/21/91	1992-16	0.00	738,599	29,544	295,440	-	295,440
Snug Harbor Pier	04/13/92	1992-16	0.00	91,443	3,656	36,560	-	36,560
Snug Harbor SECD	10/11/04	2011-31	0.00	6,950	-	6,950	-	6,950
Spriggs Pond	02/28/92	1993-17	0.00	298,400	11,936	119,358	-	119,358
Whitehall Cove	12/19/01	2001-25	0.00	164,134	6,565	124,744	-	124,744
Total not applicable to debt limitations				<u>6,932,281</u>	<u>212,657</u>	<u>3,803,208</u>	<u>245,877</u>	<u>4,049,085</u>
Total long-term debt				<u>\$ 1,714,021,808</u>	<u>71,552,195</u>	<u>\$ 982,153,775</u>	<u>\$ 405,237,752</u>	<u>\$ 1,387,391,527</u>

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ANNE ARUNDEL COUNTY

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

As of June 30, 2007

FISCAL YEAR ENDING	General County Bonds (a)							
	General Government		Solid Waste		Tax Increment		Installment Purchase Agreements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 51,932,017	\$ 27,711,298	\$ 3,167,983	\$ 972,927	\$ 875,000	\$ 2,612,666	\$ 19,000	\$ 556,269
2009	49,481,016	25,480,014	2,298,984	830,039	915,000	2,570,166	19,000	555,205
2010	46,871,142	23,129,575	1,503,858	731,004	1,150,000	2,522,457	19,000	554,141
2011	44,538,229	20,845,498	1,291,771	654,844	1,690,000	2,461,848	19,000	553,077
2012	43,231,628	18,716,752	1,363,372	589,272	2,175,000	2,381,943	19,000	552,012
2013	41,426,628	16,660,971	1,363,372	519,646	2,340,000	2,284,268	19,000	550,948
2014	37,796,628	14,664,614	1,363,372	448,677	1,430,000	2,199,210	19,000	549,885
2015	34,107,588	12,804,233	1,357,412	377,234	1,580,000	2,131,383	19,000	548,820
2016	32,972,395	11,123,291	1,367,605	305,613	1,720,000	2,057,808	19,000	547,757
2017	31,201,038	9,543,234	1,773,962	233,183	1,875,000	1,977,473	19,000	546,693
2018	27,857,838	8,048,057	397,162	156,385	2,035,000	1,889,985	19,000	545,628
2019	26,072,838	6,767,673	397,162	137,543	2,205,000	1,788,469	19,000	544,565
2020	23,777,838	5,660,931	397,162	119,830	2,395,000	1,671,605	19,000	543,500
2021	21,807,838	4,644,383	397,162	103,077	2,600,000	1,544,548	19,000	542,437
2022	21,847,838	3,650,496	397,162	85,329	2,820,000	1,406,531	19,000	541,373
2023	18,302,838	2,709,195	397,162	68,592	3,055,000	1,256,776	19,000	540,308
2024	14,287,838	1,910,881	397,162	51,231	3,290,000	1,094,888	19,000	539,245
2025	12,389,518	1,293,473	295,482	33,871	3,550,000	920,218	19,000	538,182
2026	9,399,512	776,375	295,488	20,932	3,825,000	731,859	19,000	537,116
2027	6,053,719	354,760	176,282	7,933	4,110,000	529,237	19,000	536,052
2028	1,825,000	75,280	-	-	4,410,000	311,650	8,025,000	534,988
2029	-	-	-	-	3,335,000	113,959	5,000	90,292
2030	-	-	-	-	580,000	14,450	1,529,000	90,000
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-
	<u>\$ 597,180,924</u>	<u>\$ 216,570,984</u>	<u>\$ 20,399,077</u>	<u>\$ 6,447,162</u>	<u>\$ 53,960,000</u>	<u>\$ 36,473,397</u>	<u>\$ 9,939,000</u>	<u>\$ 11,638,493</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>Federal Advances</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>Principal</i>	<i>Interest</i>	<i>Charge</i>
\$ 221,502	\$ -	\$ -	\$ 81,918	\$ 19,818,369	\$ 12,639,250	\$ 76,033,871	\$ 44,574,328	\$ 120,608,199
202,146	-	410,000	71,648	19,746,020	11,891,608	73,072,166	41,398,679	114,470,845
183,021	-	410,000	51,209	17,024,085	11,007,699	67,161,106	37,996,085	105,157,191
183,021	-	410,000	30,812	16,108,780	10,239,271	64,240,801	34,785,350	99,026,151
165,720	-	410,000	10,291	16,060,993	9,523,032	63,425,713	31,773,302	95,199,015
165,720	-	-	-	15,925,668	8,809,421	61,240,388	28,825,254	90,065,642
165,720	-	-	-	15,587,188	8,087,392	56,361,908	25,949,778	82,311,686
160,871	-	-	-	14,655,559	7,381,895	51,880,430	23,243,565	75,123,995
160,871	-	-	-	14,371,784	6,714,270	50,611,655	20,748,739	71,360,394
160,866	-	-	-	13,739,682	6,056,836	48,769,548	18,357,419	67,126,967
67,706	-	-	-	12,736,148	5,480,704	43,112,854	16,120,759	59,233,613
55,139	-	-	-	11,622,736	4,967,198	40,371,875	14,205,448	54,577,323
48,220	-	-	-	11,024,448	4,517,895	37,661,668	12,513,761	50,175,429
48,220	-	-	-	10,891,286	4,095,994	35,763,506	10,930,439	46,693,945
48,220	-	-	-	10,868,249	3,658,422	36,000,469	9,342,151	45,342,620
27,317	-	-	-	10,150,341	3,251,386	31,951,658	7,826,257	39,777,915
14,666	-	-	-	8,453,924	2,850,240	26,462,590	6,446,485	32,909,075
14,666	-	-	-	8,091,934	2,496,331	24,360,600	5,282,075	29,642,675
14,666	-	-	-	7,353,688	2,161,939	20,907,354	4,228,221	25,135,575
8,101	-	-	-	6,915,469	1,840,622	17,282,571	3,268,604	20,551,175
8,101	-	-	-	6,352,274	1,539,040	20,620,375	2,460,958	23,081,333
8,101	-	-	-	5,124,110	1,267,243	8,472,211	1,471,494	9,943,705
8,101	-	-	-	5,120,971	1,046,975	7,238,071	1,151,425	8,389,496
8,101	-	-	-	5,117,861	826,894	5,125,961	826,895	5,952,856
8,101	-	-	-	4,205,000	607,000	4,213,101	607,000	4,820,101
6,325	-	-	-	3,375,000	422,288	3,381,325	422,288	3,803,613
-	-	-	-	2,965,000	275,962	2,965,000	275,962	3,240,962
-	-	-	-	2,125,000	148,081	2,125,000	148,081	2,273,081
-	-	-	-	1,340,000	56,950	1,340,000	56,950	1,396,950
-	-	-	-	-	-	-	-	-
<u>\$ 2,163,208</u>	<u>\$ -</u>	<u>\$ 1,640,000</u>	<u>\$ 245,877</u>	<u>296,871,566</u>	<u>\$ 133,861,839</u>	<u>\$ 982,153,775</u>	<u>\$ 405,237,752</u>	<u>\$ 1,387,391,527</u>

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Statistical Section

Statistical Section

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents

Financial Trends – The following schedules contain trend information that presents how the County's financial performance and strength have changed over time:

- Net Assets by Category
- Changes in Net Assets
- Fund Balances, Governmental Funds
- Changes in Fund Balances, Governmental Funds

Revenue Capacity – The following schedules contain information to assess the County's most significant local revenue source, Property Taxes:

- Taxable Assessed Value and Estimated Actual Value of Property
- Direct and Overlapping Property Tax Rates
- Principal Property Tax Payers
- Property Tax Levies and Collections

Debt Capacity – The following schedules present information to assess the affordability of the County's current levels of outstanding debt and its ability to issue additional debt:

- Ratios of Outstanding Debt by Type
- Ratios of General Bonded Debt Outstanding
- Direct and Overlapping Governmental Activities Debt
- Legal Debt Margin
- Pledged-Revenue Bond Coverage

Demographic and Economic Information – The following schedules offer demographic and economic indicators that present the environment within which the County's financial activities take place:

- Demographic and Economic Statistics
- Principal Employers

Operating Information – The following schedules contain service and infrastructure data that shows how the information in the County's financial report relates to the services the County provides and the activities it performs:

- County Government Employees by Function
- Operating Indicators by Function/Program
- Capital Asset Statistics by Function

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ANNE ARUNDEL COUNTY, MARYLAND

Net Assets by Category

Last Six Fiscal Years

(accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities						
Capital assets, net of related debt	\$ 504,666,727	\$ 512,282,083	\$ 505,949,827	\$ 496,848,918	\$ 562,505,745	\$ 591,560,429
Restricted for:						
Revenue stabilization	24,541,087	24,928,401	27,177,741	35,634,133	38,754,372	44,952,851
Debt service	8,593,020	17,363,188	13,346,926	13,155,834	9,540,764	13,333,162
Capital improvements	98,332,602	53,502,139	59,022,217	51,130,409	107,716,853	104,693,767
Reforestation	2,465,565	2,697,247	4,313,745	5,524,706	6,559,025	7,880,990
Other purposes	3,669,395	3,790,598	3,189,519	5,151,600	6,774,586	6,265,652
Unrestricted	(80,851,877)	(108,427,530)	(99,052,792)	(69,377,525)	(106,855,776)	(100,471,355)
Subtotal governmental activities net assets	<u>561,416,519</u>	<u>506,136,126</u>	<u>513,947,183</u>	<u>538,068,075</u>	<u>624,995,569</u>	<u>668,215,496</u>
Business-type activities						
Capital assets, net of related debt	669,156,115	680,732,077	710,573,981	730,703,264	763,729,810	780,708,037
Restricted for:						
Debt service	165,710,205	162,090,444	156,003,350	147,894,257	156,854,325	164,718,410
Capital improvements	18,426,666	32,882,179	27,995,401	24,161,749	19,049,853	19,401,006
Other purposes	843,502	-	794,814	979,956	-	391,326
Unrestricted	14,304,196	16,782,679	3,335,282	5,692,310	9,133,869	16,368,158
Subtotal business-type activities net assets	<u>868,440,684</u>	<u>892,487,379</u>	<u>898,702,828</u>	<u>909,431,536</u>	<u>948,767,857</u>	<u>981,586,937</u>
Primary government						
Capital assets, net of related debt	1,173,822,842	1,193,014,160	1,216,523,808	1,227,552,182	1,326,235,555	1,372,268,466
Restricted for:						
Revenue stabilization	24,541,087	24,928,401	27,177,741	35,634,133	38,754,372	44,952,851
Debt service	174,303,225	179,453,632	169,350,276	161,050,091	166,395,089	178,051,572
Capital improvements	116,759,268	86,384,318	87,017,618	75,292,158	126,766,706	124,094,773
Reforestation	2,465,565	2,697,247	4,313,745	5,524,706	6,559,025	7,880,990
Other purposes	4,512,897	3,790,598	3,984,333	6,131,556	6,774,586	6,656,978
Unrestricted	(66,547,681)	(91,644,851)	(95,717,510)	(63,685,215)	(97,721,907)	(84,103,197)
Total primary governmental net assets	<u>\$ 1,429,857,203</u>	<u>\$ 1,398,623,505</u>	<u>\$ 1,412,650,011</u>	<u>\$ 1,447,499,611</u>	<u>\$ 1,573,763,426</u>	<u>\$ 1,649,802,433</u>

Note: Accounting standards require that net assets be reported in three components in the financial statements: capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the County.

Anne Arundel County, Maryland
Changes in Net Assets, Last Six Fiscal Years
(accrual basis of accounting)
(in thousands of dollars)

	2002	2003	2004	2005	2006	2007
Expenses						
Governmental activities:						
Education	\$ 451,384	\$ 444,903	\$ 460,911	\$ 506,795	\$ 545,274	\$ 604,273
Public Safety	162,155	184,600	174,599	185,399	208,106	211,406
General government	69,487	99,789	89,832	90,538	87,480	99,787
Health and human services	64,606	68,448	68,205	69,009	72,130	77,363
Public works	51,215	72,830	53,981	57,416	62,300	61,129
Recreation and community services	32,265	44,485	40,949	50,097	53,132	56,820
Judicial	21,721	19,838	18,962	19,673	20,648	21,450
Code enforcement	10,108	10,512	9,996	10,700	11,176	11,455
Land use and development	8,422	9,458	10,262	9,686	10,457	9,344
Economic development	3,571	3,520	3,342	3,330	3,445	3,731
Interest on debt and leases	20,646	25,506	27,974	26,436	30,146	32,483
Subtotal governmental activities expenses	895,580	983,889	959,013	1,029,079	1,104,294	1,189,241
Business-type activities:						
Water and wastewater	82,591	85,254	85,920	94,416	94,109	100,136
Waste collection	33,857	36,066	42,946	38,996	47,638	40,773
Child care	1,476	1,819	2,015	2,362	2,543	2,794
Subtotal business-type activities expenses	117,924	123,139	130,881	135,774	144,290	143,703
Total primary government expenses	1,013,504	1,107,028	1,089,894	1,164,853	1,248,584	1,332,944
Program Revenues						
Governmental activities:						
Charges for services:						
Public Safety	\$ 7,239	\$ 5,377	\$ 8,939	\$ 11,936	\$ 10,439	\$ 10,770
General government	17,014	24,338	23,232	27,057	34,595	35,660
Health and human services	2,941	3,112	3,464	3,134	4,010	4,186
Public works	2,790	3,916	1,723	1,905	2,770	3,009
Recreation and community services	7,742	7,785	8,042	9,265	12,223	15,065
Judicial	2,357	2,461	2,542	2,589	2,672	2,733
Code enforcement	8,233	7,889	13,282	13,610	14,287	14,849
Land use and development	1,242	968	2,657	2,756	2,568	3,248
Economic development	136	22	27	-	-	-
Operating Grants and Contributions	51,564	76,083	68,019	75,548	86,392	89,644
Capital Grants and Contributions	65,244	51,392	38,717	38,942	41,829	41,767
Subtotal governmental activities revenues	166,502	183,343	170,644	186,742	211,785	220,931
Business-type activities:						
Charges for services:						
Water and wastewater	56,412	58,291	59,600	61,805	68,464	69,689
Waste collection	34,144	35,284	35,449	36,153	42,291	43,014
Child care	1,675	1,922	2,084	2,428	2,689	2,881
Capital Grants and Contributions	24,532	37,769	28,947	38,539	43,991	43,078
Subtotal business-type activities revenues	116,763	133,266	126,080	138,925	157,435	158,662
Total primary government program revenues	283,265	316,609	296,724	325,667	369,220	379,593
Net (Expense)/Revenue						
Governmental activities	(729,078)	(800,546)	(788,369)	(842,337)	(892,509)	(968,310)
Business-type activities	(1,161)	10,127	(4,801)	3,151	13,145	14,959
Total primary government net (expense)/revenue	(730,239)	(790,419)	(793,170)	(839,186)	(879,364)	(953,351)

Anne Arundel County, Maryland
Changes in Net Assets, Last Six Fiscal Years
(accrual basis of accounting)
(in thousands of dollars)

	2002	2003	2004	2005	2006	2007
General Revenues and Other Changes in Net Assets						
Governmental activities:						
General property taxes	\$ 360,112	\$ 371,534	\$ 393,884	\$ 412,001	\$ 437,323	\$ 470,163
Local government taxes	267,678	265,327	289,676	308,215	339,522	378,250
State shared taxes	29,693	5,891	6,919	6,614	7,120	7,192
Recordation and transfer taxes	67,797	74,120	99,053	116,713	129,933	109,258
Local sales taxes	29,225	29,618	30,830	31,249	34,176	36,546
Investment income	2,382	1,891	1,633	4,437	10,595	13,263
Other revenue	299	2,762	6,671	336	45	1,969
Subtotal governmental activities	<u>757,186</u>	<u>751,143</u>	<u>828,666</u>	<u>879,565</u>	<u>958,714</u>	<u>1,016,641</u>
Business-type activities:						
Investment income	5,751	5,577	3,730	4,920	9,246	9,841
Other revenue	5,490	4,475	7,286	7,042	7,688	8,019
Subtotal business-type activities	<u>11,241</u>	<u>10,052</u>	<u>11,016</u>	<u>11,963</u>	<u>16,934</u>	<u>17,860</u>
Total primary government	<u>768,427</u>	<u>761,195</u>	<u>839,682</u>	<u>891,528</u>	<u>975,648</u>	<u>1,034,501</u>
Change in Net Assets						
Governmental activities	28,108	(49,403)	40,297	37,228	66,205	48,331
Business-type activities	10,080	20,179	6,215	15,114	30,079	32,819
Total primary government	<u>\$ 38,188</u>	<u>\$ (29,224)</u>	<u>\$ 46,512</u>	<u>\$ 52,342</u>	<u>\$ 96,284</u>	<u>\$ 81,150</u>

Note: Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. Numbers in parentheses indicate that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses mean that program revenues were more than sufficient to cover expenses.

ANNE ARUNDEL COUNTY, MARYLAND

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund										
Reserved for:										
Encumbrances	\$ 7,313,340	\$ 2,083,097	\$ 6,277,303	\$ 5,487,570	\$ 5,562,101	\$ 6,200,195	\$ 5,834,558	\$ 7,388,713	\$ 10,147,548	\$ 7,821,979
Revenue stabilization fund	20,076,003	21,076,087	22,247,224	23,671,214	24,541,087	24,928,401	27,177,741	35,634,133	38,754,372	44,952,851
Debt service	-	-	-	-	-	7,251,133	5,996,172	4,548,800	4,138,515	6,071,789
Inventories	312,746	358,168	332,976	319,496	832,414	687,484	939,042	900,100	959,733	1,275,968
Other funds	-	-	-	-	-	-	-	121,743	512,446	756,606
Unreserved	53,422,904	74,764,950	72,626,035	54,005,331	38,115,899	10,111,613	59,667,854	94,110,403	92,639,611	103,840,756
Total general fund	<u>\$ 81,124,993</u>	<u>\$ 98,282,302</u>	<u>\$ 101,483,538</u>	<u>\$ 83,483,611</u>	<u>\$ 69,051,501</u>	<u>\$ 49,178,826</u>	<u>\$ 99,615,367</u>	<u>\$ 142,703,892</u>	<u>\$ 147,152,225</u>	<u>\$ 164,719,949</u>
All other governmental funds										
Reserved for:										
Encumbrances	\$ 37,369,016	\$ 23,496,591	\$ 37,731,468	\$ 32,340,888	\$ 33,679,943	\$ 49,014,972	\$ 39,597,488	\$ 44,829,719	\$ 37,074,156	\$ 34,223,321
Debt service	-	378,981	-	6,309,545	4,715,324	4,343,497	351,171	21,672	4,190	879
Unreserved, reported in:										
Special revenue funds	49,118,767	50,543,943	46,604,739	51,598,764	56,411,648	58,684,817	65,293,424	63,281,802	60,569,365	62,336,404
Capital projects funds	(34,529,123)	(34,463,211)	2,668,149	(34,535,903)	11,557,034	7,772,373	(1,690,760)	(9,948,301)	30,327,210	50,779,961
Debt service funds	254,016	-	6,599,284	3,916,092	3,877,696	5,765,919	6,999,583	8,585,362	5,373,059	7,240,494
Total all other governmental funds	<u>\$ 52,212,676</u>	<u>\$ 39,956,304</u>	<u>\$ 93,603,640</u>	<u>\$ 59,629,386</u>	<u>\$ 110,241,645</u>	<u>\$ 125,581,578</u>	<u>\$ 110,550,906</u>	<u>\$ 106,770,254</u>	<u>\$ 133,347,980</u>	<u>\$ 154,581,059</u>

Anne Arundel County, Maryland

Changes in Fund Balances, Governmental Funds

Last Six Fiscal Years

	2002	2003	2004	2005	2006	2007
REVENUES						
General property taxes	\$ 359,779,665	\$ 376,141,261	\$ 395,347,946	\$ 411,488,309	\$ 439,755,427	\$ 472,882,091
Local income taxes	266,409,098	264,729,935	298,065,106	308,536,927	328,424,355	361,956,043
State shared taxes	29,656,317	29,336,273	25,613,319	30,308,838	36,025,864	37,005,207
Grants and aid	71,213,502	65,309,289	71,002,284	73,676,115	73,526,717	62,884,873
Recordation and transfer taxes	67,796,645	74,120,137	99,053,108	116,713,326	129,932,542	109,257,440
Local sales taxes	29,225,328	29,617,564	30,830,077	31,249,156	34,175,913	36,546,370
License and permit fees	10,919,271	11,517,360	15,154,020	15,400,144	16,766,915	17,681,827
Impact fees	7,200,089	9,055,776	10,715,560	10,845,055	11,056,677	9,268,611
Special community benefit taxes	3,305,255	3,473,476	3,829,032	4,640,447	5,047,941	5,354,940
Investment income	4,230,221	3,037,046	2,230,723	6,875,983	12,484,636	16,302,297
Fees for services and other revenue	30,322,621	29,227,728	33,060,102	37,503,663	40,055,997	51,739,060
Total revenues	<u>880,058,012</u>	<u>895,565,845</u>	<u>984,901,277</u>	<u>1,047,237,963</u>	<u>1,127,252,984</u>	<u>1,180,878,759</u>
EXPENDITURES						
Current						
Education	451,294,192	444,836,532	460,752,519	506,228,900	544,142,829	603,635,815
Public safety	154,665,392	168,686,401	171,085,550	183,418,356	201,470,724	211,273,738
General government	52,664,161	68,443,012	65,081,101	65,989,704	65,705,062	74,018,822
Health and human services	64,834,644	69,340,942	68,568,311	68,169,033	71,986,178	77,428,060
Public works	27,473,901	31,765,444	29,590,177	26,748,272	27,410,756	31,498,591
Recreation and community services	26,635,195	28,039,450	28,792,726	31,320,458	43,307,136	46,231,649
Judicial	19,553,878	17,679,442	17,531,229	18,551,403	19,300,693	20,224,216
Code enforcement	10,030,974	10,503,196	9,980,085	10,600,396	11,057,654	11,599,781
Land use and development	8,218,991	8,857,750	8,600,126	9,672,108	10,354,631	9,379,474
Economic development	3,571,254	3,520,112	3,342,050	3,330,000	3,445,000	3,731,000
Capital outlay	87,482,099	81,476,365	77,290,143	98,203,317	94,058,820	69,782,081
Debt service						
Interest payments on debt	21,174,747	21,407,053	27,488,181	26,865,677	29,309,560	29,967,318
Principal payments on debt	69,572,826	96,150,951	72,977,428	77,649,091	81,229,529	87,811,109
Interest payments on leases	86,581	31,317	18,406	12,325	7,358	3,743
Principal payments on leases	850,750	437,999	48,244	53,496	54,009	57,105
Total expenditures	<u>998,109,585</u>	<u>1,051,175,966</u>	<u>1,041,146,276</u>	<u>1,126,812,536</u>	<u>1,202,839,939</u>	<u>1,276,642,502</u>
Revenues over (under) expenditures	<u>(118,051,573)</u>	<u>(155,610,121)</u>	<u>(56,244,999)</u>	<u>(79,574,573)</u>	<u>(75,586,955)</u>	<u>(95,763,743)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	117,391,978	74,149,736	46,860,616	80,248,583	144,849,136	153,626,114
Transfers out	(117,391,978)	(74,149,736)	(46,860,616)	(80,248,583)	(144,849,136)	(153,626,114)
General obligation bonds issued	91,500,000	108,251,133	49,500,000	56,000,000	64,000,000	92,400,000
Bond anticipation notes issued	56,000,000	29,000,000	32,500,000	34,500,000	38,000,000	39,000,000
Proceeds from Parole Tax Increment bonds	-	8,300,000	-	-	-	-
Proceeds from Nursery Road Tax Increment bonds	-	-	2,570,000	-	-	-
Proceeds from Dorchester Taxing District	-	8,223,335	5,388,744	-	-	-
Proceeds from Compass Pointe bonds	-	-	-	24,530,000	-	-
Installment purchase contracts issued	2,173,174	2,861,948	1,721,000	295,000	368,814	926,000
Proceeds from HUD section 108 loan	-	-	-	-	1,009,930	1,040,070
Proceeds from DNR loans	-	-	-	-	-	208,873
Proceeds from lease financing	-	261,764	-	-	-	-
Proceeds from refunding issue	-	24,096,726	47,724,175	50,538,271	87,115,000	-
Premiums (discounts) from sale of bonds	-	-	3,294,922	3,417,648	7,481,071	5,101,149
Transfers from proprietary funds	-	-	-	-	-	999,489
Payments to escrow agent	-	(24,039,670)	(51,047,973)	(50,398,473)	(91,361,801)	-
Total other financing sources (uses)	<u>149,673,174</u>	<u>156,955,236</u>	<u>91,650,868</u>	<u>118,882,446</u>	<u>106,613,014</u>	<u>139,675,581</u>
Net change in fund balances	<u>\$ 31,621,601</u>	<u>\$ 1,345,115</u>	<u>\$ 35,405,869</u>	<u>\$ 39,307,873</u>	<u>\$ 31,026,059</u>	<u>\$ 43,911,838</u>
Debt service as a percentage of noncapital expenditures	<u>10.8%</u>	<u>12.7%</u>	<u>11.0%</u>	<u>10.9%</u>	<u>10.6%</u>	<u>10.5%</u>

ANNE ARUNDEL COUNTY, MARYLAND

Taxable Assessed Value and Estimated Actual Value of Property

Last Ten Fiscal Years

(in thousands of dollars)

Fiscal Year Ended June 30,	Real Property (a)					Personal Property			Total Taxable Assessed Value	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Agricultural Property	Use Value Property	Total Real Property	Railroad/Utility Property	Other Business Property	Total Personal Property			
1998	\$ 9,137,376	\$ 2,124,633	\$ 93,950	\$ 5,772	\$ 11,361,731	\$ 1,531,395	\$ 808,983	\$ 2,340,378	\$ 13,702,109	\$ 30,744,706	44.57%
1999	9,424,070	2,190,308	97,132	7,744	11,719,254	1,553,235	830,083	2,383,318	14,102,572	31,681,453	44.51%
2000	9,738,635	2,284,258	97,891	8,293	12,129,077	1,639,652	892,728	2,532,380	14,661,457	32,855,073	44.62%
2001	10,182,016	2,417,021	105,964	5,839	12,710,840	1,458,739	950,392	2,409,131	15,119,971	34,186,231	44.23%
2002	26,685,494	6,604,609	264,319	7,293	33,561,715	1,286,234	1,133,798	2,420,032	35,981,747	35,981,747	100.00%
2003	28,208,386	7,225,669	273,617	7,923	35,715,595	1,234,663	1,211,291	2,445,954	38,161,549	38,161,549	100.00%
2004	31,063,571	7,752,955	295,573	4,163	39,116,262	1,260,098	1,119,634	2,379,732	41,495,994	41,495,994	100.00%
2005	35,055,021	8,418,040	321,853	7,808	43,802,722	1,318,689	1,088,197	2,406,886	46,209,608	46,209,608	100.00%
2006	40,599,140	9,279,649	348,915	25,746	50,253,450	1,323,793	1,155,926	2,479,719	52,733,169	52,733,169	100.00%
2007	47,987,113	10,434,965	418,476	29,211	58,869,765	1,380,834	1,208,714	2,589,548	61,459,313	61,459,313	100.00%

(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
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (Per \$100 of Assessed Value)

FISCAL YEAR	<u>Anne Arundel County</u>				<u>Overlapping</u>		<u>Total</u>	
	<u>Other than</u>		<u>Within City</u>		<u>City of</u>	<u>State of</u>	<u>Other than</u>	
	<u>City of</u>		<u>of Annapolis</u>				<u>Annapolis</u>	<u>Maryland</u>
	<u>Real Property</u>	<u>(a) Personal Prop.</u>	<u>Real Property</u>	<u>(a) Personal Prop.</u>	<u>Real Property</u>	<u>Real Property</u>		
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
2005	0.94	2.35	0.56	1.40	0.58	0.13	1.07	1.27
2006	0.93	2.33	0.56	1.39	0.56	0.13	1.06	1.25
2007	0.92	2.30	0.55	1.37	0.53	0.11	1.03	1.19

(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

Principal Property Tax Payers

Current Year and Nine Years Ago

2007			1998		
Taxpayer	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value
Baltimore Gas and Electric Company	\$ 1,099,347,676	1.79%	Baltimore Gas and Electric Company	\$ 1,309,583,300	9.56%
Arundel Mills Limited Partnership (Arundel Mills Mall)	272,279,722	0.44%	Bell Atlantic	221,021,290	1.61%
Annapolis Mall Limited Partnership (Annapolis Mall)	236,008,646	0.38%	Annapolis Mall Limited Partnership (Annapolis Mall)	52,742,540	0.38%
Verizon	234,886,750	0.38%	Northrop Grumman Corp.	49,840,650	0.36%
TKL East (Marley Station Mall)	103,285,660	0.17%	TKL East (Marley Station Mall)	47,800,880	0.35%
Northrop Grumman Corp.	97,311,686	0.16%	Aeronautical Radio, Inc.	34,224,590	0.25%
Wal-mart Stores, Inc.	87,330,153	0.14%	Wal-mart	20,394,930	0.15%
Annapolis Harbour Center Assoc. LLLP	67,484,476	0.11%	Aetna Life Insurance Company	19,415,580	0.14%
Baywoods Cooperative Apartments LLC	55,294,242	0.09%	State of Maryland - Board of Trustees	14,175,890	0.10%
Harbour Gates, Inc. (Harbour Gates Apts)	53,780,232	0.09%	Parole Town Center Association	13,892,870	0.10%
	<u>\$ 2,307,009,243</u>	<u>3.75%</u>		<u>\$ 1,783,092,520</u>	<u>13.01%</u>

Note - 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 Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collection to Date		
	Taxes Levied for the Fiscal Year	Amount		Percentage of Levy	Amount	Percentage of Levy
1998	\$ 310,283,682	\$ 306,891,526	98.91%	\$ 3,378,041	\$ 310,269,567	100.00%
1999	316,838,803	314,140,913	99.15%	2,693,812	316,834,725	100.00%
2000	329,847,238	326,352,858	98.94%	3,491,613	329,844,471	100.00%
2001	345,227,111	342,441,550	99.19%	2,557,271	344,998,821	99.93%
2002	361,424,971	355,998,775	98.50%	5,113,176	361,111,951	99.91%
2003	375,682,304	373,310,763	99.37%	2,162,997	375,473,760	99.94%
2004	393,762,892	391,557,058	99.44%	1,896,380	393,453,438	99.92%
2005	412,089,133	410,206,824	99.54%	1,617,452	411,824,276	99.94%
2006	439,775,209	438,118,642	99.62%	1,161,449	439,280,091	99.89%
2007	472,038,379	470,209,494	99.61%	-	470,209,494	99.61%

ANNE ARUNDEL COUNTY, MARYLAND
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands of dollars, except per capita)

Fiscal Year	Governmental Activities						Business-Type Activities		Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)	
	General Obligation Bonds	Bond Anticipation Notes	Tax Increment Bonds	State and Federal Loans	Capital Leases	Installment Purchase Agreements	Total Governmental Activities	Water, Wastewater and Solid Waste Bonds				Bond Anticipation Notes
1998	\$ 365,921	\$ 20,000	\$ -	\$ 5,355	\$ 434	\$ -	\$ 391,710	\$ 298,709	\$ 15,000	\$ 705,419	4.65%	\$ 1,483
1999	338,614	58,000	-	4,760	59	-	401,433	280,874	28,000	710,307	4.39%	1,471
2000	362,378	50,000	28,000	4,314	-	-	444,692	283,975	17,850	746,517	4.17%	1,519
2001	376,209	34,500	42,000	3,857	1,010	1,669	459,245	276,137	11,500	746,882	3.91%	1,503
2002	433,115	56,000	42,000	3,547	341	3,837	538,840	277,780	24,000	840,620	4.25%	1,674
2003	493,017	29,000	50,300	3,058	210	6,690	582,275	277,039	13,000	872,314	4.27%	1,727
2004	499,547	32,500	56,215	2,724	162	8,398	599,546	269,205	20,000	888,751	4.06%	1,748
2005	534,773	34,500	55,520	2,383	112	8,679	635,967	285,688	7,000	928,655	4.04%	1,815
2006	553,117	38,000	54,795	3,177	57	9,031	658,177	285,960	21,000	965,137	3.99%	1,855
2007	597,181	39,000	53,960	3,803	-	9,939	703,883	317,271	19,000	1,040,154	4.12%	2,025

(a) See the Demographic and Economic Statistics schedule for personal income and population data. These ratios are calculated using personal income for the prior calendar year.

ANNE ARUNDEL COUNTY, MARYLAND
 Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years
(in thousands of dollars, except per capita)

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (a)	Per Capita (b)
1998	\$ 664,629	2.16%	\$ 1,397
1999	619,488	1.96%	1,283
2000	674,353	2.05%	1,377
2001	694,346	2.03%	1,403
2002	752,895	2.09%	1,508
2003	820,356	2.15%	1,619
2004	824,967	1.99%	1,621
2005	875,982	1.90%	1,712
2006	893,871	1.70%	1,718
2007	968,412	1.58%	1,885

*(a) See the Taxable Assessed Value and Estimated Actual Value of Property schedule for property value data.
 (b) See the Demographic and Economic Statistics schedule for population data.*

ANNE ARUNDEL COUNTY, MARYLAND

Direct and Overlapping Governmental Activities Debt
As of June 30, 2007

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
City of Annapolis	\$ 45,231,035	100.00%	\$ <u>45,231,035</u>
Subtotal, overlapping debt			45,231,035
Anne Arundel County direct debt			<u>703,883,409</u>
Total direct and overlapping debt			<u>\$ 749,114,444</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of the overlapping government that is borne by the residents and businesses of Anne Arundel County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

ANNE ARUNDEL COUNTY, MARYLAND

Legal Debt Margin
Last Ten Fiscal Years
(dollars in thousands)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Assessed value (1)										
Real property	\$ 11,361,731	\$ 11,719,254	\$ 12,129,077	\$ 12,710,840	\$ 33,561,715	\$ 35,715,595	\$ 39,116,262	\$ 43,802,722	\$ 50,253,450	\$ 58,869,765
Personal and operating real property	2,340,378	2,383,318	2,532,380	2,409,131	2,420,032	2,445,954	2,379,732	2,406,886	2,479,719	2,589,549
Total assessed value	13,702,109	14,102,572	14,661,457	15,119,971	35,981,747	38,161,549	41,495,994	46,209,608	52,733,169	61,459,314
Legal debt margin										
Debt limit (5.2% of assessed value of real property, 13% for fiscal years 2001 and prior)	1,477,025	1,523,503	1,576,780	1,652,409	1,745,209	1,857,211	2,034,046	2,277,742	2,613,179	3,061,228
Debt limit (13% of assessed value of personal and operating real property)	304,249	309,831	329,209	313,187	314,604	317,974	309,365	312,895	322,363	336,641
Total debt limit	1,781,274	1,833,334	1,905,989	1,965,596	2,059,813	2,175,185	2,343,411	2,590,637	2,935,543	3,397,869
Debt applicable to limit:										
General obligation bonds	365,921	338,614	362,378	376,209	433,115	493,017	499,547	534,773	553,117	597,181
Bonded debt for solid waste projects (2)	39,724	36,681	33,642	30,691	27,700	24,763	23,083	21,042	19,963	20,399
Installment Purchase Agreement	-	-	-	1,669	3,837	6,690	8,398	8,679	9,031	9,939
Tax Increment Bonds	-	-	28,000	42,000	42,000	50,300	56,215	55,520	54,795	53,960
Bond anticipation notes (3)	23,000	61,000	56,850	38,500	56,000	30,250	33,500	35,500	38,000	39,000
Total debt applicable to limit	428,645	436,295	480,870	489,069	562,652	605,020	620,743	655,514	674,906	720,479
Legal debt margin	\$ 1,352,629	\$ 1,397,039	\$ 1,425,119	\$ 1,476,527	\$ 1,497,161	\$ 1,570,165	\$ 1,722,668	\$ 1,935,123	\$ 2,260,637	\$ 2,677,390
Total debt applicable to the limit as a percentage of debt limit	24.06%	23.80%	25.23%	24.88%	27.32%	27.81%	26.49%	25.30%	22.99%	21.20%

(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 8 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

Pledged-Revenue Bond Coverage

Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year	Water and Wastewater Revenue Backed Bonds							Solid Waste Revenue Backed Bonds						
	Utility Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Service Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage		
Principal	Interest	Principal	Interest											
1998	\$ 63,597	\$ 43,121	\$ 20,476	\$ 17,278	\$ 11,186	0.72	\$ 36,107	\$ 22,556	\$ 13,551	\$ 3,690	\$ 1,866	2.44		
1999	69,053	42,985	26,068	17,661	11,426	0.90	34,672	18,865	15,807	3,043	1,976	3.15		
2000	63,454	44,494	18,960	18,860	11,452	0.63	36,207	25,250	10,957	3,189	2,015	2.11		
2001	63,809	47,122	16,687	18,737	10,875	0.56	36,120	26,428	9,692	5,800	1,802	1.27		
2002	65,809	44,884	20,925	18,567	10,229	0.73	35,900	30,744	5,156	6,992	1,442	0.61		
2003	66,278	49,836	16,442	18,335	8,465	0.61	37,139	32,300	4,839	2,937	1,304	1.14		
2004	66,381	49,369	17,012	17,988	9,167	0.63	39,524	39,387	137	2,930	1,175	0.03		
2005	68,815	55,399	13,416	18,538	8,428	0.50	40,375	34,109	6,266	3,041	1,080	1.52		
2006	77,909	57,243	20,666	19,180	7,987	0.76	46,613	41,847	4,766	3,078	1,038	1.16		
2007	80,861	62,031	18,830	19,087	7,882	0.70	48,813	37,028	11,785	3,064	992	2.91		

Fiscal Year	Tax Increment Bonds							Installment Purchase Agreements Bonds						
	Revenues and Transfers In	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Revenues and Transfers In	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage		
Principal	Interest	Principal	Interest											
1998	\$ 1,416	\$ 0	\$ 1,416	\$ 428	\$ 91	2.73	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00		
1999	1,472	0	1,472	449	74	2.81	0	0	0	0	0	0.00		
2000	7,658	0	7,658	283	56	22.59	0	0	0	0	0	0.00		
2001	6,016	16	6,000	285	2,621	2.07	2,825	69	2,756	0	57	0.00		
2002	5,943	129	5,814	310	3,054	1.73	140	21	119	5	179	0.00		
2003	7,559	74	7,485	323	2,891	2.33	1,554	71	1,483	9	296	4.86		
2004	9,062	568	8,495	829	3,317	2.05	1,699	31	1,668	13	380	4.24		
2005	10,813	40	10,773	881	2,020	3.71	1,217	3	1,214	14	481	2.45		
2006	12,785	38	12,747	783	2,698	3.66	36	352	-316	17	502	-0.61		
2007	15,526	32	15,494	908	2,657	4.35	2,219	9	2,210	18	540	3.96		

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

"Utility Charges and Other" includes investment earnings but not capital contributions and grants.

"Operating Expenses" do not include interest or depreciation.

ANNE ARUNDEL COUNTY, MARYLAND

Demographic and Economic Statistics

Last Ten Years

Year	Population (a)	Personal Income (b) <i>(thousands of dollars)</i>	Per Capita Personal Income (b)	Median Age	Education Level in Years of Schooling	Public School Enrollment (d)	Unemployment Rate % (e)
1998	475,671	\$ 15,176,283	\$ 31,905	31.6	15.1	73,515	3.5
1999	482,869	16,197,358	33,544	31.9	15.1	74,097	2.8
2000	491,347	17,917,460	36,466	32.2	15.3	74,663	2.9
2001	496,937	19,102,755	38,441	32.6	15.4	74,495	3.1
2002	502,081	19,800,568	39,437	32.8	15.4	75,094	3.7
2003	505,205	20,442,110	40,463	32.9	15.6	74,798	3.6
2004	508,572	21,914,876	43,091	33.0	15.6	74,519	3.4
2005	511,549	22,982,362	44,927	33.5	15.6	74,000	3.5
2006	520,281	24,216,999	46,546	37.4	15.6	73,633	3.7
2007	513,700	25,266,335	49,185	37.4	15.6	73,814	3.7

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 Estimates.

(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, Licensing and Regulation.

ANNE ARUNDEL COUNTY, MARYLAND

Principal Employers

Current Year and Nine Years Ago

2007			1998		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
Ft. George G. Meade	42,000	12.22%	National Security Agency	25,000	10.21%
Anne Arundel Co. Public Schools	14,310	4.16%	Ft. George G. Meade	11,500	4.70%
BWI Thurgood Marshall Airport	10,199	2.97%	State of Maryland	9,116	3.72%
State of Maryland	8,616	2.51%	Anne Arundel County Public Schools	8,000	3.27%
Northrop Grumman Corp.	7,500	2.18%	Northrop Grumman Corp.	6,679	2.73%
Anne Arundel County Government	4,111	1.20%	Anne Arundel County General Government	3,783	1.54%
Baltimore Washington Medical Center	2,432	0.71%	US Air Group, Inc.	2,350	0.96%
Southwest Airlines	2,425	0.71%	U.S. Naval Academy	2,250	0.92%
U.S. Naval Academy	2,052	0.60%	North Anne Arundel Health Systems, Inc.	1,900	0.78%
Anne Arundel Health System	2,025	0.59%	Anne Arundel Health Systems, Inc.	1,800	0.73%
	<u>95,670</u>	<u>27.83%</u>		<u>72,378</u>	<u>29.55%</u>

Sources: Anne Arundel Economic Development Corporation and the Maryland State Data Center.

ANNE ARUNDEL COUNTY, MARYLAND

County Government Employees by Function

Last Ten Fiscal Years

Function/program	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government	506	516	525	536	557	586	554	535	537	540
Public safety										
Police	831	884	886	895	895	1,047	1,037	904	921	923
Fire	634	633	633	643	654	654	675	721	833	833
Detention center	360	404	404	434	434	434	409	408	409	415
Health and human services	85	105	104	133	141	173	175	161	163	175
Public works	388	341	344	341	340	347	339	295	299	304
Recreation and community services	71	100	102	106	107	109	99	99	102	110
Judicial	260	293	300	309	312	273	260	261	264	270
Code enforcement	163	165	166	171	175	173	158	156	168	172
Land use and development	96	99	92	96	98	94	104	101	101	105
Water and wastewater	382	374	367	368	362	353	353	348	348	348
Solid waste	68	68	68	76	83	83	83	83	84	85
Child care	5	6	6	6	6	7	7	7	7	8
Total	<u>3,849</u>	<u>3,989</u>	<u>3,997</u>	<u>4,115</u>	<u>4,164</u>	<u>4,334</u>	<u>4,253</u>	<u>4,079</u>	<u>4,236</u>	<u>4,288</u>

ANNE ARUNDEL COUNTY, MARYLAND

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
Physical arrests	18,651	17,772	17,502	16,507	16,609	15,858	16,419	16,321	16,644	16,424
Parking violations	2,593	2,797	2,857	2,003	3,255	3,325	4,010	4,382	4,562	3,772
Traffic violations	67,455	55,926	58,664	68,882	56,225	53,055	53,855	61,161	69,022	81,142
Fire										
Emergency responses	45,735	49,786	53,355	54,198	59,587	59,435	62,565	61,412	62,304	65,724
Inspections	9,495	9,408	12,630	8,848	8,842	12,301	10,353	11,436	12,992	11,308
Streets and highways										
Resurfacing (miles)	46.9	49.7	63.6	81.7	65.4	45.0	31.1	78.2	124.5	65.2
Recreation and community services										
Facility use applications	N/A	N/A	N/A	N/A	N/A	5,685	5,754	6,032	6,916	7,177
Water										
New water connections	1,963	2,115	2,241	2,392	1,649	1,354	4,856	1,477	1,094	894
Water main breaks	95	103	140	88	116	150	162	129	152	124
Average daily water consumption (thousands of gallons)	30,832	32,633	31,359	34,694	32,763	31,920	30,886	31,484	33,460	30,980
Number of customers	85,820	87,935	90,175	92,600	94,200	95,570	100,427	101,623	102,878	103,775
Wastewater										
Average daily sewage treatment (thousands of gallons)	32,262	27,829	31,468	30,806	29,294	33,443	33,953	32,457	31,077	32,340
Number of customers	93,379	98,008	100,985	100,800	101,900	103,361	108,017	109,179	110,637	111,574
Solid waste										
Trash collected (tons per day)	756	785	834	858	882	905	1,103	1,044	1,087	1,090
Recyclables collected (tons per day)	212	215	246	257	270	284	360	307	345	362
Child care										
Enrollment	1,299	1,372	1,328	N/A	1,414	1,533	1,619	1,689	1,921	1,982

ANNE ARUNDEL COUNTY, MARYLAND

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function/program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety										
Police										
Stations	8	8	8	8	8	9	10	10	10	10
Patrol units (vehicles)	411	392	394	393	399	414	414	429	468	484
Fire										
County owned stations	15	15	15	15	17	17	17	17	18	18
Volunteer stations	14	14	14	14	12	12	12	12	12	12
Pumpers/tankers	64	58	63	60	67	62	60	68	61	64
Ladder trucks	20	20	18	19	19	21	22	22	24	24
Paramedic units	38	39	39	40	39	40	41	39	41	40
Streets and highways										
Streets (miles)	1,609	1,628	1,654	1,669	1,691	1,710	1,735	1,754	1,761	1,765
Streetlights	33,169	33,455	33,926	34,290	34,467	34,877	35,081	35,423	35,800	36,130
Traffic signals	133	134	143	150	156	156	161	162	162	168
Recreation and community services										
Open space acreage	2,851	2,794	3,234	3,348	4,517	4,517	5,240	5,467	3,976	3,976
Playgrounds and Parks acreage	3,546	3,751	3,953	4,102	5,644	5,644	5,647	5,671	7,985	7,985
Parks										
Playgrounds	147	149	81	92	93	93	94	92	70	71
Baseball/softball fields	369	376	193	199	206	206	210	213	240	239
Football fields	209	207	151	155	161	161	162	169	107	110
Basketball courts	143	143	111	111	113	113	113	111	159	160
Tennis courts	235	231	219	219	219	219	214	212	86	84
Water										
Water mains (miles)	1,195	1,221	1,236	1,242	1,263	1,293	1,302	1,315	1,330	1,338
Water treatment plants	20	20	20	13	13	13	14	13	13	13
Wastewater										
Maximum daily treatment capacity (thousands of gallons)	42,115	42,115	42,115	43,615	43,615	43,615	43,615	43,615	43,615	43,615
Wastewater mains (miles)	1,068	1,093	1,103	1,120	1,142	1,156	1,346	1,363	1,376	1,397
Wastewater treatment plants	7	7	7	7	7	7	7	7	7	7
Wastewater pumping stations	242	239	240	241	241	242	243	243	245	248

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