

# **Anne Arundel County, Maryland**

## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009

### **County Executive**

John R. Leopold

### **County Council**

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

**Anne Arundel County, Maryland  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2009**

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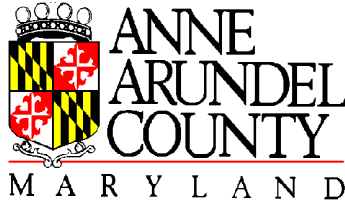
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**OFFICE OF FINANCE**

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December 29, 2009

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, 2009. 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 2009.

This report was prepared by the Office of Finance of Anne Arundel County. The basic financial statements have been jointly audited by the County's independent public accountants, SB and Company, LLC, in conjunction with the County Auditor, Teresa Sutherland. Opinions from SB and Company, LLC and the County Auditor are included in this 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

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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 is fortunate to have a balanced economy enabling the County to remain steady during national economic fluctuations. The County's diverse economic base ranges from a strong government sector supported by the presence of Fort George G. Meade and the National Security Agency, a stable tourism sector, and home to one of the State's most important economic engines, Baltimore/Washington International Thurgood Marshall Airport.

One key driver of the County's sustained economic performance is federal procurement spending. Anne Arundel County ranks number one in Maryland for defense procurement contracts totaling \$2.7 billion. Defense contracts in the county have grown over the last eight years from \$550 million in fiscal year 2000 to \$2.7 billion in fiscal year 2008, an increase of nearly 400%. Defense procurement spending will be bolstered by the expansion at Fort George G. Meade as a result of the Base Realignment and Closure process (BRAC). The BRAC initiative is underway with the Defense Information Systems Agency (DISA), Defense Media Publications (DMA), and the Adjudication Office under construction and slated to open in 2010. The National Security Agency (NSA) is also expanding by hiring 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, DISA and other government agencies located on the base. 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. National Business Park (NBP) is a key location for contractors associated with BRAC providing office space with essential building security. The NBP is expected to double in size over the next 20 years, adding 2 million square feet of space and creating over 11,000 jobs.

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 of 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 \$2.3 billion in Anne Arundel County, representing 16.3 % of the total State tourism dollars spent, the largest share in the State. These visitors generate \$277 million in state and local tax revenue. In fiscal year 2009, four new hotels opened. Currently there is one hotel under construction and five hotels are in permitting which will support the tourism growth in Anne Arundel County.

The Baltimore/Washington International Thurgood Marshall Airport (BWI) is another important economic driver for Anne Arundel County. BWI supports 9,717 direct jobs in the County and generates \$5.1 billion

## ANNE ARUNDEL COUNTY

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in business revenues for Maryland. Airport activities generate \$153 million in state and local tax revenue. The airport administration is currently focusing on the improvement of safety, security and efficiency to ensure that BWI will be prepared for future growth and continue to be a leading airport in the region. In fiscal year 2009, 20.1 million passengers traveled through BWI Thurgood Marshall Airport.

Though nearly double what it was four years ago, Anne Arundel County's unemployment rate continues to be lower than both the State of Maryland's and the United States. During fiscal year 2009, Anne Arundel County's unemployment rate averaged 5.3%; the State averaged 5.9% and the National average was 7.6%. Despite the fact that Anne Arundel County's in-place jobs have increased by an annual average of about 5,000 jobs over the last six years, the current recession has resulted in a near term decrease in jobs of 1.5% or 3,600 jobs for fiscal year 2009. However, the County's in-place jobs have increased monthly from February through June, 2009. Attracting new businesses to the county and helping our existing businesses grow creates jobs, and the creation of jobs is the economic priority for this administration.

While the economic challenges experienced nationally during the recent recession have been formidable, the Anne Arundel County economy is strong, balanced, and will grow in the coming year. A low property tax rate (the 7<sup>th</sup> lowest in the state) and a low income tax rate (3<sup>rd</sup> lowest in the state) make Anne Arundel County attractive to both businesses and families. A strong defense and technology industry, a business community with global reach, a highly educated and highly skilled workforce, and a strategic location in the Baltimore/Washington DC corridor, the nation's 4<sup>th</sup> largest marketplace, create a solid foundation for economic stability for the future.

### **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 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, Roads and Special Benefits, Piney Orchard Wastewater Service, Anne Arundel County Partnership for Children, Youth and Family, Inmate Benefit and Morale, Reforestation, Laurel Racetrack Community Benefit, Workforce Development, and Arundel Development Community Services, Grant Funds, Circuit Court and Park Place (refer to budgetary comparisons on Pages 90-94). 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, Special Taxing Districts, and Installment Purchase Agreements (refer to budgetary comparisons on Pages 103-105). 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 \$32,778,154 at June 30, 2009. As a result of legislation enacted during fiscal year 2009, \$16,750,000 was transferred from this Fund to be utilized due to revenues being lower than anticipated. 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

## ANNE ARUNDEL COUNTY

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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. In that regard, the County has implemented Governmental Accounting Standards Board (GASB) Statement No.45 in the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008. GASB Statement No.45 requires governments to report a liability in the financial statements in connection with an employer's obligation to provide other post employment benefits (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 prior years, the County provided pay-go funding for capital projects using excess revenues from property recordation and transfer taxes; however, more recently capital projects have been funded with a greater percentage of bonds due to the decline in this revenue source.

### **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, 2008. This was the twenty-eight consecutive year that the County has received this prestigious award.

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



ANNE ARUNDEL COUNTY

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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 for their dedication and hard work, and especially to Lauren Toney, Assistant Controller.

Sincerely,

A handwritten signature in cursive script that reads "Richard K. Drain".

Richard K. Drain, CPA  
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, 2008

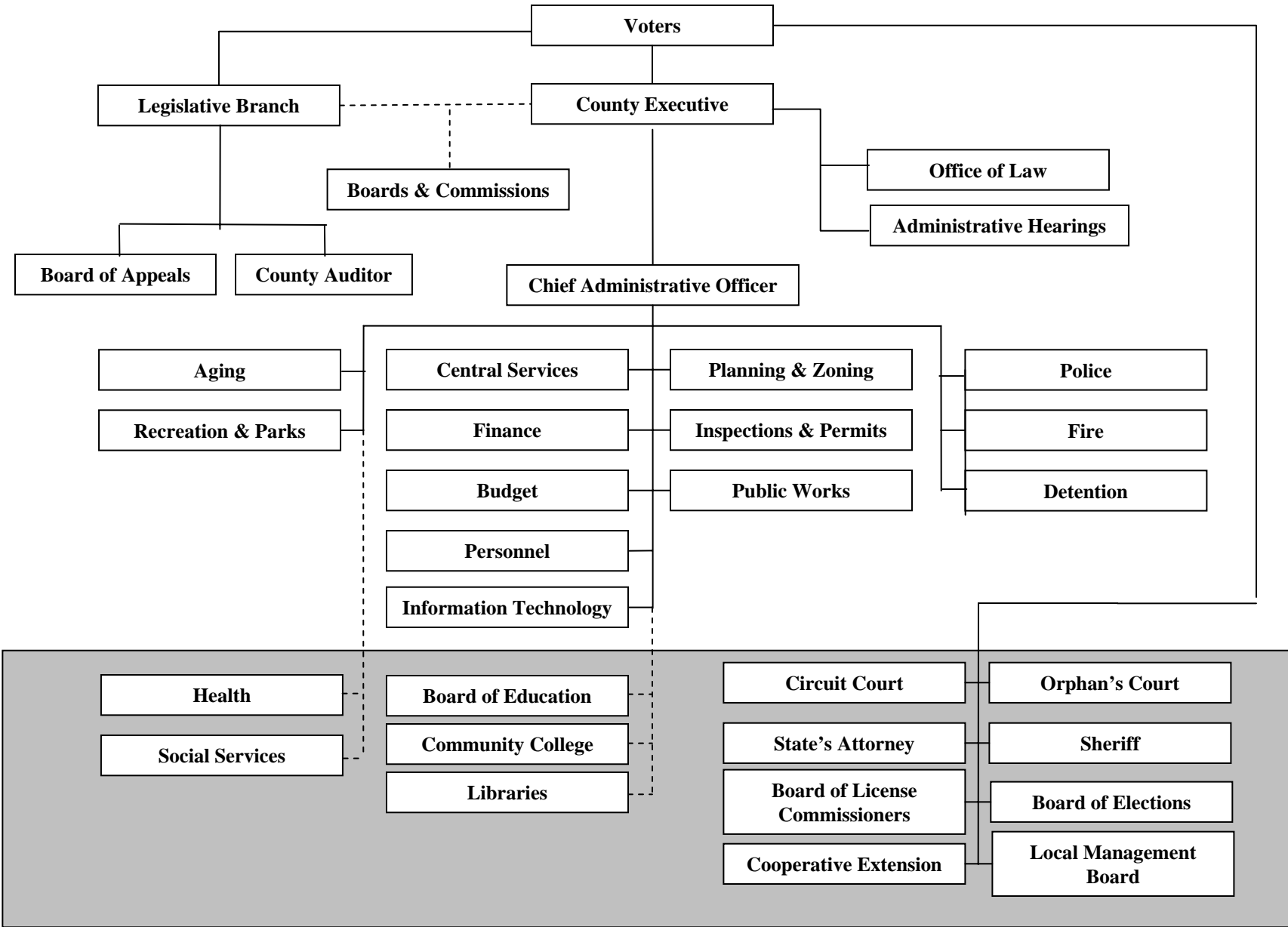
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# Anne Arundel County, Maryland





**SB & COMPANY, LLC**  
EXPERIENCE • QUALITY • CLIENT SERVICE

December 29, 2009

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We audited only the component unit financial statements of the Public Library of Annapolis and Anne Arundel County. We did not audit the other component unit financial statements. The component units we did not audit represent 98.86 percent, 99.14 percent, and 98.29 percent, respectively, of the assets, net assets and revenues of the total component units. We also did not audit the Pension Trust Funds as of and for the year ended December 31, 2008. 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 component units and the Pension Trust Funds is based 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 of America. 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 the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the 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 the County, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows 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.



**SB & COMPANY, LLC**  
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In accordance with *Government Auditing Standards*, we have issued our report dated December 29, 2009 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and schedules of funding progress for the single employer defined benefit pension plans and for post-employment benefits are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining fund statements, budgetary statements, and other supporting schedules, and introductory and statistical sections, 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 have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the 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 of this report have not been subjected to the auditing procedures applied to us or the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*SB & Company, LLC*



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

**Independent Auditor's Report**

The Honorable County Executive  
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, 2009, 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 an opinion on these financial statements based on our audit.

We audited only the component unit financial statements of the Public Library of Annapolis and Anne Arundel County. We did not audit the other component unit financial statements. The component units we did not audit represent 98.86 percent, 99.14 percent, and 98.29 percent, respectively, of the assets, net assets, and revenues of the total component units. We also did not audit the Pension Trust Funds as of and for the year ended December 31, 2008. 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 component units and the Pension Trust Funds, 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 of America. 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 opinion.

In our opinion, based on our audit and the reports of the 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, 2009, and the respective changes in financial position and, where applicable, cash flows and the respective budgetary comparison for the general fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2009 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and schedules of funding progress for the single employer defined benefit pension plans and for post-employment benefits as referenced in the table of contents are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures that 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 an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining fund statements, budgetary statements, other supporting schedules, and introductory and statistical sections, 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 have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and, in our opinion, based on our audit and the reports of the 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 of this report have not been subjected to the auditing procedures applied by us or the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Annapolis, Maryland  
December 29, 2009



**Anne Arundel County, Maryland**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2009**

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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, 2008 have been provided.

**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 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 development. The business-type activities include the Primary government's functions 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 to account separately for funding sources and activities that the government undertakes. This provides better control over resources 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



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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 recorded primarily 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, Central Garage and Transportation, and Garage Replacement Funds. These statements also focus on major funds and, therefore, include separate columns for the Water and Wastewater and Solid Waste Funds.

*Fiduciary Funds* – The fiduciary funds accumulate assets that are managed, but not owned, by the Primary government. The County's four defined benefit pension plans that form the Retirement System Pension Trust Fund are included in this category. In addition, this category includes agency funds used to accumulate temporary deposits and other funds collected from outside parties in order to be returned to the payer 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 when 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.

*Required Supplementary Information* - There are two required supplementary schedule that provides trend data about the Pension Trust Fund and other post-employment benefits.

**Financial Highlights**

*Overall Financial Position* – During fiscal year 2009, the County's net assets resulting from governmental activities have decreased by \$164.3 million or 28%. This decrease was related primarily to the decrease in the unrestricted net assets of \$191.1 million and a increase of \$27.2 million in capital assets net of debt. In fiscal year 2009, results for the County's business-type activities increased by \$16.9 million or 2%. This increase was generated by additional capital assets of \$14.7 million, additional restricted net assets of \$18.5 million, and a decrease in the unrestricted net assets of \$16.3 million. The capital asset increase is consistent with prior years. The restricted net assets increase occurred as the balances set aside for debt service payments increased by \$19.8 million, and a \$16.3 million decrease in unrestricted net assets occurred as revenues declined due to legislation that increased

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the deferral period for connection charges and landfills reserve estimates were significantly increased.

*Changes to Statement of Net Assets' Components* - In governmental activities, total assets decreased by \$23.4 million and total liabilities increased by \$140.9 million. The current unrestricted assets decreased by \$19 million (6%) and current restricted assets decreased by \$34 million (16%), respectively, while the capital assets increased by \$29.6 million, or 3%. The decrease in the current asset categories was primarily in taxes and other State revenue receivables, whereas the current restricted assets had decreases in cash of \$38.7 million which was offset by increases in amounts due from other governmental agencies of \$4.5 million.

While the assets decreased by less than 2%, the liabilities rose 15%. Noncurrent liabilities increased by \$151.5 million (21%) yet current liabilities decreased by \$4.7 million (3%) and current restricted liabilities decreased by \$5.9 million (14%). The current liabilities' decreases were the result of a reduction of \$13.7 million issued for bond anticipation notes (BANS) for capital projects, offset by an increase in accrued liabilities of \$2.5 million and the current portion of non-current liabilities \$6 million. The increase in noncurrent liabilities was caused by recording the other post-employment benefits (OPEB) obligation of \$58.4 million, increases in long-term bonded debt of \$89.2 million which included \$32.7 million due to the State of Maryland to replenish the income tax reserve account, unpaid insurance claims of \$3.8 million and deferred revenue of \$3.2 million.

Net assets related to business-type activities increased \$16.9 million or 2% in fiscal year 2009. Assets increased by \$49.1 million, while liabilities increased by \$32.2 million. Asset increases resulted from increases in restricted assets of \$35 million and increase in capital assets of \$27.3 million offset by a decline in current assets of \$13.2 million. This increase is due to the significant increase in cash and investments reserved for capital projects and debt service of \$16.6 million and \$6.4 million, respectively. Additionally, legislation enacted in 2009 increased the deferral period for certain capital connection fees to 5 years and the corresponding fees were increased which resulted in an increase in deferred assessment and connection charges of \$9.5 million.

The \$32.2 million increase in business-type liabilities was caused by increases in noncurrent liabilities of \$17.6 million and current liabilities of \$15.8 million, offset by a decrease in restricted current liabilities of \$1.2 million. The increase in noncurrent liabilities was caused primarily by additional net debt in fiscal year 2009 that totaled \$11.7 million and the recording of the OPEB obligation of \$5.6 million. Current restricted liabilities decreased primarily because a portion of the prepaid connection fees paid in fiscal year 2007 were recognized during fiscal year 2009.

*Significant changes in revenues and expenses* - Fiscal year 2009 showed continuing growth in property taxes as significant Federal defense and intelligence presence help support this growth. However, the downturn in the economy caused a slow down in the real estate market that had a negative impact on the recordation and transfer taxes, and local sales and income taxes collected by the County. General revenues in governmental activities decreased \$32.2 million, or 3%, from fiscal year 2008. The majority of the decline is the result of reducing local income tax revenue for \$32.7 million due to the State of Maryland to replenish the local income tax reserve fund. The County experienced growth in property tax revenues of \$43.1 million, or 9%. Recordation and transfer taxes declined by \$27 million, or 33%, local income taxes decreased \$4.8 million excluding the amount due to the State of Maryland, or 1% and local sales tax decreased by \$4.1 million, or 11%. Due to the reduction in interest rates, investment income decreased by \$7 million or 52%.

During fiscal year 2009, the governmental activities' program revenues decreased by \$3.5 million. An increase in charges for services of \$8.8 million and capital grants of \$6.3 million were offset by declines in operating grants and contributions of \$18.6 million.

The business-type activities show a decrease in total program revenue of \$3 million. There were decreases in all categories as charges for services decreased \$850,150, or less than 1%, and capital grants and contributions decreased by \$2.2 million, or 4%. General revenue sources have decreased by \$4.8 million, a 24% decrease from the previous year. Declines in investment income of \$2.5 million, or 22% and other revenue of \$2.3 million, or 27% contributed to the overall decrease from fiscal year 2008.

Business-type expenses increased by \$4.8 million (3%) from the previous year expenses. The water and wastewater expenses increased by \$484,392 (less than 1%), waste collection increased by \$3.8 million (9%), and the

**Anne Arundel County, Maryland**  
**Management Discussion and Analysis**  
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Child Care Fund increased by \$431,474. (13%).

**Changes to debt** – The County’s total bonded debt balance increased by \$74.8 million in fiscal year 2009. The County issued \$113.3 million of bonds for governmental activities and \$31.3 million for business-type activities. Of the issue of \$144.6 million, \$66.8 million was used to liquidate BANS issued in May 2008, and \$77.8 million was used to fund ongoing capital projects. The County issued \$71.4 million of BANS in May 2009 to fund capital expenditures in fiscal year 2009. Of this amount, \$36.1 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 \$35.3 million of proceeds, which will be used for utility and waste collection improvements.

**Financial Data and Management’s Analysis - Government-wide Statements**

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

| Anne Arundel County, Maryland<br>Condensed Statement of Net Assets |                            |                       |                             |                         |                         |                         |
|--|----------------------------|-----------------------|-----------------------------|-------------------------|-------------------------|-------------------------|
|  | Governmental<br>Activities |                       | Business-type<br>Activities |                         | Total                   |                         |
|  | 2009                       | 2008                  | 2009                        | 2008                    | 2009                    | 2008                    |
| <b>Assets:</b>   |                            |                       |                             |                         |                         |                         |
| Current  | \$ 312,891,784             | \$ 331,870,011        | \$ 43,741,614               | \$ 56,958,624           | \$ 356,633,398          | \$ 388,828,635          |
| Restricted - Current   | 174,733,514                | 208,713,872           | 256,840,640                 | 231,342,309             | 431,574,154             | 440,056,181             |
| Restricted - Noncurrent  | -                          | -                     | 57,811,308                  | 48,283,996              | 57,811,308              | 48,283,996              |
| Capital  | 1,037,628,247              | 1,008,056,404         | 1,130,930,476               | 1,103,594,329           | 2,168,558,723           | 2,111,650,733           |
| <b>Total</b>   | <b>1,525,253,545</b>       | <b>1,548,640,287</b>  | <b>1,489,324,038</b>        | <b>1,440,179,258</b>    | <b>3,014,577,583</b>    | <b>2,988,819,545</b>    |
| <b>Liabilities:</b>  |                            |                       |                             |                         |                         |                         |
| Current  | 179,198,128                | 183,879,369           | 68,863,576                  | 53,062,383              | 248,061,704             | 236,941,752             |
| Restricted - current   | 37,712,535                 | 43,682,875            | 28,572,137                  | 29,747,892              | 66,284,672              | 73,430,767              |
| Noncurrent   | 890,148,681                | 738,622,043           | 363,850,883                 | 346,265,022             | 1,253,999,564           | 1,084,887,065           |
| <b>Total</b>   | <b>1,107,059,344</b>       | <b>966,184,287</b>    | <b>461,286,596</b>          | <b>429,075,297</b>      | <b>1,568,345,940</b>    | <b>1,395,259,584</b>    |
| <b>Net Assets:</b>   |                            |                       |                             |                         |                         |                         |
| Invested in capital assets,<br>net of related debt                 | 623,584,525                | 596,362,881           | 810,998,630                 | 796,312,992             | 1,434,583,155           | 1,392,675,873           |
| Restricted   | 175,303,813                | 175,652,498           | 219,539,847                 | 201,010,947             | 394,843,660             | 376,663,445             |
| Unrestricted   | (380,694,137)              | (189,559,379)         | (2,501,035)                 | 13,780,022              | (383,195,172)           | (175,779,357)           |
| <b>Total</b>   | <b>\$ 418,194,201</b>      | <b>\$ 582,456,000</b> | <b>\$ 1,028,037,442</b>     | <b>\$ 1,011,103,961</b> | <b>\$ 1,446,231,643</b> | <b>\$ 1,593,559,961</b> |

**Discussion of components** – This statement condenses the statement of net assets into broad categories. Current assets are 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.

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.

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*Management's Analysis* – Current assets of governmental activities are \$19 million less in fiscal year 2009 due primarily to declines in taxes and State revenue receivables of \$20.2 million which was offset by increases in other receivables of \$2 million. The business-type activities current assets decreased by \$13.2 million in fiscal year 2009 due primarily to a decline in cash and temporary investments of \$12.5 million.

Restricted assets in governmental activities decreased by \$34 million (16%) as cash in the capital projects fund was used to fund capital construction projects due to a reduction in pay-as-you-go funding. The fluctuation in current restricted assets in business-type activities is \$25.5 million, or 11%. This substantial increase is a result of growing cash balances in the cash reserved for utility debt service, a \$6.4 million increase, and the cash for utility capital projects, an increase of \$16.6 million. The prepaid wastewater connection fees and the growing and untapped cash balances in the water and waste water fund are the causes.

Restricted noncurrent assets in business-type activities increased by \$9.5 million from fiscal year 2008, which is a 20% increase. These assets result from long-term receivables for front foot benefit charges and capital connection charges. Additionally, legislation enacted in 2009 increased the deferral period for certain capital connection fees to 5 years and the corresponding fees were increased which resulted in this increase in deferred assessment and connection charges. Newer developments are generally required to pay front foot and capital connection fees in advance.

The governmental capital assets net balance increased by \$29.6 million from the previous year (3%) that resulted from the increase in long term debt. As a result of the completion of certain capital projects, capital assets in the business-type activities increased by \$27.3 million (2%).

Current unrestricted liabilities for governmental activities decreased by \$4.7 million, or 3%, from the previous fiscal year. The decrease was caused by a reduction of \$13.7 million for bond anticipation notes for capital projects which was offset by increases in accrued liabilities of \$2.5 million and the current portion of non-current liabilities of \$6 million. The current unrestricted liabilities in business-type activities increased by \$15.8 million, or 30%, from fiscal year 2008. An increase of \$18.3 million in bond anticipation notes from fiscal year 2008 was offset by modest declines in the other liability categories.

Restricted current liabilities for governmental activities decreased \$5.9 million, or 14%, from fiscal year 2008. The decline was primarily caused by a \$13.9 million decrease in the amount due to the Board of Education and Community College at year-end for capital projects in process, offset by increases of \$4.2 million in accrued liabilities for General County, highways, and recreation capital projects and \$3.8 million in deferred revenue. Restricted current liabilities for business-type activities decreased by \$1.2 million, or 4%. Prepaid wastewater connection fees discussed earlier were substantially deferred into subsequent years, and the recognition of that revenue caused a decrease in the restricted deferred revenue of \$1.9 million that were offset by modest increases in the other categories.

Noncurrent liabilities consist of bonded debt, OPEB obligation, self insurance reserves, loans, capital leases, and other liabilities. These liabilities increased \$151.5 million, or 21%, in governmental activities, and increased by \$17.6 million, or 5%, in business-type activities. The increase in the governmental activities is substantially more than the fluctuations noted in the prior year's statements. For governmental activities the increase resulted from an increase in net bonded debt of \$89.2 million (which includes the \$32.7 million due to the State of Maryland previously mentioned), the recording of the OPEB obligation of \$58.4 million, and increases of unpaid insurance claims of \$3.8 million due to increases in health care costs and self insurance reserves and \$3.2 million in deferred revenue. The increase noted in the noncurrent liabilities in business-type activities for fiscal year 2009 was caused primarily by an increase in the net bonded debt of \$11.7 million and the recording of the OPEB obligation of \$5.6 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 decreased from (\$189.6) million to (\$380.7) million, a decrease of 101%. It is important to note that although counties in the State of Maryland issue debt for the construction of schools, the schools are owned by the local 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

**Anne Arundel County, Maryland**  
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this outstanding debt, there are no capital assets recorded on the Primary Government's statements. The negative unrestricted governmental activities fund balance of \$380.7 million reflects this treatment. The Board of Education and Community College capital net assets of approximately \$709.5 million and \$77.3 million, respectively, are evidence of the significant level of capital assets constructed primarily from County incurred debt.

As previously mentioned, 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 six years. The decrease is the result of excess net assets funneled to capital improvements classified in the capital assets and restricted net assets categories and the recording of the OPEB obligation.

| <u>Fiscal year</u> | <u>Balance (in millions)</u> | <u>Fiscal year</u> | <u>Balance (in millions)</u> |
|--------------------|------------------------------|--------------------|------------------------------|
| 2004               | \$ (99.1)                    | 2007               | \$ (100.5)                   |
| 2005               | (69.4)                       | 2008               | (189.6)                      |
| 2006               | (106.9)                      | 2009               | (380.7)                      |

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 decreased by \$35.8 million, which is a 3% decrease from the previous year. The majority of the decline is the result of recording \$32.7 million due to the State of Maryland to replenish the local income tax reserve fund. While property tax revenues increased \$43.1 million, recordation and transfer taxes and local sales and income taxes have decreased from fiscal year 2008. Fiscal year 2009 declines were noted in recordation and transfer taxes of \$27 million, local income taxes of \$4.8 million (excluding the amount due to the State of Maryland) and local sales taxes of \$4.1 million as a result of the slowing 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 2009 which is consistent with previous years. Due to a reduction in interest rates, investment income decreased by \$7 million or 52%.

The expenses of the governmental activities increased by \$44.4 million, or 3%, from fiscal year 2008. Certain functional categories of expenditures have increased that were offset by declines in other area. However, the more notable fluctuations were in education, general government, public safety and public works. Education expenses increased \$37.3 million, or 6% from fiscal year 2008. This was primarily caused by payments to or on behalf of the Board of Education for operations that increased by \$38.3 million and a reduction in capital improvements, which totaled \$2.1 million. General government increased by \$11.3 million (10%), public safety increased by \$5.8 million, or 2%, and public works expenses decreased by \$7.6 million, or 10%, from fiscal year 2008.

In business-type activities there was a modest decrease in charges for services of \$850,150, or less than 1%, in fiscal year 2009. Capital grants and contributions decreased by \$2.2 million, or 4%, from the previous year. Lower utilization for water service and a decline in additional developer-built assets transferred to County ownership contributed to these decreases. In general revenue, investment income decreased \$2.5 million, or 22%, from fiscal year 2008 to 2009 due to the decline in interest rates and other revenue declined \$2.3 million or 27% as a result of declining recycling fees.

Business-type expenses indicate water and wastewater activities increased by \$484,392, or less than 1%, waste collection activity increased \$3.8 million, or 9%, and child care activities increased by \$431,474, or 13%. The increases in water and wastewater and child care activities resulted from modest increases in certain functional categories of expenditures and waste collection expenses fluctuated due to increased costs and a significant increase in landfill reserve estimates of \$2.8 million.

**Anne Arundel County, Maryland**  
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| Anne Arundel County, Maryland    |                       |                       |                         |                         |                         |                         |
|----------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Statement of Activities          |                       |                       |                         |                         |                         |                         |
|                                  | Governmental          |                       | Business type           |                         | Total                   |                         |
|                                  | Activities            |                       | Activities              |                         |                         |                         |
|                                  | 2009                  | 2008                  | 2009                    | 2008                    | 2009                    | 2008                    |
| <b>Program revenues:</b>         |                       |                       |                         |                         |                         |                         |
| Charges for services             | \$ 98,630,006         | \$ 89,848,985         | \$ 118,395,214          | \$ 119,245,364          | \$ 217,025,220          | \$ 209,094,349          |
| Operating grants & contributions | 70,564,543            | 89,169,100            | -                       | -                       | 70,564,543              | 89,169,100              |
| Capital grants & contributions   | 47,574,099            | 41,287,571            | 49,630,063              | 51,850,600              | 97,204,162              | 93,138,171              |
|                                  | <u>216,768,648</u>    | <u>220,305,656</u>    | <u>168,025,277</u>      | <u>171,095,964</u>      | <u>384,793,925</u>      | <u>391,401,620</u>      |
| <b>General revenue:</b>          |                       |                       |                         |                         |                         |                         |
| General property taxes           | 540,601,607           | 497,486,266           | -                       | -                       | 540,601,607             | 497,486,266             |
| Local income taxes               | 334,647,487           | 372,100,233           | -                       | -                       | 334,647,487             | 372,100,233             |
| State shared taxes               | 7,931,069             | 7,738,672             | -                       | -                       | 7,931,069               | 7,738,672               |
| Recordation & transfer taxes     | 55,811,003            | 82,775,541            | -                       | -                       | 55,811,003              | 82,775,541              |
| Local sales taxes                | 33,269,235            | 37,380,289            | -                       | -                       | 33,269,235              | 37,380,289              |
| Investment income                | 6,565,289             | 13,589,632            | 8,602,409               | 11,065,947              | 15,167,698              | 24,655,579              |
| Other revenue                    | -                     | -                     | 6,096,915               | 8,388,227               | 6,096,915               | 8,388,227               |
| Extraordinary Item- Due to State | -                     | -                     | -                       | -                       | -                       | -                       |
|                                  | <u>978,825,690</u>    | <u>1,011,070,633</u>  | <u>14,699,324</u>       | <u>19,454,174</u>       | <u>993,525,014</u>      | <u>1,030,524,807</u>    |
| <b>Total revenues</b>            | <u>1,195,594,338</u>  | <u>1,231,376,289</u>  | <u>182,724,601</u>      | <u>190,550,138</u>      | <u>1,378,318,939</u>    | <u>1,421,926,427</u>    |
| <b>Expenses:</b>                 |                       |                       |                         |                         |                         |                         |
| Education                        | 685,499,312           | 648,186,727           | -                       | -                       | 685,499,312             | 648,186,727             |
| Public safety                    | 267,140,128           | 261,315,047           | -                       | -                       | 267,140,128             | 261,315,047             |
| General government               | 119,848,947           | 108,535,979           | -                       | -                       | 119,848,947             | 108,535,979             |
| Health & human services          | 73,669,152            | 76,398,645            | -                       | -                       | 73,669,152              | 76,398,645              |
| Public works                     | 68,103,213            | 75,748,125            | -                       | -                       | 68,103,213              | 75,748,125              |
| Recreation & community services  | 63,031,568            | 60,226,846            | -                       | -                       | 63,031,568              | 60,226,846              |
| Judicial                         | 26,394,571            | 25,577,483            | -                       | -                       | 26,394,571              | 25,577,483              |
| Code enforcement                 | 13,378,406            | 13,543,199            | -                       | -                       | 13,378,406              | 13,543,199              |
| Land use & development           | 12,995,469            | 10,686,609            | -                       | -                       | 12,995,469              | 10,686,609              |
| Economic development             | -                     | 3,770,200             | -                       | -                       | -                       | 3,770,200               |
| Interest expense on debt         | 29,795,371            | 31,419,910            | -                       | -                       | 29,795,371              | 31,419,910              |
| Water & wastewater               | -                     | -                     | 114,150,394             | 113,666,002             | 114,150,394             | 113,666,002             |
| Waste collection                 | -                     | -                     | 47,884,754              | 44,042,614              | 47,884,754              | 44,042,614              |
| Child care                       | -                     | -                     | 3,755,972               | 3,324,498               | 3,755,972               | 3,324,498               |
| <b>Total expenses</b>            | <u>1,359,856,137</u>  | <u>1,315,408,770</u>  | <u>165,791,120</u>      | <u>161,033,114</u>      | <u>1,525,647,257</u>    | <u>1,476,441,884</u>    |
| Change in net assets             | (164,261,799)         | (84,032,481)          | 16,933,481              | 29,517,024              | (147,328,318)           | (54,515,457)            |
| Net assets, beg of year          | 582,456,000           | 666,488,481           | 1,011,103,961           | 981,586,937             | 1,593,559,961           | 1,648,075,418           |
| Net assets, end of year          | <u>\$ 418,194,201</u> | <u>\$ 582,456,000</u> | <u>\$ 1,028,037,442</u> | <u>\$ 1,011,103,961</u> | <u>\$ 1,446,231,643</u> | <u>\$ 1,593,559,961</u> |

***Distribution of Revenues and Expenses***

The two 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 2009 distribution and significant changes since 2008 follows.

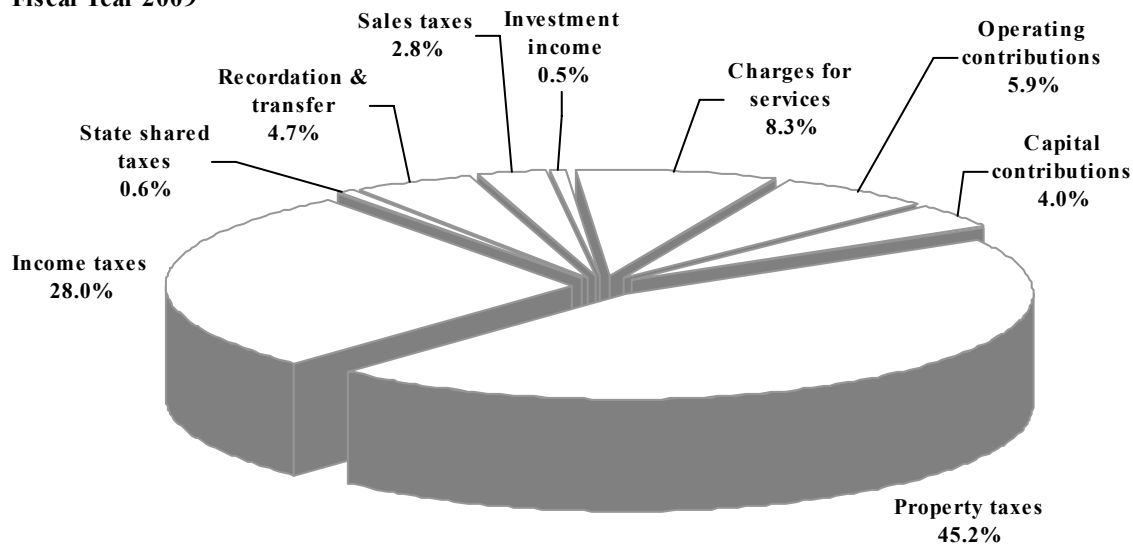
General revenue sources continue to provide the vast majority of the County's revenue. Tax revenues from property assessments, income, State shared sources, recordation and transfer, and sales of certain goods provided 81% of our revenue base, remaining consistent with fiscal year 2008. Charges for services, in which the users pay the County for services obtained, increased from 7% from fiscal year 2008 to 8% for fiscal year 2009.

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 represented 50% of total expenses. Education expenses represent those for the Anne Arundel County Board of Education and Anne Arundel Community College.

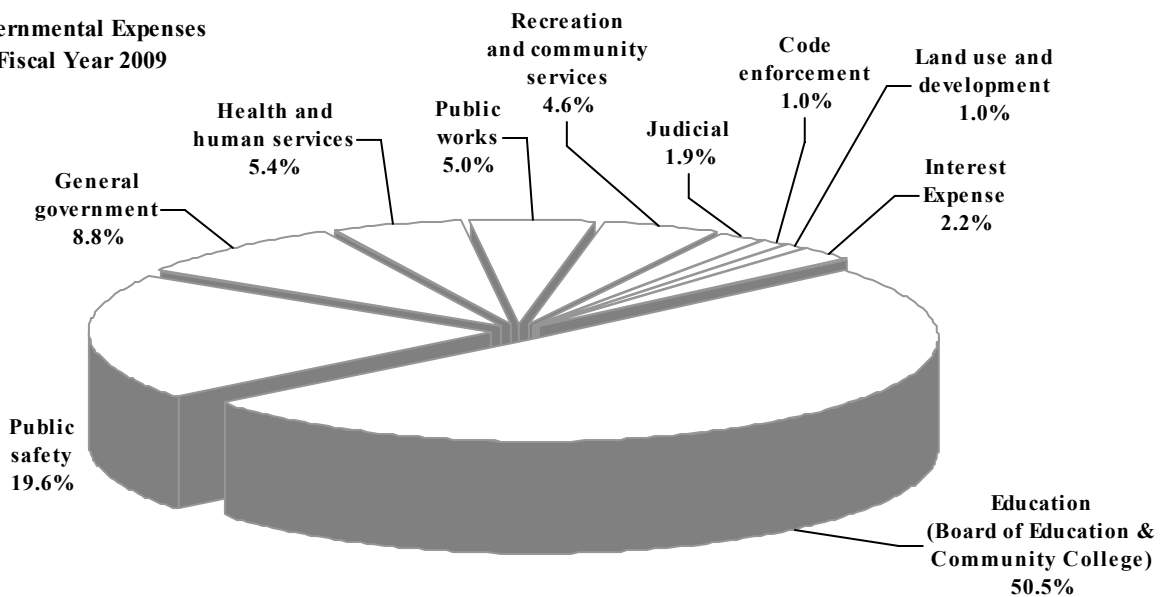
Anne Arundel County, Maryland  
 Management Discussion and Analysis  
 Year Ended June 30, 2009

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**Governmental Revenues  
 Fiscal Year 2009**



**Governmental Expenses  
 Fiscal Year 2009**



**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 decreased from \$238.3 million to \$167.9 million, or \$70.4 million, from fiscal year 2008. The decreases primarily occurred in cash and investments, State shared revenues and local income tax, which declined by \$54.4 million, \$3.7 million and \$9.5 million, respectively. Total fund balance decreased from \$117.7 million to \$45 million. The decrease in the cash and fund balance was caused by the significant decline in the recordation and transfer tax revenue of \$27 million from fiscal year 2008 and modest declines in local sales and income taxes.

**Anne Arundel County, Maryland**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2009**

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General Fund expenditures increased from \$1,109 million to \$1,140 million, or \$31 million. This growth outpaced the revenue increases; however, other sources and uses had a net outflow of \$9.1 million to the General Fund in fiscal year 2009, compared to a net outflow of \$51.9 million in 2008. This change was primarily caused by a net increase in general obligation bonds issued of \$47.3 million and a decrease in the amount of pay-as-you-go funding allocated to capital projects of \$40 million in fiscal year 2009.

The unreserved and undesignated General Fund balance decreased from \$11.8 million in fiscal year 2008 to (\$2.1 million) in 2009. Of the \$72.7 million decrease in fund balance in fiscal year 2009, \$13.9 million occurred in this category. The majority of the \$13.9 million decline is related to an adjustment for over distribution of income tax by the State of Maryland during fiscal year 2009 of \$8 million. The remaining decreases in the General Fund balance resulted from the lack of General fund balance designated for next year's expenditures (\$42.7 million at June 30, 2008) and a decrease in the Revenue Reserve Fund.

The County has a Revenue Reserve Fund of \$32.8 million at the end of fiscal year 2008. The reduction in this fund from the prior year of \$15 million was due to the utilization of \$16.7 million from this fund as the result of legislation enacted due to actual revenues being lower than anticipated which was offset by investment earnings of \$1.7 million. This reserve may only be used when revenues fall below budget expectations and legislative action is required. This fund has been in existence since fiscal year 1994 and this is the first time that it has been used by Management.

The General Fund balance sheet also includes a \$6.1 million reserve for debt service. The County received premiums from its March 2007, April 2008 and April 2009 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 needed for the construction of capital assets. The total assets within this fund have increased from \$49.4 million in fiscal year 2008 to \$52 million in 2009 yet the fund balance remained virtually unchanged due to accounts payable and accrued liabilities at June 30, 2009. Impact fees recognized dropped \$2.8 million, from \$8.1 million in fiscal year 2008 to \$5.3 million in 2009. This decline was due to the slow down in new development and declining interest rates also decreased investment income by \$1.5 million. The transfers to other funds also decreased as \$3.7 million was transferred in fiscal year 2009 compared to \$21.9 million in 2008.

The General County Capital Projects Fund's total assets decreased from \$126.3 million in fiscal year 2008 to \$111.2 million in 2009, or \$15.1 million. This decrease is due to a reduction of cash and investments in the fund at the end of the fiscal year resulting from declining pay-as-you funds available during fiscal year 2008. Liabilities decreased by \$12.4 million, primarily due to a decrease in the amount due to the Board of Education and Community Colleges for its capital improvement projects of \$13.8 million offset by increases in accrued liabilities and deferred revenue of \$1.4 million. The reduction of the cash offset by the decrease in liabilities is the cause of the decrease in fund balance from \$89.9 million in fiscal year 2008 to \$87.2 million in 2009.

Revenues in the General County Capital Projects Fund remained virtually the same from fiscal year 2008 to fiscal year 2009. Expenditures in this fund increased by \$1.8 million which is attributed to an increase of \$3.9 million in capital outlays which was offset by a decrease of \$2.1 million in the amounts paid to the Board of Education and Community College.

***Proprietary Funds:***

The Water and Wastewater Fund's assets, totaling \$1.4 billion at the end of fiscal year 2009, increased by \$45 million during fiscal year 2009. The increase was primarily occurred as a result of an additional \$22.9 million in cash and investments restricted for debt service and capital projects and a net increase of \$26.4 million in capital assets. Cash increases were a result of the prepaid water and wastewater connection fees and increases in the 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 \$25.5 million. Additional long-term bonded debt, the recording of the liability for OPEB benefits



**Anne Arundel County, Maryland**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2009**

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and an increase in BANS caused this increase. As a result of the changes in assets and liabilities, the Water and Wastewater Fund's net assets increased \$19.5 million, or 2%.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets shows a decrease in operating revenues of \$839,076, or 1% due to lower utilization. Rates for water and wastewater services increased in January 2009. Water rates increased from \$2.21 per thousand gallons to \$2.28 per thousand and wastewater rates increased from \$3.89 per thousand gallons to \$4.02 per thousand. Operating expenses have increased by \$2 million, or 2%. Nonoperating components remained virtually unchanged as a decrease in investment income was offset by a reduction in interest expense. Capital contributions, fees and grants, decreased by \$2.2 million due to the slowing economy. 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 \$4.2 million, or 6%. Liabilities increased by \$6.5 million (12%) from fiscal year 2008 to 2009, due to the issuance of \$3.5 million of BANS and modest increases in the other liability categories.

Operating revenue decreased by \$2.5 million. This decrease was primarily caused by a decline in other revenues of \$2.1 million (reduction in recycling fees). The user fee for household pick-up has remained at \$275 from fiscal years 2007. Expenses increased by \$4.4 million due to an increase in landfill closure and postclosure reserves of \$2.8 million and modest increases in various other categories in fiscal year 2009.

***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, 2008. Investment growth decreased from calendar year 2007 to 2008. While contributions increased from \$45.5 million in 2007 to \$47.9 million during 2008, a decline in the investment activity of \$592.4 million in 2008, resulted in a decrease in net assets of \$474.9 million, compared to an increase \$121.9 million in 2008. Agency funds decreased from \$17.4 million to \$14.3 million. The decrease was primarily caused by the decline in the tax sale escrow deposits account, which was drawn down by a net \$2.5 million during fiscal year 2009 due to a decline in the number of tax sale bidders.

**Budgetary Variations**

The budgetary statements of the General Fund show actual revenues of \$1.139 billion compared to budgeted amounts of \$1.174 billion, resulting in \$34.8 million less revenue than anticipated. The most significant budgetary variation within components of revenue was recordation and transfer taxes, which underperformed the budget by \$27.2 million, or 33%, and local income taxes, which underperformed budgetary expectation by \$16.6 million, or 4%. General property taxes were favorable due to continued economic growth in the County.

Functional expenditures were within budget for all categories. Total expenditures on a budgetary basis were \$1.190 billion compared to appropriation authority of \$1.216 billion, resulting in \$26.4 million, or 2%, less than planned. The amended budget anticipated using fund balance of \$42.7 million; however, \$51 million of fund balance was actually used due to the significant decline in anticipated revenues.

The only notable variances in expenditures were general government, which under spent by \$9.6 million, or 9%, public safety under spent by \$9.2 million or 4%, and health and human services under spent by \$3.2 million or 7%. The variance in the general government category occurred in part because the County did not use \$6.7 million of the contingency monies set aside in the budget.

In reviewing the changes from the original budget to the final budget, budgeted revenue remained the same. The expenditure categories with nominal increases were education; public safety; judicial; land use and development; and code enforcement. The budget for general government declined as excess appropriations were moved to departments in need of additional spending authority. Management is not aware of any reasons why these and other budgetary variations would have a significant effect on future liquidity or services.

**Anne Arundel County, Maryland**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2009**

**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 \$29.6 million, or 3%. The table below further shows a \$10.2 million, or 5% decrease in infrastructure (roads, bridges and signals). This decrease was caused by declines in capital project closures and developer contributions. There was a net \$8.3 million decrease in the buildings category caused by no significant completed projects. Construction in progress has increased by \$28.7 million, or 21%. The continued progress on capital projects was increased by the significant amount of expenditures related to those projects that were in progress at the end of fiscal year 2009.

*Business-type capital assets* – The capital assets in business-type activities increased by \$27.3 million, or 2%, from fiscal year 2008. Many of the categories of assets show little change since new additions are negated by the continued depreciation of existing assets. However, construction in progress increased by \$22.8 million, or 11%. Construction on major wastewater projects and a decline in fiscal year 2009 closures caused this increase.

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

|                                  | Governmental Activities |                  | Business-type Activities |                  | Total            |                  |
|----------------------------------|-------------------------|------------------|--------------------------|------------------|------------------|------------------|
|                                  | 2009                    | 2008             | 2009                     | 2008             | 2009             | 2008             |
| Land and easements               | \$ 183,214,719          | \$ 175,559,025   | \$ 11,935,497            | \$ 10,851,497    | \$ 195,150,216   | \$ 186,410,522   |
| Historical property              |                         |                  |                          |                  |                  |                  |
| and works of art                 | 4,166,465               | 4,166,465        | -                        | -                | 4,166,465        | 4,166,465        |
| Land improvements                | 103,082,586             | 97,414,323       | -                        | -                | 103,082,586      | 97,414,323       |
| Landfills                        | -                       | -                | 8,938,492                | 9,314,203        | 8,938,492        | 9,314,203        |
| Buildings                        | 222,745,647             | 231,027,845      | 20,222,101               | 20,719,076       | 242,967,748      | 251,746,921      |
| Roads, bridges and signals       | 183,828,117             | 194,029,796      | -                        | -                | 183,828,117      | 194,029,796      |
| Sidewalks, curbs and gutters     | 24,453,962              | 22,241,744       | -                        | -                | 24,453,962       | 22,241,744       |
| Storm drains and culverts        | 111,988,995             | 105,899,195      | -                        | -                | 111,988,995      | 105,899,195      |
| Water and sewer plants and lines | -                       | -                | 849,781,867              | 844,708,122      | 849,781,867      | 844,708,122      |
| Automobiles and rolling stock    | 26,969,548              | 27,785,921       | 1,825,055                | 2,219,948        | 28,794,603       | 30,005,869       |
| Furniture and equipment          | 9,415,062               | 10,793,011       | 5,951,166                | 6,347,542        | 15,366,228       | 17,140,553       |
| Software                         | 818,731                 | 866,783          | -                        | -                | 818,731          | 866,783          |
| Construction in progress         | 166,944,415             | 138,272,296      | 232,276,298              | 209,433,941      | 399,220,713      | 347,706,237      |
| Total                            | \$ 1,037,628,247        | \$ 1,008,056,404 | \$ 1,130,930,476         | \$ 1,103,594,329 | \$ 2,168,558,723 | \$ 2,111,650,733 |

The statement of net assets presents the gross asset balances and total accumulated depreciation. The table on the following page summarizes this information for depreciable assets and presents accumulated depreciation as a percentage of the gross depreciable assets.

**Anne Arundel County, Maryland**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2009**

**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 |
|----------------------|----------------------------------|--------------------------|--------------------------------|--|
| <b>Governmental</b>  |                                  |                          |                                |  |
| 2009                 | \$ 1,246,657,859                 | \$ (563,355,211)         | \$ 683,302,648                 | (45%)  |
| 2008                 | 1,216,718,686                    | (526,660,068)            | 690,058,618                    | (43%)  |
| 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%)  |
| <b>Business-type</b> |                                  |                          |                                |  |
| 2009                 | 1,403,968,594                    | (517,249,913)            | 886,718,681                    | (37%)  |
| 2008                 | 1,366,755,548                    | (483,446,657)            | 883,308,891                    | (35%)  |
| 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%)  |

This analysis shows that the governmental capital assets remained virtually the same percent depreciated in fiscal years 2004 through 2008; however, the percent increased to 45% in fiscal year 2009. 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 30% in fiscal year 2004 to 37% in fiscal year 2009.

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 2009 and 2008 is presented in the table on the next page. The County had been using short-term bond anticipation notes to fund capital project expenditures and converting this debt to long-term after the funds had been spent. In May 2009, the County issued \$71.4 million short-term bond anticipation notes in anticipation of capital project spending in early fiscal year 2010. Of the total, \$36.1 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 and solid waste projects will use \$35.3 million of the proceeds.

The County issued general obligation bonds of \$144.6 million in April 2009, including \$113.3 million for governmental activities and \$31.3 million for business-type activities. The proceeds were used to pay off \$66.8 million of bond anticipation notes issued in May 2008, and the net amount of \$77.8 million was used to fund \$63.5 million of improvements for general county projects and \$14.3 million for water and sewer and landfill capital projects.

The changes to the Federal and State loans were not significant as new loans in fiscal year 2009 of \$557,487 were offset by the principal payments of \$617,573 on existing loans. No new capital leases were added in 2009 and the balance was offset by payments totaling \$18,651 which resulted in a decrease in the capital lease balance of \$63,791. The County's initiative to purchase agricultural easements through installment purchase agreements resulted in one new agreement in fiscal year 2009, totaling \$840,000. Other changes to debt balances

**Anne Arundel County, Maryland**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2009**

resulted from principal payments during fiscal year 2009. Additional information about the County's debt and changes therein is provided in Note 8 to the basic financial statements.

| <b>Anne Arundel County, Maryland</b> |                         |                       |                          |                       |                         |                         |
|--------------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-------------------------|-------------------------|
| <b>Outstanding Debt</b>              |                         |                       |                          |                       |                         |                         |
|                                      | Governmental Activities |                       | Business-type Activities |                       | Total                   |                         |
|                                      | 2009                    | 2008                  | 2009                     | 2008                  | 2009                    | 2008                    |
| Bond anticipation notes              | \$ 36,100,000           | \$ 49,800,000         | \$ 35,300,000            | \$ 17,000,000         | \$ 71,400,000           | \$ 66,800,000           |
| General obligation bonds             | 660,245,625             | 598,691,910           | 336,672,837              | 327,083,557           | 996,918,462             | 925,775,467             |
| Special assessment debt              | 52,170,000              | 53,085,000            | -                        | -                     | 52,170,000              | 53,085,000              |
| HUD Section 108 Loan                 | 1,230,000               | 1,640,000             | -                        | -                     | 1,230,000               | 1,640,000               |
| State loans                          | 2,491,684               | 2,141,770             | -                        | -                     | 2,491,684               | 2,141,770               |
| Capital leases                       | 63,791                  | 82,442                | -                        | -                     | 63,791                  | 82,442                  |
| Installment purchase agreements      | 12,218,000              | 11,397,925            | -                        | -                     | 12,218,000              | 11,397,925              |
| <b>Total</b>                         | <b>\$ 764,519,100</b>   | <b>\$ 716,839,047</b> | <b>\$ 371,972,837</b>    | <b>\$ 344,083,557</b> | <b>\$ 1,136,491,937</b> | <b>\$ 1,060,922,604</b> |

**Fiscal Year 2009 and Beyond**

Promulgations by the Governmental Accounting Standards Board (GASB) 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 implemented 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 assuming an investment rate of return (discount rate) of 8%. However, since neither the County nor the component units have established irrevocable trusts, the actuary also calculated the liability using a 4% discount rate for the Board of Education and a 5% discount rate for the primary government and the other participating component units. This data was trended forward for fiscal year 2009 by the actuary that increased the total unfunded liability for the County and its component units to \$2.2 billion at June 30, 2009. The annual required contribution is estimated at \$160.8 million compared to the current pay-as-you-go funding level of \$48.2 million. This leaves a funding gap of \$112.6 million which was recorded as an accrued liability for other post-employment benefits for fiscal year 2009. The County has earmarked \$15 million in its fiscal year 2009 budget for post-employment health care benefits and has segregated this amount in its records. Footnote 1-N and 11 provide more information about the financial impact of these benefits.

**GASB Statement 49** - In fiscal year 2009, the County implemented GASB Statement 49. This statement requires the County to determine if any pollution remediation obligations exist and if a resultant liability should be recorded.

The County continues to see growth in certain 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 Base Realignment and Closure (BRAC) plans are implemented. However, the County expects revenue in fiscal year 2010 to be lower than expectations due to the downturn in the economy. 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 2010, the County expects growth in the property tax; however, recordation and transfer taxes are expected to decline again as the real estate market has slowed considerably.

The County's Comprehensive Annual Financial Report is available at Anne Arundel County's web page [www.aacounty.org/finance](http://www.aacounty.org/finance). For questions about its contents, please contact Richard Drain, Controller.

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**Basic  
Financial  
Statements**

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Anne Arundel County, Maryland

Statement of Net Assets

June 30, 2009

|  | Primary Government      |                          |                      | Discretely Presented Component Units |                    |                   |
|--|-------------------------|--------------------------|----------------------|--------------------------------------|--------------------|-------------------|
|  | Governmental Activities | Business-type Activities | Total                | Board of Education                   | Community College  | Other Nonmajor    |
| <b>ASSETS</b>                              |                         |                          |                      |                                      |                    |                   |
| Current Assets                             |                         |                          |                      |                                      |                    |                   |
| Cash and temporary investments             | \$ 172,362,612          | \$ 21,284,992            | \$ 193,647,604       | \$ 144,026,297                       | \$ 22,506,503      | \$ 2,456,647      |
| Taxes and other State revenue receivable   | 121,360,360             | -                        | 121,360,360          | 20,844,035                           | 2,686,373          | -                 |
| Service billings receivable                | -                       | 20,745,368               | 20,745,368           | -                                    | -                  | 59,123            |
| Prepays and other assets                   | 17,039,762              | -                        | 17,039,762           | 13,416,694                           | 9,568,629          | 783,506           |
| Inventories                                | 2,129,050               | 1,711,254                | 3,840,304            | 2,108,892                            | 1,337,143          | 56,088            |
| Due from primary government                | -                       | -                        | -                    | 12,154,035                           | 484,524            | 1,526,012         |
| Restricted assets                          |                         |                          |                      |                                      |                    |                   |
| Cash and temporary investments             | 161,080,792             | 102,284,248              | 263,365,040          | -                                    | -                  | 1,276,665         |
| Investments                                | -                       | 143,725,574              | 143,725,574          | -                                    | -                  | 401,785           |
| Receivables                                |                         |                          |                      |                                      |                    |                   |
| Due from other governmental agencies       | 13,254,711              | 341,875                  | 13,596,586           | -                                    | -                  | -                 |
| Other, net                                 | 398,011                 | 10,488,943               | 10,886,954           | -                                    | -                  | -                 |
| Other assets                               | -                       | -                        | -                    | -                                    | -                  | 50,750            |
| Total current assets                       | <u>487,625,298</u>      | <u>300,582,254</u>       | <u>788,207,552</u>   | <u>192,549,953</u>                   | <u>36,583,172</u>  | <u>6,610,576</u>  |
| Noncurrent Assets                          |                         |                          |                      |                                      |                    |                   |
| Restricted assets                          |                         |                          |                      |                                      |                    |                   |
| Deferred assessment and connection charges | -                       | 57,811,308               | 57,811,308           | -                                    | -                  | -                 |
| Notes and loans receivable                 | -                       | -                        | -                    | -                                    | -                  | 250,569           |
| Total noncurrent restricted assets         | -                       | 57,811,308               | 57,811,308           | -                                    | -                  | 250,569           |
| Loans receivable and other assets          | -                       | -                        | -                    | -                                    | 6,846,787          | 897,393           |
| Capital assets not being depreciated       | 354,325,599             | 244,211,795              | 598,537,394          | 169,972,420                          | 3,780,554          | -                 |
| Capital assets being depreciated           | 1,246,657,859           | 1,403,968,594            | 2,650,626,453        | 1,017,015,899                        | 145,951,789        | 28,157,573        |
| Less accumulated depreciation              | (563,355,211)           | (517,249,913)            | (1,080,605,124)      | (477,539,835)                        | (61,126,930)       | (9,837,700)       |
|  | <u>683,302,648</u>      | <u>886,718,681</u>       | <u>1,570,021,329</u> | <u>539,476,064</u>                   | <u>84,824,859</u>  | <u>18,319,873</u> |
| Total capital assets                       | <u>1,037,628,247</u>    | <u>1,130,930,476</u>     | <u>2,168,558,723</u> | <u>709,448,484</u>                   | <u>88,605,413</u>  | <u>18,319,873</u> |
| Total noncurrent assets                    | <u>1,037,628,247</u>    | <u>1,188,741,784</u>     | <u>2,226,370,031</u> | <u>709,448,484</u>                   | <u>95,452,200</u>  | <u>19,467,835</u> |
| Total assets                               | <u>1,525,253,545</u>    | <u>1,489,324,038</u>     | <u>3,014,577,583</u> | <u>901,998,437</u>                   | <u>132,035,372</u> | <u>26,078,411</u> |



Anne Arundel County, Maryland

Statement of Net Assets

June 30, 2009

|  | Primary Government      |                          |                         | Discretely Presented Component Units |                      |                      |
|--|-------------------------|--------------------------|-------------------------|--------------------------------------|----------------------|----------------------|
|  | Governmental Activities | Business-type Activities | Total                   | Board of Education                   | Community College    | Other Nonmajor       |
| <b>LIABILITIES</b>                                   |                         |                          |                         |                                      |                      |                      |
| Current liabilities                                  |                         |                          |                         |                                      |                      |                      |
| Accounts payable and accrued liabilities             | 48,606,953              | 10,616,660               | 59,223,613              | 138,965,895                          | 7,737,645            | 1,142,826            |
| Current portion of non-current liabilities           | 91,452,552              | 23,604,711               | 115,057,263             | 8,935,561                            | -                    | 702,574              |
| Notes payable  | -                       | -                        | -                       | -                                    | -                    | 781,952              |
| Bond anticipation notes                              | 36,100,000              | 35,300,000               | 71,400,000              | -                                    | -                    | -                    |
| Internal balances                                    | 900,131                 | (900,131)                | -                       | -                                    | -                    | -                    |
| Due to component units                               | 1,546,012               | -                        | 1,546,012               | -                                    | -                    | -                    |
| Escrow deposits                                      | 592,480                 | 242,336                  | 834,816                 | -                                    | -                    | -                    |
| Unearned/deferred revenue                            | -                       | -                        | -                       | 9,022,782                            | 7,976,262            | 170,315              |
| Liabilities related to restricted assets             |                         |                          |                         |                                      |                      |                      |
| Accounts payable and accrued liabilities             | 15,184,217              | 13,573,533               | 28,757,750              | -                                    | 673,671              | 5,852                |
| Due to component units                               | 12,618,559              | -                        | 12,618,559              | -                                    | -                    | -                    |
| Escrow and other deposits                            | 4,694,218               | 802,798                  | 5,497,016               | -                                    | -                    | 12,032               |
| Unearned revenue                                     | 5,215,541               | 14,195,806               | 19,411,347              | -                                    | -                    | 220,000              |
| Total current liabilities                            | <u>216,910,663</u>      | <u>97,435,713</u>        | <u>314,346,376</u>      | <u>156,924,238</u>                   | <u>16,387,578</u>    | <u>3,035,551</u>     |
| Noncurrent liabilities                               |                         |                          |                         |                                      |                      |                      |
| Compensated absences and other obligations           | 58,450                  | 9,664                    | 68,114                  | 34,517,518                           | 1,549,579            | -                    |
| Accrued liability for other post-employment benefits | 116,668,964             | 10,157,212               | 126,826,176             | 81,103,765                           | 9,836,384            | 4,665,331            |
| Unpaid insurance claims                              | 48,047,000              | -                        | 48,047,000              | -                                    | -                    | -                    |
| Estimated landfill closure and postclosure           | -                       | 34,228,859               | 34,228,859              | -                                    | -                    | -                    |
| Long-term debt, net of deferred refunding gain/loss  | 702,900,196             | 315,860,388              | 1,018,760,584           | 6,058,894                            | 14,258,774           | 88,135               |
| Unearned revenue                                     | 22,474,071              | 3,594,760                | 26,068,831              | -                                    | -                    | -                    |
| Total noncurrent liabilities                         | <u>890,148,681</u>      | <u>363,850,883</u>       | <u>1,253,999,564</u>    | <u>121,680,177</u>                   | <u>25,644,737</u>    | <u>4,753,466</u>     |
| Total liabilities                                    | <u>1,107,059,344</u>    | <u>461,286,596</u>       | <u>1,568,345,940</u>    | <u>278,604,415</u>                   | <u>42,032,315</u>    | <u>7,789,017</u>     |
| <b>NET ASSETS</b>                                    |                         |                          |                         |                                      |                      |                      |
| Invested in capital assets, net of related debt      | 623,584,525             | 810,998,630              | 1,434,583,155           | 709,448,484                          | 77,305,012           | 18,211,199           |
| Restricted for:                                      |                         |                          |                         |                                      |                      |                      |
| Revenue stabilization                                | 32,778,154              | -                        | 32,778,154              | -                                    | -                    | -                    |
| Debt service   | 11,683,434              | 200,012,523              | 211,695,957             | -                                    | -                    | -                    |
| Capital improvements                                 | 121,074,932             | 18,912,824               | 139,987,756             | -                                    | -                    | -                    |
| Scholarships/endowments                              | -                       | -                        | -                       | -                                    | 6,766,406            | -                    |
| Reforestation  | 5,027,348               | -                        | 5,027,348               | -                                    | -                    | -                    |
| Other purposes                                       | 4,739,945               | 614,500                  | 5,354,445               | 3,113,499                            | -                    | 1,973,917            |
| Unrestricted   | <u>(380,694,137)</u>    | <u>(2,501,035)</u>       | <u>(383,195,172)</u>    | <u>(89,167,961)</u>                  | <u>5,931,639</u>     | <u>(1,895,722)</u>   |
| Total net assets                                     | <u>\$ 418,194,201</u>   | <u>\$ 1,028,037,442</u>  | <u>\$ 1,446,231,643</u> | <u>\$ 623,394,022</u>                | <u>\$ 90,003,057</u> | <u>\$ 18,289,394</u> |

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

Anne Arundel County, Maryland

Statement of Activities

Year Ended June 30, 2009

| Functions / Programs              | Expenses                       | Program Revenues             |                                    |                                  |
|-----------------------------------|--------------------------------|------------------------------|------------------------------------|----------------------------------|
|                                   |                                | Charges for Services         | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary government</b>         |                                |                              |                                    |                                  |
| Governmental activities           |                                |                              |                                    |                                  |
| Education                         | \$ 685,499,312                 | \$ -                         | \$ -                               | \$ 10,174,110                    |
| Public safety                     | 267,140,128                    | 17,048,282                   | 2,159,126                          | 243,150                          |
| General government                | 119,848,947                    | 40,484,904                   | 3,011,373                          | 4,060,427                        |
| Health and human services         | 73,669,152                     | 7,114,433                    | 28,483,358                         | -                                |
| Public works                      | 68,103,213                     | 2,490,608                    | 25,351,947                         | 20,409,308                       |
| Recreation and community services | 63,031,568                     | 16,904,206                   | 8,336,881                          | 12,335,042                       |
| Judicial                          | 26,394,571                     | 2,773,565                    | 2,335,527                          | -                                |
| Code enforcement                  | 13,378,406                     | 10,763,650                   | -                                  | -                                |
| Land use and development          | 12,995,469                     | 1,050,358                    | 680,516                            | 352,062                          |
| Interest on debt and leases       | 29,795,371                     | -                            | 205,815                            | -                                |
|                                   | <u>1,359,856,137</u>           | <u>98,630,006</u>            | <u>70,564,543</u>                  | <u>47,574,099</u>                |
| Business-type activities          |                                |                              |                                    |                                  |
| Water and wastewater              | 114,150,394                    | 71,621,589                   | -                                  | 49,630,063                       |
| Waste collection                  | 47,884,754                     | 43,281,002                   | -                                  | -                                |
| Child care                        | 3,755,972                      | 3,492,623                    | -                                  | -                                |
|                                   | <u>165,791,120</u>             | <u>118,395,214</u>           | <u>-</u>                           | <u>49,630,063</u>                |
| <b>Total primary government</b>   | <b>\$ <u>1,525,647,257</u></b> | <b>\$ <u>217,025,220</u></b> | <b>\$ <u>70,564,543</u></b>        | <b>\$ <u>97,204,162</u></b>      |
| <b>Component units</b>            |                                |                              |                                    |                                  |
| Board of Education                | \$ 1,085,757,737               | \$ 12,838,744                | \$ 141,448,338                     | \$ 120,384,184                   |
| Community College                 | 132,502,107                    | 44,842,496                   | 13,527,367                         | 11,225,352                       |
| Library System                    | 22,779,514                     | 905,803                      | 3,214,133                          | 3,145,365                        |
| Economic Development Corp         | 2,911,137                      | 342,078                      | 807,110                            | -                                |
| Tipton Airport Authority          | 2,088,522                      | 1,538,010                    | -                                  | 924,071                          |
| Workforce Development             | 2,404,347                      | -                            | 2,375,298                          | -                                |
| <b>Total component units</b>      | <b>\$ <u>1,248,443,364</u></b> | <b>\$ <u>60,467,131</u></b>  | <b>\$ <u>161,372,246</u></b>       | <b>\$ <u>135,678,972</u></b>     |

|                                      |
|--------------------------------------|
| 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                        |
| <br>Total general revenues           |
| <br>Changes in net assets            |
| <br>Net assets, July 1 (as restated) |
| Net assets, June 30                  |

Accompanying notes to the 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       |
| \$ (675,325,202)        | \$ -                     | \$ (675,325,202)        | \$ -                                 | \$ -                 | \$ -                 |
| (247,689,570)           | -                        | (247,689,570)           | -                                    | -                    | -                    |
| (72,292,243)            | -                        | (72,292,243)            | -                                    | -                    | -                    |
| (38,071,361)            | -                        | (38,071,361)            | -                                    | -                    | -                    |
| (19,851,350)            | -                        | (19,851,350)            | -                                    | -                    | -                    |
| (25,455,439)            | -                        | (25,455,439)            | -                                    | -                    | -                    |
| (21,285,479)            | -                        | (21,285,479)            | -                                    | -                    | -                    |
| (2,614,756)             | -                        | (2,614,756)             | -                                    | -                    | -                    |
| (10,912,533)            | -                        | (10,912,533)            | -                                    | -                    | -                    |
| (29,589,556)            | -                        | (29,589,556)            | -                                    | -                    | -                    |
| <u>(1,143,087,489)</u>  | <u>-</u>                 | <u>(1,143,087,489)</u>  | <u>-</u>                             | <u>-</u>             | <u>-</u>             |
| -                       | 7,101,258                | 7,101,258               | -                                    | -                    | -                    |
| -                       | (4,603,752)              | (4,603,752)             | -                                    | -                    | -                    |
| -                       | <u>(263,349)</u>         | <u>(263,349)</u>        | -                                    | -                    | -                    |
| -                       | 2,234,157                | 2,234,157               | -                                    | -                    | -                    |
| <u>(1,143,087,489)</u>  | <u>2,234,157</u>         | <u>(1,140,853,332)</u>  | <u>-</u>                             | <u>-</u>             | <u>-</u>             |
| -                       | -                        | -                       | (811,086,471)                        | -                    | -                    |
| -                       | -                        | -                       | -                                    | (62,906,892)         | -                    |
| -                       | -                        | -                       | -                                    | -                    | (15,514,213)         |
| -                       | -                        | -                       | -                                    | -                    | (1,761,949)          |
| -                       | -                        | -                       | -                                    | -                    | 373,559              |
| -                       | -                        | -                       | -                                    | -                    | <u>(29,049)</u>      |
| -                       | -                        | -                       | (811,086,471)                        | (62,906,892)         | (16,931,652)         |
| 540,601,607             | -                        | 540,601,607             | -                                    | -                    | -                    |
| 334,647,487             | -                        | 334,647,487             | -                                    | -                    | -                    |
| 7,931,069               | -                        | 7,931,069               | -                                    | -                    | 1,050,000            |
| 55,811,003              | -                        | 55,811,003              | -                                    | -                    | -                    |
| 33,269,235              | -                        | 33,269,235              | -                                    | -                    | -                    |
| -                       | -                        | -                       | 800,949,576                          | 66,533,500           | 14,764,968           |
| 6,565,289               | 8,602,409                | 15,167,698              | 1,389,337                            | (857,812)            | 75,210               |
| -                       | <u>6,096,915</u>         | <u>6,096,915</u>        | <u>6,551,803</u>                     | <u>377,791</u>       | <u>121,525</u>       |
| <u>978,825,690</u>      | <u>14,699,324</u>        | <u>993,525,014</u>      | <u>808,890,716</u>                   | <u>66,053,479</u>    | <u>16,011,703</u>    |
| (164,261,799)           | 16,933,481               | (147,328,318)           | (2,195,755)                          | 3,146,587            | (919,949)            |
| <u>582,456,000</u>      | <u>1,011,103,961</u>     | <u>1,593,559,961</u>    | <u>625,589,777</u>                   | <u>86,856,470</u>    | <u>19,209,343</u>    |
| \$ <u>418,194,201</u>   | \$ <u>1,028,037,442</u>  | \$ <u>1,446,231,643</u> | \$ <u>623,394,022</u>                | \$ <u>90,003,057</u> | \$ <u>18,289,394</u> |

Anne Arundel County, Maryland

Balance Sheet

Governmental Funds

June 30, 2009

|   | Major Funds    |               |                                    | Nonmajor              | Totals         |
|---|----------------|---------------|------------------------------------|-----------------------|----------------|
|   | General        | Impact Fees   | General County<br>Capital Projects | Governmental<br>Funds |                |
| <b>ASSETS</b>   |                |               |                                    |                       |                |
| Cash and investments  | \$ 32,661,518  | \$ 51,987,901 | \$ 106,284,078                     | \$ 28,808,813         | \$ 219,742,310 |
| Receivables   |                |               |                                    |                       |                |
| Property taxes<br>(net of \$1,493,103 allowance)            | 2,030,590      | -             | -                                  | -                     | 2,030,590      |
| Local sales taxes   | 3,812,385      | -             | -                                  | -                     | 3,812,385      |
| State shared revenues                                       | 12,316,012     | -             | -                                  | -                     | 12,316,012     |
| Due from other governmental agencies<br>(net of allowances) | 864,937        | -             | 4,936,117                          | 8,318,594             | 14,119,648     |
| Due from other funds  | 4,724,593      | -             | -                                  | -                     | 4,724,593      |
| Local income tax  | 102,336,436    | -             | -                                  | -                     | 102,336,436    |
| Other, net  | 7,704,697      | 10,242        | 15,000                             | 372,769               | 8,102,708      |
| Inventories   | 1,453,732      | -             | -                                  | -                     | 1,453,732      |
| Total assets  | \$ 167,904,900 | \$ 51,998,143 | \$ 111,235,195                     | \$ 37,500,176         | \$ 368,638,414 |
| <b>LIABILITIES</b>  |                |               |                                    |                       |                |
| Accounts payable and accrued liabilities                    | \$ 33,835,967  | \$ 2,344,436  | \$ 9,433,658                       | \$ 3,406,123          | \$ 49,020,184  |
| Due to other funds  | 448,397        | -             | -                                  | 4,724,593             | 5,172,990      |
| Due to component units                                      |                |               |                                    |                       |                |
| Board of Education  | 20,000         | -             | 12,134,035                         | -                     | 12,154,035     |
| Community College   | -              | -             | 484,524                            | -                     | 484,524        |
| Library   | 1,526,012      | -             | -                                  | -                     | 1,526,012      |
| Escrow and other deposits                                   | 592,480        | -             | -                                  | 4,694,218             | 5,286,698      |
| Deferred revenue  | 86,518,055     | -             | 1,934,784                          | 7,431,633             | 95,884,472     |
| Total liabilities   | 122,940,911    | 2,344,436     | 23,987,001                         | 20,256,567            | 169,528,915    |
| <b>FUND BALANCES</b>  |                |               |                                    |                       |                |
| Reserved for:   |                |               |                                    |                       |                |
| Encumbrances  | 5,622,556      | -             | 34,500,276                         | 3,968,152             | 44,090,984     |
| Revenue stabilization fund                                  | 32,778,154     | -             | -                                  | -                     | 32,778,154     |
| Golf courses reserves                                       | 1,092,910      | -             | -                                  | -                     | 1,092,910      |
| Reserved for debt service                                   | 6,109,093      | -             | -                                  | -                     | 6,109,093      |
| Inventories   | 1,453,732      | -             | -                                  | -                     | 1,453,732      |
| Unreserved  |                |               |                                    |                       |                |
| Designated for next year's expenditures in:                 |                |               |                                    |                       |                |
| Special revenue funds                                       | -              | 30,798,192    | -                                  | 5,023,830             | 35,822,022     |
| Capital projects funds                                      | -              | -             | -                                  | 583,509               | 583,509        |
| Debt service funds  | -              | -             | -                                  | 261,853               | 261,853        |
| Undesignated in:  |                |               |                                    |                       |                |
| General fund  | (2,092,456)    | -             | -                                  | -                     | (2,092,456)    |
| Special revenue funds                                       | -              | 18,855,515    | -                                  | 1,981,046             | 20,836,561     |
| Capital projects funds                                      | -              | -             | 52,747,918                         | 167,228               | 52,915,146     |
| Debt service funds  | -              | -             | -                                  | 5,257,991             | 5,257,991      |
| Total fund balances   | 44,963,989     | 49,653,707    | 87,248,194                         | 17,243,609            | 199,109,499    |
| Total liabilities and fund balances                         | \$ 167,904,900 | \$ 51,998,143 | \$ 111,235,195                     | \$ 37,500,176         | \$ 368,638,414 |

Accompanying notes to the financial statements are an integral part of this balance sheet.

Anne Arundel County, Maryland

Reconciliation of Governmental Fund Balance to Governmental Net Assets

Governmental Funds

June 30, 2009

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|   |                       |
|---|-----------------------|
| Total fund balance for governmental funds as shown on the Balance Sheet   | \$ 199,109,499        |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported on governmental funds balance sheet.                              |                       |
| Capital assets  | 1,538,202,240         |
| Accumulated depreciation  | (523,240,505)         |
| 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  | (36,100,000)          |
| Long-term bonded debt   | (724,659,102)         |
| Federal and state loans   | (3,721,684)           |
| Local tax reserve - due to State of Maryland  | (32,663,346)          |
| Unamortized loss on refunding   | 22,963                |
| Other post-employment benefits  | (114,933,772)         |
| Compensated absences  | (18,956,447)          |
| Capital leases liability  | (63,791)              |
| Accrued interest payable on debt is not recorded in governmental fund.  | (8,739,102)           |
| 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.                                    | 91,201,426            |
| Premiums received on certain bond issues have been deferred on the Statement of Net Assets.   | (23,006,566)          |
| 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 of the Internal Service Funds  | 72,070,077            |
| Business-type activities allocation of Internal Service Funds net assets  | (934,532)             |
| Certain expenditures paid with current resources have been deferred to future periods on the Statement of Net Assets.   | <u>4,606,843</u>      |
| Total net assets for governmental activities as shown on Statement of Net Assets  | <u>\$ 418,194,201</u> |

*Accompanying notes to 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, 2009

|  | Major Funds          |                      |                                    | Nonmajor              | Totals                |
|--|----------------------|----------------------|------------------------------------|-----------------------|-----------------------|
|  | General              | Impact Fees          | General County<br>Capital Projects | Governmental<br>Funds |                       |
| <b>REVENUES</b>                            |                      |                      |                                    |                       |                       |
| General property taxes                     | \$ 521,131,638       | \$ -                 | \$ -                               | \$ 21,881,142         | \$ 543,012,780        |
| Local income taxes                         | 364,527,636          | -                    | -                                  | -                     | 364,527,636           |
| State shared taxes                         | 33,038,198           | -                    | -                                  | -                     | 33,038,198            |
| Grants and aid                             | 3,985,449            | -                    | 25,081,877                         | 38,248,551            | 67,315,877            |
| Recordation and transfer taxes             | 55,811,003           | -                    | -                                  | -                     | 55,811,003            |
| Local sales taxes                          | 33,269,235           | -                    | -                                  | -                     | 33,269,235            |
| License and permit fees                    | 15,034,858           | -                    | -                                  | -                     | 15,034,858            |
| Impact fees                                | -                    | 5,330,130            | -                                  | -                     | 5,330,130             |
| Special community benefit taxes            | -                    | -                    | -                                  | 5,906,041             | 5,906,041             |
| Investment income                          | 4,426,002            | 929,351              | 923,379                            | 678,680               | 6,957,412             |
| Fees for services and other revenue        | 45,132,872           | -                    | 3,456,143                          | 4,920,304             | 53,509,319            |
| Total revenues                             | <u>1,076,356,891</u> | <u>6,259,481</u>     | <u>29,461,399</u>                  | <u>71,634,718</u>     | <u>1,183,712,489</u>  |
| <b>EXPENDITURES</b>                        |                      |                      |                                    |                       |                       |
| Current                                    |                      |                      |                                    |                       |                       |
| Education                                  | 585,161,575          | 131,234              | 99,196,415                         | -                     | 684,489,224           |
| Public safety                              | 230,653,601          | -                    | -                                  | 3,547,872             | 234,201,473           |
| General government                         | 88,226,355           | -                    | -                                  | 2,693,213             | 90,919,568            |
| Health and human services                  | 42,850,804           | -                    | -                                  | 28,916,723            | 71,767,527            |
| Public works                               | 35,232,220           | 2,268,275            | -                                  | 1,273,412             | 38,773,907            |
| Recreation and community services          | 35,845,381           | -                    | -                                  | 14,098,653            | 49,944,034            |
| Judicial                                   | 19,833,358           | -                    | -                                  | 2,772,424             | 22,605,782            |
| Code enforcement                           | 12,342,856           | -                    | -                                  | -                     | 12,342,856            |
| Land use and development                   | 8,454,202            | -                    | -                                  | 1,005,435             | 9,459,637             |
| Capital outlay                             | -                    | -                    | 69,558,190                         | 96,062                | 69,654,252            |
| Debt service                               |                      |                      |                                    |                       |                       |
| Interest payments on debt                  | 28,250,664           | -                    | -                                  | 3,231,216             | 31,481,880            |
| Principal payments on debt                 | 53,145,667           | -                    | -                                  | 1,142,498             | 54,288,165            |
| Interest payments on leases                | 5,524                | -                    | -                                  | -                     | 5,524                 |
| Principal payments on leases               | 18,651               | -                    | -                                  | -                     | 18,651                |
| Total expenditures                         | <u>1,140,020,858</u> | <u>2,399,509</u>     | <u>168,754,605</u>                 | <u>58,777,508</u>     | <u>1,369,952,480</u>  |
| Revenues over (under) expenditures         | <u>(63,663,967)</u>  | <u>3,859,972</u>     | <u>(139,293,206)</u>               | <u>12,857,210</u>     | <u>(186,239,991)</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>      |                      |                      |                                    |                       |                       |
| Transfers in                               | 19,045,272           | -                    | 99,748,984                         | 1,411,330             | 120,205,586           |
| Transfers out                              | (97,750,145)         | (3,651,809)          | (923,379)                          | (17,880,253)          | (120,205,586)         |
| General obligation bonds issued            | 113,300,000          | -                    | -                                  | -                     | 113,300,000           |
| Bond anticipation notes issued             | -                    | -                    | 36,100,000                         | -                     | 36,100,000            |
| Payment of bond anticipation notes         | (49,800,000)         | -                    | -                                  | -                     | (49,800,000)          |
| Installment purchase contracts issued      | -                    | -                    | 840,000                            | -                     | 840,000               |
| Issuance of debt - Federal and State Loans | -                    | -                    | 911,212                            | -                     | 911,212               |
| Premiums from sale of bonds                | 6,109,094            | -                    | -                                  | -                     | 6,109,094             |
| Total other financing sources (uses)       | <u>(9,095,779)</u>   | <u>(3,651,809)</u>   | <u>136,676,817</u>                 | <u>(16,468,923)</u>   | <u>107,460,306</u>    |
| Net change in fund balances                | <u>(72,759,746)</u>  | <u>208,163</u>       | <u>(2,616,389)</u>                 | <u>(3,611,713)</u>    | <u>(78,779,685)</u>   |
| Fund balances, July 1 (as restated)        | <u>117,723,735</u>   | <u>49,445,544</u>    | <u>89,864,583</u>                  | <u>20,855,322</u>     | <u>277,889,184</u>    |
| Fund balances, June 30                     | \$ <u>44,963,989</u> | \$ <u>49,653,707</u> | \$ <u>87,248,194</u>               | \$ <u>17,243,609</u>  | \$ <u>199,109,499</u> |

Accompanying notes to 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, 2009

Changes in fund balances as shown on Statement of Revenues,  
Expenditures, and Changes in Fund Balances, Governmental Funds \$ (78,779,685)

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:

|  |              |
|--|--------------|
| Current year additions of capital assets                     | 54,015,465   |
| Current year donations of capital assets                     | 12,416,496   |
| Current year disposals of capital assets                     | (890,176)    |
| Depreciation expense recorded in the Statement of Activities | (35,702,273) |

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:

|  |               |
|--|---------------|
| New debt issued in current year (including refunding debt) | (174,357,238) |
| Principal payments on debt                                 | 127,995,584   |
| Change in accrued interest payable                         | 1,692,033     |
| Amortization of prior year refunding gain/loss             | (989,383)     |
| Accrual of other post-employment benefit liability         | (57,466,065)  |
| Accrual of local tax reserve - due to State of Maryland    | (32,663,346)  |

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:

|   |             |
|---|-------------|
| Expense was deferred to future periods                  | 2,212,953   |
| Amortization of expenditures deferred in previous years | (1,443,143) |

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:

|                                  |             |
|----------------------------------|-------------|
| Deferred revenue                 | (6,109,094) |
| Amortization of amounts deferred | 2,370,685   |

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.

4,130,615

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.

19,304,773

Changes in net assets as shown in governmental activities on the Statement of Activities \$ (164,261,799)

*Accompanying notes to 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, 2009

|   | <u>Original<br/>Budget</u>  | <u>Final<br/>Budget</u>     | <u>Actual</u>              | <u>Variance</u>       |
|---|-----------------------------|-----------------------------|----------------------------|-----------------------|
| <b>REVENUES</b>   |                             |                             |                            |                       |
| General property taxes                                  | \$ 516,584,000              | \$ 516,584,000              | \$ 521,131,638             | \$ 4,547,638          |
| Local income taxes                                      | 389,000,000                 | 389,000,000                 | 372,441,155                | (16,558,845)          |
| State shared taxes                                      | 36,324,000                  | 36,324,000                  | 33,283,016                 | (3,040,984)           |
| Recordation and transfer taxes                          | 83,000,000                  | 83,000,000                  | 55,811,003                 | (27,188,997)          |
| Local sales taxes                                       | 35,463,000                  | 35,463,000                  | 33,269,235                 | (2,193,765)           |
| Licenses and permits                                    | 17,964,300                  | 17,964,300                  | 15,034,858                 | (2,929,442)           |
| Investment income                                       | 8,133,000                   | 8,133,000                   | 3,726,585                  | (4,406,415)           |
| Interfund recoveries                                    | 36,704,000                  | 36,704,000                  | 55,772,401                 | 19,068,401            |
| Fees for services and other revenues                    | <u>50,458,100</u>           | <u>50,458,100</u>           | <u>48,390,210</u>          | <u>(2,067,890)</u>    |
| Total revenues  | <u>1,173,630,400</u>        | <u>1,173,630,400</u>        | <u>1,138,860,101</u>       | <u>(34,770,299)</u>   |
| <b>EXPENDITURES</b>                                     |                             |                             |                            |                       |
| <b>Current</b>  |                             |                             |                            |                       |
| Education   | 584,642,800                 | 584,777,100                 | 584,283,578                | (493,522)             |
| Higher education  | 37,849,900                  | 37,849,900                  | 37,608,534                 | (241,366)             |
| Public safety   | 238,224,300                 | 238,624,300                 | 229,451,003                | (9,173,297)           |
| General government                                      | 114,021,300                 | 113,095,000                 | 103,475,819                | (9,619,181)           |
| Health and human services                               | 46,917,400                  | 46,917,400                  | 43,677,164                 | (3,240,236)           |
| Public works  | 37,264,900                  | 37,264,900                  | 37,264,441                 | (459)                 |
| Recreation and community services                       | 39,249,700                  | 39,249,700                  | 37,911,970                 | (1,337,730)           |
| Judicial  | 20,159,200                  | 20,484,200                  | 20,083,876                 | (400,324)             |
| Land use and development                                | 8,717,000                   | 8,737,000                   | 8,395,892                  | (341,108)             |
| Code enforcement  | 12,956,100                  | 13,003,100                  | 12,321,328                 | (681,772)             |
| Debt service  | 43,382,000                  | 43,382,000                  | 42,466,752                 | (915,248)             |
| Pay go funding - capital projects                       | <u>32,913,000</u>           | <u>32,913,000</u>           | <u>32,913,000</u>          | <u>-</u>              |
| Total expenditures                                      | <u>1,216,297,600</u>        | <u>1,216,297,600</u>        | <u>1,189,853,357</u>       | <u>(26,444,243)</u>   |
| Revenues over (under) expenditures                      | (42,667,200)                | (42,667,200)                | (50,993,256)               | \$ <u>(8,326,056)</u> |
| Fund balances, budgetary, July 1                        | <u>60,078,882</u>           | <u>60,078,882</u>           | <u>60,078,882</u>          |                       |
| Fund balances, budgetary, June 30                       | \$ <u><u>17,411,682</u></u> | \$ <u><u>17,411,682</u></u> | \$ <u><u>9,085,626</u></u> |                       |
| <b>Fund balances - Unreserved</b>                       |                             |                             |                            |                       |
| Undesignated - GAAP basis                               |                             |                             | \$ (2,092,456)             |                       |
| Effect of revenue deferrals                             |                             |                             | 3,264,563                  |                       |
| State income tax adjustment - reduction to GAAP revenue |                             |                             | <u>7,913,519</u>           |                       |
| Undesignated - Non-GAAP basis                           |                             |                             | <u>\$ 9,085,626</u>        |                       |

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



## Anne Arundel County, Maryland

## Statement of Net Assets

## Proprietary Funds

June 30, 2009

|  | Business-Type Activities - Enterprise Funds |                      |                   |                         | Governmental         |
|--|---|----------------------|-------------------|-------------------------|----------------------|
|  | Major Funds                                 |                      | Nonmajor Fund     | Totals                  | Internal             |
|  | Water and<br>Wastewater                     | Solid<br>Waste       | Child Care        |                         | Service Funds        |
| <b>ASSETS</b>  |   |                      |                   |                         |                      |
| Current assets                                       |   |                      |                   |                         |                      |
| Cash and temporary investments                       | \$ 2,172,979                                | \$ 18,303,874        | \$ 808,139        | \$ 21,284,992           | \$ 55,908,176        |
| Investments  | -   | -                    | -                 | -                       | 57,792,918           |
| Service billings receivable, net                     | 19,784,515                                  | 941,662              | 19,191            | 20,745,368              | 3,479,222            |
| Due from other funds                                 | -   | -                    | -                 | -                       | 482,798              |
| Inventories  | 1,616,825                                   | 94,429               | -                 | 1,711,254               | 675,318              |
| Other  | -   | -                    | -                 | -                       | 1,249,000            |
| Restricted assets                                    |   |                      |                   |                         |                      |
| Cash and temporary investments                       | 78,889,007                                  | 23,395,241           | -                 | 102,284,248             | -                    |
| Investments  | 143,725,574                                 | -                    | -                 | 143,725,574             | -                    |
| Receivables  |   |                      |                   |                         |                      |
| Due from other governmental agencies                 | 341,875                                     | -                    | -                 | 341,875                 | -                    |
| Other, net   | 10,488,943                                  | -                    | -                 | 10,488,943              | -                    |
| Total current assets                                 | <u>257,019,718</u>                          | <u>42,735,206</u>    | <u>827,330</u>    | <u>300,582,254</u>      | <u>119,587,432</u>   |
| Noncurrent assets                                    |   |                      |                   |                         |                      |
| Restricted assets                                    |   |                      |                   |                         |                      |
| Deferred connection and assessment charges           | 57,811,308                                  | -                    | -                 | 57,811,308              | -                    |
| Capital assets                                       | 1,579,772,997                               | 68,407,392           | -                 | 1,648,180,389           | 62,781,218           |
| Less accumulated depreciation                        | <u>(480,052,591)</u>                        | <u>(37,197,322)</u>  | <u>-</u>          | <u>(517,249,913)</u>    | <u>(40,114,706)</u>  |
| Total capital assets, net of depreciation            | <u>1,099,720,406</u>                        | <u>31,210,070</u>    | <u>-</u>          | <u>1,130,930,476</u>    | <u>22,666,512</u>    |
| Total noncurrent assets                              | <u>1,157,531,714</u>                        | <u>31,210,070</u>    | <u>-</u>          | <u>1,188,741,784</u>    | <u>22,666,512</u>    |
| Total assets   | <u>1,414,551,432</u>                        | <u>73,945,276</u>    | <u>827,330</u>    | <u>1,489,324,038</u>    | <u>142,253,944</u>   |
| <b>LIABILITIES</b>                                   |   |                      |                   |                         |                      |
| Current liabilities                                  |   |                      |                   |                         |                      |
| Accounts payable and accrued liabilities             | 7,998,845                                   | 2,531,820            | 85,995            | 10,616,660              | 6,031,884            |
| Current portion of long-term debt and obligations    | 20,696,569                                  | 2,867,314            | 40,828            | 23,604,711              | 14,350,771           |
| Bond anticipation notes                              | 31,800,000                                  | 3,500,000            | -                 | 35,300,000              | -                    |
| Due to other funds                                   | 30,204                                      | 4,197                | -                 | 34,401                  | -                    |
| Escrow deposits                                      | 127,554                                     | 114,782              | -                 | 242,336                 | -                    |
| Liabilities related to restricted assets             |   |                      |                   |                         |                      |
| Accounts payable and accrued liabilities             | 13,573,533                                  | -                    | -                 | 13,573,533              | -                    |
| Escrow deposits                                      | 802,798                                     | -                    | -                 | 802,798                 | -                    |
| Deferred revenue                                     | <u>14,195,806</u>                           | <u>-</u>             | <u>-</u>          | <u>14,195,806</u>       | <u>-</u>             |
| Total current liabilities                            | <u>89,225,309</u>                           | <u>9,018,113</u>     | <u>126,823</u>    | <u>98,370,245</u>       | <u>20,382,655</u>    |
| Noncurrent liabilities                               |   |                      |                   |                         |                      |
| Unpaid insurance claims                              | -   | -                    | -                 | -                       | 48,047,000           |
| Accrued liability for compensated absences           | -   | 7,141                | 2,523             | 9,664                   | 19,020               |
| Accrued liability for other post-employment benefits | 8,236,183                                   | 1,771,289            | 149,740           | 10,157,212              | 1,735,192            |
| Estimated landfill closure and postclosure           | -   | 34,228,859           | -                 | 34,228,859              | -                    |
| Long-term debt, net of deferred refunding gain/loss  | 299,797,008                                 | 16,063,380           | -                 | 315,860,388             | -                    |
| Deferred revenue                                     | <u>3,594,760</u>                            | <u>-</u>             | <u>-</u>          | <u>3,594,760</u>        | <u>-</u>             |
| Total noncurrent liabilities                         | <u>311,627,951</u>                          | <u>52,070,669</u>    | <u>152,263</u>    | <u>363,850,883</u>      | <u>49,801,212</u>    |
| Total liabilities                                    | <u>400,853,260</u>                          | <u>61,088,782</u>    | <u>279,086</u>    | <u>462,221,128</u>      | <u>70,183,867</u>    |
| <b>NET ASSETS</b>                                    |   |                      |                   |                         |                      |
| Invested in capital assets, net of related debt      | 793,828,471                                 | 17,170,159           | -                 | 810,998,630             | 22,666,512           |
| Restricted for debt service                          | 200,012,523                                 | -                    | -                 | 200,012,523             | -                    |
| Restricted for capital improvements                  | 17,810,617                                  | 1,102,207            | -                 | 18,912,824              | -                    |
| Restricted for other purposes                        | -   | 614,500              | -                 | 614,500                 | -                    |
| Unrestricted   | <u>2,046,561</u>                            | <u>(6,030,372)</u>   | <u>548,244</u>    | <u>(3,435,567)</u>      | <u>49,403,565</u>    |
| Total net assets                                     | <u>\$ 1,013,698,172</u>                     | <u>\$ 12,856,494</u> | <u>\$ 548,244</u> | <u>\$ 1,027,102,910</u> | <u>\$ 72,070,077</u> |

Accompanying notes to 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, 2009

---

|   |                                |
|---|--------------------------------|
| Net assets as shown on Statement of Net Assets - Proprietary Funds  | \$ 1,027,102,910               |
| 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>934,532</u>                 |
| Net assets shown on government wide Statement of Net Assets   | \$ <u><u>1,028,037,442</u></u> |

*Accompanying notes to 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, 2009

|   | Business-Type Activities - Enterprise Funds |                      |                   |                         | Governmental         |
|---|---|----------------------|-------------------|-------------------------|----------------------|
|   | Major Funds                                 |                      | Nonmajor Fund     | Totals                  | Internal             |
|   | Water and Wastewater                        | Solid Waste          | Child Care        |                         | Service Funds        |
| <b>OPERATING REVENUES</b>                       |   |                      |                   |                         |                      |
| Charges for services                            | \$ 71,621,589                               | \$ 40,783,555        | \$ 3,492,623      | \$ 115,897,767          | \$ 36,776,830        |
| Landfill charges                                | -   | 2,497,447            | -                 | 2,497,447               | -                    |
| Medical premiums                                | -   | -                    | -                 | -                       | 74,143,791           |
| Contributions for other post employment benefit | -   | -                    | -                 | -                       | 15,000,000           |
| Other revenues                                  | 3,884,612                                   | 1,193,756            | 316               | 5,078,684               | 822,279              |
| Total operating revenues                        | <u>75,506,201</u>                           | <u>44,474,758</u>    | <u>3,492,939</u>  | <u>123,473,898</u>      | <u>126,742,900</u>   |
| <b>OPERATING EXPENSES</b>                       |   |                      |                   |                         |                      |
| Personal services                               | 30,763,604                                  | 6,886,566            | 2,842,419         | 40,492,589              | 6,197,974            |
| Contractual services                            | 28,523,597                                  | 31,674,310           | 300,786           | 60,498,693              | 933,543              |
| Supplies and materials                          | 4,428,231                                   | 1,382,360            | 289,114           | 6,099,705               | 163,143              |
| Business and travel                             | 114,591                                     | 9,732                | 22,349            | 146,672                 | 27,378               |
| Cost of goods issued                            | -   | -                    | -                 | -                       | 7,266,895            |
| Depreciation                                    | 32,983,545                                  | 2,286,340            | -                 | 35,269,885              | 6,487,782            |
| Provision for claims and estimated losses       | -   | -                    | -                 | -                       | 88,321,580           |
| Landfill closure and postclosure costs          | -   | 1,829,166            | -                 | 1,829,166               | -                    |
| Other   | 10,371,350                                  | 2,975,400            | 298,600           | 13,645,350              | 1,286,800            |
| Total operating expenses                        | <u>107,184,918</u>                          | <u>47,043,874</u>    | <u>3,753,268</u>  | <u>157,982,060</u>      | <u>110,685,095</u>   |
| Operating income (loss)                         | <u>(31,678,717)</u>                         | <u>(2,569,116)</u>   | <u>(260,329)</u>  | <u>(34,508,162)</u>     | <u>16,057,805</u>    |
| <b>NONOPERATING REVENUES (EXPENSES)</b>         |   |                      |                   |                         |                      |
| Investment income                               | 6,252,883                                   | 817,566              | -                 | 7,070,449               | 2,941,048            |
| Interest earned on long-term receivables        | 1,531,960                                   | -                    | -                 | 1,531,960               | -                    |
| Other revenues (expenses)                       | 666,399                                     | 311,702              | -                 | 978,101                 | -                    |
| Interest expense                                | (6,153,949)                                 | (806,397)            | -                 | (6,960,346)             | -                    |
| Gain (loss) on disposal of assets               | 29,389                                      | 10,741               | -                 | 40,130                  | 186,402              |
| Other   | (729,197)                                   | -                    | -                 | (729,197)               | -                    |
| Income (loss) before contributions              | <u>(30,081,232)</u>                         | <u>(2,235,504)</u>   | <u>(260,329)</u>  | <u>(32,577,065)</u>     | <u>19,185,255</u>    |
| Capital contributions, fees, and grants         | <u>49,630,063</u>                           | <u>-</u>             | <u>-</u>          | <u>49,630,063</u>       | <u>-</u>             |
| Change in net assets                            | 19,548,831                                  | (2,235,504)          | (260,329)         | 17,052,998              | 19,185,255           |
| Net assets, July 1                              | 994,149,341                                 | 15,091,998           | 808,573           | 1,010,049,912           | 52,884,822           |
| Net assets, June 30                             | <u>\$ 1,013,698,172</u>                     | <u>\$ 12,856,494</u> | <u>\$ 548,244</u> | <u>\$ 1,027,102,910</u> | <u>\$ 72,070,077</u> |

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

|   |                      |
|---|----------------------|
| Change in net assets shown above  | \$ 17,052,998        |
| 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>(119,517)</u>     |
| Increase in net assets as shown on the government-wide statement of activities  | <u>\$ 16,933,481</u> |

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

## Statement of Cash Flows

## Proprietary Funds

Year Ended June 30, 2009

|  | Business-Type Activities - Enterprise Funds |                  |                  |                  | Governmental              |
|--|---|------------------|------------------|------------------|---------------------------|
|  | Major Funds                                 |                  | Nonmajor Fund    | Totals           | Activities                |
|  | Water and<br>Wastewater                     | Solid<br>Waste   | Child Care       |                  | Internal<br>Service Funds |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                             |   |                  |                  |                  |                           |
| Cash received for services   | \$ 76,228,450                               | \$ 44,755,840    | \$ 3,476,041     | \$ 124,460,331   | \$ 109,468,182            |
| Contribution for other post employment benefits                          | -   | -                | -                | -                | 15,000,000                |
| Cash received for expense reimbursement                                  | -   | -                | -                | -                | 407,672                   |
| Cash payments to suppliers for goods and services                        | (44,316,642)                                | (32,731,103)     | (914,704)        | (77,962,449)     | (8,549,830)               |
| Cash payments for insurance claims                                       | -   | -                | -                | -                | (78,597,008)              |
| Cash payments to vendors for deposit                                     | -   | -                | -                | -                | (1,249,000)               |
| Cash payments to employees for services                                  | (26,052,638)                                | (5,895,632)      | (2,732,615)      | (34,680,885)     | (5,241,749)               |
| Contributions to other funds   | -   | (2,975,400)      | -                | (2,975,400)      | -                         |
| Other operating revenues   | -   | 716              | -                | 716              | 1,064,323                 |
| Other operating expenses   | -   | -                | -                | -                | (1,286,800)               |
| Net cash provided by (used for) operating activities                     | <u>5,859,170</u>                            | <u>3,154,421</u> | <u>(171,278)</u> | <u>8,842,313</u> | <u>31,015,790</u>         |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>                  |   |                  |                  |                  |                           |
| Payments of long-term debt related to closure activities                 | -   | (436,560)        | -                | (436,560)        | -                         |
| Interest payments related to closure activities                          | -   | (197,325)        | -                | (197,325)        | -                         |
| Net cash used for noncapital financing activities                        | <u>-</u>                                    | <u>(633,885)</u> | <u>-</u>         | <u>(633,885)</u> | <u>-</u>                  |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>         |   |                  |                  |                  |                           |
| Proceeds from sale of bonds and bond anticipation notes                  | 61,000,000                                  | 5,600,000        | -                | 66,600,000       | -                         |
| Proceeds from loan   | 1,223,864                                   | -                | -                | 1,223,864        | -                         |
| Proceeds from developers' contributions                                  | 367,957                                     | -                | -                | 367,957          | -                         |
| Refunds to developers  | (752,973)                                   | -                | -                | (752,973)        | -                         |
| Assessments and connection charges                                       | 21,315,988                                  | -                | -                | 21,315,988       | -                         |
| Environmental protection fees for capital assets                         | 11,759,193                                  | -                | -                | 11,759,193       | -                         |
| Payments of long-term debt   | (20,891,021)                                | (1,917,773)      | -                | (22,808,794)     | -                         |
| Payments of bond anticipation notes                                      | (17,000,000)                                | -                | -                | (17,000,000)     | -                         |
| Interest payments  | (13,570,550)                                | (634,070)        | -                | (14,204,620)     | -                         |
| Acquisition and construction of capital assets                           | (46,033,399)                                | (2,790,743)      | -                | (48,824,142)     | (6,837,784)               |
| Payments of debt issuance costs  | (144,406)                                   | -                | -                | (144,406)        | -                         |
| Premium on sale of bonds   | 107,588                                     | -                | -                | 107,588          | -                         |
| Payments received on note receivable                                     | 1,376,531                                   | -                | -                | 1,376,531        | -                         |
| Proceeds from other capital contributions                                | 532,000                                     | -                | -                | 532,000          | -                         |
| Receipt of other income  | 636,650                                     | -                | -                | 636,650          | 354,941                   |
| Payment of capital related fees  | (671,823)                                   | -                | -                | (671,823)        | -                         |
| Net cash provided by (used for) capital and related financing activities | <u>(744,401)</u>                            | <u>257,414</u>   | <u>-</u>         | <u>(486,987)</u> | <u>(6,482,843)</u>        |

Anne Arundel County, Maryland

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2009

|  | Business-Type Activities - Enterprise Funds |                |               |                 | Governmental  |
|--|---|----------------|---------------|-----------------|---------------|
|  | Major Funds                                 |                | Nonmajor Fund | Totals          | Internal      |
|  | Water and Wastewater                        | Solid Waste    | Child Care    |                 | Service Funds |
| <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>  |   |                |               |                 |               |
| Purchase of investment securities  | (247,688,842)                               | -              | -             | (247,688,842)   | (148,352,012) |
| Sale of investment securities  | 243,167,282                                 | -              | -             | 243,167,282     | 144,211,311   |
| Interest on investments  | 7,012,799                                   | 817,566        | -             | 7,830,365       | 3,117,296     |
| Net cash provided by (used for) investing activities   | 2,491,239                                   | 817,566        | -             | 3,308,805       | (1,023,405)   |
| Net increase (decrease) in cash and cash equivalents   | 7,606,008                                   | 3,595,516      | (171,278)     | 11,030,246      | 23,509,542    |
| Cash and temporary investments, July 1   | 73,455,978                                  | 38,103,599     | 979,417       | 112,538,994     | 32,398,634    |
| Cash and temporary investments, June 30  | \$ 81,061,986                               | \$ 41,699,115  | \$ 808,139    | \$ 123,569,240  | \$ 55,908,176 |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  |   |                |               |                 |               |
| Operating income (loss)  | \$ (31,678,717)                             | \$ (2,569,116) | \$ (260,329)  | \$ (34,508,162) | \$ 16,057,805 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: |   |                |               |                 |               |
| Depreciation   | 32,983,545                                  | 2,286,340      | -             | 35,269,885      | 6,487,782     |
| Noncapital construction costs  | 1,204,745                                   | -              | -             | 1,204,745       | -             |
| Effect of changes in assets and liabilities:   |   |                |               |                 |               |
| Accounts receivable  | 722,327                                     | 281,082        | (16,898)      | 986,511         | (626,740)     |
| Deposit with provider  | -   | -              | -             | -               | (1,249,000)   |
| Inventories  | (277,130)                                   | 9,193          | -             | (267,937)       | (30,668)      |
| Accounts payable and accrued liabilities   | (1,653,541)                                 | 344,435        | 8,035         | (1,301,071)     | 4,815,519     |
| Deferred revenue   | -   | -              | -             | -               | (643,729)     |
| Unpaid claims  | -   | -              | -             | -               | 5,257,762     |
| Landfill closure and postclosure costs   | -   | 1,829,166      | -             | 1,829,166       | -             |
| Due to other funds   | 30,204                                      | 4,197          | -             | 34,401          | -             |
| Escrow deposits  | (78)  | 716            | -             | 638             | -             |
| Accrued liability for compensated absences   | (4,681)                                     | (16,303)       | 1,871         | (19,113)        | 8,648         |
| Accrued liability for OPEB benefits  | 4,532,496                                   | 984,711        | 96,043        | 5,613,250       | 938,411       |
| Net cash provided by operating activities  | \$ 5,859,170                                | \$ 3,154,421   | \$ (171,278)  | \$ 8,842,313    | \$ 31,015,790 |
| <b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>                                     |   |                |               |                 |               |
| Contributions of capital assets from developers  | \$ 7,307,634                                | \$ -           | \$ -          | \$ -            | \$ -          |
| Increase (decrease) in fair value of investments   | 1,970,688                                   | -              | -             | -               | 77,863        |
| Amortization of refunding gains (losses)   | (305,790)                                   | (4,979)        | -             | -               | -             |

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

Anne Arundel County, Maryland  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2009

|  | Pension<br>Trust Funds<br><u>(December 31, 2008)</u> | <u>Agency<br/>Funds</u> |
|--|--|-------------------------|
| <b>ASSETS</b>  |  |                         |
| Investments, at fair value:  |  |                         |
| Cash and temporary investments   | \$ 46,430,993  | \$ 14,259,262           |
| U. S. government obligations   | 8,432,659  | -                       |
| Corporate obligations  | 150,312,139  | -                       |
| Fixed income mutual funds (pools)  | 66,776,012   | -                       |
| International fixed income & pools                                       | 96,299,069   | -                       |
| Domestic equity  | 315,336,199  | -                       |
| International equity investment pools                                    | 134,792,844  | -                       |
| Real estate investment pools   | 65,682,823   | -                       |
| Private markets  | 26,848,049   | -                       |
| Aetna insurance pooled fixed income                                      | 38,192,988   | -                       |
| Absolute return funds  | 60,472,211   | -                       |
| Portable Alpha   | 22,822,533   | -                       |
| Total investments  | <u>1,032,398,519</u>                                 | <u>14,259,262</u>       |
| Collateral from securities lending transactions                          | 96,123,513   | -                       |
| Receivables:   |  |                         |
| Employer contributions   | 3,323,954  | -                       |
| Participant contributions  | 743,968  | -                       |
| Accrued interest and dividends   | 2,922,840  | -                       |
| Investment sales proceeds  | 9,459,435  | -                       |
| Total receivables  | 16,450,197   | -                       |
| Deposits on hand   | 220,462  | -                       |
| Total assets   | <u>1,145,192,691</u>                                 | <u>14,259,262</u>       |
| <b>LIABILITIES</b>   |  |                         |
| Accounts payable   | 689,629  | -                       |
| Escrow and other deposits  | -  | 14,259,262              |
| Investment commitments payable   | 34,040,674   | -                       |
| Obligation for collateral received under securities lending transactions | 96,123,513   | -                       |
| Total liabilities  | <u>130,853,816</u>                                   | <u>14,259,262</u>       |
| <b>Net assets held in trust for pension benefits</b>                     | <u>\$ 1,014,338,875</u>                              | <u>\$ -</u>             |
| (A schedule of funding progress for each plan is presented on page 73.)  |  |                         |

*Accompanying notes to the 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, 2009

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|  | Pension<br>Trust Funds<br>(December 31, 2008) |
|--|---|
| ADDITIONS  |   |
| Contributions:   |   |
| Employer   | \$ 38,407,374                                 |
| Participant  | 9,525,558                                     |
| Total contributions  | <u>47,932,932</u>                             |
| Investment income:   |   |
| Net appreciation (depreciation) in fair value of investments | (477,126,675)                                 |
| Interest income  | 19,357,469                                    |
| Dividend income  | 13,932,384                                    |
| Total investment income (loss)                               | <u>(443,836,822)</u>                          |
| Less investment expense                                      | <u>(5,455,878)</u>                            |
| Net income (loss) from investing activities                  | <u>(449,292,700)</u>                          |
| Securities lending activities:                               |   |
| Securities lending income                                    | <u>5,379,513</u>                              |
| Securities lending expenses:                                 |   |
| Borrower rebates   | 3,552,501                                     |
| Management fees  | 548,221                                       |
| Securities lending expense                                   | <u>4,100,722</u>                              |
| Securities lending net income                                | <u>1,278,791</u>                              |
| Total net investment income (loss)                           | <u>(448,013,909)</u>                          |
| Total additions  | <u>(400,080,977)</u>                          |
| DEDUCTIONS   |   |
| Participant benefit payments and refunds                     | 73,590,104                                    |
| Administrative expenses                                      | 1,180,297                                     |
| Total deductions   | <u>74,770,401</u>                             |
| Net increases (decreases)                                    | <u>(474,851,378)</u>                          |
| Net assets, beginning of year                                | <u>1,489,190,253</u>                          |
| Net assets, end of year                                      | <u>\$ 1,014,338,875</u>                       |

*Accompanying notes to the 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 of America 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 operate 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 Economic Development, 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 Corp.  
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 supported primarily by taxes and intergovernmental revenues, separately from business-type activities, which are funded primarily 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 components units or other non-County agencies have been included in governmental activities.

### **Fund Financial Statements**

The fund financial statements 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 ninety days of the end of the year as available, except for property taxes, which must be collected within sixty days. Therefore, property taxes, income taxes, certain shared taxes, 911 fees, ambulance fees, 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, road improvements, and public safety facilities 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, bonds, and grants.

**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 improvements, 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 that primarily serve the primary government and its component units. The internal service funds of the County are:

- **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 and retiree 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.
- **Central Garage and Transportation** – This fund accounts for activity in the County's Central Garage, which provides the primary government and certain component units with vehicle maintenance, fuel usage, and motor pool vehicles. Costs are recovered through fees to users for maintenance, fuel use, and vehicle lease charges.
- **Garage Replacement** – This fund accounts for the collection of replacement fees from participating funds within the primary government and certain component units. The fees are used to replace motor pool vehicles as needed.

**Fiduciary fund financial statements** - The fiduciary fund 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 available. This non-GAAP basis of accounting recognizes that the County's budget is adopted in accordance with legal requirements regarding appropriation authority and the certification of the availability of funds to support these appropriations. The County also recognizes revenue collected within ninety days of the end of the fiscal year as available for the prior year's appropriation, except for property taxes, which must be collected within sixty days, and other exceptions which involve situations where the County Controller has determined that sufficient documentation exists to support that revenues not yet collected within ninety days of the end of the year are available to support appropriations in that fiscal year. These exceptions include the recognition of grant revenue when the grant-related reimbursable expenditures are made, revenue that involves significant delays in payment from the State, such as the 911 Trust Fund reimbursements and certain Admissions tax revenues, and ambulance fees related to insurance reimbursements. 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 has a legally adopted budget and unspent appropriations at year-end carry forward to the subsequent year. All non-major governmental funds have legally adopted budgets, except for the Storm Drain Fees Fund and the Recreational Land Fees 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 that present the individual funds included in these nonmajor categories. In addition, we have provided budgetary statements of revenue and expenditures for all primary government funds for which budgets are adopted. Separate financial statements for the Library, a nonmajor component unit, are also presented 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. 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.

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 the Library Fund 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 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). Infrastructure with a value of \$50,000 or more and other assets with a value of \$5,000 or more are capitalized. Capital assets are valued at historical cost or estimated historical cost. Donated assets are valued at 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,<br>gutters and water / sewer lines | 50           | Heavy machinery and other<br>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<br>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 categorizes 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 consist 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 fund 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, premiums 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, Pension Trust Fund, 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 statements. Encumbrances as of June 30, 2009 totaled \$44,090,984 in the governmental fund types, \$34,500,276 of which is for construction activity. The proprietary funds utilize encumbrance accounting for budgetary purposes. As of June 30, 2009, the proprietary funds had encumbrances totaling \$58,691,394, of which \$54,128,231 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 as of June 30, 2009. The annual leave accrual is calculated using unused annual leave hours as of June 30, 2009 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** - The primary government has implemented GASB Statement No. 49 – *Accounting and Financial Reporting of Pollution Remediation Obligations* for fiscal year 2009. The County has evaluated the effect of this statement. There is no liability as of June 30, 2009.

The primary government has implemented GASB Statement No. 50 – *Pension Disclosures* which provides for a clearer disclosure of the Pension System's funded status and funding progress. This additional disclosure has been implemented for fiscal year 2009.

The primary government is evaluating Statement No. 51 *Accounting and Financial Reporting for Intangible Assets*; Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments*; and Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The effects will be analyzed and the primary government will implement upon effective date per GASB guidelines.

**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** – Work Force Development has restated its beginning net assets to correct the following accounting errors related to fiscal year 2008. Capitalized assets increased \$4,367, accounts receivables increased \$17,030, revenues increased \$1,644, and miscellaneous corrections increased net assets by an additional \$7,225. These restatements resulted in an increase in net assets of \$30,266 on the government-wide statements. The governmental activities beginning net assets has been restated to correct the deferred revenue balance which was adjusted for revenue recognized in prior periods but not yet earned. The net effect of the adjustment was an increase in liabilities and a reduction in net assets in the amount of \$3,055,780

## **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. The Park Place Tax Increment Fund expenditures exceeded its budgeted appropriations by \$56,201 as a result of a change in the timing of recording the debt service due at year end. The Incentive Loan Fund expenditures exceeded its budgeted appropriations by \$305 as a result of the elimination and the final close-out of this fund in fiscal year 2009. This overspending resulted from the transfer of fund balance to the General Fund. The Budget Office will more closely monitor the fiscal year-end projections to avoid a recurrence.

**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                | \$ (50,993,256)        |
| Net effect of encumbrances                                 | (4,308,567)            |
| Changes in revenue stabilization and golf courses reserves | (14,855,412)           |
| State income tax adjustment to GAAP revenue                | (7,913,519)            |
| Timing differences in revenue recognition                  | 2,367,136              |
| Changes in bond proceeds reserved for debt service         | 2,984,463              |
| Change in inventories                                      | (40,591)               |
| Change in fund balance - modified accrual basis            | <u>\$ (72,759,746)</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 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. The bank invests any remaining collected bank deposits in an interest bearing sweep account comprised of collateralized repurchase agreements. Policy requires that the initial collateral securities underlying repurchase agreement investments 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, 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 for collateral in the form of cash or other securities in an amount equal to 102% for domestic securities and 105% for international securities 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 had a weighted average maturity of 44 days at December 31, 2008, the year-end for the Retirement System. Because the loans were terminable at will, the loans' duration 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** – As of June 30, 2009, the carrying amount of the primary government's bank deposits was (\$2,020,611), bank balances were \$1,725,503. Available cash invested overnight in the sweep account was \$2,396,634. Bank balances of \$626,903 were fully secured by Federal Deposit insurance or fully collateralized, \$495,900 was uninsured, and the balance of \$602,700 represents uncollected bank deposits.

Cash balances of the Board of Education are fully secured by Federal Deposit insurance and by collateral held in the Board's name at the Federal Reserve and by the financial institution's Trust Department. 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 \$669,129, 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 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 predetermined external index (such as the London Inter-Bank Offered Rate) or a predetermined step-up in the interest rate at a predetermined date(s). The primary government's Investment Policy does not specifically address interest rate risk. However, term limits are established for certain investments to minimize interest rate risk. The Retirement System's Investment Policy Statement (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 next 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 \$88,554,423 of callable issues and \$10,598,486 for issues that have both callable and variable rate features. The component units' issues have no variable rate securities.

| <u>Investment Type</u>                | <u>Fair Value</u>     | <u>Investment Maturities (in years)</u> |                       |                |                     |
|---------------------------------------|-----------------------|---|-----------------------|----------------|---------------------|
|                                       |                       | <u>Less than 1</u>                      | <u>1 to 5</u>         | <u>6 to 10</u> | <u>over 10</u>      |
| <u>Primary Government</u>             |                       |   |                       |                |                     |
| Repurchase agreements                 | \$ 71,623,125         | \$ 71,000,000                           | \$ -                  | \$ -           | \$ 623,125          |
| U.S. Government securities            | 4,906,980             | -                                       | -                     | -              | 4,906,980           |
| Agency / instrumentalities            | 116,343,072           | 52,140,836                              | 64,202,236            | -              | -                   |
| Bankers' acceptances                  | 38,850,342            | 38,850,342                              | -                     | -              | -                   |
| Money market pools                    | 282,475,172           | 282,475,172                             | -                     | -              | -                   |
| Tax exempt municipals bonds           | 72,725,574            | 8,512,428                               | 64,213,146            | -              | -                   |
|                                       | <u>\$ 586,924,265</u> | <u>\$ 452,978,778</u>                   | <u>\$ 128,415,382</u> | <u>\$ -</u>    | <u>\$ 5,530,105</u> |
| <u>Board of Education</u>             |                       |   |                       |                |                     |
| Repurchase agreements                 | \$ 6,388,339          | \$ 6,388,339                            | \$ -                  | \$ -           | \$ -                |
| Money market pools                    | 138,134,569           | 138,134,569                             | -                     | -              | -                   |
|                                       | <u>\$ 144,522,908</u> | <u>\$ 144,522,908</u>                   | <u>\$ -</u>           | <u>\$ -</u>    | <u>\$ -</u>         |
| <u>Community College</u>              |                       |   |                       |                |                     |
| Money market pools                    | \$ 16,188,890         | \$ 16,188,890                           | \$ -                  | \$ -           | \$ -                |
| Bond mutual funds                     | 589,396               | 589,396                                 | -                     | -              | -                   |
| Guaranteed investment trusts          | 1,178,317             | -                                       | -                     | -              | 1,178,317           |
|                                       | <u>\$ 17,956,603</u>  | <u>\$ 16,778,286</u>                    | <u>\$ -</u>           | <u>\$ -</u>    | <u>\$ 1,178,317</u> |
| <u>Other nonmajor component units</u> |                       |   |                       |                |                     |
| Agency / instrumentalities            | \$ 382,830            | \$ 382,830                              | \$ -                  | \$ -           | \$ -                |
| Money market pools                    | 39,085                | 39,085                                  | -                     | -              | -                   |
|                                       | <u>\$ 421,915</u>     | <u>\$ 421,915</u>                       | <u>\$ -</u>           | <u>\$ -</u>    | <u>\$ -</u>         |

The table on the following page uses *Segmented Time Distribution* to display the Retirement System's debt holdings by maturity term and investment type as of December 31, 2008. 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 \$23,995,904 as of December 31, 2008.

The segmented time distribution table on the next page includes issues with call features and assumes that these issues will be held to maturity. The total fair market value of callable securities totals \$36,952,115 with call dates ranging from January 1, 2009 for continuously callable issues to May 25, 2035. Stated call prices are generally at par. The callable holdings include issues with floating interest rates which have market value of \$16,067,397.



| Investment Type                 | Fair Value            | Investment Maturities (in Years) |                       |                      |                      |
|---------------------------------|-----------------------|----------------------------------|-----------------------|----------------------|----------------------|
|                                 |                       | Less than<br>1 Year              | 1 to 5                | 6 to 10              | over 10              |
| U.S. treasuries                 | \$ 8,432,659          | \$ -                             | \$ -                  | \$ 1,090,376         | \$ 7,342,283         |
| Agency/instrumentalities        | 56,421,720            | -                                | 2,024,067             | 489,930              | 53,907,723           |
| Corporate bonds                 | 66,975,851            | 4,095,188                        | 30,144,136            | 25,830,217           | 6,906,310            |
| Bond mutual funds               | 66,776,012            | -                                | 66,776,012            | -                    | -                    |
| Collateralized mrtg obligations | 12,712,967            | -                                | -                     | -                    | 12,712,967           |
| Other asset-backed securities   | 5,779,880             | -                                | 388,718               | 523,348              | 4,867,814            |
| Foreign and yankee bonds        | 8,421,722             | -                                | 5,276,652             | 1,924,628            | 1,220,442            |
| <b>Totals</b>                   | <b>\$ 225,520,811</b> | <b>\$ 4,095,188</b>              | <b>\$ 104,609,585</b> | <b>\$ 29,858,499</b> | <b>\$ 86,957,539</b> |

**D 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 repay 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 Issuer or Type</u> | <u>S&amp;P</u> | <u>Moody's</u> | <u>%</u> | <u>Investment Type</u> | <u>S&amp;P</u> | <u>Moody's</u> | <u>%</u>      |
|----------------------------------|----------------|----------------|----------|------------------------|----------------|----------------|---------------|
| <u>Primary Government</u>        |                |                |          |                        |                |                |               |
| Federal Home Loan Bank           | AAA            | Aaa            | 10.86    | Repurchase Agreements  | NR             | NR             | 12.31         |
| Federal Home Loan Mortgage       | AAA            | Aaa            | 2.38     | Tax Exempt Municipal   | AAA            | Aa             | 3.27          |
| Federal Nat'l. Mortgage Assoc.   | AAA            | Aaa            | 3.66     | Tax Exempt Municipal   | AAA            | NR             | 0.62          |
| Federal Farm Credit              | AAA            | Aaa            | 2.23     | Tax Exempt Municipal   | AA             | Aa             | 4.49          |
| Farmer Mac                       | NR             | NR             | 0.86     | Tax Exempt Municipal   | AA             | A              | 2.43          |
| Bankers Acceptances              | A-1            | P-1            | 6.67     | Tax Exempt Municipal   | A              | A              | 0.93          |
| Money market pool                | AAAm           | Aaa            | 26.53    | Tax Exempt Municipal   | NR             | Aa             | 0.75          |
| Money market pool                | AAAm           | NR             | 21.61    |                        |                |                | <u>100.00</u> |
| Money market pool                | NR             | NR             | 0.40     |                        |                |                |               |
| <u>Board of Education</u>        |                |                |          |                        |                |                |               |
| Repurchase Agreement             | NR             | NR             | 4.42     | Money market pool      | AAAm           | NR             | 95.58         |
|                                  |                |                |          |                        |                |                | <u>100.00</u> |
| <u>Community College</u>         |                |                |          |                        |                |                |               |
| Money market pool                | AAAm           | NR             | 87.35    | Bond Mutual Funds      | NR             | NR             | 3.28          |
| Money market pool                | NR             | NR             | 2.81     | Guaranteed Invt Trust  | NR             | NR             | 6.56          |
|                                  |                |                |          |                        |                |                | <u>100.00</u> |
| <u>Nonmajor component units</u>  |                |                |          |                        |                |                |               |
| Federal Home Loan Bank           | AAA            | Aaa            | 62.94    | Money Market pool      | AAAm           | N/R            | 9.27          |
| Federal Nat'l. Mtg Assoc.        | AAA            | Aaa            | 27.79    |                        |                |                | <u>100.00</u> |

The Retirement System’s IPS provides guidelines to all fixed income managers related to allowable quality ratings. Holdings as of December 31, 2008 are displayed on the next page.

| <u>Investment Type</u>      | <u>S&amp;P</u> | <u>Moody's</u> | <u>%</u> | <u>Investment Type</u>      | <u>S&amp;P</u> | <u>Moody's</u> | <u>%</u>   |
|-----------------------------|----------------|----------------|----------|-----------------------------|----------------|----------------|------------|
| Agency/Instrumentalities    | AAA            | Aaa            | 8.81     | Corporate Bonds             | AAA            | Aaa            | 0.39       |
| Agency/Instrumentalities    | NR             | NR             | 7.28     | Corporate Bonds             | AA             | Aa             | 0.28       |
| Collateralized Mort. Oblig. | AAA            | Aaa            | 2.2      | Corporate Bonds             | AA             | A              | 0.15       |
| Collateralized Mort. Oblig. | AAA            | Aa             | 0.36     | Corporate Bonds             | A              | Aa             | 0.63       |
| Collateralized Mort. Oblig. | AAA            | Baa            | 0.06     | Corporate Bonds             | A              | A              | 2.33       |
| Collateralized Mort. Oblig. | AAA            | NR             | 0.18     | Corporate Bonds             | A              | Baa            | 0.16       |
| Collateralized Mort. Oblig. | BB             | Aa             | 0.2      | Corporate Bonds             | A              | NR             | 0.1        |
| Collateralized Mort. Oblig. | NR             | Aaa            | 0.03     | Corporate Bonds             | BBB            | A              | 0.14       |
| Collateralized Mort. Oblig. | CC             | Ca             | 0.03     | Corporate Bonds             | BBB            | Baa            | 1.34       |
| Collateralized Mort. Oblig. | CCC            | Ba             | 0.02     | Corporate Bonds             | BBB            | Ba             | 0.31       |
| Collateralized Mort. Oblig. | NR             | NR             | 0.55     | Corporate Bonds             | BBB            | Baa            | 2.17       |
| Other Asset-backed Oblig.   | AAA            | Aaa            | 0.61     | Corporate Bonds             | BB             | Baa            | 0.25       |
| Other Asset-backed Oblig.   | AAA            | Baa            | 0.13     | Corporate Bonds             | BB             | Ba             | 2.55       |
| Other Asset-backed Oblig.   | AAA            | NR             | 0.34     | Corporate Bonds             | BB             | B              | 1.81       |
| Other Asset-backed Oblig.   | AA             | Aa             | 0.06     | Corporate Bonds             | B              | Ba             | 0.41       |
| Other Asset-backed Oblig.   | AA             | A              | 0.03     | Corporate Bonds             | B              | B              | 4.73       |
| Other Asset-backed Oblig.   | AA             | Baa            | 0.02     | Corporate Bonds             | B              | Caa            | 0.68       |
| Other Asset-backed Oblig.   | AA             | NR             | 0.04     | Corporate Bonds             | CCC            | B              | 0.68       |
| Other Asset-backed Oblig.   | A              | Baa            | 0.03     | Corporate Bonds             | CCC            | Caa            | 0.31       |
| Other Asset-backed Oblig.   | BBB            | NR             | 0.09     | Corporate Bonds             | D              | C              | 0.15       |
| Other Asset-backed Oblig.   | B              | B              | 0.04     | Corporate Bonds             | NR             | Ba             | 0.08       |
| Other Asset-backed Oblig.   | B              | Ca             | 0.03     | Corporate Bonds             | NR             | B              | 0.06       |
| Other Asset-backed Oblig.   | NR             | NR             | 0.24     | Corporate Bonds             | BBB            | NR             | 0.03       |
| Yankee & Foreign Gov.       | AAA            | Aaa            | 0.29     | Corporate Bonds             | NR             | NR             | 0.22       |
| Yankee & Foreign Gov.       | A              | Aa             | 0.18     | Corporate Bonds             | B              | NR             | 0.09       |
| Yankee & Foreign Gov.       | A              | A              | 0.17     | Mutual Funds                | NR             | NR             | 41.67      |
| Yankee & Foreign Gov.       | BBB            | Baa            | 0.62     | Mutual Funds                | B              | BB             | 1.03       |
| Yankee & Foreign Gov.       | BBB            | A              | 0.11     | Guaranteed Invest Contracts | NR             | NR             | 0.21       |
| Yankee & Foreign Gov.       | BB             | Baa            | 0.17     | Short Term Investment Pools | NR             | NR             | 13.26      |
| Yankee & Foreign Gov.       | BB             | Ba             | 0.19     |                             |                |                | <u>100</u> |
| Yankee & Foreign Gov.       | BB             | B              | 0.28     |                             |                |                |            |
| Yankee & Foreign Gov.       | BB             | NR             | 0.02     |                             |                |                |            |
| Yankee & Foreign Gov.       | B              | B              | 0.23     |                             |                |                |            |
| Yankee & Foreign Gov.       | NR             | A              | 0.05     |                             |                |                |            |
| Yankee & Foreign Gov.       | NR             | NR             | 0.09     |                             |                |                |            |

**E 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, 2009, Federal Home Loan Bank represented 10.3% of the primary government's investments. Exposure to all other issuers was less than 5% 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 IPS sets maximum concentration limits by asset type and manager style. As of December 31, 2008, there was no exposure to a single issuer greater than 5% of the Retirement System's plan net assets, excluding investment pools.

**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, 2009. The Retirement System recognizes the value of global diversification and retains six 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, 2008, the Retirement System's direct exposure to fixed income foreign currency was zero. International/global equities and fixed income assets totaled \$231,091,913 in fair market value, managed in pooled funds as of December 31, 2008 as compared to \$404,714,045 as of December 31, 2007.

#### **4      Receivables**

**A      *Property Taxes Receivable*** - The County's property tax is levied each July 1<sup>st</sup> 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 30<sup>th</sup> or two installments due on September 30<sup>th</sup> and December 31<sup>st</sup>. Property taxes are due from all other taxpayers on September 30<sup>th</sup>. 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. 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 as of June 30, 2009 for the deferred charges is \$57,811,308.

#### **5      Capital Assets**

The components of capital assets, changes in asset categories, and accumulated depreciation for the fiscal year ended June 30, 2009 are presented below and on the following pages.

| <u>Category</u>                              | <u>Balance<br/>June 30, 2008</u> | <u>Increases</u>  | <u>Decreases</u>    | <u>Balance<br/>June 30, 2009</u> |
|--|----------------------------------|-------------------|---------------------|----------------------------------|
| <b>Governmental activities:</b>              |                                  |                   |                     |                                  |
| <i>Capital assets not being depreciated:</i> |                                  |                   |                     |                                  |
| Land and easements                           | \$ 175,559,025                   | \$ 7,655,694      | \$ -                | \$ 183,214,719                   |
| Historical property/works of art             | 4,166,465                        | -                 | -                   | 4,166,465                        |
| Construction in progress                     | 138,272,296                      | 46,332,293        | (17,660,174)        | 166,944,415                      |
| Total assets not depreciated                 | <u>317,997,786</u>               | <u>53,987,987</u> | <u>(17,660,174)</u> | <u>354,325,599</u>               |
| <i>Capital assets being depreciated:</i>     |                                  |                   |                     |                                  |
| Land improvements                            | 149,000,436                      | 10,994,748        | -                   | 159,995,184                      |
| Buildings                                    | 306,749,269                      | 754,159           | (3,307,410)         | 304,196,018                      |
| Roads and bridges                            | 344,498,995                      | 465,266           | (295,045)           | 344,669,216                      |
| Sidewalks, curbs, and gutters                | 36,472,139                       | 3,253,336         | (850,163)           | 38,875,312                       |
| Storm drains and culverts                    | 241,714,414                      | 14,925,692        | (384,090)           | 256,256,016                      |
| Automobiles and rolling stock                | 73,835,609                       | 7,077,656         | (3,778,079)         | 77,135,186                       |
| Furniture, fixtures, and equipment           | 44,281,189                       | 1,574,374         | (603,684)           | 45,251,879                       |
| Software                                     | 20,166,635                       | 160,561           | (48,148)            | 20,279,048                       |
| Total assets depreciated                     | <u>1,216,718,686</u>             | <u>39,205,792</u> | <u>(9,266,619)</u>  | <u>1,246,657,859</u>             |

Anne Arundel County, Maryland  
Notes to the Financial Statements

| Category                                     | Balance<br>June 30, 2008 | Increases            | Decreases              | Balance<br>June 30, 2009 |
|--|--------------------------|----------------------|------------------------|--------------------------|
| <b>Governmental activities (continued):</b>  |                          |                      |                        |                          |
| <i>Less accumulated depreciation for:</i>    |                          |                      |                        |                          |
| Land improvements                            | (51,586,113)             | (5,326,485)          | -                      | (56,912,598)             |
| Buildings                                    | (75,721,424)             | (5,776,624)          | 47,677                 | (81,450,371)             |
| Roads and bridges                            | (150,469,199)            | (10,645,422)         | 273,522                | (160,841,099)            |
| Sidewalks, curbs, and gutters                | (14,230,395)             | (818,626)            | 627,671                | (14,421,350)             |
| Storm drains and culverts                    | (135,815,219)            | (8,625,452)          | 173,650                | (144,267,021)            |
| Automobiles and rolling stock                | (46,049,688)             | (7,855,444)          | 3,739,494              | (50,165,638)             |
| Furniture, fixtures, and equipment           | (33,488,178)             | (2,933,389)          | 584,750                | (35,836,817)             |
| Software                                     | (19,299,852)             | (208,613)            | 48,148                 | (19,460,317)             |
| Total accumulated depreciation               | <u>(526,660,068)</u>     | <u>(42,190,055)</u>  | <u>5,494,912</u>       | <u>(563,355,211)</u>     |
| Total capital assets being depreciated, net  | <u>690,058,618</u>       | <u>(2,984,263)</u>   | <u>(3,771,707)</u>     | <u>683,302,648</u>       |
| Total governmental activities, net           | <u>\$ 1,008,056,404</u>  | <u>\$ 51,003,724</u> | <u>\$ (21,431,881)</u> | <u>\$ 1,037,628,247</u>  |
| <b>Business-type activities:</b>             |                          |                      |                        |                          |
| <i>Capital assets not being depreciated:</i> |                          |                      |                        |                          |
| Land and easements                           | \$ 10,851,497            | \$ 1,084,000         | \$ -                   | \$ 11,935,497            |
| Construction in progress                     | <u>209,433,941</u>       | <u>51,481,422</u>    | <u>(28,639,065)</u>    | <u>232,276,298</u>       |
| Total assets not depreciated                 | <u>220,285,438</u>       | <u>52,565,422</u>    | <u>(28,639,065)</u>    | <u>244,211,795</u>       |
| <i>Capital assets being depreciated:</i>     |                          |                      |                        |                          |
| Buildings                                    | 27,469,090               | -                    | -                      | 27,469,090               |
| Landfills                                    | 36,496,790               | 770,439              | -                      | 37,267,229               |
| Water and sewer plants and lines             | 1,280,825,076            | 36,354,465           | -                      | 1,317,179,541            |
| Automobiles and rolling stock                | 7,648,615                | 432,855              | (282,577)              | 7,798,893                |
| Furniture, fixtures, and equipment           | <u>14,315,977</u>        | <u>1,397,231</u>     | <u>(1,459,367)</u>     | <u>14,253,841</u>        |
| Total assets depreciated                     | <u>1,366,755,548</u>     | <u>38,954,990</u>    | <u>(1,741,944)</u>     | <u>1,403,968,594</u>     |
| <i>Less accumulated depreciation for:</i>    |                          |                      |                        |                          |
| Buildings                                    | (6,750,014)              | (496,975)            | -                      | (7,246,989)              |
| Landfills                                    | (27,182,587)             | (1,146,150)          | -                      | (28,328,737)             |
| Water and sewer plants and lines             | (436,116,954)            | (31,952,850)         | 672,130                | (467,397,674)            |
| Automobiles and rolling stock                | (5,428,667)              | (827,748)            | 282,577                | (5,973,838)              |
| Furniture, fixtures, and equipment           | <u>(7,968,435)</u>       | <u>(993,558)</u>     | <u>659,318</u>         | <u>(8,302,675)</u>       |
| Total accumulated depreciation               | <u>(483,446,657)</u>     | <u>(35,417,281)</u>  | <u>1,614,025</u>       | <u>(517,249,913)</u>     |
| Total capital assets being depreciated, net  | <u>883,308,891</u>       | <u>3,537,709</u>     | <u>(127,919)</u>       | <u>886,718,681</u>       |
| Total business-type activities, net          | <u>\$ 1,103,594,329</u>  | <u>\$ 56,103,131</u> | <u>\$ (28,766,984)</u> | <u>\$ 1,130,930,476</u>  |
| <b>Board of Education:</b>                   |                          |                      |                        |                          |
| <i>Capital assets not being depreciated:</i> |                          |                      |                        |                          |
| Land and improvements                        | \$ 55,074,435            | \$ 218,640           | \$ -                   | \$ 55,293,075            |
| Construction in progress                     | <u>85,610,517</u>        | <u>70,731,186</u>    | <u>(41,662,358)</u>    | <u>114,679,345</u>       |
| Total assets not depreciated                 | <u>140,684,952</u>       | <u>70,949,826</u>    | <u>(41,662,358)</u>    | <u>169,972,420</u>       |
| <i>Capital assets being depreciated:</i>     |                          |                      |                        |                          |
| Buildings                                    | 928,908,243              | 41,662,358           | -                      | 970,570,601              |
| Furniture, fixtures, and equipment           | <u>46,031,154</u>        | <u>1,144,944</u>     | <u>(730,800)</u>       | <u>46,445,298</u>        |
| Total assets depreciated                     | <u>974,939,397</u>       | <u>42,807,302</u>    | <u>(730,800)</u>       | <u>1,017,015,899</u>     |
| <i>Less accumulated depreciation for:</i>    |                          |                      |                        |                          |
| Buildings                                    | (420,290,650)            | (30,773,892)         | -                      | (451,064,542)            |
| Furniture, fixtures, and equipment           | <u>(24,243,293)</u>      | <u>(2,879,397)</u>   | <u>647,397</u>         | <u>(26,475,293)</u>      |
| Total accumulated depreciation               | <u>(444,533,943)</u>     | <u>(33,653,289)</u>  | <u>647,397</u>         | <u>(477,539,835)</u>     |
| Total capital assets being depreciated, net  | <u>530,405,454</u>       | <u>9,154,013</u>     | <u>(83,403)</u>        | <u>539,476,064</u>       |
| Total Board of Education, net                | <u>\$ 671,090,406</u>    | <u>\$ 80,103,839</u> | <u>\$ (41,745,761)</u> | <u>\$ 709,448,484</u>    |

Anne Arundel County, Maryland  
Notes to the Financial Statements

| Category                                     | Balance<br>June 30, 2008 | Increases            | Decreases              | Balance<br>June 30, 2009 |
|--|--------------------------|----------------------|------------------------|--------------------------|
| <b>Community College:</b>                    |                          |                      |                        |                          |
| <i>Capital assets not being depreciated:</i> |                          |                      |                        |                          |
| Land   | \$ 2,377,654             | \$ -                 | \$ (476)               | \$ 2,377,178             |
| Construction in progress                     | 10,119,994               | 12,304,077           | (21,020,695)           | 1,403,376                |
| Total assets not depreciated                 | <u>12,497,648</u>        | <u>12,304,077</u>    | <u>(21,021,171)</u>    | <u>3,780,554</u>         |
| <i>Capital assets being depreciated:</i>     |                          |                      |                        |                          |
| Land improvements                            | 4,569,445                | 396,799              | -                      | 4,966,244                |
| Buildings and improvements                   | 98,852,209               | 16,784,008           | -                      | 115,636,217              |
| Furniture, fixtures, and equipment           | 22,829,295               | 3,026,870            | (506,837)              | 25,349,328               |
| Total assets depreciated                     | <u>126,250,949</u>       | <u>20,207,677</u>    | <u>(506,837)</u>       | <u>145,951,789</u>       |
| <i>Less accumulated depreciation for:</i>    |                          |                      |                        |                          |
| Land improvements                            | (3,456,527)              | (177,740)            | -                      | (3,634,267)              |
| Buildings and improvements                   | (35,558,132)             | (3,403,701)          | -                      | (38,961,833)             |
| Furniture, fixtures, and equipment           | (17,255,395)             | (1,773,285)          | 497,850                | (18,530,830)             |
| Total accumulated depreciation               | <u>(56,270,054)</u>      | <u>(5,354,726)</u>   | <u>497,850</u>         | <u>(61,126,930)</u>      |
| Total capital assets being depreciated, net  | <u>69,980,895</u>        | <u>14,852,951</u>    | <u>(8,987)</u>         | <u>84,824,859</u>        |
| Total Community College, net                 | <u>\$ 82,478,543</u>     | <u>\$ 27,157,028</u> | <u>\$ (21,030,158)</u> | <u>\$ 88,605,413</u>     |
| <b>Other non-major:</b>                      |                          |                      |                        |                          |
| <i>Capital assets not being depreciated:</i> |                          |                      |                        |                          |
| Construction in progress                     | \$ -                     | \$ -                 | \$ -                   | \$ -                     |
| <i>Capital assets being depreciated:</i>     |                          |                      |                        |                          |
| Airport improvements                         | 8,534,517                | 1,087,272            | -                      | 9,621,789                |
| Library collection                           | 14,371,576               | 3,145,365            | (2,065,578)            | 15,451,363               |
| Automobiles and rolling stock                | 41,593                   | -                    | (14,531)               | 27,062                   |
| Furniture, fixtures, and equipment           | 2,874,021                | 223,492              | (40,154)               | 3,057,359                |
| Total assets depreciated                     | <u>25,821,707</u>        | <u>4,456,129</u>     | <u>(2,120,263)</u>     | <u>28,157,573</u>        |
| <i>Less accumulated depreciation for:</i>    |                          |                      |                        |                          |
| Airport improvements                         | (1,733,001)              | (481,089)            | -                      | (2,214,090)              |
| Library collection                           | (5,151,571)              | (1,292,526)          | 932,442                | (5,511,655)              |
| Automobiles and rolling stock                | (36,180)                 | (5,412)              | 14,531                 | (27,061)                 |
| Furniture, fixtures, and equipment           | (1,875,714)              | (238,647)            | 29,467                 | (2,084,894)              |
| Total accumulated depreciation               | <u>(8,796,466)</u>       | <u>(2,017,674)</u>   | <u>976,440</u>         | <u>(9,837,700)</u>       |
| Total capital assets being depreciated, net  | <u>17,025,241</u>        | <u>2,438,455</u>     | <u>(1,143,823)</u>     | <u>18,319,873</u>        |
| Total other non-major, net                   | <u>\$ 17,025,241</u>     | <u>\$ 2,438,455</u>  | <u>\$ (1,143,823)</u>  | <u>\$ 18,319,873</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.

|                                   |                      |                                  |                      |
|-----------------------------------|----------------------|----------------------------------|----------------------|
| <i>Governmental activities:</i>   |                      | <i>Business-type activities:</i> |                      |
| Education                         | \$ 42,540            | Water and wastewater             | \$ 32,983,545        |
| Public Safety                     | 4,725,506            | Waste collection                 | 2,286,340            |
| General government                | 9,129,843            |                                  | \$ <u>35,269,885</u> |
| Health and human services         | 383,291              | <i>Component units:</i>          |                      |
| Public works                      | 20,636,880           | Board of Education               | \$ 33,653,289        |
| Recreation and community services | 5,964,737            | Community College                | 5,354,726            |
| Judicial                          | 1,296,909            | Library System                   | 1,419,613            |
| Code enforcement                  | -                    | Economic Development Corp        | 54,112               |
| Land use and development          | 10,349               | Tipton Airport Authority         | 492,116              |
|                                   | \$ <u>42,190,055</u> | Workforce Development            | 34,626               |
|                                   |                      |                                  | \$ <u>41,008,482</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 fund's 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 Wastewater 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 Intra-Entity Balances and Transfers**

The interfund balances of the primary government consist of the following as of June 30, 2009:

| <u>Fund With Receivable</u> | <u>Fund With Payable</u> | <u>Amount</u>       |
|-----------------------------|--------------------------|---------------------|
| General Fund                | Special Revenue Funds    | \$ 4,724,593        |
| Internal Service Funds      | Enterprise Funds         | 34,401              |
| Internal Service Funds      | General Fund             | 448,397             |
|                             |                          | \$ <u>5,207,391</u> |

Interfund balances between the General Fund and internal service funds have been eliminated on the government-wide Statement of Net Assets. The \$34,401 and \$448,397 balances represent amounts due to the Self Insurance Fund as of June 30, 2009. The \$4,724,593 balance represents special revenue funds' implicit borrowing from the General Fund as of June 30, 2009.

Transfers between the primary government's funds presented on the next page totaled \$120,205,586 for fiscal year 2009. The purposes of these transfers are General Fund bond proceeds and pay-as-you-go funds for capital projects; 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; 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 | \$ 96,413,000         |
| General                         | Nonmajor Governmental           | 1,337,145             |
| Nonmajor Governmental           | Nonmajor Governmental           | 74,185                |
| Nonmajor Governmental           | General                         | 17,806,068            |
| Impact Fees                     | General County Capital Projects | 3,335,984             |
| Impact Fees                     | General                         | 315,825               |
| General County Capital Projects | General                         | 923,379               |
|                                 |                                 | <u>\$ 120,205,586</u> |

As of June 30, 2009, 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         | \$ 12,154,035        |
| Community College             | Primary Government         | 484,524              |
| Other Nonmajor                | Primary Government         | 1,526,012            |
|                               |                            | <u>\$ 14,164,571</u> |

**Primary Government Expenditures**

| <u>Originating Entity</u> | <u>Recipient Entity</u> | <u>Amount</u>         |
|---------------------------|-------------------------|-----------------------|
| Primary Government        | Board of Education      | \$ 673,210,555        |
| Primary Government        | Community College       | 47,877,972            |
| Primary Government        | Other Nonmajor          | 15,143,020            |
|                           |                         | <u>\$ 736,231,547</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 2009 are provided below.

**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 2009 ranged from 5 to 120 days, and interest rates ranged from 0.55% to 1.75%. The County plans to issue long-term debt in the spring of 2010 to payoff bond anticipation notes outstanding as of June 30, 2009. 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 as of June 30, 2009 are presented on the following page:

| Year ending<br>June 30, | General Obligation Bonds |                       |                       |                       |                       |                       |
|-------------------------|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                         | Governmental             |                       | Business-type         |                       | Total                 |                       |
|                         | Principal                | Interest              | Principal             | Interest              | Principal             | Interest              |
| 2010                    | \$ 56,956,968            | \$ 29,821,230         | \$ 21,096,089         | \$ 14,457,942         | \$ 78,053,057         | \$ 44,279,172         |
| 2011                    | 54,624,055               | 27,320,914            | 20,070,827            | 13,595,816            | 74,694,882            | 40,916,730            |
| 2012                    | 53,317,453               | 24,805,838            | 20,098,664            | 12,740,169            | 73,416,117            | 37,546,007            |
| 2013                    | 51,512,453               | 22,363,727            | 19,967,401            | 11,883,309            | 71,479,854            | 34,247,036            |
| 2014                    | 47,868,615               | 19,931,392            | 19,646,765            | 10,999,737            | 67,515,380            | 30,931,129            |
| 2015-2019               | 201,523,997              | 68,327,127            | 84,467,189            | 42,620,552            | 285,991,186           | 110,947,679           |
| 2020-2024               | 133,488,302              | 29,663,806            | 65,703,347            | 27,066,728            | 199,191,649           | 56,730,534            |
| 2025-2029               | 60,976,745               | 6,495,326             | 45,747,845            | 15,044,033            | 106,724,590           | 21,539,359            |
| 2030-2034               | -                        | -                     | 31,358,836            | 6,332,413             | 31,358,836            | 6,332,413             |
| 2035-2039               | -                        | -                     | 10,570,000            | 1,048,585             | 10,570,000            | 1,048,585             |
|                         | <u>\$ 660,268,588</u>    | <u>\$ 228,729,360</u> | <u>\$ 338,726,963</u> | <u>\$ 155,789,284</u> | <u>\$ 998,995,551</u> | <u>\$ 384,518,644</u> |

**C Tax Increment and Other Debt** - As of June 30, 2009, there was \$52,170,000 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 \$3,815,000 outstanding, the County has pledged its full faith and credit for these bonds. During the fiscal year ended June 30, 2009, \$21,881,142 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 Nonmajor Governmental Funds. The table below outlines the debt service requirements for these bonds.

| Year ending<br>June 30, | Principal    | Interest     | Year ending<br>June 30, | Principal            | Interest          |
|-------------------------|--------------|--------------|-------------------------|----------------------|-------------------|
| 2010                    | \$ 1,150,000 | \$ 2,522,457 | 2015-2019               | \$ 9,415,000         | \$ 9,845,118      |
| 2011                    | 1,690,000    | 2,461,848    | 2020-2024               | 14,160,000           | 6,974,348         |
| 2012                    | 2,175,000    | 2,381,943    | 2025-2029               | 19,230,000           | 2,606,922         |
| 2013                    | 2,340,000    | 2,284,268    | 2030-2034               | 580,000              | 14,450            |
| 2014                    | 1,430,000    | 2,199,210    |                         | <u>\$ 52,170,000</u> | <u>31,290,564</u> |

In addition, there were \$5,597,000 and \$15,822,436 of special tax district bonds related to the Farmington Village Project and the Villages of Dorchester outstanding as of June 30, 2009, respectively. The proceeds of these bonds were used to finance infrastructure improvements within the special districts. These bonds are payable solely from the proceeds of a special tax levied on parcels within the districts 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 interest free loans outstanding as of June 30, 2009 of \$2,491,684. These loans were received from the State for waterway improvements. During fiscal year 2009, the County paid \$207,573 for principal. The table below outlines the debt service requirements:

| Year ended<br>June 30, | Principal  | Year ended<br>June 30, | Principal        |
|------------------------|------------|------------------------|------------------|
| 2010                   | \$ 188,444 | 2015-2019              | \$ 756,604       |
| 2011                   | 203,443    | 2020-2024              | 380,933          |
| 2012                   | 186,558    | 2025-2029              | 204,787          |
| 2013                   | 195,950    | 2030-2034              | 149,381          |
| 2014                   | 195,951    | 2035-2039              | \$ 29,633        |
|                        |            |                        | <u>2,491,684</u> |

**Federal Loans** - As of June 30, 2009, 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. The table on the following page outlines the debt service requirements:



| <u>Year ending<br/>June 30,</u> | <u>Principal</u>    | <u>Interest</u>  |
|---------------------------------|---------------------|------------------|
| 2010                            | \$ 410,000          | \$ 51,209        |
| 2011                            | 410,000             | 30,812           |
| 2012                            | 410,000             | 10,291           |
| Total                           | <u>\$ 1,230,000</u> | <u>\$ 92,312</u> |

**E Leases** – The County has entered into a lease agreement for assets that qualify as a capital lease for accounting purposes. This agreement has resulted in capital assets totaling \$85,550 for computer equipment, all of which are used for governmental activities. This agreement is five years in length with annual payments totaling about \$24,174. The net present value of these minimum lease payments as of June 30, 2009 and the future minimum lease obligations were as follows:

| <u>Year ending<br/>June 30,</u> | <u>Present Value<br/>of Minimum<br/>Lease Payments</u> | <u>Interest</u> | <u>Total Minimum<br/>Payments</u> |
|---------------------------------|--|-----------------|-----------------------------------|
| 2010                            | \$ 19,900  | \$ 4,274        | \$ 24,174                         |
| 2011                            | 21,234   | 2,941           | 24,175                            |
| 2012                            | 22,657   | 1,518           | 24,175                            |
|                                 |  |                 | <u>\$ 72,524</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 2009 were \$3,443,343. 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 2009 and 2008 are \$169,444 and \$229,480 respectively. Minimum annual rental costs required by the leases are summarized below:

| <u>Year ending<br/>June 30,</u> | <u>Annual<br/>Rentals</u> | <u>Year ending<br/>June 30,</u> | <u>Annual<br/>Rentals</u> |
|---------------------------------|---------------------------|---------------------------------|---------------------------|
| 2010                            | \$ 2,474,958              | 2015-2019                       | \$ 3,458,305              |
| 2011                            | 2,312,997                 | 2020-2024                       | 1,200,000                 |
| 2012                            | 2,218,130                 | 2025-2029                       | 1,200,000                 |
| 2013                            | 2,060,190                 | 2030-2034                       | 1,200,000                 |
| 2014                            | 1,356,955                 | 2035-2039                       | 860,000                   |
|                                 |                           |                                 | <u>\$ 18,341,535</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. 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, 2009 are presented on the following page:

| <u>Year ended</u><br><u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Year ended</u><br><u>June 30,</u> | <u>Principal</u>     | <u>Interest</u>      |
|--------------------------------------|------------------|-----------------|--------------------------------------|----------------------|----------------------|
| 2010                                 | \$ 20,000        | \$ 666,413      | 2015-2019                            | \$ 100,000           | \$ 3,292,973         |
| 2011                                 | 20,000           | 665,297         | 2020-2024                            | 100,000              | 3,265,047            |
| 2012                                 | 20,000           | 664,179         | 2025-2029                            | 8,945,000            | 2,748,228            |
| 2013                                 | 20,000           | 663,063         | 2030-2034                            | 1,529,000            | 420,020              |
| 2014                                 | 20,000           | 661,945         | 2035-2039                            | 1,444,000            | 198,012              |
|                                      |                  |                 |                                      | <u>\$ 12,218,000</u> | <u>\$ 13,245,177</u> |

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

|                                   | <u>Due</u><br><u>Dates</u> | <u>Interest</u><br><u>Rates</u> | <u>Amount of</u><br><u>Original Issue</u> | <u>Amount</u><br><u>Outstanding</u> |
|-----------------------------------|----------------------------|---------------------------------|---|-------------------------------------|
| Governmental activities:          |                            |                                 |   |                                     |
| General obligation bonds          | 2009-2029                  | 1.00% to 6.50%                  | \$ 1,089,685,000                          | \$ 660,268,588                      |
| Tax increment district bonds      | 2009-2029                  | 2.00% to 5.125%                 | 56,875,000                                | 52,170,000                          |
| Installment purchase agreements   | 2009-2037                  | 4.55% to 6.00%                  | 12,332,916                                | 12,218,000                          |
| Loans payable                     | 2009-2035                  | 0% to 5.77%                     | 6,870,864                                 | 3,721,684                           |
| Total governmental activities     |                            |                                 | <u>1,165,763,780</u>                      | <u>728,378,272</u>                  |
| Business-type activities:         |                            |                                 |   |                                     |
| Water and wastewater serial bonds | 2009-2039                  | 1.00% to 7.50%                  | 518,740,241                               | 321,005,551                         |
| Solid waste serial bonds          | 2009-2029                  | 2.00% to 6.00%                  | 41,710,000                                | 17,721,412                          |
| Total business-type activities    |                            |                                 | <u>560,450,241</u>                        | <u>338,726,963</u>                  |
|                                   |                            |                                 | <u>\$ 1,726,214,021</u>                   | <u>\$ 1,067,105,235</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. As of June 30, 2009, a review of the legal debt limitations reveals the following:

|                                     | <u>General Bonds</u><br><u>(5.2%/13% Limitations)</u> | <u>Water and Wastewater</u><br><u>(5.6%/14% Limitations)</u> |
|-------------------------------------|---|--|
| Charter imposed limitation          | \$ 4,498,280,563                                      | \$ 4,430,336,008   |
| Bonded debt outstanding             |   |  |
| Bond anticipation notes             | 36,100,000  | 31,800,000   |
| Bond anticipation notes-Solid Waste | 3,500,000   | -  |
| Installment purchase agreements     | 12,218,000  | -  |
| General obligation-serial bonds     | 677,990,000   | 321,005,551  |
| Tax increment bonds                 | 52,170,000  | -  |
|                                     | <u>781,978,000</u>                                    | <u>352,805,551</u>   |
| Legal debt margin                   | <u>\$ 3,716,302,563</u>                               | <u>\$ 4,077,530,457</u>                                      |

As of June 30, 2009, the County had the authority to issue bonds in the amount of \$530,878,480 more than bonds already issued, including \$326,625,484 of water and wastewater series bonds and \$9,745,398 of solid waste

series bonds. This unused authority will be used to fund existing capital projects and those appropriated for fiscal year 2009 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 were due semi-annually on September 1 and March 1 through March 2005. Principal payments began on September 1, 2005 with the final principal payment due on September 1, 2028. Interest on the bonds varies from 3.15% to 5.25%. The loan balance as of June 30, 2009 was \$14,575,000. Scheduled principal payments due on the bonds payable for future years ending June 30 are shown below:

| <u>Year Ending<br/>June 30,</u> | <u>Principal<br/>Payments</u> | <u>Year Ending<br/>June 30,</u> | <u>Principal<br/>Payments</u> | <u>Year Ending<br/>June 30,</u> | <u>Principal<br/>Payments</u> |
|---------------------------------|-------------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
| 2010                            | \$ 415,000                    | 2013                            | \$ 470,000                    | 2020-2024                       | \$ 3,460,000                  |
| 2011                            | 430,000                       | 2014                            | -                             | 2025-2029                       | 6,645,000                     |
| 2012                            | 450,000                       | 2015-2019                       | 2,705,000                     |                                 |                               |
|                                 |                               |                                 |                               |                                 | \$ 14,575,000                 |

**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<br/>June 30, 2008</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance<br/>June 30, 2009</u> | <u>Due Within<br/>One Year</u> |
|----------------------------------|----------------------------------|------------------|-------------------|----------------------------------|--------------------------------|
| <b>Governmental activities:</b>  |                                  |                  |                   |                                  |                                |
| Bond anticipation notes          | \$ 49,800,000                    | \$ 36,100,000    | \$ 49,800,000     | \$ 36,100,000                    | \$ 36,100,000                  |
| Bonds payable:                   |                                  |                  |                   |                                  |                                |
| General obligation bonds         | 599,704,255                      | 113,300,000      | 52,735,667        | 660,268,588                      | 56,956,968                     |
| Deferred refunding loss          | (1,012,346)                      | -                | (989,383)         | (22,963)                         | 604,439                        |
| Tax incremental and other debt   | 53,085,000                       | -                | 915,000           | 52,170,000                       | 1,150,000                      |
| Total bonds payable              | 651,776,909                      | 113,300,000      | 52,661,284        | 712,415,625                      | 58,711,407                     |
| Federal and State loans          | 3,781,770                        | 557,487          | 617,573           | 3,721,684                        | 598,444                        |
| Capital leases                   | 82,442                           | -                | 18,651            | 63,791                           | 19,900                         |
| Installment purchase agreements  | 11,397,925                       | 840,000          | 19,925            | 12,218,000                       | 20,000                         |
| Unpaid insurance claims          | 56,802,410                       | 88,321,580       | 83,063,818        | 62,060,172                       | 14,013,172                     |
| OPEB obligation                  | 58,264,488                       | 58,404,476       | -                 | 116,668,964                      | -                              |
| State of Maryland liability      | -                                | 32,663,346       | -                 | 32,663,346                       | -                              |
| Compensated absences             | 19,635,949                       | 23,926,961       | 24,249,842        | 19,313,068                       | 19,294,048                     |
| Total long-term                  | 801,741,893                      | 318,013,850      | 160,631,093       | 959,124,650                      | 92,656,971                     |
| Total governmental activities    | \$ 851,541,893                   | \$ 354,113,850   | \$ 210,431,093    | \$ 995,224,650                   | \$ 128,756,971                 |
| <b>Business-type activities:</b> |                                  |                  |                   |                                  |                                |
| Bond anticipation notes          | \$ 17,000,000                    | \$ 35,300,000    | \$ 17,000,000     | \$ 35,300,000                    | \$ 35,300,000                  |
| Bonds payable:                   |                                  |                  |                   |                                  |                                |
| General obligation bonds         | 329,448,452                      | 32,523,865       | 23,245,354        | 338,726,963                      | 21,096,089                     |
| Deferred refunding loss          | (2,364,895)                      | -                | (310,769)         | (2,054,126)                      | (283,639)                      |
| Total bonds payable              | 327,083,557                      | 32,523,865       | 22,934,585        | 336,672,837                      | 20,812,450                     |
| OPEB obligation                  | 4,543,962                        | 5,613,251        | -                 | 10,157,213                       | -                              |
| Compensated absences             | 1,867,153                        | 1,961,398        | 1,980,510         | 1,848,041                        | 1,838,377                      |
| Total long-term                  | 333,494,672                      | 40,098,514       | 24,915,095        | 348,678,091                      | 22,650,827                     |
| Total business-type activities   | \$ 350,494,672                   | \$ 75,398,514    | \$ 41,915,095     | \$ 383,978,091                   | \$ 57,950,827                  |

**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, 2009, \$54,600,000 of governmental debt and \$22,040,000 of business-type debt outstanding from prior years is considered defeased.

## **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, 2009, 154 Industrial Revenue Bonds series had been issued. The aggregate principal amounts payable for the six series issued after July 1, 1996 that are still outstanding was \$18,121,125. 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 Anne Arundel County on the Personnel page of the County website at [www.aacounty.org](http://www.aacounty.org). 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 as of January 1, 2009, the date of the latest actuarial valuation:

|   | <u>Employees<br/>Plan</u> | <u>Police<br/>Plan</u> | <u>Fire<br/>Plan</u> | <u>Detention<br/>Plan</u> | <u>Total</u> |
|---|---------------------------|------------------------|----------------------|---------------------------|--------------|
| Retirees and beneficiaries receiving payments                         | 1,194                     | 553                    | 405                  | 133                       | 2,285        |
| Terminated plan members entitled to but<br>not yet receiving payments | 257                       | -                      | -                    | 16                        | 273          |
| Deferred Retirement Option Program (DROP)                             | -                         | 34                     | 36                   | -                         | 70           |
| Active plan members   | 2,312                     | 593                    | 809                  | 373                       | 4,087        |
|   | <u>3,763</u>              | <u>1,180</u>           | <u>1,250</u>         | <u>522</u>                | <u>6,715</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 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 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 credited disability leave and 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 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. Participants entering the DROP program subsequent to June 30, 2009 will earn 4.25% 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 credited disability leave and 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 DPOP with provisions similar to those described for the Police Plan, except that participants earn 8% on their account regardless of date of entry into the program. After June 30, 2002, any participant with 20 years of service may participate, regardless of age.

*Detention Plan* - Permanent County detention center officers and personnel and sheriff deputies are eligible to participate in the Detention Plan. Uniformed detention officers and deputy sheriffs are Category I participants, and other eligible employees are Category II participants. Category I participants hired on or after August 9, 2004 vest after 20 years of service. Category I participants hired before August 9, 2004 and Category II participants vest after five years of service. The normal retirement age for Category I participants is age 50 with five years of credited service or 20 years of credited service, regardless of age. The normal retirement age for Category II participants is age 50 with five years of credited service. 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 credited disability leave and pre-employment military service. The plan also provides death and disability benefits.

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

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

**C Funding Policy and Annual Pension Costs** – The employee contribution requirements for each defined benefit plan in the Retirement System are set by County legislation. The County’s annual contribution is based on annual actuarial valuations. The table below and on the following page provides the actuarial assumptions, funding methods and contributions related to the fiscal year 2009 financial statements.

|                               | <b>Employees<br/>Plan</b>                   | <b>Police<br/>Plan</b>                      | <b>Fire<br/>Plan</b>                        | <b>Detention<br/>Plan</b>                   |
|-------------------------------|---|---|---|---|
| Contribution rates:           |   |   |   |   |
| County                        | Legislated amount                           | Legislated amount                           | Legislated amount                           | Legislated amount                           |
| Plan members:                 |   |   |   |   |
| Tier One                      | 4.00%                                       | 5.00%                                       | 5.00%                                       | 5.00%                                       |
| Tier Two                      | -   | Not applicable                              | Not applicable                              | Not applicable                              |
| Annual Pension Cost (APC)     | \$13,414,470                                | \$11,268,277                                | \$11,185,312                                | \$4,019,403                                 |
| Contributions made            | 13,414,470                                  | 11,268,277                                  | 11,185,312                                  | 4,019,403                                   |
| Actuarial valuation date      | January 1, 2008                             | January 1, 2008                             | January 1, 2008                             | January 1, 2008                             |
| Actuarial cost method         | Projected<br>unit credit                    | Projected<br>unit credit                    | Projected<br>unit credit                    | Projected<br>unit credit                    |
| Amortization method           | Level % of payroll                          | Level % of payroll                          | Level % of payroll                          | Level % of payroll                          |
| Remaining amortization period | Range 25-30 yrs<br>Average 28 yrs<br>Closed | Range 25-30 yrs<br>Average 28 yrs<br>Closed | Range 25-30 yrs<br>Average 28 yrs<br>Closed | Range 25-30 yrs<br>Average 28 yrs<br>Closed |
| Asset valuation method        | 5-yr smoothed market                        | 5-yr smoothed market                        | 5-yr smoothed market                        | 5-yr smoothed market                        |
| Actuarial assumptions:        |   |   |   |   |
| Investment rate of return     | 4.50%                                       | 4.50%                                       | 4.50%                                       | 4.50%                                       |
| Inflation rate                | 3.50%                                       | 3.50%                                       | 3.50%                                       | 3.50%                                       |
| Projected salary increases    | Varies by age<br>4.0% to 7.0%               | Varies by age<br>4.5% to 6.5%               | Varies by age<br>4.5% to 7.0%               | Varies by age<br>4.5% to 6.5%               |
| Cost of living adjustments    | 3.0% pre 2/97<br>2.1% post 2/97             | 3.5% pre 2/97<br>2.1% post 2/97             | 3.5% pre 2/97<br>2.1% post 2/97             | 3.5% pre 2/97<br>2.1% post 2/97             |

The next table provides five-year trend data for contributions.

|                               | Five Year Trend Information - Schedule of Employer Contributions |               |               |               |               |
|-------------------------------|--|---------------|---------------|---------------|---------------|
|                               | Fiscal Year Ended June 30,                                       |               |               |               |               |
|                               | 2005   | 2006          | 2007          | 2008          | 2009          |
| <i>Employees Plan</i>         |  |               |               |               |               |
| Annual Pension Cost (APC)     | \$ 9,675,761   | \$ 10,351,477 | \$ 11,158,863 | \$ 12,399,400 | \$ 13,414,470 |
| Percentage of APC Contributed | 99.9%  | 100.0%        | 100.0%        | 100.0%        | 100.0%        |
| Net Pension Obligation        | \$ 11,899  | \$ -          | \$ -          | \$ -          | \$ -          |
| <i>Police Plan</i>            |  |               |               |               |               |
| Annual Pension Cost (APC)     | \$ 8,855,012   | \$ 9,005,513  | \$ 10,217,584 | \$ 9,777,042  | \$ 11,268,277 |
| Percentage of APC Contributed | 99.5%  | 100.0%        | 100.0%        | 100.0%        | 100.0%        |
| Net Pension Obligation        | \$ 46,325  | \$ -          | \$ -          | \$ -          | \$ -          |
| <i>Fire Plan</i>              |  |               |               |               |               |
| Annual Pension Cost (APC)     | \$ 9,794,829   | \$ 10,236,823 | \$ 10,725,662 | \$ 11,194,123 | \$ 11,185,312 |
| Percentage of APC Contributed | 101.5%   | 100.0%        | 100.0%        | 100.0%        | 100.0%        |
| Net Pension Obligation        | \$ (145,259)   | \$ -          | \$ -          | \$ -          | \$ -          |
| <i>Detention Plan</i>         |  |               |               |               |               |
| Annual Pension Cost (APC)     | \$ 3,102,810   | \$ 3,280,056  | \$ 3,644,678  | \$ 3,557,116  | \$ 4,019,403  |
| Percentage of APC Contributed | 100.1%   | 100.0%        | 100.0%        | 100.0%        | 100.0%        |
| Net Pension Obligation        | \$ (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 as of June 30, 2009.

Certain participants in the State Retirement and Pension Systems (State plans) are required to contribute 2% 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 years ended June 30, 2009, 2008, and 2007 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, |                      |                      |
|-----------------------------------|----------------------------|----------------------|----------------------|
|                                   | 2009                       | 2008                 | 2007                 |
| County contributions:             |                            |                      |                      |
| Primary Government                | \$ 1,383,773               | \$ 1,317,879         | \$ 1,255,125         |
| Board of Education                | 6,314,840                  | 7,004,014            | 6,021,256            |
| Community College                 | 262,863                    | 230,590              | 150,519              |
| State contributions on behalf of: |                            |                      |                      |
| Board of Education                | 50,559,262                 | 44,791,171           | 35,211,266           |
| Community College                 | 2,473,590                  | 2,315,838            | 1,700,000            |
| Library                           | 1,047,856                  | 977,605              | 810,704              |
|                                   | <u>\$ 62,042,184</u>       | <u>\$ 56,637,097</u> | <u>\$ 45,148,870</u> |

**11 Other Post-employment Benefits**

The primary government, the Board of Education, the Community College, and the Library administer single-employer defined benefit healthcare plans for retirees. The following provides a summary of the plans' descriptions and eligibility, funding policies and sources of authorization, annual cost and net obligations, and the actuarial methods and assumptions used in determining costs and liabilities. In addition, required supplementary information includes trend data about these plans.

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

**A Plan Description, Eligibility, Authorization, and Funding Policy** - The primary government provides a group health plan for employees and retirees under the authority of § 6-1-308 of the County Code. This health plan may be extended to other component units under § 6-1-309 of the County Code. The Community College and the Library provide retiree health insurance through participation in the County's health plans. The County collects premiums from these entities to offset the related costs. The County Code requires the County to pay 80% of the health coverage cost for County retirees and the Library pays 80% for Library retirees. County and Library retirees have the option of retaining dental and vision coverage, but must pay the full premium for these benefits.

Board of Education (the Board) employees who are eligible to receive retirement benefits from the State Retirement Agency and are members of the Board's group medical insurance plan may elect to continue membership in the Board's group medical, dental, and vision plans after retirement. The Board funded 78% of the premiums for medical, dental and prescription drug coverage for employees hired on or before September 15, 2002 during fiscal year 2009. For employees hired after September 15, 2002, the Board funds a portion of the medical premiums ranging from 25% with 10 years of service to 75% with 20 or more years of service but does not fund dental coverage. No Board funding is provided for vision plan coverage for retirees. The Board maintains separate medical coverage plans for active employees and retirees, and the retiree plan is rated separately based on claims experience of the retiree group.

The Community College (the College) provides medical, dental, and vision benefits to eligible retirees who are enrolled in medical coverage at the time of retirement. The benefit levels, employee contributions, and employer contributions are governed by and may be amended by the College Board of Trustees. Retirees are eligible for these benefits if they have a minimum of 10 years of service and meet the eligibility requirement of their State of Maryland or other optional pension plans. The College contributes to the cost of retirees' benefits at a rate of 2.5% for each year of service, and employees must have at least 10 years of service to qualify. The maximum paid by the College is 75%. Retirees have no vested rights to these benefits.

The number of individuals eligible to participate in the plans are presented below. Inactive individuals include both retirees and those who are terminated and vested.

|                    | <u>Active</u> | <u>Inactive</u> | <u>Total</u>  |
|--------------------|---------------|-----------------|---------------|
| Primary Government | 4,043         | 2,152           | 6,195         |
| Board of Education | 8,505         | 3,525           | 12,030        |
| College            | 219           | 226             | 445           |
| Library            | <u>228</u>    | <u>94</u>       | <u>322</u>    |
| Total              | <u>12,995</u> | <u>5,997</u>    | <u>18,992</u> |

**B Funding Policy** - Neither the primary government nor the component units have established irrevocable trust funds and legally restricted any funds for these plans. The entities currently fund the retirees' healthcare costs on a pay-as-you-go basis. The primary government has set aside \$23.1 million in its Health Insurance Internal Service Fund as of June 30, 2009 for retiree health insurance. However, these funds are not legally restricted and may be used for any purpose if appropriated in the primary government's budget. In September of 2009, the primary government transferred \$15 million from the OPEB fund to the General Fund.



**C Annual Costs and Net Obligation** - In accordance with the requirements of GASB Statement No. 45, the portion of the unfunded Annual Requirement Contribution (ARC), as determined by actuaries, has been recognized as an expense, and the net OPEB obligation has been recognized as a liability on the County's government-wide financial statements. The net OPEB obligation as of June 30, 2009 is recorded in non-current liabilities on the Statement of Net Assets and was calculated as follows:

(Amounts shown in thousands)

|  | <u>Primary<br/>Government</u> | <u>Board of<br/>Education</u> | <u>College</u>  | <u>Library</u>  | <u>Total</u>      |
|--|-------------------------------|-------------------------------|-----------------|-----------------|-------------------|
| Total Annual OPEB Cost                 | \$ 81,157                     | \$ 70,880                     | \$ 5,666        | \$ 3,090        | \$ 160,793        |
| Employer Contributions                 | <u>17,139</u>                 | <u>29,698</u>                 | <u>674</u>      | <u>709</u>      | <u>48,220</u>     |
| Increase in Net OPEB Obligation        | 64,018                        | 41,182                        | 4,992           | 2,381           | 112,573           |
| Net OPEB obligation, beginning of year | <u>62,808</u>                 | <u>39,922</u>                 | <u>4,844</u>    | <u>2,284</u>    | <u>109,858</u>    |
| Net OPEB obligation, end of year       | <u>\$ 126,826</u>             | <u>\$ 81,104</u>              | <u>\$ 9,836</u> | <u>\$ 4,665</u> | <u>\$ 222,431</u> |
| % of Annual OPEB Cost Contributed      | 21.1%                         | 41.9%                         | 11.9%           | 22.9%           |                   |

The next table provides a two-year trend data for contributions.

**Two Year Trend Information - Schedule of Employer Contributions**  
**Fiscal Year Ended June 30,**

|  | <u>2008</u>   | <u>2009</u>   |
|--|---------------|---------------|
| <i>Employees Plan</i>                      |               |               |
| Annual OPEB Cost                           | \$ 77,898,000 | \$ 81,157,000 |
| Percentage of Annual OPEB Cost Contributed | 19.4%         | 21.1%         |
| Annual Net OPEB Obligation                 | \$ 62,808,000 | \$ 64,018,000 |
| <i>Board Of Education</i>                  |               |               |
| Annual OPEB Cost                           | \$ 65,182,000 | \$ 70,880,000 |
| Percentage of Annual OPEB Cost Contributed | 38.8%         | 41.9%         |
| Annual Net OPEB Obligation                 | \$ 39,922,000 | \$ 41,182,000 |
| <i>College</i>                             |               |               |
| Annual OPEB Cost                           | \$ 5,437,000  | \$ 5,666,000  |
| Percentage of Annual OPEB Cost Contributed | 10.9%         | 11.9%         |
| Annual Net OPEB Obligation                 | \$ 4,844,000  | \$ 4,992,000  |
| <i>Library</i>                             |               |               |
| Annual OPEB Cost                           | \$ 2,971,000  | \$ 3,090,000  |
| Percentage of Annual OPEB Cost Contributed | 23.1%         | 22.9%         |
| Annual Net OPEB Obligation                 | \$ 2,284,000  | \$ 2,381,000  |

**D Funding Status and Funding Progress** - The funded status of the plans as of June 30, 2009 was as follows:

(Amounts shown in thousands)

|   | <u>Primary<br/>Government</u> | <u>Board of<br/>Education</u> | <u>College</u>   | <u>Library</u>   | <u>Total</u>        |
|---|-------------------------------|-------------------------------|------------------|------------------|---------------------|
| Actuarial accrued liability (AAL)                 | \$ 1,284,474                  | \$ 1,054,803                  | \$ 65,995        | \$ 45,426        | \$ 2,450,698        |
| Actuarial value of plan assets                    | -                             | -                             | -                | -                | -                   |
| Unfunded actuarial accrued liability, end of year | <u>\$ 1,284,474</u>           | <u>\$ 1,054,803</u>           | <u>\$ 65,995</u> | <u>\$ 45,426</u> | <u>\$ 2,450,698</u> |
| Funded ratio                                      | <u>0%</u>                     | <u>0%</u>                     | <u>0%</u>        | <u>0%</u>        | <u>0%</u>           |
| Covered payroll                                   | <u>\$ 233,637</u>             | <u>\$ 577,427</u>             | <u>\$ 83,530</u> | <u>\$ 10,910</u> | <u>\$ 905,504</u>   |
| UAAL as a percent of covered payroll              | <u>550%</u>                   | <u>183%</u>                   | <u>79%</u>       | <u>416%</u>      | <u>271%</u>         |

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

The primary government, Community College, and Library projected liabilities and costs as of June 30, 2007, based on January 1, 2006 census data using the projected unit credit method. The assumptions for these evaluations include a 3.5% inflation assumption, a payroll growth rate of 3.5%, a 4% investment rate of return (discount rate) for the primary government and Library, a 5% investment rate of return (discount rate) for the Community College, and an annual healthcare cost trend beginning with 11.5% for the year-ended June 30, 2007, dropping to an ultimate healthcare cost trend rate of 5.5% in 2012. The unfunded actuarial accrued liability of the plans is being amortized using the level percentage of projected payroll amortization method on an open basis. The unfunded AAL is being amortized over a 30 year period, leaving the remaining amortization as of June 30, 2009 at 28 years.

The Board's actuarial evaluation projected liabilities as of June 30, 2009, based on July 1, 2008 census data using the projected unit credit method. The assumptions include a 3.5% payroll growth rate, a 4% discount rate, and an annual healthcare cost trend beginning with 10.5% for the year-ended June 30, 2009 and dropping to an ultimate healthcare cost trend rate of 5.0 % in 2019. The unfunded AAL is being amortized over 30 years. The unfunded AAL is amortized using a level percent of projected payroll on an open basis.

## **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, 2009 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 2009 and 2008 were as follows:

|   | <u>2009</u>          | <u>2008</u>          |
|---|----------------------|----------------------|
| Liability balance, July 1                     | \$ 56,802,410        | \$ 51,060,859        |
| Current year claims and changes in estimates: |                      |                      |
| Changes in estimates - prior periods          | 2,070,000            | 2,675,000            |
| Changes in estimates - current year           | 86,251,580           | 81,105,466           |
| Claims payments                               | <u>(83,063,818)</u>  | <u>(78,038,915)</u>  |
| Liability balance, June 30                    | <u>\$ 62,060,172</u> | <u>\$ 56,802,410</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 80.8 % full, and cell 9 has not yet opened. Cells 8 and 9 have useful lives to at least 2014 and 2030, respectively. The table on the following page 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                              | \$ 50,949,974        | \$ 18,163,719       | \$ 69,113,693        |
| Post closure                         | <u>38,244,192</u>    | <u>5,391,270</u>    | <u>43,635,462</u>    |
|                                      | 89,194,166           | 23,554,989          | 112,749,155          |
| Less:                                |                      |                     |                      |
| Amount recognized thru June 30, 2009 | <u>50,859,447</u>    | <u>23,554,989</u>   | <u>74,414,436</u>    |
| Costs remaining to be recognized     | <u>\$ 38,334,719</u> | <u>\$ -</u>         | <u>\$ 38,334,719</u> |
| Liability recorded at June 30, 2009  |                      |                     |                      |
| Closure                              | \$ 9,456,832         | \$ -                | \$ 9,456,832         |
| Current portion post closure         | 683,000              | 270,884             | 953,884              |
| Post closure                         | <u>19,651,641</u>    | <u>5,120,386</u>    | <u>24,772,027</u>    |
|                                      | <u>\$ 29,791,473</u> | <u>\$ 5,391,270</u> | <u>\$ 35,182,743</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 \$1,105,072, and post closure reserves increased by \$724,094. These increases 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 \$18,359,538 as of June 30, 2009.

## **14**     **Contingent Liabilities**

**A**     **Impact Fees** – As of June 30, 2009, the primary government held impact fees accumulated for construction of schools and roads in designated districts of the County. County legislation authorizes the collection of such fees. As of June 30, 2009, the County held \$51,987,901 in impact fees. In addition, the County has entered into impact fee agreements with developers who provide offsite improvements designed to lessen the impact of development on the immediate community. Unredeemed impact fee credits totaled \$4,941,361 as of June 30, 2009.

**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. On February 7, 2008 the Maryland Court of Special Appeals issued an opinion agreeing with the County’s petition regarding the use of encumbrances as an offset against the amount of refunds. After a clarifying opinion of the court was received in May, 2008, the Court of Special Appeals sent the case back to the Circuit Court for a new determination of the amount of impact fees owed for refund. The Court will be scheduling an evidentiary hearing to determine if the encumbrances can be supported and the amount allowed. Because of the significant disparity in the amount of impact fees each party claims is owed, it is highly likely that the losing party will file another appeal.

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; however, the County asserts that it owes \$985,000 plus 5% accrued interest on refunds. As of June 30, 2009, the County has recorded an accrued liability of \$985,000 plus \$1,359,436 in accrued interest.

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, 2009, the County estimates that no material liabilities will result from such audits.

## Required Supplementary Information

Year Ended June 30, 2009

The information below is intended to help users assess pension plan funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

## Schedule of Funding Progress

|   |      | (A)<br>Actuarial<br>Value<br>of Assets | (B)<br>Actuarial<br>Accrued<br>Liability (AAL) | (B-A)<br>Unfunded<br>AAL<br>(UAAL) | (A/B)<br>Funded<br>Ratio | (C)<br>Covered<br>Payroll | ((A-B)/C)<br>UAAL as a<br>Percentage of<br>Covered<br>Payroll |
|---|------|--|--|------------------------------------|--------------------------|---------------------------|---|
| <b>Employees Retirement Plan:</b>   |      |  |  |                                    |                          |                           |   |
| January 1,  | 2007 | 456,656,849                            | 481,971,630                                    | 25,314,781                         | 94.7%                    | 116,709,102               | 21.7%   |
|   | 2008 | 492,788,674                            | 526,341,482                                    | 33,552,808                         | 93.6%                    | 117,222,681               | 28.6%   |
|   | 2009 | 488,275,803                            | 568,194,980                                    | 79,919,177                         | 85.9%                    | 124,803,488               | 64.0%   |
| <b>Police Service Retirement Plan:</b>  |      |  |  |                                    |                          |                           |   |
| January 1,  | 2007 | 389,877,885                            | 401,698,105                                    | 11,820,220                         | 97.1%                    | 37,805,038                | 31.3%   |
|   | 2008 | 417,278,055                            | 433,667,102                                    | 16,389,047                         | 96.2%                    | 41,011,366                | 40.0%   |
|   | 2009 | 408,261,502                            | 463,681,196                                    | 55,419,694                         | 88.0%                    | 41,508,547                | 133.5%  |
| <b>Fire Service Retirement Plan:</b>  |      |  |  |                                    |                          |                           |   |
| January 1,  | 2007 | 368,413,752                            | 383,694,268                                    | 15,280,516                         | 96.0%                    | 43,527,351                | 35.1%   |
|   | 2008 | 395,884,441                            | 413,815,087                                    | 17,930,646                         | 95.7%                    | 43,941,526                | 40.8%   |
|   | 2009 | 390,551,359                            | 436,520,858                                    | 45,969,499                         | 89.5%                    | 48,824,352                | 94.2%   |
| <b>Detention Officers' and Deputy Sheriffs' Pension Plan:</b>                         |      |  |  |                                    |                          |                           |   |
| January 1,  | 2007 | 66,233,757                             | 75,946,236                                     | 9,712,479                          | 87.2%                    | 17,367,873                | 55.9%   |
|   | 2008 | 74,355,736                             | 88,795,551                                     | 14,439,815                         | 83.7%                    | 18,122,458                | 79.7%   |
|   | 2009 | 76,525,847                             | 98,485,152                                     | 21,959,305                         | 77.7%                    | 19,785,653                | 111.0%  |
| <b>State Retirement and Pension System of Maryland (dollar amounts in thousands):</b> |      |  |  |                                    |                          |                           |   |
| June 30,  | 2006 | 35,795,025                             | 43,243,492                                     | 7,448,467                          | 82.8%                    | 9,287,576                 | 80.2%   |
|   | 2007 | 37,886,936                             | 47,144,354                                     | 9,257,418                          | 80.4%                    | 9,971,012                 | 92.8%   |
|   | 2008 | 39,504,284                             | 50,244,047                                     | 10,739,763                         | 78.6%                    | 10,542,806                | 101.9%  |

## 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.

Anne Arundel County, Maryland

Required Supplementary Information

Year Ended June 30, 2009

The information below is intended to help users assess other post-retirement benefits funding status on a going-concern basis, and assess progress made in accumulating assets to pay benefits when due.

Schedule of Funding Progress

(Amounts shown in thousands)

|                            |      | (A)       | (B)             | (B - A)   | (A / B) | (C)     | (B - A / C)  |
|----------------------------|------|-----------|-----------------|-----------|---------|---------|--------------|
|                            |      | Actuarial | Actuarial       | Unfunded  | Funded  | Covered | (B - A / C)  |
|                            |      | Value of  | Accrued         | AAL       | Ratio   | Payroll | UAAL as a    |
|                            |      | Assets    | Liability (AAL) | (UAAL)    |         |         | % of Covered |
|                            |      |           |                 |           |         |         | Payroll      |
| <b>Primary Government:</b> |      |           |                 |           |         |         |              |
| June 30,                   | 2006 | \$ -      | \$ -            | \$ -      | 0.0%    | \$ -    | 0.0%         |
|                            | 2007 | -         | -               | -         | 0.0%    | -       | 0.0%         |
|                            | 2008 | -         | 991,940         | 991,940   | 0.0%    | 219,048 | 452.8%       |
|                            | 2009 | -         | 1,284,474       | 1,284,474 | 0.0%    | 233,637 | 549.8%       |
| <b>Board of Education:</b> |      |           |                 |           |         |         |              |
| June 30,                   | 2006 | -         | -               | -         | 0.0%    | -       | 0.0%         |
|                            | 2007 | -         | -               | -         | 0.0%    | -       | 0.0%         |
|                            | 2008 | -         | 1,033,327       | 1,033,327 | 0.0%    | 513,254 | 201.3%       |
|                            | 2009 | -         | 1,054,803       | 1,054,803 | 0.0%    | 577,427 | 182.7%       |
| <b>College:</b>            |      |           |                 |           |         |         |              |
| June 30,                   | 2006 | -         | -               | -         | 0.0%    | -       | 0.0%         |
|                            | 2007 | -         | -               | -         | 0.0%    | -       | 0.0%         |
|                            | 2008 | -         | 61,463          | 61,463    | 0.0%    | 72,571  | 84.7%        |
|                            | 2009 | -         | 65,995          | 65,995    | 0.0%    | 83,530  | 79.0%        |
| <b>Library:</b>            |      |           |                 |           |         |         |              |
| June 30,                   | 2006 | -         | -               | -         | 0.0%    | -       | 0.0%         |
|                            | 2007 | -         | -               | -         | 0.0%    | -       | 0.0%         |
|                            | 2008 | -         | 35,932          | 35,932    | 0.0%    | 10,500  | 342.2%       |
|                            | 2009 | -         | 45,426          | 45,426    | 0.0%    | 10,910  | 416.4%       |

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

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Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2009

|                                       | Original<br>Budget | Final<br>Budget    | Actual             | Variance            |
|---------------------------------------|--------------------|--------------------|--------------------|---------------------|
| <b>GENERAL PROPERTY TAXES</b>         |                    |                    |                    |                     |
| Real and personal taxes               | \$ 515,834,000     | \$ 515,834,000     | \$ 520,069,379     | \$ 4,235,379        |
| Interest and penalties                | 750,000            | 750,000            | 1,062,259          | 312,259             |
|                                       | <u>516,584,000</u> | <u>516,584,000</u> | <u>521,131,638</u> | <u>4,547,638</u>    |
| <b>LOCAL INCOME TAXES</b>             | <u>389,000,000</u> | <u>389,000,000</u> | <u>372,441,155</u> | <u>(16,558,845)</u> |
| <b>STATE SHARED TAXES</b>             |                    |                    |                    |                     |
| Highway user                          | 28,459,000         | 28,459,000         | 25,351,947         | (3,107,053)         |
| Admissions                            | 7,860,000          | 7,860,000          | 7,928,349          | 68,349              |
| Auto-boat                             | 5,000              | 5,000              | 2,720              | (2,280)             |
|                                       | <u>36,324,000</u>  | <u>36,324,000</u>  | <u>33,283,016</u>  | <u>(3,040,984)</u>  |
| <b>RECORDATION AND TRANSFER TAXES</b> |                    |                    |                    |                     |
| Recordation                           | 43,500,000         | 43,500,000         | 28,419,042         | (15,080,958)        |
| Transfer                              | 39,500,000         | 39,500,000         | 27,391,961         | (12,108,039)        |
|                                       | <u>83,000,000</u>  | <u>83,000,000</u>  | <u>55,811,003</u>  | <u>(27,188,997)</u> |
| <b>LOCAL SALES TAXES</b>              |                    |                    |                    |                     |
| Electricity                           | 5,360,000          | 5,360,000          | 5,058,954          | (301,046)           |
| Gas                                   | 745,000            | 745,000            | 750,266            | 5,266               |
| Telephone                             | 7,750,000          | 7,750,000          | 7,366,675          | (383,325)           |
| Fuel                                  | 80,000             | 80,000             | 57,339             | (22,661)            |
| Hotel-motel                           | 14,728,000         | 14,728,000         | 13,986,168         | (741,832)           |
| Parking                               | 5,870,000          | 5,870,000          | 5,108,401          | (761,599)           |
| Trailer park rental pmts              | 930,000            | 930,000            | 941,432            | 11,432              |
|                                       | <u>35,463,000</u>  | <u>35,463,000</u>  | <u>33,269,235</u>  | <u>(2,193,765)</u>  |

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2009

|                                   | Original<br>Budget      | Final<br>Budget         | Actual                  | Variance               |
|-----------------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| <b>LICENSES AND PERMITS</b>       |                         |                         |                         |                        |
| Amusements                        | 220,000                 | 220,000                 | 222,408                 | 2,408                  |
| Special events                    | 7,000                   | 7,000                   | 10,000                  | 3,000                  |
| Beer, wine, liquor                | 786,800                 | 786,800                 | 828,264                 | 41,464                 |
| Trade licenses                    | 285,300                 | 285,300                 | 284,746                 | (554)                  |
| Traders                           | 760,000                 | 760,000                 | 850,984                 | 90,984                 |
| Permits                           | 10,651,900              | 10,651,900              | 7,964,397               | (2,687,503)            |
| Fines                             | 155,600                 | 155,600                 | 147,588                 | (8,012)                |
| Mobile home parks                 | 33,500                  | 33,500                  | 33,550                  | 50                     |
| Taxicabs                          | 110,000                 | 110,000                 | 111,494                 | 1,494                  |
| Animal control                    | 343,400                 | 343,400                 | 338,683                 | (4,717)                |
| Other                             | 1,997,300               | 1,997,300               | 2,256,051               | 258,751                |
| Health department                 | 1,745,500               | 1,745,500               | 943,047                 | (802,453)              |
| Public space                      | 868,000                 | 868,000                 | 1,043,646               | 175,646                |
|                                   | <u>17,964,300</u>       | <u>17,964,300</u>       | <u>15,034,858</u>       | <u>(2,929,442)</u>     |
| <b>INVESTMENT INCOME</b>          | <u>8,133,000</u>        | <u>8,133,000</u>        | <u>3,726,585</u>        | <u>(4,406,415)</u>     |
| <b>INTER-FUND RECOVERIES</b>      | <u>36,704,000</u>       | <u>36,704,000</u>       | <u>55,772,401</u>       | <u>19,068,401</u>      |
| <b>OTHER REVENUES</b>             |                         |                         |                         |                        |
| Sale of surplus property          | 50,000                  | 50,000                  | 100,100                 | 50,100                 |
| Health department fees            | 1,295,500               | 1,295,500               | 1,611,730               | 316,230                |
| Certification of liens            | 75,000                  | 75,000                  | 61,150                  | (13,850)               |
| Recreation and parks              | 11,937,100              | 11,937,100              | 10,834,318              | (1,102,782)            |
| Developers fees - street lighting | 50,000                  | 50,000                  | 40,682                  | (9,318)                |
| Sheriff                           | 99,000                  | 99,000                  | 99,317                  | 317                    |
| Sub-division                      | 1,800,000               | 1,800,000               | 956,887                 | (843,113)              |
| Administrative fees               | 130,000                 | 130,000                 | 1,500,885               | 1,370,885              |
| Rental income                     | 647,400                 | 647,400                 | 871,855                 | 224,455                |
| Cable fees                        | 6,830,000               | 6,830,000               | 7,550,579               | 720,579                |
| Reimbursements                    | 18,837,500              | 18,837,500              | 16,036,942              | (2,800,558)            |
| Fines and fees                    | 600,000                 | 600,000                 | 324,686                 | (275,314)              |
| Miscellaneous                     | 8,106,600               | 8,106,600               | 8,401,079               | 294,479                |
|                                   | <u>50,458,100</u>       | <u>50,458,100</u>       | <u>48,390,210</u>       | <u>(2,067,890)</u>     |
| <b>Total revenues</b>             | <u>\$ 1,173,630,400</u> | <u>\$ 1,173,630,400</u> | <u>\$ 1,138,860,101</u> | <u>\$ (34,770,299)</u> |

## Anne Arundel County, Maryland

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

## General Fund

Year Ended June 30, 2009

|  | Original<br>Budget | Final<br>Budget    | Actual             | Variance           |
|--|--------------------|--------------------|--------------------|--------------------|
| <b>EDUCATION</b>                         |                    |                    |                    |                    |
| Board of Education                       | \$ 584,642,800     | \$ 584,777,100     | \$ 584,283,578     | \$ (493,522)       |
| Community College                        | 37,849,900         | 37,849,900         | 37,608,534         | (241,366)          |
|  | <u>622,492,700</u> | <u>622,627,000</u> | <u>621,892,112</u> | <u>(734,888)</u>   |
| <b>PUBLIC SAFETY</b>                     |                    |                    |                    |                    |
| Police                                   | 100,635,400        | 100,635,400        | 95,322,816         | (5,312,584)        |
| Fire                                     | 97,089,300         | 97,089,300         | 93,970,194         | (3,119,106)        |
| Detention Facilities                     | 40,499,600         | 40,899,600         | 40,157,993         | (741,607)          |
|  | <u>238,224,300</u> | <u>238,624,300</u> | <u>229,451,003</u> | <u>(9,173,297)</u> |
| <b>GENERAL GOVERNMENT</b>                |                    |                    |                    |                    |
| County Executive                         | 5,329,700          | 5,329,700          | 5,226,017          | (103,683)          |
| Chief Administrative Officer             | 8,477,300          | 8,296,000          | 1,440,311          | (6,855,689)        |
| Office of Budget                         | 909,400            | 909,400            | 844,813            | (64,587)           |
| Office of Finance                        | 7,145,000          | 7,145,000          | 6,614,773          | (530,227)          |
| Office of Finance (non departmental)     | 37,447,500         | 37,447,500         | 37,945,598         | 498,098            |
| Mandated Transfers                       | 1,138,000          | 1,138,000          | 1,067,739          | (70,261)           |
| Central Services                         | 21,132,600         | 20,387,600         | 19,856,137         | (531,463)          |
| Personnel                                | 6,235,800          | 6,235,800          | 6,060,424          | (175,376)          |
| Information Technology                   | 15,870,600         | 15,870,600         | 14,943,795         | (926,805)          |
| Law                                      | 3,531,800          | 3,531,800          | 3,520,410          | (11,390)           |
| Legislative Branch                       | 3,641,400          | 3,641,400          | 3,373,708          | (267,692)          |
| Ethics Commission                        | 185,900            | 185,900            | 168,745            | (17,155)           |
| Board of Election Supervisors            | 2,976,300          | 2,976,300          | 2,413,349          | (562,951)          |
|  | <u>114,021,300</u> | <u>113,095,000</u> | <u>103,475,819</u> | <u>(9,619,181)</u> |
| <b>HEALTH AND HUMAN SERVICES</b>         |                    |                    |                    |                    |
| Health                                   | 30,688,300         | 30,688,300         | 28,080,082         | (2,608,218)        |
| Social Services                          | 5,324,900          | 5,324,900          | 4,783,302          | (541,598)          |
| Services for the Aging                   | 8,544,700          | 8,544,700          | 8,454,280          | (90,420)           |
| Other Grants                             | 2,359,500          | 2,359,500          | 2,359,500          | -                  |
|  | <u>46,917,400</u>  | <u>46,917,400</u>  | <u>43,677,164</u>  | <u>(3,240,236)</u> |
| <b>PUBLIC WORKS</b>                      |                    |                    |                    |                    |
|  | <u>37,264,900</u>  | <u>37,264,900</u>  | <u>37,264,441</u>  | <u>(459)</u>       |
| <b>RECREATION AND COMMUNITY SERVICES</b> |                    |                    |                    |                    |
| Recreation and Parks                     | 25,228,700         | 25,228,700         | 23,890,970         | (1,337,730)        |
| Public Library System                    | 14,021,000         | 14,021,000         | 14,021,000         | -                  |
|  | <u>39,249,700</u>  | <u>39,249,700</u>  | <u>37,911,970</u>  | <u>(1,337,730)</u> |

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2009

|  | Original<br>Budget          | Final<br>Budget             | Actual                      | Variance                   |
|--|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| <b>JUDICIAL</b>                          |                             |                             |                             |                            |
| States Attorney                          | 8,534,900                   | 8,534,900                   | 8,318,558                   | (216,342)                  |
| Sheriffs Office                          | 7,010,500                   | 7,235,500                   | 7,057,653                   | (177,847)                  |
| Circuit Court                            | 4,480,400                   | 4,580,400                   | 4,579,445                   | (955)                      |
| Orphans Court                            | 133,400                     | 133,400                     | 128,220                     | (5,180)                    |
| Total Judicial                           | <u>20,159,200</u>           | <u>20,484,200</u>           | <u>20,083,876</u>           | <u>(400,324)</u>           |
| <b>LAND USE AND DEVELOPMENT</b>          |                             |                             |                             |                            |
| Planning and Zoning                      | 8,188,500                   | 8,188,500                   | 7,923,486                   | (265,014)                  |
| Office of Administrative Hearings        | 285,800                     | 305,800                     | 292,601                     | (13,199)                   |
| Cooperative Extension Service            | 242,700                     | 242,700                     | 179,805                     | (62,895)                   |
|  | <u>8,717,000</u>            | <u>8,737,000</u>            | <u>8,395,892</u>            | <u>(341,108)</u>           |
| <b>CODE ENFORCEMENT</b>                  |                             |                             |                             |                            |
| Inspections and Permits                  | 12,331,900                  | 12,331,900                  | 11,697,624                  | (634,276)                  |
| Board of License Commissioners           | 624,200                     | 671,200                     | 623,704                     | (47,496)                   |
|  | <u>12,956,100</u>           | <u>13,003,100</u>           | <u>12,321,328</u>           | <u>(681,772)</u>           |
| <b>DEBT SERVICE</b>                      |                             |                             |                             |                            |
|  | <u>43,382,000</u>           | <u>43,382,000</u>           | <u>42,466,752</u>           | <u>(915,248)</u>           |
| <b>PAY GO FUNDING - CAPITAL PROJECTS</b> |                             |                             |                             |                            |
|  | <u>32,913,000</u>           | <u>32,913,000</u>           | <u>32,913,000</u>           | <u>-</u>                   |
| Total expenditures and encumbrances \$   | <u><u>1,216,297,600</u></u> | <u><u>1,216,297,600</u></u> | <u><u>1,189,853,357</u></u> | <u><u>(26,444,243)</u></u> |

## Nonmajor 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 nonmajor funds. Descriptions for these nonmajor 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.

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.

Anne Arundel County Partnership for Children, Youth, and Families – This fund accounts for the grant funds received from the State to be used for various youth and family programs as established by the Anne Arundel County Partnership for Children, Youth and Families.

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.

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.

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.

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

## Nonmajor Governmental Funds (continued)

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

Grants – This fund accounts for grant monies collected by the County through the following departments: Chief Administrative Office, Circuit Court, Fire, Health, Police, Planning and Zoning, Sheriff's Office, Social Services, State's Attorney's Office, Aging, and Detention Facilities.

Circuit Court – This fund accounts for the proceeds of forfeitures and attorney appearance fees. State law dedicated these proceeds, funding a variety of court house operations.

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 its debt service related to capital improvements within the district.

### *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.

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, 2009

|   | Special Revenue Funds       |                     |   |   |  |                                     |
|---|-----------------------------|---------------------|---|---|--|-------------------------------------|
|   | County<br>Parking<br>Garage | Street<br>Light     | Forfeiture<br>and Asset<br>Seizure Team | Road and<br>Special Benefits<br>Districts | Piney Orchard<br>Wastewater<br>Service | AA County<br>Partnership<br>for CYF |
| <b>ASSETS</b>   |                             |                     |   |   |  |                                     |
| Cash and investments  | \$ 813                      | \$ 2,293,254        | \$ 216,242                              | \$ 181,720                                | \$ 177,675                             | \$ 725,768                          |
| Receivables   |                             |                     |   |   |  |                                     |
| Due from other governmental agencies<br>(net of allowances) | -                           | -                   | -                                       | -   | -                                      | 582,362                             |
| Other, net  | 16,861                      | -                   | 95,500                                  | 16,290                                    | -                                      | -                                   |
| Total assets  | <u>\$ 17,674</u>            | <u>\$ 2,293,254</u> | <u>\$ 311,742</u>                       | <u>\$ 198,010</u>                         | <u>\$ 177,675</u>                      | <u>\$ 1,308,130</u>                 |
| <b>LIABILITIES</b>  |                             |                     |   |   |  |                                     |
| Accounts payable and accrued liabilities                    | \$ 13,702                   | \$ 125,545          | \$ 16,582                               | \$ 39,445                                 | \$ 177,675                             | \$ 354,348                          |
| Due to General Fund   | -                           | -                   | -                                       | -   | -                                      | -                                   |
| Escrow and other deposits                                   | -                           | -                   | -                                       | -   | -                                      | -                                   |
| Deferred revenue  | -                           | -                   | -                                       | -   | -                                      | 551,380                             |
| Total liabilities   | <u>13,702</u>               | <u>125,545</u>      | <u>16,582</u>                           | <u>39,445</u>                             | <u>177,675</u>                         | <u>905,728</u>                      |
| <b>FUND BALANCES</b>  |                             |                     |   |   |  |                                     |
| Reserved  |                             |                     |   |   |  |                                     |
| Encumbrances  | 3,972                       | 1,426,816           | -                                       | -   | -                                      | -                                   |
| Unreserved  |                             |                     |   |   |  |                                     |
| Designated for next year's expenditures                     | -                           | -                   | -                                       | 158,565                                   | -                                      | -                                   |
| Undesignated  | -                           | 740,893             | 295,160                                 | -   | -                                      | 402,402                             |
| Total fund balances   | <u>3,972</u>                | <u>2,167,709</u>    | <u>295,160</u>                          | <u>158,565</u>                            | <u>-</u>                               | <u>402,402</u>                      |
| Total liabilities and fund balances                         | <u>\$ 17,674</u>            | <u>\$ 2,293,254</u> | <u>\$ 311,742</u>                       | <u>\$ 198,010</u>                         | <u>\$ 177,675</u>                      | <u>\$ 1,308,130</u>                 |

Special Revenue Funds

| Storm Drain<br>Fees | Inmate Benefit<br>and Morale | Reforestation        | Laurel<br>Racetrack<br>Community<br>Benefit | Recreational<br>Land Fees | Incentive Loan<br>Program | Workforce<br>Development |
|---------------------|------------------------------|----------------------|---|---------------------------|---------------------------|--------------------------|
| \$ 2,421,476        | \$ 873,538                   | \$ 13,395,608        | \$ 1,249,179                                | \$ 437,127                | \$ -                      | \$ -                     |
| -                   | -                            | -                    | -   | -                         | -                         | 355,350                  |
| -                   | 63,865                       | -                    | 165,000                                     | -                         | -                         | -                        |
| <u>\$ 2,421,476</u> | <u>\$ 937,403</u>            | <u>\$ 13,395,608</u> | <u>\$ 1,414,179</u>                         | <u>\$ 437,127</u>         | <u>\$ -</u>               | <u>\$ 355,350</u>        |
| \$ -                | \$ 125,485                   | \$ 54,829            | \$ -  | \$ -                      | \$ -                      | \$ 129,160               |
| -                   | -                            | -                    | -   | -                         | -                         | -                        |
| -                   | 38,446                       | 4,479,121            | -   | -                         | -                         | -                        |
| -                   | -                            | 3,834,310            | -   | -                         | -                         | 226,190                  |
| -                   | 163,931                      | 8,368,260            | -   | -                         | -                         | 355,350                  |
| -                   | 21,273                       | 116,951              | -   | -                         | -                         | -                        |
| 2,056,365           | 404,000                      | 2,404,900            | -   | -                         | -                         | -                        |
| 365,111             | 348,199                      | 2,505,497            | 1,414,179                                   | 437,127                   | -                         | -                        |
| <u>2,421,476</u>    | <u>773,472</u>               | <u>5,027,348</u>     | <u>1,414,179</u>                            | <u>437,127</u>            | <u>-</u>                  | <u>-</u>                 |
| <u>\$ 2,421,476</u> | <u>\$ 937,403</u>            | <u>\$ 13,395,608</u> | <u>\$ 1,414,179</u>                         | <u>\$ 437,127</u>         | <u>\$ -</u>               | <u>\$ 355,350</u>        |



Anne Arundel County, Maryland

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2009

|   |   |                     |                   |                             | Capital<br>Projects Fund |
|---|---|---------------------|-------------------|-----------------------------|--------------------------|
|   | Arundel<br>Community<br>Development<br>Services | Grants              | Circuit<br>Court  | Park Place<br>Tax Increment | Erosion<br>Districts     |
| <b>ASSETS</b>   |   |                     |                   |                             |                          |
| Cash and investments  | \$ -  | \$ 315,311          | \$ 194,766        | \$ 54,497                   | \$ 752,027               |
| Receivables   |   |                     |                   |                             |                          |
| Due from other governmental agencies<br>(net of allowances) | 1,058,639                                       | 6,322,243           | -                 | -                           | -                        |
| Other, net  | -   | -                   | 12,694            | -                           | 1,182                    |
| Total assets  | <u>\$ 1,058,639</u>                             | <u>\$ 6,637,554</u> | <u>\$ 207,460</u> | <u>\$ 54,497</u>            | <u>\$ 753,209</u>        |
| <b>LIABILITIES</b>  |   |                     |                   |                             |                          |
| Accounts payable and accrued liabilities                    | \$ 669,844                                      | \$ 1,682,763        | \$ 12,928         | \$ -                        | \$ 2,472                 |
| Due to General Fund   | 388,795   | 4,335,798           | -                 | -                           | -                        |
| Escrow and other deposits                                   | -   | -                   | 176,651           | -                           | -                        |
| Deferred revenue  | -   | 2,819,753           | -                 | -                           | -                        |
| Total liabilities   | <u>1,058,639</u>                                | <u>8,838,314</u>    | <u>189,579</u>    | <u>-</u>                    | <u>2,472</u>             |
| <b>FUND BALANCES</b>  |   |                     |                   |                             |                          |
| Reserved  |   |                     |                   |                             |                          |
| Encumbrances  | 808,885   | 1,590,255           | -                 | -                           | -                        |
| Unreserved  |   |                     |                   |                             |                          |
| Designated for next year's expenditures                     | -   | -                   | -                 | -                           | 583,509                  |
| Undesignated  | <u>(808,885)</u>                                | <u>(3,791,015)</u>  | <u>17,881</u>     | <u>54,497</u>               | <u>167,228</u>           |
| Total fund balances   | <u>-</u>  | <u>(2,200,760)</u>  | <u>17,881</u>     | <u>54,497</u>               | <u>750,737</u>           |
| Total liabilities and fund balances                         | <u>\$ 1,058,639</u>                             | <u>\$ 6,637,554</u> | <u>\$ 207,460</u> | <u>\$ 54,497</u>            | <u>\$ 753,209</u>        |

Debt Service Funds

| Nursery Road<br>Tax Increment | West County<br>Tax Increment | Arundel Mills<br>Tax Increment | Parole<br>Tax Increment | Special Taxing<br>Districts | Installment<br>Purchase<br>Agreements | Totals               |
|-------------------------------|------------------------------|--------------------------------|-------------------------|-----------------------------|---------------------------------------|----------------------|
| \$ 97,194                     | \$ 73,624                    | \$ 30,965                      | \$ -                    | \$ 356,051                  | \$ 4,961,978                          | \$ 28,808,813        |
| -                             | -                            | -                              | -                       | -                           | -                                     | 8,318,594            |
| -                             | -                            | -                              | -                       | 1,377                       | -                                     | 372,769              |
| <u>\$ 97,194</u>              | <u>\$ 73,624</u>             | <u>\$ 30,965</u>               | <u>\$ -</u>             | <u>\$ 357,428</u>           | <u>\$ 4,961,978</u>                   | <u>\$ 37,500,176</u> |
| \$ -                          | \$ 170                       | \$ 157                         | \$ -                    | \$ 1,018                    | \$ -                                  | \$ 3,406,123         |
| -                             | -                            | -                              | -                       | -                           | -                                     | 4,724,593            |
| -                             | -                            | -                              | -                       | -                           | -                                     | 4,694,218            |
| -                             | -                            | -                              | -                       | -                           | -                                     | 7,431,633            |
| <u>-</u>                      | <u>170</u>                   | <u>157</u>                     | <u>-</u>                | <u>1,018</u>                | <u>-</u>                              | <u>20,256,567</u>    |
| -                             | -                            | -                              | -                       | -                           | -                                     | 3,968,152            |
| -                             | -                            | -                              | -                       | 261,853                     | -                                     | 5,869,192            |
| <u>97,194</u>                 | <u>73,454</u>                | <u>30,808</u>                  | <u>-</u>                | <u>94,557</u>               | <u>4,961,978</u>                      | <u>7,406,265</u>     |
| <u>97,194</u>                 | <u>73,454</u>                | <u>30,808</u>                  | <u>-</u>                | <u>356,410</u>              | <u>4,961,978</u>                      | <u>17,243,609</u>    |
| <u>\$ 97,194</u>              | <u>\$ 73,624</u>             | <u>\$ 30,965</u>               | <u>\$ -</u>             | <u>\$ 357,428</u>           | <u>\$ 4,961,978</u>                   | <u>\$ 37,500,176</u> |

Anne Arundel County, Maryland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2009

|   | Special Revenue Funds       |                 |   |   |  |                                     |
|---|-----------------------------|-----------------|---|---|--|-------------------------------------|
|   | County<br>Parking<br>Garage | Street<br>Light | Forfeiture<br>and Asset<br>Seizure Team | Road and<br>Special Benefits<br>Districts | Piney Orchard<br>Wastewater<br>Service | AA County<br>Partnership<br>for CYF |
| <b>REVENUES</b>                             |                             |                 |   |   |  |                                     |
| General property taxes                      | \$ -                        | \$ -            | \$ -                                    | \$ -                                      | \$ -                                   | \$ -                                |
| Grants and aid                              | -                           | -               | -                                       | -   | -                                      | 2,340,520                           |
| Commissary sales                            | -                           | -               | -                                       | -   | -                                      | -                                   |
| Seized / forfeited funds                    | -                           | -               | 310,224                                 | -   | -                                      | -                                   |
| Special community benefit taxes             | -                           | -               | -                                       | 5,165,749                                 | -                                      | -                                   |
| Fees and commissions                        | 434,402                     | 381,695         | -                                       | -   | 802,553                                | -                                   |
| Investment income                           | -                           | -               | 8,610                                   | -   | -                                      | 7,959                               |
| Other                                       | -                           | 2,000           | -                                       | -   | -                                      | 455                                 |
| <b>Total revenues</b>                       | <b>434,402</b>              | <b>383,695</b>  | <b>318,834</b>                          | <b>5,165,749</b>                          | <b>802,553</b>                         | <b>2,348,934</b>                    |
| <b>EXPENDITURES</b>                         |                             |                 |   |   |  |                                     |
| <b>Current</b>                              |                             |                 |   |   |  |                                     |
| Public safety                               | -                           | -               | 424,006                                 | -   | -                                      | -                                   |
| General government                          | 436,649                     | -               | -                                       | -   | -                                      | -                                   |
| Health and human services                   | -                           | -               | -                                       | -   | -                                      | 2,366,197                           |
| Public works                                | -                           | 470,859         | -                                       | -   | 802,553                                | -                                   |
| Recreation and community services           | -                           | -               | -                                       | 5,580,907                                 | -                                      | -                                   |
| Judicial                                    | -                           | -               | -                                       | -   | -                                      | -                                   |
| Land use and development                    | -                           | -               | -                                       | -   | -                                      | -                                   |
| Capital outlay                              | -                           | -               | -                                       | -   | -                                      | -                                   |
| <b>Debt service</b>                         |                             |                 |   |   |  |                                     |
| Interest payments on debt                   | -                           | -               | -                                       | -   | -                                      | -                                   |
| Principal payments on debt                  | -                           | -               | -                                       | -   | -                                      | -                                   |
| <b>Total expenditures</b>                   | <b>436,649</b>              | <b>470,859</b>  | <b>424,006</b>                          | <b>5,580,907</b>                          | <b>802,553</b>                         | <b>2,366,197</b>                    |
| Revenues over (under) expenditures          | (2,247)                     | (87,164)        | (105,172)                               | (415,158)                                 | -                                      | (17,263)                            |
| <b>OTHER FINANCING SOURCES (USES)</b>       |                             |                 |   |   |  |                                     |
| <b>Transfers in</b>                         |                             |                 |   |   |  |                                     |
| General Fund                                | -                           | -               | -                                       | -   | -                                      | -                                   |
| Erosion Districts Fund                      | -                           | -               | -                                       | -   | -                                      | -                                   |
| Special Taxing Districts Fund               | -                           | -               | -                                       | -   | -                                      | -                                   |
| <b>Transfers out</b>                        |                             |                 |   |   |  |                                     |
| General Fund                                | -                           | -               | (135,217)                               | -   | -                                      | -                                   |
| Erosion Districts Fund                      | -                           | -               | -                                       | -   | -                                      | -                                   |
| Special Taxing Districts Fund               | -                           | -               | -                                       | -   | -                                      | -                                   |
| <b>Total other financing sources (uses)</b> | <b>-</b>                    | <b>-</b>        | <b>(135,217)</b>                        | <b>-</b>                                  | <b>-</b>                               | <b>-</b>                            |
| Net change in fund balances                 | (2,247)                     | (87,164)        | (240,389)                               | (415,158)                                 | -                                      | (17,263)                            |
| Fund balances, July 1 (as restated)         | 6,219                       | 2,254,873       | 535,549                                 | 573,723                                   | -                                      | 419,665                             |
| Fund balances, June 30                      | \$ 3,972                    | \$ 2,167,709    | \$ 295,160                              | \$ 158,565                                | \$ -                                   | \$ 402,402                          |

Special Revenue Funds

|    | Storm Drain Fees | Inmate Benefit and Morale | Reforestation    | Laurel Racetrack Community Benefit | Recreation Land Fees | Incentive Loan Program | Workforce Development |
|----|------------------|---------------------------|------------------|------------------------------------|----------------------|------------------------|-----------------------|
| \$ | -                | -                         | -                | -                                  | -                    | -                      | -                     |
|    | -                | -                         | -                | -                                  | -                    | -                      | 698,604               |
|    | -                | 811,505                   | -                | -                                  | -                    | -                      | -                     |
|    | -                | -                         | -                | -                                  | -                    | -                      | -                     |
|    | -                | -                         | -                | -                                  | -                    | -                      | -                     |
|    | 247,597          | 439,232                   | 224,983          | 353,000                            | 77,800               | -                      | -                     |
|    | -                | 20,484                    | -                | 22,544                             | -                    | 5                      | -                     |
|    | -                | 9,304                     | -                | -                                  | -                    | -                      | -                     |
|    | <u>247,597</u>   | <u>1,280,525</u>          | <u>224,983</u>   | <u>375,544</u>                     | <u>77,800</u>        | <u>5</u>               | <u>698,604</u>        |
|    | -                | 1,429,172                 | -                | -                                  | -                    | -                      | -                     |
|    | -                | -                         | -                | -                                  | -                    | -                      | -                     |
|    | -                | -                         | -                | -                                  | -                    | -                      | 698,604               |
|    | -                | -                         | -                | -                                  | -                    | -                      | -                     |
|    | -                | -                         | -                | 350,000                            | -                    | -                      | -                     |
|    | -                | -                         | -                | -                                  | -                    | -                      | -                     |
|    | -                | -                         | 662,944          | -                                  | -                    | -                      | -                     |
|    | -                | -                         | -                | -                                  | -                    | -                      | -                     |
|    | -                | -                         | -                | -                                  | -                    | -                      | -                     |
|    | -                | -                         | -                | -                                  | -                    | -                      | -                     |
|    | -                | 1,429,172                 | 662,944          | 350,000                            | -                    | -                      | 698,604               |
|    | <u>247,597</u>   | <u>(148,647)</u>          | <u>(437,961)</u> | <u>25,544</u>                      | <u>77,800</u>        | <u>5</u>               | <u>-</u>              |
|    | -                | -                         | -                | -                                  | -                    | -                      | -                     |
|    | -                | -                         | -                | -                                  | -                    | -                      | -                     |
|    | -                | -                         | -                | -                                  | -                    | -                      | -                     |
|    | -                | -                         | -                | -                                  | -                    | (305)                  | -                     |
|    | -                | -                         | -                | -                                  | -                    | -                      | -                     |
|    | -                | -                         | -                | -                                  | -                    | -                      | -                     |
|    | -                | -                         | -                | -                                  | -                    | (305)                  | -                     |
|    | 247,597          | (148,647)                 | (437,961)        | 25,544                             | 77,800               | (300)                  | -                     |
|    | <u>2,173,879</u> | <u>922,119</u>            | <u>5,465,309</u> | <u>1,388,635</u>                   | <u>359,327</u>       | <u>300</u>             | <u>-</u>              |
| \$ | <u>2,421,476</u> | <u>773,472</u>            | <u>5,027,348</u> | <u>1,414,179</u>                   | <u>437,127</u>       | <u>-</u>               | <u>-</u>              |

(continued)

Anne Arundel County, Maryland

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

Nonmajor Governmental Funds

Year Ended June 30, 2009

|                                       |   |                    |                  |                             | Capital                               |
|---------------------------------------|---|--------------------|------------------|-----------------------------|---------------------------------------|
|                                       | Arundel<br>Community<br>Development<br>Services | Grants             | Circuit<br>Court | Park Place<br>Tax Increment | Projects Fund<br>Erosion<br>Districts |
| <b>REVENUES</b>                       |   |                    |                  |                             |                                       |
| General property taxes                | \$ -  | \$ -               | \$ -             | \$ 1,118,229                | \$ -                                  |
| Grants and aid                        | 7,600,313                                       | 27,609,114         | -                | -                           | -                                     |
| Commissary sales                      | -   | -                  | -                | -                           | -                                     |
| Seized / forfeited funds              | -   | -                  | -                | -                           | -                                     |
| Special community benefit taxes       | -   | -                  | -                | -                           | 267,121                               |
| Other fees and commissions            | -   | -                  | -                | -                           | -                                     |
| Investment income                     | -   | -                  | -                | 20,546                      | -                                     |
| Other                                 | -   | 659,658            | 165,896          | -                           | -                                     |
| Total revenues                        | <u>7,600,313</u>                                | <u>28,268,772</u>  | <u>165,896</u>   | <u>1,138,775</u>            | <u>267,121</u>                        |
| <b>EXPENDITURES</b>                   |   |                    |                  |                             |                                       |
| Current                               |   |                    |                  |                             |                                       |
| Public safety                         | -   | 1,694,694          | -                | -                           | -                                     |
| General government                    | -   | 1,105,254          | -                | 1,118,229                   | -                                     |
| Health and human services             | -   | 25,851,922         | -                | -                           | -                                     |
| Public works                          | -   | -                  | -                | -                           | -                                     |
| Recreation and community services     | 7,870,313                                       | -                  | -                | -                           | -                                     |
| Judicial                              | -   | 2,547,316          | 225,108          | -                           | -                                     |
| Land use and development              | -   | 337,491            | -                | -                           | -                                     |
| Capital outlay                        | -   | -                  | -                | -                           | 96,062                                |
| Debt service                          |   |                    |                  |                             |                                       |
| Interest payments on debt             | -   | -                  | -                | -                           | -                                     |
| Principal payments on debt            | -   | -                  | -                | -                           | -                                     |
| Total expenditures                    | <u>7,870,313</u>                                | <u>31,536,677</u>  | <u>225,108</u>   | <u>1,118,229</u>            | <u>96,062</u>                         |
| Revenues over (under) expenditures    | <u>(270,000)</u>                                | <u>(3,267,905)</u> | <u>(59,212)</u>  | <u>20,546</u>               | <u>171,059</u>                        |
| <b>OTHER FINANCING SOURCES (USES)</b> |   |                    |                  |                             |                                       |
| Transfers in                          |   |                    |                  |                             |                                       |
| General Fund                          | 270,000   | 1,067,145          | -                | -                           | -                                     |
| Erosion Districts Fund                | -   | -                  | -                | -                           | -                                     |
| Special Taxing Districts Fund         | -   | -                  | -                | -                           | 40,712                                |
| Transfers out                         |   |                    |                  |                             |                                       |
| General Fund                          | -   | -                  | -                | -                           | -                                     |
| Erosion Districts Fund                | -   | -                  | -                | -                           | -                                     |
| Special Taxing Districts Fund         | -   | -                  | -                | -                           | (33,473)                              |
| Total other financing sources (uses)  | <u>270,000</u>                                  | <u>1,067,145</u>   | <u>-</u>         | <u>-</u>                    | <u>7,239</u>                          |
| Change in fund balances               | -   | (2,200,760)        | (59,212)         | 20,546                      | 178,298                               |
| Fund balances, July 1 (as restated)   | -   | -                  | 77,093           | 33,951                      | 572,439                               |
| Fund balances, June 30                | \$ -  | \$ (2,200,760)     | \$ 17,881        | \$ 54,497                   | \$ 750,737                            |

Debt Service Funds

|    | Nursery Road<br>Tax Increment | West County<br>Tax Increment | Arundel Mills<br>Tax Increment | Parole<br>Tax Increment | Special Taxing<br>Districts | Installment<br>Purchase<br>Agreements | Totals               |
|----|-------------------------------|------------------------------|--------------------------------|-------------------------|-----------------------------|---------------------------------------|----------------------|
| \$ | 4,704,180                     | \$ 3,616,867                 | \$ 4,092,319                   | \$ 8,349,547            | \$ -                        | \$ -                                  | \$ 21,881,142        |
|    | -                             | -                            | -                              | -                       | -                           | -                                     | 38,248,551           |
|    | -                             | -                            | -                              | -                       | -                           | -                                     | 811,505              |
|    | -                             | -                            | -                              | -                       | -                           | -                                     | 310,224              |
|    | -                             | -                            | -                              | -                       | 473,171                     | -                                     | 5,906,041            |
|    | -                             | -                            | -                              | -                       | -                           | -                                     | 2,961,262            |
|    | 52,916                        | 30,227                       | 29,880                         | 72,246                  | -                           | 413,263                               | 678,680              |
|    | -                             | -                            | -                              | -                       | -                           | -                                     | 837,313              |
|    | <u>4,757,096</u>              | <u>3,647,094</u>             | <u>4,122,199</u>               | <u>8,421,793</u>        | <u>473,171</u>              | <u>413,263</u>                        | <u>71,634,718</u>    |
|    | -                             | -                            | -                              | -                       | -                           | -                                     | 3,547,872            |
|    | 3,640                         | 13,121                       | 11,120                         | 5,200                   | -                           | -                                     | 2,693,213            |
|    | -                             | -                            | -                              | -                       | -                           | -                                     | 28,916,723           |
|    | -                             | -                            | -                              | -                       | -                           | -                                     | 1,273,412            |
|    | -                             | -                            | -                              | -                       | 297,433                     | -                                     | 14,098,653           |
|    | -                             | -                            | -                              | -                       | -                           | -                                     | 2,772,424            |
|    | -                             | -                            | -                              | -                       | -                           | 5,000                                 | 1,005,435            |
|    | -                             | -                            | -                              | -                       | -                           | -                                     | 96,062               |
|    | 99,035                        | 757,425                      | 1,501,956                      | 211,750                 | -                           | 661,050                               | 3,231,216            |
|    | <u>75,000</u>                 | <u>-</u>                     | <u>-</u>                       | <u>840,000</u>          | <u>207,573</u>              | <u>19,925</u>                         | <u>1,142,498</u>     |
|    | <u>177,675</u>                | <u>770,546</u>               | <u>1,513,076</u>               | <u>1,056,950</u>        | <u>505,006</u>              | <u>685,975</u>                        | <u>58,777,508</u>    |
|    | <u>4,579,421</u>              | <u>2,876,548</u>             | <u>2,609,123</u>               | <u>7,364,843</u>        | <u>(31,835)</u>             | <u>(272,712)</u>                      | <u>12,857,210</u>    |
|    | -                             | -                            | -                              | -                       | -                           | -                                     | 1,337,145            |
|    | -                             | -                            | -                              | -                       | 33,473                      | -                                     | 33,473               |
|    | -                             | -                            | -                              | -                       | -                           | -                                     | 40,712               |
|    | (4,761,325)                   | (2,934,454)                  | (2,609,924)                    | (7,364,843)             | -                           | -                                     | (17,806,068)         |
|    | -                             | -                            | -                              | -                       | (40,712)                    | -                                     | (40,712)             |
|    | -                             | -                            | -                              | -                       | -                           | -                                     | (33,473)             |
|    | <u>(4,761,325)</u>            | <u>(2,934,454)</u>           | <u>(2,609,924)</u>             | <u>(7,364,843)</u>      | <u>(7,239)</u>              | <u>-</u>                              | <u>(16,468,923)</u>  |
|    | (181,904)                     | (57,906)                     | (801)                          | -                       | (39,074)                    | (272,712)                             | (3,611,713)          |
|    | <u>279,098</u>                | <u>131,360</u>               | <u>31,609</u>                  | <u>-</u>                | <u>395,484</u>              | <u>5,234,690</u>                      | <u>20,855,322</u>    |
| \$ | <u>97,194</u>                 | <u>\$ 73,454</u>             | <u>\$ 30,808</u>               | <u>\$ -</u>             | <u>\$ 356,410</u>           | <u>\$ 4,961,978</u>                   | <u>\$ 17,243,609</u> |

Anne Arundel County, Maryland

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

Special Revenue Funds

Year Ended June 30, 2009

|  | Original<br>Budget | Final<br>Budget | Actual     | Variance     |
|--|--------------------|-----------------|------------|--------------|
| <b>COUNTY PARKING GARAGE</b>             |                    |                 |            |              |
| Revenues                                 |                    |                 |            |              |
| Parking fees                             | \$ 565,200         | \$ 565,200      | \$ 434,402 | \$ (130,798) |
| Expenditures                             |                    |                 |            |              |
| General government                       | 438,700            | 438,700         | 434,402    | (4,298)      |
| Revenues over (under) expenditures       | 126,500            | 126,500         | -          | \$ (126,500) |
| Fund balance, budgetary, July 1          | -                  | -               | -          |              |
| Fund balance, budgetary, June 30         | \$ 126,500         | \$ 126,500      | \$ -       |              |
| <b>STREET LIGHT</b>                      |                    |                 |            |              |
| Revenues                                 |                    |                 |            |              |
| Developer fees                           | \$ 1,000,000       | \$ 1,000,000    | \$ 381,695 | \$ (618,305) |
| Other                                    | -                  | -               | 6,004      | 6,004        |
|  | 1,000,000          | 1,000,000       | 387,699    | (612,301)    |
| Expenditures                             |                    |                 |            |              |
| Public works                             | 1,000,000          | 1,000,000       | 850,865    | (149,135)    |
| Revenues over (under) expenditures       | -                  | -               | (463,166)  | \$ (463,166) |
| Fund balance, budgetary, July 1          | 1,204,059          | 1,204,059       | 1,204,059  |              |
| Fund balance, budgetary, June 30         | \$ 1,204,059       | \$ 1,204,059    | \$ 740,893 |              |
| <b>FORFEITURE AND ASSET SEIZURE TEAM</b> |                    |                 |            |              |
| Revenues                                 |                    |                 |            |              |
| Seized and forfeited funds               | \$ 400,000         | \$ 400,000      | \$ 310,224 | \$ (89,776)  |
| Investment income                        | -                  | -               | 8,610      | 8,610        |
|  | 400,000            | 400,000         | 318,834    | (81,166)     |
| Expenditures                             |                    |                 |            |              |
| Public safety                            | 402,400            | 402,400         | 424,006    | 21,606       |
| Other                                    | -                  | 200,000         | 135,217    | (64,783)     |
|  | 402,400            | 602,400         | 559,223    | (43,177)     |
| Revenues over (under) expenditures       | (2,400)            | (202,400)       | (240,389)  | \$ (37,989)  |
| Fund balance, budgetary, July 1          | 535,549            | 535,549         | 535,549    |              |
| Fund balance, budgetary, June 30         | \$ 533,149         | \$ 333,149      | \$ 295,160 |              |

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

Anne Arundel County, Maryland

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

Special Revenue Funds

Year Ended June 30, 2009

|   | Original<br>Budget | Final<br>Budget | Actual       | Variance     |
|---|--------------------|-----------------|--------------|--------------|
| <b>ROADS AND SPECIAL BENEFITS</b>   |                    |                 |              |              |
| Revenues  |                    |                 |              |              |
| Special community benefit taxes   | \$ 4,991,711       | \$ 4,991,711    | \$ 5,165,749 | \$ 174,038   |
| Expenditures  |                    |                 |              |              |
| Recreation and community services   | 7,992,372          | 8,001,462       | 5,580,907    | (2,420,555)  |
| Revenues over (under) expenditures  | (3,000,661)        | (3,009,751)     | (415,158)    | \$ 2,594,593 |
| Fund balance, budgetary, July 1   | 573,723            | 573,723         | 573,723      |              |
| Fund balance, budgetary, June 30  | \$ (2,426,938)     | \$ (2,436,028)  | \$ 158,565   |              |
| <b>PINEY ORCHARD WASTEWATER SERVICE</b>                                   |                    |                 |              |              |
| Revenues  |                    |                 |              |              |
| Commissions and fees  | \$ 1,000,000       | \$ 1,000,000    | \$ 802,553   | \$ (197,447) |
| Expenditures  |                    |                 |              |              |
| Public works  | 1,000,000          | 1,000,000       | 802,553      | (197,447)    |
| Revenues over (under) expenditures  | -                  | -               | -            | \$ -         |
| Fund balance, budgetary, July 1   | -                  | -               | -            |              |
| Fund balance, budgetary, June 30  | \$ -               | \$ -            | \$ -         |              |
| <b>ANNE ARUNDEL COUNTY PARTNERSHIP FOR CHILDREN, YOUTH &amp; FAMILIES</b> |                    |                 |              |              |
| Revenues  |                    |                 |              |              |
| Grants and aid  | \$ 3,120,800       | \$ 3,120,800    | \$ 2,340,520 | \$ (780,280) |
| Investment income   | -                  | -               | 7,959        | 7,959        |
| Other   | -                  | -               | 455          | 455          |
|   | 3,120,800          | 3,120,800       | 2,348,934    | (771,866)    |
| Expenditures  |                    |                 |              |              |
| Health and human services   | 3,120,800          | 3,120,800       | 2,366,197    | (754,603)    |
| Revenues over (under) expenditures  | -                  | -               | (17,263)     | \$ (17,263)  |
| Fund balance, budgetary, July 1   | 419,665            | 419,665         | 419,665      |              |
| Fund balance, budgetary, June 30  | \$ 419,665         | \$ 419,665      | \$ 402,402   |              |

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



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

## Special Revenue Funds

Year Ended June 30, 2009

|   | Original<br>Budget   | Final<br>Budget      | Actual               | Variance          |
|---|----------------------|----------------------|----------------------|-------------------|
| <b>INMATE BENEFIT AND MORALE</b>              |                      |                      |                      |                   |
| Revenues                                      |                      |                      |                      |                   |
| Commissary sales                              | \$ 830,000           | \$ 830,000           | \$ 811,505           | \$ (18,495)       |
| Commissions and fees                          | 400,000              | 400,000              | 439,232              | 39,232            |
| Investment income                             | 40,000               | 40,000               | 20,484               | (19,516)          |
| Other   | -                    | -                    | 9,637                | 9,637             |
|   | <u>1,270,000</u>     | <u>1,270,000</u>     | <u>1,280,858</u>     | <u>10,858</u>     |
| Expenditures                                  |                      |                      |                      |                   |
| Commissary purchases                          | 830,000              | 830,000              | 798,283              | (31,717)          |
| Inmate benefits/morale                        | 755,000              | 755,000              | 641,083              | (113,917)         |
|   | <u>1,585,000</u>     | <u>1,585,000</u>     | <u>1,439,366</u>     | <u>(145,634)</u>  |
| Revenues over (under) expenditures            | (315,000)            | (315,000)            | (158,508)            | <u>\$ 156,492</u> |
| Fund balance, budgetary, July 1               | <u>910,708</u>       | <u>910,708</u>       | <u>910,708</u>       |                   |
| Fund balance, budgetary, June 30              | <u>\$ 595,708</u>    | <u>\$ 595,708</u>    | <u>\$ 752,200</u>    |                   |
| <b>REFORESTATION</b>                          |                      |                      |                      |                   |
| Revenues                                      |                      |                      |                      |                   |
| Commissions and fees                          | \$ 1,200,000         | \$ 1,200,000         | \$ 224,983           | \$ (975,017)      |
| Expenditures                                  |                      |                      |                      |                   |
| Land use and development                      | 2,510,900            | 2,510,900            | 645,107              | (1,865,793)       |
| Revenues over (under) expenditures            | (1,310,900)          | (1,310,900)          | (420,124)            | <u>\$ 890,776</u> |
| Fund balance, budgetary, July 1 (as restated) | <u>11,442,082</u>    | <u>11,442,082</u>    | <u>11,442,082</u>    |                   |
| Fund balance, budgetary, June 30              | <u>\$ 10,131,182</u> | <u>\$ 10,131,182</u> | <u>\$ 11,021,958</u> |                   |
| <b>LAUREL RACETRACK COMMUNITY BENEFIT</b>     |                      |                      |                      |                   |
| Revenues                                      |                      |                      |                      |                   |
| Fees and commissions                          | \$ 350,000           | \$ 350,000           | \$ 353,000           | \$ 3,000          |
| Other   | -                    | -                    | 22,544               | 22,544            |
|   | <u>350,000</u>       | <u>350,000</u>       | <u>375,544</u>       | <u>25,544</u>     |
| Expenditures                                  |                      |                      |                      |                   |
| Recreation and community services             | 350,000              | 350,000              | 350,000              | -                 |
| Revenues over (under) expenditures            | -                    | -                    | 25,544               | <u>\$ 25,544</u>  |
| Fund balance, budgetary, July 1               | <u>1,388,635</u>     | <u>1,388,635</u>     | <u>1,388,635</u>     |                   |
| Fund balance, budgetary, June 30              | <u>\$ 1,388,635</u>  | <u>\$ 1,388,635</u>  | <u>\$ 1,414,179</u>  |                   |

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

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

## Special Revenue Funds

Year Ended June 30, 2009

|   | Original<br>Budget | Final<br>Budget | Actual       | Variance        |
|---|--------------------|-----------------|--------------|-----------------|
| <b>INCENTIVE LOAN PROGRAM</b>                 |                    |                 |              |                 |
| Revenues                                      |                    |                 |              |                 |
| Investment income                             | \$ -               | \$ -            | \$ 5         | \$ 5            |
| Expenditures                                  |                    |                 |              |                 |
| Other   | -                  | -               | 305          | 305             |
| Revenues over (under) expenditures            | -                  | -               | (300)        | \$ <u>(300)</u> |
| Fund balance, budgetary, July 1               | 300                | 300             | 300          |                 |
| Fund balance, budgetary, June 30              | \$ 300             | \$ 300          | \$ -         |                 |
| <b>WORKFORCE DEVELOPMENT</b>                  |                    |                 |              |                 |
| Revenues                                      |                    |                 |              |                 |
| Grants and aid                                | \$ 950,000         | \$ 950,000      | \$ 698,604   | \$ (251,396)    |
| Expenditures                                  |                    |                 |              |                 |
| Health and human services                     | 950,000            | 950,000         | 698,604      | (251,396)       |
| Revenues over (under) expenditures            | -                  | -               | -            | \$ <u>-</u>     |
| Fund balance, budgetary, July 1               | -                  | -               | -            |                 |
| Fund balance, budgetary, June 30              | \$ -               | \$ -            | \$ -         |                 |
| <b>ARUNDEL COMMUNITY DEVELOPMENT SERVICES</b> |                    |                 |              |                 |
| Revenues                                      |                    |                 |              |                 |
| Grants and aid                                | \$ 7,022,800       | \$ 7,022,800    | \$ 5,080,790 | \$ (1,942,010)  |
| Expenditures                                  |                    |                 |              |                 |
| Recreation and community services             | 7,022,800          | 7,022,800       | 5,080,790    | (1,942,010)     |
| Revenues over (under) expenditures            | -                  | -               | -            | \$ <u>-</u>     |
| Fund balance, budgetary, July 1               | -                  | -               | -            |                 |
| Fund balance, budgetary, June 30              | \$ -               | \$ -            | \$ -         |                 |

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

Anne Arundel County, Maryland

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

Special Revenue Funds

Year Ended June 30, 2009

|  | Original<br>Budget | Final<br>Budget   | Actual              | Variance            |
|--|--------------------|-------------------|---------------------|---------------------|
| <b>GRANTS</b>                              |                    |                   |                     |                     |
| Revenues                                   |                    |                   |                     |                     |
| Grants and aid                             | \$ 33,479,800      | \$ 36,749,015     | \$ 30,574,014       | \$ (6,175,001)      |
| Fees, General Fund contributions and other | <u>2,282,400</u>   | <u>2,406,600</u>  | <u>1,726,803</u>    | <u>(679,797)</u>    |
|  | <u>35,762,200</u>  | <u>39,155,615</u> | <u>32,300,817</u>   | <u>(6,854,798)</u>  |
| Expenditures                               |                    |                   |                     |                     |
| Public safety                              | 3,748,300          | 5,027,983         | 2,440,146           | (2,587,837)         |
| General government                         | 1,149,700          | 2,144,722         | 1,558,444           | (586,278)           |
| Health and human services                  | 26,284,200         | 27,124,398        | 26,242,830          | (881,568)           |
| Judicial                                   | 2,800,200          | 3,078,712         | 2,548,021           | (530,691)           |
| Land use and development                   | <u>1,779,800</u>   | <u>1,779,800</u>  | <u>337,491</u>      | <u>(1,442,309)</u>  |
|  | <u>35,762,200</u>  | <u>39,155,615</u> | <u>33,126,932</u>   | <u>(6,028,683)</u>  |
| Revenues over (under) expenditures         | -                  | -                 | (826,115)           | <u>\$ (826,115)</u> |
| Fund balance, budgetary, July 1            | -                  | -                 | -                   |                     |
| Fund balance, budgetary, June 30           | <u>\$ -</u>        | <u>\$ -</u>       | <u>\$ (826,115)</u> |                     |
| <b>CIRCUIT COURT</b>                       |                    |                   |                     |                     |
| Revenues                                   |                    |                   |                     |                     |
| Bond Forfeited Funds                       | \$ <u>154,800</u>  | \$ <u>154,800</u> | \$ <u>165,896</u>   | \$ <u>11,096</u>    |
| Expenditures                               |                    |                   |                     |                     |
| Circuit Court                              | <u>154,800</u>     | <u>229,800</u>    | <u>225,108</u>      | <u>(4,692)</u>      |
| Revenues over (under) expenditures         | -                  | (75,000)          | (59,212)            | <u>\$ 15,788</u>    |
| Fund balance, budgetary, July 1            | <u>77,093</u>      | <u>77,093</u>     | <u>77,093</u>       |                     |
| Fund balance, budgetary, June 30           | <u>\$ 77,093</u>   | <u>\$ 2,093</u>   | <u>\$ 17,881</u>    |                     |
| <b>PARK PLACE TAX INCREMENT DISTRICT</b>   |                    |                   |                     |                     |
| Revenues                                   |                    |                   |                     |                     |
| General property taxes                     | \$ 1,062,000       | \$ 1,062,000      | \$ 1,118,229        | \$ 56,229           |
| Investment income                          | <u>-</u>           | <u>-</u>          | <u>20,546</u>       | <u>20,546</u>       |
|  | <u>1,062,000</u>   | <u>1,062,000</u>  | <u>1,138,775</u>    | <u>76,775</u>       |
| Expenditures                               |                    |                   |                     |                     |
| Other                                      | <u>1,062,000</u>   | <u>1,877,800</u>  | <u>1,934,001</u>    | <u>56,201</u>       |
|  | <u>1,062,000</u>   | <u>1,877,800</u>  | <u>1,934,001</u>    | <u>56,201</u>       |
| Revenues over (under) expenditures         | -                  | (815,800)         | (795,226)           | <u>\$ 20,574</u>    |
| Fund balance, budgetary, July 1            | <u>849,723</u>     | <u>849,723</u>    | <u>849,723</u>      |                     |
| Fund balance, budgetary, June 30           | <u>\$ 849,723</u>  | <u>\$ 33,923</u>  | <u>\$ 54,497</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, 2009

|  | Original<br>Budget | Final<br>Budget | Actual       | Variance   |
|--|--------------------|-----------------|--------------|------------|
| <b>REVENUES</b>                            |                    |                 |              |            |
| Amberly                                    | \$ -               | \$ -            | \$ -         | \$ -       |
| Annapolis Roads - Roads                    | 302,484            | 302,484         | 326,013      | 23,529     |
| Arundel on the Bay-Special Benefits        | 120,400            | 120,400         | 129,192      | 8,792      |
| Avalon Shores - Special Benefits           | 25,369             | 25,369          | 24,912       | (457)      |
| Bay Highlands - Roads                      | 57,800             | 57,800          | 62,297       | 4,497      |
| Bay Ridge - Special Officer                | 200,801            | 200,801         | 201,226      | 425        |
| Beverly Beach - Special Benefits           | 29,440             | 29,440          | 29,760       | 320        |
| Birchwood - Special Benefits               | -                  | -               | -            | -          |
| Bittersweet                                | 8,800              | 8,800           | 8,800        | -          |
| Cape Anne - Special Benefits               | 7,600              | 7,600           | 7,550        | (50)       |
| Cape St. Claire-Special Benefits           | 170,175            | 170,175         | 172,274      | 2,099      |
| Carrolton Manor                            | 79,050             | 79,050          | 79,950       | 900        |
| Cedarhurst-Special Benefits                | 115,330            | 115,330         | 124,555      | 9,225      |
| Chartwell-Special Benefits                 | 33,450             | 33,450          | 33,550       | 100        |
| Columbia Beach - Roads                     | 25,028             | 25,028          | 28,628       | 3,600      |
| Crofton - Special Benefits                 | 730,991            | 730,991         | 761,581      | 30,590     |
| Deale Beach - Special Benefits             | 6,120              | 6,120           | 6,188        | 68         |
| Eden Woods - Special Benefits              | 4,800              | 4,800           | 4,800        | -          |
| Epping Forest - Special Benefits           | 218,640            | 218,640         | 234,831      | 16,191     |
| Fairhaven Cliffs - Special Benefits        | 3,500              | 3,500           | 3,500        | -          |
| Felicity Cove - Special Benefits           | 37,500             | 37,500          | 37,502       | 2          |
| Franklin Manor - Special Benefits          | 45,460             | 45,460          | 48,993       | 3,533      |
| Gibson Island - Roads                      | 250,800            | 250,800         | 272,629      | 21,829     |
| Greenbriar Gardens                         | 9,095              | 9,095           | 9,095        | -          |
| Greenbriar II                              | 21,000             | 21,000          | 21,000       | -          |
| Heritage Pool                              | 38,380             | 38,380          | 38,760       | 380        |
| Hillsmere Estates - Roads                  | 196,068            | 196,068         | 198,695      | 2,627      |
| Holland Point - Special Officer            | 10,612             | 10,612          | 12,252       | 1,640      |
| Hunters Harbor - Roads                     | 16,050             | 16,050          | 16,200       | 150        |
| Indian Hills (Winchester)-Special Benefits | 95,447             | 95,447          | 98,756       | 3,309      |
| Landhaven - Special Benefits               | 2,456              | 2,456           | 2,456        | -          |
| Little Magothy River                       | 35,350             | 35,350          | 35,350       | -          |
| Long Point on the Severn - Roads           | 13,250             | 13,250          | 13,250       | -          |
| Magothy Beach                              | 3,900              | 3,900           | 4,000        | 100        |
| Magothy Forge                              | 3,799              | 3,799           | 3,799        | -          |
| Manhattan Beach - Roads                    | 14,825             | 14,825          | 14,975       | 150        |
| Owings Beach - Roads                       | 25,650             | 25,650          | 28,437       | 2,787      |
| Oyster Harbor - Roads                      | 294,080            | 294,080         | 316,971      | 22,891     |
| Parke West-Special Benefits                | 42,100             | 42,100          | 42,100       | -          |
| Pine Grove Village Special Benefits        | 11,040             | 11,040          | 11,040       | -          |
| Pines on the Severn                        | 35,469             | 35,469          | 35,468       | (1)        |
| Provinces - Special Benefits               | 10,584             | 10,584          | 10,572       | (12)       |
| Queen's Park - Special Benefits            | 35,272             | 35,272          | 35,351       | 79         |
| Rockview Beach / Riviera Isles             | 4,784              | 4,784           | 4,692        | (92)       |
| Selby on the Bay - Roads                   | 74,520             | 74,520          | 77,940       | 3,420      |
| Severndale - Special Benefits              | 4,747              | 4,747           | 4,747        | -          |
| Sherwood Forest - Special Benefits         | 998,789            | 998,789         | 998,789      | -          |
| Shoreham Beach - Roads                     | 26,880             | 26,880          | 26,880       | -          |
| South River Heights - Roads                | 8,684              | 8,684           | 8,788        | 104        |
| South River Manor-Special Benefits         | 4,500              | 4,500           | 4,500        | -          |
| South River Park - Roads                   | 33,300             | 33,300          | 33,300       | -          |
| Steedman Point - Roads                     | 3,750              | 3,750           | 3,750        | -          |
| Stone Haven                                | 1,748              | 1,748           | 1,779        | 31         |
| Sylvan View on the Magothy                 | 12,263             | 12,263          | 12,263       | -          |
| Upper Magothy Beach                        | 14,750             | 14,750          | 14,800       | 50         |
| Venice Beach - Roads                       | 42,560             | 42,560          | 50,663       | 8,103      |
| Venice on the Bay                          | 6,060              | 6,060           | 6,090        | 30         |
| Warthen Knolls                             | 24,561             | 24,561          | 24,591       | 30         |
| Wilenor                                    | 22,800             | 22,800          | 22,800       | -          |
| Woodland Beach / Londontowne               | 312,750            | 312,750         | 315,819      | 3,069      |
| Woodland Beach / Pasadena                  | 6,300              | 6,300           | 6,300        | -          |
| Total revenues                             | \$ 4,991,711       | \$ 4,991,711    | \$ 5,165,749 | \$ 174,038 |

*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, 2009

|  | Original<br>Budget  | Final<br>Budget     | Actual              | Variance              |
|--|---------------------|---------------------|---------------------|-----------------------|
| <b>EXPENDITURES</b>                        |                     |                     |                     |                       |
| Amberly                                    | \$ 37,615           | \$ 37,615           | \$ 267              | \$ (37,348)           |
| Annapolis Roads - Roads                    | 484,528             | 484,528             | 347,604             | (136,924)             |
| Arundel on the Bay-Special Benefits        | 153,085             | 153,085             | 140,102             | (12,983)              |
| Avalon Shores - Special Benefits           | 34,097              | 34,097              | 25,132              | (8,965)               |
| Bay Highlands - Roads                      | 173,400             | 173,400             | 67,000              | (106,400)             |
| Bay Ridge - Special Officer                | 215,801             | 215,801             | 215,551             | (250)                 |
| Beverly Beach - Special Benefits           | 29,440              | 29,440              | 18,827              | (10,613)              |
| Birchwood - Special Benefits               | -                   | 9,090               | 9,090               | -                     |
| Bittersweet                                | 10,216              | 10,216              | 8,827               | (1,389)               |
| Cape Anne - Special Benefits               | 25,186              | 25,186              | 7,577               | (17,609)              |
| Cape St. Claire-Special Benefits           | 282,030             | 282,030             | 172,250             | (109,780)             |
| Carrolton Manor                            | 80,446              | 80,446              | 79,500              | (946)                 |
| Cedarhurst-Special Benefits                | 128,830             | 128,830             | 137,350             | 8,520                 |
| Chartwell-Special Benefits                 | 85,000              | 85,000              | 65,227              | (19,773)              |
| Columbia Beach - Roads                     | 66,831              | 66,831              | 34,724              | (32,107)              |
| Crofton - Special Benefits                 | 1,219,511           | 1,219,511           | 793,401             | (426,110)             |
| Deale Beach - Special Benefits             | 6,120               | 6,120               | 6,106               | (14)                  |
| Eden Woods - Special Benefits              | 9,148               | 9,148               | 9,150               | 2                     |
| Epping Forest - Special Benefits           | 597,547             | 597,547             | 243,500             | (354,047)             |
| Fairhaven Cliffs - Special Benefits        | 7,998               | 7,998               | 626                 | (7,372)               |
| Felicity Cove - Special Benefits           | 50,000              | 50,000              | 37,505              | (12,495)              |
| Franklin Manor - Special Benefits          | 98,977              | 98,977              | 56,100              | (42,877)              |
| Gibson Island - Roads                      | 318,819             | 318,819             | 306,700             | (12,119)              |
| Greenbriar Gardens                         | 9,730               | 9,730               | 455                 | (9,275)               |
| Greenbriar II                              | 21,000              | 21,000              | 21,110              | 110                   |
| Heritage Pool                              | 40,684              | 40,684              | 39,916              | (768)                 |
| Hillsmere Estates - Roads                  | 231,869             | 231,869             | 201,500             | (30,369)              |
| Holland Point - Special Officer            | 18,183              | 18,183              | 25,908              | 7,725                 |
| Hunters Harbor - Roads                     | 29,283              | 29,283              | 21,143              | (8,140)               |
| Indian Hills (Winchester)-Special Benefits | 119,950             | 119,950             | 98,750              | (21,200)              |
| Landhaven - Special Benefits               | 8,951               | 8,951               | 2,905               | (6,046)               |
| Little Magothy River                       | 59,750              | 59,750              | 37,698              | (22,052)              |
| Long Point on the Severn - Roads           | 14,071              | 14,071              | 13,338              | (733)                 |
| Magothy Beach                              | 4,443               | 4,443               | 4,120               | (323)                 |
| Magothy Forge                              | 3,799               | 3,799               | 3,790               | (9)                   |
| Manhattan Beach - Roads                    | 23,116              | 23,116              | 14,957              | (8,159)               |
| Owings Beach - Roads                       | 52,398              | 52,398              | 31,466              | (20,932)              |
| Oyster Harbor - Roads                      | 1,074,920           | 1,074,920           | 494,243             | (580,677)             |
| Parke West-Special Benefits                | 69,993              | 69,993              | 42,150              | (27,843)              |
| Pine Grove Village Special Benefits        | 27,381              | 27,381              | 11,102              | (16,279)              |
| Pines on the Severn                        | 35,569              | 35,569              | 35,563              | (6)                   |
| Provinces - Special Benefits               | 25,309              | 25,309              | 10,631              | (14,678)              |
| Queen's Park - Special Benefits            | 41,272              | 41,272              | 35,730              | (5,542)               |
| Rockview Beach / Riviera Isles             | 4,784               | 4,784               | 4,723               | (61)                  |
| Selby on the Bay - Roads                   | 185,113             | 185,113             | 74,791              | (110,322)             |
| Severndale - Special Benefits              | 25,987              | 25,987              | 4,787               | (21,200)              |
| Sherwood Forest - Special Benefits         | 998,789             | 998,789             | 995,900             | (2,889)               |
| Shoreham Beach - Roads                     | 27,706              | 27,706              | 26,765              | (941)                 |
| South River Heights - Roads                | 8,684               | 8,684               | 8,919               | 235                   |
| South River Manor-Special Benefits         | 10,283              | 10,283              | 10,118              | (165)                 |
| South River Park - Roads                   | 35,467              | 35,467              | 33,189              | (2,278)               |
| Steedman Point - Roads                     | 33,387              | 33,387              | 31,687              | (1,700)               |
| Stone Haven                                | 2,400               | 2,400               | 1,750               | (650)                 |
| Sylvan View on the Magothy                 | 17,613              | 17,613              | 12,363              | (5,250)               |
| Upper Magothy Beach                        | 14,750              | 14,750              | 14,622              | (128)                 |
| Venice Beach - Roads                       | 101,874             | 101,874             | 55,100              | (46,774)              |
| Venice on the Bay                          | 15,114              | 15,114              | 6,083               | (9,031)               |
| Warthen Knolls                             | 25,391              | 25,391              | 24,684              | (707)                 |
| Wilenor                                    | 35,921              | 35,921              | 22,820              | (13,101)              |
| Woodland Beach / Londontowne               | 398,150             | 398,150             | 317,400             | (80,750)              |
| Woodland Beach / Pasadena                  | 24,663              | 24,663              | 6,615               | (18,048)              |
| Total expenditures                         | \$ <u>7,992,372</u> | \$ <u>8,001,462</u> | \$ <u>5,580,907</u> | \$ <u>(2,420,555)</u> |

Anne Arundel County, Maryland

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

General County Capital Projects

Year Ended June 30, 2009

|  | Total                   | School<br>Construction | Higher<br>Education  | Storm<br>Drains      | Recreation            |
|--|-------------------------|------------------------|----------------------|----------------------|-----------------------|
| <b>AUTHORIZED PER ORIGINAL BUDGET</b>      |                         |                        |                      |                      |                       |
| County bonds                               | \$ 697,811,248          | \$ 344,560,809         | \$ 28,743,000        | \$ 15,664,152        | \$ 64,202,684         |
| Grants and aid                             | 288,533,026             | 160,547,431            | 21,668,934           | 280,000              | 62,605,095            |
| Contributions from other funds             | 338,260,336             | 180,096,523            | 9,065,086            | 1,872,606            | 17,193,341            |
| Special fees                               | 34,086,312              | 8,037,000              | -                    | -                    | -                     |
| Impact fees                                | 105,649,550             | 60,848,400             | -                    | -                    | -                     |
| Other sources                              | 19,525,852              | 592,900                | -                    | 530,800              | 75,455                |
| Total                                      | <u>\$ 1,483,866,324</u> | <u>\$ 754,683,063</u>  | <u>\$ 59,477,020</u> | <u>\$ 18,347,558</u> | <u>\$ 144,076,575</u> |
| <b>AUTHORIZED PER FINAL BUDGET</b>         |                         |                        |                      |                      |                       |
| County bonds                               | \$ 577,986,488          | \$ 272,641,109         | \$ 16,826,000        | \$ 14,044,349        | \$ 63,711,511         |
| Grants and aid                             | 235,368,071             | 118,311,431            | 12,265,000           | 280,000              | 62,480,095            |
| Contributions from other funds             | 277,926,676             | 158,511,523            | 9,534,667            | 1,872,606            | 16,264,745            |
| Special fees                               | 24,177,728              | 3,137,000              | -                    | -                    | -                     |
| Impact fees                                | 84,746,650              | 41,583,400             | -                    | -                    | -                     |
| Other sources                              | 16,907,686              | 13,900                 | -                    | 530,800              | 75,455                |
| Total                                      | 1,217,113,299           | 594,198,363            | 38,625,667           | 16,727,755           | 142,531,806           |
| Less: Completed projects                   | 154,512,776             | 71,288,902             | 7,161,000            | 1,037,702            | 42,276,386            |
|  | <u>1,062,600,523</u>    | <u>522,909,461</u>     | <u>31,464,667</u>    | <u>15,690,053</u>    | <u>100,255,420</u>    |
| <b>REALIZED</b>                            |                         |                        |                      |                      |                       |
| Current year                               |                         |                        |                      |                      |                       |
| Bonds and bond anticipation notes          | 100,440,000             | 86,370,612             | -                    | 940,330              | -                     |
| Grants and aid                             | 25,174,859              | -                      | 7,862,409            | -                    | 11,995,528            |
| Contributions from the general fund        | 32,913,000              | 10,061,000             | 349,000              | 697,000              | 3,064,000             |
| Special fees                               | 1,734,835               | -                      | -                    | -                    | -                     |
| Impact fees                                | 3,335,984               | 1,329,000              | -                    | -                    | -                     |
| Other sources                              | 2,632,520               | 320,760                | -                    | -                    | -                     |
| Total                                      | 166,231,198             | 98,081,372             | 8,211,409            | 1,637,330            | 15,059,528            |
| Prior years                                |                         |                        |                      |                      |                       |
| Total realized funding sources             | 884,382,021             | 396,787,770            | 31,466,708           | 18,779,202           | 124,787,459           |
| Less: Completed projects and adjustments   | 134,234,075             | 51,373,212             | 6,636,211            | 7,528,318            | 42,181,781            |
|  | 750,147,946             | 345,414,558            | 24,830,497           | 11,250,884           | 82,605,678            |
| Funding sources authorized - June 30, 2009 | <u>\$ 312,452,577</u>   | <u>\$ 177,494,903</u>  | <u>\$ 6,634,170</u>  | <u>\$ 4,439,169</u>  | <u>\$ 17,649,742</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                 |
|----------------------|-----------------------|----------------------|-----------------------------------|-----------------------|-----------------------|
| \$ 10,156,131        | \$ 113,010,523        | \$ 23,775,900        | \$ -                              | \$ 28,056,711         | \$ 69,641,338         |
| 204,000              | 3,801,089             | 9,640,000            | -                                 | 18,318,435            | 11,468,042            |
| 17,227,323           | 32,547,515            | 11,080,189           | -                                 | 12,903,355            | 56,274,398            |
| -                    | 16,009,312            | -                    | -                                 | -                     | 10,040,000            |
| -                    | 42,583,150            | 2,218,000            | -                                 | -                     | -                     |
| -                    | 7,428,571             | -                    | 2,050,000                         | 4,515,813             | 4,332,313             |
| <u>\$ 27,587,454</u> | <u>\$ 215,380,160</u> | <u>\$ 46,714,089</u> | <u>\$ 2,050,000</u>               | <u>\$ 63,794,314</u>  | <u>\$ 151,756,091</u> |
| \$ 828,131           | \$ 96,006,972         | \$ 20,057,200        | \$ -                              | \$ 25,265,150         | \$ 68,606,066         |
| 204,000              | 3,781,089             | 9,640,000            | -                                 | 16,961,364            | 11,445,092            |
| 6,916,440            | 4,804,785             | 11,068,608           | -                                 | 12,761,187            | 56,192,115            |
| -                    | 16,000,728            | -                    | -                                 | -                     | 5,040,000             |
| -                    | 42,413,250            | 750,000              | -                                 | -                     | -                     |
| -                    | 7,266,505             | -                    | -                                 | 4,688,713             | 4,332,313             |
| 7,948,571            | 170,273,329           | 41,515,808           | -                                 | 59,676,414            | 145,615,586           |
| 2,314,567            | 21,611,203            | 184,289              | -                                 | 1,416,233             | 7,222,494             |
| <u>5,634,004</u>     | <u>148,662,126</u>    | <u>41,331,519</u>    | <u>-</u>                          | <u>58,260,181</u>     | <u>138,393,092</u>    |
| (170,612)            | 200,000               | 4,500,000            | -                                 | 59,670                | 8,540,000             |
| 36,344               | 213,746               | (93,328)             | -                                 | 4,179,897             | 980,263               |
| 2,575,000            | 2,424,000             | 3,438,000            | -                                 | 8,047,000             | 2,258,000             |
| -                    | -                     | -                    | -                                 | -                     | 1,734,835             |
| -                    | 2,006,984             | -                    | -                                 | -                     | -                     |
| -                    | 19,737                | -                    | -                                 | 926,451               | 1,365,572             |
| 2,440,732            | 4,864,467             | 7,844,672            | -                                 | 13,213,018            | 14,878,670            |
| 4,610,080            | 108,221,770           | 23,869,600           | -                                 | 17,441,922            | 115,175,951           |
| 7,050,812            | 113,086,237           | 31,714,272           | -                                 | 30,654,940            | 130,054,621           |
| 2,314,570            | 21,849,798            | 184,290              | -                                 | (5,149,386)           | 7,315,281             |
| 4,736,242            | 91,236,439            | 31,529,982           | -                                 | 35,804,326            | 122,739,340           |
| <u>\$ 897,762</u>    | <u>\$ 57,425,687</u>  | <u>\$ 9,801,537</u>  | <u>\$ -</u>                       | <u>\$ 22,455,855</u>  | <u>\$ 15,653,752</u>  |



Anne Arundel County, Maryland

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

General County Capital Projects

Year Ended June 30, 2009

| APPROPRIATIONS                              | <u>Total</u>            | <u>School<br/>Construction</u> | <u>Higher<br/>Education</u> | <u>Storm<br/>Drains</u> |
|---|-------------------------|--------------------------------|-----------------------------|-------------------------|
| Original Budget                             | \$ <u>1,483,866,324</u> | \$ <u>754,683,063</u>          | \$ <u>59,477,020</u>        | \$ <u>18,347,558</u>    |
| Final Budget                                |                         |                                |                             |                         |
| Prior years                                 | \$ 1,012,095,637        | \$ 459,562,645                 | \$ 34,371,086               | \$ 24,355,244           |
| Current year                                | <u>205,017,662</u>      | <u>134,635,718</u>             | <u>4,254,581</u>            | <u>(7,627,489)</u>      |
|   | 1,217,113,299           | 594,198,363                    | 38,625,667                  | 16,727,755              |
| Less: Completed projects                    | <u>154,512,776</u>      | <u>71,288,902</u>              | <u>7,161,000</u>            | <u>1,037,702</u>        |
| Total appropriations                        | <u>1,062,600,523</u>    | <u>522,909,461</u>             | <u>31,464,667</u>           | <u>15,690,053</u>       |
| <br>EXPENDITURES AND ENCUMBRANCES           |                         |                                |                             |                         |
| Prior years expenditures and transfers      | 625,866,175             | 274,314,568                    | 19,350,732                  | 14,700,735              |
| Current year expenditures                   | 69,558,190              | -                              | -                           | 2,414,969               |
| Operating transfers                         | <u>99,196,415</u>       | <u>88,926,977</u>              | <u>10,269,438</u>           | <u>-</u>                |
|   | 794,620,780             | 363,241,545                    | 29,620,170                  | 17,115,704              |
| Less: Completed projects                    | <u>133,743,025</u>      | <u>51,326,120</u>              | <u>6,636,211</u>            | <u>7,456,538</u>        |
| Total                                       | 660,877,755             | 311,915,425                    | 22,983,959                  | 9,659,166               |
| Encumbrances outstanding                    | <u>34,500,276</u>       | <u>-</u>                       | <u>-</u>                    | <u>1,670,461</u>        |
| Total expenditures and encumbrances         | <u>695,378,031</u>      | <u>311,915,425</u>             | <u>22,983,959</u>           | <u>11,329,627</u>       |
| Unencumbered appropriations - June 30, 2009 | \$ <u>367,222,492</u>   | \$ <u>210,994,036</u>          | \$ <u>8,480,708</u>         | \$ <u>4,360,426</u>     |

|    | Recreation         | Libraries         | Roads and<br>Bridges | Police<br>and Fire | Community<br>Development<br>Block Grant | Waterway<br>Improvements | Other              |
|----|--------------------|-------------------|----------------------|--------------------|---|--------------------------|--------------------|
| \$ | <u>144,076,575</u> | <u>27,587,454</u> | <u>215,380,160</u>   | <u>46,714,089</u>  | <u>2,050,000</u>                        | <u>63,794,314</u>        | <u>151,756,091</u> |
| \$ | <u>129,892,527</u> | <u>5,261,574</u>  | <u>149,428,902</u>   | <u>37,565,809</u>  | <u>-</u>                                | <u>34,575,209</u>        | <u>137,082,641</u> |
|    | <u>12,639,279</u>  | <u>2,686,997</u>  | <u>20,844,427</u>    | <u>3,949,999</u>   | <u>-</u>                                | <u>25,101,205</u>        | <u>8,532,945</u>   |
|    | <u>142,531,806</u> | <u>7,948,571</u>  | <u>170,273,329</u>   | <u>41,515,808</u>  | <u>-</u>                                | <u>59,676,414</u>        | <u>145,615,586</u> |
|    | <u>42,276,386</u>  | <u>2,314,567</u>  | <u>21,611,203</u>    | <u>184,289</u>     | <u>-</u>                                | <u>1,416,233</u>         | <u>7,222,494</u>   |
|    | <u>100,255,420</u> | <u>5,634,004</u>  | <u>148,662,126</u>   | <u>41,331,519</u>  | <u>-</u>                                | <u>58,260,181</u>        | <u>138,393,092</u> |
|    | <u>98,452,608</u>  | <u>2,461,297</u>  | <u>81,994,748</u>    | <u>17,919,372</u>  | <u>-</u>                                | <u>11,931,657</u>        | <u>104,740,458</u> |
|    | <u>15,304,512</u>  | <u>3,507,865</u>  | <u>22,160,362</u>    | <u>5,082,573</u>   | <u>-</u>                                | <u>9,270,762</u>         | <u>11,817,147</u>  |
|    | <u>-</u>           | <u>-</u>          | <u>-</u>             | <u>-</u>           | <u>-</u>                                | <u>-</u>                 | <u>-</u>           |
|    | <u>113,757,120</u> | <u>5,969,162</u>  | <u>104,155,110</u>   | <u>23,001,945</u>  | <u>-</u>                                | <u>21,202,419</u>        | <u>116,557,605</u> |
|    | <u>42,098,266</u>  | <u>2,314,567</u>  | <u>21,565,002</u>    | <u>184,289</u>     | <u>-</u>                                | <u>(5,059,827)</u>       | <u>7,221,859</u>   |
|    | <u>71,658,854</u>  | <u>3,654,595</u>  | <u>82,590,108</u>    | <u>22,817,656</u>  | <u>-</u>                                | <u>26,262,246</u>        | <u>109,335,746</u> |
|    | <u>1,466,519</u>   | <u>196,467</u>    | <u>16,961,516</u>    | <u>1,445,863</u>   | <u>-</u>                                | <u>3,601,120</u>         | <u>9,158,330</u>   |
|    | <u>73,125,373</u>  | <u>3,851,062</u>  | <u>99,551,624</u>    | <u>24,263,519</u>  | <u>-</u>                                | <u>29,863,366</u>        | <u>118,494,076</u> |
| \$ | <u>27,130,047</u>  | <u>1,782,942</u>  | <u>49,110,502</u>    | <u>17,068,000</u>  | <u>-</u>                                | <u>28,396,815</u>        | <u>19,899,016</u>  |

Anne Arundel County, Maryland

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

Erosion Districts Fund

Year Ended June 30, 2009

|                     | Original<br>Budget | Final<br>Budget   | Actual            | Variance            |
|---------------------|--------------------|-------------------|-------------------|---------------------|
| <b>REVENUES</b>     |                    |                   |                   |                     |
| Cedarhurst          | \$ 48,560          | \$ 48,560         | \$ 52,440         | \$ 3,880            |
| Columbia Beach      | 42,100             | 42,100            | 48,175            | 6,075               |
| Franklin Manor      | 45,560             | 45,560            | 48,995            | 3,435               |
| Holland Point       | 12,128             | 12,128            | 13,998            | 1,870               |
| Idlewilde           | 15,000             | 15,000            | 12,413            | (2,587)             |
| Riviera Beach       | 86,960             | 86,960            | 91,100            | 4,140               |
| Total revenues      | <u>\$ 250,308</u>  | <u>\$ 250,308</u> | <u>\$ 267,121</u> | <u>\$ 16,813</u>    |
| <b>EXPENDITURES</b> |                    |                   |                   |                     |
| Cedarhurst          | \$ 60,960          | \$ 60,960         | \$ 33,201         | \$ (27,759)         |
| Columbia Beach      | 180,100            | 180,100           | 6,375             | (173,725)           |
| Franklin Manor      | 148,460            | 148,460           | 6,500             | (141,960)           |
| Holland Point       | 70,128             | 70,128            | 15,963            | (54,165)            |
| Idlewilde           | 15,000             | 15,000            | 619               | (14,381)            |
| Riviera Beach       | 112,560            | 112,560           | 33,404            | (79,156)            |
| Total expenditures  | <u>\$ 587,208</u>  | <u>\$ 587,208</u> | <u>\$ 96,062</u>  | <u>\$ (491,146)</u> |

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

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

## Debt Service Funds

Year Ended June 30, 2009

|   | Original<br>Budget | Final<br>Budget   | Actual           | Variance            |
|---|--------------------|-------------------|------------------|---------------------|
| <b>NURSERY ROAD TAX INCREMENT DISTRICT</b>  |                    |                   |                  |                     |
| Revenues                                    |                    |                   |                  |                     |
| General property taxes                      | \$ 4,899,000       | \$ 4,899,000      | \$ 4,704,180     | \$ (194,820)        |
| Investment income                           | 40,000             | 40,000            | 52,916           | 12,916              |
|   | <u>4,939,000</u>   | <u>4,939,000</u>  | <u>4,757,096</u> | <u>(181,904)</u>    |
| Expenditures                                |                    |                   |                  |                     |
| Contractual services                        | 10,000             | 10,000            | 3,640            | (6,360)             |
| Interest payments on debt                   | 100,000            | 100,000           | 99,035           | (965)               |
| Principal payments on debt                  | 75,000             | 75,000            | 75,000           | -                   |
| Other                                       | 4,754,000          | 4,754,000         | 4,761,325        | 7,325               |
|   | <u>4,939,000</u>   | <u>4,939,000</u>  | <u>4,939,000</u> | <u>-</u>            |
| Revenues over (under) expenditures          | -                  | -                 | (181,904)        | \$ <u>(181,904)</u> |
| Fund balance, budgetary, July 1             | 279,098            | 279,098           | 279,098          |                     |
| Fund balance, budgetary, June 30            | \$ <u>279,098</u>  | \$ <u>279,098</u> | \$ <u>97,194</u> |                     |
| <b>WEST COUNTY TAX INCREMENT DISTRICT</b>   |                    |                   |                  |                     |
| Revenues                                    |                    |                   |                  |                     |
| General property taxes                      | \$ 3,685,000       | \$ 3,685,000      | \$ 3,616,867     | \$ (68,133)         |
| Investment income                           | 20,000             | 20,000            | 30,227           | 10,227              |
|   | <u>3,705,000</u>   | <u>3,705,000</u>  | <u>3,647,094</u> | <u>(57,906)</u>     |
| Expenditures                                |                    |                   |                  |                     |
| Contractual services                        | 41,200             | 41,100            | 13,121           | (27,979)            |
| Interest payments on debt                   | 757,400            | 757,500           | 757,425          | (75)                |
| Other                                       | 2,906,400          | 2,906,400         | 2,934,454        | 28,054              |
|   | <u>3,705,000</u>   | <u>3,705,000</u>  | <u>3,705,000</u> | <u>-</u>            |
| Revenues over (under) expenditures          | -                  | -                 | (57,906)         | \$ <u>(57,906)</u>  |
| Fund balance, budgetary, July 1             | 131,360            | 131,360           | 131,360          |                     |
| Fund balance, budgetary, June 30            | \$ <u>131,360</u>  | \$ <u>131,360</u> | \$ <u>73,454</u> |                     |
| <b>ARUNDEL MILLS TAX INCREMENT DISTRICT</b> |                    |                   |                  |                     |
| Revenues                                    |                    |                   |                  |                     |
| General property taxes                      | \$ 4,093,000       | \$ 4,093,000      | \$ 4,092,319     | \$ (681)            |
| Investment income                           | 30,000             | 30,000            | 29,880           | (120)               |
|   | <u>4,123,000</u>   | <u>4,123,000</u>  | <u>4,122,199</u> | <u>(801)</u>        |
| Expenditures                                |                    |                   |                  |                     |
| Interest payments on debt                   | 1,502,000          | 1,502,000         | 1,501,956        | (44)                |
| Other                                       | 2,621,000          | 2,621,000         | 2,621,044        | 44                  |
|   | <u>4,123,000</u>   | <u>4,123,000</u>  | <u>4,123,000</u> | <u>-</u>            |
| Revenues over (under) expenditures          | -                  | -                 | (801)            | \$ <u>(801)</u>     |
| Fund balance, budgetary, July 1             | 31,609             | 31,609            | 31,609           |                     |
| Fund balance, budgetary, June 30            | \$ <u>31,609</u>   | \$ <u>31,609</u>  | \$ <u>30,808</u> |                     |

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

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

## Debt Service Funds

Year Ended June 30, 2009

|   | Original<br>Budget | Final<br>Budget  | Actual           | Variance         |
|---|--------------------|------------------|------------------|------------------|
| <b>PAROLE TAX INCREMENT DISTRICT</b>          |                    |                  |                  |                  |
| Revenues                                      |                    |                  |                  |                  |
| General property taxes                        | \$ 8,389,000       | \$ 8,389,000     | \$ 8,349,547     | \$ (39,453)      |
| Investment income                             | 40,000             | 40,000           | 72,246           | 32,246           |
|   | <u>8,429,000</u>   | <u>8,429,000</u> | <u>8,421,793</u> | <u>(7,207)</u>   |
| Expenditures                                  |                    |                  |                  |                  |
| Contractual services                          | 5,000              | 5,200            | 5,200            | -                |
| Interest payments on debt                     | 212,000            | 211,800          | 211,750          | (50)             |
| Principal payments on debt                    | 840,000            | 840,000          | 840,000          | -                |
| Other   | 7,372,000          | 7,372,000        | 7,364,843        | (7,157)          |
|   | <u>8,429,000</u>   | <u>8,429,000</u> | <u>8,421,793</u> | <u>(7,207)</u>   |
| Revenues over (under) expenditures            | -                  | -                | -                | \$ -             |
| Fund balance, budgetary, July 1               | -                  | -                | -                |                  |
| Fund balance, budgetary, June 30              | \$ -               | \$ -             | \$ -             |                  |
| <b>SPECIAL TAXING DISTRICTS</b>               |                    |                  |                  |                  |
| Revenues                                      |                    |                  |                  |                  |
| Special assessments                           | \$ 440,103         | \$ 440,103       | \$ 473,171       | \$ 33,068        |
| Expenditures                                  |                    |                  |                  |                  |
| Principal payments on debt                    | 207,573            | 207,573          | 207,573          | -                |
| Other   | 693,704            | 693,704          | 297,433          | (396,271)        |
|   | <u>901,277</u>     | <u>901,277</u>   | <u>505,006</u>   | <u>(396,271)</u> |
| Revenues over (under) expenditures            | (461,174)          | (461,174)        | (31,835)         | \$ 429,339       |
| Fund balance, budgetary, July 1 (as restated) | 388,245            | 388,245          | 388,245          |                  |
| Fund balance, budgetary, June 30              | \$ (72,929)        | \$ (72,929)      | \$ 356,410       |                  |
| <b>INSTALLMENT PURCHASE AGREEMENTS</b>        |                    |                  |                  |                  |
| Revenues                                      |                    |                  |                  |                  |
| Investment income                             | \$ 50,000          | \$ 50,000        | \$ 413,263       | \$ 363,263       |
| Other   | -                  | -                | 5,000            | 5,000            |
|   | <u>50,000</u>      | <u>50,000</u>    | <u>418,263</u>   | <u>368,263</u>   |
| Expenditures                                  |                    |                  |                  |                  |
| Contractual services                          | 25,000             | 25,000           | -                | (25,000)         |
| Interest payments on debt                     | 650,000            | 662,000          | 661,050          | (950)            |
| Principal payments on debt                    | -                  | 20,000           | 19,925           | (75)             |
| Other   | 310,000            | 278,000          | 230,556          | (47,444)         |
|   | <u>985,000</u>     | <u>985,000</u>   | <u>911,531</u>   | <u>(73,469)</u>  |
| Revenues over (under) expenditures            | (935,000)          | (935,000)        | (493,268)        | \$ 441,732       |
| Fund balance, budgetary, July 1               | 5,224,690          | 5,224,690        | 5,224,690        |                  |
| Fund balance, budgetary, June 30              | \$ 4,289,690       | \$ 4,289,690     | \$ 4,731,422     |                  |

*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, 2009

|                                | Original<br>Budget | Final<br>Budget   | Actual            | Variance            |
|--------------------------------|--------------------|-------------------|-------------------|---------------------|
| <b>REVENUES</b>                |                    |                   |                   |                     |
| Amberly - Waterway             | \$ 5,789           | \$ 5,789          | \$ 5,789          | \$ -                |
| Annapolis Cove                 | 5,460              | 5,460             | 5,486             | 26                  |
| Annapolis Landing              | 8,217              | 8,217             | 8,184             | (33)                |
| Arundel on the Bay             | 30,100             | 30,100            | 32,298            | 2,198               |
| Bay Ridge                      | 164,498            | 164,498           | 184,454           | 19,956              |
| Browns Pond - Waterway         | 12,679             | 12,679            | 12,391            | (288)               |
| Buckingham Cove                | 9,225              | 9,225             | 9,225             | -                   |
| Cape Anne                      | 9,586              | 9,586             | 10,109            | 523                 |
| Cattail Creek                  | 5,400              | 5,400             | 12,882            | 7,482               |
| Elizabeths Landing             | 16,001             | 16,001            | 17,250            | 1,249               |
| John's Creek - Waterway        | 7,650              | 7,650             | 7,650             | -                   |
| Lake Hillsmere II - Waterway   | 8,050              | 8,050             | 8,050             | -                   |
| Masons Beach                   | 37,200             | 37,200            | 39,155            | 1,955               |
| Pine Grove Village             | 2,645              | 2,645             | 2,645             | -                   |
| Romar Estates                  | 12,875             | 12,875            | 12,875            | -                   |
| Snug Harbor - Erosion          | 9,668              | 9,668             | 9,668             | -                   |
| Snug Harbor - Special Benefits | 20,322             | 20,322            | 20,322            | -                   |
| Snug Harbor - Waterway         | 52,800             | 52,800            | 52,800            | -                   |
| Spriggs Pond - Waterway        | 14,850             | 14,850            | 14,850            | -                   |
| Whitehall                      | 7,088              | 7,088             | 7,088             | -                   |
| Total revenues                 | <u>\$ 440,103</u>  | <u>\$ 440,103</u> | <u>\$ 473,171</u> | <u>\$ 33,068</u>    |
| <b>EXPENDITURES</b>            |                    |                   |                   |                     |
| Amberly - Waterway             | \$ 5,789           | \$ 5,789          | \$ 5,690          | \$ (99)             |
| Annapolis Cove                 | 5,460              | 5,460             | 5,123             | (337)               |
| Annapolis Landing              | 8,317              | 8,317             | 8,085             | (232)               |
| Arundel on the Bay             | 35,500             | 35,500            | 14,489            | (21,011)            |
| Bay Ridge                      | 461,822            | 461,822           | 243,271           | (218,551)           |
| Browns Pond - Waterway         | 35,079             | 35,079            | 8,025             | (27,054)            |
| Buckingham Cove                | 9,225              | 9,225             | 9,168             | (57)                |
| Cape Anne                      | 34,086             | 34,086            | 8,629             | (25,457)            |
| Cattail Creek                  | 5,400              | 5,400             | 5,362             | (38)                |
| Elizabeths Landing             | 22,701             | 22,701            | 17,566            | (5,135)             |
| John's Creek - Waterway        | 7,650              | 7,650             | 7,302             | (348)               |
| Lake Hillsmere II - Waterway   | 8,450              | 8,450             | 7,948             | (502)               |
| Masons Beach                   | 47,200             | 47,200            | 26,955            | (20,245)            |
| Pine Grove Village             | 2,645              | 2,645             | 2,644             | (1)                 |
| Romar Estates                  | 12,975             | 12,975            | 12,843            | (132)               |
| Snug Harbor - Erosion          | 11,568             | 11,568            | 9,695             | (1,873)             |
| Snug Harbor - Special Benefits | 82,126             | 82,126            | 37,012            | (45,114)            |
| Snug Harbor - Waterway         | 77,800             | 77,800            | 55,599            | (22,201)            |
| Spriggs Pond - Waterway        | 19,296             | 19,296            | 12,679            | (6,617)             |
| Whitehall                      | 8,188              | 8,188             | 6,921             | (1,267)             |
| Total expenditures             | <u>\$ 901,277</u>  | <u>\$ 901,277</u> | <u>\$ 505,006</u> | <u>\$ (396,271)</u> |

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

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## **Proprietary Funds**

The primary government has two major proprietary funds, the Water and Wastewater Fund and the Solid Waste Fund. Both of these funds have been fully described in the footnotes to the basic financial statements. The 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.

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 Statement of Net Assets

## Water and Wastewater Fund

June 30, 2009

|  | Operating             | Debt Service          | Capital<br>Projects  | Total                   |
|--|-----------------------|-----------------------|----------------------|-------------------------|
| <b>ASSETS</b>  |                       |                       |                      |                         |
| Current assets                                       |                       |                       |                      |                         |
| Cash and investments                                 | \$ 2,172,979          | \$ -                  | \$ -                 | \$ 2,172,979            |
| Service billings receivable                          | 19,784,515            | -                     | -                    | 19,784,515              |
| Inventories  | 1,616,825             | -                     | -                    | 1,616,825               |
| Restricted for debt service and capital projects     |                       |                       |                      |                         |
| Cash and temporary investments                       | -                     | 2,249,571             | 76,639,436           | 78,889,007              |
| Investments  | -                     | 143,725,574           | -                    | 143,725,574             |
| Receivables  |                       |                       |                      |                         |
| Due from other governmental agencies                 | -                     | -                     | 341,875              | 341,875                 |
| Other, net   | -                     | 10,488,943            | -                    | 10,488,943              |
| Total current assets                                 | <u>23,574,319</u>     | <u>156,464,088</u>    | <u>76,981,311</u>    | <u>257,019,718</u>      |
| Noncurrent assets                                    |                       |                       |                      |                         |
| Restricted assets                                    |                       |                       |                      |                         |
| Deferred connection and assessment charges           | -                     | 57,811,308            | -                    | 57,811,308              |
| Capital assets                                       |                       |                       |                      |                         |
| Land and buildings                                   | 20,674,099            | -                     | -                    | 20,674,099              |
| Water and sewer plants                               | 463,919,073           | -                     | -                    | 463,919,073             |
| Water and sewer lines                                | 853,260,469           | -                     | -                    | 853,260,469             |
| Machinery and equipment                              | 10,993,591            | -                     | -                    | 10,993,591              |
|  | 1,348,847,232         | -                     | -                    | 1,348,847,232           |
| Less accumulated depreciation                        | <u>(480,052,591)</u>  | <u>-</u>              | <u>-</u>             | <u>(480,052,591)</u>    |
|  | 868,794,641           | -                     | -                    | 868,794,641             |
| Construction work in progress                        | 10,824,052            | -                     | 220,101,713          | 230,925,765             |
| Total capital assets, net of depreciation            | <u>879,618,693</u>    | <u>-</u>              | <u>220,101,713</u>   | <u>1,099,720,406</u>    |
| Total noncurrent assets                              | <u>879,618,693</u>    | <u>57,811,308</u>     | <u>220,101,713</u>   | <u>1,157,531,714</u>    |
| Total assets   | <u>903,193,012</u>    | <u>214,275,396</u>    | <u>297,083,024</u>   | <u>1,414,551,432</u>    |
| <b>LIABILITIES</b>                                   |                       |                       |                      |                         |
| Current liabilities                                  |                       |                       |                      |                         |
| Accounts payable and accrued liabilities             | 7,998,845             | -                     | -                    | 7,998,845               |
| Current portion of long-term debt and obligations    | 20,978,269            | (281,700)             | -                    | 20,696,569              |
| Bond anticipation notes                              | 31,800,000            | -                     | -                    | 31,800,000              |
| Due to other funds                                   | 30,204                | -                     | -                    | 30,204                  |
| Escrow deposits                                      | 127,554               | -                     | -                    | 127,554                 |
| Liabilities related to restricted assets             |                       |                       |                      |                         |
| Accounts payable and accrued liabilities             | -                     | 4,005,406             | 9,568,127            | 13,573,533              |
| Escrow deposits                                      | -                     | -                     | 802,798              | 802,798                 |
| Deferred revenue                                     | -                     | 14,195,806            | -                    | 14,195,806              |
| Total current liabilities                            | <u>60,934,872</u>     | <u>17,919,512</u>     | <u>10,370,925</u>    | <u>89,225,309</u>       |
| Noncurrent liabilities                               |                       |                       |                      |                         |
| Long-term debt, net of deferred refunding loss       | 78,748,686            | (1,770,486)           | 222,818,808          | 299,797,008             |
| Deferred revenue                                     | 3,594,760             | -                     | -                    | 3,594,760               |
| Accrued liability for other post-employment benefits | 8,236,183             | -                     | -                    | 8,236,183               |
| Total noncurrent liabilities                         | <u>90,579,629</u>     | <u>(1,770,486)</u>    | <u>222,818,808</u>   | <u>311,627,951</u>      |
| Total liabilities                                    | <u>151,514,501</u>    | <u>16,149,026</u>     | <u>233,189,733</u>   | <u>400,853,260</u>      |
| <b>NET ASSETS</b>                                    |                       |                       |                      |                         |
| Invested in capital assets, net of related debt      | 749,631,950           | (1,886,153)           | 46,082,674           | 793,828,471             |
| Restricted   | -                     | 200,012,523           | 17,810,617           | 217,823,140             |
| Unrestricted   | 2,046,561             | -                     | -                    | 2,046,561               |
| Total net assets                                     | <u>\$ 751,678,511</u> | <u>\$ 198,126,370</u> | <u>\$ 63,893,291</u> | <u>\$ 1,013,698,172</u> |

Anne Arundel County, Maryland

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

Water and Wastewater Fund

Year Ended June 30, 2009

|   | <u>Operating</u>      | <u>Debt Service</u>   | <u>Capital<br/>Projects</u> | <u>Total</u>            |
|---|-----------------------|-----------------------|-----------------------------|-------------------------|
| <b>OPERATING REVENUES</b>               |                       |                       |                             |                         |
| Charges for services                    | \$ 71,621,589         | \$ -                  | \$ -                        | \$ 71,621,589           |
| Other revenues                          | 3,884,612             | -                     | -                           | 3,884,612               |
| Total operating revenues                | <u>75,506,201</u>     | <u>-</u>              | <u>-</u>                    | <u>75,506,201</u>       |
| <b>OPERATING EXPENSES</b>               |                       |                       |                             |                         |
| Personal services                       | 30,763,604            | -                     | -                           | 30,763,604              |
| Contractual services                    | 28,523,597            | -                     | -                           | 28,523,597              |
| Supplies and materials                  | 4,428,231             | -                     | -                           | 4,428,231               |
| Business and travel                     | 114,591               | -                     | -                           | 114,591                 |
| Depreciation                            | 32,983,545            | -                     | -                           | 32,983,545              |
| Other                                   | 10,371,350            | -                     | -                           | 10,371,350              |
| Total operating expenses                | <u>107,184,918</u>    | <u>-</u>              | <u>-</u>                    | <u>107,184,918</u>      |
| Operating loss                          | (31,678,717)          | -                     | -                           | (31,678,717)            |
| <b>NONOPERATING REVENUES (EXPENSES)</b> |                       |                       |                             |                         |
| Investment income                       | 15,893                | 6,236,990             | -                           | 6,252,883               |
| Interest on long-term receivables       | -                     | 1,531,960             | -                           | 1,531,960               |
| Other revenues                          | -                     | 666,399               | -                           | 666,399                 |
| Interest expense                        | -                     | (6,153,949)           | -                           | (6,153,949)             |
| Gain (loss) on the disposal of assets   | 29,389                | -                     | -                           | 29,389                  |
| Other                                   | -                     | (729,197)             | -                           | (729,197)               |
| Income (loss) before other revenues     | <u>(31,633,435)</u>   | <u>1,552,203</u>      | <u>-</u>                    | <u>(30,081,232)</u>     |
| <b>OTHER</b>                            |                       |                       |                             |                         |
| Capital contributions and grants        | 7,861,635             | 27,673,389            | 993,939                     | 36,528,963              |
| Environmental protection fees           | -                     | 13,101,100            | -                           | 13,101,100              |
| Net equity transfers between funds      | <u>25,025,677</u>     | <u>(26,732,117)</u>   | <u>1,706,440</u>            | <u>-</u>                |
| Change in net assets                    | 1,253,877             | 15,594,575            | 2,700,379                   | 19,548,831              |
| Net assets, July 1                      | <u>750,424,634</u>    | <u>182,531,795</u>    | <u>61,192,912</u>           | <u>994,149,341</u>      |
| Net assets, June 30                     | <u>\$ 751,678,511</u> | <u>\$ 198,126,370</u> | <u>\$ 63,893,291</u>        | <u>\$ 1,013,698,172</u> |

Anne Arundel County, Maryland  
Combining Statement of Cash Flows  
Water and Wastewater Fund  
Year Ended June 30, 2009

|   | Operating           | Debt Service        | Capital<br>Projects  | Total<br>Water and<br>Wastewater |
|---|---------------------|---------------------|----------------------|----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                 |                     |                     |                      |                                  |
| Cash received for services  | \$ 76,228,450       | \$ -                | \$ -                 | \$ 76,228,450                    |
| Cash payments to suppliers for goods and services                           | (44,316,642)        | -                   | -                    | (44,316,642)                     |
| Cash payments to employees for services                                     | (26,052,638)        | -                   | -                    | (26,052,638)                     |
| Net cash provided by operating activities                                   | <u>5,859,170</u>    | <u>-</u>            | <u>-</u>             | <u>5,859,170</u>                 |
| <b>CASH FLOWS FROM CAPITAL<br/>AND RELATED FINANCING ACTIVITIES</b>         |                     |                     |                      |                                  |
| Proceeds from sale of County bonds and bond anticipation notes              | -                   | 17,000,000          | 44,000,000           | 61,000,000                       |
| Proceeds from loan  | -                   | -                   | 1,223,864            | 1,223,864                        |
| Proceeds from developers' contributions                                     | -                   | -                   | 367,957              | 367,957                          |
| Refunds to developers   | -                   | -                   | (752,973)            | (752,973)                        |
| Assessment and connection charges   | 554,001             | 20,761,987          | -                    | 21,315,988                       |
| Environmental protection fees for capital assets                            | -                   | 11,759,193          | -                    | 11,759,193                       |
| Payments of long-term debt  | -                   | (20,891,021)        | -                    | (20,891,021)                     |
| Payments of bond anticipation notes   | -                   | (17,000,000)        | -                    | (17,000,000)                     |
| Interest payments   | -                   | (13,570,550)        | -                    | (13,570,550)                     |
| Operating funds used in construction  | (16,640,000)        | -                   | 16,640,000           | -                                |
| Acquisition and construction of capital assets                              | (605,327)           | -                   | (45,428,072)         | (46,033,399)                     |
| Payments of debt issuance costs   | -                   | (144,406)           | -                    | (144,406)                        |
| Premium on sale of bonds  | -                   | 107,588             | -                    | 107,588                          |
| Payments received on note receivable  | -                   | 1,376,531           | -                    | 1,376,531                        |
| Proceeds from other capital contributions                                   | -                   | -                   | 532,000              | 532,000                          |
| Receipt of other income   | -                   | 636,650             | -                    | 636,650                          |
| Payment of capital related fees   | -                   | (671,823)           | -                    | (671,823)                        |
| Net cash provided by (used for) capital<br>and related financing activities | <u>(16,691,326)</u> | <u>(635,851)</u>    | <u>16,582,776</u>    | <u>(744,401)</u>                 |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                                  |                     |                     |                      |                                  |
| Purchase of investment securities   | -                   | (247,688,842)       | -                    | (247,688,842)                    |
| Sale of investment securities   | -                   | 243,167,282         | -                    | 243,167,282                      |
| Interest on investments   | 15,893              | 6,996,906           | -                    | 7,012,799                        |
| Net cash provided by (used for) investing activities                        | <u>15,893</u>       | <u>2,475,346</u>    | <u>-</u>             | <u>2,491,239</u>                 |
| Net increase (decrease) in cash and cash equivalents                        | (10,816,263)        | 1,839,495           | 16,582,776           | 7,606,008                        |
| Cash and temporary investments, July 1                                      | 12,989,242          | 410,076             | 60,056,660           | 73,455,978                       |
| Cash and temporary investments, June 30                                     | <u>\$ 2,172,979</u> | <u>\$ 2,249,571</u> | <u>\$ 76,639,436</u> | <u>\$ 81,061,986</u>             |

Anne Arundel County, Maryland  
 Combining Statement of Cash Flows  
 Water and Wastewater Fund  
 Year Ended June 30, 2009

|   | <u>Operating</u>    | <u>Debt Service</u> | <u>Capital<br/>Projects</u> | <u>Total<br/>Water and<br/>Wastewater</u> |
|---|---------------------|---------------------|-----------------------------|---|
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b> |                     |                     |                             |   |
| Operating loss  | \$ (31,678,717)     | \$ -                | \$ -                        | \$ (31,678,717)                           |
| Adjustments to reconcile operating loss<br>to net cash provided by operating activities:          |                     |                     |                             |   |
| Depreciation  | 32,983,545          | -                   | -                           | 32,983,545                                |
| Noncapital construction costs   | 1,204,745           | -                   | -                           | 1,204,745                                 |
| Effect of changes in assets and liabilities:  |                     |                     |                             |   |
| Accounts receivable   | 722,327             | -                   | -                           | 722,327                                   |
| Inventories   | (277,130)           | -                   | -                           | (277,130)                                 |
| Accounts payable and accrued liabilities  | (1,653,541)         | -                   | -                           | (1,653,541)                               |
| Due to other funds  | 30,204              | -                   | -                           | 30,204                                    |
| Escrow deposits   | (78)                | -                   | -                           | (78)                                      |
| Accrued liability for compensated absences  | (4,681)             | -                   | -                           | (4,681)                                   |
| Accrued liability for OPEB benefits   | 4,532,496           | -                   | -                           | 4,532,496                                 |
| Net cash provided by operating activities   | <u>\$ 5,859,170</u> | <u>\$ -</u>         | <u>\$ -</u>                 | <u>\$ 5,859,170</u>                       |
| <b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>  |                     |                     |                             |   |
| Contributions of capital assets from developers   | \$ 7,307,634        | \$ -                | \$ -                        |   |
| Increase (decrease) in fair value of investments  | -                   | 1,970,688           | -                           |   |
| Amortization of refunding gains (losses)  | -                   | (305,790)           | -                           |   |

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

Enterprise Funds

Year Ended June 30, 2009

|  | Original<br>Budget    | Final<br>Budget       | Actual                 | Variance              |
|--|-----------------------|-----------------------|------------------------|-----------------------|
| <b>WATER AND WASTEWATER OPERATIONS</b>   |                       |                       |                        |                       |
| Revenues                                 |                       |                       |                        |                       |
| Charges for services                     | \$ 79,829,400         | \$ 79,829,400         | \$ 72,175,590          | \$ (7,653,810)        |
| Investment income                        | 150,000               | 150,000               | 15,893                 | (134,107)             |
| Other                                    | <u>3,723,000</u>      | <u>3,723,000</u>      | <u>4,081,984</u>       | <u>358,984</u>        |
|  | <u>83,702,400</u>     | <u>83,702,400</u>     | <u>76,273,467</u>      | <u>(7,428,933)</u>    |
| Expenses                                 |                       |                       |                        |                       |
| Personal services                        | 27,007,500            | 26,666,100            | 26,231,108             | (434,992)             |
| Contractual services                     | 29,120,100            | 29,158,900            | 28,242,540             | (916,360)             |
| Supplies and materials                   | 4,707,900             | 5,084,100             | 4,636,028              | (448,072)             |
| Business and travel                      | 199,800               | 199,800               | 101,521                | (98,279)              |
| Capital outlay                           | 1,264,700             | 1,191,100             | 1,070,952              | (120,148)             |
| Administrative costs                     | 10,340,000            | 10,340,000            | 10,340,000             | -                     |
| Pay-as-you-go                            | <u>16,640,000</u>     | <u>16,640,000</u>     | <u>16,640,000</u>      | <u>-</u>              |
|  | <u>89,280,000</u>     | <u>89,280,000</u>     | <u>87,262,149</u>      | <u>(2,017,851)</u>    |
| Revenues over (under) expenditures       | \$ <u>(5,577,600)</u> | \$ <u>(5,577,600)</u> | \$ <u>(10,988,682)</u> | \$ <u>(5,411,082)</u> |
| <b>WATER AND WASTEWATER DEBT SERVICE</b> |                       |                       |                        |                       |
| Revenues                                 |                       |                       |                        |                       |
| Water and sewer assessments              | \$ 6,098,000          | \$ 6,098,000          | \$ 6,375,252           | \$ 277,252            |
| Capital connection charges               | 16,371,100            | 16,371,100            | 11,999,831             | (4,371,269)           |
| Environmental protection fees            | 12,692,500            | 12,692,500            | 13,101,100             | 408,600               |
| Investment income                        | 5,800,000             | 5,800,000             | 6,796,237              | 996,237               |
| Developer contribution                   | 1,376,500             | 1,376,500             | -                      | (1,376,500)           |
| Other                                    | <u>636,100</u>        | <u>636,100</u>        | <u>666,399</u>         | <u>30,299</u>         |
|  | <u>42,974,200</u>     | <u>42,974,200</u>     | <u>38,938,819</u>      | <u>(4,035,381)</u>    |
| Expenses                                 |                       |                       |                        |                       |
| Principal payments on debt               | 21,011,600            | 21,011,600            | 20,891,021             | (120,579)             |
| Interest expense                         | 14,672,200            | 14,672,200            | 12,228,314             | (2,443,886)           |
| Other                                    | <u>585,200</u>        | <u>585,200</u>        | <u>568,108</u>         | <u>(17,092)</u>       |
|  | <u>36,269,000</u>     | <u>36,269,000</u>     | <u>33,687,443</u>      | <u>(2,581,557)</u>    |
| Revenues over (under) expenditures       | \$ <u>6,705,200</u>   | \$ <u>6,705,200</u>   | \$ <u>5,251,376</u>    | \$ <u>(1,453,824)</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)

## Enterprise Funds

Year Ended June 30, 2009

|  | Original<br>Budget    | Final<br>Budget       | Actual                | Variance            |
|--|-----------------------|-----------------------|-----------------------|---------------------|
| <b>SOLID WASTE</b>                       |                       |                       |                       |                     |
| Revenues                                 |                       |                       |                       |                     |
| Charges for services                     | \$ 41,022,900         | \$ 41,022,900         | \$ 40,783,555         | \$ (239,345)        |
| Landfill charges                         | 2,827,000             | 2,827,000             | 2,497,447             | (329,553)           |
| Other                                    | 4,060,000             | 4,060,000             | 1,741,928             | (2,318,072)         |
|  | <u>47,909,900</u>     | <u>47,909,900</u>     | <u>45,022,930</u>     | <u>(2,886,970)</u>  |
| Expenses                                 |                       |                       |                       |                     |
| Personal services                        | 6,400,500             | 6,400,500             | 5,901,855             | (498,645)           |
| Contractual services                     | 33,267,000            | 33,267,000            | 32,035,486            | (1,231,514)         |
| Supplies and materials                   | 1,790,300             | 1,790,300             | 1,476,722             | (313,578)           |
| Business and travel                      | 35,600                | 35,600                | 9,732                 | (25,868)            |
| Capital outlay                           | 894,500               | 894,500               | 717,913               | (176,587)           |
| Principal payments on debt               | 2,299,000             | 2,299,000             | 2,354,333             | 55,333              |
| Interest expense                         | 830,100               | 830,100               | 801,419               | (28,681)            |
| Administrative costs                     | 2,808,400             | 2,808,400             | 2,808,400             | -                   |
| Contributions/Solid Waste Assurance Fund | 565,400               | 565,400               | 565,400               | -                   |
| Contributions/Self Insurance Fund        | 132,000               | 132,000               | 132,000               | -                   |
| Contributions/Northeast Maryland Solid   | 35,000                | 35,000                | 35,000                | -                   |
| Other                                    | 300,000               | 300,000               | -                     | (300,000)           |
| Capital improvements                     | 500,000               | 500,000               | 500,000               | -                   |
|  | <u>49,857,800</u>     | <u>49,857,800</u>     | <u>47,338,260</u>     | <u>(2,519,540)</u>  |
| Revenues over (under) expenditures       | \$ <u>(1,947,900)</u> | \$ <u>(1,947,900)</u> | \$ <u>(2,315,330)</u> | \$ <u>(367,430)</u> |
| <b>SOLID WASTE FINANCIAL ASSURANCE</b>   |                       |                       |                       |                     |
| Revenues                                 |                       |                       |                       |                     |
| Payments from other funds                | \$ 565,400            | \$ 565,400            | \$ 565,400            | \$ -                |
| Other                                    | -                     | -                     | 322,443               | 322,443             |
|  | <u>565,400</u>        | <u>565,400</u>        | <u>887,843</u>        | <u>322,443</u>      |
| Expenses                                 |                       |                       |                       |                     |
| Other                                    | -                     | -                     | -                     | -                   |
|  | <u>-</u>              | <u>-</u>              | <u>-</u>              | <u>-</u>            |
| Revenues over (under) expenditures       | \$ <u>565,400</u>     | \$ <u>565,400</u>     | \$ <u>887,843</u>     | \$ <u>322,443</u>   |
| <b>CHILD CARE</b>                        |                       |                       |                       |                     |
| Revenues                                 |                       |                       |                       |                     |
| Child care fees                          | \$ 3,877,200          | \$ 3,877,200          | \$ 3,492,623          | \$ (384,577)        |
| Other                                    | -                     | -                     | 316                   | 316                 |
|  | <u>3,877,200</u>      | <u>3,877,200</u>      | <u>3,492,939</u>      | <u>(384,261)</u>    |
| Expenses                                 |                       |                       |                       |                     |
| Personal services                        | 3,070,900             | 3,070,900             | 2,746,377             | (324,523)           |
| Contractual services                     | 288,200               | 288,200               | 317,670               | 29,470              |
| Supplies and materials                   | 413,000               | 413,000               | 277,007               | (135,993)           |
| Business and travel                      | 56,900                | 56,900                | 22,349                | (34,551)            |
| Capital outlay                           | 39,000                | 39,000                | 17,661                | (21,339)            |
| Other                                    | 318,600               | 318,600               | 318,600               | -                   |
|  | <u>4,186,600</u>      | <u>4,186,600</u>      | <u>3,699,664</u>      | <u>(486,936)</u>    |
| Revenues over (under) expenditures       | \$ <u>(309,400)</u>   | \$ <u>(309,400)</u>   | \$ <u>(206,725)</u>   | \$ <u>102,675</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, 2009

|  | Water and               |                       |                      |                       |
|--|-------------------------|-----------------------|----------------------|-----------------------|
|  | Total                   | Water                 |                      | Total                 |
|  | Water and<br>Wastewater | Capital<br>Projects   | Normal<br>Extensions |                       |
| <b>AUTHORIZED PER ORIGINAL BUDGET</b>      |                         |                       |                      |                       |
| County bonds                               | \$ 519,311,447          | \$ 237,734,996        | \$ 2,148,659         | \$ 239,883,655        |
| Maryland Water Quality Loan                | 19,362,500              | -                     | -                    | -                     |
| Grants and aid                             | 124,776,500             | -                     | -                    | -                     |
| Pay-as-you-go                              | 95,186,708              | 9,057,909             | -                    | 9,057,909             |
| Contributions by developers                | 4,474,846               | 443,000               | -                    | 443,000               |
| Other sources                              | 3,868,123               | 1,229,000             | -                    | 1,229,000             |
| Total                                      | <u>\$ 766,980,124</u>   | <u>\$ 248,464,905</u> | <u>\$ 2,148,659</u>  | <u>\$ 250,613,564</u> |
| <b>AUTHORIZED PER FINAL BUDGET</b>         |                         |                       |                      |                       |
| County bonds                               | \$ 509,168,661          | \$ 233,460,321        | \$ 1,819,907         | \$ 235,280,228        |
| Maryland Water Quality Loan                | 19,362,500              | -                     | -                    | -                     |
| Grants and aid                             | 124,776,500             | -                     | -                    | -                     |
| Pay-as-you-go                              | 79,809,915              | 8,034,930             | -                    | 8,034,930             |
| Contributions by developers                | 3,999,843               | 443,000               | -                    | 443,000               |
| Other sources                              | 3,843,000               | 1,229,000             | -                    | 1,229,000             |
| Total                                      | 740,960,419             | 243,167,251           | 1,819,907            | 244,987,158           |
| Less: Completed projects                   | 27,785,063              | 4,383,211             | 553,215              | 4,936,426             |
|  | <u>713,175,356</u>      | <u>238,784,040</u>    | <u>1,266,692</u>     | <u>240,050,732</u>    |
| <b>REALIZED</b>                            |                         |                       |                      |                       |
| Current year                               |                         |                       |                      |                       |
| Bonds and bond anticipation notes          | 44,000,000              | 33,891,233            | 108,766              | 33,999,999            |
| Proceeds from State loan                   | 2,736,316               | -                     | -                    | -                     |
| Grants and aid                             | 341,875                 | -                     | -                    | -                     |
| Pay-as-you-go                              | 16,640,000              | 1,583,000             | -                    | 1,583,000             |
| Developer contributions                    | 120,064                 | -                     | -                    | -                     |
| Other source                               | 532,000                 | -                     | -                    | -                     |
| Total                                      | 64,370,255              | 35,474,233            | 108,766              | 35,582,999            |
| Prior years                                | 249,213,936             | 73,881,718            | 791,087              | 74,672,805            |
| Total realized funding sources             | 313,584,191             | 109,355,951           | 899,853              | 110,255,804           |
| Less: Completed projects                   | 27,650,686              | 4,309,863             | 553,215              | 4,863,078             |
|  | <u>285,933,505</u>      | <u>105,046,088</u>    | <u>346,638</u>       | <u>105,392,726</u>    |
| Funding sources authorized - June 30, 2009 | <u>\$ 427,241,851</u>   | <u>\$ 133,737,952</u> | <u>\$ 920,054</u>    | <u>\$ 134,658,006</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          |  |  |
| \$ 260,502,600        | \$ 1,974,838        | \$ 262,477,438        | \$ 16,950,354        | \$ 21,630,000        |  |  |
| 19,362,500            | -                   | 19,362,500            | -                    | -                    |  |  |
| 124,776,500           | -                   | 124,776,500           | -                    | -                    |  |  |
| 38,428,499            | 44,438              | 38,472,937            | 47,655,862           | 6,019,319            |  |  |
| 475,000               | -                   | 475,000               | 3,556,846            | -                    |  |  |
| 2,614,000             | -                   | 2,614,000             | 25,123               | 750,000              |  |  |
| <u>\$ 446,159,099</u> | <u>\$ 2,019,276</u> | <u>\$ 448,178,375</u> | <u>\$ 68,188,185</u> | <u>\$ 28,399,319</u> |  |  |
| <br>                  |                     |                       |                      |                      |  |  |
| \$ 255,232,648        | \$ 1,769,192        | \$ 257,001,840        | \$ 16,886,593        | \$ 21,630,000        |  |  |
| 19,362,500            | -                   | 19,362,500            | -                    | -                    |  |  |
| 124,776,500           | -                   | 124,776,500           | -                    | -                    |  |  |
| 36,631,734            | -                   | 36,631,734            | 35,143,251           | 5,950,255            |  |  |
| -                     | -                   | -                     | 3,556,843            | -                    |  |  |
| 2,614,000             | -                   | 2,614,000             | -                    | 750,000              |  |  |
| 438,617,382           | 1,769,192           | 440,386,574           | 55,586,687           | 28,330,255           |  |  |
| 13,846,291            | 185,809             | 14,032,100            | 8,816,537            | 387,469              |  |  |
| <u>424,771,091</u>    | <u>1,583,383</u>    | <u>426,354,474</u>    | <u>46,770,150</u>    | <u>27,942,786</u>    |  |  |
| <br>                  |                     |                       |                      |                      |  |  |
| 9,847,265             | 152,736             | 10,000,001            | -                    | 5,600,000            |  |  |
| 2,736,316             | -                   | 2,736,316             | -                    | -                    |  |  |
| 341,875               | -                   | 341,875               | -                    | -                    |  |  |
| 7,017,000             | -                   | 7,017,000             | 8,040,000            | 500,000              |  |  |
| -                     | -                   | -                     | 120,064              | -                    |  |  |
| 532,000               | -                   | 532,000               | -                    | -                    |  |  |
| 20,474,456            | 152,736             | 20,627,192            | 8,160,064            | 6,100,000            |  |  |
| <u>145,045,720</u>    | <u>947,567</u>      | <u>145,993,287</u>    | <u>28,547,844</u>    | <u>15,234,859</u>    |  |  |
| 165,520,176           | 1,100,303           | 166,620,479           | 36,707,908           | 21,334,859           |  |  |
| 13,785,160            | 185,809             | 13,970,969            | 8,816,639            | 387,471              |  |  |
| 151,735,016           | 914,494             | 152,649,510           | 27,891,269           | 20,947,388           |  |  |
| <u>\$ 273,036,075</u> | <u>\$ 668,889</u>   | <u>\$ 273,704,964</u> | <u>\$ 18,878,881</u> | <u>\$ 6,995,398</u>  |  |  |



## Anne Arundel County, Maryland

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

## Enterprise Funds Capital Projects

Year Ended June 30, 2009

|   | Total                   |                     |                               | Water and      |
|---|-------------------------|---------------------|-------------------------------|----------------|
|   | Water and<br>Wastewater | Capital<br>Projects | Water<br>Normal<br>Extensions | Total          |
| <b>APPROPRIATIONS</b>                       |                         |                     |                               |                |
| Original Budget                             | \$ 766,980,124          | \$ 248,464,905      | \$ 2,148,659                  | \$ 250,613,564 |
| Final Budget:                               |                         |                     |                               |                |
| Prior years                                 | \$ 558,857,987          | \$ 196,043,154      | \$ 1,619,910                  | \$ 197,663,064 |
| Current year                                | 182,102,432             | 47,124,097          | 199,997                       | 47,324,094     |
|   | 740,960,419             | 243,167,251         | 1,819,907                     | 244,987,158    |
| Less: Completed projects                    | 27,785,063              | 4,383,211           | 553,215                       | 4,936,426      |
| Total appropriations                        | 713,175,356             | 238,784,040         | 1,266,692                     | 240,050,732    |
| <b>EXPENDITURES AND ENCUMBRANCES</b>        |                         |                     |                               |                |
| Prior years expenditures                    | 200,089,128             | 56,320,319          | 792,872                       | 57,113,191     |
| Current year expenditures                   | 47,663,182              | 23,598,620          | 107,212                       | 23,705,832     |
|   | 247,752,310             | 79,918,939          | 900,084                       | 80,819,023     |
| Less: Completed projects                    | 27,650,597              | 4,309,883           | 553,215                       | 4,863,098      |
| Less: Completed land                        | -                       | -                   | -                             | -              |
| Total                                       | 220,101,713             | 75,609,056          | 346,869                       | 75,955,925     |
| Encumbrances outstanding                    | 53,095,664              | 27,764,624          | 62,824                        | 27,827,448     |
| Total expenditures and encumbrances         | 273,197,377             | 103,373,680         | 409,693                       | 103,783,373    |
| Unencumbered appropriations - June 30, 2009 | \$ 439,977,979          | \$ 135,410,360      | \$ 856,999                    | \$ 136,267,359 |

| Wastewater          |                     |                |                         |                |  |
|---------------------|---------------------|----------------|-------------------------|----------------|--|
|                     | Wastewater          |                |                         |                |  |
| Capital<br>Projects | Normal<br>Extension | Total          | Oversize<br>Connections | Solid<br>Waste |  |
| \$ 446,159,099      | \$ 2,019,276        | \$ 448,178,375 | \$ 68,188,185           | \$ 28,399,319  |  |
| \$ 316,188,389      | \$ 1,413,632        | \$ 317,602,021 | \$ 43,592,902           | \$ 23,747,257  |  |
| 122,428,993         | 355,560             | 122,784,553    | 11,993,785              | 4,582,998      |  |
| 438,617,382         | 1,769,192           | 440,386,574    | 55,586,687              | 28,330,255     |  |
| 13,846,291          | 185,809             | 14,032,100     | 8,816,537               | 387,469        |  |
| 424,771,091         | 1,583,383           | 426,354,474    | 46,770,150              | 27,942,786     |  |
| 118,830,595         | 959,225             | 119,789,820    | 23,186,117              | 14,621,701     |  |
| 14,999,296          | 141,078             | 15,140,374     | 8,816,976               | 1,988,894      |  |
| 133,829,891         | 1,100,303           | 134,930,194    | 32,003,093              | 16,610,595     |  |
| 13,785,153          | 185,809             | 13,970,962     | 8,816,537               | 387,469        |  |
| -                   | -                   | -              | -                       | 1,084,000      |  |
| 120,044,738         | 914,494             | 120,959,232    | 23,186,556              | 15,139,126     |  |
| 20,504,424          | 60,057              | 20,564,481     | 4,703,735               | 1,032,567      |  |
| 140,549,162         | 974,551             | 141,523,713    | 27,890,291              | 16,171,693     |  |
| \$ 284,221,929      | \$ 608,832          | \$ 284,830,761 | \$ 18,879,859           | \$ 11,771,093  |  |

Anne Arundel County, Maryland

Combining Statement of Net Assets

Internal Service Funds

June 30, 2009

|  | Self<br>Insurance | Health<br>Insurance  | Central Garage<br>and<br>Transportation | Garage<br>Replacement | Totals               |
|--|-------------------|----------------------|---|-----------------------|----------------------|
| <b>ASSETS</b>  |                   |                      |   |                       |                      |
| Current assets                                       |                   |                      |   |                       |                      |
| Cash and temporary investments                       | \$ 292,352        | \$ 41,992,617        | \$ 3,981,360                            | \$ 9,641,847          | \$ 55,908,176        |
| Investments  | 57,792,918        | -                    | -                                       | -                     | 57,792,918           |
| Service billings receivable                          | 350,860           | 3,128,362            | -                                       | -                     | 3,479,222            |
| Due from other funds                                 | 482,798           | -                    | -                                       | -                     | 482,798              |
| Inventories  | -                 | -                    | 675,318                                 | -                     | 675,318              |
| Other assets   | -                 | 1,249,000            | -                                       | -                     | 1,249,000            |
| Total current assets                                 | <u>58,918,928</u> | <u>46,369,979</u>    | <u>4,656,678</u>                        | <u>9,641,847</u>      | <u>119,587,432</u>   |
| Noncurrent assets                                    |                   |                      |   |                       |                      |
| Capital assets                                       |                   |                      |   |                       |                      |
| Land and buildings                                   | -                 | -                    | 2,073,990                               | -                     | 2,073,990            |
| Machinery and equipment                              | -                 | -                    | 533,755                                 | 60,173,473            | 60,707,228           |
|  | -                 | -                    | 2,607,745                               | 60,173,473            | 62,781,218           |
| Less accumulated depreciation                        | -                 | -                    | (1,884,128)                             | (38,230,578)          | (40,114,706)         |
| Total capital assets, net of depreciation            | -                 | -                    | 723,617                                 | 21,942,895            | 22,666,512           |
| Total noncurrent assets                              | -                 | -                    | 723,617                                 | 21,942,895            | 22,666,512           |
| Total assets   | <u>58,918,928</u> | <u>46,369,979</u>    | <u>5,380,295</u>                        | <u>31,584,742</u>     | <u>142,253,944</u>   |
| <b>LIABILITIES</b>                                   |                   |                      |   |                       |                      |
| Current liabilities                                  |                   |                      |   |                       |                      |
| Accounts payable and accrued liabilities             | 121,851           | 5,336,446            | 573,587                                 | -                     | 6,031,884            |
| Current portion of long-term obligations             | 10,426,451        | 3,665,172            | 259,148                                 | -                     | 14,350,771           |
| Total current liabilities                            | <u>10,548,302</u> | <u>9,001,618</u>     | <u>832,735</u>                          | <u>-</u>              | <u>20,382,655</u>    |
| Noncurrent liabilities                               |                   |                      |   |                       |                      |
| Unpaid claims  | 48,047,000        | -                    | -                                       | -                     | 48,047,000           |
| Accrued liability for compensated absences           | 19,020            | -                    | -                                       | -                     | 19,020               |
| Accrued liability for other post-employment benefits | 304,606           | -                    | 1,430,586                               | -                     | 1,735,192            |
| Total noncurrent liabilities                         | <u>48,370,626</u> | <u>-</u>             | <u>1,430,586</u>                        | <u>-</u>              | <u>49,801,212</u>    |
| Total liabilities                                    | <u>58,918,928</u> | <u>9,001,618</u>     | <u>2,263,321</u>                        | <u>-</u>              | <u>70,183,867</u>    |
| <b>NET ASSETS</b>                                    |                   |                      |   |                       |                      |
| Invested in capital assets, net of related debt      | -                 | -                    | 723,617                                 | 21,942,895            | 22,666,512           |
| Unrestricted   | -                 | 37,368,361           | 2,393,357                               | 9,641,847             | 49,403,565           |
| Total net assets                                     | <u>\$ -</u>       | <u>\$ 37,368,361</u> | <u>\$ 3,116,974</u>                     | <u>\$ 31,584,742</u>  | <u>\$ 72,070,077</u> |

Anne Arundel County, Maryland

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

Internal Service Funds

Year Ended June 30, 2009

|  | Self<br>Insurance | Health<br>Insurance  | Central Garage<br>and<br>Transportation | Garage<br>Replacement | Totals               |
|--|-------------------|----------------------|---|-----------------------|----------------------|
| <b>OPERATING REVENUES</b>                        |                   |                      |   |                       |                      |
| Charges for services                             | \$ 15,403,798     | \$ -                 | \$ 13,651,680                           | \$ 7,721,352          | \$ 36,776,830        |
| Medical premiums                                 | -                 | 74,143,791           | -                                       | -                     | 74,143,791           |
| Contributions for other post employment benefits | -                 | 15,000,000           | -                                       | -                     | 15,000,000           |
| Other  | -                 | 733,037              | 38,430                                  | 50,812                | 822,279              |
| Total operating revenues                         | <u>15,403,798</u> | <u>89,876,828</u>    | <u>13,690,110</u>                       | <u>7,772,164</u>      | <u>126,742,900</u>   |
| <b>OPERATING EXPENSES</b>                        |                   |                      |   |                       |                      |
| Personal services                                | 1,228,546         | -                    | 4,969,428                               | -                     | 6,197,974            |
| Contractual services                             | 124,079           | 177,039              | 625,925                                 | 6,500                 | 933,543              |
| Supplies and materials                           | 25,024            | 20,955               | 115,164                                 | 2,000                 | 163,143              |
| Business and travel                              | 15,211            | 2,637                | 9,530                                   | -                     | 27,378               |
| Cost of goods issued                             | -                 | -                    | 7,266,895                               | -                     | 7,266,895            |
| Depreciation                                     | -                 | -                    | 41,993                                  | 6,445,789             | 6,487,782            |
| Provision for claims and estimated losses        | 15,851,167        | 72,470,413           | -                                       | -                     | 88,321,580           |
| Other  | 257,700           | 475,000              | 507,600                                 | 46,500                | 1,286,800            |
| Total operating expenses                         | <u>17,501,727</u> | <u>73,146,044</u>    | <u>13,536,535</u>                       | <u>6,500,789</u>      | <u>110,685,095</u>   |
| Operating income (loss)                          | (2,097,929)       | 16,730,784           | 153,575                                 | 1,271,375             | 16,057,805           |
| <b>NONOPERATING REVENUES</b>                     |                   |                      |   |                       |                      |
| Investment income                                | 2,122,076         | 818,972              | -                                       | -                     | 2,941,048            |
| Gain (loss) on disposal of assets                | -                 | -                    | -                                       | 186,402               | 186,402              |
| Change in net assets                             | 24,147            | 17,549,756           | 153,575                                 | 1,457,777             | 19,185,255           |
| Net assets, July 1                               | (24,147)          | 19,818,605           | 2,963,399                               | 30,126,965            | 52,884,822           |
| Net assets, June 30                              | <u>\$ -</u>       | <u>\$ 37,368,361</u> | <u>\$ 3,116,974</u>                     | <u>\$ 31,584,742</u>  | <u>\$ 72,070,077</u> |

Anne Arundel County, Maryland

Combining Statement of Cash Flows

Internal Service Funds

Year Ended June 30, 2009

|  | Self<br>Insurance   | Health<br>Insurance  | Central Garage<br>and<br>Transportation | Garage<br>Replacement | Totals               |
|--|---------------------|----------------------|---|-----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                     |                      |   |                       |                      |
| Cash received from customers   | \$ 14,921,000       | \$ 73,121,588        | \$ 13,653,430                           | \$ 7,772,164          | \$ 109,468,182       |
| Contribution for other post employment benefits  | -                   | 15,000,000           | -                                       | -                     | 15,000,000           |
| Cash received for expense reimbursement  | 407,672             | -                    | -                                       | -                     | 407,672              |
| Cash payments to suppliers for goods and services  | (248,056)           | (200,631)            | (8,092,643)                             | (8,500)               | (8,549,830)          |
| Cash payments for insurance claims   | (11,603,839)        | (66,993,169)         | -                                       | -                     | (78,597,008)         |
| Cash payments to vendor for deposit  | -                   | (1,249,000)          | -                                       | -                     | (1,249,000)          |
| Cash payments to employees for services  | (1,059,331)         | -                    | (4,182,418)                             | -                     | (5,241,749)          |
| Other operating revenues   | -                   | 1,025,893            | 38,430                                  | -                     | 1,064,323            |
| Other operating expenses   | (257,700)           | (475,000)            | (507,600)                               | (46,500)              | (1,286,800)          |
| Net cash provided by operating activities  | <u>2,159,746</u>    | <u>20,229,681</u>    | <u>909,199</u>                          | <u>7,717,164</u>      | <u>31,015,790</u>    |
| <b>CASH FLOWS FROM CAPITAL<br/>AND RELATED FINANCING ACTIVITIES</b>  |                     |                      |   |                       |                      |
| Acquisition of capital assets  | -                   | -                    | -                                       | (6,837,784)           | (6,837,784)          |
| Proceeds from sale of equipment  | -                   | -                    | -                                       | 354,941               | 354,941              |
| Net cash used for capital and related financing activities   | <u>-</u>            | <u>-</u>             | <u>-</u>                                | <u>(6,482,843)</u>    | <u>(6,482,843)</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |                      |   |                       |                      |
| Purchase of investment securities  | (148,352,012)       | -                    | -                                       | -                     | (148,352,012)        |
| Sale of investment securities  | 144,211,311         | -                    | -                                       | -                     | 144,211,311          |
| Investment income  | 2,280,356           | 836,940              | -                                       | -                     | 3,117,296            |
| Net cash provided by (used for) investing activities   | <u>(1,860,345)</u>  | <u>836,940</u>       | <u>-</u>                                | <u>-</u>              | <u>(1,023,405)</u>   |
| Net increase (decrease) in cash and cash equivalents   | 299,401             | 21,066,621           | 909,199                                 | 1,234,321             | 23,509,542           |
| Cash and temporary investments, July 1   | (7,049)             | 20,925,996           | 3,072,161                               | 8,407,526             | 32,398,634           |
| Cash and temporary investments, June 30  | <u>\$ 292,352</u>   | <u>\$ 41,992,617</u> | <u>\$ 3,981,360</u>                     | <u>\$ 9,641,847</u>   | <u>\$ 55,908,176</u> |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO<br/>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b> |                     |                      |   |                       |                      |
| Operating income (loss)  | \$ (2,097,929)      | \$ 16,730,784        | \$ 153,575                              | \$ 1,271,375          | \$ 16,057,805        |
| Adjustments to reconcile operating income (loss)<br>to net cash provided by (used for) operating activities: |                     |                      |   |                       |                      |
| Depreciation   | -                   | -                    | 41,993                                  | 6,445,789             | 6,487,782            |
| Effect of changes in assets and liabilities  |                     |                      |   |                       |                      |
| Accounts receivable  | (482,798)           | (145,692)            | 1,750                                   | -                     | (626,740)            |
| Deposit with provider  | -                   | (1,249,000)          | -                                       | -                     | (1,249,000)          |
| Inventories  | -                   | -                    | (30,668)                                | -                     | (30,668)             |
| Accounts payable and accrued expenses  | (75,376)            | 4,934,556            | (43,661)                                | -                     | 4,815,519            |
| Deferred revenue   | -                   | (643,729)            | -                                       | -                     | (643,729)            |
| Unpaid claims  | 4,655,000           | 602,762              | -                                       | -                     | 5,257,762            |
| Accrued liability for compensated absences   | (901)               | -                    | 9,549                                   | -                     | 8,648                |
| Accrued liability for OPEB benefits  | 161,750             | -                    | 776,661                                 | -                     | 938,411              |
| Net cash provided by (used for) operating activities   | <u>\$ 2,159,746</u> | <u>\$ 20,229,681</u> | <u>\$ 909,199</u>                       | <u>\$ 7,717,164</u>   | <u>\$ 31,015,790</u> |
| <b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>   |                     |                      |   |                       |                      |
| Increase (decrease) in fair value of investments   | \$ 77,863           | \$ -                 | \$ -                                    | \$ -                  | \$ -                 |

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

## Internal Service Funds

Year Ended June 30, 2009

|  | Original<br>Budget    | Final<br>Budget       | Actual               | Variance             |
|--|-----------------------|-----------------------|----------------------|----------------------|
| <b>SELF INSURANCE</b>                            |                       |                       |                      |                      |
| Revenues   |                       |                       |                      |                      |
| Charges for services                             | \$ 14,944,000         | \$ 14,944,000         | \$ 14,921,000        | \$ (23,000)          |
| Investment income                                | 1,432,100             | 1,432,100             | 2,122,076            | 689,976              |
| Reimbursements                                   | 200,000               | 200,000               | 407,672              | 207,672              |
| Other  | -                     | -                     | 3,470                | 3,470                |
|  | <u>16,576,100</u>     | <u>16,576,100</u>     | <u>17,454,218</u>    | <u>878,118</u>       |
| Expenses   |                       |                       |                      |                      |
| Personal services                                | 1,080,700             | 1,080,700             | 1,066,796            | (13,904)             |
| Contractual services                             | 16,699,900            | 16,699,900            | 15,260,645           | (1,439,255)          |
| Supplies and materials                           | 29,100                | 29,100                | 21,804               | (7,296)              |
| Business and travel                              | 19,700                | 19,700                | 15,211               | (4,489)              |
| Capital outlay                                   | 10,000                | 10,000                | 3,219                | (6,781)              |
| Administrative costs                             | 257,700               | 257,700               | 257,700              | -                    |
|  | <u>18,097,100</u>     | <u>18,097,100</u>     | <u>16,625,375</u>    | <u>(1,471,725)</u>   |
| Revenues over (under) expenditures               | <u>\$ (1,521,000)</u> | <u>\$ (1,521,000)</u> | <u>\$ 828,843</u>    | <u>\$ 2,349,843</u>  |
| <b>HEALTH INSURANCE</b>                          |                       |                       |                      |                      |
| Revenues   |                       |                       |                      |                      |
| Charges for services                             | \$ 77,722,100         | \$ 77,722,100         | \$ 74,143,791        | \$ (3,578,309)       |
| Contributions for other post employment benefits | -                     | -                     | 15,000,000           | 15,000,000           |
| Investment income                                | -                     | -                     | 818,972              | 818,972              |
| Other  | -                     | -                     | 757,877              | 757,877              |
|  | <u>77,722,100</u>     | <u>77,722,100</u>     | <u>90,720,640</u>    | <u>12,998,540</u>    |
| Expenses   |                       |                       |                      |                      |
| Medical claim costs                              | 79,577,300            | 79,577,300            | 72,470,413           | (7,106,887)          |
| Contractual services                             | 633,400               | 633,400               | 286,965              | (346,435)            |
| Supplies and materials                           | 31,500                | 31,500                | 20,955               | (10,545)             |
| Business and travel                              | 4,900                 | 4,900                 | 2,637                | (2,263)              |
| Other  | 475,000               | 475,000               | 475,000              | -                    |
|  | <u>80,722,100</u>     | <u>80,722,100</u>     | <u>73,255,970</u>    | <u>(7,466,130)</u>   |
| Revenues over (under) expenditures               | <u>\$ (3,000,000)</u> | <u>\$ (3,000,000)</u> | <u>\$ 17,464,670</u> | <u>\$ 20,464,670</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)

Internal Service Funds

Year Ended June 30, 2009

|  | Original<br>Budget  | Final<br>Budget     | Actual              | Variance            |
|--|---------------------|---------------------|---------------------|---------------------|
| <b>CENTRAL GARAGE AND TRANSPORTATION</b> |                     |                     |                     |                     |
| Revenues                                 |                     |                     |                     |                     |
| Charges for services                     | \$ 14,075,600       | \$ 14,075,600       | \$ 13,651,680       | \$ (423,920)        |
| Other                                    | 15,000              | 15,000              | 42,038              | 27,038              |
|  | <u>14,090,600</u>   | <u>14,090,600</u>   | <u>13,693,718</u>   | <u>(396,882)</u>    |
| Expenses                                 |                     |                     |                     |                     |
| Personal services                        | 4,369,700           | 4,369,700           | 4,192,767           | (176,933)           |
| Contractual services                     | 842,200             | 842,200             | 685,148             | (157,052)           |
| Supplies and materials                   | 8,290,100           | 8,290,100           | 7,398,146           | (891,954)           |
| Business and travel                      | 14,800              | 14,800              | 9,530               | (5,270)             |
| Capital outlay                           | 18,000              | 18,000              | 14,826              | (3,174)             |
| Other                                    | 507,600             | 507,600             | 507,600             | -                   |
|  | <u>14,042,400</u>   | <u>14,042,400</u>   | <u>12,808,017</u>   | <u>(1,234,383)</u>  |
| Revenues over (under) expenditures       | <u>\$ 48,200</u>    | <u>\$ 48,200</u>    | <u>\$ 885,701</u>   | <u>\$ 837,501</u>   |
| <b>GARAGE REPLACEMENT FUND</b>           |                     |                     |                     |                     |
| Revenues                                 |                     |                     |                     |                     |
| Charges for services                     | \$ 7,655,700        | \$ 7,655,700        | \$ 7,721,352        | \$ 65,652           |
| Other                                    | 427,300             | 427,300             | 386,966             | (40,334)            |
|  | <u>8,083,000</u>    | <u>8,083,000</u>    | <u>8,108,318</u>    | <u>25,318</u>       |
| Expenses                                 |                     |                     |                     |                     |
| Contractual services                     | 5,000               | 6,000               | 6,500               | 500                 |
| Capital outlay                           | 6,224,400           | 6,223,400           | 657,233             | (5,566,167)         |
| Other                                    | 46,500              | 46,500              | 46,500              | -                   |
|  | <u>6,275,900</u>    | <u>6,275,900</u>    | <u>710,233</u>      | <u>(5,565,667)</u>  |
| Revenues over (under) expenditures       | <u>\$ 1,807,100</u> | <u>\$ 1,807,100</u> | <u>\$ 7,398,085</u> | <u>\$ 5,590,985</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.

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.



June 30, 2009

|  | Defined Benefit Pension Plans (December 31, 2008) |                                 |                               |  |                         |
|--|---|---------------------------------|-------------------------------|--|-------------------------|
|  | Employees'<br>Retirement                          | Police<br>Service<br>Retirement | Fire<br>Service<br>Retirement | Detention<br>Officers' &<br>Deputy Sheriffs'<br>Retirement | Totals                  |
| <b>ASSETS</b>  |   |                                 |                               |  |                         |
| Investments, at fair value:  |   |                                 |                               |  |                         |
| Cash and temporary investments   | \$ 16,643,476                                     | \$ 13,977,731                   | \$ 13,259,673                 | \$ 2,550,113   | \$ 46,430,993           |
| U. S. Government obligations   | 3,021,561   | 2,540,101                       | 2,408,754                     | 462,243  | 8,432,659               |
| Corporate obligations  | 53,859,327  | 45,277,303                      | 42,936,033                    | 8,239,476  | 150,312,139             |
| Fixed income mutual funds (pools)  | 23,926,950  | 20,114,395                      | 19,074,288                    | 3,660,379  | 66,776,012              |
| International fixed income & pools                                       | 34,505,550  | 29,007,385                      | 27,507,426                    | 5,278,708  | 96,299,069              |
| Domestic equity  | 112,990,179                                       | 94,986,157                      | 90,074,465                    | 17,285,398   | 315,336,199             |
| International equity investment pools                                    | 48,298,507  | 40,602,552                      | 38,503,011                    | 7,388,774  | 134,792,844             |
| Real estate investment pools   | 23,535,243  | 19,785,102                      | 18,762,023                    | 3,600,455  | 65,682,823              |
| Private markets  | 9,620,100   | 8,087,219                       | 7,669,033                     | 1,471,697  | 26,848,049              |
| Aetna insurance pooled fixed income                                      | 13,685,180  | 11,504,563                      | 10,909,667                    | 2,093,578  | 38,192,988              |
| Absolute return funds  | 21,668,194  | 18,215,552                      | 17,273,634                    | 3,314,831  | 60,472,211              |
| Portable Alpha   | 8,177,691   | 6,874,646                       | 6,519,161                     | 1,251,035  | 22,822,533              |
| Total investments  | <u>369,931,958</u>                                | <u>310,972,706</u>              | <u>294,897,168</u>            | <u>56,596,687</u>  | <u>1,032,398,519</u>    |
| Collateral from securities lending transactions                          | <u>34,442,645</u>                                 | <u>28,954,504</u>               | <u>27,457,279</u>             | <u>5,269,085</u>   | <u>96,123,513</u>       |
| Receivables:   |   |                                 |                               |  |                         |
| Employer contributions   | 1,117,872   | 939,023                         | 932,109                       | 334,950  | 3,323,954               |
| Participant contributions  | 349,460   | 149,124                         | 169,566                       | 75,818   | 743,968                 |
| Accrued interest and dividends   | 1,047,302   | 880,423                         | 834,897                       | 160,218  | 2,922,840               |
| Investment sales proceeds  | <u>3,389,472</u>                                  | <u>2,849,389</u>                | <u>2,702,048</u>              | <u>518,526</u>   | <u>9,459,435</u>        |
| Total receivables  | 5,904,106   | 4,817,959                       | 4,638,620                     | 1,089,512  | 16,450,197              |
| Deposits on hand   | <u>13,847</u>                                     | <u>148,270</u>                  | <u>58,345</u>                 | <u>-</u>   | <u>220,462</u>          |
| Total assets   | <u>410,292,556</u>                                | <u>344,893,439</u>              | <u>327,051,412</u>            | <u>62,955,284</u>  | <u>1,145,192,691</u>    |
| <b>LIABILITIES</b>   |   |                                 |                               |  |                         |
| Accounts payable   | 244,988   | 209,325                         | 195,676                       | 39,640   | 689,629                 |
| Investment commitments payable   | 12,197,337  | 10,253,795                      | 9,723,576                     | 1,865,966  | 34,040,674              |
| Obligation for collateral received under securities lending transactions | <u>34,442,645</u>                                 | <u>28,954,504</u>               | <u>27,457,279</u>             | <u>5,269,085</u>   | <u>96,123,513</u>       |
| Total liabilities  | <u>46,884,970</u>                                 | <u>39,417,624</u>               | <u>37,376,531</u>             | <u>7,174,691</u>   | <u>130,853,816</u>      |
| <b>Net assets held in trust for pension benefits</b>                     | <u>\$ 363,407,586</u>                             | <u>\$ 305,475,815</u>           | <u>\$ 289,674,881</u>         | <u>\$ 55,780,593</u>                                       | <u>\$ 1,014,338,875</u> |

Combining Statement of Changes in Net Assets

Pension Trust Funds

Year Ended June 30, 2009

|  | Defined Benefit Pension Trust (December 31, 2008) |                           |                         |   | Totals                  |
|--|---|---------------------------|-------------------------|---|-------------------------|
|  | Employees' Retirement                             | Police Service Retirement | Fire Service Retirement | Detention Officers' & Deputy Sheriffs' Retirement |                         |
| <b>ADDITIONS</b>   |   |                           |                         |   |                         |
| Contributions:   |   |                           |                         |   |                         |
| Employer   | \$ 12,906,750                                     | \$ 10,522,656             | \$ 11,189,712           | \$ 3,788,256                                      | \$ 38,407,374           |
| Participant  | 4,630,624   | 1,910,671                 | 2,033,588               | 950,675   | 9,525,558               |
| Total contributions  | <u>17,537,374</u>                                 | <u>12,433,327</u>         | <u>13,223,300</u>       | <u>4,738,931</u>                                  | <u>47,932,932</u>       |
| Investment income:   |   |                           |                         |   |                         |
| Net appreciation (depreciation) in fair value of investments | (170,654,233)                                     | (144,598,724)             | (136,103,772)           | (25,769,946)                                      | (477,126,675)           |
| Interest income  | 8,023,911   | 5,022,569                 | 5,415,111               | 895,878   | 19,357,469              |
| Dividend income  | 4,979,638   | 4,227,799                 | 3,975,286               | 749,661   | 13,932,384              |
| Total investment income (loss)                               | <u>(157,650,684)</u>                              | <u>(135,348,356)</u>      | <u>(126,713,375)</u>    | <u>(24,124,407)</u>                               | <u>(443,836,822)</u>    |
| Less investment expense                                      | <u>(1,960,739)</u>                                | <u>(1,670,170)</u>        | <u>(1,537,193)</u>      | <u>(287,776)</u>                                  | <u>(5,455,878)</u>      |
| Net income (loss) from investing activities                  | <u>(159,611,423)</u>                              | <u>(137,018,526)</u>      | <u>(128,250,568)</u>    | <u>(24,412,183)</u>                               | <u>(449,292,700)</u>    |
| Securities lending activities:                               |   |                           |                         |   |                         |
| Securities lending income                                    | 1,923,054   | 1,631,733                 | 1,534,863               | 289,863   | 5,379,513               |
| Securities lending expenses:                                 |   |                           |                         |   |                         |
| Borrower rebates   | 1,269,938   | 1,077,558                 | 1,013,587               | 191,418   | 3,552,501               |
| Management fees  | 195,977   | 166,288                   | 156,416                 | 29,540  | 548,221                 |
| Securities lending expense                                   | 1,465,915   | 1,243,846                 | 1,170,003               | 220,958   | 4,100,722               |
| Securities lending net income                                | 457,139   | 387,887                   | 364,860                 | 68,905  | 1,278,791               |
| Total net investment income (loss)                           | <u>(159,154,284)</u>                              | <u>(136,630,639)</u>      | <u>(127,885,708)</u>    | <u>(24,343,278)</u>                               | <u>(448,013,909)</u>    |
| Total additions  | <u>(141,616,910)</u>                              | <u>(124,197,312)</u>      | <u>(114,662,408)</u>    | <u>(19,604,347)</u>                               | <u>(400,080,977)</u>    |
| <b>DEDUCTIONS</b>  |   |                           |                         |   |                         |
| Participant benefit payments and refunds                     | 25,276,047  | 23,872,491                | 21,339,616              | 3,101,950   | 73,590,104              |
| Administrative expenses                                      | 426,611   | 358,812                   | 330,485                 | 64,389  | 1,180,297               |
| Total deductions   | <u>25,702,658</u>                                 | <u>24,231,303</u>         | <u>21,670,101</u>       | <u>3,166,339</u>                                  | <u>74,770,401</u>       |
| Net increases (decreases)                                    | <u>(167,319,568)</u>                              | <u>(148,428,615)</u>      | <u>(136,332,509)</u>    | <u>(22,770,686)</u>                               | <u>(474,851,378)</u>    |
| Net assets, beginning of year                                | <u>530,727,154</u>                                | <u>453,904,430</u>        | <u>426,007,390</u>      | <u>78,551,279</u>                                 | <u>1,489,190,253</u>    |
| Net assets, end of year                                      | <u>\$ 363,407,586</u>                             | <u>\$ 305,475,815</u>     | <u>\$ 289,674,881</u>   | <u>\$ 55,780,593</u>                              | <u>\$ 1,014,338,875</u> |

## Anne Arundel County, Maryland

## Combining Statement of Changes in Assets and Liabilities

## Agency Funds

Year Ended June 30, 2009

|                                      | Balance<br>June 30, 2008 | Additions           | Deductions          | Balance<br>June 30, 2009 |
|--------------------------------------|--------------------------|---------------------|---------------------|--------------------------|
| <b>SUBDIVISION DEPOSITS</b>          |                          |                     |                     |                          |
| Assets                               |                          |                     |                     |                          |
| Cash                                 | \$ 1,608,195             | \$ 290,715          | \$ 922,069          | \$ 976,841               |
| Total Assets                         | <u>\$ 1,608,195</u>      | <u>\$ 290,715</u>   | <u>\$ 922,069</u>   | <u>\$ 976,841</u>        |
| Liabilities                          |                          |                     |                     |                          |
| Escrow Deposits                      | \$ 1,608,195             | \$ 290,715          | \$ 922,069          | \$ 976,841               |
| Total Liabilities                    | <u>\$ 1,608,195</u>      | <u>\$ 290,715</u>   | <u>\$ 922,069</u>   | <u>\$ 976,841</u>        |
| <b>SEDIMENT CONTROL</b>              |                          |                     |                     |                          |
| Assets                               |                          |                     |                     |                          |
| Cash                                 | \$ 4,898,675             | \$ 1,050,274        | \$ 1,740,977        | \$ 4,207,972             |
| Total Assets                         | <u>\$ 4,898,675</u>      | <u>\$ 1,050,274</u> | <u>\$ 1,740,977</u> | <u>\$ 4,207,972</u>      |
| Liabilities                          |                          |                     |                     |                          |
| Escrow and other deposits            | \$ 4,898,675             | \$ 1,050,274        | \$ 1,740,977        | \$ 4,207,972             |
| Total Liabilities                    | <u>\$ 4,898,675</u>      | <u>\$ 1,050,274</u> | <u>\$ 1,740,977</u> | <u>\$ 4,207,972</u>      |
| <b>RECREATION</b>                    |                          |                     |                     |                          |
| Assets                               |                          |                     |                     |                          |
| Cash                                 | \$ 606,198               | \$ 67,854           | \$ -                | \$ 674,052               |
| Total Assets                         | <u>\$ 606,198</u>        | <u>\$ 67,854</u>    | <u>\$ -</u>         | <u>\$ 674,052</u>        |
| Liabilities                          |                          |                     |                     |                          |
| Deposits                             | \$ 606,198               | \$ 67,854           | \$ -                | \$ 674,052               |
| Total Liabilities                    | <u>\$ 606,198</u>        | <u>\$ 67,854</u>    | <u>\$ -</u>         | <u>\$ 674,052</u>        |
| <b>CITY AND STATE TAX COLLECTION</b> |                          |                     |                     |                          |
| Assets                               |                          |                     |                     |                          |
| Cash                                 | \$ 2,409,863             | \$ 4,538,968        | \$ 4,326,748        | \$ 2,622,083             |
| Total Assets                         | <u>\$ 2,409,863</u>      | <u>\$ 4,538,968</u> | <u>\$ 4,326,748</u> | <u>\$ 2,622,083</u>      |
| Liabilities                          |                          |                     |                     |                          |
| Escrow Deposits                      | \$ 2,409,863             | \$ 4,538,968        | \$ 4,326,748        | \$ 2,622,083             |
| Total Liabilities                    | <u>\$ 2,409,863</u>      | <u>\$ 4,538,968</u> | <u>\$ 4,326,748</u> | <u>\$ 2,622,083</u>      |
| <b>TAX SALE ESCROW DEPOSITS</b>      |                          |                     |                     |                          |
| Assets                               |                          |                     |                     |                          |
| Cash                                 | \$ 4,653,139             | \$ -                | \$ 2,530,356        | \$ 2,122,783             |
| Total Assets                         | <u>\$ 4,653,139</u>      | <u>\$ -</u>         | <u>\$ 2,530,356</u> | <u>\$ 2,122,783</u>      |
| Liabilities                          |                          |                     |                     |                          |
| Escrow Deposits                      | \$ 4,653,139             | \$ -                | \$ 2,530,356        | \$ 2,122,783             |
| Total Liabilities                    | <u>\$ 4,653,139</u>      | <u>\$ -</u>         | <u>\$ 2,530,356</u> | <u>\$ 2,122,783</u>      |

Anne Arundel County, Maryland

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2009

|  | Balance<br>June 30, 2008 | Additions           | Deductions           | Balance<br>June 30, 2009 |
|--|--------------------------|---------------------|----------------------|--------------------------|
| <b>FARMINGTON SPECIAL ASSESSMENT</b>   |                          |                     |                      |                          |
| Assets                                 |                          |                     |                      |                          |
| Investments                            | \$ 800,898               | \$ 498,076          | \$ 499,928           | \$ 799,046               |
| Total Assets                           | <u>\$ 800,898</u>        | <u>\$ 498,076</u>   | <u>\$ 499,928</u>    | <u>\$ 799,046</u>        |
| Liabilities                            |                          |                     |                      |                          |
| Escrow Deposits                        | \$ 800,898               | \$ 498,076          | \$ 499,928           | \$ 799,046               |
| Total Liabilities                      | <u>\$ 800,898</u>        | <u>\$ 498,076</u>   | <u>\$ 499,928</u>    | <u>\$ 799,046</u>        |
| <b>DORCHESTER SPECIAL TAX DISTRICT</b> |                          |                     |                      |                          |
| Assets                                 |                          |                     |                      |                          |
| Investments                            | \$ 2,295,639             | \$ 1,149,768        | \$ 1,153,796         | \$ 2,291,611             |
| Total Assets                           | <u>\$ 2,295,639</u>      | <u>\$ 1,149,768</u> | <u>\$ 1,153,796</u>  | <u>\$ 2,291,611</u>      |
| Liabilities                            |                          |                     |                      |                          |
| Escrow Deposits                        | \$ 2,295,639             | \$ 1,149,768        | \$ 1,153,796         | \$ 2,291,611             |
| Total Liabilities                      | <u>\$ 2,295,639</u>      | <u>\$ 1,149,768</u> | <u>\$ 1,153,796</u>  | <u>\$ 2,291,611</u>      |
| <b>MISCELLANEOUS ESCROW DEPOSITS</b>   |                          |                     |                      |                          |
| Assets                                 |                          |                     |                      |                          |
| Cash                                   | \$ 135,860               | \$ 502,986          | \$ 73,972            | \$ 564,874               |
| Total Assets                           | <u>\$ 135,860</u>        | <u>\$ 502,986</u>   | <u>\$ 73,972</u>     | <u>\$ 564,874</u>        |
| Liabilities                            |                          |                     |                      |                          |
| Escrow and other deposits              | \$ 135,860               | \$ 502,986          | \$ 73,972            | \$ 564,874               |
| Total Liabilities                      | <u>\$ 135,860</u>        | <u>\$ 502,986</u>   | <u>\$ 73,972</u>     | <u>\$ 564,874</u>        |
| <b>TOTALS - ALL FUNDS</b>              |                          |                     |                      |                          |
| Assets                                 |                          |                     |                      |                          |
| Cash and investments                   | \$ 17,408,467            | \$ 8,098,641        | \$ 11,247,846        | \$ 14,259,262            |
| Total Assets                           | <u>\$ 17,408,467</u>     | <u>\$ 8,098,641</u> | <u>\$ 11,247,846</u> | <u>\$ 14,259,262</u>     |
| Liabilities                            |                          |                     |                      |                          |
| Escrow and other deposits              | \$ 17,408,467            | \$ 8,098,641        | \$ 11,247,846        | \$ 14,259,262            |
| Total Liabilities                      | <u>\$ 17,408,467</u>     | <u>\$ 8,098,641</u> | <u>\$ 11,247,846</u> | <u>\$ 14,259,262</u>     |

## Anne Arundel County, Maryland

## Combining Statement of Net Assets

## Nonmajor Component Units

June 30, 2009

|   | Library             | Economic<br>Development | Tipton<br>Airport   | Workforce<br>Development | Totals               |
|---|---------------------|-------------------------|---------------------|--------------------------|----------------------|
| <b>ASSETS</b>                                       |                     |                         |                     |                          |                      |
| Current Assets                                      |                     |                         |                     |                          |                      |
| Cash and investments                                | \$ 52,353           | \$ 1,580,599            | \$ 231,306          | \$ 592,389               | \$ 2,456,647         |
| Service billings receivable                         | -                   | -                       | 59,123              | -                        | 59,123               |
| Prepays and other assets                            | 34,612              | 206,621                 | 46,679              | 476,422                  | 764,334              |
| Inventories   | -                   | -                       | 56,088              | -                        | 56,088               |
| Receivables   | -                   | -                       | 19,172              | -                        | 19,172               |
| Due from primary government                         | 1,526,012           | -                       | -                   | -                        | 1,526,012            |
| Restricted assets                                   |                     |                         |                     |                          |                      |
| Cash and temporary investments                      | -                   | 1,276,665               | -                   | -                        | 1,276,665            |
| Investments   | -                   | 401,785                 | -                   | -                        | 401,785              |
| Receivables   | -                   | -                       | -                   | -                        | -                    |
| Other assets  | -                   | 50,750                  | -                   | -                        | 50,750               |
| Total current assets                                | <u>1,612,977</u>    | <u>3,516,420</u>        | <u>412,368</u>      | <u>1,068,811</u>         | <u>6,610,576</u>     |
| Noncurrent Assets                                   |                     |                         |                     |                          |                      |
| Restricted assets                                   |                     |                         |                     |                          |                      |
| Loans receivable                                    | -                   | 250,569                 | -                   | -                        | 250,569              |
| Total noncurrent restricted assets                  | <u>-</u>            | <u>250,569</u>          | <u>-</u>            | <u>-</u>                 | <u>250,569</u>       |
| Loans receivable and other assets                   | -                   | 897,393                 | -                   | -                        | 897,393              |
| Capital assets being depreciated                    | 17,148,003          | 940,411                 | 9,694,937           | 374,222                  | 28,157,573           |
| Less accumulated depreciation                       | <u>(6,654,620)</u>  | <u>(764,668)</u>        | <u>(2,260,542)</u>  | <u>(157,870)</u>         | <u>(9,837,700)</u>   |
| Total capital assets                                | <u>10,493,383</u>   | <u>175,743</u>          | <u>7,434,395</u>    | <u>216,352</u>           | <u>18,319,873</u>    |
| Total assets  | <u>12,106,360</u>   | <u>4,840,125</u>        | <u>7,846,763</u>    | <u>1,285,163</u>         | <u>26,078,411</u>    |
| <b>LIABILITIES</b>                                  |                     |                         |                     |                          |                      |
| Current Liabilities                                 |                     |                         |                     |                          |                      |
| Accrued liabilities                                 | 461,326             | 142,263                 | 248,355             | 290,882                  | 1,142,826            |
| Current portion on non-current liabilities          | 658,764             | 10,584                  | 9,953               | 23,273                   | 702,574              |
| Notes payable                                       | -                   | 681,952                 | -                   | 100,000                  | 781,952              |
| Deferred revenue                                    | -                   | -                       | 40,136              | 130,179                  | 170,315              |
| Liabilities related to restricted assets            |                     |                         |                     |                          |                      |
| Accrued liabilities                                 | -                   | 5,852                   | -                   | -                        | 5,852                |
| Escrow and other deposits                           | -                   | 12,032                  | -                   | -                        | 12,032               |
| Deferred revenue                                    | -                   | 220,000                 | -                   | -                        | 220,000              |
| Total current liabilities                           | <u>1,120,090</u>    | <u>1,072,683</u>        | <u>298,444</u>      | <u>544,334</u>           | <u>3,035,551</u>     |
| Noncurrent liabilities                              |                     |                         |                     |                          |                      |
| Long-term debt, net of deferred refunding gain/loss | 8,918               | 9,970                   | 69,247              | -                        | 88,135               |
| Accrued liability for OPEB benefits                 | 4,665,331           | -                       | -                   | -                        | 4,665,331            |
| Total noncurrent liabilities                        | <u>4,674,249</u>    | <u>9,970</u>            | <u>69,247</u>       | <u>-</u>                 | <u>4,753,466</u>     |
| Total liabilities                                   | <u>5,794,339</u>    | <u>1,082,653</u>        | <u>367,691</u>      | <u>544,334</u>           | <u>7,789,017</u>     |
| <b>NET ASSETS</b>                                   |                     |                         |                     |                          |                      |
| Capital assets, net of related debt                 | 10,484,465          | 155,187                 | 7,355,195           | 216,352                  | 18,211,199           |
| Restricted for:                                     |                     |                         |                     |                          |                      |
| Other purposes                                      | -                   | 1,973,917               | -                   | -                        | 1,973,917            |
| Unrestricted  | <u>(4,172,444)</u>  | <u>1,628,368</u>        | <u>123,877</u>      | <u>524,477</u>           | <u>(1,895,722)</u>   |
| Total net assets                                    | <u>\$ 6,312,021</u> | <u>\$ 3,757,472</u>     | <u>\$ 7,479,072</u> | <u>\$ 740,829</u>        | <u>\$ 18,289,394</u> |

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Anne Arundel County, Maryland

Combining Statement of Activities

Nonmajor Component Units

Year Ended June 30, 2009

| Functions / Programs                | Expenses         | Program Revenues     |                                    |                                  |
|-------------------------------------|------------------|----------------------|------------------------------------|----------------------------------|
|                                     |                  | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <i>Library</i>                      |                  |                      |                                    |                                  |
| Community services                  | \$ 22,779,514    | \$ 905,803           | \$ 3,214,133                       | \$ 3,145,365                     |
| <i>Economic Development</i>         |                  |                      |                                    |                                  |
| Arundel Business Loan Program       | 395,540          | 64,531               | -                                  | -                                |
| Training and other grants           | 323,958          | -                    | 315,635                            | -                                |
| Chesapeake Innovation Center        | 506,747          | 277,547              | 491,475                            | -                                |
| Administrative                      | 1,630,780        | -                    | -                                  | -                                |
| Unallocated depreciation            | 54,112           | -                    | -                                  | -                                |
|                                     | <u>2,911,137</u> | <u>342,078</u>       | <u>807,110</u>                     | <u>-</u>                         |
| <i>Tipton Airport Authority</i>     |                  |                      |                                    |                                  |
| Airport operations                  | <u>2,088,522</u> | <u>1,538,010</u>     | <u>-</u>                           | <u>924,071</u>                   |
| <i>Workforce Development</i>        |                  |                      |                                    |                                  |
| Workforce development programs      |                  |                      |                                    |                                  |
| Other WIA programs                  | 2,078,629        | -                    | 2,078,629                          | -                                |
| Other grants, projects, initiatives | 325,718          | -                    | 296,669                            | -                                |
|                                     | <u>2,404,347</u> | <u>-</u>             | <u>2,375,298</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<br/>Development</u> | <u>Tipton<br/>Airport</u> | <u>Workforce<br/>Development</u> | <u>Total</u>           |
|------------------------|---------------------------------|---------------------------|----------------------------------|------------------------|
| \$ <u>(15,514,213)</u> | \$ <u>-</u>                     | \$ <u>-</u>               | \$ <u>-</u>                      | \$ <u>(15,514,213)</u> |
| -                      | (331,009)                       | -                         | -                                | (331,009)              |
| -                      | (8,323)                         | -                         | -                                | (8,323)                |
| -                      | 262,275                         | -                         | -                                | 262,275                |
| -                      | (1,630,780)                     | -                         | -                                | (1,630,780)            |
| -                      | (54,112)                        | -                         | -                                | (54,112)               |
| -                      | <u>(1,761,949)</u>              | -                         | -                                | <u>(1,761,949)</u>     |
| -                      | -                               | <u>373,559</u>            | -                                | <u>373,559</u>         |
| -                      | -                               | -                         | -                                | -                      |
| -                      | -                               | -                         | <u>(29,049)</u>                  | <u>(29,049)</u>        |
| -                      | -                               | -                         | <u>(29,049)</u>                  | <u>(29,049)</u>        |
| 14,021,000             | 733,416                         | -                         | 10,552                           | 14,764,968             |
| -                      | 1,050,000                       | -                         | -                                | 1,050,000              |
| -                      | 59,999                          | 2,488                     | 12,723                           | 75,210                 |
| <u>19,272</u>          | <u>48,504</u>                   | <u>38,371</u>             | <u>15,378</u>                    | <u>121,525</u>         |
| <u>14,040,272</u>      | <u>1,891,919</u>                | <u>40,859</u>             | <u>38,653</u>                    | <u>16,011,703</u>      |
| (1,473,941)            | 129,970                         | 414,418                   | 9,604                            | (919,949)              |
| <u>7,785,962</u>       | <u>3,627,502</u>                | <u>7,064,654</u>          | <u>731,225</u>                   | <u>19,209,343</u>      |
| \$ <u>6,312,021</u>    | \$ <u>3,757,472</u>             | \$ <u>7,479,072</u>       | \$ <u>740,829</u>                | \$ <u>18,289,394</u>   |



Anne Arundel County, Maryland

Balance Sheet

Library Component Unit

June 30, 2009

|   | Governmental Fund   |                              |                     |
|---|---------------------|------------------------------|---------------------|
|   | Operating<br>Fund   | Dedicated<br>Revenue<br>Fund | Total               |
| <b>ASSETS</b>                           |                     |                              |                     |
| Cash and investments                    | \$ 13,268           | \$ 39,085                    | \$ 52,353           |
| Due from primary government             | 1,523,325           | 2,687                        | 1,526,012           |
| Prepays and other assets                | 34,612              | -                            | 34,612              |
| Total assets                            | <u>\$ 1,571,205</u> | <u>\$ 41,772</u>             | <u>\$ 1,612,977</u> |
| <b>LIABILITIES</b>                      |                     |                              |                     |
| Accrued liabilities                     | \$ 450,049          | \$ 11,277                    | \$ 461,326          |
| Deferred revenue                        | 12,658              | -                            | 12,658              |
| Total liabilities                       | <u>462,707</u>      | <u>11,277</u>                | <u>473,984</u>      |
| <b>FUND BALANCES</b>                    |                     |                              |                     |
| Reserved                                |                     |                              |                     |
| Encumbrances                            | 168,404             | -                            | 168,404             |
| Unreserved                              |                     |                              |                     |
| Designated for next year's expenditures | 450,000             | -                            | 450,000             |
| Undesignated                            | 490,094             | 30,495                       | 520,589             |
| Total fund balances                     | <u>1,108,498</u>    | <u>30,495</u>                | <u>1,138,993</u>    |
| Total liabilities and fund balances     | <u>\$ 1,571,205</u> | <u>\$ 41,772</u>             | <u>\$ 1,612,977</u> |

Anne Arundel County, Maryland

Statement of Revenues, Expenditures, and Changes in Fund Balances

Library Component Unit

Year Ended June 30, 2009

|                                    | Governmental Fund   |                              |                     |
|------------------------------------|---------------------|------------------------------|---------------------|
|                                    | Operating<br>Fund   | Dedicated<br>Revenue<br>Fund | Total               |
| <b>REVENUES</b>                    |                     |                              |                     |
| Grants and aid                     | \$ 17,122,096       | \$ 114,590                   | \$ 17,236,686       |
| Fines and fees                     | 905,803             | -                            | 905,803             |
| Other                              | 5,727               | 13,545                       | 19,272              |
| Total revenues                     | <u>18,033,626</u>   | <u>128,135</u>               | <u>18,161,761</u>   |
| <b>EXPENDITURES</b>                |                     |                              |                     |
| Current                            |                     |                              |                     |
| Recreation and community services  | 17,477,009          | 138,622                      | 17,615,631          |
| Capital outlay                     | 335,023             | -                            | 335,023             |
| Total expenditures                 | <u>17,812,032</u>   | <u>138,622</u>               | <u>17,950,654</u>   |
| Revenues over (under) expenditures | <u>221,594</u>      | <u>(10,487)</u>              | <u>211,107</u>      |
| Fund balances, July 1              | 886,904             | 40,982                       | 927,886             |
| Fund balances, June 30             | <u>\$ 1,108,498</u> | <u>\$ 30,495</u>             | <u>\$ 1,138,993</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, 2009

|                                    | Original<br>Budget | Final<br>Budget   | Actual            | Variance          |
|------------------------------------|--------------------|-------------------|-------------------|-------------------|
| <b>REVENUES</b>                    |                    |                   |                   |                   |
| Grants and aid                     | \$ 1,991,300       | \$ 1,991,300      | \$ 1,993,240      | \$ 1,940          |
| Primary government contribution    | 14,021,000         | 14,021,000        | 14,021,000        | -                 |
| Fines and fees                     | 940,000            | 940,000           | 905,803           | (34,197)          |
| Other                              | 70,000             | 70,000            | 85,029            | 15,029            |
| Total revenues                     | <u>17,022,300</u>  | <u>17,022,300</u> | <u>17,005,072</u> | <u>(17,228)</u>   |
| <b>EXPENDITURES</b>                |                    |                   |                   |                   |
| Current                            |                    |                   |                   |                   |
| Recreation and community services  | 16,770,400         | 16,770,400        | 16,439,585        | (330,815)         |
| Capital outlay                     | 251,900            | 251,900           | 82,446            | (169,454)         |
| Total expenditures                 | <u>17,022,300</u>  | <u>17,022,300</u> | <u>16,522,031</u> | <u>(500,269)</u>  |
| Revenues over (under) expenditures | -                  | -                 | 483,041           | <u>\$ 483,041</u> |
| Fund balances, budgetary, July 1   | <u>471,264</u>     | <u>471,264</u>    | <u>471,264</u>    |                   |
| Fund balances, budgetary, June 30  | <u>\$ 471,264</u>  | <u>\$ 471,264</u> | <u>\$ 954,305</u> |                   |

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Anne Arundel County, Maryland

Details of Long-term Debt and Interest

(Long-term Debt Applicable to 5.6% and 14% Debt Limitations)

June 30, 2009

|  | <i>Issued</i> | <i>Maturing<br/>Serially</i> | <i>Rate of<br/>Interest</i> | <i>Issued</i> | <i>Redeemed<br/>F/Y 09</i> | <i>06/30/09<br/>Outstanding</i> | <i>Interest<br/>Payable to<br/>Maturity</i> | <i>Total<br/>Due to<br/>Maturity</i> |
|--|---------------|------------------------------|-----------------------------|---------------|----------------------------|---------------------------------|---|--------------------------------------|
| Water and Wastewater Bonds                           |               |                              |                             |               |                            |                                 |   |                                      |
| Series 79  | 02/01/79      | 1980-09                      | 4.50 to 6.50                | \$ 10,000,000 | \$ 200,000                 | \$ -                            | \$ -  | -                                    |
| Series 80  | 02/15/80      | 1983-10                      | 5.50 to 7.50                | 12,000,000    | 350,000                    | 350,000                         | 19,250                                      | 369,250                              |
| Series 87 (Refunding)                                | 02/15/87      | 1988-14                      | 3.50 to 5.75                | 21,880,000    | 255,000                    | 1,330,000                       | 225,113                                     | 1,555,113                            |
| Maryland Water Quality Bond                          | 03/21/90      | 1991-11                      | 4.89 to 4.89                | 1,249,900     | 62,495                     | 71,405                          | 3,931                                       | 75,336                               |
| Maryland Water Quality Bond                          | 11/27/90      | 1991-11                      | 4.89 to 4.89                | 8,778,874     | 684,448                    | 1,011,473                       | 83,186                                      | 1,094,659                            |
| Series 1991  | 05/15/91      | 1993-09                      | 5.20 to 6.60                | 3,950,000     | 365,000                    | -                               | -   | -                                    |
| Series 1992 Refunding                                | 05/01/92      | 1994-13                      | 4.40 to 6.00                | 8,795,000     | 50,000                     | 155,000                         | 22,200                                      | 177,200                              |
| Maryland Water Quality Bond                          | 06/30/92      | 1993-13                      | 4.39 to 4.39                | 4,971,195     | 309,830                    | 1,268,561                       | 135,194                                     | 1,403,755                            |
| Maryland Water Quality Bond                          | 06/01/93      | 1995-14                      | 3.25 to 3.25                | 11,868,564    | 615,220                    | 3,389,340                       | 166,883                                     | 3,556,223                            |
| Maryland Water Quality Bond                          | 03/28/96      | 1997-16                      | 3.99 to 3.99                | 468,937       | 23,447                     | 164,127                         | 26,195                                      | 190,322                              |
| Series 99 Refunding                                  | 03/15/99      | 2000-20                      | 4.00 to 5.25                | 27,700,000    | 1,650,000                  | 22,525,000                      | 7,240,040                                   | 29,765,040                           |
| Series 99 Refunding (2nd Issue)                      | 04/15/99      | 2000-09                      | 4.00 to 5.00                | 14,515,000    | 1,735,000                  | -                               | -   | -                                    |
| Series 99  | 07/07/99      | 2000-28                      | 4.50 to 6.50                | 25,000,000    | 865,000                    | -                               | -   | -                                    |
| Series 01  | 02/15/01      | 2002-28                      | 4.125 to 5.0                | 10,600,000    | 395,000                    | 790,000                         | 53,325                                      | 843,325                              |
| Maryland Water Quality Bond                          | 03/28/01      | 2003-31                      | 1.50 to 1.50                | 3,033,715     | 92,148                     | 2,416,588                       | 438,544                                     | 2,855,132                            |
| Series 02  | 03/01/02      | 2003-31                      | 3.00 to 5.375               | 23,500,000    | 810,000                    | 2,430,000                       | 255,150                                     | 2,685,150                            |
| Series 03  | 03/01/03      | 2004-32                      | 1.00 to 5.00                | 24,000,000    | 825,000                    | 19,050,000                      | 10,342,538                                  | 29,392,538                           |
| Series 03 Refunding                                  | 03/01/03      | 2004-23                      | 1.00 to 5.00                | 65,085,000    | 4,700,000                  | 43,215,000                      | 11,086,299                                  | 54,301,299                           |
| Maryland Water Quality Bond                          | 06/27/03      | 2005-24                      | 1.00 to 1.00                | 19,362,500    | 915,059                    | 14,876,911                      | 1,217,775                                   | 16,094,686                           |
| Series 04  | 04/01/04      | 2005-33                      | 2.00 to 5.00                | 11,750,000    | 405,000                    | 9,720,000                       | 5,425,076                                   | 15,145,076                           |
| Series 05  | 03/01/05      | 2006-34                      | 3.00 to 5.00                | 24,500,000    | 845,000                    | 21,120,000                      | 12,137,183                                  | 33,257,183                           |
| Series 05 Refunding                                  | 03/01/05      | 2006-28                      | 3.00 to 5.00                | 26,480,000    | 480,000                    | 24,285,000                      | 10,364,231                                  | 34,649,231                           |
| Series 06  | 03/21/06      | 2007-35                      | 4.125 to 5.0                | 19,000,000    | 655,000                    | 17,030,000                      | 10,088,475                                  | 27,118,475                           |
| Series 06 Refunding                                  | 03/21/06      | 2007-31                      | 4.00 to 5.00                | 34,060,000    | 660,000                    | 33,140,000                      | 16,585,714                                  | 49,725,714                           |
| Series 07  | 03/29/07      | 2008-36                      | 4.25 to 5.00                | 42,500,000    | 1,470,000                  | 39,560,000                      | 24,318,975                                  | 63,878,975                           |
| Maryland Water Quality Bond                          | 04/07/07      | 2008-27                      | 1.00 to 1.00                | 2,435,709     | 328,374                    | 2,025,653                       | 340,559                                     | 2,366,212                            |
| Series 08  | 04/01/08      | 2009-36                      | 3.50 to 5.00                | 32,000,000    | 1,145,000                  | 30,855,000                      | 19,938,859                                  | 50,793,859                           |
| Maryland Water Quality Bond                          | 06/17/08      | 2009-28                      | 1.10 to 1.10                | 55,847        | -                          | 1,026,493                       | 137,975                                     | 1,164,468                            |
| Series 09  | 04/01/09      | 2010-39                      | 2.50 to 4.75                | 29,200,000    | -                          | 29,200,000                      | 19,342,020                                  | 48,542,020                           |
| Total applicable to 5.6% and<br>14% debt limitations |               |                              |                             | 518,740,241   | 20,891,021                 | 321,005,551                     | 149,994,690                                 | 471,000,241                          |

(continued)

Details of Long-term Debt and Interest (continued)

(Long-term Debt Applicable to 5.6% and 14% Debt Limitations)

June 30, 2009

|   | <i>Issued</i> | <i>Maturing<br/>Serially</i> | <i>Rate of<br/>Interest</i> | <i>Issued</i>        | <i>Redeemed<br/>F/Y 09</i> | <i>06/30/09<br/>Outstanding</i> | <i>Interest<br/>Payable to<br/>Maturity</i> | <i>Total<br/>Due to<br/>Maturity</i> |
|---|---------------|------------------------------|-----------------------------|----------------------|----------------------------|---------------------------------|---|--------------------------------------|
| Consolidated General Improvements                 | 08/01/95      | 1996-11                      | 4.00 to 5.38                | 66,745,000           | 3,991,500                  | 3,755,000                       | 264,961                                     | 4,019,961                            |
| Bonds   | 05/01/98      | 1999-27                      | 4.50 to 6.00                | 67,000,000           | -                          | -                               | -   | -                                    |
|   | 03/15/99      | 2000-20                      | 4.00 to 5.25                | 50,060,000           | 4,510,000                  | 33,335,000                      | 7,451,767                                   | 40,786,767                           |
|   | 07/07/99      | 2000-19                      | 4.50 to 6.50                | 58,000,000           | 3,480,000                  | -                               | -   | -                                    |
|   | 02/15/01      | 2002-20                      | 4.125 to 5.0                | 47,000,000           | 3,000,000                  | 5,000,000                       | 320,000                                     | 5,320,000                            |
|   | 03/01/02      | 2003-22                      | 3.00 to 5.375               | 91,500,000           | 5,490,000                  | 16,470,000                      | 1,729,350                                   | 18,199,350                           |
|   | 03/01/03      | 2004-23                      | 1.00 to 5.00                | 101,000,000          | 6,060,000                  | 64,640,000                      | 19,871,750                                  | 84,511,750                           |
|   | 03/01/03      | 2005-14                      | 1.00 to 5.00                | 21,510,000           | 2,710,000                  | 13,405,000                      | 2,004,750                                   | 15,409,750                           |
|   | 04/01/04      | 2005-24                      | 2.00 to 5.00                | 49,500,000           | 2,970,000                  | 34,650,000                      | 11,227,095                                  | 45,877,095                           |
|   | 03/01/05      | 2006-25                      | 3.00 to 5.00                | 55,000,000           | 3,313,440                  | 41,746,242                      | 14,458,800                                  | 56,205,042                           |
|   | 03/01/05      | 2006-26                      | 3.00 to 5.00                | 46,625,000           | 1,830,000                  | 39,970,000                      | 10,509,573                                  | 50,479,573                           |
|   | 06/30/05      | 2007-28                      | 3.00 to 5.00                | 24,530,000           | 565,000                    | 23,510,000                      | 11,939,594                                  | 35,449,594                           |
|   | 03/21/06      | 2007-26                      | 4.00 to 5.00                | 64,000,000           | 3,236,198                  | 54,291,405                      | 21,768,269                                  | 76,059,674                           |
|   | 03/21/06      | 2007-27                      | 4.00 to 5.00                | 87,115,000           | 2,695,000                  | 83,855,000                      | 29,714,569                                  | 113,569,569                          |
|   | 03/29/07      | 2008-27                      | 4.25 to 5.00                | 91,600,000           | 5,574,529                  | 80,450,941                      | 31,756,703                                  | 112,207,644                          |
|   | 04/01/08      | 2009-28                      | 3.50 to 5.00                | 55,200,000           | 3,310,000                  | 51,890,000                      | 21,631,709                                  | 73,521,709                           |
|   | 04/01/09      | 2010-29                      | 4.00 to 5.00                | 113,300,000          | -                          | 113,300,000                     | 44,080,470                                  | 157,380,470                          |
|   |               |                              |                             | <u>1,089,685,000</u> | <u>52,735,667</u>          | <u>660,268,588</u>              | <u>228,729,360</u>                          | <u>888,997,948</u>                   |
| Solid Waste Bonds                                 | 07/15/93      | 1994-08                      | 4.63 to 5.13                | 10,000,000           | 670,000                    | -                               | -   | -                                    |
|   | 08/01/95      | 1996-10                      | 4.00 to 5.30                | 2,060,000            | 368,500                    | 235,000                         | 12,455                                      | 247,455                              |
|   | 03/01/96      | 1997-16                      | 5.00 to 5.50                | 12,000,000           | 600,000                    | 4,800,000                       | 1,038,900                                   | 5,838,900                            |
|   | 05/01/98      | 1999-17                      | 4.65 to 6.00                | 7,000,000            | 350,000                    | 3,150,000                       | 809,900                                     | 3,959,900                            |
|   | 04/01/04      | 2005-24                      | 2.00 to 5.00                | 1,250,000            | 75,000                     | 875,000                         | 283,513                                     | 1,158,513                            |
|   | 03/01/05      | 2006-24                      | 3.00 to 5.00                | 1,000,000            | 46,560                     | 813,758                         | 286,000                                     | 1,099,758                            |
|   | 03/21/06      | 2007-26                      | 4.00 to 5.00                | 2,000,000            | 63,802                     | 1,808,596                       | 781,457                                     | 2,590,053                            |
|   | 03/29/07      | 2008-27                      | 4.25 to 5.00                | 4,300,000            | 180,471                    | 3,939,058                       | 1,686,389                                   | 5,625,447                            |
|   | 04/01/09      | 2010-29                      | 4.00 to 5.00                | 2,100,000            | -                          | 2,100,000                       | 895,980                                     | 2,995,980                            |
| Total Waste Collection Enterprise Fund            |               |                              |                             | <u>41,710,000</u>    | <u>2,354,333</u>           | <u>17,721,412</u>               | <u>5,794,594</u>                            | <u>23,516,006</u>                    |
| Total applicable to 5.2% and 13% debt limitations |               |                              |                             | <u>1,131,395,000</u> | <u>55,090,000</u>          | <u>677,990,000</u>              | <u>234,523,954</u>                          | <u>912,513,954</u>                   |

(continued)



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Schedule of Debt Service Requirements for Long-term Debt and Interest

June 30, 2009

| FISCAL YEAR<br>ENDING | General County Bonds (a) |                       |                      |                     |                      |                      |                                 |                      |
|-----------------------|--------------------------|-----------------------|----------------------|---------------------|----------------------|----------------------|---------------------------------|----------------------|
|                       | General Government       |                       | Solid Waste          |                     | Tax Increment        |                      | Installment Purchase Agreements |                      |
|                       | Principal                | Interest              | Principal            | Interest            | Principal            | Interest             | Principal                       | Interest             |
| 2010                  | \$ 56,956,968            | \$ 29,821,230         | \$ 1,658,032         | \$ 845,885          | \$ 1,150,000         | \$ 2,522,457         | \$ 20,000                       | \$ 666,413           |
| 2011                  | 54,624,055               | 27,320,914            | 1,445,945            | 767,340             | 1,690,000            | 2,461,848            | 20,000                          | 665,297              |
| 2012                  | 53,317,453               | 24,805,838            | 1,517,547            | 695,048             | 2,175,000            | 2,381,943            | 20,000                          | 664,179              |
| 2013                  | 51,512,453               | 22,363,727            | 1,517,547            | 618,702             | 2,340,000            | 2,284,268            | 20,000                          | 663,063              |
| 2014                  | 47,868,615               | 19,931,392            | 1,531,385            | 541,012             | 1,430,000            | 2,199,210            | 20,000                          | 661,945              |
| 2015                  | 44,179,574               | 17,685,234            | 1,525,426            | 462,295             | 1,580,000            | 2,131,383            | 20,000                          | 660,829              |
| 2016                  | 43,044,385               | 15,618,516            | 1,535,615            | 383,400             | 1,720,000            | 2,057,808            | 20,000                          | 659,711              |
| 2017                  | 41,300,932               | 13,534,860            | 1,914,068            | 302,569             | 1,875,000            | 1,977,473            | 20,000                          | 658,595              |
| 2018                  | 37,957,731               | 11,602,861            | 537,269              | 219,893             | 2,035,000            | 1,889,985            | 20,000                          | 657,477              |
| 2019                  | 35,041,375               | 9,885,656             | 568,625              | 195,173             | 2,205,000            | 1,788,469            | 20,000                          | 656,361              |
| 2020                  | 30,470,661               | 8,420,447             | 524,339              | 170,326             | 2,395,000            | 1,671,605            | 20,000                          | 655,243              |
| 2021                  | 28,500,661               | 7,136,255             | 524,339              | 148,418             | 2,600,000            | 1,544,548            | 20,000                          | 654,127              |
| 2022                  | 28,540,658               | 5,874,724             | 524,342              | 125,514             | 2,820,000            | 1,406,531            | 20,000                          | 653,009              |
| 2023                  | 24,995,661               | 4,660,185             | 524,339              | 103,690             | 3,055,000            | 1,256,776            | 20,000                          | 651,893              |
| 2024                  | 20,980,661               | 3,572,195             | 524,339              | 81,105              | 3,290,000            | 1,094,888            | 20,000                          | 650,775              |
| 2025                  | 19,082,341               | 2,678,924             | 422,659              | 58,520              | 3,550,000            | 920,217              | 20,000                          | 649,659              |
| 2026                  | 16,092,335               | 1,872,150             | 422,665              | 40,356              | 3,825,000            | 731,859              | 20,000                          | 648,541              |
| 2027                  | 12,746,541               | 1,160,861             | 303,459              | 22,133              | 4,110,000            | 529,237              | 20,000                          | 647,425              |
| 2028                  | 8,545,264                | 580,429               | 99,736               | 8,727               | 4,410,000            | 311,650              | 8,880,000                       | 646,307              |
| 2029                  | 4,510,264                | 202,962               | 99,736               | 4,488               | 3,335,000            | 113,959              | 5,000                           | 156,296              |
| 2030                  | -                        | -                     | -                    | -                   | 580,000              | 14,450               | 1,529,000                       | 156,004              |
| 2031                  | -                        | -                     | -                    | -                   | -                    | -                    | -                               | 66,004               |
| 2032                  | -                        | -                     | -                    | -                   | -                    | -                    | -                               | 66,004               |
| 2033                  | -                        | -                     | -                    | -                   | -                    | -                    | -                               | 66,004               |
| 2034                  | -                        | -                     | -                    | -                   | -                    | -                    | -                               | 66,004               |
| 2035                  | -                        | -                     | -                    | -                   | -                    | -                    | -                               | 66,004               |
| 2036                  | -                        | -                     | -                    | -                   | -                    | -                    | -                               | 66,004               |
| 2037                  | -                        | -                     | -                    | -                   | -                    | -                    | 1,444,000                       | 66,004               |
| 2038                  | -                        | -                     | -                    | -                   | -                    | -                    | -                               | -                    |
| 2039                  | -                        | -                     | -                    | -                   | -                    | -                    | -                               | -                    |
|                       | <u>\$ 660,268,588</u>    | <u>\$ 228,729,360</u> | <u>\$ 17,721,412</u> | <u>\$ 5,794,594</u> | <u>\$ 52,170,000</u> | <u>\$ 31,290,564</u> | <u>\$ 12,218,000</u>            | <u>\$ 13,245,177</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) 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 assesable 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 he Annotated Code of Maryland (1994 replacement Volume and 2000 Supplement).

| <i>State Advances</i> |                 | <i>Federal Advances</i> |                  | <i>Water and Sewer Bonds (b)</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>           |
| \$ 188,444            | \$ -            | \$ 410,000              | \$ 51,209        | \$ 19,438,057                    | \$ 13,612,057         | \$ 79,821,501           | \$ 47,519,251         | \$ 127,340,752          |
| 203,443               | -               | 410,000                 | 30,812           | 18,624,882                       | 12,828,476            | 77,018,325              | 44,074,687            | 121,093,012             |
| 186,558               | -               | 410,000                 | 10,291           | 18,581,117                       | 12,045,121            | 76,207,675              | 40,602,420            | 116,810,095             |
| 195,950               | -               | -                       | -                | 18,449,854                       | 11,264,607            | 74,035,804              | 37,194,367            | 111,230,171             |
| 195,951               | -               | -                       | -                | 18,115,380                       | 10,458,725            | 69,161,331              | 33,792,284            | 102,953,615             |
| 191,101               | -               | -                       | -                | 17,173,286                       | 9,686,789             | 64,669,387              | 30,626,530            | 95,295,917              |
| 191,102               | -               | -                       | -                | 16,556,349                       | 8,896,073             | 63,067,451              | 27,615,508            | 90,682,959              |
| 191,096               | -               | -                       | -                | 15,924,956                       | 8,143,964             | 61,226,052              | 24,617,461            | 85,843,513              |
| 97,935                | -               | -                       | -                | 14,922,140                       | 7,470,613             | 55,570,075              | 21,840,829            | 77,410,904              |
| 85,370                | -               | -                       | -                | 13,809,455                       | 6,859,783             | 51,729,825              | 19,385,442            | 71,115,267              |
| 78,451                | -               | -                       | -                | 13,211,900                       | 6,324,494             | 46,700,351              | 17,242,115            | 63,942,466              |
| 92,829                | -               | -                       | -                | 13,079,480                       | 5,806,748             | 44,817,309              | 15,290,096            | 60,107,405              |
| 92,830                | -               | -                       | -                | 13,057,194                       | 5,273,220             | 45,055,024              | 13,332,998            | 58,388,022              |
| 71,926                | -               | -                       | -                | 12,340,044                       | 4,767,253             | 41,006,970              | 11,439,797            | 52,446,767              |
| 44,897                | -               | -                       | -                | 11,393,031                       | 4,265,960             | 36,252,928              | 9,664,923             | 45,917,851              |
| 44,896                | -               | -                       | -                | 10,264,529                       | 3,814,705             | 33,384,425              | 8,122,025             | 41,506,450              |
| 44,897                | -               | -                       | -                | 9,469,463                        | 3,381,161             | 29,874,360              | 6,674,067             | 36,548,427              |
| 38,331                | -               | -                       | -                | 9,031,253                        | 2,963,843             | 26,249,584              | 5,323,499             | 31,573,083              |
| 38,332                | -               | -                       | -                | 8,468,065                        | 2,561,386             | 30,441,397              | 4,108,499             | 34,549,896              |
| 38,331                | -               | -                       | -                | 7,166,280                        | 2,188,714             | 15,154,611              | 2,666,419             | 17,821,030              |
| 38,332                | -               | -                       | -                | 7,235,971                        | 1,873,271             | 9,383,303               | 2,043,725             | 11,427,028              |
| 38,331                | -               | -                       | -                | 7,232,865                        | 1,555,372             | 7,271,196               | 1,621,376             | 8,892,572               |
| 38,337                | -               | -                       | -                | 6,320,000                        | 1,237,659             | 6,358,337               | 1,303,663             | 7,662,000               |
| 23,952                | -               | -                       | -                | 5,490,000                        | 955,127               | 5,513,952               | 1,021,131             | 6,535,083               |
| 10,429                | -               | -                       | -                | 5,080,000                        | 710,984               | 5,090,429               | 776,988               | 5,867,417               |
| 10,431                | -               | -                       | -                | 4,240,000                        | 484,429               | 4,250,431               | 550,433               | 4,800,864               |
| 9,809                 | -               | -                       | -                | 3,455,000                        | 293,405               | 3,464,809               | 359,409               | 3,824,218               |
| 9,393                 | -               | -                       | -                | 975,000                          | 136,563               | 2,428,393               | 202,567               | 2,630,960               |
| -                     | -               | -                       | -                | 975,000                          | 90,250                | 975,000                 | 90,250                | 1,065,250               |
| -                     | -               | -                       | -                | 925,000                          | 43,938                | 925,000                 | 43,938                | 968,938                 |
| <u>\$ 2,491,684</u>   | <u>\$ -</u>     | <u>\$ 1,230,000</u>     | <u>\$ 92,312</u> | <u>\$ 321,005,551</u>            | <u>\$ 149,994,690</u> | <u>\$ 1,067,105,235</u> | <u>\$ 429,146,697</u> | <u>\$ 1,496,251,932</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 Eight Fiscal Years  
*(accrual basis of accounting)*

|  | <u>2002</u>             | <u>2003</u>             | <u>2004</u>             | <u>2005</u>             | <u>2006</u>             | <u>2007</u>             | <u>2008</u>             | <u>2009</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          | \$ 596,362,881          | \$ 623,584,525          |
| Restricted for:                              |                         |                         |                         |                         |                         |                         |                         |                         |
| Revenue stabilization                        | 24,541,087              | 24,928,401              | 27,177,741              | 35,634,133              | 38,754,372              | 44,952,851              | 47,818,429              | 32,778,154              |
| Debt service                                 | 8,593,020               | 17,363,188              | 13,346,926              | 13,155,834              | 9,540,764               | 13,333,162              | 9,230,823               | 11,683,434              |
| Capital improvements                         | 98,332,602              | 53,502,139              | 59,022,217              | 51,130,409              | 107,716,853             | 104,693,767             | 104,851,313             | 121,074,932             |
| Reforestation                                | 2,465,565               | 2,697,247               | 4,313,745               | 5,524,706               | 6,559,025               | 7,880,990               | 8,521,089               | 5,027,348               |
| Other purposes                               | 3,669,395               | 3,790,598               | 3,189,519               | 5,151,600               | 6,774,586               | 6,265,652               | 8,286,624               | 4,739,945               |
| Unrestricted                                 | <u>(80,851,877)</u>     | <u>(108,427,530)</u>    | <u>(99,052,792)</u>     | <u>(69,377,525)</u>     | <u>(106,855,776)</u>    | <u>(100,471,355)</u>    | <u>(189,559,379)</u>    | <u>(380,694,137)</u>    |
| 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>      | <u>585,511,780</u>      | <u>418,194,201</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             | 796,312,992             | 810,998,630             |
| Restricted for:                              |                         |                         |                         |                         |                         |                         |                         |                         |
| Debt service                                 | 165,710,205             | 162,090,444             | 156,003,350             | 147,894,257             | 156,854,325             | 164,718,410             | 180,173,819             | 200,012,523             |
| Capital improvements                         | 18,426,666              | 32,882,179              | 27,995,401              | 24,161,749              | 19,049,853              | 19,401,006              | 19,220,764              | 18,912,824              |
| Other purposes                               | 843,502                 | -                       | 794,814                 | 979,956                 | -                       | 391,326                 | 1,616,364               | 614,500                 |
| Unrestricted                                 | <u>14,304,196</u>       | <u>16,782,679</u>       | <u>3,335,282</u>        | <u>5,692,310</u>        | <u>9,133,869</u>        | <u>16,368,158</u>       | <u>13,780,022</u>       | <u>(2,501,035)</u>      |
| 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>      | <u>1,011,103,961</u>    | <u>1,028,037,442</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           | 1,392,675,873           | 1,434,583,155           |
| Restricted for:                              |                         |                         |                         |                         |                         |                         |                         |                         |
| Revenue stabilization                        | 24,541,087              | 24,928,401              | 27,177,741              | 35,634,133              | 38,754,372              | 44,952,851              | 47,818,429              | 32,778,154              |
| Debt service                                 | 174,303,225             | 179,453,632             | 169,350,276             | 161,050,091             | 166,395,089             | 178,051,572             | 189,404,642             | 211,695,957             |
| Capital improvements                         | 116,759,268             | 86,384,318              | 87,017,618              | 75,292,158              | 126,766,706             | 124,094,773             | 124,072,077             | 139,987,756             |
| Reforestation                                | 2,465,565               | 2,697,247               | 4,313,745               | 5,524,706               | 6,559,025               | 7,880,990               | 8,521,089               | 5,027,348               |
| Other purposes                               | 4,512,897               | 3,790,598               | 3,984,333               | 6,131,556               | 6,774,586               | 6,656,978               | 9,902,988               | 5,354,445               |
| Unrestricted                                 | <u>(66,547,681)</u>     | <u>(91,644,851)</u>     | <u>(95,717,510)</u>     | <u>(63,685,215)</u>     | <u>(97,721,907)</u>     | <u>(84,103,197)</u>     | <u>(175,779,357)</u>    | <u>(383,195,172)</u>    |
| 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> | <u>\$ 1,596,615,741</u> | <u>\$ 1,446,231,643</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.*

*Information for years prior to fiscal year 2002 is not presented due to the unavailability of source financial statements.*

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

|  | 2002       | 2003       | 2004       | 2005       | 2006       | 2007       | 2008        | 2009        |
|--|------------|------------|------------|------------|------------|------------|-------------|-------------|
| <b>Expenses</b>                                |            |            |            |            |            |            |             |             |
| Governmental activities:                       |            |            |            |            |            |            |             |             |
| Education                                      | \$ 451,384 | \$ 444,903 | \$ 460,911 | \$ 506,795 | \$ 545,274 | \$ 604,273 | \$ 648,187  | \$ 685,499  |
| Public safety                                  | 162,155    | 184,600    | 174,599    | 185,399    | 208,106    | 211,406    | 261,315     | 267,140     |
| General government                             | 69,487     | 99,789     | 89,832     | 90,538     | 87,480     | 99,787     | 108,536     | 119,849     |
| Health and human services                      | 64,606     | 68,448     | 68,205     | 69,009     | 72,130     | 77,363     | 76,399      | 73,669      |
| Public works                                   | 51,215     | 72,830     | 53,981     | 57,416     | 62,300     | 61,129     | 75,748      | 68,103      |
| Recreation and community services              | 32,265     | 44,485     | 40,949     | 50,097     | 53,132     | 56,820     | 60,227      | 63,032      |
| Judicial                                       | 21,721     | 19,838     | 18,962     | 19,673     | 20,648     | 21,450     | 25,577      | 26,395      |
| Code enforcement                               | 10,108     | 10,512     | 9,996      | 10,700     | 11,176     | 11,455     | 13,543      | 13,378      |
| Land use and development                       | 8,422      | 9,458      | 10,262     | 9,686      | 10,457     | 9,344      | 10,687      | 12,996      |
| Economic development                           | 3,571      | 3,520      | 3,342      | 3,330      | 3,445      | 3,731      | 3,770       | -           |
| Interest on debt and leases                    | 20,646     | 25,506     | 27,974     | 26,436     | 30,146     | 32,483     | 31,420      | 29,795      |
| Subtotal governmental activities expenses      | 895,580    | 983,889    | 959,013    | 1,029,079  | 1,104,294  | 1,189,241  | 1,315,409   | 1,359,856   |
| Business-type activities:                      |            |            |            |            |            |            |             |             |
| Water and wastewater                           | 82,591     | 85,254     | 85,920     | 94,416     | 94,109     | 100,136    | 113,666     | 114,150     |
| Waste collection                               | 33,857     | 36,066     | 42,946     | 38,996     | 47,638     | 40,773     | 44,043      | 47,885      |
| Child care                                     | 1,476      | 1,819      | 2,015      | 2,362      | 2,543      | 2,794      | 3,324       | 3,756       |
| Subtotal business-type activities expenses     | 117,924    | 123,139    | 130,881    | 135,774    | 144,290    | 143,703    | 161,033     | 165,791     |
| Total primary government expenses              | 1,013,504  | 1,107,028  | 1,089,894  | 1,164,853  | 1,248,584  | 1,332,944  | 1,476,442   | 1,525,647   |
| <b>Program Revenues</b>                        |            |            |            |            |            |            |             |             |
| Governmental activities:                       |            |            |            |            |            |            |             |             |
| Charges for services:                          |            |            |            |            |            |            |             |             |
| Public safety                                  | 7,239      | 5,377      | 8,939      | 11,936     | 10,439     | 10,770     | 10,718      | 17,048      |
| General government                             | 17,014     | 24,338     | 23,232     | 27,057     | 34,595     | 35,660     | 38,368      | 40,485      |
| Health and human services                      | 2,941      | 3,112      | 3,464      | 3,134      | 4,010      | 4,186      | 3,843       | 7,114       |
| Public works                                   | 2,790      | 3,916      | 1,723      | 1,905      | 2,770      | 3,009      | 2,752       | 2,491       |
| Recreation and community services              | 7,742      | 7,785      | 8,042      | 9,265      | 12,223     | 15,065     | 16,324      | 16,904      |
| Judicial                                       | 2,357      | 2,461      | 2,542      | 2,589      | 2,672      | 2,733      | 2,916       | 2,773       |
| Code enforcement                               | 8,233      | 7,889      | 13,282     | 13,610     | 14,287     | 14,849     | 13,694      | 10,764      |
| Land use and development                       | 1,242      | 968        | 2,657      | 2,756      | 2,568      | 3,248      | 2,562       | 1,050       |
| Economic development                           | 136        | 22         | 27         | -          | -          | -          | -           | -           |
| Operating grants and contributions             | 51,564     | 76,083     | 68,019     | 75,548     | 86,392     | 89,644     | 89,169      | 70,565      |
| Capital grants and contributions               | 65,244     | 51,392     | 38,717     | 38,942     | 41,829     | 41,767     | 41,288      | 47,574      |
| Subtotal governmental activities revenues      | 166,502    | 183,343    | 170,644    | 186,742    | 211,785    | 220,931    | 221,634     | 216,768     |
| Business-type activities:                      |            |            |            |            |            |            |             |             |
| Charges for services:                          |            |            |            |            |            |            |             |             |
| Water and wastewater                           | 56,412     | 58,291     | 59,600     | 61,805     | 68,464     | 69,689     | 72,449      | 71,622      |
| Waste collection                               | 34,144     | 35,284     | 35,449     | 36,153     | 42,291     | 43,014     | 43,708      | 43,281      |
| Child care                                     | 1,675      | 1,922      | 2,084      | 2,428      | 2,689      | 2,881      | 3,089       | 3,493       |
| Capital grants and contributions               | 24,532     | 37,769     | 28,947     | 38,539     | 43,991     | 43,078     | 51,850      | 49,630      |
| Subtotal business-type activities revenues     | 116,763    | 133,266    | 126,080    | 138,925    | 157,435    | 158,662    | 171,096     | 168,026     |
| Total primary government program revenues      | 283,265    | 316,609    | 296,724    | 325,667    | 369,220    | 379,593    | 392,730     | 384,794     |
| <b>Net (Expense)/Revenue</b>                   |            |            |            |            |            |            |             |             |
| Governmental activities                        | (729,078)  | (800,546)  | (788,369)  | (842,337)  | (892,509)  | (968,310)  | (1,093,775) | (1,143,088) |
| Business-type activities                       | (1,161)    | 10,127     | (4,801)    | 3,151      | 13,145     | 14,959     | 10,063      | 2,235       |
| Total primary government net (expense)/revenue | (730,239)  | (790,419)  | (793,170)  | (839,186)  | (879,364)  | (953,351)  | (1,083,712) | (1,140,853) |



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

|   | 2002             | 2003               | 2004             | 2005             | 2006             | 2007             | 2008               | 2009                |
|---|------------------|--------------------|------------------|------------------|------------------|------------------|--------------------|---------------------|
| <b>General Revenues and Other Changes in Net Assets</b> |                  |                    |                  |                  |                  |                  |                    |                     |
| Governmental activities:                                |                  |                    |                  |                  |                  |                  |                    |                     |
| General property taxes                                  | 360,112          | 371,534            | 393,884          | 412,001          | 437,323          | 470,163          | 497,486            | 540,602             |
| Local government taxes                                  | 267,678          | 265,327            | 289,676          | 308,215          | 339,522          | 378,250          | 372,100            | 334,648             |
| State shared taxes                                      | 29,693           | 5,891              | 6,919            | 6,614            | 7,120            | 7,192            | 7,739              | 7,931               |
| Recordation and transfer taxes                          | 67,797           | 74,120             | 99,053           | 116,713          | 129,933          | 109,258          | 82,776             | 55,811              |
| Local sales taxes                                       | 29,225           | 29,618             | 30,830           | 31,249           | 34,176           | 36,546           | 37,380             | 33,269              |
| Investment income                                       | 2,382            | 1,891              | 1,633            | 4,437            | 10,595           | 13,263           | 13,590             | 6,565               |
| 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> | <u>1,011,071</u>   | <u>978,826</u>      |
| Business-type activities:                               |                  |                    |                  |                  |                  |                  |                    |                     |
| Investment income                                       | 5,751            | 5,577              | 3,730            | 4,921            | 9,246            | 9,841            | 11,066             | 8,602               |
| Other revenue   | 5,490            | 4,475              | 7,286            | 7,042            | 7,688            | 8,019            | 8,388              | 6,097               |
| 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>    | <u>19,454</u>      | <u>14,699</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> | <u>1,030,525</u>   | <u>993,525</u>      |
| <b>Change in Net Assets</b>                             |                  |                    |                  |                  |                  |                  |                    |                     |
| Governmental activities                                 | 28,108           | (49,403)           | 40,297           | 37,228           | 66,205           | 48,331           | (82,704)           | (164,262)           |
| Business-type activities                                | 10,080           | 20,179             | 6,215            | 15,114           | 30,079           | 32,819           | 29,517             | 16,934              |
| 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> | \$ <u>(53,187)</u> | \$ <u>(147,328)</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.*

*Information for years prior to fiscal year 2002 is not presented due to the unavailability of source financial statements.*

Anne Arundel County, Maryland  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years

|                                    | <u>2000</u>           | <u>2001</u>          | <u>2002</u>           | <u>2003</u>           | <u>2004</u>           | <u>2005</u>           | <u>2006</u>           | <u>2007</u>           | <u>2008</u>           | <u>2009</u>           |
|------------------------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Fund                       |                       |                      |                       |                       |                       |                       |                       |                       |                       |                       |
| Reserved for:                      |                       |                      |                       |                       |                       |                       |                       |                       |                       |                       |
| Encumbrances                       | \$ 6,277,303          | \$ 5,487,570         | \$ 5,562,101          | \$ 6,200,195          | \$ 5,834,558          | \$ 7,388,713          | \$ 10,147,548         | \$ 7,821,979          | \$ 9,931,122          | \$ 5,622,556          |
| Revenue stabilization fund         | 22,247,224            | 23,671,214           | 24,541,087            | 24,928,401            | 27,177,741            | 35,634,133            | 38,754,372            | 44,952,851            | 47,818,429            | 32,778,154            |
| Debt service                       | -                     | -                    | -                     | 7,251,133             | 5,996,172             | 4,548,800             | 4,138,515             | 6,071,789             | 3,124,631             | 6,109,093             |
| Inventories                        | 332,976               | 319,496              | 832,414               | 687,484               | 939,042               | 900,100               | 959,733               | 1,275,968             | 1,494,324             | 1,453,732             |
| Other funds                        | -                     | -                    | -                     | -                     | -                     | 121,743               | 512,446               | 756,606               | 908,047               | 1,092,910             |
| Unreserved                         | 72,626,035            | 54,005,331           | 38,115,899            | 10,111,613            | 59,667,854            | 94,110,403            | 92,639,611            | 103,840,756           | 54,447,182            | (2,092,456)           |
| Total general fund                 | <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> | <u>\$ 117,723,735</u> | <u>\$ 44,963,989</u>  |
| All other governmental funds       |                       |                      |                       |                       |                       |                       |                       |                       |                       |                       |
| Reserved for:                      |                       |                      |                       |                       |                       |                       |                       |                       |                       |                       |
| Encumbrances                       | \$ 37,731,468         | \$ 32,340,888        | \$ 33,679,943         | \$ 49,014,972         | \$ 39,597,488         | \$ 44,829,719         | \$ 37,074,156         | \$ 34,223,321         | \$ 40,144,197         | \$ 38,468,428         |
| Debt service                       | -                     | 6,309,545            | 4,715,324             | 4,343,497             | 351,171               | 21,672                | 4,190                 | 879                   | -                     | -                     |
| Unreserved, reported in:           |                       |                      |                       |                       |                       |                       |                       |                       |                       |                       |
| Special revenue funds              | 46,604,739            | 51,598,764           | 56,411,648            | 58,684,817            | 65,293,424            | 63,281,802            | 60,569,365            | 62,336,404            | 61,862,791            | 56,658,583            |
| Capital projects funds             | 2,668,149             | (34,535,903)         | 11,557,034            | 7,772,373             | (1,690,760)           | (9,948,301)           | 30,327,210            | 50,779,961            | 55,118,049            | 53,498,655            |
| Debt service funds                 | 6,599,284             | 3,916,092            | 3,877,696             | 5,765,919             | 6,999,583             | 8,585,362             | 5,373,059             | 7,240,494             | 6,096,192             | 5,519,844             |
| Total all other governmental funds | <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> | <u>\$ 163,221,229</u> | <u>\$ 154,145,510</u> |

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Anne Arundel County, Maryland  
Changes in Fund Balances, Governmental Funds  
Last Eight Fiscal Years

|  | 2002                 | 2003                | 2004                 | 2005                 |
|--|----------------------|---------------------|----------------------|----------------------|
| <b>REVENUES</b>  |                      |                     |                      |                      |
| General property taxes                                     | \$ 359,779,665       | \$ 376,141,261      | \$ 395,347,946       | \$ 411,488,309       |
| Local income taxes   | 266,409,098          | 264,729,935         | 298,065,106          | 308,536,927          |
| State shared taxes   | 29,656,317           | 29,336,273          | 25,613,319           | 30,308,838           |
| Grants and aid   | 71,213,502           | 65,309,289          | 71,002,284           | 73,676,115           |
| Recordation and transfer taxes                             | 67,796,645           | 74,120,137          | 99,053,108           | 116,713,326          |
| Local sales taxes  | 29,225,328           | 29,617,564          | 30,830,077           | 31,249,156           |
| License and permit fees                                    | 10,919,271           | 11,517,360          | 15,154,020           | 15,400,144           |
| Impact fees  | 7,200,089            | 9,055,776           | 10,715,560           | 10,845,055           |
| Special community benefit taxes                            | 3,305,255            | 3,473,476           | 3,829,032            | 4,640,447            |
| Investment income  | 4,230,221            | 3,037,046           | 2,230,723            | 6,875,983            |
| Fees for services and other revenue                        | 30,322,621           | 29,227,728          | 33,060,102           | 37,503,663           |
| Total revenues   | <u>880,058,012</u>   | <u>895,565,845</u>  | <u>984,901,277</u>   | <u>1,047,237,963</u> |
| <b>EXPENDITURES</b>  |                      |                     |                      |                      |
| <b>Current</b>   |                      |                     |                      |                      |
| Education  | 451,294,192          | 444,836,532         | 460,752,519          | 506,228,900          |
| Public safety  | 154,665,392          | 168,686,401         | 171,085,550          | 183,418,356          |
| General government   | 52,664,161           | 68,443,012          | 65,081,101           | 65,989,704           |
| Health and human services                                  | 64,834,644           | 69,340,942          | 68,568,311           | 68,169,033           |
| Public works   | 27,473,901           | 31,765,444          | 29,590,177           | 26,748,272           |
| Recreation and community services                          | 26,635,195           | 28,039,450          | 28,792,726           | 31,320,458           |
| Judicial   | 19,553,878           | 17,679,442          | 17,531,229           | 18,551,403           |
| Code enforcement   | 10,030,974           | 10,503,196          | 9,980,085            | 10,600,396           |
| Land use and development                                   | 8,218,991            | 8,857,750           | 8,600,126            | 9,672,108            |
| Economic development                                       | 3,571,254            | 3,520,112           | 3,342,050            | 3,330,000            |
| Capital outlay   | 87,482,099           | 81,476,365          | 77,290,143           | 98,203,317           |
| <b>Debt service</b>  |                      |                     |                      |                      |
| Interest payments on debt                                  | 21,174,747           | 21,407,053          | 27,488,181           | 26,865,677           |
| Principal payments on debt                                 | 35,072,826           | 40,150,951          | 43,977,428           | 45,149,091           |
| Interest payments on leases                                | 86,581               | 31,317              | 18,406               | 12,325               |
| Principal payments on leases                               | 850,750              | 437,999             | 48,244               | 53,496               |
| Total expenditures   | <u>963,609,585</u>   | <u>995,175,966</u>  | <u>1,012,146,276</u> | <u>1,094,312,536</u> |
| Revenues over (under) expenditures                         | <u>(83,551,573)</u>  | <u>(99,610,121)</u> | <u>(27,244,999)</u>  | <u>(47,074,573)</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                      |                      |                     |                      |                      |
| Transfers in   | 117,391,978          | 74,149,736          | 46,860,616           | 80,248,583           |
| Transfers out  | (117,391,978)        | (74,149,736)        | (46,860,616)         | (80,248,583)         |
| General obligation bonds issued                            | 91,500,000           | 108,251,133         | 49,500,000           | 56,000,000           |
| Bond anticipation notes issued                             | 56,000,000           | 29,000,000          | 32,500,000           | 34,500,000           |
| Payment of bond anticipation notes                         | (34,500,000)         | (56,000,000)        | (29,000,000)         | (32,500,000)         |
| 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              |
| Proceeds from Federal and State Loans                      | -                    | -                   | -                    | -                    |
| Proceeds from lease financing                              | -                    | 261,764             | -                    | -                    |
| Proceeds from refunding issue                              | -                    | 24,096,726          | 47,724,175           | 50,538,271           |
| Premiums (discounts) from sale of bonds                    | -                    | -                   | 3,294,922            | 3,417,648            |
| Transfers from (to) proprietary funds                      | -                    | -                   | -                    | -                    |
| Payments to escrow agent                                   | -                    | (24,039,670)        | (51,047,973)         | (50,398,473)         |
| Total other financing sources (uses)                       | <u>115,173,174</u>   | <u>100,955,236</u>  | <u>62,650,868</u>    | <u>86,382,446</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> |
| Debt service as a percentage<br>of noncapital expenditures | <u>6.4%</u>          | <u>6.3%</u>         | <u>7.4%</u>          | <u>7.0%</u>          |

Information for years prior to fiscal year 2002 is not presented due to the unavailability of source financial statements.

|    | 2006                 | 2007                 | 2008                   | 2009                   |
|----|----------------------|----------------------|------------------------|------------------------|
| \$ | 439,755,427          | \$ 472,882,091       | \$ 500,153,066         | \$ 543,012,780         |
|    | 328,424,355          | 361,956,043          | 371,369,460            | 364,527,636            |
|    | 36,025,864           | 37,005,207           | 36,757,373             | 33,038,198             |
|    | 73,526,717           | 62,884,873           | 77,080,676             | 67,315,877             |
|    | 129,932,542          | 109,257,440          | 82,775,541             | 55,811,003             |
|    | 34,175,913           | 36,546,370           | 37,380,289             | 33,269,235             |
|    | 16,766,915           | 17,681,827           | 17,178,944             | 15,034,858             |
|    | 11,056,677           | 9,268,611            | 8,132,004              | 5,330,130              |
|    | 5,047,941            | 5,354,940            | 5,623,802              | 5,906,041              |
|    | 12,484,636           | 16,302,297           | 16,041,101             | 6,957,412              |
|    | 40,055,997           | 51,739,060           | 45,036,386             | 53,509,319             |
|    | <u>1,127,252,984</u> | <u>1,180,878,759</u> | <u>1,197,528,642</u>   | <u>1,183,712,489</u>   |
|    | 544,142,829          | 603,635,815          | 648,122,349            | 684,489,224            |
|    | 201,470,724          | 211,273,738          | 222,788,697            | 234,201,473            |
|    | 65,705,062           | 74,018,822           | 79,521,652             | 90,919,568             |
|    | 71,986,178           | 77,428,060           | 70,964,487             | 71,767,527             |
|    | 27,410,756           | 31,498,591           | 35,915,362             | 38,773,907             |
|    | 43,307,136           | 46,231,649           | 49,396,167             | 49,944,034             |
|    | 19,300,693           | 20,224,216           | 21,772,055             | 22,605,782             |
|    | 11,057,654           | 11,599,781           | 12,307,157             | 12,342,856             |
|    | 10,354,631           | 9,379,474            | 9,760,651              | 9,459,637              |
|    | 3,445,000            | 3,731,000            | 3,770,200              | -                      |
|    | 94,058,820           | 69,782,081           | 66,054,914             | 69,654,252             |
|    | 29,309,560           | 29,967,318           | 31,594,418             | 31,481,880             |
|    | 46,729,529           | 49,811,109           | 52,984,045             | 54,288,165             |
|    | 7,358                | 3,743                | -                      | 5,524                  |
|    | 54,009               | 57,105               | 24,453                 | 18,651                 |
|    | <u>1,168,339,939</u> | <u>1,238,642,502</u> | <u>1,304,976,607</u>   | <u>1,369,952,480</u>   |
|    | <u>(41,086,955)</u>  | <u>(57,763,743)</u>  | <u>(107,447,965)</u>   | <u>(186,239,991)</u>   |
|    | 144,849,136          | 153,626,114          | 130,370,500            | 120,205,586            |
|    | (144,849,136)        | (153,626,114)        | (130,370,500)          | (120,205,586)          |
|    | 64,000,000           | 92,400,000           | 55,200,000             | 113,300,000            |
|    | 38,000,000           | 39,000,000           | 49,800,000             | 36,100,000             |
|    | (34,500,000)         | (38,000,000)         | (39,000,000)           | (49,800,000)           |
|    | -                    | -                    | -                      | -                      |
|    | -                    | -                    | -                      | -                      |
|    | -                    | -                    | -                      | -                      |
|    | -                    | -                    | -                      | -                      |
|    | 368,814              | 926,000              | 1,477,925              | 840,000                |
|    | 1,009,930            | 1,248,943            | 191,938                | 911,212                |
|    | -                    | -                    | 106,616                | -                      |
|    | 87,115,000           | -                    | -                      | -                      |
|    | 7,481,071            | 5,101,149            | 2,115,442              | 6,109,094              |
|    | -                    | 999,489              | (800,000)              | -                      |
|    | <u>(91,361,801)</u>  | <u>-</u>             | <u>-</u>               | <u>-</u>               |
|    | <u>72,113,014</u>    | <u>101,675,581</u>   | <u>69,091,921</u>      | <u>107,460,306</u>     |
| \$ | <u>31,026,059</u>    | <u>\$ 43,911,838</u> | <u>\$ (38,356,044)</u> | <u>\$ (78,779,685)</u> |
|    | <u>6.9%</u>          | <u>6.7%</u>          | <u>6.7%</u>            | <u>6.5%</u>            |

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

| Fiscal Year<br>Ended June 30, | Real Property (a)       |                        |                          |                       |                        | Personal Property            |                            |                            | Total Taxable<br>Assessed<br>Value | Weighted<br>Average<br>Tax Rate (a) | Estimated<br>Actual<br>Value | Assessed<br>Value as a<br>Percentage of<br>Actual Value |
|-------------------------------|-------------------------|------------------------|--------------------------|-----------------------|------------------------|------------------------------|----------------------------|----------------------------|------------------------------------|-------------------------------------|------------------------------|---|
|                               | Residential<br>Property | Commercial<br>Property | Agricultural<br>Property | Use Value<br>Property | Total Real<br>Property | Railroad/Utility<br>Property | Other Business<br>Property | Total Personal<br>Property |                                    |                                     |                              |   |
| 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                      | \$ 2.29                             | \$ 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                         | 2.33                                | 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                         | 1.02                                | 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                         | 1.01                                | 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                         | 1.00                                | 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                         | 0.98                                | 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                         | 0.97                                | 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                         | 0.94                                | 61,459,313                   | 100.00%   |
| 2008                          | 57,402,598              | 11,510,687             | 503,200                  | 29,126                | 69,445,611             | 863,370                      | 1,654,809                  | 2,518,179                  | 71,963,790                         | 0.91                                | 71,963,790                   | 100.00%   |
| 2009                          | 65,722,744              | 13,280,564             | 586,061                  | 32,016                | 79,621,385             | 856,853                      | 1,896,751                  | 2,753,604                  | 82,374,989                         | 0.90                                | 82,374,989                   | 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<br>Ended June 30, | Anne Arundel County                |                    |                             |                    |                                     | Overlapping                           |                                       | Total   |  |
|-------------------------------|------------------------------------|--------------------|-----------------------------|--------------------|-------------------------------------|---------------------------------------|---------------------------------------|---|--|
|                               | Other than<br>City of<br>Annapolis |                    | Within City<br>of Annapolis |                    | Weighted<br>Average<br>Tax Rate (a) | City of<br>Annapolis<br>Real Property | State of<br>Maryland<br>Real Property | Other than<br>City of<br>Annapolis<br>Real Property | Within City<br>of Annapolis<br>Real Property |
|                               | Real Property                      | (a) Personal Prop. | Real Property               | (a) Personal Prop. |                                     |                                       |                                       |   |  |
| 2000                          | \$ 2.36                            | \$ 2.36            | \$ 1.35                     | \$ 1.35            | \$ 2.29                             | \$ 1.68                               | \$ 0.21                               | \$ 2.57   | \$ 3.24                                      |
| 2001                          | 2.40                               | 2.40               | 1.39                        | 1.39               | 2.33                                | 1.67                                  | 0.21                                  | 2.61  | 3.27   |
| 2002                          | 0.96                               | 2.40               | 0.56                        | 1.39               | 1.02                                | 0.62                                  | 0.08                                  | 1.04  | 1.26   |
| 2003                          | 0.95                               | 2.38               | 0.55                        | 1.38               | 1.01                                | 0.62                                  | 0.08                                  | 1.03  | 1.26   |
| 2004                          | 0.96                               | 2.39               | 0.56                        | 1.39               | 1.00                                | 0.60                                  | 0.13                                  | 1.09  | 1.29   |
| 2005                          | 0.94                               | 2.35               | 0.56                        | 1.40               | 0.98                                | 0.58                                  | 0.13                                  | 1.07  | 1.27   |
| 2006                          | 0.93                               | 2.33               | 0.56                        | 1.39               | 0.97                                | 0.56                                  | 0.13                                  | 1.06  | 1.25   |
| 2007                          | 0.92                               | 2.30               | 0.55                        | 1.37               | 0.94                                | 0.53                                  | 0.11                                  | 1.03  | 1.19   |
| 2008                          | 0.89                               | 2.23               | 0.53                        | 1.33               | 0.91                                | 0.53                                  | 0.11                                  | 1.00  | 1.17   |
| 2009                          | 0.89                               | 2.22               | 0.53                        | 1.33               | 0.90                                | 0.53                                  | 0.11                                  | 1.00  | 1.17   |

Note: Section 710(d) of the County Charter provides that property taxes shall not increase, compared with the previous fiscal year, more than the Consumer Price Index percentage of change, or 4.5 percent, whichever is the lesser.

(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

| 2009   |                         |   | 2000  |                         |   |
|--|-------------------------|---|---|-------------------------|---|
| Taxpayer   | Taxable Assessed Value  | Percentage of Total County Taxable Assessed Value | Taxpayer  | Taxable Assessed Value  | Percentage of Total County Taxable Assessed Value |
| Constellation Power Source Gen. Inc.                   | \$ 781,115,746          | 0.95%   | Baltimore Gas and Electric Company              | \$ 1,402,809,900        | 9.57%   |
| Baltimore Gas and Electric Company                     | 571,063,184             | 0.69%   | Verizon   | 230,361,630             | 1.57%   |
| Annapolis Mall LTD Partnership (Annapolis Mall)        | 346,579,286             | 0.42%   | Annapolis Mall LTD Partnership (Annapolis Mall) | 65,347,390              | 0.45%   |
| Arundel Mills Limited Partnership (Arundel Mills Mall) | 306,660,876             | 0.37%   | TKL East (Marley Station Mall)                  | 44,768,430              | 0.31%   |
| Verizon  | 257,648,940             | 0.31%   | Northrop Grumman Corp.                          | 39,833,090              | 0.27%   |
| TKL East (Marley Station Mall)                         | 107,674,116             | 0.13%   | Wal-mart  | 20,502,790              | 0.14%   |
| Northrop Grumman Corp.                                 | 100,707,853             | 0.12%   | Parole Town Center Associates                   | 17,213,900              | 0.12%   |
| Wal-mart Stores, Inc.                                  | 100,198,251             | 0.12%   | Riva Retail, Inc. (Festival at Riva)            | 14,935,720              | 0.10%   |
| Annapolis Harbour Center Assoc. LLLP                   | 78,238,600              | 0.09%   | West Terra Ltd. Partnership                     | 12,194,650              | 0.08%   |
| MIE Cromwell Joint Venture LLP                         | 78,020,203              | 0.09%   | Harbour Gates                                   | 11,927,070              | 0.08%   |
|  | <u>\$ 2,727,907,055</u> | <u>3.31%</u>                                      |   | <u>\$ 1,859,894,570</u> | <u>12.69%</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<br>Ended June 30, | Collected within the<br>Fiscal Year of the Levy |                | Collection<br>in Subsequent<br>Years | Total Collection to Date |                |                       |
|-------------------------------|---|----------------|--------------------------------------|--------------------------|----------------|-----------------------|
|                               | Taxes Levied<br>for the<br>Fiscal Year          | Amount         |                                      | Percentage<br>of Levy    | Amount         | Percentage<br>of Levy |
| 2000                          | \$ 329,847,238                                  | \$ 326,352,858 | 98.94%                               | \$ 3,467,789             | \$ 329,820,647 | 99.99%                |
| 2001                          | 345,227,111                                     | 342,441,550    | 99.19%                               | 2,775,200                | 345,216,750    | 100.00%               |
| 2002                          | 361,424,971                                     | 355,998,775    | 98.50%                               | 5,375,816                | 361,374,591    | 99.99%                |
| 2003                          | 375,682,304                                     | 373,310,763    | 99.37%                               | 2,248,138                | 375,558,901    | 99.97%                |
| 2004                          | 393,762,892                                     | 391,557,058    | 99.44%                               | 2,037,962                | 393,595,020    | 99.96%                |
| 2005                          | 412,089,133                                     | 410,206,824    | 99.54%                               | 1,749,712                | 411,956,536    | 99.97%                |
| 2006                          | 439,775,209                                     | 438,118,642    | 99.62%                               | 1,450,122                | 439,568,764    | 99.95%                |
| 2007                          | 472,038,379                                     | 470,209,494    | 99.61%                               | 1,530,291                | 471,739,785    | 99.94%                |
| 2008                          | 498,477,749                                     | 497,250,354    | 99.75%                               | 600,615                  | 497,850,969    | 99.87%                |
| 2009                          | 542,257,507                                     | 540,376,837    | 99.65%                               | -                        | 540,376,837    | 99.65%                |

Anne Arundel County, Maryland  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
*(in thousands of dollars, except per capita)*

| Fiscal Year<br>Ended June 30, | Governmental Activities        |                               |                           |                               |                   |                                       | Business-Type Activities            |   | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income (a) | Per<br>Capita (a) |                               |
|-------------------------------|--------------------------------|-------------------------------|---------------------------|-------------------------------|-------------------|---------------------------------------|-------------------------------------|---|--------------------------------|---|-------------------|-------------------------------|
|                               | General<br>Obligation<br>Bonds | Bond<br>Anticipation<br>Notes | Tax<br>Increment<br>Bonds | State and<br>Federal<br>Loans | Capital<br>Leases | Installment<br>Purchase<br>Agreements | Total<br>Governmental<br>Activities | Water, Wastewater<br>and Solid Waste<br>Bonds |                                |   |                   | Bond<br>Anticipation<br>Notes |
| 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                                 | 4.26%             | 1,673                         |
| 2003                          | 493,017                        | 29,000                        | 50,300                    | 3,058                         | 210               | 6,690                                 | 582,275                             | 277,039                                       | 13,000                         | 872,314                                 | 4.28%             | 1,726                         |
| 2004                          | 499,547                        | 32,500                        | 56,215                    | 2,724                         | 162               | 8,398                                 | 599,546                             | 269,205                                       | 20,000                         | 888,751                                 | 3.98%             | 1,747                         |
| 2005                          | 534,773                        | 34,500                        | 55,520                    | 2,383                         | 112               | 8,679                                 | 635,967                             | 285,688                                       | 7,000                          | 928,655                                 | 3.91%             | 1,821                         |
| 2006                          | 553,117                        | 38,000                        | 54,795                    | 3,177                         | 57                | 9,031                                 | 658,177                             | 285,960                                       | 21,000                         | 965,137                                 | 3.85%             | 1,892                         |
| 2007                          | 597,181                        | 39,000                        | 53,960                    | 3,803                         | -                 | 9,939                                 | 703,883                             | 317,271                                       | 19,000                         | 1,040,154                               | 3.93%             | 2,037                         |
| 2008                          | 599,704                        | 49,800                        | 53,085                    | 3,782                         | 82                | 11,398                                | 717,851                             | 329,448                                       | 17,000                         | 1,064,299                               | 3.87%             | 2,076                         |
| 2009                          | 660,269                        | 36,100                        | 52,170                    | 3,722                         | 64                | 12,218                                | 764,543                             | 338,727                                       | 35,300                         | 1,138,570                               | 4.04%             | 2,215                         |

(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<br>Ended June 30, | General<br>Obligation<br>Bonds | Percentage of<br>Estimated<br>Actual Taxable<br>Value of<br>Property (a) | Per<br>Capita (b) |
|-------------------------------|--------------------------------|--|-------------------|
| 2000                          | \$ 674,353                     | 2.05%  | \$ 1,372          |
| 2001                          | 694,346                        | 2.03%  | 1,397             |
| 2002                          | 752,895                        | 2.09%  | 1,498             |
| 2003                          | 820,356                        | 2.15%  | 1,623             |
| 2004                          | 824,967                        | 1.99%  | 1,622             |
| 2005                          | 875,982                        | 1.90%  | 1,717             |
| 2006                          | 893,871                        | 1.70%  | 1,752             |
| 2007                          | 968,412                        | 1.58%  | 1,897             |
| 2008                          | 982,238                        | 1.36%  | 1,915             |
| 2009                          | 1,051,166                      | 1.28%  | 2,045             |

*(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, 2009

| Governmental Unit                 | Debt<br>Outstanding | Estimated<br>Percentage<br>Applicable | Estimated<br>Share of<br>Overlapping<br>Debt |
|-----------------------------------|---------------------|---------------------------------------|--|
| Debt repaid with property taxes   |                     |                                       |  |
| City of Annapolis                 | \$ 92,586,145       | 100.00%                               | \$ 92,586,145                                |
| Subtotal overlapping debt         |                     |                                       | <u>92,586,145</u>                            |
| Anne Arundel County direct debt   |                     |                                       | <u>764,542,063</u>                           |
| Total direct and overlapping debt |                     |                                       | <u><u>\$ 857,128,208</u></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)*

|   | <u>2000</u>         | <u>2001</u>         | <u>2002</u>         | <u>2003</u>         | <u>2004</u>         | <u>2005</u>         | <u>2006</u>         | <u>2007</u>         | <u>2008</u>         | <u>2009</u>         |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Assessed value (1)</b>   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Real property   | \$ 12,129,077       | \$ 12,710,840       | \$ 33,561,715       | \$ 35,715,595       | \$ 39,116,262       | \$ 43,802,722       | \$ 50,253,450       | \$ 58,869,765       | \$ 69,445,611       | \$ 79,621,385       |
| Personal and operating real property  | 2,532,380           | 2,409,131           | 2,420,032           | 2,445,954           | 2,379,732           | 2,406,886           | 2,479,719           | 2,589,549           | 2,518,178           | 2,753,604           |
| Total assessed value  | <u>14,661,457</u>   | <u>15,119,971</u>   | <u>35,981,747</u>   | <u>38,161,549</u>   | <u>41,495,994</u>   | <u>46,209,608</u>   | <u>52,733,169</u>   | <u>61,459,314</u>   | <u>71,963,789</u>   | <u>82,374,989</u>   |
| <b>Legal debt margin</b>  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Debt limit (5.2% of assessed value of real property, 13% for fiscal years 2001 and prior) | 1,576,780           | 1,652,409           | 1,745,209           | 1,857,211           | 2,034,046           | 2,277,742           | 2,613,179           | 3,061,228           | 3,611,172           | 4,140,312           |
| Debt limit (13% of assessed value of personal and operating real property)                | 329,209             | 313,187             | 314,604             | 317,974             | 309,365             | 312,895             | 322,364             | 336,641             | 327,363             | 357,969             |
| Total debt limit  | <u>1,905,989</u>    | <u>1,965,596</u>    | <u>2,059,813</u>    | <u>2,175,185</u>    | <u>2,343,411</u>    | <u>2,590,637</u>    | <u>2,935,543</u>    | <u>3,397,869</u>    | <u>3,938,535</u>    | <u>4,498,281</u>    |
| Debt applicable to limit:   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| General obligation bonds  | 362,378             | 376,209             | 433,115             | 493,017             | 499,547             | 534,773             | 553,117             | 597,181             | 599,704             | 660,269             |
| Bonded debt for solid waste projects (2)  | 33,642              | 30,691              | 27,700              | 24,763              | 23,083              | 21,042              | 19,963              | 20,399              | 17,976              | 17,721              |
| Installment Purchase Agreement  | -                   | 1,669               | 3,837               | 6,690               | 8,398               | 8,679               | 9,031               | 9,939               | 11,398              | 12,218              |
| Tax Increment Bonds   | 28,000              | 42,000              | 42,000              | 50,300              | 56,215              | 55,520              | 54,795              | 53,960              | 53,085              | 52,170              |
| Bond anticipation notes (3)   | 56,850              | 38,500              | 56,000              | 30,250              | 33,500              | 35,500              | 38,000              | 39,000              | 49,800              | 39,600              |
| Total debt applicable to limit  | <u>480,870</u>      | <u>489,069</u>      | <u>562,652</u>      | <u>605,020</u>      | <u>620,743</u>      | <u>655,514</u>      | <u>674,906</u>      | <u>720,479</u>      | <u>731,963</u>      | <u>781,978</u>      |
| Legal debt margin   | \$ <u>1,425,119</u> | \$ <u>1,476,527</u> | \$ <u>1,497,161</u> | \$ <u>1,570,165</u> | \$ <u>1,722,668</u> | \$ <u>1,935,123</u> | \$ <u>2,260,637</u> | \$ <u>2,677,390</u> | \$ <u>3,206,572</u> | \$ <u>3,716,303</u> |
| Total debt applicable to the limit as a percentage of debt limit                          | <u>25.23%</u>       | <u>24.88%</u>       | <u>27.32%</u>       | <u>27.81%</u>       | <u>26.49%</u>       | <u>25.30%</u>       | <u>22.99%</u>       | <u>21.20%</u>       | <u>18.58%</u>       | <u>17.38%</u>       |

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

(2) See Note 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 |          |  |
| 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     |  |
| 2008        | 85,389                                    | 73,641                   | 11,748                | 19,818       | 7,747     | 0.43     | 49,013                    | 40,460                           | 8,553                 | 3,223        | 994      | 2.03     |  |
| 2009        | 83,291                                    | 74,931                   | 8,360                 | 20,891       | 6,154     | 0.31     | 45,292                    | 44,757                           | 535                   | 2,354        | 806      | 0.17     |  |

| 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 |          |
| 2000        | \$ 7,658                  | \$ -                     | \$ 7,658              | \$ 283       | \$ 56 | 22.59    | \$ -                                  | \$ -                     | \$ -                  | \$ -         | \$ -     | 0.00     |
| 2001        | 6,016                     | 16                       | 6,000                 | 285          | 2,621 | 2.06     | 2,825                                 | 69                       | 2,756                 | -            | 57       | 48.35    |
| 2002        | 5,943                     | 129                      | 5,814                 | 310          | 3,054 | 1.73     | 140                                   | 21                       | 119                   | 5            | 179      | 0.65     |
| 2003        | 7,559                     | 74                       | 7,485                 | 323          | 2,891 | 2.33     | 1,554                                 | 71                       | 1,483                 | 9            | 296      | 4.86     |
| 2004        | 9,062                     | 568                      | 8,494                 | 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     |
| 2008        | 18,100                    | 848                      | 17,252                | 875          | 2,613 | 4.95     | 614                                   | 14                       | 600                   | 19           | 605      | 0.96     |
| 2009        | 22,087                    | 1,151                    | 20,936                | 915          | 2,570 | 6.01     | 413                                   | 5                        | 408                   | 20           | 661      | 0.60     |

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<br>Income (b)<br>(thousands<br>of dollars) | Per Capita<br>Personal<br>Income (c) | Public School<br>Enrollment (d) | Unemployment<br>Rate % (e) |
|------|----------------|---|--------------------------------------|---------------------------------|----------------------------|
| 2000 | 491,357        | \$ 17,915,894                                       | \$ 36,462                            | 74,495                          | 2.9                        |
| 2001 | 497,017        | 19,099,112  | 38,427                               | 75,094                          | 3.1                        |
| 2002 | 502,570        | 19,733,166  | 39,265                               | 74,798                          | 3.7                        |
| 2003 | 505,398        | 20,400,115  | 40,364                               | 74,519                          | 3.9                        |
| 2004 | 508,686        | 22,351,127  | 43,939                               | 74,000                          | 3.8                        |
| 2005 | 510,088        | 23,767,497  | 46,595                               | 73,633                          | 3.5                        |
| 2006 | 510,230        | 25,094,586  | 49,183                               | 73,111                          | 3.3                        |
| 2007 | 510,507        | 26,489,989  | 51,890                               | 73,405                          | 3.1                        |
| 2008 | 512,790        | 27,495,395  | 53,619                               | 73,658                          | 4.4                        |
| 2009 | 513,950        | 28,198,771  | 54,867                               | 73,852                          | 6.3                        |

Sources:

- (a) Mid-year estimates obtained from the Population Division, U.S. Census Bureau, release date March 2009. These data supersede population estimates published in previous years. Year 2009 mid-year estimated by Anne Arundel County Planning & Zoning.
- (b) U.S. Bureau of Economic Analysis, release date May 2009. These data supersede population estimates published in previous years. Year 2009 estimated by Anne Arundel County Planning & Zoning.
- (c) Per capita personal income is total personal income divided by total U.S. Census Bureau mid-year population.
- (d) Anne Arundel County Board of Education, Educational Facilities Master Plan July 2008; 2008 actual enrollment AACPS Planning Department release date November 2008.
- (e) Maryland Department of Labor, Licensing and Regulation monthly reports. Year 2008 average revised; Year 2009 average for 6 months.

ANNE ARUNDEL COUNTY, MARYLAND

Principal Employers

Current Year and Nine Years Ago

| 2009                                |               |                                       | 2000                                    |               |                                       |
|-------------------------------------|---------------|---------------------------------------|---|---------------|---------------------------------------|
| Employer                            | Employees     | Percentage of Total County Employment | Employer                                | Employees     | Percentage of Total County Employment |
| Ft. George G. Meade                 | 36,209        | 9.99%                                 | National Security Agency                | 25,000        | 9.94%                                 |
| Anne Arundel Co. Public Schools     | 14,000        | 3.86%                                 | Ft. George G. Meade                     | 11,500        | 4.57%                                 |
| BWI Thurgood Marshall Airport       | 9,859         | 2.72%                                 | State of Maryland                       | 8,788         | 3.49%                                 |
| State of Maryland                   | 9,082         | 2.50%                                 | Anne Arundel County Public Schools      | 8,200         | 3.26%                                 |
| Northrop Grumman Corp.              | 8,000         | 2.21%                                 | Northrop Grumman Corp.                  | 6,595         | 2.62%                                 |
| Anne Arundel County Government      | 4,163         | 1.15%                                 | Anne Arundel County Government          | 3,783         | 1.50%                                 |
| Southwest Airlines                  | 3,200         | 0.88%                                 | US Airways                              | 2,350         | 0.93%                                 |
| Anne Arundel Health System          | 2,800         | 0.77%                                 | U.S. Naval Academy                      | 2,200         | 0.87%                                 |
| Baltimore Washington Medical Center | 2,650         | 0.73%                                 | Anne Arundel Health Systems, Inc.       | 1,900         | 0.76%                                 |
| U.S. Naval Academy                  | 2,340         | 0.65%                                 | North Anne Arundel Health Systems, Inc. | 1,850         | 0.74%                                 |
|                                     | <u>92,303</u> | <u>25.45%</u>                         |   | <u>72,166</u> | <u>28.68%</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                          | 2000         | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         | 2009         |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General government                | 525          | 536          | 557          | 586          | 554          | 535          | 537          | 540          | 536          | 530          |
| Public safety                     |              |              |              |              |              |              |              |              |              |              |
| Police                            | 886          | 895          | 895          | 1,047        | 1,037        | 904          | 921          | 923          | 933          | 938          |
| Fire                              | 633          | 643          | 654          | 654          | 675          | 721          | 833          | 833          | 860          | 861          |
| Detention center                  | 404          | 434          | 434          | 434          | 409          | 408          | 409          | 415          | 415          | 412          |
| Health and human services         | 104          | 134          | 141          | 173          | 175          | 161          | 163          | 175          | 178          | 177          |
| Public works                      | 344          | 341          | 340          | 347          | 339          | 295          | 299          | 304          | 308          | 309          |
| Recreation and community services | 102          | 106          | 107          | 109          | 99           | 99           | 102          | 110          | 113          | 112          |
| Judicial                          | 300          | 309          | 312          | 273          | 260          | 261          | 264          | 270          | 270          | 104          |
| Code enforcement                  | 166          | 171          | 175          | 173          | 158          | 156          | 168          | 172          | 178          | 177          |
| Land use and development          | 92           | 96           | 98           | 94           | 104          | 101          | 101          | 105          | 90           | 88           |
| Water and wastewater              | 367          | 368          | 362          | 353          | 353          | 348          | 348          | 348          | 348          | 351          |
| Solid waste                       | 68           | 76           | 83           | 83           | 83           | 83           | 84           | 85           | 85           | 85           |
| Child care                        | 6            | 6            | 6            | 7            | 7            | 7            | 7            | 8            | 8            | 9            |
| Total                             | <u>3,997</u> | <u>4,115</u> | <u>4,164</u> | <u>4,333</u> | <u>4,253</u> | <u>4,079</u> | <u>4,236</u> | <u>4,288</u> | <u>4,322</u> | <u>4,153</u> |

Anne Arundel County, Maryland  
 Operating Indicators by Function/Program  
 Last Ten Fiscal Years

| Function/program  | 2000    | 2001    | 2002    | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Police</b>   |         |         |         |         |         |         |         |         |         |         |
| Physical arrests  | 17,502  | 16,507  | 16,609  | 15,858  | 16,419  | 16,321  | 16,644  | 16,424  | 21,476  | 20,151  |
| Parking violations  | 2,857   | 2,003   | 3,255   | 3,325   | 4,010   | 4,382   | 4,562   | 3,772   | 4,887   | 4,103   |
| Traffic violations  | 58,664  | 68,882  | 56,225  | 53,055  | 53,855  | 61,161  | 69,022  | 81,142  | 133,507 | 120,229 |
| <b>Fire</b>   |         |         |         |         |         |         |         |         |         |         |
| Emergency responses                                       | 53,355  | 54,198  | 59,587  | 59,435  | 62,565  | 61,412  | 62,304  | 65,724  | 66,349  | 66,170  |
| Inspections   | 12,630  | 8,848   | 8,842   | 12,301  | 10,353  | 11,436  | 12,992  | 11,308  | 12,201  | 12,075  |
| <b>Streets and highways</b>                               |         |         |         |         |         |         |         |         |         |         |
| Resurfacing (miles)                                       | 63.6    | 81.7    | 65.4    | 45.0    | 31.1    | 78.2    | 124.5   | 65.2    | 47.0    | 53.0    |
| <b>Recreation and community services</b>                  |         |         |         |         |         |         |         |         |         |         |
| Facility use applications                                 | N/A     | N/A     | N/A     | 5,685   | 5,754   | 6,032   | 6,916   | 7,177   | 7,208   | 6,553   |
| <b>Water</b>  |         |         |         |         |         |         |         |         |         |         |
| New water connections                                     | 2,241   | 2,392   | 1,649   | 1,354   | 4,856   | 1,477   | 1,094   | 894     | 937     | 752     |
| Water main breaks   | 140     | 88      | 116     | 150     | 162     | 129     | 152     | 124     | 176     | 192     |
| Average daily water consumption<br>(thousands of gallons) | 31,359  | 34,694  | 32,763  | 31,920  | 30,886  | 31,484  | 33,460  | 30,980  | 35,976  | 36,992  |
| Number of customers                                       | 90,175  | 92,600  | 94,200  | 95,570  | 100,427 | 101,623 | 102,878 | 103,775 | 104,609 | 105,377 |
| <b>Wastewater</b>   |         |         |         |         |         |         |         |         |         |         |
| Average daily sewage treatment<br>(thousands of gallons)  | 31,468  | 30,806  | 29,294  | 33,443  | 33,953  | 32,457  | 31,077  | 32,340  | 30,959  | 30,564  |
| Number of customers                                       | 100,985 | 100,800 | 101,900 | 103,361 | 108,017 | 109,179 | 110,637 | 111,574 | 112,487 | 113,413 |
| <b>Solid waste</b>  |         |         |         |         |         |         |         |         |         |         |
| Trash collected (tons per year)                           | 214,684 | 219,512 | 242,813 | 226,559 | 271,233 | 268,855 | 255,788 | 244,454 | 226,707 | 201,980 |
| Recyclables collected (tons per year)                     | 89,752  | 93,782  | 98,415  | 103,703 | 131,253 | 112,118 | 125,996 | 122,721 | 130,645 | 125,380 |
| <b>Child care</b>   |         |         |         |         |         |         |         |         |         |         |
| Enrollment  | 1,328   | N/A     | 1,414   | 1,533   | 1,619   | 1,689   | 1,921   | 1,982   | 2,477   | 2,148   |

Anne Arundel County, Maryland  
 Capital Asset Statistics by Function  
 Last Ten Fiscal Years

| Function/program   | 2000   | 2001   | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Public Safety</b>                                       |        |        |        |        |        |        |        |        |        |        |
| Police   |        |        |        |        |        |        |        |        |        |        |
| Stations   | 8      | 8      | 8      | 9      | 10     | 10     | 10     | 10     | 10     | 10     |
| Patrol units (vehicles)                                    | 394    | 393    | 399    | 414    | 414    | 429    | 468    | 484    | 487    | 487    |
| Fire   |        |        |        |        |        |        |        |        |        |        |
| County owned stations                                      | 15     | 15     | 17     | 17     | 17     | 17     | 18     | 18     | 18     | 19     |
| Volunteer stations   | 14     | 14     | 12     | 12     | 12     | 12     | 12     | 12     | 12     | 12     |
| Pumpers/tankers  | 63     | 60     | 67     | 62     | 60     | 68     | 61     | 64     | 64     | 65     |
| Ladder trucks  | 18     | 19     | 19     | 21     | 22     | 22     | 24     | 24     | 23     | 23     |
| Paramedic units  | 39     | 40     | 39     | 40     | 41     | 39     | 41     | 40     | 40     | 41     |
| Streets and highways                                       |        |        |        |        |        |        |        |        |        |        |
| Streets (miles)  | 1,654  | 1,669  | 1,691  | 1,710  | 1,735  | 1,754  | 1,761  | 1,765  | 1,767  | 1,768  |
| Streetlights   | 33,926 | 34,290 | 34,467 | 34,877 | 35,081 | 35,423 | 35,800 | 36,130 | 36,561 | 37,105 |
| Traffic signals  | 143    | 150    | 156    | 156    | 161    | 162    | 162    | 168    | 177    | 178    |
| Recreation and community services                          |        |        |        |        |        |        |        |        |        |        |
| Open space acreage   | 3,234  | 3,348  | 4,517  | 4,517  | 5,240  | 5,467  | 3,505  | 3,505  | 4,137  | 3,621  |
| Playgrounds and Parks acreage                              | 3,953  | 4,102  | 5,644  | 5,644  | 5,647  | 5,671  | 6,029  | 6,029  | 6,897  | 6,928  |
| Parks  |        |        |        |        |        |        |        |        |        |        |
| Playgrounds  | 81     | 92     | 93     | 93     | 94     | 92     | 70     | 71     | 70     | 62     |
| Baseball/softball fields                                   | 193    | 199    | 206    | 206    | 210    | 213    | 240    | 239    | 241    | 236    |
| Football fields  | 151    | 155    | 161    | 161    | 162    | 169    | 107    | 110    | 112    | 118    |
| Basketball courts  | 111    | 111    | 113    | 113    | 113    | 111    | 76     | 78     | 78     | 70     |
| Tennis courts  | 219    | 219    | 219    | 219    | 214    | 212    | 86     | 84     | 84     | 64     |
| Water  |        |        |        |        |        |        |        |        |        |        |
| Water mains (miles)  | 1,236  | 1,242  | 1,263  | 1,293  | 1,302  | 1,315  | 1,330  | 1,338  | 1,354  | 1,365  |
| Water treatment plants                                     | 20     | 13     | 13     | 13     | 14     | 13     | 13     | 13     | 13     | 13     |
| Wastewater   |        |        |        |        |        |        |        |        |        |        |
| Maximum daily treatment capacity<br>(thousands of gallons) | 42,115 | 43,615 | 43,615 | 43,615 | 43,615 | 43,615 | 43,615 | 43,615 | 46,615 | 46,615 |
| Wastewater mains (miles)                                   | 1,103  | 1,120  | 1,142  | 1,156  | 1,346  | 1,363  | 1,376  | 1,397  | 1,417  | 1,440  |
| Wastewater treatment plants                                | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 7      |
| Wastewater pumping stations                                | 240    | 241    | 241    | 242    | 243    | 243    | 245    | 248    | 251    | 252    |

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