

# **Anne Arundel County, Maryland**

## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010

### **County Executive**

John R. Leopold

### **County Council**

Richard B. Ladd – Chairman

Daryl Jones

John J. Grasso

Derek Fink

G. James Benoit, Jr.

Chris Trumbauer

Jerry Walker

Prepared by: Office of Finance – Richard K. Drain, Controller

**Anne Arundel County, Maryland  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2010**

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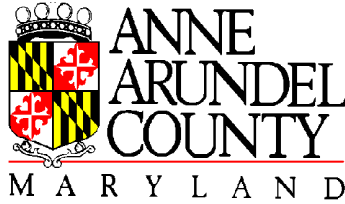
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**OFFICE OF FINANCE**

John R. Leopold,  
County Executive

Richard K. Drain,  
Controller

**ARUNDEL CENTER  
P.O. BOX 2700  
ANNAPOLIS, MARYLAND 21404-2700  
(410) 222-1781**

January 28, 2011

The Honorable County Executive,  
The Members of the County Council,  
Chief Administrative Officer 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, 2010 in compliance with the Anne Arundel County Charter Section 513. 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 2010.

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, Clifton Gunderson LLP, in conjunction with the County Auditor, Teresa Sutherland. Opinions from Clifton Gunderson, 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.

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

**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

## ANNE ARUNDEL COUNTY

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Charles, the third Lord Baltimore, and Cecil's younger brother Leonard Calvert, who later became Maryland's first proprietary governor, were the first family members to step on Maryland soil. Anne of Arundell died at the age of 34. Her husband had engraved on her tombstone, "Farewell, you most lovely of earthly beauties". The following year, in 1650, the General Assembly of the Maryland Colony named this county in her honor.

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

### **Government**

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

### **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 two in Maryland for defense procurement contracts totaling \$1.9 billion. Defense contracts in the county have grown over the last nine years from \$550 million in fiscal year 2000 to \$1.9 billion in fiscal year 2009, an increase of nearly 300%. 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 2011. The National Security Agency (NSA) is also expanding by hiring an estimated 6,680 additional personnel over the next eight 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. 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 534 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 16.6 % 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 approximately 9,700 direct jobs in the County and generates in excess of \$5 billion 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 effi-

## ANNE ARUNDEL COUNTY

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ciency to ensure that BWI will be prepared for future growth and continue to be a leading airport in the region. In fiscal year 2010, 21.3 million passengers traveled through BWI.

Anne Arundel County's unemployment rate continues to be lower than both the State of Maryland's and the United States. During fiscal year 2010, Anne Arundel County's unemployment rate averaged 5.7%; the State averaged 7.3% and the national average was 9.8%. Despite the fact that Anne Arundel County's in-place jobs have increased by an annual average of about 5,000 jobs in recent years, the current recession has resulted in a near term decrease in jobs of 2.2% or 5,110 jobs for fiscal year 2010 when compared to fiscal year 2009. However, the County's in-place jobs for May and June 2010 were slightly higher than the same period in fiscal year 2009 suggesting that job growth may be rebounding. Attracting new businesses to the county and helping our existing businesses grow jobs, and the creation of jobs is an 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.

### **Long Term Financial Planning**

#### **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 annual budget serves as the foundation for the County's financial and 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 budget message, current expense budget and the capital budget and capital program. 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.

The operating budget includes an appropriation for the full range of basic services as articulated in its Charter. These services include public safety, education, public works, community services, general government, legislative and judicial, and capital, debt and reserves. The capital budget includes funds to construct major governmental facilities such as roads, bridges, schools, libraries, water and sewer infrastructure and fire stations. Capital projects usually take more than a year to complete, unlike the operating budget which usually covers only a year.

The budget process begins each fall when the County departments receive budget preparation instructions for the capital budget. The capital budget preparation is directed by the Chief Administrative Officer and the Budget Office. For the current expense budget, the County departments receive budget preparation guidance from the Chief Administrative Officer in early December. A Spending Affordability Committee is appointed by the

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County Executive and confirmed by the County Council and makes advisory recommendations relating to County spending levels to reflect the ability of the taxpayer to finance County services and long-term debt. A Planning Advisory Board, appointed by the County Executive, reviews the itemized list of capital projects which agency propose to undertake in the ensuing fiscal year and the next succeeding five fiscal years and makes interim recommendations.

After a thorough review of the departmental requests, the comprehensive budget document is submitted to the County Council by April 15<sup>th</sup>. The County Council then conducts a series of public hearings and work sessions in May to review the proposed budget. The County Council cannot change the form of the budget as submitted by the County Executive to alter the revenue estimates or to increase any expenditure for current or capital purposes, unless expressly provided in state law and to correct mathematical errors. The County Council can reduce the Executive's budget, but not increase it, except in the case of the Board of Education's budget. After its review, the County Council finalizes the budget and sets tax rates, fees and charges needed to generate enough revenue to balance the budget. The budget must be adopted by the County Council on or before the first day of the last month of the fiscal year currently ending.

The Office of Finance is responsible for budgetary control. Expenditure authority for the operating budget is at the fund and department level in major categories including personnel costs, operating expenses, and capital costs. Appropriations in the capital budget are at the project level on an annual basis. Management cannot overspend the budget without the approval of the governing body through supplemental budget appropriations. 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**

In September 2002, legislation was enacted to change the maximum amount that may be retained in the Revenue Stabilization Fund (Fund) as a percentage of the total general fund appropriation. The legislation provides that the amount of the annual appropriation to the Fund may not cause the sum of the balance of the 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 Fund to the General Fund. 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. The Fund balance is \$17,106,347 at June 30, 2010.

### **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's investment policy provides for the safety and liquidity of public funds by minimizing credit and market risks while providing for the highest yield on the investment portfolio. All deposits at June 30, 2010 were either insured by federal depository insurance or collateralized with the collateral held by an independent third party. 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.

The County's four 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. The

pension funds establish asset allocation targets, investment manager selection and investment performance (benchmarks) guidelines.

### **Debt Management**

The County funds its capital program based on the requirements of the General Plan and supporting master plans for schools, recreation and parks, human services, water and sewer, solid waste, libraries, fire stations and public facilities. The County plans long and short-term debt issuance to finance its capital budget on cash flow needs, sources of revenue, capital construction periods, available financing instruments and market conditions. The County finances its capital needs on a regular basis dictated by its capital spending pattern. External financial specialists assist the County in developing a bond issuance strategy, preparing bond documents and marketing bonds to investors. Bonds issued to the County mature over a term that does not exceed the economic life of the improvements that they finance. In prior years, the County initially 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.

The County adopted a debt management policy that establishes the processes employed to manage its debt. The policy set the parameters for issuing debt and managing outstanding debt. It provides guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale that may be used and structural features that may be incorporated. By establishing a debt policy, the County has recognized the binding commitment to full and timely repayment of all debt. The policy ensures that the County maintains a sound debt position and that credit quality is protected.

The financial policies and management practices of Anne Arundel County have been recognized by the rating agencies and the Standard & Poor's Rating Group has assigned the County a rating of AAA (highest possible rating).

### **Risk Management**

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

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

### **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, 2009. This was the twenty-ninth 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 and the Chief Administrative Officer for their 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 Laureen Toney, Assistant Controller.

Sincerely,



Richard K. Drain,  
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, 2009

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.



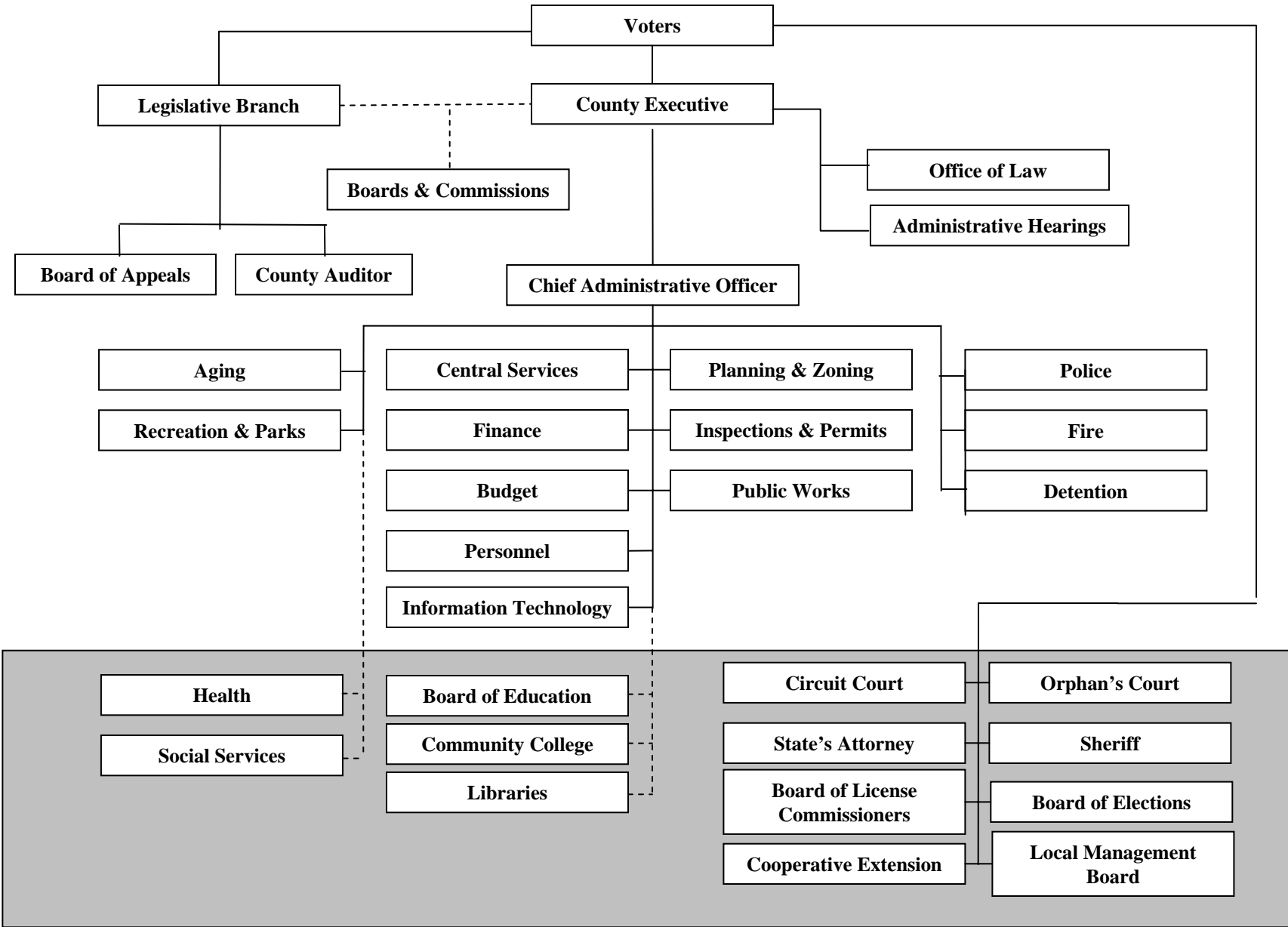
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

# Anne Arundel County, Maryland



## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Anne Arundel County, Maryland (the County), as of and for the year ended June 30, 2010 and the budgetary comparison for the general fund for the year ended June 30, 2010, 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 did not audit the component unit financial statements of the Anne Arundel Community College, the Anne Arundel Economic Development Corporation, the Tipton Airport Authority and the Anne Arundel Workforce Development Corporation, which represent 14 percent, 14 percent, and 11 percent, respectively, of the assets, net assets and revenues of the component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above-mentioned component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Anne Arundel County, Maryland, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2011 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Schedules of Funding Progress, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying introductory section and combining fund statements, budgetary statements, and other supporting schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund statements, budgetary statements, and other supporting schedules section have been subjected to the auditing procedures applied by us and 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 listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Clifton Gunderson LLP*

Baltimore, Maryland  
January 28, 2011



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

**Independent Auditor's Report**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Anne Arundel County, Maryland (the County), as of and for the year ended June 30, 2010, and the budgetary comparison for the general fund for the year ended June 30, 2010, that 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 did not audit the component unit financial statements of the Anne Arundel County Board of Education, the Anne Arundel Community College, the Anne Arundel Economic Development Corporation, the Tipton Airport Authority and the Anne Arundel Workforce Development Corporation, which represent 99 percent, 99 percent and 99 percent, respectively, of the assets, net assets, and revenues of the component units. We also did not audit the Pension Trust Funds as of and for the year ended December 31, 2009. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above mentioned component units and the Pension Trust 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Anne Arundel County, Maryland, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund,

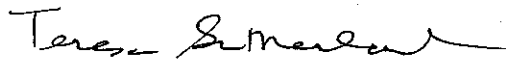
for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2011 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Schedules of Funding Progress as listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We 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 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 introductory section and combining fund statements, budgetary statements, and other supporting schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund statements, budgetary statements, and other supporting schedules section have been subjected to the auditing procedures applied by us and 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 listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Annapolis, Maryland  
January 28, 2011



**Anne Arundel County, Maryland**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2010**

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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, 2009 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 segregates revenue sources to ensure these funds are spent on the intended purpose;



**Anne Arundel County, Maryland**  
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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 2010, the County's net assets resulting from governmental activities decreased by \$189.9 million or 45%. This decline was related primarily to decreases in the unrestricted net assets of \$101.2 million and restricted assets of \$106.1 million and an increase of \$17.5 million in capital assets net of debt. In fiscal year 2010, results for the County's business-type activities increased by \$19.1 million or 2%. This increase was generated by additional unrestricted net assets of \$24.8 million and increases in capital assets of \$2.8 million and a decrease in restricted assets of \$8.5 million.

**Anne Arundel County, Maryland**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2010**

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*Changes to Statement of Net Assets' Components* - In governmental activities, total assets decreased by \$43.7 million and total liabilities increased by \$146.1 million. The current unrestricted assets increased by \$27.6 million (9%) and current restricted assets decreased by \$82.3 million (47%), respectively, while the capital assets increased by \$11.0 million, or 1%. The increase in the current asset categories was primarily in cash and temporary investments and prepaid and other receivables offset by a decline in taxes and other State revenue receivables. The current restricted assets decrease was primarily due to a reduction in cash and temporary investments of \$77.9 million as certain assets were no longer restricted.

While the assets decreased by less than 3%, the liabilities rose 13%. Noncurrent liabilities increased by \$170.4 million (19%); yet current and restricted liabilities decreased by \$7.8 million (4%) and \$16.4 million (44%), respectively. The increase in noncurrent liabilities was caused by increases in long-term bonded debt of \$90.1 million, recording the other post-employment benefits (OPEB) obligation of \$60.1 million and an increase in unpaid insurance claims of \$10.8 million related to expenses no longer covered by Medicare. The current liabilities' decreases were the result of a reduction of \$36.1 million for bond anticipation notes (BANS) as cash available for capital projects did not require that BANS be issued in fiscal year 2010. This decline was offset by an increase in accrued liabilities of \$12.2 million, the current portion of non-current liabilities \$7.6 million and amounts due to component units of \$9.8 million.

Net assets related to business-type activities increased \$19.1 million or 2% in fiscal year 2010. Assets increased by \$16.8 million, while liabilities decreased by \$2.2 million. Increases in current assets of \$60.6 million and capital assets of \$29.8 million were primarily offset by decreases in restricted assets of \$71.3 million. This decrease is due to a reduction of cash and investments reserved for debt service of \$74. million.

The \$2.2 million decrease in business-type liabilities was caused by a decline in current liabilities of \$22.0 million and restricted liabilities of \$11.1 million, respectively offset by an increase in noncurrent liabilities of \$30.8 million. The decrease in current liabilities was primarily caused by the delay in issuing BANS until fiscal year 2011 of \$35.3 million offset by increases in accrued liabilities of \$11.4 million. The decline in the restricted liabilities occurred primarily due to a decline in accrued liabilities of \$9.4 million. The increase in noncurrent liabilities was caused primarily by additional net debt in fiscal year 2010 that totaled \$26.3 million and the recording of the OPEB obligation of \$5.5 million.

*Significant changes in revenues and expenses* – Fiscal year 2010 showed continuing growth in property taxes as significant Federal defense and intelligence presence help support this growth. Additionally, the County had a rebound in local income taxes and recordation and transfer taxes. However, the downturn in the economy caused a continued slow down in the local sales tax and a small reduction in State aid. General revenues in governmental activities increased \$32.3 million, or 3%, from fiscal year 2009. The majority of the increase is due to growth in property taxes of \$17.2 million (3%), increased local income taxes of \$14.6 million (4%) and increased recordation and transfer taxes of \$3.9 million, or 7%. Due to the reduction in interest rates, investment income decreased by \$4.2 million or 64%.

During fiscal year 2010, the governmental activities' program revenues decreased by \$40.8 million. Declines in operating grants and contributions and capital grants of \$23.4 million and \$21.8 million were incurred. An increase in charges for services of \$4.4 million occurred during fiscal year 2010.

The business-type activities show an increase in total program revenue of \$2.7 million (2%). An increase in charges for services of \$7.5 million (6%) was offset by a decrease \$4.8 million in capital grants and contributions or 10%. General revenue sources have decreased by \$3.4 million, a 23% decrease from the previous year. Declines in investment income of \$4.1 million, or 48% were offset by an increase in other revenues of \$733,400 or 12% from fiscal year 2009.

Business-type expenses decreased by \$2.9 million (2%) from the previous year expenses. Declines were noted in the water and wastewater expenses of \$1.5 million (1%) and waste collection of \$1.4 million (3%). The Child Care Fund had a nominal decrease in expenses from the previous year.

*Changes to debt* – The County's total bonded debt balance increased by \$106.6 million in fiscal year 2010.

**Anne Arundel County, Maryland**  
**Management Discussion and Analysis**  
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The County issued \$139.0 million of bonds for governmental activities including education, public safety, infrastructure improvements, libraries, and general government improvements. The County also issued \$46.7 million for business-type activities which will be used for utility and waste collection improvements. Of the issue of \$185.7 million, \$71.4 million was used to liquidate BANS issued in May 2009.

**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.

<b>Anne Arundel County, Maryland</b>						
<b>Condensed Statement of Net Assets</b>						
	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009 (restated)	2010	2009
<b>Assets:</b>						
Current	\$ 340,475,022	\$ 312,891,784	\$ 104,391,092	\$ 43,741,616	\$ 444,866,114	\$ 356,633,400
Restricted - Current	92,451,403	174,733,514	185,499,740	256,840,640	277,951,143	431,574,154
Restricted - Noncurrent	-	-	55,558,558	57,811,308	55,558,558	57,811,308
Capital	1,048,617,869	1,037,628,247	1,150,478,302	1,120,703,217	2,199,096,171	2,158,331,464
Total	<u>1,481,544,294</u>	<u>1,525,253,545</u>	<u>1,495,927,692</u>	<u>1,479,096,781</u>	<u>2,977,471,986</u>	<u>3,004,350,326</u>
<b>Liabilities:</b>						
Current	171,400,477	179,198,128	46,873,884	68,863,576	218,274,361	248,061,704
Restricted - current	21,289,366	37,712,535	17,466,366	28,572,137	38,755,732	66,284,672
Noncurrent	1,060,510,854	890,148,681	394,697,938	363,850,883	1,455,208,792	1,253,999,564
Total	<u>1,253,200,697</u>	<u>1,107,059,344</u>	<u>459,038,188</u>	<u>461,286,596</u>	<u>1,712,238,885</u>	<u>1,568,345,940</u>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	641,108,437	623,584,525	803,603,097	800,771,373	1,444,711,534	1,424,355,898
Restricted	69,196,624	175,303,813	211,003,894	219,539,847	280,200,518	394,843,660
Unrestricted	(481,961,464)	(380,694,137)	22,282,513	(2,501,035)	(459,678,951)	(383,195,172)
Total (restated)	<u>\$ 228,343,597</u>	<u>\$ 418,194,201</u>	<u>\$ 1,036,889,504</u>	<u>\$ 1,017,810,185</u>	<u>\$ 1,265,233,101</u>	<u>\$ 1,436,004,386</u>

*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, 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, OPEB, accrued liabilities for annual and sick leave, estimates for long-term insurance claims, long term escrow deposits, and revenue recorded but not yet earned.

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

*Management's Analysis* – Unrestricted current assets of governmental activities are \$27.6 million more in fiscal year 2010 due primarily to increases in cash and temporary investments of \$16.8 million and prepaids and other receivables of \$15.3 million offset by a decline in taxes and State revenue receivables of \$7.1 million. The business-type activities current assets increased by \$60.7 million primarily due to increases in cash and temporary investments as certain assets were no longer considered restricted.

**Anne Arundel County, Maryland**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2010**

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Restricted assets in governmental activities decreased by \$82.3 million (47%) as cash in the capital projects fund was used to fund capital construction projects due to a reduction in pay-as-you-go funding and certain assets were no longer considered restricted. The fluctuation in current restricted assets in business-type activities is \$71.3 million, or 28%.

Restricted noncurrent assets in business-type activities decreased by \$2.3 million from fiscal year 2009 or 4%. These assets result from long-term receivables for front foot benefit charges and capital connection charges. Additionally, legislation enacted in 2008 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. With the expiration of the deferral period for certain of these charges, the revenue has been recognized resulting in a reduction of this asset.

The governmental capital assets net balance increased by \$11.0 million from the previous year (1%) 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 \$29.8 million (3%).

Current unrestricted liabilities for governmental activities decreased by \$7.8 million, or 4%, from the previous fiscal year. The decrease was primarily caused because BANS were not issued during fiscal year 2010 due to sufficient cash balance being available for capital projects, which resulted in a reduction of \$36.1 million. This decline was offset by increases in accrued liabilities of \$12.2 million, the current portion of non-current liabilities of \$7.6 million and amounts due to component units of \$9.8 million. The current unrestricted liabilities in business-type activities decreased by \$22.0 million, or 32%, from fiscal year 2009. Again, this decrease was primarily caused by BANS not being issued during fiscal year 2010, a reduction of \$35.3 million which was offset by an increase in accrued liabilities of \$11.4 million.

Restricted current liabilities for governmental activities decreased by \$16.4 million, or 44%, from fiscal year 2009. The decline was primarily caused by a reduction in the amounts due to the Board of Education and Community College at year-end for capital projects in process of \$12.6 million and a decrease of \$2.4 million in accrued liabilities for General County, highways, and recreation capital projects. Restricted current liabilities for business-type activities decreased by \$11.1 million primarily due to a decline in accrued liabilities of \$9.4 million and decreases in deferred revenue of \$896,800 and escrow deposits of \$802,800. Prepaid wastewater connection fees were substantially deferred into subsequent years, and the recognition of that revenue caused a decrease in the restricted deferred revenue.

Noncurrent liabilities consist of bonded debt, OPEB obligation, self insurance reserves, loans, capital leases, and other liabilities. These liabilities increased \$170.4 million, or 19%, in governmental activities, and increased by \$30.8 million, or 8%, in business-type activities. The increase in both governmental and business-type 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 \$91.2 million, and the recording of the OPEB obligation of \$60.1 million. Additionally, increases were noted in unpaid insurance claims of \$10.8 million due primarily to increases in self insurance reserves for additional cost no longer paid by Medicare and \$8.1 million in deferred revenue as developers prepaid fees before a rate increase. The increase noted in the noncurrent liabilities in business-type activities for fiscal year 2010 was caused primarily by an increase in the net bonded debt of \$26.3 million and the recording of the OPEB obligation of \$5.5 million offset by a decline in deferred revenue of \$1.4 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 (\$380.7) million to (\$482.0) million, a decrease of 27%. 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 this outstanding debt, there are no capital assets recorded on the Primary Government's statements. The negative unrestricted governmental activities fund balance of \$482.0 million reflects this treatment. The Board of Education and Community College capital net assets of approximately \$743.9 million and \$75.6 million, respectively, are

**Anne Arundel County, Maryland**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2010**

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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>
2005	\$ (69.4)	2008	\$ (189.6)
2006	(106.9)	2009	(380.7)
2007	(100.5)	2010	(482.0)

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 \$8.4 million, which is less than 1% decrease from the previous year. The majority of the decline is the result of reductions in operating and capital grants in excess of \$40.8 million that was offset by increase in general revenues of \$32.4 million. The majority of the increase is due to growth in property taxes of \$17.2 million, increased local income taxes of \$14.6 million and increased recordation and transfer taxes of \$3.9 million. Due to an increase in the assessable property tax base, the Charter-imposed property tax cap calculation required the property tax rates to remain at the same rate in fiscal year 2010. Due to the reduction in interest rates, investment income decreased by \$4.2 million or 64%.

The governmental activities' expenses increased by \$17 million or 1% from fiscal year 2009. Certain functional categories of expenditures have increased that were offset by declines in other area. However, the more notable fluctuations were in education, public safety and public works. Education expenses decreased \$21.9 million, or 3% from fiscal year 2009. Increases were noted in public safety of \$18.1 million, or 7%, and public works of \$15.9 million, or 23%, from fiscal year 2009 due to the significant snow storms that occurred during the winter of 2010.

In business-type activities there was an increase in charges for services of \$7.5 million, or 6%, in fiscal year 2010. Capital grants and contributions decreased by \$4.8 million, or 10%, from the previous year. Additional water service utilization and a rate increase caused the increase in charges for services and a decline in additional developer-built assets transferred to County ownership contributed to the capital grant decrease. In general revenue, investment income decreased \$4.1 million, or 48%, from fiscal year 2009 to 2010 due to the decline in interest rates and other revenue increased \$733,400 or 12% as a result of the County's efforts to encourage additional recycling.

Business-type expenses had an overall decrease of \$2.9 million or less than 2% from the previous year. Specifically, declines were noted in water and wastewater activities of \$1.5 million or 1% and waste collection activity decreased by \$1.4 million, or 3%. The decreases resulted from the hiring and spending freeze imposed by the County.

**Anne Arundel County, Maryland**  
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**Anne Arundel County, Maryland**  
**Statement of Activities**

	Governmental		Business type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
<b>Program revenues:</b>						
Charges for services	\$ 103,055,105	\$ 98,630,006	\$ 125,877,947	\$ 118,395,214	\$ 228,933,052	\$ 217,025,220
Operating grants & contributions	47,152,967	70,564,543	-	-	47,152,967	70,564,543
Capital grants & contributions	25,737,806	47,574,099	44,797,489	49,630,063	70,535,295	97,204,162
	<u>175,945,878</u>	<u>216,768,648</u>	<u>170,675,436</u>	<u>168,025,277</u>	<u>346,621,314</u>	<u>384,793,925</u>
<b>General revenue:</b>						
General property taxes	557,795,984	540,601,607	-	-	557,795,984	540,601,607
Local income taxes	349,283,087	334,647,487	-	-	349,283,087	334,647,487
State shared taxes	7,521,384	7,931,069	-	-	7,521,384	7,931,069
Recordation & transfer taxes	59,727,498	55,811,003	-	-	59,727,498	55,811,003
Local sales taxes	31,681,511	33,269,235	-	-	31,681,511	33,269,235
Investment income	2,334,695	6,565,289	4,509,396	8,602,409	6,844,091	15,167,698
Other revenue	2,810,571	-	6,830,273	6,096,915	9,640,844	6,096,915
Extraordinary Item- Due to State	-	-	-	-	-	-
	<u>1,011,154,730</u>	<u>978,825,690</u>	<u>11,339,669</u>	<u>14,699,324</u>	<u>1,022,494,399</u>	<u>993,525,014</u>
<b>Total revenues</b>	<u>1,187,100,608</u>	<u>1,195,594,338</u>	<u>182,015,105</u>	<u>182,724,601</u>	<u>1,369,115,713</u>	<u>1,378,318,939</u>
<b>Expenses:</b>						
Education	663,562,741	685,499,312	-	-	663,562,741	685,499,312
Public safety	285,294,716	267,140,128	-	-	285,294,716	267,140,128
General government	121,426,982	119,848,947	-	-	121,426,982	119,848,947
Health & human services	72,731,119	73,669,152	-	-	72,731,119	73,669,152
Public works	83,999,982	68,103,213	-	-	83,999,982	68,103,213
Recreation & community services	63,687,644	63,031,568	-	-	63,687,644	63,031,568
Judicial	26,925,038	26,394,571	-	-	26,925,038	26,394,571
Code enforcement	13,905,214	13,378,406	-	-	13,905,214	13,378,406
Land use & development	11,010,436	12,995,469	-	-	11,010,436	12,995,469
Economic development	-	-	-	-	-	-
Interest expense on debt	34,407,340	29,795,371	-	-	34,407,340	29,795,371
Water & wastewater	-	-	112,693,569	114,150,394	112,693,569	114,150,394
Waste collection	-	-	46,538,979	47,884,754	46,538,979	47,884,754
Child care	-	-	3,703,238	3,755,972	3,703,238	3,755,972
	<u>1,376,951,212</u>	<u>1,359,856,137</u>	<u>162,935,786</u>	<u>165,791,120</u>	<u>1,539,886,998</u>	<u>1,525,647,257</u>
<b>Total expenses</b>	<u>1,376,951,212</u>	<u>1,359,856,137</u>	<u>162,935,786</u>	<u>165,791,120</u>	<u>1,539,886,998</u>	<u>1,525,647,257</u>
Change in net assets	(189,850,604)	(164,261,799)	19,079,319	16,933,481	(170,771,285)	(147,328,318)
Net assets, beg of year, restated	418,194,201	582,456,000	1,017,810,185	1,000,876,704	1,436,004,386	1,583,332,704
Net assets, end of year	<u>\$ 228,343,597</u>	<u>\$ 418,194,201</u>	<u>\$ 1,036,889,504</u>	<u>\$ 1,017,810,185</u>	<u>\$ 1,265,233,101</u>	<u>\$ 1,436,004,386</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 2010 distribution and significant changes since 2009 follows.

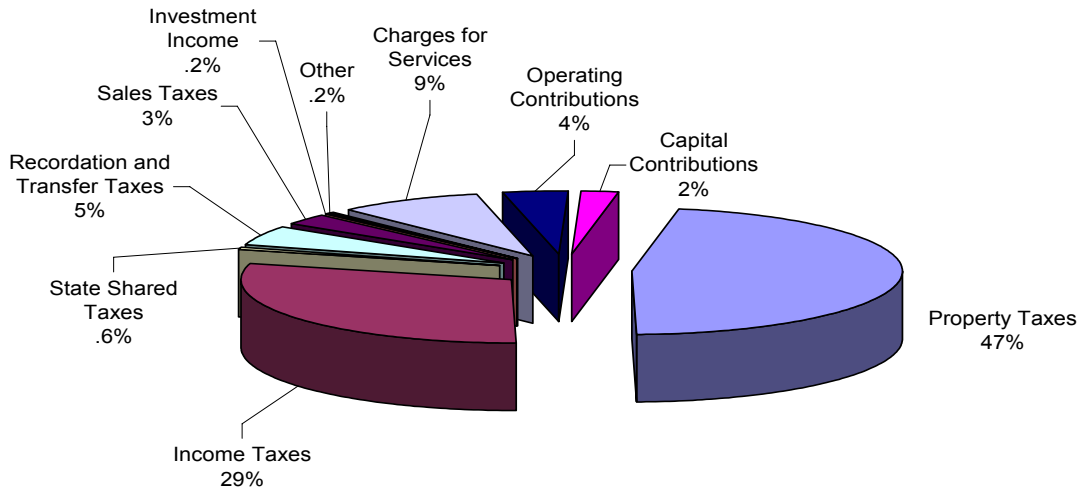
General revenue sources continue to provide the vast majority of the County's revenue. Tax revenues from property assessments, income, State shared sources, recordation and transfer, and sales of certain goods provided about 85% of our revenue base, which is an increase from fiscal year 2009. Charges for services, in which the users pay the County for services obtained, increased from 8% from fiscal year 2009 to 9% for fiscal year 2010.

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 48% of total expenses. Education expenses represent those for the Anne Arundel County Board of Education and Anne Arundel Community College.

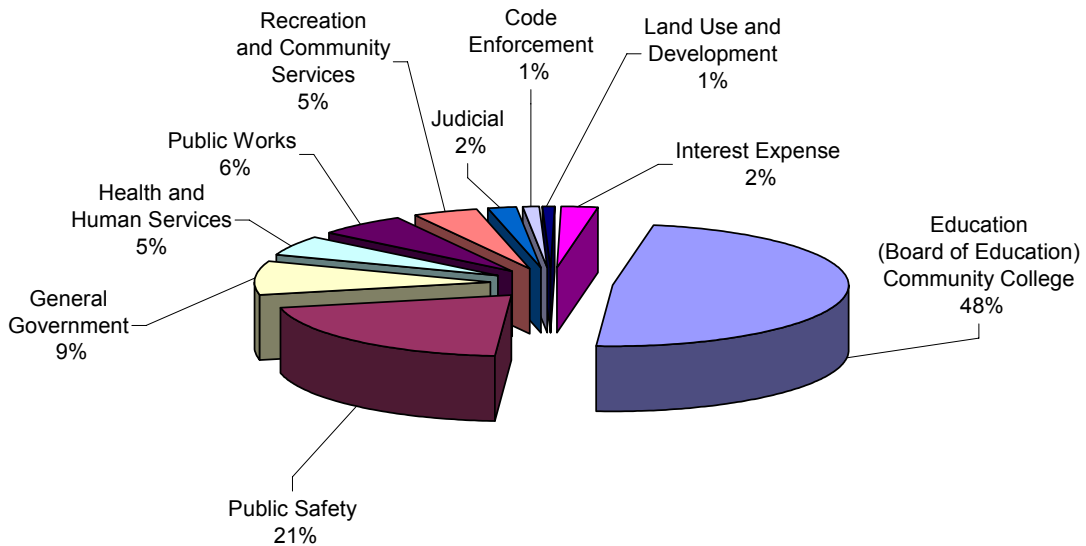
**Anne Arundel County, Maryland**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2010**

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Governmental Revenues Fiscal Year 2010



Governmental Expenses Fiscal Year 2010



**Anne Arundel County, Maryland**  
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**Fund Statements**

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

***Governmental Funds:***

Total assets in the General Fund increased from \$167.9 million to \$169.7 million, or \$1.8 million, from fiscal year 2009. The increase primarily occurred in cash and investments of \$4.1 million that was offset by a decline in various receivables due to the County of \$2.7 million. Total fund balance increased from \$45.0 million to \$51.5 million or an increase of \$6.5 million. The increase in the cash and fund balance was caused by increases in property and income taxes from fiscal year 2009 offset by declines in program revenues (operating and capital grants).

General Fund expenditures increased from \$1,140.0 million to \$1,144.9 million, or \$4.9 million. This growth outpaced the revenue increases; however, other sources and uses brought a net to the General Fund of \$89.4 million to the General Fund in fiscal year 2010, compared to a net outflow of \$9.1 million in 2009. This change was primarily caused by a net increase in general obligation bonds issued of \$113.4 million and a decrease in the amount of transfers between funds of \$24.0 million in fiscal year 2010.

The unreserved and undesignated General Fund balance increased from (\$2.1 million) in fiscal year 2009 to \$27.6 million in 2010. The majority of the \$29.7 million increase occurred due to a transfer of \$16 million from the Revenue Stabilization Fund (rainy day fund), elimination of certain reserves for debt service and the golf course of \$7 million and available cash designated for next year's expenditures of \$5 million.

The County has a Revenue Stabilization Fund (rainy day fund) of \$17.1 million at the end of fiscal year 2010. The reduction in this fund from the prior year of \$15.7 million was due to the transfer of \$16 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 \$328,193. 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 only the second time that it has been used by Management.

The Impact Fees Fund retains developer impact fees until needed for the construction of capital assets. The total assets within this fund have decreased from \$52.0 million in fiscal year 2009 to \$51.3 million in 2010. The fund balance decreased by \$6.4 million as a result of an increase in accounts payable and accrued liabilities at June 30, 2010 of \$5.8 million. Impact fees recognized dropped \$1.2 million, from \$5.3 million in fiscal year 2009 to \$4.1 million in 2010. This decline was due to the slow down in new development and declining interest rates also decreased investment income by \$754,400. The transfers to other funds increased as \$4.9 million was transferred in fiscal year 2010 compared to \$3.7 million in 2009.

The General County Capital Projects Fund's total assets decreased from \$111.2 million in fiscal year 2009 to \$57.8 million in 2010, or \$53.4 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 2010. Liabilities decreased by \$4.8 million, primarily due to a decrease in the amount due to the Board of Education and Community Colleges for its capital improvement projects of \$2.6 million and decreases in accrued liabilities and deferred revenue of \$1.2 million and \$1.1 million, respectively. The reduction of the cash offset by the decrease in liabilities is the cause of the decrease in fund balance from \$87.2 million in fiscal year 2009 to \$38.6 million in 2010.

Revenues in the General County Capital Projects Fund decreased from \$29.5 million in fiscal year 2009 to \$11.7 million in fiscal year 2010, or \$17.8 million. Expenditures in this fund decreased by \$37.9 million which is attributed to decreases of \$14.1 million in capital outlays and amounts paid to the Board of Education and Community College of \$23.9 million.



**Anne Arundel County, Maryland**  
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**Year Ended June 30, 2010**

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***Proprietary Funds:***

The Water and Wastewater Fund's assets, totaled \$1.42 billion at the end of fiscal year 2010, increased by \$16.6 million during fiscal year 2010. The increase primarily occurred as a result of a net increase of **\$18.7 million** in capital assets and an increase in service billings of \$3.3 million offset by a decrease in cash and investments restricted for debt service of \$16.7 million. Capital assets increase each year as capital projects are completed and developer donated water and sewer facilities are added. The cash and investment decreases were a result of the using pay-as-you-go and bond proceeds in the Utility Capital Projects Fund. Liabilities have decreased by \$4.9 million. The decline resulted primarily from BANS not being sold during fiscal year 2010 (a decrease of \$31.8 million) offset by additional long-term bonded debt of \$22.7 million, the recording of the liability for OPEB benefits of \$4.4 million and an increase of \$1 million due to other funds. As a result of the changes in assets and liabilities, the Water and Wastewater Fund's net assets increased \$21.4 million, or 2%.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets shows an increase in operating revenues of \$8.3 million, or 11% due to increased utilization and a rate increase that occurred in January 2010. Water rates increased from \$2.32 per thousand gallons to \$2.44 per thousand and wastewater rates increased from \$4.08 per thousand gallons to \$4.28 per thousand. Operating expenses decreased by \$1.7 million, or 2%. Nonoperating components declined from the previous year by \$3.3 million due to a decrease in investment income. Capital contributions, fees and grants, decreased by \$4.8 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 remained virtually the same. Liabilities increased by \$2.1 million or 4% from fiscal year 2009 to 2010, resulting from increases in long term debt of \$3.7 million, recording an increased liability of \$1 million for OPEB and other modest increases in other liability categories offset by BANS not being sold during fiscal year 2010 (\$3.5 million).

Operating revenue decreased by \$339,485 as a result of a decline in landfill usage. The user fee for household pick-up has remained at \$275 from fiscal years 2007. Expenses decreased by \$933,200 due to a hiring and spending freeze implemented by the County.

***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, 2009. Investment growth increased from calendar year 2008 to 2009. Contributions increased from \$47.9 million in 2008 to \$55.2 million during 2009, an increase in the investment activity of \$621.1 million in 2009, resulted in an increase in net assets of \$155.2 million, compared to a decrease of \$474.9 million in 2008. Agency funds increased from \$14.3 million to \$17.4 million. The increase resulted from additional tax sale escrow deposits received during fiscal year 2010 of \$3.5 million for the properties in tax sale.

**Budgetary Variations**

The budgetary statements of the General Fund show actual revenues of \$1.197 billion compared to budgeted amounts of \$1.193 billion, resulting in \$4.3 million increase in revenue than anticipated. The most significant budgetary variation within components of revenue was State shared taxes, which underperformed budgetary expectation by \$8.2 million, or 48% and declines in local income tax, investment income and fees for services which totaled \$8.5 million. These decreases were caused by the downturn on the economy. Inter-fund recoveries exceeded expectation by \$16.3 million or 14.8% and this increase is the result of the transfer of \$16 million from the Revenue Stabilization Fund (rainy day fund). General property taxes were favorable of \$6.7 million due to continued economic growth in the County.

Total expenditures on a budgetary basis were \$1.173 billion compared to appropriation authority of \$1.193 billion, resulting in \$19.8 million, or 2%, less than planned. The only notable variances in expenditures were general government, which under spent by \$12.2 million, or 10.6%. The variance in the general government

**Anne Arundel County, Maryland**  
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**Year Ended June 30, 2010**

category occurred in part because the County did not use \$8 million of the contingency monies set aside in the budget and a general reduction in expenditures due a hiring and spending freeze implemented during fiscal year 2010.

In reviewing the changes from the original budget to the final budget, budgeted revenue increased by \$11.8 million. The increase was primarily attributed to a \$9.3 million increase in fees for services and other revenues as additional premiums were received on the bond sale. The expenditure categories with nominal decreases were public safety; general government; land use and development; and debt service. A significant increase of \$15 million was noted between the original budget and the final budget for public works due to a transfer to cover the costs associated with the snow storms that occurred during fiscal year 2010. Management is not aware of any reasons why these and other budgetary variations would have a significant effect on future liquidity or services.

**Capital Assets**

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

*Governmental capital assets* - Total governmental capital assets show an increase from the prior year of \$11 million, or 1%. The table below shows a \$27.7 million increase in furniture and equipment or 294% resulting from improvements to the County's 800 MHZ radio station equipment and related upgrades to public safety communications. An increase of \$12.2 million in land improvements or 12% and an increase of \$6.3 million in land easements or 3% was also noted. Construction in progress has decreased by \$18.3 million, or 11%. The continued progress on capital projects was offset by the significant amount of expenditures related to those projects that reached substantial completion during fiscal year 2010. Decreases were also noted in buildings of \$6 million and infrastructure (roads, bridges and signals) of \$9.1 million which resulted from declines in capital project closures and developer contributions.

*Business-type capital assets* - The capital assets in business-type activities increased by \$29.8 million, or 3%, from fiscal year 2009. Construction in progress increased by \$20.6 million, or 9%. A increase was noted in water and sewer improvements of \$7.5 million or less than 1%. Construction on major wastewater projects caused this increase. The remaining categories of assets show modest variations since new additions are negated by the continued depreciation of existing assets.

<b>Anne Arundel County, Maryland</b>							
<b>Capital Assets (net of depreciation)</b>							
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		
	2010	2009	2010	2009	2010	2009	
Land and easements	\$ 189,515,434	\$ 183,214,719	\$ 11,977,110	\$ 11,935,497	\$ 201,492,544	\$ 195,150,216	
Historical property							
and works of art	4,166,465	4,166,465		-	4,166,465	4,166,465	
Land improvements	115,321,454	103,082,586		-	115,321,454	103,082,586	
Landfills	-	-	7,625,111	8,938,492	7,625,111	8,938,492	
Buildings	216,708,880	222,745,647	21,717,521	20,145,515	238,426,401	242,891,162	
Roads, bridges and signals	174,698,307	183,828,117		-	174,698,307	183,828,117	
Sidewalks, curbs and gutters	24,438,935	24,453,962		-	24,438,935	24,453,962	
Storm drains and culverts	114,751,057	111,988,995		-	114,751,057	111,988,995	
Water and sewer plants and lines		-	847,121,748	839,658,791	847,121,748	839,658,791	
Automobiles and rolling stock	22,275,038	26,969,548	1,930,005	1,748,393	24,205,043	28,717,941	
Furniture and equipment	37,125,625	9,415,062	7,073,829	5,856,453	44,199,454	15,271,515	
Software	934,780	818,731		-	934,780	818,731	
Construction in progress	148,681,894	166,944,415	253,032,978	232,420,076	401,714,872	399,364,491	
<b>Total</b>	<u>\$ 1,048,617,869</u>	<u>\$ 1,037,628,247</u>	<u>\$ 1,150,478,302</u>	<u>\$ 1,120,703,217</u>	<u>\$ 2,199,096,171</u>	<u>\$ 2,158,331,464</u>	

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, 2010**

**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>				
2010	\$ 1,309,691,255	\$ (603,437,179)	\$ 706,254,076	(46%)
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%)
<b>Business-type</b>				
2010	\$ 1,450,293,037	\$ (564,824,823)	\$ 885,468,214	(39%)
2009	1,403,968,594	(529,293,347)	874,675,247	(38%)
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%)

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 and 46% in fiscal year 2010. 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 39% in fiscal year 2010.

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 2010 and 2009 is presented in the table on the next page. The County had been using short-term BANS to fund capital project expenditures and converting this debt to long-term after the funds had been spent. The County issued general obligation bonds of \$185.7 million in April 2010, including \$139.0 million for governmental activities and \$46.7 million for business-type activities. The proceeds were used to pay off \$71.4 million of bond anticipation notes issued in May 2009, and the net amount of \$114.3 million was used to fund \$104.5 million of improvements for general county projects and \$9.8 million for water and sewer and landfill capital projects. As a result of cash available for the capital projects from the bonds sold in April 2010, BANS will not be issued until fiscal year 2011 to fund capital project expenditures at that time.

The changes to the Federal and State loans were not significant as new loans in fiscal year 2010 of \$814,500 were offset by the principal payments of \$608,800 on existing loans. New capital leases in the amount of \$19,500 were added in 2010 and the balance was offset by payments totaling \$23,800 which resulted in a decrease in the capital lease balance to \$59,500. The County did not initiate any new agricultural easements through installment purchase agreements during fiscal year 2010. Other changes to debt balances resulted from principal payments during fiscal year 2010. Additional information about the County's debt and changes therein is provided in Note 8 to the basic financial statements.

**Anne Arundel County, Maryland**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2010**

<b>Anne Arundel County, Maryland</b>						
<b>Outstanding Debt</b>						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Bond anticipation notes	\$ -	\$ 36,100,000	\$ -	\$ 35,300,000	\$ -	\$ 71,400,000
General obligation bonds	741,762,428	660,245,625	362,890,226	336,672,837	1,104,652,654	996,918,462
Special assessment debt	51,020,000	52,170,000	-	-	51,020,000	52,170,000
HUD Section 108 Loan	820,000	1,230,000	-	-	820,000	1,230,000
State loans	3,618,649	2,491,684	-	-	3,618,649	2,491,684
Capital leases	59,517	63,791	-	-	59,517	63,791
Installment purchase agreements	12,198,000	12,218,000	-	-	12,198,000	12,218,000
<b>Total</b>	<b>\$ 809,478,594</b>	<b>\$ 764,519,100</b>	<b>\$ 362,890,226</b>	<b>\$ 371,972,837</b>	<b>\$ 1,172,368,820</b>	<b>\$ 1,136,491,937</b>

**Fiscal Year 2010 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.)

In fiscal year 2009, the County implemented GASB Statement 45 and 49. Statement 45 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. GASB Statement 49 requires the County to determine if any pollution remediation obligations exist and if a resultant liability should be recorded.

Since the County has not established an irrevocable trust, the actuary currently calculates the unfunded liability using a 4% discount rate. Data has been trended forward for fiscal year 2010 by the actuary and the total unfunded liability for the County is \$990.0 million at June 30, 2010. The annual required contribution is estimated at \$80.0 million compared to the current pay-as-you-go funding level of about \$15 million. This leaves a funding gap of \$192.0 million which have been recorded as accrued liability for other post-employment benefits. Footnote 11 provides more information about the financial impact of these benefits.

In fiscal year 2010, the County implemented GASB Statement 51 Accounting and Financial Reporting for Intangible Assets. This Statement requires that all intangible assets subject to the provisions should be classified as capital assets. The primary government is evaluating Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. The primary government will implement this pronouncement as required by the GASB guidelines.

The County continues to see growth in certain revenue sources; such as property taxes, 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 certain revenue (State shared taxes) in fiscal year 2011 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.

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, 2010

	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	\$ 189,113,107	\$ 78,509,499	\$ 267,622,606	\$ 136,245,534	\$ 25,675,494	\$ 2,858,334
Taxes and other revenue receivable	116,538,514	-	116,538,514	36,976,846	2,161,658	-
Service billings receivable	-	23,931,919	23,931,919	-	-	141,367
Prepays and other assets	32,419,175	-	32,419,175	12,127,545	10,232,469	680,622
Inventories	2,404,226	1,949,674	4,353,900	1,819,134	1,608,840	26,315
Due from primary government	-	-	-	9,396,288	739,822	1,283,754
Restricted assets						
Cash and temporary investments	83,232,970	32,647,052	115,880,022	-	-	1,944,527
Investments	-	139,337,694	139,337,694	-	-	414,667
Receivables						
Due from other governmental agencies	8,880,983	3,216,227	12,097,210	-	-	6,101
Other, net	337,450	10,298,767	10,636,217	-	-	-
Other assets	-	-	-	-	-	88,740
Total current assets	<u>432,926,425</u>	<u>289,890,832</u>	<u>722,817,257</u>	<u>196,565,347</u>	<u>40,418,283</u>	<u>7,444,427</u>
Noncurrent Assets						
Restricted assets						
Deferred assessment and connection charges	-	55,558,558	55,558,558	-	-	-
Notes and loans receivable	-	-	-	-	-	218,031
Total noncurrent restricted assets	-	55,558,558	55,558,558	-	-	218,031
Loans receivable and other assets	-	-	-	-	7,756,562	1,412,343
Capital assets not being depreciated	342,363,793	265,010,088	607,373,881	162,269,255	3,706,059	-
Capital assets being depreciated	1,309,691,255	1,450,293,037	2,759,984,292	1,097,122,263	148,661,176	28,095,709
Less accumulated depreciation	<u>(603,437,179)</u>	<u>(564,824,823)</u>	<u>(1,168,262,002)</u>	<u>(515,526,160)</u>	<u>(65,890,900)</u>	<u>(10,671,764)</u>
Total capital assets	<u>706,254,076</u>	<u>885,468,214</u>	<u>1,591,722,290</u>	<u>581,596,103</u>	<u>82,770,276</u>	<u>17,423,945</u>
Total noncurrent assets	<u>1,048,617,869</u>	<u>1,206,036,860</u>	<u>2,254,654,729</u>	<u>743,865,358</u>	<u>94,232,897</u>	<u>19,054,319</u>
Total assets	<u>1,481,544,294</u>	<u>1,495,927,692</u>	<u>2,977,471,986</u>	<u>940,430,705</u>	<u>134,651,180</u>	<u>26,498,746</u>



Anne Arundel County, Maryland

Statement of Net Assets

June 30, 2010

	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	60,812,706	22,048,623	82,861,329	125,491,194	7,838,197	1,111,921
Current portion of non-current liabilities	99,005,923	23,599,468	122,605,391	9,257,623	-	767,424
Notes payable	-	-	-	-	420,735	1,680,803
Internal balances	(408,560)	408,560	-	-	-	-
Due to primary government	-	-	-	2,400,550	-	-
Due to component units	11,419,864	-	11,419,864	-	-	-
Escrow deposits	570,544	817,233	1,387,777	-	-	8,941
Unearned/deferred revenue	-	-	-	15,496,891	9,138,743	419,516
Liabilities related to restricted assets						
Accounts payable and accrued liabilities	12,814,665	4,167,372	16,982,037	-	-	9,965
Escrow and other deposits	5,019,956	-	5,019,956	-	-	-
Unearned revenue	3,454,745	13,298,994	16,753,739	-	-	-
Total current liabilities	<u>192,689,843</u>	<u>64,340,250</u>	<u>257,030,093</u>	<u>152,646,258</u>	<u>17,397,675</u>	<u>3,998,570</u>
Noncurrent liabilities						
Compensated absences and other obligations	65,711	10,639	76,350	35,966,651	1,660,618	-
Accrued liability for other post-employment benefits	176,767,352	15,628,158	192,395,510	124,359,000	13,580,000	6,606,788
Unpaid insurance claims	58,823,000	-	58,823,000	-	-	-
Estimated landfill closure and postclosure	-	34,698,363	34,698,363	-	-	-
Long-term debt, net of deferred refunding gain/loss	793,027,564	342,169,563	1,135,197,127	5,685,812	13,792,348	313,945
Unearned revenue	31,827,227	2,191,215	34,018,442	-	-	-
Total noncurrent liabilities	<u>1,060,510,854</u>	<u>394,697,938</u>	<u>1,455,208,792</u>	<u>166,011,463</u>	<u>29,032,966</u>	<u>6,920,733</u>
Total liabilities	<u>1,253,200,697</u>	<u>459,038,188</u>	<u>1,712,238,885</u>	<u>318,657,721</u>	<u>46,430,641</u>	<u>10,919,303</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	641,108,437	803,603,097	1,444,711,534	743,865,358	75,632,900	17,028,471
Restricted for:						
Debt service	5,335,123	207,296,505	212,631,628	-	-	-
Capital improvements	48,635,874	-	48,635,874	-	-	-
Scholarships/endowments	-	-	-	-	7,251,089	-
Reforestation	5,399,159	-	5,399,159	-	-	-
Other purposes	9,826,468	3,707,389	13,533,857	2,607,491	-	2,656,000
Unrestricted	<u>(481,961,464)</u>	<u>22,282,513</u>	<u>(459,678,951)</u>	<u>(124,699,865)</u>	<u>5,336,550</u>	<u>(4,105,028)</u>
Total net assets	<u>\$ 228,343,597</u>	<u>\$ 1,036,889,504</u>	<u>\$ 1,265,233,101</u>	<u>\$ 621,772,984</u>	<u>\$ 88,220,539</u>	<u>\$ 15,579,443</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, 2010

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities				
Education	\$ 663,562,741	\$ -	\$ -	\$ 1,732,273
Public safety	285,294,716	16,182,844	4,312,629	192,043
General government	121,426,982	42,238,323	1,363,034	950,987
Health and human services	72,731,119	7,375,252	25,723,747	-
Public works	83,999,982	3,906,899	2,465,635	15,661,586
Recreation and community services	63,687,644	16,119,320	19,660	6,991,295
Judicial	26,925,038	2,782,634	12,078,946	-
Code enforcement	13,905,214	11,526,364	-	-
Land use and development	11,010,436	2,923,469	1,135,142	209,622
Interest on debt and leases	34,407,340	-	54,174	-
	<u>1,376,951,212</u>	<u>103,055,105</u>	<u>47,152,967</u>	<u>25,737,806</u>
Business-type activities				
Water and wastewater	112,693,569	78,995,322	-	44,797,489
Waste collection	46,538,979	43,217,533	-	-
Child care	3,703,238	3,665,092	-	-
	<u>162,935,786</u>	<u>125,877,947</u>	<u>-</u>	<u>44,797,489</u>
<b>Total primary government</b>	<b>\$ <u>1,539,886,998</u></b>	<b>\$ <u>228,933,052</u></b>	<b>\$ <u>47,152,967</u></b>	<b>\$ <u>70,535,295</u></b>
<b>Component units</b>				
Board of Education	\$ 1,099,469,084	\$ 12,381,090	\$ 170,200,428	\$ 102,298,970
Community College	135,720,264	45,848,625	18,030,747	2,119,253
Library System	21,029,218	905,137	3,098,322	1,800,658
Economic Development Corp	2,772,211	228,615	1,388,059	-
Tipton Airport Authority	2,323,966	1,429,617	-	25,112
Workforce Development	3,404,865	-	3,402,488	-
<b>Total component units</b>	<b>\$ <u>1,264,719,608</u></b>	<b>\$ <u>60,793,084</u></b>	<b>\$ <u>196,120,044</u></b>	<b>\$ <u>106,243,993</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
 Total general revenues
 Changes in net assets
 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
\$ (661,830,468)	\$ -	\$ (661,830,468)	\$ -	\$ -	\$ -
(264,607,200)	-	(264,607,200)	-	-	-
(76,874,638)	-	(76,874,638)	-	-	-
(39,632,120)	-	(39,632,120)	-	-	-
(61,965,862)	-	(61,965,862)	-	-	-
(40,557,369)	-	(40,557,369)	-	-	-
(12,063,458)	-	(12,063,458)	-	-	-
(2,378,850)	-	(2,378,850)	-	-	-
(6,742,203)	-	(6,742,203)	-	-	-
(34,353,166)	-	(34,353,166)	-	-	-
<u>(1,201,005,334)</u>	<u>-</u>	<u>(1,201,005,334)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	11,099,242	11,099,242	-	-	-
-	(3,321,446)	(3,321,446)	-	-	-
-	<u>(38,146)</u>	<u>(38,146)</u>	-	-	-
-	7,739,650	7,739,650	-	-	-
<u>(1,201,005,334)</u>	<u>7,739,650</u>	<u>(1,193,265,684)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	(814,588,596)	-	-
-	-	-	-	(69,721,639)	-
-	-	-	-	-	(15,225,101)
-	-	-	-	-	(1,155,537)
-	-	-	-	-	(869,237)
-	-	-	-	-	<u>(2,377)</u>
-	-	-	(814,588,596)	(69,721,639)	(17,252,252)
557,795,984	-	557,795,984	-	-	-
349,283,087	-	349,283,087	-	-	-
7,521,384	-	7,521,384	-	-	1,050,000
59,727,498	-	59,727,498	-	-	-
31,681,511	-	31,681,511	-	-	-
-	-	-	802,902,041	66,851,414	13,367,408
2,334,695	4,509,396	6,844,091	287,311	730,262	42,699
<u>2,810,571</u>	<u>6,830,273</u>	<u>9,640,844</u>	<u>9,778,206</u>	<u>357,445</u>	<u>82,194</u>
<u>1,011,154,730</u>	<u>11,339,669</u>	<u>1,022,494,399</u>	<u>812,967,558</u>	<u>67,939,121</u>	<u>14,542,301</u>
(189,850,604)	19,079,319	(170,771,285)	(1,621,038)	(1,782,518)	(2,709,951)
<u>418,194,201</u>	<u>1,017,810,185</u>	<u>1,436,004,386</u>	<u>623,394,022</u>	<u>90,003,057</u>	<u>18,289,394</u>
\$ <u>228,343,597</u>	\$ <u>1,036,889,504</u>	\$ <u>1,265,233,101</u>	\$ <u>621,772,984</u>	\$ <u>88,220,539</u>	\$ <u>15,579,443</u>

Anne Arundel County, Maryland

Balance Sheet

Governmental Funds

June 30, 2010

	Major Funds			Nonmajor	Totals
	General	Impact Fees	General County Capital Projects	Governmental Funds	
<b>ASSETS</b>					
Cash and investments	\$ 36,769,237	\$ 51,336,063	\$ 55,155,381	\$ 38,927,671	\$ 182,188,352
Receivables					
Property taxes					
(net of \$3,731,238 allowance)	6,304,187	-	-	-	6,304,187
Local sales taxes	4,006,875	-	-	-	4,006,875
State shared revenues	5,213,290	-	-	-	5,213,290
Due from other governmental agencies	400,454	-	2,673,801	8,880,983	11,955,238
Due from other funds	5,661,990	-	-	-	5,661,990
Local income tax	95,620,950	-	-	-	95,620,950
Other, net	13,903,016	13,656	67,090	336,656	14,320,418
Inventories	1,869,916	-	-	-	1,869,916
Other assets	2,340	-	-	-	2,340
Total assets	<u>\$ 169,752,255</u>	<u>\$ 51,349,719</u>	<u>\$ 57,896,272</u>	<u>\$ 48,145,310</u>	<u>\$ 327,143,556</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 40,563,142	\$ 8,122,222	\$ 8,265,022	\$ 4,987,412	\$ 61,937,798
Due to other funds	-	-	-	4,601,613	4,601,613
Due to component units					
Board of Education	27,765	-	9,368,523	-	9,396,288
Community College	-	-	739,822	-	739,822
Library	1,283,754	-	-	-	1,283,754
Escrow and other deposits	528,526	-	-	4,900,353	5,428,879
Deferred revenue	75,832,502	-	884,712	6,409,079	83,126,293
Total liabilities	<u>118,235,689</u>	<u>8,122,222</u>	<u>19,258,079</u>	<u>20,898,457</u>	<u>166,514,447</u>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	4,962,041	-	26,093,658	11,352,280	42,407,979
Revenue stabilization fund	17,106,347	-	-	-	17,106,347
Reserved for debt service	-	-	-	4,785,530	4,785,530
Reserved for capital projects	-	-	-	1,000,000	1,000,000
Reserved for other purposes	-	-	-	4,922,428	4,922,428
Inventories	1,869,916	-	-	-	1,869,916
Unreserved					
Designated for next year's expenditures in:					
General fund	4,971,000	-	-	-	4,971,000
Special revenue funds	-	29,079,937	-	5,034,824	34,114,761
Capital projects funds	-	-	-	619,496	619,496
Debt service funds	-	-	-	385,437	385,437
Undesignated in:					
General fund	22,607,262	-	-	-	22,607,262
Special revenue funds	-	14,147,560	-	(7,114,208)	7,033,352
Capital projects funds	-	-	12,544,535	344,279	12,888,814
Debt service funds	-	-	-	5,916,787	5,916,787
Total fund balances	<u>51,516,566</u>	<u>43,227,497</u>	<u>38,638,193</u>	<u>27,246,853</u>	<u>160,629,109</u>
Total liabilities and fund balances	<u>\$ 169,752,255</u>	<u>\$ 51,349,719</u>	<u>\$ 57,896,272</u>	<u>\$ 48,145,310</u>	<u>\$ 327,143,556</u>

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, 2010

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Total fund balance for governmental funds as shown on the Balance Sheet	\$ 160,629,109
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on governmental funds balance sheet.	
Capital assets	1,589,353,602
Accumulated depreciation	(558,705,463)
Certain liabilities are not due and payable in the current period and, therefore, are not included on governmental funds balance sheet.	
Long-term bonded debt	(805,349,620)
Federal and state loans	(4,438,649)
Local tax reserve - due to State of Maryland	(32,663,346)
Unamortized loss on refunding	369,192
Due to Self Insurance Func	(7,347,875)
Other post-employment benefits	(174,108,426)
Compensated absences	(21,417,378)
Capital leases liability	(59,517)
Accrued interest payable on debt is not recorded in governmental fund.	(10,858,986)
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.	79,590,317
Premiums received on certain bond issues have been deferred on the Statement of Net Assets.	(31,745,996)
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	40,271,202
Business-type activities allocation of Internal Service Funds net assets	(651,817)
Certain expenditures paid with current resources have been deferred to future periods on the Statement of Net Assets.	<u>5,477,248</u>
Total net assets for governmental activities as shown on Statement of Net Assets	<u>\$ 228,343,597</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, 2010

	Major Funds			Nonmajor	Totals
	General	Impact Fees	General County Capital Projects	Governmental Funds	
<b>REVENUES</b>					
General property taxes	\$ 537,711,462	\$ -	\$ -	\$ 24,299,823	\$ 562,011,285
Local income taxes	355,787,451	-	-	-	355,787,451
State shared taxes	9,575,679	-	-	-	9,575,679
Grants and aid	-	-	9,584,361	41,707,763	51,292,124
Recordation and transfer taxes	59,727,498	-	-	-	59,727,498
Local sales taxes	31,681,511	-	-	-	31,681,511
License and permit fees	15,482,651	-	-	-	15,482,651
Impact fees	-	4,077,383	-	-	4,077,383
Special community benefit taxes	-	-	-	5,817,687	5,817,687
Investment income	1,062,880	174,937	-	776,104	2,013,921
Fees for services and other revenue	50,983,924	-	2,097,155	7,579,103	60,660,182
Total revenues	<u>1,062,013,056</u>	<u>4,252,320</u>	<u>11,681,516</u>	<u>80,180,480</u>	<u>1,158,127,372</u>
<b>EXPENDITURES</b>					
Current					
Education	587,846,200	323,422	75,350,579	-	663,520,201
Public safety	230,300,679	-	-	5,719,984	236,020,663
General government	75,375,037	-	28,094	2,638,769	78,041,900
Health and human services	42,273,009	-	-	27,688,718	69,961,727
Public works	47,818,942	5,500,538	-	1,105,310	54,424,790
Recreation and community services	33,667,932	-	-	14,384,759	48,052,691
Judicial	20,443,213	-	-	2,599,297	23,042,510
Code enforcement	12,006,795	-	-	-	12,006,795
Land use and development	8,484,076	-	-	1,244,430	9,728,506
Capital outlay	-	-	55,439,478	71,048	55,510,526
Debt service					
Interest payments on debt	29,095,977	-	-	3,185,197	32,281,174
Principal payments on debt	57,571,968	-	-	1,368,795	58,940,763
Interest payments on leases	6,282	-	-	-	6,282
Principal payments on leases	23,807	-	-	-	23,807
Total expenditures	<u>1,144,913,917</u>	<u>5,823,960</u>	<u>130,818,151</u>	<u>60,006,307</u>	<u>1,341,562,335</u>
Revenues over (under) expenditures	<u>(82,900,861)</u>	<u>(1,571,640)</u>	<u>(119,136,635)</u>	<u>20,174,173</u>	<u>(183,434,963)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	60,917,125	-	109,381,125	12,654,411	182,952,661
Transfers out	(115,603,751)	(4,854,570)	(39,669,000)	(22,825,340)	(182,952,661)
General obligation bonds issued	139,025,000	-	-	-	139,025,000
Payment of bond anticipation notes	(36,100,000)	-	-	-	(36,100,000)
Issuance of debt - Federal and State Loans	-	-	814,509	-	814,509
Refunding bonds issued	32,610,000	-	-	-	32,610,000
Premiums from sale of bonds	11,780,793	-	-	-	11,780,793
Proceeds from capital leases	29,575	-	-	-	29,575
Transfers from internal service funds	30,700,000	-	-	-	30,700,000
Payments to refunded bonds escrow agent	(33,905,304)	-	-	-	(33,905,304)
Total other financing sources (uses)	<u>89,453,438</u>	<u>(4,854,570)</u>	<u>70,526,634</u>	<u>(10,170,929)</u>	<u>144,954,573</u>
Net change in fund balances	<u>6,552,577</u>	<u>(6,426,210)</u>	<u>(48,610,001)</u>	<u>10,003,244</u>	<u>(38,480,390)</u>
Fund balances, July 1	<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>
Fund balances, June 30	<u>\$ 51,516,566</u>	<u>\$ 43,227,497</u>	<u>\$ 38,638,193</u>	<u>\$ 27,246,853</u>	<u>\$ 160,629,109</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, 2010

Changes in fund balances as shown on Statement of Revenues,  
Expenditures, and Changes in Fund Balances, Governmental Funds \$ (38,480,390)

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	42,505,126
Current year donations of capital assets	10,573,710
Current year disposals of capital assets	(250,984)
Depreciation expense recorded in the Statement of Activities	(37,141,448)

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)	(139,485,456)
Principal payments on debt	95,064,570
Due to Self Insurance Fund	(7,347,875)
Lease Payments	(19,533)
Change in accrued interest payable	(2,119,884)
Amortization of prior year refunding gain/loss	(734,075)
Accrual of compensated absences	(2,460,929)
Accrual of other post-employment benefit liability	(59,174,654)

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	2,636,593
Amortization of expenditures deferred in previous years	(1,766,188)

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	(11,342,803)
Amortization of amounts deferred	2,820,885

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. (11,611,109)

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. (31,516,160)

Changes in net assets as shown in governmental activities on the Statement of Activities \$ (189,850,604)

*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, 2010

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
General property taxes	\$ 531,002,000	\$ 531,002,000	\$ 537,711,462	\$ 6,709,462
Local income taxes	356,850,000	356,850,000	353,417,002	(3,432,998)
State shared taxes	17,119,000	17,119,000	8,883,064	(8,235,936)
Recordation and transfer taxes	60,000,000	60,000,000	59,727,498	(272,502)
Local sales taxes	33,328,000	33,328,000	31,681,511	(1,646,489)
Licenses and permits	15,549,600	15,549,600	15,482,651	(66,949)
Investment income	3,891,000	3,891,000	604,244	(3,286,756)
Interfund recoveries	108,306,000	110,748,000	127,091,520	16,343,520
Fees for services and other revenues	54,843,800	64,170,800	62,344,381	(1,826,419)
Total revenues	<u>1,180,889,400</u>	<u>1,192,658,400</u>	<u>1,196,943,333</u>	<u>4,284,933</u>
<b>EXPENDITURES</b>				
Current				
Education	592,879,500	592,879,500	591,453,897	(1,425,603)
Higher education	37,978,700	37,978,700	37,924,623	(54,077)
Public safety	234,672,400	233,747,400	231,020,497	(2,726,903)
General government	116,038,300	114,927,300	102,756,935	(12,170,365)
Health and human services	45,144,600	45,144,600	43,678,605	(1,465,995)
Public works	34,984,200	49,984,200	49,985,252	1,052
Recreation and community services	36,942,400	36,942,400	35,510,702	(1,431,698)
Judicial	20,927,400	21,007,400	20,810,316	(197,084)
Land use and development	8,748,200	8,573,200	8,484,077	(89,123)
Code enforcement	12,142,700	12,142,700	12,031,621	(111,079)
Debt service	40,431,000	39,331,000	39,251,102	(79,898)
Total expenditures	<u>1,180,889,400</u>	<u>1,192,658,400</u>	<u>1,172,907,627</u>	<u>(19,750,773)</u>
Revenues over (under) expenditures	-	-	24,035,706	\$ <u>24,035,706</u>
Fund balances, budgetary, July 1	<u>9,085,626</u>	<u>9,085,626</u>	<u>9,085,626</u>	
Fund balances, budgetary, June 30	\$ <u>9,085,626</u>	\$ <u>9,085,626</u>	\$ <u>33,121,332</u>	
Fund balances - Unreserved				
Undesignated - GAAP basis			\$ 22,607,262	
State income tax adjustment - reduction to GAAP revenue			<u>5,543,070</u>	
Undesignated - Non-GAAP basis			28,150,332	
Designated for subsequent years			<u>4,971,000</u>	
			\$ <u>33,121,332</u>	

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



## Statement of Net Assets

## Proprietary Funds

June 30, 2010

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Totals	Internal
	Water and Wastewater	Solid Waste	Child Care		Service Funds
<b>ASSETS</b>					
Current assets					
Cash and temporary investments	\$ 55,217,008	\$ 22,282,452	\$ 1,010,039	\$ 78,509,499	\$ 27,024,649
Investments	-	-	-	-	63,133,076
Service billings receivable, net	23,050,274	843,722	37,923	23,931,919	4,234,344
Due from other funds	-	-	-	-	9,666,832
Inventories	1,851,482	98,192	-	1,949,674	534,310
Other	-	-	-	-	1,374,400
Restricted assets					
Cash and temporary investments	13,550,429	19,096,623	-	32,647,052	-
Investments	139,337,694	-	-	139,337,694	-
Receivables					
Due from other governmental agencies	3,216,227	-	-	3,216,227	-
Other, net	10,298,767	-	-	10,298,767	-
Total current assets	<u>246,521,881</u>	<u>42,320,989</u>	<u>1,047,962</u>	<u>289,890,832</u>	<u>105,967,611</u>
Noncurrent assets					
Restricted assets					
Deferred connection and assessment charges	55,558,558	-	-	55,558,558	-
Capital assets	1,642,004,801	73,298,324	-	1,715,303,125	62,701,446
Less accumulated depreciation	(523,633,031)	(41,191,792)	-	(564,824,823)	(44,731,716)
Total capital assets, net of depreciation	<u>1,118,371,770</u>	<u>32,106,532</u>	<u>-</u>	<u>1,150,478,302</u>	<u>17,969,730</u>
Total noncurrent assets	<u>1,173,930,328</u>	<u>32,106,532</u>	<u>-</u>	<u>1,206,036,860</u>	<u>17,969,730</u>
Total assets	<u>1,420,452,209</u>	<u>74,427,521</u>	<u>1,047,962</u>	<u>1,495,927,692</u>	<u>123,937,341</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and accrued liabilities	18,731,518	3,157,813	159,292	22,048,623	830,587
Current portion of long-term debt and obligations	20,858,081	2,724,016	17,371	23,599,468	21,160,671
Due to other funds	1,060,377	-	-	1,060,377	-
Escrow deposits	702,451	114,782	-	817,233	161,621
Liabilities related to restricted assets					
Accounts payable and accrued liabilities	4,167,372	-	-	4,167,372	-
Deferred revenue	13,298,994	-	-	13,298,994	-
Total current liabilities	<u>58,818,793</u>	<u>5,996,611</u>	<u>176,663</u>	<u>64,992,067</u>	<u>22,152,879</u>
Noncurrent liabilities					
Unpaid insurance claims	-	-	-	-	58,823,000
Accrued liability for compensated absences	-	-	10,639	10,639	31,334
Accrued liability for other post-employment benefits	12,612,961	2,766,130	249,067	15,628,158	2,658,926
Estimated landfill closure and postclosure	-	34,698,363	-	34,698,363	-
Long-term debt, net of deferred refunding gain/loss	322,452,128	19,717,435	-	342,169,563	-
Deferred revenue	2,097,224	-	93,991	2,191,215	-
Total noncurrent liabilities	<u>337,162,313</u>	<u>57,181,928</u>	<u>353,697</u>	<u>394,697,938</u>	<u>61,513,260</u>
Total liabilities	<u>395,981,106</u>	<u>63,178,539</u>	<u>530,360</u>	<u>459,690,005</u>	<u>83,666,139</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	786,523,422	17,079,675	-	803,603,097	17,969,730
Restricted for debt service	207,296,505	-	-	207,296,505	-
Restricted for other purposes	3,216,227	491,162	-	3,707,389	-
Unrestricted	27,434,949	(6,321,855)	517,602	21,630,696	22,301,472
Total net assets	<u>\$ 1,024,471,103</u>	<u>\$ 11,248,982</u>	<u>\$ 517,602</u>	<u>\$ 1,036,237,687</u>	<u>\$ 40,271,202</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, 2010

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Net assets as shown on Statement of Net Assets - Proprietary Funds	\$ 1,036,237,687
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>651,817</u>
Net assets shown on government wide Statement of Net Assets	\$ <u>1,036,889,504</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, 2010

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund		Activities
	Water and Wastewater	Solid Waste	Child Care	Totals	Internal Service Funds
<b>OPERATING REVENUES</b>					
Charges for services	\$ 78,995,322	\$ 41,089,628	\$ 3,665,092	\$ 123,750,042	\$ 46,718,348
Landfill charges	-	2,127,905	-	2,127,905	-
Medical premiums	-	-	-	-	78,349,162
Other revenues	4,812,769	917,740	1,077	5,731,586	1,023,555
Total operating revenues	<u>83,808,091</u>	<u>44,135,273</u>	<u>3,666,169</u>	<u>131,609,533</u>	<u>126,091,065</u>
<b>OPERATING EXPENSES</b>					
Personal services	31,085,494	6,885,101	2,794,450	40,765,045	6,499,264
Contractual services	27,918,791	31,757,383	169,263	59,845,437	922,550
Supplies and materials	4,462,514	1,324,645	308,301	6,095,460	141,947
Business and travel	80,992	10,103	18,496	109,591	15,230
Cost of goods issued	-	-	-	-	7,537,093
Depreciation	33,466,520	2,753,077	-	36,219,597	6,024,475
Provision for claims and estimated losses	-	-	-	-	106,579,128
Landfill closure and postclosure costs	-	506,334	-	506,334	-
Other	8,450,000	2,874,000	406,301	11,730,301	1,242,300
Total operating expenses	<u>105,464,311</u>	<u>46,110,643</u>	<u>3,696,811</u>	<u>155,271,765</u>	<u>128,961,987</u>
Operating loss	<u>(21,656,220)</u>	<u>(1,975,370)</u>	<u>(30,642)</u>	<u>(23,662,232)</u>	<u>(2,870,922)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	2,975,417	164,580	-	3,139,997	1,702,357
Interest earned on long-term receivables	1,369,399	-	-	1,369,399	-
Other revenues (expenses)	188,544	(45,437)	-	143,107	-
Interest expense	(6,293,940)	(302,136)	-	(6,596,076)	-
Gain on disposal of assets	80,350	90,000	-	170,350	69,690
Net equity transfers between funds	-	-	-	-	(30,700,000)
Loss before contributions	<u>(23,336,450)</u>	<u>(2,068,363)</u>	<u>(30,642)</u>	<u>(25,435,455)</u>	<u>(31,798,875)</u>
Capital contributions, fees, and grants	<u>44,797,489</u>	<u>-</u>	<u>-</u>	<u>44,797,489</u>	<u>-</u>
Change in net assets	21,461,039	(2,068,363)	(30,642)	19,362,034	(31,798,875)
Net assets, July 1 (as restated)	<u>1,003,010,064</u>	<u>13,317,345</u>	<u>548,244</u>	<u>1,016,875,653</u>	<u>72,070,077</u>
Net assets, June 30	<u>\$ 1,024,471,103</u>	<u>\$ 11,248,982</u>	<u>\$ 517,602</u>	<u>\$ 1,036,237,687</u>	<u>\$ 40,271,202</u>

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

Change in net assets shown above	\$ 19,362,034
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>(282,715)</u>
Increase in net assets as shown on the government-wide statement of activities	<u>\$ 19,079,319</u>

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

Anne Arundel County, Maryland

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2010

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Totals	Internal
	Water and Wastewater	Solid Waste	Child Care		Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received for services	\$ 80,554,897	\$ 44,233,214	\$ 3,741,428	\$ 128,529,539	\$ 115,703,729
Cash received for expense reimbursement	-	-	-	-	204,371
Cash payments to suppliers for goods and services	(40,188,201)	(33,119,362)	(902,795)	(74,210,358)	(8,563,217)
Cash payments for insurance claims	-	-	-	-	(94,685,535)
Cash payments to vendors for deposit	-	-	-	-	(125,400)
Cash payments to employees for services	(26,600,900)	(5,830,769)	(2,636,733)	(35,068,402)	(5,484,322)
Contributions to other funds	-	(2,874,000)	-	(2,874,000)	-
Other operating revenues	-	-	-	-	979,006
Other operating expenses	-	-	-	-	(1,242,300)
Net cash provided by (used for) operating activities	<u>13,765,796</u>	<u>2,409,083</u>	<u>201,900</u>	<u>16,376,779</u>	<u>6,786,332</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	-	(172,736)	-	(172,736)	-
Asset transfers between funds	-	-	-	-	(30,700,000)
Net cash used for noncapital financing activities	<u>-</u>	<u>(609,296)</u>	<u>-</u>	<u>(609,296)</u>	<u>(30,700,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from sale of bonds and bond anticipation notes	41,600,000	5,100,000	-	46,700,000	-
Proceeds from grant funds	3,143,966	-	-	3,143,966	-
Proceeds from loan	1,137,285	-	-	1,137,285	-
Proceeds from developers' contributions	282,283	-	-	282,283	-
Refunds to developers	(506,482)	-	-	(506,482)	-
Assessments and connection charges	21,396,517	-	-	21,396,517	-
Environmental protection fees for capital assets	13,196,173	-	-	13,196,173	-
Payments of long-term debt	(19,379,245)	(1,221,472)	-	(20,600,717)	-
Payments of bond anticipation notes	(31,800,000)	(3,500,000)	-	(35,300,000)	-
Interest payments	(13,989,327)	(671,374)	-	(14,660,701)	-
Acquisition and construction of capital assets	(51,921,890)	(1,991,561)	-	(53,913,451)	(1,362,523)
Payments of debt issuance costs	(530,221)	-	-	(530,221)	-
Premium on sale of bonds	2,392,929	-	-	2,392,929	-
Receipt of other income	666,792	-	-	666,792	104,520
Payment of capital related fees	(677,007)	-	-	(677,007)	-
Net cash provided by (used for) capital and related financing activities	<u>(34,988,227)</u>	<u>(2,284,407)</u>	<u>-</u>	<u>(37,272,634)</u>	<u>(1,258,003)</u>

Anne Arundel County, Maryland

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2010

	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	(483,849,422)	-	-	(483,849,422)	(131,359,017)
Sale of investment securities	488,237,302	-	-	488,237,302	126,018,859
Interest on investments	4,540,002	164,580	-	4,704,582	1,628,302
Net cash provided by (used for) investing activities	8,927,882	164,580	-	9,092,462	(3,711,856)
Net increase (decrease) in cash and cash equivalents	(12,294,549)	(320,040)	201,900	(12,412,689)	(28,883,527)
Cash and temporary investments, July 1	81,061,986	41,699,115	808,139	123,569,240	55,908,176
Cash and temporary investments, June 30	\$ 68,767,437	\$ 41,379,075	\$ 1,010,039	\$ 111,156,551	\$ 27,024,649
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (21,656,220)	\$ (1,975,370)	\$ (30,642)	\$ (23,662,232)	\$ (2,870,922)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	33,466,520	2,753,077	-	36,219,597	6,024,475
Noncapital construction costs	559,300	-	-	559,300	-
Effect of changes in operating assets and liabilities:					
Accounts receivable	(3,265,759)	97,940	(18,732)	(3,186,551)	(9,865,101)
Deposit with provider	-	-	-	-	(125,400)
Inventories	(234,657)	(3,763)	-	(238,420)	141,008
Accounts payable and accrued liabilities	(566,053)	17,342	73,297	(475,414)	(5,201,297)
Deferred revenue	-	-	93,991	93,991	-
Unpaid claims	-	-	-	-	17,588,685
Landfill closure and postclosure costs	-	506,334	-	506,334	-
Due to other funds	1,030,173	(4,197)	-	1,025,976	-
Escrow deposits	12,566	-	-	12,566	161,621
Accrued liability for compensated absences	43,148	22,879	(15,341)	50,686	9,529
Accrued liability for OPEB benefits	4,376,778	994,841	99,327	5,470,946	923,734
Net cash provided by operating activities	\$ 13,765,796	\$ 2,409,083	\$ 201,900	\$ 16,376,779	\$ 6,786,332
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Contributions of capital assets from developers	\$ 4,247,160	\$ -	\$ -	4,247,160	\$ -
Increase (decrease) in fair value of investments	141,187	-	-	141,187	181,736
Amortization of refunding gains (losses)	(285,730)	(1,939)	-	(287,669)	-
	4,102,617	(1,939)	-	4,100,678	181,736

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, 2010

	Pension Trust Funds <u>(December 31, 2009)</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Investments, at fair value:		
Cash and temporary investments	\$ 43,183,549	\$ 17,417,325
U. S. government obligations	15,983,554	-
Corporate obligations	117,049,609	-
Fixed income mutual funds (pools)	126,708,844	-
International fixed income & pools	210,691,756	-
Domestic equity	300,706,300	-
International equity investment pools	155,478,569	-
Real estate investment pools	38,720,509	-
Private markets	28,119,978	-
Aetna insurance pooled fixed income	35,975,245	-
Absolute return funds	66,800,446	-
Portable Alpha	30,443,093	-
Total investments	<u>1,169,861,452</u>	<u>17,417,325</u>
Collateral from securities lending transactions	89,814,534	-
Receivables:		
Employer contributions	4,130,123	-
Participant contributions	1,168,883	-
Accrued interest and dividends	2,409,470	-
Investment sales proceeds	5,419,964	-
Total receivables	<u>13,128,440</u>	<u>-</u>
Deposits on hand	<u>227,184</u>	<u>-</u>
Total assets	<u>1,273,031,610</u>	<u>17,417,325</u>
<b>LIABILITIES</b>		
Accounts payable	773,157	-
Escrow and other deposits	-	17,417,325
Investment commitments payable	12,862,853	-
Obligation for collateral received under securities lending transactions	<u>89,814,534</u>	<u>-</u>
Total liabilities	<u>103,450,544</u>	<u>17,417,325</u>
Net assets held in trust for pension benefits	<u>\$ 1,169,581,066</u>	<u>\$ -</u>

*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, 2010

	Pension Trust Funds (December 31, 2009)
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 44,724,462
Participant	10,486,741
Total contributions	<u>55,211,203</u>
Investment income:	
Net appreciation in fair value of investments	148,884,404
Interest income	16,755,110
Dividend income	10,443,000
Total investment income	<u>176,082,514</u>
Less investment expense	<u>(4,262,470)</u>
Net income from investing activities	<u>171,820,044</u>
Securities lending activities:	
Securities lending income	<u>632,590</u>
Securities lending expenses:	
Borrower rebates	128,899
Management fees	151,165
Securities lending expense	<u>280,064</u>
Securities lending net income	<u>352,526</u>
Total net investment income	<u>172,172,570</u>
Total additions	<u>227,383,773</u>
<b>DEDUCTIONS</b>	
Participant benefit payments and refunds	70,793,037
Administrative expenses	1,348,545
Total deductions	<u>72,141,582</u>
Net increases	155,242,191
Net assets, beginning of year	<u>1,014,338,875</u>
Net assets, end of year	<u>\$ 1,169,581,066</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 Basis 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, 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 that are received and used for the acquisition or development of major capital improvements. Resources received are applied in the following order: bonds, dedicated revenues such as developer contributions, pay-as-you-go, 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 prepared 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 grant revenue when 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. 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 the Storm Drain Fees Fund, the Recreation Land Fees Fund, and the Bond Premium Fund. Storm drain fees are expended through the Capital Projects Fund, and recreation land fees are expended through the General Fund. The Bond Premium Fund was established in fiscal year 2010, but no legal budget was adopted for it, and it had no expenditures.

### **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 terms 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 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. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on periodic independent appraisals. Investments that do not have an established market, such as Private Markets, are reported at estimated fair values. The fair value of private equities are based on management’s valuation of estimates and assumptions from information and representations provided by the respective general partners, in absence of readily ascertainable market values. There are no investments with parties or in entities related to the County.

**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, intangible assets and software with a value of \$50,000 or more, and other assets with an individual 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, gutters and water / sewer lines	50	Heavy machinery and other equipment	5 – 10
Water / sewer structures	35	Library collection	10
Land improvements	30	Furniture and fixtures	5 – 10
Culverts and storm drains	25 – 50	Office equipment, intangible assets, software, and telecommunications	
Roads and bridges	17 – 30	systems	5 – 7
Landfills	15 – 20	Automobiles and small rolling stock	5

**G Operating and Nonoperating 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, nonoperating, 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. Nonoperating 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. Nonoperating expenses include interest on debt and other miscellaneous expenses.

**H Bond premiums and refunding gain or loss** – 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 and the purchase of capital assets in the subsequent fiscal years 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 the current and subsequent years on the budgetary statements. The refunding gain or loss is applied against the shorter of the old debt or the new debt.

**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, structures and capital assets constructed for Solid Waste bond-funded projects.

**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, 2010 totaled \$42,407,979 in the governmental fund types, \$26,093,658 of which is for construction activity. The proprietary funds utilize encumbrance accounting for budgetary purposes. As of June 30, 2010, the proprietary funds had encumbrances totaling \$72,872,913, of which \$66,284,284 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, 2010. The annual leave accrual is calculated using unused annual leave hours as of June 30, 2010 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 Statement No. 51 Accounting and Financial Reporting for Intangible Assets during fiscal year 2010.

Other than the Retirement System, the County does not use derivative instruments; therefore, Statement No. 53 Accounting and Financial Reporting for Derivative Instruments does not have any impact on the fiscal year 2010 financial statements. The Retirement System does use derivatives; this statement was adopted effective January 1, 2010.

The primary government is evaluating Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. The primary government will implement this pronouncement as required by the GASB guidelines effective July 1, 2010.

**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** – The June 30, 2009 financial statements were restated to correct an error in accounting for capital assets recorded in the Water and Wastewater Fund and in the Solid Waste Fund. The effect of this restatement was a decrease of \$10,688,108 in net assets as of June 30, 2009 for the Water and Wastewater Fund, an increase of \$460,851 in net assets as of June 30, 2009 for the Solid Waste Fund, and a decrease of \$10,227,257 in net assets as of June 30, 2009 for the business-type activities.

## **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 Circuit Court expenditures exceeded budgeted appropriations by \$95,607. Additional salary expenses were transferred to the general fund from a grant fund. The expense budget was not increased to reflect that additional costs. The Self Insurance Fund expenditures exceeded budgeted appropriations by \$18,332,038. A change in Medicare coverage on workers compensation health expenses was not anticipated. The Department of Public Works expenditures exceeded budgeted appropriations by \$1,052 due to the snow costs associated with the winter of 2010. The Budget and Finance Offices 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 (under) over expenditures - budgetary basis	\$ 24,035,706
Net effect of encumbrances	(660,515)
Changes in revenue stabilization	(15,671,807)
Prior Year GASB 33 Revenue Recognition	3,264,563
State Income Tax Gaap Revenue Adjustment	2,370,449
Changes in bond proceeds reserved for debt service	(6,109,093)
Changes in golf course reserve	(1,092,910)
Net inventory change	416,184
Change in fund balance - modified accrual basis	<u>\$ 6,552,577</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. Policy requires that for repurchase agreement investments made by the County, the initial collateral securities underlying repurchase agreement investments have a market value of at least 102% of the cost of the repurchase agreement. The collateral is in the County's name and held by an independent third party or at the Federal Reserve. 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. Pooled cash that has not been used to purchase investments is invested by the bank in an interest bearing sweep account. The sweep account is comprised of collateralized repurchase agreements in the bank's name, in which the County holds an interest, and is collateralized at 100% of the value of the amount swept by the bank.

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 57 days at December 31, 2009, 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, 2010, the carrying amount of the primary government's bank deposits was \$2,345,408; bank balances were \$1,756,269. Available cash invested overnight in the sweep account was \$2,664,180. Bank balances of \$316,071 were fully secured by Federal Deposit insurance or fully collateralized, \$498,474 was uninsured, and the balance of \$941,737 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 \$2,631,429, 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 \$76,152,359 of callable issues and \$3,000,000 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	\$ 59,923,125	\$ 59,300,000	\$ -	\$ -	\$ 623,125
U.S. Government securities	5,618,654	-	-	-	5,618,654
Agency / instrumentalities	151,650,622	96,792,445	54,858,177	-	-
Bankers' acceptances	37,323,900	37,323,900	-	-	-
Money market pools	163,177,241	163,177,241	-	-	-
Tax exempt municipals bonds	80,037,694	15,890,871	58,071,004	6,075,819	-
	<u>\$ 497,731,236</u>	<u>\$ 372,484,457</u>	<u>\$ 112,929,181</u>	<u>\$ 6,075,819</u>	<u>\$ 6,241,779</u>
<u>Board of Education</u>					
Money market pools	128,414,238	128,414,238	-	-	-
	<u>\$ 128,414,238</u>	<u>\$ 128,414,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Community College</u>					
Money market pools	\$ 6,012,538	\$ 6,012,538	\$ -	\$ -	\$ -
Bond mutual funds	1,472,177	1,472,177	-	-	-
Guaranteed investment trusts	1,175,314	-	-	-	1,175,314
	<u>\$ 8,660,029</u>	<u>\$ 7,484,715</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,175,314</u>
<u>Other nonmajor component units</u>					
Money market pools	18,257	18,257	-	-	-
	<u>\$ 18,257</u>	<u>\$ 18,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The following table uses *Segmented Time Distribution* to display the Retirement System's debt holdings by maturity term and investment type as of December 31, 2009. 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 \$14,645,871 as of December 31, 2009.

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 \$52,482,784 with call dates ranging from January 1, 2010 for continuously callable issues to December 15, 2031. Stated call prices are generally at par. The callable holdings include issues with floating interest rates which have market value of \$11,394,915.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1 year</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>over 10</u>
U.S. Treasuries	\$ 15,983,553	\$ 5,499,567	\$ 1,721,527	\$ 1,168,030	\$ 7,594,429
Agency / instrumentalities	21,278,053	-	3,363,791	577,535	17,336,727
Corporate bonds	75,014,474	47,880	42,023,354	25,965,259	6,977,981
Bond mutual funds	126,708,843	-	125,822,162	886,681	-
Collateralized mrtg obligations	9,072,374	-	-	-	9,072,374
Other asset-backed securities	4,893,495	324,400	523,179	892,056	3,153,860
Foreign and yankee bonds	6,791,216	-	3,457,515	2,727,732	605,969
Totals	<u>\$ 259,742,008</u>	<u>\$ 5,871,847</u>	<u>\$ 176,911,528</u>	<u>\$ 32,217,293</u>	<u>\$ 44,741,340</u>

**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	15.31	Certificates of Deposit	NR	NR	7.55
Federal Home Loan Mortgage	AAA	Aaa	5.71	Tax Exempt Municipal	AAA	Aaa	0.04
Federal Nat'l. Mortgage Assoc.	AAA	Aaa	2.92	Tax Exempt Municipal	AAA	Aa	3.76
Federal Farm Credit	AAA	NR	2.44	Tax Exempt Municipal	AAA	A	0.87
Farmer Mac	NR	NR	2.10	Tax Exempt Municipal	AAA	NR	0.68
Bankers Acceptances	A-1	P-1	7.01	Tax Exempt Municipal	AA	Aaa	0.44
Money market pool	AAAm	Aaa	12.69	Tax Exempt Municipal	AA	Aa	8.37
Money market pool	AAAm	NR	17.55	Tax Exempt Municipal	A	A	0.27
Money market pool	NR	NR	0.42	Tax Exempt Municipal	NR	Aa	0.55
Repurchase Agreements	NR	NR	11.26	Tax Exempt Municipal	NR	A	0.06
							<u>100.00</u>
<u>Board of Education</u>							
Money market pool	AAAm	NR	<u>100.00</u>				
<u>Community College</u>							
Money market pool	AAAm	NR	69.43	Guaranteed Invt Trust	NR	NR	<u>13.57</u>
Bond Mutual Funds	NR	NR	17.00				<u>100.00</u>
<u>Nonmajor component units</u>							
Money Market pool	AAAm	N/R	<u>100.00</u>				

The Retirement System's Investment Policy Statement (IPS) provides guidelines to all fixed income managers related to allowable quality ratings. Holdings as of December 31, 2009 are displayed on the next page.

Anne Arundel County, Maryland  
Notes to the Financial Statements

<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	4.46	Yankee & Foreign Gov	AAA	Aaa	0.31
"	NR	NR	2.13	Issued Debt	AA	Aa	0.21
Collateralized Mort. Oblig.	AAA	Aaa	0.35	"	AA	A	0.03
"	AAA	Aa	0.24	"	A	A	0.18
"	AAA	A	0.21	"	A	Baa	0.03
"	AAA	Ba	0.13	"	A	NR	0.02
"	AAA	NR	0.10	"	BBB	A	0.05
"	AA	Aa	0.08	"	BBB	Baa	0.51
"	AA	A	0.07	"	B	B	0.26
"	A	Aaa	0.05	"	B	NR	0.31
"	A	B	0.09	"	CCC	Caa	0.02
"	BBB	Baa	0.02	"	NR	NR	0.18
"	BB	Ba	0.06	Corporate Bonds	AA	Aa	0.27
"	BB	B	0.07	"	AA	A	0.18
"	B	A	0.05	"	A	Aa	0.34
"	B	Baa	0.01	"	A	A	1.79
"	B	Ba	0.06	"	A	Baa	0.24
"	B	Caa	0.21	"	A	Ba	0.15
"	B	NR	0.04	"	BBB	A	0.17
"	CCC	Baa	0.05	"	BBB	Baa	1.64
"	CCC	Ba	0.16	"	BBB	Ba	0.08
"	CCC	B	0.38	"	BBB	B	0.49
"	CCC	Caa	0.02	"	BBB	NR	0.11
"	CCC	Ca	0.11	"	BB	Baa	0.39
"	CCC	NR	0.09	"	BB	Ba	1.73
"	D	Ca	0.02	"	BB	B	1.99
"	NR	Aaa	0.03	"	BB	NR	0.23
"	NR	A	0.02	"	B	Ba	0.60
"	NR	B	0.04	"	B	B	8.41
"	NR	Ca	0.04	"	B	Caa	1.75
Other Asset-backed	AAA	Aaa	0.40	"	CCC	B	1.67
Obligations	AA	Aa	0.08	"	CCC	Ca	0.02
"	BBB	Baa	0.12	"	CCC	Caa	0.04
"	BBB	NR	0.10	"	C	Ca	0.05
"	BBB	Ba	0.02	"	NR	B	0.40
"	BB	Ba	0.22	"	NR	NR	0.09
"	BB	B	0.02	Mutual Funds	NR	NR	39.24
"	BB	NR	0.05	Guaranteed Investment Contracts	NR	NR	11.14
"	B	B	0.24	Short Term Investment Pools	NR	NR	13.37
"	B	Caa	0.13				<u>* 100.00</u>
"	CCC	NR	0.09				
"	NR	Aaa	0.06				

\* rounded

**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, 2010, Federal Home Loan Bank represented 15.3% of the primary government's investments and Federal Home Loan Mortgage represented 5.7%. 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, 2009, 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, 2010. 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, 2009, the Retirement System’s direct exposure to fixed income foreign currency was zero. International/global equities and fixed income assets totaled \$366,170,325 in fair market value, managed in pooled funds as of December 31, 2009.

#### **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 1.8% to 8.0%. The balance as of June 30, 2010 for the deferred charges is \$55,558,558.

#### **5 Capital Assets**

The components of capital assets, changes in asset categories, and accumulated depreciation for the fiscal year ended June 30, 2010 are presented below and on the following pages.

Category	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land and easements	\$ 183,214,719	\$ 6,300,715	\$ -	\$ 189,515,434
Historical property/works of art	4,166,465	-	-	4,166,465
Construction in progress	166,944,415	38,078,285	(56,340,806)	148,681,894
Total assets not depreciated	354,325,599	44,379,000	(56,340,806)	342,363,793
<i>Capital assets being depreciated:</i>				
Land improvements	159,995,184	17,815,365	-	177,810,549
Buildings	304,196,018	11,466	-	304,207,484
Roads and bridges	344,669,216	2,148,319	(686,573)	346,130,962
Sidewalks, curbs, and gutters	38,875,312	871,890	(347,590)	39,399,612
Storm drains and culverts	256,256,016	11,536,151	(18,414)	267,773,753
Automobiles and rolling stock	77,135,186	2,659,597	(1,718,253)	78,076,530
Furniture, fixtures, and equipment	45,251,879	30,995,802	(598,939)	75,648,742
Software	20,279,048	364,575	-	20,643,623
Total assets depreciated	1,246,657,859	66,403,165	(3,369,769)	1,309,691,255

Anne Arundel County, Maryland  
Notes to the Financial Statements

Category	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
<b>Governmental activities (continued):</b>				
<i>Less accumulated depreciation for:</i>				
Land improvements	(56,912,598)	(5,576,497)	-	(62,489,095)
Buildings	(81,450,371)	(6,048,233)	-	(87,498,604)
Roads and bridges	(160,841,099)	(11,152,597)	561,041	(171,432,655)
Sidewalks, curbs, and gutters	(14,421,350)	(803,583)	264,256	(14,960,677)
Storm drains and culverts	(144,267,021)	(8,770,406)	14,731	(153,022,696)
Automobiles and rolling stock	(50,165,638)	(7,314,791)	1,678,937	(55,801,492)
Furniture, fixtures, and equipment	(35,836,817)	(3,251,290)	564,990	(38,523,117)
Software	(19,460,317)	(248,526)	-	(19,708,843)
Total accumulated depreciation	<u>(563,355,211)</u>	<u>(43,165,923)</u>	<u>3,083,955</u>	<u>(603,437,179)</u>
Total capital assets being depreciated, net	683,302,648	23,237,242	(285,814)	706,254,076
Total governmental activities, net	<u>\$ 1,037,628,247</u>	<u>\$ 67,616,242</u>	<u>\$ (56,626,620)</u>	<u>\$ 1,048,617,869</u>
<b>Business-type activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land and easements	\$ 11,935,497	\$ 92,786	\$ (51,173)	\$ 11,977,110
Construction in progress	234,092,473	55,203,995	(36,263,490)	253,032,978
Total assets not depreciated	<u>246,027,970</u>	<u>55,296,781</u>	<u>(36,314,663)</u>	<u>265,010,088</u>
<i>Capital assets being depreciated:</i>				
Buildings	27,469,090	1,418,700	-	28,887,790
Landfills	37,267,229	1,642,498	-	38,909,727
Water and sewer plants and lines	1,317,179,541	41,611,635	-	1,358,791,176
Automobiles and rolling stock	7,798,893	859,719	(446,432)	8,212,180
Furniture, fixtures, and equipment	14,253,841	1,482,159	(243,836)	15,492,164
Total assets depreciated	<u>1,403,968,594</u>	<u>47,014,711</u>	<u>(690,268)</u>	<u>1,450,293,037</u>
<i>Less accumulated depreciation (as restated) for:</i>				
Buildings	(6,670,962)	(499,307)	-	(7,170,269)
Landfills	(29,684,061)	(1,600,555)	-	(31,284,616)
Water and sewer plants and lines	(479,355,674)	(32,313,754)	-	(511,669,428)
Automobiles and rolling stock	(5,938,439)	(790,170)	446,434	(6,282,175)
Furniture, fixtures, and equipment	(7,644,211)	(1,015,811)	241,687	(8,418,335)
Total accumulated depreciation	<u>(529,293,347)</u>	<u>(36,219,597)</u>	<u>688,121</u>	<u>(564,824,823)</u>
Total capital assets being depreciated, net	874,675,247	10,795,114	(2,147)	885,468,214
Total business-type activities, net	<u>\$ 1,120,703,217</u>	<u>\$ 66,091,895</u>	<u>\$ (36,316,810)</u>	<u>\$ 1,150,478,302</u>
<b>Board of Education:</b>				
<i>Capital assets not being depreciated:</i>				
Land and improvements	\$ 55,293,075	\$ 61,662	\$ -	\$ 55,354,737
Construction in progress	114,679,345	74,491,814	(82,256,641)	106,914,518
Total assets not depreciated	<u>169,972,420</u>	<u>74,553,476</u>	<u>(82,256,641)</u>	<u>162,269,255</u>
<i>Capital assets being depreciated:</i>				
Buildings	970,570,601	82,194,979	(1,795,033)	1,050,970,547
Furniture, fixtures, and equipment	46,445,298	1,089,994	(1,383,576)	46,151,716
Total assets depreciated	<u>1,017,015,899</u>	<u>83,284,973</u>	<u>(3,178,609)</u>	<u>1,097,122,263</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(451,064,542)	(38,258,343)	1,703,605	(487,619,280)
Furniture, fixtures, and equipment	(26,475,293)	(2,658,673)	1,227,086	(27,906,880)
Total accumulated depreciation	<u>(477,539,835)</u>	<u>(40,917,016)</u>	<u>2,930,691</u>	<u>(515,526,160)</u>
Total capital assets being depreciated, net	539,476,064	42,367,957	(247,918)	581,596,103
Total Board of Education, net	<u>\$ 709,448,484</u>	<u>\$ 116,921,433</u>	<u>\$ (82,504,559)</u>	<u>\$ 743,865,358</u>

Anne Arundel County, Maryland  
Notes to the Financial Statements

Category	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
<b>Community College:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,377,178	\$ -	\$ -	\$ 2,377,178
Construction in progress	1,403,376	2,499,085	(2,573,580)	1,328,881
Total assets not depreciated	<u>3,780,554</u>	<u>2,499,085</u>	<u>(2,573,580)</u>	<u>3,706,059</u>
<i>Capital assets being depreciated:</i>				
Land improvements	4,966,244	562,472	-	5,528,716
Buildings and improvements	115,636,217	663,213	(98,595)	116,200,835
Furniture, fixtures, and equipment	25,349,328	2,623,659	(1,041,362)	26,931,625
Total assets depreciated	<u>145,951,789</u>	<u>3,849,344</u>	<u>(1,139,957)</u>	<u>148,661,176</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(3,634,267)	(140,068)	-	(3,774,335)
Buildings and improvements	(38,961,833)	(3,776,993)	26,019	(42,712,807)
Furniture, fixtures, and equipment	(18,530,830)	(1,907,259)	1,034,331	(19,403,758)
Total accumulated depreciation	<u>(61,126,930)</u>	<u>(5,824,320)</u>	<u>1,060,350</u>	<u>(65,890,900)</u>
Total capital assets being depreciated, net	<u>84,824,859</u>	<u>(1,974,976)</u>	<u>(79,607)</u>	<u>82,770,276</u>
Total Community College, net	<u>\$ 88,605,413</u>	<u>\$ 524,109</u>	<u>\$ (2,653,187)</u>	<u>\$ 86,476,335</u>
<b>Other non-major:</b>				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ -	\$ -	\$ -	\$ -
<i>Capital assets being depreciated:</i>				
Airport improvements	9,621,789	-	-	9,621,789
Library collection	15,451,363	1,800,658	(1,930,019)	15,322,002
Automobiles and rolling stock	27,062	-	-	27,062
Furniture, fixtures, and equipment	3,057,359	157,246	(89,749)	3,124,856
Total assets depreciated	<u>28,157,573</u>	<u>1,957,904</u>	<u>(2,019,768)</u>	<u>28,095,709</u>
<i>Less accumulated depreciation for:</i>				
Airport improvements	(2,214,090)	(481,089)	-	(2,695,179)
Library collection	(5,511,655)	(1,086,273)	858,854	(5,739,074)
Automobiles and rolling stock	(27,061)	-	-	(27,061)
Furniture, fixtures, and equipment	(2,084,894)	(215,277)	89,721	(2,210,450)
Total accumulated depreciation	<u>(9,837,700)</u>	<u>(1,782,639)</u>	<u>948,575</u>	<u>(10,671,764)</u>
Total capital assets being depreciated, net	<u>18,319,873</u>	<u>175,265</u>	<u>(1,071,193)</u>	<u>17,423,945</u>
Total other non-major, net	<u>\$ 18,319,873</u>	<u>\$ 175,265</u>	<u>\$ (1,071,193)</u>	<u>\$ 17,423,945</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	\$ 33,466,520
Public Safety	5,388,640	Waste collection	2,753,077
General government	8,571,281		\$ <u>36,219,597</u>
Health and human services	385,820	<i>Component units:</i>	
Public works	21,297,099	Board of Education	\$ 40,917,016
Recreation and community services	6,102,781	Community College	5,824,320
Judicial	1,299,762	<i>Nonmajor component units:</i>	
Code enforcement	-	Library System	1,213,884
Land use and development	78,000	Economic Development Corp	41,711
	\$ <u>43,165,923</u>	Tipton Airport Authority	492,454
		Workforce Development	34,590
			\$ <u>48,523,975</u>

## **6 Restricted Assets and Liabilities**

The following funds are shown as restricted on the Statement of Net Assets of the governmental funds; Impact Fees, Parking Garage, Street Light, Forfeiture and Asset Seizures, Roads and Special Benefits, Bond Premium, AA County Partnership for Children, Youth and Family, Storm Drain Fees, Grant Funds, Reforestation, Laurel Racetrack, Workforce Development, ACDS, Circuit Court, Piney Orchard, Erosion Districts, Tax Increment Funds and Special Taxing Districts. 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. Utilities capital grants are restricted and the Solid Waste Financial Assurance fund is restricted for the payment of closure and post-closure costs.

## **7 Interfund and Intra-Entity Balances and Transfers**

The interfund balances of the primary government consist of the following as of June 30, 2010:

<u>Fund With Receivable</u>	<u>Fund With Payable</u>	<u>Amount</u>
General Fund	Special Revenue Funds	\$ 4,601,613
General Fund	Enterprise Funds	1,060,377
Internal Service Funds	General Fund	9,666,832
		\$ <u>15,328,822</u>

Interfund balances between the General Fund and internal service funds have been eliminated on the government-wide Statement of Net Assets. The \$9,666,832 balance represents the amount due to the Self Insurance Fund as of June 30, 2010. The \$4,601,613 and \$1,060,377 balances represent special revenue funds' and water and wastewater funds' implicit borrowing from the General Fund as of June 30, 2010.

Transfers between the primary government's funds presented on the next page totaled \$182,952,661 for fiscal year 2010. The purposes of these transfers are bond proceeds transferred for capital projects; investment losses on capital project investments retained by the General Fund; transfers from the General Fund to the Grants and Arundel Community Development Services funds for grants, to the Bond Premium Fund for debt service payments and the purchase of capital assets, and to the Installment Purchase Agreements fund for land preservation; transfers from the Special Taxing Districts special revenue fund to the Erosion Districts special revenue fund for project maintenance ; transfers from tax increment funds legally appropriated for transfer to the General Fund; transfers from the Storm Drain and Reforestation funds for capital projects; impact fee funding for capital projects; impact fees transferred to the General Fund for debt service on impact fee bonds; and the return of capital projects pay-as-you-go funds to the General Fund.

<u>Originating Fund</u>	<u>Recipient Fund</u>	<u>Amount</u>
General	General County Capital Projects	\$ 102,953,094
General	Nonmajor Governmental	12,650,657
Nonmajor Governmental	Nonmajor Governmental	3,754
Nonmajor Governmental	General	19,780,797
Nonmajor Governmental	General County Capital Projects	3,040,789
Impact Fees	General County Capital Projects	3,387,242
Impact Fees	General	1,467,328
General County Capital Projects	General	39,669,000
		<u>\$ 182,952,661</u>

As of June 30, 2010, 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:

**Receivables/Payables**

<u>Entity with Receivable</u>	<u>Entity with Payable</u>	<u>Amount</u>
Board of Education	Primary Government	\$ 9,396,288
Community College	Primary Government	739,822
Other Nonmajor	Primary Government	1,283,754
Primary Government	Board of Education	2,400,550 *
		<u>\$ 13,820,414</u>

**Primary Government Expenditures**

<u>Originating Entity</u>	<u>Recipient Entity</u>	<u>Amount</u>
Primary Government	Board of Education	\$ 664,585,149
Primary Government	Community College	40,143,950
Primary Government	Other Nonmajor	14,335,831
		<u>\$ 719,064,930</u>

\* This amount is due from Board of Education to Self Insurance Fund and is not reported in the governmental fund.

**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 2010 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 for the purchase of capital related assets. 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 original maturity date of this liquidity arrangement was November 22, 2013. The maturities of notes outstanding during fiscal year 2010 ranged from 6 to 62 days, and interest rates ranged from 0.20% to 0.85%. The County paid off its bond anticipation notes in April of 2010 and did not purchase new notes until after the close of the current fiscal year.

**B General Obligation Bonds** – Substantially all long-term bonded debt is issued as general obligation bonds for the purchase of capital related assets 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, 2010 are presented below:

Year ending June 30,	General Obligation Bonds			
	Governmental		Business-type	
	Principal	Interest	Principal	Interest
2011	\$ 54,104,055	\$ 33,934,471	\$ 20,967,671	\$ 15,735,721
2012	60,529,367	31,608,970	21,838,587	14,924,244
2013	59,099,044	28,967,309	21,712,640	14,008,350
2014	55,365,206	26,255,056	21,346,996	13,076,309
2015	51,580,279	23,706,651	20,399,532	12,195,797
2016-2020	224,630,723	83,609,468	88,021,584	48,548,998
2021-2025	158,484,262	39,419,338	71,332,425	32,331,531
2026-2030	78,338,684	9,742,240	51,269,671	18,682,174
2031-2035	-	-	35,312,861	8,275,633
2036-2040	-	-	13,180,000	1,785,155
	<u>\$ 742,131,620</u>	<u>\$ 277,243,503</u>	<u>\$ 365,381,967</u>	<u>\$ 179,563,912</u>

**C Tax Increment and Other Debt** - As of June 30, 2010, there was \$51,020,000 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 \$2,930,000 outstanding, the County has pledged its full faith and credit for these bonds. During the fiscal year ended June 30, 2010, \$24,299,823 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 June 30,	Principal	Interest	Year ending June 30,	Principal	Interest
2011	\$ 1,690,000	\$ 2,461,848	2016-2020	\$ 10,230,000	\$ 9,385,339
2012	2,175,000	2,381,942	2021-2025	15,315,000	6,222,959
2013	2,340,000	2,284,268	2026-2030	16,260,000	1,701,155
2014	1,430,000	2,199,210		<u>\$ 51,020,000</u>	<u>28,768,104</u>
2015	1,580,000	2,131,383			

In addition, there were \$5,451,000 and \$15,644,908 of special tax district bonds related to the Farmington Village Project and the Villages of Dorchester outstanding as of June 30, 2010, 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, 2010 of \$3,618,649. These loans were received from the State for waterway improvements. During fiscal year 2010, the County paid \$198,795 for principal. The table on the next page outlines the debt service requirements:



<u>Year ended June 30,</u>	<u>Principal</u>	<u>Year ended June 30,</u>	<u>Principal</u>
2011	\$ 217,204	2016-2020	\$ 936,460
2012	245,524	2021-2025	596,749
2013	254,451	2026-2030	464,956
2014	254,452	2031-2035	320,610
2015	249,603	2036-2040	\$ 78,640
			<u>3,618,649</u>

**Federal Loans** – As of June 30, 2010, 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 below outlines the debt service requirements:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 410,000	\$ 30,812
2012	410,000	10,291
Total	<u>\$ 820,000</u>	<u>\$ 41,103</u>

**E Leases** – The County has entered into lease agreements for assets that qualify as a capital lease for accounting purposes. These agreements have resulted in capital assets totaling \$105,083 for computer equipment and a postage inserter, all of which are used for governmental activities. The net present value of these minimum lease payments as of June 30, 2010 and the future minimum lease obligations were as follows:

<u>Year ending June 30,</u>	<u>Present Value of Minimum Lease Payments</u>	<u>Interest</u>	<u>Total Minimum Payments</u>
2011	\$ 25,140	\$ 4,949	\$ 30,089
2012	26,563	3,526	30,089
2013	3,907	2,008	5,915
2014	3,907	2,008	5,915
	<u>\$ 59,517</u>	<u>\$ 12,491</u>	<u>\$ 72,008</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 2010 were \$2,957,314. 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 2010 were \$136,293. Minimum annual rental costs required by the leases are summarized below:

<u>Year ending June 30,</u>	<u>Annual Rentals</u>	<u>Year ending June 30,</u>	<u>Annual Rentals</u>
2011	\$ 2,815,196	2016-2020	\$ 2,672,648
2012	2,449,445	2021-2025	1,200,000
2013	2,046,568	2026-2030	1,200,000
2014	1,726,502	2031-2035	1,200,000
2015	1,739,557	2036-2040	620,000
			<u>\$ 17,669,916</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, 2010 are presented on the following page:

Year ended			Year ended		
June 30,	Principal	Interest	June 30,	Principal	Interest
2011 \$	20,000	\$ 663,988	2016-2020	\$ 100,000	\$ 3,280,900
2012	20,000	662,873	2021-2025	100,000	3,253,013
2013	20,000	661,758	2026-2030	10,454,000	2,250,721
2014	20,000	660,642	2031-2035	0	330,020
2015	20,000	659,526	2036-2040	1,444,000	132,008
				\$ 12,198,000	\$ 12,555,449

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

	Due Dates	Interest Rates	Amount of Original Issue	Amount Outstanding
Governmental activities:				
General obligation bonds	2010-2030	1.00% to 6.50%	\$ 1,261,230,152	\$ 742,131,620
Tax increment district bonds	2010-2029	2.00% to 5.125%	56,875,000	51,020,000
Installment purchase agreements	2010-2037	4.55% to 6.00%	12,332,916	12,198,000
Loans payable	2010-2035	0% to 5.77%	7,524,126	4,438,649
Total governmental activities			1,337,962,194	809,788,269
Business-type activities:				
Water and wastewater serial bonds	2010-2039	1.00% to 7.50%	583,064,913	344,218,587
Solid waste serial bonds	2010-2030	1.50% to 6.00%	46,899,848	21,163,380
Total business-type activities			629,964,761	365,381,967
			\$ 1,967,926,955	\$ 1,175,170,236

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, 2010, a review of the legal debt limitations reveals the following:

	General Bonds (5.2%/13% Limitations)	Water and Wastewater (5.6%/14% Limitations)
Charter imposed limitation	\$ 4,745,491,021	\$ 4,711,166,701
Bonded debt outstanding		
Installment purchase agreements	12,198,000	-
General obligation-serial bonds	742,131,620	344,218,587
General obligation-serial bonds, Solid Waste	21,163,380	-
Tax increment bonds	51,020,000	-
	826,513,000	344,218,587
Legal debt margin	\$ 3,918,978,021	\$ 4,366,948,114

As of June 30, 2010, the County had the authority to issue bonds in the amount of \$553,243,524 more than bonds already issued, including \$371,581,642 of water and wastewater series bonds and \$9,346,398 of solid waste

series bonds. This unused authority will be used to fund existing capital projects and those appropriated for fiscal year 2010.

**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, 2010 was \$14,160,000. Scheduled principal payments due on the bonds payable for future years ending June 30 are shown below:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Year Ending June 30,</u>	<u>Principal Payments</u>
2011	\$ 430,000	2014	\$ -	2021-2025	\$ 3,635,000
2012	450,000	2015	-	2026-2030	5,845,000
2013	470,000	2016-2020	3,330,000		
					<u>\$ 14,160,000</u>

**I Changes in Debt and Obligations** –The changes in the primary government’s long-term liabilities are presented below:

	<u>Balance June 30,2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30,2010</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bond anticipation notes	\$ 36,100,000	\$ -	\$ 36,100,000	\$ -	\$ -
Bonds payable:					
General obligation bonds	660,268,588	139,025,000	57,161,968	742,131,620	54,104,055
Deferred refunding loss	(22,963)	(1,080,304)	(734,075)	(369,192)	(38,525)
Tax incremental and other debt	52,170,000	-	1,150,000	51,020,000	1,690,000
Total bonds payable	<u>712,415,625</u>	<u>137,944,696</u>	<u>57,577,893</u>	<u>792,782,428</u>	<u>55,755,530</u>
Federal and State loans	4,232,935	814,509	608,795	4,438,649	627,204
Capital leases	63,791	19,533	23,807	59,517	25,140
Installment purchase agreements	12,218,000	-	20,000	12,198,000	20,000
Unpaid insurance claims	62,060,172	106,456,171	88,867,486	79,648,857	20,825,857
OPEB obligation	116,668,964	60,098,388	-	176,767,352	-
State of Maryland liability	32,663,346	-	-	32,663,346	-
General County due to Self Insurance	-	7,347,875	-	7,347,875	-
Compensated absences	19,313,068	27,273,272	24,802,814	21,783,526	21,752,192
Total long-term	<u>959,635,901</u>	<u>339,954,444</u>	<u>171,900,795</u>	<u>1,127,689,550</u>	<u>99,005,923</u>
Total governmental activities	<u>\$ 995,735,901</u>	<u>\$ 339,954,444</u>	<u>\$ 208,000,795</u>	<u>\$ 1,127,689,550</u>	<u>\$ 99,005,923</u>
<b>Business-type activities:</b>					
Bond anticipation notes	\$ 35,300,000	\$ -	\$ 35,300,000	\$ -	\$ -
Bonds payable:					
General obligation bonds	338,726,963	47,837,283	21,182,279	365,381,967	20,967,671
Deferred refunding loss	(2,054,126)	(725,286)	(287,671)	(2,491,741)	(351,925)
Total bonds payable	<u>336,672,837</u>	<u>47,111,997</u>	<u>20,894,608</u>	<u>362,890,226</u>	<u>20,615,746</u>
OPEB obligation	10,157,213	5,470,945	-	15,628,158	-
Compensated absences	1,848,041	1,950,516	1,899,831	1,898,726	1,888,088
Total long-term	<u>348,678,091</u>	<u>54,533,458</u>	<u>22,794,439</u>	<u>380,417,110</u>	<u>22,503,834</u>
Total business-type activities	<u>\$ 383,978,091</u>	<u>\$ 54,533,458</u>	<u>\$ 58,094,439</u>	<u>\$ 380,417,110</u>	<u>\$ 22,503,834</u>

**J**     **Advance Refundings** – In fiscal year 2010, the County defeased the callable portion of certain series of General Obligation Bonds by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. On July 9, 2009 the County issued \$53.3 million in General Obligation Bonds (\$32.6 million in General County and \$20.7 million in Water and Sewer) with an average interest rate of 3.7 percent to advance refund \$53.7 million of outstanding 1995 and 1999 bonds (General County \$32.8 million and \$20.9 million in Water and Sewer) with an average interest rate of 4.5 percent. The net proceeds were used to purchase U.S. securities and were deposited with an escrow agent. The advance refunding resulted in a difference between the reacquisition price and the net carry value of \$1,080,304 for General County and \$725,286 for Water and Sewer. There was a net present value savings of \$3.5 million. The County completed the advance refunding to reduce its total debt service over the next 15 years by \$2.8 million and to obtain an economic gain.

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, 2010, \$87,425,000 of governmental debt and \$42,915,000 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 third parties 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, 2010, 154 Industrial Revenue Bonds series had been issued. The aggregate principal amounts payable for the seven series issued after July 1, 1996 that are still outstanding was \$26,934,289. 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, 2010, the date of the latest actuarial valuation:

	<u>Employees Plan</u>	<u>Police Plan</u>	<u>Fire Plan</u>	<u>Detention Plan</u>	<u>Total</u>
Retirees and beneficiaries receiving payments	1,270	571	414	146	2,401
Terminated plan members entitled to but not yet receiving payments	257	-	-	15	272
Deferred Retirement Option Program (DROP)	-	45	63	-	108
Active plan members	2,278	587	757	374	3,996
	<u>3,805</u>	<u>1,203</u>	<u>1,234</u>	<u>535</u>	<u>6,777</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 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 Required Supplementary Information following these notes presents multi-year trend information about whether the actuarial value of each plan's assets is increasing or decreasing relative to the actuarial accrued liability for benefits year to year over a three year period. It also discloses the funded status and funding progress of the defined benefit plans for the most recent valuation date. The table below and on the following page provides the actuarial assumptions, funding methods and contributions related to the fiscal year 2010 financial statements.

	<b>Employees Plan</b>	<b>Police Plan</b>	<b>Fire Plan</b>	<b>Detention 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)	\$17,078,045	\$13,588,002	\$14,217,007	\$4,678,430
Contributions made	\$17,078,045	\$13,588,002	\$14,217,007	\$4,678,430
Actuarial valuation date	January 1, 2009	January 1, 2009	January 1, 2009	January 1, 2009
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level % of payroll	Level % of payroll	Level % of payroll	Level % of payroll
Remaining amortization period	Range 25-30 yrs Average 28 yrs Closed	Range 25-30 yrs Average 28 yrs Closed	Range 25-30 yrs Average 28 yrs Closed	Range 24-30 yrs Average 27 yrs 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 4.0% to 7.0%	Varies by age 4.5% to 6.5%	Varies by age 4.5% to 7.0%	Varies by age 4.5% to 6.5%
Cost of living adjustments	3.0% pre 2/97 2.1% post 2/97	3.5% pre 2/97 2.1% post 2/97	3.5% pre 2/97 2.1% post 2/97	3.5% pre 2/97 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,				
	2006	2007	2008	2009	2010
<i>Employees Plan</i>					
Annual Pension Cost (APC)	\$ 10,351,477	\$ 11,158,863	\$ 12,399,400	\$ 13,414,470	\$ 17,078,045
Percentage of APC Contributed	100.0%	100.0%	100.0%	100.0%	100.0%
Net Pension Obligation	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Police Plan</i>					
Annual Pension Cost (APC)	\$ 9,005,513	\$ 10,217,584	\$ 9,777,042	\$ 11,268,277	\$ 13,588,002
Percentage of APC Contributed	100.0%	100.0%	100.0%	100.0%	100.0%
Net Pension Obligation	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Fire Plan</i>					
Annual Pension Cost (APC)	\$ 10,236,823	\$ 10,725,662	\$ 11,194,123	\$ 11,185,312	\$ 14,217,007
Percentage of APC Contributed	100.0%	100.0%	100.0%	100.0%	100.0%
Net Pension Obligation	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Detention Plan</i>					
Annual Pension Cost (APC)	\$ 3,280,056	\$ 3,644,678	\$ 3,557,116	\$ 4,019,403	\$ 4,678,430
Percentage of APC Contributed	100.0%	100.0%	100.0%	100.0%	100.0%
Net Pension Obligation	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2010, 2009, and 2008 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,		
	2010	2009	2008
County contributions:			
Primary Government	\$ 1,452,962	\$ 1,383,773	\$ 1,317,879
Board of Education	7,154,856	6,314,840	7,004,014
Community College	316,825	262,863	230,590
State contributions on behalf of:			
Board of Education	62,628,729	50,559,262	44,791,171
Community College	3,105,354	2,473,590	2,315,838
Library	1,146,176	1,047,856	977,605
	<u>\$ 75,804,902</u>	<u>\$ 62,042,184</u>	<u>\$ 56,637,097</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. The Supplementary Information following these notes presents multi-year trend information about whether the actuarial value of each plan's assets is increasing or decreasing relative to the actuarial accrued liability for benefits year to year over a four year period. There is not a separate audited postemployment benefit report available.

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 76% of the premiums for medical, dental and prescription drug coverage for employees hired on or before September 15, 2002 during fiscal year 2010. 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 retirement plan, (Maryland State Retirement System or Optional plan). 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 as of July 1, 2008, the effective date of the biennial OPEB evaluation. Inactive individuals include both retirees and those who are terminated and vested.

	<u>Active</u>	<u>Inactive</u>	<u>Total</u>
Primary Government	3,766	2,448	6,214
Board of Education	8,505	3,525	12,030
College	240	238	478
Library	<u>194</u>	<u>92</u>	<u>286</u>
Total	<u>12,705</u>	<u>6,303</u>	<u>19,008</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.

**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, 2010 is recorded in non-current liabilities on the Statement of Net Assets and was calculated as follows:



(Amounts shown in thousands)

	<u>Primary Government</u>	<u>Board of Education</u>	<u>College</u>	<u>Library</u>	<u>Total</u>
Total Annual OPEB Cost	\$ 80,182	\$ 74,195	\$ 4,491	\$ 2,823	\$ 161,691
Employer Contributions	<u>14,612</u>	<u>30,940</u>	<u>747</u>	<u>883</u>	<u>47,182</u>
Increase in Net OPEB Obligation	65,570	43,255	3,744	1,940	114,509
Net OPEB obligation, beginning of year	<u>126,826</u>	<u>81,104</u>	<u>9,836</u>	<u>4,665</u>	<u>222,431</u>
Net OPEB obligation, end of year	<u>\$ 192,396</u>	<u>\$ 124,359</u>	<u>\$ 13,580</u>	<u>\$ 6,605</u>	<u>\$ 336,940</u>
% of Annual OPEB Cost Contributed	18.2%	41.7%	16.6%	31.3%	

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

**Two Year Trend Information - Schedule of Employer Contributions**  
**Fiscal Year Ended June 30, 2010**

	<u>2009</u>	<u>2010</u>
<i>Employees Plan</i>		
Annual OPEB Cost	\$ 81,157,000	\$ 80,182,000
Percentage of Annual OPEB Cost Contributed	21.1%	18.2%
Annual Net OPEB Obligation	\$ 64,018,000	\$ 65,570,000
<i>Board Of Education</i>		
Annual OPEB Cost	\$ 70,880,000	\$ 74,195,000
Percentage of Annual OPEB Cost Contributed	41.9%	41.7%
Annual Net OPEB Obligation	\$ 41,182,000	\$ 43,255,000
<i>College</i>		
Annual OPEB Cost	\$ 5,666,000	\$ 4,491,000
Percentage of Annual OPEB Cost Contributed	11.9%	16.6%
Annual Net OPEB Obligation	\$ 4,992,000	\$ 3,744,000
<i>Library</i>		
Annual OPEB Cost	\$ 3,090,000	\$ 2,823,000
Percentage of Annual OPEB Cost Contributed	22.9%	31.3%
Annual Net OPEB Obligation	\$ 2,381,000	\$ 1,940,000

**D Funding Status and Funding Progress** - The funded status of the plans as of June 30, 2010 was as follows:

(Amounts shown in thousands)

	<u>Primary Government</u>	<u>Board of Education</u>	<u>College</u>	<u>Library</u>	<u>Total</u>
Actuarial accrued liability (AAL)	\$ 990,107	\$ 1,096,678	\$ 50,843	\$ 32,999	\$ 2,170,627
Actuarial value of plan assets	-	-	-	-	-
Unfunded actuarial accrued liability, end of year	<u>\$ 990,107</u>	<u>\$ 1,096,678</u>	<u>\$ 50,843</u>	<u>\$ 32,999</u>	<u>\$ 2,170,627</u>
Funded ratio	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Covered payroll	<u>\$ 233,947</u>	<u>\$ 578,530</u>	<u>\$ 84,569</u>	<u>\$ 10,540</u>	<u>\$ 907,586</u>
UAAL as a percent of covered payroll	<u>423%</u>	<u>190%</u>	<u>60%</u>	<u>313%</u>	<u>239%</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, 2010, based on January 1, 2008 census data using the projected unit credit method. The assumptions for these evaluations include a 3.2% inflation assumption (3.25 % for the Community College), a payroll growth rate of 3.5%, a 4% investment rate of return (discount rate) and an annual healthcare cost trend of 9% in 2008 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, 2010 at 27 years.

The Board's actuarial evaluation projected liabilities as of June 30, 2010, 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. As of June 30, 2010 the Self Insurance Fund liability of \$73,020,000 is discounted since discounting is more reflective of the nature of the claims. The Health Insurance Fund liability of \$6,628,857 is undiscounted. As of June 30, 2009 the liabilities for both funds were undiscounted. Settlements have not exceeded coverage for each of the past three years. Changes in the balances of claims liabilities during fiscal years 2010 and 2009 were as follows:

	<u>2010</u>	<u>2009</u>
Liability balance, July 1	\$ 62,060,172	\$ 56,802,410
Current year claims and changes in estimates:		
Changes in estimates - prior periods	11,923,000	2,070,000
Changes in estimates - current year	94,533,171	86,251,580
Claims payments	<u>(88,867,486)</u>	<u>(83,063,818)</u>
Liability balance, June 30	<u>\$ 79,648,857</u>	<u>\$ 62,060,172</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 82.6 % full, and cell 9 has not yet opened. Cells 8 and 9 have useful lives to at least 2014 and 2034, respectively. The table below presents the costs and liabilities related to all sites. The costs for cells 8 and 9 at the Millersville Landfill are determined by applying the percent of capacity used to the total estimated closure and postclosure costs.

	<u>Millersville</u>	<u>Closed Sites</u>	<u>Total</u>
Total costs:			
Closure	\$ 51,581,974	\$ 18,163,719	\$ 69,745,693
Post closure	39,214,918	5,247,392	44,462,310
	<u>90,796,892</u>	<u>23,411,111</u>	<u>114,208,003</u>
Less:			
Amount recognized thru June 30, 2010	<u>51,509,658</u>	<u>23,411,111</u>	<u>74,920,769</u>
Costs remaining to be recognized	<u>\$ 39,287,234</u>	<u>\$ -</u>	<u>\$ 39,287,234</u>
Liability recorded at June 30, 2010			
Closure	\$ 9,774,884	\$ -	\$ 9,774,884
Current portion post closure	712,995	277,719	990,714
Post closure	<u>19,953,806</u>	<u>4,969,673</u>	<u>24,923,479</u>
	<u>\$ 30,441,685</u>	<u>\$ 5,247,392</u>	<u>\$ 35,689,077</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 \$318,052 and post closure reserves increased by \$188,282. 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 \$19,096,623 as of June 30, 2010.

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

**A**     **Impact Fees** – As of June 30, 2010, 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, 2010, the County held \$51,336,063 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 \$4,895,186 as of June 30, 2010.

**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 Circuit Court held evidentiary hearing on various dates throughout 2010 and the hearings will continue in 2011. It is expected that the Court will enter a revised judgment on the amount owed during 2011. 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 \$4,750,000 plus approximately \$7,250,000 of interest is remote. The County believes that the 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 \$3,250,000 plus \$4,872,222 in accrued interest for a total of \$8,122,222.

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, 2010, the County estimates that no material liabilities will result from such audits.

## **15**     **Subsequent Events**

**A**     **Special Obligation Bonds** – On July 30, 2010, the County sold \$30,000,000 of Special Obligation Bonds for the National Business Park – North Project. These bonds, with principal maturities from 2016 to 2025 for \$4,000,000 and an interest rate of 5.625% and maturities from 2025 to 2040 for \$26,000,000 and an interest rate of 6.1%, are to be repaid from revenues of a tax increment district, further secured by a special assessment district which is geographically coincident.

**Special Obligation Bonds** – On November 10, 2010, the County sold \$16,000,000 of Special Obligation Bonds for the Village South at Waugh Chapel Project. These bonds, with principal maturities from 2017 to 2040 and an interest rate of 6.25%, are to be repaid from revenues of a tax increment district, further secured by a special assessment district which is geographically coincident.

**B**     **Transfer of Property** - On January 7, 2011 the State of Maryland transferred 546 acres of forest land with an assessed value of \$2,656,240 to the County for permanent preservation. As a condition of the transfer, the State and County in cooperation with Maryland Environmental Trust and Scenic Rivers Land Trust, entered into a Conservation Easement to preserve this scenic rural property and protect its natural forest and wetland habitats.

## Required Supplementary Information

Year Ended June 30, 2010

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) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL)	(B-A) Unfunded AAL (UAAL)	(A/B) Funded Ratio	(C) Covered Payroll	((A-B)/C) UAAL as a Percentage of Covered Payroll
<b>Employees Retirement Plan:</b>							
January 1,	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%
	2010	519,556,093	598,841,131	79,285,038	86.8%	126,030,706	62.9%
<b>Police Service Retirement Plan:</b>							
January 1,	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%
	2010	432,176,036	487,458,733	55,282,697	88.7%	42,499,380	130.1%
<b>Fire Service Retirement Plan:</b>							
January 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%
	2010	418,191,046	455,154,200	36,963,154	91.9%	49,064,454	75.3%
<b>Detention Officers' and Deputy Sheriffs' Pension Plan:</b>							
January 1,	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%
	2010	84,490,610	111,255,025	26,764,415	75.9%	20,203,895	132.5%
<b>State Retirement and Pension System of Maryland (dollar amounts in thousands):</b>							
June 30,	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%
	2009	34,284,569	52,729,171	18,444,603	65.0%	10,714,168	172.2%

## 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.

**C.** The actuarial value of assets is determined by spreading the asset gain or loss over a five year period and the results of prior year investment gains or losses could have an impact on the funding ratio for the current and future years.

Anne Arundel County, Maryland

Required Supplementary Information

Year Ended June 30, 2010

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, 2007	\$ -	\$ -	\$ -	0.0%	\$ -	0%
2008	-	991,940	991,940	0.0%	219,048	453%
2009	-	1,284,474	1,284,474	0.0%	233,637	550%
2010	-	990,107	990,107	0.0%	233,947	423%
<b>Board of Education:</b>						
June 30, 2007	-	-	-	0.0%	-	0%
2008	-	1,033,327	1,033,327	0.0%	513,254	201%
2009	-	1,054,803	1,054,803	0.0%	577,427	183%
2010	-	1,096,678	1,096,678	0.0%	578,530	190%
<b>College:</b>						
June 30, 2007	-	-	-	0.0%	-	0%
2008	-	61,463	61,463	0.0%	72,571	85%
2009	-	65,995	65,995	0.0%	83,530	79%
2010	-	50,843	50,843	0.0%	84,569	60%
<b>Library:</b>						
June 30, 2007	-	-	-	0.0%	-	0%
2008	-	35,932	35,932	0.0%	10,500	342%
2009	-	45,426	45,426	0.0%	10,910	416%
2010	-	32,999	32,999	0.0%	10,540	313%

**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, 2010

	Original Budget	Final Budget	Actual	Variance
<b>GENERAL PROPERTY TAXES</b>				
Real and personal taxes	\$ 530,023,000	\$ 530,023,000	\$ 536,614,543	\$ 6,591,543
Interest and penalties	979,000	979,000	1,096,919	117,919
	<u>531,002,000</u>	<u>531,002,000</u>	<u>537,711,462</u>	<u>6,709,462</u>
<b>LOCAL INCOME TAXES</b>	<u>356,850,000</u>	<u>356,850,000</u>	<u>353,417,002</u>	<u>(3,432,998)</u>
<b>STATE SHARED TAXES</b>				
Highway user	9,224,000	9,224,000	1,361,680	(7,862,320)
Admissions	7,890,000	7,890,000	7,518,959	(371,041)
Auto-boat	5,000	5,000	2,425	(2,575)
	<u>17,119,000</u>	<u>17,119,000</u>	<u>8,883,064</u>	<u>(8,235,936)</u>
<b>RECORDATION AND TRANSFER TAXES</b>				
Recordation	31,000,000	31,000,000	28,975,957	(2,024,043)
Transfer	29,000,000	29,000,000	30,751,541	1,751,541
	<u>60,000,000</u>	<u>60,000,000</u>	<u>59,727,498</u>	<u>(272,502)</u>
<b>LOCAL SALES TAXES</b>				
Electricity	5,020,000	5,020,000	5,009,701	(10,299)
Gas	726,000	726,000	696,074	(29,926)
Telephone	7,010,000	7,010,000	6,777,728	(232,272)
Fuel	62,000	62,000	53,874	(8,126)
Hotel-motel	14,370,000	14,370,000	12,812,493	(1,557,507)
Parking	5,200,000	5,200,000	5,391,127	191,127
Trailer park rental pmts	940,000	940,000	940,514	514
	<u>33,328,000</u>	<u>33,328,000</u>	<u>31,681,511</u>	<u>(1,646,489)</u>

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance
<b>LICENSES AND PERMITS</b>				
Amusements	245,000	245,000	246,481	1,481
Special events	7,000	7,000	8,500	1,500
Beer, wine, liquor	832,000	832,000	841,950	9,950
Trade licenses	276,800	276,800	279,556	2,756
Traders	800,000	800,000	837,795	37,795
Permits	8,405,000	8,405,000	8,483,726	78,726
Fines	155,600	155,600	144,316	(11,284)
Mobile home parks	33,600	33,600	30,740	(2,860)
Taxicabs	114,000	114,000	115,936	1,936
Animal control	331,000	331,000	343,483	12,483
Other	1,976,100	1,976,100	2,283,191	307,091
Health department	1,505,500	1,505,500	954,748	(550,752)
Public space	868,000	868,000	912,229	44,229
	<u>15,549,600</u>	<u>15,549,600</u>	<u>15,482,651</u>	<u>(66,949)</u>
<b>INVESTMENT INCOME</b>	<u>3,891,000</u>	<u>3,891,000</u>	<u>604,244</u>	<u>(3,286,756)</u>
<b>INTER-FUND RECOVERIES</b>	<u>108,306,000</u>	<u>110,748,000</u>	<u>127,091,520</u>	<u>16,343,520</u>
<b>OTHER REVENUES</b>				
Sale of surplus property	50,000	50,000	28,674	(21,326)
Health department fees	1,320,000	1,320,000	1,925,202	605,202
Certification of liens	75,000	75,000	73,325	(1,675)
Recreation and parks	11,796,100	11,796,100	10,363,927	(1,432,173)
Developers fees - street lighting	50,000	50,000	61,170	11,170
Sheriff	95,000	95,000	89,465	(5,535)
Sub-division	1,350,000	1,350,000	1,181,569	(168,431)
Administrative fees	130,000	130,000	5,722,026	5,592,026
Rental income	673,300	673,300	1,106,698	433,398
Cable fees	7,762,000	7,762,000	8,200,802	438,802
Reimbursements	14,881,800	14,881,800	10,746,205	(4,135,595)
Fines and fees	400,000	400,000	872,020	472,020
Miscellaneous	16,260,600	25,587,600	21,973,298	(3,614,302)
	<u>54,843,800</u>	<u>64,170,800</u>	<u>62,344,381</u>	<u>(1,826,419)</u>
<b>Total revenues</b>	<u>\$ 1,180,889,400</u>	<u>\$ 1,192,658,400</u>	<u>\$ 1,196,943,333</u>	<u>\$ 4,284,933</u>

## Anne Arundel County, Maryland

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

## General Fund

Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance
<b>EDUCATION</b>				
Board of Education	\$ 592,879,500	\$ 592,879,500	\$ 591,453,897	\$ (1,425,603)
Community College	37,978,700	37,978,700	37,924,623	(54,077)
	<u>630,858,200</u>	<u>630,858,200</u>	<u>629,378,520</u>	<u>(1,479,680)</u>
<b>PUBLIC SAFETY</b>				
Police	101,197,300	100,897,300	99,760,588	(1,136,712)
Fire	92,401,700	92,401,700	91,792,734	(608,966)
Detention Facilities	41,073,400	40,448,400	39,467,175	(981,225)
	<u>234,672,400</u>	<u>233,747,400</u>	<u>231,020,497</u>	<u>(2,726,903)</u>
<b>GENERAL GOVERNMENT</b>				
County Executive	6,046,900	6,046,900	4,843,521	(1,203,379)
Chief Administrative Officer	22,307,200	9,707,200	1,540,417	(8,166,783)
Office of Budget	874,200	874,200	874,049	(151)
Office of Finance	7,151,700	6,951,700	6,932,696	(19,004)
Office of Finance (non departmental)	28,647,000	40,656,000	39,170,469	(1,485,531)
Mandated Transfers	1,040,000	900,000	934,203	34,203
Central Services	19,749,200	19,549,200	18,804,684	(744,516)
Personnel	5,820,300	5,820,300	5,819,145	(1,155)
Information Technology	14,917,300	14,917,300	14,631,327	(285,973)
Law	3,537,900	3,557,900	3,557,884	(16)
Legislative Branch	3,664,400	3,664,400	3,459,384	(205,016)
Ethics Commission	179,500	179,500	166,133	(13,367)
Board of Election Supervisors	2,102,700	2,102,700	2,023,023	(79,677)
	<u>116,038,300</u>	<u>114,927,300</u>	<u>102,756,935</u>	<u>(12,170,365)</u>
<b>HEALTH AND HUMAN SERVICES</b>				
Health	29,699,400	29,699,400	29,008,408	(690,992)
Social Services	5,047,500	5,047,500	4,611,107	(436,393)
Services for the Aging	8,712,200	8,712,200	8,373,590	(338,610)
Other Grants	1,685,500	1,685,500	1,685,500	-
	<u>45,144,600</u>	<u>45,144,600</u>	<u>43,678,605</u>	<u>(1,465,995)</u>
<b>PUBLIC WORKS</b>				
	<u>34,984,200</u>	<u>49,984,200</u>	<u>49,985,252</u>	<u>1,052</u>
<b>RECREATION AND COMMUNITY SERVICES</b>				
Recreation and Parks	24,321,400	24,321,400	22,889,702	(1,431,698)
Public Library System	12,621,000	12,621,000	12,621,000	-
	<u>36,942,400</u>	<u>36,942,400</u>	<u>35,510,702</u>	<u>(1,431,698)</u>

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>JUDICIAL</b>				
States Attorney	8,856,800	8,856,800	8,645,007	(211,793)
Sheriffs Office	7,384,200	7,464,200	7,402,271	(61,929)
Circuit Court	4,555,800	4,555,800	4,651,407	95,607
Orphans Court	130,600	130,600	111,631	(18,969)
Total Judicial	<u>20,927,400</u>	<u>21,007,400</u>	<u>20,810,316</u>	<u>(197,084)</u>
<b>LAND USE AND DEVELOPMENT</b>				
Planning and Zoning	8,266,200	8,066,200	8,016,562	(49,638)
Office of Administrative Hearings	258,200	258,200	258,128	(72)
Cooperative Extension Service	223,800	248,800	209,387	(39,413)
	<u>8,748,200</u>	<u>8,573,200</u>	<u>8,484,077</u>	<u>(89,123)</u>
<b>CODE ENFORCEMENT</b>				
Inspections and Permits	11,505,300	11,505,300	11,417,821	(87,479)
Board of License Commissioners	637,400	637,400	613,800	(23,600)
	<u>12,142,700</u>	<u>12,142,700</u>	<u>12,031,621</u>	<u>(111,079)</u>
<b>DEBT SERVICE</b>				
	<u>40,431,000</u>	<u>39,331,000</u>	<u>39,251,102</u>	<u>(79,898)</u>
Total expenditures and encumbrances \$	<u><u>1,180,889,400</u></u>	<u><u>1,192,658,400</u></u>	<u><u>1,172,907,627</u></u>	<u><u>(19,750,773)</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.

Bond Premium – This fund accounts for the balances reserved for Debt, Capital Projects, and the Garage fund.

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

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

## **Nonmajor Governmental Funds (continued)**

**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, 2010

	Special Revenue Funds					
	County Parking Garage	Street Light	Forfeiture and Asset Seizure Team	Road and Special Benefits Districts	Piney Orchard Wastewater Service	AA County Partnership for CYF
<b>ASSETS</b>						
Cash and investments	\$ 2,868	\$ 2,712,568	\$ 203,520	\$ 126,864	\$ 202,829	\$ 960,361
Receivables						
Due from other governmental agencies (net of allowances)	-	-	-	-	-	297,725
Other, net	20,977	-	95,500	12,261	-	-
Total assets	<u>\$ 23,845</u>	<u>\$ 2,712,568</u>	<u>\$ 299,020</u>	<u>\$ 139,125</u>	<u>\$ 202,829</u>	<u>\$ 1,258,086</u>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 16,303	\$ 32,228	\$ 4,165	\$ 4,377	\$ 202,829	\$ 779,885
Due to General Fund	-	-	-	-	-	-
Escrow and other deposits	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	187,445
Total liabilities	<u>16,303</u>	<u>32,228</u>	<u>4,165</u>	<u>4,377</u>	<u>202,829</u>	<u>967,330</u>
<b>FUND BALANCES</b>						
Reserved						
Encumbrances	7,542	1,582,474	-	-	-	-
Reserved for debt service	-	-	-	-	-	-
Reserved for capital projects	-	-	-	-	-	-
Reserved for other purposes	-	-	-	-	-	-
Unreserved						
Designated for next year's expenditures	-	400,000	-	52,873	-	-
Undesignated	-	697,866	294,855	81,875	-	290,756
Total fund balances	<u>7,542</u>	<u>2,680,340</u>	<u>294,855</u>	<u>134,748</u>	<u>-</u>	<u>290,756</u>
Total liabilities and fund balances	<u>\$ 23,845</u>	<u>\$ 2,712,568</u>	<u>\$ 299,020</u>	<u>\$ 139,125</u>	<u>\$ 202,829</u>	<u>\$ 1,258,086</u>

Special Revenue Funds

Storm Drain Fees	Inmate Benefit and Morale	Reforestation	Laurel Racetrack Community Benefit	Recreational Land Fees	Bond Premium	Workforce Development
\$ 764,262	\$ 541,860	\$ 13,108,121	\$ 1,110,930	\$ 533,444	\$ 10,707,958	\$ -
-	-	-	-	-	-	-
-	12,862	-	53,721	-	-	94,369
<u>\$ 764,262</u>	<u>\$ 554,722</u>	<u>\$ 13,108,121</u>	<u>\$ 1,164,651</u>	<u>\$ 533,444</u>	<u>\$ 10,707,958</u>	<u>\$ 94,369</u>
\$ -	\$ 92,140	\$ 108,274	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	42,018	4,662,114	-	-	-	-
-	-	2,938,574	-	-	-	94,369
-	134,158	7,708,962	-	-	-	94,369
-	55,475	57,023	-	-	-	-
-	-	-	-	-	4,785,530	-
-	-	-	-	-	1,000,000	-
-	-	-	-	-	4,922,428	-
750,000	356,000	2,311,300	1,164,651	-	-	-
14,262	9,089	3,030,836	-	533,444	-	-
<u>764,262</u>	<u>420,564</u>	<u>5,399,159</u>	<u>1,164,651</u>	<u>533,444</u>	<u>10,707,958</u>	<u>-</u>
<u>\$ 764,262</u>	<u>\$ 554,722</u>	<u>\$ 13,108,121</u>	<u>\$ 1,164,651</u>	<u>\$ 533,444</u>	<u>\$ 10,707,958</u>	<u>\$ 94,369</u>

(continued)



Anne Arundel County, Maryland

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2010

	Arundel Community Development Services				Grants	Circuit Court	Park Place Tax Increment	Capital Projects Fund  Erosion Districts		
<b>ASSETS</b>										
Cash and investments	\$	-	\$	374,214	\$	239,731	\$	43,569	\$	974,927
Receivables										
Due from other governmental agencies (net of allowances)		1,741,503		6,841,755		-		-		-
Other, net		-		27,511		17,619		-		1,488
Total assets	\$	<u>1,741,503</u>	\$	<u>7,243,480</u>	\$	<u>257,350</u>	\$	<u>43,569</u>	\$	<u>976,415</u>
<b>LIABILITIES</b>										
Accounts payable and accrued liabilities	\$	1,185,280	\$	2,531,522	\$	-	\$	-	\$	12,640
Due to General Fund		556,223		4,045,390		-		-		-
Escrow and other deposits		-		-		196,221		-		-
Deferred revenue		-		3,188,691		-		-		-
Total liabilities		<u>1,741,503</u>		<u>9,765,603</u>		<u>196,221</u>		<u>-</u>		<u>12,640</u>
<b>FUND BALANCES</b>										
Reserved										
Encumbrances		7,850,947		1,798,819		-		-		-
Reserved for debt service		-		-		-		-		-
Reserved for capital projects		-		-		-		-		-
Reserved for garage		-		-		-		-		-
Unreserved										
Designated for next year's expenditures		-		-		-		-		619,496
Undesignated		<u>(7,850,947)</u>		<u>(4,320,942)</u>		<u>61,129</u>		<u>43,569</u>		<u>344,279</u>
Total fund balances		<u>-</u>		<u>(2,522,123)</u>		<u>61,129</u>		<u>43,569</u>		<u>963,775</u>
Total liabilities and fund balances	\$	<u>1,741,503</u>	\$	<u>7,243,480</u>	\$	<u>257,350</u>	\$	<u>43,569</u>	\$	<u>976,415</u>

Debt Service Funds

Nursery Road Tax Increment	West County Tax Increment	Arundel Mills Tax Increment	Parole Tax Increment	Special Taxing Districts	Installment Purchase Agreements	Totals
\$ -	\$ 56,042	\$ 128	\$ -	\$ 510,844	\$ 5,752,631	\$ 38,927,671
-	-	-	-	-	-	8,880,983
-	-	-	-	348	-	336,656
<u>\$ -</u>	<u>\$ 56,042</u>	<u>\$ 128</u>	<u>\$ -</u>	<u>\$ 511,192</u>	<u>\$ 5,752,631</u>	<u>\$ 48,145,310</u>
\$ -	\$ 150	\$ 128	\$ -	\$ 17,491	\$ -	\$ 4,987,412
-	-	-	-	-	-	4,601,613
-	-	-	-	-	-	4,900,353
-	-	-	-	-	-	6,409,079
<u>-</u>	<u>150</u>	<u>128</u>	<u>-</u>	<u>17,491</u>	<u>-</u>	<u>20,898,457</u>
-	-	-	-	-	-	11,352,280
-	-	-	-	-	-	4,785,530
-	-	-	-	-	-	1,000,000
-	-	-	-	-	-	4,922,428
-	-	-	-	385,437	-	6,039,757
-	55,892	-	-	108,264	5,752,631	(853,142)
-	55,892	-	-	493,701	5,752,631	27,246,853
<u>\$ -</u>	<u>\$ 56,042</u>	<u>\$ 128</u>	<u>\$ -</u>	<u>\$ 511,192</u>	<u>\$ 5,752,631</u>	<u>\$ 48,145,310</u>

Anne Arundel County, Maryland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2010

	Special Revenue Funds					
	County Parking Garage	Street Light	Forfeiture and Asset Seizure Team	Road and Special Benefits Districts	Piney Orchard Wastewater Service	AA County Partnership for CYF
<b>REVENUES</b>						
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and aid	-	-	-	-	-	1,829,696
Commissary sales	-	-	-	-	-	-
Seized / forfeited funds	-	-	276,466	-	-	-
Special community benefit taxes	-	-	-	5,149,735	-	-
Fees and commissions	455,372	596,214	-	-	818,640	-
Investment income	-	-	635	-	-	2,643
Other	-	203,087	-	-	-	-
<b>Total revenues</b>	<b>455,372</b>	<b>799,301</b>	<b>277,101</b>	<b>5,149,735</b>	<b>818,640</b>	<b>1,832,339</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
Public safety	-	-	277,406	-	-	-
General government	451,802	-	-	-	-	-
Health and human services	-	-	-	-	-	1,943,985
Public works	-	286,670	-	-	818,640	-
Recreation and community services	-	-	-	5,173,552	-	-
Judicial	-	-	-	-	-	-
Land use and development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
<b>Debt service</b>						
Interest payments on debt	-	-	-	-	-	-
Principal payments on debt	-	-	-	-	-	-
<b>Total expenditures</b>	<b>451,802</b>	<b>286,670</b>	<b>277,406</b>	<b>5,173,552</b>	<b>818,640</b>	<b>1,943,985</b>
<b>Revenues over (under) expenditures</b>	<b>3,570</b>	<b>512,631</b>	<b>(305)</b>	<b>(23,817)</b>	<b>-</b>	<b>(111,646)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
<b>Transfers in</b>						
General Fund	-	-	-	-	-	-
Special Taxing Districts Fund	-	-	-	-	-	-
<b>Transfers out</b>						
General Fund	-	-	-	-	-	-
General County Capital Projects Fund	-	-	-	-	-	-
Erosion Districts Fund	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>3,570</b>	<b>512,631</b>	<b>(305)</b>	<b>(23,817)</b>	<b>-</b>	<b>(111,646)</b>
Fund balances, July 1	3,972	2,167,709	295,160	158,565	-	402,402
Fund balances, June 30	\$ 7,542	\$ 2,680,340	\$ 294,855	\$ 134,748	\$ -	\$ 290,756

Special Revenue Funds

	Storm Drain Fees	Inmate Benefit and Morale	Reforestation	Laurel Racetrack Community Benefit	Recreation Land Fees	Bond Premium	Workforce Development
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	-
	-	-	-	-	-	-	1,291,415
	-	658,152	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	399,151	301,876	2,177,927	121,721	96,317	-	-
	-	2,508	-	3,751	-	-	-
	-	156	-	-	-	-	-
	<u>399,151</u>	<u>962,692</u>	<u>2,177,927</u>	<u>125,472</u>	<u>96,317</u>	<u>-</u>	<u>1,291,415</u>
	-	1,315,600	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	1,291,415
	-	-	-	-	-	-	-
	-	-	-	375,000	-	-	-
	-	-	-	-	-	-	-
	-	-	821,692	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	<u>1,315,600</u>	<u>821,692</u>	<u>375,000</u>	<u>-</u>	<u>-</u>	<u>1,291,415</u>
	<u>399,151</u>	<u>(352,908)</u>	<u>1,356,235</u>	<u>(249,528)</u>	<u>96,317</u>	<u>-</u>	<u>-</u>
	-	-	-	-	-	10,707,958	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	(2,056,365)	-	(984,424)	-	-	-	-
	-	-	-	-	-	-	-
	<u>(2,056,365)</u>	<u>-</u>	<u>(984,424)</u>	<u>-</u>	<u>-</u>	<u>10,707,958</u>	<u>-</u>
	(1,657,214)	(352,908)	371,811	(249,528)	96,317	10,707,958	-
	<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><u>764,262</u></u>	<u><u>\$ 420,564</u></u>	<u><u>\$ 5,399,159</u></u>	<u><u>\$ 1,164,651</u></u>	<u><u>\$ 533,444</u></u>	<u><u>\$ 10,707,958</u></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, 2010

					Capital Projects Fund
	Arundel Community Development Services	Grants	Circuit Court	Park Place Tax Increment	Erosion Districts
<b>REVENUES</b>					
General property taxes	\$ -	\$ -	\$ -	\$ 999,671	\$ -
Grants and aid	8,502,518	30,084,134	-	-	-
Commissary sales	-	-	-	-	-
Seized / forfeited funds	-	-	-	-	-
Special community benefit taxes	-	-	-	-	280,332
Other fees and commissions	-	-	-	-	-
Investment income	-	-	-	3,070	-
Other	-	1,296,044	177,980	-	-
Total revenues	<u>8,502,518</u>	<u>31,380,178</u>	<u>177,980</u>	<u>1,002,741</u>	<u>280,332</u>
<b>EXPENDITURES</b>					
Current					
Public safety	-	4,126,978	-	-	-
General government	-	1,129,732	-	1,013,669	-
Health and human services	-	24,453,318	-	-	-
Public works	-	-	-	-	-
Recreation and community services	8,772,518	15,909	-	-	-
Judicial	-	2,464,565	134,732	-	-
Land use and development	-	422,738	-	-	-
Capital outlay	-	-	-	-	71,048
Debt service					
Interest payments on debt	-	-	-	-	-
Principal payments on debt	-	-	-	-	-
Total expenditures	<u>8,772,518</u>	<u>32,613,240</u>	<u>134,732</u>	<u>1,013,669</u>	<u>71,048</u>
Revenues over (under) expenditures	<u>(270,000)</u>	<u>(1,233,062)</u>	<u>43,248</u>	<u>(10,928)</u>	<u>209,284</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in					
General Fund	270,000	911,699	-	-	-
Special Taxing Districts Fund	-	-	-	-	3,754
Transfers out					
General Fund	-	-	-	-	-
General County Capital Projects Fund	-	-	-	-	-
Erosion Districts Fund	-	-	-	-	-
Total other financing sources (uses)	<u>270,000</u>	<u>911,699</u>	<u>-</u>	<u>-</u>	<u>3,754</u>
Change in fund balances	-	(321,363)	43,248	(10,928)	213,038
Fund balances, July 1	-	(2,200,760)	17,881	54,497	750,737
Fund balances, June 30	<u>\$ -</u>	<u>\$ (2,522,123)</u>	<u>\$ 61,129</u>	<u>\$ 43,569</u>	<u>\$ 963,775</u>

Debt Service Funds

Nursery Road Tax Increment	West County Tax Increment	Arundel Mills Tax Increment	Parole Tax Increment	Special Taxing Districts	Installment Purchase Agreements	Totals
\$ 4,820,575	\$ 4,276,966	\$ 4,409,587	\$ 9,793,024	\$ -	\$ -	\$ 24,299,823
-	-	-	-	-	-	41,707,763
-	-	-	-	-	-	658,152
-	-	-	-	-	-	276,466
-	-	-	-	387,620	-	5,817,687
-	-	-	-	-	-	4,967,218
12,662	8,672	7,968	21,802	-	712,393	776,104
-	-	-	-	-	-	1,677,267
<u>4,833,237</u>	<u>4,285,638</u>	<u>4,417,555</u>	<u>9,814,826</u>	<u>387,620</u>	<u>712,393</u>	<u>80,180,480</u>
-	-	-	-	-	-	5,719,984
3,640	16,699	15,527	7,700	-	-	2,638,769
-	-	-	-	-	-	27,688,718
-	-	-	-	-	-	1,105,310
-	-	-	-	47,780	-	14,384,759
-	-	-	-	-	-	2,599,297
-	-	-	-	-	-	1,244,430
-	-	-	-	-	-	71,048
97,301	754,575	1,501,956	168,625	-	662,740	3,185,197
<u>75,000</u>	<u>190,000</u>	<u>-</u>	<u>885,000</u>	<u>198,795</u>	<u>20,000</u>	<u>1,368,795</u>
<u>175,941</u>	<u>961,274</u>	<u>1,517,483</u>	<u>1,061,325</u>	<u>246,575</u>	<u>682,740</u>	<u>60,006,307</u>
<u>4,657,296</u>	<u>3,324,364</u>	<u>2,900,072</u>	<u>8,753,501</u>	<u>141,045</u>	<u>29,653</u>	<u>20,174,173</u>
-	-	-	-	-	761,000	12,650,657
-	-	-	-	-	-	3,754
(4,754,490)	(3,341,926)	(2,930,880)	(8,753,501)	-	-	(19,780,797)
-	-	-	-	-	-	(3,040,789)
-	-	-	-	(3,754)	-	(3,754)
<u>(4,754,490)</u>	<u>(3,341,926)</u>	<u>(2,930,880)</u>	<u>(8,753,501)</u>	<u>(3,754)</u>	<u>761,000</u>	<u>(10,170,929)</u>
(97,194)	(17,562)	(30,808)	-	137,291	790,653	10,003,244
<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>-</u>	\$ <u>55,892</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>493,701</u>	\$ <u>5,752,631</u>	\$ <u>27,246,853</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, 2010

	Original Budget	Final Budget	Actual	Variance
<b>COUNTY PARKING GARAGE</b>				
Revenues				
Parking fees	\$ 459,700	\$ 459,700	\$ 455,372	\$ (4,328)
Other	-	-	1,801	1,801
	<u>459,700</u>	<u>459,700</u>	<u>457,173</u>	<u>(2,527)</u>
Expenditures				
General government	<u>459,700</u>	<u>459,700</u>	<u>457,173</u>	<u>(2,527)</u>
Revenues over (under) expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>STREET LIGHT</b>				
Revenues				
Developer fees	\$ 1,000,000	\$ 1,000,000	\$ 596,214	\$ (403,786)
Other	-	-	251,717	251,717
	<u>1,000,000</u>	<u>1,000,000</u>	<u>847,931</u>	<u>(152,069)</u>
Expenditures				
Public works	<u>1,000,000</u>	<u>1,000,000</u>	<u>490,958</u>	<u>(509,042)</u>
Revenues over (under) expenditures	-	-	356,973	\$ <u>356,973</u>
Fund balance, budgetary, July 1	<u>740,893</u>	<u>740,893</u>	<u>740,893</u>	
Fund balance, budgetary, June 30	<u>\$ 740,893</u>	<u>\$ 740,893</u>	<u>\$ 1,097,866</u>	
<b>FORFEITURE AND ASSET SEIZURE TEAM</b>				
Revenues				
Seized and forfeited funds	\$ 375,000	\$ 375,000	\$ 276,466	\$ (98,534)
Investment income	-	-	635	635
	<u>375,000</u>	<u>375,000</u>	<u>277,101</u>	<u>(97,899)</u>
Expenditures				
Public safety	<u>313,200</u>	<u>313,200</u>	<u>277,406</u>	<u>(35,794)</u>
	<u>313,200</u>	<u>313,200</u>	<u>277,406</u>	<u>(35,794)</u>
Revenues over (under) expenditures	61,800	61,800	(305)	\$ <u>(62,105)</u>
Fund balance, budgetary, July 1	<u>295,160</u>	<u>295,160</u>	<u>295,160</u>	
Fund balance, budgetary, June 30	<u>\$ 356,960</u>	<u>\$ 356,960</u>	<u>\$ 294,855</u>	

*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, 2010

	Original Budget	Final Budget	Actual	Variance
<b>ROADS AND SPECIAL BENEFITS</b>				
Revenues				
Special community benefit taxes	\$ 5,158,075	\$ 5,158,075	\$ 5,149,735	\$ (8,340)
Expenditures				
Recreation and community services	8,276,810	8,276,810	5,173,552	(3,103,258)
Revenues over (under) expenditures	(3,118,735)	(3,118,735)	(23,817)	\$ (3,094,918)
Fund balance, budgetary, July 1	158,565	158,565	158,565	
Fund balance, budgetary, June 30	\$ (2,960,170)	\$ (2,960,170)	\$ 134,748	
<b>PINEY ORCHARD WASTEWATER SERVICE</b>				
Revenues				
Commissions and fees	\$ 1,000,000	\$ 1,000,000	\$ 818,640	\$ (181,360)
Expenditures				
Public works	1,000,000	1,000,000	818,640	(181,360)
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	\$ 3,100,200	\$ 3,100,200	\$ 1,829,696	\$ (1,270,504)
Investment income	-	-	2,643	2,643
	3,100,200	3,100,200	1,832,339	(1,267,861)
Expenditures				
Health and human services	3,100,200	3,100,200	1,943,985	(1,156,215)
Revenues over (under) expenditures	-	-	(111,646)	\$ (111,646)
Fund balance, budgetary, July 1	402,402	402,402	402,402	
Fund balance, budgetary, June 30	\$ 402,402	\$ 402,402	\$ 290,756	

*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, 2010

	Original Budget	Final Budget	Actual	Variance
<b>INMATE BENEFIT AND MORALE</b>				
Revenues				
Commissary sales	\$ 850,000	\$ 850,000	\$ 658,152	\$ (191,848)
Commissions and fees	424,000	424,000	301,876	(122,124)
Investment income	40,000	40,000	2,508	(37,492)
Other	-	-	13,276	13,276
	<u>1,314,000</u>	<u>1,314,000</u>	<u>975,812</u>	<u>(338,188)</u>
Expenditures				
Commissary purchases	780,000	780,000	635,100	(144,900)
Inmate benefits/morale	938,000	938,000	727,823	(210,177)
	<u>1,718,000</u>	<u>1,718,000</u>	<u>1,362,923</u>	<u>(355,077)</u>
Revenues over (under) expenditures	(404,000)	(404,000)	(387,111)	<u>\$ 16,889</u>
Fund balance, budgetary, July 1	<u>752,200</u>	<u>752,200</u>	<u>752,200</u>	
Fund balance, budgetary, June 30	<u>\$ 348,200</u>	<u>\$ 348,200</u>	<u>\$ 365,089</u>	
<b>REFORESTATION</b>				
Revenues				
Commissions and fees	\$ <u>1,200,000</u>	\$ <u>1,200,000</u>	\$ <u>2,241,522</u>	\$ <u>1,041,522</u>
Expenditures				
Land use and development	<u>3,604,900</u>	<u>3,604,900</u>	<u>1,809,783</u>	<u>(1,795,117)</u>
Revenues over (under) expenditures	(2,404,900)	(2,404,900)	431,739	<u>\$ 2,836,639</u>
Fund balance, budgetary, July 1 (as restated)	<u>4,910,397</u>	<u>4,910,397</u>	<u>4,910,397</u>	
Fund balance, budgetary, June 30	<u>\$ 2,505,497</u>	<u>\$ 2,505,497</u>	<u>\$ 5,342,136</u>	
<b>LAUREL RACETRACK COMMUNITY BENEFIT</b>				
Revenues				
Fees and commissions	\$ 380,000	\$ 380,000	\$ 121,721	\$ (258,279)
Other	-	-	3,751	3,751
	<u>380,000</u>	<u>380,000</u>	<u>125,472</u>	<u>(254,528)</u>
Expenditures				
Recreation and community services	<u>380,000</u>	<u>380,000</u>	<u>375,000</u>	<u>(5,000)</u>
Revenues over (under) expenditures	-	-	(249,528)	<u>\$ (249,528)</u>
Fund balance, budgetary, July 1	<u>1,414,179</u>	<u>1,414,179</u>	<u>1,414,179</u>	
Fund balance, budgetary, June 30	<u>\$ 1,414,179</u>	<u>\$ 1,414,179</u>	<u>\$ 1,164,651</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>WORKFORCE DEVELOPMENT</b>				
Revenues				
Grants and aid	\$ <u>1,670,000</u>	\$ <u>1,670,000</u>	\$ <u>1,291,415</u>	\$ <u>(378,585)</u>
Expenditures				
Health and human services	<u>1,670,000</u>	<u>1,670,000</u>	<u>1,291,415</u>	<u>(378,585)</u>
Revenues over (under) expenditures	-	-	-	\$ <u><u>-</u></u>
Fund balance, budgetary, July 1	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance, budgetary, June 30	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	
<b>ARUNDEL COMMUNITY DEVELOPMENT SERVICES</b>				
Revenues				
Grants and aid	\$ <u>13,883,000</u>	\$ <u>13,883,000</u>	\$ <u>13,872,806</u>	\$ <u>(10,194)</u>
Expenditures				
Recreation and community services	<u>13,883,000</u>	<u>13,883,000</u>	<u>13,872,806</u>	<u>(10,194)</u>
Revenues over (under) expenditures	-	-	-	\$ <u><u>-</u></u>
Fund balance, budgetary, July 1	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance, budgetary, June 30	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	

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

## 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, 2010

	Original Budget	Final Budget	Actual	Variance
<b>GRANTS</b>				
Revenues				
Grants and aid	\$ 36,988,800	\$ 42,958,500	\$ 30,294,854	\$ (12,663,646)
Fees, General Fund contributions and other	1,185,500	1,270,700	2,484,153	1,213,453
	<u>38,174,300</u>	<u>44,229,200</u>	<u>32,779,007</u>	<u>(11,450,193)</u>
Expenditures				
Public safety	6,714,100	8,865,900	4,660,611	(4,205,289)
General government	625,300	1,424,300	779,492	(644,808)
Health and human services	25,950,700	28,889,400	24,744,000	(4,145,400)
Recreation and community services	-	26,500	15,909	(10,591)
Judicial	3,058,100	3,184,900	2,463,874	(721,026)
Land use and development	2,026,100	2,101,300	434,328	(1,666,972)
	<u>38,374,300</u>	<u>44,492,300</u>	<u>33,098,214</u>	<u>(11,394,086)</u>
Revenues over (under) expenditures	(200,000)	(263,100)	(319,207)	\$ <u>(56,107)</u>
Fund balance, budgetary, July 1	(826,115)	(826,115)	(826,115)	
Fund balance, budgetary, June 30	\$ <u>(1,026,115)</u>	\$ <u>(1,089,215)</u>	\$ <u>(1,145,322)</u>	
<b>CIRCUIT COURT</b>				
Revenues				
Bond Forfeited Funds	\$ 181,000	\$ 181,000	\$ 177,980	\$ (3,020)
Expenditures				
Circuit Court	251,000	251,000	134,732	(116,268)
Revenues over (under) expenditures	(70,000)	(70,000)	43,248	\$ <u>113,248</u>
Fund balance, budgetary, July 1	17,881	17,881	17,881	
Fund balance, budgetary, June 30	\$ <u>(52,119)</u>	\$ <u>(52,119)</u>	\$ <u>61,129</u>	
<b>PARK PLACE TAX INCREMENT DISTRICT</b>				
Revenues				
General property taxes	\$ 1,116,000	\$ 1,116,000	\$ 999,671	\$ (116,329)
Investment income	15,000	15,000	3,070	(11,930)
	<u>1,131,000</u>	<u>1,131,000</u>	<u>1,002,741</u>	<u>(128,259)</u>
Expenditures				
Other	1,131,000	1,131,000	1,013,669	(117,331)
	<u>1,131,000</u>	<u>1,131,000</u>	<u>1,013,669</u>	<u>(117,331)</u>
Revenues over (under) expenditures	-	-	(10,928)	\$ <u>(10,928)</u>
Fund balance, budgetary, July 1	54,497	54,497	54,497	
Fund balance, budgetary, June 30	\$ <u>54,497</u>	\$ <u>54,497</u>	\$ <u>43,569</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, 2010

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Amberly	\$ -	\$ -	\$ -	\$ -
Annapolis Roads - Roads	332,241	332,241	318,991	(13,250)
Arundel on the Bay-Special Benefits	131,200	131,200	131,825	625
Avalon Shores - Special Benefits	29,902	29,902	29,902	-
Bay Highlands - Roads	63,600	63,600	61,280	(2,320)
Bay Ridge - Special Officer	220,756	220,756	219,810	(946)
Beverly Beach - Special Benefits	30,690	30,690	30,525	(165)
Bittersweet	8,800	8,800	8,800	-
Cape Anne - Special Benefits	7,600	7,600	7,700	100
Cape St. Claire-Special Benefits	204,433	204,433	204,269	(164)
Capetown	45,995	45,995	45,995	-
Carrolton Manor	79,950	79,950	80,100	150
Cedarhurst-Special Benefits	127,490	127,490	125,294	(2,196)
Chartwell-Special Benefits	44,286	44,286	44,286	-
Columbia Beach - Roads	31,447	31,447	26,540	(4,907)
Crofton - Special Benefits	678,690	678,690	686,981	8,291
Deale Beach - Special Benefits	6,256	6,256	6,256	-
Eden Woods - Special Benefits	4,800	4,800	4,800	-
Epping Forest - Special Benefits	241,440	241,440	234,457	(6,983)
Fairhaven Cliffs - Special Benefits	3,625	3,625	3,500	(125)
Felicity Cove - Special Benefits	24,737	24,737	24,737	-
Franklin Manor - Special Benefits	50,040	50,040	48,211	(1,829)
Gibson Island - Roads	280,200	280,200	304,886	24,686
Greenbriar Gardens	9,095	9,095	9,095	-
Greenbriar II	21,000	21,000	21,000	-
Heritage Pool	38,760	38,760	38,760	-
Hillsmere Estates - Roads	147,349	147,349	149,452	2,103
Holland Point - Special Officer	1,443	1,443	1,242	(201)
Hunters Harbor - Roads	16,200	16,200	16,200	-
Idlewild	9,775	9,775	9,775	-
Indian Hills (Winchester)-Special Benefits	90,815	90,815	92,825	2,010
Landhaven - Special Benefits	2,909	2,909	2,909	-
Little Magothy River	35,350	35,350	35,350	-
Long Point on the Severn - Roads	13,250	13,250	13,750	500
Magothy Beach	4,000	4,000	4,000	-
Magothy Forge	5,212	5,212	5,212	-
Manhattan Beach - Roads	59,900	59,900	59,900	-
Owings Beach - Roads	10,526	10,526	10,279	(247)
Oyster Harbor - Roads	326,720	326,720	313,592	(13,128)
Parke West-Special Benefits	44,205	44,205	44,205	-
Pine Grove Village Special Benefits	11,040	11,040	11,040	-
Pines on the Severn	42,175	42,175	42,175	-
Provinces - Special Benefits	10,572	10,572	10,560	(12)
Queen's Park - Special Benefits	14,763	14,763	14,797	34
Rockview Beach / Riviera Isles	4,887	4,887	4,888	1
Selby on the Bay - Roads	77,940	77,940	77,490	(450)
Severndale - Special Benefits	4,535	4,535	4,535	-
Sherwood Forest - Special Benefits	998,789	998,789	995,860	(2,929)
Shoreham Beach - Roads	26,880	26,880	26,880	-
South River Heights - Roads	9,000	9,000	9,000	-
South River Manor-Special Benefits	4,500	4,500	4,500	-
South River Park - Roads	33,300	33,300	33,900	600
Steedman Point - Roads	3,750	3,750	3,750	-
Stone Haven	724	724	724	-
Sylvan View on the Magothy	12,130	12,130	12,130	-
Upper Magothy Beach	14,800	14,800	14,750	(50)
Venice Beach - Roads	25,480	25,480	24,997	(483)
Venice on the Bay	6,090	6,090	6,090	-
Warthen Knolls	30,933	30,933	30,933	-
Wilenor	22,800	22,800	22,800	-
Woodland Beach / Lodontowne	312,000	312,000	314,945	2,945
Woodland Beach / Pasadena	6,300	6,300	6,300	-
Total revenues	\$ 5,158,075	\$ 5,158,075	\$ 5,149,735	\$ (8,340)

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

## Anne Arundel County, Maryland

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

## Roads and Special Benefit Districts

Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance
<b>EXPENDITURES</b>				
Amberly	\$ 45,680	\$ 45,680	\$ -	\$ (45,680)
Annapolis Roads - Roads	597,501	597,501	319,134	(278,367)
Arundel on the Bay-Special Benefits	195,378	195,378	131,761	(63,617)
Avalon Shores - Special Benefits	41,263	41,263	29,697	(11,566)
Bay Highlands - Roads	163,000	163,000	61,060	(101,940)
Bay Ridge - Special Officer	234,756	234,756	229,562	(5,194)
Beverly Beach - Special Benefits	30,690	30,690	17,919	(12,771)
Bittersweet	10,975	10,975	8,808	(2,167)
Cape Anne - Special Benefits	24,354	24,354	7,722	(16,632)
Cape St. Claire-Special Benefits	273,204	273,204	204,296	(68,908)
Capetown	45,995	45,995	45,989	(6)
Carrolton Manor	92,297	92,297	80,100	(12,197)
Cedarhurst-Special Benefits	138,690	138,690	124,170	(14,520)
Chartwell-Special Benefits	85,520	85,520	44,335	(41,185)
Columbia Beach - Roads	67,152	67,152	26,461	(40,691)
Crofton - Special Benefits	1,249,308	1,249,308	687,470	(561,838)
Deale Beach - Special Benefits	6,408	6,408	6,284	(124)
Eden Woods - Special Benefits	10,784	10,784	4,804	(5,980)
Epping Forest - Special Benefits	663,632	663,632	234,975	(428,657)
Fairhaven Cliffs - Special Benefits	10,124	10,124	2,125	(7,999)
Felicity Cove - Special Benefits	34,237	34,237	24,737	(9,500)
Franklin Manor - Special Benefits	100,834	100,834	48,545	(52,289)
Gibson Island - Roads	371,020	371,020	304,888	(66,132)
Greenbriar Gardens	19,257	19,257	17,769	(1,488)
Greenbriar II	21,000	21,000	13,450	(7,550)
Heritage Pool	49,352	49,352	38,759	(10,593)
Hillsmere Estates - Roads	221,664	221,664	149,400	(72,264)
Holland Point - Special Officer	20,934	20,934	8,600	(12,334)
Hunters Harbor - Roads	26,250	26,250	16,042	(10,208)
Idlewild	9,945	9,945	9,772	(173)
Indian Hills (Winchester)-Special Benefits	120,488	120,488	92,842	(27,646)
Landhaven - Special Benefits	10,734	10,734	4,840	(5,894)
Little Magothy River	95,133	95,133	35,352	(59,781)
Long Point on the Severn - Roads	14,282	14,282	13,752	(530)
Magothy Beach	4,685	4,685	4,007	(678)
Magothy Forge	5,212	5,212	5,211	(1)
Manhattan Beach - Roads	61,380	61,380	59,760	(1,620)
Owings Beach - Roads	45,490	45,490	22,514	(22,976)
Oyster Harbor - Roads	889,907	889,907	315,905	(574,002)
Parke West-Special Benefits	72,018	72,018	44,240	(27,778)
Pine Grove Village Special Benefits	20,794	20,794	11,077	(9,717)
Pines on the Severn	50,654	50,654	42,225	(8,429)
Provinces - Special Benefits	27,702	27,702	10,509	(17,193)
Queen's Park - Special Benefits	20,763	20,763	14,854	(5,909)
Rockview Beach / Riviera Isles	7,542	7,542	4,886	(2,656)
Selby on the Bay - Roads	146,316	146,316	79,560	(66,756)
Severndale - Special Benefits	29,577	29,577	4,526	(25,051)
Sherwood Forest - Special Benefits	998,789	998,789	998,510	(279)
Shoreham Beach - Roads	27,862	27,862	27,081	(781)
South River Heights - Roads	12,679	12,679	9,016	(3,663)
South River Manor-Special Benefits	13,775	13,775	4,817	(8,958)
South River Park - Roads	39,941	39,941	34,037	(5,904)
Steedman Point - Roads	36,950	36,950	188	(36,762)
Stone Haven	2,400	2,400	782	(1,618)
Sylvan View on the Magothy	29,106	29,106	12,134	(16,972)
Upper Magothy Beach	23,827	23,827	16,383	(7,444)
Venice Beach - Roads	83,898	83,898	25,513	(58,385)
Venice on the Bay	13,937	13,937	6,154	(7,783)
Warthen Knolls	32,803	32,803	30,933	(1,870)
Wilenor	52,662	52,662	22,800	(29,862)
Woodland Beach / Londontowne	400,000	400,000	314,200	(85,800)
Woodland Beach / Pasadena	24,300	24,300	6,310	(17,990)
Total expenditures	\$ 8,276,810	\$ 8,276,810	\$ 5,173,552	\$ (3,103,258)

## Anne Arundel County, Maryland

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

## General County Capital Projects

Year Ended June 30, 2010

	Total	School Construction	Higher Education	Storm Drains	Recreation
<b>AUTHORIZED PER ORIGINAL BUDGET</b>					
County bonds	\$ 728,249,488	\$ 396,436,109	\$ 18,091,000	\$ 15,026,349	\$ 65,231,511
Grants and aid	279,673,071	145,797,431	14,046,000	410,000	67,942,095
Contributions from other funds	242,091,676	127,509,523	13,368,667	1,775,606	16,989,745
Special fees	26,107,728	3,387,000	-	-	-
Impact fees	84,348,650	41,583,400	-	-	-
Other sources	21,616,686	13,900	-	530,800	988,455
Total	<u>\$ 1,382,087,299</u>	<u>\$ 714,727,363</u>	<u>\$ 45,505,667</u>	<u>\$ 17,742,755</u>	<u>\$ 151,151,806</u>
<b>AUTHORIZED PER FINAL BUDGET</b>					
County bonds	\$ 645,500,512	\$ 363,536,941	\$ 18,091,000	\$ 13,988,645	\$ 33,383,346
Grants and aid	252,119,965	127,030,431	14,046,000	410,000	59,404,095
Contributions from other funds	227,103,773	117,951,689	14,960,667	1,775,606	15,099,524
Special fees	68,766,728	46,000	-	-	-
Impact fees	68,324,150	34,873,400	-	-	-
Other sources	22,314,948	-	-	530,800	988,455
Total	1,284,130,076	643,438,461	47,097,667	16,705,051	108,875,420
Less: Completed projects	128,847,736	24,172,000	29,542,667	1,961,605	24,004,816
	<u>1,155,282,340</u>	<u>619,266,461</u>	<u>17,555,000</u>	<u>14,743,446</u>	<u>84,870,604</u>
<b>REALIZED</b>					
Current year					
Bonds and bond anticipation notes	102,925,000	88,900,000	-	700,000	(1,900,000)
Grants and aid	8,534,288	-	-	-	5,778,346
Contributions from the general fund	(39,669,000)	(31,002,000)	-	(97,000)	725,000
Special fees	1,844,100	-	-	-	-
Impact fees	3,387,243	1,209,400	-	-	-
Other sources	4,092,360	-	-	-	871,463
Total	81,113,991	59,107,400	-	603,000	5,474,809
Prior years	750,147,946	345,414,558	24,830,497	11,250,884	82,605,678
Total realized funding sources	831,261,937	404,521,958	24,830,497	11,853,884	88,080,487
Less: Completed projects and adjustments	107,546,355	17,388,388	17,531,084	1,960,933	23,857,686
	723,715,582	387,133,570	7,299,413	9,892,951	64,222,801
Funding sources authorized - June 30, 2010	<u>\$ 431,566,758</u>	<u>\$ 232,132,891</u>	<u>\$ 10,255,587</u>	<u>\$ 4,850,495</u>	<u>\$ 20,647,803</u>

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

<u>Libraries</u>	<u>Roads and Bridges</u>	<u>Police and Fire</u>	<u>Waterway Improvements</u>	<u>Other</u>
\$ 828,131	\$ 116,461,972	\$ 21,083,200	\$ 27,275,150	\$ 67,816,066
204,000	10,694,089	6,510,000	17,680,364	16,389,092
8,966,440	3,420,785	4,580,608	9,593,187	55,887,115
-	16,000,728	-	-	6,720,000
-	42,015,250	750,000	-	-
-	13,737,505	-	4,888,713	1,457,313
<u>\$ 9,998,571</u>	<u>\$ 202,330,329</u>	<u>\$ 32,923,808</u>	<u>\$ 59,437,414</u>	<u>\$ 148,269,586</u>
\$ 828,131	\$ 104,548,889	\$ 21,083,200	\$ 26,364,018	\$ 63,676,342
204,000	11,325,983	6,510,000	17,800,364	15,389,092
6,651,872	3,112,869	4,396,319	9,328,084	53,827,143
-	16,000,728	-	-	52,720,000
-	32,700,750	750,000	-	-
-	13,562,505	-	5,798,675	1,434,513
<u>7,684,003</u>	<u>181,251,724</u>	<u>32,739,519</u>	<u>59,291,141</u>	<u>187,047,090</u>
<u>3,361,296</u>	<u>22,133,260</u>	<u>1,259,000</u>	<u>6,973,452</u>	<u>15,439,640</u>
<u>4,322,707</u>	<u>159,118,464</u>	<u>31,480,519</u>	<u>52,317,689</u>	<u>171,607,450</u>
425,000	7,500,000	1,650,000	900,000	4,750,000
45,160	428,289	-	2,072,872	209,621
2,050,000	(1,384,000)	(6,488,000)	(3,168,000)	(305,000)
-	-	-	-	1,844,100
-	2,177,843	-	-	-
-	260,235	-	2,869,351	91,311
<u>2,520,160</u>	<u>8,982,367</u>	<u>(4,838,000)</u>	<u>2,674,223</u>	<u>6,590,032</u>
<u>4,736,242</u>	<u>91,236,439</u>	<u>31,529,982</u>	<u>35,804,326</u>	<u>122,739,340</u>
<u>7,256,402</u>	<u>100,218,806</u>	<u>26,691,982</u>	<u>38,478,549</u>	<u>129,329,372</u>
<u>3,361,296</u>	<u>19,823,299</u>	<u>1,258,111</u>	<u>6,935,880</u>	<u>15,429,678</u>
<u>3,895,106</u>	<u>80,395,507</u>	<u>25,433,871</u>	<u>31,542,669</u>	<u>113,899,694</u>
<u>\$ 427,601</u>	<u>\$ 78,722,957</u>	<u>\$ 6,046,648</u>	<u>\$ 20,775,020</u>	<u>\$ 57,707,756</u>



Anne Arundel County, Maryland

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

General County Capital Projects

Year Ended June 30, 2010

APPROPRIATIONS	<u>Total</u>	<u>School Construction</u>	<u>Higher Education</u>	<u>Storm Drains</u>
Original Budget	\$ <u>1,382,087,299</u>	\$ <u>714,727,363</u>	\$ <u>45,505,667</u>	\$ <u>17,742,755</u>
Final Budget				
Prior years	\$ 1,062,600,523	\$ 522,909,461	\$ 31,464,667	\$ 15,690,053
Current year	<u>221,529,553</u>	<u>120,529,000</u>	<u>15,633,000</u>	<u>1,014,998</u>
	1,284,130,076	643,438,461	47,097,667	16,705,051
Less: Completed projects	<u>128,847,736</u>	<u>24,172,000</u>	<u>29,542,667</u>	<u>1,961,605</u>
Total appropriations	<u>1,155,282,340</u>	<u>619,266,461</u>	<u>17,555,000</u>	<u>14,743,446</u>
EXPENDITURES AND ENCUMBRANCES				
Prior years expenditures and transfers	660,877,755	311,915,425	22,983,959	9,659,166
Current year expenditures	55,439,480	-	-	2,128,003
Operating transfers	<u>75,350,579</u>	<u>73,131,252</u>	<u>2,219,327</u>	<u>-</u>
	791,667,814	385,046,677	25,203,286	11,787,169
Less: Completed projects	<u>107,225,588</u>	<u>17,067,628</u>	<u>17,531,085</u>	<u>1,960,933</u>
Total	684,442,226	367,979,049	7,672,201	9,826,236
Encumbrances outstanding	<u>26,093,658</u>	<u>-</u>	<u>-</u>	<u>1,301,677</u>
Total expenditures and encumbrances	<u>710,535,884</u>	<u>367,979,049</u>	<u>7,672,201</u>	<u>11,127,913</u>
Unencumbered appropriations - June 30, 2010	\$ <u>444,746,456</u>	\$ <u>251,287,412</u>	\$ <u>9,882,799</u>	\$ <u>3,615,533</u>

<u>Recreation</u>	<u>Libraries</u>	<u>Roads and Bridges</u>	<u>Police and Fire</u>	<u>Waterway Improvements</u>	<u>Other</u>
\$ <u>151,151,806</u>	\$ <u>9,998,571</u>	\$ <u>202,330,329</u>	\$ <u>32,923,808</u>	\$ <u>59,437,414</u>	\$ <u>148,269,586</u>
\$ 100,255,420	\$ 5,634,004	\$ 148,662,126	\$ 41,331,519	\$ 58,260,181	\$ 138,393,092
<u>8,620,000</u>	<u>2,049,999</u>	<u>32,589,598</u>	<u>(8,592,000)</u>	<u>1,030,960</u>	<u>48,653,998</u>
108,875,420	7,684,003	181,251,724	32,739,519	59,291,141	187,047,090
<u>24,004,816</u>	<u>3,361,296</u>	<u>22,133,260</u>	<u>1,259,000</u>	<u>6,973,452</u>	<u>15,439,640</u>
<u>84,870,604</u>	<u>4,322,707</u>	<u>159,118,464</u>	<u>31,480,519</u>	<u>52,317,689</u>	<u>171,607,450</u>
71,658,854	3,654,595	82,590,108	22,817,656	26,262,246	109,335,746
12,621,425	2,722,815	18,272,146	2,729,448	6,450,717	10,514,926
-	-	-	-	-	-
84,280,279	6,377,410	100,862,254	25,547,104	32,712,963	119,850,672
<u>23,857,686</u>	<u>3,361,296</u>	<u>19,823,299</u>	<u>1,258,111</u>	<u>6,935,880</u>	<u>15,429,670</u>
60,422,593	3,016,114	81,038,955	24,288,993	25,777,083	104,421,002
<u>2,112,875</u>	<u>264,353</u>	<u>12,874,741</u>	<u>718,956</u>	<u>2,490,107</u>	<u>6,330,949</u>
<u>62,535,468</u>	<u>3,280,467</u>	<u>93,913,696</u>	<u>25,007,949</u>	<u>28,267,190</u>	<u>110,751,951</u>
\$ <u>22,335,136</u>	\$ <u>1,042,240</u>	\$ <u>65,204,768</u>	\$ <u>6,472,570</u>	\$ <u>24,050,499</u>	\$ <u>60,855,499</u>

Anne Arundel County, Maryland

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

Erosion Districts Fund

Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Cedarhurst	\$ 52,560	\$ 52,560	\$ 52,756	\$ 196
Columbia Beach	42,000	42,000	35,432	(6,568)
Franklin Manor	50,040	50,040	48,210	(1,830)
Holland Point	42,048	42,048	41,253	(795)
Idlewilde	-	-	-	-
Riviera Beach	91,040	91,040	98,230	7,190
Snug Harbor	4,451	4,451	4,451	-
Total revenues	<u>\$ 282,139</u>	<u>\$ 282,139</u>	<u>\$ 280,332</u>	<u>\$ (1,807)</u>
<b>EXPENDITURES</b>				
Cedarhurst	\$ 62,300	\$ 62,300	\$ 33,215	\$ (29,085)
Columbia Beach	220,000	220,000	8,107	(211,893)
Franklin Manor	213,971	213,971	2,000	(211,971)
Holland Point	189,226	189,226	10,500	(178,726)
Idlewilde	15,000	15,000	4,800	(10,200)
Riviera Beach	157,740	157,740	12,203	(145,537)
Snug Harbor	6,151	6,151	223	(5,928)
Total expenditures	<u>\$ 864,388</u>	<u>\$ 864,388</u>	<u>\$ 71,048</u>	<u>\$ (793,340)</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, 2010

	Original Budget	Final Budget	Actual	Variance
<b>NURSERY ROAD TAX INCREMENT DISTRICT</b>				
Revenues				
General property taxes	\$ 5,190,000	\$ 5,190,000	\$ 4,820,575	\$ (369,425)
Investment income	50,000	50,000	12,662	(37,338)
	<u>5,240,000</u>	<u>5,240,000</u>	<u>4,833,237</u>	<u>(406,763)</u>
Expenditures				
Contractual services	10,000	10,000	3,640	(6,360)
Interest payments on debt	100,000	100,000	97,301	(2,699)
Principal payments on debt	72,000	72,000	75,000	3,000
Other	5,058,000	5,058,000	4,754,490	(303,510)
	<u>5,240,000</u>	<u>5,240,000</u>	<u>4,930,431</u>	<u>(309,569)</u>
Revenues over (under) expenditures	-	-	(97,194)	\$ <u>(97,194)</u>
Fund balance, budgetary, July 1	97,194	97,194	97,194	
Fund balance, budgetary, June 30	\$ <u>97,194</u>	\$ <u>97,194</u>	\$ -	
<b>WEST COUNTY TAX INCREMENT DISTRICT</b>				
Revenues				
General property taxes	\$ 3,924,000	\$ 3,924,000	\$ 4,276,966	\$ 352,966
Investment income	30,000	30,000	8,672	(21,328)
Other	-	349,200	-	(349,200)
	<u>3,954,000</u>	<u>4,303,200</u>	<u>4,285,638</u>	<u>(17,562)</u>
Expenditures				
Contractual services	46,200	46,200	16,699	(29,501)
Interest payments on debt	945,000	945,000	754,575	(190,425)
Principal payments on debt	-	-	190,000	190,000
Other	2,962,800	3,312,000	3,341,926	29,926
	<u>3,954,000</u>	<u>4,303,200</u>	<u>4,303,200</u>	<u>-</u>
Revenues over (under) expenditures	-	-	(17,562)	\$ <u>(17,562)</u>
Fund balance, budgetary, July 1	73,454	73,454	73,454	
Fund balance, budgetary, June 30	\$ <u>73,454</u>	\$ <u>73,454</u>	\$ 55,892	
<b>ARUNDEL MILLS TAX INCREMENT DISTRICT</b>				
Revenues				
General property taxes	\$ 4,328,000	\$ 4,495,000	\$ 4,409,587	\$ (85,413)
Investment income	25,000	25,000	7,968	(17,032)
	<u>4,353,000</u>	<u>4,520,000</u>	<u>4,417,555</u>	<u>(102,445)</u>
Expenditures				
Interest payments on debt	1,502,000	1,502,000	1,501,956	(44)
Other	2,851,000	3,018,000	2,946,407	(71,593)
	<u>4,353,000</u>	<u>4,520,000</u>	<u>4,448,363</u>	<u>(71,637)</u>
Revenues over (under) expenditures	-	-	(30,808)	\$ <u>(30,808)</u>
Fund balance, budgetary, July 1	30,808	30,808	30,808	
Fund balance, budgetary, June 30	\$ <u>30,808</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, 2010

	Original Budget	Final Budget	Actual	Variance
<b>PAROLE TAX INCREMENT DISTRICT</b>				
Revenues				
General property taxes	\$ 9,733,000	\$ 10,278,000	\$ 9,793,024	\$ (484,976)
Investment income	70,000	70,000	21,802	(48,198)
	<u>9,803,000</u>	<u>10,348,000</u>	<u>9,814,826</u>	<u>(533,174)</u>
Expenditures				
Contractual services	5,000	5,000	7,700	2,700
Interest payments on debt	212,000	212,000	168,625	(43,375)
Principal payments on debt	842,000	842,000	885,000	43,000
Other	8,744,000	9,289,000	8,753,501	(535,499)
	<u>9,803,000</u>	<u>10,348,000</u>	<u>9,814,826</u>	<u>(533,174)</u>
Revenues over (under) expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	
<b>SPECIAL TAXING DISTRICTS</b>				
Revenues				
Special assessments	\$ 391,979	\$ 391,979	\$ 387,620	\$ (4,359)
Expenditures				
Principal payments on debt	198,795	198,795	198,795	-
Other	525,225	525,225	47,780	(477,445)
	<u>724,020</u>	<u>724,020</u>	<u>246,575</u>	<u>(477,445)</u>
Revenues over (under) expenditures	(332,041)	(332,041)	141,045	\$ 473,086
Fund balance, budgetary, July 1 (as restated)	352,656	352,656	352,656	
Fund balance, budgetary, June 30	\$ 20,615	\$ 20,615	\$ 493,701	
<b>INSTALLMENT PURCHASE AGREEMENTS</b>				
Revenues				
Investment income	\$ 15,000	\$ 15,000	\$ 712,393	\$ 697,393
Other	761,000	761,000	761,000	-
	<u>776,000</u>	<u>776,000</u>	<u>1,473,393</u>	<u>697,393</u>
Expenditures				
Contractual services	10,000	10,000	-	(10,000)
Interest payments on debt	650,000	650,000	662,740	12,740
Principal payments on debt	-	-	20,000	20,000
Other	200,000	200,000	-	(200,000)
	<u>860,000</u>	<u>860,000</u>	<u>682,740</u>	<u>(177,260)</u>
Revenues over (under) expenditures	(84,000)	(84,000)	790,653	\$ 874,653
Fund balance, budgetary, July 1 (as restated)	4,961,978	4,961,978	4,961,978	
Fund balance, budgetary, June 30	\$ 4,877,978	\$ 4,877,978	\$ 5,752,631	

*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, 2010

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Amberly - Waterway	\$ 5,789	\$ 5,789	\$ 5,776	\$ (13)
Annapolis Cove	5,486	5,486	5,460	(26)
Annapolis Landing	8,217	8,217	8,052	(165)
Arundel on the Bay	32,800	32,800	32,956	156
Bay Ridge	127,897	127,897	123,541	(4,356)
Browns Pond - Waterway	10,478	10,478	11,264	786
Buckingham Cove	7,582	7,582	7,583	1
Cape Anne	10,113	10,113	9,818	(295)
Cattail Creek	5,400	5,400	4,785	(615)
Elizabeths Landing	16,424	16,424	17,778	1,354
John's Creek - Waterway	7,650	7,650	7,650	-
Lake Hillsmere II - Waterway	8,050	8,050	8,050	-
Masons Beach	39,600	39,600	38,414	(1,186)
Pine Grove Village	2,645	2,645	2,645	-
Romar Estates	12,875	12,875	12,875	-
Snug Harbor - Special Benefits	11,835	11,835	11,835	-
Snug Harbor - Waterway	57,200	57,200	57,200	-
Spriggs Pond - Waterway	14,850	14,850	14,850	-
Whitehall	7,088	7,088	7,088	-
Total revenues	\$ <u>391,979</u>	\$ <u>391,979</u>	\$ <u>387,620</u>	\$ <u>(4,359)</u>
<b>EXPENDITURES</b>				
Amberly - Waterway	\$ 5,789	\$ 5,789	\$ 5,688	\$ (101)
Annapolis Cove	5,886	5,886	5,122	(764)
Annapolis Landing	8,417	8,417	8,089	(328)
Arundel on the Bay	36,200	36,200	4,616	(31,584)
Bay Ridge	201,832	201,832	45,324	(156,508)
Browns Pond - Waterway	35,378	35,378	7,967	(27,411)
Buckingham Cove	9,082	9,082	9,082	-
Cape Anne	19,413	19,413	8,615	(10,798)
Cattail Creek	5,400	5,400	5,360	(40)
Elizabeths Landing	22,724	22,724	21,434	(1,290)
John's Creek - Waterway	9,050	9,050	7,303	(1,747)
Lake Hillsmere II - Waterway	8,050	8,050	7,949	(101)
Masons Beach	150,400	150,400	15,783	(134,617)
Pine Grove Village	2,645	2,645	2,645	-
Romar Estates	12,975	12,975	12,843	(132)
Snug Harbor - Special Benefits	83,723	83,723	11,836	(71,887)
Snug Harbor - Waterway	78,200	78,200	47,321	(30,879)
Spriggs Pond - Waterway	21,468	21,468	12,678	(8,790)
Whitehall	7,388	7,388	6,920	(468)
Total expenditures	\$ <u>724,020</u>	\$ <u>724,020</u>	\$ <u>246,575</u>	\$ <u>(477,445)</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, 2010

	Operating	Debt Service	Capital Projects	Total
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ -	\$ -	\$ 55,217,008	\$ 55,217,008
Service billings receivable	23,050,274	-	-	23,050,274
Inventories	1,851,482	-	-	1,851,482
Restricted for debt service and capital projects				
Cash and temporary investments	-	13,550,429	-	13,550,429
Investments	-	139,337,694	-	139,337,694
Receivables				
Due from other governmental agencies	-	-	3,216,227	3,216,227
Other, net	-	10,298,767	-	10,298,767
Total current assets	<u>24,901,756</u>	<u>163,186,890</u>	<u>58,433,235</u>	<u>246,521,881</u>
Noncurrent assets				
Restricted assets				
Deferred connection and assessment charges	-	55,558,558	-	55,558,558
Capital assets				
Land and buildings	22,092,799	-	-	22,092,799
Water and sewer plants	494,095,846	-	-	494,095,846
Water and sewer lines	864,695,333	-	-	864,695,333
Machinery and equipment	12,070,776	-	-	12,070,776
	<u>1,392,954,754</u>	<u>-</u>	<u>-</u>	<u>1,392,954,754</u>
Less accumulated depreciation	<u>(523,633,031)</u>	<u>-</u>	<u>-</u>	<u>(523,633,031)</u>
	869,321,723	-	-	869,321,723
Construction work in progress	12,976,338	-	236,073,709	249,050,047
Total capital assets, net of depreciation	<u>882,298,061</u>	<u>-</u>	<u>236,073,709</u>	<u>1,118,371,770</u>
Total noncurrent assets	<u>882,298,061</u>	<u>55,558,558</u>	<u>236,073,709</u>	<u>1,173,930,328</u>
Total assets	<u>907,199,817</u>	<u>218,745,448</u>	<u>294,506,944</u>	<u>1,420,452,209</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued liabilities	7,432,793	-	11,298,725	18,731,518
Current portion of long-term debt and obligations	21,095,086	(237,005)	-	20,858,081
Due to other funds	1,060,377	-	-	1,060,377
Escrow deposits	140,120	-	562,331	702,451
Liabilities related to restricted assets				
Accounts payable and accrued liabilities	-	4,167,372	-	4,167,372
Deferred revenue	-	13,298,994	-	13,298,994
Total current liabilities	<u>29,728,376</u>	<u>17,229,361</u>	<u>11,861,056</u>	<u>58,818,793</u>
Noncurrent liabilities				
Accrued liability for other post-employment benefits	12,612,961	-	-	12,612,961
Long-term debt, net of deferred refunding loss	119,236,165	(2,254,737)	205,470,700	322,452,128
Deferred revenue	2,097,224	-	-	2,097,224
Total noncurrent liabilities	<u>133,946,350</u>	<u>(2,254,737)</u>	<u>205,470,700</u>	<u>337,162,313</u>
Total liabilities	<u>163,674,726</u>	<u>14,974,624</u>	<u>217,331,756</u>	<u>395,981,106</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	743,550,170	(3,525,681)	46,498,933	786,523,422
Restricted	-	207,296,505	3,216,227	210,512,732
Unrestricted	(25,079)	-	27,460,028	27,434,949
Total net assets	<u>\$ 743,525,091</u>	<u>\$ 203,770,824</u>	<u>\$ 77,175,188</u>	<u>\$ 1,024,471,103</u>

Anne Arundel County, Maryland

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

Water and Wastewater Fund

Year Ended June 30, 2010

	Operating	Debt Service	Capital Projects	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 78,995,322	\$ -	\$ -	\$ 78,995,322
Other revenues	4,812,769	-	-	4,812,769
Total operating revenues	<u>83,808,091</u>	<u>-</u>	<u>-</u>	<u>83,808,091</u>
<b>OPERATING EXPENSES</b>				
Personal services	31,085,494	-	-	31,085,494
Contractual services	27,918,791	-	-	27,918,791
Supplies and materials	4,462,514	-	-	4,462,514
Business and travel	80,992	-	-	80,992
Depreciation	33,466,520	-	-	33,466,520
Other	8,450,000	-	-	8,450,000
Total operating expenses	<u>105,464,311</u>	<u>-</u>	<u>-</u>	<u>105,464,311</u>
Operating loss	(21,656,220)	-	-	(21,656,220)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	(8,669)	2,984,086	-	2,975,417
Interest on long-term receivables	-	1,369,399	-	1,369,399
Other revenues (expenses)	-	188,544	-	188,544
Interest expense	-	(6,293,940)	-	(6,293,940)
Gain on the disposal of assets	80,350	-	-	80,350
Loss before other revenues	<u>(21,584,539)</u>	<u>(1,751,911)</u>	<u>-</u>	<u>(23,336,450)</u>
<b>OTHER</b>				
Capital contributions and grants	4,909,011	19,792,803	6,050,974	30,752,788
Environmental protection fees	-	14,044,701	-	14,044,701
Net equity transfers between funds	19,210,216	(26,441,139)	7,230,923	-
Change in net assets	2,534,688	5,644,454	13,281,897	21,461,039
Net assets, July 1 (as restated)	<u>740,990,403</u>	<u>198,126,370</u>	<u>63,893,291</u>	<u>1,003,010,064</u>
Net assets, June 30	<u>\$ 743,525,091</u>	<u>\$ 203,770,824</u>	<u>\$ 77,175,188</u>	<u>\$ 1,024,471,103</u>

Anne Arundel County, Maryland  
Combining Statement of Cash Flows  
Water and Wastewater Fund  
Year Ended June 30, 2010

	Operating	Debt Service	Capital Projects	Total Water and Wastewater
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received for services	\$ 80,554,897	\$ -	\$ -	\$ 80,554,897
Cash payments to suppliers for goods and services	(40,188,201)	-	-	(40,188,201)
Cash payments to employees for services	(26,600,900)	-	-	(26,600,900)
Net cash provided by operating activities	<u>13,765,796</u>	<u>-</u>	<u>-</u>	<u>13,765,796</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale of County bonds and bond anticipation notes	-	31,800,000	9,800,000	41,600,000
Proceeds from grant funds	-	-	3,143,966	3,143,966
Proceeds from loan	-	-	1,137,285	1,137,285
Proceeds from developers' contributions	-	-	282,283	282,283
Refunds to developers	-	(16,388)	(490,094)	(506,482)
Assessment and connection charges	695,916	20,700,601	-	21,396,517
Environmental protection fees for capital assets	-	13,196,173	-	13,196,173
Payments of long-term debt	-	(19,379,245)	-	(19,379,245)
Payments of bond anticipation notes	-	(31,800,000)	-	(31,800,000)
Interest payments	-	(13,989,327)	-	(13,989,327)
Operating funds used in construction	(15,055,000)	-	15,055,000	-
Acquisition and construction of capital assets	(1,571,022)	-	(50,350,868)	(51,921,890)
Payments of debt issuance costs	-	(530,221)	-	(530,221)
Premium on sale of bonds	-	2,392,929	-	2,392,929
Payments received on note receivable	-	-	-	-
Proceeds from other capital contributions	-	-	-	-
Receipt of other income	-	666,792	-	666,792
Payment of capital related fees	-	(677,007)	-	(677,007)
Net cash provided by (used for) capital and related financing activities	<u>(15,930,106)</u>	<u>2,364,307</u>	<u>(21,422,428)</u>	<u>(34,988,227)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of investment securities	-	(483,849,422)	-	(483,849,422)
Sale of investment securities	-	488,237,302	-	488,237,302
Interest on investments	(8,669)	4,548,671	-	4,540,002
Net cash provided by (used for) investing activities	<u>(8,669)</u>	<u>8,936,551</u>	<u>-</u>	<u>8,927,882</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,172,979)</u>	<u>11,300,858</u>	<u>(21,422,428)</u>	<u>(12,294,549)</u>
Cash and temporary investments, July 1	<u>2,172,979</u>	<u>2,249,571</u>	<u>76,639,436</u>	<u>81,061,986</u>
Cash and temporary investments, June 30	<u>\$ -</u>	<u>\$ 13,550,429</u>	<u>\$ 55,217,008</u>	<u>\$ 68,767,437</u>

Anne Arundel County, Maryland  
 Combining Statement of Cash Flows  
 Water and Wastewater Fund  
 Year Ended June 30, 2010

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Water and Wastewater</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating loss	\$ (21,656,220)	\$ -	\$ -	\$ (21,656,220)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	33,466,520	-	-	33,466,520
Noncapital construction costs	559,300	-	-	559,300
Effect of changes in assets and liabilities:				
Accounts receivable	(3,265,759)	-	-	(3,265,759)
Inventories	(234,657)	-	-	(234,657)
Accounts payable and accrued liabilities	(566,053)	-	-	(566,053)
Due to other funds	1,030,173	-	-	1,030,173
Escrow deposits	12,566	-	-	12,566
Accrued liability for compensated absences	43,148	-	-	43,148
Accrued liability for OPEB benefits	4,376,778	-	-	4,376,778
Net cash provided by operating activities	<u>\$ 13,765,796</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,765,796</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Contributions of capital assets from developers	\$ 4,247,160	\$ -	\$ -	4,247,160
Increase (decrease) in fair value of investments	-	141,187	-	141,187
Amortization of refunding gains (losses)	-	(285,730)	-	(285,730)
Total Noncash investing, capital, and financing activities	<u>\$ 4,247,160</u>	<u>\$ (144,543)</u>	<u>\$ -</u>	<u>\$ 4,102,617</u>

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

## Enterprise Funds

Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance
<b>WATER AND WASTEWATER OPERATIONS</b>				
Revenues				
Charges for services	\$ 83,850,900	\$ 83,850,900	\$ 79,657,173	\$ (4,193,727)
Investment income	25,000	25,000	(8,669)	(33,669)
Other	3,700,400	3,700,400	5,369,965	1,669,565
	<u>87,576,300</u>	<u>87,576,300</u>	<u>85,018,469</u>	<u>(2,557,831)</u>
Expenses				
Personal services	27,886,400	27,886,400	26,708,716	(1,177,684)
Contractual services	30,657,000	30,637,000	29,362,687	(1,274,313)
Supplies and materials	5,065,500	5,085,500	4,571,745	(513,755)
Business and travel	196,100	196,100	80,993	(115,107)
Capital outlay	1,155,600	1,155,600	1,109,374	(46,226)
Administrative costs	8,450,000	8,450,000	8,450,000	-
Pay-as-you-go	15,055,000	15,055,000	15,055,000	-
	<u>88,465,600</u>	<u>88,465,600</u>	<u>85,338,515</u>	<u>(3,127,085)</u>
Revenues over (under) expenditures	<u>\$ (889,300)</u>	<u>\$ (889,300)</u>	<u>\$ (320,046)</u>	<u>\$ 569,254</u>
<b>WATER AND WASTEWATER DEBT SERVICE</b>				
Revenues				
Water and sewer assessments	\$ 5,703,100	\$ 5,703,100	\$ 5,657,557	\$ (45,543)
Capital connection charges	10,977,800	10,977,800	16,069,842	5,092,042
Environmental protection fees	14,580,600	14,580,600	14,044,701	(535,899)
Investment income	5,500,000	5,500,000	3,042,532	(2,457,468)
Other	649,900	649,900	928,337	278,437
	<u>37,411,400</u>	<u>37,411,400</u>	<u>39,742,969</u>	<u>2,331,569</u>
Expenses				
Principal payments on debt	20,200,800	20,200,800	19,379,245	(821,555)
Interest expense	15,607,100	15,607,100	13,091,436	(2,515,664)
Other	592,000	592,000	505,000	(87,000)
	<u>36,399,900</u>	<u>36,399,900</u>	<u>32,975,681</u>	<u>(3,424,219)</u>
Revenues over (under) expenditures	<u>\$ 1,011,500</u>	<u>\$ 1,011,500</u>	<u>\$ 6,767,288</u>	<u>\$ 5,755,788</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)

## Enterprise Funds

Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance
<b>SOLID WASTE</b>				
Revenues				
Charges for services	\$ 41,171,100	\$ 41,171,100	\$ 41,089,628	\$ (81,472)
Landfill charges	2,052,000	2,052,000	2,127,905	75,905
Other	3,257,800	3,257,800	1,098,259	(2,159,541)
	<u>46,480,900</u>	<u>46,480,900</u>	<u>44,315,792</u>	<u>(2,165,108)</u>
Expenses				
Personal services	6,718,400	6,718,400	5,890,260	(828,140)
Contractual services	35,303,000	35,303,000	32,241,789	(3,061,211)
Supplies and materials	1,948,100	1,948,100	1,898,507	(49,593)
Business and travel	36,200	36,200	10,104	(26,096)
Capital outlay	922,800	922,800	774,579	(148,221)
Principal payments on debt	1,658,000	1,658,000	1,512,880	(145,120)
Interest expense	985,900	985,900	300,198	(685,702)
Administrative costs	2,670,000	2,670,000	2,670,000	-
Contributions/Solid Waste Assurance Fund	673,400	673,400	673,400	-
Contributions/Self Insurance Fund	164,000	164,000	164,000	-
Contributions/Northeast Maryland Solid	40,000	40,000	40,000	-
Other	326,300	326,300	-	(326,300)
Capital improvements	293,000	293,000	293,000	-
	<u>51,739,100</u>	<u>51,739,100</u>	<u>46,468,717</u>	<u>(5,270,383)</u>
Revenues over (under) expenditures	\$ <u>(5,258,200)</u>	\$ <u>(5,258,200)</u>	\$ <u>(2,152,925)</u>	\$ <u>3,105,275</u>
<b>SOLID WASTE FINANCIAL ASSURANCE</b>				
Revenues				
Payments from other funds	\$ 673,400	\$ 673,400	\$ 673,400	\$ -
Other	-	-	63,685	63,685
	<u>673,400</u>	<u>673,400</u>	<u>737,085</u>	<u>63,685</u>
Expenses				
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	\$ <u>673,400</u>	\$ <u>673,400</u>	\$ <u>737,085</u>	\$ <u>63,685</u>
<b>CHILD CARE</b>				
Revenues				
Child care fees	\$ 4,259,300	\$ 4,259,300	\$ 3,665,092	\$ (594,208)
Other	-	-	35,240	35,240
	<u>4,259,300</u>	<u>4,259,300</u>	<u>3,700,332</u>	<u>(558,968)</u>
Expenses				
Personal services	3,245,800	3,277,400	2,695,124	(582,276)
Contractual services	212,100	213,500	169,513	(43,987)
Supplies and materials	440,800	447,400	300,118	(147,282)
Business and travel	40,700	41,200	18,496	(22,704)
Capital outlay	14,500	18,200	2,629	(15,571)
Other	413,300	416,300	416,300	-
	<u>4,367,200</u>	<u>4,414,000</u>	<u>3,602,180</u>	<u>(811,820)</u>
Revenues over (under) expenditures	\$ <u>(107,900)</u>	\$ <u>(154,700)</u>	\$ <u>98,152</u>	\$ <u>252,852</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, 2010

	Water and			
	Total	Water		Total
	Water and Wastewater	Capital Projects	Normal Extensions	
<b>AUTHORIZED PER ORIGINAL BUDGET</b>				
County bonds	\$ 600,682,661	\$ 275,101,321	\$ 2,019,907	\$ 277,121,228
Maryland Water Quality Loan	19,362,500	-	-	-
Grants and aid	178,840,500	-	-	-
Pay-as-you-go	89,356,880	8,717,930	-	8,717,930
Contributions by developers	3,999,846	443,000	-	443,000
Other sources	10,601,123	1,000,000	-	1,000,000
Total	<u>\$ 902,843,510</u>	<u>\$ 285,262,251</u>	<u>\$ 2,019,907</u>	<u>\$ 287,282,158</u>
<b>AUTHORIZED PER FINAL BUDGET</b>				
County bonds	\$ 586,318,684	\$ 271,256,092	\$ 1,466,692	\$ 272,722,784
Maryland Water Quality Loan	19,362,500	-	-	-
Grants and aid	178,840,500	-	-	-
Pay-as-you-go	76,141,456	8,192,946	-	8,192,946
Contributions by developers	3,794,177	430,000	-	430,000
Other sources	10,601,123	1,000,000	-	1,000,000
Total	875,058,440	280,879,038	1,466,692	282,345,730
Less: Completed projects	37,183,713	752,543	20,514	773,057
	<u>837,874,727</u>	<u>280,126,495</u>	<u>1,446,178</u>	<u>281,572,673</u>
<b>REALIZED</b>				
Current year				
Bonds and bond anticipation notes	9,800,000	5,551,373	24,343	5,575,716
Proceeds from State loan	3,369,456	-	-	-
Grants and aid	6,018,318	-	-	-
Pay-as-you-go	15,055,000	8,772,148	-	8,772,148
Developer contributions	32,656	-	-	-
Total	34,275,430	14,323,521	24,343	14,347,864
Prior years	285,933,505	105,046,088	346,638	105,392,726
Total realized funding sources	320,208,935	119,369,609	370,981	119,740,590
Less: Completed projects	36,109,470	752,543	20,514	773,057
	<u>284,099,465</u>	<u>118,617,066</u>	<u>350,467</u>	<u>118,967,533</u>
Funding sources authorized - June 30, 2010	<u>\$ 553,775,262</u>	<u>\$ 161,509,429</u>	<u>\$ 1,095,711</u>	<u>\$ 162,605,140</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	
\$ 300,313,648	\$ 2,169,192	\$ 302,482,840	\$ 21,078,593	\$ 26,331,000	
19,362,500	-	19,362,500	-	-	
178,840,500	-	178,840,500	-	-	
37,152,734	-	37,152,734	43,486,216	6,243,255	
-	-	-	3,556,846	-	
9,576,000	-	9,576,000	25,123	750,000	
<u>\$ 545,245,382</u>	<u>\$ 2,169,192</u>	<u>\$ 547,414,574</u>	<u>\$ 68,146,778</u>	<u>\$ 33,324,255</u>	
\$ 291,809,948	\$ 1,983,383	\$ 293,793,331	\$ 19,802,569	\$ 26,331,000	
19,362,500	-	19,362,500	-	-	
178,840,500	-	178,840,500	-	-	
31,810,141	-	31,810,141	36,138,369	5,855,785	
-	-	-	3,364,177	-	
9,576,000	-	9,576,000	25,123	750,000	
531,399,089	1,983,383	533,382,472	59,330,238	32,936,785	
28,542,354	236,858	28,779,212	7,631,444	1,238,020	
<u>502,856,735</u>	<u>1,746,525</u>	<u>504,603,260</u>	<u>51,698,794</u>	<u>31,698,765</u>	
(4,551,685)	23,605	(4,528,080)	8,752,364	1,600,000	
3,369,456	-	3,369,456	-	-	
6,018,318	-	6,018,318	-	-	
10,948,997	-	10,948,997	(4,666,145)	293,000	
-	-	-	32,656	-	
15,785,086	23,605	15,808,691	4,118,875	1,893,000	
<u>151,735,016</u>	<u>914,494</u>	<u>152,649,510</u>	<u>27,891,269</u>	<u>20,947,388</u>	
167,520,102	938,099	168,458,201	32,010,144	22,840,388	
27,468,111	236,858	27,704,969	7,631,444	1,238,020	
<u>140,051,991</u>	<u>701,241</u>	<u>140,753,232</u>	<u>24,378,700</u>	<u>21,602,368</u>	
<u>\$ 362,804,744</u>	<u>\$ 1,045,284</u>	<u>\$ 363,850,028</u>	<u>\$ 27,320,094</u>	<u>\$ 10,096,397</u>	



Anne Arundel County, Maryland

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

Enterprise Funds Capital Projects

Year Ended June 30, 2010

	Total			Water and
	Water and Wastewater	Capital Projects	Normal Extensions	Total
<b>APPROPRIATIONS</b>				
Original Budget	\$ 902,843,510	\$ 285,262,251	\$ 2,019,907	\$ 287,282,158
Final Budget:				
Prior years	\$ 713,175,356	\$ 238,784,040	\$ 1,266,692	\$ 240,050,732
Current year	161,883,091	42,095,000	200,000	42,295,000
	875,058,447	280,879,040	1,466,692	282,345,732
Less: Completed projects	37,183,720	752,545	20,514	773,059
Total appropriations	837,874,727	280,126,495	1,446,178	281,572,673
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Prior years expenditures	220,101,713	75,609,056	346,869	75,955,925
Current year expenditures	52,081,466	24,623,761	25,200	24,648,961
	272,183,179	100,232,817	372,069	100,604,886
Less: Completed projects	36,109,470	752,543	20,514	773,057
Total	236,073,709	99,480,274	351,555	99,831,829
Encumbrances outstanding	63,372,349	13,439,763	83,708	13,523,471
Total expenditures and encumbrances	299,446,058	112,920,037	435,263	113,355,300
Unencumbered appropriations - June 30, 2010	\$ 538,428,669	\$ 167,206,458	\$ 1,010,915	\$ 168,217,373

Wastewater				
Capital Projects	Wastewater		Oversize Connections	Solid Waste
	Normal Extension	Total		
\$ 545,245,382	\$ 2,169,192	\$ 547,414,574	\$ 68,146,778	\$ 33,324,255
\$ 424,771,091	\$ 1,583,383	\$ 426,354,474	\$ 46,770,150	\$ 27,942,786
106,628,000	400,000	107,028,000	12,560,091	4,993,999
531,399,091	1,983,383	533,382,474	59,330,241	32,936,785
28,542,356	236,858	28,779,214	7,631,447	1,238,020
502,856,735	1,746,525	504,603,260	51,698,794	31,698,765
120,044,738	914,494	120,959,232	23,186,556	15,139,126
18,843,358	(292,869)	18,550,489	8,882,016	2,004,400
138,888,096	621,625	139,509,721	32,068,572	17,143,526
27,468,111	236,858	27,704,969	7,631,444	154,020
111,419,985	384,767	111,804,752	24,437,128	16,989,506
43,426,273	46,586	43,472,859	6,376,019	2,911,935
154,846,258	431,353	155,277,611	30,813,147	19,901,441
\$ 348,010,477	\$ 1,315,172	\$ 349,325,649	\$ 20,885,647	\$ 11,797,324

Anne Arundel County, Maryland

Combining Statement of Net Assets

Internal Service Funds

June 30, 2010

	Self Insurance	Health Insurance	Central Garage and Transportation	Garage Replacement	Totals
<b>ASSETS</b>					
Current assets					
Cash and temporary investments	\$ 746,356	\$ 16,245,159	\$ 2,698,917	\$ 7,334,217	\$ 27,024,649
Investments	63,133,076	-	-	-	63,133,076
Service billings receivable	433,466	3,762,650	38,228	-	4,234,344
Due from other funds	9,666,832	-	-	-	9,666,832
Inventories	-	-	534,310	-	534,310
Other assets	-	1,374,400	-	-	1,374,400
Total current assets	<u>73,979,730</u>	<u>21,382,209</u>	<u>3,271,455</u>	<u>7,334,217</u>	<u>105,967,611</u>
Noncurrent assets					
Capital assets					
Land and buildings	-	-	2,073,990	-	2,073,990
Machinery and equipment	-	-	491,266	60,136,190	60,627,456
	-	-	2,565,256	60,136,190	62,701,446
Less accumulated depreciation	-	-	(1,883,633)	(42,848,083)	(44,731,716)
Total capital assets, net of depreciation	-	-	681,623	17,288,107	17,969,730
Total noncurrent assets	-	-	681,623	17,288,107	17,969,730
Total assets	<u>73,979,730</u>	<u>21,382,209</u>	<u>3,953,078</u>	<u>24,622,324</u>	<u>123,937,341</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and accrued liabilities	263,922	141,870	424,795	-	830,587
Current portion of long-term obligations	14,245,196	6,628,857	286,618	-	21,160,671
Escrow deposits	161,621	-	-	-	161,621
Total current liabilities	<u>14,670,739</u>	<u>6,770,727</u>	<u>711,413</u>	<u>-</u>	<u>22,152,879</u>
Noncurrent liabilities					
Unpaid claims	58,823,000	-	-	-	58,823,000
Accrued liability for compensated absences	31,334	-	-	-	31,334
Accrued liability for other post-employment benefits	454,657	-	2,204,269	-	2,658,926
Total noncurrent liabilities	<u>59,308,991</u>	<u>-</u>	<u>2,204,269</u>	<u>-</u>	<u>61,513,260</u>
Total liabilities	<u>73,979,730</u>	<u>6,770,727</u>	<u>2,915,682</u>	<u>-</u>	<u>83,666,139</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	-	-	681,623	17,288,107	17,969,730
Unrestricted	-	14,611,482	355,773	7,334,217	22,301,472
Total net assets	<u>\$ -</u>	<u>\$ 14,611,482</u>	<u>\$ 1,037,396</u>	<u>\$ 24,622,324</u>	<u>\$ 40,271,202</u>

Anne Arundel County, Maryland

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

Internal Service Funds

Year Ended June 30, 2010

	<u>Self Insurance</u>	<u>Health Insurance</u>	<u>Central Garage and Transportation</u>	<u>Garage Replacement</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 28,087,419	\$ -	\$ 13,619,759	\$ 5,011,170	\$ 46,718,348
Medical premiums	-	78,349,162	-	-	78,349,162
Other	-	952,501	71,054	-	1,023,555
Total operating revenues	<u>28,087,419</u>	<u>79,301,663</u>	<u>13,690,813</u>	<u>5,011,170</u>	<u>126,091,065</u>
<b>OPERATING EXPENSES</b>					
Personal services	1,218,838	-	5,280,426	-	6,499,264
Contractual services	141,431	112,178	664,431	4,510	922,550
Supplies and materials	25,446	24,022	79,292	13,187	141,947
Business and travel	10,921	1,354	2,955	-	15,230
Cost of goods issued	-	-	7,537,093	-	7,537,093
Depreciation	-	-	41,994	5,982,481	6,024,475
Provision for claims and estimated losses	28,028,195	78,550,933	-	-	106,579,128
Other	<u>260,000</u>	<u>475,000</u>	<u>464,200</u>	<u>43,100</u>	<u>1,242,300</u>
Total operating expenses	<u>29,684,831</u>	<u>79,163,487</u>	<u>14,070,391</u>	<u>6,043,278</u>	<u>128,961,987</u>
Operating income (loss)	(1,597,412)	138,176	(379,578)	(1,032,108)	(2,870,922)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	1,597,412	104,945	-	-	1,702,357
Gain (loss) on disposal of assets	-	-	-	69,690	69,690
Net equity transfers between funds	<u>-</u>	<u>(23,000,000)</u>	<u>(1,700,000)</u>	<u>(6,000,000)</u>	<u>(30,700,000)</u>
Change in net assets	-	(22,756,879)	(2,079,578)	(6,962,418)	(31,798,875)
Net assets, July 1	<u>-</u>	<u>37,368,361</u>	<u>3,116,974</u>	<u>31,584,742</u>	<u>72,070,077</u>
Net assets, June 30	<u>\$ -</u>	<u>\$ 14,611,482</u>	<u>\$ 1,037,396</u>	<u>\$ 24,622,324</u>	<u>\$ 40,271,202</u>

Anne Arundel County, Maryland

Combining Statement of Cash Flows

Internal Service Funds

Year Ended June 30, 2010

	Self Insurance	Health Insurance	Central Garage and Transportation	Garage Replacement	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 18,903,385	\$ 78,207,643	\$ 13,581,531	\$ 5,011,170	\$ 115,703,729
Cash received for expense reimbursement	204,371	-	-	-	204,371
Cash payments to suppliers for goods and services	(88,512)	(136,559)	(8,320,449)	(17,697)	(8,563,217)
Cash payments for insurance claims	(13,607,566)	(81,077,969)	-	-	(94,685,535)
Cash payments to vendor for deposit	-	(125,400)	-	-	(125,400)
Cash payments to employees for services	(1,033,943)	-	(4,450,379)	-	(5,484,322)
Other operating revenues	161,621	746,331	71,054	-	979,006
Other operating expenses	(260,000)	(475,000)	(464,200)	(43,100)	(1,242,300)
Net cash provided by operating activities	<u>4,279,356</u>	<u>(2,860,954)</u>	<u>417,557</u>	<u>4,950,373</u>	<u>6,786,332</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Asset transfers between funds	-	(23,000,000)	(1,700,000)	(6,000,000)	(30,700,000)
Net cash used for non-capital financing activities	<u>-</u>	<u>(23,000,000)</u>	<u>(1,700,000)</u>	<u>(6,000,000)</u>	<u>(30,700,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	-	-	-	(1,362,523)	(1,362,523)
Proceeds from sale of equipment	-	-	-	104,520	104,520
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,258,003)</u>	<u>(1,258,003)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investment securities	(131,359,017)	-	-	-	(131,359,017)
Sale of investment securities	126,018,859	-	-	-	126,018,859
Investment income	1,514,806	113,496	-	-	1,628,302
Net cash provided by (used for) investing activities	<u>(3,825,352)</u>	<u>113,496</u>	<u>-</u>	<u>-</u>	<u>(3,711,856)</u>
Net increase (decrease) in cash and cash equivalents	454,004	(25,747,458)	(1,282,443)	(2,307,630)	(28,883,527)
Cash and temporary investments, July 1	292,352	41,992,617	3,981,360	9,641,847	55,908,176
Cash and temporary investments, June 30	<u>\$ 746,356</u>	<u>\$ 16,245,159</u>	<u>\$ 2,698,917</u>	<u>\$ 7,334,217</u>	<u>\$ 27,024,649</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (1,597,412)	\$ 138,176	\$ (379,578)	\$ (1,032,108)	\$ (2,870,922)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	-	-	41,994	5,982,481	6,024,475
Effect of changes in assets and liabilities					
Accounts receivable	(9,184,034)	(642,839)	(38,228)	-	(9,865,101)
Deposit with provider	-	(125,400)	-	-	(125,400)
Inventories	-	-	141,008	-	141,008
Accounts payable and accrued expenses	142,071	(5,194,576)	(148,792)	-	(5,201,297)
Unpaid claims	14,625,000	2,963,685	-	-	17,588,685
Escrow deposits	161,621	-	-	-	161,621
Accrued liability for compensated absences	(17,941)	-	27,470	-	9,529
Accrued liability for OPEB benefits	150,051	-	773,683	-	923,734
Net cash provided by (used for) operating activities	<u>\$ 4,279,356</u>	<u>\$ (2,860,954)</u>	<u>\$ 417,557</u>	<u>\$ 4,950,373</u>	<u>\$ 6,786,332</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Increase (decrease) in fair value of investments	\$ 181,736	\$ -	\$ -	\$ -	\$ 181,736
Total Noncash investing, capital, and financing activates	<u>\$ 181,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,736</u>

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

## Internal Service Funds

Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance
<b>SELF INSURANCE</b>				
Revenues				
Charges for services	\$ 17,979,000	\$ 17,979,000	\$ 18,903,385	\$ 924,385
Investment income	866,400	866,400	1,597,412	731,012
Reimbursements	200,000	200,000	204,371	4,371
Other	-	-	33,965	33,965
	<u>19,045,400</u>	<u>19,045,400</u>	<u>20,739,133</u>	<u>1,693,733</u>
Expenses				
Personal services	1,099,400	1,099,400	1,068,787	(30,613)
Contractual services	17,620,400	17,620,400	35,952,438	18,332,038
Supplies and materials	28,000	28,000	19,510	(8,490)
Business and travel	13,800	13,800	10,921	(2,879)
Capital outlay	10,000	10,000	2,162	(7,838)
Administrative costs	260,000	260,000	260,000	-
	<u>19,031,600</u>	<u>19,031,600</u>	<u>37,313,818</u>	<u>18,282,218</u>
Revenues over (under) expenditures	<u>\$ 13,800</u>	<u>\$ 13,800</u>	<u>\$ (16,574,685)</u>	<u>\$ (16,588,485)</u>
<b>HEALTH INSURANCE</b>				
Revenues				
Charges for services	\$ 78,477,300	\$ 78,477,300	\$ 78,349,162	\$ (128,138)
Investment income	-	-	104,945	104,945
Other	-	-	1,109,568	1,109,568
	<u>78,477,300</u>	<u>78,477,300</u>	<u>79,563,675</u>	<u>1,086,375</u>
Expenses				
Medical claim costs	79,577,300	79,577,300	78,550,933	(1,026,367)
Contractual services	426,400	426,400	407,114	(19,286)
Supplies and materials	36,500	36,500	24,022	(12,478)
Business and travel	3,500	3,500	1,354	(2,146)
Other	23,475,000	23,475,000	23,475,000	-
	<u>103,518,700</u>	<u>103,518,700</u>	<u>102,458,423</u>	<u>(1,060,277)</u>
Revenues over (under) expenditures	<u>\$ (25,041,400)</u>	<u>\$ (25,041,400)</u>	<u>\$ (22,894,748)</u>	<u>\$ 2,146,652</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)

Internal Service Funds

Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance
<b>CENTRAL GARAGE AND TRANSPORTATION</b>				
Revenues				
Charges for services	\$ 13,699,700	\$ 13,699,700	\$ 13,619,759	\$ (79,941)
Other	15,000	15,000	89,834	74,834
	<u>13,714,700</u>	<u>13,714,700</u>	<u>13,709,593</u>	<u>(5,107)</u>
Expenses				
Personal services	4,500,600	4,500,600	4,506,742	6,142
Contractual services	718,700	718,700	611,460	(107,240)
Supplies and materials	7,527,600	7,527,600	7,465,991	(61,609)
Business and travel	12,300	12,300	2,955	(9,345)
Capital outlay	15,200	15,200	9,314	(5,886)
Other	2,164,200	2,164,200	2,164,200	-
	<u>14,938,600</u>	<u>14,938,600</u>	<u>14,760,662</u>	<u>(177,938)</u>
Revenues over (under) expenditures	<u>\$ (1,223,900)</u>	<u>\$ (1,223,900)</u>	<u>\$ (1,051,069)</u>	<u>\$ 172,831</u>
<b>GARAGE REPLACEMENT FUND</b>				
Revenues				
Charges for services	\$ 4,937,500	\$ 4,937,500	\$ 5,011,170	\$ 73,670
Other	54,500	54,500	104,520	50,020
	<u>4,992,000</u>	<u>4,992,000</u>	<u>5,115,690</u>	<u>123,690</u>
Expenses				
Contractual services	4,000	4,000	4,510	510
Capital outlay	5,883,100	5,883,100	1,375,710	(4,507,390)
Other	6,043,100	6,043,100	6,043,100	-
	<u>11,930,200</u>	<u>11,930,200</u>	<u>7,423,320</u>	<u>(4,506,880)</u>
Revenues over (under) expenditures	<u>\$ (6,938,200)</u>	<u>\$ (6,938,200)</u>	<u>\$ (2,307,630)</u>	<u>\$ 4,630,570</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.

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

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



	Defined Benefit Pension Plans (December 31, 2009)				Totals
	Employees' Retirement	Police Service Retirement	Fire Service Retirement	Detention Officers' & Deputy Sheriffs' Retirement	
<b>ASSETS</b>					
Investments, at fair value:					
Cash and temporary investments	\$ 15,454,324	\$ 12,851,883	\$ 12,401,606	\$ 2,475,736	\$ 43,183,549
U. S. Government obligations	5,719,735	4,758,037	4,589,407	916,375	15,983,554
Corporate obligations	41,886,351	34,843,715	33,608,815	6,710,728	117,049,609
Fixed income mutual funds (pools)	45,342,920	37,719,108	36,382,301	7,264,515	126,708,844
Global assets and pools	75,396,311	62,719,420	60,496,573	12,079,452	210,691,756
Domestic equity	107,608,130	89,515,247	86,342,726	17,240,197	300,706,300
International equity investment pools	55,638,202	46,283,375	44,643,041	8,913,951	155,478,569
Real estate investment pools	13,856,183	11,526,449	11,117,939	2,219,938	38,720,509
Private markets	10,062,770	8,370,848	8,074,176	1,612,184	28,119,978
Aetna insurance pooled fixed income	12,873,787	10,709,230	10,329,683	2,062,545	35,975,245
Absolute return funds	23,904,624	19,885,378	19,180,618	3,829,826	66,800,446
Portable Alpha	10,894,099	9,062,401	8,741,219	1,745,374	30,443,093
Total investments	<u>418,637,436</u>	<u>348,245,091</u>	<u>335,908,104</u>	<u>67,070,821</u>	<u>1,169,861,452</u>
Collateral from securities lending transactions	<u>32,140,244</u>	<u>26,736,288</u>	<u>25,788,724</u>	<u>5,149,278</u>	<u>89,814,534</u>
Receivables:					
Employer contributions	1,423,170	1,132,333	1,184,751	389,869	4,130,123
Participant contributions	591,196	220,287	255,055	102,345	1,168,883
Accrued interest and dividends	862,231	717,257	691,840	138,142	2,409,470
Investment sales proceeds	1,939,541	1,613,433	1,556,251	310,739	5,419,964
Total receivables	<u>4,816,138</u>	<u>3,683,310</u>	<u>3,687,897</u>	<u>941,095</u>	<u>13,128,440</u>
Deposits on hand	<u>13,856</u>	<u>152,435</u>	<u>60,893</u>	<u>-</u>	<u>227,184</u>
Total assets	<u>455,607,674</u>	<u>378,817,124</u>	<u>365,445,618</u>	<u>73,161,194</u>	<u>1,273,031,610</u>
<b>LIABILITIES</b>					
Accounts payable	276,675	230,156	221,999	44,327	773,157
Investment commitments payable	4,602,988	3,829,057	3,693,351	737,457	12,862,853
Obligation for collateral received under securities lending transactions	<u>32,140,244</u>	<u>26,736,288</u>	<u>25,788,724</u>	<u>5,149,278</u>	<u>89,814,534</u>
Total liabilities	<u>37,019,907</u>	<u>30,795,501</u>	<u>29,704,074</u>	<u>5,931,062</u>	<u>103,450,544</u>
Net assets held in trust for pension benefits	<u>\$ 418,587,767</u>	<u>\$ 348,021,623</u>	<u>\$ 335,741,544</u>	<u>\$ 67,230,132</u>	<u>\$ 1,169,581,066</u>

Combining Statement of Changes in Net Assets

Pension Trust Funds

Year Ended June 30, 2010

	<u>Defined Benefit Pension Trust (December 31, 2009)</u>				
	<u>Employees'</u>	<u>Police</u>	<u>Fire</u>	<u>Detention</u>	
	<u>Retirement</u>	<u>Service</u>	<u>Service</u>	<u>Officers' &amp;</u>	
		<u>Retirement</u>	<u>Retirement</u>	<u>Deputy Sheriffs'</u>	
				<u>Retirement</u>	<u>Totals</u>
<b>ADDITIONS</b>					
Contributions:					
Employer	\$ 15,246,252	\$ 12,428,136	\$ 12,701,160	\$ 4,348,914	\$ 44,724,462
Participant	5,085,885	2,024,825	2,346,754	1,029,277	10,486,741
Total contributions	<u>20,332,137</u>	<u>14,452,961</u>	<u>15,047,914</u>	<u>5,378,191</u>	<u>55,211,203</u>
Investment income:					
Net appreciation (depreciation) in fair value of investments	53,390,072	44,382,861	42,635,885	8,475,586	148,884,404
Interest income	6,878,838	4,392,534	4,660,147	823,591	16,755,110
Dividend income	3,742,698	3,126,270	2,986,756	587,276	10,443,000
Total investment income (loss)	<u>64,011,608</u>	<u>51,901,665</u>	<u>50,282,788</u>	<u>9,886,453</u>	<u>176,082,514</u>
Less investment expense	<u>(1,534,879)</u>	<u>(1,293,730)</u>	<u>(1,200,198)</u>	<u>(233,663)</u>	<u>(4,262,470)</u>
Net income (loss) from investing activities	<u>62,476,729</u>	<u>50,607,935</u>	<u>49,082,590</u>	<u>9,652,790</u>	<u>171,820,044</u>
Securities lending activities:					
Securities lending income	226,784	189,553	180,769	35,484	632,590
Securities lending expenses:					
Borrower rebates	46,210	38,624	36,835	7,230	128,899
Management fees	54,193	45,296	43,197	8,479	151,165
Securities lending expense	100,403	83,920	80,032	15,709	280,064
Securities lending net income	126,381	105,633	100,737	19,775	352,526
Total net investment income (loss)	<u>62,603,110</u>	<u>50,713,568</u>	<u>49,183,327</u>	<u>9,672,565</u>	<u>172,172,570</u>
Total additions	<u>82,935,247</u>	<u>65,166,529</u>	<u>64,231,241</u>	<u>15,050,756</u>	<u>227,383,773</u>
<b>DEDUCTIONS</b>					
Participant benefit payments and refunds	27,267,923	22,214,203	17,785,497	3,525,414	70,793,037
Administrative expenses	487,143	406,518	379,081	75,803	1,348,545
Total deductions	<u>27,755,066</u>	<u>22,620,721</u>	<u>18,164,578</u>	<u>3,601,217</u>	<u>72,141,582</u>
Net increases (decreases)	55,180,181	42,545,808	46,066,663	11,449,539	155,242,191
Net assets, beginning 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>
Net assets, end of year	<u>\$ 418,587,767</u>	<u>\$ 348,021,623</u>	<u>\$ 335,741,544</u>	<u>\$ 67,230,132</u>	<u>\$ 1,169,581,066</u>

## Anne Arundel County, Maryland

## Combining Statement of Changes in Assets and Liabilities

## Agency Funds

Year Ended June 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<b>SUBDIVISION DEPOSITS</b>				
Assets				
Cash	\$ 976,841	\$ 542,502	\$ 315,015	\$ 1,204,328
Total Assets	<u>\$ 976,841</u>	<u>\$ 542,502</u>	<u>\$ 315,015</u>	<u>\$ 1,204,328</u>
Liabilities				
Escrow Deposits	\$ 976,841	\$ 542,502	\$ 315,015	\$ 1,204,328
Total Liabilities	<u>\$ 976,841</u>	<u>\$ 542,502</u>	<u>\$ 315,015</u>	<u>\$ 1,204,328</u>
<b>SEDIMENT CONTROL</b>				
Assets				
Cash	\$ 4,207,972	\$ 946,404	\$ 1,608,849	\$ 3,545,527
Total Assets	<u>\$ 4,207,972</u>	<u>\$ 946,404</u>	<u>\$ 1,608,849</u>	<u>\$ 3,545,527</u>
Liabilities				
Escrow and other deposits	\$ 4,207,972	\$ 946,404	\$ 1,608,849	\$ 3,545,527
Total Liabilities	<u>\$ 4,207,972</u>	<u>\$ 946,404</u>	<u>\$ 1,608,849</u>	<u>\$ 3,545,527</u>
<b>RECREATION</b>				
Assets				
Cash	\$ 674,052	\$ 64,527	\$ 5,305	\$ 733,274
Total Assets	<u>\$ 674,052</u>	<u>\$ 64,527</u>	<u>\$ 5,305</u>	<u>\$ 733,274</u>
Liabilities				
Deposits	\$ 674,052	\$ 64,527	\$ 5,305	\$ 733,274
Total Liabilities	<u>\$ 674,052</u>	<u>\$ 64,527</u>	<u>\$ 5,305</u>	<u>\$ 733,274</u>
<b>CITY AND STATE TAX COLLECTION</b>				
Assets				
Cash	\$ 2,622,083	\$ 25,352,294	\$ 25,109,377	\$ 2,865,000
Total Assets	<u>\$ 2,622,083</u>	<u>\$ 25,352,294</u>	<u>\$ 25,109,377</u>	<u>\$ 2,865,000</u>
Liabilities				
Escrow Deposits	\$ 2,622,083	\$ 25,352,294	\$ 25,109,377	\$ 2,865,000
Total Liabilities	<u>\$ 2,622,083</u>	<u>\$ 25,352,294</u>	<u>\$ 25,109,377</u>	<u>\$ 2,865,000</u>
<b>TAX SALE ESCROW DEPOSITS</b>				
Assets				
Cash	\$ 2,122,783	\$ 3,448,820	\$ -	\$ 5,571,603
Total Assets	<u>\$ 2,122,783</u>	<u>\$ 3,448,820</u>	<u>\$ -</u>	<u>\$ 5,571,603</u>
Liabilities				
Escrow Deposits	\$ 2,122,783	\$ 3,448,820	\$ -	\$ 5,571,603
Total Liabilities	<u>\$ 2,122,783</u>	<u>\$ 3,448,820</u>	<u>\$ -</u>	<u>\$ 5,571,603</u>

Anne Arundel County, Maryland

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<b>FARMINGTON SPECIAL ASSESSMENT</b>				
Assets				
Investments	\$ 799,046	\$ 511,031	\$ 548,084	\$ 761,993
Total Assets	<u>\$ 799,046</u>	<u>\$ 511,031</u>	<u>\$ 548,084</u>	<u>\$ 761,993</u>
Liabilities				
Escrow Deposits	\$ 799,046	\$ 511,031	\$ 548,084	\$ 761,993
Total Liabilities	<u>\$ 799,046</u>	<u>\$ 511,031</u>	<u>\$ 548,084</u>	<u>\$ 761,993</u>
<b>DORCHESTER SPECIAL TAX DISTRICT</b>				
Assets				
Investments	\$ 2,291,611	\$ 1,136,230	\$ 1,153,501	\$ 2,274,340
Total Assets	<u>\$ 2,291,611</u>	<u>\$ 1,136,230</u>	<u>\$ 1,153,501</u>	<u>\$ 2,274,340</u>
Liabilities				
Escrow Deposits	\$ 2,291,611	\$ 1,136,230	\$ 1,153,501	\$ 2,274,340
Total Liabilities	<u>\$ 2,291,611</u>	<u>\$ 1,136,230</u>	<u>\$ 1,153,501</u>	<u>\$ 2,274,340</u>
<b>MISCELLANEOUS ESCROW DEPOSITS</b>				
Assets				
Cash	\$ 564,874	\$ 1,013,650	\$ 1,117,264	\$ 461,260
Total Assets	<u>\$ 564,874</u>	<u>\$ 1,013,650</u>	<u>\$ 1,117,264</u>	<u>\$ 461,260</u>
Liabilities				
Escrow and other deposits	\$ 564,874	\$ 1,013,650	\$ 1,117,264	\$ 461,260
Total Liabilities	<u>\$ 564,874</u>	<u>\$ 1,013,650</u>	<u>\$ 1,117,264</u>	<u>\$ 461,260</u>
<b>TOTALS - ALL FUNDS</b>				
Assets				
Cash and investments	\$ 14,259,262	\$ 33,015,458	\$ 29,857,395	\$ 17,417,325
Total Assets	<u>\$ 14,259,262</u>	<u>\$ 33,015,458</u>	<u>\$ 29,857,395</u>	<u>\$ 17,417,325</u>
Liabilities				
Escrow and other deposits	\$ 14,259,262	\$ 33,015,458	\$ 29,857,395	\$ 17,417,325
Total Liabilities	<u>\$ 14,259,262</u>	<u>\$ 33,015,458</u>	<u>\$ 29,857,395</u>	<u>\$ 17,417,325</u>

## Anne Arundel County, Maryland

## Combining Statement of Net Assets

## Nonmajor Component Units

June 30, 2010

	<u>Library</u>	<u>Economic Development</u>	<u>Tipton Airport</u>	<u>Workforce Development</u>	<u>Totals</u>
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ 31,550	\$ 2,073,504	\$ 113,862	\$ 639,418	\$ 2,858,334
Service billings receivable	-	-	141,367	-	141,367
Prepays and other assets	30,519	293,731	53,817	302,555	680,622
Inventories	-	-	26,315	-	26,315
Receivables	-	-	6,101	-	6,101
Due from primary government	1,283,754	-	-	-	1,283,754
Restricted assets					
Cash and temporary investments	-	1,944,527	-	-	1,944,527
Investments	-	414,667	-	-	414,667
Receivables	-	-	-	-	-
Other assets	-	88,740	-	-	88,740
Total current assets	<u>1,345,823</u>	<u>4,815,169</u>	<u>341,462</u>	<u>941,973</u>	<u>7,444,427</u>
Noncurrent Assets					
Restricted assets					
Loans receivable	-	218,031	-	-	218,031
Total noncurrent restricted assets	<u>-</u>	<u>218,031</u>	<u>-</u>	<u>-</u>	<u>218,031</u>
Loans receivable and other assets	-	1,412,343	-	-	1,412,343
Capital assets being depreciated	17,121,582	897,827	9,697,713	378,587	28,095,709
Less accumulated depreciation	<u>(7,009,650)</u>	<u>(749,049)</u>	<u>(2,752,996)</u>	<u>(160,069)</u>	<u>(10,671,764)</u>
Total capital assets	<u>10,111,932</u>	<u>148,778</u>	<u>6,944,717</u>	<u>218,518</u>	<u>17,423,945</u>
Total assets	<u>11,457,755</u>	<u>6,594,321</u>	<u>7,286,179</u>	<u>1,160,491</u>	<u>26,498,746</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accrued liabilities	463,886	179,632	266,009	202,394	1,111,921
Current portion on non-current liabilities	655,587	6,739	74,790	30,308	767,424
Notes payable	-	1,680,803	-	-	1,680,803
Escrow and other deposits	-	8,941	-	-	8,941
Deferred revenue	-	220,000	34,193	165,323	419,516
Liabilities related to restricted assets					
Accrued liabilities	-	9,965	-	-	9,965
Total current liabilities	<u>1,119,473</u>	<u>2,106,080</u>	<u>374,992</u>	<u>398,025</u>	<u>3,998,570</u>
Noncurrent liabilities					
Accrued liability for OPEB benefits	6,606,788	-	-	-	6,606,788
Long-term debt, net of deferred refunding gain/loss	4,459	8,634	300,852	-	313,945
Total noncurrent liabilities	<u>6,611,247</u>	<u>8,634</u>	<u>300,852</u>	<u>-</u>	<u>6,920,733</u>
Total liabilities	<u>7,730,720</u>	<u>2,114,714</u>	<u>675,844</u>	<u>398,025</u>	<u>10,919,303</u>
<b>NET ASSETS</b>					
Capital assets, net of related debt	10,107,473	133,405	6,569,075	218,518	17,028,471
Restricted for:					
Other purposes	-	2,656,000	-	-	2,656,000
Unrestricted	<u>(6,380,438)</u>	<u>1,690,202</u>	<u>41,260</u>	<u>543,948</u>	<u>(4,105,028)</u>
Total net assets	<u>\$ 3,727,035</u>	<u>\$ 4,479,607</u>	<u>\$ 6,610,335</u>	<u>\$ 762,466</u>	<u>\$ 15,579,443</u>

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Anne Arundel County, Maryland

Combining Statement of Activities

Nonmajor Component Units

Year Ended June 30, 2010

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<i>Library</i>				
Community services	\$ 21,029,218	\$ 905,137	\$ 3,098,322	\$ 1,800,658
<i>Economic Development</i>				
Arundel Business Loan Program	371,743	73,292	150,000	-
Training and other grants	74,293	-	751,059	-
Chesapeake Innovation Center	520,660	144,080	487,000	-
Administrative	1,763,804	11,243	-	-
Unallocated depreciation	41,711	-	-	-
	<u>2,772,211</u>	<u>228,615</u>	<u>1,388,059</u>	<u>-</u>
<i>Tipton Airport Authority</i>				
Airport operations	<u>2,323,966</u>	<u>1,429,617</u>	<u>-</u>	<u>25,112</u>
<i>Workforce Development</i>				
Workforce development programs				
Other WIA programs	3,122,701	-	3,122,701	-
Other grants, projects, initiatives	282,164	-	279,787	-
	<u>3,404,865</u>	<u>-</u>	<u>3,402,488</u>	<u>-</u>

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

Changes in net assets

Net assets, July 1

Net assets, June 30

Net (Expense) Revenues and Changes in Net Assets

<u>Library</u>	<u>Economic Development</u>	<u>Tipton Airport</u>	<u>Workforce Development</u>	<u>Total</u>
\$ <u>(15,225,101)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(15,225,101)</u>
-	(148,451)	-	-	(148,451)
-	676,766	-	-	676,766
-	110,420	-	-	110,420
-	(1,752,561)	-	-	(1,752,561)
-	<u>(41,711)</u>	-	-	<u>(41,711)</u>
-	<u>(1,155,537)</u>	-	-	<u>(1,155,537)</u>
-	-	<u>(869,237)</u>	-	<u>(869,237)</u>
-	-	-	-	-
-	-	-	<u>(2,377)</u>	<u>(2,377)</u>
-	-	-	<u>(2,377)</u>	<u>(2,377)</u>
12,621,000	745,816	-	592	13,367,408
-	1,050,000	-	-	1,050,000
-	32,981	500	9,218	42,699
<u>19,115</u>	<u>48,875</u>	-	<u>14,204</u>	<u>82,194</u>
<u>12,640,115</u>	<u>1,877,672</u>	<u>500</u>	<u>24,014</u>	<u>14,542,301</u>
(2,584,986)	722,135	(868,737)	21,637	(2,709,951)
<u>6,312,021</u>	<u>3,757,472</u>	<u>7,479,072</u>	<u>740,829</u>	<u>18,289,394</u>
\$ <u>3,727,035</u>	\$ <u>4,479,607</u>	\$ <u>6,610,335</u>	\$ <u>762,466</u>	\$ <u>15,579,443</u>



Anne Arundel County, Maryland

Balance Sheet

Library Component Unit

June 30, 2010

	Governmental Fund		
	Operating Fund	Dedicated Revenue Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 13,293	\$ 18,257	\$ 31,550
Due from primary government	1,278,549	5,205	1,283,754
Receivables			
Other, net	30,519	-	30,519
Total assets	<u>\$ 1,322,361</u>	<u>\$ 23,462</u>	<u>\$ 1,345,823</u>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 463,633	\$ 253	\$ 463,886
Deferred revenue	-	-	-
Total liabilities	<u>463,633</u>	<u>253</u>	<u>463,886</u>
<b>FUND BALANCES</b>			
Reserved			
Encumbrances	41,775	-	41,775
Unreserved			
Designated for next year's expenditures	450,000	-	450,000
Undesignated	366,953	23,209	390,162
Total fund balances	<u>858,728</u>	<u>23,209</u>	<u>881,937</u>
Total liabilities and fund balances	<u>\$ 1,322,361</u>	<u>\$ 23,462</u>	<u>\$ 1,345,823</u>

Anne Arundel County, Maryland

Statement of Revenues, Expenditures, and Changes in Fund Balances

Library Component Unit

Year Ended June 30, 2010

	Governmental Fund		
	Operating Fund	Dedicated Revenue Fund	Total
<b>REVENUES</b>			
Grants and aid	\$ 15,674,303	\$ 57,677	\$ 15,731,980
Fines and fees	905,137	-	905,137
Other	6,754	12,361	19,115
Total revenues	<u>16,586,194</u>	<u>70,038</u>	<u>16,656,232</u>
<b>EXPENDITURES</b>			
Current			
Recreation and community services	16,695,506	77,324	16,772,830
Capital outlay	140,458	-	140,458
Total expenditures	<u>16,835,964</u>	<u>77,324</u>	<u>16,913,288</u>
Revenues over (under) expenditures	<u>(249,770)</u>	<u>(7,286)</u>	<u>(257,056)</u>
Fund balances, July 1	<u>1,108,498</u>	<u>30,495</u>	<u>1,138,993</u>
Fund balances, June 30	<u>\$ 858,728</u>	<u>\$ 23,209</u>	<u>\$ 881,937</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, 2010

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Grants and aid	\$ 1,835,300	\$ 1,835,300	\$ 1,834,957	\$ (343)
Primary government contribution	12,621,000	12,621,000	12,621,000	-
Fines and fees	913,000	913,000	905,137	(7,863)
Other	70,000	70,000	66,754	(3,246)
Total revenues	<u>15,439,300</u>	<u>15,439,300</u>	<u>15,427,848</u>	<u>(11,452)</u>
<b>EXPENDITURES</b>				
Current				
Recreation and community services	15,807,800	15,807,800	15,546,747	(261,053)
Capital outlay	81,500	81,500	16,413	(65,087)
Total expenditures	<u>15,889,300</u>	<u>15,889,300</u>	<u>15,563,160</u>	<u>(326,140)</u>
Revenues over (under) expenditures	(450,000)	(450,000)	(135,312)	<u>\$ 314,688</u>
Fund balances, budgetary, July 1	-	-	1,120,669	
Fund balances, budgetary, June 30	<u>\$ (450,000)</u>	<u>\$ (450,000)</u>	<u>\$ 985,357</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, 2010

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 10</i>	<i>06/30/10 Outstanding</i>	<i>Total Due to Maturity</i>
<b>Water and Wastewater Bonds</b>							
Series 79	02/01/79	1980-09	4.50 to 6.50	\$ 10,000,000	\$ -	\$ -	-
Series 80	02/15/80	1983-10	5.50 to 7.50	12,000,000	350,000	-	-
Series 87 (Refunding)	02/15/87	1988-14	3.50 to 5.75	21,880,000	230,000	1,100,000	1,255,250
Maryland Water Quality Bond	03/21/90	1991-11	4.89 to 4.89	1,249,900	62,495	8,910	9,346
Maryland Water Quality Bond	11/27/90	1991-11	4.89 to 4.89	8,778,874	469,432	542,041	586,699
Series 1991	05/15/91	1993-09	5.20 to 6.60	3,950,000	-	-	-
Series 1992 Refunding	05/01/92	1994-13	4.40 to 6.00	8,795,000	45,000	110,000	122,900
Maryland Water Quality Bond	06/30/92	1993-13	4.39 to 4.39	4,971,195	323,447	945,114	1,024,554
Maryland Water Quality Bond	06/01/93	1995-14	3.25 to 3.25	11,868,564	635,215	2,754,125	2,866,541
Maryland Water Quality Bond	03/28/96	1997-16	3.99 to 3.99	468,937	23,448	140,679	160,325
Series 99 Refunding	03/15/99	2000-20	4.00 to 5.25	27,700,000	1,650,000	-	-
Series 99 Refunding (2nd Issue)	04/15/99	2000-09	4.00 to 5.00	14,515,000	-	-	-
Series 99	07/07/99	2000-28	4.50 to 6.50	25,000,000	-	-	-
Series 01	02/15/01	2002-28	4.125 to 5.0	10,600,000	395,000	395,000	411,788
Maryland Water Quality Bond	03/28/01	2003-31	1.50 to 1.50	3,033,715	93,530	2,323,057	2,725,353
Series 02	03/01/02	2003-31	3.00 to 5.375	23,500,000	810,000	1,620,000	1,747,575
Series 03	03/01/03	2004-32	1.00 to 5.00	24,000,000	825,000	18,225,000	27,693,838
Series 03 Refunding	03/01/03	2004-23	1.00 to 5.00	65,085,000	4,650,000	38,565,000	47,593,906
Maryland Water Quality Bond	06/27/03	2005-24	1.00 to 1.00	19,362,500	924,210	13,952,701	15,021,707
Series 04	04/01/04	2005-33	2.00 to 5.00	11,750,000	405,000	9,315,000	14,298,323
Series 05	03/01/05	2006-34	3.00 to 5.00	24,500,000	845,000	20,275,000	31,453,326
Series 05 Refunding	03/01/05	2006-28	3.00 to 5.00	26,480,000	1,350,000	22,935,000	32,181,643
Series 06	03/21/06	2007-35	4.125 to 5.0	19,000,000	655,000	16,375,000	25,707,932
Series 06 Refunding	03/21/06	2007-31	4.00 to 5.00	34,060,000	655,000	32,485,000	47,575,932
Series 07	03/29/07	2008-36	4.25 to 5.00	42,500,000	1,470,000	38,090,000	60,602,725
Maryland Water Quality Bond	04/07/07	2008-27	1.00 to 1.00	2,435,709	331,658	1,807,253	2,126,755
Series 08	04/01/08	2009-36	3.50 to 5.00	32,000,000	1,145,000	29,710,000	48,257,963
Maryland Water Quality Bond	06/17/08	2009-28	1.10 to 1.10	1,200,475	60,812	1,139,663	1,267,764
Series 09	04/01/09	2010-39	2.50 to 4.75	29,200,000	975,000	28,225,000	46,515,376
Series 10 Refunding	07/22/09	2010-25	3.00 to 4.00	20,730,000	-	20,730,000	26,402,350
Maryland Water Quality Bond	12/01/09	2011-30	0.00 to 0.00	850,044	-	850,044	850,044
Series 10	04/08/10	2011-20	2.00 to 5.00	13,900,000	-	13,900,000	16,753,940
Series 10	04/08/10	2021-30	4.80 to 5.55	27,700,000	-	27,700,000	60,432,555
Total applicable to 5.6% and 14% debt limitations				583,064,913	19,379,247	344,218,587	515,646,410

(continued)

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

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

June 30, 2010

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 10</i>	<i>06/30/10 Outstanding</i>	<i>Total Due to Maturity</i>
Consolidated General Improvement Bonds	08/01/95	1996-11	4.00 to 5.38	66,745,000	-	-	-
	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	4,500,000	-	-
	07/07/99	2000-19	4.50 to 6.50	58,000,000	-	-	-
	02/15/01	2002-20	4.125 to 5.0	47,000,000	3,000,000	2,000,000	2,085,000
	03/01/02	2003-22	3.00 to 5.375	91,500,000	5,490,000	10,980,000	11,844,674
	03/01/03	2004-23	1.00 to 5.00	101,000,000	6,060,000	58,580,000	75,441,950
	03/01/03	2005-14	1.00 to 5.00	21,510,000	2,705,000	10,700,000	12,034,500
	04/01/04	2005-24	2.00 to 5.00	49,500,000	2,970,000	31,680,000	41,301,809
	03/01/05	2006-25	3.00 to 5.00	55,000,000	3,305,066	38,441,176	50,947,022
	03/01/05	2006-26	3.00 to 5.00	46,625,000	4,135,000	35,835,000	44,406,835
	06/30/05	2007-28	3.00 to 5.00	24,530,000	620,000	22,890,000	33,826,788
	03/21/06	2007-26	4.00 to 5.00	64,000,000	3,236,198	51,055,207	70,382,068
	03/21/06	2007-27	4.00 to 5.00	87,115,000	2,675,000	81,180,000	106,961,269
	03/29/07	2008-27	4.25 to 5.00	91,600,000	5,574,530	74,876,411	102,792,130
	04/01/08	2009-28	3.50 to 5.00	55,200,000	3,310,000	48,580,000	67,912,497
	04/01/09	2010-29	4.00 to 5.00	113,300,000	6,831,174	106,468,826	146,123,761
	07/20/09	2010-25	1.50 to 4.00	32,520,152	2,680,152	29,840,000	35,200,276
	04/08/10	2011-20	2.00 to 5.00	66,136,440	-	66,136,440	85,633,816
	04/08/10	2021-30	4.80 to 5.55	72,888,560	-	72,888,560	132,480,728
				<u>1,261,230,152</u>	<u>57,092,120</u>	<u>742,131,620</u>	<u>1,019,375,123</u>
Solid Waste Bonds	07/15/93	1994-08	4.63 to 5.13	10,000,000	-	-	-
	08/01/95	1996-10	4.00 to 5.30	2,060,000	-	-	-
	03/01/96	1997-16	5.00 to 5.50	12,000,000	600,000	4,200,000	4,998,000
	05/01/98	1999-17	4.65 to 6.00	7,000,000	350,000	2,800,000	3,445,750
	04/01/04	2005-24	2.00 to 5.00	1,250,000	75,000	800,000	1,042,976
	03/01/05	2006-24	3.00 to 5.00	1,000,000	54,934	758,824	1,006,978
	03/21/06	2007-26	4.00 to 5.00	2,000,000	63,802	1,744,794	2,444,809
	03/29/07	2008-27	4.25 to 5.00	4,300,000	180,470	3,758,588	5,258,211
	04/01/09	2010-29	4.00 to 5.00	2,100,000	98,826	2,001,174	2,815,365
	07/20/09	2010-25	1.50 to 4.00	89,848	89,848	-	-
	04/08/10	2011-20	3.00 to 5.00	1,938,560	-	1,938,560	2,541,213
	04/08/10	2011-30	4.80 to 5.55	3,161,440	-	3,161,440	5,746,167
Total Waste Collection Enterprise Fund				<u>46,899,848</u>	<u>1,512,880</u>	<u>21,163,380</u>	<u>29,299,469</u>
Total applicable to 5.2% and 13% debt limitations				<u>1,308,130,000</u>	<u>58,605,000</u>	<u>763,295,000</u>	<u>1,048,674,592</u>

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

NOT APPLICABLE TO DEBT LIMITATIONS

June 30, 2010

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 10</i>	<i>06/30/10 Outstanding</i>	<i>Total Due to Maturity</i>
<b>Installment Purchase Agreements - Agricultural Easement Program</b>							
Adelaide F. Colhoun Trust	09/19/00	2002-30	5.85 to 5.85	401,000	1,000	392,000	839,525
Ellen H. Shepard Trust	09/22/00	2002-30	5.85 to 5.85	161,000	1,000	152,000	318,725
Harold & Jean Touchette	09/19/00	2002-30	5.85 to 5.85	378,000	1,000	369,000	789,615
Farm of the Four Winds, LLC	11/13/00	2002-30	6.00 to 6.00	587,000	1,000	578,000	1,260,200
Kenneth P. Franklin, Trustee	12/28/00	2002-30	5.60 to 5.60	142,055	1,000	133,000	271,320
Richard F. Moreland	07/18/01	2003-28	5.90 to 5.90	274,000	1,000	266,000	539,465
Mary M. Smith	07/18/01	2003-28	5.90 to 5.90	831,000	1,000	823,000	1,687,999
Francis R. Windsor	07/26/01	2003-28	5.90 to 5.90	411,174	1,000	403,000	821,959
Anita Froe/Rian LLC	03/06/02	2003-28	5.90 to 5.90	657,000	1,000	649,000	1,329,211
Lauer & Company	09/20/02	2004-28	5.25 to 5.25	197,000	1,000	190,000	361,518
Weeems Dodd Ltd	10/17/02	2004-28	5.45 to 5.45	1,521,000	1,000	1,514,000	2,990,895
Edward Hall III	12/19/02	2004-28	5.55 to 5.55	180,000	1,000	173,000	337,335
Bristol Farms LLC	01/28/03	2004-28	5.50 to 5.50	700,000	1,000	693,000	1,364,495
Shearman Talbott	05/22/03	2005-28	4.95 to 4.95	263,948	1,000	258,000	480,305
Anne Brice	06/23/04	2006-28	5.80 to 5.80	316,000	1,000	311,000	626,810
Thackray Seznec	06/30/04	2006-28	5.80 to 5.80	1,405,000	1,000	1,400,000	2,852,726
James Parks	07/07/04	2006-28	5.60 to 5.60	295,000	1,000	290,000	573,752
Dorothy Horky	12/05/05	2006-28	4.90 to 4.90	368,814	1,000	365,000	679,433
Virginia Tucker	10/05/06	2007-28	4.90 to 4.90	926,000	1,000	923,000	1,729,589
Jennifer Wade	07/26/07	2008-28	5.30 to 5.30	873,925	1,000	872,000	1,672,464
Ford/Addis	12/20/07	2008-37	4.60 to 4.60	604,000	-	604,000	1,354,168
Francis Talbott III	07/16/08	2009-37	4.55 to 4.55	840,000	-	840,000	1,871,940
				<u>12,332,916</u>	<u>20,000</u>	<u>12,198,000</u>	<u>24,753,449</u>
<b>Tax Increment Bonds</b>							
Parole Town Center	07/12/02	2003-12	5.00 to 5.00	8,300,000	885,000	2,930,000	3,154,499
Arundel Mills Refunding	05/11/04	2010-29	3.00 to 5.125	30,350,000	-	30,350,000	49,006,968
National Business Park Ref	05/11/04	2009-28	3.00 to 5.125	15,655,000	190,000	15,465,000	24,202,048
West Nursery Road	05/11/04	2006-29	2.00 to 4.70	2,570,000	75,000	2,275,000	3,424,589
				<u>56,875,000</u>	<u>1,150,000</u>	<u>51,020,000</u>	<u>79,788,104</u>
<b>Federal Loans</b>							
Section 108	09/14/06	2007-11	4.96 to 5.77	1,640,000	410,000	820,000	861,103
<b>State Loans</b>							
<b>Department of Natural Resources</b>							
Amberly	11/01/08	2008-33	0.00	135,000	5,400	124,200	124,200
Annapolis Cove	09/16/88	1989-13	0.00	121,220	4,849	19,396	19,396
Annapolis Landing	07/21/92	1993-17	0.00	78,570	3,143	25,142	25,142
Annapolis Landing	05/03/95	1995-09	0.00	68,075	4,538	4,538	4,538
Arundel on the Bay 44-76B	07/20/83	1984-08	0.00	247,833	-	-	-
Arundel on the Bay	04/28/92	1993-17	0.00	74,220	2,969	23,754	23,754
Bay Ridge	11/19/90	1992-16	0.00	669,275	26,771	187,397	187,397
Bay Ridge #2	7/1/2008	2009-28	0.00	500,000	10,351	489,649	489,649
Brown's Pond	11/25/91	1992-16	0.00	185,128	7,405	51,835	51,835
Buckingham Cove	04/07/97	1997-21	0.00	217,570	8,703	104,433	104,433
Camp Wabanna SECD	04/26/05	2011-31	0.00	15,503	-	177,337	177,337
Cape Anne SECD	11/30/06	2009-34	0.00	190,308	8,124	186,323	186,323
Cattail Creek	04/03/98	1998-22	0.00	127,628	5,105	66,373	66,373
Columbia Beach	06/12/08	2011-35	0.00	6,516	-	27,532	27,532
Elizabeth's Landing	09/26/91	1993-17	0.00	161,310	6,452	51,619	51,619
Elizabeth's Landing II	05/15/95	1996-10	0.00	153,764	10,251	10,251	10,251
Elizabeth's Landing III	01/22/10	2012-37	0.00	153,262	-	153,262	153,262
John's Creek	12/15/93	1994-19	0.00	173,206	6,920	62,280	62,280
Holland Point SECD	10/11/04	2011-31	0.00	178,059	-	1,074,443	1,074,443
Lake Hillsmere	04/08/82	1983-08	0.00	85,950	-	-	-
Lake Hillsmere II	04/03/98	1998-22	0.00	188,660	7,546	98,098	98,098
Pine Grove Village	05/03/95	1996-10	0.00	37,689	2,513	2,512	2,512
Mason's Beach	06/03/96	1997-06	0.00	277,098	13,855	96,984	96,984
Romar Estates	03/27/97	1997-21	0.00	304,987	12,199	146,393	146,393
Snug Harbor	05/13/83	1984-09	0.00	230,294	-	-	-
Snug Harbor	11/21/91	1992-16	0.00	738,599	29,544	206,808	206,808
Snug Harbor Pier	04/13/92	1992-16	0.00	91,443	3,656	25,592	25,592
Snug Harbor SECD	10/11/04	2011-31	0.00	10,425	-	13,900	13,900
Spriggs Pond	02/28/92	1993-17	0.00	298,400	11,936	83,552	83,552
Whitehall Cove	12/19/01	2001-25	0.00	164,134	6,565	105,046	105,046
Total not applicable to debt limitations				<u>7,524,126</u>	<u>608,795</u>	<u>4,438,649</u>	<u>4,479,752</u>
Total long-term debt				<u>\$ 1,967,926,955</u>	<u>\$ 79,763,042</u>	<u>\$ 1,175,170,236</u>	<u>\$ 1,673,342,307</u>

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

June 30, 2010

FISCAL YEAR ENDING	General County Bonds (a)							
	General Government		Solid Waste		Tax Increment		Installment Purchase Agreements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 54,104,055	\$ 33,934,471	\$ 1,455,945	\$ 1,021,345	\$ 1,690,000	\$ 2,461,848	\$ 20,000	\$ 663,988
2012	60,529,367	31,608,970	1,695,633	953,891	2,175,000	2,381,942	20,000	662,873
2013	59,099,044	28,967,309	1,705,956	872,201	2,340,000	2,284,268	20,000	661,758
2014	55,365,206	26,255,056	1,719,794	785,091	1,430,000	2,199,210	20,000	660,642
2015	51,580,279	23,706,651	1,739,721	696,953	1,580,000	2,131,383	20,000	659,526
2016	50,445,090	21,282,510	1,749,910	607,344	1,720,000	2,057,807	20,000	658,411
2017	48,716,637	18,802,681	2,118,363	515,798	1,875,000	1,977,473	20,000	657,296
2018	45,363,616	16,504,322	751,384	422,907	2,035,000	1,889,985	20,000	656,180
2019	42,442,260	14,421,148	782,740	387,481	2,205,000	1,788,469	20,000	655,064
2020	37,663,120	12,598,807	836,880	351,929	2,395,000	1,671,605	20,000	653,949
2021	35,784,517	10,959,042	840,483	314,393	2,600,000	1,544,547	20,000	652,834
2022	35,819,514	9,351,846	840,486	276,315	2,820,000	1,406,531	20,000	651,718
2023	32,274,517	7,769,813	840,483	238,367	3,055,000	1,256,776	20,000	650,602
2024	28,254,517	6,306,965	840,483	199,343	3,290,000	1,094,888	20,000	649,487
2025	26,351,197	5,031,672	738,803	160,002	3,550,000	920,217	20,000	648,372
2026	23,381,191	3,825,563	738,809	125,083	3,825,000	731,859	20,000	647,256
2027	20,035,397	2,735,253	619,603	90,420	4,110,000	529,237	20,000	646,140
2028	15,834,120	1,772,157	415,880	60,416	4,410,000	311,650	8,880,000	645,025
2029	11,799,120	1,004,736	415,880	39,264	3,335,000	113,959	5,000	156,296
2030	7,288,856	404,531	316,144	17,546	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	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-
	<u>\$ 742,131,620</u>	<u>\$ 277,243,503</u>	<u>\$ 21,163,380</u>	<u>\$ 8,136,089</u>	<u>\$ 51,020,000</u>	<u>\$ 28,768,104</u>	<u>\$ 12,198,000</u>	<u>\$ 12,555,449</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>
\$ 217,204	\$ -	\$ 410,000	\$ 30,812	\$ 19,511,726	\$ 14,714,376	\$ 77,408,930	\$ 52,826,840	\$ 130,235,770
245,524	-	410,000	10,291	20,142,954	13,970,353	85,218,478	49,588,320	134,806,798
254,451	-	-	-	20,006,684	13,136,149	83,426,135	45,921,685	129,347,820
254,452	-	-	-	19,627,202	12,291,218	78,416,654	42,191,217	120,607,871
249,603	-	-	-	18,659,811	11,498,844	73,829,414	38,693,357	112,522,771
249,603	-	-	-	18,121,703	10,733,315	72,306,306	35,339,387	107,645,693
249,598	-	-	-	17,386,756	9,887,070	70,366,354	31,840,318	102,206,672
156,436	-	-	-	16,378,932	9,180,093	64,705,368	28,653,487	93,358,855
143,871	-	-	-	15,256,239	8,519,887	60,850,110	25,772,049	86,622,159
136,952	-	-	-	14,638,677	7,943,174	55,690,629	23,219,464	78,910,093
136,952	-	-	-	14,501,248	7,376,828	53,883,200	20,847,644	74,730,844
136,952	-	-	-	14,468,954	6,785,357	54,105,906	18,471,767	72,577,673
116,049	-	-	-	13,761,796	6,206,360	50,067,845	16,121,918	66,189,763
103,398	-	-	-	12,809,775	5,643,551	45,318,173	13,894,234	59,212,407
103,398	-	-	-	11,689,914	5,131,015	42,453,312	11,891,278	54,344,590
103,398	-	-	-	10,972,444	4,613,248	39,040,842	9,943,009	48,983,851
96,833	-	-	-	10,551,048	4,119,391	35,432,881	8,120,441	43,553,322
96,833	-	-	-	9,899,774	3,638,196	39,536,607	6,427,444	45,964,051
96,832	-	-	-	8,671,614	3,186,989	24,323,446	4,501,244	28,824,690
71,060	-	-	-	8,668,475	2,791,621	18,453,535	3,384,152	21,837,687
68,050	-	-	-	8,622,861	2,392,059	8,690,911	2,458,063	11,148,974
68,050	-	-	-	7,710,000	1,989,209	7,778,050	2,055,213	9,833,263
68,050	-	-	-	6,880,000	1,621,540	6,948,050	1,687,544	8,635,594
54,549	-	-	-	6,470,000	1,292,259	6,524,549	1,358,263	7,882,812
61,911	-	-	-	5,630,000	980,566	5,691,911	1,046,570	6,738,481
69,713	-	-	-	4,845,000	704,405	4,914,713	770,409	5,685,122
8,927	-	-	-	2,365,000	464,163	3,817,927	530,167	4,348,094
-	-	-	-	2,365,000	334,450	2,365,000	334,450	2,699,450
-	-	-	-	2,315,000	204,737	2,315,000	204,737	2,519,737
-	-	-	-	1,290,000	77,400	1,290,000	77,400	1,367,400
\$ <u>3,618,649</u>	\$ <u>-</u>	\$ <u>820,000</u>	\$ <u>41,103</u>	<u>344,218,587</u>	\$ <u>171,427,823</u>	\$ <u>1,175,170,236</u>	\$ <u>498,172,071</u>	\$ <u>1,673,342,307</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 Nine Fiscal Years  
*(accrual basis of accounting)*

	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities</b>									
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	\$ 641,108,437
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	5,335,123
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	48,635,874
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	5,399,159
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	9,826,468
Unrestricted	(80,851,877)	(108,427,530)	(99,052,792)	(69,377,525)	(106,855,776)	(100,471,355)	(189,559,379)	(380,694,137)	(481,961,464)
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>	<u>228,343,597</u>
<b>Business-type activities</b>									
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	803,603,097
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	207,296,505
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	3,707,389
Unrestricted	14,304,196	16,782,679	3,335,282	5,692,310	9,133,869	16,368,158	13,780,022	(2,501,035)	22,282,513
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>	<u>1,036,889,504</u>
<b>Primary government</b>									
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	1,444,711,534
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	212,631,628
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	48,635,874
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	5,399,159
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	13,533,857
Unrestricted	(66,547,681)	(91,644,851)	(95,717,510)	(63,685,215)	(97,721,907)	(84,103,197)	(175,779,357)	(383,195,172)	(459,678,951)
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>	<u>\$ 1,265,233,101</u>

*Note: Accounting standards require tht 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 Nine Fiscal Years  
*(accrual basis of accounting)*  
*(in thousands of dollars)*

	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>									
Governmental activities:									
Education	\$ 451,384	\$ 444,903	\$ 460,911	\$ 506,795	\$ 545,274	\$ 604,273	\$ 648,187	\$ 685,499	\$ 663,563
Public safety	162,155	184,600	174,599	185,399	208,106	211,406	261,315	267,140	285,295
General government	69,487	99,789	89,832	90,538	87,480	99,787	108,536	119,849	121,427
Health and human services	64,606	68,448	68,205	69,009	72,130	77,363	76,399	73,669	72,731
Public works	51,215	72,830	53,981	57,416	62,300	61,129	75,748	68,103	84,000
Recreation and community services	32,265	44,485	40,949	50,097	53,132	56,820	60,227	63,032	63,688
Judicial	21,721	19,838	18,962	19,673	20,648	21,450	25,577	26,395	26,925
Code enforcement	10,108	10,512	9,996	10,700	11,176	11,455	13,543	13,378	13,905
Land use and development	8,422	9,458	10,262	9,686	10,457	9,344	10,687	12,996	11,010
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	34,407
Subtotal governmental activities expenses	<u>895,580</u>	<u>983,889</u>	<u>959,013</u>	<u>1,029,079</u>	<u>1,104,294</u>	<u>1,189,241</u>	<u>1,315,409</u>	<u>1,359,856</u>	<u>1,376,951</u>
Business-type activities:									
Water and wastewater	82,591	85,254	85,920	94,416	94,109	100,136	113,666	114,150	112,694
Waste collection	33,857	36,066	42,946	38,996	47,638	40,773	44,043	47,885	46,539
Child care	1,476	1,819	2,015	2,362	2,543	2,794	3,324	3,756	3,703
Subtotal business-type activities expenses	<u>117,924</u>	<u>123,139</u>	<u>130,881</u>	<u>135,774</u>	<u>144,290</u>	<u>143,703</u>	<u>161,033</u>	<u>165,791</u>	<u>162,936</u>
Total primary government expenses	<u>1,013,504</u>	<u>1,107,028</u>	<u>1,089,894</u>	<u>1,164,853</u>	<u>1,248,584</u>	<u>1,332,944</u>	<u>1,476,442</u>	<u>1,525,647</u>	<u>1,539,887</u>
<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	16,183
General government	17,014	24,338	23,232	27,057	34,595	35,660	38,368	40,485	42,238
Health and human services	2,941	3,112	3,464	3,134	4,010	4,186	3,843	7,114	7,375
Public works	2,790	3,916	1,723	1,905	2,770	3,009	2,752	2,491	3,907
Recreation and community services	7,742	7,785	8,042	9,265	12,223	15,065	16,324	16,904	16,119
Judicial	2,357	2,461	2,542	2,589	2,672	2,733	2,916	2,773	2,783
Code enforcement	8,233	7,889	13,282	13,610	14,287	14,849	13,694	10,764	11,526
Land use and development	1,242	968	2,657	2,756	2,568	3,248	2,562	1,050	2,924
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	47,153
Capital grants and contributions	65,244	51,392	38,717	38,942	41,829	41,767	41,288	47,574	25,738
Subtotal governmental activities revenues	<u>166,502</u>	<u>183,343</u>	<u>170,644</u>	<u>186,742</u>	<u>211,785</u>	<u>220,931</u>	<u>221,634</u>	<u>216,768</u>	<u>175,946</u>
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	78,995
Waste collection	34,144	35,284	35,449	36,153	42,291	43,014	43,708	43,281	43,218
Child care	1,675	1,922	2,084	2,428	2,689	2,881	3,089	3,493	3,665
Capital grants and contributions	24,532	37,769	28,947	38,539	43,991	43,078	51,850	49,630	44,798
Subtotal business-type activities revenues	<u>116,763</u>	<u>133,266</u>	<u>126,080</u>	<u>138,925</u>	<u>157,435</u>	<u>158,662</u>	<u>171,096</u>	<u>168,026</u>	<u>170,676</u>
Total primary government program revenues	<u>283,265</u>	<u>316,609</u>	<u>296,724</u>	<u>325,667</u>	<u>369,220</u>	<u>379,593</u>	<u>392,730</u>	<u>384,794</u>	<u>346,622</u>
<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)	(1,201,005)
Business-type activities	(1,161)	10,127	(4,801)	3,151	13,145	14,959	10,063	2,235	7,740
Total primary government net (expense)/revenue	<u>(730,239)</u>	<u>(790,419)</u>	<u>(793,170)</u>	<u>(839,186)</u>	<u>(879,364)</u>	<u>(953,351)</u>	<u>(1,083,712)</u>	<u>(1,140,853)</u>	<u>(1,193,265)</u>



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

	2002	2003	2004	2005	2006	2007	2008	2009	2010
<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	557,796
Local government taxes	267,678	265,327	289,676	308,215	339,522	378,250	372,100	334,648	349,283
State shared taxes	29,693	5,891	6,919	6,614	7,120	7,192	7,739	7,931	7,521
Recordation and transfer taxes	67,797	74,120	99,053	116,713	129,933	109,258	82,776	55,811	59,727
Local sales taxes	29,225	29,618	30,830	31,249	34,176	36,546	37,380	33,269	31,682
Investment income	2,382	1,891	1,633	4,437	10,595	13,263	13,590	6,565	2,335
Other revenue	299	2,762	6,671	336	45	1,969	-	-	2,811
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>	<u>1,011,155</u>
Business-type activities:									
Investment income	5,751	5,577	3,730	4,921	9,246	9,841	11,066	8,602	4,509
Other revenue	5,490	4,475	7,286	7,042	7,688	8,019	8,388	6,097	6,830
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>	<u>11,339</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>	<u>1,022,494</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)	(189,850)
Business-type activities	10,080	20,179	6,215	15,114	30,079	32,819	29,517	16,934	19,079
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>	\$ <u>(170,771)</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>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>	<u>2010</u>
General Fund										
Reserved for:										
Encumbrances	\$ 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	\$ 4,962,041
Revenue stabilization fund	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	17,106,347
Debt service	-	-	7,251,133	5,996,172	4,548,800	4,138,515	6,071,789	3,124,631	6,109,093	-
Inventories	319,496	832,414	687,484	939,042	900,100	959,733	1,275,968	1,494,324	1,453,732	1,869,916
Other funds	-	-	-	-	121,743	512,446	756,606	908,047	1,092,910	-
Unreserved	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)	27,578,262
Total general fund	<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>	<u>\$ 51,516,566</u>
All other governmental funds										
Reserved for:										
Encumbrances	\$ 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	\$ 37,445,938
Debt service	6,309,545	4,715,324	4,343,497	351,171	21,672	4,190	879	-	-	4,785,530
Capital projects funds	-	-	-	-	-	-	-	-	-	1,000,000
Other purposes	-	-	-	-	-	-	-	-	-	4,922,428
Unreserved, reported in:										
Special revenue funds	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	41,148,113
Capital projects funds	(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	13,508,310
Debt service funds	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	6,302,224
Total all other governmental funds	<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>	<u>\$ 109,112,543</u>

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Anne Arundel County, Maryland  
 Changes in Fund Balances, Governmental Funds  
 Last Nine 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 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	2010
\$	439,755,427	\$ 472,882,091	\$ 500,153,066	\$ 543,012,780	\$ 562,011,285
	328,424,355	361,956,043	371,369,460	364,527,636	355,787,451
	36,025,864	37,005,207	36,757,373	33,038,198	9,575,679
	73,526,717	62,884,873	77,080,676	67,315,877	51,292,124
	129,932,542	109,257,440	82,775,541	55,811,003	59,727,498
	34,175,913	36,546,370	37,380,289	33,269,235	31,681,511
	16,766,915	17,681,827	17,178,944	15,034,858	15,482,651
	11,056,677	9,268,611	8,132,004	5,330,130	4,077,383
	5,047,941	5,354,940	5,623,802	5,906,041	5,817,687
	12,484,636	16,302,297	16,041,101	6,957,412	2,013,921
	40,055,997	51,739,060	45,036,386	53,509,319	60,660,182
	<u>1,127,252,984</u>	<u>1,180,878,759</u>	<u>1,197,528,642</u>	<u>1,183,712,489</u>	<u>1,158,127,372</u>
	544,142,829	603,635,815	648,122,349	684,489,224	663,520,201
	201,470,724	211,273,738	222,788,697	234,201,473	236,020,663
	65,705,062	74,018,822	79,521,652	90,919,568	78,041,900
	71,986,178	77,428,060	70,964,487	71,767,527	69,961,727
	27,410,756	31,498,591	35,915,362	38,773,907	54,424,790
	43,307,136	46,231,649	49,396,167	49,944,034	48,052,691
	19,300,693	20,224,216	21,772,055	22,605,782	23,042,510
	11,057,654	11,599,781	12,307,157	12,342,856	12,006,795
	10,354,631	9,379,474	9,760,651	9,459,637	9,728,506
	3,445,000	3,731,000	3,770,200	-	-
	94,058,820	69,782,081	66,054,914	69,654,252	55,510,526
	29,309,560	29,967,318	31,594,418	31,481,880	32,281,174
	46,729,529	49,811,109	52,984,045	54,288,165	58,940,763
	7,358	3,743	-	5,524	6,282
	54,009	57,105	24,453	18,651	23,807
	<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>1,341,562,335</u>
	<u>(41,086,955)</u>	<u>(57,763,743)</u>	<u>(107,447,965)</u>	<u>(186,239,991)</u>	<u>(183,434,963)</u>
	144,849,136	153,626,114	130,370,500	120,205,586	182,952,661
	(144,849,136)	(153,626,114)	(130,370,500)	(120,205,586)	(182,952,661)
	64,000,000	92,400,000	55,200,000	113,300,000	139,025,000
	38,000,000	39,000,000	49,800,000	36,100,000	-
	(34,500,000)	(38,000,000)	(39,000,000)	(49,800,000)	(36,100,000)
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	368,814	926,000	1,477,925	840,000	-
	1,009,930	1,248,943	191,938	911,212	814,509
	-	-	106,616	-	29,575
	87,115,000	-	-	-	32,610,000
	7,481,071	5,101,149	2,115,442	6,109,094	11,780,793
	-	999,489	(800,000)	-	30,700,000
	<u>(91,361,801)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,905,304)</u>
	<u>72,113,014</u>	<u>101,675,581</u>	<u>69,091,921</u>	<u>107,460,306</u>	<u>144,954,573</u>
\$	<u>31,026,059</u>	<u>\$ 43,911,838</u>	<u>\$ (38,356,044)</u>	<u>\$ (78,779,685)</u>	<u>\$ (38,480,390)</u>
	<u>6.9%</u>	<u>6.7%</u>	<u>6.7%</u>	<u>6.5%</u>	<u>7.0%</u>

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

Fiscal Year Ended June 30,	Real Property (a)					Personal Property			Total Taxable Assessed Value	Weighted Average Tax Rate (a)	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Agricultural Property	Use Value Property	Total Real Property	Railroad/Utility Property	Other Business Property	Total Personal Property				
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%
2010	69,478,501	14,351,158	555,503	32,005	84,417,167	847,143	1,889,767	2,736,910	87,154,077	0.89	87,154,077	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 Ended June 30,	Anne Arundel County					Overlapping			Total	
	Other than City of Annapolis		Within City of Annapolis		Weighted Average Tax Rate (a)	City of Annapolis Real Property	State of Maryland Real Property	Other than City of Annapolis Real Property	Within City of Annapolis Real Property	
	Real Property (a)	Personal Prop.	Real Property (a)	Personal Prop.						
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	
2010	0.88	2.19	0.52	1.31	0.89	0.53	0.11	0.99	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

2010			2001		
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.	\$ 775,071,400	0.89%	Baltimore Gas and Electric Company	\$ 1,177,017,630	7.78%
Baltimore Gas and Electric Company	577,145,542	0.66%	Verizon	231,664,570	1.53%
Annapolis Mall LTD Partnership (Annapolis Mall)	381,286,265	0.44%	Annapolis Mall LTD Partnership (Annapolis Mall)	72,519,770	0.48%
Arundel Mills Limited Partnership (Arundel Mills Mall)	326,079,082	0.37%	Arundel Mills Limited Partnership (Arundel Mills Mall)	70,551,030	0.47%
Verizon	247,506,200	0.28%	Northrop Grumman Corp.	44,482,560	0.29%
Wal-mart Stores, Inc.	109,903,034	0.13%	TKL East (Marley Station Mall)	41,251,800	0.27%
TKL East (Marley Station Mall)	108,393,418	0.12%	Wal-mart Stores, Inc.	20,559,980	0.14%
Anne Arundel Medical Center	107,823,666	0.12%	ARINC Incorporated	19,929,380	0.13%
Northrop Grumman Corp.	104,630,920	0.12%	Parole Town Center Associates LTD Partnership	18,046,970	0.12%
Annapolis Towne Center	99,471,999	0.11%	Riva Retail, Inc. (Festival at Riva)	14,768,400	0.10%
	<u>\$ 2,837,311,526</u>	<u>3.26%</u>		<u>\$ 1,710,792,090</u>	<u>11.31%</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 Ended June 30,	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collection to Date		
	Taxes Levied for the Fiscal Year	Amount		Percentage of Levy	Amount	Percentage of Levy
2001	\$ 345,227,111	\$ 342,441,550	99.19%	\$ 2,754,771	\$ 345,196,321	99.99%
2002	361,424,971	355,998,775	98.50%	5,371,687	361,370,462	99.98%
2003	375,682,304	373,310,763	99.37%	2,363,892	375,674,655	100.00%
2004	393,762,892	391,557,058	99.44%	2,080,289	393,637,347	99.97%
2005	412,089,133	410,206,824	99.54%	1,790,351	411,997,175	99.98%
2006	439,775,209	438,118,642	99.62%	1,507,825	439,626,467	99.97%
2007	472,038,379	470,209,494	99.61%	1,653,511	471,863,005	99.96%
2008	498,477,749	497,250,354	99.75%	912,909	498,163,263	99.94%
2009	542,257,507	540,376,837	99.65%	1,028,450	541,405,287	99.84%
2010	562,014,875	553,780,723	98.53%	-	553,780,723	98.53%

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

Fiscal Year Ended June 30,	Governmental Activities						Business-Type Activities		Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)	
	General Obligation Bonds	Bond Anticipation Notes	Tax Increment Bonds	State and Federal Loans	Capital Leases	Installment Purchase Agreements	Total Governmental Activities	Water, Wastewater and Solid Waste Bonds				Bond Anticipation Notes
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%	1,820
2006	553,117	38,000	54,795	3,177	57	9,031	658,177	285,960	21,000	965,137	3.85%	1,893
2007	597,181	39,000	53,960	3,803	-	9,939	703,883	317,271	19,000	1,040,154	3.93%	2,032
2008	599,704	49,800	53,085	3,782	82	11,398	717,851	329,448	17,000	1,064,299	3.78%	2,065
2009	660,269	36,100	52,170	3,722	64	12,218	764,543	338,727	35,300	1,138,570	3.83%	2,184
2010	742,132	60,720	51,020	4,439	44	12,198	870,553	365,382	38,500	1,274,435	4.11%	2,435

(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 Ended June 30,	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (a)	Per Capita (b)
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%	1,753
2007	968,412	1.58%	1,892
2008	982,238	1.36%	1,906
2009	1,051,166	1.28%	2,017
2010	1,158,534	1.33%	2,214

*(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, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
City of Annapolis	\$ 85,431,393	100.00%	\$ 85,431,393
Subtotal overlapping debt			<u>85,431,393</u>
Anne Arundel County direct debt			<u>870,552,159</u>
Total direct and overlapping debt			<u><u>\$ 955,983,552</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>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>	<u>2010</u>
<b>Assessed value (1)</b>										
Real property	\$ 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	\$ 84,417,167
Personal and operating real property	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	2,736,910
Total assessed value	<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>	<u>87,154,077</u>
<b>Legal debt margin</b>										
Debt limit (5.2% of assessed value of real property, 13% for fiscal years 2001 and prior)	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	4,389,693
Debt limit (13% of assessed value of personal and operating real property)	313,187	314,604	317,974	309,365	312,895	322,364	336,641	327,363	357,969	355,798
Total debt limit	<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>	<u>4,745,491</u>
Debt applicable to limit:										
General obligation bonds	376,209	433,115	493,017	499,547	534,773	553,117	597,181	599,704	660,269	742,132
Bonded debt for solid waste projects (2)	30,691	27,700	24,763	23,083	21,042	19,963	20,399	17,976	17,721	21,163
Installment Purchase Agreement	1,669	3,837	6,690	8,398	8,679	9,031	9,939	11,398	12,218	12,198
Tax Increment Bonds	42,000	42,000	50,300	56,215	55,520	54,795	53,960	53,085	52,170	51,020
Bond anticipation notes (3)	38,500	56,000	30,250	33,500	35,500	38,000	39,000	49,800	39,600	-
Total debt applicable to limit	<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>	<u>826,513</u>
Legal debt margin	\$ <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>	\$ <u>3,918,978</u>
Total debt applicable to the limit as a percentage of debt limit	<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>	<u>17.42%</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		
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	
2010	88,153	71,998	16,155	19,379	6,294	0.63	44,300	43,358	942	1,513	302	0.52	

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	
2001	\$ 6,016	\$ 16	\$ 6,000	\$ 285	\$ 2,621	2.06	\$ 2,825	\$ 69	\$ 2,756	\$ -	\$ 57	0.00
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
2010	24,354	1,057	23,297	1,150	2,522	6.34	1,473	0	1,473	20	663	2.16

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.  
"Utility Charges and Other" includes investment earnings but not capital contributions and grants.  
"Operating Expenses" do not include interest or depreciation.

Anne Arundel County, Maryland  
 Demographic and Economic Statistics  
 Last Ten Years

Year	Population (a)	Personal Income (b) (thousands of dollars)	Per Capita Personal Income (c)	Public School Enrollment (d)	Unemployment Rate % (e)
2001	497,045	\$ 19,099,112	\$ 38,425	75,094	3.1
2002	502,574	19,733,166	39,264	74,798	3.7
2003	505,443	20,400,115	40,361	74,519	3.9
2004	508,722	22,351,127	43,936	74,000	3.8
2005	510,194	23,767,497	46,585	73,633	3.5
2006	509,947	25,094,586	49,210	73,111	3.3
2007	511,875	26,489,989	51,751	73,405	3.1
2008	515,328	28,141,058	54,608	73,658	4.4
2009	521,209	29,734,887	57,050	74,782	6.4
2010	523,347	31,020,062	59,272	75,528	7.0

Sources:

(a) Mid-year (July 1) 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 April 2010. These data supersede population estimates published in previous years. Year 2009 and 2010 estimated by Anne Arundel County Planning & Zoning. BEA: New estimates for 2008 and revisions for 1969-2007 were released on April 22, 2010. These estimates incorporate the results of the comprehensive revision to the national income and product accounts released in July 2009 and of the comprehensive revision to the state income accounts released in October 2009. Additionally, population was revised back to the year 2000.

(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 2010; 2009 actual enrollment AACPS Planning Department release date November 2009.

(e) Maryland Department of Labor, Licensing and Regulation monthly reports. Year 2009 average revised; Year 2010 average for 6 months.

ANNE ARUNDEL COUNTY, MARYLAND

Principal Employers

Current Year and Nine Years Ago

2010			2001		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
Ft. George G. Meade	36,209	9.81%	National Security Agency	25,000	9.63%
Anne Arundel Co. Public Schools	14,000	3.79%	Ft. George G. Meade	11,042	4.25%
BWI Thurgood Marshall Airport	9,717	2.63%	State of Maryland	8,788	3.39%
State of Maryland	9,082	2.46%	Anne Arundel County Public Schools	8,200	3.16%
Northrop Grumman Corp.	8,000	2.17%	Northrop Grumman Corp.	6,681	2.57%
Anne Arundel County Government	4,163	1.13%	Anne Arundel County Government	3,800	1.46%
Southwest Airlines	3,200	0.87%	US Airways	2,353	0.91%
Anne Arundel Health System	2,800	0.76%	U.S. Naval Academy	2,200	0.85%
Baltimore Washington Medical Center	2,650	0.72%	Anne Arundel Health Systems, Inc.	2,000	0.77%
U.S. Naval Academy	2,340	0.63%	North Anne Arundel Health Systems, Inc.	1,700	0.65%
	<u>92,161</u>	<u>24.97%</u>		<u>71,764</u>	<u>27.65%</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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	536	557	586	554	535	537	540	536	530	519
Public safety										
Police	895	895	1,047	1,037	904	921	923	933	938	894
Fire	643	654	654	675	721	833	833	860	861	859
Detention center	434	434	434	409	408	409	415	415	412	408
Health and human services	134	141	173	175	161	163	175	178	177	176
Public works	341	340	347	339	295	299	304	308	309	289
Recreation and community services	106	107	109	99	99	102	110	113	112	104
Judicial	309	312	273	260	261	264	270	270	104	102
Code enforcement	171	175	173	158	156	168	172	178	177	166
Land use and development	96	98	94	104	101	101	105	90	88	84
Water and wastewater	368	362	353	353	348	348	348	348	351	350
Solid waste	76	83	83	83	83	84	85	85	85	87
Child care	6	6	7	7	7	7	8	8	9	9
Total	<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>	<u>4,047</u>

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

Function/program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Police</b>										
Physical arrests	16,507	16,609	15,858	16,419	16,321	16,644	16,424	21,476	20,151	19,056
Parking violations	2,003	3,255	3,325	4,010	4,382	4,562	3,772	4,887	4,103	3,755
Traffic violations	68,882	56,225	53,055	53,855	61,161	69,022	81,142	133,507	120,229	141,308
<b>Fire</b>										
Emergency responses	54,198	59,587	59,435	62,565	61,412	62,304	65,724	66,349	66,170	72,946
Inspections	8,848	8,842	12,301	10,353	11,436	12,992	11,308	12,201	12,075	10,700
<b>Streets and highways</b>										
Resurfacing (miles)	81.7	65.4	45.0	31.1	78.2	124.5	70.3	65.1	59.1	48.0
<b>Recreation and community services</b>										
Facility use applications	N/A	N/A	5,685	5,754	6,032	6,916	7,177	7,208	6,553	6,619
<b>Water</b>										
New water connections	2,392	1,649	1,354	4,856	1,477	1,094	894	937	752	871
Water main breaks	88	116	150	162	129	152	124	176	192	255
Average daily water consumption (thousands of gallons)	34,694	32,763	31,920	30,886	31,484	33,460	30,980	35,976	36,992	34,624
Number of customers	92,600	94,200	95,570	100,427	101,623	102,878	103,775	104,609	105,377	106,208
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	30,806	29,294	33,443	33,953	32,457	31,077	32,340	30,959	30,564	33,800
Number of customers	100,800	101,900	103,361	108,017	109,179	110,637	111,574	112,487	113,413	114,342
<b>Solid waste</b>										
Trash collected (tons per year)	219,512	242,813	226,559	271,233	268,855	255,788	244,454	226,707	201,980	193,478
Recyclables collected (tons per year)	93,782	98,415	103,703	131,253	112,118	125,996	122,721	130,645	125,380	141,750
<b>Child care</b>										
Enrollment	N/A	1,414	1,533	1,619	1,689	1,921	1,982	2,477	2,148	2,150

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

Function/program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Public Safety</b>										
Police										
Stations	8	8	9	10	10	10	10	10	10	10
Patrol units (vehicles)	393	399	414	414	429	468	484	487	487	487
Fire										
County owned stations	15	17	17	17	17	18	18	18	19	19
Volunteer stations	14	12	12	12	12	12	12	12	12	12
Pumpers/tankers	60	67	62	60	68	61	64	64	65	65
Ladder trucks	19	19	21	22	22	24	24	23	23	23
Paramedic units	40	39	40	41	39	41	40	40	41	41
Streets and highways										
Streets (miles)	1,669	1,691	1,710	1,735	1,754	1,761	1,765	1,767	1,768	1,772
Streetlights	34,290	34,467	34,877	35,081	35,423	35,800	36,130	36,561	37,105	37,375
Traffic signals	150	156	156	161	162	162	168	177	178	186
Recreation and community services										
Open space acreage	3,348	4,517	4,517	5,240	5,467	3,505	3,505	4,137	3,621	3,837
Playgrounds and Parks acreage	4,102	5,644	5,644	5,647	5,671	6,029	6,029	6,897	6,928	6,952
Parks										
Playgrounds	92	93	93	94	92	70	71	70	62	64
Baseball/softball fields	199	206	206	210	213	240	239	241	236	237
Football fields	155	161	161	162	169	107	110	112	118	118
Basketball courts	111	113	113	113	111	76	78	78	70	70
Tennis courts	219	219	219	214	212	86	84	84	64	64
Water										
Water mains (miles)	1,242	1,263	1,293	1,302	1,315	1,330	1,338	1,354	1,365	1,412
Water treatment plants	13	13	13	14	13	13	13	13	13	13
Wastewater										
Maximum daily treatment capacity (thousands of gallons)	43,615	43,615	43,615	43,615	43,615	43,615	43,615	46,615	46,615	46,615
Wastewater mains (miles)	1,120	1,142	1,156	1,346	1,363	1,376	1,397	1,417	1,440	1,459
Wastewater treatment plants	7	7	7	7	7	7	7	7	7	7
Wastewater pumping stations	241	241	242	243	243	245	248	251	252	249

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