

Anne Arundel County, Maryland

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012

County Executive

John R. Leopold

County Council

Jerry Walker – Chairman
John J. Grasso – Vice Chairman
Peter I. Smith
Derek Fink
G. James Benoit, Jr.
Richard B. Ladd
Chris Trumbauer

**Anne Arundel County, Maryland
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

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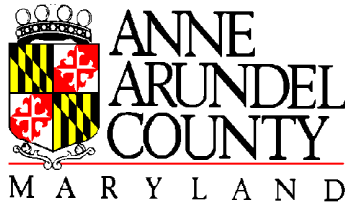
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OFFICE OF FINANCE

John R. Leopold,
County Executive

Richard K. Drain,
Controller

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

December 21, 2012

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, 2012 in compliance with the Anne Arundel County Charter Section 513. The purpose of this report is to comply with the County Charter and to provide you and the taxpayers of Anne Arundel County with sufficient information to evaluate the County's financial performance during fiscal year 2012.

This report was prepared by the Office of Finance of Anne Arundel County. The basic financial statements have been audited by the County's independent public accountants, CliftonLarsonAllen LLP, and their unqualified ("clean") opinion is 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 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.

Profile of the 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 and selects a Chair person annually, is the County's legislative body. The Council members are elected by district and the County Executive is elected at-large to serve four-year terms; the County Council members and the County Executive are limited to two consecutive four-year terms.

The County 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.

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 December. A Spending Affordability Committee is appointed by the 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 15th. 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 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.

Factors Affecting Financial Condition

Local Economy: The economic pulse of Anne Arundel County continues to exhibit vitality and growth. Throughout 2011 and 2012, the County continued on the post-recession path of recovery and renewed growth while gaining benefit from its central location between two large metropolitan areas. Because of this distinct location advantage, Anne Arundel County participates directly in the “Baltimore-Washington-Northern Virginia Combined Statistical Area,” the fourth largest United States market area, as defined by the U.S. Census Bureau. This combined region contains a population of more than 8 million; its regional economy generates a Gross Domestic Product valued in excess of \$500 billion; and its jurisdictions have household incomes at the highest levels in the country.

The County has three powerful generators of regional economic and employment activity located within its boundary – 1) the City of Annapolis, 2) BWI-TM Airport, and 3) Ft. George G. Meade. The City of Annapolis is an independent municipality that supports more than 38,000 jobs generated by the combined attributes of it being a major federal, state and county government center, a national historic tourist destination and a maritime recreational center with a reputation of being the “Sailing Capitol of the (U.S.) East Coast.” BWI-TM airport has more than 9,700 direct employees and serves a business and traveler market that encompasses significant portions of five states. Fort Meade is a 5000 acre federal enclave that hosts 95 Department of Defense organizations including the National Security Agency with a total employment census numbering 56,700.

Anne Arundel County’s civilian workforce measuring more than 302,000 workers serves businesses, government agencies and institutions throughout the Washington-Baltimore Region. Within the County, there are approximately 233,300 “in-place” jobs (the County’s largest employer, the National Security Agency, does not report its employee numbers to any of the state or county statistical reporting agencies). This workforce is highly skilled with an educational attainment that reports 36.1% workers 25 and older with a college or advanced graduate degree. In the 3rd quarter 2012, the unemployment rate for Anne Arundel County was 6.2% as compared to the average for fiscal year 2011 of 6.6%. This rate is favorable in contrast to the State unemployment rate of 6.9% and the national average of 7.9%. Over a four year span from 2008 to 2012, strong employment gains in various sectors (e.g., government, education, health, professional business services, etc.) have been realized. This has enabled Anne Arundel County to recover all “in-place” jobs that declined during the deep national recession of 2007 and 2008.

The largest employment growth in the County has been realized due to the continued expansion of department of defense positions inside Ft. Meade. This federal agency growth has spurred expanded procurement activity that by last reported measure totaled more than \$1.9 billion. The federal procurement activity has attracted a large contingent of national prime contractors (Lockheed Martin, Boeing, Northrop Grumman, Computer Sciences Corporation, General Dynamics, etc.) to Anne Arundel County’s business parks as well as many hundreds of smaller technology companies. Today there are more than 12,900 defense contractor employees hosted by the National Business Park alone. The combined economic impact of Ft. Meade is reported to exceed \$18 billion.

The largest single real estate project completed during fiscal year 2012 was the construction of the Maryland Live video lottery terminal entertainment complex at Arundel Mills. Maryland Live contains 4,750 video terminals, five restaurants and an entertainment venue that attracts thousands of visitors daily. Since its opening in June 2012, the entertainment complex has averaged \$30 million in gross revenue daily. It alone created approximately 1,500 permanent jobs and accounts for annual goods and services purchase of \$60 million annually. At a Special Session of the Maryland General Assembly during 2012, legislation was passed and approved by referendum in the November 2012 election approving the expansion of gambling (including table games) that is expected to further

expand gaming activity, increase revenue to the County and generate an additional 1,200 jobs at the Maryland Live facility.

Long Term Financial Planning: The economic outlook for the County is very favorable and will continue to grow in the coming years. Anne Arundel County's low property and income tax make the County attractive for both businesses and families. At \$0.941 per \$100 assessed value, the property tax is the lowest among the State's seven largest metropolitan jurisdictions and its income tax rate at 2.49% is the 3rd lowest in the State of Maryland. Revenues from property and income taxes for fiscal year 2012 supported more than 80% of the County's budget and growth in both sources should continue in the future. Maryland Live will also provide a new revenue source for fiscal year 2013.

The County maintains a Revenue Reserve Fund (rainy day fund) and the Fund has increased from a low of about \$9 million at the end of fiscal year 2009 to approximately \$22.5 million at the end of fiscal year 2012. This increase is the result of revenues exceeding expenditures for fiscal years subsequent to 2009 and transfers to this Fund as part of the budget process. Another \$1 million will be transferred to the Fund during fiscal year 2013.

The County has established a local debt policy to manage its debt as required by State law. The policy sets the parameters for issuing debt and managing the 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. The policy ensures that the County maintains a sound debt position and that credit quality is protected. As a result of the above, the County's financial strength has been attested to by Standard & Poors as this rating agency has assigned a triple "A" rating for the County's general obligation (GO) bonds.

The County's investment policy provides for the safety and liquidity of public funds by minimizing credit and market risk while maintaining a competitive yield on the investment portfolio. All deposits at June 30, 2012 were either insured by federal depository insurance or collateralized with the collateral held by an independent third party in the County's name. Investment activities are governed by State laws and, accordingly, the County invests in accordance with these laws.

In spite of recent economic difficulties, the County is positioned to handle its current fiscal challenges. A strong defense and technology industry, a business community with global reach, a highly educated and skilled workforce, key transportation assets and a strategic location in the Baltimore/Washington DC corridor, the nation's 4th largest marketplace, favorable property and income tax rates and years of conservative budgeting and prudent financial management create a solid foundation for economic stability for the future.

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, 2011. This was the thirty-first consecutive year that the County has received this prestigious award.

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

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

ANNE ARUNDEL COUNTY

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 Lauren Toney, Assistant Controller.

Sincerely,

A handwritten signature in cursive script that reads "Richard K. Drain". The signature is written in black ink and is positioned above the printed name and title.

Richard K. Drain,
Controller

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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, 2011

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.



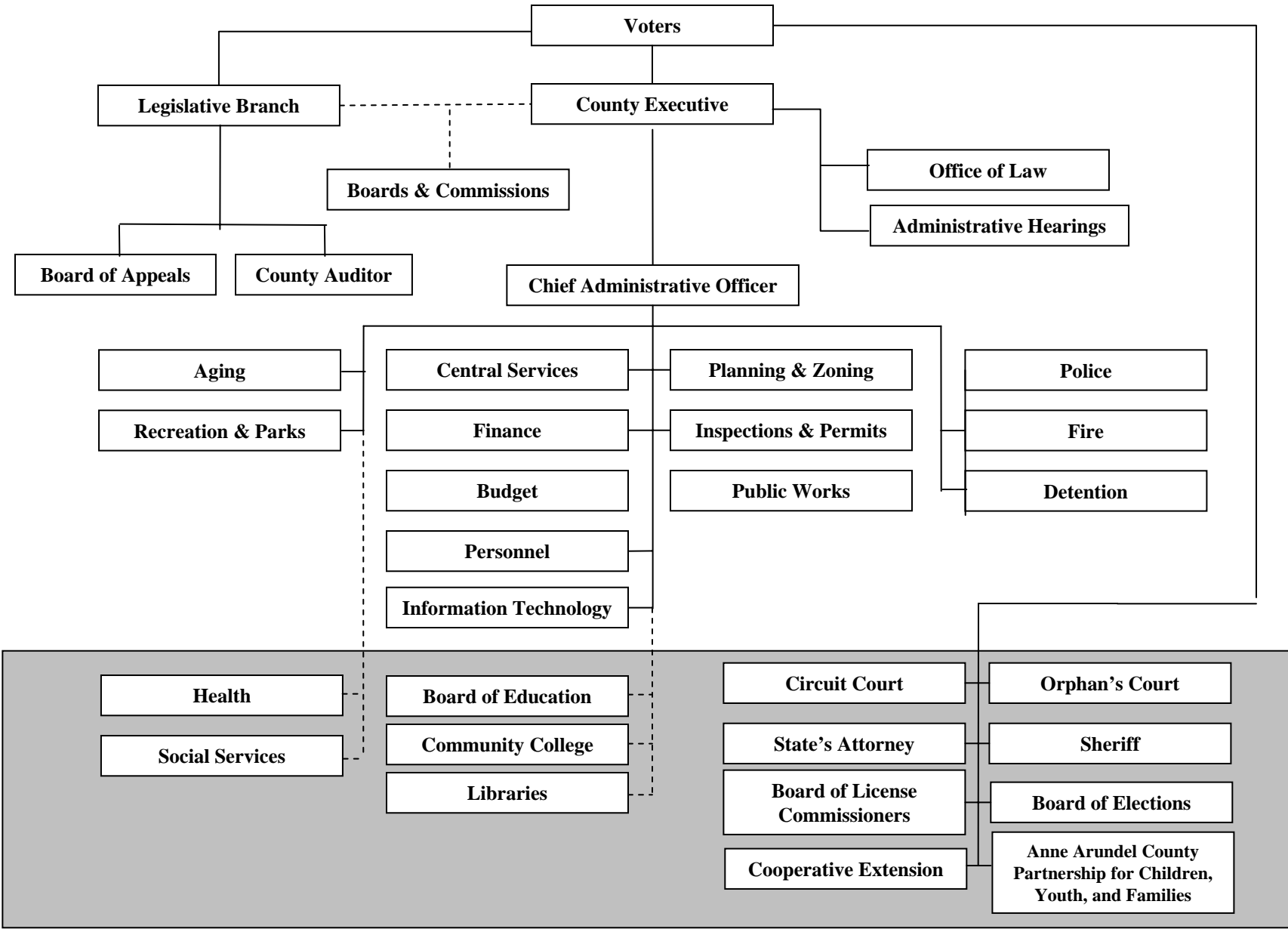
Linda C. Davison

President

Jeffrey R. Enos

Executive Director

Anne Arundel County, Maryland



Independent Auditor's Report

The Honorable 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, the budgetary comparison for the General Fund and the aggregate remaining fund information of Anne Arundel County, Maryland as of and for the year ended June 30, 2012, 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 opinions 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 12 percent, 13 percent, and 12 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 the County as of June 30, 2012, 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 December 21, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 11 through 23 and 75 through 76 be presented to supplement the basic financial statements, such information although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining fund statements, budgetary statements, and other supporting schedules, 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, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section, as 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.

CliftonLarsonAllen LLP

Baltimore, Maryland
December 21, 2012

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2012

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, 2011 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, and land use and development. The business-type activities include the Primary government's functions which are primarily supported by user-fees and charges, such as utility services, waste collection, and child care services.

Statement of Net Assets – The statement of net assets presents the components 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 revenues, are applied to net expenses to derive the change in net assets for the year.

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

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

Governmental Funds – The governmental funds of the Primary government include the General Fund; the General County Capital Projects Fund, which is used to accumulate and spend resources to construct capital assets; the special revenue funds, which segregate revenue sources to ensure these funds are spent on the intended purpose;

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2012

and the 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, 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 do not record revenues 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 schedules that provide trend data about the Pension Trust Fund and other post-employment benefits.

Financial Highlights

Overall Financial Position – During fiscal year 2012, the County's net assets resulting from governmental activities decreased by \$40.5 million or 38.8%. This decline was related to a decrease in the unrestricted net assets of \$63.3 million offset by increases in capital assets net of related debt of \$11.6 million and restricted net assets of \$11.2 million. In fiscal year 2012, results for the County's business-type activities increased by \$60 million or 5.6%. This increase was primarily generated by additional restricted net assets of \$30.2 million and increases in capital assets net of debt of \$31.5 million.

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2012

Changes to the Statement of Net Assets' Components - In governmental activities, total assets increased by \$14.2 million and total liabilities increased by \$54.7 million. The current unrestricted assets decreased by \$38.6 million or 10.1% and current restricted assets increased by \$35 million or 40.6%, while the capital assets increased by \$17.8 million or 1.7%. The decrease in the current asset categories was primarily in cash and temporary investments, taxes, and other receivables and prepaid assets. The current restricted assets increase was primarily due to an increase in cash and temporary investments..

While the assets increased by 0.9%, the liabilities also increased by 3.8%. Noncurrent liabilities increased by \$62.8 million or 5.1% and current liabilities decreased by \$9.1 million or 4.6%, respectively; restricted liabilities increased by \$1 million or 7.9%. The increase in noncurrent liabilities was primarily caused by increases in recording the other post-employment benefits (OPEB) obligation and deferred revenue offset by declines in long term debt net of refunding gains and unpaid insurance claims. The current liabilities' decreases were the result of a decline in accrued liabilities and amounts due to the component units for capital project expenditures. The increase in restricted liabilities was caused by an increase in escrow and other deposits.

Net assets related to business-type activities increased \$60 million or 5.6% in fiscal year 2012. Assets increased by \$73.3 million and liabilities increased by \$13.3 million. Increases were noted in current capital assets of \$63.9 million and current restricted assets of \$21.3 million offset by a reduction of current unrestricted assets of \$12.9 million. This fluctuation is due primarily to an increase in capital assets of \$63.9 million due to completion of capital projects that have resulted in the recording of these assets.

The \$13.3 million increase in business-type liabilities was caused by increases in noncurrent liabilities of \$14.2 million and current liabilities of \$1.4 million offset by a decline in current restricted liabilities of \$2.3 million. The increase in noncurrent liabilities of 14.2 million was primarily caused by the issuance of additional net debt and recording of the OPEB obligation for 2012.

Significant changes in revenues and expenses – Fiscal year 2012 showed continuing growth in property taxes and local income taxes as significant Federal defense and intelligence presence help to support this growth. However, the slow recovery in the economy caused recordation and transfer taxes to only show minimal growth. General revenues in governmental activities increased \$77.8 million or 7.3%, from fiscal year 2011. The majority of the increase is due to growth in property taxes of \$16 million or 2.8%, increase in local income taxes of \$29 million or 7.8%, and forgiveness by the State of Maryland of \$32.7 million to replenish the local income tax reserve fund. Due to low interest rates, investment income only had a nominal increase.

During fiscal year 2012, the governmental activities' program revenues decreased by \$3.8 million. Decreases in charges for services of \$4.9 million offset by an increase in operating grants and contributions of \$1.8 million, primarily accounted for this change.

The business-type activities show an increase in total program revenue of \$34.7 million or 18.9%. Increases in charges for services of \$12.2 million or 9.5% and capital grants and contributions of \$22.4 million or 41.5%, respectively, contributed to this increase. General revenue sources have increased by \$1.4 million, a 10.3% increase from 2011. Increases in other revenues of \$1.3 million or 11.5% and County contribution to an energy project of \$2 million were offset by declines in investment income of \$1.8 million or 63%.

Business-type expenses increased by \$7.7 million or 4.7% from the previous year primarily as a result of an increase in water and wastewater expenses.

Changes to debt – The County's total bonded debt balance increased by \$32 million in fiscal year 2012. The County issued \$98.9 million of bonds for governmental activities including education, public safety, infrastructure improvements, libraries, community college, recreation and parks, and general government improvements. The County also issued \$29.2 million for business-type activities which will be used for utility and waste collection improvements. Of the issue of \$128.1 million, \$70.4 million was used to liquidate BANS issued in January 2011 and \$2.2 million issued in November 2010.

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Financial Data and Management's Analysis - Government-wide Statements

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

Anne Arundel County, Maryland Condensed Statement of Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Current	\$ 344,749,475	\$ 383,389,416	\$ 112,069,252	\$ 124,972,591	\$ 456,818,727	\$ 508,362,007
Restricted - Current	121,192,393	86,191,481	234,067,121	212,741,295	355,259,514	298,932,776
Restricted - Noncurrent	-	-	55,267,470	54,280,149	55,267,470	54,280,149
Capital	1,089,196,483	1,071,381,597	1,261,481,083	1,197,627,804	2,350,677,566	2,269,009,401
Total	<u>1,555,138,351</u>	<u>1,540,962,494</u>	<u>1,662,884,926</u>	<u>1,589,621,839</u>	<u>3,218,023,277</u>	<u>3,130,584,333</u>
Liabilities:						
Current	189,433,225	198,570,063	54,365,906	53,015,326	243,799,131	251,585,389
Restricted - current	13,305,533	12,336,278	28,647,748	30,926,384	41,953,281	43,262,662
Noncurrent	1,288,433,061	1,225,596,901	451,365,678	437,174,430	1,739,798,739	1,662,771,331
Total	<u>1,491,171,819</u>	<u>1,436,503,242</u>	<u>534,379,332</u>	<u>521,116,140</u>	<u>2,025,551,151</u>	<u>1,957,619,382</u>
Net Assets:						
Invested in capital assets, net of related debt	633,818,542	622,238,204	853,676,904	822,218,634	1,487,495,446	1,444,456,838
Restricted	87,910,567	76,640,011	254,976,360	224,738,592	342,886,927	301,378,603
Unrestricted	(657,762,577)	(594,418,963)	19,852,330	21,548,473	(637,910,247)	(572,870,490)
Total (restated)	<u>\$ 63,966,532</u>	<u>\$ 104,459,252</u>	<u>\$ 1,128,505,594</u>	<u>\$ 1,068,505,699</u>	<u>\$ 1,192,472,126</u>	<u>\$ 1,172,964,951</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 the respective useful lives of the assets.

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 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. There are three categories: capital assets, net of any related debt which are amounts related to construct or buy assets net of the related debt, restricted net assets which are the amounts remaining after restricted liabilities are covered by restricted assets, and unrestricted net assets.

Management's Analysis – Unrestricted current assets of governmental activities are \$23.8 million less in fiscal year 2012 due primarily to decreases in cash and temporary investments of \$15.3 million, taxes and State revenue receivables of \$5 million, and prepaids and other receivables of \$3.5 million. The business-type activities current assets decreased by \$12.9 million primarily due to decreases in cash and temporary investments as additional cash related to bond issues were restricted.

Restricted assets in governmental activities increased by \$35 million or 40.6% as restricted cash in the Impact Fee Fund and the Bond Premium Fund increased and the amounts due from other governments increased. The increase in current restricted assets in business-type activities of \$21.3 million or 10% was due to the restriction of additional bond proceeds.

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Restricted noncurrent assets in business-type activities increased by \$1 million from fiscal year 2011 or 1.8%. These assets result from an increase in long-term receivables for front foot benefit charges and capital connection charges.

The governmental net capital assets balance increased by \$17.8 million from the previous year or 1.7%. Capital assets in the business-type activities increased by \$63.9 million or 5.3%. This increase is the result of the completion of certain capital projects.

Current unrestricted liabilities for governmental activities decreased by \$9.1 million or 4.6%, from the previous fiscal year. This occurred primarily due to decreases in accrued liabilities and amounts due to component units of \$7 million and \$4.3 million, respectively offset by an increase in the current portion of non-current liabilities of \$2.2 million. The current unrestricted liabilities in business-type activities increased by \$1.4 million or 2.5%, from fiscal year 2011. This increase was primarily caused by an increase in accrued liabilities and the current portion of non-current liabilities of \$2.4 million and \$1.1 million, respectively offset by the payoff of outstanding BANS of \$2.2 million.

Restricted current liabilities for governmental activities increased by \$1 million or 7.9%, from fiscal year 2011. The change was primarily caused by increases in escrow and other deposits, and accrued liabilities. Restricted current liabilities for business-type activities decreased by \$2.3 million or 7.4% primarily due to a decrease in deferred revenues as prepaid wastewater connection fees were recognized as revenue in the current fiscal year.

Noncurrent liabilities consist of bonded debt, OPEB obligation, self insurance reserves, loans, capital leases, and other liabilities. These liabilities increased \$62.8 million or 5.1%, in governmental activities, and increased by \$14.2 million or 3.2%, in business-type activities. For governmental activities the increase resulted from the recording of the annual OPEB obligation of \$73.5 million and \$25.5 million in deferred revenue offset by decreases in long term debt and unpaid insurance claims of \$27.8 million and \$8.3 million, respectively. The increase noted in the noncurrent liabilities in business-type activities for fiscal year 2012 was caused primarily by an increase in the net bonded debt of \$6.3 million, and the recording of the OPEB obligation of \$7.5 million.

The components of governmental and business-type net assets were discussed in the financial highlights above. It should be noted the negative unrestricted net assets in governmental activities have increased from a negative \$594.4 million to a negative \$657.8 million, an increase of 10.7%. 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 \$657.8 million reflects this treatment. The Board of Education and Community College capital net assets of approximately \$845.4 million and \$89.9 million, respectively, are evidence of the significant level of capital assets constructed primarily from County incurred debt.

The table below shows the fluctuations in the unrestricted fund balance in the governmental activities over the past four years. The decrease is the result of excess net assets used for 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>
2009	\$ (380.7)	2011	(594.4)
2010	(482.0)	2012	(657.8)

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The following schedule is a condensed version of the Statement of Activities; however, the revenues are listed first with the functional expenses presented last. The schedule includes comparative amounts from the previous fiscal year.

Anne Arundel County, Maryland						
Statement of Activities						
	Governmental		Business type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Program revenues:						
Charges for services	\$ 106,344,741	\$ 111,282,262	\$ 141,448,505	\$ 129,228,992	\$ 247,793,246	\$ 240,511,254
Operating grants & contributions	47,165,195	45,356,772	-	-	47,165,195	45,356,772
Capital grants & contributions	42,656,158	43,292,951	76,527,093	54,092,991	119,183,251	97,385,942
	<u>196,166,094</u>	<u>199,931,985</u>	<u>217,975,598</u>	<u>183,321,983</u>	<u>414,141,692</u>	<u>383,253,968</u>
General revenue:						
General property taxes	593,914,041	577,936,586	-	-	593,914,041	577,936,586
Local income taxes	400,465,253	371,490,759	-	-	400,465,253	371,490,759
State shared taxes	10,333,497	8,664,658	-	-	10,333,497	8,664,658
Recordation & transfer taxes	59,088,413	58,000,447	-	-	59,088,413	58,000,447
In County Contributions	-	-	2,000,000	-	2,000,000	-
Local sales taxes	32,258,227	32,405,559	-	-	32,258,227	32,405,559
Investment income	1,418,470	1,322,176	1,071,939	2,896,386	2,490,409	4,218,562
Other revenue	12,323,348	4,387,204	12,214,796	10,956,808	24,538,144	15,344,012
County Transfer	32,663,346	10,426,000	-	-	32,663,346	10,426,000
Extraordinary Item- Due to State	-	-	-	-	-	-
	<u>1,142,464,595</u>	<u>1,064,633,389</u>	<u>15,286,735</u>	<u>13,853,194</u>	<u>1,157,751,330</u>	<u>1,078,486,583</u>
Total revenues	<u>1,338,630,689</u>	<u>1,264,565,374</u>	<u>233,262,333</u>	<u>197,175,177</u>	<u>1,571,893,022</u>	<u>1,461,740,551</u>
Expenses:						
Education	669,191,184	697,647,300	-	-	669,191,184	697,647,300
Public safety	290,833,066	282,484,421	-	-	290,833,066	282,484,421
General government	116,145,906	115,262,229	-	-	116,145,906	115,262,229
Health & human services	72,906,731	72,095,603	-	-	72,906,731	72,095,603
Public works	80,934,525	66,553,279	-	-	80,934,525	66,553,279
Recreation & community services	56,129,078	61,004,602	-	-	56,129,078	61,004,602
Judicial	28,011,439	27,103,335	-	-	28,011,439	27,103,335
Code enforcement	13,787,761	13,304,845	-	-	13,787,761	13,304,845
Land use & development	11,471,808	14,428,483	-	-	11,471,808	14,428,483
Economic development	-	-	-	-	-	-
Interest expense on debt	39,711,911	38,565,622	-	-	39,711,911	38,565,622
Water & wastewater	-	-	121,553,106	112,708,927	121,553,106	112,708,927
Waste collection	-	-	47,932,547	49,078,454	47,932,547	49,078,454
Child care	-	-	3,776,785	3,771,601	3,776,785	3,771,601
Total expenses	<u>1,379,123,409</u>	<u>1,388,449,719</u>	<u>173,262,438</u>	<u>165,558,982</u>	<u>1,552,388,847</u>	<u>1,554,008,701</u>
Change in net assets	(40,492,720)	(123,884,345)	59,999,895	31,616,195	19,507,175	(92,268,150)
Net assets, beg of year, restated	104,459,252	228,343,597	1,068,505,699	1,036,889,504	1,172,964,951	1,265,233,101
Net assets, end of year	<u>\$ 63,966,532</u>	<u>\$ 104,459,252</u>	<u>\$ 1,128,505,594</u>	<u>\$ 1,068,505,699</u>	<u>\$ 1,192,472,126</u>	<u>\$ 1,172,964,951</u>

The Statement of Activities presents some significant changes in revenues. These fluctuations were explained in the financial highlights section. Governmental activities' overall revenue has increased from fiscal year 2011 by \$74.1 million or 5.9%. The majority of the increase is due to growth in property taxes of \$16 million, local income taxes of \$29 million, and forgiveness by the State of Maryland of \$32.7 million to replenish the local income tax reserve fund. There were also nominal increases in other revenue categories and a reduction in charges for services of \$4.9 million. The transfer from the Community College to the County's General Fund did not occur in 2012. Due to changes in the assessable property tax base, the Charter-imposed property tax cap calculation resulted in the property tax rates increasing by 3 cents for fiscal year 2012.

The governmental activities' expenses had a decrease of \$9.3 million or 1% from fiscal year 2011. Certain functional categories of expenditures had significant fluctuations during fiscal year 2012. The more notable fluctuations were in education which decreased by \$28.5 million or 4.1%. The decrease in education was a result of a decrease in the amount of funds spent on education related capital projects in fiscal year 2012. This decrease was offset primarily by increases in public works of \$14.4 million or 21.6% and public safety of \$8.3 million or 3%.

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In business-type activities there was an increase in charges for services of \$12.2 million or 9.5% in fiscal year 2012. Capital grants and contributions increased by \$22.4 million or 41.5% from the previous year. Additional water service utilization and a rate increase caused the increase in charges for services, and an increase in additional developer-built assets transferred to County ownership contributed to the capital grant increase. In general revenue, other revenue increased \$1.3 million or 11.5% as a result of the County's efforts to encourage additional recycling. Investment income decreased \$1.8 million or 63% from fiscal year 2011 to 2012 due to low interest rates. The County also contributed \$2 million to an energy related solid waste project.

Business-type expenses had an overall increase of \$7.7 million or 4.7% from the previous year which was primarily caused by increases in the water and waste water charges.

Distribution of Revenues and Expenses

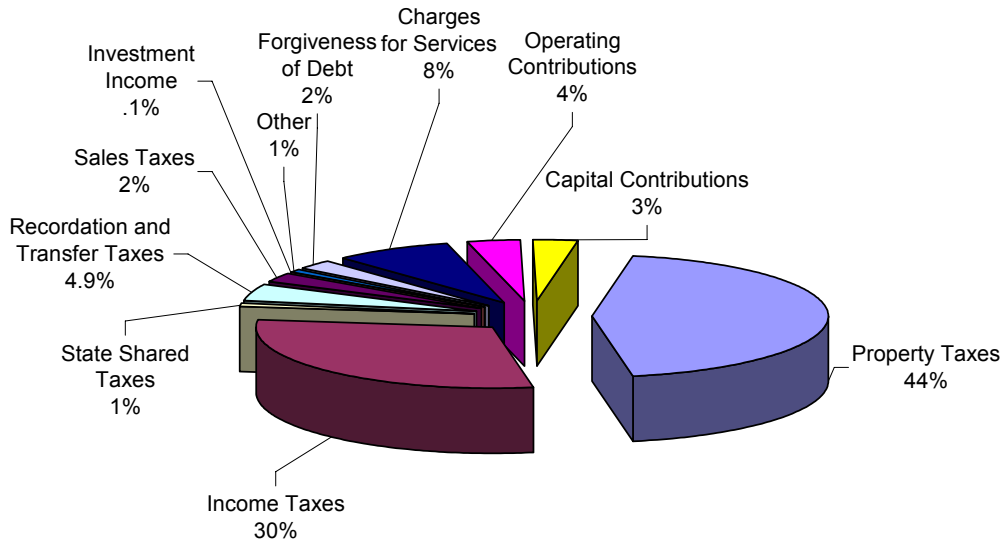
The two charts on the next page show the percentage distribution of revenues from governmental activities and the percentage expended on each function, respectively. Discussion of the 2012 distribution and significant changes since 2011 follows.

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 82% of our revenue base, which is consistent with prior fiscal years. Charges for services, paid to the County by the user, was 8% for fiscal year 2012, a small reduction from fiscal year 2011 which was 9%.

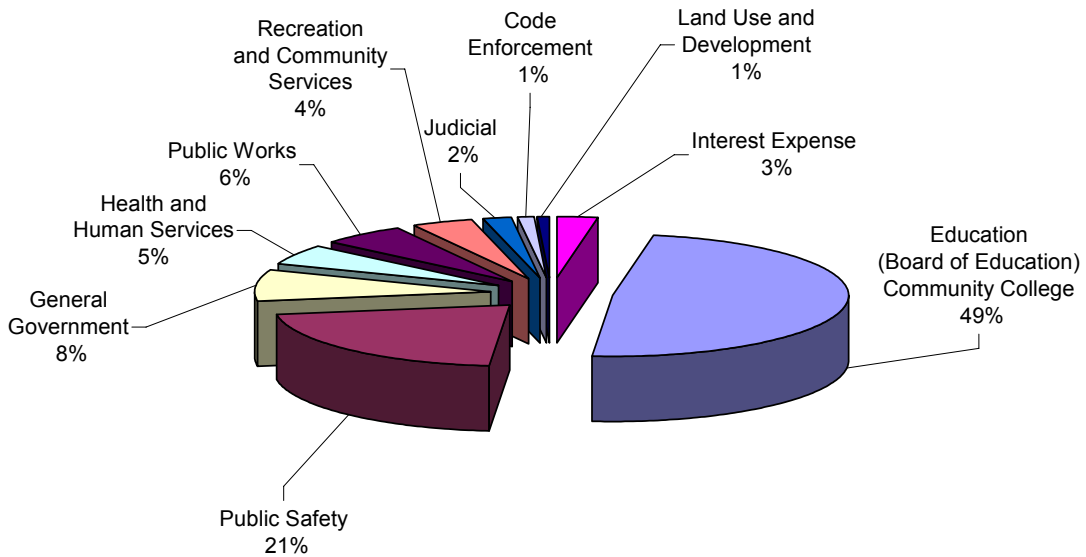
An analysis of the percentage distribution of expenses by function revealed that there was only one significant change in any of the functions as a percent of the total from 2011. General government decreased from 12% to 8%. The decrease is as a result of the budget being increased in the General Government, Office of Finance (non-departmental) category. Education expenses which represent those for the Anne Arundel County Board of Education and Anne Arundel Community College were 49% of total expenses.

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Governmental Revenues Fiscal Year 2012



Governmental Expenses Fiscal Year 2012



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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 \$179.9 million to \$196.2 million or \$16.3 million, from fiscal year 2011. The increase primarily occurred in cash and investments of \$14.2 million and a net increase in various receivables of \$1.5 million. Total fund balance increased from \$61 million to \$79.5 million or an increase of \$18.5 million. The increase in the fund balance resulted primarily from increases in cash and investments during 2012.

General Fund expenditures increased from \$1,143.4 million to \$1,146.6 million or \$3.2 million. The expenditures outpaced the revenue; however, other sources and uses brought a net to the General Fund of \$28.4 million in fiscal year 2012, compared to a net inflow of \$58.3 million in 2011. This change was primarily caused by a net decrease in general obligation bonds issued of \$42.8 million and a premium realized on the refunding bond sale of \$14.5 million during fiscal year 2012.

The County has a Revenue Stabilization Fund (rainy day fund) which is included in the unassigned category of General fund balance. At the end of fiscal year 2012, a balance of \$22.5 million remained in this Fund which had an increase from fiscal year 2011 due the fiscal year 2012 budget including \$5 million appropriated to be returned to this Fund and investment earnings. 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 has only been drawn on by Management twice as a result of underperforming revenues during the recession of 2008 and 2009.

The Impact Fee Fund retains developer impact fees until needed for the construction of capital assets. The total assets within this fund have increased from \$54.7 million in fiscal year 2011 to \$60.5 million in 2012. The fund balance increased by \$5.8 million as a result of an increase in cash and investments of \$5.9 million. Impact fees recognized increased \$10.6 million, from \$9.5 million in fiscal year 2011 to \$20.1 million in 2012. This fluctuation resulted from an increase in the impact fee rates. The transfers to other funds increased as \$11.5 million was transferred in fiscal year 2012 compared to \$3.7 million in 2011 as impact fees were used to support capital projects.

The General County Capital Projects Fund's total assets decreased from \$93.9 million in fiscal year 2011 to \$64.3 million in 2012, or \$29.6 million. This decrease is primarily due to a decrease in cash and investments of \$32.8 million in the fund at the end of the fiscal year which resulted from a decrease in the amount of funds received through the issuance of bonds in fiscal year 2012. Liabilities decreased by \$6.2 million, primarily due to an decrease in the amount due to the Board of Education and Community College for its capital improvement projects of \$4.9 million and a reduction in deferred revenue of \$2.2 million. The decrease of the cash was offset by a decrease in liabilities. The net effect was a reduction in fund balance from \$54.5 million in fiscal year 2011 to \$31.1 million in 2012.

Revenues in the General County Capital Projects Fund increased from \$14.7 million in fiscal year 2011 to \$15.1 million in fiscal year 2012, or by \$418,228. Expenditures in this fund decreased by \$14.4 million which is attributed to a decrease of \$18.3 million in amounts paid to the Board of Education and Community College and an increase in capital outlays in the amount of \$4 million.

Proprietary Funds:

The Water and Wastewater Fund's assets, totaled \$1.570 billion at the end of fiscal year 2012 increased by \$66.2 million during fiscal year 2012. The increase primarily occurred as a result of a net increase of \$55.6 million in capital assets and a net increase in cash and investments of \$7.3 million. Capital assets increase each year as

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capital projects are completed and developer donated water and sewer facilities are added. The cash and investment increases were the result of increased connection charges and prepayment of these charges by developers prior to scheduled increases. Liabilities have increased by \$13.8 million. The increase resulted primarily from additional long-term bonded debt of \$6.2 million, the recording of the liability for OPEB benefits of \$5.9 million, and increases in accounts payable and accrued liabilities, and current portion of long term debt of \$3.9 million offset by a reduction in deferred revenue of \$2.4 million. As a result of the changes in assets and liabilities, the Water and Wastewater Fund's net assets increased \$52.4 million or 5%.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets shows an increase in operating revenues of \$7 million or 8.1% due to rate increases that occurred in January 2012. For example, water rates increased from \$2.56 per thousand gallons to \$2.68 per thousand and wastewater rates increased from \$4.49 per thousand gallons to \$4.71 per thousand. Operating expenses increased by \$9.5 million or 9.1%. Nonoperating components decreased from the previous year by \$217,769 due to a decrease in investment income. Capital contributions, fees and grants, increased by \$22.4 million due to the completion of capital projects. These contributions represent the capital assets built by developers and fees collected from properties connecting to the County's water and wastewater systems.

The Solid Waste Fund's assets increased by \$7.2 million due primarily to an increase in net capital assets in the amount of \$8.3 million offset by reductions in cash and temporary investments of \$1.6 million. Liabilities decreased by \$311,844 or less than 1% from fiscal year 2011 to 2012. Payoff of BANS of \$2.2 million was offset by increases in the OPEB obligation and estimated landfill closure and post-closure costs of \$2 million and other modest decreases in other liability categories.

Operating revenue increased by \$5.2 million as a result of an increase in recycling and an increase in the trash fee. The trash user fee for household pick-up increased to \$315 from \$275 in fiscal years 2011. Expenses decreased by \$1.2 million or 2.7% due to decreased costs from normal operations and a decrease in the contribution to general county capital projects.

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, 2011. Investment growth increased slightly from calendar year 2010 to 2011 as net assets increased from \$1.327 billion to \$1.335 billion or \$8.2 million. Contributions increased from \$61.3 million in 2010 to \$61.9 million during 2011 and investment activity declined significantly from 2010. Agency funds decreased from \$16.9 million to \$16 million. The decrease resulted from a refunding of tax sale escrow deposits received during fiscal year 2012 and Department of Aging funds being transferred to not for profit organizations.

Budgetary Variations

The budgetary statements of the General Fund show actual revenues of \$1.189 billion compared to budgeted amounts of \$1.161 billion, resulting in \$28 million increase in revenue than anticipated. The most significant budgetary variation within components of revenue was local income taxes which exceeded budgetary expectation by \$28 million or 7%.

Total expenditures on a budgetary basis were \$1.176 billion compared to appropriation authority of \$1.186 billion, resulting in \$10.5 million or 1%, less than planned. Only modest variances were noted in the various expenditure categories which were attributed to a hiring and spending freeze that was continued during fiscal year 2012.

In reviewing the changes from the original budget to the final budget, budgeted revenue remained the same. The only expenditure categories with decreases from the original budget to the final budget were; general government and debt service. Nominal increases were noted for several categories. Management is not aware of any reasons why these and other budgetary variations would have a significant effect on future liquidity or services.

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Capital Assets

The next table 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 \$17.8 million or 1.7%. The table below shows an increase in land and easements and land improvements of \$3.3 million (1.7%) and \$11 million (9.1 %), respectively. Construction in progress has increased by \$14.8 million or 9.4% and increases were also noted in sidewalks, curbs and gutters of \$2.7 million or 11.5%. The continued progress on capital projects and the significant amount of expenditures related to those projects that reached substantial completion during fiscal year 2012 contributed to these increases. The primary declines were noted in buildings, automobiles and rolling stock, and furniture and equipment of \$5.2 million, \$3.6 million and \$3.6 million, respectively, due to continued depreciation of these assets.

Business-type capital assets – The capital assets in business-type activities increased by \$63.8 million or 5.3%, from fiscal year 2011. Construction in progress increased by \$49.5 million or 18.1%. An increase was noted in furniture and equipment of \$6.9 million or 113.3% and an increase in landfills of \$3.4 million 40.3%. The major increases were from additions to landfill and the Landfill Gas Management System, and the completion of capital projects. The remaining categories of assets show modest variations since new additions are negated by the continued depreciation of existing assets.

Anne Arundel County, Maryland						
Capital Assets (net of depreciation)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2012	2011	2012	2011	2012	2011
Land and easements	\$ 203,497,852	\$ 200,198,916	\$ 12,109,239	\$ 12,109,239	\$ 215,607,091	\$ 212,308,155
Historical property and works of art	4,166,465	4,166,465			4,166,465	4,166,465
Land improvements	131,842,580	120,873,290	11,750,695		143,593,275	120,873,290
Landfills	-	-	-	8,373,165	-	8,373,165
Buildings	211,264,900	216,502,386	22,963,510	23,167,400	234,228,410	239,669,786
Roads, bridges and signals	172,027,728	173,112,739	-	-	172,027,728	173,112,739
Sidewalks, curbs and gutters	26,528,655	23,792,160	-	-	26,528,655	23,792,160
Storm drains and culverts	119,807,087	120,483,380	-	-	119,807,087	120,483,380
Water and sewer plants and lines			876,860,885	874,139,949	876,860,885	874,139,949
Automobiles and rolling stock	17,044,182	20,598,937	2,505,335	1,559,210	19,549,517	22,158,147
Furniture and equipment	29,145,270	32,778,056	13,518,577	6,061,389	42,663,847	38,839,445
Software	1,432,089	1,212,340	-	-	1,432,089	1,212,340
Construction in progress	172,439,675	157,662,928	321,772,842	272,217,452	494,212,517	429,880,380
Total	<u>\$ 1,089,196,483</u>	<u>\$ 1,071,381,597</u>	<u>\$ 1,261,481,083</u>	<u>\$ 1,197,627,804</u>	<u>\$ 2,350,677,566</u>	<u>\$ 2,269,009,401</u>

The statement of net assets presents the gross asset balances and total accumulated depreciation. The following table 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, 2012

Anne Arundel County, Maryland
Analysis of Depreciable Assets

	Total depreciable capital assets	Accumulated depreciation	Net depreciable capital assets	Accumulated depreciation as a percent of total
Governmental				
2012	\$ 1,386,454,990	\$ (677,362,499)	\$ 709,092,491	(49%)
2011	1,350,208,675	(640,855,387)	709,353,288	(47%)
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%)
Business-type				
2012	1,563,975,835	(636,376,833)	927,599,002	(41%)
2011	1,512,942,554	(599,641,441)	913,301,113	(40%)
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%)

This analysis shows that the governmental capital assets remained virtually the same percent depreciated in fiscal years 2007 and 2008; however, the percent has increased in recent years to 49% in fiscal year 2012. 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 34% in fiscal year 2007 to 41% in fiscal year 2012.

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 2012 and 2011 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, not including the refunding issue, of \$128.1 million in June 2012, including \$98.9 million for governmental activities and \$29.2 million for business-type activities. The proceeds were used to pay off \$70.4 million of bond anticipation notes issued in January 2012 and \$2.2 million issued in November 2010. The net amount of \$68.7 million was used to fund \$41.7 million of improvements for general county projects and \$27 million for water and sewer and landfill capital projects. As a result of cash available for the capital projects from the bonds sold in June 2012, BANS will not be issued until fiscal year 2013 to fund capital project expenditures at that time.

The changes to the Federal and State loans were not significant as new State loans in fiscal year 2012 of \$91,035 were offset by the principal payments of \$679,566 on existing loans. The Federal HUD loan was paid off during fiscal year 2012. No new capital leases were added in 2012 and payments totaling \$26,563 were made which resulted in a decrease in the capital lease balance to \$7,814. The County did not initiate new agricultural easements through installment purchase agreements during fiscal year 2012. Other changes to debt balances resulted from principal payments during fiscal year 2012. 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, 2012

Anne Arundel County, Maryland
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Bond anticipation notes	\$ -	\$ -	\$ -	\$ 2,200,000	\$ -	\$ 2,200,000
General obligation bonds	823,494,997	805,196,897	406,802,481	399,234,000	1,230,297,478	1,204,430,897
Special assessment debt	93,155,000	95,330,000	-	-	93,155,000	95,330,000
HUD Section 108 Loan	-	410,000	-	-	-	410,000
State loans	4,215,062	4,393,593	-	-	4,215,062	4,393,593
Capital leases	7,814	34,377	-	-	7,814	34,377
Installment purchase agreements	13,645,000	13,665,000	-	-	13,645,000	13,665,000
Total	\$ 934,517,873	\$ 919,029,867	\$ 406,802,481	\$ 401,434,000	\$ 1,341,320,354	\$ 1,320,463,867

Fiscal Year 2012 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.) During the year ended June 30, 2012 the County did not adopt any new GASB statements. GASB has continued to issue various Statements and the County is analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective date.

The County continues to see growth in certain revenue sources; such as property taxes and local income 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 (recordation and transfer taxes) in fiscal year 2013 to be flat due to the slow recovering economy. Finally, the County's revenue base has expanded due to the opening of video lottery (slots) facility in June 2012. The facility is the largest gaming facility in the State and is projected to generate \$20 million of revenues to the County for fiscal year 2013. Maryland voters approved the expansion of gambling (including table games) in the November 2012 election which should contribute to increased revenue to the County from the video lottery (slots) facility in future years.

This financial report is designed to provide a general overview of the County's finances for all those interested. Questions concerning any information provided in this report or requests for additional finance information should be addressed to the Office of Finance, 44 Calvert Street, Annapolis, Maryland 21401.

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**Basic
Financial
Statements**

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Anne Arundel County, Maryland

Statement of Net Assets

June 30, 2012

	Primary Government			Discretely Presented Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor
ASSETS						
Current Assets						
Cash and temporary investments	\$ 186,233,403	\$ 83,094,239	\$ 269,327,642	\$ 146,132,931	\$ 16,360,351	\$ 4,486,416
Taxes and other revenue receivable	130,878,515	-	130,878,515	13,633,588	3,954,986	-
Service billings receivable	-	27,682,020	27,682,020	-	-	62,080
Prepays and other assets	24,912,834	-	24,912,834	16,154,306	12,823,783	1,764,109
Inventories	2,712,477	1,292,993	4,005,470	1,873,721	1,277,028	48,468
Due from primary government	-	-	-	20,655,827	362,629	1,285,744
Due from component units	12,246	-	12,246	-	-	-
Restricted assets						
Cash and temporary investments	105,428,159	30,773,944	136,202,103	-	-	44,326
Investments	-	186,517,729	186,517,729	-	-	-
Receivables						
Due from other governmental agencies	15,331,315	4,578,740	19,910,055	-	-	-
Other, net	432,919	12,196,708	12,629,627	-	-	-
Total current assets	<u>465,941,868</u>	<u>346,136,373</u>	<u>812,078,241</u>	<u>198,450,373</u>	<u>34,778,777</u>	<u>7,691,143</u>
Noncurrent Assets						
Restricted assets						
Deferred assessment and connection charges	-	55,267,470	55,267,470	-	-	-
Total noncurrent restricted assets	-	55,267,470	55,267,470	-	-	-
Loans receivable and other assets	-	-	-	-	8,873,393	1,629,328
Capital assets not being depreciated	380,103,992	333,882,081	713,986,073	146,526,221	18,814,184	-
Capital assets being depreciated	1,386,454,990	1,563,975,835	2,950,430,825	1,304,970,713	151,960,065	28,270,417
Less accumulated depreciation	(677,362,499)	(636,376,833)	(1,313,739,332)	(606,132,918)	(70,931,466)	(12,358,184)
	<u>709,092,491</u>	<u>927,599,002</u>	<u>1,636,691,493</u>	<u>698,837,795</u>	<u>81,028,599</u>	<u>15,912,233</u>
Total capital assets	<u>1,089,196,483</u>	<u>1,261,481,083</u>	<u>2,350,677,566</u>	<u>845,364,016</u>	<u>99,842,783</u>	<u>15,912,233</u>
Total noncurrent assets	<u>1,089,196,483</u>	<u>1,316,748,553</u>	<u>2,405,945,036</u>	<u>845,364,016</u>	<u>108,716,176</u>	<u>17,541,561</u>
Total assets	<u>1,555,138,351</u>	<u>1,662,884,926</u>	<u>3,218,023,277</u>	<u>1,043,814,389</u>	<u>143,494,953</u>	<u>25,232,704</u>

Anne Arundel County, Maryland

Statement of Net Assets

June 30, 2012

	Primary Government			Discretely Presented Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	50,781,546	26,310,666	77,092,212	111,272,476	11,523,787	1,427,503
Current portion of non-current liabilities	114,947,788	27,789,030	142,736,818	20,009,355	-	897,880
Notes payable	-	-	-	-	460,735	1,677,924
Internal balances	505,875	(505,875)	-	-	-	-
Due to primary government	-	-	-	12,246	-	-
Due to component units	22,304,200	-	22,304,200	-	-	-
Escrow deposits	893,816	772,085	1,665,901	-	-	13,353
Unearned/deferred revenue	-	-	-	9,210,396	11,578,555	304,722
Liabilities related to restricted assets						
Accounts payable and accrued liabilities	6,646,612	4,539,185	11,185,797	-	-	743,148
Escrow and other deposits	5,522,125	-	5,522,125	-	-	-
Unearned revenue	1,136,796	24,108,563	25,245,359	-	-	-
Total current liabilities	<u>202,738,758</u>	<u>83,013,654</u>	<u>285,752,412</u>	<u>140,504,473</u>	<u>23,563,077</u>	<u>5,064,530</u>
Noncurrent liabilities						
Compensated absences and other obligations	14,709	170,975	185,684	20,146,081	1,813,755	-
Accrued liability for other post-employment benefits	312,909,315	29,511,260	342,420,575	247,143,000	21,743,000	11,691,061
Unpaid insurance claims	51,862,000	-	51,862,000	-	-	-
Estimated landfill closure and postclosure	-	35,505,226	35,505,226	-	-	-
Long-term debt, net of deferred refunding gain/loss	861,695,134	382,048,311	1,243,743,445	4,823,822	12,800,998	172,141
Unearned revenue	61,951,903	4,129,906	66,081,809	-	-	-
Total noncurrent liabilities	<u>1,288,433,061</u>	<u>451,365,678</u>	<u>1,739,798,739</u>	<u>272,112,903</u>	<u>36,357,753</u>	<u>11,863,202</u>
Total liabilities	<u>1,491,171,819</u>	<u>534,379,332</u>	<u>2,025,551,151</u>	<u>412,617,376</u>	<u>59,920,830</u>	<u>16,927,732</u>
NET ASSETS						
Invested in capital assets, net of related debt	633,818,542	853,676,904	1,487,495,446	845,364,016	89,944,652	15,646,256
Restricted for:						
Debt service	1,563,957	250,397,620	251,961,577	-	-	-
Capital improvements	76,820,358	-	76,820,358	-	-	-
Scholarships/endowments	-	-	-	-	5,894,903	-
Reforestation	6,823,655	-	6,823,655	-	-	-
Other purposes	2,702,597	4,578,740	7,281,337	14,270,319	-	43,945
Unrestricted	<u>(657,762,577)</u>	<u>19,852,330</u>	<u>(637,910,247)</u>	<u>(228,437,322)</u>	<u>(12,265,432)</u>	<u>(7,385,229)</u>
Total net assets	<u>\$ 63,966,532</u>	<u>\$ 1,128,505,594</u>	<u>\$ 1,192,472,126</u>	<u>\$ 631,197,013</u>	<u>\$ 83,574,123</u>	<u>\$ 8,304,972</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, 2012

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
Education	\$ 669,191,184	\$ -	\$ -	\$ 11,480,300
Public safety	290,833,066	17,843,006	3,716,355	2,333,934
General government	116,145,906	44,486,678	978,367	4,938,309
Health and human services	72,906,731	7,777,929	26,801,431	-
Public works	80,934,525	2,992,222	3,090,946	21,976,531
Recreation and community services	56,129,078	17,052,837	7,528,739	1,623,975
Judicial	28,011,439	3,009,242	1,948,519	-
Code enforcement	13,787,761	11,413,621	28,773	-
Land use and development	11,471,808	1,769,206	3,024,271	303,109
Interest on debt and leases	39,711,911	-	47,794	-
	<u>1,379,123,409</u>	<u>106,344,741</u>	<u>47,165,195</u>	<u>42,656,158</u>
Business-type activities				
Water and wastewater	121,553,106	86,737,248	-	76,527,093
Waste collection	47,932,547	50,679,594	-	-
Child care	3,776,785	4,031,663	-	-
	<u>173,262,438</u>	<u>141,448,505</u>	<u>-</u>	<u>76,527,093</u>
Total primary government	\$ <u>1,552,385,847</u>	\$ <u>247,793,246</u>	\$ <u>47,165,195</u>	\$ <u>119,183,251</u>
Component units				
Board of Education	\$ 1,146,618,328	\$ 14,749,807	\$ 172,478,101	\$ 109,163,032
Community College	147,720,450	50,405,601	22,296,053	16,547,026
Library System	22,515,334	812,857	3,803,376	109,278
Economic Development Corp	2,737,841	321,659	-	-
Tipton Airport Authority	2,530,965	1,711,082	-	614,195
Workforce Development	6,891,748	-	6,863,263	-
Total component units	\$ <u>1,329,014,666</u>	\$ <u>68,001,006</u>	\$ <u>205,440,793</u>	\$ <u>126,433,531</u>

General revenues
General property taxes
Local income taxes
State shared taxes - unrestricted
Recordation and transfer taxes
Local sales taxes
Unrestricted contributions
In kind contributions of capital asset
Investment income
Other revenue
Forgiveness of debt State of Maryland
Total general revenues
Changes in net assets
Net assets, July 1
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
\$ (657,710,884)	\$ -	\$ (657,710,884)	\$ -	\$ -	\$ -
(266,939,771)	-	(266,939,771)	-	-	-
(65,742,552)	-	(65,742,552)	-	-	-
(38,327,371)	-	(38,327,371)	-	-	-
(52,874,826)	-	(52,874,826)	-	-	-
(29,923,527)	-	(29,923,527)	-	-	-
(23,053,678)	-	(23,053,678)	-	-	-
(2,345,367)	-	(2,345,367)	-	-	-
(6,375,222)	-	(6,375,222)	-	-	-
(39,664,117)	-	(39,664,117)	-	-	-
<u>(1,182,957,315)</u>	<u>-</u>	<u>(1,182,957,315)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	41,711,235	41,711,235	-	-	-
-	2,747,047	2,747,047	-	-	-
-	254,878	254,878	-	-	-
-	<u>44,713,160</u>	<u>44,713,160</u>	-	-	-
(1,182,957,315)	44,713,160	(1,138,244,155)	-	-	-
-	-	-	(850,227,388)	-	-
-	-	-	-	(58,471,770)	-
-	-	-	-	-	(17,789,823)
-	-	-	-	-	(2,416,182)
-	-	-	-	-	(205,688)
-	-	-	-	-	<u>(28,485)</u>
-	-	-	(850,227,388)	(58,471,770)	(20,440,178)
593,914,041	-	593,914,041	-	-	-
400,465,253	-	400,465,253	-	-	-
10,333,497	-	10,333,497	-	-	1,000,000
59,088,413	-	59,088,413	-	-	-
32,258,227	-	32,258,227	-	-	-
-	-	-	833,624,506	61,906,506	15,640,616
-	2,000,000	2,000,000	-	-	-
1,418,470	1,071,939	2,490,409	83,514	(51,067)	21,850
12,323,348	12,214,796	24,538,144	1,082,318	(936,017)	55,897
32,663,346	-	32,663,346	-	-	-
<u>1,142,464,595</u>	<u>15,286,735</u>	<u>1,157,751,330</u>	<u>834,790,338</u>	<u>60,919,422</u>	<u>16,718,363</u>
(40,492,720)	59,999,895	19,507,175	(15,437,050)	2,447,652	(3,721,815)
<u>104,459,252</u>	<u>1,068,505,699</u>	<u>1,172,964,951</u>	<u>646,634,063</u>	<u>81,126,471</u>	<u>12,026,787</u>
\$ <u>63,966,532</u>	\$ <u>1,128,505,594</u>	\$ <u>1,192,472,126</u>	\$ <u>631,197,013</u>	\$ <u>83,574,123</u>	\$ <u>8,304,972</u>

Anne Arundel County, Maryland

Balance Sheet

Governmental Funds

June 30, 2012

	Major Funds			Nonmajor	Totals
	General	Impact Fees Capital Projects	General County Capital Projects	Governmental Funds	
ASSETS					
Cash and investments	\$ 46,345,336	\$ 60,454,451	\$ 54,146,403	\$ 44,973,708	\$ 205,919,898
Receivables					
Property taxes (net of \$2,016,168 allowance)	2,767,600	-	-	-	2,767,600
Local sales taxes	4,108,084	-	-	-	4,108,084
State shared revenues	8,901,597	-	-	-	8,901,597
Due from other governmental agencies	1,929,111	-	3,800,402	9,601,802	15,331,315
Due from other funds	7,114,424	-	-	-	7,114,424
Due from Board of Education	12,246	-	-	-	12,246
Local income tax	115,101,234	-	-	-	115,101,234
Other, net	7,433,610	45,063	10,103	387,856	7,876,632
Inventories	2,081,977	-	-	-	2,081,977
Other assets	392,501	-	6,363,778	-	6,756,279
Total assets	\$ 196,187,720	\$ 60,499,514	\$ 64,320,686	\$ 54,963,366	\$ 375,971,286
LIABILITIES					
Accounts payable and accrued liabilities	\$ 27,496,221	\$ 2,802,696	\$ 10,858,175	\$ 3,843,916	\$ 45,001,008
Due to other funds	1,545,790	-	-	5,590,472	7,136,262
Due to component units					
Board of Education	171,059	-	20,150,256	-	20,321,315
Community College	-	-	362,629	-	362,629
Library	1,285,744	-	-	-	1,285,744
Escrow and other deposits	864,208	-	29,608	5,522,125	6,415,941
Deferred revenue	85,315,465	-	1,764,819	3,448,146	90,528,430
Total liabilities	116,678,487	2,802,696	33,165,487	18,404,659	171,051,329
FUND BALANCES					
Non spendable					
Inventories	2,081,977	-	-	-	2,081,977
Restricted					
Impact fees capital projects	-	57,696,818	-	-	57,696,818
Forfeiture and asset seizure team	-	-	-	956,549	956,549
Reforestation	-	-	-	6,823,655	6,823,655
Laurel racetrack community benefit	-	-	-	24,310	24,310
Grants	-	-	-	1,314,730	1,314,730
Bond Premium	-	-	-	15,708,764	15,708,764
Other purposes	-	-	-	220,667	220,667
Debt service	-	-	-	1,563,957	1,563,957
Committed					
Roads and special benefits	-	-	-	108,299	108,299
Storm drain fees	-	-	-	436,368	436,368
Erosion districts	-	-	-	665,868	665,868
Recreation and land fees	-	-	-	196,554	196,554
Assigned					
Street lights	-	-	-	2,781,854	2,781,854
Installment purchase agreements	-	-	-	9,082,760	9,082,760
General County capital projects	-	-	31,155,199	-	31,155,199
General County	31,391,329	-	-	-	31,391,329
Unassigned	46,035,927	-	-	(3,325,628)	42,710,299
Total fund balances	79,509,233	57,696,818	31,155,199	36,558,707	204,919,957
Total liabilities and fund balances	\$ 196,187,720	\$ 60,499,514	\$ 64,320,686	\$ 54,963,366	\$ 375,971,286

Anne Arundel County, Maryland

Reconciliation of Governmental Fund Balance to Governmental Net Assets

Governmental Funds

June 30, 2012

Total fund balance for governmental funds as shown on the Balance Sheet	\$ 204,919,957
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on governmental funds balance sheet.	
Capital assets	1,703,014,524
Accumulated depreciation	(627,257,650)
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	(936,933,701)
Federal and state loans	(4,215,062)
Unamortized loss on refunding	6,638,704
Other post-employment benefits	(307,862,462)
Compensated absences	(22,448,977)
Long-term leases	(7,814)
Accrued interest payable on debt is recorded in governmental activities.	(12,010,631)
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.	89,818,086
Premiums received on certain bond issues have been deferred on the Statement of Net Assets.	(62,378,355)
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	26,897,851
Business-type activities allocation of Internal Service Funds net assets	(455,827)
Certain expenditures paid with current resources have been deferred to future periods on the Statement of Net Assets.	<u>6,247,889</u>
Total net assets for governmental activities as shown on Statement of Net Assets	<u>\$ 63,966,532</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, 2012

	Major Funds			Nonmajor	Totals
	General	Impact Fees Capital Projects	General County Capital Projects	Governmental Funds	
REVENUES					
General property taxes	\$ 567,829,147	\$ -	\$ -	\$ 27,878,749	\$ 595,707,896
Local income taxes	394,480,856	-	-	-	394,480,856
State shared taxes	11,720,894	-	-	-	11,720,894
Grants and aid	-	-	13,125,257	39,702,033	52,827,290
Recordation and transfer taxes	59,088,413	-	-	-	59,088,413
Local sales taxes	32,258,227	-	-	-	32,258,227
License and permit fees	15,215,772	-	-	-	15,215,772
Impact fees	-	20,113,165	-	-	20,113,165
Special community benefit taxes	-	-	-	6,744,865	6,744,865
Investment income	633,691	195,230	-	2,615,442	3,444,363
Fees for services and other revenue	55,443,620	-	2,001,500	3,656,513	61,101,633
Total revenues	<u>1,136,670,620</u>	<u>20,308,395</u>	<u>15,126,757</u>	<u>80,597,602</u>	<u>1,252,703,374</u>
EXPENDITURES					
Current					
Education	584,662,000	55,645	83,146,103	-	667,863,748
Public safety	231,022,727	-	-	3,720,951	234,743,678
General government	76,043,945	-	105,600	2,583,344	78,732,889
Health and human services	42,337,165	-	-	27,046,667	69,383,832
Public works	34,633,953	2,882,816	-	571,565	38,088,334
Recreation and community services	34,766,573	-	-	14,829,130	49,595,703
Judicial	19,964,090	-	-	2,435,415	22,399,505
Code enforcement	11,507,403	-	-	28,774	11,536,177
Land use and development	8,094,961	-	-	1,225,059	9,320,020
Capital outlay	-	-	70,480,365	-	70,480,365
Debt service					
Interest payments on debt	36,631,192	-	-	3,105,520	39,736,712
Principal payments on debt	66,924,808	-	-	2,464,565	69,389,373
Interest payments on leases	3,526	-	-	-	3,526
Principal payments on leases	26,563	-	-	-	26,563
Total expenditures	<u>1,146,618,906</u>	<u>2,938,461</u>	<u>153,732,068</u>	<u>58,010,990</u>	<u>1,361,300,425</u>
Revenues over (under) expenditures	<u>(9,948,286)</u>	<u>17,369,934</u>	<u>(138,605,311)</u>	<u>22,586,612</u>	<u>(108,597,051)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	27,389,593	-	46,205,741	2,634,370	76,229,704
Transfers out	(31,228,020)	(11,522,824)	(1,465,000)	(32,013,860)	(76,229,704)
General obligation bonds issued	98,900,000	-	-	-	98,900,000
Bond anticipation notes issued	-	-	70,400,000	-	70,400,000
Payment of bond anticipation notes	(70,400,000)	-	-	-	(70,400,000)
Issuance of debt - Federal and State Loans	-	-	91,035	-	91,035
Refunding bonds issued	73,085,000	-	-	-	73,085,000
Payment to esrow agent	(87,600,104)	-	-	-	(87,600,104)
Premiums from sale of bonds	14,515,104	-	-	16,033,426	30,548,530
Transfers from internal service funds	5,300,000	-	-	-	5,300,000
Transfers to internal service funds	(1,545,790)	-	-	(460,000)	(2,005,790)
Increase in lawsuit liability	-	(67,118)	-	-	(67,118)
Total other financing sources (uses)	<u>28,415,783</u>	<u>(11,589,942)</u>	<u>115,231,776</u>	<u>(13,806,064)</u>	<u>118,251,553</u>
Net change in fund balances	<u>18,467,497</u>	<u>5,779,992</u>	<u>(23,373,535)</u>	<u>8,780,548</u>	<u>9,654,502</u>
Fund balances, July 1	<u>61,041,736</u>	<u>51,916,826</u>	<u>54,528,734</u>	<u>27,778,159</u>	<u>195,265,455</u>
Fund balances, June 30	<u>\$ 79,509,233</u>	<u>\$ 57,696,818</u>	<u>\$ 31,155,199</u>	<u>\$ 36,558,707</u>	<u>\$ 204,919,957</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, 2012

Changes in fund balances as shown on Statement of Revenues,
Expenditures, and Changes in Fund Balances, Governmental Funds \$ 9,654,502

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over the estimated useful lives of those assets through an annual depreciation charge. The differences are as follows:

Current year additions of capital assets	54,591,763
Current year donations of capital assets	8,100,899
Current year disposals of capital assets	(640,387)
Depreciation expense recorded in the Statement of Activities	(41,067,825)

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)	(241,558,547)
Principal payments on debt	219,735,942
Forgiveness of State of Maryland debt	32,663,346
Decrease in amount due to Self Insurance Fund	7,230,767
Lease Payments	26,563
Change in accrued interest payable	28,327
Loss on refunding	6,736,048
Amortization of prior year refunding gain/loss	(428,012)
Accrual of compensated absences	(86,332)
Accrual of other post-employment benefit liability	(72,258,830)

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	2,160,531
Amortization of expenditures deferred in previous years	(1,443,132)

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	(30,548,530)
Amortization of amounts deferred	5,098,521

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.

3,054,913

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.

(1,543,247)

Changes in net assets as shown in governmental activities on the Statement of Activities \$ (40,492,720)

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

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

General Fund

Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General property taxes	\$ 564,912,000	\$ 564,912,000	\$ 567,829,147	\$ 2,917,147
Local income taxes	366,588,200	366,588,200	394,480,856	27,892,656
State shared taxes	10,585,000	10,585,000	11,720,894	1,135,894
Recordation and transfer taxes	65,000,000	65,000,000	59,088,413	(5,911,587)
Local sales taxes	32,190,000	32,190,000	32,258,227	68,227
Licenses and permits	16,259,600	16,259,600	15,215,772	(1,043,828)
Investment income	550,000	550,000	212,484	(337,516)
Interfund recoveries	53,439,700	53,439,700	52,768,005	(671,695)
Fees for services and other revenues	51,036,200	51,036,200	54,952,378	3,916,178
Total revenues	<u>1,160,560,700</u>	<u>1,160,560,700</u>	<u>1,188,526,176</u>	<u>27,965,476</u>
EXPENDITURES				
Current				
Education	609,972,000	609,972,000	609,382,939	589,061
Higher education	33,051,600	33,051,600	33,031,455	20,145
Public safety	232,257,600	232,632,600	230,482,188	2,150,412
General government	111,440,900	108,590,900	102,732,315	5,858,585
Health and human services	43,591,500	43,741,500	43,289,209	452,291
Public works	33,545,700	35,395,700	35,342,198	53,502
Recreation and community services	37,072,300	37,072,300	36,786,862	285,438
Judicial	20,481,100	20,756,100	20,282,303	473,797
Land use and development	8,272,200	8,272,200	8,180,811	91,389
Code enforcement	11,354,200	11,604,200	11,510,128	94,072
Debt service	45,185,100	45,135,100	44,718,483	416,617
Total expenditures	<u>1,186,224,200</u>	<u>1,186,224,200</u>	<u>1,175,738,891</u>	<u>10,485,309</u>
Revenues over (under) expenditures	(25,663,500)	(25,663,500)	12,787,285	\$ <u>38,450,785</u>
Fund balances, budgetary, July 1	<u>38,258,217</u>	<u>38,258,217</u>	<u>38,258,217</u>	
Fund balances, budgetary, June 30	\$ <u>12,594,717</u>	\$ <u>12,594,717</u>	\$ <u>51,045,502</u>	
Fund balances - Unreserved				
Undesignated - GAAP basis			\$ 46,035,927	
Street Lights - accrual			157,438	
Effect of Rainy Day Fund			(22,526,083)	
Budgetary Fund Balance Inmate Benefits			(449,296)	
Garage Fund deficit allocation			1,545,790	
Self Insurance Fund surplus allocation			(1,040,774)	
Undesignated - Non-GAAP basis			<u>23,723,002</u>	
Designated for subsequent years			<u>27,322,500</u>	
			\$ <u>51,045,502</u>	

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

Statement of Net Assets

Proprietary Funds

June 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Totals	Internal
	Water and Wastewater	Solid Waste	Child Care		Service Funds
ASSETS					
Current assets					
Cash and temporary investments	\$ 55,064,464	\$ 26,822,576	\$ 1,207,199	\$ 83,094,239	\$ 17,633,276
Investments	-	-	-	-	68,108,388
Service billings receivable, net	27,173,756	483,621	24,643	27,682,020	2,932,526
Due from other funds	41,760	7,050	1,238	50,048	1,545,790
Inventories	1,155,802	137,191	-	1,292,993	630,500
Other	-	-	-	-	1,532,427
Restricted assets					
Cash and temporary investments	10,015,767	20,758,177	-	30,773,944	-
Investments	186,517,729	-	-	186,517,729	-
Receivables					
Due from other governmental agencies	4,578,740	-	-	4,578,740	-
Other, net	12,196,708	-	-	12,196,708	-
Total current assets	<u>296,744,726</u>	<u>48,208,615</u>	<u>1,233,080</u>	<u>346,186,421</u>	<u>92,382,907</u>
Noncurrent assets					
Restricted assets					
Deferred connection and assessment charges	55,267,470	-	-	55,267,470	-
Capital assets	1,810,193,170	87,664,746	-	1,897,857,916	63,544,458
Less accumulated depreciation	(592,429,784)	(43,947,049)	-	(636,376,833)	(50,104,849)
Total capital assets, net of depreciation	<u>1,217,763,386</u>	<u>43,717,697</u>	<u>-</u>	<u>1,261,481,083</u>	<u>13,439,609</u>
Total noncurrent assets	<u>1,273,030,856</u>	<u>43,717,697</u>	<u>-</u>	<u>1,316,748,553</u>	<u>13,439,609</u>
Total assets	<u>1,569,775,582</u>	<u>91,926,312</u>	<u>1,233,080</u>	<u>1,662,934,974</u>	<u>105,822,516</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	22,885,700	3,370,304	54,662	26,310,666	751,032
Current portion of long-term debt and obligations	24,320,905	3,439,081	29,044	27,789,030	19,679,978
Due to other funds	-	-	-	-	1,574,000
Escrow deposits	692,338	79,747	-	772,085	-
Liabilities related to restricted assets					
Accounts payable and accrued liabilities	4,539,185	-	-	4,539,185	-
Deferred revenue	24,108,563	-	-	24,108,563	-
Total current liabilities	<u>76,546,691</u>	<u>6,889,132</u>	<u>83,706</u>	<u>83,519,529</u>	<u>22,005,010</u>
Noncurrent liabilities					
Unpaid insurance claims	-	-	-	-	51,862,000
Accrued liability for compensated absences	107,012	55,656	8,307	170,975	10,802
Accrued liability for other post-employment benefits	23,597,521	5,563,636	350,103	29,511,260	5,046,853
Estimated landfill closure and postclosure	-	35,505,226	-	35,505,226	-
Long-term debt, net of deferred refunding gain/loss	356,033,209	26,015,102	-	382,048,311	-
Deferred revenue	3,912,613	-	217,293	4,129,906	-
Total noncurrent liabilities	<u>383,650,355</u>	<u>67,139,620</u>	<u>575,703</u>	<u>451,365,678</u>	<u>56,919,655</u>
Total liabilities	<u>460,197,046</u>	<u>74,028,752</u>	<u>659,409</u>	<u>534,885,207</u>	<u>78,924,665</u>
NET ASSETS					
Invested in capital assets, net of related debt	833,934,576	19,742,328	-	853,676,904	13,439,609
Restricted for debt service	250,397,620	-	-	250,397,620	-
Restricted for other purposes	4,578,740	-	-	4,578,740	-
Unrestricted	20,667,600	(1,844,768)	573,671	19,396,503	13,458,242
Total net assets	<u>\$ 1,109,578,536</u>	<u>\$ 17,897,560</u>	<u>\$ 573,671</u>	<u>\$ 1,128,049,767</u>	<u>\$ 26,897,851</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, 2012

Net assets as shown on Statement of Net Assets - Proprietary Funds	\$ 1,128,049,767
The allocation of the net deficit in the Internal Service Funds to various activities, funds, etc. as it relates to business-type activities.	<u>455,827</u>
Net assets shown on government wide Statement of Net Assets	\$ <u><u>1,128,505,594</u></u>

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

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

Proprietary Funds

Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund		Activities
	Water and Wastewater	Solid Waste	Child Care	Totals	Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 86,737,248	\$ 47,798,826	\$ 4,031,663	\$ 138,567,737	\$ 28,293,836
Landfill charges	-	2,880,768	-	2,880,768	-
Medical premiums	-	-	-	-	91,095,889
Other revenues	6,697,740	2,434,549	107	9,132,396	48,683
Total operating revenues	93,434,988	53,114,143	4,031,770	150,580,901	119,438,408
OPERATING EXPENSES					
Personnel services	32,752,959	7,841,680	2,752,416	43,347,055	6,767,730
Contractual services	25,794,086	32,485,948	208,939	58,488,973	1,549,834
Supplies and materials	7,025,119	2,021,614	332,318	9,379,051	135,029
Business and travel	121,156	5,722	25,282	152,160	16,677
Cost of goods issued	-	-	-	-	9,312,658
Depreciation	39,118,597	1,718,840	-	40,837,437	4,840,589
Provision for claims and estimated losses	-	-	-	-	95,067,649
Landfill closure and postclosure costs	-	490,626	-	490,626	-
Other	9,194,376	2,908,250	454,500	12,557,126	1,366,100
Total operating expenses	114,006,293	47,472,680	3,773,455	165,252,428	119,056,266
Operating income (loss)	(20,571,305)	5,641,463	258,315	(14,671,527)	382,142
NONOPERATING REVENUES (EXPENSES)					
Investment income	962,101	109,838	-	1,071,939	1,204,361
Interest earned on long-term receivables	1,236,097	-	-	1,236,097	-
Other revenues (expenses)	1,620,122	(211,329)	-	1,408,793	-
Interest expense	(7,439,630)	(206,273)	-	(7,645,903)	-
Gain on disposal of assets	64,303	161,878	-	226,181	11,682
Income (loss) before contributions and transfers	(24,128,312)	5,495,577	258,315	(18,374,420)	1,598,185
Capital contributions, fees, and grants	76,527,093	2,000,000	-	78,527,093	-
Net equity transfers between funds	-	-	-	-	(3,294,210)
Change in net assets	52,398,781	7,495,577	258,315	60,152,673	(1,696,025)
Net assets, July 1	1,057,179,755	10,401,983	315,356	1,067,897,094	28,593,876
Net assets, June 30	\$ 1,109,578,536	\$ 17,897,560	\$ 573,671	\$ 1,128,049,767	\$ 26,897,851

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

Change in net assets shown above	\$ 60,152,673
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.	(152,778)
Increase in net assets as shown on the government-wide statement of activities	\$ 59,999,895

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

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Totals	Internal
	Water and Wastewater	Solid Waste	Child Care		Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received for services	\$ 89,058,526	\$ 53,447,489	\$ 3,817,658	\$ 146,323,673	\$ 132,149,249
Cash received for expense reimbursement	-	-	-	-	320,643
Cash payments to suppliers for goods and services	(40,510,418)	(35,842,039)	(1,018,354)	(77,370,811)	(11,078,533)
Cash payments for insurance claims	-	-	-	-	(102,873,166)
Cash receipts for escrow deposits	-	-	-	-	36,345
Cash payments to employees for services	(27,682,730)	(6,539,506)	(2,816,381)	(37,038,617)	(5,704,216)
Contributions to other funds	-	(2,915,300)	-	(2,915,300)	-
Escrow deposits refunded	-	(36,035)	-	(36,035)	-
Other operating receipts	-	-	-	-	73,938
Other operating payments	-	-	-	-	(1,366,100)
Net cash provided by operating activities	<u>20,865,378</u>	<u>8,114,609</u>	<u>(17,077)</u>	<u>28,962,910</u>	<u>11,558,160</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Payments of long-term debt related to closure activities	-	(436,560)	-	(436,560)	-
Interest payments related to closure activities	-	(129,877)	-	(129,877)	-
Cash transfers between funds	-	-	-	-	(4,840,000)
Net cash used for noncapital financing activities	<u>-</u>	<u>(566,437)</u>	<u>-</u>	<u>(566,437)</u>	<u>(4,840,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sale of bonds and bond anticipation notes	27,020,000	2,200,000	-	29,220,000	-
Proceeds from bonds refunded	24,670,000	-	-	24,670,000	-
Proceeds from grant funds	9,344,341	-	-	9,344,341	-
Proceeds from loan	6,463,062	-	-	6,463,062	-
Proceeds from developers' contributions	214,728	-	-	214,728	-
Refunds to developers	(181,935)	-	-	(181,935)	-
Assessments and connection charges	42,406,295	-	-	42,406,295	-
Environmental protection fees for capital assets	15,795,926	-	-	15,795,926	-
Escrow deposits	230,319	-	-	230,319	-
Payments of long-term debt	(21,788,777)	(1,563,632)	-	(23,352,409)	-
Payments of bond anticipation notes	-	(2,200,000)	-	(2,200,000)	-
Interest payments	(16,214,527)	(1,143,480)	-	(17,358,007)	-
Acquisition and construction of capital assets	(79,277,074)	(5,727,973)	-	(85,005,047)	(1,680,989)
Payments of debt issuance costs	(592,897)	-	-	(592,897)	-
Bond rebate	1,257,413	-	-	1,257,413	-
Premium on sale of bonds	6,206,549	-	-	6,206,549	-
Payments to escrow agent for refunded bonds	(29,359,048)	-	-	(29,359,048)	-
Proceeds from sale of equipment	-	-	-	-	52,247
Payment of capital related fees	(894,276)	-	-	(894,276)	-
Net cash provided by (used for) capital and related financing activities	<u>(14,699,901)</u>	<u>(8,435,085)</u>	<u>-</u>	<u>(23,134,986)</u>	<u>(1,628,742)</u>

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Totals	Internal
	Water and Wastewater	Solid Waste	Child Care		Service Funds
CASH FLOW FROM INVESTING ACTIVITIES:					
Purchase of investment securities	(392,490,650)	-	-	(392,490,650)	(189,970,223)
Sale of investment securities	358,361,403	-	-	358,361,403	184,641,484
Interest on investments	313,628	109,838	-	423,466	1,291,038
Net cash provided by (used for) investing activities	(33,815,619)	109,838	-	(33,705,781)	(4,037,701)
Net increase (decrease) in cash and cash equivalents	(27,650,142)	(777,075)	(17,077)	(28,444,294)	1,051,717
Cash and temporary investments, July 1	92,730,373	48,357,828	1,224,276	142,312,477	16,581,559
Cash and temporary investments, June 30	\$ 65,080,231	\$ 47,580,753	\$ 1,207,199	\$ 113,868,183	\$ 17,633,276
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (20,571,305)	\$ 5,641,463	\$ 258,315	\$ (14,671,527)	\$ 382,142
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	39,118,597	1,718,840	-	40,837,437	4,840,589
Noncapital construction costs	552,008	-	-	552,008	-
Effect of changes in operating assets and liabilities:					
Accounts receivable	(4,386,149)	333,346	71,694	(3,981,109)	11,007,439
Due from other funds	(41,760)	-	-	(41,760)	-
Deposit with provider	-	-	-	-	36,345
Inventories	610,723	(13,008)	-	597,715	76,868
Accounts payable and accrued liabilities	(342,077)	(1,535,271)	(92,995)	(1,970,343)	(393,741)
Deferred revenue	-	-	(286,937)	(286,937)	-
Unpaid claims	-	-	-	-	(7,254,605)
Landfill closure and postclosure costs	-	490,626	-	490,626	-
Due to other funds	-	(7,050)	-	(7,050)	1,574,000
Escrow deposits	9,687	(36,035)	-	(26,348)	(4,450)
Accrued liability for compensated absences	12,663	(3,936)	5,811	14,538	15,302
Accrued liability for OPEB benefits	5,902,991	1,525,634	27,035	7,455,660	1,278,271
Net cash provided by operating activities	\$ 20,865,378	\$ 8,114,609	\$ (17,077)	\$ 28,962,910	\$ 11,558,160
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contributions of capital assets from developers	\$ 3,691,814	\$ -	\$ -	\$ 3,691,814	\$ -
Increase (decrease) in fair value of investments	(942,375)	-	-	(942,375)	194,785
Amortization of refunding gains (losses)	(364,192)	-	-	(364,192)	-
	\$ 2,385,247	\$ -	\$ -	\$ 2,385,247	\$ 194,785

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, 2012

	Pension Trust Funds (December 31, 2011)	Agency Funds
ASSETS		
Investments, at fair value:		
Cash and temporary investments	\$ 60,017,252	\$ 15,979,279
U. S. government obligations	11,337,735	-
Corporate obligations	129,351,471	-
Domestic fixed income mutual funds	82,017,834	-
International fixed income mutual funds	76,349,255	-
Global asset pools	287,957,768	-
Domestic equity	225,288,143	-
International equity investment pools	169,130,058	-
Private markets	58,790,498	-
Portable Alpha	72,266,945	-
Real estate investment pools	51,563,187	-
Aetna insurance pooled fixed income	32,008,560	-
Absolute return funds	86,406,431	-
Total investments	<u>1,342,485,137</u>	<u>15,979,279</u>
Collateral from securities lending transactions	62,530,045	-
Receivables:		
Employer contributions	4,421,265	-
Participant contributions	1,238,046	-
Accrued interest and dividends	2,061,385	-
Investment sales proceeds	3,087,864	-
Total receivables	<u>10,808,560</u>	-
Deposits on hand	225,351	-
Total assets	<u>1,416,049,093</u>	<u>15,979,279</u>
LIABILITIES		
Accounts payable	1,528,538	-
Escrow and other deposits	-	15,979,279
Investment commitments payable	16,582,310	-
Obligation for collateral received under securities lending transactions	62,530,045	-
Total liabilities	<u>80,640,893</u>	<u>15,979,279</u>
Net assets held in trust for pension benefits	<u>\$ 1,335,408,200</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, 2012

	Pension Trust Funds (December 31, 2011)
ADDITIONS	
Contributions:	
Employer	\$ 50,815,842
Participant	11,034,225
Total contributions	<u>61,850,067</u>
Investment income:	
Net appreciation in fair value of investments	3,910,507
Interest income	15,439,520
Dividend income	12,448,321
Total investment income	<u>31,798,348</u>
Less investment expense	<u>(7,095,923)</u>
Net income from investing activities	<u>24,702,425</u>
Securities lending activities:	
Securities lending income	<u>314,772</u>
Securities lending expenses:	
Borrower rebates	31,730
Management fees	84,975
Securities lending expense	<u>116,705</u>
Securities lending net income	<u>198,067</u>
Total net investment income	<u>24,900,492</u>
Total additions	<u>86,750,559</u>
DEDUCTIONS	
Participant benefit payments and refunds	77,259,760
Administrative expenses	1,340,439
Total deductions	<u>78,600,199</u>
Net increase	8,150,360
Net assets, beginning of year	<u>1,327,257,840</u>
Net assets, end of year	<u>\$ 1,335,408,200</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 as follows. 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. Certain residual assets, liabilities, and net assets of the internal service funds have been added to governmental activities. In addition, transactions between the internal service funds and component units or other non-County agencies have been included in governmental activities.

Fund Financial Statements

The fund financial statements 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 financial 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 Vehicle 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 those appropriations. Pursuant to the County Charter, the capital and operating budgets are presented by the County Executive to the County Council during April. The County Council holds public hearings regarding the budget. The annual appropriation ordinance must be approved by June 1st and provides the spending authority at the department level for the operations of the County. Unexpended or

unencumbered appropriations in the operating budget expire the following June 30th. 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 and the Recreation Land Fees Fund, which are expended through the Capital Projects Fund.

Combining and Other Supplementary Schedules

For all columns in the basic financial statements that accumulate the data for nonmajor funds or component units, we have provided combining statements 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 an individual value of \$50,000 or more, intangible assets and software with an individual 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 determined by the category. They are listed as follows:

<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 life 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 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 part of the restricted, committed or assigned fund balance in the governmental fund statements and are recorded as expenditures on the budgetary statements. Encumbrances as of June 30, 2012 totaled \$45,219,812 in the governmental fund types, of which \$34,379,753 is for construction activity. The proprietary funds utilize encumbrance accounting for budgetary purposes. As of June 30, 2012, the proprietary funds had encumbrances totaling \$116,005,756, of which \$110,496,455 is for construction activity.

L Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The County has classified Inventories, and Prepaid Items as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The County has classified Impact Fees for capital projects, Reforestation, Laurel Race Track Community Benefit and the Circuit Court fund as restricted based on State Enabling Legislation. Forfeitures are restricted since their use is restricted by Federal regulations for certain law enforcement activities. Debt service resources will be used for future servicing of General Obligation Bonds, Tax Increment Funds and Special Taxing Districts and are restricted through debt covenants. Grants are restricted based on various State and Federal laws and regulations which specify how funds will be spent.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision making authority through the passing of ordinances. These amounts cannot be used for any other purpose unless the County removes or changes the ordinance that was employed when the funds were initially committed. Erosion Control District, Recreation Land Fees, Storm Drain Fees, and Roads and Special Benefits are committed based on legislation in the County code.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. The authority for assigning fund balance is expressed by the County Executive or their designee. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Capital Projects and Street Lights are assigned for the repair and replacement of equipment. The Installment Purchase Agreement fund is assigned for the purchase of agricultural and woodland preservation programs.
- **Unassigned:** This classification includes the residual fund balance for the General Fund

The County typically uses Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

M 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.

N 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, 2012. The annual leave accrual is calculated using unused annual leave hours as of June 30, 2012 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.

O New Pronouncements During the year ended June 30, 2012, GASB issued Statement No. 65, entitled Items Previously Reported as Assets and Liabilities; Statement No. 67, entitled Financial Reporting for Pension Plans; Statement No. 68, entitled Accounting and Financial Reporting for Pensions. The County is analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective date.

P 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.

2 Budgetary Information

A Supplemental Budgetary Appropriations - During the fiscal year, the County Council may adopt supplemental appropriations. For the year ended June 30, 2012, supplemental appropriations were adopted in the following funds: Grant Fund for \$3,767,790; Workforce Development for \$400,000; Arundel Community Development Service for \$301,700; Bond Premium Fund for \$6,290,000; Arundel Mill Tax Incremental Fund for \$70,000; and the Central Garage and Transportation Fund for \$1,000,000. During the year, the County Executive has the authority to approve various interdepartmental transfers which require the County Councils approval.

B Excess Expenditures over Appropriation 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. Expenditures and encumbrances of the funds may not legally exceed appropriations at the department level. The Grants fund has a negative Fund Balance in the amount of (\$2,010,898). This is as a result of funds being expended in the current fiscal year and not being reimbursed by the grantor within 90 days for the modified accrual basis of accounting. The Ethics Commission expenditures exceeded budgeted appropriations by \$4,110 as of a result of exceeding personnel and contractual services. The Orphan's Court expenditures exceeded budgeted appropriations by \$1,322 as of a result of exceeding personnel services and business & travel expenses. The Office of Administrative Hearings expenditures exceeded budgeted appropriations by \$1,793 as of a result of exceeding personnel services. These expense budgets were not sufficiently increased in the fourth quarter transfer to match the actual costs. The Budget and Finance Offices will more closely monitor the fiscal year-end projections. The Library Fund has a negative fund balance of (\$2,406,182) as a result of the OPEB accrual entry. The County is looking into setting up a trust fund for OPEB funding in the future.

C 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 as follows:

Revenue (under) over expenditures - budgetary basis	\$ 12,787,285
Net effect of encumbrances	(1,677,599)
Street Light Accrual - GAAP	(157,438)
Change in Revenue Reserve Fund Balance	5,313,983
OPEB Deficit Adjustment - GAAP Only	(1,545,790)
Change in Self Insurance Fund	3,451,030
Effects of Inmate Benefit Fund	166,411
Net inventory change	129,615
Change in fund balance - modified accrual basis	<u>\$ 18,467,497</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.

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 duration of 26 days at December 31, 2011, 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, 2012, the carrying amount of the primary government’s bank deposits was \$353,589, bank balances were \$2,952,322. All bank balances were fully secured by Federal Deposit insurance or fully collateralized.

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 \$1,059,843, 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 that follows uses the *Segmented Time Distribution* method to display debt investments by maturity for the primary government and the component units by term and investment type; excluding \$48.0 million in certificates of deposit, which are treated as deposits, not investments. Market values for issues within the primary government's agency/instrumentalities category include \$111,327,813 of callable issues and \$22,090,000 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	\$ 128,623,125	\$ 128,000,000	\$ -	\$ -	\$ 623,125
U.S. Government securities	8,376,491	-	-	-	8,376,491
Agency / instrumentalities	238,494,790	153,001,977	80,477,188	5,015,625	-
Bankers' acceptances	3,039,216	3,039,216	-	-	-
Money market pools	118,810,758	118,810,758	-	-	-
Tax exempt municipals bonds	62,324,642	27,002,600	35,322,042	-	-
	<u>\$ 559,669,022</u>	<u>\$ 429,854,551</u>	<u>\$ 115,799,230</u>	<u>\$ 5,015,625</u>	<u>\$ 8,999,616</u>
<u>Board of Education</u>					
Money market pools	112,777,395	112,777,395	-	-	-
	<u>\$ 112,777,395</u>	<u>\$ 112,777,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Community College</u>					
Money market pools	\$ 1,203,076	\$ 1,203,076	\$ -	\$ -	\$ -
Bond mutual funds	2,184,440	2,184,440	-	-	-
Guaranteed investment trusts	1,175,314	-	-	-	1,175,314
	<u>\$ 4,562,830</u>	<u>\$ 3,387,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,175,314</u>
<u>Other nonmajor component units</u>					
Money market pools	10,295	10,295	-	-	-
	<u>\$ 10,295</u>	<u>\$ 10,295</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, 2011. 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 \$13,169,613 as of December 31, 2011.

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 \$73,796,865 with call dates ranging from January 1, 2012 for continuously callable issues to March 1, 2041. Stated call prices are generally at par. The callable holdings include issues with floating interest rates which have market value of \$11,737,608.

<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	\$ 11,337,736	\$ 3,560,338	\$ -	\$ 1,150,057	\$ 6,627,341
Agency/Instrumentalities	29,937,728	-	326,554	898,850	28,712,324
Corporate Bonds	81,221,719	775,038	41,865,653	29,562,702	9,018,326
Bond Mutual Funds	158,367,089	-	79,169,261	79,197,828	-
Collateralized Mrtg Obligations	6,851,000	-	-	328,285	6,522,715
Other Asset-Backed Securities	4,613,347	-	432,039	-	4,181,308
Foreign and Yankee Bonds	<u>6,727,677</u>	<u>113,650</u>	<u>3,122,979</u>	<u>2,874,014</u>	<u>617,034</u>
Totals	<u>\$ 299,056,296</u>	<u>\$ 4,449,026</u>	<u>\$ 124,916,486</u>	<u>\$ 114,011,736</u>	<u>\$ 55,679,048</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&P</u>	<u>Moody's</u>	<u>%</u>	<u>Investment Type</u>	<u>S&P</u>	<u>Moody's</u>	<u>%</u>
<u>Primary Government</u>							
Federal Home Loan Bank	AA	Aaa	19.59	Certificates of Deposit	NR	NR	8.01
Federal Home Loan Mortgage	AA	Aaa	7.17	Tax Exempt Municipal	AAA	Aaa	2.97
Federal Nat'l. Mortgage Assoc.	AA	Aaa	8.78	Tax Exempt Municipal	AAA	Aa	0.55
Federal Farm Credit	AA	Aaa	4.17	Tax Exempt Municipal	AA	Aaa	0.43
Farmer Mac	NR	NR	0.09	Tax Exempt Municipal	AA	Aa	4.88
Bankers Acceptances	A-1	P-1	0.51	Tax Exempt Municipal	AA	A	0.83
Money market pool	AAAm	Aaa	5.68	Tax Exempt Municipal	A	A	0.23
Money market pool	AAAm	NR	10.87	Tax Exempt Municipal	AAA	NR	0.17
Money market pool	NR	NR	3.28	Tax Exempt Municipal	A	NR	0.20
Repurchase Agreements	NR	NR	21.46	Tax Exempt Municipal	NR	Aa	0.13
							<u>100.00</u>
<u>Board of Education</u>							
Money market pool	AAAm	NR	100.00				100.00
<u>Community College</u>							
Money market pool	AAAm	NR	26.37	Bond Mutual Funds	NR	NR	47.87
				Guaranteed Invst Trust	NR	NR	25.76
							<u>100.00</u>
<u>Nonmajor component units</u>							
Money Market pool	AAAm	N/R	100.00				100.00

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, 2011 are displayed next.

<u>Investment Type</u>	<u>S&P</u>	<u>Moody's</u>	<u>%</u>	<u>Investment Type</u>	<u>S&P</u>	<u>Moody's</u>	<u>%</u>
Agency/Instrumentalities	AA	Aaa	7.29	Yankee & Foreign Gov			
"	AA	NR	0.37	Issued Debt	AA	Aa	0.23
"	A	Aa	0.09	"	AA	A	0.03
"	A	NR	0.13	"	A	Aa	0.17
				"	A	A	0.42
Collateralized Mort. Oblig.	AAA	Aaa	0.1	"	A	Baa	0.04
"	AAA	Aa	0.01	"	BBB	A	0.03
"	AAA	Baa	0.03	"	BBB	Baa	0.24
"	AAA	Ba	0.04	"	BBB	Ba	0.04
"	AAA	Caa	0.04	"	BBB	NR	0.03
"	AAA	NR	0.16	"	BB	Ba	0.09
"	AA	Aaa	0.01	"	BB	B	0.07
"	AA	B	0.04	"	B	B	0.35
"	A	Aaa	0.04	"	C	B	0.01
"	BBB	Aa	0.11	"	NR	NR	0.03
"	BBB	Caa	0.015	Corporate Bonds	AA	Aa	0.32
"	NR	Baa	0.02	"	AA	A	0.13
"	B	B	0.12	"	A	Aa	0.25
"	B	Caa	0.1	"	A	A	1.62
"	CCC	Caa	0.58	"	A	Baa	0.45
"	CCC	C	0.07	"	BBB	A	0.23
"	CC	Ca	0.01	"	BBB	Baa	2.01
"	CC	NR	0.05	"	BBB	Ba	0.17
"	D	C	0.02	"	BBB	B	0.27
"	NR	Aaa	0.11	"	BBB	NR	0.14
"	NR	B	0.03	"	BB	Baa	0.28
"	NR	NR	0.12	"	BB	Ba	1.48
Other Asset-backed Obligations	AAA	Aaa	0.24	"	BB	B	2.30
"	AAA	B	0.25	"	BB	NR	0.23
"	AA	Aa	0.02	"	B	Ba	0.67
"	AA	Baa	0.1	"	B	B	7.57
"	BBB	Baa	0.05	"	B	Caa	0.98
"	BB	Ba	0.11	"	B	NR	0.55
"	B	B	0.03	"	CCC	B	1.14
"	B	Ca	0.05	"	CCC	Caa	0.08
"	CCC	A	0.03	"	NR	A	0.12
"	CCC	Caa	0.13	"	NR	B	0.19
"	CCC	NR	0.10	"	NR	NR	0.20
"	CC	Ca	0.02	Mutual Funds	NR	NR	41.70
"	CC	NR	0.01	Guaranteed Invest Contracts	NR	NR	8.43
"	NR	Aaa	0.06	Short Term Investment Pools	NR	NR	15.80
							<u>100.00</u>

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, 2012, Federal Home Loan Bank represented 20.0% of the primary government's investments, Federal National Mortgage Association represented 9.0%, and Federal Home Loan Mortgage Bank represented 7.3%. 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, 2011, 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, 2012. 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, 2011, the Retirement System's had no direct exposure to fixed income foreign currency. International/global equities and fixed income assets totaled \$533,437,081 in fair market value, managed in pooled funds as of December 31, 2011.

4 Receivables

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

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

C Long Term Receivables – The primary government has long-term receivables recorded in the Utility Fund consisting of deferred connection and assessment charges. 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 1.6% to 8.0%. The balance as of June 30, 2012 for the deferred charges is \$55,267,470.

5 Capital Assets

The components of capital assets, changes in asset categories, and accumulated depreciation for the fiscal year ended June 30, 2012 are presented as follows.

Category	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land and easements	\$ 200,198,916	\$ 3,298,936	\$ -	\$ 203,497,852
Historical property/works of art	4,166,465	-	-	4,166,465
Construction in progress	157,662,928	59,930,771	(45,154,024)	172,439,675
Total assets not depreciated	362,028,309	63,229,707	(45,154,024)	380,103,992
<i>Capital assets being depreciated:</i>				
Land improvements	189,261,293	17,420,674	-	206,681,967
Buildings	309,098,479	963,920	-	310,062,399
Roads and bridges	351,780,340	10,848,971	(4,281,818)	358,347,493
Sidewalks, curbs, and gutters	39,569,545	3,765,457	(901,457)	42,433,545
Storm drains and culverts	282,477,170	9,001,468	(175,454)	291,303,184
Automobiles and rolling stock	81,383,969	2,438,797	(3,460,195)	80,362,571
Furniture, fixtures, and equipment	75,879,730	1,311,675	(969,285)	76,222,120
Software	20,758,149	707,108	(423,546)	21,041,711
Total assets depreciated	1,350,208,675	46,458,070	(10,211,755)	1,386,454,990

Anne Arundel County, Maryland
Notes to the Financial Statements

Category	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Governmental activities (continued):				
<i>Less accumulated depreciation for:</i>				
Land improvements	(68,388,003)	(6,451,384)	-	(74,839,387)
Buildings	(92,596,093)	(6,201,406)	-	(98,797,499)
Roads and bridges	(178,667,601)	(11,670,797)	4,018,633	(186,319,765)
Sidewalks, curbs, and gutters	(15,777,385)	(866,700)	739,195	(15,904,890)
Storm drains and culverts	(161,993,790)	(9,654,367)	152,060	(171,496,097)
Automobiles and rolling stock	(60,785,032)	(5,913,491)	3,380,134	(63,318,389)
Furniture, fixtures, and equipment	(43,101,674)	(4,728,867)	753,691	(47,076,850)
Software	(19,545,809)	(432,448)	368,635	(19,609,622)
Total accumulated depreciation	(640,855,387)	(45,919,460)	9,412,348	(677,362,499)
Total capital assets being depreciated, net	709,353,288	538,610	(799,407)	709,092,491
Total governmental activities, net	\$ 1,071,381,597	\$ 63,768,317	\$ (45,953,431)	\$ 1,089,196,483
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land and easements	\$ 12,109,239	\$ -	\$ -	\$ 12,109,239
Construction in progress	272,217,452	84,664,189	(35,108,799)	321,772,842
Total assets not depreciated	284,326,691	84,664,189	(35,108,799)	333,882,081
<i>Capital assets being depreciated:</i>				
Buildings	29,909,119	485,822	-	30,394,941
Landfills	41,954,932	3,743,851	-	45,698,783
Water and sewer plants and lines	1,416,824,206	41,220,144	-	1,458,044,350
Automobiles and rolling stock	8,390,147	1,668,803	(944,019)	9,114,931
Furniture, fixtures, and equipment	15,864,150	8,132,575	(3,273,895)	20,722,830
Total assets depreciated	1,512,942,554	55,251,195	(4,217,914)	1,563,975,835
<i>Less accumulated depreciation for:</i>				
Buildings	(6,741,719)	(689,712)	-	(7,431,431)
Landfills	(33,581,767)	(366,321)	-	(33,948,088)
Water and sewer plants and lines	(542,684,257)	(37,840,895)	(658,313)	(581,183,465)
Automobiles and rolling stock	(6,830,937)	(718,644)	939,985	(6,609,596)
Furniture, fixtures, and equipment	(9,802,761)	(1,221,865)	3,820,373	(7,204,253)
Total accumulated depreciation	(599,641,441)	(40,837,437)	4,102,045	(636,376,833)
Total capital assets being depreciated, net	913,301,113	14,413,758	(115,869)	927,599,002
Total business-type activities, net	\$ 1,197,627,804	\$ 99,077,947	\$ (35,224,668)	\$ 1,261,481,083
Board of Education:				
<i>Capital assets not being depreciated:</i>				
Land and improvements	\$ 59,221,194	\$ 1,808,000	\$ -	\$ 61,029,194
Construction in progress	98,388,606	85,758,352	(98,649,931)	85,497,027
Total assets not depreciated	157,609,800	87,566,352	(98,649,931)	146,526,221
<i>Capital assets being depreciated:</i>				
Buildings	1,155,969,038	99,137,915	-	1,255,106,953
Computer software	1,205,594	2,068,760	-	3,274,354
Furniture, fixtures, and equipment	45,909,575	1,302,634	(622,803)	46,589,406
Total assets depreciated	1,203,084,207	102,509,309	(622,803)	1,304,970,713
<i>Less accumulated depreciation for:</i>				
Buildings	(531,638,262)	(43,904,758)	-	(575,543,020)
Computer software	-	(327,435)	-	(327,435)
Furniture, fixtures, and equipment	(28,269,529)	(2,558,657)	565,723	(30,262,463)
Total accumulated depreciation	(559,907,791)	(46,790,850)	565,723	(606,132,918)
Total capital assets being depreciated, net	643,176,416	55,718,459	(57,080)	698,837,795
Total Board of Education, net	\$ 800,786,216	\$ 143,284,811	\$ (98,707,011)	\$ 845,364,016

Anne Arundel County, Maryland
Notes to the Financial Statements

Category	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Community College:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,377,178	\$ -	\$ -	\$ 2,377,178
Construction in progress	5,163,972	17,981,480	(6,708,446)	16,437,006
Total assets not depreciated	<u>7,541,150</u>	<u>17,981,480</u>	<u>(6,708,446)</u>	<u>18,814,184</u>
<i>Capital assets being depreciated:</i>				
Land improvements	7,276,791	791,484	(33,821)	8,034,454
Buildings and improvements	117,326,502	3,704,058	(168,828)	120,861,732
Furniture, fixtures, and equipment	28,663,639	1,728,810	(7,328,570)	23,063,879
Total assets depreciated	<u>153,266,932</u>	<u>6,224,352</u>	<u>(7,531,219)</u>	<u>151,960,065</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(4,023,645)	(290,730)	17,363	(4,297,012)
Buildings and improvements	(46,400,491)	(3,761,943)	75,592	(50,086,842)
Furniture, fixtures, and equipment	(20,907,003)	(1,730,938)	6,090,329	(16,547,612)
Total accumulated depreciation	<u>(71,331,139)</u>	<u>(5,783,611)</u>	<u>6,183,284</u>	<u>(70,931,466)</u>
Total capital assets being depreciated, net	<u>81,935,793</u>	<u>440,741</u>	<u>(1,347,935)</u>	<u>81,028,599</u>
Total Community College, net	<u>\$ 89,476,943</u>	<u>\$ 18,422,221</u>	<u>\$ (8,056,381)</u>	<u>\$ 99,842,783</u>
Other non-major:				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ -	\$ -	\$ -	\$ -
<i>Capital assets being depreciated:</i>				
Airport improvements	9,621,789	22,617	-	9,644,406
Library collection	14,879,743	2,892,134	(2,444,517)	15,327,360
Automobiles and rolling stock	31,915	-	-	31,915
Furniture, fixtures, and equipment	3,160,041	195,564	(88,869)	3,266,736
Total assets depreciated	<u>27,693,488</u>	<u>3,110,315</u>	<u>(2,533,386)</u>	<u>28,270,417</u>
<i>Less accumulated depreciation for:</i>				
Airport improvements	(3,176,268)	(481,460)	-	(3,657,728)
Library collection	(5,478,501)	(2,127,399)	1,388,648	(6,217,252)
Automobiles and rolling stock	(2,129)	(6,383)	-	(8,512)
Furniture, fixtures, and equipment	(2,376,087)	(181,820)	83,215	(2,474,692)
Total accumulated depreciation	<u>(11,032,985)</u>	<u>(2,797,062)</u>	<u>1,471,863</u>	<u>(12,358,184)</u>
Total capital assets being depreciated, net	<u>16,660,503</u>	<u>313,253</u>	<u>(1,061,523)</u>	<u>15,912,233</u>
Total other non-major, net	<u>\$ 16,660,503</u>	<u>\$ 313,253</u>	<u>\$ (1,061,523)</u>	<u>\$ 15,912,233</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 their 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 that follows shows the depreciation expense for each functional category.

<i>Governmental activities:</i>		<i>Business-type activities:</i>	
Education	\$ 46,488	Water and wastewater	\$ 39,118,597
Public Safety	8,010,406	Waste collection	1,718,840
General government	6,845,630		<u>\$ 40,837,437</u>
Health and human services	363,877	<i>Component units:</i>	
Public works	22,718,707	Board of Education	\$ 46,790,850
Recreation and community services	6,627,653	Community College	5,783,611
Judicial	1,306,699	Library System	2,221,935
	<u>\$ 45,919,460</u>	Economic Development Corp	38,822
		Tipton Airport Authority	487,175
		Workforce Development	49,130
			<u>\$ 55,371,523</u>

6 Restricted Assets and Liabilities

The following funds are shown as restricted on the Statement of Net Assets of the government wide financial statements; Impact Fees, Forfeiture and Asset Seizures, Roads and Special Benefits District, AA County Partnership for Children, Youth and Family, Reforestation, Laurel Racetrack, Workforce Development, Arundel Community Development Services, Grant Funds, Circuit Court, Street Lights, Erosion Districts, Storm Drain Fees, Recreation Land Fees, Bond Premium, 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, 2012:

<u>Fund With Receivable</u>	<u>Fund With Payable</u>	<u>Amount</u>
General Fund	Special Revenue Funds	\$ 5,590,472
General Fund	Internal Service Funds	1,523,952
Enterprise Funds	Internal Service Funds	50,048
Internal Service Funds	General Fund	1,545,790
		<u>\$ 8,710,262</u>

Interfund balances between the General Fund and internal service funds have been eliminated on the government-wide Statement of Net Assets. The \$5,590,472 balance represents special revenue funds' implicit borrowing from the General Fund as of June 30, 2012. The balance of \$1,523,952 represents the Self Insurance Funds' surplus allocation and implicit borrowing from the General Fund as of June 30, 2012. The balance of \$50,048 represents the Self Insurance Funds' surplus allocation to the Proprietary Funds as of June 30, 2012. The transfer of \$1,545,790 represents transfers payable from the General Fund to the Central Garage fund as of June 30, 2012.

Transfers between the primary government's governmental funds presented as follows totaled \$76,229,704 for fiscal year 2012. 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 fund and Arundel Community Development Services funds for grants, and to the Installment Purchase Agreements fund for land preservation; transfers from the Bond Premium Fund to the General Fund and General County Capital Projects fund for debt service payments and the purchase of capital assets, transfers from the Special Taxing Districts debt service fund to the Erosion Districts special revenue fund for project maintenance; transfers from the Erosion Districts special revenue fund to the Special Taxing Districts debt service fund; transfers from tax increment funds legally appropriated for transfer to the General Fund; transfers from the Street Light fund legally appropriated for transfer to the General Fund; transfers from the Storm Drain, Recreational Land Fees funds, 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	\$ 28,605,600
General	Nonmajor Governmental	2,622,420
Nonmajor Governmental	Nonmajor Governmental	11,950
Nonmajor Governmental	General	23,916,827
Nonmajor Governmental	General County Capital Projects	8,085,083
Impact Fees	General County Capital Projects	9,515,058
Impact Fees	General	2,007,766
General County Capital Projects	General	1,465,000
		<u>\$ 76,229,704</u>

Transfers between the primary government's proprietary funds and governmental funds presented as follows totaled \$7,305,790 for fiscal year 2012. The purposes of these transfers are transfers from the Health Insurance fund, and Garage Vehicle Replacement fund legally appropriated for transfer to the General Fund; transfers from the General Fund to the Central Garage fund to allocate the deficit fund balance; transfers from the Bond Premium Fund to the Garage Vehicle Replacement fund for the purchase of capital assets.

<u>Originating Fund</u>	<u>Recipient Fund</u>	<u>Amount</u>
Internal Service Funds	General	\$ 5,300,000
General	Internal Service Funds	1,545,790
Nonmajor Governmental	Internal Service Funds	460,000
		<u>\$ 7,305,790</u>

As of June 30, 2012, receivable and payable balances remained between the primary government and the 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 and a return of funding. Those balances and the payments from the primary government to or on behalf of these parties are presented as follows:

Receivables/Payables

<u>Entity with Receivable</u>	<u>Entity with Payable</u>	<u>Amount</u>
Board of Education	Primary Government	\$ 20,655,827
Community College	Primary Government	362,629
Other Nonmajor	Primary Government	1,285,744
Primary Government	Board of Education	12,246
		<u>\$ 22,316,446</u>

Primary Government Expenditures

<u>Originating Entity</u>	<u>Recipient Entity</u>	<u>Amount</u>
Primary Government	Board of Education	\$ 678,634,574
Board of Education (Full Accrual)	Primary Government	334,512
Primary Government	Community College	46,981,568
Primary Government	Other Nonmajor	17,702,710
		<u>\$ 743,653,364</u>

8 Bonded Debt and Other Obligations

The primary government's Statement of Net Assets includes short and long-term debt and obligations comprised of bond anticipation notes, general obligation bonds, special assessment debt, leases, installment purchase agreements, and liabilities related to State loans, unpaid insurance claims, compensated absences, and claims and

judgments. Descriptions of certain of these obligations and the respective balances, debt service requirements, and changes during fiscal year 2012 are provided as follows.

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 2012 ranged from 9 to 161 days, and interest rates ranged from 0.10% to 0.35%. The County issued \$70,400,000 of bond anticipation notes in January, 2012. The County paid off \$72,600,000 bond anticipation notes on June 15, 2012 of which \$2,200,000 had been outstanding at June 30, 2011.

B General County Debt – 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 following Governmental Debt table includes General Obligation bonds but excludes the Tax Increment Bonds, Installment Purchase Agreements, and State loans which are listed in the following sections. Business Type Debt includes Solid Waste Bonds and Water Wastewater Bonds. The debt service requirements for the bonds outstanding as of June 30, 2012 are presented as follows:

Year ending June 30,	General County Debt			
	Governmental		Business-type	
	Principal	Interest	Principal	Interest
2013	\$ 71,082,537	\$ 37,030,886	\$ 25,290,402	\$ 17,401,686
2014	66,908,703	35,180,227	25,017,640	16,933,979
2015	62,791,657	32,234,431	23,941,159	15,951,767
2016	61,595,273	29,309,505	23,694,606	14,960,406
2017	59,790,585	26,331,756	22,999,672	13,928,890
2018-2022	252,535,806	92,282,989	95,827,921	56,666,389
2023-2027	177,644,041	40,855,625	79,647,300	37,443,609
2028-2032	77,785,099	7,645,167	59,627,510	21,382,520
2033-2037	-	-	38,235,000	9,135,333
2038-2042	-	-	16,730,000	1,897,837
	<u>\$ 830,133,701</u>	<u>\$ 300,870,586</u>	<u>\$ 411,011,210</u>	<u>\$ 205,702,416</u>

C Tax Increment and Other Debt - As of June 30, 2012, there was \$93,155,000 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 \$1,025,000 outstanding, the County has pledged its full faith and credit for these bonds. During the fiscal year ended June 30, 2012, \$27,878,749 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 that follows outlines the debt service requirements for these bonds.

Year ending June 30,	Principal	Interest	Year ending June 30,	Principal	Interest
2013	\$ 2,340,000	\$ 5,095,268	2018-2022	\$ 15,010,000	\$ 21,955,371
2014	1,430,000	5,010,210	2023-2027	23,400,000	16,910,940
2015	1,580,000	4,942,383	2028-2032	17,150,000	10,653,048
2016	1,720,000	4,868,808	2033-2037	13,375,000	6,835,504
2017	2,020,000	4,784,397	2038-2042	15,130,000	1,946,447
				<u>\$ 93,155,000</u>	<u>\$ 83,002,376</u>

In addition, there were \$5,100,000 and \$15,071,504 of special tax district bonds related to the Farmington Village Project and the Villages of Dorchester outstanding as of June 30, 2012, 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, 2012 of \$4,215,062. These loans were received from the State for waterway improvements. During fiscal year 2012, the County paid \$269,566 for principal. The table that follows outlines the debt service requirements:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Year ended June 30,</u>	<u>Principal</u>
2013	\$ 326,971	2018-2022	\$ 1,065,530
2014	325,325	2023-2027	877,446
2015	320,477	2028-2032	626,469
2016	320,477	2033-2037	31,891
2017	320,476		
			<u>\$ 4,215,062</u>

Federal Loans – As of June 30, 2012, the County had paid off the HUD Section 108 Loan for a community development capital improvement project.

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, 2012 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>
2013	\$ 3,907	\$ 2,008	\$ 5,915
2014	3,907	2,008	5,915
	<u>\$ 7,814</u>	<u>\$ 4,016</u>	<u>\$ 11,830</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 2012 were \$2,627,910. 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 next table. The lease payments for fiscal year 2012 were \$73,381. Minimum annual rental costs required by the leases are summarized as follows:

<u>Year ending June 30,</u>	<u>Annual Rentals</u>	<u>Year ending June 30,</u>	<u>Annual Rentals</u>
2013	\$ 2,293,580	2018-2022	\$ 1,646,705
2014	2,113,445	2023-2027	1,200,020
2015	1,756,023	2028-2032	1,200,015
2016	1,340,026	2033-2037	1,200,015
2017	585,940	2038-2042	140,144
			<u>\$ 13,475,913</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, 2012 are presented as follows:

Year ended June 30,	Principal	Interest	Year ended June 30,	Principal	Interest
2013 \$	20,000	\$ 729,416	2018-2022 \$	100,000	\$ 3,608,038
2014	20,000	728,300	2023-2027	100,000	3,580,150
2015	20,000	727,185	2028-2032	10,414,000	1,427,624
2016	20,000	726,070	2033-2037	1,444,000	668,313
2017	20,000	724,954	2038-2042	1,487,000	270,634
				\$ 13,645,000	\$ 13,190,684

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

	Due Dates	Interest Rates	Amount of Original Issue	Amount Outstanding
Governmental activities:				
General obligation bonds	2012-2032	1.00% to 5.375%	\$ 1,260,992,664	\$ 830,133,701
Tax increment district bonds	2012-2041	2.00% to 6.25%	102,875,000	93,155,000
Installment purchase agreements	2012-2041	4.55% to 6.00%	13,819,916	13,645,000
Loans payable	2012-2038	0%	8,869,556	4,215,062
Total governmental activities			1,386,557,136	941,148,763
Business-type activities:				
Water and wastewater serial bonds	2012-2042	1.00% to 6.00%	600,068,106	382,899,911
Solid waste serial bonds	2012-2032	1.50% to 6.00%	46,067,488	28,111,299
Total business-type activities			646,135,594	411,011,210
			\$ 2,032,692,730	\$ 1,352,159,973

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 base 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 base 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, 2012, 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	\$ 4,351,151,087	\$ 4,280,857,976
Bonded debt outstanding		
Installment purchase agreements	13,645,000	-
General obligation-serial bonds	830,133,701	382,899,911
General obligation-serial bonds, Solid Waste	28,111,299	-
Tax increment bonds	93,155,000	-
	<u>965,045,000</u>	<u>382,899,911</u>
Legal debt margin	<u>\$ 3,386,106,087</u>	<u>\$ 3,897,958,065</u>

As of June 30, 2012, the County had the authority to issue bonds in the amount of \$739,161,660 more than bonds already issued, including \$528,047,753 of water and wastewater series bonds and \$6,836,398 of solid waste series bonds. This unused authority will be used to fund existing capital projects and those appropriated through the budgetary process.

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, 2012 was \$13,280,000. Scheduled principal payments due on the bonds payable for future years ending June 30 are shown as follows:

<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>
2013	\$ 470,000	2016	\$ -	2023-2027	\$ 3,460,000
2014	-	2017	-	2028-2032	6,645,000
2015	-	2018-2022	2,705,000		
					<u>\$ 13,280,000</u>

I State Of Maryland Liability –Local income tax revenue over distribution in the amount of \$32,663,346 has been forgiven as a result of the State of Maryland repealing the replenishment of the local income tax reserve fund as part of Senate Bill 152.

J General County Due to Self insurance – The Government wide financial statements have eliminated the prior year liability in the amount of \$9,641,023 that was due to the Self Insurance Fund as a result of increases in the rates charged and a lower than anticipated claims expense for fiscal year 2012. The surplus generated was allocated to the various funds to offset the outstanding liability.

K Changes in Debt and Obligations –The changes in the primary government’s long-term liabilities are presented as follows:

	Balance June 30,2011	Additions	Reductions	Balance June 30,2012	Due Within One Year
Governmental activities:					
Bond anticipation notes	\$ -	\$ 70,400,000	\$ 70,400,000	\$ -	\$ -
Bonds payable:					
General obligation bonds	805,527,565	171,067,512	146,461,376	830,133,701	71,082,537
Deferred refunding loss	(330,668)	(6,736,048)	(428,012)	(6,638,704)	(954,583)
Tax incremental and other debt	95,330,000	-	2,175,000	93,155,000	2,340,000
Total bonds payable	900,526,897	164,331,464	148,208,364	916,649,997	72,467,954
Federal and State loans	4,803,593	91,035	679,566	4,215,062	326,971
Capital leases	34,377	-	26,563	7,814	3,907
Installment purchase agreements	13,665,000	-	20,000	13,645,000	20,000
Unpaid insurance claims	78,401,360	95,502,801	102,757,406	71,146,755	19,284,755
OPEB obligation	239,372,214	73,537,101	-	312,909,315	-
State of Maryland liability	32,663,346	-	32,663,346	-	-
General County due to Self Insurance	9,641,023	-	9,641,023	-	-
Compensated absences	22,753,369	24,760,484	24,658,850	22,855,003	22,844,201
Total long-term	1,301,861,179	358,222,885	318,655,118	1,341,428,946	114,947,788
Total governmental activities	\$ 1,301,861,179	\$ 428,622,885	\$ 389,055,118	\$ 1,341,428,946	\$ 114,947,788
Business-type activities:					
Bond anticipation notes	\$ 2,200,000	\$ -	\$ 2,200,000	\$ -	\$ -
Bonds payable:					
General obligation bonds	401,373,061	61,270,550	51,632,401	411,011,210	25,290,402
Deferred refunding loss	(2,139,817)	(2,433,104)	(364,192)	(4,208,729)	539,350
Total bonds payable	399,233,244	58,837,446	51,268,209	406,802,481	25,829,752
OPEB obligation	22,055,600	7,455,660	-	29,511,260	-
Compensated absences	2,194,356	2,039,481	2,024,944	2,208,893	2,037,918
Total long-term	423,483,200	68,332,587	53,293,153	438,522,634	27,867,670
Total business-type activities	\$ 425,683,200	\$ 68,332,587	\$ 55,493,153	\$ 438,522,634	\$ 27,867,670

L Advance Refundings – In fiscal year 2012, 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 August 18, 2011 the County issued \$44.7 million in General Obligation Bonds (\$35.8 million in General County and \$8.9 million in Water Wastewater) with an average interest rate of 4 percent to advance refund \$50.3 million of outstanding 2003 bonds (General County \$40.4 million and \$9.9 million in Water Wastewater) with an average interest rate of 3 percent. The net proceeds were used to purchase U.S. securities and were deposited in an irrevocable trust account with an escrow agent who will pay the debt as it becomes due. The advance refunding resulted in a difference between the reacquisition price and the net carry value of \$2,608,992 for General County and \$643,070 for Water Wastewater. There was a net present value savings of \$4.7 million.

On June 5, 2012 the County issued \$53.0 million in General Obligation Bonds (\$37.2 million in General County and \$15.8 million in Water Wastewater) with an average interest rate of 4 percent to advance refund \$57.4 million of outstanding 2004 and 2005 bonds (General County \$40.5 million and \$16.9 million in Water Wastewater) with an average interest rate of 4 percent. The net proceeds were used to purchase U.S. securities and were deposited in an irrevocable trust account with an escrow agent who will pay the debt when it becomes due. The advance refunding resulted in a difference between the reacquisition price and the net carry value of \$4,131,112 for General County and \$1,785,979 for Water Wastewater. There was a net present value savings of \$5 million.

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, 2012, \$109,695,000 of governmental debt and \$47,805,000 of business-type debt outstanding from prior years is considered defeased.

9 Governmental Fund Balance

The details of the fund balances are included in the Governmental Funds Balance Sheet. As discussed in Note 1, the County typically uses Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

General Fund

The General Fund has Unassigned Fund Balance of \$46,035,927 and an Assigned Fund Balance of \$31,391,329 as of June 30, 2012. The Nonspendable Fund Balance of \$2,081,977 is for inventory items. The Grants fund has a negative Unassigned Fund Balance in the amount of (\$3,325,628). This is as a result of funds being expended in the current fiscal year and not being reimbursed by the grantor within 90 days for the modified accrual basis of accounting.

Other Major Funds

The Capital Projects Fund has Assigned Funds of \$31,155,199 at June 30, 2012, consisting primarily of unspent bond funds. The Impact Fee Fund has Restricted Funds of \$57,696,818 to be used for the construction of additional school capacity, road improvements and public safety facilities.

Other Funds

The following non-major funds have a Restricted Fund Balance designated for specific purposes:

Forfeiture and Asset Seizure Team: Law enforcement activities \$956,549

Reforestation: Reforestation of County Properties \$6,823,655

Laurel Racetrack Community benefit: Benefits services and facilities within three miles of Laurel Race Course \$24,310

Circuit Court: Court House operations \$78,054

The remaining Special Revenue Funds Restricted Fund Balances of \$1,457,343; 15,708,764 and \$1,563,957 relate to grants, capital projects and debt service, respectively. The restricted grant balance is comprised of the Grant Fund and Anne Arundel County Partnership for Children, Youth and Family. Committed Funds of \$108,299 relates to Roads and Special Benefits; \$436,368 relates to Storm Drain Fees; \$665,868 relates to Erosion Districts; and \$196,554 relates to Recreation and Land Fees.

The following funds have assigned fund balances; \$2,781,854 relates to Street Lights and \$9,082,760 relates to Installment Purchase Agreements.

Encumbrances

Encumbrance accounting is employed as part of the budgetary integration for the General Fund, special revenue funds, and capital projects funds. As of June 30, 2012, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

	<u>Encumbrances included in:</u>	
	<u>Restricted Fund Balance</u>	<u>Assigned Fund Balance</u>
General Fund	\$ -	\$ 4,068,829
FAST Fund	19,845	-
Grants Fund	4,307,854	-
Reforestation Fund	35,285	-
Street Light Fund	-	2,398,246
General County Capital Projects Fund	-	34,379,753
Intallment Purchase Agreements	-	10,000
Total	\$ 4,362,984	\$ 40,856,828

10 Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. In addition, governmental funds and governmental activities defer revenue recognition in connection with resources that have been received, but unearned. At the end of the current fiscal year, the components of unavailable revenue and unearned revenue were reported as follows:

<u>Deferred Revenue Governmental Funds</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Property Taxes	\$ 1,345,263	\$ -	\$ 1,345,263
State Income Taxes	82,996,258	-	82,996,258
911 Fees	973,944	-	973,944
Grants			
General County Grants	2,737,802	-	2,737,802
Grant Drawdown's in excess of Expenditures	-	710,344	710,344
General Capital Projects Fund	1,764,819	-	1,764,819
Total	\$ 89,818,086	\$ 710,344	\$ 90,528,430

11 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, 2012, 154 Industrial Revenue Bonds series had been issued. The aggregate principal amounts payable for the six series issued after July 1, 1996 that are still outstanding was \$19,857,833. 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.

12 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. 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, 2012, the date of the latest actuarial valuation:

	Employees Plan	Police Plan	Fire Plan	Detention Plan	Total
Retirees and beneficiaries receiving payments	1,393	600	439	179	2,611
Terminated plan members entitled to but not yet receiving payments	260	-	-	9	269
Deferred Retirement Option Program (DROP)	-	60	121	-	181
Active plan members	2,209	576	631	347	3,763
	<u>3,862</u>	<u>1,236</u>	<u>1,191</u>	<u>535</u>	<u>6,824</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 following table provides the actuarial assumptions, funding methods and contributions related to the fiscal year 2012 financial statements.

Anne Arundel County, Maryland
Notes to the Financial Statements

	Employees Plan	Police Plan	Fire Plan	Detention Plan
Contribution rates:				
County	Legislated amount	Legislated amount	Legislated amount	Legislated amount
Plan members:				
Tier One	4.00%	5.00% to 7.25%	5.00% to 7.25%	5.00% to 6.75%
Tier Two	-	Not applicable	Not applicable	Not applicable
Annual Pension Cost (APC)	\$18,882,680	\$14,502,900	\$14,580,535	\$5,089,053
Contributions made	\$18,882,680	\$14,502,900	\$14,580,535	\$5,089,053
Actuarial valuation date	January 1, 2011	January 1, 2011	January 1, 2011	January 1, 2011
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 24-30 yrs Average 27 yrs Closed	Range 24-30 yrs Average 27 yrs Closed	Range 23-30 yrs Average 27 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,				
	2008	2009	2010	2011	2012
<i>Employees Plan</i>					
Annual Pension Cost (APC)	\$ 12,399,400	\$ 13,414,470	\$ 17,078,045	\$ 17,490,119	\$ 18,882,680
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)	\$ 9,777,042	\$ 11,268,277	\$ 13,588,002	\$ 13,803,470	\$ 14,502,900
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)	\$ 11,194,123	\$ 11,185,312	\$ 14,217,007	\$ 14,209,656	\$ 14,580,535
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)	\$ 3,557,116	\$ 4,019,403	\$ 4,678,430	\$ 4,899,725	\$ 5,089,053
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, 2011, 2010, and 2009 equal the required contributions and are summarized as follows along with the State's contribution on behalf on the employees discussed previously.

	Fiscal Year Ended June 30,		
	2012	2011	2010
County contributions:			
Primary Government	\$ 1,601,891	\$ 1,525,610	\$ 1,452,962
Board of Education	9,462,169	8,676,048	7,154,856
Community College	365,384	334,674	316,825
State contributions on behalf of:			
Board of Education	70,640,804	71,593,291	62,628,729
Community College	3,511,596	3,619,650	3,105,354
Library	1,211,713	1,308,229	1,146,176
	<u>\$ 86,793,557</u>	<u>\$ 87,057,502</u>	<u>\$ 75,804,902</u>

D Funded Status and Funding Progress - The funded status of each plan as of January 1, 2011, the actuarial valuation date related to the fiscal year 2012 contributions and financial statements, is as follows:

	<i>(A)</i> <i>Actuarial</i> <i>Value</i> <i>of Assets</i>	<i>(B)</i> <i>Actuarial</i> <i>Accrued</i> <i>Liability (AAL)</i>	<i>(B-A)</i> <i>Unfunded</i> <i>AAL</i> <i>(UAAL)</i>	<i>(A/B)</i> <i>Funded</i> <i>Ratio</i>	<i>(C)</i> <i>Covered</i> <i>Payroll</i>	<i>((A-B)/C)</i> <i>UAAL as a</i> <i>percentage of</i> <i>Covered</i> <i>Payroll</i>
Employee's Plan	\$522,165,145	\$627,269,587	\$105,104,442	83.2%	\$123,498,129	85.1%
Police Service Plan	435,891,125	502,001,669	66,110,544	86.8%	42,449,204	155.7%
Fire Service Plan	425,830,155	464,489,607	38,659,452	91.7%	47,840,812	80.8%
Det.Officers'& Sheriffs Plan	87,911,133	119,767,203	31,856,070	73.4%	19,310,216	165.0%

The schedules of funding progress, included as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

E Exposure to Derivatives - Derivative instruments are securities that derive value from another asset and are in the form of a contract between two or more parties. Common derivatives are futures contracts, forwards contracts, options, and swaps. The System has no direct exposure to derivative securities. There are, however, mutual funds, commingled funds, and other investment vehicles in which the System has a percentage ownership that have exposure to futures, currency forward contracts, commodity forward contracts, and total return swap contracts. These funds enter into derivative contracts as part of their investment strategies to mitigate risk and volatility.

A derivative policy statement is included in the Investment Policy Statement (IPS). Prohibited instruments include options, commodities, uncovered options or futures, uncovered short positions, short selling, and use of financial leverage. The derivative exposure as of 12/31/2011 within the mutual funds is comprised of allowable instruments based on the IPS.

F Commitments - The System has committed to fund various private equity investments totaling \$115 million at December 31, 2011, of which \$49.3 million remains unfunded. The expected funding dates for these commitments extend through 2017.

G Teacher pension funding shift - Legislation enacted by the Maryland General Assembly during 2012 requires County Boards of Education to pay a certain portion of certain employer contributions for certain members of the Teachers' Retirement System or the Teachers' Pension System beginning in fiscal year 2013. Anne Arundel County's contribution for fiscal year 2013 is almost \$11.5 million and increases to about \$21.9 million by fiscal year 2015. Beginning in fiscal year 2016, each local Board will pay its local share equal to the normal contribution

rate for the Teachers' Retirement System and the Teachers' Pension System multiplied by the aggregate annual earnable compensation of the local employees of that local employer.

13 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.

Anne Arundel County Public Schools (AACPS) employees eligible to retire and receive Maryland State Retirement Agency (MSRA) benefits may be eligible for retiree healthcare benefits based on service criteria. In FY 2012, the Board funded 75% of the premiums for medical, prescription drug, and dental plans for employees hired on or before September 15, 2002. For employees hired after September 15, 2002, the Board funds a portion of the medical premium ranging from 25% with 10 years of service to 75% with 20 or more years of service, but no dental funding is available. No Board funding is provided for vision coverage regardless of service date. Active employees and retirees have the same medical, dental, and vision plans while retirees over 65 have three Medicare Supplemental Plans available. The retiree and active prescription plan co-payments differ. The retiree plan is evaluated separately based on claims experience however, a blended percentage increase has been applied to the retiree rates.

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 participants eligible to participate in the plans as of July 1, 2010 are presented as follows. Inactive individuals include both retirees and those who are terminated and vested.

	<u>Active</u>	<u>Inactive</u>	<u>Total</u>
Primary Government	3,996	2,236	6,232
Board of Education	8,489	3,924	12,413
College	263	272	535
Library	<u>184</u>	<u>129</u>	<u>313</u>
Total	<u>12,932</u>	<u>6,561</u>	<u>19,493</u>

B Funding Policy - Neither the primary government nor the component units have established irrevocable trust funds and legally restricted any funds for these plans. The entities currently fund the retirees' healthcare costs on a pay-as-you-go basis. The County has established a Benefits Collaborative Study Group through resolution to review existing benefits, assess the impact of continued increases in the costs of these benefits on current and projected revenues and expenditures, determine the fair and equitable priorities in the reduction of the benefit costs and report to the County Executive and the County Council on these recommendations. The County anticipates utilizing a trust fund in the future to manage the retiree health care unfunded actuarial accrued liability.

C Annual OPEB Costs and Net OPEB Obligation - The annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined using the projected unit credit cost method in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over an open period of thirty years. The net OPEB obligation has been recognized as a liability on the County's government-wide financial statements. The following table shows the primary government and the component units annual OPEB cost for the year and the amount actually contributed.

(Amounts shown in thousands)

	Primary Government	Board of Education	College	Library	Total
Actuarial accrued liability (AAL)	\$ 1,187,938	\$ 1,304,189	\$ 60,287	\$ 37,684	\$ 2,590,098
Actuarial value of plan assets	-	-	-	-	-
Unfunded actuarial accrued liability (end of year)	<u>\$ 1,187,938</u>	<u>\$ 1,304,189</u>	<u>\$ 60,287</u>	<u>\$ 37,684</u>	<u>\$ 2,590,098</u>
Annual Required Contribution	\$ 102,777	\$ 91,080	\$ 5,468	\$ 3,439	\$ 202,764
Interest on Net OPEB Obligations	10,455	3,643	683	357	15,138
Adjustment to ARC	<u>(10,353)</u>	<u>795</u>	<u>(676)</u>	<u>(353)</u>	<u>(10,587)</u>
Total Annual OPEB Cost	102,879	95,518	5,475	3,443	207,315
Less: Pay-As-You-Go Contributions	<u>(21,886)</u>	<u>(33,893)</u>	<u>(1,154)</u>	<u>(763)</u>	<u>(57,696)</u>
Increase in Net OPEB obligation	80,993	61,625	4,321	2,680	149,619
Net OPEB obligation beginning of year	<u>261,428</u>	<u>185,518</u>	<u>17,422</u>	<u>9,011</u>	<u>473,379</u>
Net OPEB obligation end of year	<u>\$ 342,421</u>	<u>\$ 247,143</u>	<u>\$ 21,743</u>	<u>\$ 11,691</u>	<u>\$ 622,998</u>
Percent of Annual OPEB Cost contributed	<u>21.27%</u>	<u>35.48%</u>	<u>21.08%</u>	<u>22.16%</u>	<u>27.83%</u>
Covered payroll	<u>\$ 215,209</u>	<u>\$ 572,923</u>	<u>\$ 89,955</u>	<u>\$ 9,819</u>	<u>\$ 887,906</u>
UALL as a % of Covered Payroll	551.99%	227.64%	67.02%	383.79%	291.71%

D Actuarial 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.

Actuarial Assumptions for Primary Government

Actuarial Cost Method	Projected Unit Cost
Amortization Method	Closed
Amortization Period	30 (as of July 1, 2009)
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions	
Discount Rate	4.00 %
Payroll Increase	3.50%
Medical Trend	Based on Society of Actuaries Long Term Medical Trend Model, the initial rate was 8 percent which is decreasing gradually. The rate in 2050 is 4.9 percent.
Inflation Rate	3.2 %

14 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, 2012 the Self Insurance Fund liability of \$65,742,000 is discounted since discounting is more reflective of the nature of the claims. The Health Insurance Fund liability of \$5,404,755 is undiscounted since claims will be paid within one year of the date incurred. Settlements have not exceeded coverage for each of the past three years. Changes in the balances of claims liabilities during fiscal years 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Liability balance, July 1	\$ 78,401,360	\$ 79,648,857
Current year claims and changes in estimates:		
Changes in estimates - prior periods	(8,607,000)	27,000
Changes in estimates - current year	104,109,801	99,395,935
Claims payments	<u>(102,757,406)</u>	<u>(100,670,432)</u>
Liability balance, June 30	<u>\$ 71,146,755</u>	<u>\$ 78,401,360</u>

15 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, ceased accepting solid waste in 1983 and 1993, respectively. The Millersville site consists of nine individual cells. Cells 1 through 7 are closed, cell 8 is active and 86.7% full, and cell 9 has not yet opened. Cells 8 and 9 have useful lives to at least 2016 and 2040, respectively. The table that follows presents the costs and liabilities related to all sites. The costs for cells 8 and 9 at the Millersville Landfill are determined by applying the percent of capacity used to the total estimated closure and postclosure costs.

	<u>Millersville</u>	<u>Closed Sites</u>	<u>Total</u>
Total costs:			
Closure	\$ 55,509,047	\$ 18,163,719	\$ 73,672,766
Post closure	<u>39,888,520</u>	<u>3,989,765</u>	<u>43,878,285</u>
	95,397,567	22,153,484	117,551,051
Less:			
Amount recognized thru June 30, 2012	<u>53,580,374</u>	<u>22,153,484</u>	<u>75,733,858</u>
Costs remaining to be recognized	<u>\$ 41,817,193</u>	<u>\$ -</u>	<u>\$ 41,817,193</u>
Liability recorded at June 30, 2012			
Closure	\$ 11,696,761	\$ -	\$ 11,696,761
Current portion post closure	754,946	241,994	996,940
Post closure	<u>20,060,694</u>	<u>3,747,771</u>	<u>23,808,465</u>
	<u>\$ 32,512,401</u>	<u>\$ 3,989,765</u>	<u>\$ 36,502,166</u>

The primary government accounts for landfill activities in the Solid Waste Fund. Management uses Federal and State regulations to estimate the costs of closure, remediation, and monitoring the landfills. These estimates are recorded at current costs and are management's best judgment of the minimum cost required to correct identified problems and close and remediate open cells. These estimates are subject to periodic reevaluation, and actual costs may differ due to inflation or deflation, changes in technology, or changes in applicable laws and regulations. The closure reserves increased in the amount of \$1,094,454 and post closure reserves decreased by \$603,625 in FY12. These amounts include changes to the estimates in the reserves, payments, and other adjustments.

The Financial Assurance fund has reserved \$20,758,177 for post closure care as of June 30, 2012.

16 Contingent Liabilities

A Impact Fees – As of June 30, 2012, 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, 2012, the County held \$60,499,514 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 \$16,527,193 as of June 30, 2012.

B Lawsuits – Certain current owners of property on which impact fees were paid in fiscal years 1988 through 1996 have pursued a class action suit against the County seeking refunds of development impact fees paid to the County during these fiscal years on grounds that they were not expended or encumbered in a timely manner under the County Code. The case was originally dismissed by the Circuit Court on July 26, 2001 but following an appeal, the Court of Special Appeals remanded the case to Circuit Court August 21, 2002. On December 15, 2006, the Circuit Court issued a judgment, finding that, without the consideration of encumbrances, impact fee refunds of \$4,719,359, plus statutory interest, were due to the current owners of certain specified impact fee paying properties. On February 7, 2008, the Court of Special Appeals issued an opinion agreeing with the County's position regarding the use of encumbrances. After a clarifying opinion of the intermediate appellate court was issued on May 7, 2008 and a Court of Appeals decision on other issues was issued on May 6, 2009, the Court of Special Appeals remanded

the case to the Circuit Court for a new determination of the amount of impact fee refunds with consideration of encumbrances. The Circuit Court held evidentiary hearings on various dates throughout 2010 and early 2011. On July 24, 2012, the Circuit Court issued a revised judgment finding that with consideration of encumbrance's impact fee refunds of \$1,342,360 (subject to 5% interest from the date of payment of each impact fee) are due to the current owners of certain specified impact fee paying properties. At this time the County estimates that the interest will be approximately \$1,470,000. This estimate was based on the assumptions that (1) every fee or portion of a fee that will be refunded was paid on January 1 of the fiscal year in which the fee was paid, and (2) the refunds will be paid on January 1, 2013. The actual dates of payment of the fees and the refunds have not yet been determined. Because of the significant reduction on remand of the award of impact fee refunds it is anticipated that the class plaintiffs will file another appeal.

In the opinion of the County Attorney, it is probable that the July 24, 2012 Circuit Court judgment will be affirmed, but the possibility that the loss might exceed \$1,342,360 plus 5% interest from the date of payment of each impact fee as a result of an appeal by the class plaintiffs is remote. The County believes that its position is on solid legal grounds.

On November 14, 2011, four individuals served a new class action complaint on the County seeking refunds of impact fees paid to the County in FYs subsequent to 1996 on grounds that they were not expended or encumbered in a timely manner under the County Code. The County believes that these individuals do not have standing to pursue an assumpsit claim or proceed as representatives of a putative class because they are not the current owners of property on which impact fees were paid subsequent to FY 1996 that are available for refund. At this juncture, however, the likelihood of a loss in any specified amount cannot be characterized as either probable or remote.

The County is a 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, 2012, the County estimates that no material liabilities will result from such audits.

Required Supplementary Information

Year Ended June 30, 2012

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
Employees Retirement Plan:							
January 1,	2010	519,556,093	598,841,131	79,285,038	86.8%	126,030,706	62.9%
	2011	522,165,145	627,269,587	105,104,442	83.2%	123,498,129	85.1%
	2012	516,070,401	653,653,058	137,582,657	79.0%	120,415,534	114.3%
Police Service Retirement Plan:							
January 1,	2010	432,176,036	487,458,733	55,282,697	88.7%	42,499,380	130.1%
	2011	435,891,125	502,001,669	66,110,544	86.8%	42,449,204	155.7%
	2012	430,342,941	526,154,978	95,812,037	81.8%	41,334,580	231.8%
Fire Service Retirement Plan:							
January 1,	2010	418,191,046	455,275,809 ¹	37,084,763	91.9%	49,064,454	75.6%
	2011	425,830,155	464,489,607	38,659,452	91.7%	47,840,812	80.8%
	2012	426,196,539	486,095,747	59,899,208	87.7%	45,673,006	131.1%
Detention Officers' and Deputy Sheriffs' Pension Plan:							
January 1,	2010	84,490,610	111,255,025 ¹	26,764,415	75.9%	20,203,895	132.5%
	2011	87,911,133	119,767,203	31,856,070	73.4%	19,310,216	165.0%
	2012	90,334,022	125,987,284	35,653,262	71.7%	18,760,664	190.0%
State Retirement and Pension System of Maryland (dollar amounts in thousands):							
June 30,	2009	34,284,569	52,729,171	18,444,603	65.0%	10,714,168	172.2%
	2010	34,688,345	54,085,081	19,396,735	64.1%	10,657,944	182.0%
	2011	36,177,656	55,917,543	19,739,887	64.7%	10,478,800	188.4%

Note 1 Revised for increased employee contribution levels negotiated subsequent to initial reporting.

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, 2012

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) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL)	(B - A) Unfunded AAL (UAAL)	(A / B) Funded Ratio	(C) Covered Payroll	(B - A / C) UAAL as a % of Covered Payroll
Primary Government:						
June 30, 2009	\$ -	\$ 1,284,474	\$ 1,284,474	0.0%	\$ 233,637	550%
2010	-	990,107	990,107	0.0%	233,947	423%
2011	-	1,068,536	1,068,536	0.0%	227,115	470%
2012	-	1,187,938	1,187,938	0.0%	215,209	552%
Board of Education:						
June 30, 2009	-	1,054,803	1,054,803	0.0%	577,427	183%
2010	-	1,096,678	1,096,678	0.0%	578,530	190%
2011	-	1,241,299	1,241,299	0.0%	578,559	215%
2012	-	1,304,189	1,304,189	0.0%	572,923	228%
College:						
June 30, 2009	-	65,995	65,995	0.0%	83,530	79%
2010	-	50,843	50,843	0.0%	84,569	60%
2011	-	54,322	54,322	0.0%	87,780	62%
2012	-	60,287	60,897	0.0%	89,955	67%
Library:						
June 30, 2009	-	45,426	45,426	0.0%	10,910	416%
2010	-	32,999	32,999	0.0%	10,540	313%
2011	-	35,741	35,741	0.0%	10,374	345%
2012	-	37,684	37,684	0.0%	9,819	384%

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

General Fund Budget Detail

The General Fund includes the budgets to pay for police and fire protection, maintain roads and plow the snow, operate the detention centers, provide grants to community social service agencies and a host of other activities, including the County's contribution toward the operation of the County schools, community college and library system. The revenue to support the general fund comes primarily from local property and income taxes.

General Fund - Detail Schedule of Revenues

General Fund - Detail Schedule of Appropriations, Expenditures, and Encumbrances

Separately budgeted General Fund component 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.

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.

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

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
GENERAL PROPERTY TAXES				
Real and personal taxes	\$ 563,447,000	\$ 563,447,000	\$ 566,708,317	\$ 3,261,317
Interest and penalties	1,465,000	1,465,000	1,120,830	(344,170)
	<u>564,912,000</u>	<u>564,912,000</u>	<u>567,829,147</u>	<u>2,917,147</u>
LOCAL INCOME TAXES	<u>366,588,200</u>	<u>366,588,200</u>	<u>394,480,856</u>	<u>27,892,656</u>
STATE SHARED TAXES				
Highway user	1,330,000	1,330,000	1,387,397	57,397
Admissions	8,750,000	8,750,000	9,024,945	274,945
Auto-boat	5,000	5,000	1,300	(3,700)
VLT impact aid	500,000	500,000	1,307,252	807,252
	<u>10,585,000</u>	<u>10,585,000</u>	<u>11,720,894</u>	<u>1,135,894</u>
RECORDATION AND TRANSFER TAXES				
Recordation	33,000,000	33,000,000	28,553,925	(4,446,075)
Transfer	32,000,000	32,000,000	30,534,488	(1,465,512)
	<u>65,000,000</u>	<u>65,000,000</u>	<u>59,088,413</u>	<u>(5,911,587)</u>
LOCAL SALES TAXES				
Electricity	5,100,000	5,100,000	4,926,882	(173,118)
Gas	700,000	700,000	673,178	(26,822)
Telephone	5,800,000	5,800,000	6,339,990	539,990
Fuel	50,000	50,000	50,836	836
Hotel-motel	13,800,000	13,800,000	13,683,787	(116,213)
Parking	5,800,000	5,800,000	5,506,338	(293,662)
Trailer park rental pmts	940,000	940,000	921,239	(18,761)
Gross receipt tax - heavy equipment	-	-	155,977	155,977
	<u>32,190,000</u>	<u>32,190,000</u>	<u>32,258,227</u>	<u>68,227</u>

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
LICENSES AND PERMITS				
Amusements	250,000	250,000	195,572	(54,428)
Special events	7,000	7,000	5,450	(1,550)
Beer, wine, liquor	970,000	970,000	1,007,035	37,035
Trade licenses	276,600	276,600	284,518	7,918
Traders	800,000	800,000	832,954	32,954
Permits	9,234,300	9,234,300	8,101,010	(1,133,290)
Fines	57,600	57,600	63,291	5,691
Mobile home parks	33,600	33,600	31,690	(1,910)
Taxicabs	119,000	119,000	118,514	(486)
Animal control	340,000	340,000	358,425	18,425
Other	2,235,500	2,235,500	2,364,471	128,971
Health department	1,068,000	1,068,000	1,012,777	(55,223)
Public space	868,000	868,000	840,065	(27,935)
	<u>16,259,600</u>	<u>16,259,600</u>	<u>15,215,772</u>	<u>(1,043,828)</u>
INVESTMENT INCOME	<u>550,000</u>	<u>550,000</u>	<u>212,484</u>	<u>(337,516)</u>
INTER-FUND RECOVERIES	<u>53,439,700</u>	<u>53,439,700</u>	<u>52,768,005</u>	<u>(671,695)</u>
OTHER REVENUES				
Sale of surplus property	50,000	50,000	-	(50,000)
Health department fees	1,939,200	1,939,200	2,367,202	428,002
Certification of liens	140,000	140,000	121,250	(18,750)
Recreation and parks	10,818,000	10,818,000	10,261,761	(556,239)
Developers fees - street lighting	50,000	50,000	68,852	18,852
Sheriff	90,000	90,000	78,482	(11,518)
Sub-division	1,000,000	1,000,000	1,387,768	387,768
Administrative fees	6,770,000	6,770,000	6,397,581	(372,419)
Rental income	925,000	925,000	1,030,349	105,349
Cable fees	8,500,000	8,500,000	9,550,069	1,050,069
Reimbursements	11,775,800	11,775,800	11,695,333	(80,467)
Fines and fees	805,000	805,000	923,822	118,822
Miscellaneous	8,173,200	8,173,200	11,069,909	2,896,709
	<u>51,036,200</u>	<u>51,036,200</u>	<u>54,952,378</u>	<u>3,916,178</u>
Total revenues	<u>\$ 1,160,560,700</u>	<u>\$ 1,160,560,700</u>	<u>\$ 1,188,526,176</u>	<u>\$ 27,965,476</u>

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)	
EDUCATION					
Board of Education	\$ 609,972,000	\$ 609,972,000	\$ 609,382,939	\$ 589,061	
Community College	33,051,600	33,051,600	33,031,455	20,145	
	<u>643,023,600</u>	<u>643,023,600</u>	<u>642,414,394</u>	<u>609,206</u>	
PUBLIC SAFETY					
Police	99,558,600	99,608,600	98,918,075	690,525	
Fire	92,078,300	92,503,300	92,502,046	1,254	
Detention Facilities	40,620,700	40,520,700	39,062,067	1,458,633	
	<u>232,257,600</u>	<u>232,632,600</u>	<u>230,482,188</u>	<u>2,150,412</u>	
GENERAL GOVERNMENT					
County Executive	3,524,100	3,524,100	3,418,248	105,852	
Chief Administrative Officer	9,262,600	6,157,600	1,474,924	4,682,676	*
Office of Budget	883,300	883,300	844,066	39,234	
Office of Finance	7,084,800	7,084,800	6,980,816	103,984	
Office of Finance (non departmental)	39,359,900	39,309,900	39,132,470	177,430	**
Mandated Transfers	4,250,000	4,250,000	4,152,855	97,145	**
Central Services	17,393,500	17,393,500	17,316,774	76,726	
Personnel	5,605,100	5,905,100	5,672,412	232,688	
Information Technology	13,974,100	13,974,100	13,909,405	64,695	
Law	3,484,800	3,484,800	3,463,679	21,121	
Legislative Branch	3,257,100	3,257,100	3,122,971	134,129	
Ethics Commission	163,300	168,300	172,410	(4,110)	
Board of Election Supervisors	3,198,300	3,198,300	3,071,285	127,015	
	<u>111,440,900</u>	<u>108,590,900</u>	<u>102,732,315</u>	<u>5,858,585</u>	
HEALTH AND HUMAN SERVICES					
Health	30,129,000	30,129,000	30,127,075	1,925	
Social Services	4,699,300	4,699,300	4,325,295	374,005	
Services for the Aging	7,446,200	7,596,200	7,532,339	63,861	
Other Grants	1,317,000	1,317,000	1,304,500	12,500	*
	<u>43,591,500</u>	<u>43,741,500</u>	<u>43,289,209</u>	<u>452,291</u>	
PUBLIC WORKS					
	<u>33,545,700</u>	<u>35,395,700</u>	<u>35,342,198</u>	<u>53,502</u>	
RECREATION AND COMMUNITY SERVICES					
Recreation and Parks	22,393,800	22,393,800	22,108,362	285,438	
Public Library System	14,678,500	14,678,500	14,678,500	-	
	<u>37,072,300</u>	<u>37,072,300</u>	<u>36,786,862</u>	<u>285,438</u>	

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
JUDICIAL				
States Attorney	8,577,000	8,652,000	8,582,994	69,006
Sheriffs Office	7,362,700	7,362,700	7,040,434	322,266
Circuit Court	4,422,500	4,622,500	4,538,653	83,847
Orphans Court	118,900	118,900	120,222	(1,322)
Total Judicial	<u>20,481,100</u>	<u>20,756,100</u>	<u>20,282,303</u>	<u>473,797</u>
LAND USE AND DEVELOPMENT				
Planning and Zoning	7,802,000	7,802,000	7,709,032	92,968
Office of Administrative Hearings	246,400	246,400	248,193	(1,793)
Cooperative Extension Service	223,800	223,800	223,586	214
	<u>8,272,200</u>	<u>8,272,200</u>	<u>8,180,811</u>	<u>91,389</u>
CODE ENFORCEMENT				
Inspections and Permits	10,709,100	10,959,100	10,912,664	46,436
Board of License Commissioners	645,100	645,100	597,464	47,636
	<u>11,354,200</u>	<u>11,604,200</u>	<u>11,510,128</u>	<u>94,072</u>
DEBT SERVICE				
	<u>45,185,100</u>	<u>45,135,100</u>	<u>44,718,483</u>	<u>416,617</u> **
Total expenditures and encumbrances \$	<u><u>1,186,224,200</u></u>	<u><u>1,186,224,200</u></u>	<u><u>1,175,738,891</u></u>	<u><u>10,485,309</u></u>

* Chief Administrative Office and Other Grants are broken out on this statement but combined on the legally adopted budget.

**Office of Finance (Non Departmental), Mandated Transfers and Debt Service are broken out on this statement but combined on the legally adopted budget.

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

General Fund - Separately Budgeted Components

Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance
COUNTY PARKING GARAGE				
Revenues				
Parking fees	\$ 550,300	\$ 550,300	\$ 553,539	\$ 3,239
Other	-	-	1,220	1,220
	<u>550,300</u>	<u>550,300</u>	<u>554,759</u>	<u>4,459</u>
Expenditures				
General government	420,500	420,500	407,030	(13,470)
Revenues over (under) expenditures	129,800	129,800	147,729	\$ <u>17,929</u>
Fund balance, budgetary, July 1	<u>2,437</u>	<u>2,437</u>	<u>2,437</u>	
Fund balance, budgetary, June 30	\$ <u><u>132,237</u></u>	\$ <u><u>132,237</u></u>	\$ <u><u>150,166</u></u>	
PINEY ORCHARD WASTEWATER SERVICE				
Revenues				
Commissions and fees	\$ <u>1,000,000</u>	\$ <u>1,000,000</u>	\$ <u>927,634</u>	\$ <u>(72,366)</u>
Expenditures				
Public works	<u>1,000,000</u>	<u>1,000,000</u>	<u>927,634</u>	<u>(72,366)</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>	
INMATE BENEFIT AND MORALE				
Revenues				
Commissary sales	\$ 800,000	\$ 800,000	\$ 650,007	\$ (149,993)
Commissions and fees	245,000	245,000	331,716	86,716
Investment income	500	500	1,625	1,125
Other	-	-	87,953	87,953
	<u>1,045,500</u>	<u>1,045,500</u>	<u>1,071,301</u>	<u>25,801</u>
Expenditures				
Commissary purchases	730,000	730,000	737,386	7,386
Inmate benefits/morale	272,500	272,500	263,666	(8,834)
	<u>1,002,500</u>	<u>1,002,500</u>	<u>1,001,052</u>	<u>(1,448)</u>
Revenues over (under) expenditures	43,000	43,000	70,249	\$ <u>27,249</u>
Fund balance, budgetary, July 1	<u>467,001</u>	<u>467,001</u>	<u>467,001</u>	
Fund balance, budgetary, June 30	\$ <u><u>510,001</u></u>	\$ <u><u>510,001</u></u>	\$ <u><u>537,250</u></u>	

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

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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

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.

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.

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.

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.

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.

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.

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.

Capital Projects Funds

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.

Nonmajor Governmental Funds (continued)

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.

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.

National Business Park North Tax Increment – This fund accumulates the incremental property tax revenues related to the National Business Park North Development District, created in 2011. The funds are being used to pay the debt service costs on debt issued to provide improvements within the district.

Village South at Waugh Chapel Tax Increment – This fund accumulates the incremental property tax revenues related to the Village South at Waugh Chapel Development District, created in 2011. The funds are being used to pay the debt service costs on debt issued to provide 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, 2012

	Special Revenue Funds				
	Forfeiture and Asset Seizure Team	Road and Special Benefits Districts	AA County Partnership for CYF	Reforestation	Laurel Racetrack Community Benefit
ASSETS					
Cash and investments	\$ 880,002	\$ 139,692	\$ 387,764	\$ 12,183,950	\$ 24,310
Receivables					
Due from other governmental agencies (net of allowances)	-	-	128,641	-	-
Other, net	95,500	15,771	-	-	-
Total assets	<u>\$ 975,502</u>	<u>\$ 155,463</u>	<u>\$ 516,405</u>	<u>\$ 12,183,950</u>	<u>\$ 24,310</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 18,953	\$ 47,164	\$ 298,837	\$ 8,833	\$ -
Due to General Fund	-	-	-	-	-
Escrow and other deposits	-	-	-	5,351,462	-
Deferred revenue	-	-	74,955	-	-
Total liabilities	<u>18,953</u>	<u>47,164</u>	<u>373,792</u>	<u>5,360,295</u>	<u>-</u>
FUND BALANCES					
Restricted	956,549	-	142,613	6,823,655	24,310
Committed	-	108,299	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>956,549</u>	<u>108,299</u>	<u>142,613</u>	<u>6,823,655</u>	<u>24,310</u>
Total liabilities and fund balances	<u>\$ 975,502</u>	<u>\$ 155,463</u>	<u>\$ 516,405</u>	<u>\$ 12,183,950</u>	<u>\$ 24,310</u>

Special Revenue Funds

Workforce Development	Arundel Community Development Services	Grants	Circuit Court	Park Place Tax Increment	Street Light	Erosion Districts
\$ -	\$ -	\$ 483,950	\$ 238,364	\$ 2,063	\$ 2,952,014	\$ 693,451
-	2,523,490	6,949,671	-	-	-	-
<u>117,520</u>	<u>-</u>	<u>146,674</u>	<u>10,353</u>	<u>-</u>	<u>-</u>	<u>1,383</u>
\$ <u>117,520</u>	\$ <u>2,523,490</u>	\$ <u>7,580,295</u>	\$ <u>248,717</u>	\$ <u>2,063</u>	\$ <u>2,952,014</u>	\$ <u>694,834</u>
\$ -	\$ 1,882,391	\$ 1,386,149	\$ -	\$ 2,063	\$ 170,160	\$ 28,966
67,567	641,099	4,881,806	-	-	-	-
-	-	-	170,663	-	-	-
<u>49,953</u>	<u>-</u>	<u>3,323,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>117,520</u>	<u>2,523,490</u>	<u>9,591,193</u>	<u>170,663</u>	<u>2,063</u>	<u>170,160</u>	<u>28,966</u>
-	-	1,314,730	78,054	-	-	-
-	-	-	-	-	-	665,868
-	-	-	-	-	2,781,854	-
<u>-</u>	<u>-</u>	<u>(3,325,628)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>(2,010,898)</u>	<u>78,054</u>	<u>-</u>	<u>2,781,854</u>	<u>665,868</u>
\$ <u>117,520</u>	\$ <u>2,523,490</u>	\$ <u>7,580,295</u>	\$ <u>248,717</u>	\$ <u>2,063</u>	\$ <u>2,952,014</u>	\$ <u>694,834</u>

(continued)

Anne Arundel County, Maryland

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2012

	Capital Projects Funds			Debt Service Funds	
	Storm Drain Fees	Recreational Land Fees	Bond Premium	Nursery Road Tax Increment	West County Tax Increment
ASSETS					
Cash and investments	\$ 436,368	\$ 196,554	\$ 15,708,764	\$ -	\$ 215
Receivables					
Due from other governmental agencies (net of allowances)	-	-	-	-	-
Other, net	-	-	-	-	-
Total assets	<u>\$ 436,368</u>	<u>\$ 196,554</u>	<u>\$ 15,708,764</u>	<u>\$ -</u>	<u>\$ 215</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 215
Due to General Fund	-	-	-	-	-
Escrow and other deposits	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>215</u>
FUND BALANCES					
Restricted	-	-	15,708,764	-	-
Committed	436,368	196,554	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>436,368</u>	<u>196,554</u>	<u>15,708,764</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 436,368</u>	<u>\$ 196,554</u>	<u>\$ 15,708,764</u>	<u>\$ -</u>	<u>\$ 215</u>

Debt Service Funds

Arundel Mills Tax Increment	Parole Tax Increment	NBP North Tax Increment	Village South Tax Increment	Special Taxing Districts	Installment Purchase Agreements	Totals
\$ 185	\$ -	\$ 329,239	\$ 591,531	\$ 642,532	\$ 9,082,760	\$ 44,973,708
-	-	-	-	-	-	9,601,802
-	-	-	-	655	-	387,856
<u>\$ 185</u>	<u>\$ -</u>	<u>\$ 329,239</u>	<u>\$ 591,531</u>	<u>\$ 643,187</u>	<u>\$ 9,082,760</u>	<u>\$ 54,963,366</u>
\$ 185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,843,916
-	-	-	-	-	-	5,590,472
-	-	-	-	-	-	5,522,125
-	-	-	-	-	-	3,448,146
<u>185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,404,659</u>
-	-	329,239	591,531	643,187	-	26,612,632
-	-	-	-	-	-	1,407,089
-	-	-	-	-	9,082,760	11,864,614
-	-	-	-	-	-	(3,325,628)
-	-	329,239	591,531	643,187	9,082,760	36,558,707
<u>\$ 185</u>	<u>\$ -</u>	<u>\$ 329,239</u>	<u>\$ 591,531</u>	<u>\$ 643,187</u>	<u>\$ 9,082,760</u>	<u>\$ 54,963,366</u>

Anne Arundel County, Maryland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2012

	Special Revenue Funds				
	Forfeiture and Asset Seizure Team	Road and Special Benefits Districts	AA County Partnership for CYF	Reforestation	Laurel Racetrack Community Benefit
REVENUES					
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and aid	-	-	1,529,764	-	-
Seized / forfeited funds	199,225	-	-	-	-
Special community benefit taxes	-	6,037,079	-	-	-
Fees and commissions	-	-	-	868,385	-
Investment income	2,231	-	537	-	1,155
Other	-	-	-	-	-
Total revenues	<u>201,456</u>	<u>6,037,079</u>	<u>1,530,301</u>	<u>868,385</u>	<u>1,155</u>
EXPENDITURES					
Current					
Public safety	163,935	-	-	-	-
General government	-	-	-	-	-
Health and human services	-	-	1,578,416	-	-
Public works	-	-	-	-	-
Recreation and community services	-	6,063,928	-	-	743,100
Judicial	-	-	-	-	-
Code enforcement	-	-	-	-	-
Land use and development	-	-	-	700,507	-
Debt service					
Interest payments on debt	-	-	-	-	-
Principal payments on debt	-	-	-	-	-
Total expenditures	<u>163,935</u>	<u>6,063,928</u>	<u>1,578,416</u>	<u>700,507</u>	<u>743,100</u>
Revenues over (under) expenditures	<u>37,521</u>	<u>(26,849)</u>	<u>(48,115)</u>	<u>167,878</u>	<u>(741,945)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	-	-	-	-	-
Erosion Districts Fund	-	-	-	-	-
Special Taxing Districts Fund	-	-	-	-	-
Transfers out					
General Fund	-	-	-	-	-
General County Capital Projects Fund	-	-	-	(1,110,361)	-
Erosion Districts Fund	-	-	-	-	-
Special Taxing Districts Fund	-	-	-	-	-
Premiums from sale of bonds	-	-	-	-	-
Transfers to internal service fund	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,110,361)</u>	<u>-</u>
Net change in fund balances	37,521	(26,849)	(48,115)	(942,483)	(741,945)
Fund balances, July 1	919,028	135,148	190,728	7,766,138	766,255
Fund balances, June 30	<u>\$ 956,549</u>	<u>\$ 108,299</u>	<u>\$ 142,613</u>	<u>\$ 6,823,655</u>	<u>\$ 24,310</u>

Special Revenue Funds

Workforce Development	Arundel Community Development Services	Grants	Circuit Court	Park Place Tax Increment	Street Light	Erosion Districts
\$ -	\$ -	\$ -	\$ -	\$ 1,044,872	\$ -	\$ -
1,548,301	7,513,014	29,110,954	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	250,695
-	-	-	-	-	857,199	-
-	-	-	-	2,063	-	-
-	-	1,180,867	165,389	-	-	-
<u>1,548,301</u>	<u>7,513,014</u>	<u>30,291,821</u>	<u>165,389</u>	<u>1,046,935</u>	<u>857,199</u>	<u>250,695</u>
-	-	3,557,016	-	-	-	-
-	-	556,721	-	1,046,935	-	-
1,548,301	-	23,919,950	-	-	-	-
-	-	-	-	-	105,444	466,121
-	7,783,014	14,570	-	-	-	-
-	-	2,287,279	148,136	-	-	-
-	-	28,774	-	-	-	-
-	-	524,552	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,548,301</u>	<u>7,783,014</u>	<u>30,888,862</u>	<u>148,136</u>	<u>1,046,935</u>	<u>105,444</u>	<u>466,121</u>
-	(270,000)	(597,041)	17,253	-	751,755	(215,426)
-	270,000	923,420	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	40
-	-	-	-	-	(300,000)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(11,910)
-	-	-	-	-	-	-
-	<u>270,000</u>	<u>923,420</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>(11,870)</u>
-	-	326,379	17,253	-	451,755	(227,296)
-	-	(2,337,277)	60,801	-	2,330,099	893,164
\$ <u>-</u>	\$ <u>-</u>	\$ <u>(2,010,898)</u>	\$ <u>78,054</u>	\$ <u>-</u>	\$ <u>2,781,854</u>	\$ <u>665,868</u>

(continued)

Anne Arundel County, Maryland

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

Nonmajor Governmental Funds

Year Ended June 30, 2012

	Capital Projects Funds			Debt Service Funds	
	Storm Drain Fees	Recreation Land Fees	Bond Premium	Nursery Road Tax Increment	West County Tax Increment
REVENUES					
General property taxes	\$ -	\$ -	\$ -	\$ 4,674,816	\$ 5,022,987
Grants and aid	-	-	-	-	-
Seized / forfeited funds	-	-	-	-	-
Special community benefit taxes	-	-	-	-	-
Other fees and commissions	339,641	45,807	-	-	-
Investment income	-	-	-	10,158	7,757
Other	-	-	-	-	-
Total revenues	<u>339,641</u>	<u>45,807</u>	<u>-</u>	<u>4,684,974</u>	<u>5,030,744</u>
EXPENDITURES					
Current					
Public safety	-	-	-	-	-
General government	-	-	953,446	3,640	8,125
Health and human services	-	-	-	-	-
Public works	-	-	-	-	-
Recreation and community services	-	-	-	-	-
Judicial	-	-	-	-	-
Code enforcement	-	-	-	-	-
Land use and development	-	-	-	-	-
Debt service					
Interest payments on debt	-	-	-	92,636	733,062
Principal payments on debt	-	-	-	80,000	415,000
Total expenditures	<u>-</u>	<u>-</u>	<u>953,446</u>	<u>176,276</u>	<u>1,156,187</u>
Revenues over (under) expenditures	<u>339,641</u>	<u>45,807</u>	<u>(953,446)</u>	<u>4,508,698</u>	<u>3,874,557</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	-	-	-	-	-
Erosion Districts Fund	-	-	-	-	-
Special Taxing Districts Fund	-	-	-	-	-
Transfers out					
General Fund	-	-	(1,812,900)	(4,508,698)	(3,874,557)
General County Capital Projects Fund	(280,000)	(404,722)	(6,290,000)	-	-
Erosion Districts Fund	-	-	-	-	-
Special Taxing Districts Fund	-	-	-	-	-
Premiums from sale of bonds	-	-	16,033,426	-	-
Garage Replacement Fund	-	-	(460,000)	-	-
Total other financing sources (uses)	<u>(280,000)</u>	<u>(404,722)</u>	<u>7,470,526</u>	<u>(4,508,698)</u>	<u>(3,874,557)</u>
Change in fund balances	59,641	(358,915)	6,517,080	-	-
Fund balances, July 1	376,727	555,469	9,191,684	-	-
Fund balances, June 30	\$ <u>436,368</u>	\$ <u>196,554</u>	\$ <u>15,708,764</u>	\$ <u>-</u>	\$ <u>-</u>

Debt Service Funds

Arundel Mills Tax Increment	Parole Tax Increment	NBP North Tax Increment	Village South Tax Increment	Special Taxing Districts	Installment Purchase Agreements	Totals
\$ 4,843,477	\$ 11,697,028	\$ 315,334	\$ 280,235	\$ -	\$ -	\$ 27,878,749
-	-	-	-	-	-	39,702,033
-	-	-	-	-	-	199,225
-	-	-	-	457,091	-	6,744,865
4,943	23,225	366	1,345	-	-	2,111,032
-	-	-	-	-	2,561,662	2,615,442
-	-	-	-	-	-	1,346,256
<u>4,848,420</u>	<u>11,720,253</u>	<u>315,700</u>	<u>281,580</u>	<u>457,091</u>	<u>2,561,662</u>	<u>80,597,602</u>
-	-	-	-	-	-	3,720,951
9,277	5,200	-	-	-	-	2,583,344
-	-	-	-	-	-	27,046,667
-	-	-	-	-	-	571,565
-	-	-	-	224,518	-	14,829,130
-	-	-	-	-	-	2,435,415
-	-	-	-	-	-	28,774
-	-	-	-	-	-	1,225,059
1,480,619	75,625	-	-	-	723,578	3,105,520
<u>705,000</u>	<u>975,000</u>	<u>-</u>	<u>-</u>	<u>269,565</u>	<u>20,000</u>	<u>2,464,565</u>
<u>2,194,896</u>	<u>1,055,825</u>	<u>-</u>	<u>-</u>	<u>494,083</u>	<u>743,578</u>	<u>58,010,990</u>
<u>2,653,524</u>	<u>10,664,428</u>	<u>315,700</u>	<u>281,580</u>	<u>(36,992)</u>	<u>1,818,084</u>	<u>22,586,612</u>
-	-	-	-	-	1,429,000	2,622,420
-	-	-	-	11,910	-	11,910
-	-	-	-	-	-	40
(2,653,524)	(10,767,148)	-	-	-	-	(23,916,827)
-	-	-	-	-	-	(8,085,083)
-	-	-	-	(40)	-	(40)
-	-	-	-	-	-	(11,910)
-	-	-	-	-	-	16,033,426
-	-	-	-	-	-	(460,000)
<u>(2,653,524)</u>	<u>(10,767,148)</u>	<u>-</u>	<u>-</u>	<u>11,870</u>	<u>1,429,000</u>	<u>(13,806,064)</u>
-	(102,720)	315,700	281,580	(25,122)	3,247,084	8,780,548
-	102,720	13,539	309,951	668,309	5,835,676	27,778,159
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329,239</u>	<u>\$ 591,531</u>	<u>\$ 643,187</u>	<u>\$ 9,082,760</u>	<u>\$ 36,558,707</u>

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

Special Revenue Funds

Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
FORFEITURE AND ASSET SEIZURE TEAM				
Revenues				
Seized and forfeited funds	\$ 191,000	\$ 191,000	\$ 199,225	\$ 8,225
Investment income			2,231	2,231
	<u>191,000</u>	<u>191,000</u>	<u>201,456</u>	<u>10,456</u>
Expenditures				
Public safety	<u>191,000</u>	<u>191,000</u>	<u>183,780</u>	<u>7,220</u>
Revenues over (under) expenditures	-	-	17,676	<u>\$ 17,676</u>
Fund balance, budgetary, July 1	<u>919,028</u>	<u>919,028</u>	<u>919,028</u>	
Fund balance, budgetary, June 30	\$ <u>919,028</u>	\$ <u>919,028</u>	\$ <u>936,704</u>	
ROADS AND SPECIAL BENEFITS				
Revenues				
Special community benefit taxes	\$ <u>6,040,059</u>	\$ <u>6,040,059</u>	\$ <u>6,037,079</u>	\$ <u>(2,980)</u>
Expenditures				
Recreation and community services	<u>8,922,863</u>	<u>8,922,863</u>	<u>6,063,928</u>	<u>2,858,935</u>
Revenues over (under) expenditures	(2,882,804)	(2,882,804)	(26,849)	<u>\$ 2,855,955</u>
Fund balance, budgetary, July 1	<u>135,148</u>	<u>135,148</u>	<u>135,148</u>	
Fund balance, budgetary, June 30	\$ <u>(2,747,656)</u>	\$ <u>(2,747,656)</u>	\$ <u>108,299</u>	
ANNE ARUNDEL COUNTY PARTNERSHIP FOR CHILDREN, YOUTH & FAMILIES				
Revenues				
Grants and aid	\$ 1,587,100	\$ 1,587,100	\$ 1,529,764	\$ (57,336)
Investment income	-	-	537	537
	<u>1,587,100</u>	<u>1,587,100</u>	<u>1,530,301</u>	<u>(56,799)</u>
Expenditures				
Health and human services	<u>1,701,000</u>	<u>1,701,000</u>	<u>1,578,416</u>	<u>122,584</u>
Revenues over (under) expenditures	(113,900)	(113,900)	(48,115)	<u>\$ 65,785</u>
Fund balance, budgetary, July 1	<u>190,728</u>	<u>190,728</u>	<u>190,728</u>	
Fund balance, budgetary, June 30	\$ <u>76,828</u>	\$ <u>76,828</u>	\$ <u>142,613</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, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REFORESTATION				
Revenues				
Commissions and fees	\$ 1,350,000	\$ 1,350,000	\$ 868,385	\$ (481,615)
Expenditures				
Land use and development	3,604,400	3,604,400	1,781,052	1,823,348
Revenues over (under) expenditures	(2,254,400)	(2,254,400)	(912,667)	\$ 1,341,733
Fund balance, budgetary, July 1 (as restated)	7,766,138	7,766,138	7,766,138	
Fund balance, budgetary, June 30	\$ 5,511,738	\$ 5,511,738	\$ 6,853,471	
LAUREL RACETRACK COMMUNITY BENEFIT				
Revenues				
Fees and commissions	\$ 125,000	\$ 125,000	\$ -	\$ (125,000)
Other	-	-	1,155	1,155
	125,000	125,000	1,155	(123,845)
Expenditures				
Recreation and community services	743,100	743,100	743,100	-
Revenues over (under) expenditures	(618,100)	(618,100)	(741,945)	\$ (123,845)
Fund balance, budgetary, July 1	766,255	766,255	766,255	
Fund balance, budgetary, June 30	\$ 148,155	\$ 148,155	\$ 24,310	
WORKFORCE DEVELOPMENT				
Revenues				
Grants and aid	\$ 1,200,000	\$ 1,600,000	\$ 1,548,301	\$ (51,699)
Expenditures				
Health and human services	1,200,000	1,600,000	1,548,301	51,699
Revenues over (under) expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	

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

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

Special Revenue Funds

Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
ARUNDEL COMMUNITY DEVELOPMENT SERVICES				
Revenues				
Grants and aid	\$ 5,893,900	\$ 6,195,600	\$ 5,962,949	\$ (232,651)
Expenditures				
Recreation and community services	5,893,900	6,195,600	5,962,949	232,651
Revenues over (under) expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	
GRANTS				
Revenues				
Grants and aid	\$ 31,438,100	\$ 35,205,890	\$ 29,175,947	\$ (6,029,943)
Fees, General Fund contributions and other	2,181,300	2,181,300	2,294,168	112,868
	<u>33,619,400</u>	<u>37,387,190</u>	<u>31,470,115</u>	<u>(5,917,075)</u>
Expenditures				
Public safety	4,680,900	6,099,700	3,556,540	2,543,160
General government	636,600	982,400	556,721	425,679
Health and human services	25,029,000	26,770,090	24,181,002	2,589,088
Recreation and community services	15,000	33,300	14,570	18,730
Judicial	2,624,200	2,694,000	2,289,808	404,192
Land use and development	833,700	972,700	658,634	314,066
Code enforcement	-	35,000	28,774	6,226
	<u>33,819,400</u>	<u>37,587,190</u>	<u>31,286,049</u>	<u>6,301,141</u>
Revenues over (under) expenditures	(200,000)	(200,000)	184,066	\$ <u>384,066</u>
Fund balance, budgetary, July 1	<u>(2,337,277)</u>	<u>(2,337,277)</u>	<u>(2,337,277)</u>	
Fund balance, budgetary, June 30	\$ <u>(2,537,277)</u>	\$ <u>(2,537,277)</u>	\$ <u>(2,153,211)</u>	
CIRCUIT COURT				
Revenues				
Bond Forfeited Funds	\$ 181,000	\$ 181,000	\$ 165,389	\$ (15,611)
Expenditures				
Circuit Court	181,000	181,000	148,136	32,864
Revenues over (under) expenditures	-	-	17,253	\$ <u>17,253</u>
Fund balance, budgetary, July 1	60,801	60,801	60,801	
Fund balance, budgetary, June 30	\$ <u>60,801</u>	\$ <u>60,801</u>	\$ <u>78,054</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, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
PARK PLACE TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 1,097,000	\$ 1,097,000	\$ 1,044,872	\$ (52,128)
Investment income	3,000	3,000	2,063	(937)
	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,046,935</u>	<u>(53,065)</u>
Expenditures				
Other	1,100,000	1,100,000	1,046,935	53,065
Revenues over (under) expenditures	-	-	-	<u>\$ -</u>
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	
STREET LIGHT				
Revenues				
Developer fees	\$ 1,000,000	\$ 1,000,000	\$ 857,199	\$ (142,801)
Other	-	-	339	339
	<u>1,000,000</u>	<u>1,000,000</u>	<u>857,538</u>	<u>(142,462)</u>
Expenditures				
Public works	1,300,000	1,300,000	829,217	470,783
Revenues over (under) expenditures	(300,000)	(300,000)	28,321	<u>\$ 328,321</u>
Fund balance, budgetary, July 1	355,288	355,288	355,288	
Fund balance, budgetary, June 30	\$ 55,288	\$ 55,288	\$ 383,609	
EROSION DISTRICTS				
Revenues				
Special community benefit taxes	\$ 246,393	\$ 246,393	\$ 250,695	\$ 4,302
Expenditures				
Capital outlay	765,418	765,418	466,121	299,297
Revenues over (under) expenditures	(519,025)	(519,025)	(215,426)	<u>\$ 303,599</u>
Fund balance, budgetary, July 1 (as restated)	881,294	881,294	881,294	
Fund balance, budgetary, June 30	\$ 362,269	\$ 362,269	\$ 665,868	

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)

Erosion Districts Fund

Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Cedarhurst	\$ 55,920	\$ 55,920	\$ 56,858	\$ 938
Columbia Beach	42,084	42,084	42,366	282
Franklin Manor	50,440	50,440	51,025	585
Idlewilde	-	-	-	-
Riviera Beach	97,949	97,949	100,446	2,497
Total revenues	<u>\$ 246,393</u>	<u>\$ 246,393</u>	<u>\$ 250,695</u>	<u>\$ 4,302</u>
EXPENDITURES				
Cedarhurst	\$ 90,020	\$ 90,020	\$ 45,756	\$ 44,264
Columbia Beach	252,158	252,158	104,600	147,558
Franklin Manor	163,240	163,240	157,209	6,031
Idlewilde	21,000	21,000	-	21,000
Riviera Beach	239,000	239,000	158,556	80,444
Total expenditures	<u>\$ 765,418</u>	<u>\$ 765,418</u>	<u>\$ 466,121</u>	<u>\$ 299,297</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, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Amberly	\$ 10,001	\$ 10,001	\$ 10,001	\$ -
Annapolis Roads - Roads	336,609	336,609	333,516	(3,093)
Arundel on the Bay-Special Benefits	137,600	137,600	138,766	1,166
Avalon Shores - Special Benefits	29,851	29,851	29,799	(52)
Bay Highlands - Roads	64,800	64,800	66,209	1,409
Bay Ridge - Special Officer	242,102	242,102	241,582	(520)
Beverly Beach - Special Benefits	32,375	32,375	32,288	(87)
Bittersweet	8,800	8,800	8,800	-
Cape Anne - Special Benefits	7,550	7,550	7,550	-
Cape St. Claire-Special Benefits	218,215	218,215	218,025	(190)
Capetown	45,300	45,300	45,300	-
Carrolton Manor	80,700	80,700	80,550	(150)
Cedarhurst-Special Benefits	132,810	132,810	135,036	2,226
Chartwell-Special Benefits	44,286	44,286	44,286	-
Columbia Beach - Roads	87,475	87,475	88,062	587
Crofton - Special Benefits	805,000	805,000	811,234	6,234
Deale Beach - Special Benefits	7,320	7,320	7,320	-
Eden Woods - Special Benefits	4,800	4,800	4,800	-
Epping Forest - Special Benefits	261,840	261,840	236,938	(24,902)
Fairhaven Cliffs - Special Benefits	4,200	4,200	4,200	-
Felicity Cove - Special Benefits	11,726	11,726	11,726	-
Franklin Manor - Special Benefits	50,440	50,440	51,025	585
Gibson Island - Roads	304,800	304,800	307,454	2,654
Greenbriar Gardens	9,095	9,095	9,095	-
Greenbriar II	21,000	21,000	21,000	-
Heritage Pool	38,380	38,380	38,760	380
Hillsmere Estates - Roads	216,332	216,332	219,065	2,733
Holland Point - Special Officer	-	-	(1)	(1)
Homewood	8,000	8,000	8,200	200
Hunters Harbor - Roads	16,200	16,200	16,200	-
Idlewild	9,775	9,775	9,775	-
Indian Hills (Winchester)-Special Benefits	92,400	92,400	92,471	71
Little Magothy River	35,700	35,700	35,700	-
Long Point on the Severn - Roads	13,750	13,750	13,750	-
Magothy Beach	4,000	4,000	3,975	(25)
Magothy Forge	4,713	4,713	4,713	-
Manhattan Beach - Roads	92,700	92,700	92,550	(150)
Owings Beach - Roads	8,385	8,385	8,340	(45)
Owings Cliffs	1,900	1,900	1,850	(50)
Oyster Harbor - Roads	333,440	333,440	337,768	4,328
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	45,458	45,458	45,459	1
Provinces - Special Benefits	10,548	10,548	10,584	36
Queen's Park - Special Benefits	35,818	35,818	35,898	80
Rockview Beach / Riviera Isles	9,602	9,602	9,602	-
Selby on the Bay - Roads	77,580	77,580	77,580	-
Severn Grove	7,263	7,263	7,074	(189)
Severndale - Special Benefits	6,549	6,549	6,549	-
Sherwood Forest - Special Benefits	1,228,760	1,228,760	1,228,760	-
Shoreham Beach - Roads	38,640	38,640	38,640	-
South River Heights - Roads	12,158	12,158	12,159	1
South River Manor-Special Benefits	4,500	4,500	4,500	-
South River Park - Roads	33,900	33,900	33,900	-
Steedman Point - Roads	3,750	3,750	3,750	-
Stone Haven	3,954	3,954	3,953	(1)
Sylvan View on the Magothy	14,527	14,527	14,526	(1)
Upper Magothy Beach	14,750	14,750	14,750	-
Venice Beach - Roads	26,040	26,040	26,063	23
Venice on the Bay	6,090	6,090	6,090	-
Warthen Knolls	42,097	42,097	42,097	-
Wilelinor	22,800	22,800	22,400	(400)
Woodland Beach / Londontowne	499,360	499,360	503,522	4,162
Woodland Beach / Pasadena	6,300	6,300	6,300	-
Total revenues	\$ 6,040,059	\$ 6,040,059	\$ 6,037,079	\$ (2,980)

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, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
Amberly	\$ 39,383	\$ 39,383	\$ 9,916	\$ 29,467
Annapolis Roads - Roads	410,529	410,529	333,534	76,995
Arundel on the Bay-Special Benefits	211,323	211,323	139,100	72,223
Avalon Shores - Special Benefits	70,378	70,378	29,581	40,797
Bay Highlands - Roads	70,900	70,900	64,440	6,460
Bay Ridge - Special Officer	243,453	243,453	241,850	1,603
Beverly Beach - Special Benefits	32,375	32,375	49,112	(16,737)
Bittersweet	8,607	8,607	8,810	(203)
Cape Anne - Special Benefits	10,050	10,050	7,589	2,461
Cape St. Claire-Special Benefits	267,943	267,943	214,531	53,412
Capetown	45,300	45,300	45,286	14
Carrolton Manor	111,257	111,257	79,712	31,545
Cedarhurst-Special Benefits	137,410	137,410	132,025	5,385
Chartwell-Special Benefits	91,111	91,111	44,300	46,811
Columbia Beach - Roads	93,737	93,737	86,730	7,007
Crofton - Special Benefits	1,333,167	1,333,167	810,020	523,147
Deale Beach - Special Benefits	7,320	7,320	7,230	90
Eden Woods - Special Benefits	16,492	16,492	4,800	11,692
Epping Forest - Special Benefits	617,461	617,461	236,790	380,671
Fairhaven Cliffs - Special Benefits	16,948	16,948	510	16,438
Felicity Cove - Special Benefits	38,187	38,187	11,726	26,461
Franklin Manor - Special Benefits	105,750	105,750	51,000	54,750
Gibson Island - Roads	448,794	448,794	298,000	150,794
Greenbriar Gardens	13,860	13,860	9,095	4,765
Greenbriar II	21,000	21,000	27,388	(6,388)
Heritage Pool	49,362	49,362	38,758	10,604
Hillsmere Estates - Roads	245,450	245,450	218,040	27,410
Holland Point - Special Officer	22,115	22,115	-	22,115
Homewood	8,000	8,000	8,000	-
Hunters Harbor - Roads	18,887	18,887	16,070	2,817
Idlewild	9,789	9,789	9,768	21
Indian Hills (Winchester)-Special Benefits	130,652	130,652	91,995	38,657
Little Magothy River	161,106	161,106	35,705	125,401
Long Point on the Severn - Roads	19,010	19,010	13,517	5,493
Magothy Beach	4,419	4,419	3,990	429
Magothy Forge	5,288	5,288	4,752	536
Manhattan Beach - Roads	92,700	92,700	92,525	175
Owings Beach - Roads	60,467	60,467	6,239	54,228
Owings Cliffs	1,900	1,900	2,030	(130)
Oyster Harbor - Roads	924,537	924,537	334,861	589,676
Parke West-Special Benefits	91,701	91,701	86,300	5,401
Pine Grove Village Special Benefits	18,430	18,430	10,947	7,483
Pines on the Severn	59,005	59,005	45,230	13,775
Provinces - Special Benefits	28,174	28,174	10,537	17,637
Queen's Park - Special Benefits	41,816	41,816	36,126	5,690
Rockview Beach / Riviera Isles	11,399	11,399	9,568	1,831
Selby on the Bay - Roads	222,112	222,112	77,340	144,772
Severn Grove	7,263	7,263	7,099	164
Severndale - Special Benefits	29,024	29,024	6,548	22,476
Sherwood Forest - Special Benefits	1,228,760	1,228,760	1,227,951	809
Shoreham Beach - Roads	39,862	39,862	38,368	1,494
South River Heights - Roads	12,158	12,158	12,094	64
South River Manor-Special Benefits	8,636	8,636	4,343	4,293
South River Park - Roads	40,298	40,298	33,905	6,393
Steedman Point - Roads	9,017	9,017	188	8,829
Stone Haven	3,954	3,954	3,916	38
Sylvan View on the Magothy	20,276	20,276	14,776	5,500
Upper Magothy Beach	27,967	27,967	14,368	13,599
Venice Beach - Roads	78,142	78,142	25,400	52,742
Venice on the Bay	15,171	15,171	6,095	9,076
Warthen Knolls	42,097	42,097	42,089	8
Wilelinor	75,991	75,991	22,400	53,591
Woodland Beach / Londontowne	587,504	587,504	502,700	84,804
Woodland Beach / Pasadena	7,689	7,689	6,315	1,374
Total expenditures	<u>\$ 8,922,863</u>	<u>\$ 8,922,863</u>	<u>\$ 6,063,928</u>	<u>\$ 2,858,935</u>

Anne Arundel County, Maryland

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

General County Capital Projects

Year Ended June 30, 2012

	Total	School Construction	Higher Education	Storm Drains	Recreation
AUTHORIZED PER ORIGINAL BUDGET					
County bonds	\$ 825,895,362	\$ 492,275,141	\$ 26,744,000	\$ 17,437,154	\$ 31,257,176
Grants and aid	306,345,272	188,049,431	12,050,000	410,000	51,516,222
Contributions from other funds	202,008,550	117,674,189	2,790,000	1,946,492	8,920,751
Special fees	133,126,728	46,000	-	-	-
Impact fees	60,699,150	30,411,400	-	-	-
Other sources	25,803,820	6,590,000	-	530,800	3,923,455
Total	<u>\$ 1,553,878,882</u>	<u>\$ 835,046,161</u>	<u>\$ 41,584,000</u>	<u>\$ 20,324,446</u>	<u>\$ 95,617,604</u>
AUTHORIZED PER FINAL BUDGET					
County bonds	\$ 762,408,945	\$ 463,581,640	\$ 26,744,000	\$ 16,112,089	\$ 27,427,476
Grants and aid	284,879,873	182,079,128	12,050,000	410,000	44,655,092
Contributions from other funds	131,647,371	53,538,414	2,790,000	1,063,172	7,056,575
Special fees	135,126,728	46,000	-	-	-
Impact fees	54,876,150	30,411,400	-	-	-
Other sources	21,388,823	6,590,000	-	530,800	3,923,455
Total	1,390,327,890	736,246,582	41,584,000	18,116,061	83,062,598
Less: Completed projects	151,324,179	72,729,000	4,458,000	6,650,849	10,624,627
	<u>1,239,003,711</u>	<u>663,517,582</u>	<u>37,126,000</u>	<u>11,465,212</u>	<u>72,437,971</u>
REALIZED					
Current year					
Bonds and bond anticipation notes	98,900,000	61,680,000	9,760,000	2,120,000	3,245,000
Grants and aid	10,906,037	-	1,275,335	-	1,609,625
Contributions from the general fund	(1,465,000)	(3,173,000)	(164,000)	300,000	(894,000)
Special fees	1,836,529	-	-	-	-
Impact fees	9,515,058	5,913,000	-	-	-
Other sources	8,341,089	6,290,000	-	7,198	1,515,083
Total	128,033,713	70,710,000	10,871,335	2,427,198	5,475,708
Prior years	751,141,386	372,808,259	14,160,912	9,512,735	61,518,311
Total realized funding sources	879,175,099	443,518,259	25,032,247	11,939,933	66,994,019
Less: Completed projects and adjustments	135,445,270	57,984,593	3,397,238	6,646,485	10,614,123
	<u>743,729,829</u>	<u>385,533,666</u>	<u>21,635,009</u>	<u>5,293,448</u>	<u>56,379,896</u>
Funding sources authorized - June 30, 2012	<u>\$ 495,273,882</u>	<u>\$ 277,983,916</u>	<u>\$ 15,490,991</u>	<u>\$ 6,171,764</u>	<u>\$ 16,058,075</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>
\$	1,078,131	\$ 140,406,559	\$ 19,939,200	\$ 30,489,866	\$ 66,268,135
	149,560	13,910,291	8,376,000	16,351,257	15,532,511
	5,201,016	2,473,635	3,024,319	7,109,848	52,868,300
	-	728	-	-	133,080,000
	-	29,537,750	750,000	-	-
	-	5,907,505	-	6,380,047	2,472,013
\$	<u>6,428,707</u>	<u>\$ 192,236,468</u>	<u>\$ 32,089,519</u>	<u>\$ 60,331,018</u>	<u>\$ 270,220,959</u>
\$	1,078,131	\$ 120,684,681	\$ 15,548,690	\$ 28,349,831	\$ 62,882,407
	74,319	13,304,331	1,866,000	16,811,257	13,629,746
	3,474,680	1,259,647	2,776,641	7,038,644	52,649,598
	-	728	-	-	135,080,000
	-	24,464,750	-	-	-
	-	4,408,505	-	3,501,300	2,434,763
	4,627,130	164,122,642	20,191,331	55,701,032	266,676,514
	3,712,756	24,520,865	9,907,143	11,724,836	6,996,103
	914,374	139,601,777	10,284,188	43,976,196	259,680,411
	125,000	14,340,000	1,030,000	2,200,000	4,400,000
	983	3,085,929	1,585,165	1,435,043	1,913,957
	-	57,000	(13,000)	777,000	1,645,000
	-	-	-	-	1,836,529
	-	3,522,225	79,833	-	-
	-	1,235	-	375,968	151,605
	125,983	21,006,389	2,681,998	4,788,011	9,947,091
	4,289,597	80,062,827	14,231,619	28,779,550	165,777,576
	4,415,580	101,069,216	16,913,617	33,567,561	175,724,667
	3,707,015	24,601,776	9,879,931	11,625,955	6,988,154
	708,565	76,467,440	7,033,686	21,941,606	168,736,513
\$	<u>205,809</u>	<u>\$ 63,134,337</u>	<u>\$ 3,250,502</u>	<u>\$ 22,034,590</u>	<u>\$ 90,943,898</u>

Anne Arundel County, Maryland

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

General County Capital Projects

Year Ended June 30, 2012

APPROPRIATIONS	<u>Total</u>	<u>School Construction</u>	<u>Higher Education</u>	<u>Storm Drains</u>
Original Budget	\$ <u>1,553,878,882</u>	\$ <u>835,046,161</u>	\$ <u>41,584,000</u>	\$ <u>20,324,446</u>
Final Budget				
Prior years	\$ 1,219,442,262	\$ 631,103,453	\$ 29,787,000	\$ 15,661,061
Current year	<u>170,885,628</u>	<u>105,143,129</u>	<u>11,797,000</u>	<u>2,455,000</u>
	1,390,327,890	736,246,582	41,584,000	18,116,061
Less: Completed projects	<u>151,324,179</u>	<u>72,729,000</u>	<u>4,458,000</u>	<u>6,650,849</u>
Total appropriations	<u>1,239,003,711</u>	<u>663,517,582</u>	<u>37,126,000</u>	<u>11,465,212</u>
EXPENDITURES AND ENCUMBRANCES				
Prior years expenditures and transfers	692,839,102	368,606,127	15,294,068	9,517,111
Current year expenditures	70,480,365	-	-	2,627,214
Operating transfers	<u>83,146,103</u>	<u>69,195,990</u>	<u>13,950,113</u>	<u>-</u>
	846,465,570	437,802,117	29,244,181	12,144,325
Less: Completed projects	<u>135,361,348</u>	<u>57,984,593</u>	<u>3,397,238</u>	<u>6,646,485</u>
Total	711,104,222	379,817,524	25,846,943	5,497,840
Encumbrances outstanding	<u>34,379,753</u>	<u>-</u>	<u>-</u>	<u>998,905</u>
Total expenditures and encumbrances	<u>745,483,975</u>	<u>379,817,524</u>	<u>25,846,943</u>	<u>6,496,745</u>
Unencumbered appropriations - June 30, 2012	\$ <u>493,519,736</u>	\$ <u>283,700,058</u>	\$ <u>11,279,057</u>	\$ <u>4,968,467</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>95,617,604</u>	\$ <u>6,428,707</u>	\$ <u>192,236,468</u>	\$ <u>32,089,519</u>	\$ <u>60,331,018</u>	\$ <u>270,220,959</u>
\$ 80,506,598	\$ 4,377,130	\$ 135,639,643	\$ 18,537,331	\$ 48,951,032	\$ 254,879,014
<u>2,556,000</u>	<u>250,000</u>	<u>28,482,999</u>	<u>1,654,000</u>	<u>6,750,000</u>	<u>11,797,500</u>
83,062,598	4,627,130	164,122,642	20,191,331	55,701,032	266,676,514
<u>10,624,627</u>	<u>3,712,756</u>	<u>24,520,865</u>	<u>9,907,143</u>	<u>11,724,836</u>	<u>6,996,103</u>
<u>72,437,971</u>	<u>914,374</u>	<u>139,601,777</u>	<u>10,284,188</u>	<u>43,976,196</u>	<u>259,680,411</u>
59,021,729	3,940,458	75,917,995	13,203,969	25,265,042	122,072,603
5,943,386	301,299	23,895,145	3,803,649	4,370,080	29,539,592
-	-	-	-	-	-
64,965,115	4,241,757	99,813,140	17,007,618	29,635,122	151,612,195
<u>10,612,795</u>	<u>3,707,015</u>	<u>24,519,855</u>	<u>9,880,088</u>	<u>11,625,955</u>	<u>6,987,324</u>
54,352,320	534,742	75,293,285	7,127,530	18,009,167	144,624,871
<u>2,363,850</u>	<u>11,110</u>	<u>21,519,520</u>	<u>541,991</u>	<u>5,117,511</u>	<u>3,826,866</u>
<u>56,716,170</u>	<u>545,852</u>	<u>96,812,805</u>	<u>7,669,521</u>	<u>23,126,678</u>	<u>148,451,737</u>
\$ <u>15,721,801</u>	\$ <u>368,522</u>	\$ <u>42,788,972</u>	\$ <u>2,614,667</u>	\$ <u>20,849,518</u>	\$ <u>111,228,674</u>

Anne Arundel County, Maryland

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

Non Major Capital Projects

Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
BOND PREMIUM				
Revenues				
Misc Income - Premium	\$ -	\$ -	\$ 15,079,980	\$ 15,079,980
Expenditures				
Capital expenditures	2,272,900	8,562,900	8,562,900	-
Revenues over (under) expenditures	(2,272,900)	(8,562,900)	6,517,080	\$ 15,079,980
Fund balance, budgetary, July 1	9,191,684	9,191,684	9,191,684	
Fund balance, budgetary, June 30	\$ 6,918,784	\$ 628,784	\$ 15,708,764	

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, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
NURSERY ROAD TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 4,887,600	\$ 4,887,600	\$ 4,674,816	\$ (212,784)
Investment income	10,000	10,000	10,158	158
	<u>4,897,600</u>	<u>4,897,600</u>	<u>4,684,974</u>	<u>(212,626)</u>
Expenditures				
Contractual services	10,000	10,000	3,640	6,360
Interest payments on debt	92,600	92,600	92,636	(36)
Principal payments on debt	80,000	80,000	80,000	-
Other	4,715,000	4,715,000	4,508,698	206,302
	<u>4,897,600</u>	<u>4,897,600</u>	<u>4,684,974</u>	<u>212,626</u>
Revenues over (under) expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	
WEST COUNTY TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 5,201,100	\$ 5,201,100	\$ 5,022,987	\$ (178,113)
Investment income	10,000	10,000	7,757	(2,243)
	<u>5,211,100</u>	<u>5,211,100</u>	<u>5,030,744</u>	<u>(180,356)</u>
Expenditures				
Contractual services	46,000	46,000	8,125	37,875
Interest payments on debt	733,100	733,100	733,062	38
Principal payments on debt	415,000	415,000	415,000	-
Other	4,017,000	4,017,000	3,874,557	142,443
	<u>5,211,100</u>	<u>5,211,100</u>	<u>5,030,744</u>	<u>180,356</u>
Revenues over (under) expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	
ARUNDEL MILLS TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 4,829,600	\$ 4,829,600	\$ 4,843,477	\$ 13,877
Investment income	10,000	10,000	4,943	(5,057)
	<u>4,839,600</u>	<u>4,839,600</u>	<u>4,848,420</u>	<u>8,820</u>
Expenditures				
Contractual services	66,000	66,000	9,277	56,723
Interest payments on debt	1,480,600	1,480,600	1,480,619	(19)
Principal payments on debt	705,000	705,000	705,000	-
Other	2,588,000	2,658,000	2,653,524	4,476
	<u>4,839,600</u>	<u>4,909,600</u>	<u>4,848,420</u>	<u>61,180</u>
Revenues over (under) expenditures	-	(70,000)	-	\$ 70,000
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ (70,000)	\$ -	

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, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
PAROLE TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 12,193,600	\$ 12,193,600	\$ 11,697,028	\$ (496,572)
Investment income	10,000	10,000	23,225	13,225
	<u>12,203,600</u>	<u>12,203,600</u>	<u>11,720,253</u>	<u>(483,347)</u>
Expenditures				
Contractual services	5,000	5,000	5,200	(200)
Interest payments on debt	75,600	75,600	75,625	(25)
Principal payments on debt	975,000	975,000	975,000	-
Other	11,148,000	11,148,000	10,767,148	380,852
	<u>12,203,600</u>	<u>12,203,600</u>	<u>11,822,973</u>	<u>380,627</u>
Revenues over (under) expenditures	-	-	(102,720)	\$ <u>(102,720)</u>
Fund balance, budgetary, July 1	<u>102,720</u>	<u>102,720</u>	<u>102,720</u>	
Fund balance, budgetary, June 30	\$ <u>102,720</u>	\$ <u>102,720</u>	\$ <u>-</u>	
NATIONAL BUSINESS PARK NORTH TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 1,825,000	\$ 1,825,000	\$ 315,334	\$ (1,509,666)
Investment income	11,000	11,000	366	(10,634)
	<u>1,836,000</u>	<u>1,836,000</u>	<u>315,700</u>	<u>(1,520,300)</u>
Expenditures				
Interest payments on debt	1,811,000	1,811,000	-	1,811,000
Other	25,000	25,000	-	25,000
	<u>1,836,000</u>	<u>1,836,000</u>	<u>-</u>	<u>1,836,000</u>
Revenues over (under) expenditures	-	-	315,700	\$ <u>315,700</u>
Fund balance, budgetary, July 1	<u>13,539</u>	<u>13,539</u>	<u>13,539</u>	
Fund balance, budgetary, June 30	\$ <u>13,539</u>	\$ <u>13,539</u>	\$ <u>329,239</u>	
VILLAGE SOUTH AT WAUGH CHAPEL TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 1,046,000	\$ 1,046,000	\$ 280,235	\$ (765,765)
Investment income	10,000	10,000	1,345	(8,655)
	<u>1,056,000</u>	<u>1,056,000</u>	<u>281,580</u>	<u>(774,420)</u>
Expenditures				
Interest payments on debt	1,000,000	1,000,000	-	1,000,000
Other	56,000	56,000	-	56,000
	<u>1,056,000</u>	<u>1,056,000</u>	<u>-</u>	<u>1,056,000</u>
Revenues over (under) expenditures	-	-	281,580	\$ <u>281,580</u>
Fund balance, budgetary, July 1	<u>309,951</u>	<u>309,951</u>	<u>309,951</u>	
Fund balance, budgetary, June 30	\$ <u>309,951</u>	\$ <u>309,951</u>	\$ <u>591,531</u>	

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

Anne Arundel County, Maryland

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

Debt Service Funds

Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
SPECIAL TAXING DISTRICTS				
Revenues				
Special assessments	\$ 452,144	\$ 452,144	\$ 457,091	\$ 4,947
Expenditures				
Principal payments on debt	269,565	269,565	269,565	-
Other	817,481	817,481	224,518	592,963
	<u>1,087,046</u>	<u>1,087,046</u>	<u>494,083</u>	<u>592,963</u>
Revenues over (under) expenditures	(634,902)	(634,902)	(36,992)	\$ 597,910
Fund balance, budgetary, July 1 (as restated)	<u>680,179</u>	<u>680,179</u>	<u>680,179</u>	
Fund balance, budgetary, June 30	\$ <u>45,277</u>	\$ <u>45,277</u>	\$ <u>643,187</u>	
INSTALLMENT PURCHASE AGREEMENTS				
Revenues				
Investment income	\$ 2,000	\$ 2,000	\$ 2,561,662	\$ 2,559,662
Other	2,028,000	2,028,000	1,429,000	(599,000)
	<u>2,030,000</u>	<u>2,030,000</u>	<u>3,990,662</u>	<u>1,960,662</u>
Expenditures				
Contractual services	10,000	10,000	10,000	-
Interest payments on debt	685,300	685,300	723,578	(38,278)
Principal payments on debt	-	-	20,000	(20,000)
Other	735,000	735,000	-	735,000
	<u>1,430,300</u>	<u>1,430,300</u>	<u>753,578</u>	<u>676,722</u>
Revenues over (under) expenditures	599,700	599,700	3,237,084	\$ 2,637,384
Fund balance, budgetary, July 1	<u>5,835,676</u>	<u>5,835,676</u>	<u>5,835,676</u>	
Fund balance, budgetary, June 30	\$ <u>6,435,376</u>	\$ <u>6,435,376</u>	\$ <u>9,072,760</u>	

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

Anne Arundel County, Maryland

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

Special Taxing Districts

Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Amberly - Waterway	\$ 5,789	\$ 5,789	\$ 5,660	\$ (129)
Annapolis Cove	5,460	5,460	5,460	-
Annapolis Landing	3,098	3,098	3,073	(25)
Arundel on the Bay	34,400	34,400	34,692	292
Bay Ridge	101,088	101,088	100,939	(149)
Browns Pond - Waterway	10,426	10,426	10,426	-
Buckingham Cove	9,000	9,000	9,000	-
Camp Wabanna	9,687	9,687	9,687	-
Cape Anne	10,298	10,298	10,425	127
Cattail Creek	5,400	5,400	4,785	(615)
Elizabeths Landing	22,898	22,898	23,396	498
Holland Point	72,560	72,560	75,824	3,264
John's Creek - Waterway	7,266	7,266	7,266	-
Lake Hillsmere II - Waterway	8,050	8,050	8,050	-
Masons Beach	39,120	39,120	40,644	1,524
Romar Estates	13,041	13,041	13,041	-
Snug Harbor - Erosion	-	-	-	-
Snug Harbor - Special Benefits	15,425	15,425	15,586	161
Snug Harbor - Waterway	57,200	57,200	57,200	-
Spriggs Pond - Waterway	14,850	14,850	14,850	-
Whitehall	7,088	7,088	7,087	(1)
Total revenues	<u>\$ 452,144</u>	<u>\$ 452,144</u>	<u>\$ 457,091</u>	<u>\$ 4,947</u>
EXPENDITURES				
Amberly - Waterway	\$ 5,789	\$ 5,789	\$ 5,683	\$ 106
Annapolis Cove	6,260	6,260	5,124	1,136
Annapolis Landing	3,298	3,298	3,297	1
Arundel on the Bay	66,200	66,200	4,968	61,232
Bay Ridge	273,982	273,982	64,739	209,243
Browns Pond - Waterway	39,826	39,826	11,676	28,150
Buckingham Cove	9,000	9,000	9,153	(153)
Camp Wabanna	9,687	9,687	9,687	-
Cape Anne	21,210	21,210	8,625	12,585
Cattail Creek	5,400	5,400	5,361	39
Elizabeths Landing	25,244	25,244	13,750	11,494
Holland Point	262,560	262,560	211,570	50,990
John's Creek - Waterway	7,266	7,266	7,283	(17)
Lake Hillsmere II - Waterway	8,050	8,050	7,949	101
Masons Beach	134,120	134,120	15,855	118,265
Romar Estates	13,041	13,041	12,851	190
Snug Harbor - Erosion	5,900	5,900	5,817	83
Snug Harbor - Special Benefits	69,613	69,613	15,427	54,186
Snug Harbor - Waterway	87,200	87,200	55,669	31,531
Spriggs Pond - Waterway	25,812	25,812	12,679	13,133
Whitehall	7,588	7,588	6,920	668
Total expenditures	<u>\$ 1,087,046</u>	<u>\$ 1,087,046</u>	<u>\$ 494,083</u>	<u>\$ 592,963</u>

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

Proprietary Funds

The primary government has two major proprietary funds, the Water and Wastewater Fund and the Solid Waste Fund. Both of these funds have been fully described in the footnotes to the basic financial statements. The statements in this section include columns for components of the Water and Wastewater Fund, the Internal Service Funds, which are considered to be non-major, and the budgetary statements for all proprietary funds. Descriptions for all proprietary funds and related components are provided below.

Enterprise Funds

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

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

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

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

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

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

Internal Service Funds

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

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

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 Vehicle Replacement – 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, 2012

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and investments	\$ 11,848,791	\$ -	\$ 43,215,673	\$ 55,064,464
Service billings receivable	27,173,756	-	-	27,173,756
Receivables				
Due from other funds	41,760	-	-	41,760
Inventories	1,155,802	-	-	1,155,802
Restricted for debt service and capital projects				
Cash and temporary investments	-	10,015,767	-	10,015,767
Investments	-	186,517,729	-	186,517,729
Receivables				
Due from other governmental agencies	-	-	4,578,740	4,578,740
Other, net	-	12,196,708	-	12,196,708
Total current assets	<u>40,220,109</u>	<u>208,730,204</u>	<u>47,794,413</u>	<u>296,744,726</u>
Noncurrent assets				
Restricted assets				
Deferred connection and assessment charges	-	55,267,470	-	55,267,470
Capital assets				
Land and buildings	22,920,336	-	-	22,920,336
Water and sewer plants	534,418,557	-	-	534,418,557
Water and sewer lines	923,468,906	-	-	923,468,906
Machinery and equipment	10,593,411	-	-	10,593,411
	1,491,401,210	-	-	1,491,401,210
Less accumulated depreciation	<u>(592,429,784)</u>	<u>-</u>	<u>-</u>	<u>(592,429,784)</u>
	898,971,426	-	-	898,971,426
Construction work in progress	17,245,474	-	301,546,486	318,791,960
Total capital assets, net of depreciation	<u>916,216,900</u>	<u>-</u>	<u>301,546,486</u>	<u>1,217,763,386</u>
Total noncurrent assets	<u>916,216,900</u>	<u>55,267,470</u>	<u>301,546,486</u>	<u>1,273,030,856</u>
Total assets	<u>956,437,009</u>	<u>263,997,674</u>	<u>349,340,899</u>	<u>1,569,775,582</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	5,640,812	-	17,244,888	22,885,700
Current portion of long-term debt and obligations	24,856,823	(535,918)	-	24,320,905
Escrow deposits	168,132	-	524,206	692,338
Liabilities related to restricted assets				
Accounts payable and accrued liabilities	-	4,539,185	-	4,539,185
Deferred revenue	-	22,499,966	1,608,597	24,108,563
Total current liabilities	<u>30,665,767</u>	<u>26,503,233</u>	<u>19,377,691</u>	<u>76,546,691</u>
Noncurrent liabilities				
Accrued liability for compensated absences	107,012	-	-	107,012
Accrued liability for other post-employment benefits	23,597,521	-	-	23,597,521
Long-term debt, net of deferred refunding loss	134,738,581	(3,668,755)	224,963,383	356,033,209
Deferred revenue	3,912,613	-	-	3,912,613
Total noncurrent liabilities	<u>162,355,727</u>	<u>(3,668,755)</u>	<u>224,963,383</u>	<u>383,650,355</u>
Total liabilities	<u>193,021,494</u>	<u>22,834,478</u>	<u>244,341,074</u>	<u>460,197,046</u>
NET ASSETS				
Invested in capital assets, net of related debt	758,280,370	(9,234,424)	84,888,630	833,934,576
Restricted	-	250,397,620	4,578,740	254,976,360
Unrestricted	5,135,145	-	15,532,455	20,667,600
Total net assets	<u>\$ 763,415,515</u>	<u>\$ 241,163,196</u>	<u>\$ 104,999,825</u>	<u>\$ 1,109,578,536</u>

Anne Arundel County, Maryland

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

Water and Wastewater Fund

Year Ended June 30, 2012

	Operating	Debt Service	Capital Projects	Total
OPERATING REVENUES				
Charges for services	\$ 86,737,248	\$ -	\$ -	\$ 86,737,248
Other revenues	6,697,740	-	-	6,697,740
Total operating revenues	<u>93,434,988</u>	<u>-</u>	<u>-</u>	<u>93,434,988</u>
OPERATING EXPENSES				
Personnel services	32,752,959	-	-	32,752,959
Contractual services	25,794,086	-	-	25,794,086
Supplies and materials	7,025,119	-	-	7,025,119
Business and travel	121,156	-	-	121,156
Depreciation	39,118,597	-	-	39,118,597
Other	9,194,376	-	-	9,194,376
Total operating expenses	<u>114,006,293</u>	<u>-</u>	<u>-</u>	<u>114,006,293</u>
Operating loss	(20,571,305)	-	-	(20,571,305)
NONOPERATING REVENUES (EXPENSES)				
Investment income	26,229	935,872	-	962,101
Interest on long-term receivables	-	1,236,097	-	1,236,097
Other revenues (expenses)	-	1,620,122	-	1,620,122
Interest expense	-	(7,439,630)	-	(7,439,630)
Gain on the disposal of assets	64,303	-	-	64,303
Loss before contributions and transfers	<u>(20,480,773)</u>	<u>(3,647,539)</u>	<u>-</u>	<u>(24,128,312)</u>
Capital contributions and grants	4,512,771	47,122,143	8,925,700	60,560,614
Environmental protection fees	-	15,966,479	-	15,966,479
Net equity transfers between funds	28,598,566	(33,037,990)	4,439,424	-
Change in net assets	12,630,564	26,403,093	13,365,124	52,398,781
Net assets, July 1	<u>750,784,951</u>	<u>214,760,103</u>	<u>91,634,701</u>	<u>1,057,179,755</u>
Net assets, June 30	<u>\$ 763,415,515</u>	<u>\$ 241,163,196</u>	<u>\$ 104,999,825</u>	<u>\$ 1,109,578,536</u>

Anne Arundel County, Maryland
Combining Statement of Cash Flows
Water and Wastewater Fund
Year Ended June 30, 2012

	Operating	Debt Service	Capital Projects	Total Water and Wastewater
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for services	\$ 89,058,526	\$ -	\$ -	\$ 89,058,526
Cash payments to suppliers for goods and services	(40,510,418)	-	-	(40,510,418)
Cash payments to employees for services	(27,682,730)	-	-	(27,682,730)
Net cash provided by operating activities	<u>20,865,378</u>	<u>-</u>	<u>-</u>	<u>20,865,378</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of County bonds and bond anticipation notes	-	-	27,020,000	27,020,000
Proceeds from bonds refunded	-	24,670,000	-	24,670,000
Proceeds from grant funds	-	-	9,344,341	9,344,341
Proceeds from loan	-	-	6,463,062	6,463,062
Proceeds from developers' contributions	-	-	214,728	214,728
Refunds to developers	-	-	(181,935)	(181,935)
Assessment and connection charges	820,957	41,585,338	-	42,406,295
Environmental protection fees for capital assets	-	15,795,926	-	15,795,926
Escrow deposits	-	230,319	-	230,319
Payments of long-term debt	-	(21,788,777)	-	(21,788,777)
Interest payments	-	(16,214,527)	-	(16,214,527)
Operating funds used in construction	(14,634,000)	-	14,634,000	-
Acquisition and construction of capital assets	(1,229,088)	-	(78,047,986)	(79,277,074)
Payments of debt issuance costs	-	(592,897)	-	(592,897)
Bond rebate	-	1,257,413	-	1,257,413
Premium on sale of bonds	-	6,206,549	-	6,206,549
Payments to escrow agent for refunded bonds	-	(29,359,048)	-	(29,359,048)
Payment of capital related fees	-	(894,276)	-	(894,276)
Net cash provided by (used for) capital and related financing activities	<u>(15,042,131)</u>	<u>20,896,020</u>	<u>(20,553,790)</u>	<u>(14,699,901)</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of investment securities	-	(392,490,650)	-	(392,490,650)
Sale of investment securities	-	358,361,403	-	358,361,403
Interest on investments	26,229	287,399	-	313,628
Net cash used for investing activities	<u>26,229</u>	<u>(33,841,848)</u>	<u>-</u>	<u>(33,815,619)</u>
Net increase in cash and cash equivalents	5,849,476	(12,945,828)	(20,553,790)	(27,650,142)
Cash and temporary investments, July 1	5,999,315	22,961,595	63,769,463	92,730,373
Cash and temporary investments, June 30	<u>\$ 11,848,791</u>	<u>\$ 10,015,767</u>	<u>\$ 43,215,673</u>	<u>\$ 65,080,231</u>

Anne Arundel County, Maryland
 Combining Statement of Cash Flows
 Water and Wastewater Fund
 Year Ended June 30, 2012

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Water and Wastewater</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating loss	\$ (20,571,305)	\$ -	\$ -	\$ (20,571,305)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	39,118,597	-	-	39,118,597
Noncapital construction costs	552,008	-	-	552,008
Effect of changes in assets and liabilities:				
Accounts receivable	(4,386,149)	-	-	(4,386,149)
Due from other funds	(41,760)	-	-	(41,760)
Inventories	610,723	-	-	610,723
Accounts payable and accrued liabilities	(342,077)	-	-	(342,077)
Escrow deposits	9,687	-	-	9,687
Accrued liability for compensated absences	12,663	-	-	12,663
Accrued liability for OPEB benefits	5,902,991	-	-	5,902,991
Net cash provided by operating activities	<u>\$ 20,865,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,865,378</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets from developers	\$ 3,691,814	\$ -	\$ -	3,691,814
Decrease in fair value of investments	-	(942,375)	-	(942,375)
Amortization of refunding losses	-	(364,192)	-	(364,192)
Total Noncash investing, capital, and financing activities	<u>\$ 3,691,814</u>	<u>\$ (1,306,567)</u>	<u>\$ -</u>	<u>\$ 2,385,247</u>

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

Enterprise Funds

Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
WATER AND WASTEWATER OPERATIONS				
Revenues				
Charges for services	\$ 86,235,100	\$ 86,235,100	\$ 87,558,206	\$ 1,323,106
Investment income	-	-	26,229	26,229
Other	3,884,000	3,884,000	8,457,339	4,573,339
	<u>90,119,100</u>	<u>90,119,100</u>	<u>96,041,774</u>	<u>5,922,674</u>
Expenses				
Personal services	27,627,100	27,627,100	26,838,639	788,461
Contractual services	29,688,800	29,578,800	26,471,214	3,107,586
Supplies and materials	5,801,000	6,301,000	6,153,985	147,015
Business and travel	184,200	184,200	121,156	63,044
Capital outlay	1,217,700	1,327,700	1,249,902	77,798
Administrative costs	9,784,000	9,284,000	9,166,000	118,000
Pay-as-you-go	14,634,000	14,634,000	14,634,000	-
	<u>88,936,800</u>	<u>88,936,800</u>	<u>84,634,896</u>	<u>4,301,904</u>
Revenues over (under) expenditures	<u>\$ 1,182,300</u>	<u>\$ 1,182,300</u>	<u>\$ 11,406,878</u>	<u>\$ 10,224,578</u>
WATER AND WASTEWATER DEBT SERVICE				
Revenues				
Water and sewer assessments	\$ 4,698,000	\$ 4,698,000	\$ 7,190,439	\$ 2,492,439
Capital connection charges	22,615,000	22,615,000	35,791,980	13,176,980
Environmental protection fees	14,952,400	14,952,400	15,966,479	1,014,079
Investment income	2,800,000	2,800,000	944,148	(1,855,852)
Other	2,693,000	2,693,000	1,126,881	(1,566,119)
	<u>47,758,400</u>	<u>47,758,400</u>	<u>61,019,927</u>	<u>13,261,527</u>
Expenses				
Principal payments on debt	22,313,800	22,313,800	21,788,776	525,024
Interest expense	16,978,600	16,978,600	16,216,295	762,305
Other	550,000	550,000	550,000	-
	<u>39,842,400</u>	<u>39,842,400</u>	<u>38,555,071</u>	<u>1,287,329</u>
Revenues over (under) expenditures	<u>\$ 7,916,000</u>	<u>\$ 7,916,000</u>	<u>\$ 22,464,856</u>	<u>\$ 14,548,856</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, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
SOLID WASTE				
Revenues				
Charges for services	\$ 47,732,100	\$ 47,732,100	\$ 47,798,826	\$ 66,726
Landfill charges	2,278,000	2,278,000	2,880,768	602,768
Other	1,163,000	1,163,000	3,036,294	1,873,294
	<u>51,173,100</u>	<u>51,173,100</u>	<u>53,715,888</u>	<u>2,542,788</u>
Expenses				
Personal services	6,496,500	6,496,500	6,316,046	180,454
Contractual services	35,277,700	35,277,700	33,389,459	1,888,241
Supplies and materials	1,605,400	1,605,400	1,593,273	12,127
Business and travel	16,900	16,900	5,722	11,178
Capital outlay	1,084,800	1,084,800	1,019,919	64,881
Principal payments on debt	1,985,800	1,985,800	2,000,192	(14,392)
Interest expense	1,316,800	1,316,800	1,163,271	153,529
Administrative costs	2,659,300	2,659,300	2,659,300	-
Contributions/Solid Waste Assurance Fund	721,000	721,000	721,000	-
Contributions/Self Insurance Fund	131,000	131,000	131,000	-
Contributions/Northeast Maryland Solid	125,000	125,000	125,000	-
Other	366,000	366,000	-	366,000
Capital improvements	500,000	500,000	500,000	-
	<u>52,286,200</u>	<u>52,286,200</u>	<u>49,624,182</u>	<u>2,662,018</u>
Revenues over (under) expenditures	\$ <u>(1,113,100)</u>	\$ <u>(1,113,100)</u>	\$ <u>4,091,706</u>	\$ <u>5,204,806</u>
SOLID WASTE FINANCIAL ASSURANCE				
Revenues				
Payments from other funds	\$ 721,000	\$ 721,000	\$ 721,000	\$ -
Other	85,000	85,000	66,029	(18,971)
	<u>806,000</u>	<u>806,000</u>	<u>787,029</u>	<u>(18,971)</u>
Expenses				
Other	-	-	-	-
Revenues over (under) expenditures	\$ <u>806,000</u>	\$ <u>806,000</u>	\$ <u>787,029</u>	\$ <u>(18,971)</u>
CHILD CARE				
Revenues				
Child care fees	\$ 4,093,100	\$ 4,093,100	\$ 4,031,663	\$ (61,437)
Other	-	-	107	107
	<u>4,093,100</u>	<u>4,093,100</u>	<u>4,031,770</u>	<u>(61,330)</u>
Expenses				
Personal services	3,154,900	3,154,900	2,725,381	429,519
Contractual services	256,200	256,200	227,369	28,831
Supplies and materials	391,300	391,300	330,560	60,740
Business and travel	36,000	36,000	25,282	10,718
Capital outlay	4,000	4,000	1,758	2,242
Other	454,500	454,500	454,500	-
	<u>4,296,900</u>	<u>4,296,900</u>	<u>3,764,850</u>	<u>532,050</u>
Revenues over (under) expenditures	\$ <u>(203,800)</u>	\$ <u>(203,800)</u>	\$ <u>266,920</u>	\$ <u>470,720</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, 2012

	Water and			
	Total	Water		Total
	Water and Wastewater	Capital Projects	Normal Extensions	
AUTHORIZED PER ORIGINAL BUDGET				
County bonds	\$ 791,132,062	\$ 334,104,140	\$ 1,646,178	\$ 335,750,318
Maryland Water Quality Loan	17,836,000	-	-	-
Grants and aid	170,256,395	-	-	-
Pay-as-you-go	99,163,989	10,828,356	-	10,828,356
Contributions by developers	3,794,177	430,000	-	430,000
Other sources	4,532,000	2,000,000	-	2,000,000
Total	<u>\$ 1,086,714,623</u>	<u>\$ 347,362,496</u>	<u>\$ 1,646,178</u>	<u>\$ 349,008,674</u>
AUTHORIZED PER FINAL BUDGET				
County bonds	\$ 728,735,423	\$ 304,195,920	\$ 1,550,825	\$ 305,746,745
Maryland Water Quality Loan	37,292,593	-	-	-
Grants and aid	170,256,395	-	-	-
Pay-as-you-go	94,201,194	9,251,798	-	9,251,798
Contributions by developers	3,771,240	430,000	-	430,000
Other sources	4,532,000	2,000,000	-	2,000,000
Total	1,038,788,845	315,877,718	1,550,825	317,428,543
Less: Completed projects	31,860,781	3,304,195	3,154	3,307,349
	<u>1,006,928,064</u>	<u>312,573,523</u>	<u>1,547,671</u>	<u>314,121,194</u>
REALIZED				
Current year				
Bonds and bond anticipation notes	27,020,000	11,279,554	291,822	11,571,376
Proceeds from State loan	6,013,960	-	-	-
Grants and aid	8,810,858	-	-	-
Pay-as-you-go	14,634,000	(3,235,793)	-	(3,235,793)
Developer contributions	114,842	-	-	-
Total	56,593,660	8,043,761	291,822	8,335,583
Prior years	306,723,738	115,712,020	307,862	116,019,882
Total realized funding sources	363,317,398	123,755,781	599,684	124,355,465
Less: Completed projects	31,490,940	3,288,465	3,154	3,291,619
	<u>331,826,458</u>	<u>120,467,316</u>	<u>596,530</u>	<u>121,063,846</u>
Funding sources authorized - June 30, 2012	<u>\$ 675,101,606</u>	<u>\$ 192,106,207</u>	<u>\$ 951,141</u>	<u>\$ 193,057,348</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
\$ 422,980,094	\$ 1,746,525	\$ 424,726,619	\$ 30,655,125	\$ 32,982,980
17,836,000	-	17,836,000	-	-
170,256,395	-	170,256,395	-	-
39,417,141	-	39,417,141	48,918,492	5,240,785
-	-	-	3,364,177	-
2,532,000	-	2,532,000	-	750,000
<u>\$ 653,021,630</u>	<u>\$ 1,746,525</u>	<u>\$ 654,768,155</u>	<u>\$ 82,937,794</u>	<u>\$ 38,973,765</u>
\$ 393,248,910	\$ 1,424,145	\$ 394,673,055	\$ 28,315,623	\$ 32,024,034
37,292,593	-	37,292,593	-	-
170,256,395	-	170,256,395	-	-
38,265,995	-	38,265,995	46,683,401	5,240,785
-	-	-	3,341,240	-
2,532,000	-	2,532,000	-	750,000
641,595,893	1,424,145	643,020,038	78,340,264	38,014,819
17,469,103	-	17,469,103	11,084,329	275,272
<u>624,126,790</u>	<u>1,424,145</u>	<u>625,550,935</u>	<u>67,255,935</u>	<u>37,739,547</u>
18,548,034	228,566	18,776,600	(3,327,976)	-
6,013,960	-	6,013,960	-	-
8,810,858	-	8,810,858	-	-
2,381,131	-	2,381,131	15,488,662	500,000
20,000	-	20,000	94,842	-
35,773,983	228,566	36,002,549	12,255,528	500,000
<u>160,886,091</u>	<u>147,401</u>	<u>161,033,492</u>	<u>29,670,364</u>	<u>30,019,674</u>
196,660,074	375,967	197,036,041	41,925,892	30,519,674
17,114,992	-	17,114,992	11,084,329	275,272
<u>179,545,082</u>	<u>375,967</u>	<u>179,921,049</u>	<u>30,841,563</u>	<u>30,244,402</u>
<u>\$ 444,581,708</u>	<u>\$ 1,048,178</u>	<u>\$ 445,629,886</u>	<u>\$ 36,414,372</u>	<u>\$ 7,495,145</u>

Anne Arundel County, Maryland

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

Enterprise Funds Capital Projects

Year Ended June 30, 2012

	Water and			
	Total Water and Wastewater	Capital Projects	Water Normal Extensions	
APPROPRIATIONS				
Original Budget	\$ 1,086,714,623	\$ 347,362,496	\$ 1,646,178	\$ 349,008,674
Final Budget:				
Prior years	\$ 911,959,041	\$ 286,540,718	\$ 1,350,825	\$ 287,891,543
Current year	126,829,804	29,337,000	200,000	29,537,000
	1,038,788,845	315,877,718	1,550,825	317,428,543
Less: Completed projects	31,860,781	3,304,195	3,154	3,307,349
Total appropriations	1,006,928,064	312,573,523	1,547,671	314,121,194
EXPENDITURES AND ENCUMBRANCES				
Prior years expenditures	251,837,729	86,219,346	307,862	86,527,208
Current year expenditures	81,199,696	24,080,381	394,753	24,475,134
	333,037,425	110,299,727	702,615	111,002,342
Less: Completed projects	31,490,940	3,288,465	3,154	3,291,619
Less: Capitalized land	-	-	-	-
Total	301,546,485	107,011,262	699,461	107,710,723
Encumbrances outstanding	108,616,294	20,504,650	59,508	20,564,158
Total expenditures and encumbrances	410,162,779	127,515,912	758,969	128,274,881
Unencumbered appropriations - June 30, 2012	\$ 596,765,285	\$ 185,057,611	\$ 788,702	\$ 185,846,313

Wastewater				
	Wastewater			
Capital Projects	Normal Extension	Total	Oversize Connections	Solid Waste
\$ <u>653,021,630</u>	\$ <u>1,746,525</u>	\$ <u>654,768,155</u>	\$ <u>82,937,794</u>	\$ <u>38,973,765</u>
\$ <u>561,920,998</u>	\$ <u>1,424,145</u>	\$ <u>563,345,143</u>	\$ <u>60,722,355</u>	\$ <u>36,214,819</u>
<u>79,674,895</u>	<u>-</u>	<u>79,674,895</u>	<u>17,617,909</u>	<u>1,800,000</u>
<u>641,595,893</u>	<u>1,424,145</u>	<u>643,020,038</u>	<u>78,340,264</u>	<u>38,014,819</u>
<u>17,469,103</u>	<u>-</u>	<u>17,469,103</u>	<u>11,084,329</u>	<u>275,272</u>
<u>624,126,790</u>	<u>1,424,145</u>	<u>625,550,935</u>	<u>67,255,935</u>	<u>37,739,547</u>
<u>135,570,532</u>	<u>148,311</u>	<u>135,718,843</u>	<u>29,591,678</u>	<u>20,395,044</u>
<u>43,381,642</u>	<u>305,317</u>	<u>43,686,959</u>	<u>13,037,603</u>	<u>6,106,788</u>
<u>178,952,174</u>	<u>453,628</u>	<u>179,405,802</u>	<u>42,629,281</u>	<u>26,501,832</u>
<u>17,114,992</u>	<u>-</u>	<u>17,114,992</u>	<u>11,084,329</u>	<u>275,272</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,251,641</u>
<u>161,837,182</u>	<u>453,628</u>	<u>162,290,810</u>	<u>31,544,952</u>	<u>20,974,919</u>
<u>79,411,200</u>	<u>146,595</u>	<u>79,557,795</u>	<u>8,494,341</u>	<u>1,880,161</u>
<u>241,248,382</u>	<u>600,223</u>	<u>241,848,605</u>	<u>40,039,293</u>	<u>22,855,080</u>
\$ <u>382,878,408</u>	\$ <u>823,922</u>	\$ <u>383,702,330</u>	\$ <u>27,216,642</u>	\$ <u>14,884,467</u>

Anne Arundel County, Maryland

Combining Statement of Net Assets

Internal Service Funds

June 30, 2012

	Self Insurance	Health Insurance	Central Garage and Transportation	Garage Vehicle Replacement	Totals
ASSETS					
Current assets					
Cash and temporary investments	\$ -	\$ 15,256,691	\$ 1,956,624	\$ 419,961	\$ 17,633,276
Investments	68,108,388	-	-	-	68,108,388
Service billings receivable	228,913	2,642,834	60,779	-	2,932,526
Due from other funds	-	-	1,545,790	-	1,545,790
Inventories	-	-	630,500	-	630,500
Other assets	-	1,338,055	-	194,372	1,532,427
Total current assets	<u>68,337,301</u>	<u>19,237,580</u>	<u>4,193,693</u>	<u>614,333</u>	<u>92,382,907</u>
Noncurrent assets					
Capital assets					
Land and buildings	-	-	2,073,990	-	2,073,990
Machinery and equipment	-	-	421,687	61,048,781	61,470,468
	-	-	2,495,677	61,048,781	63,544,458
Less accumulated depreciation	-	-	(1,825,010)	(48,279,839)	(50,104,849)
Total capital assets, net of depreciation	<u>-</u>	<u>-</u>	<u>670,667</u>	<u>12,768,942</u>	<u>13,439,609</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>670,667</u>	<u>12,768,942</u>	<u>13,439,609</u>
Total assets	<u>68,337,301</u>	<u>19,237,580</u>	<u>4,864,360</u>	<u>13,383,275</u>	<u>105,822,516</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	53,216	184,650	379,567	133,599	751,032
Current portion of long-term obligations	13,950,558	5,404,755	324,665	-	19,679,978
Due to other funds	1,574,000	-	-	-	1,574,000
Total current liabilities	<u>15,577,774</u>	<u>5,589,405</u>	<u>704,232</u>	<u>133,599</u>	<u>22,005,010</u>
Noncurrent liabilities					
Unpaid claims	51,862,000	-	-	-	51,862,000
Accrued liability for compensated absences	-	-	10,802	-	10,802
Accrued liability for other post-employment benefits	897,527	-	4,149,326	-	5,046,853
Total noncurrent liabilities	<u>52,759,527</u>	<u>-</u>	<u>4,160,128</u>	<u>-</u>	<u>56,919,655</u>
Total liabilities	<u>68,337,301</u>	<u>5,589,405</u>	<u>4,864,360</u>	<u>133,599</u>	<u>78,924,665</u>
NET ASSETS					
Invested in capital assets, net of related debt	-	-	670,667	12,768,942	13,439,609
Unrestricted	-	13,648,175	(670,667)	480,734	13,458,242
Total net assets	<u>\$ -</u>	<u>\$ 13,648,175</u>	<u>\$ -</u>	<u>\$ 13,249,676</u>	<u>\$ 26,897,851</u>

Anne Arundel County, Maryland

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

Internal Service Funds

Year Ended June 30, 2012

	<u>Self Insurance</u>	<u>Health Insurance</u>	<u>Central Garage and Transportation</u>	<u>Garage Vehicle Replacement</u>	<u>Totals</u>
OPERATING REVENUES					
Charges for services	\$ 9,097,961	\$ -	\$ 15,391,245	\$ 3,804,630	\$ 28,293,836
Medical premiums	-	91,095,889	-	-	91,095,889
Other	-	20,540	28,143	-	48,683
Total operating revenues	<u>9,097,961</u>	<u>91,116,429</u>	<u>15,419,388</u>	<u>3,804,630</u>	<u>119,438,408</u>
OPERATING EXPENSES					
Personnel services	1,203,559	-	5,564,171	-	6,767,730
Contractual services	129,861	234,768	1,182,005	3,200	1,549,834
Supplies and materials	31,111	34,569	69,349	-	135,029
Business and travel	11,750	824	4,103	-	16,677
Cost of goods issued	-	-	9,312,658	-	9,312,658
Depreciation	-	-	45,677	4,794,912	4,840,589
Provision for claims and estimated losses	8,588,979	86,478,670	-	-	95,067,649
Other	278,000	590,000	455,800	42,300	1,366,100
Total operating expenses	<u>10,243,260</u>	<u>87,338,831</u>	<u>16,633,763</u>	<u>4,840,412</u>	<u>119,056,266</u>
Operating income (loss)	(1,145,299)	3,777,598	(1,214,375)	(1,035,782)	382,142
NONOPERATING REVENUES (EXPENSES)					
Investment income	1,145,299	59,062	-	-	1,204,361
Gain (loss) on disposal of assets	-	-	-	11,682	11,682
Gain (loss) before transfers	-	3,836,660	(1,214,375)	(1,024,100)	1,598,185
Net equity transfers between funds	-	(800,000)	1,545,790	(4,040,000)	(3,294,210)
Change in net assets	-	3,036,660	331,415	(5,064,100)	(1,696,025)
Net assets, July 1	-	10,611,515	(331,415)	18,313,776	28,593,876
Net assets, June 30	<u>\$ -</u>	<u>\$ 13,648,175</u>	<u>\$ -</u>	<u>\$ 13,249,676</u>	<u>\$ 26,897,851</u>

Anne Arundel County, Maryland

Combining Statement of Cash Flows

Internal Service Funds

Year Ended June 30, 2012

	Self Insurance	Health Insurance	Central Garage and Transportation	Garage Vehicle Replacement	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 20,312,984	\$ 92,660,085	\$ 15,371,550	\$ 3,804,630	\$ 132,149,249
Cash received for expense reimbursement	320,643	-	-	-	320,643
Cash payments to suppliers for goods and services	(287,932)	(191,082)	(10,596,319)	(3,200)	(11,078,533)
Cash payments for insurance claims	(15,474,622)	(87,398,544)	-	-	(102,873,166)
Cash payments to vendor for deposit	-	36,345	-	-	36,345
Cash payments to employees for services	(1,046,596)	-	(4,657,620)	-	(5,704,216)
Other operating receipts	(4,450)	50,245	28,143	-	73,938
Other operating payments	(278,000)	(590,000)	(455,800)	(42,300)	(1,366,100)
Net cash provided by operating activities	<u>3,542,027</u>	<u>4,567,049</u>	<u>(310,046)</u>	<u>3,759,130</u>	<u>11,558,160</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Asset transfers between funds	-	(800,000)	-	(4,040,000)	(4,840,000)
Net cash used for non-capital financing activities	<u>-</u>	<u>(800,000)</u>	<u>-</u>	<u>(4,040,000)</u>	<u>(4,840,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	-	-	(15,695)	(1,665,294)	(1,680,989)
Proceeds from sale of equipment	-	-	-	52,247	52,247
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>(15,695)</u>	<u>(1,613,047)</u>	<u>(1,628,742)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	(189,970,223)	-	-	-	(189,970,223)
Sale of investment securities	184,641,484	-	-	-	184,641,484
Investment income	1,231,976	59,062	-	-	1,291,038
Net cash provided by investing activities	<u>(4,096,763)</u>	<u>59,062</u>	<u>-</u>	<u>-</u>	<u>(4,037,701)</u>
Net decrease in cash and cash equivalents	(554,736)	3,826,111	(325,741)	(1,893,917)	1,051,717
Cash and temporary investments, July 1	554,736	11,430,580	2,282,365	2,313,878	16,581,559
Cash and temporary investments, June 30	<u>\$ -</u>	<u>\$ 15,256,691</u>	<u>\$ 1,956,624</u>	<u>\$ 419,961</u>	<u>\$ 17,633,276</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	\$ (1,145,299)	\$ 3,777,598	\$ (1,214,375)	\$ (1,035,782)	\$ 382,142
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	-	-	45,677	4,794,912	4,840,589
Effect of changes in assets and liabilities					
Accounts receivable	9,641,023	1,386,111	(19,695)	-	11,007,439
Deposit with provider	-	36,345	-	-	36,345
Inventories	-	-	76,868	-	76,868
Accounts payable and accrued expenses	(198,405)	56,600	(251,936)	-	(393,741)
Unpaid claims	(6,565,000)	(689,605)	-	-	(7,254,605)
Due to other funds	1,574,000	-	-	-	1,574,000
Escrow deposits	(4,450)	-	-	-	(4,450)
Accrued liability for compensated absences	5,201	-	10,101	-	15,302
Accrued liability for OPEB benefits	234,957	-	1,043,314	-	1,278,271
Net cash provided by (used for) operating activities	<u>\$ 3,542,027</u>	<u>\$ 4,567,049</u>	<u>\$ (310,046)</u>	<u>\$ 3,759,130</u>	<u>\$ 11,558,160</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Decrease in fair value of investments	\$ 194,785	-	-	-	\$ 194,785
Total Noncash investing, capital, and financing activities	<u>\$ 194,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,785</u>

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

Internal Service Funds

Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
SELF INSURANCE				
Revenues				
Charges for services	\$ 20,270,000	\$ 20,270,000	\$ 19,829,806	\$ (440,194)
Investment income	1,200,000	1,200,000	1,145,299	(54,701)
Reimbursements	200,000	200,000	320,643	120,643
Other	-	-	15,823	15,823
	<u>21,670,000</u>	<u>21,670,000</u>	<u>21,311,571</u>	<u>(358,429)</u>
Expenses				
Personal services	1,102,200	1,102,200	968,602	133,598
Contractual services	17,895,400	17,895,400	14,438,453	3,456,947
Supplies and materials	25,300	25,300	28,097	(2,797)
Business and travel	11,200	11,200	11,750	(550)
Capital outlay	8,000	8,000	3,014	4,986
Administrative costs	278,000	278,000	278,000	-
	<u>19,320,100</u>	<u>19,320,100</u>	<u>15,727,916</u>	<u>3,592,184</u>
Revenues over (under) expenditures	<u>\$ 2,349,900</u>	<u>\$ 2,349,900</u>	<u>\$ 5,583,655</u>	<u>\$ 3,233,755</u>
HEALTH INSURANCE				
Revenues				
Charges for services	\$ 91,391,000	\$ 91,391,000	\$ 91,095,889	\$ (295,111)
Investment income	-	-	59,062	59,062
Other	-	-	113,938	113,938
	<u>91,391,000</u>	<u>91,391,000</u>	<u>91,268,889</u>	<u>(122,111)</u>
Expenses				
Medical claim costs	96,699,500	96,699,500	86,478,670	10,220,830
Contractual services	538,500	538,500	349,538	188,962
Supplies and materials	29,500	29,500	34,569	(5,069)
Business and travel	3,500	3,500	824	2,676
Other	1,390,000	1,390,000	1,390,000	-
	<u>98,661,000</u>	<u>98,661,000</u>	<u>88,253,601</u>	<u>10,407,399</u>
Revenues over (under) expenditures	<u>\$ (7,270,000)</u>	<u>\$ (7,270,000)</u>	<u>\$ 3,015,288</u>	<u>\$ 10,285,288</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, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
CENTRAL GARAGE AND TRANSPORTATION				
Revenues				
Charges for services	\$ 15,194,500	\$ 15,194,500	\$ 15,391,245	\$ 196,745
Other	26,000	26,000	30,731	4,731
	<u>15,220,500</u>	<u>15,220,500</u>	<u>15,421,976</u>	<u>201,476</u>
Expenses				
Personal services	4,385,900	4,385,900	4,520,857	(134,957)
Contractual services	628,300	1,128,300	1,182,005	(53,705)
Supplies and materials	9,130,800	9,630,800	9,303,632	327,168
Business and travel	11,200	11,200	4,103	7,097
Capital outlay	13,900	13,900	17,203	(3,303)
Other	455,800	455,800	455,800	-
	<u>14,625,900</u>	<u>15,625,900</u>	<u>15,483,600</u>	<u>142,300</u>
Revenues over (under) expenditures	<u>\$ 594,600</u>	<u>\$ (405,400)</u>	<u>\$ (61,624)</u>	<u>\$ 343,776</u>
GARAGE VEHICLE REPLACEMENT				
Revenues				
Charges for services	\$ 3,823,400	\$ 3,823,400	\$ 3,804,630	\$ (18,770)
Other	35,000	35,000	512,247	477,247
	<u>3,858,400</u>	<u>3,858,400</u>	<u>4,316,877</u>	<u>458,477</u>
Expenses				
Contractual services	4,000	4,000	3,200	800
Capital outlay	1,383,000	1,383,000	1,383,709	(709)
Other	4,542,300	4,542,300	4,542,300	-
	<u>5,929,300</u>	<u>5,929,300</u>	<u>5,929,209</u>	<u>91</u>
Revenues over (under) expenditures	<u>\$ (2,070,900)</u>	<u>\$ (2,070,900)</u>	<u>\$ (1,612,332)</u>	<u>\$ 458,568</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, 2011)				Totals
	Employees' Retirement	Police Service Retirement	Fire Service Retirement	Detention Officers' & Deputy Sheriffs' Retirement	
ASSETS					
Investments, at fair value:					
Cash and temporary investments	\$ 21,233,731	\$ 17,591,104	\$ 17,497,736	\$ 3,694,681	\$ 60,017,252
U. S. Government obligations	4,011,031	3,324,399	3,305,287	697,018	11,337,735
Corporate obligations	45,761,588	37,927,845	37,709,801	7,952,237	129,351,471
Domestic fixed income mutual funds	29,016,032	24,048,893	23,910,638	5,042,271	82,017,834
International fixed income mutual funds	27,010,618	22,386,778	22,258,079	4,693,780	76,349,255
Global assets and pools	101,872,864	84,433,656	83,948,254	17,702,994	287,957,768
Domestic equity	79,701,786	66,057,956	65,678,194	13,850,207	225,288,143
International equity investment pools	59,834,342	49,591,540	49,306,442	10,397,734	169,130,058
Private markets	20,798,732	17,238,280	17,139,179	3,614,307	58,790,498
Portable Alpha	25,566,390	21,189,782	21,067,964	4,442,809	72,266,945
Real estate investment pools	18,241,875	15,119,121	15,032,203	3,169,988	51,563,187
Aetna insurance pooled fixed income	11,323,896	9,385,403	9,331,447	1,967,814	32,008,560
Absolute return funds	30,568,617	25,335,697	25,190,045	5,312,072	86,406,431
Total investments	474,941,502	393,630,454	391,375,269	82,537,912	1,342,485,137
Collateral from securities lending transactions	22,121,698	18,334,773	18,229,368	3,844,206	62,530,045
Receivables:					
Employer contributions	1,573,557	1,208,575	1,215,045	424,088	4,421,265
Participant contributions	508,008	302,755	293,844	133,439	1,238,046
Accrued interest and dividends	729,265	604,428	600,960	126,732	2,061,385
Investment sales proceeds	1,092,416	905,409	900,204	189,835	3,087,864
Total receivables	3,903,246	3,021,167	3,010,053	874,094	10,808,560
Deposits on hand	14,522	147,653	63,176	-	225,351
Total assets	500,980,968	415,134,047	412,677,866	87,256,212	1,416,049,093
LIABILITIES					
Accounts payable	537,928	446,063	451,104	93,443	1,528,538
Investment commitments payable	5,866,442	4,862,189	4,834,236	1,019,443	16,582,310
Obligation for collateral received under securities lending transactions	22,121,698	18,334,773	18,229,368	3,844,206	62,530,045
Total liabilities	28,526,068	23,643,025	23,514,708	4,957,092	80,640,893
Net assets held in trust for pension benefits	\$ 472,454,900	\$ 391,491,022	\$ 389,163,158	\$ 82,299,120	\$ 1,335,408,200

Combining Statement of Changes in Net Assets

Pension Trust Funds

Year Ended June 30, 2012

	Defined Benefit Pension Trust (December 31, 2011)				Totals
	Employees' Retirement	Police Service Retirement	Fire Service Retirement	Detention Officers' & Deputy Sheriffs' Retirement	
ADDITIONS					
Contributions:					
Employer	\$ 18,186,402	\$ 13,793,256	\$ 13,959,852	\$ 4,876,332	\$ 50,815,842
Participant	4,562,145	2,637,833	2,659,114	1,175,133	11,034,225
Total contributions	<u>22,748,547</u>	<u>16,431,089</u>	<u>16,618,966</u>	<u>6,051,465</u>	<u>61,850,067</u>
Investment income:					
Net appreciation (depreciation) in fair value of investments	1,451,870	1,212,849	1,060,130	185,658	3,910,507
Interest income	6,415,167	3,901,560	4,320,996	801,797	15,439,520
Dividend income	4,410,484	3,664,821	3,618,843	754,173	12,448,321
Total investment income	<u>12,277,521</u>	<u>8,779,230</u>	<u>8,999,969</u>	<u>1,741,628</u>	<u>31,798,348</u>
Less investment expense	<u>(2,522,322)</u>	<u>(2,105,958)</u>	<u>(2,044,006)</u>	<u>(423,637)</u>	<u>(7,095,923)</u>
Net income from investing activities	<u>9,755,199</u>	<u>6,673,272</u>	<u>6,955,963</u>	<u>1,317,991</u>	<u>24,702,425</u>
Securities lending activities:					
Securities lending income	111,478	92,599	91,563	19,132	314,772
Securities lending expenses:					
Borrower rebates	11,237	9,334	9,230	1,929	31,730
Management fees	30,094	24,998	24,718	5,165	84,975
Securities lending expense	<u>41,331</u>	<u>34,332</u>	<u>33,948</u>	<u>7,094</u>	<u>116,705</u>
Securities lending net income	<u>70,147</u>	<u>58,267</u>	<u>57,615</u>	<u>12,038</u>	<u>198,067</u>
Total net investment income	<u>9,825,346</u>	<u>6,731,539</u>	<u>7,013,578</u>	<u>1,330,029</u>	<u>24,900,492</u>
Total additions	<u>32,573,893</u>	<u>23,162,628</u>	<u>23,632,544</u>	<u>7,381,494</u>	<u>86,750,559</u>
DEDUCTIONS					
Participant benefit payments and refunds	31,480,607	23,479,998	18,091,220	4,207,935	77,259,760
Administrative expenses	481,210	391,458	388,157	79,614	1,340,439
Total deductions	<u>31,961,817</u>	<u>23,871,456</u>	<u>18,479,377</u>	<u>4,287,549</u>	<u>78,600,199</u>
Net increases	612,076	(708,828)	5,153,167	3,093,945	8,150,360
Net assets, beginning of year	<u>471,842,824</u>	<u>392,199,850</u>	<u>384,009,991</u>	<u>79,205,175</u>	<u>1,327,257,840</u>
Net assets, end of year	<u>\$ 472,454,900</u>	<u>\$ 391,491,022</u>	<u>\$ 389,163,158</u>	<u>\$ 82,299,120</u>	<u>\$ 1,335,408,200</u>

Anne Arundel County, Maryland

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
SUBDIVISION DEPOSITS				
Assets				
Cash	\$ 1,320,137	\$ 442,640	\$ 295,332	\$ 1,467,445
Total Assets	<u>\$ 1,320,137</u>	<u>\$ 442,640</u>	<u>\$ 295,332</u>	<u>\$ 1,467,445</u>
Liabilities				
Escrow Deposits	\$ 1,320,137	\$ 442,640	\$ 295,332	\$ 1,467,445
Total Liabilities	<u>\$ 1,320,137</u>	<u>\$ 442,640</u>	<u>\$ 295,332</u>	<u>\$ 1,467,445</u>
SEDIMENT CONTROL				
Assets				
Cash	\$ 3,202,377	\$ 1,438,404	\$ 1,201,153	\$ 3,439,628
Total Assets	<u>\$ 3,202,377</u>	<u>\$ 1,438,404</u>	<u>\$ 1,201,153</u>	<u>\$ 3,439,628</u>
Liabilities				
Escrow and other deposits	\$ 3,202,377	\$ 1,438,404	\$ 1,201,153	\$ 3,439,628
Total Liabilities	<u>\$ 3,202,377</u>	<u>\$ 1,438,404</u>	<u>\$ 1,201,153</u>	<u>\$ 3,439,628</u>
RECREATION				
Assets				
Cash	\$ 779,344	\$ 69,321	\$ 48,859	\$ 799,806
Total Assets	<u>\$ 779,344</u>	<u>\$ 69,321</u>	<u>\$ 48,859</u>	<u>\$ 799,806</u>
Liabilities				
Deposits	\$ 779,344	\$ 69,321	\$ 48,859	\$ 799,806
Total Liabilities	<u>\$ 779,344</u>	<u>\$ 69,321</u>	<u>\$ 48,859</u>	<u>\$ 799,806</u>
CITY AND STATE TAX COLLECTION				
Assets				
Cash	\$ 2,826,251	\$ 130,383,352	\$ 130,456,423	\$ 2,753,180
Total Assets	<u>\$ 2,826,251</u>	<u>\$ 130,383,352</u>	<u>\$ 130,456,423</u>	<u>\$ 2,753,180</u>
Liabilities				
Escrow Deposits	\$ 2,826,251	\$ 130,383,352	\$ 130,456,423	\$ 2,753,180
Total Liabilities	<u>\$ 2,826,251</u>	<u>\$ 130,383,352</u>	<u>\$ 130,456,423</u>	<u>\$ 2,753,180</u>
TAX SALE ESCROW DEPOSITS				
Assets				
Cash	\$ 5,012,644	\$ 11,948,583	\$ 12,937,220	\$ 4,024,007
Total Assets	<u>\$ 5,012,644</u>	<u>\$ 11,948,583</u>	<u>\$ 12,937,220</u>	<u>\$ 4,024,007</u>
Liabilities				
Escrow Deposits	\$ 5,012,644	\$ 11,948,583	\$ 12,937,220	\$ 4,024,007
Total Liabilities	<u>\$ 5,012,644</u>	<u>\$ 11,948,583</u>	<u>\$ 12,937,220</u>	<u>\$ 4,024,007</u>

Anne Arundel County, Maryland

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
FARMINGTON SPECIAL ASSESSMENT				
Assets				
Investments	\$ 749,932	\$ 1,460,057	\$ 1,477,490	\$ 732,499
Total Assets	<u>\$ 749,932</u>	<u>\$ 1,460,057</u>	<u>\$ 1,477,490</u>	<u>\$ 732,499</u>
Liabilities				
Escrow Deposits	\$ 749,932	\$ 1,460,057	\$ 1,477,490	\$ 732,499
Total Liabilities	<u>\$ 749,932</u>	<u>\$ 1,460,057</u>	<u>\$ 1,477,490</u>	<u>\$ 732,499</u>
DORCHESTER SPECIAL TAX DISTRICT				
Assets				
Investments	\$ 2,290,637	\$ 3,628,490	\$ 3,616,487	\$ 2,302,640
Total Assets	<u>\$ 2,290,637</u>	<u>\$ 3,628,490</u>	<u>\$ 3,616,487</u>	<u>\$ 2,302,640</u>
Liabilities				
Escrow Deposits	\$ 2,290,637	\$ 3,628,490	\$ 3,616,487	\$ 2,302,640
Total Liabilities	<u>\$ 2,290,637</u>	<u>\$ 3,628,490</u>	<u>\$ 3,616,487</u>	<u>\$ 2,302,640</u>
MISCELLANEOUS ESCROW DEPOSITS				
Assets				
Cash	\$ 760,828	\$ 2,205,217	\$ 2,505,971	\$ 460,074
Total Assets	<u>\$ 760,828</u>	<u>\$ 2,205,217</u>	<u>\$ 2,505,971</u>	<u>\$ 460,074</u>
Liabilities				
Escrow and other deposits	\$ 760,828	\$ 2,205,217	\$ 2,505,971	\$ 460,074
Total Liabilities	<u>\$ 760,828</u>	<u>\$ 2,205,217</u>	<u>\$ 2,505,971</u>	<u>\$ 460,074</u>
TOTALS - ALL FUNDS				
Assets				
Cash and investments	\$ 16,942,150	\$ 151,576,064	\$ 152,538,935	\$ 15,979,279
Total Assets	<u>\$ 16,942,150</u>	<u>\$ 151,576,064</u>	<u>\$ 152,538,935</u>	<u>\$ 15,979,279</u>
Liabilities				
Escrow and other deposits	\$ 16,942,150	\$ 151,576,064	\$ 152,538,935	\$ 15,979,279
Total Liabilities	<u>\$ 16,942,150</u>	<u>\$ 151,576,064</u>	<u>\$ 152,538,935</u>	<u>\$ 15,979,279</u>

Anne Arundel County, Maryland

Combining Statement of Net Assets

Nonmajor Component Units

June 30, 2012

	<u>Library</u>	<u>Economic Development</u>	<u>Tipton Airport</u>	<u>Workforce Development</u>	<u>Totals</u>
ASSETS					
Current Assets					
Cash and investments	\$ 21,780	\$ 3,509,981	\$ 406,550	\$ 548,105	\$ 4,486,416
Service billings receivable	-	-	62,080	-	62,080
Prepays and other assets	27,809	551,994	56,144	1,128,162	1,764,109
Inventories	-	-	48,468	-	48,468
Due from primary government	1,285,744	-	-	-	1,285,744
Restricted assets					
Cash and temporary investments	-	44,326	-	-	44,326
Total current assets	<u>1,335,333</u>	<u>4,106,301</u>	<u>573,242</u>	<u>1,676,267</u>	<u>7,691,143</u>
Noncurrent Assets					
Loans receivable and other assets	-	1,629,328	-	-	1,629,328
Capital assets being depreciated	17,059,218	1,019,560	9,744,031	447,608	28,270,417
Less accumulated depreciation	<u>(7,595,521)</u>	<u>(795,959)</u>	<u>(3,729,685)</u>	<u>(237,019)</u>	<u>(12,358,184)</u>
Total capital assets	<u>9,463,697</u>	<u>223,601</u>	<u>6,014,346</u>	<u>210,589</u>	<u>15,912,233</u>
Total assets	<u>10,799,030</u>	<u>5,959,230</u>	<u>6,587,588</u>	<u>1,886,856</u>	<u>25,232,704</u>
LIABILITIES					
Current Liabilities					
Accrued liabilities	\$ 767,452	\$ 134,911	\$ 240,319	\$ 284,821	\$ 1,427,503
Current portion on non-current liabilities	736,611	11,485	82,351	67,433	897,880
Notes payable	-	1,677,924	-	-	1,677,924
Escrow and other deposits	-	13,353	-	-	13,353
Deferred revenue	-	220,000	49,971	34,751	304,722
Liabilities related to restricted assets					
Accrued liabilities	-	381	-	742,767	743,148
Total current liabilities	<u>1,504,063</u>	<u>2,058,054</u>	<u>372,641</u>	<u>1,129,772</u>	<u>5,064,530</u>
Noncurrent liabilities					
Accrued liability for OPEB benefits	11,691,061	-	-	-	11,691,061
Long-term debt, net of deferred refunding gain/loss	10,088	21,877	140,176	-	172,141
Total noncurrent liabilities	<u>11,701,149</u>	<u>21,877</u>	<u>140,176</u>	<u>-</u>	<u>11,863,202</u>
Total liabilities	<u>13,205,212</u>	<u>2,079,931</u>	<u>512,817</u>	<u>1,129,772</u>	<u>16,927,732</u>
NET ASSETS					
Capital assets, net of related debt	9,453,609	190,239	5,791,819	210,589	15,646,256
Restricted for:					
Other purposes	-	43,945	-	-	43,945
Unrestricted	<u>(11,859,791)</u>	<u>3,645,115</u>	<u>282,952</u>	<u>546,495</u>	<u>(7,385,229)</u>
Total net assets	<u>\$ (2,406,182)</u>	<u>\$ 3,879,299</u>	<u>\$ 6,074,771</u>	<u>\$ 757,084</u>	<u>\$ 8,304,972</u>

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Anne Arundel County, Maryland

Combining Statement of Activities

Nonmajor Component Units

Year Ended June 30, 2012

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<i>Library</i>				
Community services	\$ 22,515,334	\$ 812,857	\$ 3,803,376	\$ 109,278
<i>Economic Development</i>				
Arundel Business Loan Program	597,445	89,080	-	-
Training and other grants	62,500	-	-	-
Chesapeake Innovation Center	620,308	232,579	-	-
Administrative	1,394,643	-	-	-
Anne Arundel Agricultural Marketing, LLC	20,811	-	-	-
Anne Arundel Community Development, LLC	3,312	-	-	-
Unallocated depreciation	38,822	-	-	-
	<u>2,737,841</u>	<u>321,659</u>	<u>-</u>	<u>-</u>
<i>Tipton Airport Authority</i>				
Airport operations	<u>2,530,965</u>	<u>1,711,082</u>	<u>-</u>	<u>614,195</u>
<i>Workforce Development</i>				
Workforce development programs				
Other WIA programs	6,271,103	-	6,334,541	-
Administration	49,130	-	-	-
Other grants, projects, initiatives	571,515	-	528,722	-
	<u>\$ 6,891,748</u>	<u>\$ -</u>	<u>\$ 6,863,263</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>(17,789,823)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(17,789,823)</u>
-	(508,365)	-	-	(508,365)
-	(62,500)	-	-	(62,500)
-	(387,729)	-	-	(387,729)
-	(1,394,643)	-	-	(1,394,643)
-	(20,811)	-	-	(20,811)
-	(3,312)	-	-	(3,312)
-	(38,822)	-	-	(38,822)
<u>-</u>	<u>(2,416,182)</u>	<u>-</u>	<u>-</u>	<u>(2,416,182)</u>
<u>-</u>	<u>-</u>	<u>(205,688)</u>	<u>-</u>	<u>(205,688)</u>
-	-	-	63,438	63,438
-	-	-	(49,130)	(49,130)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,793)</u>	<u>(42,793)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,485)</u>	<u>(28,485)</u>
14,678,500	918,646	-	43,470	15,640,616
-	1,000,000	-	-	1,000,000
-	16,150	1,618	4,082	21,850
<u>14,202</u>	<u>41,695</u>	<u>-</u>	<u>-</u>	<u>55,897</u>
<u>14,692,702</u>	<u>1,976,491</u>	<u>1,618</u>	<u>47,552</u>	<u>16,718,363</u>
(3,097,121)	(439,691)	(204,070)	19,067	(3,721,815)
<u>690,939</u>	<u>4,318,990</u>	<u>6,278,841</u>	<u>738,017</u>	<u>12,026,787</u>
\$ <u>(2,406,182)</u>	\$ <u>3,879,299</u>	\$ <u>6,074,771</u>	\$ <u>757,084</u>	\$ <u>8,304,972</u>

Anne Arundel County, Maryland

Balance Sheet

Library Component Unit

June 30, 2012

	Governmental Fund		
	Operating Fund	Dedicated Revenue Fund	Total
ASSETS			
Cash and investments	\$ 11,485	\$ 10,295	\$ 21,780
Due from primary government	1,268,380	17,364	1,285,744
Receivables			
Other, net	27,809	-	27,809
Total assets	<u>\$ 1,307,674</u>	<u>\$ 27,659</u>	<u>\$ 1,335,333</u>
LIABILITIES			
Accrued liabilities	\$ 760,396	\$ 7,056	\$ 767,452
Total liabilities	<u>760,396</u>	<u>7,056</u>	<u>767,452</u>
FUND BALANCES			
Assigned	409,481	14,748	424,229
Unassigned	137,797	5,855	143,652
Total fund balances	<u>547,278</u>	<u>20,603</u>	<u>567,881</u>
Total liabilities and fund balances	<u>\$ 1,307,674</u>	<u>\$ 27,659</u>	<u>\$ 1,335,333</u>

Anne Arundel County, Maryland

Statement of Revenues, Expenditures, and Changes in Fund Balances

Library Component Unit

Year Ended June 30, 2012

	Governmental Fund		
	Operating Fund	Dedicated Revenue Fund	Total
REVENUES			
Grants and aid	\$ 18,393,253	\$ 88,623	\$ 18,481,876
Fines and fees	812,857	-	812,857
Other	2,420	11,782	14,202
Total revenues	<u>19,208,530</u>	<u>100,405</u>	<u>19,308,935</u>
EXPENDITURES			
Current			
Recreation and community services	19,212,455	107,317	19,319,772
Total expenditures	<u>19,212,455</u>	<u>107,317</u>	<u>19,319,772</u>
Revenues over (under) expenditures	<u>(3,925)</u>	<u>(6,912)</u>	<u>(10,837)</u>
Fund balances, July 1	551,203	27,515	578,718
Fund balances, June 30	<u>\$ 547,278</u>	<u>\$ 20,603</u>	<u>\$ 567,881</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, 2012

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Grants and aid	\$ 1,965,000	\$ 1,965,000	\$ 1,964,940	\$ (60)
Primary government contribution	14,678,500	14,678,500	14,678,500	-
Fines and fees	873,000	873,000	812,857	(60,143)
Other	541,100	541,100	540,520	(580)
Total revenues	<u>18,057,600</u>	<u>18,057,600</u>	<u>17,996,817</u>	<u>(60,783)</u>
EXPENDITURES				
Current				
Recreation and community services	18,417,600	18,307,600	18,120,453	187,147
Capital outlay	-	110,000	101,414	8,586
Total expenditures	<u>18,417,600</u>	<u>18,417,600</u>	<u>18,221,867</u>	<u>195,733</u>
Revenues over (under) expenditures	(360,000)	(360,000)	(225,050)	<u>\$ 134,950</u>
Fund balances, budgetary, July 1	<u>551,203</u>	<u>551,203</u>	<u>551,203</u>	
Fund balances, budgetary, June 30	<u>\$ 191,203</u>	<u>\$ 191,203</u>	<u>\$ 326,153</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, 2012

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 12</i>	<i>06/30/12 Outstanding</i>	<i>Total Due to Maturity</i>
Water and Wastewater Bonds							
Series 87 (Refunding)	02/15/87	1988-14	3.50 to 5.75	\$ 21,880,000	\$ 225,000	\$ 645,000	\$ 700,056
Maryland Water Quality Bond	11/27/90	1991-11	4.89 to 4.89	8,778,874	133,725	278,800	292,435
Series 1992 Refunding	05/01/92	1994-13	4.40 to 6.00	8,795,000	35,000	35,000	37,100
Maryland Water Quality Bond	06/30/92	1993-13	4.39 to 4.39	4,971,195	352,503	254,949	266,154
Maryland Water Quality Bond	06/01/93	1995-14	3.25 to 3.25	11,868,564	677,175	1,421,090	1,455,528
Maryland Water Quality Bond	03/28/96	1997-16	3.99 to 3.99	468,937	23,447	93,787	103,142
Maryland Water Quality Bond	03/28/01	2003-31	1.50 to 1.50	3,033,715	96,357	2,131,769	2,465,797
Series 02	03/01/02	2003-31	3.00 to 5.375	23,500,000	810,000	-	-
Series 03	03/01/03	2004-32	1.00 to 5.00	24,000,000	825,000	6,635,000	11,197,675
Series 03 Refunding	03/01/03	2004-23	1.00 to 5.00	65,085,000	4,545,000	29,420,000	35,029,118
Maryland Water Quality Bond	06/27/03	2005-24	1.00 to 1.00	19,362,500	942,787	12,076,462	12,875,749
Series 04	04/01/04	2005-33	2.00 to 5.00	11,750,000	405,000	810,000	870,750
Series 05	03/01/05	2006-34	3.00 to 5.00	24,500,000	845,000	9,290,000	14,624,532
Series 05 Refunding	03/01/05	2006-28	3.00 to 5.00	26,480,000	1,345,000	20,240,000	27,453,969
Series 06	03/21/06	2007-35	4.125 to 5.0	19,000,000	655,000	15,065,000	22,965,447
Series 06 Refunding	03/21/06	2007-31	4.00 to 5.00	34,060,000	1,045,000	30,785,000	42,964,970
Series 07	03/29/07	2008-36	4.25 to 5.00	42,500,000	1,470,000	35,150,000	54,270,725
Maryland Water Quality Bond	04/07/07	2008-27	1.00 to 1.00	5,854,341	338,324	4,186,111	4,452,551
Series 08	04/01/08	2009-36	3.50 to 5.00	32,000,000	1,145,000	27,420,000	43,340,746
Maryland Water Quality Bond	06/17/08	2009-28	1.10 to 1.10	1,200,475	61,135	1,018,058	1,120,191
Series 09	04/01/09	2010-39	2.50 to 4.75	29,200,000	975,000	26,275,000	42,398,314
Series 10 Refunding	07/22/09	2010-25	3.00 to 4.00	20,730,000	1,760,000	17,870,000	22,041,050
Maryland Water Quality Bond	12/01/09	2011-30	0.00 to 0.00	1,749,147	98,324	1,552,500	1,552,500
Series 10	04/08/10	2011-20	2.00 to 5.00	13,900,000	1,390,000	11,120,000	13,038,200
Series 10	04/08/10	2021-30	4.80 to 5.55	27,700,000	-	27,700,000	57,331,515
Series 11	04/20/11	2012-41	2.00 to 5.00	47,600,000	1,590,000	46,010,000	79,644,550
Maryland Water Quality Bond	05/31/11	2013-32	2.20 to 2.20	17,836,000	-	3,152,027	7,340,768
Series 11 Refunding	09/01/11	2013-25	3.00 to 5.00	8,860,000	-	8,860,000	12,186,300
Maryland Water Quality Bond	05/31/12	2014-33	1.80 to 1.80	574,358	-	574,358	574,811
Series 12	06/14/12	2013-42	2.00 to 4.00	27,020,000	-	27,020,000	41,567,982
Series 12 Refunding	06/14/12	2013-32	2.00 to 5.00	15,810,000	-	15,810,000	23,295,354
Total applicable to 5.6% and 14% debt limitations				<u>600,068,106</u>	<u>21,788,777</u>	<u>382,899,911</u>	<u>577,457,979</u>

(continued)

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

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

June 30, 2012

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 12</i>	<i>06/30/12 Outstanding</i>	<i>Total Due to Maturity</i>
Consolidated General Improvements	03/01/02	2003-22	3.00 to 5.375	91,500,000	5,490,000	-	-
Bonds	03/01/03	2004-23	1.00 to 5.00	101,000,000	6,060,000	6,060,000	6,363,000
	03/01/03	2005-14	1.00 to 5.00	21,510,000	2,685,000	5,325,000	5,724,000
	04/01/04	2005-24	2.00 to 5.00	49,500,000	2,970,000	5,940,000	6,385,500
	03/01/05	2006-25	3.00 to 5.00	55,000,000	3,305,066	12,084,476	13,510,804
	03/01/05	2006-26	3.00 to 5.00	46,625,000	4,130,000	27,570,000	32,886,613
	06/30/05	2007-28	3.00 to 5.00	24,530,000	780,000	21,395,000	30,389,713
	03/21/06	2007-26	4.00 to 5.00	64,000,000	3,213,284	44,628,637	59,460,109
	03/21/06	2007-27	4.00 to 5.00	87,115,000	4,630,000	73,895,000	92,129,869
	03/29/07	2008-27	4.25 to 5.00	91,600,000	5,502,929	63,798,953	84,976,955
	04/01/08	2009-28	3.50 to 5.00	55,200,000	3,310,000	41,960,000	57,032,850
	04/01/09	2010-29	4.00 to 5.00	113,300,000	6,831,174	92,806,478	123,990,602
	07/20/09	2010-25	1.50 to 4.00	32,520,152	4,590,000	20,185,000	23,722,637
	04/08/10	2011-20	2.00 to 5.00	66,136,440	7,031,914	59,014,526	72,248,247
	04/08/10	2021-30	4.80 to 5.55	72,888,560	-	72,888,560	124,901,836
	04/20/11	2012-31	3.00 to 5.00	117,500,000	5,985,441	111,514,559	162,400,548
	09/01/11	2013-25	3.00 to 5.00	35,835,000	-	35,835,000	47,486,550
	06/14/12	2013-32	3.00 to 4.00	98,900,000	-	98,900,000	137,934,623
	06/14/12	2013-32	2.00 to 5.00	36,332,512	-	36,332,512	49,459,831
				<u>1,260,992,664</u>	<u>66,514,808</u>	<u>830,133,701</u>	<u>1,131,004,287</u>
Solid Waste Bonds	03/01/96	1997-16	5.00 to 5.50	12,000,000	600,000	3,000,000	3,409,500
	05/01/98	1999-17	4.65 to 6.00	7,000,000	350,000	2,100,000	2,470,300
	04/01/04	2005-24	2.00 to 5.00	1,250,000	75,000	150,000	161,250
	03/01/05	2006-24	3.00 to 5.00	1,000,000	54,934	235,524	265,196
	03/21/06	2007-26	4.00 to 5.00	2,000,000	86,716	1,571,363	2,117,067
	03/29/07	2008-27	4.25 to 5.00	4,300,000	252,071	3,326,047	4,479,208
	04/01/09	2010-29	4.00 to 5.00	2,100,000	98,826	1,803,522	2,457,323
	04/08/10	2011-20	3.00 to 5.00	1,938,560	178,086	1,750,474	2,169,004
	04/08/10	2011-30	4.80 to 5.55	3,161,440	-	3,161,440	5,417,443
	04/20/11	2012-31	3.00 to 5.00	8,200,000	304,559	7,895,441	11,869,352
	06/14/12	2013-32	3.00 to 4.00	2,200,000	-	2,200,000	3,191,017
	06/14/12	2013-25	2.00 to 5.00	917,488	-	917,488	1,248,987
Total Waste Collection Enterprise Fund				<u>46,067,488</u>	<u>2,000,192</u>	<u>28,111,299</u>	<u>39,255,647</u>
Total applicable to 5.2% and 13% debt limitations				<u>1,307,060,152</u>	<u>68,515,000</u>	<u>858,245,000</u>	<u>1,170,259,934</u>

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

NOT APPLICABLE TO DEBT LIMITATIONS

June 30, 2012

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 12</i>	<i>06/30/12 Outstanding</i>	<i>Total Due to Maturity</i>
Installment Purchase Agreements - Agricultural Easement Program							
Adelaide F. Colhoun Trust	09/19/00	2002-30	5.85 to 5.85	401,000	1,000	390,000	791,721
Ellen H. Shepard Trust	09/22/00	2002-30	5.85 to 5.85	161,000	1,000	150,000	299,001
Harold & Jean Touchette	09/19/00	2002-30	5.85 to 5.85	378,000	1,000	367,000	744,499
Farm of the Four Winds, LLC	11/13/00	2002-30	6.00 to 6.00	587,000	1,000	576,000	1,188,900
Kenneth P. Franklin, Trustee	12/28/00	2002-30	5.60 to 5.60	142,055	1,000	131,000	254,480
Richard F. Moreland	07/18/01	2003-28	5.90 to 5.90	274,000	1,000	264,000	506,136
Mary M. Smith	07/18/01	2003-28	5.90 to 5.90	831,000	1,000	821,000	1,588,944
Francis R. Windsor	07/26/01	2003-28	5.90 to 5.90	411,174	1,000	401,000	772,464
Anita Froe/Rian LLC	03/06/02	2003-28	5.90 to 5.90	657,000	1,000	647,000	1,250,688
Lauer & Company	09/20/02	2004-28	5.25 to 5.25	197,000	1,000	188,000	339,620
Weeems Dodd Ltd	10/17/02	2004-28	5.45 to 5.45	1,521,000	1,000	1,512,000	2,823,923
Edward Hall II	12/19/02	2004-28	5.55 to 5.55	180,000	1,000	171,000	316,187
Bristol Farms LLC	01/28/03	2004-28	5.50 to 5.50	700,000	1,000	691,000	1,287,012
Shearman Talbott	05/22/03	2005-28	4.95 to 4.95	263,948	1,000	256,000	452,812
Anne Brice	06/23/04	2006-28	5.80 to 5.80	316,000	1,000	309,000	588,792
Thackray Seznec	06/30/04	2006-28	5.80 to 5.80	1,405,000	1,000	1,398,000	2,688,384
James Parks	07/07/04	2006-28	5.60 to 5.60	295,000	1,000	288,000	539,328
Dorothy Horky	12/05/05	2006-28	4.90 to 4.90	368,814	1,000	363,000	641,712
Virginia Tucker	10/05/06	2007-28	4.90 to 4.90	926,000	1,000	921,000	1,637,184
Jennifer Wade	07/26/07	2008-28	5.30 to 5.30	873,925	1,000	870,000	1,580,699
Ford/Addis	12/20/07	2008-37	4.60 to 4.60	604,000	-	604,000	1,298,600
Francis Talbott III	07/16/08	2009-37	4.55 to 4.55	840,000	-	840,000	1,795,502
Thompson Lumbei	06/21/11	2012-41	4.55 to 4.55	1,487,000	-	1,487,000	3,449,096
				<u>13,819,916</u>	<u>20,000</u>	<u>13,645,000</u>	<u>26,835,684</u>
Tax Increment Bonds							
Parole Town Center	07/12/02	2003-12	5.00 to 5.00	8,300,000	975,000	1,025,000	1,050,625
Arundel Mills Refunding	05/11/04	2010-29	3.00 to 5.125	30,350,000	705,000	29,345,000	45,023,890
National Business Park Ref	05/11/04	2009-28	3.00 to 5.125	15,655,000	415,000	14,670,000	21,927,964
West Nursery Road	05/11/04	2006-29	2.00 to 4.70	2,570,000	80,000	2,115,000	3,076,837
National Business Park North A	8/10/10	2011-25	5.625 to 5.625	4,000,000	-	4,000,000	6,304,281
National Business Park North B	08/10/10	2011-41	6.10 to 6.10	26,000,000	-	26,000,000	62,687,841
Village South at Waugh Chapel	11/18/10	2011-41	6.25 to 6.25	16,000,000	-	16,000,000	36,085,938
				<u>102,875,000</u>	<u>2,175,000</u>	<u>93,155,000</u>	<u>176,157,376</u>
LONG TERM DEBT NOT APPLICABLE TO DEBT LIMITATIONS							
Federal Loans							
Section 108	09/14/06	2007-12	4.96 to 5.77	1,640,000	410,000	-	-
State Loans							
Department of Natural Resources							
Amberly	11/01/08	2008-33	0.00	135,000	5,400	113,400	113,400
Annapolis Cove	09/16/88	1989-13	0.00	121,220	4,849	9,698	9,698
Annapolis Landing	07/01/92	1993-17	0.00	78,570	3,143	18,857	18,857
Arundel on the Bay	04/28/92	1993-17	0.00	74,220	2,969	17,813	17,813
Bay Ridge	11/19/90	1992-16	0.00	669,275	26,771	133,855	133,855
Bay Ridge #2	07/01/08	2009-28	0.00	500,000	25,771	438,107	438,107
Brown's Pond	11/25/91	1992-16	0.00	185,128	7,405	37,025	37,025
Buckingham Cove	04/07/97	1997-21	0.00	217,570	8,703	87,023	87,023
Camp Wabanna SECD	04/26/05	2011-31	0.00	174,857	9,203	165,654	165,654
Cape Anne SECD	11/30/06	2009-34	0.00	190,308	8,101	170,121	170,121
Cattail Creek	04/03/98	1998-22	0.00	127,628	5,105	56,156	56,156
Columbia Beach	06/12/08	2013-38	0.00	1,042,027	-	1,042,027	1,042,027
Elizabeth's Landing	09/26/91	1993-17	0.00	161,310	6,452	38,715	38,715
Elizabeth's Landing II	01/22/10	2012-37	0.00	153,262	6,130	140,990	140,990
John's Creek	12/15/93	1994-19	0.00	173,206	6,920	48,440	48,440
Holland Point SECD	10/11/04	2011-31	0.00	1,050,054	55,266	994,788	994,788
Lake Hillsmere I	04/03/98	1998-22	0.00	188,660	7,546	83,006	83,006
Mason's Beach	06/03/96	1997-06	0.00	277,098	13,855	69,274	69,274
Romar Estates	03/27/97	1997-21	0.00	304,987	12,199	121,995	121,995
Snug Harbor	11/21/91	1992-16	0.00	738,599	29,544	147,720	147,720
Snug Harbor Pier	04/13/92	1992-16	0.00	91,443	3,656	18,280	18,280
Snug Harbor SECD	10/11/04	2012-31	0.00	112,600	2,077	110,523	110,523
Spriggs Pond	02/28/92	1993-17	0.00	298,400	11,936	59,680	59,680
Whitehall Cove	12/19/01	2001-25	0.00	164,134	6,565	91,915	91,915
Total not applicable to debt limitations				<u>8,869,556</u>	<u>679,566</u>	<u>4,215,062</u>	<u>4,215,062</u>
Total long-term debt				<u>\$ 2,032,692,730</u>	<u>\$ 93,178,343</u>	<u>\$ 1,352,159,973</u>	<u>\$ 1,954,926,035</u>

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

June 30, 2012

FISCAL YEAR ENDING	General County Bonds (a)							
	General Government		Solid Waste		Tax Increment		Installment Purchase Agreements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 71,082,537	\$ 37,030,886	\$ 2,092,453	\$ 1,299,672	\$ 2,340,000	\$ 5,095,268	\$ 20,000	\$ 729,416
2014	66,908,703	35,180,227	2,106,292	1,229,074	1,430,000	5,010,210	20,000	728,300
2015	62,791,657	32,234,431	2,118,338	1,128,527	1,580,000	4,942,383	20,000	727,185
2016	61,595,273	29,309,505	2,154,722	1,020,803	1,720,000	4,868,808	20,000	726,070
2017	59,790,585	26,331,756	2,559,415	912,327	2,020,000	4,784,394	20,000	724,954
2018	56,457,564	23,419,500	1,192,436	796,883	2,320,000	4,684,532	20,000	723,838
2019	53,575,592	20,699,545	1,224,408	738,388	2,685,000	4,560,485	20,000	722,723
2020	48,830,836	18,246,240	1,279,164	679,799	3,045,000	4,410,011	20,000	721,608
2021	46,832,733	16,040,906	1,437,267	622,570	3,325,000	4,242,032	20,000	720,492
2022	46,839,081	13,876,798	1,480,935	558,714	3,635,000	4,058,312	20,000	719,377
2023	41,348,329	11,687,274	1,436,673	487,981	3,960,000	3,857,635	20,000	718,261
2024	37,699,929	9,805,866	1,435,072	420,567	4,290,000	3,639,466	20,000	717,145
2025	35,715,669	8,073,545	1,384,332	351,904	4,660,000	3,402,577	20,000	716,030
2026	33,112,954	6,403,940	1,337,047	285,182	5,045,000	3,145,506	20,000	714,915
2027	29,767,160	4,885,000	1,217,841	225,449	5,445,000	2,865,756	20,000	713,799
2028	25,565,883	3,435,316	1,014,118	165,533	5,880,000	2,561,788	8,880,000	712,683
2029	21,530,883	2,260,025	1,014,118	116,750	4,940,000	2,269,428	5,000	223,954
2030	17,020,619	1,295,420	914,382	71,032	2,335,000	2,066,501	1,529,000	223,663
2031	9,731,763	521,568	598,236	29,344	1,915,000	1,939,119	-	133,662
2032	3,935,951	132,838	114,050	3,849	2,080,000	1,816,214	-	133,662
2033	-	-	-	-	2,265,000	1,682,570	-	133,663
2034	-	-	-	-	2,455,000	1,537,418	-	133,662
2035	-	-	-	-	2,660,000	1,380,143	-	133,663
2036	-	-	-	-	2,880,000	1,209,826	-	133,662
2037	-	-	-	-	3,115,000	1,025,550	1,444,000	133,663
2038	-	-	-	-	3,365,000	826,391	-	67,658
2039	-	-	-	-	3,635,000	611,275	-	67,659
2040	-	-	-	-	3,915,000	379,283	-	67,658
2041	-	-	-	-	4,215,000	129,495	1,487,000	67,659
2042	-	-	-	-	-	-	-	-
	<u>\$ 830,133,701</u>	<u>\$ 300,870,586</u>	<u>\$ 28,111,299</u>	<u>\$ 11,144,348</u>	<u>\$ 93,155,000</u>	<u>\$ 83,002,376</u>	<u>\$ 13,645,000</u>	<u>\$ 13,190,684</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 assessable basis of personal property in the Sanitary District of Anne Arundel County; and (3) 14% of the operating real property described in section 8-109(c) of the Tax-Property Article of the Annotated Code of Maryland (1994 replacement Volume and 2000 Supplement).

<i>State Advances</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>
\$ 326,971	\$ -	\$ -	\$ -	\$ 23,197,949	\$ 16,102,014	\$ 99,059,910	\$ 60,257,256	\$ 159,317,166
325,325	-	-	-	22,911,348	15,704,905	93,701,668	57,852,716	151,554,384
320,477	-	-	-	21,822,821	14,823,240	88,653,293	53,855,766	142,509,059
320,477	-	-	-	21,539,884	13,939,603	87,350,356	49,864,789	137,215,145
320,476	-	-	-	20,440,257	13,016,563	85,150,733	45,769,994	130,920,727
227,310	-	-	-	19,147,609	12,169,382	79,364,919	41,794,135	121,159,054
214,746	-	-	-	18,033,507	11,360,002	75,753,253	38,081,143	113,834,396
207,826	-	-	-	17,434,573	10,635,532	70,817,399	34,693,190	105,510,589
207,826	-	-	-	17,310,808	9,921,787	69,133,634	31,547,787	100,681,421
207,822	-	-	-	17,287,214	9,183,332	69,470,052	28,396,533	97,866,585
186,923	-	-	-	16,593,792	8,457,886	63,545,717	25,209,037	88,754,754
174,272	-	-	-	15,507,954	7,759,770	59,127,227	22,342,814	81,470,041
174,272	-	-	-	14,154,454	7,112,430	56,108,727	19,656,486	75,765,213
174,272	-	-	-	13,498,265	6,477,649	53,187,538	17,027,192	70,214,730
167,707	-	-	-	13,081,870	5,864,791	49,699,578	14,554,795	64,254,373
167,707	-	-	-	12,404,917	5,274,241	53,912,625	12,149,561	66,062,186
167,707	-	-	-	11,122,829	4,713,030	38,780,537	9,583,187	48,363,724
141,936	-	-	-	11,114,690	4,195,546	33,055,627	7,852,162	40,907,789
77,467	-	-	-	11,106,582	3,671,471	23,429,048	6,295,164	29,724,212
71,652	-	-	-	10,223,588	3,141,724	16,425,241	5,228,287	21,653,528
19,631	-	-	-	8,965,000	2,645,690	11,249,631	4,461,923	15,711,554
6,130	-	-	-	8,960,000	2,222,509	11,421,130	3,893,589	15,314,719
6,130	-	-	-	8,120,000	1,798,691	10,786,130	3,312,497	14,098,627
-	-	-	-	7,335,000	1,410,405	10,215,000	2,753,893	12,968,893
-	-	-	-	4,855,000	1,058,038	9,414,000	2,217,251	11,631,251
-	-	-	-	4,855,000	816,200	8,220,000	1,710,249	9,930,249
-	-	-	-	4,805,000	573,237	8,440,000	1,252,171	9,692,171
-	-	-	-	3,780,000	332,650	7,695,000	779,591	8,474,591
-	-	-	-	2,390,000	142,000	8,092,000	339,154	8,431,154
-	-	-	-	900,000	33,750	900,000	33,750	933,750
\$ <u>4,215,062</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>382,899,911</u>	\$ <u>194,558,068</u>	\$ <u>1,352,159,973</u>	\$ <u>602,766,062</u>	\$ <u>1,954,926,035</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 Ten Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Capital assets, net of related debt	\$ 512,282,083	\$ 505,949,827	\$ 496,848,918	\$ 562,505,745	\$ 591,560,429	\$ 596,362,881	\$ 623,584,525	\$ 641,108,437	\$ 622,238,204	\$ 633,818,542
Restricted for:										
Revenue stabilization	24,928,401	27,177,741	35,634,133	38,754,372	44,952,851	47,818,429	32,778,154	-	-	-
Debt service	17,363,188	13,346,926	13,155,834	9,540,764	13,333,162	9,230,823	11,683,434	5,335,123	3,996,203	1,563,957
Capital improvements	53,502,139	59,022,217	51,130,409	107,716,853	104,693,767	104,851,313	121,074,932	48,635,874	61,469,121	76,820,358
Reforestation	2,697,247	4,313,745	5,524,706	6,559,025	7,880,990	8,521,089	5,027,348	5,399,159	7,766,138	6,823,655
Other purposes	3,790,598	3,189,519	5,151,600	6,774,586	6,265,652	8,286,624	4,739,945	9,826,468	3,408,549	2,702,597
Unrestricted	(108,427,530)	(99,052,792)	(69,377,525)	(106,855,776)	(100,471,355)	(189,559,379)	(380,694,137)	(481,961,464)	(594,418,963)	(657,762,577)
Subtotal governmental activities net assets	<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>	<u>104,459,252</u>	<u>63,966,532</u>
Business-type activities										
Capital assets, net of related debt	680,732,077	710,573,981	730,703,264	763,729,810	780,708,037	796,312,992	810,998,630	803,603,097	822,218,634	853,676,904
Restricted for:										
Debt service	162,090,444	156,003,350	147,894,257	156,854,325	164,718,410	180,173,819	200,012,523	207,296,505	220,812,854	250,397,620
Capital improvements	32,882,179	27,995,401	24,161,749	19,049,853	19,401,006	19,220,764	18,912,824	-	-	-
Other purposes	-	794,814	979,956	-	391,326	1,616,364	614,500	3,707,389	3,925,738	4,578,740
Unrestricted	16,782,679	3,335,282	5,692,310	9,133,869	16,368,158	13,780,022	(2,501,035)	22,282,513	21,548,473	19,852,330
Subtotal business-type activities net assets	<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>	<u>1,068,505,699</u>	<u>1,128,505,594</u>
Primary government										
Capital assets, net of related debt	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	1,444,456,838	1,487,495,446
Restricted for:										
Revenue stabilization	24,928,401	27,177,741	35,634,133	38,754,372	44,952,851	47,818,429	32,778,154	-	-	-
Debt service	179,453,632	169,350,276	161,050,091	166,395,089	178,051,572	189,404,642	211,695,957	212,631,628	224,809,057	251,961,577
Capital improvements	86,384,318	87,017,618	75,292,158	126,766,706	124,094,773	124,072,077	139,987,756	48,635,874	61,469,121	76,820,358
Reforestation	2,697,247	4,313,745	5,524,706	6,559,025	7,880,990	8,521,089	5,027,348	5,399,159	7,766,138	6,823,655
Other purposes	3,790,598	3,984,333	6,131,556	6,774,586	6,656,978	9,902,988	5,354,445	13,533,857	7,334,287	7,281,337
Unrestricted	(91,644,851)	(95,717,510)	(63,685,215)	(97,721,907)	(84,103,197)	(175,779,357)	(383,195,172)	(459,678,951)	(572,870,490)	(637,910,247)
Total primary governmental net assets	<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>	<u>\$ 1,172,964,951</u>	<u>\$ 1,192,472,126</u>

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
Education	\$ 444,903	\$ 460,911	\$ 506,795	\$ 545,274	\$ 604,273	\$ 648,187	\$ 685,499	\$ 663,563	\$ 697,647	\$ 669,191
Public safety	184,600	174,599	185,399	208,106	211,406	261,315	267,140	285,295	282,484	290,833
General government	99,789	89,832	90,538	87,480	99,787	108,536	119,849	121,427	115,262	116,146
Health and human services	68,448	68,205	69,009	72,130	77,363	76,399	73,669	72,731	72,096	72,907
Public works	72,830	53,981	57,416	62,300	61,129	75,748	68,103	84,000	66,553	80,934
Recreation and community services	44,485	40,949	50,097	53,132	56,820	60,227	63,032	63,688	61,005	56,129
Judicial	19,838	18,962	19,673	20,648	21,450	25,577	26,395	26,925	27,103	28,011
Code enforcement	10,512	9,996	10,700	11,176	11,455	13,543	13,378	13,905	13,305	13,788
Land use and development	9,458	10,262	9,686	10,457	9,344	10,687	12,996	11,010	14,429	11,472
Economic development	3,520	3,342	3,330	3,445	3,731	3,770	-	-	-	-
Interest on debt and leases	25,506	27,974	26,436	30,146	32,483	31,420	29,795	34,407	38,566	39,712
Subtotal governmental activities expenses	983,889	959,013	1,029,079	1,104,294	1,189,241	1,315,409	1,359,856	1,376,951	1,388,450	1,379,123
Business-type activities:										
Water and wastewater	85,254	85,920	94,416	94,109	100,136	113,666	114,150	112,694	112,709	121,553
Waste collection	36,066	42,946	38,996	47,638	40,773	44,043	47,885	46,539	49,078	47,933
Child care	1,819	2,015	2,362	2,543	2,794	3,324	3,756	3,703	3,772	3,777
Subtotal business-type activities expenses	123,139	130,881	135,774	144,290	143,703	161,033	165,791	162,936	165,559	173,263
Total primary government expenses	1,107,028	1,089,894	1,164,853	1,248,584	1,332,944	1,476,442	1,525,647	1,539,887	1,554,009	1,552,386
Program Revenues										
Governmental activities:										
Charges for services:										
Public safety	5,377	8,939	11,936	10,439	10,770	10,718	17,048	16,183	20,116	17,843
General government	24,338	23,232	27,057	34,595	35,660	38,368	40,485	42,238	44,867	44,487
Health and human services	3,112	3,464	3,134	4,010	4,186	3,843	7,114	7,375	4,207	7,778
Public works	3,916	1,723	1,905	2,770	3,009	2,752	2,491	3,907	4,352	2,992
Recreation and community services	7,785	8,042	9,265	12,223	15,065	16,324	16,904	16,119	16,095	17,053
Judicial	2,461	2,542	2,589	2,672	2,733	2,916	2,773	2,783	2,908	3,009
Code enforcement	7,889	13,282	13,610	14,287	14,849	13,694	10,764	11,526	13,605	11,414
Land use and development	968	2,657	2,756	2,568	3,248	2,562	1,050	2,924	5,132	1,769
Economic development	22	27	-	-	-	-	-	-	-	-
Operating grants and contributions	76,083	68,019	75,548	86,392	89,644	89,169	70,565	47,153	45,357	47,165
Capital grants and contributions	51,392	38,717	38,942	41,829	41,767	41,288	47,574	25,738	43,293	42,656
Subtotal governmental activities revenues	183,343	170,644	186,742	211,785	220,931	221,634	216,768	175,946	199,932	196,166
Business-type activities:										
Charges for services:										
Water and wastewater	58,291	59,600	61,805	68,464	69,689	72,449	71,622	78,995	81,555	86,737
Waste collection	35,284	35,449	36,153	42,291	43,014	43,708	43,281	43,218	44,106	50,680
Child care	1,922	2,084	2,428	2,689	2,881	3,089	3,493	3,665	3,568	4,032
Capital grants and contributions	37,769	28,947	38,539	43,991	43,078	51,850	49,630	44,798	54,093	76,527
Subtotal business-type activities revenues	133,266	126,080	138,925	157,435	158,662	171,096	168,026	170,676	183,322	217,976
Total primary government program revenues	316,609	296,724	325,667	369,220	379,593	392,730	384,794	346,622	383,254	414,142
Net (Expense)/Revenue										
Governmental activities	(800,546)	(788,369)	(842,337)	(892,509)	(968,310)	(1,093,775)	(1,143,088)	(1,201,005)	(1,188,518)	(1,182,957)
Business-type activities	10,127	(4,801)	3,151	13,145	14,959	10,063	2,235	7,740	17,763	44,713
Total primary government net (expense)/revenue	(790,419)	(793,170)	(839,186)	(879,364)	(953,351)	(1,083,712)	(1,140,853)	(1,193,265)	(1,170,755)	(1,138,244)

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets										
Governmental activities:										
General property taxes	371,534	393,884	412,001	437,323	470,163	497,486	540,602	557,796	577,937	593,914
Local government taxes	265,327	289,676	308,215	339,522	378,250	372,100	334,648	349,283	371,491	400,465
State shared taxes	5,891	6,919	6,614	7,120	7,192	7,739	7,931	7,521	8,665	10,334
Recordation and transfer taxes	74,120	99,053	116,713	129,933	109,258	82,776	55,811	59,727	58,000	59,089
Local sales taxes	29,618	30,830	31,249	34,176	36,546	37,380	33,269	31,682	32,406	32,258
Investment income	1,891	1,633	4,437	10,595	13,263	13,590	6,565	2,335	1,322	1,418
Other revenue	2,762	6,671	336	45	1,969	-	-	2,811	4,387	12,323
County transfer	-	-	-	-	-	-	-	-	10,426	-
Forgiveness of debt State of Maryland	-	-	-	-	-	-	-	-	-	32,663
Subtotal governmental activities	<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>	<u>1,064,634</u>	<u>1,142,464</u>
Business-type activities:										
In kind contributions of capital assets	-	-	-	-	-	-	-	-	-	2,000
Investment income	5,577	3,730	4,921	9,246	9,841	11,066	8,602	4,509	2,896	1,072
Other revenue	4,475	7,286	7,042	7,688	8,019	8,388	6,097	6,830	10,957	12,215
Subtotal business-type activities	<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>	<u>13,853</u>	<u>15,287</u>
Total primary government	<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>	<u>1,078,487</u>	<u>1,157,751</u>
Change in Net Assets										
Governmental activities	(49,403)	40,297	37,228	66,205	48,331	(82,704)	(164,262)	(189,850)	(123,884)	(40,493)
Business-type activities	20,179	6,215	15,114	30,079	32,819	29,517	16,934	19,079	31,616	60,000
Total primary government	<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>	<u>\$ (92,268)</u>	<u>\$ 19,507</u>

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved for:										
Encumbrances	\$ 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	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	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	10,111,613	59,667,854	94,110,403	92,639,611	103,840,756	54,447,182	(2,092,456)	27,578,262	-	-
Non spendable	-	-	-	-	-	-	-	-	1,952,362	2,081,977
Assigned	-	-	-	-	-	-	-	-	31,313,766	31,391,329
Unassigned	-	-	-	-	-	-	-	-	27,775,608	46,035,927
Total general fund	\$ 49,178,826	\$ 99,615,367	\$ 142,703,892	\$ 147,152,225	\$ 164,719,949	\$ 117,723,735	\$ 44,963,989	\$ 51,516,566	\$ 61,041,736	\$ 79,509,233
All other governmental funds										
Reserved for:										
Encumbrances	\$ 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	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	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	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	5,765,919	6,999,583	8,585,362	5,373,059	7,240,494	6,096,192	5,519,844	6,302,224	-	-
Restricted	-	-	-	-	-	-	-	-	73,250,908	84,309,450
Committed	-	-	-	-	-	-	-	-	1,960,508	1,407,089
Assigned	-	-	-	-	-	-	-	-	62,694,509	43,019,813
Unassigned	-	-	-	-	-	-	-	-	(3,682,206)	(3,325,628)
Total all other governmental funds	\$ 125,581,578	\$ 110,550,906	\$ 106,770,254	\$ 133,347,980	\$ 154,581,059	\$ 163,221,229	\$ 154,145,510	\$ 109,112,543	\$ 134,223,719	\$ 125,410,724

Note: In fiscal year 2011 the primary government implemented GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. This statement redefined how the fund balances of the governmental funds are presented in the financial statements.

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

	2003	2004	2005	2006
REVENUES				
General property taxes	\$ 376,141,261	\$ 395,347,946	\$ 411,488,309	\$ 439,755,427
Local income taxes	264,729,935	298,065,106	308,536,927	328,424,355
State shared taxes	29,336,273	25,613,319	30,308,838	36,025,864
Grants and aid	65,309,289	71,002,284	73,676,115	73,526,717
Recordation and transfer taxes	74,120,137	99,053,108	116,713,326	129,932,542
Local sales taxes	29,617,564	30,830,077	31,249,156	34,175,913
License and permit fees	11,517,360	15,154,020	15,400,144	16,766,915
Impact fees	9,055,776	10,715,560	10,845,055	11,056,677
Special community benefit taxes	3,473,476	3,829,032	4,640,447	5,047,941
Investment income	3,037,046	2,230,723	6,875,983	12,484,636
Fees for services and other revenue	29,227,728	33,060,102	37,503,663	40,055,997
Total revenues	<u>895,565,845</u>	<u>984,901,277</u>	<u>1,047,237,963</u>	<u>1,127,252,984</u>
EXPENDITURES				
Current				
Education	444,836,532	460,752,519	506,228,900	544,142,829
Public safety	168,686,401	171,085,550	183,418,356	201,470,724
General government	68,443,012	65,081,101	65,989,704	65,705,062
Health and human services	69,340,942	68,568,311	68,169,033	71,986,178
Public works	31,765,444	29,590,177	26,748,272	27,410,756
Recreation and community services	28,039,450	28,792,726	31,320,458	43,307,136
Judicial	17,679,442	17,531,229	18,551,403	19,300,693
Code enforcement	10,503,196	9,980,085	10,600,396	11,057,654
Land use and development	8,857,750	8,600,126	9,672,108	10,354,631
Economic development	3,520,112	3,342,050	3,330,000	3,445,000
Capital outlay	81,476,365	77,290,143	98,203,317	94,058,820
Debt service				
Interest payments on debt	21,407,053	27,488,181	26,865,677	29,309,560
Principal payments on debt	40,150,951	43,977,428	45,149,091	46,729,529
Interest payments on leases	31,317	18,406	12,325	7,358
Principal payments on leases	437,999	48,244	53,496	54,009
Total expenditures	<u>995,175,966</u>	<u>1,012,146,276</u>	<u>1,094,312,536</u>	<u>1,168,339,939</u>
Revenues over (under) expenditures	<u>(99,610,121)</u>	<u>(27,244,999)</u>	<u>(47,074,573)</u>	<u>(41,086,955)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	74,149,736	46,860,616	80,248,583	144,849,136
Transfers out	(74,149,736)	(46,860,616)	(80,248,583)	(144,849,136)
General obligation bonds issued	108,251,133	49,500,000	56,000,000	64,000,000
Bond anticipation notes issued	29,000,000	32,500,000	34,500,000	38,000,000
Payment of bond anticipation notes	(56,000,000)	(29,000,000)	(32,500,000)	(34,500,000)
National Business Park North bonds issued	-	-	-	-
Village South Waugh Chapel bonds issued	-	-	-	-
Parole Tax Increment bonds issued	8,300,000	-	-	-
Nursery Road Tax Increment bonds issued	-	2,570,000	-	-
Dorchester Taxing District bonds issued	8,223,335	5,388,744	-	-
Compass Pointe bonds issued	-	-	24,530,000	-
Installment purchase contracts issued	2,861,948	1,721,000	295,000	368,814
Proceeds from Federal and State Loans	-	-	-	1,009,930
Proceeds from lease financing	261,764	-	-	-
Proceeds from refunding issue	24,096,726	47,724,175	50,538,271	87,115,000
Premiums (discounts) from sale of bonds	-	3,294,922	3,417,648	7,481,071
Transfers from (to) proprietary funds	-	-	-	-
Transfers from (to) component units	-	-	-	-
Reduction (increase) in lawsuit liability	-	-	-	-
Payments to escrow agent	(24,039,670)	(51,047,973)	(50,398,473)	(91,361,801)
Total other financing sources (uses)	<u>100,955,236</u>	<u>62,650,868</u>	<u>86,382,446</u>	<u>72,113,014</u>
Net change in fund balances	<u>\$ 1,345,115</u>	<u>\$ 35,405,869</u>	<u>\$ 39,307,873</u>	<u>\$ 31,026,059</u>
Debt service as a percentage of noncapital expenditures	<u>6.3%</u>	<u>7.4%</u>	<u>7.0%</u>	<u>6.9%</u>

	2007	2008	2009	2010	2011	2012
\$	472,882,091	\$ 500,153,066	\$ 543,012,780	\$ 562,011,285	\$ 577,208,014	\$ 595,707,896
	361,956,043	371,369,460	364,527,636	355,787,451	369,341,731	394,480,856
	37,005,207	36,757,373	33,038,198	9,575,679	10,637,730	11,720,894
	62,884,873	77,080,676	67,315,877	51,292,124	52,762,415	52,827,290
	109,257,440	82,775,541	55,811,003	59,727,498	58,000,447	59,088,413
	36,546,370	37,380,289	33,269,235	31,681,511	32,405,559	32,258,227
	17,681,827	17,178,944	15,034,858	15,482,651	17,589,449	15,215,772
	9,268,611	8,132,004	5,330,130	4,077,383	9,469,099	20,113,165
	5,354,940	5,623,802	5,906,041	5,817,687	6,259,372	6,744,865
	16,302,297	16,041,101	6,957,412	2,013,921	909,826	3,444,363
	51,739,060	45,036,386	53,509,319	60,660,182	65,408,953	61,101,633
	<u>1,180,878,759</u>	<u>1,197,528,642</u>	<u>1,183,712,489</u>	<u>1,158,127,372</u>	<u>1,199,992,595</u>	<u>1,252,703,374</u>
	603,635,815	648,122,349	684,489,224	663,520,201	697,648,532	667,863,748
	211,273,738	222,788,697	234,201,473	236,020,663	234,003,601	234,743,678
	74,018,822	79,521,652	90,919,568	78,041,900	81,803,707	78,732,889
	77,428,060	70,964,487	71,767,527	69,961,727	68,153,620	69,383,832
	31,498,591	35,915,362	38,773,907	54,424,790	38,773,730	38,088,334
	46,231,649	49,396,167	49,944,034	48,052,691	47,835,484	49,595,703
	20,224,216	21,772,055	22,605,782	23,042,510	22,388,457	22,399,505
	11,599,781	12,307,157	12,342,856	12,006,795	11,360,912	11,536,177
	9,379,474	9,760,651	9,459,637	9,728,506	9,500,229	9,320,020
	3,731,000	3,770,200	-	-	-	-
	69,782,081	66,054,914	69,654,252	55,510,526	66,637,667	70,480,365
	29,967,318	31,594,418	31,481,880	32,281,174	37,380,700	39,736,712
	49,811,109	52,984,045	54,288,165	58,940,763	56,468,779	69,389,373
	3,743	-	5,524	6,282	4,950	3,526
	57,105	24,453	18,651	23,807	25,140	26,563
	<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>1,371,985,508</u>	<u>1,361,300,425</u>
	(57,763,743)	(107,447,965)	(186,239,991)	(183,434,963)	(171,992,913)	(108,597,051)
	153,626,114	130,370,500	120,205,586	182,952,661	94,470,013	76,229,704
	(153,626,114)	(130,370,500)	(120,205,586)	(182,952,661)	(94,470,013)	(76,229,704)
	92,400,000	55,200,000	113,300,000	139,025,000	117,500,000	98,900,000
	39,000,000	49,800,000	36,100,000	-	60,720,000	70,400,000
	(38,000,000)	(39,000,000)	(49,800,000)	(36,100,000)	(60,720,000)	(70,400,000)
	-	-	-	-	30,000,000	-
	-	-	-	-	16,000,000	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	926,000	1,477,925	840,000	-	1,487,000	-
	1,248,943	191,938	911,212	814,509	1,022,164	91,035
	-	106,616	-	29,575	-	-
	-	-	-	32,610,000	-	73,085,000
	5,101,149	2,115,442	6,109,094	11,780,793	9,361,054	30,548,530
	999,489	(800,000)	-	30,700,000	15,446,397	3,294,210
	-	-	-	-	10,426,000	-
	-	-	-	-	5,386,644	(67,118)
	-	-	-	(33,905,304)	-	(87,600,104)
	<u>101,675,581</u>	<u>69,091,921</u>	<u>107,460,306</u>	<u>144,954,573</u>	<u>206,629,259</u>	<u>118,251,553</u>
\$	<u>43,911,838</u>	<u>(38,356,044)</u>	<u>(78,779,685)</u>	<u>(38,480,390)</u>	<u>34,636,346</u>	<u>9,654,502</u>
	<u>6.7%</u>	<u>6.7%</u>	<u>6.5%</u>	<u>7.0%</u>	<u>7.1%</u>	<u>8.4%</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					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				
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	\$ 1.02	\$ 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	1.01	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	1.00	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	0.98	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	0.97	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	0.94	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	0.91	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	0.90	87,154,077	100.00%
2011	66,700,824	14,955,283	563,241	18,783	82,238,131	849,560	1,793,642	2,643,202	84,881,333	0.89	84,881,333	100.00%
2012	61,234,395	15,476,007	558,082	20,950	77,289,434	847,270	1,707,349	2,554,619	79,844,053	0.92	79,844,053	100.00%

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	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	Personal Prop.	Real Property	Personal Prop.					
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
2011	0.88	2.20	0.53	1.31	0.88	0.53	0.11	0.99	1.17
2012	0.91	2.28	0.54	1.36	0.92	0.56	0.11	1.02	1.22

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.

Anne Arundel County, Maryland
Principal Property Tax Payers
Current Year and Nine Years Ago

2012			2003		
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.	\$ 696,990,304	0.87%	Baltimore Gas and Electric Company	\$ 976,495,690	2.56%
Baltimore Gas and Electric Company	635,638,100	0.80%	Verizon	246,641,680	0.65%
Annapolis Mall LTD Partnership (Annapolis Mall)	418,179,896	0.52%	Arundel Mills Limited Partnership (Arundel Mills Mall)	206,242,876	0.54%
Arundel Mills Limited Partnership (Arundel Mills Mall)	352,673,537	0.44%	Annapolis Mall LTD Partnership (Annapolis Mall)	190,971,313	0.50%
Verizon	208,372,810	0.26%	TKL East (Marley Station Mall)	96,652,033	0.25%
Annapolis Towne Center at Parole LLC	135,111,200	0.17%	Northrop Grumman Corp.	65,868,621	0.17%
Wal-mart Stores, Inc.	115,116,893	0.14%	Wal-mart Stores, Inc.	63,173,097	0.17%
Northrop Grumman Corp.	111,835,763	0.14%	Parole Town Center Associates LTD Partnership	48,574,860	0.13%
TKL East (Marley Station Mall)	95,044,670	0.12%	Anne Arundel Medical Center	42,052,133	0.11%
Annapolis Harbour Center Assoc. LLLP	90,144,690	0.11%	Harbour Gates Inc. (Harbour Gates Apts)	38,542,919	0.10%
	<u>\$ 2,859,107,863</u>	<u>3.58%</u>		<u>\$ 1,975,215,222</u>	<u>5.18%</u>

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
2003	\$ 375,682,304	\$ 373,310,763	99.37%	\$ 2,285,213	\$ 375,595,976	99.98%
2004	393,762,892	391,557,058	99.44%	2,203,368	393,760,426	100.00%
2005	412,089,133	410,206,824	99.54%	1,879,529	412,086,353	100.00%
2006	439,775,209	438,118,642	99.62%	1,537,967	439,656,609	99.97%
2007	472,038,379	470,209,494	99.61%	1,696,021	471,905,515	99.97%
2008	498,477,749	497,250,354	99.75%	1,024,317	498,274,671	99.96%
2009	542,257,507	540,376,837	99.65%	1,526,454	541,903,291	99.93%
2010	562,014,875	553,780,723	98.53%	7,559,074	561,339,797	99.88%
2011	577,037,468	563,622,256	97.68%	12,527,052	576,149,308	99.85%
2012	595,530,678	593,210,480	99.61%	-	593,210,480	99.61%

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

Fiscal Year 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
2003	\$ 493,017	\$ 29,000	\$ 50,300	\$ 3,058	\$ 210	\$ 6,690	\$ 582,275	\$ 277,039	\$ 13,000	\$ 872,314	4.11%	\$ 1,718
2004	499,547	32,500	56,215	2,724	162	8,398	599,546	269,205	20,000	888,751	3.82%	1,732
2005	534,773	34,500	55,520	2,383	112	8,679	635,967	285,688	7,000	928,655	3.77%	1,799
2006	553,117	38,000	54,795	3,177	57	9,031	658,177	285,960	21,000	965,137	3.68%	1,864
2007	597,181	39,000	53,960	3,803	-	9,939	703,883	317,271	19,000	1,040,154	3.77%	1,998
2008	599,704	49,800	53,085	3,782	82	11,398	717,851	329,448	17,000	1,064,299	3.69%	2,026
2009	660,269	36,100	52,170	3,722	64	12,218	764,543	338,727	35,300	1,138,570	4.01%	2,139
2010	742,132	-	51,020	4,439	60	12,198	809,849	365,382	-	1,175,231	4.00%	2,179
2011	805,528	-	95,330	4,804	34	13,665	919,361	401,373	2,200	1,322,934	4.15%	2,430
2012	830,134	-	93,155	4,215	8	13,645	941,157	411,011	-	1,352,168	4.12%	2,474

(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)
2003	\$ 820,356	2.15%	\$ 1,616
2004	824,967	1.99%	1,607
2005	875,982	1.90%	1,697
2006	893,871	1.70%	1,727
2007	968,412	1.58%	1,861
2008	982,238	1.36%	1,870
2009	1,051,166	1.28%	1,974
2010	1,158,534	1.33%	2,148
2011	1,302,231	1.53%	2,392
2012	1,334,300	1.67%	2,441

(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, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
City of Annapolis	\$ 97,855,251	100.00%	\$ 97,855,251
Subtotal overlapping debt			<u>97,855,251</u>
Anne Arundel County direct debt			<u>941,156,576</u>
Total direct and overlapping debt			<u><u>\$ 1,039,011,827</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)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed value										
Real property	\$ 35,715,595	\$ 39,116,262	\$ 43,802,722	\$ 50,253,450	\$ 58,869,765	\$ 69,445,611	\$ 79,621,385	\$ 84,417,167	\$ 82,238,131	\$ 77,289,434
Personal and operating real property	2,445,954	2,379,732	2,406,886	2,479,719	2,589,549	2,518,178	2,753,604	2,736,910	2,643,202	2,554,619
Total assessed value	<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>	<u>84,881,333</u>	<u>79,844,053</u>
Legal debt margin										
Debt limit (5.2% of assessed value of real property, 13% for fiscal years 2001 and prior)	1,857,211	2,034,046	2,277,742	2,613,179	3,061,228	3,611,172	4,140,312	4,389,693	4,276,383	4,019,051
Debt limit (13% of assessed value of personal and operating real property)	317,974	309,365	312,895	322,364	336,641	327,363	357,969	355,798	343,616	332,101
Total debt limit	<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>	<u>4,619,999</u>	<u>4,351,151</u>
Debt applicable to limit:										
General obligation bonds	493,017	499,547	534,773	553,117	597,181	599,704	660,269	742,132	805,528	830,134
Bonded debt for solid waste projects (1)	24,763	23,083	21,042	19,963	20,399	17,976	17,721	21,163	27,907	28,111
Installment Purchase Agreement	6,690	8,398	8,679	9,031	9,939	11,398	12,218	12,198	13,665	13,645
Tax Increment Bonds	50,300	56,215	55,520	54,795	53,960	53,085	52,170	51,020	95,330	93,155
Bond anticipation notes (2)	30,250	33,500	35,500	38,000	39,000	49,800	39,600	-	2,200	-
Total debt applicable to limit	<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>	<u>944,630</u>	<u>965,045</u>
Legal debt margin	\$ <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>	\$ <u>3,675,369</u>	\$ <u>3,386,106</u>
Total debt applicable to the limit as a percentage of debt limit	<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>	<u>20.45%</u>	<u>22.18%</u>

(1) See Note 8 of the General Purpose Financial Statements for explanations of the bonded debt limits.

(2) 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	Principal	Interest									
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	
2011	89,182	71,602	17,580	19,568	7,433	0.65	\$	48,083	46,267	1,816	1,456	253	1.06	
2012	95,633	74,888	20,745	21,789	7,440	0.71	\$	53,224	45,731	7,493	2,000	206	3.40	

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	Principal	Interest									
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	
2011	27,428	1,074	26,354	1,690	2,462	6.35	\$	961	194	767	20	664	1.12	
2012	27,929	1,073	26,856	2,175	2,382	5.89	\$	3,991	0	3,991	20	724	5.36	

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)
2003	507,769	\$ 21,237,529	\$ 41,825	74,519	3.9
2004	513,259	23,242,127	45,283	74,000	3.8
2005	516,171	24,648,977	47,754	73,633	3.5
2006	517,698	26,261,768	50,728	73,111	3.3
2007	520,503	27,574,822	52,977	73,405	3.1
2008	525,304	28,804,951	54,835	73,658	4.4
2009	532,395	28,378,296	53,303	74,782	6.5
2010	539,241	29,391,749	54,506	75,481	6.8
2011	544,403	31,865,185	58,532	76,606	6.4
2012	546,581	32,830,287	60,065	77,434	6.1

Sources and notes:

(a) *Mid-year (July 1) estimates obtained from the Population Division, U.S. Census Bureau, release date June 07, 2012; 2010 Population data as of April 1, 2010. These data supersede population estimates published in previous years. Year 2012 mid-year estimated Maryland Association of Counties-Budget, Tax Rates, and Selected Statistics- FY2012.*

(b) *U.S. Bureau of Economic Analysis, release date April 25, 2012 - new estimates for 2010; revised estimated for 2000-2009 These data supersede population estimates published in previous years. Year 2011 and 2012 estimated by Anne Arundel County Planning & Zoning using linear regression ($R^2 = .97$). Additionally, population was revised back to the year 2000 to reflect population estimates as of April 2012.*

(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 2012; 2011 actual enrollment * 2012 Projected by AACPS Planning Department release date June 2011.*

(e) *Maryland Department of Labor, Licensing and Regulation monthly reports; Year 2011 average for 5 months (Jan -May).*

ANNE ARUNDEL COUNTY, MARYLAND

Principal Employers

Current Year and Nine Years Ago

2012			2003		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
Ft. George G. Meade *	55,365	15.47%	National Security Agency *	25,000	9.77%
Anne Arundel County Public Schools	14,081	3.94%	Ft. George G. Meade *	11,042	4.31%
BWI Thurgood Marshall Airport	9,717	2.72%	Anne Arundel County Public Schools	10,500	4.10%
State of Maryland	9,424	2.63%	State of Maryland	9,396	3.67%
Northrop Grumman Corp.	7,000	1.96%	Northrop Grumman Corp.	7,100	2.77%
Anne Arundel County Government	4,163	1.16%	Anne Arundel County Government	3,800	1.48%
Southwest Airlines	3,200	0.89%	U.S. Naval Academy	2,472	0.97%
Anne Arundel Health System	3,000	0.84%	Southwest Airlines	2,200	0.86%
Baltimore Washington Medical Center	2,650	0.74%	Anne Arundel Health Systems, Inc.	2,000	0.78%
U.S. Naval Academy	2,340	0.65%	Computer Sciences Corporation	1,829	0.71%
	<u>110,940</u>	<u>31.00%</u>		<u>75,339</u>	<u>29.43%</u>

Note: prior to fiscal year 2007 Ft. George G. Meade and the National Security Agency were listed separately in source documents, but have since been combined.

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	586	554	535	537	540	536	530	519	501	496
Public safety										
Police	1,047	1,037	904	921	923	933	938	894	892	895
Fire	654	675	721	833	833	860	861	859	855	855
Detention center	434	409	408	409	415	415	412	408	402	399
Health and human services	173	175	161	163	175	178	177	176	174	161
Public works	347	339	295	299	304	308	309	289	282	270
Recreation and community services	109	99	99	102	110	113	112	104	98	90
Judicial	273	260	261	264	270	270	272	272	270	269
Code enforcement	173	158	156	168	172	178	177	166	162	154
Land use and development	94	104	101	101	105	90	88	84	82	81
Water and wastewater	353	353	348	348	348	348	351	350	350	350
Solid waste	83	83	83	84	85	85	85	87	87	87
Child care	7	7	7	7	8	8	9	9	9	9
Total	<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>4,321</u>	<u>4,217</u>	<u>4,164</u>	<u>4,116</u>

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

Function/program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Physical arrests	15,858	16,419	16,321	16,644	16,424	21,476	20,151	19,056	19,165	16,914
Parking violations	3,325	4,010	4,382	4,562	3,772	4,887	4,103	3,755	4,318	3,081
Traffic violations	53,055	53,855	61,161	69,022	81,142	133,507	120,229	141,308	152,484	102,374
Fire										
Emergency responses	59,435	62,565	61,412	62,304	65,724	66,349	66,170	72,946	73,071	72,075
Inspections	12,301	10,353	11,436	12,992	11,308	12,201	12,075	10,700	11,032	11,540
Streets and highways										
Resurfacing (miles)	45.0	31.1	78.2	124.5	70.3	65.1	59.1	48.0	57.7	60.0
Recreation and community services										
Facility use applications	5,685	5,754	6,032	6,916	7,177	7,208	6,553	6,619	6,451	6,451
Water										
New water connections	1,354	4,856	1,477	1,094	894	937	752	871	743	712
Water main breaks	150	162	129	152	124	176	192	255	178	196
Average daily water consumption (thousands of gallons)	31,920	30,886	31,484	33,460	30,980	35,976	36,992	34,624	33,478	35,503
Number of customers	95,570	100,427	101,623	102,878	103,775	104,609	105,377	106,208	107,004	107,721
Wastewater										
Average daily sewage treatment (thousands of gallons)	33,443	33,953	32,457	31,077	32,340	30,959	30,564	33,800	31,173	32,399
Number of customers	103,361	108,017	109,179	110,637	111,574	112,487	113,413	114,342	115,129	155,817
Solid waste										
Trash collected (tons per year)	226,559	271,233	268,855	255,788	244,454	226,707	201,980	193,478	191,481	191,842
Recyclables collected (tons per year)	103,703	131,253	112,118	125,996	122,721	130,645	125,380	141,750	143,861	140,174
Child care										
Enrollment	1,533	1,619	1,689	1,921	1,982	2,477	2,148	2,150	2,337	2,337

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

Function/program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police										
Stations	9	10	10	10	10	10	10	10	10	10
Patrol units (vehicles)	414	414	429	468	484	487	487	487	487	487
Fire										
County owned stations	17	17	17	18	18	18	19	19	19	19
Volunteer stations	12	12	12	12	12	12	12	12	12	12
Pumpers/tankers	62	60	68	61	64	64	65	65	65	59
Ladder trucks	21	22	22	24	24	23	23	23	23	22
Paramedic units	40	41	39	41	40	40	41	41	41	42
Streets and highways										
Streets (miles)	1,710	1,735	1,754	1,761	1,765	1,767	1,768	1,772	1,772	1,776
Streetlights	34,877	35,081	35,423	35,800	36,130	36,561	37,105	37,375	37,583	37,660
Traffic signals	156	161	162	162	168	177	178	186	187	193
Recreation and community services										
Open space acreage	4,517	5,240	5,467	3,505	3,505	4,137	3,621	3,837	4,579	5,053
Playgrounds and Parks acreage	5,644	5,647	5,671	6,029	6,029	6,897	6,928	6,952	6,952	7,158
Parks										
Playgrounds	93	94	92	70	71	70	62	64	64	64
Baseball/softball fields	206	210	213	240	239	241	236	237	237	237
Football fields	161	162	169	107	110	112	118	118	118	118
Basketball courts	113	113	111	76	78	78	70	70	70	70
Tennis courts	219	214	212	86	84	84	64	64	64	64
Water										
Water mains (miles)	1,293	1,302	1,315	1,330	1,338	1,354	1,365	1,412	1,357	1,362
Water treatment plants	13	14	13	13	13	13	13	13	13	13
Wastewater										
Maximum daily treatment capacity (thousands of gallons)	43,615	43,615	43,615	43,615	43,615	46,615	46,615	46,615	46,615	46,615
Wastewater mains (miles)	1,156	1,346	1,363	1,376	1,397	1,417	1,440	1,459	1,401	1,418
Wastewater treatment plants	7	7	7	7	7	7	7	7	7	7
Wastewater pumping stations	242	243	243	245	248	251	252	249	249	251

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