

# **Anne Arundel County, Maryland**

## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2005**

### **County Executive**

Janet S. Owens

### **County Council**

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

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

**Anne Arundel County, Maryland  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2005**

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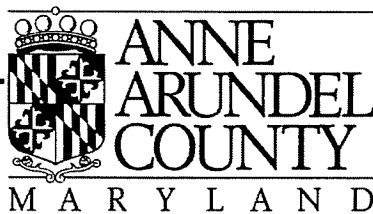
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December 16, 2005

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

I am pleased to submit to you the Comprehensive Annual Financial Report of the County for the fiscal year ended June 30, 2005. The purpose of this report is to provide you and the taxpayers of Anne Arundel County with sufficient information to evaluate the County's financial performance during fiscal year 2005.

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

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

**About Anne Arundel County**

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

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

**Government**

Under a home rule charter, the County's executive functions are vested in the elected County Executive, who is the chief executive officer of the County and is generally responsible for the proper and efficient ad-

## ANNE ARUNDEL COUNTY

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ministration of the affairs of the County. The County Council, which consists of seven members, is the County's legislative body. The Council members are elected by election district and the County Executive is elected at-large to serve four-year terms; the County Council members and the County Executive are limited to two consecutive four-year terms.

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

### **Economic Condition and Outlook**

Anne Arundel County sustained a strong economy in FY 2005. The County is fortunate to have a diverse business mix that includes a strong government sector supported by the Ft. Meade Federal Campus which houses the National Security Agency, a thriving tourism industry supported by the presence of the State Capital and our location on the Chesapeake Bay, and the Baltimore-Washington Thurgood Marshall Airport, one of the fastest growing airports in the region.

One key driver of the County's strong economic performance is the elevated levels of spending by the federal government. The most recent Consolidated Federal Funds Report (CFFR) ranked Anne Arundel County 3<sup>rd</sup> among Maryland counties receiving \$1.2 billion in defense procurement contracts, a 31.2% increase over the previous year. Fort Meade is one of the biggest winners nationwide with the approval of the Base Realignment and Closure (BRAC) Commission's recommendations; some 5,200 personnel will be added to the Ft. Meade campus by 2010 with the relocation of the Defense Information System Agency (DISA) and various other agencies. BRAC related activities will add \$1.0 billion to Ft. Meade's economic impact in the County, bringing the total impact of the federal campus to \$5 billion annually. It is projected that an additional 25,000 direct and indirect jobs will be created as a result of the BRAC process as defense contractors locate near Ft. Meade to support the National Security Agency and DISA. Seven of the nation's top ten defense contractors are located in the County. The County will continue to experience growth as defense and homeland security contractors expand in the County to support federal agency activities at the Ft. Meade campus.

Anne Arundel County continues to sustain a healthy tourism sector. People visit Anne Arundel County to enjoy the 524 miles of shoreline, the historic Annapolis area, the annual boat shows and many festivals, and the Arundel Mills Mall in Northern Anne Arundel County. The most recent economic impact study reports that travelers spend an estimated \$1.5 billion in Anne Arundel County, representing 17% of the total state share. These visitors generated \$65.9 million in tourism tax revenue. The tourism industry supports some 39,742 direct and indirect jobs and generates \$1.1 billion in wages in the County.

Another important economic driver in Anne Arundel County is the Baltimore-Washington Thurgood Marshall International Airport (BWI), one of the fastest-growing airports in the region. BWI supports 11,000 direct jobs in the County and generates \$2.7 billion of direct economic activity to the County. Airport activities generate \$153 million in state and local tax revenue. The airport is undergoing a \$1.8 billion expansion and renovation plan and to date has completed additional parking spaces, infrastructure improvements, and a new consolidated rental car facility. The latest addition, the new Southwest Airlines terminal, opened in May 2005. The expansion project is scheduled to be completed in fall 2006 and ensures a solid future for the airport.

Anne Arundel County continues to sustain positive trends in employment and job growth largely because of its geographic location in the fourth largest and wealthiest consumer market in the nation. The County's unemployment rate has averaged 3.7% during recent months, which is below the State of Maryland at 4.3%, and well below the National average of 5.1%. Based on the most recently available data, Anne Arundel County's job growth remains strong adding 9,212 jobs to the payrolls in 2004. The professional and business services sector con-

## ANNE ARUNDEL COUNTY

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tinues to expand reflecting the growth of defense contractors in the County. Noteworthy transactions in 2004 include: L-3 Communications Titan Group opening their \$26 million state headquarters in National Business Park in fall 2004; Northrop Grumman leasing an additional 104,000 square feet at National Business Park; and General Dynamics leasing 62,000 square feet at Arundel Mills Corporate Center creating 100 new jobs.

The County continues to build on an already strong economic base with expanding defense and technology sectors and sustained growth in the tourism and hospitality sectors. The attractive quality of life offered in Anne Arundel County, coupled with a highly skilled work force, will continue to attract businesses that will make the County their choice as a business location.

### **Financial Information**

#### **Funds and Component Units**

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

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

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

#### **Budgetary Controls**

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

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

### **Revenue Stabilization Fund**

The balance of the Revenue Stabilization Fund was \$35,634,133 at June 30, 2005. This fund may only be used upon request of the County Executive, with the approval of the County Council, to cover existing appropriations when revenues are not attained.

In September 2002, legislation was enacted to change the maximum amount that may be retained in the Revenue Stabilization Fund as a percentage of the total general fund appropriation. The legislation provides that the amount of the annual appropriation to the Revenue Stabilization Fund may not cause the sum of the balance of the Revenue Stabilization Fund plus the appropriation to exceed an amount equal to 10% of the estimated average aggregate annual revenue derived from the income tax, real property transfer tax, recordation tax, and investment income of the General Fund in the three fiscal years preceding the fiscal year for which the appropriation is made. If credited interest earnings cause the total amount of the fund to exceed an amount equal to 10% of the estimated average aggregate annual revenue derived from the income tax, real property transfer tax, recordation tax, and investment income of the General Fund in the three fiscal years preceding the fiscal year for which the appropriation is made, the Controller may credit interest earnings of the Revenue Stabilization Fund to the General Fund.

### **Cash Management**

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

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

### **Debt Management**

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

### **Risk Management**

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

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

### **Retirement Plans and Other Post Employment Benefits**

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

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

The County also provides post retirement health and dental care benefits for certain retirees and their dependents. Currently, Generally Accepted Accounting Principles (GAAP) do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. However, for reporting periods beginning after December 15, 2006, the County will need to implement Governmental Accounting Standards Board (GASB) Statement #45 providing guidance to employers who offer other post employment benefits (OPEB).

### **Awards and Acknowledgements**

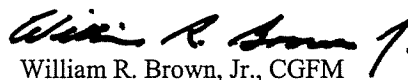
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to Anne Arundel County, Maryland for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This was the twenty-fourth consecutive year that the County has received this prestigious award.

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

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

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

Sincerely,



William R. Brown, Jr., CGFM  
Controller



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Anne Arundel County,  
Maryland

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

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.



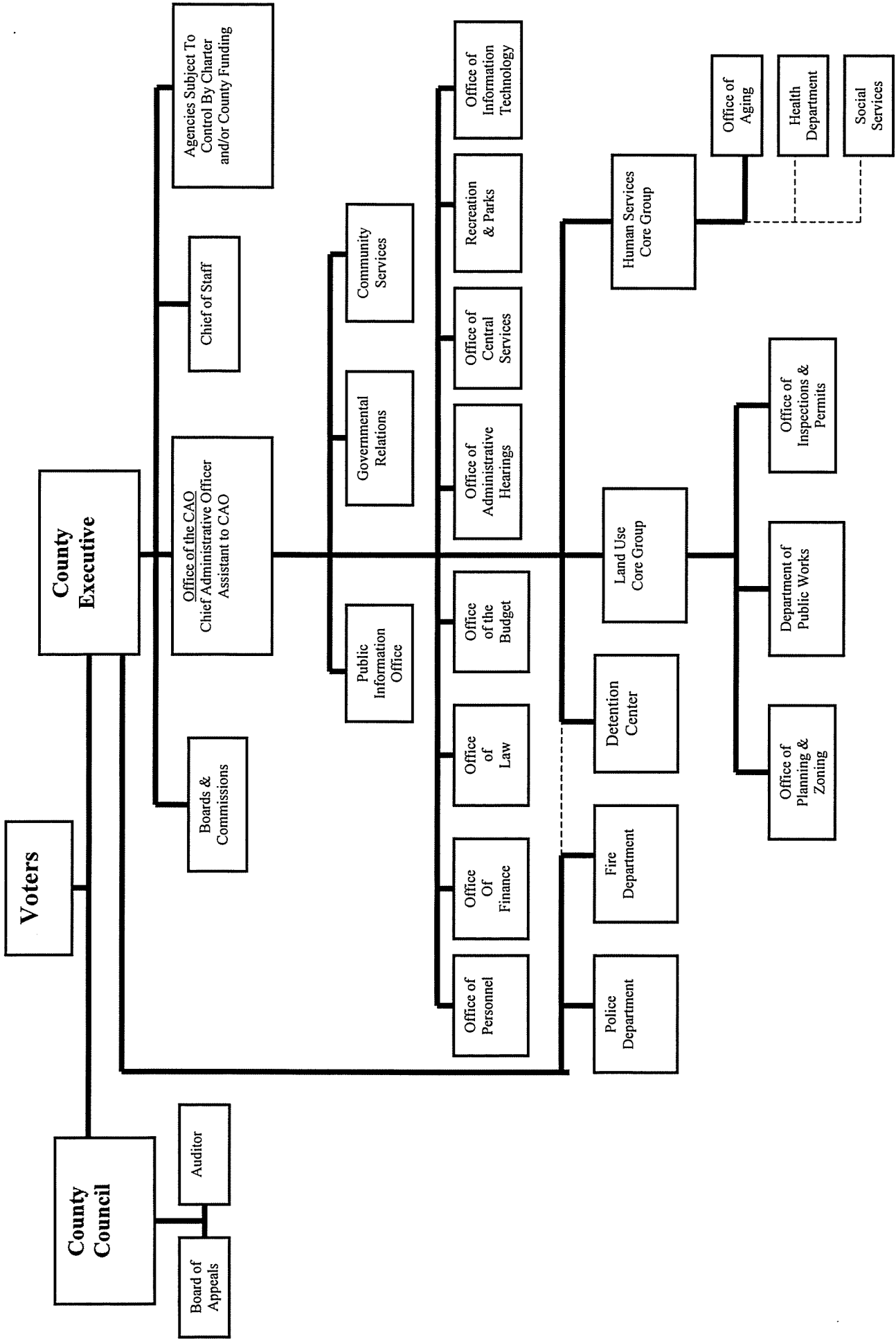
*Nancy L. Zjelle*

President

*Jeffrey R. Emer*

Executive Director

# Anne Arundel County, Maryland Organizational Chart



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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Anne Arundel County, Maryland (the County), as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Anne Arundel County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit (1) the component unit financial statements of the Anne Arundel Community College; (2) the component unit financial statements of the Anne Arundel Economic Development Corporation, the Tipton Airport Authority and the Anne Arundel Workforce Development Corporation, which represent 54 percent, 51 percent, and 34 percent, respectively, of the assets, net assets and revenues of the other nonmajor component units and (3) the financial statements of the Pension Trust Fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above mentioned component units and pension trust fund, is based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Anne Arundel County, Maryland, as of June 30, 2005, 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 16, 2005 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Schedule of Funding Progress for Single Employer Defined Benefit Pension Plans as referenced in the table of contents are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we and the other auditors did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Anne Arundel County, Maryland's basic financial statements. The accompanying supplementary information, such as the introductory section, combining and individual nonmajor component units and fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor component units and fund financial statements have been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Clifton Henderson LLP*

Baltimore, Maryland  
December 16, 2005



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

**Independent Auditor's Report**

The County Executive  
And Members of the County Council  
Anne Arundel County, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Anne Arundel County, Maryland (the County), as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Anne Arundel County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit (1) the component unit financial statements of the Anne Arundel County Board of Education; (2) the component unit financial statements of the Anne Arundel Community College; (3) the component unit financial statements of the Anne Arundel Economic Development Corporation, the Tipton Airport Authority and the Anne Arundel Workforce Development Corporation, which represent 54 percent, 51 percent, and 34 percent, respectively, of the assets, net assets and revenues of the other nonmajor component units and (4) the financial statements of the Pension Trust Fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above mentioned component units and pension trust fund, is based solely on the reports of the other auditors.

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

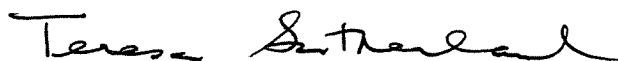
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Anne Arundel County, Maryland, as of June 30, 2005, 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 16, 2005 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Schedule of Funding Progress for Single Employer Defined Benefit Pension Plans as referenced in the table of contents are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we and the other auditors did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Anne Arundel County, Maryland's basic financial statements. The accompanying supplementary information, such as the introductory section, combining and individual nonmajor component units and fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor component units and fund financial statements have been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, in our opinion based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Annapolis, Maryland  
December 16, 2005



## Anne Arundel County, Maryland

### Management Discussion and Analysis

Year Ended June 30, 2005

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As Management of Anne Arundel County, Maryland (the County), we have prepared the following discussion and analysis to inform readers of the County's annual financial report about the financial information that the enclosed statements present. We encourage readers to consider the discussion and analysis along with the other information in this report, including the transmittal letter and notes to the basic financial statements. In this section we have provided an overview of the basic financial statements, selected condensed financial data and highlights, and analysis of the County's financial position and changes in financial position. Comparable amounts from the fiscal year ended June 30, 2004 have been provided herein.

#### Overview of Basic Financial Statements

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

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

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

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

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

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

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

***Governmental Funds*** – The governmental funds of the Primary government include the General Fund; the General County Capital Projects Fund, which is used to accumulate and spend resources to construct capital assets;



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the special revenue funds, which segregate restricted revenue sources to ensure these funds are spent on their intended purpose; and debt service funds which accumulate resources to pay certain long term debt issued by the County or separate districts.

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

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

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

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

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

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

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

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

### **Financial Highlights**

*Overall Financial Position* – During fiscal year 2005 the County's governmental activities have shown definite improvement in financial position. All components of net assets have increased, with a notable increase in the unrestricted net assets of \$29.7 million. The fiscal year 2005 results for the County's business-type activities show little change in the overall financial position of these activities. Total net assets increase only 2%, which was generated by additional capital assets. The restricted net assets set aside for debt service decreased; and unrestricted

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net assets only increased by \$2.4 million.

*Changes to net assets* – Net assets related to governmental activities increased \$37.3 million from fiscal year 2004 to 2005. This is due to an increase in total assets of \$90.6 million, which outpaced the increase in total liabilities of \$53.4 million. The current assets category showed the highest increase, of approximately \$52.6 million, which was caused by higher cash balances. Cash and investments increased by \$60.9 million, from \$92.4 in fiscal year 2004 to \$153.3 million in fiscal year 2005. The additional cash was generated primarily by the recordation and transfer taxes of \$116.7 million that were \$41.1 million in excess of budget. The increase in total liabilities was caused by a net increase in long term bonded debt of \$62.3 million.

Net assets related to business-type activities increased \$15.1 million or 2% in fiscal year 2005. The fluctuation was caused by assets increasing \$14.4 million, and liabilities decreasing by \$669,517. Asset increases were caused by the net change of \$36.1 million in capital assets, which was offset by decreases in the other asset categories. The decreases were most notable in cash balances and short term liabilities. These two categories decreased by \$11.9 million and \$11.1 million, respectively because bond anticipation notes issued in 2005 were only \$7 million compared to \$20 million in 2004.

*Significant changes in revenues and expenses* – In fiscal year 2005 the economy was in recovery. General revenues in governmental activities increased \$50.9 million, or 6% from fiscal year 2004. Anne Arundel County experienced growth in property tax revenues of \$18.1 million, local income taxes of \$18.5 million, and recordation and transfer taxes of \$17.7 million. Investment earnings increased in fiscal year 2005 due to the climb in interest rates. Investment earnings increased from \$1.6 million to \$4.4 million but remains less than 1% of general revenues and has little effect on financial position.

The growth in revenues resulted from increasing housing values, home sales, and mortgage refinancing. The County has experienced positive growth in its property and income tax bases due to significant Federal defense and intelligence presence in the County. These agencies and the related support industries continue to provide the County with positive growth trends.

The program revenues within governmental activities increased by \$16.1 million. Of this increase, charges for services increased \$8.3 million, or 13%; operating grants & contribution grew by \$7.5 million, or 11%, while capital grants & contributions were consistent with the previous fiscal year. The increase to charges for services was caused by the \$5 million increase in health care premiums paid to the Health Insurance Fund. The increase in operating grants & contributions was caused by an approximate \$4 million increase in highway user revenues, a \$1 million increase in admissions and amusement taxes, and a \$1.1 million gain on the value of investments held by the Installment Purchase Agreement Fund, compared to a loss recorded in the previous year.

The business-type activities show an increase in total program revenue of \$12.8 million. There was a modest increase in charges for services of \$3.3 million or 3%; however, capital grants and contributions increased by \$9.6 million from fiscal year 2004.

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

*Changes to debt* – The County's total bonded debt balance showed a net increase of \$59.7 million in fiscal year 2005. The County issued \$55 million of bonds for governmental activities, \$25.5 million for business-type activities, \$73.1 million of refunding bonds, and \$24.5 million for the purchase of a golf course. Of the annual issue of \$80.5 million, \$52.5 million of the proceeds were used to liquidate BANS issued in May of 2004 and \$28 million was used to fund ongoing capital projects.

The County issued \$41.5 million of BANS in March 2005 to fund capital expenditures in fiscal year 2006. Of this amount, \$34.5 million related to governmental activities, including education, public safety, infrastructure improvements, recreation, and general government improvements. The business-type activities received the

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remaining \$7 million of proceeds, which will be used for utility and waste collection improvements.

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

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

Anne Arundel County, Maryland Condensed Statement of Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2005	2004 (restated)	2005	2004 (restated)	2005	2004 (restated)
<b>Assets:</b>						
Current	\$ 284,030,718	\$ 231,413,195	\$ 44,258,114	\$ 56,145,714	\$ 328,288,832	\$ 287,558,909
Restricted - Current	145,942,375	149,995,667	158,647,257	161,394,071	304,589,632	311,389,738
Restricted - Noncurrent	-	-	65,368,463	72,410,066	65,368,463	72,410,066
Capital	885,222,594	843,148,711	1,000,241,341	964,121,157	1,885,463,935	1,807,269,868
Total	<u>1,315,195,687</u>	<u>1,224,557,573</u>	<u>1,268,515,175</u>	<u>1,254,071,008</u>	<u>2,583,710,862</u>	<u>2,478,628,581</u>
<b>Liabilities:</b>						
Current	146,733,675	139,442,081	38,869,267	50,001,247	185,602,942	189,443,328
Restricted - current	31,463,525	25,012,948	21,194,711	20,805,947	52,658,236	45,818,895
Noncurrent	598,930,412	559,262,948	299,019,661	288,945,962	897,950,073	848,208,910
Total	<u>777,127,612</u>	<u>723,717,977</u>	<u>359,083,639</u>	<u>359,753,156</u>	<u>1,136,211,251</u>	<u>1,083,471,133</u>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	496,848,918	492,842,240	730,703,264	706,189,005	1,227,552,182	1,199,031,245
Restricted	110,596,682	107,050,148	173,035,962	184,793,565	283,632,644	291,843,713
Unrestricted	(69,377,525)	(99,052,792)	5,692,310	3,335,282	(63,685,215)	(95,717,510)
Total	<u>\$ 538,068,075</u>	<u>\$ 500,839,596</u>	<u>\$ 909,431,536</u>	<u>\$ 894,317,852</u>	<u>\$ 1,447,499,611</u>	<u>\$ 1,395,157,448</u>

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

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

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

*Management's Analysis* – Current assets are \$52.6 million higher in fiscal year 2005 in the governmental activities primarily due to increases in cash and temporary investments of \$60.9 million. The increase in cash and investments is due to the overall increase in revenues noted earlier. The General Fund's fund balance has grown \$43 million since fiscal year 2004. The business-type activities show a decrease in current assets of \$11.9 million, due to the lower level of BANS issued in fiscal year 2005 compared to 2004. The smaller issue resulted in lower cash balances for capital project activity and lower current debt.

Restricted assets in governmental activities have decreased only \$4.1 million, caused by a \$3.7 million

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decrease in cash and receivables in the Impact Fee Fund, \$3.9 million increase in cash and receivables in the General County Capital Projects Fund and an increase in the cash and receivables balances of \$3.6 million in the Nonmajor funds.

The current restricted assets in business-type activities shows an insignificant change. Restricted noncurrent assets have decreased by \$7.0 million from fiscal year 2004, a 10% decrease. These assets result from long-term receivables for front foot benefit charges, capital connection charges, and a note receivable due from a developer. These balances continue to decrease as the number of properties allowed to defer the charges is declining and the developer is paying down the principal balance of the note. Newer developments are generally required to pay front foot and capital connection fees in advance.

The governmental capital assets net balance has increased by \$42.1 million from the previous year, a 5% increase. There was no significant increase in any one category of capital assets. Capital assets in the business-type activities increased by \$36.1 million, or 4%.

Current liabilities for governmental activities have increased by \$7.3 million, or 5% from the previous fiscal year. The increase in bond anticipation notes of \$2 million from the previous year along with increases in accounts payable caused the change. The current liabilities in business-type activities decreased by \$11.1 million, or 22%, from fiscal year 2004. The drop in bond anticipation notes outstanding from \$20 million in 2004 to \$7 million in 2005 caused this change.

Restricted current liabilities for governmental activities have increased \$6.5 million, or 26% from fiscal year 2004. This fluctuation was caused by the increase in the amount due to the Board of Education and the Community College component units for capital project activity. The amount due the Board of Education increased by \$1.3 million and the liability to the College increased \$821,283. In addition, construction accounts payable balances within the General County Capital Projects Fund increased by \$34 million. Restricted current liabilities for business-type activities show little change.

Noncurrent liabilities consist of bonded debt, self insurance reserves, loans, capital leases, and other liabilities. These liabilities increased \$39.7 million or 7% in governmental activities and climbed by \$10.1 million, or 3% in business-type activities. For governmental activities the long-term insurance reserves have increased by \$3.9 million due to increase in health care costs and self insurance claims reserves. The long-term bonds and agreements have increased by \$35 million, due to the additional issue of \$24.5 million to purchase the Compass Pointe Golf Course. The balances in the business-type activities increase by \$10.1 million or 3%.

The components of net assets in the governmental activities have all increased during fiscal year 2005. Capital assets net of related debt has increased \$4 million or 1%, Restricted net assets have increased \$3.5 million or 3%, and the unrestricted net assets have increased \$29.7 million, an increase of 30%. The first two categories growth is moderate; however, the increase to the unrestricted category is the result of the strong revenue streams from property, income, and recordation and transferred taxes, along with maintenance of spending levels.

It is important to note that although counties in the State of Maryland issue debt for the construction of schools, the schools are owned by the local Board of Education. Ownership reverts to the County if the building is no longer needed. The County also funds projects for the Community College and others that do not result in a County asset. Therefore, while the County's statements include this outstanding debt, there are no capital assets recorded on the primary government's statements. The negative unrestricted governmental activities fund balance of \$69.4 million reflects this treatment. The Board of Education and Community College capital net asset bases of approximately \$570.1 million and \$57.6 million, respectively, is evidence of the significant level of capital assets that were constructed primarily from County incurred debt.

A negative balance in unrestricted net assets does not constitute concern. However, the trend of the negative amount should be analyzed. The fiscal year 2001 unrestricted net asset amount of (\$54.1) million was 10.2% of total net assets, in fiscal year 2002 the amount (as restated) was (\$80.7) million or 14.5%, and in 2003 the amount of (\$108.4) million was 21%. Fiscal year 2004 saw a change in this trend reducing the amount to (\$99.1)

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and fiscal year 2005 decreased the balance further to (\$69.4). Therefore, recent trends are positive.

The net asset components for business type activities show moderate changes. Capital assets have increased by \$24.5 million due to additional developer built assets and continual construction of new water, sewer, and landfill assets. The restricted net assets have decreased by \$11.8 million from fiscal year 2004. These restricted net assets relate primarily to the long term receivables for utility connection fees. These receivable balances continue to decline as the number of properties eligible for long term fee deferral are declining. Unrestricted net assets have increased by \$2.4 million.

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

	Statement of Activities					
	Governmental Activities		Business-type Activities		Total	
	2005	2004 (restated)	2005	2004 (restated)	2005	2004 (restated)
<b>Program revenues:</b>						
Charges for services	\$ 72,250,898	\$ 63,908,474	\$ 100,386,154	\$ 97,133,010	\$ 172,637,052	\$ 161,041,484
Operating grants & contributions	75,547,948	68,018,578	-	-	75,547,948	68,018,578
Capital grants & contributions	38,942,152	38,716,764	38,538,873	28,947,374	77,481,025	67,664,138
	<u>186,740,998</u>	<u>170,643,816</u>	<u>138,925,027</u>	<u>126,080,384</u>	<u>325,666,025</u>	<u>296,724,200</u>
<b>General revenue:</b>						
General property taxes	412,001,280	393,883,820			412,001,280	393,883,820
Local income taxes	308,215,401	289,676,102			308,215,401	289,676,102
State shared taxes	6,613,645	6,918,566			6,613,645	6,918,566
Recordation & transfer taxes	116,713,326	99,053,108			116,713,326	99,053,108
Local sales taxes	31,249,156	30,830,077			31,249,156	30,830,077
Investment income	4,437,329	1,632,805	4,920,451	3,729,904	9,357,780	5,362,709
Other revenue	336,090	6,671,086	7,042,120	7,286,423	7,378,210	13,957,509
	<u>879,566,227</u>	<u>828,665,564</u>	<u>11,962,571</u>	<u>11,016,327</u>	<u>891,528,798</u>	<u>839,681,891</u>
<b>Total revenues</b>	<u>1,066,307,225</u>	<u>999,309,380</u>	<u>150,887,598</u>	<u>137,096,711</u>	<u>1,217,194,823</u>	<u>1,136,406,091</u>
<b>Expenses:</b>						
Education	506,794,807	460,910,902			506,794,807	460,910,902
Public safety	185,398,446	176,268,939			185,398,446	176,268,939
General government	90,537,732	89,888,695			90,537,732	89,888,695
Health & human services	69,008,933	68,204,598			69,008,933	68,204,598
Public works	57,415,844	54,775,929			57,415,844	54,775,929
Recreation & community services	50,097,353	41,314,210			50,097,353	41,314,210
Judicial	19,673,396	18,962,146			19,673,396	18,962,146
Code enforcement	10,699,715	9,996,379			10,699,715	9,996,379
Land use & development	9,686,322	10,261,520			9,686,322	10,261,520
Economic development	3,330,000	3,342,050			3,330,000	3,342,050
Interest expense on debt	26,436,198	27,974,513			26,436,198	27,974,513
Water & wastewater			94,416,480	85,920,260	94,416,480	85,920,260
Waste collection			38,995,723	42,946,457	38,995,723	42,946,457
Child care			2,361,711	2,014,545	2,361,711	2,014,545
<b>Total expenses</b>	<u>1,029,078,746</u>	<u>961,899,881</u>	<u>135,773,914</u>	<u>130,881,262</u>	<u>1,164,852,660</u>	<u>1,092,781,143</u>
Change in net assets	37,228,479	37,409,499	15,113,684	6,215,449	52,342,163	43,624,948
<b>Net assets, beg of year, as restated</b>	<u>500,839,596</u>	<u>463,430,097</u>	<u>894,317,852</u>	<u>888,102,403</u>	<u>1,395,157,448</u>	<u>1,351,532,500</u>
<b>Net assets, end of year</b>	<u>\$ 538,068,075</u>	<u>\$ 500,839,596</u>	<u>\$ 909,431,536</u>	<u>\$ 894,317,852</u>	<u>\$ 1,447,499,611</u>	<u>\$ 1,395,157,448</u>

The Statement of Activities presents some significant changes in revenues. These fluctuations were explained in the financial highlights section. Governmental activities' overall revenue has increased by \$67 million, which is a 7% increase from the previous year. Except for less significant decreases in State shared taxes and other revenue, all sources have increased since fiscal year 2004. Most notably is the increase of \$17.7 million in recordation and transfer taxes, the \$18.1 million increase in general property taxes, and the \$18.5 million in

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additional local income taxes. Since local tax rates did not increase in fiscal year 2005, these factors are evidence of the improvements to the County's economy.

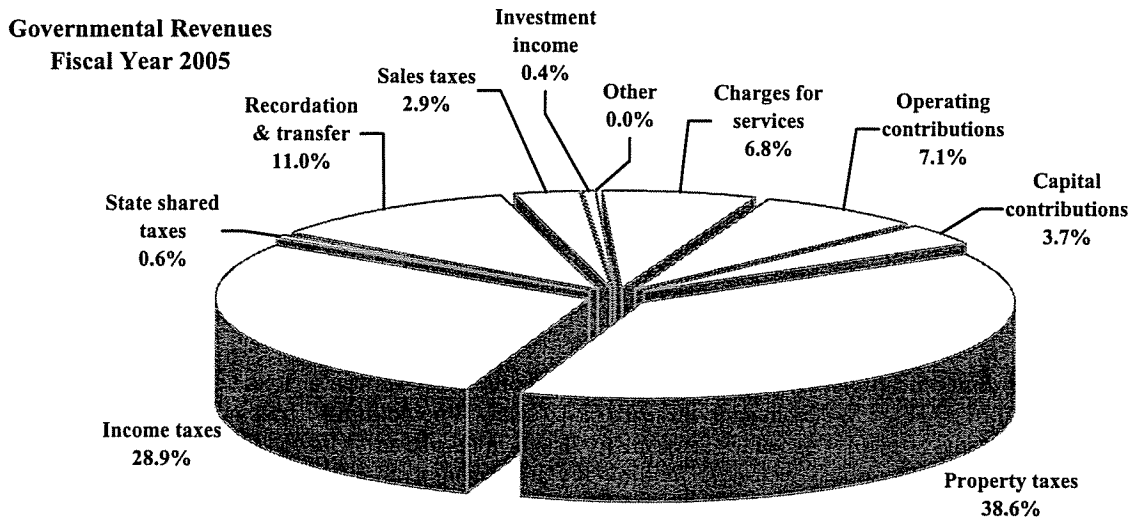
The expenses of the governmental activities have increased by \$67.2 million or 7% from fiscal year 2004. Most functional categories have increased since the previous fiscal year, as 2004 was a conservative spending year. The increase is primarily due to additional spending for capital projects. Most classes of capital projects have experienced increases in spending. Most notable are School Construction, which is \$24.5 million (70%) higher in fiscal year 2005 and Recreation, which has increased \$23.6 million (288%). There was a \$575,189 decrease in Land use and development expenses and a \$1.5 million decrease in interest expense.

In business-type activities there was a modest increase in charges for services of \$3.3 million or 3% in fiscal year 2005. Capital grants and contributions have climbed \$9.6 million, or 33% from the previous year. Additional developer built assets transferred to County ownership and the increased use of capital connection vouchers caused this increase. This activity indicates that the pace of development of new properties connecting to the County's water and wastewater systems is increasing. Investment income has increased \$1.2 million or 32% from fiscal year 2004 to 2005. The climbing interest rates have caused this fluctuation as noted previously in this analysis.

Business-type expenses show Water and wastewater activities increased by \$8.5 million or 10%, Waste collection activity decreased \$4 million or 9%, and Child care activities increased by \$347,166, or 17%. The increase in Water and wastewater was caused primarily by increases in usage. However, there was a write off of abandoned capital assets, amounting to approximately \$3 million. Waste collection expenses are less than fiscal year 2004 because the adjustment to the landfill closure and post closure accruals were much less in fiscal year 2005.

*Distribution of Revenues and Expenses*

The charts below show the percentage distribution of revenues from governmental activities and the percentage expended on each function. Discussion of the 2005 distribution and significant changes 2004 follows.



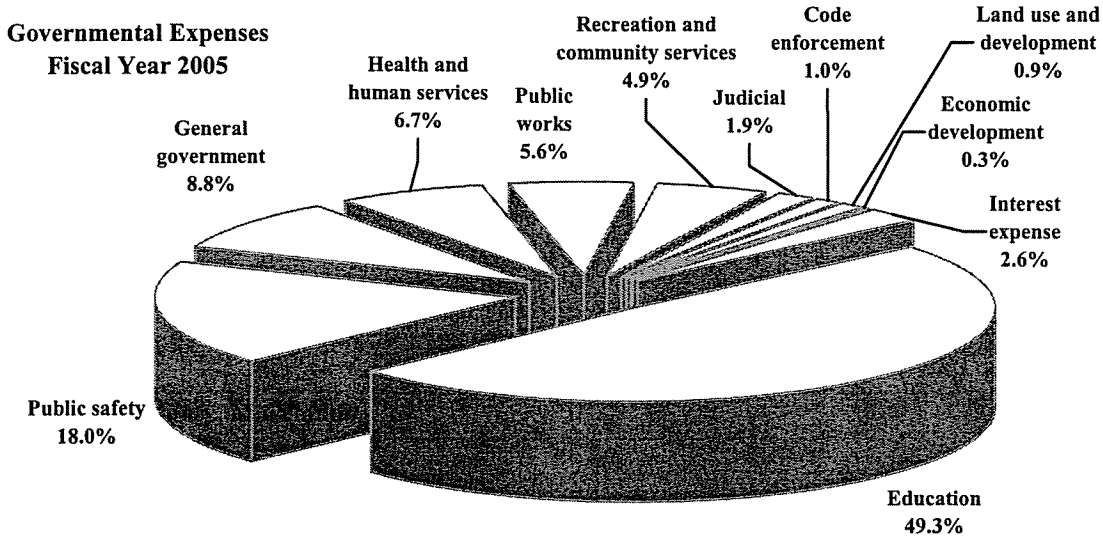
General revenue sources continue to provide the vast majority of the County's revenue. Tax revenues from property assessments, income, state shared sources, recordation and transfer, and sales of certain goods provided 82% of our revenue base, the same percent as fiscal year 2004. There were no significant changes in the other components' percentages as well.

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An analysis of the percentage distribution of expenses by function revealed that there were no significant changes in any of the functions as a percent of the total. Education increased from 48.1% of total expenses to 49.3% and General Government dropped from 9.4% of total expenses in fiscal year 2004 to 8.8% in fiscal year 2005.



**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 \$183.4 million to \$230.7 million, an increase of \$47.3 million from fiscal year 2004. The increases occurred primarily in cash, up by \$55.4 million, offset by a decrease in the receivable for State Income Taxes. Recordation and transfer taxes in excess of the anticipated amount by \$41.1 million was the primary reason for the increase in fund balance. The income tax receivable amount is lower than the previous year by \$16.4 million. Income tax receipts are being sent to the County earlier than in previous years and therefore the amount outstanding on past tax years is dropping.

The total fund balance has increased from \$99.6 million to \$142.7 million, an increase of \$43.1 million. Management had budgeted to use some of the fiscal year 2004 fund balance in supporting the fiscal year 2005 budget. However, favorable trends in revenues actually created additional fund balance of \$18.2 million.

The unreserved and undesignated General Fund balance has decreased from \$36.1 million in fiscal year 2004 to \$18.2 million in 2005 because more of the excess fund balance was programmed for use in the subsequent year. Specifically the amount of fund balance designated for use in the subsequent year has grown from \$23.6 million to \$75.9 million. These funds were earmarked for capital improvements as pay as you go funding for general county capital projects jumped from \$33.4 million in fiscal year 2005 to \$81 million in fiscal year 2006.

The County has a revenue reserve fund of \$35.6 million at the end of fiscal year 2005. The growth in this fund from the prior year of \$8.4 million was due to an additional contribution of \$7.8 million in fiscal year 2005 and interest earnings of \$656,392. This reserve may only be used when revenues fall short of expectations. Use of the reserve requires legislative action. Further, legislation passed in September 2002 increased the amount of funding that can be allocated to this reserve each year. The fiscal year 2006 budget provides for an additional \$1.7 million of General Fund monies be reserved. This fund has been in existence since fiscal year 1994 and has not been utilized by Management.

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**Year Ended June 30, 2005**

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The General Fund's balance sheet also includes a \$4.8 million liability to the Self Insurance Fund (an internal service fund). In fiscal year 2005, the County has allocated the deficit in this internal service fund to participating funds in order to better reflect the increasing claims estimated by the actuary. The General Fund balance sheet also includes a \$4.5 million reserve for debt service. The County received a premium from its March 2004 and 2005 general obligation bond sales. These premiums have been recognized as revenue in the fund statements and will be used to pay interest on the bonds issued as required by restrictions in the bond sale's tax certificate.

The revenues in the General Fund have increased by \$54.7 million compared to the prior fiscal year. Additional property tax revenue of \$14.6 million, state income taxes of \$10.5 million, and recordation and transfer taxes of \$17.7 million account for most of the increase. Most other revenue sources showed only modest increases from fiscal 2004. Expenditures however increased only \$50.8 million. All categories of functional expenditures increased except Public Works and Economic Development. Public Works decreased from \$27.2 million to 25.4 million due to the fiscal year 2004 expenditures related to Hurricane Isabel. The decrease in Economic Development costs was insignificant.

The Impact Fees Fund's statements remained fairly consistent with the prior year. This fund holds developer impact fees until utilized for the construction of capital assets. Assets and fund balance dropped from \$56.4 million in fiscal year 2004 to \$52.6 million at the end of fiscal year 2005. The drop is attributable to an increase in the amount transferred to the General Capital Projects Fund where the impact fees are utilized. In fiscal year 2004, \$5.9 million was transferred compared to \$15.5 million in fiscal year 2005. There were no other notable fluctuations.

The General County Capital Projects Fund's balance sheet shows \$3.9 million fewer assets in fiscal year 2005, from \$71.6 million to \$67.7 million. This decline is primarily a decrease cash balances, down \$3.1 million from the previous year. Total liabilities are fairly consistent with the previous year. There was an increase in revenues of \$5.3 million, primarily from grants; and an increase in other financing sources and uses of \$48.6 million, primarily from additional bonds and pay as you go funds. In addition, expenditures increased by \$38.9 million from the previous year.

***Proprietary Funds:***

The Water and Wastewater Fund's assets increased by \$13.1 million during fiscal year 2005, caused by a \$32.2 million increase in capital assets, net of depreciation, which was offset by declines in current assets (primarily cash) of \$12 million and long term receivables of \$5.2 million. The capital assets increase each year as capital projects are completed and developer donated water and sewer facilities are added. Liabilities have declined by \$11.4 million. Current liabilities include a lower balance in short-term debt from bond anticipation notes, \$13 million higher than in fiscal year 2004; however, this is offset by the increase in long-term debt of \$17.9 million. As a result of the changes in assets and liabilities the Water and Wastewater Fund's net assets increased only \$13.6 million, or 1.5%.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets shows only modest increases in operating revenues of \$1.7 million. Operating expenses have increased by \$6.7 million. In addition to an increase in contractual services expense, the fund received an additional \$1.3 million in indirect cost allocation and \$585,600 of additional insurance allocations. Nonoperating components also show little change except an analysis of fixed assets resulted in a \$3.1 million write off in fiscal year 2005. Capital contributions, fees and grants have increased substantially from \$28.9 million to \$38.5 million. 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 have increased by \$3.9 million, or 17%. Liabilities have decreased by \$165,869 million, primarily due to a decline in long term debt of \$2.1 million, offset by increases in the other categories. The most notable increase was \$1.2 million increase in closure and post closure reserves. Operating revenue has increased by only \$432,770. Expenses have decreased \$4.2 million due to a lower increase in the reserves.



Anne Arundel County, Maryland

Management Discussion and Analysis

Year Ended June 30, 2005

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***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, 2004. Investment growth has slowed somewhat since calendar 2003. Therefore, the contributions of \$37.3 million during 2004, and the asset appreciation of \$101.3 million, resulted in a smaller increase in net assets of \$100.2 million, compared to the \$191.5 million in 2003. Agency funds have grown from \$16.7 million to \$22.7 million. The increase was caused by additional tax sale escrow deposits, tax collections to be paid to other jurisdictions, and an additional escrow balance related the County's purchase of the Compass Pointe Golf Course.

**Budgetary Variations**

The budgetary statements of the General Fund show actual revenues of \$1.0 billion compared to budgeted amounts of \$949.1 million, resulting in \$53 million more revenue than anticipated. The most significant budgetary variation within components of revenue was actual recordation and transfer taxes which exceeded budget by \$41.1 million. These fluctuations were caused by changes in economic factors discussed in the financial highlights.

Functional expenditures were within budget for all categories. Total expenditures on a budgetary basis were \$967 million compared to appropriation authority of \$982.1, resulting in \$15.1 million, or 1.5%, less than planned. As a result, the amended budget anticipated using fund balance of \$32 million, however, \$35.1 million of fund balance was added.

The notable variances in expenditures were Health and Human Services, which under spent by \$3.6 million or 5.4% and Debt service costs, which were \$5.4 million or 13.3% less than the appropriations. Health and Human Services under spending was primarily due to lower realization of grants revenue. Debt service costs appropriations did not include a reduction for premiums from the previous bond sales. However, \$4.9 million of premiums were applied against the budgetary debt service expenditures in fiscal year 2005.

In reviewing the changes from the original budget to final budget, the budget for General government expenditures increased from \$76.5 million to \$83.2 million. The increase was due to additional appropriations granted in the fourth quarter of fiscal year 2005. The excess fund balance from fiscal year 2004 was used to fund an additional appropriation to the Self Insurance Fund of \$4.4 million, an additional transfer to the Revenue Reserve Fund, and an additional transfer to the Health Insurance Fund of \$950,000. Management is not aware of any reasons why these and other budgetary variations would have a significant effect on future liquidity or services.

**Capital Assets**

The table on the following page 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 assets show an increase from the prior year of \$42.1 million, or 5%. There was only one significant change and that was the increase in Construction in progress. This item has increased by \$16.7 million, or 12.1%. As noted previously in this analysis the capital projects activity increased for most categories, notably for school construction and recreation and parks. Land and easements and construction in progress typically increase because these assets are not depreciated. There were approximately \$8.3 million of additions in this category, which includes purchases of land for recreation, attainment of right of way for road and other construction, and the purchase of development easements on rural land.

*Business-type capital assets* - The capital assets in business-type activities have increased by \$36.1 million, or 3.7% from fiscal year 2004. Most of the categories of assets show little change since new additions are negated by the continued depreciation of existing assets. Construction in progress has increased by \$27.9 million. Construction on major wastewater projects caused this increase.

Anne Arundel County, Maryland

Management Discussion and Analysis

Year Ended June 30, 2005

Anne Arundel County, Maryland Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2005	2004 (restated)	2005	2004 (restated)	2005	2004 (restated)
Land and easements	\$ 160,429,707	\$ 152,128,829	\$ 8,549,360	\$ 8,549,360	\$ 168,979,067	\$ 160,678,189
Historical property and works of art	4,166,465	4,095,225	-	-	4,166,465	4,095,225
Land improvements	47,296,911	46,347,203	5,901,778	8,004,744	53,198,689	54,351,947
Buildings	229,596,100	222,010,489	15,282,794	15,078,375	244,878,894	237,088,864
Roads, bridges and signals	152,928,876	148,475,347	-	-	152,928,876	148,475,347
Sidewalks, curbs and gutters	14,389,868	13,079,858	-	-	14,389,868	13,079,858
Storm drains and culverts	84,727,855	87,599,147	-	-	84,727,855	87,599,147
Water and sewer plants and lines	-	-	818,441,152	809,200,044	818,441,152	809,200,044
Automobiles and rolling stock	21,606,490	17,992,055	1,724,304	1,144,605	23,330,794	19,136,660
Furniture and equipment	12,158,364	9,168,709	2,843,536	2,538,627	15,001,900	11,707,336
Software	3,480,655	4,517,476	-	-	3,480,655	4,517,476
Construction in progress	154,441,303	137,734,375	147,498,417	119,605,402	301,939,720	257,339,777
Total	\$ 885,222,594	\$ 843,148,713	\$ 1,000,241,341	\$ 964,121,157	\$ 1,885,463,935	\$ 1,807,269,870

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

Anne Arundel County, Maryland Analysis of Depreciable Assets						
	Governmental			Business-type		
	2005	2004	2003	2005	2004	2003
Total depreciable capital assets	\$ 1,008,434,748	\$ 963,163,491	\$ 841,621,562	\$ 1,231,438,067	\$ 1,196,556,016	\$ 1,166,808,643
Accumulated depreciation	(442,249,629)	(413,973,207)	(382,109,419)	(387,244,503)	(360,589,624)	(331,274,596)
Net depreciable capital assets	\$ 566,185,119	\$ 549,190,284	\$ 459,512,143	\$ 844,193,564	\$ 835,966,392	\$ 835,534,047
Net value as a percent of total	56%	57%	55%	69%	70%	72%
Accumulated depreciation as a percent of total	44%	43%	45%	31%	30%	28%

This analysis shows that the governmental capital assets were 44%, 43%, and 45% depreciated in fiscal years 2005, 2004, and 2003, respectively. The business-type capital assets show a 2 basis point increase in the percent depreciated from fiscal year 2003 to 2004 and then another 1 basis point increase in fiscal year 2005. The increase in accumulated depreciation as a percent implies that the asset base is aging slightly in the years presented. The comparison of these fiscal years does not provide any definite conclusion about the County's replacement of aging assets; however an upward trend in accumulated depreciation as a percent of gross assets over several years might indicate that the asset base is aging. Management will continue to monitor this trend. Additional information about the County's capital assets and changes therein is provided in the Note 5 to the basic financial statements.

**Debt Administration**

The County's outstanding debt at the end of fiscal years 2005 and 2004 is presented in the table below. The County had been utilizing short-term bond anticipation notes to fund capital project expenditures and converting this debt to long term after the funds had been spent. In March 2005 the County issued \$41.5 million short-term bonds in anticipation of capital project spending in early fiscal year 2006. Of the total, \$34.5 million of the proceeds will be used for general county projects such as infrastructure, education, public safety, libraries, and parks and recreation. The water and wastewater projects will utilize \$6 million of the proceeds and waste collection will use

**Anne Arundel County, Maryland**

**Management Discussion and Analysis**

**Year Ended June 30, 2005**

\$1 million for landfill related projects.

**Anne Arundel County, Maryland  
Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Bond anticipation notes	\$ 34,500,000	\$ 32,500,000	\$ 7,000,000	\$ 20,000,000	\$ 41,500,000	\$ 52,500,000
General obligation bonds	530,959,939	493,467,418	283,103,612	266,560,378	814,063,551	760,027,796
Special assessment debt	55,520,000	56,215,000	-	-	55,520,000	56,215,000
State loans	2,382,660	2,723,733	-	-	2,382,660	2,723,733
Capital leases	111,901	161,801	-	-	111,901	161,801
Installment purchase agreements	8,679,000	8,397,948	-	-	8,679,000	8,397,948
<b>Total</b>	<b>\$ 632,153,500</b>	<b>\$ 593,465,900</b>	<b>\$ 290,103,612</b>	<b>\$ 286,560,378</b>	<b>\$ 922,257,112</b>	<b>\$ 880,026,278</b>

The County issued general obligation bonds of \$80.5 million in March 2005, including \$55 million for governmental activities and \$25.5 million for business-type activities. The proceeds were used to pay off \$52.5 million of bond anticipation notes issued in May 2004 and the net amount of \$28 million was used for \$22.5 million of improvements for general county projects and \$5.5 million was used to fund projects in the water and sewer and landfill capital projects.

The County took advantage of the low interest rates to issue refunding bonds in March 2005 for both general county and water and wastewater bond series. The proceeds were placed in escrow and will be used to service the refunded bonds and pay off the principal on the earliest callable date. The refunding resulted in a reduction of outstanding principal of \$745,000. The County also sold general obligation bonds of \$24,530,000 for the purchase of Compass Pointe Golf Course.

The changes to the State loans were not significant as there were no new loans in fiscal year 2005 and the decline noted in the table is due to principal payments in 2005. There were no new capital leases added in 2005 and the decline reflects the amortization of the liability. The County's initiative to purchase agricultural easements through installment purchase agreements resulted in one new agreement in fiscal year 2005, totaling \$295,000. Other changes to debt balances resulted from principal payments during fiscal year 2004. Additional information about the County's debt and changes therein is provided in Note 8 to the basic financial statements.

**Fiscal Year 2006 and Beyond**

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

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

**Basic  
Financial  
Statements**

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Anne Arundel County, Maryland  
Statement of Net Assets

June 30, 2005

	Primary Government			Discretely Presented Component Units			
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor	
<b>ASSETS</b>							
Current Assets							
Cash and investments	\$ 153,344,372	\$ 24,999,074	\$ 178,343,446	\$ 93,079,142	\$ 12,228,923	\$ 2,248,715	
Taxes and other State revenue receivable	119,441,367	-	119,441,367	7,388,859	10,803	-	
Service billings receivable	-	18,379,530	18,379,530	-	-	-	
Prepays and other assets	9,663,679	-	9,663,679	3,726,235	8,030,649	1,230,479	
Inventories	1,581,300	879,510	2,460,810	1,777,899	935,355	37,511	
Due from primary government	-	-	-	12,951,925	1,711,992	1,829,506	
Restricted assets							
Cash and temporary investments	128,110,693	153,328,188	281,438,881	-	-	1,062,983	
Investments	-	-	-	-	-	410,610	
Receivables							
Due from other governmental agencies	12,770,769	685,908	13,456,677	-	-	6,635	
Other, net	2,841,631	4,633,161	7,474,792	-	-	-	
Other assets	2,219,282	-	2,219,282	-	-	255,859	
Total current assets	429,973,093	202,905,371	632,878,464	118,924,060	22,917,722	7,082,298	
Noncurrent Assets							
Restricted assets							
Deferred assessment and connection charges	-	60,042,012	60,042,012	-	-	-	
Notes receivable	-	5,326,451	5,326,451	-	-	-	
Total noncurrent restricted assets	-	65,368,463	65,368,463	-	-	-	
Loans receivable and other assets	-	-	-	-	7,696,515	1,055,348	
Capital assets not being depreciated	319,037,475	156,047,777	475,085,252	138,200,021	2,757,419	147,743	
Capital assets being depreciated	1,008,434,748	1,231,438,067	2,239,872,815	814,871,923	111,343,993	23,139,960	
Less accumulated depreciation	(442,249,629)	(387,244,503)	(829,494,132)	(378,509,674)	(43,962,798)	(6,455,041)	
Total capital assets	566,185,119	844,193,564	1,410,378,683	436,362,249	67,381,195	16,684,919	
Total assets	885,222,594	1,000,241,341	1,885,463,935	574,562,270	70,138,614	16,832,662	
	1,315,195,687	1,268,515,175	2,583,710,862	693,486,330	100,752,851	24,970,308	

Anne Arundel County, Maryland  
Statement of Net Assets

June 30, 2005

	Primary Government		Discretely Presented Component Units			
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor
<b>LIABILITIES</b>						
Current liabilities						
Accrued liabilities	37,983,530	8,005,882	45,989,412	89,965,004	6,655,040	1,313,906
Current portion of non-current liabilities	72,860,613	23,192,856	96,053,469	6,448,538	-	646,484
Notes payable	-	-	-	-	-	904,234
Bond anticipation notes	34,500,000	7,000,000	41,500,000	-	-	-
Internal balances	(456,176)	456,176	-	-	-	-
Due to component units	1,657,421	-	1,657,421	-	-	-
Escrow deposits	188,287	214,353	402,640	-	-	-
Deferred revenue	-	-	-	2,614,296	5,831,899	445,874
Liabilities related to restricted assets						
Accrued liabilities	13,567,931	14,655,313	28,223,244	-	635,811	292,294
Due to component units	14,836,002	-	14,836,002	-	-	-
Escrow and other deposits	2,909,592	858,974	3,768,566	-	-	37,830
Deferred revenue	150,000	5,680,424	5,830,424	-	-	237,917
Total current liabilities	178,197,200	60,063,978	238,261,178	99,027,838	13,122,750	3,878,539
Noncurrent liabilities						
Compensated absences and other obligations	1,658,925	186,611	1,845,536	-	1,328,452	-
Unpaid insurance claims	30,707,820	-	30,707,820	-	-	-
Estimated landfill closure and postclosure	-	30,692,350	30,692,350	-	-	-
Long-term debt, net of deferred refunding gain/loss	551,777,815	261,203,142	812,980,957	28,705,474	16,198,903	204,630
Deferred revenue	14,785,852	6,937,558	21,723,410	-	-	-
Total liabilities	777,127,612	359,083,639	1,136,211,251	127,733,312	30,650,105	4,083,169
<b>NET ASSETS</b>						
Capital assets, net of related debt	496,848,918	730,703,264	1,227,552,182	570,092,766	57,594,809	16,598,861
Restricted for:						
Revenue stabilization	35,634,133	-	35,634,133	-	-	-
Debt service	13,155,834	147,894,257	161,050,091	-	-	-
Capital improvements	51,130,409	24,161,749	75,292,158	-	-	-
Other purposes	10,676,306	979,956	11,656,262	4,138,866	5,666,448	1,478,593
Unrestricted	(69,377,525)	5,692,310	(63,685,215)	(8,478,614)	6,841,489	2,809,685
Total net assets	\$ 538,068,075	\$ 909,431,536	\$ 1,447,499,611	\$ 565,753,018	\$ 70,102,746	\$ 20,887,139

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

Statement of Activities

Year Ended June 30, 2005

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
<b>Governmental activities:</b>				
Education	\$ 506,794,807	\$ -	\$ -	\$ 10,546,015
Public Safety	185,398,446	11,935,632	10,788,624	772,502
General government	90,537,732	27,057,151	8,503,156	2,637,331
Health and human services	69,008,933	3,133,674	28,451,792	-
Public works	57,415,844	1,905,230	24,249,980	11,240,397
Recreation and community services	50,097,353	9,265,099	39,899	13,745,907
Judicial	19,673,396	2,588,716	1,647,355	-
Code enforcement	10,699,715	13,609,780	-	-
Land use and development	9,686,322	2,755,616	1,598,252	-
Economic development	3,330,000	-	5	-
Interest on debt and leases	26,436,198	-	268,885	-
	<u>1,029,078,746</u>	<u>72,250,898</u>	<u>75,547,948</u>	<u>38,942,152</u>
<b>Business-type activities:</b>				
Water and wastewater	94,416,480	61,805,702	-	38,538,873
Waste collection	38,995,723	36,152,665	-	-
Child care	2,361,711	2,427,787	-	-
	<u>135,773,914</u>	<u>100,386,154</u>	<u>-</u>	<u>38,538,873</u>
<b>Total primary government</b>	<u><u>1,164,852,660</u></u>	<u><u>172,637,052</u></u>	<u><u>75,547,948</u></u>	<u><u>77,481,025</u></u>
<b>Component units:</b>				
Board of Education	749,123,173	15,765,579	113,804,079	70,603,823
Community College	96,135,521	38,129,565	7,048,835	6,060,824
Library System	17,739,461	636,037	2,705,761	3,628,221
Economic Development Corp	4,123,404	1,042,078	1,790,119	-
Tipton Airport Authority	1,359,059	1,082,961	-	1,956,780
Workforce Development	2,436,391	-	2,582,299	-
<b>Total component units</b>	<u><u>\$ 870,917,009</u></u>	<u><u>\$ 56,656,220</u></u>	<u><u>\$ 127,931,093</u></u>	<u><u>\$ 82,249,648</u></u>

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

Total general revenues and transfers

Change in net assets

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

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



Net (Expense) Revenues and Changes in Net Assets

Primary Government			Discretely Presented Component Units		
Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor
\$ (496,248,792)	\$ -	\$ (496,248,792)	\$ -	\$ -	\$ -
(161,901,688)	-	(161,901,688)	-	-	-
(52,340,094)	-	(52,340,094)	-	-	-
(37,423,467)	-	(37,423,467)	-	-	-
(20,020,237)	-	(20,020,237)	-	-	-
(27,046,448)	-	(27,046,448)	-	-	-
(15,437,325)	-	(15,437,325)	-	-	-
2,910,065	-	2,910,065	-	-	-
(5,332,454)	-	(5,332,454)	-	-	-
(3,329,995)	-	(3,329,995)	-	-	-
(26,167,313)	-	(26,167,313)	-	-	-
<u>(842,337,748)</u>	<u>-</u>	<u>(842,337,748)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	5,928,095	5,928,095	-	-	-
-	(2,843,058)	(2,843,058)	-	-	-
-	66,076	66,076	-	-	-
-	<u>3,151,113</u>	<u>3,151,113</u>	-	-	-
(842,337,748)	3,151,113	(839,186,635)	-	-	-
-	-	-	(548,949,692)	-	-
-	-	-	-	(44,896,297)	-
-	-	-	-	-	(10,769,442)
-	-	-	-	-	(1,291,207)
-	-	-	-	-	1,680,682
-	-	-	-	-	<u>145,908</u>
-	-	-	(548,949,692)	(44,896,297)	(10,234,059)
412,001,280	-	412,001,280	-	-	-
308,215,401	-	308,215,401	-	-	-
6,613,645	-	6,613,645	-	-	820,823
116,713,326	-	116,713,326	-	-	-
31,249,156	-	31,249,156	-	-	-
-	-	-	575,640,303	49,711,574	13,362,039
-	-	-	-	1,523,429	-
4,437,329	4,920,451	9,357,780	1,543,953	657,558	66,835
336,090	7,042,120	7,378,210	1,547,013	392,469	160,425
<u>879,566,227</u>	<u>11,962,571</u>	<u>891,528,798</u>	<u>578,731,269</u>	<u>52,285,030</u>	<u>14,410,122</u>
37,228,479	15,113,684	52,342,163	29,781,577	7,388,733	4,176,063
<u>500,839,596</u>	<u>894,317,852</u>	<u>1,395,157,448</u>	<u>535,971,441</u>	<u>62,714,013</u>	<u>16,711,076</u>
\$ <u>538,068,075</u>	\$ <u>909,431,536</u>	\$ <u>1,447,499,611</u>	\$ <u>565,753,018</u>	\$ <u>70,102,746</u>	\$ <u>20,887,139</u>

Anne Arundel County, Maryland

Balance Sheet

Governmental Funds

June 30, 2005

	Major Funds			Nonmajor	Totals
	General	Impact Fees	General County Capital Projects	Governmental Funds	
<b>ASSETS</b>					
Cash and investments	\$ 105,101,816	\$ 51,520,862	\$ 52,067,886	\$ 24,522,245	\$ 233,212,809
Receivables					
Property taxes (net of \$1,246,961 allowance)	3,571,845	-	-	-	3,571,845
Local sales taxes	4,444,651	-	-	-	4,444,651
State shared revenues	25,108,730	-	-	-	25,108,730
Due from other governmental agencies (net of \$2,223,419 allowance)	5,802,200	-	12,663,154	107,615	18,572,969
Due from other funds	759,586	-	-	-	759,586
Local income tax	80,513,941	-	-	-	80,513,941
Other, net	4,523,821	1,110,779	743,325	987,527	7,365,452
Inventories	900,100	-	-	-	900,100
Other assets	-	-	2,219,282	-	2,219,282
Total assets	<u>230,726,690</u>	<u>52,631,641</u>	<u>67,693,647</u>	<u>25,617,387</u>	<u>376,669,365</u>
<b>LIABILITIES</b>					
Accrued liabilities	23,310,158	-	11,915,548	1,623,169	36,848,875
Due to other funds	4,761,364	-	-	31,560	4,792,924
Due to component units					
Board of Education	-	-	12,951,925	-	12,951,925
Community College	-	-	1,711,992	-	1,711,992
Library	1,657,421	-	-	-	1,657,421
Economic Development	-	-	-	172,085	172,085
Escrow and other deposits	188,287	-	-	2,909,592	3,097,879
Deferred revenue	58,105,568	-	7,823,346	33,204	65,962,118
Total liabilities	<u>88,022,798</u>	<u>-</u>	<u>34,402,811</u>	<u>4,769,610</u>	<u>127,195,219</u>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances	7,388,713	-	43,786,805	1,042,914	52,218,432
Revenue stabilization fund	35,634,133	-	-	-	35,634,133
Reserved for debt service	4,548,800	-	-	21,672	4,570,472
Reserved for other funds	121,743	-	-	-	121,743
Inventories	900,100	-	-	-	900,100
Unreserved:					
Designated for subsequent year's expenditures in:					
General fund	75,884,700	-	-	-	75,884,700
Special revenue funds	-	44,739,034	-	339,400	45,078,434
Capital projects funds	-	-	-	479,100	479,100
Debt service funds	-	-	-	709,800	709,800
Undesignated in:					
General fund	18,225,703	-	-	-	18,225,703
Special revenue funds	-	7,892,607	-	10,310,761	18,203,368
Capital projects funds	-	-	(10,495,969)	68,568	(10,427,401)
Debt service funds	-	-	-	7,875,562	7,875,562
Total fund balances	<u>142,703,892</u>	<u>52,631,641</u>	<u>33,290,836</u>	<u>20,847,777</u>	<u>249,474,146</u>
Total liabilities and fund balances	<u>\$ 230,726,690</u>	<u>\$ 52,631,641</u>	<u>\$ 67,693,647</u>	<u>\$ 25,617,387</u>	<u>\$ 376,669,365</u>

Anne Arundel County, Maryland

Reconciliation of Governmental Fund Balance to Governmental Net Assets

Governmental Funds

June 30, 2005

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Total fund balance for governmental funds as shown on the previous page	\$ 249,474,146
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on governmental funds balance sheet.	867,212,905
Certain liabilities are not due and payable in the current period and, therefore, are not included on governmental funds balance sheet.	(647,547,412)
Accrued interest payable on debt is recorded in governmental activities.	(8,022,654)
Revenues not available for use in the current fiscal year have been deferred until future periods on the governmental funds balance sheet.	65,529,669
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.	23,648,190
Premiums received on certain bond issues have been deferred on the Statement of Net Assets.	(14,503,403)
Certain expenditures paid with current resources have been deferred to future periods on the Statement of Net Assets.	<u>2,276,634</u>
Total net assets for governmental activities as shown on Statement of Net Assets	<u>\$ 538,068,075</u>

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

Anne Arundel County, Maryland

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2005

	Major Funds			Nonmajor	Totals
	General	Impact Fees	General County Capital Projects	Governmental Funds	
<b>REVENUES</b>					
General property taxes	\$ 400,944,486	\$ -	\$ -	\$ 10,543,823	\$ 411,488,309
Local income taxes	308,536,927	-	-	-	308,536,927
State shared taxes	30,308,838	-	-	-	30,308,838
Grants and aid	44,106,186	-	24,904,979	4,664,950	73,676,115
Recordation and transfer taxes	116,713,326	-	-	-	116,713,326
Local sales taxes	29,607,510	-	-	1,641,646	31,249,156
License and permit fees	15,400,144	-	-	-	15,400,144
Impact fees	-	11,217,435	-	-	11,217,435
Special community benefit taxes	-	-	-	4,640,447	4,640,447
Investment income	2,841,364	1,249,503	1,361,024	1,424,092	6,875,983
Other revenue	29,745,592	-	2,565,529	5,192,542	37,503,663
<b>Total revenues</b>	<b>978,204,373</b>	<b>12,466,938</b>	<b>28,831,532</b>	<b>28,107,500</b>	<b>1,047,610,343</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
Education	440,726,906	-	65,501,994	-	506,228,900
Public safety	182,550,817	-	-	867,539	183,418,356
General government	65,607,996	-	-	381,708	65,989,704
Health and human services	63,260,609	-	-	4,908,424	68,169,033
Public works	25,448,187	708,523	-	963,942	27,120,652
Recreation and community services	26,775,804	-	-	4,544,654	31,320,458
Judicial	18,551,403	-	-	-	18,551,403
Code enforcement	10,600,396	-	-	-	10,600,396
Land use and development	8,848,042	-	-	824,066	9,672,108
Economic development	1,690,000	-	-	1,640,000	3,330,000
Capital outlay	2,265,088	-	95,554,600	383,629	98,203,317
<b>Debt service</b>					
Interest payments on debt	24,365,001	-	-	2,500,676	26,865,677
Principal payments on debt	76,538,511	-	-	1,110,580	77,649,091
Interest payments on leases	12,325	-	-	-	12,325
Principal payments on leases	53,496	-	-	-	53,496
<b>Total expenditures</b>	<b>947,294,581</b>	<b>708,523</b>	<b>161,056,594</b>	<b>18,125,218</b>	<b>1,127,184,916</b>
<b>Revenues over (under) expenditures</b>	<b>30,909,792</b>	<b>11,758,415</b>	<b>(132,225,062)</b>	<b>9,982,282</b>	<b>(79,574,573)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	8,671,287	-	71,447,296	130,000	80,248,583
Transfers out	(56,050,000)	(15,491,183)	(1,361,024)	(7,346,376)	(80,248,583)
General obligation bonds issued	56,000,000	-	-	-	56,000,000
Bond anticipation notes issued	-	-	34,500,000	-	34,500,000
Compass Pointe Bonds issued	-	-	24,530,000	-	24,530,000
Installment purchase contracts issued	-	-	295,000	-	295,000
Refunding bonds issued	50,538,271	-	-	-	50,538,271
Premiums from sale of bonds	3,417,648	-	-	-	3,417,648
Payments to escrow agent	(50,398,473)	-	-	-	(50,398,473)
<b>Total other financing sources (uses)</b>	<b>12,178,733</b>	<b>(15,491,183)</b>	<b>129,411,272</b>	<b>(7,216,376)</b>	<b>118,882,446</b>
<b>Net change in fund balances</b>	<b>43,088,525</b>	<b>(3,732,768)</b>	<b>(2,813,790)</b>	<b>2,765,906</b>	<b>39,307,873</b>
Fund balances, July 1	99,615,367	56,364,409	36,104,626	18,081,871	210,166,273
<b>Fund balances, June 30</b>	<b>\$ 142,703,892</b>	<b>\$ 52,631,641</b>	<b>\$ 33,290,836</b>	<b>\$ 20,847,777</b>	<b>\$ 249,474,146</b>

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

Reconciliation of Changes in Fund Balances to Changes in Net Assets

Governmental Funds

Year Ended June 30, 2005

Changes in fund balances as shown on Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds	\$ 39,307,873
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over the estimated useful lives of those assets through an annual depreciation charge. The differences are as follows:</p>	
Current year additions and donations of capital assets	71,895,966
Current year disposals of capital assets	(884,445)
Depreciation expense recorded in the Statement of Activities	(32,305,723)
<p>Governmental funds report the additions and payments of long term liabilities in the period that current resources are provided or used. However, in the Statement of Activities, new debt is recorded as a liability and payments of principal are charged against that liability. In addition, interest payable must be accrued from the date of the last interest payment to the end of the fiscal year. Debt related differences are as follows:</p>	
New debt issued in current year (including refunding debt)	(133,110,519)
Principal payments on debt	97,774,627
Change in accrued interest payable	441,804
Gain on refunding	(1,205,000)
Amortization of prior year refunding gain/loss	(1,061,559)
<p>Certain charges paid with current financial resources are deferred and amortized over one or more periods on the Statement of Activities. The differences are as follows:</p>	
Expense was deferred to future periods	1,276,610
Amortization of expenditures deferred in previous years	(578,618)
<p>Premiums received on bond issues have been deferred in the government-wide statements. The revenue will be recognized over the life of the related bonds. The differences are as follows:</p>	
Deferred revenue	(3,417,648)
Amortization of amounts deferred	1,397,649
<p>Certain revenue was deferred on the governmental fund statements because it was not available to pay expenditures of the current period. These deferred amounts are recognized as revenue in the Statement of Activities.</p>	
	(4,888,712)
<p>The current year activity in the internal service funds has been combined and eliminated against the governmental activities in the Statement of Activities. However, the net activity in the internal service funds that resulted from provision of services to business-type activities, component units, and outside agencies must be recognized in the Statement of Activities.</p>	
	<u>2,586,174</u>
Changes in Net assets as shown in governmental activities on the Statement of Activities	<u>\$ 37,228,479</u>

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

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>REVENUES</b>				
General property taxes	\$ 396,276,000	\$ 396,276,000	\$ 400,944,486	\$ 4,668,486
Local income taxes	305,873,000	305,873,000	308,536,927	2,663,927
State shared taxes	28,848,000	28,848,000	30,476,373	1,628,373
Grants and aid	44,886,500	48,565,475	44,610,246	(3,955,229)
Recordation and transfer taxes	75,611,000	75,611,000	116,713,326	41,102,326
Local sales taxes	30,613,000	30,613,000	29,607,510	(1,005,490)
Licenses and permits	14,315,400	14,315,400	15,400,144	1,084,744
Investment income	1,753,000	1,753,000	3,593,495	1,840,495
Interfund recoveries	20,576,000	20,576,000	21,558,824	982,824
Other revenues	26,678,900	26,678,900	30,624,132	3,945,232
<b>Total revenues</b>	<b>945,430,800</b>	<b>949,109,775</b>	<b>1,002,065,463</b>	<b>52,955,688</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Education	440,665,500	440,665,500	440,356,198	(309,302)
Higher education	28,070,000	29,570,000	29,512,115	(57,885)
Public safety	185,509,300	188,240,675	186,172,614	(2,068,061)
General government	76,549,500	83,177,400	81,137,080	(2,040,320)
Health and human services	66,820,000	67,051,000	63,462,683	(3,588,317)
Public works	30,235,400	31,635,400	31,298,822	(336,578)
Recreation and community services	26,933,400	27,033,400	26,856,184	(177,216)
Judicial	18,790,400	18,914,000	18,387,193	(526,807)
Land use and development	9,191,400	9,279,200	8,848,890	(430,310)
Code enforcement	10,472,400	10,772,400	10,609,197	(163,203)
Economic development	1,690,000	1,690,000	1,690,000	-
Debt service	40,652,700	40,652,700	35,262,830	(5,389,870)
Pay go funding - capital projects	33,420,000	33,420,000	33,420,000	-
<b>Total expenditures</b>	<b>969,000,000</b>	<b>982,101,675</b>	<b>967,013,806</b>	<b>(15,087,869)</b>
Revenues over (under) expenditures	(23,569,200)	(32,991,900)	35,051,657	\$ <u>68,043,557</u>
Fund balances, budgetary, July 1	67,220,429	67,220,429	67,220,429	
Fund balances, budgetary, June 30	\$ <u>43,651,229</u>	\$ <u>34,228,529</u>	\$ <u>102,272,086</u>	
<b>Fund balances - Unreserved</b>				
Undesignated - GAAP basis			\$ 18,225,703	
Effect of revenue deferrals			4,006,601	
Allocation for self insurance fund deficit			4,033,339	
Establish Reserve for PST Landfill			121,743	
Undesignated - Non-GAAP basis			26,387,386	
Designated for subsequent years			75,884,700	
			\$ <u>102,272,086</u>	

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

## Statement of Net Assets

## Proprietary Funds

June 30, 2005

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund		Activities
	Water and Wastewater	Solid Waste	Child Care	Totals	Internal Service Funds
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ 11,273,554	\$ 12,752,882	\$ 972,638	\$ 24,999,074	\$ 48,242,256
Service billings receivable	17,199,981	1,174,982	4,567	18,379,530	1,163,078
Due from other funds	-	-	-	-	4,983,661
Inventories	789,523	89,987	-	879,510	681,200
Other	-	-	-	-	1,700,146
Restricted assets					
Cash and temporary investments	135,604,190	17,723,998	-	153,328,188	-
Receivables					
Due from other governmental agencies	685,908	-	-	685,908	-
Other, net	4,633,161	-	-	4,633,161	-
Total current assets	<u>170,186,317</u>	<u>31,741,849</u>	<u>977,205</u>	<u>202,905,371</u>	<u>56,770,341</u>
Noncurrent assets					
Restricted assets					
Deferred connection and assessment charges	60,042,012	-	-	60,042,012	-
Notes receivable	5,326,451	-	-	5,326,451	-
Capital assets	1,331,007,623	56,478,221	-	1,387,485,844	50,970,879
Less accumulated depreciation	<u>(358,370,978)</u>	<u>(28,873,525)</u>	<u>-</u>	<u>(387,244,503)</u>	<u>(32,961,190)</u>
Total capital assets, net of depreciation	<u>972,636,645</u>	<u>27,604,696</u>	<u>-</u>	<u>1,000,241,341</u>	<u>18,009,689</u>
Total assets	<u>1,208,191,425</u>	<u>59,346,545</u>	<u>977,205</u>	<u>1,268,515,175</u>	<u>74,780,030</u>
<b>LIABILITIES</b>					
Current liabilities					
Accrued liabilities	4,284,777	3,642,546	78,559	8,005,882	6,679,932
Current portion of long-term debt and obligations	19,903,198	3,271,545	18,113	23,192,856	13,178,307
Bond anticipation notes	6,000,000	1,000,000	-	7,000,000	-
Due to other funds	852,713	51,761	45,849	950,323	-
Escrow deposits	86,987	127,366	-	214,353	-
Liabilities related to restricted assets					
Accrued liabilities	14,654,563	750	-	14,655,313	-
Escrow deposits	858,974	-	-	858,974	-
Deferred revenue	<u>5,680,424</u>	<u>-</u>	<u>-</u>	<u>5,680,424</u>	<u>-</u>
Total current liabilities	<u>52,321,636</u>	<u>8,093,968</u>	<u>142,521</u>	<u>60,558,125</u>	<u>19,858,239</u>
Noncurrent liabilities					
Accrued liability for compensated absences	93,553	80,241	12,817	186,611	71,634
Unpaid insurance claims	-	-	-	-	30,707,820
Estimated landfill closure and postclosure	-	30,692,350	-	30,692,350	-
Long-term debt, net of deferred refunding loss	243,259,105	17,944,037	-	261,203,142	-
Deferred revenue	<u>6,937,558</u>	<u>-</u>	<u>-</u>	<u>6,937,558</u>	<u>-</u>
Total liabilities	<u>302,611,852</u>	<u>56,810,596</u>	<u>155,338</u>	<u>359,577,786</u>	<u>50,637,693</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	718,113,611	12,589,653	-	730,703,264	18,009,689
Restricted for debt service	147,894,257	-	-	147,894,257	-
Restricted for capital improvements	23,636,854	524,895	-	24,161,749	-
Restricted for other purposes	-	979,956	-	979,956	-
Unrestricted	<u>15,934,851</u>	<u>(11,558,555)</u>	<u>821,867</u>	<u>5,198,163</u>	<u>6,132,648</u>
Total net assets	<u>\$ 905,579,573</u>	<u>\$ 2,535,949</u>	<u>\$ 821,867</u>	<u>\$ 908,937,389</u>	<u>\$ 24,142,337</u>

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

Net assets shown above \$ 908,937,389

A portion of the assets, liabilities, and current year activity within the internal service funds has been allocated to business-type activities. 494,147

Net assets shown on government wide statement of net assets \$ 909,431,536

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

Anne Arundel County, Maryland

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

Proprietary Funds

Year Ended June 30, 2005

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund		Activities
	Water and Wastewater	Solid Waste	Child Care	Totals	Internal Service Funds
<b>OPERATING REVENUES</b>					
Charges for services	\$ 61,805,702	\$ 33,769,792	\$ 2,427,787	\$ 98,003,281	\$ 34,058,753
Landfill charges	-	2,382,873	-	2,382,873	-
Medical premiums	-	-	-	-	55,484,484
Other revenues	2,965,814	3,345,774	-	6,311,588	774,504
<b>Total operating revenues</b>	<b>64,771,516</b>	<b>39,498,439</b>	<b>2,427,787</b>	<b>106,697,742</b>	<b>90,317,741</b>
<b>OPERATING EXPENSES</b>					
Personal services	21,172,390	5,067,695	1,804,957	28,045,042	5,678,654
Contractual services	22,728,062	25,198,132	217,706	48,143,900	2,445,965
Supplies and materials	3,657,907	602,378	203,158	4,463,443	612,035
Business and travel	99,242	17,091	7,141	123,474	33,743
Cost of goods issued	-	-	-	-	3,903,469
Depreciation	27,868,909	2,789,244	-	30,658,153	4,320,850
Provision for claims and estimated losses	-	-	-	-	70,803,875
Landfill closure and postclosure costs	-	1,175,293	-	1,175,293	-
Other	7,417,000	2,700,001	129,769	10,246,770	760,000
<b>Total operating expenses</b>	<b>82,943,510</b>	<b>37,549,834</b>	<b>2,362,731</b>	<b>122,856,075</b>	<b>88,558,591</b>
<b>Operating income (loss)</b>	<b>(18,171,994)</b>	<b>1,948,605</b>	<b>65,056</b>	<b>(16,158,333)</b>	<b>1,759,150</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	2,051,677	876,770	-	2,928,447	891,333
Interest earned on long-term receivables	1,992,004	-	-	1,992,004	-
Other revenues	730,532	-	-	730,532	-
Interest expense	(8,428,124)	(1,080,110)	-	(9,508,234)	-
Other expenses	-	-	-	-	-
Loss on disposal of assets	(3,085,645)	(382,361)	-	(3,468,006)	(5,908)
<b>Income (loss) before contributions</b>	<b>(24,911,550)</b>	<b>1,362,904</b>	<b>65,056</b>	<b>(23,483,590)</b>	<b>2,644,575</b>
Capital contributions, fees, and grants	38,538,873	-	-	38,538,873	-
Change in net assets	13,627,323	1,362,904	65,056	15,055,283	2,644,575
Net assets/equity (as restated), July 1	891,952,250	1,173,045	756,811	893,882,106	21,497,762
Net assets/equity, June 30	\$ 905,579,573	\$ 2,535,949	\$ 821,867	\$ 908,937,389	\$ 24,142,337

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

Change in net assets shown above \$ 15,055,283

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.

58,401

Increase in net assets as shown on the government-wide statement of activities

\$ 15,113,684

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



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Anne Arundel County, Maryland

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2005

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Totals	Internal
	Water and Wastewater	Solid Waste	Child Care		Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received for services	\$ 63,650,081	\$ 36,763,306	\$ 2,423,717	\$ 102,837,104	\$ 89,150,302
Cash received for expense reimbursement	-	-	-	-	283,161
Cash payments to suppliers for goods and services	(33,182,656)	(27,828,532)	(546,649)	(61,557,837)	(6,765,973)
Cash payments to employees for services	(21,082,807)	(5,028,616)	(1,779,384)	(27,890,807)	(5,646,429)
Cash payments for insurance claims	-	-	-	-	(65,275,450)
Cash payments for landfill closure costs	-	-	-	-	-
Other receipts (expenses)	-	3,345,774	-	3,345,774	749,504
Net cash provided by operating activities	9,384,618	7,251,932	97,684	16,734,234	12,495,115
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Payments of long-term debt related to closure activities	-	(436,560)	-	(436,560)	-
Interest payments related to closure activities	-	(284,637)	-	(284,637)	-
Net cash used for noncapital financing activities	-	(721,197)	-	(721,197)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from sale of bonds and bond anticipation notes	30,500,000	2,000,000	-	32,500,000	-
Proceeds from grant funds	361,387	-	-	361,387	-
Proceeds from loan	12,102,724	-	-	12,102,724	-
Proceeds from developers' contributions	109,593	-	-	109,593	-
Refunds to developers	(158,296)	-	-	(158,296)	-
Cash received from assessments and connection charges	18,031,656	-	-	18,031,656	-
Environmental protection fees for capital assets	5,737,957	-	-	5,737,957	-
Payments of long-term debt	(18,538,242)	(2,604,402)	-	(21,142,644)	-
Payments of bond anticipation notes	(19,000,000)	(1,000,000)	-	(20,000,000)	-
Interest payments	(10,137,584)	(841,146)	-	(10,978,730)	-
Acquisition and construction of capital assets	(46,445,442)	(7,113,949)	-	(53,559,391)	(7,694,842)
Payments for debt issuance costs	(348,321)	-	-	(348,321)	-
Premium on sale of bonds	831,489	-	-	831,489	-
Payments received on note receivable	1,874,506	-	-	1,874,506	-
Proceeds from other capital contributions	(16)	-	-	(16)	-
Net cash used for capital and related financing activities	(25,078,589)	(9,559,497)	-	(34,638,086)	(7,694,842)

## Statement of Cash Flows

## Proprietary Funds

Year Ended June 30, 2005

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund		Activities
	Water and Wastewater	Solid Waste	Child Care	Totals	Internal Service Funds
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>					
Purchase of investment securities	(76,974,662)	-	-	(76,974,662)	(94,497,630)
Sale of investment securities	80,980,243	-	-	80,980,243	83,010,898
Interest on investments	1,352,136	876,770	-	2,228,906	751,778
Net cash provided by (used for) investing activities	5,357,717	876,770	-	6,234,487	(10,734,954)
Net increase (decrease) in cash and cash equivalents	(10,336,254)	(2,151,992)	97,684	(12,390,562)	(5,934,681)
Cash and cash equivalents, July 1	73,772,199	32,628,872	874,954	107,276,025	19,182,037
Cash and cash equivalents, June 30	63,435,945	30,476,880	972,638	94,885,463	13,247,356
Investment in non-cash equivalents	83,441,799	-	-	83,441,799	34,994,900
Total cash and temporary investments	\$ 146,877,744	\$ 30,476,880	\$ 972,638	\$ 178,327,262	\$ 48,242,256

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

Operating income (loss)	\$ (18,171,994)	\$ 1,948,605	\$ 65,056	\$ (16,158,333)	\$ 1,759,150
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	27,868,909	2,789,244	-	30,658,153	4,320,850
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(1,117,658)	610,141	(4,070)	(511,587)	(493,989)
Decrease (increase) in inventories	354,466	(16,824)	-	337,642	(101,789)
Decrease in deposit with provider	-	-	-	-	629,041
Increase in accrued liabilities	87,405	724,048	18,164	829,617	2,476,650
Increase in unpaid claims	-	-	-	-	3,889,475
Increase in landfill closure and postclosure costs	-	1,175,292	-	1,175,292	-
Increase in due to other funds	380,909	16,665	11,903	409,477	-
Increase (decrease) in escrow deposits	(3,776)	500	-	(3,276)	-
Increase (decrease) in accrued liability for compensated absences	(13,643)	4,261	6,631	(2,751)	15,727
Net cash provided by operating activities	\$ 9,384,618	\$ 7,251,932	\$ 97,684	\$ 16,734,234	\$ 12,495,115

**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES**

In fiscal year 2005, facilities with an estimated market value of \$13,101,783 were contributed to the Enterprise funds by developers. These were primarily water and sewer lines placed in new developments.

In fiscal year 2005, amortization of refunding gains and losses resulted in a net expense of \$509,896 in the Water and Wastewater Fund, and \$9,818 in the Solid Waste Fund.

In fiscal year 2005, the net fair market value adjustment related to investments was a loss of \$246,512 in the Water and Wastewater Fund, and a loss of \$23,933 in the Internal Service Funds.

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

Anne Arundel County, Maryland

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2005

	Pension Trust Funds (As of December 31, 2004)	Agency Funds
<b>ASSETS</b>		
Investments, at fair value:		
Cash and temporary investments	\$ 132,632,498	\$ 22,658,299
U. S. Government obligations	38,310,339	-
Corporate obligations	107,396,221	-
Corporate obligation investment pools	63,203,329	-
International obligations	48,618,809	-
Common stocks	349,167,283	-
Common stock investment pools	78,513,486	-
International stock investment pools	198,662,304	-
Mortgages and mortgage related securities	33,045,121	-
Real estate investment pools	20,352,189	-
Insurance company general accounts	55,235,414	-
Absolute Return funds	30,985,381	-
Total investments	<u>1,156,122,374</u>	<u>22,658,299</u>
Collateral from securities lending transactions	<u>83,917,074</u>	<u>-</u>
Receivables:		
Employer contributions	2,706,019	-
Participant contributions	619,637	-
Accrued interest and dividends	4,224,321	-
Investment sales proceeds	56,929,154	-
Total receivables	<u>64,479,131</u>	<u>-</u>
Deposits on hand	<u>195,314</u>	<u>-</u>
Total assets	<u>1,304,713,893</u>	<u>22,658,299</u>
<b>LIABILITIES</b>		
Accounts payable	2,138,291	442,552
Escrow and other deposits	-	22,215,747
Investment commitments payable	74,487,559	-
Obligation for collateral received under securities lending transactions	<u>83,917,074</u>	<u>-</u>
Total liabilities	<u>160,542,924</u>	<u>22,658,299</u>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<u>\$ 1,144,170,969</u>	<u>\$ -</u>
(A schedule of funding progress for each plan is presented on page 67.)		

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

Anne Arundel County, Maryland

Statement of Changes in Fiduciary Net Assets

Pension Trust Funds

Year Ended June 30, 2005

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Pension  
Trust Funds  
(As of December 31, 2004)

ADDITIONS

Contributions:

Employer	\$ 29,524,314
Participant	<u>7,793,819</u>
Total contributions	<u>37,318,133</u>

Investment income:

Net appreciation in fair value of investments	83,602,403
Interest income	17,851,768
Dividend income	<u>5,060,615</u>
Total investment income	<u>106,514,786</u>

Less investment expense	<u>(5,248,806)</u>
Net income from investing activities	101,265,980

Securities lending activities:

Securities lending income	1,057,883
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Securities lending expenses:

Borrower rebates	900,555
Management fees	<u>47,234</u>
Securities lending expense	<u>947,789</u>
Securities lending net income	<u>110,094</u>

Total net investment income	<u>101,376,074</u>
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Total additions	<u>138,694,207</u>
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DEDUCTIONS

Participant benefit payments and refunds	37,342,018
Administrative expenses	<u>1,188,103</u>
Total deductions	<u>38,530,121</u>
Net increases	<u>100,164,086</u>
Net assets, beginning of year	<u>1,044,006,883</u>
Net assets, end of year	<u>\$ 1,144,170,969</u>

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

**1 Summary of Significant Accounting Policies**

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

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

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

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

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

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

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

Anne Arundel Community College  
101 College Parkway  
Arnold, MD 21012

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

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

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

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

### **Government-Wide Financial Statements**

The government-wide financial statements, consisting of the Statement of Net Assets and the Statement of Activities, are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year levied, and grants and similar revenues are recognized when all eligibility requirements imposed by the provider have been met.

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

### **Budgetary Statements**

The basic financial statements include a Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the General Fund. This statement is compiled using the budgetary basis of accounting in which revenues are recognized when measurable and available, except for grant revenue, which is



recognized when the grant-related reimbursable expenditures are made. Budgetary expenditures are recognized when encumbered. The Impact Fee Fund, a major governmental fund, does not have a legally adopted budget as the fees are expended through the capital projects fund.

**Combining and Other Supplementary Schedules**

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

**C Cash, Investments, and Related Income** – Cash includes bank deposits in checking and savings accounts. Investments are external pools and fixed income issues which generally mature within one year. Investments may extend longer than one year to facilitate the specific purpose of a fund. Details on investment types and term are displayed in Note 3, “Cash and Investments”.

Investments are recorded at fair value, except for repurchase agreements, which are valued at cost. Available cash from the Primary Government and Library is pooled in the General Fund and invested in overnight or other investments. To facilitate the pooling, cash belonging to other funds is transferred to and from the General Fund. On the Statement of Cash Flows for the proprietary funds, cash and cash equivalents include bank deposits and highly liquid investments readily convertible to cash.

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 and Agency funds, and by the Library is retained in the General Fund. In addition, investment earnings recognized in the General County Capital Projects Fund are transferred to the General Fund.

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

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

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

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

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

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

**G Operating, Non-operating Revenues and Capital Contributions** – The Statement of Revenues, Expenses, and Changes in Fund Net Assets for proprietary funds has categorized revenue sources into operating, non-operating and capital contributions. Operating revenues include charges for water, wastewater, landfill usage, child care, and other revenue used to fund the ongoing provision of utility, refuse collection and child care services to citizens. The statement also presents combined totals for the Internal Service Funds. These funds collect charges from other funds and component units for insurance, printing costs and the Primary Government's motor pool maintenance and replacement. Non-operating revenues include all other sources such as interest earned and other revenue. Capital contributions include developer-contributed assets and grants, capital connection fees, capital facility assessments, and front foot benefit fees restricted for the construction of capital assets or the payment of debt issued for capital construction.

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

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

**J Encumbrances** – The governmental funds utilize encumbrance accounting under which purchase orders, contracts, and other commitments are recorded in order to reserve budget appropriations for that purpose. Open encumbrances at fiscal year-end are shown as reservations of fund balance in the governmental fund statements and are recorded as expenditures on the budgetary statement. Encumbrances at June 30, 2005 totaled \$52,218,432 in the governmental fund types, \$43,786,805 of which is for construction activity. The proprietary funds utilize encumbrance accounting for budgetary purposes. At June 30, 2005 the proprietary funds had encumbrances totaling \$56,027,600, of which \$49,908,182 is for construction activity.

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

**L Compensated absences** - The Primary Government's Statements of Net Assets include an accrual for compensated absences. This accrual is an estimate of unused annual leave at June 30, 2005. The annual leave accrual is calculated using unused annual leave hours at June 30, 2005 and pay rates in place for each employee at fiscal year end.

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

**M 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.

**N Beginning Net Assets** – Capital assets and accumulated depreciation balances in governmental activities have been adjusted for open capital projects that are substantially complete and in use at the beginning of the fiscal year. Related asset balances were transferred from construction in progress to other capital asset categories and the net effect of accumulated depreciation and expensed items was \$13,107,587.

Capital assets and accumulated depreciation balances in the business-type activities have been adjusted to reflect the results of a detailed historical analysis of the Solid Waste Fund’s landfill assets. The net effect of the adjustment was a reduction in net capital assets and net assets of \$4,384,976.

**O New Pronouncements** – The Governmental Accounting Standards Board Statement 40 – Deposit and Investment Risk Disclosure became effective in fiscal year 2005. As a result these notes include major revisions to include disclosures as to custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The Primary Government has early implemented Statement 44 – Economic Condition Reporting: The Statistical Section. The Statistical Section of the Comprehensive Annual Financial Report has been revised to include the information required by this statement.

## **2 Budgetary Information**

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

During the fiscal year certain departments and/or funds overspent legal budget appropriations. The Reforestation Special Revenue Fund overspent its appropriation authority by \$364,936. The Office of Land Use has instituted new procedures to more closely monitor appropriation levels. Additional appropriation authority will be requested as necessary.

At fiscal year end the Self Insurance Fund had a total deficit of \$4,761,364. The deficit was allocated to the participating funds of the Primary Government. The portion of the deficit related to the Board of Education was allocated to the General Fund. The allocation was made on the government-wide and modified accrual statements only. Recognition on a budgetary basis will occur when appropriation authority is granted.

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

Revenue over expenditures - budgetary basis	\$ 35,051,657
Net effect of encumbrances	1,554,155
Changes in Revenue Stabilization Reserve	8,456,392
Timing differences in revenue recognition	(576,678)
Net effect of fiscal 2004 and 2005 Self Insurance Fund deficits allocation	89,313
Bond proceeds reserved for debt service	(1,447,372)
Net inventory change	(38,942)
Change in fund balance - modified accrual basis	<u>\$ 43,088,525</u>

## **3 Cash and Investments**

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

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

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

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

Either the Retirement System or the borrower may terminate security loans on demand, although the average term of the loans is one week. Cash collateral is invested in the lending agent's money market mutual fund, which at December 31, 2004, the year-end for the Retirement System, had a weighted average maturity of 145 days. The relationship between the maturities of the investment pool and the Retirement System's loans is affected by the maturities of the security loans made by other entities that use the agent's pool, which the Retirement System cannot determine. The Retirement System cannot pledge or sell collateral securities received unless the borrower defaults.

**B** **Balances and Custodial Credit Risk** – At June 30, 2005, the carrying amount of the Primary Government's bank deposits was (\$5,250,219), while bank balances were \$288,240. Available cash invested overnight in Repurchase agreements, as discussed above, was \$3,335,516. Bank balances of \$75,743 were fully secured by Federal Deposit insurance and the balance of \$212,497 represents uncollected bank deposits.

Cash balances of the Board of Education and the Community College component units are fully securitized by Federal Deposit Insurance and/or collateral held in the component unit's name at the Federal Reserve. The cash balances of the other nonmajor component units are insured or collateralized except \$946,945, which is neither insured nor collateralized.

Custodial credit risk is the risk that the 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 Government's name. Repurchase agreements for two brokers held by the custodian bank were under-collateralized by \$342,061 and \$1,308,366.

**C** **Concentration Risk** - Concentration risk is the risk of loss attributed to the magnitude of the Government's investment in a single issuer. As of June 30, 2005, Federal Home Loan Bank represented 13.3% of the Primary Government's investments. Exposure to all other issuers was less than 5.0% each excluding investment pools. The County's Investment Policy sets maximum concentration limits by asset type. There was no investment greater than 5% for the Board of Education or the Community College excluding pools. The Retirement System's Investment Policy Statement (IPS) sets maximum concentration limits by asset type and manager style. As of December 31, 2004 there was no exposure to a single issuer greater than 5.0% of the System's plan net assets excluding investment pools.

**D** **Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The fair market value of fixed income (debt) securities is affected by increases and declines in

Anne Arundel County, Maryland  
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interest rates. These investments may also have embedded call features allowing the issuer to redeem part or all of the issue prior to maturity at a pre-set price. In addition, debt issues may have interest rates that vary according to a pre-determined external index (such as the London Inter-Bank Offered Rate) or a pre-determined step-up in the interest rate at a pre-determined date(s). The Retirement System's IPS sets limits on floating rates for mortgage backed securities and establishes limits on the average duration of some investment types.

The following table displays debt holdings by maturity for the Primary Government and the Component Units by term, investment type, and provides summary data for rate and callable features. Call feature and variable rate issues are also noted. Data for the Retirement System is displayed as of December 31, 2004 on page 50.

<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>Primary Government</u>					
Repurchase agreements	\$ 284,632,994	\$ 284,009,869	\$ -	\$ -	\$ 623,125
U.S. Government securities	3,244,765	125,241	-	-	3,119,524
Agency/Instrumentalities *	97,757,534	87,824,096	9,933,438	-	-
Commercial paper	18,749,223	18,749,223	-	-	-
Money market pools	68,530,856	68,530,856	-	-	-
Tax exempt municipal bonds	14,774,928	2,761,550	12,013,378	-	-
	<u>\$ 487,690,300</u>	<u>\$ 462,000,835</u>	<u>\$ 21,946,816</u>	<u>\$ -</u>	<u>\$ 3,742,649</u>
<u>Board of Education</u>					
Repurchase agreements	\$ 1,887,947	\$ 1,887,947	\$ -	\$ -	\$ -
Money market pools	91,191,195	91,191,195	-	-	-
	<u>\$ 93,079,142</u>	<u>\$ 93,079,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Community College</u>					
Repurchase agreements	\$ 3,774,836	\$ 3,774,836	\$ -	\$ -	\$ -
U.S. Government securities	755,163	4,990	519,914	8,999	221,260
Agency/Instrumentalities	177,408	-	144,127	16,875	16,406
Money market pools	7,957,976	7,957,976	-	-	-
Bond mutual funds	461,735	461,735	-	-	-
Corporate bonds	419,426	-	178,877	144,718	95,831
International bonds	21,366	-	14,079	7,287	-
Guaranteed investment trusts	1,174,939	-	-	-	1,174,939
	<u>\$ 14,742,849</u>	<u>\$ 12,199,537</u>	<u>\$ 856,997</u>	<u>\$ 177,879</u>	<u>\$ 1,508,436</u>
<u>Other nonmajor component units</u>					
Repurchase agreements	\$ 442,023	\$ 442,023	\$ -	\$ -	\$ -
Agency/Instrumentalities *	535,212	-	535,212	-	-
Certificates of Deposit	410,609	59,609	351,000	-	-
Money market pools	534,521	534,521	-	-	-
Corporate bonds	322,882	149,247	173,635	-	-
	<u>\$ 2,245,247</u>	<u>\$ 1,185,400</u>	<u>\$ 1,059,847</u>	<u>\$ -</u>	<u>\$ -</u>

\* Callable detail

	<u>Fair Value</u>	<u>\$ Call Value</u>	
Primary Government	\$ 45,326,250	\$ 45,500,000	Callable within one year.
Other non major component units	367,415	392,000	Callable within one year.

Variable rate holdings

	<u>\$ Par Value</u>	<u>Issuer</u>	<u>Maturity</u>	<u>Reset Schedule</u>
Primary Government	5,000,000	Fed Home Ln Mort	3/15/2006	Quarterly, 25 basis pts.
Other nonmajor component units	116,000	Fed Home Ln Mort	10/15/2008	Annually. Variable amts.
	11,000	Fed Home Ln Mort	9/15/2009	Annually. Variable amts.

The table on the following page displays the Retirement System's debt holdings by maturity term, investment type, and provides summary data for rate and callable features. All categories within this table, except U.S. Treasuries and foreign denominated bonds, include issues with floating rates. The total fair value of the floating rate issues was \$15 million as of December 31, 2004.

<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>
Repurchase Agreements	\$ 19,700,000	\$ 19,700,000	\$ -	\$ -	\$ -
U.S. Treasuries	44,578,396	5,431,056	21,115,870	4,547,157	13,484,314
Agency/Instrumentalities *	35,104,036	14,281,958	515,042	-	20,307,037
Commercial Paper	270,000	270,000	-	-	-
Corporate Bonds **	89,022,018	1,872,950	23,897,688	55,940,118	7,311,262
Certificates of Deposit	10,500,010	10,500,010	-	-	-
Bond Mutual Funds	158,276,930	97,134,833	61,142,097	-	-
Collateralized Mrtg Obligations	8,573,051	-	500,402	-	8,072,649
Other Asset-Backed Securities	3,715,365	-	1,052,663	775,539	1,887,162
Foreign Denominated Bonds	45,877,075	-	23,449,136	9,063,337	13,364,603
<b>Totals</b>	<b>\$ 415,616,881</b>	<b>\$ 149,190,807</b>	<b>\$ 131,672,898</b>	<b>\$ 70,326,151</b>	<b>\$ 64,427,027</b>

\* Two Federal National Mortgage Association issues maturing in 2019 totaling \$765,902 in current market value are callable in March and April 2006 for a total of \$770,000.

\*\* Corporate issues are callable as follows:

	<u>Current Value</u>	<u>Callable Value</u>	<u>Date Range</u>
1 to 5 years:	\$ 3,875,605	\$ 3,776,135	May 2005 to Dec 2007
6 to 10 years:	34,198,178	33,054,770	June 2005 to Jan 2010
over 10 years:	258,310	260,000	Aug 2008, June 2013, Oct 2016
	<u>\$ 38,332,093</u>	<u>\$ 37,090,905</u>	

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

<u>Investment Type</u>	<u>S&amp;P</u>	<u>Moody's</u>	<u>%</u>	<u>Investment Type</u>	<u>S&amp;P</u>	<u>Moody's</u>	<u>%</u>
<u>Primary Government</u>							
Federal Home Loan Bank	AAA	Aaa	13.20	Tax Exempt Municipal	AAA	Aaa	2.48
Federal Home Loan Mortgage	AAA	Aaa	1.83	"	NR	Aaa	0.38
Federal National Mort Assoc.	AAA	Aaa	4.12	"	AAA	NR	0.19
Federal Farm Credit Bank	AAA	NR	1.03	Commercial paper	A-1	P-1	3.87
Money market pools	AAAm	Aaa	0.11	Repurchase agreement	NR	NR	58.76
"	AAAm	NR	14.03	"			<u>100.00</u>

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<u>Investment Type</u>	<u>S&amp;P</u>	<u>Moody's</u>	<u>%</u>	<u>Investment Type</u>	<u>S&amp;P</u>	<u>Moody's</u>	<u>%</u>
<u>Board of Education</u>							
Repurchase Agreement	NR	NR	2.03	Money Market pool	AAAm	NR	<u>97.97</u> 100.00
<u>Community College</u>							
Repurchase agreements	NR	NR	32.01	Corporate bonds	AA	AA	0.34
Money market pool	AAAm	NR	55.21	(continued)	A	BBB	0.16
Federal Home Loan Mortgage	AAA	Aaa	0.49	"	A	A	1.08
Federal National Mort. Assoc.	AAA	Aaa	0.77	"	A	AA	0.05
Guaranteed Investment Trust	NR	NR	8.38	"	BAA	BBB	0.87
International Bonds	BAA	BBB	0.10	"	BAA	BB	0.03
"	BAA	A	0.05	"	BAA	A	<u>0.10</u>
Corporate bonds	AAA	AAA	0.13				100.00
"	AA	A	0.23				
<u>Nonmajor component units</u>							
Federal Home Loan Bank	AAA	Aaa	12.75	Corporate bonds	AAA	Aaa	6.65
Federal Nat'l. Mtg Assoc.	AAA	Aaa	4.36	"	AA	Aa	7.73
Federal Home Loan Mtg Corp	AAA	Aaa	6.72	Money market pool	AAAm	NR	0.95
Certificates of Deposit	NR	NR	18.29	"	NR	NR	<u>22.86</u>
Repurchase agreements	NR	NR	19.69				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, 2004 are displayed below.

<u>Investment type</u>	<u>S&amp;P</u>	<u>Moody's</u>	<u>%</u>	<u>Investment type</u>	<u>S&amp;P</u>	<u>Moody's</u>	<u>%</u>
Federal Home Loan Bank	AAA	Aaa	0.41	Corporate Bonds	AAA	Aaa	0.37
Federal Home Loan Mortgage	AAA	Aaa	0.12	"	AA	Aa	0.29
Federal National Mortgage Assoc	AAA	Aaa	3.67	"	A	Aa	0.51
GNMA 1	AAA	Aaa	1.62	"	A	A	0.85
Collateralized Mort. Oblig.	AAA	Aaa	1.00	"	A	Baa	0.21
"	AAA	NR	0.61	"	BBB	A	0.33
"	CCC	Caa	0.02	"	BBB	Baa	1.87
"	NR	Aaa	0.14	"	BBB	Ba	0.42
"	NR	BA	0.03	"	BB	Baa	0.20
"	NR	Ca	0.02	"	BB	Ba	5.07
"	NR	NR	0.24	"	BB	B	1.14
Other Asset backed obligations	AAA	Aaa	0.51	"	B	Ba	1.19
"	B	Ba	0.08	"	B	B	6.23
"	NR	Aaa	0.06	"	B	Caa	0.87
"	NR	NR	0.07	"	CCC	B	0.01
Receivable backed obligations	AAA	Aaa	0.15	"	CCC	Caa	0.35
"	AA	Aaa	0.02	"	CCC	Ca	0.03
Foreign Govt Issued debt	AAA	Aaa	3.70	"	NR	Caa	1.22
"	AA	Aa	1.47	"	NR	Ca	0.15
"	AA	A	4.06	"	NR	NR	0.08
"	A	A	0.15	Commercial paper	A-3	P-2	0.06
"	BBB	Baa	0.81	Repurchase agreement	NR	NR	4.73
"	BB	Baa	0.45	Certificates of Deposit	A-1	Prime	1.56
"	BB	Ba	0.12	"	NR	NR	0.96
"	B	B	0.15	Guarant'd Invest Contract	NR	NR	27.95
"	NR	AA	0.34	Short Term Invest. Pool	NR	NR	<u>23.33</u> 100.00

**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, 2005. The Retirement System recognizes the value of global diversification and retains four 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.

The IPS provides guidance on maximum currency exposure allowed in each portfolio with a maximum of 39% in international/global permissible. The foreign equities, totaling \$198,662,304 in fair market value, are managed in a pooled fund basis and are not included in the following table.

The System’s fixed income foreign currency exposure as of December 31, 2004 is as follows:

<u>Currency</u>	<u>U.S. Dollar Value</u>	<u>% of Portfolio</u>
Canadian Dollar	\$ 894,339	0.08%
Danish Krone	156,423	0.01%
Euro	18,500,282	1.60%
Japanese Yen	16,882,793	1.46%
British Sterling	3,296,993	0.29%
Swedish Krona	225,440	0.02%
	<u>\$ 39,956,270</u>	<u>3.46%</u>

**4 Receivables**

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

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

**C Long Term Receivables** – The Primary Government has long-term receivables recorded in the Utility Fund consisting of deferred connection and assessment charges and a note receivable. The deferred charges are primarily for front foot benefit assessments, capital connections, and capital facility assessments. These receivables are collected over five to thirty years and include an interest charge that varies from 2% to 8%. The balance at June 30, 2005 of the deferred charges is \$60,042,012.

The note receivable is due from a developer based on an agreement to provide utility infrastructure and service to the development area. The note is being collected over 10 years and bears an interest rate of 4.25%. The balance at fiscal year end was \$5,326,451.

**5 Capital Assets**

The components of capital assets, changes in asset categories, and accumulated depreciation for the fiscal year ended June 30, 2005 are presented on the following pages.



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Category	Balance June, 30 2004	Increases	Decreases	Balance June 30, 2005
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated (as restated):</i>				
Land and easements	\$ 152,128,829	\$ 8,400,878	\$ (100,000)	\$ 160,429,707
Historical property/works of art	4,095,225	71,240	-	4,166,465
Construction in progress	137,734,375	71,981,544	(55,274,616)	154,441,303
Total assets not depreciated	<u>293,958,429</u>	<u>80,453,662</u>	<u>(55,374,616)</u>	<u>319,037,475</u>
<i>Capital assets being depreciated (as restated):</i>				
Land improvements	82,469,732	3,860,352	-	86,330,084
Buildings	274,757,944	13,311,216	-	288,069,160
Roads and bridges	268,114,536	16,490,634	(2,925,194)	281,679,976
Sidewalks, curbs, and gutters	25,063,487	1,898,170	(110,944)	26,850,713
Storm drains and culverts	194,489,542	3,844,068	(380,298)	197,953,312
Automobiles and rolling stock	61,416,147	8,727,576	(3,891,645)	66,252,078
Furniture, fixtures, and equipment	36,154,896	6,254,059	(980,550)	41,428,405
Software	20,697,207	249,902	(1,076,089)	19,871,020
Total assets depreciated	<u>963,163,491</u>	<u>54,635,977</u>	<u>(9,364,720)</u>	<u>1,008,434,748</u>
<i>Less accumulated depreciation (as restated) for:</i>				
Land improvements	(36,122,529)	(2,910,644)	-	(39,033,173)
Buildings	(52,747,455)	(5,725,605)	-	(58,473,060)
Roads and bridges	(119,639,189)	(11,436,549)	2,324,638	(128,751,100)
Sidewalks, curbs, and gutters	(11,983,629)	(543,782)	66,566	(12,460,845)
Storm drains and culverts	(106,890,394)	(6,605,690)	270,627	(113,225,457)
Automobiles and rolling stock	(43,424,092)	(4,974,477)	3,752,981	(44,645,588)
Furniture, fixtures, and equipment	(26,986,187)	(3,172,237)	888,383	(29,270,041)
Software	(16,179,732)	(1,257,590)	1,046,957	(16,390,365)
Total accumulated depreciation	<u>(413,973,207)</u>	<u>(36,626,574)</u>	<u>8,350,152</u>	<u>(442,249,629)</u>
Total capital assets, being depreciated, net	<u>549,190,284</u>	<u>18,009,403</u>	<u>(1,014,568)</u>	<u>566,185,119</u>
Total governmental activities, net	<u>\$ 843,148,713</u>	<u>\$ 98,463,065</u>	<u>\$ (56,389,184)</u>	<u>\$ 885,222,594</u>
<b>Business-type activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land and easements	\$ 8,549,360	\$ -	\$ -	\$ 8,549,360
Construction in progress	119,605,402	52,681,341	(24,788,326)	147,498,417
Total assets not depreciated	<u>128,154,762</u>	<u>52,681,341</u>	<u>(24,788,326)</u>	<u>156,047,777</u>
<i>Capital assets being depreciated (as restated):</i>				
Buildings	20,222,210	583,859	-	20,806,069
Landfills	26,042,819	-	-	26,042,819
Water and sewer plants and lines	1,131,582,383	39,196,227	(5,203,447)	1,165,575,163
Automobiles and rolling stock	7,490,484	801,969	(851,804)	7,440,649
Furniture, fixtures, and equipment	11,218,120	973,062	(617,815)	11,573,367
Total assets depreciated	<u>1,196,556,016</u>	<u>41,555,117</u>	<u>(6,673,066)</u>	<u>1,231,438,067</u>
<i>Less accumulated depreciation (as restated) for:</i>				
Buildings	(5,143,835)	(379,440)	-	(5,523,275)
Landfills	(18,038,075)	(2,102,966)	-	(20,141,041)
Water and sewer plants and lines	(322,382,339)	(27,292,323)	2,540,651	(347,134,011)
Automobiles and rolling stock	(6,345,879)	(222,271)	851,805	(5,716,345)
Furniture, fixtures, and equipment	(8,679,493)	(661,153)	610,815	(8,729,831)
Total accumulated depreciation	<u>(360,589,621)</u>	<u>(30,658,153)</u>	<u>4,003,271</u>	<u>(387,244,503)</u>
Total capital assets, being depreciated, net	<u>835,966,395</u>	<u>10,896,964</u>	<u>(2,669,795)</u>	<u>844,193,564</u>
Total business-type activities, net	<u>\$ 964,121,157</u>	<u>\$ 63,578,305</u>	<u>\$ (27,458,121)</u>	<u>\$ 1,000,241,341</u>

Anne Arundel County, Maryland  
Notes to the Basic Financial Statements

Category	Balance June 30, 2004	Increases	Decreases	Balance June 30, 2005
<b>Board of Education:</b>				
<i>Capital assets not being depreciated:</i>				
Land and improvements	\$ 44,964,098	\$ 16,272	\$ -	\$ 44,980,370
Construction in progress	74,990,940	64,081,257	(45,852,546)	93,219,651
Total assets not depreciated	<u>119,955,038</u>	<u>64,097,529</u>	<u>(45,852,546)</u>	<u>138,200,021</u>
<i>Capital assets being depreciated:</i>				
Buildings	717,932,667	33,331,100	-	751,263,767
Furniture, fixtures, and equipment	54,428,010	9,865,901	(685,755)	63,608,156
Total assets depreciated	<u>772,360,677</u>	<u>43,197,001</u>	<u>(685,755)</u>	<u>814,871,923</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(318,859,894)	(24,303,392)	-	(343,163,286)
Furniture, fixtures, and equipment	(31,212,891)	(4,652,674)	519,177	(35,346,388)
Total accumulated depreciation	<u>(350,072,785)</u>	<u>(28,956,066)</u>	<u>519,177</u>	<u>(378,509,674)</u>
Total capital assets, being depreciated, net	<u>422,287,892</u>	<u>14,240,935</u>	<u>(166,578)</u>	<u>436,362,249</u>
Total Board of Education, net	<u>\$ 542,242,930</u>	<u>\$ 78,338,464</u>	<u>\$ (46,019,124)</u>	<u>\$ 574,562,270</u>
<b>Community College:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,377,654	\$ -	\$ -	\$ 2,377,654
Construction in progress	14,436,340	6,181,572	(20,238,147)	379,765
Total assets not depreciated	<u>16,813,994</u>	<u>6,181,572</u>	<u>(20,238,147)</u>	<u>2,757,419</u>
<i>Capital assets being depreciated:</i>				
Land improvements	3,936,119	-	-	3,936,119
Buildings and improvements	70,329,107	18,629,563	-	88,958,670
Furniture, fixtures, and equipment	17,277,668	1,747,806	(576,270)	18,449,204
Total assets depreciated	<u>91,542,894</u>	<u>20,377,369</u>	<u>(576,270)</u>	<u>111,343,993</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(2,758,955)	(172,039)	-	(2,930,994)
Buildings and improvements	(25,022,059)	(2,529,660)	-	(27,551,719)
Furniture, fixtures, and equipment	(11,996,954)	(2,029,521)	546,390	(13,480,085)
Total accumulated depreciation	<u>(39,777,968)</u>	<u>(4,731,220)</u>	<u>546,390</u>	<u>(43,962,798)</u>
Total capital assets, being depreciated, net	<u>51,764,926</u>	<u>15,646,149</u>	<u>(29,880)</u>	<u>67,381,195</u>
Total Community College, net	<u>\$ 68,578,920</u>	<u>\$ 21,827,721</u>	<u>\$ (20,268,027)</u>	<u>\$ 70,138,614</u>
<b>Other non-major:</b>				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 3,071,237	\$ 34,273	\$ (2,957,767)	\$ 147,743
<i>Capital assets being depreciated:</i>				
Airport improvements	2,127,990	4,879,575	-	7,007,565
Library collection	12,016,989	3,628,221	(1,953,707)	13,691,503
Automobiles and rolling stock	53,072	44,056	(38,541)	58,587
Furniture, fixtures, and equipment	1,968,917	481,269	(67,881)	2,382,305
Total assets depreciated	<u>16,166,968</u>	<u>9,033,121</u>	<u>(2,060,129)</u>	<u>23,139,960</u>
<i>Less accumulated depreciation for:</i>				
Airport improvements	(223,679)	(350,377)	-	(574,056)
Library collection	(4,158,483)	(926,676)	641,806	(4,443,353)
Automobiles and rolling stock	(47,879)	(8,811)	33,347	(23,343)
Furniture, fixtures, and equipment	(1,184,607)	(283,721)	54,039	(1,414,289)
Total accumulated depreciation	<u>(5,614,648)</u>	<u>(1,569,585)</u>	<u>729,192</u>	<u>(6,455,041)</u>
Total capital assets, being depreciated, net	<u>10,552,320</u>	<u>7,463,536</u>	<u>(1,330,937)</u>	<u>16,684,919</u>
Total other non-major, net	<u>\$ 13,623,557</u>	<u>\$ 7,497,809</u>	<u>\$ (4,288,704)</u>	<u>\$ 16,832,662</u>

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

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

<i>Governmental activities:</i>		<i>Business-type activities:</i>	
Education	\$ 42,985	Water and wastewater	\$ 27,868,909
Public Safety	3,199,969	Waste collection	2,789,244
General government	8,721,824		\$ <u>30,658,153</u>
Health and human services	647,682	<i>Component units:</i>	
Public works	19,135,361	Board of Education	\$ 28,956,066
Recreation and community services	3,540,533	Community College	4,731,220
Judicial	1,293,029	Library System	1,092,397
Code enforcement	11,532	Economic Development Corp	109,001
Land use and development	33,659	Tipton Airport Authority	356,915
	\$ <u>36,626,574</u>	Workforce Development	11,272
			\$ <u>35,256,871</u>

## **6 Restricted Assets and Liabilities**

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

## **7 Interfund and Inter Entity Balances and Transfers**

The interfund balances of the Primary Government consist of the following at June 30, 2005:

<u>Fund With Receivable</u>	<u>Fund With Payable</u>	<u>Amount</u>
General Fund	Enterprise Funds	\$ 728,026
General Fund	Special Revenue Funds	31,560
Internal Service Funds	General Fund	4,761,364
Internal Service Funds	Enterprise Funds	222,297
		\$ <u>5,743,247</u>

Interfund balances between the General Fund and internal service funds have been eliminated on the government-wide Statement of Net Assets; however, this government-wide statement does include a balance due to the governmental activities from the business-type activities of the Primary Government of \$456,176. This represents the proprietary funds' share of the residual equity of the internal service funds of \$494,147 less the Self Insurance Fund's deficit allocation to proprietary funds of \$950,323.

Transfers between the Primary Government's funds totaled \$80,248,583 for fiscal year 2005. The purposes of these transfers are General Fund bond proceeds and pay-as-you-go funds for capital projects and agricultural easements; impact fee funding for capital projects; capital project investment earnings retained by the General Fund; transfers from special revenues funds to capital projects; excess Parking Garage funds transferred to the General Fund; and tax increment funds legally appropriated for transfer to the General Fund. A summary of these transfers is presented below:

<u>Originating Fund</u>	<u>Recipient Fund</u>	<u>Amount</u>
General	General County Capital Projects	\$ 55,920,000
	Nonmajor Governmental	130,000
<u>Impact Fees</u>	<u>General County Capital Projects</u>	<u>15,491,183</u>
<u>General County Capital Projects</u>	<u>General</u>	<u>1,361,024</u>
<u>Nonmajor Governmental</u>	<u>General</u>	<u>7,310,263</u>
	<u>General County Capital Projects</u>	<u>36,113</u>
		<u>\$ 80,248,583</u>

At June 30, 2005, receivable and payable balances remained between the Primary Government and its discretely presented component units. Those balances and the payments from the Primary Government to or on behalf of these parties are presented below:

**Receivables/Payables**

<u>Entity with Receivable</u>	<u>Entity with Payable</u>	<u>Amount</u>
Board of Education	Primary Government	\$ 12,951,925
Community College	Primary Government	1,711,992
Other Nonmajor	Primary Government	1,829,506
		<u>\$ 16,493,423</u>

**Primary Government Expenditures**

<u>Originating Entity</u>	<u>Recipient Entity</u>	<u>Amount</u>
Primary Government	Board of Education	\$ 499,797,368
Primary Government	Community College	35,572,939
Primary Government	Other Nonmajor	15,668,191
		<u>\$ 551,038,498</u>

During fiscal year 2005 Workforce Development Corporation, a non-major component unit, provided the Primary Government \$150,000 of funds for capital improvements to its office space. Since no improvements were incurred before June 30, 2005, Workforce Development has recorded this as an advance to the County. The Primary Government has recorded this as deferred revenue in the General County Capital Project Fund.

**8 Bonded Debt and Other Obligations**

The Primary Government's Statement of Net Assets includes short and long-term debt and obligations comprised of bond anticipation notes, general obligation bonds, special assessment debt, leases, installment purchase agreements, and liabilities related to State loans, unpaid insurance claims, compensated absences and claims and judgments. Descriptions of certain of these obligations and the respective balances, debt service requirements, and changes during fiscal year 2005 are provided below and on the following page.

**A Bond Anticipation Notes** – The County periodically incurs short-term debt by issuing bond anticipation notes in the form of commercial paper. Notes are sold with an initial maturity from 1 to 270 days, and on refinancing at their maturity with additional notes marketed at then current interest rates. This remarketing is backed for liquidity purposes by a letter of credit, the terms of which provide that no principal repayments are due by the County (if there is a call on the letter of credit) until the termination of the agreement, which is maintained at two years at all times. The maturity date of this liquidity arrangement is December 15, 2017. The maturities of notes outstanding during fiscal year 2005 ranged from 6 to 188 days and interest rates ranged from 1.10% to 3.00%. The County plans to issue long-term debt in the Spring of 2006 to payoff bond anticipation notes outstanding at June 30, 2005. The terms of this refinancing have not been determined.

**B General Obligation Bonds** – Substantially all long-term bonded debt is issued as general obligation bonds and guaranteed by the full faith and credit of the County, subject to limitations set forth in section 710 (d) of the

County Charter, which restricts the growth of revenue derived from property taxes. The debt service requirements for the bonds outstanding at June 30, 2005 are provided in the following table:

Year ended June 30,	General Obligation Bonds					
	Governmental		Business-type		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 45,771,862	\$ 25,595,797	\$ 22,257,988	\$ 12,772,951	\$ 68,029,850	\$ 38,368,748
2007	44,669,439	23,406,518	21,242,285	11,855,687	65,911,724	35,262,205
2008	42,930,940	21,290,859	20,262,527	10,913,993	63,193,467	32,204,852
2009	40,479,940	19,130,812	19,327,707	9,970,191	59,807,647	29,101,003
2010	37,890,066	17,171,116	15,986,710	9,094,616	53,876,776	26,265,732
2011-2015	156,986,287	59,761,024	72,806,801	35,046,528	229,793,088	94,807,552
2016-2020	104,166,605	27,335,488	51,545,504	20,036,920	155,712,109	47,372,408
2021-2025	54,908,284	7,725,812	34,719,360	10,615,670	89,627,644	18,341,482
2026-2030	6,970,000	609,450	20,351,510	4,093,311	27,321,510	4,702,761
2031-2035	-	-	7,187,861	635,743	7,187,861	635,743
	<u>\$ 534,773,423</u>	<u>\$ 202,026,876</u>	<u>\$ 285,688,253</u>	<u>\$ 125,035,610</u>	<u>\$ 820,461,676</u>	<u>\$ 327,062,486</u>

**C Tax Increment and Other Debt** - At June 30, 2005, there was \$55,520,000 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 \$6,945,000 outstanding, the County has pledged its full faith and credit for these bonds. During the fiscal year ended June 30, 2005, \$10,543,823 of incremental property tax revenue was collected and available for debt service purposes as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances for the Non-major Governmental Funds. The table below outlines the debt service requirements for these bonds.

June 30,	Principal	Interest	June 30,	Principal	Interest
2006	\$ 725,000	\$ 2,691,191	2011-2015	9,215,000	11,458,649
2007	835,000	2,653,241	2016-2020	10,230,000	9,385,340
2008	875,000	2,612,666	2021-2025	15,315,000	6,222,961
2009	915,000	2,570,166	2026-2030	16,260,000	1,701,156
2010	1,150,000	2,522,457	Total	<u>\$ 55,520,000</u>	<u>\$ 41,817,827</u>

In addition, there were \$6,016,000 and \$4,385,000 of special tax district bonds related to the Farmington Village Project and the Villages of Dorchester outstanding at June 30, 2005, respectively. The proceeds of these bonds were used to finance infrastructure improvements within the special district. These bonds are payable solely from the proceeds of a special tax levied on parcels within the district and are not backed by the County's full faith and credit. This debt does not appear on the Statement of Net Assets. The County acts only as a fiduciary in collecting the taxes and servicing the debt.

**D State Loans** - The County has loans outstanding at June 30, 2005 of \$2,382,660. These loans were received from the State for highway improvements and waterway improvements. During fiscal year 2005 the County paid \$341,106 and \$3,073 for principal and interest, respectively. The table below outlines the debt service requirements.

Year ended June 30,	Principal	Interest	Year ended June 30,	Principal	Interest
2006	\$ 215,668	\$ -	2011-2015	800,546	-
2007	213,018	-	2016-2020	452,296	-
2008	213,018	-	2021-2025	112,584	-
2009	194,045	-	2026-2030	6,565	-
2010	174,920	-	Total	<u>\$ 2,382,660</u>	<u>\$ -</u>

**E Leases** – The County has entered into various lease agreements for assets, which qualify as capital leases for accounting purposes. These agreements have resulted in capital assets totaling \$182,200 all of which are used for governmental activities. Mechanical equipment leased consists of golf carts used by the Department of Recreation and Parks. These equipment leases are five years in length and annual payments for all total about \$8,600. Computer hardware comprises the remaining capital leases. These agreements are primarily three years in length with annual payments totaling about \$58,000. The net present value of these minimum lease payments as of June 30, 2005 and the future minimum lease obligations were as follows:

Year ended June 30,	Present Value of Minimum Lease Payments	Interest	Total Minimum Payments
2006	\$ 54,519	\$ 7,410	\$ 61,929
2007	57,105	3,744	60,849
2008	277	2	279
	<u>\$ 111,901</u>	<u>\$ 11,156</u>	<u>\$ 123,057</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 2005 were \$2,540,113. Minimum annual rental costs required by the leases are summarized below:

Year ending June 30,	Annual Rentals	Year ending June 30,	Annual Rentals
2006	\$ 2,288,968	2010	\$ 1,555,315
2007	2,290,598	2011-2015	1,656,962
2008	2,098,037	2016-2020	1,136,415
2009	2,023,033		<u>\$ 13,049,328</u>

**F Installment Purchase Agreements** – The County has instituted an Installment Purchase Program to facilitate County purchases of real property easements to maintain farmland and other open space. Under this program the County signs long-term debt agreements with property holders with a minimal down payment, typically \$1,000. Interest and nominal principal payments are made over the life of the agreement and a balloon payment is due at the end of the term to pay off the remaining principal balance. In order to pay the balloon payment, the County purchases and reserves a zero coupon U.S. Treasury Strip. This investment matures when the agreement expires and effectively earns the same interest rate that the County pays on the debt. The debt requirements as of June 30, 2005 are presented below:

Year ended June 30,	Principal	Interest	Year ended June 30,	Principal	Interest
2006	\$ 17,000	\$ 494,795	2011-2015	\$ 85,000	\$ 2,440,162
2007	17,000	493,829	2016-2020	85,000	2,416,012
2008	17,000	492,863	2021-2025	85,000	2,391,862
2009	17,000	491,897	2026-2030	8,339,000	1,603,816
2010	17,000	490,931	Total	<u>\$ 8,679,000</u>	<u>\$ 11,316,167</u>

**G Compass Pointe Golf Course** – On June 30, 2005 the County issued \$24,530,000 of General Obligation bonds and used the proceeds to purchase the Compass Pointe Golf Course from the Maryland Economic Development Corporation, a quasi State agency. On June 30, 2005, \$21,636,527 of the proceeds was deposited into a trust account to refund the existing debt issued by the seller. The remaining proceeds and premium on the sale were deposited into the General County Capital Project Fund for certain capital improvements to the golf course, to pay costs related to the issue, and to reserve monies to pay the initial interest expense on the bond issue. In addition, balances in the seller's trust accounts at June 30 were set aside in a County agency fund and will be used to pay any remaining operation costs related to 2005 and prior golf course operations.

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

	Due Dates	Interest Rates	Amount of Original Issue	Amount Outstanding
<b>Governmental activities:</b>				
Serial bonds	2006-2028	1.00% to 7.00%	\$ 984,655,750	\$ 534,773,423
Tax increment district bonds	2006-2029	2.00% to 7.375%	98,875,000	55,520,000
Installment purchase agreements	2006-2030	4.95% to 6.00%	8,720,177	8,679,000
Loans payable	2006-2025	0%	8,727,644	2,382,660
Total governmental activities			<u>1,100,978,571</u>	<u>601,355,083</u>
<b>Business-type activities:</b>				
Water and wastewater serial bonds	2005-2033	1.00% to 7.50%	594,985,355	264,646,676
Solid waste serial bonds	2005-2024	2.00% to 6.00%	50,274,250	21,041,577
Total business-type activities			<u>645,259,605</u>	<u>285,688,253</u>
			<u>\$ 1,746,238,176</u>	<u>\$ 887,043,336</u>

The County Charter authorizes the County Council to approve the issuance of general obligation bonds and to set limits on bonds issued through ordinance. Based on the effective ordinance, bonds (other than water and sewer) are limited at 5.2% of the assessable basis of real property and 13% of the assessable base of personal property and certain operating real property of the County. In addition, general obligation water and sewer bonds are limited at 5.6% of the assessable basis of real property and 14% of the assessable base of personal property and certain operating real property within the County's sanitary district. At June 30, 2005 a review of the legal debt limitations reveals the following:

	(5.2%/13% Limitations)	(5.6%/14% Limitations)
Charter imposed limitation	\$ 2,590,636,679	\$ 2,569,305,507
<b>Bonded debt outstanding</b>		
Bond anticipation notes	35,500,000	6,000,000
Long-term serial bonds	555,815,000	264,646,676
Tax increment bonds	55,520,000	-
	<u>646,835,000</u>	<u>270,646,676</u>
Legal debt margin	<u>\$ 1,943,801,679</u>	<u>\$ 2,298,658,831</u>

As of June 30, 2005, the County had the authority to issue bonds in the amount of \$286,723,361, over and above bonds already issued, including \$159,626,883 of water and wastewater series bonds and \$5,391,272 of solid waste series bonds. This unused authority will be used to fund existing capital projects and those appropriated for fiscal year 2006 and to refund outstanding bond anticipation notes.

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

Principal Payments	Year ending June 30,	Principal Payments
\$ 360,000	2009	\$ 400,000
370,000	2010	415,000
385,000	Thereafter	14,160,000
		<u>\$ 16,090,000</u>

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bond anticipation notes	\$ 32,500,000	\$ 34,500,000	\$ 32,500,000	\$ 34,500,000	\$ 34,500,000
Bonds payable:					
General obligation bonds	499,547,461	126,155,000	90,929,038	534,773,423	45,771,862
Deferred refunding gain (loss)	(6,080,043)	1,205,000	(1,061,559)	(3,813,484)	(965,746)
Tax incremental and other debt	56,215,000	-	695,000	55,520,000	725,000
Total bonds payable	<u>549,682,418</u>	<u>127,360,000</u>	<u>90,562,479</u>	<u>586,479,939</u>	<u>45,531,116</u>
State loans	2,723,766	-	341,107	2,382,660	215,668
Capital leases	161,801	-	49,900	111,901	54,519
Installment purchase agreements	8,397,948	295,000	13,948	8,679,000	17,000
Unpaid insurance claims	39,705,957	70,803,875	66,914,399	43,595,433	12,887,613
Compensated absences	16,834,939	20,330,502	21,409,201	15,756,240	14,154,697
Total long-term	<u>617,506,829</u>	<u>218,789,377</u>	<u>179,291,034</u>	<u>657,005,173</u>	<u>72,860,613</u>
Total governmental activities	<u>\$ 650,006,829</u>	<u>\$ 253,289,377</u>	<u>\$ 211,791,034</u>	<u>\$ 691,505,173</u>	<u>\$ 107,360,613</u>
<b>Business-type activities:</b>					
Bond anticipation notes	\$ 20,000,000	\$ 7,000,000	\$ 20,000,000	\$ 7,000,000	\$ 7,000,000
Bonds payable:					
General obligation bonds	269,204,732	64,082,725	47,599,204	285,688,253	22,257,988
Less: deferred refunding loss	(2,644,355)	(460,000)	(519,714)	(2,584,641)	(357,518)
Total bonds payable	<u>266,560,377</u>	<u>63,622,725</u>	<u>47,079,490</u>	<u>283,103,612</u>	<u>21,900,470</u>
Compensated absences	1,481,746	1,465,835	1,468,584	1,478,997	1,292,386
Total long-term	<u>268,042,123</u>	<u>65,088,560</u>	<u>48,548,074</u>	<u>284,582,609</u>	<u>23,192,856</u>
Total business-type activities	<u>\$ 288,042,123</u>	<u>\$ 72,088,560</u>	<u>\$ 68,548,074</u>	<u>\$ 291,582,609</u>	<u>\$ 30,192,856</u>

**K Advanced Refundings** – In fiscal year 2005, 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. The resulting gain/(loss) is netted against the new debt and amortized over the remaining life of the refunded debt. The refunding resulted in a net present value savings of \$3,598,718 and decreased the aggregate debt service costs by \$4,559,339.

	<u>Governmental</u>	<u>Business Type</u>
Carrying value of refunded bonds	\$ 47,830,000	\$ 26,020,000
Reacquisition Price	<u>50,398,473</u>	<u>27,642,326</u>
	(2,568,473)	(1,622,326)
Net Premium on refunding bonds	<u>3,773,473</u>	<u>1,162,326</u>
Net Gain (Loss) on refunding	<u>\$ 1,205,000</u>	<u>\$ (460,000)</u>

## **9 Pension Plan**

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

**A Single Employer Defined Benefit Pension Plans** - The Retirement System administers the Anne Arundel County Employees' Retirement Plan (Employees Plan), Anne Arundel County Police Service Retirement Plan (Police Plan), Anne Arundel County Fire Service Retirement Plan (Fire Plan), and Anne Arundel County Detention



Officers' and Deputy Sheriffs' Pension Plan (Detention Plan). Although the assets of the plans are commingled for investment purposes, each plan's assets must be used for the payment of benefits to the participants within that plan, in accordance with the terms of the plan. All benefit provisions are established by County legislation. Each of the plans provides for cost of living adjustments to annual benefit payments.

Membership in each plan consisted of the following at January 1, 2005, the date of the latest actuarial valuation:

	Employees Plan	Police Plan	Fire Plan	Detention Plan
Retirees and beneficiaries receiving payments	911	427	270	81
Terminated plan members entitled to but not yet receiving payments	217	-	-	11
DROP	-	60	109	-
Active plan members	2,217	571	563	347
	<u>3,345</u>	<u>1,058</u>	<u>942</u>	<u>439</u>

**Employees Plan** - All permanent County employees not included in another pension plan and employees of Economic Development are eligible to participate in the Employees Plan. Benefits vest after five years of service. The normal retirement age is age 60, or if earlier, when the employee has completed 30 years of service. Employees may elect one of two benefit structures. Tier One employees contribute 4% of their base salary to the Plan. Tier Two employees make no employee contributions. At normal retirement, Tier One employees receive 2% of final average basic pay (defined as the participant's highest three annual basic pays out of the last five years) times the years and months of credited service, and 2% for unused disability leave and up to three years of pre-employment military service. The maximum benefit is 60% of final average basic pay, except participants may accrue benefits in excess of the 60% cap for credited disability leave and up to three years of pre-employment military service. Tier Two employees receive 1% of final average earnings times the years and months of credited service. The Plan also provides death and disability benefits.

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

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

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

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

**Detention Plan** - Permanent County detention center officers, personnel, and sheriff deputies are eligible to participate in the Detention Plan. Benefits vest after five years of service. The normal retirement age for the members is age 50. Members are entitled to an annual benefit in the amount of 2.5% of final average basic pay (defined as the participant's highest three annual basic pays out of the last five years) for each year of service up to 20 years, plus 2% of final average basic pay for each additional year, and 2% for unused disability leave and up to three years of pre-employment military service. The maximum benefit is 70% of final earnings, except participants may accrue benefits in excess of the 70% cap for unused disability leave and up to 3 years of active military service. The Plan also provides death and disability benefits. In 2004 the County implemented provisions of the County labor contracts that redefined participants in the Plan so that one group can be afforded different benefits. A new "20 and out" benefit was provided to uniformed Detention Officers and Deputy Sheriffs.

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

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

**C Funding Policy and Annual Pension Cost** - The employee contribution requirements for each employer defined benefit plan in the Retirement System are set by County legislation. The County's annual contribution is based on annual actuarial valuations. The table on the following page provides the actuarial assumptions, funding methods and contributions related to the fiscal year 2005 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%	6.00%	5.00%	5.00%
Tier Two	-	Not applicable	Not applicable	Not applicable
Annual Pension Cost (APC)	\$9,675,761	\$8,855,012	\$9,794,829	\$3,102,810
Contributions made	\$9,663,862	\$8,808,687	\$9,940,088	\$3,106,871
Actuarial valuation date	January 1, 2004	January 1, 2004	January 1, 2005	January 1, 2004
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level % of payroll	Level % of payroll	Level % of payroll	Level % of payroll
Remaining amortization period	30 years, closed	30 years, closed	30 years, closed	30 years, closed
Asset valuation method	5-yr smoothed market	5-yr smoothed market	5-yr smoothed market	5-yr smoothed market
Actuarial assumptions:				
Inflation rate	3.50%	3.50%	3.50%	3.50%
Investment rate of return	4.50%	4.50%	4.50%	4.50%
Projected salary increases (graded scale)	Varies by age	Varies by age	Varies by age	Varies by age
Cost of living adjustments:				
Benefits earned prior to 1/31/97	3.00%	3.50%	3.50%	3.50%
Benefits earned thereafter	2.10%	2.10%	2.10%	2.10%

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

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

	2001	2002	2003	2004	2005
<i>Employees Plan</i>					
Annual Pension Cost (APC)	\$ 2,898,335	\$ 4,592,060	\$ 5,731,325	\$ 8,342,504	\$ 9,675,761
Percentage of APC Contributed	100.0%	83.0%	114.7%	90.5%	99.9%
Net Pension Obligation	\$ -	\$ 760,179	\$ (844,435)	\$ 796,724	\$ 11,899
<i>Police Plan</i>					
Annual Pension Cost (APC)	\$ 4,633,411	\$ 6,512,433	\$ 7,724,769	\$ 8,733,903	\$ 8,855,012
Percentage of APC Contributed	100.0%	89.0%	100.5%	100.9%	99.5%
Net Pension Obligation	\$ -	\$ 714,947	\$ (34,575)	\$ (80,577)	\$ 46,325
<i>Fire Plan</i>					
Annual Pension Cost (APC)	\$ 3,677,602	\$ 5,864,022	\$ 7,473,847	\$ 8,508,851	\$ 9,794,829
Percentage of APC Contributed	100.0%	83.0%	100.4%	96.6%	101.5%
Net Pension Obligation	\$ -	\$ 1,025,411	\$ (32,993)	\$ 291,287	\$ (145,259)
<i>Detention Plan</i>					
Annual Pension Cost (APC)	\$ 2,012,848	\$ 2,539,796	\$ 2,882,271	\$ 3,113,653	\$ 3,102,810
Percentage of APC Contributed	100.0%	94.0%	100.1%	99.8%	100.1%
Net Pension Obligation	\$ -	\$ 140,993	\$ (3,237)	\$ 6,913	\$ (4,061)

The net pension obligations and assets shown in the table were not considered material and, therefore, no liability or asset was recorded. The shortfall for 2002 was paid later. The overpayment shown in 2003 was offset by reduced contributions in 2004 and some insignificant differences remain.

Certain participants in the State Retirement and Pension Systems (State plans) are required to contribute 5% to 7% of compensation to the plans. The County is required to contribute the remaining amounts necessary to fund the plans, except that the State pays the employer's share of retirement costs on behalf of certain teachers, professional librarians, and related positions for the Board of Education, Library, and Community College, in accordance with State law. These amounts are shown as grant revenue and current expenses in the financial statements of these component units. County expenditures for those employees in the State plans for the year ended June 30, 2005, 2004, and 2003 equal the required contributions and are summarized below along with the State's contribution on behalf on the employees discussed above.

	Fiscal Year Ended June 30,		
	2005	2004	2003
County contributions:			
Primary Government	\$ 1,138,433	\$ 1,084,222	\$ 1,032,592
Board of Education	4,883,055	4,063,522	4,250,249
Community College	120,534	117,400	134,200
State contributions on behalf of:			
Board of Education	32,189,217	31,419,929	29,119,401
Community College	1,600,000	1,500,000	1,300,000
Library	728,882	685,797	687,026
Total	\$ <u>40,660,121</u>	\$ <u>38,870,870</u>	\$ <u>36,523,468</u>

**10 Other Post-retirement Benefits**

Retirees of the Primary Government, Library, and Economic Development continue to receive medical coverage. The Primary Government pays eighty percent of the cost. These retirees have the option of retaining dental and vision coverage, but must pay the full cost of these benefits. Health benefits are provided to retirees through an agreement between the Primary Government and the Police labor union, and are extended to others by administrative policy. There were 1,770 retirees and spouses receiving health benefits as of June 30, 2005.

Retirees of the Board of Education who receive benefits from the State Retirement System may elect to continue medical coverage. Retirees may also continue in the Board's dental or vision programs. The Board pays

eighty percent of the cost of the basic health care and dental programs with the balance of the cost deducted from the retirees' monthly check. These benefits are provided through an agreement between the Board and Anne Arundel County Retired Teachers Association. There were approximately 3,400 retirees eligible for benefits at June 30, 2005.

Retirees of the Community College receive certain health care and dental benefits. The Community College contributes to the cost of these health and dental benefits at a rate of 2.5 percent per year for each year of service. Employees must have at least 10 years of service to qualify and the maximum paid by the College is 75%. Retirees have no vested rights to these benefits, which are subject to modifications by the Board of Trustees. There were 179 College retirees eligible for benefits at June 30, 2005.

These costs are recognized when paid. Total costs incurred for these benefits for the year ended June 30, 2005 were as follows:

Entity	Amount
Primary Government	\$ 8,374,468
Board of Education	21,649,101
Community College	516,983
Other Nonmajor Component Units	351,490
	<u>\$ 30,892,042</u>

## **11 Risk Management**

The County retains the risk of loss for workers' compensation and Directors and Officers coverage for the Primary Government, the Library, the Board of Education, and the Community College; general liability and vehicle liability coverage for the Primary Government, Library and the Board of Education; and health coverage for the Primary Government. The County purchases insurance coverage for real and personal property and money and security coverage, as well as school bus insurance for the bus contractors of the Board of Education. All insurance activities are recorded in the Self Insurance Fund, except for health activity, which is recorded in the Health Insurance Fund.

The Self Insurance Fund has recognized a liability at fiscal year-end for those claims where a loss has occurred and the amount of loss can be reasonably estimated. This estimate includes reserves for non-incremental claims adjustment expense. An actuarial review of all claims is used as the basis for determining the liability at the end of the year. Management, with the assistance of claims administrators, estimates the liabilities for the Health Insurance Fund. Both funds include estimated liabilities for claims that have been incurred but not reported. Claims are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. The liability as of June 30, 2005 is undiscounted. Settlements have not exceeded coverages for each of the past three fiscal years. Changes in the balances of claims liabilities during fiscal years 2005 and 2004 were as follows:

	2005	2004
Liability balance, July 1	\$ 39,705,957	\$ 34,688,241
Current year claims and changes in estimates:		
Changes in estimates - prior periods	2,991,000	3,018,000
Changes in estimates - current year	67,812,875	62,589,972
Claims payments	<u>(66,914,399)</u>	<u>(60,590,256)</u>
Liability balance, June 30	<u>\$ 43,595,433</u>	<u>\$ 39,705,957</u>

## **12 Landfill Closure, Postclosure, and Remediation**

The Primary Government has utilized three landfill sites; however, only one site, the Millersville Landfill, is still accepting trash. The others, Glen Burnie and Sudley, were closed in 1983 and 1993, respectively. The Millersville site consists of nine individual cells. Cells 1 through 7 are closed, cell 8 is active and 68.4% full and cell 9 has not yet opened. Cells 8 and 9 have useful lives to at least 2009 and 2030, 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	\$ 54,458,937	\$ 18,163,719	\$ 72,622,656
Post closure	<u>26,842,631</u>	<u>5,759,738</u>	<u>32,602,369</u>
	81,301,568	23,923,457	105,225,025
Less:			
Amount recognized thru June 30, 2005	<u>46,320,569</u>	<u>23,923,457</u>	<u>70,244,026</u>
Costs remaining to be r	<u>\$ 34,980,999</u>	<u>\$ -</u>	<u>\$ 34,980,999</u>
Liability recorded at June 30, 2005:			
Closure	\$ 8,139,074	\$ -	\$ 8,139,074
Post closure	<u>16,793,538</u>	<u>5,759,738</u>	<u>22,553,276</u>
	<u>\$ 24,932,612</u>	<u>\$ 5,759,738</u>	<u>\$ 30,692,350</u>

The Primary Government accounts for landfill activities in the Solid Waste Fund. Management uses federal and state regulations to estimate the costs of closure, remediation, and monitoring the landfills. These estimates are recorded at current costs and are management's best judgment of the minimum cost required to correct identified problems and close and remediate open cells. These estimates are subject to periodic reevaluation and actual costs may differ due to inflation or deflation, changes in technology, or changes in applicable laws and regulations. Closure reserves increased by a net \$836,561 and post closure reserves increased by a net \$338,731. These increases include changes to the estimates in the reserves, payments, and other adjustments.

The Primary Government has financial assurance requirements that require the reservation of funds to pay landfill liabilities. The financial assurance reservation totaled \$13,691,279 at June 30, 2005.

### **13      Contingent Liabilities**

**A      *Impact Fees*** – At June 30, 2005, the Primary Government held impact fees accumulated for construction of schools and roads in designated districts of the County. The legislation authorizing the collection of such fees requires the Primary Government to expend or encumber these funds within specified times after collection. Although as of June 30, 2005, \$40,218,847 is subject to return if not spent, management believes the refund of these fees is unlikely.

The County has entered into impact fee agreements with developers who provide offsite improvements designed to lessen the impact of the development on the immediate community. Unredeemed impact fee credits totaled \$5,971,919 at June 30, 2005.

**B      *Regional Composting Facility*** – Under the terms of an intergovernmental agreement with Baltimore County, Howard County, and the Maryland Environmental Service (MES), the County is participating in the use of a regional yard waste composting facility. Pursuant to the agreement, the County has agreed to deliver a minimum of 15,000 tons of yard debris per year at a cost of \$47.60 per ton. This charge pays for the County's share of facility operations and the debt service on the related MES bonds. The agreement also gives the County the option of paying for its proportionate share of the cost of operations in lieu of delivering the required 15,000 tons of yard debris. This agreement will expire in the year 2015.

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

**C      *Lawsuits*** – Property owners and taxpayers have filed a class action suit against the County seeking refunds of development impact fees paid to the County. The case was dismissed by the Circuit Court, but the Court of Special Appeals reversed and remanded the case to Circuit Court. The Court of Special Appeals dismissed a substantial portion of the plaintiffs' claims, but granted summary judgment as to liability on several others. The

amount of the claim is in excess of \$30,000,000. In the opinion of the County Attorney, the likelihood of an outcome unfavorable to the County is somewhere between probable and remote, and the County's liability if the outcome were to be unfavorable is unlikely to exceed \$5,000,000.

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

**D Federal Financial Assistance** - The County receives significant financial assistance from the U.S. Government. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits. Any disallowances as a result of these audits become a liability of the fund that received the grants. As of June 30, 2005, the County estimates that no material liabilities will result from such audits.

## **14 Conduit Debt**

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

As of June 30, 2005, 153 Industrial Revenue Bonds series had been issued. The aggregate principal amount payable for the nine series issued after July 1, 1996, was \$17,951,000. The aggregate principal amount payable for the 145 issued prior to July 1, 1996, could not be determined; however, their original issue totaled \$582,700,000. The County is not obligated in any manner for payment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Anne Arundel County, Maryland

Required Supplementary Information

Year Ended June 30, 2005

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

	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL)	(B - A) Unfunded AAL (UAAL)	(A / B) Funded Ratio	(C) Covered Payroll	(B - A / C) UAAL as a % of Covered Payroll
<b>Employees Retirement Plan:</b>						
January 1, 2003	335,539,414	372,472,369	36,932,955	90.1%	101,172,221	36.5%
2004	367,756,502	367,541,352	(215,150)	100.1%	100,944,238	-0.2%
2005	395,501,876	405,171,824	9,669,948	97.6%	103,105,736	9.4%
<b>Police Service Retirement Plan:</b>						
January 1, 2003	281,967,318	318,635,793	36,668,475	88.5%	33,459,024	109.6%
2004	311,371,499	325,555,840	14,184,341	95.6%	31,915,536	44.4%
2005	337,113,153	346,154,153	9,041,000	97.4%	33,530,370	27.0%
<b>Fire Service Retirement Plan</b>						
January 1, 2003	256,190,269	296,478,237	40,287,968	86.4%	32,000,686	125.9%
2004	286,763,188	301,900,234	15,137,046	95.0%	31,463,220	48.1%
2005	313,478,279	326,860,256	13,381,977	95.9%	34,871,614	38.4%
<b>Pension Plan for Detention Officers and Personnel:</b>						
January 1, 2003	38,889,689	47,135,488	8,245,799	82.5%	14,690,339	56.1%
2004	45,710,145	52,889,538	7,179,384	86.4%	15,396,361	46.6%
2005	52,200,204	60,272,753	8,072,549	86.6%	15,355,590	52.6%
<b>State Retirement and Pension System of Maryland:</b>						
January 1, 2003	32,323,263	34,131,284	1,808,021	94.7%	7,867,794	23.0%
2004	32,631,465	34,974,601	2,343,136	93.3%	8,134,419	29.0%
2005	33,484,657	36,325,704	2,841,047	92.2%	8,069,481	35.0%

**Notes to Required Supplementary Information**

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

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

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

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Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>GENERAL PROPERTY TAXES</b>				
Real and personal taxes	\$ 395,336,000	\$ 395,336,000	\$ 400,243,678	\$ 4,907,678
Interest and penalties	940,000	940,000	700,808	(239,192)
	<u>396,276,000</u>	<u>396,276,000</u>	<u>400,944,486</u>	<u>4,668,486</u>
<b>LOCAL INCOME TAXES</b>	<u>305,873,000</u>	<u>305,873,000</u>	<u>308,536,927</u>	<u>2,663,927</u>
<b>STATE SHARED TAXES</b>				
Highway user	21,433,000	21,433,000	23,695,194	2,262,194
Admissions	7,412,000	7,412,000	6,775,544	(636,456)
Auto-boat	3,000	3,000	5,635	2,635
	<u>28,848,000</u>	<u>28,848,000</u>	<u>30,476,373</u>	<u>1,628,373</u>
<b>GRANTS AND AID</b>				
Programs for the aging	3,138,500	3,138,500	2,252,956	(885,544)
Public safety	9,061,100	12,522,575	10,413,547	(2,109,028)
Mental health	606,200	606,200	656,368	50,168
Health	18,829,600	18,829,600	18,318,068	(511,532)
Other	13,251,100	13,468,600	12,969,307	(499,293)
	<u>44,886,500</u>	<u>48,565,475</u>	<u>44,610,246</u>	<u>(3,955,229)</u>
<b>RECORDATION AND TRANSFER TAXES</b>				
Recordation	37,770,000	37,770,000	59,827,840	22,057,840
Transfer	37,841,000	37,841,000	56,885,486	19,044,486
	<u>75,611,000</u>	<u>75,611,000</u>	<u>116,713,326</u>	<u>41,102,326</u>
<b>LOCAL SALES TAXES</b>				
Electricity	4,871,000	4,871,000	4,819,385	(51,615)
Gas	709,000	709,000	697,827	(11,173)
Telephone	6,795,000	6,795,000	6,772,615	(22,385)
Fuel	95,000	95,000	69,855	(25,145)
Hotel-Motel	11,721,000	11,721,000	11,749,807	28,807
Parking	5,490,000	5,490,000	4,558,483	(931,517)
Trailer Park Rental Pmts	932,000	932,000	939,538	7,538
	<u>30,613,000</u>	<u>30,613,000</u>	<u>29,607,510</u>	<u>(1,005,490)</u>
<b>LICENSES AND PERMITS</b>				
Amusements	263,500	263,500	273,877	10,377
Special events	4,600	4,600	4,300	(300)
Beer, wine, liquor	625,000	625,000	624,922	(78)
Trade licenses	260,300	260,300	284,587	24,287
Traders	750,000	750,000	799,892	49,892
Permits	9,557,200	9,557,200	9,954,310	397,110
Fines	24,200	24,200	209,278	185,078
Mobile home parks	35,000	35,000	35,730	730
Taxicabs	68,000	68,000	100,962	32,962
Mining and landfills	-	-	-	-
Animal control	289,100	289,100	309,530	20,430
Other	1,201,500	1,201,500	1,337,326	135,826
Health Department	587,000	587,000	572,889	(14,111)
Public space	650,000	650,000	892,541	242,541
	<u>14,315,400</u>	<u>14,315,400</u>	<u>15,400,144</u>	<u>1,084,744</u>

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
INVESTMENT INCOME	1,753,000	1,753,000	3,593,495	1,840,495
INTER-FUND RECOVERIES	20,576,000	20,576,000	21,558,824	982,824
OTHER REVENUES				
Sale of surplus property	50,000	50,000	253,338	203,338
Health department fees	489,300	489,300	512,173	22,873
Certification of liens	120,000	120,000	94,736	(25,264)
Recreation and Parks	4,467,300	4,467,300	4,250,824	(216,476)
Developers fees - Street lighting	60,000	60,000	40,284	(19,716)
Sheriff	110,000	110,000	89,986	(20,014)
Sub-division	1,400,000	1,400,000	1,797,415	397,415
Administrative fees	102,000	102,000	119,399	17,399
Rental income	750,000	750,000	540,175	(209,825)
Cable Fees	4,794,000	4,794,000	5,391,272	597,272
Reimbursements	8,687,800	8,687,800	11,664,102	2,976,302
Fines and Fees	357,400	357,400	420,917	63,517
Miscellaneous	5,291,100	5,291,100	5,449,511	158,411
	<u>26,678,900</u>	<u>26,678,900</u>	<u>30,624,132</u>	<u>3,945,232</u>
Total revenues	\$ <u>945,430,800</u>	\$ <u>949,109,775</u>	\$ <u>1,002,065,463</u>	\$ <u>52,955,688</u>

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>EDUCATION</b>				
Board of Education	\$ 440,665,500	\$ 440,665,500	\$ 440,356,198	\$ (309,302)
Community College	<u>28,070,000</u>	<u>29,570,000</u>	<u>29,512,115</u>	<u>(57,885)</u>
	<u>468,735,500</u>	<u>470,235,500</u>	<u>469,868,313</u>	<u>(367,187)</u>
<b>PUBLIC SAFETY</b>				
Police	79,749,300	79,055,975	77,869,335	(1,186,640)
Fire	72,242,600	76,167,300	75,982,121	(185,179)
Detention Facilities	<u>33,517,400</u>	<u>33,017,400</u>	<u>32,321,158</u>	<u>(696,242)</u>
	<u>185,509,300</u>	<u>188,240,675</u>	<u>186,172,614</u>	<u>(2,068,061)</u>
<b>GENERAL GOVERNMENT</b>				
County Executive	2,023,500	2,123,500	2,038,871	(84,629)
Chief Administrative Officer	4,971,900	1,408,600	805,932	(602,668)
Office of Budget	1,043,000	1,043,000	1,024,645	(18,355)
Office of Finance	24,650,200	33,941,400	33,707,796	(233,604)
Mandated Transfers	1,366,300	1,366,300	1,234,442	(131,858)
Central Services	17,288,300	17,588,300	17,432,636	(155,664)
Personnel	4,543,000	4,543,000	4,507,646	(35,354)
Information Technology	13,091,600	13,541,600	13,151,718	(389,882)
Law	2,411,800	2,411,800	2,409,730	(2,070)
Legislative Branch	2,887,000	2,937,000	2,888,765	(48,235)
Ethics Commission	143,700	143,700	138,053	(5,647)
Board of Election Supervisors	<u>2,129,200</u>	<u>2,129,200</u>	<u>1,796,846</u>	<u>(332,354)</u>
	<u>76,549,500</u>	<u>83,177,400</u>	<u>81,137,080</u>	<u>(2,040,320)</u>
<b>HEALTH AND HUMAN SERVICES</b>				
Health	46,398,300	46,398,300	44,719,800	(1,678,500)
Social Services	7,169,200	7,169,200	5,837,950	(1,331,250)
Services for the Aging	11,172,500	11,172,500	10,790,171	(382,329)
Other Grants	<u>2,080,000</u>	<u>2,311,000</u>	<u>2,114,762</u>	<u>(196,238)</u>
	<u>66,820,000</u>	<u>67,051,000</u>	<u>63,462,683</u>	<u>(3,588,317)</u>
<b>PUBLIC WORKS</b>				
	<u>30,235,400</u>	<u>31,635,400</u>	<u>31,298,822</u>	<u>(336,578)</u>
<b>RECREATION AND COMMUNITY SERVICES</b>				
Recreation and Parks	14,163,400	14,263,400	14,086,184	(177,216)
Public Library System	<u>12,770,000</u>	<u>12,770,000</u>	<u>12,770,000</u>	<u>-</u>
	<u>26,933,400</u>	<u>27,033,400</u>	<u>26,856,184</u>	<u>(177,216)</u>
<b>JUDICIAL</b>				
States Attorney	7,303,000	7,316,000	7,124,765	(191,235)
Sheriffs Office	6,377,500	6,377,500	6,061,638	(315,862)
Circuit Court	5,015,500	5,126,100	5,108,554	(17,546)
Orphans Court	<u>94,400</u>	<u>94,400</u>	<u>92,236</u>	<u>(2,164)</u>
Total Judicial	<u>18,790,400</u>	<u>18,914,000</u>	<u>18,387,193</u>	<u>(526,807)</u>
<b>LAND USE AND DEVELOPMENT</b>				
Planning and Zoning	7,070,800	7,070,800	6,656,909	(413,891)
Office of Administrative Hearings	285,500	285,500	284,572	(928)
Cooperative Extension Service	194,000	194,000	188,601	(5,399)
Land Use and Environment	<u>1,641,100</u>	<u>1,728,900</u>	<u>1,718,808</u>	<u>(10,092)</u>
	<u>9,191,400</u>	<u>9,279,200</u>	<u>8,848,890</u>	<u>(430,310)</u>
<b>CODE ENFORCEMENT</b>				
Inspections and Permits	9,947,600	10,247,600	10,108,713	(138,887)
Board of License Commissioners	<u>524,800</u>	<u>524,800</u>	<u>500,484</u>	<u>(24,316)</u>
	<u>10,472,400</u>	<u>10,772,400</u>	<u>10,609,197</u>	<u>(163,203)</u>
<b>ECONOMIC DEVELOPMENT</b>				
	<u>1,690,000</u>	<u>1,690,000</u>	<u>1,690,000</u>	<u>-</u>
<b>DEBT SERVICE</b>				
	<u>40,652,700</u>	<u>40,652,700</u>	<u>35,262,830</u>	<u>(5,389,870)</u>
<b>PAY GO FUNDING - CAPITAL PROJECTS</b>				
	<u>33,420,000</u>	<u>33,420,000</u>	<u>33,420,000</u>	<u>-</u>
Total expenditures and encumbrances	\$ <u>969,000,000</u>	\$ <u>982,101,675</u>	\$ <u>967,013,806</u>	\$ <u>(15,087,869)</u>

## Non-Major Governmental Funds

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

### *Special Revenue Funds*

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

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

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

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

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

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

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

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

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

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

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

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

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

## Non-Major Governmental Funds, Continued

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

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

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

### ***Capital Projects Funds***

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

### ***Debt Service Funds***

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

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

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

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

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

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

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

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Anne Arundel County, Maryland

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2005

	Special Revenue Funds				
	County Parking Garage	Street Light	Forfeiture and Asset Seizure Team	Economic Development	Conference and Visitors
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 1,545,844	\$ 879,584	\$ 172,908	\$ 172,908
Receivables					
Due from other governmental agencies	-	-	-	-	-
Other, net	29,366	-	95,500	-	-
Total assets	<u>\$ 29,366</u>	<u>\$ 1,545,844</u>	<u>\$ 975,084</u>	<u>\$ 172,908</u>	<u>\$ 172,908</u>
<b>LIABILITIES</b>					
Accrued liabilities	\$ 18,925	\$ 32,392	\$ 6,756	\$ -	\$ 172,085
Due to General Fund	2,346	-	-	-	-
Due to Component Unit	-	-	-	172,085	-
Escrow deposits	-	-	280,733	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>21,271</u>	<u>32,392</u>	<u>287,489</u>	<u>172,085</u>	<u>172,085</u>
<b>FUND BALANCES</b>					
Reserved					
Encumbrances	8,095	907,109	9,900	-	-
Held by trustee	-	-	-	-	-
Unreserved					
Designated for subsequent year's expenditures	-	-	174,900	-	-
Undesignated	-	606,343	502,795	823	823
Total fund balances	<u>8,095</u>	<u>1,513,452</u>	<u>687,595</u>	<u>823</u>	<u>823</u>
Total liabilities and fund balances	<u>\$ 29,366</u>	<u>\$ 1,545,844</u>	<u>\$ 975,084</u>	<u>\$ 172,908</u>	<u>\$ 172,908</u>

Special Revenue Funds

<u>Incentive Loan Program</u>	<u>Road and Special Benefits Districts</u>	<u>Piney Orchard Wastewater Service</u>	<u>Local Management Board</u>	<u>Storm Drain Fees</u>	<u>Inmate Benefit and Morale</u>	<u>Area Agency on Aging</u>
\$ 260	\$ 379,497	\$ 121,665	\$ 1,301,004	\$ 1,064,150	\$ 547,635	\$ -
-	-	-	107,615	-	-	-
-	10,941	-	-	-	42,813	29,214
<u>\$ 260</u>	<u>\$ 390,438</u>	<u>\$ 121,665</u>	<u>\$ 1,408,619</u>	<u>\$ 1,064,150</u>	<u>\$ 590,448</u>	<u>\$ 29,214</u>
\$ -	\$ 60,161	\$ 121,665	\$ 485,799	\$ -	\$ 71,224	\$ -
-	-	-	-	-	-	29,214
-	-	-	-	-	-	-
-	-	-	-	-	21,396	-
-	-	-	33,204	-	-	-
-	60,161	121,665	519,003	-	92,620	29,214
-	-	-	92,380	-	9,211	-
-	-	-	-	-	-	-
-	164,500	-	-	-	-	-
260	165,777	-	797,236	1,064,150	488,617	-
260	330,277	-	889,616	1,064,150	497,828	-
<u>\$ 260</u>	<u>\$ 390,438</u>	<u>\$ 121,665</u>	<u>\$ 1,408,619</u>	<u>\$ 1,064,150</u>	<u>\$ 590,448</u>	<u>\$ 29,214</u>

Anne Arundel County, Maryland

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2005

	Special Revenue Funds				Capital Projects Fund
	Reforestation	Laurel Racetrack	Recreational Land Fees	Workforce Development	Erosion Districts
<b>ASSETS</b>					
Cash and investments	\$ 8,572,843	\$ 518,373	\$ 232,077	\$ 173,813	\$ 547,091
Receivables					
Due from other governmental agencies	-	-	-	-	-
Other, net	-	425,000	-	-	10,828
Total assets	\$ <u>8,572,843</u>	\$ <u>943,373</u>	\$ <u>232,077</u>	\$ <u>173,813</u>	\$ <u>557,919</u>
<b>LIABILITIES</b>					
Accrued liabilities	\$ 440,674	\$ -	\$ -	\$ 173,813	\$ 10,251
Due to General Fund	-	-	-	-	-
Due to Component Unit	-	-	-	-	-
Escrow deposits	2,607,463	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>3,048,137</u>	<u>-</u>	<u>-</u>	<u>173,813</u>	<u>10,251</u>
<b>FUND BALANCES</b>					
Reserved					
Encumbrances	16,219	-	-	-	-
Held by trustee	-	-	-	-	-
Unreserved					
Designated for subsequent year's expenditures	-	-	-	-	479,100
Undesignated	<u>5,508,487</u>	<u>943,373</u>	<u>232,077</u>	<u>-</u>	<u>68,568</u>
Total fund balances	<u>5,524,706</u>	<u>943,373</u>	<u>232,077</u>	<u>-</u>	<u>547,668</u>
Total liabilities and fund balances	\$ <u>8,572,843</u>	\$ <u>943,373</u>	\$ <u>232,077</u>	\$ <u>173,813</u>	\$ <u>557,919</u>

Debt Service Funds

<u>Nursery Road Tax Increment</u>	<u>West County Tax Increment</u>	<u>Arundel Mills Tax Increment</u>	<u>Parole Tax Increment</u>	<u>Park Place Tax Increment</u>	<u>Special Taxing Districts</u>	<u>Installment Purchase Agreements</u>	<u>Totals</u>
\$ 128,532	\$ 1,259,852	\$ 689,585	\$ 624,436	\$ 21,224	\$ 570,305	\$ 4,998,659	\$ 24,522,245
-	-	-	-	-	-	-	107,615
-	-	-	-	-	1,272	342,593	987,527
<u>\$ 128,532</u>	<u>\$ 1,259,852</u>	<u>\$ 689,585</u>	<u>\$ 624,436</u>	<u>\$ 21,224</u>	<u>\$ 571,577</u>	<u>\$ 5,341,252</u>	<u>\$ 25,617,387</u>
\$ -	\$ -	\$ 77	\$ -	\$ -	\$ 29,347	\$ -	\$ 1,623,169
-	-	-	-	-	-	-	31,560
-	-	-	-	-	-	-	172,085
-	-	-	-	-	-	-	2,909,592
-	-	-	-	-	-	-	33,204
<u>-</u>	<u>-</u>	<u>77</u>	<u>-</u>	<u>-</u>	<u>29,347</u>	<u>-</u>	<u>4,769,610</u>
-	-	-	-	-	-	-	1,042,914
-	811	20,861	-	-	-	-	21,672
-	-	-	-	-	531,500	178,300	1,528,300
<u>128,532</u>	<u>1,259,041</u>	<u>668,647</u>	<u>624,436</u>	<u>21,224</u>	<u>10,730</u>	<u>5,162,952</u>	<u>18,254,891</u>
<u>128,532</u>	<u>1,259,852</u>	<u>689,508</u>	<u>624,436</u>	<u>21,224</u>	<u>542,230</u>	<u>5,341,252</u>	<u>20,847,777</u>
<u>\$ 128,532</u>	<u>\$ 1,259,852</u>	<u>\$ 689,585</u>	<u>\$ 624,436</u>	<u>\$ 21,224</u>	<u>\$ 571,577</u>	<u>\$ 5,341,252</u>	<u>\$ 25,617,387</u>

Anne Arundel County, Maryland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2005

	Special Revenue Funds				
	County Parking Garage	Street Light	Forfeiture and Asset Seizure Team	Economic Development	Conference and Visitors
<b>REVENUES</b>					
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and aid	-	-	-	-	-
Local sales taxes	-	-	-	820,823	820,823
Commissary sales	-	-	-	-	-
Seized / forfeited funds	-	-	350,412	-	-
Special community benefit taxes	-	-	-	-	-
Fees and commissions	356,359	288,475	-	-	-
Investment income	-	-	12,078	-	-
Other	-	-	-	-	-
<b>Total revenues</b>	<u>356,359</u>	<u>288,475</u>	<u>362,490</u>	<u>820,823</u>	<u>820,823</u>
<b>EXPENDITURES</b>					
<b>Current</b>					
Public safety	-	-	76,403	-	-
General government	342,014	-	-	-	-
Health and human services	-	-	-	-	-
Public works	-	436,144	-	-	-
Recreation and community services	-	-	-	-	-
Land use and development	-	-	-	-	-
Economic development	-	-	-	820,000	820,000
Capital outlay	-	-	310,413	-	-
<b>Debt service</b>					
Interest payments on debt	-	-	-	-	-
Principal payments on debt	-	-	-	-	-
<b>Total expenditures</b>	<u>342,014</u>	<u>436,144</u>	<u>386,816</u>	<u>820,000</u>	<u>820,000</u>
Revenues over (under) expenditures	<u>14,345</u>	<u>(147,669)</u>	<u>(24,326)</u>	<u>823</u>	<u>823</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
<b>Transfers in</b>					
General Fund	-	-	-	-	-
<b>Transfers out</b>					
General Fund	(14,519)	-	-	-	-
General County Capital Projects Fund	-	-	-	-	-
Issuance of refunding issue	-	-	-	-	-
Issuance of bonds	-	-	-	-	-
Discount from sale of bonds	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(14,519)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	<u>(174)</u>	<u>(147,669)</u>	<u>(24,326)</u>	<u>823</u>	<u>823</u>
Fund balances, July 1	<u>8,269</u>	<u>1,661,121</u>	<u>711,921</u>	<u>-</u>	<u>-</u>
Fund balances, June 30	<u>\$ 8,095</u>	<u>\$ 1,513,452</u>	<u>\$ 687,595</u>	<u>\$ 823</u>	<u>\$ 823</u>

Special Revenue Funds

Incentive Loan Program	Road and Special Benefits Districts	Piney Orchard Wastewater Service	Local Management Board	Storm Drain Fees	Inmate Benefit and Morale	Area Agency on Aging
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	2,655,681	-	-	29,214
-	-	-	-	-	658,684	-
-	4,118,814	-	-	-	-	-
-	-	512,331	-	186,631	363,741	-
5	-	-	28,700	-	12,587	-
-	-	-	1,063	-	-	-
<u>5</u>	<u>4,118,814</u>	<u>512,331</u>	<u>2,685,444</u>	<u>186,631</u>	<u>1,035,012</u>	<u>29,214</u>
-	-	-	-	-	791,136	-
-	-	-	2,899,155	-	-	29,214
-	-	512,331	-	15,467	-	-
-	3,964,562	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	<u>3,964,562</u>	<u>512,331</u>	<u>2,899,155</u>	<u>15,467</u>	<u>791,136</u>	<u>29,214</u>
<u>5</u>	<u>154,252</u>	<u>-</u>	<u>(213,711)</u>	<u>171,164</u>	<u>243,876</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5</u>	<u>154,252</u>	<u>-</u>	<u>(213,711)</u>	<u>171,164</u>	<u>243,876</u>	<u>-</u>
<u>255</u>	<u>176,025</u>	<u>-</u>	<u>1,103,327</u>	<u>892,986</u>	<u>253,952</u>	<u>-</u>
<u>\$ 260</u>	<u>\$ 330,277</u>	<u>\$ -</u>	<u>\$ 889,616</u>	<u>\$ 1,064,150</u>	<u>\$ 497,828</u>	<u>\$ -</u>

Anne Arundel County, Maryland

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

Nonmajor Governmental Funds

Year Ended June 30, 2005

	Special Revenue Funds				Capital Projects Fund
	Reforestation	Laurel Racetrack	Recreation Land Fees	Workforce Development	Erosion Districts
<b>REVENUES</b>					
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and aid	-	-	-	1,980,055	-
Local sales taxes	-	-	-	-	-
Commissary sales	-	-	-	-	-
Seized / forfeited funds	-	-	-	-	-
Special community benefit taxes	-	-	-	-	161,415
Other fees and commissions	2,032,046	425,000	17,800	-	-
Investment income	-	14,896	-	-	-
Other	-	-	-	-	-
<b>Total revenues</b>	<u>2,032,046</u>	<u>439,896</u>	<u>17,800</u>	<u>1,980,055</u>	<u>161,415</u>
<b>EXPENDITURES</b>					
<b>Current</b>					
Public safety	-	-	-	-	-
General government	-	-	-	-	-
Health and human services	-	-	-	1,980,055	-
Public works	-	-	-	-	-
Recreation and community services	-	396,180	-	-	-
Land use and development	821,085	-	-	-	-
Economic development	-	-	-	-	-
Capital outlay	-	-	-	-	73,216
<b>Debt service</b>					
Interest payments on debt	-	-	-	-	-
Principal payments on debt	-	-	-	-	-
<b>Total expenditures</b>	<u>821,085</u>	<u>396,180</u>	<u>-</u>	<u>1,980,055</u>	<u>73,216</u>
<b>Revenues over (under) expenditures</b>	<u>1,210,961</u>	<u>43,716</u>	<u>17,800</u>	<u>-</u>	<u>88,199</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
<b>Transfers in</b>					
General Fund	-	-	-	-	-
<b>Transfers out</b>					
General Fund	-	-	-	-	-
General County Capital Projects Fund	-	(36,113)	-	-	-
Proceeds from refunding issue	-	-	-	-	-
Proceeds from sale of bonds	-	-	-	-	-
Discount from sale of bonds	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(36,113)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in fund balances</b>	<u>1,210,961</u>	<u>7,603</u>	<u>17,800</u>	<u>-</u>	<u>88,199</u>
Fund balances, July 1	4,313,745	935,770	214,277	-	459,469
Fund balances, June 30	\$ <u>5,524,706</u>	\$ <u>943,373</u>	\$ <u>232,077</u>	\$ <u>-</u>	\$ <u>547,668</u>

Debt Service Funds

	Nursery Road Tax Increment	West County Tax Increment	Arundel Mills Tax Increment	Parole Tax Increment	Park Place Tax Increment	Special Taxing Districts	Installment Purchase Agreements	Totals
\$	3,196,059	\$ 1,172,368	\$ 3,290,414	\$ 2,863,758	\$ 21,224	\$ -	\$ -	\$ 10,543,823
	-	-	-	-	-	-	-	4,664,950
	-	-	-	-	-	-	-	1,641,646
	-	-	-	-	-	-	-	658,684
	-	-	-	-	-	-	-	350,412
	-	-	-	-	-	360,218	-	4,640,447
	-	-	-	-	-	-	-	4,182,383
	44,755	149,370	48,257	26,503	-	-	1,086,941	1,424,092
	-	-	-	-	-	-	-	1,063
	<u>3,240,814</u>	<u>1,321,738</u>	<u>3,338,671</u>	<u>2,890,261</u>	<u>21,224</u>	<u>360,218</u>	<u>1,086,941</u>	<u>28,107,500</u>
	-	-	-	-	-	-	-	867,539
	5,961	24,044	9,689	-	-	-	-	381,708
	-	-	-	-	-	-	-	4,908,424
	-	-	-	-	-	-	-	963,942
	-	-	-	-	-	183,912	-	4,544,654
	-	-	-	-	-	-	2,981	824,066
	-	-	-	-	-	-	-	1,640,000
	-	-	-	-	-	-	-	383,629
	76,527	599,814	978,631	364,625	-	-	481,079	2,500,676
	<u>185,965</u>	<u>-</u>	<u>-</u>	<u>695,000</u>	<u>-</u>	<u>215,667</u>	<u>13,948</u>	<u>1,110,580</u>
	<u>268,453</u>	<u>623,858</u>	<u>988,320</u>	<u>1,059,625</u>	<u>-</u>	<u>399,579</u>	<u>498,008</u>	<u>18,125,218</u>
	<u>2,972,361</u>	<u>697,880</u>	<u>2,350,351</u>	<u>1,830,636</u>	<u>21,224</u>	<u>(39,361)</u>	<u>588,933</u>	<u>9,982,282</u>
	-	-	-	-	-	-	130,000	130,000
	(2,845,547)	(469,142)	(2,198,680)	(1,782,375)	-	-	-	(7,310,263)
	-	-	-	-	-	-	-	(36,113)
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	<u>(2,845,547)</u>	<u>(469,142)</u>	<u>(2,198,680)</u>	<u>(1,782,375)</u>	<u>-</u>	<u>-</u>	<u>130,000</u>	<u>(7,216,376)</u>
	<u>126,814</u>	<u>228,738</u>	<u>151,671</u>	<u>48,261</u>	<u>21,224</u>	<u>(39,361)</u>	<u>718,933</u>	<u>2,765,906</u>
	<u>1,718</u>	<u>1,031,114</u>	<u>537,837</u>	<u>576,175</u>	<u>-</u>	<u>581,591</u>	<u>4,622,319</u>	<u>18,081,871</u>
\$	<u>128,532</u>	\$ <u>1,259,852</u>	\$ <u>689,508</u>	\$ <u>624,436</u>	\$ <u>21,224</u>	\$ <u>542,230</u>	\$ <u>5,341,252</u>	\$ <u>20,847,777</u>



Anne Arundel County, Maryland

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

Special Revenue Funds

Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>COUNTY PARKING GARAGE</b>				
Revenues				
Parking fees	\$ 362,000	\$ 362,000	\$ 326,867	\$ (35,133)
Expenditures				
General government	362,000	362,000	326,867	(35,133)
Revenues over expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	
<b>STREET LIGHT</b>				
Revenues				
Developer fees	\$ 1,000,000	\$ 1,000,000	\$ 288,475	\$ (711,525)
Other	-	-	74,265	74,265
	<u>1,000,000</u>	<u>1,000,000</u>	<u>362,740</u>	<u>(637,260)</u>
Expenditures				
Public Works	1,000,000	1,000,000	385,030	(614,970)
Revenues under expenditures	-	-	(22,290)	\$ (22,290)
Fund balance, budgetary, July 1	712,866	712,866	712,866	
Fund balance, budgetary, June 30	\$ 712,866	\$ 712,866	\$ 690,576	
<b>FORFEITURE AND ASSET SEIZURE TEAM</b>				
Revenues				
Seized and forfeited funds	\$ 300,000	\$ 300,000	\$ 350,412	\$ 50,412
Grants and aid	-	-	-	-
Investment income	-	-	12,078	12,078
Other	-	-	-	-
	<u>300,000</u>	<u>300,000</u>	<u>362,490</u>	<u>62,490</u>
Expenditures				
Public Safety	120,000	120,000	76,403	(43,597)
Capital Outlay	245,600	245,600	237,161	(8,439)
	<u>365,600</u>	<u>365,600</u>	<u>313,564</u>	<u>(52,036)</u>
Revenues over (under) expenditures	(65,600)	(65,600)	48,926	\$ 114,526
Fund balance, budgetary, July 1	711,921	711,921	711,921	
Fund balance, budgetary, June 30	\$ 646,321	\$ 646,321	\$ 760,847	

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

Anne Arundel County, Maryland

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

Special Revenue Funds

Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>ECONOMIC DEVELOPMENT</b>				
Revenues				
Local sales taxes	\$ 820,000	\$ 820,000	\$ 820,823	\$ 823
Expenditures				
Economic development	820,000	820,000	820,000	-
Revenues over expenditures	-	-	823	<u>823</u>
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 823</u>	
<b>CONFERENCE AND VISITORS</b>				
Revenues				
Local sales taxes	\$ 820,000	\$ 820,000	\$ 820,823	\$ 823
Expenditures				
Economic development	820,000	820,000	820,000	-
Revenues over expenditures	-	-	823	<u>823</u>
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 823</u>	
<b>INCENTIVE LOAN PROGRAM</b>				
Revenues				
Fees and commissions	\$ 250,000	\$ 250,000	\$ -	\$ (250,000)
Investment income	-	-	5	5
	<u>250,000</u>	<u>250,000</u>	<u>5</u>	<u>(249,995)</u>
Expenditures				
Economic Development	250,000	250,000	-	(250,000)
Revenues over expenditures	-	-	5	<u>5</u>
Fund balance, budgetary, July 1	255	255	255	
Fund balance, budgetary, June 30	<u>\$ 255</u>	<u>\$ 255</u>	<u>\$ 260</u>	

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

Anne Arundel County, Maryland

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

Special Revenue Funds

Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>ROADS AND SPECIAL BENEFITS</b>				
Revenues				
Special community benefit taxes	\$ 4,023,000	\$ 4,023,000	\$ 4,118,814	\$ 95,814
Expenditures				
Recreation and community services	<u>6,009,200</u>	<u>6,009,200</u>	<u>3,964,562</u>	<u>(2,044,638)</u>
Revenues over (under) expenditures	(1,986,200)	(1,986,200)	154,252	<u>\$ 2,140,452</u>
Fund balance, budgetary, July 1	<u>176,025</u>	<u>176,025</u>	<u>176,025</u>	
Fund balance, budgetary, June 30	\$ <u>(1,810,175)</u>	\$ <u>(1,810,175)</u>	\$ <u>330,277</u>	
<b>PINEY ORCHARD WASTEWATER SERVICE</b>				
Revenues				
Commissions and fees	\$ 600,000	\$ 600,000	\$ 512,331	\$ (87,669)
Expenditures				
Public works	<u>600,000</u>	<u>600,000</u>	<u>512,331</u>	<u>(87,669)</u>
Revenues over expenditures	-	-	-	<u>\$ -</u>
Fund balance, budgetary, July 1	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance, budgetary, June 30	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	
<b>LOCAL MANAGEMENT BOARD</b>				
Revenues				
Grants and aid	\$ 2,901,000	\$ 2,901,000	\$ 2,655,681	\$ (245,319)
Investment income	-	-	28,700	28,700
Other	<u>25,200</u>	<u>25,200</u>	<u>183,681</u>	<u>158,481</u>
	<u>2,926,200</u>	<u>2,926,200</u>	<u>2,868,062</u>	<u>(58,138)</u>
Expenditures				
Health and human services	<u>3,565,600</u>	<u>3,565,600</u>	<u>2,977,799</u>	<u>(587,801)</u>
Revenues over (under) expenditures	(639,400)	(639,400)	(109,737)	<u>\$ 529,663</u>
Fund balance, budgetary, July 1	<u>906,973</u>	<u>906,973</u>	<u>906,973</u>	
Fund balance, budgetary, June 30	\$ <u>267,573</u>	\$ <u>267,573</u>	\$ <u>797,236</u>	

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

Anne Arundel County, Maryland

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

Special Revenue Funds

Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>INMATE BENEFIT AND MORALE</b>				
Revenues				
Commissary sales	\$ 624,000	\$ 624,000	\$ 658,684	\$ 34,684
Commissions and fees	180,000	180,000	363,741	183,741
Investment income	5,000	5,000	12,587	7,587
Other	-	-	-	-
	<u>809,000</u>	<u>809,000</u>	<u>1,035,012</u>	<u>226,012</u>
Expenditures				
Commissary purchases	600,000	600,000	635,420	35,420
Inmate benefits/morale	209,000	209,000	164,927	(44,073)
Commissary miscellaneous	-	-	-	-
Other miscellaneous	-	-	-	-
	<u>809,000</u>	<u>809,000</u>	<u>800,347</u>	<u>(8,653)</u>
Revenues over expenditures	-	-	234,665	<u>\$ 234,665</u>
Fund balance, budgetary, July 1	<u>253,952</u>	<u>253,952</u>	<u>253,952</u>	
Fund balance, budgetary, June 30	\$ <u>253,952</u>	\$ <u>253,952</u>	\$ <u>488,617</u>	
<b>REFORESTATION</b>				
Revenues				
Commissions and fees	\$ 450,000	\$ 450,000	\$ 2,032,046	\$ 1,582,046
Expenditures				
Land use and development	<u>450,000</u>	<u>450,000</u>	<u>814,936</u>	<u>364,936</u>
Revenues over expenditures	-	-	1,217,110	<u>\$ 1,217,110</u>
Fund balance, budgetary, July 1	<u>4,291,375</u>	<u>4,291,375</u>	<u>4,291,375</u>	
Fund balance, budgetary, June 30	\$ <u>4,291,375</u>	\$ <u>4,291,375</u>	\$ <u>5,508,485</u>	
<b>LAUREL RACETRACK</b>				
Revenues				
Fees and commissions	\$ 400,000	\$ 400,000	\$ 425,000	\$ 25,000
Other	10,000	10,000	14,896	4,896
	<u>410,000</u>	<u>410,000</u>	<u>439,896</u>	<u>29,896</u>
Expenditures				
Recreation and community services	<u>410,000</u>	<u>460,000</u>	<u>432,293</u>	<u>(27,707)</u>
Revenues over (under) expenditures	-	(50,000)	7,603	<u>\$ 57,603</u>
Fund balance, budgetary, July 1	<u>935,770</u>	<u>935,770</u>	<u>935,770</u>	
Fund balance, budgetary, June 30	\$ <u>935,770</u>	\$ <u>885,770</u>	\$ <u>943,373</u>	

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

Anne Arundel County, Maryland

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

Special Revenue Funds

Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>WORKFORCE DEVELOPMENT</b>				
Revenues				
Grants and aid	\$ 2,800,000	\$ 2,800,000	\$ 1,980,055	\$ (819,945)
Expenditures				
Health and human services	2,800,000	2,800,000	1,980,055	(819,945)
Revenues over expenditures	-	-	-	\$ <u>          -</u>
Fund balance, budgetary, July 1	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance, budgetary, June 30	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>	

*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, 2005

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>REVENUES</b>				
Amberly	\$ 11,300	\$ 11,300	\$ 10,745	\$ (555)
Annapolis Roads - Roads	234,800	234,800	240,649	5,849
Arundel on the Bay-Special Benefits	70,600	70,600	73,457	2,857
Avalon Shores - Special Benefits	17,400	17,400	17,407	7
Bay Highlands - Roads	21,500	21,500	21,558	58
Bay Ridge - Special Officer	208,700	208,700	208,746	46
Beverly Beach - Special Benefits	25,300	25,300	25,270	(30)
Birchwood - Special Benefits	3,400	3,400	3,440	40
Bittersweet	9,400	9,400	9,350	(50)
Cape Anne - Special Benefits	7,500	7,500	7,650	150
Cape St. Claire-Special Benefits	138,800	138,800	135,000	(3,800)
Carrolton Manor	36,800	36,800	36,960	160
Cedarhurst-Special Benefits	84,600	84,600	83,626	(974)
Chartwell-Special Benefits	25,500	25,500	25,460	(40)
Columbia Beach - Roads	41,200	41,200	44,352	3,152
Crofton - Special Benefits	707,300	707,300	717,642	10,342
Eden Woods - Special Benefits	19,200	19,200	19,200	-
Epping Forest - Special Benefits	160,100	160,100	167,546	7,446
Fairhaven Cliffs - Special Benefits	5,600	5,600	5,600	-
Felicity Cove - Special Benefits	11,700	11,700	11,745	45
Franklin Manor - Special Benefits	34,800	34,800	35,276	476
Gibson Island - Roads	163,000	163,000	174,908	11,908
Greenbriar Gardens	9,100	9,100	9,120	20
Greenbriar II	16,800	16,800	16,799	(1)
Highview on the Bay	19,200	19,200	19,200	-
Hillsmere Estates - Roads	124,000	124,000	124,051	51
Holland Point - Special Officer	10,200	10,200	11,608	1,408
Hunters Harbor - Roads	15,500	15,500	15,450	(50)
Indian Hills (Winchester)-Special Benefits	80,300	80,300	80,280	(20)
Landhaven - Special Benefits	2,600	2,600	2,639	39
Little Magothy River	36,400	36,400	35,700	(700)
Long Point on the Severn - Roads	7,800	7,800	7,800	-
Magothy Beach	3,900	3,900	3,900	-
Manhattan Beach - Roads	14,800	14,800	14,850	50
Owings Beach - Roads	20,900	20,900	21,949	1,049
Oyster Harbor - Roads	192,000	192,000	248,244	56,244
Parke West-Special Benefits	31,800	31,800	31,800	-
Pine Grove Village Special Benefits	11,000	11,000	11,040	40
Provinces - Special Benefits	10,700	10,700	10,620	(80)
Queen's Park - Special Benefits	34,200	34,200	34,101	(99)
Rockview Beach / Riviera Isles	4,600	4,600	4,600	-
Selby on the Bay - Roads	74,700	74,700	74,340	(360)
Severndale - Special Benefits	6,300	6,300	6,326	26
Sherwood Forest - Special Benefits	916,300	916,300	916,262	(38)
Shorcham Beach - Roads	28,100	28,100	28,073	(27)
Southgate - Special Benefits	-	-	-	-
South River Heights - Roads	7,800	7,800	7,795	(5)
South River Manor-Special Benefits	4,700	4,700	4,650	(50)
South River Park - Roads	11,100	11,100	11,100	-
Steedman Point - Roads	3,800	3,800	3,750	(50)
Stone Haven	1,700	1,700	1,684	(16)
Sylvan View on the Magothy	13,700	13,700	13,751	51
Tanglewood Lane - Roads	7,200	7,200	7,150	(50)
Upper Magothy Beach	14,900	14,900	14,899	(1)
Venice Beach - Roads	30,600	30,600	31,519	919
Venice on the Bay	5,900	5,900	6,060	160
Wilenor	16,200	16,200	16,240	40
Woodland Beach - Roads	189,400	189,400	189,577	177
Woodland Beach/Pasadena	6,300	6,300	6,300	-
Total revenues	\$ 4,023,000	\$ 4,023,000	\$ 4,118,814	\$ 95,814

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, 2005

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>EXPENDITURES</b>				
Amberly	\$ 12,800	\$ 12,800	\$ 10,737	\$ (2,063)
Annapolis Roads - Roads	256,700	256,700	236,690	(20,010)
Arundel on the Bay-Special Benefits	107,900	107,900	74,700	(33,200)
Avalon Shores - Special Benefits	17,800	17,800	17,345	(455)
Bay Highlands - Roads	49,500	49,500	22,688	(26,812)
Bay Ridge - Special Officer	258,900	258,900	215,744	(43,156)
Beverly Beach - Special Benefits	25,600	25,600	11,263	(14,337)
Birchwood - Special Benefits	6,100	6,100	3,897	(2,203)
Bittersweet	11,800	11,800	9,341	(2,459)
Cape Anne - Special Benefits	12,100	12,100	7,705	(4,395)
Cape St. Claire-Special Benefits	255,800	255,800	133,500	(122,300)
Carrolton Manor	36,800	36,800	36,798	(2)
Cedarhurst-Special Benefits	90,900	90,900	53,700	(37,200)
Chartwell-Special Benefits	89,900	89,900	25,424	(64,476)
Columbia Beach - Roads	73,300	73,300	47,350	(25,950)
Crofton - Special Benefits	1,007,500	1,007,500	716,889	(290,611)
Eden Woods - Special Benefits	54,000	54,000	19,195	(34,805)
Epping Forest - Special Benefits	429,200	429,200	167,390	(261,810)
Fairhaven Cliffs - Special Benefits	16,600	16,600	16,195	(405)
Felicity Cove - Special Benefits	11,700	11,700	11,697	(3)
Franklin Manor - Special Benefits	36,200	36,200	31,754	(4,446)
Gibson Island - Roads	183,400	183,400	162,990	(20,410)
Greenbriar Gardens	9,100	9,100	9,056	(44)
Greenbriar II	16,800	16,800	16,790	(10)
Highview on the Bay	19,200	19,200	19,195	(5)
Hillsmere Estates - Roads	168,100	168,100	121,990	(46,110)
Holland Point - Special Officer	11,500	11,500	11,500	-
Hunters Harbor - Roads	15,500	15,500	15,439	(61)
Indian Hills (Winchester)-Special Benefits	82,300	82,300	79,795	(2,505)
Landhaven - Special Benefits	7,400	7,400	4,076	(3,324)
Little Magothy River	36,400	36,400	35,695	(705)
Long Point on the Severn - Roads	44,900	44,900	390	(44,510)
Magothy Beach	3,900	3,900	3,895	(5)
Manhattan Beach - Roads	24,500	24,500	14,883	(9,617)
Owings Beach - Roads	33,000	33,000	19,792	(13,208)
Oyster Harbor - Roads	837,500	837,500	156,900	(680,600)
Parke West-Special Benefits	77,500	77,500	31,790	(45,710)
Pine Grove Village Special Benefits	11,700	11,700	10,542	(1,158)
Provinces - Special Benefits	10,700	10,700	10,530	(170)
Queen's Park - Special Benefits	34,300	34,300	34,095	(205)
Rockview Beach / Riviera Isles	7,600	7,600	4,570	(3,030)
Selby on the Bay - Roads	84,700	84,700	74,652	(10,048)
Severndale - Special Benefits	23,100	23,100	6,360	(16,740)
Sherwood Forest - Special Benefits	916,300	916,300	916,129	(171)
Shorcham Beach - Roads	28,100	28,100	28,064	(36)
Southgate - Special Benefits	4,300	4,300	-	(4,300)
South River Heights - Roads	8,700	8,700	8,066	(634)
South River Manor-Special Benefits	6,300	6,300	4,498	(1,802)
South River Park - Roads	22,300	22,300	11,095	(11,205)
Steedman Point - Roads	19,200	19,200	188	(19,012)
Stone Haven	2,900	2,900	1,690	(1,210)
Sylvan View on the Magothy	13,700	13,700	13,698	(2)
Tanglewood Lane - Roads	11,200	11,200	3,907	(7,293)
Upper Magothy Beach	14,900	14,900	14,695	(205)
Venice Beach - Roads	72,800	72,800	30,594	(42,206)
Venice on the Bay	9,600	9,600	5,898	(3,702)
Wilenor	23,200	23,200	16,197	(7,003)
Woodland Beach - Roads	243,100	243,100	189,600	(53,500)
Woodland Beach/Pasadena	8,400	8,400	5,316	(3,084)
Total revenues	\$ 6,009,200	\$ 6,009,200	\$ 3,964,562	\$ (2,044,638)



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

General County Capital Projects

Year Ended June 30, 2005

	Total	School Construction	Higher Education	Storm Drains	Recreation
<b>AUTHORIZED PER ORIGINAL BUDGET</b>					
County bonds	\$ 464,018,000	\$ 177,086,000	\$ 23,297,000	\$ 15,790,000	\$ 33,889,000
Grants and aid	253,298,000	95,372,000	14,759,000	494,000	36,426,000
Contributions from other funds	223,580,000	112,227,000	2,884,000	5,540,000	9,851,000
Special fees	65,810,000	18,308,000	-	-	-
Impact fees	77,292,000	41,360,000	-	-	-
Other sources	17,619,000	104,000	-	3,790,000	80,000
Total	<u>\$ 1,101,617,000</u>	<u>\$ 444,457,000</u>	<u>\$ 40,940,000</u>	<u>\$ 25,614,000</u>	<u>\$ 80,246,000</u>
<b>AUTHORIZED PER FINAL BUDGET</b>					
County bonds	\$ 464,163,839	\$ 169,858,858	\$ 22,958,000	\$ 14,382,855	\$ 59,488,476
Grants and aid	246,701,876	89,314,000	14,759,000	494,000	36,176,782
Contributions from other funds	189,500,697	93,496,010	2,834,000	4,753,789	9,083,534
Special fees	62,905,000	18,133,000	-	-	-
Impact fees	77,306,400	41,535,000	-	-	-
Other sources	17,462,454	592,900	-	3,790,200	80,000
Total	<u>1,058,040,266</u>	<u>412,929,768</u>	<u>40,551,000</u>	<u>23,420,844</u>	<u>104,828,792</u>
Less: Completed projects	<u>133,459,028</u>	<u>8,925,000</u>	<u>-</u>	<u>6,673,802</u>	<u>15,608,282</u>
	<u>924,581,238</u>	<u>404,004,768</u>	<u>40,551,000</u>	<u>16,747,042</u>	<u>89,220,510</u>
<b>REALIZED</b>					
Current year					
Bonds and bond anticipation notes	81,825,000	25,000,000	2,500,000	3,000,000	29,030,000
Grants and aid	18,505,854	-	4,040,833	224,417	4,555,402
Contributions from the general fund	33,420,000	22,407,000	200,000	1,070,000	1,151,000
Special fees	36,113	-	-	-	-
Impact fees	15,491,184	12,368,850	-	-	-
Proceeds from tax districts	-	-	-	-	-
Other sources	2,565,529	-	-	(28,243)	(98,348)
Total	<u>151,843,680</u>	<u>59,775,850</u>	<u>6,740,833</u>	<u>4,266,174</u>	<u>34,638,054</u>
Prior years	<u>655,405,758</u>	<u>212,392,000</u>	<u>24,921,526</u>	<u>15,211,861</u>	<u>52,325,958</u>
Total realized funding sources	<u>807,249,438</u>	<u>272,167,850</u>	<u>31,662,359</u>	<u>19,478,035</u>	<u>86,964,012</u>
Less: Completed projects and adjustments	<u>131,840,627</u>	<u>8,920,036</u>	<u>-</u>	<u>6,667,690</u>	<u>15,543,649</u>
	<u>675,408,811</u>	<u>263,247,814</u>	<u>31,662,359</u>	<u>12,810,345</u>	<u>71,420,363</u>
Funding sources authorized - June 30, 2005	<u>\$ 249,172,427</u>	<u>\$ 140,756,954</u>	<u>\$ 8,888,641</u>	<u>\$ 3,936,697</u>	<u>\$ 17,800,147</u>

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

	Libraries	Roads and Bridges	Police and Fire	Community Development Block Grant	Waterway Improvements	Other
\$	13,482,000	\$ 73,753,000	\$ 46,730,000	\$ -	\$ 12,633,000	\$ 67,358,000
	-	5,289,000	27,379,000	47,222,000	8,413,000	17,944,000
	18,819,000	18,258,000	4,798,000	5,020,000	1,210,000	44,973,000
	-	39,602,000	-	-	-	7,900,000
	-	34,614,000	1,318,000	-	-	-
	-	6,846,000	-	4,139,000	35,000	2,625,000
\$	<u>32,301,000</u>	<u>178,362,000</u>	<u>80,225,000</u>	<u>56,381,000</u>	<u>22,291,000</u>	<u>140,800,000</u>
\$	13,482,331	\$ 68,302,791	\$ 46,575,097	\$ -	\$ 12,426,721	\$ 56,688,710
	-	4,914,000	28,684,063	46,562,614	8,153,098	17,644,319
	18,702,629	12,205,633	4,216,189	5,020,000	695,915	38,492,998
	-	39,772,000	-	-	-	5,000,000
	-	34,453,400	1,318,000	-	-	-
	-	6,660,930	-	4,139,473	35,000	2,163,951
	<u>32,184,960</u>	<u>166,308,754</u>	<u>80,793,349</u>	<u>55,722,087</u>	<u>21,310,734</u>	<u>119,989,978</u>
	4,868,468	21,523,589	57,032,260	-	1,194,191	17,633,436
	<u>27,316,492</u>	<u>144,785,165</u>	<u>23,761,089</u>	<u>55,722,087</u>	<u>20,116,543</u>	<u>102,356,542</u>
	3,000,000	8,000,000	4,500,000	-	-	6,795,000
	-	195,428	791,388	6,463,329	950,912	1,284,145
	2,950,000	3,142,000	100,000	670,000	125,000	1,605,000
	-	-	-	-	-	36,113
	-	2,882,001	240,333	-	-	-
	-	-	-	-	-	-
	-	30,524	-	952,746	200	1,708,650
	<u>5,950,000</u>	<u>14,249,953</u>	<u>5,631,721</u>	<u>8,086,075</u>	<u>1,076,112</u>	<u>11,428,908</u>
	24,957,201	108,481,595	70,160,647	41,236,006	12,578,431	93,140,533
	<u>30,907,201</u>	<u>122,731,548</u>	<u>75,792,368</u>	<u>49,322,081</u>	<u>13,654,543</u>	<u>104,569,441</u>
	4,868,468	20,835,053	56,388,217	-	1,159,428	17,458,086
	<u>26,038,733</u>	<u>101,896,495</u>	<u>19,404,151</u>	<u>49,322,081</u>	<u>12,495,115</u>	<u>87,111,355</u>
\$	<u>1,277,759</u>	<u>42,888,670</u>	<u>4,356,938</u>	<u>6,400,006</u>	<u>7,621,428</u>	<u>15,245,187</u>

Anne Arundel County, Maryland

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

General County Capital Projects

Year Ended June 30, 2005

APPROPRIATIONS	Total	School Construction	Higher Education	Storm Drains
Original Budget	\$ <u>1,101,617,000</u>	\$ <u>444,457,000</u>	\$ <u>40,940,000</u>	\$ <u>25,614,000</u>
Final Budget				
Prior years	\$ 900,713,639	\$ 345,364,868	\$ 34,200,000	\$ 19,389,204
Current year	<u>157,326,627</u>	<u>67,564,900</u>	<u>6,351,000</u>	<u>4,031,640</u>
	1,058,040,266	412,929,768	40,551,000	23,420,844
Less: Completed projects	<u>133,459,028</u>	<u>8,925,000</u>	<u>-</u>	<u>6,673,802</u>
Total appropriations	<u>924,581,238</u>	<u>404,004,768</u>	<u>40,551,000</u>	<u>16,747,042</u>
EXPENDITURES AND ENCUMBRANCES				
Prior years expenditures and transfers	604,515,801	197,995,873	25,811,096	13,047,271
Current year expenditures	95,554,023	-	-	3,488,497
Operating transfers	<u>65,452,898</u>	<u>59,392,073</u>	<u>6,060,825</u>	<u>-</u>
	765,522,722	257,387,946	31,871,921	16,535,768
Less: Completed projects	<u>131,638,996</u>	<u>8,781,619</u>	<u>-</u>	<u>6,667,690</u>
Total	633,883,726	248,606,327	31,871,921	9,868,078
Encumbrances outstanding	<u>43,786,806</u>	<u>-</u>	<u>-</u>	<u>2,331,307</u>
Total expenditures and encumbrances	<u>677,670,532</u>	<u>248,606,327</u>	<u>31,871,921</u>	<u>12,199,385</u>
Unencumbered appropriations - June 30, 2005	\$ <u>246,910,706</u>	\$ <u>155,398,441</u>	\$ <u>8,679,079</u>	\$ <u>4,547,657</u>

<u>Recreation</u>	<u>Libraries</u>	<u>Roads and Bridges</u>	<u>Police and Fire</u>	<u>Community Development Block Grant</u>	<u>Waterway Improvements</u>	<u>Other</u>
\$ <u>80,246,000</u>	\$ <u>32,301,000</u>	\$ <u>178,362,000</u>	\$ <u>80,225,000</u>	\$ <u>56,381,000</u>	\$ <u>22,291,000</u>	\$ <u>140,800,000</u>
\$ 70,399,801	\$ 29,124,964	\$ 145,491,787	\$ 75,220,352	\$ 45,986,087	\$ 20,995,761	\$ 114,540,815
<u>34,428,991</u>	<u>3,059,996</u>	<u>20,816,967</u>	<u>5,572,997</u>	<u>9,736,000</u>	<u>314,973</u>	<u>5,449,163</u>
104,828,792	32,184,960	166,308,754	80,793,349	55,722,087	21,310,734	119,989,978
<u>15,608,282</u>	<u>4,868,468</u>	<u>21,523,589</u>	<u>57,032,260</u>	<u>-</u>	<u>1,194,191</u>	<u>17,633,436</u>
<u>89,220,510</u>	<u>27,316,492</u>	<u>144,785,165</u>	<u>23,761,089</u>	<u>55,722,087</u>	<u>20,116,543</u>	<u>102,356,542</u>
48,599,026	23,910,642	95,783,384	69,073,642	41,236,007	8,952,908	80,105,952
<u>31,849,289</u>	<u>6,360,234</u>	<u>22,710,564</u>	<u>3,335,160</u>	<u>7,971,118</u>	<u>3,209,710</u>	<u>16,629,451</u>
-	-	-	-	-	-	-
80,448,315	30,270,876	118,493,948	72,408,802	49,207,125	12,162,618	96,735,403
<u>15,554,035</u>	<u>4,868,468</u>	<u>20,902,382</u>	<u>56,388,217</u>	<u>(114,956)</u>	<u>1,138,032</u>	<u>17,453,509</u>
64,894,280	25,402,408	97,591,566	16,020,585	49,322,081	11,024,586	79,281,894
<u>3,404,066</u>	<u>871,923</u>	<u>14,151,097</u>	<u>3,562,554</u>	<u>8,096,957</u>	<u>507,990</u>	<u>10,860,912</u>
<u>68,298,346</u>	<u>26,274,331</u>	<u>111,742,663</u>	<u>19,583,139</u>	<u>57,419,038</u>	<u>11,532,576</u>	<u>90,142,806</u>
\$ <u>20,922,164</u>	\$ <u>1,042,161</u>	\$ <u>33,042,502</u>	\$ <u>4,177,950</u>	\$ <u>(1,696,951)</u>	\$ <u>8,583,967</u>	\$ <u>12,213,736</u>

Anne Arundel County, Maryland

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

Erosion Districts Fund

Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>REVENUES</b>				
Cedarhurst	\$ 22,300	\$ 22,300	\$ 21,934	\$ (366)
Columbia Beach	10,000	10,000	10,738	738
Franklin Manor	19,100	19,100	19,411	311
Gibson Island	-	-	-	-
Holland Point	23,400	23,400	36,966	13,566
Idlewilde	-	-	-	-
Riviera Beach	70,800	70,800	72,366	1,566
Total revenues	<u>\$ 145,600</u>	<u>\$ 145,600</u>	<u>\$ 161,415</u>	<u>\$ 15,815</u>
<b>EXPENDITURES</b>				
Cedarhurst	\$ 55,800	\$ 55,800	\$ 36,713	\$ (19,087)
Columbia Beach	10,000	10,000	537	(9,463)
Franklin Manor	49,100	49,100	3,071	(46,029)
Gibson Island	9,900	9,900	9,857	(43)
Holland Point	50,700	50,700	11,586	(39,114)
Idlewilde	36,000	36,000	2,700	(33,300)
Riviera Beach	335,800	335,800	8,752	(327,048)
Total expenditures	<u>\$ 547,300</u>	<u>\$ 547,300</u>	<u>\$ 73,216</u>	<u>\$ (474,084)</u>

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

## Anne Arundel County, Maryland

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

## Debt Service Funds

Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>NURSERY ROAD TAX INCREMENT DISTRICT</b>				
Revenues				
General property taxes	\$ 3,104,000	\$ 3,104,000	\$ 3,196,059	\$ 92,059
Investment income	10,000	10,000	44,755	34,755
Other	-	-	-	-
	<u>3,114,000</u>	<u>3,114,000</u>	<u>3,240,814</u>	<u>126,814</u>
Expenditures				
Contractual services	-	-	5,961	5,961
Interest payments on debt	78,300	78,300	76,527	(1,773)
Principal payments on debt	185,900	185,900	185,965	65
Other	2,849,800	2,849,800	2,845,547	(4,253)
	<u>3,114,000</u>	<u>3,114,000</u>	<u>3,114,000</u>	<u>-</u>
Revenues over expenditures	-	-	126,814	\$ <u>126,814</u>
Fund balance, budgetary, July 1	<u>1,718</u>	<u>1,718</u>	<u>1,718</u>	
Fund balance, budgetary, June 30	\$ <u>1,718</u>	\$ <u>1,718</u>	\$ <u>128,532</u>	
<b>WEST COUNTY TAX INCREMENT DISTRICT</b>				
Revenues				
General property taxes	\$ 1,078,000	\$ 1,078,000	\$ 1,172,368	\$ 94,368
Investment income	15,000	15,000	149,370	134,370
Other	-	-	-	-
	<u>1,093,000</u>	<u>1,093,000</u>	<u>1,321,738</u>	<u>228,738</u>
Expenditures				
Contractual services	41,200	41,200	24,044	(17,156)
Interest payments on debt	483,900	483,900	599,814	115,914
Other	567,900	567,900	469,142	(98,758)
	<u>1,093,000</u>	<u>1,093,000</u>	<u>1,093,000</u>	<u>-</u>
Revenues over expenditures	-	-	228,738	\$ <u>228,738</u>
Fund balance, budgetary, July 1	<u>1,031,114</u>	<u>1,031,114</u>	<u>1,031,114</u>	
Fund balance, budgetary, June 30	\$ <u>1,031,114</u>	\$ <u>1,031,114</u>	\$ <u>1,259,852</u>	
<b>ARUNDEL MILLS TAX INCREMENT DISTRICT</b>				
Revenues				
General property taxes	\$ 3,177,000	\$ 3,177,000	\$ 3,290,414	\$ 113,414
Investment income	10,000	10,000	48,257	38,257
Other	-	-	-	-
	<u>3,187,000</u>	<u>3,187,000</u>	<u>3,338,671</u>	<u>151,671</u>
Expenditures				
Interest payments on debt	959,600	959,600	978,631	19,031
Other	2,227,400	2,227,400	2,208,369	(19,031)
	<u>3,187,000</u>	<u>3,187,000</u>	<u>3,187,000</u>	<u>-</u>
Revenues over expenditures	-	-	151,671	\$ <u>151,671</u>
Fund balance, budgetary, July 1	<u>537,837</u>	<u>537,837</u>	<u>537,837</u>	
Fund balance, budgetary, June 30	\$ <u>537,837</u>	\$ <u>537,837</u>	\$ <u>689,508</u>	

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

Anne Arundel County, Maryland

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

Debt Service Funds

Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>PAROLE TAX INCREMENT DISTRICT</b>				
Revenues				
General property taxes	\$ 2,832,000	\$ 2,832,000	\$ 2,863,758	\$ 31,758
Investment income	10,000	10,000	26,503	16,503
	<u>2,842,000</u>	<u>2,842,000</u>	<u>2,890,261</u>	<u>48,261</u>
Expenditures				
Interest payments on debt	364,600	364,600	364,625	25
Principal payments on debt	695,000	695,000	695,000	-
Other	1,782,400	1,782,400	1,782,375	(25)
	<u>2,842,000</u>	<u>2,842,000</u>	<u>2,842,000</u>	<u>-</u>
Revenues over expenditures	-	-	48,261	\$ <u>48,261</u>
Fund balance, budgetary, July 1	<u>576,175</u>	<u>576,175</u>	<u>576,175</u>	
Fund balance, budgetary, June 30	\$ <u>576,175</u>	\$ <u>576,175</u>	\$ <u>624,436</u>	
<b>PARK PLACE TAX INCREMENT DISTRICT</b>				
Revenues				
General property taxes	\$ 13,000	\$ 13,000	\$ 21,225	\$ 8,225
Investment income	-	-	(1)	(1)
	<u>13,000</u>	<u>13,000</u>	<u>21,224</u>	<u>8,224</u>
Expenditures				
Interest payments on debt	-	-	-	-
Principal payments on debt	-	-	-	-
Other	13,000	13,000	-	(13,000)
	<u>13,000</u>	<u>13,000</u>	<u>-</u>	<u>(13,000)</u>
Revenues over expenditures	-	-	21,224	\$ <u>21,224</u>
Fund balance, budgetary, July 1	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance, budgetary, June 30	\$ <u>-</u>	\$ <u>-</u>	\$ <u>21,224</u>	
<b>SPECIAL TAXING DISTRICTS</b>				
Revenues				
Special assessments	\$ 348,600	\$ 348,600	\$ 360,218	\$ 11,618
Expenditures				
Principal payments on debt	702,688	702,688	215,667	(487,021)
Other	183,912	183,912	183,912	-
	<u>886,600</u>	<u>886,600</u>	<u>399,579</u>	<u>(487,021)</u>
Revenues over (under) expenditures	(538,000)	(538,000)	(39,361)	\$ <u>498,639</u>
Fund balance, budgetary, July 1	<u>581,591</u>	<u>581,591</u>	<u>581,591</u>	
Fund balance, budgetary, June 30	\$ <u>43,591</u>	\$ <u>43,591</u>	\$ <u>542,230</u>	

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

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

Debt Service Funds

Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>INSTALLMENT PURCHASE AGREEMENTS</b>				
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 1,086,941	\$ 1,086,941
General fund contribution	130,000	130,000	130,000	-
	<u>130,000</u>	<u>130,000</u>	<u>1,216,941</u>	<u>1,086,941</u>
<b>Expenditures</b>				
Contractual services	100,000	100,000	2,981	(97,019)
Interest payments on debt	650,000	650,000	481,079	(168,921)
Principal payments on debt	-	-	13,948	13,948
Other	1,000,000	1,000,000	-	(1,000,000)
	<u>1,750,000</u>	<u>1,750,000</u>	<u>498,008</u>	<u>(1,251,992)</u>
Revenues over (under) expenditures	(1,620,000)	(1,620,000)	718,933	\$ <u>2,338,933</u>
Fund balance, budgetary, July 1	4,622,319	4,622,319	4,622,319	
Fund balance, budgetary, June 30	\$ <u>3,002,319</u>	\$ <u>3,002,319</u>	\$ <u>5,341,252</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, 2005

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>REVENUES</b>				
Annapolis Cove	\$ 4,600	\$ 4,600	\$ 4,620	\$ 20
Annapolis Landing	7,400	7,400	7,470	70
Arundel on the Bay	33,200	33,200	34,610	1,410
Bay Ridge	83,700	83,700	87,347	3,647
Browns Pond - Waterway	11,500	11,500	11,469	(31)
Buckingham Cove	9,000	9,000	9,000	-
Cape Anne	6,500	6,500	6,779	279
Cattail Creek	5,400	5,400	5,363	(37)
Elizabeths Landing	23,400	23,400	24,185	785
John's Creek - Waterway	7,700	7,700	7,650	(50)
Lake Hillsmere - Waterway	3,700	3,700	4,133	433
Lake Hillsmere II - Waterway	8,100	8,100	8,050	(50)
Lake Placid - Waterway	7,500	7,500	10,419	2,919
Masons Beach	27,100	27,100	28,666	1,566
Pine Grove Village	2,500	2,500	2,484	(16)
Romar Estates	12,900	12,900	12,875	(25)
Snug Harbor - Erosion	9,700	9,700	9,905	205
Snug Harbor - Special Benefits	21,100	21,100	21,566	466
Snug Harbor - Waterway	44,000	44,000	43,999	(1)
Spriggs Pond - Waterway	12,500	12,500	12,540	40
Whitehall	7,100	7,100	7,088	(12)
Total debt service	<u>\$ 348,600</u>	<u>\$ 348,600</u>	<u>\$ 360,218</u>	<u>\$ 11,618</u>
<b>EXPENDITURES</b>				
Annapolis Cove	\$ 5,300	\$ 5,300	\$ 5,080	\$ (220)
Annapolis Landing	8,100	8,100	8,055	(45)
Arundel on the Bay	33,200	33,200	30,919	(2,281)
Bay Ridge	477,400	477,400	156,578	(320,822)
Browns Pond - Waterway	25,400	25,400	7,978	(17,422)
Buckingham Cove	11,000	11,000	9,153	(1,847)
Cape Anne	19,500	19,500	4,378	(15,122)
Cattail Creek	10,800	10,800	5,361	(5,439)
Elizabeths Landing	25,100	25,100	17,912	(7,188)
John's Creek - Waterway	7,700	7,700	7,692	(8)
Lake Hillsmere - Waterway	4,900	4,900	3,645	(1,255)
Lake Hillsmere II - Waterway	8,400	8,400	7,949	(451)
Lake Placid - Waterway	8,100	8,100	8,055	(45)
Masons Beach	101,700	101,700	15,288	(86,412)
Pine Grove Village	2,900	2,900	2,637	(263)
Romar Estates	13,000	13,000	12,843	(157)
Snug Harbor - Erosion	11,200	11,200	9,707	(1,493)
Snug Harbor - Special Benefits	46,600	46,600	22,734	(23,866)
Snug Harbor - Waterway	46,100	46,100	44,132	(1,968)
Spriggs Pond - Waterway	12,900	12,900	12,563	(337)
Whitehall	7,300	7,300	6,920	(380)
Total expenditures	<u>\$ 886,600</u>	<u>\$ 886,600</u>	<u>\$ 399,579</u>	<u>\$ (487,021)</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 combining statements in this section include columns for both components of these major funds or for other funds considered to be non-major. Descriptions for these columns are provided below.

### ***Enterprise Funds***

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

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

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

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

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

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

### ***Internal Service Funds***

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

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

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

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

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

Anne Arundel County, Maryland

Combining Schedule for Statement of Net Assets

Water and Wastewater Fund

June 30, 2005

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 11,273,554	\$ -	\$ -	\$ 11,273,554
Service billings receivable	17,199,981	-	-	17,199,981
Inventories	789,523	-	-	789,523
Restricted for debt service and capital				
Cash and temporary investments	-	88,415,973	47,188,217	135,604,190
Receivables				
Due from other governmental agencies	-	-	685,908	685,908
Other, net	-	4,633,161	-	4,633,161
Total current assets	<u>29,263,058</u>	<u>93,049,134</u>	<u>47,874,125</u>	<u>170,186,317</u>
Noncurrent assets				
Restricted assets				
Deferred connection and assessment charges	-	60,042,012	-	60,042,012
Notes receivable	-	5,326,451	-	5,326,451
Total noncurrent restricted assets	<u>-</u>	<u>65,368,463</u>	<u>-</u>	<u>65,368,463</u>
Capital assets				
Land and buildings	20,377,815	-	-	20,377,815
Water and sewer plants	423,859,594	-	-	423,859,594
Water and sewer lines	741,715,568	-	-	741,715,568
Machinery and equipment	10,061,461	-	-	10,061,461
	<u>1,196,014,438</u>	<u>-</u>	<u>-</u>	<u>1,196,014,438</u>
Less accumulated depreciation	<u>(358,370,978)</u>	<u>-</u>	<u>-</u>	<u>(358,370,978)</u>
	837,643,460	-	-	837,643,460
Construction work in progress	5,520,879	-	129,472,306	134,993,185
Total capital assets, net of depreciation	<u>843,164,339</u>	<u>-</u>	<u>129,472,306</u>	<u>972,636,645</u>
Total assets	<u>872,427,397</u>	<u>158,417,597</u>	<u>177,346,431</u>	<u>1,208,191,425</u>
<b>LIABILITIES</b>				
Current liabilities				
Accrued liabilities	4,284,777	-	-	4,284,777
Current portion of long-term debt and obligations	20,252,469	(349,271)	-	19,903,198
Bond anticipation notes	6,000,000	-	-	6,000,000
Due to other funds	852,713	-	-	852,713
Escrow deposits	86,987	-	-	86,987
Liabilities related to restricted assets				
Accrued liabilities	-	4,842,916	9,811,647	14,654,563
Escrow deposits	-	-	858,974	858,974
Deferred revenue	-	5,680,424	-	5,680,424
Total current liabilities	<u>31,476,946</u>	<u>10,174,069</u>	<u>10,670,621</u>	<u>52,321,636</u>
Noncurrent liabilities				
Accrued liability for compensated absences	93,553	-	-	93,553
Long-term debt, net of deferred refunding loss	144,155,797	(2,207,721)	101,311,029	243,259,105
Deferred revenue	6,937,558	-	-	6,937,558
Total liabilities	<u>182,663,854</u>	<u>7,966,348</u>	<u>111,981,650</u>	<u>302,611,852</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	673,828,692	2,556,992	41,727,927	718,113,611
Restricted	-	147,894,257	23,636,854	171,531,111
Unrestricted	15,934,851	-	-	15,934,851
Total net assets	<u>\$ 689,763,543</u>	<u>\$ 150,451,249</u>	<u>\$ 65,364,781</u>	<u>\$ 905,579,573</u>

Anne Arundel County, Maryland

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

Water and Wastewater Fund

Year Ended June 30, 2005

	Operating	Debt Service	Capital Projects	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 61,805,702	\$ -	\$ -	\$ 61,805,702
Other revenues	2,965,814	-	-	2,965,814
Total operating revenues	<u>64,771,516</u>	<u>-</u>	<u>-</u>	<u>64,771,516</u>
<b>OPERATING EXPENSES</b>				
Personal services	21,172,390	-	-	21,172,390
Contractual services	22,728,062	-	-	22,728,062
Supplies and materials	3,657,907	-	-	3,657,907
Business and travel	99,242	-	-	99,242
Depreciation	27,868,909	-	-	27,868,909
Other	7,417,000	-	-	7,417,000
Total operating expenses	<u>82,943,510</u>	<u>-</u>	<u>-</u>	<u>82,943,510</u>
Operating loss	(18,171,994)	-	-	(18,171,994)
<b>NONOPERATING REVENUES AND EXPENSES</b>				
Investment income	176,006	1,875,671	-	2,051,677
Interest on long-term receivables	-	1,992,004	-	1,992,004
Other revenues	-	730,532	-	730,532
Interest expense	-	(8,428,124)	-	(8,428,124)
Loss on the disposal of assets	(2,662,797)	(422,848)	-	(3,085,645)
Net loss before other revenues	<u>(20,658,785)</u>	<u>(4,252,765)</u>	<u>-</u>	<u>(24,911,550)</u>
<b>OTHER</b>				
Capital contributions and grants	21,741,698	11,074,899	101,084	32,917,681
Environmental protection fees	-	5,621,192	-	5,621,192
Net equity transfers between funds	24,000,079	(20,602,316)	(3,397,763)	-
Change in net assets	25,082,992	(8,158,990)	(3,296,679)	13,627,323
Net assets, July 1	664,680,551	158,610,239	68,661,460	891,952,250
Net assets, June 30	<u>\$ 689,763,543</u>	<u>\$ 150,451,249</u>	<u>65,364,781</u>	<u>\$ 905,579,573</u>

Anne Arundel County, Maryland

Combining Schedule for Statement of Cash Flows

Water and Wastewater Fund

Year Ended June 30, 2005

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Water and Wastewater</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received for services	\$ 63,650,081	\$ -	\$ -	\$ 63,650,081
Cash payments to suppliers for goods and services	(33,182,656)	-	-	(33,182,656)
Cash payments to employees for services	(21,082,807)	-	-	(21,082,807)
Other revenues	-	-	-	-
Net cash provided by operating activities	<u>9,384,618</u>	<u>-</u>	<u>-</u>	<u>9,384,618</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale of County bonds and bond anticipation notes	-	19,000,000	11,500,000	30,500,000
Proceeds from grant funds	-	-	361,387	361,387
Proceeds from loan	-	-	12,102,724	12,102,724
Proceeds from developers' contributions	-	-	109,593	109,593
Refunds to developers	-	-	(158,296)	(158,296)
Cash receipts from assessment and connection charges	1,743,932	16,287,724	-	18,031,656
Environmental protection fees for capital assets	-	5,737,957	-	5,737,957
Payments of long-term debt	-	(18,538,242)	-	(18,538,242)
Payments of bond anticipation notes	-	(19,000,000)	-	(19,000,000)
Interest payments	-	(10,137,584)	-	(10,137,584)
Operations funds used in construction	(15,759,000)	-	15,759,000	-
Acquisition and construction of capital assets	(743,348)	-	(45,702,094)	(46,445,442)
Payments for debt issuance costs	-	(348,321)	-	(348,321)
Premium on sale of bonds	-	831,489	-	831,489
Payments received on note receivable	-	1,874,506	-	1,874,506
Proceeds from other capital contributions	(16)	-	-	(16)
Net cash used for capital and related financing activities	<u>(14,758,432)</u>	<u>(4,292,471)</u>	<u>(6,027,686)</u>	<u>(25,078,589)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of investment securities	-	(76,974,662)	-	(76,974,662)
Sale of investment securities	-	80,980,243	-	80,980,243
Interest on investments	176,006	1,176,130	-	1,352,136
Net cash provided by investing activities	<u>176,006</u>	<u>5,181,711</u>	<u>-</u>	<u>5,357,717</u>
Net increase (decrease) in cash and cash equivalents	(5,197,808)	889,240	(6,027,686)	(10,336,254)
Cash and cash equivalents, July 1	16,471,362	4,084,934	53,215,903	73,772,199
Cash and cash equivalents, June 30	11,273,554	4,974,174	47,188,217	63,435,945
Investment in non-cash equivalents	-	83,441,799	-	83,441,799
Total cash and temporary investments	<u>\$ 11,273,554</u>	<u>\$ 88,415,973</u>	<u>\$ 47,188,217</u>	<u>\$ 146,877,744</u>

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Water and Wastewater</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	s (18,171,994)	s -	-	(18,171,994)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	27,868,909	-	-	27,868,909
Change in assets and liabilities:				
Increase in accounts receivable	(1,117,658)	-	-	(1,117,658)
Decrease in inventories	354,466	-	-	354,466
Increase in accrued liabilities	87,405	-	-	87,405
Increase in due to other funds	380,909	-	-	380,909
Decrease in escrow deposits	(3,776)	-	-	(3,776)
Decrease in accrued liability for compensated absences	(13,643)	-	-	(13,643)
Net cash provided by operating activities	s <u>9,384,618</u>	s <u>-</u>	s <u>-</u>	<u>9,384,618</u>

**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES**

In fiscal year 2005, facilities with an estimated market value of \$13,101,783 were contributed to the Enterprise funds by developers. These were primarily water and sewer lines placed in new developments.

In fiscal year 2005, amortization of refunding gains and losses resulted in a net expense of \$509,896 in the Water and Wastewater Fund.

In fiscal year 2005, the net fair market value adjustment related to investments was a loss of \$246,512 in the Water and Wastewater Fund.

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

Enterprise Funds

Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>WATER AND WASTEWATER OPERATIONS</b>				
Revenues				
Charges for services	\$ 64,711,100	\$ 64,711,100	\$ 63,568,234	\$ (1,142,866)
Investment income	40,000	40,000	176,006	136,006
Miscellaneous reimbursement	30,000	30,000	64,725	34,725
Other	2,423,900	2,423,900	3,074,447	650,547
	<u>67,205,000</u>	<u>67,205,000</u>	<u>66,883,412</u>	<u>(321,588)</u>
Expenses				
Personal services	22,232,100	22,113,600	21,237,115	(876,485)
Contractual services	21,982,300	22,062,300	22,604,406	542,106
Supplies and materials	3,084,900	3,639,900	3,572,495	(67,405)
Business and travel	222,800	225,300	105,573	(119,727)
Capital outlay	858,400	967,400	858,801	(108,599)
Administrative costs	8,045,000	7,417,000	7,417,000	-
Pay-as-you-go	15,759,000	15,759,000	15,759,000	-
	<u>72,184,500</u>	<u>72,184,500</u>	<u>71,554,390</u>	<u>(630,110)</u>
Revenues over (under) expenses	<u>\$ (4,979,500)</u>	<u>\$ (4,979,500)</u>	<u>\$ (4,670,978)</u>	<u>\$ 308,522</u>
<b>WATER AND WASTEWATER DEBT SERVICE</b>				
Revenues				
Water and sewer assessments	\$ 6,698,300	\$ 6,698,300	\$ 6,679,838	\$ (18,462)
Capital connection charges	17,365,800	17,365,800	13,024,880	(4,340,920)
Environmental protection fees	6,094,000	6,094,000	5,621,192	(472,808)
Investment income	3,105,000	3,105,000	3,085,571	(19,429)
Developer contribution	334,500	334,500	-	(334,500)
Other	88,000	88,000	730,532	642,532
	<u>33,685,600</u>	<u>33,685,600</u>	<u>29,142,013</u>	<u>(4,543,587)</u>
Expenses				
Principal payments on debt	18,547,900	18,547,900	18,538,242	(9,658)
Interest expense	12,664,000	12,664,000	11,782,100	(881,900)
Other	287,000	287,000	402,521	115,521
	<u>31,498,900</u>	<u>31,498,900</u>	<u>30,722,863</u>	<u>(776,037)</u>
Revenues over (under) expenses	<u>\$ 2,186,700</u>	<u>\$ 2,186,700</u>	<u>\$ (1,580,850)</u>	<u>\$ (3,767,550)</u>

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

Anne Arundel County, Maryland

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

Enterprise Funds

Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>SOLID WASTE</b>				
Revenues				
Charges for services	\$ 33,590,000	\$ 33,590,000	\$ 33,769,792	\$ 179,792
Landfill charges	1,665,000	1,665,000	2,382,873	717,873
Host fees	1,200,000	1,103,400	1,284,193	180,793
Other	1,231,000	1,327,600	2,776,788	1,449,188
	<u>37,686,000</u>	<u>37,686,000</u>	<u>40,213,646</u>	<u>2,527,646</u>
Expenses				
Personal services	5,308,600	5,136,200	5,067,695	(68,505)
Contractual services	25,651,200	26,181,200	26,083,287	(97,913)
Supplies and materials	768,400	676,400	570,376	(106,024)
Business and travel	18,700	22,100	17,091	(5,009)
Capital outlay	906,300	1,057,300	1,042,899	(14,401)
Principal payments on debt	2,951,000	2,951,000	3,040,962	89,962
Interest expense	1,314,100	1,174,100	1,070,293	(103,807)
Administrative costs	2,620,000	2,620,000	2,620,000	-
Contributions/Solid Waste Assurance Fund	491,200	491,200	491,200	-
Contributions/Self Insurance Fund	55,000	55,000	55,000	-
Contributions/Northeast Maryland Solid	25,000	25,000	25,000	-
Other	300,000	20,000	-	(20,000)
Capital improvements	500,000	500,000	500,000	-
	<u>40,909,500</u>	<u>40,909,500</u>	<u>40,583,803</u>	<u>(325,697)</u>
Revenues over (under) expenses	<u>\$ (3,223,500)</u>	<u>\$ (3,223,500)</u>	<u>\$ (370,157)</u>	<u>\$ 2,853,343</u>
<b>SOLID WASTE FINANCIAL ASSURANCE</b>				
Revenues				
Payments from other funds	\$ 491,200	\$ 491,200	\$ 491,200	\$ -
Other	-	-	285,510	285,510
	<u>491,200</u>	<u>491,200</u>	<u>776,710</u>	<u>285,510</u>
Expenses				
Other	491,200	491,200	-	(491,200)
	<u>491,200</u>	<u>491,200</u>	<u>-</u>	<u>(491,200)</u>
Revenues over expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 776,710</u>	<u>\$ 776,710</u>
<b>CHILD CARE</b>				
Revenues				
Child Care Fees	\$ 2,524,500	\$ 2,524,500	\$ 2,427,787	\$ (96,713)
Other	-	-	21	21
	<u>2,524,500</u>	<u>2,524,500</u>	<u>2,427,808</u>	<u>(96,692)</u>
Expenses				
Personal services	1,924,000	1,924,000	1,804,957	(119,043)
Contractual services	220,900	220,900	217,706	(3,194)
Supplies and materials	206,700	206,700	176,235	(30,465)
Business and travel	6,700	6,700	7,141	441
Capital outlay	34,800	34,800	30,701	(4,099)
Other	131,400	131,400	129,769	(1,631)
	<u>2,524,500</u>	<u>2,524,500</u>	<u>2,366,509</u>	<u>(157,991)</u>
Revenues over expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,299</u>	<u>\$ 61,299</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, 2005

	Water and			
	Total Water and Wastewater	Capital Projects	Water Normal Extensions	Total
<b>AUTHORIZED PER ORIGINAL BUDGET</b>				
County bonds	\$ 244,120,785	\$ 111,515,285	\$ 1,984,000	\$ 113,499,285
Maryland Water Quality Loan	22,396,215	3,033,715	-	3,033,715
Grants and aid	5,088,000	-	-	-
Pay-as-you-go	72,106,000	10,946,000	-	10,946,000
Contributions by developers	7,411,000	-	-	-
Other sources	4,167,000	500,000	-	500,000
Total	<u>\$ 355,289,000</u>	<u>\$ 125,995,000</u>	<u>\$ 1,984,000</u>	<u>\$ 127,979,000</u>
<b>AUTHORIZED PER FINAL BUDGET</b>				
County bonds	\$ 226,239,944	\$ 93,976,834	\$ 1,848,549	\$ 95,825,383
Maryland Water Quality Loan	22,396,215	3,033,715	-	3,033,715
Grants and aid	5,087,500	-	-	-
Pay-as-you-go	67,497,842	10,170,886	-	10,170,886
Contributions by developers	4,203,566	-	-	-
Other sources	3,852,788	500,000	-	500,000
Total	329,277,855	107,681,435	1,848,549	109,529,984
Less: Completed projects	25,341,980	8,287,181	-	8,287,181
	<u>303,935,875</u>	<u>99,394,254</u>	<u>1,848,549</u>	<u>101,242,803</u>
<b>REALIZED</b>				
Current year				
Bonds and bond anticipation notes	11,500,000	(2,793,398)	186,426	(2,606,972)
Proceeds from State loan	7,303,034	42,511	-	42,511
Grants and aid	(8,509)	-	-	-
Pay-as-you-go	15,759,000	1,100,000	-	1,100,000
User connection	-	-	-	-
Developer contributions	109,593	-	-	-
Other source	-	-	-	-
Total	34,663,118	(1,650,887)	186,426	(1,464,461)
Prior years	155,596,387	30,910,779	996,092	31,906,871
Total realized funding sources	190,259,505	29,259,892	1,182,518	30,442,410
Less: Completed projects	24,683,776	7,978,823	-	7,978,823
	<u>165,575,729</u>	<u>21,281,069</u>	<u>1,182,518</u>	<u>22,463,587</u>
Funding sources authorized - June 30, 2005	<u>\$ 138,360,146</u>	<u>\$ 78,113,185</u>	<u>\$ 666,031</u>	<u>\$ 78,779,216</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	
\$ 127,344,500	\$ 1,713,000	\$ 129,057,500	\$ 1,564,000	\$ 8,813,000	
19,362,500	-	19,362,500	-	-	
5,088,000	-	5,088,000	-	-	
17,450,000	44,000	17,494,000	43,666,000	11,856,000	
3,682,000	-	3,682,000	3,729,000	-	
2,118,000	-	2,118,000	1,549,000	750,000	
<u>\$ 175,045,000</u>	<u>\$ 1,757,000</u>	<u>\$ 176,802,000</u>	<u>\$ 50,508,000</u>	<u>\$ 21,419,000</u>	
\$ 127,343,648	\$ 1,509,217	\$ 128,852,865	\$ 1,561,696	\$ 8,813,000	
19,362,500	-	19,362,500	-	-	
5,087,500	-	5,087,500	-	-	
16,681,994	44,438	16,726,432	40,600,524	11,027,416	
475,000	-	475,000	3,728,566	-	
2,118,000	-	2,118,000	1,234,788	750,000	
<u>171,068,642</u>	<u>1,553,655</u>	<u>172,622,297</u>	<u>47,125,574</u>	<u>20,590,416</u>	
<u>11,737,504</u>	<u>87,400</u>	<u>11,824,904</u>	<u>5,229,895</u>	<u>104,566</u>	
<u>159,331,138</u>	<u>1,466,255</u>	<u>160,797,393</u>	<u>41,895,679</u>	<u>20,485,850</u>	
13,941,485	58,516	14,000,001	106,971	1,000,000	
7,260,523	-	7,260,523	-	-	
(8,509)	-	(8,509)	-	-	
4,257,000	-	4,257,000	10,402,000	500,000	
-	-	-	-	-	
-	-	-	109,593	-	
-	-	-	-	-	
<u>25,450,499</u>	<u>58,516</u>	<u>25,509,015</u>	<u>10,618,564</u>	<u>1,500,000</u>	
<u>90,385,717</u>	<u>857,847</u>	<u>91,243,564</u>	<u>32,445,952</u>	<u>14,015,488</u>	
115,836,216	916,363	116,752,579	43,064,516	15,515,488	
11,387,658	87,400	11,475,058	5,229,895	104,566	
<u>104,448,558</u>	<u>828,963</u>	<u>105,277,521</u>	<u>37,834,621</u>	<u>15,410,922</u>	
<u>\$ 54,882,580</u>	<u>\$ 637,292</u>	<u>\$ 55,519,872</u>	<u>\$ 4,061,058</u>	<u>\$ 5,074,928</u>	

Anne Arundel County, Maryland

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

Enterprise Funds Capital Projects

Year Ended June 30, 2005

	Water			Water and
	Total	Water		Total
		Capital Projects	Normal Extensions	
<b>APPROPRIATIONS</b>				
Original Budget	\$ 355,289,000	\$ 125,995,000	\$ 1,984,000	\$ 127,979,000
Final Budget:				
Prior years	\$ 277,435,150	\$ 73,948,444	\$ 1,848,557	\$ 75,797,001
Current year	51,842,705	33,732,991	(8)	33,732,983
	329,277,855	107,681,435	1,848,549	109,529,984
Less: Completed projects	25,655,739	8,287,181	-	8,287,181
Total appropriations	303,622,116	99,394,254	1,848,549	101,242,803
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Prior years expenditures	107,878,343	16,674,699	997,907	17,672,606
Current year expenditures	46,340,326	7,547,189	209,962	7,757,151
	154,218,669	24,221,888	1,207,869	25,429,757
Less: Completed projects	24,746,363	7,978,805	13,596	7,992,401
Total	129,472,306	16,243,083	1,194,273	17,437,356
Encumbrances outstanding	45,817,621	19,221,926	131,842	19,353,768
Total expenditures and encumbrances	175,289,927	35,465,009	1,326,115	36,791,124
Unencumbered appropriations - June 30, 2005	\$ 128,332,189	\$ 63,929,245	\$ 522,434	\$ 64,451,679

Wastewater				
	Wastewater			
Capital Projects	Normal Extension	Total	Oversize Connections	Solid Waste
\$ 175,045,000	\$ 1,757,000	\$ 176,802,000	\$ 50,508,000	\$ 21,419,000
\$ 163,247,150	\$ 1,553,666	\$ 164,800,816	\$ 36,837,333	\$ 14,185,417
7,821,492	(11)	7,821,481	10,288,241	6,404,999
171,068,642	1,553,655	172,622,297	47,125,574	20,590,416
11,737,504	87,400	11,824,904	5,543,654	104,566
159,331,138	1,466,255	160,797,393	41,581,920	20,485,850
71,262,030	787,533	72,049,563	18,156,174	7,173,753
25,622,091	164,408	25,786,499	12,796,676	6,082,264
96,884,121	951,941	97,836,062	30,952,850	13,256,017
11,415,125	111,532	11,526,657	5,227,305	104,566
85,468,996	840,409	86,309,405	25,725,545	13,151,451
18,419,839	356,710	18,776,549	7,687,304	4,090,561
103,888,835	1,197,119	105,085,954	33,412,849	17,242,012
\$ 55,442,303	\$ 269,136	\$ 55,711,439	\$ 8,169,071	\$ 3,243,838

Anne Arundel County, Maryland  
 Combining Statement of Net Assets  
 Internal Service Funds  
 June 30, 2005

	Self Insurance	Health Insurance	Print Shop	Central Garage and Transportation	Garage Replacement	Totals
<b>ASSETS</b>						
Current assets						
Cash and investments	\$ 35,151,947	\$ 8,616,481	\$ 148,720	\$ 1,441,039	\$ 2,884,069	\$ 48,242,256
Receivable	227,706	935,372	-	-	-	1,163,078
Due from other funds	4,983,661	-	-	-	-	4,983,661
Inventories	-	-	11,641	669,559	-	681,200
Other assets	-	1,700,000	146	-	-	1,700,146
Total current assets	<u>40,363,314</u>	<u>11,251,853</u>	<u>160,507</u>	<u>2,110,598</u>	<u>2,884,069</u>	<u>56,770,341</u>
Noncurrent assets						
Capital assets						
Land and buildings	-	-	-	2,073,990	-	2,073,990
Machinery and equipment	-	-	134,227	774,519	47,988,143	48,896,889
	-	-	134,227	2,848,509	47,988,143	50,970,879
Less accumulated depreciation	-	-	(105,148)	(1,934,665)	(30,921,377)	(32,961,190)
Total capital assets, net of depreciation	-	-	29,079	913,844	17,066,766	18,009,689
Total assets	<u>40,363,314</u>	<u>11,251,853</u>	<u>189,586</u>	<u>3,024,442</u>	<u>19,950,835</u>	<u>74,780,030</u>
<b>LIABILITIES</b>						
Current liabilities						
Accrued liabilities	106,953	4,778,889	118,162	1,675,928	-	6,679,932
Current portion of long-term obligations	9,518,936	3,416,433	16,414	226,524	-	13,178,307
Total current liabilities	<u>9,625,889</u>	<u>8,195,322</u>	<u>134,576</u>	<u>1,902,452</u>	<u>-</u>	<u>19,858,239</u>
Unpaid claims	30,707,820	-	-	-	-	30,707,820
Accrued liability for compensated absences	29,605	-	1,452	40,577	-	71,634
Total liabilities	<u>40,363,314</u>	<u>8,195,322</u>	<u>136,028</u>	<u>1,943,029</u>	<u>-</u>	<u>50,637,693</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	-	-	29,079	913,844	17,066,766	18,009,689
Unrestricted	-	3,056,531	24,479	167,569	2,884,069	6,132,648
Total net assets	<u>\$ -</u>	<u>\$ 3,056,531</u>	<u>\$ 53,558</u>	<u>\$ 1,081,413</u>	<u>\$ 19,950,835</u>	<u>\$ 24,142,337</u>

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

## Internal Service Funds

Year Ended June 30, 2005

	Self Insurance	Health Insurance	Print Shop	Central Garage and Transportation	Garage Replacement	Totals
<b>OPERATING REVENUES</b>						
Charges for services	\$ 16,023,864	\$ -	\$ 1,376,497	\$ 10,106,500	\$ 6,551,892	\$ 34,058,753
Medical premiums	-	55,484,484	-	-	-	55,484,484
Other	14,496	-	-	23,460	736,548	774,504
Total operating revenues	<u>16,038,360</u>	<u>55,484,484</u>	<u>1,376,497</u>	<u>10,129,960</u>	<u>7,288,440</u>	<u>90,317,741</u>
<b>OPERATING EXPENSES</b>						
Personal services	1,133,746	207,512	323,030	4,014,366	-	5,678,654
Contractual services	156,257	56,046	809,549	1,414,113	10,000	2,445,965
Supplies and materials	42,773	3,544	158,753	405,038	1,927	612,035
Business and travel	18,148	265	500	14,830	-	33,743
Cost of goods issued	-	-	-	3,903,469	-	3,903,469
Depreciation	-	-	6,947	56,768	4,257,135	4,320,850
Provision for claims and estimated losses	15,467,175	55,336,700	-	-	-	70,803,875
Other	-	25,000	-	735,000	-	760,000
Total operating expenses	<u>16,818,099</u>	<u>55,629,067</u>	<u>1,298,779</u>	<u>10,543,584</u>	<u>4,269,062</u>	<u>88,558,591</u>
Operating income (loss)	(779,739)	(144,583)	77,718	(413,624)	3,019,378	1,759,150
<b>NONOPERATING REVENUES</b>						
Investment income	779,739	111,594	-	-	-	891,333
Loss on disposal of assets	-	-	-	(3,192)	(2,716)	(5,908)
Net equity transfers between funds	-	-	-	(16,934,173)	16,934,173	-
Change in net assets	-	(32,989)	77,718	(17,350,989)	19,950,835	2,644,575
Net assets, July 1	-	3,089,520	(24,160)	18,432,402	-	21,497,762
Net assets, June 30	\$ <u>-</u>	\$ <u>3,056,531</u>	\$ <u>53,558</u>	\$ <u>1,081,413</u>	\$ <u>19,950,835</u>	\$ <u>24,142,337</u>

## Combining Statement of Cash Flows

## Internal Service Funds

Year Ended June 30, 2005

	Self Insurance	Health Insurance	Print Shop	Central Garage and Transportation	Garage Replacement	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 15,703,700	\$ 55,411,213	\$ 1,376,497	\$ 10,107,000	\$ 6,551,892	\$ 89,150,302
Cash received for expense reimbursement	283,161	-	-	-	-	283,161
Cash payments to suppliers for goods and services	(181,005)	(59,162)	(931,577)	(5,582,302)	(11,927)	(6,765,973)
Cash payments for claims	(10,969,336)	(54,306,114)	-	-	-	(65,275,450)
Cash payments to employees for services	(1,120,739)	(207,512)	(326,720)	(3,991,458)	-	(5,646,429)
Other operating revenues	14,496	-	-	23,460	736,548	774,504
Other operating expenses	-	(25,000)	-	-	-	(25,000)
Net cash provided by operating activities	<u>3,730,277</u>	<u>813,425</u>	<u>118,200</u>	<u>556,700</u>	<u>7,276,513</u>	<u>12,495,115</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Cash transfer between funds	-	-	-	(3,263,000)	3,263,000	-
Net cash provided by non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,263,000)</u>	<u>3,263,000</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of capital assets	-	-	-	(39,398)	(7,655,444)	(7,694,842)
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,398)</u>	<u>(7,655,444)</u>	<u>(7,694,842)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of investment securities	(94,497,630)	-	-	-	-	(94,497,630)
Sale of investment securities	83,010,898	-	-	-	-	83,010,898
Investment income	640,184	111,594	-	-	-	751,778
Net cash provided by (used for) investing activities	<u>(10,846,548)</u>	<u>111,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,734,954)</u>
Net increase (decrease) in cash and cash equivalents	(7,116,271)	925,019	118,200	(2,745,698)	2,884,069	(5,934,681)
Cash and cash equivalents, July 1	7,273,318	7,691,462	30,520	4,186,737	-	19,182,037
Cash and cash equivalents, June 30	157,047	8,616,481	148,720	1,441,039	2,884,069	13,247,356
Investment in non-cash equivalents	34,994,900	-	-	-	-	34,994,900
Total cash and temporary investments	<u>\$ 35,151,947</u>	<u>\$ 8,616,481</u>	<u>\$ 148,720</u>	<u>\$ 1,441,039</u>	<u>\$ 2,884,069</u>	<u>\$ 48,242,256</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (779,739)	\$ (144,583)	\$ 77,718	\$ (413,624)	\$ 3,019,378	\$ 1,759,150
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	-	-	6,947	56,768	4,257,135	4,320,850
Change in assets and liabilities						
Decrease (increase) in accounts receivable	(320,164)	(174,325)	-	500	-	(493,989)
Decrease (increase) in inventories	-	-	4,115	(105,904)	-	(101,789)
Increase in deposit with provider	-	629,041	-	-	-	629,041
Increase in accounts payable and accrued expenses	52,856	1,394,816	32,926	996,052	-	2,476,650
Increase (decrease) in unpaid claims	4,780,999	(891,524)	-	-	-	3,889,475
Increase (decrease) in accrued liability for compensated absence:	(3,675)	-	(3,506)	22,908	-	15,727
	<u>\$ 3,730,277</u>	<u>\$ 813,425</u>	<u>\$ 118,200</u>	<u>\$ 556,700</u>	<u>\$ 7,276,513</u>	<u>\$ 12,495,115</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>						

In fiscal year 2005, the net fair market value adjustment related to investments was a loss of \$23,933 in the Self Insurance Fund.

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

Internal Service Funds

Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>SELF INSURANCE</b>				
Revenues				
Charges for services	\$ 11,265,000	\$ 15,706,200	\$ 15,703,700	\$ (2,500)
Investment income	860,000	860,000	779,739	(80,261)
Reimbursements	200,000	200,000	283,161	83,161
Other	-	-	14,496	14,496
	<u>12,325,000</u>	<u>16,766,200</u>	<u>16,781,096</u>	<u>14,896</u>
Expenses				
Personal services	1,077,700	1,077,700	1,133,746	56,046
Contractual services	11,203,500	15,644,700	13,371,344	(2,273,356)
Supplies and materials	22,500	22,500	32,542	10,042
Business and travel	11,300	11,300	18,148	6,848
Capital outlay	10,000	10,000	10,231	231
	<u>12,325,000</u>	<u>16,766,200</u>	<u>14,566,011</u>	<u>(2,200,189)</u>
Revenues over expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,215,085</u>	<u>\$ 2,215,085</u>
<b>HEALTH INSURANCE</b>				
Revenues				
Charges for services	\$ 62,123,000	\$ 62,923,000	\$ 55,484,484	\$ (7,438,516)
Investment income	-	-	111,594	111,594
Other	-	-	4,010	4,010
	<u>62,123,000</u>	<u>62,923,000</u>	<u>55,600,088</u>	<u>(7,322,912)</u>
Expenses				
Medical claim costs	61,739,600	62,564,200	55,340,710	(7,223,490)
Personal services	203,600	179,000	207,512	28,512
Contractual services	126,400	126,400	22,438	(103,962)
Supplies and materials	23,600	23,600	3,544	(20,056)
Business and travel	4,800	4,800	265	(4,535)
Other	25,000	25,000	25,000	-
	<u>62,123,000</u>	<u>62,923,000</u>	<u>55,599,469</u>	<u>(7,323,531)</u>
Revenues over expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 619</u>	<u>\$ 619</u>
<b>PRINT SHOP</b>				
Revenues				
Charges for services	\$ 1,200,000	\$ 1,300,000	\$ 1,376,496	\$ 76,496
Other	-	-	-	-
	<u>1,200,000</u>	<u>1,300,000</u>	<u>1,376,496</u>	<u>76,496</u>
Expenses				
Personal services	400,000	335,000	323,030	(11,970)
Contractual services	566,700	796,700	814,652	17,952
Supplies and materials	225,300	160,300	156,692	(3,608)
Capital outlay	-	4,000	2,062	(1,938)
Business and travel	8,000	4,000	500	(3,500)
	<u>1,200,000</u>	<u>1,300,000</u>	<u>1,296,936</u>	<u>(3,064)</u>
Revenues over expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,560</u>	<u>\$ 79,560</u>

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



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

## Internal Service Funds

Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>CENTRAL GARAGE AND TRANSPORTATION</b>				
Revenues				
Charges for services	\$ 10,680,000	\$ 10,680,000	\$ 10,106,500	\$ (573,500)
Other	23,200	23,200	41,259	18,059
	<u>10,703,200</u>	<u>10,703,200</u>	<u>10,147,759</u>	<u>(555,441)</u>
Expenses				
Personal services	4,022,900	3,988,900	4,014,366	25,466
Contractual services	606,100	1,446,100	1,417,983	(28,117)
Supplies and materials	5,316,400	4,515,400	4,314,591	(200,809)
Business and travel	14,300	15,300	14,830	(470)
Capital outlay	8,500	2,500	647	(1,853)
Other	735,000	735,000	735,000	-
	<u>10,703,200</u>	<u>10,703,200</u>	<u>10,497,417</u>	<u>(205,783)</u>
Revenues under expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (349,658)</u>	<u>\$ (349,658)</u>
<b>GARAGE REPLACEMENT FUND</b>				
Revenues				
Charges for services	\$ 7,250,000	\$ 7,250,000	\$ 6,551,892	\$ (698,108)
Other	950,000	950,000	736,573	(213,427)
	<u>8,200,000</u>	<u>8,200,000</u>	<u>7,288,465</u>	<u>(911,535)</u>
Expenses				
Personal services	-	-	-	-
Contractual services	10,000	10,000	10,000	-
Supplies and materials	-	-	-	-
Business and travel	-	-	-	-
Capital outlay	8,850,000	8,850,000	7,337,590	(1,512,410)
Other	-	-	-	-
	<u>8,860,000</u>	<u>8,860,000</u>	<u>7,347,590</u>	<u>(1,512,410)</u>
Revenues over (under) expenses	<u>\$ (660,000)</u>	<u>\$ (660,000)</u>	<u>\$ (59,125)</u>	<u>\$ 600,875</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.

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

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

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

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

## Combining Statement of Plan Net Assets

## Pension Trust Funds

June 30, 2005

<u>Defined Benefit Pension Plans (as of December 31, 2004)</u>					
	<u>Employees'</u>	<u>Police</u>	<u>Fire</u>	<u>Detention</u>	
	<u>Retirement</u>	<u>Service</u>	<u>Service</u>	<u>Officers' &amp;</u>	
		<u>Retirement</u>	<u>Retirement</u>	<u>Deputy Sheriffs'</u>	
				<u>Retirement</u>	<u>Totals</u>
<b>ASSETS</b>					
Investments, at fair value:					
Cash and temporary investments	\$ 47,551,417	\$ 41,190,225	\$ 37,702,777	\$ 6,188,079	\$ 132,632,498
U. S. Government obligations	13,735,026	11,897,623	10,890,289	1,787,401	38,310,339
Corporate obligations	38,503,703	33,352,870	30,528,988	5,010,660	107,396,221
Corporate obligation investment pools	22,659,664	19,628,367	17,966,494	2,948,804	63,203,329
International obligations	17,430,820	15,099,012	13,820,626	2,268,351	48,618,809
Common stocks	125,183,480	108,437,063	99,256,052	16,290,688	349,167,283
Common stock investment pools	28,148,663	24,383,075	22,318,636	3,663,112	78,513,486
International stock investment pools	71,224,430	61,696,379	56,472,740	9,268,755	198,662,304
Mortgages and mortgage related securities	11,847,340	10,262,462	9,393,571	1,541,748	33,045,121
Real estate investment pools	7,296,669	6,320,557	5,785,415	949,548	20,352,189
Insurance company general accounts	19,803,006	17,153,859	15,701,495	2,577,054	55,235,414
Absolute return funds	11,108,882	9,622,791	8,808,059	1,445,649	30,985,381
Total investments	<u>414,493,100</u>	<u>359,044,283</u>	<u>328,645,142</u>	<u>53,939,849</u>	<u>1,156,122,374</u>
Collateral from securities lending transactions	<u>30,085,957</u>	<u>3,915,221</u>	<u>26,061,209</u>	<u>23,854,687</u>	<u>83,917,074</u>
Receivables:					
Employer contributions	792,886	690,321	960,363	262,449	2,706,019
Participant contributions	315,754	136,552	108,193	59,138	619,637
Accrued interest and dividends	1,514,504	1,311,901	1,200,827	197,089	4,224,321
Investment sales proceeds	20,410,246	17,679,865	16,182,966	2,656,077	56,929,154
Total receivables	<u>23,033,390</u>	<u>19,818,639</u>	<u>18,452,349</u>	<u>3,174,753</u>	<u>64,479,131</u>
Deposits on hand	<u>11,315</u>	<u>129,708</u>	<u>54,291</u>	<u>-</u>	<u>195,314</u>
Total assets	<u>467,623,762</u>	<u>382,907,851</u>	<u>373,212,991</u>	<u>80,969,289</u>	<u>1,304,713,893</u>
<b>LIABILITIES</b>					
Accounts payable	766,620	617,030	654,877	99,764	2,138,291
Investment commitments payable	26,705,287	23,132,787	21,174,206	3,475,279	74,487,559
Obligation for collateral received under securities lending transactions	<u>30,085,957</u>	<u>3,915,221</u>	<u>26,061,209</u>	<u>23,854,687</u>	<u>83,917,074</u>
Total liabilities	<u>57,557,864</u>	<u>27,665,038</u>	<u>47,890,292</u>	<u>27,429,730</u>	<u>160,542,924</u>
Net assets held in trust for pension benefits	<u>\$ 410,065,898</u>	<u>\$ 355,242,813</u>	<u>\$ 325,322,699</u>	<u>\$ 53,539,559</u>	<u>\$ 1,144,170,969</u>

Anne Arundel County, Maryland

Combining Statement of Changes in Net Assets

Pension Trust Funds

For the Year Ended June 30, 2005

	Defined Benefit Pension Trust (as of December 31, 2004)				
	Employees' Retirement	Police Service Retirement	Fire Service Retirement	Detention Officers' & Deputy Sheriffs' Retirement	Totals
<b>ADDITIONS</b>					
Contributions:					
Employer	\$ 8,610,774	\$ 8,834,748	\$ 9,006,192	\$ 3,072,600	\$ 29,524,314
Participant	<u>3,971,341</u>	<u>1,725,839</u>	<u>1,324,760</u>	<u>771,879</u>	<u>7,793,819</u>
Total contributions	<u>12,582,115</u>	<u>10,560,587</u>	<u>10,330,952</u>	<u>3,844,479</u>	<u>37,318,133</u>
Investment income:					
Net appreciation in fair value of investments	29,997,072	25,972,116	23,744,555	3,888,660	83,602,403
Interest income	6,423,739	5,554,475	5,057,882	815,672	17,851,768
Dividend income	<u>1,819,579</u>	<u>1,573,951</u>	<u>1,434,834</u>	<u>232,251</u>	<u>5,060,615</u>
Total investment income	<u>38,240,390</u>	<u>33,100,542</u>	<u>30,237,271</u>	<u>4,936,583</u>	<u>106,514,786</u>
Less investment expense	<u>(1,884,341)</u>	<u>(1,588,018)</u>	<u>(1,533,543)</u>	<u>(242,904)</u>	<u>(5,248,806)</u>
Net income from investing activities	36,356,049	31,512,524	28,703,728	4,693,679	101,265,980
Securities lending activities:					
Securities lending income	380,535	329,101	299,823	48,424	1,057,883
Securities lending expenses:					
Borrower rebates	323,943	280,157	255,233	41,222	900,555
Management fees	<u>16,991</u>	<u>14,694</u>	<u>13,387</u>	<u>2,162</u>	<u>47,234</u>
Securities lending expense	<u>340,934</u>	<u>294,851</u>	<u>268,620</u>	<u>43,384</u>	<u>947,789</u>
Securities lending net income	<u>39,601</u>	<u>34,250</u>	<u>31,203</u>	<u>5,040</u>	<u>110,094</u>
Total net investment income	<u>36,395,650</u>	<u>31,546,774</u>	<u>28,734,931</u>	<u>4,698,719</u>	<u>101,376,074</u>
Total additions	<u>48,977,765</u>	<u>42,107,361</u>	<u>39,065,883</u>	<u>8,543,198</u>	<u>138,694,207</u>
<b>DEDUCTIONS</b>					
Participant benefit payments and refunds	15,934,324	11,812,788	8,107,661	1,487,245	37,342,018
Administrative expenses	<u>426,963</u>	<u>366,223</u>	<u>340,521</u>	<u>54,396</u>	<u>1,188,103</u>
Total deductions	<u>16,361,287</u>	<u>12,179,011</u>	<u>8,448,182</u>	<u>1,541,641</u>	<u>38,530,121</u>
Net increases	32,616,478	29,928,350	30,617,701	7,001,557	100,164,086
Net assets, beginning of year	<u>377,449,420</u>	<u>325,314,463</u>	<u>294,704,998</u>	<u>46,538,002</u>	<u>1,044,006,883</u>
Net assets, end of year	<u>\$ 410,065,898</u>	<u>\$ 355,242,813</u>	<u>\$ 325,322,699</u>	<u>\$ 53,539,559</u>	<u>\$ 1,144,170,969</u>

Anne Arundel County, Maryland

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year Ended June 30, 2005

	Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005
<b>SUBDIVISION DEPOSITS</b>				
Assets				
Cash	\$ <u>1,708,016</u>	\$ <u>451,239</u>	\$ <u>450,069</u>	\$ <u>1,709,186</u>
Liabilities				
Escrow Deposits	<u>1,708,016</u>	<u>451,239</u>	<u>450,069</u>	<u>1,709,186</u>
Total Liabilities	\$ <u>1,708,016</u>	\$ <u>451,239</u>	\$ <u>450,069</u>	\$ <u>1,709,186</u>
<b>SEDIMENT CONTROL</b>				
Assets				
Cash	\$ <u>5,528,842</u>	\$ <u>1,955,938</u>	\$ <u>1,899,764</u>	\$ <u>5,585,016</u>
Liabilities				
Escrow and other deposits	<u>5,528,842</u>	<u>1,955,938</u>	<u>1,899,764</u>	<u>5,585,016</u>
Total Liabilities	\$ <u>5,528,842</u>	\$ <u>1,955,938</u>	\$ <u>1,899,764</u>	\$ <u>5,585,016</u>
<b>RECREATION</b>				
Assets				
Cash	\$ <u>282,087</u>	\$ <u>64,824</u>	\$ <u>-</u>	\$ <u>346,911</u>
Liabilities				
Deposits	\$ <u>282,087</u>	\$ <u>64,824</u>	\$ <u>-</u>	\$ <u>346,911</u>
<b>CITY AND STATE TAX COLLECTION</b>				
Assets				
Cash	\$ <u>449,138</u>	\$ <u>87,273,299</u>	\$ <u>86,223,641</u>	\$ <u>1,498,796</u>
Total Assets	\$ <u>449,138</u>	\$ <u>87,273,299</u>	\$ <u>86,223,641</u>	\$ <u>1,498,796</u>
Liabilities				
Escrow Deposits	<u>449,138</u>	<u>87,273,299</u>	<u>86,223,641</u>	<u>1,498,796</u>
Total Liabilities	\$ <u>449,138</u>	\$ <u>87,273,299</u>	\$ <u>86,223,641</u>	\$ <u>1,498,796</u>
<b>TAX SALE ESCROW DEPOSITS</b>				
Assets				
Cash	\$ <u>5,395,483</u>	\$ <u>9,105,258</u>	\$ <u>5,714,272</u>	\$ <u>8,786,469</u>
Liabilities				
Escrow Deposits	<u>5,395,483</u>	<u>9,105,258</u>	<u>5,714,272</u>	<u>8,786,469</u>
Total Liabilities	\$ <u>5,395,483</u>	\$ <u>9,105,258</u>	\$ <u>5,714,272</u>	\$ <u>8,786,469</u>

Anne Arundel County, Maryland

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year Ended June 30, 2005

	Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005
<b>FARMINGTON SPECIAL ASSESSMENT</b>				
Assets				
Investments	\$ 840,234	\$ 528,359	\$ 576,824	\$ 791,769
Liabilities				
Escrow Deposits	\$ 840,234	\$ 528,359	\$ 576,824	\$ 791,769
<b>NATIONAL BUSINESS PARK TAX DISTRICT</b>				
Assets				
Cash	\$ -	\$ -	\$ -	\$ -
Liabilities				
Escrow Deposits	\$ -	\$ -	\$ -	\$ -
<b>DORCHESTER SPECIAL TAX DISTRICT</b>				
Assets				
Investments	\$ 2,211,704	\$ 673,623	\$ 799,472	\$ 2,085,855
Liabilities				
Escrow Deposits	\$ 2,211,704	\$ 673,623	\$ 799,472	\$ 2,085,855
<b>MEDCO AA GOLF PROJECT ESCROW</b>				
Assets				
Investments	\$ -	\$ 2,007,520	\$ 300,000	\$ 1,707,520
Liabilities				
Escrow Deposits	\$ -	\$ 2,007,520	\$ 300,000	\$ 1,707,520
<b>MISCELLANEOUS ESCROW DEPOSITS</b>				
Assets				
Cash	\$ 244,983	\$ 25,037	\$ 123,243	\$ 146,777
Liabilities				
Escrow Deposits	244,983	25,037	123,243	146,777
Total Liabilities	\$ 244,983	\$ 25,037	\$ 123,243	\$ 146,777
<b>TOTALS - ALL FUNDS</b>				
Assets				
Cash and investments	\$ 16,660,487	\$ 102,085,097	\$ 96,087,285	\$ 22,658,299
Total Assets	\$ 16,660,487	\$ 102,085,097	\$ 96,087,285	\$ 22,658,299
Liabilities				
Escrow and other deposits	16,660,487	102,085,097	96,087,285	22,658,299
Total Liabilities	\$ 16,660,487	\$ 102,085,097	\$ 96,087,285	\$ 22,658,299

## Anne Arundel County, Maryland

## Statement of Net Assets

## Nonmajor Component Units

June 30, 2005

	Library	Economic Development	Tipton Airport	Workforce Development	Totals
<b>Current Assets</b>					
Cash and investments	\$ 31,911	\$ 1,329,645	\$ 250,685	\$ 636,474	\$ 2,248,715
Other receivables	35,004	212,720	70,831	667,262	985,817
Inventories	-	-	37,511	-	37,511
Prepaid expenses and other assets	-	37,740	50,332	156,590	244,662
Due from primary government	1,657,421	172,085	-	-	1,829,506
<b>Restricted assets</b>					
Cash and temporary investments	-	1,062,983	-	-	1,062,983
Other investments	-	410,610	-	-	410,610
<b>Receivables</b>					
Due from other governmental agencies	-	-	6,635	-	6,635
Other, net	-	255,859	-	-	255,859
Total current assets	<u>1,724,336</u>	<u>3,481,642</u>	<u>415,994</u>	<u>1,460,326</u>	<u>7,082,298</u>
<b>Noncurrent Assets</b>					
<b>Capital assets</b>					
Less accumulated depreciation	15,119,707	798,417	7,187,995	181,584	23,287,703
	<u>(5,227,345)</u>	<u>(475,494)</u>	<u>(584,314)</u>	<u>(167,888)</u>	<u>(6,455,041)</u>
	9,892,362	322,923	6,603,681	13,696	16,832,662
Other long term receivables	-	1,055,348	-	-	1,055,348
Total assets	<u>11,616,698</u>	<u>4,859,913</u>	<u>7,019,675</u>	<u>1,474,022</u>	<u>24,970,308</u>
<b>Current Liabilities</b>					
Accrued liabilities	681,210	89,575	113,922	429,199	1,313,906
Current portion on non-current liabilities	-	8,464	25,998	-	34,462
Notes payable	-	904,234	-	-	904,234
Accrued liability for compensated absences	584,001	-	-	28,021	612,022
Deferred revenue	-	2,500	15,502	427,872	445,874
<b>Liabilities related to restricted assets</b>					
Accrued liabilities	-	292,294	-	-	292,294
Escrow and other deposits	-	37,830	-	-	37,830
Deferred revenue	-	237,917	-	-	237,917
Total current liabilities	<u>1,265,211</u>	<u>1,572,814</u>	<u>155,422</u>	<u>885,092</u>	<u>3,878,539</u>
<b>Noncurrent liabilities</b>					
Long-term debt	295	10,528	193,807	-	204,630
Total liabilities	<u>1,265,506</u>	<u>1,583,342</u>	<u>349,229</u>	<u>885,092</u>	<u>4,083,169</u>
<b>Invested in capital assets, net of related debt</b>					
Restricted	9,892,067	303,931	6,389,167	13,696	16,598,861
Unrestricted	-	1,473,593	-	5,000	1,478,593
Total net assets	<u>459,125</u>	<u>1,499,047</u>	<u>281,279</u>	<u>570,234</u>	<u>2,809,685</u>
Total net assets	<u>\$ 10,351,192</u>	<u>\$ 3,276,571</u>	<u>\$ 6,670,446</u>	<u>\$ 588,930</u>	<u>\$ 20,887,139</u>

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Anne Arundel County, Maryland

Statement of Activities

Nonmajor Component Units

Year Ended June 30, 2005

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<i>Library</i>				
Community services	\$ 17,739,461	\$ 636,037	\$ 2,705,761	\$ 3,628,221
<i>Economic Development</i>				
Arundel Business Loan Program	300,073	141,411	316,526	-
Training and other grants	647,856	-	1,374,382	-
David Taylor Research Center	-	336,932	-	-
Chesapeake Innovation Center	1,433,730	563,735	99,211	-
Administrative	1,632,744	-	-	-
Unallocated depreciation	109,001	-	-	-
	<u>4,123,404</u>	<u>1,042,078</u>	<u>1,790,119</u>	<u>-</u>
<i>Tipton Airport Authority</i>				
Airport Operations	<u>1,359,059</u>	<u>1,082,961</u>	<u>-</u>	<u>1,956,780</u>
<i>Workforce Development</i>				
Workforce development programs				
Adult Services	222,450	-	268,042	-
Dislocated worker services	490,534	-	587,544	-
Youth services	235,188	-	234,166	-
Other WIA Programs	521,205	-	518,940	-
Administration	154,025	-	159,381	-
Other grants, projects, initiatives	812,989	-	814,226	-
	<u>2,436,391</u>	<u>-</u>	<u>2,582,299</u>	<u>-</u>

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

Changes in net assets

Net assets, July 1 (as restated)

Net assets, June 30

Net (Expense) Revenues and Changes in Net Assets

<u>Library</u>	<u>Economic Development</u>	<u>Tipton Airport</u>	<u>Workforce Development</u>	<u>Total</u>
\$ (10,769,442)	\$ -	\$ -	\$ -	\$ (10,769,442)
-	157,864	-	-	157,864
-	726,526	-	-	726,526
-	336,932	-	-	336,932
-	(770,784)	-	-	(770,784)
-	(1,632,744)	-	-	(1,632,744)
-	(109,001)	-	-	(109,001)
-	(1,291,207)	-	-	(1,291,207)
-	-	1,680,682	-	1,680,682
-	-	-	45,592	45,592
-	-	-	97,010	97,010
-	-	-	(1,022)	(1,022)
-	-	-	(2,265)	(2,265)
-	-	-	5,356	5,356
-	-	-	1,237	1,237
-	-	-	145,908	145,908
12,770,000	591,180	-	859	13,362,039
-	820,823	-	-	820,823
-	57,449	1,062	8,324	66,835
29,535	122,960	-	7,930	160,425
<u>12,799,535</u>	<u>1,592,412</u>	<u>1,062</u>	<u>17,113</u>	<u>14,410,122</u>
2,030,093	301,205	1,681,744	163,021	4,176,063
<u>8,321,099</u>	<u>2,975,366</u>	<u>4,988,702</u>	<u>425,909</u>	<u>16,711,076</u>
\$ <u>10,351,192</u>	\$ <u>3,276,571</u>	\$ <u>6,670,446</u>	\$ <u>588,930</u>	\$ <u>20,887,139</u>

Anne Arundel County, Maryland

Balance Sheet

Library Component Unit

June 30, 2005

	Governmental Fund Types		
	Operating Fund	Dedicated Revenue Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 10,652	\$ 21,259	\$ 31,911
Due from primary government	1,629,693	27,728	1,657,421
Receivables	35,004	-	35,004
Total assets	<u>\$ 1,675,349</u>	<u>\$ 48,987</u>	<u>\$ 1,724,336</u>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 671,657	\$ 9,553	\$ 681,210
Deferred revenue	-	-	-
Total liabilities	<u>671,657</u>	<u>9,553</u>	<u>681,210</u>
<b>FUND BALANCES</b>			
Reserved			
Encumbrances	774,377	2,246	776,623
Unreserved			
Undesignated	<u>229,315</u>	<u>37,188</u>	<u>266,503</u>
Total fund balances (deficits)	<u>1,003,692</u>	<u>39,434</u>	<u>1,043,126</u>
Total liabilities and fund balances	<u>\$ 1,675,349</u>	<u>\$ 48,987</u>	<u>\$ 1,724,336</u>

Anne Arundel County, Maryland

Statement of Revenues, Expenditures, and Changes in Fund Balances

Library Component Unit

Year Ended June 30, 2005

	Governmental Fund Types		
	Operating Fund	Dedicated Revenue Fund	Total
<b>REVENUES</b>			
Grants and aid	\$ 15,374,240	\$ 129,944	\$ 15,504,184
Fines and fees	636,037	-	636,037
Other	5,133	24,402	29,535
Total revenues	<u>16,015,410</u>	<u>154,346</u>	<u>16,169,756</u>
<b>EXPENDITURES</b>			
Current			
Recreation and community services	15,198,755	143,587	15,342,342
Capital outlay	345,040	-	345,040
Total expenditures	<u>15,543,795</u>	<u>143,587</u>	<u>15,687,382</u>
Revenues over expenditures	<u>471,615</u>	<u>10,759</u>	<u>482,374</u>
Fund balances, July 1	532,077	28,675	560,752
Fund balances, June 30	<u>\$ 1,003,692</u>	<u>\$ 39,434</u>	<u>\$ 1,043,126</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, 2005

	Original Budget	Final Budget	Actual	Variance Over (under)
<b>REVENUES</b>				
Grants and aid	\$ 1,815,000	\$ 1,815,000	\$ 1,815,358	\$ 358
Primary government contribution	12,770,000	12,770,000	12,770,000	-
Fines and fees	661,000	661,000	636,037	(24,963)
Other	69,000	69,000	65,162	(3,838)
Total revenues	<u>15,315,000</u>	<u>15,315,000</u>	<u>15,286,557</u>	<u>(28,443)</u>
<b>EXPENDITURES</b>				
Current				
Recreation and community services	15,021,000	15,021,000	14,901,939	(119,061)
Capital outlay	294,000	294,000	305,788	11,788
Total expenditures	<u>15,315,000</u>	<u>15,315,000</u>	<u>15,207,727</u>	<u>(107,273)</u>
Revenues over (under) expenditures	-	-	78,830	<u>\$ 78,830</u>
Fund balances, budgetary, July 1	150,485	150,485	150,485	
Fund balances, budgetary, June 30	<u>\$ 150,485</u>	<u>\$ 150,485</u>	<u>\$ 229,315</u>	

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## ANNE ARUNDEL COUNTY

## DETAILS OF GENERAL LONG-TERM DEBT AND INTEREST

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

June 30, 2005

	<u>Issued</u>	<u>Maturing Serially</u>	<u>Rate of Interest</u>	<u>Issued</u>	<u>Redeemed FY 05</u>	<u>06/30/05 Outstanding</u>	<u>Interest Payable to Maturity</u>	<u>Total Due to Maturity</u>
Water and Wastewater Bonds								
Series 73	12/01/73	1974-03	4.00 to 6.00	10,000,000	-	-	-	-
Series 75	03/15/75	1976-05	5.00 to 7.00	10,000,000	100,000	-	-	-
Series 75 (2nd Issue)	07/15/75	1976-05	5.00 to 7.00	10,000,000	500,000	500,000	12,500	512,500
Series 76	02/01/76	1977-06	4.50 to 6.50	9,000,000	400,000	400,000	18,000	418,000
Series 76 (2nd Issue)	12/01/76	1977-06	4.25 to 6.25	10,000,000	300,000	600,000	25,500	625,500
Series 77	05/15/77	1978-07	4.00 to 6.00	15,000,000	800,000	1,600,000	96,000	1,696,000
Series 78	01/15/78	1979-08	4.00 to 6.00	12,000,000	100,000	300,000	24,000	324,000
Series 79	02/01/79	1980-09	4.50 to 6.50	10,000,000	200,000	800,000	90,000	890,000
Series 80	02/15/80	1983-10	5.50 to 7.50	12,000,000	350,000	1,750,000	288,750	2,038,750
Series 87 (Refunding)	02/15/87	1988-14	3.50 to 5.75	21,880,000	80,000	1,995,000	630,919	2,625,919
Maryland Water Quality Bond	03/21/90	1991-11	4.89 to 4.89	1,249,900	62,495	321,385	48,499	369,884
Maryland Water Quality Bond	11/27/90	1991-11	4.89 to 4.89	8,281,371	489,924	2,525,333	355,308	2,880,641
Maryland Water Quality Bond	05/08/91	1992-11	4.75 to 4.75	455,332	32,102	37,006	1,989	38,995
Series 1991	05/15/91	1993-09	5.20 to 6.60	3,950,000	280,000	1,330,000	226,710	1,556,710
Series 1992	01/15/92	1993-21	5.50 to 6.00	20,000,000	690,000	-	-	-
Series 1992 Refunding	05/01/92	1994-13	4.40 to 6.00	8,795,000	165,000	675,000	127,500	802,500
Maryland Water Quality Bond	06/30/92	1993-13	4.39 to 4.39	4,971,195	260,858	2,431,792	488,764	2,920,556
Maryland Water Quality Bond	06/01/93	1995-14	3.25 to 3.25	12,999,541	648,242	6,867,426	1,163,254	8,030,680
Series 93	07/15/93	1994-23	4.63 to 5.34	11,500,000	385,000	-	-	-
Series 93 Refunding	08/01/93	1994-20	2.40 to 5.30	74,000,000	-	-	-	-
Series 94	02/01/94	1995-23	4.40 to 5.00	17,000,000	1,755,000	-	-	-
Series 95	02/01/95	1996-24	5.50 to 7.00	21,000,000	725,000	1,450,000	85,187	1,535,187
Series 96	03/01/96	1997-25	4.75 to 5.00	13,000,000	8,950,000	900,000	54,000	954,000
Series 96 Refunding	03/01/96	1996-06	4.00 to 4.50	5,025,000	490,000	670,000	27,900	697,900
Maryland Water Quality Bond	03/28/96	1997-16	3.99 to 3.99	468,937	23,447	257,915	61,746	319,661
Series 98	05/01/98	1999-27	4.50 to 6.00	17,000,000	590,000	12,870,000	7,599,880	20,469,880
Series 99 Refunding	03/15/99	2000-20	4.00 to 5.25	27,700,000	170,000	27,255,000	11,848,048	39,103,048
Series 99 Refunding (2nd Issue)	04/15/99	2000-09	4.00 to 5.00	14,515,000	1,475,000	6,535,000	708,041	7,243,041
Series 99	07/07/99	2000-28	4.50 to 6.50	25,000,000	17,215,000	3,460,000	432,500	3,892,500
Series 01	02/15/01	2002-28	4.125 to 5.0	10,600,000	395,000	9,020,000	5,291,206	14,311,206
Maryland Water Quality Bond	03/28/01	2003-31	1.50 to 1.50	877,382	86,820	2,777,088	26,626	2,803,714
Series 02	03/01/02	2003-31	3.00 to 5.375	23,500,000	810,000	21,060,000	14,374,462	35,434,462
Series 03	03/01/03	2004-32	1.00 to 5.00	24,000,000	825,000	22,350,000	14,249,838	36,599,838
Series 03 Refunding	03/01/03	2004-23	1.00 to 5.00	65,085,000	3,915,000	61,120,000	21,601,125	82,721,125
Maryland Water Quality Bond	06/27/03	2005-24	1.00 to 1.00	1,401,697	879,354	10,468,731	5,223	10,473,954
Series 04	04/01/04	2005-33	2.00 to 5.00	11,750,000	410,000	11,340,000	7,386,491	18,726,491
Series 05	03/01/05	2006-34	3.00 to 5.00	24,500,000	-	24,500,000	16,361,306	40,861,306
Series 05 Refunding	03/01/05	2006-28	3.00 to 5.00	26,480,000	-	26,480,000	15,670,891	42,150,891
Total applicable to 5.6% and 14% debt limitations				<u>594,985,355</u>	<u>44,558,242</u>	<u>264,646,676</u>	<u>119,382,163</u>	<u>384,028,839</u>

(continued)

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

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

June 30, 2005

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 05</i>	<i>06/30/05 Outstanding</i>	<i>Interest Payable to Maturity</i>	<i>Total Due to Maturity</i>
Consolidated General Improvements	12/01/72	1973-02	3.50 to 5.00	7,800,000	-	-	-	-
Bonds	12/01/73	1974-03	4.00 to 6.00	14,300,000	-	-	-	-
	11/01/74	1975-04	4.50 to 6.50	8,520,000	50,000	-	-	-
	02/15/87	1987-04	3.00 to 5.75	39,635,750	35,000	-	-	-
	01/15/92	1993-12	5.50 to 6.00	40,000,000	1,600,000	-	-	-
	07/15/93	1994-13	4.63 to 5.30	35,000,000	1,400,000	-	-	-
	02/01/94	1995-14	4.40 to 5.00	37,000,000	4,440,000	-	-	-
	02/01/95	1996-24	5.50 to 7.00	65,900,000	3,370,000	5,880,000	319,865	6,199,865
	08/01/95	1996-11	4.00 to 5.38	66,745,000	7,724,038	27,573,423	3,856,272	31,429,695
	03/01/96	1997-25	4.75 to 6.00	48,270,000	24,330,000	5,320,000	319,200	5,639,200
	03/01/96	1996-04	4.00 to 4.38	9,760,000	165,000	-	-	-
	05/01/98	1999-27	4.50 to 6.00	67,000,000	3,460,000	42,780,000	18,599,175	61,379,175
	03/15/99	2000-20	4.00 to 5.25	50,060,000	145,000	46,205,000	14,987,995	61,192,995
	07/07/99	2000-19	4.50 to 6.50	58,000,000	26,680,000	13,920,000	1,740,000	15,660,000
	02/15/01	2002-20	4.125 to 5.0	47,000,000	3,000,000	35,000,000	12,161,250	47,161,250
	03/01/02	2003-22	3.00 to 5.375	91,500,000	5,490,000	75,030,000	31,288,425	106,318,425
	03/01/03	2004-23	1.00 to 5.00	101,000,000	6,060,000	88,880,000	34,940,950	123,820,950
	03/01/03	2005-14	1.00 to 5.00	21,510,000	10,000	21,500,000	5,835,500	27,335,500
	04/01/04	2005-24	2.00 to 5.00	49,500,000	2,970,000	46,530,000	19,073,835	65,603,835
	03/01/05	2006-25	3.00 to 5.00	55,000,000	-	55,000,000	23,794,799	78,794,799
	03/01/05	2006-26	3.00 to 5.00	46,625,000	-	46,625,000	19,064,375	65,689,375
	06/30/05	2007-28	3.00 to 5.00	24,530,000	-	24,530,000	16,045,235	40,575,235
				<u>984,655,750</u>	<u>90,929,038</u>	<u>534,773,423</u>	<u>202,026,876</u>	<u>736,800,299</u>
Solid Waste Bonds	02/15/87	1987-03	3.00 to 5.75	964,250	-	-	-	-
	07/15/93	1994-08	4.63 to 5.13	10,000,000	670,000	2,680,000	272,689	2,952,689
	02/01/94	1995-08	4.40 to 4.80	16,000,000	1,140,000	3,420,000	323,760	3,743,760
	08/01/95	1996-10	4.00 to 5.30	2,060,000	205,962	1,016,577	177,635	1,194,212
	03/01/96	1997-16	5.00 to 5.50	12,000,000	600,000	7,200,000	2,303,700	9,503,700
	05/01/98	1999-17	4.65 to 6.00	7,000,000	350,000	4,550,000	1,635,200	6,185,200
	04/01/04	2005-24	2.00 to 5.00	1,250,000	75,000	1,175,000	481,662	1,656,662
	03/01/05	2006-24	3.00 to 5.00	1,000,000	-	1,000,000	458,801	1,458,801
Total Waste Collection Enterprise Fund				<u>50,274,250</u>	<u>3,040,962</u>	<u>21,041,577</u>	<u>5,653,447</u>	<u>26,695,024</u>
Total applicable to 5.2% and 13% debt limitations				<u>1,034,930,000</u>	<u>93,970,000</u>	<u>555,815,000</u>	<u>207,680,323</u>	<u>763,495,323</u>



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

NOT APPLICABLE TO DEBT LIMITATIONS

June 30, 2005

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 05</i>	<i>06/30/05 Outstanding</i>	<i>Interest Payable to Maturity</i>	<i>Total Due to Maturity</i>
<b>Installment Purchase Agreements - Agricultural Easement Program</b>								
Adelaide F. Colhoun Trust	09/19/00	2002-30	5.85 to 5.85	401,000	1,000	397,000	563,063	960,063
Ellen H. Shepard Trust	09/22/00	2002-30	5.85 to 5.85	161,000	1,000	157,000	212,064	369,064
Harold & Jean Touchette	09/19/00	2002-30	5.85 to 5.85	378,000	1,000	374,000	529,425	903,425
Farm of the Four Winds, LLC	11/13/00	2002-30	6.00 to 6.00	587,000	1,000	583,000	856,500	1,439,500
Kenneth P. Franklin, Trustee	12/28/00	2002-30	5.60 to 5.60	142,055	1,000	138,000	176,400	314,400
Richard F. Moreland	07/18/01	2003-28	5.90 to 5.90	274,000	1,000	271,000	352,820	623,820
Richard L. & Mary M. Smith	07/18/01	2003-28	5.90 to 5.90	831,000	1,000	828,000	1,108,669	1,936,669
Francis R. Windsor	07/26/01	2003-28	5.90 to 5.90	411,174	1,000	408,000	538,729	946,729
Anita Froe/Rian LLC	03/06/02	2003-28	5.90 to 5.90	657,000	1,000	654,000	872,550	1,526,550
Lauer & Company	09/20/02	2004-28	5.25 to 5.25	197,000	1,000	195,000	222,180	417,180
Weeems Dodd Ltd	10/17/02	2004-28	5.45 to 5.45	1,521,000	1,000	1,519,000	1,890,277	3,409,277
Edward Hall III	12/19/02	2004-28	5.55 to 5.55	180,000	1,000	178,000	213,175	391,175
Bristol Farms LLC	01/28/03	2004-28	5.50 to 5.50	700,000	1,000	698,000	861,154	1,559,154
Shearman Talbott	05/22/03	2005-28	4.95 to 4.95	263,948	948	263,000	286,903	549,903
Anne Brice	06/23/04	2006-28	5.80 to 5.80	316,000	-	316,000	406,870	722,870
Thackray Seznec	06/30/04	2006-28	5.80 to 5.80	1,405,000	-	1,405,000	1,859,596	3,264,596
Parks	07/07/04	2006-28	5.60 to 5.60	295,000	-	295,000	365,792	660,792
				<u>8,720,177</u>	<u>13,948</u>	<u>8,679,000</u>	<u>11,316,167</u>	<u>19,995,167</u>
<b>Tax Increment Bonds</b>								
Arundel Mills	12/01/99	2006-29	7.10 to 7.10	\$ 28,000,000	\$ -	\$ -	\$ -	\$ -
National Business Park	07/01/00	2005-28	7.375 to 7.375	14,000,000	-	-	-	-
Parole Town Center	07/12/02	2003-12	5.00 to 5.00	8,300,000	695,000	6,945,000	1,478,624	8,423,624
Arundel Mills Refunding	05/11/04	2010-29	3.00 to 5.125	30,350,000	-	30,350,000	26,166,747	56,516,747
National Business Park Ref	05/11/04	2009-28	3.00 to 5.125	15,655,000	-	15,655,000	12,521,325	28,176,325
West Nursery Road	05/11/04	2006-29	2.00 to 4.70	2,570,000	-	2,570,000	1,651,131	4,221,131
				<u>98,875,000</u>	<u>695,000</u>	<u>55,520,000</u>	<u>41,817,827</u>	<u>97,337,827</u>
<b>State Loans</b>								
<b>Highway Construction</b>								
State Transportation 1993 Refunding	12/15/93	1995-05	2.80 to 4.90	3,577,981	125,439	-	-	-
<b>Department of Natural Resources</b>								
Annapolis Cove	09/16/88	1989-13	0.00	121,220	4,849	43,639	-	43,639
Annapolis Landing	07/21/92	1993-17	0.00	78,570	3,143	40,856	-	40,856
Annapolis Landing	05/03/95	1995-09	0.00	68,075	4,538	27,232	-	27,232
Arundel on the Bay 44-76	08/25/81	1983-07	0.00	200,000	8,000	24,000	-	24,000
Arundel on the Bay 44-76B	07/20/83	1984-08	0.00	247,833	9,913	39,655	-	39,655
Arundel on the Bay	04/28/92	1993-17	0.00	74,220	2,968	38,594	-	38,594
Bay Ridge	11/19/90	1992-16	0.00	669,275	26,771	321,251	-	321,251
Brown's Pond	11/25/91	1992-16	0.00	185,128	7,405	88,860	-	88,860
Buckingham Cove	04/07/97	1997-21	0.00	217,570	8,703	147,946	-	147,946
Cape Anne	04/15/80	1981-06	0.00	66,255	2,650	2,651	-	2,651
Cattail Creek	04/03/98	1998-22	0.00	127,628	5,105	91,893	-	91,893
Elizabeth's Landing	09/26/91	1993-17	0.00	161,310	6,452	83,884	-	83,884
Elizabeth's Landing	05/15/95	1996-10	0.00	153,764	10,251	61,505	-	61,505
John's Creek	12/15/93	1994-19	0.00	173,206	6,920	96,880	-	96,880
Lake Hillsmere	04/08/82	1983-08	0.00	85,950	3,438	10,314	-	10,314
Lake Hillsmere II	04/03/98	1998-22	0.00	188,660	7,546	135,828	-	135,828
Lake Placid	12/04/81	1983-07	0.00	188,355	7,534	22,604	-	22,604
Pine Grove Village	05/03/95	1996-10	0.00	37,689	2,513	15,071	-	15,071
Mason's Beach	06/03/96	1997-06	0.00	277,098	13,855	166,258	-	166,258
Romar Estates	03/27/97	1997-21	0.00	304,987	12,200	207,388	-	207,388
Snug Harbor	05/13/83	1984-09	0.00	230,294	9,212	36,845	-	36,845
Snug Harbor	11/21/91	1992-16	0.00	738,599	29,544	354,528	-	354,528
Snug Harbor Pier	04/13/92	1992-16	0.00	91,443	3,656	43,872	-	43,872
Spriggs Pond	02/28/92	1993-17	0.00	298,400	11,936	143,232	-	143,232
Whitehall Cove	12/19/01	2001-25	0.00	164,134	6,565	137,874	-	137,874
Total not applicable to debt limitations				<u>8,727,644</u>	<u>341,107</u>	<u>2,382,660</u>	<u>-</u>	<u>2,382,660</u>
Total long-term debt				<u>\$ 1,746,238,176</u>	<u>\$ 139,578,297</u>	<u>\$ 887,043,336</u>	<u>\$ 380,196,480</u>	<u>\$ 1,267,239,816</u>

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ANNE ARUNDEL COUNTY

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

As of June 30, 2005

FISCAL YEAR ENDING	General County Bonds (a)							
	General Government		Solid Waste		Tax Increment		Installment Purchase Agreements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 45,771,862	\$ 25,595,797	\$ 3,078,138	\$ 1,024,486	\$ 725,000	\$ 2,691,191	\$ 17,000	\$ 494,795
2007	44,669,439	23,406,518	3,000,561	878,956	835,000	2,653,241	17,000	493,829
2008	42,930,940	21,290,859	2,979,060	733,121	875,000	2,612,666	17,000	492,863
2009	40,479,940	19,130,812	2,110,060	586,115	915,000	2,570,166	17,000	491,897
2010	37,890,066	17,171,116	1,314,934	495,888	1,150,000	2,522,457	17,000	490,931
2011	35,600,066	15,276,980	1,079,934	428,536	1,690,000	2,461,848	17,000	489,965
2012	34,390,066	13,536,459	1,079,934	372,690	2,175,000	2,381,943	17,000	488,999
2013	32,630,066	11,844,323	1,079,934	316,368	2,340,000	2,284,268	17,000	488,033
2014	29,020,066	10,270,870	1,079,934	259,571	1,430,000	2,199,210	17,000	487,067
2015	25,346,023	8,832,392	1,073,977	202,300	1,580,000	2,131,383	17,000	486,101
2016	24,253,321	7,580,603	1,051,679	144,851	1,720,000	2,057,808	17,000	485,135
2017	22,538,321	6,430,150	1,401,679	88,217	1,875,000	1,977,473	17,000	484,169
2018	21,053,321	5,360,758	101,679	30,033	2,035,000	1,889,985	17,000	483,203
2019	19,278,321	4,412,251	101,679	25,966	2,205,000	1,788,469	17,000	482,237
2020	17,043,321	3,551,726	101,679	21,834	2,395,000	1,671,605	17,000	481,271
2021	15,093,321	2,774,339	101,679	17,640	2,600,000	1,544,548	17,000	480,305
2022	15,143,321	2,087,794	101,679	13,343	2,820,000	1,406,531	17,000	479,339
2023	11,523,321	1,406,884	101,679	9,022	3,055,000	1,256,776	17,000	478,373
2024	7,518,321	894,395	101,679	4,511	3,290,000	1,094,888	17,000	477,407
2025	5,630,000	562,400	-	-	3,550,000	920,218	17,000	476,441
2026	2,650,000	333,194	-	-	3,825,000	731,859	17,000	475,475
2027	2,495,000	200,975	-	-	4,110,000	529,238	17,000	474,509
2028	1,825,000	75,281	-	-	4,410,000	311,650	6,771,000	473,543
2029	-	-	-	-	3,335,000	113,959	5,000	90,292
2030	-	-	-	-	580,000	14,450	1,529,000	90,000
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-
	<u>\$ 534,773,423</u>	<u>\$ 202,026,876</u>	<u>\$ 21,041,577</u>	<u>\$ 5,653,447</u>	<u>\$ 55,520,000</u>	<u>\$ 41,817,827</u>	<u>\$ 8,679,000</u>	<u>\$ 11,316,167</u>

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

<i>State Advances (b)</i>		<i>Water and Sewer Bonds (c)</i>		<i>Total</i>		
<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Debt Service Charge</i>
\$ 215,668	\$ -	\$ 19,179,850	\$ 11,748,465	\$ 68,987,518	\$ 41,554,734	\$ 110,542,252
213,018	-	18,241,724	10,976,731	66,976,743	38,409,273	105,386,016
213,018	-	17,283,467	10,180,872	64,298,485	35,310,380	99,608,865
194,045	-	17,217,647	9,384,076	60,933,693	32,163,065	93,096,758
174,920	-	14,671,776	8,598,728	55,218,696	29,279,120	84,497,816
174,920	-	13,913,780	7,928,523	52,475,700	26,585,851	79,061,551
157,619	-	13,870,993	7,308,934	51,690,611	24,089,024	75,779,635
157,619	-	13,745,668	6,687,823	49,970,286	21,620,814	71,591,100
157,619	-	13,407,088	6,071,024	45,111,706	19,287,742	64,399,448
152,770	-	12,475,559	5,470,759	40,645,329	17,122,933	57,768,262
152,770	-	12,186,784	4,909,946	39,381,554	15,178,342	54,559,896
152,765	-	10,769,478	4,352,224	36,754,243	13,332,232	50,086,475
59,603	-	9,560,361	3,881,004	32,826,963	11,644,983	44,471,946
47,039	-	8,431,941	3,474,173	30,080,980	10,183,095	40,264,075
40,119	-	7,838,545	3,108,672	27,435,664	8,835,108	36,270,772
40,119	-	7,705,174	2,764,953	25,557,292	7,581,783	33,139,075
40,119	-	7,671,826	2,423,271	25,793,945	6,410,278	32,204,223
19,216	-	6,948,504	2,096,100	21,664,720	5,247,155	26,911,875
6,565	-	6,005,206	1,780,185	16,938,771	4,251,386	21,190,157
6,565	-	5,981,934	1,506,645	15,185,500	3,465,703	18,651,203
6,565	-	5,253,688	1,250,272	11,752,253	2,790,800	14,543,053
-	-	4,830,468	1,007,760	11,452,468	2,212,481	13,664,949
-	-	4,237,273	784,347	17,243,273	1,644,821	18,888,094
-	-	3,014,110	593,438	6,354,110	797,689	7,151,799
-	-	3,015,971	457,495	5,124,971	561,945	5,686,916
-	-	3,017,861	321,524	3,017,861	321,524	3,339,385
-	-	2,080,000	185,525	2,080,000	185,525	2,265,525
-	-	1,250,000	91,944	1,250,000	91,944	1,341,944
-	-	840,000	36,750	840,000	36,750	876,750
-	-	-	-	-	-	-
<u>\$ 2,382,660</u>	<u>\$ -</u>	<u>\$ 264,646,676</u>	<u>\$ 119,382,163</u>	<u>\$ 887,043,335</u>	<u>\$ 380,196,480</u>	<u>\$ 1,267,239,815</u>

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# **Statistical Section**

ANNE ARUNDEL COUNTY, MARYLAND

Net Assets by Category

Last Four Fiscal Years

(accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities				
Capital assets, net of related debt	\$ 504,666,727	\$ 512,282,083	\$ 505,949,827	\$ 496,848,918
Restricted for:				
Revenue stabilization	24,541,087	24,928,401	27,177,741	35,634,133
Debt service	8,593,020	17,363,188	13,346,926	13,155,834
Capital improvements	98,332,602	53,502,139	59,022,217	51,130,409
Other purposes	6,134,960	6,487,845	7,503,264	10,676,306
Unrestricted	<u>(80,851,877)</u>	<u>(108,427,530)</u>	<u>(99,052,792)</u>	<u>(69,377,525)</u>
Subtotal governmental activities net assets	<u>561,416,519</u>	<u>506,136,126</u>	<u>513,947,183</u>	<u>538,068,075</u>
Business-type activities				
Capital assets, net of related debt	669,156,115	680,732,077	710,573,981	730,703,264
Restricted for:				
Debt service	165,710,205	162,090,444	156,003,350	147,894,257
Capital improvements	18,426,666	32,882,179	27,995,401	24,161,749
Other purposes	843,502	-	794,814	979,956
Unrestricted	<u>14,304,196</u>	<u>16,782,679</u>	<u>3,335,282</u>	<u>5,692,310</u>
Subtotal business-type activities net assets	<u>868,440,684</u>	<u>892,487,379</u>	<u>898,702,828</u>	<u>909,431,536</u>
Primary government				
Capital assets, net of related debt	1,173,822,842	1,193,014,160	1,216,523,808	1,227,552,182
Restricted for:				
Revenue stabilization	24,541,087	24,928,401	27,177,741	35,634,133
Debt service	174,303,225	179,453,632	169,350,276	161,050,091
Capital improvements	116,759,268	86,384,318	87,017,618	75,292,158
Other purposes	6,978,462	6,487,845	8,298,078	11,656,262
Unrestricted	<u>(66,547,681)</u>	<u>(91,644,851)</u>	<u>(95,717,510)</u>	<u>(63,685,215)</u>
Total primary governmental net assets	<u>\$ 1,429,857,203</u>	<u>\$ 1,398,623,505</u>	<u>\$ 1,412,650,011</u>	<u>\$ 1,447,499,611</u>

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

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

	2002	2003	2004	2005
<b>Expenses</b>				
Governmental activities:				
Education	\$ 451,383,973	\$ 444,902,592	\$ 460,910,902	\$ 506,794,807
Public Safety	162,155,283	184,599,830	174,599,087	185,398,446
General government	69,486,840	99,789,121	89,831,540	90,537,732
Health and human services	64,606,051	68,448,082	68,204,598	69,008,933
Public works	51,215,047	72,829,524	53,980,672	57,415,844
Recreation and community services	32,265,391	44,485,468	40,949,426	50,097,353
Judicial	21,720,575	19,837,894	18,962,146	19,673,396
Code enforcement	10,107,657	10,511,978	9,996,379	10,699,715
Land use and development	8,422,199	9,457,559	10,261,520	9,686,322
Economic development	3,571,254	3,520,112	3,342,050	3,330,000
Interest on debt and leases	20,645,618	25,506,435	27,974,513	26,436,198
Subtotal governmental activities expenses	<u>895,579,888</u>	<u>983,888,595</u>	<u>959,012,833</u>	<u>1,029,078,746</u>
Business-type activities:				
Water and wastewater	82,590,706	85,254,365	85,920,260	94,416,480
Waste collection	33,857,285	36,066,380	42,946,457	38,995,723
Child care	1,475,833	1,819,086	2,014,545	2,361,711
Subtotal business-type activities expenses	<u>117,923,824</u>	<u>123,139,831</u>	<u>130,881,262</u>	<u>135,773,914</u>
Total primary government expenses	<u>1,013,503,712</u>	<u>1,107,028,426</u>	<u>1,089,894,095</u>	<u>1,164,852,660</u>
<b>Program Revenues</b>				
Governmental activities:				
Education	\$ 5,659,445	\$ 8,191,743	\$ 10,764,050	\$ 10,546,015
Public Safety	17,334,951	16,883,619	19,393,555	23,496,758
General government	29,351,369	36,943,087	31,244,254	38,197,638
Health and human services	32,608,667	35,169,160	33,744,834	31,585,466
Public works	34,100,977	48,060,141	34,267,271	37,395,607
Recreation and community services	28,957,766	23,663,546	20,676,862	23,050,905
Judicial	5,750,649	4,700,375	4,110,687	4,236,071
Code enforcement	8,236,369	8,261,565	13,281,829	13,609,780
Land use and development	4,113,488	1,394,392	3,063,517	4,353,868
Economic development	136,049	21,478	27,180	5
Interest on debt and leases	252,971	53,564	69,777	268,885
Subtotal governmental activities revenues	<u>166,502,701</u>	<u>183,342,670</u>	<u>170,643,816</u>	<u>186,740,998</u>
Business-type activities:				
Water and wastewater	80,943,542	96,060,586	88,547,364	100,344,575
Waste collection	34,144,646	35,284,387	35,448,676	36,152,665
Child care	1,675,148	1,921,532	2,084,344	2,427,787
Subtotal business-type activities revenues	<u>116,763,336</u>	<u>133,266,505</u>	<u>126,080,384</u>	<u>138,925,027</u>
Total primary government program revenues	<u>283,266,037</u>	<u>316,609,175</u>	<u>296,724,200</u>	<u>325,666,025</u>



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

	2002	2003	2004	2005
<b>Net (Expense)/Revenue</b>				
<b>Governmental activities:</b>				
Education	\$ (445,724,528)	\$ (436,710,849)	\$ (450,146,852)	\$ (496,248,792)
Public Safety	(144,820,332)	(167,716,211)	(155,205,532)	(161,901,688)
General government	(40,135,471)	(62,846,034)	(58,587,286)	(52,340,094)
Health and human services	(31,997,384)	(33,278,922)	(34,459,764)	(37,423,467)
Public works	(17,114,070)	(24,769,383)	(19,713,401)	(20,020,237)
Recreation and community services	(3,307,625)	(20,821,922)	(20,272,564)	(27,046,448)
Judicial	(15,969,926)	(15,137,519)	(14,851,459)	(15,437,325)
Code enforcement	(1,871,288)	(2,250,413)	3,285,450	2,910,065
Land use and development	(4,308,711)	(8,063,167)	(7,198,003)	(5,332,454)
Economic development	(3,435,205)	(3,498,634)	(3,314,870)	(3,329,995)
Interest on debt and leases	(20,392,647)	(25,452,871)	(27,904,736)	(26,167,313)
Subtotal governmental activities net expenses	<u>(729,077,187)</u>	<u>(800,545,925)</u>	<u>(788,369,017)</u>	<u>(842,337,748)</u>
<b>Business-type activities:</b>				
Water and wastewater	(1,647,164)	10,806,221	2,627,104	5,928,095
Waste collection	287,361	(781,993)	(7,497,781)	(2,843,058)
Child care	199,315	102,446	69,799	66,076
Subtotal business-type activities net expenses	<u>(1,160,488)</u>	<u>10,126,674</u>	<u>(4,800,878)</u>	<u>3,151,113</u>
Total primary government net expenses	<u>(730,237,675)</u>	<u>(790,419,251)</u>	<u>(793,169,895)</u>	<u>(839,186,635)</u>
 <b>General Revenues and Other Changes in Net Assets</b>				
<b>Governmental activities:</b>				
General property taxes	\$ 360,111,693	\$ 371,534,227	\$ 393,883,820	\$ 412,001,280
Local government taxes	267,678,430	265,326,986	289,676,102	308,215,401
State shared taxes	29,692,597	5,890,916	6,918,566	6,613,645
Recordation and transfer taxes	67,796,645	74,120,137	99,053,108	116,713,326
Local sales taxes	29,224,712	29,617,564	30,830,077	31,249,156
Investment income	2,381,631	1,891,430	1,632,805	4,437,329
Other revenue	298,830	2,762,129	6,671,086	336,090
Subtotal governmental activities	<u>757,184,538</u>	<u>751,143,389</u>	<u>828,665,564</u>	<u>879,566,227</u>
<b>Business-type activities:</b>				
Investment income	5,750,517	5,576,906	3,729,904	4,920,451
Other revenue	5,490,134	4,475,193	7,286,423	7,042,120
Subtotal business-type activities	<u>11,240,651</u>	<u>10,052,099</u>	<u>11,016,327</u>	<u>11,962,571</u>
Total primary government	<u>768,425,189</u>	<u>761,195,488</u>	<u>839,681,891</u>	<u>891,528,798</u>
 <b>Change in Net Assets</b>				
Governmental activities	28,107,351	(49,402,536)	40,296,547	37,228,479
Business-type activities	10,080,163	20,178,773	6,215,449	15,113,684
Total primary government	<u>\$ 38,187,514</u>	<u>\$ (29,223,763)</u>	<u>\$ 46,511,996</u>	<u>\$ 52,342,163</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

General Fund	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Reserved for:										
Encumbrances	\$ 5,403,378	\$ 5,397,415	\$ 7,313,340	\$ 2,083,097	\$ 6,277,303	\$ 5,487,570	\$ 5,562,101	\$ 6,200,195	\$ 5,834,558	\$ 7,388,713
Revenue stabilization fund	17,879,943	18,936,469	20,076,003	21,076,087	22,247,224	23,671,214	24,541,087	24,928,401	27,177,741	35,634,133
Debt service	-	-	-	-	-	-	-	7,251,133	5,996,172	4,548,800
Inventories	355,438	311,737	312,746	358,168	332,976	319,496	832,414	687,484	939,042	900,100
Other funds	-	-	-	-	-	-	-	-	-	121,743
Unreserved	18,373,650	36,198,286	53,422,904	74,764,950	72,626,035	54,005,331	38,115,899	10,111,613	59,667,854	94,110,403
Total general fund	\$ 42,012,409	\$ 60,843,907	\$ 81,124,993	\$ 98,282,302	\$ 101,483,538	\$ 83,483,611	\$ 69,051,501	\$ 49,178,826	\$ 99,615,367	\$ 142,703,892
All other governmental funds										
Reserved for:										
Encumbrances	\$ 28,730,740	\$ 30,724,766	\$ 37,369,016	\$ 23,496,591	\$ 37,731,468	\$ 32,340,888	\$ 33,679,943	\$ 49,014,972	\$ 39,597,488	\$ 44,829,719
Debt service	1,557,750	-	-	378,981	-	6,309,545	4,715,324	4,343,497	351,171	21,672
Unreserved, reported in:										
Special revenue funds	61,713,977	55,585,118	49,118,767	50,543,943	46,604,739	51,598,764	56,411,648	58,684,817	65,293,424	63,281,802
Capital projects funds	10,120,769	(35,201,133)	(34,529,123)	(34,463,211)	2,668,149	(34,535,903)	11,557,034	7,772,373	(1,690,760)	(9,948,301)
Debt service funds	381,473	369,460	254,016	-	6,599,284	3,916,092	3,877,696	5,765,919	6,999,583	8,585,362
Total all other governmental funds	\$ 102,504,709	\$ 51,478,211	\$ 52,212,676	\$ 39,956,304	\$ 93,603,640	\$ 59,629,386	\$ 110,241,645	\$ 125,581,578	\$ 110,550,906	\$ 106,770,254

Anne Arundel County, Maryland

Changes in Fund Balances, Governmental Funds

Last Four Fiscal Years

	2002	2003	2004	2005
<b>REVENUES</b>				
General property taxes	\$ 359,779,665	\$ 376,141,261	\$ 395,347,946	\$ 411,488,309
Local income taxes	266,409,098	264,729,935	298,065,106	308,536,927
State shared taxes	29,656,317	29,336,273	25,613,319	30,308,838
Grants and aid	71,213,502	65,309,289	71,002,284	73,676,115
Recordation and transfer taxes	67,796,645	74,120,137	99,053,108	116,713,326
Local sales taxes	29,225,328	29,617,564	30,830,077	31,249,156
License and permit fees	10,919,271	11,517,360	15,154,020	15,400,144
Impact fees	7,200,089	9,055,776	10,715,560	10,845,055
Special community benefit taxes	3,305,255	3,473,476	3,829,032	4,640,447
Investment income	4,230,221	3,037,046	2,230,723	6,875,983
Other revenue	30,322,621	29,227,728	33,060,102	37,503,663
<b>Total revenues</b>	<b>880,058,012</b>	<b>895,565,845</b>	<b>984,901,277</b>	<b>1,047,237,963</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Education	451,294,192	444,836,532	460,752,519	506,228,900
Public safety	154,665,392	168,686,401	171,085,550	183,418,356
Health and human services	64,834,644	69,340,942	68,568,311	68,169,033
General government	52,664,161	68,443,012	65,081,101	65,989,704
Public works	27,473,901	31,765,444	29,590,177	26,748,272
Recreation and community services	26,635,195	28,039,450	28,792,726	31,320,458
Judicial	19,553,878	17,679,442	17,531,229	18,551,403
Code enforcement	10,030,974	10,503,196	9,980,085	10,600,396
Land use and development	8,218,991	8,857,750	8,600,126	9,672,108
Economic development	3,571,254	3,520,112	3,342,050	3,330,000
Capital outlay	87,482,099	81,476,365	77,290,143	98,203,317
<b>Debt service</b>				
Interest payments on debt	21,174,747	21,407,053	27,488,181	26,865,677
Principal payments on debt	69,572,826	96,150,951	72,977,428	77,649,091
Interest payments on leases	86,581	31,317	18,406	12,325
Principal payments on leases	850,750	437,999	48,244	53,496
<b>Total expenditures</b>	<b>998,109,585</b>	<b>1,051,175,966</b>	<b>1,041,146,276</b>	<b>1,126,812,536</b>
<b>Revenues over (under) expenditures</b>	<b>(118,051,573)</b>	<b>(155,610,121)</b>	<b>(56,244,999)</b>	<b>(79,574,573)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	117,391,978	74,149,736	46,860,616	80,248,583
Transfers out	(117,391,978)	(74,149,736)	(46,860,616)	(80,248,583)
Proceeds from general obligation bonds	91,500,000	108,251,133	49,500,000	56,000,000
Proceeds from bond anticipation notes	56,000,000	29,000,000	32,500,000	34,500,000
Proceeds from Parole Tax Increment bonds	-	8,300,000	-	-
Proceeds from Nursery Road Tax Increment bonds	-	-	2,570,000	-
Proceeds from Dorchester Taxing District	-	8,223,335	5,388,744	-
Proceeds from Compass Pointe bonds	-	-	-	24,530,000
Installment purchase contracts issued	2,173,174	2,861,948	1,721,000	295,000
Proceeds from lease financing	-	261,764	-	-
Proceeds from refunding issue	-	24,096,726	47,724,175	50,538,271
Premiums (discounts) from sale of bonds	-	-	3,294,922	3,417,648
Payments to escrow agent	-	(24,039,670)	(51,047,973)	(50,398,473)
<b>Total other financing sources (uses)</b>	<b>149,673,174</b>	<b>156,955,236</b>	<b>91,650,868</b>	<b>118,882,446</b>
<b>Net change in fund balances</b>	<b>\$ 31,621,601</b>	<b>\$ 1,345,115</b>	<b>\$ 35,405,869</b>	<b>\$ 39,307,873</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>10.8%</b>	<b>12.7%</b>	<b>11.0%</b>	<b>10.7%</b>

ANNE ARUNDEL COUNTY, MARYLAND

Taxable Assessed Value and Estimated Actual Value of Property

Last Ten Fiscal Years

(in thousands of dollars)

Fiscal Year Ended June 30,	Real Property (a)										Personal Property		Total Taxable		Estimated		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			Actual Value	Value
1996	\$ 8,664,736	\$ 2,058,786	\$ 91,419	\$ 6,076	\$ 10,821,017	\$ 1,488,654	\$ 699,031	\$ 2,187,685	\$ 13,008,702	\$ 29,240,228	44.49%								
1997	8,928,408	2,065,272	94,034	5,975	11,093,689	1,560,621	744,347	2,304,968	13,398,657	30,039,191	44.60%								
1998	9,137,376	2,124,633	93,950	5,772	11,361,731	1,531,395	808,983	2,340,378	13,702,109	30,744,706	44.57%								
1999	9,424,070	2,190,308	97,132	7,744	11,719,254	1,553,235	830,083	2,383,318	14,102,572	31,681,453	44.51%								
2000	9,738,635	2,284,258	97,891	8,293	12,129,077	1,639,652	892,728	2,532,380	14,661,457	32,855,073	44.62%								
2001	10,182,016	2,417,021	105,964	5,839	12,710,840	1,458,739	950,392	2,409,131	15,119,971	34,186,231	44.23%								
2002	26,685,494	6,604,609	264,319	7,293	33,561,715	1,286,234	1,133,798	2,420,032	35,981,747	35,981,747	100.00%								
2003	28,208,386	7,225,669	273,617	7,923	35,715,595	1,234,663	1,211,291	2,445,954	38,161,549	38,161,549	100.00%								
2004	31,063,571	7,752,955	295,573	4,163	39,116,262	1,260,098	1,119,634	2,379,732	41,495,994	41,495,994	100.00%								
2005	35,055,021	8,418,040	321,853	7,808	43,802,722	1,318,689	1,088,197	2,406,886	46,209,608	46,209,608	100.00%								

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

ANNE ARUNDEL COUNTY, MARYLAND  
 Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
 (Per \$100 of Assessed Value)

FISCAL YEAR	Anne Arundel County				Overlapping		Total	
	Other than City of Annapolis		Within City of Annapolis		City of Annapolis	State of Maryland	Other than City of Annapolis	Within City of Annapolis
	Real Property (a)	Personal Prop.	Real Property (a)	Personal Prop.	Real Property	Real Property	Real Property	Real Property
1996	\$ 2.38	\$ 2.38	\$ 1.29	\$ 1.29	\$ 1.73	\$ 0.21	\$ 2.59	\$ 3.23
1997	2.38	2.38	1.37	1.37	1.69	0.21	2.59	3.27
1998	2.38	2.38	1.37	1.37	1.68	0.21	2.59	3.26
1999	2.36	2.36	1.35	1.35	1.70	0.21	2.57	3.26
2000	2.36	2.36	1.35	1.35	1.68	0.21	2.57	3.24
2001	2.40	2.40	1.39	1.39	1.67	0.21	2.61	3.27
2002	0.96	2.40	0.56	1.39	0.62	0.08	1.04	1.26
2003	0.95	2.38	0.55	1.38	0.62	0.08	1.03	1.26
2004	0.96	2.39	0.56	1.39	0.60	0.13	1.09	1.29
2005	0.94	2.35	0.56	1.40	0.58	0.13	1.07	1.27

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

ANNE ARUNDEL COUNTY, MARYLAND

Principal Property Tax Payers

Current Year and Nine Years Ago

	2005		1996		
Taxpayer	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value
Baltimore Gas and Electric Company	\$ 1,029,894,893	2.23%	Baltimore Gas and Electric Company	\$ 1,319,374,720	10.14%
Verizon	236,273,730	0.51%	Bell Atlantic	197,592,560	1.52%
Arundel Mills Limited Partnership (Arundel Mills Mall)	234,027,830	0.51%	TKL East (Marley Station Mall)	43,894,390	0.34%
Annapolis Mall Limited Partnership (Annapolis Mall)	199,356,590	0.43%	Annapolis Mall Limited Partnership (Annapolis Mall)	40,205,130	0.31%
TKL East (Marley Station Mall)	96,857,600	0.21%	Northrop Grumman Corp.	23,897,215	0.18%
Wal-mart Stores Inc.	82,618,996	0.18%	Crofton Partners	19,532,740	0.15%
Northrop Grumman Corp.	77,044,050	0.17%	Actna Life Insurance Company	19,032,505	0.15%
Parole Town Center Associates LTD Partnership	57,604,080	0.12%	K-Mart Stores	18,401,420	0.14%
CNL BWI Hotel	49,390,100	0.11%	Aeronautical Radio, Inc.	17,575,500	0.14%
Baywoods Cooperative Apartments LLC	49,300,000	0.11%	West Terra Limited Partnership	15,456,150	0.12%
	<u>\$ 2,112,367,869</u>	<u>4.57%</u>		<u>\$ 1,714,962,330</u>	<u>13.18%</u>

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

ANNE ARUNDEL COUNTY, MARYLAND  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Taxes Levied	Collected within the		Collection in Subsequent Years	Total Collection to Date	
	for the Fiscal Year	Fiscal Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
1996	\$ 290,831,615	\$ 288,990,270	99.37%	\$ 1,839,881	\$ 290,830,151	100.00%
1997	301,739,753	299,663,385	99.31%	2,073,830	301,737,215	100.00%
1998	310,283,682	306,891,526	98.91%	3,389,323	310,280,849	100.00%
1999	316,838,803	314,140,913	99.15%	2,290,391	316,431,304	99.87%
2000	329,847,238	326,352,858	98.94%	3,084,924	329,437,782	99.88%
2001	345,227,111	342,441,550	99.19%	2,309,069	344,750,619	99.86%
2002	361,424,971	355,998,775	98.50%	4,870,444	360,869,219	99.85%
2003	375,682,304	373,310,763	99.37%	1,895,272	375,206,035	99.87%
2004	393,762,892	391,557,058	99.44%	1,479,192	393,036,250	99.82%
2005	487,617,748	485,735,439	99.61%	-	485,735,439	99.61%

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

Fiscal Year	Governmental Activities										Business-Type Activities				Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	General					Tax					Water, Wastewater and Solid Waste		Bond				
	Obligation Bonds	Anticipation Notes	Increment Bonds	State Loans	Capital Leases	Installment Purchase Agreements	Total Governmental Activities	Bonds	Anticipation Notes	Bonds	Anticipation Notes	Bonds	Anticipation Notes				
1996	\$ 357,382	\$ -	\$ -	\$ 5,437	\$ 1,144	\$ -	\$ 363,963	\$ 317,469	\$ -	\$ -	\$ -	\$ 681,432	\$ 5.16%	\$ 1,464			
1997	328,221	32,000	-	5,605	786	-	366,612	295,800	-	-	6,000	668,412	4.74%	1,420			
1998	365,921	20,000	-	5,355	434	-	391,710	298,709	-	-	15,000	705,419	4.65%	1,483			
1999	338,614	58,000	-	4,760	59	-	401,433	280,874	-	-	28,000	710,307	4.39%	1,471			
2000	362,378	50,000	28,000	4,314	-	-	444,692	283,975	-	-	17,850	746,517	4.17%	1,519			
2001	376,209	34,500	42,000	3,857	1,010	1,669	459,245	276,137	-	-	11,500	746,882	3.91%	1,503			
2002	433,115	56,000	42,000	3,547	341	3,837	538,840	277,780	-	-	24,000	840,620	4.25%	1,674			
2003	493,017	29,000	50,300	3,058	210	6,690	582,275	277,039	-	-	13,000	872,314	4.27%	1,727			
2004	499,547	32,500	56,215	2,724	162	8,398	599,546	269,205	-	-	20,000	888,751	4.06%	1,748			
2005	534,773	34,500	55,520	2,383	112	8,679	635,967	285,688	-	-	7,000	928,655	4.04%	1,815			

(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)*

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Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (a)	Per Capita (b)
1996	\$ 674,499	2.10%	\$ 1,449
1997	624,021	1.88%	1,326
1998	664,629	1.95%	1,397
1999	619,488	1.77%	1,283
2000	674,353	1.86%	1,377
2001	694,346	1.87%	1,403
2002	752,895	1.93%	1,508
2003	820,356	1.97%	1,619
2004	824,967	1.85%	1,621
2005	875,982	1.77%	1,712

*(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, 2005

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
City of Annapolis	\$ 27,330,628	100.00%	\$ 27,330,628
Subtotal, overlapping debt			<u>27,330,628</u>
Anne Arundel County direct debt			<u>635,966,984</u>
Total direct and overlapping debt			<u>\$ 663,297,612</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)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Assessed value (1)</b>										
Real property	\$ 10,821,017	\$ 11,093,689	\$ 11,361,731	\$ 11,719,254	\$ 12,129,077	\$ 12,710,840	\$ 33,561,715	\$ 35,715,595	\$ 39,116,262	\$ 43,802,722
Personal and operating real property	2,187,685	2,304,968	2,340,378	2,383,318	2,532,380	2,409,131	2,420,032	2,445,954	2,379,732	2,406,886
Total assessed value	13,008,702	13,398,657	13,702,109	14,102,572	14,661,457	15,119,971	35,981,747	38,161,549	41,495,994	46,209,608
<b>Legal debt margin</b>										
Debt limit (5.2% of assessed value of real property, 13% for fiscal years 2001 and prior)	1,406,732	1,442,180	1,477,025	1,523,503	1,576,780	1,652,409	1,745,209	1,857,211	2,034,046	2,277,742
Debt limit (13% of assessed value of personal and operating real property)	284,399	299,646	304,249	309,831	329,209	313,187	314,604	317,974	309,365	312,895
Total debt limit	1,691,131	1,741,825	1,781,274	1,833,334	1,905,989	1,965,596	2,059,813	2,175,185	2,343,411	2,590,637
<b>Debt applicable to limit:</b>										
General obligation bonds	357,030	328,221	365,921	338,614	362,378	376,209	433,115	493,017	499,547	534,773
Bonded debt for solid waste projects (2)	39,635	36,414	39,724	36,681	33,642	30,691	27,700	24,763	23,083	21,042
Bond anticipation notes (3)	-	32,000	23,000	61,000	56,850	38,500	56,000	30,250	33,500	35,500
Total debt applicable to limit	396,665	396,635	428,645	436,295	452,870	445,400	516,815	548,030	556,130	591,315
Legal debt margin	\$ 1,294,466	\$ 1,345,190	\$ 1,352,629	\$ 1,397,039	\$ 1,453,119	\$ 1,520,196	\$ 1,542,998	\$ 1,627,155	\$ 1,787,281	\$ 1,999,322
Total debt applicable to the limit as a percentage of debt limit	23.46%	22.77%	24.06%	23.80%	23.76%	22.66%	25.09%	25.19%	23.73%	22.83%

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

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

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

ANNE ARUNDEL COUNTY, MARYLAND  
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 Principal	Debt Service Interest	Coverage	Service Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
1996	\$ 66,027	\$ 42,379	\$ 23,648	\$ 16,970	\$ 11,846	0.82	\$ 32,590	\$ 20,183	\$ 12,407	\$ 3,315	\$ 1,468	2.59
1997	62,623	43,406	19,217	18,113	11,367	0.65	33,806	5,352	28,454	3,221	1,836	5.63
1998	63,597	43,121	20,476	17,278	11,186	0.72	36,107	22,556	13,551	3,690	1,866	2.44
1999	69,053	42,985	26,068	17,661	11,426	0.90	34,672	18,865	15,807	3,043	1,976	3.15
2000	63,454	44,494	18,960	18,860	11,452	0.63	36,207	25,250	10,957	3,189	2,015	2.11
2001	63,809	47,122	16,687	18,737	10,875	0.56	36,120	26,428	9,692	5,800	1,802	1.27
2002	65,809	44,884	20,925	18,567	10,229	0.73	35,900	30,744	5,156	6,992	1,442	0.61
2003	66,278	49,836	16,442	18,335	8,465	0.61	37,139	32,300	4,839	2,937	1,304	1.14
2004	66,381	49,369	17,012	17,988	9,167	0.63	39,524	39,387	137	2,930	1,175	0.03
2005	68,815	55,498	13,317	18,538	8,428	0.49	40,375	34,109	6,266	3,041	1,080	1.52

Fiscal Year	Tax Increment Bonds						Installment Purchase Agreements Bonds					
	Revenues and Transfers In	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Revenues and Transfers In	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
1996	\$ 1,920	\$ 0	\$ 1,920	\$ 395	\$ 85	4.00	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00
1997	1,501	0	1,501	404	99	2.98	0	0	0	0	0	0.00
1998	1,416	0	1,416	428	91	2.73	0	0	0	0	0	0.00
1999	1,472	0	1,472	449	74	2.81	0	0	0	0	0	0.00
2000	7,658	0	7,658	283	56	22.59	0	0	0	0	0	0.00
2001	6,016	16	6,000	285	2,621	2.07	2,825	69	2,756	0	57	48.35
2002	5,943	129	5,814	310	3,054	1.73	140	21	119	5	179	0.65
2003	7,559	74	7,485	323	2,891	2.33	1,554	71	1,483	9	296	4.86
2004	9,062	568	8,495	829	3,317	2.05	1,699	31	1,668	13	380	4.24
2005	10,813	40	10,773	881	2,020	3.71	1,217	3	1,214	14	481	2.45

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 (b)	Median Age	Education Level in Years of Schooling	Public School Enrollment (d)	Unemployment Rate (e)	
1996	465,393	\$ 13,218,092	\$ 28,402	31.0	14.9	71,613	4.0	%
1997	470,638	14,114,434	29,990	31.3	15.0	72,542	3.9	
1998	475,671	15,176,283	31,905	31.6	15.1	73,515	3.5	
1999	482,869	16,197,358	33,544	31.9	15.1	74,097	2.8	
2000	491,347	17,917,460	36,466	32.2	15.3	74,663	2.9	
2001	496,937	19,102,755	38,441	32.6	15.4	74,495	3.1	
2002	502,081	19,800,568	39,437	32.8	15.4	75,094	3.7	
2003	505,205	20,442,110	40,463	32.9	15.6	74,798	3.6	
2004	508,572	21,914,876	43,091	33.0	15.6	74,519	3.4	
2005	511,549	22,982,362	44,927	33.5	15.6	74,000	3.5	

Sources:

- (a) Population for 2000 is from U.S. Bureau of the Census. Remaining years are estimates derived by the Anne Arundel County Office of Planning and Zoning.
- (b) U.S. Bureau of Economic Analysis and the Anne Arundel County Office of Planning and Zoning Estimates.
- (c) Maryland State Department of Education and the Anne Arundel County Board of Education.
- (d) Anne Arundel County Board of Education.
- (e) Maryland Department of Labor, Licensing and Regulation.

**ANNE ARUNDEL COUNTY, MARYLAND**

**Principal Employers**

**Current Year and Nine Years Ago**

Employer	2005		1996	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
National Security Agency	16,000	4.90%	35,000	14.60%
Anne Arundel Co. Public Schools	14,310	4.38%	13,320	5.56%
Ft. George G. Meade	14,150	4.33%	9,006	3.76%
State of Maryland	9,524	2.92%	7,647	3.19%
Northrop Grumman Corp.	8,250	2.53%	7,461	3.11%
Anne Arundel County General Government	4,111	1.26%	3,500	1.46%
North Arundel Health System	2,432	0.74%	2,450	1.02%
Southwest Airlines	2,425	0.74%	2,254	0.94%
U.S. Naval Academy	2,052	0.63%	1,800	0.75%
Anne Arundel Health System	2,025	0.62%	1,733	0.72%
	<u>75,279</u>	<u>23.06%</u>	<u>84,171</u>	<u>35.12%</u>

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

ANNE ARUNDEL COUNTY, MARYLAND

County Government Employees by Function

Last Ten Fiscal Years

Function/program	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General government	401	495	506	516	525	536	557	586	554	535
Public safety										
Police	786	817	831	884	886	895	895	1,047	1,037	904
Fire	629	629	634	633	633	643	654	654	675	721
Detention center	234	260	360	404	404	434	434	434	409	408
Health and human services	81	83	85	105	104	133	141	173	175	161
Public works	472	388	388	341	344	341	340	347	339	295
Recreation and community services	68	70	71	100	102	106	107	109	99	99
Judicial	207	244	260	293	300	309	312	273	260	261
Code enforcement	163	163	163	165	166	171	175	173	158	156
Land use and development	94	95	96	99	92	96	98	94	104	101
Water and wastewater	380	379	382	374	367	368	362	353	353	348
Solid waste	69	70	68	68	68	76	83	83	83	83
Child care	4	4	5	6	6	6	6	7	7	7
Total	3,588	3,698	3,849	3,989	3,997	4,115	4,164	4,334	4,253	4,079

ANNE ARUNDEL COUNTY, MARYLAND

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/program	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Police										
Physical arrests	15,855	16,346	18,651	17,772	17,502	16,507	16,609	15,858	16,419	16,321
Parking violations	3,114	3,159	2,593	2,797	2,857	2,003	3,255	3,325	4,010	4,382
Traffic violations	41,043	51,845	67,455	55,926	58,664	68,882	56,225	53,055	53,855	61,161
Fire										
Emergency responses	43,240	44,413	45,735	49,786	53,355	54,198	59,587	59,435	62,565	61,412
Inspections	8,275	7,730	9,495	9,408	12,630	8,848	8,842	12,301	10,353	8,644
Streets and highways										
Resurfacing (miles)	30.4	31.0	46.9	49.7	63.6	81.7	65.4	45.0	31.1	78.2
Recreation and community services										
Athletic field permits issued	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5,685	5,754	6,032
Water										
New water connections	1,878	1,863	1,963	2,115	2,241	2,392	1,649	1,354	4,856	1,477
Water main breaks	116	128	95	103	140	88	116	150	162	129
Average daily water consumption (thousands of gallons)	30,881	29,008	30,832	32,633	31,359	34,694	32,763	31,920	30,886	31,484
Number of customers	81,994	91,346	85,820	87,935	90,175	92,600	94,200	95,570	100,427	101,623
Wastewater										
Average daily sewage treatment (thousands of gallons)	31,768	31,590	32,262	27,829	31,468	30,806	29,294	33,443	33,953	32,457
Number of customers	89,431	91,346	93,379	98,008	100,985	100,800	101,900	103,361	108,017	109,179
Solid waste										
Refuse collected (tons per day)	1,077	594	756	785	834	858	882	905	1,103	1,044
Recyclables collected (tons per day)	209	221	212	215	246	257	270	284	360	307
Child care										
Enrollment	1,062	1,216	1,299	1,372	1,328	N/A	1,414	1,533	1,619	1,689



ANNE ARUNDEL COUNTY, MARYLAND

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function/program	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Public Safety										
Police										
Stations	6	6	8	8	8	8	8	9	10	10
Patrol units (vehicles)	373	371	411	392	394	393	399	414	414	429
Fire										
County owned stations	15	15	15	15	15	15	17	17	17	17
Volunteer stations	14	14	14	14	14	14	12	12	12	12
Pumpers/tankers	55	59	64	58	63	60	67	62	60	68
Ladder trucks	11	13	20	20	18	19	19	21	22	22
Paramedic units	16	34	38	39	39	40	39	40	41	39
Streets and highways										
Streets (miles)	1,592	1,592	1,609	1,628	1,654	1,669	1,691	1,710	1,735	1,754
Streetslights	32,218	32,860	33,169	33,455	33,926	34,290	34,467	34,877	35,081	35,423
Traffic signals	127	131	133	134	143	150	156	156	161	162
Recreation and community services										
Open space acreage	2,749	2,783	2,851	2,794	3,234	3,348	4,517	4,517	5,240	5,467
Playgrounds and Parks acreage	3,134	3,515	3,546	3,751	3,953	4,102	5,644	5,644	5,647	5,671
Parks										
Playgrounds	144	147	147	149	81	92	93	93	94	92
Baseball/softball fields	364	366	369	376	193	199	206	206	210	213
Football fields	200	203	209	207	151	155	161	161	162	169
Basketball courts	142	143	143	143	111	111	113	113	113	111
Tennis courts	232	235	235	231	219	219	219	219	214	212
Community centers										
Water										
Water mains (miles)	1,035	1,052	1,074	1,100	1,111	1,130	1,154	1,160	1,291	1,303
Water treatment plants	23	23	20	20	20	13	13	13	14	13
Wastewater										
Sanitary sewers (miles)	1,006	1,050	1,068	1,093	1,103	1,120	1,142	1,156	1,346	1,363
Maximum daily treatment capacity (thousands of gallons)	42,115	42,115	42,115	42,115	42,115	43,615	43,615	43,615	43,615	43,615
Wastewater mains (miles)	1,006	1,050	1,068	1,093	1,103	1,120	1,142	1,156	1,346	1,363
Wastewater treatment plants	7	7	7	7	7	7	7	7	7	7
Wastewater pumping stations	240	241	242	239	240	241	241	242	243	243

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