

Anne Arundel County, Maryland

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2006

County Executive

Janet S. Owens

County Council

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

**Anne Arundel County, Maryland
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006**

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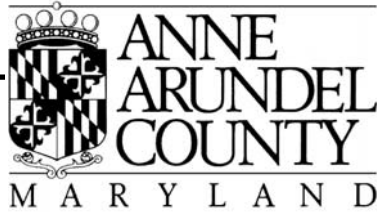
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December 1, 2006

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, 2006. 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 2006.

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

The responsibility for the accuracy and fairness of the presentation, including all disclosures, rests with the County. We believe the data as presented to be accurate in all material respects and to reflect fairly the financial position and results of operations for the various funds. Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

About Anne Arundel County

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

ANNE ARUNDEL COUNTY

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

Government

Under a home rule charter, the County's executive functions are vested in the elected County Executive, who is the chief executive officer of the County and is generally responsible for the proper and efficient administration of the affairs of the County. The County Council, which consists of seven members, is the County's legislative body. The Council members are elected by election district and the County Executive is elected at-large to serve four-year terms; the County Council members and the County Executive are limited to two consecutive four-year terms.

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

Economic Condition and Outlook

Anne Arundel County sustained a healthy economy in the fiscal year 2006. The County has one of the strongest economies in Maryland and continues to be a leader for job growth in the State. Anne Arundel County is fortunate to have a diverse business mix ranging from a strong government sector supported by the presence of Fort George G. Meade, a thriving tourism industry, and a growing defense contractor community as a result of the presence of the National Security Agency. Anne Arundel County is also home to the Baltimore/Washington International Thurgood Marshall Airport, one of the State's most important economic engines.

One key driver of the County's strong economic performance is Federal government spending. Anne Arundel County ranks fourth for procurement dollars spent among Maryland counties receiving \$ 1.1 billion in defense procurement contracts. Fort George G. Meade is one of the biggest winners nationwide with the Base Realignment and Closure (BRAC) plans. Fort Meade will receive 5,300 additional personnel at the base by 2010 with the relocation of the Defense Information System Agency (DISA) and other agencies. BRAC related activities will add \$ 1 billion to Fort 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 Fort Meade to support the National Security Agency and DISA. Anne Arundel County is home to seven out of the top ten defense contractors in the nation, such as Northrop Grumman, Lockheed Martin and General Dynamics.

Anne Arundel County continues to sustain a healthy tourism sector as people visit the County to enjoy the 524 miles of shoreline, the historic Annapolis area, the annual boat shows and many festivals and the myriad of shopping choices the County has to offer. Anne Arundel County is ranked number one in the State of Maryland for tourism. Travelers spend an estimated \$ 1.5 billion in Anne Arundel County, representing 17.5% of the total State share. These visitors generated \$ 159.5 million in state and local tax revenue. The tourism industry directly employs 27,000 people in Anne Arundel County resulting in the travel and tourism industry being the fourth major employer in the County. These jobs generate \$ 111 billion in wages for the County. To accommodate the tourism growth four new hotels opened in 2006 and currently there are an additional twelve hotels in the planning and construction phase.

The Baltimore/Washington International Thurgood Marshall Airport (BWI) is another important economic driver for Anne Arundel County. It supports 11,000 direct jobs in the County and generates \$ 2.7 billion of direct economic activity. Airport activities generate \$ 153 million in state and local tax revenue. The first major phase of

ANNE ARUNDEL COUNTY

the \$ 1.4 billion improvement and expansion program at the airport has been completed. The project has added additional parking, improved infrastructure, consolidated the rental car facilities and added additional gates to accommodate Southwest Airline's growth. The completed construction has ensured that it will be prepared for future growth and continue to be a leading airport in the region.

Anne Arundel County continues to sustain positive trends in employment and job growth largely because of its geographic location in the Baltimore Washington Region---the fourth largest metropolitan region in the country with a population of 7.5 million. The County's unemployment rate has averaged 3.4% during the last year, which is below the State of Maryland at 3.9% and well below the National average of 4.7%. Anne Arundel County's job growth remains strong with 7,478 additional people on the payrolls in 2005 reflecting the growth of defense contractors in the County. The warehousing and distribution sector has also experienced growth with 1,748 additional jobs in 2005. Some of the larger leases in the County in the fiscal year 2006 include: General Dynamics opened their 62,000 square foot office in Hanover creating 100 jobs; Owens Minor leased 270,871 square feet creating 107 jobs; National Fidelity Mortgage leased 19,300 square feet creating 130 jobs; Metro Logics leased 352,860 square feet creating 200 jobs; and Shaller Anderson leased 25,000 square feet creating 160 jobs.

Anne Arundel County continues to be an economic engine for the State of Maryland and the region. The County continues to build on an already strong economic base with the expansion of its defense and technology sectors and sustained growth in the tourism and warehousing and distribution industries. Anne Arundel County's proximity to Washington and Baltimore, coupled with the attractive quality of life and access to a highly skilled workforce, will ensure that the County will continue to experience growth as businesses choose the County as a 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, Incen-

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tive Loan Program, Roads and Special Benefits, Piney Orchard Wastewater Service, Local Management Board, Inmate Benefit and Morale, Reforestation, Workforce Development and Arundel Community Development Services. 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 \$ 38,754,372 at June 30, 2006. This fund may only be used upon request of the County Executive, with the approval of the County Council, to cover existing appropriations when revenues are not attained.

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

Cash Management

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

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

Debt Management

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

Risk Management

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

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

Retirement Plans and Other Post Employment Benefits

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

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

The County also provides post retirement health and dental care benefits for certain retirees and their dependents. Currently, Generally Accepted Accounting Principles (GAAP) do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. However, for reporting periods beginning after December 15, 2006, the County will need to implement Governmental Accounting Standards Board (GASB) Statement #45 providing guidance to employers who offer other post employment benefits (OPEB). Thus, in the fiscal year ended June 30, 2008, the County will report any OPEB liability as required under the new guidance.

Long-Term Financial Planning

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

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, 2005. This was the twenty-fifth consecutive year that the County has received this prestigious award.

In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards.

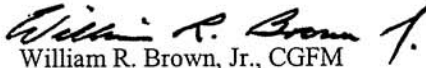
ANNE ARUNDEL COUNTY

This report satisfies both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

On behalf of the Office of Finance, I would like to thank the County Executive for 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, 2005

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.



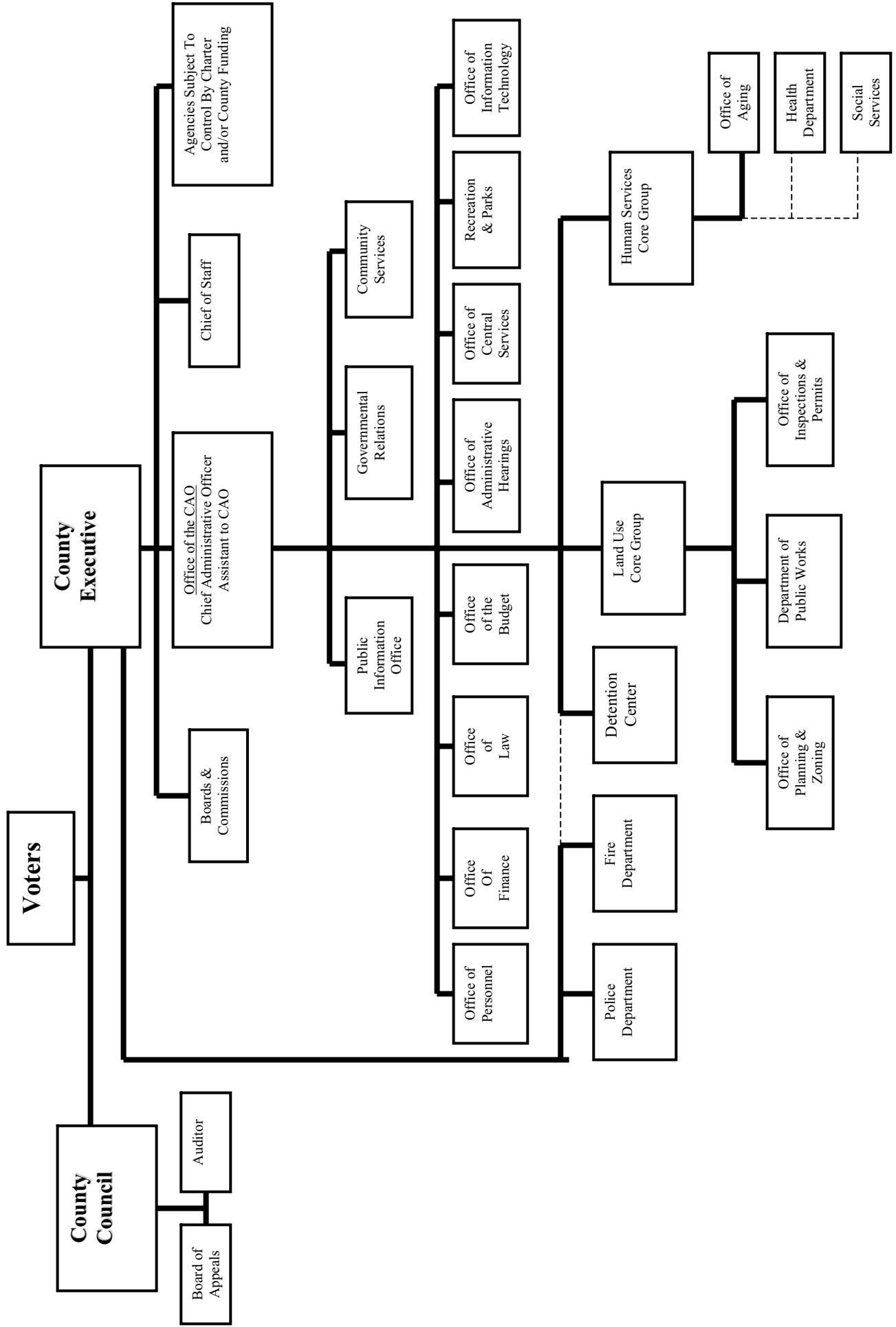
Carla E. Perry

President

Jeffrey R. Emery

Executive Director

Anne Arundel County, Maryland Organizational Chart



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, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Anne Arundel County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit (1) the component unit financial statements of the Anne Arundel Community College; and (2) the component unit financial statements of the Anne Arundel Economic Development Corporation, the Tipton Airport Authority and the Anne Arundel Workforce Development Corporation, which represent 55 percent, 51 percent, and 33 percent, respectively, of the assets, net assets and revenues of the other nonmajor component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above mentioned component units, is based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Anne Arundel County, Maryland, as of June 30, 2006, 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 15, 2006 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 have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Anne Arundel County, Maryland's basic financial statements. The accompanying supplementary information, such as the introductory section, combining and individual nonmajor component units and fund financial statements, and statistical tables listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining 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 Gunderson LLP

Baltimore, Maryland
December 15, 2006



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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Anne Arundel County, Maryland (the County), as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Anne Arundel County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit (1) the component unit financial statements of the Anne Arundel County Board of Education; (2) the component unit financial statements of the Anne Arundel Community College; (3) the component unit financial statements of the Anne Arundel Economic Development Corporation, the Tipton Airport Authority and the Anne Arundel Workforce Development Corporation, which represent 55 percent, 51 percent, and 33 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.

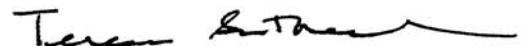
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Anne Arundel County, Maryland, as of June 30, 2006, 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 15, 2006 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 listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining 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 15, 2006



Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2006

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, 2005 have been provided herein.

Overview of Basic Financial Statements

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

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

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

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

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

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

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

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

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purpose; and debt service funds which accumulate resources to pay certain long term debt issued by the County or separate districts.

The perspective of these statements is narrower than the government-wide statements discussed previously. These statements present the financial position and changes in financial position resulting from currently available resources and currently due liabilities. Therefore, revenues are not recorded until available and expenses are 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 that are used to accumulate temporary deposits and other funds that are collected from outside parties in order to be returned to the payor or passed on to a third party. The Pension Trust Fund follows the full-accrual method of accounting. The agency funds are presented as balances only and record no revenue or expenses.

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

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

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

Financial Highlights

Overall Financial Position – During fiscal year 2006 the County's net assets resulting from governmental activities have increased by \$66.2 million. The components of net assets show an increase in Capital assets, net of related debt, of \$44.9 million, an increase in restricted net assets of \$58.7 million, and a decrease in unrestricted net assets of \$37.5 million. These changes indicate that additional net assets earned during fiscal year 2006 have been applied to capital assets and other restricted sources. This is primarily due to the County's substantial increase in the amount of excess revenues used to fund capital improvements. The amount of such pay go funds increased from \$33.4 million in fiscal year 2005 to nearly \$83 million in 2006. Although the amount was earmarked for capital improvements in 2006, much of this funding remains unspent, as construction on intended assets is not yet complete.

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The fiscal year 2006 results for the County's business-type activities show little change in the overall financial position. Total net assets increased only 3%, which was generated by additional capital assets and increased user charges in the Utility funds.

Changes to Statement of Net Assets' Components - In governmental activities the increase in total assets of \$96.7 million outpaced the increase in total liabilities of \$30.5 million. The current assets and capital assets categories both increased by 6%; while restricted current assets increased by 18%. This more significant increase occurred because pay go funds moved to capital projects are now shown in the restricted category. As previously noted, much of this cash remains unexpended. In addition, current restricted liabilities also increased as the capital projects' accrued liabilities were \$5.5 million higher than the previous fiscal year.

Net assets related to business-type activities increased \$30.1 million or 3% in fiscal year 2006. Assets increased by \$45 million, while liabilities only increased by \$14.9 million. Asset increases were caused by the net change of \$41.7 million in capital assets. These assets were constructed by County or donated by developers. The increase in total liabilities was caused by current liabilities, which increased by \$13.1 million, or 34%. This was due to the issue of bond anticipation notes of \$21 million in fiscal year 2006, compared to \$7 million issued in 2005.

Significant changes in revenues and expenses - In fiscal year 2006 the economy was strong. The County continued to see growth in major revenue sources. General revenues in governmental activities increased \$79.1 million, or 9% from fiscal year 2006. Anne Arundel County experienced growth in property tax revenues of \$25.3 million, local income taxes of \$31.3 million, and recordation and transfer taxes of \$13.2 million. Investment earnings increased \$6.2 million in fiscal year 2006 due to increasing interest rates but are less than 1% of general revenues and have little effect on overall 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 growth trends in recordation and transfer taxes have slowed recently as new home sales and mortgage refinancing have declined due to increasing interest rates.

The program revenues within governmental activities increased by \$19.2 million. Of this increase, charges for services increased \$11.3 million, or 16%; operating grants and contributions grew by \$10.8 million, or 14%, while capital grants & contributions dropped \$2.9 million, or 7%. The additional charges for services resulted from the fees collected at the County's two golf courses, a new revenue source in fiscal year 2006, and the increase in insurance premiums collected from component units and other outside parties.

The business-type activities show an increase in total program revenue of \$18.3 million. There was a modest increase in charges for services of \$13.1, or 13%. This additional revenue resulted from an increase in the water usage rate from \$1.86 to \$2.00 per thousand gallons and a new billing fee passed to utility customers that resulted in approximately \$2.7 million in fiscal year 2006.

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 \$18.9 million in fiscal year 2006. The County issued \$64 million of bonds for governmental activities, \$21 million for business-type activities, and \$121.2 million of refunding bonds. Of the annual non refunding issue of \$85 million, \$41.5 million of the proceeds were used to liquidate BANS issued in May of 2005 and \$43.5 million was used to fund ongoing capital projects. The County issued \$59 million of BANS in March 2006 to fund capital expenditures in fiscal year 2007. Of this amount, \$38 million related to governmental activities, including education, public safety, infrastructure improvements, recreation, libraries, and general government improvements. The business-type activities received the remaining \$21 million of proceeds, which will be used for utility and waste collection improvements.

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

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

Anne Arundel County, Maryland						
Condensed Statement of Net Assets						
	Governmental		Business-type		Total	
	Activities		Activities			
	2006	2005 (restated)	2006	2005 (restated)	2006	2005 (restated)
Assets:						
Current	\$ 302,284,316	\$ 284,030,718	\$ 47,905,265	\$ 44,258,114	\$ 350,189,581	\$ 328,288,832
Restricted - Current	172,466,220	145,942,375	161,855,482	158,647,257	334,321,702	304,589,632
Restricted - Noncurrent	-	-	61,793,450	65,368,463	61,793,450	65,368,463
Capital	957,897,959	905,944,858	1,051,247,029	1,009,498,706	2,009,144,988	1,915,443,564
Total	<u>1,432,648,495</u>	<u>1,335,917,951</u>	<u>1,322,801,226</u>	<u>1,277,772,540</u>	<u>2,755,449,721</u>	<u>2,613,690,491</u>
Liabilities:						
Current	153,061,655	146,733,675	51,943,720	38,869,267	205,005,375	185,602,942
Restricted - current	35,304,462	31,463,525	21,144,496	21,194,711	56,448,958	52,658,236
Noncurrent	619,286,809	598,930,412	300,945,153	299,019,661	920,231,962	897,950,073
Total	<u>807,652,926</u>	<u>777,127,612</u>	<u>374,033,369</u>	<u>359,083,639</u>	<u>1,181,686,295</u>	<u>1,136,211,251</u>
Net Assets:						
Invested in capital assets, net of related debt	562,505,745	517,571,182	763,729,810	739,960,629	1,326,235,555	1,257,531,811
Restricted	169,345,600	110,596,682	174,990,646	173,035,962	344,336,246	283,632,644
Unrestricted	(106,855,776)	(69,377,525)	10,047,401	5,692,310	(96,808,375)	(63,685,215)
Total	<u>\$ 624,995,569</u>	<u>\$ 558,790,339</u>	<u>\$ 948,767,857</u>	<u>\$ 918,688,901</u>	<u>\$ 1,573,763,426</u>	<u>\$ 1,477,479,240</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 \$18.3 million higher in fiscal year 2006 in the governmental activities primarily due to increase in the State income tax receivable of \$12 million. The business-type activities increased in current assets of \$3.6 million, due to higher levels of cash and service billings receivable.

Restricted assets in governmental activities have increased by \$26.5 million. As mentioned above the capital projects were provided additional pay go funding in 2006 causing restricted cash to increase by \$35.1 million. The fluctuation in current restricted assets in business-type activities is \$3.2 million, or 2%. Restricted noncurrent assets have decreased by \$3.6 million from fiscal year 2005, a 5% 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.

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The governmental capital assets net balance has increased by \$52 million from the previous year, a 6% increase. There was no significant increase in any one category of capital assets. Capital assets in the business-type activities increased by \$41.7 million, or 4%. The fiscal year 2005 capital asset and accumulated depreciation balances have been adjusted to reflect certain developer built assets that had not been captured in the period donated.

Current liabilities for governmental activities have increased by \$6.3 million, or 4% from the previous fiscal year. The increase in bond anticipation notes of \$3.5 million from the previous year caused the change. The current liabilities in business-type activities increased by \$13.1 million, or 34%, from fiscal year 2005, as the issue of bond anticipation notes was \$14 million more than fiscal year 2005.

Restricted current liabilities for governmental activities have increased \$3.8 million, or 12% from fiscal year 2005. As noted previously, capital construction accrued liabilities to vendors has increased \$5.5 million compared to fiscal year 2005 because of the increase in funding for such improvements. Restricted current liabilities for business-type activities showed little change.

Noncurrent liabilities consist of bonded debt, self insurance reserves, loans, capital leases, and other liabilities. These liabilities increased \$20.4 million or 3% in governmental activities and increased by \$1.9 million, or 1% in business-type activities. For governmental activities the long-term insurance reserves have increased by \$2.8 million due to increase in health care costs and self insurance claims reserves and long-term bonds and agreements have increased by \$16.6 million. Noncurrent liabilities in business-type activities increased by \$1.9 million, or 1%. Landfill closure reserves caused this increase. This reserve climbed by \$5.8 million in fiscal year 2006 due to the results of a revised landfill study and a decrease in the available capacity of the County's landfill. This increase was offset by a decline in deferred revenue of \$3.8 million, caused by the adjustment and usage of developer vouchers.

The components of governmental and business type net assets were discussed in the financial highlights above. It should be noted the negative unrestricted net assets in governmental activities have increased from (\$69.4) million to (\$106.9) million, an increase of 54%. It is important to note that although counties in the State of Maryland issue debt for the construction of schools, the schools are owned by the local Boards of Education. Ownership reverts to the County if the building is no longer needed. The County also funds projects for the Community College and others that do not result in County assets. Therefore, while the County's statements include this outstanding debt, there are no capital assets recorded on the primary government's statements. The negative unrestricted governmental activities fund balance of \$106.9 million reflects this treatment. The Board of Education and Community College capital net assets of approximately \$572.4 million and \$57.7 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 table below shows the fluctuations in this balance over the past few years. Although recent trends have been favorable and fiscal year 2006 was a strong financial year for the County, most of the excess net assets were funneled to capital improvements and are therefore classified in the capital assets and restricted net assets categories.

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

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 amounts from the previous fiscal year. An analysis of this information follows the schedule.

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	Governmental Activities		Business-type Activities		Total	
	2006	2005 (restated)	2006	2005 (restated)	2006	2005 (restated)
Program revenues:						
Charges for services	\$ 83,563,485	\$ 72,250,898	\$ 113,444,032	\$ 100,386,154	\$ 197,007,517	\$ 172,637,052
Operating grants & contributions	86,392,388	75,547,948	-	-	86,392,388	75,547,948
Capital grants & contributions	41,828,912	44,740,757	43,990,800	38,787,591	85,819,712	83,528,348
	<u>211,784,785</u>	<u>192,539,603</u>	<u>157,434,832</u>	<u>139,173,745</u>	<u>369,219,617</u>	<u>331,713,348</u>
General revenue:						
General property taxes	437,323,072	412,001,280			437,323,072	412,001,280
Local income taxes	339,522,458	308,215,401			339,522,458	308,215,401
State shared taxes	7,119,854	6,613,645			7,119,854	6,613,645
Recordation & transfer taxes	129,932,542	116,713,326			129,932,542	116,713,326
Local sales taxes	34,175,913	31,249,156			34,175,913	31,249,156
Investment income	10,594,765	4,437,329	9,245,746	4,920,451	19,840,511	9,357,780
Other revenue	45,417	336,090	7,688,002	7,042,120	7,733,419	7,378,210
	<u>958,714,021</u>	<u>879,566,227</u>	<u>16,933,748</u>	<u>11,962,571</u>	<u>975,647,769</u>	<u>891,528,798</u>
Total revenues	<u>1,170,498,806</u>	<u>1,072,105,830</u>	<u>174,368,580</u>	<u>151,136,316</u>	<u>1,344,867,386</u>	<u>1,223,242,146</u>
Expenses:						
Education	545,274,308	506,794,807			545,274,308	506,794,807
Public safety	208,105,539	185,398,446			208,105,539	185,398,446
General government	87,480,194	90,537,732			87,480,194	90,537,732
Health & human services	72,130,374	69,008,933			72,130,374	69,008,933
Public works	62,299,800	57,940,987			62,299,800	57,940,987
Recreation & community services	53,132,411	50,097,353			53,132,411	50,097,353
Judicial	20,647,728	19,673,396			20,647,728	19,673,396
Code enforcement	11,175,710	10,699,715			11,175,710	10,699,715
Land use & development	10,456,642	9,686,322			10,456,642	9,686,322
Economic development	3,445,000	3,330,000			3,445,000	3,330,000
Interest expense on debt	30,145,870	26,436,198			30,145,870	26,436,198
Water & wastewater			94,108,900	94,708,294	94,108,900	94,708,294
Waste collection			47,638,224	38,995,723	47,638,224	38,995,723
Child care			2,542,500	2,361,711	2,542,500	2,361,711
Total expenses	<u>1,104,293,576</u>	<u>1,029,603,889</u>	<u>144,289,624</u>	<u>136,065,728</u>	<u>1,248,583,200</u>	<u>1,165,669,617</u>
Change in net assets	66,205,230	42,501,941	30,078,956	15,070,588	96,284,186	57,572,529
Net assets, beg of year, as restated	558,790,339	516,288,398	918,688,901	903,618,313	1,477,479,240	1,419,906,711
Net assets, end of year	<u>\$ 624,995,569</u>	<u>\$ 558,790,339</u>	<u>\$ 948,767,857</u>	<u>\$ 918,688,901</u>	<u>\$ 1,573,763,426</u>	<u>\$ 1,477,479,240</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 \$98.4 million, which is a 9% increase from the previous year. Except for declines in capital grants and contributions and other revenue, all sources have increased. Most notably is the increase of \$13.2 million in recordation and transfer taxes, the \$25.3 million increase in general property taxes, and the \$31.3 million in additional local income taxes. Since property and local income tax rates were not raised in fiscal year 2006, these increases are evidence of the improvement in the County's economy. Due to the sizable increase in the property tax base the property tax cap limitation caused the property tax rates to decline slightly in 2006.

The expenses of the governmental activities have increased by \$74.7 million or 7% from fiscal year 2005. Most functional categories have increased, the increase is due to additional spending for capital projects and annual increases to the operating costs. Education expenses increase \$38.5 million, or 8% from fiscal year 2005. This was primarily caused by payments to the Board of Education for operations, which increased by \$36.8 million. Public Safety functional expenses increased by 12% from fiscal year 2005. This was primarily caused by increases in operating costs for the Police and Fire departments of 9.0 and 12.4%, respectively.

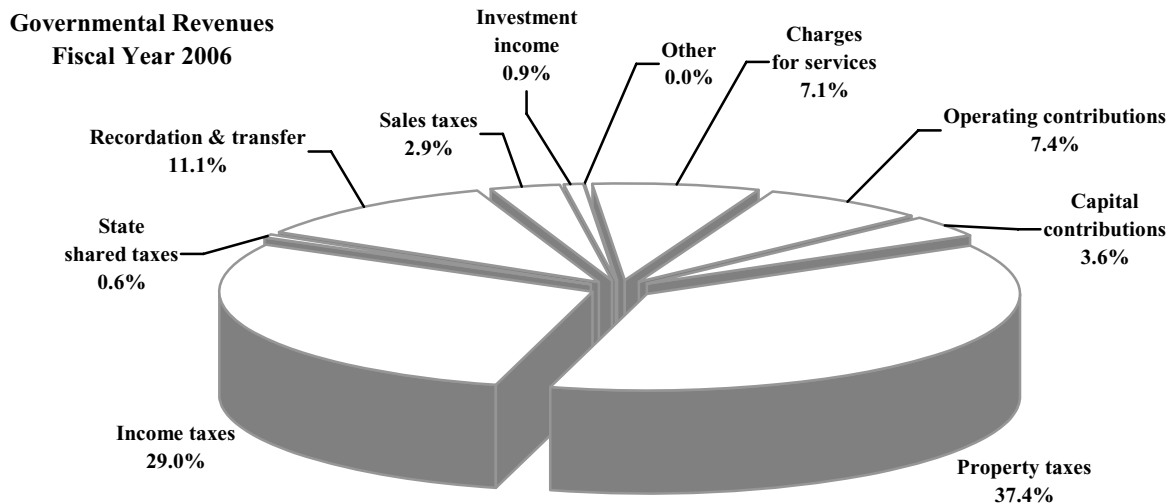
In business-type activities there was an increase in charges for services of \$13.1 million or 13% in fiscal year 2006. Capital grants and contributions have climbed \$5.2 million, or 13% from the previous year. Increases in user charges for Water service and fees, additional developer built assets transferred to County ownership, and the increased use of capital connection vouchers caused this increase. Investment income has increased \$4.3 million or 88% from fiscal year 2005 to 2006. Climbing interest rates have caused this fluctuation as well as a one-time adjustment to the earnings on a long-term note receivable.

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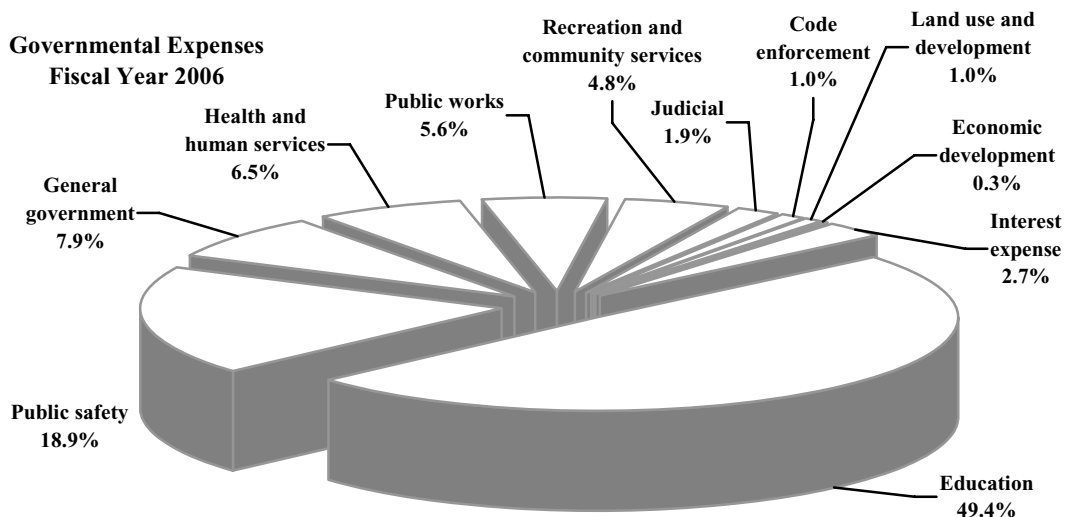
Business-type expenses indicate Water and wastewater activities have decreased by \$599,394, Waste collection activity increased \$8.6 million or 22%, and Child Care activities increased by \$180,789 or 8%. The increase in Waste collection was primarily caused by increases to closure and post closure reserves recommended by a recent consultant's report.

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 2006 distribution and significant changes since 2005 follows.



General revenue sources continue to provide the vast majority of the County's revenue. Tax revenues from property assessments, income, State shared sources, recordation and transfer, and sales of certain goods provided 81% of our revenue base, a slight decline from 82% in fiscal year 2005. Charges for service increased as a percent of the total from 6.8% in fiscal year 2005 to 7.1% in 2006. In fiscal year 2006 the County assumed operations of Compass Pointe and Eisenhower Golf Courses, which together provided an additional \$4.6 million of revenues. In addition, the County collected \$2.8 million more in Self Insurance and Health Insurance Fund premiums from component units and other outside parties.



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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. Public Safety increased from 18% of total expenses to 18.9% while General Government dropped from 8.8% of total expenses in fiscal year 2005 to 7.9% in fiscal year 2006.

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 \$230.7 million to \$239.3 million, an increase of \$8.6 million from fiscal year 2005. The increases occurred primarily in local income tax receivable, which had increased by \$12 million. Total fund balance increased from \$142.7 million to \$147.2 million. Recordation and transfer taxes in excess of the anticipated amount by \$42.9 million was the primary reason for the increase in fund balance. Favorable trends in property taxes, and investment income also contributed to the additional fund balance. Expenditures increased to utilize the additional revenue but revenue growth outpaced expectations.

The unreserved and undesignated General Fund balance has increased from \$18.2 million in fiscal year 2005 to \$33.1 million in 2006 because less 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 dropped from \$75.9 million to \$59.6 million. These funds are typically earmarked for capital improvements as pay as you go funding for general county capital projects.

The County has a revenue reserve fund of \$38.8 million at the end of fiscal year 2006. The growth in this fund from the prior year of \$3.1 million was due to an additional contribution of \$1.7 million in fiscal year 2006 and interest earnings of \$1.4 million. This reserve may only be used when revenues fall short of expectations. Use of the reserve requires legislative action. Further, legislation passed in September 2002 increased the amount of funding that can be allocated to this reserve each year. The fiscal year 2007 budget provides for an additional \$3.9 million of General Fund monies be reserved. This fund has been in existence since fiscal year 1994 and has not been utilized by Management.

The General Fund balance sheet also includes a \$4.1 million reserve for debt service. The County received a premium from its March 2005 and 2006 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 \$74.5 million compared to the prior fiscal year. Most of the General Fund's revenue sources increased; however, additional property tax revenue of \$26.4 million, state income taxes of \$19.9 million, and recordation and transfer taxes of \$13.2 million account for most of the growth. Expenditures increased \$73 million. Most categories of functional expenditures increased except General Government and Economic Development, which decreased by \$340,682 and \$45,000, respectively.

The Impact Fees Fund retains developer impact fees until utilized for the construction of capital assets. The balances within this fund are comparable with prior year's balances. Assets and fund balance dropped only slightly from \$52.6 million in fiscal year 2005 to \$52.3 million at the end of fiscal year 2006. Impact fees recognized dropped only \$160,758; however, the investment earnings increased \$985,718 due to the increase in interest rates. The sources provided \$13.3 million in fiscal year 2006 and \$13.7 million was used for the construction of capital assets.

The General County Capital Projects Fund's balance sheet shows \$27.4 million more assets in fiscal year 2006. This increase is due to the additional cash in the fund at the end of the fiscal year. In fiscal year 2006 the General Fund provided pay go funding of \$82,975,000 to the capital projects compared to \$33,420,000 in fiscal year 2005. This was done to utilize surplus fund balance and to provide needed infrastructure improvements.

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Total liabilities are fairly consistent with the previous year. There was a decrease in revenues of \$4.8 million, primarily from grants; and an increase in other financing sources and uses of \$31.3 million, primarily from additional pay as you go funds. Expenditures decreased by \$4.4 million from the previous year. The significant increase in pay go, offset by decreases in grants and new debt proceeds, caused the fund to gain \$28.1 million in net assets.

Proprietary Funds:

As noted previously the capital asset and depreciation balances have been adjusted for fiscal year 2005 to record additional developer-built assets. Therefore, when comparing fiscal year results, the prior year balances have been adjusted accordingly.

The Water and Wastewater Fund's assets increased by \$40.6 million during fiscal year 2006, caused by a \$38.2 million increase in capital assets, net of depreciation. The capital assets increase each year as capital projects are completed and developer donated water and sewer facilities are added. Liabilities have increased by \$10.3 million. Current liabilities include a higher balance in short-term debt from bond anticipation notes, \$12.5 million higher than in fiscal year 2005. As a result of the changes in assets and liabilities the Water and Wastewater Fund's net assets increased only \$30.3 million, or 3.3%.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets shows increases in operating revenues of \$1.7 million. Operating expenses have increased by \$2.5 million, or 3%. Nonoperating components also show little change except investment income has increased, \$3.8 million, and an analysis of fixed assets resulted in a \$3.1 million write off in fiscal year 2005. The comparable write-off in fiscal year 2006 was \$519,772. Capital contributions, fees and grants have decreased by \$3.8 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 \$4.3 million, or 7.2%. Liabilities have increased by \$4.9 million, primarily due to increases in landfill closure and post closure reserves' adjustment of \$5.8 million. This adjustment to reserves was offset slightly by decreases to long-term debt balances. Operating revenue has increased by only \$5.4 million, as household waste pick up charges increased from \$234 per household to \$275, a 17% increase. Expenses have increased \$9.1 million primarily due to the adjustment to landfill reserves.

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, 2005. Investment growth has slowed somewhat since calendar 2004, a trend that was also noted in the previous year. Therefore, the contributions of \$40.4 million during 2005, and the asset appreciation of \$81.1 million, resulted in a smaller increase in net assets of \$77.7 million, compared to the \$100.2 million in 2004, and \$191.5 million in 2003. Agency funds have decreased slightly from \$22.7 million to \$22.1 million. Most of the decrease was caused by the utilization of the Compass Pointe Golf Escrow, which has been drawn down during the fiscal year by \$826,374.

Budgetary Variations

The budgetary statements of the General Fund show actual revenues of \$1.088 billion compared to budgeted amounts of \$1.03 billion, resulting in \$56.6 million more revenue than anticipated. The most significant budgetary variation within components of revenue was actual recordation and transfer taxes, which exceeded budget by \$42.9 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 \$1.093 billion compared to appropriation authority of \$1.109 billion, resulting in \$16.3 million, or 1.5%, less than planned. As a result, the amended budget anticipated using fund balance of \$77.9 million, however, \$5 million of fund balance was actually used.

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2006

The only notable variances in expenditures were Land use and development, which under spent by \$1.6 million or 14.6%; General government, which under spent by \$5.7 million, or 6.7%; and Debt service costs, which were \$2.4 million or 5.7% less than the appropriations. Land use and development experienced higher turnover than anticipated, as some positions remained vacant during the fiscal year. The variance in the General government category occurred because the County did not use \$3.5 million of the contingency monies set aside in the budget. The debt service category under spent because of lower than expected interest rates and the application of bond premiums, which reduces interest expense.

In reviewing the changes from the original budget to final budget, the budget for General government expenditures increased from \$84.9 million to \$85.8 million. The increase was due to additional appropriations granted in the fourth quarter of fiscal year 2006. The excess fund balance from fiscal year 2005 was used to fund an additional appropriation to the Self Insurance Fund of \$5.0 million. 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 capital assets show an increase from the prior year of \$51.9 million, or 5.7%. The table shows an \$11.6 million, or 24.5%, increase in Land improvements. This increase occurred because two significant Parks projects were substantially completed during fiscal year 2006 and, therefore, have been capitalized. The sidewalk, curb, & gutter, automobiles and rolling stock, and construction in progress categories have increased by 18.8%, 18%, and 18.4%, respectively. The increase in sidewalk, curb, & gutter was caused by both developer contributed and County-built capital projects increasing approximately \$1.3 million from the prior year. The increase in automobiles and rolling stock is typical as the County continues to improve its fleet of fire equipment and other rolling stock. Construction in progress has increased because the County has dedicated recent surpluses and additional bond proceeds for the improvement of its infrastructure and facilities.

Business-type capital assets – The capital assets in business-type activities have increased by \$41.7 million, or 4.1% from fiscal year 2005. Many 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 \$26.2 million, or 18.5%. Construction on major wastewater projects caused this increase.

Anne Arundel County, Maryland							
Capital Assets (net of depreciation)							
	Governmental Activities		Business-type Activities		Total		
	2006	2005 (restated)	2006	2005 (restated)	2006	2005 (restated)	
Land and easements	\$ 161,908,627	\$ 160,429,707	\$ 10,800,325	\$ 8,549,360	\$ 172,708,952	\$ 168,979,067	
Historical property							
and works of art	4,166,465	4,166,465	-	-	4,166,465	4,166,465	
Land improvements	58,866,264	47,296,911	10,386,232	11,968,463	69,252,496	59,265,374	
Buildings	227,559,876	229,596,100	14,975,559	15,282,794	242,535,435	244,878,894	
Roads, bridges and signals	170,792,148	162,960,400	-	-	170,792,148	162,960,400	
Sidewalks, curbs and gutters	20,477,291	17,240,693	-	-	20,477,291	17,240,693	
Storm drains and culverts	91,049,698	92,395,387	-	-	91,049,698	92,395,387	
Water and sewer plants and lines	-	-	840,490,637	827,698,517	840,490,637	827,698,517	
Automobiles and rolling stock	25,494,264	21,606,490	1,858,471	1,724,304	27,352,735	23,330,794	
Furniture and equipment	12,137,267	12,330,747	5,143,541	2,843,536	17,280,808	15,174,283	
Software	2,644,436	3,480,655	-	-	2,644,436	3,480,655	
Construction in progress	182,801,623	154,441,303	167,592,264	141,431,732	350,393,887	295,873,035	
Total	<u>\$ 957,897,959</u>	<u>\$ 905,944,858</u>	<u>\$ 1,051,247,029</u>	<u>\$ 1,009,498,706</u>	<u>\$ 2,009,144,988</u>	<u>\$ 1,915,443,564</u>	

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

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2006

Anne Arundel County, Maryland
Analysis of Depreciable Assets

	Governmental			Business-type		
	2006	2005	2004	2006	2005	2004
Total depreciable capital assets	\$ 1,074,620,715	\$ 1,030,177,091	\$ 979,107,231	\$ 1,295,633,930	\$ 1,249,598,067	\$ 1,208,400,613
Accumulated depreciation	(465,599,471)	(443,269,709)	(414,993,288)	(422,779,490)	(390,080,453)	(363,133,760)
Net depreciable capital assets	\$ 609,021,244	\$ 586,907,382	\$ 564,113,943	\$ 872,854,440	\$ 859,517,614	\$ 845,266,853
Net value as a percent of total	57%	57%	58%	67%	69%	70%
Accumulated depreciation as a percent of total	43%	43%	42%	33%	31%	30%

This analysis shows that the governmental capital assets were 43%, 43%, and 42% depreciated in fiscal years 2006, 2005, and 2004, respectively. The business-type capital assets show a 1 point increase in the percent depreciated from fiscal year 2004 to 2005 and then another 2 point increase in fiscal year 2006. Increases in accumulated depreciation as a percent for business-type 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 2006 and 2005 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 2006 the County issued \$59 million short-term bonds in anticipation of capital project spending in early fiscal year 2007. Of the total, \$38 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 \$18.5 million of the proceeds and waste collection will use \$2.5 million for landfill related projects.

Anne Arundel County, Maryland
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Bond anticipation notes	\$ 38,000,000	\$ 34,500,000	\$ 21,000,000	\$ 7,000,000	\$ 59,000,000	\$ 41,500,000
General obligation bonds	550,153,824	530,959,939	282,826,949	283,103,612	832,980,773	814,063,551
Special assessment debt	54,795,000	55,520,000	-	-	54,795,000	55,520,000
HUD Section 108 Loan	1,009,930	-	-	-	1,009,930	-
State loans	2,166,992	2,382,660	-	-	2,166,992	2,382,660
Capital leases	57,382	111,901	-	-	57,382	111,901
Installment purchase agreements	9,030,814	8,679,000	-	-	9,030,814	8,679,000
Total	\$ 655,213,942	\$ 632,153,500	\$ 303,826,949	\$ 290,103,612	\$ 959,040,891	\$ 922,257,112

The County issued general obligation bonds of \$85 million in March 2006, including \$64 million for governmental activities and \$21 million for business-type activities. The proceeds were used to pay off \$41.5 million of bond anticipation notes issued in March 2005 and the net amount of \$43.5 million was used for \$29.5 million of improvements for general county projects and \$14 million was used to fund projects in the water and sewer and landfill capital projects.

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2006

The County took advantage of the low interest rates to issue refunding bonds in March 2006 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 an increase in outstanding principal of \$1,020,000, including \$115,000 of additional governmental debt and \$905,000 of business-type debt.

In fiscal year 2006 the County borrowed \$1,009,930 from the Federal government under the HUD Section 108 program. The proceeds were used to fund capital improvement for a local recreational facility. The changes to the State loans were not significant as there were no new loans in fiscal year 2006 and the decline noted in the table is due to principal payments in 2006. There were no new capital leases added in 2006 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 2006, totaling \$368,814. Other changes to debt balances resulted from principal payments during fiscal year 2006. Additional information about the County's debt and changes therein is provided in Note 8 to the basic financial statements.

Fiscal Year 2007 and Beyond

Promulgations by the Governmental Accounting Standards Board require Management to include descriptions of currently known facts, decisions, or conditions that are expected to have a significant effect on financial position (net assets) or results of operations (revenues, expenses, or other changes in net assets.)

GASB Statement 45 - In fiscal year 2008 the County will implement GASB Statement 45. This statement requires the County to set aside annual contributions for other post employment benefits in an irrevocable trust or record the unfunded contributions as a liability on the statement of net assets. In the fall of 2005 the County assembled task force to examine the requirements of the GASB pronouncement, quantify the liability resulting from its implementation, and identify options to address this issue. The task force issued its report on November 8, 2006. According to actuarial estimates the County and its component units' total actuarial accrued liability is \$1.27 billion. The annual required contribution is estimated at \$117.6 million compared to the current pay as you go funding level of \$42.2 million. This leaves a funding gap of \$75.4 million. A new County Executive was elected in November 2006 and will take office on December 4, 2006. County leaders will seek solutions to this issue; however, may record some or all unfunded amounts on its fiscal year 2008 financial statements.

The County continues to see strength in its major revenue sources as new residents move into the area. Federal government and supporting industries are expected to expand over the next few years as current BRAC plans are implemented. The County expects revenue in fiscal year 2007 to be consistent with expectations. This differs from recent years when actual revenues, particularly in the area of recordation and transfer taxes, significantly exceeded budget estimates. With respect to fiscal year 2008, the County expects growth in the property tax and income tax revenue while recordation and transfer taxes are expected to be comparable to fiscal 2007.

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

**Basic
Financial
Statements**

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Anne Arundel County, Maryland
Statement of Net Assets
June 30, 2006

	Primary Government			Discretely Presented Component Units			
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor	
ASSETS							
Current Assets							
Cash and investments	\$ 158,243,204	\$ 26,319,059	\$ 184,562,263	\$ 100,369,316	\$ 13,756,723	\$ 2,388,468	
Taxes and other State revenue receivable	128,760,817	-	128,760,817	11,574,285	1,347,875	-	
Service billings receivable	-	20,323,209	20,323,209	-	-	-	
Prepays and other assets	13,839,749	-	13,839,749	10,108,170	9,646,548	1,281,072	
Inventories	1,440,546	1,262,997	2,703,543	1,406,229	987,951	57,834	
Due from primary government	-	-	-	10,980,177	771,010	1,472,563	
Restricted assets							
Cash and temporary investments	163,186,759	158,430,441	321,617,200	-	-	571,753	
Investments	-	-	-	-	-	359,134	
Receivables							
Due from other governmental agencies	7,812,989	193,917	8,006,906	-	-	5,608	
Other, net	1,466,472	3,231,124	4,697,596	-	-	-	
Other assets	-	-	-	-	-	154,282	
Total current assets	474,750,536	209,760,747	684,511,283	134,438,177	26,510,107	6,290,714	
Noncurrent Assets							
Restricted assets							
Deferred assessment and connection charges	-	56,952,538	56,952,538	-	-	-	
Notes receivable	-	4,840,912	4,840,912	-	-	-	
Total noncurrent restricted assets	-	61,793,450	61,793,450	-	-	-	
Loans receivable and other assets	-	-	-	-	8,541,972	912,000	
Capital assets not being depreciated	348,876,715	178,392,589	527,269,304	128,782,632	3,205,316	43,243	
Capital assets being depreciated	1,074,620,715	1,295,633,930	2,370,254,645	828,890,855	114,944,840	25,000,708	
Less accumulated depreciation	(465,599,471)	(422,779,490)	(888,378,961)	(378,859,886)	(48,353,101)	(7,412,703)	
	609,021,244	872,854,440	1,481,875,684	450,030,969	66,591,739	17,588,005	
	957,897,959	1,051,247,029	2,009,144,988	578,813,601	69,797,055	17,631,248	
Total capital assets	1,432,648,495	1,322,801,226	2,755,449,721	713,251,778	104,849,134	24,833,962	
Total assets							

Anne Arundel County, Maryland
Statement of Net Assets
June 30, 2006

	Primary Government			Discretely Presented Component Units			
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor	
LIABILITIES							
Current liabilities							
Accrued liabilities	34,901,000	7,589,219	42,490,219	101,446,539	7,337,432	1,171,166	
Current portion of non-current liabilities	78,705,822	23,162,133	101,867,955	7,842,765	-	666,533	
Notes payable	-	-	-	-	-	903,317	
Bond anticipation notes	38,000,000	21,000,000	59,000,000	-	-	-	
Internal balances	26,766	(26,766)	-	-	-	-	
Due to component units	1,296,942	-	1,296,942	-	-	-	
Escrow deposits	131,125	219,134	350,259	-	-	-	
Unearned/deferred revenue	-	-	-	952,350	6,668,137	530,604	
Liabilities related to restricted assets							
Accrued liabilities	19,289,392	15,694,394	34,983,786	-	651,933	220,559	
Due to component units	11,926,808	-	11,926,808	-	-	-	
Eserow and other deposits	3,266,655	1,309,485	4,576,140	-	-	37,594	
Unearned revenue	821,607	4,140,617	4,962,224	-	-	235,864	
Total current liabilities	188,366,117	73,088,216	261,454,333	110,241,654	14,657,502	3,765,637	
Noncurrent liabilities							
Compensated absences and other obligations	1,652,932	210,680	1,863,612	-	1,302,345	-	
Unpaid insurance claims	33,518,000	-	33,518,000	-	-	-	
Estimated landfill closure and postclosure	-	36,537,035	36,537,035	-	-	-	
Long-term debt, net of deferred refunding gain/loss	568,328,156	261,079,538	829,407,694	32,422,795	15,852,392	143,543	
Unearned revenue	15,787,721	3,117,900	18,905,621	-	-	-	
Total liabilities	807,652,926	374,033,369	1,181,686,295	142,664,449	31,812,239	3,909,180	
NET ASSETS							
Capital assets, net of related debt	562,505,745	763,729,810	1,326,235,555	572,434,343	57,687,442	17,439,732	
Restricted for:							
Revenue stabilization	38,754,372	-	38,754,372	-	-	-	
Debt service	9,540,764	156,854,325	166,395,089	-	-	-	
Capital improvements	107,716,853	19,049,853	126,766,706	-	-	-	
Other purposes	13,333,611	(913,532)	12,420,079	4,996,339	6,474,629	1,194,114	
Unrestricted	(106,855,776)	10,047,401	(96,808,375)	(6,843,353)	8,874,824	2,290,936	
Total net assets	\$ 624,995,569	\$ 948,767,857	\$ 1,573,763,426	\$ 570,587,329	\$ 73,036,895	\$ 20,924,782	

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

Anne Arundel County, Maryland

Statement of Activities

Year Ended June 30, 2006

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Education	\$ 545,274,308	\$ -	\$ -	\$ 8,081,445
Public Safety	208,105,539	10,438,654	9,832,633	5,182,027
General government	87,480,194	34,594,300	9,404,049	903,778
Health and human services	72,130,374	4,009,706	30,156,701	5,318
Public works	62,299,800	2,770,012	28,883,768	19,746,213
Recreation and community services	53,132,411	12,223,428	6,135,629	7,001,284
Judicial	20,647,728	2,671,838	1,537,361	-
Code enforcement	11,175,710	14,287,092	-	-
Land use and development	10,456,642	2,568,455	54,645	908,847
Economic development	3,445,000	-	12	-
Interest on debt and leases	30,145,870	-	387,590	-
	<u>1,104,293,576</u>	<u>83,563,485</u>	<u>86,392,388</u>	<u>41,828,912</u>
Business-type activities:				
Water and wastewater	94,108,900	68,464,421	-	43,990,800
Waste collection	47,638,224	42,290,562	-	-
Child care	2,542,500	2,689,049	-	-
	<u>144,289,624</u>	<u>113,444,032</u>	<u>-</u>	<u>43,990,800</u>
Total primary government	<u>1,248,583,200</u>	<u>197,007,517</u>	<u>86,392,388</u>	<u>85,819,712</u>
Component units:				
Board of Education	820,876,728	17,841,801	114,615,706	79,120,257
Community College	102,766,784	39,714,813	9,165,201	2,036,071
Library System	19,170,522	672,928	2,637,051	2,474,864
Economic Development Corp	4,850,119	1,035,516	1,194,114	-
Tipton Airport Authority	1,546,470	1,335,508	-	891,789
Workforce Development	2,886,524	-	3,012,465	-
Total component units	<u>\$ 952,097,147</u>	<u>\$ 60,600,566</u>	<u>\$ 130,624,537</u>	<u>\$ 84,522,981</u>

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

Total general revenues and transfers

Change in net assets

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

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

Net (Expense) Revenues and Changes in Net Assets

Primary Government			Discretely Presented Component Units		
Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor
\$ (537,192,863)	\$ -	\$ (537,192,863)	\$ -	\$ -	\$ -
(182,652,225)	-	(182,652,225)	-	-	-
(42,578,067)	-	(42,578,067)	-	-	-
(37,958,649)	-	(37,958,649)	-	-	-
(10,899,807)	-	(10,899,807)	-	-	-
(27,772,070)	-	(27,772,070)	-	-	-
(16,438,529)	-	(16,438,529)	-	-	-
3,111,382	-	3,111,382	-	-	-
(6,924,695)	-	(6,924,695)	-	-	-
(3,444,988)	-	(3,444,988)	-	-	-
(29,758,280)	-	(29,758,280)	-	-	-
<u>(892,508,791)</u>	<u>-</u>	<u>(892,508,791)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	18,346,321	18,346,321	-	-	-
-	(5,347,662)	(5,347,662)	-	-	-
-	146,549	146,549	-	-	-
<u>-</u>	<u>13,145,208</u>	<u>13,145,208</u>	<u>-</u>	<u>-</u>	<u>-</u>
(892,508,791)	13,145,208	(879,363,583)	-	-	-
-	-	-	(609,298,964)	-	-
-	-	-	-	(51,850,699)	-
-	-	-	-	-	(13,385,679)
-	-	-	-	-	(2,620,489)
-	-	-	-	-	680,827
-	-	-	-	-	125,941
<u>-</u>	<u>-</u>	<u>-</u>	<u>(609,298,964)</u>	<u>(51,850,699)</u>	<u>(15,199,400)</u>
437,323,072	-	437,323,072	-	-	-
339,522,458	-	339,522,458	-	-	-
7,119,854	-	7,119,854	-	-	899,654
129,932,542	-	129,932,542	-	-	-
34,175,913	-	34,175,913	-	-	-
-	-	-	619,784,121	53,209,390	14,047,143
10,594,765	9,245,746	19,840,511	2,988,917	1,036,706	119,284
45,417	7,688,002	7,733,419	11,640,475	538,752	170,962
<u>958,714,021</u>	<u>16,933,748</u>	<u>975,647,769</u>	<u>634,413,513</u>	<u>54,784,848</u>	<u>15,237,043</u>
66,205,230	30,078,956	96,284,186	25,114,549	2,934,149	37,643
<u>558,790,339</u>	<u>918,688,901</u>	<u>1,477,479,240</u>	<u>545,472,780</u>	<u>70,102,746</u>	<u>20,887,139</u>
\$ <u>624,995,569</u>	\$ <u>948,767,857</u>	\$ <u>1,573,763,426</u>	\$ <u>570,587,329</u>	\$ <u>73,036,895</u>	\$ <u>20,924,782</u>

Anne Arundel County, Maryland

Balance Sheet

Governmental Funds

June 30, 2006

	Major Funds			Nonmajor	Totals
	General	Impact Fees	General County Capital Projects	Governmental Funds	
ASSETS					
Cash and investments	\$ 101,195,205	\$ 52,062,537	\$ 87,689,315	\$ 23,434,907	\$ 264,381,964
Receivables					
Property taxes (net of \$1,271,746 allowance)	2,544,780	-	-	-	2,544,780
Local sales taxes	4,197,982	-	-	-	4,197,982
State shared revenues	22,932,679	-	-	-	22,932,679
Due from other governmental agencies (net of \$1,131,993 allowance)	6,594,670	-	6,472,761	1,340,229	14,407,660
Due from other funds	730,225	-	-	-	730,225
Local income tax	92,490,705	-	-	-	92,490,705
Other, net	7,701,089	189,031	896,993	380,448	9,167,561
Inventories	959,734	-	-	-	959,734
Total assets	<u>239,347,069</u>	<u>52,251,568</u>	<u>95,059,069</u>	<u>25,155,584</u>	<u>411,813,290</u>
LIABILITIES					
Accrued liabilities	21,306,169	-	17,423,325	1,866,067	40,595,561
Due to other funds	-	-	-	2,285	2,285
Due to component units					
Board of Education	-	-	10,980,177	-	10,980,177
Community College	-	-	771,010	-	771,010
Library	1,296,942	-	-	-	1,296,942
Economic Development	-	-	-	175,621	175,621
Escrow and other deposits	131,125	-	-	3,266,655	3,397,780
Deferred revenue	69,460,608	-	4,524,197	108,904	74,093,709
Total liabilities	<u>92,194,844</u>	<u>-</u>	<u>33,698,709</u>	<u>5,419,532</u>	<u>131,313,085</u>
FUND BALANCES:					
Reserved for:					
Encumbrances	10,147,548	-	31,615,920	5,458,236	47,221,704
Revenue stabilization fund	38,754,372	-	-	-	38,754,372
Golf courses reserves	390,703	-	-	-	390,703
Reserved for debt service	4,138,515	-	-	4,190	4,142,705
Reserved for other purposes	121,743	-	-	-	121,743
Inventories	959,733	-	-	-	959,733
Unreserved:					
Designated for next year's expenditures in:					
General fund	59,582,000	-	-	-	59,582,000
Special revenue funds	-	44,869,268	-	1,799,381	46,668,649
Capital projects funds	-	-	-	425,700	425,700
Debt service funds	-	-	-	968,730	968,730
Undesignated in:					
General fund	33,057,611	-	-	-	33,057,611
Special revenue funds	-	7,382,300	-	6,518,416	13,900,716
Capital projects funds	-	-	29,744,440	157,070	29,901,510
Debt service funds	-	-	-	4,404,329	4,404,329
Total fund balances	<u>147,152,225</u>	<u>52,251,568</u>	<u>61,360,360</u>	<u>19,736,052</u>	<u>280,500,205</u>
Total liabilities and fund balances	\$ <u>239,347,069</u>	\$ <u>52,251,568</u>	\$ <u>95,059,069</u>	\$ <u>25,155,584</u>	\$ <u>411,813,290</u>

Anne Arundel County, Maryland

Reconciliation of Governmental Fund Balance to Governmental Net Assets

Governmental Funds

June 30, 2006

Total fund balance for governmental funds as shown on the previous page	\$ 280,500,205
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on governmental funds balance sheet.	
Capital assets	1,369,529,784
Accumulated depreciation	(433,277,579)
Certain liabilities are not due and payable in the current period and, therefore, are not included on governmental funds balance sheet.	
Short-term Bond Anticipation Notes	(38,000,000)
Long-term Bonded debt	(619,109,368)
HUD Section 108 Loan	(1,009,930)
Unamortized loss on refunding	2,962,738
Compensated Absences	(18,062,394)
Long-term Leases	(57,382)
Accrued interest payable on debt is recorded in governmental activities.	(8,347,118)
Deferred and unearned revenues:	
Revenues not available for use in the current fiscal year have been deferred until future periods on the governmental funds balance sheet.	73,436,473
Premiums received on certain bond issues have been deferred on the Statement of Net Assets.	(15,952,092)
The assets and liabilities recorded in the internal service funds have been added to governmental net assets because these funds are used to provide services to other funds.	
Net assets Internal Service Funds	30,204,250
Business-type activities allocation of net assets	(754,706)
Certain expenditures paid with current resources have been deferred to future periods on the Statement of Net Assets.	<u>2,932,688</u>
Total net assets for governmental activities as shown on Statement of Net Assets	<u>\$ 624,995,569</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, 2006

	Major Funds			Nonmajor	Totals
	General	Impact Fees	General County Capital Projects	Governmental Funds	
REVENUES					
General property taxes	\$ 427,357,627	\$ -	\$ -	\$ 12,397,800	\$ 439,755,427
Local income taxes	328,424,355	-	-	-	328,424,355
State shared taxes	36,025,864	-	-	-	36,025,864
Grants and aid	42,810,191	-	18,469,825	12,246,701	73,526,717
Recordation and transfer taxes	129,932,542	-	-	-	129,932,542
Local sales taxes	32,376,605	-	-	1,799,308	34,175,913
License and permit fees	16,766,915	-	-	-	16,766,915
Impact fees	-	11,056,677	-	-	11,056,677
Special community benefit taxes	-	-	-	5,047,941	5,047,941
Investment income	5,475,700	2,235,221	4,628,673	145,042	12,484,636
Other revenue	33,577,346	-	887,073	5,591,578	40,055,997
Total revenues	<u>1,052,747,145</u>	<u>13,291,898</u>	<u>23,985,571</u>	<u>37,228,370</u>	<u>1,127,252,984</u>
EXPENDITURES					
Current					
Education	477,198,505	-	66,944,324	-	544,142,829
Public safety	200,412,486	-	-	1,058,238	201,470,724
General government	65,267,314	-	-	437,748	65,705,062
Health and human services	67,398,708	-	-	4,587,470	71,986,178
Public works	26,262,421	174,157	-	974,178	27,410,756
Recreation and community services	32,057,937	-	-	11,249,199	43,307,136
Judicial	19,300,693	-	-	-	19,300,693
Code enforcement	11,057,654	-	-	-	11,057,654
Land use and development	9,440,760	-	-	913,871	10,354,631
Economic development	1,645,000	-	-	1,800,000	3,445,000
Capital outlay	3,896,163	-	89,694,608	468,049	94,058,820
Debt service					
Interest payments on debt	26,109,324	-	-	3,200,236	29,309,560
Principal payments on debt	80,214,072	-	-	1,015,457	81,229,529
Interest payments on leases	7,358	-	-	-	7,358
Principal payments on leases	54,009	-	-	-	54,009
Total expenditures	<u>1,020,322,404</u>	<u>174,157</u>	<u>156,638,932</u>	<u>25,704,446</u>	<u>1,202,839,939</u>
Revenues over (under) expenditures	<u>32,424,741</u>	<u>13,117,741</u>	<u>(132,653,361)</u>	<u>11,523,924</u>	<u>(75,586,955)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	18,070,322	-	125,972,814	806,000	144,849,136
Transfers out	(113,281,000)	(13,497,814)	(4,628,673)	(13,441,649)	(144,849,136)
General obligation bonds issued	64,000,000	-	-	-	64,000,000
Bond anticipation notes issued	-	-	38,000,000	-	38,000,000
Installment purchase contracts issued	-	-	368,814	-	368,814
Proceeds from HUD section 108 loan	-	-	1,009,930	-	1,009,930
Refunding bonds issued	87,115,000	-	-	-	87,115,000
Premiums from sale of bonds	7,481,071	-	-	-	7,481,071
Payments to escrow agent	(91,361,801)	-	-	-	(91,361,801)
Total other financing sources (uses)	<u>(27,976,408)</u>	<u>(13,497,814)</u>	<u>160,722,885</u>	<u>(12,635,649)</u>	<u>106,613,014</u>
Net change in fund balances	<u>4,448,333</u>	<u>(380,073)</u>	<u>28,069,524</u>	<u>(1,111,725)</u>	<u>31,026,059</u>
Fund balances, July 1	<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>
Fund balances, June 30	<u>\$ 147,152,225</u>	<u>\$ 52,251,568</u>	<u>\$ 61,360,360</u>	<u>\$ 19,736,052</u>	<u>\$ 280,500,205</u>

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

Anne Arundel County, Maryland

Reconciliation of Changes in Fund Balances to Changes in Net Assets

Governmental Funds

Year Ended June 30, 2006

<p>Changes in fund balances as shown on Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds</p>		<p>\$ 31,026,059</p>
<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		82,530,941
Current year disposals of capital assets		(2,170,977)
Depreciation expense recorded in the Statement of Activities		(32,042,928)
<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)		(126,613,797)
Principal payments on debt		101,735,619
Change in accrued interest payable		(324,464)
Loss on refunding		115,000
Amortization of prior year refunding gain/loss		(965,746)
<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		1,478,808
Amortization of expenditures deferred in previous years		(822,754)
<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		(2,672,178)
Amortization of amounts deferred		1,223,489
<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>		
		7,906,804
<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>		
		5,801,354
Changes in Net assets as shown in governmental activities on the Statement of Activities		\$ 66,205,230

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

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

General Fund

Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
General property taxes	\$ 418,898,000	\$ 418,898,000	\$ 427,357,627	\$ 8,459,627
Local income taxes	331,786,000	331,786,000	328,424,355	(3,361,645)
State shared taxes	35,797,000	35,797,000	35,843,196	46,196
Grants and aid	46,326,400	47,846,200	45,333,824	(2,512,376)
Recordation and transfer taxes	87,000,000	87,000,000	129,932,542	42,932,542
Local sales taxes	30,049,000	30,049,000	32,376,605	2,327,605
Licenses and permits	17,055,200	17,055,200	16,766,915	(288,285)
Investment income	3,969,000	3,969,000	8,684,134	4,715,134
Interfund recoveries	22,976,400	25,710,400	27,196,964	1,486,564
Other revenues	32,840,300	32,840,300	35,631,852	2,791,552
Total revenues	<u>1,026,697,300</u>	<u>1,030,951,100</u>	<u>1,087,548,014</u>	<u>56,596,914</u>
EXPENDITURES				
Current				
Education	477,481,300	477,481,300	477,186,326	(294,974)
Higher education	31,654,000	31,654,000	31,616,856	(37,144)
Public safety	204,932,300	205,255,100	204,166,633	(1,088,467)
General government	84,943,600	85,839,100	80,097,575	(5,741,525)
Health and human services	70,697,700	72,052,200	69,470,408	(2,581,792)
Public works	32,738,000	33,738,000	33,096,301	(641,699)
Recreation and community services	34,250,400	34,399,100	33,166,793	(1,232,307)
Judicial	19,442,700	19,727,400	19,363,804	(363,596)
Land use and development	10,831,400	11,121,400	9,499,812	(1,621,588)
Code enforcement	11,365,500	11,375,500	11,044,252	(331,248)
Economic development	1,645,000	1,645,000	1,645,000	-
Debt service	41,600,100	41,600,100	39,227,195	(2,372,905)
Pay go funding - capital projects	81,000,000	82,975,000	82,975,000	-
Total expenditures	<u>1,102,582,000</u>	<u>1,108,863,200</u>	<u>1,092,555,955</u>	<u>(16,307,245)</u>
Revenues over (under) expenditures	(75,884,700)	(77,912,100)	(5,007,941)	<u>\$ 72,904,159</u>
Fund balances, budgetary, July 1	<u>102,272,086</u>	<u>102,272,086</u>	<u>102,272,086</u>	
Fund balances, budgetary, June 30	<u>\$ 26,387,386</u>	<u>\$ 24,359,986</u>	<u>\$ 97,264,145</u>	
Fund balances - Unreserved				
Undesignated - GAAP basis			\$ 33,057,611	
Effect of revenue deferrals			5,230,732	
Effect of Self Insurance allocation entries			(727,941)	
Establish Reserve for PST Landfill			<u>121,743</u>	
Undesignated - Non-GAAP basis			37,682,145	
Designated for subsequent years			<u>59,582,000</u>	
			<u>\$ 97,264,145</u>	

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

Statement of Net Assets

Proprietary Funds

June 30, 2006

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund		Activities
	Water and Wastewater	Solid Waste	Child Care	Totals	Internal Service Funds
ASSETS					
Current Assets					
Cash and investments	\$ 9,611,769	\$ 15,610,515	\$ 1,096,775	\$ 26,319,059	\$ 57,047,999
Service billings receivable	19,246,618	1,074,546	2,045	20,323,209	1,118,596
Due from other funds	-	-	-	-	-
Inventories	1,180,978	82,019	-	1,262,997	480,812
Other	-	-	-	-	2,087,376
Restricted assets					
Cash and temporary investments	142,718,857	15,711,584	-	158,430,441	-
Receivables					
Due from other governmental agencies	193,917	-	-	193,917	-
Other, net	3,231,124	-	-	3,231,124	-
Total current assets	176,183,263	32,478,664	1,098,820	209,760,747	60,734,783
Noncurrent assets					
Restricted assets					
Deferred connection and assessment charges	56,952,538	-	-	56,952,538	-
Notes receivable	4,840,912	-	-	4,840,912	-
Capital assets	1,409,903,450	64,123,069	-	1,474,026,519	53,967,646
Less accumulated depreciation	(389,782,804)	(32,996,686)	-	(422,779,490)	(32,321,892)
Total capital assets, net of depreciation	1,020,120,646	31,126,383	-	1,051,247,029	21,645,754
Total noncurrent assets	1,081,914,096	31,126,383	-	1,113,040,479	21,645,754
Total assets	1,258,097,359	63,605,047	1,098,820	1,322,801,226	82,380,537
LIABILITIES					
Current liabilities					
Accrued liabilities	5,215,448	2,307,019	66,752	7,589,219	5,247,713
Current portion of long-term debt and obligations	19,889,542	3,246,034	26,557	23,162,133	13,308,826
Bond anticipation notes	18,500,000	2,500,000	-	21,000,000	-
Due to other funds	664,131	32,990	30,819	727,940	-
Escrow deposits	83,268	135,866	-	219,134	-
Liabilities related to restricted assets					
Accrued liabilities	15,693,644	750	-	15,694,394	-
Escrow deposits	1,309,485	-	-	1,309,485	-
Deferred revenue	4,140,617	-	-	4,140,617	-
Total current liabilities	65,496,135	8,222,659	124,128	73,842,922	18,556,539
Noncurrent liabilities					
Accrued liability for compensated absences	119,673	79,520	11,487	210,680	101,748
Unpaid insurance claims	-	-	-	-	33,518,000
Estimated landfill closure and postclosure	-	36,537,035	-	36,537,035	-
Long-term debt, net of deferred refunding loss	244,193,146	16,886,392	-	261,079,538	-
Deferred revenue	3,117,900	-	-	3,117,900	-
Total noncurrent liabilities	247,430,719	53,502,947	11,487	300,945,153	33,619,748
Total liabilities	312,926,854	61,725,606	135,615	374,788,075	52,176,287
NET ASSETS					
Invested in capital assets, net of related debt	750,245,304	13,484,506	-	763,729,810	21,645,754
Restricted for debt service	156,854,325	-	-	156,854,325	-
Restricted for capital improvements	18,431,707	618,146	-	19,049,853	-
Restricted for other purposes	-	(913,532)	-	(913,532)	-
Unrestricted	19,639,169	(11,309,679)	963,205	9,292,695	8,558,496
Total net assets	\$ 945,170,505	\$ 1,879,441	\$ 963,205	\$ 948,013,151	\$ 30,204,250

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

Anne Arundel County, Maryland

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

Proprietary Funds

June 30, 2006

Net assets as shown on previous page	\$ 948,013,151
A portion of the assets, liabilities, and current year activity within the internal service funds has been allocated to business-type activities.	<u>754,706</u>
Net assets shown on government wide statement of net assets	<u>\$ 948,767,857</u>

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

Anne Arundel County, Maryland

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

Proprietary Funds

Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Totals	Internal
	Water and Wastewater	Solid Waste	Child Care		Service Funds
OPERATING REVENUES					
Charges for services	\$ 68,464,421	\$ 40,089,190	\$ 2,689,049	\$ 111,242,660	\$ 36,279,339
Landfill charges	-	2,201,372	-	2,201,372	-
Medical premiums	-	-	-	-	58,402,098
Other revenues	3,273,876	2,636,323	-	5,910,199	1,270,643
Total operating revenues	71,738,297	44,926,885	2,689,049	119,354,231	95,952,080
OPERATING EXPENSES					
Personal services	22,444,659	5,372,309	1,975,602	29,792,570	5,809,892
Contractual services	22,740,176	27,106,152	193,050	50,039,378	1,717,356
Supplies and materials	3,285,686	821,586	240,400	4,347,672	377,844
Business and travel	137,546	20,374	6,159	164,079	32,382
Cost of goods issued	-	-	-	-	6,897,835
Depreciation	29,048,065	4,838,742	-	33,886,807	4,463,331
Provision for claims and estimated losses	-	-	-	-	71,902,075
Landfill closure and postclosure costs	-	5,844,685	-	5,844,685	-
Other	8,115,418	2,682,225	132,500	10,930,143	645,500
Total operating expenses	85,771,550	46,686,073	2,547,711	135,005,334	91,846,215
Operating income (loss)	(14,033,253)	(1,759,188)	141,338	(15,651,103)	4,105,865
NONOPERATING REVENUES (EXPENSES)					
Investment income	5,853,287	1,686,196	-	7,539,483	1,910,631
Interest earned on long-term receivables	1,706,263	-	-	1,706,263	-
Other revenues	1,251,285	205,907	-	1,457,192	-
Interest expense	(7,986,941)	(1,038,136)	-	(9,025,077)	-
Gain on disposal of assets	71,898	248,713	-	320,611	45,417
Other	(519,772)	-	-	(519,772)	-
Income (loss) before contributions	(13,657,233)	(656,508)	141,338	(14,172,403)	6,061,913
Capital contributions, fees, and grants	43,990,800	-	-	43,990,800	-
Change in net assets	30,333,567	(656,508)	141,338	29,818,397	6,061,913
Net assets (as restated), July 1	914,836,938	2,535,949	821,867	918,194,754	24,142,337
Net assets, June 30	\$ 945,170,505	\$ 1,879,441	\$ 963,205	\$ 948,013,151	\$ 30,204,250

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

Change in net assets shown above	\$ 29,818,397
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.	260,559
Increase in net assets as shown on the government-wide statement of activities	\$ 30,078,956

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

Anne Arundel County, Maryland

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund		Activities
	Water and Wastewater	Solid Waste	Child Care	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received for services	\$ 69,687,941	\$ 42,399,498	\$ 2,691,571	\$ 114,779,010	\$ 100,104,480
Cash received for expense reimbursement	-	-	-	-	707,205
Cash payments to suppliers for goods and services	(34,763,509)	(30,670,486)	(587,856)	(66,021,851)	(9,852,026)
Cash payments to employees for services	(22,142,467)	(5,295,740)	(1,979,578)	(29,417,785)	(5,762,832)
Cash payments for insurance claims	-	-	-	-	(71,967,410)
Other receipts (expenses)	-	2,636,323	-	2,636,323	625,143
Net cash provided by operating activities	<u>12,781,965</u>	<u>9,069,595</u>	<u>124,137</u>	<u>21,975,697</u>	<u>13,854,560</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Payments of long-term debt related to closure activities	-	(436,560)	-	(436,560)	-
Interest payments related to closure activities	-	(262,809)	-	(262,809)	-
Noncapital construction costs	<u>(160,506)</u>	<u>-</u>	<u>-</u>	<u>(160,506)</u>	<u>-</u>
Net cash used for noncapital financing activities	<u>(160,506)</u>	<u>(699,369)</u>	<u>-</u>	<u>(859,875)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sale of bonds and bond anticipation notes	37,500,000	4,500,000	-	42,000,000	-
Proceeds from grant funds	491,991	-	-	491,991	-
Proceeds from loan	624,421	-	-	624,421	-
Proceeds from developers' contributions	942,223	-	-	942,223	-
Refunds to developers	(435,859)	-	-	(435,859)	-
Assessments and connection charges	31,368,265	-	-	31,368,265	-
Environmental protection fees for capital assets	5,999,768	-	-	5,999,768	-
Payments of long-term debt	(19,179,847)	(2,641,578)	-	(21,821,425)	-
Payments of bond anticipation notes	(6,000,000)	(1,000,000)	-	(7,000,000)	-
Interest payments	(10,988,575)	(786,563)	-	(11,775,138)	-
Acquisition and construction of capital assets	(54,409,114)	(9,283,062)	-	(63,692,176)	(6,813,912)
Payments for debt issuance costs	(284,932)	-	-	(284,932)	-
Premium on sale of bonds	540,470	-	-	540,470	-
Payments received on note receivable	485,539	-	-	485,539	-
Proceeds from other capital contributions	(185,052)	-	-	(185,052)	-
Other costs	<u>(706,640)</u>	<u>-</u>	<u>-</u>	<u>(706,640)</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>(14,237,342)</u>	<u>(9,211,203)</u>	<u>-</u>	<u>(23,448,545)</u>	<u>(6,813,912)</u>

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund		Activities
	Water and Wastewater	Solid Waste	Child Care	Totals	Internal Service Funds
CASH FLOW FROM INVESTING ACTIVITIES:					
Purchase of investment securities	(80,979,314)	-	-	(80,979,314)	(119,519,436)
Sale of investment securities	77,404,841	-	-	77,404,841	110,375,208
Interest on investments	7,068,765	1,686,196	-	8,754,961	1,765,095
Net cash provided by (used for) investing activities	3,494,292	1,686,196	-	5,180,488	(7,379,133)
Net increase (decrease) in cash and cash equivalents	1,878,409	845,219	124,137	2,847,765	(338,485)
Cash and cash equivalents, July 1	63,435,945	30,476,880	972,638	94,885,463	13,247,356
Cash and cash equivalents, June 30	65,314,354	31,322,099	1,096,775	97,733,228	12,908,871
Investment in non-cash equivalents	87,016,272	-	-	87,016,272	44,139,128
Total cash and temporary investments	\$ 152,330,626	\$ 31,322,099	\$ 1,096,775	\$ 184,749,500	\$ 57,047,999

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

Operating income (loss)	\$ (14,033,253)	\$ (1,759,188)	\$ 141,338	\$ (15,651,103)	\$ 4,105,865
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	29,048,065	4,838,742	-	33,886,807	4,463,331
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(2,046,637)	100,436	2,522	(1,943,679)	5,173,679
Decrease (increase) in inventories	(391,455)	7,968	-	(383,487)	200,388
Increase (decrease) in accrued liabilities	244,269	61,209	(11,807)	293,671	(3,089,704)
Increase in unpaid claims	-	-	-	-	2,943,642
Increase in landfill closure and postclosure costs	-	5,844,685	-	5,844,685	-
Decrease in due to other funds	(188,582)	(18,771)	(15,030)	(222,383)	-
Increase (decrease) in escrow deposits	(3,719)	8,500	-	4,781	-
Increase (decrease) in accrued liability for compensated absences	153,277	(13,986)	7,114	146,405	57,359
Net cash provided by operating activities	\$ 12,781,965	\$ 9,069,595	\$ 124,137	\$ 21,975,697	\$ 13,854,560

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

1. In fiscal year 2006, facilities with an estimated market value of \$9,216,155 were contributed to the Enterprise funds by developers. These were primarily water and sewer lines placed in new developments.

2. In fiscal year 2006, amortization of refunding gains and losses resulted in a net expense of \$348,656 in the Water and Wastewater Fund, and \$8,247 in the Solid Waste Fund.

3. In fiscal year 2006, the net fair market value adjustment related to investments was a loss of \$148,655 in the Water and Wastewater Fund, and a loss of \$111,529 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, 2006

	Pension Trust Funds (As of December 31, 2005)	Agency Funds
ASSETS		
Investments, at fair value:		
Cash and temporary investments	\$ 75,485,496	\$ 22,115,510
U. S. Government obligations	23,474,767	-
Corporate obligations	166,257,257	-
Corporate obligation investment pools	65,096,760	-
International obligations	38,400,499	-
Common stocks	452,336,994	-
Common stock investment pools	34,675,141	-
International stock investment pools	242,267,679	-
Private markets	579,412	-
Real estate investment pools	60,414,844	-
Insurance company general accounts	52,439,839	-
Absolute Return funds	54,115,546	-
	<u>1,265,544,234</u>	<u>22,115,510</u>
Collateral from securities lending transactions	<u>92,288,103</u>	<u>-</u>
Receivables:		
Employer contributions	2,739,489	-
Participant contributions	654,824	-
Accrued interest and dividends	4,201,909	-
Investment sales proceeds	123,094,225	-
	<u>130,690,447</u>	<u>-</u>
Deposits on hand	<u>208,695</u>	<u>-</u>
Total assets	<u>1,488,731,479</u>	<u>22,115,510</u>
LIABILITIES		
Accounts payable	1,294,014	-
Escrow and other deposits	-	22,115,510
Investment commitments payable	173,312,969	-
Obligation for collateral received under securities lending transactions	<u>92,288,103</u>	<u>-</u>
Total liabilities	<u>266,895,086</u>	<u>22,115,510</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 1,221,836,393</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, 2006

Pension
Trust Funds
(As of December 31, 2005)

ADDITIONS

Contributions:

Employer	\$ 32,155,248
Participant	<u>8,264,629</u>
Total contributions	<u>40,419,877</u>

Investment income:

Net appreciation in fair value of investments	61,577,586
Interest income	18,788,123
Dividend income	<u>5,826,427</u>
Total investment income	<u>86,192,136</u>

Less investment expense	<u>(5,089,763)</u>
Net income from investing activities	81,102,373

Securities lending activities:

Securities lending income	2,590,596
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Securities lending expenses:

Borrower rebates	2,306,371
Management fees	<u>85,320</u>
Securities lending expense	<u>2,391,691</u>
Securities lending net income	<u>198,905</u>

Total net investment income	<u>81,301,278</u>
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Total additions	<u>121,721,155</u>
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DEDUCTIONS

Participant benefit payments and refunds	42,769,429
Administrative expenses	<u>1,286,302</u>
Total deductions	<u>44,055,731</u>

Net increases	77,665,424
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Net assets, beginning of year	<u>1,144,170,969</u>
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Net assets, end of year	<u>\$ 1,221,836,393</u>
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Accompanying notes to the basic financial statements are an integral part of this statement.

Anne Arundel County, Maryland

Notes to the Basic Financial Statements

June 30, 2006

1 Summary of Significant Accounting Policies

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

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

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

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

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

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

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

Anne Arundel Community College
101 College Parkway
Arnold, MD 21012

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

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

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

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

Proprietary fund financial statements - The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of cash flows. These funds account for County

services that operate as self-supporting activities. Those who benefit from these services bear the cost through the payment of user fees. The proprietary fund financial statements separately present the following major enterprise funds:

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

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

- **Self Insurance** – The County is self-insured for workers' compensation, auto liability, and general liability insurance. This fund accounts for this self-insured activity and the purchase of policies from commercial insurers for certain specific exposures. These services, provided to the Primary Government and certain component units, are funded through charges to the users.
- **Health Insurance** – The County is self-insured for employee medical benefits. This fund accounts for this health insurance activity and the payment to outside administrators and medical service providers. These services are provided to the Primary Government and certain component units and other agencies and are funded through premiums charged to the users.
- **Print Shop** – This fund 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. Beginning in fiscal year 2007 these activities will be accounted for in the General Fund.
- **Central Garage and Transportation** – This fund accounts for activity in the County's Central Garage, which provides the Primary Government and its component units with vehicle maintenance and fuel usage, and motor pool vehicles. Costs are recovered through fees to users for maintenance, fuel use, and vehicle lease charges.
- **Garage Replacement** – This fund accounts for the collection of replacement fees from participating funds within the Primary Government and its component units. The fees are used to replace motor pool vehicles as needed.

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

- **Pension Trust Funds** – This column includes the activities of the Anne Arundel County Retirement and Pension System (Retirement System). The Retirement System accounts for the activity in the Primary Government's four defined-benefit pension plans and reports on a calendar year basis. The Pension Trust funds are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. These plans accumulate employer and employee contributions and invest these funds to provide guaranteed pension benefits after retirement. Employer contributions are based on actuarial recommendations.
- **Agency Funds** – This column includes the balances of assets and liabilities maintained in the Primary Government's agency funds. Since agency funds report only assets and liabilities, these funds do not use a measurement focus. 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. All non-major governmental funds have legally adopted budgets except for the Storm Drain Fees fund, the Recreational Land Fees fund, and the Area Agency on Aging fund. These funds are expended through the General Fund or Capital Projects Fund.

Combining and Other Supplementary Schedules

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

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

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

Investment income earned on investments is generally allocated to each fund based on its proportionate share of the average daily cash balance each month. However, investment income earned on the balances in certain special revenue funds, certain internal service funds, Agency funds, and by the Library is retained in the General Fund. In addition, investment earnings recognized in the General County Capital Projects Fund are transferred to the General Fund.

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

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

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

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

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

depreciated on a straight-line basis over the respective useful lives. The estimated useful lives of the capital assets are:

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

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

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

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

K Encumbrances – The governmental funds utilize encumbrance accounting under which purchase orders, contracts, and other commitments are recorded in order to reserve budget appropriations for that purpose. Open encumbrances at fiscal year-end are shown as reservations of fund balance in the governmental fund statements and are recorded as expenditures on the budgetary statement. Encumbrances at June 30, 2006 totaled \$47,221,704 in the governmental fund types, \$31,615,920 of which is for construction activity. The proprietary funds utilize encumbrance accounting for budgetary purposes. At June 30, 2006 the proprietary funds had encumbrances totaling \$38,400,374, of which \$32,689,093 is for construction activity.

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

M **Compensated absences** - The Primary Government's Statements of Net Assets include an accrual for compensated absences. This accrual is an estimate of unused annual leave at June 30, 2006. The annual leave accrual is calculated using unused annual leave hours at June 30, 2006 and pay rates in place for each employee at fiscal year end.

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

N **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.

O **Beginning Net Assets** - Capital assets and accumulated depreciation balances in governmental and business-type activities have been increased for developer-built assets that had not been captured in the year the assets were donated. The effect of the adjustment on governmental activities was an increase in capital assets of \$21,742,345, an increase in accumulated depreciation of \$1,020,081, and an increase to beginning of year net assets of \$20,722,264. The effect of the adjustment on business-type activities was an increase in capital assets of \$12,093,315, an increase in accumulated depreciation of \$2,835,950, and an increase in beginning of year net assets of \$9,257,365.

2 **Budgetary Information**

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

The Office of Law overspent its appropriations by \$24,283, due to an incorrect projection of fiscal year end personal services expenditures. The Office of Law will strengthen its annual projection process to help prevent this from reoccurring.

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

Revenue under expenditures - budgetary basis	\$ (5,007,941)
Net effect of encumbrances	2,758,835
Changes in revenue stabilization and golf courses reserves	3,510,942
Timing differences in revenue recognition	(1,224,129)
Net effect of fiscal 2005 and 2006 Self Insurance Fund deficits allocation	4,761,278
Changes in bond proceeds reserved for debt service	(410,285)
Net inventory change	59,633
Change in fund balance - modified accrual basis	<u>\$ 4,448,333</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, limited partnerships, absolute return funds, private equity, as well as mortgage participations and real estate. The Retirement System lends its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Retirement System's custodian lends securities, of the type on loan at year-end, for collateral in the form of cash or other securities in an amount equal to 102% for domestic securities and 105% for international of the market value of the securities loaned.

Either the Retirement System or the borrower may terminate security loans on demand, although the average term of the loans is one week. Cash collateral is invested in the lending agent's money market mutual fund, which at December 31, 2005, the year-end for the Retirement System, had a weighted average maturity of 212 days. The relationship between the maturities of the investment pool and the Retirement System's loans is affected by the maturities of the security loans made by other entities that use the agent's pool, which the Retirement System cannot determine. Because the loans were terminable at will, the loans' durations did not generally match the durations of the investments made with cash collateral. The Retirement System cannot pledge or sell collateral securities received unless the borrower defaults.

B Balances and Custodial Credit Risk – At June 30, 2006, the carrying amount of the Primary Government's bank deposits was (\$5,423,978), while bank balances were \$1,636,211. Available cash invested overnight in Repurchase agreements, as discussed above, was \$3,045,134. Bank balances of \$10,870 were fully secured by Federal Deposit insurance and the balance of \$1,625,628 represents uncollected bank deposits.

Cash balances of the Board of Education are fully securitized by Federal Deposit Insurance and/or collateral held in the Board's name at the Federal Reserve. Deposits for Anne Arundel Community College totaling \$424,702 were neither insured nor collateralized. The cash balances of the other nonmajor component units are insured or collateralized except \$319,447, 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.

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, 2006, Federal Home Loan Bank represented 13.0% 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, 2005 there was no exposure to a single issuer greater than 5.0% of the System's plan net assets, excluding investment pools.

D Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The fair market value of fixed income (debt) securities is affected by increases and declines in interest rates. These investments may also have embedded call features allowing the issuer to redeem part or all of

the issue prior to maturity at a pre-set price. In addition, debt issues may have interest rates that vary according to a pre-determined external index (such as the London Inter-Bank Offered Rate) or a pre-determined step-up in the interest rate at a pre-determined date(s). The 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 uses the *Segmented Time Distribution* method to display debt holdings by maturity for the Primary Government and the Component Units by term and investment type. Market values for issues within the Primary Government's agency/instrumentalities category include \$5.0 million for a floating rate issue, \$44,741,562 of callable issues, and \$23,896,250 for issues that have both callable and rate step-up features. Within the Component Units, the callable market value is \$24,415 and both callable and step-ups total \$123,780.

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1 year	1 to 5	6 to 10	over 10
Primary Government					
Repurchase agreements	\$ 335,623,125	\$ 335,000,000	\$ -	\$ -	\$ 623,125
U.S. Government securities	2,792,447	-	-	-	2,792,447
Agency/Instrumentalities	94,001,702	85,138,577	8,863,125	-	-
Commercial paper	21,669,023	21,669,023	-	-	-
Money market pools	61,086,535	61,086,535	-	-	-
Tax exempt municipal bonds	18,646,497	6,663,689	11,982,808	-	-
	<u>\$ 533,819,329</u>	<u>\$ 509,557,824</u>	<u>\$ 20,845,933</u>	<u>\$ -</u>	<u>\$ 3,415,572</u>
Board of Education					
Repurchase agreements	\$ 3,856,927	\$ 3,856,927	\$ -	\$ -	\$ -
Money market pools	96,512,389	96,512,389	-	-	-
	<u>\$ 100,369,316</u>	<u>\$ 100,369,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Community College					
U.S. Government securities	\$ 515,802	\$ 515,802	\$ -	\$ -	\$ -
Certificates of Deposit	515,951	103,812	412,139	-	-
Money market pools	9,584,209	9,584,209	-	-	-
Bond mutual funds	948,999	948,999	-	-	-
Corporate bonds	11,077	-	-	11,077	-
Guaranteed investment trusts	1,174,939	-	-	-	1,174,939
	<u>\$ 12,750,977</u>	<u>\$ 11,152,822</u>	<u>\$ 412,139</u>	<u>\$ 11,077</u>	<u>\$ 1,174,939</u>
Other nonmajor component units					
Agency/Instrumentalities	\$ 530,046	\$ 245,438	\$ 284,608	\$ -	\$ -
Certificates of Deposit	359,134	359,134	-	-	-
Money market pools	118,436	118,436	-	-	-
Corporate bonds	169,676	-	169,676	-	-
	<u>\$ 1,177,292</u>	<u>\$ 723,008</u>	<u>\$ 454,284</u>	<u>\$ -</u>	<u>\$ -</u>

The table on the next page uses *Segmented Time Distribution* to display the Retirement System's debt holdings by maturity term, investment type as of December 31, 2005. Some issues within the categories agencies/instrumentalities, corporate bonds, collateralized mortgage obligations, and other asset-backed securities have variable rate features. The total fair value of these securities was \$29,842,149 as of December 31, 2005.

The segmented time distribution table includes issues with call features and assumes that these issues will be held to maturity. The total fair market value of callable securities totals \$79,688,558 with call dates ranging from January 1, 2006, for continuously callable issues, to December 25, 2029. Stated call prices are generally at par or reflect premiums as great as 4.94%. There are also securities that do not have a stated call price, but include a "make whole" provision. This allows the issuer to pay off remaining debt but requires a lump sum payment equal to the net present value of future coupon payments that will not be paid due to the call.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1 year</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>over 10</u>
U.S. Treasuries	\$ 23,474,766	\$ 3,965,652	\$ 4,890,873	\$ 6,440,075	\$ 8,178,166
Agency/Instrumentalities	55,939,901	500,584	792,504	-	54,646,813
Corporate Bonds	80,635,305	2,682,861	16,323,584	51,416,899	10,211,960
Certificates of Deposit	14,000,000	14,000,000	-	-	-
Bond Mutual Funds	117,536,599	2,151,122	115,385,477	-	-
Collateralized Mrtg Obligations	21,042,561	-	-	-	21,042,561
Other Asset-Backed Securities	9,876,918	-	293,665	741,494	8,841,759
Foreign Denominated Bonds	<u>36,990,855</u>	<u>3,157,380</u>	<u>11,670,352</u>	<u>9,058,053</u>	<u>13,105,069</u>
Totals	<u>\$ 359,496,905</u>	<u>\$ 26,457,599</u>	<u>\$ 149,356,455</u>	<u>\$ 67,656,521</u>	<u>\$ 116,026,328</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&P</u>	<u>Moody's</u>	<u>%</u>	<u>Investment Type</u>	<u>S&P</u>	<u>Moody's</u>	<u>%</u>
<u>Primary Government</u>							
Federal Home Loan Bank	AAA	Aaa	13.02	Tax Exempt Municipal	AAA	Aaa	3.00
Federal Home Loan Mortgage	AAA	Aaa	2.25	"	NR	Aaa	0.34
Federal National Mort Assoc.	NR	Aaa	0.94	"	AAA	NR	0.17
Federal Agricultural Mort Corp	NR	NR	1.50	Commercial paper	A-1	P-1	4.08
Money market pools	AAAm	Aaa	0.16	Repurchase agreement	NR	NR	<u>63.20</u>
"	AAAm	NR	11.34				<u>100.00</u>
<u>Board of Education</u>							
Repurchase Agreement	NR	NR	3.84	Money Market pool	AAAm	NR	<u>96.16</u>
							<u>100.00</u>
<u>Community College</u>							
Money market pool	AAAm	NR	75.58	Guaranteed Invt Trust	NR	NR	9.60
Money market pool	NR	NR	2.75	Corporate Bond	BBB	Baa	0.09
Bond Mutual Funds	NR	NR	7.76	Certificates of Deposit	NR	NR	<u>4.22</u>
							<u>100.00</u>
<u>Nonmajor component units</u>							
Federal Home Loan Bank	AAA	Aaa	21.66				
Federal Nat'l. Mtg Assoc.	AAA	Aaa	7.46	Corporate Bonds	AA	Aa	12.94
Federal Home Loan Mtg Corp	AAA	Aaa	11.30	Money market pools	AAAm	NR	2.67
Certificates of Deposit	NR	NR	27.39	Money market pools	NR	NR	<u>16.58</u>
							<u>100.00</u>

The Retirement System’s Investment Policy Statement (IPS) provides guidelines to all fixed income managers related to allowable quality ratings. Holdings as of December 31, 2005 are displayed in the following page.

Anne Arundel County, Maryland
Notes to the Basic Financial Statements

<u>Investment type</u>	<u>S&P</u>	<u>Moody's</u>	<u>%</u>	<u>Investment type</u>	<u>S&P</u>	<u>Moody's</u>	<u>%</u>
Agency/Instrumentalities	AAA	Aaa	2.03	Foreign Govt Issued	B	B	0.26
"	NR	NR	12.05	"	NR	NR	1.11
Collateralized Mort. Oblig.	AAA	Aaa	3.04	Corporate Bonds	AAA	Aaa	0.38
"	AAA	NR	1.57	"	AA	Aa	0.32
"	NR	Aaa	0.08	"	A	Aa	0.73
"	NR	NR	0.60	"	A	A	0.73
Other Asset-backed Obligations	AAA	Aaa	1.78	"	A	Baa	0.78
"	AAA	NR	0.23	"	BBB	A	0.16
"	AAA	Baa	0.28	"	BBB	Baa	1.96
"	B	Ba	0.08	"	BBB	Ba	0.10
"	CCC	Caa	0.02	"	BBB	NR	0.03
"	NR	Ba	0.03	"	BB	Ba	4.87
"	NR	Ca	0.02	"	BB	B	0.39
"	NR	NR	0.04	"	B	Ba	1.45
Foreign Govt Issued Debt	AAA	Aaa	2.79	"	B	B	6.12
"	AA	Aa	0.73	"	B	Caa	0.62
"	AA	A	2.75	"	CCC	B	0.57
"	A	A	0.15	"	NR	NR	1.09
"	A	Baa	0.06	Certificates of Deposit	A-1	Prime	0.25
"	BBB	Baa	0.96	"	NR	NR	3.27
"	BBB	Ba	0.13	Mutual Funds	NR	NR	11.92
"	BB	Ba	0.27	Guaranteed Invest	NR	NR	17.66
"	BB	B	0.09	Short Term Investment	NR	NR	<u>15.45</u>
							<u>100.00</u>

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, 2006. 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. International/global equities, totaling \$242,267,679 in fair market value, are managed in pooled funds and are not included in the following table. The balance of the Retirement System's fixed income foreign currency exposure as of December 31, 2005 is as follows:

<u>Currency</u>	<u>U.S. Dollar Value</u>	<u>% of Portfolio</u>	<u>Currency</u>	<u>U.S. Dollar Value</u>	<u>% of Portfolio</u>
Canadian Dollar	\$ 946,642	0.08%	Japanese Yen	11,005,953	0.90%
Danish Krone	135,433	0.01%	British Sterling	2,232,299	0.18%
Euro	11,808,930	0.97%	Swedish Krona	186,308	0.02%
			Total	<u>\$ 12,891,005</u>	<u>2.16%</u>

4 Receivables

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

interest is charged each month on the unpaid balance. Property with delinquent taxes is sold at public auction each June.

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

C Long Term Receivables – The Primary Government has long-term receivables recorded in the Utility Fund consisting of deferred connection and assessment charges and a note receivable. The deferred charges are primarily for front foot benefit assessments, capital connections, and capital facility assessments. These receivables are collected over five to thirty years and include an interest charge that varies from 2% to 8.25%. The balance at June 30, 2006 of the deferred charges is \$56,952,538.

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 \$4,840,912.

5 Capital Assets

The components of capital assets, changes in asset categories, and accumulated depreciation for the fiscal year ended June 30, 2006 are presented below and on the following pages.

Category	Balance June 30, 2005	Increases	Decreases	Balance June 30, 2006
Governmental activities:				
<i>Capital assets not being depreciated (as restated):</i>				
Land and easements	\$ 160,429,707	\$ 2,770,010	\$ (1,291,090)	\$ 161,908,627
Historical property/works of art	4,166,465	-	-	4,166,465
Construction in progress	154,441,303	76,451,889	(48,091,569)	182,801,623
Total assets not depreciated	319,037,475	79,221,899	(49,382,659)	348,876,715
<i>Capital assets being depreciated (as restated):</i>				
Land improvements	86,330,084	14,833,031	-	101,163,115
Buildings	288,069,160	3,174,659	-	291,243,819
Roads and bridges	292,126,378	19,398,113	(3,730,290)	307,794,201
Sidewalks, curbs, and gutters	29,802,275	4,075,910	(534,031)	33,344,154
Storm drains and culverts	206,094,192	5,741,319	(142,593)	211,692,918
Automobiles and rolling stock	66,252,078	9,613,110	(7,886,374)	67,978,814
Furniture, fixtures, and equipment	41,631,905	2,331,034	(2,222,301)	41,740,638
Software	19,871,020	328,949	(536,913)	19,663,056
Total assets depreciated	1,030,177,092	59,496,125	(15,052,502)	1,074,620,715
<i>Less accumulated depreciation (as restated) for:</i>				
Land improvements	(39,033,173)	(3,263,678)	-	(42,296,851)
Buildings	(58,473,060)	(5,210,883)	-	(63,683,943)
Roads and bridges	(129,165,978)	(11,079,277)	3,243,202	(137,002,053)
Sidewalks, curbs, and gutters	(12,561,582)	(665,788)	360,507	(12,866,863)
Storm drains and culverts	(113,698,805)	(7,042,883)	98,468	(120,643,220)
Automobiles and rolling stock	(44,645,588)	(5,589,219)	7,750,255	(42,484,552)
Furniture, fixtures, and equipment	(29,301,158)	(2,494,785)	2,192,574	(29,603,369)
Software	(16,390,365)	(1,159,746)	531,491	(17,018,620)
Total accumulated depreciation	(443,269,709)	(36,506,259)	14,176,497	(465,599,471)
Total capital assets, being depreciated, net	586,907,383	22,989,866	(876,005)	609,021,244
Total governmental activities, net	\$ 905,944,858	\$ 102,211,765	\$ (50,258,664)	\$ 957,897,959

Anne Arundel County, Maryland
Notes to the Basic Financial Statements

<u>Category</u>	<u>Balance June 30, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2006</u>
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land and easements	\$ 8,549,360	\$ 2,250,965	\$ -	\$ 10,800,325
Construction in progress	<u>141,431,732</u>	<u>58,019,338</u>	<u>(31,858,806)</u>	<u>167,592,264</u>
Total assets not depreciated	<u>149,981,092</u>	<u>60,270,303</u>	<u>(31,858,806)</u>	<u>178,392,589</u>
<i>Capital assets being depreciated (as restated):</i>				
Buildings	20,806,069	58,130	-	20,864,199
Landfills	32,109,504	4,959,892	(2,250,965)	34,818,431
Water and sewer plants and lines	1,177,668,478	41,127,669	-	1,218,796,147
Automobiles and rolling stock	7,440,649	517,277	(428,544)	7,529,382
Furniture, fixtures, and equipment	<u>11,573,367</u>	<u>2,871,719</u>	<u>(819,315)</u>	<u>13,625,771</u>
Total assets depreciated	<u>1,249,598,067</u>	<u>49,534,687</u>	<u>(3,498,824)</u>	<u>1,295,633,930</u>
<i>Less accumulated depreciation (as restated) for:</i>				
Buildings	(5,523,275)	(366,289)	924	(5,888,640)
Landfills	(20,141,041)	(4,291,158)	-	(24,432,199)
Water and sewer plants and lines	(349,969,961)	(28,335,549)	-	(378,305,510)
Automobiles and rolling stock	(5,716,345)	(380,769)	426,203	(5,670,911)
Furniture, fixtures, and equipment	<u>(8,729,831)</u>	<u>(513,042)</u>	<u>760,643</u>	<u>(8,482,230)</u>
Total accumulated depreciation	<u>(390,080,453)</u>	<u>(33,886,807)</u>	<u>1,187,770</u>	<u>(422,779,490)</u>
Total capital assets, being depreciated, net	<u>859,517,614</u>	<u>15,647,880</u>	<u>(2,311,054)</u>	<u>872,854,440</u>
Total business-type activities, net	<u>\$ 1,009,498,706</u>	<u>\$ 75,918,183</u>	<u>\$ (34,169,860)</u>	<u>\$ 1,051,247,029</u>
Board of Education:				
<i>Capital assets not being depreciated:</i>				
Land and improvements	\$ 44,980,370	\$ 3,804,947	\$ -	\$ 48,785,317
Construction in progress	<u>93,219,651</u>	<u>63,500,922</u>	<u>(76,723,258)</u>	<u>79,997,315</u>
Total assets not depreciated	<u>138,200,021</u>	<u>67,305,869</u>	<u>(76,723,258)</u>	<u>128,782,632</u>
<i>Capital assets being depreciated (as restated):</i>				
Buildings	751,263,767	58,069,214	(1,429,576)	807,903,405
Furniture, fixtures, and equipment	<u>20,364,084</u>	<u>1,647,628</u>	<u>(1,024,262)</u>	<u>20,987,450</u>
Total assets depreciated	<u>771,627,851</u>	<u>59,716,842</u>	<u>(2,453,838)</u>	<u>828,890,855</u>
<i>Less accumulated depreciation (as restated) for:</i>				
Buildings	(343,163,286)	(24,985,959)	1,429,576	(366,719,669)
Furniture, fixtures, and equipment	<u>(10,829,440)</u>	<u>(2,056,499)</u>	<u>745,722</u>	<u>(12,140,217)</u>
Total accumulated depreciation	<u>(353,992,726)</u>	<u>(27,042,458)</u>	<u>2,175,298</u>	<u>(378,859,886)</u>
Total capital assets, being depreciated, net	<u>417,635,125</u>	<u>32,674,384</u>	<u>(278,540)</u>	<u>450,030,969</u>
Total Board of Education, net	<u>\$ 555,835,146</u>	<u>\$ 99,980,253</u>	<u>\$ (77,001,798)</u>	<u>\$ 578,813,601</u>

Anne Arundel County, Maryland
Notes to the Basic Financial Statements

Category	Balance June 30, 2005	Increases	Decreases	Balance June 30, 2006
Community College:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,377,654	\$ -	\$ -	\$ 2,377,654
Construction in progress	379,765	2,138,588	(1,690,691)	827,662
Total assets not depreciated	<u>2,757,419</u>	<u>2,138,588</u>	<u>(1,690,691)</u>	<u>3,205,316</u>
<i>Capital assets being depreciated:</i>				
Land improvements	3,936,119	-	-	3,936,119
Buildings and improvements	88,958,670	449,742	-	89,408,412
Furniture, fixtures, and equipment	18,449,204	3,708,815	(557,710)	21,600,309
Total assets depreciated	<u>111,343,993</u>	<u>4,158,557</u>	<u>(557,710)</u>	<u>114,944,840</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(2,930,994)	(169,884)	-	(3,100,878)
Buildings and improvements	(27,551,719)	(2,549,777)	-	(30,101,496)
Furniture, fixtures, and equipment	(13,480,085)	(2,170,066)	499,424	(15,150,727)
Total accumulated depreciation	<u>(43,962,798)</u>	<u>(4,889,727)</u>	<u>499,424</u>	<u>(48,353,101)</u>
Total capital assets, being depreciated, net	<u>67,381,195</u>	<u>(731,170)</u>	<u>(58,286)</u>	<u>66,591,739</u>
Total Community College, net	<u>\$ 70,138,614</u>	<u>\$ 1,407,418</u>	<u>\$ (1,748,977)</u>	<u>\$ 69,797,055</u>
Other non-major:				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 147,743	\$ 3,394	\$ (107,894)	\$ 43,243
<i>Capital assets being depreciated:</i>				
Airport improvements	7,007,565	1,098,924	-	8,106,489
Library collection	13,691,503	2,474,864	(2,233,535)	13,932,832
Automobiles and rolling stock	58,587	-	-	58,587
Furniture, fixtures, and equipment	2,382,305	614,779	(94,284)	2,902,800
Total assets depreciated	<u>23,139,960</u>	<u>4,188,567</u>	<u>(2,327,819)</u>	<u>25,000,708</u>
<i>Less accumulated depreciation for:</i>				
Airport improvements	(574,056)	(365,933)	-	(939,989)
Library collection	(4,443,353)	(1,412,362)	1,023,313	(4,832,402)
Automobiles and rolling stock	(23,343)	(8,811)	-	(32,154)
Furniture, fixtures, and equipment	(1,414,289)	(283,273)	89,404	(1,608,158)
Total accumulated depreciation	<u>(6,455,041)</u>	<u>(2,070,379)</u>	<u>1,112,717</u>	<u>(7,412,703)</u>
Total capital assets, being depreciated, net	<u>16,684,919</u>	<u>2,118,188</u>	<u>(1,215,102)</u>	<u>17,588,005</u>
Total other non-major, net	<u>\$ 16,832,662</u>	<u>\$ 2,121,582</u>	<u>\$ (1,322,996)</u>	<u>\$ 17,631,248</u>

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

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

Governmental activities:

Education	\$ 42,983
Public Safety	3,006,416
General government	8,127,377
Health and human services	289,193
Public works	19,473,456
Recreation and community services	4,241,765
Judicial	1,288,303
Code enforcement	5,353
Land use and development	31,413
	<u>\$ 36,506,259</u>

Business-type activities:

Water and wastewater	\$ 29,048,065
Waste collection	4,838,742
	<u>\$ 33,886,807</u>

Component units:

Board of Education	\$ 27,042,458
Community College	4,889,727
Library System	1,593,043
Economic Development Corp	99,295
Tipton Airport Authority	373,425
Workforce Development	4,616
	<u>\$ 34,002,564</u>

6 Restricted Assets and Liabilities

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

7 Interfund and Inter Entity Balances and Transfers

The interfund balances of the Primary Government consist of the following at June 30, 2006:

<u>Fund With Receivable</u>	<u>Fund With Payable</u>	<u>Amount</u>
General Fund	Enterprise Funds	\$ 727,940
General Fund	Special Revenue Funds	2,285
		<u>\$ 730,225</u>

Interfund balances between the General Fund and internal service funds have been eliminated on the government-wide Statement of Net Assets; however, this government-wide statement does include a balance due to the business-type activities from the governmental activities of the Primary Government of \$26,766. This represents the proprietary funds' share of the residual equity of the internal service funds of \$754,706 less the Self Insurance Fund's deficit allocation to proprietary funds of \$727,940. The \$2,285 balance represents special revenue funds' implicit borrowing from the General Fund at June 30, 2006.

Transfers between the Primary Government's funds, presented below, totaled \$144,849,136 for fiscal year 2006. The purposes of these transfers are General Fund bond proceeds and pay-as-you-go funds for capital projects and agricultural easements; impact fee funding for capital projects; General Fund's share of grant programs transferred to Arundel Community Development Service Fund; capital project investment earnings retained by the General Fund; transfers from special revenue fund grants to the General Fund; excess Parking Garage funds transferred to the General Fund; and tax increment funds legally appropriated for transfer to the General Fund.

<u>Originating Fund</u>	<u>Recipient Fund</u>	<u>Amount</u>
General	General County Capital Projects	\$ 112,475,000
General	Nonmajor Governmental	806,000
Nonmajor Governmental	General	13,441,649
Impact Fees	General County Capital Projects	13,497,814
General County Capital Projects	General	4,628,673
		<u>\$ 144,849,136</u>

At June 30, 2006, receivable and payable balances remained between the Primary Government and its discretely presented component units. These balances and transactions are a result of the Primary Government's ongoing funding of the component units' capital and operating costs. Those balances and the payments from the Primary Government to or on behalf of these parties are presented below:

Receivables/Payables

<u>Entity with Receivable</u>	<u>Entity with Payable</u>	<u>Amount</u>
Board of Education	Primary Government	\$ 10,980,177
Community College	Primary Government	771,010
Other Nonmajor	Primary Government	1,472,563
		<u>\$ 13,223,750</u>

Primary Government Expenditures

<u>Originating Entity</u>	<u>Recipient Entity</u>	<u>Amount</u>
Primary Government	Board of Education	\$ 542,094,579
Primary Government	Community College	33,652,927
Primary Government	Other Nonmajor	17,973,650
		<u>\$ 593,721,156</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 had recorded this as an advance to the County. The Primary Government recorded this as deferred revenue in the General County Capital Project Fund. In fiscal year 2006 the construction was completed and the \$150,000 was recognized as revenue as well as an additional \$150,000 due. A receivable of \$30,000 remained at year end.

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 2006 are provided below and on the following page.

A Bond Anticipation Notes – The County periodically incurs short-term debt by issuing bond anticipation notes in the form of commercial paper. Notes are sold with an initial maturity from 1 to 270 days, and on refinancing at the notes' maturities with additional notes marketed at then current interest rates. This remarketing is backed for liquidity purposes by a letter of credit, the terms of which provide that no principal repayments are due by the County (if there is a call on the letter of credit) until the termination of the agreement, which is maintained at two years at all times. The maturity date of this liquidity arrangement is December 15, 2017. The maturities of notes outstanding during fiscal year 2006 ranged from 9 to 126 days and interest rates ranged from 2.40% to 3.60%. The County plans to issue long-term debt in the Spring of 2007 to payoff bond anticipation notes outstanding at June 30, 2006. 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, 2006 are presented on the table on the next page:

Year ended June 30,	General Obligation Bonds					
	Governmental		Business-type		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 48,335,638	\$ 25,334,766	\$ 22,156,086	\$ 12,436,617	\$ 70,491,724	\$ 37,771,383
2008	46,302,139	23,619,338	21,051,328	11,654,037	67,353,467	35,273,375
2009	43,851,138	21,324,443	20,121,509	10,678,684	63,972,647	32,003,127
2010	41,241,264	19,255,499	16,775,512	9,777,206	58,016,776	29,032,705
2011	38,908,351	17,252,915	15,805,429	9,013,948	54,713,780	26,266,863
2012-2016	161,743,477	60,193,557	75,082,715	34,587,755	236,826,192	94,781,312
2017-2021	110,580,600	27,227,240	50,834,219	19,733,799	161,414,819	46,961,039
2022-2026	57,933,955	7,065,869	36,062,204	10,397,031	93,996,159	17,462,900
2027-2031	4,220,000	265,400	21,280,686	4,045,724	25,500,686	4,311,124
2032-2036	-	-	6,790,000	600,782	6,790,000	600,782
	<u>\$ 553,116,562</u>	<u>\$ 201,539,027</u>	<u>\$ 285,959,688</u>	<u>\$ 122,925,583</u>	<u>\$ 839,076,250</u>	<u>\$ 324,464,610</u>

C Tax Increment and Other Debt - At June 30, 2006, there was \$54,795,000 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 \$6,220,000 outstanding, the County has pledged its full faith and credit for these bonds. During the fiscal year ended June 30, 2006, \$12,397,800 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
2007	\$ 835,000	\$ 2,653,241	2012-2016	\$ 9,245,000	\$ 11,054,611
2008	875,000	2,612,666	2017-2021	11,110,000	8,872,080
2009	915,000	2,570,166	2022-2026	16,540,000	5,410,272
2010	1,150,000	2,522,457	2027-2031	12,435,000	969,297
2011	1,690,000	2,461,848	Total	<u>\$ 54,795,000</u>	<u>\$ 39,126,638</u>

In addition, there were \$5,934,000 and \$4,025,000 of special tax district bonds related to the Farmington Village Project and the Villages of Dorchester outstanding at June 30, 2006, 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, 2006 of \$2,166,992. These loans were received from the State for highway improvements and waterway improvements. During fiscal year 2006 the County paid \$215,668 for principal. The table below outlines the debt service requirements.

Year ended June 30,	Principal	Interest	Year ended June 30,	Principal	Interest
2007	\$ 213,018	\$ -	2012-2016	\$ 778,396	\$ -
2008	213,018	-	2017-2021	339,645	-
2009	194,045	-	2022-2026	79,030	-
2010	174,920	-	2027-2031	-	-
2011	174,920	-	Total	<u>\$ 2,166,992</u>	<u>\$ -</u>

Federal Loans - As of June 30, 2006, the County had one HUD Section 108 Loan outstanding for a community development capital improvement project. The total amount of the loan was \$2,050,000 of which the County had drawn \$1,009,930 as of June 30, 2006. The interest rate was a variable fixed rate based upon the Libor index plus .20%. One principal payment of \$410,000 and one interest payment of \$14,187 were made in July 2006.

In September of 2006, the variable fixed rate loan of was converted to a fixed rate long-term loan with scheduled principal payments of \$410,000 due in August with a fixed percentage rate of interest. The table below outlines the debt service requirements.

Year ended			
June 30,	Principal	Interest	
2007	\$ 410,000	\$ 50,446	
2008	410,000	50,446	
2009	189,930	29,966	
2010	-	9,487	
Total	<u>\$ 1,009,930</u>	<u>\$ 140,345</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 \$181,200 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 \$3,200. 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, 2006 and the future minimum lease obligations were as follows:

Year ended	Present Value		Total Minimum
June 30,	of Minimum	Interest	Payments
	Lease Payments		Payments
2007	\$ 57,105	\$ 3,744	\$ 60,849
2008	277	2	279
	<u>\$ 57,382</u>	<u>\$ 3,746</u>	<u>\$ 61,128</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 2006 were \$2,782,891. Minimum annual rental costs required by the leases are summarized below:

Year ending	Annual	Year ending	Annual
June 30,	Rentals	June 30,	Rentals
2007	\$ 2,930,863	2011	\$ 1,109,543
2008	2,533,036	2012-2016	3,620,439
2009	2,352,561	2017-2021	689,282
2010	1,767,486		<u>\$ 15,003,210</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, 2006 are presented below:

Year ended	Principal	Interest	Year ended	Principal	Interest
June 30,			June 30,		
2007	\$ 17,814	\$ 511,900	2012-2016	\$ 90,000	\$ 2,524,020
2008	18,000	510,894	2017-2021	90,000	2,498,650
2009	18,000	509,879	2022-2026	90,000	2,473,275
2010	18,000	508,864	2027-2031	8,671,000	1,162,497
2011	18,000	507,849	Total	<u>\$ 9,030,814</u>	<u>\$ 11,207,828</u>

G Year End Balances, Debt Limitations, and Authorized Debt - A summary of the debt issues currently outstanding is provided on the following page:

	<u>Due Dates</u>	<u>Interest Rates</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding</u>
Governmental activities:				
Serial bonds	2006-2035	1.00% to 7.50%	\$ 1,135,770,750	\$ 553,116,562
Tax increment district bonds	2006-2029	2.00% to 5.125%	98,875,000	54,795,000
Installment purchase agreements	2006-2030	4.90% to 6.00%	9,088,991	9,030,814
Loans payable	2006-2025	4.96% to 5.77%	10,777,644	3,176,922
Total governmental activities			<u>1,254,512,385</u>	<u>620,119,298</u>
Business-type activities:				
Water and wastewater serial bonds	2006-2035	1.00% to 7.50%	660,772,496	265,996,249
Solid waste serial bonds	2005-2024	2.00% to 6.00%	52,274,250	19,963,439
Total business-type activities			<u>713,046,746</u>	<u>285,959,688</u>
			<u>\$ 1,967,559,131</u>	<u>\$ 906,078,986</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, 2006 a review of the legal debt limitations reveals the following:

	<u>General Bonds (5.2%/13% Limitations)</u>	<u>Water and Wastewater (5.6%/14% Limitations)</u>
Charter imposed limitation	\$ 2,935,542,902	\$ 2,914,974,844
Bonded debt outstanding		
Bond anticipation notes	38,000,000	21,000,000
Long-term serial bonds	573,080,001	265,996,249
Tax increment bonds	54,795,000	-
	<u>665,875,001</u>	<u>286,996,249</u>
Legal debt margin	<u>\$ 2,269,667,901</u>	<u>\$ 2,627,978,595</u>

As of June 30, 2006, the County had the authority to issue bonds in the amount of \$331,905,020, over and above bonds already issued, including \$171,528,210 of water and wastewater series bonds and \$6,025,259 of solid waste series bonds. This unused authority will be used to fund existing capital projects and those appropriated for fiscal year 2007 and to refund outstanding bond anticipation notes.

H Loans Payable – On April 15, 2002, the Anne Arundel Community College Foundation finalized an agreement between Anne Arundel County, Maryland and The Bank of New York whereby the Foundation borrowed \$16,090,000 from the issuance of revenue bonds by the County. The proceeds of the loan were used to finance the cost of the construction of educational facilities. Interest only payments are due semi-annually on September 1 and March 1. Principal payments began on September 1, 2005 with the final principal payment on September 1, 2028. Interest on the bonds varies from 3.14% to 5.25%. The loan balance at June 30, 2006 was \$15,730,000. Scheduled principal payments due on the bonds payable for future years ending June 30 shown on the next page:

Anne Arundel County, Maryland
Notes to the Basic Financial Statements

<u>Year ending June 30,</u>	<u>Principal Payments</u>	<u>Year ending June 30,</u>	<u>Principal Payments</u>
2007	\$ 370,000	2010	\$ 415,000
2008	385,000	2011	430,000
2009	400,000	Thereafter	13,730,000
			<u>\$ 15,730,000</u>

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
Governmental activities:					
Bond anticipation notes	\$ 34,500,000	\$ 38,000,000	\$ 34,500,000	\$ 38,000,000	\$ 38,000,000
Bonds payable:					
General obligation bonds	534,773,423	151,115,000	132,771,861	553,116,562	48,335,638
Deferred refunding gain (loss)	(3,813,484)	(115,000)	(965,746)	(2,962,738)	(983,066)
Tax incremental and other debt	55,520,000	-	725,000	54,795,000	835,000
Total bonds payable	586,479,939	151,000,000	132,531,115	604,948,824	48,187,572
Federal and State loans	2,382,660	1,009,930	215,668	3,176,922	623,018
Capital leases	111,901	-	54,519	57,382	57,105
Installment purchase agreements	8,679,000	368,814	17,000	9,030,814	17,814
Unpaid insurance claims	43,595,433	71,902,077	68,958,435	46,539,075	13,021,075
Compensated absences	15,756,240	23,434,623	20,738,970	18,451,893	16,799,238
Total long-term	657,005,173	247,715,444	222,515,707	682,204,910	78,705,822
Total governmental activities	\$ 691,505,173	\$ 285,715,444	\$ 257,015,707	\$ 720,204,910	\$ 116,705,822
Business-type activities:					
Bond anticipation notes	\$ 7,000,000	\$ 21,000,000	\$ 7,000,000	\$ 21,000,000	\$ 21,000,000
Bonds payable:					
General obligation bonds	285,688,253	55,684,420	55,412,985	285,959,688	22,156,086
Less: deferred refunding loss	(2,584,641)	(905,000)	(356,902)	(3,132,739)	(408,675)
Total bonds payable	283,103,612	54,779,420	55,056,083	282,826,949	21,747,411
Compensated absences	1,478,997	1,540,674	1,394,269	1,625,402	1,414,722
Total long-term	284,582,609	56,320,094	56,450,352	284,452,351	23,162,133
Total business-type activities	\$ 291,582,609	\$ 77,320,094	\$ 63,450,352	\$ 305,452,351	\$ 44,162,133

J Advanced Refundings – In fiscal year 2006, 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 \$4,594,406 and decreased the aggregate debt service costs by \$6,344,922.

	<u>Governmental</u>	<u>Business-type</u>
Carrying value of refunded bonds	\$ 87,000,000	\$ 33,155,000
Reacquisition Price	91,361,801	34,806,851
	(4,361,801)	(1,651,851)
Net Premium on refunding bonds	4,246,800	746,851
Net Gain (Loss) on refunding	\$ (115,000)	\$ (905,000)

In prior years, the County in-substance defeased certain general obligation bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County’s financial statements. On June 30, 2006, \$131,870,000 of governmental debt and \$58,005,000 of business-type debt outstanding from prior years is considered defeased.

9 Conduit Debt

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

As of June 30, 2006, 153 Industrial Revenue Bonds series had been issued. The aggregate principal amount payable for the nine series issued after July 1, 1996, was \$17,275,773. The aggregate principal amount payable for the 145 issued prior to July 1, 1996, could not be determined; however, the original issues totaled \$582,700,000. The County is not obligated in any manner for payment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

10 Pension Plan

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

A ***Single Employer Defined Benefit Pension Plans*** - The Retirement System administers the Anne Arundel County Employees' Retirement Plan (Employees Plan), Anne Arundel County Police Service Retirement Plan (Police Plan), Anne Arundel County Fire Service Retirement Plan (Fire Plan), and Anne Arundel County Detention Officers' and Deputy Sheriffs' Pension Plan (Detention Plan). Although the assets of the plans are commingled for investment purposes, each plan's assets must be used for the payment of benefits to the participants within that plan, in accordance with the terms of the plan. All benefit provisions are established by County legislation. Each of the plans provides for cost of living adjustments to annual benefit payments.

Membership in each plan consisted of the following at January 1, 2006, the date of the latest actuarial valuation:

	<u>Employees Plan</u>	<u>Police Plan</u>	<u>Fire Plan</u>	<u>Detention Plan</u>	<u>Total</u>
Retirees and beneficiaries receiving payments	982	452	293	92	1,819
Terminated plan members entitled to but not yet receiving payments	232	-	-	13	245
DROP	-	58	106	-	164
Active plan members	<u>2,225</u>	<u>584</u>	<u>616</u>	<u>365</u>	<u>3,790</u>
	<u>3,439</u>	<u>1,094</u>	<u>1,015</u>	<u>470</u>	<u>6,018</u>

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

Police Plan - Permanent County employees in police service are eligible to participate in the Police Plan. Benefits vest at 20 years of service or normal retirement age of 50 with five years of service for those hired on or after February 25, 2002; and 20 years of service or age 50 for those hired before that date. Employees who retire are

entitled to an annual benefit in an amount equal to 2.5% of final basic pay (defined as the participant's highest three annual basic pays out of the last five years) for each year of service up to 20 years, plus 2% for each year of service between 20 and 30 years, and 2% for unused disability leave and up to three years of pre-employment military service. The maximum benefit is 70% of final average basic pay, except participants may accrue benefits in excess of the 70% cap for unused disability leave and up to three years of pre-employment military service. Participants with 20 years service may elect normal retirement, regardless of age. The Plan also provides death and disability benefits.

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

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

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

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

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

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

C Funding Policy and Annual Pension Costs - The employee contribution requirements for each employer defined benefit plan in the Retirement System are set by County legislation. The County's annual contribution is based on annual actuarial valuations. The table on the following page provides the actuarial assumptions, funding methods and contributions related to the fiscal year 2006 financial statements.

Anne Arundel County, Maryland
Notes to the Basic Financial Statements

	Employees Plan	Police Plan	Fire Plan	Detention Plan
Contribution rates:				
County	Legislated amount	Legislated amount	Legislated amount	Legislated amount
Plan members				
Tier One	4.00%	6.00%	5.00%	5.00%
Tier Two	-	Not applicable	Not applicable	Not applicable
Annual Pension Cost (APC)	\$10,351,447	\$9,005,513	\$10,236,823	\$3,280,056
Contributions made	\$10,351,477	\$9,005,513	\$10,236,823	\$3,280,056
Actuarial valuation date	January 1, 2005	January 1, 2005	January 1, 2005	January 1, 2005
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,				
	2002	2003	2004	2005	2006
<i>Employees Plan</i>					
Annual Pension Cost (APC)	\$ 4,592,060	\$ 5,731,325	\$ 8,342,504	\$ 9,675,761	\$ 10,351,477
Percentage of APC Contributed	83.0%	114.7%	90.5%	99.9%	100.0%
Net Pension Obligation	\$ 760,179	\$ (844,435)	\$ 796,724	\$ 11,899	\$ -
<i>Police Plan</i>					
Annual Pension Cost (APC)	\$ 6,512,433	\$ 7,724,769	\$ 8,733,903	\$ 8,855,012	\$ 9,005,513
Percentage of APC Contributed	89.0%	100.5%	100.9%	99.5%	100.0%
Net Pension Obligation	\$ 714,947	\$ (34,575)	\$ (80,577)	\$ 46,325	\$ -
<i>Fire Plan</i>					
Annual Pension Cost (APC)	\$ 5,864,022	\$ 7,473,847	\$ 8,508,851	\$ 9,794,829	\$ 10,236,823
Percentage of APC Contributed	83.0%	100.4%	96.6%	101.5%	100.0%
Net Pension Obligation	\$ 1,025,411	\$ (32,993)	\$ 291,287	\$ (145,259)	\$ -
<i>Detention Plan</i>					
Annual Pension Cost (APC)	\$ 2,539,796	\$ 2,882,271	\$ 3,113,653	\$ 3,102,810	\$ 3,280,056
Percentage of APC Contributed	94.0%	100.1%	99.8%	100.1%	100.0%
Net Pension Obligation	\$ 140,993	\$ (3,237)	\$ 6,913	\$ (4,061)	\$ -

It is the County's policy to contribute the total APC each year. The differences shown resulted from administrative timing differences. The net pension obligations and assets shown in the table are not material and, therefore, no liability or asset was recorded. There is no net pension obligation or net asset at June 30, 2006.

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, 2006, 2005, and 2004 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,		
	2006	2005	2004
County contributions:			
Primary Government	\$ 1,195,355	\$ 1,138,433	\$ 1,084,222
Board of Education	5,305,219	4,883,055	4,063,522
Community College	139,927	120,534	117,400
State contributions on behalf of:			
Board of Education	32,027,371	32,189,217	31,419,929
Community College	1,500,000	1,600,000	1,500,000
Library	738,928	728,882	685,797
Total	<u>\$ 40,906,800</u>	<u>\$ 40,660,121</u>	<u>\$ 38,870,870</u>

11 Other Post-retirement Benefits

Retirees of the Primary Government, Library, and Economic Development continue to receive medical coverage. The Primary Government pays eighty percent of the cost. These retirees have the option of retaining dental and vision coverage, but must pay the full cost of these benefits. Health benefits are provided to retirees through an agreement between the Primary Government and the Police labor union, and are extended to others by administrative policy. There were 1,844 retirees and spouses receiving health benefits as of June 30, 2006.

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, 2006.

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 191 College retirees eligible for benefits at June 30, 2006.

These costs are recognized when paid. Total costs incurred for these benefits for the year ended June 30, 2006 were as follows:

<u>Entity</u>	<u>Amount</u>
Primary Government	\$ 9,468,545
Board of Education	23,840,000
Community College	549,698
Other Nonmajor Component Units	367,597
	<u>\$ 34,225,840</u>

12 Risk Management

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

The Self Insurance Fund has recognized a liability at fiscal year-end for those claims where a loss has occurred and the amount of loss can be reasonably estimated. This estimate includes reserves for non-incremental

claims adjustment expense. An actuarial review of all claims is used as the basis for determining the liability at the end of the year. Management, with the assistance of claims administrators, estimates the liabilities for the Health Insurance Fund. Both funds include estimated liabilities for claims that have been incurred but not reported. Claims are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. The liability as of June 30, 2006 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 2006 and 2005 were as follows:

	<u>2006</u>	<u>2005</u>
Liability balance, July 1	\$ 43,595,433	\$ 39,705,957
Current year claims and changes in estimates:		
Changes in estimates - prior periods	132,000	2,991,000
Changes in estimates - current year	71,770,077	67,812,875
Claims payments	<u>(68,958,435)</u>	<u>(66,914,399)</u>
Liability balance, June 30	<u>\$ 46,539,075</u>	<u>\$ 43,595,433</u>

13 Landfill Closure, Postclosure, and Remediation

The Primary Government has utilized three landfill sites; however, only one site, the Millersville Landfill, is still accepting trash. The others, Glen Burnie and Sudley, were closed in 1983 and 1993, respectively. The Millersville site consists of nine individual cells. Cells 1 through 7 are closed, cell 8 is active and 71.6 % 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	\$ 48,932,974	\$ 18,163,719	\$ 67,096,693
Post closure	<u>42,323,239</u>	<u>6,469,522</u>	<u>48,792,761</u>
	91,256,213	24,633,241	115,889,454
Less:			
Amount recognized thru June 30, 2006	<u>51,135,487</u>	<u>24,633,241</u>	<u>75,768,728</u>
Costs remaining to be recognized	<u>\$ 40,120,726</u>	<u>\$ -</u>	<u>\$ 40,120,726</u>
Liability recorded at June 30, 2006:			
Closure	\$ 7,818,415	\$ -	\$ 7,818,415
Post closure	<u>22,249,098</u>	<u>6,469,522</u>	<u>28,718,620</u>
	<u>\$ 30,067,513</u>	<u>\$ 6,469,522</u>	<u>\$ 36,537,035</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 decreased by a net \$320,657 and post closure reserves increased by a net \$6,165,345. 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 \$14,723,032 at June 30, 2006.

14 Contingent Liabilities

A Impact Fees – At June 30, 2006, 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, 2006, \$42,071,406 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 \$5,163,900 at June 30, 2006.

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

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

C **Federal Financial Assistance** - The County receives significant financial assistance from the U.S. Government. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits. Any disallowances as a result of these audits become a liability of the fund that received the grants. As of June 30, 2006, the County estimates that no material liabilities will result from such audits.

15 **Subsequent Event**

In November 2006 elections were held in Anne Arundel County. On December 4, 2006, newly elected John R. Leopold replaced Janet S. Owens as Anne Arundel County's elected County Executive. In addition, three new Council members were elected to the Anne Arundel County Council. Daryl D. Jones, replaced Pamela G. Beidle from Council District 1, G. James Benoit replaced Bill D. Burlison from Council District 4, and Joshua J. Cohen replaced Barbara D. Samorajczyk from Council District 6. All outgoing officials were term limited.

Required Supplementary Information

Year Ended June 30, 2006

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)	(B)	(B - A)	(A / B)	(C)	(B - A / C)
	Actuarial	Actuarial	Unfunded	(A / B)	(C)	(B - A / C)
	Value of	Accrued	AAL	Funded	Covered	UAAL as a
	Assets	Liability (AAL)	(UAAL)	Ratio	Payroll	% of Covered
						Payroll
Employees Retirement Plan:						
January 1, 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%
2006	422,234,496	439,232,236	16,997,830	96.1%	107,290,189	15.8%
Police Service Retirement Plan:						
January 1, 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%
2006	360,268,341	376,560,903	16,292,562	95.7%	36,694,307	44.4%
Fire Service Retirement Plan						
January 1, 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%
2006	340,274,675	355,786,396	15,511,721	95.6%	38,592,322	40.2%
Pension Plan for Detention Officers and Personnel:						
January 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%
2006	58,379,332	69,092,726	10,713,394	84.5%	16,794,068	63.8%
State Retirement and Pension System of Maryland (<i>dollar amounts in thousands</i>):						
June 30, 2003	32,631,465	34,974,601	2,343,136	93.3%	8,134,419	29.0%
2004	33,484,657	36,325,704	2,841,047	92.2%	8,069,481	35.0%
2005	34,519,500	39,133,450	4,613,949	88.2%	8,603,761	54.0%

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, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
GENERAL PROPERTY TAXES				
Real and personal taxes	\$ 418,133,000	\$ 418,133,000	\$ 426,526,501	\$ 8,393,501
Interest and penalties	765,000	765,000	831,126	66,126
	<u>418,898,000</u>	<u>418,898,000</u>	<u>427,357,627</u>	<u>8,459,627</u>
LOCAL INCOME TAXES	<u>331,786,000</u>	<u>331,786,000</u>	<u>328,424,355</u>	<u>(3,361,645)</u>
STATE SHARED TAXES				
Highway user	28,474,000	28,474,000	28,906,010	432,010
Admissions	7,319,000	7,319,000	6,931,761	(387,239)
Auto-boat	4,000	4,000	5,425	1,425
	<u>35,797,000</u>	<u>35,797,000</u>	<u>35,843,196</u>	<u>46,196</u>
GRANTS AND AID				
Programs for the aging	3,139,700	3,139,700	3,799,089	659,389
Public safety	9,786,900	9,905,700	9,498,047	(407,653)
Mental health	555,000	555,800	559,980	4,180
Health	18,954,000	19,813,500	18,918,664	(894,836)
Other	13,890,800	14,431,500	12,558,044	(1,873,456)
	<u>46,326,400</u>	<u>47,846,200</u>	<u>45,333,824</u>	<u>(2,512,376)</u>
RECORDATION AND TRANSFER TAXES				
Recordation	43,000,000	43,000,000	68,113,312	25,113,312
Transfer	44,000,000	44,000,000	61,819,230	17,819,230
	<u>87,000,000</u>	<u>87,000,000</u>	<u>129,932,542</u>	<u>42,932,542</u>
LOCAL SALES TAXES				
Electricity	5,011,000	5,011,000	5,069,302	58,302
Gas	716,000	716,000	663,726	(52,274)
Telephone	6,780,000	6,780,000	7,942,981	1,162,981
Fuel	74,000	74,000	64,763	(9,237)
Hotel-Motel	12,014,000	12,014,000	12,828,708	814,708
Parking	4,498,000	4,498,000	4,853,798	355,798
Trailer Park Rental Pmts	956,000	956,000	953,327	(2,673)
	<u>30,049,000</u>	<u>30,049,000</u>	<u>32,376,605</u>	<u>2,327,605</u>
LICENSES AND PERMITS				
Amusements	231,500	231,500	243,262	11,762
Special events	6,000	6,000	7,000	1,000
Beer, wine, liquor	711,500	711,500	774,873	63,373
Trade licenses	265,300	265,300	276,761	11,461
Traders	760,000	760,000	857,971	97,971
Permits	11,090,000	11,090,000	10,312,424	(777,576)
Fines	33,000	33,000	107,186	74,186
Mobile home parks	35,000	35,000	34,255	(745)
Taxicabs	71,900	71,900	101,789	29,889
Animal control	303,900	303,900	350,457	46,557
Other	1,630,600	1,630,600	1,626,285	(4,315)
Health Department	1,257,500	1,257,500	913,926	(343,574)
Public space	659,000	659,000	1,160,726	501,726
	<u>17,055,200</u>	<u>17,055,200</u>	<u>16,766,915</u>	<u>(288,285)</u>

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
INVESTMENT INCOME	3,969,000	3,969,000	8,684,134	4,715,134
INTER-FUND RECOVERIES	22,976,400	25,710,400	27,196,964	1,486,564
OTHER REVENUES				
Sale of surplus property	50,000	50,000	73,551	23,551
Health department fees	574,700	574,700	785,871	211,171
Certification of liens	110,000	110,000	84,050	(25,950)
Recreation and Parks	9,527,900	9,527,900	8,739,748	(788,152)
Developers fees - Street lighting	40,000	40,000	78,351	38,351
Sheriff	110,000	110,000	116,354	6,354
Sub-division	1,900,000	1,900,000	2,213,976	313,976
Administrative fees	105,000	105,000	115,655	10,655
Rental income	750,000	750,000	538,700	(211,300)
Cable Fees	5,227,000	5,227,000	5,932,266	705,266
Reimbursements	9,370,900	9,370,900	10,088,137	717,237
Fines and Fees	464,000	464,000	92,470	(371,530)
Miscellaneous	4,610,800	4,610,800	6,772,723	2,161,923
	<u>32,840,300</u>	<u>32,840,300</u>	<u>35,631,852</u>	<u>2,791,552</u>
Total revenues	\$ <u>1,026,697,300</u>	\$ <u>1,030,951,100</u>	\$ <u>1,087,548,014</u>	\$ <u>56,596,914</u>

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
EDUCATION				
Board of Education	\$ 477,481,300	\$ 477,481,300	\$ 477,186,326	\$ (294,974)
Community College	31,654,000	31,654,000	31,616,856	(37,144)
	<u>509,135,300</u>	<u>509,135,300</u>	<u>508,803,182</u>	<u>(332,118)</u>
PUBLIC SAFETY				
Police	87,681,100	84,871,700	84,868,304	(3,396)
Fire	81,967,100	85,677,900	85,375,171	(302,729)
Detention Facilities	35,284,100	34,705,500	33,923,158	(782,342)
	<u>204,932,300</u>	<u>205,255,100</u>	<u>204,166,633</u>	<u>(1,088,467)</u>
GENERAL GOVERNMENT				
County Executive	2,168,500	2,168,500	2,131,565	(36,935)
Chief Administrative Officer	9,508,800	4,560,700	918,877	(3,641,823)
Office of Budget	1,056,800	1,056,800	967,144	(89,656)
Office of Finance	24,679,900	30,393,700	30,102,829	(290,871)
Mandated Transfers	1,071,000	1,071,000	1,064,839	(6,161)
Central Services	19,478,800	19,478,800	19,197,752	(281,048)
Personnel	5,043,700	5,043,700	4,544,811	(498,889)
Information Technology	14,290,400	14,415,200	13,714,785	(700,415)
Law	2,677,000	2,677,000	2,701,283	24,283
Legislative Branch	3,214,700	3,214,700	3,080,013	(134,687)
Ethics Commission	161,500	166,500	157,241	(9,259)
Board of Election Supervisors	1,592,500	1,592,500	1,516,436	(76,064)
	<u>84,943,600</u>	<u>85,839,100</u>	<u>80,097,575</u>	<u>(5,741,525)</u>
HEALTH AND HUMAN SERVICES				
Health	48,244,500	49,254,000	48,291,427	(962,573)
Social Services	7,045,200	7,045,200	5,883,149	(1,162,051)
Services for the Aging	11,922,300	11,922,300	11,563,196	(359,104)
Other Grants	3,485,700	3,830,700	3,732,636	(98,064)
	<u>70,697,700</u>	<u>72,052,200</u>	<u>69,470,408</u>	<u>(2,581,792)</u>
PUBLIC WORKS				
	<u>32,738,000</u>	<u>33,738,000</u>	<u>33,096,301</u>	<u>(641,699)</u>
RECREATION AND COMMUNITY SERVICES				
Recreation and Parks	21,062,100	21,210,800	19,978,493	(1,232,307)
Public Library System	13,188,300	13,188,300	13,188,300	-
	<u>34,250,400</u>	<u>34,399,100</u>	<u>33,166,793</u>	<u>(1,232,307)</u>
JUDICIAL				
States Attorney	7,598,400	7,633,400	7,478,013	(155,387)
Sheriff's Office	6,546,200	6,575,400	6,421,293	(154,107)
Circuit Court	5,203,600	5,424,100	5,372,133	(51,967)
Orphans Court	94,500	94,500	92,365	(2,135)
Total Judicial	<u>19,442,700</u>	<u>19,727,400</u>	<u>19,363,804</u>	<u>(363,596)</u>
LAND USE AND DEVELOPMENT				
Planning and Zoning	8,483,900	8,483,900	6,914,461	(1,569,439)
Office of Administrative Hearings	309,300	309,300	273,979	(35,321)
Cooperative Extension Service	202,400	202,400	194,872	(7,528)
Land Use and Environment	1,835,800	2,125,800	2,116,500	(9,300)
	<u>10,831,400</u>	<u>11,121,400</u>	<u>9,499,812</u>	<u>(1,621,588)</u>
CODE ENFORCEMENT				
Inspections and Permits	10,867,700	10,867,700	10,560,779	(306,921)
Board of License Commissioners	497,800	507,800	483,473	(24,327)
	<u>11,365,500</u>	<u>11,375,500</u>	<u>11,044,252</u>	<u>(331,248)</u>
ECONOMIC DEVELOPMENT				
	<u>1,645,000</u>	<u>1,645,000</u>	<u>1,645,000</u>	<u>-</u>
DEBT SERVICE				
	<u>41,600,100</u>	<u>41,600,100</u>	<u>39,227,195</u>	<u>(2,372,905)</u>
PAY GO FUNDING - CAPITAL PROJECTS				
	<u>81,000,000</u>	<u>82,975,000</u>	<u>82,975,000</u>	<u>-</u>
Total expenditures and encumbrances	\$ <u>1,102,582,000</u>	\$ <u>1,108,863,200</u>	\$ <u>1,092,555,955</u>	\$ <u>(16,307,245)</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.

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

Capital Projects Funds

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

Debt Service Funds

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

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

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

Parole Tax Increment – This fund accumulates the incremental property taxes related to the Parole Tax Increment District, created in 2000. The funds 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, 2006

	Special Revenue Funds					
	County Parking Garage	Street Light	Forfeiture and Asset Seizure Team	Economic Development	Conference and Visitors	Incentive Loan Program
ASSETS						
Cash and investments	\$ -	\$ 2,033,449	\$ 918,293	\$ 176,098	\$ 176,098	\$ 272
Receivables						
Due from other governmental agencies	-	-	-	-	-	-
Other, net	24,944	-	95,500	-	-	-
Total assets	\$ 24,944	\$ 2,033,449	\$ 1,013,793	\$ 176,098	\$ 176,098	\$ 272
LIABILITIES						
Accrued liabilities	\$ 20,673	\$ 45,128	\$ 68,335	\$ -	\$ 175,621	\$ -
Due to General Fund	2,285	-	-	-	-	-
Due to Component Unit	-	-	-	175,621	-	-
Escrow deposits	-	-	324,069	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	22,958	45,128	392,404	175,621	175,621	-
FUND BALANCES						
Reserved						
Encumbrances	1,986	807,092	-	-	-	-
Held by trustee	-	-	-	-	-	-
Unreserved						
Designated for next year's expenditures	-	-	-	-	-	-
Undesignated	-	1,181,229	621,389	477	477	272
Total fund balances	1,986	1,988,321	621,389	477	477	272
Total liabilities and fund balances	\$ 24,944	\$ 2,033,449	\$ 1,013,793	\$ 176,098	\$ 176,098	\$ 272

Special Revenue Funds

Road and Special Benefits Districts	Piney Orchard Wastewater Service	Local Management Board	Storm Drain Fees	Inmate Benefit and Morale	Area Agency on Aging	Reforestation
\$ 484,628	\$ 145,065	\$ 446,315	\$ 1,170,968	\$ 834,498	\$ 72,287	\$ 9,569,345
-	-	710,720	-	-	-	-
6,559	-	-	-	8,481	-	-
<u>\$ 491,187</u>	<u>\$ 145,065</u>	<u>\$ 1,157,035</u>	<u>\$ 1,170,968</u>	<u>\$ 842,979</u>	<u>\$ 72,287</u>	<u>\$ 9,569,345</u>
\$ 12,649	\$ 145,065	\$ 387,913	\$ -	\$ 94,260	\$ -	\$ 98,589
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	30,855	-	2,911,731
-	-	108,904	-	-	-	-
<u>12,649</u>	<u>145,065</u>	<u>496,817</u>	<u>-</u>	<u>125,115</u>	<u>-</u>	<u>3,010,320</u>
-	-	-	-	25,190	-	176,235
-	-	-	-	-	-	-
283,813	-	250,000	1,170,968	-	-	94,600
194,725	-	410,218	-	692,674	72,287	6,288,190
<u>478,538</u>	<u>-</u>	<u>660,218</u>	<u>1,170,968</u>	<u>717,864</u>	<u>72,287</u>	<u>6,559,025</u>
<u>\$ 491,187</u>	<u>\$ 145,065</u>	<u>\$ 1,157,035</u>	<u>\$ 1,170,968</u>	<u>\$ 842,979</u>	<u>\$ 72,287</u>	<u>\$ 9,569,345</u>

Anne Arundel County, Maryland

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2006

	Special Revenue Funds				Capital	Debt Service
	Laurel	Recreational	Workforce	Arundel	Projects Fund	Funds
	Racetrack	Land Fees	Development	Community Development Services	Erosion Districts	Nursery Road Tax Increment
ASSETS						
Cash and investments	\$ 979,484	\$ 255,727	\$ 171,308	\$ -	\$ 582,286	\$ 58,479
Receivables						
Due from other governmental agencies	-	-	-	629,509	-	-
Other, net	244,000	-	-	-	484	-
Total assets	\$ 1,223,484	\$ 255,727	\$ 171,308	\$ 629,509	\$ 582,770	\$ 58,479
LIABILITIES						
Accrued liabilities	\$ -	\$ -	\$ 171,308	\$ 629,509	\$ -	\$ -
Due to General Fund	-	-	-	-	-	-
Due to Component Unit	-	-	-	-	-	-
Escrow deposits	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	-	-	171,308	629,509	-	-
FUND BALANCES						
Reserved						
Encumbrances	-	-	-	4,422,733	-	-
Held by trustee	-	-	-	-	-	-
Unreserved						
Designated for next year's expenditures	-	-	-	-	425,700	-
Undesignated	1,223,484	255,727	-	(4,422,733)	157,070	58,479
Total fund balances	1,223,484	255,727	-	-	582,770	58,479
Total liabilities and fund balances	\$ 1,223,484	\$ 255,727	\$ 171,308	\$ 629,509	\$ 582,770	\$ 58,479

Debt Service Funds

West County Tax Increment	Arundel Mills Tax Increment	Parole Tax Increment	Park Place Tax Increment	Special Taxing Districts	Installment Purchase Agreements	Totals
\$ 70,924	\$ 77,269	\$ 80,372	\$ 61,571	\$ 564,345	\$ 4,505,826	\$ 23,434,907
-	-	-	-	-	-	1,340,229
-	-	-	-	480	-	380,448
<u>\$ 70,924</u>	<u>\$ 77,269</u>	<u>\$ 80,372</u>	<u>\$ 61,571</u>	<u>\$ 564,825</u>	<u>\$ 4,505,826</u>	<u>\$ 25,155,584</u>
\$ 230	\$ -	\$ -	\$ -	\$ 16,787	\$ -	\$ 1,866,067
-	-	-	-	-	-	2,285
-	-	-	-	-	-	175,621
-	-	-	-	-	-	3,266,655
-	-	-	-	-	-	108,904
<u>230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,787</u>	<u>-</u>	<u>5,419,532</u>
-	-	-	-	-	25,000	5,458,236
839	3,351	-	-	-	-	4,190
-	-	-	-	518,730	450,000	3,193,811
<u>69,855</u>	<u>73,918</u>	<u>80,372</u>	<u>61,571</u>	<u>29,308</u>	<u>4,030,826</u>	<u>11,079,815</u>
<u>70,694</u>	<u>77,269</u>	<u>80,372</u>	<u>61,571</u>	<u>548,038</u>	<u>4,505,826</u>	<u>19,736,052</u>
<u>\$ 70,924</u>	<u>\$ 77,269</u>	<u>\$ 80,372</u>	<u>\$ 61,571</u>	<u>\$ 564,825</u>	<u>\$ 4,505,826</u>	<u>\$ 25,155,584</u>

Anne Arundel County, Maryland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2006

	Special Revenue Funds					
	County Parking Garage	Street Light	Forfeiture and Asset Seizure Team	Economic Development	Conference and Visitors	Incentive Loan Program
REVENUES						
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and aid	-	-	-	-	-	-
Local sales taxes	-	-	-	899,654	899,654	-
Commissary sales	-	-	-	-	-	-
Seized / forfeited funds	-	-	341,796	-	-	-
Special community benefit taxes	-	-	-	-	-	-
Fees and commissions	407,981	704,292	-	-	-	-
Investment income	-	-	27,732	-	-	12
Total revenues	407,981	704,292	369,528	899,654	899,654	12
EXPENDITURES						
Current						
Public safety	-	-	110,846	-	-	-
General government	399,329	-	-	-	-	-
Health and human services	-	-	-	-	-	-
Public works	-	229,423	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Land use and development	-	-	-	-	-	-
Economic development	-	-	-	900,000	900,000	-
Capital outlay	-	-	324,888	-	-	-
Debt service						
Interest payments on debt	-	-	-	-	-	-
Principal payments on debt	-	-	-	-	-	-
Total expenditures	399,329	229,423	435,734	900,000	900,000	-
Revenues over (under) expenditures	8,652	474,869	(66,206)	(346)	(346)	12
OTHER FINANCING SOURCES (USES)						
Transfers in						
General Fund	-	-	-	-	-	-
Transfers out						
General Fund	(14,761)	-	-	-	-	-
Total other financing sources (uses)	(14,761)	-	-	-	-	-
Change in fund balances	(6,109)	474,869	(66,206)	(346)	(346)	12
Fund balances, July 1	8,095	1,513,452	687,595	823	823	260
Fund balances, June 30	\$ 1,986	\$ 1,988,321	\$ 621,389	\$ 477	\$ 477	\$ 272

Special Revenue Funds

Road and Special Benefits Districts	Piney Orchard Wastewater Service	Local Management Board	Storm Drain Fees	Inmate Benefit and Morale	Area Agency on Aging	Reforestation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	2,721,544	-	-	1,857,638	-
-	-	-	-	-	-	-
-	-	-	-	700,626	-	-
-	-	-	-	-	-	-
4,491,143	-	-	-	-	-	-
-	584,979	-	266,594	435,372	-	1,596,288
-	-	39,430	-	31,430	-	-
<u>4,491,143</u>	<u>584,979</u>	<u>2,760,974</u>	<u>266,594</u>	<u>1,167,428</u>	<u>1,857,638</u>	<u>1,596,288</u>
-	-	-	-	947,392	-	-
-	-	-	-	-	-	-
-	-	2,990,372	-	-	-	-
-	584,979	-	159,776	-	-	-
4,342,882	-	-	-	-	-	-
-	-	-	-	-	-	561,969
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,342,882</u>	<u>584,979</u>	<u>2,990,372</u>	<u>159,776</u>	<u>947,392</u>	<u>-</u>	<u>561,969</u>
<u>148,261</u>	<u>-</u>	<u>(229,398)</u>	<u>106,818</u>	<u>220,036</u>	<u>1,857,638</u>	<u>1,034,319</u>
-	-	-	-	-	-	-
-	-	-	-	-	(1,785,351)	-
-	-	-	-	-	(1,785,351)	-
<u>148,261</u>	<u>-</u>	<u>(229,398)</u>	<u>106,818</u>	<u>220,036</u>	<u>72,287</u>	<u>1,034,319</u>
<u>330,277</u>	<u>-</u>	<u>889,616</u>	<u>1,064,150</u>	<u>497,828</u>	<u>-</u>	<u>5,524,706</u>
\$ <u>478,538</u>	\$ <u>-</u>	\$ <u>660,218</u>	\$ <u>1,170,968</u>	\$ <u>717,864</u>	\$ <u>72,287</u>	\$ <u>6,559,025</u>

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

Nonmajor Governmental Funds

Year Ended June 30, 2006

	Special Revenue Funds				Capital	Debt Service
	Laurel Racetrack	Recreation Land Fees	Workforce Development	Arundel Community Development Services	Projects Fund Erosion Districts	Funds Nursery Road Tax Increment
REVENUES						
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,658,411
Grants and aid	-	-	1,597,098	6,070,421	-	-
Local sales taxes	-	-	-	-	-	-
Commissary sales	-	-	-	-	-	-
Seized / forfeited funds	-	-	-	-	-	-
Special community benefit taxes	-	-	-	-	178,263	-
Other fees and commissions	530,000	23,650	-	-	-	-
Investment income	38,947	-	-	-	-	113,536
Total revenues	<u>568,947</u>	<u>23,650</u>	<u>1,597,098</u>	<u>6,070,421</u>	<u>178,263</u>	<u>3,771,947</u>
EXPENDITURES						
Current						
Public safety	-	-	-	-	-	-
General government	-	-	-	-	-	3,640
Health and human services	-	-	1,597,098	-	-	-
Public works	-	-	-	-	-	-
Recreation and community services	288,836	-	-	6,460,421	-	-
Land use and development	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay	-	-	-	-	143,161	-
Debt service						
Interest payments on debt	-	-	-	-	-	109,305
Principal payments on debt	-	-	-	-	-	57,790
Total expenditures	<u>288,836</u>	<u>-</u>	<u>1,597,098</u>	<u>6,460,421</u>	<u>143,161</u>	<u>170,735</u>
Revenues over (under) expenditures	<u>280,111</u>	<u>23,650</u>	<u>-</u>	<u>(390,000)</u>	<u>35,102</u>	<u>3,601,212</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
General Fund	-	-	-	390,000	-	-
Transfers out						
General Fund	-	-	-	-	-	(3,671,265)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>390,000</u>	<u>-</u>	<u>(3,671,265)</u>
Change in fund balances	<u>280,111</u>	<u>23,650</u>	<u>-</u>	<u>-</u>	<u>35,102</u>	<u>(70,053)</u>
Fund balances, July 1	943,373	232,077	-	-	547,668	128,532
Fund balances, June 30	<u>\$ 1,223,484</u>	<u>\$ 255,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 582,770</u>	<u>\$ 58,479</u>

Debt Service Funds

West County Tax Increment	Arundel Mills Tax Increment	Parole Tax Increment	Park Place Tax Increment	Special Taxing Districts	Installment Purchase Agreements	Totals
\$ 1,665,713	\$ 3,408,082	\$ 3,626,364	\$ 39,230	\$ -	\$ -	\$ 12,397,800
-	-	-	-	-	-	12,246,701
-	-	-	-	-	-	1,799,308
-	-	-	-	-	-	700,626
-	-	-	-	-	-	341,796
-	-	-	-	378,535	-	5,047,941
-	-	-	-	-	-	4,549,156
<u>84,432</u>	<u>93,279</u>	<u>94,948</u>	<u>1,395</u>	<u>-</u>	<u>(380,099)</u>	<u>145,042</u>
<u>1,750,145</u>	<u>3,501,361</u>	<u>3,721,312</u>	<u>40,625</u>	<u>378,535</u>	<u>(380,099)</u>	<u>37,228,370</u>
-	-	-	-	-	-	1,058,238
15,478	17,072	1,951	278	-	-	437,748
-	-	-	-	-	-	4,587,470
-	-	-	-	-	-	974,178
-	-	-	-	157,060	-	11,249,199
-	-	-	-	-	351,902	913,871
-	-	-	-	-	-	1,800,000
-	-	-	-	-	-	468,049
757,425	1,501,956	329,125	-	-	502,425	3,200,236
<u>-</u>	<u>-</u>	<u>725,000</u>	<u>-</u>	<u>215,667</u>	<u>17,000</u>	<u>1,015,457</u>
<u>772,903</u>	<u>1,519,028</u>	<u>1,056,076</u>	<u>278</u>	<u>372,727</u>	<u>871,327</u>	<u>25,704,446</u>
<u>977,242</u>	<u>1,982,333</u>	<u>2,665,236</u>	<u>40,347</u>	<u>5,808</u>	<u>(1,251,426)</u>	<u>11,523,924</u>
-	-	-	-	-	416,000	806,000
<u>(2,166,400)</u>	<u>(2,594,572)</u>	<u>(3,209,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,441,649)</u>
<u>(2,166,400)</u>	<u>(2,594,572)</u>	<u>(3,209,300)</u>	<u>-</u>	<u>-</u>	<u>416,000</u>	<u>(12,635,649)</u>
<u>(1,189,158)</u>	<u>(612,239)</u>	<u>(544,064)</u>	<u>40,347</u>	<u>5,808</u>	<u>(835,426)</u>	<u>(1,111,725)</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>70,694</u>	\$ <u>77,269</u>	\$ <u>80,372</u>	\$ <u>61,571</u>	\$ <u>548,038</u>	\$ <u>4,505,826</u>	\$ <u>19,736,052</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, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
COUNTY PARKING GARAGE				
Revenues				
Parking fees	\$ 362,000	\$ 382,000	\$ 376,027	\$ (5,973)
Expenditures				
General government	362,000	382,000	376,027	(5,973)
Revenues over expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	
STREET LIGHT				
Revenues				
Developer fees	\$ 1,000,000	\$ 1,000,000	\$ 704,292	\$ (295,708)
Other	-	-	28,871	28,871
	<u>1,000,000</u>	<u>1,000,000</u>	<u>733,163</u>	<u>(266,837)</u>
Expenditures				
Public Works	1,000,000	1,000,000	158,277	(841,723)
Revenues over expenditures	-	-	574,886	\$ <u>574,886</u>
Fund balance, budgetary, July 1 (as restated)*	606,343	606,343	606,343	
Fund balance, budgetary, June 30	\$ <u>606,343</u>	\$ <u>606,343</u>	\$ <u>1,181,229</u>	
FORFEITURE AND ASSET SEIZURE TEAM				
Revenues				
Seized and forfeited funds	\$ 320,000	\$ 320,000	\$ 341,796	\$ 21,796
Investment income	-	-	27,732	27,732
	<u>320,000</u>	<u>320,000</u>	<u>369,528</u>	<u>49,528</u>
Expenditures				
Public Safety	139,500	139,500	110,846	(28,654)
Capital Outlay	355,400	355,400	314,988	(40,412)
	<u>494,900</u>	<u>494,900</u>	<u>425,834</u>	<u>(69,066)</u>
Revenues over (under) expenditures	(174,900)	(174,900)	(56,306)	\$ <u>118,594</u>
Fund balance, budgetary, July 1 (as restated)*	677,695	677,695	677,695	
Fund balance, budgetary, June 30	\$ <u>502,795</u>	\$ <u>502,795</u>	\$ <u>621,389</u>	

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

**Amount has been restated to reflect proper beginning budgetary fund balance.*

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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
ECONOMIC DEVELOPMENT				
Revenues				
Local sales taxes	\$ 840,000	\$ 900,000	\$ 899,654	\$ (346)
Expenditures				
Economic development	840,000	900,000	900,000	-
Revenues under expenditures	-	-	(346)	\$ (346)
Fund balance, budgetary, July 1	823	823	823	
Fund balance, budgetary, June 30	\$ 823	\$ 823	\$ 477	
CONFERENCE AND VISITORS				
Revenues				
Local sales taxes	\$ 840,000	\$ 900,000	\$ 899,654	\$ (346)
Expenditures				
Economic development	840,000	900,000	900,000	-
Revenues under expenditures	-	-	(346)	\$ (346)
Fund balance, budgetary, July 1	823	823	823	
Fund balance, budgetary, June 30	\$ 823	\$ 823	\$ 477	
INCENTIVE LOAN PROGRAM				
Revenues				
Fees and commissions	\$ 250,000	\$ 250,000	\$ -	\$ (250,000)
Investment income	-	-	12	12
	<u>250,000</u>	<u>250,000</u>	<u>12</u>	<u>(249,988)</u>
Expenditures				
Economic Development	250,000	250,000	-	(250,000)
Revenues over expenditures	-	-	12	\$ 12
Fund balance, budgetary, July 1	260	260	260	
Fund balance, budgetary, June 30	\$ 260	\$ 260	\$ 272	

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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
ROADS AND SPECIAL BENEFITS				
Revenues				
Special community benefit taxes	\$ 4,353,800	\$ 4,392,180	\$ 4,491,143	\$ 98,963
Expenditures				
Recreation and community services	5,757,290	5,814,970	4,342,882	(1,472,088)
Revenues over (under) expenditures	(1,403,490)	(1,422,790)	148,261	\$ 1,571,051
Fund balance, budgetary, July 1	330,277	330,277	330,277	
Fund balance, budgetary, June 30	\$ (1,073,213)	\$ (1,092,513)	\$ 478,538	
PINEY ORCHARD WASTEWATER SERVICE				
Revenues				
Commissions and fees	\$ 600,000	\$ 600,000	\$ 584,979	\$ (15,021)
Expenditures				
Public works	600,000	600,000	584,979	(15,021)
Revenues over expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	
LOCAL MANAGEMENT BOARD				
Revenues				
Grants and aid	\$ 3,064,800	\$ 3,280,800	\$ 2,721,544	\$ (559,256)
Investment income	-	-	39,430	39,430
Other	-	-	90,580	90,580
	<u>3,064,800</u>	<u>3,280,800</u>	<u>2,851,554</u>	<u>(429,246)</u>
Expenditures				
Health and human services	3,064,800	3,280,800	2,988,572	(292,228)
Revenues under expenditures	-	-	(137,018)	\$ (137,018)
Fund balance, budgetary, July 1	797,236	797,236	797,236	
Fund balance, budgetary, June 30	\$ 797,236	\$ 797,236	\$ 660,218	

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, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
INMATE BENEFIT AND MORALE				
Revenues				
Commissary sales	\$ 648,000	\$ 648,000	\$ 700,626	\$ 52,626
Commissions and fees	214,000	214,000	435,372	221,372
Investment income	8,000	8,000	31,430	23,430
Other	-	-	3,842	3,842
	<u>870,000</u>	<u>870,000</u>	<u>1,171,270</u>	<u>301,270</u>
Expenditures				
Commissary purchases	630,000	630,000	698,688	68,688
Inmate benefits/morale	240,000	390,000	268,525	(121,475)
	<u>870,000</u>	<u>1,020,000</u>	<u>967,213</u>	<u>(52,787)</u>
Revenues over (under) expenditures	-	(150,000)	204,057	<u>\$ 354,057</u>
Fund balance, budgetary, July 1	<u>488,617</u>	<u>488,617</u>	<u>488,617</u>	
Fund balance, budgetary, June 30	<u>\$ 488,617</u>	<u>\$ 338,617</u>	<u>\$ 692,674</u>	
REFORESTATION				
Revenues				
Commissions and fees	\$ 1,100,000	\$ 1,100,000	\$ 1,612,097	\$ 512,097
Expenditures				
Land use and development	666,200	1,066,200	737,793	(328,407)
Revenues over expenditures	433,800	33,800	874,304	<u>\$ 840,504</u>
Fund balance, budgetary, July 1	<u>5,508,485</u>	<u>5,508,485</u>	<u>5,508,485</u>	
Fund balance, budgetary, June 30	<u>\$ 5,942,285</u>	<u>\$ 5,542,285</u>	<u>\$ 6,382,789</u>	
LAUREL RACETRACK				
Revenues				
Fees and commissions	\$ 400,000	\$ 400,000	\$ 530,000	\$ 130,000
Other	-	-	38,947	38,947
	<u>400,000</u>	<u>400,000</u>	<u>568,947</u>	<u>168,947</u>
Expenditures				
Recreation and community services	400,000	400,000	288,836	(111,164)
Revenues over expenditures	-	-	280,111	<u>\$ 280,111</u>
Fund balance, budgetary, July 1	<u>943,373</u>	<u>943,373</u>	<u>943,373</u>	
Fund balance, budgetary, June 30	<u>\$ 943,373</u>	<u>\$ 943,373</u>	<u>\$ 1,223,484</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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
WORKFORCE DEVELOPMENT				
Revenues				
Grants and aid	\$ <u>2,400,000</u>	\$ <u>2,400,000</u>	\$ <u>1,597,098</u>	\$ <u>(802,902)</u>
Expenditures				
Health and human services	<u>2,400,000</u>	<u>2,400,000</u>	<u>1,597,098</u>	<u>(802,902)</u>
Revenues over expenditures	-	-	-	\$ <u><u>-</u></u>
Fund balance, budgetary, July 1	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance, budgetary, June 30	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	
ARUNDEL COMMUNITY DEVELOPMENT SERVICES				
Revenues				
Grants and aid	\$ <u>6,629,400</u>	\$ <u>6,629,400</u>	\$ <u>6,517,022</u>	\$ <u>(112,378)</u>
Expenditures				
Health and human services	<u>6,629,400</u>	<u>6,629,400</u>	<u>6,517,022</u>	<u>(112,378)</u>
Revenues over expenditures	-	-	-	\$ <u><u>-</u></u>
Fund balance, budgetary, July 1	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance, budgetary, June 30	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	

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

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Anne Arundel County, Maryland

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

Roads and Special Benefit Districts

Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Amberly	\$ -	\$ -	\$ -	\$ -
Annapolis Roads - Roads	244,100	244,100	252,694	8,594
Arundel on the Bay-Special Benefits	75,000	75,000	80,994	5,994
Avalon Shores - Special Benefits	17,400	17,400	17,437	37
Bay Highlands - Roads	21,900	21,900	22,722	822
Bay Ridge - Special Officer	215,800	215,800	216,373	573
Beverly Beach - Special Benefits	26,200	26,200	26,317	117
Birchwood - Special Benefits	3,500	3,500	3,458	(42)
Bittersweet	8,800	8,800	8,800	-
Cape Anne - Special Benefits	7,700	7,700	7,600	(100)
Cape St. Claire-Special Benefits	139,000	139,000	135,360	(3,640)
Carrolton Manor	79,200	79,200	79,049	(151)
Cedarhurst-Special Benefits	85,300	85,300	90,209	4,909
Chartwell-Special Benefits	33,500	33,500	33,450	(50)
Columbia Beach - Roads	31,000	31,000	34,422	3,422
Crofton - Special Benefits	744,900	744,900	766,662	21,762
Eden Woods - Special Benefits	19,200	19,200	19,200	-
Epping Forest - Special Benefits	169,700	169,700	186,523	16,823
Fairhaven Cliffs - Special Benefits	4,800	4,800	4,760	(40)
Felicity Cove - Special Benefits	18,600	18,600	18,584	(16)
Franklin Manor - Special Benefits	36,000	36,000	36,855	855
Gibson Island - Roads	178,000	178,000	191,594	13,594
Greenbriar Gardens	9,100	9,100	9,120	20
Greenbriar II	16,800	16,800	16,800	-
Heritage Pool	-	38,380	38,760	380
Highview on the Bay	24,100	24,100	24,080	(20)
Hillsmere Estates - Roads	173,800	173,800	176,014	2,214
Holland Point - Special Officer	9,200	9,200	10,229	1,029
Hunters Harbor - Roads	15,500	15,500	15,448	(52)
Indian Hills (Winchester)-Special Benefits	85,600	85,600	88,563	2,963
Landhaven - Special Benefits	2,600	2,600	2,639	39
Little Magothy River	36,400	36,400	35,350	(1,050)
Long Point on the Severn - Roads	7,800	7,800	7,799	(1)
Magothy Beach	3,900	3,900	3,900	-
Manhattan Beach - Roads	14,900	14,900	14,825	(75)
Owings Beach - Roads	22,000	22,000	23,743	1,743
Oyster Harbor - Roads	209,300	209,300	222,969	13,669
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	10,596	(104)
Queen's Park - Special Benefits	33,700	33,700	33,676	(24)
Rockview Beach / Riviera Isles	4,600	4,600	4,600	-
Selby on the Bay - Roads	74,400	74,400	74,609	209
Severndale - Special Benefits	3,600	3,600	3,627	27
Sherwood Forest - Special Benefits	916,300	916,300	916,256	(44)
Shoreham Beach - Roads	31,200	31,200	31,425	225
Southgate - Special Benefits	-	-	-	-
South River Heights - Roads	12,700	12,700	12,651	(49)
South River Manor-Special Benefits	4,700	4,700	4,501	(199)
South River Park - Roads	11,100	11,100	11,100	-
Steedman Point - Roads	3,800	3,800	3,750	(50)
Stone Haven	2,600	2,600	2,617	17
Sylvan View on the Magothy	14,200	14,200	14,206	6
Tanglewood Lane - Roads	7,200	7,200	7,151	(49)
Upper Magothy Beach	14,900	14,900	14,900	-
Venice Beach - Roads	23,500	23,500	25,341	1,841
Venice on the Bay	6,100	6,100	6,059	(41)
Warthen Knolls	9,900	9,900	9,869	(31)
Wilenor	16,200	16,200	15,960	(240)
Woodland Beach - Roads	312,700	312,700	315,807	3,107
Woodland Beach/Pasadena	6,300	6,300	6,300	-
Total revenues	\$ 4,353,800	\$ 4,392,180	\$ 4,491,143	\$ 98,963

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, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES				
Amberly	\$ -	\$ 9,900	\$ -	\$ (9,900)
Annapolis Roads - Roads	263,300	263,300	244,095	(19,205)
Arundel on the Bay-Special Benefits	99,200	99,200	77,795	(21,405)
Avalon Shores - Special Benefits	20,700	20,700	17,497	(3,203)
Bay Highlands - Roads	64,500	64,500	21,897	(42,603)
Bay Ridge - Special Officer	266,600	266,600	206,977	(59,623)
Beverly Beach - Special Benefits	26,400	26,400	26,397	(3)
Birchwood - Special Benefits	6,100	6,100	173	(5,927)
Bittersweet	10,100	10,100	8,800	(1,300)
Cape Anne - Special Benefits	17,200	17,200	10,166	(7,034)
Cape St. Claire-Special Benefits	219,600	219,600	137,497	(82,103)
Carrolton Manor	79,500	79,500	78,000	(1,500)
Cedarhurst-Special Benefits	94,300	94,300	85,296	(9,004)
Chartwell-Special Benefits	101,500	101,500	33,496	(68,004)
Columbia Beach - Roads	71,300	71,300	34,496	(36,804)
Crofton - Special Benefits	1,071,900	1,071,900	758,395	(313,505)
Eden Woods - Special Benefits	54,000	54,000	19,195	(34,805)
Epping Forest - Special Benefits	373,500	373,500	176,295	(197,205)
Fairhaven Cliffs - Special Benefits	6,000	6,000	688	(5,312)
Felicity Cove - Special Benefits	18,600	28,000	18,425	(9,575)
Franklin Manor - Special Benefits	41,500	41,500	36,495	(5,005)
Gibson Island - Roads	274,500	274,500	192,495	(82,005)
Greenbriar Gardens	9,100	9,100	9,096	(4)
Greenbriar II	16,800	16,800	16,800	-
Heritage Pool	-	38,380	38,376	(4)
Highview on the Bay	24,100	24,100	24,085	(15)
Hillsmere Estates - Roads	186,800	186,800	173,795	(13,005)
Holland Point - Special Officer	11,400	11,400	11,395	(5)
Hunters Harbor - Roads	15,500	15,500	8,000	(7,500)
Indian Hills (Winchester)-Special Benefits	86,600	86,600	86,594	(6)
Landhaven - Special Benefits	7,700	7,700	3,751	(3,949)
Little Magothy River	66,800	66,800	35,348	(31,452)
Long Point on the Severn - Roads	45,000	45,000	7,795	(37,205)
Magothy Beach	4,100	4,100	4,095	(5)
Manhattan Beach - Roads	26,200	26,200	14,911	(11,289)
Owings Beach - Roads	30,500	30,500	19,882	(10,618)
Oyster Harbor - Roads	287,900	287,900	156,844	(131,056)
Parke West-Special Benefits	31,900	31,900	31,888	(12)
Pine Grove Village Special Benefits	14,700	14,700	10,994	(3,706)
Provinces - Special Benefits	10,700	10,700	10,530	(170)
Queen's Park - Special Benefits	33,700	33,700	33,604	(96)
Rockview Beach / Riviera Isles	7,600	7,600	4,586	(3,014)
Selby on the Bay - Roads	84,900	84,900	75,010	(9,890)
Severndale - Special Benefits	20,745	20,745	3,599	(17,146)
Sherwood Forest - Special Benefits	916,300	916,300	916,294	(6)
Shoreham Beach - Roads	30,415	30,415	31,195	780
Southgate - Special Benefits	4,300	4,300	-	(4,300)
South River Heights - Roads	13,300	13,300	12,653	(647)
South River Manor-Special Benefits	9,100	9,100	2,725	(6,375)
South River Park - Roads	18,300	18,300	11,096	(7,204)
Steedman Point - Roads	22,700	22,700	188	(22,512)
Stone Haven	2,915	2,915	2,596	(319)
Sylvan View on the Magothy	15,800	15,800	15,796	(4)
Tanglewood Lane - Roads	13,200	13,200	358	(12,842)
Upper Magothy Beach	15,165	15,165	13,745	(1,420)
Venice Beach - Roads	68,900	68,900	28,167	(40,733)
Venice on the Bay	12,300	12,300	6,195	(6,105)
Warthen Knolls	9,900	9,900	493	(9,407)
Wilenor	22,550	22,550	16,238	(6,312)
Woodland Beach - Roads	372,300	372,300	313,296	(59,004)
Woodland Beach/Pasadena	6,800	6,800	6,299	(501)
Total revenues	\$ 5,757,290	\$ 5,814,970	\$ 4,342,882	\$ (1,472,088)

Anne Arundel County, Maryland

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

General County Capital Projects

Year Ended June 30, 2006

	Total	School Construction	Higher Education	Storm Drains	Recreation
AUTHORIZED PER ORIGINAL BUDGET					
County bonds	\$ 570,770,000	\$ 202,422,000	\$ 23,539,000	\$ 16,753,000	\$ 71,638,000
Grants and aid	285,246,000	115,985,000	15,512,000	400,000	39,975,000
Contributions from other funds	289,494,000	149,537,000	3,472,000	6,104,000	15,334,000
Special fees	67,329,000	19,655,000	-	-	-
Impact fees	86,203,000	47,421,000	-	-	-
Other sources	17,266,000	104,000	-	3,990,000	80,000
Total	<u>\$ 1,316,308,000</u>	<u>\$ 535,124,000</u>	<u>\$ 42,523,000</u>	<u>\$ 27,247,000</u>	<u>\$ 127,027,000</u>
AUTHORIZED PER FINAL BUDGET					
County bonds	\$ 511,663,442	\$ 194,250,858	\$ 24,675,000	\$ 14,961,603	\$ 61,660,296
Grants and aid	239,136,313	109,417,000	15,512,000	400,000	37,774,782
Contributions from other funds	244,114,287	135,775,010	4,901,497	3,906,875	11,866,966
Special fees	56,730,000	18,958,000	-	-	-
Impact fees	85,308,400	47,118,000	-	-	-
Other sources	14,709,900	592,900	-	1,854,190	75,455
Total	1,151,662,342	506,111,768	45,088,497	21,122,668	111,377,499
Less: Completed projects	250,702,843	109,878,988	11,959,000	3,064,123	6,339,038
	<u>900,959,499</u>	<u>396,232,780</u>	<u>33,129,497</u>	<u>18,058,545</u>	<u>105,038,461</u>
REALIZED					
Current year					
Bonds and bond anticipation notes	67,868,814	24,000,000	3,500,000	1,000,000	6,000,000
Grants and aid	16,616,188	266,563	1,319,121	71,740	5,866,664
Contributions from the general fund	82,975,000	48,189,000	1,076,000	1,200,000	6,250,000
Special fees	1,970,000	1,970,000	-	-	-
Impact fees	11,527,814	8,467,874	-	-	-
Other sources	863,882	-	-	156,102	23,140
Total	181,821,698	82,893,437	5,895,121	2,427,842	18,139,804
Prior years	675,408,811	263,247,814	31,662,359	12,810,345	71,420,363
Total realized funding sources	857,230,509	346,141,251	37,557,480	15,238,187	89,560,167
Less: Completed projects and adjustments	206,594,644	74,815,797	10,239,617	3,032,989	3,311,760
	<u>650,635,865</u>	<u>271,325,454</u>	<u>27,317,863</u>	<u>12,205,198</u>	<u>86,248,407</u>
Funding sources authorized - June 30, 2006	<u>\$ 250,323,634</u>	<u>\$ 124,907,326</u>	<u>\$ 5,811,634</u>	<u>\$ 5,853,347</u>	<u>\$ 18,790,054</u>

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

Libraries	Roads and Bridges	Police and Fire	Community Development Block Grant	Waterway Improvements	Other
\$ 14,172,000	\$ 94,011,000	\$ 49,227,000	\$ -	\$ 17,313,000	\$ 81,695,000
-	4,855,000	32,684,000	47,222,000	8,436,000	20,177,000
21,653,000	26,661,000	4,766,000	5,020,000	885,000	56,062,000
-	39,774,000	-	-	-	7,900,000
-	36,926,000	1,856,000	-	-	-
-	6,492,000	-	4,139,000	272,000	2,189,000
<u>\$ 35,825,000</u>	<u>\$ 208,719,000</u>	<u>\$ 88,533,000</u>	<u>\$ 56,381,000</u>	<u>\$ 26,906,000</u>	<u>\$ 168,023,000</u>
\$ 14,172,331	\$ 88,854,360	\$ 22,293,900	\$ -	\$ 16,485,140	\$ 74,309,954
-	4,012,000	5,430,000	45,812,614	8,800,598	11,977,319
16,784,153	18,452,009	1,701,189	5,020,000	804,296	44,902,292
-	32,772,000	-	-	-	5,000,000
-	36,334,400	1,856,000	-	-	-
-	6,400,931	-	4,139,473	237,000	1,409,951
30,956,484	186,825,700	31,281,089	54,972,087	26,327,034	137,599,516
12,864,925	38,147,545	4,128,000	52,922,087	3,796,268	7,602,869
<u>18,091,559</u>	<u>148,678,155</u>	<u>27,153,089</u>	<u>2,050,000</u>	<u>22,530,766</u>	<u>129,996,647</u>
1,500,000	15,000,000	2,500,000	-	2,000,000	12,368,814
-	213,413	4,125,971	1,178,598	265,093	3,309,025
2,950,000	14,720,000	550,000	-	150,000	7,890,000
-	-	-	-	-	-
-	2,199,117	860,823	-	-	-
-	337,748	-	-	(2,833)	349,725
4,450,000	32,470,278	8,036,794	1,178,598	2,412,260	23,917,564
26,038,733	101,896,495	19,404,151	49,322,081	12,495,115	87,111,355
30,488,733	134,366,773	27,440,945	50,500,679	14,907,375	111,028,919
12,826,458	38,663,557	4,010,006	48,653,756	3,549,674	7,491,030
17,662,275	95,703,216	23,430,939	1,846,923	11,357,701	103,537,889
<u>\$ 429,284</u>	<u>\$ 52,974,939</u>	<u>\$ 3,722,150</u>	<u>\$ 203,077</u>	<u>\$ 11,173,065</u>	<u>\$ 26,458,758</u>

Anne Arundel County, Maryland

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

General County Capital Projects

Year Ended June 30, 2006

APPROPRIATIONS	<u>Total</u>	<u>School Construction</u>	<u>Higher Education</u>	<u>Storm Drains</u>
Original Budget	\$ <u>1,316,308,000</u>	\$ <u>535,124,000</u>	\$ <u>42,523,000</u>	\$ <u>27,247,000</u>
Final Budget				
Prior years	\$ 924,581,238	\$ 404,004,768	\$ 40,551,000	\$ 16,747,042
Current year	<u>227,081,103</u>	<u>102,107,000</u>	<u>4,537,497</u>	<u>4,375,626</u>
	1,151,662,341	506,111,768	45,088,497	21,122,668
Less: Completed projects	<u>250,702,842</u>	<u>109,878,988</u>	<u>11,959,000</u>	<u>3,064,123</u>
Total appropriations	<u>900,959,499</u>	<u>396,232,780</u>	<u>33,129,497</u>	<u>18,058,545</u>
 EXPENDITURES AND ENCUMBRANCES				
Prior years expenditures and transfers	633,883,726	248,606,327	31,871,921	9,868,078
Current year expenditures	89,854,057	-	-	4,744,919
Operating transfers	<u>66,944,323</u>	<u>64,908,252</u>	<u>2,036,071</u>	<u>-</u>
	790,682,106	313,514,579	33,907,992	14,612,997
Less: Completed projects	<u>206,553,986</u>	<u>74,664,616</u>	<u>10,239,617</u>	<u>3,034,686</u>
Total	584,128,120	238,849,963	23,668,375	11,578,311
Encumbrances outstanding	<u>31,615,920</u>	<u>-</u>	<u>-</u>	<u>1,551,977</u>
Total expenditures and encumbrances	<u>615,744,040</u>	<u>238,849,963</u>	<u>23,668,375</u>	<u>13,130,288</u>
Unencumbered appropriations - June 30, 2006	\$ <u>285,215,459</u>	\$ <u>157,382,817</u>	\$ <u>9,461,122</u>	\$ <u>4,928,257</u>

	Recreation	Libraries	Roads and Bridges	Police and Fire	Community Development Block Grant	Waterway Improvements	Other
\$	<u>127,027,000</u>	<u>35,825,000</u>	<u>208,719,000</u>	<u>88,533,000</u>	<u>56,381,000</u>	<u>26,906,000</u>	<u>168,023,000</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>
	<u>22,156,989</u>	<u>3,639,992</u>	<u>42,040,534</u>	<u>7,520,000</u>	<u>(750,000)</u>	<u>6,210,491</u>	<u>35,242,974</u>
	<u>111,377,499</u>	<u>30,956,484</u>	<u>186,825,699</u>	<u>31,281,089</u>	<u>54,972,087</u>	<u>26,327,034</u>	<u>137,599,516</u>
	<u>6,339,038</u>	<u>12,864,925</u>	<u>38,147,544</u>	<u>4,128,000</u>	<u>52,922,087</u>	<u>3,796,268</u>	<u>7,602,869</u>
	<u>105,038,461</u>	<u>18,091,559</u>	<u>148,678,155</u>	<u>27,153,089</u>	<u>2,050,000</u>	<u>22,530,766</u>	<u>129,996,647</u>
	<u>64,894,280</u>	<u>25,402,408</u>	<u>97,591,566</u>	<u>16,020,585</u>	<u>49,322,081</u>	<u>11,024,586</u>	<u>79,281,894</u>
	<u>17,774,094</u>	<u>2,768,785</u>	<u>37,720,502</u>	<u>4,862,208</u>	<u>1,178,598</u>	<u>1,889,897</u>	<u>18,915,054</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>82,668,374</u>	<u>28,171,193</u>	<u>135,312,068</u>	<u>20,882,793</u>	<u>50,500,679</u>	<u>12,914,483</u>	<u>98,196,948</u>
	<u>3,290,134</u>	<u>12,826,458</u>	<u>38,598,386</u>	<u>4,127,959</u>	<u>48,653,756</u>	<u>3,645,520</u>	<u>7,472,854</u>
	<u>79,378,240</u>	<u>15,344,735</u>	<u>96,713,682</u>	<u>16,754,834</u>	<u>1,846,923</u>	<u>9,268,963</u>	<u>90,724,094</u>
	<u>3,736,082</u>	<u>1,116,865</u>	<u>11,030,595</u>	<u>3,256,094</u>	<u>203,077</u>	<u>1,558,874</u>	<u>9,162,356</u>
	<u>83,114,322</u>	<u>16,461,600</u>	<u>107,744,277</u>	<u>20,010,928</u>	<u>2,050,000</u>	<u>10,827,837</u>	<u>99,886,450</u>
\$	<u>21,924,139</u>	<u>1,629,959</u>	<u>40,933,878</u>	<u>7,142,161</u>	<u>-</u>	<u>11,702,929</u>	<u>30,110,197</u>

Anne Arundel County, Maryland

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

Erosion Districts Fund

Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Cedarhurst	\$ 35,900	\$ 35,900	\$ 38,319	\$ 2,419
Columbia Beach	14,700	14,700	16,281	1,581
Franklin Manor	19,800	19,800	20,270	470
Gibson Island	-	-	-	-
Holland Point	24,400	24,400	27,293	2,893
Idlewilde	-	-	-	-
Riviera Beach	76,000	76,000	76,100	100
Total revenues	<u>\$ 170,800</u>	<u>\$ 170,800</u>	<u>\$ 178,263</u>	<u>\$ 7,463</u>
EXPENDITURES				
Cedarhurst	\$ 75,500	\$ 75,500	\$ 73,407	\$ (2,093)
Columbia Beach	23,000	23,000	814	(22,186)
Franklin Manor	45,800	45,800	8,383	(37,417)
Gibson Island	28,000	28,000	27,995	(5)
Holland Point	65,700	65,700	1,364	(64,336)
Idlewilde	10,000	10,000	-	(10,000)
Riviera Beach	395,900	395,900	31,198	(364,702)
Total expenditures	<u>\$ 643,900</u>	<u>\$ 643,900</u>	<u>\$ 143,161</u>	<u>\$ (500,739)</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, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
NURSERY ROAD TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 3,751,000	\$ 3,751,000	\$ 3,658,411	\$ (92,589)
Investment income	20,000	20,000	113,536	93,536
	<u>3,771,000</u>	<u>3,771,000</u>	<u>3,771,947</u>	<u>947</u>
Expenditures				
Contractual services	10,000	10,000	3,640	(6,360)
Interest payments on debt	109,300	109,300	109,305	5
Principal payments on debt	57,800	57,800	57,790	(10)
Other	3,593,900	3,664,900	3,671,265	6,365
	<u>3,771,000</u>	<u>3,842,000</u>	<u>3,842,000</u>	<u>-</u>
Revenues over (under) expenditures	-	(71,000)	(70,053)	\$ <u>947</u>
Fund balance, budgetary, July 1	<u>128,532</u>	<u>128,532</u>	<u>128,532</u>	
Fund balance, budgetary, June 30	\$ <u>128,532</u>	\$ <u>57,532</u>	\$ <u>58,479</u>	
WEST COUNTY TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 1,515,000	\$ 1,686,000	\$ 1,665,713	\$ (20,287)
Investment income	20,000	20,000	84,432	64,432
	<u>1,535,000</u>	<u>1,706,000</u>	<u>1,750,145</u>	<u>44,145</u>
Expenditures				
Contractual services	41,200	41,200	15,478	(25,722)
Interest payments on debt	757,400	757,400	757,425	25
Other	736,400	2,166,400	2,166,400	-
	<u>1,535,000</u>	<u>2,965,000</u>	<u>2,939,303</u>	<u>(25,697)</u>
Revenues over (under) expenditures	-	(1,259,000)	(1,189,158)	\$ <u>69,842</u>
Fund balance, budgetary, July 1	<u>1,259,852</u>	<u>1,259,852</u>	<u>1,259,852</u>	
Fund balance, budgetary, June 30	\$ <u>1,259,852</u>	\$ <u>852</u>	\$ <u>70,694</u>	
ARUNDEL MILLS TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 3,470,000	\$ 3,470,000	\$ 3,408,082	\$ (61,918)
Investment income	30,000	30,000	93,279	63,279
	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,501,361</u>	<u>1,361</u>
Expenditures				
Interest payments on debt	1,502,000	1,502,000	1,501,956	(44)
Other	1,998,000	2,611,600	2,611,644	44
	<u>3,500,000</u>	<u>4,113,600</u>	<u>4,113,600</u>	<u>-</u>
Revenues over (under) expenditures	-	(613,600)	(612,239)	\$ <u>1,361</u>
Fund balance, budgetary, July 1	<u>689,508</u>	<u>689,508</u>	<u>689,508</u>	
Fund balance, budgetary, June 30	\$ <u>689,508</u>	\$ <u>75,908</u>	\$ <u>77,269</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, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
PAROLE TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 3,634,000	\$ 3,634,000	\$ 3,626,364	\$ (7,636)
Investment income	10,000	10,000	94,948	84,948
	<u>3,644,000</u>	<u>3,644,000</u>	<u>3,721,312</u>	<u>77,312</u>
Expenditures				
Interest payments on debt	329,100	329,100	329,125	25
Principal payments on debt	725,000	725,000	725,000	-
Other	2,589,900	3,209,300	3,211,251	1,951
	<u>3,644,000</u>	<u>4,263,400</u>	<u>4,265,376</u>	<u>1,976</u>
Revenues over (under) expenditures	-	(619,400)	(544,064)	\$ <u>75,336</u>
Fund balance, budgetary, July 1	624,436	624,436	624,436	
Fund balance, budgetary, June 30	\$ <u>624,436</u>	\$ <u>5,036</u>	\$ <u>80,372</u>	
PARK PLACE TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 18,000	\$ 18,000	\$ 39,230	\$ 21,230
Investment income	-	-	1,395	1,395
	<u>18,000</u>	<u>18,000</u>	<u>40,625</u>	<u>22,625</u>
Expenditures				
Other	18,000	18,000	278	(17,722)
	<u>18,000</u>	<u>18,000</u>	<u>278</u>	<u>(17,722)</u>
Revenues over expenditures	-	-	40,347	\$ <u>40,347</u>
Fund balance, budgetary, July 1	21,224	21,224	21,224	
Fund balance, budgetary, June 30	\$ <u>21,224</u>	\$ <u>21,224</u>	\$ <u>61,571</u>	
SPECIAL TAXING DISTRICTS				
Revenues				
Special assessments	\$ 363,900	\$ 363,900	\$ 378,535	\$ 14,635
Expenditures				
Principal payments on debt	768,422	768,422	215,667	(552,755)
Other	157,060	201,360	157,060	(44,300)
	<u>925,482</u>	<u>969,782</u>	<u>372,727</u>	<u>(597,055)</u>
Revenues over (under) expenditures	(561,582)	(605,882)	5,808	\$ <u>611,690</u>
Fund balance, budgetary, July 1	542,230	542,230	542,230	
Fund balance, budgetary, June 30	\$ <u>(19,352)</u>	\$ <u>(63,652)</u>	\$ <u>548,038</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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
INSTALLMENT PURCHASE AGREEMENTS				
Revenues				
Investment income	\$ -	\$ -	\$ (380,099)	\$ (380,099)
General fund contribution and other	<u>416,000</u>	<u>416,000</u>	<u>73,406</u>	<u>(342,594)</u>
	<u>416,000</u>	<u>416,000</u>	<u>(306,693)</u>	<u>(722,693)</u>
Expenditures				
Contractual services	100,000	100,000	34,308	(65,692)
Interest payments on debt	478,300	478,300	502,425	24,125
Principal payments on debt	<u>16,000</u>	<u>16,000</u>	<u>17,000</u>	<u>1,000</u>
	<u>594,300</u>	<u>594,300</u>	<u>553,733</u>	<u>(40,567)</u>
Revenues under expenditures	(178,300)	(178,300)	(860,426)	<u><u>(682,126)</u></u>
Fund balance, budgetary, July 1	<u>5,341,252</u>	<u>5,341,252</u>	<u>5,341,252</u>	
Fund balance, budgetary, June 30	<u><u>\$ 5,162,952</u></u>	<u><u>\$ 5,162,952</u></u>	<u><u>\$ 4,480,826</u></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, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Annapolis Cove	\$ 4,600	\$ 4,600	\$ 4,620	\$ 20
Annapolis Landing	8,200	8,200	8,217	17
Arundel on the Bay	35,300	35,300	38,128	2,828
Bay Ridge	88,000	88,000	92,939	4,939
Browns Pond - Waterway	11,500	11,500	11,469	(31)
Buckingham Cove	9,000	9,000	8,999	(1)
Cape Anne	6,900	6,900	7,331	431
Cattail Creek	5,400	5,400	5,363	(37)
Elizabeths Landing	23,900	23,900	25,003	1,103
John's Creek - Waterway	7,700	7,700	7,650	(50)
Lake Hillsmere - Waterway	3,700	3,700	4,652	952
Lake Hillsmere II - Waterway	8,100	8,100	8,050	(50)
Lake Placid - Waterway	11,200	11,200	14,322	3,122
Masons Beach	29,300	29,300	30,733	1,433
Pine Grove Village	2,500	2,500	2,484	(16)
Romar Estates	12,900	12,900	12,875	(25)
Snug Harbor - Erosion	9,900	9,900	9,905	5
Snug Harbor - Special Benefits	21,100	21,100	21,112	12
Snug Harbor - Waterway	44,000	44,000	44,000	-
Spriggs Pond - Waterway	13,600	13,600	13,596	(4)
Whitehall	7,100	7,100	7,087	(13)
Total debt service	<u>\$ 363,900</u>	<u>\$ 363,900</u>	<u>\$ 378,535</u>	<u>\$ 14,635</u>
EXPENDITURES				
Annapolis Cove	\$ 5,300	\$ 5,300	\$ 5,079	\$ (221)
Annapolis Landing	8,200	8,200	8,091	(109)
Arundel on the Bay	56,900	56,900	45,595	(11,305)
Bay Ridge	534,800	534,800	49,442	(485,358)
Browns Pond - Waterway	28,000	28,000	7,978	(20,022)
Buckingham Cove	10,700	10,700	9,152	(1,548)
Cape Anne	22,100	22,100	6,768	(15,332)
Cattail Creek	10,800	10,800	5,361	(5,439)
Elizabeths Landing	24,700	24,700	17,954	(6,746)
John's Creek - Waterway	9,800	9,800	7,363	(2,437)
Lake Hillsmere - Waterway	4,900	4,900	3,670	(1,230)
Lake Hillsmere II - Waterway	8,400	8,400	7,948	(452)
Lake Placid - Waterway	14,200	14,200	8,251	(5,949)
Masons Beach	31,100	35,400	35,392	(8)
Pine Grove Village	2,700	2,700	2,637	(63)
Romar Estates	13,000	13,000	12,843	(157)
Snug Harbor - Erosion	10,500	10,500	9,708	(792)
Snug Harbor - Special Benefits	51,582	51,582	21,499	(30,083)
Snug Harbor - Waterway	56,000	96,000	88,459	(7,541)
Spriggs Pond - Waterway	14,700	14,700	12,616	(2,084)
Whitehall	7,100	7,100	6,921	(179)
Total expenditures	<u>\$ 925,482</u>	<u>\$ 969,782</u>	<u>\$ 372,727</u>	<u>\$ (597,055)</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, 2006

	Operating	Debt Service	Capital Projects	Total
ASSETS				
Current Assets				
Cash and investments	\$ 9,611,769	\$ -	\$ -	\$ 9,611,769
Service billings receivable	19,246,618	-	-	19,246,618
Inventories	1,180,978	-	-	1,180,978
Restricted for debt service and capital	-	-	-	-
Cash and temporary investments	-	101,063,859	41,654,998	142,718,857
Receivables	-	-	-	-
Due from other governmental agencies	-	-	193,917	193,917
Other, net	-	3,231,124	-	3,231,124
Total current assets	<u>30,039,365</u>	<u>104,294,983</u>	<u>41,848,915</u>	<u>176,183,263</u>
Noncurrent assets				
Restricted assets				
Deferred connection and assessment charges	-	56,952,538	-	56,952,538
Notes receivable	-	4,840,912	-	4,840,912
Capital assets				
Land and buildings	20,377,815	-	-	20,377,815
Water and sewer plants	438,676,097	-	-	438,676,097
Water and sewer lines	780,120,048	-	-	780,120,048
Machinery and equipment	10,684,341	-	-	10,684,341
	<u>1,249,858,301</u>	<u>-</u>	<u>-</u>	<u>1,249,858,301</u>
Less accumulated depreciation	<u>(389,782,804)</u>	<u>-</u>	<u>-</u>	<u>(389,782,804)</u>
	860,075,497	-	-	860,075,497
Construction work in progress	5,957,171	-	154,087,978	160,045,149
Total capital assets, net of depreciation	<u>866,032,668</u>	<u>-</u>	<u>154,087,978</u>	<u>1,020,120,646</u>
Total noncurrent assets	<u>866,032,668</u>	<u>61,793,450</u>	<u>154,087,978</u>	<u>1,081,914,096</u>
Total assets	<u>896,072,033</u>	<u>166,088,433</u>	<u>195,936,893</u>	<u>1,258,097,359</u>
LIABILITIES				
Current liabilities				
Accrued liabilities	5,215,448	-	-	5,215,448
Current portion of long-term debt and obligations	20,291,500	(401,958)	-	19,889,542
Bond anticipation notes	18,500,000	-	-	18,500,000
Due to other funds	664,131	-	-	664,131
Escrow deposits	83,268	-	-	83,268
Liabilities related to restricted assets				
Accrued liabilities	-	5,093,491	10,600,153	15,693,644
Escrow deposits	-	-	1,309,485	1,309,485
Deferred revenue	-	4,140,617	-	4,140,617
Total current liabilities	<u>44,754,347</u>	<u>8,832,150</u>	<u>11,909,638</u>	<u>65,496,135</u>
Noncurrent liabilities				
Accrued liability for compensated absences	119,673	-	-	119,673
Long-term debt, net of deferred refunding loss	116,362,485	(2,711,378)	130,542,039	244,193,146
Deferred revenue	3,117,900	-	-	3,117,900
Total noncurrent liabilities	<u>119,600,058</u>	<u>(2,711,378)</u>	<u>130,542,039</u>	<u>247,430,719</u>
Total liabilities	<u>164,354,405</u>	<u>6,120,772</u>	<u>142,451,677</u>	<u>312,926,854</u>
NET ASSETS				
Invested in capital assets, net of related debt	712,078,459	3,113,336	35,053,509	750,245,304
Restricted	-	156,854,325	18,431,707	175,286,032
Unrestricted	19,639,169	-	-	19,639,169
Total net assets	<u>\$ 731,717,628</u>	<u>\$ 159,967,661</u>	<u>\$ 53,485,216</u>	<u>\$ 945,170,505</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, 2006

	Operating	Debt Service	Capital Projects	Total
OPERATING REVENUES				
Charges for services	\$ 68,464,421	\$ -	\$ -	\$ 68,464,421
Other revenues	3,273,876	-	-	3,273,876
Total operating revenues	<u>71,738,297</u>	<u>-</u>	<u>-</u>	<u>71,738,297</u>
OPERATING EXPENSES				
Personal services	22,444,659	-	-	22,444,659
Contractual services	22,740,176	-	-	22,740,176
Supplies and materials	3,285,686	-	-	3,285,686
Business and travel	137,546	-	-	137,546
Depreciation	29,048,065	-	-	29,048,065
Other	8,115,418	-	-	8,115,418
Total operating expenses	<u>85,771,550</u>	<u>-</u>	<u>-</u>	<u>85,771,550</u>
Operating loss	(14,033,253)	-	-	(14,033,253)
NONOPERATING REVENUES AND EXPENSES				
Investment income	159,940	5,693,347	-	5,853,287
Interest on long-term receivables	-	1,706,263	-	1,706,263
Other revenues	-	1,251,285	-	1,251,285
Interest expense	-	(7,986,941)	-	(7,986,941)
Gain on the disposal of assets	71,898	-	-	71,898
Other	-	(519,772)	-	(519,772)
Net gain (loss) before other revenues	<u>(13,801,415)</u>	<u>144,182</u>	<u>-</u>	<u>(13,657,233)</u>
OTHER				
Capital contributions and grants	13,844,398	24,262,760	(129,199)	37,977,959
Environmental protection fees	-	6,012,841	-	6,012,841
Net equity transfers between funds	<u>32,653,737</u>	<u>(20,903,371)</u>	<u>(11,750,366)</u>	<u>-</u>
Change in net assets	32,696,720	9,516,412	(11,879,565)	30,333,567
Net assets (as restated), July 1	<u>699,020,908</u>	<u>150,451,249</u>	<u>65,364,781</u>	<u>914,836,938</u>
Net assets, June 30	<u>\$ 731,717,628</u>	<u>\$ 159,967,661</u>	<u>\$ 53,485,216</u>	<u>\$ 945,170,505</u>

Anne Arundel County, Maryland

Combining Schedule for Statement of Cash Flows

Water and Wastewater Fund

Year Ended June 30, 2006

	Operating	Debt Service	Capital Projects	Total Water and Wastewater
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for services	\$ 69,687,941	\$ -	\$ -	\$ 69,687,941
Cash payments to suppliers for goods and services	(34,763,509)	-	-	(34,763,509)
Cash payments to employees for services	(22,142,467)	-	-	(22,142,467)
Net cash provided by operating activities	<u>12,781,965</u>	<u>-</u>	<u>-</u>	<u>12,781,965</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Noncapital construction costs	(160,506)	-	-	(160,506)
Net cash used for noncapital financing activities	<u>(160,506)</u>	<u>-</u>	<u>-</u>	<u>(160,506)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of County bonds and bond anticipation notes	-	6,000,000	31,500,000	37,500,000
Proceeds from grant funds	-	-	491,991	491,991
Proceeds from loan	-	-	624,421	624,421
Proceeds from developers' contributions	-	-	942,223	942,223
Refunds to developers	-	-	(435,859)	(435,859)
Assessment and connection charges	1,494,987	29,873,278	-	31,368,265
Environmental protection fees for capital assets	-	5,999,768	-	5,999,768
Payments of long-term debt	-	(19,179,847)	-	(19,179,847)
Payments of bond anticipation notes	-	(6,000,000)	-	(6,000,000)
Interest payments	-	(10,988,575)	-	(10,988,575)
Operations funds used in construction	(14,915,000)	-	14,915,000	-
Acquisition and construction of capital assets	(1,023,171)	-	(53,385,943)	(54,409,114)
Payments for debt issuance costs	-	(284,932)	-	(284,932)
Premium on sale of bonds	-	540,470	-	540,470
Payments received on note receivable	-	485,539	-	485,539
Proceeds from other capital contributions	-	-	(185,052)	(185,052)
Other costs	-	(706,640)	-	(706,640)
Net cash provided by (used for) capital and related financing activities	<u>(14,443,184)</u>	<u>5,739,061</u>	<u>(5,533,219)</u>	<u>(14,237,342)</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of investment securities	-	(80,979,314)	-	(80,979,314)
Sale of investment securities	-	77,404,841	-	77,404,841
Interest on investments	159,940	6,908,825	-	7,068,765
Net cash provided by investing activities	<u>159,940</u>	<u>3,334,352</u>	<u>-</u>	<u>3,494,292</u>
Net increase (decrease) in cash and cash equivalents	(1,661,785)	9,073,413	(5,533,219)	1,878,409
Cash and cash equivalents, July 1	11,273,554	4,974,174	47,188,217	63,435,945
Cash and cash equivalents, June 30	9,611,769	14,047,587	41,654,998	65,314,354
Investment in non-cash equivalents	-	87,016,272	-	87,016,272
Total cash and temporary investments	<u>\$ 9,611,769</u>	<u>\$ 101,063,859</u>	<u>\$ 41,654,998</u>	<u>\$ 152,330,626</u>

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Water and Wastewater</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating loss	\$ (14,033,253)	\$ -	\$ -	(14,033,253)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	29,048,065	-	-	29,048,065
Change in assets and liabilities:				
Increase in accounts receivable	(2,046,637)	-	-	(2,046,637)
Decrease in inventories	(391,455)	-	-	(391,455)
Increase in accrued liabilities	244,269	-	-	244,269
Increase in due to other funds	(188,582)	-	-	(188,582)
Decrease in escrow deposits	(3,719)	-	-	(3,719)
Decrease in accrued liability for compensated absences	153,277	-	-	153,277
Net cash provided by operating activities	<u>\$ 12,781,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>12,781,965</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

1. In fiscal year 2006, facilities with an estimated market value of \$9,216,155 were contributed to the Enterprise funds by developers. These were primarily water and sewer lines placed in new developments.
2. In fiscal year 2006, amortization of refunding gains and losses resulted in a net expense of \$348,656 in the Water and Wastewater Fund.
3. In fiscal year 2006, the net fair market value adjustment related to investments was a loss of \$148,655 in the Water and Wastewater Fund.

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

Enterprise Funds

Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
WATER AND WASTEWATER OPERATIONS				
Revenues (a)				
Charges for services	\$ 75,092,300	\$ 75,092,300	\$ 69,973,183	\$ (5,119,117)
Investment income	131,900	131,900	159,940	28,040
Miscellaneous reimbursement	50,000	50,000	47,647	(2,353)
Other	<u>2,660,900</u>	<u>2,660,900</u>	<u>3,668,810</u>	<u>1,007,910</u>
	<u>77,935,100</u>	<u>77,935,100</u>	<u>73,849,580</u>	<u>(4,085,520)</u>
Expenses				
Personal services	23,276,500	22,626,500	22,492,306	(134,194)
Contractual services	23,557,700	23,692,700	23,210,809	(481,891)
Supplies and materials	3,822,900	4,422,900	3,314,232	(1,108,668)
Business and travel	175,900	175,900	135,143	(40,757)
Capital outlay	824,500	839,500	668,328	(171,172)
Administrative costs	8,304,000	8,304,000	8,304,000	-
Pay-as-you-go	<u>14,915,000</u>	<u>14,915,000</u>	<u>14,915,000</u>	<u>-</u>
	<u>74,876,500</u>	<u>74,976,500</u>	<u>73,039,818</u>	<u>(1,936,682)</u>
Revenues over (under) expenses	<u>\$ 3,058,600</u>	<u>\$ 2,958,600</u>	<u>\$ 809,762</u>	<u>\$ (2,148,838)</u>
WATER AND WASTEWATER DEBT SERVICE				
Revenues (a)				
Water and sewer assessments	\$ 6,629,300	\$ 6,629,300	\$ 6,643,664	\$ 14,364
Capital connection charges	18,977,100	18,977,100	22,311,703	3,334,603
Environmental protection fees	6,541,100	6,541,100	6,012,841	(528,259)
Investment income	2,273,000	2,323,000	7,076,141	4,753,141
Developer contribution	1,924,500	1,874,500	-	(1,874,500)
Other	<u>51,300</u>	<u>51,300</u>	<u>1,251,285</u>	<u>1,199,985</u>
	<u>36,396,300</u>	<u>36,396,300</u>	<u>43,295,634</u>	<u>6,899,334</u>
Expenses				
Principal payments on debt	19,179,900	19,179,900	19,179,847	(53)
Interest expense (b)	11,551,700	11,551,700	9,560,901	(1,990,799)
Other	<u>483,800</u>	<u>483,800</u>	<u>494,410</u>	<u>10,610</u>
	<u>31,215,400</u>	<u>31,215,400</u>	<u>29,235,158</u>	<u>(1,980,242)</u>
Revenues over expenses	<u>\$ 5,180,900</u>	<u>\$ 5,180,900</u>	<u>\$ 14,060,476</u>	<u>\$ 8,879,576</u>

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

(b) Interest expense has been reduced \$1,621,964 for prior periods' bond premiums.

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

Enterprise Funds

Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
SOLID WASTE				
Revenues				
Charges for services	\$ 40,056,000	\$ 40,056,000	\$ 40,089,190	\$ 33,190
Landfill charges	2,042,000	2,042,000	2,201,372	159,372
Host fees	1,200,000	1,200,000	1,177,967	(22,033)
Other	1,415,000	1,415,000	2,638,753	1,223,753
	<u>44,713,000</u>	<u>44,713,000</u>	<u>46,107,282</u>	<u>1,394,282</u>
Expenses				
Personal services	5,529,900	5,529,900	5,372,309	(157,591)
Contractual services	27,773,800	27,773,800	27,476,157	(297,643)
Supplies and materials	929,300	929,300	842,088	(87,212)
Business and travel	68,900	68,900	20,374	(48,526)
Capital outlay	1,797,900	1,797,900	1,687,443	(110,457)
Principal payments on debt	3,124,700	3,124,700	3,078,138	(46,562)
Interest expense	1,112,700	1,112,700	1,029,889	(82,811)
Administrative costs	2,610,000	2,610,000	2,609,996	(4)
Contributions/Solid Waste Assurance Fund	431,600	431,600	431,600	-
Contributions/Self Insurance Fund	66,000	66,000	66,000	-
Contributions/Northeast Maryland Solid	25,000	25,000	25,000	-
Other	-	-	-	-
Capital improvements	800,000	800,000	800,000	-
	<u>44,269,800</u>	<u>44,269,800</u>	<u>43,438,994</u>	<u>(830,806)</u>
Revenues over expenses	<u>\$ 443,200</u>	<u>\$ 443,200</u>	<u>\$ 2,668,288</u>	<u>\$ 2,225,088</u>
SOLID WASTE FINANCIAL ASSURANCE				
Revenues				
Payments from other funds	\$ 431,600	\$ 431,600	\$ 431,600	\$ -
Other	-	-	600,153	600,153
	<u>431,600</u>	<u>431,600</u>	<u>1,031,753</u>	<u>600,153</u>
Expenses				
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenses	<u>\$ 431,600</u>	<u>\$ 431,600</u>	<u>\$ 1,031,753</u>	<u>\$ 600,153</u>
CHILD CARE				
Revenues				
Child Care Fees	\$ 2,810,300	\$ 2,810,300	\$ 2,689,049	\$ (121,251)
Other	-	-	906	906
	<u>2,810,300</u>	<u>2,810,300</u>	<u>2,689,955</u>	<u>(120,345)</u>
Expenses				
Personal services	2,268,500	2,268,500	1,975,602	(292,898)
Contractual services	220,500	220,500	193,050	(27,450)
Supplies and materials	240,400	240,400	202,931	(37,469)
Business and travel	10,000	10,000	6,159	(3,841)
Capital outlay	44,500	44,500	30,768	(13,732)
Other	163,200	163,200	132,500	(30,700)
	<u>2,947,100</u>	<u>2,947,100</u>	<u>2,541,010</u>	<u>(406,090)</u>
Revenues over (under) expenses	<u>\$ (136,800)</u>	<u>\$ (136,800)</u>	<u>\$ 148,945</u>	<u>\$ 285,745</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, 2006

	Water and			
	Total	Water		Total
	Water and Wastewater	Capital Projects	Normal Extensions	
AUTHORIZED PER ORIGINAL BUDGET				
County bonds	\$ 276,261,785	\$ 117,010,285	\$ 2,049,000	\$ 119,059,285
Maryland Water Quality Loan	22,396,215	3,033,715	-	3,033,715
Grants and aid	5,682,000	-	-	-
Pay-as-you-go	83,412,000	12,170,000	-	12,170,000
Contributions by developers	7,411,000	-	-	-
Other sources	4,353,000	750,000	-	750,000
Total	<u>\$ 399,516,000</u>	<u>\$ 132,964,000</u>	<u>\$ 2,049,000</u>	<u>\$ 135,013,000</u>
AUTHORIZED PER FINAL BUDGET				
County bonds	\$ 262,886,840	\$ 111,060,185	\$ 2,048,549	\$ 113,108,734
Maryland Water Quality Loan	22,396,215	3,033,715	-	3,033,715
Grants and aid	1,394,500	-	-	-
Pay-as-you-go	71,314,415	5,915,843	-	5,915,843
Contributions by developers	4,203,566	-	-	-
Other sources	5,352,788	1,250,000	-	1,250,000
Total	367,548,324	121,259,743	2,048,549	123,308,292
Less: Completed projects	30,357,670	1,576,113	492,660	2,068,773
	<u>337,190,654</u>	<u>119,683,630</u>	<u>1,555,889</u>	<u>121,239,519</u>
REALIZED				
Current year				
Bonds and bond anticipation notes	31,500,000	21,883,715	89,966	21,973,681
Proceeds from State loan	1,811,822	-	-	-
Pay-as-you-go	14,915,000	1,500,000	-	1,500,000
Developer contributions	55,853	-	-	-
Other source	(218,429)	(33,377)	-	(33,377)
Total	48,064,246	23,350,338	89,966	23,440,304
Prior years	165,575,729	21,281,069	1,182,518	22,463,587
Total realized funding sources	213,639,975	44,631,407	1,272,484	45,903,891
Less: Completed projects	30,491,264	1,542,736	492,660	2,035,396
	<u>183,148,711</u>	<u>43,088,671</u>	<u>779,824</u>	<u>43,868,495</u>
Funding sources authorized - June 30, 2006	<u>\$ 154,041,943</u>	<u>\$ 76,594,959</u>	<u>\$ 776,065</u>	<u>\$ 77,371,024</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		
\$ 153,731,500	\$ 1,909,000	\$ 155,640,500	\$ 1,562,000	\$ 11,494,000		
19,362,500	-	19,362,500	-	-		
5,682,000	-	5,682,000	-	-		
20,607,000	44,000	20,651,000	50,591,000	11,827,000		
3,682,000	-	3,682,000	3,729,000	-		
2,368,000	-	2,368,000	1,235,000	750,000		
<u>\$ 205,433,000</u>	<u>\$ 1,953,000</u>	<u>\$ 207,386,000</u>	<u>\$ 57,117,000</u>	<u>\$ 24,071,000</u>		
\$ 142,494,600	\$ 1,821,810	\$ 144,316,410	\$ 5,461,696	\$ 11,494,000		
19,362,500	-	19,362,500	-	-		
1,394,500	-	1,394,500	-	-		
19,993,529	44,438	20,037,967	45,360,605	11,722,849		
475,000	-	475,000	3,728,566	-		
2,868,000	-	2,868,000	1,234,788	750,000		
186,588,129	1,866,248	188,454,377	55,785,655	23,966,849		
7,561,615	571,629	8,133,244	20,155,653	208,517		
<u>179,026,514</u>	<u>1,294,619</u>	<u>180,321,133</u>	<u>35,630,002</u>	<u>23,758,332</u>		
9,214,643	285,357	9,500,000	26,319	3,500,000		
1,811,822	-	1,811,822	-	-		
3,425,000	-	3,425,000	9,990,000	800,000		
143,658	-	143,658	(87,805)	-		
(185,052)	-	(185,052)	-	-		
14,410,071	285,357	14,695,428	9,928,514	4,300,000		
<u>104,448,558</u>	<u>828,963</u>	<u>105,277,521</u>	<u>37,834,621</u>	<u>15,410,922</u>		
118,858,629	1,114,320	119,972,949	47,763,135	19,710,922		
7,668,643	492,510	8,161,153	20,294,715	207,513		
<u>111,189,986</u>	<u>621,810</u>	<u>111,811,796</u>	<u>27,468,420</u>	<u>19,503,409</u>		
<u>\$ 67,836,528</u>	<u>\$ 672,809</u>	<u>\$ 68,509,337</u>	<u>\$ 8,161,582</u>	<u>\$ 4,254,923</u>		

Anne Arundel County, Maryland

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

Enterprise Funds Capital Projects

Year Ended June 30, 2006

	Water			Water and
	Total	Water		Total
		Capital Projects	Normal Extensions	
APPROPRIATIONS				
Original Budget	\$ <u>399,516,000</u>	\$ <u>132,964,000</u>	\$ <u>2,049,000</u>	\$ <u>135,013,000</u>
Final Budget:				
Prior years	\$ 303,622,116	\$ 99,394,254	\$ 1,848,549	\$ 101,242,803
Current year	<u>63,926,208</u>	<u>21,865,489</u>	<u>200,000</u>	<u>22,065,489</u>
	367,548,324	121,259,743	2,048,549	123,308,292
Less: Completed projects	<u>30,357,670</u>	<u>1,576,113</u>	<u>492,660</u>	<u>2,068,773</u>
Total appropriations	<u>337,190,654</u>	<u>119,683,630</u>	<u>1,555,889</u>	<u>121,239,519</u>
EXPENDITURES AND ENCUMBRANCES				
Prior years expenditures	129,472,306	16,243,083	1,194,273	17,437,356
Current year expenditures	<u>54,237,053</u>	<u>18,431,164</u>	<u>78,213</u>	<u>18,509,377</u>
	183,709,359	34,674,247	1,272,486	35,946,733
Less: Completed projects	<u>29,621,381</u>	<u>1,542,736</u>	<u>506,256</u>	<u>2,048,992</u>
Total	154,087,978	33,131,511	766,230	33,897,741
Encumbrances outstanding	<u>32,000,121</u>	<u>11,138,330</u>	<u>133,667</u>	<u>11,271,997</u>
Total expenditures and encumbrances	<u>186,088,099</u>	<u>44,269,841</u>	<u>899,897</u>	<u>45,169,738</u>
Unencumbered appropriations - June 30, 2006	\$ <u>151,102,555</u>	\$ <u>75,413,789</u>	\$ <u>655,992</u>	\$ <u>76,069,781</u>

Wastewater				
Capital Projects	Wastewater		Oversize Connections	Solid Waste
	Normal Extension	Total		
\$ 205,433,000	\$ 1,953,000	\$ 207,386,000	\$ 57,117,000	\$ 24,071,000
\$ 159,331,138	\$ 1,466,255	\$ 160,797,393	\$ 41,581,920	\$ 20,485,850
27,256,991	399,993	27,656,984	14,203,735	3,480,999
186,588,129	1,866,248	188,454,377	55,785,655	23,966,849
7,561,615	571,629	8,133,244	20,155,653	208,517
179,026,514	1,294,619	180,321,133	35,630,002	23,758,332
85,468,996	840,409	86,309,405	25,725,545	13,151,451
19,042,119	274,668	19,316,787	16,410,889	5,966,914
104,511,115	1,115,077	105,626,192	42,136,434	19,118,365
6,823,565	595,761	7,419,326	20,153,063	207,513
97,687,550	519,316	98,206,866	21,983,371	18,910,852
16,726,331	146,804	16,873,135	3,854,989	688,972
114,413,881	666,120	115,080,001	25,838,360	19,599,824
\$ 64,612,633	\$ 628,499	\$ 65,241,132	\$ 9,791,642	\$ 4,158,508

Combining Statement of Net Assets

Internal Service Funds

June 30, 2006

	Self Insurance	Health Insurance	Print Shop	Central Garage and Transportation	Garage Replacement	Totals
ASSETS						
Current assets						
Cash and investments	\$ 44,175,582	\$ 6,059,747	\$ 344,677	\$ 1,067,162	\$ 5,400,831	\$ 57,047,999
Receivable	373,242	745,354	-	-	-	1,118,596
Inventories	-	-	4,456	476,356	-	480,812
Other assets	-	1,700,000	146	-	387,230	2,087,376
Total current assets	<u>44,548,824</u>	<u>8,505,101</u>	<u>349,279</u>	<u>1,543,518</u>	<u>5,788,061</u>	<u>60,734,783</u>
Noncurrent assets						
Capital assets						
Land and buildings	-	-	-	2,073,990	-	2,073,990
Machinery and equipment	-	-	134,227	625,392	51,134,037	51,893,656
	-	-	134,227	2,699,382	51,134,037	53,967,646
Less accumulated depreciation	-	-	(112,094)	(1,840,702)	(30,369,096)	(32,321,892)
Total capital assets, net of depreciation	-	-	22,133	858,680	20,764,941	21,645,754
Total noncurrent assets	-	-	22,133	858,680	20,764,941	21,645,754
Total assets	<u>44,548,824</u>	<u>8,505,101</u>	<u>371,412</u>	<u>2,402,198</u>	<u>26,553,002</u>	<u>82,380,537</u>
LIABILITIES						
Current liabilities						
Accrued liabilities	137,714	2,740,913	197,486	544,303	1,627,297	5,247,713
Current portion of long-term obligations	9,309,896	3,746,075	16,859	235,996	-	13,308,826
Total current liabilities	<u>9,447,610</u>	<u>6,486,988</u>	<u>214,345</u>	<u>780,299</u>	<u>1,627,297</u>	<u>18,556,539</u>
Noncurrent liabilities						
Unpaid claims	33,518,000	-	-	-	-	33,518,000
Accrued liability for compensated absences	41,212	-	-	60,536	-	101,748
Total noncurrent liabilities	<u>33,559,212</u>	<u>-</u>	<u>-</u>	<u>60,536</u>	<u>-</u>	<u>33,619,748</u>
Total liabilities	<u>43,006,822</u>	<u>6,486,988</u>	<u>214,345</u>	<u>840,835</u>	<u>1,627,297</u>	<u>52,176,287</u>
NET ASSETS						
Invested in capital assets, net of related debt	-	-	22,133	858,680	20,764,941	21,645,754
Unrestricted	1,542,002	2,018,113	134,934	702,683	4,160,764	8,558,496
Total net assets	<u>\$ 1,542,002</u>	<u>\$ 2,018,113</u>	<u>\$ 157,067</u>	<u>\$ 1,561,363</u>	<u>\$ 24,925,705</u>	<u>\$ 30,204,250</u>

Anne Arundel County, Maryland

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

Internal Service Funds

Year Ended June 30, 2006

	Self Insurance	Health Insurance	Print Shop	Central Garage and Transportation	Garage Replacement	Totals
OPERATING REVENUES						
Charges for services	\$ 14,126,000	\$ -	\$ 1,238,249	\$ 12,816,846	\$ 8,098,244	\$ 36,279,339
Medical premiums	-	58,402,098	-	-	-	58,402,098
Other	-	-	-	29,167	1,241,476	1,270,643
Total operating revenues	<u>14,126,000</u>	<u>58,402,098</u>	<u>1,238,249</u>	<u>12,846,013</u>	<u>9,339,720</u>	<u>95,952,080</u>
OPERATING EXPENSES						
Personal services	1,149,395	257,969	315,746	4,086,782	-	5,809,892
Contractual services	147,786	375,012	589,296	597,262	8,000	1,717,356
Supplies and materials	37,341	19,977	220,344	99,136	1,046	377,844
Business and travel	18,470	2,120	2,408	9,384	-	32,382
Cost of goods issued	-	-	-	6,897,835	-	6,897,835
Depreciation	-	-	6,946	55,164	4,401,221	4,463,331
Provision for claims and estimated losses	12,871,963	59,030,112	-	-	-	71,902,075
Other	-	25,000	-	620,500	-	645,500
Total operating expenses	<u>14,224,955</u>	<u>59,710,190</u>	<u>1,134,740</u>	<u>12,366,063</u>	<u>4,410,267</u>	<u>91,846,215</u>
Operating income (loss)	(98,955)	(1,308,092)	103,509	479,950	4,929,453	4,105,865
NONOPERATING REVENUES						
Investment income	1,640,957	269,674	-	-	-	1,910,631
Gain on disposal of assets	-	-	-	-	45,417	45,417
Change in net assets	1,542,002	(1,038,418)	103,509	479,950	4,974,870	6,061,913
Net assets, July 1	-	3,056,531	53,558	1,081,413	19,950,835	24,142,337
Net assets, June 30	<u>\$ 1,542,002</u>	<u>\$ 2,018,113</u>	<u>\$ 157,067</u>	<u>\$ 1,561,363</u>	<u>\$ 24,925,705</u>	<u>\$ 30,204,250</u>

Anne Arundel County, Maryland

Combining Statement of Cash Flows

Internal Service Funds

Year Ended June 30, 2006

	Self Insurance	Health Insurance	Print Shop	Central Garage and Transportation	Garage Replacement	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 19,109,661	\$ 58,841,480	\$ 1,238,249	\$ 12,816,846	\$ 8,098,244	\$ 100,104,480
Cash received for expense reimbursement	707,205	-	-	-	-	707,205
Cash payments to suppliers for goods and services	(176,164)	(382,677)	(724,772)	(8,559,367)	(9,046)	(9,852,026)
Cash payments for claims	(10,965,168)	(61,002,242)	-	-	-	(71,967,410)
Cash payments to employees for services	(1,147,320)	(257,969)	(317,520)	(4,040,023)	-	(5,762,832)
Other operating revenues	-	-	-	29,167	1,241,476	1,270,643
Other operating expenses	-	(25,000)	-	(620,500)	-	(645,500)
Net cash provided by (used for) operating activities	<u>7,528,214</u>	<u>(2,826,408)</u>	<u>195,957</u>	<u>(373,877)</u>	<u>9,330,674</u>	<u>13,854,560</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Cash transfer between funds	-	-	-	-	-	-
Net cash provided by non-capital financing activities	-	-	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	-	-	-	-	(6,813,912)	(6,813,912)
Net cash used for capital and related financing activities	-	-	-	-	(6,813,912)	(6,813,912)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	(119,519,436)	-	-	-	-	(119,519,436)
Sale of investment securities	110,375,208	-	-	-	-	110,375,208
Investment income	1,495,421	269,674	-	-	-	1,765,095
Net cash provided by (used for) investing activities	<u>(7,648,807)</u>	<u>269,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,379,133)</u>
Net increase (decrease) in cash and cash equivalents	(120,593)	(2,556,734)	195,957	(373,877)	2,516,762	(338,485)
Cash and cash equivalents, July 1	157,047	8,616,481	148,720	1,441,039	2,884,069	13,247,356
Cash and cash equivalents, June 30	36,454	6,059,747	344,677	1,067,162	5,400,831	12,908,871
Investment in non-cash equivalents	44,139,128	-	-	-	-	44,139,128
Total cash and temporary investments	<u>\$ 44,175,582</u>	<u>\$ 6,059,747</u>	<u>\$ 344,677</u>	<u>\$ 1,067,162</u>	<u>\$ 5,400,831</u>	<u>\$ 57,047,999</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating income (loss)	\$ (98,955)	\$ (1,308,092)	\$ 103,509	\$ 479,950	\$ 4,929,453	\$ 4,105,865
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	-	-	6,946	55,164	4,401,221	4,463,331
Change in assets and liabilities						
Decrease in accounts receivable	4,983,661	190,018	-	-	-	5,173,679
Decrease in inventories	-	-	7,185	193,203	-	200,388
Increase (decrease) in accounts payable and accrued expenses	17,901	(2,037,976)	79,324	(1,148,953)	-	(3,089,704)
Increase in unpaid claims	2,614,000	329,642	-	-	-	2,943,642
Increase (decrease) in accrued liability for compensated absences	11,607	-	(1,007)	46,759	-	57,359
	<u>\$ 7,528,214</u>	<u>\$ (2,826,408)</u>	<u>\$ 195,957</u>	<u>\$ (373,877)</u>	<u>\$ 9,330,674</u>	<u>\$ 13,854,560</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

In fiscal year 2006, the net fair market value adjustment related to investments was a loss of \$111,529 in the Self Insurance Fund.

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

Internal Service Funds

Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
SELF INSURANCE				
Revenues				
Charges for services	\$ 14,126,000	\$ 19,109,700	\$ 19,109,661	\$ (39)
Investment income	614,000	614,000	1,640,957	1,026,957
Reimbursements	200,000	200,000	471,290	271,290
Other	-	-	235,915	235,915
	<u>14,940,000</u>	<u>19,923,700</u>	<u>21,457,823</u>	<u>1,534,123</u>
Expenses				
Personal services	1,183,800	1,183,800	1,149,395	(34,405)
Contractual services	13,860,100	13,850,100	12,645,944	(1,204,156)
Supplies and materials	29,500	34,500	27,889	(6,611)
Business and travel	19,200	24,200	18,470	(5,730)
Capital outlay	10,000	10,000	9,452	(548)
	<u>15,102,600</u>	<u>15,102,600</u>	<u>13,851,150</u>	<u>(1,251,450)</u>
Revenues over (under) expenses	<u>\$ (162,600)</u>	<u>\$ 4,821,100</u>	<u>\$ 7,606,673</u>	<u>\$ 2,785,573</u>
HEALTH INSURANCE				
Revenues				
Charges for services	\$ 64,087,700	\$ 64,492,700	\$ 58,402,098	\$ (6,090,602)
Investment income	-	-	269,674	269,674
Other	-	-	8,890	8,890
	<u>64,087,700</u>	<u>64,492,700</u>	<u>58,680,662</u>	<u>(5,812,038)</u>
Expenses				
Medical claim costs	63,458,000	63,458,000	59,030,112	(4,427,888)
Personal services	227,400	227,400	257,969	30,569
Contractual services	353,400	353,400	421,676	68,276
Supplies and materials	19,400	19,400	19,977	577
Business and travel	4,500	4,500	2,120	(2,380)
Other	25,000	25,000	25,000	-
	<u>64,087,700</u>	<u>64,087,700</u>	<u>59,756,854</u>	<u>(4,330,846)</u>
Revenues over (under) expenses	<u>\$ -</u>	<u>\$ 405,000</u>	<u>\$ (1,076,192)</u>	<u>\$ (1,481,192)</u>
PRINT SHOP				
Revenues				
Charges for services	\$ 1,313,600	\$ 1,498,700	\$ 1,238,249	\$ (260,451)
	<u>1,313,600</u>	<u>1,498,700</u>	<u>1,238,249</u>	<u>(260,451)</u>
Expenses				
Personal services	320,800	320,800	315,746	(5,054)
Contractual services	649,100	649,100	666,559	17,459
Supplies and materials	265,000	265,000	235,288	(29,712)
Capital outlay	100	100	56	(44)
Business and travel	3,000	3,000	2,408	(592)
	<u>1,238,000</u>	<u>1,238,000</u>	<u>1,220,057</u>	<u>(17,943)</u>
Revenues over (under) expenses	<u>\$ 75,600</u>	<u>\$ 260,700</u>	<u>\$ 18,192</u>	<u>\$ (242,508)</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, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
CENTRAL GARAGE AND TRANSPORTATION				
Revenues				
Charges for services	\$ 12,275,000	\$ 12,275,000	\$ 12,816,846	\$ 541,846
Other	23,200	23,200	35,872	12,672
	<u>12,298,200</u>	<u>12,298,200</u>	<u>12,852,718</u>	<u>554,518</u>
Expenses				
Personal services	4,235,700	4,035,700	4,086,782	51,082
Contractual services	665,300	665,300	609,854	(55,446)
Supplies and materials	6,811,000	7,011,000	6,987,499	(23,501)
Business and travel	15,300	15,300	9,384	(5,916)
Capital outlay	18,900	18,900	6,377	(12,523)
Other	620,500	620,500	620,500	-
	<u>12,366,700</u>	<u>12,366,700</u>	<u>12,320,396</u>	<u>(46,304)</u>
Revenues over (under) expenses	<u>\$ (68,500)</u>	<u>\$ (68,500)</u>	<u>\$ 532,322</u>	<u>\$ 600,822</u>
GARAGE REPLACEMENT FUND				
Revenues				
Charges for services	\$ 8,286,000	\$ 8,286,000	\$ 8,098,244	\$ (187,756)
Other	924,500	924,500	1,241,494	316,994
	<u>9,210,500</u>	<u>9,210,500</u>	<u>9,339,738</u>	<u>129,238</u>
Expenses				
Contractual services	5,000	10,000	8,000	(2,000)
Capital outlay	8,019,000	8,314,000	8,285,852	(28,148)
	<u>8,024,000</u>	<u>8,324,000</u>	<u>8,293,852</u>	<u>(30,148)</u>
Revenues over expenses	<u>\$ 1,186,500</u>	<u>\$ 886,500</u>	<u>\$ 1,045,886</u>	<u>\$ 159,386</u>

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

Fiduciary

Pension Trust Funds

Defined Benefit Pensions Plans – These funds account for pension investments for the four County single employer pension plans. The four plans are the *Employees' Retirement Plan*, *Police Service Retirement Plan*, *Fire Service Retirement Plan*, and *Detention Officers' and Deputy Sheriffs' Retirement Plan*. The nature of each plan and the respective terms are described in detail in the footnotes to the basic financial statements.

Agency Funds

Subdivision Deposits – This fund accounts for amounts placed on deposit from contractors and developers pertaining primarily to road maintenance.

Sediment Control – This fund accounts for amounts received from developers as deposits in lieu of performance bonds for construction site sediment control.

Recreation – This fund accounts for lease payments from Arundel Golf Park.

City and State Tax Collection – This fund accounts for taxes collected for the City of Annapolis and the State of Maryland. These taxes are collected by the County along with County taxes, and are then remitted to the proper jurisdiction.

Tax Sale Escrow Deposits – This fund accounts for payments made during the annual tax sale process. Payments received for delinquent property taxes are deposited in the fund and subsequently distributed to the appropriate revenue accounts.

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

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

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

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

	Defined Benefit Pension Plans (as of December 31, 2005)				Totals
	Employees' Retirement	Police Service Retirement	Fire Service Retirement	Detention Officers' & Deputy Sheriffs' Retirement	
ASSETS					
Investments, at fair value:					
Cash and temporary investments	\$ 26,876,319	\$ 23,278,743	\$ 21,661,944	\$ 3,668,490	\$ 75,485,496
U. S. Government obligations	8,358,100	7,239,312	6,736,514	1,140,841	23,474,767
Corporate obligations	59,195,254	51,271,570	47,710,562	8,079,871	166,257,257
Corporate obligation investment pools	23,177,450	20,074,992	18,680,706	3,163,612	65,096,760
International obligations	13,672,349	11,842,213	11,019,726	1,866,211	38,400,499
Common stocks	161,052,838	139,494,831	129,806,376	21,982,949	452,336,994
Common stock investment pools	12,345,950	10,693,361	9,950,666	1,685,164	34,675,141
International stock investment pools	86,258,471	74,712,193	69,523,143	11,773,872	242,267,679
Private markets	206,297	178,683	166,273	28,159	579,412
Real estate investment pools	21,510,472	18,631,150	17,337,145	2,936,077	60,414,844
Insurance company general accounts	18,671,002	16,171,763	15,048,571	2,548,503	52,439,839
Absolute return funds	19,267,631	16,688,529	15,529,446	2,629,940	54,115,546
Total investments	<u>450,592,133</u>	<u>390,277,340</u>	<u>363,171,072</u>	<u>61,503,689</u>	<u>1,265,544,234</u>
Collateral from securities lending transactions	<u>32,858,822</u>	<u>28,460,448</u>	<u>26,483,760</u>	<u>4,485,073</u>	<u>92,288,103</u>
Receivables:					
Employer contributions	862,623	750,459	853,069	273,338	2,739,489
Participant contributions	347,428	120,261	122,659	64,476	654,824
Accrued interest and dividends	1,496,076	1,295,816	1,205,807	204,210	4,201,909
Investment sales proceeds	<u>43,827,223</u>	<u>37,960,654</u>	<u>35,324,140</u>	<u>5,982,208</u>	<u>123,094,225</u>
Total receivables	<u>46,533,350</u>	<u>40,127,190</u>	<u>37,505,675</u>	<u>6,524,232</u>	<u>130,690,447</u>
Deposits on hand	<u>11,871</u>	<u>138,193</u>	<u>58,631</u>	<u>-</u>	<u>208,695</u>
Total assets	<u>529,996,176</u>	<u>459,003,171</u>	<u>427,219,138</u>	<u>72,512,994</u>	<u>1,488,731,479</u>
LIABILITIES					
Accounts payable	460,729	399,056	371,341	62,888	1,294,014
Investment commitments payable	61,707,412	53,447,460	49,735,328	8,422,769	173,312,969
Obligation for collateral received under securities lending transactions	<u>32,858,822</u>	<u>28,460,448</u>	<u>26,483,760</u>	<u>4,485,073</u>	<u>92,288,103</u>
Total liabilities	<u>95,026,963</u>	<u>82,306,964</u>	<u>76,590,429</u>	<u>12,970,730</u>	<u>266,895,086</u>
Net assets held in trust for pension benefits	\$ <u>434,969,213</u>	\$ <u>376,696,207</u>	\$ <u>350,628,709</u>	\$ <u>59,542,264</u>	\$ <u>1,221,836,393</u>

Combining Statement of Changes in Net Assets

Pension Trust Funds

For the Year Ended June 30, 2006

	Defined Benefit Pension Trust (as of December 31, 2005)				
	Employees' Retirement	Police Service Retirement	Fire Service Retirement	Detention Officers' & Deputy Sheriffs' Retirement	Totals
ADDITIONS					
Contributions:					
Employer	\$ 10,015,144	\$ 8,931,530	\$ 10,016,964	\$ 3,191,610	\$ 32,155,248
Participant	4,124,898	1,848,116	1,496,252	795,363	8,264,629
Total contributions	<u>14,140,042</u>	<u>10,779,646</u>	<u>11,513,216</u>	<u>3,986,973</u>	<u>40,419,877</u>
Investment income:					
Net appreciation in fair value of investments	21,925,481	19,000,991	17,666,038	2,985,076	61,577,586
Interest income	6,709,394	5,814,031	5,368,239	896,459	18,788,123
Dividend income	2,078,629	1,800,599	1,667,377	279,822	5,826,427
Total investment income	<u>30,713,504</u>	<u>26,615,621</u>	<u>24,701,654</u>	<u>4,161,357</u>	<u>86,192,136</u>
Less investment expense	<u>(1,814,124)</u>	<u>(1,615,326)</u>	<u>(1,414,647)</u>	<u>(245,666)</u>	<u>(5,089,763)</u>
Net income from investing activities	28,899,380	25,000,295	23,287,007	3,915,691	81,102,373
Securities lending activities:					
Securities lending income	924,665	801,075	740,773	124,083	2,590,596
Securities lending expenses:					
Borrower rebates	823,217	713,185	659,500	110,469	2,306,371
Management fees	30,453	26,383	24,397	4,087	85,320
Securities lending expense	<u>853,670</u>	<u>739,568</u>	<u>683,897</u>	<u>114,556</u>	<u>2,391,691</u>
Securities lending net income	70,995	61,507	56,876	9,527	198,905
Total net investment income	<u>28,970,375</u>	<u>25,061,802</u>	<u>23,343,883</u>	<u>3,925,218</u>	<u>81,301,278</u>
Total additions	<u>43,110,417</u>	<u>35,841,448</u>	<u>34,857,099</u>	<u>7,912,191</u>	<u>121,721,155</u>
DEDUCTIONS					
Participant benefit payments and refunds	17,748,296	13,986,960	9,186,241	1,847,932	42,769,429
Administrative expenses	458,806	401,094	364,848	61,554	1,286,302
Total deductions	<u>18,207,102</u>	<u>14,388,054</u>	<u>9,551,089</u>	<u>1,909,486</u>	<u>44,055,731</u>
Net increases	24,903,315	21,453,394	25,306,010	6,002,705	77,665,424
Net assets, beginning of year	410,065,898	355,242,813	325,322,699	53,539,559	1,144,170,969
Net assets, end of year	<u>\$ 434,969,213</u>	<u>\$ 376,696,207</u>	<u>\$ 350,628,709</u>	<u>\$ 59,542,264</u>	<u>\$ 1,221,836,393</u>

Anne Arundel County, Maryland

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year Ended June 30, 2006

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
SUBDIVISION DEPOSITS				
Assets				
Cash	\$ 1,709,186	\$ 876,854	\$ 513,456	\$ 2,072,584
Total Assets	<u>\$ 1,709,186</u>	<u>\$ 876,854</u>	<u>\$ 513,456</u>	<u>\$ 2,072,584</u>
Liabilities				
Escrow Deposits	\$ 1,709,186	\$ 876,854	\$ 513,456	\$ 2,072,584
Total Liabilities	<u>\$ 1,709,186</u>	<u>\$ 876,854</u>	<u>\$ 513,456</u>	<u>\$ 2,072,584</u>
SEDIMENT CONTROL				
Assets				
Cash	\$ 5,585,016	\$ 1,335,619	\$ 1,792,050	\$ 5,128,585
Total Assets	<u>\$ 5,585,016</u>	<u>\$ 1,335,619</u>	<u>\$ 1,792,050</u>	<u>\$ 5,128,585</u>
Liabilities				
Escrow and other deposits	\$ 5,585,016	\$ 1,335,619	\$ 1,792,050	\$ 5,128,585
Total Liabilities	<u>\$ 5,585,016</u>	<u>\$ 1,335,619</u>	<u>\$ 1,792,050</u>	<u>\$ 5,128,585</u>
RECREATION				
Assets				
Cash	\$ 346,911	\$ 79,813	\$ -	\$ 426,724
Total Assets	<u>\$ 346,911</u>	<u>\$ 79,813</u>	<u>\$ -</u>	<u>\$ 426,724</u>
Liabilities				
Deposits	\$ 346,911	\$ 79,813	\$ -	\$ 426,724
Total Liabilities	<u>\$ 346,911</u>	<u>\$ 79,813</u>	<u>\$ -</u>	<u>\$ 426,724</u>
CITY AND STATE TAX COLLECTION				
Assets				
Cash	\$ 1,498,796	\$ 5,673,324	\$ 4,999,877	\$ 2,172,243
Total Assets	<u>\$ 1,498,796</u>	<u>\$ 5,673,324</u>	<u>\$ 4,999,877</u>	<u>\$ 2,172,243</u>
Liabilities				
Escrow Deposits	\$ 1,498,796	\$ 5,673,324	\$ 4,999,877	\$ 2,172,243
Total Liabilities	<u>\$ 1,498,796</u>	<u>\$ 5,673,324</u>	<u>\$ 4,999,877</u>	<u>\$ 2,172,243</u>
TAX SALE ESCROW DEPOSITS				
Assets				
Cash	\$ 8,786,469	\$ -	\$ 575,496	\$ 8,210,973
Total Assets	<u>\$ 8,786,469</u>	<u>\$ -</u>	<u>\$ 575,496</u>	<u>\$ 8,210,973</u>
Liabilities				
Escrow Deposits	\$ 8,786,469	\$ -	\$ 575,496	\$ 8,210,973
Total Liabilities	<u>\$ 8,786,469</u>	<u>\$ -</u>	<u>\$ 575,496</u>	<u>\$ 8,210,973</u>

Anne Arundel County, Maryland

Combining Statement of Changes in Assets and Liabilities

All Agency Funds

Year Ended June 30, 2006

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
FARMINGTON SPECIAL ASSESSMENT				
Assets				
Investments	\$ 791,769	\$ 476,878	\$ 471,103	\$ 797,544
Total Assets	<u>\$ 791,769</u>	<u>\$ 476,878</u>	<u>\$ 471,103</u>	<u>\$ 797,544</u>
Liabilities				
Escrow Deposits	\$ 791,769	\$ 476,878	\$ 471,103	\$ 797,544
Total Liabilities	<u>\$ 791,769</u>	<u>\$ 476,878</u>	<u>\$ 471,103</u>	<u>\$ 797,544</u>
DORCHESTER SPECIAL TAX DISTRICT				
Assets				
Investments	\$ 2,085,855	\$ 1,147,715	\$ 1,041,479	\$ 2,192,091
Total Assets	<u>\$ 2,085,855</u>	<u>\$ 1,147,715</u>	<u>\$ 1,041,479</u>	<u>\$ 2,192,091</u>
Liabilities				
Escrow Deposits	\$ 2,085,855	\$ 1,147,715	\$ 1,041,479	\$ 2,192,091
Total Liabilities	<u>\$ 2,085,855</u>	<u>\$ 1,147,715</u>	<u>\$ 1,041,479</u>	<u>\$ 2,192,091</u>
MEDCO AA GOLF PROJECT ESCROW				
Assets				
Investments	\$ 1,707,520	\$ 221,359	\$ 1,047,733	\$ 881,146
Total Assets	<u>\$ 1,707,520</u>	<u>\$ 221,359</u>	<u>\$ 1,047,733</u>	<u>\$ 881,146</u>
Liabilities				
Escrow Deposits	\$ 1,707,520	\$ 221,359	\$ 1,047,733	\$ 881,146
Total Liabilities	<u>\$ 1,707,520</u>	<u>\$ 221,359</u>	<u>\$ 1,047,733</u>	<u>\$ 881,146</u>
MISCELLANEOUS ESCROW DEPOSITS				
Assets				
Cash	\$ 146,777	\$ 100,865	\$ 14,022	\$ 233,620
Total Assets	<u>\$ 146,777</u>	<u>\$ 100,865</u>	<u>\$ 14,022</u>	<u>\$ 233,620</u>
Liabilities				
Escrow Deposits	\$ 146,777	\$ 100,865	\$ 14,022	\$ 233,620
Total Liabilities	<u>\$ 146,777</u>	<u>\$ 100,865</u>	<u>\$ 14,022</u>	<u>\$ 233,620</u>
TOTALS - ALL FUNDS				
Assets				
Cash and investments	\$ 22,658,299	\$ 9,912,427	\$ 10,455,216	\$ 22,115,510
Total Assets	<u>\$ 22,658,299</u>	<u>\$ 9,912,427</u>	<u>\$ 10,455,216</u>	<u>\$ 22,115,510</u>
Liabilities				
Escrow and other deposits	\$ 22,658,299	\$ 9,912,427	\$ 10,455,216	\$ 22,115,510
Total Liabilities	<u>\$ 22,658,299</u>	<u>\$ 9,912,427</u>	<u>\$ 10,455,216</u>	<u>\$ 22,115,510</u>

Anne Arundel County, Maryland

Statement of Net Assets

Nonmajor Component Units

June 30, 2006

	Library	Economic Development	Tipton Airport	Workforce Development	Totals
Current Assets					
Cash and investments	\$ 45,870	\$ 1,412,655	\$ 413,466	\$ 516,477	\$ 2,388,468
Prepays and other assets	22,322	340,026	68,837	849,887	1,281,072
Inventories	-	-	57,834	-	57,834
Due from primary government	1,296,942	175,621	-	-	1,472,563
Restricted assets					
Cash and temporary investments	-	571,753	-	-	571,753
Investments	-	359,134	-	-	359,134
Receivables					
Due from other governmental agencies	-	-	5,608	-	5,608
Other, net	-	-	-	-	-
Other assets	-	154,282	-	-	154,282
Total current assets	<u>1,365,134</u>	<u>3,013,471</u>	<u>545,745</u>	<u>1,366,364</u>	<u>6,290,714</u>
Noncurrent Assets					
Loans receivable and other assets	-	912,000	-	-	912,000
Capital assets not being depreciated	-	-	43,243	-	43,243
Capital assets being depreciated	15,473,438	898,739	8,148,724	479,807	25,000,708
Less accumulated depreciation	<u>(5,712,195)</u>	<u>(572,042)</u>	<u>(957,739)</u>	<u>(170,727)</u>	<u>(7,412,703)</u>
	<u>9,761,243</u>	<u>326,697</u>	<u>7,190,985</u>	<u>309,080</u>	<u>17,588,005</u>
Total capital assets	<u>9,761,243</u>	<u>326,697</u>	<u>7,234,228</u>	<u>309,080</u>	<u>17,631,248</u>
Total assets	<u>11,126,377</u>	<u>4,252,168</u>	<u>7,779,973</u>	<u>1,675,444</u>	<u>24,833,962</u>
Current Liabilities					
Accrued liabilities	328,639	139,782	197,584	505,161	1,171,166
Current portion on non-current liabilities	584,661	16,732	31,241	33,899	666,533
Notes payable	-	903,317	-	-	903,317
Deferred revenue	6,518	26,000	102,105	395,981	530,604
Liabilities related to restricted assets					
Accrued liabilities	-	220,559	-	-	220,559
Escrow and other deposits	-	37,594	-	-	37,594
Deferred revenue	-	235,864	-	-	235,864
Total current liabilities	<u>919,818</u>	<u>1,579,848</u>	<u>330,930</u>	<u>935,041</u>	<u>3,765,637</u>
Noncurrent liabilities					
Long-term debt, net of deferred refunding gain	18,974	30,417	94,152	-	143,543
Total liabilities	<u>938,792</u>	<u>1,610,265</u>	<u>425,082</u>	<u>935,041</u>	<u>3,909,180</u>
Capital assets, net of related debt	9,742,269	279,548	7,108,835	309,080	17,439,732
Restricted for:					
Other purposes	-	1,194,114	-	-	1,194,114
Unrestricted	445,316	1,168,241	246,056	431,323	2,290,936
Total net assets	<u>\$ 10,187,585</u>	<u>\$ 2,641,903</u>	<u>\$ 7,354,891</u>	<u>\$ 740,403</u>	<u>\$ 20,924,782</u>

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Anne Arundel County, Maryland

Statement of Activities

Nonmajor Component Units

Year Ended June 30, 2006

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<i>Library</i>				
Community services	\$ 19,170,522	\$ 672,928	\$ 2,637,051	\$ 2,474,864
<i>Economic Development</i>				
Arundel Business Loan Program	312,735	152,578	-	-
Training and other grants	680,586	-	1,194,114	-
David Taylor Research Center	-	457,537	-	-
Chesapeake Innovation Center	1,808,241	425,401	-	-
Administrative	1,949,262	-	-	-
Unallocated depreciation	99,295	-	-	-
	<u>4,850,119</u>	<u>1,035,516</u>	<u>1,194,114</u>	<u>-</u>
<i>Tipton Airport Authority</i>				
Airport Operations	<u>1,546,470</u>	<u>1,335,508</u>	<u>-</u>	<u>891,789</u>
<i>Workforce Development</i>				
Workforce development programs				
Adult Services	9,413	-	10,158	-
Dislocated worker services	620,743	-	669,998	-
Youth services	315,170	-	315,170	-
Other WIA Programs	1,019,340	-	1,019,340	-
Administration	64,823	-	60,207	-
Other grants, projects, initiatives	857,035	-	937,592	-
	<u>2,886,524</u>	<u>-</u>	<u>3,012,465</u>	<u>-</u>

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

Changes in net assets

Net assets, July 1

Net assets, June 30

Net (Expense) Revenues and Changes in Net Assets

<u>Library</u>	<u>Economic Development</u>	<u>Tipton Airport</u>	<u>Workforce Development</u>	<u>Total</u>
\$ <u>(13,385,679)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(13,385,679)</u>
-	(160,157)	-	-	(160,157)
-	513,528	-	-	513,528
-	457,537	-	-	457,537
-	(1,382,840)	-	-	(1,382,840)
-	(1,949,262)	-	-	(1,949,262)
-	(99,295)	-	-	(99,295)
-	<u>(2,620,489)</u>	-	-	<u>(2,620,489)</u>
-	-	<u>680,827</u>	-	<u>680,827</u>
-	-	-	745	745
-	-	-	49,255	49,255
-	-	-	-	-
-	-	-	-	-
-	-	-	(4,616)	(4,616)
-	-	-	<u>80,557</u>	<u>80,557</u>
-	-	-	<u>125,941</u>	<u>125,941</u>
13,188,300	847,383	-	11,460	14,047,143
-	899,654	-	-	899,654
-	101,884	3,618	13,782	119,284
33,772	136,900	-	290	170,962
<u>13,222,072</u>	<u>1,985,821</u>	<u>3,618</u>	<u>25,532</u>	<u>15,237,043</u>
(163,607)	(634,668)	684,445	151,473	37,643
<u>10,351,192</u>	<u>3,276,571</u>	<u>6,670,446</u>	<u>588,930</u>	<u>20,887,139</u>
\$ <u>10,187,585</u>	\$ <u>2,641,903</u>	\$ <u>7,354,891</u>	\$ <u>740,403</u>	\$ <u>20,924,782</u>

Anne Arundel County, Maryland

Balance Sheet

Library Component Unit

June 30, 2006

	Governmental Fund Types		
	Operating Fund	Dedicated Revenue Fund	Total
ASSETS			
Cash and investments	\$ 10,914	\$ 34,956	\$ 45,870
Due from primary government	1,276,852	20,090	1,296,942
Receivables	22,322	-	22,322
Total assets	<u>\$ 1,310,088</u>	<u>\$ 55,046</u>	<u>\$ 1,365,134</u>
LIABILITIES			
Accrued liabilities	\$ 316,348	\$ 12,291	\$ 328,639
Deferred revenue	6,518	-	6,518
Total liabilities	<u>322,866</u>	<u>12,291</u>	<u>335,157</u>
FUND BALANCES			
Reserved			
Encumbrances	849,945	5,840	855,785
Unreserved			
Undesignated	137,277	36,915	174,192
Total fund balances (deficits)	<u>987,222</u>	<u>42,755</u>	<u>1,029,977</u>
Total liabilities and fund balances	<u>\$ 1,310,088</u>	<u>\$ 55,046</u>	<u>\$ 1,365,134</u>

Anne Arundel County, Maryland

Statement of Revenues, Expenditures, and Changes in Fund Balances

Library Component Unit

Year Ended June 30, 2006

	Governmental Fund Types		
	Operating Fund	Dedicated Revenue Fund	Total
REVENUES			
Grants and aid	\$ 15,722,999	\$ 102,352	\$ 15,825,351
Fines and fees	672,928	-	672,928
Other	10,408	23,364	33,772
Total revenues	<u>16,406,335</u>	<u>125,716</u>	<u>16,532,051</u>
EXPENDITURES			
Current			
Recreation and community services	16,146,808	122,395	16,269,203
Capital outlay	275,997	-	275,997
Total expenditures	<u>16,422,805</u>	<u>122,395</u>	<u>16,545,200</u>
Revenues over expenditures	<u>(16,470)</u>	<u>3,321</u>	<u>(13,149)</u>
Fund balances, July 1	1,003,692	39,434	1,043,126
Fund balances, June 30	<u>\$ 987,222</u>	<u>\$ 42,755</u>	<u>\$ 1,029,977</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, 2006

	Original Budget	Final Budget	Actual	Variance Over (under)
REVENUES				
Grants and aid	\$ 1,735,700	\$ 1,735,700	\$ 1,735,771	\$ 71
Primary government contribution	13,188,300	13,188,300	13,188,300	-
Fines and fees	716,000	716,000	672,928	(43,072)
Other	69,000	69,000	84,902	15,902
Total revenues	<u>15,709,000</u>	<u>15,709,000</u>	<u>15,681,901</u>	<u>(27,099)</u>
EXPENDITURES				
Current				
Recreation and community services	15,358,600	15,358,600	15,427,930	69,330
Capital outlay	350,400	350,400	346,009	(4,391)
Total expenditures	<u>15,709,000</u>	<u>15,709,000</u>	<u>15,773,939</u>	<u>64,939</u>
Revenues over (under) expenditures	-	-	(92,038)	\$ <u>(92,038)</u>
Fund balances, budgetary, July 1	229,315	229,315	229,315	
Fund balances, budgetary, June 30	<u>\$ 229,315</u>	<u>\$ 229,315</u>	<u>\$ 137,277</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, 2006

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 06</i>	<i>06/30/06 Outstanding</i>	<i>Interest Payable to Maturity</i>	<i>Total Due to Maturity</i>
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	-	-	-	-
Series 75 (2nd Issue)	07/15/75	1976-05	5.00 to 7.00	10,000,000	500,000	-	-	-
Series 76	02/01/76	1977-06	4.50 to 6.50	9,000,000	400,000	-	-	-
Series 76 (2nd Issue)	12/01/76	1977-06	4.25 to 6.25	10,000,000	300,000	300,000	6,375	306,375
Series 77	05/15/77	1978-07	4.00 to 6.00	15,000,000	800,000	800,000	32,000	832,000
Series 78	01/15/78	1979-08	4.00 to 6.00	12,000,000	100,000	200,000	12,000	212,000
Series 79	02/01/79	1980-09	4.50 to 6.50	10,000,000	200,000	600,000	54,000	654,000
Series 80	02/15/80	1983-10	5.50 to 7.50	12,000,000	350,000	1,400,000	192,500	1,592,500
Series 87 (Refunding)	02/15/87	1988-14	3.50 to 5.75	21,880,000	65,000	1,930,000	518,075	2,448,075
Maryland Water Quality Bond	03/21/90	1991-11	4.89 to 4.89	1,249,900	62,495	258,890	32,770	291,660
Maryland Water Quality Bond	11/27/90	1991-11	4.89 to 4.89	8,281,371	513,901	2,011,432	231,718	2,243,150
Maryland Water Quality Bond	05/08/91	1992-11	4.75 to 4.75	455,332	32,102	4,904	232	5,136
Series 1991	05/15/91	1993-09	5.20 to 6.60	3,950,000	300,000	1,030,000	138,930	1,168,930
Series 1992	01/15/92	1993-21	5.50 to 6.00	20,000,000	-	-	-	-
Series 1992 Refunding	05/01/92	1994-13	4.40 to 6.00	8,795,000	160,000	515,000	87,000	602,000
Maryland Water Quality Bond	06/30/92	1993-13	4.39 to 4.39	4,971,195	272,323	2,159,469	381,887	2,541,356
Maryland Water Quality Bond	06/01/93	1995-14	3.25 to 3.25	12,999,541	669,309	6,198,117	940,063	7,138,180
Series 93	07/15/93	1994-23	4.63 to 5.34	11,500,000	-	-	-	-
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	-	-	-	-
Series 95	02/01/95	1996-24	5.50 to 7.00	21,000,000	725,000	725,000	21,387	746,387
Series 96	03/01/96	1997-25	4.75 to 5.00	13,000,000	450,000	450,000	13,500	463,500
Series 96 Refunding	03/01/96	1996-06	4.00 to 4.50	5,025,000	385,000	285,000	6,413	291,413
Maryland Water Quality Bond	03/28/96	1997-16	3.99 to 3.99	468,937	23,447	234,468	51,455	285,923
Series 98	05/01/98	1999-27	4.50 to 6.00	17,000,000	11,700,000	1,170,000	105,299	1,275,299
Series 99 Refunding	03/15/99	2000-20	4.00 to 5.25	27,700,000	765,000	26,490,000	10,630,883	37,120,883
Series 99 Refunding (2nd Issue)	04/15/99	2000-09	4.00 to 5.00	14,515,000	1,535,000	5,000,000	432,539	5,432,539
Series 99	07/07/99	2000-28	4.50 to 6.50	25,000,000	865,000	2,595,000	251,931	2,846,931
Series 01	02/15/01	2002-28	4.125 to 5.0	10,600,000	7,045,000	1,975,000	269,094	2,244,094
Maryland Water Quality Bond	03/28/01	2003-31	1.50 to 1.50	3,033,715	88,122	2,688,966	-	2,688,966
Series 02	03/01/02	2003-31	3.00 to 5.375	23,500,000	16,200,000	4,860,000	856,575	5,716,575
Series 03	03/01/03	2004-32	1.00 to 5.00	24,000,000	825,000	21,525,000	13,211,138	34,736,138
Series 03 Refunding	03/01/03	2004-23	1.00 to 5.00	65,085,000	4,250,000	56,870,000	18,648,481	75,518,481
Maryland Water Quality Bond	06/27/03	2005-24	1.00 to 1.00	11,972,505	888,148	10,205,003	657,556	10,862,559
Series 04	04/01/04	2005-33	2.00 to 5.00	11,750,000	405,000	10,935,000	6,871,837	17,806,837
Series 05	03/01/05	2006-34	3.00 to 5.00	24,500,000	845,000	23,655,000	15,258,800	38,913,800
Series 05 Refunding	03/01/05	2006-28	3.00 to 5.00	26,480,000	615,000	25,865,000	13,861,794	39,726,794
Series 06	03/21/06	2007-35	4.125 to 5.0	19,000,000	-	19,000,000	12,446,809	31,446,809
Series 06 Refunding	03/21/06	2007-31	4.00 to 5.00	34,060,000	-	34,060,000	21,039,517	55,099,517
Total applicable to 5.6% and 14% debt limitations				660,772,496	52,334,847	265,996,249	117,262,558	383,258,807

(continued)

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

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

June 30, 2006

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 06</i>	<i>06/30/06 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	-	-	-	-	
	02/15/87	1987-04	3.00 to 5.75	39,635,750	-	-	-	-	
	01/15/92	1993-12	5.50 to 6.00	40,000,000	-	-	-	-	
	07/15/93	1994-13	4.63 to 5.30	35,000,000	-	-	-	-	
	02/01/94	1995-14	4.40 to 5.00	37,000,000	-	-	-	-	
	02/01/95	1996-24	5.50 to 7.00	65,900,000	3,370,000	2,510,000	74,045	2,584,045	
	08/01/95	1996-11	4.00 to 5.38	66,745,000	7,373,423	20,200,000	2,433,678	22,633,678	
	03/01/96	1997-25	4.75 to 6.00	48,270,000	2,660,000	2,660,000	79,800	2,739,800	
	03/01/96	1996-04	4.00 to 4.38	9,760,000	-	-	-	-	
	05/01/98	1999-27	4.50 to 6.00	67,000,000	35,860,000	6,920,000	622,800	7,542,800	
	03/15/99	2000-20	4.00 to 5.25	50,060,000	1,735,000	44,470,000	12,926,485	57,396,485	
	07/07/99	2000-19	4.50 to 6.50	58,000,000	3,480,000	10,440,000	1,013,550	11,453,550	
	02/15/01	2002-20	4.125 to 5.0	47,000,000	21,000,000	14,000,000	1,831,250	15,831,250	
	03/01/02	2003-22	3.00 to 5.375	91,500,000	42,090,000	32,940,000	5,805,675	38,745,675	
	03/01/03	2004-23	1.00 to 5.00	101,000,000	6,060,000	82,820,000	30,719,150	113,539,150	
	03/01/03	2005-14	1.00 to 5.00	21,510,000	1,335,000	20,165,000	4,760,500	24,925,500	
	04/01/04	2005-24	2.00 to 5.00	49,500,000	2,970,000	43,560,000	16,933,950	60,493,950	
	03/01/05	2006-25	3.00 to 5.00	55,000,000	3,313,438	51,686,562	21,278,560	72,965,122	
	03/01/05	2006-26	3.00 to 5.00	46,625,000	1,525,000	45,100,000	16,839,087	61,939,087	
	06/30/05	2007-28	3.00 to 5.00	24,530,000	-	24,530,000	15,032,325	39,562,325	
	03/21/06	2007-26	4.00 to 5.00	64,000,000	-	64,000,000	29,648,668	93,648,668	
	03/21/06	2007-27	4.00 to 5.00	87,115,000	-	87,115,000	41,539,504	128,654,504	
				<u>1,135,770,750</u>	<u>132,771,861</u>	<u>553,116,562</u>	<u>-</u>	<u>201,539,027</u>	<u>754,655,589</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	2,010,000	154,099	2,164,099	
	02/01/94	1995-08	4.40 to 4.80	16,000,000	1,140,000	2,280,000	163,020	2,443,020	
	08/01/95	1996-10	4.00 to 5.30	2,060,000	196,577	820,000	124,652	944,652	
	03/01/96	1997-16	5.00 to 5.50	12,000,000	600,000	6,600,000	1,942,500	8,542,500	
	05/01/98	1999-17	4.65 to 6.00	7,000,000	350,000	4,200,000	1,404,025	5,604,025	
	04/01/04	2005-24	2.00 to 5.00	1,250,000	75,000	1,100,000	427,625	1,527,625	
	03/01/05	2006-24	3.00 to 5.00	1,000,000	46,561	953,439	413,040	1,366,479	
	03/21/06	2007-26	4.00 to 5.00	2,000,000	-	2,000,000	1,034,064	3,034,064	
Total Waste Collection Enterprise Fund				<u>52,274,250</u>	<u>3,078,138</u>	<u>19,963,439</u>	<u>-</u>	<u>5,663,025</u>	<u>25,626,464</u>
Total applicable to 5.2% and 13% debt limitations				<u>1,188,045,000</u>	<u>135,849,999</u>	<u>573,080,001</u>	<u>207,202,052</u>	<u>780,282,053</u>	

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

NOT APPLICABLE TO DEBT LIMITATIONS

June 30, 2006

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 06</i>	<i>06/30/06 Outstanding</i>	<i>Interest Payable to Maturity</i>	<i>Total Due to Maturity</i>
Installment Purchase Agreements - Agricultural Easement Program								
Adelaide F. Colhoun Trust	09/19/00	2002-30	5.85 to 5.85	401,000	1,000	396,000	539,838	935,838
Ellen H. Shepard Trust	09/22/00	2002-30	5.85 to 5.85	161,000	1,000	156,000	202,880	358,880
Harold & Jean Touchette	09/19/00	2002-30	5.85 to 5.85	378,000	1,000	373,000	507,546	880,546
Farm of the Four Winds, LLC	11/13/00	2002-30	6.00 to 6.00	587,000	1,000	582,000	821,520	1,403,520
Kenneth P. Franklin, Trustee	12/28/00	2002-30	5.60 to 5.60	142,055	1,000	137,000	168,672	305,672
Richard F. Moreland	07/18/01	2003-28	5.90 to 5.90	274,000	1,000	270,000	336,831	606,831
Richard L. & Mary M. Smith	07/18/01	2003-28	5.90 to 5.90	831,000	1,000	827,000	1,059,817	1,886,817
Francis R. Windsor	07/26/01	2003-28	5.90 to 5.90	411,174	1,000	407,000	514,657	921,657
Anita Froe/Rian LLC	03/06/02	2003-28	5.90 to 5.90	657,000	1,000	653,000	833,964	1,486,964
Lauer & Company	09/20/02	2004-28	5.25 to 5.25	197,000	1,000	194,000	211,943	405,943
Weeems Dodd Ltd	10/17/02	2004-28	5.45 to 5.45	1,521,000	1,000	1,518,000	1,807,492	3,325,492
Edward Hall III	12/19/02	2004-28	5.55 to 5.55	180,000	1,000	177,000	203,296	380,296
Bristol Farms LLC	01/28/03	2004-28	5.50 to 5.50	700,000	1,000	697,000	823,113	1,520,113
Shearman Talbott	05/22/03	2005-28	4.95 to 4.95	263,948	1,000	262,000	273,885	535,885
Anne Brice	06/23/04	2006-28	5.80 to 5.80	316,000	1,000	315,000	388,542	703,542
Thackray Seznec	06/30/04	2006-28	5.80 to 5.80	1,405,000	1,000	1,404,000	1,778,106	3,182,106
Parks	07/07/04	2006-28	5.60 to 5.60	295,000	1,000	294,000	349,272	643,272
Horky	12/05/05	2006-28	4.90 to 4.90	368,814	-	368,814	386,454	755,268
				<u>9,088,991</u>	<u>17,000</u>	<u>9,030,814</u>	<u>11,207,828</u>	<u>20,238,642</u>
Tax Increment Bonds								
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	725,000	6,220,000	1,149,499	7,369,499
Arundel Mills Refunding	05/11/04	2010-29	3.00 to 5.125	30,350,000	-	30,350,000	24,664,792	55,014,792
National Business Park Ref	05/11/04	2009-28	3.00 to 5.125	15,655,000	-	15,655,000	11,763,901	27,418,901
West Nursery Road	05/11/04	2006-29	2.00 to 4.70	2,570,000	-	2,570,000	1,548,446	4,118,446
				<u>98,875,000</u>	<u>725,000</u>	<u>54,795,000</u>	<u>39,126,638</u>	<u>93,921,638</u>
Federal Loans								
Section 108	01/30/06	2006-11	4.96 to 5.77	2,050,000	-	1,009,930	140,345	1,150,275
State Loans								
Highway Construction								
State Transportation 1993 Refunding	12/15/93	1995-05	2.80 to 4.90	3,577,981	-	-	-	-
Department of Natural Resources								
Annapolis Cove	09/16/88	1989-13	0.00	121,220	4,849	38,790	-	38,790
Annapolis Landing	07/21/92	1993-17	0.00	78,570	3,142	37,714	-	37,714
Annapolis Landing	05/03/95	1995-09	0.00	68,075	4,538	22,694	-	22,694
Arundel on the Bay 44-76	08/25/81	1983-07	0.00	200,000	8,000	16,000	-	16,000
Arundel on the Bay 44-76B	07/20/83	1984-08	0.00	247,833	9,913	29,742	-	29,742
Arundel on the Bay	04/28/92	1993-17	0.00	74,220	2,968	35,626	-	35,626
Bay Ridge	11/19/90	1992-16	0.00	669,275	26,771	294,480	-	294,480
Brown's Pond	11/25/91	1992-16	0.00	185,128	7,405	81,455	-	81,455
Buckingham Cove	04/07/97	1997-21	0.00	217,570	8,703	139,243	-	139,243
Cape Anne	04/15/80	1981-06	0.00	66,255	2,651	-	-	-
Cattail Creek	04/03/98	1998-22	0.00	127,628	5,105	86,788	-	86,788
Elizabeth's Landing	09/26/91	1993-17	0.00	161,310	6,452	77,432	-	77,432
Elizabeth's Landing	05/15/95	1996-10	0.00	153,764	10,251	51,254	-	51,254
John's Creek	12/15/93	1994-19	0.00	173,206	6,920	89,960	-	89,960
Lake Hillsmere	04/08/82	1983-08	0.00	85,950	3,438	6,876	-	6,876
Lake Hillsmere II	04/03/98	1998-22	0.00	188,660	7,546	128,282	-	128,282
Lake Placid	12/04/81	1983-07	0.00	188,355	7,534	15,070	-	15,070
Pine Grove Village	05/03/95	1996-10	0.00	37,689	2,513	12,558	-	12,558
Mason's Beach	06/03/96	1997-06	0.00	277,098	13,855	152,403	-	152,403
Romar Estates	03/27/97	1997-21	0.00	304,987	12,200	195,188	-	195,188
Snug Harbor	05/13/83	1984-09	0.00	230,294	9,212	27,633	-	27,633
Snug Harbor	11/21/91	1992-16	0.00	738,599	29,544	324,984	-	324,984
Snug Harbor Pier	04/13/92	1992-16	0.00	91,443	3,656	40,216	-	40,216
Spriggs Pond	02/28/92	1993-17	0.00	298,400	11,937	131,295	-	131,295
Whitehall Cove	12/19/01	2001-25	0.00	164,134	6,565	131,309	-	131,309
Total not applicable to debt limitations				<u>10,777,644</u>	<u>215,668</u>	<u>3,176,922</u>	<u>140,345</u>	<u>3,317,267</u>
Total long-term debt				<u>\$ 1,967,559,131</u>	<u>\$ 189,142,514</u>	<u>\$ 906,078,986</u>	<u>\$ 374,939,421</u>	<u>\$ 1,281,018,407</u>

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ANNE ARUNDEL COUNTY

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

As of June 30, 2006

FISCAL YEAR ENDING	General County Bonds (a)							
	General Government		Solid Waste		Tax Increment		Installment Purchase Agreements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 48,335,638	\$ 25,334,766	\$ 3,064,362	\$ 961,023	\$ 835,000	\$ 2,653,241	\$ 17,814	\$ 511,900
2008	46,302,139	23,619,338	3,042,861	819,667	875,000	2,612,666	18,000	510,894
2009	43,851,138	21,324,443	2,173,862	670,109	915,000	2,570,166	18,000	509,879
2010	41,241,264	19,255,499	1,378,736	577,330	1,150,000	2,522,457	18,000	508,864
2011	38,908,351	17,252,915	1,166,649	507,426	1,690,000	2,461,848	18,000	507,849
2012	37,673,350	15,405,663	1,166,650	448,111	2,175,000	2,381,943	18,000	506,834
2013	35,868,350	13,627,796	1,166,650	388,321	2,340,000	2,284,268	18,000	505,819
2014	32,238,349	11,909,353	1,166,651	327,188	1,430,000	2,199,210	18,000	504,804
2015	28,549,308	10,326,886	1,160,692	265,580	1,580,000	2,131,383	18,000	503,789
2016	27,414,120	8,923,858	1,170,880	203,796	1,720,000	2,057,808	18,000	502,774
2017	25,699,120	7,621,715	1,520,880	141,202	1,875,000	1,977,473	18,000	501,759
2018	24,199,120	6,401,634	220,880	77,058	2,035,000	1,889,985	18,000	500,746
2019	22,414,120	5,304,186	220,880	67,031	2,205,000	1,788,470	18,000	499,730
2020	20,119,120	4,380,379	220,880	58,131	2,395,000	1,671,605	18,000	498,715
2021	18,149,120	3,519,327	220,880	48,870	2,600,000	1,544,548	18,000	497,700
2022	18,189,120	2,680,936	220,880	38,614	2,820,000	1,406,531	18,000	496,685
2023	14,644,120	1,885,984	220,880	28,929	3,055,000	1,256,776	18,000	495,670
2024	10,629,120	1,252,312	220,880	19,501	3,290,000	1,094,888	18,000	494,655
2025	8,730,800	799,546	119,200	10,073	3,550,000	920,218	18,000	493,640
2026	5,740,795	447,090	119,206	5,066	3,825,000	731,859	18,000	492,625
2027	2,395,000	190,119	-	-	4,110,000	529,238	18,000	491,610
2028	1,825,000	75,281	-	-	4,410,000	311,650	7,119,000	490,595
2029	-	-	-	-	3,335,000	113,959	5,000	90,292
2030	-	-	-	-	580,000	14,450	1,529,000	90,000
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-
	<u>\$ 553,116,562</u>	<u>\$ 201,539,027</u>	<u>\$ 19,963,439</u>	<u>\$ 5,663,025</u>	<u>\$ 54,795,000</u>	<u>\$ 39,126,638</u>	<u>\$ 9,030,814</u>	<u>\$ 11,207,828</u>

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

<i>State Advances (b)</i>		<i>Federal Advances</i>		<i>Water and Sewer Bonds (c)</i>		<i>Total</i>		<i>Debt Service</i>
<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Charge</i>
\$ 213,018	\$ -	\$ 410,000	\$ 50,446	\$ 19,091,724	\$ 11,475,594	\$ 71,967,556	\$ 40,986,971	\$ 112,954,527
213,018	-	410,000	50,446	18,008,467	10,834,370	68,869,485	38,447,382	107,316,867
194,045	-	189,930	29,966	17,947,647	10,008,574	65,289,622	35,113,138	100,402,760
174,920	-		9,487	15,396,776	9,199,876	59,359,696	32,073,513	91,433,209
174,920	-			14,638,780	8,506,522	56,596,700	29,236,560	85,833,260
157,619	-			14,590,993	7,863,783	55,781,612	26,606,333	82,387,945
157,619	-			14,455,668	7,223,671	54,006,286	24,029,874	78,036,160
157,619	-			14,117,188	6,575,142	49,127,807	21,515,698	70,643,505
152,770	-			13,185,559	5,943,144	44,646,329	19,170,782	63,817,111
152,770	-			12,901,784	5,349,020	43,377,554	17,037,256	60,414,810
152,765	-			12,098,798	4,763,378	41,364,563	15,005,526	56,370,089
59,603	-			10,265,361	4,252,446	36,797,963	13,121,868	49,919,831
47,039	-			9,141,941	3,812,340	34,046,980	11,471,756	45,518,736
40,119	-			8,533,546	3,436,436	31,326,664	10,045,266	41,371,930
40,119	-			8,390,174	3,076,908	29,418,292	8,687,353	38,105,645
40,119	-			8,356,826	2,701,708	29,644,945	7,324,474	36,969,419
19,216	-			7,628,504	2,353,368	25,585,720	6,020,726	31,606,446
6,565	-			6,670,206	2,025,753	20,834,771	4,887,109	25,721,880
6,565	-			6,621,934	1,741,131	19,046,500	3,964,607	23,011,107
6,565	-			5,883,688	1,472,890	15,593,254	3,149,530	18,742,784
-	-			5,445,469	1,217,722	11,968,469	2,428,688	14,397,157
-	-			4,882,274	982,290	18,236,274	1,859,816	20,096,090
-	-			3,654,110	772,968	6,994,110	977,219	7,971,329
-	-			3,650,973	615,175	5,759,973	719,625	6,479,598
-	-			3,647,862	457,569	3,647,862	457,569	4,105,431
-	-			2,735,000	300,150	2,735,000	300,150	3,035,150
-	-			1,905,000	177,913	1,905,000	177,913	2,082,913
-	-			1,495,000	94,063	1,495,000	94,063	1,589,063
-	-			655,000	28,656	655,000	28,656	683,656
-	-			-	-	-	-	-
<u>\$ 2,166,992</u>	<u>\$ -</u>	<u>\$ 1,009,930</u>	<u>\$ 140,345</u>	<u>\$ 265,996,249</u>	<u>\$ 117,262,558</u>	<u>\$ 906,078,986</u>	<u>\$ 374,939,421</u>	<u>\$ 1,281,018,407</u>

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Statistical Section

ANNE ARUNDEL COUNTY, MARYLAND

Net Assets by Category

Last Five Fiscal Years

(accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities					
Capital assets, net of related debt	\$ 504,666,727	\$ 512,282,083	\$ 505,949,827	\$ 496,848,918	\$ 562,505,745
Restricted for:					
Revenue stabilization	24,541,087	24,928,401	27,177,741	35,634,133	38,754,372
Debt service	8,593,020	17,363,188	13,346,926	13,155,834	9,540,764
Capital improvements	98,332,602	53,502,139	59,022,217	51,130,409	107,716,853
Other purposes	6,134,960	6,487,845	7,503,264	10,676,306	13,333,611
Unrestricted	<u>(80,851,877)</u>	<u>(108,427,530)</u>	<u>(99,052,792)</u>	<u>(69,377,525)</u>	<u>(106,855,776)</u>
Subtotal governmental activities net assets	<u>561,416,519</u>	<u>506,136,126</u>	<u>513,947,183</u>	<u>538,068,075</u>	<u>624,995,569</u>
Business-type activities					
Capital assets, net of related debt	669,156,115	680,732,077	710,573,981	730,703,264	763,729,810
Restricted for:					
Debt service	165,710,205	162,090,444	156,003,350	147,894,257	156,854,325
Capital improvements	18,426,666	32,882,179	27,995,401	24,161,749	19,049,853
Other purposes	843,502	-	794,814	979,956	(913,532)
Unrestricted	<u>14,304,196</u>	<u>16,782,679</u>	<u>3,335,282</u>	<u>5,692,310</u>	<u>10,047,401</u>
Subtotal business-type activities net assets	<u>868,440,684</u>	<u>892,487,379</u>	<u>898,702,828</u>	<u>909,431,536</u>	<u>948,767,857</u>
Primary government					
Capital assets, net of related debt	1,173,822,842	1,193,014,160	1,216,523,808	1,227,552,182	1,326,235,555
Restricted for:					
Revenue stabilization	24,541,087	24,928,401	27,177,741	35,634,133	38,754,372
Debt service	174,303,225	179,453,632	169,350,276	161,050,091	166,395,089
Capital improvements	116,759,268	86,384,318	87,017,618	75,292,158	126,766,706
Other purposes	6,978,462	6,487,845	8,298,078	11,656,262	12,420,079
Unrestricted	<u>(66,547,681)</u>	<u>(91,644,851)</u>	<u>(95,717,510)</u>	<u>(63,685,215)</u>	<u>(96,808,375)</u>
Total primary governmental net assets	<u>\$ 1,429,857,203</u>	<u>\$ 1,398,623,505</u>	<u>\$ 1,412,650,011</u>	<u>\$ 1,447,499,611</u>	<u>\$ 1,573,763,426</u>

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

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

	2002	2003	2004	2005	2006
Expenses					
Governmental activities:					
Education	\$ 451,383,973	\$ 444,902,592	\$ 460,910,902	\$ 506,794,807	\$ 545,274,308
Public Safety	162,155,283	184,599,830	174,599,087	185,398,446	208,105,539
General government	69,486,840	99,789,121	89,831,540	90,537,732	87,480,194
Health and human services	64,606,051	68,448,082	68,204,598	69,008,933	72,130,374
Public works	51,215,047	72,829,524	53,980,672	57,415,844	62,299,800
Recreation and community services	32,265,391	44,485,468	40,949,426	50,097,353	53,132,411
Judicial	21,720,575	19,837,894	18,962,146	19,673,396	20,647,728
Code enforcement	10,107,657	10,511,978	9,996,379	10,699,715	11,175,710
Land use and development	8,422,199	9,457,559	10,261,520	9,686,322	10,456,642
Economic development	3,571,254	3,520,112	3,342,050	3,330,000	3,445,000
Interest on debt and leases	20,645,618	25,506,435	27,974,513	26,436,198	30,145,870
Subtotal governmental activities expenses	895,579,888	983,888,595	959,012,833	1,029,078,746	1,104,293,576
Business-type activities:					
Water and wastewater	82,590,706	85,254,365	85,920,260	94,416,480	94,108,900
Waste collection	33,857,285	36,066,380	42,946,457	38,995,723	47,638,224
Child care	1,475,833	1,819,086	2,014,545	2,361,711	2,542,500
Subtotal business-type activities expenses	117,923,824	123,139,831	130,881,262	135,773,914	144,289,624
Total primary government expenses	1,013,503,712	1,107,028,426	1,089,894,095	1,164,852,660	1,248,583,200
Program Revenues					
Governmental activities:					
Education	\$ 5,659,445	\$ 8,191,743	\$ 10,764,050	\$ 10,546,015	\$ 8,081,445
Public Safety	17,334,951	16,883,619	19,393,555	23,496,758	25,453,314
General government	29,351,369	36,943,087	31,244,254	38,197,638	44,902,127
Health and human services	32,608,667	35,169,160	33,744,834	31,585,466	34,171,725
Public works	34,100,977	48,060,141	34,267,271	37,395,607	51,399,993
Recreation and community services	28,957,766	23,663,546	20,676,862	23,050,905	25,360,341
Judicial	5,750,649	4,700,375	4,110,687	4,236,071	4,209,199
Code enforcement	8,236,369	8,261,565	13,281,829	13,609,780	14,287,092
Land use and development	4,113,488	1,394,392	3,063,517	4,353,868	3,531,947
Economic development	136,049	21,478	27,180	5	12
Interest on debt and leases	252,971	53,564	69,777	268,885	387,590
Subtotal governmental activities revenues	166,502,701	183,342,670	170,643,816	186,740,998	211,784,785
Business-type activities:					
Water and wastewater	80,943,542	96,060,586	88,547,364	100,344,575	112,455,221
Waste collection	34,144,646	35,284,387	35,448,676	36,152,665	42,290,562
Child care	1,675,148	1,921,532	2,084,344	2,427,787	2,689,049
Subtotal business-type activities revenues	116,763,336	133,266,505	126,080,384	138,925,027	157,434,832
Total primary government program revenues	283,266,037	316,609,175	296,724,200	325,666,025	369,219,617

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

	2002	2003	2004	2005	2006
Net (Expense)/Revenue					
Governmental activities:					
Education	\$ (445,724,528)	\$ (436,710,849)	\$ (450,146,852)	\$ (496,248,792)	\$ (537,192,863)
Public Safety	(144,820,332)	(167,716,211)	(155,205,532)	(161,901,688)	(182,652,225)
General government	(40,135,471)	(62,846,034)	(58,587,286)	(52,340,094)	(42,578,067)
Health and human services	(31,997,384)	(33,278,922)	(34,459,764)	(37,423,467)	(37,958,649)
Public works	(17,114,070)	(24,769,383)	(19,713,401)	(20,020,237)	(10,899,807)
Recreation and community services	(3,307,625)	(20,821,922)	(20,272,564)	(27,046,448)	(27,772,070)
Judicial	(15,969,926)	(15,137,519)	(14,851,459)	(15,437,325)	(16,438,529)
Code enforcement	(1,871,288)	(2,250,413)	3,285,450	2,910,065	3,111,382
Land use and development	(4,308,711)	(8,063,167)	(7,198,003)	(5,332,454)	(6,924,695)
Economic development	(3,435,205)	(3,498,634)	(3,314,870)	(3,329,995)	(3,444,988)
Interest on debt and leases	(20,392,647)	(25,452,871)	(27,904,736)	(26,167,313)	(29,758,280)
Subtotal governmental activities net expenses	(729,077,187)	(800,545,925)	(788,369,017)	(842,337,748)	(892,508,791)
Business-type activities:					
Water and wastewater	(1,647,164)	10,806,221	2,627,104	5,928,095	18,346,321
Waste collection	287,361	(781,993)	(7,497,781)	(2,843,058)	(5,347,662)
Child care	199,315	102,446	69,799	66,076	146,549
Subtotal business-type activities net expenses	(1,160,488)	10,126,674	(4,800,878)	3,151,113	13,145,208
Total primary government net expenses	(730,237,675)	(790,419,251)	(793,169,895)	(839,186,635)	(879,363,583)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
General property taxes	\$ 360,111,693	\$ 371,534,227	\$ 393,883,820	\$ 412,001,280	\$ 437,323,072
Local government taxes	267,678,430	265,326,986	289,676,102	308,215,401	339,522,458
State shared taxes	29,692,597	5,890,916	6,918,566	6,613,645	7,119,854
Recordation and transfer taxes	67,796,645	74,120,137	99,053,108	116,713,326	129,932,542
Local sales taxes	29,224,712	29,617,564	30,830,077	31,249,156	34,175,913
Investment income	2,381,631	1,891,430	1,632,805	4,437,329	10,594,765
Other revenue	298,830	2,762,129	6,671,086	336,090	45,417
Subtotal governmental activities	757,184,538	751,143,389	828,665,564	879,566,227	958,714,021
Business-type activities:					
Investment income	5,750,517	5,576,906	3,729,904	4,920,451	9,245,746
Other revenue	5,490,134	4,475,193	7,286,423	7,042,120	7,688,002
Subtotal business-type activities	11,240,651	10,052,099	11,016,327	11,962,571	16,933,748
Total primary government	768,425,189	761,195,488	839,681,891	891,528,798	975,647,769
Change in Net Assets					
Governmental activities	28,107,351	(49,402,536)	40,296,547	37,228,479	66,205,230
Business-type activities	10,080,163	20,178,773	6,215,449	15,113,684	30,078,956
Total primary government	\$ 38,187,514	\$ (29,223,763)	\$ 46,511,996	\$ 52,342,163	\$ 96,284,186

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved for:										
Encumbrances	\$ 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	\$ 10,147,548
Revenue stabilization fund	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	38,754,372
Debt service	-	-	-	-	-	-	7,251,133	5,996,172	4,548,800	4,138,515
Inventories	311,737	312,746	358,168	332,976	319,496	832,414	687,484	939,042	900,100	959,733
Other funds	-	-	-	-	-	-	-	-	121,743	512,446
Unreserved	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	92,639,611
Total general fund	\$ 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	\$ 147,152,225
All other governmental funds										
Reserved for:										
Encumbrances	\$ 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	\$ 37,074,156
Debt service	-	-	378,981	-	6,309,545	4,715,324	4,343,497	351,171	21,672	4,190
Unreserved, reported in:										
Special revenue funds	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	60,569,365
Capital projects funds	(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)	30,327,210
Debt service funds	369,460	254,016	-	6,599,284	3,916,092	3,877,696	5,765,919	6,999,583	8,585,362	5,373,059
Total all other governmental funds	\$ 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	\$ 133,347,980

Anne Arundel County, Maryland

Changes in Fund Balances, Governmental Funds

Last Five Fiscal Years

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

ANNE ARUNDEL COUNTY, MARYLAND

Taxable Assessed Value and Estimated Actual Value of Property

Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30,	Real Property (a)										Personal Property		Total Taxable Assessed Value		Estimated Actual Value		Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Agricultural Property	Use Value Property	Total Real Property	Railroad/Utility Property	Other Business Property	Total Personal Property	Total Taxable Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value as a Percentage of Actual Value				
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%						
2006	40,599,140	9,279,649	348,915	25,746	50,253,450	1,323,793	1,155,926	2,479,719	52,733,169	52,733,169	100.00%						

(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	<i>Anne Arundel County</i>				<i>Overlapping</i>		<i>Total</i>	
	<i>Other than City of Annapolis</i>		<i>Within City of Annapolis</i>		<i>City of Annapolis</i>	<i>State of Maryland</i>	<i>Other than City of Annapolis</i>	<i>Within City of Annapolis</i>
	<i>Real Property</i>	<i>(a) Personal Prop.</i>	<i>Real Property</i>	<i>(a) Personal Prop.</i>	<i>Real Property</i>	<i>Real Property</i>	<i>Real Property</i>	<i>Real Property</i>
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
2006	0.93	2.33	0.56	1.39	0.56	0.13	1.06	1.25

(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

	2006		1997			
	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		\$ 1,049,025,304	1.99%	Baltimore Gas and Electric Company	\$ 1,319,958,800	9.85%
Arundel Mills Limited Partnership (Arundel Mills Mall)		250,848,846	0.48%	Bell Atlantic	197,566,410	1.47%
Verizon		242,343,850	0.46%	TKL East (Marley Station Mall)	48,431,970	0.36%
Annapolis Mall Limited Partnership (Annapolis Mall)		217,470,563	0.41%	Annapolis Mall Limited Partnership (Annapolis Mall)	46,217,140	0.34%
TKL East (Marley Station Mall)		100,419,230	0.19%	Northrop Grumman Corp.	23,570,300	0.18%
Wal-mart Stores Inc.		85,143,755	0.16%	Aeronautical Radio, Inc.	19,083,860	0.14%
Northrop Grumman Corp.		84,162,818	0.16%	Aetna Life Insurance Company	18,278,720	0.14%
Parole Town Center Associates LTD Partnership		62,113,420	0.12%	Wal-mart	17,037,190	0.13%
CNL BWI Hotel		52,956,500	0.10%	State of Maryland - Board of Trustees	13,656,230	0.10%
Harbour Gates, Inc. (Harbour Gates Apts)		50,764,766	0.10%	State of Maryland - Board of Trustees	13,375,955	0.10%
		<u>\$ 2,195,249,052</u>	<u>4.16%</u>		<u>\$ 1,717,176,575</u>	<u>12.82%</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 for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collection to Date	
	Fiscal Year	Amount	Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 301,739,753	\$ 299,663,385	99.31%	\$	2,068,665	\$ 301,732,050	100.00%
1998	310,283,682	306,891,526	98.91%		3,383,844	310,275,370	100.00%
1999	316,838,803	314,140,913	99.15%		2,696,683	316,837,596	100.00%
2000	329,847,238	326,352,858	98.94%		3,179,291	329,532,149	99.90%
2001	345,227,111	342,441,550	99.19%		2,469,999	344,911,549	99.91%
2002	361,424,971	355,998,775	98.50%		5,043,441	361,042,216	99.89%
2003	375,682,304	373,310,763	99.37%		2,071,020	375,381,783	99.92%
2004	393,762,892	391,557,058	99.44%		1,790,776	393,347,834	99.89%
2005	412,089,133	410,206,824	99.54%		1,353,145	411,559,969	99.87%
2006	439,775,209	438,118,642	99.62%		-	438,118,642	99.62%

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

Fiscal Year	Governmental Activities						Business-Type Activities					Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Bond Anticipation Notes	Tax Increment Bonds	State and Federal Loans	Capital Leases	Installment Purchase Agreements	Total Governmental Activities	Water, Wastewater and Solid Waste Bonds	Bond Anticipation Notes					
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		
2006	553,117	38,000	54,795	3,177	57	9,031	658,177	285,960	21,000	965,137	3.99%	1,855		

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

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

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (a)	Per Capita (b)
1997	\$ 624,021	2.08%	\$ 1,326
1998	664,629	2.16%	1,397
1999	619,488	1.96%	1,283
2000	674,353	2.05%	1,377
2001	694,346	2.03%	1,403
2002	752,895	2.09%	1,508
2003	820,356	2.15%	1,619
2004	824,967	1.99%	1,621
2005	875,982	1.90%	1,712
2006	893,871	1.70%	1,718

(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, 2006

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
City of Annapolis	\$ 39,161,946	100.00%	\$ <u>39,161,946</u>
Subtotal, overlapping debt			39,161,946
Anne Arundel County direct debt			<u>658,176,680</u>
Total direct and overlapping debt			<u>\$ <u>697,338,626</u></u>

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

ANNE ARUNDEL COUNTY, MARYLAND

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Assessed value (1)										
Real property	\$ 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	\$ 50,253,450
Personal and operating real property	2,304,968	2,340,378	2,383,318	2,532,580	2,409,131	2,420,032	2,445,954	2,379,732	2,406,886	2,479,719
Total assessed value	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	52,733,169
Legal debt margin										
Debt limit (5.2% of assessed value of real property, 13% for fiscal years 2001 and prior)	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	2,613,179
Debt limit (13% of assessed value of personal and operating real property)	299,646	304,249	309,831	329,209	313,187	314,604	317,974	309,365	312,895	322,363
Total debt limit	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	2,935,543
Debt applicable to limit:										
General obligation bonds	328,221	365,921	338,614	362,378	376,209	433,115	493,017	499,547	534,773	553,117
Bonded debt for solid waste projects (2)	36,414	39,724	36,681	33,642	30,691	27,700	24,763	23,083	21,042	19,963
Bond anticipation notes (3)	32,000	23,000	61,000	56,850	38,500	56,000	30,250	33,500	35,500	38,000
Total debt applicable to limit	396,635	428,645	436,295	452,870	445,400	516,815	548,030	556,130	591,315	611,080
Legal debt margin	\$ 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	\$ 2,324,463
Total debt applicable to the limit as a percentage of debt limit	22.77%	24.06%	23.80%	23.76%	22.66%	25.09%	25.19%	23.73%	22.83%	20.82%

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

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

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

ANNE ARUNDEL COUNTY, MARYLAND
Pledged-Revenue Bond Coverage
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Water and Wastewater Revenue Backed Bonds						Solid Waste Revenue Backed Bonds					
	Utility Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Service Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
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	55,399	13,416	18,538	8,428	0.50	40,375	34,109	6,266	3,041	1,080	1.52
2006	77,909	57,243	20,666	19,180	7,987	0.76	46,613	41,847	4,766	3,078	1,038	1.16

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
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	0.00
2002	5,943	129	5,814	310	3,054	1.73	140	21	119	5	179	0.65
2003	7,559	74	7,485	323	2,891	2.33	1,554	71	1,483	9	296	4.86
2004	9,062	568	8,495	829	3,317	2.05	1,699	31	1,668	13	380	4.24
2005	10,813	40	10,773	881	2,020	3.71	1,217	3	1,214	14	481	2.45
2006	12,785	38	12,747	783	2,698	3.66	36	352	-316	17	502	-0.61

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

ANNE ARUNDEL COUNTY, MARYLAND

Demographic and Economic Statistics

Last Ten Years

Year	Population (a)	Personal Income (b) <i>(thousands of dollars)</i>	Per Capita Personal Income (b)	Median Age	Education Level in Years of Schooling	Public School Enrollment (d)	Unemployment Rate % (e)
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
2006	520,281	24,216,999	46,546	37.4	15.6	73,633	3.7

Sources:

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

ANNE ARUNDEL COUNTY, MARYLAND

Principal Employers

Current Year and Nine Years Ago

	2006		1997		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
National Security Agency	16,000	4.73%	National Security Agency	30,000	12.50%
Anne Arundel Co. Public Schools	14,310	4.23%	Ft. George G. Meade	13,320	5.55%
Ft. George G. Meade	14,150	4.18%	State of Maryland	9,252	3.85%
State of Maryland	9,524	2.82%	Anne Arundel Co. Public Schools	7,647	3.19%
Northrop Grumman Corp.	8,250	2.44%	Northrop Grumman Corp.	7,200	3.00%
Anne Arundel County General Government	4,111	1.22%	Anne Arundel County General Government	3,500	1.46%
North Arundel Health System	2,432	0.72%	US Air Group, Inc.	2,450	1.02%
Southwest Airlines	2,425	0.72%	U.S. Naval Academy	2,254	0.94%
U.S. Naval Academy	2,052	0.61%	Anne Arundel Health Systems, Inc.	1,800	0.75%
Anne Arundel Health System	2,025	0.60%	North Arundel Hospital	1,733	0.72%
	<u>75,279</u>	<u>22.25%</u>		<u>79,156</u>	<u>32.98%</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	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government	495	506	516	525	536	557	586	554	535	537
Public safety										
Police	817	831	884	886	895	895	1,047	1,037	904	921
Fire	629	634	633	633	643	654	654	675	721	833
Detention center	260	360	404	404	434	434	434	409	408	409
Health and human services	83	85	105	104	133	141	173	175	161	163
Public works	388	388	341	344	341	340	347	339	295	299
Recreation and community services	70	71	100	102	106	107	109	99	99	102
Judicial	244	260	293	300	309	312	273	260	261	264
Code enforcement	163	163	165	166	171	175	173	158	156	168
Land use and development	95	96	99	92	96	98	94	104	101	101
Water and wastewater	379	382	374	367	368	362	353	353	348	348
Solid waste	70	68	68	68	76	83	83	83	83	84
Child care	4	5	6	6	6	6	7	7	7	7
Total	3,698	3,849	3,989	3,997	4,115	4,164	4,334	4,253	4,079	4,236

ANNE ARUNDEL COUNTY, MARYLAND

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police										
Physical arrests	16,346	18,651	17,772	17,502	16,507	16,609	15,858	16,419	16,321	16,500
Parking violations	3,159	2,593	2,797	2,857	2,003	3,255	3,325	4,010	4,382	4,000
Traffic violations	51,845	67,455	55,926	58,664	68,882	56,225	53,055	53,855	61,161	60,000
Fire										
Emergency responses	44,413	45,735	49,786	53,355	54,198	59,587	59,435	62,565	61,412	62,304
Inspections	7,730	9,495	9,408	12,630	8,848	8,842	12,301	10,353	11,436	12,992
Streets and highways										
Resurfacing (miles)	31.0	46.9	49.7	63.6	81.7	65.4	45.0	31.1	78.2	124.5
Recreation and community services										
Athletic field permits issued	N/A	N/A	N/A	N/A	N/A	N/A	5,685	5,754	6,032	6,916
Water										
New water connections	1,863	1,963	2,115	2,241	2,392	1,649	1,354	4,856	1,477	1,094
Water main breaks	128	95	103	140	88	116	150	162	129	152
Average daily water consumption (thousands of gallons)	29,008	30,832	32,633	31,359	34,694	32,763	31,920	30,886	31,484	33,460
Number of customers	91,346	85,820	87,935	90,175	92,600	94,200	95,570	100,427	101,623	102,878
Wastewater										
Average daily sewage treatment (thousands of gallons)	31,590	32,262	27,829	31,468	30,806	29,294	33,443	33,953	32,457	31,077
Number of customers	91,346	93,379	98,008	100,985	100,800	101,900	103,361	108,017	109,179	110,637
Solid waste										
Trash collected (tons per day)	594	756	785	834	858	882	905	1,103	1,044	1,087
Recyclables collected (tons per day)	221	212	215	246	257	270	284	360	307	345
Child care										
Enrollment	1,216	1,299	1,372	1,328	N/A	1,414	1,533	1,619	1,689	1,921

ANNE ARUNDEL COUNTY, MARYLAND

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function/program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety										
Police										
Stations	6	8	8	8	8	8	9	10	10	10
Patrol units (vehicles)	371	411	392	394	393	399	414	414	429	468
Fire										
County owned stations	15	15	15	15	15	17	17	17	17	18
Volunteer stations	14	14	14	14	14	12	12	12	12	12
Pumpers/tankers	59	64	58	63	60	67	62	60	68	61
Ladder trucks	13	20	20	18	19	19	21	22	22	24
Paramedic units	34	38	39	39	40	39	40	41	39	41
Streets and highways										
Streets (miles)	1,592	1,609	1,628	1,654	1,669	1,691	1,710	1,735	1,754	1,761
Streetlights	32,860	33,169	33,455	33,926	34,290	34,467	34,877	35,081	35,423	35,800
Traffic signals	131	133	134	143	150	156	156	161	162	162
Recreation and community services										
Open space acreage	2,783	2,851	2,794	3,234	3,348	4,517	4,517	5,240	5,467	3,976
Playgrounds and Parks acreage	3,515	3,546	3,751	3,953	4,102	5,644	5,644	5,647	5,671	7,985
Parks										
Playgrounds	147	147	149	81	92	93	93	94	92	166
Baseball/softball fields	366	369	376	193	199	206	206	210	213	387
Football fields	203	209	207	151	155	161	161	162	169	231
Basketball courts	143	143	143	111	111	113	113	113	111	118
Tennis courts	235	235	231	219	219	219	219	214	212	221
Water										
Water mains (miles)	1,179	1,195	1,221	1,236	1,242	1,263	1,293	1,302	1,315	1,330
Water treatment plants	23	20	20	20	13	13	13	14	13	13
Wastewater										
Maximum daily treatment capacity (thousands of gallons)	42,115	42,115	42,115	42,115	43,615	43,615	43,615	43,615	43,615	43,615
Wastewater mains (miles)	1,050	1,068	1,093	1,103	1,120	1,142	1,156	1,346	1,363	1,376
Wastewater treatment plants	7	7	7	7	7	7	7	7	7	7
Wastewater pumping stations	241	242	239	240	241	241	242	243	243	245

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