

Anne Arundel County, Maryland

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

County Executive

Laura Neuman

County Council

John J. Grasso – Chairman
Richard B. Ladd - Vice Chairman
G. James Benoit, Jr.
Derek Fink
Daryl Jones
Chris Trumbauer
Jerry Walker

Prepared by: Office of Finance – Julie Mussog, Controller

**Anne Arundel County, Maryland
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014**

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OFFICE OF FINANCE

Steven R. Schuh,
County Executive

Julie Mussog,
Controller

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

December 26, 2014

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

I am pleased to submit to you the Comprehensive Annual Financial Report of the County for the fiscal year ended June 30, 2014 in compliance with the Anne Arundel County Charter Section 513. The purpose of this report is to comply with the County Charter and to provide you and the taxpayers of Anne Arundel County with sufficient information to evaluate the County's financial performance during fiscal year 2014.

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

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

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

About Anne Arundel County

Anne Arundel County was named for England's Lady Anne of Arundell, beloved wife of Cecil Calvert, second Baron Baltimore. Married at 13 and the mother of many, her intellect was legend, and her love of the arts strong. The expedition to St. Mary's in Maryland was planned in her sitting room in Tisbury, England. History records indicate that both she and Cecil Calvert longed to voyage to the New World, although neither made it. Her son Charles, the third Lord Baltimore, and Cecil's younger brother Leonard Calvert, who later became Maryland's first

proprietary governor, were the first family members to step on Maryland soil. Anne of Arundell died at the age of 34. Her husband had engraved on her tombstone, "Farewell, you most lovely of earthly beauties". The following year, in 1650, the General Assembly of the Maryland Colony named this county in her honor.

Profile of the Government

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

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

Budgetary Controls

The annual budget serves as the foundation for the County's financial and budgetary controls to ensure compliance with legal provisions embodied in the annual appropriation ordinance approved by the County Council. The County budget is comprised of the budget message, current expense budget and the capital budget and capital program. Activities of the general fund and impact fee fund (annually appropriated major governmental funds) and certain special revenue funds and debt service funds (annually appropriated non-major governmental funds) are included in the current expense budget.

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

The budget process begins each fall when the County departments receive budget preparation instructions for the capital budget. The capital budget preparation is directed by the Chief Administrative Officer and the Budget Office. For the current expense budget, the County departments receive budget preparation guidance from the Chief Administrative Officer in December. A Spending Affordability Committee is appointed by the County Executive and confirmed by the County Council and makes advisory recommendations relating to County spending levels to reflect the ability of the taxpayer to finance County services and long-term debt. A Planning Advisory Board, appointed by the County Executive, reviews the itemized list of capital projects which agencies propose to undertake in the ensuing fiscal year and the succeeding five fiscal years and makes recommendations.

After a thorough review of the departmental requests, the comprehensive budget document is submitted to the County Council on May 1st. The County Council then conducts a series of public hearings and work sessions to review the proposed budget. The County Council cannot alter revenue estimates or increase any expenditure for current or capital purposes, unless expressly provided in state law and to correct mathematical errors. The County Council can reduce the County Executive's budget, but not increase it, except in the case of the Board of Education's budget. After its review, the County Council finalizes the budget and sets tax rates, fees and charges needed to generate enough revenue to balance the budget. The budget must be adopted by the County Council on or before the fifteenth day of the last month of the fiscal year currently ending.

The Office of Finance is responsible for budgetary control. Expenditure authority for the operating budget is at the fund and department level in major categories including personnel costs, operating expenses, and capital costs. Appropriations in the capital budget are at the project level on an annual basis. Expenses and encumbrances cannot exceed legally adopted appropriation. The County maintains an encumbrance system for budgetary control. All unencumbered appropriations of the operating budget lapse at year-end. Unencumbered capital appropriations continue until the specific capital project is closed.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local Economy: Anne Arundel has one of the strongest economies in Maryland and continues to be a leader for job growth in the State. Anne Arundel County benefits from its central location between two large metropolitan areas. Because of this distinct location advantage, Anne Arundel County is located in the “Washington-Baltimore-Arlington, DC-MD-VA-WV-PA Combined Statistical Area,” the fourth largest United States market, as defined by the U.S. Census Bureau. This combined region contains a population of more than 9.4 million and its jurisdictions have household incomes at the highest levels in the country.

The County has three powerful generators of regional economic and employment activity located within its boundary:

- 1) The City of Annapolis
- 2) Baltimore-Washington International Thurgood Marshall Airport (BWI-TM airport)
- 3) Fort George G. Meade

The City of Annapolis is an independent municipality that supports more than 35,000 jobs generated by the combined attributes of it being a major federal, state and county government center, a national historic tourist destination and a maritime recreational center with a reputation of being “America’s Sailing Capital”. BWI-TM airport supports more than 93,000 direct and indirect jobs and contributes \$5.6 billion to the Maryland economy. Fort Meade is a 5,000 acre federal facility that hosts 100 plus Department of Defense organizations with an estimated total employment on the base of 50,034 military and civilians. Major tenants on the base include National Security Agency, Defense Information Systems Agency and the expanding U.S. Cyber Command.

Anne Arundel County’s civilian workforce measuring more than 306,000 workers serves businesses, government agencies and institutions throughout the Washington-Baltimore Region. Within the County, there are approximately 252,000 “in-place” jobs (the County’s largest employer, the National Security Agency, does not report its employee numbers to any of the state or county statistical reporting agencies). This workforce is highly skilled with an educational attainment that reports 36.6% workers 25 years and older with a college or advanced graduate degree. The 2014 year to date average unemployment rate for Anne Arundel County is 5.4 percent as compared to the average for 2013 of 6.1 percent. This rate is favorable in contrast to the State unemployment rate of 6.0 percent and the national rate of 6.3 percent.

Anne Arundel County is fortunate to have industry diversity with the Trade/Transportation and Utilities, Government, Professional and Business Services and Leisure and Hospitality sectors dominating in terms of employment. Since the late 2009 lows, most industries have recovered with strong gains realized in the Government, Education and Health, Hospitality, and Professional and Business Service sectors. Presently the County is experiencing an all-time-high in payroll employment with 252,714 jobs in the County.

Housing Market: The demand for real estate in Anne Arundel County is comparable to last year at this time with the number of housing units sold in 2014 year to date at 5,559 up 1.5 percent over last year. The average price for

existing homes is up 1.1 percent in 2014, with the average sold price at \$366,423. Median price for existing home sales at \$314,000 is up 1.3 percent over the same time period in 2013.

Commercial Real Estate: Currently there is 55,840,732 square feet of commercial real estate in Anne Arundel County representing 1,909 properties. The average vacancy rate for all commercial property (office, flex, industrial) in the County is 10.5 percent, down from the five-year average of 11.2 percent. Average rental rates are \$14.17 per square foot, a 4.4 percent increase when compared to the five-year average cost at \$13.57 per square foot. Currently average rental rates per square foot are \$23.56 for office, \$13.48 for flex and \$6.04 for industrial space.

Long Term Financial Planning

Rainy Day Fund: The County maintains a Revenue Reserve Fund (rainy day fund) and the Fund has increased from a low of about \$9 million at the end of fiscal year 2009 to approximately \$44.2 million at the end of fiscal year 2014. This increase is the result of revenues exceeding expenditures for fiscal years subsequent to 2009 and transfers to this Fund as part of the budget process. Another \$3.3 million will be transferred to the Fund during fiscal year 2015 which is the maximum amount allowed under County Code.

Spending Affordability Committee: The Spending Affordability Committee was established by Resolution No. 31-90 to provide recommendations and projections for the upcoming budget year. Specifically, the Committee is charged to review in detail the status and projections of revenues and expenditures for the County for the next budget year and subsequent five years; to evaluate future County revenue levels and consider the impact of economic indicators such as changes in personal income, assessable base growth; and to evaluate expenditure levels with consideration of the long-term obligations facing the County and the best way to pay for them.

The Committee recommends revenue projections and the amount of new County debt authorization for the upcoming fiscal year. The Committee report includes the effect its recommendations will have on future budgets. It is also the task of this Committee to assess the County's ability to repay bond debt and the Committee issues and annual report defining debt capacity of the County.

Economic Outlook: The economic outlook for the County is very favorable and will continue to grow. In addition years of conservative budgeting and prudent financial management have created a solid foundation for economic stability for the future. Anne Arundel County's low property and income tax rates make the County attractive for both businesses and families. At \$0.943 per \$100 assessed value, the property tax is the lowest among the State's seven largest metropolitan jurisdictions and its local income tax rate at 2.56% is the 3rd lowest in the State of Maryland. Revenues from property and income taxes for fiscal year 2014 supported 79% of the County's budget, and growth in both sources should continue in the future. With a strong defense and technology industry base, a business community with global reach, a highly educated and skilled workforce, key transportation assets and a strategic location in the Baltimore/Washington DC corridor and favorable property and income tax rates Anne Arundel County will continue to be a formidable competitor in the State with many businesses making the County their first choice as a location to do business.

Financial Policies

Debt Management Policy: The County has established a local debt policy to manage its debt as required by State law. The policy sets the parameters for issuing debt and managing the outstanding debt. It provides guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale that may be used and structural features that may be incorporated. The policy ensures that the County maintains a sound debt position and that credit quality is protected. As a result of the above, the County's financial strength has been attested to by Standard & Poors, Fitch and Moody's as these rating agencies have assigned AAA, AA+ and Aa1 ratings, respectively with stable outlook for the County's general obligation (GO) bonds.

ANNE ARUNDEL COUNTY

Investment Policy: The County's investment policy provides for the safety and liquidity of public funds by minimizing credit and market risk while maintaining a competitive yield on the investment portfolio. All deposits of the Primary Government at June 30, 2014 were either insured by federal depository insurance or collateralized with the collateral held by an independent third party in the County's name. There were funds of two component units totaling approximately \$.6 million which were uninsured and uncollateralized at June 30, 2014. We are working with these component units to ensure that these funds are appropriately insured and collateralized going forward. Investment activities are governed by State laws and, accordingly, the County invests in accordance with these laws.

Awards and Acknowledgements

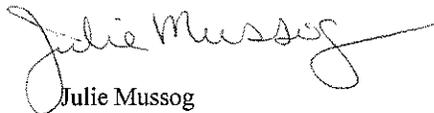
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to Anne Arundel County, Maryland for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the thirty-third consecutive year that the County has received this prestigious award.

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

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

I want to give a very special thank you to the entire accounting staff in the Office of Finance for their dedication and hard work. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report. Of special note is Laureen Toney, Assistant Controller. I would also like to thank the County Executive, the Chief Administrative Officer and the County Council for their leadership and support in attaining the highest standards of professionalism in the management of Anne Arundel County's finances.

Sincerely,



Julie Mussog
Controller

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Government Finance Officers Association

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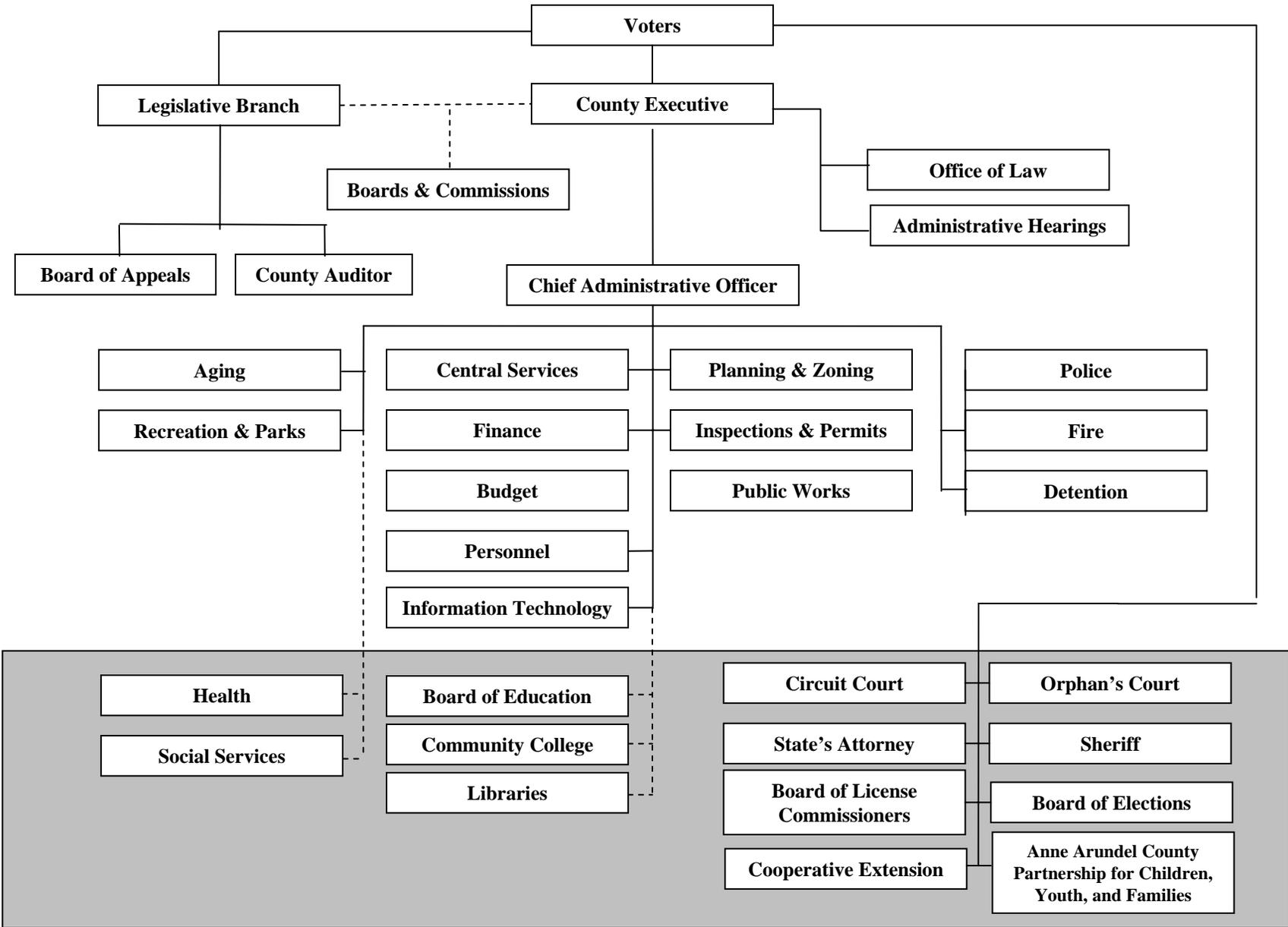
**Anne Arundel County
Maryland**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Anne Arundel County, Maryland





INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Anne Arundel County Community College, the Anne Arundel Economic Development Corporation, Tipton Airport Authority, and the Anne Arundel Workforce Development Corporation, which represent 12 percent, 14 percent, and 12 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Anne Arundel County Community College, the Anne Arundel Economic Development Corporation, Tipton Airport Authority, and the Anne Arundel Workforce Development Corporation, 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 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 from material misstatement. The financial statements of the Anne Arundel Economic Development Corporation and Anne Arundel County Community College Foundation, which is included in the financial statements of the Anne Arundel County Community College, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report 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, budgetary comparison for the General Fund, and the aggregate remaining fund information of Anne Arundel County, Maryland as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the County restated the beginning net positions of the business-type activities and Water and Wastewater fund in order to correct errors made in the accounting for grant revenues. The county also changed its method of accounting for bond issuance costs in 2014 as required by the provisions of GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. As a result, the County restated the beginning net positions of the governmental activities, business-type activities, and Water and Wastewater fund to conform to the provisions of this Statement. Our opinions are not modified with respect to these matters.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress for the single employer defined benefit pension plan and post-employment benefits, as referenced in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Anne Arundel County's basic financial statements. The introductory section, combining fund statements, budgetary statements, other supporting schedules, and statistical section, as referenced in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund statements, budgetary statements, and other supporting schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining fund statements, budgetary statements, and other supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections, as referenced in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2014 on our consideration of the Anne Arundel County Maryland'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Anne Arundel County, Maryland's internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**

Baltimore, Maryland
December 26, 2014

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2014

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, 2013 have been provided.

Financial Highlights

Government-wide:

- The County's assets exceeded its liabilities at the close of the fiscal year by \$1.2 billion. The unrestricted portion is a negative \$741.7 million which is composed of a deficit in the governmental activities of \$754.5 million and a positive \$12.8 million in the business type activities. The unrestricted deficit occurred in the governmental funds due to Board of Education debt being recorded on the County's balance sheet, but not the corresponding capital assets.
- Total net position of the County has increased by \$41.4 million or 3.5% over the prior year. In the governmental activities, total revenue increased \$67.6 million or 4.9% while expenses increased \$19.9 or 1.4% from the prior fiscal year, resulting in a \$22.9 million decrease in net position, which is \$41.4 million less than the fiscal year 2013 decrease. In the business type activities, total revenues exceeded total expenses by \$64.3 million, which is \$7.9 million more than the fiscal year 2013 increase.

Fund Level:

- The County's governmental funds reported combined fund balances of \$319.1 million, an increase of \$71.8 million from the prior year. The greatest net change in fund balance was a \$58.1 million increase from the prior year, in the General County Capital Projects Fund due to general bond issuance exceeding capital spending. For fiscal year 2014, the Impact Fees Capital Projects Fund balance increased \$13.3 million due to lower funding of capital projects versus the prior year. The General Fund balance increased \$3.7 million due to other financing sources, partially offset by expenditures exceeding revenues. Nonmajor governmental funds balance decreased \$3.4 million primarily due to other financing sources and uses which had transfers out of \$71.7 million and an increase in funds from financing of \$22.1 million. This offset the revenues in excess of expenditures of \$40.0 million in the nonmajor governmental funds.
- Approximately 59.8% of the total governmental fund balance, \$190.7 million, is available to meet the County's current and future needs as mandated by the appropriate level of authority within the County and are properly designated as committed, assigned and unassigned.
- Available fund balance for the General Fund was \$100.4 million or 84% of total fund balance, which is 8.1% of the current year expenditures. Non spendable fund balance of the General Fund was \$2.1 million or 1.8% of the total fund balance. The restricted fund balance in the General Fund of \$17.0 million, or 14.2% has been restricted for the Reserve for Retiree Health Benefits, also referred to as Other Post Employment Benefits (OPEB); Base Realignment and Closure (BRAC) zone capital improvements; and Video Lottery Local Impact Aid spending.
- The business type activities operating revenue increased by \$6.0 million or 4.2%, non-operating revenues decreased by \$28.3 thousand, non operating expenses increased by \$0.7 million, operating expenditures decreased by \$8.1 million or 5.0%, and capital contributions, fees, and grants increased \$8.8 million or 11.2% for an increase in net position of \$64.3 million from the prior fiscal year.

Changes to debt:

- The County's total bonded debt balance increased by \$46.5 million for general county and \$58.3 million for water and wastewater in fiscal year 2014. The County issued \$126.9 million of bonds for governmental activities including education, public safety, infrastructure improvements, community college, recreation and parks, watershed protection and restoration, waterway improvements, solid waste, and general

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government improvements. Of this amount, \$4.6 million was used for solid waste projects. The County also issued \$79.2 million for business-type activities which will be used for utility improvements. Of the County's bond issue of \$206.1 million, \$67.9 million was used to liquidate Bond Anticipation Notes (BANS) issued in February 2014. The County also drew down \$7.4 million in Maryland Water Quality loans for water and waste water improvements.

Overview of Basic Financial Statements

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

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

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

Statement of Net Position – The Statement of Net Position presents the components of the County's assets and deferred outflows of resources, liabilities and deferred inflow of resources, and the net position at 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. Over time, increases or decreases in net position may indicate an improvement in, or deterioration of, the County's financial condition.

Statement of Activities – The Statement of Activities presents information showing how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

Governmental Funds – The governmental funds of the Primary government include the General Fund; Capital Project Funds, which are used to accumulate and spend resources to construct capital assets; the special revenue funds, which segregate revenue sources to ensure these funds are spent on the intended purpose; and the debt service funds, which accumulate resources to pay certain long-term debt issued by the County or separate districts.

The perspective of these statements is narrower than the government-wide statements discussed previously. These statements present the financial position and changes in financial position resulting from currently available

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resources and currently due liabilities. Therefore, revenues are not recorded until available, and expenses are recorded primarily when the underlying economic activity occurs. In addition, because these statements focus on current resources, long-term assets and liabilities are not included.

The statements focus on the Primary government's major funds. Major governmental funds include the General Fund, the Impact Fees Capital Projects 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 County maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government wide financial statements. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. Because these services predominately benefit governmental rather than business type functions, they have been included within governmental activities in the government-wide financial statements. 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 Fund, the Solid Waste Fund, and the Child Care Fund. Internal service funds include the Self Insurance, Health Insurance, Central Garage and Transportation, and Garage Replacement Funds. These statements also focus on major funds so the County includes separate columns for the Water and Wastewater and Solid Waste Funds.

Fiduciary Funds – The fiduciary funds accumulate assets that are managed, but not owned, by the Primary government. The County's four defined benefit pension plans that form the Retirement System Pension Trust Funds are included in this category. In addition, this category includes agency funds used to accumulate temporary deposits and other funds collected from outside parties in order to be returned to the payer or passed on to a third party. The Pension Trust Funds follows the full-accrual method of accounting. The agency funds are presented as balances only and do not record revenues or expenses. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs.

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

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

Required Supplementary Information - There are two required supplementary schedules that provide trend data about the Pension Trust Funds and other post-employment benefits.

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

Below is a condensed Statement of Net Position with comparative amounts from the previous fiscal year. An analysis of the contents and fluctuations noted in the schedule has been provided.

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Statement of Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|-----------------------|--------------------------|-------------------------|-------------------------|-------------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | | | | | | |
| Assets: | | | | | | |
| Current | \$ 478,127,147 | \$ 399,221,802 | \$ 143,942,612 | \$ 118,046,191 | \$ 622,069,759 | \$ 517,267,993 |
| Restricted - Current | 171,509,670 | 118,581,385 | 304,608,771 | 252,677,448 | 476,118,441 | 371,258,833 |
| Restricted - Noncurrent | - | - | 43,110,117 | 48,244,433 | 43,110,117 | 48,244,433 |
| Capital | 1,106,004,877 | 1,106,868,593 | 1,427,643,184 | 1,341,901,726 | 2,533,648,061 | 2,448,770,319 |
| Total | 1,755,641,694 | 1,624,671,780 | 1,919,304,684 | 1,760,869,798 | 3,674,946,378 | 3,385,541,578 |
| Deferred outflow of resources | 5,833,548 | 5,684,120 | 3,168,350 | 3,672,499 | 9,001,898 | 9,356,619 |
| Liabilities: | | | | | | |
| Current | 205,856,761 | 193,378,328 | 70,522,726 | 60,723,815 | 276,379,487 | 254,102,143 |
| Restricted - current | 59,032,773 | 14,717,091 | 44,979,918 | 26,919,777 | 104,012,691 | 41,636,868 |
| Noncurrent | 1,526,189,115 | 1,428,954,016 | 557,655,044 | 491,928,662 | 2,083,844,159 | 1,920,882,678 |
| Total | 1,791,078,649 | 1,637,049,435 | 673,157,688 | 579,572,254 | 2,464,236,337 | 2,216,621,689 |
| Net Assets: | | | | | | |
| Invested in capital assets, net of related debt | 622,405,918 | 630,965,090 | 937,308,613 | 892,816,991 | 1,559,714,531 | 1,523,782,081 |
| Restricted | 102,537,036 | 94,189,773 | 299,160,616 | 269,791,768 | 401,697,652 | 363,981,541 |
| Unrestricted | (754,546,361) | (731,848,398) | 12,846,117 | 22,361,284 | (741,700,244) | (709,487,114) |
| Total | \$ (29,603,407) | \$ (6,693,535) | \$ 1,249,315,346 | \$ 1,184,970,043 | \$ 1,219,711,939 | \$ 1,178,276,508 |

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

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

Net position represents equity remaining once amounts due from liabilities and deferred inflows of resources are subtracted from assets available and deferred outflows of resources. There are three categories: net investment in capital assets which are amounts related to assets purchased or constructed net of the related debt; restricted funds which are the amounts remaining after restricted liabilities are covered by restricted assets; and unrestricted funds.

Management's Analysis – Unrestricted current assets of governmental activities are \$78.9 million more in fiscal year 2014. This is due primarily to the following: increases in cash and temporary investments of \$67.7 million which was mainly from the increase in the Impact Fees Capital Projects Fund and the General County Capital Projects Fund of \$15 million and \$52.1 million, respectively; an increase in taxes and other revenue receivables of \$6.8 million is due to a late billing from the State of Maryland for property taxes; and an increase in prepaid and other receivables of \$4.3 million which is mainly from additional pre-pays for the Board of Education in the amount of \$2.5 million and an increase in service billings of \$2.0 million in the Health Insurance Fund. The business-type activities current assets increased by \$25.9 million, primarily due to an increase in cash and temporary investments of \$25.5 million in the Water and Wastewater Capital Projects Fund, and an increase in inventories of \$0.4 million.

Restricted assets in governmental activities increased by \$52.9 million or 44.6%. This was mainly from the increase in restricted cash of \$15.1 million in the Impact Fees Capital Projects Fund, an increase in the Tax Increment Funds of \$45.4 million as a result of a refunding bonds, the addition of the new Watershed Protection and Restoration

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Fund of \$7.5 million and a decrease in the Bond Premium Fund by \$15.9 million resulting from a transfer of funds to capital projects. The increase in current restricted assets in business-type activities of \$51.9 million or 20.6% was primarily due to the additional bond proceeds and an increase in receivables from the State for water quality loans.

Restricted noncurrent assets in business-type activities decreased by \$5.1 million from fiscal year 2013 or 10.6%. This resulted from a decrease in long-term receivables for front foot benefit charges and capital connection charges.

The governmental capital assets balance decreased by \$0.9 million from the previous year or less than 0.1%. Capital assets in the business-type activities increased by \$85.7 million or 6.4%. This increase is the result of the completion of certain capital projects.

Current unrestricted liabilities for governmental activities increased by \$12.5 million or 6.5%, from the previous fiscal year. This occurred primarily due to increase in accounts payable and accrued liabilities, and current portion of non-current liabilities of \$9.7 and \$7.0 million, respectively. The accounts payable and accrued liabilities increase is mainly from the General Fund and General County Capital Projects Fund in the amount of \$6.7 million and \$2.2 million respectively. The current portion of long-term debt had an increase of \$7 million from prior year. This was offset by a decrease in due to component units of \$4.8 million. This decrease is mainly related to a decrease in the amount due to the Board of Education as a result of the completion of construction projects at certain schools. The current unrestricted liabilities in business-type activities increased by \$9.8 million or 16.1%, from fiscal year 2013. This change was in part caused by increases in accounts payables and accrued liabilities, and the current portion of long-term debt and obligations of \$8.1 million and \$2.7 million, respectively. The accounts payables and accrued liabilities increased by \$8.1 million in the Water and Wastewater Capital Projects Fund and the current portion of long-term debt and obligations increased by \$2.4 million in the Water and Wastewater Fund.

Restricted current liabilities for governmental activities increased by \$44.3 million or 301.1%, from fiscal year 2013. The change was primarily caused by increases in escrow deposits in the amount of \$43.0 million primarily related to the TIF refunding, and unearned revenue in the amount of \$1.5 million. Restricted current liabilities for business-type activities increased by \$18.1 million or 67.1% primarily due to an increase in unearned revenues of \$17.0 million which included an increase in bond premium of \$4.3 million and an increase in unearned revenue from developer contributions of \$12.7 million.

Noncurrent liabilities consist of bonded debt, OPEB obligation, self insurance reserves, loans, capital leases, and other liabilities. These liabilities increased \$97.2 million or 6.8%, in governmental activities, and increased by \$65.7 million or 13.4%, in business-type activities. The increase in governmental activities was due to the following: the recording of the annual OPEB obligation of \$44.3 million, \$40.5 in additional long-term debt, \$10.0 million in unearned revenue, and \$2.4 in unpaid insurance claims. The increase noted in the noncurrent liabilities in business-type activities for fiscal year 2014 was caused primarily by an increase in the net bonded debt of \$62.4 million, and the recording of the OPEB obligation of \$4.7 million. This was offset by a decrease in unearned revenue of \$1.0 million.

The components of governmental and business-type net position were discussed in the financial highlights above. It should be noted the negative unrestricted balance in governmental activities has increased from a negative \$731.8 million to a negative \$754.5 million, an increase of 3.1%. 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 \$754.5 million reflects this treatment. The Board of Education and Community College net investment in capital assets of approximately \$954.8 million and \$91.5 million, respectively, are evidence of the significant level of capital assets constructed primarily from County incurred debt.

The following table shows the fluctuations in the unrestricted fund balance in the governmental activities over the past four years. The decrease is the result of assets used for capital improvements classified in the Net Investment in Capital Assets and the recording of the OPEB obligation.

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| <u>Fiscal year</u> | <u>Balance (in millions)</u> | <u>Fiscal year</u> | <u>Balance (in millions)</u> |
|--------------------|------------------------------|--------------------|------------------------------|
| 2011 | \$ (594.4) | 2013 | (731.8) |
| 2012 | (657.8) | 2014 | (754.5) |

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

| Anne Arundel County, Maryland | | | | | | |
|--------------------------------------|------------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Statement of Activities | | | | | | |
| | Governmental | | Business type | | Total | |
| | Activities | | Activities | | | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Program revenues: | | | | | | |
| Charges for services | \$ 127,127,678 | \$ 114,706,213 | \$ 140,817,096 | \$ 137,800,364 | \$ 267,944,774 | \$ 252,506,577 |
| Operating grants & contributions | 61,177,534 | 42,873,764 | - | - | 61,177,534 | 42,873,764 |
| Capital grants & contributions | 45,968,673 | 41,688,939 | 87,886,666 | 79,048,522 | 133,855,339 | 120,737,461 |
| | <u>234,273,885</u> | <u>199,268,916</u> | <u>228,703,762</u> | <u>216,848,886</u> | <u>462,977,647</u> | <u>416,117,802</u> |
| General revenue: | | | | | | |
| General property taxes | 637,622,877 | 620,348,134 | - | - | 637,622,877 | 620,348,134 |
| Local income taxes | 436,906,640 | 403,622,963 | - | - | 436,906,640 | 403,622,963 |
| State shared taxes | 8,682,827 | 27,868,159 | - | - | 8,682,827 | 27,868,159 |
| Recordation & transfer taxes | 77,535,100 | 81,036,685 | - | - | 77,535,100 | 81,036,685 |
| In County Contributions | - | - | - | - | - | - |
| Local sales taxes | 31,516,775 | 32,689,945 | - | - | 31,516,775 | 32,689,945 |
| Investment income | 2,445,893 | (1,206,390) | 1,160,524 | 559,881 | 3,606,417 | (646,509) |
| Other revenue | 9,476,951 | 7,493,974 | 14,417,390 | 11,138,884 | 23,894,341 | 18,632,858 |
| County Transfer | 274,617 | - | (274,617) | - | - | - |
| | <u>1,204,461,680</u> | <u>1,171,853,470</u> | <u>15,303,297</u> | <u>11,698,765</u> | <u>1,219,764,977</u> | <u>1,183,552,235</u> |
| Total revenues | <u>1,438,735,565</u> | <u>1,371,122,386</u> | <u>244,007,059</u> | <u>228,547,651</u> | <u>1,682,742,624</u> | <u>1,599,670,037</u> |
| Expenses: | | | | | | |
| Education | 708,507,539 | 708,818,190 | - | - | 708,507,539 | 708,818,190 |
| Public safety | 294,436,009 | 304,563,193 | - | - | 294,436,009 | 304,563,193 |
| General government | 123,009,779 | 124,517,505 | - | - | 123,009,779 | 124,517,505 |
| Health & human services | 72,520,291 | 74,569,357 | - | - | 72,520,291 | 74,569,357 |
| Public works | 106,372,020 | 82,066,089 | - | - | 106,372,020 | 82,066,089 |
| Recreation & community services | 59,094,573 | 56,379,574 | - | - | 59,094,573 | 56,379,574 |
| Judicial | 28,949,927 | 29,057,435 | - | - | 28,949,927 | 29,057,435 |
| Code enforcement | 13,378,436 | 13,734,346 | - | - | 13,378,436 | 13,734,346 |
| Land use & development | 10,273,106 | 10,391,768 | - | - | 10,273,106 | 10,391,768 |
| Interest expense on debt | 45,103,757 | 37,684,996 | - | - | 45,103,757 | 37,684,996 |
| Water & wastewater | - | - | 124,340,481 | 120,296,423 | 124,340,481 | 120,296,423 |
| Waste collection | - | - | 50,731,860 | 47,767,319 | 50,731,860 | 47,767,319 |
| Child care | - | - | 4,589,415 | 4,019,460 | 4,589,415 | 4,019,460 |
| Total expenses | <u>1,461,645,437</u> | <u>1,441,782,453</u> | <u>179,661,756</u> | <u>172,083,202</u> | <u>1,641,307,193</u> | <u>1,613,865,655</u> |
| Change in net assets | (22,909,872) | (70,660,067) | 64,345,303 | 56,464,449 | 41,435,431 | (14,195,618) |
| Net Position, beg of year | (6,693,535) | 63,966,532 | 1,184,970,043 | 1,128,505,594 | 1,178,276,508 | 1,192,472,126 |
| Net Position, end of year | <u>\$ (29,603,407)</u> | <u>\$ (6,693,535)</u> | <u>\$ 1,249,315,346</u> | <u>\$ 1,184,970,043</u> | <u>\$ 1,219,711,939</u> | <u>\$ 1,178,276,508</u> |

The Statement of Activities presents some significant changes in revenues. These fluctuations were explained in the financial highlights section. Governmental activities' overall revenue has increased from fiscal year 2013 by \$67.6 million or 4.9%. The increase in revenue is due to a growth in property taxes of \$17.3 million or 2.8% from an increase in the assessable base; local income taxes of \$33.3 million or 8.3%, driven by lower unemployment rates and general improved economic conditions; charges for services of \$12.4 million or 10.8% from the new Watershed Protection and Restoration Fee (WPRF); an additional \$18.3 million in operating grants and contributions from the Video Lottery Local Impact Aid contributions; and an additional \$4.3 million of capital grants and contributions which included, an increase in donated assets from public works agreements in the amount of \$4.5 million.

The governmental activities' expenses had an increase of \$19.9 million or 1.4% from fiscal year 2013. Certain functional categories of expenditures had significant fluctuations during fiscal year 2014. The most notable

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fluctuations were in public works which increased by \$24.3 million or 29.6% and interest expense of \$7.4 million or 19.7%. The increase in public works was a result of increased spending funded by the Watershed Protection and Restoration fee. The increase in interest expense is due to additional accrued interest in fiscal year 2014 as a result of an earlier bond sale. There was a decrease in public safety expenditures of \$10.2 million or 3.3% due to a reduction in post-employment retirement expense of \$24.0 million from the prior year.

In business-type activities there was an increase in charges for services of \$3.0 million or 2.2% in fiscal year 2014. The increase was caused by a \$0.5 million increase in Solid Waste service charges and a \$0.4 million increase in landfill charges. Utility Operations charges for services increased by \$1.5 million and Child Care had an increase of \$0.6 million. Capital grants and contributions increased by \$8.8 million or 11.2% from the previous year which resulted mainly from additional developer allocation fees of \$9.9 million, environmental protection fees of \$1.4 million, developer contributions of \$1.0 million, and a decrease in capital grants of \$3.8 million. In general revenue, other revenue increased by \$3.6 million or 30.8% which was mainly from pro rata shares being sent to the Water and Wastewater Operating Fund from the Watershed Protection and Restoration Fund. Investment income increased \$0.6 million or 107.3% from fiscal year 2013 to 2014 due to rising rates of return on investments.

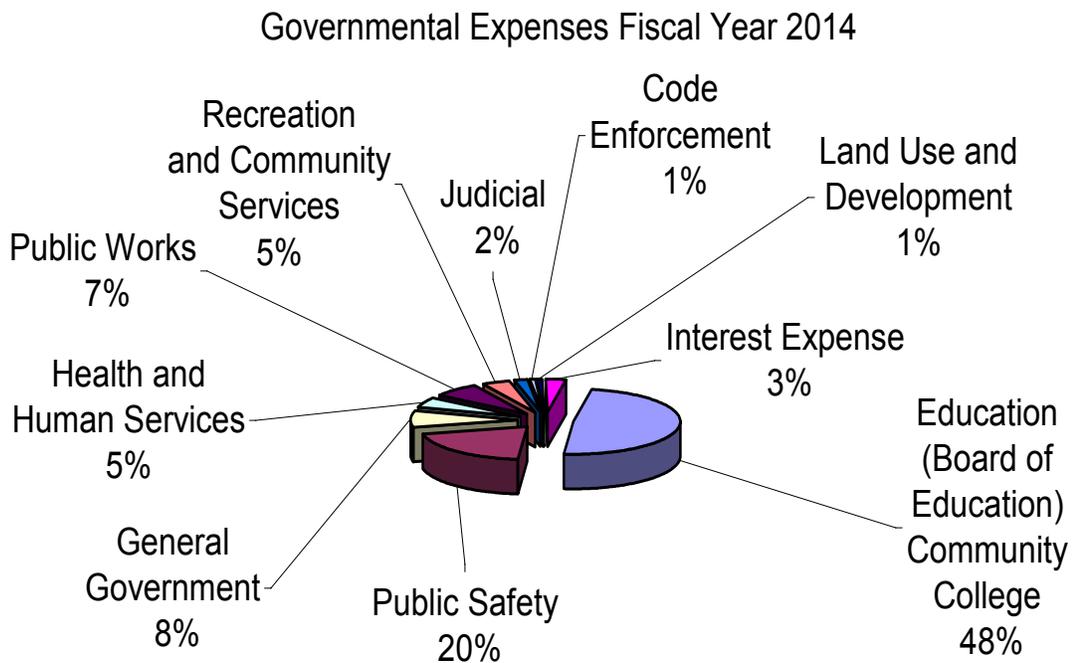
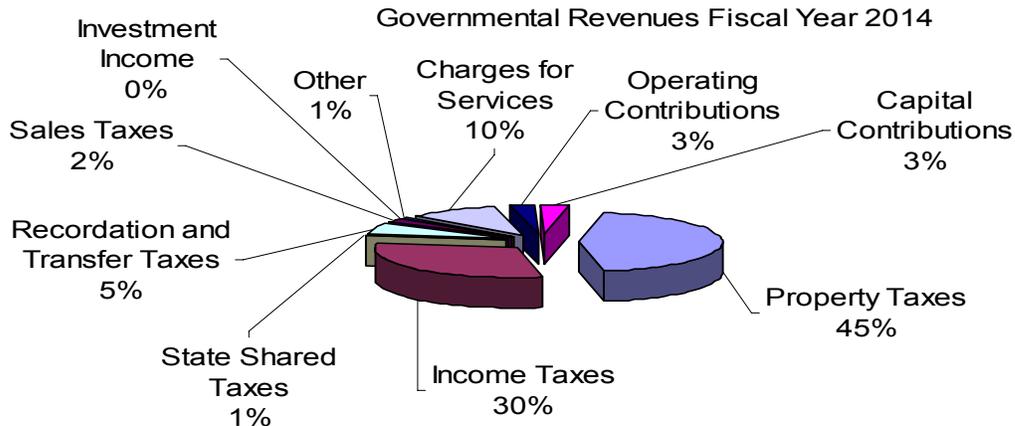
Business-type expenses had an overall increase of \$7.6 million or 4.4% from the previous year which was primarily caused by increases in charges for contractual services of \$2.7 and \$1.9 million in the Water and Waste Water and Solid Waste Funds.

Distribution of Revenues and Expenses

The next two charts show the percentage distribution of revenues from governmental activities and the percentage expended on each function, respectively. Discussion of the 2014 distribution and significant changes since 2013 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 tax provided about 83.9% of the revenue base, which is consistent with prior fiscal years. Charges for services paid to the County by users, were 10% for fiscal year 2014, an increase of 1.6% from fiscal year 2013 which was 8.4%.

An analysis of the percentage distribution of revenues revealed that there was a slight increase in income taxes from 29% to 30%. Property tax, recordation and transfer taxes, and State shared taxes all decreased slightly to 45%, 5% and 1%, respectively. An analysis of the percentage distribution of expenses by function revealed that public works increased from 6% to 7%, recreation & community services increased from 4% to 5%, and public safety and education decreased from 21% to 20% and 49% to 48 %, respectively. There were no changes in any other of the functions as a percent of the total from 2013.

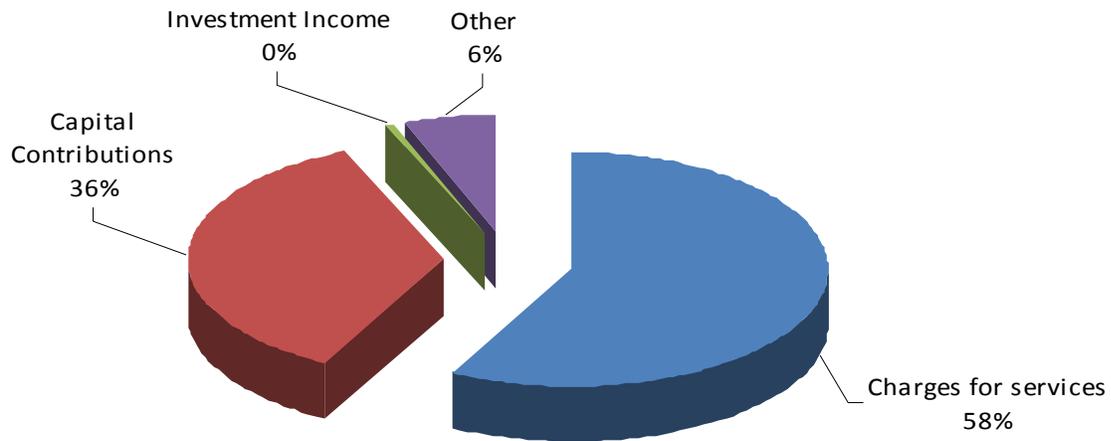


The next two charts show the percentage distribution of revenues from business type activities and the percentage expended on each function, respectively. Discussion of the 2014 distribution and significant changes since 2013 follows.

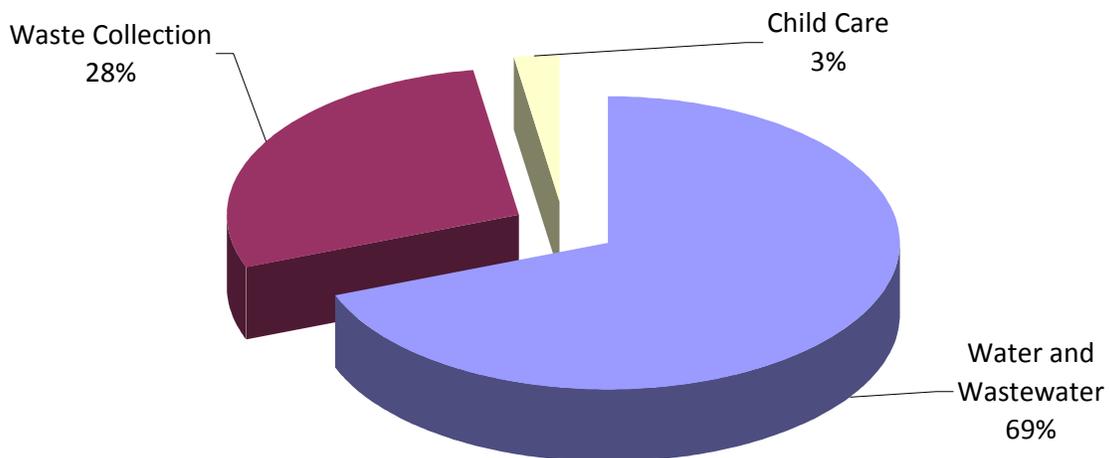
Charges for services and capital contributions continue to provide the vast majority of the County’s business type activities revenue. Together these account for 94% of the revenue in fiscal 2014. This is a 1% decrease from 2013 which was 95%.

An analysis of the percentage distribution of expenses by function revealed that there was no significant change in any of the functions as a percent of the total from 2013.

Business Type Activities Revenues Fiscal Year 2014



Business Type Activities Expenses Fiscal Year 2014



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Fund Statements

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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:

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, committed, assigned and unassigned fund balances can serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Total assets in the General Fund increased from \$229.1 million to \$243.9 million or \$14.8 million, from fiscal year 2013. The increase primarily occurred in cash and investments of \$8.2 million and an increase of \$6.8 million in the property tax receivable; which was a result of, the Raven F.S Property Holding, LLC, assessment information for fiscal year 2014, being received from the State of Maryland after year end. Total fund balance increased from \$115.7 million to \$119.5 million or an increase of \$3.8 million. This increase in the fund balance resulted in part from the return of a Video Lottery Impact Aid grant and higher revenues during 2014.

General Fund expenditures increased from \$1,199.1 million to \$1,239.5 million or \$40.4 million and revenues increased by \$21.1 million over 2013. Other sources and uses contributed \$7.0 million and brought a net inflow to the General Fund of \$3.7 million in fiscal year 2014, compared to a net inflow of \$36.2 million in 2013.

The County has a Revenue Reserve Fund which is included in the unassigned category of General Fund balance. At the end of fiscal year 2014, a balance of \$44.2 million was in the reserve fund. This increase from fiscal year 2013 is because of a contribution of \$20.3 million in fiscal year 2014 to this fund and investment earnings of \$0.9 million. This reserve may only be used when revenues fall below budget expectations and then legislative action is required. This fund has been in existence since fiscal year 1994 and has been drawn on by Management in fiscal year 2009 and fiscal year 2010 in the amounts of \$16.8 million and \$16.0 million, respectively, as a result of underperforming revenues during the recession of 2008 and 2009.

The Impact Fees Capital Project Fund retains developer impact fees until needed for the construction of capital assets. The total fund balance increased from \$42.8 million in fiscal year 2013 to \$56.2 million in 2014. The fund balance increased by \$13.3 million as a result of an increase in impact fees recognized of \$26.1 million in 2014 versus \$16.3 million in 2013 and a decrease in transfers to other funds of \$9.1 million transferred in fiscal year 2014 compared to \$30.3 million in 2013. The amounts transferred are used to pay off debt and for the construction of capital assets. Both of which are related to impact fee eligible projects. There was an increase in expenses as \$3.4 million was used to support capital improvements in fiscal year 2014 versus \$0.8 million in fiscal year 2013.

The General County Capital Projects Fund's total assets increased from \$74.1 million in fiscal year 2013 to \$128.9 million in 2014, or \$54.8 million. This increase is primarily due to an increase in cash and investments of \$52.1 million in the fund at the end of the fiscal year which resulted from additional funds received through the issuance of bonds in fiscal year 2014. Liabilities decreased by \$3.3 million primarily due to decreases in due to the Board of Education for its capital improvements of \$3.6 million and unavailable revenue in the amount of \$1.3 million, slightly offset by an increase in accounts payable and accrued liabilities of \$2.2 million. The net effect was an increase in fund balance from \$34.0 million in fiscal year 2013 to \$92.1 million in 2014.

Revenues in the General County Capital Projects Fund decreased from \$15.5 million in fiscal year 2013 to \$9.5 million in fiscal year 2014, or by \$5.9 million. This decrease is attributable to lower grant and aid revenue of \$4.9 million and lower fees for service and other revenue of \$1.0 million. Expenditures in this fund decreased by \$23.8 million which is attributed to a decrease of \$15.8 million for amounts paid to the Board of Education and Community College and a decrease in capital outlays in the amount of \$8.0 million. Both decreases were mainly a result of completion of the construction of certain Board of Education projects.

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2014

Proprietary Funds:

The County's proprietary fund's statements provide the same information found in the government-wide financial statements, but in more detail.

The Water and Wastewater Fund's assets totaled \$1.821 billion at the end of fiscal year 2014 which was an increase of \$155.0 million over fiscal year 2013. The increase mainly occurred as a result of an increase of \$86.8 million in capital assets and an increase in cash and investments of \$57.3 million. Capital assets increase each year as capital projects are completed and developer donated water and sewer facilities are added. The increase in cash and investments was in part the result of \$29.0 million in bond funds that were unspent at year end and an increase in capital contributions from developers of \$9.9 million. Liabilities have increased by \$91.0 million. The increase resulted primarily from additional long-term bonded debt of \$60.1 million, the recording of the liability for OPEB benefits of \$3.7 million, and increases in accounts payable and accrued liabilities, and current portion of long-term debt of \$9.3 million, and an increase in unearned revenue of \$15.9 million from developer contributions. As a result of the changes in assets and liabilities, the Water and Wastewater Fund's net position increased \$63.5 million or 5.5%.

The Statement of Revenues, Expenses, and Changes in Fund Net Position has an increase in operating revenues of \$5.3 million or 5.9%. Operating expenses increased by \$5.0 million or 4.6%. Non-operating components decreased from the previous year by \$1.4 million due to a decrease in other expenses of \$1.4 million. Capital contributions, fees and grants increased by \$8.8 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 increased by \$3.2 million primarily due to an increase in cash and investments of \$4.2 million and a decrease in capital assets of \$1.1 million. Liabilities increased by \$3.2 million or 4.4% from fiscal year 2013 to 2014. An increase in long-term debt of \$2.2 million and an increase in the OPEB obligation of \$1.0 million contributed to this change.

Operating revenue increased by \$0.1 million. Operating expenses increased by \$2.6 million due to increased costs from contractual services of \$1.9 million, an increase of landfill closure and post closure costs of \$0.8 million, an increase in supplies and materials of \$0.6 million, and a decrease in depreciation of \$0.4 million and personnel services of \$0.2 million.

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, 2013. Investments increased \$126.0 million from calendar year 2012 to 2013 as net position increased from \$1.489 billion to \$1.615 billion or 8.5%. Contributions increased from \$66.3 million in 2012 to \$72.6 million during 2013 and investment activity decreased from 2012 by \$28.8 million. Agency funds decreased from \$41.0 million in fiscal year 2013 to \$24.5 million in fiscal year 2014. The largest decrease of \$15.2 million resulted from a timing issue related to the refunding of bonds for Dorchester Special Tax District.

Budgetary Variations:

The budgetary statements of the General Fund show actual revenues of \$1.288 billion compared to budgeted amounts of \$1.260 billion, resulting in \$27.6 million more in revenue than anticipated. The most significant budgetary variations within components of revenue were local income taxes, and recordation and transfer taxes which exceeded budgetary expectation by \$18.6 million or 4.5% and \$4.5 million or 6.2%, respectively. The remaining increase was mainly due to increases in licenses and permits, and fees for services and other revenue of \$1.5 million and \$3.8 million, respectively.

Total expenditures on a budgetary basis were \$1.316 billion compared to appropriation authority of \$1.321 billion, resulting in \$4.8 million or 0.4%, less than planned. Only modest variances were noted in the various expenditure categories which were attributed to a continued focus on cost avoidance and containment during fiscal year 2014.

In reviewing the changes from the original budget to the final budget, budgeted revenues and expenditures increased

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2014

\$1.3 million over the original budget. The increase in revenues was from a State grant for pothole repairs in the amount of \$760 thousand, and additional revenues from Arundel Mills TIF and Parole TIF of \$340 thousand and \$235 thousand, respectively. Public safety, public works, recreation and community services, and judicial final budgets increased over their original budgets by \$6.2, \$8.0, \$0.9, and \$1.1 million respectively. General government and health and human services had significant decreases from the original budget to the final budget of \$13.5 and \$1.1 million, respectively. Nominal increases and decreases were noted for several other categories. 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 next table presents the asset values of the capital asset categories in governmental and business-type activities, net of accumulated depreciation. A discussion of the fluctuations follows.

Governmental capital assets - Total governmental capital assets show a decrease from the prior year of \$0.9 million or 0.1%. The table below shows an increase in furniture and equipment, storm drains and culverts, automobiles and rolling stock, and land and easements of \$10.1, \$3.2, \$3.0, and \$2.0 million, respectively. These increases were offset by decreases in buildings, land improvements, and roads and bridges of \$6.3, \$3.8 and \$3.3 million, respectively, due to continued depreciation of these assets and a decrease in construction in progress of \$6.4 million.

Major capital asset events during the current fiscal year included the following:

- \$13.3 million for additional improvements to PEG access channels and expansion to the County's broadband network
- \$1.9 million for storm drains and culverts
- 59 new vehicles were purchased including fire trucks, dump trucks, an excavator and various autos
- \$1.1 million for the acquisition of the Carr property as additional recreation land

Business-type capital assets – The capital assets in business-type activities increased by \$85.8 million or 6.4%, from fiscal year 2013. This increase was almost entirely due to the increase in construction in progress. Construction in progress increased by \$92.5 million or 22.9%. This increase was slightly offset by a decrease in water and sewer plants and lines of \$6.5 million or 0.7%. The remaining categories of assets show modest variations because new additions are negated by the continued depreciation of existing assets.

Major capital asset events during the current fiscal year included the following:

- \$36.2 million for Water Reclamation Facility Enhanced Nutrient Removal projects at the following locations:
 - Broadneck
 - Annapolis
 - Patuxent
 - Broadwater
 - Maryland City
 - Cox Creek
- \$6.9 million for general water and sewer main replacement and reconstruction
- \$5.9 million for the Odenton Town Center Sewer
- \$5.0 million for Broad Creek water treatment plant
- \$3.9 million for Mill Creek sewer pumping station upgrade
- \$3.4 million for Mayo water reclamation facility expansion
- \$3.1 million for Jennifer Road pumping station upgrade

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2014

| Anne Arundel County, Maryland | | | | | | |
|---|-------------------------|-------------------------|--------------------------|-------------------------|-------------------------|-------------------------|
| Capital Assets (net of depreciation) | | | | | | |
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land and easements | \$ 207,812,068 | \$ 205,784,127 | \$ 12,109,239 | \$ 12,109,239 | \$ 219,921,307 | \$ 217,893,366 |
| Historical property and works of art | 4,166,465 | 4,166,465 | | | 4,166,465 | 4,166,465 |
| Land improvements | 125,615,849 | 129,461,157 | | | 125,615,849 | 129,461,157 |
| Landfills | - | - | 12,583,658 | 12,116,117 | 12,583,658 | 12,116,117 |
| Buildings | 199,603,191 | 205,874,533 | 21,975,524 | 22,546,694 | 221,578,715 | 228,421,227 |
| Roads, bridges and signals | 165,653,727 | 168,919,276 | - | - | 165,653,727 | 168,919,276 |
| Sidewalks, curbs and gutters | 28,987,510 | 28,106,219 | - | - | 28,987,510 | 28,106,219 |
| Storm drains and culverts | 122,438,881 | 119,260,544 | - | - | 122,438,881 | 119,260,544 |
| Water and sewer plants and lines | | - | 869,823,444 | 876,303,616 | 869,823,444 | 876,303,616 |
| Automobiles and rolling stock | 19,551,718 | 16,552,752 | 3,085,720 | 2,490,519 | 22,637,438 | 19,043,271 |
| Furniture and equipment | 36,202,161 | 26,107,952 | 12,363,531 | 13,090,449 | 48,565,692 | 39,198,401 |
| Software | 1,116,127 | 1,368,346 | - | - | 1,116,127 | 1,368,346 |
| Construction in progress | 194,857,180 | 201,267,222 | 495,702,068 | 403,245,092 | 690,559,248 | 604,512,314 |
| Total | \$ 1,106,004,877 | \$ 1,106,868,593 | \$ 1,427,643,184 | \$ 1,341,901,726 | \$ 2,533,648,061 | \$ 2,448,770,319 |

The Statement of Net Position presents the gross asset balances and total accumulated depreciation. The following table summarizes this information for depreciable assets and presents accumulated depreciation as a percentage of the gross depreciable assets.

| Anne Arundel County, Maryland | | | | |
|---------------------------------------|-------------------------------------|----------------------------------|-----------------------------------|--|
| Analysis of Depreciable Assets | | | | |
| | Total depreciable capital assets | Less Accumulated depreciation | Net depreciable capital assets | Accumulated depreciation as a percent of total |
| Governmental | | | | |
| 2014 | \$ 1,452,096,655 | \$ (752,927,491) | \$ 699,169,164 | 52% |
| 2013 | 1,411,067,951 | (715,417,172) | 695,650,779 | 51% |
| 2012 | 1,386,454,990 | (677,362,499) | 709,092,491 | 49% |
| 2011 | 1,350,208,675 | (640,855,387) | 709,353,288 | 47% |
| 2010 | 1,309,691,255 | (603,437,179) | 706,254,076 | 46% |
| 2009 | 1,246,657,859 | (563,355,211) | 683,302,648 | 45% |
| Business-type | | | | |
| 2014 | \$ 1,632,821,069 | \$ (712,989,192) | \$ 919,831,877 | 44% |
| 2013 | 1,601,506,749 | (674,959,354) | 926,547,395 | 42% |
| 2012 | 1,563,975,835 | (636,376,833) | 927,599,002 | 41% |
| 2011 | 1,512,942,554 | (599,641,441) | 913,301,113 | 40% |
| 2010 | 1,450,293,037 | (564,824,823) | 885,468,214 | 39% |
| 2009 | 1,403,968,594 | (529,293,347) | 874,675,247 | 38% |

This analysis shows that the percent of depreciated governmental capital assets have increased in recent years to 52% in fiscal year 2014. The business-type capital assets also show a continual increase in the total depreciation as a percent of the asset values. The percent has increased from 38% in fiscal year 2009 to 44% in fiscal year 2014.

The comparison of these fiscal years does not provide any definite conclusion about the County's replacement of aging assets; however, an upward trend in accumulated depreciation as a percent of gross assets over several years might indicate that the asset base is aging. Management will continue to monitor these trends. Additional information about the County's capital assets and changes therein is provided in the Note 5 to the basic financial statements.

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2014

Debt Administration

The County's outstanding debt at the end of fiscal years 2014 and 2013 is presented in the table below. The County had been using short-term BANS to fund capital project expenditures and converting this debt to long-term after the funds had been spent. The County issued general obligation bonds, of \$206.1 million in April 2014, including \$126.9 million for governmental activities and \$79.2 million for business-type activities. The proceeds were used to pay off \$67.9 million of BAN's issued in February 2014. The additional bond funds of \$138.2 million were used to fund \$89.1 million of improvements for general county capital projects and \$49.1 million for water and sewer and landfill capital projects. As a result of cash available for the capital projects from the bonds sold in April 2014, BANS will not be issued until fiscal year 2015 to fund capital project expenditures at that time.

The changes to the federal and state loans were not significant as there was only one new State loan for \$61.5 thousand added in fiscal year 2014 and principal payments of \$326,970 were made on existing loans. The County entered into a new lease agreement in 2014 for a high speed printer for \$61,519. Payments for leases totaling \$16,211 were made which resulted in an increase in the capital lease balance to \$49,215. The County did not initiate new agricultural easements through installment purchase agreements during fiscal year 2014. Other changes to debt balances resulted from principal payments during fiscal year 2014. Additional information about the County's debt and changes therein is provided in Note 8 to the basic financial statements.

Anne Arundel County, Maryland
Outstanding Debt

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------------|-------------------------|----------------|--------------------------|----------------|------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| General obligation bonds | \$ 917,670,739 | \$ 869,357,597 | \$ 505,622,895 | \$ 440,788,959 | \$ 1,423,293,634 | \$ 1,310,146,556 |
| Special assessment debt | 86,440,000 | 90,815,000 | - | - | 86,440,000 | 90,815,000 |
| State loans | 3,729,609 | 3,888,091 | - | - | 3,729,609 | 3,888,091 |
| Capital leases | 49,215 | 3,907 | - | - | 49,215 | 3,907 |
| Installment purchase agreements | 13,605,000 | 13,625,000 | - | - | 13,605,000 | 13,625,000 |
| Total | \$ 1,021,494,563 | \$ 977,689,595 | \$ 505,622,895 | \$ 440,788,959 | \$ 1,527,117,458 | \$ 1,418,478,554 |

Fiscal Year 2014 and Beyond

- The County Real Property Tax Rate for fiscal year 2015 is \$0.943 per \$100 of assessed valuation. This is a 0.7 cent decrease and consistent with the County's Property Tax Revenue Cap. Fiscal Year 2015 property tax receipts are estimated to increase 2.9% over the revised fiscal year 2014 budget. Declining real property assessments associated with the current housing market do not significantly impact the property tax revenue yield because of the wide gap between assessable values and "taxable" assessable values, the growth of which was limited by the Homestead Property Credit Program to 2% per year during the housing boom years.
- The County Council has set the fiscal year 2015 County income tax rate at 2.56% which is unchanged from the prior fiscal year. Fiscal year 2015 income tax revenue is projected to increase over the approved fiscal year 2014 income tax revenue by 4.3%. The increase in income tax revenue is largely due, to an improving economy and lower unemployment in Anne Arundel County. Income tax is budgeted at \$437.6 million for fiscal year 2015.
- A State mandate requires the County to collect a stormwater fee from taxpayers to fund the implementation of a local watershed protection and restoration program, as of July 1, 2013. These fees are maintained in a dedicated fund, the Watershed Protection and Restoration Fund. For fiscal year 2015, the Watershed Protection and Restoration Fund had an approved budget of \$17.8 million.

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2014

- For fiscal year 2015, the Anne Arundel County Public Schools are funded by the County at \$603.5 million, a \$7.0 million or 1% increase over the prior year. This funding level meets the required Maintenance of Effort for fiscal 2015. Due to legislation passed by the State in May 2012, 100% of the teachers' normal pension costs will be shifted to the County. The transfer of these pension costs will be phased in over a four-year period. \$15.9 million has been included in the fiscal year 2015 budget to cover the cost of this pension shift. Anne Arundel County Public Schools fiscal year 2015 capital budget contains thirty-one planned projects totaling \$153.4 million or 63% of the capital budget. Of the total General Fund debt service budget, 56% is allocated for school debt.
- The County's support of the Anne Arundel Community College increased \$2.5 million in fiscal year 2014 over fiscal year 2013 to a total of \$37.6 million, \$35.9 million from General Fund and \$1.7 million from Video Lottery Local Impact Aid Special Revenue Fund. The County has appropriated \$3.2 million for Anne Arundel County Community College's fiscal year 2015 capital projects, which will be financed by issuing general obligation bonds. The Community College's annual debt service of \$5.7 million is paid by the County.

These and other economic factors were considered when preparing the fiscal year 2015 General Fund budget, which estimates total revenues at \$1.3 billion; an increase of \$29.9 million or 2.3% over fiscal year 2014 original budgeted amounts. Mindful of the economic struggles the County has faced for the past several years as a result of national economic uncertainties, cuts in revenue funding streams and the status of the State of Maryland's budget, the County will continue to carefully monitor expenditures and apply cost containment efforts. Expenditures for fiscal year 2015 will continue to be tightened and trimmed where possible with some strategic investments, particularly in technology. The County also anticipates issuing bonds during fiscal year 2015.

There are no new taxes to fund the fiscal year 2015 budget. The income tax rate of 2.56% is unchanged and continues to be the third lowest in the State. The real property rate of \$0.943 per \$100 of assessed value is 0.7 cents lower compared to fiscal year 2014 and consistent with the County's Property Tax Revenue Cap. The Homestead Tax Credit rate is 2.0% and remains unchanged from the past fiscal year.

The Water and Wastewater Fund meter usage rates for fiscal year 2015 are \$2.76/1,000gal and \$4.85/1,000gal, respectively. This is unchanged from prior year. No changes were made to the annual refuse and recycling fees or the water and sewer ad valorem.

Requests for Information

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

The County's component units issue their own separately audited financial statements. These statements may be obtained by directly contacting the component unit, contact information can be found on Note 1A of this report.

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**Basic
Financial
Statements**

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Anne Arundel County, Maryland

Statement of Net Position

June 30, 2014

| | Primary Government | | | Discretely Presented Component Units | | |
|---|----------------------------|-----------------------------|----------------------|--------------------------------------|----------------------|-------------------|
| | Governmental Activities | Business-type Activities | Total | Board of Education | Community College | Other Nonmajor |
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and temporary investments | \$ 315,231,933 | \$ 115,666,782 | \$ 430,898,715 | \$ 175,882,799 | \$ 22,137,380 | \$ 5,835,897 |
| Taxes and other revenue receivable | 135,699,802 | - | 135,699,802 | 27,316,315 | 3,073,804 | - |
| Service billings receivable | - | 25,932,077 | 25,932,077 | - | - | 179,623 |
| Prepaid and other assets | 24,312,550 | 6,567 | 24,319,117 | 10,855,100 | 13,437,404 | 1,781,098 |
| Inventories | 2,871,266 | 2,337,186 | 5,208,452 | 2,328,483 | 1,307,735 | 26,822 |
| Receivables | - | - | - | - | - | 21,454 |
| Due from primary government | - | - | - | 18,104,866 | 342,241 | 1,288,207 |
| Due from component units | 11,596 | - | 11,596 | - | - | - |
| Restricted assets | | | | | | |
| Cash and temporary investments | 154,365,541 | 45,553,624 | 199,919,165 | - | - | 40,682 |
| Investments | - | 225,731,961 | 225,731,961 | - | - | - |
| Receivables | | | | | | |
| Due from other governmental agencies | 13,338,204 | 17,468,096 | 30,806,300 | - | - | - |
| Other, net | 3,805,925 | 15,855,090 | 19,661,015 | - | - | - |
| Total current assets | <u>649,636,817</u> | <u>448,551,383</u> | <u>1,098,188,200</u> | <u>234,487,563</u> | <u>40,298,564</u> | <u>9,173,783</u> |
| Noncurrent Assets | | | | | | |
| Restricted assets | | | | | | |
| Long term assessment and connection charges | - | 43,110,117 | 43,110,117 | - | - | - |
| Long term debt restructuring | - | - | - | - | 359,371 | - |
| Total noncurrent restricted assets | - | 43,110,117 | 43,110,117 | - | 359,371 | - |
| Loans receivable and other assets | - | - | - | - | 9,330,897 | 4,131,487 |
| Capital assets not being depreciated | 406,835,713 | 507,811,307 | 914,647,020 | 259,114,437 | 2,725,562 | 158,544 |
| Capital assets being depreciated | 1,452,096,655 | 1,632,821,069 | 3,084,917,724 | 1,383,072,902 | 176,750,442 | 28,737,564 |
| Less accumulated depreciation | (752,927,491) | (712,989,192) | (1,465,916,683) | (687,426,554) | (78,897,157) | (13,039,649) |
| | <u>699,169,164</u> | <u>919,831,877</u> | <u>1,619,001,041</u> | <u>695,646,348</u> | <u>97,853,285</u> | <u>15,697,915</u> |
| Total capital assets | <u>1,106,004,877</u> | <u>1,427,643,184</u> | <u>2,533,648,061</u> | <u>954,760,785</u> | <u>100,578,847</u> | <u>15,856,459</u> |
| Total noncurrent assets | <u>1,106,004,877</u> | <u>1,470,753,301</u> | <u>2,576,758,178</u> | <u>954,760,785</u> | <u>110,269,115</u> | <u>19,987,946</u> |
| Total assets | <u>1,755,641,694</u> | <u>1,919,304,684</u> | <u>3,674,946,378</u> | <u>1,189,248,348</u> | <u>150,567,679</u> | <u>29,161,729</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | | | | |
| Unamortized deferred refunding loss | <u>5,833,548</u> | <u>3,168,350</u> | <u>9,001,898</u> | - | - | - |
| Total deferred outflow of resources | <u>5,833,548</u> | <u>3,168,350</u> | <u>9,001,898</u> | - | - | - |

Anne Arundel County, Maryland

Statement of Net Position

June 30, 2014

| | Primary Government | | | Discretely Presented Component Units | | |
|--|----------------------------|-----------------------------|-------------------------|--------------------------------------|----------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total | Board of Education | Community College | Other Nonmajor |
| LIABILITIES | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable and accrued liabilities | 61,648,141 | 38,661,184 | 100,309,325 | 131,933,695 | 8,232,645 | 1,666,599 |
| Current portion of non-current liabilities | 122,831,540 | 32,042,334 | 154,873,874 | 22,153,519 | - | 868,628 |
| Notes payable | - | - | - | - | 123,714 | 2,151,381 |
| Internal balances | 747,833 | (747,833) | - | - | - | - |
| Due to primary government | - | - | - | 11,596 | - | - |
| Due to component units | 19,735,314 | - | 19,735,314 | - | - | - |
| Escrow deposits | 893,933 | 567,041 | 1,460,974 | - | - | 8,451 |
| Unearned revenue | - | - | - | 9,067,532 | 11,916,245 | 423,361 |
| Liabilities related to restricted assets | | | | | | |
| Accounts payable and accrued liabilities | 7,459,574 | 5,581,433 | 13,041,007 | - | - | 138,588 |
| Escrow and other deposits | 48,837,811 | - | 48,837,811 | - | - | - |
| Unearned revenue | 2,735,388 | 39,398,485 | 42,133,873 | - | - | - |
| Total current liabilities | <u>264,889,534</u> | <u>115,502,644</u> | <u>380,392,178</u> | <u>163,166,342</u> | <u>20,272,604</u> | <u>5,257,008</u> |
| Noncurrent liabilities | | | | | | |
| Compensated absences and other obligations | 37,602 | 17,569 | 55,171 | 22,582,480 | 1,845,330 | - |
| Accrued liability for other post-employment benefits | 436,847,392 | 42,181,317 | 479,028,709 | 382,178,000 | 29,941,000 | 16,003,972 |
| Unpaid insurance claims | 60,418,000 | - | 60,418,000 | - | - | - |
| Estimated landfill closure and postclosure | - | 34,264,054 | 34,264,054 | - | - | - |
| Long-term debt | 948,242,442 | 479,906,087 | 1,428,148,529 | 8,108,993 | 12,660,609 | 24,260 |
| Due to other governments | - | - | - | - | - | 2,992,000 |
| Unearned revenue | 80,643,679 | 1,286,017 | 81,929,696 | - | - | - |
| Total noncurrent liabilities | <u>1,526,189,115</u> | <u>557,655,044</u> | <u>2,083,844,159</u> | <u>412,869,473</u> | <u>44,446,939</u> | <u>19,020,232</u> |
| Total liabilities | <u>1,791,078,649</u> | <u>673,157,688</u> | <u>2,464,236,337</u> | <u>576,035,815</u> | <u>64,719,543</u> | <u>24,277,240</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 622,405,918 | 937,308,613 | 1,559,714,531 | 954,760,785 | 91,544,495 | 15,761,683 |
| Restricted for: | | | | | | |
| Debt service | 6,541,144 | 279,611,526 | 286,152,670 | - | - | - |
| Capital improvements | 83,524,600 | - | 83,524,600 | - | - | - |
| Scholarships/endowments | - | - | - | - | 7,528,670 | - |
| Reforestation | 7,746,804 | - | 7,746,804 | - | - | - |
| Other purposes | 4,724,488 | 19,549,090 | 24,273,578 | 16,856,850 | - | 185,124 |
| Unrestricted | <u>(754,546,361)</u> | <u>12,846,117</u> | <u>(741,700,244)</u> | <u>(358,405,102)</u> | <u>(13,225,029)</u> | <u>(11,062,318)</u> |
| Total net position (deficit) | <u>\$ (29,603,407)</u> | <u>\$ 1,249,315,346</u> | <u>\$ 1,219,711,939</u> | <u>\$ 613,212,533</u> | <u>\$ 85,848,136</u> | <u>\$ 4,884,489</u> |

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

Anne Arundel County, Maryland

Statement of Activities

Year Ended June 30, 2014

| Functions / Programs | Expenses | Program Revenues | | |
|-----------------------------------|--------------------------------|------------------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government | | | | |
| Governmental activities | | | | |
| Education | \$ 708,507,539 | \$ - | \$ - | \$ 11,900,553 |
| Public safety | 294,436,009 | 19,477,056 | 2,711,991 | 922,226 |
| General government | 123,009,779 | 47,740,972 | 20,102,341 | 5,388,273 |
| Health and human services | 72,520,291 | 9,648,000 | 26,200,909 | - |
| Public works | 106,372,020 | 15,736,843 | 3,690,340 | 24,720,251 |
| Recreation and community services | 59,094,573 | 16,962,374 | 5,363,635 | 2,535,079 |
| Judicial | 28,949,927 | 3,165,721 | 2,097,011 | - |
| Code enforcement | 13,378,436 | 12,181,088 | - | - |
| Land use and development | 10,273,106 | 2,215,624 | 962,620 | 502,291 |
| Interest on debt and leases | 45,103,757 | - | 48,687 | - |
| | <u>1,461,645,437</u> | <u>127,127,678</u> | <u>61,177,534</u> | <u>45,968,673</u> |
| Business-type activities | | | | |
| Water and wastewater | 124,340,481 | 86,023,267 | - | 87,886,666 |
| Waste collection | 50,731,860 | 50,133,383 | - | - |
| Child care | 4,589,415 | 4,660,446 | - | - |
| | <u>179,661,756</u> | <u>140,817,096</u> | <u>-</u> | <u>87,886,666</u> |
| Total primary government | \$ <u>1,641,307,193</u> | \$ <u>267,944,774</u> | \$ <u>61,177,534</u> | \$ <u>133,855,339</u> |
| Component units | | | | |
| Board of Education | \$ 1,193,043,712 | \$ 13,171,577 | \$ 166,694,281 | \$ 119,411,932 |
| Community College | 153,112,854 | 50,608,022 | 25,949,347 | 5,069,805 |
| Library System | 23,412,453 | 832,235 | 3,951,753 | - |
| Economic Development Corp | 3,210,168 | 235,325 | 63,091 | - |
| Tipton Airport Authority | 1,951,769 | 1,678,476 | - | 172,076 |
| Workforce Development | 4,889,642 | - | 4,710,724 | - |
| Total component units | \$ <u>1,379,620,598</u> | \$ <u>66,525,635</u> | \$ <u>201,369,196</u> | \$ <u>124,653,813</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 |
| County transfer |
| Total general revenues |
| Changes in net position |
| Net position, July 1 (as restated) |
| Net position, June 30 |

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

Net (Expense) Revenues and Changes in Net Position

| Primary Government | | | Discretely Presented Component Units | | |
|-------------------------------|--------------------------------|--------------------------------|--------------------------------------|-----------------------------|----------------------------|
| Governmental Activities | Business-type Activities | Total | Board of Education | Community College | Other Nonmajor |
| \$ (696,606,986) | \$ - | \$ (696,606,986) | \$ - | \$ - | \$ - |
| (271,324,736) | - | (271,324,736) | - | - | - |
| (49,778,193) | - | (49,778,193) | - | - | - |
| (36,671,382) | - | (36,671,382) | - | - | - |
| (62,224,586) | - | (62,224,586) | - | - | - |
| (34,233,485) | - | (34,233,485) | - | - | - |
| (23,687,195) | - | (23,687,195) | - | - | - |
| (1,197,348) | - | (1,197,348) | - | - | - |
| (6,592,571) | - | (6,592,571) | - | - | - |
| (45,055,070) | - | (45,055,070) | - | - | - |
| <u>(1,227,371,552)</u> | <u>-</u> | <u>(1,227,371,552)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | 49,569,452 | 49,569,452 | - | - | - |
| - | (598,477) | (598,477) | - | - | - |
| - | <u>71,031</u> | <u>71,031</u> | - | - | - |
| - | 49,042,006 | 49,042,006 | - | - | - |
| <u>(1,227,371,552)</u> | <u>49,042,006</u> | <u>(1,178,329,546)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | - | - | (893,765,922) | - | - |
| - | - | - | - | (71,485,680) | - |
| - | - | - | - | - | (18,628,465) |
| - | - | - | - | - | (2,911,752) |
| - | - | - | - | - | (101,217) |
| - | - | - | - | - | <u>(178,918)</u> |
| - | - | - | (893,765,922) | (71,485,680) | (21,820,352) |
| 637,622,877 | - | 637,622,877 | - | - | - |
| 436,906,640 | - | 436,906,640 | - | - | - |
| 8,682,827 | - | 8,682,827 | - | - | 1,000,000 |
| 77,535,100 | - | 77,535,100 | - | - | - |
| 31,516,775 | - | 31,516,775 | - | - | - |
| - | - | - | 892,130,017 | 70,055,159 | 19,366,382 |
| 2,445,893 | 1,160,524 | 3,606,417 | 66,173 | 1,240,808 | 9,253 |
| 9,476,951 | 14,417,390 | 23,894,341 | 1,300,129 | 225,760 | 205,458 |
| 274,617 | <u>(274,617)</u> | - | - | - | - |
| <u>1,204,461,680</u> | <u>15,303,297</u> | <u>1,219,764,977</u> | <u>893,496,319</u> | <u>71,521,727</u> | <u>20,581,093</u> |
| (22,909,872) | 64,345,303 | 41,435,431 | (269,603) | 36,047 | (1,239,259) |
| <u>(6,693,535)</u> | <u>1,184,970,043</u> | <u>1,178,276,508</u> | <u>613,482,136</u> | <u>85,812,089</u> | <u>6,123,748</u> |
| \$ <u><u>(29,603,407)</u></u> | \$ <u><u>1,249,315,346</u></u> | \$ <u><u>1,219,711,939</u></u> | \$ <u><u>613,212,533</u></u> | \$ <u><u>85,848,136</u></u> | \$ <u><u>4,884,489</u></u> |

Anne Arundel County, Maryland

Balance Sheet

Governmental Funds

June 30, 2014

| | Major Funds | | | Nonmajor Governmental Funds | Totals |
|--|-----------------------|---------------------------------|------------------------------------|-----------------------------------|-----------------------|
| | General | Impact Fees Capital Projects | General County Capital Projects | | |
| ASSETS | | | | | |
| Cash and investments | \$ 92,272,134 | \$ 60,735,697 | \$ 116,432,697 | \$ 101,794,516 | \$ 371,235,044 |
| Receivables | | | | | |
| Property taxes | | | | | |
| (net of \$2,530,032 allowance) | 9,161,636 | - | - | - | 9,161,636 |
| Local sales taxes | 4,540,204 | - | - | - | 4,540,204 |
| State shared revenues | 2,717,046 | - | - | - | 2,717,046 |
| Due from other governmental agencies | 3,245,160 | - | 5,709,435 | 7,628,769 | 16,583,364 |
| Due from other funds | 4,555,613 | - | - | - | 4,555,613 |
| Due from Board of Education | 11,596 | - | - | - | 11,596 |
| Local income tax | 116,035,756 | - | - | - | 116,035,756 |
| Other, net | 8,702,372 | - | 13,850 | 3,805,925 | 12,522,147 |
| Inventories | 2,116,996 | - | - | - | 2,116,996 |
| Other assets | 543,482 | - | 6,755,840 | - | 7,299,322 |
| Total assets | <u>\$ 243,901,995</u> | <u>\$ 60,735,697</u> | <u>\$ 128,911,822</u> | <u>\$ 113,229,210</u> | <u>\$ 546,778,724</u> |
| LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | \$ 33,723,272 | \$ 2,940,141 | \$ 14,948,949 | \$ 4,519,433 | \$ 56,131,795 |
| Due to other funds | 5,415,007 | - | - | 4,555,613 | 9,970,620 |
| Due to component units | | | | | |
| Board of Education | 61,419 | - | 18,043,447 | - | 18,104,866 |
| Community College | - | - | 342,241 | - | 342,241 |
| Library | 1,288,207 | - | - | - | 1,288,207 |
| Escrow and other deposits | 864,325 | - | 29,608 | 48,837,811 | 49,731,744 |
| Unearned revenue | - | 1,617,991 | - | 778,276 | 2,396,267 |
| Total liabilities | <u>41,352,230</u> | <u>4,558,132</u> | <u>33,364,245</u> | <u>58,691,133</u> | <u>137,965,740</u> |
| DEFERRED INFLOW OF RESOURCES | | | | | |
| Unavailable property tax revenue | 1,974,325 | - | - | - | 1,974,325 |
| Unavailable local income tax | 80,073,365 | - | - | - | 80,073,365 |
| Unavailable grant revenue | - | - | 3,490,816 | 3,105,387 | 6,596,203 |
| Unavailable 911 fees | 1,029,043 | - | - | - | 1,029,043 |
| Total deferred inflow of resources | <u>83,076,733</u> | <u>-</u> | <u>3,490,816</u> | <u>3,105,387</u> | <u>89,672,936</u> |
| FUND BALANCES | | | | | |
| Non spendable | | | | | |
| Inventories | 2,116,996 | - | - | - | 2,116,996 |
| Restricted | | | | | |
| Reserve for retiree health benefits (OPEB) | 15,047,469 | - | - | - | 15,047,469 |
| Base realignment and closure (BRAC) | 689,518 | - | - | - | 689,518 |
| Video lottery local impact aid | 1,237,151 | - | - | 2,024,742 | 3,261,893 |
| Impact fees capital projects | - | 56,177,565 | - | - | 56,177,565 |
| Forfeiture and asset seizure team | - | - | - | 951,176 | 951,176 |
| Roads and special benefits | - | - | - | 396,391 | 396,391 |
| Reforestation | - | - | - | 7,746,804 | 7,746,804 |
| Laurel racetrack community benefit | - | - | - | 24,205 | 24,205 |
| Grants | - | - | 5,709,435 | 3,952,512 | 9,661,947 |
| Circuit court | - | - | - | 106,772 | 106,772 |
| Erosion districts | - | - | - | 285,976 | 285,976 |
| Bond premium | - | - | - | 14,987,106 | 14,987,106 |
| Watershed protection and restoration | - | - | 3,425,321 | 7,011,978 | 10,437,299 |
| Debt service | - | - | - | 6,541,144 | 6,541,144 |
| Committed | | | | | |
| Storm drain fees | - | - | - | 957,943 | 957,943 |
| Street lights capital projects | - | - | - | 3,781,037 | 3,781,037 |
| Recreation and land fees | - | - | - | 334,354 | 334,354 |
| Energy revolving loan | - | - | - | 274,617 | 274,617 |
| Installment purchase agreements | - | - | - | 8,164,672 | 8,164,672 |
| Assigned | | | | | |
| General County capital projects | - | - | 82,922,005 | - | 82,922,005 |
| General County | 42,657,510 | - | - | - | 42,657,510 |
| Unassigned | 57,724,388 | - | - | (6,108,739) | 51,615,649 |
| Total fund balances | <u>119,473,032</u> | <u>56,177,565</u> | <u>92,056,761</u> | <u>51,432,690</u> | <u>319,140,048</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 243,901,995</u> | <u>\$ 60,735,697</u> | <u>\$ 128,911,822</u> | <u>\$ 113,229,210</u> | <u>\$ 546,778,724</u> |

Anne Arundel County, Maryland

Reconciliation of Governmental Fund Balance to Governmental Net Position

Governmental Funds

June 30, 2014

| | |
|---|------------------------|
| Total fund balance for governmental funds as shown on the Balance Sheet | \$ 319,140,048 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported on governmental funds balance sheet. | |
| Capital assets | 1,790,054,628 |
| Accumulated depreciation | (697,299,873) |
| Certain liabilities are not due and payable in the current period and, therefore, are not included on governmental funds balance sheet. | |
| Long-term bonded debt | (1,023,549,287) |
| Federal and state loans | (3,729,609) |
| Other post-employment benefits | (429,657,201) |
| Compensated absences | (22,745,281) |
| Long-term leases | (49,215) |
| Deferred Outflows of Resources: | |
| Unamortized loss on refunding | 5,833,548 |
| Accrued interest payable on debt is recorded in governmental activities. | (11,125,404) |
| Unearned revenues: | |
| Revenues not available for use in the current fiscal year have been deferred until future periods on the governmental funds balance sheet. | 89,672,936 |
| Premiums received on certain bond issues have been deferred on the Statement of Net Position. | (80,982,800) |
| The assets and liabilities recorded in the internal service funds have been added to governmental net position because these funds are used to provide services to other funds. | |
| Net position of the Internal Service Funds | 35,027,116 |
| Business-type activities allocation of Internal Service Funds net position | (1,336,233) |
| Certain expenditures paid with current resources have been deferred to future periods on the Statement of Net Position. | <u>1,143,220</u> |
| Total net position for governmental activities as shown on Statement of Net Position | <u>\$ (29,603,407)</u> |

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

Anne Arundel County, Maryland

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2014

| | Major Funds | | | Nonmajor Governmental Funds | Totals |
|---|-----------------------|---------------------------------|------------------------------------|-----------------------------------|-----------------------|
| | General | Impact Fees Capital Projects | General County Capital Projects | | |
| REVENUES | | | | | |
| General property taxes | \$ 603,178,340 | \$ - | \$ - | \$ 34,167,020 | \$ 637,345,360 |
| Local income taxes | 435,870,098 | - | - | - | 435,870,098 |
| State shared taxes | 12,163,216 | - | - | - | 12,163,216 |
| Grants and aid | - | - | 7,073,864 | 36,798,696 | 43,872,560 |
| Recordation and transfer taxes | 77,535,100 | - | - | - | 77,535,100 |
| Local sales taxes | 31,516,775 | - | - | - | 31,516,775 |
| License and permit fees | 16,536,662 | - | - | - | 16,536,662 |
| Impact fees | - | 25,983,661 | - | - | 25,983,661 |
| Special community benefit taxes | - | - | - | 6,884,379 | 6,884,379 |
| Video lottery local impact aid | - | - | - | 18,924,230 | 18,924,230 |
| Watershed protection and restoration | - | - | - | 13,168,354 | 13,168,354 |
| Investment income | 1,247,957 | 130,388 | (222,858) | 580,407 | 1,735,894 |
| Fees for services and other revenue | 58,176,557 | - | 2,693,302 | 3,067,463 | 63,937,322 |
| Total revenues | <u>1,236,224,705</u> | <u>26,114,049</u> | <u>9,544,308</u> | <u>113,590,549</u> | <u>1,385,473,611</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Education | 627,892,300 | 615,235 | 74,979,668 | 3,700,000 | 707,187,203 |
| Public safety | 253,105,745 | - | - | 11,831,754 | 264,937,499 |
| General government | 82,040,034 | - | - | 3,204,749 | 85,244,783 |
| Health and human services | 43,408,695 | - | - | 26,242,014 | 69,650,709 |
| Public works | 39,511,945 | 3,066,941 | - | 6,169,130 | 48,748,016 |
| Recreation and community services | 37,437,824 | - | - | 12,428,782 | 49,866,606 |
| Judicial | 22,854,405 | - | - | 2,569,422 | 25,423,827 |
| Code enforcement | 11,506,107 | - | - | 780,915 | 12,287,022 |
| Land use and development | 8,378,832 | - | - | 1,053,905 | 9,432,737 |
| Capital outlay | - | - | 65,054,648 | - | 65,054,648 |
| Debt service | | | | | |
| Interest payments on debt | 39,511,003 | - | - | 3,833,481 | 43,344,484 |
| Principal payments on debt | 73,837,430 | - | - | 1,776,970 | 75,614,400 |
| Interest payments on leases | 13,662 | - | - | - | 13,662 |
| Principal payments on leases | 16,211 | - | - | - | 16,211 |
| Total expenditures | <u>1,239,514,193</u> | <u>3,682,176</u> | <u>140,034,316</u> | <u>73,591,122</u> | <u>1,456,821,807</u> |
| Revenues over (under) expenditures | <u>(3,289,488)</u> | <u>22,431,873</u> | <u>(130,490,008)</u> | <u>39,999,427</u> | <u>(71,348,196)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 28,997,104 | - | 150,606,415 | 5,541,066 | 185,144,585 |
| Transfers out | (104,293,589) | (9,102,164) | - | (71,748,832) | (185,144,585) |
| General obligation bonds issued | 115,000,000 | - | - | 7,300,000 | 122,300,000 |
| Bond anticipation notes issued | - | - | 37,800,000 | - | 37,800,000 |
| Payment of bond anticipation notes | (37,800,000) | - | - | - | (37,800,000) |
| Issuance of debt - State Loans | - | - | 168,488 | - | 168,488 |
| Refunding bonds issued | - | - | - | 38,860,000 | 38,860,000 |
| Payment to esrow agent | - | - | - | (42,852,298) | (42,852,298) |
| Premiums from sale of bonds | - | - | - | 14,815,121 | 14,815,121 |
| Premiums from the refunding of bonds | - | - | - | 4,414,478 | 4,414,478 |
| Proceeds from capital leases | 119,790 | - | - | - | 119,790 |
| Transfer to OPEB from Health Insurance Fund | 5,000,000 | - | - | - | 5,000,000 |
| Transfers from Solid Waste Fund | - | - | - | 274,617 | 274,617 |
| Total other financing sources (uses) | <u>7,023,305</u> | <u>(9,102,164)</u> | <u>188,574,903</u> | <u>(43,395,848)</u> | <u>143,100,196</u> |
| Net change in fund balances | <u>3,733,817</u> | <u>13,329,709</u> | <u>58,084,895</u> | <u>(3,396,421)</u> | <u>71,752,000</u> |
| Fund balances, July 1 | <u>115,739,215</u> | <u>42,847,856</u> | <u>33,971,866</u> | <u>54,829,111</u> | <u>247,388,048</u> |
| Fund balances, June 30 | <u>\$ 119,473,032</u> | <u>\$ 56,177,565</u> | <u>\$ 92,056,761</u> | <u>\$ 51,432,690</u> | <u>\$ 319,140,048</u> |

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

Reconciliation of Changes in Fund Balances to Changes in Net Position

Governmental Funds

Year Ended June 30, 2014

Changes in fund balances as shown on Statement of Revenues,
Expenditures, and Changes in Fund Balances, Governmental Funds \$ 71,752,000

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

| | |
|--|--------------|
| Current year additions of capital assets | 35,956,351 |
| Current year donations of capital assets | 10,065,904 |
| Current year disposals of capital assets | (2,112,878) |
| Depreciation expense recorded in the Statement of Activities | (44,451,869) |

Governmental funds report the additions and payments of long term liabilities in the period that current resources are provided or used. However, in the Statement of Activities, new debt is recorded as a liability and payments of principal are charged against that liability. In addition, interest payable must be accrued from the date of the last interest payment to the end of the fiscal year. Debt related differences are as follows:

| | |
|--|---------------|
| New debt issued in current year | (199,128,488) |
| Principal payments on debt | 155,219,400 |
| Additions of new lease | (61,519) |
| Lease payments | 16,211 |
| Change in accrued interest payable | (1,745,611) |
| Loss on refunding | 1,047,299 |
| Amortization of prior year refunding gain/loss | (897,871) |
| Accrual of compensated absences | (1,646,003) |
| Accrual of other post-employment benefit liability | (43,476,411) |

Certain charges paid with current financial resources are unearned and amortized over one or more periods on the Statement of Activities. The differences are as follows:

| | |
|---|-------------|
| Expense was unearned to future periods | 1,143,220 |
| Amortization of expenditures unearned in previous years | (1,649,332) |

Premiums received on bond issues have been unearned in the government-wide statements. The revenue will be recognized over the life of the related bonds.

The differences are as follows:

| | |
|----------------------------------|--------------|
| Unearned revenue | (19,229,599) |
| Amortization of amounts unearned | 9,249,711 |

Certain revenue was unearned on the governmental fund statements because it was not available to pay expenditures of the current period. These unearned amounts are recognized as revenue in the Statement of Activities.

786,498

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.

6,253,115

Changes in net position as shown in governmental activities on the Statement of Activities \$ (22,909,872)

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

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|----------------------|----------------------|----------------------|---------------------------------|
| REVENUES | | | | |
| General property taxes | \$ 602,719,000 | \$ 602,719,000 | \$ 603,178,340 | \$ 459,340 |
| Local income taxes | 417,300,000 | 417,300,000 | 435,870,098 | 18,570,098 |
| State shared taxes | 11,542,000 | 12,302,000 | 12,163,216 | (138,784) |
| Recordation and transfer taxes | 73,000,000 | 73,000,000 | 77,535,100 | 4,535,100 |
| Local sales taxes | 32,370,000 | 32,370,000 | 31,516,775 | (853,225) |
| Licenses and permits | 15,060,100 | 15,060,100 | 16,536,662 | 1,476,562 |
| Investment income | 400,000 | 400,000 | 92,853 | (307,147) |
| Interfund recoveries | 52,074,700 | 52,649,700 | 52,743,393 | 93,693 |
| Fees for services and other revenues | 54,201,900 | 54,201,900 | 58,041,129 | 3,839,229 |
| Total revenues | <u>1,258,667,700</u> | <u>1,260,002,700</u> | <u>1,287,677,566</u> | <u>27,674,866</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Education | 659,001,100 | 658,843,100 | 658,697,704 | 145,396 |
| Higher education | 37,083,500 | 37,083,500 | 37,191,058 | (107,558) |
| Public safety | 247,709,200 | 253,860,100 | 252,456,134 | 1,403,966 |
| General government | 147,337,700 | 133,822,800 | 132,647,365 | 1,175,435 |
| Health and human services | 47,010,700 | 45,897,700 | 44,440,667 | 1,457,033 |
| Public works | 31,490,300 | 39,480,300 | 39,273,446 | 206,854 |
| Recreation and community services | 38,641,500 | 39,576,500 | 39,310,442 | 266,058 |
| Judicial | 22,043,200 | 23,125,200 | 22,987,240 | 137,960 |
| Land use and development | 8,574,100 | 8,379,100 | 8,342,806 | 36,294 |
| Code enforcement | 11,576,600 | 11,576,600 | 11,547,287 | 29,313 |
| Debt service | 44,151,500 | 44,309,500 | 44,274,685 | 34,815 |
| Pay go funding - capital projects | 25,177,000 | 25,177,000 | 25,177,000 | - |
| Total expenditures | <u>1,319,796,400</u> | <u>1,321,131,400</u> | <u>1,316,345,834</u> | <u>4,785,566</u> |
| Revenues over (under) expenditures | (61,128,700) | (61,128,700) | (28,668,268) | \$ <u>32,460,432</u> |
| Fund balances, budgetary, July 1 | <u>85,355,773</u> | <u>85,355,773</u> | <u>85,355,773</u> | |
| Fund balances, budgetary, June 30 | \$ <u>24,227,073</u> | \$ <u>24,227,073</u> | \$ <u>56,687,505</u> | |
| Fund balances - Unassigned | | | | |
| Unassigned - GAAP basis | | | \$ 57,724,388 | |
| Effects of: | | | | |
| Base realignment and closure | | | 689,518 | |
| Video lottery local impact aid | | | 1,237,151 | |
| County Parking Garage Fund | | | 25,629 | |
| Inmate Benefits and Morale Fund | | | (611,867) | |
| Revenue reserve allocation | | | (44,183,320) | |
| Self Insurance Fund deficit allocation | | | 2,952,574 | |
| Central Garage Fund deficit allocation | | | 2,462,432 | |
| Unassigned - Non-GAAP basis | | | <u>20,296,505</u> | |
| Assigned for subsequent years | | | <u>36,391,000</u> | |
| | | | <u>\$ 56,687,505</u> | |

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

Statement of Net Position

Proprietary Funds

June 30, 2014

| | 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 temporary investments | \$ 86,083,282 | \$ 27,926,742 | \$ 1,656,758 | \$ 115,666,782 | \$ 26,313,105 |
| Investments | - | - | - | - | 72,049,325 |
| Service billings receivable, net | 25,037,671 | 815,365 | 79,041 | 25,932,077 | 5,803,015 |
| Due from other funds | - | - | - | - | 6,003,407 |
| Inventories | 2,192,097 | 145,089 | - | 2,337,186 | 754,270 |
| Other | 6,567 | - | - | 6,567 | 1,350,771 |
| Restricted assets | | | | | |
| Cash and temporary investments | 21,422,829 | 24,130,795 | - | 45,553,624 | - |
| Investments | 225,731,961 | - | - | 225,731,961 | - |
| Receivables | | | | | |
| Due from other governmental agencies | 17,468,096 | - | - | 17,468,096 | - |
| Other, net | 15,855,090 | - | - | 15,855,090 | - |
| Total current assets | <u>393,797,593</u> | <u>53,017,991</u> | <u>1,735,799</u> | <u>448,551,383</u> | <u>112,273,893</u> |
| Noncurrent assets | | | | | |
| Restricted assets | | | | | |
| Deferred connection and assessment charges | 43,110,117 | - | - | 43,110,117 | - |
| Capital assets | | | | | |
| | 2,047,005,921 | 93,626,455 | - | 2,140,632,376 | 68,877,740 |
| Less accumulated depreciation | (662,778,296) | (50,210,896) | - | (712,989,192) | (55,627,618) |
| Total capital assets, net of depreciation | <u>1,384,227,625</u> | <u>43,415,559</u> | <u>-</u> | <u>1,427,643,184</u> | <u>13,250,122</u> |
| Total noncurrent assets | <u>1,427,337,742</u> | <u>43,415,559</u> | <u>-</u> | <u>1,470,753,301</u> | <u>13,250,122</u> |
| Total assets | <u>1,821,135,335</u> | <u>96,433,550</u> | <u>1,735,799</u> | <u>1,919,304,684</u> | <u>125,524,015</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | | | |
| Unamortized deferred refunding loss | 3,164,918 | 3,432 | - | 3,168,350 | - |
| Total deferred outflows | <u>3,164,918</u> | <u>3,432</u> | <u>-</u> | <u>3,168,350</u> | <u>-</u> |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable and accrued liabilities | 35,858,210 | 2,723,814 | 79,160 | 38,661,184 | 1,850,516 |
| Current portion of long-term debt and obligations | 28,244,752 | 3,748,679 | 48,903 | 32,042,334 | 21,037,501 |
| Due to other funds | 422,146 | 160,807 | 5,447 | 588,400 | - |
| Escrow deposits | 489,534 | 77,507 | - | 567,041 | - |
| Liabilities related to restricted assets | | | | | |
| Accounts payable and accrued liabilities | 5,581,433 | - | - | 5,581,433 | - |
| Unearned revenue | 39,398,485 | - | - | 39,398,485 | - |
| Total current liabilities | <u>109,994,560</u> | <u>6,710,807</u> | <u>133,510</u> | <u>116,838,877</u> | <u>22,888,017</u> |
| Noncurrent liabilities | | | | | |
| Unpaid insurance claims | - | - | - | - | 60,418,000 |
| Accrued liability for compensated absences | - | 17,569 | - | 17,569 | 691 |
| Accrued liability for other post-employment benefits | 33,553,726 | 8,063,517 | 564,074 | 42,181,317 | 7,190,191 |
| Estimated landfill closure and postclosure | - | 34,264,054 | - | 34,264,054 | - |
| Long-term debt | 453,786,042 | 26,120,045 | - | 479,906,087 | - |
| Unearned revenue | 929,524 | - | 356,493 | 1,286,017 | - |
| Total noncurrent liabilities | <u>488,269,292</u> | <u>68,465,185</u> | <u>920,567</u> | <u>557,655,044</u> | <u>67,608,882</u> |
| Total liabilities | <u>598,263,852</u> | <u>75,175,992</u> | <u>1,054,077</u> | <u>674,493,921</u> | <u>90,496,899</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 917,606,219 | 19,702,394 | - | 937,308,613 | 13,250,122 |
| Restricted for debt service | 279,611,526 | - | - | 279,611,526 | - |
| Restricted for other purposes | 17,468,096 | 2,080,994 | - | 19,549,090 | - |
| Unrestricted | 11,350,560 | (522,398) | 681,722 | 11,509,884 | 21,776,994 |
| Total net position | <u>\$ 1,226,036,401</u> | <u>\$ 21,260,990</u> | <u>\$ 681,722</u> | <u>\$ 1,247,979,113</u> | <u>\$ 35,027,116</u> |

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

Anne Arundel County, Maryland

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

Proprietary Funds

June 30, 2014

| | |
|---|--------------------------------|
| Net position as shown on Statement of Net Position - Proprietary Funds | \$ 1,247,979,113 |
| The allocation of the net deficit in the Internal Service Funds to various activities, funds, etc. as it relates to business-type activities. | <u>1,336,233</u> |
| Net position shown on government wide Statement of Net Position | \$ <u><u>1,249,315,346</u></u> |

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

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

Proprietary Funds

Year Ended June 30, 2014

| | Business-Type Activities - Enterprise Funds | | | | Governmental |
|--|---|----------------|---------------|------------------|---------------------------|
| | Major Funds | | Nonmajor Fund | | Activities |
| | Water and Wastewater | Solid Waste | Child Care | Totals | Internal Service Funds |
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 86,023,267 | \$ 46,149,105 | \$ 4,660,446 | \$ 136,832,818 | \$ 43,257,825 |
| Landfill charges | - | 3,984,278 | - | 3,984,278 | - |
| Medical premiums | - | - | - | - | 100,690,879 |
| Other revenues | 8,971,429 | 1,000,751 | 8,406 | 9,980,586 | 62,021 |
| Total operating revenues | 94,994,696 | 51,134,134 | 4,668,852 | 150,797,682 | 144,010,725 |
| OPERATING EXPENSES | | | | | |
| Personnel services | 34,639,556 | 7,839,626 | 3,414,846 | 45,894,028 | 6,860,318 |
| Contractual services | 29,005,674 | 33,358,772 | 253,727 | 62,618,173 | 2,171,090 |
| Supplies and materials | 6,955,163 | 2,354,400 | 439,780 | 9,749,343 | 169,672 |
| Business and travel | 114,485 | 22,425 | 47,414 | 184,324 | 24,556 |
| Cost of goods issued | - | - | - | - | 9,672,033 |
| Depreciation | 35,301,619 | 3,570,594 | - | 38,872,213 | 3,618,262 |
| Provision for claims and estimated losses | - | - | - | - | 110,098,338 |
| Landfill closure and postclosure costs | - | (232,487) | - | (232,487) | - |
| Other | 9,906,639 | 2,951,411 | 454,500 | 13,312,550 | 1,408,100 |
| Total operating expenses | 115,923,136 | 49,864,741 | 4,610,267 | 170,398,144 | 134,022,369 |
| Operating income (loss) | (20,928,440) | 1,269,393 | 58,585 | (19,600,462) | 9,988,356 |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment income | 1,048,887 | 111,637 | - | 1,160,524 | 2,081,053 |
| Interest earned on long-term receivables | 1,043,064 | - | - | 1,043,064 | - |
| Other revenues (expenses) | 2,089,741 | (150,586) | - | 1,939,155 | - |
| Interest expense | (7,690,787) | (860,890) | - | (8,551,677) | - |
| Gain (loss) on disposal of assets | 12,500 | (86,144) | - | (73,644) | - |
| Income (loss) before contributions and transfers | (24,425,035) | 283,410 | 58,585 | (24,083,040) | 12,069,409 |
| Capital contributions, fees, and grants | 87,886,666 | - | - | 87,886,666 | - |
| Inter fund transfers | - | (274,617) | - | (274,617) | (5,000,000) |
| Change in net position | 63,461,631 | 8,793 | 58,585 | 63,529,009 | 7,069,409 |
| Net position, July 1 (as restated) | 1,162,574,770 | 21,252,197 | 623,137 | 1,184,450,104 | 27,957,707 |
| Net position, June 30 | \$ 1,226,036,401 | \$ 21,260,990 | \$ 681,722 | \$ 1,247,979,113 | \$ 35,027,116 |

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

| | |
|---|---------------|
| Change in net position shown above | \$ 63,529,009 |
| 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. | 816,294 |
| Increase in net position as shown on the government-wide statement of activities | \$ 64,345,303 |

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

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2014

| | Business-Type Activities - Enterprise Funds | | | | Governmental |
|--|---|--------------------|----------------|-------------------|--------------------|
| | Major Funds | | Nonmajor Fund | Totals | Internal |
| | Water and Wastewater | Solid Waste | Child Care | | Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Cash received for services | \$ 94,971,335 | \$ 51,149,806 | \$ 4,715,392 | \$ 150,836,533 | \$ 140,697,617 |
| Cash received for expense reimbursement | - | - | - | - | 415,916 |
| Cash payments to suppliers for goods and services | (45,419,488) | (35,280,854) | (1,181,065) | (81,881,407) | (13,266,396) |
| Cash payments for insurance claims | - | - | - | - | (107,486,832) |
| Cash payments to employees for services | (30,714,028) | (6,907,507) | (3,299,824) | (40,921,359) | (6,002,629) |
| Contributions to other funds | - | (2,643,000) | - | (2,643,000) | - |
| Escrow deposits refunded | - | (240) | - | (240) | - |
| Other operating receipts | - | - | - | - | 55,588 |
| Other operating payments | - | - | - | - | (1,408,100) |
| Net cash provided by operating activities | <u>18,837,819</u> | <u>6,318,205</u> | <u>234,503</u> | <u>25,390,527</u> | <u>13,005,164</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 | - | (83,383) | - | (83,383) | - |
| Cash transfers between funds | - | (274,617) | - | (274,617) | (5,000,000) |
| Net cash used for noncapital financing activities | <u>-</u> | <u>(794,560)</u> | <u>-</u> | <u>(794,560)</u> | <u>(5,000,000)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Proceeds from sale of bonds and bond anticipation notes | 109,300,000 | 4,600,000 | - | 113,900,000 | - |
| Proceeds from grant funds | 13,302,209 | - | - | 13,302,209 | - |
| Proceeds from loan | 7,446,796 | - | - | 7,446,796 | - |
| Proceeds from developers' contributions | 240,105 | - | - | 240,105 | - |
| Refunds to developers | (270,107) | - | - | (270,107) | - |
| Assessments and connection charges | 46,020,610 | - | - | 46,020,610 | - |
| Environmental protection fees for capital assets | 23,314,211 | - | - | 23,314,211 | - |
| Escrow deposits | (14,384) | - | - | (14,384) | - |
| Payments of long-term debt | (24,779,439) | (1,701,010) | - | (26,480,449) | - |
| Payments of bond anticipation notes | (30,100,000) | - | - | (30,100,000) | - |
| Interest payments | (17,076,027) | (1,145,794) | - | (18,221,821) | - |
| Rebates, interest income and reimbursements | 1,469,825 | - | - | 1,469,825 | - |
| Acquisition and construction of capital assets | (95,853,050) | (3,125,133) | - | (98,978,183) | (3,297,038) |
| Premium on sale of bonds | 5,659,870 | - | - | 5,659,870 | - |
| Payment of capital related fees | (1,291,499) | - | - | (1,291,499) | - |
| Net cash (used for) capital and related financing activities | <u>37,369,120</u> | <u>(1,371,937)</u> | <u>-</u> | <u>35,997,183</u> | <u>(3,297,038)</u> |

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2014

| | Business-Type Activities - Enterprise Funds | | | | Governmental |
|---|---|----------------|---------------|-----------------|---------------------------|
| | Major Funds | | Nonmajor Fund | Totals | Activities |
| | Water and Wastewater | Solid Waste | Child Care | | Internal Service Funds |
| CASH FLOW FROM INVESTING ACTIVITIES: | | | | | |
| Purchase of investment securities | (716,356,755) | - | - | (716,356,755) | (58,277,358) |
| Sale of investment securities | 695,455,554 | - | - | 695,455,554 | 54,573,914 |
| Interest on investments | 70,020 | 111,637 | - | 181,657 | 2,100,712 |
| Net cash provided by (used for) investing activities | (20,831,181) | 111,637 | - | (20,719,544) | (1,602,732) |
| Net increase in cash and cash equivalents | 35,375,758 | 4,263,345 | 234,503 | 39,873,606 | 3,105,394 |
| Cash and temporary investments, July 1 | 72,130,353 | 47,794,192 | 1,422,255 | 121,346,800 | 23,207,711 |
| Cash and temporary investments, June 30 | \$ 107,506,111 | \$ 52,057,537 | \$ 1,656,758 | \$ 161,220,406 | \$ 26,313,105 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | \$ (20,928,440) | \$ 1,269,393 | \$ 58,585 | \$ (19,600,462) | \$ 9,988,356 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | | |
| Depreciation | 35,301,619 | 3,570,594 | - | 38,872,213 | 3,618,262 |
| Noncapital construction costs | 855,293 | - | - | 855,293 | - |
| Effect of changes in operating assets and liabilities: | | | | | |
| Accounts receivable | (24,201) | 15,672 | (54,960) | (63,489) | (4,901,927) |
| Prepaid expenses | 20,388 | - | - | 20,388 | 78 |
| Inventories | (380,404) | 399 | - | (380,005) | 94,753 |
| Accounts payable and accrued liabilities | (174,770) | 642,019 | 16,060 | 483,309 | (885,936) |
| Unearned revenue | - | - | 109,906 | 109,906 | - |
| Unpaid claims | - | - | - | - | 4,260,250 |
| Landfill closure and postclosure costs | - | (232,487) | - | (232,487) | - |
| Due to other funds | 327,039 | 133,411 | 2,489 | 462,939 | - |
| Escrow deposits | 841 | (240) | - | 601 | - |
| Accrued liability for compensated absences | 168,657 | 7,389 | 12,657 | 188,703 | 25,625 |
| Accrued liability for OPEB benefits | 3,671,797 | 912,055 | 89,766 | 4,673,618 | 805,703 |
| Net cash provided by operating activities | \$ 18,837,819 | \$ 6,318,205 | \$ 234,503 | \$ 25,390,527 | \$ 13,005,164 |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | | | | |
| Contributions of capital assets from developers | \$ 8,885,542 | \$ - | \$ - | \$ 8,885,542 | \$ - |
| Trade in of capital assets | 6,000 | 33,900 | - | 39,900 | - |
| Change in capital contributions, fees and grants; accruals and deferrals | (3,799,350) | - | - | (3,799,350) | - |
| Increase in fair value of investments | 236,860 | - | - | 236,860 | 871,600 |
| Amortization of refunding gains (losses) | (503,837) | 312 | - | (503,525) | - |
| | \$ 4,825,215 | \$ 34,212 | \$ - | \$ 4,859,427 | \$ 871,600 |

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

Anne Arundel County, Maryland

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2014

| | Pension Trust Funds (December 31, 2013) | Agency Funds |
|--|---|-------------------|
| ASSETS | | |
| Investments, at fair value: | | |
| Cash and temporary investments | \$ 82,319,243 | \$ 24,522,670 |
| U. S. government obligations | 11,627,857 | - |
| Corporate obligations | 138,593,007 | - |
| Domestic fixed income mutual funds | 86,416,264 | - |
| International fixed income mutual funds | 67,688,295 | - |
| Global asset pools | 248,118,011 | - |
| Domestic equity | 406,799,085 | - |
| International equity investment pools | 373,055,079 | - |
| Private markets | 98,803,528 | - |
| Portable Alpha | 1,746,181 | - |
| Real estate investment pools | 80,022,951 | - |
| Aetna insurance pooled fixed income | 28,116,467 | - |
| Total investments | <u>1,623,305,968</u> | <u>24,522,670</u> |
| Collateral from securities lending transactions | 52,847,194 | - |
| Receivables: | | |
| Employer contributions | 5,442,369 | - |
| Participant contributions | 867,132 | - |
| Accrued interest and dividends | 1,840,316 | - |
| Investment sales proceeds | 3,392,898 | - |
| Total receivables | <u>11,542,715</u> | <u>-</u> |
| Deposits on hand | 239,087 | - |
| Total assets | <u>1,687,934,964</u> | <u>24,522,670</u> |
| LIABILITIES | | |
| Accounts payable | 2,055,453 | - |
| Escrow and other deposits | - | 24,522,670 |
| Investment commitments payable | 17,711,989 | - |
| Obligation for collateral received under securities lending transactions | 52,847,194 | - |
| Total liabilities | <u>72,614,636</u> | <u>24,522,670</u> |
| Net position held in trust for pension benefits | <u>\$ 1,615,320,328</u> | <u>\$ -</u> |

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

Anne Arundel County, Maryland

Statement of Changes in Fiduciary Net Position

Pension Trust Funds

Year Ended June 30, 2014

| | Pension Trust Funds (December 31, 2013) |
|---|---|
| ADDITIONS | |
| Contributions: | |
| Employer | \$ 61,860,144 |
| Participant | 10,760,880 |
| Total contributions | <u>72,621,024</u> |
| Investment income: | |
| Net appreciation in fair value of investments | 113,940,340 |
| Interest income | 17,525,814 |
| Dividend income | 24,247,825 |
| Total investment income | <u>155,713,979</u> |
| Less investment expense | <u>(9,431,617)</u> |
| Net income from investing activities | <u>146,282,362</u> |
| Securities lending activities: | |
| Securities lending income | <u>233,178</u> |
| Securities lending expenses: | |
| Borrower rebates | 17,662 |
| Management fees | 64,687 |
| Securities lending expense | <u>82,349</u> |
| Securities lending net income | <u>150,829</u> |
| Total net investment income | <u>146,433,191</u> |
| Total additions | <u>219,054,215</u> |
| DEDUCTIONS | |
| Participant benefit payments and refunds | 90,931,770 |
| Administrative expenses | 2,143,787 |
| Total deductions | <u>93,075,557</u> |
| Net increase | 125,978,658 |
| Net position, beginning of year | <u>1,489,341,670</u> |
| Net position, end of year | <u>\$ 1,615,320,328</u> |

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

1 Summary of Significant Accounting Policies

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

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

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

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

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

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

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

Anne Arundel Community College
101 College Parkway
Arnold, MD 21012

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

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

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

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

Government-Wide Financial Statements

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

The government-wide statements present governmental activities, which are supported primarily by taxes and intergovernmental revenues, separately from business-type activities, which are funded primarily by user fees. In addition, the primary government's activity is presented separately from its discretely presented component units. The government-wide statements do not include the net position 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 Position as "Internal balances." In addition, transactions between these activities and the internal service funds, which primarily serve the primary government, have been eliminated. Certain residual assets, liabilities, and net positions of the internal service funds have been added to governmental activities. In addition, transactions between the internal service funds and component units or other non-County agencies have been included in governmental activities.

Fund Financial Statements

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

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

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

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 Capital Project Fund** – This capital projects fund accounts for impact fees collected from developers to pay a share of the cost of additional school capacity, road improvements, and public safety facilities necessitated by the development.
- **General County Capital Projects Fund** – This fund accounts for all financial resources that are received and used for the acquisition or development of major capital improvements. Resources received are applied in the following order: bonds, dedicated revenues such as developer contributions, pay-as-you-go, and grants.

Proprietary fund financial statements - The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are

recognized when a liability is incurred, regardless of the timing of cash flows. These funds account for County services that operate as self-supporting activities. Those who benefit from these services bear the cost through the payment of user fees. The proprietary fund financial statements separately present the following major enterprise funds:

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

The proprietary fund statements also include a column that presents totals for internal service funds. These funds operate as self-supporting activities that primarily serve the primary government and its component units. The internal service funds of the County are:

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

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

- **Pension Trust Fund** – 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 Fund is reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. These plans accumulate employer and employee contributions and invest these funds to provide guaranteed pension benefits after retirement. Employer contributions are based on actuarial recommendations.
- **Agency Funds** – This column includes the balances of assets and liabilities maintained in the primary government's agency funds. Since agency funds report only assets and liabilities, these funds do not use a measurement focus. Transactions in these funds are recorded using the accrual basis of accounting. These funds account for deposits that are collected and held on behalf of individuals, organizations, or other governments. These monies include: escrow deposits for developer subdivisions, sediment control, tax sale, and other miscellaneous purposes; monies held in trust on behalf of the Special Tax and Assessment Districts; and taxes collected for other governments.

Budgetary Statements

The basic financial statements include a Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the General Fund. This statement is prepared using the budgetary basis of accounting in which revenues are recognized when earned and available. This non-GAAP basis of accounting recognizes that the County's budget is adopted in accordance with legal requirements regarding appropriation authority and the certification of the availability of funds to support those appropriations. Pursuant to the County Charter, the capital and operating budgets are presented by the County Executive to the County Council by May 1st.

The County Council holds public hearings regarding the budget. The Annual Budget and Appropriation Ordinance must be approved by June 15th (prior to the start of the next fiscal year on July 1st) and provides the spending authority at the department level for the operations of the County. Unexpended or unencumbered appropriations in the operating budget expire at year-end. The County also recognizes revenue collected within ninety days of the end of the fiscal year as available for the prior year's appropriation, except for property taxes, which must be collected within sixty days and grant revenue when the County Controller has determined that sufficient documentation exists to support that revenues not yet collected within ninety days of the end of the year are available to support appropriations in that fiscal year. Budgetary expenditures are recognized when encumbered or when goods or services are received. All major capital project funds have legally adopted budgets and unspent appropriations at year-end carry forward to the subsequent year. All nonmajor governmental funds have legally adopted budgets except the Storm Drain Fees Fund, Energy Revolving Loan Fund, and the Recreation Land Fees Fund, which are expended through the Capital Projects Fund. Additional Budgetary information can be found at www.aacounty.org/Budget/FY2014.

Combining and Other Supplementary Schedules

For all columns in the basic financial statements that accumulate the data for nonmajor funds or component units, the County has provided combining statements that present the individual funds included in these nonmajor categories. In addition, budgetary statements of revenue and expenditures for all primary government funds for which budgets are adopted have been provided. Separate financial statements for the Library, a nonmajor component unit, are also presented because the Library does not issue separate financial statements.

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

Investments are recorded at fair value. Available cash from the primary government and Library is pooled in the General Fund and invested in money market or other investments. To facilitate the pooling, cash belonging to other funds is transferred to and from the General Fund. On the Statement of Cash Flows for the proprietary funds, cash and cash equivalents include bank deposits and liquid investments readily convertible to cash.

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

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

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

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 position for the fiscal year.

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

F Capital Assets – Capital assets of the primary government are recorded in the applicable governmental or business-type activities columns on the government-wide Statements of Net Position. These asset balances include all constructed, purchased, or developer-donated public domain infrastructure (roads, bridges, and similar items). Infrastructure with an individual value of \$50,000 or more, intangible assets and software with an individual value of \$50,000 or more, Library books are recorded at cost, and other assets with an individual value of \$5,000 or more are capitalized. Capitalized interest is calculated on certain assets that are construction in progress. Once the asset is complete the cost of capitalization is amortized over the life of the completed asset. Capital assets are valued at historical cost or estimated historical cost. Donated assets are valued at the estimated fair value on the date donated. Land and easements, and historical property and works of art are assets that are not being depreciated. Depreciable assets are depreciated on a straight-line basis over the respective useful lives. The estimated useful lives of the capital assets are determined by the category. They are listed as follows:

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

G Deferred Outflows and Deferred Outflow of Resources –A deferred outflow of resources represents the consumption of net position that applies to a future period and so will not be recognized as an outflow of the resources (expenditure) until the future period. At June 30, 2014, the County had deferred outflows of \$9,001,898 representing unamortized deferred refunding losses. A deferred inflow represents an acquisition of net position that applies to a future reporting period and will not be recognized as an inflow of resources (revenue) until that time. For government-mandated and voluntary non-exchange transactions, a deferred inflow is reported when resources are received before time requirements are met. At June 30, 2014, the County had deferred inflows of resources of \$89,672,936 million representing unavailable tax revenues and unavailable grant revenues.

Deferred outflows of resources are presented below the total assets on the government wide, proprietary, and governmental statements. They are for the consumption of net assets that are applicable to future reporting periods. Deferred inflows of resources are presented below the total liabilities on the government wide, proprietary, and governmental statements. They are related to acquisition of net assets that are applicable to a future reporting period.

H Operating and Nonoperating Revenues and Expenses and Capital Contributions – The Statement of Revenues, Expenses, and Changes in Fund Net Position for proprietary funds categorizes revenue sources into operating, nonoperating, and capital contributions. Operating revenues include charges for water, wastewater, landfill usage, child care and other revenue used to fund the ongoing provision of water and wastewater, waste collection, and child care services to citizens. The statement also presents combined totals for the internal service funds. These funds collect charges from other funds and component units for insurance and the primary government’s motor pool maintenance and replacement. Nonoperating revenues include all other sources, such as interest earned and other revenue. Capital contributions include developer-contributed assets and grants, capital connection fees, capital facility assessments, and front foot benefit fees restricted for the construction of capital assets or the payment of debt issued for capital construction.

Operating expenses in the proprietary funds include the costs of operating the County's water and wastewater system, waste collection activities, and school-based child care services. Expenses consist of personnel and non-personnel services, cost of goods issued, depreciation, landfill closure and post-closure costs, indirect costs, and other miscellaneous allocated expenses. Nonoperating expenses include interest on debt and other miscellaneous expenses.

I Bond premiums and refunding gain or loss – The primary government typically receives premiums as a result of the sale of general obligation bonds. The treatment of the premiums differs depending on the basis of accounting used on the related statements. Premiums earned on debt in governmental activities are recognized as revenue in the year of the bond sale on the fund statement, amortized over the life of the bonds on the government-wide presentation, and applied against the purchase of capital assets in the subsequent fiscal years on the budgetary statement. Premiums earned on the bonds in business-type activities are amortized over the life of the bonds on the fund level and government-wide presentations, recorded as premium revenue on budgetary statements and then applied against the purchase of capital assets in the subsequent fiscal years. The refunding gain or loss is applied against the shorter life of the old debt or the new debt.

J Capitalized interest – The primary government's Statements of Net Position for business-type activities includes capitalized interest. Management estimates the fiscal year interest expensed on debt used for the construction of capital assets. This interest is added to the value of the capital assets and is depreciated over the life of the related water and sewer lines, structures, and solid waste capital assets for bond-funded projects.

K Indirect costs – Administrative costs of the primary government are generally included in the general government function on the government-wide Statement of Activities and the fund financial statements. However, some allocations of administrative costs are made through an indirect cost allocation plan, resulting in charges to the proprietary funds, Pension Trust Fund, and General County Capital Projects Fund. These allocated costs are included in the functional expenses of these other funds.

L Encumbrances – The governmental funds utilize encumbrance accounting under which purchase orders, contracts, and other commitments are recorded in order to reserve budget appropriations for that purpose. Open encumbrances at fiscal year-end are shown as part of the restricted, committed or assigned fund balance in the governmental fund statements and are recorded as expenditures on the budgetary statements. Encumbrances as of June 30, 2014 totaled \$43,389,596 in the governmental fund types, of which \$31,829,810 is for construction activity. The proprietary funds utilize encumbrance accounting for budgetary purposes. As of June 30, 2014, the proprietary funds had encumbrances totaling \$142,254,804, of which \$136,444,435 is for construction activity.

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

- **Non-spendable:** This classification includes amounts that cannot be spent because they either (a) are not in spendable form or (b) are legally or contractually required to be maintained intact. The County has classified inventories, and prepaid items as non-spendable.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The following fund balances are classified as restricted:
 - **Reserve for retiree health benefits:** restricted by the County Charter, Section 718 for the payment of health benefits for retirees and their spouses, dependents, and survivors.
 - **Base realignment and closure (BRAC):** restricted by the Annotated Code of Maryland, Section 5-1306 for the revitalization and incentive programs in the BRAC area.
 - **Video lottery local impact aid:** restricted by the Annotated Code of Maryland, State Government

- Article, Section 9-1A-31(b) for improvements and facilities in the vicinity of the video lottery facility.
- **Impact fees:** restricted by the Annotated Code of Maryland, Local Government Article, Section 20-701 for expanded infrastructure required to accommodate new development.
 - **Forfeiture and asset seizure team:** restricted by federal regulations for law enforcement activities.
 - **Roads and special benefits:** restricted by the Annotated Code of Maryland, Local Government Article, Section 10-314 for the improvements and benefits within designated districts.
 - **Reforestation:** restricted by the Annotated Code of Maryland, Natural Resources Article, Section 5-1610 for the reforestation of properties in the County.
 - **Laurel racetrack community benefit:** restricted by the Annotated Code of Maryland, Business Regulation Article, Section 11-404 for certain services and facilities in the vicinity of the Laurel racetrack.
 - **Grants:** restricted by various state and federal laws, regulations and grant agreements that specify how funds may be spent.
 - **Circuit court:** restricted by the Annotated Code of Maryland, Court and Judicial Proceeding Article, Section 7-204 for Circuit Court operations.
 - **Erosion districts:** restricted by the Annotated Code of Maryland, Local Government Article, Section 21-306 for erosion control projects and related loans in designated districts.
 - **Bond premium:** restricted by the County Charter, Section 720(b) for capital improvements financed with the proceeds of the bonds that generated the premiums.
 - **Watershed protection and restoration:** restricted by the Annotated Code of Maryland, Environmental Article, Section 4-202.1(h) (4) for stormwater management and projects.
 - **Debt Service:** is restricted through debt covenants.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision making authority through the passing of ordinances. These amounts cannot be used for any other purpose unless the County Council removes or changes the ordinance that was employed when the funds were initially committed. The Installment Purchase Agreement Fund is committed for the purchase of agricultural and woodland preservation programs. Street Lights Capital Project Fund, Energy Revolving Loan Fund, Recreation Land Fees Fund, and Storm Drain Fees Fund are committed based on legislation in the County code.
 - **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. The policy to assign funds is established through the Annual Budget and Appropriation Ordinance each year which is approved by both the County Council and the County Executive. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The General County Capital Projects are assigned for the repair and replacement of equipment.
 - **Unassigned:** This classification includes the residual fund balance for the General Fund. The Grants Fund and Arundel Community Development Service Fund have negative unassigned fund balance which represents the timing difference between the grant expenditures and payments received for the reimbursable grants.

The County typically uses restricted resources first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

N **Compensated absences** - The primary government's Statements of Net Position include an accrual for compensated absences. This accrual is an estimate of unused annual leave as of June 30, 2014. The annual leave accrual is calculated using unused annual leave hours as of June 30, 2014 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.

Compensated absences are liquidated within the following governmental funds: the General Fund and Reforestation Fund. They are also liquidated in the following internal service and enterprise funds: Self Insurance, Central Garage and Transportation, Water and Wastewater, Solid Waste and Child Care.

O **New GASB Pronouncements** - In fiscal year ended June 30, 2014 the County implemented the following GASB pronouncements:

- GASB Statement No. 65, entitled Items Previously Reported as Assets and Liabilities. The statement establishes accounting and financial reporting standards that reclassify certain items previously reported as assets or liabilities as deferred outflow of resources or deferred inflow of resources. The effect of this Statement was to update the presentation of the Statements of Net Position and to restate the beginning net position by expensing costs of issuances that were previously were amortized over the life of the debt issued.
- GASB Statement No. 66, entitled Technical Corrections 2012 – an amendment of GASB Statements No. 10, and No. 62. The adoption of this standard did not have a material impact on the County's financial statements.
- Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, effective June 30, 2014. The adoption of this standard did not have an impact on the County's financial statements.

The following pronouncements will be evaluated for future implementation: Statement No. 67, entitled Financial Reporting for Pension Plans, effective for plan year beginning after June 15, 2013; Statement No. 68, entitled Accounting, Financial Reporting for Pensions, effective June 30, 2015; and Statement No. 69, Government Combinations and Disposals of Government Operations, effective June 30, 2015.

P **Prior Period Adjustments** - As a result of implementing GASB Statement No. 65, entitled Items Previously Reported as Assets and Liabilities, certain statement's beginning net positions have been restated as of July 1, 2013. These restatements resulted from expensing prior year costs of bond issuances that previously were amortized over the life of the bonds issued. The Governmental Activities beginning net position decreased by \$5,743,093, and the Business-type activities and the Water and Wastewater Fund decreased by \$2,247,025 for the cost of issuances adjustment.

The net positions of the Business-type activities and Water and Wastewater Fund of the County, as of July 1, 2013, have been restated to correct errors in accounting for capital contributions, fees, and grants. The effect of the restatement was to increase net position for both the Business-type activities and Water and Wastewater Fund in the amount of \$7,907,916 related to the timing of revenue recognition for certain capital grants. The total restatement for grants revenue and the write off of cost of issuances increased the beginning net positions by \$5,660,891. A summary of the restatement is presented as follows:

| | <u>Governamental Activities</u> | <u>Business-type Activites</u> | <u>Water and Wastewater Fund</u> |
|---|-------------------------------------|------------------------------------|--------------------------------------|
| Net Position, June 30, 2013 | \$ (950,442) | \$ 1,179,309,152 | \$ 1,156,913,879 |
| Cost of issuances | (5,743,093) | (2,247,025) | (2,247,025) |
| Capital grant revenue | | <u>7,907,916</u> | <u>7,907,916</u> |
| Net Position, July 1, 2013 (as restated) | <u>\$ (6,693,535)</u> | <u>\$ 1,184,970,043</u> | <u>\$ 1,162,574,770</u> |

The Board of Education component unit statements have also been restated to increase net position as of July 1, 2013 in the amount of \$1,805,617 to reflect the recognition of full accrual accounting of insurance claim cost.

Q Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the related notes. Actual results could differ from those estimates.

2 Budgetary Information

Expenditures and encumbrances of funds may not exceed legally adopted appropriations. The appropriations are established by the County Council in the Annual Budget and Appropriation Ordinance. During the fiscal year, the County Council may adopt supplemental budgetary appropriation ordinances that increase appropriations from revenue not anticipated in the budget or in excess of that anticipated in the budget. The County Executive has the authority to approve intra-department transfers within a fund. Transfers of appropriations from one department to another or from one capital project to another require the County Council's approval by ordinance. The legal level of budgetary control is by fund and agency for the operating funds, at the project level for capital projects, and at the district level for Roads and Special Community Benefit Districts, Shore Erosion Control Districts, and Waterway Improvement Special Taxing Districts. All unexpended, unencumbered appropriations lapse at year-end, except appropriations for capital projects. The County adopts budgets for all funds, except for the Library Dedicated Revenue Fund and the capital project funds for Storm Drain Fees, Energy Revolving Loan and Recreation Land Fees. These projects are funding sources for General County Capital projects. Appropriations in the grant funds may be increased without a separate ordinance if the conditions in the code are met.

A Excess Expenditures over Appropriation Limits – Expenditures for Workforce Development, the County Parking Garage, and Library exceeded budgeted appropriations by \$148,106, \$12,889 and \$363,160, respectively. In the General Fund at a department level, Chief Administrative Officer was over budget by \$262,501 and the State's Attorney Office was over budget by \$51,537. The Community College expenditures exceeded budgeted appropriations by \$107,558. Franklin Manor Erosion Control District expenditures exceeded appropriations by \$19,300. Homewood Special Community Benefit District exceeded appropriations by \$13.

B Fund Deficits - The Grants Fund has a negative fund balance in the amount of (\$2,194,339) as a result of funds expended in the current fiscal year that were not reimbursed by the grantor within 90 days of the fiscal year end. The Library a discretely presented component unit has negative fund balances of (\$6,224,467) as a result of unfunded liabilities for other postemployment benefits.

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

| | |
|--|----------------------------|
| Revenue (under) over expenditures - budgetary basis | \$ (28,668,268) |
| Net effect of encumbrances | (1,801,047) |
| Change in due to Central Garage Fund | (2,462,432) |
| Change in due from Self Insurance Fund | 20,965 |
| Change in revenue reserve allocation | 21,183,117 |
| Change in other post employment benefits allocation | 15,047,469 |
| Health Department encumbrance adjustment | 175,006 |
| Effects of Inmate Benefit Fund & Parking Garage Fund | 13,265 |
| Net inventory change | 225,742 |
| Change in fund balance - modified accrual basis | <u><u>\$ 3,733,817</u></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 in the following: repurchase agreements that are fully collateralized by direct U.S. Government obligations and U.S. Government agency and instrumentality obligations, including fixed rate Mortgage-Backed Securities; Bankers’ Acceptances; mutual funds that are registered with the Securities and Exchange Commission (SEC) under the Investment Company Act of 1940 (the Act), are operating in accordance with Rule 2A-7 of the Act, and have received the highest possible rating from at least one Nationally Recognized Statistical Rating Organization as designated by the SEC; Certificates of Deposit; and Commercial Paper. In addition, the primary government can participate in the local government investment pool authorized and maintained by the State of Maryland. The fair value of the position in the pool is the same as the number of the shares held. Finally, the primary government is authorized to invest bond proceeds that are subject to arbitrage rebate requirements in State and local government obligations.

Pooled cash is primarily used to purchase short-term investments. Policy requires that for repurchase agreement investments made by the County, the initial collateral securities underlying repurchase agreement investments have a market value of at least 102% of the cost of the repurchase agreement. The collateral is in the County’s name and held by an independent third party or at the Federal Reserve. When the collateral falls under 101% or is \$100,000 less than the 102%, additional collateral is required to bring the total to the required level.

The Retirement System is authorized to invest in U.S. Government securities, insurance company general accounts, commercial paper, money market mutual funds, corporate bonds, common and international stocks, limited partnerships, absolute return funds, private equity, mortgage participations, and real estate. The Retirement System lends its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Retirement System’s custodian lends securities for collateral in the form of cash or other securities in an amount equal to 102% for domestic securities and 105% for international securities of the market value of the securities loaned.

Either the Retirement System or the borrower may terminate security loans on demand, although the average term of the loans is one week. Cash collateral is invested in the lending agent’s money market mutual fund, which had a weighted average duration of 36 days at December 31, 2013, the year-end for the Retirement System. Because the loans were terminable at will, the loans’ duration did not generally match the durations of the investments made with cash collateral. The Retirement System cannot pledge or sell collateral securities received unless the borrower defaults.

B Balances and Custodial Credit Risk – As of June 30, 2014, the carrying amount of the primary government’s bank deposits was \$8,560,968 bank balances were \$17,337,969. All bank balances were fully secured or collateralized by Federal Deposit Insurance Corporation.

Cash balances of the Board of Education are fully secured by Federal Deposit Insurance Corporation and by collateral held in the Board's name at the Federal Reserve Bank of Richmond. Deposits for Anne Arundel Community College are secured and properly protected. The cash balances of the other nonmajor component units are insured or collateralized except \$574,683, which is neither insured nor collateralized.

Custodial credit risk is the risk that the primary government will not be able to recover deposits in the event of the failure of a depository financial institution or will not be able to recover collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the primary government, and are held by either a counterparty or the counterparty's trust department or agent, but not in the primary government's name. The primary government's Investment Policy requires that the Controller maintain a list of financial institutions authorized to provide investment services, including custodial services and collateral requirements. Internal procedures establish the methods for evaluating eligible institutions. Custodial credit risk for deposits is not addressed in the policy.

C Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The fair market value of fixed income (debt) securities is affected by increases and declines in interest rates. These investments may also have embedded call features allowing the issuer to redeem part or all of the issue prior to maturity at a pre-set price. In addition, debt issues may have interest rates that vary according to a predetermined external index (such as the London Inter-Bank Offered Rate) or a predetermined step-up in the interest rate at a predetermined date(s). The primary government's Investment Policy does not specifically address interest rate risk. However, term limits are established for certain investments to minimize interest rate risk. The Retirement System's Investment Policy Statement (IPS) sets limits on floating rates for mortgage backed securities and establishes limits on the average duration of some investment types.

The table that follows uses the *Segmented Time Distribution* method to display debt investments by maturity for the primary government and the component units by term and investment type. Market values for issues within the primary government's agency/instrumentalities category include \$107,962,429 of callable issues and \$3,892,360 for issues that have both callable and variable rate features. The component units' issues have no variable rate securities.

| Investment Type | Fair Value | Investment Maturities (in years) | | | |
|---------------------------------------|-----------------------|----------------------------------|----------------------|----------------------|---------------------|
| | | Less than 1 | 1 to 5 | 6 to 10 | over 10 |
| Primary Government | | | | | |
| U.S. Government securities | \$ 50,986,032 | \$ 42,852,297 | \$ - | \$ - | \$ 8,133,735 |
| Agency / instrumentalities | 565,403,226 | 465,357,177 | 35,485,778 | 64,560,271 | - |
| Money market pools | 161,098,900 | 161,098,900 | - | - | - |
| Commercial Paper | 51,821,043 | 51,821,043 | - | - | - |
| Tax exempt municipals bonds | 43,202,628 | 10,513,953 | 32,688,675 | - | - |
| | <u>\$ 872,511,829</u> | <u>\$ 731,643,370</u> | <u>\$ 68,174,453</u> | <u>\$ 64,560,271</u> | <u>\$ 8,133,735</u> |
| Board of Education | | | | | |
| Money market pools | 143,702,997 | 143,702,997 | - | - | - |
| | <u>143,702,997</u> | <u>143,702,997</u> | | | |
| Community College | | | | | |
| Money market pools | 5,815,349 | 5,815,349 | - | - | - |
| Bond mutual funds | 2,290,608 | 2,290,608 | - | - | - |
| | <u>8,105,957</u> | <u>8,105,957</u> | | | |
| Other nonmajor component units | | | | | |
| Money market pools | 3,809 | 3,809 | - | - | - |
| | <u>3,809</u> | <u>3,809</u> | | | |

The following table uses *Segmented Time Distribution* to display the Retirement System's debt holdings by maturity term and investment type as of December 31, 2013. 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 \$8,809,821 as of December 31, 2013.

The following 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 \$70,943,684 with call dates ranging from January 1, 2014 for continuously callable issues to August 1, 2043. Stated call prices are generally at par. The callable holdings include issues with floating interest rates which have market value of \$7,673,214.

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investment Maturities (in years)</u> | | | |
|---------------------------------|-----------------------|---|-----------------------|----------------------|----------------------|
| | | <u>Less than 1 year</u> | <u>1 to 5</u> | <u>6 to 10</u> | <u>over 10</u> |
| U.S. Treasuries | \$ 11,627,857 | \$ - | \$ 4,679,444 | \$ 2,309,903 | \$ 4,638,510 |
| Agency/Instrumentalities | 32,537,206 | 9,176,881 | 975,638 | - | 22,384,687 |
| Corporate Bonds | 89,649,651 | 546,661 | 35,256,622 | 47,482,167 | 6,364,201 |
| Bond Mutual Funds | 154,104,559 | - | 152,157,413 | 1,947,146 | - |
| Collateralized Mrtg Obligations | 3,840,669 | - | 49,546 | 277,696 | 3,513,427 |
| Other Asset-Backed Securities | 4,116,211 | - | 379,861 | 75,853 | 3,660,497 |
| Foreign and Yankee Bonds | 8,449,272 | 326,710 | 4,516,439 | 2,528,993 | 1,077,130 |
| Totals | \$ 304,325,425 | \$ 10,050,252 | \$ 198,014,963 | \$ 54,621,758 | \$ 41,638,452 |

D Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Debt securities are rated by Nationally Recognized Statistical Rating Organizations to provide purchasers with an opinion of the capability and willingness of a borrower to repay its debt. The primary government’s Investment Policy does not address credit risk. The following table displays the County’s debt holdings and quality ratings from Standard & Poor’s and Moody’s with the highest rating in each asset type listed first. Ratings for the component units and Retirement System are listed separately.

| <u>Investment Issuer or Type</u> | <u>S&P</u> | <u>Moody's</u> | <u>%</u> | <u>Investment Type</u> | <u>S&P</u> | <u>Moody's</u> | <u>%</u> |
|----------------------------------|----------------|----------------|---------------|------------------------|----------------|----------------|---------------|
| <u>Primary Government</u> | | | | | | | |
| Federal Home Loan Bank | AA | Aaa | 23.36 | Money market pool | NR | NR | 1.01 |
| Federal Home Loan Mortgage | AA | Aaa | 26.15 | Tax Exempt Municipal | AAA | Aaa | 3.13 |
| Federal Nat'l. Mortgage Assoc. | AA | Aaa | 5.43 | Tax Exempt Municipal | AA | Aaa | 0.29 |
| Federal Farm Credit | AA | Aaa | 3.15 | Tax Exempt Municipal | AA | Aa | 1.09 |
| Farmer Mac | NR | NR | 10.74 | Tax Exempt Municipal | AAA | NR | 0.34 |
| Commercial Paper | A-1 | P-1 | 6.31 | Tax Exempt Municipal | A | NR | 0.14 |
| Money market pool | AAAm | Aaa | 6.47 | Tax Exempt Municipal | NR | Aaa | 0.26 |
| Money market pool | AAAm | NR | 12.13 | | | | <u>100.00</u> |
| <u>Board of Education</u> | | | | | | | |
| Money market pool | AAAm | NR | <u>100.00</u> | | | | <u>100.00</u> |
| <u>Community College</u> | | | | | | | |
| Money market pool | AAAm | NR | 71.70 | Bond Mutual Funds | NR | NR | <u>28.30</u> |
| | | | | | | | <u>100.00</u> |
| <u>Nonmajor component units</u> | | | | | | | |
| Money Market pool | AAAm | N/R | <u>100.00</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, 2013 are displayed next. Calculations are based on \$403,133,276 of fixed income excluding U.S. Treasuries.

| <u>Investment Type</u> | <u>S&P</u> | <u>Moody's</u> | <u>%</u> | <u>Investment Type</u> | <u>S&P</u> | <u>Moody's</u> | <u>%</u> |
|-----------------------------|----------------|----------------|----------|-----------------------------|----------------|----------------|---------------|
| Agency/Instrumentalities | AA | Aaa | 8.07 | | | | |
| Collateralized Mort. Oblig. | AA | Aa | 0.03 | Yankee & Foreign Gov | AA | Aa | 0.17 |
| " | AA | Baa | 0.07 | Issued Debt | A | A | 0.36 |
| " | A | Baa | 0.02 | " | A | Baa | 0.02 |
| " | A | B | 0.03 | " | BBB | Baa | 0.75 |
| " | BBB | A | 0.04 | " | BB | Baa | 0.04 |
| " | BBB | Baa | 0.04 | " | BB | Ba | 0.49 |
| " | BBB | B | 0.03 | " | BB | NR | 0.15 |
| " | BBB | NR | 0.02 | " | NR | Baa | 0.05 |
| " | BB | A | 0.02 | " | NR | NR | 0.06 |
| " | CCC | Caa | 0.32 | Corporate Bonds | AA | Aa | 0.16 |
| " | CCC | C | 0.07 | " | AA | A | 0.29 |
| " | D | Caa | 0.07 | " | A | A | 0.85 |
| " | NR | Aaa | 0.06 | " | A | Baa | 0.89 |
| " | NR | A | 0.01 | " | BBB | A | 0.07 |
| " | NR | Ba | 0.02 | " | BBB | Baa | 1.73 |
| " | NR | NR | 0.10 | " | BBB | Ba | 0.23 |
| Other Asset-backed | AAA | Aaa | 0.17 | " | BB | Baa | 0.21 |
| Obligations | AAA | NR | 0.03 | " | BB | Ba | 2.64 |
| " | AA | Baa | 0.03 | " | BB | B | 2.77 |
| " | AA | NR | 0.06 | " | B | Ba | 0.39 |
| " | A | Baa | 0.02 | " | B | B | 8.87 |
| " | BBB | B | 0.06 | " | B | Caa | 1.35 |
| " | B | B | 0.08 | " | B | NR | 0.31 |
| " | B | Caa | 0.06 | " | CCC | B | 1.20 |
| " | CCC | A | 0.02 | " | NR | Caa | 0.05 |
| " | CCC | Baa | 0.02 | " | NR | NR | 0.24 |
| " | CCC | Caa | 0.17 | Guaranteed Invest Contracts | NR | NR | 6.97 |
| " | CCC | Ca | 0.06 | Mutual Funds | NR | NR | 38.23 |
| " | CCC | NR | 0.05 | Short Term Investment Pool | NR | NR | 20.41 |
| " | CC | Caa | 0.10 | | | | <u>100.00</u> |
| " | D | Ca | 0.05 | | | | |
| " | NR | C | 0.05 | | | | |

E Concentration Risk - Concentration risk is the risk of loss attributed to the magnitude of the government's investment in a single issuer. As of June 30, 2014, Federal Home Loan Mortgage Bank represented 26.1% of the primary government's investments, Federal Home Loan Bank was 23.4%, Federal Agricultural Mortgage Corp was 10.7%, and Federal National Mortgage Association represented 5.4%. Exposure to all other issuers was less than 5% each, excluding investment pools. The primary government's Investment Policy requires diversification of investments by security type and institution. Issuer limits are not addressed. There was no investment greater than 5% for the Board of Education or the Community College excluding pools. The Retirement System's IPS sets maximum concentration limits by asset type and manager style. As of December 31, 2013, there was no exposure to a single issuer greater than 5% of the Retirement System's plan net assets, excluding investment pools.

F Foreign Currency Risk - This risk relates to the potential, unfavorable fluctuation of exchange rates compared with the U.S. Dollar. Neither the primary government nor its component units had exposure to foreign

currency as of June 30, 2014. The Retirement System recognizes the value of global diversification and retains six managers for global and international equity and fixed income investments. Global and international managers may also purchase or sell currency on a spot basis and may enter into forward exchange contracts on currency provided that the use of such contracts is designed to dampen portfolio volatility or to facilitate the settlement of securities transactions.

As of December 31, 2013, the Retirement System had no direct exposure to fixed income foreign currency. International/global equities and fixed income assets totaled \$688,861,385 in fair market value, managed in pooled funds as of December 31, 2013.

4 **Receivables**

A ***Property Taxes Receivable*** - The County's property tax is levied each July 1st based on values assessed and certified by the Maryland State Department of Assessments as of that date. Liens are placed on property at that time. A revaluation of each property is required to be completed every three years. For owner-occupied residential property, owners can choose to pay one payment due September 30th or two installments due on September 30th and December 31st. Property taxes are due from all other taxpayers on September 30th. Once the due date has passed, 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 Water and Wastewater Fund consisting of front foot benefit assessments, capital facility connection fees, and interest charges that varies from 1.6% to 8.0%. These receivables are collected over five to thirty years. The balance as of June 30, 2014 is \$43,110,117.

5 **Capital Assets**

The components of capital assets, changes in asset categories, and accumulated depreciation for the fiscal year ended June 30, 2014 are presented as follows.

Anne Arundel County, Maryland
Notes to the Financial Statements

| Category | Balance June 30, 2013 | Increases | Decreases | Balance June 30, 2014 |
|--|--------------------------|-----------------------|------------------------|--------------------------|
| Governmental activities: | | | | |
| <i>Capital assets not being depreciated:</i> | | | | |
| Land and easements | \$ 205,784,127 | \$ 2,027,941 | \$ - | \$ 207,812,068 |
| Historical property/works of art | 4,166,465 | - | - | 4,166,465 |
| Construction in progress | 201,267,222 | 50,551,720 | (56,961,762) | 194,857,180 |
| Total assets not depreciated | <u>411,217,814</u> | <u>52,579,661</u> | <u>(56,961,762)</u> | <u>406,835,713</u> |
| <i>Capital assets being depreciated:</i> | | | | |
| Land improvements | 210,900,983 | 2,802,728 | - | 213,703,711 |
| Buildings | 310,845,679 | - | - | 310,845,679 |
| Roads and bridges | 362,701,374 | 11,172,849 | (9,020,246) | 364,853,977 |
| Sidewalks, curbs, and gutters | 44,415,109 | 1,874,926 | (484,538) | 45,805,497 |
| Storm drains and culverts | 300,093,855 | 13,445,617 | (266,352) | 313,273,120 |
| Automobiles and rolling stock | 82,482,825 | 7,537,719 | (570,950) | 89,449,594 |
| Furniture, fixtures, and equipment | 77,684,627 | 16,708,231 | (1,983,601) | 92,409,257 |
| Software | 21,943,499 | 159,325 | (347,004) | 21,755,820 |
| Total assets depreciated | <u>1,411,067,951</u> | <u>53,701,395</u> | <u>(12,672,691)</u> | <u>1,452,096,655</u> |
| <i>Less accumulated depreciation for:</i> | | | | |
| Land improvements | (81,439,826) | (6,648,036) | - | (88,087,862) |
| Buildings | (104,971,146) | (6,271,342) | - | (111,242,488) |
| Roads and bridges | (193,782,098) | (12,406,991) | 6,988,839 | (199,200,250) |
| Sidewalks, curbs, and gutters | (16,308,890) | (925,800) | 416,703 | (16,817,987) |
| Storm drains and culverts | (180,833,311) | (10,253,644) | 252,716 | (190,834,239) |
| Automobiles and rolling stock | (65,930,073) | (4,538,753) | 570,950 | (69,897,876) |
| Furniture, fixtures, and equipment | (51,576,675) | (6,614,022) | 1,983,601 | (56,207,096) |
| Software | (20,575,153) | (411,544) | 347,004 | (20,639,693) |
| Total accumulated depreciation | <u>(715,417,172)</u> | <u>(48,070,132)</u> | <u>10,559,813</u> | <u>(752,927,491)</u> |
| Total capital assets being depreciated, net | <u>695,650,779</u> | <u>5,631,263</u> | <u>(2,112,878)</u> | <u>699,169,164</u> |
| Total governmental activities, net | <u>\$ 1,106,868,593</u> | <u>\$ 58,210,924</u> | <u>\$ (59,074,640)</u> | <u>\$ 1,106,004,877</u> |
| Business-type activities: | | | | |
| <i>Capital assets not being depreciated:</i> | | | | |
| Land and easements | \$ 12,109,239 | \$ - | \$ - | \$ 12,109,239 |
| Construction in progress | 403,245,092 | 108,053,045 | (15,596,069) | 495,702,068 |
| Total assets not depreciated | <u>415,354,331</u> | <u>108,053,045</u> | <u>(15,596,069)</u> | <u>507,811,307</u> |
| <i>Capital assets being depreciated:</i> | | | | |
| Buildings | 30,584,845 | 34,175 | - | 30,619,020 |
| Landfills | 47,980,706 | 1,862,550 | - | 49,843,256 |
| Water and sewer plants and lines | 1,491,499,445 | 27,736,964 | - | 1,519,236,409 |
| Automobiles and rolling stock | 9,561,410 | 1,139,597 | (117,448) | 10,583,559 |
| Furniture, fixtures, and equipment | 21,880,343 | 1,503,454 | (844,972) | 22,538,825 |
| Total assets depreciated | <u>1,601,506,749</u> | <u>32,276,740</u> | <u>(962,420)</u> | <u>1,632,821,069</u> |
| <i>Less accumulated depreciation for:</i> | | | | |
| Buildings | (8,038,151) | (605,345) | - | (8,643,496) |
| Landfills | (35,864,589) | (1,395,009) | - | (37,259,598) |
| Water and sewer plants and lines | (615,195,829) | (34,217,136) | - | (649,412,965) |
| Automobiles and rolling stock | (7,070,891) | (544,396) | 117,448 | (7,497,839) |
| Furniture, fixtures, and equipment | (8,789,894) | (2,110,326) | 724,926 | (10,175,294) |
| Total accumulated depreciation | <u>(674,959,354)</u> | <u>(38,872,212)</u> | <u>842,374</u> | <u>(712,989,192)</u> |
| Total capital assets being depreciated, net | <u>926,547,395</u> | <u>(6,595,472)</u> | <u>(120,046)</u> | <u>919,831,877</u> |
| Total business-type activities, net | <u>\$ 1,341,901,726</u> | <u>\$ 101,457,573</u> | <u>\$ (15,716,115)</u> | <u>\$ 1,427,643,184</u> |

Anne Arundel County, Maryland
Notes to the Financial Statements

| Category | Balance June 30, 2013 | Increases | Decreases | Balance June 30, 2014 |
|--|--------------------------|-----------------------|------------------------|--------------------------|
| Board of Education: | | | | |
| <i>Capital assets not being depreciated:</i> | | | | |
| Land and improvements | \$ 61,076,034 | \$ 3,093,758 | \$ - | \$ 64,169,792 |
| Computer software in progress | 396,539 | 2,251,835 | - | 2,648,374 |
| Construction in progress | 151,344,142 | 94,462,120 | (53,509,991) | 192,296,271 |
| Total assets not depreciated | <u>212,816,715</u> | <u>99,807,713</u> | <u>(53,509,991)</u> | <u>259,114,437</u> |
| <i>Capital assets being depreciated:</i> | | | | |
| Buildings | 1,273,956,801 | 53,494,045 | - | 1,327,450,846 |
| Computer software | 4,334,660 | - | - | 4,334,660 |
| Furniture, fixtures, and equipment | 49,014,156 | 4,844,382 | (2,571,142) | 51,287,396 |
| Total assets depreciated | <u>1,327,305,617</u> | <u>58,338,427</u> | <u>(2,571,142)</u> | <u>1,383,072,902</u> |
| <i>Less accumulated depreciation for:</i> | | | | |
| Buildings | (613,343,203) | (40,241,166) | - | (653,584,369) |
| Computer software | (713,242) | (433,465) | - | (1,146,707) |
| Furniture, fixtures, and equipment | (31,949,021) | (3,139,579) | 2,393,122 | (32,695,478) |
| Total accumulated depreciation | <u>(646,005,466)</u> | <u>(43,814,210)</u> | <u>2,393,122</u> | <u>(687,426,554)</u> |
| Total capital assets being depreciated, net | <u>681,300,151</u> | <u>14,524,217</u> | <u>(178,020)</u> | <u>695,646,348</u> |
| Total Board of Education, net | <u>\$ 894,116,866</u> | <u>\$ 114,331,930</u> | <u>\$ (53,688,011)</u> | <u>\$ 954,760,785</u> |
| Community College: | | | | |
| <i>Capital assets not being depreciated:</i> | | | | |
| Land | \$ 2,377,178 | \$ - | \$ - | \$ 2,377,178 |
| Construction in progress | 3,120,105 | 5,910,891 | (8,682,612) | 348,384 |
| Total assets not depreciated | <u>5,497,283</u> | <u>5,910,891</u> | <u>(8,682,612)</u> | <u>2,725,562</u> |
| <i>Capital assets being depreciated:</i> | | | | |
| Land improvements | 8,487,646 | 665,950 | (1,750,577) | 7,403,019 |
| Buildings and improvements | 137,626,316 | 5,668,671 | (1,518,030) | 141,776,957 |
| Furniture, fixtures, and equipment | 24,884,574 | 1,833,317 | (1,267,946) | 25,449,945 |
| Leasehold improvements | 1,546,015 | 27,764 | - | 1,573,779 |
| Intangible assets | 546,742 | - | - | 546,742 |
| Total assets depreciated | <u>173,091,293</u> | <u>8,195,702</u> | <u>(4,536,553)</u> | <u>176,750,442</u> |
| <i>Less accumulated depreciation for:</i> | | | | |
| Land improvements | (4,629,386) | (364,678) | 1,750,576 | (3,243,488) |
| Buildings and improvements | (54,145,048) | (4,250,732) | 1,247,218 | (57,148,562) |
| Furniture, fixtures, and equipment | (17,534,732) | (1,838,022) | 1,256,157 | (18,116,597) |
| Leasehold improvements | (141,193) | (156,193) | - | (297,386) |
| Intangible assets | (13,018) | (78,106) | - | (91,124) |
| Total accumulated depreciation | <u>(76,463,377)</u> | <u>(6,687,731)</u> | <u>4,253,951</u> | <u>(78,897,157)</u> |
| Total capital assets being depreciated, net | <u>96,627,916</u> | <u>1,507,971</u> | <u>(282,602)</u> | <u>97,853,285</u> |
| Total Community College, net | <u>\$ 102,125,199</u> | <u>\$ 7,418,862</u> | <u>\$ (8,965,214)</u> | <u>\$ 100,578,847</u> |

Anne Arundel County, Maryland
Notes to the Financial Statements

| Category | Balance June 30, 2013 | Increases | Decreases | Balance June 30, 2014 |
|--|--------------------------|---------------------|-----------------------|--------------------------|
| Other non-major: | | | | |
| <i>Capital assets not being depreciated:</i> | | | | |
| Construction in progress | \$ - | \$ 158,544 | \$ - | \$ 158,544 |
| <i>Capital assets being depreciated:</i> | | | | |
| Airport improvements | 9,666,106 | 100,901 | - | 9,767,007 |
| Library collection | 15,605,946 | 3,257,961 | (2,878,276) | 15,985,631 |
| Automobiles and rolling stock | 31,915 | - | - | 31,915 |
| Furniture, fixtures, and equipment | 3,405,151 | 284,161 | (736,301) | 2,953,011 |
| Total assets depreciated | <u>28,709,118</u> | <u>3,643,023</u> | <u>(3,614,577)</u> | <u>28,737,564</u> |
| <i>Less accumulated depreciation for:</i> | | | | |
| Airport improvements | (4,141,524) | (490,137) | - | (4,631,661) |
| Library collection | (6,260,937) | (1,384,958) | 1,373,396 | (6,272,499) |
| Automobiles and rolling stock | (14,895) | (3,192) | - | (18,087) |
| Furniture, fixtures, and equipment | (2,623,474) | (209,677) | 715,749 | (2,117,402) |
| Total accumulated depreciation | <u>(13,040,830)</u> | <u>(2,087,964)</u> | <u>2,089,145</u> | <u>(13,039,649)</u> |
| Total capital assets being depreciated, net | <u>15,668,288</u> | <u>1,555,059</u> | <u>(1,525,432)</u> | <u>15,697,915</u> |
| Total other non-major, net | <u>\$ 15,668,288</u> | <u>\$ 1,713,603</u> | <u>\$ (1,525,432)</u> | <u>\$ 15,856,459</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. The related Assets are capitalized when developer construction agreements are finalized and the assets inspected. The assets are depreciated over their estimated useful lives.

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

| | | | |
|-----------------------------------|----------------------|----------------------------------|----------------------|
| <i>Governmental activities:</i> | | <i>Business-type activities:</i> | |
| Education | \$ 42,568 | Water and wastewater | \$ 35,301,619 |
| Public Safety | 8,598,894 | Waste collection | 3,570,593 |
| General government | 6,761,626 | | <u>\$ 38,872,212</u> |
| Health and human services | 338,672 | <i>Component units:</i> | |
| Public works | 24,071,340 | Board of Education | \$ 43,814,210 |
| Recreation and community services | 6,741,999 | Community College | 6,687,731 |
| Judicial | 1,312,039 | Library System | 1,463,642 |
| Code Enforcement | 68,146 | Economic Development Corp | 45,724 |
| Land use and development | 134,848 | Tipton Airport Authority | 497,935 |
| | <u>\$ 48,070,132</u> | Workforce Development | 80,663 |
| | | | <u>\$ 52,589,905</u> |

6 Restricted Assets and Liabilities

The following funds are shown as restricted on the government-wide financial statements, Statement of Net Position: Impact Fees Capital Project, Forfeiture and Asset Seizure Team, Roads and Special Benefits District, AA County Partnership for Children, Youth and Family, Reforestation, Laurel Racetrack, Video Lottery Local Impact Aid, Workforce Development, Arundel Community Development Services, Grants, Circuit Court, Street Light, Erosion Districts, Storm Drain Fees, Recreation Land Fees, Watershed Protection and Restoration, Energy Revolving Loan, Bond Premium, Park Place, Tax Increment Funds and Special Taxing Districts. In addition, fees collected by the Water and Wastewater Fund, including capital connections, front foot benefit assessments, and environmental protection fees are restricted for the payment of debt service incurred for the construction of capital

facilities. Water and Wastewater Fund capital grants are restricted and the Solid Waste Fund includes restricted funds for the payment of closure and post-closure costs.

7 Interfund and Intra-Entity Balances and Transfers

The interfund balances of the primary government consist of the following as of June 30, 2014:

| <u>Fund With Receivable</u> | <u>Fund With Payable</u> | <u>Amount</u> |
|-----------------------------|--------------------------|----------------------|
| General Fund | Special Revenue Funds | \$ 4,555,613 |
| Internal Service Funds | Enterprise Funds | 588,400 |
| Internal Service Funds | General Fund | 5,415,007 |
| | | <u>\$ 10,559,020</u> |

Interfund balances between the General Fund and internal service funds have been eliminated on the government-wide Statement of Net Position. The \$4,555,613 balance represents special revenue fund's implicit borrowing from the General Fund as of June 30, 2014. The \$5,415,007 balance represents the Self Insurance Fund and Central Garage and Transportation Fund deficit allocations to the General Fund as of June 30, 2014. The \$588,400 balance represents the Self Insurance Fund and Central Garage and Transportation Fund deficit allocations to the enterprise funds as of June 30, 2014.

Transfers between the primary government's governmental funds totaled \$185,144,585 for fiscal year 2014. The transfers from the General Fund are for the following: to the nonmajor Grants Fund and nonmajor Arundel Community Development Services Fund for grants and contributions; to the General County Capital Projects Fund for bond proceeds, pay-as-you-go, and investment gains on capital project investments retained by the General Fund; to nonmajor Laurel Racetrack Community Benefit Fund for impact aid to the local community; and to nonmajor Installment Purchase Agreements Fund for land preservation. Transfers from the nonmajor Bond Premium Fund to the General County Capital Projects Fund are for the construction of capital assets. Transfers from the nonmajor Watershed Protection and Restoration Fund, nonmajor Video Lottery Local Impact Aid Fund, Impact Fees Capital Projects Fund and nonmajor Reforestation Fund are for the funding of capital projects. Transfers from the Impact Fees Capital Projects Fund to the General Fund are for debt service on general obligation bonds for impact fee eligible projects. Transfers from nonmajor tax increment funds to the General Fund are legally appropriated based on availability of tax increment funds. The transfer from the nonmajor Street Light Fund to the nonmajor Street Light Capital Projects Fund is for the construction of capital assets.

| <u>Originating Fund Type</u> | <u>Recipient Fund Type</u> | <u>Amount</u> |
|------------------------------|---------------------------------|-----------------------|
| General Fund | General County Capital Projects | \$ 102,599,858 |
| General Fund | Nonmajor Governmental | 1,693,731 |
| Nonmajor Governmental | Nonmajor Governmental | 3,847,335 |
| Nonmajor Governmental | General Fund | 26,326,180 |
| Nonmajor Governmental | General County Capital Projects | 41,575,317 |
| Impact Fees Capital Projects | General County Capital Projects | 6,431,240 |
| Impact Fees Capital Projects | General Fund | 2,670,924 |
| | | <u>\$ 185,144,585</u> |

Transfers between the primary government's proprietary funds and governmental funds presented as follows, totaled \$5,274,617 for fiscal year 2014. The transfer from the Health Insurance Fund to the General Fund is to put aside funds for retiree health benefits. The transfer from the Solid Waste Fund to the Energy Revolving Loan Fund is for energy conservation projects.

| <u>Originating Fund Type</u> | <u>Recipient Fund Type</u> | <u>Amount</u> |
|------------------------------|----------------------------|---------------------|
| Internal Service Funds | General Fund | \$ 5,000,000 |
| Enterprise Funds | Nonmajor Governmental | 274,617 |
| | | <u>\$ 5,274,617</u> |

As of June 30, 2014, receivable and payable balances remained between the primary government and the discretely presented component units. These balances and transactions are a result of the primary government's ongoing funding of the component units' capital and operating costs and a return of funding. Those balances and the payments from the primary government to or on behalf of these parties are presented as follows:

Receivables/Payables

| <u>Entity with Receivable</u> | <u>Entity with Payable</u> | <u>Amount</u> |
|-------------------------------|----------------------------|----------------------|
| Board of Education | Primary Government | \$ 18,104,866 |
| Community College | Primary Government | 342,241 |
| Other Nonmajor | Primary Government | 1,288,207 |
| Primary Government | Board of Education | 11,596 |
| | | <u>\$ 19,746,910</u> |

Primary Government Expenditures

| <u>Originating Entity</u> | <u>Recipient Entity</u> | <u>Amount</u> |
|---------------------------|-------------------------|-----------------------|
| Primary Government | Board of Education | \$ 669,641,105 |
| Primary Government | Community College | 37,546,098 |
| Primary Government | Other Nonmajor | 19,913,915 |
| | | <u>\$ 727,101,118</u> |

8 Bonded Debt and Other Obligations

The primary government's Statements of Net Position 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 2014 are provided as follows.

A Bond Anticipation Notes – The County periodically incurs short-term debt by issuing bond anticipation notes in the form of commercial paper for the purchase of capital related assets. Notes are sold with an initial maturity from 1 to 270 days, and, on refinancing, at the notes' maturities, with additional notes marketed at then-current interest rates. This remarketing is backed for liquidity purposes by a letter of credit, the terms of which provide that no principal repayments are due by the County (if there is a call on the letter of credit) until the termination of the agreement, which is maintained at two years at all times. The original maturity date of this liquidity arrangement was November 22, 2013. The agreement has been extended through June 30, 2017. The maturity of notes outstanding during fiscal year 2014 was for a period of 51 days, and interest rate was .08%. The County issued \$67,900,000 of bond anticipation notes in February, 2014. The County paid off \$67,900,000 bond anticipation notes on April 4, 2014.

B General County Debt – Substantially all long-term bonded debt is issued as general obligation bonds for the purchase of capital assets and guaranteed by the full faith and credit of the County, subject to limitations set forth in section 710 (d) of the County Charter, which restricts the growth of revenue derived from property taxes. The following table includes general obligation bonds which include amounts issued for the Watershed Protection and Restoration Fund but excludes the tax increment bonds, installment purchase agreements, and state loans. These are listed separately. Business-type debt includes general obligation bonds issued for the Solid Waste Fund and Water and Wastewater Fund. The debt service requirements for the bonds outstanding as of June 30, 2014 are presented as follows:

| Year ending June 30, | General County Debt | | | |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Governmental | | Business-type | |
| | Principal | Interest | Principal | Interest |
| 2015 | \$ 77,114,332 | \$ 43,268,887 | \$ 28,885,158 | \$ 21,546,540 |
| 2016 | 75,917,948 | 39,658,953 | 29,551,734 | 20,681,673 |
| 2017 | 74,146,371 | 35,965,071 | 29,514,706 | 19,545,569 |
| 2018 | 70,813,350 | 32,335,026 | 26,270,565 | 18,366,425 |
| 2019 | 67,895,876 | 28,897,282 | 25,050,828 | 17,255,661 |
| 2020-2024 | 290,829,146 | 99,900,951 | 120,648,405 | 70,823,612 |
| 2025-2029 | 193,218,519 | 40,859,527 | 99,956,772 | 46,870,448 |
| 2030-2034 | 73,568,745 | 7,236,448 | 74,043,077 | 27,155,677 |
| 2035-2039 | - | - | 49,520,000 | 12,191,772 |
| 2040-2044 | - | - | 25,350,000 | 2,861,900 |
| | <u>\$ 923,504,287</u> | <u>\$ 328,122,145</u> | <u>\$ 508,791,245</u> | <u>\$ 257,299,277</u> |

C Tax Increment and Other Debt - As of June 30, 2014, there was \$86,440,000 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 Statements of Net Position. The County has pledged its full faith and credit for the following Special Obligation Tax Increment Bonds: Arundel Mills Refunding 2004, National Business Park Refunding 2004, West Nursery Road 2004, Arundel Mills Refunding 2014, National Business Park Refunding 2014, and West Nursery Road Refunding 2014. The County has not pledged its full faith and credit for NBP North 2010 or Village South at Waugh Chapel 2010, except for the tax increment revenues and special taxes within the special tax district, if needed, to cover debt service.

During the fiscal year ended June 30, 2014, \$34,167,020 of incremental property tax revenue was collected and available for debt service purposes as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances for the Nonmajor Governmental Funds. Of this amount, \$880,621 is related to Park Place which is not considered part of the County's debt. The table that follows outlines the debt service requirements for these bonds.

| Year ending June 30, | Principal | Interest | Year ending June 30, | Principal | Interest |
|-------------------------|--------------|--------------|-------------------------|----------------------|----------------------|
| 2015 | \$ 1,580,000 | \$ 3,720,215 | 2020-2024 | \$ 17,545,000 | \$ 18,022,783 |
| 2016 | 1,735,000 | 4,270,875 | 2025-2029 | 24,320,000 | 12,999,082 |
| 2017 | 1,995,000 | 4,232,509 | 2030-2034 | 10,670,000 | 9,030,372 |
| 2018 | 2,240,000 | 4,185,297 | 2035-2039 | 15,655,000 | 5,053,184 |
| 2019 | 2,570,000 | 4,093,616 | 2040-2041 | 8,130,000 | 508,778 |
| | | | | <u>\$ 86,440,000</u> | <u>\$ 66,116,711</u> |

In addition, there were \$4,661,000, \$14,511,892 and \$1,800,000 of special tax district bonds related to the Farmington Village Project, the Villages of Dorchester, and Two Rivers outstanding as of June 30, 2014, respectively. The proceeds of these bonds were used to finance infrastructure improvements within the special districts. These bonds are payable solely from the proceeds of a special tax levied on parcels within the districts and are not backed by the County's full faith and credit. This debt does not appear on the Statement of Net Position. The County acts only as a fiduciary in collecting the taxes and servicing the debt.

D State Loans - The County has interest free loans outstanding as of June 30, 2014 of \$3,729,609. These loans were received from the State for waterway improvements. During fiscal year 2014, the County paid \$326,970 for principal. The table that follows outlines the debt service requirements:

| <u>Year ended</u> <u>June 30,</u> | <u>Principal</u> | <u>Year ended</u> <u>June 30,</u> | <u>Principal</u> |
|--------------------------------------|------------------|--------------------------------------|---------------------|
| 2015 | \$ 322,122 | 2020-2024 | \$ 1,041,734 |
| 2016 | 330,536 | 2025-2029 | 908,730 |
| 2017 | 330,536 | 2030-2034 | 324,939 |
| 2018 | 238,723 | 2035 | 6,130 |
| 2019 | 226,159 | | |
| | | | <u>\$ 3,729,609</u> |

E Leases – The County has entered into a new lease agreement for an asset that qualifies as a capital lease for accounting purposes. The agreement has resulted in a capital asset totaling \$61,519 for a high speed printer, which is used for governmental activities. The net present value of these minimum lease payments as of June 30, 2014 and the future minimum lease obligations were as follows:

| <u>June 30,</u> | <u>Lease Payments</u> | <u>Interest</u> | <u>Payments</u> |
|-----------------|-----------------------|------------------|------------------|
| 2015 | \$ 12,304 | \$ 11,654 | \$ 23,958 |
| 2016 | 12,304 | 11,654 | 23,958 |
| 2017 | 12,304 | 11,654 | 23,958 |
| 2018 | 12,303 | 11,655 | 23,958 |
| | <u>\$ 49,215</u> | <u>\$ 46,617</u> | <u>\$ 95,832</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 2014 were \$2,870,898. Anne Arundel County has a lease with the City of Annapolis for Eisenhower Golf Course which expires June 30, 2016. The lease terms state the rent shall be the sum of fifty percent (50%) of the annual net profits derived from the operation of the facilities. The lease payments for fiscal year 2014 were \$169,107. Because the amount varies, the future value of these lease payments is not included in the next table. Minimum annual rental costs required by the leases are summarized as follows:

| <u>Year ending</u> <u>June 30,</u> | <u>Annual</u> <u>Rentals</u> | <u>Year ending</u> <u>June 30,</u> | <u>Annual</u> <u>Rentals</u> |
|---------------------------------------|---------------------------------|---------------------------------------|---------------------------------|
| 2015 | \$ 2,152,078 | 2020-2024 | \$ 1,200,020 |
| 2016 | 2,037,509 | 2025-2029 | 1,200,017 |
| 2017 | 1,254,425 | 2030-2034 | 1,200,015 |
| 2018 | 692,211 | 2035-2039 | 860,015 |
| 2019 | 580,605 | 2040-2044 | 139 |
| | | | <u>\$ 11,177,034</u> |

F Installment Purchase Agreements – The County has instituted an Installment Purchase Program to facilitate County purchases of real property easements to maintain farmland and other open space. Under this program, the County signs long-term debt agreements with property holders with a minimal down payment, typically \$1,000. Interest and nominal principal payments are made over the life of the agreement, and a balloon payment is due at the end of the term to pay off the remaining principal balance. To pay the balloon payment, the County purchases and reserves a zero coupon U.S. Treasury Strip. This investment matures when the agreement expires and effectively earns the same interest rate that the County pays on the debt. The debt requirements as of June 30, 2014 are presented as follows:

| Year ended June 30, | Principal | Interest | Year ended June 30, | Principal | Interest |
|------------------------|-----------|----------|------------------------|----------------------|----------------------|
| 2015 \$ | 20,000 \$ | 727,185 | 2020-2024 \$ | 100,000 \$ | 3,596,882 |
| 2016 | 20,000 | 726,070 | 2025-2029 | 8,945,000 | 3,081,381 |
| 2017 | 20,000 | 724,954 | 2030-2034 | 1,529,000 | 758,313 |
| 2018 | 20,000 | 723,838 | 2035-2039 | 1,444,000 | 536,305 |
| 2019 | 20,000 | 722,723 | 2040-2041 | 1,487,000 | 135,317 |
| | | | | <u>\$ 13,605,000</u> | <u>\$ 11,732,968</u> |

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

| | Due Dates | Interest Rates | Amount of Original Issue | Amount Outstanding |
|-----------------------------------|--------------|-------------------|-----------------------------|-------------------------|
| Governmental activities: | | | | |
| General obligation bonds | 2014-2034 | 1.00% to 5.55% | \$ 1,306,882,512 | \$ 923,504,287 |
| Tax increment district bonds | 2014-2041 | 2.00% to 6.25% | 133,435,000 | 86,440,000 |
| Installment purchase agreements | 2014-2041 | 4.55% to 6.00% | 13,819,916 | 13,605,000 |
| Loans payable | 2014-2038 | 0% | 7,398,044 | 3,729,609 |
| Total governmental activities | | | <u>1,461,535,472</u> | <u>1,027,278,896</u> |
| Business-type activities: | | | | |
| Water and wastewater serial bonds | 2014-2044 | 1.00% to 5.75% | 699,128,149 | 480,300,532 |
| Solid waste serial bonds | 2014-2034 | 2.00% to 5.55% | 50,667,488 | 28,490,713 |
| Total business-type activities | | | <u>749,795,637</u> | <u>508,791,245</u> |
| | | | <u>\$ 2,211,331,109</u> | <u>\$ 1,536,070,141</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 base of real property and 13% of the assessable base of personal property and certain operating real property of the County. In addition, general obligation water and wastewater bonds are limited at 5.6% of the assessable base of real property and 14% of the assessable base of personal property and certain operating real property within the County's sanitary district. As of June 30, 2014, a review of the legal debt limitations reveals the following:

| | General Bonds (5.2%/13% Limitations) | Water and Wastewater (5.6%/14% Limitations) |
|--|---|--|
| Charter imposed limitation | \$ 4,148,570,516 | \$ 4,105,315,287 |
| Bonded debt outstanding | | |
| Installment purchase agreements | 13,605,000 | - |
| General obligation-serial bonds | 916,204,287 | 480,300,532 |
| General obligation-serial bonds, WPRF | 7,300,000 | - |
| General obligation-serial bonds, Solid Waste | 28,490,713 | - |
| Tax increment bonds | 86,440,000 | - |
| | <u>1,052,040,000</u> | <u>480,300,532</u> |
| Legal debt margin | <u>\$ 3,096,530,516</u> | <u>\$ 3,625,014,755</u> |

As of June 30, 2014, the County had the total authority to issue bonds in the amount of \$1,604,515,546, of which \$753,047,541 has already been issued. Included in the amounts issued to date are \$518,281,619 for general obligation water and wastewater series bonds, \$21,520,144 of general obligation bonds for the Solid Waste Fund, and \$71,166,800 of general obligation bonds for the Watershed Protection and Restoration Fund. This unused authority will be used to fund existing capital projects and those appropriated through the budgetary process.

H Loans Payable – On April 15, 2002, the Anne Arundel Community College Foundation finalized an agreement between Anne Arundel County, Maryland and The Bank of New York whereby the Foundation borrowed \$16,090,000 from the issuance of revenue bonds by the County. The proceeds of the loan were used to finance the cost of the construction of educational facilities. On July 25, 2012, the Foundation finalized an agreement between Anne Arundel County, Maryland (the issuer) and The Bank of New York (the Trustee) whereby the Foundation refinanced \$12,180,000 of the economic development revenue bonds. Interest-only payments are due semi-annually on September 1 and March 1 until 2014. Principal payments begin September 1, 2014 with the final principal payment being due on September 1, 2028. Interest on the bonds varies from 2.00% to 4.00%. The loan balance as of June 30, 2014 was \$12,180,000. Scheduled principal payments due on the bonds payable for future years ending June 30 are shown as follows:

| <u>Year Ending June 30,</u> | <u>Principal Payments</u> | <u>Year Ending June 30,</u> | <u>Principal Payments</u> | <u>Year Ending June 30,</u> | <u>Principal Payments</u> |
|---------------------------------|-------------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
| 2015 | \$ 100,000 | 2018 | \$ 750,000 | 2024-2028 | \$ 4,210,000 |
| 2016 | 715,000 | 2019 | 770,000 | 2029-2033 | 4,905,000 |
| 2017 | 730,000 | 2020-2024 | | | |
| | | | | | \$ 12,180,000 |

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

| | <u>Balance June 30,2013</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance June 30,2014</u> | <u>Due Within One Year</u> |
|----------------------------------|---------------------------------|------------------|-------------------|---------------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Bond anticipation notes | \$ - | \$ 37,800,000 | \$ 37,800,000 | \$ - | \$ - |
| Bonds payable: | | | | | |
| General obligation bonds | 875,041,717 | 122,300,000 | 73,837,430 | 923,504,287 | 77,114,332 |
| Tax incremental and other debt | 90,815,000 | 38,860,000 | 43,235,000 | 86,440,000 | 1,580,000 |
| Total bonds payable | 965,856,717 | 161,160,000 | 117,072,430 | 1,009,944,287 | 78,694,332 |
| State loans | 3,888,091 | 168,488 | 326,970 | 3,729,609 | 322,122 |
| Capital leases | 3,907 | 61,519 | 16,211 | 49,215 | 12,304 |
| Installment purchase agreements | 13,625,000 | - | 20,000 | 13,605,000 | 20,000 |
| Unpaid insurance claims | 76,822,546 | 109,877,378 | 105,617,128 | 81,082,796 | 20,664,796 |
| OPEB obligation | 392,565,278 | 44,282,114 | - | 436,847,392 | - |
| Compensated absences | 21,447,048 | 25,977,658 | 24,306,029 | 23,118,677 | 23,117,986 |
| Total long-term | 1,474,208,587 | 341,527,157 | 247,358,768 | 1,568,376,976 | 122,831,540 |
| Total governmental activities | \$ 1,474,208,587 | \$ 379,327,157 | \$ 285,158,768 | \$ 1,568,376,976 | \$ 122,831,540 |
| Business-type activities: | | | | | |
| Bond anticipation notes | \$ - | \$ 30,100,000 | \$ 30,100,000 | \$ - | \$ - |
| Bonds payable: | | | | | |
| General obligation bonds | 444,461,458 | 91,246,794 | 26,917,007 | 508,791,245 | 28,885,158 |
| Total bonds payable | 444,461,458 | 91,246,794 | 26,917,007 | 508,791,245 | 28,885,158 |
| OPEB obligation | 37,507,699 | 4,673,618 | | 42,181,317 | - |
| Compensated absences | 1,963,470 | 2,310,026 | 2,121,322 | 2,152,174 | 2,134,605 |
| Total long-term | 483,932,627 | 98,230,438 | 29,038,329 | 553,124,736 | 31,019,763 |
| Total business-type activities | \$ 483,932,627 | \$ 128,330,438 | \$ 59,138,329 | \$ 553,124,736 | \$ 31,019,763 |

J Refundings – In fiscal year 2014, the County defeased the callable portion of certain series of Special Obligation and Tax Increment Refunding Bonds by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. On May 14, 2014 the County issued \$38,860,000 in refunding bonds for the following projects: \$24,940,000 to refund Arundel Mills Project, Special Obligation Bonds; \$12,155,000 to refund National Business Park Project, Special Obligation Bonds; and \$1,765,000 to refund Nursery Road Project, Tax Increment Bonds. The true interest cost for the refunded bonds was 2.38 percent. The net proceeds were deposited in an irrevocable trust account with an escrow agent. The funds were invested in United States Treasury Securities until the scheduled payoff of the debt on July 1, 2014. The refunding

resulted in a difference between the reacquisition price and the net carry value of \$1,047,299 for the tax increment funds. There was a net present value savings of \$8.3 million.

In prior years, the County in-substance defeased certain general obligation bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On June 30, 2014, \$109,695,000 of governmental debt and \$47,805,000 of business-type debt from prior years is considered defeased.

9 Governmental Fund Balance

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

General Fund

The General Fund has unassigned fund balance of \$57,724,388 and an assigned fund balance of \$42,657,510 as of June 30, 2014. The non-spendable fund balance of \$2,116,996 is for inventory items. The restricted fund balance consists of the following: \$15,047,469 for Other Post Employment Benefits, \$689,519 for the Base Realignment and Closure Zone for capital improvements, and \$1,237,151 for the Video Lottery Local Impact Aid.

Other Major Funds

The General County Capital Project Fund has restricted funds for the following: \$5,709,435 for capital grants; and \$3,425,321 for the storm water management, and watershed protection and restoration projects. It also has assigned funds of \$82,922,005 consisting primarily of unspent bond funds. The Impact Fee Capital Projects Fund has restricted funds of \$56,177,565 to be used for the construction of additional school capacity, road improvements and public safety facilities.

Other Funds

The following nonmajor funds have a restricted fund balance restricted for specific purposes:

Forfeiture and Asset Seizure Team: \$951,176 for law enforcement activities

Roads and Special Benefits: \$396,391 for community benefits

Reforestation: \$7,746,804 for reforestation of properties in Anne Arundel County

Laurel Racetrack Community Benefit: \$24,205 for services and facilities within three miles of Laurel Race Course

Circuit Court: \$106,772 for Court House operations

Erosion Districts: \$285,976 for community benefits

Video Lottery Local Impact Aid: \$2,024,742 for services and facilities primarily in the communities in the immediate proximity to the video lottery facility

Watershed Protection and Restoration: \$7,011,978 for storm water management projects

The remaining special revenue funds restricted fund balances of \$3,952,512, \$14,987,106 and \$6,541,144

relate to grants, capital projects and debt service, respectively. The restricted grant balance is comprised of the Grants Fund, Arundel Community Development Service Fund, and Anne Arundel County Partnership for Children, Youth and Family Fund.

Committed funds comprised of \$957,943 in the Storm Drain Fees Capital Project Fund, \$274,617 in the Energy Revolving Loan Fund, \$3,781,037 in the Street Light Capital Projects Fund, \$334,354 in the Recreation Land Fees Fund, and \$8,164,672 in the Installment Purchase Agreements Fund.

The Grants Fund and Arundel Community Development Service Fund both have negative unassigned fund balances of (\$3,405,637) and (\$2,703,102), respectively, as a result of funds being expended in the current fiscal year and not being reimbursed by the grantor within 90 days for the modified accrual basis of accounting.

Encumbrances

Encumbrance accounting is employed as part of the budgetary presentation for the General Fund, special revenue funds, and capital projects funds. As of June 30, 2014, certain amounts which were restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Encumbrances included in governmental fund balances are as follows:

| | <u>Encumbrances included in:</u> | |
|--|------------------------------------|----------------------------------|
| | <u>Restricted Fund Balance</u> | <u>Assigned Fund Balance</u> |
| General Fund | \$ - | \$ 6,266,510 |
| Forfeiture and Asset Seizure Team Fund | 78,740 | - |
| Grants Fund | 1,211,298 | - |
| Arundel Community Development Services Fund | 2,703,102 | - |
| Reforestation Fund | 51,973 | - |
| Watershed Protection and Restoration Fund | 1,248,163 | - |
| General County Capital Projects Fund | - | 26,246,392 |
| Watershed Protection and Restoration Capital Projects Fund | 5,583,418 | - |
| Total | <u>\$ 10,876,694</u> | <u>\$ 32,512,902</u> |

10 Deferred Inflows of Resources and Unearned Revenue

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

| Deferred Inflows and Unearned Revenue | | | |
|--|----------------------|---------------------|----------------------|
| Governmental Funds | Unavailable | Unearned | Total |
| General Fund | | | |
| Property Taxes | \$ 1,974,325 | \$ - | \$ 1,974,325 |
| Local Income Taxes | 80,073,365 | - | 80,073,365 |
| 911 Fees | 1,029,043 | - | 1,029,043 |
| Impact Fees Capital Projects Fund | | | |
| Impact Fees | - | 1,617,991 | 1,617,991 |
| Grants Fund | | | |
| Grants | 3,105,387 | 778,276 | 3,883,663 |
| General County Capital Projects Fund | | | |
| Grants | 3,490,816 | - | 3,490,816 |
| Totals | \$ 89,672,936 | \$ 2,396,267 | \$ 92,069,203 |

11 Conduit Debt

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

As of June 30, 2014, 155 Industrial Revenue Bonds series had been issued. The aggregate principal amounts payable for the five series issued after July 1, 1996 that are still outstanding was \$36,164,216. The aggregate principal amounts payable for the 145 issued prior to July 1, 1996, could not be determined; however, the original issues totaled \$582,700,000. The County is not obligated in any manner for payment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

12 Pension Plans

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

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

Membership in each plan consisted of the following as of January 1, 2014, the date of the latest actuarial valuation:

| | <u>Employees Plan</u> | <u>Police Plan</u> | <u>Fire Plan</u> | <u>Detention Plan</u> | <u>Total</u> |
|---|---------------------------|------------------------|----------------------|---------------------------|--------------|
| Retirees and beneficiaries receiving payments | 1,544 | 639 | 481 | 208 | 2,872 |
| Terminated plan members entitled to but not yet receiving payments | 271 | - | - | 9 | 280 |
| Deferred Retirement Option Program (DROP) | - | 58 | 115 | - | 173 |
| Active plan members | 2,125 | 608 | 639 | 342 | 3,714 |
| | <u>3,940</u> | <u>1,305</u> | <u>1,235</u> | <u>559</u> | <u>7,039</u> |

Employees Plan - All permanent County employees not included in another pension plan and employees of Economic Development are eligible to participate in the Employees Plan. Benefits vest after five years of service. The normal retirement age is age 60 or when the employee has completed 30 years of service. Employees may elect one of two benefit structures. Tier One employees contribute 4% of their base salary to the plan. Tier Two employees make no employee contributions. At normal retirement, Tier One employees receive 2% of final average basic pay (defined as the participant's highest three annual basic pays consisting of the participant's annual basic pay on the date of termination and any prior annual basic pay on the anniversary date of the date of termination) times the years and months of credited service; plus credit for unused disability leave and pre-employment military service (up to three years) as defined in Article 5 – Pensions of the County Code. The maximum benefit is 60% of FABP, except participants may accrue benefits in excess of the 60% cap for credited disability leave and pre-employment military service. Tier Two employees receive 1% of final average earnings times the years and months of credited service. The plan also provides death and disability benefits.

Police Plan - Permanent County employees in police service are eligible to participate in the Police Plan. Benefits vest at 20 years of service or normal retirement age of 50 with five years of service for those hired on or after February 25, 2002, and 20 years of service or age 50 for those hired before that date. Employees who retire are entitled to an annual benefit in an amount equal to 2.5% of final average basic pay (defined as the participant's highest three annual basic pays consisting of the participant's annual basic pay on the date of termination and any prior annual basic pay on the anniversary date of the date of termination) for each year of service up to 20 years, plus 2% for each year of service between 20 and 30 years; plus credit for unused disability leave and up to three years of pre-employment military service as defined in Article 5 – Pensions of the County Code. The maximum benefit is 70% of final average basic pay, except participants may accrue benefits in excess of the 70% cap for credited disability leave and pre-employment military service. Participants with 20 years service may elect normal retirement, regardless of age. The plan also provides death and disability benefits.

Participants in the Police Plan may participate in the deferred retirement option program (DROP) if they were actively employed by the County in a position covered by the plan and have completed 20 years of actual plan service. The participant's initial DROP term is three years, but he or she may extend participation for three additional one-year terms. A DROP participant continues as an active employee of the County, but the participant no longer makes employee contributions to the plan and accrues no additional pension benefit. During the term of DROP participation, the participant's annual retirement benefit as of the date DROP participation begins is credited to the participant in an account earning 8% interest annually. Participants entering the DROP program subsequent to June 30, 2009 earn 4.25% annually. When the DROP participation ends and the employee terminates service to the County, the account balance is distributed to the participant.

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

Through June 30, 2002, participants with 20 years of County service who are at least age 50 may participate in a DROP with provisions similar to those described for the Police Plan, except that participants earn 8%

on their account regardless of date of entry into the program. Some represented plan participants are limited to two one-year extensions of DROP participation. After June 30, 2002, any participant with 20 years of service may participate, regardless of age.

Detention Plan - Permanent County detention center officers and personnel and sheriff deputies are eligible to participate in the Detention Plan. Uniformed detention officers and deputy sheriffs are Category I participants, and other eligible employees are Category II participants. Category I participants hired on or after August 9, 2004 vest after 20 years of service. Category I participants hired before August 9, 2004 and Category II participants vest after five years of service. The normal retirement age for Category I participants is age 50 with five years of credited service or 20 years of credited service, regardless of age. The normal retirement age for Category II participants is age 50 with five years of credited service. Members are entitled to an annual benefit in the amount of 2.5% of final average basic pay (defined as the participant's highest three annual basic pays consisting of the participant's annual basic pay on the date of termination and any prior annual basic pay on the anniversary date of the date of termination) for each year of service up to 20 years, plus 2% of FABP for each additional year; plus credit for unused disability leave and up to three years of pre-employment military service as defined in Article 5 – Pensions of the County Code. The maximum benefit is 70% of final earnings, except participants may accrue benefits in excess of the 70% cap for credited disability leave and pre-employment military service. The plan also provides death and disability benefits.

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

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

C Funding Policy and Annual Pension Costs – The employee contribution requirements for each defined benefit plan in the Retirement System are set by County legislation. The County's annual contribution is based on annual actuarial valuations. The Required Supplementary Information following these notes presents multi-year trend information about whether the actuarial value of each plan's assets is increasing or decreasing relative to the actuarial accrued liability for benefits year to year over a three year period. It also discloses the funded status and funding progress of the defined benefit plans for the most recent valuation date. The following table provides the actuarial assumptions, funding methods and contributions for the most recent actuarial valuation

Anne Arundel County, Maryland
Notes to the Financial Statements

| | Employees Plan | Police Plan | Fire Plan | Detention Plan |
|-------------------------------|---|---|---|---|
| Contribution rates: | | | | |
| County | Legislated amount | Legislated amount | Legislated amount | Legislated amount |
| Plan members: | | | | |
| Tier One | 4.00% | 5.00% to 7.25% | 5.00% to 7.25% | 5.00% to 6.75% |
| Tier Two | - | Not applicable | Not applicable | Not applicable |
| Annual Pension Cost (APC) | \$24,893,955 | \$18,805,398 | \$15,388,777 | \$6,215,127 |
| Contributions made | \$24,893,955 | \$18,805,398 | \$15,388,777 | \$6,215,127 |
| Actuarial valuation date | January 1, 2014 | January 1, 2014 | January 1, 2014 | January 1, 2014 |
| Actuarial cost method | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit |
| Amortization method | Level % of payroll | Level % of payroll | Level % of payroll | Level % of payroll |
| Remaining amortization period | Range 20-29 yrs Average 24 yrs Closed | Range 20-29 yrs Average 24 yrs Closed | Range 20-29 yrs Average 24 yrs Closed | Range 20-29 yrs Average 24 yrs Closed |
| Asset valuation method | 5-yr smoothed market | 5-yr smoothed market | 5-yr smoothed market | 5-yr smoothed market |
| Actuarial assumptions: | | | | |
| Investment rate of return | 4.50% | 4.50% | 4.50% | 4.50% |
| Inflation rate | 3.00% | 3.00% | 3.00% | 3.00% |
| Projected salary increases | Varies by age 3.5% to 6.5% | Varies by age 4.0% to 6.0% | Varies by age 4.0% to 6.5% | Varies by age 4.25% to 6.0% |
| Cost of living adjustments | 3.0% pre 2/97 1.8% post 2/97 | 3.0% pre 2/97 1.8% post 2/97 | 3.0% pre 2/97 1.8% post 2/97 | 3.0% pre 2/97 1.8% post 2/97 |

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

| | Five Year Trend Information - Schedule of Employer Contributions | | | | |
|-------------------------------|--|---------------|---------------|---------------|---------------|
| | Fiscal Year Ended June 30, | | | | |
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| <i>Employees Plan</i> | | | | | |
| Annual Pension Cost (APC) | \$ 17,078,045 | \$ 17,490,119 | \$ 18,882,680 | \$ 20,764,948 | \$ 23,958,375 |
| Percentage of APC Contributed | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Net Pension Obligation | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Police Plan</i> | | | | | |
| Annual Pension Cost (APC) | \$ 13,588,002 | \$ 13,803,470 | \$ 14,502,900 | \$ 16,557,738 | \$ 18,934,063 |
| Percentage of APC Contributed | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Net Pension Obligation | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Fire Plan</i> | | | | | |
| Annual Pension Cost (APC) | \$ 14,217,007 | \$ 14,209,656 | \$ 14,580,535 | \$ 15,895,667 | \$ 16,409,138 |
| Percentage of APC Contributed | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Net Pension Obligation | \$ - | \$ - | \$ - | \$ - | \$ - |
| <i>Detention Plan</i> | | | | | |
| Annual Pension Cost (APC) | \$ 4,678,430 | \$ 4,899,725 | \$ 5,089,053 | \$ 5,193,501 | \$ 6,006,849 |
| Percentage of APC Contributed | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Net Pension Obligation | \$ - | \$ - | \$ - | \$ - | \$ - |

Certain participants in the State Retirement and Pension Systems (State plans) are required to contribute 2% to 7% of compensation to the plans. The County is required to contribute the remaining amounts necessary to fund the plans, except that the State pays the employer's share of retirement costs on behalf of certain teachers, professional librarians, and related positions for the Board of Education, Library, and Community College, in accordance with State law. These amounts are shown as grant revenue and current expenses in the financial statements of these component units. County expenditures for those employees in the State plans for the years

ended June 30, 2014, 2013, and 2012 equal the required contributions and are summarized as follows along with the State's contribution on behalf on the employees discussed previously.

| | Fiscal Year Ended June 30, | | |
|-----------------------------------|-----------------------------------|----------------------|----------------------|
| | 2014 | 2013 | 2012 |
| County contributions: | | | |
| Primary Government | \$ 1,766,085 | \$ 1,681,986 | \$ 1,601,891 |
| Board of Education | 23,233,483 | 19,141,696 | 9,462,169 |
| Community College | 362,304 | 308,172 | 365,384 |
| State contributions on behalf of: | | | |
| Board of Education | 61,514,758 | 54,632,314 | 70,640,804 |
| Community College | 3,821,756 | 3,463,220 | 3,511,596 |
| Library | 1,203,191 | 1,100,658 | 1,211,713 |
| | <u>\$ 91,901,577</u> | <u>\$ 80,328,046</u> | <u>\$ 86,793,557</u> |

D Funded Status and Funding Progress - The funded status of each plan as of January 1, 2014, the most recent actuarial valuation date, is as follows:

| | (A) | (B) | (B-A) | (A/B) | (C) | ((A-B)/C) |
|-------------------------------|----------------------------------|--|----------------------------|---------------------|------------------------|--|
| | <i>Actuarial Value of Assets</i> | <i>Actuarial Accrued Liability (AAL)</i> | <i>Unfunded AAL (UAAL)</i> | <i>Funded Ratio</i> | <i>Covered Payroll</i> | <i>UAAL as a percentage of Covered Payroll</i> |
| Employee's Plan | \$545,812,384 | \$735,729,033 | \$189,916,649 | 74.2% | \$115,809,426 | 164.0% |
| Police Service Plan | 452,075,806 | 576,387,838 | 124,312,032 | 78.4% | 41,714,302 | 298.0% |
| Fire Service Plan | 462,235,880 | 542,077,933 | 79,842,053 | 85.3% | 44,950,885 | 177.6% |
| Det.Officers' & Sheriffs Plan | 102,136,092 | 143,696,346 | 41,560,254 | 71.1% | 18,132,868 | 229.2% |

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

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

A derivative policy statement is included in the Investment Policy Statement (IPS). Prohibited instruments include options, commodities, uncovered options or futures, uncovered short positions, short selling, and use of financial leverage. The derivative exposure as of December 31, 2013 within the mutual funds is comprised of allowable instruments based on the IPS.

F Commitments - The System has committed to fund various private equity investments totaling \$176 million at December 31, 2013, of which \$82.9 million remains unfunded. The expected funding dates for these commitments extend through 2018.

G Teacher pension funding shift - Legislation enacted by the Maryland General Assembly during 2012 requires County Boards of Education to pay a portion of employer contributions for members of the Teachers' Retirement System or the Teachers' Pension System beginning in fiscal year 2013. Anne Arundel County's contribution for fiscal year 2014 was \$14,568,567 and increases to \$21.4 million in fiscal year 2016. Beginning in fiscal year 2017, each local Board will pay its local share equal to the normal contribution rate for the Teachers'

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

13 Other Post-employment Benefits

The primary government, the Board of Education, the Community College, and the Library administer single-employer defined benefit healthcare plans for retirees. The following provides a summary of the plans' descriptions and eligibility, funding policies and sources of authorization, annual cost and net obligations, and the actuarial methods and assumptions used in determining costs and liabilities. In addition, required supplementary information includes trend data about these plans. The Supplementary Information following these notes presents multi-year trend information about whether the actuarial value of each plan's assets is increasing or decreasing relative to the actuarial accrued liability for benefits year to year over a four year period. There is not a separate audited postemployment benefit report available.

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

A Plan Description, Eligibility, Authorization, and Funding Policy - The primary government provides a group health plan for employees and retirees under the authority of § 6-1-308 of the County Code. This health plan may be extended to other component units under § 6-1-309 of the County Code. The Community College and the Library provide retiree health insurance through participation in the County's health plans. The County collects premiums from these entities to offset the related costs. The County Code requires the County to pay 80% of the health coverage cost for current County retirees and terminated vested employees that retired before July 1, 2014. Employees not eligible for normal or early retirement by January 1, 2017 will receive a subsidy based on years of service. The Library currently pays 80% for Library retirees. The primary government plan provides the same health plans to active employees and pre-age 65 retirees. The County offers a Medicare supplement to post age 65 retirees. The County is issuing requests for proposals for Medicare Advantage Plans to be offered to post age 65 retirees beginning in calendar year 2016. The County offers the same prescription benefit for active employees and pre-age 65 retirees. Starting in calendar year 2015, post age 65 retirees will be eligible to participate in an Employer Group Waiver Plan (EGWP) for prescription benefits. County and Library retirees have the option of retaining dental and vision coverage, but must pay the full premium for these benefits.

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

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

The number of participants eligible to participate in the plans as of July 1, 2013 is presented as follows. Inactive individuals include both retirees and those who are terminated and vested.

| | <u>Active</u> | <u>Inactive</u> | <u>Total</u> |
|--------------------|---------------|-----------------|---------------|
| Primary Government | 3,685 | 2,185 | 5,870 |
| Board of Education | 8,569 | 4,485 | 13,054 |
| College | 299 | 287 | 586 |
| Library | 172 | 122 | 294 |
| | <u>12,725</u> | <u>7,079</u> | <u>19,804</u> |

B Funding Policy – Neither the primary government nor the component units have established irrevocable trust funds. The entities currently fund the retirees’ healthcare costs on a pay-as-you-go basis. The County anticipates utilizing a trust fund in the future to manage the retiree health care unfunded actuarial accrued liability. The County has established under its Charter, a Reserve Fund for Retiree Health Benefits into which funds may be appropriated for the sole purpose of funding retiree health benefits, and \$20.7 million is to be contributed to this fund in fiscal year 2015. As of June 30, 2014, the reserve fund has a fund balance of \$15,047,469.

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

(Amounts shown in thousands)

| | <u>Primary Government</u> | <u>Board of Education</u> | <u>College</u> | <u>Library</u> | <u>Total</u> |
|---|-------------------------------|-------------------------------|------------------|------------------|---------------------|
| Actuarial accrued liability (AAL) | \$ 857,983 | \$ 1,496,742 | \$ 51,806 | \$ 31,484 | \$ 2,438,015 |
| Actuarial value of plan assets | - | - | - | - | - |
| Unfunded actuarial accrued liability (end of year) | <u>\$ 857,983</u> | <u>\$ 1,496,742</u> | <u>\$ 51,806</u> | <u>\$ 31,484</u> | <u>\$ 2,438,015</u> |
| Annual Required Contribution | \$ 71,324 | \$ 103,570 | \$ 4,870 | \$ 2,568 | \$ 182,332 |
| Interest on Net OPEB Obligations | 16,854 | 4,143 | 1,051 | 555 | 22,603 |
| Adjustment to ARC | <u>(17,888)</u> | <u>1,359</u> | <u>(1,115)</u> | <u>(589)</u> | <u>(18,233)</u> |
| Total Annual OPEB Cost | 70,290 | 109,072 | 4,806 | 2,534 | 186,702 |
| Less: Pay-As-You-Go Contributions | <u>(21,334)</u> | <u>(44,087)</u> | <u>(1,253)</u> | <u>(892)</u> | <u>(67,566)</u> |
| Increase in Net OPEB obligation | 48,956 | 64,985 | 3,553 | 1,642 | 119,136 |
| Net OPEB obligation beginning of year | <u>430,073</u> | <u>317,193</u> | <u>26,388</u> | <u>14,362</u> | <u>788,016</u> |
| Net OPEB obligation end of year | <u>\$ 479,029</u> | <u>\$ 382,178</u> | <u>\$ 29,941</u> | <u>\$ 16,004</u> | <u>\$ 907,152</u> |
| Percent of Annual OPEB Cost contributed | <u>30.35%</u> | <u>40.42%</u> | <u>26.07%</u> | <u>35.20%</u> | <u>36.19%</u> |
| Covered payroll | <u>\$ 239,173</u> | <u>\$ 590,414</u> | <u>\$ 90,338</u> | <u>\$ 10,308</u> | <u>\$ 930,233</u> |
| UALL as a % of Covered Payroll | 358.73% | 253.51% | 57.35% | 305.43% | 262.09% |

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

Actuarial Assumptions for Primary Government

| | |
|------------------------|---|
| Actuarial Cost Method | Projected Unit Credit |
| Amortization Method | Closed (level % of the projected payroll) |
| Amortization Period | 26 years remaining |
| Asset Valuation Method | Market Value of Assets |

Actuarial Assumptions

| | |
|------------------|---|
| Discount Rate | 4.00 % |
| Payroll Increase | 3.50% |
| Medical Trend | The initial rate is 7.00% decreasing gradually. The rate in 2050 is 3.28% Pre-Medicare and 4.20% Post Medicare. The ultimate rate is 3.40%. |
| Inflation Rate | 3.2 % |

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

14 Risk Management

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

The Self Insurance Fund has recognized a liability at fiscal year-end for those claims where a loss has occurred and the amount of loss can be reasonably estimated. This estimate includes reserves for non-incremental claims adjustment expense. An actuarial review of all claims is used as the basis for determining the liability at the end of the year. Management, with the assistance of claims administrators, estimates the liabilities for the Health Insurance Fund. Both funds include estimated liabilities for claims that have been incurred but not reported. Claims are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. As of June 30, 2014 the Self Insurance Fund liability of \$74,257,000 is discounted since discounting is more reflective of the nature of the claims. The Health Insurance Fund liability of \$6,825,796 is undiscounted since claims will be paid within one year of the date incurred. Settlements have not exceeded coverage for each of the past three years. Changes in the balances of claims liabilities during fiscal years 2014 and 2013 were as follows:

| | <u>2014</u> | <u>2013</u> |
|---|----------------------|----------------------|
| Liability balance, July 1 | \$ 76,822,546 | \$ 71,146,755 |
| Current year claims and changes in estimates: | | |
| Changes in estimates - prior periods | (1,955,000) | 2,054,000 |
| Changes in estimates - current year | 111,832,378 | 109,544,029 |
| Claims payments | <u>(105,617,128)</u> | <u>(105,922,238)</u> |
| Liability balance, June 30 | <u>\$ 81,082,796</u> | <u>\$ 76,822,546</u> |

15 Landfill Closure, Postclosure, and Remediation

The primary government has utilized three landfill sites; however, only one site, the Millersville Landfill, is still accepting trash. The others, Glen Burnie and Sudley, ceased accepting solid waste in 1983 and 1993, respectively. The Millersville site consists of nine individual cells. Cells 1 through 7 are closed, cell 8 is active and 90.2% full, and cell 9 has not yet opened. Cells 8 and 9 have useful lives to at least 2018 and 2043, 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 | \$ 53,386,111 | \$ 18,163,719 | \$ 71,549,830 |
| Post closure | 40,084,019 | 3,275,949 | 43,359,968 |
| | <u>93,470,130</u> | <u>21,439,668</u> | <u>114,909,798</u> |
| Less: | | | |
| Amount recognized thru June 30, 2014 | <u>53,078,650</u> | <u>21,439,668</u> | <u>74,518,318</u> |
| Costs remaining to be recognized | <u>\$ 40,391,480</u> | <u>\$ -</u> | <u>\$ 40,391,480</u> |
| Liability recorded at June 30, 2014 | | | |
| Closure | \$ 11,417,640 | \$ - | \$ 11,417,640 |
| Current portion post closure | 790,527 | 232,044 | 1,022,571 |
| Post closure | <u>19,802,509</u> | <u>3,043,905</u> | <u>22,846,414</u> |
| | <u>\$ 32,010,676</u> | <u>\$ 3,275,949</u> | <u>\$ 35,286,625</u> |

The primary government accounts for landfill activities in the Solid Waste Fund. Management estimates the costs of closure, post closure, remediation, and monitoring the landfills based on federal and state regulations. These estimates are recorded at current costs and are management's best judgment of the minimum cost required to correct identified problems and close and remediate open cells. These estimates are subject to periodic reevaluation, and actual costs may differ due to inflation or deflation, changes in technology, or changes in applicable laws and regulations. The closure reserves decreased in the amount of \$125,710 and post closure reserves decreased by \$106,776 in fiscal year 14. These amounts include changes to the estimates in the reserves, payments, and other adjustments.

The Solid Waste Fund has restricted assets of \$24,130,795 for closure and post closure care as of June 30, 2014.

16 Contingent Liabilities

A *Impact Fees* – The County has entered into impact fee agreements with developers who provide offsite improvements designed to lessen the impact of development on the immediate community. Unredeemed impact fee credits totaled \$20,694,227 as of June 30, 2014.

B *Lawsuits* – Certain current owners of property on which impact fees were paid in fiscal years 1988 through 1996 have pursued a class action suit against the County seeking refunds of development impact fees paid to the County during these fiscal years on grounds that they were not expended or encumbered in a timely manner under the County Code. The case was originally dismissed by the Circuit Court on July 26, 2001 but following an appeal, the Court of Special Appeals remanded the case to Circuit Court August 21, 2002. On December 15, 2006, the Circuit Court issued a judgment, finding that, without the consideration of encumbrances, impact fee refunds of \$4,719,359, plus statutory interest, were due to the current owners of certain specified impact fee paying properties. On February 7, 2008, the Court of Special Appeals issued an opinion agreeing with the County's position regarding the use of encumbrances. After a clarifying opinion of the intermediate appellate court was issued on May 7, 2008 and a Court of Appeals decision on other issues was issued on May 6, 2009, the Court of Special Appeals remanded the case to the Circuit Court for a new determination of the amount of impact fee refunds with consideration of encumbrances. The Circuit Court held evidentiary hearings on various dates throughout 2010 and early 2011. On July 24, 2012, the Circuit Court issued a revised judgment finding that with consideration of encumbrance's impact fee refunds of \$1,342,360 (subject to 5% interest from the date of payment of each impact fee) are due to the current owners of certain specified impact fee paying properties. On July 29, 2013, the Court of Special Appeals issued an Opinion in which it affirmed the Circuit Court's July 24, 2012 judgment. At this time the County estimates that the interest will be approximately \$1,530,000. This estimate was based on the assumptions that (1) every fee or portion of a fee that will be refunded was paid on January 1 of the fiscal year in which the fee was paid, and (2) the refunds will be paid on January 1, 2014. The class plaintiffs and certain individual plaintiffs filed another appeal. In a July 29, 2013 Opinion, the Court of Special Appeals affirmed the Circuit Court, and the Court of Appeals denied

Petitions for a Writ of Certiorari filed by class plaintiffs both before and after the Court of Special Appeals' decision. On May 13, 2014, the Circuit Court ordered the County to identify class members and issue a notice to class members. Further, the Court ordered that a percentage of the impact fee refunds and interest be paid to class plaintiffs' counsel, and apportioned the award between two attorneys. On June 11, 2014, one of the attorneys filed an appeal from the Circuit Court's decision, and the Circuit Court thereafter stayed the action pending appeal. The actual dates of payment of the fees and the refunds have not yet been determined.

In the opinion of the County Attorney, following the hearing on May 13, 2014, it is probable that the Circuit Court judgment will be affirmed, but the possibility that the loss might exceed \$1,342,360 plus 5% interest from the date of payment of each impact fee as a result of an appeal by the class plaintiffs is remote. The County believes that its position is on solid legal grounds.

On November 14, 2011, four individuals served a new class action complaint on the County seeking refunds of impact fees paid to the County in fiscal years subsequent to 1996 on grounds that they were not expended or encumbered in a timely manner under the County Code. On April 25, 2013, the Circuit Court certified a class action of persons who are current property owners of property upon which impact fees were paid to the County in certain fiscal years subsequent to fiscal year 1996 and for which impact fees were not timely expended or encumbered. On November 17 through 20, 2014 the Circuit Court held a trial on the Plaintiffs' claim. The outcome has not yet to be determined. At this juncture; however, the likelihood of a loss in any specified amount cannot be characterized as either probable or remote.

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

The County is a defendant in lawsuits and other claims that occur in the ordinary course of County operations. It is the opinion of the County Attorney that such lawsuits and claims will not have a material adverse impact on the County's financial condition. The County is also following the appeal of a case in which it is not a party, *Comptroller v. Wynne*, 431 Md. 147 (2013). In that case, the State has filed a writ of certiorari with the United States Supreme Court to review the judgment of the Court of Appeals of Maryland, which ruled that counties are prohibited from collecting personal income taxes from their own residents to the extent that the income was earned from sources in another state where the income is subject to tax by that state therefore refunds may be due. The ruling has not affected County income tax revenues because the Court of Appeals stayed the effect of the ruling pending appeal to the United States Supreme Court. If the Court of Appeals ruling stands, each county in Maryland will see a reduction in income tax revenue, including Anne Arundel County. Additionally, the ruling may allow taxpayers to receive a refund of overpayments from prior tax years. The final fiscal impact of the ruling on the County is not determinable at this time.

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, 2014, the County estimates that no material liabilities will result from such audits.

Required Supplementary Information

Year Ended June 30, 2014

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

Schedule of Funding Progress

| | | (A) Actuarial Value of Assets | (B) Actuarial Liability (AAL) | (B-A) Unfunded AAL (UAAL) | (A/B) Funded Ratio | (C) Covered Payroll | ((A-B)/C) UAAL as a Percentage of Covered Payroll |
|---|------|--|-------------------------------------|------------------------------------|--------------------------|---------------------------|---|
| Employees Retirement Plan: | | | | | | | |
| January 1, | 2012 | \$ 516,070,401 | \$ 653,653,058 | \$ 137,582,657 | 79.0% | \$ 120,415,534 | 114.3% |
| | 2013 | 508,232,321 | 693,580,675 | 185,348,354 | 73.3% | 116,024,717 | 159.7% |
| | 2014 | 545,812,384 | 735,729,033 | 189,916,649 | 74.2% | 115,809,426 | 164.0% |
| Police Service Retirement Plan: | | | | | | | |
| January 1, | 2012 | 430,342,941 | 526,154,978 | 95,812,037 | 81.8% | 41,334,580 | 231.8% |
| | 2013 | 420,675,703 | 555,292,097 | 134,616,394 | 75.8% | 40,521,944 | 332.2% |
| | 2014 | 452,075,806 | 576,387,838 | 124,312,032 | 78.4% | 41,714,302 | 298.0% |
| Fire Service Retirement Plan: | | | | | | | |
| January 1, | 2012 | 426,196,539 | 486,095,747 | 59,899,208 | 87.7% | 45,673,006 | 131.1% |
| | 2013 | 426,659,036 | 510,470,652 | 83,811,616 | 83.6% | 43,361,686 | 193.3% |
| | 2014 | 462,235,880 | 542,077,933 | 79,842,053 | 85.3% | 44,950,885 | 177.6% |
| Detention Officers' and Deputy Sheriffs' Pension Plan: | | | | | | | |
| January 1, | 2012 | 90,334,022 | 125,987,284 | 35,653,262 | 71.7% | 18,760,664 | 190.0% |
| | 2013 | 92,617,788 | 133,678,085 | 41,060,297 | 69.3% | 17,896,574 | 229.4% |
| | 2014 | 102,136,092 | 143,696,346 | 41,560,254 | 71.1% | 18,132,868 | 229.2% |
| State Retirement and Pension System of Maryland (dollar amounts in thousands): | | | | | | | |
| June 30, | 2011 | 36,177,656 | 55,917,543 | 19,739,887 | 64.7% | 10,478,800 | 188.4% |
| | 2012 | 37,248,401 | 57,869,145 | 20,620,745 | 64.4% | 10,336,537 | 199.5% |
| | 2013 | 39,350,969 | 60,060,091 | 20,709,122 | 65.5% | 10,477,544 | 197.7% |

Notes to Required Supplementary Information

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

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

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

Anne Arundel County, Maryland

Required Supplementary Information

Year Ended June 30, 2014

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

Schedule of Funding Progress

(Amounts shown in thousands)

| | (A) Actuarial Value of Assets | (B) Actuarial Accrued Liability (AAL) | (B - A) Unfunded AAL (UAAL) | (A / B) Funded Ratio | (C) Covered Payroll | (B - A / C) UAAL as a % of Covered Payroll |
|----------------------------|--|--|--------------------------------------|----------------------------|---------------------------|---|
| Primary Government: | | | | | | |
| June 30, 2012 | \$ - | \$ 1,187,938 | \$ 1,187,938 | \$ 0.0% | \$ 215,209 | \$ 552% |
| 2013 | - | 1,265,890 | 1,265,890 | 0.0% | 213,899 | 592% |
| 2014 | - | 857,983 | 857,983 | 0.0% | 239,173 | 359% |
| Board of Education: | | | | | | |
| June 30, 2012 | - | 1,304,189 | 1,304,189 | 0.0% | 572,923 | 228% |
| 2013 | - | 1,423,684 | 1,423,684 | 0.0% | 578,137 | 246% |
| 2014 | - | 1,496,742 | 1,496,742 | 0.0% | 590,414 | 254% |
| College: | | | | | | |
| June 30, 2012 | - | 60,287 | 60,897 | 0.0% | 89,955 | 67% |
| 2013 | - | 64,617 | 64,617 | 0.0% | 89,089 | 73% |
| 2014 | - | 51,806 | 51,806 | 0.0% | 90,338 | 57% |
| Library: | | | | | | |
| June 30, 2012 | - | 37,684 | 37,684 | 0.0% | 9,819 | 384% |
| 2013 | - | 40,073 | 40,073 | 0.0% | 9,760 | 411% |
| 2014 | - | 31,484 | 31,484 | 0.0% | 10,308 | 305% |

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

General Fund Budget Detail

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

General Fund - Detail Schedule of Revenues

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

Separately budgeted General Fund component funds

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

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

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

Impact Fees Capital Projects Fund Budget Detail

The Impact Fees Capital Projects Fund accounts for impact fees collected from developers to pay a share of the cost of schools, road capacity improvements and public safety necessitated by development. Appropriations are budgeted in the Impact Fees Capital Projects Fund to allow for transfer of funds to General County Capital Projects as eligible expenditures are incurred and to reimburse the General Fund for debt service related to impact fee projects.

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---------------------------------------|--------------------|--------------------|--------------------|---------------------------------|
| GENERAL PROPERTY TAXES | | | | |
| Real and personal taxes | \$ 601,517,000 | \$ 601,517,000 | \$ 602,215,988 | \$ 698,988 |
| Interest and penalties | 1,202,000 | 1,202,000 | 962,352 | (239,648) |
| | <u>602,719,000</u> | <u>602,719,000</u> | <u>603,178,340</u> | <u>459,340</u> |
| LOCAL INCOME TAXES | <u>417,300,000</u> | <u>417,300,000</u> | <u>435,870,098</u> | <u>18,570,098</u> |
| STATE SHARED TAXES | | | | |
| Highway user | 2,560,000 | 3,320,000 | 3,480,389 | 160,389 |
| Admissions | 8,980,000 | 8,980,000 | 8,680,092 | (299,908) |
| Auto-boat | 2,000 | 2,000 | 2,735 | 735 |
| | <u>11,542,000</u> | <u>12,302,000</u> | <u>12,163,216</u> | <u>(138,784)</u> |
| RECORDATION AND TRANSFER TAXES | | | | |
| Recordation | 36,500,000 | 36,500,000 | 38,552,477 | 2,052,477 |
| Transfer | 36,500,000 | 36,500,000 | 38,982,623 | 2,482,623 |
| | <u>73,000,000</u> | <u>73,000,000</u> | <u>77,535,100</u> | <u>4,535,100</u> |
| LOCAL SALES TAXES | | | | |
| Electricity | 4,900,000 | 4,900,000 | 5,214,371 | 314,371 |
| Gas | 780,000 | 780,000 | 885,554 | 105,554 |
| Telephone | 6,300,000 | 6,300,000 | 6,235,367 | (64,633) |
| Fuel | 50,000 | 50,000 | 78,263 | 28,263 |
| Hotel-motel | 13,670,000 | 13,670,000 | 12,449,650 | (1,220,350) |
| Parking | 5,500,000 | 5,500,000 | 5,453,475 | (46,525) |
| Trailer park rental pmts | 910,000 | 910,000 | 910,881 | 881 |
| Gross receipt tax - heavy equipment | 260,000 | 260,000 | 289,214 | 29,214 |
| | <u>32,370,000</u> | <u>32,370,000</u> | <u>31,516,775</u> | <u>(853,225)</u> |

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|-----------------------------------|-------------------------|-------------------------|-------------------------|---------------------------------|
| LICENSES AND PERMITS | | | | |
| Amusements | 253,000 | 253,000 | 180,780 | (72,220) |
| Special events | 7,000 | 7,000 | 5,200 | (1,800) |
| Beer, wine, liquor | 970,000 | 970,000 | 1,071,995 | 101,995 |
| Trade licenses | 279,500 | 279,500 | 255,715 | (23,785) |
| Traders | 800,000 | 800,000 | 867,714 | 67,714 |
| Permits | 8,040,500 | 8,040,500 | 9,366,713 | 1,326,213 |
| Fines | 66,000 | 66,000 | 64,425 | (1,575) |
| Mobile home parks | 32,600 | 32,600 | 30,585 | (2,015) |
| Taxicabs | 117,000 | 117,000 | 122,469 | 5,469 |
| Animal control | 345,000 | 345,000 | 302,732 | (42,268) |
| Other | 2,291,500 | 2,291,500 | 2,408,846 | 117,346 |
| Health department | 1,041,000 | 1,041,000 | 1,035,475 | (5,525) |
| Public space | 817,000 | 817,000 | 824,013 | 7,013 |
| | <u>15,060,100</u> | <u>15,060,100</u> | <u>16,536,662</u> | <u>1,476,562</u> |
| INVESTMENT INCOME | <u>400,000</u> | <u>400,000</u> | <u>92,853</u> | <u>(307,147)</u> |
| INTER-FUND RECOVERIES | <u>52,074,700</u> | <u>52,649,700</u> | <u>52,743,393</u> | <u>93,693</u> |
| OTHER REVENUES | | | | |
| Sale of surplus property | - | - | 429,604 | 429,604 |
| Health department fees | 3,746,900 | 3,746,900 | 3,352,345 | (394,555) |
| Certification of liens | 140,000 | 140,000 | 167,575 | 27,575 |
| Recreation and parks | 10,604,900 | 10,604,900 | 10,007,495 | (597,405) |
| Developers fees - street lighting | 60,000 | 60,000 | 33,349 | (26,651) |
| Sheriff | 75,000 | 75,000 | 82,358 | 7,358 |
| Subdivision | 1,500,000 | 1,500,000 | 903,343 | (596,657) |
| Administrative fees | 6,370,000 | 6,370,000 | 5,623,696 | (746,304) |
| Rental income | 1,495,000 | 1,495,000 | 1,345,132 | (149,868) |
| Cable fees | 9,700,000 | 9,700,000 | 10,663,480 | 963,480 |
| Reimbursements | 11,863,100 | 11,863,100 | 14,052,086 | 2,188,986 |
| Fines and fees | 905,000 | 905,000 | 822,094 | (82,906) |
| Miscellaneous | 7,742,000 | 7,742,000 | 10,558,572 | 2,816,572 |
| | <u>54,201,900</u> | <u>54,201,900</u> | <u>58,041,129</u> | <u>3,839,229</u> |
| Total revenues | <u>\$ 1,258,667,700</u> | <u>\$ 1,260,002,700</u> | <u>\$ 1,287,677,566</u> | <u>\$ 27,674,866</u> |

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|--------------------|--------------------|--------------------|---------------------------------|
| EDUCATION | | | | |
| Board of Education | \$ 659,001,100 | \$ 658,843,100 | \$ 658,697,704 | \$ 145,396 |
| Community College | 37,083,500 | 37,083,500 | 37,191,058 | (107,558) |
| | <u>696,084,600</u> | <u>695,926,600</u> | <u>695,888,762</u> | <u>37,838</u> |
| PUBLIC SAFETY | | | | |
| Police | 107,697,500 | 112,098,400 | 112,063,672 | 34,728 |
| Fire | 99,023,400 | 101,223,400 | 99,922,687 | 1,300,713 |
| Detention Facilities | 40,988,300 | 40,538,300 | 40,469,775 | 68,525 |
| | <u>247,709,200</u> | <u>253,860,100</u> | <u>252,456,134</u> | <u>1,403,966</u> |
| GENERAL GOVERNMENT | | | | |
| County Executive | 5,074,600 | 5,276,600 | 5,218,822 | 57,778 |
| Chief Administrative Officer | 16,026,200 | 1,408,300 | 1,670,801 | (262,501) * |
| Office of Budget | 1,094,600 | 1,044,600 | 1,009,142 | 35,458 |
| Office of Finance | 7,443,600 | 7,493,600 | 7,418,233 | 75,367 |
| Office of Finance (non departmental) | 65,158,100 | 65,208,100 | 65,170,263 | 37,837 ** |
| Mandated Transfers | 2,970,600 | 3,070,600 | 3,043,709 | 26,891 ** |
| Office of Central Services | 17,789,100 | 18,589,100 | 18,498,536 | 90,564 |
| Office of Personnel | 5,731,400 | 5,631,400 | 5,338,596 | 292,804 |
| Information Technology | 15,251,200 | 14,951,200 | 14,894,828 | 56,372 |
| Office of Law | 3,662,900 | 3,662,900 | 3,601,114 | 61,786 |
| Legislative Branch | 3,325,600 | 3,376,600 | 3,348,811 | 27,789 |
| Ethics Commission | 180,400 | 180,400 | 173,866 | 6,534 |
| Board of Election Supervisors | 3,629,400 | 3,929,400 | 3,260,644 | 668,756 |
| | <u>147,337,700</u> | <u>133,822,800</u> | <u>132,647,365</u> | <u>1,175,435</u> |
| HEALTH AND HUMAN SERVICES | | | | |
| Health | 32,743,600 | 31,843,600 | 30,904,560 | 939,040 |
| Social Services | 4,627,900 | 4,412,900 | 4,115,694 | 297,206 |
| Services for Aging and Disability | 8,642,700 | 8,642,700 | 8,422,764 | 219,936 |
| Other Grants | 996,500 | 998,500 | 997,649 | 851 * |
| | <u>47,010,700</u> | <u>45,897,700</u> | <u>44,440,667</u> | <u>1,457,033</u> |
| PUBLIC WORKS | | | | |
| | <u>31,490,300</u> | <u>39,480,300</u> | <u>39,273,446</u> | <u>206,854</u> |
| RECREATION AND COMMUNITY SERVICES | | | | |
| Recreation and Parks | 22,082,800 | 22,617,800 | 22,351,742 | 266,058 |
| Public Library System | 16,558,700 | 16,958,700 | 16,958,700 | - |
| | <u>38,641,500</u> | <u>39,576,500</u> | <u>39,310,442</u> | <u>266,058</u> |

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|-----------------------------|-----------------------------|-----------------------------|---------------------------------|
| JUDICIAL | | | | |
| States Attorney | 9,288,800 | 9,288,800 | 9,340,337 | (51,537) |
| Sheriffs Office | 7,706,100 | 8,571,100 | 8,405,010 | 166,090 |
| Circuit Court | 4,924,900 | 5,141,900 | 5,129,724 | 12,176 |
| Orphans Court | 123,400 | 123,400 | 112,169 | 11,231 |
| Total Judicial | <u>22,043,200</u> | <u>23,125,200</u> | <u>22,987,240</u> | <u>137,960</u> |
| LAND USE AND DEVELOPMENT | | | | |
| Planning and Zoning | 8,058,500 | 7,858,500 | 7,826,312 | 32,188 |
| Office of Administrative Hearings | 277,500 | 277,500 | 274,005 | 3,495 |
| Cooperative Extension Service | 238,100 | 243,100 | 242,489 | 611 |
| | <u>8,574,100</u> | <u>8,379,100</u> | <u>8,342,806</u> | <u>36,294</u> |
| CODE ENFORCEMENT | | | | |
| Inspections and Permits | 10,913,100 | 10,913,100 | 10,896,278 | 16,822 |
| Board of License Commissioners | 663,500 | 663,500 | 651,009 | 12,491 |
| | <u>11,576,600</u> | <u>11,576,600</u> | <u>11,547,287</u> | <u>29,313</u> |
| DEBT SERVICE | <u>44,151,500</u> | <u>44,309,500</u> | <u>44,274,685</u> | <u>34,815</u> ** |
| PAY GO FUNDING - CAPITAL PROJECTS | <u>25,177,000</u> | <u>25,177,000</u> | <u>25,177,000</u> | <u>-</u> |
| Total expenditures and encumbrances \$ | <u><u>1,319,796,400</u></u> | <u><u>1,321,131,400</u></u> | <u><u>1,316,345,834</u></u> | <u><u>4,785,566</u></u> |

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

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

Anne Arundel County, Maryland

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

General Fund - Separately Budgeted Components

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---------------------|---------------------|---------------------|---------------------------------|
| COUNTY PARKING GARAGE | | | | |
| Revenues | | | | |
| Parking fees | \$ 545,900 | \$ 545,900 | \$ 517,860 | \$ (28,040) |
| Other | - | - | 864 | 864 |
| | <u>545,900</u> | <u>545,900</u> | <u>518,724</u> | <u>(27,176)</u> |
| Expenditures | | | | |
| General government | 529,400 | 529,400 | 450,342 | 79,058 |
| Inter fund reimbursement | - | - | 91,947 | (91,947) |
| | <u>529,400</u> | <u>529,400</u> | <u>542,289</u> | <u>(12,889)</u> |
| Revenues over (under) expenditures | \$ <u>16,500</u> | \$ <u>16,500</u> | \$ <u>(23,565)</u> | \$ <u>(40,065)</u> |
| PINEY ORCHARD WASTEWATER SERVICE | | | | |
| Revenues | | | | |
| Commissions and fees | \$ <u>1,000,000</u> | \$ <u>1,012,000</u> | \$ <u>1,011,567</u> | \$ <u>(433)</u> |
| Expenditures | | | | |
| Public works | <u>1,000,000</u> | <u>1,012,000</u> | <u>1,011,567</u> | <u>433</u> |
| Revenues over (under) expenditures | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> |
| INMATE BENEFIT AND MORALE | | | | |
| Revenues | | | | |
| Commissary sales | \$ 660,500 | \$ 660,500 | \$ 682,009 | \$ 21,509 |
| Commissions and fees | 350,000 | 350,000 | 280,460 | (69,540) |
| Investment income | 1,200 | 1,200 | 1,660 | 460 |
| Other | - | - | 76,578 | 76,578 |
| | <u>1,011,700</u> | <u>1,011,700</u> | <u>1,040,707</u> | <u>29,007</u> |
| Expenditures | | | | |
| Commissary purchases | 690,500 | 690,500 | 650,500 | 40,000 |
| Inmate benefits/morale | 302,300 | 302,300 | 315,715 | (13,415) |
| | <u>992,800</u> | <u>992,800</u> | <u>966,215</u> | <u>26,585</u> |
| Revenues over (under) expenditures | \$ <u>18,900</u> | \$ <u>18,900</u> | \$ <u>74,492</u> | \$ <u>55,592</u> |

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

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

Impact Fees Capital Projects Fund

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|------------------------|------------------------|--|---------------------------------|
| IMPACT FEES | | | | |
| Revenues | | | | |
| Impact fees | \$ 8,742,000 | \$ 8,742,000 | \$ 25,983,661 | \$ 17,241,661 |
| Investment income | - | - | 130,388 | 130,388 |
| | <u>8,742,000</u> | <u>8,742,000</u> | <u>26,114,049</u> | <u>17,372,049</u> |
| Expenditures | | | | |
| Education | - | - | 615,235 | (615,235) |
| Public works | - | - | 3,066,941 | (3,066,941) |
| Other inter-fund reimbursements | 2,701,100 | 2,701,100 | 2,670,924 | 30,176 |
| Pay-as-you-go | 28,476,500 | 28,476,500 | 6,431,240 | 22,045,260 |
| | <u>31,177,600</u> | <u>31,177,600</u> | <u>12,784,340</u> | <u>18,393,260</u> |
| Revenues over (under) expenditures | \$ <u>(22,435,600)</u> | \$ <u>(22,435,600)</u> | \$ <u>13,329,709</u> | \$ <u>35,765,309</u> |
| Fund balance, budgetary, July 1 | <u>(14,848,962)</u> | <u>(14,848,962)</u> | <u>(14,848,962)</u> | |
| Fund balance, budgetary, June 30 | \$ <u>(37,284,562)</u> | \$ <u>(37,284,562)</u> | \$ <u>(1,519,253)</u> | |
| | | | Change in fund balance on a GAAP basis \$ 13,329,709 | |
| | | | Change in fund balance on a budgetary basis \$ <u>13,329,709</u> | |

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

Nonmajor Governmental Funds

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

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

Street Light – This fund is used to account for installation of street lights. The County collects fees from developers and pays a vendor to install and maintain the lights once development is complete. This fund was closed in 2014 and the fund balance transferred to the Street Light Capital Projects Fund.

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.

Video Lottery Local Impact Aid – This fund is used to account for revenues from the local impact grant distributed to the County from the State. The funds can only be used for purposes as defined in State law which include infrastructure improvements, facilities, public safety, sanitation, economic and community development, including housing; and other public services and improvements, primarily in the communities in immediate proximity to the video lottery facility.

Nonmajor Governmental Funds (continued)

Watershed Protection and Restoration – This fund is used to account for revenues collected from property owners to fund stormwater management projects and any debt service related to such projects in accordance with State law.

Capital Projects Funds

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

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

Bond Premium – This fund accounts for the bond premium restricted for Capital Projects.

Street Light Capital Projects – This fund accounts for revenues from developers to purchase, construct, and install street lighting associated with the development for which the fee was paid.

Energy Revolving Loan – This fund accounts for certain revenues from the Millersville Landfill Gas to Energy Project to be used for improving energy efficiency within the County.

Debt Service Funds

Nursery Road Tax Increment – This fund accumulates the incremental property tax revenues related the Nursery Road Tax Increment District. The funds are being used to pay the debt service costs on debt issued to provide improvements within the district. Any unused funds revert to the General Fund at the end of the fiscal year.

West County Tax Increment (NBP) – This fund accumulates the incremental property tax revenues related to the West County Development District. The funds are being used to pay the debt service costs on debt issued to provide improvements within the district. Any unused funds revert to the General Fund at the end of the fiscal year.

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. Any unused funds revert to the General Fund at the end of the fiscal year.

Parole Tax Increment – This fund accumulates the incremental property taxes related to the Parole Tax Increment District. Any unused funds revert to the General Fund at the end of the fiscal year.

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

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

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

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

Anne Arundel County, Maryland

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2014

| | Special Revenue Funds | | | | |
|---|---|---|---|----------------------|---|
| | Forfeiture and Asset Seizure Team | Road and Special Benefits Districts | AA County Partnership for CYF (Grants) | Reforestation | Laurel Racetrack Community Benefit |
| ASSETS | | | | | |
| Cash and investments | \$ 1,040,758 | \$ 417,279 | \$ 408,838 | \$ 13,681,805 | \$ 24,205 |
| Receivables | | | | | |
| Due from other governmental agencies (net of allowances) | - | - | 111,114 | - | - |
| Other, net | 100,000 | 23,525 | - | - | - |
| Total assets | <u>\$ 1,140,758</u> | <u>\$ 440,804</u> | <u>\$ 519,952</u> | <u>\$ 13,681,805</u> | <u>\$ 24,205</u> |
| LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | \$ 189,582 | \$ 44,413 | \$ 340,936 | \$ 66,233 | \$ - |
| Due to General Fund | - | - | - | - | - |
| Escrow and other deposits | - | - | - | 5,868,768 | - |
| Unearned revenue | - | - | 126,970 | - | - |
| Total liabilities | <u>189,582</u> | <u>44,413</u> | <u>467,906</u> | <u>5,935,001</u> | <u>-</u> |
| DEFERRED INFLOW OF RESOURCES | | | | | |
| Unavailable grant revenue | - | - | 13,934 | - | - |
| Total deferred inflow of resources | <u>-</u> | <u>-</u> | <u>13,934</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Restricted | 951,176 | 396,391 | 38,112 | 7,746,804 | 24,205 |
| Committed | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total fund balances | <u>951,176</u> | <u>396,391</u> | <u>38,112</u> | <u>7,746,804</u> | <u>24,205</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 1,140,758</u> | <u>\$ 440,804</u> | <u>\$ 519,952</u> | <u>\$ 13,681,805</u> | <u>\$ 24,205</u> |

Special Revenue Funds

| Workforce Development (Grants) | Arundel Community Development Services (Grants) | Grants | Circuit Court | Park Place Tax Increment | Street Light | Erosion Districts |
|--------------------------------------|---|---------------------|-------------------|-----------------------------|-----------------|----------------------|
| \$ - | \$ - | \$ 407,119 | \$ 212,200 | \$ - | \$ - | \$ 338,042 |
| 280,992 | 2,019,481 | 5,217,182 | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>63,465</u> | <u>11,317</u> | <u>-</u> | <u>-</u> | <u>1,134</u> |
| \$ <u>280,992</u> | \$ <u>2,019,481</u> | \$ <u>5,687,766</u> | \$ <u>223,517</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>339,176</u> |
| \$ 112,413 | \$ 1,105,692 | \$ 2,030,459 | \$ - | \$ - | \$ - | \$ 53,200 |
| 168,579 | 913,789 | 2,108,887 | - | - | - | - |
| - | - | - | 116,745 | - | - | - |
| <u>-</u> | <u>-</u> | <u>651,306</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>280,992</u> | <u>2,019,481</u> | <u>4,790,652</u> | <u>116,745</u> | <u>-</u> | <u>-</u> | <u>53,200</u> |
| <u>-</u> | <u>-</u> | <u>3,091,453</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>3,091,453</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | 2,703,102 | 1,211,298 | 106,772 | - | - | 285,976 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>-</u> | <u>(2,703,102)</u> | <u>(3,405,637)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>(2,194,339)</u> | <u>106,772</u> | <u>-</u> | <u>-</u> | <u>285,976</u> |
| \$ <u>280,992</u> | \$ <u>2,019,481</u> | \$ <u>5,687,766</u> | \$ <u>223,517</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>339,176</u> |

(continued)

Anne Arundel County, Maryland

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2014

| | Special Revenue Funds | | Capital Projects Funds | | |
|---|--------------------------------------|--|------------------------|---------------------------|----------------------|
| | Video Lottery Local Impact Aid | Watershed Protection and Restoration | Storm Drain Fees | Recreational Land Fees | Bond Premium |
| ASSETS | | | | | |
| Cash and investments | \$ - | \$ 7,154,052 | \$ 957,943 | \$ 334,354 | \$ 14,987,106 |
| Receivables | | | | | |
| Due from other governmental agencies (net of allowances) | - | - | - | - | - |
| Other, net | 3,389,100 | 216,368 | - | - | - |
| Total assets | \$ <u>3,389,100</u> | \$ <u>7,370,420</u> | \$ <u>957,943</u> | \$ <u>334,354</u> | \$ <u>14,987,106</u> |
| LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ 358,442 | \$ - | \$ - | \$ - |
| Due to General Fund | 1,364,358 | - | - | - | - |
| Escrow and other deposits | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Total liabilities | <u>1,364,358</u> | <u>358,442</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOW OF RESOURCES | | | | | |
| Unavailable grant revenue | - | - | - | - | - |
| Total deferred inflow of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Restricted | 2,024,742 | 7,011,978 | - | - | 14,987,106 |
| Committed | - | - | 957,943 | 334,354 | - |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total fund balances | <u>2,024,742</u> | <u>7,011,978</u> | <u>957,943</u> | <u>334,354</u> | <u>14,987,106</u> |
| Total liabilities, deferred inflows and fund balances | \$ <u>3,389,100</u> | \$ <u>7,370,420</u> | \$ <u>957,943</u> | \$ <u>334,354</u> | \$ <u>14,987,106</u> |

| Capital Projects Funds | | | Debt Service Funds | | | |
|---------------------------------|-----------------------------|-------------------------------|---------------------------------------|--------------------------------|-------------------------|---|
| Street Light Capital Project | Energy Revolving Loan | Nursery Road Tax Increment | West County (NBP) Tax Increment | Arundel Mills Tax Increment | Parole Tax Increment | National Business Park North Tax Increment |
| \$ 3,965,413 | \$ 274,617 | \$ 1,896,045 | \$ 13,555,122 | \$ 27,552,162 | \$ - | \$ 3,560,161 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>\$ 3,965,413</u> | <u>\$ 274,617</u> | <u>\$ 1,896,045</u> | <u>\$ 13,555,122</u> | <u>\$ 27,552,162</u> | <u>\$ -</u> | <u>\$ 3,560,161</u> |
| \$ 184,376 | \$ - | \$ - | \$ 10,403 | \$ 20,934 | \$ - | \$ - |
| - | - | - | - | - | - | - |
| - | - | 1,896,045 | 13,516,598 | 27,439,655 | - | - |
| - | - | - | - | - | - | - |
| <u>184,376</u> | <u>-</u> | <u>1,896,045</u> | <u>13,527,001</u> | <u>27,460,589</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | 28,121 | 91,573 | - | 3,560,161 |
| 3,781,037 | 274,617 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>3,781,037</u> | <u>274,617</u> | <u>-</u> | <u>28,121</u> | <u>91,573</u> | <u>-</u> | <u>3,560,161</u> |
| <u>\$ 3,965,413</u> | <u>\$ 274,617</u> | <u>\$ 1,896,045</u> | <u>\$ 13,555,122</u> | <u>\$ 27,552,162</u> | <u>\$ -</u> | <u>\$ 3,560,161</u> |

(continued)

Anne Arundel County, Maryland

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2014

| | <u>Debt Service Funds</u> | | | |
|---|--|-------------------------------------|--|-----------------------|
| | <u>Village South at Waugh Chapel Tax Increment</u> | <u>Special Taxing Districts</u> | <u>Installment Purchase Agreements</u> | <u>Totals</u> |
| ASSETS | | | | |
| Cash and investments | \$ 1,983,542 | \$ 879,081 | \$ 8,164,672 | \$ 101,794,516 |
| Receivables | | | | |
| Due from other governmental agencies (net of allowances) | - | - | - | 7,628,769 |
| Other, net | - | 1,016 | - | 3,805,925 |
| Total assets | <u>\$ 1,983,542</u> | <u>\$ 880,097</u> | <u>\$ 8,164,672</u> | <u>\$ 113,229,210</u> |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ 2,350 | \$ - | \$ 4,519,433 |
| Due to General Fund | - | - | - | 4,555,613 |
| Escrow and other deposits | - | - | - | 48,837,811 |
| Unearned revenue | - | - | - | 778,276 |
| Total liabilities | <u>-</u> | <u>2,350</u> | <u>-</u> | <u>58,691,133</u> |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Unavailable grant revenue | - | - | - | 3,105,387 |
| Total deferred inflow of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,105,387</u> |
| FUND BALANCES | | | | |
| Restricted | 1,983,542 | 877,747 | - | 44,028,806 |
| Committed | - | - | 8,164,672 | 13,512,623 |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | (6,108,739) |
| Total fund balances | <u>1,983,542</u> | <u>877,747</u> | <u>8,164,672</u> | <u>51,432,690</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 1,983,542</u> | <u>\$ 880,097</u> | <u>\$ 8,164,672</u> | <u>\$ 113,229,210</u> |

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Anne Arundel County, Maryland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2014

| | Special Revenue Funds | | | | |
|---------------------------------------|---|---|---|---------------------|---|
| | Forfeiture and Asset Seizure Team | Road and Special Benefits Districts | AA County Partnership for CYF (Grants) | Reforestation | Laurel Racetrack Community Benefit |
| REVENUES | | | | | |
| General property taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Grants and aid | - | - | 1,458,593 | - | - |
| Seized / forfeited funds | 240,358 | - | - | - | - |
| Special community benefit taxes | - | 6,137,463 | - | - | - |
| Video lottery local impact aid | - | - | - | - | - |
| Watershed protection and restoration | - | - | - | - | - |
| Fees and commissions | - | - | - | 1,184,673 | - |
| Investment income | 2,784 | - | 687 | - | (176) |
| Other | - | - | 839 | - | - |
| Total revenues | <u>243,142</u> | <u>6,137,463</u> | <u>1,460,119</u> | <u>1,184,673</u> | <u>(176)</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Education | - | - | - | - | - |
| Public safety | 785,105 | - | - | - | - |
| General government | - | - | - | - | - |
| Health and human services | - | - | 1,476,947 | - | - |
| Public works | - | - | - | - | - |
| Recreation and community services | - | 6,006,260 | - | - | 152,000 |
| Judicial | - | - | - | - | - |
| Code enforcement | - | - | - | - | - |
| Land use and development | - | - | - | 524,994 | - |
| Debt service | | | | | |
| Interest payments on debt | - | - | - | - | - |
| Principal payments on debt | - | - | - | - | - |
| Total expenditures | <u>785,105</u> | <u>6,006,260</u> | <u>1,476,947</u> | <u>524,994</u> | <u>152,000</u> |
| Revenues over (under) expenditures | <u>(541,963)</u> | <u>131,203</u> | <u>(16,828)</u> | <u>659,679</u> | <u>(152,176)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | | | | | |
| General Fund | - | - | - | - | 152,000 |
| Street Light Capital Projects Fund | - | - | - | - | - |
| Transfers out | | | | | |
| General Fund | - | - | - | - | - |
| General County Capital Projects Fund | - | - | - | (575,317) | - |
| Street Light Fund | - | - | - | - | - |
| Refunding bonds issued | - | - | - | - | - |
| General obligation bonds issued | - | - | - | - | - |
| Premiums from sale of bonds | - | - | - | - | - |
| Premiums from the refunding of bonds | - | - | - | - | - |
| Transfers from enterprise fund | - | - | - | - | - |
| Payments to escrow agent | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(575,317)</u> | <u>152,000</u> |
| Net change in fund balances | <u>(541,963)</u> | <u>131,203</u> | <u>(16,828)</u> | <u>84,362</u> | <u>(176)</u> |
| Fund balances, July 1 | <u>1,493,139</u> | <u>265,188</u> | <u>54,940</u> | <u>7,662,442</u> | <u>24,381</u> |
| Fund balances, June 30 | <u>\$ 951,176</u> | <u>\$ 396,391</u> | <u>\$ 38,112</u> | <u>\$ 7,746,804</u> | <u>\$ 24,205</u> |

Special Revenue Funds

| Workforce Development (Grants) | Arundel Community Development Services (Grants) | Grants | Circuit Court | Park Place Tax Increment | Street Light | Erosion Districts |
|--------------------------------------|---|-------------------|------------------|-----------------------------|-----------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 880,621 | \$ - | \$ - |
| 2,448,106 | 5,365,850 | 27,526,147 | - | - | - | - |
| - | - | - | - | - | - | 227,836 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 377,586 | - |
| - | - | 367,176 | 186,720 | - | 289,979 | - |
| <u>2,448,106</u> | <u>5,365,850</u> | <u>27,893,323</u> | <u>186,720</u> | <u>880,621</u> | <u>667,565</u> | <u>227,836</u> |
| - | - | - | - | - | - | - |
| - | - | 2,448,649 | - | - | - | - |
| - | - | 287,368 | - | 880,621 | - | - |
| 2,448,106 | - | 22,316,961 | - | - | - | - |
| - | - | - | - | - | 494,805 | 391,695 |
| - | 5,635,850 | - | - | - | - | - |
| - | - | 2,389,183 | 180,239 | - | - | - |
| - | - | - | - | - | - | - |
| - | - | 528,911 | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>2,448,106</u> | <u>5,635,850</u> | <u>27,971,072</u> | <u>180,239</u> | <u>880,621</u> | <u>494,805</u> | <u>391,695</u> |
| - | (270,000) | (77,749) | 6,481 | - | 172,760 | (163,859) |
| - | 270,000 | 518,731 | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | (3,847,335) | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 270,000 | 518,731 | - | - | (3,847,335) | - |
| - | - | 440,982 | 6,481 | - | (3,674,575) | (163,859) |
| - | - | (2,635,321) | 100,291 | - | 3,674,575 | 449,835 |
| \$ - | \$ - | \$ (2,194,339) | \$ 106,772 | \$ - | \$ - | \$ 285,976 |

(continued)

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

Nonmajor Governmental Funds

Year Ended June 30, 2014

| | Special Revenue Funds | | Capital Projects Funds | | |
|---------------------------------------|--------------------------------------|--|------------------------|-------------------------|----------------------|
| | Video Lottery Local Impact Aid | Watershed Protection and Restoration | Storm Drain Fees | Recreation Land Fees | Bond Premium |
| REVENUES | | | | | |
| General property taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Grants and aid | - | - | - | - | - |
| Seized / forfeited funds | - | - | - | - | - |
| Special community benefit taxes | - | - | - | - | - |
| Video lottery local impact aid | 18,924,230 | - | - | - | - |
| Watershed protection and restoration | - | 13,168,354 | - | - | - |
| Fees and commissions | - | - | 4,815 | 70,000 | - |
| Investment income | (2,878) | 21,993 | - | - | - |
| Other | - | - | - | - | - |
| Total revenues | <u>18,921,352</u> | <u>13,190,347</u> | <u>4,815</u> | <u>70,000</u> | <u>-</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Education | 3,700,000 | - | - | - | - |
| Public safety | 8,598,000 | - | - | - | - |
| General government | 1,098,610 | 299,200 | - | - | - |
| Health and human services | - | - | - | - | - |
| Public works | - | 5,098,254 | - | - | - |
| Recreation and community services | 500,000 | - | - | - | - |
| Judicial | - | - | - | - | - |
| Code enforcement | - | 780,915 | - | - | - |
| Land use and development | - | - | - | - | - |
| Debt service | | | | | |
| Interest payments on debt | - | - | - | - | - |
| Principal payments on debt | - | - | - | - | - |
| Total expenditures | <u>13,896,610</u> | <u>6,178,369</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues over (under) expenditures | <u>5,024,742</u> | <u>7,011,978</u> | <u>4,815</u> | <u>70,000</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | | | | | |
| General Fund | - | - | - | - | - |
| Street Light Capital Projects Fund | - | - | - | - | - |
| Transfers out | | | | | |
| General Fund | - | - | - | - | - |
| General County Capital Projects Fund | (3,000,000) | (7,300,000) | - | - | (30,700,000) |
| Street Light Fund | - | - | - | - | - |
| Refunding bonds issued | - | - | - | - | - |
| General obligation bonds issued | - | 7,300,000 | - | - | - |
| Premiums from sale of bonds | - | - | - | - | 14,815,121 |
| Premiums from the refunding of bonds | - | - | - | - | - |
| Transfers from enterprise fund | - | - | - | - | - |
| Payments to escrow agent | - | - | - | - | - |
| Total other financing sources (uses) | <u>(3,000,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(15,884,879)</u> |
| Change in fund balances | 2,024,742 | 7,011,978 | 4,815 | 70,000 | (15,884,879) |
| Fund balances, July 1 | - | - | 953,128 | 264,354 | 30,871,985 |
| Fund balances, June 30 | <u>\$ 2,024,742</u> | <u>\$ 7,011,978</u> | <u>\$ 957,943</u> | <u>\$ 334,354</u> | <u>\$ 14,987,106</u> |

| Capital Projects Funds | | Debt Service Funds | | | | |
|-------------------------------------|-----------------------------|-------------------------------|---------------------------------------|--------------------------------|-------------------------|---|
| Street Light Capital Projects | Energy Revolving Loan | Nursery Road Tax Increment | West County (NBP) Tax Increment | Arundel Mills Tax Increment | Parole Tax Increment | National Business Park North Tax Increment |
| \$ - | \$ - | \$ 4,574,725 | \$ 5,565,695 | \$ 8,426,044 | \$ 11,460,691 | \$ 1,997,390 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 118,078 | - | - | - | - | - | - |
| - | - | 7,182 | 6,796 | 10,130 | 13,352 | 7,040 |
| - | - | 12,210 | 71,630 | 143,399 | - | - |
| <u>118,078</u> | <u>-</u> | <u>4,594,117</u> | <u>5,644,121</u> | <u>8,579,573</u> | <u>11,474,043</u> | <u>2,004,430</u> |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | 37,820 | 201,987 | 399,143 | - | - |
| - | - | - | - | - | - | - |
| 184,376 | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | 86,979 | 697,900 | 1,414,331 | - | 400,964 |
| - | - | 85,000 | 495,000 | 850,000 | - | - |
| <u>184,376</u> | <u>-</u> | <u>209,799</u> | <u>1,394,887</u> | <u>2,663,474</u> | <u>-</u> | <u>400,964</u> |
| <u>(66,298)</u> | <u>-</u> | <u>4,384,318</u> | <u>4,249,234</u> | <u>5,916,099</u> | <u>11,474,043</u> | <u>1,603,466</u> |
| - | - | - | - | - | - | - |
| 3,847,335 | - | - | - | - | - | - |
| - | - | (4,409,771) | (4,348,676) | (6,093,690) | (11,474,043) | - |
| - | - | - | - | - | - | - |
| - | - | 1,765,000 | 12,155,000 | 24,940,000 | - | - |
| - | - | - | - | - | - | - |
| - | - | 156,498 | 1,489,161 | 2,768,819 | - | - |
| - | 274,617 | - | - | - | - | - |
| - | - | (1,896,045) | (13,516,598) | (27,439,655) | - | - |
| <u>3,847,335</u> | <u>274,617</u> | <u>(4,384,318)</u> | <u>(4,221,113)</u> | <u>(5,824,526)</u> | <u>(11,474,043)</u> | <u>-</u> |
| 3,781,037 | 274,617 | - | 28,121 | 91,573 | - | 1,603,466 |
| - | - | - | - | - | - | 1,956,695 |
| <u>\$ 3,781,037</u> | <u>\$ 274,617</u> | <u>\$ -</u> | <u>\$ 28,121</u> | <u>\$ 91,573</u> | <u>\$ -</u> | <u>\$ 3,560,161</u> |

(continued)

Anne Arundel County, Maryland

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

Nonmajor Governmental Funds

Year Ended June 30, 2014

| | <u>Debt Service Funds</u> | | | |
|---------------------------------------|---|-----------------------------|---------------------------------------|----------------------|
| | Village South at Waugh Chapel Tax Increment | Special Taxing Districts | Installment Purchase Agreements | Totals |
| REVENUES | | | | |
| General property taxes | \$ 1,261,854 | \$ - | \$ - | \$ 34,167,020 |
| Grants and aid | - | - | - | 36,798,696 |
| Seized / forfeited funds | - | - | - | 240,358 |
| Special community benefit taxes | - | 519,080 | - | 6,884,379 |
| Video lottery local impact aid | - | - | - | 18,924,230 |
| Watershed protection and restoration | - | - | - | 13,168,354 |
| Fees and commissions | - | - | - | 1,755,152 |
| Investment income | 4,187 | - | 509,310 | 580,407 |
| Other | - | - | - | 1,071,953 |
| Total revenues | <u>1,266,041</u> | <u>519,080</u> | <u>509,310</u> | <u>113,590,549</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Education | - | - | - | 3,700,000 |
| Public safety | - | - | - | 11,831,754 |
| General government | - | - | - | 3,204,749 |
| Health and human services | - | - | - | 26,242,014 |
| Public works | - | - | - | 6,169,130 |
| Recreation and community services | - | 134,672 | - | 12,428,782 |
| Judicial | - | - | - | 2,569,422 |
| Code enforcement | - | - | - | 780,915 |
| Land use and development | - | - | - | 1,053,905 |
| Debt service | | | | |
| Interest payments on debt | 505,007 | - | 728,300 | 3,833,481 |
| Principal payments on debt | - | 326,970 | 20,000 | 1,776,970 |
| Total expenditures | <u>505,007</u> | <u>461,642</u> | <u>748,300</u> | <u>73,591,122</u> |
| Revenues over (under) expenditures | <u>761,034</u> | <u>57,438</u> | <u>(238,990)</u> | <u>39,999,427</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | | | | |
| General Fund | - | - | 753,000 | 1,693,731 |
| Street Light Capital Projects Fund | - | - | - | 3,847,335 |
| Transfers out | | | | |
| General Fund | - | - | - | (26,326,180) |
| General County Capital Projects Fund | - | - | - | (41,575,317) |
| Street Light Fund | - | - | - | (3,847,335) |
| Refunding bonds issued | - | - | - | 38,860,000 |
| General obligation bonds issued | - | - | - | 7,300,000 |
| Premiums from sale of bonds | - | - | - | 14,815,121 |
| Premiums from the refunding of bonds | - | - | - | 4,414,478 |
| Transfers from enterprise fund | - | - | - | 274,617 |
| Payments to escrow agent | - | - | - | (42,852,298) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>753,000</u> | <u>(43,395,848)</u> |
| Change in fund balances | 761,034 | 57,438 | 514,010 | (3,396,421) |
| Fund balances, July 1 | <u>1,222,508</u> | <u>820,309</u> | <u>7,650,662</u> | <u>54,829,111</u> |
| Fund balances, June 30 | <u>\$ 1,983,542</u> | <u>\$ 877,747</u> | <u>\$ 8,164,672</u> | <u>\$ 51,432,690</u> |

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

Special Revenue Funds

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|-----------------------|-----------------------|-------------------|---------------------------------|
| FORFEITURE AND ASSET SEIZURE TEAM | | | | |
| Revenues | | | | |
| Seized and forfeited funds | \$ 250,000 | \$ 250,000 | \$ 240,358 | \$ (9,642) |
| Investment income | | | 2,784 | 2,784 |
| | <u>250,000</u> | <u>250,000</u> | <u>243,142</u> | <u>(6,858)</u> |
| Expenditures | | | | |
| Public safety | 703,200 | 703,200 | 676,680 | 26,520 |
| Revenues over (under) expenditures | (453,200) | (453,200) | (433,538) | \$ <u>19,662</u> |
| Fund balance, budgetary, July 1 | <u>1,305,974</u> | <u>1,305,974</u> | <u>1,305,974</u> | |
| Fund balance, budgetary, June 30 | \$ <u>852,774</u> | \$ <u>852,774</u> | \$ <u>872,436</u> | |
| ROADS AND SPECIAL BENEFITS | | | | |
| Revenues | | | | |
| Special community benefit taxes | \$ 6,138,114 | \$ 6,138,114 | \$ 6,137,463 | \$ (651) |
| Expenditures | | | | |
| Recreation and community services | <u>9,565,443</u> | <u>9,565,443</u> | <u>6,006,260</u> | <u>3,559,183</u> |
| Revenues over (under) expenditures | (3,427,329) | (3,427,329) | 131,203 | \$ <u>3,558,532</u> |
| Fund balance, budgetary, July 1 | <u>265,188</u> | <u>265,188</u> | <u>265,188</u> | |
| Fund balance, budgetary, June 30 | \$ <u>(3,162,141)</u> | \$ <u>(3,162,141)</u> | \$ <u>396,391</u> | |
| ANNE ARUNDEL COUNTY PARTNERSHIP FOR CHILDREN, YOUTH & FAMILIES | | | | |
| Revenues | | | | |
| Grants and aid | \$ 1,575,100 | \$ 1,575,100 | \$ 1,473,524 | \$ (101,576) |
| Investment income | - | - | 687 | 687 |
| Other | - | - | 839 | 839 |
| | <u>1,575,100</u> | <u>1,575,100</u> | <u>1,475,050</u> | <u>(100,050)</u> |
| Expenditures | | | | |
| Health and human services | <u>1,645,100</u> | <u>1,645,100</u> | <u>1,476,947</u> | <u>168,153</u> |
| Revenues over (under) expenditures | (70,000) | (70,000) | (1,897) | \$ <u>68,103</u> |
| Fund balance, budgetary, July 1 | <u>40,009</u> | <u>40,009</u> | <u>40,009</u> | |
| Fund balance, budgetary, June 30 | \$ <u>(29,991)</u> | \$ <u>(29,991)</u> | \$ <u>38,112</u> | |

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

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

Special Revenue Funds

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|--------------------|-----------------|--------------|---------------------------------|
| REFORESTATION | | | | |
| Revenues | | | | |
| Commissions and fees | \$ 1,050,000 | \$ 1,050,000 | \$ 1,184,673 | \$ 134,673 |
| Expenditures | | | | |
| Land use and development | 3,731,200 | 3,731,200 | 1,152,284 | 2,578,916 |
| Revenues over (under) expenditures | (2,681,200) | (2,681,200) | 32,389 | \$ 2,713,589 |
| Fund balance, budgetary, July 1 | 7,662,442 | 7,662,442 | 7,662,442 | |
| Fund balance, budgetary, June 30 | \$ 4,981,242 | \$ 4,981,242 | \$ 7,694,831 | |
| LAUREL RACETRACK COMMUNITY BENEFIT | | | | |
| Revenues | | | | |
| Fees and commissions | \$ 152,000 | \$ 152,000 | \$ - | \$ (152,000) |
| General fund contribution | - | 152,000 | 152,000 | - |
| Other | - | - | (176) | (176) |
| | 152,000 | 304,000 | 151,824 | (152,176) |
| Expenditures | | | | |
| Recreation and community services | 152,000 | 152,000 | 152,000 | - |
| Revenues over (under) expenditures | - | 152,000 | (176) | \$ (152,176) |
| Fund balance, budgetary, July 1 | 24,381 | 24,381 | 24,381 | |
| Fund balance, budgetary, June 30 | \$ 24,381 | \$ 176,381 | \$ 24,205 | |
| WORKFORCE DEVELOPMENT | | | | |
| Revenues | | | | |
| Grants and aid | \$ 1,200,000 | \$ 2,300,000 | \$ 2,448,106 | \$ 148,106 |
| Expenditures | | | | |
| Health and human services | 1,200,000 | 2,300,000 | 2,448,106 | (148,106) |
| Revenues over (under) expenditures | - | - | - | \$ - |
| Fund balance, budgetary, July 1 | - | - | - | |
| Fund balance, budgetary, June 30 | \$ - | \$ - | \$ - | |

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

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

Special Revenue Funds

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|--------------------|-------------------|-------------------|---------------------------------|
| ARUNDEL COMMUNITY DEVELOPMENT SERVICES | | | | |
| Revenues | | | | |
| Grants and aid | \$ 6,131,100 | \$ 6,131,100 | \$ 6,126,827 | \$ (4,273) |
| Expenditures | | | | |
| Recreation and community services | 6,131,100 | 6,131,100 | 6,126,827 | 4,273 |
| Revenues over (under) expenditures | - | - | - | \$ - |
| Fund balance, budgetary, July 1 | - | - | - | |
| Fund balance, budgetary, June 30 | \$ - | \$ - | \$ - | |
| GRANTS | | | | |
| Revenues | | | | |
| Grants and aid | \$ 30,380,200 | \$ 33,976,700 | \$ 27,141,905 | \$ (6,834,795) |
| Fees, General Fund contributions and other | 925,600 | 809,100 | 1,202,877 | 393,777 |
| | <u>31,305,800</u> | <u>34,785,800</u> | <u>28,344,782</u> | <u>(6,441,018)</u> |
| Expenditures | | | | |
| Public safety | 3,198,200 | 3,781,600 | 2,373,887 | 1,407,713 |
| General government | 1,310,500 | 1,174,300 | 307,896 | 866,404 |
| Health and human services | 23,666,000 | 25,964,700 | 22,948,914 | 3,015,786 |
| Recreation and community services | 15,000 | 15,000 | - | 15,000 |
| Judicial | 2,565,600 | 2,958,200 | 2,389,614 | 568,586 |
| Land use and development | 730,400 | 1,071,900 | 596,981 | 474,919 |
| | <u>31,485,700</u> | <u>34,965,700</u> | <u>28,617,292</u> | <u>6,348,408</u> |
| Revenues over (under) expenditures | (179,900) | (179,900) | (272,510) | \$ (92,610) |
| Fund balance, budgetary, July 1 | (1,837,453) | (1,837,453) | (1,837,453) | |
| Fund balance, budgetary, June 30 | \$ (2,017,353) | \$ (2,017,353) | \$ (2,109,963) | |
| CIRCUIT COURT | | | | |
| Revenues | | | | |
| Bond Forfeited Funds | \$ 231,000 | \$ 231,000 | \$ 186,720 | \$ (44,280) |
| Expenditures | | | | |
| Circuit Court | 231,000 | 231,000 | 180,239 | 50,761 |
| Revenues over (under) expenditures | - | - | 6,481 | \$ 6,481 |
| Fund balance, budgetary, July 1 | 100,291 | 100,291 | 100,291 | |
| Fund balance, budgetary, June 30 | \$ 100,291 | \$ 100,291 | \$ 106,772 | |

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

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

Special Revenue Funds

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|--------------------|------------------|------------------|---------------------------------|
| PARK PLACE TAX INCREMENT DISTRICT | | | | |
| Revenues | | | | |
| General property taxes | \$ 881,000 | \$ 881,000 | \$ 880,621 | \$ (379) |
| Investment income | 1,000 | 1,000 | - | (1,000) |
| | <u>882,000</u> | <u>882,000</u> | <u>880,621</u> | <u>(1,379)</u> |
| Expenditures | | | | |
| General government | 882,000 | 882,000 | 880,621 | 1,379 |
| Revenues over (under) expenditures | - | - | - | \$ - |
| Fund balance, budgetary, July 1 | - | - | - | |
| Fund balance, budgetary, June 30 | \$ - | \$ - | \$ - | |
| STREET LIGHT | | | | |
| Revenues | | | | |
| Developer fees | \$ 1,000,000 | \$ 1,000,000 | \$ 377,586 | \$ (622,414) |
| Other | - | - | 2,557,207 | 2,557,207 |
| | <u>1,000,000</u> | <u>1,000,000</u> | <u>2,934,793</u> | <u>1,934,793</u> |
| Expenditures | | | | |
| Public works | 1,000,000 | 44,446 | 44,446 | - |
| Interfund transfer | - | 3,847,335 | 3,847,335 | - |
| | <u>1,000,000</u> | <u>3,891,781</u> | <u>3,891,781</u> | <u>-</u> |
| Revenues over (under) expenditures | - | (2,891,781) | (956,988) | \$ <u>1,934,793</u> |
| Fund balance, budgetary, July 1 | 956,988 | 956,988 | 956,988 | |
| Fund balance, budgetary, June 30 | \$ 956,988 | \$ (1,934,793) | \$ - | |
| EROSION DISTRICTS | | | | |
| Revenues | | | | |
| Special community benefit taxes | \$ 231,499 | \$ 231,499 | \$ 227,836 | \$ (3,663) |
| Expenditures | | | | |
| Public works | 557,202 | 557,202 | 391,695 | 165,507 |
| Revenues over (under) expenditures | (325,703) | (325,703) | (163,859) | \$ <u>161,844</u> |
| Fund balance, budgetary, July 1 | 449,835 | 449,835 | 449,835 | |
| Fund balance, budgetary, June 30 | \$ 124,132 | \$ 124,132 | \$ 285,976 | |

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

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

Special Revenue Funds

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---------------------|---------------------|---------------------|---------------------------------|
| VIDEO LOTTERY LOCAL IMPACT AID | | | | |
| Revenues | | | | |
| Video lottery impact aid | \$ 20,000,000 | \$ 20,000,000 | \$ 18,924,230 | \$ (1,075,770) |
| Investment income | - | - | (2,878) | (2,878) |
| | <u>20,000,000</u> | <u>20,000,000</u> | <u>18,921,352</u> | <u>(1,078,648)</u> |
| Expenditures | | | | |
| Education | 3,700,000 | 3,700,000 | 3,700,000 | - |
| Public safety | 9,700,000 | 9,700,000 | 8,598,000 | 1,102,000 |
| General government | 3,100,000 | 3,100,000 | 1,098,610 | 2,001,390 |
| Recreation and community service | 500,000 | 500,000 | 500,000 | - |
| Pay-go funding - capital projects | 3,000,000 | 3,000,000 | 3,000,000 | - |
| | <u>20,000,000</u> | <u>20,000,000</u> | <u>16,896,610</u> | <u>3,103,390</u> |
| Revenues over (under) expenditures | - | - | 2,024,742 | \$ <u><u>2,024,742</u></u> |
| Fund balance, budgetary, July 1 | - | - | - | |
| Fund balance, budgetary, June 30 | \$ <u>-</u> | \$ <u>-</u> | \$ <u>2,024,742</u> | |
| WATERSHED PROTECTION AND RESTORATION | | | | |
| Revenues | | | | |
| Stormwater fees | \$ 13,320,900 | \$ 13,320,900 | \$ 13,168,354 | \$ (152,546) |
| Interfund reimbursements | 599,200 | 599,200 | 158,034 | (441,166) |
| Investment Income | - | - | 21,993 | 21,993 |
| Other | - | - | - | - |
| | <u>13,920,100</u> | <u>13,920,100</u> | <u>13,348,381</u> | <u>(571,719)</u> |
| Expenditures | | | | |
| General government | 299,200 | 299,200 | 299,200 | - |
| Public works | 11,004,500 | 11,004,500 | 6,481,191 | 4,523,309 |
| Code enforcement | 1,001,000 | 1,001,000 | 804,175 | 196,825 |
| | <u>12,304,700</u> | <u>12,304,700</u> | <u>7,584,566</u> | <u>4,720,134</u> |
| Revenues over (under) expenditures | 1,615,400 | 1,615,400 | 5,763,815 | \$ <u><u>4,148,415</u></u> |
| Fund balance, budgetary, July 1 | - | - | - | |
| Fund balance, budgetary, June 30 | \$ <u>1,615,400</u> | \$ <u>1,615,400</u> | \$ <u>5,763,815</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)

Erosion Districts Fund

Year Ended June 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---------------------|----------------------------|-------------------------|-------------------|---|
| REVENUES | | | | |
| Cedarhurst | \$ 52,799 | \$ 52,799 | \$ 52,806 | \$ 7 |
| Franklin Manor | 61,500 | 61,500 | 61,488 | (12) |
| Idlewilde | 16,842 | 16,842 | 16,861 | 19 |
| Riviera Beach | 100,358 | 100,358 | 96,681 | (3,677) |
| Total revenues | <u>\$ 231,499</u> | <u>\$ 231,499</u> | <u>\$ 227,836</u> | <u>\$ (3,663)</u> |
| EXPENDITURES | | | | |
| Cedarhurst | \$ 97,300 | \$ 97,300 | \$ 85,792 | \$ 11,508 |
| Franklin Manor | 221,500 | 221,500 | 240,800 | (19,300) |
| Idlewilde | 48,342 | 48,342 | 836 | 47,506 |
| Riviera Beach | 190,060 | 190,060 | 64,267 | 125,793 |
| Total expenditures | <u>\$ 557,202</u> | <u>\$ 557,202</u> | <u>\$ 391,695</u> | <u>\$ 165,507</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 Fund

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-----------------|--------------|---------------------------------|
| REVENUES | | | | |
| Amberly | \$ 10,001 | \$ 10,001 | \$ 10,001 | \$ - |
| Annapolis Roads - Roads | 339,602 | 339,602 | 339,160 | (442) |
| Arundel on the Bay-Special Benefits | 134,799 | 134,799 | 134,981 | 182 |
| Avalon Shores - Special Benefits | 41,429 | 41,429 | 41,429 | - |
| Bay Highlands - Roads | 66,599 | 66,599 | 66,432 | (167) |
| Bay Ridge - Special Officer | 263,878 | 263,878 | 263,878 | - |
| Bayside Beach | 9,000 | 9,000 | 8,989 | (11) |
| Beverly Beach - Special Benefits | 35,880 | 35,880 | 35,880 | - |
| Birchwood | 4,608 | 4,608 | 4,608 | - |
| Bittersweet | 5,500 | 5,500 | 5,500 | - |
| Cape Anne - Special Benefits | 7,550 | 7,550 | 7,550 | - |
| Cape St. Claire-Special Benefits | 252,670 | 252,670 | 252,780 | 110 |
| Capetown | 46,461 | 46,461 | 46,461 | - |
| Carrolton Manor | 80,400 | 80,400 | 80,250 | (150) |
| Cedarhurst-Special Benefits | 125,398 | 125,398 | 125,414 | 16 |
| Chartwell-Special Benefits | 36,905 | 36,905 | 36,905 | - |
| Columbia Beach - Roads | 128,893 | 128,893 | 128,925 | 32 |
| Crofton - Special Benefits | 771,549 | 771,549 | 766,890 | (4,659) |
| Deale Beach - Special Benefits | 7,280 | 7,280 | 7,200 | (80) |
| Eden Woods - Special Benefits | 4,800 | 4,800 | 4,800 | - |
| Epping Forest - Special Benefits | 242,640 | 242,640 | 241,232 | (1,408) |
| Fairhaven Cliffs - Special Benefits | 4,200 | 4,200 | 4,200 | - |
| Felicity Cove - Special Benefits | 12,895 | 12,895 | 12,895 | - |
| Franklin Manor - Special Benefits | 49,199 | 49,199 | 49,188 | (11) |
| Gibson Island - Roads | 312,797 | 312,797 | 309,153 | (3,644) |
| Greenbriar Gardens | 18,144 | 18,144 | 18,144 | - |
| Greenbriar II | 21,000 | 21,000 | 21,000 | - |
| Heritage Pool | 45,955 | 45,955 | 46,410 | 455 |
| Hillsmere Estates - Roads | 248,112 | 248,112 | 251,251 | 3,139 |
| Holland Point - Special Officer | - | - | - | - |
| Homewood | 8,150 | 8,150 | 8,406 | 256 |
| Hunters Harbor - Roads | 16,200 | 16,200 | 16,200 | - |
| Idlewild | 9,775 | 9,775 | 9,775 | - |
| Indian Hills (Winchester)-Special Benefits | 85,450 | 85,450 | 86,681 | 1,231 |
| Little Magothy River | 35,700 | 35,700 | 35,700 | - |
| Long Point on the Severn - Roads | 13,750 | 13,750 | 13,750 | - |
| Magothy Beach | 3,975 | 3,975 | 3,975 | - |
| Magothy Forge | 4,584 | 4,584 | 4,584 | - |
| Manhattan Beach - Roads | 92,700 | 92,700 | 92,700 | - |
| Owings Beach - Roads | 8,000 | 8,000 | 8,086 | 86 |
| Owings Cliffs | 3,700 | 3,700 | 3,700 | - |
| Oyster Harbor - Roads | 327,360 | 327,360 | 330,706 | 3,346 |
| Parke West-Special Benefits | 44,205 | 44,205 | 44,205 | - |
| Pine Grove Village Special Benefits | 11,040 | 11,040 | 11,040 | - |
| Pines on the Severn | 47,946 | 47,946 | 48,149 | 203 |
| Provinces - Special Benefits | 10,572 | 10,572 | 10,560 | (12) |
| Queen's Park - Special Benefits | 43,976 | 43,976 | 44,173 | 197 |
| Rockview Beach / Riviera Isles | 9,660 | 9,660 | 9,660 | - |
| Selby on the Bay - Roads | 77,310 | 77,310 | 76,860 | (450) |
| Severn Grove | 14,430 | 14,430 | 14,430 | - |
| Severndale - Special Benefits | 6,549 | 6,549 | 6,549 | - |
| Sherwood Forest - Special Benefits | 1,228,760 | 1,228,760 | 1,228,760 | - |
| Shoreham Beach - Roads | 50,400 | 50,400 | 50,400 | - |
| South River Heights - Roads | 11,737 | 11,737 | 11,737 | - |
| South River Manor-Special Benefits | 4,500 | 4,500 | 4,500 | - |
| South River Park - Roads | 33,900 | 33,900 | 34,200 | 300 |
| Steedman Point - Roads | 4,000 | 4,000 | 4,000 | - |
| Stone Haven | 5,052 | 5,052 | 5,053 | 1 |
| Sylvan View on the Magothy | 10,274 | 10,274 | 10,274 | - |
| Upper Magothy Beach | 14,700 | 14,700 | 14,650 | (50) |
| Venice Beach - Roads | 33,300 | 33,300 | 33,300 | - |
| Venice on the Bay | 7,175 | 7,175 | 7,175 | - |
| Warthen Knolls | 3,400 | 3,400 | 3,400 | - |
| Wilelinor | 22,400 | 22,400 | 22,400 | - |
| Woodland Beach / Londontowne | 499,040 | 499,040 | 499,619 | 579 |
| Woodland Beach / Pasadena | 6,300 | 6,300 | 6,600 | 300 |
| Total revenues | \$ 6,138,114 | \$ 6,138,114 | \$ 6,137,463 | \$ (651) |

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

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

Roads and Special Benefit Districts Fund

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-----------------|--------------|---------------------------------|
| EXPENDITURES | | | | |
| Amberly | \$ 30,558 | \$ 30,558 | \$ 10,002 | \$ 20,556 |
| Annapolis Roads - Roads | 408,031 | 408,031 | 339,070 | 68,961 |
| Arundel on the Bay-Special Benefits | 270,259 | 270,259 | 134,556 | 135,703 |
| Avalon Shores - Special Benefits | 105,771 | 105,771 | 79,417 | 26,354 |
| Bay Highlands - Roads | 71,600 | 71,600 | 66,598 | 5,002 |
| Bay Ridge - Special Officer | 332,833 | 332,833 | 249,945 | 82,888 |
| Bayside Beach | 9,001 | 9,001 | 8,968 | 33 |
| Beverly Beach - Special Benefits | 35,880 | 35,880 | 10,270 | 25,610 |
| Birchwood | 4,814 | 4,814 | 4,608 | 206 |
| Bittersweet | 9,723 | 9,723 | 275 | 9,448 |
| Cape Anne - Special Benefits | 14,450 | 14,450 | 7,484 | 6,966 |
| Cape St. Claire-Special Benefits | 344,910 | 344,910 | 254,976 | 89,934 |
| Capetown | 46,461 | 46,461 | 46,457 | 4 |
| Carrolton Manor | 81,263 | 81,263 | 33,435 | 47,828 |
| Cedarhurst-Special Benefits | 128,400 | 128,400 | 115,789 | 12,611 |
| Chartwell-Special Benefits | 90,207 | 90,207 | 36,881 | 53,326 |
| Columbia Beach - Roads | 158,711 | 158,711 | 122,183 | 36,528 |
| Crofton - Special Benefits | 1,381,634 | 1,381,634 | 766,533 | 615,101 |
| Deale Beach - Special Benefits | 9,543 | 9,543 | 7,228 | 2,315 |
| Eden Woods - Special Benefits | 23,533 | 23,533 | 4,794 | 18,739 |
| Epping Forest - Special Benefits | 558,708 | 558,708 | 241,296 | 317,412 |
| Fairhaven Cliffs - Special Benefits | 22,229 | 22,229 | 1,235 | 20,994 |
| Felicity Cove - Special Benefits | 41,690 | 41,690 | 12,888 | 28,802 |
| Franklin Manor - Special Benefits | 125,500 | 125,500 | 47,707 | 77,793 |
| Gibson Island - Roads | 494,477 | 494,477 | 308,410 | 186,067 |
| Greenbriar Gardens | 24,722 | 24,722 | 18,133 | 6,589 |
| Greenbriar II | 21,000 | 21,000 | 20,405 | 595 |
| Heritage Pool | 67,717 | 67,717 | 46,786 | 20,931 |
| Hillsmere Estates - Roads | 291,501 | 291,501 | 251,444 | 40,057 |
| Holland Point - Special Officer | 21,583 | 21,583 | - | 21,583 |
| Homewood | 8,345 | 8,345 | 8,358 | (13) |
| Hunters Harbor - Roads | 32,217 | 32,217 | 16,403 | 15,814 |
| Idlewild | 9,775 | 9,775 | 9,685 | 90 |
| Indian Hills (Winchester)-Special Benefits | 94,568 | 94,568 | 84,081 | 10,487 |
| Little Magothy River | 215,750 | 215,750 | 35,603 | 180,147 |
| Long Point on the Severn - Roads | 45,102 | 45,102 | 13,799 | 31,303 |
| Magothy Beach | 5,140 | 5,140 | 3,969 | 1,171 |
| Magothy Forge | 6,263 | 6,263 | 4,548 | 1,715 |
| Manhattan Beach - Roads | 284,897 | 284,897 | 91,062 | 193,835 |
| Owings Beach - Roads | 81,059 | 81,059 | 383 | 80,676 |
| Owings Cliffs | 6,082 | 6,082 | 3,623 | 2,459 |
| Oyster Harbor - Roads | 660,259 | 660,259 | 327,330 | 332,929 |
| Parke West-Special Benefits | 98,928 | 98,928 | 44,044 | 54,884 |
| Pine Grove Village Special Benefits | 32,332 | 32,332 | 10,203 | 22,129 |
| Pines on the Severn | 66,356 | 66,356 | 48,082 | 18,274 |
| Provinces - Special Benefits | 26,431 | 26,431 | 10,506 | 15,925 |
| Queen's Park - Special Benefits | 51,976 | 51,976 | 44,073 | 7,903 |
| Rockview Beach / Riviera Isles | 20,796 | 20,796 | 9,601 | 11,195 |
| Selby on the Bay - Roads | 263,941 | 263,941 | 76,883 | 187,058 |
| Severn Grove | 20,190 | 20,190 | 14,379 | 5,811 |
| Severndale - Special Benefits | 36,578 | 36,578 | 6,534 | 30,044 |
| Sherwood Forest - Special Benefits | 1,228,760 | 1,228,760 | 1,228,669 | 91 |
| Shoreham Beach - Roads | 54,280 | 54,280 | 50,014 | 4,266 |
| South River Heights - Roads | 11,737 | 11,737 | 11,716 | 21 |
| South River Manor-Special Benefits | 7,434 | 7,434 | 4,385 | 3,049 |
| South River Park - Roads | 53,867 | 53,867 | 45,682 | 8,185 |
| Steedman Point - Roads | 16,591 | 16,591 | 200 | 16,391 |
| Stone Haven | 6,639 | 6,639 | 3,681 | 2,958 |
| Sylvan View on the Magothy | 18,524 | 18,524 | 10,316 | 8,208 |
| Upper Magothy Beach | 23,200 | 23,200 | 14,943 | 8,257 |
| Venice Beach - Roads | 84,788 | 84,788 | 34,203 | 50,585 |
| Venice on the Bay | 17,109 | 17,109 | 5,434 | 11,675 |
| Warthen Knolls | 7,747 | 7,747 | 2,456 | 5,291 |
| Wilelinor | 85,683 | 85,683 | 21,820 | 63,863 |
| Woodland Beach / Londontowne | 648,050 | 648,050 | 454,505 | 193,545 |
| Woodland Beach / Pasadena | 7,340 | 7,340 | 7,314 | 26 |
| Total expenditures | \$ 9,565,443 | \$ 9,565,443 | \$ 6,006,260 | \$ 3,559,183 |

Anne Arundel County, Maryland

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

General County Capital Projects Fund

Year Ended June 30, 2014

| | Total | School Construction | Higher Education | Storm Drains | Recreation |
|--|-------------------------|------------------------|----------------------|----------------------|----------------------|
| AUTHORIZED PER ORIGINAL BUDGET | | | | | |
| County bonds | \$ 876,717,615 | \$ 516,923,640 | \$ 29,784,000 | \$ 16,201,236 | \$ 31,068,851 |
| Grants and aid | 329,777,613 | 224,423,744 | 11,814,000 | 492,000 | 45,225,922 |
| Contributions from other funds | 136,120,073 | 40,342,913 | 4,415,000 | 772,976 | 7,440,743 |
| Special fees | 138,440,728 | - | - | - | - |
| Impact fees | 74,978,150 | 38,337,400 | - | - | - |
| Other sources | 55,853,813 | 24,590,000 | - | - | 1,305,455 |
| Total | <u>\$ 1,611,887,992</u> | <u>\$ 844,617,697</u> | <u>\$ 46,013,000</u> | <u>\$ 17,466,212</u> | <u>\$ 85,040,971</u> |
| AUTHORIZED PER FINAL BUDGET | | | | | |
| County bonds | \$ 839,218,924 | \$ 500,837,640 | \$ 27,217,000 | \$ 14,863,452 | \$ 31,119,910 |
| Grants and aid | 322,031,806 | 218,650,744 | 11,814,000 | 492,000 | 44,097,750 |
| Contributions from other funds | 128,950,842 | 37,218,913 | 4,415,000 | 321,845 | 6,337,923 |
| Special fees | 138,440,728 | - | - | - | - |
| Impact fees | 74,978,150 | 38,337,400 | - | - | - |
| Other sources | 56,291,590 | 24,590,000 | - | - | 1,405,455 |
| Total | 1,559,912,040 | 819,634,697 | 43,446,000 | 15,677,297 | 82,961,038 |
| Less: Completed projects | 195,171,879 | 115,993,771 | 1,162,000 | 1,642,536 | 8,213,532 |
| | <u>1,364,740,161</u> | <u>703,640,926</u> | <u>42,284,000</u> | <u>14,034,761</u> | <u>74,747,506</u> |
| REALIZED | | | | | |
| Current year | | | | | |
| Bonds and bond anticipation notes | 122,300,000 | 77,800,000 | 3,600,000 | 2,000,000 | 2,100,000 |
| Grants and aid | 5,792,668 | - | 35,736 | - | 2,177,666 |
| Contributions from the general fund | 25,177,000 | 3,533,000 | - | (200,000) | 2,800,000 |
| Special fees | 1,940,742 | - | - | - | - |
| Impact fees | 6,431,240 | 4,056,800 | - | - | - |
| Other sources | 35,196,363 | 18,000,000 | - | 12,000 | 541,563 |
| Total | 196,838,013 | 103,389,800 | 3,635,736 | 1,812,000 | 7,619,229 |
| Prior years | 791,561,667 | 410,334,527 | 29,712,039 | 6,154,987 | 57,959,622 |
| Total realized funding sources | 988,399,680 | 513,724,327 | 33,347,775 | 7,966,987 | 65,578,851 |
| Less: Completed projects and adjustments | 161,309,392 | 82,248,023 | 1,160,289 | 1,636,795 | 8,212,551 |
| | <u>827,090,288</u> | <u>431,476,304</u> | <u>32,187,486</u> | <u>6,330,192</u> | <u>57,366,300</u> |
| Funding sources authorized - June 30, 2014 | <u>\$ 537,649,873</u> | <u>\$ 272,164,622</u> | <u>\$ 10,096,514</u> | <u>\$ 7,704,569</u> | <u>\$ 17,381,206</u> |

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

| <u>Libraries</u> | <u>Roads and Bridges</u> | <u>Police and Fire</u> | <u>Waterway Improvements</u> | <u>Other</u> | <u>Watershed Protection and Restoration</u> |
|---------------------|--------------------------|------------------------|------------------------------|-----------------------|---|
| \$ 278,131 | \$ 97,075,416 | \$ 15,052,226 | \$ 27,009,962 | \$ 69,267,353 | \$ 74,056,800 |
| 194,319 | 12,754,059 | 1,866,000 | 13,777,823 | 19,229,746 | - |
| 4,765,924 | 9,565,620 | 2,446,463 | 3,107,385 | 63,263,049 | - |
| - | 728 | - | - | 138,440,000 | - |
| - | 34,910,750 | 1,730,000 | - | - | - |
| - | 15,330,505 | 4,700,000 | 2,343,092 | 4,984,761 | 2,600,000 |
| <u>\$ 5,238,374</u> | <u>\$ 169,637,078</u> | <u>\$ 25,794,689</u> | <u>\$ 46,238,262</u> | <u>\$ 295,184,909</u> | <u>\$ 76,656,800</u> |
| | | | | | |
| \$ 278,131 | \$ 82,058,552 | \$ 14,759,226 | \$ 26,234,859 | \$ 67,793,354 | \$ 74,056,800 |
| 123,828 | 11,979,915 | 1,866,000 | 13,777,823 | 19,229,746 | - |
| 4,458,605 | 9,309,746 | 1,500,582 | 3,093,744 | 62,294,484 | - |
| - | 728 | - | - | 138,440,000 | - |
| - | 34,910,750 | 1,730,000 | - | - | - |
| - | 15,330,505 | 4,600,000 | 1,091,867 | 6,673,763 | 2,600,000 |
| 4,860,564 | 153,590,196 | 24,455,808 | 44,198,293 | 294,431,347 | 76,656,800 |
| 302,140 | 28,561,657 | 475,238 | 4,173,023 | 34,647,982 | - |
| <u>4,558,424</u> | <u>125,028,539</u> | <u>23,980,570</u> | <u>40,025,270</u> | <u>259,783,365</u> | <u>76,656,800</u> |
| | | | | | |
| - | 14,600,000 | 4,200,000 | 700,000 | 10,000,000 | 7,300,000 |
| 37,697 | 151,070 | - | 689,440 | 2,701,059 | - |
| 3,854,000 | 7,943,000 | 850,000 | (650,000) | 7,047,000 | - |
| - | - | - | - | 1,940,742 | - |
| - | 1,163,929 | 1,210,511 | - | - | - |
| - | 11,028,916 | 4,600,000 | 168,487 | 845,397 | - |
| 3,891,697 | 34,886,915 | 10,860,511 | 907,927 | 22,534,198 | 7,300,000 |
| 710,008 | 70,635,128 | 8,072,796 | 29,385,076 | 178,597,484 | - |
| 4,601,705 | 105,522,043 | 18,933,307 | 30,293,003 | 201,131,682 | 7,300,000 |
| 302,139 | 28,534,257 | 475,238 | 4,099,148 | 34,640,952 | - |
| 4,299,566 | 76,987,786 | 18,458,069 | 26,193,855 | 166,490,730 | 7,300,000 |
| <u>\$ 258,858</u> | <u>\$ 48,040,753</u> | <u>\$ 5,522,501</u> | <u>\$ 13,831,415</u> | <u>\$ 93,292,635</u> | <u>\$ 69,356,800</u> |

Anne Arundel County, Maryland

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

General County Capital Projects Fund

Year Ended June 30, 2014

| APPROPRIATIONS | <u>Total</u> | <u>School Construction</u> | <u>Higher Education</u> | <u>Storm Drains</u> |
|---|-------------------------|--------------------------------|-----------------------------|-------------------------|
| Original Budget | \$ <u>1,611,887,992</u> | \$ <u>844,617,697</u> | \$ <u>46,013,000</u> | \$ <u>17,466,212</u> |
| Final Budget | | | | |
| Prior years | \$ 1,280,384,076 | \$ 690,248,097 | \$ 41,497,000 | \$ 12,878,297 |
| Current year | <u>279,527,964</u> | <u>129,386,600</u> | <u>1,949,000</u> | <u>2,799,000</u> |
| | 1,559,912,040 | 819,634,697 | 43,446,000 | 15,677,297 |
| Less: Completed projects | <u>195,171,879</u> | <u>115,993,771</u> | <u>1,162,000</u> | <u>1,642,536</u> |
| Total appropriations | <u>1,364,740,161</u> | <u>703,640,926</u> | <u>42,284,000</u> | <u>14,034,761</u> |
| | | | | |
| EXPENDITURES AND ENCUMBRANCES | | | | |
| Prior years expenditures and transfers | 753,189,929 | 389,845,757 | 31,423,650 | 6,410,315 |
| Current year expenditures | 65,054,648 | - | - | 1,034,589 |
| Operating transfers | <u>74,979,668</u> | <u>72,571,270</u> | <u>2,408,398</u> | <u>-</u> |
| | 893,224,245 | 462,417,027 | 33,832,048 | 7,444,904 |
| Less: Completed projects | <u>161,305,092</u> | <u>82,243,728</u> | <u>1,160,288</u> | <u>1,636,794</u> |
| Total | 731,919,153 | 380,173,299 | 32,671,760 | 5,808,110 |
| Encumbrances outstanding | <u>31,829,810</u> | <u>-</u> | <u>-</u> | <u>2,092,814</u> |
| Total expenditures and encumbrances | <u>763,748,963</u> | <u>380,173,299</u> | <u>32,671,760</u> | <u>7,900,924</u> |
| Unencumbered appropriations - June 30, 2014 | \$ <u>600,991,198</u> | \$ <u>323,467,627</u> | \$ <u>9,612,240</u> | \$ <u>6,133,837</u> |

| <u>Recreation</u> | <u>Libraries</u> | <u>Roads and Bridges</u> | <u>Police and Fire</u> | <u>Waterway Improvements</u> | <u>Other</u> | <u>Watershed Protection and Restoration</u> |
|----------------------|---------------------|------------------------------|----------------------------|----------------------------------|-----------------------|---|
| \$ <u>85,040,971</u> | \$ <u>5,238,374</u> | \$ <u>169,637,078</u> | \$ <u>25,794,689</u> | \$ <u>46,238,262</u> | \$ <u>295,184,909</u> | \$ <u>76,656,800</u> |
| \$ 69,689,038 | \$ 936,564 | \$ 129,448,197 | \$ 20,427,808 | \$ 45,375,728 | \$ 269,883,347 | \$ - |
| <u>13,272,000</u> | <u>3,924,000</u> | <u>24,141,999</u> | <u>4,028,000</u> | <u>(1,177,435)</u> | <u>24,548,000</u> | <u>76,656,800</u> |
| 82,961,038 | 4,860,564 | 153,590,196 | 24,455,808 | 44,198,293 | 294,431,347 | 76,656,800 |
| <u>8,213,532</u> | <u>302,140</u> | <u>28,561,657</u> | <u>475,238</u> | <u>4,173,023</u> | <u>34,647,982</u> | <u>-</u> |
| <u>74,747,506</u> | <u>4,558,424</u> | <u>125,028,539</u> | <u>23,980,570</u> | <u>40,025,270</u> | <u>259,783,365</u> | <u>76,656,800</u> |
| 54,640,912 | 423,623 | 73,157,804 | 7,636,729 | 23,723,186 | 165,927,953 | - |
| 5,107,821 | 560,467 | 23,924,370 | 5,712,019 | 4,148,574 | 20,692,129 | 3,874,679 |
| - | - | - | - | - | - | - |
| 59,748,733 | 984,090 | 97,082,174 | 13,348,748 | 27,871,760 | 186,620,082 | 3,874,679 |
| <u>8,212,551</u> | <u>302,140</u> | <u>28,534,257</u> | <u>475,238</u> | <u>4,099,148</u> | <u>34,640,948</u> | <u>-</u> |
| 51,536,182 | 681,950 | 68,547,917 | 12,873,510 | 23,772,612 | 151,979,134 | 3,874,679 |
| <u>2,389,148</u> | <u>92,406</u> | <u>11,457,323</u> | <u>3,659,483</u> | <u>1,702,727</u> | <u>4,852,491</u> | <u>5,583,418</u> |
| <u>53,925,330</u> | <u>774,356</u> | <u>80,005,240</u> | <u>16,532,993</u> | <u>25,475,339</u> | <u>156,831,625</u> | <u>9,458,097</u> |
| \$ <u>20,822,176</u> | \$ <u>3,784,068</u> | \$ <u>45,023,299</u> | \$ <u>7,447,577</u> | \$ <u>14,549,931</u> | \$ <u>102,951,740</u> | \$ <u>67,198,703</u> |

Anne Arundel County, Maryland

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

Non Major Capital Project Funds

Year Ended June 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--------------------------------------|----------------------------|-------------------------|----------------------|---|
| BOND PREMIUM | | | | |
| Revenues | | | | |
| Misc Income - Premium | \$ 15,000,000 | \$ 15,000,000 | \$ 14,815,121 | \$ (184,879) |
| Expenditures | | | | |
| General government | 30,708,800 | 30,708,800 | 30,700,000 | 8,800 |
| Revenues over (under) expenditures | <u>(15,708,800)</u> | <u>(15,708,800)</u> | <u>(15,884,879)</u> | <u>\$ (176,079)</u> |
| Fund balance, budgetary, July 1 | 30,871,985 | 30,871,985 | 30,871,985 | |
| Fund balance, budgetary, June 30 | <u>\$ 15,163,185</u> | <u>\$ 15,163,185</u> | <u>\$ 14,987,106</u> | |
| STREET LIGHT CAPITAL PROJECTS | | | | |
| Revenues | | | | |
| Developer fees | \$ - | \$ - | \$ 118,078 | \$ 118,078 |
| Inter fund recoveries | 3,847,335 | 3,847,335 | 3,847,335 | - |
| | <u>3,847,335</u> | <u>3,847,335</u> | <u>3,965,413</u> | <u>118,078</u> |
| Expenditures | | | | |
| Public works | 955,554 | 955,554 | 184,376 | 771,178 |
| Revenues over (under) expenditures | 2,891,781 | 2,891,781 | 3,781,037 | <u>\$ 889,256</u> |
| Fund balance, budgetary, July 1 | - | - | - | |
| Fund balance, budgetary, June 30 | <u>\$ 2,891,781</u> | <u>\$ 2,891,781</u> | <u>\$ 3,781,037</u> | |

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

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

Debt Service Funds

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|--------------------|------------------|------------------|---------------------------------|
| NURSERY ROAD TAX INCREMENT DISTRICT | | | | |
| Revenues | | | | |
| General property taxes | \$ 4,961,000 | \$ 4,961,000 | \$ 4,574,725 | \$ (386,275) |
| Investment income | 7,000 | 7,000 | 19,392 | 12,392 |
| | <u>4,968,000</u> | <u>4,968,000</u> | <u>4,594,117</u> | <u>(373,883)</u> |
| Expenditures | | | | |
| General government | 10,000 | 10,000 | 12,367 | (2,367) |
| Interest payments on debt | 87,000 | 87,000 | 86,979 | 21 |
| Principal payments on debt | 85,000 | 85,000 | 85,000 | - |
| Other | 4,786,000 | 4,786,000 | 4,409,771 | 376,229 |
| | <u>4,968,000</u> | <u>4,968,000</u> | <u>4,594,117</u> | <u>373,883</u> |
| Revenues over (under) expenditures | - | - | - | \$ - |
| Fund balance, budgetary, July 1 | - | - | - | |
| Fund balance, budgetary, June 30 | \$ - | \$ - | \$ - | |
| WEST COUNTY TAX INCREMENT DISTRICT (NBP) | | | | |
| Revenues | | | | |
| General property taxes | \$ 5,609,000 | \$ 5,609,000 | \$ 5,565,695 | \$ (43,305) |
| Investment income | 7,000 | 7,000 | 6,796 | (204) |
| Other | - | - | 71,630 | 71,630 |
| | <u>5,616,000</u> | <u>5,616,000</u> | <u>5,644,121</u> | <u>28,121</u> |
| Expenditures | | | | |
| General government | 46,000 | 46,000 | 74,424 | (28,424) |
| Interest payments on debt | 698,000 | 698,000 | 697,900 | 100 |
| Principal payments on debt | 495,000 | 495,000 | 495,000 | - |
| Other | 4,377,000 | 4,377,000 | 4,348,676 | 28,324 |
| | <u>5,616,000</u> | <u>5,616,000</u> | <u>5,616,000</u> | <u>-</u> |
| Revenues over (under) expenditures | - | - | 28,121 | \$ 28,121 |
| Fund balance, budgetary, July 1 | - | - | - | |
| Fund balance, budgetary, June 30 | \$ - | \$ - | \$ 28,121 | |
| ARUNDEL MILLS TAX INCREMENT DISTRICT | | | | |
| Revenues | | | | |
| General property taxes | \$ 8,144,000 | \$ 8,484,000 | \$ 8,426,044 | \$ (57,956) |
| Investment income | 4,000 | 4,000 | 10,130 | 6,130 |
| Other | - | - | 143,399 | 143,399 |
| | <u>8,148,000</u> | <u>8,488,000</u> | <u>8,579,573</u> | <u>91,573</u> |
| Expenditures | | | | |
| General government | 66,000 | 65,000 | 129,979 | (64,979) |
| Interest payments on debt | 1,414,000 | 1,415,000 | 1,414,331 | 669 |
| Principal payments on debt | 850,000 | 850,000 | 850,000 | - |
| Other | 5,818,000 | 6,158,000 | 6,093,690 | 64,310 |
| | <u>8,148,000</u> | <u>8,488,000</u> | <u>8,488,000</u> | <u>-</u> |
| Revenues over (under) expenditures | - | - | 91,573 | \$ 91,573 |
| Fund balance, budgetary, July 1 | - | - | - | |
| Fund balance, budgetary, June 30 | \$ - | \$ - | \$ 91,573 | |

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

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

Debt Service Funds

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|--------------------|-------------------|-------------------|---------------------------------|
| PAROLE TAX INCREMENT DISTRICT | | | | |
| Revenues | | | | |
| General property taxes | \$ 11,886,000 | \$ 12,121,000 | \$ 11,460,691 | \$ (660,309) |
| Investment income | 17,000 | 17,000 | 13,352 | (3,648) |
| | <u>11,903,000</u> | <u>12,138,000</u> | <u>11,474,043</u> | <u>(663,957)</u> |
| Expenditures | | | | |
| General government | 5,000 | 5,000 | - | 5,000 |
| Other | 11,898,000 | 12,133,000 | 11,474,043 | 658,957 |
| | <u>11,903,000</u> | <u>12,138,000</u> | <u>11,474,043</u> | <u>663,957</u> |
| Revenues over (under) expenditures | - | - | - | \$ - |
| Fund balance, budgetary, July 1 | - | - | - | |
| Fund balance, budgetary, June 30 | \$ - | \$ - | \$ - | |
| NATIONAL BUSINESS PARK NORTH TAX INCREMENT DISTRICT | | | | |
| Revenues | | | | |
| General property taxes | \$ 1,860,300 | \$ 1,860,300 | \$ 1,997,390 | \$ 137,090 |
| Investment income | 200 | 200 | 7,040 | 6,840 |
| | <u>1,860,500</u> | <u>1,860,500</u> | <u>2,004,430</u> | <u>143,930</u> |
| Expenditures | | | | |
| Interest payments on debt | 1,811,000 | 1,811,000 | 400,964 | 1,410,036 |
| Other | 76,900 | 76,900 | - | 76,900 |
| | <u>1,887,900</u> | <u>1,887,900</u> | <u>400,964</u> | <u>1,486,936</u> |
| Revenues over (under) expenditures | (27,400) | (27,400) | 1,603,466 | \$ 1,630,866 |
| Fund balance, budgetary, July 1 | 1,956,695 | 1,956,695 | 1,956,695 | |
| Fund balance, budgetary, June 30 | \$ 1,929,295 | \$ 1,929,295 | \$ 3,560,161 | |
| VILLAGE SOUTH AT WAUGH CHAPEL TAX INCREMENT DISTRICT | | | | |
| Revenues | | | | |
| General property taxes | \$ 995,000 | \$ 995,000 | \$ 1,261,854 | \$ 266,854 |
| Investment income | 5,000 | 5,000 | 4,187 | (813) |
| | <u>1,000,000</u> | <u>1,000,000</u> | <u>1,266,041</u> | <u>266,041</u> |
| Expenditures | | | | |
| Interest payments on debt | 1,000,000 | 1,000,000 | 505,007 | 494,993 |
| | <u>1,000,000</u> | <u>1,000,000</u> | <u>505,007</u> | <u>494,993</u> |
| Revenues over (under) expenditures | - | - | 761,034 | \$ 761,034 |
| Fund balance, budgetary, July 1 | 1,222,508 | 1,222,508 | 1,222,508 | |
| Fund balance, budgetary, June 30 | \$ 1,222,508 | \$ 1,222,508 | \$ 1,983,542 | |

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

Anne Arundel County, Maryland

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

Debt Service Funds

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|---------------------|---------------------|---------------------|---------------------------------|
| SPECIAL TAXING DISTRICTS | | | | |
| Revenues | | | | |
| Special assessments | \$ 516,145 | \$ 516,145 | \$ 519,080 | \$ 2,935 |
| Expenditures | | | | |
| Principal payments on debt | 326,970 | 326,970 | 326,970 | - |
| Other | 905,326 | 905,326 | 134,672 | 770,654 |
| | <u>1,232,296</u> | <u>1,232,296</u> | <u>461,642</u> | <u>770,654</u> |
| Revenues over (under) expenditures | (716,151) | (716,151) | 57,438 | \$ <u>773,589</u> |
| Fund balance, budgetary, July 1 | 820,309 | 820,309 | 820,309 | |
| Fund balance, budgetary, June 30 | \$ <u>104,158</u> | \$ <u>104,158</u> | \$ <u>877,747</u> | |
| INSTALLMENT PURCHASE AGREEMENTS | | | | |
| Revenues | | | | |
| Investment income | \$ 2,000 | \$ 2,000 | \$ 509,310 | \$ 507,310 |
| Other | 753,000 | 753,000 | 763,000 | 10,000 |
| | <u>755,000</u> | <u>755,000</u> | <u>1,272,310</u> | <u>517,310</u> |
| Expenditures | | | | |
| General government | 10,000 | 10,000 | - | 10,000 |
| Interest payments on debt | 728,300 | 728,300 | 728,300 | - |
| Principal payments on debt | 20,000 | 20,000 | 20,000 | - |
| | <u>758,300</u> | <u>758,300</u> | <u>748,300</u> | <u>10,000</u> |
| Revenues over (under) expenditures | (3,300) | (3,300) | 524,010 | \$ <u>527,310</u> |
| Fund balance, budgetary, July 1 | 7,640,662 | 7,640,662 | 7,640,662 | |
| Fund balance, budgetary, June 30 | \$ <u>7,637,362</u> | \$ <u>7,637,362</u> | \$ <u>8,164,672</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 Fund

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---------------------------------------|---------------------|---------------------|-------------------|---------------------------------|
| REVENUES | | | | |
| Amberly - Waterway | \$ 5,578 | \$ 5,578 | \$ 5,579 | \$ 1 |
| Annapolis Cove - Erosion | 5,460 | 5,460 | 5,460 | - |
| Annapolis Landing - Erosion | 3,097 | 3,097 | 3,073 | (24) |
| Arundel on the Bay - Special Benefits | 33,699 | 33,699 | 33,744 | 45 |
| Bay Ridge - Erosion | 76,444 | 76,444 | 78,591 | 2,147 |
| Browns Pond - Waterway | 10,953 | 10,953 | 10,953 | - |
| Buckingham Cove - Waterway | 9,150 | 9,150 | 9,150 | - |
| Camp Wabanna - Erosion | 9,687 | 9,687 | 9,687 | - |
| Cape Anne - Erosion | 9,981 | 9,981 | 9,981 | - |
| Cattail Creek - Waterway | 5,400 | 5,400 | 4,785 | (615) |
| Columbia Beach - Special Benefits | 57,980 | 57,980 | 57,994 | 14 |
| Elizabeths Landing - Erosion | 13,368 | 13,368 | 13,321 | (47) |
| Holland Point - Erosion | 109,199 | 109,199 | 110,831 | 1,632 |
| John's Creek - Waterway | 7,284 | 7,284 | 7,284 | - |
| Lake Hillsmere II - Waterway | 8,050 | 8,050 | 8,050 | - |
| Masons Beach - Erosion | 40,000 | 40,000 | 39,976 | (24) |
| Romar Estates - Waterway | 12,980 | 12,980 | 12,980 | - |
| Snug Harbor - Erosion | 6,124 | 6,124 | 6,060 | (64) |
| Snug Harbor - Special Benefits | 12,573 | 12,573 | 12,443 | (130) |
| Snug Harbor - Waterway | 57,200 | 57,200 | 57,200 | - |
| Spriggs Pond - Waterway | 14,850 | 14,850 | 14,850 | - |
| Whitehall - Waterway | 7,088 | 7,088 | 7,088 | - |
| Total revenues | \$ <u>516,145</u> | \$ <u>516,145</u> | \$ <u>519,080</u> | \$ <u>2,935</u> |
| EXPENDITURES | | | | |
| Amberly - Waterway | \$ 5,779 | \$ 5,779 | \$ 5,679 | \$ 100 |
| Annapolis Cove - Erosion | 6,660 | 6,660 | 5,121 | 1,539 |
| Annapolis Landing - Erosion | 3,298 | 3,298 | 3,298 | - |
| Arundel on the Bay - Special Benefits | 93,700 | 93,700 | 4,671 | 89,029 |
| Bay Ridge - Erosion | 283,159 | 283,159 | 68,978 | 214,181 |
| Browns Pond - Waterway | 38,035 | 38,035 | 7,953 | 30,082 |
| Buckingham Cove - Waterway | 9,350 | 9,350 | 9,160 | 190 |
| Camp Wabanna - Erosion | 9,687 | 9,687 | 9,687 | - |
| Cape Anne - Erosion | 21,881 | 21,881 | 8,600 | 13,281 |
| Cattail Creek - Waterway | 5,400 | 5,400 | 5,361 | 39 |
| Columbia Beach - Special Benefits | 224,538 | 224,538 | 55,664 | 168,874 |
| Elizabeths Landing - Erosion | 13,668 | 13,668 | 13,244 | 424 |
| Holland Point - Erosion | 172,334 | 172,334 | 104,471 | 67,863 |
| John's Creek - Waterway | 7,684 | 7,684 | 7,284 | 400 |
| Lake Hillsmere II - Waterway | 8,050 | 8,050 | 7,949 | 101 |
| Masons Beach - Erosion | 163,641 | 163,641 | 42,378 | 121,263 |
| Romar Estates - Waterway | 12,980 | 12,980 | 12,848 | 132 |
| Snug Harbor - Erosion | 6,124 | 6,124 | 6,123 | 1 |
| Snug Harbor - Special Benefits | 15,284 | 15,284 | 12,478 | 2,806 |
| Snug Harbor - Waterway | 93,200 | 93,200 | 51,097 | 42,103 |
| Spriggs Pond - Waterway | 30,156 | 30,156 | 12,678 | 17,478 |
| Whitehall - Waterway | 7,688 | 7,688 | 6,920 | 768 |
| Total expenditures | \$ <u>1,232,296</u> | \$ <u>1,232,296</u> | \$ <u>461,642</u> | \$ <u>770,654</u> |

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

Proprietary Funds

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

Enterprise Funds

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

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

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

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

Solid Waste – 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, that are intended to cover all operating expenses including interest on long-term debt. The Solid Waste Fund also includes capital project accounts for landfill construction and closure costs. Funding sources are primarily from the sale of general obligation bonds, federal and state grants, and pay-as-you-go.

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

Internal Service Funds

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

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

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

Garage Vehicle Replacement – This fund accounts for a replacement reserve for the County's motor pool. Revenues consist of charges to County funds for replacement of vehicles.

Anne Arundel County, Maryland
Combining Statement of Net Position
Water and Wastewater Fund
June 30, 2014

| | <u>Operating</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total</u> |
|--|-----------------------|-----------------------|-----------------------------|-------------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and investments | \$ 22,273,828 | \$ - | \$ 63,809,454 | \$ 86,083,282 |
| Service billings receivable | 25,037,671 | - | - | 25,037,671 |
| Receivables | | | | |
| Due from other funds | - | - | - | - |
| Inventories | 2,192,097 | - | - | 2,192,097 |
| Other | 6,567 | - | - | 6,567 |
| Restricted for debt service and capital projects | | | | |
| Cash and temporary investments | - | 21,422,829 | - | 21,422,829 |
| Investments | - | 225,731,961 | - | 225,731,961 |
| Receivables | | | | |
| Due from other governmental agencies | - | - | 17,468,096 | 17,468,096 |
| Other, net | - | 15,855,090 | - | 15,855,090 |
| Total current assets | <u>49,510,163</u> | <u>263,009,880</u> | <u>81,277,550</u> | <u>393,797,593</u> |
| Noncurrent assets | | | | |
| Restricted assets | | | | |
| Deferred connection and assessment charges | - | 43,110,117 | - | 43,110,117 |
| Capital assets | | | | |
| Land and buildings | 22,920,336 | - | - | 22,920,336 |
| Water and sewer plants | 549,888,982 | - | - | 549,888,982 |
| Water and sewer lines | 969,347,428 | - | - | 969,347,428 |
| Machinery and equipment | 12,147,963 | - | - | 12,147,963 |
| | 1,554,304,709 | - | - | 1,554,304,709 |
| Less accumulated depreciation | <u>(662,778,296)</u> | <u>-</u> | <u>-</u> | <u>(662,778,296)</u> |
| | 891,526,413 | - | - | 891,526,413 |
| Construction work in progress | 23,813,999 | - | 468,887,213 | 492,701,212 |
| Total capital assets, net of depreciation | <u>915,340,412</u> | <u>-</u> | <u>468,887,213</u> | <u>1,384,227,625</u> |
| Total noncurrent assets | <u>915,340,412</u> | <u>43,110,117</u> | <u>468,887,213</u> | <u>1,427,337,742</u> |
| Total assets | <u>964,850,575</u> | <u>306,119,997</u> | <u>550,164,763</u> | <u>1,821,135,335</u> |
| Deferred outflow of resources | | | | |
| Unamortized deferred refunding loss | - | 3,164,918 | - | 3,164,918 |
| Total deferred outflow of resources | <u>-</u> | <u>3,164,918</u> | <u>-</u> | <u>3,164,918</u> |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued liabilities | 6,806,541 | - | 29,051,669 | 35,858,210 |
| Current portion of long-term debt and obligations | 28,244,752 | - | - | 28,244,752 |
| Due to other funds | 422,146 | - | - | 422,146 |
| Escrow deposits | 184,152 | - | 305,382 | 489,534 |
| Liabilities related to restricted assets | | | | |
| Accounts payable and accrued liabilities | - | 5,581,433 | - | 5,581,433 |
| Unearned revenue | - | 39,398,485 | - | 39,398,485 |
| Total current liabilities | <u>35,657,591</u> | <u>44,979,918</u> | <u>29,357,051</u> | <u>109,994,560</u> |
| Noncurrent liabilities | | | | |
| Accrued liability for compensated absences | - | - | - | - |
| Accrued liability for other post-employment benefits | 33,553,726 | - | - | 33,553,726 |
| Long-term debt | 91,383,384 | - | 362,402,658 | 453,786,042 |
| Unearned revenue | 929,524 | - | - | 929,524 |
| Total noncurrent liabilities | <u>125,866,634</u> | <u>-</u> | <u>362,402,658</u> | <u>488,269,292</u> |
| Total liabilities | <u>161,524,225</u> | <u>44,979,918</u> | <u>391,759,709</u> | <u>598,263,852</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 797,442,538 | (15,306,529) | 135,470,210 | 917,606,219 |
| Restricted | - | 279,611,526 | 17,468,096 | 297,079,622 |
| Unrestricted | 5,883,812 | - | 5,466,748 | 11,350,560 |
| Total net position | <u>\$ 803,326,350</u> | <u>\$ 264,304,997</u> | <u>\$ 158,405,054</u> | <u>\$ 1,226,036,401</u> |

Anne Arundel County, Maryland

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

Water and Wastewater Fund

Year Ended June 30, 2014

| | Operating | Debt Service | Capital Projects | Total |
|---|-----------------------|-----------------------|-----------------------|-------------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 86,023,267 | \$ - | \$ - | \$ 86,023,267 |
| Other revenues | 8,971,429 | - | - | 8,971,429 |
| Total operating revenues | <u>94,994,696</u> | <u>-</u> | <u>-</u> | <u>94,994,696</u> |
| OPERATING EXPENSES | | | | |
| Personnel services | 34,639,556 | - | - | 34,639,556 |
| Contractual services | 29,005,674 | - | - | 29,005,674 |
| Supplies and materials | 6,955,163 | - | - | 6,955,163 |
| Business and travel | 114,485 | - | - | 114,485 |
| Depreciation | 35,301,619 | - | - | 35,301,619 |
| Other | 9,906,639 | - | - | 9,906,639 |
| Total operating expenses | <u>115,923,136</u> | <u>-</u> | <u>-</u> | <u>115,923,136</u> |
| Operating loss | (20,928,440) | - | - | (20,928,440) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income | 45,818 | 1,003,069 | - | 1,048,887 |
| Interest on long-term receivables | - | 1,043,064 | - | 1,043,064 |
| Other revenues (expenses) | - | 2,089,741 | - | 2,089,741 |
| Interest expense | - | (7,690,787) | - | (7,690,787) |
| Gain on the disposal of assets | 12,500 | - | - | 12,500 |
| Loss before contributions and transfers | <u>(20,870,122)</u> | <u>(3,554,913)</u> | <u>-</u> | <u>(24,425,035)</u> |
| Capital contributions and grants | 10,390,485 | 35,512,454 | 21,894,708 | 67,797,647 |
| Environmental protection fees | - | 20,089,019 | - | 20,089,019 |
| Intra fund transfers | 34,876,343 | (35,732,823) | 856,480 | - |
| Change in net position | 24,396,706 | 16,313,737 | 22,751,188 | 63,461,631 |
| Net position, July 1 (as restated) | <u>778,929,644</u> | <u>247,991,260</u> | <u>135,653,866</u> | <u>1,162,574,770</u> |
| Net position, June 30 | <u>\$ 803,326,350</u> | <u>\$ 264,304,997</u> | <u>\$ 158,405,054</u> | <u>\$ 1,226,036,401</u> |

Anne Arundel County, Maryland
Combining Statement of Cash Flows
Water and Wastewater Fund
Year Ended June 30, 2014

| | <u>Operating</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total Water and Wastewater</u> |
|---|----------------------|----------------------|-----------------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received for services | \$ 94,971,335 | \$ - | \$ - | \$ 94,971,335 |
| Cash payments to suppliers for goods and services | (45,419,488) | - | - | (45,419,488) |
| Cash payments to employees for services | <u>(30,714,028)</u> | <u>-</u> | <u>-</u> | <u>(30,714,028)</u> |
| Net cash provided by operating activities | <u>18,837,819</u> | <u>-</u> | <u>-</u> | <u>18,837,819</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Proceeds from sale of County bonds and bond anticipation notes | - | 30,100,000 | 79,200,000 | 109,300,000 |
| Proceeds from grant funds | - | - | 13,302,209 | 13,302,209 |
| Proceeds from loan | - | - | 7,446,796 | 7,446,796 |
| Proceeds from developers' contributions | - | - | 240,105 | 240,105 |
| Refunds to developers | - | (10,529) | (259,578) | (270,107) |
| Assessment and connection charges | 1,504,943 | 44,515,667 | - | 46,020,610 |
| Environmental protection fees for capital assets | - | 23,314,211 | - | 23,314,211 |
| Escrow deposits | - | (14,384) | - | (14,384) |
| Payments of long-term debt | - | (24,779,439) | - | (24,779,439) |
| Payments of bond anticipation notes | - | (30,100,000) | - | (30,100,000) |
| Interest payments | - | (17,076,027) | - | (17,076,027) |
| Rebates, interest income and reimbursements | - | 1,454,799 | 15,026 | 1,469,825 |
| Operating funds used in construction | (12,923,000) | - | 12,923,000 | - |
| Acquisition and construction of capital assets | (1,208,281) | - | (94,644,769) | (95,853,050) |
| Premium on sale of bonds | - | 5,659,870 | - | 5,659,870 |
| Payment of capital related fees | - | (1,291,499) | - | (1,291,499) |
| Net cash provided by (used for) capital and related financing activities | <u>(12,626,338)</u> | <u>31,772,669</u> | <u>18,222,789</u> | <u>37,369,120</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of investment securities | - | (716,356,755) | - | (716,356,755) |
| Sale of investment securities | - | 695,455,554 | - | 695,455,554 |
| Interest on investments | 45,818 | 24,202 | - | 70,020 |
| Net cash used for investing activities | <u>45,818</u> | <u>(20,876,999)</u> | <u>-</u> | <u>(20,831,181)</u> |
| Net increase in cash and cash equivalents | 6,257,299 | 10,895,670 | 18,222,789 | 35,375,758 |
| Cash and temporary investments, July 1 | 16,016,529 | 10,527,159 | 45,586,665 | 72,130,353 |
| Cash and temporary investments, June 30 | <u>\$ 22,273,828</u> | <u>\$ 21,422,829</u> | <u>\$ 63,809,454</u> | <u>\$ 107,506,111</u> |

Anne Arundel County, Maryland
 Combining Statement of Cash Flows
 Water and Wastewater Fund
 Year Ended June 30, 2014

| | <u>Operating</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total Water and Wastewater</u> |
|---|----------------------|------------------------|-----------------------------|---|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating loss | \$ (20,928,440) | \$ - | \$ - | \$ (20,928,440) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | | | |
| Depreciation | 35,301,619 | - | - | 35,301,619 |
| Noncapital construction costs | 855,293 | - | - | 855,293 |
| Effect of changes in assets and liabilities: | | | | |
| Accounts receivable | (24,201) | - | - | (24,201) |
| Inventories | (380,404) | - | - | (380,404) |
| Prepaid expenses | 20,388 | - | - | 20,388 |
| Accounts payable and accrued liabilities | (174,770) | - | - | (174,770) |
| Due to other funds | 327,039 | - | - | 327,039 |
| Escrow deposits | 841 | - | - | 841 |
| Accrued liability for compensated absences | 168,657 | - | - | 168,657 |
| Accrued liability for OPEB benefits | 3,671,797 | - | - | 3,671,797 |
| Net cash provided by operating activities | <u>\$ 18,837,819</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 18,837,819</u> |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | | | |
| Contributions of capital assets from developers | \$ 8,885,542 | \$ - | \$ - | \$ 8,885,542 |
| Trade in of capital assets | 6,000 | - | - | 6,000 |
| Change in capital contributions, fees and grants; accruals and deferrals | - | (12,228,405) | 8,429,055 | (3,799,350) |
| Increase in fair value of investments | - | 236,860 | - | 236,860 |
| Amortization of refunding losses | - | (503,837) | - | (503,837) |
| Total Noncash investing, capital, and financing activities | <u>\$ 8,891,542</u> | <u>\$ (12,495,382)</u> | <u>\$ 8,429,055</u> | <u>\$ 4,825,215</u> |

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

Enterprise Funds

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|----------------------|----------------------|----------------------|---------------------------------|
| WATER AND WASTEWATER OPERATIONS | | | | |
| Revenues | | | | |
| Charges for services | \$ 87,695,700 | \$ 87,695,700 | \$ 87,528,210 | \$ (167,490) |
| Investment income | 26,000 | 26,000 | 45,818 | 19,818 |
| Other | 6,816,800 | 6,816,800 | 10,288,227 | 3,471,427 |
| | <u>94,538,500</u> | <u>94,538,500</u> | <u>97,862,255</u> | <u>3,323,755</u> |
| Expenses | | | | |
| Personal services | 31,729,400 | 31,829,400 | 30,947,427 | 881,973 |
| Contractual services | 29,972,800 | 29,317,800 | 29,028,212 | 289,588 |
| Supplies and materials | 6,887,400 | 7,320,400 | 6,891,309 | 429,091 |
| Business and travel | 170,500 | 175,500 | 94,097 | 81,403 |
| Capital outlay | 1,346,600 | 1,386,600 | 1,237,682 | 148,918 |
| Administrative costs | 10,018,000 | 10,095,000 | 9,579,600 | 515,400 |
| Pay-as-you-go | 12,930,000 | 12,930,000 | 12,923,000 | 7,000 |
| | <u>93,054,700</u> | <u>93,054,700</u> | <u>90,701,327</u> | <u>2,353,373</u> |
| Revenues over (under) expenditures | <u>\$ 1,483,800</u> | <u>\$ 1,483,800</u> | <u>\$ 7,160,928</u> | <u>\$ 5,677,128</u> |
| WATER AND WASTEWATER DEBT SERVICE | | | | |
| Revenues | | | | |
| Water and sewer assessments | \$ 4,580,000 | \$ 4,580,000 | \$ 3,946,503 | \$ (633,497) |
| Capital connection charges | 47,347,900 | 47,347,900 | 46,899,260 | (448,640) |
| Environmental protection fees | 19,220,000 | 19,220,000 | 20,089,019 | 869,019 |
| Investment income | 750,000 | 750,000 | 991,542 | 241,542 |
| Other | 693,000 | 693,000 | 7,669,489 | 6,976,489 |
| | <u>72,590,900</u> | <u>72,590,900</u> | <u>79,595,813</u> | <u>7,004,913</u> |
| Expenses | | | | |
| Principal payments on debt | 25,832,400 | 25,332,400 | 24,779,439 | 552,961 |
| Interest expense | 17,147,000 | 17,147,000 | 16,925,465 | 221,535 |
| Other | 780,000 | 1,280,000 | 1,291,499 | (11,499) |
| | <u>43,759,400</u> | <u>43,759,400</u> | <u>42,996,403</u> | <u>762,997</u> |
| Revenues over (under) expenditures | <u>\$ 28,831,500</u> | <u>\$ 28,831,500</u> | <u>\$ 36,599,410</u> | <u>\$ 7,767,910</u> |

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

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

Enterprise Funds

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|-----------------------|-----------------------|---------------------|---------------------------------|
| SOLID WASTE | | | | |
| Revenues | | | | |
| Charges for services | \$ 45,826,400 | \$ 45,826,400 | \$ 46,905,676 | \$ 1,079,276 |
| Landfill charges | 3,280,000 | 3,280,000 | 3,984,278 | 704,278 |
| Other | 673,500 | 673,500 | 2,007,768 | 1,334,268 |
| | <u>49,779,900</u> | <u>49,779,900</u> | <u>52,897,722</u> | <u>3,117,822</u> |
| Expenses | | | | |
| Personal services | 6,695,300 | 6,695,300 | 6,927,573 | (232,273) |
| Contractual services | 33,531,700 | 33,415,700 | 32,982,202 | 433,498 |
| Supplies and materials | 2,090,900 | 2,508,900 | 2,354,306 | 154,594 |
| Business and travel | 16,800 | 24,800 | 22,425 | 2,375 |
| Capital outlay | 1,255,500 | 1,295,500 | 1,296,423 | (923) |
| Principal payments on debt | 2,091,900 | 2,091,900 | 2,137,570 | (45,670) |
| Interest expense | 1,236,200 | 1,236,200 | 1,184,241 | 51,959 |
| Administrative costs | 2,435,700 | 2,435,700 | 2,435,700 | - |
| Contributions/Solid Waste Assurance Fund | 3,450,000 | 3,450,000 | 3,450,000 | - |
| Contributions/Self Insurance Fund | 210,000 | 210,000 | 207,300 | 2,700 |
| Contributions/Northeast Maryland Solid | 225,000 | 175,000 | 175,000 | - |
| Other | 300,000 | - | - | - |
| Capital improvements | - | - | - | - |
| | <u>53,539,000</u> | <u>53,539,000</u> | <u>53,172,740</u> | <u>366,260</u> |
| Revenues over (under) expenditures | \$ <u>(3,759,100)</u> | \$ <u>(3,759,100)</u> | \$ <u>(275,018)</u> | \$ <u>3,484,082</u> |
| SOLID WASTE FINANCIAL ASSURANCE | | | | |
| Revenues | | | | |
| Payments from other funds | \$ 750,000 | \$ 750,000 | \$ 3,450,000 | \$ 2,700,000 |
| Other | 85,000 | 85,000 | 54,621 | (30,379) |
| | <u>835,000</u> | <u>835,000</u> | <u>3,504,621</u> | <u>2,669,621</u> |
| Expenses | | | | |
| Other | - | - | - | - |
| Revenues over (under) expenditures | \$ <u>835,000</u> | \$ <u>835,000</u> | \$ <u>3,504,621</u> | \$ <u>2,669,621</u> |
| CHILD CARE | | | | |
| Revenues | | | | |
| Child care fees | \$ 4,413,300 | \$ 4,413,300 | \$ 4,660,446 | \$ 247,146 |
| Other | - | - | 8,406 | 8,406 |
| | <u>4,413,300</u> | <u>4,413,300</u> | <u>4,668,852</u> | <u>255,552</u> |
| Expenses | | | | |
| Personal services | 3,457,400 | 3,457,400 | 3,325,080 | 132,320 |
| Contractual services | 260,500 | 260,500 | 252,825 | 7,675 |
| Supplies and materials | 399,900 | 399,900 | 432,906 | (33,006) |
| Business and travel | 54,300 | 54,300 | 47,414 | 6,886 |
| Capital outlay | 9,600 | 9,600 | 6,874 | 2,726 |
| Other | 454,500 | 454,500 | 454,500 | - |
| | <u>4,636,200</u> | <u>4,636,200</u> | <u>4,519,599</u> | <u>116,601</u> |
| Revenues over (under) expenditures | \$ <u>(222,900)</u> | \$ <u>(222,900)</u> | \$ <u>149,253</u> | \$ <u>372,153</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 Capital Projects Funds

Year Ended June 30, 2014

| | Water and | | | |
|--|-------------------------|-----------------------|----------------------|-----------------------|
| | Total | Water | | Total |
| | Water and Wastewater | Capital Projects | Normal Extensions | |
| AUTHORIZED PER ORIGINAL BUDGET | | | | |
| County bonds | \$ 816,555,574 | \$ 327,656,900 | \$ 1,947,671 | \$ 329,604,571 |
| Maryland Water Quality Loan | 68,094,343 | 3,951,750 | - | 3,951,750 |
| Grants and aid | 129,159,895 | 2,347,000 | - | 2,347,000 |
| Pay-as-you-go | 116,986,521 | 11,045,873 | - | 11,045,873 |
| Contributions by developers | 3,745,237 | 430,000 | - | 430,000 |
| Other sources | 5,377,000 | 2,000,000 | - | 2,000,000 |
| Total | <u>\$ 1,139,918,570</u> | <u>\$ 347,431,523</u> | <u>\$ 1,947,671</u> | <u>\$ 349,379,194</u> |
| AUTHORIZED PER FINAL BUDGET | | | | |
| County bonds | \$ 810,060,737 | \$ 325,587,131 | \$ 1,489,752 | \$ 327,076,883 |
| Maryland Water Quality Loan | 68,094,343 | 3,951,750 | - | 3,951,750 |
| Grants and aid | 129,159,895 | 2,347,000 | - | 2,347,000 |
| Pay-as-you-go | 101,962,182 | 10,295,679 | - | 10,295,679 |
| Contributions by developers | 3,680,253 | 430,000 | - | 430,000 |
| Other sources | 5,377,000 | 2,000,000 | - | 2,000,000 |
| Total | 1,118,334,410 | 344,611,560 | 1,489,752 | 346,101,312 |
| Less: Completed projects | 14,082,674 | 1,009,223 | 9,860 | 1,019,083 |
| | <u>1,104,251,736</u> | <u>343,602,337</u> | <u>1,479,892</u> | <u>345,082,229</u> |
| REALIZED | | | | |
| Current year | | | | |
| Bonds and bond anticipation notes | 79,200,000 | 20,968,665 | 52,588 | 21,021,253 |
| Proceeds from State loan | 8,947,608 | 325,496 | - | 325,496 |
| Grants and aid | 21,664,231 | 210,923 | - | 210,923 |
| Pay-as-you-go | 12,923,000 | 4,262,811 | - | 4,262,811 |
| Developer contributions | 148,418 | - | - | - |
| Other source | 15,026 | - | - | - |
| Total | 122,898,283 | 25,767,895 | 52,588 | 25,820,483 |
| Prior years | 415,847,380 | 135,755,042 | 481,240 | 136,236,282 |
| Total realized funding sources | 538,745,663 | 161,522,937 | 533,828 | 162,056,765 |
| Less: Completed projects | 14,081,335 | 1,009,223 | 9,860 | 1,019,083 |
| | <u>524,664,328</u> | <u>160,513,714</u> | <u>523,968</u> | <u>161,037,682</u> |
| Funding sources authorized - June 30, 2014 | <u>\$ 579,587,408</u> | <u>\$ 183,088,623</u> | <u>\$ 955,924</u> | <u>\$ 184,044,547</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 | | |
| \$ 449,069,915 | \$ 1,824,145 | \$ 450,894,060 | \$ 36,056,943 | \$ 51,123,762 | | |
| 64,142,593 | - | 64,142,593 | - | - | | |
| 126,812,895 | - | 126,812,895 | - | - | | |
| 40,798,892 | - | 40,798,892 | 65,141,756 | 5,831,785 | | |
| - | - | - | 3,315,237 | - | | |
| <u>3,377,000</u> | <u>-</u> | <u>3,377,000</u> | <u>-</u> | <u>750,000</u> | | |
| <u>\$ 684,201,295</u> | <u>\$ 1,824,145</u> | <u>\$ 686,025,440</u> | <u>\$ 104,513,936</u> | <u>\$ 57,705,547</u> | | |
| | | | | | | |
| \$ 445,380,210 | \$ 1,689,429 | \$ 447,069,639 | \$ 35,914,215 | \$ 35,391,164 | | |
| 64,142,593 | - | 64,142,593 | - | - | | |
| 126,812,895 | - | 126,812,895 | - | - | | |
| 37,332,737 | - | 37,332,737 | 54,333,766 | 5,806,785 | | |
| - | - | - | 3,250,253 | - | | |
| <u>3,377,000</u> | <u>-</u> | <u>3,377,000</u> | <u>-</u> | <u>750,000</u> | | |
| 677,045,435 | 1,689,429 | 678,734,864 | 93,498,234 | 41,947,949 | | |
| 5,838,210 | 227,201 | 6,065,411 | 6,998,180 | 711,324 | | |
| <u>671,207,225</u> | <u>1,462,228</u> | <u>672,669,453</u> | <u>86,500,054</u> | <u>41,236,625</u> | | |
| | | | | | | |
| 58,278,432 | 21,568 | 58,300,000 | (121,253) | 4,600,000 | | |
| 8,622,112 | - | 8,622,112 | - | - | | |
| 21,453,308 | - | 21,453,308 | - | - | | |
| (1,326,923) | - | (1,326,923) | 9,987,112 | (950,000) | | |
| 40,000 | - | 40,000 | 108,418 | - | | |
| <u>15,026</u> | <u>-</u> | <u>15,026</u> | <u>-</u> | <u>-</u> | | |
| 87,081,955 | 21,568 | 87,103,523 | 9,974,277 | 3,650,000 | | |
| <u>247,995,015</u> | <u>349,944</u> | <u>248,344,959</u> | <u>31,266,139</u> | <u>16,037,861</u> | | |
| 335,076,970 | 371,512 | 335,448,482 | 41,240,416 | 19,687,861 | | |
| <u>5,836,872</u> | <u>227,201</u> | <u>6,064,073</u> | <u>6,998,179</u> | <u>711,323</u> | | |
| <u>329,240,098</u> | <u>144,311</u> | <u>329,384,409</u> | <u>34,242,237</u> | <u>18,976,538</u> | | |
| <u>\$ 341,967,127</u> | <u>\$ 1,317,917</u> | <u>\$ 343,285,044</u> | <u>\$ 52,257,817</u> | <u>\$ 22,260,087</u> | | |

Anne Arundel County, Maryland

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

Enterprise Capital Projects Funds

Year Ended June 30, 2014

| | Water and | | | |
|---|----------------------------------|---------------------|-------------------------------|----------------|
| | Total Water and Wastewater | Capital Projects | Water Normal Extensions | Total |
| APPROPRIATIONS | | | | |
| Original Budget | \$ 1,139,918,570 | \$ 347,431,523 | \$ 1,947,671 | \$ 349,379,194 |
| Final Budget: | | | | |
| Prior years | \$ 1,099,930,610 | \$ 325,812,560 | \$ 1,289,752 | \$ 327,102,312 |
| Current year | 18,403,800 | 18,799,000 | 200,000 | 18,999,000 |
| | 1,118,334,410 | 344,611,560 | 1,489,752 | 346,101,312 |
| Less: Completed projects | 14,082,674 | 1,009,223 | 9,860 | 1,019,083 |
| Total appropriations | 1,104,251,736 | 343,602,337 | 1,479,892 | 345,082,229 |
| EXPENDITURES AND ENCUMBRANCES | | | | |
| Prior years expenditures | 379,917,224 | 121,930,113 | 481,240 | 122,411,353 |
| Current year expenditures | 103,051,324 | 15,945,533 | 53,372 | 15,998,905 |
| | 482,968,548 | 137,875,646 | 534,612 | 138,410,258 |
| Less: Completed projects | 14,081,335 | 1,009,223 | 9,860 | 1,019,083 |
| Total | 468,887,213 | 136,866,423 | 524,752 | 137,391,175 |
| Encumbrances outstanding | 133,157,473 | 19,254,324 | 20,391 | 19,274,715 |
| Total expenditures and encumbrances | 602,044,686 | 156,120,747 | 545,143 | 156,665,890 |
| Unencumbered appropriations - June 30, 2014 | \$ 502,207,050 | \$ 187,481,590 | \$ 934,749 | \$ 188,416,339 |

| Wastewater | | | | | |
|--|---------------------------------|--|---|--|--|
| | Wastewater | | | | |
| Capital Projects | Normal Extension | Total | Oversize Connections | Solid Waste | |
| \$ <u>684,201,295</u> | \$ <u>1,824,145</u> | \$ <u>686,025,440</u> | \$ <u>104,513,936</u> | \$ <u>57,705,547</u> | |
| \$ <u>696,643,635</u> <u>(19,598,200)</u> | \$ <u>1,689,429</u> <u>-</u> | \$ <u>698,333,064</u> <u>(19,598,200)</u> | \$ <u>74,495,234</u> <u>19,003,000</u> | \$ <u>40,591,948</u> <u>1,356,000</u> | |
| <u>677,045,435</u> | <u>1,689,429</u> | <u>678,734,864</u> | <u>93,498,234</u> | <u>41,947,948</u> | |
| <u>5,838,210</u> | <u>227,201</u> | <u>6,065,411</u> | <u>6,998,180</u> | <u>711,323</u> | |
| <u>671,207,225</u> | <u>1,462,228</u> | <u>672,669,453</u> | <u>86,500,054</u> | <u>41,236,625</u> | |
| <u>226,243,715</u> | <u>349,986</u> | <u>226,593,701</u> | <u>30,912,170</u> | <u>12,805,901</u> | |
| <u>77,047,118</u> | <u>21,766</u> | <u>77,068,884</u> | <u>9,983,535</u> | <u>1,362,239</u> | |
| <u>303,290,833</u> | <u>371,752</u> | <u>303,662,585</u> | <u>40,895,705</u> | <u>14,168,140</u> | |
| <u>5,836,872</u> | <u>227,201</u> | <u>6,064,073</u> | <u>6,998,179</u> | <u>711,323</u> | |
| <u>297,453,961</u> | <u>144,551</u> | <u>297,598,512</u> | <u>33,897,526</u> | <u>13,456,817</u> | |
| <u>103,073,011</u> | <u>61,485</u> | <u>103,134,496</u> | <u>10,748,262</u> | <u>3,286,962</u> | |
| <u>400,526,972</u> | <u>206,036</u> | <u>400,733,008</u> | <u>44,645,788</u> | <u>16,743,779</u> | |
| \$ <u>270,680,253</u> | \$ <u>1,256,192</u> | \$ <u>271,936,445</u> | \$ <u>41,854,266</u> | \$ <u>24,492,846</u> | |

Anne Arundel County, Maryland

Combining Statement of Net Position

Internal Service Funds

June 30, 2014

| | Self Insurance | Health Insurance | Central Garage and Transportation | Garage Vehicle Replacement | Totals |
|--|-------------------|----------------------|---|----------------------------------|----------------------|
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and temporary investments | \$ 281,516 | \$ 20,314,012 | \$ 2,608,806 | \$ 3,108,771 | \$ 26,313,105 |
| Investments | 72,049,325 | - | - | - | 72,049,325 |
| Service billings receivable | 381,803 | 5,386,662 | 34,550 | - | 5,803,015 |
| Due from other funds | 3,111,703 | - | 2,891,704 | - | 6,003,407 |
| Inventories | - | - | 754,270 | - | 754,270 |
| Other assets | 1,375 | 1,338,055 | 11,341 | - | 1,350,771 |
| Total current assets | <u>75,825,722</u> | <u>27,038,729</u> | <u>6,300,671</u> | <u>3,108,771</u> | <u>112,273,893</u> |
| Noncurrent assets | | | | | |
| Capital assets | | | | | |
| Land and buildings | - | - | 2,073,990 | - | 2,073,990 |
| Machinery and equipment | - | - | 380,902 | 66,422,848 | 66,803,750 |
| | - | - | 2,454,892 | 66,422,848 | 68,877,740 |
| Less accumulated depreciation | - | - | (1,881,343) | (53,746,275) | (55,627,618) |
| Total capital assets, net of depreciation | <u>-</u> | <u>-</u> | <u>573,549</u> | <u>12,676,573</u> | <u>13,250,122</u> |
| Total noncurrent assets | <u>-</u> | <u>-</u> | <u>573,549</u> | <u>12,676,573</u> | <u>13,250,122</u> |
| Total assets | <u>75,825,722</u> | <u>27,038,729</u> | <u>6,874,220</u> | <u>15,785,344</u> | <u>125,524,015</u> |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable and accrued liabilities | 220,729 | 611,758 | 658,626 | 359,403 | 1,850,516 |
| Current portion of long-term obligations | 13,898,494 | 6,825,796 | 313,211 | - | 21,037,501 |
| Total current liabilities | <u>14,119,223</u> | <u>7,437,554</u> | <u>971,837</u> | <u>359,403</u> | <u>22,888,017</u> |
| Noncurrent liabilities | | | | | |
| Unpaid claims | 60,418,000 | - | - | - | 60,418,000 |
| Accrued liability for compensated absences | - | - | 691 | - | 691 |
| Accrued liability for other post-employment benefits | 1,288,499 | - | 5,901,692 | - | 7,190,191 |
| Total noncurrent liabilities | <u>61,706,499</u> | <u>-</u> | <u>5,902,383</u> | <u>-</u> | <u>67,608,882</u> |
| Total liabilities | <u>75,825,722</u> | <u>7,437,554</u> | <u>6,874,220</u> | <u>359,403</u> | <u>90,496,899</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | - | - | 573,549 | 12,676,573 | 13,250,122 |
| Unrestricted | - | 19,601,175 | (573,549) | 2,749,368 | 21,776,994 |
| Total net position (deficit) | <u>\$ -</u> | <u>\$ 19,601,175</u> | <u>\$ -</u> | <u>\$ 15,425,941</u> | <u>\$ 35,027,116</u> |

Anne Arundel County, Maryland

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

Internal Service Funds

Year Ended June 30, 2014

| | <u>Self Insurance</u> | <u>Health Insurance</u> | <u>Central Garage and Transportation</u> | <u>Garage Vehicle Replacement</u> | <u>Totals</u> |
|---|---------------------------|-----------------------------|--|---|----------------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 18,577,803 | \$ - | \$ 19,783,082 | \$ 4,896,940 | \$ 43,257,825 |
| Medical premiums | - | 100,690,879 | - | - | 100,690,879 |
| Other | - | 6,433 | 31,608 | 23,980 | 62,021 |
| Total operating revenues | <u>18,577,803</u> | <u>100,697,312</u> | <u>19,814,690</u> | <u>4,920,920</u> | <u>144,010,725</u> |
| OPERATING EXPENSES | | | | | |
| Personnel services | 1,244,022 | - | 5,616,296 | - | 6,860,318 |
| Contractual services | 157,037 | 639,061 | 1,359,546 | 15,446 | 2,171,090 |
| Supplies and materials | 33,858 | 37,319 | 98,223 | 272 | 169,672 |
| Business and travel | 18,400 | 1,994 | 4,162 | - | 24,556 |
| Cost of goods issued | - | - | 9,672,033 | - | 9,672,033 |
| Depreciation | - | - | 48,559 | 3,569,703 | 3,618,262 |
| Provision for claims and estimated losses | 18,869,725 | 91,228,613 | - | - | 110,098,338 |
| Other | <u>278,000</u> | <u>632,000</u> | <u>455,800</u> | <u>42,300</u> | <u>1,408,100</u> |
| Total operating expenses | <u>20,601,042</u> | <u>92,538,987</u> | <u>17,254,619</u> | <u>3,627,721</u> | <u>134,022,369</u> |
| Operating income (loss) | <u>(2,023,239)</u> | <u>8,158,325</u> | <u>2,560,071</u> | <u>1,293,199</u> | <u>9,988,356</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment income | 2,023,239 | 57,814 | - | - | 2,081,053 |
| Gain on disposal of assets | - | - | - | - | - |
| Gain (loss) before transfers | - | 8,216,139 | 2,560,071 | 1,293,199 | 12,069,409 |
| Inter fund transfers | - | (5,000,000) | - | - | (5,000,000) |
| Change in net position | - | 3,216,139 | 2,560,071 | 1,293,199 | 7,069,409 |
| Net position, July 1 | - | 16,385,036 | (2,560,071) | 14,132,742 | 27,957,707 |
| Net position, June 30 | <u>\$ -</u> | <u>\$ 19,601,175</u> | <u>\$ -</u> | <u>\$ 15,425,941</u> | <u>\$ 35,027,116</u> |

Anne Arundel County, Maryland

Combining Statement of Cash Flows

Internal Service Funds

Year Ended June 30, 2014

| | Self Insurance | Health Insurance | Central Garage and Transportation | Garage Vehicle Replacement | Totals |
|--|---------------------|----------------------|---|----------------------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash received from customers | \$ 18,565,100 | \$ 100,359,514 | \$ 16,876,063 | \$ 4,896,940 | \$ 140,697,617 |
| Cash received for expense reimbursement | 415,916 | - | - | - | 415,916 |
| Cash payments to suppliers for goods and services | (76,599) | (702,569) | (10,821,614) | (1,665,614) | (13,266,396) |
| Cash payments for insurance claims | (16,314,641) | (91,172,191) | - | - | (107,486,832) |
| Cash payments to employees for services | (1,064,139) | - | (4,938,490) | - | (6,002,629) |
| Other operating receipts | - | - | 31,608 | 23,980 | 55,588 |
| Other operating payments | (278,000) | (632,000) | (455,800) | (42,300) | (1,408,100) |
| Net cash provided by operating activities | <u>1,247,637</u> | <u>7,852,754</u> | <u>691,767</u> | <u>3,213,006</u> | <u>13,005,164</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Asset transfers between funds | - | (5,000,000) | - | - | (5,000,000) |
| Net cash used for non-capital financing activities | <u>-</u> | <u>(5,000,000)</u> | <u>-</u> | <u>-</u> | <u>(5,000,000)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition of capital assets | - | - | - | (3,297,038) | (3,297,038) |
| Net cash used for capital and related financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,297,038)</u> | <u>(3,297,038)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Purchase of investment securities | (58,277,358) | - | - | - | (58,277,358) |
| Sale of investment securities | 54,573,914 | - | - | - | 54,573,914 |
| Investment income | 2,042,898 | 57,814 | - | - | 2,100,712 |
| Net cash provided by investing activities | <u>(1,660,546)</u> | <u>57,814</u> | <u>-</u> | <u>-</u> | <u>(1,602,732)</u> |
| Net increase (decrease) in cash and cash equivalents | (412,909) | 2,910,568 | 691,767 | (84,032) | 3,105,394 |
| Cash and temporary investments, July 1 | 694,425 | 17,403,444 | 1,917,039 | 3,192,803 | 23,207,711 |
| Cash and temporary investments, June 30 | <u>\$ 281,516</u> | <u>\$ 20,314,012</u> | <u>\$ 2,608,806</u> | <u>\$ 3,108,771</u> | <u>\$ 26,313,105</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | \$ (2,023,239) | \$ 8,158,325 | \$ 2,560,071 | \$ 1,293,199 | \$ 9,988,356 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | |
| Depreciation | - | - | 48,559 | 3,569,703 | 3,618,262 |
| Effect of changes in assets and liabilities | | | | | |
| Accounts receivable | (12,703) | (1,982,205) | (2,907,019) | - | (4,901,927) |
| Prepaid expenses | - | - | 78 | - | 78 |
| Inventories | - | - | 94,753 | - | 94,753 |
| Accounts payable and accrued expenses | 150,416 | 387,384 | 226,160 | (1,649,896) | (885,936) |
| Unpaid claims | 2,971,000 | 1,289,250 | - | - | 4,260,250 |
| Accrued liability for compensated absences | 11,531 | - | 14,094 | - | 25,625 |
| Accrued liability for OPEB benefits | 150,632 | - | 655,071 | - | 805,703 |
| Net cash provided by (used for) operating activities | <u>\$ 1,247,637</u> | <u>\$ 7,852,754</u> | <u>\$ 691,767</u> | <u>\$ 3,213,006</u> | <u>\$ 13,005,164</u> |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | | | | |
| Increase in fair value of investments | \$ 871,600 | - | - | - | \$ 871,600 |
| Total Noncash investing, capital, and financing activities | <u>\$ 871,600</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 871,600</u> |

Anne Arundel County, Maryland

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

Internal Service Funds

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|-----------------------|-----------------------|---------------------|---------------------------------|
| SELF INSURANCE | | | | |
| Revenues | | | | |
| Charges for services | \$ 18,565,100 | \$ 18,565,100 | \$ 18,565,100 | \$ - |
| Investment income | 885,400 | 885,400 | 2,023,239 | 1,137,839 |
| Reimbursements | 200,000 | 200,000 | 415,916 | 215,916 |
| Other | - | - | 51,041 | 51,041 |
| | <u>19,650,500</u> | <u>19,650,500</u> | <u>21,055,296</u> | <u>1,404,796</u> |
| Expenses | | | | |
| Personal services | 1,111,700 | 1,096,700 | 1,093,390 | 3,310 |
| Contractual services | 18,295,100 | 18,295,100 | 16,880,728 | 1,414,372 |
| Supplies and materials | 24,000 | 29,000 | 27,155 | 1,845 |
| Business and travel | 10,600 | 20,600 | 18,400 | 2,200 |
| Capital outlay | 8,000 | 8,000 | 6,703 | 1,297 |
| Administrative costs | 278,000 | 278,000 | 278,000 | - |
| | <u>19,727,400</u> | <u>19,727,400</u> | <u>18,304,376</u> | <u>1,423,024</u> |
| Revenues over (under) expenditures | <u>\$ (76,900)</u> | <u>\$ (76,900)</u> | <u>\$ 2,750,920</u> | <u>\$ 2,827,820</u> |
| HEALTH INSURANCE | | | | |
| Revenues | | | | |
| Charges for services | \$ 102,506,000 | \$ 102,506,000 | \$ 100,690,879 | \$ (1,815,121) |
| Investment income | - | - | 57,814 | 57,814 |
| Other | - | - | 72,783 | 72,783 |
| | <u>102,506,000</u> | <u>102,506,000</u> | <u>100,821,476</u> | <u>(1,684,524)</u> |
| Expenses | | | | |
| Medical claim costs | 101,141,500 | 101,141,500 | 91,228,613 | 9,912,887 |
| Contractual services | 683,500 | 683,500 | 746,796 | (63,296) |
| Supplies and materials | 44,900 | 44,900 | 37,319 | 7,581 |
| Business and travel | 4,100 | 4,100 | 1,994 | 2,106 |
| Other | 3,132,000 | 3,132,000 | 5,632,000 | (2,500,000) |
| | <u>105,006,000</u> | <u>105,006,000</u> | <u>97,646,722</u> | <u>7,359,278</u> |
| Revenues over (under) expenditures | <u>\$ (2,500,000)</u> | <u>\$ (2,500,000)</u> | <u>\$ 3,174,754</u> | <u>\$ 5,674,754</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, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|---------------------|---------------------|-------------------|---------------------------------|
| CENTRAL GARAGE AND TRANSPORTATION | | | | |
| Revenues | | | | |
| Charges for services | \$ 16,305,400 | \$ 16,305,400 | \$ 16,891,704 | \$ 586,304 |
| Other | 30,800 | 30,800 | 31,608 | 808 |
| | <u>16,336,200</u> | <u>16,336,200</u> | <u>16,923,312</u> | <u>587,112</u> |
| Expenses | | | | |
| Personal services | 4,879,400 | 4,879,400 | 4,961,225 | (81,825) |
| Contractual services | 1,036,200 | 1,236,200 | 1,329,226 | (93,026) |
| Supplies and materials | 10,277,300 | 10,077,300 | 9,663,064 | 414,236 |
| Business and travel | 6,700 | 6,700 | 4,162 | 2,538 |
| Capital outlay | 27,200 | 27,200 | 12,440 | 14,760 |
| Other | 455,800 | 455,800 | 455,800 | - |
| | <u>16,682,600</u> | <u>16,682,600</u> | <u>16,425,917</u> | <u>256,683</u> |
| Revenues over (under) expenditures | <u>\$ (346,400)</u> | <u>\$ (346,400)</u> | <u>\$ 497,395</u> | <u>\$ 843,795</u> |
| GARAGE VEHICLE REPLACEMENT | | | | |
| Revenues | | | | |
| Charges for services | \$ 4,844,000 | \$ 4,844,000 | \$ 4,896,940 | \$ 52,940 |
| Other | 75,000 | 75,000 | 23,980 | (51,020) |
| | <u>4,919,000</u> | <u>4,919,000</u> | <u>4,920,920</u> | <u>1,920</u> |
| Expenses | | | | |
| Contractual services | 10,000 | 20,000 | 15,446 | 4,554 |
| Capital outlay | 4,861,200 | 4,851,200 | 4,814,019 | 37,181 |
| Other | 42,300 | 42,300 | 42,300 | - |
| | <u>4,913,500</u> | <u>4,913,500</u> | <u>4,871,765</u> | <u>41,735</u> |
| Revenues over (under) expenditures | <u>\$ 5,500</u> | <u>\$ 5,500</u> | <u>\$ 49,155</u> | <u>\$ 43,655</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.

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.

National Business Park – 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.

Two Rivers – 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.

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

Conference and Visitors Bureau – The County dedicates 17% 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 Center.

Arts Council of Anne Arundel County – The County dedicates 3% of its hotel / motel tax revenue to the promotion of the arts within the County. This fund accumulates the dedicated revenue and disburses the funds directly to the Arts Council of Anne Arundel County.

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

June 30, 2014

| | Defined Benefit Pension Plans (December 31, 2013) | | | | Totals |
|--|---|---------------------------------|-------------------------------|--|------------------|
| | Employees' Retirement | Police Service Retirement | Fire Service Retirement | Detention Officers' & Deputy Sheriffs' Retirement | |
| ASSETS | | | | | |
| Investments, at fair value: | | | | | |
| Cash and temporary investments | \$ 28,865,603 | \$ 23,764,744 | \$ 24,357,875 | \$ 5,331,021 | \$ 82,319,243 |
| U. S. Government obligations | 4,076,830 | 3,356,632 | 3,440,408 | 753,987 | 11,627,857 |
| Corporate obligations | 48,591,934 | 40,007,863 | 41,006,398 | 8,986,812 | 138,593,007 |
| Domestic fixed income mutual funds | 30,298,306 | 24,945,920 | 25,568,532 | 5,603,506 | 86,416,264 |
| International fixed income mutual funds | 23,732,115 | 19,539,687 | 20,027,368 | 4,389,125 | 67,688,295 |
| Global assets and pools | 86,992,368 | 71,624,620 | 73,412,260 | 16,088,763 | 248,118,011 |
| Domestic equity | 142,627,355 | 117,431,337 | 120,362,243 | 26,378,150 | 406,799,085 |
| International equity investment pools | 130,796,408 | 107,690,401 | 110,378,189 | 24,190,081 | 373,055,079 |
| Private markets | 34,641,390 | 28,521,771 | 29,233,631 | 6,406,736 | 98,803,528 |
| Portable Alpha | 612,226 | 504,073 | 516,654 | 113,228 | 1,746,181 |
| Real estate investment pools | 28,056,754 | 23,100,352 | 23,676,902 | 5,188,943 | 80,022,951 |
| Aetna insurance pooled fixed income | 9,857,882 | 8,116,425 | 8,318,999 | 1,823,161 | 28,116,467 |
| Total investments | 569,149,171 | 468,603,825 | 480,299,459 | 105,253,513 | 1,623,305,968 |
| Collateral from securities lending transactions | 18,528,694 | 15,255,483 | 15,636,237 | 3,426,780 | 52,847,194 |
| Receivables: | | | | | |
| Employer contributions | 1,996,531 | 1,577,839 | 1,367,428 | 500,571 | 5,442,369 |
| Participant contributions | 369,043 | 210,334 | 195,041 | 92,714 | 867,132 |
| Accrued interest and dividends | 645,229 | 531,246 | 544,508 | 119,333 | 1,840,316 |
| Investment sales proceeds | 1,189,580 | 979,433 | 1,003,879 | 220,006 | 3,392,898 |
| Total receivables | 4,200,383 | 3,298,852 | 3,110,856 | 932,624 | 11,542,715 |
| Deposits on hand | 14,757 | 158,434 | 65,896 | - | 239,087 |
| Total assets | 591,893,005 | 487,316,594 | 499,112,448 | 109,612,917 | 1,687,934,964 |
| LIABILITIES | | | | | |
| Accounts payable | 719,654 | 592,964 | 607,701 | 135,134 | 2,055,453 |
| Investment commitments payable | 6,209,980 | 5,112,948 | 5,240,559 | 1,148,502 | 17,711,989 |
| Obligation for collateral received under securities lending transactions | 18,528,694 | 15,255,483 | 15,636,237 | 3,426,780 | 52,847,194 |
| Total liabilities | 25,458,328 | 20,961,395 | 21,484,497 | 4,710,416 | 72,614,636 |
| Net position held in trust for pension benefits | \$ 566,434,677 | \$ 466,355,199 | \$ 477,627,951 | \$ 104,902,501 | \$ 1,615,320,328 |

Combining Statement of Changes in Net Position

Pension Trust Funds

Year Ended June 30, 2014

| | Defined Benefit Pension Trust (December 31, 2013) | | | | |
|--|---|---------------------------------|-------------------------------|--|-------------------------|
| | Employees' Retirement | Police Service Retirement | Fire Service Retirement | Detention Officers' & Deputy Sheriffs' Retirement | Totals |
| ADDITIONS | | | | | |
| Contributions: | | | | | |
| Employer | \$ 22,361,658 | \$ 17,745,906 | \$ 16,152,402 | \$ 5,600,178 | \$ 61,860,144 |
| Participant | 4,452,981 | 2,679,723 | 2,432,737 | 1,195,439 | 10,760,880 |
| Total contributions | <u>26,814,639</u> | <u>20,425,629</u> | <u>18,585,139</u> | <u>6,795,617</u> | <u>72,621,024</u> |
| Investment income: | | | | | |
| Net appreciation (depreciation) in fair value of investments | 39,997,282 | 32,920,988 | 33,696,512 | 7,325,558 | 113,940,340 |
| Interest income | 6,992,289 | 4,539,442 | 4,988,190 | 1,005,893 | 17,525,814 |
| Dividend income | 8,512,255 | 7,006,133 | 7,168,389 | 1,561,048 | 24,247,825 |
| Total investment income | <u>55,501,826</u> | <u>44,466,563</u> | <u>45,853,091</u> | <u>9,892,499</u> | <u>155,713,979</u> |
| Less investment expense | <u>(3,324,360)</u> | <u>(2,746,713)</u> | <u>(2,764,044)</u> | <u>(596,500)</u> | <u>(9,431,617)</u> |
| Net income from investing activities | <u>52,177,466</u> | <u>41,719,850</u> | <u>43,089,047</u> | <u>9,295,999</u> | <u>146,282,362</u> |
| Securities lending activities: | | | | | |
| Securities lending income | 81,921 | 67,398 | 68,906 | 14,953 | 233,178 |
| Securities lending expenses: | | | | | |
| Borrower rebates | 6,205 | 5,105 | 5,219 | 1,133 | 17,662 |
| Management fees | 22,726 | 18,697 | 19,116 | 4,148 | 64,687 |
| Securities lending expense | <u>28,931</u> | <u>23,802</u> | <u>24,335</u> | <u>5,281</u> | <u>82,349</u> |
| Securities lending net income | <u>52,990</u> | <u>43,596</u> | <u>44,571</u> | <u>9,672</u> | <u>150,829</u> |
| Total net investment income | <u>52,230,456</u> | <u>41,763,446</u> | <u>43,133,618</u> | <u>9,305,671</u> | <u>146,433,191</u> |
| Total additions | <u>79,045,095</u> | <u>62,189,075</u> | <u>61,718,757</u> | <u>16,101,288</u> | <u>219,054,215</u> |
| DEDUCTIONS | | | | | |
| Participant benefit payments and refunds | 36,727,715 | 26,936,388 | 21,870,063 | 5,397,604 | 90,931,770 |
| Administrative expenses | 757,210 | 615,138 | 633,476 | 137,963 | 2,143,787 |
| Total deductions | <u>37,484,925</u> | <u>27,551,526</u> | <u>22,503,539</u> | <u>5,535,567</u> | <u>93,075,557</u> |
| Net increases | 41,560,170 | 34,637,549 | 39,215,218 | 10,565,721 | 125,978,658 |
| Net position, beginning of year | <u>524,874,507</u> | <u>431,717,650</u> | <u>438,412,733</u> | <u>94,336,780</u> | <u>1,489,341,670</u> |
| Net position, end of year | <u>\$ 566,434,677</u> | <u>\$ 466,355,199</u> | <u>\$ 477,627,951</u> | <u>\$ 104,902,501</u> | <u>\$ 1,615,320,328</u> |

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2014

| | Balance June 30, 2013 | Additions | Deductions | Balance June 30, 2014 |
|--------------------------------------|--------------------------|-----------------------|-----------------------|--------------------------|
| SUBDIVISION DEPOSITS | | | | |
| Assets | | | | |
| Cash | \$ 5,315,436 | \$ 545,058 | \$ 2,679,494 | \$ 3,181,000 |
| Total Assets | <u>\$ 5,315,436</u> | <u>\$ 545,058</u> | <u>\$ 2,679,494</u> | <u>\$ 3,181,000</u> |
| Liabilities | | | | |
| Escrow Deposits | \$ 5,315,436 | \$ 545,058 | \$ 2,679,494 | \$ 3,181,000 |
| Total Liabilities | <u>\$ 5,315,436</u> | <u>\$ 545,058</u> | <u>\$ 2,679,494</u> | <u>\$ 3,181,000</u> |
| SEDIMENT CONTROL | | | | |
| Assets | | | | |
| Cash | \$ 5,128,413 | \$ 1,466,896 | \$ 1,899,280 | \$ 4,696,029 |
| Total Assets | <u>\$ 5,128,413</u> | <u>\$ 1,466,896</u> | <u>\$ 1,899,280</u> | <u>\$ 4,696,029</u> |
| Liabilities | | | | |
| Escrow and other deposits | \$ 5,128,413 | \$ 1,466,896 | \$ 1,899,280 | \$ 4,696,029 |
| Total Liabilities | <u>\$ 5,128,413</u> | <u>\$ 1,466,896</u> | <u>\$ 1,899,280</u> | <u>\$ 4,696,029</u> |
| CITY AND STATE TAX COLLECTION | | | | |
| Assets | | | | |
| Cash | \$ 4,075,070 | \$ 134,778,093 | \$ 134,740,670 | \$ 4,112,493 |
| Total Assets | <u>\$ 4,075,070</u> | <u>\$ 134,778,093</u> | <u>\$ 134,740,670</u> | <u>\$ 4,112,493</u> |
| Liabilities | | | | |
| Escrow Deposits | \$ 4,075,070 | \$ 134,778,093 | \$ 134,740,670 | \$ 4,112,493 |
| Total Liabilities | <u>\$ 4,075,070</u> | <u>\$ 134,778,093</u> | <u>\$ 134,740,670</u> | <u>\$ 4,112,493</u> |
| TAX SALE ESCROW DEPOSITS | | | | |
| Assets | | | | |
| Cash | \$ 7,667,624 | \$ 12,073,848 | \$ 11,208,598 | \$ 8,532,874 |
| Total Assets | <u>\$ 7,667,624</u> | <u>\$ 12,073,848</u> | <u>\$ 11,208,598</u> | <u>\$ 8,532,874</u> |
| Liabilities | | | | |
| Escrow Deposits | \$ 7,667,624 | \$ 12,073,848 | \$ 11,208,598 | \$ 8,532,874 |
| Total Liabilities | <u>\$ 7,667,624</u> | <u>\$ 12,073,848</u> | <u>\$ 11,208,598</u> | <u>\$ 8,532,874</u> |
| NATIONAL BUSINESS PARK | | | | |
| Assets | | | | |
| Cash and investments | \$ - | \$ 1,310,045 | \$ 1,310,017 | \$ 28 |
| Total Assets | <u>\$ -</u> | <u>\$ 1,310,045</u> | <u>\$ 1,310,017</u> | <u>\$ 28</u> |
| Liabilities | | | | |
| Escrow Deposits | \$ - | \$ 1,310,045 | \$ 1,310,017 | \$ 28 |
| Total Liabilities | <u>\$ -</u> | <u>\$ 1,310,045</u> | <u>\$ 1,310,017</u> | <u>\$ 28</u> |
| TWO RIVERS | | | | |
| Assets | | | | |
| Cash and investments | \$ 200,000 | \$ 19 | \$ - | \$ 200,019 |
| Total Assets | <u>\$ 200,000</u> | <u>\$ 19</u> | <u>\$ -</u> | <u>\$ 200,019</u> |
| Liabilities | | | | |
| Escrow Deposits | \$ 200,000 | \$ 19 | \$ - | \$ 200,019 |
| Total Liabilities | <u>\$ 200,000</u> | <u>\$ 19</u> | <u>\$ -</u> | <u>\$ 200,019</u> |

Anne Arundel County, Maryland

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2014

| | Balance June 30, 2013 | Additions | Deductions | Balance June 30, 2014 |
|---|--------------------------|-----------------------|-----------------------|--------------------------|
| FARMINGTON SPECIAL ASSESSMENT | | | | |
| Assets | | | | |
| Cash and investments | \$ 591,795 | \$ 736,838 | \$ 435,012 | \$ 893,621 |
| Total Assets | <u>\$ 591,795</u> | <u>\$ 736,838</u> | <u>\$ 435,012</u> | <u>\$ 893,621</u> |
| Liabilities | | | | |
| Escrow Deposits | \$ 591,795 | \$ 736,838 | \$ 435,012 | \$ 893,621 |
| Total Liabilities | <u>\$ 591,795</u> | <u>\$ 736,838</u> | <u>\$ 435,012</u> | <u>\$ 893,621</u> |
| DORCHESTER SPECIAL TAX DISTRICT | | | | |
| Assets | | | | |
| Investments | \$ 17,732,649 | \$ 2,363,182 | \$ 17,577,158 | \$ 2,518,673 |
| Total Assets | <u>\$ 17,732,649</u> | <u>\$ 2,363,182</u> | <u>\$ 17,577,158</u> | <u>\$ 2,518,673</u> |
| Liabilities | | | | |
| Escrow Deposits | \$ 17,732,649 | \$ 2,363,182 | \$ 17,577,158 | \$ 2,518,673 |
| Total Liabilities | <u>\$ 17,732,649</u> | <u>\$ 2,363,182</u> | <u>\$ 17,577,158</u> | <u>\$ 2,518,673</u> |
| CONFERENCE AND VISITOR'S BUREAU | | | | |
| Assets | | | | |
| Cash | \$ - | \$ 3,244,936 | \$ 3,244,936 | \$ - |
| Total Assets | <u>\$ -</u> | <u>\$ 3,244,936</u> | <u>\$ 3,244,936</u> | <u>\$ -</u> |
| Liabilities | | | | |
| Escrow deposits | \$ - | \$ 3,244,936 | \$ 3,244,936 | \$ - |
| Total Liabilities | <u>\$ -</u> | <u>\$ 3,244,936</u> | <u>\$ 3,244,936</u> | <u>\$ -</u> |
| ART'S COUNCIL OF ANNE ARUNDEL COUNTY | | | | |
| Assets | | | | |
| Cash | \$ - | \$ 538,066 | \$ 538,066 | \$ - |
| Total Assets | <u>\$ -</u> | <u>\$ 538,066</u> | <u>\$ 538,066</u> | <u>\$ -</u> |
| Liabilities | | | | |
| Escrow deposits | \$ - | \$ 538,066 | \$ 538,066 | \$ - |
| Total Liabilities | <u>\$ -</u> | <u>\$ 538,066</u> | <u>\$ 538,066</u> | <u>\$ -</u> |
| MISCELLANEOUS ESCROW DEPOSITS | | | | |
| Assets | | | | |
| Cash | \$ 292,692 | \$ 964,394 | \$ 869,153 | \$ 387,933 |
| Total Assets | <u>\$ 292,692</u> | <u>\$ 964,394</u> | <u>\$ 869,153</u> | <u>\$ 387,933</u> |
| Liabilities | | | | |
| Escrow and other deposits | \$ 292,692 | \$ 964,394 | \$ 869,153 | \$ 387,933 |
| Total Liabilities | <u>\$ 292,692</u> | <u>\$ 964,394</u> | <u>\$ 869,153</u> | <u>\$ 387,933</u> |
| TOTALS - ALL FUNDS | | | | |
| Assets | | | | |
| Cash and investments | \$ 41,003,679 | \$ 158,021,375 | \$ 174,502,384 | \$ 24,522,670 |
| Total Assets | <u>\$ 41,003,679</u> | <u>\$ 158,021,375</u> | <u>\$ 174,502,384</u> | <u>\$ 24,522,670</u> |
| Liabilities | | | | |
| Escrow and other deposits | \$ 41,003,679 | \$ 158,021,375 | \$ 174,502,384 | \$ 24,522,670 |
| Total Liabilities | <u>\$ 41,003,679</u> | <u>\$ 158,021,375</u> | <u>\$ 174,502,384</u> | <u>\$ 24,522,670</u> |

Anne Arundel County, Maryland

Combining Statement of Net Position

Nonmajor Component Units

June 30, 2014

| | AA County Public Library | Economic Development | Tipton Airport | Workforce Development | Totals |
|---|-----------------------------|-------------------------|---------------------|--------------------------|---------------------|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and investments | \$ 15,234 | \$ 4,732,325 | \$ 613,783 | \$ 474,555 | \$ 5,835,897 |
| Service billings receivable | - | - | 179,623 | - | 179,623 |
| Prepays and other assets | 9,155 | 745,043 | 45,820 | 981,080 | 1,781,098 |
| Inventories | - | - | 26,822 | - | 26,822 |
| Receivables | - | - | 21,454 | - | 21,454 |
| Due from primary government | 1,288,207 | - | - | - | 1,288,207 |
| Restricted assets | | | | | |
| Cash and temporary investments | - | 40,682 | - | - | 40,682 |
| Receivables | - | - | - | - | - |
| Other, net | - | - | - | - | - |
| Total current assets | <u>1,312,596</u> | <u>5,518,050</u> | <u>887,502</u> | <u>1,455,635</u> | <u>9,173,783</u> |
| Noncurrent Assets | | | | | |
| Loans receivable and other assets | - | 4,131,487 | - | - | 4,131,487 |
| Capital assets not being depreciated | - | - | 158,544 | - | 158,544 |
| Capital assets being depreciated | 17,505,634 | 807,342 | 9,877,047 | 547,541 | 28,737,564 |
| Less accumulated depreciation | <u>(7,560,542)</u> | <u>(380,709)</u> | <u>(4,717,742)</u> | <u>(380,656)</u> | <u>(13,039,649)</u> |
| Total capital assets | <u>9,945,092</u> | <u>426,633</u> | <u>5,317,849</u> | <u>166,885</u> | <u>15,856,459</u> |
| Total assets | <u>11,257,688</u> | <u>10,076,170</u> | <u>6,205,351</u> | <u>1,622,520</u> | <u>29,161,729</u> |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accrued liabilities | \$ 726,610 | \$ 154,623 | \$ 352,863 | \$ 432,503 | \$ 1,666,599 |
| Current portion on non-current liabilities | 751,573 | 17,823 | 52,693 | 46,539 | 868,628 |
| Notes payable | - | 2,151,381 | - | - | 2,151,381 |
| Escrow and other deposits | - | 8,451 | - | - | 8,451 |
| Unearned revenue | - | 227,245 | 83,721 | 112,395 | 423,361 |
| Liabilities related to restricted assets | | | | | |
| Accrued liabilities | - | 10,778 | - | 127,810 | 138,588 |
| Total current liabilities | <u>1,478,183</u> | <u>2,570,301</u> | <u>489,277</u> | <u>719,247</u> | <u>5,257,008</u> |
| Noncurrent liabilities | | | | | |
| Accrued liability for OPEB benefits | 16,003,972 | - | - | - | 16,003,972 |
| Long-term debt, net of deferred refunding gain/loss | - | 24,260 | - | - | 24,260 |
| Due to other governments | - | 2,992,000 | - | - | 2,992,000 |
| Total noncurrent liabilities | <u>16,003,972</u> | <u>3,016,260</u> | <u>-</u> | <u>-</u> | <u>19,020,232</u> |
| Total liabilities | <u>17,482,155</u> | <u>5,586,561</u> | <u>489,277</u> | <u>719,247</u> | <u>24,277,240</u> |
| NET POSITION | | | | | |
| Capital assets, net of related debt | 9,945,092 | 384,550 | 5,265,156 | 166,885 | 15,761,683 |
| Restricted for: | | | | | |
| Other purposes | - | 29,904 | 155,220 | - | 185,124 |
| Unrestricted | <u>(16,169,559)</u> | <u>4,075,155</u> | <u>295,698</u> | <u>736,388</u> | <u>(11,062,318)</u> |
| Total net position | <u>\$ (6,224,467)</u> | <u>\$ 4,489,609</u> | <u>\$ 5,716,074</u> | <u>\$ 903,273</u> | <u>\$ 4,884,489</u> |

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Anne Arundel County, Maryland

Combining Statement of Activities

Nonmajor Component Units

Year Ended June 30, 2014

| Functions / Programs | Expenses | Program Revenues | | |
|--|---------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <i>AA County Public Library</i> | | | | |
| Community services | \$ 23,412,453 | \$ 832,235 | \$ 3,951,753 | \$ - |
| <i>Economic Development</i> | | | | |
| Arundel Business Loan Program | 402,574 | 105,596 | - | - |
| Training and other grants | - | - | - | - |
| Chesapeake Innovation Center | 553,256 | 70,644 | - | - |
| Administrative | 1,783,502 | - | - | - |
| Anne Arundel Agricultural Marketing, LLC | 139,175 | - | 63,091 | - |
| Anne Arundel Community Development, LLC | 10,354 | - | - | - |
| Video Lottery Terminal | 275,583 | 59,085 | - | - |
| Unallocated depreciation | 45,724 | - | - | - |
| | <u>3,210,168</u> | <u>235,325</u> | <u>63,091</u> | <u>-</u> |
| <i>Tipton Airport Authority</i> | | | | |
| Airport operations | <u>1,951,769</u> | <u>1,678,476</u> | <u>-</u> | <u>172,076</u> |
| <i>Workforce Development</i> | | | | |
| Workforce development programs | | | | |
| Other WIA programs | 4,018,419 | - | 4,082,911 | - |
| Administration | 80,663 | - | - | - |
| Other grants, projects, initiatives | 790,560 | - | 627,813 | - |
| | <u>\$ 4,889,642</u> | <u>\$ -</u> | <u>\$ 4,710,724</u> | <u>\$ -</u> |

General revenues:

Hotel tax
 Unrestricted contributions
 Interest earnings
 Miscellaneous
 Total general revenues

Changes in net position

Net position, July 1

Net position, June 30

Net (Expense) Revenues and Changes in Net Position

| <u>AA County Public Library</u> | <u>Economic Development</u> | <u>Tipton Airport</u> | <u>Workforce Development</u> | <u>Total</u> |
|-------------------------------------|---------------------------------|----------------------------|----------------------------------|----------------------------|
| \$ <u>(18,628,465)</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>(18,628,465)</u> |
| - | (296,978) | - | - | (296,978) |
| - | - | - | - | - |
| - | (482,612) | - | - | (482,612) |
| - | (1,783,502) | - | - | (1,783,502) |
| - | (76,084) | - | - | (76,084) |
| - | (10,354) | - | - | (10,354) |
| - | (216,498) | - | - | (216,498) |
| - | <u>(45,724)</u> | - | - | <u>(45,724)</u> |
| - | <u>(2,911,752)</u> | - | - | <u>(2,911,752)</u> |
| - | - | <u>(101,217)</u> | - | <u>(101,217)</u> |
| - | - | - | 64,492 | 64,492 |
| - | - | - | (80,663) | (80,663) |
| - | - | - | <u>(162,747)</u> | <u>(162,747)</u> |
| - | - | - | <u>(178,918)</u> | <u>(178,918)</u> |
| - | 1,000,000 | - | - | 1,000,000 |
| 16,958,700 | 2,362,202 | - | 45,480 | 19,366,382 |
| - | 6,413 | 1,384 | 1,456 | 9,253 |
| <u>13,076</u> | <u>19,699</u> | - | <u>172,683</u> | <u>205,458</u> |
| <u>16,971,776</u> | <u>3,388,314</u> | <u>1,384</u> | <u>219,619</u> | <u>20,581,093</u> |
| (1,656,689) | 476,562 | (99,833) | 40,701 | (1,239,259) |
| <u>(4,567,778)</u> | <u>4,013,047</u> | <u>5,815,907</u> | <u>862,572</u> | <u>6,123,748</u> |
| \$ <u><u>(6,224,467)</u></u> | \$ <u><u>4,489,609</u></u> | \$ <u><u>5,716,074</u></u> | \$ <u><u>903,273</u></u> | \$ <u><u>4,884,489</u></u> |

Anne Arundel County, Maryland

Balance Sheet

AA County Public Library Component Unit

June 30, 2014

| | Governmental Funds | | |
|-------------------------------------|---------------------|------------------------------|---------------------|
| | Operating Fund | Dedicated Revenue Fund | Total |
| ASSETS | | | |
| Cash and investments | \$ 11,425 | \$ 3,809 | \$ 15,234 |
| Due from primary government | 1,277,582 | 10,625 | 1,288,207 |
| Receivables | | | |
| Other, net | 9,155 | - | 9,155 |
| Total assets | <u>\$ 1,298,162</u> | <u>\$ 14,434</u> | <u>\$ 1,312,596</u> |
| LIABILITIES | | | |
| Accrued liabilities | \$ 724,035 | \$ 2,575 | \$ 726,610 |
| Total liabilities | <u>724,035</u> | <u>2,575</u> | <u>726,610</u> |
| FUND BALANCES | | | |
| Assigned | 574,034 | 11,043 | 585,077 |
| Unassigned | 93 | 816 | 909 |
| Total fund balances | <u>574,127</u> | <u>11,859</u> | <u>585,986</u> |
| Total liabilities and fund balances | <u>\$ 1,298,162</u> | <u>\$ 14,434</u> | <u>\$ 1,312,596</u> |

Anne Arundel County, Maryland

Statement of Revenues, Expenditures, and Changes in Fund Balances

AA County Public Library Component Unit

Year Ended June 30, 2014

| | Governmental Funds | | |
|------------------------------------|--------------------|------------------------------|-------------------|
| | Operating Fund | Dedicated Revenue Fund | Total |
| REVENUES | | | |
| Grants and aid | \$ 20,875,848 | \$ 34,605 | \$ 20,910,453 |
| Fines and fees | 832,235 | - | 832,235 |
| Other | 2,232 | 10,844 | 13,076 |
| Total revenues | <u>21,710,315</u> | <u>45,449</u> | <u>21,755,764</u> |
| EXPENDITURES | | | |
| Current | | | |
| Recreation and community services | 21,936,878 | 48,133 | 21,985,011 |
| Capital outlay | - | - | - |
| Total expenditures | <u>21,936,878</u> | <u>48,133</u> | <u>21,985,011</u> |
| Revenues over (under) expenditures | <u>(226,563)</u> | <u>(2,684)</u> | <u>(229,247)</u> |
| Fund balances, July 1 | <u>800,690</u> | <u>14,543</u> | <u>815,233</u> |
| Fund balances, June 30 | <u>\$ 574,127</u> | <u>\$ 11,859</u> | <u>\$ 585,986</u> |

Anne Arundel County, Maryland

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

AA County Public Library Component Unit - Operating Fund

Year Ended June 30, 2014

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|--------------------|-------------------|-------------------|---------------------------------|
| REVENUES | | | | |
| Grants and aid | \$ 2,113,600 | \$ 2,113,600 | \$ 2,125,775 | \$ 12,175 |
| Primary government contribution | 16,558,700 | 16,958,700 | 16,958,700 | - |
| Fines and fees | 901,000 | 901,000 | 836,357 | (64,643) |
| Other | 502,000 | 502,000 | 502,232 | 232 |
| Total revenues | <u>20,075,300</u> | <u>20,475,300</u> | <u>20,423,064</u> | <u>(52,236)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Recreation and community services | 19,740,000 | 19,740,000 | 20,113,191 | (373,191) |
| Capital outlay | 475,000 | 475,000 | 464,969 | 10,031 |
| Total expenditures | <u>20,215,000</u> | <u>20,215,000</u> | <u>20,578,160</u> | <u>(363,160)</u> |
| Revenues over (under) expenditures | (139,700) | 260,300 | (155,096) | <u>\$ (415,396)</u> |
| Fund balances, budgetary, July 1 | <u>464,489</u> | <u>464,489</u> | <u>464,489</u> | |
| Fund balances, budgetary, June 30 | <u>\$ 324,789</u> | <u>\$ 724,789</u> | <u>\$ 309,393</u> | |

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Anne Arundel County, Maryland

Details of Long-term Debt and Interest

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

June 30, 2014

| | <i>Issued</i> | <i>Maturing Serially</i> | <i>Rate of Interest</i> | <i>Issued</i> | <i>Redeemed F/Y 14</i> | <i>06/30/14 Outstanding</i> | <i>Total Due to Maturity</i> |
|---|---------------|--------------------------|-------------------------|---------------|------------------------|-----------------------------|------------------------------|
| Water and Wastewater Bonds | | | | | | | |
| Series 87 (Refunding) | 02/15/87 | 1988-14 | 3.50 to 5.75 | 21,880,000 | 215,000 | 210,000 | 216,037 |
| MDWQE 90B | 11/27/90 | 1991-11 | 4.89 to 4.89 | 8,778,874 | 140,729 | - | - |
| MDWQE 93A | 06/01/93 | 1995-14 | 3.25 to 3.25 | 11,868,564 | 721,906 | - | - |
| MDWQE Glen Burnie Superblk | 03/28/96 | 1997-16 | 3.99 to 3.99 | 468,937 | 23,446 | 46,895 | 49,701 |
| MDWQE Rosehaven | 03/28/01 | 2003-31 | 1.50 to 1.50 | 3,033,715 | 99,272 | 1,934,694 | 2,206,237 |
| Series 03 | 03/01/03 | 2004-32 | 1.00 to 5.00 | 24,000,000 | - | 5,810,000 | 9,800,225 |
| Series 03 Refunding | 03/01/03 | 2004-23 | 1.00 to 5.00 | 65,085,000 | 4,430,000 | 20,500,000 | 23,598,330 |
| MDWQE Annapolis WRF Expn | 06/27/03 | 2005-24 | 1.00 to 1.00 | 19,362,500 | 961,737 | 10,162,511 | 10,729,790 |
| Series 04 | 04/01/04 | 2005-33 | 2.00 to 5.00 | 11,750,000 | 405,000 | - | - |
| Series 05 | 03/01/05 | 2006-34 | 3.00 to 5.00 | 24,500,000 | 845,000 | 7,600,000 | 12,121,657 |
| Series 05 Refunding | 03/01/05 | 2006-28 | 3.00 to 5.00 | 26,480,000 | 1,350,000 | 17,540,000 | 22,990,794 |
| Series 06 | 03/21/06 | 2007-35 | 4.125 to 5.0 | 19,000,000 | 655,000 | 13,755,000 | 20,334,311 |
| Series 06 Refunding | 03/21/06 | 2007-31 | 4.00 to 5.00 | 34,060,000 | 1,845,000 | 27,095,000 | 36,566,058 |
| Series 07 | 03/29/07 | 2008-36 | 4.25 to 5.00 | 42,500,000 | 1,470,000 | 32,210,000 | 48,232,725 |
| MDWQE Marley Jumpers | 04/07/07 | 2008-27 | 1.00 to 1.00 | 5,854,341 | 345,124 | 3,499,280 | 3,688,092 |
| Series 08 | 04/01/08 | 2009-36 | 3.50 to 5.00 | 32,000,000 | 1,145,000 | 25,130,000 | 38,601,003 |
| MDWQE Woodholme Circle | 06/17/08 | 2009-28 | 1.10 to 1.10 | 1,200,475 | 62,487 | 893,764 | 972,929 |
| Series 09 | 04/01/09 | 2010-39 | 2.50 to 4.75 | 29,200,000 | 975,000 | 24,325,000 | 38,378,751 |
| Series 09 Refunding | 07/22/09 | 2010-25 | 3.00 to 4.00 | 20,730,000 | 1,680,000 | 14,445,000 | 17,369,350 |
| MDWQE Deale Rd Sewer | 12/01/09 | 2011-30 | 0.00 to 0.00 | 1,749,147 | 98,324 | 1,355,853 | 1,355,853 |
| Series 10 | 04/08/10 | 2011-20 | 2.00 to 5.00 | 13,900,000 | 1,390,000 | 8,340,000 | 9,493,700 |
| BABs Series 1C | 04/08/10 | 2021-30 | 4.80 to 5.55 | 27,700,000 | - | 27,700,000 | 54,200,030 |
| Series 11 | 04/20/11 | 2012-41 | 2.00 to 5.00 | 47,600,000 | 1,590,000 | 42,830,000 | 72,082,175 |
| MDWQE Annap/Bneck/Cox | 06/16/11 | 2013-32 | 2.20 to 2.20 | 17,836,000 | 740,888 | 13,512,806 | 17,067,754 |
| Series 11 Refunding | 09/01/11 | 2013-25 | 3.00 to 5.00 | 8,860,000 | 740,000 | 8,110,000 | 10,551,000 |
| MDWQE Bwater/MDCity/Patxnt | 05/31/12 | 2014-33 | 1.80 to 1.80 | 11,509,034 | 528,578 | 10,980,457 | 13,385,658 |
| Series 12 | 06/14/12 | 2013-42 | 2.00 to 4.00 | 27,020,000 | 905,000 | 25,215,000 | 38,087,325 |
| Series 12 Refunding | 06/14/12 | 2013-32 | 2.00 to 5.00 | 15,810,000 | 10,000 | 15,790,000 | 21,961,425 |
| MDWQE Sylvan Shores Water | 12/21/12 | 2014-42 | 0.80 to 0.80 | 3,951,750 | 95,591 | 1,512,146 | 1,824,132 |
| MDWQE Sylvan Shores Sewer | 12/21/12 | 2014-33 | 0.80 to 0.80 | 1,944,000 | 46,357 | 1,566,314 | 1,716,800 |
| Series 13 | 06/20/13 | 2014-43 | 4.00 to 5.00 | 38,080,000 | 1,265,000 | 36,815,000 | 60,824,438 |
| MDWQE Cox Creek Ph II | 10/31/13 | 2014-34 | 2.10 to 2.10 | 2,215,812 | - | 2,215,812 | 7,727,501 |
| Series 14 | 04/03/14 | 2015-44 | 3.00 to 5.00 | 79,200,000 | - | 79,200,000 | 130,839,023 |
| Total applicable to 5.6% and 14% debt limitations | | | | 699,128,149 | 24,779,439 | 480,300,532 | 726,972,804 |

(continued)

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

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

June 30, 2014

| | <i>Issued</i> | <i>Maturing Serially</i> | <i>Rate of Interest</i> | <i>Issued</i> | <i>Redeemed F/Y 14</i> | <i>06/30/14 Outstanding</i> | <i>Total Due to Maturity</i> |
|---|---------------|--------------------------|-------------------------|----------------------|------------------------|-----------------------------|------------------------------|
| Consolidated General Improvements | | | | | | | |
| Bonds | | | | | | | |
| Series 03 | 03/01/03 | 2005-14 | 1.00 to 5.00 | 21,510,000 | 2,655,000 | - | - |
| Series 04 | 04/01/04 | 2005-24 | 2.00 to 5.00 | 49,500,000 | 2,970,000 | - | - |
| Series 05 | 03/01/05 | 2006-25 | 3.00 to 5.00 | 55,000,000 | 3,305,066 | 5,474,344 | 5,857,477 |
| Series 05 Refunding | 03/01/05 | 2006-26 | 3.00 to 5.00 | 46,625,000 | 4,120,000 | 19,325,000 | 22,212,387 |
| Golf Course 05 | 06/30/05 | 2007-28 | 3.00 to 5.00 | 24,530,000 | 1,000,000 | 19,470,000 | 26,622,738 |
| Series 06 | 03/21/06 | 2007-26 | 4.00 to 5.00 | 64,000,000 | 3,213,283 | 38,202,070 | 49,084,411 |
| Series 06 Refunding | 03/21/06 | 2007-27 | 4.00 to 5.00 | 87,115,000 | 8,225,000 | 57,425,000 | 69,002,319 |
| Series 07 | 03/29/07 | 2008-27 | 4.25 to 5.00 | 91,600,000 | 5,502,930 | 52,793,094 | 68,229,475 |
| Series 08 | 04/01/08 | 2009-28 | 3.50 to 5.00 | 55,200,000 | 3,310,000 | 35,340,000 | 46,774,324 |
| Series 09 | 04/01/09 | 2010-29 | 4.00 to 5.00 | 113,300,000 | 6,817,336 | 79,157,968 | 102,964,269 |
| Series 09 Refunding | 07/22/09 | 2010-25 | 1.50 to 4.00 | 32,610,000 | 2,785,000 | 12,880,000 | 15,232,599 |
| Series 10 | 04/08/10 | 2011-20 | 2.00 to 5.00 | 66,136,440 | 7,421,591 | 44,171,344 | 51,874,693 |
| BABs Series 10 | 04/08/10 | 2021-30 | 4.80 to 5.55 | 72,888,560 | - | 72,888,560 | 117,248,538 |
| Series 11 | 04/20/11 | 2012-31 | 3.00 to 5.00 | 117,500,000 | 5,985,441 | 99,543,677 | 140,638,819 |
| Series 11 Refunding | 09/01/11 | 2013-25 | 3.00 to 5.00 | 35,835,000 | 3,610,000 | 32,215,000 | 40,283,750 |
| Series 12 | 06/14/12 | 2013-32 | 3.00 to 4.00 | 98,900,000 | 5,947,029 | 86,965,226 | 118,407,581 |
| Series 12 Refunding | 06/14/12 | 2013-32 | 2.00 to 5.00 | 36,332,512 | 9,754 | 36,313,004 | 46,421,929 |
| Series 13 | 06/20/13 | 2014-33 | 4.00 to 5.00 | 116,000,000 | 6,960,000 | 109,040,000 | 157,829,600 |
| Series 14 | 04/03/14 | 2015-34 | 3.00 to 5.00 | 115,000,000 | - | 115,000,000 | 162,379,028 |
| | | | | <u>1,299,582,512</u> | <u>73,837,430</u> | <u>916,204,287</u> | <u>1,241,063,937</u> |
| WPRF Bonds | | | | | | | |
| Series 14 | 04/03/14 | 2015-34 | 2.00 to 5.00 | 7,300,000 | - | 7,300,000 | 10,562,495 |
| | | | | <u>7,300,000</u> | <u>-</u> | <u>7,300,000</u> | <u>10,562,495</u> |
| Solid Waste Bonds | | | | | | | |
| Series 08 | 03/01/96 | 1997-16 | 5.00 to 5.50 | 12,000,000 | 600,000 | 1,800,000 | 1,948,200 |
| Series 08 | 05/01/98 | 1999-17 | 4.65 to 6.00 | 7,000,000 | 350,000 | 1,400,000 | 1,566,950 |
| Series 04 | 04/01/04 | 2005-24 | 2.00 to 5.00 | 1,250,000 | 75,000 | - | - |
| Series 05 | 03/01/05 | 2006-24 | 3.00 to 5.00 | 1,000,000 | 54,934 | 125,656 | 134,522 |
| Series 06 | 03/21/06 | 2007-26 | 4.00 to 5.00 | 2,000,000 | 86,717 | 1,397,930 | 1,804,064 |
| Series 07 | 03/29/07 | 2008-27 | 4.25 to 5.00 | 4,300,000 | 252,070 | 2,821,906 | 3,675,438 |
| Series 09 | 04/01/09 | 2010-29 | 4.00 to 5.00 | 2,100,000 | 112,664 | 1,592,032 | 2,101,256 |
| Series 10 | 04/08/10 | 2011-20 | 3.00 to 5.00 | 1,938,560 | 188,409 | 1,373,656 | 1,626,559 |
| BABs Series 10 | 04/08/10 | 2011-30 | 4.80 to 5.55 | 3,161,440 | - | 3,161,440 | 5,085,491 |
| Series 11 | 04/20/11 | 2012-31 | 3.00 to 5.00 | 8,200,000 | 304,559 | 7,286,323 | 10,556,181 |
| Series 12 | 06/14/12 | 2013-32 | 3.00 to 4.00 | 2,200,000 | 112,971 | 2,014,774 | 2,803,818 |
| Series 12 Refunding | 06/14/12 | 2013-25 | 2.00 to 5.00 | 917,488 | 246 | 916,996 | 1,172,274 |
| Series 14 | 04/03/14 | 2015-34 | 2.00 to 5.00 | 4,600,000 | - | 4,600,000 | 6,642,965 |
| Total Waste Collection Enterprise Fund | | | | <u>50,667,488</u> | <u>2,137,570</u> | <u>28,490,713</u> | <u>39,117,718</u> |
| Total applicable to 5.2% and 13% debt limitations | | | | <u>1,357,550,000</u> | <u>75,975,000</u> | <u>951,995,000</u> | <u>1,290,744,150</u> |

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

NOT APPLICABLE TO DEBT LIMITATIONS

June 30, 2014

| | <i>Issued</i> | <i>Maturing Serially</i> | <i>Rate of Interest</i> | <i>Issued</i> | <i>Redeemed F/Y 14</i> | <i>06/30/14 Outstanding</i> | <i>Total Due to Maturity</i> |
|--|---------------|--------------------------|-------------------------|--------------------|------------------------|-----------------------------|------------------------------|
| Installment Purchase Agreements - Agricultural Easement Program | | | | | | | |
| Adelaide F. Colhoun Trust | 09/19/00 | 2002-30 | 5.85 to 5.85 | 401,000 | 1,000 | 388,000 | 744,148 |
| Ellen H. Shepard Trust | 09/22/00 | 2002-30 | 5.85 to 5.85 | 161,000 | 1,000 | 148,000 | 279,508 |
| Harold & Jean Touchette | 09/19/00 | 2002-30 | 5.85 to 5.85 | 378,000 | 1,000 | 365,000 | 699,620 |
| Farm of the Four Winds, LLC | 11/13/00 | 2002-30 | 6.00 to 6.00 | 587,000 | 1,000 | 574,000 | 1,117,840 |
| Kenneth P. Franklin, Trustee | 12/28/00 | 2002-30 | 5.60 to 5.60 | 142,055 | 1,000 | 129,000 | 237,864 |
| Richard F. Moreland | 07/18/01 | 2003-28 | 5.90 to 5.90 | 274,000 | 1,000 | 262,000 | 473,043 |
| Mary M. Smith | 07/18/01 | 2003-28 | 5.90 to 5.90 | 831,000 | 1,000 | 819,000 | 1,490,125 |
| Francis R. Windsor | 07/26/01 | 2003-28 | 5.90 to 5.90 | 411,174 | 1,000 | 399,000 | 723,205 |
| Anita Froe/Rian LLC | 03/06/02 | 2003-28 | 5.90 to 5.90 | 657,000 | 1,000 | 645,000 | 1,172,401 |
| Lauer & Company | 09/20/02 | 2004-28 | 5.25 to 5.25 | 197,000 | 1,000 | 186,000 | 317,933 |
| Weeems Dodd Ltd | 10/17/02 | 2004-28 | 5.45 to 5.45 | 1,521,000 | 1,000 | 1,510,000 | 2,657,170 |
| Edward Hall III | 12/19/02 | 2004-28 | 5.55 to 5.55 | 180,000 | 1,000 | 169,000 | 295,263 |
| Bristol Farms LLC | 01/28/03 | 2004-28 | 5.50 to 5.50 | 700,000 | 1,000 | 689,000 | 1,209,748 |
| Shearman Talbott | 05/22/03 | 2005-28 | 4.95 to 4.95 | 263,948 | 1,000 | 254,000 | 425,517 |
| Anne Brice | 06/23/04 | 2006-28 | 5.80 to 5.80 | 316,000 | 1,000 | 307,000 | 551,006 |
| Thackray Seznec | 06/30/04 | 2006-28 | 5.80 to 5.80 | 1,405,000 | 1,000 | 1,396,000 | 2,524,274 |
| James Parks | 07/07/04 | 2006-28 | 5.60 to 5.60 | 295,000 | 1,000 | 286,000 | 505,128 |
| Dorothy Horky | 12/05/05 | 2006-28 | 4.90 to 4.90 | 368,814 | 1,000 | 361,000 | 604,187 |
| Virginia Tucker | 10/05/06 | 2007-28 | 4.90 to 4.90 | 926,000 | 1,000 | 919,000 | 1,544,975 |
| Jennifer Wade | 07/26/07 | 2008-28 | 5.30 to 5.30 | 873,925 | 1,000 | 868,000 | 1,489,141 |
| Ford/Addis | 12/20/07 | 2008-37 | 4.60 to 4.60 | 604,000 | - | 604,000 | 1,243,032 |
| Francis Talbott III | 07/16/08 | 2009-37 | 4.55 to 4.55 | 840,000 | - | 840,000 | 1,719,060 |
| Thompson Lumber | 06/21/11 | 2012-41 | 4.55 to 4.55 | 1,487,000 | - | 1,487,000 | 3,313,780 |
| | | | | <u>13,819,916</u> | <u>20,000</u> | <u>13,605,000</u> | <u>25,337,968</u> |
| Tax Increment Bonds | | | | | | | |
| Arundel Mills Refunding | 05/11/04 | 2010-29 | 3.00 to 5.125 | 30,350,000 | 850,000 | 950,000 | 971,375 |
| National Business Park Ref | 05/11/04 | 2009-28 | 3.00 to 5.125 | 15,655,000 | 495,000 | 540,000 | 552,150 |
| West Nursery Road | 05/11/04 | 2006-29 | 2.00 to 4.70 | 2,570,000 | 85,000 | 90,000 | 91,665 |
| National Business Park North A | 08/10/10 | 2011-25 | 5.625 to 5.625 | 4,000,000 | - | 4,000,000 | 5,854,281 |
| National Business Park North B | 08/10/10 | 2011-41 | 6.10 to 6.10 | 26,000,000 | - | 26,000,000 | 59,515,840 |
| Village South at Waugh Chapel | 11/18/10 | 2011-41 | 6.25 to 6.25 | 16,000,000 | - | 16,000,000 | 34,085,938 |
| Arundel Mills Refunding | 05/14/14 | 2015-29 | 2.00 to 5.00 | 24,940,000 | - | 24,940,000 | 33,171,678 |
| National Business Park Ref | 05/14/14 | 2015-28 | 1.50 to 5.00 | 12,155,000 | - | 12,155,000 | 16,002,284 |
| Nursery Road Refunding | 05/14/14 | 2015-29 | 2.00 to 5.00 | 1,765,000 | - | 1,765,000 | 2,311,500 |
| | | | | <u>133,435,000</u> | <u>1,430,000</u> | <u>86,440,000</u> | <u>152,556,711</u> |

LONG TERM DEBT NOT APPLICABLE TO DEBT LIMITATIONS

| | <i>Issued</i> | <i>Maturing Serially</i> | <i>Rate of Interest</i> | <i>Issued</i> | <i>Redeemed F/Y 14</i> | <i>06/30/14 Outstanding</i> | <i>Total Due to Maturity</i> |
|--|---------------|--------------------------|-------------------------|-------------------------|------------------------|-----------------------------|------------------------------|
| State Loans | | | | | | | |
| Department of Natural Resources | | | | | | | |
| Amberly | 11/01/08 | 2008-33 | 0.00 | 135,000 | 5,400 | 102,600 | 102,600 |
| Annapolis Cove | 09/16/88 | 1989-13 | 0.00 | 121,220 | 4,849 | - | - |
| Annapolis Cove | 05/27/14 | 2015-30 | 0.00 | 168,488 | - | 168,488 | 168,488 |
| Annapolis Landing | 07/01/92 | 1993-17 | 0.00 | 78,570 | 3,143 | 12,571 | 12,571 |
| Arundel on the Bay | 04/28/92 | 1993-17 | 0.00 | 74,220 | 2,969 | 11,875 | 11,875 |
| Bay Ridge | 11/19/90 | 1992-16 | 0.00 | 669,275 | 26,771 | 80,313 | 80,313 |
| Bay Ridge #2 | 07/01/08 | 2009-28 | 0.00 | 500,000 | 25,771 | 386,565 | 386,565 |
| Brown's Pond | 11/25/91 | 1992-16 | 0.00 | 185,128 | 7,405 | 22,215 | 22,215 |
| Buckingham Cove | 04/07/97 | 1997-21 | 0.00 | 217,570 | 8,703 | 69,617 | 69,617 |
| Camp Wabanna SECD | 04/26/05 | 2011-31 | 0.00 | 174,857 | 9,203 | 147,248 | 147,248 |
| Cape Anne SECD | 11/30/06 | 2009-34 | 0.00 | 190,308 | 8,101 | 153,919 | 153,919 |
| Cattail Creek | 04/03/98 | 1998-22 | 0.00 | 127,628 | 5,105 | 45,946 | 45,946 |
| Columbia Beach | 06/12/08 | 2013-38 | 0.00 | 1,042,027 | 53,664 | 934,699 | 934,699 |
| Elizabeth's Landing | 09/26/91 | 1993-17 | 0.00 | 161,310 | 6,452 | 25,810 | 25,810 |
| Elizabeth's Landing III | 01/22/10 | 2012-37 | 0.00 | 153,262 | 6,130 | 128,730 | 128,730 |
| John's Creek | 12/15/93 | 1994-19 | 0.00 | 173,206 | 6,920 | 34,600 | 34,600 |
| Holland Point SECD | 10/11/04 | 2011-31 | 0.00 | 1,050,054 | 55,266 | 884,256 | 884,256 |
| Lake Hillsmere II | 04/03/98 | 1998-22 | 0.00 | 188,660 | 7,546 | 67,914 | 67,914 |
| Mason's Beach | 06/03/96 | 1997-06 | 0.00 | 277,098 | 13,855 | 41,564 | 41,564 |
| Romar Estates | 03/27/97 | 1997-21 | 0.00 | 304,987 | 12,199 | 97,597 | 97,597 |
| Snug Harbor | 11/21/91 | 1992-16 | 0.00 | 738,599 | 29,544 | 88,632 | 88,632 |
| Snug Harbor Pier | 04/13/92 | 1992-16 | 0.00 | 91,443 | 3,656 | 10,968 | 10,968 |
| Snug Harbor SECD | 10/11/04 | 2012-31 | 0.00 | 112,600 | 5,817 | 98,889 | 98,889 |
| Spriggs Pond | 02/28/92 | 1993-17 | 0.00 | 298,400 | 11,936 | 35,808 | 35,808 |
| Whitehall Cove | 12/19/01 | 2001-25 | 0.00 | 164,134 | 6,565 | 78,785 | 78,785 |
| Total not applicable to debt limitations | | | | <u>7,398,044</u> | <u>326,970</u> | <u>3,729,609</u> | <u>3,729,609</u> |
| Total long-term debt | | | | <u>\$ 2,211,331,105</u> | <u>\$ 102,531,405</u> | <u>\$ 1,536,070,141</u> | <u>\$ 2,199,341,242</u> |

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

June 30, 2014

| FISCAL YEAR ENDING | General County Bonds (a) | | | | | | | |
|-----------------------|--------------------------|-----------------------|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
| | General Government | | Solid Waste | | WPRF | | Tax Increment | |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2015 | \$ 76,759,405 | \$ 42,938,406 | \$ 2,370,668 | \$ 1,336,282 | \$ 354,927 | \$ 330,481 | \$ 1,580,000 | \$ 3,720,215 |
| 2016 | 75,563,021 | 39,344,372 | 2,407,052 | 1,217,422 | 354,927 | 314,581 | 1,735,000 | 4,270,875 |
| 2017 | 73,791,444 | 35,668,236 | 2,778,629 | 1,096,329 | 354,927 | 296,835 | 1,995,000 | 4,232,509 |
| 2018 | 70,458,423 | 32,055,937 | 1,411,650 | 969,924 | 354,927 | 279,089 | 2,240,000 | 4,185,297 |
| 2019 | 67,505,449 | 28,635,940 | 1,479,124 | 900,468 | 390,427 | 261,342 | 2,570,000 | 4,093,616 |
| 2020 | 62,760,693 | 25,486,141 | 1,533,880 | 829,145 | 390,427 | 241,821 | 2,925,000 | 3,952,881 |
| 2021 | 60,762,595 | 22,584,315 | 1,691,978 | 759,180 | 390,427 | 222,300 | 3,195,000 | 3,794,859 |
| 2022 | 60,814,495 | 19,723,714 | 1,690,079 | 682,587 | 390,427 | 202,778 | 3,495,000 | 3,620,931 |
| 2023 | 55,279,128 | 16,835,419 | 1,690,446 | 601,398 | 390,427 | 183,257 | 3,805,000 | 3,430,509 |
| 2024 | 49,207,420 | 14,257,471 | 1,739,473 | 521,294 | 443,107 | 163,735 | 4,125,000 | 3,223,603 |
| 2025 | 44,872,358 | 11,949,775 | 1,594,137 | 437,412 | 348,505 | 141,580 | 4,485,000 | 2,998,884 |
| 2026 | 42,269,643 | 9,868,736 | 1,546,852 | 360,199 | 348,505 | 124,155 | 4,820,000 | 2,791,797 |
| 2027 | 38,923,849 | 7,891,962 | 1,427,646 | 289,976 | 348,505 | 106,730 | 5,125,000 | 2,603,819 |
| 2028 | 34,722,572 | 6,074,721 | 1,223,923 | 223,822 | 348,505 | 96,275 | 5,460,000 | 2,400,738 |
| 2029 | 30,687,572 | 4,520,645 | 1,223,923 | 168,213 | 348,505 | 84,948 | 4,430,000 | 2,203,844 |
| 2030 | 26,177,308 | 3,171,612 | 1,124,187 | 115,404 | 348,505 | 73,186 | 1,955,000 | 2,055,051 |
| 2031 | 18,888,452 | 1,939,978 | 808,041 | 63,174 | 348,505 | 55,761 | 1,915,000 | 1,939,119 |
| 2032 | 13,092,640 | 1,138,601 | 323,855 | 29,266 | 348,505 | 41,821 | 2,080,000 | 1,816,214 |
| 2033 | 9,153,910 | 593,113 | 212,585 | 17,007 | 348,505 | 27,880 | 2,265,000 | 1,682,570 |
| 2034 | 4,513,910 | 180,556 | 212,585 | 8,503 | 348,505 | 13,940 | 2,455,000 | 1,537,418 |
| 2035 | - | - | - | - | - | - | 2,660,000 | 1,380,142 |
| 2036 | - | - | - | - | - | - | 2,880,000 | 1,209,826 |
| 2037 | - | - | - | - | - | - | 3,115,000 | 1,025,550 |
| 2038 | - | - | - | - | - | - | 3,365,000 | 826,391 |
| 2039 | - | - | - | - | - | - | 3,635,000 | 611,275 |
| 2040 | - | - | - | - | - | - | 3,915,000 | 379,283 |
| 2041 | - | - | - | - | - | - | 4,215,000 | 129,495 |
| 2042 | - | - | - | - | - | - | - | - |
| 2043 | - | - | - | - | - | - | - | - |
| 2044 | - | - | - | - | - | - | - | - |
| | <u>\$ 916,204,287</u> | <u>\$ 324,859,650</u> | <u>\$ 28,490,713</u> | <u>\$ 10,627,005</u> | <u>\$ 7,300,000</u> | <u>\$ 3,262,495</u> | <u>\$ 86,440,000</u> | <u>\$ 66,116,711</u> |

- Notes:
- (a) Bonded Debt subject to (1) 5.2% of the assessable basis of real property; (2) 13% of the County's assessable basis of personal property; and (3) 13% of the operating real property described in Section 8-109© of the Tax-Property Article of the Annotated Code of Maryland (1994 Replacement Volume and 2000 Supplement.)
 - (b) Bonded debt subject to (1) 5.6% of the assessable basis of real property in the Sanitary District of Anne Arundel County; (2) 14% of the assessable basis of personal property in the Sanitary District of Anne Arundel County; and (3) 14% of the operating real property described in section 8-109(c) of the Tax-Property Article of the Annotated Code of Maryland (1994 replacement Volume and 2000 Supplement).

| <i>Installment Purchase Agreements</i> | | <i>State Advances</i> | | <i>Water and Sewer Bonds (b)</i> | | <i>Total</i> | | <i>Debt Service</i> |
|--|----------------------|-----------------------|-----------------|----------------------------------|-----------------------|-------------------------|-----------------------|-------------------------|
| <i>Principal</i> | <i>Interest</i> | <i>Principal</i> | <i>Interest</i> | <i>Principal</i> | <i>Interest</i> | <i>Principal</i> | <i>Interest</i> | <i>Charge</i> |
| \$ 20,000 | \$ 727,185 | \$ 322,122 | \$ - | \$ 26,514,490 | \$ 20,210,258 | \$ 107,921,612 | \$ 69,262,827 | \$ 177,184,439 |
| 20,000 | 726,070 | 330,536 | - | 27,144,682 | 19,464,251 | 107,555,218 | 65,337,571 | 172,892,789 |
| 20,000 | 724,954 | 330,536 | - | 26,736,077 | 18,449,240 | 106,006,613 | 60,468,103 | 166,474,716 |
| 20,000 | 723,838 | 238,723 | - | 24,858,915 | 17,396,501 | 99,582,638 | 55,610,586 | 155,193,224 |
| 20,000 | 722,723 | 226,159 | - | 23,571,704 | 16,355,193 | 95,762,863 | 50,969,282 | 146,732,145 |
| 20,000 | 721,608 | 219,239 | - | 23,003,757 | 15,398,086 | 90,852,996 | 46,629,682 | 137,482,678 |
| 20,000 | 720,492 | 219,239 | - | 22,911,588 | 14,450,979 | 89,190,827 | 42,532,125 | 131,722,952 |
| 20,000 | 719,376 | 219,235 | - | 22,920,217 | 13,478,425 | 89,549,453 | 38,427,811 | 127,977,264 |
| 20,000 | 718,261 | 198,336 | - | 22,259,657 | 12,518,127 | 83,642,994 | 34,286,971 | 117,929,965 |
| 20,000 | 717,145 | 185,685 | - | 21,207,330 | 11,584,391 | 76,928,015 | 30,467,639 | 107,395,654 |
| 20,000 | 716,030 | 185,685 | - | 19,888,007 | 10,713,347 | 71,393,692 | 26,957,028 | 98,350,720 |
| 20,000 | 714,915 | 185,685 | - | 19,264,579 | 9,854,065 | 68,455,264 | 23,713,867 | 92,169,131 |
| 20,000 | 713,799 | 179,120 | - | 18,783,737 | 9,042,292 | 64,807,857 | 20,648,578 | 85,456,435 |
| 8,880,000 | 712,683 | 179,120 | - | 18,141,952 | 8,261,016 | 68,956,072 | 17,769,255 | 86,725,327 |
| 5,000 | 223,954 | 179,120 | - | 16,862,016 | 7,520,106 | 53,736,136 | 14,721,710 | 68,457,846 |
| 1,529,000 | 223,663 | 153,349 | - | 16,056,321 | 6,815,467 | 47,343,670 | 12,454,383 | 59,798,053 |
| - | 133,663 | 77,467 | - | 15,495,503 | 6,049,053 | 37,532,968 | 10,180,748 | 47,713,716 |
| - | 133,662 | 68,362 | - | 14,065,000 | 5,345,676 | 29,978,362 | 8,505,240 | 38,483,602 |
| - | 133,663 | 19,631 | - | 12,875,000 | 4,669,995 | 24,874,631 | 7,124,228 | 31,998,859 |
| - | 133,662 | 6,130 | - | 12,870,000 | 4,042,132 | 20,406,130 | 5,916,211 | 26,322,341 |
| - | 133,663 | 6,130 | - | 12,030,000 | 3,425,516 | 14,696,130 | 4,939,321 | 19,635,451 |
| - | 133,662 | - | - | 11,245,000 | 2,877,655 | 14,125,000 | 4,221,143 | 18,346,143 |
| 1,444,000 | 133,663 | - | - | 8,765,000 | 2,365,713 | 13,324,000 | 3,524,926 | 16,848,926 |
| - | 67,659 | - | - | 8,765,000 | 1,964,300 | 12,130,000 | 2,858,350 | 14,988,350 |
| - | 67,658 | - | - | 8,715,000 | 1,558,588 | 12,350,000 | 2,237,521 | 14,587,521 |
| - | 67,659 | - | - | 7,690,000 | 1,155,250 | 11,605,000 | 1,602,192 | 13,207,192 |
| 1,487,000 | 67,658 | - | - | 6,300,000 | 788,650 | 12,002,000 | 985,803 | 12,987,803 |
| - | - | - | - | 4,810,000 | 504,450 | 4,810,000 | 504,450 | 5,314,450 |
| - | - | - | - | 3,910,000 | 294,750 | 3,910,000 | 294,750 | 4,204,750 |
| - | - | - | - | 2,640,000 | 118,800 | 2,640,000 | 118,800 | 2,758,800 |
| <u>\$ 13,605,000</u> | <u>\$ 11,732,968</u> | <u>\$ 3,729,609</u> | <u>\$ -</u> | <u>\$ 480,300,532</u> | <u>\$ 246,672,272</u> | <u>\$ 1,536,070,141</u> | <u>\$ 663,271,101</u> | <u>\$ 2,199,341,242</u> |

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Statistical Section

Statistical Section

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents

Financial Trends – The following schedules contain trend information that presents how the County's financial performance and strength have changed over time:

- Net Position by Category
- Changes in Net Position
- Fund Balances, Governmental Funds
- Changes in Fund Balances, Governmental Funds

Revenue Capacity – The following schedules contain information to assess the County's most significant local revenue source, property taxes:

- Taxable Assessed Value and Estimated Actual Value of Property
- Direct and Overlapping Property Tax Rates
- Principal Property Tax Payers
- Property Tax Levies and Collections

Debt Capacity – The following schedules present information to assess the affordability of the County's current levels of outstanding debt and its ability to issue additional debt:

- Ratios of Outstanding Debt by Type
- Ratios of General Bonded Debt Outstanding
- Direct and Overlapping Governmental Activities Debt
- Legal Debt Margin
- Pledged-Revenue Bond Coverage

Demographic and Economic Information – The following schedules offer demographic and economic indicators that present the environment within which the County's financial activities take place:

- Demographic and Economic Statistics
- Principal Employers

Operating Information – The following schedules contain service and infrastructure data that shows how the information in the County's financial report relates to the services the County provides and the activities it performs:

- County Government Employees by Function
- Operating Indicators by Function/Program
- Capital Asset Statistics by Function

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Anne Arundel County, Maryland
Net Position by Category
Last Ten Fiscal Years
(accrual basis of accounting)

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 496,848,918 | \$ 562,505,745 | \$ 591,560,429 | \$ 596,362,881 | \$ 623,584,525 | \$ 641,108,437 | \$ 622,238,204 | \$ 633,818,542 | \$ 630,965,090 | \$ 622,405,918 |
| Restricted for: | | | | | | | | | | |
| Revenue stabilization | 35,634,133 | 38,754,372 | 44,952,851 | 47,818,429 | 32,778,154 | - | - | - | - | - |
| Debt service | 13,155,834 | 9,540,764 | 13,333,162 | 9,230,823 | 11,683,434 | 5,335,123 | 3,996,203 | 1,563,957 | 3,999,512 | 6,541,144 |
| Capital improvements | 51,130,409 | 107,716,853 | 104,693,767 | 104,851,313 | 121,074,932 | 48,635,874 | 61,469,121 | 76,820,358 | 74,937,323 | 83,524,600 |
| Reforestation | 5,524,706 | 6,559,025 | 7,880,990 | 8,521,089 | 5,027,348 | 5,399,159 | 7,766,138 | 6,823,655 | 7,662,442 | 7,746,804 |
| Other purposes | 5,151,600 | 6,774,586 | 6,265,652 | 8,286,624 | 4,739,945 | 9,826,468 | 3,408,549 | 2,702,597 | 7,590,496 | 4,724,488 |
| Unrestricted | (69,377,525) | (106,855,776) | (100,471,355) | (189,559,379) | (380,694,137) | (481,961,464) | (594,418,963) | (657,762,577) | (726,105,305) | (754,546,361) |
| Subtotal governmental activities net position | <u>538,068,075</u> | <u>624,995,569</u> | <u>668,215,496</u> | <u>585,511,780</u> | <u>418,194,201</u> | <u>228,343,597</u> | <u>104,459,252</u> | <u>63,966,532</u> | <u>(950,442)</u> | <u>(29,603,407)</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | 730,703,264 | 763,729,810 | 780,708,037 | 796,312,992 | 810,998,630 | 803,603,097 | 822,218,634 | 853,676,904 | 892,816,991 | 937,308,613 |
| Restricted for: | | | | | | | | | | |
| Debt service | 147,894,257 | 156,854,325 | 164,718,410 | 180,173,819 | 200,012,523 | 207,296,505 | 220,812,854 | 250,397,620 | 260,752,727 | 279,611,526 |
| Capital improvements | 24,161,749 | 19,049,853 | 19,401,006 | 19,220,764 | 18,912,824 | - | - | - | - | - |
| Other purposes | 979,956 | - | 391,326 | 1,616,364 | 614,500 | 3,707,389 | 3,925,738 | 4,578,740 | 9,039,041 | 19,549,090 |
| Unrestricted | 5,692,310 | 9,133,869 | 16,368,158 | 13,780,022 | (2,501,035) | 22,282,513 | 21,548,473 | 19,852,330 | 16,700,393 | 12,846,117 |
| Subtotal business-type activities net position | <u>909,431,536</u> | <u>948,767,857</u> | <u>981,586,937</u> | <u>1,011,103,961</u> | <u>1,028,037,442</u> | <u>1,036,889,504</u> | <u>1,068,505,699</u> | <u>1,128,505,594</u> | <u>1,179,309,152</u> | <u>1,249,315,346</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | 1,227,552,182 | 1,326,235,555 | 1,372,268,466 | 1,392,675,873 | 1,434,583,155 | 1,444,711,534 | 1,444,456,838 | 1,487,495,446 | 1,523,782,081 | 1,559,714,531 |
| Restricted for: | | | | | | | | | | |
| Revenue stabilization | 35,634,133 | 38,754,372 | 44,952,851 | 47,818,429 | 32,778,154 | - | - | - | - | - |
| Debt service | 161,050,091 | 166,395,089 | 178,051,572 | 189,404,642 | 211,695,957 | 212,631,628 | 224,809,057 | 251,961,577 | 264,752,239 | 286,152,670 |
| Capital improvements | 75,292,158 | 126,766,706 | 124,094,773 | 124,072,077 | 139,987,756 | 48,635,874 | 61,469,121 | 76,820,358 | 74,937,323 | 83,524,600 |
| Reforestation | 5,524,706 | 6,559,025 | 7,880,990 | 8,521,089 | 5,027,348 | 5,399,159 | 7,766,138 | 6,823,655 | 7,662,442 | 7,746,804 |
| Other purposes | 6,131,556 | 6,774,586 | 6,656,978 | 9,902,988 | 5,354,445 | 13,533,857 | 7,334,287 | 7,281,337 | 16,629,537 | 24,273,578 |
| Unrestricted | (63,685,215) | (97,721,907) | (84,103,197) | (175,779,357) | (383,195,172) | (459,678,951) | (572,870,490) | (637,910,247) | (709,404,912) | (741,700,244) |
| Total primary governmental net position | <u>\$ 1,447,499,611</u> | <u>\$ 1,573,763,426</u> | <u>\$ 1,649,802,433</u> | <u>\$ 1,596,615,741</u> | <u>\$ 1,446,231,643</u> | <u>\$ 1,265,233,101</u> | <u>\$ 1,172,964,951</u> | <u>\$ 1,192,472,126</u> | <u>\$ 1,178,358,710</u> | <u>\$ 1,219,711,939</u> |

Note: Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is 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 Position, Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands of dollars)

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Education | \$ 506,795 | \$ 545,274 | \$ 604,273 | \$ 648,187 | \$ 685,499 | \$ 663,563 | \$ 697,647 | \$ 669,191 | \$ 708,818 | \$ 708,507 |
| Public safety | 185,399 | 208,106 | 211,406 | 261,315 | 267,140 | 285,295 | 282,484 | 290,833 | 304,563 | 294,436 |
| General government | 90,538 | 87,480 | 99,787 | 108,536 | 119,849 | 121,427 | 115,262 | 116,146 | 118,774 | 123,010 |
| Health and human services | 69,009 | 72,130 | 77,363 | 76,399 | 73,669 | 72,731 | 72,096 | 72,907 | 74,569 | 72,520 |
| Public works | 57,416 | 62,300 | 61,129 | 75,748 | 68,103 | 84,000 | 66,553 | 80,934 | 82,066 | 106,372 |
| Recreation and community services | 50,097 | 53,132 | 56,820 | 60,227 | 63,032 | 63,688 | 61,005 | 56,129 | 56,380 | 59,095 |
| Judicial | 19,673 | 20,648 | 21,450 | 25,577 | 26,395 | 26,925 | 27,103 | 28,011 | 29,058 | 28,950 |
| Code enforcement | 10,700 | 11,176 | 11,455 | 13,543 | 13,378 | 13,905 | 13,305 | 13,788 | 13,735 | 13,379 |
| Land use and development | 9,686 | 10,457 | 9,344 | 10,687 | 12,996 | 11,010 | 14,429 | 11,472 | 10,392 | 10,273 |
| Economic development | 3,330 | 3,445 | 3,731 | 3,770 | - | - | - | - | - | - |
| Interest on debt and leases | 26,436 | 30,146 | 32,483 | 31,420 | 29,795 | 34,407 | 38,566 | 39,712 | 37,685 | 45,104 |
| Subtotal governmental activities expenses | <u>1,029,079</u> | <u>1,104,294</u> | <u>1,189,241</u> | <u>1,315,409</u> | <u>1,359,856</u> | <u>1,376,951</u> | <u>1,388,450</u> | <u>1,379,123</u> | <u>1,436,040</u> | <u>1,461,646</u> |
| Business-type activities: | | | | | | | | | | |
| Water and wastewater | 94,416 | 94,109 | 100,136 | 113,666 | 114,150 | 112,694 | 112,709 | 121,553 | 118,049 | 124,341 |
| Waste collection | 38,996 | 47,638 | 40,773 | 44,043 | 47,885 | 46,539 | 49,078 | 47,933 | 47,767 | 50,732 |
| Child care | 2,362 | 2,543 | 2,794 | 3,324 | 3,756 | 3,703 | 3,772 | 3,777 | 4,020 | 4,589 |
| Subtotal business-type activities expenses | <u>135,774</u> | <u>144,290</u> | <u>143,703</u> | <u>161,033</u> | <u>165,791</u> | <u>162,936</u> | <u>165,559</u> | <u>173,263</u> | <u>169,836</u> | <u>179,662</u> |
| Total primary government expenses | <u>1,164,853</u> | <u>1,248,584</u> | <u>1,332,944</u> | <u>1,476,442</u> | <u>1,525,647</u> | <u>1,539,887</u> | <u>1,554,009</u> | <u>1,552,386</u> | <u>1,605,876</u> | <u>1,641,308</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Public safety | 11,936 | 10,439 | 10,770 | 10,718 | 17,048 | 16,183 | 20,116 | 17,843 | 15,744 | 19,477 |
| General government | 27,057 | 34,595 | 35,660 | 38,368 | 40,485 | 42,238 | 44,867 | 44,487 | 51,240 | 47,741 |
| Health and human services | 3,134 | 4,010 | 4,186 | 3,843 | 7,114 | 7,375 | 4,207 | 7,778 | 7,139 | 9,648 |
| Public works | 1,905 | 2,770 | 3,009 | 2,752 | 2,491 | 3,907 | 4,352 | 2,992 | 4,193 | 15,737 |
| Recreation and community services | 9,265 | 12,223 | 15,065 | 16,324 | 16,904 | 16,119 | 16,095 | 17,053 | 17,995 | 16,962 |
| Judicial | 2,589 | 2,672 | 2,733 | 2,916 | 2,773 | 2,783 | 2,908 | 3,009 | 2,997 | 3,166 |
| Code enforcement | 13,610 | 14,287 | 14,849 | 13,694 | 10,764 | 11,526 | 13,605 | 11,414 | 13,215 | 12,181 |
| Land use and development | 2,756 | 2,568 | 3,248 | 2,562 | 1,050 | 2,924 | 5,132 | 1,769 | 2,184 | 2,216 |
| Economic development | - | - | - | - | - | - | - | - | - | - |
| Operating grants and contributions | 75,548 | 86,392 | 89,644 | 89,169 | 70,565 | 47,153 | 45,357 | 47,165 | 42,874 | 61,177 |
| Capital grants and contributions | 38,942 | 41,829 | 41,767 | 41,288 | 47,574 | 25,738 | 43,293 | 42,656 | 41,689 | 45,969 |
| Subtotal governmental activities revenues | <u>186,742</u> | <u>211,785</u> | <u>220,931</u> | <u>221,634</u> | <u>216,768</u> | <u>175,946</u> | <u>199,932</u> | <u>196,166</u> | <u>199,270</u> | <u>234,274</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water and wastewater | 61,805 | 68,464 | 69,689 | 72,449 | 71,622 | 78,995 | 81,555 | 86,737 | 84,555 | 86,023 |
| Waste collection | 36,153 | 42,291 | 43,014 | 43,708 | 43,281 | 43,218 | 44,106 | 50,680 | 49,175 | 50,133 |
| Child care | 2,428 | 2,689 | 2,881 | 3,089 | 3,493 | 3,665 | 3,568 | 4,032 | 4,070 | 4,661 |
| Capital grants and contributions | 38,539 | 43,991 | 43,078 | 51,850 | 49,630 | 44,798 | 54,093 | 76,527 | 71,141 | 87,887 |
| Subtotal business-type activities revenues | <u>138,925</u> | <u>157,435</u> | <u>158,662</u> | <u>171,096</u> | <u>168,026</u> | <u>170,676</u> | <u>183,322</u> | <u>217,976</u> | <u>208,941</u> | <u>228,704</u> |
| Total primary government program revenues | <u>325,667</u> | <u>369,220</u> | <u>379,593</u> | <u>392,730</u> | <u>384,794</u> | <u>346,622</u> | <u>383,254</u> | <u>414,142</u> | <u>408,211</u> | <u>462,978</u> |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | (842,337) | (892,509) | (968,310) | (1,093,775) | (1,143,088) | (1,201,005) | (1,188,518) | (1,182,957) | (1,236,770) | (1,227,372) |
| Business-type activities | 3,151 | 13,145 | 14,959 | 10,063 | 2,235 | 7,740 | 17,763 | 44,713 | 39,105 | 49,042 |
| Total primary government net (expense)/revenue | <u>(839,186)</u> | <u>(879,364)</u> | <u>(953,351)</u> | <u>(1,083,712)</u> | <u>(1,140,853)</u> | <u>(1,193,265)</u> | <u>(1,170,755)</u> | <u>(1,138,244)</u> | <u>(1,197,665)</u> | <u>(1,178,330)</u> |

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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|------------------|------------------|------------------|--------------------|---------------------|---------------------|--------------------|------------------|--------------------|------------------|
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General property taxes | 412,001 | 437,323 | 470,163 | 497,486 | 540,602 | 557,796 | 577,937 | 593,914 | 620,348 | 637,623 |
| Local government taxes | 308,215 | 339,522 | 378,250 | 372,100 | 334,648 | 349,283 | 371,491 | 400,465 | 403,623 | 436,906 |
| State shared taxes | 6,614 | 7,120 | 7,192 | 7,739 | 7,931 | 7,521 | 8,665 | 10,334 | 27,868 | 8,683 |
| Recordation and transfer taxes | 116,713 | 129,933 | 109,258 | 82,776 | 55,811 | 59,727 | 58,000 | 59,089 | 81,036 | 77,535 |
| Local sales taxes | 31,249 | 34,176 | 36,546 | 37,380 | 33,269 | 31,682 | 32,406 | 32,258 | 32,690 | 31,517 |
| Investment income | 4,437 | 10,595 | 13,263 | 13,590 | 6,565 | 2,335 | 1,322 | 1,418 | (1,206) | 2,446 |
| Other revenue | 336 | 45 | 1,969 | - | - | 2,811 | 4,387 | 12,323 | 7,494 | 9,477 |
| County transfer | - | - | - | - | - | - | 10,426 | - | - | 275 |
| Forgiveness of debt State of Maryland | - | - | - | - | - | - | - | 32,663 | - | - |
| Subtotal governmental activities | <u>879,565</u> | <u>958,714</u> | <u>1,016,641</u> | <u>1,011,071</u> | <u>978,826</u> | <u>1,011,155</u> | <u>1,064,634</u> | <u>1,142,464</u> | <u>1,171,853</u> | <u>1,204,462</u> |
| Business-type activities: | | | | | | | | | | |
| In kind contributions of capital assets | - | - | - | - | - | - | - | 2,000 | - | - |
| Investment income | 4,921 | 9,246 | 9,841 | 11,066 | 8,602 | 4,509 | 2,896 | 1,072 | 560 | 1,161 |
| Other revenue | 7,042 | 7,688 | 8,019 | 8,388 | 6,097 | 6,830 | 10,957 | 12,215 | 11,139 | 14,417 |
| County transfer | - | - | - | - | - | - | - | - | - | (275) |
| Subtotal business-type activities | <u>11,963</u> | <u>16,934</u> | <u>17,860</u> | <u>19,454</u> | <u>14,699</u> | <u>11,339</u> | <u>13,853</u> | <u>15,287</u> | <u>11,699</u> | <u>15,303</u> |
| Total primary government | <u>891,528</u> | <u>975,648</u> | <u>1,034,501</u> | <u>1,030,525</u> | <u>993,525</u> | <u>1,022,494</u> | <u>1,078,487</u> | <u>1,157,751</u> | <u>1,183,552</u> | <u>1,219,765</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | 37,228 | 66,205 | 48,331 | (82,704) | (164,262) | (189,850) | (123,884) | (40,493) | (64,917) | (22,910) |
| Business-type activities | 15,114 | 30,079 | 32,819 | 29,517 | 16,934 | 19,079 | 31,616 | 60,000 | 50,804 | 64,345 |
| Total primary government | <u>\$ 52,342</u> | <u>\$ 96,284</u> | <u>\$ 81,150</u> | <u>\$ (53,187)</u> | <u>\$ (147,328)</u> | <u>\$ (170,771)</u> | <u>\$ (92,268)</u> | <u>\$ 19,507</u> | <u>\$ (14,113)</u> | <u>\$ 41,435</u> |

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

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

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Fund | | | | | | | | | | |
| Reserved for: | | | | | | | | | | |
| Encumbrances | \$ 7,388,713 | \$ 10,147,548 | \$ 7,821,979 | \$ 9,931,122 | \$ 5,622,556 | \$ 4,962,041 | \$ - | \$ - | \$ - | \$ - |
| Revenue stabilization fund | 35,634,133 | 38,754,372 | 44,952,851 | 47,818,429 | 32,778,154 | 17,106,347 | - | - | - | - |
| Debt service | 4,548,800 | 4,138,515 | 6,071,789 | 3,124,631 | 6,109,093 | - | - | - | - | - |
| Inventories | 900,100 | 959,733 | 1,275,968 | 1,494,324 | 1,453,732 | 1,869,916 | - | - | - | - |
| Other funds | 121,743 | 512,446 | 756,606 | 908,047 | 1,092,910 | - | - | - | - | - |
| Unreserved | 94,110,403 | 92,639,611 | 103,840,756 | 54,447,182 | (2,092,456) | 27,578,262 | - | - | - | - |
| Non spendable | - | - | - | - | - | - | 1,952,362 | 2,081,977 | 1,891,254 | 2,116,996 |
| Restricted | - | - | - | - | - | - | - | - | 302,017 | 16,974,138 |
| Assigned | - | - | - | - | - | - | 31,313,766 | 31,391,329 | 69,233,918 | 42,657,510 |
| Unassigned | - | - | - | - | - | - | 27,775,608 | 46,035,927 | 44,312,026 | 57,724,388 |
| Total general fund | \$ 142,703,892 | \$ 147,152,225 | \$ 164,719,949 | \$ 117,723,735 | \$ 44,963,989 | \$ 51,516,566 | \$ 61,041,736 | \$ 79,509,233 | \$ 115,739,215 | \$ 119,473,032 |
| All other governmental funds | | | | | | | | | | |
| Reserved for: | | | | | | | | | | |
| Encumbrances | \$ 44,829,719 | \$ 37,074,156 | \$ 34,223,321 | \$ 40,144,197 | \$ 38,468,428 | \$ 37,445,938 | \$ - | \$ - | \$ - | \$ - |
| Debt service | 21,672 | 4,190 | 879 | - | - | 4,785,530 | - | - | - | - |
| Capital projects funds | - | - | - | - | - | 1,000,000 | - | - | - | - |
| Other purposes | - | - | - | - | - | 4,922,428 | - | - | - | - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 63,281,802 | 60,569,365 | 62,336,404 | 61,862,791 | 56,658,583 | 41,148,113 | - | - | - | - |
| Capital projects funds | (9,948,301) | 30,327,210 | 50,779,961 | 55,118,049 | 53,498,655 | 13,508,310 | - | - | - | - |
| Debt service funds | 8,585,362 | 5,373,059 | 7,240,494 | 6,096,192 | 5,519,844 | 6,302,224 | - | - | - | - |
| Restricted | - | - | - | - | - | - | 73,250,908 | 84,309,450 | 87,949,331 | 109,341,127 |
| Committed | - | - | - | - | - | - | 1,960,508 | 1,407,089 | 1,932,505 | 13,512,623 |
| Assigned | - | - | - | - | - | - | 62,694,509 | 43,019,813 | 45,297,103 | 82,922,005 |
| Unassigned | - | - | - | - | - | - | (3,682,206) | (3,325,628) | (3,530,106) | (6,108,739) |
| Total all other governmental funds | \$ 106,770,254 | \$ 133,347,980 | \$ 154,581,059 | \$ 163,221,229 | \$ 154,145,510 | \$ 109,112,543 | \$ 134,223,719 | \$ 125,410,724 | \$ 131,648,833 | \$ 199,667,016 |

implemented GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. This statement redefined how the fund balances of the governmental funds are presented in the financial statements.

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

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|----------------------|----------------------|----------------------|------------------------|------------------------|
| REVENUES | | | | | |
| General property taxes | \$ 411,488,309 | \$ 439,755,427 | \$ 472,882,091 | \$ 500,153,066 | \$ 543,012,780 |
| Local income taxes | 308,536,927 | 328,424,355 | 361,956,043 | 371,369,460 | 364,527,636 |
| State shared taxes | 30,308,838 | 36,025,864 | 37,005,207 | 36,757,373 | 33,038,198 |
| Grants and aid | 73,676,115 | 73,526,717 | 62,884,873 | 77,080,676 | 67,315,877 |
| Recordation and transfer taxes | 116,713,326 | 129,932,542 | 109,257,440 | 82,775,541 | 55,811,003 |
| Local sales taxes | 31,249,156 | 34,175,913 | 36,546,370 | 37,380,289 | 33,269,235 |
| License and permit fees | 15,400,144 | 16,766,915 | 17,681,827 | 17,178,944 | 15,034,858 |
| Impact fees | 10,845,055 | 11,056,677 | 9,268,611 | 8,132,004 | 5,330,130 |
| Special community benefit taxes | 4,640,447 | 5,047,941 | 5,354,940 | 5,623,802 | 5,906,041 |
| Video lottery local impact grants | - | - | - | - | - |
| WPRF fees | - | - | - | - | - |
| Investment income | 6,875,983 | 12,484,636 | 16,302,297 | 16,041,101 | 6,957,412 |
| Fees for services and other revenue | 37,503,663 | 40,055,997 | 51,739,060 | 45,036,386 | 53,509,319 |
| Total revenues | <u>1,047,237,963</u> | <u>1,127,252,984</u> | <u>1,180,878,759</u> | <u>1,197,528,642</u> | <u>1,183,712,489</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Education | 506,228,900 | 544,142,829 | 603,635,815 | 648,122,349 | 684,489,224 |
| Public safety | 183,418,356 | 201,470,724 | 211,273,738 | 222,788,697 | 234,201,473 |
| General government | 65,989,704 | 65,705,062 | 74,018,822 | 79,521,652 | 90,919,568 |
| Health and human services | 68,169,033 | 71,986,178 | 77,428,060 | 70,964,487 | 71,767,527 |
| Public works | 26,748,272 | 27,410,756 | 31,498,591 | 35,915,362 | 38,773,907 |
| Recreation and community services | 31,320,458 | 43,307,136 | 46,231,649 | 49,396,167 | 49,944,034 |
| Judicial | 18,551,403 | 19,300,693 | 20,224,216 | 21,772,055 | 22,605,782 |
| Code enforcement | 10,600,396 | 11,057,654 | 11,599,781 | 12,307,157 | 12,342,856 |
| Land use and development | 9,672,108 | 10,354,631 | 9,379,474 | 9,760,651 | 9,459,637 |
| Economic development | 3,330,000 | 3,445,000 | 3,731,000 | 3,770,200 | - |
| Capital outlay | 98,203,317 | 94,058,820 | 69,782,081 | 66,054,914 | 69,654,252 |
| Debt service | | | | | |
| Interest payments on debt | 26,865,677 | 29,309,560 | 29,967,318 | 31,594,418 | 31,481,880 |
| Principal payments on debt | 45,149,091 | 46,729,529 | 49,811,109 | 52,984,045 | 54,288,165 |
| Interest payments on leases | 12,325 | 7,358 | 3,743 | - | 5,524 |
| Principal payments on leases | 53,496 | 54,009 | 57,105 | 24,453 | 18,651 |
| Total expenditures | <u>1,094,312,536</u> | <u>1,168,339,939</u> | <u>1,238,642,502</u> | <u>1,304,976,607</u> | <u>1,369,952,480</u> |
| Revenues over (under) expenditures | <u>(47,074,573)</u> | <u>(41,086,955)</u> | <u>(57,763,743)</u> | <u>(107,447,965)</u> | <u>(186,239,991)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 80,248,583 | 144,849,136 | 153,626,114 | 130,370,500 | 120,205,586 |
| Transfers out | (80,248,583) | (144,849,136) | (153,626,114) | (130,370,500) | (120,205,586) |
| General obligation bonds issued | 56,000,000 | 64,000,000 | 92,400,000 | 55,200,000 | 113,300,000 |
| Bond anticipation notes issued | 34,500,000 | 38,000,000 | 39,000,000 | 49,800,000 | 36,100,000 |
| Payment of bond anticipation notes | (32,500,000) | (34,500,000) | (38,000,000) | (39,000,000) | (49,800,000) |
| National Business Park North bonds issued | - | - | - | - | - |
| Village South Waugh Chapel bonds issued | - | - | - | - | - |
| Parole Tax Increment bonds issued | - | - | - | - | - |
| Nursery Road Tax Increment bonds issued | - | - | - | - | - |
| Dorchester Taxing District bonds issued | - | - | - | - | - |
| Compass Pointe bonds issued | 24,530,000 | - | - | - | - |
| Installment purchase contracts issued | 295,000 | 368,814 | 926,000 | 1,477,925 | 840,000 |
| Proceeds from Federal and State Loans | - | 1,009,930 | 1,248,943 | 191,938 | 911,212 |
| Proceeds from capital leases | - | - | - | 106,616 | - |
| Proceeds from refunding issue | 50,538,271 | 87,115,000 | - | - | - |
| Premiums from sale of bonds | 3,417,648 | 7,481,071 | 5,101,149 | 2,115,442 | 6,109,094 |
| Premiums from the refunding of bonds | - | - | - | - | - |
| Transfers from (to) proprietary funds | - | - | 999,489 | (800,000) | - |
| Transfers from (to) component units | - | - | - | - | - |
| Reduction (increase) in lawsuit liability | - | - | - | - | - |
| Payments to escrow agent | (50,398,473) | (91,361,801) | - | - | - |
| Total other financing sources (uses) | <u>86,382,446</u> | <u>72,113,014</u> | <u>101,675,581</u> | <u>69,091,921</u> | <u>107,460,306</u> |
| Net change in fund balances | \$ <u>39,307,873</u> | \$ <u>31,026,059</u> | \$ <u>43,911,838</u> | \$ <u>(38,356,044)</u> | \$ <u>(78,779,685)</u> |
| Debt service as a percentage of noncapital expenditures | <u>7.0%</u> | <u>6.9%</u> | <u>6.7%</u> | <u>6.7%</u> | <u>6.5%</u> |

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|----|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ | 562,011,285 | \$ 577,208,014 | \$ 595,707,896 | \$ 622,059,854 | \$ 637,345,360 |
| | 355,787,451 | 369,341,731 | 394,480,856 | 407,582,398 | 435,870,098 |
| | 9,575,679 | 10,637,730 | 11,720,894 | 30,436,273 | 12,163,216 |
| | 51,292,124 | 52,762,415 | 52,827,290 | 49,240,293 | 43,872,560 |
| | 59,727,498 | 58,000,447 | 59,088,413 | 81,036,685 | 77,535,100 |
| | 31,681,511 | 32,405,559 | 32,258,227 | 32,689,945 | 31,516,775 |
| | 15,482,651 | 17,589,449 | 15,215,772 | 15,306,284 | 16,536,662 |
| | 4,077,383 | 9,469,099 | 20,113,165 | 16,166,890 | 25,983,661 |
| | 5,817,687 | 6,259,372 | 6,744,865 | 6,869,374 | 6,884,379 |
| | - | - | - | - | 18,924,230 |
| | - | - | - | - | 13,168,354 |
| | 2,013,921 | 909,826 | 3,444,363 | (968,161) | 1,735,894 |
| | 60,660,182 | 65,408,953 | 61,101,633 | 68,505,636 | 63,937,322 |
| | <u>1,158,127,372</u> | <u>1,199,992,595</u> | <u>1,252,703,374</u> | <u>1,328,925,471</u> | <u>1,385,473,611</u> |
| | 663,520,201 | 697,648,532 | 667,863,748 | 707,731,777 | 707,187,203 |
| | 236,020,663 | 234,003,601 | 234,743,678 | 244,784,672 | 264,937,499 |
| | 78,041,900 | 81,803,707 | 78,732,889 | 79,706,211 | 85,244,783 |
| | 69,961,727 | 68,153,620 | 69,383,832 | 69,646,503 | 69,650,709 |
| | 54,424,790 | 38,773,730 | 38,088,334 | 38,840,446 | 48,748,016 |
| | 48,052,691 | 47,835,484 | 49,595,703 | 48,337,232 | 49,866,606 |
| | 23,042,510 | 22,388,457 | 22,399,505 | 23,339,079 | 25,423,827 |
| | 12,006,795 | 11,360,912 | 11,536,177 | 11,583,462 | 12,287,022 |
| | 9,728,506 | 9,500,229 | 9,320,020 | 9,014,094 | 9,432,737 |
| | - | - | - | - | - |
| | 55,510,526 | 66,637,667 | 70,480,365 | 73,051,659 | 65,054,648 |
| | 32,281,174 | 37,380,700 | 39,736,712 | 40,313,826 | 43,344,484 |
| | 58,940,763 | 56,468,779 | 69,389,373 | 73,778,953 | 75,614,400 |
| | 6,282 | 4,950 | 3,526 | 2,008 | 13,662 |
| | 23,807 | 25,140 | 26,563 | 3,907 | 16,211 |
| | <u>1,341,562,335</u> | <u>1,371,985,508</u> | <u>1,361,300,425</u> | <u>1,420,133,829</u> | <u>1,456,821,807</u> |
| | <u>(183,434,963)</u> | <u>(171,992,913)</u> | <u>(108,597,051)</u> | <u>(91,208,358)</u> | <u>(71,348,196)</u> |
| | 182,952,661 | 94,470,013 | 76,229,704 | 122,899,386 | 185,144,585 |
| | (182,952,661) | (94,470,013) | (76,229,704) | (122,899,386) | (185,144,585) |
| | 139,025,000 | 117,500,000 | 98,900,000 | 116,000,000 | 122,300,000 |
| | - | 60,720,000 | 70,400,000 | 65,040,000 | 37,800,000 |
| | (36,100,000) | (60,720,000) | (70,400,000) | (65,040,000) | (37,800,000) |
| | - | 30,000,000 | - | - | - |
| | - | 16,000,000 | - | - | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | 1,487,000 | - | - | - |
| | 814,509 | 1,022,164 | 91,035 | - | 168,488 |
| | 29,575 | - | - | - | 119,790 |
| | 32,610,000 | - | 73,085,000 | - | 38,860,000 |
| | 11,780,793 | 9,361,054 | 30,548,530 | 16,130,659 | 14,815,121 |
| | - | - | - | - | 4,414,478 |
| | 30,700,000 | 15,446,397 | 3,294,210 | 1,545,790 | 5,274,617 |
| | - | 10,426,000 | - | - | - |
| | - | 5,386,644 | (67,118) | - | - |
| | (33,905,304) | - | (87,600,104) | - | (42,852,298) |
| | <u>144,954,573</u> | <u>206,629,259</u> | <u>118,251,553</u> | <u>133,676,449</u> | <u>143,100,196</u> |
| \$ | <u>(38,480,390)</u> | <u>\$ 34,636,346</u> | <u>\$ 9,654,502</u> | <u>\$ 42,468,091</u> | <u>\$ 71,752,000</u> |
| | <u>7.0%</u> | <u>7.1%</u> | <u>8.4%</u> | <u>8.4%</u> | <u>8.4%</u> |

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

| Fiscal Year Ended June 30, | Real Property | | | | | Personal Property | | | Total Taxable Assessed Value | Weighted Average Tax Rate (a) | Estimated Actual Value | Assessed Value as a Percentage of Actual Value |
|-------------------------------|-------------------------|------------------------|--------------------------|-----------------------|------------------------|------------------------------|----------------------------|----------------------------|------------------------------------|-------------------------------------|------------------------------|---|
| | Residential Property | Commercial Property | Agricultural Property | Use Value Property | Total Real Property | Railroad/Utility Property | Other Business Property | Total Personal Property | | | | |
| 2005 | \$ 35,055,021 | \$ 8,418,040 | \$ 321,853 | \$ 7,808 | \$ 43,802,722 | \$ 1,318,689 | \$ 1,088,197 | \$ 2,406,886 | \$ 46,209,608 | \$ 1.00 | \$ 46,209,608 | 100.00% |
| 2006 | 40,599,140 | 9,279,649 | 348,915 | 25,746 | 50,253,450 | 1,323,793 | 1,155,926 | 2,479,719 | 52,733,169 | 0.98 | 52,733,169 | 100.00% |
| 2007 | 47,987,113 | 10,434,965 | 418,476 | 29,211 | 58,869,765 | 1,380,834 | 1,208,714 | 2,589,548 | 61,459,313 | 0.97 | 61,459,313 | 100.00% |
| 2008 | 57,402,598 | 11,510,687 | 503,200 | 29,126 | 69,445,611 | 863,370 | 1,654,809 | 2,518,179 | 71,963,790 | 0.94 | 71,963,790 | 100.00% |
| 2009 | 65,722,744 | 13,280,564 | 586,061 | 32,016 | 79,621,385 | 856,853 | 1,896,751 | 2,753,604 | 82,374,989 | 0.91 | 82,374,989 | 100.00% |
| 2010 | 69,478,501 | 14,351,158 | 555,503 | 32,005 | 84,417,167 | 847,143 | 1,889,767 | 2,736,910 | 87,154,077 | 0.90 | 87,154,077 | 100.00% |
| 2011 | 66,700,824 | 14,955,283 | 563,241 | 18,783 | 82,238,131 | 849,560 | 1,793,642 | 2,643,202 | 84,881,333 | 0.89 | 84,881,333 | 100.00% |
| 2012 | 61,234,395 | 15,476,007 | 558,082 | 20,950 | 77,289,434 | 847,270 | 1,707,349 | 2,554,619 | 79,844,053 | 0.92 | 79,844,053 | 100.00% |
| 2013 | 58,675,052 | 15,099,168 | 473,874 | 17,862 | 74,265,956 | 914,522 | 1,667,496 | 2,582,018 | 76,847,974 | 0.96 | 76,847,974 | 100.00% |
| 2014 | 57,703,275 | 16,114,711 | 467,950 | 16,216 | 74,302,152 | 739,450 | 1,451,770 | 2,191,220 | 76,493,372 | 0.96 | 76,493,372 | 100.00% |

Anne Arundel County, Maryland
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (Per \$100 of Assessed Value)

| Fiscal Year Ended June 30, | Anne Arundel County | | | | | Overlapping | | Total | |
|-------------------------------|------------------------------------|----------------|-----------------------------|----------------|---------------------------------|---------------------------------------|---------------------------------------|---|--|
| | Other than City of Annapolis | | Within City of Annapolis | | Weighted Average Tax Rate | City of Annapolis Real Property | State of Maryland Real Property | Other than City of Annapolis Real Property | Within City of Annapolis Real Property |
| | Real Property | Personal Prop. | Real Property | Personal Prop. | | | | | |
| 2005 | \$ 0.94 | \$ 2.35 | \$ 0.56 | \$ 1.40 | \$ 0.98 | \$ 0.58 | \$ 0.13 | \$ 1.07 | \$ 1.27 |
| 2006 | 0.93 | 2.33 | 0.56 | 1.39 | 0.97 | 0.56 | 0.13 | 1.06 | 1.25 |
| 2007 | 0.92 | 2.30 | 0.55 | 1.37 | 0.94 | 0.53 | 0.11 | 1.03 | 1.19 |
| 2008 | 0.89 | 2.23 | 0.53 | 1.33 | 0.91 | 0.53 | 0.11 | 1.00 | 1.17 |
| 2009 | 0.89 | 2.22 | 0.53 | 1.33 | 0.90 | 0.53 | 0.11 | 1.00 | 1.17 |
| 2010 | 0.88 | 2.19 | 0.52 | 1.31 | 0.89 | 0.53 | 0.11 | 0.99 | 1.17 |
| 2011 | 0.88 | 2.20 | 0.53 | 1.31 | 0.88 | 0.53 | 0.11 | 0.99 | 1.17 |
| 2012 | 0.91 | 2.28 | 0.54 | 1.36 | 0.92 | 0.56 | 0.11 | 1.02 | 1.22 |
| 2013 | 0.94 | 2.35 | 0.56 | 1.41 | 0.96 | 0.64 | 0.11 | 1.05 | 1.32 |
| 2014 | 0.95 | 2.38 | 0.57 | 1.42 | 0.96 | 0.65 | 0.11 | 1.06 | 1.33 |

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

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

| 2014 | | |
|--|-------------------------|---|
| Taxpayer | Taxable Assessed Value | Percentage of Total County Taxable Assessed Value |
| Baltimore Gas and Electric Company | \$ 657,345,780 | 0.86% |
| Verizon | 187,235,060 | 0.24% |
| Annapolis Mall LTD Partnership (Annapolis Mall) | 423,726,100 | 0.55% |
| Arundel Mills Limited Partnership (Arundel Mills Mall) | 367,172,570 | 0.48% |
| PPE Casino Resorts Maryland LLC | 270,349,840 | 0.35% |
| Raven FS Property Holdings LLC | 175,040,000 | 0.23% |
| Annapolis Towne Center at Parole LLC | 156,018,747 | 0.20% |
| Northrop Grumman Corp. | 111,453,800 | 0.15% |
| Wal-mart Stores, Inc. | 116,557,570 | 0.15% |
| Dorsey Ridge Associated LLC | 94,055,100 | 0.12% |
| | <u>\$ 2,558,954,567</u> | <u>3.35%</u> |

| 2005 | | |
|--|-------------------------|---|
| Taxpayer | Taxable Assessed Value | Percentage of Total County Taxable Assessed Value |
| Baltimore Gas and Electric Company | \$ 1,029,894,893 | 2.23% |
| Verizon | 236,273,730 | 0.51% |
| Arundel Mills Limited Partnership (Arundel Mills Mall) | 234,027,830 | 0.51% |
| Annapolis Mall Limited Partnership (Annapolis Mall) | 199,356,590 | 0.43% |
| TKL East (Marley Station Mall) | 96,857,600 | 0.21% |
| Wal-mart Stores Inc. | 82,618,996 | 0.18% |
| Northrop Grumman Corp. | 77,044,050 | 0.17% |
| Parole Town Center Associates LTD Partnership | 57,604,080 | 0.12% |
| CNL BWI Hotel | 49,390,100 | 0.11% |
| Baywoods Cooperative Aparments LLC | 49,300,000 | 0.11% |
| | <u>\$ 2,112,367,869</u> | <u>4.57%</u> |

Anne Arundel County, Maryland
Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Collected within the Fiscal Year of the Levy | | Collection in Subsequent Years | Total Collection to Date | | |
|-------------------------------|---|----------------|--------------------------------------|--------------------------|----------------|-----------------------|
| | Taxes Levied for the Fiscal Year | Amount | | Percentage of Levy | Amount | Percentage of Levy |
| 2005 | \$ 412,089,133 | \$ 410,206,824 | 99.54% | \$ 1,879,098 | \$ 412,085,922 | 100.00% |
| 2006 | 439,775,209 | 438,118,642 | 99.62% | 1,556,781 | 439,675,423 | 99.98% |
| 2007 | 472,038,379 | 470,209,494 | 99.61% | 1,712,282 | 471,921,776 | 99.98% |
| 2008 | 498,477,749 | 497,250,354 | 99.75% | 1,088,983 | 498,339,337 | 99.97% |
| 2009 | 542,257,507 | 540,376,837 | 99.65% | 1,645,308 | 542,022,145 | 99.96% |
| 2010 | 562,014,875 | 553,780,723 | 98.53% | 7,935,955 | 561,716,678 | 99.95% |
| 2011 | 577,037,468 | 563,622,256 | 97.68% | 13,108,711 | 576,730,967 | 99.95% |
| 2012 | 595,530,678 | 593,210,480 | 99.61% | 2,114,904 | 595,325,384 | 99.97% |
| 2013 | 619,955,595 | 618,157,426 | 99.71% | 1,541,629 | 619,699,055 | 99.96% |
| 2014 | 638,043,608 | 628,011,846 | 98.43% | - | 628,011,846 | 98.43% |

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

| Fiscal Year Ended June 30, | Governmental Activities | | | | | | | Business-Type Activities | | Total Primary Government | Percentage of Personal Income (a) | Per Capita (a) |
|-------------------------------|------------------------------------|-------------------------------|---------------------------|-------------------------------|-------------------|---------------------------------------|-------------------------------------|---|-------------------------------|--------------------------------|---|-------------------|
| | General Obligation Bonds (b) | Bond Anticipation Notes | Tax Increment Bonds | State and Federal Loans | Capital Leases | Installment Purchase Agreements | Total Governmental Activities | Water, Wastewater and Solid Waste Bonds (b) | Bond Anticipation Notes | | | |
| 2005 | \$ 534,773 | \$ 34,500 | \$ 55,520 | \$ 2,383 | \$ 112 | \$ 8,679 | \$ 635,967 | \$ 285,688 | \$ 7,000 | \$ 928,655 | 3.77% | \$ 1,799 |
| 2006 | 553,117 | 38,000 | 54,795 | 3,177 | 57 | 9,031 | 658,177 | 285,960 | 21,000 | 965,137 | 3.68% | 1,864 |
| 2007 | 597,181 | 39,000 | 53,960 | 3,803 | - | 9,939 | 703,883 | 317,271 | 19,000 | 1,040,154 | 3.77% | 1,998 |
| 2008 | 599,704 | 49,800 | 53,085 | 3,782 | 82 | 11,398 | 717,851 | 329,448 | 17,000 | 1,064,299 | 3.69% | 2,026 |
| 2009 | 660,269 | 36,100 | 52,170 | 3,722 | 64 | 12,218 | 764,543 | 338,727 | 35,300 | 1,138,570 | 4.02% | 2,139 |
| 2010 | 742,132 | - | 51,020 | 4,439 | 60 | 12,198 | 809,849 | 365,382 | - | 1,175,231 | 4.03% | 2,180 |
| 2011 | 805,528 | - | 95,330 | 4,804 | 34 | 13,665 | 919,361 | 401,373 | 2,200 | 1,322,934 | 4.32% | 2,429 |
| 2012 | 830,134 | - | 93,155 | 4,215 | 8 | 13,645 | 941,157 | 411,011 | - | 1,352,168 | 4.11% | 2,458 |
| 2013 | 875,042 | - | 90,815 | 3,888 | 4 | 13,625 | 983,374 | 444,461 | - | 1,427,835 | 4.27% | 2,569 |
| 2014 | 923,504 | - | 86,440 | 3,730 | 49 | 13,605 | 1,027,328 | 508,791 | - | 1,536,119 | 4.43% | 2,732 |

(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.

(b) Bonds have been adjusted for the deferred refunding loss.

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

| <u>Fiscal Year Ended June 30,</u> | <u>General Obligation Bonds (a)</u> | <u>Percentage of Estimated Actual Taxable Value of Property (b)</u> | <u>Per Capita (c)</u> |
|---------------------------------------|---|---|---------------------------|
| 2005 | \$ 875,982 | 1.90% | \$ 1,697 |
| 2006 | 893,871 | 1.70% | 1,727 |
| 2007 | 968,412 | 1.58% | 1,861 |
| 2008 | 982,238 | 1.36% | 1,870 |
| 2009 | 1,051,166 | 1.28% | 1,974 |
| 2010 | 1,158,534 | 1.33% | 2,149 |
| 2011 | 1,302,231 | 1.53% | 2,391 |
| 2012 | 1,334,300 | 1.67% | 2,425 |
| 2013 | 1,410,318 | 1.84% | 2,538 |
| 2014 | 1,518,736 | 1.99% | 2,701 |

(a) Bonds have been adjusted for the deferred refunding loss.

(b) See the Taxable Assessed Value and Estimated Actual Value of Property schedule for property value data.

(c) See the Demographic and Economic Statistics schedule for population data.

Anne Arundel County, Maryland
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2014

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|-----------------------------------|---------------------|---------------------------------------|--|
| Debt repaid with property taxes | | | |
| City of Annapolis | \$ 126,873,447 | 100.00% | \$ 126,873,447 |
| Subtotal overlapping debt | | | <u>126,873,447</u> |
| Anne Arundel County direct debt | | | <u>1,027,328,111</u> |
| Total direct and overlapping debt | | | <u><u>\$ 1,154,201,558</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)

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Assessed value | | | | | | | | | | |
| Real property | \$ 43,802,722 | \$ 50,253,450 | \$ 58,869,765 | \$ 69,445,611 | \$ 79,621,385 | \$ 84,417,167 | \$ 82,238,131 | \$ 77,289,434 | \$ 74,265,956 | \$ 74,302,152 |
| Personal and operating real property | 2,406,886 | 2,479,719 | 2,589,549 | 2,518,178 | 2,753,604 | 2,736,910 | 2,643,202 | 2,554,619 | 2,582,018 | 2,191,220 |
| Total assessed value | <u>46,209,608</u> | <u>52,733,169</u> | <u>61,459,314</u> | <u>71,963,789</u> | <u>82,374,989</u> | <u>87,154,077</u> | <u>84,881,333</u> | <u>79,844,053</u> | <u>76,847,974</u> | <u>76,493,372</u> |
| Legal debt margin | | | | | | | | | | |
| Debt limit (5.2% of assessed value of real property, 13% for fiscal years 2001 and prior) | 2,277,742 | 2,613,179 | 3,061,228 | 3,611,172 | 4,140,312 | 4,389,693 | 4,276,383 | 4,019,051 | 3,861,830 | 3,863,712 |
| Debt limit (13% of assessed value of personal and operating real property) | 312,895 | 322,364 | 336,641 | 327,363 | 357,969 | 355,798 | 343,616 | 332,101 | 335,662 | 284,859 |
| Total debt limit | <u>2,590,637</u> | <u>2,935,543</u> | <u>3,397,869</u> | <u>3,938,535</u> | <u>4,498,281</u> | <u>4,745,491</u> | <u>4,619,999</u> | <u>4,351,151</u> | <u>4,197,492</u> | <u>4,148,571</u> |
| Debt applicable to limit: | | | | | | | | | | |
| General obligation bonds | 534,773 | 553,117 | 597,181 | 599,704 | 660,269 | 742,132 | 805,528 | 830,134 | 875,042 | 916,204 |
| Bonded debt for solid waste projects (1) | 21,042 | 19,963 | 20,399 | 17,976 | 17,721 | 21,163 | 27,907 | 28,111 | 26,028 | 35,791 |
| Installment Purchase Agreement | 8,679 | 9,031 | 9,939 | 11,398 | 12,218 | 12,198 | 13,665 | 13,645 | 13,625 | 13,605 |
| Tax Increment Bonds | 55,520 | 54,795 | 53,960 | 53,085 | 52,170 | 51,020 | 95,330 | 93,155 | 90,815 | 86,440 |
| Bond anticipation notes (2) | 35,500 | 38,000 | 39,000 | 49,800 | 39,600 | - | 2,200 | - | - | - |
| Total debt applicable to limit | <u>655,514</u> | <u>674,906</u> | <u>720,479</u> | <u>731,963</u> | <u>781,978</u> | <u>826,513</u> | <u>944,630</u> | <u>965,045</u> | <u>1,005,510</u> | <u>1,052,040</u> |
| Legal debt margin | \$ <u>1,935,123</u> | \$ <u>2,260,637</u> | \$ <u>2,677,390</u> | \$ <u>3,206,572</u> | \$ <u>3,716,303</u> | \$ <u>3,918,978</u> | \$ <u>3,675,369</u> | \$ <u>3,386,106</u> | \$ <u>3,191,982</u> | \$ <u>3,096,531</u> |
| Total debt applicable to the limit as a percentage of debt limit | <u>25.30%</u> | <u>22.99%</u> | <u>21.20%</u> | <u>18.58%</u> | <u>17.38%</u> | <u>17.42%</u> | <u>20.45%</u> | <u>22.18%</u> | <u>23.96%</u> | <u>25.36%</u> |

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

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

Anne Arundel County, Maryland
Pledged-Revenue Bond Coverage
Last Ten Fiscal Years
(dollars in thousands)

| Fiscal Year | Water and Wastewater Revenue Backed Bonds | | | | | | | Solid Waste Revenue Backed Bonds | | | | | |
|-------------|---|--------------------------|-----------------------|--------------|----------|----------|---------------------------|----------------------------------|-----------------------|--------------|----------|----------|--|
| | Utility Charges and Other | Less: Operating Expenses | Net Available Revenue | Debt Service | | Coverage | Service Charges and Other | Less: Operating Expenses | Net Available Revenue | Debt Service | | Coverage | |
| | | | | Principal | Interest | | | | | Principal | Interest | | |
| 2005 | \$ 68,815 | \$ 55,399 | \$ 13,416 | \$ 18,538 | \$ 8,428 | 0.50 | \$ 40,375 | \$ 34,109 | \$ 6,266 | \$ 3,041 | \$ 1,080 | 1.52 | |
| 2006 | 77,909 | 57,243 | 20,666 | 19,180 | 7,987 | 0.76 | 46,613 | 41,847 | 4,766 | 3,078 | 1,038 | 1.16 | |
| 2007 | 80,861 | 62,031 | 18,830 | 19,087 | 7,882 | 0.70 | 48,813 | 37,028 | 11,785 | 3,064 | 992 | 2.91 | |
| 2008 | 85,389 | 73,641 | 11,748 | 19,818 | 7,747 | 0.43 | 49,013 | 40,460 | 8,553 | 3,223 | 994 | 2.03 | |
| 2009 | 83,291 | 74,931 | 8,360 | 20,891 | 6,154 | 0.31 | 45,292 | 44,757 | 535 | 2,354 | 806 | 0.17 | |
| 2010 | 88,153 | 71,998 | 16,155 | 19,379 | 6,294 | 0.63 | 44,300 | 43,358 | 942 | 1,513 | 302 | 0.52 | |
| 2011 | 89,182 | 71,602 | 17,580 | 19,568 | 7,433 | 0.65 | 48,083 | 46,267 | 1,816 | 1,456 | 253 | 1.06 | |
| 2012 | 95,633 | 74,888 | 20,745 | 21,789 | 7,440 | 0.71 | 53,224 | 45,731 | 7,493 | 2,000 | 206 | 3.40 | |
| 2013 | 91,264 | 75,674 | 15,590 | 23,164 | 7,195 | 0.51 | 51,140 | 43,383 | 7,757 | 2,083 | 336 | 3.21 | |
| 2014 | 97,087 | 80,622 | 16,465 | 24,779 | 7,691 | 0.51 | 51,246 | 46,294 | 4,952 | 2,138 | 861 | 1.65 | |

| Fiscal Year | Tax Increment Bonds | | | | | | Installment Purchase Agreements Bonds | | | | | |
|-------------|---------------------------|--------------------------|-----------------------|--------------|----------|----------|---------------------------------------|--------------------------|-----------------------|--------------|----------|----------|
| | Revenues and Transfers In | Less: Operating Expenses | Net Available Revenue | Debt Service | | Coverage | Revenues and Transfers In | Less: Operating Expenses | Net Available Revenue | Debt Service | | Coverage |
| | | | | Principal | Interest | | | | | Principal | Interest | |
| 2005 | \$ 10,813 | \$ 40 | \$ 10,773 | \$ 881 | \$ 2,020 | 3.71 | \$ 1,217 | \$ 3 | \$ 1,214 | \$ 14 | \$ 481 | 2.45 |
| 2006 | 12,785 | 38 | 12,747 | 783 | 2,698 | 3.66 | 36 | 352 | -316 | 17 | 502 | -0.61 |
| 2007 | 15,526 | 32 | 15,494 | 908 | 2,657 | 4.35 | 2,219 | 9 | 2,210 | 18 | 540 | 3.96 |
| 2008 | 18,100 | 848 | 17,252 | 875 | 2,613 | 4.95 | 614 | 14 | 600 | 19 | 605 | 0.96 |
| 2009 | 22,087 | 1,151 | 20,936 | 915 | 2,570 | 6.01 | 413 | 5 | 408 | 20 | 661 | 0.60 |
| 2010 | 24,354 | 1,057 | 23,297 | 1,150 | 2,522 | 6.34 | 1,473 | 0 | 1,473 | 20 | 663 | 2.16 |
| 2011 | 27,428 | 1,074 | 26,354 | 1,690 | 2,462 | 6.35 | 961 | 194 | 767 | 20 | 664 | 1.12 |
| 2012 | 27,929 | 1,073 | 26,856 | 2,175 | 2,382 | 5.89 | 3,991 | 0 | 3,991 | 20 | 724 | 5.36 |
| 2013 | 32,211 | 928 | 31,283 | 2,340 | 2,472 | 6.50 | 67 | 750 | -683 | 20 | 729 | -0.91 |
| 2014 | 33,562 | 639 | 32,923 | 1,430 | 3,105 | 7.26 | 1,262 | 0 | 1,262 | 20 | 728 | 1.69 |

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

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

| Year | Population (a) | Personal Income (b) (thousands of dollars) | Per Capita Personal Income (c) | Public School Enrollment (d) | Unemployment Rate % (e) |
|------|----------------|---|--------------------------------------|---------------------------------|----------------------------|
| 2005 | 516,171 | \$ 24,648,977 | \$ 47,754 | 73,633 | 3.5 |
| 2006 | 517,698 | 26,261,768 | 50,728 | 73,111 | 3.3 |
| 2007 | 520,503 | 27,574,822 | 52,977 | 73,405 | 3.1 |
| 2008 | 525,304 | 28,804,951 | 54,835 | 73,658 | 4.4 |
| 2009 | 532,395 | 28,303,880 | 53,163 | 74,782 | 6.5 |
| 2010 | 539,191 | 29,129,254 | 54,024 | 75,481 | 6.8 |
| 2011 | 544,624 | 30,633,776 | 56,248 | 76,303 | 6.4 |
| 2012 | 550,175 | 32,870,133 | 59,745 | 77,770 | 6.8 |
| 2013 | 555,743 | 33,477,149 | 60,239 | 78,500 | 6.9 |
| 2014 | 562,226 | 34,709,761 | 61,736 | 79,237 | 5.7 |

Sources and notes:

(a) *Mid-year (July 1) estimates obtained from the Maryland Department of Planning , U.S. Census Bureau, release date March 27, 2014; 2010 Population data as of April 1, 2010. These data supersede population estimates published in previous years. Year 2014 mid-year estimated Maryland Association of Counties-Budget, Tax Rates, and Selected Statistics- FY2014.*

(b) *U.S. Bureau of Economic Analysis, release date November 26,2012- revised estimated for 2008-2011 These data supersede population estimates published in previous years. Year 2013 and 2014 estimated by Anne Arundel County Planning & Zoning using linear regression (R2=.9725). Additionally, population was revised back to the year 2011 to reflect population estimates for 2013 and 2014.*

(c) *Per capita personal income is total personal income divided by total U.S. Census Bureau mid-year population.*

(d) *Anne Arundel County Board of Education, Educational Facilities Master Plan July 2014; 2002-2013 actual enrollment * 2014 Projected by AACPS Planning Department release date July 2014.*

(e) *Maryland Department of Labor, Licensing and Regulation monthly reports; Year 2014 average for 7 months (Jan -July).*

ANNE ARUNDEL COUNTY, MARYLAND
Principal Employers
Current Year and Nine Years Ago

| 2014 | | | 2005 | | |
|-------------------------------------|----------------|---------------------------------------|--|---------------|---------------------------------------|
| Employer | Employees | Percentage of Total County Employment | Employer | Employees | Percentage of Total County Employment |
| Ft. George G. Meade * | 49,132 | 13.08% | National Security Agency * | 16,000 | 4.90% |
| Anne Arundel County Public Schools | 14,000 | 3.73% | Anne Arundel Co. Public Schools | 14,310 | 4.38% |
| BWI Thurgood Marshall Airport | 9,717 | 2.59% | Ft. George G. Meade * | 14,150 | 4.33% |
| State of Maryland | 9,578 | 2.55% | State of Maryland | 9,524 | 2.92% |
| Northrop Grumman Corp. | 6,500 | 1.73% | Northrop Grumman Corp. | 8,250 | 2.53% |
| Anne Arundel County Government | 5,190 | 1.38% | Anne Arundel County General Government | 4,111 | 1.26% |
| Anne Arundel Health System | 4,000 | 1.06% | North Arundel Health System | 2,432 | 0.74% |
| Southwest Airlines | 3,200 | 0.85% | Southwest Airlines | 2,425 | 0.74% |
| Maryland Live! Casino | 3,000 | 0.80% | U.S. Naval Academy | 2,052 | 0.63% |
| Baltimore Washington Medical Center | 2,800 | 0.75% | Anne Arundel Health System | 2,025 | 0.62% |
| | <u>107,117</u> | <u>28.51%</u> | | <u>75,279</u> | <u>23.06%</u> |

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

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

ANNE ARUNDEL COUNTY, MARYLAND
 County Government Employees by Function
 Last Ten Fiscal Years

| Function | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General government | 535 | 537 | 540 | 536 | 530 | 519 | 501 | 496 | 489 | 500 |
| Public safety | | | | | | | | | | |
| Police | 904 | 921 | 923 | 933 | 938 | 894 | 892 | 895 | 909 | 919 |
| Fire | 721 | 833 | 833 | 860 | 861 | 859 | 855 | 855 | 785 | 780 |
| Detention center | 408 | 409 | 415 | 415 | 412 | 408 | 402 | 399 | 398 | 398 |
| Health and human services | 161 | 163 | 175 | 178 | 177 | 176 | 174 | 161 | 159 | 158 |
| Public works | 295 | 299 | 304 | 308 | 309 | 289 | 282 | 270 | 270 | 309 |
| Recreation and community services | 99 | 102 | 110 | 113 | 112 | 104 | 98 | 90 | 87 | 87 |
| Judicial | 261 | 264 | 270 | 270 | 272 | 272 | 270 | 269 | 269 | 272 |
| Code enforcement | 156 | 168 | 172 | 178 | 177 | 166 | 162 | 154 | 154 | 155 |
| Land use and development | 101 | 101 | 105 | 90 | 88 | 84 | 82 | 81 | 79 | 81 |
| Water and wastewater | 348 | 348 | 348 | 348 | 351 | 350 | 350 | 350 | 350 | 376 |
| Solid waste | 83 | 84 | 85 | 85 | 85 | 87 | 87 | 87 | 88 | 88 |
| Child care | 7 | 7 | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 9 |
| Total | <u>4,079</u> | <u>4,236</u> | <u>4,288</u> | <u>4,322</u> | <u>4,321</u> | <u>4,217</u> | <u>4,164</u> | <u>4,116</u> | <u>4,046</u> | <u>4,132</u> |

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

| Function/program | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Police | | | | | | | | | | |
| Physical arrests | 16,321 | 16,644 | 16,424 | 21,476 | 20,151 | 19,056 | 19,165 | 16,914 | 23,317 | 29,607 |
| Parking violations | 4,382 | 4,562 | 3,772 | 4,887 | 4,103 | 3,755 | 4,318 | 3,081 | 3,828 | 3,338 |
| Traffic violations | 61,161 | 69,022 | 81,142 | 133,507 | 120,229 | 141,308 | 152,484 | 102,374 | 171,849 | 152,663 |
| Fire | | | | | | | | | | |
| Emergency responses | 61,412 | 62,304 | 65,724 | 66,349 | 66,170 | 72,946 | 73,071 | 72,075 | 75,407 | 69,053 |
| Inspections | 11,436 | 12,992 | 11,308 | 12,201 | 12,075 | 10,700 | 11,032 | 11,540 | 10,584 | 10,729 |
| Streets and highways | | | | | | | | | | |
| Resurfacing (miles) | 78.2 | 124.5 | 70.3 | 65.1 | 59.1 | 48.0 | 57.7 | 60.0 | 57.0 | 54.0 |
| Recreation and community services | | | | | | | | | | |
| Facility use applications | 6,032 | 6,916 | 7,177 | 7,208 | 6,553 | 6,619 | 6,451 | 6,451 | 6,233 | 6,158 |
| Water | | | | | | | | | | |
| New water connections | 1,477 | 1,094 | 894 | 937 | 752 | 871 | 743 | 712 | 694 | 1,126 |
| Water main breaks | 129 | 152 | 124 | 176 | 192 | 255 | 178 | 196 | 207 | 255 |
| Average daily water consumption (thousands of gallons) | 31,484 | 33,460 | 30,980 | 35,976 | 36,992 | 34,624 | 33,478 | 35,503 | 36,900 | 34,105 |
| Number of customers | 101,623 | 102,878 | 103,775 | 104,609 | 105,377 | 106,208 | 107,004 | 107,721 | 108,760 | 110,165 |
| Wastewater | | | | | | | | | | |
| Average daily sewage treatment (thousands of gallons) | 32,457 | 31,077 | 32,340 | 30,959 | 30,564 | 33,800 | 31,173 | 32,399 | 31,086 | 32,468 |
| Number of customers | 109,179 | 110,637 | 111,574 | 112,487 | 113,413 | 114,342 | 115,129 | 115,817 | 116,801 | 118,154 |
| Solid waste | | | | | | | | | | |
| Trash collected (tons per year) | 268,855 | 255,788 | 244,454 | 226,707 | 201,980 | 193,478 | 191,481 | 191,842 | 182,992 | 182,148 |
| Recyclables collected (tons per year) | 112,118 | 125,996 | 122,721 | 130,645 | 125,380 | 141,750 | 143,861 | 140,174 | 145,301 | 132,509 |
| Child care | | | | | | | | | | |
| Enrollment | 1,689 | 1,921 | 1,982 | 2,477 | 2,148 | 2,150 | 2,337 | 2,337 | 2,175 | 2,417 |

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

| Function/program | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Stations | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Patrol units (vehicles) | 429 | 468 | 484 | 487 | 487 | 487 | 487 | 487 | 492 | 500 |
| Fire | | | | | | | | | | |
| County owned stations | 17 | 18 | 18 | 18 | 19 | 19 | 19 | 19 | 19 | 20 |
| Volunteer stations | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 11 |
| Pumpers/tankers | 68 | 61 | 64 | 64 | 65 | 65 | 65 | 59 | 59 | 66 |
| Ladder trucks | 22 | 24 | 24 | 23 | 23 | 23 | 23 | 22 | 22 | 23 |
| Paramedic units | 39 | 41 | 40 | 40 | 41 | 41 | 41 | 42 | 42 | 43 |
| Streets and highways | | | | | | | | | | |
| Streets (miles) | 1,754 | 1,761 | 1,765 | 1,767 | 1,768 | 1,772 | 1,772 | 1,776 | 1,814 | 1,819 |
| Streetlights | 35,423 | 35,800 | 36,130 | 36,561 | 37,105 | 37,375 | 37,583 | 37,660 | 38,054 | 38,549 |
| Traffic signals | 162 | 162 | 168 | 177 | 178 | 186 | 187 | 193 | 195 | 205 |
| Recreation and community services | | | | | | | | | | |
| Open space acreage | 5,467 | 3,505 | 3,505 | 4,137 | 3,621 | 3,837 | 4,579 | 5,053 | 4,976 | 4,982 |
| Playgrounds and Parks acreage | 5,671 | 6,029 | 6,029 | 6,897 | 6,928 | 6,952 | 6,952 | 7,158 | 7,242 | 7,318 |
| Parks * | | | | | | | | | | |
| Playgrounds | 92 | 70 | 71 | 70 | 62 | 64 | 64 | 64 | 66 | 67 |
| Baseball/softball fields | 213 | 240 | 239 | 241 | 236 | 237 | 237 | 237 | 213 | 213 |
| Football fields | 169 | 107 | 110 | 112 | 118 | 118 | 118 | 118 | 98 | 98 |
| Basketball courts | 111 | 76 | 78 | 78 | 70 | 70 | 70 | 70 | 76 | 77 |
| Tennis courts | 212 | 86 | 84 | 84 | 64 | 64 | 64 | 64 | 54 | 54 |
| Water | | | | | | | | | | |
| Water mains (miles) | 1,315 | 1,330 | 1,338 | 1,354 | 1,365 | 1,412 | 1,357 | 1,362 | 1,366 | 1,377 |
| Water treatment plants | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 12 |
| Wastewater | | | | | | | | | | |
| Maximum daily treatment capacity (thousands of gallons) | 43,615 | 43,615 | 43,615 | 46,615 | 46,615 | 46,615 | 46,615 | 46,615 | 46,615 | 46,615 |
| Wastewater mains (miles) | 1,363 | 1,376 | 1,397 | 1,417 | 1,440 | 1,459 | 1,401 | 1,418 | 1,432 | 1,442 |
| Wastewater treatment plants | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Wastewater pumping stations | 243 | 245 | 248 | 251 | 252 | 249 | 249 | 251 | 253 | 257 |

* Note: In fiscal year 2013 recreation park facilities numbers were updated after a thorough physical inventory and establishment of a new database to meet certain State grant reporting requirements.

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