

CITY OF ANNAPOLIS, MARYLAND
STATEMENT OF NET ASSETS

June 30, 2011

With Comparative Totals for year ended June 30, 2010

Exhibit 1

	Governmental Activities	Business-type Activities	Totals	
			June 30, 2011	June 30, 2010 (As Restated)
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 14,591,424	\$ 2,769,043	\$ 17,360,467	\$ 1,820,606
Investments	-	-	-	3,870
Receivables, net of allowances	2,156,589	5,236,380	7,392,969	7,445,109
Internal balances	21,377,997	(21,377,997)	-	-
Inventories	167,149	94,366	261,515	365,615
Prepaid items	58,511	650	59,161	60,168
Total Current Assets	<u>38,351,670</u>	<u>(13,277,558)</u>	<u>25,074,112</u>	<u>9,695,368</u>
Noncurrent Assets				
Restricted water and sewer capital facility assessments	-	9,115,660	9,115,660	9,614,835
Capital assets (net of accumulated depreciation):				
Land	4,260,493	3,243,441	7,503,934	7,503,934
Buildings	36,873,537	23,944,805	60,818,342	62,795,180
Improvements other than buildings	31,162,940	27,657,936	58,820,876	59,965,838
Equipment	4,429,473	1,964,692	6,394,165	7,200,249
Construction in progress	3,126,784	3,968,249	7,095,033	6,060,606
Total Noncurrent Assets	<u>79,853,227</u>	<u>69,894,783</u>	<u>149,748,010</u>	<u>153,140,642</u>
Total assets	<u>118,204,897</u>	<u>56,617,225</u>	<u>174,822,122</u>	<u>162,836,010</u>
LIABILITIES				
Current Liabilities				
Accounts payable	1,153,885	2,313,834	3,467,719	2,444,096
Accrued payables and other liabilities	1,788,134	1,105,841	2,893,975	4,659,146
Compensated absences	15,768	-	15,768	647,796
Unearned revenue	-	20,140	20,140	43,749
Escrowed funds	1,390,372	21,936	1,412,308	2,162,804
Accrued self insurance costs	1,146,507	-	1,146,507	845,647
Short Term Debt	18,000,000	-	18,000,000	7,000,000
Current portion long term debt	1,728,263	815,801	2,544,064	7,168,904
Total Current Liabilities	<u>25,222,929</u>	<u>4,277,552</u>	<u>29,500,481</u>	<u>24,972,142</u>
Noncurrent Liabilities				
Compensated absences-net of current portion	2,719,904	428,100	3,148,004	2,444,770
Accrued liability for other post employment benefits	12,278,277	920,425	13,198,702	8,574,899
Unearned water and sewer capital facility assessments	-	9,115,660	9,115,660	9,614,835
Accrued self insurance costs	2,389,800	-	2,389,800	4,093,476
Net Pension Obligation	7,823,232	-	7,823,232	1,694,812
Long-term debt, net of current portion	55,716,794	28,329,670	84,046,464	78,062,636
Total Noncurrent Liabilities	<u>80,928,007</u>	<u>38,793,855</u>	<u>119,721,862</u>	<u>104,485,428</u>
Total liabilities	<u>106,150,936</u>	<u>43,071,407</u>	<u>149,222,343</u>	<u>129,457,570</u>
NET ASSETS				
Invested in capital assets, net of related debt	22,408,170	35,243,832	57,652,002	66,669,540
Restricted for:				
Capital improvements	4,190,198	3,610,180	7,800,378	8,375,273
Unrestricted	(14,544,407)	(25,308,194)	(39,852,601)	(41,666,373)
Total net assets	<u>\$ 12,053,961</u>	<u>\$ 13,545,818</u>	<u>\$ 25,599,779</u>	<u>\$ 33,378,440</u>

CITY OF ANNAPOLIS, MARYLAND
STATEMENT OF ACTIVITIES

Exhibit 2

Year Ended June 30, 2011

With Comparative Totals for year ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 8,664,250	\$ 3,052,127	\$ 7,774,855	\$ -
Public safety	41,748,358	3,101,297	3,155,506	-
Community services	4,720,789	1,677,594	9,489	60,984
Community development	439,922	-	340,014	129,908
Public works	4,638,091	855,577	244,389	-
Interest	1,572,589	-	-	-
Total Governmental Activities	61,783,999	8,686,595	11,524,253	190,892
Business-type Activities:				
Water	4,961,399	3,888,613	-	-
Sewer	6,696,317	4,285,157	-	-
Off Street Parking	2,701,164	3,150,184	-	-
Dock	1,228,289	1,022,585	187,052	52,740
Market	171,670	36,931	-	-
Transportation	4,784,164	764,847	1,339,748	281,550
Stormwater Management	382,467	493,586	-	-
Refuse	2,817,924	3,653,009	-	-
Total Business-type Activities	23,743,394	17,294,912	1,526,800	334,290
Total	\$ 85,527,393	\$ 25,981,507	\$ 13,051,053	\$ 525,182

General Revenues:

Taxes

Real

Unincorporated

Public utility

Corporations

Penalties and interest

Interest and investment earnings

Miscellaneous

Transfers

Total general revenues

Change in net assets

Net Assets as of beginning of year

Net Assets as of end of year

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

Net (Expense) Revenues and Change in Net Assets			
Primary Government		Totals	
Governmental Activities	Business-Type Activities	June 30, 2011	June 30, 2010 (AS Restated)
\$ 2,162,732	\$ -	\$ 2,162,732	\$ (4,879,062)
(35,491,555)	-	(35,491,555)	(32,300,739)
(2,972,722)	-	(2,972,722)	(973,334)
30,000	-	30,000	-
(3,538,125)	-	(3,538,125)	(8,306,582)
(1,572,589)	-	(1,572,589)	(2,312,840)
<u>(41,382,259)</u>	<u>-</u>	<u>(41,382,259)</u>	<u>(48,772,557)</u>
-	(1,072,786)	(1,072,786)	(2,211,823)
-	(2,411,160)	(2,411,160)	(2,558,481)
-	449,020	449,020	1,499,254
-	34,088	34,088	(685,590)
-	(134,739)	(134,739)	(371,362)
-	(2,398,019)	(2,398,019)	(2,797,849)
-	111,119	111,119	(193,715)
-	835,085	835,085	289,777
<u>-</u>	<u>(4,587,392)</u>	<u>(4,587,392)</u>	<u>(7,029,789)</u>
<u>(41,382,259)</u>	<u>(4,587,392)</u>	<u>(45,969,651)</u>	<u>(55,802,346)</u>
32,550,332	-	32,550,332	31,571,196
24,841	-	24,841	28,121
1,043,491	-	1,043,491	1,059,395
1,551,683	-	1,551,683	1,846,723
165,501	-	165,501	176,481
9,719	3,527	13,246	32,007
698,543	2,143,353	2,841,896	2,042,844
664,250	(664,250)	-	-
<u>36,708,360</u>	<u>1,482,630</u>	<u>38,190,990</u>	<u>36,756,767</u>
(4,673,899)	(3,104,762)	(7,778,661)	(19,045,579)
16,727,860	16,650,580	33,378,440	52,424,019
<u>\$ 12,053,961</u>	<u>\$ 13,545,818</u>	<u>\$ 25,599,779</u>	<u>\$ 33,378,440</u>

CITY OF ANNAPOLIS, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS

Exhibit 3

Year Ended 6/30/2011

With Comparative Totals for year ended June 30, 2010

	General	Capital Projects	Nonmajor Governmental Fund	Totals	
				June 30, 2011	June 30, 2010 (As Restated)
ASSETS					
Cash and cash equivalents	\$ 14,591,424	\$ -	\$ -	\$ 14,591,424	\$ 1,774,306
Investments	-	-	-	-	3,870
Receivables, net of allowances	2,148,267	-	8,322	2,156,589	3,079,200
Due from other funds	22,899,843	4,402,822	260,602	27,563,267	26,826,164
Inventories	167,149	-	-	167,149	148,705
Prepaid items	58,511	-	-	58,511	60,168
Total assets	<u>\$ 39,865,194</u>	<u>\$ 4,402,822</u>	<u>\$ 268,924</u>	<u>\$ 44,536,940</u>	<u>\$ 31,892,413</u>
LIABILITIES					
Accounts payable	\$ 864,266	\$ 212,624	\$ 7,360	\$ 1,084,250	\$ 807,671
Accrued payables and other liabilities	813,828	-	261,564	1,075,392	3,140,314
Due to other funds	6,260,512	-	-	6,260,512	9,321,731
Obligation for vacation benefits, current portion	15,768	-	-	15,768	225,723
Deferred revenues	478,940	-	-	478,940	591,546
Escrowed funds	1,390,372	-	-	1,390,372	2,148,321
Short term debt	18,000,000	-	-	18,000,000	7,000,000
Total liabilities	<u>27,823,686</u>	<u>212,624</u>	<u>268,924</u>	<u>28,305,234</u>	<u>23,235,306</u>
FUND BALANCES					
Non Spendable					
Inventories and prepaid items	225,660	-	-	225,660	208,873
Assigned for:					
Capital projects	-	4,190,198	-	4,190,198	1,294,040
Self Insurance	3,536,307	-	-	3,536,307	3,478,434
Unassigned	8,279,541	-	-	8,279,541	3,675,760
Total fund balances	<u>12,041,508</u>	<u>4,190,198</u>	<u>-</u>	<u>16,231,706</u>	<u>8,657,107</u>
Total liabilities and fund balances	<u>\$ 39,865,194</u>	<u>\$ 4,402,822</u>	<u>\$ 268,924</u>	<u>\$ 44,536,940</u>	<u>\$ 31,892,413</u>

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

Total Governmental Fund Balances	\$ 16,231,706	\$ 8,657,107
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	79,853,227	80,741,973
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds	478,940	591,546
Long-term liabilities, including accrued interest, bonds payable, long term compensated absences net pension obligation and self insurance, are not due and payable in the current period and therefore are not reported in the funds.	(72,231,635)	(65,769,440)
Other long-term liabilities including other post employment benefits.	<u>(12,278,277)</u>	<u>(7,493,326)</u>
Net assets of Governmental Activities	<u>\$ 12,053,961</u>	<u>\$ 16,727,860</u>

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

CITY OF ANNAPOLIS, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

Exhibit 4

Year Ended June 30, 2011

With Comparative Totals for year ended June 30, 2010

	General	Capital Projects	Nonmajor Governmental Fund	Totals	
				June 30, 2011	June 30, 2010 (As Restated)
Revenues					
Taxes	\$ 35,335,848	\$ -	\$ -	\$ 35,335,848	\$ 34,681,916
Licenses and permits	2,665,256	-	-	2,665,256	2,772,254
Fines and forfeitures	829,371	-	-	829,371	947,614
Money and property	820,868	-	-	820,868	846,380
Intergovernmental	11,245,223	-	469,922	11,715,145	13,664,388
Current services	4,099,295	1,092,673	-	5,191,968	3,576,382
Total revenues	<u>54,995,861</u>	<u>1,092,673</u>	<u>469,922</u>	<u>56,558,456</u>	<u>56,488,934</u>
Expenditures					
Current:					
General government	7,888,621	-	-	7,888,621	10,032,462
Public safety	31,265,195	-	-	31,265,195	35,960,535
Community services	3,880,465	-	-	3,880,465	3,685,663
Community development	-	-	439,922	439,922	979,789
Public works	3,103,894	-	-	3,103,894	4,630,337
Debt service:					
Principal	3,066,709	-	-	3,066,709	4,390,146
Interest	1,423,064	-	-	1,423,064	1,613,968
Capital outlays	-	1,812,456	-	1,812,456	18,297,251
Total expenditures	<u>50,627,948</u>	<u>1,812,456</u>	<u>439,922</u>	<u>52,880,326</u>	<u>79,590,151</u>
Excess (deficiency) of revenues over expenditures	<u>4,367,913</u>	<u>(719,783)</u>	<u>30,000</u>	<u>3,678,130</u>	<u>(23,101,217)</u>
Other financing sources (uses)					
Proceeds from debt issue	22,538,856	-	-	22,538,856	14,490,812
Proceeds from debt issuance premiums	1,792,759	-	-	1,792,759	-
Bond Issuance Cost	(306,760)	-	-	(306,760)	-
Payment to refunded bond escrow agent	(20,792,636)	-	-	(20,792,636)	-
Transfers in	1,073,390	425,000	-	1,498,390	6,641,012
Transfers out	(425,000)	(379,140)	(30,000)	(834,140)	(5,535,972)
Total other financing sources (uses)	<u>3,880,609</u>	<u>45,860</u>	<u>(30,000)</u>	<u>3,896,469</u>	<u>15,595,852</u>
Net change in fund balances	8,248,522	(673,923)	-	7,574,599	(7,505,365)
Fund balances at beginning of year	3,792,986	4,864,121	-	8,657,107	16,162,472
Fund balances at end of year	<u>\$ 12,041,508</u>	<u>\$ 4,190,198</u>	<u>\$ -</u>	<u>\$ 16,231,706</u>	<u>\$ 8,657,107</u>

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Total Government Funds \$ 7,574,599 \$ (7,505,365)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the current period. (888,746) 15,288,524

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases

long-term liabilities in the Statement of Net Assets. (3,232,219) (14,490,812)

Proceeds from debt issue 22,538,856

Proceeds from debt premiums 1,792,759

Bond Issuance Cost (306,760)

Payment to refunded bond escrow agent (20,792,636)

Total Net Debt 3,232,219

The effect of other post employment benefits. (4,784,951) (3,891,107)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces

long-term liabilities in the Statement of Net Assets. 3,066,709 4,390,146

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (6,296,685) (5,880,907)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund; deferred revenue recognized net of revenue already recognized in the prior year. (112,606) (558,467)

Change in Net Assets of Governmental Activities \$ (4,673,899) \$ (12,647,988)

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

CITY OF ANNAPOLIS, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2011

Exhibit 5

	General Fund			Variance - positive (negative)
	Original Budget	Final Budget	Actual	
Revenues				
Taxes				
Real property	\$ 32,300,000	\$ 32,300,000	\$ 32,550,332	\$ 250,332
Personal property	2,767,000	2,767,000	2,785,516	18,516
Licenses and permits	2,407,000	2,407,000	2,665,256	258,256
Fines and forfeitures	1,090,000	1,140,500	829,371	(311,129)
Money and property	685,600	855,460	820,868	(34,592)
Intergovernmental	9,370,000	11,685,550	11,245,223	(440,327)
Current services	4,032,000	4,073,800	4,099,295	25,495
Total revenues	<u>52,651,600</u>	<u>55,229,310</u>	<u>54,995,861</u>	<u>(233,449)</u>
Expenditures				
Current:				
General government				
Mayor and aldermen	2,323,330	2,352,353	2,437,774	(85,421)
Economic affairs	565,880	555,880	508,540	47,340
Finance	3,407,150	2,988,670	3,048,604	(59,934)
Human resources	800,670	800,720	796,761	3,959
Planning and zoning	1,405,090	1,499,650	1,417,776	81,874
Central services	1,813,060	1,807,280	1,743,034	64,246
Public safety				
Police	15,784,870	16,592,814	16,212,052	380,762
Fire	12,386,860	12,489,513	11,876,816	612,696
Neighborhood and environmental programs	2,307,430	3,278,850	3,176,327	102,523
Public works				
Supervision	1,316,680	1,390,280	1,365,194	25,086
Roadways	3,168,230	3,168,230	2,681,252	486,978
Garage	498,890	498,890	428,062	70,828
Community services				
Recreation and parks	4,183,800	4,305,712	3,880,465	425,247
Community development				
Interfund charges (credits)	(4,591,420)	(4,591,420)	(3,434,481)	(1,156,939)
Debt service:				
Principal	4,597,880	4,597,880	3,066,709	1,531,171
Interest	2,421,880	2,421,880	1,423,064	998,816
Total expenditures	<u>52,390,280</u>	<u>54,157,181</u>	<u>50,627,948</u>	<u>3,529,233</u>
Excess (deficiencies) of revenues over expenditures	<u>261,320</u>	<u>1,072,129</u>	<u>4,367,913</u>	<u>3,295,784</u>
Other financing sources (uses)				
Long term debt issued, net of payment to escrow agent	-	-	1,746,220	(1,746,220)
Bond premiums net of issuance cost	-	-	1,485,999	(1,485,999)
Transfers in	-	1,073,390	1,073,390	-
Transfers out	-	(425,000)	(425,000)	-
Total other financing sources (uses)	<u>-</u>	<u>648,390</u>	<u>3,880,609</u>	<u>3,232,219</u>
Net change in fund balance	<u>261,320</u>	<u>1,720,519</u>	<u>8,248,522</u>	<u>6,528,003</u>
Fund balance at beginning of year	3,792,986	3,792,986	3,792,986	-
Fund balance at end of year	<u>\$ 4,054,306</u>	<u>\$ 5,513,505</u>	<u>\$ 12,041,508</u>	<u>\$ 6,528,003</u>

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

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CITY OF ANNAPOLIS, MARYLAND
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

Exhibit 6

June 30, 2011

With Comparative Totals for year ended June 30, 2010

ASSETS	Business-type Activities		
	Water Fund	Sewer Fund	Off Street Parking Fund
Current assets			
Cash and cash equivalents	\$ 2,767,743	\$ -	\$ 750
Investments	-	-	-
Accounts receivable			
Service charges and penalties	823,562	1,070,749	-
Capital and other charges	59,050	61,127	-
Accrued revenues	11,425	-	185,291
Total accounts receivable, net	894,037	1,131,876	185,291
Due from other funds	-	633,166	-
Inventories	66,275	-	-
Prepaid expenses	-	-	-
Total current assets	3,728,055	1,765,042	186,041
Noncurrent assets			
Restricted water and sewer capital facility assessments	4,641,010	4,474,650	-
Net capital assets	15,248,110	14,414,816	16,563,272
Total noncurrent assets	19,889,120	18,889,466	16,563,272
Total assets	23,617,175	20,654,508	16,749,313
	LIABILITIES		
Current liabilities			
Accounts payable	99,355	153,495	4,941
Accrued expenses and other liabilities	137,540	752,805	62,289
Due to General Fund	1,631,513	-	9,015,073
Compensated absences-current portion	-	-	-
Deferred revenue	-	-	-
Escrowed funds	-	(574)	-
Current portion of long-term debt	325,950	312,297	125,891
Total current liabilities	2,194,358	1,218,023	9,208,194
Noncurrent liabilities			
Unearned water and sewer capital facility assessments related to restricted assets	4,641,010	4,474,650	-
Compensated absences-net of current portion	167,552	23,531	-
Accrued liability for other post employment benefits	300,218	73,057	-
Long-term debt, net of current portion	11,837,082	5,409,304	6,901,482
Total noncurrent liabilities	16,945,862	9,980,542	6,901,482
Total liabilities	19,140,220	11,198,565	16,109,676
	NET ASSETS		
Invested in capital assets, net of related debt	3,705,872	11,254,179	9,548,688
Restricted	620,794	2,560,964	12,789
Unrestricted	150,289	(4,359,200)	(8,921,840)
Total net assets	\$ 4,476,955	\$ 9,455,943	\$ 639,637

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

Transportation Fund	Nonmajor Enterprise Funds	Totals		Governmental Activities Internal Service Fund	
		Totals		Totals	
		June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
\$ 50	\$ 500	\$ 2,769,043	\$ 1,300	\$ -	\$ 45,000
-	-	-	-	-	-
-	412,597	2,306,908	2,140,593	-	-
-	-	120,177	138,314	-	-
2,457,835	154,744	2,809,295	2,087,002	-	-
2,457,835	567,341	5,236,380	4,365,909	-	-
-	888,680	1,521,846	3,984,531	75,242	25,655
28,091	-	94,366	216,910	-	-
650	-	650	-	-	-
2,486,626	1,456,521	9,622,285	8,568,650	75,242	70,655
-	-	9,115,660	9,614,835	-	-
3,001,556	11,551,369	60,779,123	62,783,834	-	-
3,001,556	11,551,369	69,894,783	72,398,669	-	-
5,488,182	13,007,890	79,517,068	80,967,319	75,242	70,655
1,736,599	319,444	2,313,834	1,565,770	69,635	70,655
58,369	94,838	1,105,841	819,960	5,607	-
4,273,077	7,980,180	22,899,843	21,514,619	-	-
-	-	-	388,215	-	-
-	20,140	20,140	43,749	-	-
7,483	15,027	21,936	14,483	-	-
8,408	43,255	815,801	2,775,614	-	-
6,083,936	8,472,884	27,177,395	27,122,410	75,242	70,655
-	-	9,115,660	9,614,835	-	-
141,224	95,793	428,100	-	-	-
246,370	300,780	920,425	1,081,573	-	-
59,182	4,122,620	28,329,670	26,497,921	-	-
446,776	4,519,193	38,793,855	37,194,329	-	-
6,530,712	12,992,077	65,971,250	64,316,739	75,242	70,655
2,933,966	7,801,127	35,243,832	37,003,541	-	-
-	415,633	3,610,180	3,493,242	-	-
(3,976,496)	(8,200,947)	(25,308,194)	(23,846,203)	-	-
\$ (1,042,530)	\$ 15,813	\$ 13,545,818	\$ 16,650,580	\$ -	\$ -

	Business-type Activities		
	Water Fund	Sewer Fund	Off Street Parking Fund
Operating revenues			
Charges for services	\$ 3,888,613	\$ 4,285,157	\$ 3,150,184
Grant Income	-	-	-
Other	104,194	109,366	-
Total operating revenues	<u>3,992,807</u>	<u>4,394,523</u>	<u>3,150,184</u>
Operating expenses			
Salaries	2,041,035	635,255	-
Utilities	331,104	173,861	127,643
Repairs and maintenance	176,102	181,349	40,956
Materials and supplies	406,626	59,814	5,957
Treatment plant operations	-	3,090,670	-
Contractual services	94,925	103,596	1,016,160
Administrative charge from General Fund	961,967	677,192	328,729
Depreciation	596,051	632,921	415,440
Credits for claims and estimated losses	-	-	-
Claim payments	-	-	-
Other	276	5,232	1,500
Total operating expenses	<u>4,608,086</u>	<u>5,559,890</u>	<u>1,936,385</u>
Operating (loss) income	<u>(615,279)</u>	<u>(1,165,367)</u>	<u>1,213,799</u>
Non-operating revenues (expenses)			
Intergovernmental	5,377	(912,484)	(557,001)
Interest income	918	1,584	646
Interest expense	(358,690)	(223,943)	(207,778)
Total non-operating revenues (expenses), net	<u>(352,395)</u>	<u>(1,134,843)</u>	<u>(764,133)</u>
Income (loss) before contributions and operating transfers	<u>(967,674)</u>	<u>(2,300,210)</u>	<u>449,666</u>
Capital contributions	356,258	456,585	-
Transfers in	634,660	-	-
Transfers out	-	(634,660)	(500,000)
Change in net assets	<u>23,244</u>	<u>(2,478,285)</u>	<u>(50,334)</u>
Net assets at beginning of year	4,453,711	11,934,228	689,971
Net assets at end of year	<u>\$ 4,476,955</u>	<u>\$ 9,455,943</u>	<u>\$ 639,637</u>

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

Transportation Fund	Nonmajor Enterprise Funds	Totals		Governmental Activities Internal Service Fund	
		Totals		Totals	
		June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
\$ 764,847	\$ 5,206,111	\$ 17,294,912	\$ 17,160,981	\$ -	\$ -
1,339,748	187,052	1,526,800	1,378,198	-	-
48,999	-	262,559	282,063	1,388,511	1,034,061
<u>2,153,594</u>	<u>5,393,163</u>	<u>19,084,271</u>	<u>18,821,242</u>	<u>1,388,511</u>	<u>1,034,061</u>
2,718,946	1,728,602	7,123,838	8,971,429	-	-
43,246	61,556	737,410	830,308	-	-
291,482	259,424	949,313	1,151,903	-	-
433,511	160,261	1,066,169	1,042,499	-	-
-	-	3,090,670	3,031,072	-	-
40,030	889,131	2,143,842	2,308,044	-	-
575,062	1,006,959	3,549,909	4,193,131	-	-
489,114	319,371	2,452,897	2,497,210	-	-
-	-	-	-	-	-
-	-	-	-	1,146,507	845,647
136,128	-	143,136	328,691	242,004	188,414
<u>4,727,519</u>	<u>4,425,304</u>	<u>21,257,184</u>	<u>24,354,287</u>	<u>1,388,511</u>	<u>1,034,061</u>
<u>(2,573,925)</u>	<u>967,859</u>	<u>(2,172,913)</u>	<u>(5,533,045)</u>	<u>-</u>	<u>-</u>
(53,865)	-	(1,517,973)	(1,861,398)	-	-
-	379	3,527	4,312	-	-
<u>(2,780)</u>	<u>(175,046)</u>	<u>(968,237)</u>	<u>(1,161,665)</u>	<u>-</u>	<u>-</u>
<u>(56,645)</u>	<u>(174,667)</u>	<u>(2,482,683)</u>	<u>(1,210,369)</u>	<u>-</u>	<u>-</u>
<u>(2,630,570)</u>	<u>793,192</u>	<u>(4,655,596)</u>	<u>(6,743,414)</u>	<u>-</u>	<u>-</u>
1,042,064	360,177	2,215,084	1,450,863	-	-
500,000	-	1,134,660	6,525,800	-	-
-	(664,250)	(1,798,910)	(7,630,840)	-	-
<u>(1,088,506)</u>	<u>489,119</u>	<u>(3,104,762)</u>	<u>(6,397,591)</u>	<u>-</u>	<u>-</u>
45,976	(473,306)	16,650,580	23,048,171	-	-
<u>\$ (1,042,530)</u>	<u>\$ 15,813</u>	<u>\$ 13,545,818</u>	<u>\$ 16,650,580</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ANNAPOLIS, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Exhibit 8

Year Ended June 30, 2011

With Comparative Totals for Year Ended June 30, 2010

	Business-type Activities		
	Water Fund	Sewer Fund	Off Street Parking Fund
Cash flows from operating activities			
Receipts from customers and users	\$ 3,793,575	\$ 4,264,761	\$ 3,381,379
Receipts from contributions and other sources	104,194	109,366	-
Receipts from interfund services provided	529,627	3,161,019	-
Payments to suppliers for goods and services	(2,143,645)	(4,262,670)	(1,846,704)
Payments to employees for services	(1,910,227)	(636,718)	-
Payments for interfund services uses	-	-	(287,902)
Net cash provided by (used for) operating activities	<u>373,524</u>	<u>2,635,758</u>	<u>1,246,773</u>
Cash flows from noncapital financing activities			
Transfer from other funds	634,660	-	-
Transfer to other funds	-	(634,660)	(500,000)
Intergovernmental charges	5,377	(912,484)	(557,001)
Net cash provided by (used for) noncapital financing activities	<u>640,037</u>	<u>(1,547,144)</u>	<u>(1,057,001)</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	(373,449)	(9,526)	(15,000)
Proceeds from sale and retirement of capital assets	-	-	-
Proceeds from issuance of long term debt	5,982,168	2,209,192	4,855,592
Principal payments of long term debt	(533,607)	(511,536)	(307,400)
Refunding and transfers of long term debt	(3,352,461)	(3,026,611)	(4,532,412)
Interest paid on debt	(325,645)	(208,302)	(191,198)
Proceeds from capital contributions and grants	356,258	456,585	-
Net cash provided by (used for) capital and related financing activities	<u>1,753,264</u>	<u>(1,090,198)</u>	<u>(190,418)</u>
Cash flows from investing activities:			
Purchase of investments	-	-	-
Interest received	918	1,584	646
Net cash provided by (used for) investing activities	<u>918</u>	<u>1,584</u>	<u>646</u>
Net increase (decrease) in cash and cash equivalents	2,767,743	-	-
Cash and cash equivalents at beginning of year	-	-	750
Cash and cash equivalents at end of year	<u>\$ 2,767,743</u>	<u>\$ -</u>	<u>\$ 750</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ (615,279)	\$ (1,165,367)	\$ 1,213,799
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	596,051	632,921	415,440
Effect of changes in non-cash operating assets and liabilities:			
(Increase) decrease in accounts receivable	(94,906)	(20,220)	231,195
(Increase) decrease in inventories	109,880	-	-
(Increase) decrease in prepaid expenses	-	-	-
(Increase) decrease in due from other funds	-	3,161,019	-
Increase (decrease) in accounts payable	(214,462)	(591,635)	(327,215)
Increase (decrease) in accrued expenses and other liabilities	(68,063)	620,679	1,456
Increase (decrease) in compensated absences	44,843	(954)	-
Increase (decrease) in deferred revenue	(132)	(146)	-
Increase (decrease) in escrowed funds	-	(30)	-
Increase (decrease) in other post employment benefits	85,965	(509)	-
Increase (decrease) in due to other funds	529,627	-	(287,902)
Total adjustments	<u>988,803</u>	<u>3,801,125</u>	<u>32,974</u>
Net cash provided by (used for) operating activities	<u>\$ 373,524</u>	<u>\$ 2,635,758</u>	<u>\$ 1,246,773</u>

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

Transportation Fund	Nonmajor Enterprise Funds	Totals		Governmental Activities Internal Service Fund	
		Totals		Totals	
		June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
\$ (218,422)	\$ 5,186,992	\$ 16,408,285	\$ 16,748,059	\$ -	\$ 37,552
1,388,747	187,052	1,789,359	1,660,261	1,388,511	1,034,061
1,017,613	242,075	4,950,334	1,297,605	-	1,597,626
68,231	(2,339,822)	(10,524,610)	(13,258,169)	(1,383,924)	(2,669,239)
(2,992,751)	(1,705,405)	(7,245,101)	(8,437,043)	-	-
-	(814,533)	(1,102,435)	(603,344)	(49,587)	-
<u>(736,582)</u>	<u>756,359</u>	<u>4,275,832</u>	<u>(2,592,631)</u>	<u>(45,000)</u>	<u>-</u>
500,000	-	1,134,660	6,525,800	-	-
-	(664,250)	(1,798,910)	(7,630,840)	-	-
<u>(53,865)</u>	<u>-</u>	<u>(1,517,973)</u>	<u>(1,861,398)</u>	<u>-</u>	<u>-</u>
<u>446,135</u>	<u>(664,250)</u>	<u>(2,182,223)</u>	<u>(2,966,438)</u>	<u>-</u>	<u>-</u>
(909,250)	(277,037)	(1,584,262)	(18,016,031)	-	-
-	-	-	11,927,115	-	-
26,928	207,264	13,281,144	12,255,843	-	-
(16,308)	(303,345)	(1,672,196)	(2,767,769)	-	-
149,117	92,409	(10,669,958)	-	-	-
(2,104)	(171,956)	(899,205)	(1,103,646)	-	-
<u>1,042,064</u>	<u>360,177</u>	<u>2,215,084</u>	<u>3,259,245</u>	<u>-</u>	<u>-</u>
<u>290,447</u>	<u>(92,488)</u>	<u>670,607</u>	<u>5,554,757</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	379	3,527	4,312	-	-
<u>-</u>	<u>379</u>	<u>3,527</u>	<u>4,312</u>	<u>-</u>	<u>-</u>
-	-	2,767,743	-	(45,000)	-
50	500	1,300	1,300	45,000	45,000
<u>\$ 50</u>	<u>\$ 500</u>	<u>\$ 2,769,043</u>	<u>\$ 1,300</u>	<u>\$ -</u>	<u>\$ 45,000</u>
\$ (2,573,925)	\$ 967,859	\$ (2,172,913)	\$ (5,533,045)	\$ -	\$ -
489,114	319,371	2,452,897	2,497,210	-	-
(990,752)	4,212	(870,471)	(453,396)	-	37,552
12,664	-	122,544	84,004	-	-
(650)	-	(650)	-	-	-
-	(698,344)	2,462,675	1,297,605	(49,587)	1,597,626
1,680,071	201,305	748,064	(460,569)	(1,020)	31,488
(104,395)	(163,796)	285,881	4,044	5,607	(1,666,666)
(17,897)	13,893	39,885	(36,039)	-	-
-	(23,331)	(23,609)	40,280	-	-
7,483	-	7,453	194	-	-
(255,908)	9,304	(161,148)	570,425	-	-
<u>1,017,613</u>	<u>125,886</u>	<u>1,385,224</u>	<u>(603,344)</u>	<u>-</u>	<u>-</u>
<u>1,837,343</u>	<u>(211,500)</u>	<u>6,448,745</u>	<u>2,940,414</u>	<u>(45,000)</u>	<u>-</u>
<u>\$ (736,582)</u>	<u>\$ 756,359</u>	<u>\$ 4,275,832</u>	<u>\$ (2,592,631)</u>	<u>\$ (45,000)</u>	<u>\$ -</u>

CITY OF ANNAPOLIS, MARYLAND
STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUND
June 30, 2011

Exhibit 9

ASSETS

Investments, at fair value:	
Common stocks	\$ 81,808,739
Corporate bonds	33,466,879
Money market	4,606,392
U.S. Agency securities	5,314,548
Commodities	14,658,791
Real estate	5,698,419
Total assets	<u>145,553,768</u>

NET ASSETS

Total net assets, held in trust for Pension Benefits	<u><u>145,553,768</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

CITY OF ANNAPOLIS, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUND
Year Ended June 30, 2011

Exhibit 10

ADDITIONS	
Contributions	
Plan member	\$ 570,427
Investment Income	
Net appreciation in fair value of investments	20,997,670
Interest	2,741,246
Dividends	1,452,950
Total investment income	<u>25,191,866</u>
Total additions	<u>25,762,293</u>
DEDUCTIONS	
Benefits	8,698,777
Administrative expenses	949,045
Total deductions	<u>9,647,822</u>
Change in net assets	16,114,471
Net assets as of beginning of year	<u>129,439,297</u>
Net assets as of end of year	<u>\$ 145,553,768</u>

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

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