



For the Fiscal
Year Ended
JUNE 30
2025

**City of
Annapolis**
ANNUAL COMPREHENSIVE
**FINANCIAL
REPORT**



CITY OF ANNAPOLIS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year ended June 30, 2025

MAYOR
Gavin Buckley

ALDERMEN AND ALDERWOMEN

Harry Huntley
Karma O'Neill
Rhonda Pindell-Charles
Sheila Finlayson

Brooks Schandelmeier
DaJuan Gay
Robert Savidge
Ross Arnett

ACTING CITY MANAGER
Victoria Buckland

Prepared By:
FINANCE DEPARTMENT

CITY OF ANNAPOLIS

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INTRODUCTORY SECTION



February 24, 2026

The Honorable Mayor, Aldermen, Alderwomen, and Citizens of Annapolis:

Maryland state law requires that all general-purpose local governments publish a complete set of financial statements each year prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America and audited by a licensed certified public accounting firm. Pursuant to that requirement and in compliance with Section 6.04.020 of the City of Annapolis Charter, I am pleased to submit to you the Annual Comprehensive Financial Report of the City for the fiscal year ended June 30, 2025.

This report consists of management's representations concerning the finances of the City of Annapolis. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits associated with those controls, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's basic financial statements have been audited by UHY, LLP, a licensed certified public accounting firm. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Annapolis as of and for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit that there was reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Annapolis is a part of a broader, federally mandated Single Audit designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on fair presentation of the financial statements, but also on the audited governments' internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP requires 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 City of Annapolis' MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Annapolis, incorporated in 1708, is located on the western shore of the Chesapeake Bay at the mouth of the Severn River, centrally located east of Washington D.C. and south of Baltimore City. Due to this location, as well as its historic character, Annapolis has grown steadily during the past years through annexation, development, and re-development. Annapolis serves as Maryland's Capitol, the Anne Arundel County seat, and location of the U.S. Naval Academy.

The City of Annapolis is empowered to levy a real and personal property tax located within its boundaries. Because of the strong government presence, approximately 20% of the City's property is exempt from property taxes. The City of Annapolis operates under a mayor-council form of government. Legislative authority is vested in an elected city council consisting of eight members elected by ward plus the Mayor elected at large. The city council is responsible for passing ordinances, adopting the budget, appointing committees, and confirming the hiring of department head nominees submitted by the Mayor. The Mayor is responsible for carrying out the policies and ordinances of the city council, overseeing the day-to-day operations of the City, drafting the budget and submitting it to the city council for approval, and appointing department heads. The Mayor and the eight city council members are elected every four years with a term limit for the mayor of two terms.

The City has independent jurisdiction over police services, fire suppression and emergency services, licenses and permits, maintenance of streets and sidewalks, street lighting, watershed restoration, parks and recreation, dock and harbor services, planning and zoning, water production and distribution, sewage collection, parking and public transportation, and refuse collections. Education is provided by the Board of Education of Anne Arundel County. The City is authorized to issue debt, subject to certain indebtedness limitations, for the purpose of financing its capital projects.

Budgetary Controls

The annual budget serves as the foundation for the City of Annapolis' financial planning and control. All City departments are required to submit budget requests to the Mayor. The Mayor uses these requests as the starting point for developing the proposed budget. The Mayor then presents his proposed budget to the city council for review. The city council is required to hold public hearings on the proposed budget and to appropriate a final budget no later than June 30th. The City prepares the budget by fund and department.

Subsequently, departments can request budget transfers; however, the City Manager must authorize transfers within departments and funds up to and including \$25,000. Transfers between departments or funds greater than \$25,000, and any increase to appropriations from additional revenue or reserves must be approved by the city council. All funds, except for the benefit trust funds, have a legally appropriated budget. For those funds with appropriations, budget-to-actual comparisons are provided in the subsequent exhibits. For the General Fund, this information is presented as required supplementary information; the remaining funds' budget-to-actual comparisons are included in the combining and individual fund subsection of this report.

Factors Affecting Financial Condition

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment with which the City of Annapolis operates.

Pandemic Recovery

The City felt the impact of the pandemic on its operations and its revenue sources primarily during fiscal years 2020 and 2021. The City received funding from the CARES Act from Federal, State, and County sources as well as Federal ARPA Funds. The City used a significant portion of its CARES and ARPA funds to support ongoing transportation activities because of the lack of parking revenue. Impacts were also apparent in occupancy taxes, admission and amusement taxes, highway user revenue, investment income, permitting activities, boat show revenue, and recreation program income. The City no longer sees an impact on incoming revenues and tourism and local activity has returned to previous levels. The City depleted its CARES funding in fiscal year 2022, and its transportation ARPA and CARES in fiscal year 2024. ARPA funds were used for transit operations, community programs, and staffing. Remaining ARPA funds were fully expended or committed during fiscal year 2025.

Public Private Partnership

During fiscal 2022 the City joined with MEDCO and AMRP to facilitate replacement of the Hillman Parking Garage and provide funding for City Dock flood mitigation. The City, MEDCO, and AMRP completed the concession agreement in September 2022, at which time MEDCO issued senior revenue bonds for the design and construction of a new garage. Proceeds from those bonds and subordinate debt sold to AMRP provided funding for the City Dock improvement through a concession payment. Revenue from the new garage and downtown meters and street parking is deposited into a trust to pay for the bonds and garage operations. The City receives a semi-annual distribution of the excess revenue from the trust. In fiscal year 2023 and 2024, the City received the concession payments negotiated in the agreement and is using it for construction work at City Dock to address flooding. In fiscal year 2023, the City refinanced the sub-debt issued by MEDCO. The proceeds of the refunding bonds were added to the City Dock project to help fund the construction. The City is seeking grants and utilizing bond funding for the remainder of the project.

Local economy

As compared to the U.S. regional economies, the City of Annapolis generally enjoys a stable economic environment. The City's tourism industry has evolved as the most important component of the area's economy. As home to the U.S. Naval Academy, the Anne Arundel County seat, the State capital, a registered National Historic District, and 17 miles of waterfront, Annapolis attracts several million visitors a year. While the tourism industry provides a valuable economic benefit, the City must continually manage the growing demand for services, as well as provide a desirable place to live for its residents. The area's unemployment rate remained low. The region's growth and economic diversity are expected to be the basis for recovery and continued long-term health of the local economy.

Long-term financial planning

Looking forward, the City remains optimistic relative to its real property tax base. The City continues to see new growth in property taxes and building permit activity, there is favorable commercial activity along the West Street corridor, and the City continues to review plans for new development within the City boundaries. The triennial valuation, which will increase property values by 7.5%, took effect in fiscal year 2022. The 2025 reassessment saw an average of 20% increases in the assessed value of property. The increase will continue to be phased in over fiscal years 2025, 2026 and 2027.

Inflationary factors and intense competition in the workforce have impacted the costs of providing City services. Union negotiations resulted in significant increases in the base salary for uniformed police in order to hire and retain officers. The City also adjusted the base salary for fire fighters during the negotiations in the spring of 2024. The City provided increases to the salary for all other staff. The City continues to monitor State budget strain and actions at the Federal level to determine any impact on the City's many operating and capital grants.

Financial Policies

The City's fund balance policy requires that the City retain 15% of its annual budgeted General Fund, Transportation Fund, and Off Street Parking Fund revenue as unassigned General Fund balance. Further, the policy requires the City use the remainder of any fund balance to build its budget stabilization fund up to a maximum of 3% of the same budgeted revenue and divide any further excess fund balance between its Capital Reserve Fund and contingencies that are limited to nonrecurring expenditures. The City also maintains strong reserves in its water, sewer, watershed restoration, and refuse operations.

The City has a strong debt policy and continues to improve the capital planning process that has improved its long-term capital planning abilities related to infrastructure, road, utility, and equipment replacement, and debt service analysis.

Pension and other post-employment benefits

Generally, all regular City employees, except represented police and fire, participate in the Employees Retirement and Pension Systems. These systems are cost sharing multiple-employer defined benefit plans established by the Maryland General Assembly and administered by the State Retirement and Pension System of Maryland. Police and fire personnel participate in a single employer defined benefit pension plan administered by the City by an eight-member police and fire retirement plan commission that oversees funding and investment decisions. The City Council has the authority to establish contribution provisions and amend benefit changes as part of labor negotiations. The Police and Fire System was established by City legislation.

The City of Annapolis also provides retirement health care benefits (OPEB) for certain retirees and their dependents. General employees hired on or after July 1, 2014, may not participate in OPEB. Represented Police and Fire employees hired after this date may elect OPEB at the time of hire. Any employee not in OPEB plan, can participate in the City's VEBA plan, which receives matching City contributions.

The City fully funds the annual contribution to the State plans and has been fully funding the Police & Fire pension plan since fiscal year 2019. The City plans to increase its OPEB funding each year until it reaches the actuary's determined annual contribution. Additional information on the City of Annapolis' pension arrangements and post-employment benefits can be found in Note 7 to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association (*GFOA*) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Annapolis for its Annual Comprehensive Financial Report (*ACFR*) for the Fiscal year ended June 30, 2024. This was the thirty-fifth consecutive year that the City of Annapolis has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized *ACFR*. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current *ACFR* continues to meet the Certificate of Achievement Program's requirements, and we will continue to submit for its eligibility in future years.

Preparation of this report would not have been possible without the dedicated and efficient service of the entire finance department staff, particularly Accounting Manager, Adenike Olajire. I express my appreciation to all members of the department and City who assisted and contributed to the preparation of this report. I also want to thank the City Manager, Mayor, and City Council for their support for maintaining the highest standards of professionalism in the City's finances.

Respectfully submitted:

A handwritten signature in blue ink that reads "Victoria G. Buckland". The signature is written in a cursive style and is positioned above a horizontal line.

Victoria Buckland
Acting City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Annapolis
Maryland**

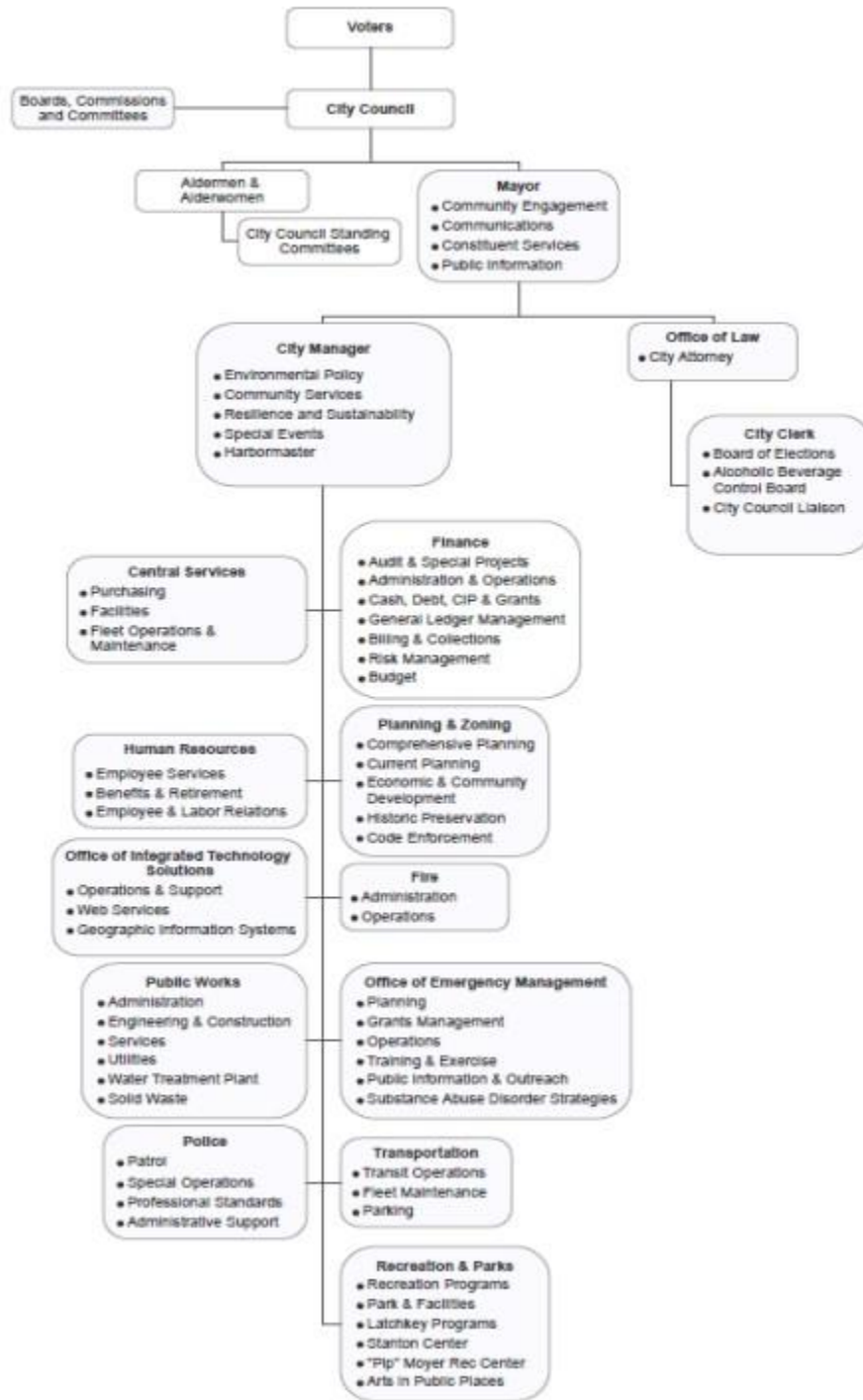
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

CITY OF ANNAPOLIS, MARYLAND ORGANIZATIONAL CHART



**CITY OF ANNAPOLIS, MARYLAND
LIST OF PRINCIPAL OFFICIALS**

City Council

Gavin Buckley, Mayor

<u>Ward</u>	<u>Aldermen and Alderwomen</u>
1	Harry Huntley
2	Karma O'Neill
3	Rhonda Pindell-Charles
4	Sheila Finlayson
5	Brooks Schandelmeier
6	DaJuan Gay
7	Robert Savidge
8	Ross Arnett

Management Team

<u>Title</u>	<u>Name</u>
Acting City Manager	Victoria Buckland
City Attorney	Michael Lyles
City Clerk	Regina C. Watkins-Eldridge
Finance Director	Brittany Moran
Fire Chief	Douglas Remaley
Director of Human Resources	Tricia Hopkins, SHRM-SCP, SPHR, IPMA-CP
Director of Integrated Technology Solutions	Brian Paquin
Director of the Office of Emergency Management	Kevin J. Simmons
Director of Central Services	Matthew Flinger
Director of Planning and Zoning	Christopher N. Jakubiak, AICP
Chief of Police	Edward C. Jackson
Director of Public Works	Burr Vogel, P.E
Director of Recreation and Parks	Roslyn Johnson, CPRP
Director of Transportation	Markus Moore, CCTM



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor, Aldermen, Alderwomen and Citizens of the
City of Annapolis, Maryland

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Annapolis, Maryland (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2025, the City adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Annapolis' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. 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 City's basic financial statements. The combining and individual fund financial statements and schedules, introductory section, and statistical section, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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. In our opinion, the combining and individual fund financial statements and schedules listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2026, on our consideration of the City'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's 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 System's internal control over financial reporting and compliance.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, cursive font, with 'LLP' in a smaller, simpler font to the right.

Columbia, Maryland
February 24, 2026

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)**

**CITY OF ANNAPOLIS, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

As management of the City of Annapolis (the City), we offer readers the City's basic financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal on pages 1-5 of this report.

Financial Highlights

- At the end of fiscal year 2025, the City's assets and deferred outflows exceed liabilities and deferred inflows by \$156,706,967 (*net position*) an increase of \$27,356,600. Governmental activities accounted for \$25,324,287 of the increase and business-type activities accounted for \$2,032,313 compared to fiscal year 2024.

Governmental activities recognized a decrease in revenues of approximately \$3.7 million, and expenses increased by \$223,683. Charges for Services decreased primarily due to the nonrecurrence of a one-time non-major fund payment associated with the City Dock flood mitigation project recognized in fiscal year 2024. Operating and capital grants decreased as a result of the State addressing its budget shortfall and pauses on federal initiatives.

The City recorded business-type activities saw a \$1.7 million decrease in revenues and a \$695,496 increase in expenses. Fiscal year 2024 included a one-time receipt from excess trust account balances, which did not recur in fiscal year 2025.

- At the close of fiscal year 2025, the City's governmental funds reported a combined ending fund balance of \$57,722,096, a net decrease of \$2.0 million from the prior year. The General Fund decreased marginally by \$3.8 million, while the Capital Projects Fund increased by \$2.1 million due to the transfer of bond proceeds for the City Dock project from the Parking Fund to the Capital Projects Fund. The Non-major funds decreased by \$344,489, primarily due to the nonrecurrence of a significant critical area fee recorded in the Reforestation Fund in FY2024. The large receipt was from the City's own City Dock flood mitigation project that is having a significant impact in the Critical Area and paid the fee as a part of the permitting process.

General Fund revenues increased modestly across all categories for a total revenue increase of \$1.4 million, or 1%. The primary driver of General Fund revenue growth was a \$3.7 million increase in property tax revenue, partially offset by a \$2.1 million decrease in income tax revenue. General Fund revenue increases were offset by increases in expenditures of \$6.9 million due to expected and modest pay increases provided to most employees and some inflation on other non-payroll expenditures.

- In spite of the increase in operating costs and relatively modest increase to the General Fund balance overall, the City was able to strengthen its Capital Reserve Fund and the Reserve for One-time Uses as required by the fund balance policy. The City added to these reserves by \$1.7 million and \$2.5 million, respectively.
- The City received advance funding from the federal American Recovery Plan Act (ARPA). The City's ARPA allocation was \$7,609,469. As of June 30, 2025, ARPA funds have been spent.

**CITY OF ANNAPOLIS, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

- Overall long-term liabilities for governmental activities decreased by approximately \$17.9 million. Business-type activities long-term liabilities decreased by \$4.7 million. This decrease was primarily driven by a significant drop in the City's pension liabilities and the continual pay down of existing debt with no new bond issuance in fiscal year 2025. Net pension liability is directly impacted by market conditions at the pension measurement date. The Fire and Police net pension liability is based upon market conditions at June 30, 2025; however, the State net pension liability's measurement date was June 30, 2024.
- The City's triennial real property assessment took effect in fiscal year 2025. A 20.5% increase in assessed values is being phased in over fiscal years 2025, 2026, and 2027. The phased in assessed value for fiscal year 2025 resulted in additional 2025 real property tax revenue of \$3.7 million.
- The City's Fiduciary Funds' (Benefit Trust Funds) net position increased by \$18.7 million. Contributions and subsidies of \$36.7 million exceeded benefits and expenses of \$18.1 million. Significant market increases in investment value in both the Police and Fire Pension Trust Fund and OPEB Trust Fund lead to this increase.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent 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. Consequently, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned and unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, land use, public safety, public works, community services, and community development. The business-type activities of the City include the water and sewer utilities, parking facilities, transportation, watershed restoration, and refuse collection services.

**CITY OF ANNAPOLIS, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

The government-wide financial statements include only the City of Annapolis. The City does not have any component units to report. The government-wide financial statements are on pages 25-26 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City now maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund that are classified as major funds, and six special revenue, and three capital projects funds that are considered nonmajor funds.

The City adopts annual operating and capital budgets. A budgetary comparison statement for the General Fund is provided in the required supplementary information to demonstrate compliance with this budget.

The Governmental Fund Financial Statements are on pages 27-36 of this report.

Proprietary Funds

The City maintains ten different proprietary funds. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its sewer utilities, water utilities, parking facilities, transportation, watershed restoration, and refuse collection services. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally for the City's self-insurance, health insurance, fleet operations, and fleet replacement activities. Because these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

**CITY OF ANNAPOLIS, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for four of six enterprise funds that are classified as major funds, and the remaining two nonmajor enterprise funds are combined into a single, aggregated presentation. Individual fund data for the enterprise funds is provided in the form of *combining statements* later in this report. The internal service funds are presented in the proprietary fund financial statements in a combined column and individual fund data for these four funds are provided as combining statements later in this report. The proprietary fund financial statements are on pages 31-34 of this report.

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is the same as that used for proprietary funds. The City uses fiduciary funds to account for the police and fire pension plan and other postemployment benefit plan. The fiduciary fund financial statements are on pages 33-34 of this report. Individual statements for pension and OPEB trust funds are provided as combining statements later in this report.

Notes to the Financial Statements

The Notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 35-72 of this report.

Other information

In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its police and fire employees and other postemployment benefits to retirees. Required supplementary information is on pages 81-90 of this report.

The combining statements for the nonmajor enterprise funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules are on pages 91-130 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$156,706,967 at the close of fiscal year 2025. The table on the following page presents a condensed statement of net position for the City.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any outstanding related debt used to acquire those assets. The City uses those capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other revenue sources since the City's capital assets cannot be used to liquidate these liabilities.

**CITY OF ANNAPOLIS, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Restricted net position include grants, other restricted resources, and City funding used for capital improvements.

The balance of *unrestricted net position* normally would be used to meet the City's ongoing obligations to citizens and creditors. However, the unrestricted portion of net position has a significant negative balance due to the unfunded net pension liability (NPL) and the net other post-employment benefits (OPEB) as required by GASB 68 and 75, respectively. The City began fully funding the annually determined contribution (ADC) for pension in fiscal year 2019 and is increasing the contributions for OPEB each year. These measures should decrease this deficit in the future.

The net position increased by \$27.4 million. This significant increase was driven by a decrease in long-term liabilities. The liability related to the City's two pensions decreased by \$4.4 million, the self-insurance liability decreased by \$1.4 million, OPEB liability decreased \$4.8 million, and the City's bonded and long-term debt decreased by \$13.1 million. The arbitrage liability of \$1.39 million represents the accumulated liability related to unspent bond proceeds. Additionally, long-term debt decreased \$12.4 million since the City did not issue any long-term bonds in FY2025 and continued to pay down prior debt issues.

Net capital assets City-Wide increased by \$17.6 million primarily due to the net increases in land of \$2.1 million, and construction in progress of \$19.3 million, and the net decreases of buildings of \$3.2 million and improvements of \$2.0 million. The City purchased a building on Shaw Street for approximately \$2.1 million. Ongoing construction of City Dock, City roads, and certain sewer water infrastructure projects was responsible for the increase in construction in progress.

Net investment of capital assets increased by \$5.1 million. The restricted net assets increased by \$7.8 million. The unrestricted net assets increased by \$24.4 million. The unspent bond proceeds have been added to the first category to offset the debt incurred and outstanding related to these proceeds.

**City of Annapolis
Net Position**

	Governmental Activities		Business-type Activities		Total	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
Current assets	\$ 82,689,115	\$ 90,055,831	\$ 57,041,130	\$ 65,349,133	\$ 139,730,245	\$ 155,404,964
Noncurrent assets:						
Lease receivable	6,380,566	6,655,352	406,682	410,540	6,787,248	7,065,892
Restricted water and sewer capital facility assessments	-	-	3,160,896	3,572,293	3,160,896	3,572,293
Net capital assets	184,771,083	171,884,851	147,768,413	143,034,257	332,539,496	314,919,108
Total noncurrent assets	191,151,649	178,540,203	151,335,991	147,017,090	342,487,640	325,557,293
Total assets	273,840,764	268,596,034	208,377,121	212,366,223	482,217,885	480,962,257
Deferred outflows of resources	13,454,394	15,692,857	3,975,710	3,715,026	17,430,104	19,407,883
Current liabilities	25,103,190	30,017,244	11,952,150	11,374,345	37,055,340	41,391,589
Noncurrent liabilities	143,101,053	160,966,081	106,954,765	111,665,650	250,055,818	272,631,731
Total liabilities	168,204,243	190,983,325	118,906,915	123,039,995	287,111,158	314,023,320
Deferred inflows of resources	34,017,683	33,556,621	21,812,181	23,439,832	55,829,864	56,996,453
Net position						
Net investment in capital	124,632,423	107,770,883	34,129,112	29,886,213	158,761,535	137,657,096
Restricted	18,905,817	6,995,276	-	-	18,905,817	6,995,276
Unrestricted	(58,465,008)	(55,017,214)	37,504,623	39,715,209	(20,960,385)	(15,302,005)
Total net position	\$ 85,073,232	\$ 59,748,945	\$ 71,633,735	\$ 69,601,422	\$ 156,706,967	\$ 129,350,367

**CITY OF ANNAPOLIS, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

The net position for business-type activities increased by \$2.0 million. Total business-type assets decreased by \$4.0 million due to spending bond proceeds, liabilities decreased by \$4.1 million due to continual pay down of existing bond, and the deferred inflows of resources decreased \$1.6 million due to expense amortization related to the parking garage and reduction in deferred inflows related to OPEB.

Revenues from governmental activities decreased by \$3.7 million and business-type activities decreased by \$1.7 million. Governmental activities had a decrease in Charges for services of \$2.5 million (16%); a decrease of \$3.3 million (21%) in operating and capital grants and an increase in property and other taxes and other general revenues of \$2.1 million (2%).

The primary cause for the decrease in revenues from business-type activities was a result of revenue received in fiscal year 2024 for the completion of the Hillman garage that did not reoccur in fiscal year 2025. This was offset by increase in grant and contribution revenues in the transportation fund.

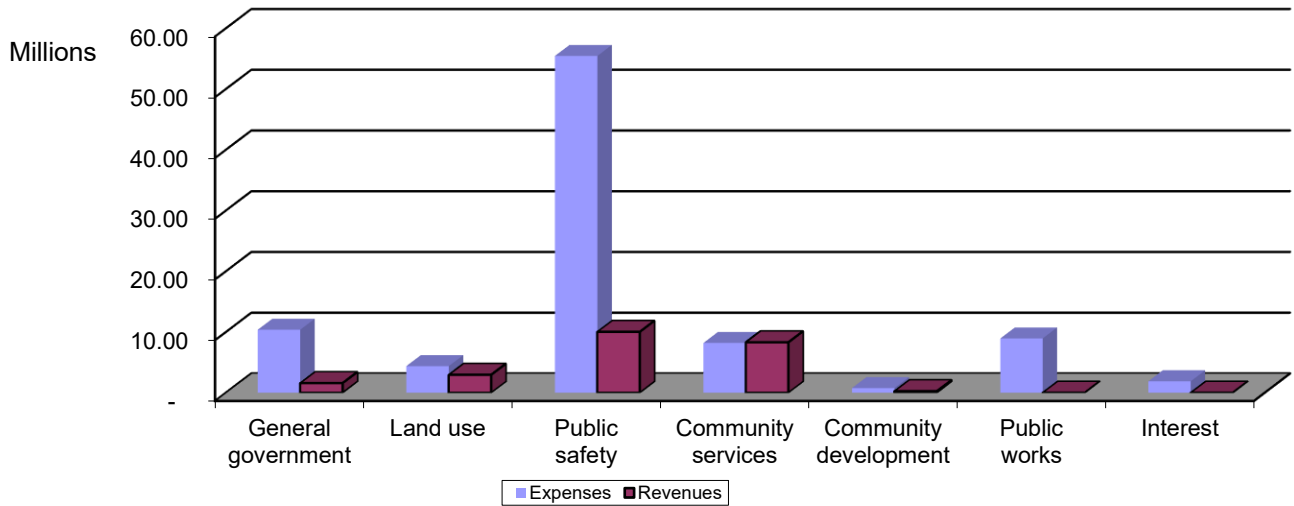
**City of Annapolis
Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY2025</u>	<u>FY2024</u>	<u>FY2025</u>	<u>FY2024</u>	<u>FY2025</u>	<u>FY2024</u>
Revenues:						
Program revenues:						
Charges for services	\$ 13,748,879	\$ 16,300,180	\$ 32,132,835	\$ 33,674,823	\$ 45,881,714	\$ 49,975,003
Operating grants and contributions	3,758,330	5,249,342	4,217,065	2,816,227	7,975,395	8,065,569
Capital grants and contributions	4,908,618	6,715,648	1,939,110	773,212	6,847,728	7,488,860
General revenues:						
Property and other taxes	81,965,578	81,201,639	-	-	81,965,578	81,201,639
Other general revenues	6,597,557	5,262,317	424,924	3,180,632	7,022,481	8,442,949
Total revenue	110,978,962	114,729,126	38,713,934	40,444,894	149,692,896	155,174,020
Expenses:						
General government	10,316,603	9,953,553	-	-	10,316,603	9,953,553
Land use	4,371,582	4,877,156	-	-	4,371,582	4,877,156
Public safety	55,438,151	54,406,045	-	-	55,438,151	54,406,045
Community services	8,189,885	7,436,079	-	-	8,189,885	7,436,079
Community development	756,977	801,681	-	-	756,977	801,681
Public works	8,924,762	10,127,555	-	-	8,924,762	10,127,555
Interest	1,878,057	2,050,265	-	-	1,878,057	2,050,265
Sewer	-	-	7,723,282	7,565,300	7,723,282	7,565,300
Water	-	-	7,279,261	7,176,071	7,279,261	7,176,071
Off street parking	-	-	6,081,621	5,588,704	6,081,621	5,588,704
Transportation	-	-	6,140,784	6,278,134	6,140,784	6,278,134
Watershed restoration	-	-	1,453,495	1,524,660	1,453,495	1,524,660
Refuse	-	-	3,781,836	3,631,914	3,781,836	3,631,914
Total expenses	89,876,017	89,652,334	32,460,279	31,764,783	122,336,296	121,417,117
Excess (deficiency) before special items	21,102,945	25,076,792	6,253,655	8,680,111	27,356,600	33,756,903
Special item - concession payment	-	-	-	-	-	-
Transfers	4,221,342	(1,196,100)	(4,221,342)	1,196,100	-	-
Changes in net position	25,324,287	23,880,692	2,032,313	9,876,211	27,356,600	33,756,903
Net position at beginning of year	59,748,945	35,868,253	69,601,422	59,725,211	129,350,367	95,593,464
Net position at end of year	\$ 85,073,232	\$ 59,748,945	\$ 71,633,735	\$ 69,601,422	\$ 156,706,967	\$ 129,350,367

Expenses in the governmental activities increased by \$223,683 and business type increased by \$695,496. The increase in governmental activities was driven by increase in public safety and community services expenses, but this was moderately reduced by decrease in the public works expenses. The increase in business-type expenses was driven by an increase in annual depreciation expense for the new Hillman Garage.

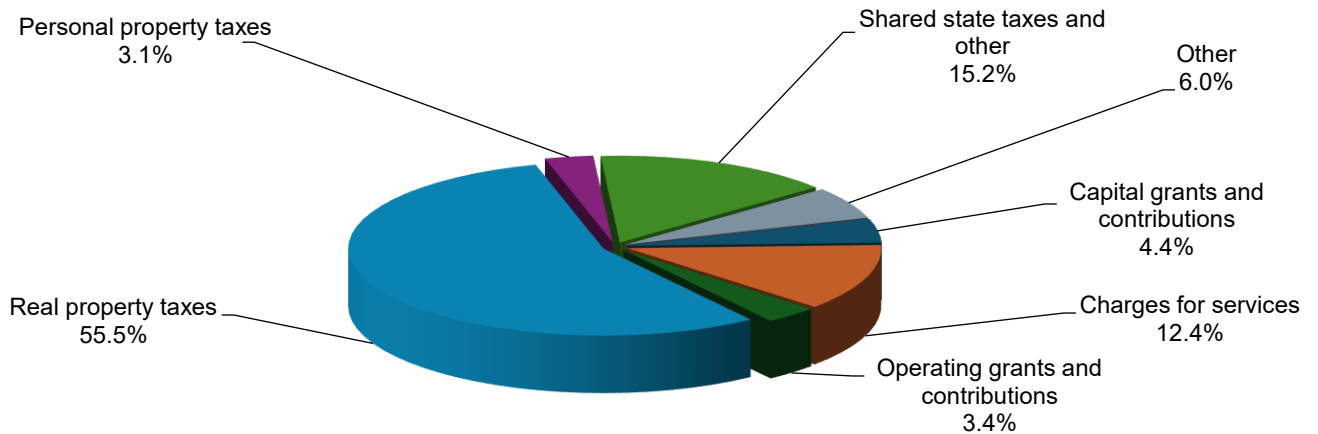
**CITY OF ANNAPOLIS, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

**Expenses and Program Revenues - Governmental Activities
For the year ended June 30, 2025**



The graph above compares the expenses within the functions of the City’s governmental activities to the program revenues earned within each function. Program revenues are fees, charges, and grants that offset the cost of those functions. Functions that are not supported by program revenues are supported by the City’s general revenues, such as property and state shared taxes, interest earnings, and other revenue. As the graph shows, the City’s public safety and public works functions are heavily supported by general revenues.

**Revenues by Source - Governmental Activities
For the year ended June 30, 2025**

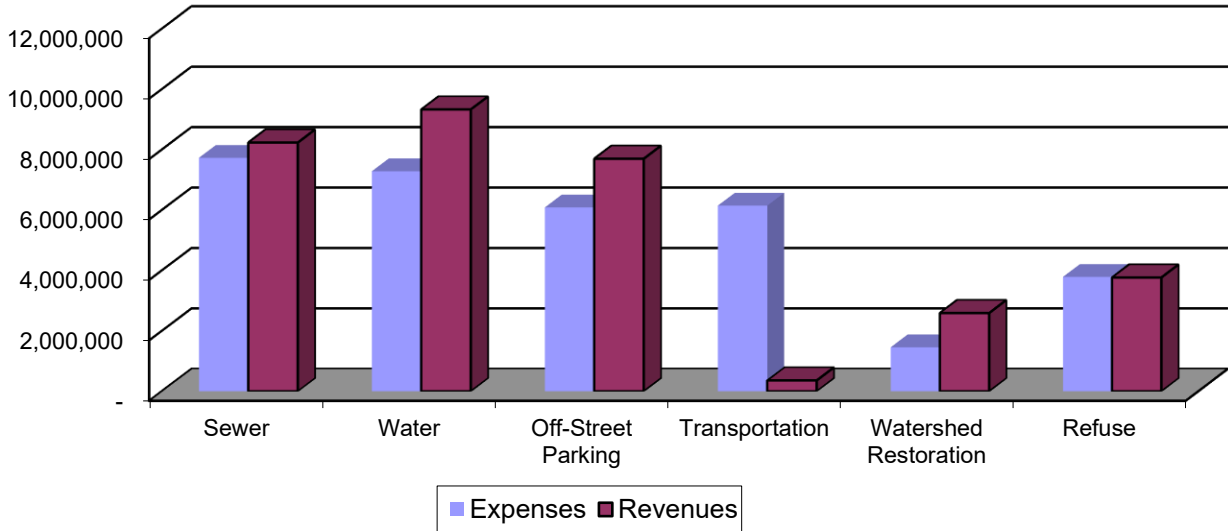


The pie chart above shows that capital grants and contributions make up 4.4% of the revenues within the governmental activities, which represents a decrease from 5.9% in fiscal year 2024. Operating grants and contributions represent 3.4% of revenues in fiscal year 2025, which represents a decrease from 4.5% in fiscal year 2024. Charges for services represented 12.4% of governmental activities revenue in fiscal year 2025, which is a decrease from 14.2% in fiscal year 2024.

**CITY OF ANNAPOLIS, MARYLAND
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Capital and operating grants and contributions decreased due to State budget pressures and changes in Federal initiatives. The Charges for Services category decreased slightly in ambulance fees and dock charges due to the closure of City Dock.

**Expenses and Program Revenues - Business-type Activities
For the year ended June 30, 2025**

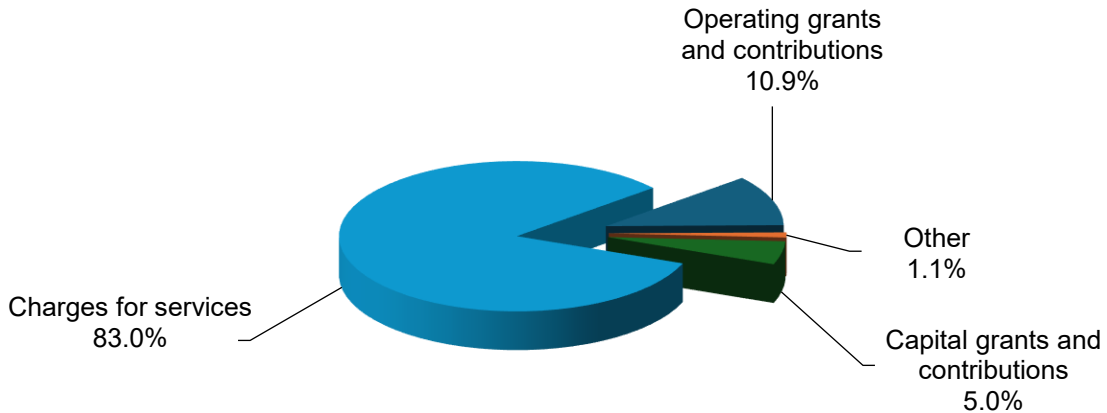


The chart shows that program revenue in the Sewer, Water, Off-Street Parking, and Watershed Restoration funds exceeded the expenses of those funds. The Transportation Fund typically spends more than the fees raised and the City uses surplus from the parking activities to offset the cost of transit operations. The transportation revenues shown above include fees received and \$4.2 million in grants but does not include the \$3.7 million of subsidy from the parking operations because this is shown as a non-operating transfer. The Refuse Fund reported a small increase in fiscal year 2025 of \$7,263. The City has set refuse fees to draw down on the net asset balance thus smoothing out rate increases.

The pie chart below shows that charges for services make up 83.0% of the revenues within the business-type activities compared to 83.2% in the prior year. Charges for services and other revenue decreased in the business type funds, especially in Off-Street Parking, which had a \$2.7 million decrease. Operating grants and contributions increased to 10.9% in fiscal year 2025 from 7.0% in fiscal year 2024. This increase was primarily due to Transportation Fund’s grants increase in FY2025 from \$2.8 million to \$4.2 million. Other revenues made up 1.1% in FY2025, a decrease from 7.9% in FY2024. The other revenue of \$2.7 million in the Parking Fund during FY2024 is the primary cause. This revenue was a one-time return of trust reserve balances from the P3 bond sale paid to the City upon Hillman garage completion.

**CITY OF ANNAPOLIS, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

**Revenues by Source - Business-type Activities
For the year ended June 30, 2025**



Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The following discussion highlights the significant activity in these funds.

Governmental Funds

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

At the end of fiscal year 2025, the City's governmental funds reported a combined ending fund balance of \$57,722,096 a decrease of \$2.1 million. The fund balance has restrictions for public safety, community services, land use, and capital projects totaling \$18,905,817. The City has also committed \$7,667,821 in a capital reserve and \$3,922,302 in a budget stabilization reserve. The nonspendable portion for inventories and leases is a total of \$585,810.

The General Fund's fund balance decreased by \$3.8 million. General Fund revenues were offset by a total increase in expenditures of \$6.9 million. Inflation on non-personnel items and an increase in salary and benefits drove the increases, an anticipated outcome of the union contracts implemented in fiscal year 2023 which extended to FY2025.

The Capital Projects Fund balance increased by \$2.1 million due to the transfer of bond proceeds for the City Dock project from the Parking Fund.

Finally, the City has assigned fund balance of \$705,386 for encumbrances outstanding at the end of fiscal year 2025, and set aside \$6,329,774 for contingencies and other one-time purposes as required by the City's fund balance policy. Of the assignment for one-time purposes, \$4,488,900 was allotted for specific uses in FY2026, including an extra transfer to the Self Insurance Fund to shore up the net assets, bonuses for City employees, a reserve for police signing bonuses, other pilot programs and studies, and other initiatives as directed by the City Council.

**CITY OF ANNAPOLIS, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Resolution 9-15 created the Budget Stabilization Fund (BSF) and a Capital Reserve Fund (CRF), which are shown as committed fund balance. A one-time contribution of \$5 million to the CRF and 50% of General Fund excess of revenues over expenditures built the balance in the CRF to the fiscal year 2024 total of \$9,386,774. The City used \$3,719,545 of the CRF for capital projects during fiscal year 2025 and added \$2,000,592 from fiscal year 2025 activity, resulting in \$7,667,821 at June 30, 2025. The BSF increased by \$189,204 during the current year to \$3,922,302, which is the calculated maximum balance.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the business-type columns of the government-wide financial statements, but in more detail.

The total increase in net position of the six enterprise funds was \$2.0 million with an ending balance of \$71.6 million. The net investment in capital assets was \$34.1 million, leaving an unrestricted net position of \$37.5 million. The restricted cash held by trustees or in restricted accounts totals \$18.4 million, which represents Series 2022A unspent bond funding.

In past years the Transportation Fund had negative cash balances, thereby owing the General Fund at year end. At the end of the current year, the Transportation Fund owed the General Fund \$114,071, a decrease of \$452,864 from the prior year. The City has been successfully decreasing the amount owed from the Transportation Fund in recent years largely due to annual budgeted subsidy from the Off-Street Parking Fund.

The City uses four internal service funds to account for its self-insurance and fleet activities. The Self Insurance Fund had a \$2.4 million surplus at the end of fiscal year 2025. The City provided additional contributions to the Self Insurance Fund in FY2025 and the claims reserve declined \$1.9 million at June 30, 2025. The Health Insurance Fund's net position at the end of fiscal year 2025 was \$807,240, a decrease of \$1.6 million.

The Fleet Replacement Fund accumulates resources to replace City vehicles and pay the debt service on the equipment financing leases. The fund increased its net position in fiscal year 2025 by \$1.7 million. This increase represents increases in transfers from other funds throughout the City for the purchase of new vehicles. The accumulation of net position will allow for cash purchases of vehicles instead of incurring debt.

Fleet Operations added \$424,244 to its net position in fiscal year 2025, creating a surplus in this fund for the fourth year in a row. The steady growth in surplus was a result of management refining the rates charged for operation and maintenance of its vehicles.

General Fund Budgetary Highlights

The difference between the original General Fund operating budget and the Final Amended General Fund budget was an increase of \$1,036,723. This reflects the City's decision to use one time fund and capital reserves, which increased budgeted transfers. One-time funds were used to provide funding for Resilience Consultant, Federal Lobbyist, and leaf gas blowers program. The Capital Reserves were used for the Fuel Island Tank project. Budgeted contingency of \$172,000 was used to pay for winter storm Blair and oil tank excavation on 4th street.

**CITY OF ANNAPOLIS, MARYLAND
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

The City’s General Fund spent \$8.2 million less than its total adjusted budget appropriations. City-wide there were significant savings in salary and benefit costs of \$4.6 million, particularly in the Police Department which was under budget in total by \$3 million with \$2.2 million deriving from vacancies. Debt service expense was over budget as a result of implementation of the GASB’s new lease and subscription based information technology pronouncements, which require lessees/subscribers to amortize these liabilities and an intangible right-to-use assets over the life of the lease/subscription. Implementation of this pronouncement effectively reclassified budgeted lease expenses that were budgeted as rent expense to debt service. Management did not incorporate the effects of GASB 87 or GASB 96 in the budget for fiscal year 2025.

General Fund revenues ended the year \$2.2 million lower than the adjusted anticipated amount of \$108,810,800. Income taxes were budgeted at \$12.2 million, however, the City only received \$9.7 million. In addition, real property taxes were budgeted at \$62.2 million, however, the City only received \$61.3 million. These under-realizations were offset by an over-realized amount in Occupancy revenue of \$1.17 million. (See page 89, Required Supplementary Information, for more details of the General Fund’s budget performance.)

Capital Assets and Debt Administration

Capital Assets

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2025 is \$332,539,496 net of accumulated depreciation, an increase of \$17.6 million from the prior year. Construction in progress shows the greatest increase with an additional \$19.2 million. This was mainly due to construction efforts at City Dock. This increase was offset by decreases in buildings and improvements other than buildings. Business type activities saw CIP increases of \$4.7 million. Sewer and Water Funds continued updates, repairs, and maintenance of its distribution and treatment assets with the completion of improvements and ongoing construction.

Additional information can be found in the notes to the financial statements, Note 4, Capital Assets and Depreciation.

**City of Annapolis Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
Land	\$ 21,561,159	\$ 19,434,496	\$ 3,222,742	\$ 3,222,742	\$ 24,783,901	\$ 22,657,238
Buildings	41,755,916	42,686,839	47,802,108	50,059,870	89,558,024	92,746,709
Improvements/infrastructure other than buildings	66,955,155	68,305,509	59,990,802	60,672,848	126,945,957	128,978,357
Equipment	8,032,426	8,077,214	2,678,388	511,505	10,710,814	8,588,719
Construction in progress	41,211,066	27,449,392	34,038,030	28,526,075	75,249,096	55,975,467
Right-to-use leased assets	3,921,715	4,679,400	4,250	5,950	3,925,965	4,685,350
Right-to-use subscription assets	1,333,646	1,252,001	32,093	35,267	1,365,739	1,287,268
Total	\$ 184,771,083	\$ 171,884,851	\$ 147,768,413	\$ 143,034,257	\$ 332,539,496	\$ 314,919,108

**CITY OF ANNAPOLIS, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Long-Term Debt

At the end of the current fiscal year, the City had total general bonded debt outstanding of \$140,220,001, excluding premium and refunding losses. This represents a net decrease to total bonded debt of \$9.5 million. As noted earlier, the City continued to pay down existing bonds and did not require additional bonds in FY 2025 as there are still proceeds remaining from the previous bond sale.

In fiscal year 2019 the City entered into an equipment financing lease to fund vehicle replacements and provide take-home vehicles to police officers. In fiscal year 2019, 2020, and 2021 the City borrowed \$5.5 million, \$2.4 million, and \$584,131, respectively using this agreement. Repayment terms are structured based on the lives of the related assets.

At June 30, 2025, other debt outstanding included \$2,441,606 for the equipment financing lease, and \$19,754,257 for a State of Maryland water quality loan. The City has long-term lease financing obligations of \$4.2 million and software subscription liabilities of \$1.3 million.

City of Annapolis
Outstanding Bonds and Loans

	Governmental Activities		Business-type Activities		Total	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
General obligation & revenue bonds	\$ 57,346,791	\$ 63,566,741	\$ 82,873,210	\$ 86,198,260	\$ 140,220,001	\$ 149,765,001
Equipment loan	2,441,606	3,535,782	-	-	2,441,606	3,535,782
Maryland Water Quality Loan	-	-	19,754,257	20,761,079	19,754,257	20,761,079
Lease liabilities	4,238,194	4,930,546	4,694	6,313	4,242,888	4,936,859
Subscription liabilities	1,288,977	1,220,155	16,009	18,142	1,304,986	1,238,297
Total	<u>\$ 59,788,397</u>	<u>\$ 73,253,224</u>	<u>\$ 102,627,467</u>	<u>\$ 106,983,794</u>	<u>\$ 162,415,864</u>	<u>\$ 180,237,018</u>

The City's net total debt decreased by \$17.8 million (9.9%) during fiscal year 2025. The City did not issue any new bonded debt or other loans during the fiscal year and paid down existing debt.

During the current year, the City maintained ratings of "AA+" from Fitch and Standard & Poor's, and "Aa1" from Moody's for its bonds. Additional information on the City's long-term debt can be found in Note 5 on pages 51-55 of this report.

Economic Factors and Next Year's Budgets and Rates

At June 30, 2025, inflation levels are not growing as quickly but interest rates remain high. This inflation has major implications for the City with price increases across the supply chain and affect the short-term and long-term planning. Additionally, the current economic uncertainty is straining the value of investments as factors such as inflation and interest rates heavily influence market movements. As market performance is directly linked to pension and OPEB liabilities, these liabilities will increase or decrease with overall market performance, which is ever increasingly difficult to predict. While current market performance is strong for the City investments and the related interest earnings, U.S. political changes, implementation of numerous changes at the federal level, and international events continue to contribute to economic uncertainty.

**CITY OF ANNAPOLIS, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Although the City has recently seen an influx of candidates from the federal sphere, the City continues to experience increased competition in recruitment and retention of employees. Many departments struggle to fill vacancies. This is particularly evident in the police department as events during the past few years have reduced the number of police officers and driven up police compensation. During the union negotiations leading into fiscal years 2024 and 2025, the City provided a significant increase to the base pay of all uniformed officers, increased salaries for City employees by 2.5%, and funded planned merit increases. The City has also undertaken a class and compensation study to ensure that all positions throughout the City are classed and paid at an appropriate and competitive level. The union agreements have been renegotiated for FY 2025 and 2026, resulting in some further increases to the base pay of fire and police and the City restructured its employee pay scales.

The focus for fiscal year 2026 is to control expenses within budget limits. The performance of new Hillman Garage and parking receipts has made the P3 arrangement a success so far. However, the State has flattened the operational grants for transportation which is putting pressure on the Parking Fund to provide a larger subsidy. If the Parking Fund cannot keep up with Transportation needs, the City will have to develop a plan for long term support for transportation or services will have to be restructured. As the fiscal year 2027 budget is developed, the City will have to identify other revenue sources or plan reductions in City services.

Local governments are experiencing pressure on grants from the State and Federal levels. The State is addressing a budget shortfall and some programs have already reduced grants allotted to the City. The City received notification on pauses on federal initiatives as well. This could have an impact on funding that the City uses for operations and for the many construction projects currently planned to use grant monies.

The City retained its \$.738 real property tax rate for fiscal year 2024 and 2025. The FY 2025 triennial reassessment resulted in a 20.5% increase on average phased in over 2025, 2026, and 2027. However, that substantial growth will be tempered because many more properties had increases that exceeded the City homestead tax credit cap of 10%.

**CITY OF ANNAPOLIS, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Finance, City of Annapolis, 160 Duke of Gloucester Street, Annapolis, Maryland, 21401

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

CITY OF ANNAPOLIS, MARYLAND
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 51,256,866	\$ 32,774,894	\$ 84,031,760
Cash and cash equivalents - restricted	22,144,318	13,317,522	35,461,840
Accrued interest receivable on leases	72,904	-	72,904
Receivables, net of allowances	6,552,777	9,278,423	15,831,200
Leases receivable	501,498	-	501,498
Internal balances	114,071	(114,071)	-
Inventories	246,752	537,628	784,380
Prepaid items	1,799,929	1,246,734	3,046,663
Total Current Assets	<u>82,689,115</u>	<u>57,041,130</u>	<u>139,730,245</u>
Non-Current Assets:			
Lease receivable, non-current	6,380,566	406,682	6,787,248
Restricted water and sewer capital facility assessments	-	3,160,896	3,160,896
Right to use lease capital assets, net of amortization	3,921,715	4,250	3,925,965
Right to use subscription capital assets, net of amortization	1,333,646	32,093	1,365,739
Capital assets, not being depreciated	62,772,226	37,260,773	100,032,999
Capital assets, net of depreciation	116,743,496	110,471,297	227,214,793
Total Non-Current Assets	<u>191,151,649</u>	<u>151,335,991</u>	<u>342,487,640</u>
Total Assets	<u>273,840,764</u>	<u>208,377,121</u>	<u>482,217,885</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows related to pensions	11,555,968	2,970,577	14,526,545
Deferred outflows related to OPEB	1,062,650	40,422	1,103,072
Deferred loss on refunding	835,776	964,711	1,800,487
Total Deferred Outflow of Resources	<u>13,454,394</u>	<u>3,975,710</u>	<u>17,430,104</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	5,236,613	3,873,236	9,109,849
Accrued payables and other liabilities	3,094,706	1,058,214	4,152,920
Customer deposits	16,400	20,020	36,420
Compensated absences	3,382,082	431,210	3,813,292
Unearned revenue	625,837	374,908	1,000,745
Escrowed funds	1,200,497	158,619	1,359,116
Accrued interest	1,032,389	1,283,474	2,315,863
Current portion of claims	1,776,977	-	1,776,977
Current portion long-term debt - Leases	723,461	1,761	725,222
Current portion long-term debt - Subscriptions	397,058	14,482	411,540
Current portion long-term debt	7,617,170	4,736,226	12,353,396
Total Current Liabilities	<u>25,103,190</u>	<u>11,952,150</u>	<u>37,055,340</u>
Non-Current Liabilities:			
OPEB liability	14,585,316	554,845	15,140,161
Accrued self insurance costs, net of current portion	4,804,420	-	4,804,420
City pension liability - State pension system	20,765,531	6,397,792	27,163,323
Police & Fire pension liability	43,421,605	-	43,421,605
Arbitrage liability	1,397,770	-	1,397,770
Long-term debt, net of current portion - Leases	3,514,733	2,933	3,517,666
Long-term debt, net of current portion - Subscriptions	891,919	1,527	893,446
Long-term debt, net of current portion	53,719,759	99,997,668	153,717,427
Total Non-Current Liabilities	<u>143,101,053</u>	<u>106,954,765</u>	<u>250,055,818</u>
Total Liabilities	<u>168,204,243</u>	<u>118,906,915</u>	<u>287,111,158</u>
DEFERRED INFLOW OF RESOURCES			
Leases	6,373,673	353,241	6,726,914
Deferred inflows related to pensions	9,763,779	325,116	10,088,895
Deferred inflows related to OPEB	17,880,231	680,193	18,560,424
Deferred inflows related to Hillman Garage & City Dock	-	20,453,631	20,453,631
Total Deferred Inflow of Resources	<u>34,017,683</u>	<u>21,812,181</u>	<u>55,829,864</u>
NET POSITION			
Net investment in capital assets	124,632,423	34,129,112	158,761,535
Restricted for:			
Capital projects	14,416,079	-	14,416,079
Land Use	1,483,310	-	1,483,310
Public Safety	1,085,591	-	1,085,591
Community services	1,920,837	-	1,920,837
Unrestricted	(58,465,008)	37,504,623	(20,960,385)
Total Net Position	<u>\$ 85,073,232</u>	<u>\$ 71,633,735</u>	<u>\$ 156,706,967</u>

See notes to financial statements.

**CITY OF ANNAPOLIS, MARYLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Change in Net Position		Totals
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	
Governmental Activities:							
General Government	\$ 10,316,603	\$ 1,437,939	\$ -	\$ 147,831	\$ (8,730,833)	\$ -	\$ (8,730,833)
Land Use and Permits	4,371,582	2,952,813	-	-	(1,418,769)	-	(1,418,769)
Public Safety	55,438,151	6,388,051	3,635,497	-	(45,414,603)	-	(45,414,603)
Community Services	8,189,885	2,970,076	122,833	4,507,087	(589,889)	-	(589,889)
Community Development	756,977	-	-	253,700	(503,277)	-	(503,277)
Public Works	8,924,762	-	-	-	(8,924,762)	-	(8,924,762)
Interest on Long Term Debt	1,878,057	-	-	-	(1,878,057)	-	(1,878,057)
Total Governmental Activities	<u>89,876,017</u>	<u>13,748,879</u>	<u>3,758,330</u>	<u>4,908,618</u>	<u>(67,460,190)</u>	<u>-</u>	<u>(67,460,190)</u>
Business-Type Activities:							
Sewer	7,723,282	8,229,011	-	-	-	505,729	505,729
Water	7,279,261	9,323,687	-	-	-	2,044,426	2,044,426
Off-Street Parking	6,081,621	7,693,968	-	730,486	-	2,342,833	2,342,833
Transportation	6,140,784	536,110	4,217,065	1,208,624	-	(178,985)	(178,985)
Watershed Restoration	1,453,495	2,587,162	-	-	-	1,133,667	1,133,667
Refuse	3,781,836	3,762,897	-	-	-	(18,939)	(18,939)
Total Business-Type Activities	<u>32,460,279</u>	<u>32,132,835</u>	<u>4,217,065</u>	<u>1,939,110</u>	<u>-</u>	<u>5,828,731</u>	<u>5,828,731</u>
Total	<u>122,336,296</u>	<u>45,881,714</u>	<u>7,975,395</u>	<u>6,847,728</u>	<u>(67,460,190)</u>	<u>5,828,731</u>	<u>(61,631,459)</u>
General Revenues:							
Property Taxes					65,061,791	-	65,061,791
Shared state taxes and other					16,903,787	-	16,903,787
Interest and investment earnings					5,549,984	65,336	5,615,320
Miscellaneous					1,047,573	359,588	1,407,161
Transfers					4,221,342	(4,221,342)	-
Total general revenues and transfers					<u>92,784,477</u>	<u>(3,796,418)</u>	<u>88,988,059</u>
Change in net position					<u>25,324,287</u>	<u>2,032,313</u>	<u>27,356,600</u>
Net position as of beginning of year					<u>59,748,945</u>	<u>69,601,422</u>	<u>129,350,367</u>
Net position at end of year					<u>\$ 85,073,232</u>	<u>\$ 71,633,735</u>	<u>\$ 156,706,967</u>

See notes to financial statements.

FUND FINANCIAL STATEMENTS

CITY OF ANNAPOLIS, MARYLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Capital Projects	Non-Major Governmental Funds	Totals
ASSETS				
Cash and cash equivalents	\$ 34,396,725	\$ -	\$ 4,554,313	\$ 38,951,038
Cash and cash equivalents - restricted	-	22,144,318	28,142	22,172,460
Receivables, net of allowances	4,968,592	441,791	845,208	6,255,591
Due from other funds	5,913,282	-	-	5,913,282
Leases Receivable	6,882,064	-	-	6,882,064
Accrued Interest Receivable - Leases	72,904	-	-	72,904
Inventories	77,419	-	-	77,419
Total assets	<u>\$ 52,310,986</u>	<u>\$ 22,586,109</u>	<u>\$ 5,427,663</u>	<u>\$ 80,324,758</u>
LIABILITIES				
Accounts payable	2,036,481	2,225,550	382,583	4,644,614
Accrued expenses and other liabilities	2,982,372	-	81,098	3,063,470
Customer deposits	16,400	-	-	16,400
Due to Other Funds	-	5,560,079	239,132	5,799,211
Unearned revenue	-	531,239	94,598	625,837
Escrowed funds	1,200,497	-	-	1,200,497
Total liabilities	<u>6,235,750</u>	<u>8,316,868</u>	<u>797,411</u>	<u>15,350,029</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	878,960	-	-	878,960
Leases	6,373,673	-	-	6,373,673
Total deferred inflows of resources	<u>7,252,633</u>	<u>-</u>	<u>-</u>	<u>7,252,633</u>
FUND BALANCE				
Non Spendable:				
Inventories	77,419	-	-	77,419
Leases	508,391	-	-	508,391
Restricted for:				
Public Safety	-	-	1,059,233	1,059,233
Community Services	-	-	1,947,195	1,947,195
Land Use	-	-	1,483,310	1,483,310
Capital Projects	-	14,269,241	146,838	14,416,079
Committed for:				
Capital Reserve Fund	7,667,821	-	-	7,667,821
Budget Stabilization Fund	3,922,302	-	-	3,922,302
Assigned for:				
Encumbrances:				
General Government	101,724	-	-	101,724
Land Use and Permits	13,886	-	-	13,886
Public Safety	215,440	-	-	215,440
Public Works	303,997	-	-	303,997
Community Services	59,177	-	-	59,177
Community Development	11,162	-	-	11,162
Other One-Time Costs	6,329,774	-	-	6,329,774
Unassigned	19,611,510	-	(6,324)	19,605,186
Total fund balances	<u>38,822,603</u>	<u>14,269,241</u>	<u>4,630,252</u>	<u>57,722,096</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 52,310,986</u>	<u>\$ 22,586,109</u>	<u>\$ 5,427,663</u>	<u>\$ 80,324,758</u>

See notes to financial statements.

CITY OF ANNAPOLIS, MARYLAND
RECONCILIATION OF THE BALANCE SHEETS OF THE GOVERNMENTAL
FUNDS TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2025

Total Governmental Fund Balances		\$ 57,722,096
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		178,368,546
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds		878,960
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds		
Compensated absences	\$ (3,306,572)	
Accrued interest	(1,001,283)	
Arbitrage liability	(1,397,770)	
Lease Liability	(4,238,194)	
Subscription Liability	(1,288,977)	
OPEB	(14,526,913)	
Net pension liability	<u>(63,513,702)</u>	(89,273,411)
Long-term liabilities related to bonds payable are not due and payable in the current period and therefore, are not reported in the funds		
General obligation debt	(58,895,323)	
Loss on refunding deferred outflow	<u>835,776</u>	(58,059,547)
The net effect of the deferred outflows and deferred inflows of resources recorded in conjunction with the recognition of the pension liability is shown in the governmental activities but not included in the governmental statements.		1,513,727
The net effect of the deferred outflows and deferred inflows of resources recorded in conjunction with the recognition of the OPEB liability is shown in the governmental activities but not included in the governmental statements.		(16,750,240)
Internal service funds are used by management to charge the costs of self insurance and fleet activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		<u>10,673,101</u>
Net position of Governmental Activities		<u>\$ 85,073,232</u>

See notes to financial statements.

CITY OF ANNAPOLIS, MARYLAND
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	<u>General</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Totals</u>
REVENUES				
Property taxes	\$ 65,061,791	\$ -	\$ -	\$ 65,061,791
Licenses and permits	3,262,403	-	-	3,262,403
Fines and forfeitures	461,868	-	-	461,868
Money and property	4,275,223	2,736,962	-	7,012,185
Intergovernmental	19,069,273	4,604,918	3,887,127	27,561,318
Charges for services	9,344,846	-	144,907	9,489,753
Other revenue	436,875	50,000	474,157	961,032
Total revenues	<u>101,912,279</u>	<u>7,391,880</u>	<u>4,506,191</u>	<u>113,810,350</u>
EXPENDITURES				
Current:				
General Government	12,857,240	-	-	12,857,240
Land Use and Permits	4,896,576	-	425,999	5,322,575
Public Safety	56,413,920	-	3,169,898	59,583,818
Community Services	7,609,789	-	1,130,757	8,740,546
Community Development	483,793	-	292,451	776,244
Public Works	7,892,770	-	-	7,892,770
Debt service:				
Principal	6,219,950	-	-	6,219,950
Interest	1,977,009	-	-	1,977,009
Debt service leases:				
Principal	659,839	-	32,513	692,352
Interest	100,618	-	1,750	102,368
Debt service subscriptions:				
Principal	418,053	-	-	418,053
Interest	36,587	-	-	36,587
Capital outlays	1,285,719	14,173,479	77,312	15,536,510
Total expenditures	<u>100,851,863</u>	<u>14,173,479</u>	<u>5,130,680</u>	<u>120,156,022</u>
Excess (deficiency) or revenues over expenditures	<u>1,060,416</u>	<u>(6,781,599)</u>	<u>(624,489)</u>	<u>(6,345,672)</u>
OTHER FINANCING SOURCES (Uses)				
Transfers in	-	8,894,287	280,000	9,174,287
Transfers out	(4,952,945)	-	-	(4,952,945)
SBITA proceeds	45,774	-	-	45,774
Total other financing sources (uses)	<u>(4,907,171)</u>	<u>8,894,287</u>	<u>280,000</u>	<u>4,267,116</u>
Net change in fund balance	<u>(3,846,755)</u>	<u>2,112,688</u>	<u>(344,489)</u>	<u>(2,078,556)</u>
Fund balance at beginning of year	42,669,358	12,156,553	4,974,741	59,800,652
Fund balance at end of year	<u>\$ 38,822,603</u>	<u>\$ 14,269,241</u>	<u>\$ 4,630,252</u>	<u>\$ 57,722,096</u>

See notes to financial statements.

**CITY OF ANNAPOLIS, MARYLAND
RECONCILIATION OF THE STATEMENTS OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balance - Total Governmental Funds \$ (2,078,556)

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 and loss on disposal in the current period.

Capital Outlay - Capital Expenditures	\$ 16,707,226	
Depreciation Expense	(3,406,736)	
Loss on disposition of Fixed Assets	750	
Amortization Expense	<u>(1,163,665)</u>	
		12,137,575

Some revenues will not be collected for several months after the fiscal year ends. As such these revenues are not considered "available" and are deferred in the governmental funds. Deferred inflows decreased this year. (1,885,567)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued or incurred:		
Amortization of premium	\$ 421,713	
Amortization of loss on refunding	(131,383)	
Principal repayments:		
General obligation bonds	6,219,950	
Capital leases	692,353	
Subscriptions	<u>418,053</u>	
		7,620,686

Interest earned on bond proceeds that is subject to arbitrage restrictions is recorded as a liability in the statement of net position; but included in revenue and fund balance in the modified accrual statements. (1,397,770)

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.

Increases in compensated absences	590,717	
Increase in accrued interest payable	<u>19,614</u>	
		610,331

Long-term liabilities for pension and OPEB are presented in the government-wide statements but are not in the governmental fund statements.

Net effect of the expenses for recording pension liability from employee retirement plans.		2,255,140
Net effect of the expenses for recording OPEB liability from the other post-employee benefit plan.		3,738,593

Internal service funds are used by management to change the costs of self insurance and fleet activities to individual funds. The net expense of this internal service funds are included in the governmental activities on the government-wide Statement of Activities, but not in the governmental funds.

4,323,855

Change in Net Position of Governmental Activities \$ 25,324,287

See notes to financial statements.

**CITY OF ANNAPOLIS, MARYLAND
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025**

	Business-Type Activities					Total	Governmental Activities
	Sewer Fund	Water Fund	Off-Street Parking Fund	Transportation Fund	Non-Major Enterprise Funds		Internal Service Funds Total
ASSETS							
Current Assets:							
Cash and cash equivalents	\$ 14,101,062	\$ 12,998,608	\$ 3,083,226	\$ -	\$ 2,591,998	\$ 32,774,894	\$ 12,277,686
Cash and cash equivalents - Restricted	1,734,353	3,091,921	7,040,944	886,767	563,537	13,317,522	-
Leases receivable	-	-	-	-	406,682	406,682	-
Accounts receivable:							
Service charges and penalties	1,618,988	1,886,951	366,275	555,634	1,355,196	5,783,044	-
Other	-	-	3,492,802	-	2,577	3,495,379	-
Capital and other charges	-	-	-	-	-	-	297,186
Total accounts receivable, net	1,618,988	1,886,951	3,859,077	555,634	1,357,773	9,278,423	297,186
Inventories	-	356,582	-	181,046	-	537,628	169,333
Prepaid expenses	468,872	727,064	-	-	50,798	1,246,734	1,799,929
Total Current Assets	17,923,275	19,061,126	13,983,247	1,623,447	4,970,788	57,561,883	14,544,134
Noncurrent Assets:							
Restricted water and sewer capital facility assessments	1,563,377	1,597,519	-	-	-	3,160,896	-
Net capital assets	20,801,837	66,226,274	48,370,665	4,470,511	7,862,783	147,732,070	6,402,537
Net leased asset	-	1,288	-	2,962	-	4,250	-
Net subscription assets	1,547	-	-	30,546	-	32,093	-
Total Noncurrent Assets	22,366,761	67,825,081	48,370,665	4,504,019	7,862,783	150,929,309	6,402,537
Total Assets	40,290,036	86,886,207	62,353,912	6,127,466	12,833,571	208,491,192	20,946,671
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	320,173	757,237	-	1,455,753	437,414	2,970,577	312,684
Deferred outflows related to OPEB	4,357	10,304	-	19,811	5,950	40,422	4,256
Deferred loss on refunding	51,084	445,201	467,252	83	1,091	964,711	-
Total deferred outflows of resources	375,614	1,212,742	467,252	1,475,647	444,455	3,975,710	316,940
LIABILITIES							
Current Liabilities:							
Accounts payable	1,194,050	1,780,687	176,694	103,692	618,113	3,873,236	591,999
Accrued expenses and other liabilities	731,865	89,494	35,463	152,108	49,284	1,058,214	31,236
Accrued self insurance costs - current portion	-	-	-	-	-	-	1,776,977
Accrued interest	204,584	507,685	552,548	233	18,424	1,283,474	31,106
Due to General Fund	-	-	-	114,071	-	114,071	-
Compensated absences	35,260	147,555	-	175,035	73,360	431,210	75,510
Unearned revenue	-	-	366,275	6,724	1,909	374,908	-
Escrowed funds	100,184	54,029	-	-	4,406	158,619	-
Customer deposits	-	-	20,020	-	-	20,020	-
Current portion of long-term debt - leases	-	688	-	1,073	-	1,761	-
Current portion of long-term debt - subscriptions	518	-	-	13,964	-	14,482	-
Current portion of long-term debt	628,859	2,353,402	1,665,434	5,005	83,526	4,736,226	1,058,809
Total Current Liabilities	2,895,320	4,933,540	2,816,434	571,905	849,022	12,066,221	3,565,637
Noncurrent Liabilities:							
Accrued self insurance costs, net of current portion	-	-	-	-	-	-	4,804,420
Net OPEB Liability	59,802	141,437	-	271,906	81,700	554,845	58,403
Net Pension Liability	689,564	1,630,876	-	3,135,284	942,068	6,397,792	673,434
Long-term debt, net of current portion - leases	-	820	-	2,113	-	2,933	-
Long-term debt, net of current portion - subscriptions	531	-	-	996	-	1,527	-
Long-term debt, net of current portion	15,674,968	53,631,566	29,498,648	10,826	1,181,660	99,997,668	1,382,797
Total Noncurrent Liabilities	16,424,865	55,404,699	29,498,648	3,421,125	2,205,428	106,954,765	6,919,054
Total Liabilities	19,320,185	60,338,239	32,315,082	3,993,030	3,054,450	119,020,986	10,484,691
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to leases	-	-	-	-	353,241	353,241	-
Deferred inflows related to pensions	35,042	82,876	-	159,326	47,872	325,116	34,222
Deferred inflows related to OPEB	73,312	173,393	-	333,331	100,157	680,193	71,597
Deferred inflows related to Hillman Garage & City Dock	-	-	20,453,631	-	-	20,453,631	-
Total deferred outflows of resources	108,354	256,269	20,453,631	492,657	501,270	21,812,181	105,819
NET POSITION							
Net investment in capital assets	5,375,294	12,165,450	4,258,648	5,356,892	6,972,828	34,129,112	3,960,931
Unrestricted	15,861,817	15,338,991	5,793,803	(2,239,466)	2,749,478	37,504,623	6,712,170
Total net position	\$ 21,237,111	\$ 27,504,441	\$ 10,052,451	\$ 3,117,426	\$ 9,722,306	\$ 71,633,735	\$ 10,673,101

See notes to financial statements.

**CITY OF ANNAPOLIS, MARYLAND
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025**

	Business-Type Activities					Total	Governmental Activities
	Sewer Fund	Water Fund	Off-Street Parking Fund	Transportation Fund	Non-Major Enterprise Funds		Internal Service Funds Total
Operating revenues:							
Charges for services	\$ 8,229,011	\$ 9,323,687	\$ 7,693,968	\$ 536,110	\$ 6,334,994	\$ 32,117,770	\$ 19,245,624
Grants	-	-	-	4,217,065	-	4,217,065	-
Other	135,226	74,088	-	143,424	6,850	359,588	822,895
Total operating revenues	<u>8,364,237</u>	<u>9,397,775</u>	<u>7,693,968</u>	<u>4,896,599</u>	<u>6,341,844</u>	<u>36,694,423</u>	<u>20,068,519</u>
Operating expenses:							
Salaries and benefits	986,272	2,269,687	-	4,198,886	1,113,030	8,567,875	940,046
Utilities	143,528	364,826	158,067	33,728	9,504	709,653	14,404
Repairs and maintenance	236,558	469,954	2,925	230,141	61,555	1,001,133	754,420
Contractual services	54,383	725,568	2,619,686	21,817	3,348,338	6,769,792	3,762
Materials and supplies	4,592,988	304,192	18,957	288,343	127,190	5,331,670	756,439
Administrative charge from General Fund	560,000	585,000	181,000	1,046,000	495,000	2,867,000	-
Depreciation	707,781	1,355,092	1,826,214	244,282	37,609	4,170,978	2,123,729
Amortization	339	664	-	16,261	-	17,264	-
Claim payments	-	-	-	-	-	-	10,196,533
Other	2,955	14,218	-	60,535	11,592	89,300	1,335,242
Total operating expenses	<u>7,284,804</u>	<u>6,089,201</u>	<u>4,806,849</u>	<u>6,139,993</u>	<u>5,203,818</u>	<u>29,524,665</u>	<u>16,124,575</u>
Operating (loss) income	<u>1,079,433</u>	<u>3,308,574</u>	<u>2,887,119</u>	<u>(1,243,394)</u>	<u>1,138,026</u>	<u>7,169,758</u>	<u>3,943,944</u>
Non-operating revenues (expenses)							
Leases	-	-	-	-	15,065	15,065	-
Interest income and other	8,074	29,066	-	-	28,196	65,336	451,947
Interest expense	(438,478)	(1,190,060)	(1,274,772)	(791)	(31,513)	(2,935,614)	(72,036)
Total non-operating revenues (expenses), net	<u>(430,404)</u>	<u>(1,160,994)</u>	<u>(1,274,772)</u>	<u>(791)</u>	<u>11,748</u>	<u>(2,855,213)</u>	<u>379,911</u>
Income (loss) before contributions and transfers	<u>649,029</u>	<u>2,147,580</u>	<u>1,612,347</u>	<u>(1,244,185)</u>	<u>1,149,774</u>	<u>4,314,545</u>	<u>4,323,855</u>
Capital contributions	-	-	730,486	1,208,624	-	1,939,110	-
Transfers in	-	-	-	3,797,900	1,040,000	4,837,900	-
Transfers out	-	-	(9,059,242)	-	-	(9,059,242)	-
Changes in net position	649,029	2,147,580	(6,716,409)	3,762,339	2,189,774	2,032,313	4,323,855
Net position at beginning of year	20,588,082	25,356,861	16,768,860	(644,913)	7,532,532	69,601,422	6,349,246
Net position at end of year	<u>\$ 21,237,111</u>	<u>\$ 27,504,441</u>	<u>\$ 10,052,451</u>	<u>\$ 3,117,426</u>	<u>\$ 9,722,306</u>	<u>\$ 71,633,735</u>	<u>\$ 10,673,101</u>

See notes to financial statements.

**CITY OF ANNAPOLIS, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025**

	Business-Type Activities					Governmental	
	Sewer Fund	Water Fund	Off-Street Parking Fund	Transportation Fund	Non-Major Enterprise Funds	Total	Internal Service Funds Total
Cash flows from operating activities							
Receipts from customers and users	\$ 9,046,659	\$ 9,601,267	\$ 8,593,114	\$ 525,944	\$ 6,138,393	\$ 33,905,377	\$ 20,084,972
Receipts from contributions and other sources	-	-	-	4,565,716	-	4,565,716	-
Payments to suppliers for goods and services	(5,669,712)	(1,858,137)	(2,618,867)	(651,896)	(3,475,458)	(14,274,070)	(12,324,819)
Payments to employees for services	(1,066,360)	(2,671,526)	-	(4,638,861)	(1,402,375)	(9,779,122)	(2,270,862)
Payments for interfund service uses	(560,000)	(585,000)	(181,000)	(1,046,000)	(495,000)	(2,867,000)	(1,070,897)
Net cash provided by (used for) operating activities	<u>1,750,587</u>	<u>4,486,604</u>	<u>5,793,247</u>	<u>(1,245,097)</u>	<u>765,560</u>	<u>11,550,901</u>	<u>4,418,394</u>
Cash flows from noncapital financing activities							
Effect of change from due from General Fund	-	-	-	(452,864)	-	(452,864)	-
Other nonoperating revenues	-	-	-	-	48,074	48,074	-
Transfer from other funds	8,074	29,066	-	3,797,900	-	3,835,040	-
Transfer to other funds	-	-	(4,750,500)	-	-	(4,750,500)	-
Net cash provided by (used for) noncapital financing activities	<u>8,074</u>	<u>29,066.00</u>	<u>(4,750,500)</u>	<u>3,345,036</u>	<u>48,074.00</u>	<u>(1,320,250)</u>	<u>-</u>
Cash flows from capital and related financing activities							
Acquisition of capital assets	(2,906,259)	(1,594,994)	(183,397)	(1,206,108)	(2,031,706)	(7,922,464)	(4,175,943)
Loss from the sale of capital assets	-	-	-	-	-	-	100,557
Principal payments of long-term debt	(552,328)	(2,201,967)	(1,503,786)	(6,333)	(77,096)	(4,341,510)	(1,094,176)
Refunding and transfers of long-term debt	-	(632)	-	-	1,000,000	999,368	-
Interest paid	(494,710)	(1,278,866)	(1,360,909)	(781)	(40,501)	(3,175,767)	(85,651)
Transfer to other fund for Capital Improvements	-	-	(4,308,742)	-	262,500	(4,046,242)	-
Net cash used for capital and related financing	<u>(3,953,297)</u>	<u>(5,076,459)</u>	<u>(7,356,834)</u>	<u>(1,213,222)</u>	<u>(886,803)</u>	<u>(18,486,615)</u>	<u>(5,255,213)</u>
Cash flows from investing activities							
Interest received	-	-	-	-	23,980	23,980	351,390
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,980</u>	<u>23,980</u>	<u>351,390</u>
Net increase (decrease) in cash and cash equivalents	(2,194,636)	(560,789)	(6,314,087)	886,717	(49,189)	(8,231,984)	(485,429)
Cash, cash equivalents, and restricted cash at beginning of year	18,030,051	16,651,318	16,438,257	50	3,204,724	54,324,400	12,763,115
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 15,835,415</u>	<u>\$ 16,090,529</u>	<u>\$ 10,124,170</u>	<u>\$ 886,767</u>	<u>\$ 3,155,535</u>	<u>\$ 46,092,416</u>	<u>\$ 12,277,686</u>

See notes to financial statements.

CITY OF ANNAPOLIS, MARYLAND
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Business-Type Activities					Total	Governmental Activities
	Sewer Fund	Water Fund	Off-Street Parking Fund	Transportation Fund	Non-Major Enterprise Funds		Internal Service Funds Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities							
Operating income (loss)	\$ 1,079,433	\$ 3,308,574	\$ 2,887,119	\$ (1,243,394)	\$ 1,138,026	\$ 7,169,758	\$ 3,943,944
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation	707,781	1,355,756	1,826,214	244,282	37,609	4,171,642	2,123,729
Amortization	339	-	-	16,261	-	16,600	-
Effects of changes on non-cash operating assets and liabilities:							
Accounts receivable	481,940	(9,930)	811,849	(156,275)	(204,928)	922,656	16,453
Restricted water and sewer capital facility assessments	201,915	209,482	-	-	-	411,397	-
Inventories	-	2,516	7,566	(51,424)	-	(41,342)	(35,719)
Prepaid expenses	-	163	-	14,200	-	14,363	16,920
Accounts payable	(635,720)	17,942	166,628	26,981	82,721	(341,448)	413,869
Accrued expenses and other liabilities	17,774	(25,677)	6,574	34,704	5,825	39,200	6,332
Compensated absences	6,567	(14,471)	-	46,425	1,558	40,079	2,721
Unearned revenue	-	-	79,770	351,336	1,512	432,618	-
Escrowed funds	(1,433)	3,940	7,527	-	(35)	9,999	-
Deferred outflows	(61,023)	(100,664)	-	(262,208)	(22,065)	(445,960)	(45,451)
Net pension liability	131,099	217,527	-	563,761	49,184	961,571	98,053
Deferred inflows	(85,540)	(234,436)	-	(400,152)	(161,972)	(882,100)	(93,948)
Other post employment benefits	(92,545)	(244,118)	-	(429,594)	(161,875)	(928,132)	(98,558)
Claims payable	-	-	-	-	-	-	(1,929,951)
Total adjustments	671,154	1,178,030	2,906,128	(1,703)	(372,466)	4,381,143	474,450
Net cash provided by (used for) operating activities	<u>\$ 1,750,587</u>	<u>\$ 4,486,604</u>	<u>\$ 5,793,247</u>	<u>\$ (1,245,097)</u>	<u>\$ 765,560</u>	<u>\$ 11,550,901</u>	<u>\$ 4,418,394</u>
Noncash investing, capital and financing activities							
Contributed capital	\$ -	\$ -	\$ 730,486	\$ -	\$ -	\$ 730,486	\$ 715,794
Total noncash transactions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 730,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 730,486</u>	<u>\$ 715,794</u>

See notes to financial statements.

**CITY OF ANNAPOLIS, MARYLAND
STATEMENT OF FIDUCIARY NET POSITION
BENEFIT TRUST FUNDS
JUNE 30, 2025**

ASSETS	
Cash	\$ 169,680
Other receivables	296,020
Investments, at fair value:	
Pooled investments	15,910,511
Corporate bonds	-
Money market	2,184,043
U.S. Agency securities	-
Limited partnerships and alternative investments	52,241,679
Common and Collective Funds	153,548,024
Real estate	22,032,952
Total investments	<u>245,917,209</u>
Total assets	246,382,909
LIABILITIES	
Accounts payable	29,451
Total liabilities	<u>29,451</u>
NET POSITION	
Net position restricted for pensions	230,302,718
Net position restricted for OPEB	16,050,740
Total net position	<u><u>\$ 246,353,458</u></u>

See notes to financial statements.

**CITY OF ANNAPOLIS, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
BENEFIT TRUST FUNDS
YEAR ENDED JUNE 30, 2025**

ADDITIONS

Contributions:

Employer	\$ 10,687,265
Employer - subsidy from Health Insurance Fund	125,350
Plan member	1,994,127
Other revenue	336,558
Total Contributions	13,143,300

Investment Income:

Interest and Dividends	3,150,507
Net appreciation in fair value of investments	20,876,405
Other income	9,562
	24,036,474

Less: Investment expense

	(452,057)
Total investment income	23,584,417
Total additions	36,727,717

DEDUCTIONS

Benefits	17,740,594
Administrative expenses	336,551
Total deductions	18,077,145
Change in net position	18,650,572
Net position as of beginning of year	227,702,886
Net position as of end of year	\$ 246,353,458

See notes to financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Annapolis (the City) is an incorporated municipality governed by the City Council. The City Council comprises the mayor and eight aldermen and alderwomen. The City government provides most basic local governmental services except education, which is provided through the Anne Arundel County Board of Education.

For financial reporting purposes, the basic financial statements include the various departments governed directly by the City Council. The City does not have any component units as defined by generally accepted accounting principles in the United States of America (GAAP). A component unit is defined as a separate legal entity that a primary government must include as part of its financial reporting entity for fair presentation in conformity with GAAP. The Mayor is responsible for appointing the commissioners of the Housing Authority of the City of Annapolis, but the City's accountability for this organization does not extend beyond making the appointment.

The accounting policies of the City conform to GAAP as applicable to governmental units. The following is a summary of the more significant policies:

BASIS OF PRESENTATION - FUND ACCOUNTING

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The City's funds are grouped into two broad fund categories and five generic fund types for financial statement presentation purposes. Governmental funds include the general, special revenue, and capital projects funds. Proprietary funds include enterprise funds and internal service funds. The City has two fiduciary funds which comprise a pension trust fund and other post-employment benefit trust fund.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Internal service fund activity is eliminated to avoid duplicating revenues and expenses. Fiduciary funds are excluded from the government-wide financial statements.

BASIS OF ACCOUNTING

Government-wide Financial Statements

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The primary effect of internal activity has been eliminated from the government-wide financial statements. An exception to this rule is when the amounts are reasonably equivalent in value to the interfund services provided and other charges between various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The Government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs, functions, and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meet the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenue. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the revenues of the City.

Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by laws through constitutional provisions or enabling legislation. The restriction for debt service represents cash held by trustee to pay debt service on the City's revenue bonds. Restrictions for capital projects represents bond proceeds and other special sources restricted for capital purposes. Restrictions for land use, public safety, and community services represent grant and other restricted sources.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. The City considers revenues to be available if they are collected within sixty days of the end of the current year. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The major governmental funds are:

General Fund - This is the City's primary operating fund. It is used to account for all financial resources except those accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources and expenditures applied to the construction of capital facilities and major purchased items for all governmental fund types.

The non-major governmental funds are:

Special Revenue Funds:

- Community Development Block Grant Fund - The Community Development Block Grant Fund is used to account for Community Development Block Grants received from the Federal government
- Grants Fund - The Grants Fund is used to account for all federal, state, and other grants received and expended that are not accounted for in another fund.
- Community Legacy Fund - The Community Legacy Fund accounts for the remainder of the City's prior community legacy programs. The City must use these funds for community development and revitalization.
- Art in Public Places Fund - The Arts in Public Places Fund is used to account for all income and expenses related to the Arts in Public Places Commission. This fund receives 3% of the City's short-term rental tax in accordance with §20-603 of the Local Government Article of the State Code.
- Police Forfeiture & Asset Seizure Fund - The Police Forfeiture and Seizure Fund accounts for proceeds from property seized by the City or allocated to the City from the regional public safety groups. These funds must be spent on public safety initiatives.
- Sprinkler Fund - The Sprinkler Fund accounts for City funds loaned to property owners for the installation of sprinklers in their home or business. The applicant must meet all requirements established in the City Code to participate in this loan program.
- Opioid Fund – The Opioid Fund pools funds received from case settlements issued by courts against pharmaceutical industry and related distributors, City contributions, and County grants earmarked for opioid related programs. The City manages several addiction and overdose programs using these funds.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Project Funds:

- Reforestation Fund - The Reforestation Fund accounts for critical area fees received by the City from developers in accordance with 17.09.070 of the City Code.
- Public Education and Government Fund - The Public Education and Governmental (PEG) Fund accounts for the fees paid by cable subscribers that the City uses for its public television studio.
- Affordable Housing Trust Fund - The Affordable Housing Trust Fund accounts for monies received from developers who do not provide moderately priced dwelling units in accordance with City Code requirements. The funds must be used to purchase land or buildings for other affordable housing; provide settlement expense, down payment, and mortgage write-down assistance to eligible persons or households; construct housing units; purchase or rehabilitate rental housing for conversion to homeownership; rehabilitate residential units; provide funds to match other State or Federal homeownership programs; administrative costs; and to contract with nonprofit developers for development of housing units for sale to eligible low or moderate income buyers.

This fund receives 3% of the City's occupancy tax in accordance with §20-603 of the Local Government Article of the State Code. These funds may be used for rental assistance.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The unassigned fund balance is a measure of available spendable resources.

The modified accrual basis of accounting is followed by the governmental funds. Under this basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter, within sixty days of the end of the current year, to be used to pay liabilities of the current period. Expenditures are recorded for decreases in net financial resources when a fund liability is incurred, if measurable, except for debt service, which is recognized when due.

Property taxes levied during the current year are recorded as receivables, net of estimated uncollectible amounts. The net receivables collected during the current year and within sixty days after year-end are recognized as revenues in the current year.

Income taxes, highway user fees, hotel taxes, admission and amusement taxes, and rent payments are all major revenue sources susceptible to accrual that have been recognized as revenues in the current year.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Licenses and permits, charges for non-enterprise services, fines and forfeitures, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are two types of intergovernmental revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized when the expenditures are recorded. In the other, monies are unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are recorded as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Proprietary Funds

All proprietary funds are accounted for using the accrual basis of accounting. The accrual basis of accounting recognizes revenues when they are earned and expenses when liabilities are incurred. These funds account for operations that are primarily financed by user charges. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Net position is segregated into net investment in capital assets, restricted, and unrestricted. Proprietary funds operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all of the City's enterprise funds and internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The major proprietary funds are:

- Sewer Fund - To account for all financial activity associated with the operation of the City's sewage collection and treatment program. The sewer fund consists of two divisions: sewer plant and sewer collection. The sewer collection division is responsible for operating, maintaining, and repairing the sewage conveyance system. Sewage treatment is performed at a single, jointly-owned plant site controlled and operated by Anne Arundel County. The City has a 50% ownership of the property, plant and equipment, but does not have joint control of the financial or operating policies; therefore the arrangement is not considered a joint venture. The current agreement calls for the City to share in actual costs for 50% of capital improvements and a flow-based percentage of operational costs.
- Water Fund - To account for all financial activity associated with the operation of the City's water plant and water distribution system. The water plant is responsible for the production, treatment, testing, storage, and initial distribution of all potable water for the customers of the City. The water distribution division is responsible for meter reading, operating, maintaining, and repairing the distribution system.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Off-Street Parking Fund - To account for all financial activity associated with the operation of the City's municipal parking facilities and parking enforcement. The parking facilities include four parking garages and two parking lots.
- Transportation Fund - To account for all financial activity associated with the operation and maintenance of the City's public transportation system. The transportation fund consists of three divisions: Administration, Transit Operations and Maintenance.

The nonmajor proprietary funds shown aggregated are:

- Watershed Restoration Fund - To account for all financial activity associated with the maintenance of public storm drainage systems, which include pipes, inlets, manholes, drainage ways, and watershed restoration facilities.
- Refuse Fund - To account for all financial activity associated with the operation of the City's residential refuse, yard waste, recycling, and bulk disposal systems. The refuse fund consists of three divisions: Residential Refuse, Yard Waste Recycling, and Curbside Recycling.

The City has four internal service funds:

- Self Insurance Fund - To account for the City's self-insurance activities for general liability, workers compensation, and other insurance coverage. An actuary estimates the liability for unpaid claims based on the claims reported as of June 30, 2025 and calculates an estimate for claims incurred but not reported the current claims and historical experience.
- Health Insurance Fund - To account for the City's health insurance and related claims, and administrative expenses. The City is self-insured for its health care, prescription, dental, and vision benefits. An outside administrator processes the claims and the City pays in advance weekly for estimated claims. Therefore, there are no material accruals for claims liability at year end.
- Fleet Replacement Fund - To accumulate contributions from participating funds to pay for the replacement of City vehicles, including police vehicles, fire apparatus, and public works equipment. The City uses the fund to purchase vehicles, to record debt for its equipment, and repay amounts borrowed for fleet purchases.
- Fleet Operations Fund - To account for fleet activities, increase transparency, and allocate these costs to each fund and department based on the vehicles used.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first and then use unrestricted resources as they are needed.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

The City currently has two fiduciary funds: the Pension Trust Fund and the Other Post-employment Liability (OPEB) Trust Fund, which are used to account for the pension and other post-employment liability assets held by the City in a trustee capacity. These funds are accounted for and reported in a manner similar to proprietary funds since capital maintenance is critical.

Pension Trust Fund - For the purpose of measuring the net pension liability, deferred outflows and inflows related to pensions, pension expense, and information about fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Trust Fund - For the purpose of measuring the net OPEB liability related to postemployment benefits and information related to the fiduciary net position of the Maryland Association of Counties Pooled OPEB Trust. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are report at fair value.

BUDGETARY PROCESS

The City annually adopts and follows these procedures in establishing its budgets for the General Fund, Special Revenue Funds, Capital Projects Funds, Enterprise Funds and Internal Service Funds.

1. By the second Monday in April, the Mayor submits to the City Council a proposed budget for these funds for the fiscal year commencing the following July 1.
2. The budget is referred to the Finance Committee, which makes recommendations on the budget to the full City Council by the second Monday in May.
3. The City Council holds public hearings to obtain taxpayer comments.
4. No later than June 30, the budget is legally enacted through passage of a budget ordinance that establishes spending authority by fund and department for the operations of the City.
5. All supplemental appropriations and transfers between departments and funds greater than \$25,000 must be approved by the City Council. The allocation of funds from the surplus of the budget requires a two-thirds vote by the City Council.
6. All budgets are on an annual basis except the capital projects funds budgets, which are on a project basis. Budgets are adopted using non-GAAP budgetary basis of accounting as used for reporting purposes. Unencumbered appropriations lapse at June 30 for all funds, except the capital projects.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Control

Annually, budgets are adopted on a departmental level. Any budget changes subsequent to the adoption by the City Council, including any transfers between expenditures classifications greater than \$25,000 or between funds, must be reviewed by the Finance Committee and approved by the City Council. Any transfers between expenditure classifications within the same fund \$25,000 or less require approval by the City Manager, who must report the transfer to City Council at the following City Council meeting. For the General Fund, the total amendments were a net increase of \$1,036,723, increasing the original budget from \$116,681,245 to a revised budget of \$117,717,968.

The City has established a Budget Stabilization Fund (BSF) by resolution. The fund is within the General Fund balance and receives 50% of the excess above the target fund balance, which is calculated as 15% of revenues in the General, Parking, and Transportation funds. The BSF balance is limited to 3% of the budgeted revenues in the General, Parking, and Transportation funds for the ensuing fiscal year. Balances in the BSF may be appropriated for any purpose of City government by a simple majority vote of the Council.

The following are explanations of budget overages and deficit balances for the fiscal year ending June 30, 2025:

The City's County Grant Fund overspent budgetary expenses by \$6,324. The fund ended the year with a small deficit. The City will address this deficit in fiscal year 2026.

COMPONENTS OF NET POSITION

Cash and Cash Equivalents

For purposes of the statement of cash flows, money market and highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Investments

Short-term investments of the City are recorded at fair value. Investments in the Pension and Other Postemployment Benefit Trust Funds represent the plans' ownership interests in the net position of various investment funds. The investments in these funds are recorded at fair value.

Inventories and Prepaid Items

Inventories consist of supplies and materials valued at cost using the first-in/first-out method and prepaid items consist of insurance premiums, collection services, and bulk permit for postage valued at cost.

These prepaid items are recorded using the consumption method under which expenditures/expenses are recorded as the items are used.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in government-wide activities. The valuation bases for general capital assets are historical cost, or, where historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than \$5,000 and a useful life of more than one year.

Capital assets in the proprietary funds are capitalized in the fund in which the assets are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation of capital assets is computed and recorded using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings 20 to 50 years; improvement/infrastructure, 5 to 50 years; and equipment, 2 to 15 years. Land is not subject to depreciation because of its inexhaustible life.

Allowance for Uncollectible Receivables

The City calculates its allowances for uncollectible receivables using historical collection data and, in certain cases, specific account analysis.

Vacation and Sick Leave

Vacation benefits are earned by employees of the City based on time in service, and the rights to such benefits are vested after 6 months of service. Sick leave is also accumulated by employees based on time in service. Accumulated sick leave benefits do not vest and are not paid unless sickness causes employees to be absent; however, accumulated sick time not used is credited to months of service in the calculation of employees' retirement benefits.

In June 2022, GASB issued Statement No. 101, Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The City implemented this statement effective for the fiscal year ended June 30, 2025, however, there was no immediate impact to the City's financial statements as a result of the implementation.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City records vested vacation benefits as earned. All vacation benefits are accrued when incurred in the government-wide and proprietary fund financial statements. The amount earned and unused is recorded as a liability in the respective funds of the City when notification of termination is received prior to year-end. In accordance with GASB Statement Number 16, *Accounting for Compensated Absences*, the City also recorded the related social security and Medicare taxes as a liability as of June 30, 2025.

Due to the City's policies limiting the total accrual of vacation time, the liability for compensated absences varies minimally year to year. Employees who reach their limit do not continue to accrue leave. Therefore, the City considers the total of compensated absences to be a current liability. Depending on employee, excess leave is either lost, paid into a medical savings account, or paid directly to the employee at the end of December.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Fund Balance Reporting

The City follows the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

1. Nonspendable - amounts that cannot be spent because the amounts are either not in spendable form or are legally required to be maintained intact, such as inventory, prepaid expenses, or other assets.
2. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed - amounts that can only be used for specific purposes determined by a formal action of the City Council, the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances approved by the Council.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes determined by a formal action of the Council, such as adopting the annual budget or by resolution.
5. Unassigned – all other spendable amounts. The General Fund is the only fund allowed to have an unassigned fund balance unless the fund balance is negative.

The City has established a fund balance spending policy for those instances where an expenditure is incurred for a purpose for which amounts in any of the restricted or unrestricted fund balance classifications (committed, assigned, or unassigned) could be used. The City will apply expenditures against restricted amounts first, followed by committed, assigned, and unassigned amounts.

Net Position Flow Assumption

At times, the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position.

NOTE 2 - PROPERTY TAX

The City's property tax is levied each July 1 on the assessed value of real and personal property located in the City. At that time, a lien is placed against the property. Assessed values are established by the Maryland State Department of Assessments and Taxation. A revaluation of all 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 or fraction thereof (at an interest rate of 15% per year), until such taxes are paid. Property with delinquent taxes, are included in the tax sale each May or June conducted by Anne Arundel County. The assessed market value of taxable real property and personal property as of July 1, 2024, was approximately \$8,421,817,253 and \$164,714,530, respectively.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash and Investments

The City records all operating cash in a pooled fund separate from other City funds except the Pension and Other Postemployment Benefit Trust Funds, which holds investments separate from other City funds and controls its own cash transactions. The pooled cash fund is combined with the General Fund for reporting purposes and amounts applicable to other funds are transferred through the interfund receivable and payable accounts.

Custodial Credit Risk -

Deposits: In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The City's investment policy requires at least 102% collateralization of deposits. The carrying amount of total deposits for the City held with local banks was \$245,484; and the bank balances were \$211,286 as of June 30, 2025. As of June 30, 2025, the City's bank balances were fully collateralized by securities held by Bank of New York Mellon, in the City's name.

Teller and petty cash totaled \$3,310 at June 30, 2025.

Money Markets: The City invests some operating and all bond proceeds in short-term money market funds that are not subject to custodial credit risk. The total amount invested in these short-term money market funds was \$11,590,359 as of June 30, 2025. These funds are unrated.

Investments: The City is authorized to invest in obligations of the U. S. Treasury, agencies and instrumentalities, bankers' acceptances, repurchase agreements, certificates of deposit, and the State of Maryland's local government investment pool.

The investments of the Police and Fire Pension Plan are described in note 7 to the financial statements.

The Retiree Health Trust investments are invested in the Maryland Association of Counties Pooled OPEB Trust (MACO Trust). The MACO Trust is administered by Davenport & Company LLC, and is a wholly-owned instrumentality of its members. The assets of the Trust are managed by a Board of Trustees and consist of U.S. Treasury obligations, U.S. government agencies, corporate and foreign bonds, municipal obligations, taxable fixed income securities, mutual funds, global funds, and international equity securities. The City's investment in the MACO Trust was \$15,910,511 as of June 30, 2025.

Interest Rate Risk - The City plans its investments to match cash flow requirements. In accordance with its investment policy, the City does not directly invest in securities maturing more than one year from the date of purchase. The Maryland Local Government Investment Pool (MLGIP) used by the City is operated in accordance with Rule 2a7 of the Investment Company Act of 1940. The City's investments in the pool are not included in the computation of weighted average maturity. The City's investment in MLGIP was \$107,824,127 as of June 30, 2025.

Credit Risk - State law and the City's investment policy limits investments in bankers' acceptances and commercial paper to the highest letter and numerical rating by at least one nationally recognized statistical rating organization. The Maryland Local Government Investment Pool is rated "AAAm" by Standard & Poor's.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk - The City's investment policy, with the exception of U.S. Treasury securities and authorized pools, states no more than one-third of the City's total investment portfolio will be invested with a single financial institution.

Investments and Valuation - The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below

- *Level 1* - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- *Level 2* - Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- *Level 3* - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

Transactions are recorded on the trade date. Realized gains and losses are determined using the identified cost method. Any change in net unrealized gain or loss from the preceding period is reported in the statement of revenues, expenses, and changes in net position. Dividends are recorded on the ex-dividend date. Interest is recorded on the accrual basis.

Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

	Balance June 30, 2025
Investments measured at net assets value (NAV)	
MACO OPEB Trust	\$ 15,910,511
Total Investment at NAV	15,910,511
Cash and Cash Equivalents carried at amortized cost	
Cash on hand	3,310
Deposits	245,484
Money Market Mutual Funds	11,590,359
MLGIP	107,824,127
Total Cash and Cash Equivalents at amortized cost	119,663,280
Total Cash and Investments	\$ 135,573,791

The MACO OPEB Trust is measured at net asset value. Investments in the trust include stocks, bonds, and real estate. Distributions from the Trust are solely to (1) make payments for benefits pursuant to and in accordance with the terms of the plan and (2) to pay the costs associated with administering the Trust Fund. With six months advance notice, a member may terminate its membership in the Trust. The Trust has no unfunded commitments.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION/AMORTIZATION

Capital assets at June 30, 2025 consist of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 19,434,496	\$ 2,126,663	\$ -	\$ 21,561,159
Construction in progress	27,449,392	14,156,176	(394,502)	41,211,066
Total capital assets not being depreciated	<u>46,883,888</u>	<u>16,282,839</u>	<u>(394,502)</u>	<u>62,772,225</u>
Capital assets being depreciated/amortized				
Buildings	66,241,058	-	-	66,241,058
Improvements/infrastructure	122,386,697	430,843	-	122,817,540
Equipment	32,331,054	5,561,537	(3,331,532)	34,561,059
Right-to-use leased assets (buildings)	6,689,820	-	-	6,689,820
Right-to-use subscription assets	1,865,022	487,626	-	2,352,648
Subtotal	<u>229,513,651</u>	<u>6,480,006</u>	<u>(3,331,532)</u>	<u>232,662,125</u>
Less accumulated Depreciation:				
Buildings	(23,554,219)	(930,923)	-	(24,485,142)
Improvements/infrastructure	(54,081,188)	(1,781,197)	-	(55,862,385)
Equipment	(24,253,840)	(3,209,496)	934,703	(26,528,633)
Less accumulated amortization:				
Right-to-use leased assets (buildings)	(2,010,420)	(757,685)	-	(2,768,105)
Right-to-use subscription assets	(613,021)	(405,981)	-	(1,019,002)
Subtotal	<u>(104,512,688)</u>	<u>(7,085,282)</u>	<u>934,703</u>	<u>(110,663,267)</u>
Total capital assets being depreciated	<u>125,000,963</u>	<u>(605,276)</u>	<u>(2,396,829)</u>	<u>121,998,858</u>
Net capital assets	<u>\$ 171,884,851</u>	<u>\$ 15,677,563</u>	<u>\$ (2,791,331)</u>	<u>\$ 184,771,083</u>
Business-type Activities:				
Capital assets not being depreciated				
Land	\$ 3,222,742	\$ -	\$ -	\$ 3,222,742
Construction in progress	28,526,075	6,806,720	(1,294,765)	34,038,030
Total capital assets not being depreciated	<u>31,748,817</u>	<u>6,806,720</u>	<u>(1,294,765)</u>	<u>37,260,772</u>
Capital assets being depreciated/amortized				
Buildings	86,208,084	-	-	86,208,084
Improvements/infrastructure	84,924,008	994,121	-	85,918,129
Equipment	6,611,634	2,450,027	(451,024)	8,610,637
Right-to-use leased assets (equipment)	8,499	-	-	8,499
Right-to-use subscription assets	44,497	12,391	-	56,888
Subtotal	<u>177,796,722</u>	<u>3,456,539</u>	<u>(451,024)</u>	<u>180,802,237</u>
Less accumulated Depreciation:				
Buildings	(36,148,214)	(2,257,762)	-	(38,405,976)
Improvements/infrastructure	(24,251,160)	(1,676,167)	-	(25,927,327)
Equipment	(6,100,129)	(237,048)	404,928	(5,932,249)
Less accumulated amortization:				
Right-to-use leased assets (equipment)	(2,549)	(1,700)	-	(4,249)
Right-to-use subscription assets	(9,230)	(15,565)	-	(24,795)
Subtotal	<u>(66,511,282)</u>	<u>(4,188,242)</u>	<u>404,928</u>	<u>(70,294,596)</u>
Total capital assets being depreciated	<u>111,285,440</u>	<u>(731,703)</u>	<u>(46,096)</u>	<u>110,507,641</u>
Net capital assets	<u>\$ 143,034,257</u>	<u>\$ 6,075,017</u>	<u>\$ (1,340,861)</u>	<u>\$ 147,768,413</u>

Notes: Additions to accumulated depreciation include transfers of certain assets between funds. Changes in right-to-use subscription asset balances during the year primarily relate to remeasurements, scope changes, and interfund transfers, which did not result in corresponding reductions to accumulated amortization.

**CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION/AMORTIZATION (Continued)

Governmental Activities:

General Government	\$ 756,956
Public Safety	1,157,055
Public Works	1,913,515
Community Services	737,347
Land Use	5,528
Fleet	2,123,729
Total depreciation expense	<u>\$ 6,694,130</u>

Business-type Activities:

Water	\$ 1,355,756
Sewer	708,120
Off Street Parking	1,826,214
Transportation	260,543
Non Major Funds	37,609
Total depreciation expense	<u>\$ 4,188,242</u>

Note: Depreciation expense by function for governmental activities and business type activities may not agree to depreciation totals by asset class due to internal reallocations of depreciation associated with capital assets transferred between governmental funds and business type funds during the year.

NOTE 5 - DEBT

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if the bonds are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Refunding debt is repaid by either the General Fund or Proprietary Fund based on the debt that was refunded.

The City has defeased certain general obligation bonds by placing the proceeds of new bonds in irrevocable trusts to provide for 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 City's financial statements.

Under provisions of Article 41, Section 14-101 through 14-109 of the Annotated Code of Maryland, the City has participated in Economic Development Revenue Bonds for various projects within the City. Neither the bonds nor the interest thereof constitute an indebtedness or contingent liability of the City and, accordingly, these bonds are not included in the City's basic financial statements. During fiscal years 1998, 2007, and 2016, the City issued \$7,835,000, \$13,445,000, and \$24,460,000, respectively of these bonds on behalf of St. John's College, a Maryland nonprofit educational corporation. In fiscal year 2016, St. John's College refunded the 1998 bonds and a portion of the 2007 bonds. In fiscal year 2021, St. John's College issued \$8,430,000 in Series 2020 bonds which were issued to finance and refinance certain capital projects and to refund the Series 2007 bonds. The amount of conduit debt outstanding as of June 30, 2025 was \$17,097,446 for the 2016 and 2020 issuances.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 - DEBT (Continued)

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities by type for the year ended June 30, 2025:

	<u>Beginning Balance</u>	<u>Additions and Adjustments</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount due within one year</u>
Governmental Activities:					
General obligation bonds	\$ 63,566,741	\$ -	\$ (6,219,950)	\$ 57,346,791	\$ 5,982,581
Unamortized premium	1,970,245	-	(421,713)	1,548,532	575,780
Other Debt/Financing Lease	3,535,782	-	(1,094,176)	2,441,606	1,058,809
Lease Liabilities	4,930,546	-	(692,352)	4,238,194	723,461
Subscription Liabilities	1,220,155	68,822	-	1,288,977	397,058
Total long-term debt	<u>75,223,469</u>	<u>68,822</u>	<u>(8,428,191)</u>	<u>66,864,100</u>	<u>8,737,689</u>
Net OPEB liability	18,525,466	-	(3,940,150)	14,585,316	-
Compensated absences	2,788,644	593,438	-	3,382,082	3,382,082
Net pension liability	69,585,510	3,390,042	(8,788,416)	64,187,136	-
Total long-term liabilities	<u>\$ 166,123,089</u>	<u>\$ 4,052,302</u>	<u>\$ (21,156,757)</u>	<u>\$ 149,018,634</u>	<u>\$ 12,119,771</u>
Business-type Activities:					
General obligation bonds	\$ 86,198,260	\$ -	\$ (3,325,050)	82,873,210	\$ 3,377,419
Unamortized premium	2,485,099	-	(378,672)	2,106,427	342,953
MDE Loan	20,761,079	-	(1,006,822)	19,754,257	1,015,884
Lease Liabilities	6,313	-	(1,619)	4,694	1,761
Subscription Liabilities	18,142	-	(2,133)	16,009	14,482
Total long-term debt	<u>109,468,893</u>	<u>-</u>	<u>(4,714,296)</u>	<u>104,754,597</u>	<u>4,752,499</u>
Net OPEB liability	1,482,977	-	(928,132)	554,845	-
Compensated absences	391,131	60,248	(20,169)	431,210	431,210
Net pension liability	5,436,221	961,571	-	6,397,792	-
Total long-term liabilities	<u>\$ 116,779,222</u>	<u>\$ 1,021,819</u>	<u>\$ (5,662,597)</u>	<u>\$ 112,138,444</u>	<u>\$ 5,183,709</u>

The liability for pension-related debt is fully liquidated by the General Fund. The liability for the OPEB is expected to be liquidated by the general and proprietary funds. The liability for compensated absences will be liquidated by general and proprietary funds based on the fund paying the respective employees' wages.

The City Charter limits the aggregate amount of bonds and other indebtedness to 10% of the assessable base of the City, which includes real and personal property. As of June 30, 2025, the debt margin of the City was as follows:

Assessed value of taxable real and personal property, July 1, 2024	\$ 8,586,531,783
Debt limit: 10% of assessable basis	858,653,178
Debt subject to limitation	<u>159,974,258</u>
Debt margin	<u>\$ 698,678,920</u>

**CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 - DEBT (Continued)

Long-term debt comprises the following amounts as of June 30, 2025:

Governmental Activities:

General obligation bonds:

Public Refunding Bonds of 2015: \$15,088,643; interest 3.0% to 4.0%; due serially to 2028	\$ 5,388,531
Public Refunding Bonds of 2017: \$8,969,907; interest 3.625% to 5.0%; due serially to 2036	5,940,000
Public Improvement Refunding Bonds of 2017, Series B & C: \$11,030,000 interest 2.68% to 5.0%; due serially to 2040	10,015,000
Public Refunding Bonds of 2019: \$1,680,000; interest 2.0% to 5%; due serially to 2040	1,324,704
Public Refunding Bonds of 2019: \$3,783,182; interest 2.0% to 3%; due serially to 2036	519,378
Public Improvement Bonds of 2021, Series A: \$9,180,000; interest 1.875% to 5.0%; due serially to 2050	9,377,694
Public Improvement Refunding Bonds of 2021, Series B: \$16,674,472; interest 1.450% to 2.3%; due serially to 2035	14,271,484
Public Improvement Bonds of 2022, Series A: \$11,150,000; interest 3.0% to 5.0%; due serially to 2042	10,510,000
Total general obligation bonds	<u>57,346,791</u>

Other debt:

Equipment Financing Lease 2018 - Tranche 1: interest 3.0440%, due 2029	1,555,113
Equipment Financing Lease 2019 - Tranche 2: interest 1.7330%; due 2029	658,272
Equipment Financing Lease 2020 - Tranche 3: interest 1.5196%; due 2030	228,221
Total other debt	<u>2,441,606</u>
Total governmental activities long-term debt	<u>\$ 59,788,397</u>

**CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 - DEBT (Continued)

Business-type Activities:

General obligation bonds:

Public Refunding Bonds of 2015: \$4,876,357; interest 3.0% to 4.0%; due serially to 2028	\$ 1,741,470
Public Improvement Refunding Bonds of 2017, Series B & C: \$14,520,000 interest 2.68% to 5.0%; due serially to 2033	10,775,000
Public Improvement Refunding Bonds of 2019, Series A: \$7,400,000 interest 2.00% to 5.0%; due serially to 2049	6,710,296
Public Improvement Refunding Bonds of 2019B, Series B & C: \$1,360,000 interest 2.00% to 3.00%; due serially to 2036	400,622
Public Improvement Bonds of 2021, Series A: \$4,700,000; interest 1.875% to 5.0%; due serially to 2041	3,212,306
Public Improvement Refunding Bonds of 2021, Series B: \$32,240,528; interest 1.450% to 2.8%; due serially to 2045	29,633,516
Public Improvement Bonds of 2022, Series A: \$34,425,000; interest 3.0% to 5.0%; due serially to 2052	22,330,000
Public Improvement Refunding Bonds of 2021, Series B: \$8,260,000; interest 4.50% to 6.0%; due serially to 2052	8,070,000
Total general obligation bonds	<u>82,873,210</u>

Other debt:

State of Maryland Water Quality loan: \$28,500,000; interest 0.900%; due semiannually to 2043	19,754,257
Total business-type activities debt	<u>\$ 102,627,467</u>

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 - DEBT (Continued)

Interest incurred on general obligation bonds allocated to governmental and business-type activities were \$1,878,057 and \$2,935,614 respectively for the year ended June 30, 2025.

Long-term debt maturities, excluding the unamortized loss on refunding of \$835,776 and \$964,711 in governmental and business-type activities, respectively, are scheduled as follows:

	General Obligation Bonds		Equipment Financing Leases		Total
	Principal	Interest	Principal	Interest	
Governmental activities:					
2026	\$ 5,982,581	\$ 1,780,604	\$ 1,058,809	\$ 58,900	\$ 8,880,894
2027	5,667,797	1,589,043	623,866	32,460	7,913,166
2028	6,390,131	1,381,982	343,121	20,448	8,135,682
2029	5,086,900	1,190,360	347,460	10,713	6,635,433
2030	4,086,120	1,039,936	42,548	734	5,169,338
2031 - 2035	16,919,602	3,320,472	25,802	196	20,266,072
2036 - 2040	9,157,683	1,359,372	-	-	10,517,055
2041 - 2045	3,872,612	205,551	-	-	4,078,163
2046 - 2050	150,961	12,982	-	-	163,943
2051 - 2055	32,404	385	-	-	32,789
	<u>\$ 57,346,791</u>	<u>\$ 11,880,687</u>	<u>\$ 2,441,606</u>	<u>\$ 123,451</u>	<u>\$ 71,792,535</u>

	General Obligation Bonds		MDE Water Quality Loan		Total
	Principal	Interest	Principal	Interest	
Business-type activities:					
2026	\$ 3,377,419	\$ 2,826,467	\$ 1,015,884	\$ 177,788	\$ 7,397,558
2027	3,507,203	2,705,514	1,025,027	168,645	7,406,389
2028	3,664,869	2,577,865	1,034,252	159,420	7,436,406
2029	3,378,100	2,452,708	1,043,561	150,112	7,024,481
2030	3,413,880	2,332,175	1,052,953	140,720	6,939,728
2031 - 2035	18,260,398	9,817,523	5,408,629	559,733	34,046,283
2036 - 2040	16,797,317	7,014,726	5,656,438	311,924	29,780,405
2041 - 2045	17,622,388	4,145,805	3,517,513	63,504	25,349,210
2046 - 2050	9,049,039	1,748,799	-	-	10,797,838
2051 - 2055	3,802,597	283,075	-	-	4,085,672
	<u>\$ 82,873,210</u>	<u>\$ 35,904,657</u>	<u>\$ 19,754,257</u>	<u>\$ 1,731,846</u>	<u>\$ 140,263,970</u>

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 - LEASES

City as Lessor

For the year ended June 30, 2025 the financial statements include GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Details of the City's lease receivables at June 30, 2025 are as follows:

In November of 1989, the City entered into a lease agreement with the Cousins Team II, LLC for 1796 square feet of real property located on the south side of Defense Highway. In August of 2007, the lease was assigned to HH&P IV, LLC as a result of the sale by Cousins Team II, LLC to HH&P IV, LLC of 201 Defense Highway. Terms and conditions of the lease are outlined below.

The original lease term was a period of five years with the tenant having the option to extend the same terms for up to nine consecutive additional terms of five years each for a total term of 50 years. The original contract called for the base annual rent of \$1,750 to be adjusted in each subsequent year by the change in CPI-W for the Washington, DC area. At the time, Washington and Baltimore were separate areas and the index base was 1982 and the inception CPI was 129.5 (11/89). In January 1998 the index was changed to combine the Baltimore/Washington area and rebased to 100 (11/96). This change resulted in a conversion calculation in which current annual base rent is calculated by adjusting prior year rent by a factor of (the annual change in CPI-W for the Baltimore/Washington area/81.7). Fiscal year 2025 base annual rent was \$6,798. The City is reasonably certain that all options will be exercised and anticipates the lease to continue through the end of fiscal year 2039.

In August 2015, the City entered into a lease agreement with Annapolis Solar Park, LLC for the "Annapolis Landfill Property" for the purpose of designing and constructing a solar photovoltaic generating facility. The term of the original lease is 20 years, with the lessee having the option to extend for two additional five-year periods. The City is reasonably certain both these options will be exercised.

Annual base rent at the conception of the lease was \$10,000 with annual increase of 2% at the beginning of each new fiscal year. Base rent is payable in 12 equal monthly payments. Additional annual rental payments are made based on the facility's capacity. At the conception of the lease, the rate for additional rent was \$15,000 annually per megawatt of capacity. This rent increases by 2% at the start of each fiscal year. The completed facility has a capacity of 12.06 megawatts.

Rent is offset by an allowance granted to the lessee in the amount of the interconnection costs associated with aligning and connecting the facility to Baltimore Gas and Electric. The total offset is amortized over a 10-year period from fiscal year 2018 to fiscal year 2028. The total monthly offset is \$7,329. 91% of the Annapolis Solar Park lease is accounted for in the General Fund and 9% in the Refuse Fund. In fiscal year 2025, total rent recognized in the General Fund was \$127,702 and \$12,422 in the Refuse Fund.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 - LEASES (Continued)

In March 2018, the City entered into a five-year lease agreement with New Market House, LLC for the rental of space located at 25 Market Space in downtown Annapolis. Base rent for the property was \$8,000 a month. The New Market House, LLC has exercised the option to extend the lease for another five-year term with an increase in monthly rent of 5% for the duration of the extended term.

In April 2017, the City entered into an agreement with the Annapolis Spring Sailboat Show for the lease of space to hold a Sailboat show in the spring of 2021. The lease has a renewal option of five additional one-year terms. Rent is calculated as the greater of either 50% of lessee's gross receipts or a minimum rent (\$15,953 multiplied by 50% of the CPI increase over the previous 12 months where CPI-U, 1982-84=100). Renewal option minimum rent is equal to 50% of the amount of the CPI increase over the previous 12 months multiplied by the prior year's minimum rent. In addition to rent, the lessee pays \$4,000 for the reimbursement of costs. For each renewal period the amount of this reimbursement increases by 50% of the amount of the CPI increase of the 12 months preceding the renewal term. The City is reasonably certain that all renewal periods will be exercised. In fiscal year, 2025 total revenue recognized under the term of the lease was \$27,525.

In April 2017, the City entered into an agreement with the United States Sailboat Shows, Inc. and the United States Powerboat Show, Inc. for the lease of space to hold two fall boats for the fall of 2021-2026. The lease has a renewal option of five additional one-year terms. Rent is calculated as the greater of either 50% of lessee's gross receipts or a minimum rent (\$385,000 multiplied by 50% of the CPI increase over the previous 12 months where CPI-U, 1982-84=100). Renewal option minimum rent is equal to 50% of the amount of the CPI increase over the previous 12 months multiplied by the prior year's minimum rent. In addition to rent, the lessee pays \$38,625 multiplied by the increase in CPI over the previous 12 months for the reimbursement of costs. For each renewal period the amount of this reimbursement increases by 50% of the amount of the CPI increase of the 12 months preceding the renewal term. The City is reasonably certain that all renewal periods will be exercised. In fiscal year 2025 total revenue under the term of the lease were \$529,366.

City as a Lessee

Details of the City's lease liabilities at June 30, 2025 are as follows:

On June 29, 2015, the City entered into an agreement with KDBA, LLC as the property owner of 145 Gorman Street, Annapolis. The City leases the three-story property including the entire second floor, third floor, first floor lobby, stairway, and equipment room. The City uses the premises for several departments including Planning and Zoning, Public Works, Office of Environmental Policy, and Human Resources.

The current lease agreement terminates on June 30, 2030. The City has paid for the option to extend the lease to June 30, 2094. The city is not reasonably certain it will exercise this option. The initial lease liability was recorded at July 1, 2021 in the amount of \$4,277,143. The implied interest rate is 1.530%.

**CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 - LEASES (Continued)

As of July 1, 2022 monthly basic rent payments were \$38,773. Base payments increase annually at a 3% rate. In addition, the City pays estimated Common Area Maintenance (CAM) expense of \$6,272 per month (revised annually), which is subject to annual reconciliation based on actual operating charges.

In 2021, the City entered into a two year lease agreement with the Limited Partnership for office space to be used by law enforcement staff. The initial lease liability was recorded at July 1, 2021 in the amount of \$231,473. As of June 30, 2025, the value of the lease liability is \$109,568. The implied interest rate is 1.375%. Monthly payments have a base rate of \$2,855 and increase annually and with each renewal period at a 3% rate. In addition, the City pays estimated operating charges of \$1,181 per month which is subject to an annual reconciliation based on actual operating charges.

In 2021, the City entered into a five year lease agreement with Axon Enterprises for equipment used by law enforcement staff. The initial lease liability was recorded at July 1, 2022 in the amount of \$2,051,909. As of June 30, 2025, the value of the lease liability is \$1,462,574. The implied interest rate is 3.036%. Annual payments for the initial term of the lease are \$235,071. There is a single five-year extension option that the City is reasonably certain to exercise.

In January 2023, the City entered into a five year lease agreement with Konica Minolta Business Solutions USA, Inc. for copiers to be used in departments throughout the City. The initial lease liability was recorded at January 1, 2023 in the amount of \$137,795. As of June 30, 2025, the value of the lease liability is \$76,106. The implied interest rate is 8.430%. Monthly payments total \$2,823.

Annual requirements to amortize all long-term obligations and related interest are as follows:

Governmental Activities			Business Type Activities		
For Year Ending June 30,	Principal	Interest	For Year Ending June 30,	Principal	Interest
2026	\$ 723,461	\$ 87,096	2026	\$ 1,760	\$ 329
2027	755,765	71,104	2027	1,915	174
2028	772,954	54,638	2028	1,019	25
2029	754,037	39,697	<u>2029</u>	<u>\$ 4,694</u>	<u>\$ 528</u>
2030	782,409	24,887			
2031 - 2035	449,568	20,575			
	<u>\$ 4,238,194</u>	<u>\$ 297,997</u>			

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 - BENEFIT PLANS

A) Maryland State Retirement and Pension System

Plan Descriptions

Generally, all regular City employees, except police and fire personnel, participate in the Employees Retirement and Pension System (the System), a cost sharing multiple-employer defined benefit plan sponsored and administered by the State Retirement and Pension System of Maryland. The System was created by the Maryland General Assembly. The Police and Fire Pension Plan was established by the City Council through legislation. Police and fire personnel participate in the single employer defined benefit pension plan, which is administered by the City's Human Resources Manager. In addition, the City established an eight-member police and fire retirement plan commission to review funding and actuarial reports and to make investing decisions. The City Council has the authority to establish and amend benefit and contribution provisions.

General Information about the Employees Retirement and Pension System

Plan description. Employees of the City, except uniformed police and fire personnel, are covered by the Maryland State Retirement and Pension System (the System), which is a cost sharing employer public employee retirement system. While there are five retirement and pension systems under the System, employees of the City are a member of the Employees' Retirement and Pension Systems. The System was established pursuant to State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating government units. The System is administered by the State Retirement Agency. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. The System issues a publicly available financial report that can be obtained at <http://www.sra.state.md.us>.

Benefits provided. The System provides retirement allowances to employees of participating governmental units. For individuals who become members of the Employees' Retirement and Pension Systems on or before June 30, 2011, retirement/pension allowances are computed using both the highest three years Average Final Compensation (AFC) and the actual numbers of years of accumulated creditable service. For individuals who become members of the Employees' Pension System on or after July 1, 2011, pension allowances are computed using both the highest five years AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefits allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors.

A member of the Employees' Pension System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service, regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's average final compensation (AFC) multiplied by the number of years of accumulated creditable service.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 - BENEFIT PLANS (Continued)

A member of the Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62 with specified years of eligibility service or accumulating 30 years of eligibility service, regardless of age. An individual who becomes a member of the Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least 65 and has accrued at least 10 years of eligibility service.

For most individuals who retired from the Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the members AFC multiplied by the number of years of credible service accumulated prior to July 1, 1998, plus 1.4% of the members AFC multiplied by the number of years of credible service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC multiplied by the number of years of credible service accumulated prior to July 1, 1998, plus 1.8% of the members AFC multiplied by the number of years of credible service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Employees' Pension System.

Contributions. The City and covered members are required by State statute to contribute to the System. Members of the Employees' Pension System are required to contribute 5-7% annually, depending on the retirement option selected. The contribution requirements of the participating governmental employers are established and may be amended by the Board of Trustees for the System.

The City's contractually required contribution rate for the Employees' Retirement and Pension System for the year ended June 30, 2025, was 11.97% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City paid its required contributions, of \$2,951,565, during the year ended June 30, 2025.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the City reported a liability of \$27,163,323 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on actual employer contributions billed to participating government units for the year ended June 30, 2025. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2025, the City's proportionate share was 0.10327%, up from 0.09905% in the prior year.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 - BENEFIT PLANS (Continued)

For the year ended June 30, 2025, the City recognized pension expense of \$4,554,568. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual experience	\$ 2,779,163	\$ (597,751)
Changes in assumptions	1,711,083	-
Change in proportion	3,199,964	(782,593)
Net difference between projected and actual earnings on pension plan investments	1,970,508	-
Change in proportionate share of contribution	-	(14)
City contributions subsequent to the measurement date	2,951,565	-
Total	\$ 12,612,283	\$ (1,380,358)

City contributions made after the measurement date but before the end of fiscal year 2025 will be recognized as a reduction of net pension liability in the subsequent fiscal period. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Amount
2026	\$ 1,948,626
2027	3,316,992
2028	1,604,778
2029	1,009,658
Thereafter	400,306
	\$ 8,280,360

Actuarial assumptions. The total pension liability in the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% general, 2.75% wages
Salary increases	2.75% to 11.50%, including wage inflation
Investment rate of return	6.80%

Mortality rates were based on Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 fully generational mortality improvement scale.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 - BENEFIT PLANS (Continued)

The economic and demographic actuarial assumptions used in the June 30, 2025 valuation were adopted by the System’s Board of Trustees based upon review of the System’s experience study for the period 2018-2023, which was completed during fiscal year 2018. Certain assumptions from the experience study, including mortality rates, retirement rates, withdrawal rates, disability rates, and rates of salary increase, were adopted by the Board for the first use in the actuarial valuation as of June 30, 2019. New economic assumptions (investment return, inflation, wage inflation and COLA increases) were adopted by the Board for the June 30, 2023 valuation.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-range expected rate of return by weighting the expected future real rates by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the System’s investment consultants and actuaries. For each major asset class that is included in the System’s target asset allocation, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Public Equity	34.00 %	6.00 %
Private Equity	16.00	8.50
Rate Sensitive	20.00	2.40
Credit Opportunity	9.00	5.40
Real Assets	15.00	5.50
Absolute Return	6.00	3.90
Total	100.00 %	

The above was the System’s Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2024.

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 6.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate. The single discount rate used to measure the total pension liability was 6.80%. This single discount rate was based on the expected rate of return on pension plan investments of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

**CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 - BENEFIT PLANS (Continued)

Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension

Pension plan fiduciary net position. Detailed information about the pension plans' fiduciary net position is available in the System's separately issued financial report.

Sensitivity of the Net Pension Liability. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the City's net pension liability, calculated using a single discount rate of 6.80%, as well as what the City's net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher:

	Discount Rate		
	1% Decrease (5.80%)	Current (6.80%)	1% Increase (7.80%)
Net Pension Liability	\$ 39,477,679	\$ 27,163,323	\$ 16,898,443

B) General Information about the Police and Fire Pension Plan

Single Employer Plan

Plan Description. The Police and Fire System is a single-employer defined benefit plan that covers the sworn police and fire personnel of the City. The plan provides retirement, disability, and death benefits to its members and beneficiaries. The plan has four subplans: Old Plan, Old Plan Revised, New Plan, and New Plan Revised. Plan membership is determined by date of hire and, in some cases, voluntary selection.

All current active members participate in the New Plan Revised. Normal retirement date for participants hired before July 1, 2012, is the completion of 20 years of active service, while the normal retirement date for those hired on or after July 1, 2012, is the completion of 25 years of active service. The normal retirement benefit is 50% of final earnings at 20 years of service plus 2.25% of final earnings for each year of active service between 20 and 24 years and 2.5% of final earnings for each year in excess 24 years with a maximum benefit is 70%. Cost of living increases are 2% annually, and employee contributions are 8% of salary. Participants may choose to participate in a Deferred Retirement Option Program (DROP) upon becoming eligible for normal retirement. Additional benefit accruals cease upon enrollment in the DROP.

Participants in the original plan were required to contribute 3% of their annual salary, and the revised plan participants are required to contribute 8% of their annual salary. The City funds the remaining cost of the plan through employer contributions. The contribution rate applied to actual payroll is actuarially determined and consists of a normal cost component and an unfunded actuarial liability component. For the year ended June 30, 2025, the City had an actuarially determined contribution of \$7,555,772 or 36.3% of covered payroll, and the City made a contribution of \$8,578,804, which is in accordance with the actuary's recommendation.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 - BENEFIT PLANS (Continued)

Basis of Accounting. The City's contribution was 36.27% of covered payroll. Pension payments and the administrative costs of the plan are financed through investment earnings and liquidation of investments and contributions from the City and participants. The Plan is considered part of the City's reporting entity and is included in the City's financial statements as Pension Trust funds. There is no separately issued financial report for this plan.

The financial statements of the plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the City's balance sheet date. Securities without an established market are reported at estimated fair value.

Interest Rate Risk. The Plan's investment policy does not place any limits on the investment managers with respect to the duration of their investments. As of June 30, 2025, the Plan did not hold any debt securities and, therefore, is not subject to interest rate risk.

Credit Risk/Concentration of Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policies and guidelines indicate bonds must have a rating of "Baa/BBB" or equivalent by two of the three primary rating agencies. As of June 30, 2025, the City did not hold any fixed income investments subject to credit risk.

The City does not have investments in any one company that represents 5% or more of net position held for pension benefits.

Custodial Credit Risk - Wilmington Trust invests in a money market fund on behalf of the Plan. As of June 30, 2025, the amount in the money market fund was \$2,184,043. This fund is uninsured and uncollateralized. All other investments of the fund are held by Wilmington Trust as trustee in the Plan's name.

Investments and Valuation - The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below

- *Level 1 -* Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- *Level 2 -* Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- *Level 3 -* Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 - BENEFIT PLANS (Continued)

Transactions are recorded on the trade date. Realized gains and losses are determined using the identified cost method. Any change in net unrealized gain or loss from the preceding period is reported in the statement of revenues, expenses, and changes in net position. Dividends are recorded on the ex-dividend date. Interest is recorded on the accrual basis.

The following table presents the Plan's investments by measurement basis.

	Balance June 30, 2025
Investments measured at the net asset value (NAV)	
Limited partnerships & Alternative investments ¹	52,241,679
Common and Collective Funds ²	153,548,024
Real estate investment trust ³	22,032,952
Total investments measured at the NAV	227,822,655
Total investments measured at fair value	227,822,655
Cash and investments carried at amortized cost:	
Interest and Dividends Receivables	296,020
Money market mutual funds	2,184,043
Total Cash and Investments at amortized cost	2,480,063
Total Cash and Investments	\$ 230,302,718

¹ Limited partnerships & alternative investments – This type includes nine limited partnership and alternative investment funds. These funds invest primarily in U.S. common stock, real estate investment trusts, commodities, offshore investment funds, investment partnerships, and pooled investment vehicles. The fair values of the investments in this type have been determined using the NAV per share of the investments. Redemption frequencies range from monthly to quarterly. There are no plans to liquidate the total portfolio.

² Common and Collective Funds – This type includes seven daily valued mutual funds and common trust funds that invest primarily in publicly traded equity and fixed income securities. These investments are valued on a net asset value basis and are liquid on a daily basis.

³ Real estate investment trusts – This type includes three real estate funds that investment primarily in U.S. commercial real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Real estate investments include opportunistic, stabilized and development assets within multi-family and senior housing, industrial, retail, office, and self-storage, with a U.S. focus. These investments have an approximate life of 7 to 10 years and are generally illiquid. Subject to market conditions, redemption restrictions are in place throughout the life of the investment. Distributions are received as investments are realized. There are no plans to liquidate the portfolio.

Plan Membership

Non-active Members	
Retirees and beneficiaries receiving benefits	285
Terminated employees not yet receiving benefits	49
Total nonactive members	334
Active members	239
Total	573

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 - BENEFIT PLANS (Continued)

The City's Police and Fire Pension Trust fund has an investment policy designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long-term total return consistent with the level of risk assumed. To help achieve this return, professional investment managers are employed by the Plan to manage the Plan's assets. Wilmington Trust is the plan trustee for the assets.

Investment Policy

The City's investment managers are contractually restricted to investments in common stock, public bonds, real estate, and alternative investment funds. The Plan's investment policy includes an asset allocation plan for investments. The following was the Plan's adopted asset allocation policy as of June 30, 2025:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Target</u>
Equities	34%	64%	49%
Public/Private Liquid Debt	12	22	17
GTAA	6	12	9
Private Debt/ Equity	2	15	5
Real Estate	5	11	8
Alternatives	2	12	8
Cash	0	4	2

Concentrations

The Plan held investments (other than those issued or explicitly guaranteed by the U.S. Government) in any one organization that represented 5% or more of the pension plan's fiduciary net position, as follows, as of June 30, 2025:

<u>Investments</u>	<u>% of Pension Fiduciary Net Position</u>	<u>Fair Value</u>
Fidelity Total Market Index	25.6%	\$ 58,891,959
Fidelity Mid Cap SMID	8.0%	18,435,206
Loomis Sayles SMID	5.0%	11,401,484
Wellington CTF Global Opportunities	9.7%	22,277,313
PIMCO Tactical Opportunities	6.3%	14,618,189
Total		<u>\$ 125,624,151</u>

**CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 - BENEFIT PLANS (Continued)

Net Pension Liability

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024.

Total pension liability		\$ 273,724,323
Plan fiduciary net position		<u>(230,302,718)</u>
Net pension liability		<u>\$ 43,421,605</u>
Plan fiduciary net position as a percentage of the total pension liability		84.1%

For the year ended, June 30, 2025, the City recognized pension expense of \$5,091,983.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,914,262	\$ (4,728,851)
Net difference between projected and actual earnings on pension plan investments	-	(3,979,691)
Changes in actuarial assumptions	-	-
Total	<u>\$ 1,914,262</u>	<u>\$ (8,708,542)</u>

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 - BENEFIT PLANS (Continued)

Net Pension Liability (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2026	\$ 3,839,381
2027	(4,933,651)
2028	(4,347,386)
2029	(1,352,624)
Total	<u>\$ (6,794,280)</u>

Actuarial assumptions. The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation 2.50% general, 3.00% wages
Salary increases 3.00% to 22.50%, including wage inflation
Investment rate of return 6.80%

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 - BENEFIT PLANS (Continued)

Mortality rates for non-disabled retirees were based on RP-2014 Mortality Table, projected to the year 2025, using scale SSA. Rates are set forward 5 years for disabled lives.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rate of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

The Police and Fire Retirement Commission's adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2025, is as follows:

<u>Asset Class/Style</u>	<u>Target</u>	<u>Return</u>
Equity - U.S.	40.00 %	5.90 %
Equity - Global (Developed)	10.00	6.10
Equity - Global (Emerging)	5.00	7.90
Alternatives - Marketable Alts	5.00	2.95
Alternatives - Private Real Estate	5.00	4.50
Alternatives - Commodities	5.00	3.20
Alternatives - Private Equity	14.00	9.00
Fixed Income - U.S.	16.00	2.40
Fixed Income - Cash	-	1.00
Total	<u>100% %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will continue to be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available for all future benefit payments.

**CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 - BENEFIT PLANS (Continued)

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at June 30, 2024	\$ 266,446,743	\$ 214,236,722	\$ 52,210,021
Changes for the year			
Service Cost	4,802,461	-	4,802,461
Interest	19,071,220	-	19,071,220
Difference between expected and actual experience	91,648	-	91,648
Contributions - City	-	8,578,804	(8,578,804)
Contributions - Employee	-	1,900,402	(1,900,402)
Net investment income	-	22,156,655	(22,156,655)
Other additions	-	336,558	(336,558)
Benefit payments	(16,687,749)	(16,687,749)	-
Administrative expenses	-	(218,674)	218,674
Net changes	<u>7,277,580</u>	<u>16,065,996</u>	<u>(8,788,416)</u>
Balance at June 30, 2025	<u>\$ 273,724,323</u>	<u>\$ 230,302,718</u>	<u>\$ 43,421,605</u>

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%), or one percentage point higher (8.25%) than the current rate:

	<u>Discount Rate</u>		
	<u>1% Decrease (6.25%)</u>	<u>Current (7.25%)</u>	<u>1% Increase (8.25%)</u>
Net Pension Liability	<u>\$76,443,805</u>	<u>\$43,421,605</u>	<u>\$15,817,931</u>
Percentage of the Total Pension Liability	<u>75.1%</u>	<u>84.1%</u>	<u>93.6%</u>

Rate of Return on Investments

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, for the year ended June 30, 2025 was 10.5%. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

C) Other Postemployment Benefits

Plan Description

The City provides a postemployment health insurance program in addition to the pension benefits. These postemployment benefits are subject to change at any time. The plan is a single-employer defined benefit plan. All employees who retire from the City may participate in the program. In order to be eligible, the retiree must have met normal service retirement criteria and, immediately preceding retirement, been enrolled in a medical, vision, or prescription drug insurance plan offered to active employees of the City.

**CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 - BENEFIT PLANS (Continued)

The City will pay 2.5% of the premium for each year of service up to a maximum of 70%. Other retirees who do not meet the eligibility criteria are permitted to participate in the health insurance program by paying the full premium at the group rate. Actuarial valuations for postemployment plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The City does not provide a separate, audited GAAP-basis postemployment benefit plan report.

In fiscal year 2015, the City Council approved joining the Maryland Association of Counties Pool OPEB Investment Trust Fund. The City maintains most of the OPEB plan assets in this fund and receives a proportional amount of its investment earnings and expenses.

The OPEB liability was based on an actuarial valuation as of June 30, 2024, rolled forward to June 30, 2025.

The components of the net OPEB liability of the City at June 30, 2025, were as follows:

Total OPEB Liability	\$	31,190,901
Plan fiduciary net position		<u>(16,050,740)</u>
City's net OPEB liability	\$	<u><u>15,140,161</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		51.5%

Employees covered by benefit terms. At June 30, 2025, the following employees were covered by the benefit terms:

	<u>Police and Fire</u>	<u>General</u>	<u>Total</u>
Active	223	124	347
Retired/Beneficiaries	90	20	110
Spouses	34	7	41
Total	<u><u>347</u></u>	<u><u>151</u></u>	<u><u>498</u></u>

Contributions. The City currently funds retiree costs on paygo basis. In order to reduce future liability, the City funds trust assets using employer and employee payroll contributions and a lump sum General Fund contribution. Payroll contributions for employees range from 0%-1% and for employer, range from 2%-3%. The General Fund contribution covers the remaining balance of retiree health insurance coverage and an amount budgeted each year to reduce unfunded OPEB contributions. Total employer contributions for fiscal year 2025 were \$2,233,811.

**CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 - BENEFIT PLANS (Continued)

Net OPEB Liability:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The City's net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025. The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Investment rate of return	7.00%
Healthcare trend rates	Medical & Pharmacy - 5.0-6.0% and Dental/Vision 3.5%
Mortality rates	
General Employees	RP2014 Combined Healthy Mortality Table projected to 2025 with Scale SSA for males and females
Police/Fire Employees	RP2014, Blue Collar Combined Healthy Mortality Table projected to 2025 with Scale SSA for males and females, headcount weighted

For pre-retirement deaths, 50% of these rates apply. For disabled lives, the tables are set forward by 5 years.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2025, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Weight
Domestic Equity	5.90%	36.00%
Non-US Equity	6.25	24.00
Fixed Income - U.S.	2.40	35.00
Real Estate	4.50	5.00
Total Weighted Average Real Return	4.69	100.00%
Plus Inflation	2.50	
Total Return Without Adjustment	7.19	
Risk Adjustment	(0.19)%	
Total Expected Return	7.00%	

**CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 - BENEFIT PLANS (Continued)

The discount rate used to measure the total OPEB liability was 6.59%. The City does not have a formal funding policy, but funds a portion of the actuarially determined contribution to the OPEB trust fund. It is expected that benefits will be paid from the Trust when a 60% funding level is reached. Based on this information, the City projects that benefits will be paid from the trust from 2027 until depletion in 2051.

Therefore, the expected trust return of 7.00% is blended with the 20-year Aa bond rate of 4.81% resulting in a blended rate of 6.59%. The prior rate was 5.89%.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of June 30, 2024	\$ 33,474,607	\$ 13,466,164	\$ 20,008,443
Changes for the year			
Service Cost	822,375	-	822,375
Interest	1,989,530	-	1,989,530
Net investment income	-	1,427,762	(1,427,762)
Difference between expected and actual experience	(1,930,145)	-	(1,930,145)
Contributions	-	2,327,536	(2,327,536)
Changes in assumptions	(2,112,621)	-	(2,112,621)
Benefit payments, including implicit subsidy	(1,052,845)	(1,052,845)	-
Administrative expense	-	(117,877)	117,877
Net changes	(2,283,706)	2,584,576	(4,868,282)
Balance at June 30, 2025	<u>\$ 31,190,901</u>	<u>\$ 16,050,740</u>	<u>\$ 15,140,161</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate:

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.59%) or one percentage point higher (7.59%) than the current discount rate:

	Discount Rate		
	1% Decrease (4.89%)	Current (5.89%)	1% Increase (6.89%)
Total OPEB Liability	\$ 34,372,828	\$ 31,190,901	\$ 28,400,357
Plan Net Position	16,056,538	16,050,740	16,056,538
Net OPEB Liability	<u>\$ 18,316,290</u>	<u>\$ 15,140,161</u>	<u>\$ 12,343,819</u>
Ratio of Plan Net Position to Total OPEB Liability	<u>46.7%</u>	<u>51.5%</u>	<u>56.5%</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

**CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 - BENEFIT PLANS (Continued)

	Health Care Cost Trend Rate		
	1% Decrease	Current	1% Increase
	3.00%/3.25%	4.00%/4.25%	5.00%/5.25%
Total OPEB Liability	\$ 28,036,611	\$ 31,190,901	\$ 34,847,193
Plan Net Position	16,056,538	16,050,740	16,056,538
Net OPEB Liability	\$ 11,980,073	\$ 15,140,161	\$ 18,790,655
Ratio of Plan Net Position to Total OPEB Liability	57.2%	51.5%	46.1%

Deferred Outflows/Inflows of Resources Related to OPEB:

For the year ended June 30, 2025, the City recognized OPEB expense of (\$3,310,627). At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	\$ -	\$ (324,569)
Net difference between expected and actual experience	10,471	(13,012,454)
Changes in actuarial assumptions	1,092,599	(5,223,401)
Total	\$ 1,103,070	\$ (18,560,424)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For Year Ending June 30,	Amount
2026	\$ (4,927,458)
2027	(5,047,782)
2028	(4,214,841)
2029	(2,593,472)
2030	(673,795)
After 2030	-
	\$ (17,457,348)

**CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 - BENEFIT PLANS (Continued)

C) Summarized Financial Information for Benefit Plans

Condensed Statements of Fiduciary Net Position

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total Benefit Trust Funds</u>
Assets			
Cash and cash equivalents	\$ 296,020	\$ 169,680	\$ 465,700
Investments, at fair value	230,006,698	15,910,511	245,917,209
Total assets	<u>230,302,718</u>	<u>16,080,191</u>	<u>246,382,909</u>
Liabilities			
Current liabilities	-	29,451	29,451
Total liabilities	<u>-</u>	<u>29,451</u>	<u>29,451</u>
Net Position	<u>\$ 230,302,718</u>	<u>\$ 16,050,740</u>	<u>\$ 246,353,458</u>

Condensed Statements of Changes in Fiduciary Net Position

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total Benefit Trust Funds</u>
Additions			
Contributions	\$ 10,815,764	\$ 2,327,536	\$ 13,143,300
Investment income	22,156,655	1,427,762	23,584,417
Total Additions	<u>32,972,419</u>	<u>3,755,298</u>	<u>36,727,717</u>
Deductions			
Benefits	16,687,749	1,052,845	17,740,594
Administrative expenses	218,674	117,877	336,551
Total Deductions	<u>16,906,423</u>	<u>1,170,722</u>	<u>18,077,145</u>
Change in Net Position	<u>\$ 16,065,996</u>	<u>\$ 2,584,576</u>	<u>\$ 18,650,572</u>

**CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables, represent temporary balances between other funds and the General Fund where cash is pooled, comprise the following at June 30, 2025:

Receivable Fund	Payable Fund			
	Grants	Capital Projects	Transportation	Total
General Fund	\$ 239,132	\$ 5,560,079	\$ 114,071	\$ 5,913,282

Transfers between other funds and the general fund consist of the following as of June 30, 2025:

Transfers In	Transfers To		Transfers In
	General Fund	Off-street Parking	
Governmental			
Capital Projects	\$ 4,585,545	\$ 4,308,742	\$ 8,894,287
Housing Trust	280,000	-	280,000
Enterprise			
Transportation	47,400	3,750,500	3,797,900
Watershed Restoration	40,000	1,000,000	1,040,000
Transfer Out	<u>\$ 4,952,945</u>	<u>\$ 9,059,242</u>	<u>\$ 14,012,187</u>

The General Fund transferred \$4,585,545 to the Capital Projects fund as required in the FY2025 Capital Budget, \$280,000 to the Housing Trust Fund as a one-time transfer for funds designated for the Landlord Maintenance Program, \$47,400 to the Transportation fund for capital reserve funds as required in the FY 2025 Capital Budget and \$40,000 to the Watershed Restoration Fund for capital reserve funds as required in the FY 2025 Capital Budget.

Off Street Parking transferred \$4,308,742 to the Capital Projects fund as required in the FY2025 Capital Budget, \$3,750,000 in funds to the Transportation Fund and \$1,000,000 to the Watershed Restoration Fund as part of the budgeted annual transfer from Parking to support transportation operations.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 - CONTINGENCIES

The City in the normal course of activities is a defendant in several lawsuits. Losses, if any, are estimated to be less than the City's insurance coverage. Potential liabilities are covered by the City's self-insurance fund and the City's participation in the Maryland Local Government Insurance Trust, a public entity risk pool.

NOTE 10 - GRANTS

The City receives grants from various federal, state, and local sources. Expenditures from certain grants are subject to audit by the grantor, and the City is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the City's management, no material refunds will be required as a result of disallowed expenditures.

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to workers; and natural disasters. The City maintains a Self Insurance Fund that includes coverage for general liability, and workers compensation, and a Health Insurance Fund that includes coverage for health, dental, prescription and vision benefits. The City also participates in the Maryland Local Government Insurance Trust (LGIT), a public entity risk pool that provides insurance for claims in excess of coverage provided by the City's Self Insurance Fund.

LGIT is a total risk and cost sharing pool for all participants. In the event that LGIT's General Fund falls into a deficit that cannot be satisfied by transfers from capital and surplus accounts, the Trustees shall determine a method to fund the deficit. The Trust agreement empowers the Trustees to assess an additional premium to each deficit year participant. Debt issues could also be used to fund a deficit.

The City accounts for the current financial operations of the Self Insurance Fund in an internal service fund. The City maintains excess coverage to reduce the exposure from catastrophic claims. A third-party insurance administrator is employed to estimate funding requirements and liabilities of the Self Insurance Fund. The funding for each year represents the present value of the amount needed to pay the expected final settlement values for all claims that occur in that year, regardless of the date reported. Claims incurred but not reported are accounted for as self insurance costs on the government-wide statement of net position. The carrying amount of liabilities for unpaid claims is presented at present value using a discount rate of 4% to recognize the time value of money. The changes in accrued payables and other liabilities during fiscal years 2025 and 2024 were as follows:

**CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 - RISK MANAGEMENT (Continued)

	FY2025	FY2024
Beginning accrued payables and other liabilities	\$ 8,511,348	\$ 10,536,674
Incurring claims and changes in estimates	172,075	551,281
Claim payments	(2,102,026)	(2,576,607)
Ending accrued payables and other liabilities	\$ 6,581,397	\$ 8,511,348

There have been no reductions in insurance coverage from the prior year, and during the last three years, the total amount of settlements has not exceeded insurance coverage.

NOTE 12 - LANDFILL CLOSURE

On June 30, 1993, the City's landfill operations were terminated. As of March 31, 1998, the landfill was closed with closure and post closure costs recorded under current federal and State regulations. The City will continue the monitoring process per the regulations and currently plans to maintain the site as open space. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. An annual appropriation is established for monitoring costs and any post closure care requirements exceeding the original estimates will be covered by future tax revenues.

NOTE 13 - HILLMAN GARAGE AND CITY DOCK PUBLIC/PRIVATE PARTNERSHIP

The City has established a Public/Private Partnership with Maryland Economic Development Corporation (MEDCO) and Annapolis Mobility and Resilience Partners (AMRP) and Annapolis Infrastructure Resilience, LLC (AIR). MEDCO has hired AIR, the private partner, to operate the Hillman Garage and collect revenues from the downtown parking district. AIR subcontracted the garage operations to Premium Parking.

In May 2022, the City closed the Hillman Garage in order to demolish the structure. The construction of the replacement garage began in July 2022 and was completed in September 2023. In order to finance the demolition and replacement of the Hillman Garage, on September 8, 2022, MEDCO issued Senior Economic Development Revenue Bonds (Annapolis Mobility and Resilience Project) Series 2022A (Senior Bonds) in the aggregate principal amount of \$45,630,000 and its Subordinated Economic Development Revenue Bonds (Annapolis Mobility and Resilience Project) Series 2022B, Series 2022C, and Series 2022D (Subordinate Bonds), in the aggregate principal amount of \$25,125,000, each for the benefit of the City.

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 - HILLMAN GARAGE AND CITY DOCK PUBLIC/PRIVATE PARTNERSHIP (Continued)

The proceeds of the Senior Bonds were used to finance the costs of the demolition and replacement of the Hillman Garage, temporary mobility service during the construction of the new garage, funding of certain pre-development costs of the redevelopment of the City Dock area, and the provision of a concession payment to the City. The Senior Bonds are tax-exempt and bear interest at fixed rates until the final maturity date of June 30, 2053. The Senior Bonds are payable solely from, and secured by, the trust estate pledged to such the Senior Bonds under a senior indenture of trust. The trust is funded by the future revenues from the City's replacement garage and paid parking within the designated downtown parking area.

The proceeds of the Subordinate Bonds were used to finance the funding of the concession payment for the City, a debt service reserve fund for the Senior Bonds, an escrow account for the Senior Bonds, and other permitted uses. The Subordinate Bonds were taxable with a final maturity date of December 31, 2053. The Subordinate Bonds were limited obligations of MEDCO payable solely from, and secured by, the trust estate pledged to the Subordinate Bonds under a subordinated indenture of trust. The trust was funded by revenues from the garage and parking area noted above. Parking revenues remaining in the trust after service of the Senior Bonds, the garage operations, and the subordinate bonds will be remitted to the City semiannually as a "waterfall" payment in accordance with the terms of the concession agreement.

On December 7, 2022, the City sold \$36,770,000 of tax exempt (2022 Series A) bonds and \$8,485,000 of taxable (2022 Series B) bonds. The City is using Series A to fund various construction projects, primarily the City Dock Resiliency project. In order to realize overall savings on the 2022 Series B MEDCO/AMRP subordinate debt related to the Hillman Garage project, the City used the proceeds of its 2022 Series B bonds together with the concession payment provided by the subordinate bonds, to refinance the subordinate bonds in February 2023. The refinancing of the subordinate debt resulted in present value savings to the City of approximately \$15.2 million. The 2022 Series A and Series B bonds are being repaid using the revenue in the Parking Fund, including receipts from the City's self-managed parking assets and the waterfall payments received by the City from the Medco trust.

The City is depreciating the asset over 30 years, paying the debt over its life, and amortizing the deferred inflow over 30 years. In FY 2025 the City recognized depreciation expense of \$1,004,387, paid debt principal of \$320,000, and recognized amortization on the deferred inflow of \$730,486.

NOTE 14 - SUBSCRIPTION BASED INFORMATION-TECHNOLOGY AGREEMENTS

For the year ended June 30, 2025, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below:

CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 14 - SUBSCRIPTION BASED INFORMATION-TECHNOLOGY AGREEMENTS (Continued)

The City entered into a 64-month subscription for the use of debt, lease and SBITA tracking software from Fifth Asset Incorporated. An initial subscription liability was recorded in the amount of \$24,552. As of June 30, 2025, the value of the subscription liability is \$27,204. The City is required to make annual fixed payments of \$12,500. The subscription has an interest rate of 2.54%. The value of the right to use asset as of June 30, 2025 of \$64,856 with accumulated amortization of \$33,549.

The City entered into a 50-month subscription for the use of the Google Suite of Software from SADA, Inc. An initial subscription liability was recorded in the amount of \$103,158. As of June 30, 2025, the value of the subscription liability is \$99,282. The City is required to make annual fixed payments of \$50,054. The subscription has an interest rate of 2.28%. The value of the right to use asset as of June 30, 2025 of \$278,932 with accumulated amortization of \$176,390.

The City entered into a 77-month subscription for the use of cloud based budgeting software with OpenGOV. An initial subscription liability was recorded in the amount of \$365,964. As of June 30, 2025, the value of the subscription liability is \$198,842. The City is required to make annual fixed payments of \$59,750. The subscription has an interest rate of 2.70%. The value of the right to use asset as of June 30, 2025 of \$365,964 with accumulated amortization of \$171,100. The City has one extension option for 60 months.

The City entered into a 59-month subscription for the use of ESRI - SMALL GOVERNMENT software. An initial subscription liability was recorded in the amount of \$37,682. As of June 30, 2025, the value of the subscription liability is \$39,955. The City is required to make annual fixed payments of \$38,500. The subscription has an interest rate of 2.37%. The value of the right to use asset as of June 30, 2025 of \$157,560 with accumulated amortization of \$78,124.

The City entered into a 66-month subscription for the use of CIVICPLUS website hosting software. An initial subscription liability was recorded in the amount of \$45,420. As of June 30, 2025, the value of the subscription liability is \$20,324. The City is required to make annual fixed payments of \$8,915. The subscription has an interest rate of 2.70%. The value of the right to use asset as of June 30, 2025 of \$45,420 with accumulated amortization of \$24,490. The City has one extension option for 66 months.

The City entered into a 66-month subscription for the use of CIVICREC recreational management software from CIVICPLUS. An initial subscription liability was recorded in the amount of \$95,321. As of June 30, 2025, the value of the subscription liability is \$48,369. The City is required to make annual fixed payments of \$17,000.00. The subscription has an interest rate of 2.70%. The value of the right to use asset as of June 30, 2025 of \$95,321 with accumulated amortization of \$51,993. The City has one extension option for 66 months.

The City entered into a 66-month subscription for the use of CIVICReady Mass Notification software from CIVICPLUS. An initial subscription liability was recorded in the amount of \$118,571. As of June 30, 2025, the value of the subscription liability is \$63,555. The City is required to make annual fixed payments of \$19,851. The subscription has an interest rate of 2.70%. The value of the right to use asset as of June 30, 2025 of \$118,571 with accumulated amortization of \$64,350. The City has one extension option for 66 months.

The City entered into a 71-month subscription for the use of telecommunications software with Networking Concepts, Inc. An initial subscription liability was recorded in the amount of \$50,532. As of June 30, 2025, the value of the subscription liability is \$56,419. The City is required to make annual fixed payments of \$26,160. The subscription has an interest rate of 2.52%. The value of the right to use asset as of June 30, 2025 of \$136,051 with accumulated amortization of \$52,894.

**CITY OF ANNAPOLIS, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 14 - SUBSCRIPTION BASED INFORMATION-TECHNOLOGY AGREEMENTS (Continued)

The City entered into a 77-month subscription for the use endpoint security software purchased from ZOH0 Corporation. An initial subscription liability was recorded in the amount of \$51,105. As of June 30, 2025, the value of the subscription liability is \$45,137. The City is required to make annual fixed payments of \$9,198. The subscription has an interest rate of 2.70%. The value of the right to use asset as of June 30, 2025 of \$77,666 with accumulated amortization of \$27,678. The City has six 12 month extension options.

The City entered into a 38-month subscription for the use of endpoint detection and response cloudbased software from Malwarebytes, Inc. An initial subscription liability was recorded in the amount of \$40,264. As of June 30, 2025, the value of the subscription liability is zero. The City is required to make annual fixed payments of \$13,890. The subscription has an interest rate of 2.85%. The value of the right to use asset as of June 30, 2025 of \$40,264 with accumulated amortization of \$37,390. The City has three 12 months extension options.

The City entered into a 110-month subscription for the use of equipment software from Axon Enterprises. An initial subscription liability was recorded in the amount of \$921,872. As of June 30, 2025, the value of the subscription liability is \$657,099. Annapolis, MD is required to make annual fixed payments of \$105,612. The subscription has an interest rate of 3.04%. The value of the right to use asset as of June 30, 2025 of \$921,872 with accumulated amortization of \$301,704. The City has one extension option for 60 months.

The City entered into a 36-month subscription for the use of intelligent transportation software from IT CURVES. An initial subscription liability was recorded in the amount of \$27,250. As June 30, 2025, the value of the subscription liability is \$11,659. The City is required to make annual fixed payments of \$9,400. The subscription has an interest rate of 2.41%. The value of the right to use asset as of June 30, 2025 of \$45,867 with accumulated amortization of \$19,598. The City has one extension option for 12 months.

The City entered into a 36-month subscription for the use of GUIDEx Premium Platform. An initial subscription liability was recorded in the amount of \$45,774. As of June 30,2025, the value of the subscription liability is \$37,130. Annapolis, MD is required to make annual fixed payments of \$12,966. The subscription has an interest rate of 2.36%. The value of the right to use asset as of June 30, 2025 of \$46,524 with accumulated amortization of \$9,458.

Annual requirements to amortize all long-term obligations and related interest are as follows:

Governmental Activities			Business Type Activities		
For Year Ending June 30,	Principal	Interest	For Year Ending June 30,	Principal	Interest
2026	\$ 397,058	\$ 36,180	2026	\$14,482	\$387
2027	270,869	25,835	2027	1,527	39
2028	228,806	18,344		<u>\$ 16,009</u>	<u>\$ 426</u>
2029	93,704	11,908			
2030	96,548	9,063			
2031 - 2035	201,992	9,244			
	<u>\$ 1,288,977</u>	<u>\$ 110,574</u>			

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ANNAPOLIS, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE COLLECTIVE NET PENSION LIABILITY AND RELATED RATIOS
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
YEAR ENDED JUNE 30, 2025**

	Measurement Date									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the collective net pension liability	0.10326520%	0.09905080%	0.09575120%	0.09052240%	0.07756600%	0.07582970%	0.07427040%	0.07101440%	0.07505470%	0.07855730%
City's proportion share of the collective net pension liability	\$ 27,163,324	\$ 22,811,710	\$ 19,158,415	\$ 13,580,441	\$ 17,530,964	\$ 15,640,337	\$ 15,583,128	\$ 15,355,940	\$ 17,708,426	\$ 16,325,552
City's covered payroll	\$ 23,885,239	\$ 22,102,177	\$ 20,674,865	\$ 20,398,825	\$ 19,180,210	\$ 18,324,152	\$ 17,316,068	\$ 16,582,319	\$ 17,477,390	\$ 10,803,631
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	110.16%	95.51%	92.67%	66.57%	91.40%	85.35%	89.99%	92.60%	101.32%	151.11%
Plan fiduciary net position as a percentage of the total pension liability	72.08%	73.81%	76.27%	81.84%	70.72%	72.34%	68.36%	66.71%	62.97%	68.78%

**CITY OF ANNAPOLIS, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY CONTRIBUTIONS
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
YEAR ENDED JUNE 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 2,951,565	\$ 2,703,809	\$ 2,415,768	\$ 2,185,333	\$ 1,994,681	\$ 1,663,063	\$ 1,557,162	\$ 1,889,096	\$ 1,813,039	\$1,462,128
Contributions in relation to the contractually required contribution	<u>(2,951,565)</u>	<u>(2,703,809)</u>	<u>(2,415,768)</u>	<u>(2,185,333)</u>	<u>(1,994,681)</u>	<u>(1,663,063)</u>	<u>(1,557,162)</u>	<u>(1,889,096)</u>	<u>(1,813,039)</u>	<u>(1,462,128)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	<u>\$ 24,658,020</u>	<u>\$ 23,885,239</u>	<u>\$ 22,102,177</u>	<u>\$ 20,674,865</u>	<u>\$ 20,398,825</u>	<u>\$ 19,180,210</u>	<u>\$ 18,324,152</u>	<u>\$ 17,316,068</u>	<u>\$ 16,562,319</u>	<u>\$ 17,477,390</u>
Contributions as a percentage of covered payroll	11.97%	11.32%	10.93%	10.57%	9.78%	8.67%	8.50%	10.91%	10.93%	8.37%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**CITY OF ANNAPOLIS, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE AND FIRE RETIREMENT PENSION FUND
YEAR ENDED JUNE 30, 2025**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	\$ 4,802,461	\$ 4,573,723	\$ 4,194,098	\$ 4,392,133	\$ 4,163,490	\$ 3,975,853	\$ 3,795,564	\$ 3,590,260	\$ 3,751,539	\$ 3,651,655
Interest (includes interest on service cost)	19,071,220	19,046,452	17,943,298	17,338,788	16,532,767	15,319,585	14,628,780	14,206,287	13,652,377	13,302,868
Changes of benefit items	-	-	-	-	-	-	852,740	-	-	-
Differences between expected and actual experience	91,648	(7,881,417)	7,363,776	1,015,716	(629,243)	(156,122)	3,068,330	1,433,627	(3,733,644)	(66,901)
Changes in assumptions	-	-	-	-	7,323,887	11,809,610	476,398	-	1,902,569	-
Benefit payments, including refunds of member contributions	(16,687,749)	(14,600,482)	(14,727,071)	(13,711,760)	(13,095,676)	(13,342,366)	(12,932,435)	(11,705,270)	(11,222,586)	(9,327,917)
Net change in total pension liability	7,277,580	1,138,276	14,774,101	9,034,877	14,295,225	17,606,560	9,889,377	7,524,904	4,350,255	7,559,705
Total pension liability - beginning	266,446,743	265,308,467	250,534,366	241,499,489	227,204,264	209,597,704	199,708,327	192,183,423	187,833,168	180,273,463
Total pension liability - ending	<u>\$ 273,724,323</u>	<u>\$ 266,446,743</u>	<u>\$ 265,308,467</u>	<u>\$ 250,534,366</u>	<u>\$ 241,499,489</u>	<u>\$ 227,204,264</u>	<u>\$ 209,597,704</u>	<u>\$ 199,708,327</u>	<u>\$ 192,183,423</u>	<u>\$ 187,833,168</u>
Plan Fiduciary Net Position										
Contributions - employer	\$ 8,578,804	\$ 9,328,545	\$ 8,299,373	\$ 7,109,736	\$ 6,352,698	\$ 4,638,021	\$ 3,953,630	\$ 3,389,348	\$ 3,430,988	\$ 2,877,922
Contributions - member	1,900,402	1,847,638	1,827,551	1,521,149	1,405,344	1,524,040	1,536,440	1,458,763	1,445,592	1,324,069
Net investment income	22,156,655	21,217,407	16,184,863	(19,621,994)	46,523,965	948,771	9,185,462	12,181,913	17,937,648	1,649,833
Benefit payments, including refunds of member contributions	(16,351,191)	(14,600,482)	(14,727,071)	(13,711,760)	(13,095,676)	(13,342,366)	(12,932,435)	(11,705,270)	(11,222,586)	(9,327,917)
Administrative expense	(218,674)	(150,678)	(140,273)	(167,760)	(151,958)	(312,221)	(172,665)	(128,075)	(67,677)	(1,606,930)
Net change in plan fiduciary net position	16,065,996	17,642,430	11,444,443	(24,870,629)	41,034,373	(6,543,755)	1,570,432	5,196,679	11,523,965	(5,083,023)
Plan fiduciary net position - beginning	214,236,722	196,594,292	185,149,829	210,020,458	168,986,085	175,529,840	173,959,408	168,762,729	157,238,764	162,321,787
Plan fiduciary net position - ending	<u>\$ 230,302,718</u>	<u>\$ 214,236,722</u>	<u>\$ 196,594,272</u>	<u>\$ 185,149,829</u>	<u>\$ 210,020,458</u>	<u>\$ 168,986,085</u>	<u>\$ 175,529,840</u>	<u>\$ 173,959,408</u>	<u>\$ 168,762,729</u>	<u>\$ 157,238,764</u>
Net pension liability - ending	<u>\$ 43,421,605</u>	<u>\$ 52,210,021</u>	<u>\$ 68,714,195</u>	<u>\$ 65,384,537</u>	<u>\$ 31,479,031</u>	<u>\$ 58,218,179</u>	<u>\$ 34,067,864</u>	<u>\$ 25,748,919</u>	<u>\$ 23,420,694</u>	<u>\$ 30,594,404</u>
Plan fiduciary net position as a percentage of the total pension liability	84.1%	80.4%	74.1%	73.9%	87.0%	74.4%	83.7%	87.1%	87.8%	83.7%
Covered payroll	\$ 23,651,902	\$ 23,893,898	\$ 21,686,122	\$ 19,201,205	\$ 20,747,561	\$ 20,029,461	\$ 19,233,068	\$ 18,821,279	\$ 18,256,495	\$ 16,430,407
Net pension liability as a percentage of covered employee payroll	183.6%	218.5%	316.9%	340.5%	151.7%	290.7%	177.1%	136.8%	128.3%	186.2%

**CITY OF ANNAPOLIS, MARYLAND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (Continued)
 POLICE AND FIRE RETIREMENT PENSION FUND
 YEAR ENDED JUNE 30, 2025**

Notes to Schedule

Valuation Date	July 1, 2024
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation at the beginning of the plan year.

Key Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method	Entry Age
Asset valuation method	5-Year Smoothing
Amortization method	The UAL is amortized as a level percentage over a 30-year period (21 years remaining as of July 1, 2023)
Discount rate	7.25%
Amortization growth rate	0.00%
Price inflation	2.50%
Salary increases	4.75% to 11.75%, based on service
Mortality	RP-2014 Mortality Table, projected to 2024 using Scale SSA 50% of these rates applied for pre-retirement deaths. For disabled retirees, these rates are set forward five years.

**CITY OF ANNAPOLIS, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS
POLICE AND FIRE RETIREMENT PENSION FUND
YEAR ENDED JUNE 30, 2025**

Schedule of Employer Contributions

Fiscal Year Ended June 30,	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency/ (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2025	\$ 7,555,772	\$ 8,578,804	\$ (1,023,032)	\$ 23,651,902	36.27%
2024	8,183,660	9,328,545	(1,144,885)	23,893,898	39.04%
2023	7,397,136	8,299,373	(902,237)	21,686,122	38.30%
2022	7,078,192	7,109,736	(31,544)	19,201,205	37.03%
2021	5,857,036	6,352,696	(495,662)	20,747,561	30.62%
2020	4,432,520	4,638,021	(205,501)	20,029,461	23.16%
2019	3,898,543	3,953,630	(55,087)	19,233,068	20.56%
2018	3,935,529	3,389,348	546,181	18,821,279	18.01%
2017	3,817,433	3,430,988	386,445	18,256,495	18.79%
2016	3,740,905	2,877,922	862,983	16,430,407	17.52%

Schedule of Investment Returns*

Year Ended June 30,	Investment Return
2025	10.5%
2024	10.9%
2023	8.9
2022	(9.5)
2021	28.0
2020	0.6
2019	5.4
2018	7.4
2017	11.6
2016	0.6

*Actual money-weighted rate of return,
net of investment expense

CITY OF ANNAPOLIS, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
POLICE AND FIRE RETIREMENT PENSION FUND
YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total Net OPEB Liability									
Service cost	\$ 822,375	\$ 803,766	\$ 891,357	\$ 1,345,103	\$ 1,487,863	\$ 1,683,092	\$ 1,768,122	\$ 1,535,462	\$ 1,495,451
Interest	1,989,530	2,017,193	2,060,647	1,867,971	2,317,584	2,602,613	2,423,459	2,167,486	2,100,266
Differences between expected and actual experience	(1,930,145)	(2,872,784)	(2,644,179)	(4,477,491)	(10,164,803)	(7,201,249)	(1,421,369)	94,223	-
Changes in assumptions	(2,112,621)	(640,800)	-	(5,463,151)	1,381,078	1,328,654	1,091,394	(2,736,973)	-
Benefit payments, including implicit subsidy	(1,052,845)	(1,071,124)	(901,760)	(1,762,988)	(1,184,315)	(1,369,136)	(1,743,697)	(2,112,144)	(1,882,596)
Net change in total OPEB liability	(2,283,706.00)	(1,763,749)	(593,935)	(8,490,556)	(6,162,593)	(2,956,026)	2,117,909	(1,051,946)	1,713,121
Total OPEB liability - beginning	33,474,607	35,238,356	35,832,291	44,322,847	50,485,440	53,441,466	51,323,557	52,375,503	50,662,382
Total OPEB liability - ending	<u>\$ 31,190,901</u>	<u>\$ 33,474,607</u>	<u>\$ 35,238,356</u>	<u>\$ 35,832,291</u>	<u>\$ 44,322,847</u>	<u>\$ 50,485,440</u>	<u>\$ 53,441,466</u>	<u>\$ 51,323,557</u>	<u>\$ 52,375,503</u>
Plan Fiduciary Net Position									
Contributions - employer	\$ 2,233,811	\$ 2,276,505	\$ 2,061,346	\$ 2,838,321	\$ 2,320,300	\$ 2,648,995	\$ 2,962,725	\$ 3,053,624	\$ 2,552,284
Contributions - member	93,725	74,241	65,114	49,432	44,980	37,670	31,119	21,162	-
Net investment income	1,427,762	1,214,815	974,592	(1,385,488)	1,739,269	88,672	289,523	216,547	175,799
Benefit payments, including refunds of member contributions	(1,052,845)	(1,071,124)	(901,760)	(1,762,988)	(1,184,315)	(1,369,136)	(1,743,697)	(2,112,144)	(1,882,596)
Administrative expense	(117,877)	(148,778)	(132,811)	(103,098)	(210,425)	(349,507)	(342,827)	(305,948)	(10,480)
Net change in plan fiduciary net position	2,584,576	2,345,659	2,066,481	(363,821)	2,709,809	1,056,694	1,196,843	873,241	835,007
Plan fiduciary net position - beginning	13,466,164	11,120,505	9,054,024	9,417,845	6,708,036	5,651,342	4,454,499	3,581,258	2,746,251
Plan fiduciary net position - ending	<u>16,050,740</u>	<u>13,466,164</u>	<u>11,120,505</u>	<u>9,054,024</u>	<u>9,417,845</u>	<u>6,708,036</u>	<u>5,651,342</u>	<u>4,454,499</u>	<u>3,581,258</u>
Net OPEB liability - beginning of year	\$20,008,443	24,117,851	26,778,267	34,905,002	43,777,404	47,790,124	46,869,058	48,794,245	47,919,758
Net OPEB liability - end of year	<u>\$ 15,140,161</u>	<u>\$ 20,008,443</u>	<u>\$ 24,117,851</u>	<u>\$ 26,778,267</u>	<u>\$ 34,905,002</u>	<u>\$ 43,777,404</u>	<u>\$ 47,790,124</u>	<u>\$ 46,869,058</u>	<u>\$ 48,794,245</u>
Plan fiduciary net position as a percentage of the total OPEB liability	51.5%	40.2%	31.6%	25.3%	21.2%	13.3%	10.6%	8.7%	6.8%
Covered employee payroll	\$ 23,651,902	\$ 24,910,378	\$ 30,078,857	\$ 27,826,178	\$ 33,625,100	\$ 41,484,659	\$ 40,233,840	\$ 38,249,323	\$ 32,155,763
Net OPEB liability as a percentage of covered employee payroll	80.3%	80.3%	80.2%	96.2%	103.8%	105.5%	118.8%	122.5%	151.7%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**CITY OF ANNAPOLIS, MARYLAND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POST-EMPLOYMENT BENEFITS
 YEAR ENDED JUNE 30, 2025**

Notes to Schedule

Valuation Date July 1, 2024

Timing Actuarially determined contribution rates are calculated based on the actuarial valuation at the beginning of the plan year.

Key Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method	Entry Age method, with a closed level dollar amortization (26 years remaining)
Amortization method	Level dollar, closed (26 years remaining)
Discount rate	5.89%
Amortization growth rate	0.00%
Price inflation	2.50%
Salary increases	3.5%
Mortality	RP-2014 Mortality Table, projected to 2024 using Scale SSA 50% of these rates applied for pre-retirement deaths. For disabled retirees, these rates are set forward five years.

**CITY OF ANNAPOLIS, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POST-EMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2025**

Schedule of Employer Contributions

Fiscal Year Ended June 30,	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency/ (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2025	\$ 2,098,000	\$ 2,234,000	\$ (136,000)	\$ 23,652,000	9.40%
2024	2,096,000	2,277,000	(180,000)	24,910,000	9.10%
2023	2,349,000	2,061,000	288,000	30,079,000	6.90%
2022	2,980,000	2,838,000	142,000	27,826,000	10.20%
2021	3,726,000	2,320,000	1,406,000	33,625,000	6.90%
2020	4,034,000	2,649,000	1,385,000	41,485,000	6.41%
2019	4,112,000	2,963,000	1,149,000	40,234,000	7.40%
2018	3,119,000	3,053,000	66,000	38,249,000	7.98%
2017	3,983,000	2,552,000	1,431,000	32,156,000	7.94%
2016	3,925,000	1,985,000	1,940,000	33,762,000	5.88%

Schedule of Investment Returns*

Year Ended June 30,	Investment Return
2025	10.3%
2024	10.6
2023	10.3
2022	(14.1)
2021	24.7
2020	1.5
2019	6.0
2018	5.6
2017	13.0

*Actual money-weighted rate of return,
net of investment expense

CITY OF ANNAPOLIS, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET-TO-ACTUAL - GENERAL FUND (NON-GAAP - BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2025

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenue/ Expenditures & Encumbrances</u>	<u>Under/ (Over) Budget</u>
Revenues				
Taxes				
Real property	\$ 62,200,000	\$ 62,200,000	\$ 61,373,289	\$ 826,711
Personal	3,518,500	3,518,500	3,411,247	107,253
Penalties and Interest	178,700	178,700	277,255	(98,555)
Total Taxes	<u>65,897,200</u>	<u>65,897,200</u>	<u>65,061,791</u>	<u>835,409</u>
Local Receipts				
Licenses and Permits	3,617,900	3,617,900	3,262,405	355,495
Fines and Forfeitures	591,100	591,100	461,869	129,231
Money and Property	4,527,900	4,527,900	4,275,223	252,677
Charges for Services	8,715,900	8,715,900	9,344,846	(628,946)
Total Local Receipts	<u>17,452,800</u>	<u>17,452,800</u>	<u>17,344,343</u>	<u>108,457</u>
Other Revenues				
Intergovernmental	20,579,700	20,579,700	19,069,274	1,510,426
Transfers and other sources	4,543,100	4,881,100	5,118,065	(236,965)
Total Other Revenues	<u>25,122,800</u>	<u>25,460,800</u>	<u>24,187,339</u>	<u>1,273,461</u>
Total Revenues	<u>108,472,800</u>	<u>108,810,800</u>	<u>106,593,473</u>	<u>2,217,327</u>
Expenditures				
General Government				
City Council	196,900	196,930	188,085	8,845
Mayor	1,887,650	1,888,120	1,629,969	258,151
Office of Law	1,995,050	1,995,050	1,777,533	217,517
City Manager's Office	9,360,700	9,880,100	7,560,049	2,320,051
Finance and Purchasing	3,296,700	3,300,000	3,129,255	170,745
Total General Government	<u>16,737,000</u>	<u>17,260,200</u>	<u>14,284,891</u>	<u>2,975,309</u>
Land Use and Permits	<u>5,535,050</u>	<u>5,557,050</u>	<u>4,596,780</u>	<u>960,270</u>
Public Safety				
Police	29,813,700	29,809,682	26,732,599	3,077,083
Fire	25,444,700	25,585,800	25,256,166	329,634
Emergency Management	762,300	796,000	678,010	117,990
Total Public Safety	<u>56,020,700</u>	<u>56,191,482</u>	<u>52,666,775</u>	<u>3,524,707</u>
Public Works				
Bureau of Administration	1,066,350	1,066,350	864,482	201,868
Engineering and Construction	1,980,300	2,011,300	1,815,648	195,652
Roadways	4,153,700	4,153,700	3,921,766	231,934
Traffic Control	367,600	367,600	267,741	99,859
Snow and Ice Removal	131,000	272,000	284,746	(12,746)
Total Public Works	<u>7,698,950</u>	<u>7,870,950</u>	<u>7,154,383</u>	<u>716,567</u>
Community Services				
Recreation and Parks	6,710,400	6,747,900	6,434,299	313,601
Harbor Master	916,700	933,241	969,511	(36,270)
Community Services	808,000	787,700	677,257	110,443
Community Assistance Grants	428,750	428,750	421,355	7,395
Total Community Services	<u>8,863,850</u>	<u>8,897,591</u>	<u>8,502,422</u>	<u>395,169</u>
Other Expenditures				
Non Allocated	6,785,250	6,450,250	5,933,077	517,173
Debt Service	8,423,000	8,423,000	9,412,057	(989,057)
Transfers Out	6,617,445	7,067,445	6,989,445	78,000
Total Other Expenditures	<u>21,825,695</u>	<u>21,940,695</u>	<u>22,334,579</u>	<u>(393,884)</u>
Total Expenditures	<u>116,681,245</u>	<u>117,717,968</u>	<u>109,539,830</u>	<u>8,178,138</u>
(Excess) Deficiencies of Revenues over Expenditures	<u>\$ (8,208,445)</u>	<u>\$ (8,907,168)</u>	<u>\$ (2,946,357)</u>	<u>\$ (5,960,811)</u>

**CITY OF ANNAPOLIS, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE COLLECTIVE NET PENSION LIABILITY AND RELATED RATIOS
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
YEAR ENDED JUNE 30, 2025**

1) Budgetary Presentation

The General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual has been prepared on the legally prescribed budgetary basis of accounting to demonstrate compliance with the legally adopted budget. The basis used to prepare this fund's legally adopted budget differs from GAAP as follows:

- Liquidation of prior year encumbrances are presented as revenue on the budgetary statement.
- For budgetary purposes, administrative charges (interfund sources) to proprietary funds are included with transfers as revenues; however, these administrative charges are a reduction of expenditures for GAAP purposes.
- Encumbrances are considered expenditures in the budgetary statements; however, they are not expended for GAAP presentation.
- Certain revenues and expenditures related to the issuance and refunding of the City's general obligation bonds are not budgeted and have an immaterial impact on the City's General Fund balance.

Adjustments to reconcile the GAAP fund statements to the budgetary statement to the are as follows:

Fiscal Year 2025 Revenues (GAAP Basis)	\$ 101,958,053
Non-Budgeted Revenue items – Debt Proceeds	786,916
Prior Year Encumbrances Liquidated in Fiscal Year 2025	<u>3,848,501</u>
Revenues (non-GAAP budgetary basis)	<u>\$ 106,593,470</u>
Fiscal Year 2025 Revenues (GAAP Basis)	\$ 105,804,808
Interfund Reimbursements reducing GAAP Expenditures	3,848,501
Fiscal Year 2025 Encumbrances Open at Year End	564,830
Less: Prior Year Encumbrances Expended in Fiscal Year 2025	<u>(678,309)</u>
Expenditures and other incumbrances (non-GAAP budgetary basis)	<u>\$ 109,539,830</u>

COMBINING AND INDIVIDUAL FUND STATEMENTS

**CITY OF ANNAPOLIS, MARYLAND
GENERAL FUND**

The General Fund is a member of the governmental fund category and, as such, is accounted for on the modified accrual basis of accounting. Revenues are recognized in the General Fund when they become measurable and available. Expenditures are generally recognized when the related liability is incurred.

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**CITY OF ANNAPOLIS, MARYLAND
GENERAL FUND
DETAILED SCHEDULE OF REVENUES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2025**

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenue</u>	<u>Under/ (Over) Budget</u>
Revenues				
Real and personal property				
Real property	\$ 62,200,000	\$ 62,200,000	\$ 61,373,289	\$ 826,711
Personal	3,518,500	3,518,500	3,411,247	107,253
Total	<u>65,718,500</u>	<u>65,718,500</u>	<u>64,784,536</u>	<u>933,964</u>
Penalties and interest	178,700	178,700	277,255	(98,555)
Total Taxes	<u>65,897,200</u>	<u>65,897,200</u>	<u>65,061,791</u>	<u>835,409</u>
Licenses and Permits				
Street Use				
Street privileges	240,000	240,000	349,195	(109,195)
Business				
Alcoholic beverages	510,000	510,000	513,960	(3,960)
Traders	77,700	77,700	71,179	6,521
Vendors	73,500	73,500	70,650	2,850
Total Business	<u>901,200</u>	<u>901,200</u>	<u>1,004,984</u>	<u>(103,784)</u>
Other				
Building	1,700,000	1,700,000	1,363,751	336,249
Real property transfer fee	76,000	76,000	71,380	4,620
Use permits	36,000	36,000	32,904	3,096
Cable television franchise fees	640,000	640,000	612,367	27,633
Towing	300	300	-	300
Other	264,400	264,400	177,019	87,381
Total Other	<u>2,716,700</u>	<u>2,716,700</u>	<u>2,257,421</u>	<u>459,279</u>
Total Licenses and Permits	<u>3,617,900</u>	<u>3,617,900</u>	<u>3,262,405</u>	<u>355,495</u>
Fines and Forfeitures				
Municipal infractions	44,800	44,800	40,265	4,535
Speed enforcement program	283,600	283,600	209,682	73,918
Auto traffic signal	243,100	243,100	201,738	41,362
Other fines	19,600	19,600	10,184	9,416
Total Fines and Forfeitures	<u>591,100</u>	<u>591,100</u>	<u>461,869</u>	<u>129,231</u>
Money and Property				
Interest and dividends	4,022,000	4,022,000	3,758,845	263,155
Rents and concessions	232,600	232,600	224,652	7,948
Payments in lieu of taxes	268,900	268,900	294,621	(25,721)
Other revenue	4,400	4,400	(2,895)	7,295
Total Money and Property	<u>4,527,900</u>	<u>4,527,900</u>	<u>4,275,223</u>	<u>252,677</u>

**CITY OF ANNAPOLIS, MARYLAND
GENERAL FUND
DETAILED SCHEDULE OF REVENUES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenue</u>	<u>Under/ (Over) Budget</u>
Intergovernmental				
American Recovery Plan	\$ 111,000	\$ 111,000	\$ 350,115	\$ (239,115)
Utility tax	361,200	361,200	270,056	91,144
Occupancy	3,200,000	3,200,000	4,375,701	(1,175,701)
Admissions	1,370,000	1,370,000	1,073,775	296,225
Income	12,235,400	12,235,400	9,793,507	2,441,893
Highway	3,300,400	3,300,400	3,204,345	96,055
Fuel	1,700	1,700	1,775	(75)
Other	-	-	-	-
Total Intergovernmental	<u>20,579,700</u>	<u>20,579,700</u>	<u>19,069,274</u>	<u>1,510,426</u>
Charges for Services				
Ambulance fees	3,400,000	3,400,000	3,780,861	(380,861)
Recreation fees	1,694,000	1,694,000	1,832,397	(138,397)
Filing fees	96,100	96,100	114,620	(18,520)
Rental fees	1,431,600	1,431,600	1,594,670	(163,070)
Dock charges & Boat Show fees	1,091,500	1,091,500	982,663	108,837
Other	1,002,700	1,002,700	1,039,635	(36,935)
Total Charges for Services	<u>8,715,900</u>	<u>8,715,900</u>	<u>9,344,846</u>	<u>(628,946)</u>
Other Revenues				
Transfers and administrative charges	4,065,500	4,065,500	3,848,501	216,999
Other miscellaneous	477,600	815,600	1,269,564	(453,964)
Total Other Revenues	<u>4,543,100</u>	<u>4,881,100</u>	<u>5,118,065</u>	<u>(236,965)</u>
Total Revenues	<u>\$ 108,472,800</u>	<u>\$ 108,810,800</u>	<u>\$ 106,593,473</u>	<u>\$ 2,217,327</u>
Fiscal Year 2025 Revenues (GAAP Basis)				\$ 101,958,053
Prior Year Encumbrances Liquidated in Fiscal Year 2025				786,916
Interfund Reimbursements Reducing Expenditures in GAAP				3,848,501
				<u>\$ 106,593,470</u>

CITY OF ANNAPOLIS, MARYLAND
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025

	Adopted Budget	Amended Budget	Actual Expenditures & Encumbrances	Under/ (Over) Budget
General Government				
City Council				
Salaries	\$ 162,000	\$ 162,000	\$ 156,601	\$ 5,399
Employee benefits	18,000	18,000	18,196	(196)
Contractual Services	900	930	(228)	1,158
Other	16,000	16,000	13,516	2,484
Total City Council	<u>196,900</u>	<u>196,930</u>	<u>188,085</u>	<u>8,845</u>
Mayor's Office				
Salaries	758,800	758,800	736,442	22,358
Employee benefits	318,000	318,000	243,481	74,519
Utilities	11,000	11,000	4,712	6,288
Contractual services	335,400	335,400	304,027	31,373
Materials and supplies	319,450	320,520	269,676	50,844
Other	145,000	144,400	71,631	72,769
Total Mayor's Office	<u>1,887,650</u>	<u>1,888,120</u>	<u>1,629,969</u>	<u>258,151</u>
Office of Law				
Legal Office				
Salaries	1,270,000	1,270,000	1,192,805	77,195
Employee benefits	396,000	396,000	371,827	24,173
Utilities	6,100	6,100	4,848	1,252
Contractual services	162,900	162,900	109,048	53,852
Materials and supplies	25,850	25,850	23,180	2,670
Other	35,000	85,000	26,196	58,804
Capital outlay	50,000	-	-	-
Total Legal Office	<u>1,945,850</u>	<u>1,945,850</u>	<u>1,727,904</u>	<u>217,946</u>
Elections				
Salaries	40,000	39,500	37,870	1,630
Employee benefits	3,200	3,200	2,897	303
Utilities	-	650	650	-
Contractual services	3,000	850	4,111	(3,261)
Materials and supplies	2,000	4,000	3,772	228
Materials and supplies	1,000	1,000	329	671
Total Elections	<u>49,200</u>	<u>49,200</u>	<u>49,629</u>	<u>(429)</u>
Total Office of Law	<u>1,995,050</u>	<u>1,995,050</u>	<u>1,777,533</u>	<u>217,517</u>
City Manager's Office				
City Manager				
Salaries	915,000	915,000	788,475	126,525
Employee benefits	265,000	265,000	212,035	52,965
Utilities	4,200	4,200	426	3,774
Contractual services	-	186,700	64,448	122,252
Repair and maintenance	4,700	4,700	4,700	-
Materials and supplies	15,000	15,000	10,254	4,746
Other	229,700	557,200	222,262	334,938
Capital outlay	11,000	11,000	10,800	200
Total City Manager	<u>1,444,600</u>	<u>1,958,800</u>	<u>1,313,400</u>	<u>645,400</u>
Central Services				
Salaries	849,000	641,600	546,751	94,849
Employee benefits	416,100	416,100	200,723	215,377
Utilities	271,500	271,500	271,601	(101)
Contractual services	771,100	975,550	830,593	144,957
Rents and leases	579,000	579,000	74,722	504,278
Repair and maintenance	276,200	276,200	264,381	11,819
Materials and supplies	19,500	22,450	20,405	2,045
Total Central Services	<u>3,182,400</u>	<u>3,182,400</u>	<u>2,209,176</u>	<u>973,224</u>

**CITY OF ANNAPOLIS, MARYLAND
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Expenditures & Encumbrances</u>	<u>Under/ (Over) Budget</u>
Human Resources				
Salaries	\$ 918,000	\$ 933,200	\$ 823,163	\$ 110,037
Employee benefits	340,200	340,200	292,849	47,351
Utilities	1,700	1,700	765	935
Contractual services	110,400	110,400	25,844	84,556
Repair and maintenance	200	200	-	200
Materials and supplies	21,800	21,800	4,028	17,772
Capital outlay	171,600	171,600	83,271	88,329
Total Mayor's Office	<u>1,563,900</u>	<u>1,579,100</u>	<u>1,229,920</u>	<u>349,180</u>
MIT				
Salaries	1,223,000	1,223,000	1,236,509	(13,509)
Employee benefits	437,000	437,000	380,183	56,817
Utilities	2,700	5,130	5,025	105
Contractual services	1,080,100	1,140,070	895,479	244,591
Repair and maintenance	69,800	78,650	60,302	18,348
Materials and supplies	40,200	40,200	25,322	14,878
Capital outlay	317,000	235,750	204,733	31,017
Total MIT	<u>3,169,800</u>	<u>3,159,800</u>	<u>2,807,553</u>	<u>352,247</u>
Total City Manager's Office	<u>9,360,700</u>	<u>9,880,100</u>	<u>7,560,049</u>	<u>2,320,051</u>
Finance & Purchasing				
Salaries	2,012,500	2,064,500	2,102,904	(38,404)
Employee benefits	652,000	652,000	585,065	66,935
Utilities	6,100	6,100	3,163	2,937
Contractual services	426,300	365,600	281,823	83,777
Repair and maintenance	7,600	7,600	5,074	2,526
Materials and supplies	80,200	85,200	69,639	15,561
Capital outlay	112,000	119,000	81,587	37,413
Total Finance & Purchasing	<u>3,296,700</u>	<u>3,300,000</u>	<u>3,129,255</u>	<u>170,745</u>
Total General Government	<u>16,737,000</u>	<u>17,260,200</u>	<u>14,284,891</u>	<u>2,975,309</u>
Land Use and Permits				
Planning and Zoning				
Salaries	3,647,000	3,554,400	3,203,217	351,183
Employee benefits	1,239,000	1,239,000	936,988	302,012
Utilities	32,300	32,300	28,269	4,031
Contractual services	256,100	256,100	144,444	111,656
Repair and maintenance	33,900	33,900	33,858	42.00
Materials and supplies	170,750	178,350	72,281	106,069
Other	151,000	256,000	170,975	85,025
Capital outlay	5,000	7,000	6,748.00	252
Total Planning and Zoning	<u>5,535,050</u>	<u>5,557,050</u>	<u>4,596,780</u>	<u>960,270</u>
Total Land Use and Permits	<u>5,535,050</u>	<u>5,557,050</u>	<u>4,596,780</u>	<u>960,270</u>

**CITY OF ANNAPOLIS, MARYLAND
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Expenditures & Encumbrances</u>	<u>Under/ (Over) Budget</u>
Engineering and Construction				
Salaries	\$ 814,000	\$ 789,500	\$ 987,886	\$ (198,386)
Employee benefits	344,000	321,300	280,819	40,481
Utilities	9,500	9,500	7,091	2,409
Contractual services	426,800	389,500	284,779	104,721
Repair and maintenance	26,800	26,800	23,800	3,000
Materials and supplies	19,200	43,700	19,593	24,107
Other	340,000	431,000	211,680	219,320.00
Total Engineering and Construction	<u>1,980,300</u>	<u>2,011,300</u>	<u>1,815,648</u>	<u>195,652</u>
Roadways				
Salaries	2,261,500	2,261,500	2,197,539	63,961
Employee benefits	888,000	888,000	727,161	160,839
Utilities	567,000	567,000	589,228	(22,228)
Contractual services	15,000	15,000	15,120	(120)
Repair and maintenance	345,600	345,600	320,869	24,731
Materials and supplies	76,600	76,600	71,849	4,751
Total Roadways	<u>4,153,700</u>	<u>4,153,700</u>	<u>3,921,766</u>	<u>231,934</u>
Traffic Control				
Salaries	192,000	192,000	137,200	54,800
Employee benefits	91,500	91,500	50,108	41,392
Contractual services	8,500	8,500	7,328	1,172
Repair and maintenance	43,300	43,300	42,542	758
Materials and supplies	32,300	32,300	30,563	1,737
Total Traffic Control	<u>367,600</u>	<u>367,600</u>	<u>267,741</u>	<u>99,859</u>
Snow and Ice Removal				
Salaries	35,000	116,000	98,086	17,914
Employee benefits	6,500	6,500	24,377	(17,877)
Contractual services	31,000	46,000	41,654	4,346
Repair and maintenance	5,500	5,500	2,886	2,614.00
Materials and supplies	53,000	98,000	117,743	(19,743)
Total Snow and Ice Removal	<u>131,000</u>	<u>272,000</u>	<u>284,746</u>	<u>(12,746)</u>
Total Public Works	<u>7,698,950</u>	<u>7,870,950</u>	<u>7,154,383</u>	<u>716,567</u>

**CITY OF ANNAPOLIS, MARYLAND
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Expenditures & Encumbrances</u>	<u>Under/ (Over) Budget</u>
Community Services				
Recreation and Parks				
Salaries	\$ 4,120,000	\$ 4,037,000	\$ 3,867,776	\$ 169,224
Employee benefits	932,500	932,500	878,405	54,095
Utilities	269,500	257,950	271,633	(13,683)
Contractual services	612,200	631,980	618,959	13,021
Rents and leases	51,400	43,400	51,771	(8,371)
Repair and maintenance	256,700	291,200	283,198	8,002
Materials and supplies	311,200	292,520	263,198	29,322
Other	91,100	178,330	149,104	29,226
Capital outlay	65,800	83,020	50,255	32,765
Total Recreation and Parks	<u>6,710,400</u>	<u>6,747,900</u>	<u>6,434,299</u>	<u>313,601</u>
Harbor Master				
Salaries	570,500	587,300	622,507	(35,207)
Employee benefits	102,500	102,500	104,672	(2,172)
Utilities	53,000	53,000	38,371	14,629
Contractual services	52,100	52,100	64,827	(12,727)
Repair and maintenance	89,600	89,341	94,181	(4,840)
Materials and supplies	41,500	41,500	38,671	2,829
Capital Outlay	7,500	7,500	6,282	1,218
Total Harbor Master	<u>916,700</u>	<u>933,241</u>	<u>969,511</u>	<u>(36,270)</u>
Community Services				
Salaries	396,000	335,700	318,590	17,110
Employee benefits	96,000	96,000	63,479	32,521
Utilities	2,400	5,000	4,241	759
Contractual services	28,000	28,000	2,988	25,012
Repair and maintenance	7,600	7,600	7,600	-
Materials and supplies	19,000	56,400	22,327	34,073
Other	259,000	259,000	258,032	968
Total Community Services	<u>808,000</u>	<u>787,700</u>	<u>677,257</u>	<u>110,443</u>
Community Assistance Grants	<u>428,750</u>	<u>428,750</u>	<u>421,355</u>	<u>7,395</u>
Total Community Services	<u>8,863,850</u>	<u>8,897,591</u>	<u>8,502,422</u>	<u>395,169</u>
Nonallocated	6,785,250	6,450,250	5,933,077	517,173

**CITY OF ANNAPOLIS, MARYLAND
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Expenditures & Encumbrances</u>	<u>Under/ (Over) Budget</u>
Debt Service				
Bond principal	\$ 6,220,000	\$ 6,220,000	\$ 6,219,950	\$ 50
Lease principal	-	-	659,839	(659,839)
Subscription principal	-	-	418,053	(418,053)
Total Principal Debt Service	<u>6,220,000</u>	<u>6,220,000</u>	<u>7,297,842</u>	<u>(1,077,842)</u>
Bond interest	2,103,000	2,103,000	1,977,009	125,991
Lease principal	-	-	100,618	(100,618)
Subscription interest	-	-	36,587	(36,587)
Bond issuance	100,000	100,000	-	100,000
Total Interest on Debt Service	<u>2,203,000</u>	<u>2,203,000</u>	<u>2,114,215</u>	<u>88,786</u>
Total Debt Service	<u>8,423,000</u>	<u>8,423,000</u>	<u>9,412,057</u>	<u>(989,057)</u>
Transfers out	6,617,445	7,067,445	6,989,445	78,000
Total Expenditures & Encumbrances	<u>\$ 116,681,245</u>	<u>\$ 117,717,968</u>	<u>\$ 109,539,830</u>	<u>\$ 8,178,138</u>
Fiscal Year 2025 Expenditures (GAAP Basis)				\$ 105,804,808
Interfund Reimbursements Reducing Expenditures in GAAP				3,848,501
Fiscal Year 2025 Encumbrances Open at Year End				564,830
Less: Prior Year Encumbrances Expended in Fiscal Year 2025				(678,309)
				<u>\$ 109,539,830</u>

CITY OF ANNAPOLIS, MARYLAND GOVERNMENTAL FUNDS

The City has two major governmental funds, including the General Fund and the Capital Projects Fund.

General Fund - This is the City's primary operating fund. It is used to account for all financial resources except those accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources and expenditures applied to the construction of capital facilities and major purchased items for all governmental fund types.

These funds have been discretely presented in the basic financial statements. The combining statements include several non-major governmental funds.

Special Revenue funds account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects:

- Community Development Block Grant Fund - The Community Development Block Grant Fund is used to account for Community Development Block Grants received from the Federal government
- Grants Fund - The Grants Fund is used to account for all federal, state, and other grants received and expended that are not accounted for in another fund.
- Community Legacy Fund - The Community Legacy Fund accounts for the remainder of the City's prior community legacy programs. The City must use these funds for community development and revitalization.
- Art in Public Places Fund - The Arts in Public Places Fund is used to account for all income and expenses related to the Arts in Public Places Commission. This fund receives 3% of the City's short-term rental tax in accordance with §20-603 of the Local Government Article of the State Code.
- Police Forfeiture & Asset Seizure Fund - The Police Forfeiture and Seizure Fund accounts for proceeds from property seized by the City or allocated to the City from the regional public safety groups. These funds must be spent on public safety initiatives.
- Sprinkler Fund - The Sprinkler Fund accounts for City funds loaned to property owners for the installation of sprinklers in their home or business. The applicant must meet all requirements established in the City Code to participate in this loan program.
- Opioid Fund – The Opioid Fund pools funds received from case settlements issued by courts against pharmaceutical industry and related distributors, City contributions, and County grants earmarked for opioid related programs. The City manages several addiction and overdose programs using these funds.

CITY OF ANNAPOLIS, MARYLAND GOVERNMENTAL FUNDS

Capital Projects Funds account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities or other capital assets. The City considers its Reforestation, PEG, and Affordable Housing Trust funds as capital project funds because these assets are restricted for capital outlay:

- Reforestation Fund - The Reforestation Fund accounts for critical area fees received by the City from developers in accordance with 17.09.070 of the City Code.
- Public Education and Government Fund - The Public Education and Governmental (PEG) Fund accounts for the fees paid by cable subscribers that the City uses for its public television studio.
- Affordable Housing Trust Fund - The Affordable Housing Trust Fund accounts for monies received from developers who do not provide moderately priced dwelling units in accordance with City Code requirements. The funds must be used to purchase land or buildings for other affordable housing; provide settlement expense, down payment, and mortgage write-down assistance to eligible persons or households; construct housing units; purchase or rehabilitate rental housing for conversion to homeownership; rehabilitate residential units; provide funds to match other State or Federal homeownership programs; administrative costs; and to contract with nonprofit developers for development of housing units for sale to eligible low or moderate income buyers.

**CITY OF ANNAPOLIS, MARYLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025**

	Special Revenue Funds						Capital Projects Funds			Total	
	Community Development Block Grant	Grants	Opioid	Community Legacy	Arts in Public Places	Police Forfeiture & Asset Seizure	Sprinkler Loan Assistance	Reforestation	PEG		Affordable Housing Trust
ASSETS											
Cash and cash equivalents	\$ 25,896	\$ 138,310.00	\$ 103,515	\$ 15,672	\$ 197,722	\$ 795,728	\$ 345,054	\$ 1,499,160	\$ 152,873	\$ 1,280,383	\$ 4,554,313
Cash and cash equivalents - Restricted	-	28,142	-	-	-	-	-	-	-	-	28,142
Receivables, net of allowances	101,155	739,085	283	-	-	-	4,685	-	-	-	845,208
Total assets	<u>\$ 127,051</u>	<u>\$ 905,537</u>	<u>\$ 103,798</u>	<u>\$ 15,672</u>	<u>\$ 197,722</u>	<u>\$ 795,728</u>	<u>\$ 349,739</u>	<u>\$ 1,499,160</u>	<u>\$ 152,873</u>	<u>\$ 1,280,383</u>	<u>\$ 5,427,663</u>
LIABILITIES											
Accounts payable	\$ 104,603	\$ 53,766	\$ 2,000	\$ -	\$ 19,300	\$ 32,755	\$ -	\$ 15,850	\$ 6,035	\$ 148,274	\$ 382,583
Accrued payables and other liabilities	-	75,336	5,762	-	-	-	-	-	-	-	81,098
Due to General Fund	-	239,132	-	-	-	-	-	-	-	-	239,132
Unearned revenue	-	89,913	-	-	-	-	4,685	-	-	-	94,598
Total liabilities	<u>104,603</u>	<u>458,147</u>	<u>7,762</u>	<u>-</u>	<u>19,300</u>	<u>32,755</u>	<u>4,685</u>	<u>15,850</u>	<u>6,035</u>	<u>148,274</u>	<u>797,411</u>
FUND BALANCE											
Restricted for:											
Public Safety	-	296,260	-	-	-	762,973	-	-	-	-	1,059,233
Community Services	22,448	157,454	96,036	15,672.00	178,422	-	345,054	-	-	1,132,109	1,947,195
Land Use	-	-	-	-	-	-	-	1,483,310	-	-	1,483,310
Capital Projects	-	-	-	-	-	-	-	-	146,838	-	146,838
Unrestricted	-	(6,324)	-	-	-	-	-	-	-	-	(6,324)
Total fund balances	<u>22,448</u>	<u>447,390</u>	<u>96,036</u>	<u>15,672</u>	<u>178,422</u>	<u>762,973</u>	<u>345,054</u>	<u>1,483,310</u>	<u>146,838</u>	<u>1,132,109</u>	<u>4,630,252</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 127,051</u>	<u>\$ 905,537</u>	<u>\$ 103,798</u>	<u>\$ 15,672</u>	<u>\$ 197,722</u>	<u>\$ 795,728</u>	<u>\$ 349,739</u>	<u>\$ 1,499,160</u>	<u>\$ 152,873</u>	<u>\$ 1,280,383</u>	<u>\$ 5,427,663</u>

**CITY OF ANNAPOLIS, MARYLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2025**

	Special Revenue Funds						Capital Projects Funds			Total	
	Community Development Block Grant	Grants	Opioid	Community Legacy	Arts in Public Places	Police Forfeiture & Asset Seizure	Sprinkler Loan Assistance	Reforestation	PEG		Affordable Housing Trust
REVENUES											
Intergovernmental	\$ 273,075	\$ 3,205,691	\$ 98,327	\$ -	\$ 155,017	\$ -	\$ -	\$ -	\$ -	\$ 155,017	\$ 3,887,127
Charges for services	-	-	-	-	-	-	25,261	72,325	37,321	10,000	144,907
Other revenue	-	-	-	-	-	474,157	-	-	-	-	474,157
Total revenues	273,075	3,205,691	98,327	-	155,017	474,157	25,261	72,325	37,321	165,017	4,506,191
EXPENDITURES											
Current:											
Land Use	-	-	-	-	-	-	-	425,999	-	-	425,999
Public Safety	-	3,037,241	-	-	-	132,657	-	-	-	-	3,169,898
Community Development	292,451	-	-	-	-	-	-	-	-	-	292,451
Community Services	-	127,833	113,066	-	133,415	-	46,440	-	-	710,003	1,130,757
Capital Outlay	-	-	-	-	-	-	-	-	77,312	-	77,312
Debt Service:											
Principal	-	-	-	-	-	32,513	-	-	-	-	32,513
Interest and other charges	-	-	-	-	-	1,750	-	-	-	-	1,750
Total expenditures	292,451	3,165,074	113,066	-	133,415	166,920	46,440	425,999	77,312	710,003	5,130,680
Excess (deficiency) of revenues over expenditures	(19,376)	40,617	(14,739)	-	21,602	307,237	(21,179)	(353,674)	(39,991)	(544,986)	(624,489)
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	-	-	-	-	-	-	-	280,000	280,000
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	280,000	280,000
Net change in fund balance	(19,376)	40,617	(14,739)	-	21,602	307,237	(21,179)	(353,674)	(39,991)	(264,986)	(344,489)
Fund balance at beginning of year	41,824	406,773	110,775	15,672	156,820	455,736	366,233	1,836,984	186,829	1,397,095	4,974,741
Fund balance at end of year	\$ 22,448	\$ 447,390	\$ 96,036	\$ 15,672	\$ 178,422	\$ 762,973	\$ 345,054	\$ 1,483,310	\$ 146,838	\$ 1,132,109	\$ 4,630,252

**CITY OF ANNAPOLIS, MARYLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
COMPARED TO BUDGET (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2025**

	Adopted Budget	Amended Budget	Cumulative Expenditures from Prior Years	Fiscal Year 2025 Expenditures	Fiscal Year 2025 Encumbrances	Cumulative Expenditures and Encumbrances	Available Balance
General City Projects							
Acton Cove Waterfront Park	\$ 197,610	\$ 197,610	\$ 80,411.00	\$ 33,357	\$ 1,650	\$ 115,418	\$ 82,192
Annapolis Gateway Park	1,071,200	1,071,200	11,281	-	-	11,281	1,059,919
Annapolis Police Department Carport	147,000	147,000	-	-	-	-	147,000
Annapolis Solar Park Pollinator Habitat	157,500	157,500	-	26,381	-	26,381	131,119
Annapolis Walk Park Improvements	528,800	528,800	114,428	65,038	85,199	264,665	264,135
Barbud Lane	1,493,700	1,493,700	200,510	19,958	844,041	1,064,509	429,191
Bay Ridge Avenue Bikeways	301,056	301,056	-	-	-	-	301,056
Bay Ridge Avenue Sidewalk	192,809	192,809	-	14,193	80,400	94,593	98,216
Brewer's Hill Cemetery Stream Restoration	105,000	105,000	8,750	16,081	10,145	34,976	70,024
Burtis House	330,173	330,173	-	-	-	-	330,173
Carr's/Elktonia/Moore's Beach Park	11,408,250	11,408,250	9,559,272	94,981	61,748	9,716,001	1,692,249
Cedar Park Sidewalks	701,200	701,200	82,670	141,105	4,498	228,274	472,926
Chesapeake Children's Museum Improvements	52,500	52,500	-	-	4,820	4,820	47,680
City Dock Boater Electrical Upgrades	262,500	262,500	-	-	-	-	262,500
City Dock Resilience and Revitalization	71,373,363	71,373,363	6,169,788	4,106,939	5,816,788	16,093,516	55,279,847
City Facility Improvements	4,830,305	4,853,455	2,949,628	353,639	135,533	3,438,800	1,414,655
City Facility Roof Replacements	315,000	315,000	-	-	-	-	315,000
City Facility Security Upgrades	2,745,750	2,745,750	2,133,249	688,306	-	2,821,555	(75,805)
City Green Roof Repair	262,500	262,500	-	-	-	-	262,500
City Harbor Flood Mitigation	20,950,815	20,950,815	2,634,822	756,704	772,015	4,163,541	16,787,274
City Offices Space Planning	2,800,000	2,800,000	-	2,309,232	58,747	2,367,979	432,021
Citywide Public Water Access Improvements	513,700	513,700	19,475	36,006	22,903	78,384	435,316
College Creek Connector Trail	3,557,925	3,557,925	-	3,973	63,400	67,373	3,490,552
Connecting Communities (formerly, Trail Connections)	5,159,016	5,159,016	333,945	234,390	173,027	741,361	4,417,655
CRAB Boating Facility	2,270,475	2,270,475	2,270,475	-	-	2,270,475	-
Duke of Gloucester Floating Pier	112,560	112,560	14,622	4,893	234	19,749	92,811
Eastport Choice Neighborhood Initiative	2,000,000	2,000,000	-	-	-	-	2,000,000
Eastport Flood Mitigation	536,025	536,025	-	30,072	68,043	98,115	437,910
Electric Annapolis Mobility Plan	5,561,039	5,561,039	112,729	277,028	2,217	391,974	5,169,065
Farragut Road Sidewalk - Howison Road to Rowe Boulevard	78,750	78,750	-	-	-	-	78,750
Fitness Equipment Replacement	260,000	260,000	203,471	52,403	-	255,873	4,127
Forest Drive Fire Station Renovations	542,050	542,050	6,358	42,890	-	49,248	492,802
Fuel Island Tank Removal and Upgrades	1,097,250	1,517,250	-	35,386	1,397,421	1,432,807	84,443
General Existing Waterfront Access Infrastructure	244,050	244,050	80,462	19,758	50,901	151,121	92,929
General Roadways	18,324,830	19,006,730	11,557,489	1,986,496	744,916	14,288,904	4,717,826
General Sidewalks	3,850,000	3,850,000	2,748,576	410,288	212,411	3,371,274	478,726
Gibraltar Avenue	63,000	63,000	-	-	-	-	63,000
Griscom, Collison, & Weems Whelan Ballfields	210,000	210,000	-	-	-	-	210,000
Hawkins Cove	2,604,000	2,604,000	85,958	160,120	158,130	404,209	2,199,791
Hilltop Lane Hiker/Biker Connection	227,640	227,640	-	9,217	-	9,217	218,423

**CITY OF ANNAPOLIS, MARYLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
COMPARED TO BUDGET (BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

	Adopted Budget	Amended Budget	Cumulative Expenditures from Prior Years	Fiscal Year 2025 Expenditures	Fiscal Year 2025 Encumbrances	Cumulative Expenditures and Encumbrances	Available Balance
Maintenance Facilities (See Note 1 Below)	16,996,857	16,996,857	16,654,757	-	-	16,654,757	342,100
Maynard Burgess House	1,374,309	1,374,309	1,312,070	(2,245)	-	1,309,825	64,484
Moyer Park Sidewalk Enhancements	499,968	499,968	-	18,197	-	18,197	481,771
Newman Street Playground Replacement	735,000	735,000	-	4,988	-	4,988	730,012
Parks Maintenance Facility	1,165,500	1,165,500	-	-	-	-	1,165,500
Pedestrian Activated Crosswalk on Bembe Beach Road at Baywoods	93,250	93,250	-	-	-	-	93,250
Pedestrian Activated Crosswalk Signals on Cedar Park Road	95,488	95,488	7,436	48,004	-	55,440	40,048
Pickleball Court Lights	420,000	381,150	-	274,345	11,645	285,989	95,161
Robert Eades Park	2,175,050	2,175,050	90,329	13,441	38,265	142,036	2,033,014
Russell Street	116,550	116,550	-	-	-	-	116,550
S. Southwood Sidewalk and Stormwater Management	420,000	420,000	2,037	116,174	121,268	239,479	180,521
Spa Road Environmental Remediation (formerly, Weems-Whelan Field)	887,500	887,500	65,868	248,251	25,317	339,436	548,064
Spa Road Sidewalk - Forest Drive to Hilltop Lane	85,680	85,680	-	10,535	64,684	75,219	10,461
Standard Specifications and Construction Details (See Note 2 Below)	320,250	320,250	144,415	75,004	12,069	231,488	88,762
Stanton Center Renovations	2,828,000	2,828,000	70,546	111,091	111,587	293,224	2,534,776
Taylor Avenue Traffic Improvements	310,000	310,000	-	-	-	-	310,000
Traffic Safety Improvements	252,000	252,000	-	15,120	-	15,120	236,880
Traffic Signal or Circle and Safety Improvements on Hilltop Lane	210,000	210,000	-	-	-	-	210,000
Traffic Signal Rehabilitation and Replacement with Circles	2,762,115	2,762,115	1,707,035	91,257	40,169	1,838,462	923,653
Truxtun Heights Storm Drainage Improvements	3,298,846	3,298,846	165,726	23,077	226,097	414,900	2,883,946
Truxtun Park Improvements	543,500	676,450	194,073	469,959	2,778	666,810	9,640
Truxtun Park Road Parking Improvement	945,000	945,000	-	16,343	119,965	136,308	808,692
Truxtun Park Shoreline Stabilization	2,100,000	2,100,000	-	-	-	-	2,100,000
Tucker Street Boat Ramp	762,163	762,163	67,789	25,909	-	93,698	668,465
Underground Service Historic District	762,500	762,500	93,889	146,155	191,536	431,579	330,921
Upgrade City Coordinate System	460,100	460,100	11,918	-	-	11,918	448,182
Waterway Improvement Project - 4th Street	349,440	349,440	-	-	-	-	349,440
Waterway Improvement Project - 6th Street	375,245	375,245	49,214	13,640	4,128	66,982	308,263
Waterway Improvement Project - Amos Garrett Blvd	52,500	52,500	-	16,958	850	17,808	34,692
Waterway Improvement Project - Cheston Ave	478,250	478,250	363,698	-	-	363,698	114,552
Waterway Improvement Project - Shipwright Street	349,440	349,440	-	13,388	850	14,238	335,202
Waterway Improvement Project - Thompson Street	333,312	333,312	-	41,829	50,151	91,980	241,332
Waterway Improvement Project - Truxtun Pump House Road	102,144	102,144	-	22,345	-	22,345	79,799
Waterworks Buildings and Parking Improvements	73,500	73,500	-	3,045	8,000	11,045	62,455
West East Express Bikeway	6,923,353	6,923,353	326,230	427,835	304,662	1,058,728	5,864,625
	<u>\$ 217,096,151</u>	<u>\$ 218,315,301</u>	<u>\$ 62,705,399</u>	<u>\$ 14,173,479</u>	<u>\$ 12,103,208</u>	<u>\$ 88,982,090</u>	<u>\$ 129,333,211</u>

**CITY OF ANNAPOLIS, MARYLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
COMPARED TO BUDGET (BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

Community Development Block Grant

	<u>Adopted Budget</u>	<u>Amended Budget & Prior Year Roll Forward</u>	<u>Actual Revenues</u>	<u>Under (Over) Budget</u>
Revenue				
General Admin - Fair Housing BNI	\$ 61,341	\$ 53,156	\$ 46,472	\$ 6,684
Light House Shelter	7,000	6,090	6,090	-
OIC	9,005	7,834	7,834	-
Restoration Community Dev Corp	9,000	7,830	9,244	(1,414)
Center of Help	6,000	5,220	5,220	-
Community Action Agency	4,000	3,480	1,333	2,147
Housing Rehab Adv Ser-Admn	-	-	26,596	(26,596)
Blessed in Tech	5,000	4,350	4,350	-
Arundel Lodge	-	-	32,500	(32,500)
ARC of the Chesapeake	-	-	10,740.00	(10,740)
Housing Authority	99,357	147,547	106,219	41,328
Rebuilding Together Home Repair	-	-	(8,180)	8,180
Roof Replacement Homes at the Glen	100,000	87,000	-	87,000
Annapolis & AAC Scholarship Trust	4,000	3,480	3,480	-
Charting Careers Case Management	2,000	1,802	1,802	-
Arundel Lodge CV3	-	-	213	(213)
	<u>\$ 306,703</u>	<u>\$ 327,789</u>	<u>\$ 253,913</u>	<u>\$ 73,876</u>

	<u>Adopted Budget</u>	<u>Amended Budget (incl Prior Year Roll Forward)</u>	<u>Actual Expenditures & Encumbrances</u>	<u>Under (Over) Budget</u>
Expenditures				
General Admin - Fair Housing BNI	\$ 61,341	\$ 53,156	\$ 46,472	\$ 6,684
Light House Shelter	7,000	6,090	6,090	-
OIC	9,005	7,834	7,834	-
Restoration Community Dev Corp	9,000	7,830	7,830	-
Center of Help	6,000	5,220	5,220	-
Community Action Agency	4,000	3,480	3,480	-
Housing Rehab Adv Ser-Admn	-	-	-	-
Blessed in Tech	5,000	4,350	4,350	-
Arundel Lodge	-	-	-	-
ARC of the Chesapeake	-	-	-	-
Housing Authority	99,357	147,547	147,547	-
Roof Replacement Homes at the Glen	100,000	87,000	87,000	-
Annapolis & AAC Scholarship Trust	4,000	3,480	3,480	-
Charting Careers Case Management	2,000	1,802	1,802	-
	<u>\$ 306,703</u>	<u>\$ 327,789</u>	<u>\$ 321,105</u>	<u>\$ 6,684</u>

**CITY OF ANNAPOLIS, MARYLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
COMPARED TO BUDGET (BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

Federal Grants

	Adopted Budget	Amended Budget	Actual Revenues	Under (Over) Budget
Revenue				
Cops De-Escalation	\$ -	\$ -	\$ 697	\$ (697)
Bullet Proof Vest	3,383	-	-	-
SAFER Grant	464,491	-	-	-
Emergency Management Performance Grant	100,000	65,819	65,792	27
State & Local Cybersecurity Grant	-	4,099	4,099	-
Nuisance Flood Plan	-	16,175	16,175	-
Emergency Food & Shelter	18,548	37,096	8,955	28,141
Hazardous Materials Emergency Preparedness	30,000	9,774	525	9,249
State Homeland Security Program	210,000	139,424	96,780	42,644
Urban Areas Security Initiative	695,000	384,551	455,837	(71,286)
Pumpout Boat	66,000	66,000	73,375	(7,375)
SFY25 E J Byrne Memorial Grant (BJAG) - BWC	-	85,400	39,817	45,583
American Rescue Plan Act (ARPA)	-	-	19,845	(19,845)
	<u>\$ 1,587,422</u>	<u>\$ 808,338</u>	<u>\$ 781,897</u>	<u>\$ 26,441</u>
	Adopted Budget	Amended Budget	Actual Expenditures & Encumbrances	Under (Over) Budget
Expenditures				
Cops De-Escalation	\$ -	\$ -	\$ 697	\$ (697)
Bullet Proof Vest	3,383	-	-	-
SAFER Grant	464,491	-	-	-
Emergency Management Performance Grant	100,000	65,819	64,904	915.00
State & Local Cybersecurity Grant	-	4,099	4,099	-
Nuisance Flood Plan	-	16,175	16,175	-
Emergency Food & Shelter	18,548	37,096	18,548	18,548
Hazardous Materials Emergency Preparedness	30,000	9,774	525	9,249.00
State Homeland Security Program	210,000	139,424	105,591	33,833
Urban Areas Security Initiative	695,000	384,551	409,262	(24,711)
Pumpout Boat	66,000	66,000	66,910	(910)
SFY25 E J Byrne Memorial Grant (BJAG) - BWC	-	85,400	39,817	45,583
	<u>\$ 1,587,422</u>	<u>\$ 808,338</u>	<u>\$ 726,528</u>	<u>\$ 81,810</u>

**CITY OF ANNAPOLIS, MARYLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
COMPARED TO BUDGET (BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

State Grants

Revenue	Adopted Budget	Amended Budget	Actual Revenues	Under (Over) Budget
MIEMSS - Advance Life Support Training	\$ 15,000	\$ 7,566	\$ 7,566	\$ -
MIEMSS - Monitor Defib	35,000	4,109	4,109	-
Auto Larceny Education Reduces Theft	25,000	22,000	10,601	11,399
Gun Violence Reduction	25,000	-	-	-
Year Round Community Outreach	8,700	28,462	27,553	909
Warrant Apprehension & Abscond	146,000	-	-	-
PACT	387,897	70,000	70,000	-
PRAR - Police Recruitment & Retention	25,000	48,750	35,724	13,026
State Aid for Police Protection	1,500,000	1,425,376	1,425,376	-
Mooring Field Layout - St Mary's	-	5,000	5,000	-
MD Prof/Vol Firefighter Cancer Screeing	-	39,975	39,975	-
Debris & Derelict Removal	25,000	25,000	25,000	-
Pumpout Boat - State	22,000	20,173	33,595	(13,422)
	<u>\$ 2,214,597</u>	<u>\$ 1,696,411</u>	<u>\$ 1,684,499</u>	<u>\$ 11,912</u>

Expenditures	Adopted Budget	Amended Budget	Actual Expenditures & Encumbrances	Under (Over) Budget
MIEMSS - Advance Life Support Training	\$ 15,000	\$ 7,566	\$ 7,566	\$ -
MIEMSS - Monitor Defib	35,000	4,109	4,109	-
Auto Larceny Education Reduces Theft	25,000	22,000	10,601	11,399
Gun Violence Reduction	25,000	-	-	-
Year Round Community Outreach	8,700	28,462	27,553	909
Warrant Apprehension & Abscond	146,000	-	-	-
PACT	387,897	70,000	70,000	-
PRAR - Police Recruitment & Retention	25,000	48,750	35,724	13,026
State Aid for Police Protection	1,500,000	1,425,376	1,425,376	-
Mooring Field Layout - St Mary's	-	5,000	5,000	-
MD Prof/Vol Firefighter Cancer Screeing	-	39,975	39,975	-
Debris & Derelict Removal	25,000	25,000	25,000	-
Pumpout Boat - State	22,000	20,173	24,458	(4,285)
	<u>\$ 2,214,597</u>	<u>\$ 1,696,411</u>	<u>\$ 1,675,362</u>	<u>\$ 21,049</u>

**CITY OF ANNAPOLIS, MARYLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
COMPARED TO BUDGET (BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

County Grants

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenues</u>	<u>Under (Over) Budget</u>
Revenue				
911 Funds	\$ 324,600	\$ 324,600	\$ 652,128	\$ (327,528)
Alcohol Sales Enforcement	10,000	3,625	4,200	(575)
Tobacco Sales Compliance Check	10,000	5,000	4,116	884
Senator Amoss	95,000	88,725	63,590	25,135
Hate Crime	-	25,800	24,398	1,402
	<u>\$ 439,600</u>	<u>\$ 447,750</u>	<u>\$ 748,432</u>	<u>\$ (300,682)</u>
			Actual	
	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Expenditures & Encumbrances</u>	<u>Under (Over) Budget</u>
Expenditures				
911 Funds	\$ 324,600	\$ 324,600	\$ 652,128	\$ (327,528)
Alcohol Sales Enforcement	10,000	3,625	4,200	(575)
Tobacco Sales Compliance Check	10,000	5,000	4,116	884
Senator Amoss	95,000	88,725	63,590	25,135
Hate Crime	-	25,800	24,398	1,402
	<u>\$ 439,600</u>	<u>\$ 447,750</u>	<u>\$ 748,432</u>	<u>\$ (300,682)</u>

Opioid Restitution Fund

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenues</u>	<u>Under (Over) Budget</u>
Revenues				
Opioid Settlements	\$ 112,184	\$ 112,184	\$ 63,327	\$ 48,857
Other revenue	35,000	35,000	35,000	-
	<u>\$ 147,184</u>	<u>\$ 147,184</u>	<u>\$ 98,327</u>	<u>\$ 48,857</u>
			Actual	
	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Expenditures & Encumbrances</u>	<u>Under (Over) Budget</u>
Expenditures				
Community Services	\$ 147,184	\$ 147,184	\$ 113,066	\$ 34,118
	<u>\$ 147,184</u>	<u>\$ 147,184</u>	<u>\$ 113,066</u>	<u>\$ 34,118</u>

**CITY OF ANNAPOLIS, MARYLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
COMPARED TO BUDGET (BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

Other Grants

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenues</u>	<u>Under (Over) Budget</u>
Revenue				
No Harm VIP	\$ -	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Expenditures & Encumbrances</u>	<u>Under (Over) Budget</u>
Expenditures				
No Harm VIP	\$ -	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Community Legacy Fund

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenues</u>	<u>Under (Over) Budget</u>
Revenues				
Community Legacy	\$ -	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual Expenditures & Encumbrances</u>	<u>Under (Over) Budget</u>
Expenditures				
Community Legacy	\$ 26,969	\$ 26,969	\$ -	\$ 26,969
	<u>\$ 26,969</u>	<u>\$ 26,969</u>	<u>\$ -</u>	<u>\$ 26,969</u>

**CITY OF ANNAPOLIS, MARYLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
COMPARED TO BUDGET (BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

Arts in Public Places (AIPPC) Fund

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenues</u>	<u>Under (Over) Budget</u>
Revenues				
Occupancy tax	\$ 129,700	\$ 129,700	\$ 155,017	\$ (25,317)
	<u>\$ 129,700</u>	<u>\$ 129,700</u>	<u>\$ 155,017</u>	<u>\$ (25,317)</u>
	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual Expenditures & Encumbrances</u>	<u>Under (Over) Budget</u>
Expenditures				
Community Services	\$ 165,457	\$ 286,520	\$ 133,415	\$ 153,105
	<u>\$ 165,457</u>	<u>\$ 286,520</u>	<u>\$ 133,415</u>	<u>\$ 153,105</u>

Police Forfeiture and Asset Seizure Fund

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenues</u>	<u>Under (Over) Budget</u>
Revenues				
Fines and forfeitures	\$ 60,000	\$ 60,000	\$ 474,157	\$ (414,157)
	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 474,157</u>	<u>\$ (414,157)</u>
	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Expenditures & Encumbrances</u>	<u>Under (Over) Budget</u>
Expenditures				
Public safety	\$ 147,521	\$ 515,736	\$ 166,920	\$ 348,816
	<u>\$ 147,521</u>	<u>\$ 515,736</u>	<u>\$ 166,920</u>	<u>\$ 348,816</u>

**CITY OF ANNAPOLIS, MARYLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
COMPARED TO BUDGET (BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

Sprinkler Loan Assistance Fund

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenues</u>	<u>Under (Over) Budget</u>
Revenues				
Loan payments	\$ 20,000	\$ 20,000	\$ 25,621	\$ (5,621)
	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 25,621</u>	<u>\$ (5,621)</u>
	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Expenditures & Encumbrances</u>	<u>Under (Over) Budget</u>
Expenditures				
Programs and activities	\$ 372,601	\$ 372,601	\$ 46,440	\$ 326,161
	<u>\$ 372,601</u>	<u>\$ 372,601</u>	<u>\$ 46,440</u>	<u>\$ 326,161</u>

Reforestation Fund

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenue</u>	<u>Under (Over) Budget</u>
Revenues				
Charges for services	\$ 10,000	\$ 10,000	\$ 72,325	\$ (62,325)
	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 72,325</u>	<u>\$ (62,325)</u>
	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Expenditures & Encumbrances</u>	<u>Under (Over) Budget</u>
Expenditures				
Contract services	\$ 10,000	\$ 510,000	\$ 412,529	\$ 97,471
	<u>\$ 10,000</u>	<u>\$ 510,000</u>	<u>\$ 412,529</u>	<u>\$ 97,471</u>

**CITY OF ANNAPOLIS, MARYLAND
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
COMPARED TO BUDGET (BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

PEG Fund

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenues</u>	<u>Under (Over) Budget</u>
Revenues				
Licenses and permits	\$ 20,000	\$ 20,000	\$ 25,261	\$ (5,261)
	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 25,261</u>	<u>\$ (5,261)</u>
	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Expenditures & Encumbrances</u>	<u>Under (Over) Budget</u>
Expenditures				
Other	\$ 372,601	\$ 372,601	\$ 46,440	\$ 326,161
	<u>\$ 372,601</u>	<u>\$ 372,601</u>	<u>\$ 46,440</u>	<u>\$ 326,161</u>

Affordable Housing Trust

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenue</u>	<u>Under (Over) Budget</u>
Revenue				
Occupancy tax	\$ 129,700	\$ 129,700	\$ 155,017	\$ (25,317)
Other	250,000	280,000	290,000	(10,000)
	<u>\$ 379,700</u>	<u>\$ 409,700</u>	<u>\$ 445,017</u>	<u>\$ (35,317)</u>
	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual Expenditures & Encumbrances</u>	<u>Under (Over) Budget</u>
Expenditures				
Homeowner assistance	\$ 43,763	\$ 183,363	\$ -	\$ 183,363
Rental assistance	143,308	184,448	178,739	5,709
Rental rehabilitation	500,000	500,000	500,000	-
Owner occupied rehab	250,000	250,000	-	250,000
	<u>\$ 937,071</u>	<u>\$ 1,117,811</u>	<u>\$ 678,739</u>	<u>\$ 439,072</u>

CITY OF ANNAPOLIS, MARYLAND ENTERPRISE FUNDS

The Enterprise funds are members of the proprietary fund category and, as such, are accounted for on the accrual basis of accounting. Revenues in the enterprise funds are recognized when earned and expenses are recognized when incurred.

Enterprise funds are used to account for those activities of the City: (1) that are financed and operated in a manner similar to private business enterprises in that costs and expenses, including depreciation, are recovered principally through user charges, or (2) for which the City Council has determined that revenues, expenses, and changes in net position are important determinations for public policy, management control, and accountability.

The Enterprise funds used by the City account for the operation and other activities of the City's sanitary sewage collection and treatment system, water system, off-street parking facilities, transportation system, watershed restoration, and refuse collection operations. The nonmajor funds consist of the Watershed Restoration and Refuse funds.

**CITY OF ANNAPOLIS, MARYLAND
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2025**

	Watershed Restoration Fund	Refuse Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,179,786	1,412,212	\$ 2,591,998
Restricted cash	563,537	-	563,537
Lease receivable	-	406,682	406,682
Prepaid expenses	50,798	-	50,798
Accounts receivable			
Service charges and penalties	539,735	815,461	1,355,196
Other receivables	-	2,577	2,577
Total accounts receivable, net	<u>539,735</u>	<u>818,038</u>	<u>1,357,773</u>
Total current assets	<u>2,333,856</u>	<u>2,636,932</u>	<u>4,970,788</u>
Noncurrent assets:			
Net capital assets	<u>6,877,458</u>	<u>985,325</u>	<u>7,862,783</u>
Total noncurrent assets	<u>6,877,458</u>	<u>985,325</u>	<u>7,862,783</u>
Total assets	<u>9,211,314</u>	<u>3,622,257</u>	<u>12,833,571</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	304,718	132,696	437,414
Deferred outflows related to OPEB	4,146	1,804	5,950
Deferred loss on refunding	1,091	-	1,091
Total deferred outflows of resources	<u>309,955</u>	<u>134,500</u>	<u>444,455</u>
LIABILITIES			
Current liabilities:			
Accounts payable	317,944	300,169	618,113
Accrued expenses and other liabilities	33,377	15,907	49,284
Accrued interest	11,901	6,523	18,424
Compensated absences	35,869	37,491	73,360
Unearned revenue	-	1,909	1,909
Escrowed funds	4,406	-	4,406
Current portion of long-term debt	47,004	36,522	83,526
Total current liabilities	<u>450,501</u>	<u>398,521</u>	<u>849,022</u>
Noncurrent liabilities:			
Net OPEB liability	56,915	24,785	81,700
Net pension liability	656,279	285,789	942,068
Long-term debt, net of current portion	717,112	464,548	1,181,660
Total noncurrent liabilities	<u>1,430,306</u>	<u>775,122</u>	<u>2,205,428</u>
Total liabilities	<u>1,880,807</u>	<u>1,173,643</u>	<u>3,054,450</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	33,350	14,522	47,872
Deferred inflows related to OPEB	69,773	30,384	100,157
Deferred inflows related to leases	-	353,241	353,241
Total deferred outflows of resources	<u>103,123</u>	<u>398,147</u>	<u>501,270</u>
Net Position			
Net investment in capital assets	6,488,573	484,255	6,972,828
Unrestricted	1,048,766	1,700,712	2,749,478
Total net position	<u>\$ 7,537,339</u>	<u>\$ 2,184,967</u>	<u>\$ 9,722,306</u>

**CITY OF ANNAPOLIS, MARYLAND
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025**

	Watershed Restoration Fund	Refuse Fund	Non-Major Enterprise Total
Operating revenues			
Charges for services	\$ 2,587,162	\$ 3,747,832	\$ 6,334,994
Licenses and permits	-	2,850	2,850
Other	4,000	-	4,000
Total operating revenues	<u>2,591,162</u>	<u>3,750,682</u>	<u>6,341,844</u>
Operating expenses			
Salaries	711,857	401,173	1,113,030
Utilities	516	8,988	9,504
Repairs and maintenance	17,155	44,400	61,555
Contractual services	492,698	2,855,640	3,348,338
Materials and supplies	56,232	70,958	127,190
Administrative charge from General Fund	142,000	353,000	495,000
Depreciation	9,554	28,055	37,609
Other	2,355	9,237	11,592
Total operating expenses	<u>1,432,367</u>	<u>3,771,451</u>	<u>5,203,818</u>
Operating (loss) income	<u>1,158,795</u>	<u>(20,769)</u>	<u>1,138,026</u>
Non-operating revenues (expenses)			
Leases	-	15,065	15,065
Interest income	4,844	23,352	28,196
Interest expense	(21,128)	(10,385)	(31,513)
Total non-operating revenues (expenses), net	<u>(16,284)</u>	<u>28,032</u>	<u>11,748</u>
Income (loss) before contributions and transfers	<u>1,142,511</u>	<u>7,263</u>	<u>1,149,774</u>
Transfers in	<u>1,040,000</u>	<u>-</u>	<u>1,040,000</u>
Change in net position	<u>2,182,511</u>	<u>7,263</u>	<u>2,189,774</u>
Net position at beginning of year	<u>5,354,828</u>	<u>2,177,704</u>	<u>7,532,532</u>
Net position at end of year	<u>\$ 7,537,339</u>	<u>\$ 2,184,967</u>	<u>\$ 9,722,306</u>

**CITY OF ANNAPOLIS, MARYLAND
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025**

	Watershed Restoration Fund	Refuse Fund	Total
Cash flows from operating activities			
Receipts from customers and users	\$ 2,462,302	\$ 3,676,091	\$ 6,138,393
Payments to suppliers for goods and services	(503,907)	(2,971,551)	(3,475,458)
Payments to employees for services	(928,388)	(473,987)	(1,402,375)
Payments for interfund services	(142,000)	(353,000)	(495,000)
Net cash provided by (used for) operating activities	<u>888,007</u>	<u>(122,447)</u>	<u>765,560</u>
Cash flows from noncapital financing activities			
Contributions from Other Sources	44,844	3,230	48,074
Net cash provided by noncapital financing activities	<u>44,844</u>	<u>3,230</u>	<u>48,074</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	(2,031,706)	-	(2,031,706)
Principal payments of long-term debt	(41,307)	(35,789)	(77,096)
Refunding and transfers of long-term debt	1,000,000	-	1,000,000.00
Interest on long-term debt	(29,535)	(10,966)	(40,501)
Pay go transfer from General Fund (CRF)	262,500	-	262,500
Net cash used for capital and related financing activities	<u>(840,048)</u>	<u>(46,755)</u>	<u>(886,803)</u>
Cash flows from investing activities			
Interest received	-	23,980	23,980
Net cash provided by investing activities	<u>-</u>	<u>23,980</u>	<u>23,980</u>
Net increase (decrease) in cash and cash equivalents	92,803	(141,992)	(49,189)
Cash and cash equivalents at beginning of year	1,650,520	1,554,204	3,204,724
Cash and cash equivalents at end of year	<u>\$ 1,743,323</u>	<u>\$ 1,412,212</u>	<u>\$ 3,155,535</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ 1,158,795	\$ (20,769)	\$ 241,816
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	9,554	28,055	37,962
Effect of changes in non-cash operating assets and liabilities:			
Accounts receivable	(128,825)	(76,103)	(168,849)
Accounts payable	65,049	17,672	89,535
Accrued expenses and other liabilities	899	4,926	(419)
Compensated absences	1,377	181	836
Unearned revenue	-	1,512	(18)
Escrowed funds	(35)	-	43
Deferred outflows	(10,401)	(11,664)	(86,224)
Net pension liability	23,729	25,455	156,668
Deferred inflows	(116,493)	(45,479)	(19,520)
Other post employment benefits	(115,642)	(46,233)	(37,088)
Total adjustments	<u>(270,788)</u>	<u>(101,678)</u>	<u>(27,074)</u>
Net cash provided by (used for) operating activities	<u>\$ 888,007</u>	<u>\$ (122,447)</u>	<u>\$ 214,742</u>

*There are no non-cash transactions.

**CITY OF ANNAPOLIS, MARYLAND
ENTERPRISE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
COMPARED TO BUDGET (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2025**

Sewer Fund - Operating

	Adopted Budget	Amended Budget	Actual Revenue	Under (Over) Budget
Revenues				
Charges for services	\$ 8,058,000	\$ 8,058,000	\$ 8,060,915	\$ (2,915)
Capital facilities charges	127,500	127,500	58,675	68,825
Licenses and permits	99,000	99,000	109,420	(10,420)
Other	171,100	171,100	274,249	(103,149)
	<u>\$ 8,455,600</u>	<u>\$ 8,455,600</u>	<u>\$ 8,503,259</u>	<u>\$ (47,659)</u>
	Adopted Budget	Amended Budget	Actual Expenditures & Encumbrances	Under (Over) Budget
Expenditures				
Salaries and benefits	\$ 1,628,500	\$ 1,628,500	\$ 986,272	\$ 642,228
Contractual services				
Utilities	143,700	143,700	143,528	172
Repairs and maintenance	315,300	315,300	236,558	78,742
Contractual services	4,440,600	4,440,600	4,962,332	(521,732)
Supplies & Other				
Materials and supplies	61,000	61,000	59,421	1,579
Other	4,200	4,200	2,955	1,245
Debt Service				
Bond issuance	30,000	30,000	-	30,000
Principal	553,000	553,000	-	553,000
Interest expense	414,000	414,000	438,475	(24,475)
Subscriptions	-	-	3	(3)
Transfers & Other				
Administrative charge from General Fund	560,000	560,000	560,000	-
Paygo and other transfers	675,000	675,000	675,000	-
Amortization*	-	-	339	(339)
Depreciation*	-	-	707,781	(707,781)
	<u>\$ 8,825,300</u>	<u>\$ 8,825,300</u>	<u>\$ 8,772,664</u>	<u>\$ 52,636</u>

*Not a budgeted item.

**CITY OF ANNAPOLIS, MARYLAND
ENTERPRISE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
COMPARED TO BUDGET (BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

Water Fund - Operating

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenue</u>	<u>Under (Over) Budget</u>
Revenues				
Water usage	\$ 8,877,000	\$ 8,877,000	\$ 9,086,894	\$ (209,894)
Capital facility charges	389,200	389,200	236,793	152,407
Other	184,900	184,900	295,673	(110,773)
	<u>\$ 9,451,100</u>	<u>\$ 9,451,100</u>	<u>\$ 9,619,360</u>	<u>\$ (168,260)</u>
	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Expenditures & Encumbrances</u>	<u>Under (Over) Budget</u>
Expenditures				
Salaries	\$ 3,152,000	\$ 3,152,000	\$ 2,269,687	\$ 882,313
Contractual services				
Utilities	407,000	407,000	364,826	42,174
Repairs and maintenance	587,000	587,000	472,407	114,593
Contractual services	495,000	487,000	456,816	30,184
Supplies & Other				
Materials and supplies	409,600	410,600	303,762	106,838
Other	10,700	17,700	14,218	3,482
Debt Service				
Bond issuance	30,000	30,000	-	30,000
Principal	3,419,000	3,419,000	949,507	2,469,493
Interest	-	-	240,553	(240,553)
Transfers & Other				
Administrative charge from General Fund	585,000	585,000	585,000	-
Internal fund transfers from (to)	1,879,500	1,879,500	1,879,500	-
Paygo and other transfers	266,100	266,100	265,188.50	912
Amortization*	-	-	1,355,092	(1,355,092)
Depreciation*	-	-	664	(664)
	<u>\$ 11,240,900</u>	<u>\$ 11,240,900</u>	<u>\$ 9,157,221</u>	<u>\$ 2,083,680</u>

*Not a budgeted item.

**CITY OF ANNAPOLIS, MARYLAND
ENTERPRISE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
COMPARED TO BUDGET (BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

Parking Fund - Operating

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenue</u>	<u>Under (Over) Budget</u>
Revenues				
Charges for services	\$ 9,151,000	\$ 9,151,000	\$ 7,693,968	\$ 1,457,032
Other	-	-	890,485	(890,485)
	<u>\$ 9,151,000</u>	<u>\$ 9,151,000</u>	<u>\$ 8,584,453</u>	<u>\$ 566,547</u>
	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Expenditures & Encumbrances</u>	<u>Under (Over) Budget</u>
Expenditures				
Salaries	\$ 97,000	\$ -	\$ -	\$ -
Contractual services				
Utilities	153,000	153,000	158,067	(5,067)
Repairs and maintenance	-	-	2,925	(2,925)
Contractual services	2,710,000	2,710,000	2,619,686	90,314
Supplies & Other:				
Materials and supplies	19,000	19,000	18,957	43
Debt Service				
Principal	1,504,000	1,504,000	-	1,504,000
Interest	1,316,000	1,316,000	1,274,772	41,228
Transfers & Other				
Administrative charge from General Fund	181,000	181,000	181,000	-
Paygo and other transfers	3,171,000	3,268,000	3,268,000	-
Depreciation*	-	-	1,826,214	(1,826,214)
	<u>\$ 9,151,000</u>	<u>\$ 9,151,000</u>	<u>\$ 9,349,621</u>	<u>\$ (198,621)</u>

*Not a budgeted item.

**CITY OF ANNAPOLIS, MARYLAND
ENTERPRISE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
COMPARED TO BUDGET (BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

Transportation Fund - Operating and Grants

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenue</u>	<u>Under (Over) Budget</u>
Revenues				
Charges for services	\$ 524,000	\$ 524,000	\$ 536,110	\$ (12,110)
Grants	3,408,915	3,815,953	4,217,065	(401,112)
Other	179,000	179,000	1,376,036	(1,197,036)
Transfer from other funds	2,700,900	2,797,900	2,797,900	-
	<u>\$ 6,812,815</u>	<u>\$ 7,316,853</u>	<u>\$ 8,927,111</u>	<u>\$ (1,610,258)</u>

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Expenditures & Encumbrances</u>	<u>Under (Over) Budget</u>
Expenditures				
Salaries	\$ 4,932,354	\$ 5,334,229	\$ 4,198,886	\$ 1,135,343
Contractual services				
Utilities	35,100	38,100	33,728	4,372
Repairs and maintenance	181,032	234,737	229,633	5,104
Contractual services	54,700	54,700	21,817	32,883
Supplies & Other				
Materials and supplies	338,029	376,487	291,887	84,600
Other	10,600	20,600	23,837	(3,237)
Capital Outlay	91,000	55,000	36,698.00	18,302
Debt Service				
Principal	3,000	3,000	-	3,000
Interest	1,000	1,000	791	209
Transfers & Other				
Administrative charge from General Fund	1,100,000	1,100,000	1,046,000	54,000.00
Depreciation*	-	-	260,543	(260,543)
	<u>\$ 6,746,815</u>	<u>\$ 7,217,853</u>	<u>\$ 6,143,820</u>	<u>\$ 1,074,033</u>

*Not a budgeted item.

**CITY OF ANNAPOLIS, MARYLAND
ENTERPRISE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
COMPARED TO BUDGET (BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

Watershed Restoration Fund - Operating

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenue</u>	<u>Under (Over) Budget</u>
Revenues				
Charges for services	\$ 2,649,000	\$ 2,609,000	\$ 2,587,162	\$ 21,838
Other	6,000	46,000	96,489	(50,489)
	<u>\$ 2,655,000</u>	<u>\$ 2,655,000</u>	<u>\$ 2,683,651</u>	<u>\$ (28,651)</u>
	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Expenditures & Encumbrances</u>	<u>Under (Over) Budget</u>
Expenditures				
Salaries	\$ 1,103,900	\$ 1,103,900	\$ 711,857	\$ 392,043
Contractual services				
Utilities	1,100	1,100	516	584
Repairs and maintenance	22,700	22,700	17,155	5,545
Contractual services	670,400	670,400	549,283	121,117
Supplies & Other				
Materials and supplies	66,800	66,800	64,635	2,165
Other	7,100	7,100	2,355	4,745
Debt Service				
Principal	42,000	42,000	-	42,000
Interest	24,000	24,000	21,128	2,872
Transfers & Other				
Administrative charge from General Fund	142,000	142,000	142,000	-
Depreciation*	-	-	9,554	(9,554)
	<u>\$ 2,080,000</u>	<u>\$ 2,080,000</u>	<u>\$ 1,518,483</u>	<u>\$ 561,517</u>

*Not a budgeted item.

**CITY OF ANNAPOLIS, MARYLAND
ENTERPRISE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
COMPARED TO BUDGET (BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

Refuse Fund - Operating

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenue</u>	<u>Under (Over) Budget</u>
Revenues				
Charges for services	\$ 3,597,400	\$ 3,597,400	\$ 3,747,832	\$ (150,432)
Licenses and permits	4,300	4,300	2,850	1,450
Transfer from Cap Projects	-	-	3,230	(3,230)
Other	16,100.00	16,100.00	336,630	(320,530)
	<u>\$ 3,617,800</u>	<u>\$ 3,617,800</u>	<u>\$ 4,090,542</u>	<u>\$ (472,742)</u>

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Expenditures & Encumbrances</u>	<u>Under (Over) Budget</u>
Expenditures				
Salaries	\$ 519,300	\$ 519,300	\$ 401,173	\$ 118,127
Contractual services				
Utilities	11,100	11,100	8,988	2,112
Repairs and maintenance	45,400	45,400	44,400	1,000
Contractual services	3,077,000	3,077,000	2,838,639	238,361
Supplies & Other				
Materials and supplies	103,400	103,400	70,958	32,442
Other	27,600	27,600	9,404	18,196
Debt Service	48,000	48,000	10,385	37,615
Transfers				
Administrative charge from General Fund	353,000	353,000	353,000	-
Contributions to Fleet Funds	17,000	17,000	17,000	-
Depreciation*	-	-	28,055	(28,055)
	<u>\$ 4,201,800</u>	<u>\$ 4,201,800</u>	<u>\$ 3,782,002</u>	<u>\$ 419,798</u>

*Not a budgeted item.

**CITY OF ANNAPOLIS, MARYLAND
ENTERPRISE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
COMPARED TO BUDGET (BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

Capital Projects - Enterprise Funds

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Cumulative Expenditures from Prior Years</u>	<u>Fiscal Year 2025 Expenditures</u>	<u>Fiscal Year 2025 Encumbrances</u>	<u>Cumulative Expenditures and Encumbrances</u>	<u>Available Balance</u>
Sewer Fund Projects							
Sewer Rehabilitation and Improvements	\$ 20,556,000	\$ 20,556,000	\$ 10,069,759	\$ 3,692,820	\$ 2,757,436	\$ 16,520,015	\$ 4,035,985
	<u>20,556,000</u>	<u>20,556,000</u>	<u>10,069,759</u>	<u>3,692,820</u>	<u>2,757,436</u>	<u>16,520,015</u>	<u>4,035,985</u>
Water Fund Projects							
Water Distribution Rehabilitation	35,260,420	35,260,420	21,894,280	2,136,583	1,979,749	26,010,612	9,249,808
Water Tank Rehabilitation	5,880,500	5,880,500	2,771,715	349,836	922,257	4,043,808	1,836,692
Well House Improvements	1,470,000	1,470,000	11,550	68,824	53,698	134,072	1,335,928
	<u>42,610,920</u>	<u>42,610,920</u>	<u>24,677,545</u>	<u>2,555,243</u>	<u>2,955,704</u>	<u>30,188,492</u>	<u>12,422,428</u>
Parking Fund Projects							
Gott's Garage Elevator Replacement	882,000	882,000	-	-	-	-	882,000
Parking Access Control Management System	329,700	329,700	42,600	48,823	-	91,423	238,277
Parking Garage and Lot Improvements	633,000	633,000	94,686	10,614	7,248	112,547	520,453
	<u>1,844,700</u>	<u>1,844,700</u>	<u>137,286</u>	<u>59,437</u>	<u>7,248</u>	<u>203,970</u>	<u>1,640,730</u>
Watershed Restoration Projects							
Hilltop Culvert Replacement	750,000	750,000	-	334,082	1,277	335,359	414,641
Stormwater Management Retrofit Projects	1,226,368	1,226,368	-	187,313	12,488	199,801	1,026,567
Stormwater MS4 Permit Compliance	9,676,625	9,676,625	382,016	1,355,223	534,904	2,272,142	7,404,483
	<u>11,652,993</u>	<u>11,652,993</u>	<u>382,016</u>	<u>1,876,618</u>	<u>548,669</u>	<u>2,807,302</u>	<u>8,845,691</u>
Transit Projects							
Transportation Charging Infrastructure	724,500	724,500	-	118,895	135,207	254,101	470,399
Transportation Roof Replacement	420,000	595,875	-	-	-	-	595,875
	<u>1,144,500</u>	<u>1,320,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,066,274</u>
Grand Total All Projects	<u>\$ 77,809,113</u>	<u>\$ 77,984,988</u>	<u>\$ 35,266,606</u>	<u>\$ 8,184,118</u>	<u>\$ 6,269,057</u>	<u>\$ 49,719,779</u>	<u>\$ 28,011,108</u>

**CITY OF ANNAPOLIS, MARYLAND
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2025**

	Self Insurance	Health Insurance	Fleet Replacement	Fleet Operations	Total
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 8,771,744	\$ 676,901	\$ 1,335,304	\$ 1,493,737	\$ 12,277,686
Accounts Receivable:					
Capital and other charges	-	297,186	-	-	297,186
Accounts receivable, net	-	297,186	-	-	297,186
Inventories	-	-	-	169,333	169,333
Prepays	304,508	-	1,495,421	-	1,799,929
Total Current Assets	9,076,252	974,087	2,830,725	1,663,070	14,544,134
Noncurrent Assets:					
Net Capital Assets	-	-	6,402,537	-	6,402,537
Total Noncurrent Assets	-	-	6,402,537	-	6,402,537
Total Assets	9,076,252	974,087	9,233,262	1,663,070	20,946,671
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	-	-	-	312,684	312,684
Deferred outflows related to OPEB	-	-	-	4,256	4,256
Total deferred outflows of resources	-	-	-	316,940	316,940
LIABILITIES					
Current Liabilities:					
Accounts Payable	82,655	166,847	207,001	135,496	591,999
Accrued expenses and other liabilities	-	-	-	31,236	31,236
Accrued self insurance costs - current portion	1,776,977	-	-	-	1,776,977
Accrued interest	-	-	31,106	-	31,106
Compensated absences - current portion	-	-	-	75,510	75,510
Current portion of long-term debt	-	-	1,058,809	-	1,058,809
Total Current Liabilities	1,859,632	166,847	1,296,916	242,242	3,565,637
Noncurrent Liabilities:					
Accrued self insurance costs, net of current portion	4,804,420	-	-	-	4,804,420
Net OPEB Liability	-	-	-	58,403	58,403
Net Pension Liability	-	-	-	673,434	673,434
Long-term debt, net of current portion	-	-	1,382,797	-	1,382,797
Total Noncurrent Liabilities	4,804,420	-	1,382,797	731,837	6,919,054
Total Liabilities	6,664,052	166,847	2,679,713	974,079	10,484,691
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow related to pensions	-	-	-	34,222	34,222
Deferred inflow related to OPEB	-	-	-	71,597	71,597
Total deferred outflows of resources	-	-	-	105,819	105,819
NET POSITION					
Net investment in capital assets	-	-	3,960,931	-	3,960,931
Unrestricted	2,412,200	807,240	2,592,618	900,112	6,712,170
Total Net Position	\$ 2,412,200	\$ 807,240	\$ 6,553,549	\$ 900,112	\$ 10,673,101

**CITY OF ANNAPOLIS, MARYLAND
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025**

	<u>Self Insurance</u>	<u>Health Insurance</u>	<u>Fleet Replacement</u>	<u>Fleet Operations</u>	<u>Total</u>
Operating revenues					
Charges for services	\$ 4,398,212	\$ 7,371,246	\$ 4,680,663	\$ 2,795,503	\$ 19,245,624
Reserve adjustment	-	822,895	-	-	822,895
Total operating revenues	<u>4,398,212</u>	<u>8,194,141</u>	<u>4,680,663</u>	<u>2,795,503</u>	<u>20,068,519</u>
Operating expenses					
Salaries	123,313	-	-	816,733	940,046
Utilities	-	-	-	14,404	14,404
Repairs and maintenance	-	-	-	754,420	754,420
Contractual services	-	-	-	3,762	3,762
Materials and supplies	-	-	-	756,439	756,439
Depreciation	-	-	2,123,729	-	2,123,729
Claim Payments	531,486	9,665,047	-	-	10,196,533
Reserve adjustment	-	-	-	-	-
Other	353,495	168,906	787,320	25,521	1,335,242
Total operating expenses	<u>1,008,294</u>	<u>9,833,953</u>	<u>2,911,049</u>	<u>2,371,279</u>	<u>16,124,575</u>
Operating (loss) income	<u>3,389,918</u>	<u>(1,639,812)</u>	<u>1,769,614</u>	<u>424,224</u>	<u>3,943,944</u>
Non-operating revenues (expenses)					
Interest income and other	351,390	-	100,557	-	451,947
Interest expense and debt issuance	-	-	(72,036)	-	(72,036)
Total non-operating revenues (expenses), net	<u>351,390</u>	<u>-</u>	<u>28,521</u>	<u>-</u>	<u>379,911</u>
Income (loss) before contributions and transfer	<u>3,741,308</u>	<u>(1,639,812)</u>	<u>1,798,135</u>	<u>424,224</u>	<u>4,323,855</u>
Capital contribution	-	-	-	-	-
Change in net position	<u>3,741,308</u>	<u>(1,639,812)</u>	<u>1,798,135</u>	<u>424,224</u>	<u>4,323,855</u>
Net position at beginning of year	<u>(1,329,108)</u>	<u>2,447,052</u>	<u>4,755,414</u>	<u>475,888</u>	<u>6,349,246</u>
Net position at end of year	<u>\$ 2,412,200</u>	<u>\$ 807,240</u>	<u>\$ 6,553,549</u>	<u>\$ 900,112</u>	<u>\$ 10,673,101</u>

**CITY OF ANNAPOLIS, MARYLAND
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025**

	Self Insurance	Health Insurance	Fleet Replacement	Fleet Operations	Total
Cash flows from operating activities					
Receipts from customers and users	\$ 4,398,212	\$ 8,210,594	\$ 4,680,663	\$ 2,795,503	\$ 20,084,972
Payments for claims	(2,461,437)	(9,863,382)	-	-	(12,324,819)
Payments to suppliers for goods and services	(712,758)	-	-	(1,558,104)	(2,270,862)
Payments to employees for services	(123,313)	-	-	(947,584)	(1,070,897)
Net cash provided by (used for) operating activities	<u>1,100,704</u>	<u>(1,652,788)</u>	<u>4,680,663</u>	<u>289,815</u>	<u>4,418,394</u>
Cash flows from capital and related financing activities					
Acquisition of capital assets	-	-	(4,175,943)	-	(4,175,943)
Sale of capital assets	-	-	100,557	-	100,557
Principal payments on long-term debt	-	-	(1,094,176)	-	(1,094,176)
Interest on long-term debt	-	-	(85,651)	-	(85,651)
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>(5,255,213)</u>	<u>-</u>	<u>(5,255,213)</u>
Cash flows from investing activities					
Interest received	351,390	-	-	-	351,390
Net cash provided by investing activities	<u>351,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>351,390</u>
Net increase (decrease) in cash and cash equivalents	1,452,094	(1,652,788)	(574,550)	289,815	(485,429)
Cash and cash equivalents at beginning of year	7,319,650	2,329,689	1,909,854	1,203,922	12,763,115
Cash and cash equivalents at end of year	<u>\$ 8,771,744</u>	<u>\$ 676,901</u>	<u>\$ 1,335,304</u>	<u>\$ 1,493,737</u>	<u>\$ 12,277,686</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ 3,389,918	\$ (1,639,812)	\$ 1,769,614	\$ 424,224	\$ 3,943,944
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	-	-	2,123,729	-	2,123,729
Effect of changes in non-cash operating assets and liabilities:					
Accounts receivable	-	16,453	-	-	16,453
Inventories	-	-	-	(35,719)	(35,719)
Prepaid expenses	(25,570)	42,490	-	-	16,920
Accounts payable	(333,693)	(71,919)	787,320	32,161	413,869
Accrued expenses and other liabilities	-	-	-	6,332	6,332
Compensated absences	-	-	-	2,721	2,721
Deferred outflows	-	-	-	(45,451)	(45,451)
Net pension liability	-	-	-	98,053	98,053
Deferred inflows	-	-	-	(93,948)	(93,948)
Other post employment benefits	-	-	-	(98,558)	(98,558)
Claims Payable	(1,929,951)	-	-	-	(1,929,951)
Total adjustments	<u>(2,289,214)</u>	<u>(12,976)</u>	<u>2,911,049</u>	<u>(134,409)</u>	<u>474,450</u>
Net cash provided by (used for) operating activities	<u>\$ 1,100,704</u>	<u>\$ (1,652,788)</u>	<u>\$ 4,680,663</u>	<u>\$ 289,815</u>	<u>\$ 4,418,394</u>

**CITY OF ANNAPOLIS, MARYLAND
INTERNAL SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
COMPARED TO BUDGET (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2025**

Self Insurance Fund

	Adopted Budget	Amended Budget	Actual Revenue	Under (Over) Budget
Revenues				
Charges for services	\$ 4,000,000	\$ 4,000,000	\$ 4,398,212	\$ (398,212)
Other	233,000	233,000	351,390	(118,390)
	<u>\$ 4,233,000</u>	<u>\$ 4,233,000</u>	<u>\$ 4,749,602</u>	<u>\$ (516,602)</u>
Expenditures				
Salaries	100,000	100,000	123,313	(23,313)
Claim payments	3,738,000	3,695,500	2,461,437	1,234,063
Reserve adjustment	-	-	(1,929,951)	1,929,951
Other	395,000	437,500	353,495	84,005
	<u>\$ 4,233,000</u>	<u>\$ 4,233,000</u>	<u>\$ 1,008,294</u>	<u>\$ 3,224,706</u>

Health Insurance Fund

	Adopted Budget	Amended Budget	Actual Revenue	Under (Over) Budget
Revenues				
Charges for services	\$ 11,792,100	\$ 11,792,100	\$ 7,371,246	\$ 4,420,854
Other	1,152,900	1,152,900	822,895	330,005
	<u>\$ 12,945,000</u>	<u>\$ 12,945,000</u>	<u>\$ 8,194,141</u>	<u>\$ 4,750,859</u>
Expenditures				
Claim payments	\$ 12,895,000	\$ 12,895,000	\$ 9,665,047	\$ 3,229,953
Other	50,000	50,000	168,906	(118,906)
	<u>\$ 12,945,000</u>	<u>\$ 12,945,000</u>	<u>\$ 9,833,953</u>	<u>\$ 3,111,047</u>

**CITY OF ANNAPOLIS, MARYLAND
INTERNAL SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
COMPARED TO BUDGET (BUDGETARY BASIS) (Continued)
YEAR ENDED JUNE 30, 2025**

Fleet Replacement Fund

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenue</u>	<u>Under (Over) Budget</u>
Revenues				
Charges for services	\$ 4,802,100	\$ 4,802,100	\$ 4,680,663	\$ 121,437
Other	50,000	50,000	100,557	(50,557)
	<u>\$ 4,852,100</u>	<u>\$ 4,852,100</u>	<u>\$ 4,781,220</u>	<u>\$ 70,880</u>
Expenditures				
Debt Service				
Principal	\$ 1,100,000	\$ 1,100,000	\$ -	\$ 1,100,000
Interest	115,000	115,000	72,036	42,964
Capital outlay	3,637,100	3,637,100	787,320	2,849,780
Depreciation*	-	-	2,123,729	(2,123,729)
	<u>\$ 4,852,100</u>	<u>\$ 4,852,100</u>	<u>\$ 2,983,085</u>	<u>\$ 1,869,015</u>

*Not a budgeted item.

Fleet Operations Fund

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual Revenue</u>	<u>Under (Over) Budget</u>
Revenues				
Charges for services	\$ 2,783,900	\$ 2,783,900	\$ 2,795,503	\$ (11,603)
Other	10,500	10,500	810	9,690
	<u>\$ 2,794,400</u>	<u>\$ 2,794,400</u>	<u>\$ 2,796,313</u>	<u>\$ (1,913)</u>
Expenditures				
Salaries	\$ 971,500	\$ 971,500	\$ 816,733	\$ 154,767
Utilities	11,750	11,750	14,404	(2,654)
Repairs and maintenance	785,650	785,650	754,420	31,230
Contractual services	15,700	15,700	3,762	11,938
Materials and supplies	909,000	909,000	756,439	152,561
Other	38,400	38,400	25,521	12,879
	<u>\$ 2,732,000</u>	<u>\$ 2,732,000</u>	<u>\$ 2,371,279</u>	<u>\$ 360,721</u>

**CITY OF ANNAPOLIS, MARYLAND
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 PENSION AND OPEB TRUST FUNDS
 JUNE 30, 2025**

	Pension Trust Fund	OPEB Trust Fund	Total Benefit Trust Funds
ASSETS			
Cash	\$ -	\$ 169,680	\$ 169,680
Other receivables	296,020	-	296,020
Investments, at fair value:			
Pooled investments	-	15,910,511	15,910,511
Money market	2,184,043	-	2,184,043
Limited partnerships and alternative investments	52,241,679	-	52,241,679
Common and collective funds	153,548,024	-	153,548,024
Real estate	22,032,952	-	22,032,952
Total investments	<u>230,006,698</u>	<u>15,910,511</u>	<u>245,917,209</u>
Total assets	<u>230,302,718</u>	<u>16,080,191</u>	<u>246,382,909</u>
LIABILITIES			
Accounts payable	-	29,451	29,451
Total liabilities	<u>-</u>	<u>29,451</u>	<u>29,451</u>
NET POSITION			
Total net position restricted for pension benefits and OPEB	<u>\$ 230,302,718</u>	<u>\$ 16,050,740</u>	<u>\$ 246,353,458</u>

CITY OF ANNAPOLIS, MARYLAND
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
PENSION AND OPEB TRUST FUNDS (Continued)
YEAR ENDED JUNE 30, 2025

	Pension Trust Fund	OPEB Trust Fund	Total Benefit Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 8,578,804	\$ 2,108,461	\$ 10,687,265
Employer - subsidy from Health Insurance Fund	-	125,350	125,350
Plan member	1,900,402	93,725	1,994,127
Other revenue	336,558	-	336,558
Total Contributions	<u>10,815,764</u>	<u>2,327,536</u>	<u>13,143,300</u>
Investment Income:			
Interest and dividends	2,760,421	390,086	3,150,507
Net appreciation in fair value of investments	19,769,682	1,106,723	20,876,405
Other income	9,562	-	9,562
	<u>22,539,665</u>	<u>1,496,809</u>	<u>24,036,474</u>
Less: Investment expense	(383,010)	(69,047)	(452,057)
Total Investment Income	<u>22,156,655</u>	<u>1,427,762</u>	<u>23,584,417</u>
Total additions	<u>32,972,419</u>	<u>3,755,298</u>	<u>36,727,717</u>
DEDUCTIONS			
Benefits	16,687,749	1,052,845	17,740,594
Administrative expenses	218,674	117,877	336,551
Total deductions	<u>16,906,423</u>	<u>1,170,722</u>	<u>18,077,145</u>
Change in Net Position	16,065,996	2,584,576	18,650,572
Net position as of beginning of year	214,236,722	13,466,164	227,702,886
Net position as of end of year	<u>\$ 230,302,718</u>	<u>\$ 16,050,740</u>	<u>\$ 246,353,458</u>

STATISTICAL SECTION

**CITY OF ANNAPOLIS, MARYLAND
STATISTICAL SECTION
YEAR ENDED JUNE 30, 2025**

The statistical section presents detailed information as a context for understanding what the information in the financial statements, notes disclosures and required supplementary information says about the City's overall financial health.

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<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	134
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the City's most significant local revenue source - property tax.	140
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.	143
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	147
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	149

**CITY OF ANNAPOLIS, MARYLAND
NET POSITION BY CATEGORY
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021*</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Governmental activities										
Net investment in capital assets	\$ 54,758,111	\$ 53,340,522	\$ 64,772,139	\$ 54,420,461	\$ 58,795,719	\$ 59,737,751	\$ 65,493,241	\$ 98,607,231	\$ 129,729,342	\$ 124,632,423
Restricted	14,567	12,139,729	11,627,900	18,375,822	12,193,434	3,652,478	3,816,268	21,120,644	5,171,731	18,905,817
Unrestricted	(45,425,863)	(56,035,148)	(73,244,870)	(67,441,235)	(66,598,472)	(56,074,248)	(52,960,584)	(83,859,622)	(75,152,128)	(58,465,008)
Total governmental activities net position	<u>\$ 9,346,815</u>	<u>\$ 9,445,103</u>	<u>\$ 3,155,169</u>	<u>\$ 5,355,048</u>	<u>\$ 4,390,681</u>	<u>\$ 7,315,981</u>	<u>\$ 16,348,925</u>	<u>\$ 35,868,253</u>	<u>\$ 59,748,945</u>	<u>\$ 85,073,232</u>
Business-type activities										
Net investment in capital assets	\$ 20,834,080	\$ 31,840,814	\$ 39,278,976	\$ 26,013,958	\$ 23,104,537	\$ 22,216,621	\$ 25,063,681	\$ 27,780,653	\$ 34,134,689	\$ 34,129,112
Restricted	11,169,944	20,162,006	14,601,654	7,937,912	3,632,590	3,063,231	7,530,611	25,490,881	-	-
Unrestricted	6,425,750	(8,221,707)	(9,165,161)	17,281,058	27,974,850	29,592,361	24,377,101	6,453,677	35,466,733	37,504,623
Total business-type activities net position	<u>\$ 38,429,774</u>	<u>\$ 43,781,113</u>	<u>\$ 44,715,469</u>	<u>\$ 51,232,928</u>	<u>\$ 54,711,977</u>	<u>\$ 54,872,213</u>	<u>\$ 56,971,393</u>	<u>\$ 59,725,211</u>	<u>\$ 69,601,422</u>	<u>\$ 71,633,735</u>
Primary government										
Net investment in capital assets	\$ 75,592,191	\$ 85,181,336	\$ 104,051,115	\$ 80,434,419	\$ 81,900,256	\$ 81,954,372	\$ 90,556,922	\$ 126,387,884	\$ 163,864,031	\$ 158,761,535
Restricted	11,184,511	32,301,735	26,229,554	26,313,734	15,826,024	6,715,709	11,346,879	46,611,525	5,171,731	18,905,817
Unrestricted	(39,000,113)	(64,256,855)	(82,410,031)	(50,160,177)	(38,623,622)	(26,481,887)	(28,583,483)	(77,405,945)	(39,685,395)	(20,960,385)
Total primary government net position	<u>\$ 47,776,589</u>	<u>\$ 53,226,216</u>	<u>\$ 47,870,638</u>	<u>\$ 56,587,976</u>	<u>\$ 59,102,658</u>	<u>\$ 62,188,194</u>	<u>\$ 73,320,318</u>	<u>\$ 95,593,464</u>	<u>\$ 129,350,367</u>	<u>\$ 156,706,967</u>

*FY2021 Restated

**CITY OF ANNAPOLIS, MARYLAND
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General Government	\$ 18,627,376	\$ 8,027,778	\$ 3,436,940	\$ 6,935,024	\$ 7,755,980	\$ 5,792,187	\$ 8,698,064	\$ 10,546,689	\$ 9,953,553	\$ 10,316,603
Land Use	-	-	3,795,364	3,647,947	4,671,168	4,545,507	5,223,498	4,735,878	4,877,156	4,371,582
Public Safety	42,027,200	44,465,088	44,379,756	50,200,162	53,757,785	46,456,925	54,685,682	65,336,885	54,406,045	55,438,151
Public Health	-	-	-	-	939,152	3,499,600	542,834	-	-	-
Community Services	4,205,009	5,875,892	5,602,536	7,214,250	6,421,581	5,935,163	7,669,574	8,933,470	7,436,079	8,189,885
Community Development	736,673	520,738	610,568	1,029,253	301,627	333,974	394,413	403,112	801,681	756,977
Public Works	9,323,422	10,717,392	10,684,076	7,749,771	10,563,910	9,880,157	10,443,364	10,828,333	10,127,555	8,924,762
Interest-Long Term Debt	3,360,891	4,885,029	2,628,460	2,632,460	1,791,696	1,733,919	1,671,544	1,938,674	2,050,265	1,878,057
Total Governmental Activities Expenses	<u>78,280,571</u>	<u>74,491,917</u>	<u>71,137,700</u>	<u>79,408,867</u>	<u>86,202,899</u>	<u>78,177,432</u>	<u>89,328,973</u>	<u>102,723,041</u>	<u>89,652,334</u>	<u>89,876,017</u>
Business-type activities:										
Sewer	7,212,440	8,484,824	8,010,034	7,474,122	7,427,858	6,102,562	7,922,053	6,402,438	7,565,300	7,723,282
Water	4,465,639	5,486,621	5,281,429	5,857,262	6,723,989	6,107,070	7,930,410	6,922,631	7,176,071	7,279,261
Off Street Parking	4,463,704	5,164,268	4,922,237	4,768,154	4,727,650	4,568,397	5,855,657	5,919,037	5,588,704	6,081,621
Transportation	4,601,845	5,895,274	6,326,514	5,148,923	4,326,959	3,892,844	4,262,766	5,783,275	6,278,134	6,140,784
Watershed Restoration	514,327	719,818	967,676	631,403	780,168	514,049	999,582	1,483,945	1,524,660	1,453,495
Refuse	2,098,231	2,174,839	2,420,454	1,754,021	3,293,591	3,089,553	3,277,497	3,387,303	3,631,914	3,781,836
Total Business-type Activities Expenses	<u>23,356,186</u>	<u>27,925,644</u>	<u>27,928,344</u>	<u>25,633,885</u>	<u>27,280,215</u>	<u>24,274,475</u>	<u>30,247,965</u>	<u>29,898,629</u>	<u>31,764,783</u>	<u>32,460,279</u>
Total Primary Government Expenses	<u>\$ 101,636,757</u>	<u>\$ 102,417,561</u>	<u>\$ 99,066,044</u>	<u>\$ 105,042,752</u>	<u>\$ 113,483,114</u>	<u>\$ 102,451,907</u>	<u>\$ 119,576,938</u>	<u>\$ 132,621,670</u>	<u>\$ 121,417,117</u>	<u>\$ 122,336,296</u>
Program Revenues										
Governmental activities:										
Changes for Service:										
General Government	\$ 29,120,482	\$ 4,626,240	\$ 3,287,196	\$ 383,609	\$ 1,288,887	\$ 1,101,627	\$ 1,322,562	\$ 1,100,512	\$ 1,395,149	\$ 1,437,939
Land Use	-	-	2,344,675	3,196,545	2,072,397	2,551,396	2,758,016	2,938,566	5,256,677	2,952,813
Public Safety	2,521,232	2,845,731	2,730,087	3,255,635	3,558,712	3,227,190	5,068,429	5,364,919	6,588,259	6,388,051
Community Services	2,972,130	2,790,525	2,852,271	2,761,982	2,211,678	1,317,546	2,635,655	3,337,920	3,060,095	2,970,076
Public Works	1,233,422	1,275,788	1,198,955	-	-	-	-	2,338	-	-
Operating Grants and Contributions	2,702,821	4,435,879	5,691,722	4,430,574	4,792,079	8,914,171	5,467,325	4,818,232	5,249,342	3,758,330
Capital Grants and Contributions	1,755,221	1,098,816	395,870	232,931	416,507	2,487,488	788,146	8,760,573	6,715,648	4,908,618
Total Governmental Activities										
Program Revenues	<u>40,305,308</u>	<u>17,072,979</u>	<u>18,500,776</u>	<u>14,261,276</u>	<u>14,340,260</u>	<u>19,599,418</u>	<u>18,040,133</u>	<u>26,323,060</u>	<u>28,265,170</u>	<u>22,415,827</u>

*Transferred to General Fund and Governmental Activities in 2016.

**Created new Land Use function in 2018.

**CITY OF ANNAPOLIS, MARYLAND
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (Continued)
(ACCRUAL BASIS OF ACCOUNTING)**

	Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Program Revenues (Continued)										
Business-type Activities:										
Changes for Service:										
Sewer	\$ 7,759,646	\$ 8,356,869	\$ 7,962,125	\$ 8,047,050	\$ 8,174,745	\$ 7,786,564	\$ 7,545,158	\$ 8,062,033	\$ 8,118,028	\$ 8,229,011
Water	7,214,584	8,209,879	8,040,690	7,296,730	7,562,218	7,489,600	8,166,465	8,908,688	9,048,109	9,323,687
Off Street Parking	7,772,048	8,131,099	8,410,206	8,390,470	6,451,740	5,255,700	7,541,568	6,216,160	10,414,283	7,693,968
Transportation	937,916	884,316	917,369	473,029	376,142	166,815	611,827	503,850	716,992	536,110
Watershed Restoration	947,886	1,077,499	1,420,715	1,442,156	1,473,122	1,589,915	1,644,442	1,780,875	1,961,014	2,587,162
Refuse	2,585,224	2,504,296	1,978,669	1,974,637	2,437,103	2,624,701	2,897,013	3,094,044	3,416,397	3,762,897
Operating Grants and Contributions	2,725,080	1,558,360	1,795,402	2,417,750	2,926,451	3,246,986	2,878,463	3,706,295	2,816,227	4,217,065
Capital Grants and Contributions	427,568	3,022,680	1,887,568	817,684	483,187	469,150	2,045,491	1,093,896	773,212	1,939,110
Total Business-type Activities Program Revenues	30,369,952	33,744,998	32,412,744	30,859,506	29,884,708	28,629,431	33,330,427	33,365,841	37,264,262	38,289,010
Total Primary Government Program Revenues	70,675,260	50,817,977	50,913,520	45,120,782	44,224,968	49,484,126	51,370,560	59,688,901	65,529,432	60,704,837
Net (expenses) revenues										
Governmental Activities	(37,975,263)	(57,418,938)	(52,636,924)	(65,147,591)	(71,862,639)	(58,578,014)	(71,288,840)	(76,399,981)	(61,387,164)	(67,460,190)
Business-type Activities:	7,013,766	5,819,354	4,484,400	5,225,621	2,604,493	4,354,956	3,082,462	3,467,212	5,499,479	5,828,731
Total Primary Government Net Expenses	(30,961,497)	(51,599,584)	(48,152,524)	(59,921,970)	(69,258,146)	(54,223,058)	(68,206,378)	(72,932,769)	(55,887,685)	(61,631,459)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes****										
Real	40,457,783	41,475,676	43,294,360	50,457,045	52,129,528	54,643,655	55,934,783	56,618,766	57,826,422	61,373,289
Personal property	-	-	3,404,056	3,189,268	3,306,069	3,600,340	3,418,314	3,689,296	3,437,960	3,688,502
Unincorporated	45,410	48,610	-	-	-	-	-	-	-	-
Public utility	1,699,124.00	1,708,019	-	-	-	-	-	-	-	-
Corporations	1,779,476	1,726,253	-	-	-	-	-	-	-	-
Penalties and interest	213,195	201,438	-	-	-	-	-	-	-	-
State shared taxes and other***	-	11,540,775	13,275,271	11,064,480	12,868,147	13,075,573	18,366,135	19,190,085	19,937,257	16,903,787
Interest and investment earnings	101,179	233,794	622,199	1,403,740	1,063,837	146,546	95,714	2,760,336	4,174,816	5,549,984
Miscellaneous	-	2,853,912	3,119,479	1,232,938	1,383,571	425,393	1,024,120	513,193	1,087,501	1,047,573
Special Item	-	-	-	-	-	-	-	11,961,943	-	-
Transfers**	(6,337,650)	(2,271,251)	-	-	148,000	(1,125,943)	1,482,718	1,185,690	(1,196,100)	4,221,342
Total Governmental Activities	\$ 37,958,517	\$ 57,517,226	\$ 63,715,365	\$ 67,347,471	\$ 70,899,152	\$ 70,765,564	\$ 80,321,784	\$ 95,919,309	\$ 85,267,856	\$ 92,784,477

*Transferred to General fund and Governmental Activities in 2016.

**Transfer of OPEB Trust Funds in 2017.

***Revenues reclassified from prior years, classification will continue going forward.

****Governmental activities revenues were reclassified in 2018, classification will continue going forward.

**CITY OF ANNAPOLIS, MARYLAND
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (Continued)
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Revenues and Other Changes in Net Position (continued)										
Business-type activities										
Interest and Investment Earnings	\$ 31,952	\$ 6,986	\$ 422,009	\$ 635,914	\$ 227,909	\$ 4,551	\$ 10,671	\$ 16,806	\$ 2,706,124	\$ 65,336
Miscellaneous	-	-	-	655,924	794,647	438,105	488,765	455,490	474,508	359,588
Transfers	6,337,650	(475,000)	-	-	(148,000)	1,125,943	(1,482,718)	(1,185,690)	1,196,100	(4,221,342)
Total Business-type Activities	<u>6,369,602</u>	<u>(468,014)</u>	<u>422,009</u>	<u>1,291,838</u>	<u>874,556</u>	<u>1,568,599</u>	<u>(983,282)</u>	<u>(713,394)</u>	<u>4,376,732</u>	<u>(3,796,418)</u>
Total Primary Government	<u>44,328,119</u>	<u>57,049,212</u>	<u>64,137,374</u>	<u>68,639,309</u>	<u>71,773,708</u>	<u>72,334,163</u>	<u>79,338,502</u>	<u>95,205,915</u>	<u>4,376,732</u>	<u>(3,796,418)</u>
Change in Net Position										
Governmental Activities	(16,746)	98,288	11,078,441	2,199,880	(963,487)	12,187,550	9,032,944	19,519,328	23,880,692	25,324,287
Business-type Activities	13,383,368	5,351,340	4,906,409	6,517,459	3,479,049	5,923,555	2,099,180	2,753,818	9,876,211	2,032,313
Total Primary Government	<u>\$ 13,366,622</u>	<u>\$ 5,449,628</u>	<u>\$ 15,984,850</u>	<u>\$ 8,717,339</u>	<u>\$ 2,515,562</u>	<u>\$ 18,111,105</u>	<u>\$ 11,132,124</u>	<u>\$ 22,273,146</u>	<u>\$ 33,756,903</u>	<u>\$ 27,356,600</u>

**CITY OF ANNAPOLIS, MARYLAND
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Non-Spendable	\$ 178,711	\$ 143,209	\$ 154,479	\$ 59,128	\$ 67,258	\$ 76,038	\$ 106,074	\$ 279,735	\$ 466,944	\$ 585,810
Restricted	-	-	13,281,052	7,768,150	8,751,922	51,776	-	-	-	-
Committed	-	-	1,251,403	-	500,695	9,331,945	11,696,841	11,387,833	13,119,872	11,590,123
Assigned	22,581,009	12,651,103	1,886,721	2,818,422	5,452,306	7,180,810	9,856,023	9,543,290	10,417,050	7,035,160
Unassigned	15,816,683	14,489,171	14,057,004	14,338,669	14,284,243	15,023,850	16,856,350	18,020,513	18,665,492	19,611,510
Total General Fund	<u>\$ 38,576,403</u>	<u>\$ 27,283,483</u>	<u>\$ 30,630,659</u>	<u>\$ 24,984,369</u>	<u>\$ 29,056,424</u>	<u>\$ 31,664,419</u>	<u>\$ 38,515,288</u>	<u>\$ 39,231,371</u>	<u>\$ 42,669,358</u>	<u>\$ 38,822,603</u>
Capital Projects Fund										
Restricted	\$ -	\$ 6,302,248	\$ 5,882,725	\$ 7,187,390	\$ 107,555	\$ -	\$ -	\$ 17,159,415	\$ 12,156,553	\$ 14,269,241
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(9,287,428)	-	-	-	-	(2,795,283)	(539,119)	-	-	-
Total Capital Projects Fund	<u>\$ (9,287,428)</u>	<u>\$ 6,302,248</u>	<u>\$ 5,882,725</u>	<u>\$ 7,187,390</u>	<u>\$ 107,555</u>	<u>\$ (2,795,283)</u>	<u>\$ (539,119)</u>	<u>\$ 17,159,415</u>	<u>\$ 12,156,553</u>	<u>\$ 14,269,241</u>
Special Revenue Fund/Non-Major										
Restricted	\$ 14,567	\$ 123,626	\$ 196,400	\$ 3,420,282	\$ 3,333,957	\$ 3,600,702	\$ 3,816,268	\$ 3,961,231	\$ 4,981,065	\$ 4,636,576
Unassigned	(65,748)	(31,878)	-	-	-	(272,775)	(398,770)	(451,399)	(6,324)	(6,324)
Total Capital Projects Fund	<u>\$ (51,181)</u>	<u>\$ 91,748</u>	<u>\$ 196,400</u>	<u>\$ 3,420,282</u>	<u>\$ 3,333,957</u>	<u>\$ 3,327,927</u>	<u>\$ 3,417,498</u>	<u>\$ 3,509,832</u>	<u>\$ 4,974,741</u>	<u>\$ 4,630,252</u>

CITY OF ANNAPOLIS, MARYLAND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Year Ended June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	\$ 44,194,988	\$ 45,159,996	\$ 46,614,066	\$ 53,646,314	\$ 55,435,597	\$ 58,243,995	\$ 59,353,097	\$ 60,308,062	\$ 61,264,382	\$ 65,061,791
Licenses and Permits	3,096,704	3,462,155	3,224,034	3,132,235	2,931,474	3,209,387	3,417,511	3,522,462	3,876,125	3,262,403
Fines and Forfeitures	378,159	250,002	585,868	356,145.00	319,912	250,668	478,890	576,720	549,743	461,868
Money and Property	1,840,860	2,853,185	1,715,579	1,567,977	1,709,250	621,080	1,013,875	4,516,068	6,334,125	7,012,185
Intergovernmental	16,391,517	17,054,142	19,210,011	15,608,629	17,863,919	24,383,094	23,405,912	30,335,580	28,629,125	27,561,318
Charges for Services	5,038,147	5,345,699	5,630,951	5,905,549	5,204,406	4,500,075	7,438,632	8,433,679	11,386,535	9,489,753
Other Revenue	-	-	522,872	1,280,996	741,133	296,948	443,374	945,066	914,942	961,032
Total Revenues	<u>70,940,375</u>	<u>74,125,179</u>	<u>77,503,381</u>	<u>81,497,845</u>	<u>84,205,691</u>	<u>91,505,247</u>	<u>95,551,291</u>	<u>108,637,637</u>	<u>112,954,977</u>	<u>113,810,350</u>
Expenditures										
General Government	7,458,323	6,847,993	3,394,054	7,239,130	6,505,574	6,726,433	7,500,612	9,090,447	9,360,916	12,857,240
Land Use	-	-	3,795,364	4,127,245	4,105,436	4,555,253	5,235,853	4,909,380	5,142,718	5,322,575
Public Safety	38,613,454	40,562,978	41,764,737	44,238,156	44,222,886	45,319,598	48,027,669	54,769,723	57,008,411	59,583,818
Public Health	-	-	-	-	939,152	3,499,600	542,834	-	-	-
Community Services	4,706,217	5,163,066	5,124,924	5,444,698	5,412,580	5,730,826	6,610,041	8,205,177	7,457,721	8,740,546
Community Development	736,673	520,738	610,568	329,200	301,627	333,974	394,413	403,112	854,032	776,244
Public Works	7,361,838	8,455,632	8,866,618	8,265,142	7,774,719	8,682,002	8,169,026	8,550,568	8,971,378	7,892,770
Debt Service:										
Principal	3,701,604	4,213,897	2,957,144	5,009,765	6,869,399	5,512,449	6,121,744	7,138,359	6,788,227	7,330,355
Interest	2,426,863	3,279,663	2,810,285	2,738,461	2,414,082	2,208,479	1,900,401	1,940,990	2,364,533	2,115,964
Bond Issuance Costs	-	-	-	-	278,996	34,000	153,120	268,096	-	-
Capital Outlays	12,613,991	9,078,508	8,428,280	5,661,850	11,753,689	8,161,507	13,488,399	21,768,326	15,140,685	15,536,510
Total Expenditures	<u>77,618,963</u>	<u>78,122,475</u>	<u>77,751,974</u>	<u>83,053,647</u>	<u>90,578,140</u>	<u>90,764,121</u>	<u>98,144,112</u>	<u>117,044,178</u>	<u>113,088,621</u>	<u>120,156,022</u>
Excess of Revenues Over (Under)										
Expenditures	(6,678,588)	(3,997,296)	(248,593)	(1,555,802)	(6,372,449)	741,126	(2,592,821)	(8,406,541)	(133,644)	(6,345,672)
Other Financing Sources (Uses)	(7,632,547)	8,436,981	3,281,898	437,059	3,370,163	(1,041,999)	11,789,425	26,913,492	33,678	4,271,342
Net Change in Fund Balances	<u>\$ (14,311,135)</u>	<u>\$ 4,439,685</u>	<u>\$ 3,033,305</u>	<u>\$ (1,118,743)</u>	<u>\$ (3,002,286)</u>	<u>\$ (300,873)</u>	<u>\$ 9,196,604</u>	<u>\$ 18,506,951</u>	<u>\$ (99,966)</u>	<u>\$ (2,074,330)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>9.43%</u>	<u>10.85%</u>	<u>8.32%</u>	<u>10.01%</u>	<u>11.78%</u>	<u>9.35%</u>	<u>9.48%</u>	<u>9.53%</u>	<u>9.34%</u>	<u>9.03%</u>

**CITY OF ANNAPOLIS, MARYLAND
REVENUE CAPACITY
LAST TEN FISCAL YEARS**

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Fiscal Year	Real Property Assessed Market Value	Personal Property Assessed Market Value	Total Assessed Market Value
2016	6,178,531,331	181,062,070	6,359,593,401
2017	6,410,674,797	170,917,480	6,581,592,277
2018	6,672,654,101	164,047,200	6,836,701,301
2019	6,867,460,560	164,275,220	7,031,735,780
2020	7,112,297,007	172,163,510	7,284,460,517
2021	7,379,361,249	180,652,960	7,560,014,209
2022	7,556,843,455	177,572,810	7,734,416,265
2023	7,688,230,894	174,393,260	7,862,624,154
2024	7,882,397,786	158,618,090	8,041,015,876
2025	8,421,817,253	164,714,530	8,586,531,783

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$100 of Assessed Market Value)**

Fiscal Year	City of Annapolis	Anne Arundel County	State of Maryland	Total
2016	0.65	0.55	0.11	1.31
2017	0.65	0.55	0.11	1.31
2018	0.65	0.54	0.11	1.30
2019	0.74	0.54	0.11	1.39
2020	0.74	0.56	0.11	1.41
2021	0.74	0.56	0.11	1.41
2022	0.74	0.56	0.11	1.41
2023	0.74	0.56	0.11	1.41
2024	0.74	0.59	0.11	1.44
2025	0.74	0.59	0.11	1.44

**CITY OF ANNAPOLIS, MARYLAND
REVENUE CAPACITY (Continued)
LAST TEN FISCAL YEARS**

**PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2026	
	Assessed Market Valuation	Percentage of Total Assessed Mark Valuation
WP MD PropCo I LLC	\$ 107,490,533	1.28%
MCB Quiet Waters LLC (Formerly Forest Owner LLC)	63,760,166	0.75%
Bell Fund VI West Street LLC	63,131,233	0.72%
Baywoods Cooperatives Housing Corp	60,220,933	0.52%
Yacht Basin Co of Maryland	43,601,933	0.52%
Annapolis Bay Lincoln Property (Formerly Aptco Annapolis LLC)	43,377,733	0.51%
Home Properties Annapolis Road LLC	42,603,967	0.49%
Guardian Park Place LLC	41,656,667	0.47%
Annapolis District Partners LLC (Formerly GPIF Wann Hotel LLC)	39,473,900	0.43%
Admiral Farragut Joint Venture	35,902,600	0.43%
	\$ 541,219,665	6.10%

Taxpayer	2016	
	Assessed Market Valuation	Percentage of Total Assessed Mark Valuation
1901 West Investorss LLC	\$ 50,081,700	0.81%
CL Watergate LLC	48,245,800	0.78%
Baywoods Cooperative HSG	40,989,259	0.66%
Yacht Basin Co of Maryland	37,625,833	0.61%
Aptco Annapolis LLC	37,618,300	0.61%
Guardian Park Place LLC	36,157,867	0.59%
Home properties Annapolis	29,311,100	0.47%
CH Realty/Annapolis Hotel LLP	25,078,166	0.41%
Admiral Farragut Joint Venture	21,831,367	0.35%
KMF Annapolis LLC	20,881,267	0.34%
Park Place II Trust	19,177,900	0.31%
	\$ 366,998,559	5.94%

**CITY OF ANNAPOLIS, MARYLAND
REVENUE CAPACITY (Continued)
LAST TEN FISCAL YEARS**

SUMMARY OF PROPERTY TAX LEVIES AND COLLECTIONS

Fiscal Year	Tax Levy (1)	Subsequent Adjustments	Total Tax Levy (2)	Current Year's Tax Collected in Year of Levy		Total Taxes Collected Current & Delinquent)		Accumulated Delinquent Taxes	Accumulated Delinquent Current Year's Tax Levy
				Amount	Percent	Amount	Percent		
2016	39,955,024	102,000	40,057,024	39,799,132	99.36	39,848,458	99.48	127,463	0.3182
2017	41,461,030	(202,309)	41,258,721	41,239,843	99.95	41,213,597	99.89	33,551	0.0813
2018	43,162,048	(239,942)	42,922,106	42,881,780	99.91	42,851,925	99.84	92,541	0.2156
2019	50,508,682	(328,855)	50,179,827	50,181,664	100.00	50,156,296	99.95	(31,952)	(0.0637)
2020	52,381,140	(343,902)	52,037,238	51,744,146	99.44	51,657,293	99.27	254,750	0.4896
2021	54,318,374	(129,046)	54,189,328	54,105,144	99.84	54,090,195	99.82	324,674	0.5991
2022	55,646,401	(501,771)	55,144,630	55,127,743	99.97	55,419,217	100.50	(36,737)	(0.0666)
2023	56,570,195	122,971	56,693,166	56,415,281	99.51	55,056,180	97.11	35,864	0.0633
2024	58,057,651	(338,779)	57,718,872	57,705,055	99.98	57,568,217	99.74	21,109	0.0366
2025	62,175,814	(527,106)	61,648,708	61,332,174	99.49	61,132,853	99.16	310,385	0.5035

Note:

(1) Represents original tax levy, less real property tax credits for civic associations, elderly and disabled taxpayers, and other adjustments.

(2) Includes subsequent adjustments.

**CITY OF ANNAPOLIS, MARYLAND
DEBT CAPACITY
LAST TEN FISCAL YEARS**

**RATIO OF BONDED DEBT BY TYPE
BONDED DEBT PER CAPITA**

Fiscal Year	Governmental Activities		Business-Type Activities		Total Bonded Debt	Percentage of Personal Income ¹	Per Capita ¹	Percentage of Market Value ²
	General Obligation Bonds	Other Debt	General Obligation Bonds	Other Debt				
2016	\$72,757,170	\$ 304,713	\$ 66,645,345	\$ 18,300,555	\$158,007,783	9.09	3,961	2.55
2017	78,737,725	36,182	64,577,507	22,245,843	165,597,257	9.26	4,116	2.60
2018	75,937,252	-	62,356,606	23,457,406	161,751,264	8.74	4,073	2.45
2019	70,312,367	5,487,764	59,732,846	25,662,143	161,195,120	9.15	3,600	2.36
2020	66,315,918	6,955,417	65,384,139	24,699,362	163,354,836	9.03	3,540	2.32
2021	60,133,553	6,523,408	62,862,388	23,727,984	153,247,333	8.38	3,288	2.03
2022	63,082,440	11,749,992	63,043,561	23,434,074	161,310,067	7.37	3,000	2.09
2023	69,323,340	14,263,739	89,848,661	24,675,835	198,111,575	8.39	3,411	2.52
2024	63,566,741	11,656,728	86,198,260	23,270,633	184,692,362	7.09	2,876	2.30
2025	57,346,791	9,517,309	82,873,210	21,881,387	171,618,697	6.32	2,571	2.00

¹ See the Demographic Statistics on page 145 for personal income and population data.

² See the Assessed & Estimated Actual Value of Taxable Property on page 139 for market value.

* as restated

**CITY OF ANNAPOLIS, MARYLAND
DEBT CAPACITY
LAST TEN FISCAL YEARS (Continued)**

SCHEDULE OF LEGAL DEBT MARGIN

Fiscal Year	Assessable Base	Debt Limit: 10% of Assessable Base	City Debt	Debt Margin	Ratio of City Debt to Assessable Base
2016	\$ 6,359,593,401	\$ 635,959,340	\$ 158,007,783	\$ 477,951,557	2.48
2017	6,604,180,109	660,418,011	165,597,257	494,820,754	2.51
2018	6,836,701,301	683,670,130	161,751,264	521,918,866	2.37
2019	7,031,735,780	703,173,578	161,195,120	541,978,458	2.29
2020	7,284,460,517	728,446,052	163,354,836	565,091,216	2.24
2021	7,560,014,209	756,001,421	153,247,333	602,754,088	2.03
2022	7,734,416,265	773,441,627	161,310,067	612,131,560	2.09
2023	7,862,624,154	786,262,415	198,111,575	588,150,840	2.52
2024	8,041,015,876	804,101,588	184,692,361	619,409,227	2.30
2025	8,586,531,783	858,653,178	171,618,700	687,034,478	2.00

**CITY OF ANNAPOLIS, MARYLAND
DEBT CAPACITY
LAST TEN FISCAL YEARS (Continued)**

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
YEAR ENDED JUNE 30, 2025**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Annapolis</u>	<u>Amount Applicable to City of Annapolis</u>
City of Annapolis	\$ 66,864,101	100%	\$ 66,864,101
Anne Arundel County	2,577,928,740	3%	68,112,205
Total	<u>\$ 2,644,792,841</u>		<u>\$ 134,976,306</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Annapolis. 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.

Source: Anne Arundel County, Maryland Annual Comprehensive Financial Report
For the fiscal year ended June 30, 2025

**CITY OF ANNAPOLIS, MARYLAND
DEBT CAPACITY
LAST TEN FISCAL YEARS (Continued)**

**RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED
DEBT TO TOTAL GENERAL FUND EXPENDITURES**

Fiscal Year	Expenditures		Debt Service as a Percentage of Total
	Debt Service	Total General Fund	
2016	\$ 6,128,467	\$ 59,749,562	10.26
2017	7,493,560	66,651,956	11.24
2018	5,767,429	68,490,882	8.42
2019	7,748,226	73,106,503	10.60
2020	9,283,481	73,947,590	12.55
2021	7,720,928	74,686,147	10.34
2022	7,539,069	79,471,588	9.49
2023	7,971,496	89,708,475	8.89
2024	7,992,235	93,911,496	8.61
2025	8,196,959	100,851,863	8.13

**CITY OF ANNAPOLIS, MARYLAND
DEMOGRAPHIC AND ECONOMIC INFORMATION
LAST TEN FISCAL YEARS**

DEMOGRAPHIC STATISTICS

Fiscal Year	City Population⁽¹⁾	Personal Income (in thousands)	Per Capita Income⁽²⁾	Unemployment Rate⁽³⁾	Public School Enrollment⁽⁴⁾
2016	39,891	\$ 1,738,849	\$ 43,590	3.30	7,299
2017	40,233	1,787,592	44,431	3.50	7,643
2018	39,717	1,850,892	46,602	2.90	7,660
2019	39,348	1,761,885	44,777	3.40	7,742
2020	39,223	1,809,788	46,141	6.90	7,660
2021	39,241	1,828,709	46,602	3.40	7,915
2022	40,687	2,187,699	53,769	3.60	7,174
2023	40,648	2,360,917	58,082	2.80	7,062
2024	40,552	2,603,966	64,213	2.10	6,925
2025	40,689	2,715,950	66,749	3.10	7,019

Sources:

- (1) US Census Population Estimate, July 1, 2024
- (2) Demographics and Economic Profile and Real Estate Market Analysis for the Annapolis Comprehensive . Plan Update (October 5, 2021)
- (3) Maryland Department of Labor, Licensing, and Regulation
- (4) Anne Arundel County Public Schools Planning Office, Educational Facilities Master Plan

**CITY OF ANNAPOLIS, MARYLAND
DEMOGRAPHIC AND ECONOMIC INFORMATION
LAST TEN FISCAL YEARS (Continued)**

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2025		2016	
	Employees	Percentage of City Employment	Employees	Percentage of City Employment
Annapolis Marriott Waterfront Hotel/Pussers Restaurant	215	54.79%	280	70.68%
St. John's College	200	0.51	200	0.50
Annapolis Yacht Club	200	0.51	-	-
Main & Market	180	0.46	100	0.25
Spa Creek Center/Genesis Healthcare	160	0.41	-	-
Giant Food-Bay Ridge Road	150	0.38	-	-
Chick-Fil-A	150	0.38	-	-
Hotel/Graduate Annapolis	150	0.38	-	-
Baywoods Of Annapolis	150	0.38	-	-
Eastern Petroleum	150	0.38	-	-
Gutter Covers Of MD & VA	150	0.38	-	-
Triton Services Inc.	150	0.38	125	0.32
Rams Head Tavern	140	0.36	-	-
Coldwell Banker Residential	140	0.36	-	-
Community Action Group of Anne Arundel County	140	0.36	-	-
Koons Toyota	120	0.31	-	-
Safeway	120	0.31	-	-
Historic Inns of Annapolis	106	0.27	-	-
Buddy's Crabs & Ribs, Inc.	100	0.25	185	0.47
Boatyard Bar & Grill	100	0.25	-	-
Criswell Acura	100	0.25	140	0.35
ARC of the Central Chesapeake Region	-	-	390	0.98
Westin Annapolis	-	-	120	0.30
Chart House Restaurant	-	-	157	0.40
Loews Annapolis Hotel	-	-	150	0.38
Capital Gazette Communications, Inc	-	-	100	0.25
Main Ingredient Café & Catering	-	-	100	0.26
Grauls Market Inc	-	-	90	0.23
	3,071	7.17%	2,137	5.73%

**CITY OF ANNAPOLIS, MARYLAND
OPERATING INFORMATION
LAST TEN FISCAL YEARS**

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government	75	82	85	61	60	60	57	59	87	92
Land Use	-	-	-	28	30	29	32	32	35	36
Public Safety	316	312	295	297	295	276	287	295	316	329
Public Works	60	61	59	50	53	52	53	53	58	52
Community Services	25	35	25	23	25	33	35	37	31	31
Sewer Fund	6	6	6	6	6	5	8	6	6	13
Water Fund	26	25	24	24	24	25	26	26	28	19
Parking Fund	-	-	-	1	1	1	1	-	-	1
Transportation Fund	52	45	41	41	38	33	36	40	45	43
Watershed Restoration	3	3	3	3	2	2	3	3	6	6
Refuse fund	2	2	1	4	4	4	4	4	4	4
Fleet Fund	2	-	-	8	7	8	10	9	9	9
Total	567	571	539	546	545	528	552	564	625	635

Source:

City of Annapolis - Finance Office

**CITY OF ANNAPOLIS, MARYLAND
OPERATING INFORMATION (Continued)
LAST TEN FISCAL YEARS**

OPERATING INDICATORS BY FUNCTION

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Government										
Finance:										
Real property tax accounts	14,842	15,107	15,079	16,088	15,090	15,111	15,154	15,130	15,875	15,884
Personal property tax accounts	1,945	2,014	2,215	2,126	2,543	2,119	2,133	1,522	1,167	1,419
Public Safety										
Police										
Calls for service	35,003	39,406	40,132	38,987	35,429	35,863	29,483	29,048	30,030	31,297
Physical arrests	2,625	2,366	1,837	1,908	1,497	781	692	782	979	973
Parking violations	1,384	16,457	14,199	20,246	12,424	14,016	13,775	26,447	40,608	41,685
Traffic violations	7,538	4,123	6,789	7,005	5,195	4,104	2,890	4,609	4,203	5,186
Fire										
Number of calls answered	9,847	10,961	11,798	12,430	11,715	12,028	12,874	13,099	13,684	13,179
Inspections	1,569	1,757	2,460	2,086	935	1,996	1,442	1,116	1,917	1,714
Recreation & Parks										
Programs offered	367	152	194	152	256	65	134	96	96	180
Enrollment	5,695	3,494	4,341	3,235	2,308	848	12,906	11,520	9,965	2,201
Public Works										
Roadways and sidewalks										
Potholes repaired	1,931	1,537	2,118	2,682	1,832	1,439	1,523	1,688	1,133	2,496
Water Fund										
Water main repairs	22	20	45	59	31	47	50	10	4	14
Number of accounts	12,663	12,755	12,847	12,822	12,931	12,971	12,882	12,952	13,120	13,149
Sewer Fund										
Number of accounts	11,618	11,699	11,782	11,815	11,855	11,894	11,923	12,023	12,046	12,074
Refuse Fund										
Refuse collected (tons per year)	7,592	7,439	6,892	7,990	8,467	8,980	8,255	7,857	7,720	7,506
Recycling collected (tons per year)	3,592	3,591	3,500	3,280	3,029	2,410	2,912	2,725	2,622	2,460
Yard Waste collected (tons per year)	1,912	1,895	1,851	1,899	1,885	2,578	1,977	1,863	1,848	1,534
Neighborhood & Environmental Programs										
Construction permits issued - Commercial	152	207	91	52	155	127	119	126	96	249
Construction permits issued - Residential	596	576	392	182	430	537	532	475	427	802
Transportation Fund										
Number of routes	10	10	10	8	8	7	7	7	7	7
Number of passengers (in thousands)	445	385	464	413,457	340	135	206	306	327	331

Source:
Various City of Annapolis departments

**CITY OF ANNAPOLIS, MARYLAND
OPERATING INFORMATION (Continued)
LAST TEN FISCAL YEARS**

CAPITAL ASSET STATISTICS BY FUNCTION

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Government										
Buildings	9	8	7	7	7	7	7	7	7	7
Vehicles	26	23	23	13	14	14	14	15	15	17
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Uniformed police officers	114	124	124	124	124	124	124	124	123	119
Police vehicles	86	75	83	106	152	150	151	151	155	153
Fire										
Stations	3	3	3	4	4	4	4	4	4	4
Career firefighters	124	136	136	136	136	136	136	137	137	137
Pumper/ladder trucks	7	7	7	7	7	7	7	7	7	7
Paramedic units	7	7	7	7	7	10	9	7	7	7
Other vehicles	32	32	32	38	39	34	33	36	36	36
Public Works										
Buildings	20	9	7	9	9	9	9	10	10	10
Street (in miles)	276	276	276	276	276	276	276	276	276	92
Traffic signals	21	21	21	26	24	24	24	24	24	24
Recreation & Parks										
Buildings	13	11	11	11	11	11	11	11	11	11
Playgrounds / parks in acres	250	250	250	250	250	250	250	250	250	250
Ballfields	14	14	14	14	14	14	14	14	14	14
Tennis courts	14	14	13	13	13	13	13	13	13	13
Water Fund										
Mains in miles	140	140	140	140	140	140	140	140	140	140
Storage tanks	5	5	5	5	5	5	5	6	6	6
Sewer Fund										
Lines in miles	125	125	125	125	125	125	125	125	125	125
Number of pumping stations	25	25	25	25	25	25	25	25	25	25
Transportation Fund										
Passenger buses	22	22	17	16	14	15	15	15	16	19

Source:
Various City of Annapolis departments