



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Issued By**

**City Of Bowie, Prince George's County**

**Maryland**

**For Fiscal Year**

**July 1, 2004 To June 30, 2005**

**Prepared By Department Of Finance**

**Robert S. Patrick, Finance Director**

**H. Byron Matthews, Assistant Finance Director**

**Karen Bolden, Accountant**

**CITY OF BOWIE, MARYLAND**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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**SECTION I - INTRODUCTORY**



*“Growth, Unity, Progress”*

**CITY COUNCIL**

**G. FREDERICK ROBINSON, MAYOR**  
**JACK D. JENKINS, MAYOR PRO TEM**

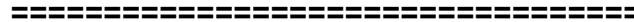
**WILLIAM A. ALESHIRE**

**KURT KROEMER**

**DENNIS BRADY**

**GAIL BOOKER JONES**

**D. MICHAEL LYLES**



**CITY MANAGER**  
**DAVID J. DEUTSCH**

**ASSISTANT CITY MANAGER**  
**JOHN L. FITZWATER**

**CITY ATTORNEY**  
**ROBERT H. LEVAN**

**FINANCE DIRECTOR**  
**ROBERT S. PATRICK**

**ASSISTANT FINANCE DIRECTOR**  
**H. BYRON MATTHEWS**

**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**  
**CLIFTON GUNDERSON LLP**



# CITY OF BOWIE

October 20, 2005

Honorable Members of the Bowie City Council:

State law requires that all municipalities publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a certified public accountant. Pursuant to that requirement, including a 30-day State-approved extension, and the provisions of the City's Charter, Section 40, we hereby issue the comprehensive annual financial report (CAFR) for the City of Bowie, Maryland, for the year ended June 30, 2005.

This report consists of management's representations concerning the finances of the City of Bowie, Maryland. 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 of Bowie, Maryland has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Bowie, Maryland statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Bowie, Maryland 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.

Clifton Gunderson LLP, a firm of licensed certified public accountants, have audited the City of Bowie, Maryland's financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City of Bowie, Maryland for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 a reasonable basis for rendering an unqualified opinion that the City of Bowie, Maryland financial statements for the fiscal year ended June 30, 2005,

are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of the CAFR.

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 MD&A and should be read in conjunction with it. The City of Bowie, Maryland's MD&A can be found immediately following the report of the independent auditor in the Financial Section of the CAFR.

## **PROFILE OF THE GOVERNMENT**

The City of Bowie is approximately 18 square miles in size and located halfway between Washington, DC, and Baltimore, Maryland. Founded in 1870, and incorporated as a town in 1916, Bowie has grown from a small railroad stop to the largest municipality in Prince George's County, and the fourth largest city in the State of Maryland, with an estimated population of 54,588. The town was first called Huntington City, though its train station was named in honor of local resident, Governor Oden Bowie, president of the Baltimore and Potomac Railroad. The town was subsequently rechartered as Bowie. In the early days the land was subdivided by developers into more than 500 residential building lots, to create a large town site at a junction of the Baltimore and Potomac's main line to southern Maryland, and the branch line to Washington, DC.

In 1957, the firm of Levitt and Sons acquired the nearby Belair Estate, the original colonial plantation of Governor Samuel Ogle, where it developed the residential community of "Belair at Bowie". Two years later the Town of Bowie annexed the Levitt properties, and it re-incorporated as a city in 1963.

Today, the City of Bowie represents 8.4% of the total Prince George's County assessable base and 33% of the total municipal assessable base within the county.

The City of Bowie operates under a Council/Manager form of government. Policy-making and legislative authority are vested in a governing council consisting of seven members (Mayor and six Council members). The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager and attorney. The government's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. All seven members serve two-year terms. Four of the council members are elected by district. The mayor and the two remaining council members are elected at large.

The City provides a range of municipal services including, but not limited to the following: housing and property inspections; solid waste and recycling collection; storm drainage; street and bike trail maintenance; snow removal and street lighting; parks



and recreation; youth counseling; senior services and animal control. In addition, the City also provides water and sewer services to approximately 7,900 customers, of which 98% are residential households.

## **ECONOMIC CONDITION AND OUTLOOK**

The City is located in the northern part of Prince George's County at the crossroads of highways 3/301 and 50. Although considered to be in the Washington, DC metropolitan area, the City's location also gives it easy access to Baltimore and Annapolis. The City's total assessed value continues to grow, primarily due to increasing assessed values, commercial development and continued annexations of adjacent properties. The City issued 64 permits for new home construction during FY2005 as compared to 38 permits issued in FY2004. The majority of homes in the city are owner occupied single-family homes that the 2000 census placed in the price range of \$150,000 to \$199,000 with a median value of \$158,100. The current economic condition of the City is excellent, with an outlook for the intermediate to longer term of stable.

The Maryland Department of Labor, Licensing and Regulation reported the unemployment rate in Prince George's County at 4.8 percent and the State at 4.3 percent on June 30, 2005. The 2000 Census showed the median income for the City of Bowie at \$76,778. The income level far exceeds the State of Maryland at \$45,289 and the United States at \$37,005. According to the Office of Federal Housing Enterprise Oversight, Maryland ranked seventh in the nation for home price appreciation during the last year.

State-administered income tax proceeds, the City's largest source of intergovernmental revenue, increased by 9% in FY2005. State-administered Highway User Revenues, the City's second largest source of intergovernmental revenue, exceeded expectations, however, were still less than received in FY2002. Uncertainty surrounding the State of Maryland's budget stresses the need for the City to maintain its fiscally conservative policy.

The City prepares long-term financial forecasts which are used in the development of the annual operating budget and six-year capital improvements program. The assumptions used in the financial forecasts are reviewed with the City Council as background for decisions about revenue projections and estimated costs.

## **MAJOR INITIATIVES**

The following activities highlight some of the City's major accomplishments during FY2005:

- The City Council adopted a Strategic Plan after soliciting the views of the public, employees, and other stakeholders. The process took approximately one year to complete. The Strategic Plan established a mission statement for the organization and a vision statement targeted for the Year 2010. The Strategic Plan focused on

six issues as follows:

1. Public Safety and Security
2. Control Over Key Services of Other Governmental Entities
3. Intergovernmental Relations
4. Growing Service Demand
5. Aging Infrastructure
6. Growth

Goals and action steps were developed for each of the above issues.

- On February 7, 2005, the City Council selected a new councilmember to fill the District 1 seat due to the resignation of the incumbent.
- Significant activity occurred at the Maryland Science and Technology Center during the year including: a 150,000 square foot office building under construction; site work completed for two 40,800 square foot office buildings; and the site plan approved for the International Masonry Institute, which includes a 234,000 square foot campus consisting of a 60,500 square foot national training center, a 45,500 square foot main building/dormitory and a 125,000 square foot office building.
- A major realignment and upgrade to Route 450 was significantly completed during the year.
- Groundbreaking occurred for the new Northview Elementary School.
- Major renovations occurred at the Whitehall Elementary School to convert the building back to a neighborhood school.
- The Tsunami Relief effort, sponsored by local churches, businesses and the City, raised approximately \$46,000.
- A 20,000 square foot expansion of the Hecht's store in the Bowie Town Center was completed.
- The City annexed the Woodmore at Oak Creek subdivision which is proposed for 64 estate homes.
- The subdivision was approved for 12 new single-family homes at Twelve Tall Oaks.
- Continued construction of estate homes in Woodmore Highlands and Woodmore Estates.
- Major reconstruction continued at Freestate Mall.
- The Maryland-National Capital Park and Planning Commission completed renovations at the Huntington Community Center.

- A new traffic signal was installed at the intersection of Mitchellville Road and Harbour Way at the Gateway Center.
- The completion of the Saddlebrook and Racetrack annexation became effective June 30, 2005, adding 219 new single-family homes to the City.
- A 43,000 square foot, two-story addition to Cornerstone Church was approved, which included a new traffic signal on Race Track Road. The cost of the traffic signal will be equally shared between the City and Prince George's County.
- A new 56,400 square foot, four-story, 119 unit extended stay hotel at Bowie Town Center opened.
- The City partnered with the Washington Suburban Sanitary Commission to install a third water interconnection between the two water systems. The cost of the installation will be equally shared between both parties.
- The City's Plan of Compensation and Classification Plan were changed as a result of a Personnel Compensation Study being performed.
- The City privatized the maintenance of six stormwater management facilities in order to address the 20% increase in the number of facilities brought on line since 2002. This allows the City to focus on other existing sites and to charge the specific maintenance costs to the commercial users of these facilities.
- The existing computer lab at the Bowie Senior Center was updated with new hardware and software due to expanded interest and technology changes.
- The Bowie Ice Arena staff developed and successfully implemented a special skaters program geared towards children and adults with special needs, in conjunction with the Ice Skating Institute, Special Olympics and the Skating Association for the Blind and Handicapped.
- The Historic Properties and Museums Division of the City began work on a new Welcome Center in historic Old Bowie. This facility will present an interactive history of the City and serve as a focal point for visitors to this area of the community.
- The City actively pursued and received grants for various capital projects.
- Several new restaurants opened, including Chipotle.

Future developments include:

- FY2006 real and personal property tax rates will remain the same as FY2005 at \$.322 and \$.805 per hundred dollars of assessed valuation, respectively.

- Construction to begin on the new Parks and Grounds facility. The facility will incorporate Green Building and Low Impact Development features.
- Groundbreaking has occurred for a 132,000 square foot office building and two banks at the Bowie Town Center.
- A 40,000 square foot office building is under construction in the Pointer Ridge section of the City.
- The Shoppes at Highbridge, a 60,000 square foot retail shopping center recently broke ground.

## **RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS**

The City has a defined contribution employee savings plan authorized under Section 401(k) of the Internal Revenue Service Code covering all full-time employees. Additionally, the City has established a deferred compensation plan in accordance with Internal Revenue Code Section 457 which is available to all employees.

The City also provides hospitalization and prescription benefits for qualifying retirees. One retiree received benefits during the year, which were financed on a pay-as-you-go basis.

Additional information on the City's retirement and other post-employment benefits can be found in Notes 3F, 3G and 3I to the basic financial statements.

## **CASH MANAGEMENT**

Temporary idle cash during the year was invested in the State created Maryland Local Government Investment Pool, certificates of deposit, and an interest bearing cash account. On June 30, 2005, the City's financial assets consisted of \$1,489,984 cash and \$24,752,443 in the investment pool. Interest earned on investments during fiscal year 2005 totaled \$531,358. This was \$291,730 more than the interest earned on investments in fiscal year 2004.

Additional information on the City's cash management can be found in Note 3 to the basic financial statements.

## **RISK MANAGEMENT**

On July 1, 1987, the City joined with other local governments and formed the Local Government Insurance Trust. The Local Government Insurance Trust is a self-insurance pool providing coverage for all risks except Workers' Compensation. The Injured Workers' Insurance Fund, a not-for-profit organization established by the State of Maryland, provides coverage for Workers' Compensation.

Additional information on the City's risk management can be found in Note 4 to the basic financial statements.

## **CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bowie, Maryland, for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This was the thirty-first consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## **DISTINGUISHED BUDGET PRESENTATION**

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to the City of Bowie for its annual budget for the fiscal year beginning July 1, 2004. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

## **ACKNOWLEDGMENTS**

Our sincere appreciation is extended to the staff of the Finance Department whose efficient and dedicated support throughout the year has culminated in the completion of this report. A word of thanks also goes to the City staff for their continuing cooperation. We thank the City Council for their interest and support in the planning and implementing of the financial operations of the City. A special acknowledgment is given to H. Byron Matthews, Karen Bolden and Linda Gibson for their efforts in the completion of this report.

Respectfully submitted:

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David J. Deutsch  
City Manager

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Robert S. Patrick  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bowie,  
Maryland

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

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



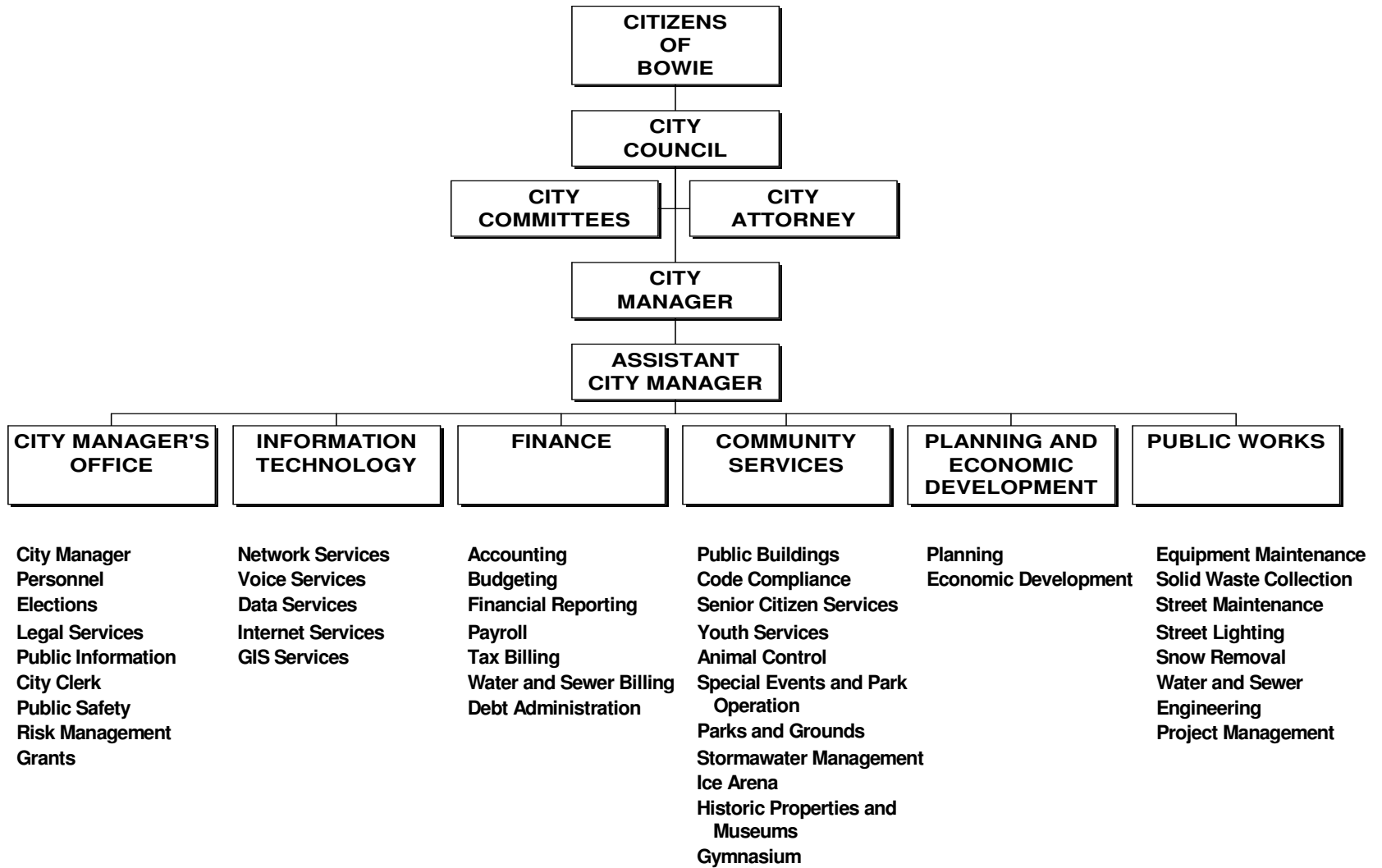
*Nancy L. Ziehl*

President

*Jeffrey R. Emmer*

Executive Director

# CITY OF BOWIE, MARYLAND ORGANIZATION CHART







*“Growth, Unity, Progress”*

**SECTION II - FINANCIAL**



*“Growth, Unity, Progress”*



## Independent Auditor's Report

Honorable Mayor and Members of the City Council  
City of Bowie, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Bowie, Maryland as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bowie, Maryland's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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, and each major fund of the City of Bowie, Maryland as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2005, on our consideration of the City of Bowie, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information as referenced in the table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bowie, Maryland's basic financial statements. The other supplementary information and individual fund schedules as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Clifton Gunderson LLP*

Baltimore, Maryland  
October 20, 2005

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management's Discussion and Analysis (MD&A) of the City of Bowie's Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2005. The information presented here should be considered in conjunction with additional information provided in the letter of transmittal.

### **Financial Highlights**

The assets of the City exceeded its liabilities at June 30, 2005 by \$83.5 million (net assets). Of this amount, \$27.9 million is unrestricted and may be used to meet the City's future obligations. Of the \$27.9 million unrestricted assets, \$26 million is related to governmental activities, which includes the General Fund. Of the \$26 million unrestricted assets, \$13.6 million is undesignated and available for future General Fund expenditures. The \$1.9 million remaining balance of unrestricted assets is related to Business-type activities, which consists entirely of the City's Water and Sewer Fund.

The unreserved fund balance for the General Fund represented 59.3% of total General Fund expenditures compared to the Council adopted target of 25 percent.

In comparison with the prior fiscal year, the City's total net assets increased \$4.5 million from \$78.9 million. Net assets of governmental activities increased \$5.0 million from \$63.4 million and net assets of business-type activities decreased approximately \$0.5 million from \$15.5 million.

During the current fiscal year, the City's total long-term debt decreased by \$0.6 million.

### **Overview of the Financial Statements**

The financial section of the CAFR consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. This discussion and analysis are intended to serve as an introduction to the City of Bowie's basic financial statements. The City of Bowie's basic financial statements are comprised of 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.

The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of Bowie's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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 of Bowie include general government, economic development, public safety, social services, public works, parks, culture and recreation, and interest expense. Business-type activities are limited to the City's water and sewer system.

**Fund financial statements.** Traditional readers of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the City's most significant funds. 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 fiscal accountability. The City uses governmental and proprietary fund financial statements to provide more detailed information about the City's most significant funds rather than the City as a whole.

**Governmental funds.** Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

**Proprietary funds.** Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. Proprietary fund financial statements, like government-wide financial statements, provide both long-term and short-term financial information. The fund financial statements provide more detail and additional information, such as cash flows, for the City's enterprise fund (one type of proprietary fund). The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations.

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

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City. A budgetary comparison schedule has been provided for the General Fund.

**Other Supplementary Information.** Budgetary comparison schedules have been provided for the following funds to demonstrate compliance with their budgets:

- Equipment Acquisition and Replacement Fund
- Capital Projects Fund
- Water and Sewer Fund

## **Statistical Section**

The statistical section provides supplemental financial and statistical information intended to provide a broader understanding of the City's financial and economic environment. Much of the data presented is multi-year and some of it is derived from records external to the City's accounting records, therefore the statistical section is unaudited.

## **Financial Analysis of the City as a Whole**

### **Government-wide Financial Analysis**

The City's financial statements are prepared in conformity with the reporting model required by Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments. MD&A includes prior fiscal year results for the purpose of providing comparative information for the MD&A.



**Net Assets**

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$28,368,898	\$23,367,316	\$ 2,849,430	\$ 3,087,694	\$31,218,328	\$26,455,010
Capital assets, net	43,465,408	41,938,860	16,449,389	16,592,889	59,914,797	58,531,749
Total assets	<u>71,834,306</u>	<u>65,306,176</u>	<u>19,298,819</u>	<u>19,680,583</u>	<u>91,133,125</u>	<u>84,986,759</u>
Long-term liabilities outstanding	1,727,219	2,102,597	3,393,172	3,614,949	5,120,391	5,717,546
Other liabilities	1,660,154	1,936,670	864,790	545,441	2,524,944	2,482,111
Total liabilities	<u>3,387,373</u>	<u>4,039,267</u>	<u>4,257,962</u>	<u>4,160,390</u>	<u>7,645,335</u>	<u>8,199,657</u>
Net assets:						
Invested in capital assets, net of related debt	42,440,408	40,496,810	13,174,865	13,106,228	55,615,273	53,603,038
Unrestricted	26,006,525	20,770,099	1,865,992	2,413,965	27,872,517	23,184,064
Total net assets	<u>\$68,446,933</u>	<u>\$61,266,909</u>	<u>\$15,040,857</u>	<u>\$15,520,193</u>	<u>\$83,487,790</u>	<u>\$76,787,102</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At June 30, 2005, the City's assets exceeded liabilities by \$83.5 million. By far the largest portion of the City's net assets (67 percent) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to residents and they are not available for future spending. Although the investment in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City has an investment in capital assets, net of debt of \$55.6 million at June 30, 2005. This amount reflects the City's decision to delay the reporting of general infrastructure acquired prior to July 1, 2002 (as permitted by GASBS No. 34) while reporting the related long-term debt in the statement of net assets. The City expects to report general infrastructure on or before its fiscal year ending June 30, 2006. The amount of unreported infrastructure is not currently determinable.

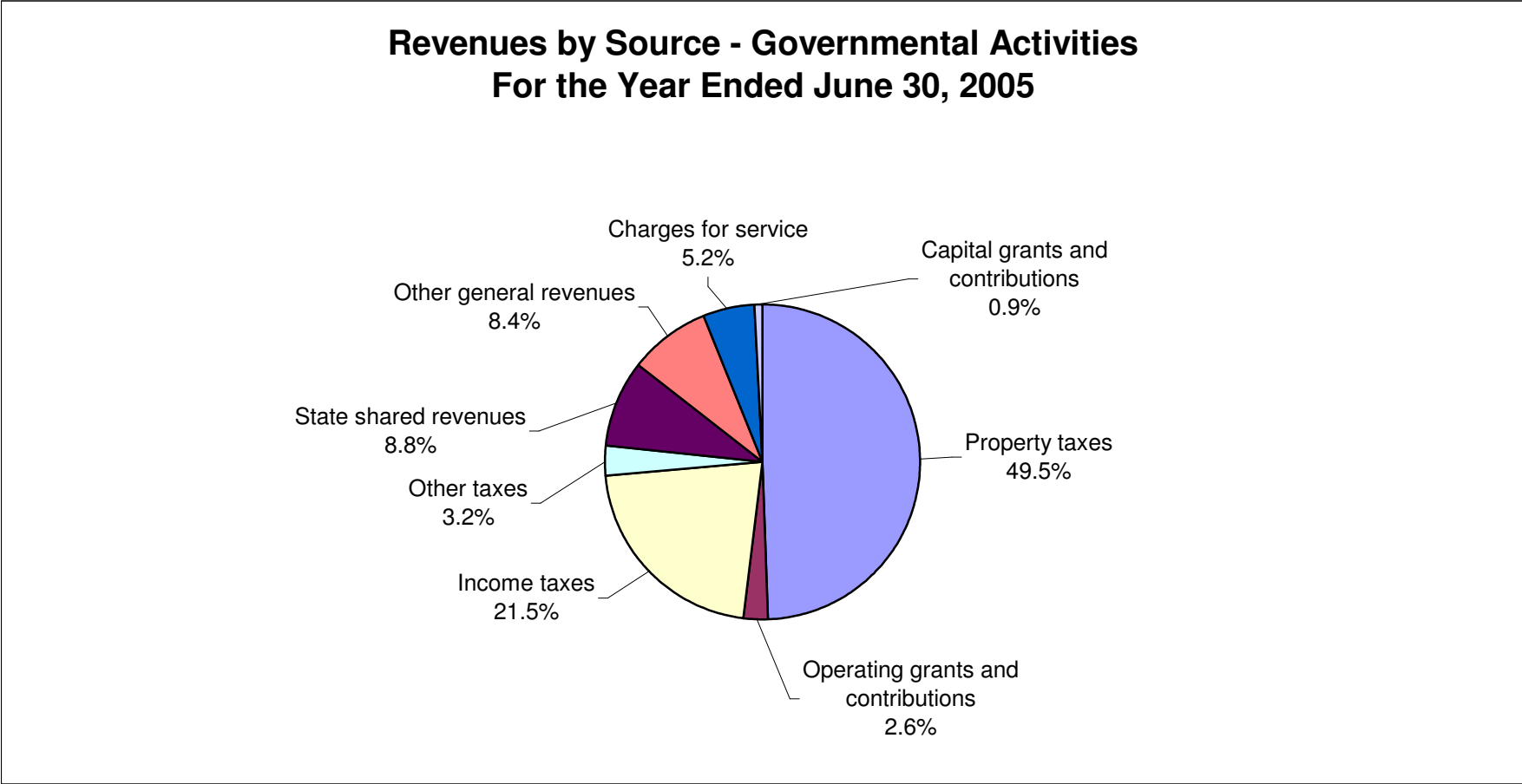
The following table summarizes the City's change in net assets for the year ended June 30, 2005:

	<b>Changes in Net Assets</b>					
	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for service	\$ 1,404,656	\$ 1,287,862	\$ 3,644,954	\$ 3,592,311	\$ 5,049,610	\$ 4,880,173
Operating grants and contributions	711,199	675,960	-	-	711,199	675,960
Capital grants and contributions	246,092	803,126	-	-	246,092	803,126
General revenues:						
Property taxes	13,411,672	11,724,241	-	-	13,411,672	11,724,241
Income taxes	5,821,688	5,344,257	-	-	5,821,688	5,344,257
State shared revenues	2,397,100	1,889,284	-	-	2,397,100	1,889,284
Other taxes	856,128	902,622	-	-	856,128	902,622
Other general revenues	2,026,520	1,517,309	63,449	21,790	2,089,969	1,539,099
Total revenues	<u>26,875,055</u>	<u>24,144,661</u>	<u>3,708,403</u>	<u>3,614,101</u>	<u>30,583,458</u>	<u>27,758,762</u>
Expenses:						
General government	5,217,842	4,994,301	-	-	5,217,842	4,994,301
Economic development	340,841	343,077	-	-	340,841	343,077
Public safety	1,509,462	1,243,853	-	-	1,509,462	1,243,853
Social services	1,346,627	1,265,530	-	-	1,346,627	1,265,530
Public works	9,241,246	8,928,989	-	-	9,241,246	8,928,989
Parks, culture and recreation	4,378,977	5,401,085	-	-	4,378,977	5,401,085
Interest	63,881	86,923	-	-	63,881	86,923
Water and wastewater	-	-	3,944,839	3,853,207	3,944,839	3,853,207
Total expenses	<u>22,098,876</u>	<u>22,263,758</u>	<u>3,944,839</u>	<u>3,853,207</u>	<u>26,043,715</u>	<u>26,116,965</u>
Increase (Decrease) in net assets before special items and transfers	4,776,179	1,880,903	(236,436)	(239,106)	4,539,743	1,641,797
Transfers	242,900	190,800	(242,900)	(190,800)	-	-
Increase (Decrease) in net assets	5,019,079	2,071,703	(479,336)	(429,906)	4,539,743	1,641,797
Net assets - beginning, as restated	63,427,854	59,195,206	15,520,193	15,950,099	78,948,047	75,145,305
Net assets - ending	<u>\$ 68,446,933</u>	<u>\$ 61,266,909</u>	<u>\$ 15,040,857</u>	<u>\$ 15,520,193</u>	<u>\$ 83,487,790</u>	<u>\$ 76,787,102</u>

The overall increase in the City's net assets amounted to \$4.5 million during the fiscal year. These increases are explained in the governmental and business-type activities discussion that follows.

**Governmental Activities**

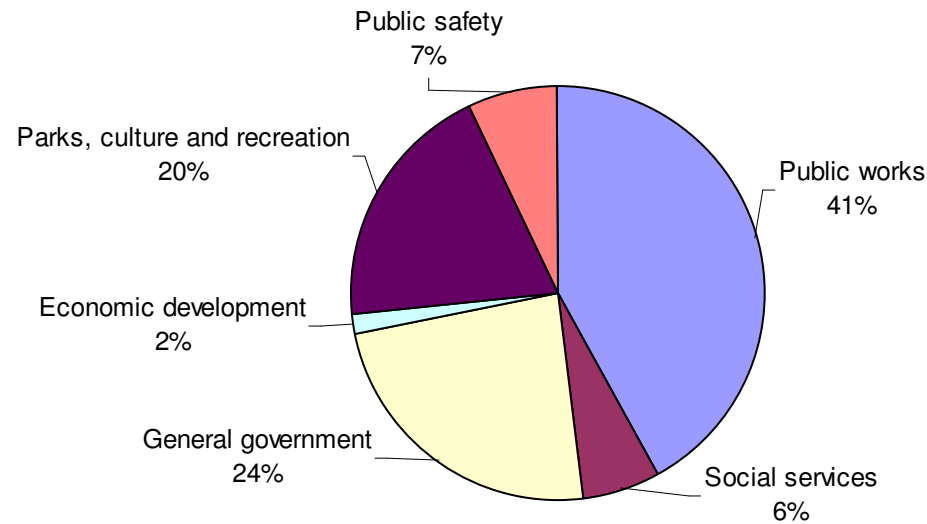
Governmental activities increased the City’s net assets by \$5 million. Total revenues and transfers of \$27.1 million are comprised of program revenues totaling \$2.4 million, or 9%, and general revenues and transfers of \$24.7 million, or 91%. General revenues are the principal source of funding for the major activities of the City. Sources of revenue are comprised of the following items:



A more detailed discussion of the City’s revenue results for FY2005 as compared to what was budgeted can be found in the General Fund Budgetary Highlights section of this MD&A.

The cost of all governmental activities for FY2005 was \$22.1 million. As the following chart indicates, Public Works constitutes the City's largest program, totaling \$9.2 million. General government expenses totaled \$5.2 million, while Parks, culture and recreation, the third largest expense for the City, totaled \$4.4 million.

### Expenses by Function - Governmental Activities For the Year Ended June 30, 2005



The following table presents the cost and program revenues of each of the City's five largest programs – public works, general government, parks, culture and recreation, public safety, and social services – as well as each program's net cost (total cost less fees generated by the activities and program-specific grants and contributions).

**Net Cost of City's Governmental Activities**

	Expenses		Program Revenues		Net Cost of Services	
	2005	2004	2005	2004	2005	2004
Public works	\$ 9,241,246	\$ 8,928,989	\$ 597,784	\$ 544,129	\$ 8,643,462	\$ 8,384,860
General government	5,217,842	4,994,301	149,310	63,248	5,068,532	4,931,053
Parks, culture and recreation	4,378,977	5,401,085	1,042,734	1,631,509	3,336,243	3,769,576
Public safety	1,509,462	1,243,853	355,234	327,428	1,154,228	916,425
Social services	1,346,627	1,265,530	216,885	200,634	1,129,742	1,064,896
Other	404,722	430,000	-	-	404,722	430,000
Total	<u>\$ 22,098,876</u>	<u>\$ 22,263,758</u>	<u>\$ 2,361,947</u>	<u>\$ 2,766,948</u>	<u>\$ 19,736,929</u>	<u>\$ 19,496,810</u>

**Business-type Activities**

The City's water and sewer operation is reported here. Charges for services represent the principal revenue source for the City's business-type activities. During the current fiscal year, revenue from business-type activities totaled \$3.7 million. Expenses and transfers for these activities totaled \$4.2 million and resulted in a decrease in net assets of \$0.5 million.

**Financial Analysis of the City's Funds**

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

**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 valuable in assessing the City's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of major governmental funds reported by the City include the General Fund, Equipment Acquisition and Replacement Fund and the Capital Projects Fund.

At the end of FY2005, the City's governmental funds reported combined ending fund balances of \$24.6 million. Of the total ending fund balances, \$22.1 million constitutes the unreserved fund balance, which is available for spending at the City's discretion. Of the unreserved fund balance, \$8 million has been designated by the City Council for subsequent years expenditures and other uses leaving an unreserved undesignated amount of \$14.1 million. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$2.4 million) and to account for prepaid costs (\$0.1 million).

The General Fund is the primary operating fund of the City. At the end of FY2005, unreserved and undesignated fund balance of the General Fund was \$13.6 million, while the total fund balance totaled \$15.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved and undesignated fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 54.2 percent of the total General Fund expenditures and transfers out, while total fund balance represents 61.9 percent of the same amount.

The fund balance of the City's General Fund increased by \$1.2 million during the current fiscal year. Revenues increased by \$3.3 million primarily due to increasing assessments of taxable property, coupled with a tax rate increase (\$1.7 million). Intergovernmental revenues increased by \$1.1 million, reflecting \$0.5 million increases in both the Income Taxes and Highway User Revenue received from the State of Maryland.

Expenditures increased by \$2.4 million as a result of the following:

- In FY2004, total expenditures within the Parks, Culture and Recreation area included a \$1.5 million contribution towards the construction costs of a County-owned civic auditorium. No contributions were made in FY2005 for this facility. Within the Special Events and Parks Operations activity, expenditures increased by \$0.2 million due to additional personnel and related fringe benefit costs, additional contractual services, which included a golf course feasibility study, and additional costs of commodities.
- Personnel and related fringe benefit costs increased by \$0.1 million in the Parks and Grounds activity within the Parks, Culture and Recreation area. This increase is directly related to the additional parks and ballfields maintained by the City.
- The Street Maintenance Division within the Public Works area incurred an additional \$0.1 million, primarily due to snow removal costs.
- Additional transfers to the Capital Projects Fund (\$2.2 million) and the Equipment Acquisition and Replacement Fund (\$0.2 million)
- Additional \$0.4 million within the Public Safety activity resulting from the installation of a new traffic signal at the intersection of Mitchellville Road and Harbour Way, and a contribution to the Bowie Volunteer Fire Department for the replacement of two fire trucks

The Equipment Acquisition and Replacement Fund has a total fund balance of \$3 million, which predominantly is all designated by the City Council for subsequent years expenditures. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period. The net increase in fund balance during the current year was minimal (\$0.3 million). The required transfer from the General Fund was \$0.2 million more than the previous year. Expenditures decreased by \$0.2 million and included the replacement of four refuse trucks, two dump trucks, and other equipment per the replacement schedule.

The Capital Projects Fund is used to account for the overall financing and expenditure of uncompleted projects. Of the total ending fund balance of \$6.1 million, \$4.5 million constitutes the unreserved fund balance. Of the unreserved fund balance, \$3.9 million has been designated by the City Council for subsequent years expenditures and other uses, leaving an unreserved undesignated amount of \$0.6 million. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$1.6 million). The net increase in fund balance during the current

year was \$2.1 million. The transfer from the General Fund was \$2.2 million more than the previous year. Expenditures decreased by \$0.3 million as compared to the previous year.

### **Proprietary funds**

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

Unrestricted net assets of the Water and Sewer Fund at the end of the year were \$1.9 million. After a transfer to the General Fund of \$0.2 million, the fund ended FY2005 with a decrease in net assets of \$0.5 million.

A discussion of enterprise fund long-term debt can be found in the Debt Administration section presented later in this MD&A. Other factors concerning the finances of the enterprise fund are addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

The City's final budget differs from the original budget in that it contains City Council approved supplemental appropriations and transfers between activities. The amount of transfers between the major expenditure functions was relatively minor. Supplemental appropriations totaling \$129,400 were approved. The supplemental appropriations can be briefly summarized as follows:

- \$114,400 – Increased the transfer to the Capital Projects Fund to provide additional funding for the new Public Works Streets/Utilities building
- \$10,000 – City's contribution towards the Bowie High School marquee sign
- \$5,000 – Federal grant used to enhance security at city facilities

Actual expenditures and other financing uses were \$1.3 million less than the final amended budget. These differences can be briefly summarized as follows:

- Public Information expenditures were \$0.1 million less, primarily due to capital outlay costs being lower than anticipated
- Economic Development included \$0.3 million for professional services and the city's revolving loan/grant program, which was not spent in FY2005. The funds for the revolving loan/grant program were re-appropriated in FY2006.
- The required transfer to the Equipment Acquisition and Replacement Fund was \$0.2 million less than originally estimated
- The remaining differences were spread across the various other activities of the General Fund and were relatively minor within each activity

Revenues and other financing sources amounted to \$26.2 million in fiscal year 2005, an increase of 14.2 percent from fiscal year 2004.

General property taxes produced \$1.7 million more revenue than in fiscal year 2004, an increase of 14.4 percent. The assessable tax base increased to \$3.8 billion and the real property tax rate increased from \$.292 to \$.322 per \$100 of assessed value.

Intergovernmental revenues increased by \$1.1 million. Income tax and highway user revenue proceeds received from the State of Maryland increased by \$0.5 million each.

Expenditures and transfers amounted to \$25 million, an increase of \$1.9 million, or 8 percent from fiscal year 2004.

The transfer to the Capital Projects Fund increased by \$2.2 million. Several large projects commenced in FY2005, consisting of the Parks Maintenance Facility, the Streets and Utilities building, and the Old Bowie Welcome Center.

### Capital Assets and Debt Administration

#### Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2005, amounted to \$59.9 million (net of accumulated depreciation). Capital assets include land, historical treasures, building and improvements, improvements other than buildings, machinery and equipment and infrastructure. The total net increase in the City's capital assets for the current fiscal year was 2.4% (a 3.6% increase for governmental activities and a 0.9% decrease for business-type activities) as shown in the following table.

#### Capital Assets, Net of Depreciation

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 13,291,356	\$ 12,711,429	\$ 1,489,192	\$ 1,489,192	\$ 14,780,548	\$ 14,200,621
Historical treasures	163,830	163,830	-	-	163,830	163,830
Buildings and improvements	18,127,523	18,259,283	4,563,231	4,788,721	22,690,754	23,048,004
Improvements other than buildings	6,068,767	4,142,567	4,334,757	4,591,773	10,403,524	8,734,340
Machinery and equipment	3,922,239	3,799,686	934,466	1,043,654	4,856,705	4,843,340
Infrastructure	419,769	375,256	4,459,195	4,617,649	4,878,964	4,992,905
Construction in progress	1,471,924	2,486,809	668,548	61,900	2,140,472	2,548,709
Total	<u>\$ 43,465,408</u>	<u>\$ 41,938,860</u>	<u>\$ 16,449,389</u>	<u>\$ 16,592,889</u>	<u>\$ 59,914,797</u>	<u>\$ 58,531,749</u>

Under the Governmental Activities Capital Assets, the balance of \$1,471,924 for Construction in Progress includes: \$290,496 for the Streets & Utilities building; an additional \$142,316 of improvements to the Parks Maintenance Facility for a total of \$190,875; \$151,034 for street and storm drain improvements in Old Town Bowie; \$190,208 for a traffic signal at the intersection of Mitchellville Road and Harbour Way; \$13,026 for the Gallant Fox restoration project; \$46,057 for the Old Town Bowie Welcome Center; \$248,568 of improvements to



Church Road Park; \$45,782 of improvements to Jericho Park; an additional \$36,315 for Old Town Bowie bringing the total to \$248,959; \$16,975 in land appraisals; \$1,691 for renovations at the Bowie Playhouse; \$3,746 for the Lansdale property; \$8,917 for the Skateboard park; \$6,247 for Veterans Memorial Park and other projects (\$9,343).

The other significant additions to Governmental Activities Capital Assets included: \$917,674 for Church Road Park improvements consisting of ballfield lighting, sprinkler system, bleachers, fencing, signs and a gate; \$1,517,231 for Jericho Park Improvements consisting of ballfield lighting, bleachers, fences, irrigation wells, and mass grading; \$35,664 for a parking lot in Old Town Bowie; \$140,756 for an electrical upgrade and a generator for City Hall; \$43,854 for irrigation systems at various locations.

Under the Business-type Activities Capital Assets, the more significant additions included: \$44,279 for a portable generator; \$15,000 for a motion detector; and \$29,755 for a torque tube.

More detailed information about the City's capital assets is presented in Note 3D to the basic financial statements.

## Debt Administration

At year-end, the City had \$4.3 million in bonds outstanding versus \$4.9 million last year – a decrease of 12.8 percent - as shown in the following table.

### Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2005	2004	2005	2004	2005	2004
General obligation bonds (backed by the City)	\$ 1,025,000	\$ 1,442,050	\$ -	\$ 47,950	\$ 1,025,000	\$ 1,490,000
Long-term financing with State of Maryland	-	-	3,281,512	3,446,705	3,281,512	3,446,705
Compensated absences	702,219	660,547	111,660	120,294	813,879	780,841
Total outstanding debt	<u>\$ 1,727,219</u>	<u>\$ 2,102,597</u>	<u>\$ 3,393,172</u>	<u>\$ 3,614,949</u>	<u>\$ 5,120,391</u>	<u>\$ 5,717,546</u>

Neither Maryland State law nor the City Charter mandates a limit on municipal debt. On May 10, 1999, the City Council established a policy to limit debt, exclusive of amounts being repaid by the Water and Sewer system, to 0.8 percent of assessed value of taxable property. At June 30, assessed value of such property totals \$3.8 billion, the debt limit was \$30.6 million and the actual outstanding debt was \$1 million, approximately 3.4% of the debt limit.

The City's general obligation bond rating is Aa2 from Moody's Investor Service and AA+ from Standard and Poor's Corporation. Other obligations include accrued vacation leave. More detailed information about the City's long-term liabilities is presented in the notes to the basic financial statements.

## **Economic Factors and Next Year's Budget and Rates**

The City is located in the northern part of Prince George's County at the crossroads of highways 3/301 and 50. Although considered to be in the Washington, DC metropolitan area, the City's location also gives it easy access to Baltimore and Annapolis. The Baltimore/Washington area is considered to be one of the fastest growing regions in the nation. Proximity to the Baltimore/Washington area and federal government spending generally contributes to the City's stability.

The City's total assessed value continues to grow. The growth has been attributed primarily due to increasing assessments, additional commercial development and continued annexations of adjacent properties. The City issued 64 permits for new home construction during FY2005 as compared to 38 permits issued in FY2004. The reduction in new home construction reflects the reduced level of building activity in the City. The majority of homes in the city are owner occupied single-family homes that the 2000 census placed in the price range of \$150,000 to \$199,000 with a median value of \$158,100. As with other metropolitan areas across the country, the sale price of homes in the City during FY2005 well exceeded the median values from the 2000 census during FY2005.

The Maryland Department of Labor, Licensing and Regulation reported the unemployment rate in Prince George's County at 4.8 percent and the State at 4.3 percent on June 30, 2005. The 2000 Census showed the median income for the City of Bowie at \$76,778. The income level exceeds the State of Maryland at \$45,289 and the United States at \$37,005. According to the Office of Federal Housing Enterprise Oversight, Maryland ranked seventh in the nation for home price appreciation during the last year.

The City prepares a financial forecast as a component in the process of developing the annual operating budget and the six-year capital improvements program. The assumptions in the forecast are reviewed with the City Council as background for decisions about revenue projections and estimated costs.

Real and personal property tax rates remain at \$.322 and \$.805 per \$100 of assessed valuation, respectively, in the FY2006 adopted budget. General Fund revenues and transfers from other funds in FY2006 are budgeted to increase by 11.4 percent from the FY2005 budget year. General property taxes make up approximately 53 percent of General Fund budgeted revenues and transfers from other funds. General Fund expenditures and transfers to other funds are budgeted to increase by 8.7 percent from the FY2005 budget year.

State-administered income tax proceeds, the City's largest source of intergovernmental revenue increased by 9% in FY2005. State-administered Highway User Revenues, the City's second largest source of intergovernmental revenue, exceeded expectations, however, were still less than that received in FY2002.

As for the City's business-type activities, water and sewer rates increase to \$4.67 in FY2006 as compared to \$4.36 in FY2005.

## **Requests for Information**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Finance Department, Attn: Finance Director, at 2614 Kenhill Drive, Bowie, Maryland 20715 or call (301) 809-3025.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF BOWIE, MARYLAND**  
**Statement of Net Assets**  
**June 30, 2005**

	Primary Government		Total
	Governmental activities	Business-type activities	
<b>Assets:</b>			
Cash, cash equivalents and investments	\$ 24,166,111	\$ 2,076,316	\$ 26,242,427
Property taxes receivable, net	41,314	-	41,314
Other receivables, net	333,237	730,320	1,063,557
Due from other governments	3,709,191	33,435	3,742,626
Other assets	119,045	9,359	128,404
<b>Capital assets:</b>			
Land, historical treasures and construction in progress	14,927,110	2,157,740	17,084,850
Other capital assets, net of accumulated depreciation	28,538,298	14,291,649	42,829,947
<b>Total assets</b>	<u>71,834,306</u>	<u>19,298,819</u>	<u>91,133,125</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	959,456	405,345	1,364,801
Accrued interest payable	26,297	53,502	79,799
Deposits and customer advances	234,883	405,791	640,674
Due to other governments	439,518	152	439,670
<b>Noncurrent liabilities:</b>			
<b>Due within one year:</b>			
Long term debt payable	235,000	165,193	400,193
Compensated absences	618,117	111,660	729,777
<b>Due in more than one year:</b>			
Long term debt payable	790,000	3,116,319	3,906,319
Compensated absences	84,102	-	84,102
<b>Total liabilities</b>	<u>3,387,373</u>	<u>4,257,962</u>	<u>7,645,335</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	42,440,408	13,174,865	55,615,273
Unrestricted	26,006,525	1,865,992	27,872,517
<b>Total net assets</b>	<u>\$ 68,446,933</u>	<u>\$15,040,857</u>	<u>\$ 83,487,790</u>

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

CITY OF BOWIE, MARYLAND  
Statement of Activities  
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business- type Activities	
<b>Primary Government:</b>							
<b>Governmental activities:</b>							
General government	\$ 5,217,842	\$ 44,640	\$ -	\$ 104,670	\$ (5,068,532)	\$ -	\$ (5,068,532)
Economic development	340,841	-	-	-	(340,841)	-	(340,841)
Public safety	1,509,462	171,109	179,125	5,000	(1,154,228)	-	(1,154,228)
Social services	1,346,627	2,122	214,763	-	(1,129,742)	-	(1,129,742)
Public works	9,241,246	367,716	230,068	-	(8,643,462)	-	(8,643,462)
Parks, culture and recreation	4,378,977	819,069	87,243	136,422	(3,336,243)	-	(3,336,243)
Interest	63,881	-	-	-	(63,881)	-	(63,881)
<b>Total governmental activities</b>	<b>22,098,876</b>	<b>1,404,656</b>	<b>711,199</b>	<b>246,092</b>	<b>(19,736,929)</b>	<b>-</b>	<b>(19,736,929)</b>
<b>Business-type activities:</b>							
Water and wastewater	3,944,839	3,644,954	-	-	-	(299,885)	(299,885)
<b>Total primary government</b>	<b>\$ 26,043,715</b>	<b>\$ 5,049,610</b>	<b>\$ 711,199</b>	<b>\$ 246,092</b>	<b>(19,736,929)</b>	<b>(299,885)</b>	<b>(20,036,814)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes					13,411,672	-	13,411,672
Income taxes					5,821,688	-	5,821,688
State shared revenues					2,397,100	-	2,397,100
Other taxes					856,128	-	856,128
Franchise fees					764,202	-	764,202
Unrestricted investment income					483,686	47,672	531,358
Miscellaneous					685,498	-	685,498
Gain on sale of capital assets					93,134	15,777	108,911
Transfers					242,900	(242,900)	-
<b>Total general revenues and transfers</b>					<b>24,756,008</b>	<b>(179,451)</b>	<b>24,576,557</b>
<b>Change in net assets</b>					<b>5,019,079</b>	<b>(479,336)</b>	<b>4,539,743</b>
<b>Net assets - beginning, as restated</b>					<b>63,427,854</b>	<b>15,520,193</b>	<b>78,948,047</b>
<b>Net assets - ending</b>					<b>\$ 68,446,933</b>	<b>\$ 15,040,857</b>	<b>\$ 83,487,790</b>

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



*“Growth, Unity, Progress”*

**FUND FINANCIAL STATEMENTS**



**CITY OF BOWIE, MARYLAND**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2005**

	General Fund	Equipment Acquisition and Replacement Fund	Capital Projects Fund	Total
<b>Assets:</b>				
Cash, cash equivalents and investments	\$ 14,799,530	\$ 3,105,856	\$ 6,260,725	\$ 24,166,111
Property taxes receivable, net	41,314	-	-	41,314
Other receivables	317,432	6,959	8,846	333,237
Due from other governments	3,709,191	-	-	3,709,191
Other assets	119,045	-	-	119,045
<b>Total assets</b>	<u><u>\$ 18,986,512</u></u>	<u><u>\$ 3,112,815</u></u>	<u><u>\$ 6,269,571</u></u>	<u><u>\$ 28,368,898</u></u>
<b>Liabilities And Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 2,824,983	\$ 101,188	\$ 190,142	\$ 3,116,313
Deposits	234,883	-	-	234,883
Due to other governments	439,518	-	-	439,518
<b>Total liabilities</b>	<u><u>3,499,384</u></u>	<u><u>101,188</u></u>	<u><u>190,142</u></u>	<u><u>3,790,714</u></u>
<b>Fund Balances:</b>				
<b>Reserved for:</b>				
Encumbrances	542,073	234,427	1,578,542	2,355,042
Prepaid costs	119,045	-	-	119,045
<b>Unreserved:</b>				
Designated for subsequent year's expenditures	64,900	599,200	2,692,000	3,356,100
Designated - other	1,198,288	2,178,000	1,226,824	4,603,112
Undesignated	13,562,822	-	582,063	14,144,885
<b>Total fund balances</b>	<u><u>15,487,128</u></u>	<u><u>3,011,627</u></u>	<u><u>6,079,429</u></u>	<u><u>24,578,184</u></u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 18,986,512</u></u>	<u><u>\$ 3,112,815</u></u>	<u><u>\$ 6,269,571</u></u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	43,465,408
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	2,156,857
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	(1,753,516)
<b>Net assets of governmental activities</b>	<u><u>\$ 68,446,933</u></u>

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

**CITY OF BOWIE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2005**

	General Fund	Equipment Acquisition and Replacement Fund	Capital Projects Fund	Total
<b>Revenues:</b>				
Taxes	\$ 14,193,004	\$ -	\$ -	\$ 14,193,004
Licenses and permits	444,810	-	-	444,810
Intergovernmental revenues	8,976,753	-	87,744	9,064,497
Fees and fines	1,487,800	-	-	1,487,800
Contributions	90,427	-	25,243	115,670
Interest income	349,220	59,226	75,240	483,686
Rental income	170,761	-	-	170,761
Other revenues	265,780	-	-	265,780
Total Revenues	<u>25,978,555</u>	<u>59,226</u>	<u>188,227</u>	<u>26,226,008</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	4,342,281	-	-	4,342,281
Economic development	339,812	-	-	339,812
Public safety	1,506,995	-	-	1,506,995
Social services	1,316,770	-	-	1,316,770
Public works	8,742,477	-	-	8,742,477
Parks, culture and recreation	3,635,131	-	-	3,635,131
Other - unclassified	341,867	-	-	341,867
<b>Debt service:</b>				
Principal	417,050	-	-	417,050
Interest	75,711	-	-	75,711
Capital outlay	404,062	890,165	1,522,866	2,817,093
Total Expenditures	<u>21,122,156</u>	<u>890,165</u>	<u>1,522,866</u>	<u>23,535,187</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,856,399</u>	<u>(830,939)</u>	<u>(1,334,639)</u>	<u>2,690,821</u>
<b>Other financing sources (uses):</b>				
Sales of capital assets	-	168,032	409,412	577,444
Transfers in	242,900	928,373	2,957,100	4,128,373
Transfers out	(3,885,473)	-	-	(3,885,473)
Total other financing sources (uses)	<u>(3,642,573)</u>	<u>1,096,405</u>	<u>3,366,512</u>	<u>820,344</u>
Net change in fund balance	1,213,826	265,466	2,031,873	3,511,165
Fund balances - beginning	14,273,302	2,746,161	4,047,556	21,067,019
Fund balances - ending	<u>\$ 15,487,128</u>	<u>\$ 3,011,627</u>	<u>\$ 6,079,429</u>	<u>\$ 24,578,184</u>

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

**CITY OF BOWIE**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
**For the Year Ended June 30, 2005**

<b>Net change in fund balance - total governmental funds</b>	<b>\$ 3,511,165</b>
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>	
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 and reported as depreciation expense. This is the amount by which capital outlays (\$2,817,093) exceeded depreciation (\$1,761,380) in the current year.	1,055,713
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	554,646
In the statement of activities, the gain (\$93,134) on the disposition of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale (\$577,444) increase financial resources. Thus, the change in net assets differs from the change in fund balances by costs of the capital assets sold less any accumulated depreciation.	(484,310)
Repayment of the principal of long-term debt is an expenditure in the governmental funds, however, the repayment reduces long-term liabilities in the statement of net assets.	417,050
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(4,088)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the governmental funds when it is due, thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is the result of accrued interest on the long-term debt.	10,575
In the statement of activities, compensated absences are measured by the amounts earned during the year. In governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences earned exceeded amounts used.	(41,672)
<b>Change in net assets of governmental activities</b>	<b>\$ <u>5,019,079</u></b>

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

CITY OF BOWIE, MARYLAND  
Statement of Net Assets  
Proprietary Fund  
June 30, 2005

	Enterprise Fund
	Water and Sewer Fund
<b>Assets:</b>	
<b>Current assets:</b>	
Cash, cash equivalents and investments	\$ 2,076,316
Accounts receivable, net	239,643
Unbilled accounts receivable	485,080
Accrued interest receivable	5,597
Intergovernmental receivable	33,435
Prepaid expenses	2,371
Total current assets	2,842,442
<b>Noncurrent assets:</b>	
<b>Capital assets:</b>	
Land and construction in progress	2,157,740
Other capital assets, net of accumulated depreciation	14,291,649
Issuance costs	6,988
Total noncurrent assets	16,456,377
Total assets	19,298,819
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Accounts payable and accrued liabilities	405,345
Intergovernmental payable	152
Accrued interest payable	53,502
Escrow deposits	55,316
Customers advances for service	350,475
Long-term debt payable - current	165,193
Total current liabilities	1,029,983
<b>Noncurrent liabilities:</b>	
Long-term debt payable	3,116,319
Compensated absences	111,660
Total noncurrent liabilities	3,227,979
Total liabilities	4,257,962
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	13,174,865
Unrestricted	1,865,992
Total net assets	\$15,040,857

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

**CITY OF BOWIE, MARYLAND**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Fund**  
**For the Year Ended June 30, 2005**

	<u>Enterprise Fund</u>
	<u>Water and Sewer</u>
	<u>Fund</u>
<hr/>	
<b>Operating revenues:</b>	
Water sales and sewerage surcharge	\$ 2,511,041
Minimum charges	822,242
Forfeited discounts and penalties	17,723
Processing fees	15,850
Other operating income	37,612
<b>Total operating revenues</b>	<u>3,404,468</u>
 <b>Operating expenses:</b>	
Water supply	1,076,153
Sewage treatment	1,546,967
Administrative and general	275,746
Miscellaneous	85,526
Depreciation	857,654
<b>Total operating expenses</b>	<u>3,842,046</u>
 <b>Operating loss</b>	<u>(437,578)</u>
 <b>Nonoperating revenues (expenses):</b>	
Interest income	47,672
Rental income - tower leases	192,966
Gain on disposal of capital assets	15,777
Intergovernmental	47,520
Amortization of bond issuance costs	(1,006)
Interest expense and fiscal agent charges	(101,787)
<b>Total nonoperating revenues (expenses)</b>	<u>201,142</u>
 <b>Loss before transfers</b>	<u>(236,436)</u>
 <b>Transfers out</b>	<u>(242,900)</u>
 <b>Change in net assets</b>	<u>(479,336)</u>
<b>Total net assets - beginning</b>	<u>15,520,193</u>
<b>Total net assets - ending</b>	<u><u>\$15,040,857</u></u>

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

**CITY OF BOWIE, MARYLAND**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended June 30, 2005**

(Page 1 of 2)

	<u>Enterprise Fund</u>
	<u>Water and Sewer</u>
	<u>Fund</u>
<hr/>	
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 3,325,344
Other operating revenues	277,134
Payments to suppliers	(1,185,805)
Payments to employees	(1,809,133)
Net cash provided by operating activities	<u>607,540</u>
 <b>Cash flows from noncapital financing activities:</b>	
Operating transfers to other funds	<u>(242,900)</u>
 <b>Cash flows from capital and related financing activities:</b>	
Proceeds from sale of capital assets	15,777
Purchases and construction of capital assets	(398,426)
Principal paid on capital debt	(213,143)
Interest paid on capital debt	(101,541)
Net cash used by capital and related financing activities	<u>(697,333)</u>
 <b>Cash flows from investing activities:</b>	
Interest income	<u>43,759</u>
Net decrease in cash and cash equivalents	(288,934)
Cash and cash equivalents - beginning	<u>2,365,250</u>
Cash and cash equivalents - ending	<u><u>\$ 2,076,316</u></u>

(Continued)

**CITY OF BOWIE, MARYLAND**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended June 30, 2005**

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**Reconciliation of operating income to net cash provided  
by operating activities:**

<b>Operating loss</b>	<b><u>\$ (437,578)</u></b>
<b>Adjustments to reconcile operating loss to net cash provided by operating activities:</b>	
Rental income - tower leases	192,966
Intergovernmental	47,520
Depreciation	857,654
Provision for uncollectible accounts	5
<b>Change in assets and liabilities:</b>	
(Increase) in accounts receivable	(11,965)
(Increase) in intergovernmental receivable	(33,435)
(Increase) in prepaid expenses	(2,371)
(Decrease) in compensated absences	(8,634)
Increase in intergovernmental payable	152
Increase in accrued liabilities	6,530
(Decrease) in accounts payable	(6,220)
Increase in customer advances	2,916
<b>Total adjustments</b>	<b><u>1,045,118</u></b>
<b>Net cash provided by operating activities</b>	<b><u><u>\$ 607,540</u></u></b>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**



CITY OF BOWIE, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005

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1. Summary of Significant Accounting Policies

The City of Bowie, Maryland is a municipal corporation governed by an elected mayor and six-member council. The City was incorporated in 1916 and adopted its present Charter in 1963. The City operates under a Council-Manager form of government, and although not a full service City, provides the following services: public safety, public works, culture and recreation, community development, code enforcement, and planning and economic development. In addition, the City owns and operates a water and sewer system that services less than half of its residents. The Washington Suburban Sanitary Commission provides water and sewer services to residents outside the City's franchise area. Prince George's County provides a number of services to City residents that include: police and fire protection, public library and emergency health care. The Prince George's County Board of Education provides for elementary and secondary education within the City. The Maryland - National Capital Park and Planning Commission contributes additional parks and recreational services within the City.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) recognized in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. The City implemented the general provisions of the Statement in the year ended June 30, 2003 and plans to retroactively report infrastructure (assets acquired prior to July 1, 2002) in the fiscal year ending June 30, 2006.

A. Reporting Entity

Using the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by Statement 39, management has determined that the financial statements should only include the various departments governed directly by the City Council.

B. Government-wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's public works, parks and recreation, general

**CITY OF BOWIE, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

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administrative services, public safety, economic development, and social services are classified as governmental activities. The City's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (public works, parks and recreation, general administrative services, etc.) that are otherwise being supported by general government revenues (general property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public works, parks and recreation, etc.) or a business-type activity. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues. The City does not allocate indirect expenses. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (general property taxes, intergovernmental revenues, interest income, etc.).

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are overhead charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the costs and revenues reported for the various functions concerned.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financing resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly

CITY OF BOWIE, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005

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explains the adjustment necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

The following is a brief description of the specific funds used by the City in FY2005.

**Governmental Funds** – Governmental funds are those through which most governmental functions typically are financed.

**General Fund** - The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those properly accounted for in another fund. The principal sources of revenues for this fund are property taxes, intergovernmental grants and state shared revenues.

**Equipment Acquisition and Replacement Fund** – The Equipment Acquisition and Replacement Fund receives amounts transferred from other funds, not only to acquire and replace equipment during the current year, but to accumulate amounts appropriated each year to replace equipment scheduled for replacement in future years. The Equipment Acquisition and Replacement Fund is considered a major fund for government-wide reporting purposes.

**Capital Projects Fund** – The Capital Projects Fund accounts for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds. The Capital Projects Fund is considered a major fund for government-wide reporting purposes.

**Proprietary Funds** – Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and payments relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of operating income, financial position, changes in net assets and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as, materials, contracts, personnel, and depreciation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**Enterprise Fund** – The Enterprise Fund accounts for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered entirely or predominantly through user charges. The City's Enterprise Fund accounts for the operations of the City's water and sewer system.

CITY OF BOWIE, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005

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**C. 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 the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net assets and statements of activities, and 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 activities are included on the statement of net assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The statements of net assets, statement of activities, and financial statements of the Proprietary Funds are presented on the accrual basis of accounting. Under this method of accounting exchange, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

The fund financial statements of the General, Equipment Acquisition and Replacement, and Capital Projects Funds are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. The term "available" is limited to collection within sixty days of the fiscal year-end. Property taxes are the primary source of revenues susceptible to accrual. Other revenue of material amounts which are accrued include intergovernmental revenues, interest and rental income. Building permits, fees, fines and miscellaneous revenues are recorded when received, as they are generally not measurable until actually received. Any revenues received in advance are deferred. Federal and State reimbursement-type grants are recorded as revenue when related eligible expenditures are incurred. Expenditures are recorded when the related fund liabilities are incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated for payments to be made early in the new fiscal year.

**D. Assets, Liabilities and Net Assets or Equity**

**CASH, CASH EQUIVALENTS AND INVESTMENTS**

Temporary idle cash within the various funds is combined to form a cash and investment pool. Investments and interest earnings are recorded in the individual funds. Funds available for short periods are transferred to an interest bearing bank account. Funds available for longer periods are invested in certificates of deposit or the Maryland Local Government Investment Pool. Investments are stated at fair value, in accordance with GASB Statement No. 31.

**CITY OF BOWIE, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

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For purposes of statement presentation, all highly liquid investments with an original maturity of three months or less when acquired are considered to be cash equivalents.

**TAXES RECEIVABLE**

Taxes Receivable are comprised of the uncollected taxes for the past five years. The estimated amount uncollectible of \$128,281 is equal to the total of the outstanding receivables of the four oldest years.

**UNBILLED ACCOUNTS RECEIVABLE**

The Water and Sewer Fund unbilled accounts receivable are for services rendered, but not billed for the billing period April 1, 2005, to June 30, 2005. Unbilled revenue for the fiscal year ended June 30, 2005, totals \$485,080.

**PREPAID ITEMS**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. As permitted by GASB Statement No. 34, reporting of general infrastructure acquired prior to July 1, 2002 has been deferred until next fiscal year. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at fair market value at time of receipt. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CITY OF BOWIE, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005

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Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	15-50
Improvements other than buildings	10-50
Machinery and equipment	5-25
Public domain infrastructure	7-100
Water distribution system	10-100
Sewage collection system	10-100

**DEFERRED EXPENSE**

Bond issue expense is being amortized, using the straight-line method, over the term of the related bond issues.

**DEFERRED REVENUES**

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

	<u>Unavailable</u>	<u>Unearned</u>
Due from other governments (General Fund)	\$2,156,857	
Grant drawdowns prior to meeting all eligibility requirements (Capital Projects Fund)		\$13,205
Total deferred/unearned revenue for governmental funds	<u>\$2,156,857</u>	<u>\$13,205</u>

**COMPENSATED ABSENCES**

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation leave balances. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. The liability for these

CITY OF BOWIE, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005

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amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### EQUITY CLASSIFICATIONS

Government-wide statements – Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. At year-end, the City had no restricted net assets to report.
- Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund statements – Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

Except for those required to comply with accounting standards, all reservations and designations of fund balance reflect City Council action in the context of adoption of the City’s budget, as follows:

1. Reservation of Fund Balance - The significant accounting policies of the City permit the reservation of fund balance that restricts amounts not available for appropriation. The City, at June 30, 2005, reserved the amount of encumbrances outstanding that will be liquidated in subsequent years. Prepaid costs in the General Fund have also been reserved at June 30, 2005.
2. Unreserved Fund Balance - Designated for Appropriations - The significant accounting policies of the City designates that unencumbered and unreserved amounts at year end are available to fund appropriations in the subsequent year.
3. Unreserved Fund Balance - Designated for Self Insurance - The City has decided to establish a self insurance fund to cover its general liability claims. A portion of fund balance, of the General Fund, has been designated for insurance coverage.

**CITY OF BOWIE, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

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4. Unreserved Fund Balance - Designated for Scholarships - The City accepts donations toward a City Scholarship Fund; earnings on the fund are used to provide scholarships to deserving City students. A portion of fund balance in the General Fund has been designated to show the amount of the Scholarship Fund.
5. Unreserved Fund Balance - Designated for Friends of Belair - The Friends of Belair Mansion is a subcommittee of the City Heritage Committee, which provides volunteer service in support of the Belair Mansion. The City has established a designation for the balance of amounts which have been raised by this group and donated to the City for acquisition of historical furnishings.
6. Unreserved Fund Balance – Designated for Special Taxing Districts - The City established special taxing districts for the purposes of transportation management and stormwater management in certain areas. Funds raised by special district taxes are designated only for special taxing district purposes.
7. Unreserved Fund Balance - Designated for Equipment Replacement - The purpose of the Equipment Acquisition and Replacement Fund is to accumulate amounts designated for the replacement of City equipment.

**PRIOR PERIOD RESTATEMENT OF NET ASSETS**

In accordance with Statement No. 33 of the Governmental Accounting Standards Board, the City has restated Net Assets as of July 1, 2004 in the Statement of Net Assets to reflect the income tax reserve held by the State of Maryland on behalf of the City in the amount of \$2,160,945. This restatement does not affect the General Fund Balance as the amount is reflected as a receivable and deferred revenue on the modified accrual basis.

**E. Revenues, Expenditures and Expenses**

**UNUSUAL OR SIGNIFICANT ACCOUNTING POLICIES**

Expenditures for insurance and similar services that extend over more than one accounting period are not allocated between or among accounting periods, but are accounted for as expenditures of the period of acquisition.

**PROPERTY TAX REVENUE RECOGNITION**

Property tax revenue is recognized in the year in which taxes have been levied and become available to meet current expenditures. Recognized revenues are expected to be collected within the current period.



**CITY OF BOWIE, MARYLAND**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**COMPENSATED ABSENCES**

Employees are permitted to accumulate earned but unused vacation leave. All vacation leave is accrued when incurred in the government-wide and proprietary fund financial statements. Annual leave is adjusted to current salary cost at June 30, plus salary-related payments associated with the payment of compensated absences. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Annual leave payable at termination of employment is limited to 30 days.

As part of a flexible benefit plan, all employees receive six personal days each year. The personal days are not accrued and unused days are forfeited on December 31. The employees hired prior to July 1, 1988, who elected not to participate in the flexible benefit plan, accumulate sick leave at the rate of 1 1/4 days per month or 15 days a year. There is no restriction on the accumulation of sick leave. However, no payment is made for the accumulated amount upon separation and no accrued liability is recorded.

**STATEMENT PRESENTATION**

The Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds is prepared on a basis consistent with generally accepted accounting principles under which method encumbrances are considered a reservation of fund balance and charged to operations in the year liquidated. All intergovernmental revenues applicable to these encumbrances are recorded as unearned for the current period, and earned for the subsequent period in which the reservation of fund balance is liquidated.

**2. Reconciliation of Government-wide and Fund Financial Statements**

- A. A summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and the net assets for governmental activities as shown on the government-wide statement of net assets is presented on the face of the governmental funds balance sheet. The asset and liability elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and accrual basis of accounting.

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Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Capital assets	\$ 55,962,720
Less: Accumulated depreciation	(12,497,312)
Total	<u>\$ 43,465,408</u>

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Due from other governments	<u>\$ 2,156,857</u>
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued interest payable	26,297
Long-term bonds	1,025,000
Compensated absences	702,219
Total	<u>\$ 1,753,516</u>

### 3. Detailed Notes on All Funds

#### ASSETS, LIABILITIES AND FUND EQUITY

A. Cash, Cash Equivalents and Investments - The State of Maryland Code allows municipalities to invest surplus funds in financial institutions within the State of Maryland if the financial institution provides collateral with a market value that equals or exceeds the amount by which a deposit exceeds the deposit insurance. Collateral is limited to obligations of or guarantees by the United States government; State, County or Municipal Obligation; obligations of the Inter-American Development Bank; or obligations of the World Bank. Municipalities may also invest in federal obligations or repurchase agreements those obligations secure. The State of Maryland Code requires municipalities have an investment policy. By resolution passed by the City Council, an investment policy has been adopted. Management has decided to restrict investments to the use of an interest bearing cash account for readily available funds, and the Maryland Local Government Investment Pool or certificates of deposit on a pooled basis for cash amounts that are available for longer periods. Only financial institutions covered by the Federal Deposit Insurance Corporation (FDIC) are used.

Investments are stated at fair value, in accordance with GASB Statement No. 31. All accrued interest is recorded as a receivable for the period earned and reported separately on the balance sheet.

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For purposes of this note disclosure, cash and cash equivalents are classified as either deposits or investments. Deposits include cash in checking accounts, savings accounts, certificates of deposit and undeposited cash. Investments consist of amounts invested in the Maryland Local Government Investment Pool.

**Deposits** - At fiscal year end, the carrying amount of the City's deposits was \$1,485,142, and the bank balances were \$2,284,857. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2005, the City's bank balances were not exposed to any custodial credit risk since all deposits were fully collateralized. Of the bank balances, \$400,000 was covered by federal depository insurance, and \$1,884,857 was covered by collateral pledged to the City and held in the City's name by the pledging bank's trust department. The City had undeposited cash in the amount of \$4,842.

**Investments** - Statutes authorize the City to invest in obligations of the United States government, federal government agency obligations, repurchase agreements, certificates of deposit or time deposits insured by the FDIC, and the Maryland Local Government Investment Pool (MLGIP), which invests in United States Treasuries.

The City's investments are pooled in the State created Maryland Local Government Investment Pool. These funds are part of an external investment pool. The investments at June 30, 2005 are shown below:

	<u>Carrying Amount</u>	<u>Fair Value</u>
General Fund	\$ 13,385,416	\$ 13,385,416
Equipment Acquisition and Replacement Fund	3,105,856	3,105,856
Capital Projects Fund	6,260,725	6,260,725
Water and Sewer Fund	<u>2,000,446</u>	<u>2,000,446</u>
Total - MLGIP	<u>\$ 24,752,443</u>	<u>\$ 24,752,443</u>

There is no custodial credit risk for these investments as the amounts are fully collateralized. In addition, there is no interest rate risk as the interest rates are adjusted periodically. It should also be noted that the City does not have any foreign currency risk associated with any investments.

Article 95 §22G of the Annotated Code of Maryland established the Maryland Local Government Investment Pool. The Pool is operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, and is under the administrative control of the State Treasurer. A single Baltimore-based financial institution, Mercantile-Safe Deposit and Trust Company, has managed the MLGIP. The pool has an AAA rating from Standard and Poor's Corporation and maintains a \$1.00 per share value. An MLGIP Advisory Committee of current participants was formed to review, on a quarterly basis, the activities of the pool and to provide suggestions to enhance the pool. The fair value of the City's investment in the pool is equal to the fair value of its shares in the pool.

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**B. Property Taxes** - Real and personal property taxes are levied at a rate consistent with State law requiring that the State Department of Assessments and Taxation's constant yield tax rate cannot be exceeded without notice to the public of such an intent, and then, only after public hearings are held. The City Council levies the rate, adopted in the appropriations ordinance, based on the assessed value of the property as determined by the State Department of Assessments and Taxation.

By action of the Maryland General Assembly, triennial assessment in the State became effective in fiscal years after 1980. This act provides that only 1/3 of all property be reassessed every year with all property being reassessed every three years. The assessment increase is phased in over the three-year period. Taxable assessment increases were limited to 3 percent this fiscal year.

Prior to FY2001, real property was assessed at 40 percent of estimated full value. Pursuant to a change in State law, which took effect on October 1, 2000, the assessed values for FY2001 and subsequent years reflect the conversion to full value assessments of real property.

Taxes are levied as of July 1, become a lien on that date, and are due and payable by October 1, except principal residences, which are due and payable in semiannual installments at July 1 and December 31. Semiannual installments due on December 31 become delinquent January 1. Monthly interest at the rate of 2/3 of 1 percent and a penalty of 1 percent is added to all taxes unpaid. Sale of property for delinquent taxes or tax liens is conducted by the County during the month of May. Delinquent taxes at June 30, 2005 amounting to \$169,595 are 1.3 percent of levy. The City's tax rates for fiscal year 2005 were \$.322 per \$100 of assessed valuation for real property and \$.805 per \$100 of assessed valuation for business personal property.

**C. Due from/to Other Governments** - The following represent amounts due as of June 30, 2005 from/to other governmental units to the City of Bowie:

**1. General Fund - Due from Other Governments**

United States of America	\$ 59,252
State of Maryland -- Admissions and Amusement Tax	121,304
State of Maryland -- Income Tax	2,812,999
State of Maryland -- Motor Vehicle and Highway User Revenues	446,490
State of Maryland -- Race Track Revenue	9,150
State of Maryland -- Traders and Peddlers License Fees	9,930
State of Maryland -- Snow Storm reimbursement	10,742
Prince George's County -- Youth Program	28,341
Prince George's County -- Mentoring Grant	18,421
Prince George's County -- Rebate Landfill Fees	36,559
Prince George's County -- Real Property Tax Receipts	16,810
Prince George's County -- Hotel/Motel Tax	60,543
Maryland National Capital Park and Planning Commission	78,650
Total	<u>\$ 3,709,191</u>

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2. General Fund - Due to Other Governments

State of Maryland -- Other	\$ 12,499
Prince George's County -- Contract Police Services	315,537
Prince George's County -- Landfill Tipping Fees	111,162
Prince George's County -- Other	320
Total	<u>\$ 439,518</u>

D. Capital Assets

Capital assets activity for the year ended June 30, 2005 was as follows:

*Governmental Activities Capital Assets:*

Class	Balance June 30, 2004	Additions	Deductions	Reclass	Balance June 30, 2005
<b>Capital assets, not being depreciated:</b>					
Land	\$ 12,711,429	\$ 593,230	\$ 13,303	\$ -	\$ 13,291,356
Construction in Progress	2,486,809	1,208,523	-	(2,223,408)	1,471,924
Historical Treasures	163,830	-	-	-	163,830
Total capital assets, not being depreciated	<u>15,362,068</u>	<u>1,801,753</u>	<u>13,303</u>	<u>(2,223,408)</u>	<u>14,927,110</u>
<b>Capital assets, being depreciated:</b>					
Building & improvements	24,140,817	89,316	-	377,532	24,607,665
Improvements other than buildings	6,082,335	477,343	-	1,805,212	8,364,890
Machinery & equipment	7,327,703	999,537	710,257	5,000	7,621,983
Infrastructure	382,868	22,540	-	35,664	441,072
Total capital assets, being depreciated	<u>37,933,723</u>	<u>1,588,736</u>	<u>710,257</u>	<u>2,223,408</u>	<u>41,035,610</u>
<b>Less: accumulated depreciation for:</b>					
Building & improvements	5,881,534	598,608	-	-	6,480,142
Improvements other than buildings	1,939,768	356,355	-	-	2,296,123
Machinery & equipment	3,528,017	792,726	620,999	-	3,699,744
Infrastructure	7,612	13,691	-	-	21,303
Total accumulated depreciation	<u>11,356,931</u>	<u>1,761,380</u>	<u>620,999</u>	<u>-</u>	<u>12,497,312</u>
Total capital assets, being depreciated, net	<u>26,576,792</u>	<u>(172,644)</u>	<u>89,258</u>	<u>2,223,408</u>	<u>28,538,298</u>
Governmental activities capital assets, net	<u>\$ 41,938,860</u>	<u>\$ 1,629,109</u>	<u>\$ 102,561</u>	<u>\$ -</u>	<u>\$ 43,465,408</u>

**CITY OF BOWIE, MARYLAND**  
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**D. Capital Assets (continued)**

*Business-type Activities Capital Assets:*

Class	Balance June 30, 2004	Additions	Deductions	Reclass	Balance June 30, 2005
<b>Capital assets, not being depreciated:</b>					
Land	\$ 1,489,192	\$ -	\$ -	\$ -	\$ 1,489,192
Construction in Progress	61,900	606,648	-	-	668,548
Total capital assets, not being depreciated	<u>1,551,092</u>	<u>606,648</u>	<u>-</u>	<u>-</u>	<u>2,157,740</u>
<b>Capital assets, being depreciated:</b>					
Building & improvements	9,199,405	-	-	-	9,199,405
Improvements other than buildings	5,826,323	7,243	-	-	5,833,566
Machinery & equipment	3,389,756	100,260	95,794	-	3,394,222
Infrastructure	8,227,101	-	-	-	8,227,101
Total capital assets, being depreciated	<u>26,642,585</u>	<u>107,503</u>	<u>95,794</u>	<u>-</u>	<u>26,654,294</u>
<b>Less: accumulated depreciation for:</b>					
Building & improvements	4,410,684	225,490	-	-	4,636,174
Improvements other than buildings	1,234,550	264,259	-	-	1,498,809
Machinery & equipment	2,346,099	209,451	95,794	-	2,459,756
Infrastructure	3,609,452	158,454	-	-	3,767,906
Total accumulated depreciation	<u>11,600,785</u>	<u>857,654</u>	<u>95,794</u>	<u>-</u>	<u>12,362,645</u>
<b>Total capital assets, being depreciated, net</b>	<u>15,041,800</u>	<u>(750,151)</u>	<u>-</u>	<u>-</u>	<u>14,291,649</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 16,592,892</u>	<u>\$ (143,503)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,449,389</u>

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Depreciation expense was charged to functions/programs of the City for the fiscal year ended June 30, 2005:

<i>Governmental activities:</i>	
General government	\$ 509,919
Social services	28,251
Public works	490,359
Parks, culture & recreation	732,851
Total	\$ 1,761,380
 <i>Business-type activities:</i>	
Water	\$ 437,526
Waste water	420,128
Total	\$ 857,654

E. Construction and Other Significant Commitments - As of June 30, 2005, the City had outstanding construction commitments in excess of \$100,000, as follows:

<u>Project</u>	<u>Original Contract Amounts</u>	<u>Remaining Contract Amounts</u>
Street Resurfacing	\$ 1,097,988	\$ 257,585
Church Road Park	860,242	140,796
New Streets and Utilities Building	854,737	430,698
Street and Storm Drain Improvements – Old Town	432,664	281,631
Playhouse Renovation	233,000	233,000
New Skateboard Park	220,175	220,175
New Parks Maintenance Facility	165,150	20,313
New Welcome Center – Old Town	128,000	116,647
Total	\$ 3,991,956	\$ 1,700,845

F. Pension Plans - The City provides coverage for all its employees under the Federal Social Security System. In addition, the City established a defined contribution employees savings plan in accordance with Section 401(k) of the Internal Revenue Code. The City has the authority to establish and amend the benefit provisions of the savings plan, including contribution requirements of the employees and employer. The trustee for the plan is the ICMA Retirement Corporation.

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The defined contribution plan establishes individual accounts for each participant and specifies how the contributions to the participants' accounts are to be determined. In a defined contribution plan, the benefits a participant receives will depend on the amount contributed to the participant's account and the earnings from investment of these contributions.

All City employees, who work in a full-time status and have one year of service, may choose to participate. To receive a City matching contribution, a minimum employee contribution of 1% of gross pay, exclusive of overtime or bonuses, is required by the plan. The City matches employee contributions on a variable percentage scale, based upon years of service, to a maximum of 6%.

A participant is at all times vested in his own contributions to the plan, plus any interest earned on these contributions. A participant's vested percentage in the City's contribution amount is determined from the following table based on years of service:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 2	0%
2	25%
3	50%
4	75%
5 or more	100%

An additional employer contribution of 4 % of gross pay, exclusive of overtime and bonuses, is made for all employees with one year of service, who complete 1,000 hours of service during the plan year and are employed on the last day of the plan year. No contributions are required by the employees to receive this 4 % annual contribution. At the time of making the contribution, the City may, at its discretion, designate that all or a portion of the contribution is fully vested when made. In the absence of such a designation, the vesting schedule for the 4 % contribution is as follows:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 2	0%
2	25%
3	50%
4	75%
5 or more	100%

The plan allows withdrawals for death, disability, retirement and hardship. The plan also has a loan option to enable participants to borrow from their own contributions. Loans may not exceed the lesser of: (1) Fifty thousand dollars (\$50,000) reduced by the excess of the highest outstanding loan balance during the one year period preceding the date of the loan over the outstanding balance of loans on the day the loan is made, or (2) the greater of \$10,000 or 50



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percent of the participant's vested interest in the plan. All loans must have a repayment schedule not to exceed five years. The plan year is from January 1 to December 31.

Employee contributions and the City's matching funds are transferred to the ICMA Retirement Corporation on a bi-weekly basis. The annual 4% City contribution was made in February following the plan year end. The February 2005 contribution was \$362,213. The City's required and actual matching contributions for fiscal year 2005 amounted to \$364,951. Employee contributions totaled \$572,447 in fiscal year 2005.

The City also maintains a 401(a) Money Purchase Plan. The trustee for the plan is the ICMA Retirement Corporation. Participation is limited exclusively to the City Manager. Eligibility commences upon employment. Under the plan, the City contributes 10% of gross salary, exclusive of bonuses. Employer contributions are transferred to the ICMA Retirement Corporation on a bi-weekly basis. Contributions are 100% vested in the participant's account at all times. The City has the authority to establish and amend the benefit provisions of the money purchase plan, including contribution requirements of the employee and employer.

ICMA Retirement Corporation held no securities of the City on behalf of the pension plan during or at the close of the fiscal year.

- G. Deferred Compensation Plan - The City offers substantially all its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.
- H. Compensated Absences – Compensated absences at June 30, 2005 totaled \$702,219 for governmental activities and \$111,660 for business-type activities, of which \$618,117 and \$111,660, respectively, were due within one year.

As part of the flexible benefit plan, all employees receive six non-accruable personal leave days each year instead of accruing sick leave. Current employees were offered the option of a buy back of accrued sick leave if they transfer to the personal leave benefit. Employees hired prior to July 1, 1988, and who elected to stay with the original sick leave option, accumulate sick leave at the rate of 1 1/4 days per month or 15 days a year. There is no restriction on the amount that may be accumulated. However, no payment is made for the accumulated amount upon separation and no accrued liability is recorded. The total dollar value of accumulated sick leave at June 30, 2005 was \$307,187 computed at the rates of pay as of that date.

- I. Postretirement Healthcare Benefits – The City offers postretirement healthcare, including prescription coverage, to employees who retire at or after age 55 and have 25 years of service, or have any other combination of age and years of service, which equal the number 80. The retiree pays 50 percent of the cost and the City pays 50 percent of the cost. The coverage is available until the retiree is eligible for Medicare. The employee's spouse is also eligible for this

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coverage. The City's contributions are funded on a pay-as-you-go basis. One retiree received benefits during the year. The total cost of providing this benefit was \$4,020 for the fiscal year ended June 30, 2005.

- J. **Long -Term 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 governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

General obligation bonds outstanding as of June 30, 2005 are composed of the following issue:

**Governmental activities**

1994 Refunding Bonds - Original issue \$9,105,000; mature serially in annual installments starting at \$930,000 on July 15, 1995 to \$280,000 on July 15, 2008; Interest rates vary from 3.6% to 5.74% per annum payable on January 15 and July 15; total interest payable to maturity is \$120,232. \$1,025,000

The City has also obtained long-term financing with the State of Maryland for its business-type activities. The Water and Sewer enterprise fund entered into the State's revolving loan program in order to modernize the City's water and wastewater plants. These long-term loans are direct obligations and pledge the full faith and credit of the City. However, these revolving loans will be retired from revenues of the Water and Sewer enterprise fund.

State revolving loans outstanding as of June 30, 2005 are composed of the following issues:

**Business-type Activities**

1. State Revolving Loan-Water Quality - Amount drawn \$2,241,000, matures in twenty level annual installments starting February 1, 2002; interest rate at 2.5% per annum payable on August 1 and February 1; total interest payable to maturity is \$423,355. Administrative fees are 5.0% of total debt service, totaling \$127,905 over the total loan period. \$1,876,705
  
2. State Revolving Loan-Drinking Water - Amount drawn \$1,677,500; matures in twenty level annual installments starting February 1, 2002; interest rate at 2.5% per annum payable on August 1 and February 1; total interest payable to maturity is \$316,902. Administrative fees are 5.0% of total debt service, totaling \$96,784 over the total loan period. 1,404,807

**Total State revolving loans** \$3,281,512

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Annual debt service requirements to maturity for general obligation bonds and State revolving loans are as follows:

Fiscal Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2006	\$ 235,000	\$ 51,010	\$ 169,323	\$ 82,038
2007	250,000	37,727	173,556	77,805
2008	260,000	23,445	177,894	73,466
2009	280,000	8,050	182,342	69,019
2010	-	-	186,901	64,460
2011-2015	-	-	1,006,971	249,833
2016-2020	-	-	1,139,295	117,506
2021-2025	-	-	245,230	6,130
<b>Total</b>	<b>\$ 1,025,000</b>	<b>\$ 120,232</b>	<b>\$ 3,281,512</b>	<b>\$ 740,257</b>

Changes in long-term liabilities – Long-term liability activity for the year ended June 30, 2005, was as follows:

	June 30, 2004	Increases	Decreases	June 30, 2005	Due within one year
<b>Governmental activities:</b>					
General obligation bonds	\$ 1,442,050	\$ -	\$ (417,050)	\$ 1,025,000	\$ 235,000
Compensated absences	660,547	659,789	(618,117)	702,219	618,117
<b>Total Governmental activities</b>	<b>\$ 2,102,597</b>	<b>\$ 659,789</b>	<b>\$ (1,035,167)</b>	<b>\$ 1,727,219</b>	<b>\$ 853,117</b>
<b>Business-type activities:</b>					
General obligation bonds	\$ 47,950	\$ -	\$ (47,950)	\$ -	\$ -
Long-term financing with State of Maryland	3,446,705	-	(165,193)	3,281,512	165,193
Compensated absences	120,294	109,778	(118,412)	111,660	111,660
<b>Total Business-type activities</b>	<b>\$ 3,614,949</b>	<b>\$ 109,778</b>	<b>\$ (331,555)</b>	<b>\$ 3,393,172</b>	<b>\$ 276,853</b>

The liabilities for governmental activities are liquidated by the general fund, while liabilities for business-type activities are liquidated by the water and sewer fund.

K. **Legal Debt Margin** - Neither Maryland State law nor the City Charter mandates a limit on municipal debt. On May 10, 1999, the City Council established a policy to limit debt, exclusive of amounts being repaid by the Water and Sewer System, to 0.8 percent of assessed value of taxable property. At June 30, assessed value of such property totals \$3,822,155,814, the

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debt limit was \$30,577,247 and the amount of debt applicable to the limit was \$1,025,000, or approximately 3.4% of the debt limit.

- L. Rental Income - The operation of the City's golf course has been contracted to outside operators. The term of the contract is thirty years, commencing October 1, 1981, and expiring September 30, 2011. The monthly rental fee is progressively increased from \$1,000 to \$6,000 by October 1, 2006. The rent changed from \$4,000 to \$5,000 effective October 1, 2001, and will increase to \$6,000 on October 1, 2006.

4. Risk Management

On July 1, 1987, the City joined the Local Government Insurance Trust (LGIT) sponsored by the Maryland Municipal League (MML) and the Maryland Association of Counties. The Local Government Insurance Trust is a self-insurance pool offering General Liability, Excess Liability, Business Auto Liability, Police Legal Liability, and Public Official Liability.

LGIT is capitalized at an actuarially determined level to provide financial stability for its local government members and to reduce the possibility of assessments. The trust is owned by the participating cities and counties and managed by a Board of Trustees elected by the members. Annual premiums are assessed for the various policy coverages. During fiscal year 2005, the City paid premiums of \$312,682 to the trust.

5. Interfund Transfers

Interfund transfers for the year ended June 30, 2005, consisted of the following:

Transfer to General Fund from Water and Sewer Fund	\$ 242,900
Transfer to Equipment Acquisition and Replacement Fund from General Fund	928,373
Transfer to Capital Projects Fund from General Fund	2,957,100

Transfers are used to (1) move revenues from the fund that budget requires to collect them to the fund that budget requires to expend them, or (2) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

6. Summary Disclosure of Significant Contingencies and Commitments

- A. The City is party to legal proceedings which normally occur in governmental operations. The legal proceedings are not, in the opinion of the City Attorney, likely to have a material, adverse impact on the financial position of the City as a whole.
- B. The City receives financial assistance from the U.S. Government and the State of Maryland in the form of grants. Entitlement to grant resources is generally conditioned upon compliance with terms and conditions of the grant

CITY OF BOWIE, MARYLAND  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2005

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agreements and applicable Federal and State regulations, including the expenditure of the resources for eligible purposes. Some grants are subject to financial and compliance audits in accordance with grantor's requirements. Any disallowances as a result of these audits become a liability of the City. As of June 30, 2005, the City estimates that no material liabilities will result from such audits.

**7. New Governmental Accounting Standards Board (GASB) Standard**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the year ended June 30, 2005, that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statement of the City:

- GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", will be effective for the City beginning with its year ending June 30, 2006. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner.
- GASB Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", will be implemented in phases using the same criteria applied in the implementation of the new governmental reporting model. As a result, this Statement will be effective for the City beginning with its year ending June 30, 2008. This statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supersedes existing guidance.
- GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section", will be effective for the City beginning with its year ending June 30, 2006. This Statement updates and modifies portions of previous guidance related to the preparation of a statistical section when presented as a required part of a comprehensive annual financial report.
- GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", will be implemented in phases using the same criteria applied in the implementation of the new governmental reporting model. As a result, this Statement will be effective for the City beginning with its year ending June 30, 2009. This Statement will require governments to recognize an expense under the accrual basis for annual required OPEB contributions, regardless of amounts paid. The cumulative difference between amounts expensed and paid will create a liability (asset) similar to net pension obligations.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF BOWIE  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2005

(Page 1 of 2)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 14,119,100	\$ 14,119,100	\$ 14,193,004	\$ 73,904
Licenses and permits	277,400	277,400	444,810	167,410
Intergovernmental revenues	7,991,800	7,996,800	8,976,753	979,953
Fees and fines	1,227,100	1,227,100	1,487,800	260,700
Contributions	89,000	89,000	90,427	1,427
Interest income	137,000	137,000	349,220	212,220
Rental income	181,000	181,000	170,761	(10,239)
Other revenues	137,600	137,600	265,780	128,180
<b>Total Revenues</b>	<u>24,160,000</u>	<u>24,165,000</u>	<u>25,978,555</u>	<u>1,813,555</u>
<b>Expenditures and encumbrances:</b>				
<b>General Government</b>				
City Council	160,900	160,900	156,472	4,428
City Manager	698,000	746,500	727,826	18,674
Personnel	251,600	268,100	263,664	4,436
Elections	200	200	-	200
Legal Services	140,000	121,000	128,855	(7,855)
Public Information	740,500	670,500	489,496	181,004
City Clerk	103,000	120,200	113,358	6,842
Finance	523,600	525,600	508,429	17,171
Information Technology	820,600	837,100	796,614	40,486
Community Services	429,400	429,900	402,581	27,319
Public Buildings and Grounds	374,300	401,800	378,676	23,124
Planning	434,200	452,100	443,915	8,185
<b>Total General Government</b>	<u>4,676,300</u>	<u>4,733,900</u>	<u>4,409,886</u>	<u>324,014</u>
<b>Economic Development</b>	<u>665,900</u>	<u>633,100</u>	<u>341,196</u>	<u>291,904</u>
<b>Public Safety</b>				
Housing Inspection and Code Compliance	435,300	434,100	418,102	15,998
Public Safety	1,058,400	1,046,300	945,510	100,790
Animal and Disease Control	171,700	180,500	161,593	18,907
<b>Total Public Safety</b>	<u>1,665,400</u>	<u>1,660,900</u>	<u>1,525,205</u>	<u>135,695</u>
<b>Social Services</b>				
Senior Citizen Services	667,700	684,900	679,174	5,726
Youth Services Bureau	630,300	651,300	643,492	7,808
<b>Total Social Services</b>	<u>\$ 1,298,000</u>	<u>\$ 1,336,200</u>	<u>\$ 1,322,666</u>	<u>\$ 13,534</u>

(Continued)

CITY OF BOWIE  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2005

(Page 2 of 2)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Public Works</b>				
Administrative	\$ 743,000	\$ 766,200	\$ 743,812	\$ 22,388
Equipment Maintenance and Garage	630,400	736,900	702,885	34,015
Solid Waste	4,361,100	4,346,100	4,280,474	65,626
Street Maintenance	2,834,700	2,997,500	2,965,000	32,500
Stormwater Management	292,000	316,500	254,008	62,492
<b>Total Public Works</b>	<u>8,861,200</u>	<u>9,163,200</u>	<u>8,946,179</u>	<u>217,021</u>
<b>Parks, Culture and Recreation</b>				
Recreation	816,700	729,200	705,846	23,354
Parks and Grounds	1,642,200	1,585,700	1,570,040	15,660
Ice Arena	607,100	670,100	645,938	24,162
Historic Properties and Museums	417,200	432,700	384,735	47,965
Gymnasium	325,700	440,400	387,987	52,413
<b>Total Parks, Culture and Recreation</b>	<u>3,808,900</u>	<u>3,858,100</u>	<u>3,694,546</u>	<u>163,554</u>
<b>Debt Service</b>	<u>493,100</u>	<u>495,100</u>	<u>492,761</u>	<u>2,339</u>
<b>Nondepartmental</b>	<u>757,400</u>	<u>360,700</u>	<u>347,344</u>	<u>13,356</u>
<b>Total expenditures and encumbrances</b>	<u>22,226,200</u>	<u>22,241,200</u>	<u>21,079,783</u>	<u>1,161,417</u>
<b>Excess of revenues over expenditures</b>	<u>1,933,800</u>	<u>1,923,800</u>	<u>4,898,772</u>	<u>2,974,972</u>
<b>Other financing sources (uses):</b>				
Transfers in	242,900	242,900	242,900	-
Transfers out	(3,931,500)	(4,045,900)	(3,885,473)	160,427
<b>Total other financing sources (uses)</b>	<u>(3,688,600)</u>	<u>(3,803,000)</u>	<u>(3,642,573)</u>	<u>160,427</u>
<b>Net change in fund balance</b>	<u>(1,754,800)</u>	<u>(1,879,200)</u>	<u>1,256,199</u>	<u>3,135,399</u>
<b>Fund balance - beginning</b>	<u>14,273,302</u>	<u>14,273,302</u>	<u>14,273,302</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 12,518,502</u>	<u>\$ 12,394,102</u>	<u>15,529,501</u>	<u>\$ 3,135,399</u>
<b>Adjustments to reconcile to GAAP basis:</b>				
Addition of encumbrances outstanding			427,153	
Less prior year encumbrances expended in current year			(469,526)	
<b>Fund balance - June 30, 2005 (GAAP basis)</b>			<u>\$ 15,487,128</u>	



**CITY OF BOWIE, MARYLAND**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2005**

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A. Budgetary information - The annual operating budgets are plans of current expenditures and the proposed means of financing them. The primary means by which most of the financing, acquisition, spending, and service delivery activities of the governmental unit are legally controlled, is through the annual operating budget. The City of Bowie prepares an annual operating budget for each fund. The budgets are prepared on a line item basis by function, activity and object. The City's fiscal year begins on July 1 and ends on June 30.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- Prior to April 15, a 6 year Capital Improvements Program is submitted by the City Manager to the City Council for adoption. Public hearings are held regarding the programs and adoption, via resolution, is made by the Council for those programs.
  - By the fifteenth of April, the City Manager submits to the City Council a proposed operating budget. The operating budget includes proposed expenditures, including those expenditures for the Capital Improvements Program approved for the ensuing year, and the estimated revenues by which the expenditures are to be financed.
  - Public hearings are conducted for taxpayers input regarding the proposed operating budget.
  - A favorable vote by a majority of the elected members of the Council is necessary to adopt, as an ordinance, the operating budget at the activity level.
  - Budgetary integration is used as a management control for all funds. Council approval is required, by ordinance, to increase the budgeted appropriations. Transfers of appropriations between activities require a council approved resolution. Two supplemental appropriations and one transfer resolution were required this year.
  - Expenditures may not legally exceed budgeted appropriations at the activity level.
  - All appropriations, not expended or lawfully encumbered, lapse at the end of the budget year, and are available to fund appropriations in the subsequent year.
  - The making of contracts, or the spending of monies for capital improvements financed in whole or in part by bond proceeds, or the making of contracts for leases or services that extend beyond the budget year in which the contract is made, is expressly authorized.
- B. An encumbrance system is used in the governmental fund type of accounts. This method is employed to reserve the applicable appropriations for those expenditure commitments resulting from approved contracts or purchase orders that have not been performed or received by the end of the budget year. All encumbrances outstanding at year-end are recorded as a reservation of

**CITY OF BOWIE, MARYLAND**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2005**

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fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

- C. For the year ended June 30, 2005, expenditures exceeded appropriations in the legal services activity (the legal level of budgetary control) of the general government section of the general fund by \$7,855. These over expenditures were funded by unexpended appropriations from the remaining general government activities.
- D. The City's financial statements are prepared in accordance with all applicable legal requirements, which if inconsistent with generally accepted accounting principles are shown on separate schedules. There are no known violations of grant assurances or compliance procedures.
- E. The City Code requires the adoption of an annual operating budget for each City fund including the proprietary funds.
- F. The Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds is prepared on a basis consistent with generally accepted accounting principles under which method encumbrances are considered a reservation of fund balance and charged to operations in the year liquidated. All intergovernmental revenues applicable to these encumbrances are recorded as unearned for the current period, and earned for the subsequent period in which the reservation of fund balance is liquidated.
- G. The Budgetary Comparison Schedule for the General Fund and the schedule of Revenues, Expenditures and Encumbrances and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual – for the Equipment Acquisition and Replacement, and Capital Projects Fund were prepared on a basis consistent with the legally adopted budget. Under this method current year encumbrances outstanding are charged to budgetary appropriations and considered an expenditure of the current period.

**CITY OF BOWIE, MARYLAND**  
**Fund Descriptions**

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**MAJOR GOVERNMENTAL FUNDS**

**GENERAL FUND**

This fund accounts for all revenues and expenditures which are not accounted for in other funds. It is the largest and most important accounting activity. It receives a great variety of general revenues and finances a wide range of programs. Most of the City's operation is financed from this fund.

**EQUIPMENT ACQUISITION AND REPLACEMENT FUND**

This Fund was established by Ordinance Number 5-79 passed by the Council on June 4, 1979. It receives amounts transferred from other funds, not only to acquire and replace equipment during the current year, but to accumulate amounts appropriated each year to replace equipment scheduled for replacement in future years.

**CAPITAL PROJECTS FUND**

The fund was established to account for all resources used for the acquisition of capital facilities by the City except those financed by enterprise funds. Capital Projects are those capital outlays which involve the acquisition and/or construction of major, permanent facilities having a relatively long life.

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**PROPRIETARY FUNDS**

**WATER AND SEWER FUND**

This fund is operated to account for the activities of the Water and Sewer System. It is classified as an enterprise fund rendering services on a user charge basis. The system should be a self-supporting entity and the accounting must make it possible to show whether it operated at a profit or loss.

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**CITY OF BOWIE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual**  
**Equipment Acquisition and Replacement Fund**  
**For the Year Ended June 30, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Interest income	\$ 32,000	\$ 32,000	\$ 59,226	\$ 27,226
<b>Expenditures and encumbrances:</b>				
<b>General Government</b>				
City Council	35,100	35,100	-	35,100
Information Technology	71,600	117,600	116,563	1,037
Community Services	11,500	11,500	9,987	1,513
Total General Government	<u>118,200</u>	<u>164,200</u>	<u>126,550</u>	<u>37,650</u>
<b>Public Works</b>				
Solid Waste	432,800	432,800	428,316	4,484
Street Maintenance	212,500	212,500	215,397	(2,897)
Total Public Works	<u>645,300</u>	<u>645,300</u>	<u>643,713</u>	<u>1,587</u>
<b>Parks, Culture and Recreation</b>				
Special Events & Parks Operation	17,500	17,500	17,313	187
Parks and Grounds	158,400	158,400	121,664	36,736
Ice Arena	12,000	12,000	8,891	3,109
Total Parks, Culture and Recreation	<u>187,900</u>	<u>187,900</u>	<u>147,868</u>	<u>40,032</u>
Total expenditures and encumbrances	<u>951,400</u>	<u>997,400</u>	<u>918,131</u>	<u>79,269</u>
Excess of revenues over expenditures	<u>(919,400)</u>	<u>(965,400)</u>	<u>(858,905)</u>	<u>106,495</u>
<b>Other financing sources (uses):</b>				
Sale of Capital Assets	56,800	56,800	168,032	111,232
Transfers in	1,088,800	1,088,800	928,373	(160,427)
Total other financing sources (uses)	<u>1,145,600</u>	<u>1,145,600</u>	<u>1,096,405</u>	<u>(49,195)</u>
Net change in fund balance	226,200	180,200	237,500	57,300
Fund balance - beginning	2,746,161	2,746,161	2,746,161	-
Fund balance - ending	<u>\$ 2,972,361</u>	<u>\$ 2,926,361</u>	2,983,661	<u>\$ 57,300</u>
<b>Adjustments to reconcile to GAAP basis:</b>				
Addition of encumbrances outstanding			161,977	
Less prior year encumbrances expended in current year			(134,011)	
Fund balance - June 30, 2005 (GAAP basis)			<u>\$ 3,011,627</u>	

**CITY OF BOWIE**  
**Schedule of Revenues, Expenditures and Encumbrances**  
**and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual**  
**Capital Projects Fund**  
**For the Year Ended June 30, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental revenues	\$ 954,300	\$ 954,300	\$ 87,744	\$ (866,556)
Contributions	-	-	25,243	25,243
Interest income	50,000	50,000	75,240	25,240
Sale of fixed assets	-	-	409,412	409,412
<b>Total revenues</b>	<u>1,004,300</u>	<u>1,004,300</u>	<u>597,639</u>	<u>(406,661)</u>
<b>Expenditures and encumbrances:</b>				
<b>Capital outlay:</b>				
Land Acquisition	981,900	981,900	39,480	942,420
Public Buildings	2,902,700	3,062,100	1,091,564	1,970,536
Infrastructure	636,700	636,700	483,521	153,179
Drainage Control	140,300	108,200	24,540	83,660
Recreation Areas Development	1,041,000	1,028,100	749,595	278,505
<b>Total expenditures and encumbrances</b>	<u>5,702,600</u>	<u>5,817,000</u>	<u>2,388,700</u>	<u>3,428,300</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(4,698,300)</u>	<u>(4,812,700)</u>	<u>(1,791,061)</u>	<u>3,021,639</u>
<b>Other financing sources (uses):</b>				
Transfers in	2,842,700	2,957,100	2,957,100	-
<b>Net change in fund balance</b>	<u>(1,855,600)</u>	<u>(1,855,600)</u>	<u>1,166,039</u>	<u>3,021,639</u>
Fund balance - beginning	4,047,556	4,047,556	4,047,556	-
Fund balance - ending	<u>\$ 2,191,956</u>	<u>\$ 2,191,956</u>	<u>5,213,595</u>	<u>\$ 3,021,639</u>
<b>Adjustments to reconcile to GAAP basis:</b>				
Addition of encumbrances outstanding			1,409,540	
Less prior year encumbrances expended in current year			(543,706)	
Fund balance - June 30, 2005 (GAAP basis)			<u>\$ 6,079,429</u>	

**CITY OF BOWIE**  
**Schedule of Revenues, Expenses and Other Financing Sources (Uses) - Budget (Non-GAAP Budgetary Basis) and Actual**  
**Water and Sewer Fund**  
**For the Year Ended June 30, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Water sales and sewerage surcharge	\$ 2,746,900	\$ 2,746,900	\$ 2,511,041	\$ (235,859)
Minimum charges	831,000	831,000	822,242	(8,758)
Forfeited discounts and penalties	18,500	18,500	17,723	(777)
Processing fees	13,500	13,500	15,850	2,350
Interest income	22,800	22,800	47,672	24,872
Rental income - tower leases	193,000	193,000	192,966	(34)
Intergovernmental	-	15,000	47,520	32,520
Contributions	247,500	247,500	20,426	(227,074)
Other income	11,000	11,000	17,186	6,186
<b>Total revenues</b>	<u>4,084,200</u>	<u>4,099,200</u>	<u>3,692,626</u>	<u>(406,574)</u>
<b>Expenses:</b>				
Water Supply	1,883,400	2,015,300	1,625,909	389,391
Sewage treatment	1,806,200	1,951,000	1,711,360	239,640
Administrative and general	296,200	296,200	275,746	20,454
Miscellaneous	271,500	86,000	85,530	470
Debt service	314,500	314,700	314,930	(230)
<b>Total expenses</b>	<u>4,571,800</u>	<u>4,663,200</u>	<u>4,013,475</u>	<u>649,725</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>(487,600)</u>	<u>(564,000)</u>	<u>(320,849)</u>	<u>243,151</u>
<b>Other financing sources (uses):</b>				
Sales of capital assets	5,000	5,000	15,777	10,777
Transfers out	(242,900)	(242,900)	(242,900)	-
<b>Total other financing sources (uses)</b>	<u>(237,900)</u>	<u>(237,900)</u>	<u>(227,123)</u>	<u>10,777</u>
<b>Net change in net assets</b>	<u>(725,500)</u>	<u>(801,900)</u>	<u>(547,972)</u>	<u>253,928</u>
Net assets - beginning	15,520,193	15,520,193	15,520,193	-
Net assets - ending	<u>\$ 14,794,693</u>	<u>\$ 14,718,293</u>	14,972,221	<u>\$ 253,928</u>
<b>Adjustments to reconcile to GAAP basis:</b>				
Addition of capital assets acquired in current year			714,151	
Addition of principal payments on debt			213,143	
Less depreciation expense			(857,654)	
Less amortization of bond issuance costs			(1,004)	
Net assets - June 30, 2005 (GAAP basis)			<u>\$ 15,040,857</u>	



*“Growth, Unity, Progress”*

**SECTION III - STATISTICAL SECTION**



**CITY OF BOWIE, MARYLAND  
GOVERNMENT-WIDE EXPENSES BY FUNCTION**

**Table 1**

<b>Fiscal Year</b>	<b>General Government</b>	<b>Economic Development</b>	<b>Public Safety</b>	<b>Social Services</b>	<b>Public Works</b>	<b>Parks and Recreation</b>	<b>Interest</b>	<b>Water and Wastewater</b>	<b>Total</b>
2003*	\$ 4,670,793	\$ 349,273	\$ 1,211,804	\$ 1,194,725	\$ 8,509,103	\$ 3,552,626	\$ 109,125	\$ 3,604,020	\$ 23,201,469
2004	4,994,301	343,077	1,243,853	1,265,530	8,928,989	5,401,085	86,923	3,853,207	26,116,965
2005	5,217,842	340,841	1,509,462	1,346,627	9,241,246	4,378,977	63,881	3,944,839	26,043,715

\*This is the first year of GASB 34 required compliance.

**CITY OF BOWIE, MARYLAND  
GOVERNMENT-WIDE REVENUES**

**Table 2**

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES				Total
	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Franchise Fees	Unrestricted Investment Income	Miscellaneous	
2003*	\$ 4,947,943	\$ 779,478	\$ 1,110,812	\$ 19,198,723	\$ 615,199	\$ 329,120	\$ 532,170	\$ 27,513,445
2004	4,880,173	675,960	803,126	19,860,404	644,409	239,628	655,062	27,758,762
2005	5,049,610	711,199	246,092	22,486,588	764,202	531,358	794,409	30,583,458

\*This is the first year of GASB 34 required compliance.

**CITY OF BOWIE, MARYLAND**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION<sup>1</sup>**  
**LAST TEN FISCAL YEARS**

**Table 3**

Fiscal Year	General Government <sup>2</sup>	Public Safety And Social Services	Public Works	Parks Culture And Recreation	Miscellaneous And Non- Departmental	Debt Service	Capital Outlay	Total
1996	\$ 2,417,592	\$ 1,149,828	\$ 4,847,530	\$ 817,254	\$ 1,504,001	\$ 1,839,787	\$ 2,414,906	\$ 14,990,898
1997	3,174,275	1,167,168	4,938,852	965,223	1,608,867	1,826,537	2,104,999	15,785,921
1998	2,849,713	1,235,027	4,819,083	1,107,589	1,713,388	1,669,049	2,532,274	15,926,123
1999	3,117,344	1,335,010	4,946,217	1,199,624	1,751,541	1,660,636	2,789,744	16,800,116
2000	3,409,451	1,490,497	5,627,920	1,405,954	1,843,669	1,651,876	7,530,621	22,959,988
2001	5,282,250	1,822,484	5,781,706	1,506,870	1,851,360	1,634,499	4,928,684	22,807,853
2002	4,528,564	2,194,841	6,848,599	2,189,764	359,161	539,242	2,233,810	18,893,981
2003	4,269,527	2,368,952	8,028,357	2,894,423	329,151	523,532	4,439,724	22,853,666
2004	4,372,131	2,471,529	8,463,104	4,719,275	446,631	504,253	3,128,838	24,105,761
2005	4,682,093	2,823,765	8,742,477	3,635,131	341,867	492,761	2,817,093	23,535,187

1. Includes General and Capital Projects Funds. Data presented on a GAAP basis.

2. Includes Economic Development.

**CITY OF BOWIE, MARYLAND  
GENERAL REVENUES BY SOURCE<sup>1</sup>  
LAST TEN FISCAL YEARS**

**Table 4**

<b>Fiscal Year</b>	<b>General Property Taxes</b>	<b>Business Taxes</b>	<b>State Shared Revenues</b>	<b>Licenses And Permits</b>	<b>Revenues From Other Agencies</b>	<b>Fees And Fines</b>	<b>All Other Revenues</b>	<b>Total</b>
1996	\$ 7,484,695	\$ 434,974	\$ 5,058,106	\$ 436,747	\$ 689,253	\$ 410,853	\$ 1,791,868	\$ 16,306,496
1997	7,688,715	(255,306)	5,285,247	533,124	1,026,295	430,712	1,717,919	16,426,706
1998	7,445,424	170,678	5,290,299	420,981	466,730	453,212	2,295,420	16,542,744
1999	8,250,818	304,798	5,604,592	392,907	466,444	482,596	1,639,753	17,141,908
2000	7,839,798	734,423	6,237,050	519,968	598,528	893,607	2,070,329	18,893,703
2001	8,464,043	835,266	6,789,132	498,161	1,322,238	684,689	1,774,947	20,368,476
2002	9,240,192	841,613	7,934,183	290,602	710,401	784,675	943,815	20,745,481
2003	10,858,963	815,502	7,478,539	284,834	1,576,611	1,362,136	1,012,234	23,388,819
2004	11,724,241	837,732	7,233,541	362,940	1,336,792	1,360,455	782,120	23,637,821
2005	13,411,671	781,333	8,222,875	444,810	841,622	1,487,800	1,035,897	26,226,008

1. Includes General and Capital Projects Funds. Data presented on GAAP basis.

**CITY OF BOWIE, MARYLAND  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

**Table 5**

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collected</b>	<b>Total Tax Collected</b>	<b>Collections As Percent of Current Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percent of Current Levy Delinquent</b>
1996	\$ 7,484,695	\$ 7,462,089	99.7 %	\$ 5,346	\$ 7,467,435	99.8 %	\$ 124,182	0.3 %
1997	7,688,715	7,659,247	99.6	10,057	7,669,304	99.7	102,189	0.4
1998	7,445,424	7,407,868	99.5	16,353	7,424,221	99.7	105,518	0.5
1999	8,250,818	8,081,471	97.9	18,096	8,099,567	98.2	237,894	2.1
2000	7,839,798	7,575,380	96.6	41,260	7,616,640	97.2	441,232	3.4
2001	8,464,043	8,409,781	99.4	368,223	8,778,004	103.7	115,195	0.6
2002	9,240,192	9,165,877	99.2	37,495	9,203,372	99.6	137,598	0.8
2003	10,858,962	10,721,204	98.7	43,958	10,765,162	99.1	213,583	1.3
2004	11,724,241	11,636,211	99.2	79,354	11,715,565	99.9	211,454	0.8
2005	13,411,671	13,370,358	99.7	59,236	13,429,594	100.1	169,595	0.3

**CITY OF BOWIE, MARYLAND**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (IN THOUSANDS)**  
**LAST TEN FISCAL YEARS**

Table 6

Fiscal Year	Real Property		Business Personal Property		Property of Railroads and Public Utilities		Total Assessed Value	Total Actual Value	Ratio of Assessed to Estimated Actual <sup>3</sup> Value
	Assessed Value	Estimated Actual <sup>1</sup> Value	Assessed Value	Estimated Actual <sup>2</sup> Value	Assessed Value	Estimated Actual Value			
1996	\$ 984,387	\$ 2,460,968	\$ 37,872	\$ 37,872	\$ 18,983	\$ 18,983	\$ 1,041,242	\$ 2,517,823	41.35 %
1997	1,000,353	2,500,882	43,356	43,356	20,415	20,415	1,064,124	2,564,653	41.49
1998	1,038,651	2,596,626	46,201	46,201	21,797	21,797	1,106,649	2,664,624	41.53
1999	1,080,757	2,701,893	60,009	60,009	20,965	20,965	1,161,731	2,782,867	41.75
2000	1,112,843	2,782,107	60,774	60,774	22,506	22,506	1,196,123	2,865,387	41.74
2001	2,922,365	2,922,365	82,349	82,349	23,097	23,097	3,027,811	3,027,811	100.00
2002	3,103,069	3,103,069	75,933	75,933	24,950	24,950	3,203,952	3,203,952	100.00
2003	3,395,225	3,395,225	83,572	83,572	26,003	26,003	3,504,800	3,504,800	100.00
2004	3,514,837	3,514,837	132,804	132,804	34,764	34,764	3,682,405	3,682,405	100.00
2005	3,668,625	3,668,625	119,954	119,954	33,577	33,577	3,822,156	3,822,156	100.00

1. Property owned by the City, other governments, churches and schools is exempt and no estimate of value is included.
2. Unincorporated and ordinary incorporated businesses are assessed at 100 percent of estimated actual value.
3. Prior to FY2001, real property was assessed at 40 percent of estimated full value. Pursuant to a change in State law, the FY2001 assessed values reflect the conversion to full value assessments of real property, effective October 1, 2000.

**CITY OF BOWIE, MARYLAND**  
**REAL PROPERTY RATES AND TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**

Table 7

Fiscal Year	City <sup>4</sup>	County	State	Park and Planning	W.S.S.C. <sup>1</sup>	W.S.T.C.	Total	
<b><u>TAX RATE PER \$100 OF ASSESSED VALUE</u></b>								
1996	\$ 0.69	\$ 2.30 <sup>2</sup>	\$ (2.433 <sup>3</sup> )	\$ 0.210	\$ 0.610	\$ 0.0158	\$ 0.065	3.8938
1997	0.69	2.296 <sup>2</sup>	(2.426 <sup>3</sup> )	0.210	0.610	0.0154	0.065	3.8864
1998	0.67	2.301 <sup>2</sup>	(2.421 <sup>3</sup> )	0.210	0.610	0.0154	0.065	3.8714
1999	0.67	2.302 <sup>2</sup>	(2.414 <sup>3</sup> )	0.210	0.610	0.0149	0.065	3.8719
2000	0.63	2.315 <sup>2</sup>	(2.411 <sup>3</sup> )	0.210	0.610	0.0128	0.065	3.8428
2001	0.252	0.932 <sup>2</sup>	(0.964 <sup>3</sup> )	0.084	0.244	0.0042	0.026	1.5422 <sup>5</sup>
2002	0.252	0.938 <sup>2</sup>	(0.962 <sup>3</sup> )	0.084	0.244	0.0047	0.026	1.5487
2003	0.292	0.944 <sup>2</sup>	(0.962 <sup>3</sup> )	0.084	0.244	0.0038	0.026	1.5938
2004	0.292	0.945 <sup>2</sup>	(0.960 <sup>3</sup> )	0.132	0.279	0.0037	0.026	1.6777
2005	0.322	0.944 <sup>2</sup>	(0.960 <sup>3</sup> )	0.132	0.279	0.0017	0.026	1.7047
<b><u>TAX LEVIES</u></b>								
1996	\$ 6,792,270	\$ 22,670,431	\$ 2,067,213	\$ 6,004,760	\$ 155,533	\$ 639,851	\$ 38,330,058	
1997	6,902,436	22,968,106	2,100,741	6,102,154	154,054	650,229	38,877,720	
1998	6,958,962	23,899,360	2,181,167	6,335,771	159,952	675,123	40,210,335	
1999	7,241,072	24,879,026	2,269,590	6,592,618	161,033	702,492	41,845,831	
2000	7,010,911	25,762,315	2,336,970	6,788,342	142,444	723,348	42,764,330	
2001	7,364,360	27,236,442	2,454,787	7,130,570	122,739	759,815	45,068,713 <sup>6</sup>	
2002	7,819,734	29,106,787	2,606,578	7,571,488	145,844	806,798	48,057,229	
2003	9,914,057	32,050,924	2,851,989	8,284,349	129,019	882,759	54,113,097	
2004	10,263,323	33,215,208	4,639,585	9,806,395	130,049	913,858	58,968,418	
2005	11,812,972	34,631,818	4,842,585	10,235,463	62,367	953,842	62,539,047	

1. Approximately one-half of the City is subject to WSSC taxation for retirement of debt which was issued prior to June 30, 1978.
2. Prince George's County property tax rate within the City of Bowie.
3. Prince George's County property tax rate for unincorporated areas.
4. Does not include special taxing districts. See Table V(a) for special taxing district property tax levies.
5. Prior to FY2001, real property was assessed at 40 percent of estimated full value. Pursuant to a change in State law, the FY2001 tax rates reflect the conversion to full value assessments of real property effective October 1, 2000.
6. Restated to correct error in prior year tax rates.

Note: There are no statutory limits on the City Tax Rates. Compliance is required with constant yield Tax Rate Laws. Taxes are due and payable on July 1 except for principal residence which are due semiannually on July 1 and December 31. Taxes become delinquent on October 1 except for semiannual payments due December 31, which become delinquent January 1. No discounts are allowed and interest of 2/3 of 1% and 1% penalty per month is added to all delinquent taxes. Tax sales advertising costs are in addition to penalties imposed. Delinquent taxes are collected via liens or annual tax sales conducted by Prince George's County.

**CITY OF BOWIE, MARYLAND  
PROPERTY TAX LEVIES - SPECIAL TAXING DISTRICTS  
LAST TEN FISCAL YEARS<sup>1</sup>**

Table 8

Fiscal Year	<u>Ridesharing/Bus Systems</u>		<u>Stormwater Management Systems</u>	
	Assessed Values	Tax Levies	Assessed Values	Tax Levies
1996	\$ 63,229,280	\$ - <sup>2</sup>	\$ 43,053,620	\$ 300,122
1997	76,250,090	- <sup>2</sup>	54,361,770	346,257
1998	84,720,060	- <sup>2</sup>	59,761,890	30,876
1999	93,286,460	- <sup>2</sup>	67,976,810	467,219
2000	114,597,500	- <sup>2</sup>	65,848,810	304,222
2001	314,343,343 <sup>3</sup>	- <sup>2</sup>	190,781,748 <sup>3</sup>	435,372
2002	349,906,269	- <sup>2</sup>	236,333,614	784,893
2003	463,026,461	- <sup>2</sup>	287,414,144	145,007
2004	472,322,474	- <sup>2</sup>	310,025,347	237,668
2005	539,427,526	- <sup>2</sup>	333,680,000	362,775

1. Special Taxing Districts were established during the fiscal year ended June 30, 1988.
2. Since Fiscal year 1995, no tax has been levied for Ridesharing/Bus Systems Special Taxing Districts.
3. Prior to FY2001, real property was assessed at 40 percent of estimated full value. Pursuant to a change in State law, the FY2001 tax rates reflect the conversion to full value assessments of real property, effective October 1, 2000.



**CITY OF BOWIE, MARYLAND  
SCHEDULE OF LEGAL DEBT MARGIN  
AS OF JUNE 30, 2005**

**Table 9**

Neither State law nor the City Charter mandates a limit on the amount of municipal debt. On May 10, 1999, the City Council established a policy to limit debt, exclusive of amounts being repaid by the Water and Sewer System, to 0.8 percent of assessed value. By applying this new limit, the margin for the City would be as follows:

<b>Assessed Value</b>	<b>\$ <u>3,822,155,814</u></b>
<b>Debt Limit - 0.8% of Assessed Value</b>	<b>\$ 30,577,247</b>
<b>Amount of Debt Applicable to Limit:</b>	
<b>Total Bonded Debt <sup>1</sup></b>	<b>\$ <u>1,025,000</u></b>
<b>Debt Margin</b>	<b>\$ <u>29,552,247</u></b>

---

1. General Obligation Bonds Outstanding in the amount of \$3,281,512 are not included in the above Total Bonded Debt, because they are being retired from revenues of the Water and Sewer System rather than from tax revenues. However, these bonds would become subject to tax funding if the Water and Sewer System were unable to comply.

**CITY OF BOWIE, MARYLAND**  
**RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE AND BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

Table 10

Fiscal Year	Population	Assessed Value	Bonded Debt <sup>1</sup>	Ratio Of Bonded Debt To Assessed Value <sup>1</sup>	Bonded Debt Per Capita <sup>1</sup>
1996	44,898 <sup>2</sup>	\$ 1,041,242,420	\$ 9,241,540	0.9	\$ 205.83
1997	46,016 <sup>2</sup>	1,064,124,420	7,867,440	0.7	170.97
1998	47,523 <sup>2</sup>	1,106,648,870	6,596,380	0.6	138.80
1999	47,738 <sup>2</sup>	1,161,731,130	5,271,320	0.5	110.42
2000	50,269 <sup>3</sup>	1,196,123,230	3,891,260	0.3	77.41 <sup>4</sup>
2001	51,643 <sup>2,6</sup>	3,027,811,170 <sup>5</sup>	2,460,200	0.08	47.64
2002	52,865 <sup>2,6</sup>	3,203,952,400	2,052,150	0.06	38.82
2003	53,933 <sup>2,6</sup>	3,504,800,010	1,638,100	0.05	30.37
2004	54,469 <sup>2,6</sup>	3,682,405,406	1,442,050	0.04	26.47 <sup>6</sup>
2005	54,588 <sup>2</sup>	3,822,155,814	1,025,000	0.03	18.78

1. The above Bonded Debt represents only General Bonded Debt which is being repaid from tax revenues.

2. Estimates from City of Bowie Planning Department.

3. Bureau of the Census.

4. Fiscal year 2000 Per Capita calculation has been restated to reflect 2000 Census results.

5. Prior to FY2001, real property was assessed at 40 percent of estimated full values. Pursuant to a change in State law, the FY2001 assessed values reflect the conversion to full value assessment of real property effective October 1, 2000.

6. Restated to correct error in prior year totals.

**CITY OF BOWIE, MARYLAND  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
LAST TEN FISCAL YEARS**

Table 11

Fiscal Year	Principal	Interest and Paying Agents Fees	Total Debt Service <sup>1</sup>	Total General Governmental Expenditures <sup>2</sup>	Ratio of Debt Service to General Governmental Expenditures
1996	\$ 1,330,090	\$ 509,697	\$ 1,839,787	\$ 14,990,898	12.3 %
1997	1,374,091	452,446	1,826,537	15,785,921	11.6
1998	1,271,054	397,995	1,669,049	15,926,123	10.5
1999	1,325,060	335,576	1,660,636	16,800,116	9.9
2000	1,380,060	271,816	1,651,876	22,959,988	7.2
2001	1,431,060	203,439	1,634,499	22,807,853	7.2
2002	408,050	131,192	539,242	18,893,981	2.9
2003	414,050	109,482	523,532	22,853,666	2.3
2004	406,050	98,203	504,253	24,105,761	2.1
2005	417,050	75,711	492,761	23,535,187	2.1

1. This table does not include debt service on Water and Sewer Bonds, the amount for which is provided by revenues of the Water and Sewer System.

2. Includes General and Capital Projects Funds. Data presented on GAAP basis.

**CITY OF BOWIE, MARYLAND  
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
AS OF JUNE 30, 2005**

Table 12

Name Governmental Unit	Net Tax-supported Debt Outstanding	Percentage Applicable to This Governmental Unit	Share of Debt
<b><u>DIRECT DEBT</u></b>			
City of Bowie	\$ 1,025,000	100.00%	\$ 1,025,000
<b><u>OVERLAPPING DEBT<sup>1</sup></u></b>			
Prince George's County	618,827,545	8.00% <sup>2</sup>	49,506,204
Washington Suburban Sanitary Commission:			
Prince George's Storm Drainage <sup>3</sup>	3,245,000	4.00%	129,800
Maryland-National Capital Park and Planning Commission	113,480,000	8.00% <sup>2</sup>	9,078,400
Industrial Development Authority of Prince George's County lease revenue bonds	<u>54,025,883</u>	8.00% <sup>2</sup>	<u>4,322,071</u>
<b>Total Overlapping Debt</b>	<u>789,578,428</u>		<u>63,036,474</u>
<b>Total Direct and Overlapping Debt</b>	<u>\$ 790,603,428</u>		<u>\$ 64,061,474</u>

1. Overlapping Debt is not bonded debt of the City of Bowie on either a direct or contingent basis, but represents the share of debt of overlapping governmental units which the residents of the City of Bowie are obligated to pay through the direct tax levies of the respective governmental units.
2. Ratio of Assessed Value in the City of Bowie to the total Assessed Value in Prince George's County.
3. Approximation, since residents are not assessed for any new debt issued after June 30, 1978. The City is responsible for all storm drainage within the City after this date. Total WSSC outstanding debt of \$445,908,583 is applicable to Prince George's County acting as co-guarantor with Montgomery County, Maryland. Approximately one-half of the City is subject to WSSC storm drain debt which was issued prior to June 30, 1978.

**CITY OF BOWIE, MARYLAND  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**

**Table 13**

Fiscal Year	Population	Per Capita Income	Median Age	Educational Level	School Enrollment <sup>1</sup>
1996	44,898 <sup>2</sup>	\$ 20,324	33.0	14.6	7,668 <sup>4</sup>
1997	46,016 <sup>2</sup>	20,791	33.0	14.6	8,043 <sup>4</sup>
1998	47,523 <sup>2</sup>	21,144	33.0	14.6	8,347 <sup>4</sup>
1999	47,738 <sup>2</sup>	21,567	33.0	14.6	8,444
2000	50,269 <sup>3</sup>	30,703 <sup>3</sup>	36.3 <sup>3</sup>	14.9 <sup>4</sup>	8,410
2001	51,643 <sup>2,4</sup>	31,685 <sup>4</sup>	36.3 <sup>4</sup>	14.9 <sup>4</sup>	8,555
2002	52,865 <sup>2,4</sup>	32,034	36.3	14.9	8,580
2003	53,933 <sup>2,4</sup>	32,707	36.3	14.9	8,650
2004	54,469 <sup>2,4</sup>	33,786	36.3	14.9	8,698
2005	54,588 <sup>2</sup>	34,641	36.3	14.9	8,767

1. Prince George's County Board of Education.

2. Estimate from City of Bowie Planning Department.

3. Bureau of the Census.

4. Restated to correct error in prior year totals.

**CITY OF BOWIE, MARYLAND  
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS  
LAST TEN FISCAL YEARS**

**Table 14**

Fiscal Year	Commercial Construction		Residential Construction		Bank Deposits <sup>1</sup>	Property Value <sup>2</sup>		
	Units	Value	Units	Value		Commercial	Residential	Non-Taxable
1996	81	\$ 9,375,778	387	\$ 30,235,900	\$ 285,643,000	\$ 195,350,075	\$ 2,265,617,200	\$ 89,346,925
1997	114	14,402,780	386	32,792,500	426,333,000	219,106,020	2,281,776,630	92,005,675
1998	66	20,774,255	272	19,290,000	475,547,000	246,852,910	2,349,773,420	93,689,100
1999	61	9,359,370	318	40,093,864	480,789,000	253,729,650	2,448,163,480	113,813,600
2000	46	5,369,876	378	27,128,000	518,688,000	286,250,500	2,495,856,220	115,107,470
2001	99	19,995,902	233	19,364,000	551,093,000	286,448,300	2,635,916,680	123,898,740
2002	340	24,688,859	85	7,045,000	588,771,000 <sup>4</sup>	341,926,310	2,761,142,900	133,911,580
2003	69	14,146,100	74	23,246,879	639,451,000	429,440,864	3,263,165,998	142,976,128
2004	108	9,713,399	38	7,608,030	602,849,000	407,573,708	3,107,263,158	132,278,991
2005	80	12,345,800	64	16,585,000	<sup>3</sup>	425,406,661	3,243,218,137	138,066,717

1. Federal Deposit Insurance Corporation Philadelphia Regional Office. Data prior to 1997 included banks only. Beginning in 1997, data includes all FDIC insured banks and savings associations.

2. Full value. (Prince George's County Office of Assessments).

3. Information not available at time of report.

4. Restated to correct error in prior year totals.

CITY OF BOWIE, MARYLAND  
 PRINCIPAL TAXPAYERS  
 FISCAL YEAR ENDED JUNE 30, 2005

Table 15

<u>Name</u>	<u>Type of Business</u>	<u>General Property Taxes</u>	<u>Percent of Total General Property Taxes</u>
Maryland Science and Technology Center	Commercial Leasing	\$ 407,516	3.04 %
Archstone	Apartment Rental	141,463	1.05
Bowie Mall Associates	Commercial Leasing	132,090	0.98
Verizon - Maryland	Public Utility	125,655	0.94
Elder Oaks Apartments	Apartment Rental	97,170	0.72
Lowe's	Retail Store	88,451	0.66
Home Depot	Retail Store	82,036	0.61
Sears, Roebuck & Co.	Retail Store	77,906	0.58
Wal-Mart Stores	Retail Store	79,429	0.59
Heather Ridge Apartments	Apartment Rental	<u>75,472</u>	<u>0.56</u>
	Total	<u>\$ 1,307,188</u>	<u>9.73 %</u>

**CITY OF BOWIE, MARYLAND  
SCHEDULE OF INSURANCE IN FORCE  
AS OF JUNE 30, 2005**

**Table 16  
(Page 1 of 3)**

Name of Company Type of Coverage Details of Coverage	Policy Number	Policy Period	Liability Limits	Premiums
Local Government Insurance Trust Commercial General Liability Insures the City and its employees against losses as a result of bodily injury, property damage, personal injury.	BOWI01PLP	7/1/2004 to 7/1/2005	\$1,000,000 each occurrence and \$2,000,000 annual aggregate. \$5,000 medical per person. \$1,000,000 fire legal liability per occurrence. \$1,000,000 personal injury. No deductible.	\$31,844
Public Officials Liability Insures the City and its employees against all losses said insured shall become legally obligated to pay as damages for a wrongful act and against the costs of defending any suit against the insureds on account of such wrongful act.		7/1/2004 to 7/1/2005	\$1,000,000 each wrongful act and annual aggregate. \$10,000 deductible per wrongful act.	\$47,085
Business Auto Insurance Insures the City against the cost of investigating, defending, and paying claims for bodily injury and property damage caused by occurrences for which the City may be legally liable and arising out of the ownership, maintenance or use of any owned, hired or nonowned vehicle.		7/1/2004 to 7/1/2005	\$1,000,000 per accident. (Bodily injury and property damage). \$1,000 collision deductible. \$250 comprehensive deductible.	\$91,089
Primary Liability Special Endorsement Provides Personal Injury Protection (PIP) for passengers and guests other than employees in City vehicles. Also provides coverage for Uninsured Motorists and coverage of the Skate Park.		7/1/2004 to 7/1/2005	(PIP) \$2,500 for all reasonable expenses incurred by a passenger or guest within a three year period following an accident involving a City vehicle. (UM) \$20,000 for Bodily Injury for one person, \$40,000 Bodily Injury for two or more persons, and \$15,000 for Property Damage resulting from any one accident.	\$6,118
Excess Liability Insures the City against losses in excess of \$1,000,000 for automobile liability, commercial general liability, and public officials/personal injury liability.		7/1/2004 to 7/1/2005	\$5,000,000 per occurrence and annual aggregate, in excess of primary liability limit.	\$24,202



**CITY OF BOWIE, MARYLAND  
SCHEDULE OF INSURANCE IN FORCE  
AS OF JUNE 30, 2005**

**Table 16  
(Page 2 of 3)**

Name of Company Type of Coverage Details of Coverage	Policy Number	Policy Period	Liability Limits	Premiums
<b>Local Government Insurance Trust (continued)</b>				
<b>Property - All Risk</b> Insures the City against all risk of direct physical loss or damage to buildings and contents at various locations per statement of values. Blanket coverage of all real and personal property on a replacement cost basis. Includes losses from boiler/machinery, business interruption, expense, valuable papers, fine arts and transit.	BOW101PRO	7/1/2004 to 7/1/2005	\$52,681,344 blanket buildings and personal property maximum per occurrence. \$10,000,000 per year for flood, earthquake, newly acquired locations, \$1,000,000 for property under construction, \$500,000 for unscheduled property and location. (\$10,000 deductible). \$6,286,811 per occurrence on historic property. Various other sublimits range from \$400,000 to \$917,544.	\$112,344
<b>Injured Workers' Insurance Fund</b> <b>Workers' Compensation</b> Insures the City against obligations imposed by the Workers' Compensation Law of Maryland and includes employer's liability of \$100,000.	2336694-1	1/1/2004 to 1/1/2005	\$100,000 bodily injury per accident, \$500,000 per disease and \$100,000 per employee disease limit	Rates based on payroll class and payroll total
<b>American International Specialty Lines Company (AIG)</b> <b>Environmental Impairment Liability</b> Insures the City against losses as a result of claims for bodily injury or property damage caused by above ground and underground storage tanks.	ST7500126 PLS2672473	7/1/2004 to 7/1/2005	\$2,000,000 per impairment for claims, for claims expenses and annual aggregate. \$10,000 deductible per impairment.	\$9,095

**CITY OF BOWIE, MARYLAND  
SCHEDULE OF INSURANCE IN FORCE  
AS OF JUNE 30, 2005**

**Table 16  
(Page 3 of 3)**

Name of Company				
Type of Coverage				
Details of Coverage	Policy Number	Policy Period	Liability Limits	Premiums
<b>American International Specialty Lines Company (AIG) (continued)</b>				
<b>Pollution Liability and Terrorism Risk</b>	2672473	7/1/2004 to 7/1/2005	\$2,000,000 per incident for claims expenses and annual aggregate. \$10,000 deductible per incident.	\$56,741  (3 year policy)
Insures the City against losses as a result of claims for bodily injury or property damage causes by occurrences of pollution from its facilities for which the City may be legally liable. Provides terrorism risk coverage and on-site cleanup costs for new conditions or conditions resulting from transported cargo.				
<b>Travelers Insurance Company</b>				
<b>Fidelity and Crime</b>	103872654	7/1/2004 to 7/1/2005	\$1,000,000 for employee theft, faithful performance with \$25,000 deductible. \$200,000 for theft of money and securities (non-employee), and robbery. \$5,000 deductible.	\$5,240
Insurers the City against losses as a result of any fraudulent or dishonest acts or acts committed by employees acting alone or in collusion, and against loss of money and securities by actual destruction, disappearance, or wrongful abstraction.				

**CITY OF BOWIE, MARYLAND  
MISCELLANEOUS STATISTICAL DATA  
AS OF JUNE 30, 2005**

**Table 17  
(Page 1 of 2)**

Incorporated as City of Bowie.....		1916
Date of Adoption of Present Charter.....		1963
Form of Government: Council - Manager		
Area, in Square Miles.....		18
Miles of Roads, Streets and Sidewalks		
Streets and Roads		
Paved.....		180
Unpaved.....		-
Sidewalks.....		123
Alleys.....		1.6
Miles of Sewers		
Storm - Internal and External.....		396
Sanitary.....		130
Building Permits		
	<u>Number</u>	<u>Value</u>
Home Improvements and Remodeling	433	\$ 5,850,576
New Homes	64	16,585,000
Commercial	80	12,345,800
Total	<u>577</u>	<u>\$ 34,781,376</u>
Number of Fire Stations.....		3
Number of Public Schools		
Special Elementary Education.....		2
Elementary.....		7
Middle Schools.....		2
Senior High.....		1
Number of Private Schools.....		3
Number of Historic Buildings (listed by Prince George's County Historical and Cultural Trust).....		15

(Continued)

**CITY OF BOWIE, MARYLAND  
 MISCELLANEOUS STATISTICAL DATA  
 AS OF JUNE 30, 2005**

**Table 17  
 (Page 2 of 2)**

**Recreation**

Parks and Open Space - Number of Acres.....	1,360
Number of Community Centers.....	3
Number of Ball Fields (City, County Board of Education, Maryland-National Capital Park and Planning).....	63
Number of Ice Skating Rinks.....	1
Number of Theaters.....	2
Number of Museums.....	5

**Public Owned Water and Sewer System**

Number of Customers.....	7,882
Daily Average Water Consumption - M. G. ....	2.0
Water Plant Capacity - M. G. D.....	5.2
Miles of Water Mains.....	90
Number of Fire Hydrants.....	560
Water Plant Storage Capacity - M.G.....	4.2

Number of Street Lights..... 4,982

Number of Traffic Light Controlled Intersections..... 24

**Number of Authorized Employees (Full Time Equivalents):**

<u>Full Time</u>	<u>Regular Part Time</u>	<u>Seasonal Part Time</u>	<u>Total</u>
225.3	30.1	9.8	265.2

**Election**

Registered Voters.....	31,740
Number of Votes Cast - Last Municipal Election, April 2002.....	7,540
Percentage Voting.....	23.8

**Population**

1960.....	1,072
1970.....	35,028
1980.....	33,695
1990.....	37,642
2000.....	50,269

**Housing Stock as of January 1, 2005**

Single Family including Town Houses.....	18,139
Multifamily (Apartments).....	2,089



*“Growth, Unity, Progress”*