

Anne Arundel County, Maryland

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

County Executive

Steven R. Schuh

County Council

Derek Fink – Chairman
John J. Grasso - Vice Chairman
Peter Smith
Andrew C. Pruski
Michael Anthony Peroutka
Chris Trumbauer
Jerry Walker

**Anne Arundel County, Maryland
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

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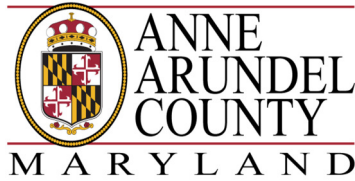
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OFFICE OF FINANCE

Steven R. Schuh,
County Executive

Laureen Toney
Acting Controller

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

December 28, 2016

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

I am pleased to submit to you the Comprehensive Annual Financial Report of the County for the fiscal year ended June 30, 2016 in compliance with the Anne Arundel County Charter Section 513. The purpose of this report is to comply with the County Charter and to provide you and the taxpayers of Anne Arundel County with sufficient information to evaluate the County's financial performance during fiscal year 2016.

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

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

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

About Anne Arundel County

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

34. Her husband had engraved on her tombstone, "Farewell, you most lovely of earthly beauties". The following year, in 1650, the General Assembly of the Maryland Colony named this county in her honor.

Profile of the Government

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

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

Budgetary Controls

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

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

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

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

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

Factors Affecting Financial Condition

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

Local Economy: Anne Arundel has one of the strongest economies in Maryland and continues to be a leader for job growth in the State. Anne Arundel County benefits from its corridor location between two large metropolitan areas. Because of this distinct location advantage, Anne Arundel County is located in the “Washington-Baltimore-Arlington, DC-MD-VA-WV-PA Combined Statistical Area,” the fourth largest United States market, as defined by the U.S. Census Bureau. This combined region contains a population of more than 9.6 million and its jurisdictions have household incomes at the highest levels in the country.

The County has six Economic Drivers of regional economic and employment activity located within its boundary:

- 1) The City of Annapolis
- 2) Baltimore-Washington International Thurgood Marshall Airport (BWI-TM airport)
- 3) Fort George G. Meade
- 4) Arundel Mills
- 5) Regional Hospitals
- 6) Northern Industrial Belt

The City of Annapolis is an independent municipality that supports some 32,465 jobs generated by the combined attributes of it being a major federal, state and county government center, a national historic tourist destination and a maritime recreational center with a reputation of being “America’s Sailing Capital”. It is also host to the U.S. Naval Academy.

BWI-TM airport supports 9,717 direct jobs and contributes \$12.9 billion to the Maryland economy. It is the 22nd busiest U.S. airport providing 638 daily operations and serving 23.8 million people in 2015.

Fort Meade is a 5,000 acre federal facility that hosts 119 tenant organizations with an estimated total employment on the base of 55,316 military and civilians. Major tenants on the base include National Security Agency, Defense Information Systems Agency and the expanding U.S. Cyber Command.

Arundel Mills is a major retail, entertainment, office and hospitality center with a combined employment concentration of about 12,000. Its development history began just 15 years ago with support from County Tax Increment Financing investment for infrastructure. In addition to regional retail, there are eight hotels, two office buildings and the Maryland Live casino. To complement its entertainment venue, Maryland Live recently broke ground on a 310-room hotel at the casino and purchased a nearby Hilton Garden, rebranding it as Live! Lofts.

Two regional hospitals – Anne Arundel Medical Center and Baltimore Washington Medical Center, with affiliations to Johns Hopkins and University of Maryland, provide healthcare services to county residents and to the extended region. Related medical offices and service providers help build a vibrant medical services industry for the region.

ANNE ARUNDEL COUNTY

In the northern tier of Anne Arundel, close proximity to transportation assets – Port of Baltimore, BWI-TM Airport, Rail and Highway, create the foundation for the County’s industrial and distribution businesses. Northrop Grumman Mission Systems division is headquartered here along with significant product logistics firms. Northrop Grumman, with 7,725 employees, is the largest private employer in the County.

Anne Arundel County’s civilian workforce measuring more than 302,000 workers serves businesses, government agencies and institutions throughout the Washington-Baltimore Region. Within the County, there are approximately 260,458 “in-place” jobs (the County’s largest employer, the National Security Agency, does not report its employee numbers to any of the state or county statistical reporting agencies). The County’s workforce is highly skilled with an educational attainment that reports 37.6% workers 25 years and older with a college or advanced graduate degree. The 2016 year to date average unemployment rate for Anne Arundel County is 3.9 percent as compared to the average for 2015 of 4.6 percent. This rate is favorable in contrast to the State unemployment rate of 4.5 percent and the national rate of 4.9 percent.

Anne Arundel County is fortunate to have industry diversity with the Trade/Transportation and Utilities, Government, Professional and Business Services and Leisure and Hospitality sectors dominating in terms of employment. In 2015, strong gains were seen in Trade, Transportation and Utilities, Professional and Business Services and Education and Health Services sectors. The County continues to experience all-time-highs in payroll employment with 260,458 jobs currently in the County.

Housing Market: The number of housing units sold in Anne Arundel County is up 14.1 percent over the same time period last year with 7,380 units sold year to date. The median price for existing homes is up 1.5 percent in 2016, with the median sold price at \$309,915.

Commercial Real Estate: Currently there is 57,073,906 square feet of commercial real estate in Anne Arundel County representing 1,864 properties. The average vacancy rate for all commercial property (office, flex, industrial) in the County is 10.9 percent, up slightly from the five-year average of 10.2 percent. Average rental rates are \$14.80 per square foot, up slightly when compared to the five-year average cost at \$14.31 per square foot. Currently average rental rates per square foot are \$24.25 for office, \$13.61 for flex and \$6.33 for industrial space.

Long Term Financial Planning

Rainy Day Fund: The County maintains a Revenue Reserve Fund (rainy day fund) and the Fund has increased from a low of about \$9 million at the end of fiscal year 2009 to approximately \$57.2 million at the end of fiscal year 2016. This increase is the result of revenues exceeding expenditures for fiscal years subsequent to 2009 and transfers to this Fund as part of the budget process. Another \$2.0 million will be transferred to the Fund during fiscal year 2017 which at the time the budget was set was the maximum amount allowed under County Code. Effective September 10, 2016 the maximum fund balance is now 5% of the estimated General Fund revenues for the upcoming fiscal year or \$70.4 million for fiscal year 2017.

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

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

Economic Outlook: The economic outlook for the County is very favorable and will continue to grow. In addition years of conservative budgeting and prudent financial management have created a solid foundation for economic stability for the future. Anne Arundel County's low property and income tax rates make the County attractive for both businesses and families. At \$0.915 per \$100 assessed value, the property tax is the 2nd lowest among the State's seven largest metropolitan jurisdictions and its local income tax rate at 2.50% is the 3rd lowest in the State of Maryland. Revenues from property and income taxes for fiscal year 2016 supported 79% of the County's budgeted expenditures, and growth in both sources should continue in the future. With a strong defense and technology industry base, a business community with global reach, a highly educated and skilled workforce, key transportation assets and a strategic location in the Baltimore/Washington DC corridor and favorable property and income tax rates Anne Arundel County will continue to be a formidable competitor in the State with many businesses making the County their first choice as a location to do business.

Financial Policies

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

Investment Policy: The County's investment policy provides for the safety and liquidity of public funds by minimizing credit and market risk while maintaining a competitive yield on the investment portfolio. All deposits of the Primary Government at June 30, 2016 were either insured by federal depository insurance or collateralized with the collateral held by an independent third party in the County's name. There were funds of two component units totaling approximately \$0.6 million which were uninsured and uncollateralized at June 30, 2016. Subsequent to the end of the fiscal year the funds were transitioned to an Insured Cash Sweep program which provides full insurance for its deposits. Investment activities are governed by State laws and, accordingly, the County invests in accordance with these laws.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to Anne Arundel County, Maryland for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the thirty-fifth consecutive year that the County has received this prestigious award.


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

ANNE ARUNDEL COUNTY

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

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

Sincerely,

A handwritten signature in cursive script that reads "Lauren Toney". The signature is written in black ink and is positioned to the right of the typed name.

Lauren Toney
Acting Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

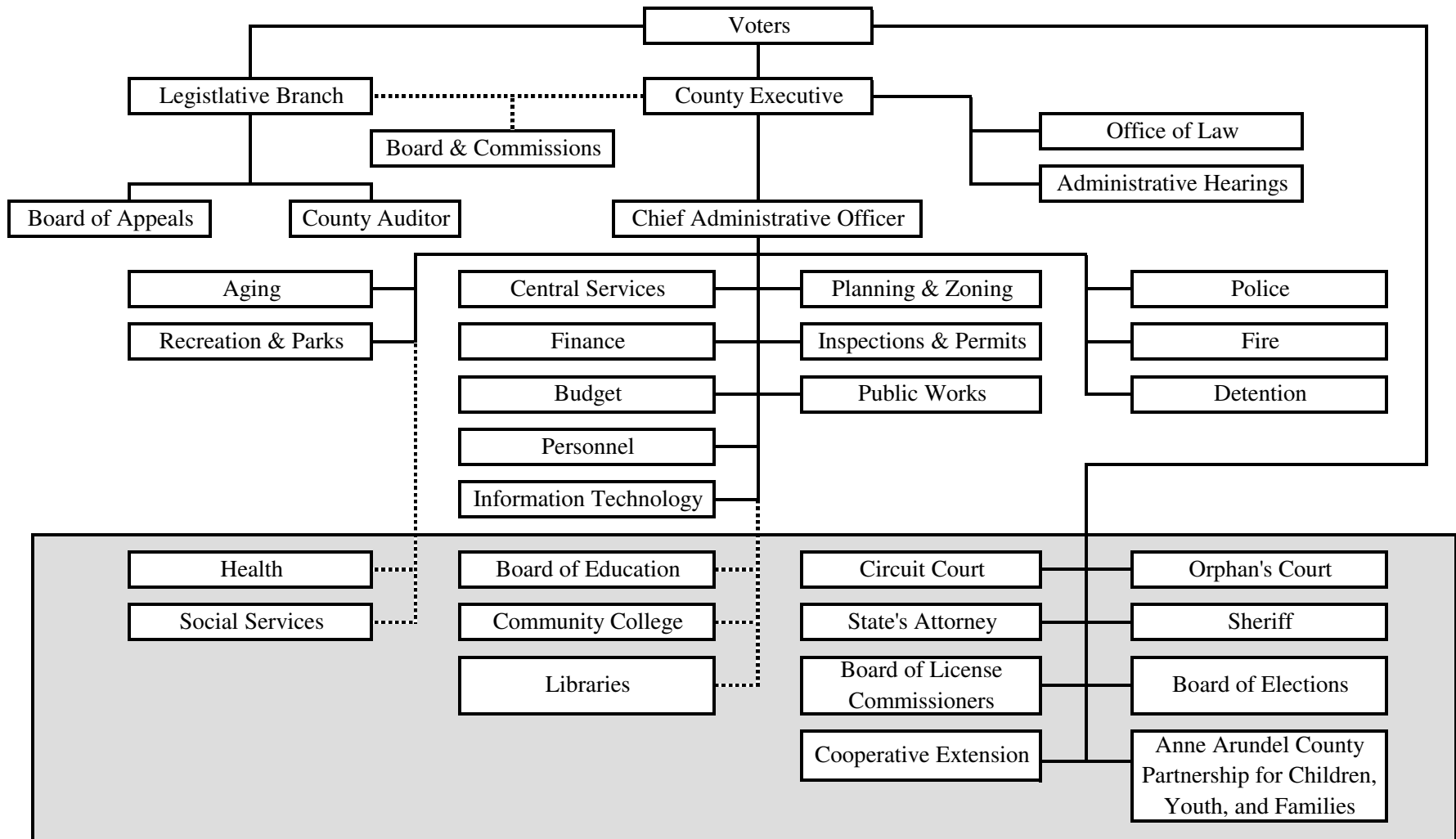
**Anne Arundel County
Maryland**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Anne Arundel County, Maryland



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the budgetary comparison for the General Fund and the aggregate remaining fund information of Anne Arundel County, Maryland (the County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Anne Arundel County Community College, the Anne Arundel Economic Development Corporation, Tipton Airport Authority, and the Anne Arundel Workforce Development Corporation, which represents 11 percent, 13 percent and 11 percent, respectively of the assets and deferred outflows of resources, net position and revenues of the discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amount included for the Anne Arundel County Community College, the Anne Arundel Economic Development Corporation, Tipton Airport Authority, and the Anne Arundel Workforce Development Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Anne Arundel Economic Development Corporation and Anne Arundel County Community College Foundation, which is included in the financial statements of the Anne Arundel County Community College, were not audited in accordance with *Government Auditing Standards*.

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the budgetary comparison for the General Fund and the aggregate remaining fund information of the County as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 28, 2016

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Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2016

As Management of Anne Arundel County, Maryland (the County), we have prepared the following discussion and analysis to inform readers of the County's annual financial report about the financial information that the enclosed statements present. We encourage readers to consider the discussion and analysis along with the other information in this report, including the transmittal letter and notes to the basic financial statements. In this section we have provided an overview of the basic financial statements, selected condensed financial data and highlights, and analysis of the County's financial position and changes in financial position. Comparable amounts from the fiscal year ended June 30, 2015 have been provided.

Financial Highlights

Government-wide:

- The County's assets exceeded its liabilities at the close of the fiscal year by \$802.7 million. The unrestricted portion is a negative \$1.2 billion which is composed of a deficit in the governmental activities of \$1.2 billion and a surplus of \$5.5 million in the business-type activities. The unrestricted deficit occurred in the governmental activities due to Board of Education and Anne Arundel Community College debt being recorded on the County's balance sheet, but not the corresponding capital assets. Debt outstanding for education projects is \$604.7 million and for college projects is \$42.1 million. The current net value of the Board of Education assets is \$1.11 billion and the community college net assets total \$94.3 million. In the current fiscal year, the governmental activities unrestricted deficit increased by \$84.6 million and the business-type activities unrestricted surplus increased by \$14.2 million.
- Total net position of the County has decrease by \$42.4 million or 5.0% over the prior year.
 - In the governmental activities, total revenue increased \$74.5 million or 4.9% while expenses increased \$99.4 or 6.3% from the prior fiscal year, resulting in a \$75.9 million decrease in net position, which is \$26.0 million more than the fiscal year 2015 decrease. Increases in general property tax, local income tax, and recordation and transfer tax revenues of \$8.6, \$64.8 and \$16.0 million, respectively, offset by a decrease in capital grants and contributions of \$32.5 million were the primary drivers of the increase in revenue. Higher expenses were primarily due to pay package increases and higher general government and public works spending.
 - In the business-type activities, total revenues decreased by \$44.0 million or 15.7% and exceeded total expenses by \$8.2 million or 4.1%, from the prior fiscal year, resulting in a \$33.5 million increase in net position which is \$50.9 million less than the fiscal year 2015 increase. The lower revenues were driven by a decrease in capital grants & developer contributions in the amount of \$44.6 million. This was primarily from a reduction in utility capital connection fees, and allocations for water, and waste water fees of \$38.1 million resulting from changes in the County code. State grant revenues for the Cox Creek Water Reclamation facility Enhanced Nutrient Removal project also decreased by \$14.3 million compared to the prior fiscal year.

Fund Level:

- The County's governmental funds reported combined fund balances of \$424.8 million, a decrease of \$35.7 million from the prior year. The greatest net change in fund balance was a \$35.7 million decrease from the prior year, in the General County Capital Projects Fund due to capital spending exceeding general bond issuance by \$79.5 million. For fiscal year 2016, the Impact Fees Capital Projects Fund balance increased \$20.8 million in part due to an increase of \$7.3 million in impact fees collected compared to the prior year. The General Fund balance decreased \$15.2 million as a result of the increase in operating revenue of \$19.2 million being offset by an increase in operating expense of \$49.6 million compared to the prior fiscal year. Nonmajor governmental funds balance decreased \$5.6 million primarily due to an increase operating income of \$37.1 million offset by an increase in transfers to other funds of \$21.0 million and a decrease in bond premium revenue of \$20.2 million in fiscal year 2016 compared to the prior fiscal year.
- Approximately 54.7% of the total governmental fund balance, \$232.3 million, is available to meet the County's current and future needs as mandated by the appropriate level of authority within the County and are properly designated as committed, assigned and unassigned.
- Available fund balance for the General Fund was \$142.8 million or 97.2% of total fund balance, which is 10.7% of the current year expenditures. Non spendable fund balance of the General Fund was \$2.7 million or 1.8% of the

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total fund balance. The restricted fund balance in the General Fund of \$1.4 million or .9% has been restricted for the Base Realignment and Closure (BRAC) zone capital improvements.

- The business-type activities charges for service increased by \$1.2 million or .8%, and capital grants and contributions decreased \$45.4 million or 35.6%. As discussed previously, this was primarily due to a change in the County code related to water and waste water connection and allocation fees. Non-operating revenues increased by \$0.2 million, and non-operating expenses increased by \$1.2 million from prior year. Operating expenditures increased by \$8.1 million or 4.1%. The increase was mainly due to the closing of capital projects that did not result in an asset in the amount of \$19.1 million. These project cost were expensed in the current fiscal year. The net position decreased \$50.9 million from the prior fiscal year.

Changes to debt:

- The County's general obligation bonded debt increased by \$8.2 million for governmental activities and \$10.3 million for business-type activity in fiscal year 2016. The County's issued additional general obligation debt, excluding refunding, in the amount of \$93.3 million for governmental activities which will be used for education, public safety, infrastructure improvements, community college, recreation and parks, watershed protection and restoration, and general government improvements. The County issued new bonds for business-type activity in the amount of \$43.6 million for utility improvements. The County also drew down \$4.6 million in Maryland Water Quality loans for water and waste water improvements.

Overview of Basic Financial Statements

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

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

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

Statement of Net Position – The Statement of Net Position presents the components of the County's assets and deferred outflows of resources, liabilities and deferred inflow of resources, and the net position at end of the fiscal year. This statement includes long-term capital assets and long-term liabilities. In addition, capital assets are shown at their depreciated value. Over time, increases or decreases in net position may indicate an improvement in, or deterioration of, the County's financial condition.

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

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

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County approves the budgets of these entities.

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

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

The perspective of these statements is narrower than the government-wide statements discussed previously. These statements present the financial position and changes in financial position resulting from currently available resources and currently due liabilities. Therefore, revenues are not recorded until available, and expenses are recorded primarily when the underlying economic activity occurs. In addition, because these statements focus on current resources, long-term assets and liabilities are not included.

The statements focus on the Primary government's major funds. Major governmental funds include the General Fund, the Impact Fees Capital Projects Fund and the General County Capital Projects Fund. Separate columns are presented for those funds considered major either by size or by importance. The other funds are aggregated into one column called "other nonmajor funds."

Proprietary Funds – The County maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government wide financial statements. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Transactions for these funds are recorded using the full-accrual basis of accounting whereby transactions are recorded when the underlying economic event takes place, regardless of the timing of cash flows. Moreover, long-term assets and liabilities are recorded on the statements.

The enterprise funds include the Water and Wastewater Fund, the Solid Waste Fund, and the Child Care Fund. Internal service funds include the Self Insurance, Health Insurance, Central Garage and Transportation, and Garage Replacement Funds. These statements also focus on major funds so the County includes separate columns for the Water and Wastewater and Solid Waste Funds.

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

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

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

Required Supplementary Information - The required supplementary schedules provide trend data about the Pension

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Trust Funds and other post-employment benefits.

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

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

Anne Arundel County, Maryland						
Statement of Net Position						
	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Assets:						
Current	\$ 556,863,935	\$ 563,524,762	\$ 188,104,801	\$ 187,924,884	\$ 744,968,736	\$ 751,449,646
Restricted - Current	190,037,476	182,123,768	329,036,301	338,431,517	519,073,777	520,555,285
Restricted - Noncurrent	-	-	30,450,956	53,999,680	30,450,956	53,999,680
Capital	1,087,534,744	1,100,157,702	1,553,658,987	1,474,740,978	2,641,193,731	2,574,898,680
Total	<u>1,834,436,155</u>	<u>1,845,806,232</u>	<u>2,101,251,045</u>	<u>2,055,097,059</u>	<u>3,935,687,200</u>	<u>3,900,903,291</u>
Deferred outflow of resources	<u>222,912,250</u>	<u>139,727,555</u>	<u>22,098,894</u>	<u>15,255,839</u>	<u>245,011,144</u>	<u>154,983,394</u>
Liabilities:						
Current	264,620,225	244,294,428	82,042,336	71,263,343	346,662,561	315,557,771
Restricted - current	17,410,103	17,521,852	13,363,303	22,005,733	30,773,406	39,527,585
Noncurrent	2,240,330,130	2,139,873,361	728,840,025	703,747,891	2,969,170,155	2,843,621,252
Total	<u>2,522,360,458</u>	<u>2,401,689,641</u>	<u>824,245,664</u>	<u>797,016,967</u>	<u>3,346,606,122</u>	<u>3,198,706,608</u>
Deferred inflow of resources	<u>28,634,591</u>	<u>1,601,126</u>	<u>2,794,705</u>	<u>-</u>	<u>31,429,296</u>	<u>1,601,126</u>
Net Position:						
Net investment in capital assets	556,191,931	578,852,173	939,311,650	924,398,545	1,495,503,581	1,503,250,718
Restricted	185,695,799	154,345,528	351,513,419	347,147,227	537,209,218	501,492,755
Unrestricted	(1,235,534,374)	(1,150,954,681)	5,484,501	(8,709,841)	(1,230,049,873)	(1,159,664,522)
Total net position (restated)	<u>\$ (493,646,644)</u>	<u>\$ (417,756,980)</u>	<u>\$ 1,296,309,570</u>	<u>\$ 1,262,835,931</u>	<u>\$ 802,662,926</u>	<u>\$ 845,078,951</u>

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

Deferred outflow of resources represent the consumption of net position that applies to a future period that will not be recognized as an outflow of resources until a future fiscal year.

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

Deferred inflows of resources represent the acquisition of net position that applies to a future period that will not be recognized as an inflow of resources until a future fiscal year.

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

Management's Analysis – Unrestricted current assets of governmental activities are \$6.7 million less in fiscal year 2016. This is due primarily to the following: a decrease in cash and temporary investments of \$33.4 million; an

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increase in taxes and other revenue receivable of 19.7 million; an increase in prepaid expenses of \$1.5 million, and an increase in due to other funds of \$5.3 million. The business-type activities current assets increased by \$.2 million, primarily due to an increase in cash and temporary investments of \$1.0 million offset by a decrease in service billing receivables of \$.9 million from prior year.

Restricted current assets in governmental activities increased by \$7.9 million or 4.3%. This was mainly from an increase in restricted cash and investments of \$10.2 million and a decrease in amounts due from other governmental agencies of \$2.3 million. The restricted cash in the Impact Fees Capital Projects Fund increased by \$20.6 million due to an increase in fees recognized which resulted in an increase in fund balance of \$20.8 million. The General County Capital project fund had a decrease in cash and investments of \$35.0 million. This decrease is the result of lower unspent Bond proceeds primarily related to education projects. The Nonmajor Governmental Funds had a decrease in cash and investments of \$8.6 million. This decrease was mainly due to a decrease in cash in the Bond Premium Fund of \$20.3 million and an increase in both the Watershed Protection and Restoration Fund, and the Video Lottery Local Impact Aid Fund of \$6.6 million and \$4.6 million, respectively. The decrease in current restricted assets in business-type activities of \$9.4 million or 2.8% was primarily due to a decrease in cash and investments of \$15.2 million. The decrease in cash was due mainly to the transfer of restricted cash in the Solid Waste Financial Assurance Fund to the Solid Waste Capital Project Fund to be used for the Millersville Landfill project. This was offset by an increase in both due from other governments and other net of \$4.6 million and \$1.2 million, respectively.

Restricted noncurrent assets in business-type activities decreased by \$23.5 million from prior fiscal year or 43.6%. This decrease resulted from the legislative change previously discussed that reversed deferred revenue and the corresponding receivables related to water and waste water allocation fees.

The governmental capital assets balance decreased by \$12.6 million from prior fiscal year or 1.1%. Capital assets in the business-type activities increased by \$65.9 million or 4.3%. This increase is the result of the completion of certain capital projects.

Current unrestricted liabilities for governmental activities increased by \$20.3 million or 8.32%, from the previous fiscal year. This occurred primarily due to increases in accounts payable and accrued liabilities, and an increase in the current portion of non-current liabilities of \$7.6, and \$13.2 million, respectively. The accounts payable and accrued liabilities increase mainly from the General County Capital Projects fund of in the amount of \$7.7 million. The increase in the current portion of non-current liabilities is as a result of an increase in the current portion of the unearned bond premium of \$2.0 million and in increase in the current portion of General Obligation Bonds of \$13.17 million resulting from an increase in debt issued. The current unrestricted liabilities in business-type activities increased by \$10.8 million or 15.1%, from prior fiscal. This change was in part caused by increase in accounts payables and accrued liabilities of \$8.6 million and an increase in the current portion of long-term debt and obligations of \$2.9 million which was in part from an increase of \$1.4 million related to the current portion of the bond premium.

Restricted current liabilities for governmental activities decreased by \$.1 million or .6%, from prior fiscal year. Restricted current liabilities for business-type activities decreased by \$8.6 million or 39.3% primarily due to a decrease in unearned revenues of \$8.8 million. This decrease is from a change in County Code related to the timing of revenues due related to allocations for developer contributions.

Noncurrent liabilities consist of bonded debt, pension benefits, OPEB obligation, unpaid insurance claims, loans, capital leases, and other liabilities. These liabilities increased \$100.5 million or 4.7%, in governmental activities, and increased by \$25.1 million or 3.6%, in business-type activities. The increase in governmental activities was due to the recording of the annual Pension Benefits obligation of \$99.7 million, \$4.7 million in additional long-term debt, and an increase of \$2.6 million in unpaid insurance claims. This was offset by a decrease in the annual OPEB obligation of \$6.7 million. The OPEB liability decrease was a result of the formation of the OPEB Trust created of July 1, 2015. The increase noted in the noncurrent liabilities in business-type activities of \$25.1 million for the current fiscal year was caused primarily by an increase in the net bonded debt of \$19.9 million, and an increase in the recording of the pension benefits obligation of \$6.6 million. The creation of the OPEB Trust decreased the OPEB obligation by \$.7 million in the current year.

The components of governmental and business-type net position were discussed in the financial highlights above. It should be noted that the deficit unrestricted balance in governmental activities has increased from a \$1.15 billion deficit

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to a \$1.2 billion deficit, an increase of 7.3%. It is important to note that although counties in the State of Maryland issue debt for the construction of schools, the schools are owned by the local Boards of Education. Ownership reverts to the County if the building is no longer needed. The County also funds projects for the Community College and others that do not result in County assets. Therefore, while the County's statements include this outstanding debt, there are no capital assets recorded on the Primary Government's statements. The negative unrestricted governmental activities fund balance of \$1.2 billion reflects this treatment. The Board of Education and Community College net investment in capital assets of approximately \$1.11 billion and \$94.3 million, respectively, are evidence of the significant level of capital assets constructed primarily from County incurred debt.

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

<u>Fiscal year</u>	<u>Balance (in millions)</u>	<u>Fiscal year</u>	<u>Balance (in millions)</u>
2013	(731.8)	2015	(1,151.0)
2014	\$ (1,061.9)	2016	(1,200.7)

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

	<u>Governmental Activities</u>		<u>Business type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Program Revenues:						
Charges for services	\$ 150,457,226	\$ 143,925,812	\$ 141,264,402	\$ 140,076,075	\$ 291,721,628	\$ 284,001,887
Operating grants & contributions	66,728,697	63,650,584	-	-	66,728,697	63,650,584
Capital grants & contributions	63,915,193	96,381,305	82,130,836	127,526,187	146,046,029	223,907,492
	<u>281,101,116</u>	<u>303,957,701</u>	<u>223,395,238</u>	<u>267,602,262</u>	<u>504,496,354</u>	<u>571,559,963</u>
General Revenues:						
General property taxes	666,490,976	657,850,224	-	-	666,490,976	657,850,224
Local income taxes	485,231,748	420,382,038	-	-	485,231,748	420,382,038
State shared taxes	8,703,263	8,405,452	-	-	8,703,263	8,405,452
Recordation & transfer taxes	105,668,592	89,697,633	-	-	105,668,592	89,697,633
In County Contributions	-	-	-	-	-	-
Local sales taxes	33,070,498	32,830,881	-	-	33,070,498	32,830,881
Investment income	4,586,006	1,967,451	1,671,465	1,172,934	6,257,471	3,140,385
Other revenue	15,765,909	11,011,946	11,397,747	11,655,557	27,163,656	22,667,503
	<u>1,319,516,992</u>	<u>1,222,145,625</u>	<u>13,069,212</u>	<u>12,828,491</u>	<u>1,332,586,204</u>	<u>1,234,974,116</u>
Total revenues	<u>1,600,618,108</u>	<u>1,526,103,326</u>	<u>236,464,450</u>	<u>280,430,753</u>	<u>1,837,082,558</u>	<u>1,806,534,079</u>
Expenses:						
Education	770,323,479	764,352,246	-	-	770,323,479	764,352,246
Public safety	313,525,185	325,971,423	-	-	313,525,185	325,971,423
General government	186,839,782	153,912,982	-	-	186,839,782	153,912,982
Health & human services	79,786,735	77,174,534	-	-	79,786,735	77,174,534
Public works	157,102,863	89,762,477	-	-	157,102,863	89,762,477
Recreation & community services	58,130,820	56,357,821	-	-	58,130,820	56,357,821
Judicial	28,588,085	30,581,580	-	-	28,588,085	30,581,580
Code enforcement	13,819,023	14,815,445	-	-	13,819,023	14,815,445
Land use & development	14,135,376	14,897,432	-	-	14,135,376	14,897,432
Interest expense on debt	53,157,194	48,149,211	-	-	53,157,194	48,149,211
Water & wastewater	-	-	153,026,559	129,449,976	153,026,559	129,449,976
Waste collection	-	-	46,296,735	51,226,226	46,296,735	51,226,226
Child care	-	-	4,766,747	4,834,882	4,766,747	4,834,882
Total expenses	<u>1,675,408,542</u>	<u>1,575,975,151</u>	<u>204,090,041</u>	<u>185,511,084</u>	<u>1,879,498,583</u>	<u>1,761,486,235</u>
Increase(decrease) in net position	(74,790,434)	(49,871,825)	32,374,409	94,919,669	(42,416,025)	45,047,844
Non operating income and expense:						
County Transfer	(1,099,230)	28,112	1,099,230	(28,112)	-	-
Net Position, beg of year	(417,756,980)	(367,913,267)	1,262,835,931	1,178,444,374	845,078,951	810,531,107
Adjustment to restate net position	-	-	-	(10,500,000)	-	(10,500,000)
Net Position, end of year	<u>\$(493,646,644)</u>	<u>\$(417,756,980)</u>	<u>\$ 1,296,309,570</u>	<u>\$ 1,262,835,931</u>	<u>\$ 802,662,926</u>	<u>\$ 845,078,951</u>

The Statement of Activities presents some significant changes in revenues. These fluctuations were explained in the financial highlights section. Governmental activities' overall revenue has increased from prior fiscal year by \$74.5 million or 4.9%. The increase in revenue is due to a \$64.8 million or 15.4% increase in Local Income Taxes primarily due to increased collection of income taxes by the State of Maryland, an increase in recordation and transfer taxes of

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\$16.0 million or 17.8% from an increase in real estate activity as well as an increase in charges for services of \$6.5 million or 4.5%. In addition, the growth in real property assessable base resulted in an additional \$8.6 million or 1.3% of general property tax revenue. There was a decrease in capital grants and contributions of \$32.5 million and no new special taxing districts were created in the current fiscal year.

The governmental activities' expenses had an increase of \$99.4 million or 6.3% from fiscal year 2015. Certain functional categories of expenditures had significant fluctuations during fiscal year 2016. The most notable fluctuations were in public works and general government which increased by \$67.3 or 75.0% and \$32.9 or 21.4%, respectively. These increases were partially offset by modest decreases in code enforcement as well as in land use and development. The spending increase in public works was driven by having to fund a larger student population at maintenance of effort levels. General government increased spending was driven by budgeted pay package increases. The increase in public works spending was due to higher non-capital expenditures.

In business-type activities capital grants and contributions decreased by \$45.4 million or 35.6% from the previous fiscal year which resulted mainly from a \$14.3 million decrease in grant funding for the Cox Creek Water Reclamation Facility enhanced Nutrient Removal and a \$38.9 million decrease in developer allocation fees, and capital connection fees for water and wastewater. In general revenues, other revenue increased by \$.2 million or 1.9% which was mainly from an increase in investment income of \$.5 million from prior fiscal year.

Business-type expenses had an overall increase of \$8.1 million or 4.1% from the previous year which was primarily caused by an increase contractual service in the Water and Wastewater Fund of \$6.2 million related to expenses in closing capital projects that did not result in depreciable assets.

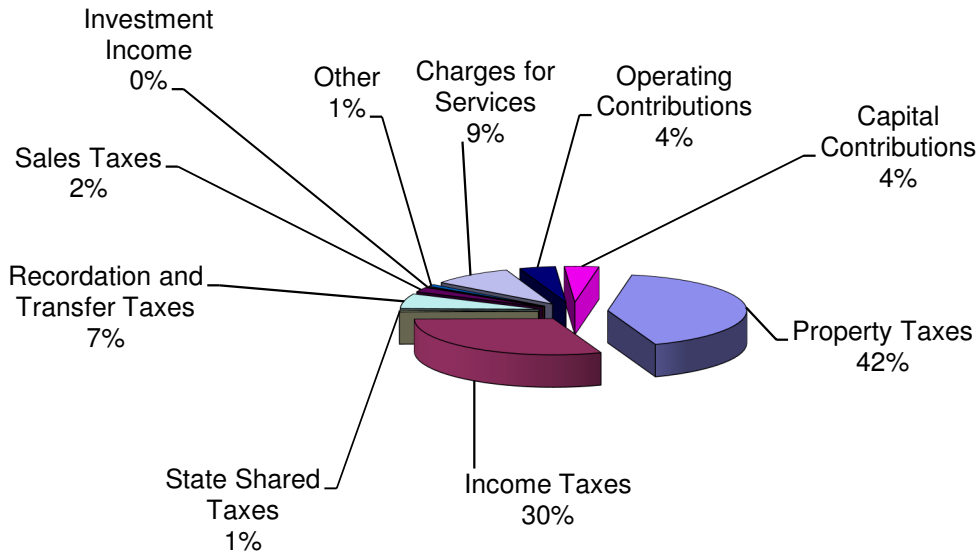
Distribution of Revenues and Expenses

The next two charts show the percentage distribution of revenues from governmental activities and the percentage expended on each function, respectively. Discussion of the 2016 distribution and significant changes since 2015 follows.

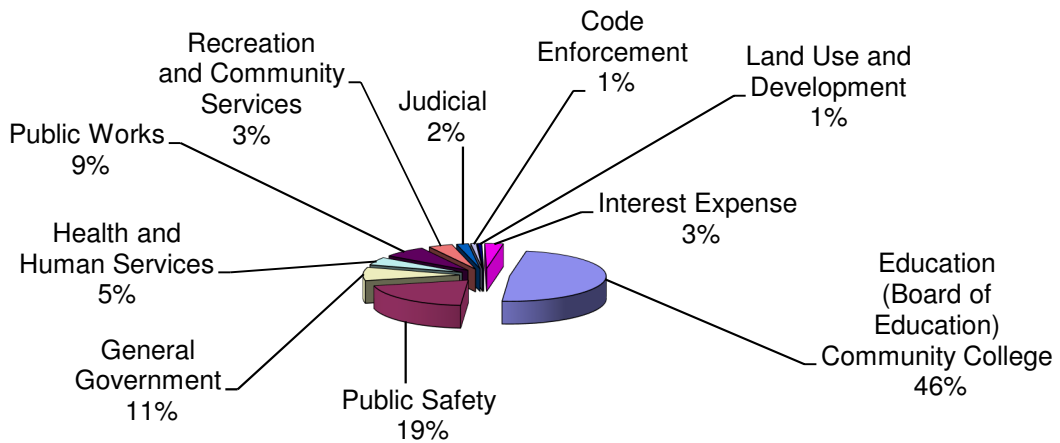
General revenue sources continue to provide the vast majority of the County's revenue. Tax revenues from property assessments, income, State shared sources, recordation and transfer, and sales tax provided 82% of the revenue base, an increase of 2% from fiscal year 2015 which was 80%. Charges for services paid to the County by users, were 9% for fiscal year 2016, consistent with fiscal year 2015 which was also 9%.

An analysis of the percentage distribution of revenues revealed that there was a slight increase in recordation & transfer taxes from 6% to 7% as well as an increase in income taxes from 28% to 30%. Property taxes decreased slightly from 43% to 42%. An analysis of the percentage distribution of expenses by function revealed that general government and public works increased from 10% to 11% and 6% to 9%, respectively, while public safety decreased from 21% to 19%.

Governmental Revenues Fiscal Year 2016



Governmental Expenses Fiscal Year 2016

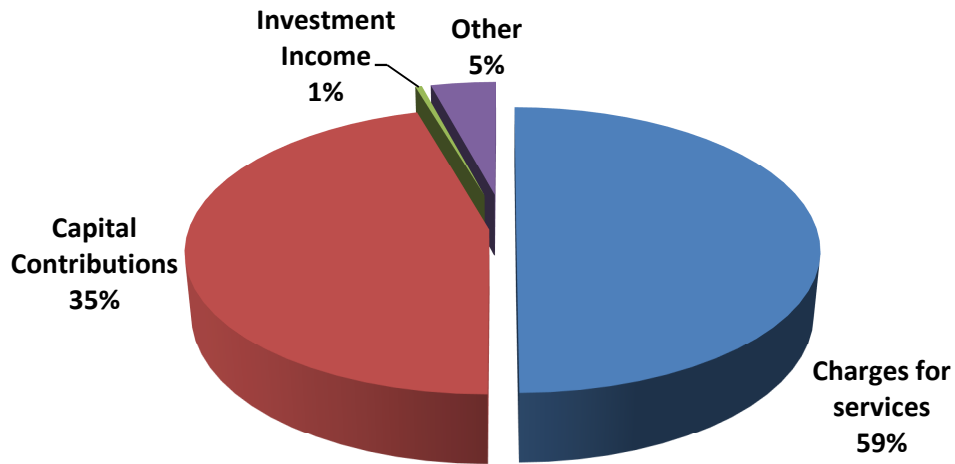


The next two charts show the percentage distribution of revenues from business-type activities and the percentage expended on each function, respectively. Discussion of the 2016 distribution and significant changes since 2015 follows.

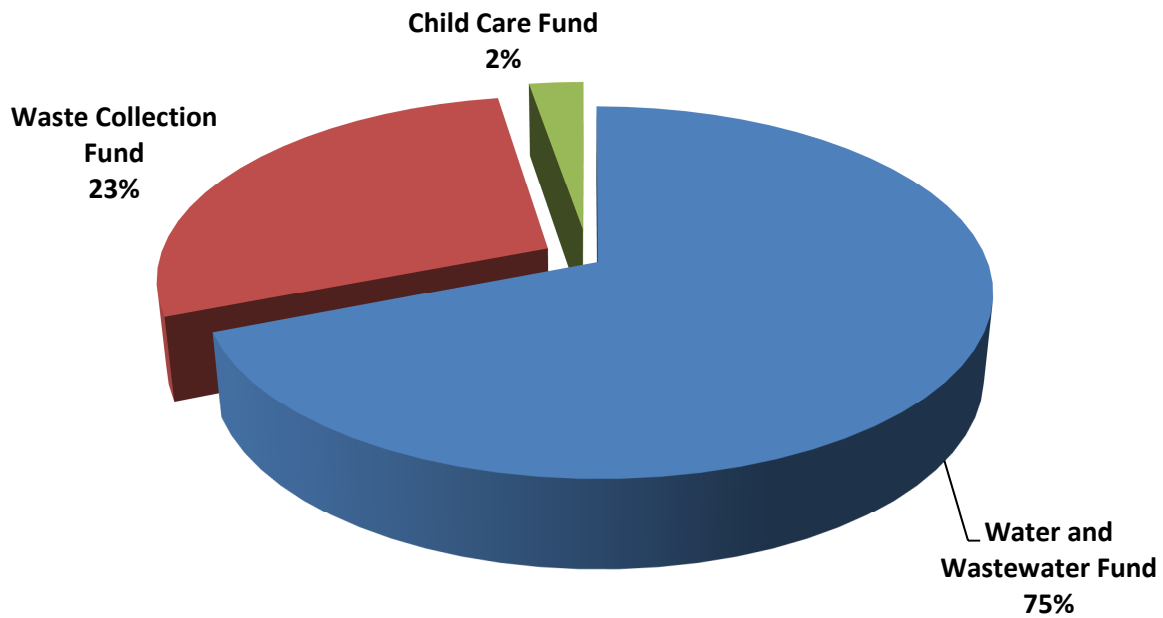
Charges for services and capital contributions continue to provide the vast majority of the County’s business-type activities revenue. Together these account for 94% of the revenue in fiscal 2016. This is a 2% decrease from 2015 which was 96%.

An analysis of the percentage distribution of expenses by function revealed that the water and wastewater fund increased from 70% to 76% while the waste collection fund decreased from 28% to 22%.

Business-Type Activities Revenues Fiscal Year 2016



Business-Type Activities Expenses Fiscal Year 2016



Anne Arundel County, Maryland
Management Discussion and Analysis
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Fund Statements

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Although tables have not been included herein, certain elements of the major fund statements presented in the basic financial statements are discussed below.

Governmental Funds:

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

Total assets in the General Fund increased from \$272.6 million to \$288.0 million or \$15.4 million, from prior fiscal year. The increase primarily occurred in receivables for local income tax of \$28.0 million offset by a decrease in cash and investments, and property tax receivables of \$4.9 million and \$6.9 million, respectively. Total fund balance decreased from \$162.0 million to \$146.8 million or a decrease of \$15.2 million. This decrease in the fund balance resulted in part from expenses exceeding revenues in the amount of \$13.3 million.

General Fund expenditures increased from \$1,287.0 million to \$1,336.6 million or \$49.6 million and revenues increased by \$31.1 million over prior fiscal year. The main increases in revenue were in general property tax, local income tax, and recordation and transfer tax of \$5.2 million, \$11.9 million, and \$16.0 million, respectively.

The County has a Revenue Reserve Fund which is included in the unassigned category of General Fund balance. At the end of the current fiscal year, a balance of \$57.2 million was in the reserve fund. This increase from prior fiscal year is a result of the current year contribution of \$7.0 million and investment earnings of \$1.6 million. This reserve may only be used when revenues fall below budget expectations and then legislative action is required. This fund has been in existence since fiscal year 1994 and has been drawn on by Management in fiscal year 2009 and fiscal year 2010 in the amounts of \$16.8 million and \$16.0 million, respectively, as a result of underperforming revenues during the recession of 2008 and 2009.

The Impact Fees Capital Project Fund retains developer impact fees until needed for the construction of capital assets. The total fund balance increased from \$72.5 million in fiscal year 2015 to \$93.3 million in 2016. The fund balance increased by \$20.8 million versus the \$16.3 million increase in fiscal year 2015. This was a result of an increase in impact fees recognized of \$33.9 million in 2016 versus \$26.4 million in 2015 and an increase in transfers to other funds of \$3.2 million (\$9.7 million transferred in fiscal year 2016 compared to \$6.5 million in 2015). The amounts transferred are used to pay off debt and for the construction of capital assets. Both of which are related to impact fee eligible projects. There was a slight decrease in expenses as \$3.5 million was recorded in fiscal year 2016 versus \$3.6 million in fiscal year 2015.

The General County Capital Projects Fund's total assets decreased from \$181.9 million in fiscal year 2015 to \$154.9 million in 2016, or \$27.1 million. This is primarily due to a decrease in cash and investments of \$35.0 million at the end of current fiscal year, which is in part due to a decrease in contributed capital of \$37.6 million compared to the prior fiscal year from a decrease in activity related to Arundel Gateway and other special taxing districts completion. Liabilities increased by \$8.2 million primarily due to an increase in accounts payable and accrued liabilities of \$7.7 million compared to the prior fiscal year. This increase was mainly due to an increase in payables in public works highway projects of \$4.3 million. Deferred inflow of resources increased \$4 million due to an increase in unavailable grant revenue. The net change in fund balance from prior year decreased from \$143.1 million to \$107.4 million in 2016. Total fund balance decreased \$35.7 million from prior fiscal year.

Revenues in the General County Capital Projects Fund decreased from \$55.4 million in fiscal year 2015 to \$18.5 million in fiscal year 2016, or by \$37.0 million. This decrease is attributable to a reduction in contributed capital of \$37.6 million as a result of a decrease in Special Tax District activity in the current fiscal year. Offset in part by an increase in grant and aid revenue, and investment income of \$.3 million and \$.3 million, respectively. Expenditures in this fund decreased by \$15.5 million which is attributed to a decrease of \$11.0 million for amounts paid to the Board of

Anne Arundel County, Maryland
Management Discussion and Analysis
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Education and Community College for capital projects and a \$4.5 million decrease in capital outlays. The decrease in Board of Education and Community College is primarily attributable to the decrease in cost for school construction. Although, school construction costs fluctuated based on various projects, Lothian Elementary School's construction costs decreased by \$11.5 million compared to the prior fiscal year.

Proprietary Funds:

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

The Water and Wastewater Fund's assets totaled \$1.99 billion at the end of fiscal year 2016 which was an increase of \$52.7 million over fiscal year 2015. The increase mainly occurred as a result of an increase in capital assets of \$80.4 million and \$4.6 million increase in capital grant receivables. The increases were offset by a decrease in cash and investments of \$9.0 million and a decrease in deferred connection and assessment charges of \$23.5 million related to a law change. Capital assets increase each year as capital projects are completed and developer donated water and sewer facilities are added. The decrease in cash and investments was in part the result of a decrease in unspent bond funds at year end of the current fiscal year. Liabilities have increased by \$29.0 million. The increase resulted primarily from additional long-term bonded debt of \$23.3 million, an increase in pension benefits liability of \$5.3 million, and an increase in accrued liabilities of \$7.0 million. The increase was offset by a decrease in unearned revenue of \$8.8 million related to a decrease in developer pre-paid connection fees. As a result of the changes in assets and liabilities, the Water and Wastewater Fund's net position increased \$27.1 million or 2.2%.

The Statement of Revenues, Expenses, and Changes in Fund Net Position had a decrease in operating revenues of \$.8 million. Operating expenses increased by \$21.7 million or 18.0%. Non-operating expenses increased from the previous year by \$1.5 million due in part to an increase in interest expense of \$2.0 million. Capital contributions, fees and grants decreased by \$45.0 million. These contributions represent the capital assets built by developers and fees collected from properties connecting to the County's water and wastewater systems.

The Solid Waste Fund's assets increased by \$3.9 million primarily due to an increase in capital assets of \$9.0 million offset by a decrease in cash and investments of \$5.4 million. Liabilities decreased by \$.7 million from prior fiscal year. A decrease in long-term debt of \$3.4 million, and an increase accrued liabilities and in net pension liability of \$1.5 and \$1.1 million, respectively, contributed to this change.

The Statement of Revenues, Expenses, and Changes in Fund Net Position for Solid Waste has an increase in operating revenue of \$0.6 million and a decrease in operating expenses of \$5.0 million. This contributed to a change in net position increase of \$5.5 million in the Solid Waste Fund as of the end of the current fiscal year.

Fiduciary Funds:

Fiduciary funds include the Pension Trust Funds, the OPEB Trust Fund, and the Agency Funds. The Pension Trust Funds are presented for the calendar year ended December 31, 2015. Investments decreased by \$26.4 million in calendar year 2015. Net position decreased from \$1.67 billion to \$1.61 billion or 3.1%. Contributions increased from \$77.0 million in 2014 to \$79.0 million during 2015 and investment activity decreased from 2014 by \$104.7 million. The OPEB Trust Fund was established at the beginning of the current fiscal year. The net position of the OPEB Trust at the end of the current fiscal year was \$65.3 million. Agency funds decreased from \$33.5 million in fiscal year 2015 to \$29.7 million in fiscal year 2016. This decrease was due in part to a \$2.8 million decrease in tax sale escrow deposits and a \$1.6 million decrease in escrow deposits for Sediment Control.

Budgetary Variations:

The budgetary statements of the General Fund show actual revenues of \$1.38 billion compared to budgeted amounts of \$1.35 billion, resulting in \$34.8 million more in revenue than anticipated. The most significant budgetary variation within components of revenue was recordation and transfer taxes which exceeded budgetary expectation by \$25.7 million or 32.1%. The remaining budget overages was mainly due to variances in, local sales tax, licenses and permits, ambulance fees, investment income, and interfund recoveries of \$5.6 million, \$1.6 million, \$2.4 million, \$1.0 million, and \$2.5 million, respectively. General property taxes were less than expected by \$4.3 million.

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Management Discussion and Analysis
Year Ended June 30, 2016

Total expenditures on a budgetary basis were \$1.37 billion compared to appropriation authority of \$1.38 billion, resulting in \$9.1 million or 0.7%, less than planned. Only modest variances were noted in the various expenditure categories which were attributed to a continued focus on cost avoidance and containment during fiscal year 2016.

In reviewing the changes from the original budget to the final budget, there were no changes to budgeted revenues. Budgeted expenses increased from the original budget to the final budget by \$15.1 million. This increase was primarily in general government, public works and public safety of \$3.8, \$6.0 and \$3.4 million, respectively, from the original budget to final budget. Management is not aware of any reasons why these and other budgetary variations would have a significant effect on future liquidity or services.

Capital Assets

The next table presents the asset values of the capital asset categories in governmental and business-type activities, net of accumulated depreciation. A discussion of the fluctuations follows.

Governmental capital assets - Total governmental capital assets show a decrease from the prior year of \$12.6 million or 1.1%. The following table shows an increase in land and easements, land improvements, roads and bridges, sidewalks curbs and gutters, storm drains and culverts, and automobiles and rolling stock of \$5.7, \$33.7, \$10.4, \$4.7, \$5.8 and \$8.0 million, respectively. These increases were partially offset by a decrease in construction in progress of \$81.9 million.

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

- \$12.7 million in road reconstruction and resurfacing
- \$14.0 million for park and trail improvements throughout the County
- 69 new vehicles were purchased including fire trucks, ambulances, and various autos
- \$5.2 million for preservation and conservation programs

Business-type capital assets – The capital assets in business-type activities increased by \$78.9 million or 5.4%, from fiscal year 2015. This increase was due to the increase in buildings, water and sewer plants and lines, automobiles and rolling stock and landfills. Buildings increased by \$18.1 million or 82.1% and water and sewer plants and lines increased by \$149.4 million or 17.5%. There was also an increase of \$1.3 million or 43.9% in automobiles and rolling stock and an increase of \$9 million or 51.9% in landfills. These increases were offset by a decrease in construction in progress of \$99.1 million or 17.8%. The remaining categories of assets show modest variations because new additions are negated by the continued depreciation of existing assets.

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

- \$22.6 million for Maryland City water reclamation facility expansion
- \$20.4 million for Cox Creek water reclamation facility enhanced nutrient removal
- \$18.7 million for general water and sewer main replacement and reconstruction
- \$12.0 million for Mayo water reclamation facility expansion
- \$8.4 million for cell 9 construction at landfill
- \$6.4 million for Cox Creek water reclamation facility non-enhanced nutrient removal
- \$4.3 million for general upgrades and retrofit of sewer pumping station
- \$4.2 million for elevated water storage tanks

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2016

Anne Arundel County, Maryland Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land and easements	\$ 217,840,431	\$ 212,116,689	\$ 12,705,712	\$ 12,640,178	\$ 230,546,143	\$ 224,756,867
Historical property and works of art	4,166,465	4,166,465	-	-	4,166,465	4,166,465
Land improvements	154,908,909	121,224,664	-	-	154,908,909	121,224,664
Landfills			24,265,692	15,253,966	24,265,692	15,253,966
Buildings	200,761,961	197,319,214	40,047,495	21,991,653	240,809,456	219,310,867
Roads, bridges and signals	177,607,830	167,186,833	-	-	177,607,830	167,186,833
Sidewalks, curbs and gutters	33,559,723	28,828,259	-	-	33,559,723	28,828,259
Storm drains and culverts	133,166,831	127,346,064	-	-	133,166,831	127,346,064
Water and sewer plants and lines	-	-	1,001,193,897	851,756,026	1,001,193,897	851,756,026
Automobiles and rolling stock	29,241,125	21,263,415	4,356,592	3,028,386	33,597,717	24,291,801
Furniture and equipment	29,060,232	31,741,645	12,275,329	12,159,056	41,335,561	43,900,701
Software	1,665,560	1,519,158	-	-	1,665,560	1,519,158
Construction in progress	105,555,677	187,445,296	458,814,270	547,411,713	564,369,947	734,857,009
Total	\$ 1,087,534,744	\$ 1,100,157,702	\$ 1,553,658,987	\$ 1,464,240,978	\$ 2,641,193,731	\$ 2,564,398,680

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

Anne Arundel County, Maryland Analysis of Depreciable Assets				
	Total depreciable capital assets	Less Accumulated depreciation	Net depreciable capital assets	Accumulated depreciation as a percent of total
Governmental				
2016	\$ 1,593,203,922	\$ (833,231,751)	\$ 759,972,171	52%
2015	1,489,865,377	(793,436,125)	696,429,252	53%
2014	1,452,096,655	(752,927,491)	699,169,164	52%
2013	1,411,067,951	(715,417,172)	695,650,779	51%
2012	1,386,454,990	(677,362,499)	709,092,491	49%
2011	1,350,208,675	(640,855,387)	709,353,288	47%
Business-type				
2016	\$ 1,899,149,892	\$ (817,010,887)	\$ 1,082,139,005	43%
2015	1,673,358,479	(769,169,392)	904,189,087	46%
2014	1,632,821,069	(712,989,192)	919,831,877	44%
2013	1,601,506,749	(674,959,354)	926,547,395	42%
2012	1,563,975,835	(636,376,833)	927,599,002	41%
2011	1,512,942,554	(599,641,441)	913,301,113	40%

This analysis shows that the percent of depreciated governmental capital assets have decreased in the last year to 52% at fiscal year-end 2016. The business-type capital assets also show a decrease to 43% in the total depreciation as a percent of the asset values at fiscal year-end 2016.

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

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2016

Debt Administration

The County's outstanding debt at the end of fiscal years 2016 and 2015 is presented in the table below. The County issued general obligation bonds, net of refunding, of \$136.85 million in April 2016, including \$93.26 million for governmental activities, \$43.59 million for business-type activities to fund improvements for general county capital projects of \$96.1 million, watershed protection and restoration projects of \$15.9 million, and water and sewer projects of \$52.3 million. In April 2016, the County also refunded bonds in the amount of \$144.89 million, including \$69.59 million for governmental activities, and \$75.3 million for business-type activities. The refunding resulted in net present value of savings of \$20.5 million in debt service expense. The County increased its debt in Maryland Water Quality loans for water and waste water improvements by \$4.6 million.

The changes to the federal and state loans were not significant as there were no new State loans in the current fiscal year. Principal payments of \$296,424 were made on existing loans. The County entered into a new lease agreement in 2016. Payments for leases totaling \$35,966 and an increase the lease amount of \$95,001 resulted in an increase in the capital lease balance to \$95,946. The County did not initiate new agricultural easements through installment purchase agreements during fiscal year 2016. Other changes to debt balances resulted from principal payments during fiscal year 2016. Additional information about the County's debt and changes therein is provided in Note 8 to the basic financial statements.

Anne Arundel County, Maryland						
Outstanding Debt *						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 1,029,099,707	\$ 1,018,773,705	\$ 583,052,529	\$ 572,747,101	\$ 1,612,152,236	\$ 1,591,520,806
Special assessment debt	83,125,000	84,860,000	-	-	83,125,000	84,860,000
State loans	3,101,437	3,397,861	-	-	3,101,437	3,397,861
Capital leases	95,946	36,911	-	-	95,946	36,911
Installment purchase agreements	13,565,000	13,585,000	-	-	13,565,000	13,585,000
Total	\$ 1,128,987,090	\$ 1,120,653,477	\$ 583,052,529	\$ 572,747,101	\$ 1,712,039,619	\$ 1,693,400,578

* Does not include unamortized premiums.

Fiscal Year 2017 and Beyond

- The County Real Property Tax Rate for fiscal year 2017 is \$0.915 per \$100 of assessed valuation. This is a .008 cent decrease and consistent with the County's Property Tax Revenue Cap. Fiscal Year 2017 property tax receipts are estimated to increase 2.2% over the revised fiscal year 2016 budget. Declining real property assessments do not significantly impact the property tax revenue yield because of the wide gap between assessable values and "taxable" assessable values, the growth of which was limited by the Homestead Property Credit Program to 2% per year during the housing boom years.
- The County Council has set the calendar year 2017 County income tax rate at 2.50% which is a decrease from the prior calendar year. Fiscal year 2017 income tax revenue is projected to increase 1.8% over the revised fiscal year 2016 budget. The increase in income tax revenue is largely due, to an improving economy and lower unemployment in Anne Arundel County. Income tax is budgeted at \$463.0 million for fiscal year 2017.
- A State law allows the County to collect a stormwater fee from taxpayers to fund the implementation of a local watershed protection and restoration program. These fees are maintained in a dedicated fund, the Watershed Protection and Restoration Fund. For fiscal year 2017, the Watershed Protection and Restoration Fund had an approved budget of \$19.0 million.

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2016

- For fiscal year 2017, the Anne Arundel County Public Schools are funded by the County at \$643.2 million, a \$22.6 million or 3.7% increase over the prior year. This funding level exceeds the required Maintenance of Effort for fiscal 2017. Legislation passed by the State of Maryland in May 2012 requires 100% of the teachers' normal pension costs be shifted to the County over a four-year period. This legislation has now been fully implemented in FY17. Anne Arundel County Public Schools fiscal year 2017 capital budget contains fifty planned projects totaling \$233.0 million or 55% of the capital budget. Of the total General Fund debt service budget, 58% is allocated for school debt.
- The County's support of the Anne Arundel Community College increased \$2.0 million in fiscal year 2017 over fiscal year 2016 to a total of \$40.4 million, \$38.7 million from General Fund and \$1.7 million from Video Lottery Local Impact Aid Special Revenue Fund. The County has appropriated \$3.2 million for Anne Arundel County Community College's fiscal year 2017 capital projects, which will be financed by issuing general obligation bonds. The Community College's annual debt service of \$7.1 million is paid by the County.

These and other economic factors were considered when preparing the fiscal year 2017 General Fund budget, which estimates total revenues at \$1.4 billion; an increase of \$60.2 million or 4.5% over fiscal year 2016 original budgeted amounts. Mindful of the economic struggles the County has faced for the past several years as a results of national economic uncertainties, cuts in revenue funding streams and the status of the State of Maryland's budget, the County will continue to carefully monitor expenditures and apply cost containment efforts. Expenditures for fiscal year 2017 will continue to be tightened and trimmed where possible with some strategic investments, particularly in technology. The County also anticipates issuing bonds during fiscal year 2017.

There are no new taxes to fund the fiscal year 2017 budget. The income tax rate of 2.50% was effective January 1, 2016 and was a reduction from the 2.56% rate for the prior calendar year. It continues to be the third lowest in the State. The real property rate of \$0.915 per \$100 of assessed value is 0.008 cents lower compared to fiscal year 2016 and consistent with the County's Property Tax Revenue Cap. The Homestead Tax Credit rate is 2.0% and remains unchanged from the past fiscal year.

The Water and Wastewater Fund meter usage rates for fiscal year 2017 are \$2.70/1,000gal and \$4.74/1,000gal, respectively. This is unchanged from prior year. No changes were made to the annual refuse and recycling fees or the water and sewer ad valorem.

Requests for Information

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

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

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**Basic
Financial
Statements**

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Anne Arundel County, Maryland

Statement of Net Position

June 30, 2016

	Primary Government			Discretely Presented Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor
ASSETS						
Current Assets						
Cash and temporary investments	\$ 378,390,652	\$ 161,559,229	\$ 539,949,881	\$ 151,453,509	\$ 23,251,374	\$ 6,793,657
Taxes and other revenue receivable	146,483,979	-	146,483,979	14,437,322	495,196	-
Service billings receivable	-	23,581,351	23,581,351	-	-	170,786
Prepaid and other assets	21,024,415	62,281	21,086,696	15,136,301	5,139,377	3,010,029
Inventories	3,288,458	2,901,940	6,190,398	2,023,656	1,021,576	43,000
Receivables	-	-	-	-	-	223,856
Due from primary government	-	-	-	26,770,717	652,951	837,394
Due from component units	7,676,431	-	7,676,431	-	-	-
Restricted assets						
Cash and temporary investments	170,507,828	34,922,708	205,430,536	-	-	59,681
Investments	-	266,313,162	266,313,162	-	-	-
Receivables	-	-	-	-	-	-
Due from other governmental agencies	15,472,556	17,381,921	32,854,477	-	-	-
Other, net	4,057,092	10,418,510	14,475,602	-	-	-
Total current assets	<u>746,901,411</u>	<u>517,141,102</u>	<u>1,264,042,513</u>	<u>209,821,505</u>	<u>30,560,474</u>	<u>11,138,403</u>
Noncurrent Assets						
Restricted assets						
Long term assessment and connection charges	-	30,450,956	30,450,956	-	-	-
Total noncurrent restricted assets	-	30,450,956	30,450,956	-	-	-
Loans receivable and other assets	-	-	-	-	10,812,026	5,736,822
Capital assets not being depreciated	327,562,573	471,519,982	799,082,555	218,343,394	4,255,930	433,907
Capital assets being depreciated	1,593,203,922	1,899,149,892	3,492,353,814	1,667,548,239	178,010,181	31,066,846
Less accumulated depreciation	(833,231,751)	(817,010,887)	(1,650,242,638)	(774,410,428)	(87,920,721)	(14,217,076)
	<u>759,972,171</u>	<u>1,082,139,005</u>	<u>1,842,111,176</u>	<u>893,137,811</u>	<u>90,089,460</u>	<u>16,849,770</u>
Total capital assets	<u>1,087,534,744</u>	<u>1,553,658,987</u>	<u>2,641,193,731</u>	<u>1,111,481,205</u>	<u>94,345,390</u>	<u>17,283,677</u>
Total noncurrent assets	<u>1,087,534,744</u>	<u>1,584,109,943</u>	<u>2,671,644,687</u>	<u>1,111,481,205</u>	<u>105,157,416</u>	<u>23,020,499</u>
Total assets	<u>1,834,436,155</u>	<u>2,101,251,045</u>	<u>3,935,687,200</u>	<u>1,321,302,710</u>	<u>135,717,890</u>	<u>34,158,902</u>
DEFERRED OUTFLOW OF RESOURCES						
Pension benefits	216,069,226	16,791,876	232,861,102	18,183,388	945,200	1,257,577
Unamortized deferred refunding loss	6,843,024	5,307,018	12,150,042	-	308,933	-
Total deferred outflow of resources	<u>222,912,250</u>	<u>22,098,894</u>	<u>245,011,144</u>	<u>18,183,388</u>	<u>1,254,133</u>	<u>1,257,577</u>

Anne Arundel County, Maryland

Statement of Net Position

June 30, 2016

	Primary Government			Discretely Presented Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	80,339,577	41,990,843	122,330,420	133,272,637	7,498,725	1,742,919
Current portion of non-current liabilities	152,072,855	41,624,548	193,697,403	21,660,521	-	895,160
Notes payable	-	-	-	-	753,714	1,648,776
Internal balances	2,259,406	(2,259,406)	-	-	-	-
Due to primary government	-	-	-	7,676,431	-	-
Due to component units	28,261,062	-	28,261,062	-	-	-
Escrow deposits	1,393,336	686,351	2,079,687	-	-	5,750
Unearned revenue	293,989	-	293,989	2,977,308	5,891,756	364,001
Liabilities related to restricted assets						
Accounts payable and accrued liabilities	9,501,000	6,394,542	15,895,542	-	-	677,603
Escrow and other deposits	6,100,134	-	6,100,134	-	-	-
Unearned revenue	1,808,969	6,968,761	8,777,730	-	-	-
Total current liabilities	282,030,328	95,405,639	377,435,967	165,586,897	14,144,195	5,334,209
Noncurrent liabilities						
Compensated absences and other obligations	110,849	79,192	190,041	22,888,198	1,584,222	-
Accrued liability for pension benefits	554,387,148	48,664,733	603,051,881	62,062,555	3,730,233	3,423,985
Accrued liability for other post-employment benefits	475,487,988	45,969,293	521,457,281	495,870,000	32,826,000	19,029,836
Unpaid insurance claims	59,926,035	-	59,926,035	-	-	-
Estimated landfill closure and postclosure	-	34,308,602	34,308,602	-	-	-
Long-term debt	1,150,418,110	599,648,786	1,750,066,896	5,422,344	11,537,148	25,287
Due to other governments	-	-	-	-	-	4,847,968
Unearned revenue	-	169,419	169,419	-	-	-
Total noncurrent liabilities	2,240,330,130	728,840,025	2,969,170,155	586,243,097	49,677,603	27,327,076
Total liabilities	2,522,360,458	824,245,664	3,346,606,122	751,829,994	63,821,798	32,661,285
DEFERRED INFLOW OF RESOURCES						
Pension benefits	28,634,591	2,794,705	31,429,296	1,270,987	76,392	205,183
Total deferred inflow of resources	28,634,591	2,794,705	31,429,296	1,270,987	76,392	205,183
NET POSITION						
Net investment in capital assets	556,191,931	939,311,650	1,495,503,581	1,100,322,734	86,588,853	17,242,845
Restricted for:						
Pension benefits	-	-	-	-	-	-
Debt service	6,684,460	317,747,290	324,431,750	-	-	-
Capital improvements	152,617,318	17,381,921	169,999,239	-	-	-
Scholarships/endowments	-	-	-	-	7,370,681	-
Reforestation	7,653,451	-	7,653,451	-	-	-
Other purposes	18,740,570	16,384,208	35,124,778	16,968,270	-	345,483
Unrestricted	(1,235,534,374)	5,484,501	(1,230,049,873)	(530,905,887)	(20,885,701)	(15,038,317)
Total net position (deficit)	\$ (493,646,644)	\$ 1,296,309,570	\$ 802,662,926	\$ 586,385,117	\$ 73,073,833	\$ 2,550,011

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

Anne Arundel County, Maryland

Statement of Activities

Year Ended June 30, 2016

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
Education	\$ 770,323,479	\$ -	\$ -	\$ 18,143,895
Public safety	313,525,185	27,149,664	2,173,312	1,188,781
General government	186,839,782	51,850,528	1,608,530	7,298,722
Health and human services	79,786,735	8,937,922	29,586,766	-
Public works	157,102,863	23,804,745	3,495,493	33,625,632
Recreation and community services	58,130,820	18,663,908	24,773,498	3,458,014
Judicial	28,588,085	3,208,643	2,149,224	-
Code enforcement	13,819,023	14,380,589	-	-
Land use and development	14,135,376	2,461,227	2,843,799	200,149
Interest on debt and leases	53,157,194	-	98,075	-
	<u>1,675,408,542</u>	<u>150,457,226</u>	<u>66,728,697</u>	<u>63,915,193</u>
Business-type activities				
Water and wastewater	153,026,559	85,177,926	-	82,130,836
Waste collection	46,296,735	50,975,036	-	-
Child care	4,766,747	5,111,440	-	-
	<u>204,090,041</u>	<u>141,264,402</u>	<u>-</u>	<u>82,130,836</u>
Total primary government	\$ <u>1,879,498,583</u>	\$ <u>291,721,628</u>	\$ <u>66,728,697</u>	\$ <u>146,046,029</u>
Component units				
Board of Education	\$ 1,259,819,176	\$ 13,132,699	\$ 171,432,556	\$ 145,734,692
Community College	148,615,947	46,231,631	19,810,063	3,091,109
Library System	25,876,858	922,947	4,042,989	349,395
Economic Development Corp	3,342,416	314,764	27,441	-
Tipton Airport Authority	2,088,534	1,591,388	-	696,628
Workforce Development	8,347,324	216,535	8,029,936	44,488
Total component units	\$ <u>1,448,090,255</u>	\$ <u>62,409,964</u>	\$ <u>203,342,985</u>	\$ <u>149,916,312</u>
<p>General revenues</p> <p> General property taxes</p> <p> Local income taxes</p> <p> State shared taxes - unrestricted</p> <p> Recordation and transfer taxes</p> <p> Local sales taxes</p> <p> Unrestricted contributions</p> <p> Investment income</p> <p> Other revenue</p> <p>County transfer</p> <p> Total general revenues</p>				
<p>Changes in net position</p> <p>Net position, July 1 (as restated)</p> <p>Net position, June 30</p>				

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

Net (Expense) Revenues and Changes in Net Position

Primary Government			Discretely Presented Component Units		
Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor
\$ (752,179,584)	\$ -	\$ (752,179,584)	\$ -	\$ -	\$ -
(283,013,428)	-	(283,013,428)	-	-	-
(126,082,002)	-	(126,082,002)	-	-	-
(41,262,047)	-	(41,262,047)	-	-	-
(96,176,993)	-	(96,176,993)	-	-	-
(11,235,400)	-	(11,235,400)	-	-	-
(23,230,218)	-	(23,230,218)	-	-	-
561,566	-	561,566	-	-	-
(8,630,201)	-	(8,630,201)	-	-	-
(53,059,119)	-	(53,059,119)	-	-	-
<u>(1,394,307,426)</u>	<u>-</u>	<u>(1,394,307,426)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	14,282,203	14,282,203	-	-	-
-	4,678,301	4,678,301	-	-	-
-	344,693	344,693	-	-	-
-	19,305,197	19,305,197	-	-	-
<u>(1,394,307,426)</u>	<u>19,305,197</u>	<u>(1,375,002,229)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	(929,519,229)	-	-
-	-	-	-	(79,483,144)	-
-	-	-	-	-	(20,561,527)
-	-	-	-	-	(3,000,211)
-	-	-	-	-	199,482
-	-	-	-	-	<u>(56,365)</u>
-	-	-	(929,519,229)	(79,483,144)	(23,418,621)
666,490,976	-	666,490,976	-	-	-
485,231,748	-	485,231,748	-	-	-
8,703,263	-	8,703,263	-	-	1,000,000
105,668,592	-	105,668,592	-	-	-
33,070,498	-	33,070,498	-	-	-
-	-	-	929,965,731	74,549,931	21,148,225
4,586,006	1,671,465	6,257,471	203,814	(220,719)	13,102
15,765,909	11,397,747	27,163,656	1,632,978	395,574	103,758
(1,099,230)	1,099,230	-	-	-	-
<u>1,318,417,762</u>	<u>14,168,442</u>	<u>1,332,586,204</u>	<u>931,802,523</u>	<u>74,724,786</u>	<u>22,265,085</u>
(75,889,664)	33,473,639	(42,416,025)	2,283,294	(4,758,358)	(1,153,536)
<u>(417,756,980)</u>	<u>1,262,835,931</u>	<u>845,078,951</u>	<u>584,101,823</u>	<u>77,832,191</u>	<u>3,703,547</u>
\$ <u>(493,646,644)</u>	\$ <u>1,296,309,570</u>	\$ <u>802,662,926</u>	\$ <u>586,385,117</u>	\$ <u>73,073,833</u>	\$ <u>2,550,011</u>

Anne Arundel County, Maryland

Balance Sheet

Governmental Funds

June 30, 2016

	Major Funds			Nonmajor	Totals
	General	Impact Fees Capital Projects	General County Capital Projects	Governmental Funds	
ASSETS					
Cash and investments	\$ 117,910,671	\$ 95,984,584	\$ 141,071,246	\$ 85,487,863	\$ 440,454,364
Receivables					
Property taxes (net of \$2,408,879 allowance)	690,695	-	-	-	690,695
Local sales taxes	4,197,496	-	-	-	4,197,496
State shared revenues	2,850,968	-	-	-	2,850,968
Due from other governmental agencies	3,211,835	-	6,130,995	9,341,561	18,684,391
Due from other funds	8,351,794	-	-	-	8,351,794
Due from Board of Education	34,526	-	7,641,905	-	7,676,431
Local income tax	135,532,985	-	-	-	135,532,985
Other, net	12,153,625	124,286	8,214	3,932,806	16,218,931
Inventories	2,678,031	-	-	-	2,678,031
Other assets	376,963	-	-	-	376,963
Total assets	\$ 287,989,589	\$ 96,108,870	\$ 154,852,360	\$ 98,762,230	\$ 637,713,049
LIABILITIES					
Accounts payable and accrued liabilities	\$ 29,943,535	\$ 2,817,029	\$ 17,887,679	\$ 6,683,971	\$ 57,332,214
Due to other funds	4,666,124	-	-	1,900,477	6,566,601
Due to component units					
Board of Education	186,615	-	26,584,102	-	26,770,717
Community College	-	-	652,951	-	652,951
Library	837,394	-	-	-	837,394
Escrow and other deposits	1,348,728	-	44,608	6,100,134	7,493,470
Unearned revenue	293,989	-	-	1,808,969	2,102,958
Total liabilities	37,276,385	2,817,029	45,169,340	16,493,551	101,756,305
DEFERRED INFLOW OF RESOURCES					
Unavailable property tax revenue	110,618	-	-	-	110,618
Unavailable local income tax	101,891,384	-	-	-	101,891,384
Unavailable grant and program revenue	868,218	-	2,281,092	4,955,290	8,104,600
Unavailable 911 fees	1,025,395	-	-	-	1,025,395
Total deferred inflow of resources	103,895,615	-	2,281,092	4,955,290	111,131,997
FUND BALANCES					
Non spendable	2,678,031	-	-	-	2,678,031
Restricted	1,372,139	93,291,841	27,866,686	67,318,773	189,849,439
Committed	-	-	-	16,822,454	16,822,454
Assigned	65,989,087	-	79,535,242	-	145,524,329
Unassigned	76,778,332	-	-	(6,827,838)	69,950,494
Total fund balances	146,817,589	93,291,841	107,401,928	77,313,389	424,824,747
Total liabilities, deferred inflows and fund balances	\$ 287,989,589	\$ 96,108,870	\$ 154,852,360	\$ 98,762,230	\$ 637,713,049

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

Anne Arundel County, Maryland

Reconciliation of Governmental Fund Balance to Governmental Net Position

Governmental Funds

June 30, 2016

Total fund balance for governmental funds as shown on the Balance Sheet	\$ 424,824,747
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on governmental funds balance sheet.	
Capital assets	1,844,732,397
Accumulated depreciation	(774,779,732)
Deferred Outflows of Resources	
Unamortized loss on refunding	6,843,024
Certain liabilities are not due and payable in the current period and, therefore, are not included on governmental funds balance sheet.	
Long-term bonded debt	(1,125,789,707)
Federal and state loans	(3,101,437)
Wynne case - due to State of Maryland	(16,699,065)
Pension benefits	(361,153,111)
Other post-employment benefits	(467,664,023)
Compensated absences	(23,373,680)
Long-term leases	(95,946)
Accrued interest payable on debt is recorded in governmental activities.	(11,460,534)
Unearned revenues:	
Revenues not available for use in the current fiscal year have been deferred until future periods on the governmental funds balance sheet.	111,131,997
Premiums received on certain bond issues have been deferred on the Statement of Net Position.	(130,143,666)
The assets and liabilities recorded in the internal service funds have been added to governmental net position because these funds are used to provide services to other funds.	
Net position of the Internal Service Funds	34,049,265
Business-type activities allocation of Internal Service Funds net position	(2,584,702)
Certain expenditures paid with current resources have been deferred to future periods on the Statement of Net Position.	<u>1,617,529</u>
Total net position for governmental activities as shown on Statement of Net Position	<u>\$ (493,646,644)</u>

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

Anne Arundel County, Maryland

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2016

	Major Funds			Nonmajor Governmental Funds	Totals
	General	Impact Fees Capital Projects	General County Capital Projects		
REVENUES					
General property taxes	\$ 629,091,742	\$ -	\$ -	\$ 39,103,509	\$ 668,195,251
Local income taxes	456,192,055	-	-	-	456,192,055
State shared taxes	12,092,354	-	-	-	12,092,354
Grants and aid	-	-	10,795,230	43,977,796	54,773,026
Recordation and transfer taxes	105,668,592	-	-	-	105,668,592
Local sales taxes	33,070,498	-	-	-	33,070,498
License and permit fees	18,617,749	-	-	-	18,617,749
Ambulance fees	11,387,538	-	-	-	11,387,538
Cable fees	11,329,610	-	-	-	11,329,610
Impact fees	-	33,651,125	-	-	33,651,125
Special community benefit taxes	-	-	-	8,202,160	8,202,160
Video lottery local impact aid	-	-	-	18,437,244	18,437,244
Watershed protection and restoration	-	-	-	21,058,386	21,058,386
Contributed capital	-	-	5,187,715	-	5,187,715
Investment income	2,620,723	294,775	259,952	1,758,059	4,933,509
Fees for services and other revenue	43,238,687	-	2,221,331	3,587,452	49,047,470
Total revenues	<u>1,323,309,548</u>	<u>33,945,900</u>	<u>18,464,228</u>	<u>136,124,606</u>	<u>1,511,844,282</u>
EXPENDITURES					
Current					
Education	657,263,600	176,816	111,183,063	1,700,000	770,323,479
Public safety	270,889,952	-	-	12,165,250	283,055,202
General government	65,746,984	-	-	2,084,183	67,831,167
Health and human services	46,850,603	-	-	29,161,717	76,012,320
Public works	37,107,410	3,322,336	-	11,358,614	51,788,360
Recreation and community services	40,459,956	-	-	14,881,261	55,341,217
Judicial	24,396,396	-	-	2,793,537	27,189,933
Code enforcement	11,930,543	-	-	1,218,517	13,149,060
Land use and development	8,134,275	-	-	3,407,246	11,541,521
Capital outlay	-	-	100,566,378	-	100,566,378
Debt service					
Interest payments on debt	46,803,954	-	-	6,629,393	53,433,347
Principal payments on debt	126,951,132	-	-	2,421,351	129,372,483
Interest payments on leases	13,619	-	-	-	13,619
Principal payments on leases	22,347	-	-	-	22,347
Total expenditures	<u>1,336,570,771</u>	<u>3,499,152</u>	<u>211,749,441</u>	<u>87,821,069</u>	<u>1,639,640,433</u>
Revenues over (under) expenditures	<u>(13,261,223)</u>	<u>30,446,748</u>	<u>(193,285,213)</u>	<u>48,303,537</u>	<u>(127,796,151)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	36,289,340	-	159,147,287	4,392,328	199,828,955
Transfers out	(96,878,798)	(9,665,757)	(259,952)	(93,024,448)	(199,828,955)
General obligation bonds issued	77,410,000	-	-	15,850,000	93,260,000
Refunding bonds issued	69,384,271	-	-	-	69,384,271
Payment to esrow agent	(25,679,034)	-	-	-	(25,679,034)
Premium from sale of bonds	-	-	-	18,664,020	18,664,020
COI on refunding bonds	(153,835)	-	-	-	(153,835)
Premium on refunding of bonds	8,553,598	-	-	-	8,553,598
Proceeds from capital leases	60,038	-	-	-	60,038
Transfer to OPEB Trust	(70,877,624)	-	-	-	(70,877,624)
Transfer to Water and Wastewater Fund	-	-	(1,290,829)	-	(1,290,829)
Transfers from Solid Waste Fund	-	-	-	191,599	191,599
Total other financing sources (uses)	<u>(1,892,044)</u>	<u>(9,665,757)</u>	<u>157,596,506</u>	<u>(53,926,501)</u>	<u>92,112,204</u>
Net change in fund balances	<u>(15,153,267)</u>	<u>20,780,991</u>	<u>(35,688,707)</u>	<u>(5,622,964)</u>	<u>(35,683,947)</u>
Fund balances, July 1	161,970,856	72,510,850	143,090,635	82,936,353	460,508,694
Fund balances, June 30	<u>\$ 146,817,589</u>	<u>\$ 93,291,841</u>	<u>\$ 107,401,928</u>	<u>\$ 77,313,389</u>	<u>\$ 424,824,747</u>

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

Anne Arundel County, Maryland

Reconciliation of Changes in Fund Balances to Changes in Net Position

Governmental Funds

Year Ended June 30, 2016

Changes in fund balances as shown on Statement of Revenues,
Expenditures, and Changes in Fund Balances, Governmental Funds \$ (35,683,947)

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

Current year additions of capital assets	23,041,507
Current year donations of capital assets	9,836,015
Current year disposals of capital assets	(243,062)
Depreciation expense recorded in the Statement of Activities	(49,679,325)

Wynne accrued liability (672,354)

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

New debt issued in current year	(162,644,271)
Principal payments on debt	152,893,761
Additions of new lease	(95,001)
Lease payments	35,966
Change in accrued interest payable	276,153
Loss on refunding	1,379,746
Amortization of prior year refunding gain/loss	(927,628)
Accrual of compensated absences	403,017
Accrual of pension benefits	(43,473,406)
Accrual of other post-employment benefit liability	6,582,129

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

Expense was unearned to future periods	1,617,529
Amortization of expenditures unearned in previous years	(2,066,575)

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

Unearned revenue	(26,439,608)
Amortization of amounts unearned	15,727,308

Certain revenue was unearned on the governmental fund statements because it was not available to pay expenditures of the current period. These unearned amounts are recognized as revenue in the Statement of Activities. 27,169,132

The current year activity in the internal service funds has been combined and eliminated against the governmental activities in the Statement of Activities. However, the net activity in the internal service funds that resulted from provision of services to business-type activities, component units, and outside agencies must be recognized in the Statement of Activities. 7,073,250

Changes in net position as shown in governmental activities on the Statement of Activities \$ (75,889,664)

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

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General property taxes	\$ 633,420,000	\$ 633,420,000	\$ 629,091,742	\$ (4,328,258)
Local income taxes	450,560,000	450,560,000	456,192,055	5,632,055
State shared taxes	11,807,000	11,807,000	12,092,354	285,354
Recordation and transfer taxes	80,000,000	80,000,000	105,668,592	25,668,592
Local sales taxes	33,602,000	33,602,000	33,070,498	(531,502)
Licenses and permits	17,000,000	17,000,000	18,617,749	1,617,749
Ambulance fees	9,000,000	9,000,000	11,387,538	2,387,538
Cable fees	10,450,000	10,450,000	11,329,610	879,610
Investment income	200,000	200,000	1,212,362	1,012,362
Interfund recoveries	59,632,000	59,632,000	62,157,459	2,525,459
Fees for services and other revenues	42,823,000	42,823,000	42,521,529	(301,471)
Total revenues	<u>1,348,494,000</u>	<u>1,348,494,000</u>	<u>1,383,341,488</u>	<u>34,847,488</u>
EXPENDITURES				
Current				
Education	620,575,900	620,575,900	620,575,900	-
Higher education	36,687,700	36,687,700	36,687,700	-
Public safety	269,882,100	273,305,100	270,671,067	2,634,033
General government	133,659,800	137,488,951	135,097,620	2,391,331
Health and human services	49,899,400	49,899,400	48,474,231	1,425,169
Public works	31,803,600	37,803,600	37,065,661	737,939
Recreation and community services	42,226,600	43,078,100	42,533,861	544,239
Judicial	24,366,600	25,330,900	24,947,469	383,431
Land use and development	8,981,600	8,981,600	8,759,076	222,524
Code enforcement	11,953,800	11,983,800	11,923,923	59,877
Debt service	120,887,400	120,887,400	120,443,662	443,738
Pay go funding - capital projects	15,603,000	15,638,000	15,418,000	220,000
Total expenditures	<u>1,366,527,500</u>	<u>1,381,660,451</u>	<u>1,372,598,170</u>	<u>9,062,281</u>
Revenues over (under) expenditures	(18,033,500)	(33,166,451)	10,743,318	\$ <u>43,909,769</u>
Fund balances, budgetary, July 1	63,746,061	63,746,061	63,746,061	
Fund balances, budgetary, June 30	\$ <u>45,712,561</u>	\$ <u>30,579,610</u>	\$ <u>74,489,379</u>	
Fund balance - GAAP Basis			\$ 146,817,589	
Non spendable			(2,678,031)	
Restricted			(1,372,139)	
Assigned			(65,989,087)	
Unassigned - Revenue reserve allocation			(57,217,457)	
Effects of:				
Base realignment and closure			1,372,139	
Health Department encumbrance adjustment			236,110	
County Parking Garage Fund			13,566	
Inmate Benefits and Morale Fund			(711,283)	
Self Insurance Fund surplus allocation			(6,451,317)	
Central Garage Fund deficit allocation			4,666,124	
Unassigned - Non-GAAP basis			<u>18,686,214</u>	
Assigned for subsequent years			<u>55,803,165</u>	
Fund balance - Budgetary Basis			\$ <u>74,489,379</u>	

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

Statement of Net Position

Proprietary Funds

June 30, 2016

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund		Internal
	Water and Wastewater	Solid Waste	Child Care	Totals	Service Funds
ASSETS					
Current assets					
Cash and temporary investments	\$ 115,145,270	\$ 44,455,516	\$ 1,958,443	\$ 161,559,229	\$ 25,113,869
Investments	-	-	-	-	83,330,247
Service billings receivable, net	22,644,062	761,917	175,372	23,581,351	4,102,305
Due from other funds	313,180	90,682	1,449	405,311	5,396,731
Inventories	2,752,234	149,706	-	2,901,940	610,427
Other	62,281	-	-	62,281	2,765,779
Restricted assets					
Cash and temporary investments	23,586,103	11,336,605	-	34,922,708	-
Investments	266,313,162	-	-	266,313,162	-
Receivables					
Due from other governmental agencies	17,381,921	-	-	17,381,921	-
Other, net	10,418,510	-	-	10,418,510	-
Total current assets	458,616,723	56,794,426	2,135,264	517,546,413	121,319,358
Noncurrent assets					
Restricted assets					
Deferred connection and assessment charges	30,450,956	-	-	30,450,956	-
Capital assets					
Capital assets	2,259,061,643	111,608,231	-	2,370,669,874	76,034,098
Less accumulated depreciation	(760,670,061)	(56,340,826)	-	(817,010,887)	(58,452,019)
Total capital assets, net of depreciation	1,498,391,582	55,267,405	-	1,553,658,987	17,582,079
Total noncurrent assets	1,528,842,538	55,267,405	-	1,584,109,943	17,582,079
Total assets	1,987,459,261	112,061,831	2,135,264	2,101,656,356	138,901,437
DEFERRED OUTFLOW OF RESOURCES					
Pension benefits	13,620,685	2,873,252	297,939	16,791,876	2,801,436
Unamortized deferred refunding loss	5,119,190	187,828	-	5,307,018	-
Total deferred outflows	18,739,875	3,061,080	297,939	22,098,894	2,801,436
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	36,317,411	5,554,405	119,027	41,990,843	4,348,764
Current portion of long-term debt and obligations	36,646,980	4,945,589	31,979	41,624,548	20,046,509
Due to other funds	540,889	189,718	-	730,607	6,856,628
Escrow deposits	611,605	74,746	-	686,351	-
Liabilities related to restricted assets					
Accounts payable and accrued liabilities	6,394,542	-	-	6,394,542	-
Unearned revenue	6,626,899	-	341,862	6,968,761	-
Total current liabilities	87,138,326	10,764,458	492,868	98,395,652	31,251,901
Noncurrent liabilities					
Unpaid insurance claims	-	-	-	-	59,926,035
Accrued liability for compensated absences	59,055	6,229	13,908	79,192	50,869
Accrued liability for pension benefits	39,569,758	8,278,756	816,219	48,664,733	8,135,781
Accrued liability for other post-employment benefits	36,486,121	8,833,706	649,466	45,969,293	7,823,965
Estimated landfill closure and postclosure	-	34,308,602	-	34,308,602	-
Long-term debt	568,070,514	31,578,272	-	599,648,786	-
Unearned revenue	169,419	-	-	169,419	-
Total noncurrent liabilities	644,354,867	83,005,565	1,479,593	728,840,025	75,936,650
Total liabilities	731,493,193	93,770,023	1,972,461	827,235,677	107,188,551
DEFERRED INFLOW OF RESOURCES					
Pension benefits	2,268,524	475,199	50,982	2,794,705	465,057
Total deferred inflows	2,268,524	475,199	50,982	2,794,705	465,057
NET POSITION					
Net investment in capital assets	915,846,170	23,465,480	-	939,311,650	17,582,079
Restricted for debt service	317,747,290	-	-	317,747,290	-
Restricted for capital improvements	17,381,921	-	-	17,381,921	-
Restricted for other purposes	-	16,384,208	-	16,384,208	-
Unrestricted	21,462,038	(18,971,999)	409,760	2,899,799	16,467,186
Total net position	\$ 1,272,437,419	\$ 20,877,689	\$ 409,760	\$ 1,293,724,868	\$ 34,049,265

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

Anne Arundel County, Maryland

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

Proprietary Funds

June 30, 2016

Net position as shown on Statement of Net Position - Proprietary Funds	\$ 1,293,724,868
The allocation of the net deficit in the Internal Service Funds to various activities, funds, etc. as it relates to business-type activities.	<u>2,584,702</u>
Net position shown on government wide Statement of Net Position	\$ <u>1,296,309,570</u>

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

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

Proprietary Funds

Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Totals	Internal
	Water and Wastewater	Solid Waste	Child Care		Service Funds
OPERATING REVENUES					
Charges for services	\$ 85,177,926	\$ 47,109,331	\$ 5,111,440	\$ 137,398,697	\$ 47,457,262
Landfill charges	-	3,865,705	-	3,865,705	-
Medical premiums	-	-	-	-	76,641,056
Other revenues	5,897,948	345,676	-	6,243,624	3,394,431
Total operating revenues	<u>91,075,874</u>	<u>51,320,712</u>	<u>5,111,440</u>	<u>147,508,026</u>	<u>127,492,749</u>
OPERATING EXPENSES					
Personnel services	30,767,333	7,463,550	3,603,895	41,834,778	6,756,062
Contractual services	45,818,677	31,155,293	269,257	77,243,227	2,525,768
Supplies and materials	8,348,107	443,178	482,295	9,273,580	198,918
Business and travel	198,289	17,997	22,585	238,871	22,306
Cost of goods issued	-	-	-	-	6,264,163
Depreciation	45,566,683	3,894,229	-	49,460,912	4,857,630
Provision for claims and estimated losses	-	-	-	-	91,888,131
Landfill closure and postclosure costs	-	(537,993)	-	(537,993)	-
Other	11,320,155	2,926,738	411,736	14,658,629	1,706,649
Total operating expenses	<u>142,019,244</u>	<u>45,362,992</u>	<u>4,789,768</u>	<u>192,172,004</u>	<u>114,219,627</u>
Operating income (loss)	<u>(50,943,370)</u>	<u>5,957,720</u>	<u>321,672</u>	<u>(44,663,978)</u>	<u>13,273,122</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	1,432,126	239,339	-	1,671,465	3,562,864
Interest earned on long-term receivables	846,637	-	-	846,637	-
Other revenues	4,054,276	253,210	-	4,307,486	-
Other expenses	(1,107,345)	(132,745)	-	(1,240,090)	-
Interest expense	(10,103,571)	(999,518)	-	(11,103,089)	-
Gain (loss) on disposal of assets	(535,431)	(25,067)	-	(560,498)	222,904
Income (loss) before contributions and transfers	<u>(56,356,678)</u>	<u>5,292,939</u>	<u>321,672</u>	<u>(50,742,067)</u>	<u>17,058,890</u>
Capital contributions	82,130,836	-	-	82,130,836	-
Transfer to OPEB Trust	-	-	-	-	(9,000,000)
Intrafund transfers	1,290,829	(191,599)	-	1,099,230	-
Change in net position	<u>27,064,987</u>	<u>5,101,340</u>	<u>321,672</u>	<u>32,487,999</u>	<u>8,058,890</u>
Net position, July 1 (as restated)	<u>1,245,372,432</u>	<u>15,776,349</u>	<u>88,088</u>	<u>1,261,236,869</u>	<u>25,990,375</u>
Net position, June 30	<u>\$ 1,272,437,419</u>	<u>\$ 20,877,689</u>	<u>\$ 409,760</u>	<u>\$ 1,293,724,868</u>	<u>\$ 34,049,265</u>

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

Change in net position shown above	\$ 32,487,999
The portion of internal service funds' current year activity related to enterprise funds has been allocated to the business-type activities on the government-wide statement of activities.	985,640
Increase in net position as shown on the government-wide statement of activities	<u>\$ 33,473,639</u>

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

Anne Arundel County, Maryland

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Totals	Internal
	Water and Wastewater	Solid Waste	Child Care		Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received for services	\$ 92,372,427	\$ 51,076,358	\$ 4,984,808	\$ 148,433,593	\$ 123,644,843
Cash received for expense reimbursement	-	-	-	-	1,730,432
Cash payments to suppliers for goods and services	(45,117,505)	(32,078,011)	(1,182,486)	(78,378,002)	(9,453,345)
Cash payments for insurance claims	-	-	-	-	(87,923,387)
Cash payments to employees for services	(28,380,744)	(7,020,871)	(3,553,319)	(38,954,934)	(6,259,829)
Contributions to other funds	-	(2,690,300)	-	(2,690,300)	-
Escrow deposits refunded	-	(1,500)	-	(1,500)	(1,404,200)
Other operating receipts	-	-	-	-	3,970
Other operating payments	-	-	-	-	(1,542,500)
Net cash provided by operating activities	<u>18,874,178</u>	<u>9,285,676</u>	<u>249,003</u>	<u>28,408,857</u>	<u>18,795,984</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Payments of long-term debt related to closure activities	-	(436,560)	-	(436,560)	-
Interest payments related to closure activities	-	(36,016)	-	(36,016)	-
Cash transfers between funds	-	(191,599)	-	(191,599)	(9,000,000)
Net cash used for noncapital financing activities	<u>-</u>	<u>(664,175)</u>	<u>-</u>	<u>(664,175)</u>	<u>(9,000,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sale of bonds and bond anticipation notes	43,585,000	-	-	43,585,000	-
Proceeds from bonds refunded	75,300,000	200,729	-	75,500,729	-
Proceeds from grant funds	16,985,725	-	-	16,985,725	-
Proceeds from loan	4,611,113	-	-	4,611,113	-
Proceeds from developers' contributions	215,727	-	-	215,727	-
Refunds to developers	(11,958,438)	-	-	(11,958,438)	-
Assessments and connection charges	50,951,613	-	-	50,951,613	-
Environmental protection fees for capital assets	18,628,542	-	-	18,628,542	-
Payments of long-term debt	(29,559,683)	(1,997,381)	-	(31,557,064)	-
Interest payments	(22,556,805)	(1,649,085)	-	(24,205,890)	-
Rebates, interest income and reimbursements	1,350,581	-	-	1,350,581	-
Acquisition and construction of capital assets	(110,465,767)	(10,646,445)	-	(121,112,212)	(8,958,008)
Deferred refunding loss on sale of refunding bonds	-	(9,118)	-	(9,118)	-
Payments of debt issuance costs	(184,365)	-	-	(184,365)	-
Premium on sale of bonds	32,103,970	12,111	-	32,116,081	-
Payments to escrow agent for refunded bonds	(84,755,392)	(203,722)	-	(84,959,114)	-
Proceeds from sale of equipment	-	-	-	-	222,904
Payment of capital related fees	(922,980)	-	-	(922,980)	-
Transfer to UDS	-	-	-	-	-
Transfer to Capital Projects	(13,796,000)	-	-	(13,796,000)	-
Transfer from Capital Projects	1,290,829	-	-	1,290,829	-
Net cash (used for) capital and related financing activities	<u>(29,176,330)</u>	<u>(14,292,911)</u>	<u>-</u>	<u>(43,469,241)</u>	<u>(8,735,104)</u>

Anne Arundel County, Maryland

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Totals	Activities
	Water and Wastewater	Solid Waste	Child Care		Internal Service Funds
CASH FLOW FROM INVESTING ACTIVITIES:					
Purchase of investment securities	(670,670,308)	-	-	(670,670,308)	(127,624,917)
Sale of investment securities	653,377,154	-	-	653,377,154	121,443,253
Interest on investments	460,817	239,339	-	700,156	3,770,269
Net cash provided by (used for) investing activities	(16,832,337)	239,339	-	(16,592,998)	(2,411,395)
Net increase in cash and cash equivalents	(27,134,489)	(5,432,071)	249,003	(32,317,557)	(1,350,515)
Cash and temporary investments, July 1	165,865,862	61,224,192	1,709,440	228,799,494	26,464,384
Cash and temporary investments, June 30	\$ 138,731,373	\$ 55,792,121	\$ 1,958,443	\$ 196,481,937	\$ 25,113,869
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (50,943,370)	\$ 5,957,720	\$ 321,672	\$ (44,663,978)	\$ 13,273,122
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	45,566,683	3,894,229	-	49,460,912	4,857,630
Noncapital construction costs	19,053,748	-	-	19,053,748	-
Effect of changes in operating assets and liabilities:					
Accounts receivable	1,277,969	(244,354)	(101,694)	931,921	(1,672,793)
Due from other funds	(186,077)	(43,431)	-	(229,508)	-
Prepaid expenses	(8,735)	-	-	(8,735)	(1,076)
Inventories	(89,165)	(6,943)	-	(96,108)	15,737
Deposit with provider	-	-	-	-	(1,404,200)
Accounts payable and accrued liabilities	1,698,588	(228,228)	14,047	1,484,407	65,162
Unearned revenue	-	-	(21,385)	(21,385)	-
Unpaid claims	-	-	-	-	153,049
Landfill closure and postclosure costs	-	(537,993)	-	(537,993)	-
Due to other funds	340,532	102,457	-	442,989	3,063,796
Escrow deposits	18,584	(1,500)	-	17,084	-
Accrued liability for compensated absences	56,091	(12,070)	(7,807)	36,214	14,611
Accrued liability for pension	5,345,227	1,119,691	120,127	6,585,045	1,095,795
Deferred outflow of resources - pension	(4,976,079)	(1,036,419)	(114,255)	(6,126,753)	(1,017,408)
Deferred inflow of resources - pension	2,268,524	475,199	50,982	2,794,705	465,057
Accrued liability for OPEB benefits	(548,342)	(152,682)	(12,684)	(713,708)	(112,498)
Net cash provided by operating activities	\$ 18,874,178	\$ 9,285,676	\$ 249,003	\$ 28,408,857	\$ 18,795,984
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contributions of capital assets from developers	\$ 16,820,089	\$ -	\$ -	\$ 16,820,089	\$ -
Trade in of capital assets	117,700	25,067	-	142,767	-
Change in capital contributions, fees and grants; accruals and deferrals	(21,389,992)	-	-	(21,389,992)	-
Increase in fair value of investments	(230,980)	-	-	(230,980)	1,801,499
Amortization of refunding gains (losses)	(454,447)	970	-	(453,477)	-
Noncash investing, capital and financing activities	\$ (5,137,630)	\$ 26,037	\$ -	\$ (5,111,593)	\$ 1,801,499

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

Anne Arundel County, Maryland

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2016

	Pension Trust Funds (December 31, 2015)	Other Post Employment Plan Trust Fund	Agency Funds
ASSETS			
Investments, at fair value:			
Cash and temporary investments	\$ 39,263,082	\$ 35,777	\$ 29,730,134
Short-term investments	-	935,088	-
U. S. government obligations	11,285,200	-	-
Corporate obligations	92,153,654	-	-
Domestic fixed income mutual funds	84,718,804	26,337,165	-
International fixed income mutual funds	58,459,433	-	-
Global asset pools	262,108,213	-	-
Domestic equity	435,313,169	22,104,476	-
International equity investment pools	333,800,444	17,855,082	-
Private markets	116,195,750	-	-
Portable Alpha	286,375	-	-
Real estate investment pools	96,867,840	-	-
Absolute return fixed income	50,055,242	-	-
Aetna insurance pooled fixed income	24,266,278	-	-
Total investments	<u>1,604,773,484</u>	<u>67,267,588</u>	<u>29,730,134</u>
Collateral from securities lending transactions	71,027,978	-	-
Receivables:			
Accounts receivable	-	1,106,083	-
Employer contributions	5,675,954	-	-
Participant contributions	1,051,848	-	-
Accrued interest and dividends	1,476,042	-	-
Investment sales proceeds	2,500,986	-	-
Total receivables	<u>10,704,830</u>	<u>1,106,083</u>	<u>-</u>
Deposits on hand	<u>244,032</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,686,750,324</u>	<u>68,373,671</u>	<u>29,730,134</u>
LIABILITIES			
Accounts payable	1,654,690	722,019	-
Escrow and other deposits	-	-	29,730,134
Due to Anne Arundel County Government	-	2,344,925	-
Investment commitments payable	6,674,121	-	-
Obligation for collateral received under securities lending transactions	<u>71,027,978</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>79,356,789</u>	<u>3,066,944</u>	<u>\$ 29,730,134</u>
Fiduciary net position	<u>\$ 1,607,393,535</u>	<u>\$ 65,306,727</u>	

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

Anne Arundel County, Maryland

Statement of Changes in Fiduciary Net Position

Pension Trust Funds

Year Ended June 30, 2016

	Pension Trust Funds (December 31, 2015)	Other Post Employment Plan Trust Fund
ADDITIONS		
Contributions:		
Employer	\$ 66,682,443	\$ 86,689,472
Participant	12,318,793	6,999,086
Insurance subsidies and rebates	-	4,656,646
Total contributions	<u>79,001,236</u>	<u>98,345,204</u>
Investment income:		
Net appreciation in fair value of investments	(50,232,908)	4,477,244
Interest income	16,442,382	35,777
Dividend income	18,789,871	900,752
Total investment income	<u>(15,000,655)</u>	<u>5,413,773</u>
Less investment expense	(11,371,195)	(2,484)
Net income from investing activities	<u>(26,371,850)</u>	<u>5,411,289</u>
Securities lending activities:		
Securities lending income	<u>378,253</u>	-
Securities lending expenses:		
Borrower rebates	23,507	-
Management fees	106,521	-
Securities lending expense	<u>130,028</u>	-
Securities lending net income	<u>248,225</u>	-
Total net investment income	<u>(26,123,625)</u>	<u>5,411,289</u>
Total additions	<u>52,877,611</u>	<u>103,756,493</u>
DEDUCTIONS		
Participant benefit payments and refunds	110,160,338	-
Insurance claims	-	31,916,635
Insurance premiums	-	5,107,949
Insurance affordable care act	-	212,389
Administrative expenses	1,470,053	1,212,793
Total deductions	<u>111,630,391</u>	<u>38,449,766</u>
Net increase	<u>(58,752,780)</u>	<u>65,306,727</u>
Fiduciary net position, beginning of year	1,666,146,315	-
Fiduciary net position, end of year	<u>\$ 1,607,393,535</u>	<u>\$ 65,306,727</u>

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

Anne Arundel County, Maryland
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1 Summary of Significant Accounting Policies

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

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

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

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

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

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

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

Anne Arundel Community College
101 College Parkway
Arnold, MD 21012

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

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

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

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

Proprietary fund financial statements - The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of cash flows. These funds account for County services that operate as self-supporting activities. Those who benefit from these services bear the cost through the payment of user fees. The proprietary fund financial statements separately present the following major enterprise funds:

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

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

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

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

- **Pension Trust Fund** – This column includes the activities of the Anne Arundel County Retirement and Pension System (Retirement System). The Retirement System accounts for the activity in the primary government's four defined-benefit pension plans and reports on a calendar year basis. The Pension Trust Fund is reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. These plans accumulate employer and employee contributions and invest these funds to provide guaranteed pension benefits after retirement. Employer contributions are based on actuarial recommendations.
- **OPEB Trust Fund** – This column includes the activities of the Anne Arundel Retiree Health Benefits Trust (OPEB Trust Fund). In April 2016, the County passed legislation creating the Anne Arundel Retiree Health Benefits Trust effective July 1, 2016 as a mechanism for accumulating and investing assets to fund and pay the benefits provided by Code through the OPEB Trust. The OPEB Trust has fiduciary responsibility to administer multi-employer defined benefit plans for the purpose of providing retiree health benefits as "other post-employment benefit" for three entities: The Anne Arundel County Plan (County Plan), the Anne Arundel Community College Plan (College Plan), and the Public Library Association of Annapolis and Anne Arundel County, Inc. (Library Plan).
- **Agency Funds** – This column includes the balances of assets and liabilities maintained in the primary government's agency funds. Since agency funds report only assets and liabilities, these funds do not use a measurement focus. Transactions in these funds are recorded using the accrual basis of accounting. These funds account for deposits that are collected and held on behalf of individuals, organizations, or other governments. These monies include: escrow deposits for developer subdivisions, sediment control, tax

sale, special taxing districts, and other miscellaneous purposes; monies held in trust on behalf of the Special Tax and Assessment Districts; and taxes collected for other governments.

Budgetary Statements

The basic financial statements include a Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the General Fund. This statement is prepared using the budgetary basis of accounting in which revenues are recognized when earned and available. This non-GAAP basis of accounting recognizes that the County’s budget is adopted in accordance with legal requirements regarding appropriation authority and the certification of the availability of funds to support those appropriations. Pursuant to the County Charter, the capital and operating budgets are presented by the County Executive to the County Council by May 1st. The County Council holds public hearings regarding the budget. The Annual Budget and Appropriation Ordinance must be approved by June 15th (prior to the start of the next fiscal year on July 1st) and provides the spending authority at the department level for the operations of the County. Unexpended or unencumbered appropriations in the operating budget expire at year-end. The County also recognizes revenue collected within ninety days of the end of the fiscal year as available for the prior year’s appropriation, except for property taxes, which must be collected within sixty days and grant revenue when the County Controller has determined that sufficient documentation exists to support that revenues not yet collected within ninety days of the end of the year are available to support appropriations in that fiscal year. Budgetary expenditures are recognized when encumbered or when goods or services are received. All major capital project funds have legally adopted budgets and unspent appropriations at year-end carry forward to the subsequent year except for the Impact Fee Fund. All nonmajor governmental funds have legally adopted budgets except the Storm Drain Fees Fund, Recreation Land Fees Fund, Street Light Fund, and Energy Revolving Loan Fund, which are expended through the Capital Projects Fund. Additional Budgetary information can be found at www.aacounty.org/departments/budget-office/previous-budgets/fy2016/index.html.

Combining and Other Supplementary Schedules

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

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

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

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

Investments of the Retirement System are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on periodic independent appraisals. Investments that do not have an established market, such as Private Markets, are reported at estimated fair values. The fair value of private equities are based on management’s valuation of estimates and assumptions from information and representations provided by the

respective general partners, in absence of readily ascertainable market values. There are no investments with parties or in entities related to the County.

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

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

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

F Capital Assets – Capital assets of the primary government are recorded in the applicable governmental or business-type activities columns on the government-wide Statements of Net Position. These asset balances include all constructed, purchased, or developer-donated public domain infrastructure (roads, bridges, and similar items). Infrastructure with an individual value of \$50,000 or more, intangible assets and software with an individual value of \$50,000 or more, Library books are recorded at cost, and other assets with an individual value of \$5,000 or more are capitalized. Capitalized interest is calculated on certain assets that are construction in progress. The County cumulative capitalized interest related to these assets in the amount of \$13,771,230 in fiscal year 2016. Once the asset is complete the cost of capitalization is amortized over the life of the completed asset. Capital assets are valued at historical cost or estimated historical cost. Donated assets are valued at the estimated fair value on the date donated. Land and easements, historical property, and works of art are assets that are not being depreciated. Depreciable assets are depreciated on a straight-line basis over the respective useful lives. The estimated useful lives of the capital assets are determined by the category. They are listed as follows:

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

G Deferred Outflows/Inflows of Resources – A deferred outflow of resources represents the consumption of net position that applies to a future period that will not be recognized as an outflow of the resources (expenditure) until the future period. At June 30, 2016, the County had deferred outflows of \$245,011,144 representing pension benefits in the amount of \$232,861,102 and unamortized deferred refunding losses in the amount of \$12,150,042. The Board of the Maryland State Retirement and Anne Arundel County Pension and Retirement System recognizes deferred outflows for changes in actuarial assumptions that are being amortized over a five-year period and contributions made subsequent to the measurement date related to pensions. A deferred inflow represents an acquisition of net position that applies to a future reporting period that will not be recognized as an inflow of resources (revenue) until that time. For government-mandated and voluntary non-exchange transactions on the governmental funds, a deferred inflow is reported when resources are received before time requirements are met. At June 30, 2016, the County had deferred inflows of resources of \$111,131,997 million representing unavailable tax

revenues, 911 fees, and unavailable grant and program revenues. On the government wide statements, the governmental activities had deferred inflows of resources related to pension benefits in the amount of \$31,429,296. The Board of the Maryland State Retirement and Anne Arundel County Pension and Retirement System recognizes deferred inflows for the difference between the projected and actual investment earnings related to pensions.

Deferred outflows of resources are presented below the total assets on the government wide, proprietary, and governmental statements. Deferred inflows of resources are presented below the total liabilities on the government wide, proprietary, and governmental statements.

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

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

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

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

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

L Encumbrances – The governmental funds utilize encumbrance accounting under which purchase orders, contracts, and other commitments are recorded in order to reserve budget appropriations for that purpose. Open encumbrances at fiscal year-end are shown as part of the restricted, committed or assigned fund balance in the governmental fund statements and are recorded as expenditures on the budgetary statements. Encumbrances as of June 30, 2016 totaled \$90,223,021 in the governmental fund types, of which \$71,940,477 is for construction activity. The proprietary funds utilize encumbrance accounting for budgetary purposes. As of June 30, 2016, the proprietary funds had encumbrances totaling \$130,254,332, of which \$117,421,920 is for construction activity.

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

classifications used in the governmental fund financial statements are as follows:

- **Non-spendable:** This classification includes amounts that cannot be spent because they either (a) are not in spendable form or (b) are legally or contractually required to be maintained intact. The County has classified inventories, and prepaid items as non-spendable.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The following fund balances are classified as restricted:
 - **Base realignment and closure (BRAC):** restricted by the Annotated Code of Maryland, Economic Development Article, Section 5-1306 for the revitalization and incentive programs in the BRAC area.
 - **Impact fees:** restricted by the Annotated Code of Maryland, Local Government Article, Section 20-701 for expanded infrastructure required to accommodate new development.
 - **Forfeiture and asset seizure team:** restricted by federal regulations for law enforcement activities.
 - **Roads and special benefits:** restricted by the Annotated Code of Maryland, Local Government Article, Section 10-314 for the improvements and benefits within designated districts.
 - **Reforestation:** restricted by the Annotated Code of Maryland, Natural Resources Article, Section 5-1610 for the reforestation of properties in the County.
 - **Laurel racetrack community benefit:** restricted by the Annotated Code of Maryland, Business Regulation Article, Section 11-404 for certain services and facilities in the vicinity of the Laurel racetrack.
 - **Grants:** restricted by various state and federal laws, regulations and grant agreements that specify how funds may be spent.
 - **Circuit court:** restricted by the Annotated Code of Maryland, Court and Judicial Proceeding Article, Section 7-204 for Circuit Court operations.
 - **Erosion districts:** restricted by the Annotated Code of Maryland, Local Government Article, Section 21-306 for erosion control projects and related loans in designated districts.
 - **Video lottery local impact aid:** restricted by the Annotated Code of Maryland, State Government Article, Section 9-1A-31(b) for improvements and facilities in the vicinity of the video lottery facility.
 - **Watershed protection and restoration:** restricted by the Annotated Code of Maryland, Environmental Article, Section 4-202.1(h) (4) for stormwater management and projects
 - **Bond premium:** restricted by the County Charter, Section 720(b) for capital improvements financed with the proceeds of the bonds that generated the premiums.
 - **Debt Service:** is restricted through debt covenants.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision making authority through the passing of ordinances. These amounts cannot be used for any other purpose unless the County Council removes or changes the ordinance that was employed when the funds were initially committed. Storm Drain Fees Fund,

Street Lights Capital Project Fund, Recreation Land Fees Fund, Energy Revolving Loan Fund, and Odenton Town Center Tax Increment Fund are committed based on legislation in the County code. The Installment Purchase Agreement Fund is committed for the purchase of agricultural and woodland preservation programs.

- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. The policy to assign funds is established through the Annual Budget and Appropriation Ordinance each year which is approved by both the County Council and the County Executive. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The General County Capital Projects are assigned for the repair and replacement of equipment.
- **Unassigned:** The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund. This classification includes the residual fund balance for the General Fund. A.A. County Partnership for Children Youth and Family Fund, Arundel Community Development Service Fund and the Grants Fund have negative unassigned fund balance which represents the timing difference between the grant expenditures and payments received for the reimbursable grants.

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

N **Compensated absences** - The primary government's Statements of Net Position include an accrual for compensated absences. This accrual is an estimate of unused annual leave as of June 30, 2016. The annual leave accrual is calculated using unused annual leave hours as of June 30, 2016 and pay rates in place for each employee at fiscal year-end.

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

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

O **New GASB Pronouncements** - In fiscal year ended June 30, 2016 the County implemented the following GASB pronouncements:

- The County has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 72, *entitled Fair Value Measurement and Application*. This statement provides guidance for determining the fair value measurement for financial reporting purposes, for applying fair value to certain investments, and requirements for certain related disclosures.
- GASB also issued Statement No. 76, *entitled The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement was adopted in the current fiscal year but had no effect on these financial statements.

The following pronouncements will be evaluated for future implementation:

- As of the year ended June 30, 2016, GASB issued Statement No. 73, *entitled, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to certain Provisions of GASB Statements 67 and 68*; GASB Statement No. 74 *entitled, Financial Reporting For Postemployment Benefit Plans Other Than Pension Plans*; GASB Statement No. 75 *entitled, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; GASB

Statement No. 77 entitled, *Tax Abatements Disclosures*. Some of these statements will have a material effect on the County's financial statements once implemented.

The County will be analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective date.

P *Prior Period Adjustments* – To adjust for an error in construction work in progress is presented as follows:

	<u>Business-type Activites</u>	<u>Water and Wastewater Capital</u>
Net Position, June 30, 2015	\$ 1,273,335,931	\$ 154,112,153
Capital assets	<u>(10,500,000)</u>	<u>(10,500,000)</u>
Net Position, July 1, 2015 (as restated)	<u>\$ 1,262,835,931</u>	<u>\$ 143,612,153</u>

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

2 **Budgetary Information**

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

A *Fund Deficits* - The Grants Fund, Arundel Community Development Services and A.A. County Children Youth and Family have deficit fund balances in the amount of (\$2,162,461), (\$310,726) and (\$292,275), respectively, as a result of funds expended in the current fiscal year that were not reimbursed by the grantor within 90 days of the fiscal year-end. Anne Arundel County Public Library, a discretely presented component unit, has a deficit net position of (\$10,931,380) as a result of unfunded liabilities for other postemployment and pension benefits.

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

Revenue (under) over expenditures - budgetary basis	\$ 10,743,318
Net effect of encumbrances	1,445,839
Change in due to Central Garage and Transportation Fund	(2,851,566)
Change in due from Self Insurance Fund	2,837,842
Change in revenue reserve allocation	8,597,581
Change in other post employment benefits allocation	(35,876,639)
Additional bond proceeds from refunding bonds	(201,982)
Health Department encumbrance adjustment	(100,319)
Effects of Inmate Benefit Fund & Parking Garage Fund	68,076
Net inventory change	184,583
Change in fund balance - modified accrual basis	<u>\$ (15,153,267)</u>

3 Cash and Investments

The primary government pools available cash and centrally invests these funds to maximize earnings. The component units also pool available cash in this manner. The Retirement System cash is held separately. Significant accounting policies related to cash and investments are included in Note 1C.

A Policies – The primary government is authorized to invest available public money in obligations of the U.S. Government, its agencies and instrumentalities; repurchase agreements that are fully collateralized by direct U.S. Government obligations and U.S. Government agency and instrumentality obligations, including fixed rate Mortgage-Backed Securities; Bankers’ Acceptances; mutual funds that are registered with the Securities and Exchange Commission (SEC) under the Investment Company Act of 1940 (the Act), are operating in accordance with Rule 2A-7 of the Act, and have received the highest possible rating from at least one Nationally Recognized Statistical Rating Organization as designated by the SEC; Certificates of Deposit; and Commercial Paper. In addition, the primary government can participate in the local government investment pool authorized and maintained by the State of Maryland. The fair value of the position in the pool is the same as the value of the shares. Finally, the primary government is authorized to invest bond proceeds that are subject to arbitrage rebate requirements in State and local government obligations.

The primary government, Board of Education, Community College, and Library all participate in the Maryland Local Government Investment Pool (MLGIP), which provides all local government units of the State a relatively safe investment vehicle for the short-term investment of funds. The State Legislature created MLGIP with the passage of Article 95 22G, of the Annotated Code of Maryland. The MLGIP, under the administrative control of the State Treasurer, is managed by PNC Capital Advisors, LLC. The pool is a 2a7 like pool, which is not registered with the Security and Exchange Commission (SEC) but generally operates in a manner consistent with the SEC’s rule 2a7 of the Investment Company Act of 1940 (Rule 2a7). The MLGIP, which maintains a \$1 per share value, is designed to give local government units of the State an investment vehicle for short-term investment of funds.

Legislation became effective during fiscal year 2015 that expanded the authorized investments for Self Insurance funds. In addition to the vehicles available for public money, the no-current portion of Self Insurance fund reserves may be invested in investment grade domestic corporate bonds, mutual funds, exchange traded funds, and taxable or tax-exempt municipal securities.

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

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

cash or other securities in an amount equal to 102% for domestic securities and 105% for international securities of the market value of the securities loaned.

Either the Retirement System or the borrower may terminate security loans on demand, although the average term of the loans is one week. Cash collateral is invested in the lending agent's money market mutual fund, which had a weighted average duration of 25 days at December 31, 2015, the year-end for the Retirement System. Because the loans were terminable at will, the loans' duration did not generally match the durations of the investments made with cash collateral. The Retirement System cannot pledge or sell collateral securities received unless the borrower defaults.

B Balances and Custodial Credit Risk – As of June 30, 2016, the carrying amount of the primary government's bank deposits was (\$6,197,933) and bank balances were \$2,814,729. All bank balances were fully secured by Federal Deposit insurance or fully collateralized. The total money market fund balance was \$216,388,660.

Cash balances of the Board of Education are fully secured by Federal Deposit insurance and by collateral held in the Board's name at the Federal Reserve Bank of Richmond. Deposits for Anne Arundel Community College are secured and properly protected. The cash balances of the other nonmajor component units are insured or collateralized except \$614,000 for Tipton Airport and \$1,491 for Workforce Development, neither of which are insured or collateralized. Subsequent to the end of the fiscal year Tipton Airport transitioned to an Insured Cash Sweep program which provides full insurance for its deposits.

Money market fund balances for the Retirement System and Retiree Health Benefits Trust were \$39,263,082 and \$935,088 respectively. In addition the Health Benefits Trust had \$35,777 in cash.

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

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

The table that follows uses the *Segmented Time Distribution* method to display debt investments by maturity for the primary government and the component units by term and investment type. Market values for issues within the primary government's agency/instrumentalities category include \$89,485,522 of callable issues and \$3,005,388 for issues that have both callable and variable rate features. The component units' issues have no variable rate securities. Equity mutual fund investments with a fair value of \$7,071,313 are not included in this table.

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	over 10
Primary Government					
U.S. Government securities	\$ 242,597,751	\$ 232,331,082	\$ -	\$ -	\$ 10,266,669
Agency / instrumentalities	405,358,548	318,463,462	35,317,421	42,569,817	9,007,848
Money market pools	216,388,660	216,388,660	-	-	-
Commercial Paper	104,220,751	104,220,751	-	-	-
Corporate bonds	27,644,033	-	21,590,603	6,053,430	-
Municipals bonds	36,729,445	13,203,332	19,636,101	3,890,012	-
Bond mutual funds	5,279,037	2,009,470	2,135,837	1,133,730	-
	<u>\$ 1,038,218,225</u>	<u>\$ 886,616,757</u>	<u>\$ 78,679,962</u>	<u>\$ 53,646,989</u>	<u>\$ 19,274,517</u>
Board of Education					
Money market pools	\$ 111,335,845	\$ 111,335,845	\$ -	\$ -	\$ -
	<u>\$ 111,335,845</u>	<u>\$ 111,335,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Community College					
Money market pools	\$ 12,492,233	\$ 12,492,233	\$ -	\$ -	\$ -
Bond mutual funds	2,813,266	2,813,266	-	-	-
	<u>\$ 15,305,499</u>	<u>\$ 15,305,499</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other nonmajor component units					
Money market pools	312	312	-	-	-
	<u>\$ 312</u>	<u>\$ 312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The following table uses *Segmented Time Distribution* to display the Retirement System's debt holdings by maturity term and investment type as of December 31, 2015. Some issues within the categories agencies/instrumentalities, corporate bonds, collateralized mortgage obligations, and other asset-backed securities have variable rate features. The total fair value of these securities was \$17,517,418 as of December 31, 2015.

The table also includes issues with call features and assumes that these issues will be held to maturity. The total fair market value of callable securities totals \$50,267,680 with call dates ranging from January 1, 2016 for continuously callable issues to September 1, 2045. Stated call prices are generally at par. The callable holdings include issues with floating interest rates which have market value of \$8,568,240. Non-debt investments and guaranteed contracts with a combined fair value of \$1,318,973,872 do not have maturity dates and therefore are not included in this table.

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less than			
		1 year	1 to 5	6 to 10	over 10
U.S. Treasuries	\$ 11,285,200	\$ -	\$ 2,325,150	\$ 2,949,367	\$ 6,010,683
Agency/Instrumentalities	15,210,297	3,999,960	325,861	-	10,884,476
Short Term Investment Pools	39,182,521	39,182,521	-	-	-
Corporate Bonds	58,301,884	528,281	18,269,906	30,475,084	9,028,613
Bond Mutual Funds	143,178,237	-	143,178,237	-	-
Collateralized Mrtg Obligations	7,273,527	-	20,553	979,864	6,273,110
Other Asset-Backed Securities	3,687,498	-	309,304	120,708	3,257,486
Foreign and Yankee Bonds	7,680,448	186,517	1,381,061	4,547,111	1,565,759
Totals	\$ 285,799,612	\$ 43,897,279	\$ 165,810,072	\$ 39,072,134	\$ 37,020,127

D Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Debt securities are rated by Nationally Recognized Statistical Rating Organizations to provide purchasers with an opinion of the capability and willingness of a borrower to repay its debt. The primary government’s Investment Policy does not address credit risk. The following table displays the County’s debt holdings and quality ratings from Standard & Poor’s. Ratings for the component units and Retirement System are listed separately. Equity mutual fund investments with a fair value of \$7,071,313 are not included in this table.

	Total Fair Value	Standard & Poor's Credit Ratings					
		A-1	AAA	AA	A	BBB	NR
Primary Government							
Agency/Instrumentalities	\$ 405,358,548	\$ -	\$ -	\$ 338,848,316	\$ -	\$ -	\$ 66,510,232
Commercial Paper	104,220,751	104,220,751	-	-	-	-	-
Repurchase Agreement	-	-	-	-	-	-	-
Corporate Bonds	27,644,033	-	7,054,103	10,444,160	4,092,340	6,053,430	-
Municipal Securities *	36,729,445	-	31,556,938	5,172,507	-	-	-
Bond Mutual Funds	5,279,037	-	-	-	-	-	5,279,037
Money Market Pools	216,388,660	-	204,215,603	-	-	-	12,173,057
Total Credit Risk- Debt Securities	795,620,474	104,220,751	242,826,644	354,464,983	4,092,340	6,053,430	83,962,326
US Govt & Agencies **	242,597,751	-	-	-	-	-	-
Total Debt Securities	\$ 1,038,218,225	\$ 104,220,751	\$ 242,826,644	\$ 354,464,983	\$ 4,092,340	\$ 6,053,430	\$ 83,962,326
Board of Education							
Money Market Pool	\$ 111,335,845	\$ -	\$ 111,335,845	\$ -	\$ -	\$ -	\$ -
Community College							
Money Market Pool	12,492,233	-	12,492,233	-	-	-	-
Bond Mutual Funds	2,813,266	-	-	-	-	-	2,813,266
	\$ 15,305,499	\$ -	\$ 12,492,233	\$ -	\$ -	\$ -	\$ 2,813,266
Nonmajor component units							
Money Market Pool	\$ 312	\$ -	\$ 312	\$ -	\$ -	\$ -	\$ -

*Includes two issuers rated Aaa by Moody's which are not Rated by Standard and Poor's.

**US government agency securities explicitly guaranteed by the US government are categorized here.

Credit ratings of US government agency securities that are only implicitly guaranteed by the US government are categorized accordingly in the main body of this table. Implicitly guaranteed agency securities include Gov’t Mortgage Backed, Gov’t Agencies, and short Term Bills and Notes. Other categories issued are Federal National Mortgage Association, Federal Deposit Insurance Corp., Federal Home Loan Bank, Federal Home Loan Mortgage Corp., Federal Financing Corp., Small Business Association, Farmer Mac, and Federal Farm Credit.

The Retirement System's Investment Policy Statement (IPS) provides guidelines to all fixed income managers related to allowable quality ratings. Holdings displayed by rating as of December 31, 2015 excluding equities with a total fair value of \$1,294,707,594 are displayed next.

	Value	Standard & Poor's Credit Ratings				
		AAA - A	BBB - B	CCC - C	D	NR
Agency/Instrumentalities	\$ 15,210,296	\$ 4,048,036	\$ -	\$ -	\$ -	\$ 11,162,260
Collateralized Mort.Obligations	7,273,528	964,389	140,579	1,351,215	813,177	4,004,168
Other Asset-backed Obligations	3,687,498	1,128,841	704,989	1,297,910	140,695	415,063
Corporate Bonds	58,301,884	4,845,601	51,294,462	1,830,821	-	331,000
Yankee & Foreign Gov.Issued	7,680,448	1,427,862	6,007,768	-	-	244,818
Guaranteed Invest Contracts	24,266,278	-	-	-	-	24,266,278
Mutual Funds	143,178,237	-	-	-	-	143,178,237
Short Term Investment Pools	39,182,521	-	-	-	-	39,182,521
Total Credit Risk of Debt Securities	\$ 298,780,690	\$ 12,414,729	\$ 58,147,798	\$ 4,479,946	\$ 953,872	\$ 222,784,345
US Gov't & Agencies *	11,285,200					
Total Debt Securities	\$ 310,065,890					

* US government agency securities explicitly guaranteed by the US government are categorized here.

E Concentration Risk - Concentration risk is the risk of loss attributed to the magnitude of the government's investment in a single issuer. As of June 30, 2016 Federal Home Loan Bank represented 17.4% of the primary government's investments, Federal Agricultural Mortgage Corp was 6.4%, and Federal Home Loan Mortgage Bank represented 8.8%. Exposure to all other issuers was less than 5% each, excluding investment pools. The primary government's Investment Policy requires diversification of investments by security type and institution. Issuer limits are not addressed. There was no investment greater than 5% for the Board of Education or the Community College excluding pools. The Retirement System's IPS sets maximum concentration limits by asset type and manager style. As of December 31, 2015, there was no exposure to a single issuer greater than 5% of the Retirement System's plan net assets, excluding investment pools.

F Foreign Currency Risk - This risk relates to the potential, unfavorable fluctuation of exchange rates compared with the U.S. Dollar. Neither the primary government nor its component units had exposure to foreign currency risk as of June 30, 2016. The Retirement System recognizes the value of global diversification and retains six managers for global and international equity and fixed income investments. Global and international managers may also purchase or sell currency on a spot basis and may enter into forward exchange contracts on currency provided that the use of such contracts is designed to dampen portfolio volatility or to facilitate the settlement of securities transactions.

As of December 31, 2015, the Retirement System had no direct exposure to fixed income foreign currency. International/global equities and fixed income assets totaled \$654,368,090 in fair market value, managed in pooled funds.

G Fair Value Measurement - The Primary Government has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The schedule of assets by type and hierarchy Level as of June 30, 2016 is displayed below. These are categorized as Level 1 inputs and displayed by type in the following schedule. As of June 30, 2016 short-term investments of \$204,215,603 were in money market mutual funds which are not subject to the fair value measurement requirements.

Assets at Fair Value June 30, 2016

Investment Type	Fair Value	Level 1	Level 2	Level 3
Primary Government				
U.S. Treasuries	\$ 242,597,751	\$ 242,597,751	\$ -	\$ -
Agency / instrumentalities	405,358,548	405,358,548	-	-
Commercial Paper	104,220,751	104,220,751	-	-
Corporate bonds	27,644,033	27,644,033	-	-
Municipals bonds	36,729,445	36,729,445	-	-
Bond mutual funds	5,279,037	5,279,037	-	-
Equity mutual funds	7,071,313	7,071,313	-	-
	<u>\$ 828,900,879</u>	<u>\$ 828,900,879</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2016 all investments and deposits for the Board of Education and the non-major component units were in money in money market mutual funds which are not subject to the fair value measurement requirements. The schedule of assets by type and hierarchy Level for Community College investment follows:

Assets at Fair Value June 30, 2016

Investment Type	Fair Value	Level 1	Level 2	Level 3
Community College				
Bond mutual funds	\$ 2,813,266	\$ 2,813,266	\$ -	\$ -
Equity mutual funds	6,856,723	6,856,723	-	-
Real estate mutual fund	611,549	611,549	-	-
Domestic equity	27,966	27,966	-	-
	<u>\$ 10,309,504</u>	<u>\$ 10,309,504</u>	<u>\$ -</u>	<u>\$ -</u>

The following schedule of fair market measurements for the Pension System as of December 31, 2015.

Assets at Fair Value December 31, 2015

Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Government obligations	\$ 11,285,200	\$ 11,285,200	\$ -	\$ -
Corporate bonds	92,153,654	92,142,904	-	10,750
Fixed income mutual funds	84,718,804	3,234,263	81,484,541	-
International fixed income mutual funds	58,459,433	58,459,433	-	-
Global asset pools	262,108,211	-	-	262,108,211
Domestic equity	435,313,169	332,125,846	103,187,323	-
International Equity pools	333,800,444	164,696,545	169,103,899	-
Private markets	116,195,751	-	-	116,195,751
Portable Alpha	286,375	-	-	286,375
Real estate investment pools	96,867,840	-	-	96,867,840
Absolute return fixed income	50,055,243	50,055,243	-	-
Aetna insurance pooled fixed income	24,266,278	-	24,266,278	-
	<u>\$ 1,565,510,402</u>	<u>\$ 711,999,434</u>	<u>\$ 378,042,041</u>	<u>\$ 475,468,927</u>

The schedule of fair market measurements for the Retiree Health Benefits Trusts follows.

Assets at Fair Value as of June 30, 2016

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Retiree Health Benefits Trust				
Mutual Funds				
Fixed Income	\$ 26,337,165	\$ 26,337,165	\$ -	\$ -
Domestic Equity	22,104,476	22,104,476	-	-
International Equity	17,855,082	17,855,082	-	-
Total Mutual Funds	<u>\$ 66,296,723</u>	<u>\$ 66,296,723</u>	<u>\$ -</u>	<u>\$ -</u>

4 Receivables

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

B *State Income Taxes Receivable* – Revenue from the income tax is derived from personal income from County residents like salaries and social security payments as well as income from capital gains, interest and some business income. Local income tax revenue is collected by the State and distributed to local government throughout the year. The State's distribution of the County's share of income taxes lags behind the County's fiscal year. Management estimates the amount of receivables for taxes earned in the fiscal year by analyzing the historical trends of distribution patterns and current year income tax activity. The current local income tax rate is 2.56%.

C *Long Term Receivables* – The primary government has long-term receivables recorded in the Water and Wastewater Fund consisting of front foot benefit assessments, capital facility connection fees, and interest charges that varies from 1.6% to 8.0%. These receivables are collected over five to thirty years. The balance as of June 30, 2016 is \$30,450,956.

5 Capital Assets

The components of capital assets, changes in asset categories, and accumulated depreciation for the fiscal year ended June 30, 2016 are presented as follows:

Anne Arundel County, Maryland
Notes to the Financial Statements

Category	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land and easements	\$ 212,116,689	\$ 5,723,742	\$ -	\$ 217,840,431
Historical property/works of art	4,166,465	-	-	4,166,465
Construction in progress	187,445,296	71,591,764	(153,481,383)	105,555,677
Total assets not depreciated	<u>403,728,450</u>	<u>77,315,506</u>	<u>(153,481,383)</u>	<u>327,562,573</u>
<i>Capital assets being depreciated:</i>				
Land improvements	219,256,875	41,027,527	-	260,284,402
Buildings	314,858,879	10,083,742	-	324,942,621
Roads and bridges	372,003,852	24,625,482	(6,492,070)	390,137,264
Sidewalks, curbs, and gutters	46,311,670	6,043,726	(1,164,904)	51,190,492
Storm drains and culverts	328,577,225	17,184,121	(1,301,264)	344,460,082
Automobiles and rolling stock	93,746,086	14,743,887	(4,323,317)	104,166,656
Furniture, fixtures, and equipment	92,972,673	3,811,975	(1,450,399)	95,334,249
Software	22,138,117	802,476	(252,437)	22,688,156
Total assets depreciated	<u>1,489,865,377</u>	<u>118,322,936</u>	<u>(14,984,391)</u>	<u>1,593,203,922</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(98,032,211)	(7,343,282)	-	(105,375,493)
Buildings	(117,539,665)	(6,640,995)	-	(124,180,660)
Roads and bridges	(204,817,019)	(14,202,345)	6,489,930	(212,529,434)
Sidewalks, curbs, and gutters	(17,483,411)	(1,195,771)	1,048,413	(17,630,769)
Storm drains and culverts	(201,231,161)	(11,302,684)	1,240,594	(211,293,251)
Automobiles and rolling stock	(72,482,671)	(6,766,177)	4,323,317	(74,925,531)
Furniture, fixtures, and equipment	(61,231,028)	(6,580,713)	1,537,724	(66,274,017)
Software	(20,618,959)	(504,988)	101,351	(21,022,596)
Total accumulated depreciation	<u>(793,436,125)</u>	<u>(54,536,955)</u>	<u>14,741,329</u>	<u>(833,231,751)</u>
Total capital assets being depreciated, net	<u>696,429,252</u>	<u>63,785,981</u>	<u>(243,062)</u>	<u>759,972,171</u>
Total governmental activities, net	<u>\$ 1,100,157,702</u>	<u>\$ 141,101,487</u>	<u>\$ (153,724,445)</u>	<u>\$ 1,087,534,744</u>
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land and easements	\$ 12,640,178	\$ 65,534	\$ -	\$ 12,705,712
Construction in progress (as restated)	547,411,713	117,940,090	(206,537,533)	458,814,270
Total assets not depreciated	<u>560,051,891</u>	<u>118,005,624</u>	<u>(206,537,533)</u>	<u>471,519,982</u>
<i>Capital assets being depreciated:</i>				
Buildings	31,241,461	20,444,089	-	51,685,550
Landfills	54,382,136	10,642,984	-	65,025,120
Water and sewer plants and lines	1,553,198,325	191,361,435	(535,431)	1,744,024,329
Automobiles and rolling stock	10,685,253	1,883,282	(521,357)	12,047,178
Furniture, fixtures, and equipment	23,851,304	3,639,538	(1,123,127)	26,367,715
Total assets depreciated	<u>1,673,358,479</u>	<u>227,971,328</u>	<u>(2,179,915)</u>	<u>1,899,149,892</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(9,249,808)	(2,388,247)	-	(11,638,055)
Landfills	(39,128,170)	(1,631,258)	-	(40,759,428)
Water and sewer plants and lines	(701,442,299)	(41,388,133)	-	(742,830,432)
Automobiles and rolling stock	(7,656,867)	(555,076)	521,357	(7,690,586)
Furniture, fixtures, and equipment	(11,692,248)	(3,498,198)	1,098,060	(14,092,386)
Total accumulated depreciation	<u>(769,169,392)</u>	<u>(49,460,912)</u>	<u>1,619,417</u>	<u>(817,010,887)</u>
Total capital assets being depreciated, net	<u>904,189,087</u>	<u>178,510,416</u>	<u>(560,498)</u>	<u>1,082,139,005</u>
Total business-type activities, net	<u>\$ 1,464,240,978</u>	<u>\$ 296,516,040</u>	<u>\$ (207,098,031)</u>	<u>\$ 1,553,658,987</u>

Anne Arundel County, Maryland
Notes to the Financial Statements

Category	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Board of Education:				
<i>Capital assets not being depreciated:</i>				
Land and improvements	\$ 66,428,027	\$ 38,992	\$ -	\$ 66,467,019
Computer software in progress	-	602,045	-	602,045
Construction in progress	<u>154,849,072</u>	<u>118,914,658</u>	<u>(122,489,400)</u>	<u>151,274,330</u>
Total assets not depreciated	<u>221,277,099</u>	<u>119,555,695</u>	<u>(122,489,400)</u>	<u>218,343,394</u>
<i>Capital assets being depreciated:</i>				
Buildings	1,482,855,000	129,867,777	(753,998)	1,611,968,779
Computer software	8,956,545	-	-	8,956,545
Furniture, fixtures, and equipment	<u>46,496,937</u>	<u>1,449,238</u>	<u>(1,323,260)</u>	<u>46,622,915</u>
Total assets depreciated	<u>1,538,308,482</u>	<u>131,317,015</u>	<u>(2,077,258)</u>	<u>1,667,548,239</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(696,151,382)	(45,721,665)	753,998	(741,119,049)
Computer software	(1,580,173)	(895,654)	-	(2,475,827)
Furniture, fixtures, and equipment	<u>(28,961,291)</u>	<u>(3,135,898)</u>	<u>1,281,637</u>	<u>(30,815,552)</u>
Total accumulated depreciation	<u>(726,692,846)</u>	<u>(49,753,217)</u>	<u>2,035,635</u>	<u>(774,410,428)</u>
Total capital assets being depreciated, net	<u>811,615,636</u>	<u>81,563,798</u>	<u>(41,623)</u>	<u>893,137,811</u>
Total Board of Education, net	<u>\$ 1,032,892,735</u>	<u>\$ 201,119,493</u>	<u>\$ (122,531,023)</u>	<u>\$ 1,111,481,205</u>
Community College:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,377,178	\$ -	\$ -	\$ 2,377,178
Construction in progress	<u>376,512</u>	<u>3,184,155</u>	<u>(1,681,915)</u>	<u>1,878,752</u>
Total assets not depreciated	<u>2,753,690</u>	<u>3,184,155</u>	<u>(1,681,915)</u>	<u>4,255,930</u>
<i>Capital assets being depreciated:</i>				
Land improvements	7,410,635	29,965	(41,850)	7,398,750
Buildings and improvements	142,139,570	507,449	(37,200)	142,609,819
Furniture, fixtures, and equipment	25,771,497	1,483,004	(1,497,517)	25,756,984
Leasehold improvements	1,573,779	-	-	1,573,779
Intangible assets	<u>546,742</u>	<u>124,107</u>	<u>-</u>	<u>670,849</u>
Total assets depreciated	<u>177,442,223</u>	<u>2,144,525</u>	<u>(1,576,567)</u>	<u>178,010,181</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(3,125,250)	(447,898)	41,850	(3,531,298)
Buildings and improvements	(60,873,008)	(4,306,600)	37,200	(65,142,408)
Furniture, fixtures, and equipment	(18,410,741)	(1,441,162)	1,473,506	(18,378,397)
Leasehold improvements	(455,197)	(157,811)	-	(613,008)
Intangible assets	<u>(169,230)</u>	<u>(86,380)</u>	<u>-</u>	<u>(255,610)</u>
Total accumulated depreciation	<u>(83,033,426)</u>	<u>(6,439,851)</u>	<u>1,552,556</u>	<u>(87,920,721)</u>
Total capital assets being depreciated, net	<u>94,408,797</u>	<u>(4,295,326)</u>	<u>(24,011)</u>	<u>90,089,460</u>
Total Community College, net	<u>\$ 97,162,487</u>	<u>\$ (1,111,171)</u>	<u>\$ (1,705,926)</u>	<u>\$ 94,345,390</u>

Anne Arundel County, Maryland
Notes to the Financial Statements

Category	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Other non-major:				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ -	\$ 433,907	\$ -	\$ 433,907
<i>Capital assets being depreciated:</i>				
Airport improvements	10,824,316	397,839	-	11,222,155
Library collection	16,461,873	3,192,547	(3,051,330)	16,603,090
Automobiles and rolling stock	31,915	-	-	31,915
Furniture, fixtures, and equipment	3,080,358	432,531	(303,203)	3,209,686
Total assets depreciated	<u>30,398,462</u>	<u>4,022,917</u>	<u>(3,354,533)</u>	<u>31,066,846</u>
<i>Less accumulated depreciation for:</i>				
Airport improvements	(5,153,668)	(536,502)	-	(5,690,170)
Library collection	(6,228,704)	(1,426,034)	1,391,243	(6,263,495)
Automobiles and rolling stock	(24,468)	(4,255)	-	(28,723)
Furniture, fixtures, and equipment (as restated)	(2,265,503)	(250,262)	281,077	(2,234,688)
Total accumulated depreciation	<u>(13,672,343)</u>	<u>(2,217,053)</u>	<u>1,672,320</u>	<u>(14,217,076)</u>
Total capital assets being depreciated, net	<u>16,726,119</u>	<u>1,805,864</u>	<u>(1,682,213)</u>	<u>16,849,770</u>
Total other non-major, net	<u>\$ 16,726,119</u>	<u>\$ 2,239,771</u>	<u>\$ (1,682,213)</u>	<u>\$ 17,283,677</u>

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

Certain items in construction in progress may be expensed once the projects close based on the final analysis of the capital projects closing. As a result, the amounts closing in construction in progress may be greater than the additions to capital assets.

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

<i>Governmental activities:</i>		<i>Business-type activities:</i>	
Education	\$ -	Water and wastewater	\$ 45,566,683
Public Safety	9,498,638	Waste collection	<u>3,894,229</u>
General government	7,708,499		<u>\$ 49,460,912</u>
Health and human services	397,097	<i>Component units:</i>	
Public works	27,613,216	Board of Education	\$ 49,753,217
Recreation and community services	7,793,277	Community College	6,439,851
Judicial	1,318,515	Library System	1,519,113
Code Enforcement	70,708	Economic Development Corp	84,973
Land use and development	<u>137,005</u>	Tipton Airport Authority	544,550
	<u>\$ 54,536,955</u>	Workforce Development	<u>68,417</u>
			<u>\$ 58,410,121</u>

6 Restricted Assets and Liabilities

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

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

7 Interfund and Intra-Entity Balances and Transfers

The interfund balances of the primary government consist of the following as of June 30, 2016:

Interfund Balances of the Primary Government

Fund With Receivable	Fund With Payable	Amount	Represents
General Fund	Special Revenue Funds	\$ 1,900,477	Implicit borrowing from the General Fund
General Fund	Internal Service Funds	6,451,317	Self Insurance Fund surplus allocation
Enterprise Funds	Internal Service Funds	405,311	Self Insurance Fund surplus allocation
Internal Service Funds	Enterprise Funds	730,607	Central Garage Fund deficit allocation
Internal Service Funds	General Fund	4,666,124	Central Garage Fund deficit allocation
		<u>\$ 14,153,836</u>	

Interfund balances between the General Fund and internal service funds have been eliminated on the government-wide Statement of Net Position.

Transfers between the primary government's governmental funds totaled \$199,828,955 for fiscal year 2016. The transfers are for the following:

Originating Fund	Recipient Fund	Amount	Purpose
General Fund	Arundel Community Development Services	\$ 270,000	Transfers for grants
General Fund	Video Lottery Local Impact Aid	1,237,151	Transfer of restricted fund balance
General Fund	General County Capital Projects	77,410,000	Bond proceeds transferred for capital projects
General Fund	General County Capital Projects	15,418,000	Pay-as-you-go transfers for capital projects
Impact Fees Capital Projects	General County Capital Projects	7,151,078	Impact fee funding for capital projects
Reforestation	General County Capital Projects	658,596	Transfers for capital projects
Watershed Protection and Restoration	General County Capital Projects	15,850,000	Transfers for capital projects
Bond Premium	General County Capital Projects	38,996,000	Transfers for capital projects
Video Lottery Local Impact Aid	General County Capital Projects	3,200,000	Transfers for capital projects
Street Light Capital Projects	General County Capital Projects	463,613	Transfers for capital projects
Energy Revolving Loan	Arundel Community Development Services	274,600	Transfers for capital projects
General County Capital Projects	Watershed Protection and Restoration	66,930	Investment income allocation retained
General County Capital Projects	General Fund	193,022	Investment income allocation retained
Impact Fees Capital Projects	General Fund	2,514,679	Impact fees transferred for debt service
Nursery Road Tax Increment	General Fund	4,967,450	Transfers legally appropriated
West County Tax Increment	General Fund	6,122,384	Transfers legally appropriated
Arundel Mills Tax Increment	General Fund	6,976,083	Transfers legally appropriated
Parole Tax Increment	General Fund	12,373,468	Transfers legally appropriated
Village South at Waugh Chapel TIF	General Fund	3,142,254	Transfers legally appropriated
General Fund	Grants	1,590,647	Transfers for grants
General Fund	Installment Purchase Agreements	953,000	Transfers for land preservation
		<u>\$ 199,828,955</u>	

Transfers In

Transfer Out	General Fund	Non Major Governmental	General County Capital Projects	Total
General Fund	\$ -	\$ 4,050,798	\$ 92,828,000	\$ 96,878,798
Non Major Governmental	33,581,639	274,600	59,168,209	93,024,448
Impact Fees Capital Projects	2,514,679	-	7,151,078	9,665,757
General County Capital Projects	193,022	66,930	-	259,952
Total Transfers In	<u>\$ 36,289,340</u>	<u>\$ 4,392,328</u>	<u>\$ 159,147,287</u>	<u>\$ 199,828,955</u>

Transfers between the primary government's proprietary funds, fiduciary fund and governmental funds presented as follows, totaled \$1,482,428 for fiscal year 2016. The transfer from the General County Capital Projects Fund to the Water and Wastewater Fund is for an elementary school sewer project. The transfer from the Solid Waste Fund to the Energy Revolving Loan Fund is for energy conservation projects.

<u>Originating Fund</u>	<u>Recipient Fund</u>	<u>Amount</u>
General County Capital Projects	Enterprise Funds	\$ 1,290,829
Enterprise Funds	Nonmajor Governmental	191,599
		<u>\$ 1,482,428</u>

As of June 30, 2016, receivable and payable balances remained between the primary government and the discretely presented component units. These balances and transactions are a result of the primary government's ongoing funding of the component units' capital and operating costs and a return of funding. Those balances and the payments from the primary government to or on behalf of these parties are presented as follows:

Receivables/Payables

<u>Entity with Receivable</u>	<u>Entity with Payable</u>	<u>Amount</u>
Board of Education	Primary Government	\$ 26,770,717
Community College	Primary Government	652,951
Other Nonmajor	Primary Government	837,394
Primary Government	Board of Education	7,676,431
		<u>\$ 35,937,493</u>

Primary Government Expenditures

<u>Originating Entity</u>	<u>Recipient Entity</u>	<u>Amount</u>
Primary Government	Board of Education	\$ 728,867,518
Primary Government	Community College	41,455,961
Primary Government	Other Nonmajor	21,291,656
		<u>\$ 791,615,135</u>

8 Bonded Debt and Other Obligations

The primary government's Statements of Net Position includes short and long-term debt and obligations comprised of bond anticipation notes, general obligation bonds, special assessment debt, leases, installment purchase agreements, and liabilities related to State loans, unpaid insurance claims, pension benefits, OPEB benefits, compensated absences, and claims and judgments. Descriptions of certain of these obligations and the respective balances, debt service requirements, and changes during fiscal year 2016 are provided as follows.

A Bond Anticipation Notes – The County periodically incurs short-term debt by issuing bond anticipation notes for the purchase of capital related assets. Notes are sold with an initial maturity from 1 to 270 days, and, on refinancing, at the notes' maturities, with additional notes marketed at then-current interest rates. This remarketing is backed for liquidity purposes by a letter of credit, the terms of which provide that no principal repayments are due by the County (if there is a call on the letter of credit) until the termination of the agreement, which is maintained at two years at all times. The maturity date of this liquidity arrangement is December 16, 2018.

B General County Debt – Substantially all long-term bonded debt is issued as general obligation bonds for the purchase of capital assets and guaranteed by the full faith and credit of the County, subject to limitations set forth in section 710 (d) of the County Charter, which restricts the growth of revenue derived from property taxes. The following table includes general obligation bonds which include amounts issued for the Watershed Protection and Restoration Fund but excludes the tax increment bonds, installment purchase agreements, and state loans. These are listed separately. Business-type debt includes general obligation bonds issued for the Solid Waste Fund and Water and Wastewater Fund. The debt service requirements for the bonds outstanding as of June 30, 2016 are presented as follows:

General County Debt					
Year ending June 30,	Governmental			Business-type	
	Principal	Interest		Principal	Interest
2017	\$ 88,406,717	\$ 48,916,368	\$	33,489,360	\$ 25,093,201
2018	85,046,898	44,789,793		30,888,043	23,993,163
2019	81,945,651	40,755,480		30,049,398	22,736,494
2020	77,008,352	36,774,611		29,493,075	21,450,786
2021	75,014,493	33,088,064		29,599,601	20,184,639
2022-2026	318,184,115	113,748,379		139,600,204	82,128,875
2027-2031	200,433,196	49,896,917		115,140,896	54,889,759
2032-2036	71,995,285	15,286,276		84,915,886	32,483,294
2037-2041	15,540,000	5,823,001		60,926,066	15,096,710
2042-2046	15,525,000	1,940,626		28,950,000	3,116,750
	<u>\$ 1,029,099,707</u>	<u>\$ 391,019,515</u>	\$	<u>583,052,529</u>	<u>\$ 301,173,671</u>

C Tax Increment and Other Debt - As of June 30, 2016, there was \$83,125,000 of Special Obligation Tax Increment Bonds payable from property tax revenue generated from assessment increases occurring since the formation of the tax increment districts. This debt is included in the primary government's long-term debt on the Statements of Net Position. The County has pledged its full faith and credit for the following Special Obligation Tax Increment Bonds: Arundel Mills Refunding 2004, National Business Park Refunding 2004, West Nursery Road 2004, Arundel Mills Refunding 2014, National Business Park Refunding 2014, and West Nursery Road Refunding 2014. The County has not pledged its full faith and credit for National Business Park North 2010 or Village South at Waugh Chapel 2010, except for the tax increment revenues and special taxes within the special tax district, if needed, to cover debt service.

During the fiscal year ended June 30, 2016, \$39,103,509 of incremental property tax revenue was collected and available for debt service purposes as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances for the Nonmajor Governmental Funds. Of this amount, \$893,750 is related to Park Place which is not considered part of the County's debt and \$983,009 is related to Odenton Town Center TIF which does not have debt outstanding as of June 30, 2016. The table that follows outlines the debt service requirements for these bonds.

Year ending June 30,	Principal	Interest	Year ending June 30,	Principal	Interest
2017	\$ 1,995,000	\$ 4,232,509	2022-2026	\$ 20,730,000	\$ 16,065,724
2018	2,240,000	4,185,297	2027-2031	18,885,000	11,202,571
2019	2,570,000	4,093,616	2032-2036	12,340,000	7,626,170
2020	2,925,000	3,952,881	2037-2041	18,245,000	2,971,994
2021	3,195,000	3,794,859		-	-
				<u>\$ 83,125,000</u>	<u>\$ 58,125,621</u>

In addition, there were \$3,775,000, \$13,225,000, \$30,000,000, and \$25,000,000 of special tax district bonds related to the Farmington Village Project, the Villages of Dorchester, Two Rivers, and Arundel Gateway outstanding as of June 30, 2016, respectively. The proceeds of these bonds were used to finance infrastructure improvements within the special districts. These bonds are payable solely from the proceeds of a special tax levied on parcels within the districts and are not backed by the County's full faith and credit. This debt does not appear on the Statement of Net Position. The County acts only as a fiduciary in collecting the taxes and servicing the debt.

D State Loans - The County has interest free loans outstanding in the amount of \$3,101,437 as of June 30, 2016. These loans were received from the State for waterway improvements. During fiscal year 2016, the County paid \$296,424 for principal. The table that follows outlines the debt service requirements:

Year ending June 30,	Principal	Year ending June 30,	Principal
2017	\$ 333,915	2022-2026	\$ 984,751
2018	240,747	2027-2031	766,128
2019	228,183	2032-2035	105,186
2020	221,263		
2021	221,264		
			<u>\$ 3,101,437</u>

E Leases – The County has entered into two lease agreements for assets that qualify as capital leases for accounting purposes. The agreements have resulted in capital assets in the amount of \$119,790 for a high speed Printer, and \$60,038 for a Toro Reelmaster at Eisenhower Golf Course. The net present value of these minimum lease payments as of June 30, 2016 and the future minimum lease obligations were as follows:

Year ending June 30,	of Minimum Lease Payments	Interest	Total Minimum Payments
2017	\$ 22,347	\$ 13,619	\$ 35,966
2018	22,347	13,619	35,966
2019	10,043	1,964	12,007
2020	10,043	1,964	12,007
	<u>\$ 64,780</u>	<u>\$ 31,166</u>	<u>\$ 95,946</u>

The County has also entered into several operating lease arrangements for office space and equipment. All leases are cancelable at the option of the County. Many of the agreements contain renewal options, and some have rent escalation clauses. Total lease expense for fiscal year 2016 was \$3,120,599. Anne Arundel County has a lease with the City of Annapolis for Eisenhower Golf Course which expires June 12, 2017. The lease terms state the rent shall be the sum of fifty percent (50%) of the annual net profits derived from the operation of the facilities. The lease payments for fiscal year 2016 were \$63,818. Because the amount varies, the future value of these lease payments is not included in the next table. Minimum annual rental costs required by the leases are summarized as follows:

Year ending June 30,	Annual Rentals	Year ending June 30,	Annual Rentals
2017	\$ 2,757,740	2022-2026	\$ 3,962,806
2018	2,539,750	2027-2031	3,596,322
2019	1,906,178	2032-2036	1,200,015
2020	1,585,548	2037-2041	380,015
2021	1,433,673	2042-2046	133
			<u>\$ 19,362,180</u>

F Installment Purchase Agreements – The County has instituted an Installment Purchase Program to facilitate County purchases of real property easements to maintain farmland and other open space. Under this program, the County signs long-term debt agreements with property holders with a minimal down payment, typically \$1,000. Interest and nominal principal payments are made over the life of the agreement, and a balloon payment is due at the end of the term to pay off the remaining principal balance. To pay the balloon payment, the County purchases and reserves a zero coupon U.S. Treasury Strip. This investment matures when the agreement expires and effectively earns the same interest rate that the County pays on the debt. The debt requirements as of June 30, 2016 are presented as follows:

Year ending June 30,	Principal	Interest	Year ending June 30,	Principal	Interest
2017	\$ 20,000	\$ 724,954	2022-2026	\$ 100,000	\$ 3,585,728
2018	20,000	723,838	2027-2031	10,434,000	2,007,761
2019	20,000	722,723	2032-2036	-	668,313
2020	20,000	721,608	2037-2041	2,931,000	404,296
2021	20,000	720,492		-	-
				<u>\$ 13,565,000</u>	<u>\$ 10,279,713</u>

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

	Due Dates	Interest Rates	Amount of Original Issue	Amount Outstanding
Governmental activities:				
General obligation bonds	2016-2046	1.50% to 5.55%	\$ 1,575,026,751	\$ 1,029,099,707
Tax increment district bonds	2016-2041	1.50% to 6.25%	84,860,000	83,125,000
Installment purchase agreements	2016-2041	4.55% to 6.00%	13,819,916	13,565,000
Loans payable	2015-2035	0%	7,281,761	3,101,437
Total governmental activities			<u>1,680,988,428</u>	<u>1,128,891,144</u>
Business-type activities:				
Water and wastewater serial bonds	2016-2046	1.00% to 5.55%	882,769,553	550,132,236
Solid waste serial bonds	2015-2035	2.00% to 6.00%	60,918,249	32,920,293
Total business-type activities			<u>943,687,802</u>	<u>583,052,529</u>
			<u>\$ 2,624,676,230</u>	<u>\$ 1,711,943,673</u>

The County Charter authorizes the County Council to approve the issuance of general obligation bonds and to set limits on bonds issued through ordinance. Based on the effective ordinance, bonds (other than water and sewer) are limited at 5.2% of the assessable base of real property and 13% of the assessable base of personal property and certain operating real property of the County. In addition, general obligation water and wastewater bonds are limited at 5.6% of the assessable base of real property and 14% of the assessable base of personal property and certain operating real property within the County's sanitary district. As of June 30, 2016, a review of the legal debt limitations reveals the following:

	General Bonds (5.2%/13% Limitations)	Water and Wastewater (5.6%/14% Limitations)
Charter imposed limitation	\$ 4,360,176,077	\$ 4,323,712,540
Bonded debt outstanding		
Installment purchase agreements	13,565,000	-
General obligation-serial bonds	982,412,344	550,132,236
General obligation-serial bonds, WPRF	46,687,363	-
General obligation-serial bonds, Solid Waste	32,920,293	-
Tax increment bonds	83,125,000	-
	<u>1,158,710,000</u>	<u>550,132,236</u>
Legal debt margin	<u>\$ 3,201,466,077</u>	<u>\$ 3,773,580,304</u>

As of June 30, 2016, the County had the total authority to issue bonds in the amount of \$2,005,667,950 of which \$835,146,037 has already been issued. Included in the amounts issued to date is \$442,777,802 for general obligation water and wastewater series bonds, and \$17,822,087 of general obligation bonds for the Solid Waste Fund. This unused authority will be used to fund existing capital projects and those appropriated through the budgetary process.

H Loans Payable – On July 25, 2012, the Anne Arundel Community College Foundation finalized an agreement between Anne Arundel County, Maryland (the issuer) and The Bank of New York (the Trustee) whereby the Foundation refinanced \$12,180,000 of the economic development revenue bonds. The proceeds of the loan were used to finance the cost of the construction of educational facilities. Principal payments began September 1, 2014 with the final principal payment being due on September 1, 2028. Interest on the bonds varies from 2.00% to 4.00%. The loan balance as of June 30, 2016 was \$11,365,000. Scheduled principal payments due on the bonds payable for future years ending June 30 are shown as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Year Ending June 30,</u>	<u>Principal Payments</u>
2017	\$ 730,000	2020	\$ 785,000	2027-2029	\$ 3,030,000
2018	750,000	2021	810,000		
2019	770,000	2022-2026	4,490,000		
					\$ 11,365,000

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

	<u>Balance June 30,2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30,2016</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 1,018,773,705	\$ 162,644,271	\$ 152,318,269	\$ 1,029,099,707	\$ 88,406,717
Unamortized premium	117,955,434	28,693,550	16,505,318	130,143,666	17,861,068
Tax incremental and other debt	84,860,000	-	1,735,000	83,125,000	1,995,000
Total bonds payable	1,221,589,139	191,337,821	170,558,587	1,242,368,373	108,262,785
State loans	3,397,861	-	296,424	3,101,437	333,915
Capital leases	36,911	95,001	35,966	95,946	35,966
Installment purchase agreements	13,585,000	-	20,000	13,565,000	20,000
Unpaid insurance claims	79,440,068	92,045,799	91,892,750	79,593,117	19,667,082
Pension benefits	454,671,186	99,715,962	-	554,387,148	-
OPEB obligation	482,182,615	-	6,694,627	475,487,988	-
Compensated absences	24,192,382	25,957,863	26,346,269	23,803,976	23,753,107
Total long-term	2,279,095,162	409,152,446	295,844,623	2,392,402,985	152,072,855
Total governmental activities	\$ 2,279,095,162	\$ 409,152,446	\$ 295,844,623	\$ 2,392,402,985	\$ 152,072,855
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 572,747,101	\$ 125,172,774	\$ 114,867,346	\$ 583,052,529	\$ 33,489,360
Unamortized premium	42,550,139	18,320,081	5,789,962	55,080,258	4,994,641
Total bonds payable	615,297,240	143,492,855	120,657,308	638,132,787	38,484,001
Landfill closure/postclosure	35,857,351	342,824	880,817	35,319,358	1,010,756
Pension benefits	42,079,688	6,585,045	-	48,664,733	-
OPEB obligation	46,683,001	-	713,708	45,969,293	-
Compensated absences	2,172,769	2,129,534	2,093,320	2,208,983	2,129,791
Total long-term	742,090,049	152,550,258	124,345,153	770,295,154	41,624,548
Total business-type activities	\$ 742,090,049	\$ 152,550,258	\$ 124,345,153	\$ 770,295,154	\$ 41,624,548

J Refundings – In fiscal year 2016, the County defeased the callable portion of certain series of General Obligation and Water/Wastewater Refunding Bonds by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. The funds are held in escrow by a third party custodian invested in US Government-issued securities. On March 30, 2016 the County issued \$144,885,000 in refunding bonds for the following: \$69,585,000 to refund General Obligation Bonds, and \$75,300,000 to refund Water/Wastewater Bonds. The true interest cost for the refunded bonds was 1.86 percent. The advance refunding net proceeds were deposited in an irrevocable trust account with an escrow agent to provide for all future debt service payments on the refunding bonds. As a result, the refunding bonds are considered to be

deceased and have been removed from the government-wide statement of net assets. The savings or aggregate difference in debt service from refunding General Obligation Bonds was \$9,634,641 and from refunding Water and Wastewater Bonds was \$15,427,999. The net effect of the total refunding loss for General Obligation Bonds was \$1,388,863, and the net effect of the total refunding loss for Water/Wastewater was \$1,162,600. The refunding loss is being amortized over the life of the refunding bonds. There was a net present value savings of \$20.5 million in debt service.

In prior years, the County in-substance defeased certain general obligation bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. Amounts held in trust on June 30, 2016, \$58,240,000 of governmental debt and \$47,205,000 of business-type debt from prior years is considered defeased.

9 Governmental Fund Balance

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

	<u>Major Funds</u>			<u>Nonmajor</u>	<u>Totals</u>
	<u>General</u>	<u>Impact Fees Capital Projects</u>	<u>General County Capital Projects</u>	<u>Governmental Funds</u>	
FUND BALANCES					
Non spendable					
Inventories	\$ 2,678,031	\$ -	\$ -	\$ -	\$ 2,678,031
Total non spendable	2,678,031	-	-	-	2,678,031
Restricted					
Base realignment and closure (BRAC)	1,372,139	-	-	-	1,372,139
Impact fees capital projects	-	93,291,841	-	-	93,291,841
Forfeiture and asset seizure team	-	-	-	560,103	560,103
Roads and special benefits	-	-	-	341,406	341,406
Reforestation	-	-	-	7,653,451	7,653,451
Laurel racetrack community benefit	-	-	-	39,355	39,355
Grants	-	-	6,130,995	4,062,376	10,193,371
Circuit court	-	-	-	46,219	46,219
Odenton Town Center Tax Increment	-	-	-	1,464,981	1,464,981
Erosion districts	-	-	-	589,601	589,601
Video lottery local impact aid	-	-	-	8,287,035	8,287,035
Watershed protection and restoration	-	-	21,735,691	18,925,612	40,661,303
Bond premium	-	-	-	18,664,174	18,664,174
Debt service	-	-	-	6,684,460	6,684,460
Total restricted	1,372,139	93,291,841	27,866,686	67,318,773	189,849,439
Committed					
Storm drain fees	-	-	-	929,273	929,273
Street lights capital projects	-	-	-	4,259,344	4,259,344
Recreation and land fees	-	-	-	448,683	448,683
Energy revolving loan	-	-	-	220,571	220,571
Installment purchase agreements	-	-	-	10,964,583	10,964,583
Total committed	-	-	-	16,822,454	16,822,454
Assigned					
General County capital projects	-	-	79,535,242	-	79,535,242
General County	65,989,087	-	-	-	65,989,087
Total assigned	65,989,087	-	79,535,242	-	145,524,329
Unassigned					
	76,778,332	-	-	(6,827,838)	69,950,494
Total fund balances	\$ 146,817,589	\$ 93,291,841	\$ 107,401,928	\$ 77,313,389	\$ 424,824,747

Encumbrances

Encumbrance accounting is employed as part of the budgetary presentation for the General Fund, special revenue funds, and capital projects funds. As of June 30, 2016, certain amounts which were restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Encumbrances included in governmental fund balances are as follows:

	Encumbrances included in:	
	Restricted Fund Balance	Assigned Fund Balance
General Fund		
Police	\$ -	\$ 1,975,530
Fire	-	2,196,736
Detention Facilities	-	365,763
Office of Finance	-	55,426
Central Services	-	862,152
Personnel	-	68,152
Information Technology	-	1,565,048
Legislative Branch	-	24
Board of Election Supervisors	-	23,612
Health	-	763,398
Social Services	-	35,055
Services for the Aging	-	500
Public Works	-	1,696,780
Recreation & Parks	-	465,111
Sheriffs Office	-	95,729
Inspection & Permits	-	5,866
Board of License Commissioners	-	11,040
FAST Fund	537,789	-
Grants Fund	890,922	-
Arundel Community Development Services	3,171,454	-
Reforestation Fund	9,294	-
Video Lottery Local Impact Aid	720,000	-
Watershed Protection and Restoration	2,767,163	-
General County Capital Projects Fund	-	54,824,463
Watershed Protection and Restoration Capital Projects Fund	17,116,014	-
Total	\$ <u>25,212,636</u>	\$ <u>65,010,385</u>

10 Deferred Outflows and Inflows of Resources and Unearned Revenue

Governmental funds and proprietary funds report deferred outflows of resources which are related to net assets that are applicable to future reporting periods. The components of deferred outflows were reported as follows:

	Business-Type Activities - Enterprise Funds					Grand Totals
	Governmental Activities	Water and Wastewater	Solid Waste	Child Care	Totals	
Deferred outflow of resources						
Pension benefits						
Pension benefits contribution current year	\$ 31,393,986	\$ 2,080,200	\$ 435,750	\$ 46,750	\$ 2,562,700	\$ 33,956,686
Change in experience	17,534,471	1,562,988	333,666	32,577	1,929,231	19,463,702
Change in assumptions	32,469,271	2,149,724	458,924	44,805	2,653,453	35,122,724
Change in investments	134,671,498	7,827,773	1,644,912	173,807	9,646,492	144,317,990
Total pension benefits	<u>216,069,226</u>	<u>13,620,685</u>	<u>2,873,252</u>	<u>297,939</u>	<u>16,791,876</u>	<u>232,861,102</u>
Unamortized deferred refunding loss	6,843,024	5,119,190	187,828	-	5,307,018	12,150,042
Total deferred outflows	<u>\$ 222,912,250</u>	<u>\$ 18,739,875</u>	<u>\$ 3,061,080</u>	<u>\$ 297,939</u>	<u>\$ 22,098,894</u>	<u>\$ 245,011,144</u>
	Governmental Activities - Internal Service Funds *			Component Units		
	Self Insurance	Central Garage and Transportation	Totals	BOE	Community College	Library
Deferred outflow of resources						
Pension benefits						
Pension benefits contribution current year	\$ 77,899	\$ 348,550	\$ 426,449	\$ 5,577,576	\$ 345,140	\$ 188,150
Change in experience	61,390	261,881	323,271	-	-	149,362
Change in assumptions	84,434	360,190	444,624	3,603,400	222,894	205,433
Change in investments	295,506	1,311,586	1,607,092	1,708,260	56,476	714,632
Change in proportion	-	-	-	5,775,415	-	-
Changes proportion share of contributor	-	-	-	1,518,737	320,690	-
Total pension benefits	<u>519,229</u>	<u>2,282,207</u>	<u>2,801,436</u>	<u>18,183,388</u>	<u>945,200</u>	<u>1,257,577</u>
Unamortized deferred refunding loss	-	-	-	-	308,933	-
Total deferred outflows	<u>\$ 519,229</u>	<u>\$ 2,282,207</u>	<u>\$ 2,801,436</u>	<u>\$ 18,183,388</u>	<u>\$ 1,254,133</u>	<u>\$ 1,257,577</u>

* Included in Governmental Activities column above.

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

<u>Deferred Inflows of Resources</u>	<u>Unavailable</u>	<u>Pension Benefits</u>	<u>Total</u>
General Fund			
Property Taxes	\$ 110,618	\$ -	\$ 110,618
Local Income Taxes	101,891,384	-	101,891,384
County Health Grant	868,218	-	868,218
911 Fees	1,025,395	-	1,025,395
Total General Fund	<u>103,895,615</u>	<u>-</u>	<u>103,895,615</u>
Grants Fund			
AA County Partnership for CYF	358,314	-	358,314
Arundel Community Development Serv.	310,726	-	310,726
Grants	4,286,250	-	4,286,250
Total Grant Funds	<u>4,955,290</u>	<u>-</u>	<u>4,955,290</u>
General County Capital Projects Fund			
Grants	2,281,092	-	2,281,092
Primary Government			
Governmental Activity	-	28,169,534	28,169,534
Internal Service Fund			
Self Insurance Fund	-	84,952	84,952
Central Garage	-	380,105	380,105
Total Governmental Activity	<u>-</u>	<u>28,634,591</u>	<u>28,634,591</u>
Business Type Activity			
Water and Wastewater	-	2,268,524	2,268,524
Solid Waste	-	475,199	475,199
Child Care	-	50,982	50,982
Total Business Type Activity	<u>-</u>	<u>2,794,705</u>	<u>2,794,705</u>
Discretely Presented Component Units			
Board of Education	-	1,270,987	1,270,987
Community College	-	76,392	76,392
AA County Public	-	205,183	205,183
Total Discretely Presented Component Units	<u>-</u>	<u>1,552,562</u>	<u>1,552,562</u>
Totals	<u>\$ 111,131,997</u>	<u>\$ 32,981,858</u>	<u>\$ 144,113,855</u>

11 Conduit Debt

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

As of June 30, 2016, 155 Industrial Revenue Bonds series had been issued. The aggregate principal amounts payable for the five series issued after July 1, 1996 that are still outstanding was \$33,205,776. The aggregate principal amounts payable for the 150 issued prior to July 1, 1996, could not be determined; however, the original issues totaled \$582,700,000. The County is not obligated in any manner for payment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

12 Pension Plans

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

The County plans were established under authority created by County Charter and legislation, while the State plans were created by State legislation. The County’s actuarial valuation measurement date was December 31, 2015.

A Summary of Significant Accounting Policies for Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County System and the Maryland State Retirement and Pension System and additions to/deductions from the System’s fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Membership in each plan consisted of the following as of December 31, 2015 based on the January 1, 2016, actuarial valuation:

	Employees Plan	Police Plan	Fire Plan	Detention Plan	Total
Retirees and beneficiaries receiving payments	1,710	689	550	239	3,188
Terminated plan members entitled to but not yet receiving payments	276	-	-	8	284
Deferred Retirement Option Program (DROP)	-	43	59	8	110
Active plan members	2,186	641	773	342	3,942
	<u>4,172</u>	<u>1,373</u>	<u>1,382</u>	<u>597</u>	<u>7,524</u>

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

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

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

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

Through June 30, 2002, participants with 20 years of County service who are at least age 50 may participate in a DROP with provisions similar to those described for the Police Plan, except that participants earn 8% on their account regardless of date of entry into the program. Some represented plan participants are limited to two one-year extensions of DROP participation. After June 30, 2002, any participant with 20 years of service may participate, regardless of age.

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

C *Multiple-Employer Pension Plans* - Primary government employees hired prior to July 1, 1969 who elected not to transfer to the Employees Plan and substantially all employees of the Board of Education, Library and Community College participate in plans of the Maryland State Retirement and Pension System (the State System), which are multi-employer cost sharing defined benefit pension plans. The system plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The State System issues a financial report that includes financial statements and required supplementary information that can be obtained at <http://www.sra.state.md.us> or by writing to State Retirement Agency of Maryland, 120 East Baltimore Street, Baltimore, MD 21202.

The County is liable through fiscal year 2020 for employees who were participants in the State System when the County withdrew from the State System. In addition there are two active employees allowed to participate in the State System. Information on the State System follows:

Plan description: Retirees and employees of the County are covered by the Maryland State Retirement and Pension System (the System), which is a cost sharing employer public employee retirement system. The State System is

made up of two cost-sharing pools: the "State Pool" and the "Municipal Pool". The Municipal Pool consists of the participating governmental units that elected to join the System. Neither pool shares in each other's actuarial liabilities, thus participant governmental units that elect to join the State System share in the liabilities of the Municipal Pool only. The State System is comprised of the Teachers' Retirement and Pension Systems, Employees' Retirement and Pension System, State Police Retirement System, Judges' Retirement System, and Law Enforcement Officers' Pension System. Most of the County retirees and employees participate in the Employees' System. The State System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. The Plans are administered by the State Retirement Agency. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees.

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

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

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

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

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

The County's total required contributions during the year ended June 30, 2016 were \$1,947,108. The rates varied from 0.0% for the actuarially determined contractual liability to 40.7% of covered payroll for the participant in the Judges Retirement System. The County made its share of the required contributions.

At June 30, 2016, the County reported a liability of \$8,790,145 for its proportionate share of the net pension liability of the State System. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on actual employer contributions billed to participating government units for the year ending June 30, 2015. The contributions were increased to adjust for

differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2015, the County's proportionate share was 0.0933%.

Actuarial assumption: The total pension liability for the State System in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.70% general price, 3.2% wage
Salary increases	3.40% to 11.9%, including inflation
Investment rate of return	7.55%

Mortality rates were based on RP-2000 Combined Healthy Mortality Table projected to the year 2025.

Actuarial assumptions used in the June 30, 2015 valuation were adopted by the State System's Board of Trustees based upon review of the System's experience study for the period 2010-2014, which was completed during FY 2015. Assumptions from the experience study including investment return, inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates, and rates of salary increase were adopted by the Board for first the use in the actuarial valuation as of June 30, 2015. As a result, an investment return assumption of 7.55% including an inflation assumption of 2.70% was used for the June 30, 2015 valuation.

The long term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-range expected rate of return by weighting the expected future real rates by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the State System's investment consultant(s) and actuary(s). For each major asset class that is included in the State System's target asset allocation as of June 30, 2015, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Public Equity	35%	6.30%
Fixed Income	10%	0.60%
Credit Opportunity	10%	3.20%
Real Return	14%	1.80%
Absolute Return	10%	4.20%
Private Equity	10%	7.20%
Real Estate	10%	4.40%
Cash	1%	0.00%
Total	100%	

The above was the State System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2015.

Discount rate: The single discount rate used to measure the total pension liability was 7.55%. This single discount rate was based on the expected rate of return on pension plan investments of 7.55%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the State System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

For the year ended June 30, 2015 the annual money-weighted rate of return on the Maryland State Retirement and Pension System investments, net of pension expenses was 2.71%. The money-weighted rate of

return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D Funding Policy and Annual Pension Costs – The employee contribution requirements for each defined benefit plan in the Retirement System are set by County legislation. The County’s annual contribution is based on annual actuarial valuations. The Required Supplementary Information following these notes presents changes in net pension liability and related ratios by Plan.

Certain participants in the State Retirement and Pension Systems (State plans) are required to contribute 2% to 7% of compensation to the plans. The County is required to contribute the remaining amounts necessary to fund the plans, except that the State pays the employer’s share of retirement costs on behalf of certain teachers, professional librarians, and related positions for the Board of Education, Library, and Community College, in accordance with State law. These amounts are shown as grant revenue and current expenses in the financial statements of these component units. County expenditures for those employees in the State plans for the years ended June 30, 2016, 2015, and 2014 equal the required contributions and are summarized as follows along with the State’s contribution on behalf on the employees discussed previously.

	Fiscal Year Ending June 30,		
	2016	2015	2014
County contributions:			
Primary Government *	\$ 1,947,108	\$ 1,931,764	\$ 1,849,815
Board of Education	21,428,296	17,425,639	23,233,483
Community College	392,656	401,473	362,304
State contributions on behalf of:			
Board of Education	62,703,947	62,052,080	61,514,758
Community College	4,510,355	4,104,793	3,821,756
Library **	1,583,617	1,351,722	1,203,191
	<u>\$ 92,565,979</u>	<u>\$ 87,267,471</u>	<u>\$ 91,985,307</u>

* Note: FY 2014 restated to include Officials and Judges contributions.

** Note: FY 2015 restated to correct amount.

E Net Pension Liability of the System by Plan - The components of the net pension liability and assumptions for each Plan at December 31, 2015 as calculated by the actuary are displayed as follows:

Anne Arundel County, Maryland
Notes to the Financial Statements

	Employees' Retirement Plan	Police Service Retirement Plan	Fire Service Retirement Plan	Detention Officers' and Deputy Sheriffs' Retirement Plan	Total Pension System **
Total pension liability	\$ 812,569,878	\$ 643,772,887	\$ 580,859,883	\$ 166,990,286	\$ 2,204,192,934
Plan fiduciary net position*	(564,282,661)	(463,225,492)	(468,239,077)	(110,759,983)	(1,606,507,213)
Plan net pension liability	\$ 248,287,217	\$ 180,547,395	\$ 112,620,806	\$ 56,230,303	\$ 597,685,721
Plan fiduciary net position as a percentage of the total pension liability	69.44%	71.95%	80.61%	66.33%	72.88%

*Differences in value from Statement of Changes in Fiduciary Net Position are the result of estimates provided to the actuary prior to completion of financials. Management deems the variances to be immaterial.

**Total includes Anne Arundel County Public Library, component unit, pension liability.

Actuarial assumptions:

The total pension liability was determined by an actuarial valuation as of December 31, 2015 using the following summarized actuarial assumptions, applied to all periods in that measurement.

An experience and assumption study was conducted in 2012 for the period 2007 to 2011.

Full descriptions of the actuarial assumptions are available in the January 1, 2016 valuation reports.

Inflation	3.00%	3.00%	3.00%	3.00%
Salary increases	Rates vary by participant age for each Plan.			
Investment rate of return	7.5%, net of pension plan investment expense, including inflation for each Plan.			
Mortality Scale	RP-2000 Blue Collar Mortality tables with generational project by Scale AA for each Plan			
Set forward for post-disability mortality.	9 years	5 years	5 years	5 years

Long Term Expected Returns: For investment purposes the four County Plans which comprise the System are managed on a co-mingled basis. Therefore, the long-term expected rates of investment return are the same for each Plan. The long-term (30 year) expected rate of return on pension System investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by using an optimizer program that relies on the arithmetic return inputs, the standard deviation forecast (risk) for each asset class, and the correlations among them. The result is a 30-year nominal, geometric, net-of-fee return forecast for the pension assets. The 30-year real rate of return is calculated by netting the inflation assumption out of the nominal forecast. The nominal and real rates of return forecasts for each major asset class included in the pension System's target asset allocation of December 31, 2015) are summarized in the following table. Data is provided by the System's Investment Advisor, New England Pension Consultants, which uses a 30-year geometric inflation assumption of 3.25%.

Anne Arundel County Pension & Retirement System

Asset Class	30-Year Geometric Forecast (Nominal Returns)	30-Year Geometric Forecast (Real Returns)
Cash	3.25%	0.00%
U.S. Treasuries	3.50%	0.25%
IG Corp Credit	4.75%	1.50%
Mortgage Backed Securities	3.75%	0.50%
Bank Loans	6.00%	2.75%
Core Fixed Income	3.98%	0.73%
High-Yield Bonds	5.75%	2.50%
Absolute Return Fixed Income	4.30%	1.05%
Emerging Market Debt (External)	6.00%	2.75%
Emerging Market Debt (Local Currency)	6.75%	3.50%
Large Cap Equity	7.50%	4.25%
Small/Mid Cap Equity	7.75%	4.50%
International Equities (Unhedged)	8.00%	4.75%
Emerging Int'l Equities	9.25%	6.00%
Private Equity	9.50%	6.25%
Private Debt	8.00%	4.75%
Real Estate	6.50%	3.25%
Hedge Funds	6.75%	3.50%
Hedge Funds (Macro)	6.25%	3.00%
Risk Parity	6.76%	3.51%

Discount Rate: The calculation of actuarial liabilities for valuation purposes is based on a current estimate of future benefit payments. The calculation includes a computation of the “present value” of those estimated future benefit payments using an assumed discount rate; the higher the discount rate assumption, the lower the estimated liability will be. For purposes of estimating the liabilities (future and accrued) in this report, an assumption was selected based on the expected long-term rate of return on plan investments. Using a lower discount rate assumption, such as a rate based on long-term bond yields, could substantially increase the estimated present value of future and accrued liabilities.

F Changes in the Net Pension Liability by Plan for the Measurement Period December 31, 2015 -

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
Employees' Plan	(a)	(b)	(a) - (b)
Balances at 12/31/14	\$ 798,349,049	\$ 583,936,390	\$ 214,412,659
Changes for the year:			
Service cost	15,115,150	-	15,115,150
Interest	58,329,192	-	58,329,192
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(17,970,523)	-	(17,970,523)
Changes of assumptions	-	-	-
Contributions - employer	-	25,629,927	(25,629,927)
Contributions - member	-	4,846,856	(4,846,856)
Net investment income	-	(8,373,684)	8,373,684
Benefit payments, including refunds of member contributions	(41,252,990)	(41,252,990)	-
Administrative expense	-	(503,838)	503,838
Other	-	-	-
Net Changes	14,220,829	(19,653,729)	33,874,558
Balances at 12/31/15	\$ 812,569,878	\$ 564,282,661	\$ 248,287,217

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
Police Service Plan	(a)	(b)	(a) - (b)
Balances at 12/31/14	\$ 621,869,655	\$ 479,987,860	\$ 141,881,795
Changes for the year:			
Service cost	12,258,187	-	12,258,187
Interest	45,472,687	-	45,472,687
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(4,693,317)	-	(4,693,317)
Changes of assumptions	-	-	-
Contributions - employer	-	19,559,952	(19,559,952)
Contributions - member	-	3,104,337	(3,104,337)
Net investment income	-	(7,869,197)	7,869,197
Benefit payments, including refunds of member contributions	(31,134,325)	(31,134,325)	-
Administrative expense	-	(423,135)	423,135
Other	-	-	-
Net Changes	21,903,232	(16,762,368)	38,665,600
Balances at 12/31/15	\$ 643,772,887	\$ 463,225,492	\$ 180,547,395

<u>Fire Service Plan</u>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 12/31/14	\$ 574,747,595	\$ 489,766,897	\$ 84,980,698
Changes for the year:			
Service cost	10,338,545	-	10,338,545
Interest	41,924,075	-	41,924,075
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(14,630,470)	-	(14,630,470)
Changes of assumptions	-	-	-
Contributions - employer	-	15,121,806	(15,121,806)
Contributions - member	-	3,050,456	(3,050,456)
Net investment income	-	(7,744,297)	7,744,297
Benefit payments, including refunds of member contributions	(31,519,862)	(31,519,862)	-
Administrative expense	-	(435,923)	435,923
Other	-	-	-
Net Changes	6,112,288	(21,527,820)	27,640,108
Balances at 12/31/15	\$ 580,859,883	\$ 468,239,077	\$ 112,620,806

<u>Detention Officers and Deputy Sheriffs' Plan</u>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 12/31/14	\$ 155,156,334	\$ 111,368,056	\$ 43,788,278
Changes for the year:			
Service cost	4,634,172	-	4,634,172
Interest	11,401,273	-	11,401,273
Changes of benefit terms	4,634,851	-	4,634,851
Differences between expected and actual experience	(2,557,618)	-	(2,557,618)
Changes of assumptions	-	-	-
Contributions - employer	-	6,370,758	(6,370,758)
Contributions - member	-	1,317,142	(1,317,142)
Net investment income	-	(1,918,848)	1,918,848
Benefit payments, including refunds of member contributions	(6,278,726)	(6,278,726)	-
Administrative expense	-	(98,399)	98,399
Other	-	-	-
Net Changes	11,833,952	(608,073)	12,442,025
Balances at 12/31/15	\$ 166,990,286	\$ 110,759,983	\$ 56,230,303

Sensitivity of the net pension liability to changes in the discount rate: The following schedule presents the net pension liability, calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate.

	Employees' Retirement Plan	Police Service Retirement Plan	Fire Service Retirement Plan	Detention Officers' and Deputy Sheriffs' Retirement Plan
1% Decrease to 6.5%	\$ 341,266,312	\$ 264,271,466	\$ 188,098,432	\$ 76,814,405
Current Discount Rate 7.5%	248,287,217	180,547,395	112,620,806	56,230,303
1% Increase to 8.5%	169,744,307	112,217,441	50,936,581	39,158,592

Sensitivity of groups within the State System:

	Withdrawn Group	Officials	Judges
Proportional Share of State System	0.00036989%	0.00094790%	0.00436070%
1% Decrease to 6.55%	\$ 108,643	\$ 278,415	\$ 1,280,814
Current Discount Rate 7.65%	7,686,917	196,998	906,228
1% Increase to 8.55%	50,523	129,472	595,621

G Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the County Pension Plans—Recognized pension expenses and deferred outflows of resources, including amounts for the Anne Arundel County Public Library, for the measurement date of December 31, 2015 are displayed by Plan in the following table.

	Employees' Retirement Plan	Police Service Retirement Plan	Fire Service Retirement Plan	Detention Officers' and Deputy Sheriffs' Retirement Plan	Total Pension System
PENSION EXPENSE:	\$ 42,999,403	\$ 37,271,507	\$ 2,687,465	\$ 14,524,811	\$ 97,483,186
DEFERRED OUTFLOWS OF RESOURCES:					
Differences between expected and actual experience	\$ 9,844,750	\$ 6,400,253	\$ 2,207,137	\$ 1,160,924	\$ 19,613,064
Changes of assumptions	13,540,433	9,165,628	10,816,626	1,746,868	35,269,555
Net difference between projected and actual earnings on pension plan investments	49,557,228	42,540,416	42,811,544	10,045,697	144,954,885
Contributions subsequent to measurement date	13,207,860	10,157,250	7,427,418	3,263,196	34,055,724
	86,150,271	68,263,547	63,262,725	16,216,685	233,893,228
DEFERRED INFLOWS OF RESOURCES:					
Differences between expected and actual experience	(14,376,418)	(3,519,988)	(11,704,376)	(1,918,213)	(31,518,995)
Total Deferred Activity	\$ 71,773,853	\$ 64,743,559	\$ 51,558,349	\$ 14,298,472	\$ 202,374,233

The contributions subsequent to measurement date as listed above will be recognized as a reduction in net pension liability in fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense and amortized over an additional three to four years as provided by the actuary as follows:

	<u>Employees' Retirement Plan</u>	<u>Police Service Retirement Plan</u>	<u>Fire Service Retirement Plan</u>	<u>Detention Officers' and Deputy Sheriffs' Retirement Plan</u>	<u>Total Pension System</u>
Year ending December 31:					
2016	\$ 17,270,306	\$ 17,887,431	\$ 12,755,013	\$ 3,475,016	\$ 51,387,766
2017	17,270,306	17,887,431	12,755,013	3,475,016	51,387,766
2018	17,270,306	10,104,491	12,755,011	2,021,122	42,150,930
2019	6,755,080	8,706,957	5,865,894	2,064,122	23,392,053

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the County portion of the Maryland State Retirement and Pension System –Recognized pension expenses and deferred outflows of resources for the measurement date of June 30, 2015 are displayed by Plan in the table below.

	<u>Withdrawn Participants</u>	<u>Master Judges</u>	<u>Officials</u>	<u>Total State System</u>
PENSION EXPENSE:	\$ 1,947,108	\$ 57,395	\$ 19,980	\$ 2,024,483
DEFERRED OUTFLOWS OF RESOURCES:				
Differences between expected and actual experience	\$ -	\$ 18,559	\$ 4,034	\$ 22,593
Changes of assumptions	-	45,364	9,861	55,225
Contributions subsequent to measurement date	-	92,233	21,785	114,018
Subtotal of outflows	-	156,156	35,680	191,836
DEFERRED INFLOWS OF RESOURCES:				
Net difference between projected and actual earnings	-	(79,820)	(17,351)	(97,171)
Total Deferred Activity	\$ -	\$ 76,336	\$ 18,329	\$ 94,665

The contributions subsequent to measurement date as listed above will be recognized as a reduction in net pension liability in fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	<u>Master Judges</u>	<u>Officials</u>	<u>Total</u>
2016	\$ (3,974)	\$ (864)	\$ (4,838)
2017	(3,974)	(864)	(4,838)
2018	(3,974)	(864)	(4,838)
2019	(3,974)	(865)	(4,839)

H Payable to the County Pension System – At December 31, 2015 the System reported no payables.

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

A derivative policy statement is included in the Investment Policy Statement (IPS). Prohibited instruments include options, commodities, uncovered options or futures, uncovered short positions, short selling, and use of financial leverage. The derivative exposure as of December 31, 2015 within the mutual funds is comprised of allowable instruments based on the IPS.

J *Commitments* - The System has committed to fund various private equity investments totaling \$225 million at December 31, 2015, of which approximately \$93.5 million remains unfunded. The expected funding dates for these commitments extend through 2020.

K *Teacher pension funding shift* - Legislation enacted by the Maryland General Assembly during 2012 requires County Boards of Education to pay a portion of employer contributions for members of the Teachers' Retirement System or the Teachers' Pension System beginning in fiscal year 2013. Anne Arundel County's contribution for fiscal year 2016 was \$21,428,296. Beginning in fiscal year 2017, each local Board will pay its local share equal to the normal contribution rate for the Teachers' Retirement System and the Teachers' Pension System multiplied by the aggregate annual earnable compensation of the local employees of that local employer.

13 **Other Post-employment Benefits**

The primary government, the Board of Education, the Community College, and the Library administer single-employer defined benefit healthcare plans for retirees. The following provides a summary of the plans' descriptions and eligibility, funding policies and sources of authorization, annual cost and net obligations, and the actuarial methods and assumptions used in determining costs and liabilities. In addition, required supplementary information includes trend data about these plans. The Supplementary Information following these notes presents multi-year trend information about whether the actuarial value of each plan's assets is increasing or decreasing relative to the actuarial accrued liability for benefits year to year over a four year period.

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

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

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

The Community College (the College) provides medical, dental, and vision benefits to eligible retirees who are enrolled in medical coverage at the time of retirement. The benefit levels, employee contributions, and employer

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

A copy of the Anne Arundel Retiree Health Benefits Trust (OPEB Trust) financial statements may be obtained by contacting Anne Arundel County Office of Personnel, 2660 Riva Road, Annapolis, MD 21401.

The number of participants eligible to participate in the plans as of July 1, 2015 is presented as follows. Inactive individuals include both retirees and those who are terminated and vested.

	<u>Active</u>	<u>Inactive</u>	<u>Total</u>
Primary Government	3,767	2,576	6,343
Board of Education	9,668	4,772	14,440
College	308	329	637
Library	191	125	316
	<u>13,934</u>	<u>7,802</u>	<u>21,736</u>

B Funding Policy – Effective July 1, 2015, the County Council under Bill 13-15 established the Retiree Health Benefits Trust to include the primary government, the College and the Library. The Bill requires that the balance of Reserve Funds for Retiree Health Benefits on July 1, 2015 be transferred to the Trust. The Bill established a Board of Trustees to manage the Trust and designated the County Personnel Officer to administer the Trust. The County Executive will recommend annual appropriations to the Trust. The County Council will approve this request as is or may increase it during the County Annual Budget process. Previously, the County established under its Charter, a Reserve Fund for Retiree Health Benefits into which funds were appropriated for the sole purpose of funding retiree health benefits. This Reserve Fund has been closed and the funds transferred to the Trust Fund.

C Annual OPEB Costs and Net OPEB Obligation – The annual OPEB cost, the percentage of the annual OPEB cost contributed to the plans, and the net OPEB obligation (NPO) to the plans for fiscal years 2014, 2015, and 2016 are presented as follows.

(Amounts shown in thousands)

	Total Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Primary Government:			
June 30, 2014	\$ 70,290	\$ 30.35%	\$ 479,029
June 30, 2015	73,814	32.48%	528,866
June 30, 2016	71,202	110.40%	521,458
Board of Education:			
June 30, 2014	109,072	40.42%	382,178
June 30, 2015	102,184	48.01%	435,303
June 30, 2016	107,449	43.63%	495,870
College:			
June 30, 2014	4,806	26.07%	29,941
June 30, 2015	5,068	24.01%	33,792
June 30, 2016	5,269	118.33%	32,826
Library:			
June 30, 2014	2,534	35.20%	16,004
June 30, 2015	2,651	30.10%	17,857
June 30, 2016	2,548	53.96%	19,030

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

(Amounts shown in thousands)

	Primary Government	Board of Education	College	Library	Total
Actuarial accrued liability (AAL)	\$ 874,055	\$ 1,486,544	\$ 52,348	\$ 31,700	\$ 2,444,647
Actuarial value of plan assets	35,700	-	-	-	35,700
Unfunded actuarial accrued liability end of year	<u>\$ 838,355</u>	<u>\$ 1,486,544</u>	<u>\$ 52,348</u>	<u>\$ 31,700</u>	<u>\$ 2,408,947</u>
Annual Required Contribution	\$ 73,689	\$ 103,114	\$ 5,542	\$ 2,692	\$ 185,037
Interest on Net OPEB Obligations	23,083	3,609	1,314	689	28,695
Adjustment to ARC	(25,570)	726	(1,587)	(833)	(27,264)
Total Annual OPEB Cost	<u>71,202</u>	<u>107,449</u>	<u>5,269</u>	<u>2,548</u>	<u>186,468</u>
Pay-As-You-Go Contribution	1,364	(46,882)	(1,385)	(10)	(46,913)
OPEB Trust Contribution	(79,974)	-	(4,850)	(1,365)	(86,189)
Increase in Net OPEB obligation	<u>(7,408)</u>	<u>60,567</u>	<u>(966)</u>	<u>1,173</u>	<u>53,366</u>
Net OPEB obligation beginning of year	528,866	435,303	33,792	17,857	1,015,818
Net OPEB obligation end of year	<u>\$ 521,458</u>	<u>\$ 495,870</u>	<u>\$ 32,826</u>	<u>\$ 19,030</u>	<u>\$ 1,069,184</u>
Percent of Annual OPEB Cost contributed	<u>110.40%</u>	<u>43.63%</u>	<u>118.33%</u>	<u>53.96%</u>	<u>71.38%</u>
Covered payroll	<u>\$ 247,008</u>	<u>\$ 584,796</u>	<u>\$ 93,550</u>	<u>\$ 12,015</u>	<u>\$ 937,369</u>
UALL as a % of Covered Payroll	353.86%	254.20%	55.96%	263.84%	260.80%

D Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plans (the plans as understood by the employers and plan members) and include the types of benefits provided at the time of the valuations and the historical pattern of sharing of benefit cost between the employer and plan member to that point. The actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial value of assets is the fair value of the investments. This year's asset value is based on the July 1, 2015 actuarial valuation.

Actuarial Assumptions for Primary Government

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed (level % of the payroll)
Amortization Period	24 years remaining (as of July 1, 2015)
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions	
Discount Rate	4.75 %
Payroll Increase	3.00%
Medical Trend	The rate in 2015 is 4.5% decreasing gradually. The rate in 2050 is 5.5% pre-Medicare and 4.8% post Medicare. The ultimate rate is 4.0% pre-Medicare and 3.9% post Medicare.
Inflation Rate	2.4 %

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

14 Risk Management

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

The Self Insurance Fund has recognized a liability at fiscal year-end for those claims where a loss has occurred and the amount of loss can be reasonably estimated. This estimate includes reserves for non-incremental claims adjustment expense. An actuarial review of all claims is used as the basis for determining the liability at the end of the year. Management, with the assistance of claims administrators, estimates the liabilities for the Health Insurance Fund. Both funds include estimated liabilities for claims that have been incurred but not reported. Claims are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. As of June 30, 2016 the Self Insurance Fund liability of \$74,523,733 is discounted since discounting is more reflective of the nature of the claims. The Health Insurance Fund liability of \$5,069,384 is undiscounted since claims will be paid within one year of the date incurred. Settlements have not exceeded coverage for each of the past three years. Changes in the balances of claims liabilities during fiscal years 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Liability balance, July 1	\$ 79,440,068	\$ 81,082,796
Current year claims and changes in estimates:		
Changes in estimates - prior periods	1,318,343	(4,744,836)
Changes in estimates - current year	90,727,456	116,301,386
Claims payments	<u>(91,892,750)</u>	<u>(113,199,278)</u>
Liability balance, June 30	<u>\$ 79,593,117</u>	<u>\$ 79,440,068</u>

15 Landfill Closure, Postclosure, and Remediation

The primary government has utilized three landfill sites; however, only one site, the Millersville Landfill, is still accepting trash. The others, Glen Burnie and Sudley, ceased accepting solid waste in 1983 and 1993, respectively. The Millersville site consists of nine individual cells. Cells 1 through 7 are closed, cell 8 is active and 95.2% full, and cell 9 has not yet opened. Cells 8 and 9 have useful lives to at least 2018 and 2043, respectively. The table that follows presents the costs and liabilities related to all sites. The costs for cells 8 and 9 at the Millersville Landfill are determined by applying the percent of capacity used to the total estimated closure and post closure costs.

	<u>Millersville</u>	<u>Closed Sites</u>	<u>Total</u>
Total costs:			
Closure	\$ 55,839,559	\$ 18,163,719	\$ 74,003,278
Post closure	<u>37,968,858</u>	<u>2,869,722</u>	<u>40,838,580</u>
	93,808,417	21,033,441	114,841,858
Less:			
Amount recognized thru June 30, 2016	<u>53,517,609</u>	<u>21,033,441</u>	<u>74,551,050</u>
Costs remaining to be recognized	<u>\$ 40,290,808</u>	<u>\$ -</u>	<u>\$ 40,290,808</u>
Liability recorded at June 30, 2016			
Closure	\$ 13,110,549	\$ -	\$ 13,110,549
Current portion post closure	781,017	229,739	1,010,756
Post closure	<u>18,558,070</u>	<u>2,639,983</u>	<u>21,198,053</u>
	<u>\$ 32,449,636</u>	<u>\$ 2,869,722</u>	<u>\$ 35,319,358</u>

The primary government accounts for landfill activities in the Solid Waste Fund. Management estimates the costs of closure, post closure, remediation, and monitoring the landfills based on federal and state regulations. These estimates are recorded at current costs and are management's best judgment of the minimum cost required to correct identified problems and close and remediate open cells. These estimates are subject to periodic reevaluation, and actual costs may differ due to inflation or deflation, changes in technology, or changes in applicable laws and regulations. The closure reserves increased in the amount of \$342,824 and post closure reserves decreased by \$880,817 in fiscal year 2016. These amounts include changes to the estimates in the reserves, payments, and other adjustments.

The Solid Waste Fund has restricted assets of \$11,336,605 for closure and post closure care as of June 30, 2016.

16 Contingent Liabilities

A Impact Fees – At June 30, 2016 the primary government held impact fees accumulated for construction of schools and roads in designated districts of the County. County legislation authorizes the collection of such fees. In addition, the County has entered into impact fee agreements with developers who provide offsite improvements designed to lessen the impact of development on the immediate community. Unredeemed impact fee credits totaled \$21,650,796 as of June 30, 2016.

B Lawsuits – Certain current owners of property on which impact fees were paid in fiscal years 1988 through 1996 have pursued a class action suit against the County seeking refunds of development impact fees paid to the County during these fiscal years on grounds that they were not expended or encumbered in a timely manner under the County Code. On July 24, 2012, the Circuit Court issued a judgment finding that with consideration of encumbrances, impact fee refunds of \$1,342,360 (subject to 5% interest from the date of payment of each impact fee) are due to the current owners of certain specified impact fee paying properties. In a July 29, 2013 opinion, the Court of Special Appeals affirmed the Circuit Court. On November 7, 2016 the County mailed checks to individual property owners as required by law. It is possible that the County will be assessed a penalty by the Internal Revenue Service for payments made pursuant to Court order to property owners who failed to provide their social security number or tax identification number to the County despite request for the same. In the event of such a penalty, the County will request that it be abated, relying on its substantial efforts to obtain this information from the taxpayers. The attorney representing the named Plaintiffs noted an appeal to the Court of Special Appeals on September 1, 2016 which challenges the Circuit Court’s decisions regarding a number of issues that have already been litigated to their conclusion in addition to an issue regarding interest calculations. In the opinion of the County Attorney, it is probable that the County will prevail on this appeal and that the County will not incur additional liability as a result of this appeal.

On November 14, 2011, four individuals served a new class action complaint on the County seeking refunds of impact fees paid to the County in fiscal years subsequent to 1996 on grounds that they were not expended or encumbered in a timely manner under the County Code. On April 25, 2013, the Circuit Court certified a class action of persons who are current property owners of property upon which impact fees were paid to the County in certain fiscal years subsequent to fiscal year 1996 and for which impact fees were not timely expended or encumbered. On November 17, 2014 through November 20, 2014, the Circuit Court held a trial on the plaintiffs’ claim. The Circuit Court entered judgment in favor of the County on January 27, 2016. The individuals’ appeal noted on February 11, 2016 to the Court of Special Appeals is pending.

In the case of *Comptroller v. Wynne*, 135 S.Ct. 1787 (2015) the United States Supreme Court ruled in May 2015 that Maryland residents who paid income taxes to another state on income earned in the other state are entitled to a credit against the county portion of the Maryland income tax owed. The ruling means that each county in Maryland will experience a reduction in income tax revenue, including Anne Arundel County. Based on preliminary data as of June 2015, the Comptroller’s Office is estimating that the fiscal impact of the ruling on the County will be approximately \$16,700,000 of refunds for prior years’ taxes, and an estimated reduction of \$4,000,000 each year going forward. The estimated amount of refunds to be paid has been recorded as a noncurrent liability on the Statement of Net Position and as an assignment of fund balance in the General Fund, as the County will not be required to start reimbursing the State until fiscal year 2019.

Talen Energy Corporation’s predecessors, Brandon Shores, LLC, H.A. Wagner, LLC, Raven F.S. Property Holdings, LLC, (collectively “Raven”) owned and operated two power plants located in Anne Arundel County during fiscal years 2013, 2014 and 2015. Raven appealed both its real property tax and its personal property tax for fiscal years 2014 and 2015, challenging the assessments of each. In September 2015, the resolution of the real property tax appeal for fiscal years 2014 and 2015 resulted in a reduction of the County’s portion of real property taxes of \$577,345 per year for fiscal year 2014 and fiscal year 2015. In September 2015, the resolution of the personal property tax appeal for fiscal year 2014 resulted in a reduction of the County’s personal property taxes of \$4,402,185 for fiscal year 2014. Raven’s appeal of its fiscal year 2015 personal property taxes remains pending. The County expects the original assessment to be reduced as a result of the appeal.

A complaint was filed in the Circuit Court for Anne Arundel County against the County on March 27, 2015 asserting a claim for over \$9 million based upon a contract to audit the County’s health care expenses paid to third-party providers. Claimant asserts that the County failed to pay its fees which were based upon a percentage of the health care expense savings to the County as a result of its efforts. The County contends that the claimant’s actions resulted in a very small amount of health care expense savings. The case is being vigorously defended. In December 2015 and early January 2016 the County obtained a number of favorable rulings from the court which may limit the claimant’s ability to prove its claims.

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

The County is a defendant in lawsuits and other claims that occur in the ordinary course of County operations. It is the opinion of the County Attorney that such lawsuits and claims will not have a material adverse impact on the County's financial condition.

C ***Federal Financial Assistance*** - The County receives significant financial assistance from the U.S. Government. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits. Any disallowances as a result of these audits become a liability of the fund that received the grants. As of June 30, 2016, the County estimates that no material liabilities will result from such audits.

Anne Arundel Retirement and Pension System
 Required Supplementary Information
 Schedule of Changes in Net Pension Liability and Related Ratios - Employees' Retirement Plan
 For the Last Ten Years Ending December 31

	<u>2014</u>	<u>2015</u>
Total pension liability	(Dollar amounts in thousands)	
Service cost	\$ 14,159	\$ 15,115
Interest	53,353	58,329
Changes of benefit terms	-	-
Differences between expected and actual experience	16,408	(17,971)
Changes of assumptions	22,567	-
Benefit payments, including refunds of member contributions	<u>(39,012)</u>	<u>(41,253)</u>
Net change in total pension liability	67,475	14,221
Total pension liability - beginning	<u>730,874</u>	<u>798,349</u>
Total pension liability - ending (a)	<u>\$ 798,349</u>	<u>\$ 812,570</u>
Plan fiduciary net position		
Contributions - employer	\$ 24,451	\$ 25,630
Contributions - member	4,662	4,847
Net investment income	28,451	(8,374)
Benefit payments, including refunds of member contributions	(39,012)	(41,253)
Administrative expense	(519)	(504)
Other	-	-
Net change in plan fiduciary net position	<u>\$ 18,034</u>	<u>\$ (19,654)</u>
Plan fiduciary net position - beginning	<u>565,902</u>	<u>583,936</u>
Plan fiduciary net position - ending (b)	<u>\$ 583,936</u>	<u>\$ 564,283</u>
County's net pension liability - ending (a)-(b)	<u>\$ 214,413</u>	<u>\$ 248,287</u>
Plan fiduciary net position as a percentage of the total pension liability	73.14%	69.44%
Covered-employee payroll	\$ 127,091	\$ 127,827
County's net pension liability as a percentage of covered-employee payroll	168.71%	194.24%
Expected average remaining service years of all participants	5	5

Notes to Schedule:

- 1 This schedule is presented to illustrate the requirement to show information for 10-years. However, until 10-year trend is compiled, pension plans should present information for those years for which data is available.
- 2 There are no benefit changes reflected in the current schedule.
- 3 For FY 2014 the expected rate of investment return was reduced from 8.0% to 7.5% and other assumptions were changed to reflect results of the 2012 experience study.

Anne Arundel Retirement and Pension System
 Required Supplementary Information
 Schedule of Changes in Net Pension Liability and Related Ratios - Police Service Retirement Plan
 For the Last Ten Years Ending December 31

	2014	2015
Total pension liability	(Dollar amounts in thousands)	
Service cost	\$ 10,951	\$ 12,258
Interest	41,480	45,473
Changes of benefit terms	-	-
Differences between expected and actual experience	12,801	(4,693)
Changes of assumptions	18,331	-
Benefit payments, including refunds of member contributions	(29,507)	(31,134)
Net change in total pension liability	54,055	21,903
Total pension liability - beginning	567,815	621,870
Total pension liability - ending (a)	<u>\$ 621,870</u>	<u>\$ 643,773</u>
Plan fiduciary net position		
Contributions - employer	\$ 18,870	\$ 19,560
Contributions - member	2,950	3,104
Net investment income	21,813	(7,869)
Benefit payments, including refunds of member contributions	(29,507)	(31,134)
Administrative expense	(418)	(423)
Other	-	-
Net change in plan fiduciary net position	\$ 13,707	\$ (16,762)
Plan fiduciary net position - beginning	466,281	479,988
Plan fiduciary net position - ending (b)	<u>\$ 479,988</u>	<u>\$ 463,225</u>
County's net pension liability - ending (a)-(b)	<u>\$ 141,882</u>	<u>\$ 180,547</u>
Plan fiduciary net position as a percentage of the total pension liability	77.18%	71.95%
Covered-employee payroll	\$ 42,960	\$ 43,879
County's net pension liability as a percentage of covered-employee payroll	330.26%	411.47%
Expected average remaining service years of all participants	4	4

Notes to Schedule:

- 1 This schedule is presented to illustrate the requirement to show information for 10-years. However, until 10-year trend is compiled, pension plans should present information for those years for which data is available.
- 2 There are no benefit changes reflected in the current schedule.
- 3 For FY 2014 the expected rate of investment return was reduced from 8.0% to 7.5% and other assumptions were changed to reflect results of the 2012 experience study.

Anne Arundel Retirement and Pension System
 Required Supplementary Information
 Schedule of Changes in Net Pension Liability and Related Ratios - Fire Service Retirement Plan
 For the Last Ten Years Ending December 31

	2014	2015
Total pension liability	(Dollar amounts in thousands)	
Service cost	\$ 9,184	\$ 10,339
Interest	38,949	41,924
Changes of benefit terms	-	-
Differences between expected and actual experience	3,679	(14,630)
Changes of assumptions	18,028	-
Benefit payments, including refunds of member contributions	(28,823)	(31,520)
Net change in total pension liability	41,016	6,112
Total pension liability - beginning	533,731	574,748
Total pension liability - ending (a)	<u>\$ 574,748</u>	<u>\$ 580,860</u>
Plan fiduciary net position		
Contributions - employer	\$ 15,899	\$ 15,122
Contributions - member	2,778	3,050
Net investment income	22,688	(7,744)
Benefit payments, including refunds of member contributions	(28,823)	(31,520)
Administrative expense	(423)	(436)
Other	-	-
Net change in plan fiduciary net position	\$ 12,119	\$ (21,528)
Plan fiduciary net position - beginning	477,648	489,767
Plan fiduciary net position - ending (b)	<u>\$ 489,767</u>	<u>\$ 468,239</u>
County's net pension liability - ending (a)-(b)	<u>\$ 84,981</u>	<u>\$ 112,621</u>
Plan fiduciary net position as a percentage of the total pension liability	85.21%	80.61%
Covered-employee payroll	\$ 40,476	\$ 43,838
County's net pension liability as a percentage of covered-employee payroll	209.95%	256.90%
Expected average remaining service years of all participants	5	5

Notes to Schedule:

- 1 This schedule is presented to illustrate the requirement to show information for 10-years. However, until 10-year trend is compiled, pension plans should present information for those years for which data is available.
- 2 There are no benefit changes reflected in the current schedule.
- 3 For FY 2014 the expected rate of investment return was reduced from 8.0% to 7.5% and other assumptions were changed to reflect results of the 2012 experience study.

Anne Arundel Retirement and Pension System
 Required Supplementary Information
 Schedule of Changes in Net Pension Liability and Related Ratios -Detention Officers and Deputy Sheriffs' Plan
 For the Last Ten Years Ending December 31

	2014	2015
Total pension liability	(Dollar amounts in thousands)	
Service cost	\$ 4,602	\$ 4,634
Interest	10,301	11,401
Changes of benefit terms	-	4,635
Differences between expected and actual experience	2,322	(2,558)
Changes of assumptions	3,494	-
Benefit payments, including refunds of member contributions	(5,819)	(6,279)
Net change in total pension liability	14,900	11,833
Total pension liability - beginning	140,256	155,156
Total pension liability - ending (a)	<u>\$ 155,156</u>	<u>\$ 166,990</u>
Plan fiduciary net position		
Contributions - employer	\$ 6,111	\$ 6,371
Contributions - member	1,298	1,317
Net investment income	4,944	(1,919)
Benefit payments, including refunds of member contributions	(5,819)	(6,279)
Administrative expense	(96)	(98)
Other	-	-
Net change in plan fiduciary net position	\$ 6,438	\$ (608)
Plan fiduciary net position - beginning	104,930	111,368
Plan fiduciary net position - ending (b)	<u>\$ 111,368</u>	<u>\$ 110,760</u>
County's net pension liability - ending (a)-(b)	<u>\$ 43,788</u>	<u>\$ 56,230</u>
Plan fiduciary net position as a percentage of the total pension liability	71.78%	66.33%
Covered-employee payroll	\$ 19,776	\$ 19,386
County's net pension liability as a percentage of covered-employee payroll	221.43%	290.05%
Expected average remaining service years of all participants	4	4

Notes to Schedule:

- 1 This schedule is presented to illustrate the requirement to show information for 10-years. However, until 10-year trend is compiled, pension plans should present information for those years for which data is available.
- 2 There are no benefit changes reflected in the current schedule.
- 3 For FY 2014 the expected rate of investment return was reduced from 8.0% to 7.5% and other assumptions were changed to reflect results of the 2012 experience study.

**Anne Arundel County Pension Systems
Required Supplementary Information
Schedule of Investment Returns**

**Anne Arundel County Retirement and Pension System
For the Years Ending December 31**

Annual money-weighted rate of return, net of investment expenses:

2014	4.5%
2015	-1.8%

NOTE: Money-weighted results for the required 10-year timeframe will be added as available.

SOURCE: New England Pension Consultants, LLC

**Maryland State Retirement and Pension System
For the Years Ended June 30**

Annual money-weighted rate of return, net of investment expenses:

2014	14.4%
2015	2.7%

NOTE: Money-weighted results for the required 10-year timeframe will be added as available.

SOURCE: Comprehensive Annual Financial Report of the Maryland State Retirement Pension System

Anne Arundel County Retirement and Pension System

Required Supplementary Information

Schedule of Employer's Contributions - Employees' Retirement Plan

For the Last Ten Years Ending December 31

(Dollars in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially determined contribution	\$ 10,755	\$ 11,779	\$ 12,907	\$ 15,246	\$ 17,284	\$ 18,186	\$ 19,824	\$ 22,362	\$ 24,426	\$ 25,655
Contributions in relation to the actuarially determined contribution	<u>10,755</u>	<u>11,779</u>	<u>12,907</u>	<u>15,246</u>	<u>17,284</u>	<u>18,186</u>	<u>19,824</u>	<u>22,362</u>	<u>24,451</u>	<u>25,630</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(25)</u>	\$ <u>25</u>
Covered-employee payroll (See Note)	\$ 116,709	\$ 117,223	\$ 124,803	\$ 126,031	\$ 123,498	\$ 120,416	\$ 116,025	\$ 115,809	\$ 127,091	\$ 127,827
Contributions as a percentage of covered-employee payroll	9.22%	10.05%	10.34%	12.10%	14.00%	15.10%	17.09%	19.31%	19.24%	20.05%

Notes to Schedule

Valuation Date:	1/1/2007	1/1/2008	1/1/2009	1/1/2010	1/1/2011	1/1/2012	1/1/2013	1/1/2014	1/1/2015	1/1/2016
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Note: "Covered-employee payroll" for 2014 has been changed to reflect the new GASB language.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Projected Unit Credit

Amortization method Level percentage of payroll, closed, increasing 3.0% per year.

Remaining amortization period 19 to 28 years with an average effective period of 25 years. Starting with new bases in 2014, assumption changes and gains and losses are amortized over 20 years and plan changes are amortized over the average future service of the active population at the time of the change.

Asset valuation method 5-year smoothed market

Inflation 3.00%

Salary increases Graded schedule begins for age 20 at 6.5% and move to 3.5% at age 55.

Investment rate of return 7.50% net of pension plan investment expense, including inflation, effective 1/1/2014.

Retirement age Rates vary by participant age and service.

Mortality Healthy: RP-2000 Blue Collar Mortality Table for males and females projected generationally using scale AA.

Disabled: RP-2000 Blue Collar Mortality Table for males and females set forward nine years and then projected generationally using scale AA.

Anne Arundel County Retirement and Pension System

Required Supplementary Information

Schedule of Employer's Contributions - Police Service Retirement Plan

For the Last Ten Years Ending December 31

(Dollars in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 9,612	\$ 9,997	\$ 10,523	\$ 12,428	\$ 13,696	\$ 14,153	\$ 15,530	\$ 17,746	\$ 18,870	\$ 19,560
Contributions in relation to the actuarially determined contribution	<u>9,612</u>	<u>9,997</u>	<u>10,523</u>	<u>12,428</u>	<u>14,056</u>	<u>13,793</u>	<u>15,530</u>	<u>17,746</u>	<u>18,870</u>	<u>19,560</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(360)</u>	\$ <u>360</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 37,805	\$ 41,011	\$ 41,509	\$ 42,499	\$ 42,449	\$ 41,335	\$ 40,522	\$ 41,714	\$ 42,960	\$ 43,879
Contributions as a percentage of covered-employee payroll	25.42%	24.38%	25.35%	29.24%	33.11%	33.37%	38.33%	42.54%	43.92%	44.58%

Notes to Schedule

Valuation Date:	1/1/2007	1/1/2008	1/1/2009	1/1/2010	1/1/2011	1/1/2012	1/1/2013	1/1/2014	1/1/2015	1/1/2016
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Note: "Covered-employee payroll" for 2014 has been changed to reflect the new GASB language.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 to 28 years with an average effective period of 25 years. Starting with new bases in 2014, assumption changes and gains and losses are amortized over 20 years and plan changes are amortized over the average future service of the active population at the time of the change.
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	Graded schedule begins for age 20 at 6.0% and moves to 4.0% at age 50.
Investment rate of return	7.50%
Retirement age	Rates vary by participant age and service.
Mortality	Healthy: RP-2000 Blue Collar Mortality Table projected generationally using scale AA. Pre-Termination mortality uses 60% of these rates. Disabled: RP-2000 Blue Collar Mortality Table set forward five years and then projected generationally using scale AA.
Other	Employer contributions for calendar 2010 are greater than 100.0% of the Actuarially Determined Contribution due to 6/30 fiscal year revisions. Calendar 2011 was reduced for the revisions.

Anne Arundel County Retirement and Pension System

Required Supplementary Information

Schedule of Employer's Contributions - Fire Service Retirement Plan

For the Last Ten Years Ending December 31

(Dollars in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 10,481	\$ 10,960	\$ 11,190	\$ 12,701	\$ 14,213	\$ 14,395	\$ 15,238	\$ 16,152	\$ 15,899	\$ 15,122
Contributions in relation to the actuarially determined contribution	10,481	10,960	11,190	12,701	14,649	13,960	15,238	16,152	15,899	15,122
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(435)</u>	\$ <u>435</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 43,527	\$ 43,942	\$ 48,824	\$ 49,064	\$ 47,841	\$ 45,673	\$ 43,362	\$ 44,951	\$ 40,476	\$ 43,838
Contributions as a percentage of covered-employee payroll	24.08%	24.94%	22.92%	25.89%	30.62%	30.56%	35.14%	35.93%	39.28%	34.50%

Notes to Schedule

Valuation Date: 1/1/2007 1/1/2008 1/1/2009 1/1/2010 1/1/2011 1/1/2012 1/1/2013 1/1/2014 1/1/2015 1/1/2016

Note: "Covered-employee payroll" for 2014 has been changed to reflect the new GASB language.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of payroll, closed, increasing 3.0% per year.
Remaining amortization period	19 to 28 years with an average effective period of 25 years. Starting with new bases in 2014, assumption changes and gains and losses are amortized over 20 years and plan changes are amortized over the average future service of the active population at the time of the change.
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	Graded schedule begins for age 20 at 6.0% and moves to 4.0% at age 50.
Investment rate of return	7.50%
Retirement age	Rates vary by participant age and service.
Mortality	Healthy: RP-2000 Blue Collar Mortality Table for males and females projected generationally using scale AA. 60% of these rates. Pre-Termination mortality uses 60% of these rates. Disabled: RP-2000 Blue Collar Mortality Table set forward five years and then projected generationally using scale AA.
Other	Employer contributions for calendar 2010 are greater than 100.0% of the Actuarially Determined Contribution due to 6/30 fiscal year revision. Calendar 2011 was reduced for the revisions.

Anne Arundel County Retirement and Pension System

Required Supplementary Information

Schedule of Employer's Contributions - Detention Officers' and Deputy Sheriffs' Retirement Plan

For the Last Ten Years Ending December 31

(Dollars in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 3,462	\$ 3,601	\$ 3,788	\$ 4,349	\$ 4,789	\$ 4,994	\$ 5,141	\$ 5,600	\$ 6,111	\$ 6,371
Contributions in relation to the actuarially determined contribution	<u>3,462</u>	<u>3,601</u>	<u>3,788</u>	<u>4,349</u>	<u>4,907</u>	<u>4,876</u>	<u>5,141</u>	<u>5,600</u>	<u>6,111</u>	<u>6,371</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(118)</u>	\$ <u>118</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
	-	-	-	-	-	-	-	-	-	-
Covered-employee payroll	\$ 17,368	\$ 18,122	\$ 19,786	\$ 20,204	\$ 19,310	\$ 18,761	\$ 17,897	\$ 18,133	\$ 19,776	\$ 19,386
Contributions as a percentage of covered-employee payroll	19.94%	19.87%	19.15%	21.53%	25.41%	25.99%	28.73%	30.88%	30.90%	32.86%

Notes to Schedule

Valuation Date:	1/1/2007	1/1/2008	1/1/2009	1/1/2010	1/1/2011	1/1/2012	1/1/2013	1/1/2014	1/1/2015	1/1/2016
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Note: "Covered-employee payroll" for 2014 has been changed to reflect the new GASB language.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of payroll, closed, increasing 3.0% per year.
Remaining amortization period	18 to 28 years with an average effective period of 23 years. Starting with new bases in 2014, assumption changes and gains and losses are amortized over 20 years and plan changes are amortized over the average future service of the active population at the time of the change.
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	Graded schedule begins for age 20 at 6.0% and moves to 4.25% at age 50.
Investment rate of return	7.50%
Retirement age	Rates vary by participant age and service.
Mortality	Healthy: RP-2000 Blue Collar Mortality Table for males and females projected generationally using scale AA. 60% of these rates. Pre-Termination mortality uses 60% of these rates. Disabled: RP-2000 Blue Collar Mortality Table set forward five years and then projected generationally using scale AA.
Other	Employer contributions for calendar 2010 are greater than 100.0% of the Actuarially Determined Contribution due to 6/30 fiscal year revisions. Calendar 2011 was reduced for the revisions.

Anne Arundel County Maryland
Required Supplementary Information
Schedule of County's Proportionate Share for Withdrawn Personnel of the Net Pension Liability Maryland State Retirement and Pension System

as of June 30	<u>2014</u>	<u>2015</u>
County's portion of the net pension liability	0.07578590%	0.00036989%
County's porportionate share of the net pension liability	\$ 13,449,520	\$ 1,180,087
County's covered employee payroll	5,152	5,152
County's proportionate share of the net pension liability as a percentage of its covered employee payroll	2610.50%	229.05%
Plan fiduciary net position as a percentage of the total pension liability	71.87%	68.78%

Notes to Schedule:

- 1** This schedule is presented to illustrate the requirement to show information for 10 years. However, until 10-year trend is compiled, pension plans should present information for those years for which the data is available.
- 2** There are no benefit changes reflected in the current schedule.
- 3** The County's annual contribution is determined by actuarially calculated 40-year contract esabtlshed in 1980 to fund the liability for withdrawn participants.

**Anne Arundel County Maryland
 Required Supplementary Information
 Schedule of County's Proportionate Share for Officials of the Net Pension Liability Maryland State Retirement and Pension System**

as of June 30	<u>2014</u>	<u>2015</u>
County's portion of the net pension liability	0.00077211%	0.00094790%
County's porportionate share of the net pension liability	\$ 137,025	\$ 196,998
County's covered employee payroll	128,624	132,999
County's proportionate share of the net pension liability as a percentage of its covered employee payroll	1.07%	1.48%
Plan fiduciary net position as a percentage of the total pension liability	71.87%	68.78%

Notes to Schedule:

1 This schedule is presented to illustrate the requirement to show information for 10 years. However, until 10-year trend is compiled, pension plans should present information for those years for which the data is available.

2 There are no benefit changes reflected in the current schedule.

3 Changes in Assumptions to the Maryland State Retirement and Pension System:

Adjustments to the roll-forward liabilities were made to reflect the following assumptions in the June 2014 valuation.

-- Investment return assumption changed from 7.65% to 7.55%.

-- Inflation assumption changed from 2.90% to 2.70%

4 Methods and Assumptions Used in Calculation of Actuarially Determined Contributions:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years for State system
Asset Valuation Method	5-year smoothed market; 20% collar
Inflation	2.70% general, 3.2% wage
Salary Increases	3.4% to 11.9% including inflation
Investment Rate of Return	7.55 %
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for 2015 valuation pursuant to an experience study of the 2010-2014 period.
Mortality	RP-2000 Combined Health Mortality Table projected to the year 2025.

**Anne Arundel County Maryland
 Required Supplementary Information
 Schedule of County's Proportionate Share for Judges Plan of the Net Pension Liability Maryland State Retirement and Pension System**

as of June 30	<u>2014</u>	<u>2015</u>
County's portion of the net pension liability	0.00586823%	0.00436070%
County's porportionate share of the net pension liability	\$ 1,041,419	\$ 906,228
County's covered employee payroll	133,379	134,289
County's proportionate share of the net pension liability as a percentage of its covered employee payroll	7.81%	6.75%
Plan fiduciary net position as a percentage of the total pension liability	71.87%	68.78%

Notes to Schedule:

- 1 This schedule is presented to illustrate the requirement to show information for 10 years. However, until 10-year trend is compiled, pension plans should present information for those years for which the data is available.
- 2 There are no benefit changes reflected in the current schedule.
- 3 Changes in Assumptions to the Maryland State Retirement and Pension System:
 Adjustments to the roll-forward liabilities were made to reflect the following assumptions in the June 2014 valuation.
 -- Investment return assumption changed from 7.65% to 7.55%.
 -- Inflation assumption changed from 2.90% to 2.70%

4 Methods and Assumptions Used in Calculation of Actuarially Determined Contributions:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years for State system
Asset Valuation Method	5-year smoothed market; 20% collar
Inflation	2.70% general, 3.2% wage
Salary Increases	3.4% to 11.9% including inflation
Investment Rate of Return	7.55 %
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for 2015 valuation pursuant to an experience study of the 2010-2014 period.
Mortality	RP-2000 Combined Health Mortality Table projected to the year 2025.

Anne Arundel County
Required Supplementary Information
Schedule of County Contributions to State Municipal Pool Withdrawn Personnel
For the Last Ten Years Ending June 30

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 1,255,123	\$ 1,317,879	\$ 1,338,733	\$ 1,452,962	\$ 1,525,610	\$ 1,601,891	\$ 1,681,986	\$ 1,766,098	\$ 1,854,389	\$ 1,947,108
Contributions in relation to the actuarially determined contribution	<u>1,255,123</u>	<u>1,317,879</u>	<u>1,338,733</u>	<u>1,452,962</u>	<u>1,525,610</u>	<u>1,601,891</u>	<u>1,681,986</u>	<u>1,766,098</u>	<u>1,854,389</u>	<u>1,947,108</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	nmf	nmf	nmf	nmf	nmf	nmf	nmf	nmf	nmf	nmf
Contributions as a percentage of covered-employee payroll	nmf	nmf	nmf	nmf	nmf	nmf	nmf	nmf	nmf	nmf

Notes to Schedule

- 1) nmf = Not a Meaningful Figure
- 2) The County's Annual contribution is determined by actuarially calculated 40-year contract established in 1980 to fund the liability for withdrawn participants.
- 3) All participants except one are retired, making the relation between the Covered-employee payroll and the contribution meaningless.
- 4) Methods and assumptions used to determine contribution rates:
 - Actuarial cost method Projected Unit Credit
 - Amortization method Level percentage of payroll, closed, increasing 3.0% per year.
 - Remaining amortization period 19 to 28 years with an average effective period of 25 years. Starting with new bases in 2014, assumption changes and gains and losses are amortized over 20 years and plan changes are amortized over the average future service of the active population at the time of the change.
 - Asset valuation method 5-year smoothed market
 - Inflation 3.00%
 - Salary increases Graded schedule begins for age 20 at 6.5% and move to 3.5% at age 55.
 - Investment rate of return 7.50% net of pension plan investment expense, including inflation, effective 1/1/2014
 - Retirement age Rates vary by participant age and service.
 - Mortality Healthy: RP-2000 Blue Collar Mortality Table for males and females projected generationally using scale AA.
Disabled: RP-2000 Blue Collar Mortality Table for males and females set forward nine years and then projected generationally using scale AA.

Anne Arundel County

Required Supplementary Information

Schedule of County Contributions to State Municipal Pool Judges

For the Last Ten Years Ending June 30

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Actuarially determined contribution	\$ 23,837	\$ 26,303	\$ 25,999	\$ 29,147	\$ 69,733	\$ 77,922	\$ 78,968	\$ 65,724	\$ 57,395	\$ 57,716
Contributions in relation to the actuarially determined contribution	23,837	26,303	25,999	29,147	69,733	77,922	78,968	65,724	57,395	57,716
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 114,614	\$ 118,052	\$ 118,052	\$ 118,052	\$ 118,052	\$ 129,074	\$ 129,074	\$ 133,379	\$ 134,289	\$ 141,808
Contributions as a percentage of covered-employee payroll	20.80%	22.28%	22.02%	24.69%	59.07%	60.37%	61.18%	49.28%	42.74%	40.70%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of payroll, closed, increasing 3.0% per year.
Remaining amortization period	19 to 28 years with an average effective period of 25 years. Starting with new bases in 2014, assumption changes and gains and losses are amortized over 20 years and plan changes are amortized over the average future service of the active population at the time of the change.
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	Graded schedule begins for age 20 at 6.5% and move to 3.5% at age 55.
Investment rate of return	7.50% net of pension plan investment expense, including inflation, effective 1/1/2014
Retirement age	Rates vary by participant age and service.
Mortality	Healthy: RP-2000 Blue Collar Mortality Table for males and females projected generationally using scale AA. Disabled: RP-2000 Blue Collar Mortality Table for males and females set forward nine years and then projected generationally using scale AA.

Anne Arundel County

Required Supplementary Information

Schedule of County Contributions to State Municipal Pool Officials

For the Last Ten Years Ending June 30

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ 12,717	\$ 14,971	\$ 17,160	\$ 15,739	\$ 17,993	\$ 19,980	\$ 21,785
Contributions in relation to the actuarially determined contribution	-	-	-	12,717	14,971	17,160	15,739	17,993	19,980	21,785
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	99,953	113,011	128,064	128,064	128,064	128,064	128,064	128,624	132,999	n/a
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	9.93%	11.69%	13.40%	12.29%	13.99%	15.02%	

Notes to Schedule

1) Prior to fiscal year 2010 the contribution for Elected and Apointed Officials was made by the State. House Bill 101, effective fiscal 2010 transferred the liability from the State to the County.

2) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of payroll, closed, increasing 3.0% per year.
Remaining amortzation period	19 to 28 years with an average effective period of 25 years. Starting with new bases in 2014, assumption changes and gains and losses are amortized over 20 years and plan changes are amortized over the average future service of the active population at the time of the change.
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	Graded schedule begins for age 20 at 6.5% and move to 3.5% at age 55.
Investment rate of return	7.50% net of pension plan investment expense, including inflation, effective 1/1/2014
Retirement age	Rates vary by participant age and service.
Mortality	Healthy: RP-2000 Blue Collar Mortality Table for males and females projected generationally using scale AA. Disabled: RP-2000 Blue Collar Mortality Table for males and females set forward nine years and then projected generationally using scale AA.

Anne Arundel County, Maryland

Required Supplementary Information

Year Ended June 30, 2016

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

Schedule of Funding Progress

(Amounts shown in thousands)

	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL)	(B - A) Unfunded AAL (UAAL)	(A / B) Funded Ratio	(C) Covered Payroll	(B - A / C) UAAL as a % of Covered Payroll
Primary Government:						
June 30, 2014	\$ -	\$ 857,983	\$ 857,983	\$ 0.0%	\$ 239,173	\$ 359%
2015	-	899,254	899,254	0.0%	247,008	350%
2016	35,700	874,055	874,055	4.1%	251,778	347%
Board of Education:						
June 30, 2014	-	1,496,742	1,496,742	0.0%	590,414	254%
2015	-	1,412,995	1,412,995	0.0%	576,284	245%
2016	-	1,486,544	1,486,544	0.0%	584,796	254%
College:						
June 30, 2014	-	51,806	51,806	0.0%	90,338	57%
2015	-	55,079	55,079	0.0%	93,550	59%
2016	-	52,348	52,348	0.0%	94,843	55%
Library:						
June 30, 2014	-	31,484	31,484	0.0%	10,308	305%
2015	-	32,658	32,658	0.0%	11,554	283%
2016	-	31,700	31,700	0.0%	11,788	269%

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

General Fund Budget Detail

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

General Fund - Detail Schedule of Revenues

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

Separately budgeted General Fund component funds

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

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

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

Impact Fees Capital Projects Fund Budget Detail

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

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
GENERAL PROPERTY TAXES				
Real and personal taxes	\$ 632,457,000	\$ 632,457,000	\$ 627,987,905	\$ (4,469,095)
Interest and penalties	963,000	963,000	1,103,837	140,837
	<u>633,420,000</u>	<u>633,420,000</u>	<u>629,091,742</u>	<u>(4,328,258)</u>
LOCAL INCOME TAXES	<u>450,560,000</u>	<u>450,560,000</u>	<u>456,192,055</u>	<u>5,632,055</u>
STATE SHARED TAXES				
Highway user	2,825,000	2,825,000	3,389,091	564,091
Admissions	8,980,000	8,980,000	8,698,383	(281,617)
Auto-boat	2,000	2,000	4,880	2,880
	<u>11,807,000</u>	<u>11,807,000</u>	<u>12,092,354</u>	<u>285,354</u>
RECORDATION AND TRANSFER TAXES				
Recordation	40,000,000	40,000,000	50,006,125	10,006,125
Transfer	40,000,000	40,000,000	55,662,467	15,662,467
	<u>80,000,000</u>	<u>80,000,000</u>	<u>105,668,592</u>	<u>25,668,592</u>
LOCAL SALES TAXES				
Electricity	5,200,000	5,200,000	4,976,219	(223,781)
Gas	900,000	900,000	807,503	(92,497)
Telephone	6,200,000	6,200,000	6,224,300	24,300
Fuel	70,000	70,000	47,264	(22,736)
Hotel-motel	14,532,000	14,532,000	14,082,272	(449,728)
Parking	5,500,000	5,500,000	5,682,328	182,328
Trailer park rental pmts	900,000	900,000	909,863	9,863
Gross receipt tax - heavy equipment	300,000	300,000	340,749	40,749
	<u>33,602,000</u>	<u>33,602,000</u>	<u>33,070,498</u>	<u>(531,502)</u>

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
LICENSES AND PERMITS				
Amusements	191,500	191,500	194,696	3,196
Special events	7,000	7,000	5,100	(1,900)
Beer, wine, liquor	1,000,000	1,000,000	1,059,124	59,124
Trade licenses	279,500	279,500	241,165	(38,335)
Traders	820,000	820,000	882,554	62,554
Permits	9,980,100	9,980,100	11,369,019	1,388,919
Fines	66,000	66,000	32,566	(33,434)
Mobile home parks	30,600	30,600	31,045	445
Taxicabs	129,000	129,000	101,622	(27,378)
Animal control	320,000	320,000	267,710	(52,290)
Other	2,318,300	2,318,300	2,499,461	181,161
Health department	1,076,000	1,076,000	1,062,233	(13,767)
Public space	782,000	782,000	871,454	89,454
	<u>17,000,000</u>	<u>17,000,000</u>	<u>18,617,749</u>	<u>1,617,749</u>
AMBULANCE FEES	<u>9,000,000</u>	<u>9,000,000</u>	<u>11,387,538</u>	<u>2,387,538</u>
CABLE FEES	<u>10,450,000</u>	<u>10,450,000</u>	<u>11,329,610</u>	<u>879,610</u>
INVESTMENT INCOME	<u>200,000</u>	<u>200,000</u>	<u>1,212,362</u>	<u>1,012,362</u>
INTER-FUND RECOVERIES	<u>59,632,000</u>	<u>59,632,000</u>	<u>62,157,459</u>	<u>2,525,459</u>
OTHER REVENUES				
Health department fees	4,040,100	4,040,100	3,727,241	(312,859)
Certification of liens	125,000	125,000	123,650	(1,350)
Recreation and parks	10,728,500	10,728,500	10,037,605	(690,895)
Developers fees - street lighting	60,000	60,000	35,376	(24,624)
Sheriff	72,000	72,000	81,473	9,473
Subdivision	1,500,000	1,500,000	1,164,021	(335,979)
Administrative fees	322,000	322,000	412,491	90,491
Rental income	1,450,000	1,450,000	1,240,771	(209,229)
Reimbursements	15,814,100	15,814,100	14,248,108	(1,565,992)
Fines and fees	930,000	930,000	911,308	(18,692)
Miscellaneous	7,781,300	7,781,300	10,539,485	2,758,185
	<u>42,823,000</u>	<u>42,823,000</u>	<u>42,521,529</u>	<u>(301,471)</u>
Total revenues	<u>\$ 1,348,494,000</u>	<u>\$ 1,348,494,000</u>	<u>\$ 1,383,341,488</u>	<u>\$ 34,847,488</u>

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EDUCATION				
Board of Education	\$ 620,575,900	\$ 620,575,900	\$ 620,575,900	\$ -
Community College	36,687,700	36,687,700	36,687,700	-
	<u>657,263,600</u>	<u>657,263,600</u>	<u>657,263,600</u>	<u>-</u>
PUBLIC SAFETY				
Police	121,848,400	124,971,400	123,678,804	1,292,596
Fire	104,360,900	104,960,900	104,039,118	921,782
Detention Facilities	43,672,800	43,372,800	42,953,145	419,655
	<u>269,882,100</u>	<u>273,305,100</u>	<u>270,671,067</u>	<u>2,634,033</u>
GENERAL GOVERNMENT				
County Executive	4,934,000	5,084,000	5,033,269	50,731
Chief Administrative Officer	5,328,600	1,475,600	1,457,774	17,826 *
Office of Budget	1,003,200	1,123,200	1,070,270	52,930
Office of Finance	8,043,700	8,093,700	8,043,429	50,271
Office of Finance (non departmental)	54,595,100	61,087,251	60,940,138	147,113 **
Mandated Transfers	3,192,500	3,192,500	3,031,307	161,193 **
Office of Central Services	20,268,200	21,058,200	19,852,563	1,205,637
Office of Personnel	6,013,900	6,013,900	5,864,552	149,348
Information Technology	18,230,500	18,230,500	17,971,158	259,342
Office of Law	3,798,000	3,878,000	3,826,819	51,181
Legislative Branch	3,710,900	3,710,900	3,619,435	91,465
Ethics Commission	187,600	187,600	182,947	4,653
Board of Election Supervisors	4,353,600	4,353,600	4,203,959	149,641
	<u>133,659,800</u>	<u>137,488,951</u>	<u>135,097,620</u>	<u>2,391,331</u>
HEALTH AND HUMAN SERVICES				
Health	33,935,200	33,935,200	33,387,605	547,595
Social Services	4,987,200	4,987,200	4,396,396	590,804
Services for Aging and Disability	9,613,900	9,613,900	9,327,130	286,770
Other Grants	1,363,100	1,363,100	1,363,100	-
	<u>49,899,400</u>	<u>49,899,400</u>	<u>48,474,231</u>	<u>1,425,169</u>
PUBLIC WORKS				
	<u>31,803,600</u>	<u>37,803,600</u>	<u>37,065,661</u>	<u>737,939</u>
RECREATION AND COMMUNITY SERVICES				
Recreation and Parks	23,447,100	24,298,600	23,754,361	544,239
Public Library System	18,779,500	18,779,500	18,779,500	-
	<u>42,226,600</u>	<u>43,078,100</u>	<u>42,533,861</u>	<u>544,239</u>

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
JUDICIAL				
States Attorney	9,830,700	10,780,700	10,675,871	104,829
Sheriffs Office	9,123,400	9,123,400	8,874,519	248,881
Circuit Court	5,311,000	5,311,000	5,290,782	20,218
Orphans Court	101,500	115,800	106,297	9,503
	<u>24,366,600</u>	<u>25,330,900</u>	<u>24,947,469</u>	<u>383,431</u>
LAND USE AND DEVELOPMENT				
Planning and Zoning	8,448,100	8,448,100	8,229,234	218,866
Office of Administrative Hearings	304,000	304,000	302,958	1,042
Cooperative Extension Service	229,500	229,500	226,884	2,616
	<u>8,981,600</u>	<u>8,981,600</u>	<u>8,759,076</u>	<u>222,524</u>
CODE ENFORCEMENT				
Inspections and Permits	11,338,700	11,368,700	11,329,480	39,220
Board of License Commissioners	615,100	615,100	594,443	20,657
	<u>11,953,800</u>	<u>11,983,800</u>	<u>11,923,923</u>	<u>59,877</u>
DEBT SERVICE	<u>120,887,400</u>	<u>120,887,400</u>	<u>120,443,662</u>	<u>443,738</u> **
PAY GO FUNDING - CAPITAL PROJECTS	<u>15,603,000</u>	<u>15,638,000</u>	<u>15,418,000</u>	<u>220,000</u>
Total expenditures and encumbrances	\$ <u>1,366,527,500</u>	\$ <u>1,381,660,451</u>	\$ <u>1,372,598,170</u>	\$ <u>9,062,281</u>

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

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

Anne Arundel County, Maryland

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

General Fund - Separately Budgeted Components

Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
COUNTY PARKING GARAGE				
Revenues				
Parking fees	\$ 535,600	\$ 535,600	\$ 514,804	\$ (20,796)
Other	-	-	38,240	38,240
	<u>535,600</u>	<u>535,600</u>	<u>553,044</u>	<u>17,444</u>
Expenditures				
General government	527,700	527,700	413,496	114,204
Interfund reimbursement	-	-	110,268	(110,268)
	<u>527,700</u>	<u>527,700</u>	<u>523,764</u>	<u>3,936</u>
Revenues over (under) expenditures	<u>\$ 7,900</u>	<u>\$ 7,900</u>	<u>\$ 29,280</u>	<u>\$ 21,380</u>
PINEY ORCHARD WASTEWATER SERVICE				
Revenues				
Commissions and fees	\$ 1,300,000	\$ 1,300,000	\$ 946,470	\$ (353,530)
Expenditures				
Public works	1,300,000	1,300,000	946,470	353,530
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
INMATE BENEFIT AND MORALE				
Revenues				
Commissary sales	\$ 734,700	\$ 734,700	\$ 773,561	\$ 38,861
Commissions and fees	360,000	360,000	299,607	(60,393)
Investment income	1,700	1,700	2,816	1,116
Other	-	-	38,035	38,035
	<u>1,096,400</u>	<u>1,096,400</u>	<u>1,114,019</u>	<u>17,619</u>
Expenditures				
Commissary purchases	698,000	698,000	704,041	(6,041)
Inmate benefits/morale	398,400	398,400	308,955	89,445
	<u>1,096,400</u>	<u>1,096,400</u>	<u>1,012,996</u>	<u>83,404</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,023</u>	<u>\$ 101,023</u>

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

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

Impact Fees Capital Projects Fund

Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
IMPACT FEES				
Revenues				
Impact fees	\$ 11,729,800	\$ 11,729,800	\$ 33,651,125	\$ 21,921,325
Investment income	134,000	134,000	294,775	160,775
	<u>11,863,800</u>	<u>11,863,800</u>	<u>33,945,900</u>	<u>22,082,100</u>
Expenditures				
Education	-	-	176,816	(176,816)
Public works	-	-	3,322,336	(3,322,336)
Other inter-fund reimbursements	2,550,000	2,550,000	2,514,679	35,321
Pay-as-you-go	34,668,300	35,418,300	7,151,078	28,267,222
	<u>37,218,300</u>	<u>37,968,300</u>	<u>13,164,909</u>	<u>24,803,391</u>
Revenues over (under) expenditures	\$ <u>(25,354,500)</u>	\$ <u>(26,104,500)</u>	\$ <u>20,780,991</u>	\$ <u>46,885,491</u>
Fund balance, budgetary, July 1	<u>72,510,850</u>	<u>72,510,850</u>	<u>72,510,850</u>	
Fund balance, budgetary, June 30	\$ <u>47,156,350</u>	\$ <u>46,406,350</u>	\$ <u>93,291,841</u>	
			Change in fund balance on a GAAP basis	\$ 20,780,991
			Change in fund balance on a budgetary basis	\$ <u>20,780,991</u>

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

Nonmajor Governmental Funds

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

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

Nonmajor Governmental Funds (continued)

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

Capital Projects Funds

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

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

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

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

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

Debt Service Funds

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

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

Arundel Mills Tax Increment – This fund accumulates the incremental property taxes related to the Arundel Mills Tax District, created in 1999. The funds are being used to pay the debt service on debt issued to provide capital improvements within the district. Any unused funds revert to the General Fund at the end of the fiscal year.

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

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

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

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

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

Anne Arundel County, Maryland

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2016

	Special Revenue Funds				
	Forfeiture and Asset Seizure Team	Road and Special Benefits Districts	AA County Partnership for CYF (Grants)	Reforestation	Laurel Racetrack Community Benefit
ASSETS					
Cash and investments	\$ 533,736	\$ 544,522	\$ -	\$ 13,930,292	\$ -
Receivables					
Due from other governmental agencies (net of allowances)	-	-	794,597	-	-
Other, net	102,136	16,100	-	2,610	357,143
Total assets	<u>\$ 635,872</u>	<u>\$ 560,622</u>	<u>\$ 794,597</u>	<u>\$ 13,932,902</u>	<u>\$ 357,143</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 75,769	\$ 219,216	\$ 335,919	\$ 322,980	\$ -
Due to General Fund	-	-	198,813	-	317,788
Escrow and other deposits	-	-	-	5,956,471	-
Unearned revenue	-	-	193,826	-	-
Total liabilities	<u>75,769</u>	<u>219,216</u>	<u>728,558</u>	<u>6,279,451</u>	<u>317,788</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable grant revenue	-	-	358,314	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>358,314</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	560,103	341,406	-	7,653,451	39,355
Committed	-	-	-	-	-
Unassigned	-	-	(292,275)	-	-
Total fund balances	<u>560,103</u>	<u>341,406</u>	<u>(292,275)</u>	<u>7,653,451</u>	<u>39,355</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 635,872</u>	<u>\$ 560,622</u>	<u>\$ 794,597</u>	<u>\$ 13,932,902</u>	<u>\$ 357,143</u>

Special Revenue Funds

Workforce Development (Grants)	Arundel Community Development Services (Grants)	Grants	Circuit Court	Park Place Tax Increment	Odenton Town Center Tax Increment
\$ 98,391	\$ -	\$ 1,470,501	\$ 180,587	\$ 673	\$ 1,464,981
151,291	1,827,984	6,567,689	-	-	-
-	-	18,793	9,295	-	-
<u>\$ 249,682</u>	<u>\$ 1,827,984</u>	<u>\$ 8,056,983</u>	<u>\$ 189,882</u>	<u>\$ 673</u>	<u>\$ 1,464,981</u>
\$ 226,475	\$ 1,292,532	\$ 3,492,834	\$ -	\$ 673	\$ -
-	334,234	1,049,642	-	-	-
-	-	-	143,663	-	-
23,207	201,218	1,390,718	-	-	-
<u>249,682</u>	<u>1,827,984</u>	<u>5,933,194</u>	<u>143,663</u>	<u>673</u>	<u>-</u>
-	310,726	4,286,250	-	-	-
-	310,726	4,286,250	-	-	-
-	3,171,454	890,922	46,219	-	1,464,981
-	-	-	-	-	-
-	(3,482,180)	(3,053,383)	-	-	-
-	(310,726)	(2,162,461)	46,219	-	1,464,981
<u>\$ 249,682</u>	<u>\$ 1,827,984</u>	<u>\$ 8,056,983</u>	<u>\$ 189,882</u>	<u>\$ 673</u>	<u>\$ 1,464,981</u>

(continued)

Anne Arundel County, Maryland

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2016

	Special Revenue Funds			Capital Projects Funds	
	Erosion Districts	Video Lottery Local Impact Aid	Watershed Protection and Restoration	Storm Drain Fees	Recreational Land Fees
ASSETS					
Cash and investments	\$ 587,580	\$ 5,209,973	\$ 19,296,076	\$ 929,273	\$ 448,683
Receivables					
Due from other governmental agencies (net of allowances)	-	-	-	-	-
Other, net	2,021	3,077,062	346,937	-	-
Total assets	<u>\$ 589,601</u>	<u>\$ 8,287,035</u>	<u>\$ 19,643,013</u>	<u>\$ 929,273</u>	<u>\$ 448,683</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 717,401	\$ -	\$ -
Due to General Fund	-	-	-	-	-
Escrow and other deposits	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>717,401</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable grant revenue	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	589,601	8,287,035	18,925,612	-	-
Committed	-	-	-	929,273	448,683
Unassigned	-	-	-	-	-
Total fund balances	<u>589,601</u>	<u>8,287,035</u>	<u>18,925,612</u>	<u>929,273</u>	<u>448,683</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 589,601</u>	<u>\$ 8,287,035</u>	<u>\$ 19,643,013</u>	<u>\$ 929,273</u>	<u>\$ 448,683</u>

Capital Projects Funds				Debt Service Funds			
Bond Premium	Street Light Capital Project	Energy Revolving Loan	Nursery Road Tax Increment	West County (NBP) Tax Increment	Arundel Mills Tax Increment	Parole Tax Increment	
\$ 18,664,174	\$ 4,259,344	\$ 220,571	\$ 12,367	\$ 101	\$ 41,392	\$ -	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>\$ 18,664,174</u>	<u>\$ 4,259,344</u>	<u>\$ 220,571</u>	<u>\$ 12,367</u>	<u>\$ 101</u>	<u>\$ 41,392</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ -	\$ 101	\$ 71	\$ -	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101</u>	<u>71</u>	<u>-</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
18,664,174	-	-	12,367	-	41,321	-	
-	4,259,344	220,571	-	-	-	-	
-	-	-	-	-	-	-	
<u>18,664,174</u>	<u>4,259,344</u>	<u>220,571</u>	<u>12,367</u>	<u>-</u>	<u>41,321</u>	<u>-</u>	
<u>\$ 18,664,174</u>	<u>\$ 4,259,344</u>	<u>\$ 220,571</u>	<u>\$ 12,367</u>	<u>\$ 101</u>	<u>\$ 41,392</u>	<u>\$ -</u>	

(continued)

Anne Arundel County, Maryland

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2016

	Debt Service Funds				
	National Business Park North Tax Increment	Village South at Waugh Chapel Tax Increment	Special Taxing Districts	Installment Purchase Agreements	Totals
ASSETS					
Cash and investments	\$ 4,303,440	\$ 1,343,254	\$ 983,369	\$ 10,964,583	\$ 85,487,863
Receivables					
Due from other governmental agencies (net of allowances)	-	-	-	-	9,341,561
Other, net	-	-	709	-	3,932,806
Total assets	<u>\$ 4,303,440</u>	<u>\$ 1,343,254</u>	<u>\$ 984,078</u>	<u>\$ 10,964,583</u>	<u>\$ 98,762,230</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 6,683,971
Due to General Fund	-	-	-	-	1,900,477
Escrow and other deposits	-	-	-	-	6,100,134
Unearned revenue	-	-	-	-	1,808,969
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,493,551</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable grant revenue	-	-	-	-	4,955,290
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,955,290</u>
FUND BALANCES					
Restricted	4,303,440	1,343,254	984,078	-	67,318,773
Committed	-	-	-	10,964,583	16,822,454
Unassigned	-	-	-	-	(6,827,838)
Total fund balances	<u>4,303,440</u>	<u>1,343,254</u>	<u>984,078</u>	<u>10,964,583</u>	<u>77,313,389</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,303,440</u>	<u>\$ 1,343,254</u>	<u>\$ 984,078</u>	<u>\$ 10,964,583</u>	<u>\$ 98,762,230</u>

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Anne Arundel County, Maryland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2016

	Special Revenue Funds				
	Forfeiture and Asset Seizure Team	Road and Special Benefits Districts	AA County Partnership for CYF (Grants)	Reforestation	Laurel Racetrack Community Benefit
REVENUES					
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and aid	-	-	1,980,709	-	-
Seized / forfeited funds	150,028	-	-	-	-
Special community benefit taxes	-	7,257,974	-	-	-
Video lottery local impact aid	-	-	-	-	-
Watershed protection and restoration	-	-	-	-	-
Fees and commissions	-	-	-	1,600,764	357,143
Investment income	2,939	-	860	44,263	6
Other	15,171	-	2,433	-	-
Total revenues	<u>168,138</u>	<u>7,257,974</u>	<u>1,984,002</u>	<u>1,645,027</u>	<u>357,149</u>
EXPENDITURES					
Current					
Education	-	-	-	-	-
Public safety	1,035,717	-	-	-	-
General government	-	-	-	-	-
Health and human services	-	-	2,226,872	-	-
Public works	-	-	-	-	-
Recreation and community services	-	7,383,435	-	-	342,000
Judicial	-	-	-	-	-
Code enforcement	-	-	-	-	-
Land use and development	-	-	-	1,472,801	-
Debt service					
Interest payments on debt	-	-	-	-	-
Principal payments on debt	-	-	-	-	-
Total expenditures	<u>1,035,717</u>	<u>7,383,435</u>	<u>2,226,872</u>	<u>1,472,801</u>	<u>342,000</u>
Revenues over (under) expenditures	<u>(867,579)</u>	<u>(125,461)</u>	<u>(242,870)</u>	<u>172,226</u>	<u>15,149</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	-	-	-	-	-
General County Capital Projects Fund	-	-	-	-	-
Energy Revolving Loan Fund	-	-	-	-	-
Transfers out					
General Fund	-	-	-	-	-
General County Capital Projects Fund	-	-	-	(658,596)	-
ACDS Fund	-	-	-	-	-
Street Light Fund	-	-	-	-	-
Erosion Districts Fund	-	-	-	-	-
Special Taxing Districts Fund	-	-	-	-	-
Refunding bonds issued					
General obligation bonds issued	-	-	-	-	-
Premiums from sale of bonds	-	-	-	-	-
Transfers from Solid Waste Fund	-	-	-	-	-
Contributions to Solid Waste Fund	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(658,596)</u>	<u>-</u>
Net change in fund balances	<u>(867,579)</u>	<u>(125,461)</u>	<u>(242,870)</u>	<u>(486,370)</u>	<u>15,149</u>
Fund balances, July 1	<u>1,427,682</u>	<u>466,867</u>	<u>(49,405)</u>	<u>8,139,821</u>	<u>24,206</u>
Fund balances, June 30	<u>\$ 560,103</u>	<u>\$ 341,406</u>	<u>\$ (292,275)</u>	<u>\$ 7,653,451</u>	<u>\$ 39,355</u>

Special Revenue Funds

Workforce Development (Grants)	Arundel Community Development Services (Grants)	Grants	Circuit Court	Park Place Tax Increment	Odenton Town Center Tax Increment
\$ -	\$ -	\$ -	\$ -	\$ 893,750	\$ 983,009
2,313,753	5,562,547	34,120,787	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	673	3,923
-	-	377,207	153,262	-	-
<u>2,313,753</u>	<u>5,562,547</u>	<u>34,497,994</u>	<u>153,262</u>	<u>894,423</u>	<u>986,932</u>
-	-	-	-	-	-
-	-	1,994,433	-	-	-
-	-	180,447	-	894,423	-
2,313,753	-	24,621,092	-	-	-
-	-	-	-	-	-
-	6,417,873	25,000	-	-	-
-	-	2,603,908	189,629	-	-
-	-	-	-	-	-
-	-	1,934,445	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,313,753</u>	<u>6,417,873</u>	<u>31,359,325</u>	<u>189,629</u>	<u>894,423</u>	<u>-</u>
-	(855,326)	3,138,669	(36,367)	-	986,932
-	270,000	1,590,647	-	-	-
-	-	-	-	-	-
-	274,600	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	544,600	1,590,647	-	-	-
-	(310,726)	4,729,316	(36,367)	-	986,932
-	-	(6,891,777)	82,586	-	478,049
\$ -	\$ (310,726)	\$ (2,162,461)	\$ 46,219	\$ -	\$ 1,464,981

(continued)

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

Nonmajor Governmental Funds

Year Ended June 30, 2016

	Special Revenue Funds			Capital Projects Funds	
	Erosion Districts	Video Lottery Local Impact Aid	Watershed Protection and Restoration	Storm Drain Fees	Recreation Land Fees
REVENUES					
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and aid	-	-	-	-	-
Seized / forfeited funds	-	-	-	-	-
Special community benefit taxes	387,875	-	-	-	-
Video lottery local impact aid	-	18,437,244	-	-	-
Watershed protection and restoration	-	-	21,058,386	-	-
Fees and commissions	-	-	-	737	67,000
Investment income	-	9,038	102,842	3,560	1,329
Other	-	502	90	-	-
Total revenues	387,875	18,446,784	21,161,318	4,297	68,329
EXPENDITURES					
Current					
Education	-	1,700,000	-	-	-
Public safety	-	9,135,100	-	-	-
General government	-	600,000	347,100	-	-
Health and human services	-	-	-	-	-
Public works	169,481	-	11,165,867	23,266	-
Recreation and community services	-	500,000	-	-	-
Judicial	-	-	-	-	-
Code enforcement	-	-	1,218,517	-	-
Land use and development	-	-	-	-	-
Debt service					
Interest payments on debt	-	-	1,632,448	-	-
Principal payments on debt	-	-	369,927	-	-
Total expenditures	169,481	11,935,100	14,733,859	23,266	-
Revenues over (under) expenditures	218,394	6,511,684	6,427,459	(18,969)	68,329
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	-	1,237,151	-	-	-
General County Capital Projects Fund	-	-	66,930	-	-
Energy Revolving Loan Fund	-	-	-	-	-
Transfers out					
General Fund	-	-	-	-	-
General County Capital Projects Fund	-	(3,200,000)	(15,850,000)	-	-
ACDS Fund	-	-	-	-	-
Street Light Fund	-	-	-	-	-
Erosion Districts Fund	-	-	-	-	-
Special Taxing Districts Fund	-	-	-	-	-
Refunding bonds issued					
General obligation bonds issued	-	-	15,850,000	-	-
Premiums from sale of bonds	-	-	-	-	-
Transfers from Solid Waste Fund	-	-	-	-	-
Contributions to Solid Waste Fund	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-
Total other financing sources (uses)	-	(1,962,849)	66,930	-	-
Net change in fund balances	218,394	4,548,835	6,494,389	(18,969)	68,329
Fund balances, July 1	371,207	3,738,200	12,431,223	948,242	380,354
Fund balances, June 30	\$ <u>589,601</u>	\$ <u>8,287,035</u>	\$ <u>18,925,612</u>	\$ <u>929,273</u>	\$ <u>448,683</u>

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

Nonmajor Governmental Funds

Year Ended June 30, 2016

	Debt Service Funds					Totals
	National Business Park North Tax Increment	Village South at Waugh Chapel Tax Increment	Special Taxing Districts	Installment Purchase Agreements		
REVENUES						
General property taxes	\$ 2,029,418	\$ 1,716,491	\$ -	\$ -	\$	39,103,509
Grants and aid	-	-	-	-	-	43,977,796
Seized / forfeited funds	-	-	-	-	-	150,028
Special community benefit taxes	-	-	556,311	-	-	8,202,160
Video lottery local impact aid	-	-	-	-	-	18,437,244
Watershed protection and restoration	-	-	-	-	-	21,058,386
Fees and commissions	-	-	-	-	-	2,888,759
Investment income	2,669	10,396	-	1,489,708	-	1,758,059
Other	-	-	-	-	-	548,665
Total revenues	<u>2,032,087</u>	<u>1,726,887</u>	<u>556,311</u>	<u>1,489,708</u>		<u>136,124,606</u>
EXPENDITURES						
Current						
Education	-	-	-	-	-	1,700,000
Public safety	-	-	-	-	-	12,165,250
General government	26,554	18,584	-	-	-	2,084,183
Health and human services	-	-	-	-	-	29,161,717
Public works	-	-	-	-	-	11,358,614
Recreation and community services	-	-	212,953	-	-	14,881,261
Judicial	-	-	-	-	-	2,793,537
Code enforcement	-	-	-	-	-	1,218,517
Land use and development	-	-	-	-	-	3,407,246
Debt service						
Interest payments on debt	1,811,000	1,000,000	-	726,070	-	6,629,393
Principal payments on debt	-	-	296,424	20,000	-	2,421,351
Total expenditures	<u>1,837,554</u>	<u>1,018,584</u>	<u>509,377</u>	<u>746,070</u>		<u>87,821,069</u>
Revenues over (under) expenditures	<u>194,533</u>	<u>708,303</u>	<u>46,934</u>	<u>743,638</u>		<u>48,303,537</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
General Fund	-	-	-	953,000	-	4,050,798
General County Capital Projects Fund	-	-	-	-	-	66,930
Energy Revolving Loan Fund	-	-	-	-	-	274,600
Transfers out						
General Fund	-	(3,142,254)	-	-	-	(33,581,639)
General County Capital Projects Fund	-	-	-	-	-	(59,168,209)
ACDS Fund	-	-	-	-	-	(274,600)
Street Light Fund	-	-	-	-	-	-
Erosion Districts Fund	-	-	-	-	-	-
Special Taxing Districts Fund	-	-	-	-	-	-
Refunding bonds issued						
General obligation bonds issued	-	-	-	-	-	15,850,000
Premiums from sale of bonds	-	-	-	-	-	18,664,020
Transfers from Solid Waste Fund	-	-	-	-	-	191,599
Contributions to Solid Waste Fund	-	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(3,142,254)</u>	<u>-</u>	<u>953,000</u>		<u>(53,926,501)</u>
Net change in fund balances	194,533	(2,433,951)	46,934	1,696,638		(5,622,964)
Fund balances, July 1	<u>4,108,907</u>	<u>3,777,205</u>	<u>937,144</u>	<u>9,267,945</u>		<u>82,936,353</u>
Fund balances, June 30	\$ <u>4,303,440</u>	\$ <u>1,343,254</u>	\$ <u>984,078</u>	\$ <u>10,964,583</u>	\$	<u>77,313,389</u>

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

Special Revenue Funds

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
FORFEITURE AND ASSET SEIZURE TEAM				
Revenues				
Seized and forfeited funds	\$ 430,000	\$ 430,000	\$ 150,028	\$ (279,972)
Investment income	-	-	2,939	2,939
Other	-	-	25,951	25,951
	<u>430,000</u>	<u>430,000</u>	<u>178,918</u>	<u>(251,082)</u>
Expenditures				
Public safety	997,200	1,673,200	1,550,566	122,634
Revenues over (under) expenditures	(567,200)	(1,243,200)	(1,371,648)	\$ <u>(128,448)</u>
Fund balance, budgetary, July 1	<u>1,393,962</u>	<u>1,393,962</u>	<u>1,393,962</u>	
Fund balance, budgetary, June 30	\$ <u>826,762</u>	\$ <u>150,762</u>	\$ <u>22,314</u>	
ROADS AND SPECIAL BENEFITS				
Revenues				
Special community benefit taxes	\$ 7,141,594	\$ 7,141,594	\$ 7,257,974	\$ 116,380
Expenditures				
Recreation and community services	10,872,866	10,900,545	7,383,435	3,517,110
Revenues over (under) expenditures	(3,731,272)	(3,758,951)	(125,461)	\$ <u>3,633,490</u>
Fund balance, budgetary, July 1	<u>466,867</u>	<u>466,867</u>	<u>466,867</u>	
Fund balance, budgetary, June 30	\$ <u>(3,264,405)</u>	\$ <u>(3,292,084)</u>	\$ <u>341,406</u>	
ANNE ARUNDEL COUNTY PARTNERSHIP FOR CHILDREN, YOUTH & FAMILIES				
Revenues				
Grants and aid	\$ 2,083,600	\$ 3,083,600	\$ 2,230,116	\$ (853,484)
Investment income	-	-	860	860
Other	-	-	2,433	2,433
	<u>2,083,600</u>	<u>3,083,600</u>	<u>2,233,409</u>	<u>(850,191)</u>
Expenditures				
Health and human services	2,083,600	3,083,600	2,224,372	859,228
Revenues over (under) expenditures	-	-	9,037	\$ <u>9,037</u>
Fund balance, budgetary, July 1 (as restated)	<u>57,002</u>	<u>57,002</u>	<u>57,002</u>	
Fund balance, budgetary, June 30	\$ <u>57,002</u>	\$ <u>57,002</u>	\$ <u>66,039</u>	

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

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

Special Revenue Funds

Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REFORESTATION				
Revenues				
Commissions and fees	\$ 950,000	\$ 950,000	\$ 1,645,027	\$ 695,027
Expenditures				
Land use and development	3,858,600	3,858,600	2,104,890	1,753,710
Revenues over (under) expenditures	(2,908,600)	(2,908,600)	(459,863)	\$ 2,448,737
Fund balance, budgetary, July 1	8,104,020	8,104,020	8,104,020	
Fund balance, budgetary, June 30	\$ 5,195,420	\$ 5,195,420	\$ 7,644,157	
LAUREL RACETRACK COMMUNITY BENEFIT				
Revenues				
Fees and commissions	\$ 357,000	\$ 357,000	\$ 357,143	\$ 143
General fund contribution	-	-	-	-
Other	-	-	6	6
	<u>357,000</u>	<u>357,000</u>	<u>357,149</u>	<u>149</u>
Expenditures				
Recreation and community services	357,000	357,000	342,000	15,000
Revenues over (under) expenditures	-	-	15,149	\$ 15,149
Fund balance, budgetary, July 1	24,206	24,206	24,206	
Fund balance, budgetary, June 30	\$ 24,206	\$ 24,206	\$ 39,355	
WORKFORCE DEVELOPMENT				
Revenues				
Grants and aid	\$ 1,200,000	\$ 2,400,000	\$ 2,313,753	\$ (86,247)
Expenditures				
Health and human services	1,200,000	2,400,000	2,313,753	86,247
Revenues over (under) expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	

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

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

Special Revenue Funds

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
ARUNDEL COMMUNITY DEVELOPMENT SERVICES				
Revenues				
Grants and aid	\$ 6,782,400	\$ 6,782,400	\$ 6,420,167	\$ (362,233)
Expenditures				
Recreation and community services	6,782,400	6,782,400	6,420,167	362,233
Revenues over (under) expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	
GRANTS				
Revenues				
Grants and aid	\$ 36,403,100	\$ 42,063,600	\$ 30,256,798	\$ (11,806,802)
Fees, General Fund contributions and other	2,076,800	2,076,800	2,900,947	824,147
	<u>38,479,900</u>	<u>44,140,400</u>	<u>33,157,745</u>	<u>(10,982,655)</u>
Expenditures				
Public safety	2,917,700	5,962,600	1,986,337	3,976,263
General government	121,000	206,400	180,447	25,953
Health and human services	29,149,600	31,049,300	24,686,512	6,362,788
Recreation and community services	25,000	25,000	25,000	-
Judicial	3,581,300	3,817,600	2,603,908	1,213,692
Land use and development	2,685,300	3,079,500	1,980,495	1,099,005
	<u>38,479,900</u>	<u>44,140,400</u>	<u>31,462,699</u>	<u>12,677,701</u>
Revenues over (under) expenditures	-	-	1,695,046	\$ <u>1,695,046</u>
Fund balance, budgetary, July 1	(2,191,681)	(2,191,681)	(2,191,681)	
Fund balance, budgetary, June 30	\$ (2,191,681)	\$ (2,191,681)	\$ (496,635)	
CIRCUIT COURT				
Revenues				
Bond Forfeited Funds	\$ 125,000	\$ 125,000	\$ 153,262	\$ 28,262
Expenditures				
Circuit Court	165,000	205,000	189,629	15,371
Revenues over (under) expenditures	(40,000)	(80,000)	(36,367)	\$ <u>43,633</u>
Fund balance, budgetary, July 1	82,586	82,586	82,586	
Fund balance, budgetary, June 30	\$ 42,586	\$ 2,586	\$ 46,219	

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

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

Special Revenue Funds

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
PARK PLACE TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 894,000	\$ 894,000	\$ 893,750	\$ (250)
Investment income	500	500	673	173
	<u>894,500</u>	<u>894,500</u>	<u>894,423</u>	<u>(77)</u>
Expenditures				
General government	894,500	894,500	894,423	77
Revenues over (under) expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	
ODENTON TOWN CENTER				
Revenues				
General property taxes	\$ 920,000	\$ 920,000	\$ 983,009	\$ 63,009
Investment income	5,000	5,000	3,923	(1,077)
Other	-	-	-	-
	<u>925,000</u>	<u>925,000</u>	<u>986,932</u>	<u>61,932</u>
Expenditures				
General government	-	-	-	-
Interest payments on debt	-	-	-	-
Principal payments on debt	-	-	-	-
Other	-	-	-	-
Revenues over (under) expenditures	<u>925,000</u>	<u>925,000</u>	<u>986,932</u>	<u>\$ 61,932</u>
Fund balance, budgetary, July 1	478,049	478,049	478,049	
Fund balance, budgetary, June 30	\$ <u>1,403,049</u>	\$ <u>1,403,049</u>	\$ <u>1,464,981</u>	
EROSION DISTRICTS				
Revenues				
Special community benefit taxes	\$ 382,173	\$ 382,173	\$ 387,875	\$ 5,702
Expenditures				
Public works	480,562	480,562	169,481	311,081
Revenues over (under) expenditures	(98,389)	(98,389)	218,394	\$ <u>316,783</u>
Fund balance, budgetary, July 1	371,207	371,207	371,207	
Fund balance, budgetary, June 30	\$ <u>272,818</u>	\$ <u>272,818</u>	\$ <u>589,601</u>	

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

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

Special Revenue Funds

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
VIDEO LOTTERY LOCAL IMPACT AID				
Revenues				
Video lottery impact aid	\$ 16,000,000	\$ 16,000,000	\$ 18,437,244	\$ 2,437,244
Investment income	-	-	9,038	9,038
Other	-	-	502	502
	<u>16,000,000</u>	<u>16,000,000</u>	<u>18,446,784</u>	<u>2,446,784</u>
Expenditures				
Education	1,700,000	1,700,000	1,700,000	-
Public safety	9,120,000	9,135,100	9,135,100	-
General government	2,320,000	1,820,000	1,320,000	500,000
Recreation and community service	500,000	500,000	500,000	-
Pay-go funding - capital projects	2,300,000	3,200,000	1,962,849	1,237,151
	<u>15,940,000</u>	<u>16,355,100</u>	<u>14,617,949</u>	<u>1,737,151</u>
Revenues over (under) expenditures	60,000	(355,100)	3,828,835	\$ <u>4,183,935</u>
Fund balance, budgetary, July 1	<u>3,738,200</u>	<u>3,738,200</u>	<u>3,738,200</u>	
Fund balance, budgetary, June 30	\$ <u>3,798,200</u>	\$ <u>3,383,100</u>	\$ <u>7,567,035</u>	
WATERSHED PROTECTION AND RESTORATION				
Revenues				
Stormwater fees	\$ 20,980,000	\$ 20,980,000	\$ 21,058,386	\$ 78,386
Interfund reimbursements	400,000	400,000	613,004	213,004
Investment Income	-	-	169,772	169,772
Other	-	-	5,972	5,972
	<u>21,380,000</u>	<u>21,380,000</u>	<u>21,847,134</u>	<u>467,134</u>
Expenditures				
General government	347,100	347,100	347,100	-
Public works	13,986,700	13,986,700	11,630,871	2,355,829
Code enforcement	1,282,500	1,282,500	1,218,517	63,983
Debt service	1,973,800	1,973,800	2,002,375	(28,575)
	<u>17,590,100</u>	<u>17,590,100</u>	<u>15,198,863</u>	<u>2,391,237</u>
Revenues over (under) expenditures	3,789,900	3,789,900	6,648,271	\$ <u>2,858,371</u>
Fund balance, budgetary, July 1	<u>9,510,179</u>	<u>9,510,179</u>	<u>9,510,179</u>	
Fund balance, budgetary, June 30	\$ <u>13,300,079</u>	\$ <u>13,300,079</u>	\$ <u>16,158,450</u>	

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

Anne Arundel County, Maryland

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

Erosion Districts Fund

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Cedarhurst	\$ 63,840	\$ 63,840	\$ 64,459	\$ 619
Franklin Manor	182,880	182,880	186,203	3,323
Idlewilde	16,853	16,853	18,011	1,158
Riviera Beach	118,600	118,600	119,202	602
Total expenditures	<u>\$ 382,173</u>	<u>\$ 382,173</u>	<u>\$ 387,875</u>	<u>\$ 5,702</u>
EXPENDITURES				
Cedarhurst	\$ 74,240	\$ 74,240	\$ 33,201	\$ 41,039
Franklin Manor	182,880	182,880	2,000	180,880
Idlewilde	80,342	80,342	24,300	56,042
Riviera Beach	143,100	143,100	109,980	33,120
Total expenditures	<u>\$ 480,562</u>	<u>\$ 480,562</u>	<u>\$ 169,481</u>	<u>\$ 311,081</u>

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

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Anne Arundel County, Maryland

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

Roads and Special Benefit Districts Fund

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Amberly	\$ 22,000	\$ 22,000	\$ 22,000	\$ -
Annapolis Roads	338,988	338,988	350,842	11,854
Arundel on the Bay	207,875	207,875	211,383	3,508
Avalon Shores	52,650	52,650	52,740	90
Bay Highlands	64,800	64,800	68,016	3,216
Bay Ridge	257,322	257,322	258,991	1,669
Bayside Beach	10,093	10,093	10,253	160
Beverly Beach	36,800	36,800	37,000	200
Birchwood	5,664	5,664	5,664	-
Bittersweet	-	-	-	-
Cape Anne	11,325	11,325	11,250	(75)
Cape St. Claire	322,280	322,280	322,000	(280)
Capetown	24,018	24,018	24,018	-
Carrolton Manor	80,250	80,250	81,600	1,350
Cedarhurst	135,660	135,660	136,975	1,315
Chartwell	34,892	34,892	34,892	-
Columbia Beach	3,770	3,770	3,767	(3)
Crofton	903,973	903,973	954,315	50,342
Deale Beach	9,000	9,000	9,000	-
Eden Woods	9,000	9,000	9,000	-
Epping Forest	181,704	181,704	189,393	7,689
Fairhaven Cliffs	4,200	4,200	4,200	-
Felicity Cove	11,900	11,900	11,900	-
Franklin Manor	60,960	60,960	62,068	1,108
Gibson Island	934,094	934,094	940,305	6,211
Greenbriar Gardens	18,144	18,144	18,144	-
Greenbriar II	21,000	21,000	21,000	-
Herald Harbor	-	-	-	-
Heritage Pool	45,955	45,955	46,410	455
Hillsmere Estates	303,304	303,304	307,892	4,588
Holland Point	-	-	-	-
Homewood	8,070	8,070	8,272	202
Hunters Harbor	16,050	16,050	16,050	-
Idlewild	9,775	9,775	9,775	-
Indian Hills (Winchester)	112,224	112,224	114,426	2,202
Landhaven - Special Benefits	-	-	-	-
Little Magothy River	35,700	35,700	35,700	-
Long Point on the Severn	13,750	13,750	13,750	-
Magothy Beach	6,360	6,360	6,440	80
Magothy Forge	7,326	7,326	7,327	1
Manhattan Beach	92,700	92,700	92,850	150
Owings Beach	9,988	9,988	9,861	(127)
Owings Cliffs	1,850	1,850	1,850	-
Oyster Harbor	346,410	346,410	358,983	12,573
Parke West	44,205	44,205	44,310	105
Pine Grove Village	11,040	11,040	11,040	-
Pines on the Severn	57,750	57,750	57,750	-
Provinces	15,822	15,822	15,876	54
Queen's Park	64,265	64,265	64,122	(143)
Rockview Beach / Riviera Isles	9,644	9,644	9,644	-
Selby on the Bay	76,590	76,590	75,780	(810)
Severn Grove	14,445	14,445	14,175	(270)
Severna Forest	-	-	-	-
Severndale	6,549	6,549	6,548	(1)
Sherwood Forest	1,267,520	1,267,520	1,267,520	-
Shoreham Beach	66,500	66,500	66,500	-
South River Heights	11,737	11,737	11,737	-
South River Manor	4,500	4,500	4,500	-
South River Park	34,200	34,200	34,200	-
Steedman Point	4,000	4,000	4,000	-
Stone Haven	6,106	6,106	6,106	-
Sylvan Shores	73,596	73,596	72,763	(833)
Sylvan View on the Magothy	10,650	10,650	10,650	-
Tanglewood Lane - Roads	-	-	-	-
Upper Magothy Beach	14,600	14,600	14,650	50
Venice Beach - Roads	36,640	36,640	37,054	414
Venice on the Bay	7,175	7,175	7,175	-
Warthen Knolls	3,236	3,236	3,236	-
Wilelinor	22,400	22,400	22,400	-
Woodland Beach / Londontowne	500,000	500,000	509,336	9,336
Woodland Beach / Pasadena	6,600	6,600	6,600	-
Total revenues	\$ 7,141,594	\$ 7,141,594	\$ 7,257,974	\$ 116,380

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

Anne Arundel County, Maryland

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

Roads and Special Benefit Districts Fund

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
Amberly	\$ 43,825	\$ 43,825	\$ 22,100	\$ 21,725
Annapolis Roads	377,316	377,316	351,324	25,992
Arundel on the Bay	235,407	235,407	212,000	23,407
Avalon Shores	143,087	143,087	52,748	90,339
Bay Highlands	149,825	149,825	68,316	81,509
Bay Ridge	279,852	279,852	279,840	12
Bayside Beach	10,108	10,108	10,093	15
Beverly Beach	36,800	36,800	36,775	25
Birchwood	5,664	5,664	5,664	-
Bittersweet	-	15,481	10,481	5,000
Cape Anne	23,785	23,785	11,190	12,595
Cape St. Claire	331,923	331,923	322,004	9,919
Capetown	24,232	24,232	24,022	210
Carrolton Manor	148,723	148,723	148,700	23
Cedarhurst	188,660	188,660	155,575	33,085
Chartwell	99,663	99,663	34,873	64,790
Columbia Beach	109,288	109,288	4,148	105,140
Crofton	1,458,485	1,458,485	962,905	495,580
Deale Beach	12,108	12,108	8,970	3,138
Eden Woods	35,513	35,513	9,010	26,503
Epping Forest	526,882	526,882	190,502	336,380
Fairhaven Cliffs	30,259	30,259	975	29,284
Felicity Cove	45,192	45,192	12,277	32,915
Franklin Manor	132,426	132,426	67,758	64,668
Gibson Island	1,142,025	1,142,025	940,401	201,624
Greenbriar Gardens	44,612	44,612	18,158	26,454
Greenbriar II	21,000	21,000	21,000	-
Heritage Pool	78,837	78,837	46,403	32,434
Hillsmere Estates	328,304	328,304	308,759	19,545
Holland Point	21,357	21,357	-	21,357
Homewood	8,341	8,341	8,300	41
Hunters Harbor	25,568	25,568	16,063	9,505
Idlewild	9,775	9,775	9,767	8
Indian Hills (Winchester)	149,286	149,286	112,263	37,023
Little Magothy River	166,736	166,736	35,696	131,040
Long Point on the Severn	69,466	69,466	13,748	55,718
Magothy Beach	7,615	7,615	6,473	1,142
Magothy Forge	10,366	10,366	7,297	3,069
Manhattan Beach	421,086	421,086	93,001	328,085
Owings Beach	75,039	75,039	7,611	67,428
Owings Cliffs	7,538	7,538	1,871	5,667
Oyster Harbor	682,748	682,748	368,666	314,082
Parke West	126,296	126,296	44,236	82,060
Pine Grove Village	21,339	21,339	10,885	10,454
Pines on the Severn	90,652	90,652	57,788	32,864
Provinces	28,377	28,377	15,776	12,601
Queen's Park	76,265	76,265	64,102	12,163
Rockview Beach / Riviera Isles	18,543	18,543	9,694	8,849
Selby on the Bay	115,623	115,623	76,931	38,692
Severn Grove	29,789	29,789	14,433	15,356
Severna Forest	3,411	3,411	-	3,411
Severndale	41,169	41,169	6,588	34,581
Sherwood Forest	1,267,520	1,267,520	1,264,718	2,802
Shoreham Beach	85,975	85,975	2,000	83,975
South River Heights	11,737	11,737	11,687	50
South River Manor	10,791	10,791	4,377	6,414
South River Park	64,392	64,392	34,311	30,081
Steedman Point	23,992	23,992	200	23,792
Stone Haven	12,433	12,433	6,106	6,327
Sylvan Shores	99,495	99,495	71,900	27,595
Sylvan View on the Magothy	18,055	18,055	10,683	7,372
Tanglewood Lane - Roads	-	-	-	-
Upper Magothy Beach	21,398	21,398	13,990	7,408
Venice Beach - Roads	101,305	101,305	37,111	64,194
Venice on the Bay	9,770	9,770	7,129	2,641
Warthen Knolls	7,612	7,612	3,243	4,369
Wilelinor	104,814	117,012	22,845	94,167
Woodland Beach / Londontowne	751,091	751,091	568,054	183,037
Woodland Beach / Pasadena	12,300	12,300	6,921	5,379
Total expenditures	\$ 10,872,866	\$ 10,900,545	\$ 7,383,435	\$ 3,517,110

Anne Arundel County, Maryland

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

General County Capital Projects Fund

Year Ended June 30, 2016

	<u>Total</u>	<u>School Construction</u>	<u>Higher Education</u>	<u>Storm Drains</u>	<u>Recreation</u>
AUTHORIZED PER ORIGINAL BUDGET					
County bonds	\$ 1,166,810,098	\$ 635,454,194	\$ 34,206,000	\$ 13,785,317	\$ 36,809,335
Grants and aid	391,157,461	262,464,373	11,602,000	492,000	49,598,699
Contributions from other funds	128,573,090	32,631,831	4,627,000	10,000	8,500,017
Special fees	125,000,728	-	-	-	-
Impact fees	86,241,550	41,817,800	-	-	-
Other sources	146,746,033	24,653,000	-	24,444	3,260,455
Total	<u>\$ 2,044,528,960</u>	<u>\$ 997,021,198</u>	<u>\$ 50,435,000</u>	<u>\$ 14,311,761</u>	<u>\$ 98,168,506</u>
AUTHORIZED PER FINAL BUDGET					
County bonds	\$ 1,071,315,410	\$ 561,790,653	\$ 34,206,000	\$ 13,309,112	\$ 35,218,992
Grants and aid	355,268,104	237,630,373	11,602,000	492,000	44,166,446
Contributions from other funds	91,762,155	30,768,703	4,627,000	10,000	7,756,787
Special fees	125,000,728	-	-	-	-
Impact fees	78,613,550	37,723,800	-	-	-
Other sources	131,601,467	24,153,000	-	24,444	3,660,455
Total	1,853,561,414	892,066,529	50,435,000	13,835,556	90,802,680
Less: Completed projects	373,224,216	105,134,058	25,614,000	4,931,869	42,089,800
	<u>1,480,337,198</u>	<u>786,932,471</u>	<u>24,821,000</u>	<u>8,903,687</u>	<u>48,712,880</u>
REALIZED					
Current year:					
Bonds and bond anticipation notes	93,260,000	57,550,000	3,350,000	-	2,650,000
Grants and aid	11,216,570	-	(22,848)	-	3,167,531
Contributions from the general fund	15,418,000	1,740,600	-	-	2,547,000
Special fees	7,086,245	-	-	-	-
Impact fees	7,151,078	4,702,800	-	-	-
Other sources	43,641,010	196,000	-	-	1,200,000
Total	177,772,903	64,189,400	3,327,152	-	9,564,531
Prior years:	939,498,839	476,033,035	36,502,447	8,765,621	58,320,759
Total realized funding sources	1,117,271,742	540,222,435	39,829,599	8,765,621	67,885,290
Less: Completed projects and adjustments	330,819,216	73,188,029	18,574,534	4,745,834	40,941,605
	<u>786,452,526</u>	<u>467,034,406</u>	<u>21,255,065</u>	<u>4,019,787</u>	<u>26,943,685</u>
Funding sources authorized - June 30, 2016	<u>\$ 693,884,672</u>	<u>\$ 319,898,065</u>	<u>\$ 3,565,935</u>	<u>\$ 4,883,900</u>	<u>\$ 21,769,195</u>

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

<u>Libraries</u>	<u>Roads and Bridges</u>	<u>Police and Fire</u>	<u>Waterway Improvements</u>	<u>Other</u>	<u>Watershed Protection and Restoration</u>
\$ 9,983,131	\$ 81,518,895	\$ 29,174,757	\$ 32,389,313	\$ 68,978,956	\$ 224,510,200
569,828	13,508,804	1,866,000	13,503,011	37,552,746	-
4,806,466	9,850,745	2,275,814	2,811,415	63,059,802	-
-	728	-	-	125,000,000	-
-	41,693,750	2,730,000	-	-	-
-	47,775,505	14,143,000	863,868	48,099,761	7,926,000
<u>\$ 15,359,425</u>	<u>\$ 194,348,427</u>	<u>\$ 50,189,571</u>	<u>\$ 49,567,607</u>	<u>\$ 342,691,265</u>	<u>\$ 232,436,200</u>
\$ 9,983,131	\$ 68,959,439	\$ 25,940,866	\$ 30,803,738	\$ 67,253,679	\$ 223,849,800
569,828	12,610,750	-	12,391,985	35,804,722	-
4,354,693	8,827,363	2,218,453	2,600,803	30,598,353	-
-	728	-	-	125,000,000	-
-	37,659,750	2,730,000	-	500,000	-
-	46,380,071	14,143,000	140,138	35,174,359	7,926,000
14,907,652	174,438,101	45,032,319	45,936,664	294,331,113	231,775,800
520,587	37,596,397	2,779,782	13,037,992	136,355,089	5,164,642
<u>14,387,065</u>	<u>136,841,704</u>	<u>42,252,537</u>	<u>32,898,672</u>	<u>157,976,024</u>	<u>226,611,158</u>
820,000	5,100,000	1,570,000	-	6,370,000	15,850,000
256,070	1,769,108	50,000	1,860,429	4,136,280	-
300,000	(765,000)	558,000	151,000	10,886,400	-
-	-	-	-	7,086,245	-
-	2,153,834	95,110	-	199,334	-
-	18,415,613	9,543,000	-	8,975,397	5,311,000
1,376,070	26,673,555	11,816,110	2,011,429	37,653,656	21,161,000
4,255,540	85,021,938	19,085,639	28,054,756	190,596,962	32,862,142
5,631,610	111,695,493	30,901,749	30,066,185	228,250,618	54,023,142
520,587	36,910,306	2,751,547	12,844,685	135,177,447	5,164,642
5,111,023	74,785,187	28,150,202	17,221,500	93,073,171	48,858,500
<u>\$ 9,276,042</u>	<u>\$ 62,056,517</u>	<u>\$ 14,102,335</u>	<u>\$ 15,677,172</u>	<u>\$ 64,902,853</u>	<u>\$ 177,752,658</u>

Anne Arundel County, Maryland

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

General County Capital Projects Fund

Year Ended June 30, 2016

APPROPRIATIONS	Total	School Construction	Higher Education	Storm Drains
Original Budget	\$ <u>2,044,528,960</u>	\$ <u>997,021,198</u>	\$ <u>50,435,000</u>	\$ <u>14,311,761</u>
Final Budget				
Prior years	\$ 1,493,974,306	\$ 751,837,257	\$ 45,505,000	\$ 13,263,556
Current year	359,587,108	140,229,272	4,930,000	572,000
	<u>1,853,561,414</u>	<u>892,066,529</u>	<u>50,435,000</u>	<u>13,835,556</u>
Less: Completed projects	<u>373,224,216</u>	<u>105,134,058</u>	<u>25,614,000</u>	<u>4,931,869</u>
Total appropriations	<u>1,480,337,198</u>	<u>786,932,471</u>	<u>24,821,000</u>	<u>8,903,687</u>
EXPENDITURES AND ENCUMBRANCES				
Prior years expenditures and transfers	794,932,471	420,421,292	34,858,134	6,877,525
Current year expenditures	100,566,378	-	-	2,523,936
Operating transfers	<u>112,473,892</u>	<u>109,405,631</u>	<u>3,068,261</u>	<u>-</u>
	<u>1,007,972,741</u>	<u>529,826,923</u>	<u>37,926,395</u>	<u>9,401,461</u>
Less: Completed projects	<u>330,787,640</u>	<u>73,188,029</u>	<u>18,574,534</u>	<u>4,745,834</u>
Total	<u>677,185,101</u>	<u>456,638,894</u>	<u>19,351,861</u>	<u>4,655,627</u>
Encumbrances outstanding	<u>71,940,477</u>	<u>-</u>	<u>-</u>	<u>368,554</u>
Total expenditures and encumbrances	<u>749,125,578</u>	<u>456,638,894</u>	<u>19,351,861</u>	<u>5,024,181</u>
Unencumbered appropriations - June 30, 2016	\$ <u>731,211,620</u>	\$ <u>330,293,577</u>	\$ <u>5,469,139</u>	\$ <u>3,879,506</u>

	Recreation	Libraries	Roads and Bridges	Police and Fire	Waterway Improvements	Other	Watershed Protection and Restoration
\$	<u>98,168,506</u>	<u>15,359,425</u>	<u>194,348,427</u>	<u>50,189,571</u>	<u>49,567,607</u>	<u>342,691,265</u>	<u>232,436,200</u>
\$	80,774,680	4,884,652	136,556,101	24,136,319	41,170,328	240,922,713	154,923,700
	<u>10,028,000</u>	<u>10,023,000</u>	<u>37,882,000</u>	<u>20,896,000</u>	<u>4,766,336</u>	<u>53,408,400</u>	<u>76,852,100</u>
	90,802,680	14,907,652	174,438,101	45,032,319	45,936,664	294,331,113	231,775,800
	<u>42,089,800</u>	<u>520,587</u>	<u>37,596,397</u>	<u>2,779,782</u>	<u>13,037,992</u>	<u>136,355,089</u>	<u>5,164,642</u>
	<u>48,712,880</u>	<u>14,387,065</u>	<u>136,841,704</u>	<u>42,252,537</u>	<u>32,898,672</u>	<u>157,976,024</u>	<u>226,611,158</u>
	50,240,583	715,578	67,754,571	13,323,873	21,368,901	165,129,993	14,242,021
	<u>8,736,079</u>	<u>1,259,802</u>	<u>26,307,380</u>	<u>4,735,364</u>	<u>5,289,376</u>	<u>33,669,011</u>	<u>18,045,430</u>
	-	-	-	-	-	-	-
	<u>58,976,662</u>	<u>1,975,380</u>	<u>94,061,951</u>	<u>18,059,237</u>	<u>26,658,277</u>	<u>198,799,004</u>	<u>32,287,451</u>
	<u>40,941,605</u>	<u>520,587</u>	<u>36,910,306</u>	<u>2,751,547</u>	<u>12,844,685</u>	<u>135,145,871</u>	<u>5,164,642</u>
	18,035,057	1,454,793	57,151,645	15,307,690	13,813,592	63,653,133	27,122,809
	<u>3,608,024</u>	<u>1,141,392</u>	<u>29,607,787</u>	<u>3,911,849</u>	<u>1,514,954</u>	<u>14,671,903</u>	<u>17,116,014</u>
	<u>21,643,081</u>	<u>2,596,185</u>	<u>86,759,432</u>	<u>19,219,539</u>	<u>15,328,546</u>	<u>78,325,036</u>	<u>44,238,823</u>
\$	<u>27,069,799</u>	<u>11,790,880</u>	<u>50,082,272</u>	<u>23,032,998</u>	<u>17,570,126</u>	<u>79,650,988</u>	<u>182,372,335</u>

Anne Arundel County, Maryland

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

Non Major Capital Project Funds

Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
BOND PREMIUM				
Revenues				
Misc Income - Premium	\$ -	\$ -	\$ 18,664,020	\$ 18,664,020
Expenditures				
Interfund reimbursement	38,833,000	38,996,000	38,996,000	-
Revenues over (under) expenditures	<u>(38,833,000)</u>	<u>(38,996,000)</u>	<u>(20,331,980)</u>	<u>\$ 18,664,020</u>
Fund balance, budgetary, July 1	38,996,154	38,996,154	38,996,154	
Fund balance, budgetary, June 30	\$ <u>163,154</u>	\$ <u>154</u>	\$ <u>18,664,174</u>	
ENERGY REVOLVING LOAN				
Revenues				
Other	\$ -	\$ -	\$ 192,442	\$ 192,442
Expenditures				
Other	274,600	274,600	274,600	-
Revenues over (under) expenditures	<u>(274,600)</u>	<u>(274,600)</u>	<u>(82,158)</u>	<u>\$ 192,442</u>
Fund balance, budgetary, July 1	302,729	302,729	302,729	
Fund balance, budgetary, June 30	\$ <u>28,129</u>	\$ <u>28,129</u>	\$ <u>220,571</u>	

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

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

Debt Service Funds

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
NURSERY ROAD TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 4,894,000	\$ 4,894,000	\$ 5,046,359	\$ 152,359
Investment income	7,700	7,700	14,009	6,309
	<u>4,901,700</u>	<u>4,901,700</u>	<u>5,060,368</u>	<u>158,668</u>
Expenditures				
General government	10,000	10,000	3,500	6,500
Interest payments on debt	59,700	59,700	59,650	50
Principal payments on debt	90,000	90,000	90,000	-
Other	4,742,000	4,960,900	4,967,450	(6,550)
	<u>4,901,700</u>	<u>5,120,600</u>	<u>5,120,600</u>	<u>-</u>
Revenues over (under) expenditures	-	(218,900)	(60,232)	\$ <u>158,668</u>
Fund balance, budgetary, July 1	<u>72,599</u>	<u>72,599</u>	<u>72,599</u>	
Fund balance, budgetary, June 30	\$ <u>72,599</u>	\$ <u>(146,301)</u>	\$ <u>12,367</u>	
WEST COUNTY TAX INCREMENT DISTRICT (NBP)				
Revenues				
General property taxes	\$ 7,547,000	\$ 7,547,000	\$ 7,153,453	\$ (393,547)
Investment income	7,400	7,400	16,220	8,820
	<u>7,554,400</u>	<u>7,554,400</u>	<u>7,169,673</u>	<u>(384,727)</u>
Expenditures				
General government	46,000	46,000	6,508	39,492
Interest payments on debt	461,400	461,400	461,375	25
Principal payments on debt	590,000	590,000	590,000	-
Other	6,457,000	6,457,000	6,122,384	334,616
	<u>7,554,400</u>	<u>7,554,400</u>	<u>7,180,267</u>	<u>374,133</u>
Revenues over (under) expenditures	-	-	(10,594)	\$ <u>(10,594)</u>
Fund balance, budgetary, July 1	<u>10,594</u>	<u>10,594</u>	<u>10,594</u>	
Fund balance, budgetary, June 30	\$ <u>10,594</u>	\$ <u>10,594</u>	\$ <u>-</u>	
ARUNDEL MILLS TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 8,806,000	\$ 8,806,000	\$ 8,942,214	\$ 136,214
Investment income	9,900	9,900	20,128	10,228
	<u>8,815,900</u>	<u>8,815,900</u>	<u>8,962,342</u>	<u>146,442</u>
Expenditures				
General government	66,000	66,000	7,067	58,933
Interest payments on debt	938,900	938,900	938,850	50
Principal payments on debt	1,055,000	1,055,000	1,055,000	-
Other	6,756,000	6,917,100	6,976,083	(58,983)
	<u>8,815,900</u>	<u>8,977,000</u>	<u>8,977,000</u>	<u>-</u>
Revenues over (under) expenditures	-	(161,100)	(14,658)	\$ <u>146,442</u>
Fund balance, budgetary, July 1	<u>55,979</u>	<u>55,979</u>	<u>55,979</u>	
Fund balance, budgetary, June 30	\$ <u>55,979</u>	\$ <u>(105,121)</u>	\$ <u>41,321</u>	

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

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

Debt Service Funds

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
PAROLE TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 13,063,000	\$ 13,063,000	\$ 12,338,815	\$ (724,185)
Investment income	15,000	15,000	34,653	19,653
	<u>13,078,000</u>	<u>13,078,000</u>	<u>12,373,468</u>	<u>(704,532)</u>
Expenditures				
General government	5,000	5,000	-	5,000
Other	13,073,000	13,073,000	12,373,468	699,532
	<u>13,078,000</u>	<u>13,078,000</u>	<u>12,373,468</u>	<u>704,532</u>
Revenues over (under) expenditures	-	-	-	-
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	
NATIONAL BUSINESS PARK NORTH TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 2,013,000	\$ 2,013,000	\$ 2,029,418	\$ 16,418
Investment income	300	300	2,669	2,369
	<u>2,013,300</u>	<u>2,013,300</u>	<u>2,032,087</u>	<u>18,787</u>
Expenditures				
Interest payments on debt	1,811,000	1,811,000	1,811,000	-
Principal payments on debt	145,000	145,000	-	145,000
Other	71,400	71,400	26,554	44,846
	<u>2,027,400</u>	<u>2,027,400</u>	<u>1,837,554</u>	<u>189,846</u>
Revenues over (under) expenditures	(14,100)	(14,100)	194,533	208,633
Fund balance, budgetary, July 1	4,108,907	4,108,907	4,108,907	
Fund balance, budgetary, June 30	\$ 4,094,807	\$ 4,094,807	\$ 4,303,440	
VILLAGE SOUTH AT WAUGH CHAPEL TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 1,561,000	\$ 1,561,000	\$ 1,716,491	\$ 155,491
Investment income	5,000	5,000	10,396	5,396
	<u>1,566,000</u>	<u>1,566,000</u>	<u>1,726,887</u>	<u>160,887</u>
Expenditures				
General government	16,000	16,000	18,584	(2,584)
Interest payments on debt	1,000,000	1,000,000	1,000,000	-
Other	582,000	3,314,000	3,142,254	171,746
	<u>1,598,000</u>	<u>4,330,000</u>	<u>4,160,838</u>	<u>169,162</u>
Revenues over (under) expenditures	(32,000)	(2,764,000)	(2,433,951)	330,049
Fund balance, budgetary, July 1	3,777,205	3,777,205	3,777,205	
Fund balance, budgetary, June 30	\$ 3,745,205	\$ 1,013,205	\$ 1,343,254	

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

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

Debt Service Funds

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
SPECIAL TAXING DISTRICTS				
Revenues				
Special assessments	\$ 556,938	\$ 556,938	\$ 556,311	\$ (627)
Expenditures				
Principal payments on debt	296,424	296,424	296,424	-
Other	1,103,511	1,103,511	212,953	890,558
	<u>1,399,935</u>	<u>1,399,935</u>	<u>509,377</u>	<u>890,558</u>
Revenues over (under) expenditures	(842,997)	(842,997)	46,934	\$ <u>889,931</u>
Fund balance, budgetary, July 1	937,144	937,144	937,144	
Fund balance, budgetary, June 30	\$ <u>94,147</u>	\$ <u>94,147</u>	\$ <u>984,078</u>	
INSTALLMENT PURCHASE AGREEMENTS				
Revenues				
Investment income	\$ -	\$ -	\$ 1,489,708	\$ 1,489,708
Other	953,000	953,000	953,000	-
	<u>953,000</u>	<u>953,000</u>	<u>2,442,708</u>	<u>1,489,708</u>
Expenditures				
General government	-	-	-	-
Interest payments on debt	726,100	726,100	726,070	30
Principal payments on debt	20,000	20,000	20,000	-
	<u>746,100</u>	<u>746,100</u>	<u>746,070</u>	<u>30</u>
Revenues over (under) expenditures	206,900	206,900	1,696,638	\$ <u>1,489,738</u>
Fund balance, budgetary, July 1	9,267,945	9,267,945	9,267,945	
Fund balance, budgetary, June 30	\$ <u>9,474,845</u>	\$ <u>9,474,845</u>	\$ <u>10,964,583</u>	

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

Anne Arundel County, Maryland

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

Special Taxing Districts Fund

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Amberly - Waterway	\$ 5,784	\$ 5,784	\$ 5,788	\$ 4
Annapolis Cove - Erosion	13,749	13,749	13,749	-
Annapolis Landing - Erosion	3,321	3,321	3,321	-
Arundel on the Bay - Special Benefits	33,260	33,260	33,821	561
Bay Ridge - Erosion	98,887	98,887	96,325	(2,562)
Browns Pond - Waterway	12,005	12,005	12,005	-
Buckingham Cove - Waterway	9,300	9,300	9,300	-
Camp Wabanna - Erosion	9,687	9,687	9,687	-
Cape Anne - Erosion	9,972	9,972	10,162	190
Cattail Creek - Waterway	5,400	5,400	4,785	(615)
Columbia Beach - Special Benefits	59,966	59,966	60,881	915
Elizabeths Landing - Erosion	13,200	13,200	13,209	9
Holland Point - Erosion	109,347	109,347	109,670	323
John's Creek - Waterway	7,142	7,142	7,142	-
Lake Hillsmere II - Waterway	14,560	14,560	14,560	-
Masons Beach - Erosion	39,846	39,846	39,599	(247)
Romar Estates - Waterway	12,736	12,736	12,736	-
Snug Harbor - Erosion	8,097	8,097	8,097	-
Snug Harbor - Special Benefits	12,269	12,269	12,269	-
Snug Harbor - Waterway	57,200	57,200	57,200	-
Spriggs Pond - Waterway	14,850	14,850	14,850	-
Whitehall - Waterway	6,360	6,360	7,155	795
Total revenues	<u>\$ 556,938</u>	<u>\$ 556,938</u>	<u>\$ 556,311</u>	<u>\$ (627)</u>
EXPENDITURES				
Amberly - Waterway	\$ 5,874	\$ 5,874	\$ 5,690	\$ 184
Annapolis Cove - Erosion	15,249	15,249	15,249	-
Annapolis Landing - Erosion	3,321	3,321	3,309	12
Arundel on the Bay - Special Benefits	122,760	122,760	4,660	118,100
Bay Ridge - Erosion	376,812	376,812	62,165	314,647
Browns Pond - Waterway	23,540	23,540	8,005	15,535
Buckingham Cove - Waterway	9,300	9,300	9,168	132
Camp Wabanna - Erosion	9,687	9,687	9,686	1
Cape Anne - Erosion	23,272	23,272	8,606	14,666
Cattail Creek - Waterway	5,400	5,400	5,361	39
Columbia Beach - Special Benefits	226,588	226,588	55,664	170,924
Elizabeths Landing - Erosion	13,568	13,568	13,243	325
Holland Point - Erosion	155,402	155,402	105,465	49,937
John's Creek - Waterway	9,842	9,842	7,277	2,565
Lake Hillsmere II - Waterway	15,860	15,860	15,820	40
Masons Beach - Erosion	136,266	136,266	77,541	58,725
Romar Estates - Waterway	12,836	12,836	12,836	-
Snug Harbor - Erosion	8,223	8,223	6,226	1,997
Snug Harbor - Special Benefits	76,474	76,474	12,398	64,076
Snug Harbor - Waterway	108,200	108,200	51,406	56,794
Spriggs Pond - Waterway	34,501	34,501	12,679	21,822
Whitehall - Waterway	6,960	6,960	6,923	37
Total expenditures	<u>\$ 1,399,935</u>	<u>\$ 1,399,935</u>	<u>\$ 509,377</u>	<u>\$ 890,558</u>

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

Proprietary Funds

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

Enterprise Funds

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

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

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

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

Solid Waste – This fund accounts for the costs associated with the collection and disposal of refuse at the County landfills. Revenues originate primarily from annual service charges to customers and tipping fees from commercial trash haulers, that are intended to cover all operating expenses including interest on long-term debt. The Solid Waste Fund also includes capital project accounts for landfill construction and closure costs. Funding sources are primarily from the sale of general obligation bonds, federal and state grants, and pay-as-you-go.

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

Internal Service Funds

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

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

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

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

Anne Arundel County, Maryland
Combining Statement of Net Position
Water and Wastewater Fund
June 30, 2016

	Operating	Debt Service	Capital Projects	Total
ASSETS				
Current assets				
Cash and investments	\$ 65,399,563	\$ -	\$ 49,745,707	\$ 115,145,270
Service billings receivable	22,644,062	-	-	22,644,062
Receivables				
Due from other funds	313,180	-	-	313,180
Inventories	2,752,234	-	-	2,752,234
Other	62,281	-	-	62,281
Restricted for debt service and capital projects				
Cash and temporary investments	-	23,586,103	-	23,586,103
Investments	-	266,313,162	-	266,313,162
Receivables				
Due from other governmental agencies	-	-	17,381,921	17,381,921
Other, net	-	10,418,510	-	10,418,510
Total current assets	<u>91,171,320</u>	<u>300,317,775</u>	<u>67,127,628</u>	<u>458,616,723</u>
Noncurrent assets				
Restricted assets				
Deferred connection and assessment charges	-	30,450,956	-	30,450,956
Capital assets				
Land and buildings	43,564,814	-	-	43,564,814
Water and sewer plants	678,610,391	-	-	678,610,391
Water and sewer lines	1,065,413,938	-	-	1,065,413,938
Machinery and equipment	15,869,916	-	-	15,869,916
	1,803,459,059	-	-	1,803,459,059
Less accumulated depreciation	(760,670,061)	-	-	(760,670,061)
	1,042,788,998	-	-	1,042,788,998
Construction work in progress	25,819,550	-	429,783,034	455,602,584
Total capital assets, net of depreciation	<u>1,068,608,548</u>	<u>-</u>	<u>429,783,034</u>	<u>1,498,391,582</u>
Total noncurrent assets	<u>1,068,608,548</u>	<u>30,450,956</u>	<u>429,783,034</u>	<u>1,528,842,538</u>
Total assets	<u>1,159,779,868</u>	<u>330,768,731</u>	<u>496,910,662</u>	<u>1,987,459,261</u>
DEFERRED OUTFLOW OF RESOURCES				
Pension benefits	13,620,685	-	-	13,620,685
Unamortized deferred refunding loss	-	5,119,190	-	5,119,190
Total deferred outflow of resources	<u>13,620,685</u>	<u>5,119,190</u>	<u>-</u>	<u>18,739,875</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	7,670,627	-	28,646,784	36,317,411
Current portion of long-term debt and obligations	31,904,718	4,742,262	-	36,646,980
Due to other funds	540,889	-	-	540,889
Escrow deposits	232,294	-	379,311	611,605
Liabilities related to restricted assets				
Accounts payable and accrued liabilities	-	6,394,542	-	6,394,542
Unearned revenue	-	6,626,899	-	6,626,899
Total current liabilities	<u>40,348,528</u>	<u>17,763,703</u>	<u>29,026,095</u>	<u>87,138,326</u>
Noncurrent liabilities				
Accrued liability for compensated absences	59,055	-	-	59,055
Accrued liability for pension benefits	39,569,758	-	-	39,569,758
Accrued liability for other post-employment benefits	36,486,121	-	-	36,486,121
Long-term debt	194,495,535	48,079,355	325,495,624	568,070,514
Unearned revenue	169,419	-	-	169,419
Total noncurrent liabilities	<u>270,779,888</u>	<u>48,079,355</u>	<u>325,495,624</u>	<u>644,354,867</u>
Total liabilities	<u>311,128,416</u>	<u>65,843,058</u>	<u>354,521,719</u>	<u>731,493,193</u>
DEFERRED INFLOW OF RESOURCES				
Pension benefits	2,268,524	-	-	2,268,524
Total deferred inflow of resources	<u>2,268,524</u>	<u>-</u>	<u>-</u>	<u>2,268,524</u>
NET POSITION				
Net investment in capital assets	843,971,936	(47,702,427)	119,576,661	915,846,170
Restricted for debt service	-	317,747,290	-	317,747,290
Restricted for capital improvements	-	-	17,381,921	17,381,921
Unrestricted	16,031,677	-	5,430,361	21,462,038
Total net position	<u>\$ 860,003,613</u>	<u>\$ 270,044,863</u>	<u>\$ 142,388,943</u>	<u>\$ 1,272,437,419</u>

Anne Arundel County, Maryland

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

Water and Wastewater Fund

Year Ended June 30, 2016

	Operating	Debt Service	Capital Projects	Total
OPERATING REVENUES				
Charges for services	\$ 85,177,926	\$ -	\$ -	\$ 85,177,926
Other revenues	5,897,948	-	-	5,897,948
Total operating revenues	<u>91,075,874</u>	<u>-</u>	<u>-</u>	<u>91,075,874</u>
OPERATING EXPENSES				
Personnel services	30,767,333	-	-	30,767,333
Contractual services	45,818,677	-	-	45,818,677
Supplies and materials	8,348,107	-	-	8,348,107
Business and travel	198,289	-	-	198,289
Depreciation	45,566,683	-	-	45,566,683
Other	11,320,155	-	-	11,320,155
Total operating expenses	<u>142,019,244</u>	<u>-</u>	<u>-</u>	<u>142,019,244</u>
Operating loss	(50,943,370)	-	-	(50,943,370)
NONOPERATING REVENUES (EXPENSES)				
Investment income	185,208	1,246,918	-	1,432,126
Interest on long-term receivables	-	846,637	-	846,637
Other revenues	-	4,054,276	-	4,054,276
Other expenses	-	(1,107,345)	-	(1,107,345)
Interest expense	-	(10,103,571)	-	(10,103,571)
Loss on the disposal of assets	(535,431)	-	-	(535,431)
Loss before contributions and transfers	<u>(51,293,593)</u>	<u>(5,063,085)</u>	<u>-</u>	<u>(56,356,678)</u>
Capital contributions and grants	18,583,242	23,154,337	21,730,632	63,468,211
Environmental protection fees	-	18,662,625	-	18,662,625
Interfund transfers (General County Capital Projects)	-	-	1,290,829	1,290,829
Intrafund transfers	88,078,387	(63,833,716)	(24,244,671)	-
Change in net position	55,368,036	(27,079,839)	(1,223,210)	27,064,987
Net position, July 1 (as restated)	<u>804,635,577</u>	<u>297,124,702</u>	<u>143,612,153</u>	<u>1,245,372,432</u>
Net position, June 30	<u>\$ 860,003,613</u>	<u>\$ 270,044,863</u>	<u>\$ 142,388,943</u>	<u>\$ 1,272,437,419</u>

Anne Arundel County, Maryland

Combining Statement of Cash Flows

Water and Wastewater Fund

Year Ended June 30, 2016

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Water and Wastewater</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for services	\$ 92,372,427	\$ -	\$ -	\$ 92,372,427
Cash payments to suppliers for goods and services	(45,117,505)	-	-	(45,117,505)
Cash payments to employees for services	(28,380,744)	-	-	(28,380,744)
Net cash provided by operating activities	<u>18,874,178</u>	<u>-</u>	<u>-</u>	<u>18,874,178</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of County bonds and bond anticipation notes	-	-	43,585,000	43,585,000
Proceeds from bonds refunded	-	75,300,000	-	75,300,000
Proceeds from grant funds	-	-	16,985,725	16,985,725
Proceeds from loan	-	-	4,611,113	4,611,113
Proceeds from developers' contributions	-	-	215,727	215,727
Refunds to developers	-	(11,911,682)	(46,756)	(11,958,438)
Assessment and connection charges	1,763,153	49,188,460	-	50,951,613
Environmental protection fees for capital assets	-	18,628,542	-	18,628,542
Payments of long-term debt	-	(29,559,683)	-	(29,559,683)
Interest payments	-	(22,556,805)	-	(22,556,805)
Rebates, interest income and reimbursements	-	1,350,581	-	1,350,581
Operating funds used in construction	8,299,000	-	(8,299,000)	-
Acquisition and construction of capital assets	(1,722,231)	-	(108,743,536)	(110,465,767)
Payments of debt issuance costs	-	(184,365)	-	(184,365)
Other income	-	-	-	-
Premium on sale of bonds	-	18,307,970	13,796,000	32,103,970
Payments to escrow agent for refunded bonds	-	(84,755,392)	-	(84,755,392)
Payment of capital related fees	-	(922,980)	-	(922,980)
Transfer to Capital Projects	-	(13,796,000)	-	(13,796,000)
Transfer from Capital Projects	-	-	1,290,829	1,290,829
Net cash provided by (used for) capital and related financing activities	<u>8,339,922</u>	<u>(911,354)</u>	<u>(36,604,898)</u>	<u>(29,176,330)</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of investment securities	-	(670,670,308)	-	(670,670,308)
Sale of investment securities	-	653,377,154	-	653,377,154
Interest on investments	185,208	275,609	-	460,817
Net cash used for investing activities	<u>185,208</u>	<u>(17,017,545)</u>	<u>-</u>	<u>(16,832,337)</u>
Net increase in cash and cash equivalents	27,399,308	(17,928,899)	(36,604,898)	(27,134,489)
Cash and temporary investments, July 1	38,000,255	41,515,002	86,350,605	165,865,862
Cash and temporary investments, June 30	<u>\$ 65,399,563</u>	<u>\$ 23,586,103</u>	<u>\$ 49,745,707</u>	<u>\$ 138,731,373</u>

Anne Arundel County, Maryland
Combining Statement of Cash Flows
Water and Wastewater Fund
Year Ended June 30, 2016

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Water and Wastewater</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating loss	\$ (50,943,370)	\$ -	\$ -	\$ (50,943,370)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	45,566,683	-	-	45,566,683
Noncapital construction costs	19,053,748	-	-	19,053,748
Effect of changes in assets and liabilities:				
Accounts receivable	1,277,969	-	-	1,277,969
Due from other funds	(186,077)	-	-	(186,077)
Inventories	(89,165)	-	-	(89,165)
Prepaid expenses	(8,735)	-	-	(8,735)
Deferred outflow of resources	(4,976,079)	-	-	(4,976,079)
Deferred inflow of resources	2,268,524	-	-	2,268,524
Accounts payable and accrued liabilities	1,698,588	-	-	1,698,588
Due to other funds	340,532	-	-	340,532
Escrow deposits	18,584	-	-	18,584
Accrued liability for compensated absences	56,091	-	-	56,091
Accrued liability for pension	5,345,227	-	-	5,345,227
Accrued liability for OPEB benefits	(548,342)	-	-	(548,342)
Net cash provided by operating activities	<u>\$ 18,874,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,874,178</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets from developers	\$ 16,820,089	\$ -	\$ -	\$ 16,820,089
Trade in of capital assets	117,700	-	-	117,700
Change in capital contributions, fees and grants; accruals and deferrals	-	(26,000,040)	4,610,048	(21,389,992)
Increase in fair value of investments	-	(230,980)	-	(230,980)
Amortization of refunding losses	-	(454,447)	-	(454,447)
Total Noncash investing, capital, and financing activities	<u>\$ 16,937,789</u>	<u>\$ (26,685,467)</u>	<u>\$ 4,610,048</u>	<u>\$ (5,137,630)</u>

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

Enterprise Funds

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
WATER AND WASTEWATER OPERATIONS				
Revenues				
Charges for services	\$ 91,712,000	\$ 91,712,000	\$ 86,941,079	\$ (4,770,921)
Investment income	72,000	72,000	185,208	113,208
Other	7,524,100	7,524,100	18,260,341	10,736,241
	<u>99,308,100</u>	<u>99,308,100</u>	<u>105,386,628</u>	<u>6,078,528</u>
Expenses				
Personal services	33,590,500	33,239,500	31,941,464	1,298,036
Contractual services	30,851,100	29,841,100	27,226,086	2,615,014
Supplies and materials	8,023,700	8,723,700	8,429,544	294,156
Business and travel	235,400	245,400	207,024	38,376
Capital outlay	2,269,200	2,920,200	2,950,881	(30,681)
Administrative costs	11,680,700	11,680,700	11,165,700	515,000
Pay-as-you-go	-	-	-	-
	<u>86,650,600</u>	<u>86,650,600</u>	<u>81,920,699</u>	<u>4,729,901</u>
Revenues over (under) expenditures	<u>\$ 12,657,500</u>	<u>\$ 12,657,500</u>	<u>\$ 23,465,929</u>	<u>\$ 10,808,429</u>
WATER AND WASTEWATER DEBT SERVICE				
Revenues				
Water and sewer assessments	\$ 3,900,000	\$ 3,900,000	\$ 3,659,125	\$ (240,875)
Capital connection charges	27,651,000	27,651,000	26,444,303	(1,206,697)
Environmental protection fees	19,351,000	19,351,000	18,662,625	(688,375)
Investment income	918,600	918,600	1,246,918	328,318
Other	7,462,800	7,462,800	9,234,487	1,771,687
	<u>59,283,400</u>	<u>59,283,400</u>	<u>59,247,458</u>	<u>(35,942)</u>
Expenses				
Principal payments on debt	29,559,600	29,559,600	29,559,683	(83)
Interest expense	23,277,800	23,077,800	23,004,765	73,035
Other	6,689,800	15,026,000	14,841,599	184,401
	<u>59,527,200</u>	<u>67,663,400</u>	<u>67,406,047</u>	<u>257,353</u>
Revenues over (under) expenditures	<u>\$ (243,800)</u>	<u>\$ (8,380,000)</u>	<u>\$ (8,158,589)</u>	<u>\$ 221,411</u>

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

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

Enterprise Funds

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
SOLID WASTE				
Revenues				
Charges for services	\$ 46,945,800	\$ 46,945,800	\$ 47,109,331	\$ 163,531
Landfill charges	3,462,300	3,462,300	3,674,107	211,807
Other	634,300	634,300	811,440	177,140
	<u>51,042,400</u>	<u>51,042,400</u>	<u>51,594,878</u>	<u>552,478</u>
Expenses				
Personal services	7,282,600	7,282,600	7,057,761	224,839
Contractual services	31,181,700	31,181,700	30,887,721	293,979
Supplies and materials	652,300	652,300	635,310	16,990
Business and travel	25,000	25,000	17,997	7,003
Capital outlay	1,132,200	1,172,200	1,170,173	2,027
Principal payments on debt	2,394,300	2,434,300	2,433,941	359
Interest expense	1,611,600	1,684,600	1,685,101	(501)
Administrative costs	2,396,200	2,396,200	2,396,200	-
Contributions to other funds	1,036,600	2,982,600	2,982,600	-
Other	483,000	330,000	177,412	152,588
Capital improvements	655,000	655,000	655,000	-
	<u>48,850,500</u>	<u>50,796,500</u>	<u>50,099,216</u>	<u>697,284</u>
Revenues over (under) expenditures	<u>\$ 2,191,900</u>	<u>\$ 245,900</u>	<u>\$ 1,495,662</u>	<u>\$ 1,249,762</u>
SOLID WASTE FINANCIAL ASSURANCE				
Revenues				
Payments from other funds	\$ 742,500	\$ 742,500	\$ 742,500	\$ -
Other	85,000	85,000	59,400	(25,600)
	<u>827,500</u>	<u>827,500</u>	<u>801,900</u>	<u>(25,600)</u>
Expenses				
Other	-	16,194,000	16,194,000	-
Revenues over (under) expenditures	<u>\$ 827,500</u>	<u>\$ (15,366,500)</u>	<u>\$ (15,392,100)</u>	<u>\$ (25,600)</u>
CHILD CARE				
Revenues				
Child care fees	\$ 4,866,900	\$ 4,866,900	\$ 5,111,440	\$ 244,540
Other	-	-	30,808	30,808
	<u>4,866,900</u>	<u>4,866,900</u>	<u>5,142,248</u>	<u>275,348</u>
Expenses				
Personal services	3,783,800	3,723,800	3,559,725	164,075
Contractual services	259,900	259,900	265,704	(5,804)
Supplies and materials	431,000	491,000	479,548	11,452
Business and travel	39,200	39,200	22,585	16,615
Capital outlay	3,200	3,200	2,747	453
Other	454,500	454,500	411,736	42,764
	<u>4,971,600</u>	<u>4,971,600</u>	<u>4,742,045</u>	<u>229,555</u>
Revenues over (under) expenditures	<u>\$ (104,700)</u>	<u>\$ (104,700)</u>	<u>\$ 400,203</u>	<u>\$ 504,903</u>

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

Anne Arundel County, Maryland

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

Enterprise Capital Projects Funds

Year Ended June 30, 2016

				Water and
	Total Water and Wastewater	Capital Projects	Water Normal Extensions	Total
AUTHORIZED PER ORIGINAL BUDGET				
County bonds	\$ 867,086,199	\$ 295,960,022	\$ 1,479,892	\$ 297,439,914
Maryland Water Quality Loan	64,890,372	2,714,250	-	2,714,250
Grants and aid	135,378,190	1,983,240	-	1,983,240
Pay-as-you-go	86,977,421	10,134,825	-	10,134,825
Contributions by developers	3,680,253	430,000	-	430,000
Other sources	26,959,000	8,507,000	-	8,507,000
Total	<u>\$ 1,184,971,435</u>	<u>\$ 319,729,337</u>	<u>\$ 1,479,892</u>	<u>\$ 321,209,229</u>
AUTHORIZED PER FINAL BUDGET				
County bonds	\$ 864,645,883	\$ 294,698,059	\$ 1,464,242	\$ 296,162,301
Maryland Water Quality Loan	64,890,372	2,714,250	-	2,714,250
Grants and aid	135,378,190	1,983,240	-	1,983,240
Pay-as-you-go	70,487,382	9,019,663	-	9,019,663
Contributions by developers	3,595,376	430,000	-	430,000
Other sources	26,958,997	8,507,000	-	8,507,000
Total	1,165,956,200	317,352,212	1,464,242	318,816,454
Less: Completed projects	203,589,775	89,476,264	525,331	90,001,595
	962,366,425	227,875,948	938,911	228,814,859
REALIZED				
Current year:				
Bonds and bond anticipation notes	43,585,000	8,109,626	35,840	8,145,466
Proceeds from State loan	4,030,225	272,461	-	272,461
Grants and aid	21,595,773	323,714	-	323,714
Pay-as-you-go	(8,299,000)	(3,782,785)	-	(3,782,785)
Developer contributions	134,859	-	-	-
Other source	15,086,829	4,243,000	-	4,243,000
Total	76,133,686	9,166,016	35,840	9,201,856
Prior years	634,432,103	175,923,451	540,584	176,464,035
Total realized funding sources	710,565,789	185,089,467	576,424	185,665,891
Less: Completed projects	201,709,168	87,803,281	525,331	88,328,612
	508,856,621	97,286,186	51,093	97,337,279
Funding sources authorized - June 30, 2016	<u>\$ 453,509,804</u>	<u>\$ 130,589,762</u>	<u>\$ 887,818</u>	<u>\$ 131,477,580</u>

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

Wastewater

		Wastewater			
Capital Projects	Normal Extension	Total	Oversize Connections	Solid Waste	
\$ 507,872,626	\$ 1,462,228	\$ 509,334,854	\$ 60,311,431	\$ 45,843,481	
62,176,122	-	62,176,122	-	-	
133,394,950	-	133,394,950	-	-	
31,520,227	-	31,520,227	45,322,369	23,123,785	
-	-	-	3,250,253	-	
15,224,000	-	15,224,000	3,228,000	2,696,000	
<u>\$ 750,187,925</u>	<u>\$ 1,462,228</u>	<u>\$ 751,650,153</u>	<u>\$ 112,112,053</u>	<u>\$ 71,663,266</u>	
\$ 507,830,626	\$ 1,447,237	\$ 509,277,863	\$ 59,205,719	\$ 39,680,388	
62,176,122	-	62,176,122	-	-	
133,394,950	-	133,394,950	-	-	
25,299,775	-	25,299,775	36,167,944	23,123,243	
-	-	-	3,165,376	-	
15,224,000	-	15,224,000	3,227,997	2,696,000	
743,925,473	1,447,237	745,372,710	101,767,036	65,499,631	
97,851,268	118,100	97,969,368	15,618,812	10,738,973	
646,074,205	1,329,137	647,403,342	86,148,224	54,760,658	
15,219,584	146,672	15,366,256	20,073,278	-	
3,757,764	-	3,757,764	-	-	
21,240,913	-	21,240,913	31,146	-	
(3,346,161)	-	(3,346,161)	(1,170,054)	16,849,000	
-	-	-	134,859	-	
7,615,829	-	7,615,829	3,228,000	1,946,000	
44,487,929	146,672	44,634,601	22,297,229	18,795,000	
419,584,626	163,966	419,748,592	38,219,476	28,132,545	
464,072,555	310,638	464,383,193	60,516,705	46,927,545	
97,643,643	118,100	97,761,743	15,618,813	10,668,117	
366,428,912	192,538	366,621,450	44,897,892	36,259,428	
<u>\$ 279,645,293</u>	<u>\$ 1,136,599</u>	<u>\$ 280,781,892</u>	<u>\$ 41,250,332</u>	<u>\$ 18,501,230</u>	

Anne Arundel County, Maryland

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

Enterprise Capital Projects Funds

Year Ended June 30, 2016

	Water and			
	Total Water and Wastewater	Capital Projects	Water Normal Extensions	Total
APPROPRIATIONS				
Original Budget	\$ <u>1,184,971,435</u>	\$ <u>319,729,337</u>	\$ <u>1,479,892</u>	\$ <u>321,209,229</u>
Final Budget:				
Prior years	\$ 1,141,442,500	\$ 324,526,212	\$ 1,464,242	\$ 325,990,454
Current year	<u>24,513,700</u>	<u>(7,174,000)</u>	<u>-</u>	<u>(7,174,000)</u>
	1,165,956,200	317,352,212	1,464,242	318,816,454
Less: Completed projects	<u>203,589,775</u>	<u>89,476,264</u>	<u>525,331</u>	<u>90,001,595</u>
Total appropriations	<u>962,366,425</u>	<u>227,875,948</u>	<u>938,911</u>	<u>228,814,859</u>
EXPENDITURES AND ENCUMBRANCES				
Prior years expenditures	556,700,703	151,136,524	540,584	151,677,108
Current year expenditures	<u>114,085,216</u>	<u>12,580,000</u>	<u>35,896</u>	<u>12,615,896</u>
	670,785,919	163,716,524	576,480	164,293,004
Less: Completed projects	<u>201,709,168</u>	<u>87,803,281</u>	<u>525,331</u>	<u>88,328,612</u>
Total	469,076,751	75,913,243	51,149	75,964,392
Encumbrances outstanding	<u>112,561,206</u>	<u>20,213,752</u>	<u>63,395</u>	<u>20,277,147</u>
Total expenditures and encumbrances	<u>581,637,957</u>	<u>96,126,995</u>	<u>114,544</u>	<u>96,241,539</u>
Unencumbered appropriations - June 30, 2016	\$ <u>380,728,468</u>	\$ <u>131,748,953</u>	\$ <u>824,367</u>	\$ <u>132,573,320</u>

<u>Wastewater</u>				
	<u>Wastewater</u>			
<u>Capital Projects</u>	<u>Normal Extension</u>	<u>Total</u>	<u>Oversize Connections</u>	<u>Solid Waste</u>
\$ <u>750,187,925</u>	\$ <u>1,462,228</u>	\$ <u>751,650,153</u>	\$ <u>112,112,053</u>	\$ <u>71,663,266</u>
\$ <u>724,008,773</u>	\$ <u>1,447,237</u>	\$ <u>725,456,010</u>	\$ <u>89,996,036</u>	\$ <u>42,391,632</u>
<u>19,916,700</u>	<u>-</u>	<u>19,916,700</u>	<u>11,771,000</u>	<u>23,107,999</u>
<u>743,925,473</u>	<u>1,447,237</u>	<u>745,372,710</u>	<u>101,767,036</u>	<u>65,499,631</u>
<u>97,851,268</u>	<u>118,100</u>	<u>97,969,368</u>	<u>15,618,812</u>	<u>10,738,973</u>
<u>646,074,205</u>	<u>1,329,137</u>	<u>647,403,342</u>	<u>86,148,224</u>	<u>54,760,658</u>
<u>367,493,623</u>	<u>163,967</u>	<u>367,657,590</u>	<u>37,366,005</u>	<u>18,059,895</u>
<u>78,634,750</u>	<u>161,602</u>	<u>78,796,352</u>	<u>22,672,968</u>	<u>10,647,888</u>
<u>446,128,373</u>	<u>325,569</u>	<u>446,453,942</u>	<u>60,038,973</u>	<u>28,707,783</u>
<u>97,643,643</u>	<u>118,100</u>	<u>97,761,743</u>	<u>15,618,813</u>	<u>10,668,117</u>
<u>348,484,730</u>	<u>207,469</u>	<u>348,692,199</u>	<u>44,420,160</u>	<u>18,039,666</u>
<u>78,584,521</u>	<u>153,088</u>	<u>78,737,609</u>	<u>13,546,450</u>	<u>4,860,714</u>
<u>427,069,251</u>	<u>360,557</u>	<u>427,429,808</u>	<u>57,966,610</u>	<u>22,900,380</u>
\$ <u>219,004,954</u>	\$ <u>968,580</u>	\$ <u>219,973,534</u>	\$ <u>28,181,614</u>	\$ <u>31,860,278</u>

Anne Arundel County, Maryland

Combining Statement of Net Position

Internal Service Funds

June 30, 2016

	Self Insurance	Health Insurance	Central Garage and Transportation	Garage Vehicle Replacement	Totals
ASSETS					
Current assets					
Cash and temporary investments	\$ 660,669	\$ 9,611,174	\$ 6,098,429	\$ 8,743,597	\$ 25,113,869
Investments	83,330,247	-	-	-	83,330,247
Service billings receivable	274,032	3,792,142	36,131	-	4,102,305
Due from other funds	-	-	5,396,731	-	5,396,731
Inventories	-	-	610,427	-	610,427
Other assets	10,184	2,742,255	13,340	-	2,765,779
Total current assets	<u>84,275,132</u>	<u>16,145,571</u>	<u>12,155,058</u>	<u>8,743,597</u>	<u>121,319,358</u>
Noncurrent assets					
Capital assets					
Land and buildings	-	-	2,073,990	-	2,073,990
Machinery and equipment	-	-	476,398	73,483,710	73,960,108
	-	-	2,550,388	73,483,710	76,034,098
Less accumulated depreciation	-	-	(1,973,955)	(56,478,064)	(58,452,019)
Total capital assets, net of depreciation	-	-	576,433	17,005,646	17,582,079
Total noncurrent assets	-	-	576,433	17,005,646	17,582,079
Total assets	<u>84,275,132</u>	<u>16,145,571</u>	<u>12,731,491</u>	<u>25,749,243</u>	<u>138,901,437</u>
DEFERRED OUTFLOW OF RESOURCES					
Pension benefits	519,229	-	2,282,207	-	2,801,436
Total deferred outflows	<u>519,229</u>	<u>-</u>	<u>2,282,207</u>	<u>-</u>	<u>2,801,436</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	149,131	3,219,189	604,927	375,517	4,348,764
Current portion of long-term obligations	14,674,492	5,069,384	302,633	-	20,046,509
Due to other funds	6,856,628	-	-	-	6,856,628
Total current liabilities	<u>21,680,251</u>	<u>8,288,573</u>	<u>907,560</u>	<u>375,517</u>	<u>31,251,901</u>
Noncurrent liabilities					
Unpaid claims	59,926,035	-	-	-	59,926,035
Accrued liability for compensated absences	-	-	50,869	-	50,869
Accrued liability for pension benefits	1,520,776	-	6,615,005	-	8,135,781
Accrued liability for other post-employment ben	1,409,338	-	6,414,627	-	7,823,965
Total noncurrent liabilities	<u>62,856,149</u>	<u>-</u>	<u>13,080,501</u>	<u>-</u>	<u>75,936,650</u>
Total liabilities	<u>84,536,400</u>	<u>8,288,573</u>	<u>13,988,061</u>	<u>375,517</u>	<u>107,188,551</u>
DEFERRED INFLOW OF RESOURCES					
Pension benefits	84,952	-	380,105	-	465,057
Total deferred inflows	<u>84,952</u>	<u>-</u>	<u>380,105</u>	<u>-</u>	<u>465,057</u>
NET POSITION					
Net investment in capital assets		-	576,433	17,005,646	17,582,079
Unrestricted	173,009	7,856,998	69,099	8,368,080	16,467,186
Total net position (deficit)	<u>\$ 173,009</u>	<u>\$ 7,856,998</u>	<u>\$ 645,532</u>	<u>\$ 25,373,726</u>	<u>\$ 34,049,265</u>

Anne Arundel County, Maryland

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

Internal Service Funds

Year Ended June 30, 2016

	Self Insurance	Health Insurance	Central Garage and Transportation	Garage Vehicle Replacement	Totals
OPERATING REVENUES					
Charges for services	\$ 19,140,503	\$ -	\$ 19,099,647	\$ 9,217,112	\$ 47,457,262
Medical premiums	-	76,641,056	-	-	76,641,056
Other	-	3,390,411	4,020	-	3,394,431
Total operating revenues	<u>19,140,503</u>	<u>80,031,467</u>	<u>19,103,667</u>	<u>9,217,112</u>	<u>127,492,749</u>
OPERATING EXPENSES					
Personnel services	1,266,599	-	5,489,463	-	6,756,062
Contractual services	145,177	565,771	1,786,465	28,355	2,525,768
Supplies and materials	31,218	33,352	128,498	5,850	198,918
Business and travel	9,752	1,187	11,367	-	22,306
Cost of goods issued	-	-	6,264,163	-	6,264,163
Depreciation	-	-	51,427	4,806,203	4,857,630
Provision for claims and estimated losses	19,774,606	72,113,525	-	-	91,888,131
Other	278,000	930,549	455,800	42,300	1,706,649
Total operating expenses	<u>21,505,352</u>	<u>73,644,384</u>	<u>14,187,183</u>	<u>4,882,708</u>	<u>114,219,627</u>
Operating income (loss)	<u>(2,364,849)</u>	<u>6,387,083</u>	<u>4,916,484</u>	<u>4,334,404</u>	<u>13,273,122</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	3,522,864	40,000	-	-	3,562,864
Gain on disposal of assets	-	-	-	222,904	222,904
Gain (loss) before transfers	<u>1,158,015</u>	<u>6,427,083</u>	<u>4,916,484</u>	<u>4,557,308</u>	<u>17,058,890</u>
Transfer to OPEB Trust	-	(9,000,000)	-	-	(9,000,000)
Change in net position	<u>1,158,015</u>	<u>(2,572,917)</u>	<u>4,916,484</u>	<u>4,557,308</u>	<u>8,058,890</u>
Net position, July 1	<u>(985,006)</u>	<u>10,429,915</u>	<u>(4,270,952)</u>	<u>20,816,418</u>	<u>25,990,375</u>
Net position, June 30	<u>\$ 173,009</u>	<u>\$ 7,856,998</u>	<u>\$ 645,532</u>	<u>\$ 25,373,726</u>	<u>\$ 34,049,265</u>

Anne Arundel County, Maryland

Combining Statement of Cash Flows

Internal Service Funds

Year Ended June 30, 2016

	Self Insurance	Health Insurance	Central Garage and Transportation	Garage Vehicle Replacement	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 22,204,299	\$ 76,425,935	\$ 15,797,497	\$ 9,217,112	\$ 123,644,843
Cash received for expense reimbursement	331,005	1,399,427	-	-	1,730,432
Cash payments to suppliers for goods and services	(290,664)	(986,625)	(8,141,851)	(34,205)	(9,453,345)
Cash payments for insurance claims	(17,985,478)	(69,937,909)	-	-	(87,923,387)
Cash payments to vendor for deposit	-	(1,404,200)	-	-	(1,404,200)
Cash payments to employees for services	(1,157,203)	-	(5,102,626)	-	(6,259,829)
Other operating receipts	-	-	3,970	-	3,970
Other operating payments	(278,000)	(766,400)	(455,800)	(42,300)	(1,542,500)
Net cash provided by operating activities	<u>2,823,959</u>	<u>4,730,228</u>	<u>2,101,190</u>	<u>9,140,607</u>	<u>18,795,984</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Asset transfers between funds	-	(9,000,000)	-	-	(9,000,000)
Net cash used for non-capital financing activities	<u>-</u>	<u>(9,000,000)</u>	<u>-</u>	<u>-</u>	<u>(9,000,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	-	-	(102,546)	(8,855,462)	(8,958,008)
Proceeds from sale of equipment	-	-	-	222,904	222,904
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>(102,546)</u>	<u>(8,632,558)</u>	<u>(8,735,104)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	(127,624,917)	-	-	-	(127,624,917)
Sale of investment securities	121,443,253	-	-	-	121,443,253
Investment income	3,730,269	40,000	-	-	3,770,269
Net cash provided by investing activities	<u>(2,451,395)</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>(2,411,395)</u>
Net increase (decrease) in cash and cash equivalents	372,564	(4,229,772)	1,998,644	508,049	(1,350,515)
Cash and temporary investments, July 1	288,105	13,840,946	4,099,785	8,235,548	26,464,384
Cash and temporary investments, June 30	<u>\$ 660,669</u>	<u>\$ 9,611,174</u>	<u>\$ 6,098,429</u>	<u>\$ 8,743,597</u>	<u>\$ 25,113,869</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	\$ (2,364,849)	\$ 6,387,083	\$ 4,916,484	\$ 4,334,404	\$ 13,273,122
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	-	-	51,427	4,806,203	4,857,630
Effect of changes in assets and liabilities					
Accounts receivable	-	1,629,357	(3,302,150)	-	(1,672,793)
Prepaid expenses	(389)	-	(687)	-	(1,076)
Deposit with provider	-	(1,404,200)	-	-	(1,404,200)
Inventories	-	-	15,737	-	15,737
Accounts payable and accrued expenses	(79,746)	85,072	59,836	-	65,162
Deferred outflow of resources	(183,629)	-	(833,779)	-	(1,017,408)
Deferred inflow of resources	84,952	-	380,105	-	465,057
Unpaid claims	2,120,133	(1,967,084)	-	-	153,049
Due to other funds	3,063,796	-	-	-	3,063,796
Accrued liability for compensated absences	7,299	-	7,312	-	14,611
Accrued liability for OPEB benefits	(23,778)	-	(88,720)	-	(112,498)
Accrued liability for pension benefits	200,170	-	895,625	-	1,095,795
Net cash provided by (used for) operating activities	<u>\$ 2,823,959</u>	<u>\$ 4,730,228</u>	<u>\$ 2,101,190</u>	<u>\$ 9,140,607</u>	<u>\$ 18,795,984</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Increase (decrease) in fair value of investments	\$ 1,801,499	\$ -	\$ -	\$ -	\$ 1,801,499
Total Noncash investing, capital, and financing activities	<u>\$ 1,801,499</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,801,499</u>

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

Internal Service Funds

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
SELF INSURANCE				
Revenues				
Charges for services	\$ 22,204,300	\$ 22,204,300	\$ 22,204,300	\$ -
Investment income	1,236,300	1,236,300	3,522,864	2,286,564
Reimbursements	200,000	200,000	331,005	131,005
Other	-	-	84,490	84,490
	<u>23,640,600</u>	<u>23,640,600</u>	<u>26,142,659</u>	<u>2,502,059</u>
Expenses				
Personal services	1,201,800	1,201,800	1,188,884	12,916
Contractual services	22,055,000	22,055,000	18,990,126	3,064,874
Supplies and materials	42,600	42,600	30,339	12,261
Business and travel	10,000	10,000	9,752	248
Capital outlay	2,000	2,000	879	1,121
Administrative costs	278,000	278,000	278,000	-
	<u>23,589,400</u>	<u>23,589,400</u>	<u>20,497,980</u>	<u>3,091,420</u>
Revenues over (under) expenditures	<u>\$ 51,200</u>	<u>\$ 51,200</u>	<u>\$ 5,644,679</u>	<u>\$ 5,593,479</u>
HEALTH INSURANCE				
Revenues				
Charges for services	\$ 83,096,000	\$ 83,096,000	\$ 76,641,056	\$ (6,454,944)
Investment income	-	-	40,000	40,000
Other	-	-	3,461,207	3,461,207
	<u>83,096,000</u>	<u>83,096,000</u>	<u>80,142,263</u>	<u>(2,953,737)</u>
Expenses				
Medical claim costs	80,979,500	76,979,500	72,113,525	4,865,975
Contractual services	1,292,000	1,292,000	933,142	358,858
Supplies and materials	54,000	54,000	33,352	20,648
Business and travel	4,100	4,100	1,187	2,913
Affordable Care Act misc expense	-	-	164,149	(164,149)
Other	5,766,400	9,766,400	9,766,400	-
	<u>88,096,000</u>	<u>88,096,000</u>	<u>83,011,755</u>	<u>5,084,245</u>
Revenues over (under) expenditures	<u>\$ (5,000,000)</u>	<u>\$ (5,000,000)</u>	<u>\$ (2,869,492)</u>	<u>\$ 2,130,508</u>

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

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

Internal Service Funds

Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
CENTRAL GARAGE AND TRANSPORTATION				
Revenues				
Charges for services	\$ 16,786,100	\$ 16,786,100	\$ 16,069,853	\$ (716,247)
Other	23,000	23,000	4,020	(18,980)
	<u>16,809,100</u>	<u>16,809,100</u>	<u>16,073,873</u>	<u>(735,227)</u>
Expenses				
Personal services	5,265,000	5,365,000	5,136,233	228,767
Contractual services	1,816,400	1,966,400	1,882,016	84,384
Supplies and materials	9,665,500	9,340,500	6,357,639	2,982,861
Business and travel	21,000	21,000	11,367	9,633
Capital outlay	86,900	161,900	121,830	40,070
Other	455,800	455,800	455,800	-
	<u>17,310,600</u>	<u>17,310,600</u>	<u>13,964,885</u>	<u>3,345,715</u>
Revenues over (under) expenditures	<u>\$ (501,500)</u>	<u>\$ (501,500)</u>	<u>\$ 2,108,988</u>	<u>\$ 2,610,488</u>
GARAGE VEHICLE REPLACEMENT				
Revenues				
Charges for services	\$ 9,389,200	\$ 9,389,200	\$ 9,217,112	\$ (172,088)
Other	75,000	75,000	222,904	147,904
	<u>9,464,200</u>	<u>9,464,200</u>	<u>9,440,016</u>	<u>(24,184)</u>
Expenses				
Contractual services	25,000	30,000	28,355	1,645
Capital outlay	9,392,900	9,387,900	9,116,057	271,843
Other	42,300	42,300	42,300	-
	<u>9,460,200</u>	<u>9,460,200</u>	<u>9,186,712</u>	<u>273,488</u>
Revenues over (under) expenditures	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 253,304</u>	<u>\$ 249,304</u>

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

Fiduciary

Pension Trust Funds

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

Agency Funds

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

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

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

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

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

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

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

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

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

Conference and Visitors Bureau – The County dedicates 17% of its hotel / motel tax revenue to the promotion of tourism within the County. This fund accumulates the dedicated revenue and disburses the funds directly to the Annapolis and Anne Arundel County Conference and Visitors Center.

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

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

Defined Benefit Pension Plans (December 31, 2015)					
	Employees' Retirement	Police Service Retirement	Fire Service Retirement	Detention Officers' & Deputy Sheriffs' Retirement	Totals
ASSETS					
Investments, at fair value:					
Cash and temporary investments	\$ 13,770,219	\$ 11,316,051	\$ 11,472,219	\$ 2,704,593	\$ 39,263,082
U. S. Government obligations	3,961,781	3,254,051	3,292,623	776,745	11,285,200
Corporate obligations	32,351,452	26,572,206	26,887,184	6,342,812	92,153,654
Domestic fixed income mutual funds	29,741,375	24,428,391	24,717,957	5,831,081	84,718,804
International fixed income mutual funds	20,522,763	16,856,587	17,056,399	4,023,684	58,459,433
Global assets and pools	92,015,682	75,578,049	76,473,926	18,040,556	262,108,213
Domestic equity	152,820,996	125,521,134	127,009,019	29,962,020	435,313,169
International equity investment pools	117,183,949	96,250,270	97,391,189	22,975,036	333,800,444
Private markets	40,791,668	33,504,666	33,901,819	7,997,597	116,195,750
Portable Alpha	100,535	82,575	83,554	19,711	286,375
Real estate investment pools	34,006,414	27,931,526	28,262,617	6,667,283	96,867,840
Absolute return fixed income	17,572,388	14,433,266	14,604,353	3,445,235	50,055,242
Aetna insurance pooled fixed income	8,518,917	6,997,102	7,080,044	1,670,215	24,266,278
Total investments	563,358,139	462,725,874	468,232,903	110,456,568	1,604,773,484
Collateral from securities lending transactions	24,935,075	20,480,686	20,723,457	4,888,760	71,027,978
Receivables:					
Employer contributions	2,201,310	1,692,875	1,237,903	543,866	5,675,954
Participant contributions	462,956	241,437	242,003	105,452	1,051,848
Accrued interest and dividends	518,189	425,614	430,638	101,601	1,476,042
Investment sales proceeds	877,996	721,151	729,699	172,140	2,500,986
Total receivables	4,060,451	3,081,077	2,640,243	923,059	10,704,830
Deposits on hand	14,373	158,851	70,808	-	244,032
Total assets	592,368,038	486,446,488	491,667,411	116,268,387	1,686,750,324
LIABILITIES					
Accounts payable	580,896	477,124	482,780	113,890	1,654,690
Investment commitments payable	2,343,016	1,924,461	1,947,273	459,371	6,674,121
Obligation for collateral received under securities lending transactions	24,935,075	20,480,686	20,723,457	4,888,760	71,027,978
Total liabilities	27,858,987	22,882,271	23,153,510	5,462,021	79,356,789
Net position held in trust for pension benefits	\$ 564,509,051	\$ 463,564,217	\$ 468,513,901	\$ 110,806,366	\$ 1,607,393,535

Combining Statement of Changes in Net Position

Pension Trust Funds

Year Ended June 30, 2016

	Defined Benefit Pension Trust (December 31, 2015)				Totals
	Employees' Retirement	Police Service Retirement	Fire Service Retirement	Detention Officers' & Deputy Sheriffs' Retirement	
ADDITIONS					
Contributions:					
Employer	\$ 25,629,927	\$ 19,559,952	\$ 15,121,806	\$ 6,370,758	\$ 66,682,443
Participant	4,846,856	3,104,338	3,050,456	1,317,143	12,318,793
Total contributions	<u>30,476,783</u>	<u>22,664,290</u>	<u>18,172,262</u>	<u>7,687,901</u>	<u>79,001,236</u>
Investment income:					
Net appreciation (depreciation) in fair value of investments	(17,676,923)	(14,458,580)	(14,611,955)	(3,485,450)	(50,232,908)
Interest income	6,497,843	4,341,140	4,580,676	1,022,723	16,442,382
Dividend income	6,597,151	5,415,726	5,496,805	1,280,189	18,789,871
Total investment income	<u>(4,581,929)</u>	<u>(4,701,714)</u>	<u>(4,534,474)</u>	<u>(1,182,538)</u>	<u>(15,000,655)</u>
Less investment expense	<u>(3,965,538)</u>	<u>(3,306,272)</u>	<u>(3,333,047)</u>	<u>(766,338)</u>	<u>(11,371,195)</u>
Net income from investing activities	<u>(8,547,467)</u>	<u>(8,007,986)</u>	<u>(7,867,521)</u>	<u>(1,948,876)</u>	<u>(26,371,850)</u>
Securities lending activities:					
Securities lending income	132,833	109,019	110,588	25,813	378,253
Securities lending expenses:					
Borrower rebates	8,255	6,775	6,873	1,604	23,507
Management fees	37,408	30,701	31,143	7,269	106,521
Securities lending expense	<u>45,663</u>	<u>37,476</u>	<u>38,016</u>	<u>8,873</u>	<u>130,028</u>
Securities lending net income	<u>87,170</u>	<u>71,543</u>	<u>72,572</u>	<u>16,940</u>	<u>248,225</u>
Total net investment income	<u>(8,460,297)</u>	<u>(7,936,443)</u>	<u>(7,794,949)</u>	<u>(1,931,936)</u>	<u>(26,123,625)</u>
Total additions	<u>22,016,486</u>	<u>14,727,847</u>	<u>10,377,313</u>	<u>5,755,965</u>	<u>52,877,611</u>
DEDUCTIONS					
Participant benefit payments and refunds	41,260,300	31,131,759	31,492,994	6,275,285	110,160,338
Administrative expenses	505,852	427,109	438,008	99,084	1,470,053
Total deductions	<u>41,766,152</u>	<u>31,558,868</u>	<u>31,931,002</u>	<u>6,374,369</u>	<u>111,630,391</u>
Net increases	<u>(19,749,666)</u>	<u>(16,831,021)</u>	<u>(21,553,689)</u>	<u>(618,404)</u>	<u>(58,752,780)</u>
Net position, beginning of year	<u>584,258,717</u>	<u>480,395,238</u>	<u>490,067,590</u>	<u>111,424,770</u>	<u>1,666,146,315</u>
Net position, end of year	<u>\$ 564,509,051</u>	<u>\$ 463,564,217</u>	<u>\$ 468,513,901</u>	<u>\$ 110,806,366</u>	<u>\$ 1,607,393,535</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
SUBDIVISION DEPOSITS				
Assets				
Cash	\$ 2,871,568	\$ 501,624	\$ 1,635,722	\$ 1,737,470
Total Assets	<u>\$ 2,871,568</u>	<u>\$ 501,624</u>	<u>\$ 1,635,722</u>	<u>\$ 1,737,470</u>
Liabilities				
Escrow Deposits	\$ 2,871,568	\$ 501,624	\$ 1,635,722	\$ 1,737,470
Total Liabilities	<u>\$ 2,871,568</u>	<u>\$ 501,624</u>	<u>\$ 1,635,722</u>	<u>\$ 1,737,470</u>
SEDIMENT CONTROL				
Assets				
Cash	\$ 5,744,155	\$ 1,244,531	\$ 2,905,209	\$ 4,083,477
Total Assets	<u>\$ 5,744,155</u>	<u>\$ 1,244,531</u>	<u>\$ 2,905,209</u>	<u>\$ 4,083,477</u>
Liabilities				
Escrow and other deposits	\$ 5,744,155	\$ 1,244,531	\$ 2,905,209	\$ 4,083,477
Total Liabilities	<u>\$ 5,744,155</u>	<u>\$ 1,244,531</u>	<u>\$ 2,905,209</u>	<u>\$ 4,083,477</u>
CITY AND STATE TAX COLLECTION				
Assets				
Cash	\$ 4,182,963	\$ 141,180,104	\$ 141,422,692	\$ 3,940,375
Total Assets	<u>\$ 4,182,963</u>	<u>\$ 141,180,104</u>	<u>\$ 141,422,692</u>	<u>\$ 3,940,375</u>
Liabilities				
Escrow Deposits	\$ 4,182,963	\$ 141,180,104	\$ 141,422,692	\$ 3,940,375
Total Liabilities	<u>\$ 4,182,963</u>	<u>\$ 141,180,104</u>	<u>\$ 141,422,692</u>	<u>\$ 3,940,375</u>
TAX SALE ESCROW DEPOSITS				
Assets				
Cash	\$ 14,053,723	\$ 13,441,350	\$ 16,249,626	\$ 11,245,447
Total Assets	<u>\$ 14,053,723</u>	<u>\$ 13,441,350</u>	<u>\$ 16,249,626</u>	<u>\$ 11,245,447</u>
Liabilities				
Escrow Deposits	\$ 14,053,723	\$ 13,441,350	\$ 16,249,626	\$ 11,245,447
Total Liabilities	<u>\$ 14,053,723</u>	<u>\$ 13,441,350</u>	<u>\$ 16,249,626</u>	<u>\$ 11,245,447</u>
NATIONAL BUSINESS PARK				
Assets				
Cash and investments	\$ 118	\$ 920,001	\$ 920,000	\$ 119
Total Assets	<u>\$ 118</u>	<u>\$ 920,001</u>	<u>\$ 920,000</u>	<u>\$ 119</u>
Liabilities				
Escrow Deposits	\$ 118	\$ 920,001	\$ 920,000	\$ 119
Total Liabilities	<u>\$ 118</u>	<u>\$ 920,001</u>	<u>\$ 920,000</u>	<u>\$ 119</u>
TWO RIVERS				
Assets				
Cash and investments	\$ 2,691,183	\$ 2,398,128	\$ 1,618,073	\$ 3,471,238
Total Assets	<u>\$ 2,691,183</u>	<u>\$ 2,398,128</u>	<u>\$ 1,618,073</u>	<u>\$ 3,471,238</u>
Liabilities				
Escrow Deposits	\$ 2,691,183	\$ 2,398,128	\$ 1,618,073	\$ 3,471,238
Total Liabilities	<u>\$ 2,691,183</u>	<u>\$ 2,398,128</u>	<u>\$ 1,618,073</u>	<u>\$ 3,471,238</u>
ARUNDEL GATEWAY				
Assets				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities				
Escrow Deposits	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
FARMINGTON SPECIAL ASSESSMENT				
Assets				
Cash and investments	\$ 891,923	\$ 576,088	\$ 554,412	\$ 913,599
Total Assets	<u>\$ 891,923</u>	<u>\$ 576,088</u>	<u>\$ 554,412</u>	<u>\$ 913,599</u>
Liabilities				
Escrow Deposits	\$ 891,923	\$ 576,088	\$ 554,412	\$ 913,599
Total Liabilities	<u>\$ 891,923</u>	<u>\$ 576,088</u>	<u>\$ 554,412</u>	<u>\$ 913,599</u>
DORCHESTER SPECIAL TAX DISTRICT				
Assets				
Investments	\$ 2,558,386	\$ 3,172,688	\$ 3,164,865	\$ 2,566,209
Total Assets	<u>\$ 2,558,386</u>	<u>\$ 3,172,688</u>	<u>\$ 3,164,865</u>	<u>\$ 2,566,209</u>
Liabilities				
Escrow Deposits	\$ 2,558,386	\$ 3,172,688	\$ 3,164,865	\$ 2,566,209
Total Liabilities	<u>\$ 2,558,386</u>	<u>\$ 3,172,688</u>	<u>\$ 3,164,865</u>	<u>\$ 2,566,209</u>
CONFERENCE AND VISITOR'S BUREAU				
Assets				
Cash	\$ -	\$ 3,920,974	\$ 2,992,483	\$ 928,491
Total Assets	<u>\$ -</u>	<u>\$ 3,920,974</u>	<u>\$ 2,992,483</u>	<u>\$ 928,491</u>
Liabilities				
Escrow deposits	\$ -	\$ 3,920,974	\$ 2,992,483	\$ 928,491
Total Liabilities	<u>\$ -</u>	<u>\$ 3,920,974</u>	<u>\$ 2,992,483</u>	<u>\$ 928,491</u>
ART'S COUNCIL OF ANNE ARUNDEL COUNTY				
Assets				
Cash	\$ -	\$ 691,937	\$ 528,085	\$ 163,852
Total Assets	<u>\$ -</u>	<u>\$ 691,937</u>	<u>\$ 528,085</u>	<u>\$ 163,852</u>
Liabilities				
Escrow deposits	\$ -	\$ 691,937	\$ 528,085	\$ 163,852
Total Liabilities	<u>\$ -</u>	<u>\$ 691,937</u>	<u>\$ 528,085</u>	<u>\$ 163,852</u>
MISCELLANEOUS ESCROW DEPOSITS				
Assets				
Cash	\$ 493,133	\$ 932,713	\$ 745,989	\$ 679,857
Total Assets	<u>\$ 493,133</u>	<u>\$ 932,713</u>	<u>\$ 745,989</u>	<u>\$ 679,857</u>
Liabilities				
Escrow and other deposits	\$ 493,133	\$ 932,713	\$ 745,989	\$ 679,857
Total Liabilities	<u>\$ 493,133</u>	<u>\$ 932,713</u>	<u>\$ 745,989</u>	<u>\$ 679,857</u>
TOTALS - ALL FUNDS				
Assets				
Cash and investments	\$ 33,487,152	\$ 168,980,138	\$ 172,737,156	\$ 29,730,134
Total Assets	<u>\$ 33,487,152</u>	<u>\$ 168,980,138</u>	<u>\$ 172,737,156</u>	<u>\$ 29,730,134</u>
Liabilities				
Escrow and other deposits	\$ 33,487,152	\$ 168,980,138	\$ 172,737,156	\$ 29,730,134
Total Liabilities	<u>\$ 33,487,152</u>	<u>\$ 168,980,138</u>	<u>\$ 172,737,156</u>	<u>\$ 29,730,134</u>

Anne Arundel County, Maryland

Combining Statement of Net Position

Nonmajor Component Units

June 30, 2016

	AA County Public Library	Economic Development	Tipton Airport	Workforce Development	Totals
ASSETS					
Current Assets					
Cash and investments	\$ 11,707	\$ 5,100,235	\$ 932,831	\$ 748,884	\$ 6,793,657
Service billings receivable	-	-	170,786	-	170,786
Prepays and other assets	56,734	1,096,307	57,352	1,799,636	3,010,029
Inventories	-	-	43,000	-	43,000
Receivables	-	-	223,856	-	223,856
Due from primary government	837,394	-	-	-	837,394
Restricted assets					
Cash and temporary investments	-	59,681	-	-	59,681
Total current assets	<u>905,835</u>	<u>6,256,223</u>	<u>1,427,825</u>	<u>2,548,520</u>	<u>11,138,403</u>
Noncurrent Assets					
Loans receivable and other assets	-	5,705,754	31,068	-	5,736,822
Capital assets not being depreciated	-	-	433,907	-	433,907
Capital assets being depreciated	18,247,678	974,582	11,335,697	508,889	31,066,846
Less accumulated depreciation	(7,461,541)	(511,972)	(5,792,097)	(451,466)	(14,217,076)
Total capital assets	<u>10,786,137</u>	<u>462,610</u>	<u>5,977,507</u>	<u>57,423</u>	<u>17,283,677</u>
Total assets	<u>11,691,972</u>	<u>12,424,587</u>	<u>7,436,400</u>	<u>2,605,943</u>	<u>34,158,902</u>
DEFERRED OUTFLOW OF RESOURCES					
Pension benefits	<u>1,257,577</u>	-	-	-	<u>1,257,577</u>
Total deferred outflows	<u>1,257,577</u>	-	-	-	<u>1,257,577</u>
LIABILITIES					
Current Liabilities					
Accrued liabilities	\$ 416,207	\$ 226,740	\$ 292,461	\$ 807,511	\$ 1,742,919
Current portion on non-current liabilities	805,718	15,545	-	73,897	895,160
Notes payable	-	1,648,776	-	-	1,648,776
Escrow and other deposits	-	5,750	-	-	5,750
Unearned revenue	-	220,000	82,986	61,015	364,001
Liabilities related to restricted assets					
Accrued liabilities	-	12,864	-	664,739	677,603
Total current liabilities	<u>1,221,925</u>	<u>2,129,675</u>	<u>375,447</u>	<u>1,607,162</u>	<u>5,334,209</u>
Noncurrent liabilities					
Accrued liability for OPEB benefits	19,029,836	-	-	-	19,029,836
Accrued liability for pension benefits	3,423,985	-	-	-	3,423,985
Long-term debt, net of deferred refunding gain/loss	-	25,287	-	-	25,287
Due to other governments	-	4,847,968	-	-	4,847,968
Total noncurrent liabilities	<u>22,453,821</u>	<u>4,873,255</u>	<u>-</u>	<u>-</u>	<u>27,327,076</u>
Total liabilities	<u>23,675,746</u>	<u>7,002,930</u>	<u>375,447</u>	<u>1,607,162</u>	<u>32,661,285</u>
DEFERRED INFLOW OF RESOURCES					
Pension benefits	<u>205,183</u>	-	-	-	<u>205,183</u>
Total deferred outflows	<u>205,183</u>	-	-	-	<u>205,183</u>
NET POSITION					
Capital assets, net of related debt	10,786,137	421,778	5,977,507	57,423	17,242,845
Restricted for:					
Other purposes	-	14,340	331,143	-	345,483
Unrestricted	(21,717,517)	4,985,539	752,303	941,358	(15,038,317)
Total net position	<u>\$ (10,931,380)</u>	<u>\$ 5,421,657</u>	<u>\$ 7,060,953</u>	<u>\$ 998,781</u>	<u>\$ 2,550,011</u>

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Anne Arundel County, Maryland

Combining Statement of Activities

Nonmajor Component Units

Year Ended June 30, 2016

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<i>AA County Public Library</i>				
Community services	\$ 25,876,858	\$ 922,947	\$ 4,042,989	\$ 349,395
<i>Economic Development</i>				
Arundel Business Loan Program	418,470	34,811	-	-
Chesapeake Innovation Center	483,367	108,647	-	-
Administrative	1,903,435	-	-	-
Anne Arundel Agricultural Marketing, LLC	116,184	-	27,441	-
Anne Arundel Community Development, LLC	1,562	-	-	-
Video Lottery Terminal	334,425	171,306	-	-
Unallocated depreciation	84,973	-	-	-
	<u>3,342,416</u>	<u>314,764</u>	<u>27,441</u>	<u>-</u>
<i>Tipton Airport Authority</i>				
Airport operations	2,088,534	1,591,388	-	696,628
<i>Workforce Development</i>				
Workforce development programs				
Other WIA programs	7,515,906	-	7,542,892	-
Administration	68,418	-	-	-
Other grants, projects, initiatives	763,000	216,535	487,044	44,488
	<u>\$ 8,347,324</u>	<u>\$ 216,535</u>	<u>\$ 8,029,936</u>	<u>\$ 44,488</u>

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

Changes in net position

Net position, July 1

Net position, June 30

Net (Expense) Revenues and Changes in Net Position

<u>AA County Public Library</u>	<u>Economic Development</u>	<u>Tipton Airport</u>	<u>Workforce Development</u>	<u>Total</u>
\$ <u>(20,561,527)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(20,561,527)</u>
-	(383,659)	-	-	(383,659)
-	(374,720)	-	-	(374,720)
-	(1,903,435)	-	-	(1,903,435)
-	(88,743)	-	-	(88,743)
-	(1,562)	-	-	(1,562)
-	(163,119)	-	-	(163,119)
-	(84,973)	-	-	(84,973)
<u>-</u>	<u>(3,000,211)</u>	<u>-</u>	<u>-</u>	<u>(3,000,211)</u>
<u>-</u>	<u>-</u>	<u>199,482</u>	<u>-</u>	<u>199,482</u>
-	-	-	26,986	26,986
-	-	-	(68,418)	(68,418)
-	-	-	(14,933)	(14,933)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,365)</u>	<u>(56,365)</u>
-	1,000,000	-	-	1,000,000
18,779,500	2,363,582	-	5,143	21,148,225
-	5,819	5,171	2,112	13,102
14,987	45,019	-	43,752	103,758
<u>18,794,487</u>	<u>3,414,420</u>	<u>5,171</u>	<u>51,007</u>	<u>22,265,085</u>
(1,767,040)	414,209	204,653	(5,358)	(1,153,536)
<u>(9,164,340)</u>	<u>5,007,448</u>	<u>6,856,300</u>	<u>1,004,139</u>	<u>3,703,547</u>
\$ <u>(10,931,380)</u>	\$ <u>5,421,657</u>	\$ <u>7,060,953</u>	\$ <u>998,781</u>	\$ <u>2,550,011</u>

Anne Arundel County, Maryland

Balance Sheet

AA County Public Library Component Unit

June 30, 2016

	Governmental Funds		
	Operating Fund	Dedicated Revenue Fund	Total
ASSETS			
Cash and investments	\$ 11,395	\$ 312	\$ 11,707
Due from primary government Receivables	831,170	6,224	837,394
Other, net	48,049	8,685	56,734
Total assets	<u>\$ 890,614</u>	<u>\$ 15,221</u>	<u>\$ 905,835</u>
LIABILITIES			
Accrued liabilities	\$ 409,156	\$ 7,051	\$ 416,207
Total liabilities	<u>409,156</u>	<u>7,051</u>	<u>416,207</u>
FUND BALANCES			
Assigned	163,279	5,181	168,460
Unassigned	318,179	2,989	321,168
Total fund balances	<u>481,458</u>	<u>8,170</u>	<u>489,628</u>
Total liabilities and fund balances	<u>\$ 890,614</u>	<u>\$ 15,221</u>	<u>\$ 905,835</u>

Anne Arundel County, Maryland

Statement of Revenues, Expenditures, and Changes in Fund Balances

AA County Public Library Component Unit

Year Ended June 30, 2016

	Governmental Funds		
	Operating Fund	Dedicated Revenue Fund	Total
REVENUES			
Grants and aid	\$ 23,055,719	\$ 58,070	\$ 23,113,789
Fines and fees	922,947	-	922,947
Other	3,150	11,837	14,987
Total revenues	<u>23,981,816</u>	<u>69,907</u>	<u>24,051,723</u>
EXPENDITURES			
Recreation and community services	24,379,864	70,179	24,450,043
Total expenditures	<u>24,379,864</u>	<u>70,179</u>	<u>24,450,043</u>
Revenues over (under) expenditures	<u>(398,048)</u>	<u>(272)</u>	<u>(398,320)</u>
OTHER FINANCING SOURCES (USES)			
Contributions to Pension Trust Fund	<u>(291,300)</u>	-	<u>(291,300)</u>
Total other financing sources (uses)	<u>(291,300)</u>	-	<u>(291,300)</u>
Net change in fund balances	<u>(689,348)</u>	<u>(272)</u>	<u>(689,620)</u>
Fund balances, July 1	<u>1,170,806</u>	<u>8,442</u>	<u>1,179,248</u>
Fund balances, June 30	<u>\$ 481,458</u>	<u>\$ 8,170</u>	<u>\$ 489,628</u>

Anne Arundel County, Maryland

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

AA County Public Library Component Unit - Operating Fund

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Grants and aid	\$ 2,100,600	\$ 2,100,600	\$ 2,137,602	\$ 37,002
Primary government contribution	18,779,500	18,779,500	18,779,500	-
Fines and fees	999,000	999,000	923,122	(75,878)
Other	562,000	562,000	558,150	(3,850)
Total revenues	<u>22,441,100</u>	<u>22,441,100</u>	<u>22,398,374</u>	<u>(42,726)</u>
EXPENDITURES				
Current				
Recreation and community services	22,098,600	22,389,900	22,259,813	130,087
Capital outlay	342,500	342,500	316,152	26,348
Total expenditures	<u>22,441,100</u>	<u>22,732,400</u>	<u>22,575,965</u>	<u>156,435</u>
Revenues over (under) expenditures	-	(291,300)	(177,591)	<u>\$ 113,709</u>
Fund balances, budgetary, July 1	<u>495,771</u>	<u>495,771</u>	<u>495,771</u>	
Fund balances, budgetary, June 30	<u>\$ 495,771</u>	<u>\$ 204,471</u>	<u>\$ 318,180</u>	

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Anne Arundel County, Maryland

Details of Long-term Debt and Interest

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

June 30, 2016

	<i>Date Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Amount Issued</i>	<i>Redeemed FY 16</i>	<i>06/30/16 Outstanding</i>	<i>Total Due to Maturity</i>
Water and Wastewater Bonds							
MDWQE Glen Burnie Superblk	03/28/96	1997-16	3.99 to 3.99	\$ 468,937	\$ 23,447	\$ -	-
MDWQE Rosehaven	03/28/01	2003-31	1.50 to 1.50	3,033,715	102,270	1,731,668	1,946,681
Series 03	03/01/03	2004-32	1.00 to 5.00	24,000,000	-	-	-
Series 03 Refunding	03/01/03	2004-23	1.00 to 5.00	65,085,000	4,295,000	-	-
MDWQE Annapolis WRF Expn	06/27/03	2005-24	1.00 to 1.00	19,362,500	981,067	8,210,091	8,583,833
Series 05	03/01/05	2006-34	3.00 to 5.00	24,500,000	-	-	-
Series 05 Refunding	03/01/05	2006-28	3.00 to 5.00	26,480,000	1,355,000	-	-
Series 06	03/21/06	2007-35	4.125 to 5.00	19,000,000	655,000	-	-
Series 06 Refunding	03/21/06	2007-31	4.00 to 5.00	34,060,000	1,845,000	-	-
Series 07	03/29/07	2008-36	4.25 to 5.00	42,500,000	1,470,000	1,470,000	1,543,500
MDWQE Marley Jumpers	04/07/07	2008-27	1.00 to 1.00	5,854,341	352,061	2,798,643	2,920,955
Series 08	04/01/08	2009-36	3.50 to 5.00	32,000,000	1,145,000	3,435,000	3,744,150
MDWQE Woodholme Circle	06/17/08	2009-28	1.10 to 1.10	1,200,475	63,870	766,719	825,667
Series 09	04/01/09	2010-39	2.50 to 4.75	29,200,000	975,000	22,375,000	34,456,688
Series 09 Refunding	07/22/09	2010-25	3.00 to 4.00	20,730,000	1,605,000	11,215,000	13,112,001
MDWQE Deale Rd Sewer	12/01/09	2011-30	0.00 to 0.00	1,749,147	98,323	1,159,206	1,159,206
Series 10	04/08/10	2011-20	2.00 to 5.00	13,900,000	1,390,000	5,560,000	6,116,000
BABs Series 10	04/08/10	2021-30	4.80 to 5.55	27,700,000	-	27,700,000	51,068,545
Series 11	04/20/11	2012-41	2.00 to 5.00	47,600,000	1,590,000	39,650,000	64,806,000
MDWQE Annap/Bneck/Cox	06/16/11	2013-32	2.20 to 2.20	15,691,411	773,846	12,863,890	15,770,865
Series 11 Refunding	09/01/11	2013-25	3.00 to 5.00	8,860,000	730,000	6,645,000	8,311,750
MDWQE Bwater/MDCity/Patxnt	05/31/12	2014-33	1.80 to 1.80	11,672,727	580,641	9,993,134	11,954,256
Series 12	06/14/12	2013-42	2.00 to 4.00	27,020,000	905,000	23,405,000	34,519,075
Series 12 Refunding	06/14/12	2013-32	2.00 to 5.00	15,810,000	340,000	15,100,000	19,820,325
MDWQE Sylvan Shores Water	12/21/12	2014-42	0.80 to 0.80	3,038,386	124,406	3,224,166	3,620,473
MDWQE Sylvan Shores Sewer	12/21/12	2014-33	0.80 to 0.80	1,771,556	93,619	1,635,765	1,761,008
Series 13	06/20/13	2014-43	4.00 to 5.00	38,080,000	1,265,000	34,285,000	55,076,238
MDWQE Cox Creek Ph II	10/31/13	2014-34	2.10 to 2.10	11,841,358	901,133	14,888,954	19,857,419
Series 14	04/03/14	2015-44	3.00 to 5.00	79,200,000	2,640,000	73,920,000	118,806,600
Series 15	04/08/15	2016-45	2.00 to 5.00	77,600,000	2,590,000	75,010,000	131,245,000
Series 15 Refunding	04/08/15	2016-36	5.00 to 5.00	34,875,000	670,000	34,205,000	53,170,250
Series 16	04/13/16	2017-45	3.00 to 5.00	43,585,000	-	43,585,000	76,125,917
Series 16 Refunding	04/13/16	2017-36	3.00 to 5.00	75,300,000	-	75,300,000	98,177,700
Total applicable to 5.6% and 14% debt limitations				<u>882,769,553</u>	<u>29,559,683</u>	<u>550,132,236</u>	<u>838,500,102</u>

(continued)

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

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

June 30, 2016

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 16</i>	<i>06/30/16 Outstanding</i>	<i>Total Due to Maturity</i>
Consolidated General Improvements							
Bonds							
Series 05 Refunding	03/01/05	2006-26	3.00 to 5.00	46,625,000	4,115,000	-	-
Series 06	03/21/06	2007-26	4.00 to 5.00	64,000,000	3,180,799	-	-
Series 06 Refunding	03/21/06	2007-27	4.00 to 5.00	87,115,000	8,200,000	-	-
Series 07	03/29/07	2008-27	4.25 to 5.00	91,600,000	5,502,929	5,474,476	5,748,200
Series 08	04/01/08	2009-28	3.50 to 5.00	55,200,000	3,310,000	8,830,000	9,591,700
Series 09	04/01/09	2010-29	4.00 to 5.00	113,300,000	6,817,336	65,523,296	83,043,101
Series 09 Refunding	07/22/09	2010-25	1.50 to 4.00	32,610,000	2,630,000	7,575,000	9,021,799
Series 10	04/08/10	2011-20	2.00 to 5.00	66,136,440	7,395,705	29,379,934	33,036,432
BABs Series 10	04/08/10	2021-30	4.80 to 5.55	72,888,560	-	72,888,560	109,595,240
Series 11	04/20/11	2012-31	3.00 to 5.00	117,500,000	5,958,999	87,599,237	119,741,495
Series 11 Refunding	09/01/11	2013-25	3.00 to 5.00	35,835,000	3,565,000	25,060,000	30,086,750
Series 12	06/14/12	2013-32	3.00 to 4.00	98,900,000	5,947,028	75,071,170	98,902,490
Series 12 Refunding	06/14/12	2013-32	2.00 to 5.00	36,332,512	1,667,882	32,953,125	39,782,368
Series 13	06/20/13	2014-33	4.00 to 5.00	116,000,000	6,960,000	95,120,000	133,446,400
Series 14	04/03/14	2015-34	3.00 to 5.00	115,000,000	7,039,022	100,921,956	138,028,886
Series 15	04/08/15	2016-35	2.00 to 5.00	154,920,000	79,000	154,841,000	220,977,681
Series 15 Refunding	04/08/15	2016-27	5.00 to 5.00	58,504,968	1,572,432	56,932,536	74,885,021
Golf Course Refunding	04/08/15	2016-28	5.00 to 5.00	15,735,000	905,000	14,830,000	20,076,750
Series 16	04/13/16	2017-46	5.00 to 5.00	80,027,783	-	80,027,783	139,898,743
Series 16 Refunding	04/13/16	2017-27	3.00 to 5.00	69,384,271	-	69,384,271	81,733,512
				<u>1,527,614,534</u>	<u>74,846,132</u>	<u>982,412,344</u>	<u>1,347,596,568</u>
WPRF Bonds							
Series 14	04/03/14	2015-34	2.00 to 5.00	7,300,000	354,927	6,590,146	9,207,578
Series 15	04/08/15	2016-35	5.00 to 5.00	26,880,000	15,000	26,865,000	40,180,752
Series 16	04/13/16	2017-45	5.00 to 5.00	13,232,217	-	13,232,217	23,134,324
				<u>47,412,217</u>	<u>369,927</u>	<u>46,687,363</u>	<u>72,522,654</u>
Solid Waste Bonds							
SW AMT 96	03/01/96	1997-16	5.00 to 5.50	12,000,000	600,000	600,000	616,500
Series 98	05/01/98	1999-17	4.65 to 6.00	7,000,000	350,000	700,000	737,100
Series 06	03/21/06	2007-26	4.00 to 5.00	2,000,000	119,201	-	-
Series 07	03/29/07	2008-27	4.25 to 5.00	4,300,000	252,071	280,524	294,550
Series 09	04/01/09	2010-29	4.00 to 5.00	2,100,000	112,664	1,366,704	1,748,824
Series 10	04/08/10	2011-20	3.00 to 5.00	1,938,560	214,295	945,066	1,071,318
BABs Series 10	04/08/10	2011-30	4.80 to 5.55	3,161,440	-	3,161,440	4,753,540
Series 11	04/20/11	2012-31	3.00 to 5.00	8,200,000	331,001	6,650,763	9,259,205
Series 12	06/14/12	2013-32	3.00 to 4.00	2,200,000	112,972	1,788,830	2,403,760
Series 12 Refunding	06/14/12	2013-25	2.00 to 5.00	917,488	42,118	846,875	1,024,632
Series 14	04/03/14	2015-34	2.00 to 5.00	4,600,000	221,051	4,157,898	5,792,942
Series 15	04/08/15	2016-35	2.00 to 5.00	9,600,000	6,000	9,594,000	14,327,818
Series 15 Refunding	04/08/15	2016-27	5.00 to 5.50	2,700,032	72,568	2,627,464	3,455,981
Series 16 Refunding	04/13/16	2017-27	3.00 to 5.00	200,729	-	200,729	239,928
Total Waste Collection Enterprise Fund				<u>60,918,249</u>	<u>2,433,941</u>	<u>32,920,293</u>	<u>45,726,098</u>
Total applicable to 5.2% and 13% debt limitations				<u>1,635,945,000</u>	<u>77,650,000</u>	<u>1,062,020,000</u>	<u>1,465,845,320</u>

(continued)

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

NOT APPLICABLE TO DEBT LIMITATIONS

June 30, 2016

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed FY 16</i>	<i>06/30/16 Outstanding</i>	<i>Total Due to Maturity</i>
Installment Purchase Agreements - Agricultural Easement Program							
Adelaide F. Colhoun Trust	09/19/00	2002-30	5.85 to 5.85	401,000	1,000	386,000	696,811
Ellen H. Shepard Trust	09/22/00	2002-30	5.85 to 5.85	161,000	1,000	146,000	260,250
Harold & Jean Touchette	09/19/00	2002-30	5.85 to 5.85	378,000	1,000	363,000	654,974
Farm of the Four Winds, LLC	11/13/00	2002-30	6.00 to 6.00	587,000	1,000	572,000	1,047,020
Kenneth P. Franklin, Trustee	12/28/00	2002-30	5.60 to 5.60	142,055	1,000	127,000	221,472
Richard F. Moreland	07/18/01	2003-28	5.90 to 5.90	274,000	1,000	260,000	440,186
Mary M. Smith	07/18/01	2003-28	5.90 to 5.90	831,000	1,000	817,000	1,391,542
Francis R. Windsor	07/26/01	2003-28	5.90 to 5.90	411,174	1,000	397,000	674,182
Anita Froe/Rian LLC	03/06/02	2003-28	5.90 to 5.90	657,000	1,000	643,000	1,094,350
Lauer & Company	09/20/02	2004-28	5.25 to 5.25	197,000	1,000	184,000	296,455
Weeems Dodd Ltd	10/17/02	2004-28	5.45 to 5.45	1,521,000	1,000	1,508,000	2,490,635
Edward Hall III	12/19/02	2004-28	5.55 to 5.55	180,000	1,000	167,000	274,560
Bristol Farms LLC	01/28/03	2004-28	5.50 to 5.50	700,000	1,000	687,000	1,132,701
Shearman Talbott	05/22/03	2005-28	4.95 to 4.95	263,948	1,000	252,000	398,421
Anne Brice	06/23/04	2006-28	5.80 to 5.80	316,000	1,000	305,000	513,452
Thackray Seznec	06/30/04	2006-28	5.80 to 5.80	1,405,000	1,000	1,394,000	2,360,396
James Parks	07/07/04	2006-28	5.60 to 5.60	295,000	1,000	284,000	471,152
Dorothy Horky	12/05/05	2006-28	4.90 to 4.90	368,814	1,000	359,000	566,858
Virginia Tucker	10/05/06	2007-28	4.90 to 4.90	926,000	1,000	917,000	1,452,962
Jennifer Wade	07/26/07	2008-28	5.30 to 5.30	873,925	1,000	866,000	1,397,788
Ford/Addis	12/20/07	2008-37	4.60 to 4.60	604,000	-	604,000	1,187,464
Francis Talbott III	07/16/08	2009-37	4.55 to 4.55	840,000	-	840,000	1,642,620
Thompson Lumber	06/21/11	2012-41	4.55 to 4.55	1,487,000	-	1,487,000	3,178,462
				<u>13,819,916</u>	<u>20,000</u>	<u>13,565,000</u>	<u>23,844,713</u>
Tax Increment Bonds							
National Business Park North A	8/10/10	2011-25	5.625 to 5.625	4,000,000	-	4,000,000	5,404,281
National Business Park North B	08/10/10	2011-41	6.10 to 6.10	26,000,000	-	26,000,000	56,343,840
Village South at Waugh Chapel	11/18/10	2011-41	6.25 to 6.25	16,000,000	-	16,000,000	32,085,938
Arundel Mills Refunding	05/14/14	2015-29	2.00 to 5.00	24,940,000	1,055,000	23,885,000	30,616,100
National Business Park Ref	05/14/14	2015-28	1.50 to 5.00	12,155,000	590,000	11,565,000	14,674,438
Nursery Road Refunding	05/14/14	2015-29	2.00 to 5.00	1,765,000	90,000	1,675,000	2,126,024
				<u>84,860,000</u>	<u>1,735,000</u>	<u>83,125,000</u>	<u>141,250,621</u>

LONG TERM DEBT NOT APPLICABLE TO DEBT LIMITATIONS

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed FY 16</i>	<i>06/30/16 Outstanding</i>	<i>Total Due to Maturity</i>
State Loans							
Department of Natural Resources							
Amberly	11/01/08	2008-33	0.00	135,000	5,400	91,800	91,800
Annapolis Cove	05/27/14	2015-30	0.00	173,425	5,557	153,306	153,306
Annapolis Landing	07/01/92	1993-17	0.00	78,570	3,142	6,286	6,286
Arundel on the Bay	04/28/92	1993-17	0.00	74,220	2,969	5,937	5,937
Bay Ridge	11/19/90	1992-16	0.00	669,275	26,771	26,771	26,771
Bay Ridge #2	07/01/08	2009-28	0.00	500,000	25,771	335,023	335,023
Brown's Pond	11/25/91	1992-16	0.00	185,128	7,405	7,405	7,405
Buckingham Cove	04/07/97	1997-21	0.00	217,570	8,703	52,212	52,212
Camp Wabanna SECD	04/26/05	2011-31	0.00	174,857	9,203	128,842	128,842
Cape Anne SECD	11/30/06	2009-34	0.00	190,308	8,101	137,717	137,717
Cattail Creek	04/03/98	1998-22	0.00	127,628	5,105	35,736	35,736
Columbia Beach	06/12/08	2013-38	0.00	1,042,027	22,411	858,624	858,624
Elizabeth's Landing	09/26/91	1993-17	0.00	161,310	6,452	12,906	12,906
Elizabeth's Landing III	01/22/10	2012-37	0.00	153,262	6,130	116,470	116,470
John's Creek	12/15/93	1994-19	0.00	173,206	6,920	20,760	20,760
Holland Point SECD	10/11/04	2011-31	0.00	1,050,054	55,266	773,724	773,724
Lake Hillsmere II	04/03/98	1998-22	0.00	188,660	7,546	52,822	52,822
Mason's Beach	06/03/96	1997-06	0.00	277,098	13,854	13,855	13,855
Romar Estates	03/27/97	1997-21	0.00	304,987	12,200	73,196	73,196
Snug Harbor	11/21/91	1992-16	0.00	738,599	29,544	29,544	29,544
Snug Harbor Pier	04/13/92	1992-16	0.00	91,443	3,656	3,656	3,656
Snug Harbor SECD	10/11/04	2012-31	0.00	112,600	5,817	87,255	87,255
Spriggs Pond	02/28/92	1993-17	0.00	298,400	11,936	11,936	11,936
Whitehall Cove	12/19/01	2001-25	0.00	164,134	6,565	65,654	65,654
Total not applicable to debt limitations				<u>7,281,761</u>	<u>296,424</u>	<u>3,101,437</u>	<u>3,101,437</u>
Total long-term debt				<u>\$ 2,624,676,230</u>	<u>\$ 109,261,107</u>	<u>\$ 1,711,943,673</u>	<u>\$ 2,472,542,193</u>

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

June 30, 2016

FISCAL YEAR ENDING	General County Bonds (a)							
	General Government		Solid Waste		WPRF		Tax Increment	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 86,167,032	\$ 46,647,753	\$ 3,348,283	\$ 1,572,033	\$ 2,239,685	\$ 2,268,615	\$ 1,995,000	\$ 4,232,509
2018	82,807,213	42,611,108	1,783,102	1,417,301	2,239,685	2,178,685	2,240,000	4,185,297
2019	79,670,466	38,688,780	2,004,349	1,329,614	2,275,185	2,066,700	2,570,000	4,093,616
2020	74,733,167	34,821,670	2,016,648	1,230,858	2,275,185	1,952,941	2,925,000	3,952,881
2021	72,739,308	31,248,882	2,170,507	1,134,455	2,275,185	1,839,182	3,195,000	3,794,859
2022	72,756,712	27,738,671	2,168,104	1,032,410	2,275,185	1,725,423	3,495,000	3,620,931
2023	67,174,529	24,238,303	2,160,287	924,907	2,275,185	1,611,663	3,805,000	3,430,509
2024	61,102,244	20,997,982	2,209,891	819,253	2,327,865	1,497,904	4,125,000	3,223,603
2025	56,802,274	18,013,823	2,074,463	709,790	2,183,263	1,381,511	4,485,000	2,998,884
2026	49,103,595	15,270,751	2,013,142	606,735	2,183,263	1,272,348	4,820,000	2,791,797
2027	45,834,227	12,920,101	1,867,510	511,338	2,183,263	1,163,185	5,125,000	2,603,819
2028	42,628,618	10,771,116	1,728,119	422,304	2,183,263	1,060,992	5,460,000	2,400,738
2029	39,121,140	8,872,880	1,720,597	341,748	2,183,263	957,927	4,430,000	2,203,844
2030	34,610,876	7,102,169	1,620,861	264,106	2,183,263	854,427	1,955,000	2,055,051
2031	27,322,020	5,448,856	1,304,715	187,042	2,183,263	745,264	1,915,000	1,939,119
2032	21,526,208	4,225,801	820,529	128,300	2,183,263	639,586	2,080,000	1,816,214
2033	17,587,478	3,258,634	709,259	91,208	2,183,263	533,908	2,265,000	1,682,570
2034	12,947,478	2,424,400	709,259	57,870	2,183,263	428,230	2,455,000	1,537,418
2035	8,454,570	1,822,165	490,668	24,533	1,819,762	322,552	2,660,000	1,380,142
2036	2,668,926	1,399,436	-	-	441,074	231,564	2,880,000	1,209,826
2037	2,668,926	1,265,990	-	-	441,074	209,510	3,115,000	1,025,550
2038	2,668,926	1,132,544	-	-	441,074	187,456	3,365,000	826,391
2039	2,668,926	999,098	-	-	441,074	165,403	3,635,000	611,275
2040	2,663,926	865,776	-	-	441,074	143,349	3,915,000	379,283
2041	2,663,926	732,580	-	-	441,074	121,295	4,215,000	129,495
2042	2,663,926	599,384	-	-	441,074	99,242	-	-
2043	2,663,926	466,187	-	-	441,074	77,188	-	-
2044	2,663,926	332,991	-	-	441,074	55,134	-	-
2045	2,663,926	199,795	-	-	441,074	33,080	-	-
2046	2,663,929	66,598	-	-	441,071	11,027	-	-
	<u>\$ 982,412,344</u>	<u>\$ 365,184,224</u>	<u>\$ 32,920,293</u>	<u>\$ 12,805,805</u>	<u>\$ 46,687,363</u>	<u>\$ 25,835,291</u>	<u>\$ 83,125,000</u>	<u>\$ 58,125,621</u>

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

<u>Installment Purchase Agreements</u>		<u>State Advances</u>		<u>Water and Sewer Bonds (b)</u>		<u>Total</u>		
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service Charge</u>
\$ 20,000	\$ 724,954	\$ 333,915	\$ -	\$ 30,141,077	\$ 23,521,168	\$ 124,244,992	\$ 78,967,032	\$ 203,212,024
20,000	723,838	240,747	-	29,104,941	22,575,862	118,435,688	73,692,091	192,127,779
20,000	722,723	228,183	-	28,045,049	21,406,880	114,813,232	68,308,313	183,121,545
20,000	721,608	221,263	-	27,476,427	20,219,928	109,667,690	62,899,886	172,567,576
20,000	720,492	221,264	-	27,429,094	19,050,184	108,050,358	57,788,054	165,838,412
20,000	719,376	221,260	-	27,463,081	17,873,167	108,399,342	52,709,978	161,109,320
20,000	718,261	200,361	-	26,838,412	16,696,682	102,473,774	47,620,325	150,094,099
20,000	717,146	187,710	-	25,947,518	15,575,552	95,920,228	42,831,440	138,751,668
20,000	716,030	187,710	-	24,675,184	14,488,502	90,427,894	38,308,540	128,736,434
20,000	714,915	187,710	-	24,050,122	13,401,877	82,377,832	34,058,423	116,436,255
20,000	713,799	181,145	-	23,692,406	12,394,765	78,903,551	30,307,007	109,210,558
8,880,000	712,683	181,145	-	22,941,985	11,465,074	84,003,130	26,832,907	110,836,037
5,000	223,954	181,145	-	20,480,000	10,619,926	68,121,145	23,220,279	91,341,424
1,529,000	223,663	143,581	-	20,454,567	9,771,490	62,497,148	20,270,906	82,768,054
-	133,662	79,112	-	19,330,136	8,911,966	52,134,246	17,365,909	69,500,155
-	133,663	73,295	-	17,892,670	8,030,891	44,575,965	14,974,455	59,550,420
-	133,662	19,631	-	16,719,269	7,209,116	39,483,900	12,909,098	52,392,998
-	133,663	6,130	-	16,658,592	6,408,205	34,959,722	10,989,786	45,949,508
-	133,662	6,130	-	15,859,741	5,632,377	29,290,871	9,315,431	38,606,302
-	133,663	-	-	15,055,899	4,900,794	21,045,899	7,875,283	28,921,182
1,444,000	133,662	-	-	12,947,066	4,224,914	20,616,066	6,859,626	27,475,692
-	67,659	-	-	12,948,243	3,620,575	19,423,243	5,834,625	25,257,868
-	67,658	-	-	12,899,428	3,011,927	19,644,428	4,855,361	24,499,789
-	67,659	-	-	11,796,329	2,405,644	18,816,329	3,861,711	22,678,040
1,487,000	67,658	-	-	10,335,000	1,833,650	19,142,000	2,884,678	22,026,678
-	-	-	-	8,845,000	1,347,700	11,950,000	2,046,326	13,996,326
-	-	-	-	7,945,000	936,250	11,050,000	1,479,625	12,529,625
-	-	-	-	6,675,000	558,550	9,780,000	946,675	10,726,675
-	-	-	-	4,035,000	238,000	7,140,000	470,875	7,610,875
-	-	-	-	1,450,000	36,250	4,555,000	113,875	4,668,875
<u>\$ 13,565,000</u>	<u>\$ 10,279,713</u>	<u>\$ 3,101,437</u>	<u>\$ -</u>	<u>\$ 550,132,236</u>	<u>\$ 288,367,866</u>	<u>\$ 1,711,943,673</u>	<u>\$ 760,598,520</u>	<u>\$ 2,472,542,193</u>

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Statistical Section

Statistical Section

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

Contents

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

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

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

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

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

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

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

- Demographic and Economic Statistics
- Principal Employers

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

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 591,560,429	\$ 596,362,881	\$ 623,584,525	\$ 641,108,437	\$ 622,238,204	\$ 633,818,542	\$ 630,965,090	\$ 622,405,918	\$ 578,852,173	\$ 556,191,931
Restricted for:										
Revenue stabilization	44,952,851	47,818,429	32,778,154	-	-	-	-	-	-	-
Debt service	13,333,162	9,230,823	11,683,434	5,335,123	3,996,203	1,563,957	3,999,512	6,541,144	8,962,428	6,684,460
Capital improvements	104,693,767	104,851,313	121,074,932	48,635,874	61,469,121	76,820,358	74,937,323	83,524,600	129,907,443	152,617,318
Reforestation	7,880,990	8,521,089	5,027,348	5,399,159	7,766,138	6,823,655	7,662,442	7,746,804	8,139,821	7,653,451
Other purposes	6,265,652	8,286,624	4,739,945	9,826,468	3,408,549	2,702,597	7,590,496	4,724,488	7,335,836	18,740,570
Unrestricted	(100,471,355)	(189,559,379)	(380,694,137)	(481,961,464)	(594,418,963)	(657,762,577)	(726,105,305)	(754,546,361)	(1,150,954,681)	(1,235,534,374)
Subtotal governmental activities net position	<u>668,215,496</u>	<u>585,511,780</u>	<u>418,194,201</u>	<u>228,343,597</u>	<u>104,459,252</u>	<u>63,966,532</u>	<u>(950,442)</u>	<u>(29,603,407)</u>	<u>(417,756,980)</u>	<u>(493,646,644)</u>
Business-type activities										
Net investment in capital assets	780,708,037	796,312,992	810,998,630	803,603,097	822,218,634	853,676,904	892,816,991	937,308,613	934,898,545	939,311,650
Restricted for:										
Debt service	164,718,410	180,173,819	200,012,523	207,296,505	220,812,854	250,397,620	260,752,727	279,611,526	331,288,133	317,747,290
Capital improvements	19,401,006	19,220,764	18,912,824	-	-	-	-	-	12,771,873	17,381,921
Other purposes	391,326	1,616,364	614,500	3,707,389	3,925,738	4,578,740	9,039,041	19,549,090	3,087,221	16,384,208
Unrestricted	16,368,158	13,780,022	(2,501,035)	22,282,513	21,548,473	19,852,330	16,700,393	12,846,117	(8,709,841)	5,484,501
Subtotal business-type activities net position	<u>981,586,937</u>	<u>1,011,103,961</u>	<u>1,028,037,442</u>	<u>1,036,889,504</u>	<u>1,068,505,699</u>	<u>1,128,505,594</u>	<u>1,179,309,152</u>	<u>1,249,315,346</u>	<u>1,273,335,931</u>	<u>1,296,309,570</u>
Primary government										
Net investment in capital assets	1,372,268,466	1,392,675,873	1,434,583,155	1,444,711,534	1,444,456,838	1,487,495,446	1,523,782,081	1,559,714,531	1,513,750,718	1,495,503,581
Restricted for:										
Revenue stabilization	44,952,851	47,818,429	32,778,154	-	-	-	-	-	-	-
Debt service	178,051,572	189,404,642	211,695,957	212,631,628	224,809,057	251,961,577	264,752,239	286,152,670	340,250,561	324,431,750
Capital improvements	124,094,773	124,072,077	139,987,756	48,635,874	61,469,121	76,820,358	74,937,323	83,524,600	142,679,316	169,999,239
Reforestation	7,880,990	8,521,089	5,027,348	5,399,159	7,766,138	6,823,655	7,662,442	7,746,804	8,139,821	7,653,451
Other purposes	6,656,978	9,902,988	5,354,445	13,533,857	7,334,287	7,281,337	16,629,537	24,273,578	10,423,057	35,124,778
Unrestricted	(84,103,197)	(175,779,357)	(383,195,172)	(459,678,951)	(572,870,490)	(637,910,247)	(709,404,912)	(741,700,244)	(1,159,664,522)	(1,230,049,873)
Total primary governmental net position	<u>\$ 1,649,802,433</u>	<u>\$ 1,596,615,741</u>	<u>\$ 1,446,231,643</u>	<u>\$ 1,265,233,101</u>	<u>\$ 1,172,964,951</u>	<u>\$ 1,192,472,126</u>	<u>\$ 1,178,358,710</u>	<u>\$ 1,219,711,939</u>	<u>\$ 855,578,951</u>	<u>\$ 802,662,926</u>

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
Education	\$ 604,273	\$ 648,187	\$ 685,499	\$ 663,563	\$ 697,647	\$ 669,191	\$ 708,818	\$ 708,507	\$ 764,352	\$ 770,324
Public safety	211,406	261,315	267,140	285,295	282,484	290,833	304,563	294,436	325,971	313,525
General government	99,787	108,536	119,849	121,427	115,262	116,146	118,774	123,010	153,913	186,840
Health and human services	77,363	76,399	73,669	72,731	72,096	72,907	74,569	72,520	77,175	79,787
Public works	61,129	75,748	68,103	84,000	66,553	80,934	82,066	106,372	89,763	157,103
Recreation and community services	56,820	60,227	63,032	63,688	61,005	56,129	56,380	59,095	56,358	58,131
Judicial	21,450	25,577	26,395	26,925	27,103	28,011	29,058	28,950	30,582	28,588
Code enforcement	11,455	13,543	13,378	13,905	13,305	13,788	13,735	13,379	14,815	13,819
Land use and development	9,344	10,687	12,996	11,010	14,429	11,472	10,392	10,273	14,897	14,135
Economic development	3,731	3,770	-	-	-	-	-	-	-	-
Interest on debt and leases	32,483	31,420	29,795	34,407	38,566	39,712	37,685	45,104	48,149	53,157
Subtotal governmental activities expenses	1,189,241	1,315,409	1,359,856	1,376,951	1,388,450	1,379,123	1,436,040	1,461,646	1,575,975	1,675,409
Business-type activities:										
Water and wastewater	100,136	113,666	114,150	112,694	112,709	121,553	118,049	124,341	129,450	153,026
Waste collection	40,773	44,043	47,885	46,539	49,078	47,933	47,767	50,732	51,226	46,297
Child care	2,794	3,324	3,756	3,703	3,772	3,777	4,020	4,589	4,835	4,767
Subtotal business-type activities expenses	143,703	161,033	165,791	162,936	165,559	173,263	169,836	179,662	185,511	204,090
Total primary government expenses	1,332,944	1,476,442	1,525,647	1,539,887	1,554,009	1,552,386	1,605,876	1,641,308	1,761,486	1,879,499
Program Revenues										
Governmental activities:										
Charges for services:										
Public safety	10,770	10,718	17,048	16,183	20,116	17,843	15,744	19,477	25,108	27,150
General government	35,660	38,368	40,485	42,238	44,867	44,487	51,240	47,741	53,146	51,850
Health and human services	4,186	3,843	7,114	7,375	4,207	7,778	7,139	9,648	10,535	8,938
Public works	3,009	2,752	2,491	3,907	4,352	2,992	4,193	15,737	19,187	23,805
Recreation and community services	15,065	16,324	16,904	16,119	16,095	17,053	17,995	16,962	17,275	18,664
Judicial	2,733	2,916	2,773	2,783	2,908	3,009	2,997	3,166	3,207	3,209
Code enforcement	14,849	13,694	10,764	11,526	13,605	11,414	13,215	12,181	13,587	14,380
Land use and development	3,248	2,562	1,050	2,924	5,132	1,769	2,184	2,216	1,881	2,461
Operating grants and contributions	89,644	89,169	70,565	47,153	45,357	47,165	42,874	61,177	63,651	66,729
Education	-	-	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-	-	-
Code enforcement	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	41,767	41,288	47,574	25,738	43,293	42,656	41,689	45,969	96,381	63,915
Subtotal governmental activities revenues	220,931	221,634	216,768	175,946	199,932	196,166	199,270	234,274	303,958	281,101
Business-type activities:										
Charges for services:										
Water and wastewater	69,689	72,449	71,622	78,995	81,555	86,737	84,555	86,023	85,367	85,178
Waste collection	43,014	43,708	43,281	43,218	44,106	50,680	49,175	50,133	49,970	50,975
Child care	2,881	3,089	3,493	3,665	3,568	4,032	4,070	4,661	4,739	5,112
Capital grants and contributions	43,078	51,850	49,630	44,798	54,093	76,527	71,141	87,887	127,526	82,131
Subtotal business-type activities revenues	158,662	171,096	168,026	170,676	183,322	217,976	208,941	228,704	267,602	223,396
Total primary government program revenues	379,593	392,730	384,794	346,622	383,254	414,142	408,211	462,978	571,560	504,497
Net (Expense)/Revenue										
Governmental activities	(968,310)	(1,093,775)	(1,143,088)	(1,201,005)	(1,188,518)	(1,182,957)	(1,236,770)	(1,227,372)	(1,272,017)	(1,394,308)
Business-type activities	14,959	10,063	2,235	7,740	17,763	44,713	39,105	49,042	82,091	19,306
Total primary government net (expense)/revenue	(953,351)	(1,083,712)	(1,140,853)	(1,193,265)	(1,170,755)	(1,138,244)	(1,197,665)	(1,178,330)	(1,189,926)	(1,375,002)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
General property taxes	470,163	497,486	540,602	557,796	577,937	593,914	620,348	637,623	657,850	666,491
Local government taxes	378,250	372,100	334,648	349,283	371,491	400,465	403,623	436,906	420,382	485,232
State shared taxes	7,192	7,739	7,931	7,521	8,665	10,334	27,868	8,683	8,405	8,703
Recordation and transfer taxes	109,258	82,776	55,811	59,727	58,000	59,089	81,036	77,535	89,698	105,669
Local sales taxes	36,546	37,380	33,269	31,682	32,406	32,258	32,690	31,517	32,831	33,070
Investment income	13,263	13,590	6,565	2,335	1,322	1,418	(1,206)	2,446	1,967	4,586
Other revenue	1,969	-	-	2,811	4,387	12,323	7,494	9,477	11,012	15,766
County transfer	-	-	-	-	10,426	-	-	275	28	(1,099)
Forgiveness of debt State of Maryland	-	-	-	-	-	32,663	-	-	-	-
Subtotal governmental activities	<u>1,016,641</u>	<u>1,011,071</u>	<u>978,826</u>	<u>1,011,155</u>	<u>1,064,634</u>	<u>1,142,464</u>	<u>1,171,853</u>	<u>1,204,462</u>	<u>1,222,173</u>	<u>1,318,418</u>
Business-type activities:										
In kind contributions of capital assets	-	-	-	-	-	2,000	-	-	-	-
Investment income	9,841	11,066	8,602	4,509	2,896	1,072	560	1,161	1,173	1,671
Other revenue	8,019	8,388	6,097	6,830	10,957	12,215	11,139	14,417	11,656	11,398
County transfer	-	-	-	-	-	-	-	(275)	(28)	1,099
Subtotal business-type activities	<u>17,860</u>	<u>19,454</u>	<u>14,699</u>	<u>11,339</u>	<u>13,853</u>	<u>15,287</u>	<u>11,699</u>	<u>15,303</u>	<u>12,801</u>	<u>14,168</u>
Total primary government	<u>1,034,501</u>	<u>1,030,525</u>	<u>993,525</u>	<u>1,022,494</u>	<u>1,078,487</u>	<u>1,157,751</u>	<u>1,183,552</u>	<u>1,219,765</u>	<u>1,234,974</u>	<u>1,332,586</u>
Change in Net Position										
Governmental activities	48,331	(82,704)	(164,262)	(189,850)	(123,884)	(40,493)	(64,917)	(22,910)	(49,844)	(75,890)
Business-type activities	32,819	29,517	16,934	19,079	31,616	60,000	50,804	64,345	94,892	33,474
Total primary government	<u>\$ 81,150</u>	<u>\$ (53,187)</u>	<u>\$ (147,328)</u>	<u>\$ (170,771)</u>	<u>\$ (92,268)</u>	<u>\$ 19,507</u>	<u>\$ (14,113)</u>	<u>\$ 41,435</u>	<u>\$ 45,048</u>	<u>\$ (42,416)</u>

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved for:										
Encumbrances	\$ 7,821,979	\$ 9,931,122	\$ 5,622,556	\$ 4,962,041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue stabilization fund	44,952,851	47,818,429	32,778,154	17,106,347	-	-	-	-	-	-
Debt service	6,071,789	3,124,631	6,109,093	-	-	-	-	-	-	-
Inventories	1,275,968	1,494,324	1,453,732	1,869,916	-	-	-	-	-	-
Other funds	756,606	908,047	1,092,910	-	-	-	-	-	-	-
Unreserved	103,840,756	54,447,182	(2,092,456)	27,578,262	-	-	-	-	-	-
Non spendable	-	-	-	-	1,952,362	2,081,977	1,891,254	2,116,996	2,493,448	2,678,031
Restricted	-	-	-	-	-	-	302,017	16,974,138	38,177,889	1,372,139
Assigned	-	-	-	-	31,313,766	31,391,329	69,233,918	42,657,510	42,862,522	65,989,087
Unassigned	-	-	-	-	27,775,608	46,035,927	44,312,026	57,724,388	78,436,997	76,778,332
Total general fund	\$ 164,719,949	\$ 117,723,735	\$ 44,963,989	\$ 51,516,566	\$ 61,041,736	\$ 79,509,233	\$ 115,739,215	\$ 119,473,032	\$ 161,970,856	\$ 146,817,589
All other governmental funds										
Reserved for:										
Encumbrances	\$ 34,223,321	\$ 40,144,197	\$ 38,468,428	\$ 37,445,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	879	-	-	4,785,530	-	-	-	-	-	-
Capital projects funds	-	-	-	1,000,000	-	-	-	-	-	-
Other purposes	-	-	-	4,922,428	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	62,336,404	61,862,791	56,658,583	41,148,113	-	-	-	-	-	-
Capital projects funds	50,779,961	55,118,049	53,498,655	13,508,310	-	-	-	-	-	-
Debt service funds	7,240,494	6,096,192	5,519,844	6,302,224	-	-	-	-	-	-
Restricted	-	-	-	-	73,250,908	84,309,450	87,949,331	109,341,127	174,183,847	188,477,300
Committed	-	-	-	-	1,960,508	1,407,089	1,932,505	13,512,623	15,237,161	16,822,454
Assigned	-	-	-	-	62,694,509	43,019,813	45,297,103	82,922,005	121,015,146	79,535,242
Unassigned	-	-	-	-	(3,682,206)	(3,325,628)	(3,530,106)	(6,108,739)	(11,898,316)	(6,827,838)
Total all other governmental funds	\$ 154,581,059	\$ 163,221,229	\$ 154,145,510	\$ 109,112,543	\$ 134,223,719	\$ 125,410,724	\$ 131,648,833	\$ 199,667,016	\$ 298,537,838	\$ 278,007,158

Note: In fiscal year 2011 the primary government implemented GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. This statement redefined how the fund balances of the governmental funds are presented in the financial statements.

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

	2007	2008	2009
REVENUES			
General property taxes	\$ 472,882,091	\$ 500,153,066	\$ 543,012,780
Local income taxes	361,956,043	371,369,460	364,527,636
State shared taxes	37,005,207	36,757,373	33,038,198
Grants and aid	62,884,873	77,080,676	67,315,877
Recordation and transfer taxes	109,257,440	82,775,541	55,811,003
Local sales taxes	36,546,370	37,380,289	33,269,235
License and permit fees	17,681,827	17,178,944	15,034,858
Ambulance fees	-	-	1,382,000
Cable fees	7,502,174	6,976,017	7,550,579
Impact fees	9,268,611	8,132,004	5,330,130
Special community benefit taxes	5,354,940	5,623,802	5,906,041
Video lottery local impact grants	-	-	-
Watershed protection and restoration	-	-	-
Contributed Capital	-	-	-
Investment income	16,302,297	16,041,101	6,957,412
Fees for services and other revenue	44,236,886	38,060,369	44,576,740
Total revenues	1,180,878,759	1,197,528,642	1,183,712,489
EXPENDITURES			
Current			
Education	603,635,815	648,122,349	684,489,224
Public safety	211,273,738	222,788,697	234,201,473
General government	74,018,822	79,521,652	90,919,568
Health and human services	77,428,060	70,964,487	71,767,527
Public works	31,498,591	35,915,362	38,773,907
Recreation and community services	46,231,649	49,396,167	49,944,034
Judicial	20,224,216	21,772,055	22,605,782
Code enforcement	11,599,781	12,307,157	12,342,856
Land use and development	9,379,474	9,760,651	9,459,637
Economic development	3,731,000	3,770,200	-
Capital outlay	69,782,081	66,054,914	69,654,252
Debt service			
Interest payments on debt	29,967,318	31,594,418	31,481,880
Principal payments on debt	49,811,109	52,984,045	54,288,165
Interest payments on leases	3,743	-	5,524
Principal payments on leases	57,105	24,453	18,651
Total expenditures	1,238,642,502	1,304,976,607	1,369,952,480
Revenues over (under) expenditures	(57,763,743)	(107,447,965)	(186,239,991)
OTHER FINANCING SOURCES (USES)			
Transfers in	153,626,114	130,370,500	120,205,586
Transfers out	(153,626,114)	(130,370,500)	(120,205,586)
General obligation bonds issued	92,400,000	55,200,000	113,300,000
Bond anticipation notes issued	39,000,000	49,800,000	36,100,000
Payment of bond anticipation notes	(38,000,000)	(39,000,000)	(49,800,000)
National Business Park North bonds issued	-	-	-
Village South Waugh Chapel bonds issued	-	-	-
Installment purchase contracts issued	926,000	1,477,925	840,000
Proceeds from Federal and State Loans	1,248,943	191,938	911,212
Proceeds from capital leases	-	106,616	-
Proceeds from refunding issue	-	-	-
Premiums from sale of bonds	5,101,149	2,115,442	6,109,094
Premiums from the refunding of bonds	-	-	-
Transfers from (to) proprietary funds	999,489	(800,000)	-
Transfers from (to) component units	-	-	-
Transfers from (to) OPEB Trust	-	-	-
Reduction (increase) in lawsuit liability	-	-	-
Payments to escrow agent	-	-	-
Total other financing sources (uses)	101,675,581	69,091,921	107,460,306
Net change in fund balances	\$ 43,911,838	\$ (38,356,044)	\$ (78,779,685)
Debt service as a percentage of noncapital expenditures	<u>6.7%</u>	<u>6.7%</u>	<u>6.5%</u>

	2010	2011	2012	2013	2014	2015	2016
\$	562,011,285	\$ 577,208,014	\$ 595,707,896	\$ 622,059,854	\$ 637,345,360	\$ 659,894,834	\$ 668,195,251
	355,787,451	369,341,731	394,480,856	407,582,398	435,870,098	444,302,777	456,192,055
	9,575,679	10,637,730	11,720,894	30,436,273	12,163,216	11,270,543	12,092,354
	51,292,124	52,762,415	52,827,290	49,240,293	43,872,560	45,491,189	54,773,026
	59,727,498	58,000,447	59,088,413	81,036,685	77,535,100	89,697,633	105,668,592
	31,681,511	32,405,559	32,258,227	32,689,945	31,516,775	32,830,881	33,070,498
	15,482,651	17,589,449	15,215,772	15,306,284	16,536,662	17,333,180	18,617,749
	5,570,992	7,155,171	6,044,441	3,940,989	5,238,016	11,060,278	11,387,538
	8,200,802	8,951,457	9,550,069	10,229,615	10,663,480	11,088,708	11,329,610
	4,077,383	9,469,099	20,113,165	16,166,890	25,983,661	26,322,325	33,651,125
	5,817,687	6,259,372	6,744,865	6,869,374	6,884,379	7,451,077	8,202,160
	-	-	-	-	18,924,230	17,701,164	18,437,244
	-	-	-	-	13,168,354	16,925,138	21,058,386
	-	-	-	-	-	42,776,980	5,187,715
	2,013,921	909,826	3,444,363	(968,161)	1,735,894	2,261,163	4,933,509
	46,888,388	49,302,325	45,507,123	54,335,032	48,035,826	54,700,019	49,047,470
	<u>1,158,127,372</u>	<u>1,199,992,595</u>	<u>1,252,703,374</u>	<u>1,328,925,471</u>	<u>1,385,473,611</u>	<u>1,491,107,889</u>	<u>1,511,844,282</u>
	663,520,201	697,648,532	667,863,748	707,731,777	707,187,203	764,212,446	770,323,479
	236,020,663	234,003,601	234,743,678	244,784,672	264,937,499	281,406,166	283,055,202
	78,041,900	81,803,707	78,732,889	79,706,211	85,244,783	77,157,430	67,831,167
	69,961,727	68,153,620	69,383,832	69,646,503	69,650,709	72,578,279	76,012,320
	54,424,790	38,773,730	38,088,334	38,840,446	48,748,016	49,310,052	51,788,360
	48,052,691	47,835,484	49,595,703	48,337,232	49,866,606	53,354,539	55,341,217
	23,042,510	22,388,457	22,399,505	23,339,079	25,423,827	25,736,525	27,189,933
	12,006,795	11,360,912	11,536,177	11,583,462	12,287,022	13,096,270	13,149,060
	9,728,506	9,500,229	9,320,020	9,014,094	9,432,737	10,610,682	11,541,521
	-	-	-	-	-	-	-
	55,510,526	66,637,667	70,480,365	73,051,659	65,054,648	105,072,340	100,566,378
	32,281,174	37,380,700	39,736,712	40,313,826	43,344,484	47,526,274	53,433,347
	58,940,763	56,468,779	69,389,373	73,778,953	75,614,400	99,693,700	129,372,483
	6,282	4,950	3,526	2,008	13,662	11,654	13,619
	23,807	25,140	26,563	3,907	16,211	12,304	22,347
	<u>1,341,562,335</u>	<u>1,371,985,508</u>	<u>1,361,300,425</u>	<u>1,420,133,829</u>	<u>1,456,821,807</u>	<u>1,599,778,661</u>	<u>1,639,640,433</u>
	<u>(183,434,963)</u>	<u>(171,992,913)</u>	<u>(108,597,051)</u>	<u>(91,208,358)</u>	<u>(71,348,196)</u>	<u>(108,670,772)</u>	<u>(127,796,151)</u>
	182,952,661	94,470,013	76,229,704	122,899,386	185,144,585	261,225,566	199,828,955
	(182,952,661)	(94,470,013)	(76,229,704)	(122,899,386)	(185,144,585)	(261,225,566)	(199,828,955)
	139,025,000	117,500,000	98,900,000	116,000,000	122,300,000	181,800,000	93,260,000
	-	60,720,000	70,400,000	65,040,000	37,800,000	-	-
	(36,100,000)	(60,720,000)	(70,400,000)	(65,040,000)	(37,800,000)	-	-
	-	30,000,000	-	-	-	-	-
	-	16,000,000	-	-	-	-	-
	-	1,487,000	-	-	-	-	-
	814,509	1,022,164	91,035	-	168,488	4,937	-
	29,575	-	-	-	119,790	-	60,038
	32,610,000	-	73,085,000	-	38,860,000	75,715,900	69,384,271
	11,780,793	9,361,054	30,548,530	16,130,659	14,815,121	13,642,515	18,664,020
	-	-	-	-	4,414,478	38,824,048	8,399,763
	30,700,000	15,446,397	3,294,210	1,545,790	5,274,617	8,782,112	(1,099,230)
	-	10,426,000	-	-	-	-	-
	-	-	-	-	-	-	(70,877,624)
	-	5,386,644	(67,118)	-	-	-	-
	(33,905,304)	-	(87,600,104)	-	(42,852,298)	(68,730,094)	(25,679,034)
	<u>144,954,573</u>	<u>206,629,259</u>	<u>118,251,553</u>	<u>133,676,449</u>	<u>143,100,196</u>	<u>250,039,418</u>	<u>92,112,204</u>
\$	<u>(38,480,390)</u>	<u>\$ 34,636,346</u>	<u>\$ 9,654,502</u>	<u>\$ 42,468,091</u>	<u>\$ 71,752,000</u>	<u>\$ 141,368,646</u>	<u>\$ (35,683,947)</u>
	<u>7.0%</u>	<u>7.1%</u>	<u>8.4%</u>	<u>8.4%</u>	<u>8.4%</u>	<u>9.5%</u>	<u>11.3%</u>

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

Fiscal Year Ended June 30,	Real Property					Personal Property			Total Taxable Assessed Value	Weighted Average Tax Rate (a)	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Agricultural Property	Use Value Property	Total Real Property	Railroad/Utility Property	Other Business Property	Total Personal Property				
2007	\$ 47,987,113	\$ 10,434,965	\$ 418,476	\$ 29,211	\$ 58,869,765	\$ 1,380,834	\$ 1,208,714	\$ 2,589,548	\$ 61,459,313	0.98	\$ 61,459,313	100.00%
2008	57,402,598	11,510,687	503,200	29,126	69,445,611	863,370	1,654,809	2,518,179	71,963,790	0.97	71,963,790	100.00%
2009	65,722,744	13,280,564	586,061	32,016	79,621,385	856,853	1,896,751	2,753,604	82,374,989	0.94	82,374,989	100.00%
2010	69,478,501	14,351,158	555,503	32,005	84,417,167	847,143	1,889,767	2,736,910	87,154,077	0.91	87,154,077	100.00%
2011	66,700,824	14,955,283	563,241	18,783	82,238,131	849,560	1,793,642	2,643,202	84,881,333	0.90	84,881,333	100.00%
2012	61,234,395	15,476,007	558,082	20,950	77,289,434	847,270	1,707,349	2,554,619	79,844,053	0.89	79,844,053	100.00%
2013	58,675,052	15,099,168	473,874	17,862	74,265,956	914,522	1,667,496	2,582,018	76,847,974	0.92	76,847,974	100.00%
2014	57,703,275	16,114,711	467,950	16,216	74,302,152	739,450	1,451,770	2,191,220	76,493,372	0.96	76,493,372	100.00%
2015	58,283,455	16,973,623	473,558	16,350	75,746,986	756,172	1,428,405	2,184,577	77,931,563	0.95	77,931,563	100.00%
2016	59,792,897	17,851,464	488,233	21,624	78,154,218	941,588	1,336,541	2,278,129	80,432,347	0.93	80,432,347	100.00%

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

Fiscal Year Ended June 30,	Anne Arundel County					Overlapping			Total	
	Other than City of Annapolis		Within City of Annapolis		Weighted Average Tax Rate	City of Annapolis Real Property	State of Maryland Real Property	Other than City of Annapolis Real Property	Within City of Annapolis Real Property	
	Real Property	Personal Prop.	Real Property	Personal Prop.						
2007	\$ 0.92	\$ 2.30	\$ 0.55	\$ 1.37	\$ 0.94	\$ 0.53	\$ 0.11	\$ 1.03	\$ 1.19	
2008	0.89	2.23	0.53	1.33	0.91	0.53	0.11	1.00	1.17	
2009	0.89	2.22	0.53	1.33	0.90	0.53	0.11	1.00	1.17	
2010	0.88	2.19	0.52	1.31	0.89	0.53	0.11	0.99	1.17	
2011	0.88	2.20	0.53	1.31	0.88	0.53	0.11	0.99	1.17	
2012	0.91	2.28	0.54	1.36	0.92	0.56	0.11	1.02	1.22	
2013	0.94	2.35	0.56	1.41	0.96	0.64	0.11	1.05	1.32	
2014	0.95	2.38	0.57	1.42	0.96	0.65	0.11	1.06	1.33	
2015	0.94	2.36	0.56	1.41	0.95	0.65	0.11	1.06	1.33	
2016	0.92	2.31	0.55	1.38	0.93	0.65	0.11	1.04	1.31	

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

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

2016			2007		
Taxpayer	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value
Baltimore Gas & Electric Company	\$ 729,614,703	0.91%	Baltimore Gas & Electric Company	\$ 1,099,347,676	1.79%
Annapolis Mall LTD Partnership (Annapolis Mall)	476,846,300	0.59%	Arundel Mills Limited Partnership (Arundel Mills Mall)	272,279,722	0.44%
Arundel Mills Limited Partnership (Arundel Mills Mall)	398,218,753	0.50%	Annapolis Mall Limited Partnership (Annapolis Mall)	236,008,646	0.38%
Verizon	160,615,250	0.20%	Verizon	234,886,750	0.38%
PPE Casino Resorts Maryland LLC	289,057,033	0.36%	TKL East (Marley Station Mall)	103,285,660	0.17%
Raven FS Property Holdings LLC	175,040,000	0.22%	Northrop Grumman Corp.	97,311,686	0.16%
Wal-mart Stores, Inc.	122,443,086	0.15%	Wal-mart Stores, Inc.	87,330,153	0.14%
Northrop Grumman Corp.	126,577,221	0.16%	Annapolis Harbour Center Assoc. LLLP	67,484,476	0.11%
Annapolis Towne Center at Parole LLC	187,513,931	0.23%	Baywoods Cooperative Apartments LLC	55,294,242	0.09%
Dorsey Villas LLC	101,789,334	0.13%	Harbour Gates, Inc. (Harbour Gates Apts)	53,780,232	0.09%
	<u>\$ 2,767,715,611</u>	<u>3.44%</u>		<u>\$ 2,307,009,243</u>	<u>3.75%</u>

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

Fiscal Year Ended June 30,	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collection to Date		
	Taxes Levied for the Fiscal Year	Amount		Percentage of Levy	Amount	Percentage of Levy
2007	\$ 472,038,379	\$ 470,209,494	99.61%	\$ 1,773,142	\$ 471,982,636	99.99%
2008	498,477,749	497,250,354	99.75%	1,177,591	498,427,945	99.99%
2009	542,257,507	540,376,837	99.65%	1,787,246	542,164,083	99.98%
2010	562,014,875	553,780,723	98.53%	8,169,943	561,950,666	99.99%
2011	577,037,468	563,622,256	97.68%	13,315,046	576,937,302	99.98%
2012	595,530,678	593,210,480	99.61%	2,227,287	595,437,767	99.98%
2013	619,955,595	618,157,426	99.71%	1,685,642	619,843,068	99.98%
2014	638,043,608	628,011,846	98.43%	9,827,201	637,839,047	99.97%
2015	660,178,876	651,873,246	98.74%	7,780,841	659,654,087	99.92%
2016	664,554,243	662,752,803	99.73%	-	662,752,803	99.73%

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

Fiscal Year Ended June 30,	Governmental Activities							Business-Type Activities		Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Bond Anticipation Notes	Tax Increment Bonds	State and Federal Loans	Capital Leases	Installment Purchase Agreements	Total Governmental Activities	Water, Wastewater and Solid Waste Bonds (b)	Bond Anticipation Notes			
2007	\$ 616,618	\$ 39,000	\$ 53,960	\$ 3,803	\$ -	\$ 9,939	\$ 723,320	\$ 321,199	\$ 19,000	\$ 1,063,519	3.86%	\$ 2,043
2008	618,972	49,800	53,085	3,782	82	11,398	737,119	333,599	17,000	1,087,718	3.78%	2,071
2009	683,275	36,100	52,170	3,722	64	12,218	787,549	342,665	35,300	1,165,514	4.12%	2,189
2010	774,098	-	51,020	4,439	60	12,198	841,815	371,399	-	1,213,214	4.16%	2,250
2011	842,456	-	95,330	4,804	34	13,665	956,289	409,566	2,200	1,368,055	4.34%	2,510
2012	892,512	-	93,155	4,215	8	13,645	1,003,535	424,450	-	1,427,985	4.44%	2,593
2013	946,045	-	90,815	3,888	4	13,625	1,054,377	458,645	-	1,513,022	4.70%	2,721
2014	1,004,487	-	86,440	3,730	49	13,605	1,108,311	527,263	-	1,635,574	4.90%	2,919
2015	1,136,729	-	84,860	3,398	37	13,585	1,238,609	615,297	-	1,853,906	5.28%	3,286
2016	1,159,243	-	83,125	3,101	65	13,565	1,259,099	638,133	-	1,897,232	5.26%	3,327

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

(b) Bonds have been adjusted for the unamortized premium.

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

Fiscal Year Ended June 30,	General Obligation Bonds (a)	Percentage of Estimated Actual Taxable Value of Property (b)	Per Capita (c)
2007	\$ 991,777	1.61%	\$ 1,905
2008	1,005,656	1.40%	1,914
2009	1,078,110	1.31%	2,025
2010	1,196,517	1.37%	2,219
2011	1,347,352	1.59%	2,472
2012	1,410,117	1.77%	2,561
2013	1,495,504	1.95%	2,689
2014	1,618,190	2.12%	2,888
2015	1,836,886	2.36%	3,256
2016	1,880,501	2.34%	3,298

(a) Bonds have been adjusted for the unamortized premium.

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

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

Anne Arundel County, Maryland
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
City of Annapolis	\$ 140,977,789	100.00%	\$ 140,977,789
Subtotal overlapping debt			<u>140,977,789</u>
Anne Arundel County direct debt			<u>1,259,099,590</u>
Total direct and overlapping debt			<u><u>\$ 1,400,077,379</u></u>

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

Anne Arundel County, Maryland
Legal Debt Margin
 Last Ten Fiscal Years
(dollars in thousands)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Assessed value										
Real property	\$ 58,869,765	\$ 69,445,611	\$ 79,621,385	\$ 84,417,167	\$ 82,238,131	\$ 77,289,434	\$ 74,265,956	\$ 74,302,152	\$ 75,746,986	\$ 78,154,218
Personal and operating real property	2,589,549	2,518,178	2,753,604	2,736,910	2,643,202	2,554,619	2,582,018	2,191,220	2,184,577	2,278,129
Total assessed value	<u>61,459,314</u>	<u>71,963,789</u>	<u>82,374,989</u>	<u>87,154,077</u>	<u>84,881,333</u>	<u>79,844,053</u>	<u>76,847,974</u>	<u>76,493,372</u>	<u>77,931,563</u>	<u>80,432,347</u>
Legal debt margin										
Debt limit (5.2% of assessed value of real property, 13% for fiscal years 2001 and prior)	3,061,228	3,611,172	4,140,312	4,389,693	4,276,383	4,019,051	3,861,830	3,863,712	3,938,843	4,064,019
Debt limit (13% of assessed value of personal and operating real property)	336,641	327,363	357,969	355,798	343,616	332,101	335,662	284,859	283,995	296,157
Total debt limit	<u>3,397,869</u>	<u>3,938,535</u>	<u>4,498,281</u>	<u>4,745,491</u>	<u>4,619,999</u>	<u>4,351,151</u>	<u>4,197,492</u>	<u>4,148,571</u>	<u>4,222,838</u>	<u>4,360,176</u>
Debt applicable to limit:										
General obligation bonds	597,181	599,704	660,269	742,132	805,528	830,134	875,042	916,204	1,018,774	1,029,100
Bonded debt for solid waste projects (1)	20,399	17,976	17,721	21,163	27,907	28,111	26,028	35,791	33,881	32,920
Installment Purchase Agreements	9,939	11,398	12,218	12,198	13,665	13,645	13,625	13,605	13,585	13,565
Tax Increment Bonds	53,960	53,085	52,170	51,020	95,330	93,155	90,815	86,440	84,860	83,125
Bond anticipation notes (2)	39,000	49,800	39,600	-	2,200	-	-	-	-	-
Total debt applicable to limit	<u>720,479</u>	<u>731,963</u>	<u>781,978</u>	<u>826,513</u>	<u>944,630</u>	<u>965,045</u>	<u>1,005,510</u>	<u>1,052,040</u>	<u>1,151,100</u>	<u>1,158,710</u>
Legal debt margin	\$ <u>2,677,390</u>	\$ <u>3,206,572</u>	\$ <u>3,716,303</u>	\$ <u>3,918,978</u>	\$ <u>3,675,369</u>	\$ <u>3,386,106</u>	\$ <u>3,191,982</u>	\$ <u>3,096,531</u>	\$ <u>3,071,738</u>	\$ <u>3,201,466</u>
Total debt applicable to the limit as a percentage of debt limit	<u>21.20%</u>	<u>18.58%</u>	<u>17.38%</u>	<u>17.42%</u>	<u>20.45%</u>	<u>22.18%</u>	<u>23.96%</u>	<u>25.36%</u>	<u>27.26%</u>	<u>26.57%</u>

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

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

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

Fiscal Year	Water and Wastewater Revenue Backed Bonds						Solid Waste Revenue Backed Bonds					
	Utility Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Service Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2007	\$ 80,861	\$ 62,031	\$ 18,830	\$ 19,087	\$ 7,882	0.70	\$ 48,813	\$ 37,028	\$ 11,785	\$ 3,064	\$ 992	2.91
2008	85,389	73,641	11,748	19,818	7,747	0.43	49,013	40,460	8,553	3,223	994	2.03
2009	83,291	74,931	8,360	20,891	6,154	0.31	45,292	44,757	535	2,354	806	0.17
2010	88,153	71,998	16,155	19,379	6,294	0.63	44,300	43,358	942	1,513	302	0.52
2011	89,182	71,602	17,580	19,568	7,433	0.65	48,083	46,267	1,816	1,456	253	1.06
2012	95,633	74,888	20,745	21,789	7,440	0.71	53,224	45,731	7,493	2,000	206	3.40
2013	91,264	75,674	15,590	23,164	7,195	0.51	51,140	43,383	7,757	2,083	336	3.21
2014	97,087	80,622	16,465	24,779	7,691	0.51	51,246	46,294	4,952	2,138	861	1.65
2015	93,904	78,084	15,819	26,514	8,339	0.45	50,786	46,396	4,390	2,356	900	1.35
2016	94,645	96,453	-1,807	29,560	10,104	-0.05	51,560	41,660	9,900	2,434	1,000	2.88

Fiscal Year	Tax Increment Bonds						Installment Purchase Agreements Bonds					
	Revenues and Transfers In	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Revenues and Transfers In	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2007	\$ 15,526	\$ 32	\$ 15,494	\$ 908	\$ 2,657	4.35	\$ 2,219	\$ 9	\$ 2,210	\$ 18	\$ 540	3.96
2008	18,100	848	17,252	875	2,613	4.95	614	14	600	19	605	0.96
2009	22,087	1,151	20,936	915	2,570	6.01	413	5	408	20	661	0.60
2010	24,354	1,057	23,297	1,150	2,522	6.34	1,473	0	1,473	20	663	2.16
2011	27,428	1,074	26,354	1,690	2,462	6.35	961	194	767	20	664	1.12
2012	27,929	1,073	26,856	2,175	2,382	5.89	3,991	0	3,991	20	724	5.36
2013	32,211	928	31,283	2,340	2,472	6.50	67	750	-683	20	729	-0.91
2014	33,562	639	32,923	1,430	3,105	7.26	1,262	0	1,262	20	728	1.69
2015	37,290	146	37,144	1,580	3,720	7.01	1,850	0	1,850	20	727	2.48
2016	39,206	957	38,249	1,735	4,271	6.37	2,443	0	2,443	20	726	3.27

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

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

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b) (thousands of dollars)</u>	<u>Per Capita Personal Income (c)</u>	<u>Public School Enrollment (d)</u>	<u>Unemployment Rate % (e)</u>
2007	520,503	\$ 27,574,822	\$ 52,977	73,405	3.0
2008	525,304	28,804,951	54,835	73,658	3.7
2009	532,395	28,303,880	53,163	74,782	6.4
2010	539,308	29,129,254	54,012	75,481	6.9
2011	545,084	31,491,505	57,774	76,303	6.4
2012	550,700	32,157,025	58,393	77,770	6.1
2013	556,134	32,194,597	57,890	78,500	5.8
2014	560,286	33,378,478	59,574	79,518	5.1
2015	564,195	35,107,698	62,226	80,372	4.5
2016	570,173	36,038,228	63,206	81,419	4.0

Sources and notes:

(a) Mid-year (July 1) estimates obtained from the Maryland Department of Planning , U.S. Census Bureau, release date March 24 2016; These data supersede population estimates published in previous years. Year 2016 mid-year estimated by Anne Arundel County Office of Planning & Zoning, Research/GIS Division

(b) U.S. Bureau of Economic Analysis (BEA), release date November 19, 2015- revised estimated for 2011-2014. These data supersede population estimates published in previous years. The 2015 and 2016 estimated by Anne Arundel County Planning & Zoning using linear regression (R2=.9751).

(c) U. S Bureau of Econominc Analysis, release date November 19, 2015. Per capita personal income is total personal income divided by total U.S. Census Bureau mid-year population.

(d) Anne Arundel County Board of Education, Educational Facilities Master Plan July 2016; 2002-2015 actual enrollment. Enrollment for 2016 Projected by AACPS Planning Department release date July 2016.

(e) Maryland Department of Labor, Licensing and Regulation monthly reports Average per Calendar Year ; Year 2016 average for 6 months (Jan -June). Release date 7/29/2016

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

2016			2007		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>	<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>
Ft. George G. Meade	53,733	13.60%	Ft. George G. Meade	42,000	12.22%
Anne Arundel County Public Schools	14,000	3.54%	Anne Arundel Co. Public Schools	14,310	4.16%
State of Maryland	12,132	3.07%	BWI Thurgood Marshall Airport	10,199	2.97%
BWI Thurgood Marshall Airport	9,717	2.46%	State of Maryland	8,616	2.51%
Northrop Grumman Corp.	7,725	1.96%	Northrop Grumman Corp.	7,500	2.18%
Anne Arundel County Government	5,190	1.31%	Anne Arundel County Government	4,111	1.20%
Anne Arundel Health System	4,000	1.01%	Baltimore Washington Medical Center	2,432	0.71%
Southwest Airlines	3,500	0.89%	Southwest Airlines	2,425	0.71%
Maryland Live! Casino	3,000	0.76%	U.S. Naval Academy	2,052	0.60%
Univ of MD Baltimore Washington Medical Center	2,901	0.73%	Anne Arundel Health System	2,025	0.59%
	<u>115,898</u>	<u>29.33%</u>		<u>95,670</u>	<u>27.83%</u>

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

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

Function	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government	540	536	530	519	501	496	489	500	500	502
Public safety										
Police	923	933	938	894	892	895	909	919	951	965
Fire	833	860	861	859	855	855	785	780	901	901
Detention center	415	415	412	408	402	399	398	398	398	398
Health and human services	175	178	177	176	174	161	159	158	158	158
Public works	304	308	309	289	282	270	270	309	308	307
Recreation and community services	110	113	112	104	98	90	87	87	87	87
Judicial	270	270	272	272	270	269	269	272	270	277
Code enforcement	172	178	177	166	162	154	154	155	156	155
Land use and development	105	90	88	84	82	81	79	81	80	78
Water and wastewater	348	348	351	350	350	350	350	376	378	380
Solid waste	85	85	85	87	87	87	88	88	90	90
Child care	8	8	9	9	9	9	9	9	9	9
Total	<u>4,288</u>	<u>4,322</u>	<u>4,321</u>	<u>4,217</u>	<u>4,164</u>	<u>4,116</u>	<u>4,046</u>	<u>4,132</u>	<u>4,286</u>	<u>4,307</u>

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

Function/program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Physical arrests	16,424	21,476	20,151	19,056	19,165	16,914	14,477	14,725	13,788	14,375
Parking violations	3,772	4,887	4,103	3,755	4,318	3,081	3,828	3,338	1,715	1,545
Traffic violations	81,142	133,507	120,229	141,308	152,484	102,374	171,849	152,663	149,416	159,213
Fire										
Emergency responses	65,724	66,349	66,170	72,946	73,071	72,075	75,407	69,053	71,844	81,040
Inspections	11,308	12,201	12,075	10,700	11,032	11,540	10,584	10,729	10,268	9,062
Streets and highways										
Resurfacing (miles)	70.3	65.1	59.1	48.0	57.7	60.0	57.0	54.0	54.0	70.7
Recreation and community services										
Facility use applications	7,177	7,208	6,553	6,619	6,451	6,451	6,233	6,158	6,162	5,036
Water										
New water connections	894	937	752	871	743	712	694	1,126	1,229	1,972
Water main breaks	124	176	192	255	178	196	207	255	236	227
Average daily water consumption (thousands of gallons)	30,980	35,976	36,992	34,624	33,478	35,503	36,900	34,105	33,333	33,067
Number of customers	103,775	104,609	105,377	106,208	107,004	107,721	108,760	110,165	111,466	112,917
Wastewater										
Average daily sewage treatment (thousands of gallons)	32,340	30,959	30,564	33,800	31,173	32,399	31,086	32,468	31,568	31,442
Number of customers	111,574	112,487	113,413	114,342	115,129	115,817	116,801	118,154	119,499	120,981
Solid waste										
Trash collected (tons per year)	244,454	226,707	201,980	193,478	191,481	191,842	182,992	182,148	185,817	199,116
Recyclables collected (tons per year)	122,721	130,645	125,380	141,750	143,861	140,174	145,301	132,509	135,648	136,831
Child care										
Enrollment	1,982	2,477	2,148	2,150	2,337	2,337	2,175	2,417	2,842	2,903

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

Function/program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Police										
Stations	12	12	12	12	12	12	12	12	12	12
Patrol units (vehicles)	484	487	487	487	487	487	492	500	500	500
Fire										
County owned stations	18	18	19	19	19	19	19	20	20	20
Volunteer stations	12	12	12	12	12	12	12	11	11	11
Pumpers/tankers	64	64	65	65	65	59	59	66	58	60
Ladder trucks	24	23	23	23	23	22	22	23	23	23
Paramedic units	40	40	41	41	41	42	42	43	44	43
Streets and highways										
Streets (miles)	1,765	1,767	1,768	1,772	1,772	1,776	1,814	1,819	1,819	1,802
Streetlights	36,130	36,561	37,105	37,375	37,583	37,660	38,054	38,549	38,858	39,046
Traffic signals	168	177	178	186	187	193	195	205	207	216
Recreation and community services										
Open space acreage	3,505	4,137	3,621	3,837	4,579	5,053	4,976	4,982	4,990	4,991
Playgrounds and Parks acreage	6,029	6,897	6,928	6,952	6,952	7,158	7,242	7,318	7,319	7,329
Parks *										
Playgrounds	71	70	62	64	64	64	66	67	67	69
Baseball/softball fields	239	241	236	237	237	237	213	213	216	215
Football fields	110	112	118	118	118	118	98	98	97	99
Basketball courts	78	78	70	70	70	70	76	77	76	83
Tennis courts	84	84	64	64	64	64	54	54	54	54
Water										
Water mains (miles)	1,338	1,354	1,365	1,412	1,357	1,362	1,366	1,377	1,387	1,388
Water treatment plants	13	13	13	13	13	13	13	12	12	12
Wastewater										
Maximum daily treatment capacity (thousands of gallons)	43,615	46,615	46,615	46,615	46,615	46,615	46,615	46,615	46,615	46,640
Wastewater mains (miles)	1,397	1,417	1,440	1,459	1,401	1,418	1,432	1,442	1,445	1,446
Wastewater treatment plants	7	7	7	7	7	7	7	7	7	7
Wastewater pumping stations	248	251	252	249	249	251	253	257	257	258

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

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