

# **Anne Arundel County, Maryland**

## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

### **County Executive**

Steven R. Schuh

### **County Council**

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



**Anne Arundel County, Maryland  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2017**

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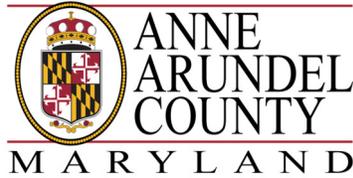
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**OFFICE OF FINANCE**

Steven R. Schuh,  
County Executive

Karin McQuade  
Controller

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

December 20, 2017

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, 2017, 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 2017.

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.

## ANNE ARUNDEL COUNTY

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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. The County Executive is generally responsible for the proper and efficient operation and management of the Executive Branch and administration of the affairs of the County. The County Executive is elected at-large to serve a four-year term. The County's elected legislative body, the County Council, consisting of seven members, is vested with law making power. The Council selects a Chair and Vice Chair of the County Council annually. The Council members are elected by district and hold office for a term of four years. Both 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 1<sup>st</sup>. 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 34,208 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 22<sup>nd</sup> busiest U.S. airport providing 688 daily operations and serving 25.1 million people in 2016.

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, offices and hospitality center with a combined employment concentration of about 12,000. Its development history began just 17 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 broke ground on a 310-room hotel at the casino, expected to open in the first half of 2018, and purchased a nearby Hilton Garden, rebranding it as Live! Lofts.

## ANNE ARUNDEL COUNTY

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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.

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 304,000 workers serves businesses, government agencies and institutions throughout the Washington-Baltimore Region. Within the County, there are approximately 267,123 “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 2017 year to date average unemployment rate for Anne Arundel County is 3.5% as compared to the average for 2016 of 3.7%. This rate is favorable in contrast to the State unemployment rate of 4.3% and the national rate of 4.9%.

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 2016, 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 267,123 jobs currently in the County.

**Housing Market:** The number of housing units sold in Anne Arundel County is up 2.5% over the same time period last year with 8,263 units sold year to date. The median price for existing homes is up 4.9% in 2017, with the median sold price at \$324,023.

**Commercial Real Estate:** Currently there is 57,860,392 square feet of commercial real estate in Anne Arundel County representing 1,892 properties. The average vacancy rate for all commercial property (office, flex, industrial) in the County is 9.4%, down slightly from the five-year average of 10.2%. Average rental rates are \$13.58 per square foot, down slightly when compared to the five-year average cost at \$14.31 per square foot. Currently average rental rates per square foot are \$25.47 for office, \$9.38 for flex and \$5.89 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 \$9.0 million at the end of fiscal year 2009 to approximately \$59.5 million at the end of fiscal year 2017. 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 \$4.0 million will be transferred to the Fund during fiscal year 2018. Effective September 10, 2016, the maximum fund balance may not exceed an amount equal to 5.0% of the estimated General Fund revenues for the upcoming fiscal year or \$73.2 million for fiscal year 2018.

**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 \$0.907 per \$100 assessed value, the property tax is the 2<sup>nd</sup> lowest among the State's seven largest metropolitan jurisdictions and its local income tax rate at 2.50% is the 3<sup>rd</sup> lowest in the State of Maryland. Revenues from property and income taxes for fiscal year 2017 supported 77.0% 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 S&P Global Ratings and Moody's Investors Service as these rating agencies have assigned AAA and Aa1 ratings, respectively, with a 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, 2017 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 one component unit totaling approximately \$0.5 million which were uninsured and uncollateralized at June 30, 2017. 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, 2016. This was the thirty-sixth 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.

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

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

Sincerely,



Karin McQuade  
Controller



The Government Finance Officers Association  
of the United States and Canada

*presents this*

## AWARD OF FINANCIAL REPORTING ACHIEVEMENT

*to*

**Laureen Toney**  
Acting Controller  
Anne Arundel County, Maryland

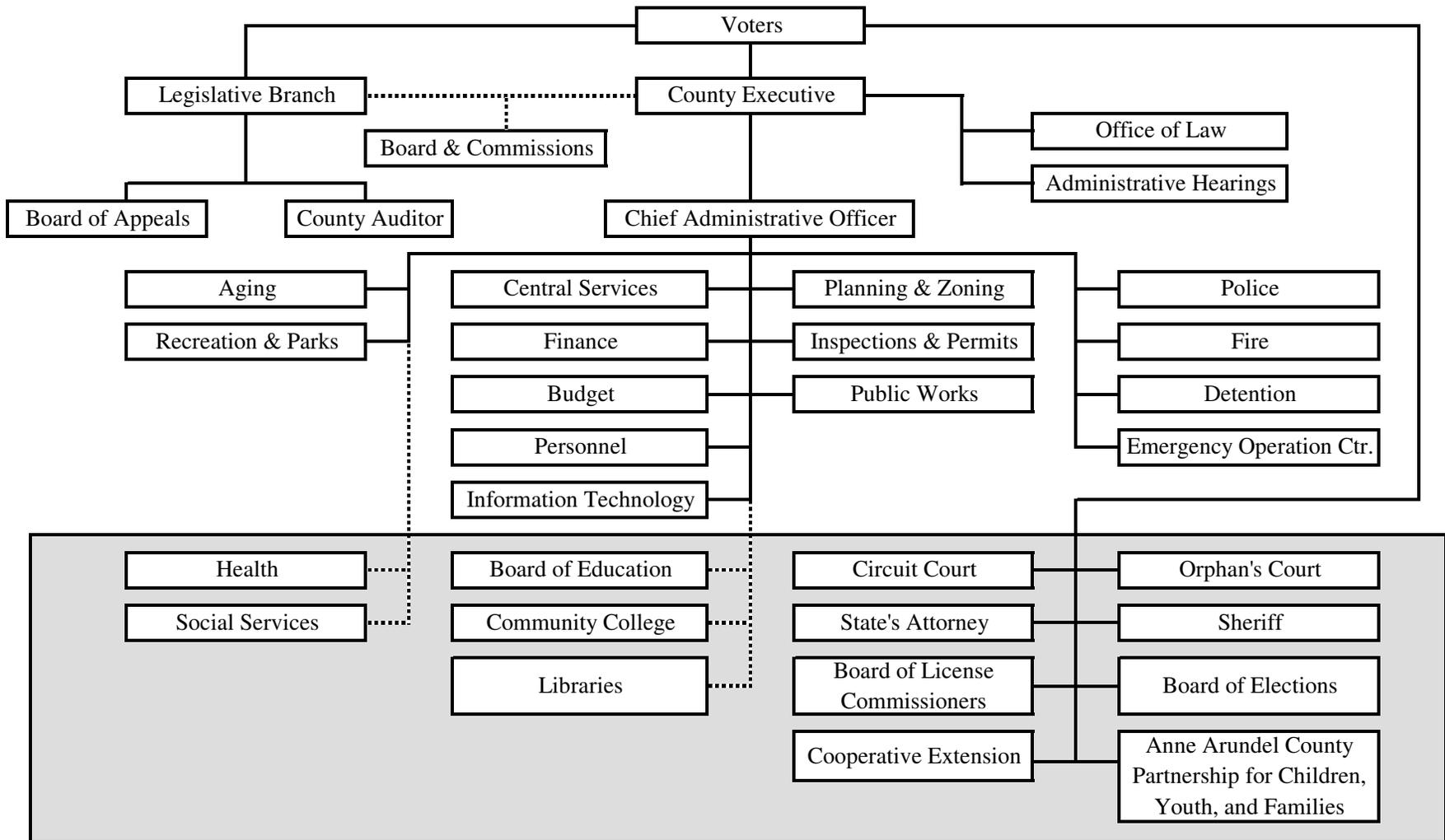


*The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.*

Executive Director

Date May 16, 2017

# 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, 2017, 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 statement of the Tipton Airport Authority and the Anne Arundel Workforce Development Corporation, which represents 1 percent of each 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 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 Community College Foundation, which is included in the financial statements of the Anne Arundel County Community College, was not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are

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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 reports 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 Anne Arundel County, Maryland as of June 30, 2017, 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 management's discussion and analysis, schedules of changes in net pension liability and related ratios, schedules of investment returns, schedules of employer's contributions, schedules of proportionate shares of pension plans, schedules of County's contributions, schedules of changes in net OPEB liability, schedules of contributions and schedule of funding progress - OPEB, 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 and 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 combining fund statements, budgetary statements and other supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional

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Anne Arundel County, Maryland

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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 them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
December 20, 2017

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**Anne Arundel County, Maryland**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2017**

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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, 2016 have been provided.

**Financial Highlights**

**Government-wide:**

- The County's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources at the close of the fiscal year by \$822.4 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 \$10.0 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 \$632.8 million and for college projects is \$44.4 million. The current net value of the Board of Education capital assets is \$1.13 billion and the community college net capital assets total \$91.7 million. In the current fiscal year, the governmental activities unrestricted deficit increased by \$18.6 million and the business-type activities unrestricted surplus increased by \$4.6 million.
- Total net position of the County has increased by \$34.9 million or 4.4% over the prior fiscal year.
  - In the governmental activities, total revenues increased \$41.2 million or 2.6% while expenses decreased \$60.1 or 2.7% from the prior fiscal year, resulting in a \$11.8 million increase in net position, which is \$87.7 million more than the prior fiscal year change. Increases in general property tax, charges for services, and recordation and transfer tax revenues of \$31.0 million, \$10.2 million and \$3.7 million, respectively, offset by a decrease in capital grants and contributions of \$4.7 million were the primary drivers of the change in revenue. Lower expenses of \$60.1 million were primarily due to a decrease in capital project funding for education, a decrease in the OPEB Trust transfer and a decrease in fixed assets expensed in the current fiscal year compared to the prior fiscal year. Further details are presented in the Management's Analysis section of the MD&A.
  - In the business-type activities, total revenues decreased by \$6.6 million or 2.8% and total expenses increased by \$2.2 million or 1.1%, from the prior fiscal year, resulting in a \$23.1 million increase in net position which is \$10.4 million less than the prior fiscal year change. The lower revenues were driven by a decrease in capital grants & developer contributions in the amount of \$11.7 million. This was primarily from a decrease in capital grants of \$13.1 million which resulted in part from a \$14.2 million decrease in State grant funding for the Cox Creek Water Reclamation Facility enhanced Nutrient Removal.

**Fund Level:**

- The County's governmental funds reported combined fund balances of \$465.6 million, an increase of \$40.8 million from the prior fiscal year. The greatest net change in fund balance was a \$66.9 million increase from the prior fiscal year, in the General County Capital Projects Fund mainly due to a decrease in capital spending of \$31.3 million and an increase in transfer in from bond proceeds, pay-go and impact fee funding of \$10.0 million, \$17.0 million and \$10.9 million, respectively. For fiscal year 2017, the Impact Fees Capital Projects Fund balance decreased \$3.2 million in part due to a decrease of \$9.1 million in impact fees collected and an increase in transfers out of \$16.1 million from the prior fiscal year. The General Fund balance increased \$28.2 million as a result of the increase in operating revenue of \$77.9 million, offset by an increase in operating expense of \$43.6 million compared to the prior fiscal year. Nonmajor governmental funds balance decreased \$15.4 million primarily due to a decrease in net operating income of \$5.7 million, a decrease in transfers out of \$10.9 million, an increase in transfers in of \$1.6 million, and a decrease in general obligation bond revenue for the Watershed Protection and Reforestation Fund of \$15.9 million in fiscal year 2017 compared to the prior fiscal year.
- Approximately 64.8% of the total governmental fund balance, \$301.7 million, is available to meet the County's current and future needs as mandated by the appropriate level of authority within the County and are properly designated as committed, assigned and unassigned.

**Anne Arundel County, Maryland**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2017**

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- Available fund balance for the General Fund was \$170.6 million or 97.5% of the total fund balance, which is 12.4% of the current year expenditures. Non spendable fund balance of the General Fund was \$3.1 million or 1.8% of the total fund balance. The restricted fund balance in the General Fund of \$1.4 million or .8% has been restricted for the Base Realignment and Closure (BRAC) zone capital improvements.
- The business-type activities charges for service increased by \$1.4 million or 1.0%, and capital contributions decreased \$13.1 million or 16.0%. As discussed previously, this was primarily due to a decrease in capital grants & developer contributions. Non-operating revenues increased by \$5.1 million or 38.9%, in part due to an increase in the amortization of bond premium, interest income and Bay Restoration grants of \$1.6 million, \$1.0 million and \$1.0 million, respectively, from prior year. Operating expenditures increased by \$2.2 million or 1.1%, and non-operating expenses decreased by \$1.5 million, from the prior fiscal year.

**Changes to debt:**

- The County's general obligation bonded debt increased by \$10.7 million for governmental activities and \$36.9 million for business-type activity in fiscal year 2017. The County issued additional general obligation debt, excluding refunding, in the amount of \$104.0 million for governmental activities which will be used for education, public safety, infrastructure improvements, community college, watershed protection and restoration, and general government improvements. The County issued new bonds for business-type activity in the amount of \$67.6 million for utility improvements. The County also drew down \$3.0 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

**Anne Arundel County, Maryland**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2017**

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majority of the Board members, implying a substantial degree of control over their management. In addition, the County approves the budgets of these entities.

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

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

The perspective of these statements is narrower than the government-wide statements discussed previously. These statements present the financial position and changes in financial position resulting from currently available 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 Retiree Health Benefits Trust Fund (OPEB Trust Fund) 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.

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**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 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		Totals	
	Activities		Activities			
	2017	2016 (restated)	2017	2016	2017	2016 (restated)
<b>Assets:</b>						
Current	\$ 629,672,380	\$ 556,863,935	\$ 175,070,086	\$ 188,104,801	\$ 804,742,466	\$ 744,968,736
Restricted - Current	165,939,067	190,037,476	306,836,862	329,036,301	472,775,929	519,073,777
Restricted - Noncurrent	-	-	27,871,754	30,450,956	27,871,754	30,450,956
Capital	1,143,673,396	1,087,534,744	1,671,773,448	1,553,658,987	2,815,446,844	2,641,193,731
Total	<u>1,939,284,843</u>	<u>1,834,436,155</u>	<u>2,181,552,150</u>	<u>2,101,251,045</u>	<u>4,120,836,993</u>	<u>3,935,687,200</u>
Deferred outflow of resources	<u>167,000,719</u>	<u>222,912,250</u>	<u>18,620,603</u>	<u>22,098,894</u>	<u>185,621,322</u>	<u>245,011,144</u>
<b>Liabilities:</b>						
Current	270,661,625	264,620,225	103,234,725	82,042,336	373,896,350	346,662,561
Restricted - current	12,991,541	17,410,103	12,624,558	13,363,303	25,616,099	30,773,406
Noncurrent	2,285,033,047	2,255,483,950	760,907,636	728,840,025	3,045,940,683	2,984,323,975
Total	<u>2,568,686,213</u>	<u>2,537,514,278</u>	<u>876,766,919</u>	<u>824,245,664</u>	<u>3,445,453,132</u>	<u>3,361,759,942</u>
Deferred inflow of resources	<u>34,601,319</u>	<u>28,634,591</u>	<u>4,034,592</u>	<u>2,794,705</u>	<u>38,635,911</u>	<u>31,429,296</u>
<b>Net Position:</b>						
Net investment in capital assets	606,338,970	556,191,931	988,443,984	939,311,650	1,594,782,954	1,495,503,581
Restricted	150,761,114	185,695,799	320,888,890	351,513,419	471,650,004	537,209,218
Unrestricted	(1,254,102,054)	(1,250,688,194)	10,038,368	5,484,501	(1,244,063,686)	(1,245,203,693)
Total net position (restated)	<u>\$ (497,001,970)</u>	<u>\$ (508,800,464)</u>	<u>\$ 1,319,371,242</u>	<u>\$ 1,296,309,570</u>	<u>\$ 822,369,272</u>	<u>\$ 787,509,106</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

**Anne Arundel County, Maryland**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2017**

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capital assets are amounts related to assets purchased or constructed net of the related debt; restricted funds 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 \$72.8 million more in fiscal year 2017. This is due primarily to an increase in cash and temporary investments, prepaid expenses, and due to other funds of \$61.7 million, \$6.3 million and \$4.3 million, respectively. The business-type activities current assets decreased by \$13.0 million, primarily due to an decrease in cash and temporary investments of \$14.1 million offset by an increase in service billing receivables and inventories of \$0.5 million and \$0.6 million, respectively, from the prior fiscal year.

Restricted current assets in governmental activities decreased by \$24.1 million or 12.7%. This was mainly from a decrease in restricted cash and investments of \$24.1 million. The restricted cash in the Impact Fee Capital Projects Fund decreased by \$6.3 million due to a decrease in fees recognized and an increase in transfers to other funds which resulted in a decrease in fund balance of \$3.2 million. The General County Capital project fund had an increase in cash and investments of \$28.0 million. This increase is the result of lower expenditures related to education projects. The Nonmajor Governmental Funds had a decrease in cash and investments of \$13.4 million. This decrease was mainly due to a decrease in cash in the Bond Premium Fund of \$18.7 million which was offset by an increase in the Watershed Protection and Restoration Fund of \$6.0 million. The Bond Premium decrease was as a result of the transfer of the bond premium being sent to the General County Capital Project Fund in the same year that the premium was received. The decrease in current restricted assets in business-type activities of \$22.2 million or 6.8% was primarily due to a decrease in cash and investments of \$13.7 million and a decrease in receivables of \$8.3 million. The decrease in cash was due mainly to the annual reallocation of cash in the Water and Wastewater Debt Service Fund and a decrease in due from other governmental agencies in the Water and Wastewater Capital Projects Fund.

Restricted noncurrent assets in business-type activities decreased by \$2.6 million from the prior fiscal year or 8.5%. This decrease resulted from a reduction in deferred income related to water and waste water allocation fees.

The governmental capital assets balance increased by \$56.1 million from the prior fiscal year or 5.2%. Capital assets in the business-type activities increased by \$118.1 million or 7.6%. These increases are the result of the completion of certain capital projects.

Current unrestricted liabilities for governmental activities increased by \$6.0 million or 2.3%, from the previous fiscal year. This occurred primarily due to increases in accounts payable and accrued liabilities of \$6.3 million. The accounts payable and accrued liabilities increase was mainly from the General Fund and the General County Capital Projects Fund in the amount of \$3.1 and \$3.2 million, respectively. The current unrestricted liabilities in business-type activities increased by \$21.2 million or 25.8%, from the prior fiscal. This change was in part caused by an increase in accounts payables and accrued liabilities of \$7.9 million and an increase in the current portion of long-term debt and obligations of \$13.4 million. The increase in current long-term debt in part relates to landfill cell 8 which is scheduled to close in fiscal year 2018, therefore, the liability has moved from a long-term to a current liability.

Restricted current liabilities for governmental activities decreased by \$4.4 million or 25.4%, from the prior fiscal year mainly as a result of a decrease in accrued liabilities of \$4.6 million. Restricted current liabilities for business-type activities decreased by \$0.7 million or 5.5%, from the previous fiscal year.

Noncurrent liabilities consist of bonded debt, pension benefits, OPEB obligation, unpaid insurance claims, loans, capital leases, and other liabilities. These liabilities increased \$31.2 million or 2.0%, in governmental activities, and increased by \$32.1 million or 4.4%, in business-type activities. The increase in governmental activities was mainly due to the recording of the annual OPEB obligation of \$26.2, additional long-term debt of \$13.6, an increase in the LOSAP pension obligation of \$2.2 million and an increase of \$2.3 million in unpaid insurance claims. This was offset by a decrease in the annual Pension obligation of \$14.8 million. The increase in the noncurrent liabilities in business-type activities of \$32.1 million for the current fiscal year was caused primarily by an increase in the net bonded debt of \$44.4 million, offset by a decrease in estimated landfill closure and postclosure costs of \$13.2 million. Landfill Cell 8 is in the process of closing so estimated costs have moved from long-term to current liabilities as stated above.

The components of governmental and business-type net position were discussed in the financial highlights above. 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 Board of Education. Ownership reverts to the County if the building is no longer needed. The

**Anne Arundel County, Maryland**  
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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 \$1.3 billion reflects this treatment. The Board of Education and Community College net investment in capital assets of approximately \$1.12 billion and \$84.7 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.

Fiscal year	Balance (in millions)	Fiscal year	Balance (in millions)
2014	\$ (1,061.9)	2016	\$ (1,250.7) restated
2015	(1,151.0)	2017	(1,254.1)

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.

	Governmental Activities		Business type Activities		Total	
	2017	2016 Restated	2017	2016	2017	2016 Restated
<b>Program Revenues:</b>						
Charges for services	\$ 160,630,612	\$ 150,457,226	\$ 142,649,604	\$ 141,264,402	\$ 303,280,216	\$ 291,721,628
Operating grants & contributions	67,906,026	66,728,697	-	-	67,906,026	66,728,697
Capital grants & contributions	59,230,869	63,915,193	69,022,133	82,130,836	128,253,002	146,046,029
	<u>287,767,507</u>	<u>281,101,116</u>	<u>211,671,737</u>	<u>223,395,238</u>	<u>499,439,244</u>	<u>504,496,354</u>
<b>General Revenues:</b>						
General property taxes	697,494,766	666,490,976	-	-	697,494,766	666,490,976
Local income taxes	485,822,151	485,231,748	-	-	485,822,151	485,231,748
State shared taxes	8,361,513	8,703,263	-	-	8,361,513	8,703,263
Recordation & transfer taxes	109,395,916	105,668,592	-	-	109,395,916	105,668,592
In County Contributions	-	-	-	-	-	-
Local sales taxes	32,938,166	33,070,498	-	-	32,938,166	33,070,498
Investment income	1,796,941	4,586,006	2,777,162	1,671,465	4,574,103	6,257,471
Other revenue	18,194,586	15,765,909	15,378,049	11,397,747	33,572,635	27,163,656
	<u>1,354,004,039</u>	<u>1,319,516,992</u>	<u>18,155,211</u>	<u>13,069,212</u>	<u>1,372,159,250</u>	<u>1,332,586,204</u>
<b>Total revenues</b>	<u>1,641,771,546</u>	<u>1,600,618,108</u>	<u>229,826,948</u>	<u>236,464,450</u>	<u>1,871,598,494</u>	<u>1,837,082,558</u>
<b>Expenses:</b>						
Education	756,618,157	770,323,479	-	-	756,618,157	770,323,479
Public safety	352,253,048	328,679,005	-	-	352,253,048	328,679,005
General government	162,786,310	186,839,782	-	-	162,786,310	186,839,782
Health & human services	82,999,934	79,786,735	-	-	82,999,934	79,786,735
Public works	93,287,334	157,102,863	-	-	93,287,334	157,102,863
Recreation & community services	67,697,403	58,130,820	-	-	67,697,403	58,130,820
Judicial	31,647,703	28,588,085	-	-	31,647,703	28,588,085
Code enforcement	16,291,953	13,819,023	-	-	16,291,953	13,819,023
Land use & development	12,707,045	14,135,376	-	-	12,707,045	14,135,376
Interest expense on debt	54,131,969	53,157,194	-	-	54,131,969	53,157,194
Water & wastewater	-	-	146,010,888	153,026,559	146,010,888	153,026,559
Waste collection	-	-	54,943,323	46,296,735	54,943,323	46,296,735
Child care	-	-	5,363,261	4,766,747	5,363,261	4,766,747
<b>Total expenses</b>	<u>1,630,420,856</u>	<u>1,690,562,362</u>	<u>206,317,472</u>	<u>204,090,041</u>	<u>1,836,738,328</u>	<u>1,894,652,403</u>
Increase(decrease) in net position	11,350,690	(89,944,254)	23,509,476	32,374,409	34,860,166	(57,569,845)
<b>Non operating income and expense:</b>						
County Transfer	447,804	(1,099,230)	(447,804)	1,099,230	-	-
Change in Net Position	11,798,494	(91,043,484)	23,061,672	33,473,639	34,860,166	(57,569,845)
<b>Net Position, beg of year</b>	(493,646,644)	(417,756,980)	1,296,309,570	1,262,835,931	802,662,926	845,078,951
Adjustment to restate net position	(15,153,820)	-	-	-	(15,153,820)	-
<b>Net Position, end of year</b>	<u>\$ (497,001,970)</u>	<u>\$ (508,800,464)</u>	<u>\$ 1,319,371,242</u>	<u>\$ 1,296,309,570</u>	<u>\$ 822,369,272</u>	<u>\$ 787,509,106</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 the prior fiscal year by \$41.2 million or 2.6%. This is mainly due to an increase in General Property Taxes of \$31.0 million or 4.7% from the growth in real property assessable base, an increase in charges for services of \$10.2 million or 6.8%, as well as an increase in recordation and transfer taxes of \$3.7 million or 3.5% from an increase in real estate activity. There was a decrease in

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capital grants and contributions of \$4.7 million, and no new special taxing districts were created in the current fiscal year.

The governmental activities' expenses had a decrease of \$45.0 million or 2.7% from fiscal year 2016. Certain functional categories of expenditures had significant fluctuations during fiscal year 2017. The most notable fluctuations were in public works, general government and education which decreased by \$63.8 million or 40.6%, \$24.1 million or 12.9%, and \$13.7 million or 1.8%, respectively. These decreases were partially offset by increases in public safety and recreation and community services which increased by \$38.7 million or 12.4%, and \$9.6 million or 16.5%, respectively. The spending decrease in public works was driven by a reduction in the amount of fixed assets expensed in the amount of \$61.0 million compared to prior year. The spending decrease in general government was in part the result of a decrease in the transfer to the OPEB Trust Fund in the amount of \$28.9 million compared to the prior fiscal year. The spending decrease in education was as a result of the Board of Education spending less of the County's funds for capital improvements. The increase in public safety spending was mainly driven by increases in other post-employment benefits which were reduced in the prior fiscal year as a result of changes in benefits and increases in the budgeted pay package. The increase in recreation and community service spending was due to an increase in capital outlay of \$8.3 million compared to the prior fiscal year. In fiscal year 2016, the County reduced capital outlay by \$5.7 million as a result of closing six recreation and parks projects valued at \$1.0 million or more.

Business-type activities overall revenues decreased by \$6.6 million or 2.8% from fiscal year 2016. The decrease in revenue is mainly due to a decrease in capital grants and contributions of \$13.1 million or 16.0% from the previous fiscal year. This was mainly from a \$14.2 million decrease in grant funding for the Cox Creek Water Reclamation Facility enhanced Nutrient Removal. General revenues increased by \$5.1 million or 38.9% which was mainly from an increase in other revenues of \$4.0 million from the prior fiscal year.

Business-type expenses had an overall increase of \$2.2 million or 1.1% from the previous fiscal year which was primarily caused by an increase waste collection of \$8.6 million. This increase was in part due to additional depletion expense related to landfill cell 8 that is 98% complete in the current fiscal year. The increase was offset by a decrease in water and wastewater of \$7.0 million related to a reduction in capital projects expensed in the current fiscal year for items that did not result in depreciable assets.

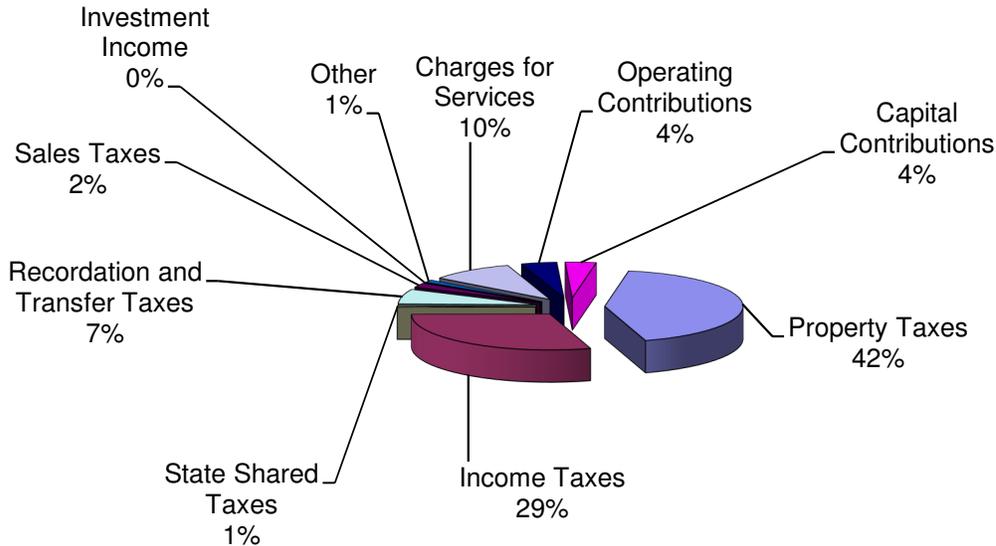
### **Distribution of Revenues and Expenses**

The next two charts show the percentage distribution of revenues from governmental activities and the percentage expended on each function, respectively. Discussion of the 2017 distribution and significant changes since 2016 follows.

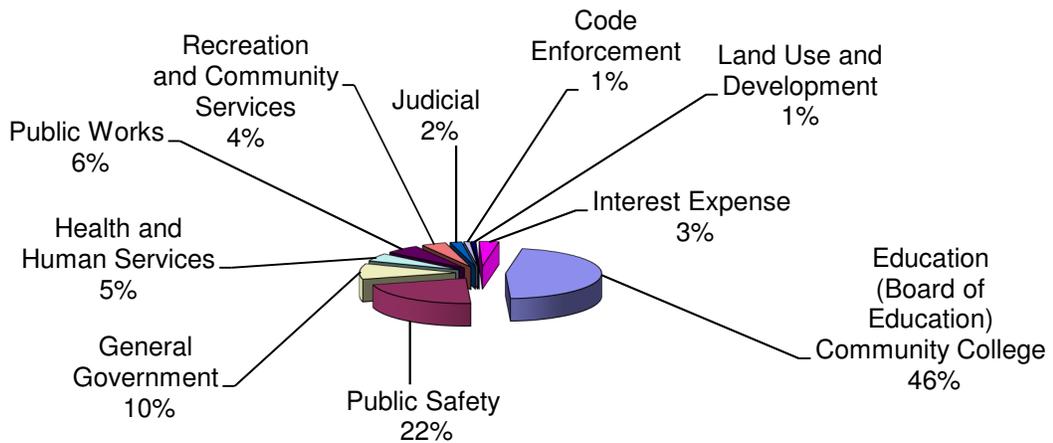
General revenue sources continue to provide the vast majority of the County's revenue. Tax revenues from property assessments, income, State shared sources, recordation and transfer, and sales provided 81% of the revenue base, a decrease of 1% from fiscal year 2016 which was 82%. Charges for services paid to the County by users were 10% for fiscal year 2017, an increase of 1% from fiscal year 2016 which was 9%.

An analysis of the percentage distribution of revenues revealed that there was a slight decrease in income taxes from 30% to 29%. There were no changes in any other of the functions as a percent of the total from fiscal year 2016. An analysis of the percentage distribution of expenses by function revealed that public safety and recreation and community services increased from 19% to 22% and 3% to 4%, respectively, while public works and general government decreased from 9% to 6% and 11% to 10%, respectively.

**Governmental Revenues Fiscal Year 2017**



**Governmental Expenses Fiscal Year 2017**

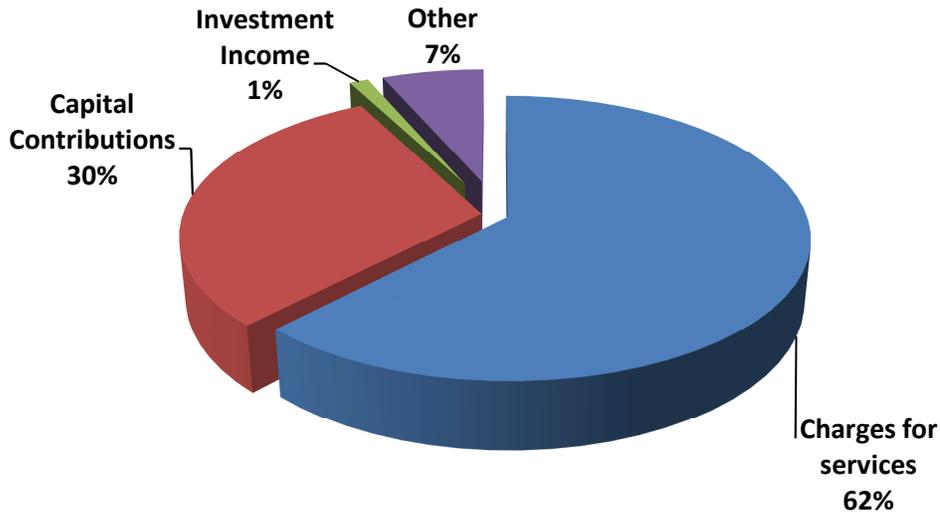


The next two charts show the percentage distribution of revenues from business-type activities and the percentage expended on each function, respectively. Discussion of the fiscal year 2017 distribution and significant changes since fiscal year 2016 follows.

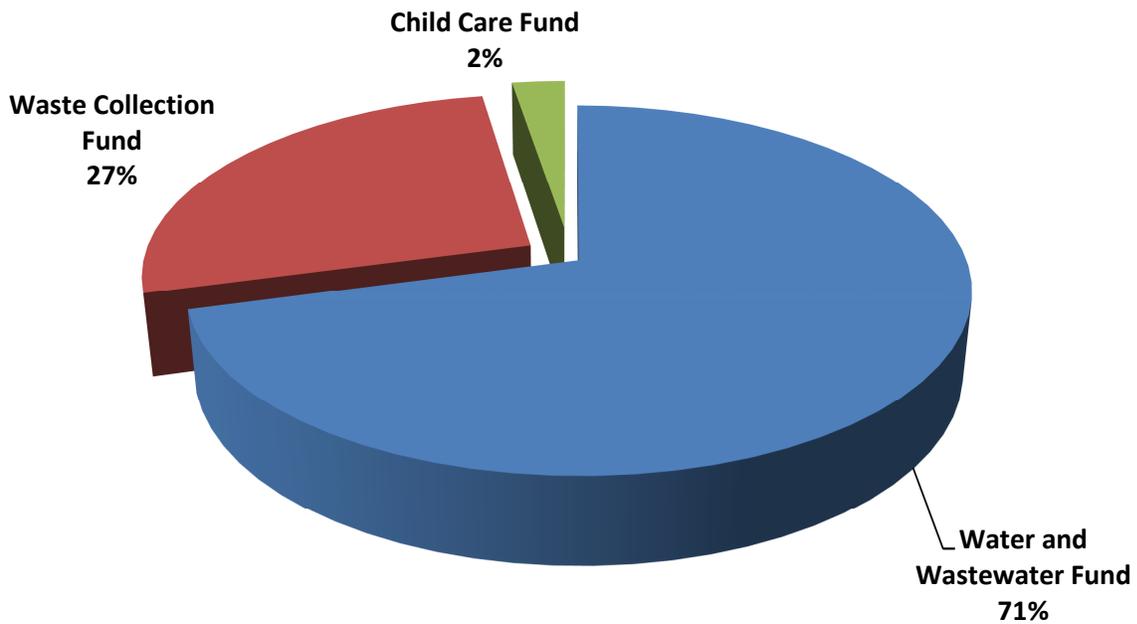
Charges for services and capital contributions continue to provide the vast majority of the County’s business-type activities revenue. Together these account for 92% of the revenue in fiscal year 2017. This is a 2% decrease from fiscal year 2016 which was 94%.

An analysis of the percentage distribution of expenses by function revealed that the waste collection fund increased from 23% to 27% while the water and wastewater fund decreased from 75% to 71%.

### Business-Type Activities Revenues Fiscal Year 2017



### Business-Type Activities Expenses Fiscal Year 2017



**Anne Arundel County, Maryland**  
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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 \$288.0 million to \$313.5 million or \$25.5 million, from the prior fiscal year. The increase primarily occurred in cash and investments of \$20.3 million and other receivables of \$5.7 million. The increase in other receivables was the result of an increase in accruals of \$3.7 million and also the recording of a receivable from the OPEB Trust due to the County in the amount of \$1.9 million. Total fund balance increased from \$146.8 million to \$175.0 million or \$28.2 million. This increase in fund balance resulted in part from revenues exceeding expenditures in the amount of \$21.0 million in the current fiscal year.

General Fund expenditures increased from \$1,336.6 million to \$1,380.2 million or \$43.6 million and revenues increased from \$1,323.3 million to \$1,401.2 million or \$77.9 million over the prior fiscal year. The main increases in revenue were in general property tax, local income tax, video lottery local impact aid, and fees for service and other revenues of \$27.1 million, \$35.3 million, \$5.4 million, and \$9.2 million, respectively. The video lottery local impact aid increase was as a result of table game revenues received from the State of Maryland which began in the current fiscal year. The increase in other revenues was in part from increases in health and human service reimbursements, police state aid and federal storm reimbursements of \$3.2 million, \$2.0 million and \$1.5 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 \$59.5 million was in the reserve fund. This increase from the prior fiscal year is from the current year contribution of \$2.0 million and investment earnings of \$0.2 million. This reserve may only be used when revenues fall below budget expectations and would require legislative action. 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 decreased \$3.1 million, from \$93.3 million in fiscal year 2016 to \$90.1 million in fiscal year 2017. This was a result of a decrease in impact fees recognized of \$24.6 million in fiscal year 2017 versus \$33.7 million in prior fiscal year and an increase in transfers to other funds of \$16.0 million (\$25.7 million transferred out in fiscal year 2017 compared to \$9.7 million in prior fiscal year). The amounts transferred are used for the construction of capital assets and to pay off debt, both of which are related to impact fee eligible projects. There was a slight decrease in expenses as \$2.7 million was recorded in fiscal year 2017 versus \$3.5 million in fiscal year 2016.

The General County Capital Projects Fund's total assets increased from \$154.9 million in fiscal year 2016 to \$189.8 million in fiscal year 2017, or \$34.9 million. This is primarily due to an increase in cash and investments of \$28.0 million at the end of current fiscal year which is in part due to an increase in unspent funds of \$26.7 million that includes \$18.0 million in unspent bond premium. Liabilities increased by \$0.3 million compared to the prior fiscal year, primarily due to an increase in accounts payable and accrued liabilities of \$3.2 million, offset by a decrease in due to the Board of Education of \$3.3 million. The increase of \$3.3 million was mainly due to a year-end accrual for the purchase of Eisenhower Golf Course. Deferred inflow of resources increased \$3.5 million due to an increase in unavailable grant revenue. The net change in fund balance from the prior fiscal year increased from \$107.4 million to \$138.6 million in fiscal year 2017. Total fund balance increased \$31.2 million from the prior fiscal year.

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Revenues in the General County Capital Projects Fund decreased from \$18.5 million in fiscal year 2016 to \$12.5 million in fiscal year 2017, or by \$6.0 million. This decrease is attributable to a reduction in contributed capital of \$4.6 million and a decrease in grant and aid revenue of \$2.1 million. Expenditures in this fund decreased by \$31.3 million which is attributed to a decrease of \$43.5 million for amounts paid to the Board of Education and Community College for capital projects and a \$12.2 million increase in capital outlay expense. 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, Severna Park High School's construction costs decreased by \$28.4 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 \$2.07 billion at the end of fiscal year 2017 which was an increase of \$78.7 million over fiscal year 2016. The increase mainly occurred as a result of an increase in capital assets of \$110.4 million and a decrease in cash and investments, and amounts due from other government agencies of \$21.5 million and \$8.3 million, respectively. 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 due to the annual reallocation of restricted cash in the Utility Debt Service Fund which decreased by \$6.0 million compared to the prior fiscal year. Liabilities have increased by \$51.2 million. The increase resulted primarily from additional long-term bonded debt of \$42.1 million and an increase in accounts payable and accrued liabilities of \$8.2 million. As a result of the changes in assets and liabilities, the Water and Wastewater Fund's net position increased \$23.8 million or 1.8%.

The Statement of Revenues, Expenses, and Changes in Fund Net Position for Water and Wastewater Fund had an increase in operating revenues of \$1.1 million. Operating expenses decreased by \$10.4 million or 7.3%. Non-operating revenue increased from the previous year by \$0.4 million. Capital contributions, fees and grants decreased by \$13.2 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 \$0.9 million, primarily due to an increase in capital assets of \$7.8 million offset by a decrease in cash and investments of \$8.4 million. Liabilities increased by \$1.4 million from the prior fiscal year. An increase in long-term debt and estimated landfill closure and postclosure of \$1.6 million, including the current portion contributed to this change.

The Statement of Revenues, Expenses, and Changes in Fund Net Position for Solid Waste had an increase in operating revenue of \$1.2 million and an increase in operating expenses of \$8.9 million. This contributed to a decrease in net position of \$1.5 million at the end of the current fiscal year. The decrease was in part from an increase in depreciation expense of \$5.3 million which increased as a result of an increase in depletion for cell 8 as discussed previously.

**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, 2016. Investments increased by \$79.5 million in calendar year 2016. Net position increased from \$1.61 billion to \$1.68 billion or 4.8%. Contributions increased from \$79.0 million in 2015 to \$80.4 million during 2016 and investment activity increased by \$141.4 million from prior year. The net position of the OPEB Trust at the end of the current fiscal year was \$101.8 million, an increase of \$36.5 million from the prior fiscal year. Agency funds increased from \$29.7 million in fiscal year 2016 to \$32.0 million in fiscal year 2017. This increase was in part due to a \$2.3 million increase in tax sale escrow deposits.

**Budgetary Variations:**

The budgetary statements of the General Fund show actual revenues of \$1.47 billion compared to budgeted amounts of \$1.41 billion, resulting in \$60.2 million more revenue than anticipated. The most significant budgetary variations within components of revenue were the increase of general property tax, local income tax, and recordation and transfer taxes which exceeded budgetary expectation by, \$7.3 million or 1.1%, \$28.5 million or 6.2%, and \$14.4 million or

**Anne Arundel County, Maryland**  
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**Year Ended June 30, 2017**

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15.2%, respectively. The remaining positive variances were mainly due to increases in ambulance fees, video lottery impact aid, investment income, interfund recoveries, and fees for service and other revenues of \$2.0 million, \$1.6 million, \$1.6 million, \$2.4 million, and \$4.6 million, respectively. Local sales taxes were less than expected by \$1.2 million.

Total expenditures on a budgetary basis were \$1.44 billion compared to appropriation authority of \$1.45 billion, resulting in \$11.5 million or 0.8%, 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 2017.

In reviewing the changes from the original budget to the final budget, budgeted revenues increased by \$0.3 million. Budgeted expenses increased by \$5.3 million. These expense increases were primarily in education, public safety, and public works in the amount of \$5.0 million, \$1.4 million, and \$1.8 million, respectively. There was a decrease in the general government original expense budget compared the final budget in the amount of \$4.5 million to cover most of the shortfalls stated. 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* – The governmental activities capital assets increased by \$56.1 million or 5.2%, from fiscal year 2016. The following table shows an increase in land and easements, roads and bridges, storm drains and culverts, automobiles and rolling stock, and construction in progress of \$6.1 million, \$4.2 million, \$11.1 million, \$6.3 million, and \$45.6 million, respectively. These increases were partially offset by a decrease in land improvements, buildings, sidewalks curbs and gutters, and furniture and fixtures of \$4.4 million, \$6.5 million, \$1.7 million and \$4.7 million, respectively.

Some major capital asset events during the current fiscal year included the following:

- \$8.7 million for a new Eastern District Police Station
- \$3.7 million in road reconstruction and resurfacing
- \$3.4 million for park and trail improvements throughout the County
- \$3.1 million for the purchase of Eisenhower Golf Course
- 80 new vehicles were purchased including fire trucks, ambulances, and various autos

*Business-type capital assets* – The business-type activities capital assets increased by \$118.1 million or 7.6%, from fiscal year 2016. The following table shows an increase in landfills, water and sewer plants and lines, automobiles and rolling stock, and construction in progress of \$6.2 million, \$49.8 million, \$1.7 million, and \$61.8 million, respectively. These increases were offset by a decrease in buildings of \$1.0 million. 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:

- \$18.2 million for Patuxent water reclamation facility
- \$16.5 million for Mayo water reclamation facility expansion
- \$15.1 million for Maryland City water reclamation facility expansion
- \$15.1 million for general water and sewer main replacement and reconstruction
- \$10.0 million for cell 9 construction and cell 8 closure at landfill
- \$9.2 million for general upgrades and retrofit of sewer pumping station
- \$8.0 million for Cox Creek water reclamation facility enhanced nutrient removal
- \$7.8 million for Cox Creek water reclamation facility non-enhanced nutrient removal
- \$7.7 million for elevated water storage tanks

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<b>Anne Arundel County, Maryland</b>							
<b>Capital Assets (net of depreciation)</b>							
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	
Land and easements	\$ 223,926,742	\$ 217,840,431	\$ 12,705,712	\$ 12,705,712	\$ 236,632,454	\$ 230,546,143	
Historical property and works of art	4,166,465	4,166,465	-	-	4,166,465	4,166,465	
Land improvements	150,516,506	154,908,909	-	-	150,516,506	154,908,909	
Landfills			30,497,017	24,265,692	30,497,017	24,265,692	
Buildings	194,261,459	200,761,961	39,020,875	40,047,495	233,282,334	240,809,456	
Roads, bridges and signals	181,919,557	177,607,830	-	-	181,919,557	177,607,830	
Sidewalks, curbs and gutters	31,886,162	33,559,723	-	-	31,886,162	33,559,723	
Storm drains and culverts	144,293,332	133,166,831	-	-	144,293,332	133,166,831	
Water and sewer plants and lines	-	-	1,051,005,106	1,001,193,897	1,051,005,106	1,001,193,897	
Automobiles and rolling stock	35,566,587	29,241,125	6,040,993	4,356,592	41,607,580	33,597,717	
Furniture and equipment	24,311,594	29,060,232	11,869,119	12,275,329	36,180,713	41,335,561	
Software	1,645,002	1,665,560	-	-	1,645,002	1,665,560	
Construction in progress	151,179,990	105,555,677	520,634,626	458,814,270	671,814,616	564,369,947	
<b>Total</b>	<b>\$ 1,143,673,396</b>	<b>\$ 1,087,534,744</b>	<b>\$ 1,671,773,448</b>	<b>\$ 1,553,658,987</b>	<b>\$ 2,815,446,844</b>	<b>\$ 2,641,193,731</b>	

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.

<b>Anne Arundel County, Maryland</b>				
<b>Analysis of Depreciable Assets</b>				
	<b>Total depreciable capital assets</b>	<b>Less Accumulated depreciation</b>	<b>Net depreciable capital assets</b>	<b>Accumulated depreciation as a percent of total</b>
<b>Governmental</b>				
2017	\$ 1,640,033,012	\$ (875,632,813)	\$ 764,400,199	53%
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%
<b>Business-type</b>				
2017	\$ 2,008,724,137	\$ (870,291,027)	\$ 1,138,433,110	43%
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%

This analysis shows that the percent of depreciated governmental capital assets has increased in the last year to 53.0% at fiscal year-end 2017. The business-type capital assets remained constant at 43.0% for the total depreciation as a percent of the asset values at fiscal year-end 2017.

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.

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**Debt Administration**

The County's outstanding debt at the end of fiscal years 2017 and 2016 is presented in the table below. The County issued general obligation bonds, net of refunding, of \$171.6 million in March 2017, including \$104.0 million for governmental activities, \$67.6 million for business-type activities to fund improvements for general county capital projects of \$104.0 million, waste management projects of \$4.4 million, and water and sewer projects of \$63.2 million. In March 2017, the County also refunded bonds in the amount of \$65.9 million, including \$45.4 million for governmental activities, and \$20.5 million for business-type activities. The refunding resulted in net present value savings of \$5.9 million in debt service expense. The County increased its debt in Maryland Water Quality loans for water and waste water improvements by \$3.0 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 \$333,950 were made on existing loans. The County entered into a new lease agreement in fiscal year 2017. Payments for leases totaling \$73,770 and an increase the lease amount of \$56,708 resulted in a decrease in the capital lease balance to \$78,884. The County did not initiate new agricultural easements through installment purchase agreements during fiscal year 2017. Other changes to debt balances resulted from principal payments during fiscal year 2017. 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	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 1,041,811,891	\$ 1,029,099,707	\$ 619,955,848	\$ 583,052,529	\$ 1,661,767,739	\$ 1,612,152,236
Special assessment debt	81,130,000	83,125,000	-	-	81,130,000	83,125,000
State loans	2,767,487	3,101,437	-	-	2,767,487	3,101,437
Capital leases	78,884	95,946	-	-	78,884	95,946
Installment purchase agreements	13,545,000	13,565,000	-	-	13,545,000	13,565,000
Total	\$ 1,139,333,262	\$ 1,128,987,090	\$ 619,955,848	\$ 583,052,529	\$ 1,759,289,110	\$ 1,712,039,619

\* Does not include unamortized premiums.

**Fiscal Year 2018 and Beyond**

- The County Real Property Tax Rate for fiscal year 2018 is \$0.907 per \$100 of assessed valuation. This is a .008 cent decrease and consistent with the County's Property Tax Revenue Cap. Fiscal Year 2018 property tax receipts are estimated to increase 1.8% over the revised fiscal year 2017 budget. Any decline in 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 2018 County income tax rate at 2.50%. Fiscal year 2018 income tax revenue is projected to increase 3.4% over the revised fiscal year 2017 budget after adjusting for \$14.0 million in one-time revenues. 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 \$486.0 million for fiscal year 2018.
- 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 2018, the Watershed Protection and Restoration Fund had an approved budget of \$18.2 million.
- For fiscal year 2018, the Anne Arundel County Public Schools are funded by the County at \$681.7 million, a \$33.5 million or 5.2% increase over the prior fiscal year. This funding level exceeds the required Maintenance of Effort

**Anne Arundel County, Maryland**  
**Management Discussion and Analysis**  
**Year Ended June 30, 2017**

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for fiscal 2018. Anne Arundel County Public Schools fiscal year 2018 capital budget contains forty-eight planned projects totaling \$185.7 million or 57% of the capital budget. Of the total General Fund debt service budget, 58.3% is allocated for school debt.

- The County's support of the Anne Arundel Community College increased \$1.6 million in fiscal year 2018 over fiscal year 2017 to a total of \$42.0 million, \$40.3 million from General Fund and \$1.7 million from Video Lottery Local Impact Aid Special Revenue Fund. The County has appropriated \$14.9 million for Anne Arundel County Community College's fiscal year 2018 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 2018 General Fund budget, which estimates total revenues at \$1.5 billion; an increase of \$56.0 million or 4.0% over fiscal year 2017 original budgeted amounts. Mindful of the economic struggles the County has faced for the past several years as a result of national economic uncertainties, cuts in revenue funding streams and the status of the State of Maryland's budget, the County will continue to carefully monitor expenditures and apply cost containment efforts. Expenditures for fiscal year 2018 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 2018.

There are no new taxes to fund the fiscal year 2018 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 Homestead Tax Credit rate for County real property tax is at 2.0% which remains unchanged from the past fiscal year.

Legislation was passed to provide three new exemptions to the admissions and amusement tax for Anne Arundel County. Effective November 13, 2017, there is an exemption to the admissions and amusement tax for the gross receipts derived from any admissions and amusement charge for agritourism and if the principal use on the property is farming, the gross receipts derived from any admissions and amusement charge for a farm brewery; stables or riding clubs; or winery. Effective January 1, 2018, there are exemptions to the admissions and amusement tax for the gross receipts derived from any admissions and amusement charge for admission to any moving picture theater and for the use of athletic facilities. Additionally, as of January 1, 2018, the Mobile Home Space Tax has been repealed.

The Water and Wastewater Fund meter usage rates for fiscal year 2018 are \$2.70/1,000gal and \$4.74/1,000gal, respectively. This is unchanged from the prior fiscal 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](http://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, 2017

	Primary Government			Discretely Presented Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor
<b>ASSETS</b>						
Current Assets						
Cash and temporary investments	\$ 440,072,216	\$ 147,492,453	\$ 587,564,669	\$ 152,045,054	\$ 22,662,453	\$ 6,650,997
Taxes and other revenue receivable	146,491,449	-	146,491,449	9,485,669	534,063	-
Service billings receivable	-	24,038,690	24,038,690	-	-	112,058
Prepaid and other assets	27,369,198	10,327	27,379,525	30,858,648	5,014,710	2,895,492
Inventories	3,754,194	3,528,616	7,282,810	2,221,491	865,219	23,872
Receivables	-	-	-	-	-	13,454
Due from primary government	-	-	-	23,475,858	1,030,902	1,044,168
Due from component units	11,985,323	-	11,985,323	-	-	-
Restricted assets						
Cash and temporary investments	146,374,512	26,576,549	172,951,061	-	-	63,653
Investments	-	260,989,637	260,989,637	-	-	-
Receivables	-	-	-	-	-	-
Due from other governmental agencies	17,314,454	9,081,443	26,395,897	-	-	-
Other, net	2,250,101	10,189,233	12,439,334	-	-	-
Total current assets	<u>795,611,447</u>	<u>481,906,948</u>	<u>1,277,518,395</u>	<u>218,086,720</u>	<u>30,107,347</u>	<u>10,803,694</u>
Noncurrent Assets						
Restricted assets						
Long term assessment and connection charges	-	27,871,754	27,871,754	-	-	-
Total noncurrent restricted assets	-	27,871,754	27,871,754	-	-	-
Loans receivable and other assets	-	-	-	-	12,795,184	6,362,585
Capital assets not being depreciated	379,273,197	533,340,338	912,613,535	114,301,401	3,412,338	272,319
Capital assets being depreciated	1,640,033,012	2,008,724,137	3,648,757,149	1,834,257,312	181,142,085	32,425,464
Less accumulated depreciation	(875,632,813)	(870,291,027)	(1,745,923,840)	(817,781,098)	(92,866,257)	(14,490,879)
	<u>764,400,199</u>	<u>1,138,433,110</u>	<u>1,902,833,309</u>	<u>1,016,476,214</u>	<u>88,275,828</u>	<u>17,934,585</u>
Total capital assets	<u>1,143,673,396</u>	<u>1,671,773,448</u>	<u>2,815,446,844</u>	<u>1,130,777,615</u>	<u>91,688,166</u>	<u>18,206,904</u>
Total noncurrent assets	<u>1,143,673,396</u>	<u>1,699,645,202</u>	<u>2,843,318,598</u>	<u>1,130,777,615</u>	<u>104,483,350</u>	<u>24,569,489</u>
Total assets	<u>1,939,284,843</u>	<u>2,181,552,150</u>	<u>4,120,836,993</u>	<u>1,348,864,335</u>	<u>134,590,697</u>	<u>35,373,183</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>						
Pension benefits	161,162,207	12,721,159	173,883,366	22,435,180	1,213,824	1,654,688
Unamortized deferred refunding loss	5,838,512	5,899,444	11,737,956	-	283,714	-
Total deferred outflow of resources	<u>167,000,719</u>	<u>18,620,603</u>	<u>185,621,322</u>	<u>22,435,180</u>	<u>1,497,538</u>	<u>1,654,688</u>

## Anne Arundel County, Maryland

## Statement of Net Position

June 30, 2017

	Primary Government			Discretely Presented Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable and accrued liabilities	86,633,416	49,909,481	136,542,897	125,760,618	8,114,121	1,835,066
Current portion of non-current liabilities	154,639,092	55,057,257	209,696,349	23,185,018	-	974,861
Notes payable	-	-	-	-	773,714	997,156
Internal balances	2,384,729	(2,384,729)	-	-	-	-
Due to primary government	-	-	-	11,985,323	-	-
Due to component units	25,550,928	-	25,550,928	-	-	-
Escrow deposits	1,453,460	652,716	2,106,176	-	-	-
Deferred revenue	-	-	-	-	-	267,417
Unearned revenue	-	-	-	3,126,724	5,693,035	-
Liabilities related to restricted assets						
Accounts payable and accrued liabilities	4,936,204	6,448,180	11,384,384	-	-	391,966
Escrow and other deposits	5,908,420	-	5,908,420	-	-	-
Unearned revenue	2,146,917	6,176,378	8,323,295	-	-	-
Total current liabilities	283,653,166	115,859,283	399,512,449	164,057,683	14,580,870	4,466,466
Noncurrent liabilities						
Compensated absences and other obligations	35,371	48,140	83,511	22,425,877	1,446,779	-
Accrued liability for pension benefits	539,609,369	46,752,240	586,361,609	67,552,295	4,180,127	5,828,421
Accrued liability for other post-employment benefits	501,711,503	48,797,369	550,508,872	604,733,000	36,208,000	20,512,028
Accrued liability for LOSAP	17,381,002	-	17,381,002	-	-	-
Unpaid insurance claims	62,256,866	-	62,256,866	-	-	-
Estimated landfill closure and postclosure	-	21,085,450	21,085,450	-	-	-
Long-term debt	1,164,038,936	644,055,209	1,808,094,145	8,990,232	10,680,176	28,834
Due to other governments	-	-	-	-	-	5,783,162
Unearned revenue	-	169,228	169,228	-	-	-
Total noncurrent liabilities	2,285,033,047	760,907,636	3,045,940,683	703,701,404	52,515,082	32,152,445
Total liabilities	2,568,686,213	876,766,919	3,445,453,132	867,759,087	67,095,952	36,618,911
<b>DEFERRED INFLOW OF RESOURCES</b>						
Pension benefits	34,601,319	4,034,592	38,635,911	3,799,934	145,628	525,234
Total deferred inflow of resources	34,601,319	4,034,592	38,635,911	3,799,934	145,628	525,234
<b>NET POSITION</b>						
Net investment in capital assets	606,338,970	988,443,984	1,594,782,954	1,121,326,752	84,738,589	18,156,837
Restricted for:						
Debt service	6,641,452	300,551,883	307,193,335	-	-	-
Capital improvements	120,779,559	9,081,443	129,861,002	-	-	-
Scholarships/endowments	-	-	-	-	8,024,158	-
Reforestation	7,296,496	-	7,296,496	-	-	-
Other purposes	16,043,607	11,255,564	27,299,171	18,601,920	-	657,559
Unrestricted	(1,254,102,054)	10,038,368	(1,244,063,686)	(640,188,178)	(23,916,092)	(18,930,670)
Total net position (deficit)	\$ (497,001,970)	\$ 1,319,371,242	\$ 822,369,272	\$ 499,740,494	\$ 68,846,655	\$ (116,274)

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

Anne Arundel County, Maryland

Statement of Activities

Year Ended June 30, 2017

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities				
Education	\$ 756,618,157	\$ -	\$ -	\$ 14,345,350
Public safety	352,253,048	27,897,678	2,618,725	810,413
General government	162,786,310	57,073,320	343,066	7,028,417
Health and human services	82,999,934	12,486,642	26,801,959	-
Public works	93,287,334	24,938,728	4,883,774	31,980,401
Recreation and community services	67,697,403	19,559,727	30,313,933	4,685,785
Judicial	31,647,703	3,060,644	1,996,472	-
Code enforcement	16,291,953	13,315,917	-	-
Land use and development	12,707,045	2,297,956	747,830	380,503
Interest on debt and leases	54,131,969	-	200,267	-
	<u>1,630,420,856</u>	<u>160,630,612</u>	<u>67,906,026</u>	<u>59,230,869</u>
Business-type activities				
Water and wastewater	146,010,888	85,467,198	-	69,022,133
Waste collection	54,943,323	51,440,527	-	-
Child care	5,363,261	5,741,879	-	-
	<u>206,317,472</u>	<u>142,649,604</u>	<u>-</u>	<u>69,022,133</u>
<b>Total primary government</b>	<b>\$ <u>1,836,738,328</u></b>	<b>\$ <u>303,280,216</u></b>	<b>\$ <u>67,906,026</u></b>	<b>\$ <u>128,253,002</u></b>
<b>Component units</b>				
Board of Education	\$ 1,371,565,508	13,935,815	184,558,460	\$ 119,048,516
Community College	148,267,346	46,160,061	15,041,256	3,825,718
Library System	25,971,124	883,564	4,401,180	13,078
Economic Development Corp	3,627,070	278,099	39,333	-
Tipton Airport Authority	2,051,856	1,761,856	-	417,678
Workforce Development	7,961,861	349,652	7,624,949	44,489
<b>Total component units</b>	<b>\$ <u>1,559,444,765</u></b>	<b>\$ <u>63,369,047</u></b>	<b>\$ <u>211,665,178</u></b>	<b>\$ <u>123,349,479</u></b>
<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
\$ (742,272,807)	\$ -	\$ (742,272,807)	\$ -	\$ -	\$ -
(320,926,232)	-	(320,926,232)	-	-	-
(98,341,507)	-	(98,341,507)	-	-	-
(43,711,333)	-	(43,711,333)	-	-	-
(31,484,431)	-	(31,484,431)	-	-	-
(13,137,958)	-	(13,137,958)	-	-	-
(26,590,587)	-	(26,590,587)	-	-	-
(2,976,036)	-	(2,976,036)	-	-	-
(9,280,756)	-	(9,280,756)	-	-	-
(53,931,702)	-	(53,931,702)	-	-	-
<u>(1,342,653,349)</u>	<u>-</u>	<u>(1,342,653,349)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	8,478,443	8,478,443	-	-	-
-	(3,502,796)	(3,502,796)	-	-	-
-	378,618	378,618	-	-	-
-	5,354,265	5,354,265	-	-	-
<u>(1,342,653,349)</u>	<u>5,354,265</u>	<u>(1,337,299,084)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	(1,054,022,717)	-	-
-	-	-	-	(83,240,311)	-
-	-	-	-	-	(20,673,302)
-	-	-	-	-	(3,309,638)
-	-	-	-	-	127,678
-	-	-	-	-	57,229
-	-	-	(1,054,022,717)	(83,240,311)	(23,798,033)
697,494,766	-	697,494,766	-	-	-
485,822,151	-	485,822,151	-	-	-
8,361,513	-	8,361,513	-	-	1,000,000
109,395,916	-	109,395,916	-	-	-
32,938,166	-	32,938,166	-	-	-
-	-	-	963,666,264	77,204,094	21,651,158
1,796,941	2,777,162	4,574,103	701,990	1,483,515	27,229
18,194,586	15,378,049	33,572,635	3,009,840	325,524	255,068
447,804	(447,804)	-	-	-	-
<u>1,354,451,843</u>	<u>17,707,407</u>	<u>1,372,159,250</u>	<u>967,378,094</u>	<u>79,013,133</u>	<u>22,933,455</u>
11,798,494	23,061,672	34,860,166	(86,644,623)	(4,227,178)	(864,578)
<u>(508,800,464)</u>	<u>1,296,309,570</u>	<u>787,509,106</u>	<u>586,385,117</u>	<u>73,073,833</u>	<u>748,304</u>
\$ <u>(497,001,970)</u>	\$ <u>1,319,371,242</u>	\$ <u>822,369,272</u>	\$ <u>499,740,494</u>	\$ <u>68,846,655</u>	\$ <u>(116,274)</u>

Anne Arundel County, Maryland

Balance Sheet

Governmental Funds

June 30, 2017

	Major Funds			Nonmajor	Totals
	General	Impact Fees Capital Projects	General County Capital Projects	Governmental Funds	
<b>ASSETS</b>					
Cash and investments	\$ 138,232,217	\$ 89,663,598	\$ 169,086,982	\$ 72,064,882	\$ 469,047,679
Receivables					
Property taxes (net of \$2,051,228 allowance)	261,840	-	-	-	261,840
Local sales taxes	4,419,103	-	-	-	4,419,103
State shared revenues	3,441,382	-	-	-	3,441,382
Due from other governmental agencies	2,170,379	-	8,752,270	8,562,184	19,484,833
Due from other funds	7,644,398	-	-	-	7,644,398
Due from Board of Education	29,764	-	11,955,559	-	11,985,323
Local income tax	136,198,745	-	-	-	136,198,745
Other, net	17,870,581	439,990	18,415	1,810,111	20,139,097
Inventories	3,082,745	-	-	-	3,082,745
Other assets	149,578	-	-	-	149,578
Total assets	<u>\$ 313,500,732</u>	<u>\$ 90,103,588</u>	<u>\$ 189,813,226</u>	<u>\$ 82,437,177</u>	<u>\$ 675,854,723</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 33,011,170	\$ -	\$ 21,070,240	\$ 4,936,204	\$ 59,017,614
Due to other funds	4,719,983	-	-	3,544,690	8,264,673
Due to component units					
Board of Education	184,947	-	23,290,911	-	23,475,858
Community College	-	-	1,030,902	-	1,030,902
Library	1,044,168	-	-	-	1,044,168
Escrow and other deposits	1,408,852	-	44,608	5,908,420	7,361,880
Unearned revenue	-	-	-	2,146,917	2,146,917
Total liabilities	<u>40,369,120</u>	<u>-</u>	<u>45,436,661</u>	<u>16,536,231</u>	<u>102,342,012</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Unavailable property tax revenue	168,252	-	-	-	168,252
Unavailable local income tax	96,867,602	-	-	-	96,867,602
Unavailable grant and program revenue	-	-	5,779,771	4,007,166	9,786,937
Unavailable 911 fees	1,071,219	-	-	-	1,071,219
Total deferred inflow of resources	<u>98,107,073</u>	<u>-</u>	<u>5,779,771</u>	<u>4,007,166</u>	<u>107,894,010</u>
<b>FUND BALANCES</b>					
Non spendable	3,082,745	-	-	-	3,082,745
Restricted	1,372,139	90,103,588	14,518,180	54,804,272	160,798,179
Committed	-	-	-	15,353,968	15,353,968
Assigned	82,546,189	-	124,078,614	-	206,624,803
Unassigned	88,023,466	-	-	(8,264,460)	79,759,006
Total fund balances	<u>175,024,539</u>	<u>90,103,588</u>	<u>138,596,794</u>	<u>61,893,780</u>	<u>465,618,701</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 313,500,732</u>	<u>\$ 90,103,588</u>	<u>\$ 189,813,226</u>	<u>\$ 82,437,177</u>	<u>\$ 675,854,723</u>

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, 2017

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Total fund balance for governmental funds as shown on the Balance Sheet	\$	465,618,701
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on governmental funds balance sheet		
Capital assets		1,937,916,202
Accumulated depreciation		(814,494,257)
Deferred Outflows of Resources		
Unamortized loss on refunding		5,838,512
Certain liabilities not due and payable in the current period and, therefore, not included on governmental funds balance sheet		
Long-term bonded debt		(1,270,256,716)
Federal and state loans		(2,767,487)
Wynne liability due to State of Maryland		(17,381,548)
Pension benefits		(406,685,315)
Other post-employment benefits		(493,445,862)
LOSAP		(18,193,927)
Compensated absences		(24,738,275)
Long-term leases		(78,884)
Accrued interest payable on debt recorded in governmental activities		(11,675,931)
Deferred revenues		
Revenues not available for use in the current fiscal year deferred until future periods on the governmental funds balance sheet		107,894,010
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		46,589,623
Business-type activities allocation of Internal Service Funds net position		(2,881,569)
Certain expenditures paid with current resources deferred to future periods on the Statement of Net Position		<u>1,740,753</u>
Total net position (deficit) for governmental activities as shown on Statement of Net Position	\$	<u><u>(497,001,970)</u></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, 2017

	Major Funds			Nonmajor Governmental Funds	Totals
	General	Impact Fees Capital Projects	General County Capital Projects		
<b>REVENUES</b>					
General property taxes	\$ 656,220,024	\$ -	\$ -	\$ 42,402,794	\$ 698,622,818
Local income taxes	491,528,416	-	-	-	491,528,416
State shared taxes	11,694,607	-	-	-	11,694,607
Grants and aid	-	-	8,713,374	39,076,385	47,789,759
Recordation and transfer taxes	109,395,916	-	-	-	109,395,916
Local sales taxes	32,938,166	-	-	-	32,938,166
License and permit fees	17,148,374	-	-	-	17,148,374
Ambulance fees	11,985,658	-	-	-	11,985,658
Cable fees	11,560,846	-	-	-	11,560,846
Impact fees	-	24,587,197	-	-	24,587,197
Special community benefit taxes	-	-	-	8,429,687	8,429,687
Video lottery local impact aid	5,368,631	-	-	18,436,609	23,805,240
Watershed protection and restoration	-	-	-	21,821,801	21,821,801
Contributed capital	-	-	589,323	-	589,323
Investment income	879,075	620,917	489,526	(5,999)	1,983,519
Fees for services and other revenue	52,459,924	-	2,707,622	4,058,240	59,225,786
<b>Total revenues</b>	<b>1,401,179,637</b>	<b>25,208,114</b>	<b>12,499,845</b>	<b>134,219,517</b>	<b>1,573,107,113</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
Education	686,912,200	295,583	67,710,374	1,700,000	756,618,157
Public safety	277,925,953	-	-	13,251,843	291,177,796
General government	110,185,705	-	-	3,675,648	113,861,353
Health and human services	49,854,800	-	-	28,648,826	78,503,626
Public works	33,397,544	2,371,681	-	10,540,543	46,309,768
Recreation and community services	42,907,434	-	-	14,883,988	57,791,422
Judicial	25,026,320	-	-	2,681,909	27,708,229
Code enforcement	12,982,405	-	-	1,224,234	14,206,639
Land use and development	8,064,592	-	-	3,169,577	11,234,169
Capital outlay	-	-	112,762,608	-	112,762,608
<b>Debt service</b>					
Interest payments on debt	46,690,493	-	-	7,226,079	53,916,572
Principal payments on debt	86,167,032	-	-	4,588,635	90,755,667
Interest payments on leases	15,210	-	-	-	15,210
Principal payments on leases	39,658	-	-	-	39,658
<b>Total expenditures</b>	<b>1,380,169,346</b>	<b>2,667,264</b>	<b>180,472,982</b>	<b>91,591,282</b>	<b>1,654,900,874</b>
Revenues over (under) expenditures	21,010,291	22,540,850	(167,973,137)	42,628,235	(81,793,761)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	40,407,255	-	198,504,700	5,977,175	244,889,130
Transfers out	(136,590,109)	(25,729,103)	(489,526)	(82,080,392)	(244,889,130)
General obligation bonds issued	103,285,000	-	-	-	103,285,000
Refunding bonds issued	44,423,549	-	-	-	44,423,549
Payment to escrow agent	(49,903,480)	-	-	-	(49,903,480)
Premium from sale of bonds	-	-	-	18,037,398	18,037,398
COI on refunding bonds	(218,559)	-	-	-	(218,559)
Premium on refunding of bonds	5,698,490	-	-	-	5,698,490
Proceeds from capital leases	94,513	-	-	-	94,513
Transfer from Water and Wastewater Fund	-	-	676,829	-	676,829
Transfers from Solid Waste Fund	-	-	476,000	17,975	493,975
<b>Total other financing sources (uses)</b>	<b>7,196,659</b>	<b>(25,729,103)</b>	<b>199,168,003</b>	<b>(58,047,844)</b>	<b>122,587,715</b>
<b>Net change in fund balances</b>	<b>28,206,950</b>	<b>(3,188,253)</b>	<b>31,194,866</b>	<b>(15,419,609)</b>	<b>40,793,954</b>
Fund balances, July 1	146,817,589	93,291,841	107,401,928	77,313,389	424,824,747
Fund balances, June 30	\$ 175,024,539	\$ 90,103,588	\$ 138,596,794	\$ 61,893,780	\$ 465,618,701

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

Reconciliation of Changes in Fund Balances to Changes in Net Position

Governmental Funds

Year Ended June 30, 2017

Changes in fund balances as shown on Statement of Revenues,  
Expenditures, and Changes in Fund Balances, Governmental Funds \$ 40,793,954

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	81,501,483
Current year donations of capital assets	16,773,836
Current year disposals of capital assets	(47,239)
Depreciation expense recorded in the Statement of Activities	(44,758,800)

Governmental funds report the additions and payments of long term liabilities in the period that current resources are provided or used. In the Statement of Activities, new debt is recorded as a liability and payments of principal are charged against that liability. 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	(148,431,549)
Principal payments on debt	138,068,315
Change in Wynne case accrued liability	(682,483)
LOSAP	(3,040,107)
Additions of new lease	(56,708)
Lease payments	73,770
Change in accrued interest payable	(215,397)
Loss on refunding	342,171
Amortization of prior year refunding gain/loss	(1,346,683)
Accrual of compensated absences	(1,364,595)
Accrual of pension benefits	(45,532,204)
Accrual of other post-employment benefit liability	(25,781,839)

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

Expense was deferred to future periods	1,740,753
Amortization of expenditures deferred in previous years	(1,617,529)

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

The differences are as follows:

Deferred revenue	(23,735,888)
Amortization of amounts deferred	20,109,729

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

(3,237,987)

The current year activity in the internal service funds has been combined and eliminated against the governmental activities in the Statement of Activities.

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.

12,243,491

Changes in net position as shown in governmental activities on the Statement of Activities \$ 11,798,494

*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, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
General property taxes	\$ 648,906,000	\$ 648,906,000	\$ 656,220,024	\$ 7,314,024
Local income taxes	463,000,000	463,000,000	491,528,416	28,528,416
State shared taxes	12,229,400	12,229,400	11,694,607	(534,793)
Recordation and transfer taxes	95,000,000	95,000,000	109,395,916	14,395,916
Local sales taxes	34,114,000	34,114,000	32,938,166	(1,175,834)
Licenses and permits	18,000,000	18,000,000	17,148,374	(851,626)
Ambulance fees	10,000,000	10,000,000	11,985,658	1,985,658
Cable fees	11,300,000	11,300,000	11,560,846	260,846
Video Lottery Impact Aid	3,740,000	3,740,000	5,368,631	1,628,631
Investment income	100,000	100,000	1,724,716	1,624,716
Interfund recoveries	66,666,400	66,666,400	69,082,961	2,416,561
Fees for services and other revenues	45,644,200	45,949,200	50,582,805	4,633,605
Total revenues	<u>1,408,700,000</u>	<u>1,409,005,000</u>	<u>1,469,231,120</u>	<u>60,226,120</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Education	643,224,500	648,224,500	648,224,500	-
Higher education	38,687,700	38,687,700	38,687,700	-
Public safety	277,666,000	279,086,000	276,956,587	2,129,413
General government	147,194,900	142,652,100	137,474,600	5,177,500
Health and human services	51,323,700	51,727,700	50,295,863	1,431,837
Public works	33,815,400	35,631,200	34,764,979	866,221
Recreation and community services	44,317,400	45,020,400	44,276,549	743,851
Judicial	25,483,300	25,738,300	25,464,097	274,203
Land use and development	8,620,000	8,685,000	8,514,592	170,408
Code enforcement	13,223,400	13,223,400	12,995,990	227,410
Debt service	131,997,800	131,997,800	131,580,836	416,964
Pay go funding - capital projects	32,250,000	32,435,000	32,395,000	40,000
Total expenditures	<u>1,447,804,100</u>	<u>1,453,109,100</u>	<u>1,441,631,293</u>	<u>11,477,807</u>
Revenues over (under) expenditures	(39,104,100)	(44,104,100)	27,599,827	\$ <u>71,703,927</u>
Fund balances, budgetary, July 1	<u>74,489,379</u>	<u>74,489,379</u>	<u>74,489,379</u>	
Fund balances, budgetary, June 30	\$ <u>35,385,279</u>	\$ <u>30,385,279</u>	\$ <u>102,089,206</u>	
Fund balance - GAAP Basis			\$ 175,024,539	
Non spendable			(3,082,745)	
Restricted			(1,372,139)	
Assigned			(82,546,189)	
Unassigned - Revenue reserve allocation			(59,458,031)	
Effects of:				
Base realignment and closure			1,372,139	
Fair market value adjustment			641,247	
County Parking Garage Fund			19,807	
Inmate Benefits and Morale Fund			(691,800)	
Self Insurance Fund surplus allocation			(4,099,708)	
Central Garage Fund deficit allocation			4,719,983	
Unassigned - Non-GAAP basis			<u>30,527,103</u>	
Assigned for subsequent years			<u>71,562,103</u>	
Fund balance - budgetary basis			\$ <u>102,089,206</u>	

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

## Anne Arundel County, Maryland

## Statement of Net Position

## Proprietary Funds

June 30, 2017

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund		Internal
	Water and Wastewater	Solid Waste	Child Care	Totals	Service Funds
<b>ASSETS</b>					
Current assets					
Cash and temporary investments	\$ 108,846,947	\$ 36,048,859	\$ 2,596,647	\$ 147,492,453	\$ 33,511,343
Investments	-	-	-	-	83,887,706
Service billings receivable, net	23,236,525	702,619	99,546	24,038,690	4,650,956
Due from other funds	152,203	91,879	1,404	245,486	5,462,309
Inventories	3,334,970	193,646	-	3,528,616	671,449
Other	10,327	-	-	10,327	2,938,915
Restricted assets					
Cash and temporary investments	13,730,869	12,845,680	-	26,576,549	-
Investments	260,989,637	-	-	260,989,637	-
Receivables					
Due from other governmental agencies	9,081,443	-	-	9,081,443	-
Other, net	10,189,233	-	-	10,189,233	-
Total current assets	<u>429,572,154</u>	<u>49,882,683</u>	<u>2,697,597</u>	<u>482,152,434</u>	<u>131,122,678</u>
Noncurrent assets					
Restricted assets					
Deferred connection and assessment charges	27,871,754	-	-	27,871,754	-
Capital assets	2,414,173,328	127,891,147	-	2,542,064,475	81,390,007
Less accumulated depreciation	(805,429,458)	(64,861,569)	-	(870,291,027)	(61,138,556)
Total capital assets, net of depreciation	<u>1,608,743,870</u>	<u>63,029,578</u>	<u>-</u>	<u>1,671,773,448</u>	<u>20,251,451</u>
Total noncurrent assets	<u>1,636,615,624</u>	<u>63,029,578</u>	<u>-</u>	<u>1,699,645,202</u>	<u>20,251,451</u>
Total assets	<u>2,066,187,778</u>	<u>112,912,261</u>	<u>2,697,597</u>	<u>2,181,797,636</u>	<u>151,374,129</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Pension benefits	10,312,622	2,181,430	227,107	12,721,159	2,127,118
Unamortized deferred refunding loss	5,679,922	219,522	-	5,899,444	-
Total deferred outflows	<u>15,992,544</u>	<u>2,400,952</u>	<u>227,107</u>	<u>18,620,603</u>	<u>2,127,118</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and accrued liabilities	44,521,664	5,233,454	154,363	49,909,481	3,494,527
Current portion of long-term debt and obligations	37,682,158	17,333,212	41,887	55,057,257	20,047,757
Due to other funds	539,801	202,525	-	742,326	4,345,194
Escrow deposits	579,470	73,246	-	652,716	-
Liabilities related to restricted assets					
Accounts payable and accrued liabilities	6,448,180	-	-	6,448,180	-
Unearned revenue	5,781,430	-	394,948	6,176,378	-
Total current liabilities	<u>95,552,703</u>	<u>22,842,437</u>	<u>591,198</u>	<u>118,986,338</u>	<u>27,887,478</u>
Noncurrent liabilities					
Unpaid insurance claims	-	-	-	-	62,256,866
Accrued liability for compensated absences	42,809	-	5,331	48,140	11,355
Accrued liability for pension benefits	38,012,561	7,954,001	785,678	46,752,240	7,821,430
Accrued liability for OPEB	38,674,893	9,431,422	691,054	48,797,369	8,265,641
Estimated landfill closure and postclosure	-	21,085,450	-	21,085,450	-
Long-term debt	610,164,020	33,891,189	-	644,055,209	-
Unearned revenue	169,228	-	-	169,228	-
Total noncurrent liabilities	<u>687,063,511</u>	<u>72,362,062</u>	<u>1,482,063</u>	<u>760,907,636</u>	<u>78,355,292</u>
Total liabilities	<u>782,616,214</u>	<u>95,204,499</u>	<u>2,073,261</u>	<u>879,893,974</u>	<u>106,242,770</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Pension benefits	3,278,069	685,741	70,782	4,034,592	668,854
Total deferred inflows	<u>3,278,069</u>	<u>685,741</u>	<u>70,782</u>	<u>4,034,592</u>	<u>668,854</u>
<b>NET POSITION</b>					
Net investment in capital assets	960,636,424	27,807,560	-	988,443,984	20,251,451
Restricted for debt service	300,551,883	-	-	300,551,883	-
Restricted for capital improvements	9,081,443	-	-	9,081,443	-
Restricted for other purposes	-	11,255,564	-	11,255,564	-
Unrestricted	26,016,289	(19,640,151)	780,661	7,156,799	26,338,172
Total net position	<u>\$ 1,296,286,039</u>	<u>\$ 19,422,973</u>	<u>\$ 780,661</u>	<u>\$ 1,316,489,673</u>	<u>\$ 46,589,623</u>

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

Anne Arundel County, Maryland

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

Proprietary Funds

June 30, 2017

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Net position as shown on Statement of Net Position - Proprietary Funds	\$ 1,316,489,673
The allocation of the net deficit in the Internal Service Funds to various activities, funds, etc. as it relates to business-type activities.	<u>2,881,569</u>
Net position shown on government wide Statement of Net Position	\$ <u>1,319,371,242</u>

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

## Anne Arundel County, Maryland

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

## Proprietary Funds

Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Totals	Internal
	Water and Wastewater	Solid Waste	Child Care		Service Funds
<b>OPERATING REVENUES</b>					
Charges for services	\$ 85,467,198	\$ 47,616,529	\$ 5,741,879	\$ 138,825,606	\$ 45,582,254
Landfill charges	-	3,823,998	-	3,823,998	-
Medical premiums	-	-	-	-	78,729,883
Other revenues	6,745,839	1,093,935	-	7,839,774	4,738,208
Total operating revenues	<u>92,213,037</u>	<u>52,534,462</u>	<u>5,741,879</u>	<u>150,489,378</u>	<u>129,050,345</u>
<b>OPERATING EXPENSES</b>					
Personnel services	34,629,999	8,621,821	4,004,766	47,256,586	10,205,181
Contractual services	30,805,669	31,925,322	285,010	63,016,001	2,603,336
Supplies and materials	8,048,959	649,853	501,080	9,199,892	764,936
Business and travel	182,429	203,398	35,981	421,808	20,655
Cost of goods issued	-	-	-	-	6,487,071
Depreciation	45,631,584	9,184,551	-	54,816,135	5,252,931
Provision for claims and estimated losses	-	-	-	-	91,382,056
Landfill closure and postclosure costs	-	638,845	-	638,845	-
Other	12,359,489	3,022,811	544,141	15,926,441	1,436,100
Total operating expenses	<u>131,658,129</u>	<u>54,246,601</u>	<u>5,370,978</u>	<u>191,275,708</u>	<u>118,152,266</u>
Operating income (loss)	<u>(39,445,092)</u>	<u>(1,712,139)</u>	<u>370,901</u>	<u>(40,786,330)</u>	<u>10,898,079</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	2,377,364	399,798	-	2,777,162	1,368,525
Interest earned on long-term receivables	789,150	-	-	789,150	-
Other revenues	6,252,841	252,379	-	6,505,220	-
Other expenses	(1,138,958)	(11,864)	-	(1,150,822)	-
Interest expense	(13,423,894)	(763,915)	-	(14,187,809)	-
Gain on disposal of assets	91,905	152,000	-	243,905	273,754
Income (loss) before contributions and transfers	<u>(44,496,684)</u>	<u>(1,683,741)</u>	<u>370,901</u>	<u>(45,809,524)</u>	<u>12,540,358</u>
Capital contributions	69,022,133	-	-	69,022,133	-
Interfund transfers	<u>(676,829)</u>	<u>229,025</u>	<u>-</u>	<u>(447,804)</u>	<u>-</u>
Change in net position	23,848,620	(1,454,716)	370,901	22,764,805	12,540,358
Net position, July 1	<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>
Net position, June 30	\$ <u>1,296,286,039</u>	\$ <u>19,422,973</u>	\$ <u>780,661</u>	\$ <u>1,316,489,673</u>	\$ <u>46,589,623</u>

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

Change in net position shown above \$ 22,764,805

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.

296,867

Increase in net position as shown on the government-wide  
statement of activities

\$ 23,061,672

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, 2017

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Totals	Internal
	Water and Wastewater	Solid Waste	Child Care		Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received for services	\$ 91,587,020	\$ 52,593,760	\$ 5,870,791	\$ 150,051,571	\$ 121,388,622
Cash received for expense reimbursement	-	-	-	-	5,030,024
Cash payments to suppliers for goods and services	(50,074,452)	(33,283,319)	(1,356,670)	(84,714,441)	(9,676,473)
Cash payments for insurance claims	-	-	-	-	(93,662,891)
Cash payments to employees for services	(29,612,400)	(7,410,765)	(3,875,917)	(40,899,082)	(6,462,148)
Contributions to other funds	-	(3,011,201)	-	(3,011,201)	-
Escrow deposits refunded	-	(1,500)	-	(1,500)	(173,389)
Other operating receipts	-	-	-	-	52,171
Other operating payments	-	-	-	-	(1,436,100)
Net cash provided by operating activities	<u>11,900,168</u>	<u>8,886,975</u>	<u>638,204</u>	<u>21,425,347</u>	<u>15,059,816</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Payments of long-term debt related to closure activities	-	(436,560)	-	(436,560)	-
Interest payments related to closure activities	-	(12,006)	-	(12,006)	-
Cash transfers between funds	-	(17,975)	-	(17,975)	-
Net cash used for noncapital financing activities	<u>-</u>	<u>(466,541)</u>	<u>-</u>	<u>(466,541)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from sale of bonds and bond anticipation notes	63,175,000	4,377,000	-	67,552,000	-
Proceeds from grant funds	15,139,336	-	-	15,139,336	-
Proceeds from loan	2,700,330	-	-	2,700,330	-
Proceeds from developers' contributions	255,725	-	-	255,725	-
Refunds to developers	(976,426)	-	-	(976,426)	-
Assessments and connection charges	33,047,227	-	-	33,047,227	-
Environmental protection fees for capital assets	18,780,717	-	-	18,780,717	-
Payments of long-term debt	(30,141,076)	(2,911,723)	-	(33,052,799)	-
Interest payments	(23,839,581)	(1,559,871)	-	(25,399,452)	-
Rebates, interest income and reimbursements	1,130,658	-	-	1,130,658	-
Acquisition and construction of capital assets	(124,001,316)	(15,870,220)	-	(139,871,536)	(7,673,046)
Transfer in bond premium for capital project financing	-	723,000	-	723,000	-
Premium on sale of bonds	33,549,182	-	-	33,549,182	-
Proceeds from sale of equipment	-	-	-	-	273,754
Payment of capital related fees	(967,552)	-	-	(967,552)	-
Transfer to Utility Debt Service Fund	281,250	-	-	281,250	-
Transfer to capital projects	(22,951,088)	-	-	(22,951,088)	-
Transfer to general county capital projects	(676,829)	(476,000)	-	(1,152,829)	-
Net cash used for capital and related financing activities	<u>(35,494,443)</u>	<u>(15,717,814)</u>	<u>-</u>	<u>(51,212,257)</u>	<u>(7,399,292)</u>

## Anne Arundel County, Maryland

## Statement of Cash Flows

## Proprietary Funds

Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Totals	Internal
	Water and Wastewater	Solid Waste	Child Care		Service Funds
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of investment securities	(477,977,440)	-	-	(477,977,440)	(50,520,629)
Sale of investment securities	484,804,856	-	-	484,804,856	49,963,169
Interest on investments	613,302	399,798	-	1,013,100	1,294,410
Net cash provided by investing activities	7,440,718	399,798	-	7,840,516	736,950
Net increase (decrease) in cash and cash equivalents	(16,153,557)	(6,897,582)	638,204	(22,412,935)	8,397,474
Cash and temporary investments, July 1	138,731,373	55,792,121	1,958,443	196,481,937	25,113,869
Cash and temporary investments, June 30	\$ 122,577,816	\$ 48,894,539	\$ 2,596,647	\$ 174,069,002	\$ 33,511,343
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (39,445,092)	\$ (1,712,139)	\$ 370,901	\$ (40,786,330)	\$ 10,898,079
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	45,631,584	9,184,551	-	54,816,135	5,252,931
Noncapital construction costs	2,008,745	-	-	2,008,745	-
Effect of changes in operating assets and liabilities					
Accounts receivable	(592,463)	59,298	75,871	(457,294)	(540,113)
Due from other funds	160,977	(1,197)	-	159,780	-
Prepaid expenses	51,954	-	-	51,954	253
Inventories	(582,736)	(43,940)	-	(626,676)	(61,022)
Deposit with provider	-	-	-	-	(173,389)
Accounts payable and accrued liabilities	(171,946)	(426,436)	35,336	(563,046)	(1,103,494)
Unearned revenue	-	-	53,086	53,086	-
Unpaid claims	-	-	-	-	2,341,528
Landfill closure and postclosure costs	-	638,845	-	638,845	-
Due to other funds	(1,088)	12,807	-	11,719	(2,511,434)
Escrow deposits	(33,554)	(1,500)	-	(35,054)	-
Accrued liability for compensated absences	(75,396)	1,361	1,331	(72,704)	(48,963)
Accrued liability for pension	(1,557,197)	(324,755)	(30,541)	(1,912,493)	(314,351)
Deferred outflow of resources - pension	3,308,063	691,822	70,832	4,070,717	674,318
Deferred inflow of resources - pension	1,009,545	210,542	19,800	1,239,887	203,797
Accrued liability for OPEB benefits	2,188,772	597,716	41,588	2,828,076	441,676
Net cash provided by operating activities	\$ 11,900,168	\$ 8,886,975	\$ 638,204	\$ 21,425,347	\$ 15,059,816
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Contributions of capital assets from developers	\$ 14,469,703	\$ -	\$ -	\$ 14,469,703	\$ -
Trade in of capital assets	94,505	152,000	-	246,505	-
Change in capital contributions, fees and grants, accruals and deferrals	(12,577,861)	-	-	(12,577,861)	-
Increase in fair value of investments	7,215	-	-	7,215	(667,543)
Amortization of refunding gains (losses)	(584,362)	22,921	-	(561,441)	-
Noncash investing, capital and financing activities	\$ 1,409,200	\$ 174,921	\$ -	\$ 1,584,121	\$ (667,543)

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, 2017

	Pension Trust Funds (December 31, 2016)	Other Post Employment Plan Trust Fund	Agency Funds
<b>ASSETS</b>			
Investments, at fair value:			
Cash and temporary investments	\$ 53,645,660	\$ -	\$ 32,035,574
Short-term investments	-	3,403,368	-
U. S. government obligations	21,312,799	-	-
Corporate obligations	106,096,395	-	-
Domestic fixed income mutual funds	139,612,406	37,473,461	-
International fixed income mutual funds	65,482,541	-	-
Global asset pools	226,338,448	-	-
Domestic equity	390,442,348	33,895,158	-
International equity pools	395,665,195	27,945,471	-
Private markets	118,928,159	-	-
Portable Alpha	92,445	-	-
Real estate investment pools	91,429,425	-	-
Absolute return fixed income	51,860,530	-	-
Aetna insurance pooled fixed income	23,356,163	-	-
Total investments	<u>1,684,262,514</u>	<u>102,717,458</u>	<u>32,035,574</u>
Collateral from securities lending transactions	60,373,848	-	-
Receivables:			
Accounts receivable	-	1,452,966	-
Employer contributions	5,574,167	-	-
Participant contributions	992,999	-	-
Accrued interest and dividends	1,785,552	-	-
Investment sales proceeds	615,322	-	-
Total receivables	<u>8,968,040</u>	<u>1,452,966</u>	<u>-</u>
Prepaid	-	46,972	-
Deposits on hand	243,625	-	-
Total assets	<u>1,753,848,027</u>	<u>104,217,396</u>	<u>\$ 32,035,574</u>
<b>LIABILITIES</b>			
Accounts payable	1,447,099	516,891	-
Escrow and other deposits	-	-	\$ 32,035,574
Due to Anne Arundel County Government	-	1,942,318	-
Unearned revenue	-	245	-
Investment commitments payable	8,129,863	-	-
Obligation for collateral received under securities lending transactions	60,373,848	-	-
Total liabilities	<u>69,950,810</u>	<u>2,459,454</u>	<u>\$ 32,035,574</u>
Fiduciary net position	<u>\$ 1,683,897,217</u>	<u>\$ 101,757,942</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

Fiduciary Funds

Year Ended June 30, 2017

	Pension Trust Funds (December 31, 2016)	Other Post Employment Plan Trust Fund
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 67,500,726	\$ 48,166,748
Participant	12,913,484	7,426,919
Insurance subsidies and rebates	-	6,145,519
Total contributions	<u>80,414,210</u>	<u>61,739,186</u>
Investment income:		
Net appreciation in fair value of investments	87,574,302	9,298,648
Interest income	16,698,292	-
Dividend income	21,681,662	3,165,167
Total investment income	<u>125,954,256</u>	<u>12,463,815</u>
Less investment expense	<u>(10,920,522)</u>	<u>(17,271)</u>
Net income from investing activities	<u>115,033,734</u>	<u>12,446,544</u>
Securities lending activities:		
Securities lending income	<u>281,584</u>	<u>-</u>
Securities lending expenses:		
Borrower rebates	79,069	-
Management fees	63,086	-
Securities lending expense	<u>142,155</u>	<u>-</u>
Securities lending net income	<u>139,429</u>	<u>-</u>
Total net investment income	<u>115,173,163</u>	<u>12,446,544</u>
Total additions	<u>195,587,373</u>	<u>74,185,730</u>
<b>DEDUCTIONS</b>		
Participant benefit payments and refunds	117,741,235	-
Insurance claims	-	29,235,132
Insurance premiums	-	7,577,622
Insurance affordable care act	-	76,035
Administrative expenses	1,342,456	845,726
Total deductions	<u>119,083,691</u>	<u>37,734,515</u>
Net increase	<u>76,503,682</u>	<u>36,451,215</u>
Fiduciary net position, beginning of year	<u>1,607,393,535</u>	<u>65,306,727</u>
Fiduciary net position, end of year	<u>\$ 1,683,897,217</u>	<u>\$ 101,757,942</u>

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

**Anne Arundel County, Maryland**  
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**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 below. 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 (CAFR).

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.  
1131 Benfield Boulevard, Suite N  
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, other post-employment 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 non-major 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. 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 the following:

- **Pension Trust Fund** – 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.
- **Anne Arundel Retiree Health Benefits Trust Fund** – The activities of the Anne Arundel Retiree Health Benefits Trust (OPEB Trust Fund). The OPEB Trust Fund 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** – 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 have a measurement focus. Transactions in these funds are recorded using the accrual basis of accounting. Agency funds account for deposits that are collected and held on behalf of individuals, organizations, or other governments. These monies include the following: 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 1<sup>st</sup>. The County Council holds public hearings regarding the budget. The Annual Budget and Appropriation Ordinance must be approved by June 15<sup>th</sup> (prior to the start of the next fiscal year on July 1<sup>st</sup>) 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 non-major 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/fy2017/index.html](http://www.aacounty.org/departments/budget-office/previous-budgets/fy2017/index.html).

## **Combining and Other Supplementary Schedules**

For all columns in the basic financial statements that accumulate the data for non-major funds or component units, the County has provided combining statements that present the individual funds included in these non-major 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 non-major 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. Investment, however, 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 the 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 in construction in progress. The County capitalized interest related to assets in the amount of \$11,878,292 in fiscal year 2017. 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 recorded at acquisition 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, 2017, the County Primary Government had deferred outflows of \$185,621,322 representing pension benefits in the amount of \$173,883,366 and unamortized deferred refunding losses in the amount of \$11,737,956. 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, 2017, the governmental fund had deferred inflows of resources of \$107,894,010 representing unavailable tax revenues, 911 fees, and unavailable grant and program revenues. On the government wide statements, the primary government had deferred inflows of resources related to pension benefits in the amount of \$38,635,911. 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 Non-operating 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, non-operating, 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. Non-operating 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. Non-operating 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 functional expenses 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, 2017 totaled \$96,276,854 in the governmental fund types, of which \$77,676,036 is for construction activity. The proprietary funds utilize encumbrance accounting for budgetary purposes. As of June 30, 2017, the proprietary funds had encumbrances totaling \$134,540,798, of which \$116,891,604 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.
  - **Odenton Town Center Tax Increment:** restricted by State Enabling Legislation and the creation of the special taxing district as defined in Anne Arundel County Resolution 42-14, for the creation of Odenton Town Center Development District.
  - **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, Environment 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, and Energy Revolving Loan 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. 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, 2017. The annual leave accrual is calculated using unused annual leave hours as of June 30, 2017 and pay rates in place for each employee at the end of the fiscal.

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, 2017, the County implemented the following Governmental Accounting Standard Board (GASB) pronouncements:

- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within The Scope of GASB 68, and Amendments to Certain Provisions of GASB Statement 67 and 68 Plans*. This statement establishes new accounting and financial reporting requirements for governments whose employees are provided with other pension benefits.
- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement establishes new accounting and financial reporting requirements for governments whose employees are provided with other postemployment benefits.
- Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments to disclose certain information about entered into tax abatement agreements.

The following pronouncements will be evaluated for future implementation:

- As of the year ended June 30, 2017, GASB issued Statement No. 75, entitled, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; GASB Statement No. 71 entitled,

*Irrevocable Spits-Interest Agreements*; GASB Statement No. 82 entitled, *Pension Issues – amendment of GASB Statements No. 67, No. 68 and No. 73*; GASB Statement No. 84 entitled, *Fiduciary Activity*; GASB Statement No. 87, entitled, *Leases*. 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 the implementation of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within The Scope of GASB 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*:

	<u>Governmental-type Activities</u>
<b>Net Position, June 30, 2016</b>	\$ (493,646,644)
<b>Adjustment required for implementation of new accounting principle</b>	<u>(15,153,820)</u>
<b>Net Position, July 1, 2016 (as restated)</b>	<u>\$ (508,800,464)</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 (\$2,794,738), (\$687,577) and (\$168,676), 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 (\$11,966,343) as a result of unfunded liabilities for other postemployment and pension benefits. In addition, Governmental Activities has a deficit net position of (\$497,001,970) on the full accrual statements 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:

	<u>General Fund</u>
Revenue (under) over expenditures - budgetary basis	\$ 27,599,827
Net effect of encumbrances	742,633
Change in due to Central Garage and Transportation Fund	(53,859)
Change in due to Self Insurance Fund	(2,351,609)
Change in revenue reserve allocation	2,240,574
FMV interest adjustment	(641,247)
Health Department encumbrance adjustment	236,110
Effects of Inmate Benefit Fund & Parking Garage Fund	29,807
Net inventory change	404,714
Change in fund balance - modified accrual basis	<u>\$ 28,206,950</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. Assets of the Anne Arundel County Pension and Retirement System (Retirement System) and the Anne Arundel Retiree Health Benefits Trust, which covers Other Post-Employment Benefits (OPEB), are 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 non-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 102.0% 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 101.0% or is \$100,000 less than the 102.0%, additional collateral is required to bring the total to the required level. At June 30, 2017, the collateral balance securing repurchase agreements was \$109,750 short of the required 102.0%

level. Additional collateral was requested by the custodian bank on the next business day and delivered by the broker on the following day, which eliminated the shortfall.

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. Effective December 1, 2016, the Retirement System's Lending Agent was Deutsche Bank AG. The previous Agent, State Street Bank and Trust, suspended lending activity for the Retirement System at the direction of the Board of Trustees as of May 31, 2016. Deutsche Bank AG lends securities for collateral in the form of cash or other securities of 102.0% for domestic securities and 105.0% for international. Cash collateral received by the Retirement System with respect to these transactions is invested in a separate, un-pooled account basis at the direction of the Board of Trustees in fully collateralized Repurchase Agreements.

At year end, the Retirement System had no credit risk exposure to borrowers, because the amount of collateral held by the Retirement System was greater than the value of securities on loan. The market value of invested collateral held as of December 31, 2016 was \$60,373,848. There were no securities held as collateral. The market value of securities on loan for the Retirement System as of December 31, 2016 was \$59,084,503.

The Retirement System did not impose any restrictions during the year on the amount of the loans that the agent made on its behalf. Moreover, there were no losses during the year resulting from a default of the borrowers or agent. All security loans can be terminated on demand by either the Retirement System or the borrower. Cash collateral received was invested in Repurchase Agreements, which as of December 31, 2016 had a weighted average final maturity of 70.3 days. The interest rate risk is zero days, as assets and liabilities can be rate changed on a daily basis.

The Anne Arundel Retiree Health Benefits Trust (OPEB Trust) is authorized to invest in large capitalized domestic equities, international equities, emerging international equities, core fixed income, and diversified fixed income. The OPEB Trust's Board of Trustees has established an Investment Policy Statement (IPS) to set forth investment objectives, policies guidelines, monitoring and review procedures relating to the management and safekeeping of all assets of the OPEB Trusts. Policy allows the use of mutual/commingled funds as investment vehicles.

**B Balances and Custodial Credit Risk** – As of June 30, 2017, the carrying amount of the primary government's bank deposits was \$1,085,144 and bank balances were \$5,552,090. All bank balances were fully secured by Federal Deposit insurance or fully collateralized. The total money market fund balance was \$122,230,760.

Cash balances of the Board of Education are fully secured by Federal Deposit insurance and 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 non-major component units are insured or collateralized except \$474,000 for Tipton Airport, which as of June 30, 2017, is not insured or collateralized.

Money market fund balances for the Retirement System as of calendar year-end December 31, 2016 and OPEB Trust as of fiscal year-end June 30, 2017, were \$53,645,660 and \$3,403,368 respectively.

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-determined price. In addition, debt issues may have interest rates that vary according to a pre-determined external index (such as the London Inter-Bank Offered Rate) or a pre-determined step-up in the interest rate at a pre-determined 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 \$85,298,693 of callable issues and \$2,985,300 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 \$7,814,133 are not included in this table.

Primary Government	Investment Maturities				
	Fair Value	Less than 1 year	1 to 5 years	6 to 10 years	Greater than 10 years
U.S. Government securities	\$ 242,676,618	\$ 233,051,942	\$ -	\$ -	\$ 9,624,676
Agencies / instrumentalities	348,368,542	263,374,770	54,963,468	21,222,784	8,807,520
Supranationals	45,605,305	45,605,305	-	-	-
Money market pools	122,230,761	122,230,761	-	-	-
Commercial paper	79,610,575	79,610,575	-	-	-
Repurchase agreements	140,000,000	140,000,000	-	-	-
Corporate bonds	39,561,774	-	27,153,821	12,407,953	-
Municipals bonds	22,650,166	3,035,856	15,914,971	3,699,339	-
Bond mutual funds	3,937,924	350,683	2,347,756	1,239,485	-
	<u>\$ 1,044,641,665</u>	<u>\$ 887,259,892</u>	<u>\$ 100,380,016</u>	<u>\$ 38,569,561</u>	<u>\$ 18,432,196</u>
Component units					
Board of Education					
Investment Type					
Money market pools	\$ 115,805,657	\$ 115,805,657	\$ -	\$ -	\$ -
	<u>\$ 115,805,657</u>	<u>\$ 115,805,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Community College					
Investment Type					
Money market pools	\$ 13,166,280	\$ 13,166,280	\$ -	\$ -	\$ -
Bond mutual funds	3,023,718	3,023,718	-	-	-
	<u>\$ 16,189,998</u>	<u>\$ 16,189,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other non-major component units					
Investment Type					
Money market pools	\$ 314	\$ 314	\$ -	\$ -	\$ -
	<u>\$ 314</u>	<u>\$ 314</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, 2016. Some issues within the categories agencies/instrumentalities, corporate bonds, collateralized mortgage obligations, and other asset-backed securities have variable-rate features. The total fair value of these securities was \$8,967,393 as of December 31, 2016.

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 \$55,661,986 with call dates ranging from January 1, 2017 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 a market value of \$4,521,328. Non-debt investments, guaranteed contracts, and un-invested cash with a combined fair value of \$1,298,642,867 do not have maturity dates and therefore are not included in this table.

		Retirement System			
Investment Type	Fair Value	Investment Maturities			
		Less than 1 year	1 to 5 years	6 to 10 years	Greater than 10 years
U.S. Treasuries	\$ 21,312,799	\$ 9,977	\$ 10,824,784	\$ 3,709,642	\$ 6,768,396
Agencies/Instrumentalities	13,720,207	1,797,840	-	-	11,922,367
Money market pools	53,115,505	53,115,505	-	-	-
Corporate bonds	71,956,728	271,350	35,323,450	25,757,301	10,604,627
Bond mutual funds	205,094,947	62,269,885	142,825,062	-	-
Collateralized mrtg. obligations	7,643,979	-	768,589	499,836	6,375,554
Other asset-backed securities	2,338,930	-	-	228,306	2,110,624
Yankee and foreign bonds	10,436,552	232,955	4,025,730	3,584,284	2,593,583
Totals	<u>\$ 385,619,647</u>	<u>\$ 117,697,512</u>	<u>\$ 193,767,615</u>	<u>\$ 33,779,369</u>	<u>\$ 40,375,151</u>

The OPEB Trust owned one debt mutual fund exposed to interest rate risk as of June 30, 2017. The effective maturity of the fund was 9.1 years with a fair value of \$37,473,461.

**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 \$7,814,133 are not included in this table.

Anne Arundel County, Maryland  
Notes to the Financial Statements

Primary Government

Standard & Poor's Credit Ratings

Investment Type	Total Fair Value	A-1	AAA	AA	A	BBB	Not Rated
Agencies/instrumentalities	\$ 348,368,542	\$ -	\$ -	\$ 287,248,611	\$ -	\$ -	\$ 61,119,931
Supranationals	45,605,305	-	45,605,305	-	-	-	-
Commercial paper	79,610,575	79,610,575	-	-	-	-	-
Repurchase agreement	140,000,000	-	-	-	-	-	140,000,000
Corporate bonds	39,561,774	-	6,867,181	13,968,795	9,712,238	9,013,560	-
Municipal securities *	22,650,166	-	15,157,323	2,800,585	-	-	4,692,258
Bond mutual funds	3,937,924	-	-	-	-	-	3,937,924
Money market pools	122,230,760	-	90,913,159	-	-	-	31,317,601
Total Credit Risk-Debt Securities	801,965,046	\$ 79,610,575	\$ 158,542,968	\$ 304,017,991	\$ 9,712,238	\$ 9,013,560	\$ 241,067,714
U.S. Gov't & Agencies **	242,676,618						
Total Debt Securities	\$ 1,044,641,664						

Component Units

Board of Education

Investment Type

Money market pools	\$ 115,805,657	\$ -	\$ 115,805,657	\$ -	\$ -	\$ -	\$ -
	\$ 115,805,657	\$ -	\$ 115,805,657	\$ -	\$ -	\$ -	\$ -

Community College

Investment Type

Money market pools	\$ 13,166,280	\$ -	\$ 13,166,280	\$ -	\$ -	\$ -	\$ -
Bond mutual funds	3,023,718	-	-	-	-	-	3,023,718
	\$ 16,189,998	\$ -	\$ 13,166,280	\$ -	\$ -	\$ -	\$ 3,023,718

Non-major component units

Investment Type

Money market pools	\$ 314	\$ -	\$ 314	\$ -	\$ -	\$ -	\$ -
	\$ 314	\$ -	\$ 314	\$ -	\$ -	\$ -	\$ -

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

\*\* The fair value of U.S. government agency securities is listed here. Due to the explicit guarantee from the U.S. government, they are considered to have no credit risk for reporting purposes.

Credit ratings of U.S. government agency securities that are only implicitly guaranteed by the U.S. government are categorized accordingly in the main body of this table. Implicitly guaranteed agency securities include government mortgage backed, government agencies, and short-term U.S. treasury 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 provides guidelines to all fixed income managers related to allowable quality ratings. Holdings displayed by rating as of December 31, 2016, excluding equities and un-invested cash with a total fair value of \$1,275,286,705, are displayed next.

Retirement System						
Investment type	Total Fair Value	Standard & Poor's Credit Ratings				
		AAA - A	BBB - B	CCC - C	D	Not Rated
Agencies/instrumentalities	\$ 13,720,207	\$ 1,848,080	\$ -	\$ -	\$ -	\$ 11,872,127
Collateralized mrtg. obligations	7,643,979	1,172,863	695,182	1,275,771	448,556	4,051,607
Other Asset-backed Obligations	2,338,930	542,137	750,679	904,712	-	141,402
Corporate bonds	71,956,727	5,337,889	65,937,050	487,500	-	194,288
Yankee & foreign gov. issued	10,436,552	1,735,497	8,690,412	-	-	10,643
Guaranteed invest contracts	23,356,163	-	-	-	-	23,356,163
Mutual funds	205,094,947	-	-	-	-	205,094,947
Money market pools	53,115,505	-	-	-	-	53,115,505
Total Credit Risk of Debt Securities	\$ 387,663,010	\$ 10,636,466	\$ 76,073,323	\$ 2,667,983	\$ 448,556	\$ 297,836,682
U.S. Gov't & agencies *	21,312,799					
Total Debt Securities	\$ 408,975,809					

\*\* The fair value of U.S. government agency securities is listed here. Due to the explicit guarantee from the U.S. government, they are considered to have no credit risk for reporting purposes.

The following table displays fair value and ratings for debt issues owned by the OPEB Trust as of June 30, 2017:

OPEB Trust						
Investment type	Total Fair Value	Standard & Poor's Credit Ratings				
		AAA-A	BBB-B	CCC-C	Not Rated	
Mutual funds	\$ 37,473,461	\$ -	\$ -	\$ -	\$ 37,473,461	
Money market pools	3,403,368	-	-	-	3,403,368	
Total Debt Securities	\$ 40,876,829	\$ -	\$ -	\$ -	\$ 40,876,829	

**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, 2017, Federal Farm Credit was 8.3% of the primary government’s investments, Federal Home Loan Bank represented 8.1%, Federal National Mortgage Association was 6.4%, and Federal Agricultural Mortgage Corp was 5.9%. Exposure to all other issuers was less than 5.0% 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 5.0% 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, 2016, there was no exposure to a single issuer greater than 5.0% 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, 2017. 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, 2016, the Retirement System had no direct exposure to fixed income foreign currency. International/global equities and fixed income assets, which are managed in pooled funds, totaled \$687,486,184 in fair market value.

As of June 30, 2017, the OPEB Trust had no direct exposure to fixed income foreign currency. The fair market value of one international mutual fund totaled \$27,945,471.

**G Fair Value Measurement** – The Primary Government, Retirement System and Retiree Health Benefits Trusts have categorized the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Level 1	Unadjusted quoted prices in active markets for identical instruments.
Level 2	Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuation in which all significant inputs are observable.
Level 3	Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share, or its equivalent, as a practical expedient are not classified in the fair value hierarchy.

The schedule of investments by type and hierarchy level as of June 30, 2017 is displayed below. As of June 30, 2017, short-term investments of \$122,230,760 were in money market mutual funds, which are not subject to the fair value measurement requirements.

Investment Type	Fair Value	Quoted Prices	Significant Other	Significant
		in Active Markets for Identical Assets Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3
U.S. Treasuries	\$ 242,676,618	\$ 242,676,618	\$ -	\$ -
Agencies/instrumentalities	348,368,542	348,368,542	-	-
Supranationals	45,605,305	-	45,605,305	-
Commercial paper	79,610,575	79,610,575	-	-
Repurchase agreements	140,000,000	-	-	140,000,000
Corporate bonds	39,561,774	-	39,561,774	-
Municipals bonds	22,650,166	-	22,650,166	-
Bond mutual funds	3,937,924	3,937,924	-	-
Equity mutual funds	7,814,133	7,814,133	-	-
	<u>\$ 930,225,037</u>	<u>\$ 682,407,792</u>	<u>\$ 107,817,245</u>	<u>\$ 140,000,000</u>

As of June 30, 2017, all investments and deposits for the Board of Education and the non-major component units were in money market mutual funds, which are not subject to the fair value measurement requirements.

The following table shows the fair market measurements for the Retirement System as of December 31, 2016. As of December 31, 2016, all short-term investments were in money market mutual funds, which are not subject to the fair value measurement requirements.

Pension System Assets at Fair Value December 31, 2016

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<b>Fixed Income Investments</b>				
U.S. Government obligations	\$ 21,312,799	\$ 21,312,799	\$ -	\$ -
Agencies/instrumentalities	13,720,207	13,720,207	-	-
Collateralized mort. obligations	7,643,979	-	7,643,979	-
Other asset-backed obligations	2,338,930	-	2,338,930	-
Corporate bonds	82,393,279	-	82,387,019	6,260
Fixed income mutual funds	77,342,522	3,157,289	74,185,233	-
International fixed income mutual funds	65,482,541	65,482,541	-	-
Aetna insurance pooled fixed income	23,356,163	-	23,356,163	-
Absolute return fixed income	51,860,530	51,860,530	-	-
<b>Total fixed income investments</b>	<b>345,450,950</b>	<b>155,533,366</b>	<b>189,911,324</b>	<b>6,260</b>
<b>Equity Investments</b>				
Domestic equity	390,442,348	314,900,031	75,542,317	-
International equity pools	299,710,330	299,710,330	-	-
Portable alpha	92,445	-	-	92,445
<b>Total equity investments</b>	<b>690,245,123</b>	<b>614,610,361</b>	<b>75,542,317</b>	<b>92,445</b>
<b>Total investments by fair value level</b>	<b>\$ 1,035,696,073</b>	<b>\$ 770,143,727</b>	<b>\$ 265,453,641</b>	<b>\$ 98,705</b>

Pension System Net Asset Value December 31, 2016

Investment Type	Net Asset Value	Unfunded Commitments as of 12/31/16	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled funds-debt	\$ 62,269,884	\$ -	Twice monthly	15 days
Commingled funds-equities	95,954,866	-	Monthly	5 Business days
Real estate (REIT) fund	91,429,425	-	Quarterly	90 days
Global asset pools	226,338,448	-	Monthly	5 Business days
Private markets: buyouts	33,057,915	49,866,747	Not eligible	Not eligible
Private markets: mezzanine	15,994,675	3,597,350	Not eligible	Not eligible
Private markets: secondaries	11,248,167	14,833,622	Not eligible	Not eligible
Private markets: distressed	30,162,501	18,234,983	Not eligible	Not eligible
Fund of funds	10,397,614	1,673,299	Not eligible	Not eligible
Private markets: energy	18,067,286	13,243,587	Not eligible	Not eligible
Investments measured at cost	594,920,781	\$ 101,449,588		
Money market pools	53,645,660			
<b>Total Investments</b>	<b>\$ 1,684,262,514</b>			

Securities classified in Level 1 are valued using quoted prices in active markets for those securities. Securities classified in Level 2 and Level 3 are valued using methodologies such as various bid evaluations, market averages and other matrix pricing techniques as well as values derived from associated traded securities or last trade data. In instances where inputs used to measure fair value fall into different levels, the fair value is categorized based on the lowest level input that is significant to the valuation.

Investments valued at the net asset value (NAV) per share, or its equivalent, have been classified separately in the table above and include investments considered to be Alternative Investments as defined by the American

Institute of Certified Public Accountants. The definition includes investments for which a readily determinable fair value does not exist (that is, investments not listed on national exchanges or over-the-counter markets, or for which quoted market prices are not available from sources such as financial publications, the exchanges, or NASDAQ). These types of investments can be held within any of the asset classes used by the System based on underlying portfolio holdings and analysis of risk and return relations. These investments can be structured in different ways, including limited partnerships, limited liability companies, common trusts, and mutual funds. Some are closed-ended with a specific life and capital commitments while others are open-ended with opportunity for ad hoc contributions or withdrawals and termination with proper notice.

*Commingled/Mutual Funds* – These types of funds are open-ended funds and may be utilized in equity or fixed income asset classes. They are funds made up of underlying securities that have readily available fair values (publically traded stocks or bonds). The Retirement System owns units of these funds rather than the individual securities. Contributions or withdrawals from the funds can be made as needed, generally with daily or monthly liquidity, with a notice period of one to thirty days. There are no unfunded commitments for these types of investments, because they are liquid funds.

*Private Markets* – Private Market investments are typically private interests in corporations across different areas of the capital structure and in different stages of the corporations’ development via limited partnership vehicles. Private Market investments are illiquid and long term in nature (10-12 years), typically held until maturity. These portfolios generally have a “J-Curve Effect” whereby there are low to negative returns in the initial years due to the payment of investment management fees and initial funding of investments made by the General Partner during a period when investments are typically carried at cost and returns have not been realized. To diversify the program, investments are made across business cycles, vintage years, and different strategies. The Retirement Systems’ Investment Policy Statement has a dedicated asset class for Private Markets. There is no option to request redemptions from the Private Market funds.

The schedule of fair market measurements for the Community College follows:

Investment Type	Fair Value	Quoted Prices in	Significant	Significant
		Active Markets for Identical Assets Level 1	Other Observable Inputs Level 2	Unobservable Inputs Level 3
Community College				
Bond mutual funds	\$ 3,023,718	\$ 3,023,718	\$ -	\$ -
Equity mutual funds	8,880,330	8,880,330	-	-
Real estate mutual fund	642,703	642,703	-	-
Domestic equity	25,806	25,806	-	-
	<u>\$ 12,572,557</u>	<u>\$ 12,572,557</u>	<u>\$ -</u>	<u>\$ -</u>

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

Investment Type	Total Fair Value	Quoted Prices in	Significant Other	Significant
		Active Markets for Identical Assets Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3
Mutual Funds				
Fixed Income	\$ 37,473,461	\$ 37,473,461	\$ -	\$ -
Domestic Equity	33,895,158	33,895,158	-	-
International Equity	27,945,471	27,945,471	-	-
Total Mutual Funds	<u>\$ 99,314,090</u>	<u>\$ 99,314,090</u>	<u>\$ -</u>	<u>\$ -</u>

#### **4      Receivables**

**A      *Property Taxes Receivable*** - The County's property tax is levied each July 1<sup>st</sup> 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 30<sup>th</sup> or two installments due on September 30<sup>th</sup> and December 31<sup>st</sup>. Property taxes are due from all other taxpayers on September 30<sup>th</sup>. Once the due date has passed, interest and penalties are charged each month on the unpaid balance. Property with delinquent taxes, are included in the tax sale each May or 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 2.50%.

**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, 2017 is \$27,871,754.

## 5 Capital Assets

The components of capital assets, changes in asset categories, and accumulated depreciation for the fiscal year ended June 30, 2017 are presented as follows:

Category	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land and easements	\$ 217,840,431	\$ 6,100,680	\$ (14,369)	\$ 223,926,742
Historical property/works of art	4,166,465	-	-	4,166,465
Construction in progress	105,555,677	87,148,694	(41,524,381)	151,179,990
Total assets not depreciated	<u>327,562,573</u>	<u>93,249,374</u>	<u>(41,538,750)</u>	<u>379,273,197</u>
<i>Capital assets being depreciated:</i>				
Land improvements	260,284,402	3,929,618	-	264,214,020
Buildings	324,942,621	4,739	-	324,947,360
Roads and bridges	390,137,264	16,776,065	(3,663,041)	403,250,288
Sidewalks, curbs, and gutters	51,190,492	613,150	(1,374,036)	50,429,606
Storm drains and culverts	344,460,082	17,225,488	-	361,685,570
Automobiles and rolling stock	104,166,656	14,208,485	(3,167,467)	115,207,674
Furniture, fixtures, and equipment	95,334,249	2,353,289	(722,016)	96,965,522
Software	22,688,156	644,816	-	23,332,972
Total assets depreciated	<u>1,593,203,922</u>	<u>55,755,650</u>	<u>(8,926,560)</u>	<u>1,640,033,012</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(105,375,493)	(8,322,021)	-	(113,697,514)
Buildings	(124,180,660)	(6,505,241)	-	(130,685,901)
Roads and bridges	(212,529,434)	(12,464,338)	3,663,041	(221,330,731)
Sidewalks, curbs, and gutters	(17,630,769)	(996,409)	83,734	(18,543,444)
Storm drains and culverts	(211,293,251)	(6,098,987)	-	(217,392,238)
Automobiles and rolling stock	(74,925,531)	(7,867,412)	3,151,856	(79,641,087)
Furniture, fixtures, and equipment	(66,274,017)	(7,091,949)	712,038	(72,653,928)
Software	(21,022,596)	(665,374)	-	(21,687,970)
Total accumulated depreciation	<u>(833,231,751)</u>	<u>(50,011,731)</u>	<u>7,610,669</u>	<u>(875,632,813)</u>
Total capital assets being depreciated, net	<u>759,972,171</u>	<u>5,743,919</u>	<u>(1,315,891)</u>	<u>764,400,199</u>
Total governmental activities, net	<u>\$ 1,087,534,744</u>	<u>\$ 98,993,293</u>	<u>\$ (42,854,641)</u>	<u>\$ 1,143,673,396</u>
<b>Business-type activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land and easements	\$ 12,705,712	\$ -	\$ -	\$ 12,705,712
Construction in progress (as restated)	458,814,270	141,123,912	(79,303,556)	520,634,626
Total assets not depreciated	<u>471,519,982</u>	<u>141,123,912</u>	<u>(79,303,556)</u>	<u>533,340,338</u>
<i>Capital assets being depreciated:</i>				
Buildings	51,685,550	-	-	51,685,550
Landfills	65,025,120	13,128,353	-	78,153,473
Water and sewer plants and lines	1,744,024,329	93,679,076	-	1,837,703,405
Automobiles and rolling stock	12,047,178	2,449,259	(653,298)	13,843,139
Furniture, fixtures, and equipment	26,367,715	1,856,152	(885,297)	27,338,570
Total assets depreciated	<u>1,899,149,892</u>	<u>111,112,840</u>	<u>(1,538,595)</u>	<u>2,008,724,137</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(11,638,055)	(1,026,620)	-	(12,664,675)
Landfills	(40,759,428)	(6,897,028)	-	(47,656,456)
Water and sewer plants and lines	(742,830,432)	(43,867,867)	-	(786,698,299)
Automobiles and rolling stock	(7,690,586)	(764,858)	653,298	(7,802,146)
Furniture, fixtures, and equipment	(14,092,386)	(2,259,762)	882,697	(15,469,451)
Total accumulated depreciation	<u>(817,010,887)</u>	<u>(54,816,135)</u>	<u>1,535,995</u>	<u>(870,291,027)</u>
Total capital assets being depreciated, net	<u>1,082,139,005</u>	<u>56,296,705</u>	<u>(2,600)</u>	<u>1,138,433,110</u>
Total business-type activities, net	<u>\$ 1,553,658,987</u>	<u>\$ 197,420,617</u>	<u>\$ (79,306,156)</u>	<u>\$ 1,671,773,448</u>

Anne Arundel County, Maryland  
Notes to the Financial Statements

Category	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
<b>Board of Education:</b>				
<i>Capital assets not being depreciated:</i>				
Land and improvements	\$ 66,467,019	\$ 1,846,572	\$ -	\$ 68,313,591
Computer software in progress	602,045	938,885	(376,620)	1,164,310
Construction in progress	151,274,330	80,237,187	(186,688,017)	44,823,500
Total assets not depreciated	<u>218,343,394</u>	<u>83,022,644</u>	<u>(187,064,637)</u>	<u>114,301,401</u>
<i>Capital assets being depreciated:</i>				
Buildings	1,611,968,779	184,227,587	(21,433,982)	1,774,762,384
Computer software	8,956,545	376,620	-	9,333,165
Furniture, fixtures, and equipment	46,622,915	6,660,947	(3,122,099)	50,161,763
Total assets depreciated	<u>1,667,548,239</u>	<u>191,265,154</u>	<u>(24,556,081)</u>	<u>1,834,257,312</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(741,119,049)	(62,500,574)	21,008,928	(782,610,695)
Computer software	(2,475,827)	(933,317)	-	(3,409,144)
Furniture, fixtures, and equipment	(30,815,552)	(3,800,962)	2,855,255	(31,761,259)
Total accumulated depreciation	<u>(774,410,428)</u>	<u>(67,234,853)</u>	<u>23,864,183</u>	<u>(817,781,098)</u>
Total capital assets being depreciated, net	<u>893,137,811</u>	<u>124,030,301</u>	<u>(691,898)</u>	<u>1,016,476,214</u>
Total Board of Education, net	<u>\$ 1,111,481,205</u>	<u>\$ 207,052,945</u>	<u>\$ (187,756,535)</u>	<u>\$ 1,130,777,615</u>
<b>Community College:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,377,178	\$ -	\$ -	\$ 2,377,178
Construction in progress	1,878,752	4,288,751	(5,132,343)	1,035,160
Total assets not depreciated	<u>4,255,930</u>	<u>4,288,751</u>	<u>(5,132,343)</u>	<u>3,412,338</u>
<i>Capital assets being depreciated:</i>				
Land improvements	7,398,750	-	-	7,398,750
Buildings and improvements	142,609,819	2,439,661	-	145,049,480
Furniture, fixtures, and equipment	25,756,984	2,151,435	(1,490,134)	26,418,285
Leasehold improvements	1,573,779	30,942	-	1,604,721
Intangible assets	670,849	-	-	670,849
Total assets depreciated	<u>178,010,181</u>	<u>4,622,038</u>	<u>(1,490,134)</u>	<u>181,142,085</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(3,531,298)	(446,484)	-	(3,977,782)
Buildings and improvements	(65,142,408)	(4,407,710)	26,273	(69,523,845)
Furniture, fixtures, and equipment	(18,378,397)	(1,279,454)	1,423,609	(18,234,242)
Leasehold improvements	(613,008)	(158,843)	-	(771,851)
Intangible assets	(255,610)	(102,927)	-	(358,537)
Total accumulated depreciation	<u>(87,920,721)</u>	<u>(6,395,418)</u>	<u>1,449,882</u>	<u>(92,866,257)</u>
Total capital assets being depreciated, net	<u>90,089,460</u>	<u>(1,773,380)</u>	<u>(40,252)</u>	<u>88,275,828</u>
Total Community College, net	<u>\$ 94,345,390</u>	<u>\$ 2,515,371</u>	<u>\$ (5,172,595)</u>	<u>\$ 91,688,166</u>

Anne Arundel County, Maryland  
Notes to the Financial Statements

Category	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
<b>Other non-major:</b>				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 433,907	\$ 39,843	\$ (201,431)	\$ 272,319
<i>Capital assets being depreciated:</i>				
Airport improvements	11,222,155	1,052,043	-	12,274,198
Library collection	16,603,090	3,373,468	(3,023,860)	16,952,698
Automobiles and rolling stock	31,915	26,632	(31,915)	26,632
Furniture, fixtures, and equipment	3,209,686	113,029	(150,779)	3,171,936
Total assets depreciated	<u>31,066,846</u>	<u>4,565,172</u>	<u>(3,206,554)</u>	<u>32,425,464</u>
<i>Less accumulated depreciation for:</i>				
Airport improvements	(5,690,170)	(578,179)	-	(6,268,349)
Library collection	(6,263,495)	(1,126,760)	1,501,379	(5,888,876)
Automobiles and rolling stock	(28,723)	(1,636)	28,723	(1,636)
Furniture, fixtures, and equipment (as restated)	(2,234,688)	(246,475)	149,145	(2,332,018)
Total accumulated depreciation	<u>(14,217,076)</u>	<u>(1,953,050)</u>	<u>1,679,247</u>	<u>(14,490,879)</u>
Total capital assets being depreciated, net	<u>16,849,770</u>	<u>2,612,122</u>	<u>(1,527,307)</u>	<u>17,934,585</u>
Total other non-major, net	<u>\$ 17,283,677</u>	<u>\$ 2,651,965</u>	<u>\$ (1,728,738)</u>	<u>\$ 18,206,904</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	\$ 45,631,584
Public safety	10,003,472	Waste collection	9,184,551
General government	9,290,529		<u>\$ 54,816,135</u>
Health and human services	283,855	<i>Component units:</i>	
Public works	20,945,526	Board of Education	\$ 67,234,853
Recreation and community services	7,898,937	Community College	6,395,418
Judicial	1,412,248	Library System	1,247,890
Code enforcement	51,043	Economic Development Corp	93,935
Land use and development	126,121	Tipton Airport Authority	587,206
	<u>\$ 50,011,731</u>	Workforce Development	24,019
			<u>\$ 75,583,321</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, 2017:

### *Interfund Balances of the Primary Government*

<u>Fund With Receivable</u>	<u>Fund With Payable</u>	<u>Amount</u>	<u>Represents</u>
General Fund	Special Revenue Funds	\$ 3,544,690	Implicit borrowing from the General Fund
General Fund	Internal Service Funds	4,099,708	Self Insurance Fund surplus allocation
Enterprise Funds	Internal Service Funds	245,486	Self Insurance Fund surplus allocation
Internal Service Funds	Enterprise Funds	742,326	Central Garage Fund deficit allocation
Internal Service Funds	General Fund	4,719,983	Central Garage Fund deficit allocation
		<u>\$ 13,352,193</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 \$244,889,130 for fiscal year 2017. The transfers are for the following:

<u>Originating Fund</u>	<u>Recipient Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Arundel Community Development Services	\$ 270,000	Transfers for grants
General Fund	General County Capital Projects	103,285,000	Bond proceeds transferred for capital projects
General Fund	General County Capital Projects	32,395,000	Pay-as-you-go transfers for capital projects
Storm Drain Fees	General County Capital Projects	927,423	Transfers for capital projects
Impact Fees Capital Projects	General County Capital Projects	18,067,977	Impact fee funding for capital projects
Recreational Land Fees	General County Capital Projects	104,560	Transfers for capital projects
Bond Premium	General County Capital Projects	36,701,572	Transfers for capital projects
Video Lottery Local Impact Aid	General County Capital Projects	6,560,000	Transfers for capital projects
Street Light Capital Projects	General County Capital Projects	463,168	Transfers for capital projects
Energy Revolving Loan	Arundel Community Development Services	28,200	Transfers for capital projects
Impact Fees Capital Projects	Parole Tax Increment	5,000,000	Reimbursement for capital improvements
General County Capital Projects	Watershed Protection and Restoration	38,866	Investment income allocation retained
General County Capital Projects	General Fund	450,660	Investment income allocation retained
Impact Fees Capital Projects	General Fund	2,661,126	Impact fees transferred for debt service
Nursery Road Tax Increment	General Fund	4,784,410	Transfers legally appropriated
West County Tax Increment	General Fund	6,418,312	Transfers legally appropriated
Arundel Mills Tax Increment	General Fund	7,180,328	Transfers legally appropriated
Parole Tax Increment	General Fund	18,021,158	Transfers legally appropriated
Village South at Waugh Chapel TIF	General Fund	891,261	Transfers legally appropriated
General Fund	Grants	570,109	Transfers for grants
General Fund	Installment Purchase Agreements	70,000	Transfers for land preservation
		<u>\$ 244,889,130</u>	

Transfer Out	Transfers In			
	General Fund	General County Capital Projects	Non Major Governmental	Total
General Fund	\$ -	\$ 135,680,000	\$ 910,109	\$ 136,590,109
Non Major Governmental	37,295,469	44,756,723	28,200	82,080,392
Impact Fees Capital Projects	2,661,126	18,067,977	5,000,000	25,729,103
General County Capital Projects	450,660	-	38,866	489,526
<b>Total Transfers In</b>	<b>\$ 40,407,255</b>	<b>\$ 198,504,700</b>	<b>\$ 5,977,175</b>	<b>\$ 244,889,130</b>

Transfers between the primary government's proprietary funds and governmental funds presented as follows, totaled \$1,893,804 for fiscal year 2017. The transfer from the Water and Wastewater Fund to the General County Capital Projects Fund is for an information technology project. The transfer from the Solid Waste Fund to the Energy Revolving Loan Fund is for energy conservation projects. The transfer from Governmental Activities to the Solid Waste Fund is for the transfer of bond funds to the Solid Waste Fund.

***Interfund Transfers of the Primary Government***

Originating Fund	Recipient Fund	Amount
Enterprise Funds	General County Capital Projects	\$ 676,829
Enterprise Funds	General County Capital Projects	476,000
Governmental Activities	Enterprise Funds	723,000
Enterprise Funds	Nonmajor Governmental	17,975
		<b>\$ 1,893,804</b>

As of June 30, 2017, 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**

Entity with Receivable	Entity with Payable	Amount
Board of Education	Primary Government	\$ 23,475,858
Community College	Primary Government	1,030,902
Other Nonmajor	Primary Government	1,044,168
Primary Government	Board of Education	11,985,323
		<b>\$ 37,536,251</b>

**Primary Government Expenditures**

Originating Entity	Recipient Entity	Amount
Primary Government	Board of Education	\$ 712,404,739
Primary Government	Community College	44,213,418
Primary Government	Other Nonmajor	22,191,744
		<b>\$ 778,809,901</b>

**8 Bonded Debt and Other Obligations**

The primary government's Statement 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, other post-employment benefits (OPEB), compensated absences, and claims and judgments. Descriptions of certain of these obligations and the respective balances, debt service requirements, and changes during fiscal year 2017 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. Upon refinancing, at the notes' maturities, they will be 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 if there is a call on the letter of credit, until the termination of the agreement. The maturity date of the current liquidity arrangement is December 16, 2018. The County did not have bond anticipation notes outstanding at June 30, 2017.

**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 guidelines set forth in Title 10, Subtitle 1, Section 4-10-104 of the County Charter, which addresses bonds and notes for capital improvements. 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, 2017 are presented as follows:

Year ending June 30,	Governmental		Business-type	
	Principal	Interest	Principal	Interest
2018	\$ 88,590,184	\$ 49,547,796	\$ 32,514,757	\$ 26,957,701
2019	85,443,312	45,517,773	32,311,737	25,814,645
2020	80,296,877	41,352,090	31,684,548	24,430,401
2021	78,223,526	37,541,829	31,805,568	23,065,593
2022	78,210,840	33,775,783	31,827,242	21,681,707
2023-2027	307,209,562	116,969,317	146,823,043	88,189,625
2028-2032	192,593,236	55,433,733	122,847,940	59,313,119
2033-2037	68,383,998	22,745,537	90,741,952	35,119,627
2038-2042	32,987,680	11,590,880	68,071,737	16,346,380
2043-2047	29,872,676	3,423,583	31,327,324	3,171,841
	<u>\$ 1,041,811,891</u>	<u>\$ 417,898,321</u>	<u>\$ 619,955,848</u>	<u>\$ 324,090,639</u>

**C Tax Increment and Other Debt** - As of June 30, 2017, there was \$81,130,000 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, 2017, \$42,402,794 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, \$937,479 is related to Park Place which is not considered part of the County's debt and \$2,760,815 is related to Odenton Town Center TIF which does not have debt outstanding as of June 30, 2017. The table that follows outlines the debt service requirements for these bonds.

Year ending June 30,	Principal	Interest	Year ending June 30,	Principal	Interest
2018	\$ 2,240,000	\$ 4,185,297	2023-2027	\$ 22,360,000	\$ 15,048,612
2019	2,570,000	4,093,616	2028-2032	15,840,000	10,414,966
2020	2,925,000	3,952,881	2033-2037	13,375,000	6,835,506
2021	3,195,000	3,794,859	2038-2042	15,130,000	1,946,444
2022	3,495,000	3,620,931			
				<u>\$ 81,130,000</u>	<u>\$ 53,893,112</u>

In addition, there were \$3,495,000, \$12,845,000, \$30,000,000, and \$22,500,000 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, 2017, 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 \$2,767,487 as of June 30, 2017. These loans were received from the State for waterway improvements. During fiscal year 2017, the County paid \$333,950 for principal. The table that follows outlines the debt service requirements:

Year ending		Year ending	
June 30,	Principal	June 30,	Principal
2018	\$ 238,637	2022	\$ 217,836
2019	224,761	2023-2027	927,521
2020	217,841	2028-2032	657,966
2021	217,840	2033-2036	65,085
			\$ <u>2,767,487</u>

**E Leases** – The County has entered into three 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, \$60,038 for a Toro Reelmaster at Eisenhower Golf Course, and \$94,513 for an Avatar III robot for the Office of Emergency Management. The net present value of these minimum lease payments as of June 30, 2017 and the future minimum lease obligations were as follows:

Year ending	Present Value	Total Minimum
June 30,	of Minimum	Payments
	Lease Payments	
2018	\$ 54,868	\$ 54,868
2019	12,008	12,008
2020	12,008	12,008
	\$ <u>78,884</u>	\$ <u>78,884</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. Minimum annual rental costs required by the leases are summarized as follows:

Year ending	Annual	Year ending	Annual
June 30,	Rentals	June 30,	Rentals
2018	\$ 3,519,424	2023-2027	\$ 7,706,469
2019	3,094,624	2028-2032	5,113,313
2020	2,591,826	2033-2037	2,048,318
2021	2,225,196	2038-2042	1,099,790
2022	1,725,957	2043-2047	857,992
			\$ <u>29,982,909</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, 2017 are presented as follows:

Year ending June 30,	Principal	Interest	Year ending June 30,	Principal	Interest
2018	\$ 20,000	\$ 723,839	2023-2027	\$ 100,000	\$ 3,580,151
2019	20,000	722,723	2028-2032	10,414,000	1,427,627
2020	20,000	721,608	2033-2037	1,444,000	668,310
2021	20,000	720,492	2038-2042	1,487,000	270,632
2022	20,000	719,377			
				\$ 13,545,000	\$ 9,554,759

**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	2017-2047	1.50% to 5.55%	\$ 1,525,718,300	\$ 1,041,811,891
Tax increment district bonds	2017-2041	1.50% to 6.25%	84,860,000	81,130,000
Installment purchase agreements	2017-2041	4.55% to 6.00%	13,819,916	13,545,000
Loans payable	2017-2038	0%	7,281,761	2,767,487
Total governmental activities			1,631,679,977	1,139,254,378
Business-type activities:				
Water and wastewater serial bonds	2017-2047	1.00% to 5.55%	780,458,309	586,067,739
Solid waste serial bonds	2017-2047	2.00% to 6.00%	64,231,700	33,888,109
Total business-type activities			844,690,009	619,955,848
			\$ 2,476,369,986	\$ 1,759,210,226

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 13.0% 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 14.0% of the assessable base of personal property and certain operating real property within the County's sanitary district. As of June 30, 2017, a review of the legal debt limitations reveals the following:

	General Bonds (5.2%/13.0% Limitations)	Water and Wastewater (5.6%/14.0% Limitations)
Charter imposed limitation	\$ 4,560,345,592	\$ 4,525,531,589
Bonded debt outstanding		
Installment purchase agreements	13,545,000	-
General obligation-serial bonds	997,364,213	586,067,739
General obligation-serial bonds, WPRF	44,447,678	-
General obligation-serial bonds, Solid Waste	33,888,109	-
Tax increment bonds	81,130,000	-
	1,170,375,000	586,067,739
Legal debt margin	\$ 3,389,970,592	\$ 3,939,463,850

As of June 30, 2017, the County had the total authority to issue bonds in the amount of \$2,138,030,351 of which \$925,793,879 has not been issued. Included in the amounts available to issue to date are \$402,434,745 for general obligation water and wastewater series bonds, and \$11,762,236 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, 2017 was \$10,635,000. 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>
2018	\$ 750,000	2020	\$ 785,000	2022	\$ 845,000
2019	770,000	2021	810,000	2023-2027	4,620,000
				2028-2029	2,055,000
					<u>\$ 10,635,000</u>

**I Payables to State of Maryland** – 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. The Comptroller’s Office is estimating that the fiscal impact of the ruling on the County will be approximately \$17,381,548 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. The refunds are initially paid to the taxpayer by the State of Maryland, with the County scheduled to begin reimbursing the State in May 2019 in the amount of \$869,077 every quarter for the following five years.

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

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 1,029,099,707	\$ 148,431,549	\$ 135,719,365	\$ 1,041,811,891	\$ 88,590,184
Unamortized premium	130,143,666	23,735,888	20,109,729	133,769,825	17,896,446
Tax incremental and other debt	83,125,000	-	1,995,000	81,130,000	2,240,000
Total bonds payable	<u>1,242,368,373</u>	<u>172,167,437</u>	<u>157,824,094</u>	<u>1,256,711,716</u>	<u>108,726,630</u>
State loans	3,101,437	-	333,950	2,767,487	238,637
Capital leases	95,946	56,708	73,770	78,884	54,868
Installment purchase agreements	13,565,000	-	20,000	13,545,000	20,000
Unpaid insurance claims	79,593,117	94,104,800	91,763,272	81,934,645	19,677,779
Pension benefits	554,387,148	-	14,777,779	539,609,369	-
LOSAP benefits (as restated)	15,153,820	3,747,807	707,700	18,193,927	812,925
OPEB obligation	475,487,988	26,223,515	-	501,711,503	-
Compensated absences	23,803,976	27,005,773	25,690,141	25,119,608	25,108,253
Total long-term (as restated)	<u>2,407,556,805</u>	<u>323,306,040</u>	<u>291,190,706</u>	<u>2,439,672,139</u>	<u>154,639,092</u>
Total governmental activities	<u>\$ 2,407,556,805</u>	<u>\$ 323,306,040</u>	<u>\$ 291,190,706</u>	<u>\$ 2,439,672,139</u>	<u>\$ 154,639,092</u>
<b>Business-type activities:</b>					
Bonds payable:					
General obligation bonds	\$ 583,052,529	\$ 91,985,031	\$ 55,081,712	\$ 619,955,848	\$ 32,514,757
Unamortized premium	55,080,258	12,208,774	5,093,306	62,195,726	5,581,608
Total bonds payable	<u>638,132,787</u>	<u>104,193,805</u>	<u>60,175,018</u>	<u>682,151,574</u>	<u>38,096,365</u>
Landfill closure/postclosure	35,319,358	1,630,167	991,322	35,958,203	14,872,753
Pension benefits	48,664,733	-	1,912,493	46,752,240	-
OPEB obligation	45,969,293	2,828,076	-	48,797,369	-
Compensated absences	2,208,983	2,100,936	2,173,640	2,136,279	2,088,139
Total long-term	<u>770,295,154</u>	<u>110,752,984</u>	<u>65,252,473</u>	<u>815,795,665</u>	<u>55,057,257</u>
Total business-type activities	<u>\$ 770,295,154</u>	<u>\$ 110,752,984</u>	<u>\$ 65,252,473</u>	<u>\$ 815,795,665</u>	<u>\$ 55,057,257</u>

**K Refundings** – In fiscal year 2017, the County defeased the callable portion of certain series of General Obligation, and Water and 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 U.S. Government issued securities. On March 29, 2017, the County issued \$65,875,000 in refunding bonds for the following: \$45,360,000 to refund General Obligation Bonds, and \$20,515,000 to refund Water and Wastewater Bonds. The true interest cost for the General Obligation refunded bonds was 2.09%. The true interest cost for the Water/Wastewater refunded bonds was 2.89%. 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 defeased and have been removed from the primary government statement of net assets. The savings or aggregate difference in debt service from refunding General Obligation Bonds was \$4,917,104 and from refunding Water and Wastewater Bonds was \$2,994,412. The net effect of the total refunding loss for General Obligation Bonds was \$396,787, and the net effect of the total refunding loss for Water/Wastewater was \$1,145,093. The refunding loss is being amortized over the shorter life of either the old refunded bonds or new the new refunding bonds. There was a net present value savings of \$5.92 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. Of the amounts held in trust on June 30, 2017, \$68,200,000 of governmental debt and \$40,000,000 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.

	Major Funds			Nonmajor	Totals
	General	Impact Fees Capital Projects	General County Capital Projects	Governmental Funds	
<b>FUND BALANCES</b>					
Non spendable					
Inventories	\$ 3,082,745	\$ -	\$ -	\$ -	\$ 3,082,745
Total non spendable	<u>3,082,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,082,745</u>
Restricted					
Base realignment and closure (BRAC)	1,372,139	-	-	-	1,372,139
Impact fees capital projects	-	90,103,588	-	-	90,103,588
Forfeiture and asset seizure team	-	-	-	98,066	98,066
Roads and special benefits	-	-	-	320,080	320,080
Reforestation	-	-	-	7,296,496	7,296,496
Laurel racetrack community benefit	-	-	-	57,098	57,098
Grants	-	-	8,752,270	4,613,469	13,365,739
Circuit court	-	-	-	31,436	31,436
Odenton Town Center tax increment	-	-	-	4,291,375	4,291,375
Erosion districts	-	-	-	892,871	892,871
Video lottery local impact aid	-	-	-	5,651,868	5,651,868
Watershed protection and restoration	-	-	5,765,910	24,910,061	30,675,971
Debt service	-	-	-	6,641,452	6,641,452
Total restricted	<u>1,372,139</u>	<u>90,103,588</u>	<u>14,518,180</u>	<u>54,804,272</u>	<u>160,798,179</u>
Committed					
Street lights capital projects	-	-	-	4,987,655	4,987,655
Recreation and land fees	-	-	-	504,448	504,448
Energy revolving loan	-	-	-	211,617	211,617
Installment purchase agreements	-	-	-	9,650,248	9,650,248
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,353,968</u>	<u>15,353,968</u>
Assigned					
General County capital projects	-	-	124,078,614	-	124,078,614
General County	82,546,189	-	-	-	82,546,189
Total assigned	<u>82,546,189</u>	<u>-</u>	<u>124,078,614</u>	<u>-</u>	<u>206,624,803</u>
Unassigned					
	88,023,466	-	-	(8,264,460)	79,759,006
Total fund balances	<u>\$ 175,024,539</u>	<u>\$ 90,103,588</u>	<u>\$ 138,596,794</u>	<u>\$ 61,893,780</u>	<u>\$ 465,618,701</u>

**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, 2017, 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:

	<b>Encumbrances included in:</b>	
	<b>Restricted Fund Balance</b>	<b>Assigned Fund Balance</b>
General Fund		
Police	\$ -	\$ 1,202,003
Fire	-	2,609,656
Detention Facilities	-	412,608
Office of Budget	-	10,029
Office of Finance	-	58,902
Central Services	-	944,232
Personnel	-	37,524
Information Technology	-	2,433,391
Legislative Branch	-	24
Board of Election Supervisors	-	305,568
Health	-	426,906
Services for the Aging	-	21,476
Public Works	-	2,349,344
Recreation & Parks	-	157,225
Inspection & Permits	-	15,198
FAST Fund	58,449	-
Grants Fund	1,509,234	-
Arundel Community Development Services	3,105,512	-
Reforestation Fund	9,294	-
Video Lottery Local Impact Aid	816,527	-
Watershed Protection and Restoration	2,117,716	-
General County Capital Projects Fund	-	55,769,004
Watershed Protection and Restoration Capital Projects Fund	21,907,032	-
Total	\$ <u>29,523,764</u>	\$ <u>66,753,090</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:

	<u>Business-Type Activities - Enterprise Funds</u>					<u>Grand Totals</u>
	<u>Governmental Activities</u>	<u>Water and Wastewater</u>	<u>Solid Waste</u>	<u>Child Care</u>	<u>Totals</u>	
<b>Deferred outflow of resources</b>						
<b>Pension benefits</b>						
Contributions subsequent to measurement date	\$ 30,799,174	\$ 1,961,753	\$ 409,127	\$ 38,476	\$ 2,409,356	\$ 33,208,530
Change in experience	10,342,502	1,052,142	227,128	22,557	1,301,827	11,644,329
Change in assumptions	19,713,703	1,447,109	312,393	31,025	1,790,527	21,504,230
Change in investments	<u>100,306,828</u>	<u>5,851,618</u>	<u>1,232,782</u>	<u>135,049</u>	<u>7,219,449</u>	<u>107,526,277</u>
<b>Total pension benefits</b>	<u>161,162,207</u>	<u>10,312,622</u>	<u>2,181,430</u>	<u>227,107</u>	<u>12,721,159</u>	<u>173,883,366</u>
Unamortized deferred refunding loss	<u>5,838,512</u>	<u>5,679,922</u>	<u>219,522</u>	<u>-</u>	<u>5,899,444</u>	<u>11,737,956</u>
<b>Total deferred outflows</b>	<u>\$ 167,000,719</u>	<u>\$ 15,992,544</u>	<u>\$ 2,400,952</u>	<u>\$ 227,107</u>	<u>\$ 18,620,603</u>	<u>\$ 185,621,322</u>

	<u>Governmental Activities - Internal Service Funds *</u>			<u>Component Units</u>			
	<u>Self Insurance</u>	<u>Central Garage and Transportation</u>	<u>Totals</u>	<u>Board of Education</u>	<u>Community College</u>	<u>Library</u>	<u>Economic Development</u>
<b>Deferred outflow of resources</b>							
<b>Pension benefits</b>							
Contributions subsequent to measurement date	\$ 77,399	\$ 318,619	\$ 396,018	\$ 5,484,667	\$ 312,775	\$ 187,543	\$ 140,593
Change in experience	41,235	178,912	220,147	-	-	100,525	70,327
Change in assumptions	56,713	246,074	302,787	2,799,910	169,806	138,263	96,727
Change in investments	217,538	990,628	1,208,166	8,295,086	476,403	525,712	394,998
Change in proportion	-	-	-	4,589,498	254,840	-	-
Changes proportion share of contribution	-	-	-	1,266,019	-	-	-
<b>Total pension benefits</b>	<u>\$ 392,885</u>	<u>\$ 1,734,233</u>	<u>\$ 2,127,118</u>	<u>\$ 22,435,180</u>	<u>\$ 1,213,824</u>	<u>\$ 952,043</u>	<u>\$ 702,645</u>
Unamortized deferred refunding loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,714</u>	<u>-</u>	<u>-</u>
<b>Total deferred outflows</b>	<u>\$ 392,885</u>	<u>\$ 1,734,233</u>	<u>\$ 2,127,118</u>	<u>\$ 22,435,180</u>	<u>\$ 1,497,538</u>	<u>\$ 952,043</u>	<u>\$ 702,645</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:

<b>Deferred Inflows of Resources</b>	<b>Unavailable (a)</b>	<b>Pension Benefits</b>	<b>Total</b>
<b>General Fund</b>			
Property Taxes	\$ 168,252	\$ -	\$ 168,252
Local Income Taxes	96,867,602	-	96,867,602
911 Fees	1,071,219	-	1,071,219
<b>Total General Fund</b>	<b>98,107,073</b>	<b>-</b>	<b>98,107,073</b>
<b>Grants Fund</b>			
AA County Partnership for CYF	238,029	-	238,029
Arundel Community Development Serv.	687,577	-	687,577
Grants	3,081,560	-	3,081,560
<b>Total Grant Funds</b>	<b>4,007,166</b>	<b>-</b>	<b>4,007,166</b>
<b>General County Capital Projects Fund</b>			
Grants	5,779,771	-	5,779,771
<b>Primary Government</b>			
Governmental Activity	-	33,932,465	33,932,465
<b>Internal Service Fund</b>			
Self Insurance Fund	-	124,783	124,783
Central Garage	-	544,071	544,071
<b>Total Governmental Activity</b>	<b>-</b>	<b>34,601,319</b>	<b>34,601,319</b>
<b>Business-Type Activity</b>			
Water and Wastewater	-	3,278,069	3,278,069
Solid Waste	-	685,741	685,741
Child Care	-	70,782	70,782
<b>Total Business-Type Activity</b>	<b>-</b>	<b>4,034,592</b>	<b>4,034,592</b>
<b>Discretely Presented Component Units</b>			
Board of Education	-	3,799,934	3,799,934
Community College	-	145,628	145,628
AA County Public Library	-	301,695	301,695
Economic Development	-	223,539	223,539
<b>Total Discretely Presented Component Units</b>	<b>-</b>	<b>4,470,796</b>	<b>4,470,796</b>
<b>Totals</b>	<b>\$ 107,894,010</b>	<b>\$ 43,106,707</b>	<b>\$ 151,000,717</b>

(a) Unavailable revenues are amounts not received as of September 30th of the following fiscal year.

## **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, 2017, 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 \$23,618,193. 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](http://www.aacounty.org). Some County employees participate in two multi-employer cost sharing pension plans administered by the State of Maryland. 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, 2016.

**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, 2016 based on the January 1, 2017, actuarial valuation:

	<b>Employees Plan</b>	<b>Police Plan</b>	<b>Fire Plan</b>	<b>Detention Plan</b>	<b>Total</b>
Retirees and beneficiaries receiving payments	1,807	711	591	250	3,359
Terminated plan members entitled to but not yet receiving payments	278	-	-	7	285
Deferred Retirement Option Program (DROP)	-	55	45	15	115
Active plan members	2,187	644	792	343	3,966
	<u>4,272</u>	<u>1,410</u>	<u>1,428</u>	<u>615</u>	<u>7,725</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 4.0% of their base salary to the plan. Tier Two employees make no employee contributions. At normal retirement, Tier One employees receive 2.0% 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 60.0% of FABP, except participants may accrue benefits in excess of the 60.0% cap for credited disability leave and pre-employment military service. Tier Two employees receive 1.0% 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 8.0% 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 2.0% 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 70.0% of final earnings, except participants may accrue benefits in excess of the 70.0% 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 8.0% 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 2.0% 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 7.0% annually. Members of the Employees’ Retirement System are required to contribute 5.0% to 7.0% 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, 2017 were \$1,668,384. The rates varied from 0.0% for the actuarially determined contractual liability to 46.6% of covered payroll for the participant in the Judges Retirement System. The County made its share of the required contributions.

At June 30, 2017, the County reported a liability of \$7,073,061 for its proportionate share of the net pension liability of the State System. The net pension liability was measured as of June 30, 2016 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, 2016. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2016, the County's proportionate share was 0.004%.

*Actuarial assumption:* The total pension liability for the State System in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.70% general price, 3.20% wage
Salary increases	3.30% to 9.20%, including inflation
Investment rate of return	7.55%

Mortality rates were based on RP-2014 Mortality Tables with generational mortality projects using scale MP-2014, calibrated to the State System experience.

Actuarial assumptions used in the June 30, 2016 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, 2016 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, 2016, 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	37%	6.60%
Private Equity	10%	7.40%
Rate Sensitive	20%	1.30%
Credit Opportunity	9%	4.20%
Real Assets	15%	4.70%
Absolute Return	9%	3.70%
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, 2016.

*Discount rate:* The single discount rate of 7.55% was used to measure the total pension liability. 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, 2016, the annual money-weighted rate of return on the Maryland State Retirement and Pension System investments, net of pension expenses was 1.10%. 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 2.0% to 7.0% 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, 2017, 2016, and 2015 equal the required contributions and are summarized as follows along with the State’s contribution on behalf on the employees discussed previously.

	<b>Fiscal Year Ending June 30,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
County contributions:			
Primary Government	\$ 1,576,725	\$ 1,379,458	\$ 1,199,578
Board of Education	5,484,667	21,428,296	17,425,639
Community College	402,257	392,656	401,473
State contributions on behalf of:			
Board of Education	65,114,865	62,703,947	62,052,080
Community College	5,092,151	4,510,355	4,104,793
Library *	1,558,508	1,583,617	1,351,722
	<u>\$ 79,229,173</u>	<u>\$ 91,998,329</u>	<u>\$ 86,535,285</u>

\* 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, 2016 as calculated by the actuary are displayed as follows:

	Employees' Retirement Plan **	Police Service Retirement Plan	Fire Service Retirement Plan	Detention Officers' and Deputy Sheriffs' Retirement Plan	Total Pension System
Total pension liability	\$ 830,383,057	\$ 664,977,684	\$ 598,835,855	\$ 175,568,918	\$ 2,269,765,514
Plan fiduciary net position*	(592,099,006)	(486,520,135)	(485,690,368)	(120,339,036)	(1,684,648,545)
Plan net pension liability	\$ 238,284,051	\$ 178,457,549	\$ 113,145,487	\$ 55,229,882	\$ 585,116,969
Plan fiduciary net position as a percentage of the total pension liability	71.30%	73.16%	81.11%	68.54%	74.22%

\*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, 2016 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, 2017 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 as of (December 31, 2016) 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 2.75%.

Asset Class	30-Year Geometric Forecast	
	(Nominal Returns)	(Real Returns)
Cash	3.00%	0.25%
U.S. Treasuries	3.25%	0.50%
Investment Grade Corp Credit	5.00%	2.25%
Mortgage Backed Securities	3.50%	0.75%
Bank Loans	6.00%	3.25%
* Core Fixed Income	3.78%	1.03%
High-Yield Bonds	5.75%	3.00%
Absolute Return Fixed Income	4.41%	1.66%
Emerging Market Debt (External)	6.00%	3.25%
Emerging Market Debt (Local Currency)	6.50%	3.75%
Large Cap Equity	7.50%	4.75%
Small/Mid Cap Equity	7.75%	5.00%
International Equities (Unhedged)	8.00%	5.25%
Emerging Int'l Equities	9.50%	6.75%
Private Equity	9.50%	6.75%
Private Debt	8.00%	5.25%
Real Estate	6.50%	3.75%
Hedge Funds	6.50%	3.75%
Hedge Funds (Macro)	6.25%	3.50%
** Risk Parity	6.35%	3.60%

\* *Core Bonds assumption based on market-weighted blend of components of Aggregate Index (Treasuries, Investment Grade Corporate Credit, and Mortgage Backed Securities.)*

\*\* *Risk Parity Allocation Modeled as 3.0% Global Macro Hedge Funds and the balance Bridgewater All Weather (using NEPC manager specific assumptions for Bridgewater).*

*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, 2016**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Employees' Plan</b>			
<b>Balances at 12/31/15</b>	\$ 812,569,878	\$ 564,282,662	\$ 248,287,216
<b>Changes for the year:</b>			
Service cost	15,144,350	-	15,144,350
Interest	59,291,843	-	59,291,843
Changes of benefit terms experience	-	-	-
	(12,599,061)	-	(12,599,061)
Changes of assumptions	-	-	-
Contributions - employer	-	25,809,828	(25,809,828)
Contributions - member	-	5,181,705	(5,181,705)
Net investment income	-	41,345,284	(41,345,284)
member contributions	(44,023,953)	(44,023,953)	-
Administrative expense	-	(496,520)	496,520
Other	-	-	-
<b>Net Changes</b>	<u>17,813,179</u>	<u>27,816,344</u>	<u>(10,003,165)</u>
<b>Balances at 12/31/16</b>	<u>\$ 830,383,057</u>	<u>\$ 592,099,006</u>	<u>\$ 238,284,051</u>
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Police Service Plan</b>			
<b>Balances at 12/31/15</b>	\$ 643,772,887	\$ 463,225,493	\$ 180,547,394
<b>Changes for the year:</b>			
Service cost	12,057,151	-	12,057,151
Interest	47,032,076	-	47,032,076
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
	(4,527,341)	-	(4,527,341)
Changes of assumptions	-	-	-
Contributions - employer	-	20,410,896	(20,410,896)
Contributions - member	-	3,158,451	(3,158,451)
Net investment income	-	33,499,769	(33,499,769)
Benefit payments, including refunds of member contributions	(33,357,089)	(33,357,089)	-
Administrative expense	-	(417,385)	417,385
Other	-	-	-
<b>Net Changes</b>	<u>21,204,797</u>	<u>23,294,642</u>	<u>(2,089,845)</u>
<b>Balances at 12/31/16</b>	<u>\$ 664,977,684</u>	<u>\$ 486,520,135</u>	<u>\$ 178,457,549</u>

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Fire Service Plan</b>			
<b>Balances at 12/31/15</b>	\$ 580,859,883	\$ 468,239,078	\$ 112,620,805
<b>Changes for the year:</b>			
Service cost	11,101,997	-	11,101,997
Interest	42,294,425	-	42,294,425
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,552,016)	-	(1,552,016)
Changes of assumptions	-	-	-
Contributions - employer	-	14,591,340	(14,591,340)
Contributions - member	-	3,257,340	(3,257,340)
Net investment income	-	33,898,934	(33,898,934)
Benefit payments, including refunds of member contributions	(33,868,434)	(33,868,434)	-
Administrative expense	-	(427,890)	427,890
Other	-	-	-
<b>Net Changes</b>	<u>17,975,972</u>	<u>17,451,290</u>	<u>524,682</u>
<b>Balances at 12/31/16</b>	<u>\$ 598,835,855</u>	<u>\$ 485,690,368</u>	<u>\$ 113,145,487</u>

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Detention Officers and Deputy Sheriffs' Plan</b>			
<b>Balances at 12/31/15</b>	\$ 166,990,286	\$ 110,759,983	\$ 56,230,303
<b>Changes for the year:</b>			
Service cost	4,461,197	-	4,461,197
Interest	12,281,070	-	12,281,070
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,678,263)	-	(1,678,263)
Changes of assumptions	-	-	-
Contributions - employer	-	6,688,662	(6,688,662)
Contributions - member	-	1,315,989	(1,315,989)
Net investment income	-	8,159,309	(8,159,309)
Benefit payments, including refunds of member contributions	(6,485,372)	(6,485,372)	-
Administrative expense	-	(99,535)	99,535
Other	-	-	-
<b>Net Changes</b>	<u>8,578,632</u>	<u>9,579,053</u>	<u>(1,000,421)</u>
<b>Balances at 12/31/16</b>	<u>\$ 175,568,918</u>	<u>\$ 120,339,036</u>	<u>\$ 55,229,882</u>

*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 1.0 percentage point lower (6.5%) or 1.0 percentage point higher (8.5%) than the current rate.

	<b>Employees' Retirement Plan</b>	<b>Police Service Retirement Plan</b>	<b>Fire Service Retirement Plan</b>	<b>Detention Officers' and Deputy Sheriffs' Retirement Plan</b>
1% Decrease to 6.5%	\$ 332,132,582	\$ 263,977,109	\$ 191,411,040	\$ 76,490,920
Current Discount Rate 7.5%	238,284,051	178,457,549	113,145,487	55,229,882
1% Increase to 8.5%	158,975,258	108,615,280	491,863,852	37,584,556

Sensitivity of groups within the State System:

	<b>Withdrawn Group *</b>	<b>Officials</b>	<b>Judges</b>
Proportional Share of State System	n/a	0.00111830%	0.00296270%
1% Decrease to 6.55%	n/a	\$ 362,424	\$ 960,165
Current Discount Rate 7.55%	n/a	263,850	699,020
1% Increase to 8.55%	n/a	181,826	481,709

\* Note: The liability is a contractually fixed amount which will not change for the County's change in proportion or for investment rate changes.

**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, 2016, are displayed by Plan in the following table.

	<b>Employees' Retirement Plan</b>	<b>Police Service Retirement Plan</b>	<b>Fire Service Retirement Plan</b>	<b>Detention Officers' and Deputy Sheriffs' Retirement Plan</b>	<b>Total Pension System</b>
<b>PENSION EXPENSE:</b>	\$ 42,781,353	\$ 38,916,427	\$ 28,682,614	\$ 10,121,354	\$ 120,501,748
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Differences between expected and actual experience	\$ 6,563,166	\$ 3,200,126	\$ 1,471,424	\$ 580,465	\$ 11,815,181
Changes of assumptions	9,026,955	4,582,814	7,211,084	873,434	21,694,287
Net difference between projected and actual earnings on pension plan investments	36,862,744	31,950,158	31,953,460	7,545,914	108,312,276
Contributions subsequent to measurement date	12,601,968	10,253,646	7,163,922	3,425,466	33,445,002
Total Deferred Outflow of Resources	65,054,833	49,986,744	47,799,890	12,425,279	175,266,746
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Differences between expected and actual experience	(20,861,562)	(5,742,165)	(10,071,629)	(2,397,650)	(39,073,006)
Total Deferred Activity	\$ 44,193,271	\$ 44,244,579	\$ 37,728,261	\$ 10,027,629	\$ 136,193,740

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, 2018. 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 ended December 31:					
2017	\$ 14,844,210	\$ 16,927,485	\$ 12,616,786	\$ 2,955,781	\$ 47,344,262
2018	14,844,205	9,144,546	12,616,784	1,501,887	38,107,422
2019	4,328,984	7,747,011	5,727,667	2,104,308	19,907,970
2020	(2,426,096)	171,891	(138,227)	40,187	(2,352,245)
2021	-	-	(258,671)	-	(258,671)

***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, 2016 are displayed by Plan in the table below. Details for the entire State System can be obtained at <http://www.sra.state.md.us>.

**County Portions of Maryland State Retirement and Pension System**

	<u>Withdrawn Participants</u>	<u>Master Judges</u>	<u>Officials</u>	<u>Total Portion</u>
<b>PENSION EXPENSE:</b>	\$ 1,576,725	\$ 235,643	\$ 46,991	\$ 1,859,359
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Changes of assumptions	\$ -	\$ 37,441	\$ 7,492	\$ 44,933
Net difference between projected and actual earnings	-	103,362	31,349	134,711
Contributions subsequent to measurement date	-	67,347	24,317	91,664
Subtotal of outflows	-	208,150	63,158	271,308
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Differences between expected and actual experience	-	(18,588)	(5,058)	(23,646)
Net difference between projected and actual earnings	-	(56,995)	(7,498)	(64,493)
Subtotal of inflows	-	(75,583)	(12,556)	(88,139)
Total Deferred Activity	\$ -	\$ 132,567	\$ 50,602	\$ 183,169

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, 2018. 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 ended June 30:	<u>Master Judges</u>	<u>Officials</u>	<u>Total</u>
2017	\$ (13,044)	\$ (5,257)	\$ (18,301)
2018	(13,044)	(5,257)	(18,301)
2019	(13,044)	(5,257)	(18,301)
2020	(13,044)	(5,257)	(18,301)
2021	(13,044)	(5,257)	(18,301)

**H Payable to the County Pension System** – At December 31, 2016 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, 2016 within the mutual funds is comprised of allowable instruments based on the IPS.

**J Commitments** – The System has committed to fund various private markets investments totaling \$262.2 million at December 31, 2016, of which approximately \$101.4 million remains unfunded. The expected funding dates for these commitments extend through 2021.

**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. Beginning in fiscal year 2017, each local Board pays the normal cost for their teachers in the Teachers' Retirement System and the Teachers' Pension System, which was \$22,079,472.

**L Firemen's Length of Service Award Program (LOSAP):** The County instituted and began administering a single employer defined benefit length of service award program (LOSAP or the Plan), for volunteer firemen and ambulance personnel on May 1, 1975. Anne Arundel County Bill No 90-16 modified the methods and terms of the awards program.

**Summary of Significant Accounting Policies for LOSAP Pension Plan** - LOSAP is included in the Fire Departments departmental financial statements and included in the full accrual Governmental Activities section of the County financial statements. For purposes of measuring the net pension liability related to pension and pension expense, benefit payments are recognized when due and payable in accordance with the benefit terms. This is an unfunded program, so there are no assets accumulated for this program. The County does not issue a separate financial statement for the LOSAP.

*General Information about the LOSAP Pension Plan:*

**Plan description:** The Anne Arundel County Length of Service Award Program is a single-employer defined benefit retirement plan administered by Anne Arundel County, Maryland, which provides retirement and death benefits to volunteer fire and ambulance personnel serving the various independent volunteer fire companies in the County.

**Benefits provided:** Under the LOSAP, participants become vested after 25 years of eligible service beginning at age 50. No benefit is paid if service is less than 25 years.

*Employees covered by benefit terms:* A person who has served as an active member of a County or Annapolis City volunteer fire company is entitled to receive benefits under LOSAP if the person has satisfied the following requirements:

Persons who are at least 50 years old and who have completed at least 25 years of active volunteer service with a County volunteer fire company or an Annapolis City volunteer fire company; or volunteer firefighters who have been determined by the Maryland Workmen's Compensation Commission to have been permanently and totally disabled in the performance of duties as a volunteer firefighter.

Volunteer personnel who have qualified for benefits under the above provisions shall receive a monthly benefit payment according to the following payment schedule:

1. For members receiving benefits as of January 1, 2017, eligibility for an increase in benefits shall be determined based on earning active service credit in seven of the previous ten years (January 1, 2007 to December 31, 2016). If the member has not met this service requirement, the benefit will remain at \$250 per month for life.
2. For members receiving benefits as of January 1, 2017 and have met the requirement for continued active service in seven of the previous ten years, benefits will be increased to the following:
  - 25 to 34 years of active service, receive \$300 per month for life;
  - 35 to 44 years of active service, receive \$350 per month for life;
  - 45 or more years of active service, receive \$400 per month for life.
3. Current beneficiaries who continue to earn active service credit shall be eligible for benefit increases as they obtain the next service milestone on the benefit scale.
4. Any new beneficiaries that become eligible for benefits shall receive a benefit payment in accordance with the above scale and shall be eligible for benefit increases as they obtain the next service milestone on the benefit scale.

The surviving spouse of a volunteer firefighter who, at the time of death, was receiving benefits under LOSAP is entitled to receive a surviving spouse benefit. The benefits shall be paid to the surviving spouse monthly until the death or remarriage of that spouse. As of January 1, 2017, all current spouse beneficiaries shall continue to receive the benefit as a rate of \$150 per month. After January 1, 2017, any new spouse beneficiaries shall receive a benefit equal to 50.0% of the member benefit at the time of the member's death.

The total pension liability was determined by an actuarial valuation as of December 31, 2016 using the following actuarial assumptions:

***Actuarial Assumptions:***

Inflation Rate	3.0 %
Investment rate of return	3.78 %
Salary increases	Not applicable
Mortality	SOA RP-2014 Blue Collar Mortality Table projected from 2006 using scale MP-2015 and one year set forward.
Retirement	First eligible
Turnover	Rates varying based on age and service
Disability	Rates varying based on age

The following table details the changes in the net pension liability:

<u>Changes in the Net Pension Liability</u>	Increase (Decrease)		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a-b)</u>
Balances at 1/1/16	\$ 15,153,820	\$ -	\$ 15,153,820
Changes for the year:			
Service cost	522,345	-	522,345
Interest	559,438	-	559,438
Changes of benefit terms	2,666,024	-	2,666,024
Differences between expected and actual experience	-	-	-
Change in assumptions	-	-	-
Administrative expense	-	-	-
Benefit payments, including refunds of member contributions	<u>(707,700)</u>	<u>-</u>	<u>(707,700)</u>
Net Changes	<u>3,040,107</u>	<u>-</u>	<u>3,040,107</u>
Balances at 12/31/16	<u>\$ 18,193,927</u>	<u>\$ -</u>	<u>\$ 18,193,927</u>

*Sensitivity of the net pension liability to changes in the discount rate:* The following presents the net pension liability of the County LOSAP, calculated using the discount rate of 3.78%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.78%) or 1 percentage-point higher (4.78%) than the current rate:

	<u>1.0% Decrease 2.78%</u>	<u>Current Discount Rate 3.78%</u>	<u>1.0% Increase 4.78%</u>
County's Net Pension Liability	\$ 20,998,960	\$ 18,193,927	\$ 15,941,371

The following schedule presents the LOSAP participants:

<u>LOSAP Participant Summary</u>			
	<u>Active Participants</u>	<u>Volunteers Receiving Payment</u>	<u>Survivors Receiving Payment</u>
Number	707	186	77
Average Age	43.51	70.88	82.84
Total Annual Benefits	\$ -	\$ 644,400	\$ 138,600
Average Service	8.76		

### **13 Other Post-employment Benefits**

The primary government, the Board of Education, the Community College, and the Library administer multi-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 80.0% 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 80.0% for Library retirees. The primary government plan provides the same health plans to active employees and pre-age sixty-five retirees. The County offers a Medicare Advantage Plan to post age sixty-five retirees. The County offers the same prescription benefit for active employees and pre-age sixty-five retirees. Post age sixty-five 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 75.0% 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 25.0% with ten years of service to 75.0% with twenty 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 sixty-five 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 ten 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 ten years of service to qualify. The maximum paid by the College is 75.0%. 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, 2016 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	3,788	2,811	6,599
Board of Education	10,381	5,162	15,543
College	297	340	637
Library	201	143	344
	<u>14,667</u>	<u>8,456</u>	<u>23,123</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 2015, 2016, and 2017 are presented as follows.

(Dollars in thousands)

	<u>Total Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
<b>Primary Government:</b>			
June 30, 2015	\$ 73,814	32.48%	\$ 528,866
June 30, 2016	71,202	110.40%	521,458
June 30, 2017	73,960	60.72%	550,510
<b>Board of Education:</b>			
June 30, 2015	\$ 102,184	48.01%	\$ 435,303
June 30, 2016	107,449	43.63%	495,870
June 30, 2017	159,139	31.59%	604,733
<b>College:</b>			
June 30, 2015	\$ 5,068	24.01%	\$ 33,792
June 30, 2016	5,269	118.33%	32,826
June 30, 2017	5,470	38.17%	36,208
<b>Library:</b>			
June 30, 2015	\$ 2,651	30.10%	\$ 17,857
June 30, 2016	2,548	53.96%	19,030
June 30, 2017	2,670	44.49%	20,512

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.

(Dollars in thousands)

	<b>Primary Government</b>	<b>Board of Education</b>	<b>College</b>	<b>Library</b>	<b>Total</b>
Actuarial accrued liability (AAL)	\$ 917,212	\$ 2,117,573	\$ 59,210	\$ 32,984	\$ 3,126,979
Actuarial value of plan assets	58,378	-	6,710	-	65,088
Unfunded actuarial accrued liability end of year	<u>\$ 858,834</u>	<u>\$ 2,117,573</u>	<u>\$ 52,500</u>	<u>\$ 32,984</u>	<u>\$ 3,061,891</u>
Annual Required Contribution	\$ 77,516	\$ 152,959	\$ 5,840	\$ 2,860	\$ 239,175
Interest on Net OPEB Obligations	24,219	5,354	1,455	746	31,774
Adjustment to ARC	(27,775)	826	(1,825)	(936)	(29,710)
Total Annual OPEB Cost	73,960	159,139	5,470	2,670	241,239
Pay-As-You-Go Contribution	-	(50,276)	(1,463)	(18)	(51,757)
OPEB Trust Contribution	(44,908)	-	(625)	(1,170)	(46,703)
Increase in Net OPEB obligation	29,052	108,863	3,382	1,482	142,779
Net OPEB obligation beginning of year	521,458	495,870	32,826	19,030	1,069,184
Net OPEB obligation end of year	<u>\$ 550,510</u>	<u>\$ 604,733</u>	<u>\$ 36,208</u>	<u>\$ 20,512</u>	<u>\$ 1,211,963</u>
Percent of Annual OPEB Cost contributed	<u>60.72%</u>	<u>31.59%</u>	<u>38.17%</u>	<u>44.49%</u>	<u>40.81%</u>
Covered payroll	<u>\$ 258,490</u>	<u>\$ 596,153</u>	<u>\$ 94,667</u>	<u>\$ 12,691</u>	<u>\$ 962,001</u>
Unfunded AAL as a % of Covered Payroll	332.25%	355.21%	55.46%	259.90%	318.28%

**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, 2016 actuarial valuation.

Actuarial Assumptions for Primary Government

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed (level % of the payroll)
Amortization Period	23 years remaining (as of July 1, 2016)
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions	
Discount Rate	4.75 %
Payroll Increase	3.00%
Medical Trend	The rate in 2017 is 5.4%. The rates vary significantly throughout the projections. The rate in 2050 is 5.5% pre-Medicare and 4.8% post Medicare. The ultimate 2060 rate is 5.1% pre-Medicare and 3.0% 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, 2017, the Self Insurance Fund liability of \$77,539,587 is discounted, since discounting is more reflective of the nature of the claims. The Health Insurance Fund liability of \$4,395,058 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 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Liability balance, July 1	\$ 79,593,117	\$ 79,440,068
Current year claims and changes in estimates:		
Changes in estimates - prior periods	2,767,317	1,318,343
Changes in estimates - current year	91,337,483	90,727,456
Claims payments	<u>(91,763,272)</u>	<u>(91,892,750)</u>
Liability balance, June 30	<u>\$ 81,934,645</u>	<u>\$ 79,593,117</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 98.6% full, and cell 9 has 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	\$ 56,576,720	\$ 18,163,719	\$ 74,740,439
Post closure	<u>37,733,516</u>	<u>2,542,749</u>	<u>40,276,265</u>
	94,310,236	20,706,468	115,016,704
Less:			
Amount recognized thru June 30, 2017	<u>54,483,427</u>	<u>20,706,468</u>	<u>75,189,895</u>
Costs remaining to be recognized	<u>\$ 39,826,809</u>	<u>\$ -</u>	<u>\$ 39,826,809</u>
Liability recorded at June 30, 2017			
Current portion closure	\$ 13,861,924	\$ -	\$ 13,861,924
Closure	171,600	-	171,600
Current portion post closure	793,170	217,659	1,010,829
Post closure	<u>18,588,760</u>	<u>2,325,090</u>	<u>20,913,850</u>
	<u>\$ 33,415,454</u>	<u>\$ 2,542,749</u>	<u>\$ 35,958,203</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 \$922,975 and post closure reserves decreased by \$284,130 in fiscal year 2017. These amounts include changes to the estimates in the reserves, payments, and other adjustments.

The Solid Waste Fund has restricted assets of \$12,845,680 for closure and post closure care as of June 30, 2017.

## **16 Tax Abatements**

Anne Arundel County provides tax abatements through the following programs - Payment in Lieu of Taxes (PILOT), Brownfields Site property tax credits, Agricultural Land tax credits and Enterprise Zone tax credits. The purpose of the County PILOT program is to provide quality multi-family housing communities for households of limited income in the County. Agreements are made with the County in negotiated amounts in lieu of County real property taxes per Tax Property Article § 7-506.1. For fiscal year 2017, the net amount of taxes abated after receipt of the PILOT payments was \$621,550.

**A *Brownfields Site Tax Credit*** – The County provides a Brownfields Site tax credit on real property taxes levied on qualified brownfields sites as authorized by Tax Property Article § 9-229. The brownfields tax credit is effective for each of the five taxable years following the issuance of the notice of revaluation by the State Department of Assessments and Taxation after completion of a voluntary cleanup or a corrective action plan for a qualified site. For fiscal year 2017, the total amount of taxes abated for brownfields sites was \$1,192,397.

**B *Agricultural Land Tax Credit*** – The County provides an agricultural land tax credit on real property taxes levied on agricultural land and woodland if the property is included in an agricultural preservation district as provided in the Agriculture Article § 2-509 of the State Code or a County agricultural district as provided in County Code and the landowner has agreed to remain in the district for at least ten years. For fiscal year 2017, the total amount of agricultural taxes abated was \$559,098.

**C *Enterprise Zone Tax Credit*** – The County provides enterprise zone tax incentives to businesses and property owners located in economically distressed communities. The Enterprise Zone tax credit from County real property taxes for eligible assessments of qualified properties is authorized per Tax Property Article § 9-103. For fiscal year 2017, there were no County participants in this program, therefore no taxes were abated.

**D *The State of Maryland*** – The State of Maryland has programs that result in tax abatements for Anne Arundel County real property taxes. Per Tax Property Article § 8-209, property owners of qualified agricultural land receive a preferential land value. Land is assessed according to its current use and not according to its market value, resulting in a reduced assessed value of the land and thereby reducing the taxes. Lower assessments are given for land that is devoted to farm or woodland uses. For fiscal year 2017, there were 1,530 accounts totaling 46,673 acres receiving a preferential land value of \$12,201,910. The exact amount of the tax abatement is unknown because the State Department of Assessments and Taxation is unable to provide the market value and can only provide the preferential land value.

Qualified country clubs and golf courses are assessed according to their preferred use value rather than their market value per Tax Property Article §§ 8-212 - 8-218. This lower assessment results in lower taxes. For fiscal year 2017, the difference between the preferred use value and the market value reduced the assessments by \$17,386,471, resulting in an abatement of \$159,086 in County real property taxes.

## **17 Contingent Liabilities**

**A *Impact Fees*** – At June 30, 2017, 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 \$20,056,865 as of June 30, 2017.

**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. The amount of refunds and interest ordered to be paid by the County totaled \$2,839,317. 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 property owners noted an appeal to the Court of Special Appeals on September 6, 2017 claiming that they are due an additional \$2.7 million in impact fee refunds and interest. The appeal is pending.

On November 14, 2011, four individuals commenced a class action complaint against the County seeking refunds of impact fees paid to the County in fiscal years 1997 through 2002 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 seeking approximately \$25 million in refunds. The Circuit Court entered judgment in favor of the County on January 27, 2016. The Plaintiffs noted an appeal on February 11, 2016 to the Court of Special Appeals. The Court of Special Appeals affirmed the Circuit Court in a March 30, 2017 opinion. Plaintiffs appealed the Court of Special Appeals' decision to the Court of Appeals, the highest court in Maryland. All briefs have been filed and oral arguments were held in the Court of Appeals on November 3, 2017. The Court of Appeals' decision is expected to be issued in calendar year 2018.

Taxpayers, entities that own two power plants, sought refunds of personal property taxes paid to the County in April 2017 for fiscal years 2016 and 2017. First-level administrative appeals that were noted by the taxpayers in May 2017 to the State Department of Assessments and Taxation ("SDAT") asserted that the value of personal property of the power plants for the assessment dates is approximately \$20 million below assessed value which would have resulted in a refund of approximately \$460,000 for each fiscal year in addition to 6% interest. The SDAT affirmed its assessed values on December 12, 2017 which resulted in no refunds or interest due the taxpayers. The taxpayers have until January 11, 2018 to appeal to the Maryland Tax Court.

A complaint was filed in the Circuit Court 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 proceeded to trial and judgment was entered in favor of the County on November 17, 2017. Post-trial motions filed by the claimant are pending. An appeal by the claimant is likely.

In a case pending in the Maryland Tax Court, a taxpayer seeks refunds of real property taxes paid for fiscal years 2012 through 2016 due to claimed fair market values below the assessed values upon which taxes were paid. Trial concluded in the Maryland Tax Court on May 17, 2017 and a decision is pending. The taxpayer claims it is entitled to tax refunds in the total amount of \$3,876,256 in addition to 6% interest from the dates of the various years' payments. The County disputes the taxpayer's claimed valuations and is vigorously defending the assessed values.

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. Reserves for much of the losses alleged have been established in the Self-Insurance Fund.

*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, 2017, the County estimates that no material liabilities will result from such audits.

## **18 Subsequent Events**

The Anne Arundel County Council passed legislation (Bill No. 89-17) with an effective date of December 24, 2017, which authorized the County Executive to enter into a Payment in Lieu of Taxes (PILOT) agreement for an economic development project with PPE Casino Resorts Maryland, LLC for payment of a negotiated amount in lieu of County real and personal property taxes. The exemption from real and personal property taxes described in the PILOT Agreement may not take effect until the requirements of the PILOT Agreement and Tax-Property § 7-520 of the State Code are met and shall take effect in accordance with the terms of the Agreement. The term of the PILOT Agreement is from July 1, 2018 through fiscal year 2048, ending June 30, 2048. For fiscal year 2019 through fiscal year 2048, the annual payment in lieu of taxes is one dollar and the annual fiscal year value accruing to the Owner of the agreement shall be equal to the actual amount of the County real property and personal property taxes attributable to the real and personal property assessment as determined by the Maryland State Department of Assessments and Taxation. The amount of taxes to be abated annually shall not exceed \$1.2 million dollars.

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 Ended December 31  
 (Dollars in thousands)

	2014	2015	2016
Total pension liability			
Service cost	\$ 14,159	\$ 15,115	\$ 15,144
Interest	53,353	58,329	59,292
Differences between expected and actual experience	16,408	(17,971)	(12,599)
Changes of assumptions	22,567	-	-
Benefit payments, including refunds of member contributions	(39,012)	(41,253)	(44,024)
Net change in total pension liability	67,475	14,221	17,813
Total pension liability - beginning	730,874	798,349	812,570
Total pension liability - ending (a)	<u>\$ 798,349</u>	<u>\$ 812,570</u>	<u>\$ 830,383</u>
Plan fiduciary net position			
Contributions - employer	24,451	25,630	25,810
Contributions - member	4,662	4,847	5,182
Net investment income	28,451	(8,374)	41,345
Benefit payments, including refunds of member contributions	(39,012)	(41,253)	(44,024)
Administrative expense	(519)	(504)	(497)
Net change in plan fiduciary net position	18,034	(19,654)	27,816
Plan fiduciary net position - beginning	565,902	583,936	564,283
Plan fiduciary net position - ending (b)	<u>\$ 583,936</u>	<u>\$ 564,283</u>	<u>\$ 592,099</u>
County's net pension liability - ending (a)-(b)	<u>\$ 214,413</u>	<u>\$ 248,287</u>	<u>\$ 238,284</u>
Plan fiduciary net position as a percentage of the total pension liability	73.1%	69.4%	71.3%
Covered-employee payroll	\$ 127,091	\$ 127,827	\$ 130,313
County's net pension liability as a percentage of covered-employee payroll	168.7%	194.2%	182.9%
Expected average remaining service years of all participants	5	5	5

Notes:

- 1) Source is actuarial data based on preliminary financials. The difference between this schedule and the final combining statement of changes in fiduciary net position is considered immaterial.
- 2) This schedule is presented to illustrate the requirement to show information for ten years. Until ten-year trend is compiled, pension plans should present information for those years for which data is available.
- 3) There are no benefit changes reflected in the current schedule.
- 4) 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 Ended December 31  
(Dollars in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total pension liability			
Service cost	\$ 10,951	\$ 12,258	\$ 12,057
Interest	41,480	45,473	47,032
Differences between expected and actual experience	12,801	(4,693)	(4,527)
Changes of assumptions	18,331	-	-
Benefit payments, including refunds of member contributions	<u>(29,507)</u>	<u>(31,134)</u>	<u>(33,357)</u>
Net change in total pension liability	54,055	21,903	21,205
Total pension liability - beginning	<u>567,815</u>	<u>621,870</u>	<u>643,773</u>
Total pension liability - ending (a)	<u>\$ 621,870</u>	<u>\$ 643,773</u>	<u>\$ 664,978</u>
Plan fiduciary net position			
Contributions - employer	18,870	19,560	20,411
Contributions - member	2,950	3,104	3,158
Net investment income	21,813	(7,869)	33,500
Benefit payments, including refunds of member contributions	(29,507)	(31,134)	(33,357)
Administrative expense	<u>(418)</u>	<u>(423)</u>	<u>(417)</u>
Net change in plan fiduciary net position	13,707	(16,762)	23,295
Plan fiduciary net position - beginning	<u>466,281</u>	<u>479,988</u>	<u>463,225</u>
Plan fiduciary net position - ending (b)	<u>\$ 479,988</u>	<u>\$ 463,225</u>	<u>\$ 486,520</u>
County's net pension liability - ending (a)-(b)	<u>\$ 141,882</u>	<u>\$ 180,547</u>	<u>\$ 178,458</u>
Plan fiduciary net position as a percentage of the total pension liability	77.2%	72.0%	73.2%
Covered-employee payroll	\$ 42,960	\$ 43,879	\$ 44,894
County's net pension liability as a percentage of covered-employee payroll	330.3%	411.5%	397.5%
Expected average remaining service years of all participants	4	4	4

Notes:

- 1) Source is actuarial data based on preliminary financials. The difference between this schedule and the final combining statement of changes in fiduciary net position is considered immaterial.
- 2) This schedule is presented to illustrate the requirement to show information for ten years. Until ten-year trend is compiled, pension plans should present information for those years for which data is available.
- 3) There are no benefit changes reflected in the current schedule.
- 4) 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 Ended December 31  
(Dollars in thousands)

	2014	2015	2016
Total pension liability			
Service cost	\$ 9,184	\$ 10,339	\$ 11,102
Interest	38,949	41,924	42,294
Differences between expected and actual experience	3,679	(14,630)	(1,552)
Changes of assumptions	18,028	-	-
Benefit payments, including refunds of member contributions	<u>(28,823)</u>	<u>(31,520)</u>	<u>(33,868)</u>
Net change in total pension liability	41,016	6,112	17,976
Total pension liability - beginning	<u>533,731</u>	<u>574,748</u>	<u>580,860</u>
Total pension liability - ending (a)	<u>\$ 574,748</u>	<u>\$ 580,860</u>	<u>\$ 598,836</u>
Plan fiduciary net position			
Contributions - employer	15,899	15,122	14,591
Contributions - member	2,778	3,050	3,257
Net investment income	22,688	(7,744)	33,899
Benefit payments, including refunds of member contributions	(28,823)	(31,520)	(33,868)
Administrative expense	<u>(423)</u>	<u>(436)</u>	<u>(428)</u>
Net change in plan fiduciary net position	12,119	(21,528)	17,451
Plan fiduciary net position - beginning	<u>477,648</u>	<u>489,767</u>	<u>468,239</u>
Plan fiduciary net position - ending (b)	<u>\$ 489,767</u>	<u>\$ 468,239</u>	<u>\$ 485,690</u>
County's net pension liability - ending (a)-(b)	<u>\$ 84,981</u>	<u>\$ 112,621</u>	<u>\$ 113,146</u>
Plan fiduciary net position as a percentage of the total pension liability	85.2%	80.6%	81.1%
Covered-employee payroll	\$ 40,476	\$ 43,838	\$ 46,228
County's net pension liability as a percentage of covered-employee payroll	210.0%	256.9%	244.8%
Expected average remaining service years of all participants	5	5	6

Notes:

- 1) Source is actuarial data based on preliminary financials. The difference between this schedule and the final combining statement of changes in fiduciary net position is considered immaterial.
- 2) This schedule is presented to illustrate the requirement to show information for ten years. Until ten-year trend is compiled, pension plans should present information for those years for which data is available.
- 3) There are no benefit changes reflected in the current schedule.
- 4) 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 Ended December 31  
 (Dollars in thousands)

	2014	2015	2016
Total pension liability			
Service cost	\$ 4,602	\$ 4,634	\$ 4,461
Interest	10,301	11,401	12,281
Changes of benefit terms	-	4,635	-
Differences between expected and actual experience	2,322	(2,558)	(1,678)
Changes of assumptions	3,494	-	-
Benefit payments, including refunds of member contributions	(5,819)	(6,279)	(6,485)
Net change in total pension liability	14,900	11,833	8,579
Total pension liability - beginning	140,256	155,156	166,990
Total pension liability - ending (a)	<u>\$ 155,156</u>	<u>\$ 166,990</u>	<u>\$ 175,569</u>
Plan fiduciary net position			
Contributions - employer	6,111	6,371	6,689
Contributions - member	1,298	1,317	1,316
Net investment income	4,944	(1,919)	8,159
Benefit payments, including refunds of member contributions	(5,819)	(6,279)	(6,485)
Administrative expense	(96)	(98)	(100)
Net change in plan fiduciary net position	6,438	(608)	9,579
Plan fiduciary net position - beginning	104,930	111,368	110,760
Plan fiduciary net position - ending (b)	<u>\$ 111,368</u>	<u>\$ 110,760</u>	<u>\$ 120,339</u>
County's net pension liability - ending (a)-(b)	<u>\$ 43,788</u>	<u>\$ 56,230</u>	<u>\$ 55,230</u>
Plan fiduciary net position as a percentage of the total pension liability	71.8%	66.3%	68.5%
Covered-employee payroll	\$ 19,776	\$ 19,386	\$ 19,801
County's net pension liability as a percentage of covered-employee payroll	221.4%	290.1%	278.9%
Expected average remaining service years of all participants	4	4	3

Notes:

- 1) Source is actuarial data based on preliminary financials. The difference between this schedule and the final combining statement of changes in fiduciary net position is considered immaterial.
- 2) This schedule is presented to illustrate the requirement to show information for ten years. Until ten-year trend is compiled, pension plans should present information for those years for which data is available.
- 3) There are no benefit changes reflected in the current schedule.
- 4) 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.

Required Supplementary Information  
Schedule of Investment Returns  
Anne Arundel County Retirement and Pension System  
For the Years Ended December 31

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Annual Money-Weighted Rate of Return  
Net of Investment Expenses

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2014	4.5 %
2015	(1.8) %
2016	6.2 %

*Note: Money-weighted results for the required ten year timeframe will be added as available.*

*Source: New England Pension Consultants, LLC*

Schedule of Investment Returns  
Maryland State Retirement and Pension System  
For the Years Ended June 30

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Annual Money-Weighted Rate of Return  
Net of Investment Expenses

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2014	14.4 %
2015	2.7 %
2016	1.1 %

*Note: Money-weighted results for the required ten 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 Ended June 30

(Dollars in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 12,399	\$ 13,414	\$ 17,078	\$ 17,490	\$ 18,883	\$ 20,765	\$ 23,958	\$ 24,894	\$ 26,416	\$ 25,204
Contributions in relation to the actuarially determined contribution	12,399	13,414	17,078	17,490	18,883	20,765	23,958	24,894	26,416	25,204
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll (See note)	\$ 117,223	\$ 124,803	\$ 126,031	\$ 123,498	\$ 120,416	\$ 116,025	\$ 115,809	\$ 127,091	\$ 127,827	\$ 130,313
Contributions as a percentage of covered-employee payroll	10.58%	10.75%	13.55%	14.16%	15.68%	17.90%	20.69%	19.59%	20.67%	19.34%
Valuation date	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	1/1/2017

Notes:

- 1) Covered-employee payroll for 2014 has been changed to reflect the new GASB language.
- 2) Methods and assumptions listed below are used by the actuary 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	17 to 26 years, with an average effective period of 24 years. Starting with new bases in 2014, assumption changes and gains and losses are amortized over 20 years. Plan changes are amortized over the average future service of the active population at the time of the change.
Asset valuation method	Five-year smoothed market.
Inflation	3.0%
Salary increases	Rates vary by participant age.
Investment rate of return	7.5% net of pension plan investment expense, including inflation, effective 1/1/2014.
Retirement age	Rates vary by participant age and length of 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 five years and then projected generationally using scale AA.

Source: Actuarial Section of the Anne Arundel County Retirement and Pension System Comprehensive Annual Financial Report for the Year Ended December 31, 2016.

Anne Arundel County Retirement and Pension System  
 Required Supplementary Information  
 Schedule of Employer's Contributions - Police Service Retirement Plan  
 For the Last Ten Years Ended June 30

(Dollars in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 9,777	\$ 11,268	\$ 13,588	\$ 13,803	\$ 14,503	\$ 16,558	\$ 18,934	\$ 18,805	\$ 20,315	\$ 20,507
Contributions in relation to the actuarially determined contribution	9,777	11,268	13,588	13,803	14,503	16,558	18,934	18,805	20,315	20,507
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 41,011	\$ 41,509	\$ 42,499	\$ 42,449	\$ 41,335	\$ 40,522	\$ 41,714	\$ 48,262	\$ 48,117	\$ 50,560
Contributions as a percentage of covered-employee payroll	23.84%	27.15%	31.97%	32.52%	35.09%	40.86%	45.39%	38.97%	42.22%	40.56%
Valuation date	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	1/1/2017

Notes:

1) Covered-employee payroll for 2014 has been changed to reflect the new GASB language.

2) Methods and assumptions listed below are used by the actuary 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      17 to 26 years, with an average effective period of 24 years. Starting with new bases in 2014, assumption changes and gains and losses are amortized over 20 years. Plan changes are amortized over the average future service of the active population at the time of the change.

Asset valuation method      Five-year smoothed market.

Inflation      3.0%

Salary increases      Rates vary by participant age.

Investment rate of return      7.5% net of pension plan investment expense, including inflation, effective 1/1/2014.

Retirement age      Rates vary by participant age and length of service.

Mortality      Healthy: RP-2000 Blue Collar Mortality Table projected generationally using scale AA.  
 Disabled: RP-2000 Blue Collar Mortality Table set forward five years and then projected generationally using scale AA.

Source: Actuarial Section of the Anne Arundel County Retirement and Pension System Comprehensive Annual Financial Report for the Year Ended December 31, 2016.

Anne Arundel County Retirement and Pension System  
 Required Supplementary Information  
 Schedule of Employer's Contributions - Fire Service Retirement Plan  
 For the Last Ten Years Ended June 30

(Dollars in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 11,194	\$ 11,185	\$ 14,217	\$ 14,210	\$ 14,581	\$ 15,896	\$ 16,409	\$ 15,389	\$ 14,855	\$ 14,328
Contributions in relation to the actuarially determined contribution	<u>11,194</u>	<u>11,185</u>	<u>14,217</u>	<u>14,210</u>	<u>14,581</u>	<u>15,896</u>	<u>16,409</u>	<u>15,389</u>	<u>14,855</u>	<u>14,328</u>
Contribution deficiency	\$ <u>-</u>									
Covered-employee payroll	\$ 43,942	\$ 48,824	\$ 49,064	\$ 47,841	\$ 45,673	\$ 43,362	\$ 44,951	\$ 48,550	\$ 49,182	\$ 50,412
Contributions as a percentage of covered-employee payroll	25.48%	22.91%	28.98%	29.70%	31.92%	36.66%	36.50%	31.70%	30.20%	28.42%
Valuation date	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	1/1/2017

Notes:

- 1) Covered-employee payroll for 2014 has been changed to reflect the new GASB language.
- 2) Methods and assumptions listed below are used by the actuary 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	17 to 26 years. Starting with new bases in 2014, assumption changes and gains and losses are amortized over 20 years. Plan changes are amortized over the average future service of the active population at the time of the change.
Asset valuation method	Five-year smoothed market.
Inflation	3.0%
Salary increases	Rates vary by participant age.
Investment rate of return	7.5% net of pension plan investment expense, including inflation, effective 1/1/2014.
Retirement age	Rates vary by participant age and length of 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 five years and then projected generationally using scale AA.

Source: Actuarial Section of the Anne Arundel County Retirement and Pension System Comprehensive Annual Financial Report for the Year Ended December 31, 2016.

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 Ended June 30

(Dollars in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 3,557	\$ 4,019	\$ 4,678	\$ 4,900	\$ 5,089	\$ 5,194	\$ 6,007	\$ 6,215	\$ 6,526	\$ 6,851
Contributions in relation to the actuarially determined contribution	3,557	4,019	4,678	4,900	5,089	5,194	6,007	6,215	6,526	6,851
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 18,122	\$ 19,786	\$ 20,204	\$ 19,310	\$ 18,761	\$ 17,897	\$ 18,133	\$ 19,776	\$ 19,975	\$ 21,001
Contributions as a percentage of covered-employee payroll	19.63%	20.31%	23.16%	25.37%	27.13%	29.02%	33.13%	31.43%	32.67%	32.62%
Valuation date	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	1/1/2017

Notes:

- 1) Covered-employee payroll for 2014 has been changed to reflect the new GASB language.
- 2) Methods and assumptions listed below are used by the actuary 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	16 to 26 years, with an average effective period of 21 years. Starting with new bases in 2014, assumption changes and gains and losses are amortized over 20 years. Plan changes are amortized over the average future service of the active population at the time of the change.
Asset valuation method	Five-year smoothed market.
Inflation	3.0%
Salary increases	Rates vary by participant age.
Investment rate of return	7.5% net of pension plan investment expense, including inflation, effective 1/1/2014.
Retirement age	Rates vary by participant age and length of 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 five years and then projected generationally using scale AA.

Source: Actuarial Section of the Anne Arundel County Retirement and Pension System Comprehensive Annual Financial Report for the Year Ended December 31, 2016.

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

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	<u>2014</u>		<u>2015</u>		<u>2016</u>
County's portion of the net pension liability	n/a		n/a		n/a
County's proportionate share of the net pension liability	\$ 9,066,375	\$	7,686,917	\$	6,110,191
County's covered-employee payroll	\$ 5,152	\$	5,152	\$	5,307
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1759.75%		1492.00%		1151.42%
Plan fiduciary net position as a percentage of the total pension liability	71.87%		68.78%		65.79%

*Notes:*

- 1) The liability is a contractually fixed amount which will not change for the proportion the group represents of the total.*
- 2) This schedule is presented to illustrate the requirement to show information for ten years. Until ten-year trend is compiled, pension plans should present information for those years for which the data is available.*
- 3) There are no benefit changes reflected in the current schedule.*
- 4) The County's annual contribution is determined by actuarially calculated 40-year contract established 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

	2014	2015	2016
County's portion of the net pension liability	0.00077211%	0.00094790%	0.00111830%
County's proportionate share of the net pension liability	\$ 137,025	\$ 196,990	\$ 263,850
County's covered-employee payroll	\$ 128,624	\$ 132,999	\$ 132,999
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1.07%	1.48%	1.98%
Plan fiduciary net position as a percentage of the total pension liability	71.87%	68.78%	65.79%

*Notes:*

1) *This schedule is presented to illustrate the requirement to show information for ten years. Until ten-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 2.9% to 2.7%.*

4) *Methods and Assumptions Used in Calculations of Actuarially Determined Contributions:*

*Actuarial cost method*

*Entry Age Normal*

*Amortization method*

*Level Percentage of Payroll, Closed*

*Remaining amortization period*

*24 years for State System*

*Asset valuation method*

*Five year smoothed market; 20.0% collar*

*Inflation*

*2.7% general, 3.2% wage*

*Salary increases*

*3.3% to 9.2% 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-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to MSRPS experience.*

*Source: Comprehensive Annual Financial Report of the Maryland State Retirement and Pension System for the Years Ended June 30, 2016 and 2015.*

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>	<u>2016</u>
County's portion of the net pension liability	0.00586823%	0.00436070%	0.00296270%
County's proportionate share of the net pension liability	\$ 1,041,419	\$ 906,228	\$ 699,020
County's covered-employee payroll	\$ 133,379	\$ 134,289	\$ 141,808
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	7.81%	6.75%	4.93%
Plan fiduciary net position as a percentage of the total pension liability	71.87%	68.78%	65.79%

*Notes:*

1) *This schedule is presented to illustrate the requirement to show information for ten years. However, until ten-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 2.9% to 2.7%.*

4) *Methods and Assumptions Used in Calculations of Actuarially Determined Contributions:*

*Actuarial cost method*

*Entry Age Normal*

*Amortization method*

*Level Percentage of Payroll, Closed*

*Remaining amortization period*

*24 years for State System*

*Asset valuation method*

*Five year smoothed market; 20.0% collar*

*Inflation*

*2.7% general, 3.2% wage*

*Salary increases*

*3.3% to 9.2% 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-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to MSRPS experience.*

*Source: Comprehensive Annual Financial Report of the Maryland State Retirement and Pension System for the Years Ended June 30, 2016 and 2015.*

Anne Arundel County

Required Supplementary Information

Schedule of County Contributions to State Municipal Pool Withdrawn Personnel

For the Last Ten Years Ended June 30

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 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	\$ 2,044,464
Contributions in relation to the actuarially determined contribution	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	2,044,464
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	NMF									
Contributions as a percentage of covered-employee payroll	NMF									

Notes:

- 1) Not a meaningful figure (NMF). The contribution is based on a contract with the State of Maryland for actuarial liability as of 1986, not on active employees.
- 2) The County's annual contribution is determined by an actuarially calculation based on a 40-year contract established 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                      Entry Age Normal.
  - Amortization method                      Level percentage of payroll, closed.
  - Remaining amortization period              24 years for State System.
  - Asset valuation method                      Five year smoothed market;20.0% collar.
  - Inflation                                      2.7% general, 3.2% wage.
  - Salary increases                              3.3% to 9.2% including inflation.
  - Investment rate of return:                      7.55%
  - Retirement age                              Experience-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-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to MSRPS experience.

Source: Comprehensive Annual Financial Report of the Maryland State Retirement and Pension System for the Years Ended June 30, 2016 and 2015.

Anne Arundel County

Required Supplementary Information

Schedule of County Contributions to State Municipal Pool Officials

For the Last Ten Years Ended June 30

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ -	\$ -	\$ 12,717	\$ 14,971	\$ 17,160	\$ 15,739	\$ 17,993	\$ 19,980	\$ 21,785	\$ 24,312
Contributions in relation to the actuarially determined contribution	-	-	12,717	14,971	17,160	15,739	17,993	19,980	21,785	24,312
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 113,011	\$ 128,064	\$ 128,064	\$ 128,064	\$ 128,064	\$ 128,064	\$ 128,624	\$ 132,999	\$ 132,999	\$ 132,999
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	9.93%	11.69%	13.40%	12.29%	13.99%	15.02%	16.38%	18.28%

Notes:

1) Prior to fiscal year 2010, the contribution for Elected and Appointed 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	Entry Age Normal.
Amortization method	Level percentage of payroll, closed.
Remaining amortization period	24 years for the State System.
Asset valuation method	Five year smoothed market; 20.0% collar.
Inflation	2.7% general, 3.2% wage.
Salary increases	3.3% to 9.2% including inflation.
Investment rate of return:	7.55%
Retirement age	Experience-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-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to MSRPS experience.

Source: Comprehensive Annual Financial Report of the Maryland State Retirement and Pension System for the Years Ended June 30, 2016 and 2015.

Anne Arundel County

Required Supplementary Information

Schedule of County Contributions to State Municipal Pool Judges

For the Last Ten Years Ended June 30

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 26,303	\$ 25,999	\$ 29,147	\$ 69,733	\$ 77,922	\$ 78,968	\$ 65,724	\$ 57,395	\$ 57,716	\$ 67,347
Contributions in relation to the actuarially determined contribution	26,303	25,999	29,147	69,733	77,922	78,968	65,724	57,395	57,716	67,347
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 118,052	\$ 118,052	\$ 118,052	\$ 118,052	\$ 129,074	\$ 129,074	\$ 133,379	\$ 134,289	\$ 141,808	\$ 144,646
Contributions as a percentage of covered-employee payroll	22.28%	22.02%	24.69%	59.07%	60.37%	61.18%	49.28%	42.74%	40.70%	46.56%

Notes:

1) The County's annual contribution is determined by an actuarially calculation of the County's liability.

2) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal.
Amortization method	Level percentage of payroll, closed.
Remaining amortization period	24 years for State System.
Asset valuation method	Five year smoothed market;20.0% collar.
Inflation	2.7% general, 3.2% wage.
Salary increases	3.3% to 9.2% including inflation.
Investment rate of return	7.55%
Retirement age	Experience-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-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to MSRPS experience.

Source: Comprehensive Annual Financial Report of the Maryland State Retirement and Pension System for the Years Ended June 30, 2016 and 2015.

Anne Arundel County Retiree Health Benefits Trust  
 Required Supplementary Information  
 Schedule of Changes in Net OPEB Liability and Related Ratios - County Plan  
 For Year Ended June 30  
 (Dollars in thousands)

	<u>2017</u>
Total OPEB liability	
Service cost	\$ 17,092
Interest	39,648
Benefit payments	<u>(33,075)</u>
Net change in total OPEB liability	23,665
Total OPEB liability - beginning	<u>637,883</u>
Total OPEB liability - ending (a)	<u><u>\$ 661,548</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 44,909
Contributions - retiree	6,246
Other	4,398
Net investment income	11,583
Benefit payments	(33,075)
Administrative expense	<u>(894)</u>
Net change in plan fiduciary net position	\$ 33,167
Plan fiduciary net position - beginning	<u>59,720</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 92,887</u></u>
County's net OPEB liability - ending (a)-(b)	<u><u>\$ 568,661</u></u>
Fiduciary net position as a percentage of the total OPEB liability	14.04%
Expected average remaining service years of all participants	6
Covered-employee payroll	\$ 258,490
County's net OPEB liability as a percentage of covered-employee payroll	219.99%

Notes:

- 1) Source is actuarial data based on preliminary financials. The difference between this schedule and the final combined statement of changes in fiduciary net position is considered immaterial.
- 2) This schedule is presented to illustrate the requirement to show information for ten years. Until ten-year trend is compiled, OPEB plans should present information for those years for which data is available.
- 3) There are no benefit changes reflected in the current schedule.

Source: Anne Arundel Retiree Health Benefits Trust Annual Financial Report for the Year Ended June 30, 2017.

Anne Arundel County Retiree Health Benefits Trust  
 Required Supplementary Information  
 Schedule of Changes in Net OPEB Liability and Related Ratios - College Plan  
 For Year Ended June 30  
 (Dollars in thousands)

	<u>2017</u>
Total OPEB liability	
Service cost	\$ 3,590
Interest	2,022
Changes of assumptions	(6,971)
Benefit payments	<u>(2,111)</u>
Net change in total OPEB liability	(3,470)
Total OPEB liability - beginning	<u>68,447</u>
Total OPEB liability - ending (a)	<u><u>\$ 64,977</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 1,946
Contributions - retiree	790
Net investment income	820
Benefit payments	(2,111)
Administrative expense	<u>(7)</u>
Net change in plan fiduciary net position	\$ 1,438
Plan fiduciary net position - beginning	5,272
Plan fiduciary net position - ending (b)	<u>\$ 6,710</u>
College's net OPEB liability - ending (a)-(b)	<u><u>\$ 58,267</u></u>
Fiduciary net position as a percentage of the	
total OPEB liability	10.33%
Expected average remaining service years of all participants	8
Covered-employee payroll	\$ 94,667
College Plan's net OPEB liability as a percentage of	
covered-employee payroll	61.55%

Notes:

- 1) Source is actuarial data based on preliminary financials. The difference between this schedule and the final combined statement of changes in fiduciary net position is considered immaterial.
- 2) This schedule is presented to illustrate the requirement to show information for ten years. Until ten-year trend is compiled, OPEB plans should present information for those years for which data is available.
- 3) There are no benefit changes reflected in the current schedule.
- 4) The discount rate was increased to 3.72% from 3.0% in the prior year.

Source: Anne Arundel Retiree Health Benefits Trust Annual Financial Report for the Year Ended June 30, 2017.

Anne Arundel County Retiree Health Benefits Trust  
 Required Supplementary Information  
 Schedule of Changes in Net OPEB Liability and Related Ratios - Library Plan  
 For Year Ended June 30  
 (Dollars in thousands)

	2017
Total OPEB liability	
Service cost	\$ 1,437
Interest	1,033
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(3,536)
Benefit payments	(1,462)
Net change in total OPEB liability	(2,528)
Total OPEB liability - beginning	36,967
Total OPEB liability - ending (a)	\$ 34,439
Plan fiduciary net position	
Contributions - employer	\$ 299
Contributions - retiree	292
Other	871
Net investment income	47
Benefit payments	(1,462)
Administrative expense	-
Net change in plan fiduciary net position	\$ 47
Plan fiduciary net position - beginning	314
Plan fiduciary net position - ending (b)	\$ 361
Library's net OPEB liability - ending (a)-(b)	\$ 34,078
Library fiduciary net position as a percentage of the total OPEB liability	1.05%
Expected average remaining service years of all participants	6
Covered-employee payroll	\$ 12,691
Library Plan's net OPEB liability as a percentage of covered-employee payroll	268.51%

Notes:

- 1) Source is actuarial data based on preliminary financials. The difference between this schedule and the final combined statement of changes in fiduciary net position is considered immaterial.
- 2) This schedule is presented to illustrate the requirement to show information for ten years. Until ten-year trend is compiled, OPEB plans should present information for those years for which data is available.
- 3) There are no benefit changes reflected in the current schedule.
- 4) The discount rate was increased to 3.58% from 2.85% in the prior year.

Source: Anne Arundel Retiree Health Benefits Trust Annual Financial Report for the Year Ended June 30, 2017.

Anne Arundel County Retiree Health Benefits Trust  
 Required Supplementary Information  
 Schedule of Contributions - County Plan  
 For Years Ended June 30

(Dollars in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 55,181	\$ 81,157	\$ 68,877	\$ 90,626	\$ 102,777	\$ 109,939	\$ 71,324	\$ 75,695	\$ 73,689	\$ 77,516
actuarially determined contribution	-	-	-	-	-	-	34,683	40,795	44,097	44,908
Contribution deficiency	\$ 55,181	\$ 81,157	\$ 68,877	\$ 90,626	\$ 102,777	\$ 109,939	\$ 36,641	\$ 34,900	\$ 29,592	\$ 32,608
Covered-employee payroll	\$ 219,048	\$ 233,637	\$ 233,947	\$ 227,115	\$ 215,209	\$ 213,899	\$ 239,173	\$ 247,008	\$ 255,191	\$ 258,490
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	14.50%	16.52%	17.28%	17.37%

Notes:

1) Valuation date: Actuarially determined contribution rates were calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

The report was dated March 10, 2015 for fiscal years 2016 and 2017 based on July 1, 2014 census data.

2) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit: Prorated to assumed benefit commencement/retirement date.
Amortization method	Liabilities are amortized over a closed 25-year period as a level percentage of payroll for fiscal year 2015.
Amortization period	22 years as of July 1, 2017.
Asset valuation method	Market value of assets.
Inflation	2.4%
Healthcare cost trend rates	The rate in 2017 was 5.4 percent. The rates vary significantly throughout the projections. The rate in 2050 is 5.5 percent pre-Medicare and 4.8 percent post-Medicare. The ultimate 2060 rate is 5.1 percent pre-Medicare and 4.6 percent post-Medicare.
Salary increases	3.0%
Investment rate of return	7.5% The long-term expected return on assets was used to derive the blended discount rate of 4.75 percent.
Decrement assumptions	The retirement decrement is assumed to commence once a participant reaches earliest retirement eligibility and vary by employee type and years of service.
Mortality	(1) Healthy uses fully generational RP-2000 Blue Collar Mortality Table for males and females projected using Scale AA. Pre-termination mortality uses 60 percent of these rates. (2) Disabled - General County employees uses Fully generational RP-2000 Blue Collar Mortality Table for males and females using Scale AA. The base qx's are set forward nine years. (3) Disabled - Uniformed services employees (Police, Firefighters, and Correctional facilities) uses fully generational RP-2000 Blue Collar Mortality Table for males and females using Scale AA. The base qx's are set forward five years.

Anne Arundel County Retiree Health Benefits Trust  
Required Supplementary Information  
Schedule of Contributions - College Plan  
For Years Ended June 30

(Dollars in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 3,866	\$ 5,666	\$ 3,874	\$ 4,765	\$ 5,468	\$ 5,857	\$ 4,870	\$ 5,188	\$ 5,542	\$ 5,568
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	4,850	2,088
Contribution deficiency	\$ 3,866	\$ 5,666	\$ 3,874	\$ 4,765	\$ 5,468	\$ 5,857	\$ 4,870	\$ 5,188	\$ 692	\$ 3,480
Covered-employee payroll	\$ 72,571	\$ 83,530	\$ 84,569	\$ 87,780	\$ 89,955	\$ 89,089	\$ 90,338	\$ 93,550	\$ 95,101	\$ 94,667
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.10%	2.21%

Notes:

1) Valuation date: Actuarially determined contribution rates were calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

The report was dated March 10, 2015 for fiscal years 2016 and 2017 based on July 1, 2014 census data.

2) Methods and assumptions used to determine contribution rates:

Actuarial cost method                      Projected Unit Credit: Prorated to assumed benefit commencement/retirement date.

Amortization method                      Closed, level percent of payroll.

Amortization period                      22 years as of July 1, 2017.

Asset valuation method                      Market value of assets.

Inflation                                      2.4%

Healthcare cost trend rates              The rate in 2017 was 5.4 percent. The rates vary significantly throughout the projections. The rate in 2050 is 5.5 percent pre-Medicare and 4.8 percent post-Medicare. The ultimate 2060 rate is 5.1 percent pre-Medicare and 4.6 percent post-Medicare.

Salary increases                              3.0%

Investment rate of return                      n/a

Decrement assumptions                      Decrement assumptions for retirement, termination, and disability were based on those used for the State Retirement and Pension System of Maryland because Community College employees participate in the Maryland State Pension System.

Mortality                                      (1) Healthy uses RP-2000 Combined Mortality Table (sex distinct), fully generational with Scale AA.

(2) Disabled uses Combined Mortality Table (sex distinct) with base qx's set forward three years; fully generational with Scale AA.

Anne Arundel County Retiree Health Benefits Trust

Required Supplementary Information

Schedule of Contributions - Library Plan

For Years Ended June 30

(Dollars in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 2,211	\$ 3,090	\$ 2,507	\$ 3,260	\$ 3,439	\$ 3,669	\$ 2,568	\$ 2,712	\$ 2,692	\$ 2,548
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	291	1,170
Contribution deficiency	\$ 2,211	\$ 3,090	\$ 2,507	\$ 3,260	\$ 3,439	\$ 3,669	\$ 2,568	\$ 2,712	\$ 2,401	\$ 1,378
Covered-employee payroll	\$ 10,719	\$ 11,303	\$ 10,683	\$ 9,977	\$ 9,920	\$ 10,100	\$ 11,109	\$ 12,015	\$ 12,494	\$ 12,691
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.33%	9.22%

Notes:

1) Valuation date: Actuarially determined contribution rates were calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

The report was dated March 10, 2015 for fiscal years 2016 and 2017 based on July 1, 2014 census data.

2) Methods and assumptions used to determine contribution rates:

Actuarial cost method Projected Unit Credit: Prorated to assumed benefit commencement/retirement date.

Amortization method Closed, level percent of payroll.

Amortization period 22 years as of July 1, 2017.

Asset valuation method Market value of assets.

Inflation 2.4%

Healthcare cost trend rates The rate in 2017 was 5.4 percent. The rates vary significantly throughout the projections. The rate in 2050 is 5.5 percent pre-Medicare and 4.8 percent post-Medicare. The ultimate 2060 rate is 4.0 percent pre-Medicare and 3.9 percent post-Medicare.

Salary increases 3.0%

Investment rate of return n/a

Decrement assumptions The retirement decrement is assumed to commence once a participant reaches earliest retirement eligibility and vary by employee type and years of service.

Mortality (1) Healthy uses fully generational RP-2000 Blue Collar Mortality Table for males and females projected using Scale AA.

Pre-termination mortality uses 60 percent of these rates.

(2) Disabled uses Fully generational RP-2000 Blue Collar Mortality Table for males and females using Scale AA.

The base qx's are set forward nine years.

Anne Arundel County Retiree Health Benefits Trust  
Required Supplementary Information  
Schedule of Investment Returns by Plan  
For Year Ended June 30, 2017

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<u>Annual Money-Weighted Rate of Return Net of Investment Expense</u>		
<u>County Plan</u>	<u>College Plan</u>	<u>Library Plan</u>
14.4%	15.3%	15.3%

*Notes:*

- 1) This schedule is presented to illustrate the requirement to show information for ten years. Until ten-year trend is compiled, OPEB plans should present information for those years for which data is available.*
- 2) Investments were initiated March 1, 2016.*
- 3) Calculations are approximate.*

Anne Arundel Retiree Health Benefits Trust

Required Supplemental Information

Schedule of Employer Contributions

For the Years Ended June 30

*(Dollars in thousands)*

	<i>County Plan</i>		<i>College Plan</i>		<i>Library Plan</i>	
	Annual Required	Percentage Contributed	Annual Required	Percentage Contributed	Annual Required	Percentage Contributed
	<u>Contribution</u>	<u>Contribution</u>	<u>Contribution</u>	<u>Contribution</u>	<u>Contribution</u>	<u>Contribution</u>
2014	\$ 71,324	48.6%	\$ 4,870	30.2%	\$ 2,568	37.3%
2015	75,695	53.9%	5,188	27.6%	2,712	34.8%
2016	73,689	59.8%	5,542	116.5%	2,692	23.1%

Anne Arundel County Retiree Health Benefits Trust  
 Required Supplementary Information  
 Schedule of Funding Progress – Other Post-Employment Benefits  
 Year Ended June 30, 2017

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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 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
<b>Primary Government:</b>						
June 30, 2015	\$ -	\$ 899,254	\$ 899,254	\$ 0.0%	\$ 247,008	350%
2016	35,700	874,055	838,355	4.1%	251,778	324%
2017	58,378	917,212	858,834	6.4%	258,490	332%
<b>Board of Education:</b>						
June 30, 2015	\$ -	\$ 1,412,995	\$ 1,412,995	0.0%	\$ 576,284	245%
2016	-	1,486,544	1,486,544	0.0%	584,796	254%
2017	-	2,117,573	2,117,573	0.0%	596,153	355%
<b>College:</b>						
June 30, 2015	\$ -	\$ 55,079	\$ 55,079	0.0%	\$ 93,550	59%
2016	-	52,348	52,348	0.0%	94,843	55%
2017	6,710	59,210	52,500	11.3%	94,667	55%
<b>Library:</b>						
June 30, 2015	\$ -	\$ 32,658	\$ 32,658	0.0%	\$ 11,554	283%
2016	-	31,700	31,700	0.0%	11,788	269%
2017	-	32,984	32,984	0.0%	12,691	260%

Anne Arundel County Length of Service Award Program  
 Required Supplementary Information  
 Schedule of Changes in Net Pension Liability and Related Ratios  
 For the Last Ten Fiscal Years Ended June 30  
 (Dollars in thousands)

	<u>2017</u>	<u>2016 (1)</u>
Total pension liability		
Service cost	\$ 522	
Interest	559	
Changes of benefit terms	2,666	
Differences between expected and actual experience	-	
Change in assumptions	-	
Benefit payments, including refunds of member contributions	<u>(707)</u>	
Net Change in total pension liability	3,040	
Total pension liability - beginning	<u>15,154</u>	
Total pension liability - ending	<u>18,194</u>	
County's net pension liability	<u>\$ 18,194</u>	
Plan fiduciary net position as a percentage of the total pension liability	0.0%	
Covered-employee payroll	n/a	
County's net pension liability as a percentage of covered-employee payroll	n/a	
Expected average remaining service years of all participants	11	

Notes:

1) Information for fiscal year 2016 and earlier not available.

2) There are no assets accumulated in a trust to pay the related benefits. All benefits are paid on a pay-as-you-go basis.

3) Benefit changes      *Effective 1/1/2017, the benefit changed from \$250/month to a tiered system based on service. The benefits for all future retirees (and some current retirees) will be \$300/month - \$400/month. This benefit change has been reflected as of the December 31, 2016 measurement date.*

4) Changes of assumptions      *None*

**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, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>GENERAL PROPERTY TAXES</b>				
Real and personal taxes	\$ 647,891,000	\$ 647,891,000	\$ 655,034,337	\$ 7,143,337
Interest and penalties	1,015,000	1,015,000	1,185,687	170,687
	<u>648,906,000</u>	<u>648,906,000</u>	<u>656,220,024</u>	<u>7,314,024</u>
<b>LOCAL INCOME TAXES</b>	<u>463,000,000</u>	<u>463,000,000</u>	<u>491,528,416</u>	<u>28,528,416</u>
<b>STATE SHARED TAXES</b>				
Highway user	3,390,400	3,390,400	3,333,094	(57,306)
Admissions	8,837,000	8,837,000	8,357,603	(479,397)
Auto-boat	2,000	2,000	3,910	1,910
	<u>12,229,400</u>	<u>12,229,400</u>	<u>11,694,607</u>	<u>(534,793)</u>
<b>RECORDATION AND TRANSFER TAXES</b>				
Recordation	47,000,000	47,000,000	50,959,007	3,959,007
Transfer	48,000,000	48,000,000	58,436,909	10,436,909
	<u>95,000,000</u>	<u>95,000,000</u>	<u>109,395,916</u>	<u>14,395,916</u>
<b>LOCAL SALES TAXES</b>				
Electricity	5,200,000	5,200,000	4,969,179	(230,821)
Gas	900,000	900,000	797,725	(102,275)
Telephone	6,100,000	6,100,000	6,091,562	(8,438)
Fuel	70,000	70,000	46,685	(23,315)
Hotel-motel	14,712,000	14,712,000	13,942,004	(769,996)
Parking	5,900,000	5,900,000	5,794,175	(105,825)
Trailer park rental income	907,000	907,000	911,674	4,674
Gross receipt tax - heavy equipment	325,000	325,000	385,162	60,162
	<u>34,114,000</u>	<u>34,114,000</u>	<u>32,938,166</u>	<u>(1,175,834)</u>

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>LICENSES AND PERMITS</b>				
Amusements	192,000	192,000	188,320	(3,680)
Special events	7,000	7,000	4,100	(2,900)
Beer, wine, liquor	1,050,000	1,050,000	1,089,418	39,418
Trade licenses	266,400	266,400	249,604	(16,796)
Traders	700,000	700,000	847,959	147,959
Permits	11,115,300	11,115,300	9,827,646	(1,287,654)
Fines	40,000	40,000	45,905	5,905
Mobile home parks	31,800	31,800	29,015	(2,785)
Taxicabs	109,000	109,000	88,323	(20,677)
Animal control	115,000	115,000	248,652	133,652
Other	2,519,500	2,519,500	2,502,075	(17,425)
Health department	1,072,000	1,072,000	1,090,795	18,795
Public space	782,000	782,000	936,562	154,562
	<u>18,000,000</u>	<u>18,000,000</u>	<u>17,148,374</u>	<u>(851,626)</u>
<b>AMBULANCE FEES</b>	<u>10,000,000</u>	<u>10,000,000</u>	<u>11,985,658</u>	<u>1,985,658</u>
<b>CABLE FEES</b>	<u>11,300,000</u>	<u>11,300,000</u>	<u>11,560,846</u>	<u>260,846</u>
<b>VIDEO LOTTERY IMPACT AID</b>	<u>3,740,000</u>	<u>3,740,000</u>	<u>5,368,631</u>	<u>1,628,631</u>
<b>INVESTMENT INCOME</b>	<u>100,000</u>	<u>100,000</u>	<u>1,724,716</u>	<u>1,624,716</u>
<b>INTER-FUND RECOVERIES</b>	<u>66,666,400</u>	<u>66,666,400</u>	<u>69,082,961</u>	<u>2,416,561</u>
<b>OTHER REVENUES</b>				
Sale of surplus property	-	-	25,922	25,922
Health department fees	4,085,400	4,085,400	3,585,068	(500,332)
Certification of liens	125,000	125,000	134,205	9,205
Recreation and parks	10,270,600	10,270,600	10,598,323	327,723
Developers fees - street lighting	50,300	50,300	51,152	852
Sheriff	65,000	65,000	72,055	7,055
Subdivision	1,450,000	1,450,000	1,655,435	205,435
Administrative fees	323,500	323,500	421,839	98,339
Rental income	1,370,000	1,370,000	1,716,356	346,356
Reimbursements	17,886,400	17,886,400	18,858,645	972,245
Fines and fees	880,000	880,000	817,560	(62,440)
Miscellaneous	9,138,000	9,443,000	12,646,245	3,203,245
	<u>45,644,200</u>	<u>45,949,200</u>	<u>50,582,805</u>	<u>4,633,605</u>
<b>Total revenues</b>	<u>\$ 1,408,700,000</u>	<u>\$ 1,409,005,000</u>	<u>\$ 1,469,231,120</u>	<u>\$ 60,226,120</u>

## Anne Arundel County, Maryland

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

## General Fund

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>EDUCATION</b>				
Board of Education	\$ 643,224,500	\$ 648,224,500	\$ 648,224,500	\$ -
Community College	38,687,700	38,687,700	38,687,700	-
	<u>681,912,200</u>	<u>686,912,200</u>	<u>686,912,200</u>	<u>-</u>
<b>PUBLIC SAFETY</b>				
Police	127,294,200	128,714,200	127,185,478	1,528,722
Fire	105,566,600	105,566,600	105,435,747	130,853
Office of Emergency Management	710,700	710,700	550,175	160,525
Detention Facilities	44,094,500	44,094,500	43,785,187	309,313
	<u>277,666,000</u>	<u>279,086,000</u>	<u>276,956,587</u>	<u>2,129,413</u>
<b>GENERAL GOVERNMENT</b>				
County Executive	5,190,600	5,190,600	5,179,203	11,397
Chief Administrative Officer	10,847,600	5,246,600	1,907,448	3,339,152 *
Office of Budget	1,164,600	1,209,600	1,186,083	23,517
Office of Finance	8,531,000	8,531,000	8,072,937	458,063
Office of Finance (non departmental)	58,915,800	59,515,800	59,475,227	40,573 **
Mandated Transfers	3,082,200	3,082,200	3,090,305	(8,105) **
Office of Central Services	21,420,400	21,833,600	21,416,392	417,208
Office of Personnel	6,336,300	6,336,300	6,164,509	171,791
Information Technology	19,085,500	19,085,500	18,902,622	182,878
Office of Law	4,039,600	4,039,600	3,943,235	96,365
Legislative Branch	3,773,700	3,773,700	3,533,165	240,535
Ethics Commission	196,700	196,700	168,765	27,935
Board of Election Supervisors	4,610,900	4,610,900	4,434,709	176,191
	<u>147,194,900</u>	<u>142,652,100</u>	<u>137,474,600</u>	<u>5,177,500</u>
<b>HEALTH AND HUMAN SERVICES</b>				
Health	35,932,900	35,932,900	34,790,203	1,142,697
Social Services	5,188,800	5,388,800	5,201,359	187,441
Services for Aging and Disability	9,517,300	9,717,300	9,615,851	101,449
Other Grants	684,700	688,700	688,450	250 *
	<u>51,323,700</u>	<u>51,727,700</u>	<u>50,295,863</u>	<u>1,431,837</u>
<b>PUBLIC WORKS</b>				
	<u>33,815,400</u>	<u>35,631,200</u>	<u>34,764,979</u>	<u>866,221</u>
<b>RECREATION AND COMMUNITY SERVICES</b>				
Recreation and Parks	24,693,500	25,396,500	24,652,649	743,851
Public Library System	19,623,900	19,623,900	19,623,900	-
	<u>44,317,400</u>	<u>45,020,400</u>	<u>44,276,549</u>	<u>743,851</u>

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>JUDICIAL</b>				
States Attorney	10,672,500	10,858,500	10,803,282	55,218
Sheriffs Office	9,340,900	9,340,900	9,191,771	149,129
Circuit Court	5,353,600	5,417,600	5,351,302	66,298
Orphans Court	116,300	121,300	117,742	3,558
	<u>25,483,300</u>	<u>25,738,300</u>	<u>25,464,097</u>	<u>274,203</u>
<b>LAND USE AND DEVELOPMENT</b>				
Planning and Zoning	8,067,500	8,132,500	7,973,771	158,729
Office of Administrative Hearings	321,500	321,500	313,630	7,870
Cooperative Extension Service	231,000	231,000	227,191	3,809
	<u>8,620,000</u>	<u>8,685,000</u>	<u>8,514,592</u>	<u>170,408</u>
<b>CODE ENFORCEMENT</b>				
Inspections and Permits	12,600,900	12,600,900	12,404,821	196,079
Board of License Commissioners	622,500	622,500	591,169	31,331
	<u>13,223,400</u>	<u>13,223,400</u>	<u>12,995,990</u>	<u>227,410</u>
DEBT SERVICE	<u>131,997,800</u>	<u>131,997,800</u>	<u>131,580,836</u>	<u>416,964</u> **
PAY GO FUNDING - CAPITAL PROJECTS	<u>32,250,000</u>	<u>32,435,000</u>	<u>32,395,000</u>	<u>40,000</u>
Total expenditures and encumbrances	<u>\$ 1,447,804,100</u>	<u>\$ 1,453,109,100</u>	<u>\$ 1,441,631,293</u>	<u>\$ 11,477,807</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>COUNTY PARKING GARAGE</b>				
Revenues				
Parking fees	\$ 535,600	\$ 535,600	\$ 516,073	\$ (19,527)
Other	-	-	4,987	4,987
	<u>535,600</u>	<u>535,600</u>	<u>521,060</u>	<u>(14,540)</u>
Expenditures				
General government	527,300	527,300	398,326	128,974
Interfund reimbursement	-	-	128,974	(128,974)
	<u>527,300</u>	<u>527,300</u>	<u>527,300</u>	<u>-</u>
Revenues over (under) expenditures	<u>\$ 8,300</u>	<u>\$ 8,300</u>	<u>\$ (6,240)</u>	<u>\$ (14,540)</u>
<b>PINEY ORCHARD WASTEWATER SERVICE</b>				
Revenues				
Commissions and fees	\$ 1,300,000	\$ 1,300,000	\$ 960,718	\$ (339,282)
Expenditures				
Public works	1,300,000	1,300,000	960,718	339,282
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>INMATE BENEFIT AND MORALE</b>				
Revenues				
Commissary sales	\$ 786,900	\$ 786,900	\$ 775,061	\$ (11,839)
Commissions and fees	360,000	360,000	345,745	(14,255)
Investment income	2,000	2,000	5,692	3,692
	<u>1,148,900</u>	<u>1,148,900</u>	<u>1,126,498</u>	<u>(22,402)</u>
Expenditures				
Commissary purchases	701,000	821,000	814,959	6,041
Inmate benefits/morale	447,900	447,900	331,023	116,877
	<u>1,148,900</u>	<u>1,268,900</u>	<u>1,145,982</u>	<u>122,918</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (120,000)</u>	<u>\$ (19,484)</u>	<u>\$ 100,516</u>

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

Anne Arundel County, Maryland

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

Impact Fees Capital Projects Fund

Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>IMPACT FEES</b>				
Revenues				
Impact fees	\$ 14,850,000	\$ 14,850,000	\$ 24,587,197	\$ 9,737,197
Investment income	134,000	134,000	620,917	486,917
	<u>14,984,000</u>	<u>14,984,000</u>	<u>25,208,114</u>	<u>10,224,114</u>
Expenditures				
Education	-	-	295,583	(295,583)
Public works	-	-	2,371,681	(2,371,681)
Other inter-fund reimbursements	7,470,400	7,470,400	7,661,126	(190,726)
Pay-as-you-go	65,056,200	65,056,200	18,067,977	46,988,223
	<u>72,526,600</u>	<u>72,526,600</u>	<u>28,396,367</u>	<u>44,130,233</u>
Revenues over (under) expenditures	\$ <u>(57,542,600)</u>	\$ <u>(57,542,600)</u>	\$ <u>(3,188,253)</u>	\$ <u>54,354,347</u>
Fund balance, budgetary, July 1	<u>93,291,841</u>	<u>93,291,841</u>	<u>93,291,841</u>	
Fund balance, budgetary, June 30	\$ <u>35,749,241</u>	\$ <u>35,749,241</u>	\$ <u>90,103,588</u>	
			Change in fund balance on a GAAP basis	\$ (3,188,253)
			Change in fund balance on a budgetary basis	\$ <u>(3,188,253)</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 – This 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, 2017

	Special Revenue Funds				
	Forfeiture and Asset Seizure Team	Road and Special Benefits Districts	AA County Partnership for CYF (Grants)	Reforestation	Laurel Racetrack Community Benefit
<b>ASSETS</b>					
Cash and investments	\$ 31,124	\$ 320,518	\$ 173,897	\$ 13,317,188	\$ -
Receivables					
Due from other governmental agencies (net of allowances)	-	-	273,049	-	-
Other, net	100,000	14,640	-	-	357,143
Total assets	<u>\$ 131,124</u>	<u>\$ 335,158</u>	<u>\$ 446,946</u>	<u>\$ 13,317,188</u>	<u>\$ 357,143</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 33,058	\$ 15,078	\$ 178,973	\$ 217,832	\$ -
Due to General Fund	-	-	-	-	300,045
Escrow and other deposits	-	-	-	5,802,860	-
Unearned revenue	-	-	198,620	-	-
Total liabilities	<u>33,058</u>	<u>15,078</u>	<u>377,593</u>	<u>6,020,692</u>	<u>300,045</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Unavailable grant revenue	-	-	238,029	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>238,029</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted	98,066	320,080	-	7,296,496	57,098
Committed	-	-	-	-	-
Unassigned	-	-	(168,676)	-	-
Total fund balances (deficit)	<u>98,066</u>	<u>320,080</u>	<u>(168,676)</u>	<u>7,296,496</u>	<u>57,098</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 131,124</u>	<u>\$ 335,158</u>	<u>\$ 446,946</u>	<u>\$ 13,317,188</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
\$ -	\$ -	\$ 701,109	\$ 124,591	\$ 1,510	\$ 4,011,763
195,355	1,027,056	7,066,724	-	-	-
-	-	18,423	12,405	-	279,612
<u>\$ 195,355</u>	<u>\$ 1,027,056</u>	<u>\$ 7,786,256</u>	<u>\$ 136,996</u>	<u>\$ 1,510</u>	<u>\$ 4,291,375</u>
\$ 195,355	\$ 526,437	\$ 2,807,111	\$ -	\$ 1,510	\$ -
-	319,527	2,925,118	-	-	-
-	-	-	105,560	-	-
-	181,092	1,767,205	-	-	-
<u>195,355</u>	<u>1,027,056</u>	<u>7,499,434</u>	<u>105,560</u>	<u>1,510</u>	<u>-</u>
-	687,577	3,081,560	-	-	-
-	687,577	3,081,560	-	-	-
-	3,105,512	1,507,957	31,436	-	4,291,375
-	-	-	-	-	-
-	(3,793,089)	(4,302,695)	-	-	-
-	(687,577)	(2,794,738)	31,436	-	4,291,375
<u>\$ 195,355</u>	<u>\$ 1,027,056</u>	<u>\$ 7,786,256</u>	<u>\$ 136,996</u>	<u>\$ 1,510</u>	<u>\$ 4,291,375</u>

(continued)

Anne Arundel County, Maryland

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2017

	Special Revenue Funds			Capital Projects Funds	
	Erosion Districts	Video Lottery Local Impact Aid	Watershed Protection and Restoration	Storm Drain Fees	Recreational Land Fees
<b>ASSETS</b>					
Cash and investments	\$ 892,755	\$ 5,148,945	\$ 25,327,506	\$ -	\$ 504,448
Receivables					
Due from other governmental agencies (net of allowances)	-	-	-	-	-
Other, net	1,071	576,485	449,953	-	-
Total assets	<u>\$ 893,826</u>	<u>\$ 5,725,430</u>	<u>\$ 25,777,459</u>	<u>\$ -</u>	<u>\$ 504,448</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 955	\$ 73,562	\$ 867,398	\$ -	\$ -
Due to General Fund	-	-	-	-	-
Escrow and other deposits	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>955</u>	<u>73,562</u>	<u>867,398</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Unavailable grant revenue	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted	892,871	5,651,868	24,910,061	-	-
Committed	-	-	-	-	504,448
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>892,871</u>	<u>5,651,868</u>	<u>24,910,061</u>	<u>-</u>	<u>504,448</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 893,826</u>	<u>\$ 5,725,430</u>	<u>\$ 25,777,459</u>	<u>\$ -</u>	<u>\$ 504,448</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
\$ -	\$ 4,987,655	\$ 211,617	\$ -	\$ 131	\$ 37,126	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 4,987,655</u>	<u>\$ 211,617</u>	<u>\$ -</u>	<u>\$ 131</u>	<u>\$ 37,126</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 131	\$ 64	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131</u>	<u>64</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	37,062	-
-	4,987,655	211,617	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>4,987,655</u>	<u>211,617</u>	<u>-</u>	<u>-</u>	<u>37,062</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 4,987,655</u>	<u>\$ 211,617</u>	<u>\$ -</u>	<u>\$ 131</u>	<u>\$ 37,126</u>	<u>\$ -</u>

(continued)

Anne Arundel County, Maryland

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2017

	Debt Service Funds				
	National Business Park North Tax Increment	Village South at Waugh Chapel Tax Increment	Special Taxing Districts	Installment Purchase Agreements	Totals
<b>ASSETS</b>					
Cash and investments	\$ 4,200,688	\$ 1,343,090	\$ 1,078,973	\$ 9,650,248	\$ 72,064,882
Receivables					
Due from other governmental agencies (net of allowances)	-	-	-	-	8,562,184
Other, net	-	-	379	-	1,810,111
Total assets	<u>\$ 4,200,688</u>	<u>\$ 1,343,090</u>	<u>\$ 1,079,352</u>	<u>\$ 9,650,248</u>	<u>\$ 82,437,177</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 18,740	\$ -	\$ 4,936,204
Due to General Fund	-	-	-	-	3,544,690
Escrow and other deposits	-	-	-	-	5,908,420
Unearned revenue	-	-	-	-	2,146,917
Total liabilities	<u>-</u>	<u>-</u>	<u>18,740</u>	<u>-</u>	<u>16,536,231</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Unavailable grant revenue	-	-	-	-	4,007,166
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,007,166</u>
<b>FUND BALANCES</b>					
Restricted	4,200,688	1,343,090	1,060,612	-	54,804,272
Committed	-	-	-	9,650,248	15,353,968
Unassigned	-	-	-	-	(8,264,460)
Total fund balances (deficit)	<u>4,200,688</u>	<u>1,343,090</u>	<u>1,060,612</u>	<u>9,650,248</u>	<u>61,893,780</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,200,688</u>	<u>\$ 1,343,090</u>	<u>\$ 1,079,352</u>	<u>\$ 9,650,248</u>	<u>\$ 82,437,177</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, 2017

	Special Revenue Funds				
	Forfeiture and Asset Seizure Team	Road and Special Benefits Districts	AA County Partnership for CYF (Grants)	Reforestation	Laurel Racetrack Community Benefit
<b>REVENUES</b>					
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and aid	-	-	2,290,980	-	-
Seized / forfeited funds	474,620	-	-	-	-
Special community benefit taxes	-	7,476,935	-	-	-
Video lottery local impact aid	-	-	-	-	-
Watershed protection and restoration	-	-	-	-	-
Fees and commissions	-	-	-	1,425,421	357,143
Investment income	2,257	-	1,425	89,991	-
Other	-	-	4,168	-	17,600
Total revenues	<u>476,877</u>	<u>7,476,935</u>	<u>2,296,573</u>	<u>1,515,412</u>	<u>374,743</u>
<b>EXPENDITURES</b>					
Current					
Education	-	-	-	-	-
Public safety	938,914	-	-	-	-
General government	-	-	-	-	-
Health and human services	-	-	2,172,974	-	-
Public works	-	-	-	-	-
Recreation and community services	-	7,498,261	-	-	357,000
Judicial	-	-	-	-	-
Code enforcement	-	-	-	-	-
Land use and development	-	-	-	1,872,367	-
Debt service					
Interest payments on debt	-	-	-	-	-
Principal payments on debt	-	-	-	-	-
Total expenditures	<u>938,914</u>	<u>7,498,261</u>	<u>2,172,974</u>	<u>1,872,367</u>	<u>357,000</u>
Revenues over (under) expenditures	<u>(462,037)</u>	<u>(21,326)</u>	<u>123,599</u>	<u>(356,955)</u>	<u>17,743</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in					
General Fund	-	-	-	-	-
Impact Fees Capital Projects Fund	-	-	-	-	-
General County Capital Projects Fund	-	-	-	-	-
Energy Revolving Loan Fund	-	-	-	-	-
Transfers out					
General Fund	-	-	-	-	-
General County Capital Projects Fund	-	-	-	-	-
Premiums from sale of bonds	-	-	-	-	-
Transfers from Solid Waste Fund	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(462,037)	(21,326)	123,599	(356,955)	17,743
Fund balances, July 1	560,103	341,406	(292,275)	7,653,451	39,355
Fund balances, June 30	<u>\$ 98,066</u>	<u>\$ 320,080</u>	<u>\$ (168,676)</u>	<u>\$ 7,296,496</u>	<u>\$ 57,098</u>

Special Revenue Funds

Workforce Development (Grants)	Arundel Community Development Services (Grants)	Grants	Circuit Court	Park Place Tax Increment	Odenton Town Center Tax Increment
\$ -	\$ -	\$ -	\$ -	\$ 937,479	\$ 2,760,815
2,393,602	5,659,334	28,732,469	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,433	23,772
-	-	-	150,160	-	279,612
<u>2,393,602</u>	<u>5,659,334</u>	<u>28,732,469</u>	<u>150,160</u>	<u>938,912</u>	<u>3,064,199</u>
-	-	-	-	-	-
-	-	2,038,429	-	-	-
-	-	-	-	938,912	237,805
2,393,602	-	24,082,250	-	-	-
-	-	-	-	-	-
-	6,334,385	-	-	-	-
-	-	2,516,966	164,943	-	-
-	-	-	-	-	-
-	-	1,297,210	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,393,602</u>	<u>6,334,385</u>	<u>29,934,855</u>	<u>164,943</u>	<u>938,912</u>	<u>237,805</u>
-	(675,051)	(1,202,386)	(14,783)	-	2,826,394
-	270,000	570,109	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	28,200	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	298,200	570,109	-	-	-
-	(376,851)	(632,277)	(14,783)	-	2,826,394
-	(310,726)	(2,162,461)	46,219	-	1,464,981
\$ <u>-</u>	\$ <u>(687,577)</u>	\$ <u>(2,794,738)</u>	\$ <u>31,436</u>	\$ <u>-</u>	\$ <u>4,291,375</u>

(continued)

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

## Nonmajor Governmental Funds

Year Ended June 30, 2017

	Special Revenue Funds			Capital Projects Funds	
	Erosion Districts	Video Lottery Local Impact Aid	Watershed Protection and Restoration	Storm Drain Fees	Recreation Land Fees
<b>REVENUES</b>					
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and aid	-	-	-	-	-
Seized / forfeited funds	-	-	-	-	-
Special community benefit taxes	397,926	-	-	-	-
Video lottery local impact aid	-	18,436,609	-	-	-
Watershed protection and restoration	-	-	21,821,801	-	-
Fees and commissions	-	-	-	74	156,974
Investment income	-	10,325	297,955	1,335	3,351
Other	-	-	989	-	-
Total revenues	<u>397,926</u>	<u>18,446,934</u>	<u>22,120,745</u>	<u>1,409</u>	<u>160,325</u>
<b>EXPENDITURES</b>					
Current					
Education	-	1,700,000	-	-	-
Public safety	-	10,274,500	-	-	-
General government	-	1,997,601	-	-	-
Health and human services	-	-	-	-	-
Public works	94,656	-	10,442,628	3,259	-
Recreation and community services	-	550,000	-	-	-
Judicial	-	-	-	-	-
Code enforcement	-	-	1,224,234	-	-
Land use and development	-	-	-	-	-
Debt service					
Interest payments on debt	-	-	2,268,615	-	-
Principal payments on debt	-	-	2,239,685	-	-
Total expenditures	<u>94,656</u>	<u>14,522,101</u>	<u>16,175,162</u>	<u>3,259</u>	<u>-</u>
Revenues over (under) expenditures	<u>303,270</u>	<u>3,924,833</u>	<u>5,945,583</u>	<u>(1,850)</u>	<u>160,325</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in					
General Fund	-	-	-	-	-
Impact Fees Capital Projects Fund	-	-	-	-	-
General County Capital Projects Fund	-	-	38,866	-	-
Energy Revolving Loan Fund	-	-	-	-	-
Transfers out					
General Fund	-	-	-	-	-
General County Capital Projects Fund	-	(6,560,000)	-	(927,423)	(104,560)
Premiums from sale of bonds	-	-	-	-	-
Transfers from Solid Waste Fund	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(6,560,000)</u>	<u>38,866</u>	<u>(927,423)</u>	<u>(104,560)</u>
Net change in fund balances	303,270	(2,635,167)	5,984,449	(929,273)	55,765
Fund balances, July 1	589,601	8,287,035	18,925,612	929,273	448,683
Fund balances, June 30	<u>\$ 892,871</u>	<u>\$ 5,651,868</u>	<u>\$ 24,910,061</u>	<u>\$ -</u>	<u>\$ 504,448</u>

Capital Projects Funds			Debt Service Funds			
Bond Premium	Street Light Capital Projects	Energy Revolving Loan	Nursery Road Tax Increment	West County (NBP) Tax Increment	Arundel Mills Tax Increment	Parole Tax Increment
\$ -	\$ -	\$ -	\$ 4,901,462	\$ 7,466,620	\$ 9,191,593	\$ 13,391,202
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,191,479	-	-	-	-	-
-	-	1,271	26,881	34,561	39,148	84,793
-	-	-	-	-	-	-
-	<u>1,191,479</u>	<u>1,271</u>	<u>4,928,343</u>	<u>7,501,181</u>	<u>9,230,741</u>	<u>13,475,995</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	3,500	7,081	7,672	454,837
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	57,800	450,788	917,000	-
-	-	-	<u>95,000</u>	<u>625,000</u>	<u>1,130,000</u>	-
-	-	-	<u>156,300</u>	<u>1,082,869</u>	<u>2,054,672</u>	<u>454,837</u>
-	<u>1,191,479</u>	<u>1,271</u>	<u>4,772,043</u>	<u>6,418,312</u>	<u>7,176,069</u>	<u>13,021,158</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	5,000,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(4,784,410)	(6,418,312)	(7,180,328)	(18,021,158)
(36,701,572)	(463,168)	-	-	-	-	-
18,037,398	-	-	-	-	-	-
-	-	17,975	-	-	-	-
<u>(18,664,174)</u>	<u>(463,168)</u>	<u>(10,225)</u>	<u>(4,784,410)</u>	<u>(6,418,312)</u>	<u>(7,180,328)</u>	<u>(13,021,158)</u>
(18,664,174)	728,311	(8,954)	(12,367)	-	(4,259)	-
18,664,174	4,259,344	220,571	12,367	-	41,321	-
\$ -	\$ <u>4,987,655</u>	\$ <u>211,617</u>	\$ -	\$ -	\$ <u>37,062</u>	\$ -

(continued)

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

## Nonmajor Governmental Funds

Year Ended June 30, 2017

	Debt Service Funds					Totals
	National Business Park North Tax Increment	Village South at Waugh Chapel Tax Increment	Special Taxing Districts	Installment Purchase Agreements		
<b>REVENUES</b>						
General property taxes	\$ 1,858,043	\$ 1,895,580	\$ -	\$ -	\$ -	\$ 42,402,794
Grants and aid	-	-	-	-	-	39,076,385
Seized / forfeited funds	-	-	-	-	-	474,620
Special community benefit taxes	-	-	554,826	-	-	8,429,687
Video lottery local impact aid	-	-	-	-	-	18,436,609
Watershed protection and restoration	-	-	-	-	-	21,821,801
Fees and commissions	-	-	-	-	-	3,131,091
Investment income	8,628	6,256	-	(639,381)	-	(5,999)
Other	-	-	-	-	-	452,529
Total revenues	<u>1,866,671</u>	<u>1,901,836</u>	<u>554,826</u>	<u>(639,381)</u>	<u>-</u>	<u>134,219,517</u>
<b>EXPENDITURES</b>						
<b>Current</b>						
Education	-	-	-	-	-	1,700,000
Public safety	-	-	-	-	-	13,251,843
General government	17,501	10,739	-	-	-	3,675,648
Health and human services	-	-	-	-	-	28,648,826
Public works	-	-	-	-	-	10,540,543
Recreation and community services	-	-	144,342	-	-	14,883,988
Judicial	-	-	-	-	-	2,681,909
Code enforcement	-	-	-	-	-	1,224,234
Land use and development	-	-	-	-	-	3,169,577
<b>Debt service</b>						
Interest payments on debt	1,806,922	1,000,000	-	724,954	-	7,226,079
Principal payments on debt	<u>145,000</u>	<u>-</u>	<u>333,950</u>	<u>20,000</u>	<u>-</u>	<u>4,588,635</u>
Total expenditures	<u>1,969,423</u>	<u>1,010,739</u>	<u>478,292</u>	<u>744,954</u>	<u>-</u>	<u>91,591,282</u>
Revenues over (under) expenditures	<u>(102,752)</u>	<u>891,097</u>	<u>76,534</u>	<u>(1,384,335)</u>	<u>-</u>	<u>42,628,235</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
<b>Transfers in</b>						
General Fund	-	-	-	70,000	-	910,109
Impact Fees Capital Projects Fund	-	-	-	-	-	5,000,000
General County Capital Projects Fund	-	-	-	-	-	38,866
Energy Revolving Loan Fund	-	-	-	-	-	28,200
<b>Transfers out</b>						
General Fund	-	(891,261)	-	-	-	(37,295,469)
General County Capital Projects Fund	-	-	-	-	-	(44,756,723)
Premiums from sale of bonds	-	-	-	-	-	18,037,398
Transfers from Solid Waste Fund	-	-	-	-	-	17,975
Total other financing sources (uses)	<u>-</u>	<u>(891,261)</u>	<u>-</u>	<u>70,000</u>	<u>-</u>	<u>(58,047,844)</u>
Net change in fund balances	(102,752)	(164)	76,534	(1,314,335)	-	(15,419,609)
Fund balances, July 1	<u>4,303,440</u>	<u>1,343,254</u>	<u>984,078</u>	<u>10,964,583</u>	<u>-</u>	<u>77,313,389</u>
Fund balances, June 30	\$ <u><u>4,200,688</u></u>	\$ <u><u>1,343,090</u></u>	\$ <u><u>1,060,612</u></u>	\$ <u><u>9,650,248</u></u>	\$ <u><u>-</u></u>	\$ <u><u>61,893,780</u></u>

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

## Special Revenue Funds

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>FORFEITURE AND ASSET SEIZURE TEAM</b>				
Revenues				
Seized and forfeited funds	\$ 570,000	\$ 570,000	\$ 474,620	\$ (95,380)
Investment income	-	-	2,257	2,257
Other	-	-	23,544	23,544
	<u>570,000</u>	<u>570,000</u>	<u>500,421</u>	<u>(69,579)</u>
Expenditures				
Public safety	<u>570,000</u>	<u>570,000</u>	<u>483,118</u>	<u>86,882</u>
Revenues over (under) expenditures	-	-	17,303	<u>\$ 17,303</u>
Fund balance, budgetary, July 1	<u>22,314</u>	<u>22,314</u>	<u>22,314</u>	
Fund balance, budgetary, June 30	<u>\$ 22,314</u>	<u>\$ 22,314</u>	<u>\$ 39,617</u>	
<b>ROADS AND SPECIAL BENEFITS</b>				
Revenues				
Special community benefit taxes	\$ <u>7,417,071</u>	\$ <u>7,417,071</u>	\$ <u>7,476,935</u>	\$ <u>59,864</u>
Expenditures				
Recreation and community services	<u>11,315,356</u>	<u>11,315,356</u>	<u>7,498,261</u>	<u>3,817,095</u>
Revenues over (under) expenditures	(3,898,285)	(3,898,285)	(21,326)	<u>\$ 3,876,959</u>
Fund balance, budgetary, July 1	<u>341,406</u>	<u>341,406</u>	<u>341,406</u>	
Fund balance, budgetary, June 30	<u>\$ (3,556,879)</u>	<u>\$ (3,556,879)</u>	<u>\$ 320,080</u>	
<b>ANNE ARUNDEL COUNTY PARTNERSHIP FOR CHILDREN, YOUTH &amp; FAMILIES</b>				
Revenues				
Grants and aid	\$ 3,107,500	\$ 3,172,500	\$ 2,170,695	\$ (1,001,805)
Investment income	-	-	1,425	1,425
Other	-	-	4,168	4,168
	<u>3,107,500</u>	<u>3,172,500</u>	<u>2,176,288</u>	<u>(996,212)</u>
Expenditures				
Health and human services	<u>3,107,500</u>	<u>3,172,500</u>	<u>2,174,251</u>	<u>998,249</u>
Revenues over (under) expenditures	-	-	2,037	<u>\$ 2,037</u>
Fund balance, budgetary, July 1 (as restated)	<u>66,039</u>	<u>66,039</u>	<u>66,039</u>	
Fund balance, budgetary, June 30	<u>\$ 66,039</u>	<u>\$ 66,039</u>	<u>\$ 68,076</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REFORESTATION</b>				
Revenues				
Commissions and fees	\$ 950,000	\$ 950,000	\$ 1,515,412	\$ 565,412
Expenditures				
Land use and development	4,319,700	4,319,700	1,872,367	2,447,333
Revenues over (under) expenditures	(3,369,700)	(3,369,700)	(356,955)	\$ 3,012,745
Fund balance, budgetary, July 1	7,644,157	7,644,157	7,644,157	
Fund balance, budgetary, June 30	\$ 4,274,457	\$ 4,274,457	\$ 7,287,202	
<b>LAUREL RACETRACK COMMUNITY BENEFIT</b>				
Revenues				
Fees and commissions	\$ 357,000	\$ 357,000	\$ 357,143	\$ 143
Other	-	-	17,600	17,600
	<u>357,000</u>	<u>357,000</u>	<u>374,743</u>	<u>17,743</u>
Expenditures				
Recreation and community services	357,000	357,000	357,000	-
Revenues over (under) expenditures	-	-	17,743	\$ 17,743
Fund balance, budgetary, July 1	39,355	39,355	39,355	
Fund balance, budgetary, June 30	\$ 39,355	\$ 39,355	\$ 57,098	
<b>WORKFORCE DEVELOPMENT</b>				
Revenues				
Grants and aid	\$ 2,400,000	\$ 2,400,000	\$ 2,393,602	\$ (6,398)
Expenditures				
Health and human services	2,400,000	2,400,000	2,393,602	6,398
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, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>ARUNDEL COMMUNITY DEVELOPMENT SERVICES</b>				
Revenues				
Grants and aid	\$ 7,329,700	\$ 7,329,700	\$ 6,268,442	\$ (1,061,258)
Other	-	-	634,275	634,275
	<u>7,329,700</u>	<u>7,329,700</u>	<u>6,902,717</u>	<u>(426,983)</u>
Expenditures				
Recreation and community services	<u>7,329,700</u>	<u>7,329,700</u>	<u>6,902,717</u>	<u>426,983</u>
Revenues over (under) expenditures	-	-	-	\$ <u>-</u>
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	
<b>GRANTS</b>				
Revenues				
Grants and aid	\$ 35,681,300	\$ 38,242,400	\$ 27,988,924	\$ (10,253,476)
Fees, General Fund contributions and other	4,837,100	4,923,200	678,659	(4,244,541)
	<u>40,518,400</u>	<u>43,165,600</u>	<u>28,667,583</u>	<u>(14,498,017)</u>
Expenditures				
Public safety	5,825,700	6,400,600	2,069,136	4,331,464
Health and human services	28,660,400	30,427,100	24,802,859	5,624,241
Judicial	3,154,500	3,360,600	2,517,399	843,201
Land use and development	2,877,800	2,977,300	1,307,076	1,670,224
	<u>40,518,400</u>	<u>43,165,600</u>	<u>30,696,470</u>	<u>12,469,130</u>
Revenues over (under) expenditures	-	-	(2,028,887)	\$ <u>(2,028,887)</u>
Fund balance, budgetary, July 1	<u>(496,635)</u>	<u>(496,635)</u>	<u>(496,635)</u>	
Fund balance, budgetary, June 30	\$ <u>(496,635)</u>	\$ <u>(496,635)</u>	\$ <u>(2,525,522)</u>	
<b>CIRCUIT COURT</b>				
Revenues				
Bond Forfeited Funds	\$ <u>165,000</u>	\$ <u>165,000</u>	\$ <u>150,160</u>	\$ <u>(14,840)</u>
Expenditures				
Circuit Court	<u>165,000</u>	<u>165,000</u>	<u>164,943</u>	<u>57</u>
Revenues over (under) expenditures	-	-	(14,783)	\$ <u>(14,783)</u>
Fund balance, budgetary, July 1	46,219	46,219	46,219	
Fund balance, budgetary, June 30	\$ <u>46,219</u>	\$ <u>46,219</u>	\$ <u>31,436</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, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>PARK PLACE TAX INCREMENT DISTRICT</b>				
Revenues				
General property taxes	\$ 930,000	\$ 938,500	\$ 937,479	\$ (1,021)
Investment income	1,000	1,000	1,433	433
	<u>931,000</u>	<u>939,500</u>	<u>938,912</u>	<u>(588)</u>
Expenditures				
General government	931,000	939,500	938,912	588
Revenues over (under) expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	
<b>ODENTON TOWN CENTER</b>				
Revenues				
General property taxes	\$ 1,339,000	\$ 1,518,400	\$ 2,760,815	\$ 1,242,415
Investment income	2,000	2,000	23,772	21,772
Other	-	-	279,612	279,612
	<u>1,341,000</u>	<u>1,520,400</u>	<u>3,064,199</u>	<u>1,543,799</u>
Expenditures				
General government	-	259,400	237,805	21,595
	<u>-</u>	<u>259,400</u>	<u>237,805</u>	<u>21,595</u>
Revenues over (under) expenditures	1,341,000	1,261,000	2,826,394	\$ 1,565,394
Fund balance, budgetary, July 1	1,464,981	1,464,981	1,464,981	
Fund balance, budgetary, June 30	\$ 2,805,981	\$ 2,725,981	\$ 4,291,375	
<b>EROSION DISTRICTS</b>				
Revenues				
Special community benefit taxes	\$ 383,867	\$ 383,867	\$ 397,926	\$ 14,059
Expenditures				
Public works	578,267	578,267	94,656	483,611
Revenues over (under) expenditures	(194,400)	(194,400)	303,270	\$ 497,670
Fund balance, budgetary, July 1	589,601	589,601	589,601	
Fund balance, budgetary, June 30	\$ 395,201	\$ 395,201	\$ 892,871	

*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, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>VIDEO LOTTERY LOCAL IMPACT AID</b>				
Revenues				
Video lottery impact aid	\$ 18,512,000	\$ 18,512,000	\$ 18,436,609	\$ (75,391)
Investment income	-	-	10,325	10,325
	<u>18,512,000</u>	<u>18,512,000</u>	<u>18,446,934</u>	<u>(65,066)</u>
Expenditures				
Education	1,700,000	1,700,000	1,700,000	-
Public safety	10,272,000	10,274,500	10,274,500	-
General government	2,015,000	2,095,000	2,094,128	872
Recreation and community service	550,000	550,000	550,000	-
Pay-go funding - capital projects	6,090,000	6,560,000	6,560,000	-
	<u>20,627,000</u>	<u>21,179,500</u>	<u>21,178,628</u>	<u>872</u>
Revenues over (under) expenditures	(2,115,000)	(2,667,500)	(2,731,694)	\$ <u><u>(64,194)</u></u>
Fund balance, budgetary, July 1	7,567,035	7,567,035	7,567,035	
Fund balance, budgetary, June 30	\$ <u><u>5,452,035</u></u>	\$ <u><u>4,899,535</u></u>	\$ <u><u>4,835,341</u></u>	
<b>WATERSHED PROTECTION AND RESTORATION</b>				
Revenues				
Stormwater fees	\$ 21,080,400	\$ 21,080,400	\$ 21,821,801	\$ 741,401
Interfund reimbursements	700,000	700,000	767,731	67,731
Investment Income	80,000	80,000	336,821	256,821
Other	-	-	10,866	10,866
	<u>21,860,400</u>	<u>21,860,400</u>	<u>22,937,219</u>	<u>1,076,819</u>
Expenditures				
Public works	13,162,000	13,162,000	10,570,789	2,591,211
Code enforcement	1,322,200	1,322,200	1,224,234	97,966
Debt service	4,508,300	4,508,300	4,508,300	-
	<u>18,992,500</u>	<u>18,992,500</u>	<u>16,303,323</u>	<u>2,689,177</u>
Revenues over (under) expenditures	2,867,900	2,867,900	6,633,896	\$ <u><u>3,765,996</u></u>
Fund balance, budgetary, July 1	16,158,450	16,158,450	16,158,450	
Fund balance, budgetary, June 30	\$ <u><u>19,026,350</u></u>	\$ <u><u>19,026,350</u></u>	\$ <u><u>22,792,346</u></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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Cedarhurst	\$ 64,560	\$ 64,560	\$ 65,602	\$ 1,042
Franklin Manor	185,640	185,640	188,854	3,214
Idlewilde	14,427	14,427	15,780	1,353
Riviera Beach	119,240	119,240	127,690	8,450
Total expenditures	<u>\$ 383,867</u>	<u>\$ 383,867</u>	<u>\$ 397,926</u>	<u>\$ 14,059</u>
<b>EXPENDITURES</b>				
Cedarhurst	\$ 109,560	\$ 109,560	\$ 64,695	\$ 44,865
Franklin Manor	185,640	185,640	12,840	172,800
Idlewilde	77,927	77,927	791	77,136
Riviera Beach	205,140	205,140	16,330	188,810
Total expenditures	<u>\$ 578,267</u>	<u>\$ 578,267</u>	<u>\$ 94,656</u>	<u>\$ 483,611</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, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Amberly	\$ 22,000	\$ 22,000	\$ 22,000	\$ -
Annapolis Roads	328,005	328,005	341,220	13,215
Arundel on the Bay	211,375	211,375	218,049	6,674
Avalon Shores	52,740	52,740	52,650	(90)
Bay Highlands	67,950	67,950	71,926	3,976
Bay Ridge	265,724	265,724	265,725	1
Bayside Beach	11,936	11,936	11,989	53
Beverly Beach	37,000	37,000	37,000	-
Birchwood	5,664	5,664	5,664	-
Bittersweet	4,950	4,950	4,950	-
Broadwater Creek	8,715	8,715	8,715	-
Cape Anne	11,325	11,325	11,250	(75)
Cape St. Claire	333,500	333,500	334,370	870
Capetown	26,485	26,485	26,485	-
Carrolton Manor	81,600	81,600	81,750	150
Cedarhurst	137,190	137,190	139,403	2,213
Chartwell	34,892	34,892	34,892	-
Columbia Beach	156,423	156,423	160,387	3,964
Crofton	858,480	858,480	901,283	42,803
Deale Beach	9,000	9,000	8,950	(50)
Eden Woods	9,000	9,000	9,000	-
Epping Forest	281,187	281,187	290,971	9,784
Fairhaven Cliffs	4,200	4,200	4,200	-
Felicity Cove	10,200	10,200	10,200	-
Franklin Manor	61,880	61,880	62,951	1,071
Gibson Island	971,916	971,916	917,812	(54,104)
Greenbriar Gardens	18,144	18,144	18,144	-
Greenbriar II	21,000	21,000	21,000	-
Heritage Pool	45,955	45,955	46,410	455
Hillsmere Shores	313,344	313,344	317,824	4,480
Holland Point	-	-	-	-
Homewood	7,872	7,872	7,872	-
Hunters Harbor	16,050	16,050	15,900	(150)
Idlewild	9,775	9,775	9,775	-
Indian Hills (Winchester)	128,095	128,095	128,695	600
Little Magothy River	35,700	35,700	35,700	-
Long Point on the Severn	13,750	13,750	13,750	-
Magothy Beach	6,440	6,440	6,520	80
Magothy Forge	7,278	7,278	7,278	-
Manhattan Beach	61,800	61,800	61,900	100
Mason's Beach	1,420	1,420	1,420	-
Owings Beach	10,035	10,035	10,305	270
Owings Cliffs	2,775	2,775	2,775	-
Oyster Harbor	358,830	358,830	373,892	15,062
Parke West	44,310	44,310	44,205	(105)
Pine Grove Village	11,040	11,040	11,040	-
Pines on the Severn	60,639	60,639	60,639	-
Provinces	15,876	15,876	15,876	-
Queen's Park	49,979	49,979	49,979	-
Rockview Beach / Riviera Isles	9,644	9,644	9,644	-
Selby on the Bay	76,860	76,860	77,220	360
Severn Grove	15,766	15,766	15,916	150
Severna Forest	22,105	22,105	22,234	129
Severndale	6,549	6,549	6,549	-
Sherwood Forest	1,228,760	1,228,760	1,228,760	-
Shoreham Beach	73,500	73,500	73,500	-
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	6,839	6,839	6,839	-
Sylvan Shores	74,759	74,759	74,759	-
Sylvan View on the Magothy	10,650	10,650	10,650	-
Upper Magothy Beach	14,650	14,650	14,550	(100)
Venice Beach	36,960	36,960	37,702	742
Venice on the Bay	7,175	7,175	7,175	-
Warthen Knolls	3,573	3,573	3,573	-
Wilelinor	22,400	22,400	22,400	-
Woodland Beach / Londontowne	502,400	502,400	509,736	7,336
Woodland Beach / Pasadena	6,600	6,600	6,600	-
<b>Total revenues</b>	<b>\$ 7,417,071</b>	<b>\$ 7,417,071</b>	<b>\$ 7,476,935</b>	<b>\$ 59,864</b>

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, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
Amberly	\$ 55,502	\$ 55,502	\$ 21,920	\$ 33,582
Annapolis Roads	407,580	407,580	342,024	65,556
Arundel on the Bay	330,841	330,841	217,500	113,341
Avalon Shores	108,092	108,092	2,000	106,092
Bay Highlands	186,075	186,075	71,041	115,034
Bay Ridge	356,560	356,560	315,558	41,002
Bayside Beach	17,558	17,558	12,200	5,358
Beverly Beach	71,000	71,000	70,914	86
Birchwood	8,275	8,275	5,683	2,592
Bittersweet	8,573	8,573	4,940	3,633
Broadwater Creek	8,715	8,715	436	8,279
Cape Anne	27,936	27,936	7,762	20,174
Cape St. Claire	340,838	340,838	334,382	6,456
Capetown	26,485	26,485	26,474	11
Carrolton Manor	158,973	158,973	88,107	70,866
Cedarhurst	140,690	140,690	140,680	10
Chartwell	104,855	104,855	34,867	69,988
Columbia Beach	156,990	156,990	155,877	1,113
Crofton	1,480,778	1,480,778	899,584	581,194
Deale Beach	12,031	12,031	8,952	3,079
Eden Woods	43,336	43,336	9,000	34,336
Epping Forest	586,218	586,218	290,081	296,137
Fairhaven Cliffs	33,208	33,208	17,698	15,510
Felicity Cove	48,423	48,423	10,205	38,218
Franklin Manor	159,142	159,142	64,324	94,818
Gibson Island	1,209,342	1,209,342	917,549	291,793
Greenbriar Gardens	55,085	55,085	18,147	36,938
Greenbriar II	21,000	21,000	20,991	9
Heritage Pool	84,318	84,318	46,900	37,418
Hillsmere Shores	362,542	362,542	316,957	45,585
Holland Point	14,076	14,076	347	13,729
Homewood	8,342	8,342	8,132	210
Hunters Harbor	26,655	26,655	15,896	10,759
Idlewild	15,775	15,775	7,560	8,215
Indian Hills (Winchester)	194,393	194,393	130,982	63,411
Little Magothy River	135,526	135,526	35,705	99,821
Long Point on the Severn	80,689	80,689	7,611	73,078
Magothy Beach	7,645	7,645	6,527	1,118
Magothy Forge	12,499	12,499	7,271	5,228
Manhattan Beach	202,904	202,904	61,901	141,003
Mason's Beach	1,420	1,420	1,395	25
Owings Beach	75,666	75,666	15,517	60,149
Owings Cliffs	8,398	8,398	2,775	5,623
Oyster Harbor	827,642	827,642	370,595	457,047
Parke West	91,752	91,752	44,200	47,552
Pine Grove Village	28,305	28,305	11,286	17,019
Pines on the Severn	80,825	80,825	60,179	20,646
Provinces	24,732	24,732	15,868	8,864
Queen's Park	61,977	61,977	49,859	12,118
Rockview Beach / Riviera Isles	22,913	22,913	6,503	16,410
Selby on the Bay	123,430	123,430	77,439	45,991
Severn Grove	30,346	30,346	15,832	14,514
Severna Forest	25,515	25,515	1,111	24,404
Severndale	43,160	43,160	6,528	36,632
Sherwood Forest	1,228,760	1,228,760	1,228,750	10
Shoreham Beach	95,134	95,134	95,100	34
South River Heights	11,737	11,737	11,715	22
South River Manor	11,137	11,137	4,272	6,865
South River Park	65,414	65,414	33,811	31,603
Steedman Point	27,792	27,792	200	27,592
Stone Haven	13,601	13,601	6,843	6,758
Sylvan Shores	100,659	100,659	75,116	25,543
Sylvan View on the Magothy	19,647	19,647	10,532	9,115
Upper Magothy Beach	27,756	27,756	14,936	12,820
Venice Beach - Roads	89,601	89,601	37,685	51,916
Venice on the Bay	10,547	10,547	7,257	3,290
Warthen Knolls	3,879	3,879	3,570	309
Wilelinor	32,286	32,286	22,400	9,886
Woodland Beach / Londontowne	808,760	808,760	505,872	302,888
Woodland Beach / Pasadena	13,100	13,100	6,430	6,670
Total expenditures	\$ 11,315,356	\$ 11,315,356	\$ 7,498,261	\$ 3,817,095

Anne Arundel County, Maryland

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

General County Capital Projects Fund

Year Ended June 30, 2017

	<u>Total</u>	<u>School Construction</u>	<u>Higher Education</u>	<u>Storm Drains</u>	<u>Recreation</u>
<b>AUTHORIZED PER ORIGINAL BUDGET</b>					
County bonds	\$ 1,245,636,911	\$ 586,879,653	\$ 37,406,000	\$ 10,016,112	\$ 46,202,992
Contributions from other funds	125,839,884	35,161,703	4,610,730	10,000	12,472,787
Impact fees	116,313,550	62,118,800	-	-	-
Grants and aid	503,339,774	379,053,373	11,618,270	492,000	46,668,445
Special fees	153,759,854	-	-	-	440,000
Other sources	154,386,340	61,813,000	-	24,444	4,960,455
Total	<u>\$ 2,299,276,313</u>	<u>\$ 1,125,026,529</u>	<u>\$ 53,635,000</u>	<u>\$ 10,542,556</u>	<u>\$ 110,744,679</u>
<b>AUTHORIZED PER FINAL BUDGET</b>					
County bonds	\$ 1,067,499,910	\$ 520,276,027	\$ 23,606,000	\$ 5,635,644	\$ 31,426,370
Contributions from other funds	111,502,507	33,283,300	4,415,000	8,599	9,706,118
Impact fees	111,340,764	57,912,800	-	-	-
Grants and aid	416,605,881	347,107,344	-	82,000	23,397,937
Special fees	76,443,788	-	-	-	440,000
Other sources	141,130,848	61,313,000	-	24,444	3,875,455
Total	1,924,523,698	1,019,892,471	28,021,000	5,750,687	68,845,880
Less: Completed projects	159,749,811	82,224,760	275,000	492,065	5,067,721
	<u>1,764,773,887</u>	<u>937,667,711</u>	<u>27,746,000</u>	<u>5,258,622</u>	<u>63,778,159</u>
<b>REALIZED</b>					
Current year:					
Bonds and bond anticipation notes	103,285,000	69,085,000	3,400,000	800,000	-
Contributions from other funds	34,779,000	4,893,000	-	-	4,901,000
Impact fees	18,067,977	12,897,767	-	-	-
Grants and aid	12,212,053	-	-	-	4,549,057
Special fees	2,729,784	-	-	-	104,560
Other sources	45,323,884	40,001,572	-	26,400	1,300,000
Total	216,397,698	126,877,339	3,400,000	826,400	10,854,617
Prior years:	786,452,526	467,034,406	21,255,065	4,019,787	26,943,685
Total realized funding sources	1,002,850,224	593,911,745	24,655,065	4,846,187	37,798,302
Less: Completed projects and adjustments	110,214,599	57,826,760	274,592	466,216	5,067,696
	<u>892,635,625</u>	<u>536,084,985</u>	<u>24,380,473</u>	<u>4,379,971</u>	<u>32,730,606</u>
Funding sources authorized - June 30, 2017	<u>\$ 872,138,262</u>	<u>\$ 401,582,726</u>	<u>\$ 3,365,527</u>	<u>\$ 878,651</u>	<u>\$ 31,047,553</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>
\$ 29,670,131	\$ 88,243,439	\$ 71,156,867	\$ 29,110,738	\$ 98,134,679	\$ 248,816,300
4,534,693	24,407,363	5,565,453	1,659,803	37,417,352	-
-	49,764,750	3,930,000	-	500,000	-
569,828	12,144,151	-	13,527,985	39,265,722	-
-	728	-	-	153,319,126	-
<u>175,000</u>	<u>43,880,070</u>	<u>3,521,000</u>	<u>1,508,138</u>	<u>30,571,233</u>	<u>7,933,000</u>
\$ <u>34,949,652</u>	\$ <u>218,440,501</u>	\$ <u>84,173,320</u>	\$ <u>45,806,664</u>	\$ <u>359,208,112</u>	\$ <u>256,749,300</u>
\$ 29,410,958	\$ 65,605,279	\$ 68,925,124	\$ 23,815,683	\$ 55,147,167	\$ 243,651,658
4,273,280	22,282,365	5,045,413	1,257,351	31,231,081	-
-	48,997,964	3,930,000	-	500,000	-
569,827	6,187,512	-	7,233,638	32,027,623	-
-	728	-	-	76,003,060	-
<u>175,000</u>	<u>38,451,856</u>	<u>3,521,000</u>	<u>1,368,000</u>	<u>24,469,093</u>	<u>7,933,000</u>
34,429,065	181,525,704	81,421,537	33,674,672	219,378,024	251,584,658
-	18,247,360	9,785,846	7,518,015	32,619,987	3,519,057
<u>34,429,065</u>	<u>163,278,344</u>	<u>71,635,691</u>	<u>26,156,657</u>	<u>186,758,037</u>	<u>248,065,601</u>
-	4,000,000	10,000,000	2,000,000	14,000,000	-
180,000	15,580,000	3,347,000	(941,000)	6,819,000	-
-	3,829,189	1,043,586	-	297,435	-
38,447	1,635,974	-	1,483,135	3,705,440	800,000
-	-	-	-	2,625,224	-
<u>175,000</u>	<u>8,912,021</u>	<u>(8,622,000)</u>	<u>927,423</u>	<u>2,603,468</u>	<u>-</u>
393,447	33,957,184	5,768,586	3,469,558	30,050,567	800,000
<u>5,111,023</u>	<u>74,785,187</u>	<u>28,150,202</u>	<u>17,221,500</u>	<u>93,073,171</u>	<u>48,858,500</u>
5,504,470	108,742,371	33,918,788	20,691,058	123,123,738	49,658,500
-	17,924,124	9,701,828	7,020,137	8,535,295	3,397,951
<u>5,504,470</u>	<u>90,818,247</u>	<u>24,216,960</u>	<u>13,670,921</u>	<u>114,588,443</u>	<u>46,260,549</u>
\$ <u>28,924,595</u>	\$ <u>72,460,097</u>	\$ <u>47,418,731</u>	\$ <u>12,485,736</u>	\$ <u>72,169,594</u>	\$ <u>201,805,052</u>

Anne Arundel County, Maryland

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

General County Capital Projects Fund

Year Ended June 30, 2017

APPROPRIATIONS	Total	School Construction	Higher Education	Storm Drains
Original Budget	\$ <u>2,299,276,313</u>	\$ <u>1,125,026,529</u>	\$ <u>53,635,000</u>	\$ <u>10,542,556</u>
Final Budget				
Prior years	\$ 1,480,337,198	\$ 786,932,471	\$ 24,821,000	\$ 8,903,687
Current year	<u>444,186,500</u>	<u>232,960,000</u>	<u>3,200,000</u>	<u>(3,153,000)</u>
	1,924,523,698	1,019,892,471	28,021,000	5,750,687
Less: Completed projects	<u>159,749,811</u>	<u>82,224,760</u>	<u>275,000</u>	<u>492,065</u>
Total appropriations	<u>1,764,773,887</u>	<u>937,667,711</u>	<u>27,746,000</u>	<u>5,258,622</u>
EXPENDITURES AND ENCUMBRANCES				
Prior years expenditures and transfers	677,185,101	456,638,894	19,351,861	4,655,627
Current year expenditures	112,762,608	-	-	365,324
Operating transfers	<u>68,941,545</u>	<u>65,115,827</u>	<u>3,825,718</u>	<u>-</u>
	858,889,254	521,754,721	23,177,579	5,020,951
Less: Completed projects	<u>110,213,739</u>	<u>57,826,760</u>	<u>274,592</u>	<u>466,216</u>
Total	748,675,515	463,927,961	22,902,987	4,554,735
Encumbrances outstanding	<u>77,676,036</u>	<u>-</u>	<u>-</u>	<u>238,679</u>
Total expenditures and encumbrances	<u>826,351,551</u>	<u>463,927,961</u>	<u>22,902,987</u>	<u>4,793,414</u>
Unencumbered appropriations - June 30, 2017	\$ <u>938,422,336</u>	\$ <u>473,739,750</u>	\$ <u>4,843,013</u>	\$ <u>465,208</u>

	Recreation	Libraries	Roads and Bridges	Police and Fire	Waterway Improvements	Other	Watershed Protection and Restoration
\$	<u>110,744,679</u>	<u>34,949,652</u>	<u>218,440,501</u>	<u>84,173,320</u>	<u>45,806,664</u>	<u>359,208,112</u>	<u>256,749,300</u>
\$	48,712,880	14,387,065	136,841,704	42,252,537	32,898,672	157,976,024	226,611,158
	<u>20,133,000</u>	<u>20,042,000</u>	<u>44,684,000</u>	<u>39,169,000</u>	<u>776,000</u>	<u>61,402,000</u>	<u>24,973,500</u>
	68,845,880	34,429,065	181,525,704	81,421,537	33,674,672	219,378,024	251,584,658
	<u>5,067,721</u>	<u>-</u>	<u>18,247,360</u>	<u>9,785,846</u>	<u>7,518,015</u>	<u>32,619,987</u>	<u>3,519,057</u>
	<u>63,778,159</u>	<u>34,429,065</u>	<u>163,278,344</u>	<u>71,635,691</u>	<u>26,156,657</u>	<u>186,758,037</u>	<u>248,065,601</u>
	18,035,057	1,454,793	57,151,645	15,307,690	13,813,592	63,653,133	27,122,809
	<u>13,359,650</u>	<u>888,106</u>	<u>38,475,416</u>	<u>8,679,143</u>	<u>4,467,239</u>	<u>29,757,950</u>	<u>16,769,780</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	31,394,707	2,342,899	95,627,061	23,986,833	18,280,831	93,411,083	43,892,589
	<u>5,067,696</u>	<u>-</u>	<u>17,924,125</u>	<u>9,701,593</u>	<u>7,020,138</u>	<u>8,534,668</u>	<u>3,397,951</u>
	26,327,011	2,342,899	77,702,936	14,285,240	11,260,693	84,876,415	40,494,638
	<u>4,458,949</u>	<u>1,648,427</u>	<u>29,369,230</u>	<u>5,700,616</u>	<u>3,558,759</u>	<u>10,794,344</u>	<u>21,907,032</u>
	<u>30,785,960</u>	<u>3,991,326</u>	<u>107,072,166</u>	<u>19,985,856</u>	<u>14,819,452</u>	<u>95,670,759</u>	<u>62,401,670</u>
\$	<u>32,992,199</u>	<u>30,437,739</u>	<u>56,206,178</u>	<u>51,649,835</u>	<u>11,337,205</u>	<u>91,087,278</u>	<u>185,663,931</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>ENERGY REVOLVING LOAN</b>				
Revenues				
Other	\$ -	\$ -	\$ 19,246	\$ 19,246
	<u>-</u>	<u>-</u>	<u>19,246</u>	<u>19,246</u>
Expenditures				
Other	28,200	28,200	28,200	-
	<u>28,200</u>	<u>28,200</u>	<u>28,200</u>	<u>-</u>
Revenues over (under) expenditures	<u>(28,200)</u>	<u>(28,200)</u>	<u>(8,954)</u>	<u>\$ 19,246</u>
Fund balance, budgetary, July 1	<u>220,571</u>	<u>220,571</u>	<u>220,571</u>	
Fund balance, budgetary, June 30	\$ <u>192,371</u>	\$ <u>192,371</u>	\$ <u>211,617</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, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>NURSERY ROAD TAX INCREMENT DISTRICT</b>				
Revenues				
General property taxes	\$ 4,911,000	\$ 5,091,200	\$ 4,901,462	\$ (189,738)
Investment income	25,000	25,000	26,881	1,881
	<u>4,936,000</u>	<u>5,116,200</u>	<u>4,928,343</u>	<u>(187,857)</u>
Expenditures				
General government	10,000	10,000	3,500	6,500
Interest payments on debt	57,800	57,800	57,800	-
Principal payments on debt	95,000	95,000	95,000	-
Other	4,773,200	4,965,800	4,784,410	181,390
	<u>4,936,000</u>	<u>5,128,600</u>	<u>4,940,710</u>	<u>187,890</u>
Revenues over (under) expenditures	-	(12,400)	(12,367)	\$ <u>33</u>
Fund balance, budgetary, July 1	12,367	12,367	12,367	
Fund balance, budgetary, June 30	\$ <u>12,367</u>	\$ <u>(33)</u>	\$ <u>-</u>	
<b>WEST COUNTY TAX INCREMENT DISTRICT (NBP)</b>				
Revenues				
General property taxes	\$ 7,704,000	\$ 7,704,000	\$ 7,466,620	\$ (237,380)
Investment income	25,000	25,000	34,561	9,561
	<u>7,729,000</u>	<u>7,729,000</u>	<u>7,501,181</u>	<u>(227,819)</u>
Expenditures				
General government	48,800	48,800	7,081	41,719
Interest payments on debt	450,800	450,800	450,788	12
Principal payments on debt	625,000	625,000	625,000	-
Other	6,604,400	6,604,400	6,418,312	186,088
	<u>7,729,000</u>	<u>7,729,000</u>	<u>7,501,181</u>	<u>227,819</u>
Revenues over (under) expenditures	-	-	-	\$ <u>-</u>
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	
<b>ARUNDEL MILLS TAX INCREMENT DISTRICT</b>				
Revenues				
General property taxes	\$ 9,200,000	\$ 9,200,000	\$ 9,191,593	\$ (8,407)
Investment income	35,000	35,000	39,148	4,148
	<u>9,235,000</u>	<u>9,235,000</u>	<u>9,230,741</u>	<u>(4,259)</u>
Expenditures				
General government	69,800	69,800	7,672	62,128
Interest payments on debt	917,000	917,000	917,000	-
Principal payments on debt	1,130,000	1,130,000	1,130,000	-
Other	7,118,200	7,118,200	7,180,328	(62,128)
	<u>9,235,000</u>	<u>9,235,000</u>	<u>9,235,000</u>	<u>-</u>
Revenues (under) expenditures	-	-	(4,259)	\$ <u>(4,259)</u>
Fund balance, budgetary, July 1	41,321	41,321	41,321	
Fund balance, budgetary, June 30	\$ <u>41,321</u>	\$ <u>41,321</u>	\$ <u>37,062</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, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>PAROLE TAX INCREMENT DISTRICT</b>				
Revenues				
General property taxes	\$ 12,953,000	\$ 13,417,300	\$ 13,391,202	\$ (26,098)
Investment income	60,000	60,000	84,793	24,793
Other	5,000,000	5,000,000	5,000,000	-
	<u>18,013,000</u>	<u>18,477,300</u>	<u>18,475,995</u>	<u>(1,305)</u>
Expenditures				
General government	5,000	5,000	-	5,000
Other	18,008,000	18,472,300	18,475,995	(3,695)
	<u>18,013,000</u>	<u>18,477,300</u>	<u>18,475,995</u>	<u>1,305</u>
Revenues over (under) expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	
<b>NATIONAL BUSINESS PARK NORTH TAX INCREMENT DISTRICT</b>				
Revenues				
General property taxes	\$ 1,856,000	\$ 1,856,000	\$ 1,858,043	\$ 2,043
Investment income	12,000	12,000	8,628	(3,372)
	<u>1,868,000</u>	<u>1,868,000</u>	<u>1,866,671</u>	<u>(1,329)</u>
Expenditures				
Interest payments on debt	1,997,800	1,997,800	1,806,922	190,878
Principal payments on debt	-	-	145,000	(145,000)
Other	92,400	92,400	17,501	74,899
	<u>2,090,200</u>	<u>2,090,200</u>	<u>1,969,423</u>	<u>120,777</u>
Revenues over (under) expenditures	(222,200)	(222,200)	(102,752)	\$ 119,448
Fund balance, budgetary, July 1	4,303,440	4,303,440	4,303,440	
Fund balance, budgetary, June 30	\$ 4,081,240	\$ 4,081,240	\$ 4,200,688	
<b>VILLAGE SOUTH AT WAUGH CHAPEL TAX INCREMENT DISTRICT</b>				
Revenues				
General property taxes	\$ 1,876,000	\$ 1,889,000	\$ 1,895,580	\$ 6,580
Investment income	13,000	13,000	6,256	(6,744)
	<u>1,889,000</u>	<u>1,902,000</u>	<u>1,901,836</u>	<u>(164)</u>
Expenditures				
General government	53,000	53,000	10,739	42,261
Interest payments on debt	1,000,000	1,000,000	1,000,000	-
Other	836,000	849,000	891,261	(42,261)
	<u>1,889,000</u>	<u>1,902,000</u>	<u>1,902,000</u>	<u>-</u>
Revenues (under) expenditures	-	-	(164)	\$ (164)
Fund balance, budgetary, July 1	1,343,254	1,343,254	1,343,254	
Fund balance, budgetary, June 30	\$ 1,343,254	\$ 1,343,254	\$ 1,343,090	

*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, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>SPECIAL TAXING DISTRICTS</b>				
Revenues				
Special assessments	\$ 545,452	\$ 545,452	\$ 554,826	\$ 9,374
Expenditures				
Principal payments on debt	333,914	333,914	333,914	-
Other	1,201,135	1,201,135	144,378	1,056,757
	<u>1,535,049</u>	<u>1,535,049</u>	<u>478,292</u>	<u>1,056,757</u>
Revenues over (under) expenditures	(989,597)	(989,597)	76,534	\$ <u>1,066,131</u>
Fund balance, budgetary, July 1	984,078	984,078	984,078	
Fund balance, budgetary, June 30	\$ <u>(5,519)</u>	\$ <u>(5,519)</u>	\$ <u>1,060,612</u>	
<b>INSTALLMENT PURCHASE AGREEMENTS</b>				
Revenues				
Investment income	\$ -	\$ -	\$ 361,360	\$ 361,360
Other	70,000	70,000	70,000	-
	<u>70,000</u>	<u>70,000</u>	<u>431,360</u>	<u>361,360</u>
Expenditures				
Interest payments on debt	725,000	725,000	724,954	46
Principal payments on debt	20,000	20,000	20,000	-
	<u>745,000</u>	<u>745,000</u>	<u>744,954</u>	<u>46</u>
Revenues over (under) expenditures	(675,000)	(675,000)	(313,594)	\$ <u>361,406</u>
Fund balance, budgetary, July 1	10,964,583	10,964,583	10,964,583	
Fund balance, budgetary, June 30	\$ <u>10,289,583</u>	\$ <u>10,289,583</u>	\$ <u>10,650,989</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, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Amberly - Waterway	\$ 5,779	\$ 5,779	\$ 5,779	\$ -
Annapolis Cove - Erosion	14,696	14,696	14,696	-
Annapolis Landing - Erosion	3,309	3,309	3,295	(14)
Arundel on the Bay - Special Benefits	33,820	33,820	34,888	1,068
Bay Ridge - Erosion	114,650	114,650	115,927	1,277
Browns Pond - Waterway	12,005	12,005	12,005	-
Buckingham Cove - Waterway	9,225	9,225	9,225	-
Camp Wabanna - Erosion	9,687	9,687	9,687	-
Cape Anne - Erosion	814	814	832	18
Cattail Creek - Waterway	5,400	5,400	4,785	(615)
Columbia Beach - Erosion	59,989	59,989	61,509	1,520
Elizabeths Landing - Erosion	13,200	13,200	14,067	867
Holland Point - Erosion	97,350	97,350	101,516	4,166
John's Creek - Waterway	7,272	7,272	7,272	-
Lake Hillsmere II - Waterway	7,980	7,980	7,980	-
Masons Beach - Erosion	40,860	40,860	41,188	328
Romar Estates - Waterway	12,736	12,736	12,736	-
Snug Harbor - Erosion	6,289	6,289	6,289	-
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	6,072	6,072	6,831	759
Total revenues	<u>\$ 545,452</u>	<u>\$ 545,452</u>	<u>\$ 554,826</u>	<u>\$ 9,374</u>
<b>EXPENDITURES</b>				
Amberly - Waterway	\$ 5,979	\$ 5,979	\$ 5,689	\$ 290
Annapolis Cove - Erosion	15,296	15,296	12,527	2,769
Annapolis Landing - Erosion	3,309	3,309	3,308	1
Arundel on the Bay - Special Benefits	189,220	189,220	21,353	167,867
Bay Ridge - Erosion	462,838	462,838	63,283	399,555
Browns Pond - Waterway	23,540	23,540	8,005	15,535
Buckingham Cove - Waterway	9,225	9,225	9,164	61
Camp Wabanna - Erosion	9,687	9,687	9,687	-
Cape Anne - Erosion	38,540	38,540	8,201	30,339
Cattail Creek - Waterway	5,400	5,400	5,361	39
Columbia Beach - Erosion	220,408	220,408	71,164	149,244
Elizabeths Landing - Erosion	13,600	13,600	13,285	315
Holland Point - Erosion	144,000	144,000	103,958	40,042
John's Creek - Waterway	7,272	7,272	7,272	-
Lake Hillsmere II - Waterway	7,980	7,980	7,945	35
Masons Beach - Erosion	144,933	144,933	15,855	129,078
Romar Estates - Waterway	12,836	12,836	12,836	-
Snug Harbor - Erosion	8,189	8,189	6,132	2,057
Snug Harbor - Special Benefits	67,320	67,320	12,129	55,191
Snug Harbor - Waterway	101,921	101,921	61,587	40,334
Spriggs Pond - Waterway	36,684	36,684	12,679	24,005
Whitehall - Waterway	6,872	6,872	6,872	-
Total expenditures	<u>\$ 1,535,049</u>	<u>\$ 1,535,049</u>	<u>\$ 478,292</u>	<u>\$ 1,056,757</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, 2017

	Operating	Debt Service	Capital Projects	Total
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 62,374,850	\$ -	\$ 46,472,097	\$ 108,846,947
Service billings receivable	23,236,525	-	-	23,236,525
Receivables				
Due from other funds	152,203	-	-	152,203
Inventories	3,334,970	-	-	3,334,970
Other	10,327	-	-	10,327
Restricted for debt service and capital projects				
Cash and temporary investments	-	13,730,869	-	13,730,869
Investments	-	260,989,637	-	260,989,637
Receivables				
Due from other governmental agencies	-	-	9,081,443	9,081,443
Other, net	-	10,189,233	-	10,189,233
Total current assets	<u>89,108,875</u>	<u>284,909,739</u>	<u>55,553,540</u>	<u>429,572,154</u>
Noncurrent assets				
Restricted assets				
Deferred connection and assessment charges	-	27,871,754	-	27,871,754
Capital assets				
Land and buildings	43,564,814	-	-	43,564,814
Water and sewer plants	739,256,275	-	-	739,256,275
Water and sewer lines	1,098,447,130	-	-	1,098,447,130
Machinery and equipment	17,812,016	-	-	17,812,016
	1,899,080,235	-	-	1,899,080,235
Less accumulated depreciation	(805,429,458)	-	-	(805,429,458)
	1,093,650,777	-	-	1,093,650,777
Construction work in progress	29,872,751	-	485,220,342	515,093,093
Total capital assets, net of depreciation	<u>1,123,523,528</u>	<u>-</u>	<u>485,220,342</u>	<u>1,608,743,870</u>
Total noncurrent assets	<u>1,123,523,528</u>	<u>27,871,754</u>	<u>485,220,342</u>	<u>1,636,615,624</u>
Total assets	<u>1,212,632,403</u>	<u>312,781,493</u>	<u>540,773,882</u>	<u>2,066,187,778</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Pension benefits	10,312,622	-	-	10,312,622
Unamortized deferred refunding loss	-	5,679,922	-	5,679,922
Total deferred outflow of resources	<u>10,312,622</u>	<u>5,679,922</u>	<u>-</u>	<u>15,992,544</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued liabilities	7,498,681	-	37,022,983	44,521,664
Current portion of long-term debt and obligations	32,359,432	5,322,726	-	37,682,158
Due to other funds	539,801	-	-	539,801
Escrow deposits	198,740	-	380,730	579,470
Liabilities related to restricted assets				
Accounts payable and accrued liabilities	-	6,448,180	-	6,448,180
Unearned revenue	-	5,781,430	-	5,781,430
Total current liabilities	<u>40,596,654</u>	<u>17,552,336</u>	<u>37,403,713</u>	<u>95,552,703</u>
Noncurrent liabilities				
Accrued liability for compensated absences	42,809	-	-	42,809
Accrued liability for pension benefits	38,012,561	-	-	38,012,561
Accrued liability for OPEB	38,674,893	-	-	38,674,893
Long-term debt	222,504,318	54,751,222	332,908,480	610,164,020
Unearned revenue	169,228	-	-	169,228
Total noncurrent liabilities	<u>299,403,809</u>	<u>54,751,222</u>	<u>332,908,480</u>	<u>687,063,511</u>
Total liabilities	<u>340,000,463</u>	<u>72,303,558</u>	<u>370,312,193</u>	<u>782,616,214</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Pension benefits	3,278,069	-	-	3,278,069
Total deferred inflow of resources	<u>3,278,069</u>	<u>-</u>	<u>-</u>	<u>3,278,069</u>
<b>NET POSITION</b>				
Net investment in capital assets	870,364,269	(54,394,026)	144,666,181	960,636,424
Restricted for debt service	-	300,551,883	-	300,551,883
Restricted for capital improvements	-	-	9,081,443	9,081,443
Unrestricted	9,302,224	-	16,714,065	26,016,289
Total net position	<u>\$ 879,666,493</u>	<u>\$ 246,157,857</u>	<u>\$ 170,461,689</u>	<u>\$ 1,296,286,039</u>

Anne Arundel County, Maryland

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

Water and Wastewater Fund

Year Ended June 30, 2017

	Operating	Debt Service	Capital Projects	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 85,467,198	\$ -	\$ -	\$ 85,467,198
Other revenues	6,745,839	-	-	6,745,839
Total operating revenues	<u>92,213,037</u>	<u>-</u>	<u>-</u>	<u>92,213,037</u>
<b>OPERATING EXPENSES</b>				
Personnel services	34,629,999	-	-	34,629,999
Contractual services	30,805,669	-	-	30,805,669
Supplies and materials	8,048,959	-	-	8,048,959
Business and travel	182,429	-	-	182,429
Depreciation	45,631,584	-	-	45,631,584
Other	12,359,489	-	-	12,359,489
Total operating expenses	<u>131,658,129</u>	<u>-</u>	<u>-</u>	<u>131,658,129</u>
Operating loss	(39,445,092)	-	-	(39,445,092)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	389,537	1,987,827	-	2,377,364
Interest on long-term receivables	-	789,150	-	789,150
Other revenues	-	6,252,841	-	6,252,841
Other expenses	-	(1,138,958)	-	(1,138,958)
Interest expense	-	(13,423,894)	-	(13,423,894)
Gain on the disposal of assets	91,905	-	-	91,905
Loss before contributions and transfers	<u>(38,963,650)</u>	<u>(5,533,034)</u>	<u>-</u>	<u>(44,496,684)</u>
Capital contributions and grants	16,429,634	26,826,295	7,001,870	50,257,799
Environmental protection fees	-	18,764,334	-	18,764,334
Interfund transfers (General County Capital Projects)	(1,908,000)	-	1,231,171	(676,829)
Intrafund transfers	44,104,896	(63,944,601)	19,839,705	-
Change in net position	<u>19,662,880</u>	<u>(23,887,006)</u>	<u>28,072,746</u>	<u>23,848,620</u>
Net position, July 1	<u>860,003,613</u>	<u>270,044,863</u>	<u>142,388,943</u>	<u>1,272,437,419</u>
Net position, June 30	<u>\$ 879,666,493</u>	<u>\$ 246,157,857</u>	<u>\$ 170,461,689</u>	<u>\$ 1,296,286,039</u>

Anne Arundel County, Maryland  
Combining Statement of Cash Flows  
Water and Wastewater Fund  
Year Ended June 30, 2017

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Water and Wastewater</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received for services	\$ 91,587,020	\$ -	\$ -	\$ 91,587,020
Cash payments to suppliers for goods and services	(50,074,452)	-	-	(50,074,452)
Cash payments to employees for services	(29,612,400)	-	-	(29,612,400)
Net cash provided by operating activities	<u>11,900,168</u>	<u>-</u>	<u>-</u>	<u>11,900,168</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale of County bonds and bond anticipation notes	-	-	63,175,000	63,175,000
Proceeds from grant funds	-	-	15,139,336	15,139,336
Proceeds from loan	-	-	2,700,330	2,700,330
Proceeds from developers' contributions	-	-	255,725	255,725
Refunds to developers	-	(885,132)	(91,294)	(976,426)
Assessment and connection charges	1,959,932	31,087,295	-	33,047,227
Environmental protection fees for capital assets	-	18,780,717	-	18,780,717
Payments of long-term debt	-	(30,141,076)	-	(30,141,076)
Interest payments	-	(23,839,581)	-	(23,839,581)
Rebates, interest income and reimbursements	-	1,130,658	-	1,130,658
Operating funds used in construction	(13,013,000)	-	13,013,000	-
Acquisition and construction of capital assets	(2,353,350)	-	(121,647,966)	(124,001,316)
Premium on sale of bonds	-	10,598,094	22,951,088	33,549,182
Payment of capital related fees	-	(967,552)	-	(967,552)
Transfer to UDS	-	281,250	-	281,250
Transfer to Capital Projects	-	(22,951,088)	-	(22,951,088)
Transfer to General County Capital Projects	(1,908,000)	-	1,231,171	(676,829)
Net cash used for capital and related financing activities	<u>(15,314,418)</u>	<u>(16,906,415)</u>	<u>(3,273,610)</u>	<u>(35,494,443)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of investment securities	-	(477,977,440)	-	(477,977,440)
Sale of investment securities	-	484,804,856	-	484,804,856
Interest on investments	389,537	223,765	-	613,302
Net cash provided by investing activities	<u>389,537</u>	<u>7,051,181</u>	<u>-</u>	<u>7,440,718</u>
Net decrease in cash and cash equivalents	(3,024,713)	(9,855,234)	(3,273,610)	(16,153,557)
Cash and temporary investments, July 1	65,399,563	23,586,103	49,745,707	138,731,373
Cash and temporary investments, June 30	<u>\$ 62,374,850</u>	<u>\$ 13,730,869</u>	<u>\$ 46,472,097</u>	<u>\$ 122,577,816</u>

Anne Arundel County, Maryland  
Combining Statement of Cash Flows  
Water and Wastewater Fund  
Year Ended June 30, 2017

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Water and Wastewater</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating loss	\$ (39,445,092)	\$ -	\$ -	\$ (39,445,092)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	45,631,584	-	-	45,631,584
Noncapital construction costs	2,008,745	-	-	2,008,745
Effect of changes in assets and liabilities:				
Accounts receivable	(592,463)	-	-	(592,463)
Due from other funds	160,977	-	-	160,977
Inventories	(582,736)	-	-	(582,736)
Prepaid expenses	51,954	-	-	51,954
Deferred outflow of resources	3,308,063	-	-	3,308,063
Deferred inflow of resources	1,009,545	-	-	1,009,545
Accounts payable and accrued liabilities	(171,946)	-	-	(171,946)
Due to other funds	(1,088)	-	-	(1,088)
Escrow deposits	(33,554)	-	-	(33,554)
Accrued liability for compensated absences	(75,396)	-	-	(75,396)
Accrued liability for pension	(1,557,197)	-	-	(1,557,197)
Accrued liability for OPEB benefits	2,188,772	-	-	2,188,772
Net cash provided by operating activities	<u>\$ 11,900,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,900,168</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Contributions of capital assets from developers	\$ 14,469,703	\$ -	\$ -	\$ 14,469,703
Trade in of capital assets	94,505	-	-	94,505
Change in capital contributions, fees and grants; accruals and deferrals	-	(4,277,383)	(8,300,478)	(12,577,861)
Increase in fair value of investments	-	7,215	-	7,215
Amortization of refunding losses	-	(584,362)	-	(584,362)
Total Noncash investing, capital, and financing activities	<u>\$ 14,564,208</u>	<u>\$ (4,854,530)</u>	<u>\$ (8,300,478)</u>	<u>\$ 1,409,200</u>

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

## Enterprise Funds

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>WATER AND WASTEWATER OPERATIONS</b>				
Revenues				
Charges for services	\$ 86,217,100	\$ 86,217,100	\$ 87,427,130	\$ 1,210,030
Investment income	114,500	114,500	389,537	275,037
Other	7,581,700	7,581,700	11,165,322	3,583,622
	<u>93,913,300</u>	<u>93,913,300</u>	<u>98,981,989</u>	<u>5,068,689</u>
Expenses				
Personal services	34,137,400	34,177,400	33,383,657	793,743
Contractual services	31,339,600	30,949,600	29,532,241	1,417,359
Supplies and materials	9,006,000	9,006,000	8,451,091	554,909
Business and travel	256,700	256,700	130,475	126,225
Capital outlay	2,544,200	2,894,200	2,767,511	126,689
Administrative costs	12,714,600	12,714,600	12,199,600	515,000
Pay-as-you-go	14,921,000	14,921,000	14,921,000	-
	<u>104,919,500</u>	<u>104,919,500</u>	<u>101,385,575</u>	<u>3,533,925</u>
Revenues over (under) expenditures	<u>\$ (11,006,200)</u>	<u>\$ (11,006,200)</u>	<u>\$ (2,403,586)</u>	<u>\$ 8,602,614</u>
<b>WATER AND WASTEWATER DEBT SERVICE</b>				
Revenues				
Water and sewer assessments	\$ 3,371,000	\$ 3,371,000	\$ 3,815,978	\$ 444,978
Capital connection charges	15,441,400	15,441,400	25,031,432	9,590,032
Environmental protection fees	19,087,500	19,087,500	18,764,334	(323,166)
Investment income	967,000	967,000	2,211,592	1,244,592
Other	6,362,700	6,362,700	1,781,901	(4,580,799)
	<u>45,229,600</u>	<u>45,229,600</u>	<u>51,605,237</u>	<u>6,375,637</u>
Expenses				
Principal payments on debt	30,471,000	30,421,000	30,141,076	279,924
Interest expense	23,645,200	23,645,200	23,391,083	254,117
Other	1,030,000	1,080,000	998,636	81,364
	<u>55,146,200</u>	<u>55,146,200</u>	<u>54,530,795</u>	<u>615,405</u>
Revenues over (under) expenditures	<u>\$ (9,916,600)</u>	<u>\$ (9,916,600)</u>	<u>\$ (2,925,558)</u>	<u>\$ 6,991,042</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, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>SOLID WASTE</b>				
Revenues				
Charges for services	\$ 47,407,400	\$ 47,407,400	\$ 47,616,528	\$ 209,128
Landfill charges	3,090,400	3,090,400	3,806,023	715,623
Other	259,000	259,000	1,546,371	1,287,371
	<u>50,756,800</u>	<u>50,756,800</u>	<u>52,968,922</u>	<u>2,212,122</u>
Expenses				
Personal services	7,507,900	7,507,900	7,446,496	61,404
Contractual services	32,284,700	32,404,700	32,382,403	22,297
Supplies and materials	727,200	827,200	710,421	116,779
Business and travel	21,800	26,800	24,745	2,055
Capital outlay	1,430,000	1,431,000	1,430,795	205
Principal payments on debt	3,345,400	3,350,400	3,348,283	2,117
Interest expense	1,570,500	1,570,500	1,571,877	(1,377)
Administrative costs	2,625,100	2,625,100	2,625,100	-
Contributions to other funds	1,810,900	1,810,900	1,810,900	-
Other	481,000	250,000	178,654	71,346
Capital improvements	1,031,000	1,031,000	1,031,000	-
	<u>52,835,500</u>	<u>52,835,500</u>	<u>52,560,674</u>	<u>274,826</u>
Revenues over (under) expenditures	<u>\$ (2,078,700)</u>	<u>\$ (2,078,700)</u>	<u>\$ 408,248</u>	<u>\$ 2,486,948</u>
<b>SOLID WASTE FINANCIAL ASSURANCE</b>				
Revenues				
Payments from other funds	\$ 1,424,800	\$ 1,424,800	\$ 1,424,800	\$ -
Other	80,000	80,000	84,276	4,276
	<u>1,504,800</u>	<u>1,504,800</u>	<u>1,509,076</u>	<u>4,276</u>
Expenses				
Other	-	-	-	-
Revenues over expenditures	<u>\$ 1,504,800</u>	<u>\$ 1,504,800</u>	<u>\$ 1,509,076</u>	<u>\$ 4,276</u>
<b>CHILD CARE</b>				
Revenues				
Child care fees	\$ 5,216,200	\$ 5,216,200	\$ 5,741,879	\$ 525,679
	<u>5,216,200</u>	<u>5,216,200</u>	<u>5,741,879</u>	<u>525,679</u>
Expenses				
Personal services	3,634,500	3,944,500	3,903,088	41,412
Contractual services	265,700	295,700	284,964	10,736
Supplies and materials	433,800	507,100	500,550	6,550
Business and travel	35,300	39,900	35,981	3,919
Capital outlay	3,200	3,200	530	2,670
Other	566,100	581,100	544,141	36,959
	<u>4,938,600</u>	<u>5,371,500</u>	<u>5,269,254</u>	<u>102,246</u>
Revenues over (under) expenditures	<u>\$ 277,600</u>	<u>\$ (155,300)</u>	<u>\$ 472,625</u>	<u>\$ 627,925</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, 2017

	Water and			
	Total Water and Wastewater	Capital Projects	Water Normal Extensions	Total
<b>AUTHORIZED PER ORIGINAL BUDGET</b>				
County bonds	\$ 898,827,632	\$ 307,403,059	\$ 1,464,242	\$ 308,867,301
Maryland Water Quality Loan	59,803,623	2,714,250	-	2,714,250
Grants and aid	135,378,190	1,983,240	-	1,983,240
Pay-as-you-go	83,500,382	10,810,663	-	10,810,663
Contributions by developers	3,595,376	430,000	-	430,000
Other sources	39,310,997	6,507,000	-	6,507,000
Total	<u>\$ 1,220,416,200</u>	<u>\$ 329,848,212</u>	<u>\$ 1,464,242</u>	<u>\$ 331,312,454</u>
<b>AUTHORIZED PER FINAL BUDGET</b>				
County bonds	\$ 729,212,653	\$ 220,055,826	\$ 938,911	\$ 220,994,737
Maryland Water Quality Loan	59,803,623	2,714,250	-	2,714,250
Grants and aid	127,607,911	1,983,240	-	1,983,240
Pay-as-you-go	60,351,606	10,232,632	-	10,232,632
Contributions by developers	3,428,635	430,000	-	430,000
Other sources	38,153,997	6,507,000	-	6,507,000
Total	1,018,558,425	241,922,948	938,911	242,861,859
Less: Completed projects	<u>77,781,568</u>	<u>32,492,670</u>	<u>26,136</u>	<u>32,518,806</u>
	<u>940,776,857</u>	<u>209,430,278</u>	<u>912,775</u>	<u>210,343,053</u>
<b>REALIZED</b>				
Current year:				
Bonds and bond anticipation notes	63,175,000	11,153,396	36,371	11,189,767
Proceeds from State loan	1,670,172	(65,833)	-	(65,833)
Grants and aid	6,838,858	1,063,440	-	1,063,440
Pay-as-you-go	13,013,000	1,560,255	-	1,560,255
Developer contributions	163,012	-	-	-
Other source	24,182,259	(2,000,000)	-	(2,000,000)
Total	109,042,301	11,711,258	36,371	11,747,629
Prior years	<u>508,856,621</u>	<u>97,286,186</u>	<u>51,093</u>	<u>97,337,279</u>
Total realized funding sources	617,898,922	108,997,444	87,464	109,084,908
Less: Completed projects	<u>75,982,387</u>	<u>31,811,569</u>	<u>26,136</u>	<u>31,837,705</u>
	<u>541,916,535</u>	<u>77,185,875</u>	<u>61,328</u>	<u>77,247,203</u>
Funding sources authorized - June 30, 2017	<u>\$ 398,860,322</u>	<u>\$ 132,244,403</u>	<u>\$ 851,447</u>	<u>\$ 133,095,850</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	
\$ 535,158,374	\$ 1,447,237	\$ 536,605,611	\$ 53,354,720	\$ 37,997,538	
57,089,373	-	57,089,373	-	-	
133,394,950	-	133,394,950	-	-	
28,354,775	-	28,354,775	44,334,944	23,678,243	
-	-	-	3,165,376	-	
16,908,000	-	16,908,000	15,895,997	2,696,000	
<u>\$ 770,905,472</u>	<u>\$ 1,447,237</u>	<u>\$ 772,352,709</u>	<u>\$ 116,751,037</u>	<u>\$ 64,371,781</u>	
\$ 454,545,911	\$ 1,329,137	\$ 455,875,048	\$ 52,342,868	\$ 31,025,765	
57,089,373	-	57,089,373	-	-	
125,624,671	-	125,624,671	-	-	
20,224,250	-	20,224,250	29,894,724	19,981,894	
-	-	-	2,998,635	-	
15,751,000	-	15,751,000	15,895,997	2,696,000	
673,235,205	1,329,137	674,564,342	101,132,224	53,703,659	
34,628,987	92,452	34,721,439	10,541,323	2,990,026	
<u>638,606,218</u>	<u>1,236,685</u>	<u>639,842,903</u>	<u>90,590,901</u>	<u>50,713,633</u>	
54,585,561	145,903	54,731,464	(2,746,231)	5,100,000	
1,736,005	-	1,736,005	-	-	
5,689,910	-	5,689,910	85,508	-	
4,024,011	-	4,024,011	7,428,734	555,000	
20,000	-	20,000	143,012	-	
13,514,259	-	13,514,259	12,668,000	-	
79,569,746	145,903	79,715,649	17,579,023	5,655,000	
366,428,912	192,538	366,621,450	44,897,892	36,259,428	
445,998,658	338,441	446,337,099	62,476,915	41,914,428	
33,510,908	92,451	33,603,359	10,541,323	2,980,048	
412,487,750	245,990	412,733,740	51,935,592	38,934,380	
<u>\$ 226,118,468</u>	<u>\$ 990,695</u>	<u>\$ 227,109,163</u>	<u>\$ 38,655,309</u>	<u>\$ 11,779,253</u>	

Anne Arundel County, Maryland

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

Enterprise Capital Projects Funds

Year Ended June 30, 2017

	Water and			
	Total Water and Wastewater	Capital Projects	Water Normal Extensions	Total
<b>APPROPRIATIONS</b>				
Original Budget	\$ <u>1,220,416,200</u>	\$ <u>329,848,212</u>	\$ <u>1,464,242</u>	\$ <u>331,312,454</u>
Final Budget:				
Prior years	\$ 962,366,425	\$ 227,875,948	\$ 938,911	\$ 228,814,859
Current year	<u>56,192,000</u>	<u>14,047,000</u>	<u>-</u>	<u>14,047,000</u>
	1,018,558,425	241,922,948	938,911	242,861,859
Less: Completed projects	<u>77,781,568</u>	<u>32,492,670</u>	<u>26,136</u>	<u>32,518,806</u>
Total appropriations	<u>940,776,857</u>	<u>209,430,278</u>	<u>912,775</u>	<u>210,343,053</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Prior years expenditures	469,076,751	75,913,243	51,149	75,964,392
Current year expenditures	<u>130,024,165</u>	<u>17,287,120</u>	<u>64,735</u>	<u>17,351,855</u>
	599,100,916	93,200,363	115,884	93,316,247
Less: Completed projects	<u>75,982,387</u>	<u>31,811,569</u>	<u>26,136</u>	<u>31,837,705</u>
Total	523,118,529	61,388,794	89,748	61,478,542
Encumbrances outstanding	<u>108,753,568</u>	<u>9,742,954</u>	<u>246,065</u>	<u>9,989,019</u>
Total expenditures and encumbrances	<u>631,872,097</u>	<u>71,131,748</u>	<u>335,813</u>	<u>71,467,561</u>
Unencumbered appropriations - June 30, 2017	\$ <u>308,904,760</u>	\$ <u>138,298,530</u>	\$ <u>576,962</u>	\$ <u>138,875,492</u>

Wastewater				
	Wastewater			
Capital Projects	Normal Extension	Total	Oversize Connections	Solid Waste
\$ <u>770,905,472</u>	\$ <u>1,447,237</u>	\$ <u>772,352,709</u>	\$ <u>116,751,037</u>	\$ <u>64,371,781</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>27,161,000</u>	<u>-</u>	<u>27,161,000</u>	<u>14,984,000</u>	<u>(1,056,999)</u>
<u>673,235,205</u>	<u>1,329,137</u>	<u>674,564,342</u>	<u>101,132,224</u>	<u>53,703,659</u>
<u>34,628,987</u>	<u>92,452</u>	<u>34,721,439</u>	<u>10,541,323</u>	<u>2,990,026</u>
<u>638,606,218</u>	<u>1,236,685</u>	<u>639,842,903</u>	<u>90,590,901</u>	<u>50,713,633</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>93,866,529</u>	<u>131,491</u>	<u>93,998,020</u>	<u>18,674,290</u>	<u>14,645,459</u>
<u>442,351,259</u>	<u>338,960</u>	<u>442,690,219</u>	<u>63,094,450</u>	<u>32,685,125</u>
<u>33,510,907</u>	<u>92,452</u>	<u>33,603,359</u>	<u>10,541,323</u>	<u>2,980,048</u>
<u>408,840,352</u>	<u>246,508</u>	<u>409,086,860</u>	<u>52,553,127</u>	<u>29,705,077</u>
<u>82,336,005</u>	<u>67,040</u>	<u>82,403,045</u>	<u>16,361,504</u>	<u>8,138,036</u>
<u>491,176,357</u>	<u>313,548</u>	<u>491,489,905</u>	<u>68,914,631</u>	<u>37,843,113</u>
\$ <u>147,429,861</u>	\$ <u>923,137</u>	\$ <u>148,352,998</u>	\$ <u>21,676,270</u>	\$ <u>12,870,520</u>

Anne Arundel County, Maryland

Combining Statement of Net Position

Internal Service Funds

June 30, 2017

	Self Insurance	Health Insurance	Central Garage and Transportation	Garage Vehicle Replacement	Totals
<b>ASSETS</b>					
Current assets					
Cash and temporary investments	\$ 544,270	\$ 15,301,774	\$ 6,296,709	\$ 11,368,590	\$ 33,511,343
Investments	83,887,706	-	-	-	83,887,706
Service billings receivable	348,148	4,268,849	33,959	-	4,650,956
Due from other funds	-	-	5,462,309	-	5,462,309
Inventories	-	-	671,449	-	671,449
Other assets	10,184	2,915,644	13,087	-	2,938,915
Total current assets	<u>84,790,308</u>	<u>22,486,267</u>	<u>12,477,513</u>	<u>11,368,590</u>	<u>131,122,678</u>
Noncurrent assets					
Capital assets					
Land and buildings	-	-	2,073,990	-	2,073,990
Machinery and equipment	-	-	476,398	78,839,619	79,316,017
	-	-	2,550,388	78,839,619	81,390,007
Less accumulated depreciation	-	-	(2,028,571)	(59,109,985)	(61,138,556)
Total capital assets, net of depreciation	-	-	521,817	19,729,634	20,251,451
Total noncurrent assets	-	-	521,817	19,729,634	20,251,451
Total assets	<u>84,790,308</u>	<u>22,486,267</u>	<u>12,999,330</u>	<u>31,098,224</u>	<u>151,374,129</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Pension benefits	392,885	-	1,734,233	-	2,127,118
Total deferred outflows	<u>392,885</u>	<u>-</u>	<u>1,734,233</u>	<u>-</u>	<u>2,127,118</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and accrued liabilities	126,555	1,975,036	768,162	624,774	3,494,527
Current portion of long-term obligations	15,358,802	4,395,058	293,897	-	20,047,757
Due to other funds	4,345,194	-	-	-	4,345,194
Total current liabilities	<u>19,830,551</u>	<u>6,370,094</u>	<u>1,062,059</u>	<u>624,774</u>	<u>27,887,478</u>
Noncurrent liabilities					
Unpaid claims	62,256,866	-	-	-	62,256,866
Accrued liability for compensated absences	-	-	11,355	-	11,355
Accrued liability for pension benefits	1,459,338	-	6,362,092	-	7,821,430
Accrued liability for OPEB	1,511,655	-	6,753,986	-	8,265,641
Total noncurrent liabilities	<u>65,227,859</u>	<u>-</u>	<u>13,127,433</u>	<u>-</u>	<u>78,355,292</u>
Total liabilities	<u>85,058,410</u>	<u>6,370,094</u>	<u>14,189,492</u>	<u>624,774</u>	<u>106,242,770</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Pension benefits	124,783	-	544,071	-	668,854
Total deferred inflows	<u>124,783</u>	<u>-</u>	<u>544,071</u>	<u>-</u>	<u>668,854</u>
<b>NET POSITION</b>					
Net investment in capital assets	-	-	521,817	19,729,634	20,251,451
Unrestricted	-	16,116,173	(521,817)	10,743,816	26,338,172
Total net position	<u>\$ -</u>	<u>\$ 16,116,173</u>	<u>\$ -</u>	<u>\$ 30,473,450</u>	<u>\$ 46,589,623</u>

Anne Arundel County, Maryland

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

Internal Service Funds

Year Ended June 30, 2017

	Self Insurance	Health Insurance	Central Garage and Transportation	Garage Vehicle Replacement	Totals
<b>OPERATING REVENUES</b>					
Charges for services	\$ 20,771,134	\$ -	\$ 14,223,183	\$ 10,587,937	\$ 45,582,254
Medical premiums	-	78,729,883	-	-	78,729,883
Other	-	4,685,987	4,037	48,184	4,738,208
Total operating revenues	<u>20,771,134</u>	<u>83,415,870</u>	<u>14,227,220</u>	<u>10,636,121</u>	<u>129,050,345</u>
<b>OPERATING EXPENSES</b>					
Personnel services	1,459,726	2,809,918	5,935,537	-	10,205,181
Contractual services	166,892	621,428	1,779,946	35,070	2,603,336
Supplies and materials	37,447	41,931	151,112	534,446	764,936
Business and travel	11,014	951	8,670	20	20,655
Cost of goods issued	-	-	6,487,071	-	6,487,071
Depreciation	-	-	54,616	5,198,315	5,252,931
Provision for claims and estimated losses	20,269,108	71,112,948	-	-	91,382,056
Other	278,000	660,000	455,800	42,300	1,436,100
Total operating expenses	<u>22,222,187</u>	<u>75,247,176</u>	<u>14,872,752</u>	<u>5,810,151</u>	<u>118,152,266</u>
Operating income (loss)	<u>(1,451,053)</u>	<u>8,168,694</u>	<u>(645,532)</u>	<u>4,825,970</u>	<u>10,898,079</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	1,278,044	90,481	-	-	1,368,525
Gain on disposal of assets	-	-	-	273,754	273,754
Change in net position	(173,009)	8,259,175	(645,532)	5,099,724	12,540,358
Net position, July 1	173,009	7,856,998	645,532	25,373,726	34,049,265
Net position, June 30	<u>\$ -</u>	<u>\$ 16,116,173</u>	<u>\$ -</u>	<u>\$ 30,473,450</u>	<u>\$ 46,589,623</u>

Anne Arundel County, Maryland

Combining Statement of Cash Flows

Internal Service Funds

Year Ended June 30, 2017

	Self Insurance	Health Insurance	Central Garage and Transportation	Garage Vehicle Replacement	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 18,259,700	\$ 78,381,208	\$ 14,159,777	\$ 10,587,937	\$ 121,388,622
Cash received for expense reimbursement	484,219	4,545,805	-	-	5,030,024
Cash payments to suppliers for goods and services	(192,836)	(568,087)	(8,346,014)	(569,536)	(9,676,473)
Cash payments for insurance claims	(17,737,473)	(75,925,418)	-	-	(93,662,891)
Cash payments to vendor for deposit	-	(173,389)	-	-	(173,389)
Cash payments to employees for services	(1,298,478)	-	(5,163,670)	-	(6,462,148)
Other operating receipts	-	-	3,987	48,184	52,171
Other operating payments	(278,000)	(660,000)	(455,800)	(42,300)	(1,436,100)
Net cash provided by (used for) operating activities	<u>(762,868)</u>	<u>5,600,119</u>	<u>198,280</u>	<u>10,024,285</u>	<u>15,059,816</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	-	-	-	(7,673,046)	(7,673,046)
Proceeds from sale of equipment	-	-	-	273,754	273,754
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,399,292)</u>	<u>(7,399,292)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investment securities	(50,520,629)	-	-	-	(50,520,629)
Sale of investment securities	49,963,169	-	-	-	49,963,169
Investment income	1,203,929	90,481	-	-	1,294,410
Net cash provided by investing activities	<u>646,469</u>	<u>90,481</u>	<u>-</u>	<u>-</u>	<u>736,950</u>
Net increase (decrease) in cash and cash equivalents	(116,399)	5,690,600	198,280	2,624,993	8,397,474
Cash and temporary investments, July 1	660,669	9,611,174	6,098,429	8,743,597	25,113,869
Cash and temporary investments, June 30	<u>\$ 544,270</u>	<u>\$ 15,301,774</u>	<u>\$ 6,296,709</u>	<u>\$ 11,368,590</u>	<u>\$ 33,511,343</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (1,451,053)	\$ 8,168,694	\$ (645,532)	\$ 4,825,970	\$ 10,898,079
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	-	-	54,616	5,198,315	5,252,931
Effect of changes in assets and liabilities					
Accounts receivable	-	(476,707)	(63,406)	-	(540,113)
Prepaid expenses	-	-	253	-	253
Deposit with provider	-	(173,389)	-	-	(173,389)
Inventories	-	-	(61,022)	-	(61,022)
Accounts payable and accrued expenses	(22,576)	(1,244,153)	163,235	-	(1,103,494)
Deferred outflow of resources	126,344	-	547,974	-	674,318
Deferred inflow of resources	39,831	-	163,966	-	203,797
Unpaid claims	3,015,854	(674,326)	-	-	2,341,528
Due to other funds	(2,511,434)	-	-	-	(2,511,434)
Accrued liability for compensated absences	(713)	-	(48,250)	-	(48,963)
Accrued liability for OPEB benefits	102,317	-	339,359	-	441,676
Accrued liability for pension benefits	(61,438)	-	(252,913)	-	(314,351)
Net cash provided by (used for) operating activities	<u>\$ (762,868)</u>	<u>\$ 5,600,119</u>	<u>\$ 198,280</u>	<u>\$ 10,024,285</u>	<u>\$ 15,059,816</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Decrease in fair value of investments	\$ (667,543)	\$ -	\$ -	\$ -	\$ (667,543)
Total Noncash investing, capital, and financing activities	<u>\$ (667,543)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (667,543)</u>

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

## Internal Service Funds

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>SELF INSURANCE</b>				
Revenues				
Charges for services	\$ 18,259,700	\$ 18,259,700	\$ 18,259,700	\$ -
Investment income	1,817,800	1,817,800	1,945,587	127,787
Reimbursements	200,000	200,000	484,219	284,219
Other	-	-	8,111	8,111
	<u>20,277,500</u>	<u>20,277,500</u>	<u>20,697,617</u>	<u>420,117</u>
Expenses				
Personal services	1,253,600	1,269,800	1,252,672	17,128
Contractual services	21,880,600	21,880,600	20,432,655	1,447,945
Supplies and materials	44,000	44,000	37,393	6,607
Business and travel	11,500	11,500	11,014	486
Capital outlay	2,000	2,000	54	1,946
Administrative costs	278,000	278,000	278,000	-
	<u>23,469,700</u>	<u>23,485,900</u>	<u>22,011,788</u>	<u>1,474,112</u>
Revenues over (under) expenditures	<u>\$ (3,192,200)</u>	<u>\$ (3,208,400)</u>	<u>\$ (1,314,171)</u>	<u>\$ 1,894,229</u>
<b>HEALTH INSURANCE</b>				
Revenues				
Charges for services	\$ 78,741,000	\$ 78,741,000	\$ 78,729,883	\$ (11,117)
Investment income	-	-	90,481	90,481
Other	-	-	5,049,378	5,049,378
	<u>78,741,000</u>	<u>78,741,000</u>	<u>83,869,742</u>	<u>5,128,742</u>
Expenses				
Medical claim costs	75,000,000	72,100,000	71,112,948	987,052
Contractual services	1,286,200	1,286,200	666,638	619,562
Supplies and materials	54,200	54,200	41,931	12,269
Business and travel	4,100	4,100	951	3,149
Other	660,000	3,560,000	3,469,918	90,082
	<u>77,004,500</u>	<u>77,004,500</u>	<u>75,292,386</u>	<u>1,712,114</u>
Revenues over expenditures	<u>\$ 1,736,500</u>	<u>\$ 1,736,500</u>	<u>\$ 8,577,356</u>	<u>\$ 6,840,856</u>

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

Anne Arundel County, Maryland

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

Internal Service Funds

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>CENTRAL GARAGE AND TRANSPORTATION</b>				
Revenues				
Charges for services	\$ 14,843,000	\$ 14,843,000	\$ 14,168,474	\$ (674,526)
Other	6,000	6,000	4,037	(1,963)
	<u>14,849,000</u>	<u>14,849,000</u>	<u>14,172,511</u>	<u>(676,489)</u>
Expenses				
Personal services	5,325,700	5,325,700	5,137,151	188,549
Contractual services	3,142,100	3,292,100	3,245,071	47,029
Supplies and materials	7,445,200	7,295,200	6,772,107	523,093
Business and travel	19,000	19,000	8,670	10,330
Capital outlay	88,000	88,000	18,664	69,336
Other	455,800	455,800	455,800	-
	<u>16,475,800</u>	<u>16,475,800</u>	<u>15,637,463</u>	<u>838,337</u>
Revenues over (under) expenditures	<u>\$ (1,626,800)</u>	<u>\$ (1,626,800)</u>	<u>\$ (1,464,952)</u>	<u>\$ 161,848</u>

**GARAGE VEHICLE REPLACEMENT**

Revenues				
Charges for services	\$ 10,811,400	\$ 10,811,400	\$ 10,587,937	\$ (223,463)
Other	600,000	600,000	329,238	(270,762)
	<u>11,411,400</u>	<u>11,411,400</u>	<u>10,917,175</u>	<u>(494,225)</u>
Expenses				
Contractual services	37,000	37,000	35,070	1,930
Business and travel	-	-	20	(20)
Capital outlay	11,515,800	11,515,800	11,360,458	155,342
Other	42,300	42,300	42,300	-
	<u>11,595,100</u>	<u>11,595,100</u>	<u>11,437,848</u>	<u>157,252</u>
Revenues (under) expenditures	<u>\$ (183,700)</u>	<u>\$ (183,700)</u>	<u>\$ (520,673)</u>	<u>\$ (336,973)</u>

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

## Fiduciary Funds

### *Post-employment Trust Funds*

Defined Benefit Retirement and Pension System Plans – This fund accounts for pension investments for the four single employer plans for the County. 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 and the respective terms are described in detail in the footnotes to the basic financial statements.

Anne Arundel Retiree Health Benefits Trust (the OPEB Trust) – The OPEB Trust has fiduciary responsibility to administer multi-employer defined benefit plans for the purpose of providing retiree health benefits for three entities. The entity plans are The Anne Arundel County Plan, the Anne Arundel Community College Plan, and the Public Library Association of Annapolis and Anne Arundel County, Inc. The nature 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. Taxes are collected by the County and are then remitted to the proper jurisdiction.

Tax Sale Escrow Deposits – This fund accounts for payments made during the annual tax sale process. High bid premium payments are collected and held by the County until returned to the tax sale lien holder upon tax sale void, redemption, or foreclosure.

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.

**Fiduciary Funds (continued)**

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.

Combining Statement of Plan Net Position

Pension Trust Funds

June 30, 2017

	Defined Benefit Pension Plans (December 31, 2016)				
	Employees' Retirement	Police Service Retirement	Fire Service Retirement	Detention Officers' & Deputy Sheriffs' Retirement	Totals
<b>ASSETS</b>					
Investments, at fair value:					
Cash and temporary investments	\$ 18,855,100	\$ 15,488,055	\$ 15,477,776	\$ 3,824,729	\$ 53,645,660
U. S. Government obligations	7,488,557	6,154,244	6,150,160	1,519,838	21,312,799
Corporate obligations	37,278,488	30,636,197	30,615,867	7,565,843	106,096,395
Domestic fixed income mutual funds	49,054,818	40,314,218	40,287,466	9,955,904	139,612,406
International fixed income mutual funds	23,008,229	18,908,616	18,896,069	4,669,627	65,482,541
Global asset pools	79,527,255	65,357,068	65,313,698	16,140,427	226,338,448
Domestic equity	137,187,511	112,743,404	112,668,589	27,842,844	390,442,348
International equity pools	139,022,633	114,251,544	114,175,728	28,215,290	395,665,195
Private markets	41,787,112	34,341,473	34,318,685	8,480,889	118,928,159
Portable Alpha	32,482	26,694	26,677	6,592	92,445
Real estate investment pools	32,125,038	26,400,990	26,383,471	6,519,926	91,429,425
Absolute return fixed income	18,221,940	14,975,150	14,965,213	3,698,227	51,860,530
Aetna insurance pooled fixed income	8,206,522	6,744,282	6,739,807	1,665,552	23,356,163
Total investments	<u>591,795,685</u>	<u>486,341,935</u>	<u>486,019,206</u>	<u>120,105,688</u>	<u>1,684,262,514</u>
Collateral from securities lending transactions	<u>21,213,216</u>	<u>17,433,440</u>	<u>17,421,871</u>	<u>4,305,321</u>	<u>60,373,848</u>
Receivables:					
Employer contributions	2,100,328	1,708,941	1,193,987	570,911	5,574,167
Participant contributions	380,751	251,545	258,280	102,423	992,999
Accrued interest and dividends	627,377	515,593	515,249	127,333	1,785,552
Investment sales proceeds	216,202	177,679	177,561	43,880	615,322
Total receivables	<u>3,324,658</u>	<u>2,653,758</u>	<u>2,145,077</u>	<u>844,547</u>	<u>8,968,040</u>
Deposits on hand	<u>15,051</u>	<u>157,326</u>	<u>71,248</u>	<u>-</u>	<u>243,625</u>
Total assets	<u>616,348,610</u>	<u>506,586,459</u>	<u>505,657,402</u>	<u>125,255,556</u>	<u>1,753,848,027</u>
<b>LIABILITIES</b>					
Accounts payable	507,229	416,851	420,074	102,945	1,447,099
Investment commitments payable	2,856,544	2,347,564	2,346,006	579,749	8,129,863
Obligation for collateral received under securities lending transactions	<u>21,213,216</u>	<u>17,433,440</u>	<u>17,421,871</u>	<u>4,305,321</u>	<u>60,373,848</u>
Total liabilities	<u>24,576,989</u>	<u>20,197,855</u>	<u>20,187,951</u>	<u>4,988,015</u>	<u>69,950,810</u>
Net position held in trust for pension benefits	\$ <u>591,771,621</u>	\$ <u>486,388,604</u>	\$ <u>485,469,451</u>	\$ <u>120,267,541</u>	\$ <u>1,683,897,217</u>

Combining Statement of Changes in Net Position

Pension Trust Funds

Year Ended June 30, 2017

	Defined Benefit Pension Trust (December 31, 2016)				
	Employees' Retirement	Police Service Retirement	Fire Service Retirement	Detention Officers' & Deputy Sheriffs' Retirement	Totals
<b>ADDITIONS</b>					
Contributions:					
Employer	\$ 25,809,828	\$ 20,410,896	\$ 14,591,340	\$ 6,688,662	\$ 67,500,726
Participant	5,181,705	3,158,451	3,257,340	1,315,988	12,913,484
Total contributions	<u>30,991,533</u>	<u>23,569,347</u>	<u>17,848,680</u>	<u>8,004,650</u>	<u>80,414,210</u>
Investment income:					
Net appreciation in fair value of investments	30,774,452	25,266,292	25,372,486	6,161,072	87,574,302
Interest income	6,097,955	4,623,137	4,879,946	1,097,254	16,698,292
Dividend income	7,618,388	6,257,348	6,278,168	1,527,758	21,681,662
Total investment income	<u>44,490,795</u>	<u>36,146,777</u>	<u>36,530,600</u>	<u>8,786,084</u>	<u>125,954,256</u>
Less investment expense	<u>(3,802,275)</u>	<u>(3,186,392)</u>	<u>(3,173,927)</u>	<u>(757,928)</u>	<u>(10,920,522)</u>
Net income from investing activities	<u>40,688,520</u>	<u>32,960,385</u>	<u>33,356,673</u>	<u>8,028,156</u>	<u>115,033,734</u>
Securities lending activities:					
Securities lending income	98,952	81,252	81,716	19,664	281,584
Securities lending expenses:					
Borrower rebates	27,786	22,816	22,946	5,521	79,069
Management fees	22,169	18,204	18,308	4,405	63,086
Securities lending expense	<u>49,955</u>	<u>41,020</u>	<u>41,254</u>	<u>9,926</u>	<u>142,155</u>
Securities lending net income	<u>48,997</u>	<u>40,232</u>	<u>40,462</u>	<u>9,738</u>	<u>139,429</u>
Total net investment income	<u>40,737,517</u>	<u>33,000,617</u>	<u>33,397,135</u>	<u>8,037,894</u>	<u>115,173,163</u>
Total additions	<u>71,729,050</u>	<u>56,569,964</u>	<u>51,245,815</u>	<u>16,042,544</u>	<u>195,587,373</u>
<b>DEDUCTIONS</b>					
Participant benefit payments and refunds	44,007,025	33,356,257	33,888,976	6,488,977	117,741,235
Administrative expenses	459,455	389,320	401,289	92,392	1,342,456
Total deductions	<u>44,466,480</u>	<u>33,745,577</u>	<u>34,290,265</u>	<u>6,581,369</u>	<u>119,083,691</u>
Net increases	27,262,570	22,824,387	16,955,550	9,461,175	76,503,682
Net position, beginning 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>
Net position, end of year	<u>\$ 591,771,621</u>	<u>\$ 486,388,604</u>	<u>\$ 485,469,451</u>	<u>\$ 120,267,541</u>	<u>\$ 1,683,897,217</u>

**Anne Arundel Retiree Health Benefits Trust**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2017**

	Anne Arundel County Government Plan	Anne Arundel Community College Plan	Anne Arundel County Public Library Plan	Total
<b>ASSETS</b>				
Investments:				
Mutual funds	\$ 92,250,768	\$ 6,703,901	\$ 359,421	\$ 99,314,090
Short-term investments	3,396,056	6,077	1,235	3,403,368
Total investments	<u>95,646,824</u>	<u>6,709,978</u>	<u>360,656</u>	<u>102,717,458</u>
Accounts receivable	1,452,715	217	34	1,452,966
Prepaid	46,972	-	-	46,972
 Total assets	 <u>\$ 97,146,511</u>	 <u>\$ 6,710,195</u>	 <u>\$ 360,690</u>	 <u>\$ 104,217,396</u>
<b>LIABILITIES</b>				
Accrued liabilities and accounts payables	\$ 513,633	\$ 3,076	\$ 182	\$ 516,891
Due to Anne Arundel County Government	1,942,255	59	4	1,942,318
Unearned revenue	245	-	-	245
 Total liabilities	 <u>2,456,133</u>	 <u>3,135</u>	 <u>186</u>	 <u>2,459,454</u>
 Net position held in trust for other postemployment benefits	 <u>94,690,378</u>	 <u>6,707,060</u>	 <u>360,504</u>	 <u>101,757,942</u>
 Total fiduciary net position	 <u>94,690,378</u>	 <u>6,707,060</u>	 <u>360,504</u>	 <u>101,757,942</u>
 Total liabilities and net position	 <u>\$ 97,146,511</u>	 <u>\$ 6,710,195</u>	 <u>\$ 360,690</u>	 <u>\$ 104,217,396</u>

Anne Arundel Retiree Health Benefits Trust  
Combining Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2017

	Anne Arundel County Government Plan	Anne Arundel Community College Plan	Anne Arundel County Public Library Plan	Total
<b>Additions:</b>				
<b>Contributions:</b>				
Employer	\$ 44,908,408	\$ 2,088,260	\$ 1,170,080	\$ 48,166,748
Member	6,246,278	888,740	291,901	7,426,919
Insurance subsidies and rebates	6,145,519	-	-	6,145,519
Total contributions	<u>57,300,205</u>	<u>2,977,000</u>	<u>1,461,981</u>	<u>61,739,186</u>
<b>Investment income:</b>				
Net appreciation in fair value of investments	8,642,029	621,101	35,518	9,298,648
Interest and dividends	2,953,830	199,981	11,356	3,165,167
Total investment income	<u>11,595,859</u>	<u>821,082</u>	<u>46,874</u>	<u>12,463,815</u>
Less investment expense	15,851	1,341	79	17,271
Net investment income	<u>11,580,008</u>	<u>819,741</u>	<u>46,795</u>	<u>12,446,544</u>
Total additions	<u><u>\$ 68,880,213</u></u>	<u><u>\$ 3,796,741</u></u>	<u><u>\$ 1,508,776</u></u>	<u><u>\$ 74,185,730</u></u>
<b>Deductions:</b>				
Insurance claims	\$ 29,235,132	\$ -	\$ -	\$ 29,235,132
Insurance premiums	3,763,641	2,352,000	1,461,981	7,577,622
Insurance affordable care act	76,035	-	-	76,035
General and administrative expense	835,447	10,039	240	845,726
Total deductions	<u>33,910,255</u>	<u>2,362,039</u>	<u>1,462,221</u>	<u>37,734,515</u>
Net increase in plan net position	34,969,958	1,434,702	46,555	36,451,215
Net position held in trust for other postemployment benefits, beginning of year	<u>59,720,420</u>	<u>5,272,358</u>	<u>313,949</u>	<u>65,306,727</u>
Net position held in trust for other postemployment benefits, end of year	<u><u>\$ 94,690,378</u></u>	<u><u>\$ 6,707,060</u></u>	<u><u>\$ 360,504</u></u>	<u><u>\$ 101,757,942</u></u>

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Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<b>SUBDIVISION DEPOSITS</b>				
Assets				
Cash	\$ 1,737,470	\$ 578,696	\$ 568,512	\$ 1,747,654
Total Assets	<u>\$ 1,737,470</u>	<u>\$ 578,696</u>	<u>\$ 568,512</u>	<u>\$ 1,747,654</u>
Liabilities				
Escrow Deposits	\$ 1,737,470	\$ 578,696	\$ 568,512	\$ 1,747,654
Total Liabilities	<u>\$ 1,737,470</u>	<u>\$ 578,696</u>	<u>\$ 568,512</u>	<u>\$ 1,747,654</u>
<b>SEDIMENT CONTROL</b>				
Assets				
Cash	\$ 4,083,477	\$ 1,146,604	\$ 1,086,935	\$ 4,143,146
Total Assets	<u>\$ 4,083,477</u>	<u>\$ 1,146,604</u>	<u>\$ 1,086,935</u>	<u>\$ 4,143,146</u>
Liabilities				
Escrow and other deposits	\$ 4,083,477	\$ 1,146,604	\$ 1,086,935	\$ 4,143,146
Total Liabilities	<u>\$ 4,083,477</u>	<u>\$ 1,146,604</u>	<u>\$ 1,086,935</u>	<u>\$ 4,143,146</u>
<b>CITY AND STATE TAX COLLECTION</b>				
Assets				
Cash	\$ 3,940,375	\$ 179,428,036	\$ 179,248,281	\$ 4,120,130
Total Assets	<u>\$ 3,940,375</u>	<u>\$ 179,428,036</u>	<u>\$ 179,248,281</u>	<u>\$ 4,120,130</u>
Liabilities				
Escrow Deposits	\$ 3,940,375	\$ 179,428,036	\$ 179,248,281	\$ 4,120,130
Total Liabilities	<u>\$ 3,940,375</u>	<u>\$ 179,428,036</u>	<u>\$ 179,248,281</u>	<u>\$ 4,120,130</u>
<b>TAX SALE ESCROW DEPOSITS</b>				
Assets				
Cash	\$ 11,245,447	\$ 16,108,339	\$ 13,713,124	\$ 13,640,662
Total Assets	<u>\$ 11,245,447</u>	<u>\$ 16,108,339</u>	<u>\$ 13,713,124</u>	<u>\$ 13,640,662</u>
Liabilities				
Escrow Deposits	\$ 11,245,447	\$ 16,108,339	\$ 13,713,124	\$ 13,640,662
Total Liabilities	<u>\$ 11,245,447</u>	<u>\$ 16,108,339</u>	<u>\$ 13,713,124</u>	<u>\$ 13,640,662</u>
<b>NATIONAL BUSINESS PARK</b>				
Assets				
Cash and investments	\$ 119	\$ 540,262	\$ 540,000	\$ 381
Total Assets	<u>\$ 119</u>	<u>\$ 540,262</u>	<u>\$ 540,000</u>	<u>\$ 381</u>
Liabilities				
Escrow Deposits	\$ 119	\$ 540,262	\$ 540,000	\$ 381
Total Liabilities	<u>\$ 119</u>	<u>\$ 540,262</u>	<u>\$ 540,000</u>	<u>\$ 381</u>
<b>TWO RIVERS</b>				
Assets				
Cash and investments	\$ 3,471,238	\$ 1,555,665	\$ 1,549,223	\$ 3,477,680
Total Assets	<u>\$ 3,471,238</u>	<u>\$ 1,555,665</u>	<u>\$ 1,549,223</u>	<u>\$ 3,477,680</u>
Liabilities				
Escrow Deposits	\$ 3,471,238	\$ 1,555,665	\$ 1,549,223	\$ 3,477,680
Total Liabilities	<u>\$ 3,471,238</u>	<u>\$ 1,555,665</u>	<u>\$ 1,549,223</u>	<u>\$ 3,477,680</u>
<b>ARUNDEL GATEWAY</b>				
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, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<b>FARMINGTON SPECIAL ASSESSMENT</b>				
Assets				
Cash and investments	\$ 913,599	\$ 461,677	\$ 467,754	\$ 907,522
Total Assets	<u>\$ 913,599</u>	<u>\$ 461,677</u>	<u>\$ 467,754</u>	<u>\$ 907,522</u>
Liabilities				
Escrow Deposits	\$ 913,599	\$ 461,677	\$ 467,754	\$ 907,522
Total Liabilities	<u>\$ 913,599</u>	<u>\$ 461,677</u>	<u>\$ 467,754</u>	<u>\$ 907,522</u>
<b>DORCHESTER SPECIAL TAX DISTRICT</b>				
Assets				
Cash and investments	\$ 2,566,209	\$ 1,053,556	\$ 1,042,355	\$ 2,577,410
Total Assets	<u>\$ 2,566,209</u>	<u>\$ 1,053,556</u>	<u>\$ 1,042,355</u>	<u>\$ 2,577,410</u>
Liabilities				
Escrow Deposits	\$ 2,566,209	\$ 1,053,556	\$ 1,042,355	\$ 2,577,410
Total Liabilities	<u>\$ 2,566,209</u>	<u>\$ 1,053,556</u>	<u>\$ 1,042,355</u>	<u>\$ 2,577,410</u>
<b>CONFERENCE AND VISITOR'S BUREAU</b>				
Assets				
Cash	\$ 928,491	\$ 2,962,676	\$ 2,976,493	\$ 914,674
Total Assets	<u>\$ 928,491</u>	<u>\$ 2,962,676</u>	<u>\$ 2,976,493</u>	<u>\$ 914,674</u>
Liabilities				
Escrow deposits	\$ 928,491	\$ 2,962,676	\$ 2,976,493	\$ 914,674
Total Liabilities	<u>\$ 928,491</u>	<u>\$ 2,962,676</u>	<u>\$ 2,976,493</u>	<u>\$ 914,674</u>
<b>ART'S COUNCIL OF ANNE ARUNDEL COUNTY</b>				
Assets				
Cash	\$ 163,852	\$ 522,825	\$ 525,263	\$ 161,414
Total Assets	<u>\$ 163,852</u>	<u>\$ 522,825</u>	<u>\$ 525,263</u>	<u>\$ 161,414</u>
Liabilities				
Escrow deposits	\$ 163,852	\$ 522,825	\$ 525,263	\$ 161,414
Total Liabilities	<u>\$ 163,852</u>	<u>\$ 522,825</u>	<u>\$ 525,263</u>	<u>\$ 161,414</u>
<b>MISCELLANEOUS ESCROW DEPOSITS</b>				
Assets				
Cash	\$ 679,857	\$ 433,970	\$ 768,926	\$ 344,901
Total Assets	<u>\$ 679,857</u>	<u>\$ 433,970</u>	<u>\$ 768,926</u>	<u>\$ 344,901</u>
Liabilities				
Escrow and other deposits	\$ 679,857	\$ 433,970	\$ 768,926	\$ 344,901
Total Liabilities	<u>\$ 679,857</u>	<u>\$ 433,970</u>	<u>\$ 768,926</u>	<u>\$ 344,901</u>
<b>TOTALS - ALL FUNDS</b>				
Assets				
Cash and investments	\$ 29,730,134	\$ 204,792,306	\$ 202,486,866	\$ 32,035,574
Total Assets	<u>\$ 29,730,134</u>	<u>\$ 204,792,306</u>	<u>\$ 202,486,866</u>	<u>\$ 32,035,574</u>
Liabilities				
Escrow and other deposits	\$ 29,730,134	\$ 204,792,306	\$ 202,486,866	\$ 32,035,574
Total Liabilities	<u>\$ 29,730,134</u>	<u>\$ 204,792,306</u>	<u>\$ 202,486,866</u>	<u>\$ 32,035,574</u>

## Anne Arundel County, Maryland

## Combining Statement of Net Position

## Nonmajor Component Units

June 30, 2017

	AA County Public Library	Economic Development	Tipton Airport	Workforce Development	Totals
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ 11,708	\$ 4,747,020	\$ 1,015,569	\$ 876,700	\$ 6,650,997
Service billings receivable	-	-	112,058	-	112,058
Prepays and other assets	38,703	1,076,399	40,062	1,740,328	2,895,492
Inventories	-	-	23,872	-	23,872
Receivables	-	-	13,454	-	13,454
Due from primary government	1,044,168	-	-	-	1,044,168
Restricted assets					
Cash and temporary investments	-	63,653	-	-	63,653
Total current assets	<u>1,094,579</u>	<u>5,887,072</u>	<u>1,205,015</u>	<u>2,617,028</u>	<u>10,803,694</u>
Noncurrent Assets					
Loans receivable and other assets	-	6,331,517	31,068	-	6,362,585
Capital assets not being depreciated	-	-	272,319	-	272,319
Capital assets being depreciated	18,472,877	1,049,979	12,392,123	510,485	32,425,464
Less accumulated depreciation	(7,070,565)	(571,834)	(6,379,303)	(469,177)	(14,490,879)
Total capital assets	<u>11,402,312</u>	<u>478,145</u>	<u>6,285,139</u>	<u>41,308</u>	<u>18,206,904</u>
Total assets	<u>12,496,891</u>	<u>12,696,734</u>	<u>7,521,222</u>	<u>2,658,336</u>	<u>35,373,183</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Pension benefits	952,043	702,645	-	-	1,654,688
Total deferred outflows	<u>952,043</u>	<u>702,645</u>	<u>-</u>	<u>-</u>	<u>1,654,688</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accrued liabilities	\$ 446,302	\$ 334,468	\$ 167,559	\$ 886,737	\$ 1,835,066
Current portion on non-current liabilities	880,135	21,233	-	73,493	974,861
Notes payable	-	997,156	-	-	997,156
Unearned revenue	-	-	82,639	184,778	267,417
Liabilities related to restricted assets					
Accrued liabilities	-	-	-	391,966	391,966
Total current liabilities	<u>1,326,437</u>	<u>1,352,857</u>	<u>250,198</u>	<u>1,536,974</u>	<u>4,466,466</u>
Noncurrent liabilities					
Accrued liability for OPEB benefits	20,512,028	-	-	-	20,512,028
Accrued liability for pension benefits	3,275,117	2,553,304	-	-	5,828,421
Long-term debt, net of deferred refunding gain/loss	-	28,834	-	-	28,834
Due to other governments	-	5,783,162	-	-	5,783,162
Total noncurrent liabilities	<u>23,787,145</u>	<u>8,365,300</u>	<u>-</u>	<u>-</u>	<u>32,152,445</u>
Total liabilities	<u>25,113,582</u>	<u>9,718,157</u>	<u>250,198</u>	<u>1,536,974</u>	<u>36,618,911</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Pension benefits	301,695	223,539	-	-	525,234
Total deferred outflows	<u>301,695</u>	<u>223,539</u>	<u>-</u>	<u>-</u>	<u>525,234</u>
<b>NET POSITION</b>					
Capital assets, net of related debt	11,402,312	428,078	6,285,139	41,308	18,156,837
Restricted for:					
Other purposes	-	250,000	407,559	-	657,559
Unrestricted	(23,368,655)	2,779,605	578,326	1,080,054	(18,930,670)
Total net position (deficit)	<u>\$ (11,966,343)</u>	<u>\$ 3,457,683</u>	<u>\$ 7,271,024</u>	<u>\$ 1,121,362</u>	<u>\$ (116,274)</u>

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Anne Arundel County, Maryland

Combining Statement of Activities

Nonmajor Component Units

Year Ended June 30, 2017

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<i>AA County Public Library</i>				
Community services	\$ 25,971,124	\$ 883,564	\$ 4,401,180	\$ 13,078
<i>Economic Development</i>				
Arundel Business Loan Program	401,723	29,929	-	-
Chesapeake Innovation Center	560,601	109,226	-	-
Administrative	2,075,668	-	-	-
Anne Arundel Agricultural Marketing, LLC	143,267	-	39,333	-
Anne Arundel Community Development, LLC	8,938	-	-	-
Video Lottery Terminal	342,938	138,944	-	-
Unallocated depreciation	93,935	-	-	-
	<u>3,627,070</u>	<u>278,099</u>	<u>39,333</u>	<u>-</u>
<i>Tipton Airport Authority</i>				
Airport operations	<u>2,051,856</u>	<u>1,761,856</u>	<u>-</u>	<u>417,678</u>
<i>Workforce Development</i>				
Workforce development programs				
Other WIA programs	6,801,910	-	6,881,429	-
Administration	24,019	-	-	-
Other grants, projects, initiatives	1,135,932	349,652	743,520	44,489
	<u>\$ 7,961,861</u>	<u>\$ 349,652</u>	<u>\$ 7,624,949</u>	<u>\$ 44,489</u>

General revenues:

Hotel tax  
 Unrestricted contributions  
 Interest earnings  
 Miscellaneous  
 Total general revenues

Changes in net position

Net position, July 1 (as restated)

Net position, June 30

Net (Expense) Revenues and Changes in Net Position

AA County Public Library	Economic Development	Tipton Airport	Workforce Development	Total
\$ <u>(20,673,302)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(20,673,302)</u>
-	(371,794)	-	-	(371,794)
-	(451,375)	-	-	(451,375)
-	(2,075,668)	-	-	(2,075,668)
-	(103,934)	-	-	(103,934)
-	(8,938)	-	-	(8,938)
-	(203,994)	-	-	(203,994)
-	(93,935)	-	-	(93,935)
<u>-</u>	<u>(3,309,638)</u>	<u>-</u>	<u>-</u>	<u>(3,309,638)</u>
<u>-</u>	<u>-</u>	<u>127,678</u>	<u>-</u>	<u>127,678</u>
-	-	-	79,519	79,519
-	-	-	(24,019)	(24,019)
-	-	-	1,729	1,729
<u>-</u>	<u>-</u>	<u>-</u>	<u>57,229</u>	<u>57,229</u>
-	1,000,000	-	-	1,000,000
19,623,900	2,025,330	-	1,928	21,651,158
-	23,296	453	3,480	27,229
14,439	98,745	81,940	59,944	255,068
<u>19,638,339</u>	<u>3,147,371</u>	<u>82,393</u>	<u>65,352</u>	<u>22,933,455</u>
(1,034,963)	(162,267)	210,071	122,581	(864,578)
<u>(10,931,380)</u>	<u>3,619,950</u>	<u>7,060,953</u>	<u>998,781</u>	<u>748,304</u>
\$ <u>(11,966,343)</u>	\$ <u>3,457,683</u>	\$ <u>7,271,024</u>	\$ <u>1,121,362</u>	\$ <u>(116,274)</u>

Anne Arundel County, Maryland

Balance Sheet

AA County Public Library Component Unit

June 30, 2017

	Governmental Funds		
	Operating Fund	Dedicated Revenue Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 11,395	\$ 313	\$ 11,708
Due from primary government	1,046,865	(2,697)	1,044,168
Receivables			
Other, net	38,703	-	38,703
Total assets	<u>\$ 1,096,963</u>	<u>\$ (2,384)</u>	<u>\$ 1,094,579</u>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 446,302	\$ -	\$ 446,302
Total liabilities	<u>446,302</u>	<u>-</u>	<u>446,302</u>
<b>FUND BALANCES</b>			
Assigned	404,097	4,163	408,260
Unassigned	246,564	(6,547)	240,017
Total fund balances (deficit)	<u>650,661</u>	<u>(2,384)</u>	<u>648,277</u>
Total liabilities and fund balances	<u>\$ 1,096,963</u>	<u>\$ (2,384)</u>	<u>\$ 1,094,579</u>

Anne Arundel County, Maryland

Statement of Revenues, Expenditures, and Changes in Fund Balances

AA County Public Library Component Unit

Year Ended June 30, 2017

	Governmental Funds		
	Operating Fund	Dedicated Revenue Fund	Total
<b>REVENUES</b>			
Grants and aid	\$ 23,981,075	\$ 44,005	\$ 24,025,080
Fines and fees	883,564	-	883,564
Other	2,906	11,533	14,439
Total revenues	<u>24,867,545</u>	<u>55,538</u>	<u>24,923,083</u>
<b>EXPENDITURES</b>			
Recreation and community services	24,698,342	66,092	24,764,434
Total expenditures	<u>24,698,342</u>	<u>66,092</u>	<u>24,764,434</u>
Net change in fund balances	<u>169,203</u>	<u>(10,554)</u>	<u>158,649</u>
Fund balances, July 1	481,458	8,170	489,628
Fund balances, June 30	<u>\$ 650,661</u>	<u>\$ (2,384)</u>	<u>\$ 648,277</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, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Grants and aid	\$ 2,193,600	\$ 2,193,600	\$ 2,193,667	\$ 67
Primary government contribution	19,623,900	19,623,900	19,623,900	-
Fines and fees	990,100	990,100	886,593	(103,507)
Other	612,000	612,000	607,906	(4,094)
Total revenues	<u>23,419,600</u>	<u>23,419,600</u>	<u>23,312,066</u>	<u>(107,534)</u>
<b>EXPENDITURES</b>				
Current				
Recreation and community services	23,126,400	23,126,400	22,873,623	252,777
Capital outlay	293,200	293,200	186,959	106,241
Total expenditures	<u>23,419,600</u>	<u>23,419,600</u>	<u>23,060,582</u>	<u>359,018</u>
Revenues over expenditures	-	-	251,484	<u>\$ 251,484</u>
Fund balances, budgetary, July 1	<u>318,180</u>	<u>318,180</u>	<u>318,180</u>	
Fund balances, budgetary, June 30	<u>\$ 318,180</u>	<u>\$ 318,180</u>	<u>\$ 569,664</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, 2017

	<i>Issued Date</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Amount Issued</i>	<i>Redeemed FY 17</i>	<i>06/30/17 Outstanding</i>	<i>Total Due to Maturity</i>
Water and Wastewater Bonds							
MDWQE Rosehaven	03/28/01	2003-31	1.50 to 1.50	\$ 3,033,715	\$ 103,804	\$ 1,627,864	\$ 1,816,902
MDWQE Annapolis WRF Expn	06/27/03	2005-24	1.00 to 1.00	19,362,500	990,878	7,219,213	7,510,854
Series 07	03/29/07	2008-36	4.25 to 5.00	42,500,000	1,470,000	-	-
MDWQE Marley Jumpers	04/07/07	2008-27	1.00 to 1.00	5,854,341	355,582	2,443,061	2,537,387
Series 08	04/01/08	2009-36	3.50 to 5.00	32,000,000	1,145,000	1,145,000	1,202,250
MDWQE Woodholme Circle	06/17/08	2009-28	1.10 to 1.10	1,200,475	64,572	702,147	752,349
Series 09	04/01/09	2010-39	2.50 to 4.75	29,200,000	975,000	1,950,000	2,037,750
Series 09 Refunding	07/22/09	2010-25	3.00 to 4.00	20,730,000	1,585,000	9,630,000	11,101,900
MDWQE Deale Rd Sewer	12/01/09	2011-30	0.00 to 0.00	1,749,147	98,324	1,060,882	1,060,882
Series 10	04/08/10	2011-20	2.00 to 5.00	13,900,000	1,390,000	4,170,000	4,503,600
BABs Series 10	04/08/10	2021-30	4.80 to 5.55	27,700,000	-	27,700,000	49,502,802
Series 11	04/20/11	2012-41	2.00 to 5.00	47,600,000	1,590,000	38,060,000	61,287,162
MDWQE Annap/Bneck/Cox	06/16/11	2013-32	2.20 to 2.20	15,975,016	790,870	12,320,499	14,942,950
Series 11 Refunding	09/01/11	2013-25	3.00 to 5.00	8,860,000	725,000	5,920,000	7,254,500
MDWQE Bwater/MDCity/Patxnt	05/31/12	2014-33	1.80 to 1.80	12,430,208	591,093	10,159,522	11,924,404
Series 12	06/14/12	2013-42	2.00 to 4.00	27,020,000	905,000	22,500,000	32,789,250
Series 12 Refunding	06/14/12	2013-32	2.00 to 5.00	15,810,000	1,175,000	13,925,000	17,935,225
MDWQE Sylvan Shores Water	12/21/12	2014-42	0.80 to 0.80	3,783,000	125,401	3,314,182	3,657,400
MDWQE Sylvan Shores Sewer	12/21/12	2014-33	0.80 to 0.80	1,944,000	94,368	1,616,780	1,730,452
Series 13	06/20/13	2014-43	4.00 to 5.00	38,080,000	1,265,000	33,020,000	52,297,013
MDWQE Cox Creek Ph II	10/31/13	2014-34	2.10 to 2.10	17,475,907	1,111,185	15,463,589	19,920,661
Series 14	04/03/14	2015-44	3.00 to 5.00	79,200,000	2,640,000	71,280,000	112,978,800
Series 15	04/08/15	2016-45	2.00 to 5.00	77,600,000	2,590,000	72,420,000	124,904,500
Series 15 Refunding	04/08/15	2016-36	5.00 to 5.00	34,875,000	435,000	33,770,000	51,025,000
Series 16	04/13/16	2017-46	3.00 to 5.00	43,585,000	1,450,000	42,135,000	72,647,125
Series 16 Refunding	04/13/16	2017-36	3.00 to 5.00	75,300,000	6,475,000	68,825,000	88,654,275
Series 17	04/12/17	2018-47	5.00 to 5.00	63,175,000	-	63,175,000	110,876,858
Series 17 Refunding	04/12/17	2018-29	3.00 to 5.00	20,515,000	-	20,515,000	28,739,095
Total applicable to 5.6% and 14.0% debt limitations				<u>780,458,309</u>	<u>30,141,077</u>	<u>586,067,739</u>	<u>895,591,346</u>

(continued)

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

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

June 30, 2017

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 17</i>	<i>06/30/17 Outstanding</i>	<i>Total Due to Maturity</i>
<b>Consolidated General Improvements</b>							
<b>Bonds</b>							
Series 07	03/29/07	2008-27	4.25 to 5.00	91,600,000	5,474,476	-	-
Series 08	04/01/08	2009-28	3.50 to 5.00	55,200,000	3,310,000	3,310,000	3,475,500
Series 09	04/01/09	2010-29	4.00 to 5.00	113,300,000	6,817,336	13,603,312	14,418,884
Series 09 Refunding	07/22/09	2010-25	1.50 to 4.00	32,610,000	910,000	6,665,000	7,817,599
Series 10	04/08/10	2011-20	2.00 to 5.00	66,136,440	7,395,705	21,984,229	24,173,231
BABs Series 10	04/08/10	2021-30	4.80 to 5.55	72,888,560	-	72,888,560	105,768,591
Series 11	04/20/11	2012-31	3.00 to 5.00	117,500,000	5,974,627	81,624,610	109,675,922
Series 11 Refunding	09/01/11	2013-25	3.00 to 5.00	35,835,000	3,540,000	21,520,000	25,293,750
Series 12	06/14/12	2013-32	3.00 to 4.00	98,900,000	5,958,468	69,112,702	89,551,935
Series 12 Refunding	06/14/12	2013-32	2.00 to 5.00	36,332,512	3,838,079	29,115,046	34,432,943
Series 13	06/20/13	2014-33	4.00 to 5.00	116,000,000	6,960,000	88,160,000	121,776,800
Series 14	04/03/14	2015-34	3.00 to 5.00	115,000,000	7,039,022	93,882,934	126,366,945
Series 15	04/08/15	2016-35	2.00 to 5.00	154,920,000	10,763,242	144,077,758	202,472,389
Series 15 Refunding	04/08/15	2016-27	5.00 to 5.00	58,504,968	2,482,572	54,449,964	69,563,502
Golf Course Refunding	04/08/15	2016-28	5.00 to 5.00	15,735,000	930,000	13,900,000	18,405,250
Series 16	04/13/16	2017-46	5.00 to 5.00	80,027,783	2,663,926	77,363,857	133,433,406
Series 16 Refunding	04/13/16	2017-27	3.00 to 5.00	69,384,271	12,109,579	57,274,692	66,631,310
Series 17	04/12/17	2018-47	5.00 to 5.00	104,008,000	-	104,008,000	181,715,296
Series 17 Refunding	04/12/17	2018-29	3.00 to 5.00	44,423,549	-	44,423,549	56,722,605
				<u>1,478,306,083</u>	<u>86,167,032</u>	<u>997,364,213</u>	<u>1,391,695,858</u>
<b>WPRF Bonds</b>							
Series 14	04/03/14	2015-34	2.00 to 5.00	7,300,000	354,927	6,235,219	8,555,816
Series 15	04/08/15	2016-35	5.00 to 5.00	26,880,000	1,443,684	25,421,316	37,393,818
Series 16	04/13/16	2017-45	5.00 to 5.00	13,232,217	441,074	12,791,143	22,064,720
				<u>47,412,217</u>	<u>2,239,685</u>	<u>44,447,678</u>	<u>68,014,354</u>
<b>Solid Waste Bonds</b>							
SW AMT 96	03/01/96	1997-16	5.00 to 5.50	12,000,000	600,000	-	-
Series 98	05/01/98	1999-17	4.65 to 6.00	7,000,000	700,000	-	-
Series 07	03/29/07	2008-27	4.25 to 5.00	4,300,000	280,524	-	-
Series 09	04/01/09	2010-29	4.00 to 5.00	2,100,000	112,664	256,688	272,716
Series 10	04/08/10	2011-20	3.00 to 5.00	1,938,560	214,295	730,771	808,270
BABs Series 10	04/08/10	2011-30	4.80 to 5.55	3,161,440	-	3,161,440	4,587,564
Series 11	04/20/11	2012-31	3.00 to 5.00	8,200,000	315,373	6,335,390	8,636,478
Series 12	06/14/12	2013-32	3.00 to 4.00	2,200,000	101,532	1,687,298	2,225,939
Series 12 Refunding	06/14/12	2013-25	2.00 to 5.00	917,488	96,921	749,954	888,957
Series 14	04/03/14	2015-34	2.00 to 5.00	4,600,000	221,051	3,936,847	5,383,926
Series 15	04/08/15	2016-35	2.00 to 5.00	9,600,000	543,074	9,050,926	13,305,044
Series 15 Refunding	04/08/15	2016-27	5.00 to 5.50	2,700,032	132,428	2,495,036	3,184,499
Series 16 Refunding	04/13/16	2017-27	3.00 to 5.00	200,729	30,421	170,308	200,790
Series 17	04/12/17	2018-47	5.00 to 5.00	4,377,000	-	4,377,000	7,765,242
Series 17 Refunding	04/12/17	2018-29	3.00 to 5.00	936,451	-	936,451	1,195,716
Total Waste Collection Enterprise Fund				<u>64,231,700</u>	<u>3,348,283</u>	<u>33,888,109</u>	<u>48,455,141</u>
Total applicable to 5.2% and 13.0% debt limitations				<u>1,589,950,000</u>	<u>91,755,000</u>	<u>1,075,700,000</u>	<u>1,508,165,353</u>

(continued)

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

NOT APPLICABLE TO DEBT LIMITATIONS

June 30, 2017

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed FY 17</i>	<i>06/30/17 Outstanding</i>	<i>Total Due to Maturity</i>
<b>Installment Purchase Agreements - Agricultural Easement Program</b>							
Adelaide F. Colhoun Trust	09/19/00	2002-30	5.85 to 5.85	401,000	1,000	385,000	673,230
Ellen H. Shepard Trust	09/22/00	2002-30	5.85 to 5.85	161,000	1,000	145,000	250,709
Harold & Jean Touchette	09/19/00	2002-30	5.85 to 5.85	378,000	1,000	362,000	632,738
Farm of the Four Winds, LLC	11/13/00	2002-30	6.00 to 6.00	587,000	1,000	571,000	1,011,700
Kenneth P. Franklin, Trustee	12/28/00	2002-30	5.60 to 5.60	142,055	1,000	126,000	213,360
Richard F. Moreland	07/18/01	2003-28	5.90 to 5.90	274,000	1,000	259,000	423,846
Mary M. Smith	07/18/01	2003-28	5.90 to 5.90	831,000	1,000	816,000	1,342,339
Francis R. Windsor	07/26/01	2003-28	5.90 to 5.90	411,174	1,000	396,000	649,759
Anita Froe/Rian LLC	03/06/02	2003-28	5.90 to 5.90	657,000	1,000	642,000	1,055,413
Lauer & Company	09/20/02	2004-28	5.25 to 5.25	197,000	1,000	183,000	285,795
Weems Dodd Ltd	10/17/02	2004-28	5.45 to 5.45	1,521,000	1,000	1,507,000	2,407,449
Edward Hall III	12/19/02	2004-28	5.55 to 5.55	180,000	1,000	166,000	264,291
Bristol Farms LLC	01/28/03	2004-28	5.50 to 5.50	700,000	1,000	686,000	1,094,260
Shearman Talbott	05/22/03	2005-28	4.95 to 4.95	263,948	1,000	251,000	384,947
Anne Brice	06/23/04	2006-28	5.80 to 5.80	316,000	1,000	304,000	494,762
Thackray Seznec	06/30/04	2006-28	5.80 to 5.80	1,405,000	1,000	1,393,000	2,278,544
James Parks	07/07/04	2006-28	5.60 to 5.60	295,000	1,000	283,000	454,248
Dorothy Horky	12/05/05	2006-28	4.90 to 4.90	368,814	1,000	358,000	548,268
Virginia Tucker	10/05/06	2007-28	4.90 to 4.90	926,000	1,000	916,000	1,407,029
Jennifer Wade	07/26/07	2008-28	5.30 to 5.30	873,925	1,000	865,000	1,352,189
Ford/Addis	12/20/07	2008-37	4.60 to 4.60	604,000	-	604,000	1,159,680
Francis Talbot III	07/16/08	2009-37	4.55 to 4.55	840,000	-	840,000	1,604,400
Thompson Lumber	06/21/11	2012-41	4.55 to 4.55	1,487,000	-	1,487,000	3,110,803
				<u>13,819,916</u>	<u>20,000</u>	<u>13,545,000</u>	<u>23,099,759</u>
<b>Tax Increment Bonds</b>							
National Business Park North A	8/10/10	2011-25	5.625 to 5.625	4,000,000	145,000	3,855,000	5,038,359
National Business Park North B	08/10/10	2011-41	6.10 to 6.10	26,000,000	-	26,000,000	54,757,840
Village South at Waugh Chapel	11/18/10	2011-41	6.25 to 6.25	16,000,000	-	16,000,000	31,085,938
Arundel Mills Refunding	05/14/14	2015-29	2.00 to 5.00	24,940,000	1,130,000	22,755,000	28,569,100
National Business Park Ref	05/14/14	2015-28	1.50 to 5.00	12,155,000	625,000	10,940,000	13,598,651
Nursery Road Refunding	05/14/14	2015-29	2.00 to 5.00	1,765,000	95,000	1,580,000	1,973,224
				<u>84,860,000</u>	<u>1,995,000</u>	<u>81,130,000</u>	<u>135,023,112</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 17</i>	<i>06/30/17 Outstanding</i>	<i>Total Due to Maturity</i>
<b>State Loans</b>							
<b>Department of Natural Resources</b>							
Amberly	11/01/08	2008-33	0.00	135,000	5,400	86,400	86,400
Annapolis Cove	05/27/14	2015-30	0.00	173,425	11,793	141,513	141,513
Annapolis Landing	07/01/92	1993-17	0.00	78,570	3,143	3,143	3,143
Arundel on the Bay	04/28/92	1993-17	0.00	74,220	2,969	2,968	2,968
Bay Ridge	11/19/90	1992-16	0.00	669,275	26,771	-	-
Bay Ridge #2	07/01/08	2009-28	0.00	500,000	25,771	309,252	309,252
Brown's Pond	11/25/91	1992-16	0.00	185,128	7,405	-	-
Buckingham Cove	04/07/97	1997-21	0.00	217,570	8,703	43,509	43,509
Camp Wabanna SECD	04/26/05	2011-31	0.00	174,857	9,203	119,639	119,639
Cape Anne SECD	11/30/06	2009-34	0.00	190,308	8,101	129,593	129,593
Cattail Creek	04/03/98	1998-22	0.00	127,628	5,105	30,631	30,631
Columbia Beach	06/12/08	2013-38	0.00	1,042,027	53,664	804,960	804,960
Elizabeth's Landing	09/26/91	1993-17	0.00	161,310	6,452	6,453	6,453
Elizabeth's Landing III	01/22/10	2012-37	0.00	153,262	6,130	110,329	110,329
John's Creek	12/15/93	1994-19	0.00	173,206	6,920	13,840	13,840
Holland Point SECD	10/11/04	2011-31	0.00	1,050,054	55,266	718,458	718,458
Lake Hillsmere II	04/03/98	1998-22	0.00	188,660	7,546	45,276	45,276
Mason's Beach	06/03/96	1997-06	0.00	277,098	13,855	-	-
Romar Estates	03/27/97	1997-21	0.00	304,987	12,199	60,997	60,997
Snug Harbor	11/21/91	1992-16	0.00	738,599	29,544	-	-
Snug Harbor Pier	04/13/92	1992-16	0.00	91,443	3,656	-	-
Snug Harbor SECD	10/11/04	2012-31	0.00	112,600	5,817	81,438	81,438
Spriggs Pond	02/28/92	1993-17	0.00	298,400	11,936	-	-
Whitehall Cove	12/19/01	2001-25	0.00	164,134	6,565	59,088	59,088
Total not applicable to debt limitations				<u>7,281,761</u>	<u>333,914</u>	<u>2,767,487</u>	<u>2,767,487</u>
Total long-term debt				<u>\$ 2,476,369,986</u>	<u>\$ 124,244,991</u>	<u>\$ 1,759,210,226</u>	<u>\$ 2,564,647,057</u>

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

June 30, 2017

FISCAL YEAR ENDING	General County Bonds (a)							
	General Government		Solid Waste		WPRF		Tax Increment	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 86,350,499	\$ 47,369,111	\$ 1,859,816	\$ 1,623,231	\$ 2,239,685	\$ 2,178,685	\$ 2,240,000	\$ 4,185,297
2019	83,168,127	43,451,073	2,126,688	1,538,871	2,275,185	2,066,700	2,570,000	4,093,616
2020	78,021,692	39,399,149	2,073,123	1,434,254	2,275,185	1,952,941	2,925,000	3,952,881
2021	75,948,341	35,702,647	2,251,474	1,335,840	2,275,185	1,839,182	3,195,000	3,794,859
2022	75,935,655	32,050,360	2,244,161	1,230,246	2,275,185	1,725,423	3,495,000	3,620,931
2023	70,320,325	28,367,868	2,279,491	1,117,017	2,275,185	1,611,663	3,805,000	3,430,509
2024	64,272,524	24,924,542	2,329,611	1,004,392	2,327,865	1,497,904	4,125,000	3,223,603
2025	60,006,831	21,735,910	2,194,906	887,928	2,183,263	1,381,511	4,485,000	2,998,884
2026	52,354,601	18,786,773	2,117,136	777,838	2,183,263	1,272,348	4,820,000	2,791,797
2027	49,102,442	16,227,613	1,989,295	676,226	2,183,263	1,163,185	5,125,000	2,603,819
2028	45,793,734	13,926,716	1,933,003	579,179	2,183,263	1,060,992	5,460,000	2,400,738
2029	42,222,598	11,922,851	1,924,139	489,453	2,183,263	957,927	4,430,000	2,203,844
2030	38,011,371	10,121,908	1,835,366	404,242	2,183,263	854,427	1,955,000	2,055,051
2031	30,722,515	8,298,571	1,519,220	316,453	2,183,263	745,264	1,915,000	1,939,119
2032	24,926,703	6,905,491	1,035,034	246,986	2,183,263	639,586	2,080,000	1,816,214
2033	20,987,973	5,768,299	923,764	199,168	2,183,263	533,908	2,265,000	1,682,570
2034	16,347,973	4,764,040	923,764	155,106	2,183,263	428,230	2,455,000	1,537,418
2035	11,850,301	3,991,899	704,937	111,049	1,819,762	322,552	2,660,000	1,380,142
2036	6,064,657	3,399,384	214,269	75,802	441,074	231,564	2,880,000	1,209,826
2037	6,064,658	3,096,151	214,268	65,089	441,074	209,510	3,115,000	1,025,550
2038	6,159,462	2,790,548	119,464	56,746	441,074	187,456	3,365,000	826,391
2039	6,159,462	2,482,575	119,464	50,772	441,074	165,403	3,635,000	611,275
2040	6,154,462	2,174,727	119,464	44,799	441,074	143,349	3,915,000	379,284
2041	6,154,462	1,867,004	119,464	38,826	441,074	121,295	4,215,000	129,494
2042	6,154,462	1,559,281	119,464	32,853	441,074	99,242	-	-
2043	6,154,462	1,251,558	119,464	26,880	441,074	77,188	-	-
2044	6,154,462	943,834	119,464	20,906	441,074	55,134	-	-
2045	6,154,462	636,111	119,464	14,933	441,074	33,080	-	-
2046	6,154,465	328,388	119,464	8,960	441,071	11,027	-	-
2047	3,490,532	87,263	119,468	2,987	-	-	-	-
	<u>\$ 997,364,213</u>	<u>\$ 394,331,645</u>	<u>\$ 33,888,109</u>	<u>\$ 14,567,032</u>	<u>\$ 44,447,678</u>	<u>\$ 23,566,676</u>	<u>\$ 81,130,000</u>	<u>\$ 53,893,112</u>

- Notes:
- (a) Bonded Debt subject to (1) 5.2% of the assessable basis of real property; (2) 13.0% of the County's assessable basis of personal property; and (3) 13.0% 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) 14.0% of the assessable basis of personal property in the Sanitary District of Anne Arundel County; and (3) 14.0% of the operating real property described in section 8-109(c) of the Tax-Property Article of the Annotated Code of Maryland (1994 replacement Volume and 2000 Supplement).

						<i>Total</i>		
<i>Installment Purchase Agreements</i>		<i>State Advances</i>		<i>Water and Sewer Bonds (b)</i>		<i>Principal</i>	<i>Interest</i>	<i>Debt Service Charge</i>
<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>			
\$ 20,000	\$ 723,839	\$ 238,637	\$ -	\$ 30,654,941	\$ 25,334,470	\$ 123,603,578	\$ 81,414,633	\$ 205,018,211
20,000	722,723	224,761	-	30,185,049	24,275,774	120,569,810	76,148,757	196,718,567
20,000	721,608	217,841	-	29,611,425	22,996,147	115,144,266	70,456,980	185,601,246
20,000	720,492	217,840	-	29,554,094	21,729,753	113,461,934	65,122,773	178,584,707
20,000	719,377	217,836	-	29,583,081	20,451,461	113,770,918	59,797,798	173,568,716
20,000	718,261	196,938	-	28,963,412	19,163,951	107,860,351	54,409,269	162,269,620
20,000	717,146	184,287	-	28,082,518	17,926,571	101,341,805	49,294,158	150,635,963
20,000	716,030	184,287	-	26,820,184	16,722,771	95,894,471	44,443,034	140,337,505
20,000	714,915	184,287	-	26,205,122	15,518,896	87,884,409	39,862,567	127,746,976
20,000	713,799	177,722	-	25,841,368	14,394,035	84,439,090	35,778,677	120,217,767
8,880,000	712,684	177,722	-	25,226,470	13,356,814	89,654,192	32,037,123	121,691,315
5,000	223,954	177,722	-	24,070,921	12,408,594	75,013,643	28,206,623	103,220,266
1,529,000	223,663	138,048	-	22,781,019	11,457,183	68,433,067	25,116,474	93,549,541
-	133,663	82,782	-	21,815,078	10,501,128	58,237,858	21,934,198	80,172,056
-	133,663	81,692	-	20,707,690	9,553,087	51,014,382	19,295,027	70,309,409
-	133,662	28,005	-	18,914,652	8,616,641	45,302,657	16,934,248	62,236,905
-	133,662	14,527	-	18,763,592	7,725,699	40,688,119	14,744,155	55,432,274
-	133,662	14,515	-	17,949,741	6,859,702	34,999,256	12,799,006	47,798,262
-	133,662	8,038	-	17,130,899	6,038,463	26,738,937	11,088,701	37,827,638
1,444,000	133,662	-	-	15,002,066	5,272,908	26,281,066	9,802,870	36,083,936
-	67,658	-	-	14,988,243	4,579,463	25,073,243	8,508,262	33,581,505
-	67,658	-	-	14,919,428	3,883,089	25,274,428	7,260,772	32,535,200
-	67,658	-	-	14,000,624	3,201,169	24,630,624	6,010,986	30,641,610
1,487,000	67,658	-	-	12,596,122	2,525,364	25,013,122	4,749,641	29,762,763
-	-	-	-	10,970,000	1,933,299	17,685,000	3,624,675	21,309,675
-	-	-	-	10,070,000	1,414,375	16,785,000	2,770,001	19,555,001
-	-	-	-	8,800,000	930,425	15,515,000	1,950,299	17,465,299
-	-	-	-	6,160,000	503,625	12,875,000	1,187,749	14,062,749
-	-	-	-	3,575,000	195,625	10,290,000	544,000	10,834,000
-	-	-	-	2,125,000	53,125	5,735,000	143,375	5,878,375
<u>\$ 13,545,000</u>	<u>\$ 9,554,759</u>	<u>\$ 2,767,487</u>	<u>\$ -</u>	<u>\$ 586,067,739</u>	<u>\$ 309,523,607</u>	<u>\$ 1,759,210,226</u>	<u>\$ 805,436,831</u>	<u>\$ 2,564,647,057</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)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Net investment in capital assets	\$ 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	\$ 606,338,970
Restricted for:										
Revenue stabilization	47,818,429	32,778,154	-	-	-	-	-	-	-	-
Debt service	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	6,641,452
Capital improvements	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	120,779,559
Reforestation	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	7,296,496
Other purposes	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	16,043,607
Unrestricted	(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)	(1,254,102,054)
Subtotal governmental activities net position	<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>	<u>(497,001,970)</u>
<b>Business-type activities</b>										
Net investment in capital assets	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	988,443,984
Restricted for:										
Debt service	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	300,551,883
Capital improvements	19,220,764	18,912,824	-	-	-	-	-	12,771,873	17,381,921	9,081,443
Other purposes	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	11,255,564
Unrestricted	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	10,038,368
Subtotal business-type activities net position	<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>	<u>1,319,371,242</u>
<b>Primary government</b>										
Net investment in capital assets	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	1,594,782,954
Restricted for:										
Revenue stabilization	47,818,429	32,778,154	-	-	-	-	-	-	-	-
Debt service	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	307,193,335
Capital improvements	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	129,861,002
Reforestation	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	7,296,496
Other purposes	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	27,299,171
Unrestricted	(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)	(1,244,063,686)
Total primary governmental net position	<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>	<u>\$ 822,369,272</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)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
Education	\$ 648,187	\$ 685,499	\$ 663,563	\$ 697,647	\$ 669,191	\$ 708,818	\$ 708,507	\$ 764,352	\$ 770,324	\$ 756,618
Public safety	261,315	267,140	285,295	282,484	290,833	304,563	294,436	325,971	313,525	352,253
General government	108,536	119,849	121,427	115,262	116,146	118,774	123,010	153,913	186,840	162,786
Health and human services	76,399	73,669	72,731	72,096	72,907	74,569	72,520	77,175	79,787	83,000
Public works	75,748	68,103	84,000	66,553	80,934	82,066	106,372	89,763	157,103	93,287
Recreation and community services	60,227	63,032	63,688	61,005	56,129	56,380	59,095	56,358	58,131	67,698
Judicial	25,577	26,395	26,925	27,103	28,011	29,058	28,950	30,582	28,588	31,648
Code enforcement	13,543	13,378	13,905	13,305	13,788	13,735	13,379	14,815	13,819	16,292
Land use and development	10,687	12,996	11,010	14,429	11,472	10,392	10,273	14,897	14,135	12,707
Economic development	3,770	-	-	-	-	-	-	-	-	-
Interest on debt and leases	31,420	29,795	34,407	38,566	39,712	37,685	45,104	48,149	53,157	54,132
Subtotal governmental activities expenses	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	1,630,421
Business-type activities:										
Water and wastewater	113,666	114,150	112,694	112,709	121,553	118,049	124,341	129,450	153,026	146,011
Waste collection	44,043	47,885	46,539	49,078	47,933	47,767	50,732	51,226	46,297	54,943
Child care	3,324	3,756	3,703	3,772	3,777	4,020	4,589	4,835	4,767	5,363
Subtotal business-type activities expenses	161,033	165,791	162,936	165,559	173,263	169,836	179,662	185,511	204,090	206,317
Total primary government expenses	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	1,836,738
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Public safety	10,718	17,048	16,183	20,116	17,843	15,744	19,477	25,108	27,150	27,897
General government	38,368	40,485	42,238	44,867	44,487	51,240	47,741	53,146	51,850	57,073
Health and human services	3,843	7,114	7,375	4,207	7,778	7,139	9,648	10,535	8,938	12,487
Public works	2,752	2,491	3,907	4,352	2,992	4,193	15,737	19,187	23,805	24,939
Recreation and community services	16,324	16,904	16,119	16,095	17,053	17,995	16,962	17,275	18,664	19,560
Judicial	2,916	2,773	2,783	2,908	3,009	2,997	3,166	3,207	3,209	3,061
Code enforcement	13,694	10,764	11,526	13,605	11,414	13,215	12,181	13,587	14,380	13,316
Land use and development	2,562	1,050	2,924	5,132	1,769	2,184	2,216	1,881	2,461	2,298
Operating grants and contributions	89,169	70,565	47,153	45,357	47,165	42,874	61,177	63,651	66,729	67,906
Capital grants and contributions	41,288	47,574	25,738	43,293	42,656	41,689	45,969	96,381	63,915	59,231
Subtotal governmental activities revenues	221,634	216,768	175,946	199,932	196,166	199,270	234,274	303,958	281,101	287,768
Business-type activities:										
Charges for services:										
Water and wastewater	72,449	71,622	78,995	81,555	86,737	84,555	86,023	85,367	85,178	85,467
Waste collection	43,708	43,281	43,218	44,106	50,680	49,175	50,133	49,970	50,975	51,441
Child care	3,089	3,493	3,665	3,568	4,032	4,070	4,661	4,739	5,112	5,742
Capital grants and contributions	51,850	49,630	44,798	54,093	76,527	71,141	87,887	127,526	82,131	69,022
Subtotal business-type activities revenues	171,096	168,026	170,676	183,322	217,976	208,941	228,704	267,602	223,396	211,672
Total primary government program revenues	392,730	384,794	346,622	383,254	414,142	408,211	462,978	571,560	504,497	499,440
<b>Net (Expense)/Revenue</b>										
Governmental activities	(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)	(1,342,653)
Business-type activities	10,063	2,235	7,740	17,763	44,713	39,105	49,042	82,091	19,306	5,355
Total primary government net (expense)/revenue	(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)	(1,337,298)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
General property taxes	497,486	540,602	557,796	577,937	593,914	620,348	637,623	657,850	666,491	697,495
Local income taxes	372,100	334,648	349,283	371,491	400,465	403,623	436,906	420,382	485,232	485,822
State shared taxes	7,739	7,931	7,521	8,665	10,334	27,868	8,683	8,405	8,703	8,361
Recordation and transfer taxes	82,776	55,811	59,727	58,000	59,089	81,036	77,535	89,698	105,669	109,396
Local sales taxes	37,380	33,269	31,682	32,406	32,258	32,690	31,517	32,831	33,070	32,938
Investment income	13,590	6,565	2,335	1,322	1,418	(1,206)	2,446	1,967	4,586	1,797
Other revenue	-	-	2,811	4,387	12,323	7,494	9,477	11,012	15,766	18,194
County transfer	-	-	-	10,426	-	-	275	28	(1,099)	448
Forgiveness of debt State of Maryland	-	-	-	-	32,663	-	-	-	-	-
Subtotal governmental activities	<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>	<u>1,354,451</u>
Business-type activities:										
In kind contributions of capital assets	-	-	-	-	2,000	-	-	-	-	-
Investment income	11,066	8,602	4,509	2,896	1,072	560	1,161	1,173	1,671	2,777
Other revenue	8,388	6,097	6,830	10,957	12,215	11,139	14,417	11,656	11,398	15,378
County transfer	-	-	-	-	-	-	(275)	(28)	1,099	(448)
Subtotal business-type activities	<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>	<u>17,707</u>
Total primary government	<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>	<u>1,372,158</u>
<b>Change in Net Position</b>										
Governmental activities	(82,704)	(164,262)	(189,850)	(123,884)	(40,493)	(64,917)	(22,910)	(49,844)	(75,890)	11,798
Business-type activities	29,517	16,934	19,079	31,616	60,000	50,804	64,345	94,892	33,474	23,062
Total primary government	\$ <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>	\$ <u>34,860</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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Reserved for:										
Encumbrances	\$ 9,931,122	\$ 5,622,556	\$ 4,962,041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue stabilization fund	47,818,429	32,778,154	17,106,347	-	-	-	-	-	-	-
Debt service	3,124,631	6,109,093	-	-	-	-	-	-	-	-
Inventories	1,494,324	1,453,732	1,869,916	-	-	-	-	-	-	-
Other funds	908,047	1,092,910	-	-	-	-	-	-	-	-
Unreserved	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	3,082,745
Restricted	-	-	-	-	-	302,017	16,974,138	38,177,889	1,372,139	1,372,139
Assigned	-	-	-	31,313,766	31,391,329	69,233,918	42,657,510	42,862,522	65,989,087	82,546,189
Unassigned	-	-	-	27,775,608	46,035,927	44,312,026	57,724,388	78,436,997	76,778,332	88,023,466
<b>Total general fund</b>	<b>\$ 117,723,735</b>	<b>\$ 44,963,989</b>	<b>\$ 51,516,566</b>	<b>\$ 61,041,736</b>	<b>\$ 79,509,233</b>	<b>\$ 115,739,215</b>	<b>\$ 119,473,032</b>	<b>\$ 161,970,856</b>	<b>\$ 146,817,589</b>	<b>\$ 175,024,539</b>
<b>All other governmental funds</b>										
Reserved for:										
Encumbrances	\$ 40,144,197	\$ 38,468,428	\$ 37,445,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	4,785,530	-	-	-	-	-	-	-
Capital projects funds	-	-	1,000,000	-	-	-	-	-	-	-
Other purposes	-	-	4,922,428	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	61,862,791	56,658,583	41,148,113	-	-	-	-	-	-	-
Capital projects funds	55,118,049	53,498,655	13,508,310	-	-	-	-	-	-	-
Debt service funds	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	159,426,040
Committed	-	-	-	1,960,508	1,407,089	1,932,505	13,512,623	15,237,161	16,822,454	15,353,968
Assigned	-	-	-	62,694,509	43,019,813	45,297,103	82,922,005	121,015,146	79,535,242	124,078,614
Unassigned	-	-	-	(3,682,206)	(3,325,628)	(3,530,106)	(6,108,739)	(11,898,316)	(6,827,838)	(8,264,460)
<b>Total all other governmental funds</b>	<b>\$ 163,221,229</b>	<b>\$ 154,145,510</b>	<b>\$ 109,112,543</b>	<b>\$ 134,223,719</b>	<b>\$ 125,410,724</b>	<b>\$ 131,648,833</b>	<b>\$ 199,667,016</b>	<b>\$ 298,537,838</b>	<b>\$ 278,007,158</b>	<b>\$ 290,594,162</b>

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

	2008	2009	2010
<b>REVENUES</b>			
General property taxes	\$ 500,153,066	\$ 543,012,780	\$ 562,011,285
Local income taxes	371,369,460	364,527,636	355,787,451
State shared taxes	36,757,373	33,038,198	9,575,679
Grants and aid	77,080,676	67,315,877	51,292,124
Recordation and transfer taxes	82,775,541	55,811,003	59,727,498
Local sales taxes	37,380,289	33,269,235	31,681,511
License and permit fees	17,178,944	15,034,858	15,482,651
Ambulance fees	-	1,382,000	5,570,992
Cable fees	6,976,017	7,550,579	8,200,802
Impact fees	8,132,004	5,330,130	4,077,383
Special community benefit taxes	5,623,802	5,906,041	5,817,687
Video lottery local impact grants	-	-	-
Watershed protection and restoration	-	-	-
Contributed capital	-	-	-
Investment income	16,041,101	6,957,412	2,013,921
Fees for services and other revenue	38,060,369	44,576,740	46,888,388
Total revenues	<u>1,197,528,642</u>	<u>1,183,712,489</u>	<u>1,158,127,372</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
Education	648,122,349	684,489,224	663,520,201
Public safety	222,788,697	234,201,473	236,020,663
General government	79,521,652	90,919,568	78,041,900
Health and human services	70,964,487	71,767,527	69,961,727
Public works	35,915,362	38,773,907	54,424,790
Recreation and community services	49,396,167	49,944,034	48,052,691
Judicial	21,772,055	22,605,782	23,042,510
Code enforcement	12,307,157	12,342,856	12,006,795
Land use and development	9,760,651	9,459,637	9,728,506
Economic development	3,770,200	-	-
Capital outlay	66,054,914	69,654,252	55,510,526
<b>Debt service</b>			
Interest payments on debt	31,594,418	31,481,880	32,281,174
Principal payments on debt	52,984,045	54,288,165	58,940,763
Interest payments on leases	-	5,524	6,282
Principal payments on leases	24,453	18,651	23,807
Total expenditures	<u>1,304,976,607</u>	<u>1,369,952,480</u>	<u>1,341,562,335</u>
Revenues over (under) expenditures	<u>(107,447,965)</u>	<u>(186,239,991)</u>	<u>(183,434,963)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	130,370,500	120,205,586	182,952,661
Transfers out	(130,370,500)	(120,205,586)	(182,952,661)
General obligation bonds issued	55,200,000	113,300,000	139,025,000
Bond anticipation notes issued	49,800,000	36,100,000	-
Payment of bond anticipation notes	(39,000,000)	(49,800,000)	(36,100,000)
National Business Park North bonds issued	-	-	-
Village South Waugh Chapel bonds issued	-	-	-
Installment purchase contracts issued	1,477,925	840,000	-
Proceeds from Federal and State Loans	191,938	911,212	814,509
Proceeds from capital leases	106,616	-	29,575
Proceeds from refunding issue	-	-	32,610,000
Premiums from sale of bonds	2,115,442	6,109,094	11,780,793
Premiums from the refunding of bonds	-	-	-
Transfers from (to) proprietary funds	(800,000)	-	30,700,000
Transfers from (to) component units	-	-	-
Transfers from (to) OPEB Trust	-	-	-
Reduction (increase) in lawsuit liability	-	-	-
Payments to escrow agent	-	-	(33,905,304)
Total other financing sources (uses)	<u>69,091,921</u>	<u>107,460,306</u>	<u>144,954,573</u>
Net change in fund balances	<u>\$ (38,356,044)</u>	<u>\$ (78,779,685)</u>	<u>\$ (38,480,390)</u>
Debt service as a percentage of noncapital expenditures	<u>6.7%</u>	<u>6.5%</u>	<u>7.0%</u>

	2011	2012	2013	2014	2015	2016	2017
\$	577,208,014	\$ 595,707,896	\$ 622,059,854	\$ 637,345,360	\$ 659,894,834	\$ 668,195,251	\$ 698,622,818
	369,341,731	394,480,856	407,582,398	435,870,098	444,302,777	456,192,055	491,528,416
	10,637,730	11,720,894	30,436,273	12,163,216	11,270,543	12,092,354	11,694,607
	52,762,415	52,827,290	49,240,293	43,872,560	45,491,189	54,773,026	47,789,759
	58,000,447	59,088,413	81,036,685	77,535,100	89,697,633	105,668,592	109,395,916
	32,405,559	32,258,227	32,689,945	31,516,775	32,830,881	33,070,498	32,938,166
	17,589,449	15,215,772	15,306,284	16,536,662	17,333,180	18,617,749	17,148,374
	7,155,171	6,044,441	3,940,989	5,238,016	11,060,278	11,387,538	11,985,658
	8,951,457	9,550,069	10,229,615	10,663,480	11,088,708	11,329,610	11,560,846
	9,469,099	20,113,165	16,166,890	25,983,661	26,322,325	33,651,125	24,587,197
	6,259,372	6,744,865	6,869,374	6,884,379	7,451,077	8,202,160	8,429,687
	-	-	-	18,924,230	17,701,164	18,437,244	23,805,240
	-	-	-	13,168,354	16,925,138	21,058,386	21,821,801
	-	-	-	-	42,776,980	5,187,715	589,323
	909,826	3,444,363	(968,161)	1,735,894	2,261,163	4,933,509	1,983,519
	49,302,325	45,507,123	54,335,032	48,035,826	54,700,019	49,047,470	59,225,786
	<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>	<u>1,573,107,113</u>
	697,648,532	667,863,748	707,731,777	707,187,203	764,212,446	770,323,479	756,618,157
	234,003,601	234,743,678	244,784,672	264,937,499	281,406,166	283,055,202	291,177,796
	81,803,707	78,732,889	79,706,211	85,244,783	77,157,430	67,831,167	113,861,353
	68,153,620	69,383,832	69,646,503	69,650,709	72,578,279	76,012,320	78,503,626
	38,773,730	38,088,334	38,840,446	48,748,016	49,310,052	51,788,360	46,309,768
	47,835,484	49,595,703	48,337,232	49,866,606	53,354,539	55,341,217	57,791,422
	22,388,457	22,399,505	23,339,079	25,423,827	25,736,525	27,189,933	27,708,229
	11,360,912	11,536,177	11,583,462	12,287,022	13,096,270	13,149,060	14,206,639
	9,500,229	9,320,020	9,014,094	9,432,737	10,610,682	11,541,521	11,234,169
	-	-	-	-	-	-	-
	66,637,667	70,480,365	73,051,659	65,054,648	105,072,340	100,566,378	112,762,608
	37,380,700	39,736,712	40,313,826	43,344,484	47,526,274	53,433,347	53,916,572
	56,468,779	69,389,373	73,778,953	75,614,400	99,693,700	129,372,483	90,755,667
	4,950	3,526	2,008	13,662	11,654	13,619	15,210
	25,140	26,563	3,907	16,211	12,304	22,347	39,658
	<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>1,654,900,874</u>
	(171,992,913)	(108,597,051)	(91,208,358)	(71,348,196)	(108,670,772)	(127,796,151)	(81,793,761)
	94,470,013	76,229,704	122,899,386	185,144,585	261,225,566	199,828,955	244,889,130
	(94,470,013)	(76,229,704)	(122,899,386)	(185,144,585)	(261,225,566)	(199,828,955)	(244,889,130)
	117,500,000	98,900,000	116,000,000	122,300,000	181,800,000	93,260,000	103,285,000
	60,720,000	70,400,000	65,040,000	37,800,000	-	-	-
	(60,720,000)	(70,400,000)	(65,040,000)	(37,800,000)	-	-	-
	30,000,000	-	-	-	-	-	-
	16,000,000	-	-	-	-	-	-
	1,487,000	-	-	-	-	-	-
	1,022,164	91,035	-	168,488	4,937	-	-
	-	-	-	119,790	-	60,038	94,513
	-	73,085,000	-	38,860,000	75,715,900	69,384,271	44,423,549
	9,361,054	30,548,530	16,130,659	14,815,121	13,642,515	18,664,020	18,037,398
	-	-	-	4,414,478	38,824,048	8,399,763	5,479,931
	15,446,397	3,294,210	1,545,790	5,274,617	8,782,112	(1,099,230)	1,170,804
	10,426,000	-	-	-	-	-	-
	-	-	-	-	-	(70,877,624)	-
	5,386,644	(67,118)	-	-	-	-	-
	-	(87,600,104)	-	(42,852,298)	(68,730,094)	(25,679,034)	(49,903,480)
	<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>122,587,715</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>40,793,954</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>	<u>9.2%</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	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				
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	\$ 0.91	\$ 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	0.90	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	0.89	87,154,077	100.00%
2011	66,700,824	14,955,283	563,241	18,783	82,238,131	849,560	1,793,642	2,643,202	84,881,333	0.89	84,881,333	100.00%
2012	61,234,395	15,476,007	558,082	20,950	77,289,434	847,270	1,707,349	2,554,619	79,844,053	0.92	79,844,053	100.00%
2013	58,675,052	15,099,168	473,874	17,862	74,265,956	914,522	1,667,496	2,582,018	76,847,974	0.96	76,847,974	100.00%
2014	57,703,275	16,114,711	467,950	16,216	74,302,152	739,450	1,451,770	2,191,220	76,493,372	0.96	76,493,372	100.00%
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%
2017	62,092,763	18,589,077	503,603	20,966	81,206,409	994,833	1,602,185	2,597,018	83,803,427	0.93	83,803,427	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.					
2008	\$ 0.891	\$ 2.227	\$ 0.531	\$ 1.327	\$ 0.910	\$ 0.530	\$ 0.112	\$ 1.00	\$ 1.17
2009	0.888	2.220	0.530	1.325	0.900	0.530	0.112	1.00	1.17
2010	0.876	2.190	0.523	1.307	0.890	0.530	0.112	0.99	1.17
2011	0.880	2.200	0.525	1.312	0.890	0.530	0.112	0.99	1.17
2012	0.910	2.275	0.543	1.357	0.920	0.560	0.112	1.02	1.22
2013	0.941	2.352	0.564	1.410	0.960	0.640	0.112	1.05	1.32
2014	0.950	2.375	0.569	1.422	0.960	0.650	0.112	1.06	1.33
2015	0.943	2.357	0.564	1.410	0.950	0.649	0.112	1.06	1.33
2016	0.923	2.307	0.552	1.380	0.930	0.649	0.112	1.04	1.31
2017	0.915	2.287	0.548	1.370	0.930	0.649	0.112	1.03	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

2017			2008		
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	\$ 783,973,643	0.94%	Constellation Power Source Gen. Inc.	\$ 611,674,120	0.85%
Annapolis Mall LTD Partnership (Annapolis Mall)	503,406,400	0.60%	Baltimore Gas and Electric Company	563,243,999	0.78%
Arundel Mills Limited Partnership (Arundel Mills Mall)	414,144,460	0.49%	Arundel Mills Limited Partnership (Arundel Mills Mall)	287,401,560	0.40%
Verizon	162,277,740	0.19%	Westfield Annapolis Mall	285,069,490	0.40%
PPE Casino Resorts Maryland LLC	297,792,820	0.36%	Verizon	258,522,550	0.36%
Raven FS Property Holdings LLC	182,561,900	0.22%	Northrop Grumman Corp.	106,651,209	0.15%
Walmart Stores, Inc.	116,152,920	0.14%	Walmart Stores, Inc.	91,874,616	0.13%
WCS Properties Business Trust	114,248,200	0.14%	TKL East (Marley Station Mall)	75,717,880	0.11%
Annapolis Towne Center at Parole LLC	195,811,702	0.23%	Annapolis Harbour Center Assoc. LLLP	72,859,202	0.10%
Comcast of Maryland, LLC	46,126,430	0.06%	Annapolis Towne Center	69,406,188	0.10%
	<u>\$ 2,816,496,215</u>	<u>3.36%</u>		<u>\$ 2,422,420,814</u>	<u>3.37%</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
2008	\$ 498,477,749	\$ 497,250,354	99.75%	\$ 1,123,612	\$ 498,373,966	99.98%
2009	542,257,507	540,376,837	99.65%	1,789,480	542,166,317	99.98%
2010	562,014,875	553,780,723	98.53%	8,184,040	561,964,763	99.99%
2011	577,037,468	563,622,256	97.68%	13,327,473	576,949,729	99.98%
2012	595,530,678	593,210,480	99.61%	2,262,572	595,473,052	99.99%
2013	619,955,595	618,157,426	99.71%	1,738,534	619,895,960	99.99%
2014	638,043,608	628,011,846	98.43%	9,921,549	637,933,395	99.98%
2015	660,178,876	651,873,246	98.74%	8,119,423	659,992,669	99.97%
2016	664,554,243	662,752,803	99.73%	1,412,066	664,164,869	99.94%
2017	691,541,813	690,363,926	99.83%	-	690,363,926	99.83%

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			
2008	\$ 618,972	\$ 49,800	\$ 53,085	\$ 3,782	\$ 82	\$ 11,398	\$ 737,119	\$ 333,599	\$ 17,000	\$ 1,087,718	3.87%	\$ 2,071
2009	683,275	36,100	52,170	3,722	64	12,218	787,549	342,665	35,300	1,165,514	4.19%	2,189
2010	774,098	-	51,020	4,439	60	12,198	841,815	371,399	-	1,213,214	4.24%	2,250
2011	842,456	-	95,330	4,804	34	13,665	956,289	409,566	2,200	1,368,055	4.51%	2,510
2012	892,512	-	93,155	4,215	8	13,645	1,003,535	424,450	-	1,427,985	4.54%	2,593
2013	946,045	-	90,815	3,888	4	13,625	1,054,377	458,645	-	1,513,022	4.77%	2,722
2014	1,004,487	-	86,440	3,730	49	13,605	1,108,311	527,263	-	1,635,574	4.97%	2,921
2015	1,136,729	-	84,860	3,398	37	13,585	1,238,609	615,297	-	1,853,906	5.42%	3,288
2016	1,159,243	-	83,125	3,101	96	13,565	1,259,130	638,133	-	1,897,263	5.45%	3,338
2017	1,175,582	-	81,130	2,767	79	13,545	1,273,103	682,152	-	1,955,255	5.47%	3,397

(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)
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%	2,690
2014	1,618,190	2.12%	2,890
2015	1,836,886	2.36%	3,258
2016	1,880,501	2.34%	3,309
2017	1,938,863	2.31%	3,369

*(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, 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
City of Annapolis	\$ 160,810,132	100.00%	\$ 160,810,132
Subtotal overlapping debt			<u>160,810,132</u>
Anne Arundel County direct debt			<u>1,273,103,087</u>
Total direct and overlapping debt			<u><u>\$ 1,433,913,219</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)*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Assessed value</b>										
Real property	\$ 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	\$ 81,206,409
Personal and operating real property	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	2,597,018
Total assessed value	<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>	<u>83,803,427</u>
<b>Legal debt margin</b>										
Debt limit (5.2% of assessed value of real property, 13% for fiscal years 2001 and prior)	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	4,222,733
Debt limit (13% of assessed value of personal and operating real property)	327,363	357,969	355,798	343,616	332,101	335,662	284,859	283,995	296,157	337,613
Total debt limit	<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>	<u>4,560,346</u>
Debt applicable to limit:										
General obligation bonds (1)	599,704	660,269	742,132	805,528	830,134	875,042	916,204	984,949	982,412	997,364
Bonded debt for WPRF projects (1)	-	-	-	-	-	-	7,300	33,825	46,688	44,448
Bonded debt for solid waste projects (1)	17,976	17,721	21,163	27,907	28,111	26,028	28,491	33,881	32,920	33,888
Installment Purchase Agreements (1)	11,398	12,218	12,198	13,665	13,645	13,625	13,605	13,585	13,565	13,545
Tax Increment Bonds (1)	53,085	52,170	51,020	95,330	93,155	90,815	86,440	84,860	83,125	81,130
Bond anticipation notes (2)	49,800	39,600	-	2,200	-	-	-	-	-	-
Total debt applicable to limit	<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>	<u>1,170,375</u>
Legal debt margin	<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>	<u>\$ 3,389,971</u>
Total debt applicable to the limit as a percentage of debt limit	<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>	<u>25.66%</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	
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
2017	95,380	86,703	8,676	30,141	13,424	0.20	53,163	45,062	8,101	3,348	764	1.97

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	
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
2017	47,908	1,678	46,230	1,995	4,233	7.42	-569	0	-569	20	725	-0.76

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>
2008	525,304	\$ 28,117,516	\$ 53,526	73,658	3.7
2009	532,395	27,804,975	52,226	74,782	6.4
2010	539,310	28,592,771	53,017	75,481	6.9
2011	545,017	30,349,938	55,686	76,303	6.4
2012	550,641	31,434,076	57,086	77,770	6.1
2013	555,897	31,689,181	57,005	78,500	5.8
2014	559,966	32,906,217	58,765	79,518	5.1
2015	563,837	34,205,956	60,666	80,387	4.4
2016	568,346	34,842,864	61,306	81,397	3.7
2017	575,525	35,777,372	62,165	82,129	3.6

*Sources and notes:*

(a) Mid-year (July 1) estimates obtained from the Maryland Department of Planning , U.S. Census Bureau, release date March 2017; These data supersede population estimates published in previous years. Year 2017 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 2016 - revised estimated for 2011-2015. These data supersede personal income estimates published in previous years. The 2016 and 2017 estimated by Anne Arundel County Planning & Zoning using simple linear regression (R2=.9787).

(c) U. S Bureau of Economic Analysis, release date November 2016 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 2017; 2002-2016 actual enrollment. Enrollment for 2017 Projected by AACPS Planning Department release date July 2017.

(e) Maryland Department of Labor, Licensing and Regulation monthly reports Average per Calendar Year ; Year 2017 average for 6 months ( Jan -June). Release date 8/04/2017. Previous data for 2015 and 2016 superseded by August 2017 report.

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

2017			2008		
<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	36,209	10.22%
Anne Arundel County Public Schools	14,000	3.54%	Anne Arundel Co. Public Schools	14,041	3.96%
State of Maryland	12,132	3.07%	BWI Thurgood Marshall Airport	10,659	3.01%
BWI Thurgood Marshall Airport	9,717	2.46%	State of Maryland	8,879	2.51%
Northrop Grumman Corp.	7,725	1.96%	Northrop Grumman Corp.	8,000	2.26%
Anne Arundel County Government	5,190	1.31%	Anne Arundel County Government	4,326	1.22%
Anne Arundel Health System	4,000	1.01%	Southwest Airlines	3,200	0.90%
Southwest Airlines	3,500	0.89%	Anne Arundel Health System	2,800	0.79%
Maryland Live! Casino	3,000	0.76%	Baltimore Washington Medical Center	2,544	0.72%
Univ. of MD Baltimore Washington Medical Center	2,901	0.73%	U.S. Naval Academy	2,052	0.58%
	<u>115,898</u>	<u>29.33%</u>		<u>92,710</u>	<u>26.18%</u>

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

ANNE ARUNDEL COUNTY, MARYLAND  
 County Government Employees by Function - Full Time Equivalent  
 Last Ten Fiscal Years

Function	<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>	<u>2017</u>
General government	536	530	519	501	496	489	500	500	502	511
Public safety										
Police	933	938	894	892	895	909	919	951	965	975
Fire	860	861	859	855	855	785	780	901	901	908
Detention center	415	412	408	402	399	398	398	398	398	397
Health and human services	178	177	176	174	161	159	158	158	158	158
Public works	308	309	289	282	270	270	309	308	307	298
Recreation and community services	113	112	104	98	90	87	87	87	87	92
Judicial	270	272	272	270	269	269	272	270	277	281
Code enforcement	178	177	166	162	154	154	155	156	155	159
Land use and development	90	88	84	82	81	79	81	80	78	75
Water and wastewater	348	351	350	350	350	350	376	378	380	380
Solid waste	85	85	87	87	87	88	88	90	90	90
Child care	8	9	9	9	9	9	9	9	9	9
Total	<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>	<u>4,333</u>

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

Function/program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Police</b>										
Physical arrests	21,476	20,151	19,056	19,165	16,914	14,477	14,725	13,788	14,375	14,126
Parking violations	4,887	4,103	3,755	4,318	3,081	3,828	3,338	1,715	1,545	2,429
Traffic violations	133,507	120,229	141,308	152,484	102,374	171,849	152,663	149,416	159,213	172,259
<b>Fire</b>										
Emergency responses	66,349	66,170	72,946	73,071	72,075	75,407	69,053	71,844	81,040	85,061
Inspections	12,201	12,075	10,700	11,032	11,540	10,584	10,729	10,268	9,062	12,656
<b>Streets and highways</b>										
Resurfacing (miles)	65.1	59.1	48.0	57.7	60.0	57.0	54.0	54.0	70.7	93.0
<b>Recreation and community services</b>										
Facility use applications	7,208	6,553	6,619	6,451	6,451	6,233	6,158	6,162	5,036	7,331
<b>Water</b>										
New water connections	937	752	871	743	712	694	1,126	1,229	1,972	1,671
Water main breaks	176	192	255	178	196	207	255	236	227	221
Average daily water consumption (thousands of gallons)	35,976	36,992	34,624	33,478	35,503	36,900	34,105	33,333	33,067	33,650
Number of customers	104,609	105,377	106,208	107,004	107,721	108,760	110,165	111,466	112,917	114,494
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	30,959	30,564	33,800	31,173	32,399	31,086	32,468	31,568	31,442	28,859
Number of customers	112,487	113,413	114,342	115,129	115,817	116,801	118,154	119,499	120,981	122,603
<b>Solid waste</b>										
Trash collected (tons per year)	226,707	201,980	193,478	191,481	191,842	182,992	182,148	185,817	199,116	205,604
Recyclables collected (tons per year)	130,645	125,380	141,750	143,861	140,174	145,301	132,509	135,648	136,831	143,890
<b>Child care</b>										
Enrollment	2,477	2,148	2,150	2,337	2,337	2,175	2,417	2,842	2,903	3,087

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

Function/program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Public Safety</b>										
Police										
Stations	12	12	12	12	12	12	12	12	12	12
Patrol units (vehicles)	487	487	487	487	487	492	500	500	500	505
Fire										
County owned stations	18	19	19	19	19	19	20	20	20	20
Volunteer stations	12	12	12	12	12	12	11	11	11	11
Pumpers/tankers	64	65	65	65	59	59	66	58	60	63
Ladder trucks	23	23	23	23	22	22	23	23	23	23
Paramedic units	40	41	41	41	42	42	43	44	43	43
<b>Streets and highways</b>										
Streets (miles)	1,767	1,768	1,772	1,772	1,776	1,814	1,819	1,819	1,802	1,806
Streetlights	36,561	37,105	37,375	37,583	37,660	38,054	38,549	38,858	39,046	39,301
Traffic signals	177	178	186	187	193	195	205	207	216	219
<b>Recreation and community services</b>										
Open space acreage	4,137	3,621	3,837	4,579	5,053	4,976	4,982	4,990	4,991	4,991
Playgrounds and Parks acreage	6,897	6,928	6,952	6,952	7,158	7,242	7,318	7,319	7,329	7,329
Parks *										
Playgrounds	70	62	64	64	64	66	67	67	69	70
Baseball/softball fields	241	236	237	237	237	213	213	216	215	213
Football fields	112	118	118	118	118	98	98	97	99	104
Basketball courts	78	70	70	70	70	76	77	76	83	84
Tennis courts	84	64	64	64	64	54	54	54	54	53
<b>Water</b>										
Water mains (miles)	1,354	1,365	1,412	1,357	1,362	1,366	1,377	1,387	1,388	1,407
Water treatment plants	13	13	13	13	13	13	12	12	12	12
<b>Wastewater</b>										
Maximum daily treatment capacity (thousands of gallons)	46,615	46,615	46,615	46,615	46,615	46,615	46,615	46,615	46,640	46,640
Wastewater mains (miles)	1,417	1,440	1,459	1,401	1,418	1,432	1,442	1,445	1,446	1,472
Wastewater treatment plants	7	7	7	7	7	7	7	7	7	7
Wastewater pumping stations	251	252	249	249	251	253	257	257	258	259

\* 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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