

Anne Arundel County, Maryland

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

County Executive

Steven R. Schuh

Steuart Pittman
Effective 12/3/18

County Council

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

Effective 12/3/18
Andrew C. Pruski - Chairman
Allison Pickard – Vice Chairman
Amanda Fiedler
Jessica Haire
Sarah Lacey
Lisa Brannigan Rodvien
Nathan Volke

Prepared by: Office of Finance – Karin McQuade, Controller

**Anne Arundel County, Maryland
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

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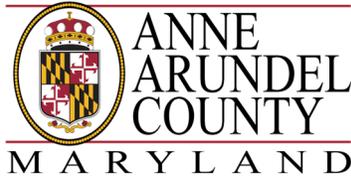
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OFFICE OF FINANCE

Stuart Pittman
County Executive

Karin McQuade
Controller

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December 21, 2018

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 (CAFR) of Anne Arundel County, Maryland (the County) for the fiscal year ended June 30, 2018, 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 2018.

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

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

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

About Anne Arundel County

Anne Arundel County was named for England's Lady Anne of Arundell, beloved wife of Cecil Calvert, second Baron Baltimore. Married at 13 and the mother of many, her intellect was legend, and her love of the arts strong. The expedition to St. Mary's in Maryland was planned in her sitting room in Tisbury, England. History records indicate that both she and Cecil Calvert longed to voyage to the New World, although neither made it. Her son Charles, the third Lord Baltimore, and Cecil's younger brother Leonard Calvert, who later became Maryland's first proprietary governor, were the first family members to step on Maryland soil. Anne of Arundell died at the age of 34. Her husband had engraved on her tombstone, "Farewell, you most lovely of earthly beauties". The following year, in 1650, the General Assembly of the Maryland Colony named this County in her honor.

Profile of the Government

Under a home rule charter, the County's executive functions are vested in the elected County Executive, who is the chief executive officer of the County. 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 Chairman and Vice Chairman 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.

ANNE ARUNDEL COUNTY

After a thorough review of the departmental requests, the comprehensive budget document is submitted to the County Council on May 1st. The County Council then conducts a series of public hearings and work sessions to review the proposed budget. The County Council cannot alter revenue estimates or increase any expenditure for current or capital purposes, unless expressly provided in state law and to correct mathematical errors. The County Council can reduce the County Executive's budget, but not increase it, except in the case of the Board of Education's budget. After its review, the County Council finalizes the budget and sets tax rates, fees and charges needed to generate enough revenue to balance the budget. The budget must be adopted by the County Council on or before the fifteenth day of the last month of the fiscal year currently ending. The Office of Finance is responsible for budgetary control. Expenditure authority for the operating budget is at the fund and department level in major categories including personnel costs, operating expenses, and capital costs. Appropriations in the capital budget are at the project level on an annual basis. Expenses and encumbrances cannot exceed legally adopted appropriation. The County maintains an encumbrance system for budgetary control. All unencumbered appropriations of the operating budget lapse at year end. Unencumbered capital appropriations continue until the specific capital project is closed.

Factors Affecting Financial Condition

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

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

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

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

The City of Annapolis is an independent municipality that supports some 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.

According to the Economic Impact of BWI Marshall Airport, in fiscal year 2017, the airport supported 12,753 direct jobs and contributed \$9.3 billion to the Maryland economy. It is the 22nd busiest U.S. airport providing 694 flights per day and serving 25.6 million visitors.

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, which translates into \$13 billion in wages and overall economic impact of \$27 billion. Major tenants on the base include National Security Agency, Defense Information Systems Agency and the expanding U.S. Cyber Command.

ANNE ARUNDEL COUNTY

Arundel Mills is a major retail, entertainment, office and hospitality center with a combined employment concentration of about 12,000. Its development history began 17 years ago with support from County Tax Increment Financing investment for infrastructure. In addition to regional retail, there are ten hotels, two office buildings and the Live! casino. To complement its entertainment venue, Live! opened a 310-room hotel at the casino and purchased a nearby Hilton Garden, rebranding it as Live! Lofts.

Two regional hospitals – Anne Arundel Medical Center and the University of Maryland 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 8,300 employees, is the largest private employer in the County.

Anne Arundel County’s civilian workforce measuring more than 299,000 workers serves businesses, government agencies and institutions throughout the Washington-Baltimore Region. Within the County, there are approximately 269,386 “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 40.1 percent workers 25 years and older with a college or advanced graduate degree. The fiscal year 2018 average unemployment rate for Anne Arundel County is 3.6 percent as compared to the average for 2017 of 3.7 percent. This rate is favorable in contrast to the State unemployment rate of 4.3 percent and the national rate of 4.1 percent.

Anne Arundel County is fortunate to have industry diversity with the Trade/Transportation and Utilities, Government, Professional and Business Services and Leisure and Hospitality sectors dominating in terms of employment. In calendar year 2017, strong gains were seen in Trade, Transportation and Utilities, and Education and Health Services sectors. The County continues to experience all-time-highs in payroll employment with 269,386 jobs currently in the County.

Housing Market: The number of housing units sold in Anne Arundel County is down 2.7 percent from fiscal year 2017 at 9,028 units to 8,786 units in fiscal year 2018. The median price for existing homes is up 4.2 percent from \$318,133 in fiscal year 2017 to \$331,558 in fiscal year 2018.

Commercial Real Estate: Currently there is 59,370,481 square feet of commercial real estate in Anne Arundel County representing 1,917 properties. The average vacancy rate for all commercial property (office, flex, industrial) in the County is 9.03 percent, down slightly from the five-year average of 10.2 percent. Average rental rates are \$14.78 per square foot, up slightly when compared to the five-year average cost at \$14.62 per square foot. Current average rental rates per square foot are \$26.08 for office, \$12.32 for flex and \$5.95 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 \$63.4 million at the end of fiscal year 2018. 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 \$6.5 million will be transferred to the Fund during fiscal year 2019. 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 \$76.5 million for fiscal year 2019.

ANNE ARUNDEL COUNTY

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 \$0.902 per \$100 assessed value, the property tax is the 2nd lowest among the State's seven largest metropolitan jurisdictions and its local income tax rate at 2.50% is the 3rd lowest in the State of Maryland. Revenues from property and income taxes for fiscal year 2018 supported 78.8% 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, 2018 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 \$0.9 million which were uninsured and uncollateralized at June 30, 2018. 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, 2017. This was the thirty-seventh consecutive year that the County has received this prestigious award.

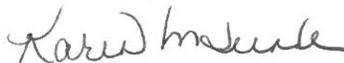
ANNE ARUNDEL COUNTY

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.

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 in preparing and publishing the Anne Arundel County CAFR. The preparation of this report could not be accomplished without their dedicated and efficient service and I extend my sincere appreciation to each member of the department. Of special note is Laureen Toney, Assistant Controller. I would also like to thank the County Executive, the Chief Administrative Officer, the Chief of Staff and the County Council for their leadership and unwavering support in attaining the highest standards of professionalism in the management of Anne Arundel County's finances.

Sincerely,



Karin McQuade
Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Anne Arundel County
Maryland

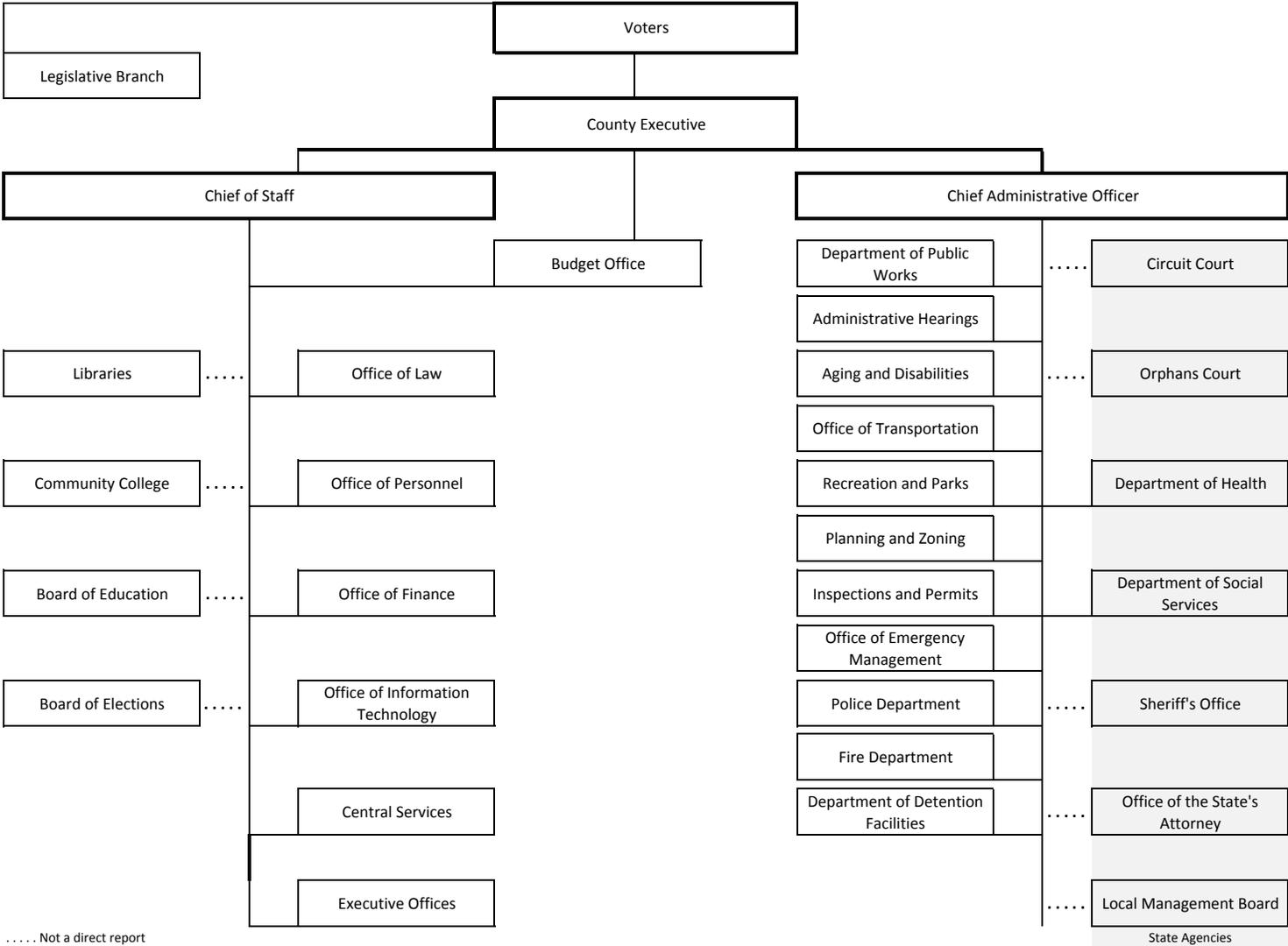
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

Anne Arundel County, Maryland



Organizational Chart is at 6/30/18.
 Effective 12/11/18, Executive Order #2 allocated supervisory authority over all departments and offices to the Chief Administrative Officer.

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, and the aggregate remaining fund information of Anne Arundel County, Maryland (the County), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tipton Airport Authority and the Anne Arundel Workforce Development Corporation, which represent 1 percent of each of the assets and deferred outflows of resources 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, were not audited in accordance with *Government Auditing Standards*.

The Honorable County Executive and
The Honorable Members of the County Council

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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 the County as of June 30, 2018, 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.

Emphasis of a Matter

During fiscal year ended June 30, 2018, the County adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of this standard, the County reported a restatement for the change in accounting principle (see Note 1P). Our auditors' opinion was not modified with respect to the restatement.

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 liabilities and related ratios, schedules of investment returns, schedules of employers' contributions, schedules of proportionate shares of pension plans, schedules of County's contributions, and schedules of changes in net OPEB liabilities and related ratios, 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.

The Honorable County Executive and
The Honorable Members of the County Council

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 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 section, 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 21, 2018, 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 results 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 21, 2018

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Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2018

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, 2017 have been provided.

Financial Highlights

Government-wide:

- The County wide assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources at the close of the fiscal year by \$831.0 million. The unrestricted portion is a negative \$1.3 billion which is composed of a deficit in the governmental activities of \$1.3 billion and a deficit of \$434.8 thousand 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 \$633.5 million and for college projects is \$46.3 million. The current net value of the Board of Education capital assets is \$1.22 billion and the community college net capital assets total \$91.9 million. In the current fiscal year, the governmental activities unrestricted deficit increased by \$35.1 million and the business-type activities deficit decreased by \$2.1 million.
- Total net position of the County has decreased by \$11.2 million or 1.3% over the prior fiscal year.
 - In the governmental activities, total revenues increased \$63.5 million or 3.9% and expenses increased \$144.5 or 9.0% from the prior fiscal year, resulting in a decrease of \$36.2 million in net position, which is \$80.5 million more than the prior fiscal year change. Increases in general property tax, local income tax, operating grants and contributions, charges for services, and capital grants and contribution revenues of \$21.4 million, \$20.7 million, \$9.4 million, \$5.5 million and \$4.7 million, respectively, were the primary drivers of the change in revenue. Higher expenses of \$144.5 million were primarily due to an increase in capital project funding for education, an increase of \$13.0 million sent to the Retiree Health Benefits Trust and an across the board labor increases related the cost of living and pay for performance increase of 2.0% and 2.5%, respectively, 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 increased by \$16.3 million or 7.1% and total expenses increased by \$1.4 million or 0.6%, from the prior fiscal year, resulting in a \$25.0 million increase in net position which is \$14.5 million more than the prior fiscal year change. The higher revenues were driven mainly by an increase in capital grants and developer contributions in the amount of \$12.4 million. This was primarily from an increase in connections fees of \$6.9 million in the debt service fund and an increase in capital grants of \$6.0 million which resulted in part from a \$5.7 million increase 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 \$468.8 million, an increase of \$3.2 million from the prior fiscal year. The greatest net change in fund balance was a \$10.8 million increase from the prior fiscal year, in the Non-major governmental funds mainly due to an increase in the Watershed Protection and Restoration Fund net position of \$7.0 million and an increase in Arundel Mills Tax Increment Fund net position of \$6.0 million. For fiscal year 2018, the Impact Fees Capital Projects Fund balance decreased \$9.2 million in part due to an increase of \$13.6 million in impact fees transferred to capital projects for construction of impact fee related projects. The General Fund balance decreased by \$0.147 million as a result of a decrease in operating revenue over expenses of \$2.2 million and other financing sources had an increase of \$2.1 million in the current fiscal year. Non-major governmental funds balance increased \$10.8 million due to an increase in net operating income of \$42.2 million, offset by a decrease other financing sources and uses of \$31.4 million.
- Approximately 66.7% of the total governmental fund balance or \$312.9 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, 2018

- Available fund balance for the General Fund was \$172.1 million or 98.4% of the total fund balance, which is 11.9% of the current year expenditures. Non-spendable fund balance of the General Fund was \$2.7 million or 1.6% of the total fund balance.
- The business-type activities charges for service increased by \$1.6 million or 1.1%, and capital contributions increased \$12.4 million or 17.9%. As discussed previously, this was primarily due to an increase in capital grants and developer contributions. Non-operating revenues increased by \$2.4 million or 13.1%, in part due to an increase in investment income of \$3.7 million from prior year. Operating expenditures increased by \$1.4 million or 0.6%, and non-operating expenses decreased by \$498 thousand, from the prior fiscal year.

Changes to debt:

- The County's general obligation bonded debt increased by \$94.6 million for governmental activities and \$42.3 million for business-type activity in fiscal year 2018. The County issued additional general obligation debt, excluding refunding, in the amount of \$195.9 million for governmental activities which will be used for education, public safety, infrastructure improvements, community college, library, watershed protection and restoration, waste management, and general government improvements. The County issued new bonds for business-type activity in the amount of \$67.8 million for utility improvements. The County had a net increase for Maryland Water Quality loans of \$3.0 million for water and waste water improvements.

Overview of Basic Financial Statements

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

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

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

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

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

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

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2018

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 non-major 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.

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.

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2018

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.

	Statement of Net Position					
	Governmental		Business-type		Totals	
	Activities		Activities			
	2018	2017 (restated)	2018	2017 (restated)	2018	2017 (restated)
Assets:						
Current	\$ 682,563,086	\$ 629,672,380	\$ 158,031,031	\$ 175,070,086	\$ 840,594,117	\$ 804,742,466
Restricted - Current	175,381,327	165,939,067	320,055,416	306,836,862	495,436,743	472,775,929
Restricted - Noncurrent	-	-	24,071,511	27,871,754	24,071,511	27,871,754
Capital	1,212,182,370	1,143,673,396	1,739,104,114	1,671,773,448	2,951,286,484	2,815,446,844
Total	<u>2,070,126,783</u>	<u>1,939,284,843</u>	<u>2,241,262,072</u>	<u>2,181,552,150</u>	<u>4,311,388,855</u>	<u>4,120,836,993</u>
Deferred outflow of resources	<u>177,988,336</u>	<u>209,406,335</u>	<u>21,807,583</u>	<u>23,787,100</u>	<u>199,795,919</u>	<u>233,193,435</u>
Liabilities:						
Current	308,584,505	270,661,625	91,353,746	103,234,725	399,938,251	373,896,350
Restricted - current	14,315,970	12,991,541	12,141,478	12,624,558	26,457,448	25,616,099
Noncurrent	2,277,503,290	2,294,969,283	816,487,217	778,625,108	3,093,990,507	3,073,594,391
Total	<u>2,600,403,765</u>	<u>2,578,622,449</u>	<u>919,982,441</u>	<u>894,484,391</u>	<u>3,520,386,206</u>	<u>3,473,106,840</u>
Deferred inflow of resources	<u>148,464,238</u>	<u>34,601,319</u>	<u>11,293,772</u>	<u>4,034,592</u>	<u>159,758,010</u>	<u>38,635,911</u>
Net Position:						
Net investment in capital assets	596,510,465	606,338,970	1,013,711,148	988,443,984	1,610,221,613	1,594,782,954
Restricted	159,431,091	150,761,114	318,517,100	320,888,890	477,948,191	471,650,004
Unrestricted	(1,256,694,440)	(1,221,632,674)	(434,806)	(2,512,607)	(1,257,129,246)	(1,224,145,281)
Total net position (restated)	<u>\$ (500,752,884)</u>	<u>\$ (464,532,590)</u>	<u>\$ 1,331,793,442</u>	<u>\$ 1,306,820,267</u>	<u>\$ 831,040,558</u>	<u>\$ 842,287,677</u>

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

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

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

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

Net position represents equity remaining once amounts due from liabilities and deferred inflows of resources are subtracted from assets available and deferred outflows of resources. There are three categories: net investment in capital assets 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.

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2018

Management's Analysis – Unrestricted current assets of governmental activities are \$52.9 million more in fiscal year 2018. This is due primarily to an increase in cash and temporary investments of \$57.2 million which was offset by a decrease in amounts due from component units of \$5.2 million. The business-type activities current assets decreased by \$17.1 million, primarily due to a decrease in cash and temporary investments, and inventory of \$16.1 million and \$886.5 thousand, respectively, from the prior fiscal year.

Restricted current assets in governmental activities increased by \$9.4 million or 5.7%. This was mainly from an increase in amounts due from other governmental agencies of \$7.9 million. The restricted cash in the Impact Fee Capital Projects Fund decreased by \$9.2 million in part due to an increase in fees recognized of \$11.6 million which was offset by an increase in expenses of \$4.0 million and an increase in transfers to capital projects of \$13.6 million. The General County Capital project fund had an increase in cash and investments of \$29.2 million. This increase is the result of additional bond funds of \$21.0 million for Board of Education projects. The Non-major Governmental Funds had an increase in cash and investments of \$10.4 million. This was mainly due to the following increases; amounts due from other governmental agencies of \$3.2 million; Watershed Protection and Restoration Fund operating income of \$1.1 million; tax incremental funds property tax of \$2.7 million; and Base Realignment and Construction (BRAC) funds transferred to Odenton Town Center in the amount of \$1.4 million. The decrease in current assets in business-type activities of \$17.0 million or 9.7% was primarily due to a decrease in cash and temporary investments of \$16.1 million. The increase in current restricted assets in business-type activities of \$13.2 million or 4.3%, was primarily due to an increase in cash and investments of \$9.6 million and an increase in receivables of \$3.6 million. The increase in cash was due mainly to the annual reallocation of cash in the Water and Wastewater Debt Service Fund and the increase in due from other governmental agencies was related to the Water and Wastewater Capital Projects Fund activity.

Restricted noncurrent assets in business-type activities decreased by \$3.8 million from the prior fiscal year or 13.6%. This decrease resulted from a reduction in deferred income related to water and waste water allocation fees.

The governmental capital assets balance increased by \$68.5 million from the prior fiscal year or 6.0%. Capital assets in the business-type activities increased by \$67.3 million or 4.0%. These increases are mainly the result of the completion of certain capital projects.

Current unrestricted liabilities for governmental activities increased by \$37.9 million or 14.0%, from the previous fiscal year. This occurred primarily due to increases in accounts payable and accrued liabilities, and amounts due to component units of \$16.3 million and \$13.9 million, respectively. The accounts payable and accrued liabilities increase was mainly from the General Fund and the General County Capital Projects Fund in the amount of \$6.7 and \$8.1 million, respectively. The current unrestricted liabilities in business-type activities decreased by \$11.9 million or 11.5%, from the prior fiscal. This change was in part caused by a decrease in accounts payables and accrued liabilities of \$2.9 million and a decrease in the current portion of noncurrent liabilities of \$9.0 million. The decrease in current long-term debt in part relates to landfill Cell 8, which stopped accepting waste in fiscal year 2018 and is in the process of closing. The current closure liability is decreasing as closing costs are incurred.

Restricted current liabilities for governmental activities increased by \$1.3 million or 10.0% from the prior fiscal year, mainly as a result of an increase in accrued liabilities of \$2.1 million. Restricted current liabilities for business-type activities decreased by \$0.5 million or 3.8% 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 \$17.5 million or 0.8%, in governmental activities, and increased by \$37.9 million or 4.9%, in business-type activities. The increase in governmental activities was mainly due to a decrease in the net pension and OPEB liability of \$113.9 million and \$11.0 million, respectively, which was offset by an increase in long-term debt of \$105.9 million. The change in pension and OPEB is related to updated actuary calculations, which includes changes in current contributions and favorable market conditions. The increase in the noncurrent liabilities in business-type activities of \$37.9 million or 4.9% for the current fiscal year, was caused primarily by an increase in the long-term bonded debt of \$44.7 million, offset by a decrease in the pension and OPEB liability of \$7.6 million and \$1.1 million, respectively.

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

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Year Ended June 30, 2018

are owned by the local Board of Education. Ownership reverts to the County if the building is no longer needed. The County also funds projects for the Community College and others that do not result in County assets. 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 \$1.21 billion and \$85.8 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 reduction in net position is the result of assets used for capital improvements classified in the Net Investment in Capital Assets and the recording of the pension benefits and OPEB obligation.

<u>Fiscal year</u>	<u>Balance (in millions)</u>	<u>Fiscal year</u>	<u>Balance (in millions)</u>
2015	\$ (1,151.0)	2017	\$ (1,221.6) restated
2016	(1,250.7) restated	2018	(1,256.7)

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

	<u>Governmental Activities</u>		<u>Business type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017 Restated</u>	<u>2018</u>	<u>2017 Restated</u>	<u>2018</u>	<u>2017 Restated</u>
Program Revenues:						
Charges for services	\$ 166,159,014	\$ 160,630,612	\$ 144,243,449	\$ 142,649,604	\$ 310,402,463	\$ 303,280,216
Operating grants & contributions	77,266,989	67,906,026	-	-	77,266,989	67,906,026
Capital grants & contributions	63,962,879	59,230,869	81,381,376	69,022,133	145,344,255	128,253,002
	<u>307,388,882</u>	<u>287,767,507</u>	<u>225,624,825</u>	<u>211,671,737</u>	<u>533,013,707</u>	<u>499,439,244</u>
General Revenues:						
General property taxes	718,910,308	697,494,766	-	-	718,910,308	697,494,766
Local income taxes	506,512,943	485,822,151	-	-	506,512,943	485,822,151
State shared taxes	7,339,021	8,361,513	-	-	7,339,021	8,361,513
Recordation & transfer taxes	110,642,661	109,395,916	-	-	110,642,661	109,395,916
Local sales taxes	32,744,465	32,938,166	-	-	32,744,465	32,938,166
Investment income	2,853,646	1,796,941	6,439,285	2,777,162	9,292,931	4,574,103
Other revenue	18,854,558	18,194,586	14,085,791	15,378,049	32,940,349	33,572,635
	<u>1,397,857,602</u>	<u>1,354,004,039</u>	<u>20,525,076</u>	<u>18,155,211</u>	<u>1,418,382,678</u>	<u>1,372,159,250</u>
Total revenues	<u>1,705,246,484</u>	<u>1,641,771,546</u>	<u>246,149,901</u>	<u>229,826,948</u>	<u>1,951,396,385</u>	<u>1,871,598,494</u>
Expenses:						
Education	874,498,215	756,618,157	-	-	874,498,215	756,618,157
Public safety	307,333,226	331,938,268	-	-	307,333,226	331,938,268
General government	185,020,939	159,232,011	-	-	185,020,939	159,232,011
Health & human services	78,173,467	81,710,252	-	-	78,173,467	81,710,252
Public works	100,960,854	91,046,360	-	-	100,960,854	91,046,360
Recreation & community services	70,716,740	66,894,229	-	-	70,716,740	66,894,229
Judicial	30,733,512	29,391,785	-	-	30,733,512	29,391,785
Code enforcement	13,831,887	14,962,443	-	-	13,831,887	14,962,443
Land use & development	25,246,088	12,026,002	-	-	25,246,088	12,026,002
Interest expense on debt	55,897,987	54,131,969	-	-	55,897,987	54,131,969
Water & wastewater	-	-	166,442,015	155,748,019	166,442,015	155,748,019
Waste collection	-	-	48,256,704	57,365,959	48,256,704	57,365,959
Child care	-	-	5,531,870	5,754,469	5,531,870	5,754,469
Total expenses	<u>1,742,412,915</u>	<u>1,597,951,476</u>	<u>220,230,589</u>	<u>218,868,447</u>	<u>1,962,643,504</u>	<u>1,816,819,923</u>
Increase(decrease) in net position	(37,166,431)	43,820,070	25,919,312	10,958,501	(11,247,119)	54,778,571
Non operating income and expense:						
County Transfer	946,137	447,804	(946,137)	(447,804)	-	-
Change in Net Position	<u>(36,220,294)</u>	<u>44,267,874</u>	<u>24,973,175</u>	<u>10,510,697</u>	<u>(11,247,119)</u>	<u>54,778,571</u>
Net Position, beg of year	(497,001,970)	(493,646,644)	1,319,371,242	1,296,309,570	822,369,272	802,662,926
Adjustment to restate net position	32,469,380	(15,153,820)	(12,550,975)	-	19,918,405	(15,153,820)
Net Position, end of year	<u>\$ (500,752,884)</u>	<u>\$ (464,532,590)</u>	<u>\$ 1,331,793,442</u>	<u>\$ 1,306,820,267</u>	<u>\$ 831,400,558</u>	<u>\$ 842,287,677</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 \$63.5 million or 3.9%. This is mainly due to an increase in General Property Taxes of \$21.4 million or 3.1% from the growth in real property assessable base, an increase in program revenues of \$19.6 million or 6.8%, as well as an increase in

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local income tax of \$20.7 million or 4.3%. The program revenue increase was related to an increase in operating grants and contributions of \$9.4 million, charges for service of \$5.5 Million, and capital grants and contributions of \$4.7 million.

The governmental activities' expenses had an increase of \$144.5 million or 9.0% from fiscal year 2017. Certain functional categories of expenditures had significant fluctuations during fiscal year 2018. The most notable fluctuations were in education, general government, public works, and land use and development which increased by \$117.9 million or 15.6%, \$25.8 million or 16.2%, \$9.9 million or 10.9% and \$13.2 million or 109.9%, respectively. These increases were partially offset by decreases in public safety, and health and human services which decreased by \$24.6 million or 7.4%, and \$3.5 million or 4.3%, respectively. The spending increase in public works was driven by an increase in fixed assets and capital impact fee expensed in the amount of \$5.9 million and \$4.1 million, respectively. The spending increase in general government was in part the result of an increase in the transfer to the OPEB Trust Fund in the amount of \$13.0 million compared to the prior fiscal year. The spending increase in education was as a result of the Board of Education spending more of the County's funds for capital improvements. The decrease in public safety spending was mainly driven by a decrease in other post-employment benefits as a result on implementing GASB 75. The increase in land use and was due to an increase in capital outlay for Arundel Gateway capital project. In fiscal year 2018, the County Employee's received a 2.0% cost of living increase and a 2.5% pay for performance increase.

Business-type activities overall revenues increased by \$16.3 million or 7.1% from fiscal year 2017. The increase in revenue is mainly due to an increase in capital grants and contributions of \$12.4 million or 17.9% from the previous fiscal year. This was mainly from a \$5.7 million increase in grant funding for the Cox Creek Water Reclamation Facility Enhanced Nutrient Removal and an increase in capital connections in the debt service fund of \$6.9 million. General revenues increased by \$2.4 million or 13.1% which was mainly from an increase in investment income of \$3.7 million from the prior fiscal year.

Business-type expenses had an overall increase of \$1.4 million or 0.6% from the previous fiscal year, which was primarily caused by an increase water and wastewater of \$10.7 million, which was offset by a decrease in waste collection of \$9.1 million. The increase in the Water and Wastewater Debt Service Fund was in part from a \$13.1 million increase in interest expense, as the County is no longer capitalizing interest expense related to bond funded capital projects. This change from the implementation of GASB 89 related to capitalized interest, resulted in an increase in interest expense of \$11.1 million in the current fiscal year. This was offset by an increase in interest income of \$3.2 million. The decrease in expense was in part due to a decrease in closure cost as a result of closing Cell 8.

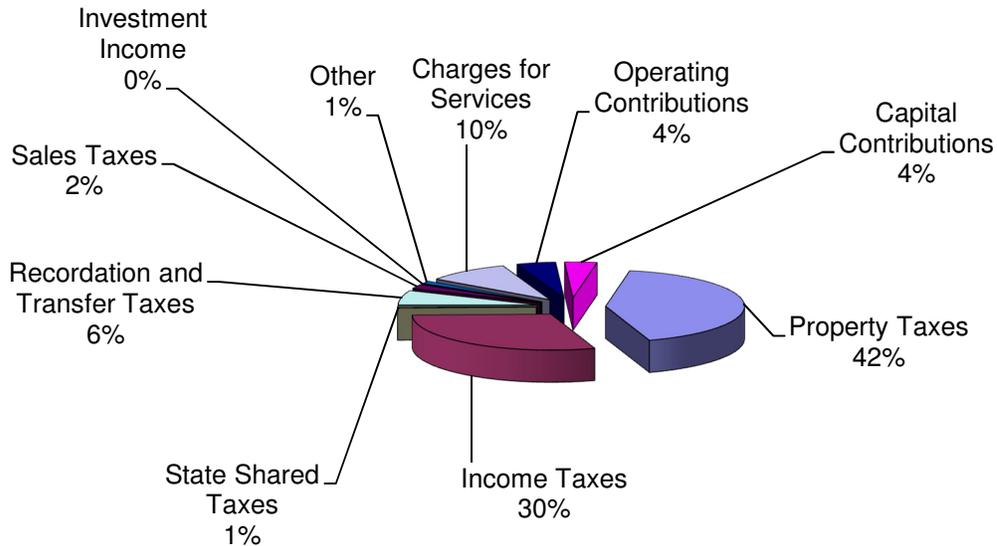
Distribution of Revenues and Expenses

The next two charts show the percentage distribution of revenues from governmental activities and the percentage expended on each function. Discussion of the 2018 distribution and significant changes since 2017 follows.

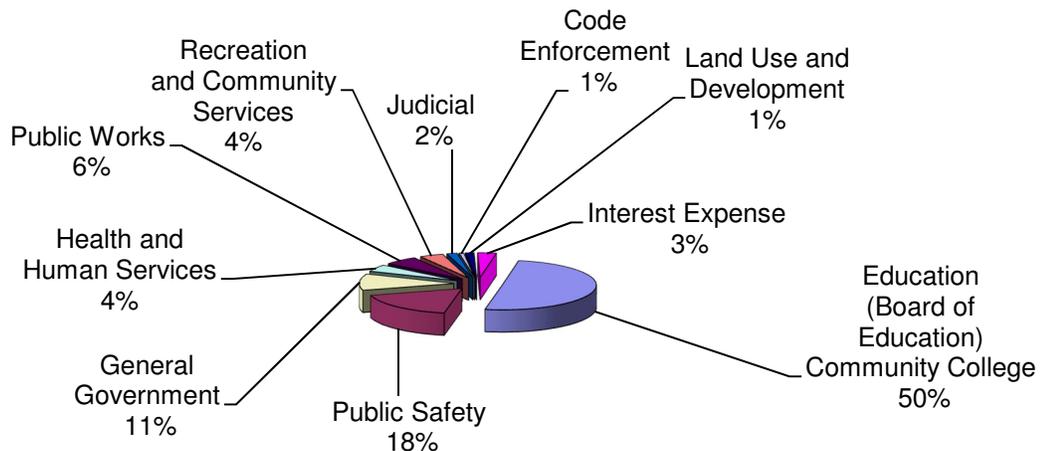
General revenue sources continue to provide the vast majority of the County's revenue. Tax revenues from property assessments, income, State shared sources, recordation and transfer, and sales provided 81% of the revenue base, which remained unchanged from fiscal year 2017. Charges for services paid to the County by users were 10% for fiscal year 2018, consistent with fiscal year 2017 which was also 10%.

An analysis of the percentage distribution of revenues revealed that there was a slight increase in income taxes from 29% to 30%, while recordation and transfer taxes decreased from 7% to 6%. An analysis of the percentage distribution of expenses by function revealed that the Board of Education and Community College as well as general government increased from 46% to 50% and 10% to 11%, respectively, while public safety and health and human services decreased from 22% to 18% and 5% to 4%, respectively.

Governmental Revenues Fiscal Year 2018



Governmental Expenses Fiscal Year 2018

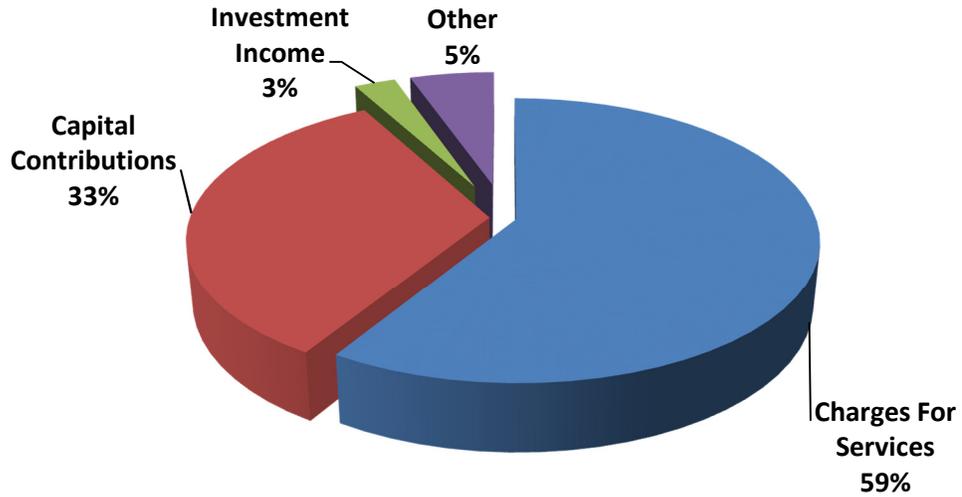


The next two charts show the percentage distribution of revenues from business-type activities and the percentage expended on each function. Discussion of the fiscal year 2018 distribution and significant changes since fiscal year 2017 follows.

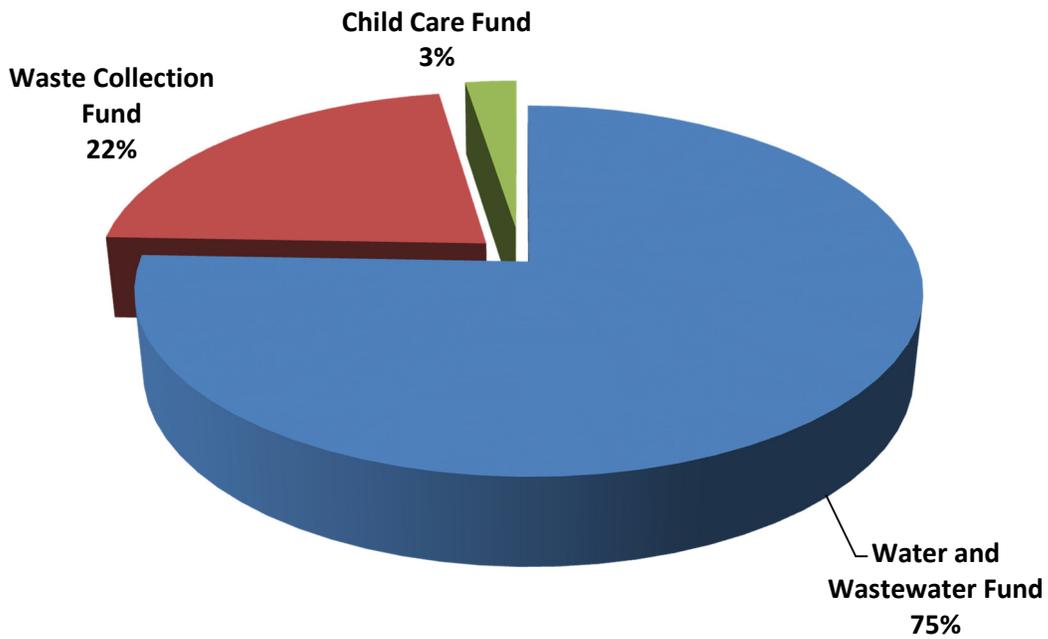
Charges for services and capital contributions continue to provide the vast majority of the County’s business-type activities revenue. Together these account for 92% of the revenue in fiscal year 2018, consistent with fiscal year 2017 which was also 92%.

An analysis of the percentage distribution of expenses by function revealed that the Water and Wastewater Fund and Child Care fund increased from 71% to 75% and 2% to 3%, respectively, while the Waste Collection Fund decreased from 27% to 22%.

Business-Type Activities Revenues Fiscal Year 2018



Business-Type Activities Expenses Fiscal Year 2018



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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 \$313.5 million to \$336.0 million or \$22.5 million, from the prior fiscal year. The increase primarily occurred in cash and investments of \$26.9 million which was offset by a decrease in local income tax receivables of \$1.1 million and amounts due from other funds of \$3.5 million. Total fund balance had a slight decrease in fund balance from \$175.02 million to \$174.88 million or \$0.15 million.

General Fund expenditures increased from \$1,380.2 million to \$1,448.0 million or \$67.9 million and revenues increased from \$1,401.2 million to \$1,445.8 million or \$44.6 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 investment income of \$19.4 million, \$16.7 million, \$4.2 million, and \$2.5 million, respectively. The video lottery local impact aid increase was as a result of an increase in table game revenues received from the State of Maryland. The State of Maryland began distributing the table game revenues in December of the prior fiscal year, therefore, the current fiscal year had an additional five months of revenue compared to the prior fiscal year.

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 \$63.4 million was in the reserve fund. This increase from the prior fiscal year is from the current year contribution of \$4.0 million and investment earnings of \$50.1 thousand. 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 \$9.2 million, from \$90.1 million in fiscal year 2017 to \$80.9 million in fiscal year 2018. This was a result of an increase in impact fees recognized of \$11.1 million in fiscal year 2018 compared to the prior fiscal year and a decrease in transfers to other funds of \$13.6 million with \$39.4 million transferred out in fiscal year 2018 compared to \$25.7 million in the 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 also an increase in expenses as \$6.6 million was recorded in fiscal year 2018 versus \$2.7 million in fiscal year 2017.

The General County Capital Projects Fund's total assets increased from \$189.8 million in fiscal year 2017 to \$218.5 million in fiscal year 2018, or \$28.7 million. This is primarily due to an increase in cash and investments of \$29.2 million at the end of current fiscal year. This is in part due to an increase in unspent funds of \$27.9 million, which includes an increase of bond premium of \$13.0 million compared to the prior fiscal year. Liabilities increased by \$22.3 million compared to the prior fiscal year, primarily due to an increase in both accounts payable and accrued liabilities of \$8.1 million, and amounts due to the Board of Education of \$13.1 million. Deferred inflow of resources increased \$4.7 million due to an increase in unavailable grant revenue. The net change in fund balance from the prior fiscal year increased from \$138.6 million to \$140.4 million in fiscal year 2018, for an increase of \$1.8 million in fund balance from the prior fiscal year.

Revenues in the General County Capital Projects Fund increased from \$12.5 million in fiscal year 2017 to \$12.8 million in fiscal year 2018, or by \$254.7 thousand. Expenditures in this fund increased by \$121.7 million which is attributed to an increase of \$83.0 million for amounts paid to the Board of Education and Community College for capital projects

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and a \$38.7 million increase in capital outlay expense. The increase in Board of Education and Community College is primarily attributable to the increase in cost for school construction. Although, school construction costs fluctuated based on various projects, Severna Park High School's construction costs increased by \$17.9 million and Crofton Area High School increased by \$16.2 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 \$2.13 billion at the end of fiscal year 2018, which was an increase of \$62.0 million over fiscal year 2017. The increase primarily occurred as a result of an increase in capital assets, and amounts due from other government agencies of \$68.2 million and \$4.4 million, respectively and a decrease in cash and investments, and deferred connection and assessment charges of \$5.1 million and \$3.8 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 an increase interest income in the debt service fund of \$2.9 million and an increase capital contributions and grants expense in the debt service fund capital project fund of \$6.9 million and \$6.0 million, respectively, as compared to prior year. This was offset by an increase in interest expense in the debt service fund of \$13.1 million. Liabilities have increased by \$36.2 million. The increase resulted primarily from additional long-term bonded debt of \$44.5 million. The increase was offset by a decrease in the pension benefits liability of \$6.2 million. As a result of the changes in assets and liabilities, the Water and Wastewater Fund's net position increased \$18.1 million or 1.4%.

The Statement of Revenues, Expenses, and Changes in Fund Net Position for Water and Wastewater Fund had a decrease in operating revenues of \$1.7 million. Operating expenses decreased by \$2.0 million or 1.4%. Non-operating revenue increased from the previous year by \$4.4 million. Capital contributions, fees and grants increased by \$12.4 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 decreased by \$2.9 million, primarily due to a net decrease in both capital assets of \$1.0 million and cash and investments of \$2.0 million. Liabilities decreased by \$10.4 million from the prior fiscal year. The decrease in estimated landfill closure of Cell 8 in the amount of \$11.9 million, contributed to this change. Cell 8 has stopped accepting trash in the current fiscal year. Actual expense to close the landfill in the amount of \$13.5 million were recorded as of June 30, 2018.

The Statement of Revenues, Expenses, and Changes in Fund Net Position for Solid Waste had an increase in operating revenue of \$1.0 million and a decrease in operating expenses of \$10.1 million. This contributed to an increase in net position of \$9.9 million at the end of the current fiscal year. The increase was in part from a decrease in depletion cost of \$5.1 million related to the closing of Cell 8.

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, 2017. Total investments in the Pension Trust increased by \$232.0 million in calendar year 2017. The Pension Fund net position increased from \$1.68 billion to \$1.91 billion or 13.6%. Contributions increased from \$80.4 million in 2016 to \$81.8 million during 2017 and investment activity increased by \$155.4 million from prior year. The net position of the OPEB Trust at the end of the current fiscal year was \$149.0 million, an increase of \$47.2 million from the prior fiscal year. Agency funds had a slight decrease from \$32.0 million in fiscal year 2017 to \$31.9 million in fiscal year 2018.

Budgetary Variations:

The budgetary statements of the General Fund show actual revenues of \$1.51 billion compared to budgeted amounts of \$1.47 billion, resulting in \$43.5 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

Anne Arundel County, Maryland
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taxes, which exceeded budgetary expectation by \$7.2 million or 1.1%, \$22.3 million or 4.6%, and \$10.6 million or 10.6%, respectively. The remaining positive variances were mainly due to increases in investment income, and fees for service and other revenues of \$3.3 million, and \$2.1 million, respectively. Inter-fund recoveries were less than originally expected by \$3.3 million as a result of not transferring funds to the General Fund from Arundel Mills Tax Increment District in the current fiscal year.

Total expenditures on a budgetary basis were \$1.50 billion compared to appropriation authority of \$1.52 billion, resulting in \$15.7 million or 0.3%, 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 2018.

In reviewing the changes from the original budget to the final budget, total budgeted revenues and budgeted expenses did not change. These expense increases were primarily in education and public works in the amount of \$3.1 million and \$3.5 million, respectively. There was a decrease in the general government original expense budget, compared the final budget in the amount of \$7.1 million to cover most of the shortfalls in the original budget. Management is not aware of any reasons why these and other budgetary variations would have a significant effect on future liquidity or services.

Capital Assets

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

Governmental capital assets – The governmental activities capital assets increased by \$68.5 million or 6.0%, from fiscal year 2017. The following table shows an increase in land and easements, land improvements, automobiles and rolling stock, and construction in progress of \$23.7 million, \$5.4 million, \$7.5 million, and \$41.7 million, respectively. These increases were partially offset by a decrease in buildings, roads and bridges, and furniture and fixtures of \$6.5 million, \$3.7 million and \$3.0 million, respectively.

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

- o \$13.3 million for land for the new Old Mill West High School
- o \$6.1 million for Information Technology Enhancement
- o \$7.1 million for Public Safety Radio System Upgrade
- o \$5.1 million for a new Police C.I.D Facility
- o \$5.1 million for park and trail improvements throughout the County
- o 43 new vehicles were purchased including fire trucks, ambulances, and various autos

Business-type capital assets – The business-type activities capital assets increased by \$67.3 million or 4.0%, from fiscal year 2017. The following table shows an increase in water and sewer plants and lines, automobiles and rolling stock, and construction in progress of \$56.6 million, \$1.0 million, and \$11.0 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:

- o \$27.4 million for Patuxent Water Reclamation Facility
- o \$11.6 million for general water and sewer main replacement and reconstruction
- o \$7.6 million for Cell 8 closure at landfill
- o \$7.9 million for Cox Creek Water Reclamation Facility enhanced nutrient removal
- o \$15.4 million for Dewatering Facilities

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Anne Arundel County, Maryland						
Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and easements	\$ 247,608,774	\$ 223,926,742	\$ 12,705,712	\$ 12,705,712	\$ 260,314,486	\$ 236,632,454
Historical property and works of art	4,166,465	4,166,465	-	-	4,166,465	4,166,465
Land improvements	155,882,526	150,516,506	-	-	155,882,526	150,516,506
Landfills			29,943,292	30,497,017	29,943,292	30,497,017
Buildings	187,769,157	194,261,459	37,994,255	39,020,875	225,763,412	233,282,334
Roads, bridges and signals	178,242,447	181,919,557	-	-	178,242,447	181,919,557
Sidewalks, curbs and gutters	33,729,361	31,886,162	-	-	33,729,361	31,886,162
Storm drains and culverts	145,933,167	144,293,332	-	-	145,933,167	144,293,332
Water and sewer plants and lines	-	-	1,107,601,148	1,051,005,106	1,107,601,148	1,051,005,106
Automobiles and rolling stock	43,069,970	35,566,587	7,028,764	6,040,993	50,098,734	41,607,580
Furniture and equipment	21,281,468	24,311,594	12,152,988	11,869,119	33,434,456	36,180,713
Software	1,569,588	1,645,002	-	-	1,569,588	1,645,002
Construction in progress	192,929,447	151,179,990	531,677,955	520,634,626	724,607,402	671,814,616
Total	\$ 1,212,182,370	\$ 1,143,673,396	\$ 1,739,104,114	\$ 1,671,773,448	\$ 2,951,286,484	\$ 2,815,446,844

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

Anne Arundel County, Maryland				
Analysis of Depreciable Assets				
	Total Depreciable Capital Assets	Less Accumulated Depreciation	Net Depreciable Capital Assets	Accumulated Depreciation as a Percent of Total
Governmental				
2018	\$ 1,666,353,729	\$ (898,876,045)	\$ 767,477,684	54%
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%
Business-type				
2018	\$ 2,109,864,062	\$ (915,143,615)	\$ 1,194,720,447	43%
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%

This analysis shows that the percent of depreciated governmental capital assets has increased in the last year to 54.0% at fiscal year-end 2018. 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.

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

Anne Arundel County, Maryland
Management Discussion and Analysis
Year Ended June 30, 2018

Debt Administration

The County's outstanding debt at the end of fiscal years 2018 and 2017 is presented in the table below. The County issued general obligation bonds, net of refunding, of \$263.7 million in March 2018, including \$190.7 million for governmental activities, \$73 million for business-type activities to fund improvements for general county capital projects of \$190.7 million, waste management projects of \$5.2 million, and water and sewer projects of \$67.8 million. In May 2018, the County also refunded Tax Increment bonds in the amount of \$40.4 million. The refunding resulted in net present value savings of \$13.7 million in debt service expense. The County increased its debt in Maryland Water Quality loans for water and waste water improvements by \$1.8 million in the Water and Wastewater Fund.

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 \$240,747 were made on existing loans. Payments for leases totaling \$54,869 resulted in a decrease in the capital lease balance to \$24,015. The County did not initiate new agricultural easements through installment purchase agreements during fiscal year 2018. Other changes to debt balances resulted from principal payments during fiscal year 2018. Additional information about the County's debt and changes therein is provided in Note 8 to the basic financial.

Anne Arundel County, Maryland						
Outstanding Debt *						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 1,143,871,707	\$ 1,041,811,891	\$ 662,261,805	\$ 619,955,848	\$ 1,806,133,512	\$ 1,661,767,739
Special assessment debt	73,700,000	81,130,000	-	-	73,700,000	81,130,000
State loans	2,526,740	2,767,487	-	-	2,526,740	2,767,487
Capital leases	24,015	78,884	-	-	24,015	78,884
Installment purchase agreements	13,525,000	13,545,000	-	-	13,525,000	13,545,000
Total	<u>\$ 1,233,647,462</u>	<u>\$ 1,139,333,262</u>	<u>\$ 662,261,805</u>	<u>\$ 619,955,848</u>	<u>\$ 1,895,909,267</u>	<u>\$ 1,759,289,110</u>

* Does not include unamortized premiums.

Fiscal Year 2018 and Beyond

- The County Real Property Tax Rate for fiscal year 2019 is \$0.902 per \$100 of assessed valuation. This is a \$0.005 decrease over previous year's property tax rate. The County Council enacted Bill 81-17 which provides County public safety officers, living within the County, with a property tax credit of up to \$2,500 annually for five years. The County Council also passed Resolution 47-17 supporting a property tax reduction below the maximum allowed under the County's property tax revenue cap for all property taxpayers of an equivalent amount, so as to offset the potential property tax increase taxpayers would face due to the \$2,500 property tax credit for County public safety officers. The fiscal year 2019 estimated amount of this credit is about \$1.49 million. Therefore, the fiscal year 2019 Property Tax Rate is set \$0.002 below the maximum rate determined by the County's property tax revenue cap. Fiscal year 2019 property tax receipts are estimated to increase 3.7% over the fiscal year 2018. 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 2019 County income tax rate at 2.50%. Fiscal year 2019 income tax revenue is projected to increase 2.4% over the fiscal year 2018. 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 \$518.0 million for fiscal year 2019.
- 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 2019, the Watershed Protection and Restoration Fund had an approved budget of \$18.8 million.

Anne Arundel County, Maryland
Management Discussion and Analysis
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- For fiscal year 2019, the Anne Arundel County Public Schools are funded by the County at \$687.1 million, a \$38.2 million or 3.7% increase over the prior fiscal year (after excluding one-time funding). This funding level exceeds the required Maintenance of Effort for fiscal 2019. Anne Arundel County Public Schools fiscal year 2019 capital budget contains forty-nine planned projects totaling \$181.4 million or 47.8% of the General County capital projects. Of the total General Fund debt service budget, 57.0% is allocated for school debt.
- The County's support of the Anne Arundel Community College increased \$2.1 million in fiscal year 2019 over fiscal year 2018 to a total of \$44.1 million, \$42.4 million from General Fund and \$2.1 million from Video Lottery Local Impact Aid Special Revenue Fund. The County has appropriated \$27.4 million for Anne Arundel County Community College's fiscal year 2019 capital projects, which will be financed by issuing general obligation bonds. The Community College's annual debt service of \$7.5 million is paid by the County.

These and other economic factors were considered when preparing the fiscal year 2019 General Fund budget, which estimates total revenues at \$1.53 billion, an increase of \$66.7 million or 4.6% over fiscal year 2018 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 2019 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 2019.

There are no new taxes to fund the fiscal year 2019 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 water and wastewater fees for fiscal year 2019 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.

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, 2018

	Primary Government			Discretely Presented Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Non-major
ASSETS						
Current Assets						
Cash and temporary investments	\$ 497,265,599	\$ 131,356,292	\$ 628,621,891	\$ 207,887,955	\$ 20,176,998	\$ 6,940,062
Taxes and other revenue receivable	146,780,097	-	146,780,097	10,999,611	319,749	-
Service billings receivable	-	23,982,271	23,982,271	-	-	70,770
Prepaid and other assets	28,237,344	50,302	28,287,646	18,583,954	3,833,770	2,793,208
Inventories	3,476,105	2,642,166	6,118,271	2,702,536	1,166,704	39,989
Receivables	-	-	-	-	-	131,715
Due from primary government	-	-	-	36,421,575	2,131,839	879,193
Due from component units	6,803,941	-	6,803,941	-	-	-
Restricted assets						
Cash and temporary investments	147,701,433	22,668,215	170,369,648	-	-	80,461
Investments	-	274,505,488	274,505,488	-	-	-
Receivables	-	-	-	-	-	-
Due from other governmental agencies	25,196,891	13,458,769	38,655,660	-	-	-
Other, net	2,483,003	9,422,944	11,905,947	-	-	-
Total current assets	<u>857,944,413</u>	<u>478,086,447</u>	<u>1,336,030,860</u>	<u>276,595,631</u>	<u>27,629,060</u>	<u>10,935,398</u>
Non-current Assets						
Restricted assets						
Long term assessment and connection charges	-	24,071,511	24,071,511	-	-	-
Total non-current restricted assets	-	24,071,511	24,071,511	-	-	-
Loans receivable and other assets	-	-	-	-	15,754,515	6,701,150
Capital assets not being depreciated	444,704,686	544,383,667	989,088,353	205,465,532	5,607,664	78,315
Capital assets being depreciated	1,666,353,729	2,109,864,062	3,776,217,791	1,880,856,186	184,962,716	34,091,482
Less accumulated depreciation	(898,876,045)	(915,143,615)	(1,814,019,660)	(862,083,060)	(98,661,011)	(14,288,234)
	<u>767,477,684</u>	<u>1,194,720,447</u>	<u>1,962,198,131</u>	<u>1,018,773,126</u>	<u>86,301,705</u>	<u>19,803,248</u>
Total capital assets	<u>1,212,182,370</u>	<u>1,739,104,114</u>	<u>2,951,286,484</u>	<u>1,224,238,658</u>	<u>91,909,369</u>	<u>19,881,563</u>
Total non-current assets	<u>1,212,182,370</u>	<u>1,763,175,625</u>	<u>2,975,357,995</u>	<u>1,224,238,658</u>	<u>107,663,884</u>	<u>26,582,713</u>
Total assets	<u>2,070,126,783</u>	<u>2,241,262,072</u>	<u>4,311,388,855</u>	<u>1,500,834,289</u>	<u>135,292,944</u>	<u>37,518,111</u>
DEFERRED OUTFLOW OF RESOURCES						
Pension benefits	120,755,651	10,263,072	131,018,723	16,605,636	908,102	1,269,027
OPEB benefits	48,742,853	6,338,362	55,081,215	43,572,871	3,720,000	1,699,115
LOSAP benefits	1,522,425	-	1,522,425	-	-	-
Unamortized deferred refunding loss	6,967,407	5,206,149	12,173,556	-	258,495	-
Total deferred outflow of resources	<u>177,988,336</u>	<u>21,807,583</u>	<u>199,795,919</u>	<u>60,178,507</u>	<u>4,886,597</u>	<u>2,968,142</u>

Anne Arundel County, Maryland
Statement of Net Position
June 30, 2018

	Primary Government			Discretely Presented Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Non-major
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	102,909,047	47,049,520	149,958,567	168,624,423	8,075,720	1,792,366
Current portion of non-current liabilities	158,989,653	46,052,007	205,041,660	23,671,862	-	1,165,303
Notes payable	-	-	-	-	793,714	995,417
Internal balances	2,316,901	(2,316,901)	-	-	-	-
Due to primary government	-	-	-	6,803,941	-	-
Due to component units	39,432,607	-	39,432,607	-	-	-
Escrow deposits	4,936,297	569,120	5,505,417	-	-	-
Unearned revenue	-	-	-	3,230,989	6,544,058	572,032
Liabilities related to restricted assets						
Accounts payable and accrued liabilities	7,016,531	7,373,519	14,390,050	-	-	256,010
Escrow and other deposits	5,561,273	-	5,561,273	-	-	-
Unearned revenue	1,738,166	4,767,959	6,506,125	-	-	-
Total current liabilities	<u>322,900,475</u>	<u>103,495,224</u>	<u>426,395,699</u>	<u>202,331,215</u>	<u>15,413,492</u>	<u>4,781,128</u>
Non-current liabilities						
Compensated absences and other obligations	49,502	3,718	53,220	22,422,793	1,475,681	-
Accrued liability for pension benefits	425,726,699	39,165,508	464,892,207	58,236,759	3,322,957	4,597,979
Accrued liability for other post-employment benefits	500,609,441	65,421,737	566,031,178	2,208,059,000	58,266,805	36,708,218
Accrued liability for LOSAP	18,155,961	-	18,155,961	-	-	-
Unpaid insurance claims	63,029,400	-	63,029,400	-	-	-
Estimated landfill closure and postclosure	-	21,941,743	21,941,743	-	-	-
Long-term debt	1,269,932,287	688,776,098	1,958,708,385	8,677,549	9,822,890	1,177,359
Due to other governments	-	-	-	-	-	5,767,833
Unearned revenue	-	1,178,413	1,178,413	-	-	-
Total non-current liabilities	<u>2,277,503,290</u>	<u>816,487,217</u>	<u>3,093,990,507</u>	<u>2,297,396,101</u>	<u>72,888,333</u>	<u>48,251,389</u>
Total liabilities	<u>2,600,403,765</u>	<u>919,982,441</u>	<u>3,520,386,206</u>	<u>2,499,727,316</u>	<u>88,301,825</u>	<u>53,032,517</u>
DEFERRED INFLOW OF RESOURCES						
Pension benefits	131,124,696	10,641,877	141,766,573	8,994,445	794,810	1,330,558
OPEB benefits	4,988,328	651,895	5,640,223	334,660,000	6,567,103	2,994,308
LOSAP benefits	960,595	-	960,595	-	-	-
Property tax revenue collected in subsequent year	11,390,619	-	11,390,619	-	-	-
Total deferred inflow of resources	<u>148,464,238</u>	<u>11,293,772</u>	<u>159,758,010</u>	<u>343,654,445</u>	<u>7,361,913</u>	<u>4,324,866</u>
NET POSITION						
Net investment in capital assets	596,510,465	1,013,711,148	1,610,221,613	1,213,875,854	85,799,555	18,638,030
Restricted for:						
Debt service	7,168,724	303,151,272	310,319,996	-	-	-
Capital improvements	115,345,559	13,458,769	128,804,328	-	-	-
Scholarships/endowments	-	-	-	-	8,587,140	-
Reforestation	6,878,019	-	6,878,019	-	-	-
Other purposes	30,038,789	1,907,059	31,945,848	21,213,490	-	742,019
Unrestricted	(1,256,694,440)	(434,806)	(1,257,129,246)	(2,517,458,309)	(49,870,892)	(36,251,179)
Total net position (deficit)	<u>\$ (500,752,884)</u>	<u>\$ 1,331,793,442</u>	<u>\$ 831,040,558</u>	<u>\$ (1,282,368,965)</u>	<u>\$ 44,515,803</u>	<u>\$ (16,871,130)</u>

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

Anne Arundel County, Maryland

Statement of Activities

Year Ended June 30, 2018

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
Education	\$ 874,498,215	\$ -	\$ -	\$ 19,741,831
Public safety	307,333,226	31,083,545	4,557,395	1,267,105
General government	185,020,939	61,345,081	1,121,777	5,096,110
Health and human services	78,173,467	9,955,150	31,038,966	-
Public works	100,960,854	24,548,005	4,715,256	29,246,646
Recreation and community services	70,716,740	19,544,809	33,153,637	8,371,016
Judicial	30,733,512	3,024,377	2,278,383	-
Code enforcement	13,831,887	14,360,867	-	-
Land use and development	25,246,088	2,297,180	4,883	240,171
Interest on debt and leases	55,897,987	-	396,692	-
	<u>1,742,412,915</u>	<u>166,159,014</u>	<u>77,266,989</u>	<u>63,962,879</u>
Business-type activities				
Water and wastewater	166,442,015	85,274,579	-	81,381,376
Waste collection	48,256,704	53,161,983	-	-
Child care	5,531,870	5,806,887	-	-
	<u>220,230,589</u>	<u>144,243,449</u>	<u>-</u>	<u>81,381,376</u>
Total primary government	\$ <u>1,962,643,504</u>	\$ <u>310,402,463</u>	\$ <u>77,266,989</u>	\$ <u>145,344,255</u>
Component units				
Board of Education	\$ 1,365,298,248	13,914,402	198,565,438	\$ 173,289,547
Community College	144,271,482	41,409,725	16,103,816	6,046,776
Library System	26,042,152	820,684	4,045,312	-
Economic Development Corp	3,418,854	218,602	51,831	-
Tipton Airport Authority	2,174,889	1,792,217	-	750,032
Workforce Development	9,964,920	211,343	9,685,254	55,808
	<u>1,551,170,545</u>	<u>58,366,973</u>	<u>228,451,651</u>	<u>180,142,163</u>

General revenues
 General property taxes
 Local income taxes
 State shared taxes - unrestricted
 Recordation and transfer taxes
 Local sales taxes
 Unrestricted contributions
 Investment income
 Other revenue
 County transfer
 Total general revenues

Changes in net position

Net position, July 1 (as restated)

Net position, June 30

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 Non-major
\$ (854,756,384)	\$ -	\$ (854,756,384)	\$ -	\$ -	\$ -
(270,425,181)	-	(270,425,181)	-	-	-
(117,457,971)	-	(117,457,971)	-	-	-
(37,179,351)	-	(37,179,351)	-	-	-
(42,450,947)	-	(42,450,947)	-	-	-
(9,647,278)	-	(9,647,278)	-	-	-
(25,430,752)	-	(25,430,752)	-	-	-
528,980	-	528,980	-	-	-
(22,703,854)	-	(22,703,854)	-	-	-
(55,501,295)	-	(55,501,295)	-	-	-
<u>(1,435,024,033)</u>	<u>-</u>	<u>(1,435,024,033)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	213,940	213,940	-	-	-
-	4,905,279	4,905,279	-	-	-
-	275,017	275,017	-	-	-
-	5,394,236	5,394,236	-	-	-
<u>(1,435,024,033)</u>	<u>5,394,236</u>	<u>(1,429,629,797)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	(979,528,861)	-	-
-	-	-	-	(80,711,165)	-
-	-	-	-	-	(21,176,156)
-	-	-	-	-	(3,148,421)
-	-	-	-	-	367,360
-	-	-	-	-	<u>(12,515)</u>
-	-	-	(979,528,861)	(80,711,165)	(23,969,732)
718,910,308	-	718,910,308	-	-	-
506,512,943	-	506,512,943	-	-	-
7,339,021	-	7,339,021	-	-	1,000,000
110,642,661	-	110,642,661	-	-	-
32,744,465	-	32,744,465	-	-	-
-	-	-	982,926,027	79,112,778	23,168,018
2,853,646	6,439,285	9,292,931	1,857,351	1,135,886	18,995
18,854,558	14,085,791	32,940,349	2,887,024	361,859	91,689
946,137	(946,137)	-	-	-	-
<u>1,398,803,739</u>	<u>19,578,939</u>	<u>1,418,382,678</u>	<u>987,670,402</u>	<u>80,610,523</u>	<u>24,278,702</u>
(36,220,294)	24,973,175	(11,247,119)	8,141,541	(100,642)	308,970
<u>(464,532,590)</u>	<u>1,306,820,267</u>	<u>842,287,677</u>	<u>(1,290,510,506)</u>	<u>44,616,445</u>	<u>(17,180,100)</u>
\$ <u>(500,752,884)</u>	\$ <u>1,331,793,442</u>	\$ <u>831,040,558</u>	\$ <u>(1,282,368,965)</u>	\$ <u>44,515,803</u>	\$ <u>(16,871,130)</u>

Anne Arundel County, Maryland

Balance Sheet

Governmental Funds

June 30, 2018

	Major Funds			Non-major	Totals
	General	Impact Fees Capital Projects	General County Capital Projects	Governmental Funds	
ASSETS					
Cash and investments	\$ 165,106,850	\$ 80,502,879	\$ 198,319,742	\$ 82,429,788	\$ 526,359,259
Receivables					
Property taxes					
(net of \$1,646,679 allowance)	441,219	-	-	-	441,219
Local sales taxes	6,520,092	-	-	-	6,520,092
State shared revenues	2,867,709	-	-	-	2,867,709
Due from other governmental agencies	1,878,403	-	13,414,690	11,782,201	27,075,294
Due from other funds	4,104,771	-	-	-	4,104,771
Due from Board of Education	31,027	-	6,772,914	-	6,803,941
Local income tax	135,072,674	-	-	-	135,072,674
Other, net	17,198,317	415,342	9,470	2,067,661	19,690,790
Inventories	2,738,022	-	-	-	2,738,022
Other assets	18,701	-	-	-	18,701
Total assets	<u>\$ 335,977,785</u>	<u>\$ 80,918,221</u>	<u>\$ 218,516,816</u>	<u>\$ 96,279,650</u>	<u>\$ 731,692,472</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 39,702,087	\$ -	\$ 29,133,746	\$ 7,016,531	\$ 75,852,364
Due to other funds	7,610,490	-	-	4,104,771	11,715,261
Due to component units					
Board of Education	-	-	36,421,576	-	36,421,576
Community College	-	-	2,131,839	-	2,131,839
Library	879,192	-	-	-	879,192
Economic Development	-	-	-	-	-
Escrow and other deposits	4,891,689	-	44,608	5,561,273	10,497,570
Unearned revenue	-	-	-	1,738,166	1,738,166
Total liabilities	<u>53,083,458</u>	<u>-</u>	<u>67,731,769</u>	<u>18,420,741</u>	<u>139,235,968</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable property tax revenue	-	-	-	-	-
Unavailable program revenue	358,579	-	-	-	358,579
Unavailable local income tax	95,201,745	-	-	-	95,201,745
Unavailable grant and program revenue	-	-	10,433,857	5,188,435	15,622,292
Unavailable 911 fees	1,065,772	-	-	-	1,065,772
Property tax assessments collected for subsequent year	11,390,619	-	-	-	11,390,619
Total deferred inflow of resources	<u>108,016,715</u>	<u>-</u>	<u>10,433,857</u>	<u>5,188,435</u>	<u>123,639,007</u>
FUND BALANCES					
Non-spendable	2,738,022	-	-	-	2,738,022
Restricted	-	80,918,221	5,448,409	66,856,563	153,223,193
Committed	-	-	-	15,228,305	15,228,305
Assigned	89,215,268	-	134,902,781	-	224,118,049
Unassigned	82,924,322	-	-	(9,414,394)	73,509,928
Total fund balances	<u>174,877,612</u>	<u>80,918,221</u>	<u>140,351,190</u>	<u>72,670,474</u>	<u>468,817,497</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 335,977,785</u>	<u>\$ 80,918,221</u>	<u>\$ 218,516,816</u>	<u>\$ 96,279,650</u>	<u>\$ 731,692,472</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, 2018

Total fund balance for governmental funds as shown on the Balance Sheet	\$	468,817,497
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on governmental funds balance sheet		
Capital assets		2,030,505,739
Accumulated depreciation		(844,596,107)
Deferred Outflows of Resources		
Unamortized loss on refunding		6,967,407
Certain liabilities not due and payable in the current period and, therefore, not included on governmental funds balance sheet		
Long-term bonded debt		(1,379,892,219)
Federal and state loans		(2,526,740)
Wynne liability due to State of Maryland		(17,470,172)
Pension benefits		(429,491,850)
Other post-employment benefits		(447,976,153)
LOSAP		(17,594,131)
Compensated absences		(25,256,223)
Long-term leases		(24,015)
Accrued interest payable on debt recorded in governmental activities		(13,086,653)
Deferred revenues		
Revenues not available for use in the current fiscal year deferred until future periods on the governmental funds balance sheet		112,248,388
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		59,827,406
Business-type activities allocation of Internal Service Funds net position		(3,452,581)
Certain expenditures paid with current resources deferred to future periods on the Statement of Net Position		<u>2,247,523</u>
Total net position (deficit) for governmental activities as shown on Statement of Net Position	\$	<u><u>(500,752,884)</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, 2018

	Major Funds			Non-major	Totals
	General	Impact Fees Capital Projects	General County Capital Projects	Governmental Funds	
REVENUES					
General property taxes	\$ 675,622,755	\$ -	\$ -	\$ 45,095,466	\$ 720,718,221
Local income taxes	508,267,424	-	-	-	508,267,424
State shared taxes	11,624,829	-	-	-	11,624,829
Grants and aid	-	-	8,165,766	40,607,377	48,773,143
Recordation and transfer taxes	110,642,661	-	-	-	110,642,661
Local sales taxes	32,744,465	-	-	-	32,744,465
License and permit fees	18,132,998	-	-	-	18,132,998
Ambulance fees	11,833,040	-	-	-	11,833,040
Cable fees	11,056,998	-	-	-	11,056,998
Impact fees	-	35,651,712	-	-	35,651,712
Special community benefit taxes	-	-	-	8,471,575	8,471,575
Video lottery local impact aid	9,575,797	-	-	18,366,717	27,942,514
Watershed protection and restoration	-	-	-	21,665,866	21,665,866
Investment income	3,343,438	1,161,406	984,180	1,071,418	6,560,442
Fees for services and other revenue	52,921,057	-	3,604,549	5,037,431	61,563,037
Total revenues	1,445,765,462	36,813,118	12,754,495	140,315,850	1,635,648,925
EXPENDITURES					
Current					
Education	722,012,200	84,430	150,701,585	1,700,000	874,498,215
Public safety	285,369,437	-	-	12,310,157	297,679,594
General government	134,754,696	-	-	4,301,217	139,055,913
Health and human services	46,926,623	-	-	29,085,308	76,011,931
Public works	35,404,983	6,537,845	-	9,905,872	51,848,700
Recreation and community services	43,740,699	-	-	17,005,024	60,745,723
Judicial	26,495,668	-	-	2,652,891	29,148,559
Code enforcement	12,896,330	-	-	1,150,194	14,046,524
Land use and development	6,609,485	-	-	2,003,707	8,613,192
Capital outlay	-	-	151,503,207	-	151,503,207
Debt service					
Interest payments on debt and capital leases	47,399,444	-	-	7,087,821	54,487,265
Principal payments on debt	86,350,499	-	-	10,961,438	97,311,937
Principal payments on leases	54,869	-	-	-	54,869
Total expenditures	1,448,014,933	6,622,275	302,204,792	98,163,629	1,855,005,629
Revenues over (under) expenditures	(2,249,471)	30,190,843	(289,450,297)	42,152,221	(219,356,704)
OTHER FINANCING SOURCES (USES)					
Transfers in	32,216,079	-	291,278,873	3,906,606	327,401,558
Transfers out	(205,656,535)	(39,376,210)	(984,180)	(81,384,633)	(327,401,558)
General obligation bonds issued	175,543,000	-	-	15,107,000	190,650,000
Refunding bonds issued	-	-	-	40,380,000	40,380,000
Payments to escrow agent	-	-	-	(41,643,919)	(41,643,919)
Premium from sale of bonds	-	-	-	30,959,363	30,959,363
COI on refunding bonds	-	-	-	(698,850)	(698,850)
Premium on refunding of bonds	-	-	-	1,962,769	1,962,769
Transfer from Water and Wastewater Fund	-	-	722,000	-	722,000
Transfers from Solid Waste Fund	-	-	188,000	36,137	224,137
Total other financing sources (uses)	2,102,544	(39,376,210)	291,204,693	(31,375,527)	222,555,500
Net change in fund balances	(146,927)	(9,185,367)	1,754,396	10,776,694	3,198,796
Fund balances, July 1	175,024,539	90,103,588	138,596,794	61,893,780	465,618,701
Fund balances, June 30	\$ 174,877,612	\$ 80,918,221	\$ 140,351,190	\$ 72,670,474	\$ 468,817,497

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, 2018

Changes in fund balances as shown on Statement of Revenues,
Expenditures, and Changes in Fund Balances, Governmental Funds \$ 3,198,796

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	108,248,317
Current year disposals of capital assets	(1,004,393)
Depreciation expense recorded in the Statement of Activities	(44,756,237)

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	(231,030,000)
Principal payments on debt	136,660,931
Change in Wynne case accrued liability	(88,624)
LOSAP	599,796
Lease payments	54,869
Change in accrued interest payable	(1,410,722)
Loss on refunding	2,294,925
Amortization of prior year refunding gain/loss	(1,166,030)
Accrual of compensated absences	(517,948)
Accrual of pension benefits	(22,806,535)
Accrual of other post-employment benefit liability	12,147,447

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	2,247,523
Amortization of expenditures deferred in previous years	(1,740,753)

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	(32,922,132)
Amortization of amounts deferred	17,896,445

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.

4,354,378

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.

13,519,653

Changes in net position as shown in governmental activities on the Statement of Activities \$ (36,220,294)

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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General property taxes	\$ 668,448,500	\$ 668,448,500	\$ 675,622,755	\$ 7,174,255
Local income taxes	486,000,000	486,000,000	508,267,424	22,267,424
State shared taxes	11,528,800	11,528,800	11,624,829	96,029
Recordation and transfer taxes	100,000,000	100,000,000	110,642,661	10,642,661
Local sales taxes	32,901,000	32,901,000	32,744,465	(156,535)
Licenses and permits	17,451,200	17,451,200	18,132,998	681,798
Ambulance fees	11,000,000	11,000,000	11,833,040	833,040
Cable fees	11,000,000	11,000,000	11,056,998	56,998
Video Lottery Impact Aid	9,600,000	9,600,000	9,575,797	(24,203)
Investment income	600,000	600,000	3,871,818	3,271,818
Interfund recoveries	66,027,200	66,027,200	62,528,230	(3,498,970)
Fees for services and other revenues	50,154,300	50,154,300	52,299,292	2,144,992
Total revenues	<u>1,464,711,000</u>	<u>1,464,711,000</u>	<u>1,508,200,307</u>	<u>43,489,307</u>
EXPENDITURES				
Current				
Education	678,639,500	681,724,500	681,724,500	-
Higher education	40,287,700	40,287,700	40,287,700	-
Public safety	288,148,900	288,276,000	284,771,283	3,504,717
General government	172,869,600	165,767,200	160,259,995	5,507,205
Health and human services	51,460,100	51,519,100	48,518,870	3,000,230
Public works	33,826,100	37,318,100	35,745,382	1,572,718
Recreation and community services	45,898,800	46,215,600	45,335,878	879,722
Judicial	27,324,000	27,324,000	26,863,444	460,556
Land use and development	7,583,500	7,608,500	7,551,899	56,601
Code enforcement	13,327,100	13,327,100	12,889,397	437,703
Debt service	132,789,500	132,787,000	132,538,042	248,958
Pay go funding - capital projects	26,700,000	26,700,000	26,700,000	-
Total expenditures	<u>1,518,854,800</u>	<u>1,518,854,800</u>	<u>1,503,186,390</u>	<u>15,668,410</u>
Revenues over (under) expenditures	\$ <u>(54,143,800)</u>	<u>(54,143,800)</u>	5,013,917	\$ <u>59,157,717</u>
Fund balances, budgetary, July 1			<u>102,089,206</u>	
Fund balances, budgetary, June 30			\$ <u>107,103,123</u>	
Fund balance - GAAP Basis			\$ 174,877,612	
Non-spendable			(2,738,022)	
Assigned			(89,163,399)	
Unassigned - Revenue reserve allocation			(63,405,849)	
Effects of:				
Health Department encumbrance adjustment			762,452	
Fair market value adjustment			173,352	
LOSAP - current liability			797,000	
Payroll overtime liability			3,000,000	
County Parking Garage Fund			(12,783)	
Inmate Benefits and Morale Fund			(794,232)	
Self Insurance Fund deficit allocation			1,176,441	
Central Garage Fund deficit allocation			6,434,048	
Unassigned - Non-GAAP basis			<u>31,106,620</u>	
Assigned for subsequent years			<u>75,996,503</u>	
Fund balance - budgetary basis			\$ <u>107,103,123</u>	

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

Statement of Net Position

Proprietary Funds

June 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Non-major Fund		Activities
	Water and Wastewater	Solid Waste	Child Care	Totals	Internal Service Funds
ASSETS					
Current assets					
Cash and temporary investments	\$ 97,250,803	\$ 30,968,607	\$ 3,136,882	\$ 131,356,292	\$ 38,618,059
Investments	-	-	-	-	79,989,714
Service billings receivable, net	23,215,610	766,559	102	23,982,271	6,006,462
Due from other funds	-	-	-	-	8,746,170
Inventories	2,433,989	208,177	-	2,642,166	738,083
Other	50,302	-	-	50,302	2,756,871
Restricted assets					
Cash and temporary investments	6,737,467	15,930,748	-	22,668,215	-
Investments	274,505,488	-	-	274,505,488	-
Receivables					
Due from other governmental agencies	13,458,769	-	-	13,458,769	-
Other, net	9,422,944	-	-	9,422,944	-
Total current assets	427,075,372	47,874,091	3,136,984	478,086,447	136,855,359
Noncurrent assets					
Restricted assets					
Deferred connection and assessment charges	24,071,511	-	-	24,071,511	-
Capital assets	2,529,250,217	124,997,512	-	2,654,247,729	80,552,676
Less accumulated depreciation	(852,287,686)	(62,855,929)	-	(915,143,615)	(54,279,938)
Total capital assets, net of depreciation	1,676,962,531	62,141,583	-	1,739,104,114	26,272,738
Total noncurrent assets	1,701,034,042	62,141,583	-	1,763,175,625	26,272,738
Total assets	2,128,109,414	110,015,674	3,136,984	2,241,262,072	163,128,097
DEFERRED OUTFLOW OF RESOURCES					
Pension benefits	8,311,095	1,764,185	187,792	10,263,072	1,722,969
OPEB benefits	5,001,813	1,224,732	111,817	6,338,362	942,104
Unamortized deferred refunding loss	5,053,527	152,622	-	5,206,149	-
Total deferred outflows	18,366,435	3,141,539	299,609	21,807,583	2,665,073
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	42,726,475	4,166,909	156,136	47,049,520	4,313,389
Current portion of long-term debt and obligations	40,083,335	5,942,600	26,072	46,052,007	20,437,751
Due to other funds	827,533	307,583	564	1,135,680	-
Escrow deposits	495,874	73,246	-	569,120	-
Liabilities related to restricted assets					
Accounts payable and accrued liabilities	7,167,944	-	-	7,167,944	-
Escrow deposits	205,575	-	-	205,575	-
Unearned revenue	4,212,619	-	555,340	4,767,959	-
Total current liabilities	95,719,355	10,490,338	738,112	106,947,805	24,751,140
Noncurrent liabilities					
Unpaid insurance claims	-	-	-	-	63,029,400
Accrued liability for compensated absences	-	-	3,718	3,718	37,494
Accrued liability for pension benefits	31,820,538	6,689,979	654,991	39,165,508	6,555,572
Accrued liability for OPEB	51,626,477	12,641,139	1,154,121	65,421,737	9,723,973
Estimated landfill closure and postclosure	-	21,941,743	-	21,941,743	-
Long-term debt	652,287,360	36,488,738	-	688,776,098	-
Unearned revenue	1,178,413	-	-	1,178,413	-
Total noncurrent liabilities	736,912,788	77,761,599	1,812,830	816,487,217	79,346,439
Total liabilities	832,632,143	88,251,937	2,550,942	923,435,022	104,097,579
DEFERRED INFLOW OF RESOURCES					
Pension benefits	8,670,704	1,786,576	184,597	10,641,877	1,771,291
OPEB benefits	514,433	125,962	11,500	651,895	96,894
Total deferred inflows	9,185,137	1,912,538	196,097	11,293,772	1,868,185
NET POSITION					
Net investment in capital assets	986,837,273	26,873,875	-	1,013,711,148	26,272,738
Restricted for debt service	303,151,272	-	-	303,151,272	-
Restricted for capital improvements	13,458,769	-	-	13,458,769	-
Restricted for other purposes	-	1,907,059	-	1,907,059	-
Unrestricted	1,211,255	(5,788,196)	689,554	(3,887,387)	33,554,668
Total net position	\$ 1,304,658,569	\$ 22,992,738	\$ 689,554	\$ 1,328,340,861	\$ 59,827,406

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, 2018

Net position as shown on Statement of Net Position - Proprietary Funds	\$ 1,328,340,861
The allocation of the net deficit in the Internal Service Funds to various activities, funds, etc. as it relates to business-type activities.	<u>3,452,581</u>
Net position shown on government wide Statement of Net Position	\$ <u>1,331,793,442</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, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Non-major Fund		Activities
	Water and Wastewater	Solid Waste	Child Care	Totals	Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 85,274,579	\$ 48,147,651	\$ 5,806,887	\$ 139,229,117	\$ 50,196,038
Landfill charges	-	5,014,332	-	5,014,332	-
Medical premiums	-	-	-	-	82,212,893
Other revenues	5,258,361	397,672	-	5,656,033	4,636,926
Total operating revenues	90,532,940	53,559,655	5,806,887	149,899,482	137,045,857
OPERATING EXPENSES					
Personnel services	32,208,356	7,361,551	4,144,364	43,714,271	6,435,667
Contractual services	35,717,956	28,342,264	282,000	64,342,220	3,303,768
Supplies and materials	9,998,950	697,507	453,133	11,149,590	410,646
Business and travel	198,656	200,274	27,626	426,556	71,676
Cost of goods issued	-	-	-	-	7,608,174
Depreciation	47,878,643	4,041,351	-	51,919,994	6,766,301
Provision for claims and estimated losses	-	-	-	-	97,399,949
Landfill closure and postclosure costs	-	2,450,918	-	2,450,918	-
Other	13,383,335	3,430,137	639,090	17,452,562	1,541,100
Total operating expenses	139,385,896	46,524,002	5,546,213	191,456,111	123,537,281
Operating income (loss)	(48,852,956)	7,035,653	260,674	(41,556,629)	13,508,576
NONOPERATING REVENUES (EXPENSES)					
Investment income	5,620,033	779,825	39,427	6,439,285	465,691
Interest earned on long-term receivables	674,271	-	-	674,271	-
Other revenues	7,496,605	258,882	-	7,755,487	-
Other expenses	(945,795)	(54,227)	-	(1,000,022)	-
Interest expense	(26,527,240)	(1,798,623)	-	(28,325,863)	-
Gain (loss) on disposal of assets	(14,633)	(4,972)	-	(19,605)	116,398
Income (loss) before contributions and transfers	(62,549,715)	6,216,538	300,101	(56,033,076)	14,090,665
Capital contributions	81,381,376	-	-	81,381,376	-
Interfund transfers	(722,000)	(224,137)	-	(946,137)	-
Change in net position	18,109,661	5,992,401	300,101	24,402,163	14,090,665
Net position, July 1 (as restated)	1,286,548,908	17,000,337	389,453	1,303,938,698	45,736,741
Net position, June 30	\$ 1,304,658,569	\$ 22,992,738	\$ 689,554	\$ 1,328,340,861	\$ 59,827,406

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

Change in net position shown above \$ 24,402,163

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. 571,012

Increase in net position as shown on the government-wide statement of activities \$ 24,973,175

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, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Non-major Fund	Totals	Internal
	Water and Wastewater	Solid Waste	Child Care		Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received for services	\$ 90,563,293	\$ 53,495,715	\$ 6,066,723	\$ 150,125,731	\$ 124,635,906
Cash received for expense reimbursement	-	-	-	-	3,808,601
Cash payments to suppliers for goods and services	(51,089,909)	(34,312,800)	(1,410,178)	(86,812,887)	(11,381,889)
Cash payments for insurance claims	-	-	-	-	(96,584,335)
Cash payments to employees for services	(32,007,056)	(7,400,258)	(4,155,737)	(43,563,051)	(6,501,352)
Contributions to other funds	-	(3,233,200)	-	(3,233,200)	-
Escrow deposits refunded	-	-	-	-	173,389
Other operating receipts	-	-	-	-	3,189
Other operating payments	-	-	-	-	(1,541,100)
Net cash provided by operating activities	<u>7,466,328</u>	<u>8,549,457</u>	<u>500,808</u>	<u>16,516,593</u>	<u>12,612,409</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Payments of long-term debt related to closure activities	-	-	-	-	-
Interest payments related to closure activities	-	-	-	-	-
Cash transfers between funds	-	(36,137)	-	(36,137)	-
Net cash used for noncapital financing activities	<u>-</u>	<u>(36,137)</u>	<u>-</u>	<u>(36,137)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of bonds and bond anticipation notes	67,805,000	5,200,000	-	73,005,000	-
Proceeds from grant funds	8,456,790	-	-	8,456,790	-
Proceeds from loan	1,815,714	-	-	1,815,714	-
Proceeds from developers' contributions	237,257	-	-	237,257	-
Refunds to developers	(1,705,011)	-	-	(1,705,011)	-
Assessments and connection charges	42,647,979	-	-	42,647,979	-
Environmental protection fees for capital assets	18,670,778	-	-	18,670,778	-
Escrow deposits	205,575	-	-	205,575	-
Payments of long-term debt	(30,654,941)	(1,859,816)	-	(32,514,757)	-
Interest payments	(25,181,081)	(1,623,231)	-	(26,804,312)	-
Rebates, interest income and reimbursements	1,342,219	-	-	1,342,219	-
Acquisition and construction of capital assets	(110,147,071)	(12,817,282)	-	(122,964,353)	(12,272,195)
Transfer in bond premium for capital project financing	-	-	-	-	-
Premium on sale of bonds	21,434,288	-	-	21,434,288	-
Proceeds from sale of equipment	-	-	-	-	408,208
Payment of capital related fees	(945,795)	-	-	(945,795)	-
Transfer to Utility Debt Service Fund	-	-	-	-	-
Transfer to capital projects	(10,717,144)	-	-	(10,717,144)	-
Transfer to general county capital projects	(722,000)	(188,000)	-	(910,000)	-
Net cash used for capital and related financing activities	<u>(17,457,443)</u>	<u>(11,288,329)</u>	<u>-</u>	<u>(28,745,772)</u>	<u>(11,863,987)</u>

Anne Arundel County, Maryland

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Non-major Fund	Totals	Internal
	Water and Wastewater	Solid Waste	Child Care		Service Funds
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of investment securities	(492,465,324)	-	-	(492,465,324)	(38,762,567)
Sale of investment securities	483,843,922	-	-	483,843,922	42,660,559
Interest on investments	22,971	779,825	39,427	842,223	460,302
Net cash provided by investing activities	(8,598,431)	779,825	39,427	(7,779,179)	4,358,294
Net increase (decrease) in cash and cash equivalents	(18,589,546)	(1,995,184)	540,235	(20,044,495)	5,106,716
Cash and temporary investments, July 1	122,577,816	48,894,539	2,596,647	174,069,002	33,511,343
Cash and temporary investments, June 30	\$ 103,988,270	\$ 46,899,355	\$ 3,136,882	\$ 154,024,507	\$ 38,618,059
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (48,852,956)	\$ 7,035,653	\$ 260,674	\$ (41,556,629)	\$ 13,508,576
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	47,878,643	4,041,351	-	51,919,994	6,766,301
Noncapital construction costs	5,559,822	-	-	5,559,822	-
Closure construction costs	-	8,110,293	-	8,110,293	-
Effect of changes in operating assets and liabilities					
Accounts receivable	20,915	(63,940)	100,848	57,823	(4,633,978)
Due from other funds	152,203	91,879	-	244,082	-
Prepaid expenses	(39,975)	-	-	(39,975)	8,655
Inventories	900,981	(14,531)	-	886,450	(66,634)
Deposit with provider	-	-	-	-	173,389
Accounts payable and accrued liabilities	1,498,796	319,397	1,773	1,819,966	11,659
Unearned revenue	-	-	160,392	160,392	-
Unpaid claims	-	-	-	-	1,248,308
Landfill closure and postclosure costs	-	(11,025,403)	-	(11,025,403)	-
Due to other funds	287,732	105,058	564	393,354	(4,345,194)
Escrow deposits	9,438	-	-	9,438	-
Accrued liability for compensated absences	121,517	7,331	(17,428)	111,420	(59,641)
Accrued liability for pension	(6,192,023)	(1,264,022)	(130,687)	(7,586,732)	(1,265,858)
Deferred outflow of resources - pension	1,076,772	190,809	18,641	1,286,222	229,968
Deferred inflow of resources - pension	5,907,068	1,226,797	125,315	7,259,180	1,199,331
Accrued liability for OPEB benefits	(862,605)	(211,215)	(19,284)	(1,093,104)	(162,473)
Net cash provided by operating activities	\$ 7,466,328	\$ 8,549,457	\$ 500,808	\$ 16,516,593	\$ 12,612,409
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contributions of capital assets from developers	\$ 13,809,488	\$ -	\$ -	\$ 13,809,488	\$ -
Trade in of capital assets	-	78,000	-	78,000	-
Change in capital contributions, fees and grants, accruals and deferrals	(2,378,604)	-	-	(2,378,604)	-
Increase (decrease) in fair value of investments	720,704	-	-	720,704	(2,243,478)
Amortization of refunding gains (losses)	(626,395)	66,900	-	(559,495)	-
Noncash investing, capital and financing activities	\$ 11,525,193	\$ 144,900	\$ -	\$ 11,670,093	\$ (2,243,478)

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, 2018

	Pension (December 31, 2017) and Other Post Employment Plan Trust Fund	Agency Funds
ASSETS		
Investments, at fair value:		
Cash and temporary investments	\$ 67,291,489	\$ 31,219,401
Short-term investments	6,676,840	-
U. S. government obligations	21,228,981	-
Corporate obligations	115,680,153	-
Domestic fixed income mutual funds	193,335,146	-
International fixed income mutual funds	73,539,157	-
Global asset pools	239,068,825	-
Domestic equity	507,391,178	-
International equity pools	536,844,329	-
Private markets	128,847,114	-
Real estate investment pools	95,810,314	-
Absolute return fixed income	54,392,074	-
Aetna insurance pooled fixed income	22,612,156	-
Total investments	<u>2,062,717,756</u>	<u>31,219,401</u>
Collateral from securities lending transactions	54,066,224	-
Receivables:		
Accounts receivable	2,529,475	-
Employer contributions	5,800,768	-
Participant contributions	1,014,925	-
Accrued interest and dividends	1,857,419	-
Investment sales proceeds	296,819	-
Total receivables	<u>11,499,406</u>	-
Deposits on hand	<u>128,492</u>	-
Total assets	<u>2,128,411,878</u>	<u>\$ 31,219,401</u>
LIABILITIES		
Accounts payable and accrued liability	2,579,809	-
Escrow and other deposits	-	\$ 31,219,401
Due to Anne Arundel County Government	2,799,184	-
Investment commitments payable and unearned revenue	11,122,944	-
Obligation for collateral received under securities lending transactions	<u>54,066,224</u>	-
Total liabilities	<u>70,568,161</u>	<u>\$ 31,219,401</u>
Fiduciary net position	<u>\$ 2,057,843,717</u>	

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

Anne Arundel County, Maryland
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1 Summary of Significant Accounting Policies

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

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

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

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

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

Separately issued financial statements for the Board of Education, the Community College, Economic Development, Tipton Airport, and Workforce Development may be obtained from the respective administrative offices. The addresses are provided 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 single-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 1st. The County Council holds public hearings regarding the budget. The Annual Budget and Appropriation Ordinance must be approved by June 15th (prior to the start of the next fiscal year on July 1st) and provides the spending authority at the department level for the operations of the County. Unexpended or unencumbered appropriations in the operating budget expire at year end. The County also recognizes revenue collected within ninety days of the end of the fiscal year as available for the prior year's appropriation, except for property taxes, which must be collected within sixty days and grant revenue when the County Controller has determined that sufficient documentation exists to support that revenues not yet collected within ninety days of the end of the year are available to support appropriations in that fiscal year. Budgetary expenditures are recognized when encumbered or when goods or services are received. All major capital project funds have legally adopted budgets and unspent appropriations at year end carry forward to the subsequent year, except for the Impact Fee Fund. All 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/fy2018/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 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. 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 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, 2018, the County Primary Government had deferred outflows of \$199,795,919 representing pension benefits in the amount of \$131,018,723, OPEB in the amount of \$55,081,215, Length of Service Awards Program (LOSAP) in the amount of \$1,522,425, and unamortized deferred refunding losses in the amount of \$12,173,556. The Board of the Maryland State Retirement, Anne Arundel County Pension and Retirement System and Anne Arundel Retiree Health Benefits Trust (OPEB) 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 and OPEB. 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, 2018, the governmental funds had deferred inflows of resources of \$123,639,007 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 of \$159,758,010 representing pension benefits in the amount of \$141,766,573, OPEB in the amount of \$5,640,223, LOSAP in the amount of \$960,595 and unearned revenue in the amount of \$11,390,619. The Board of the Maryland State Retirement, Anne Arundel County Pension and Retirement System and Anne Arundel Retiree Health Benefits Trust (OPEB) recognizes deferred inflows for the difference between the projected and actual investment earnings and changes in experience related to pensions and OPEB actuarial estimates.

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 – In the past capitalized interest was calculated on certain assets that were in construction in progress. As a result of early implementation of GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, interest cost capitalization is no longer required.

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, 2018 totaled \$150,258,096 in the governmental fund types, of which \$128,415,725 is for construction activity. The proprietary funds utilize encumbrance accounting for budgetary purposes. As of June 30, 2018, the proprietary funds had encumbrances totaling \$101,800,908, of which \$86,474,173 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, 2018. The annual leave accrual is calculated using unused annual leave hours as of June 30, 2018 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, 2018, the County implemented the following Governmental Accounting Standard Board (GASB) pronouncements:

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes new accounting and financial reporting requirements for governments whose employees are provided with other postemployment benefits.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement eliminates the need to capitalize interest cost during the construction of capital assets.

The following pronouncements will be evaluated for future implementation:

- As of the year ended June 30, 2018, GASB issued Statement No. 81, *Irrevocable Spits-Interest Agreements*; GASB Statement No. 82, *Pension Issues – amendment of GASB Statements No. 67, No. 68 and No. 73*; GASB Statement No. 83, *Certain Asset Retirements*; GASB Statement No. 84, *Fiduciary Activity*; and GASB Statement No. 87, *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. 75, entitled, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*:

	<u>Government-type Activates</u>	<u>Self Insurance Fund</u>	<u>Central Garage and Transportation Fund</u>		
Net Position, June 30, 2017	\$ (497,001,970)	\$ -	\$ -		
New accounting principle	32,469,380	(441,709)	(411,173)		
Net Position, July 1, 2017 (as restated)	<u>\$ (464,532,590)</u>	<u>\$ (441,709)</u>	<u>\$ (411,173)</u>		

	<u>Business-type Activities</u>	<u>Water and Wastewater</u>	<u>Solid Waste</u>	<u>Child Care</u>	<u>Library Component Unit</u>
Net Position, June 30, 2017	\$ 1,319,371,242	\$ 1,296,286,039	\$ 19,422,973	\$ 780,661	\$ (11,966,343)
New accounting principle	(12,550,975)	(9,737,131)	(2,422,636)	(391,208)	(14,970,943)
Net Position, July 1, 2017 (as restated)	<u>\$ 1,306,820,267</u>	<u>\$ 1,286,548,908</u>	<u>\$ 17,000,337</u>	<u>\$ 389,453</u>	<u>\$ (26,937,286)</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 *Excess Expenditures over Appropriation Limits* – Expenditures for Workforce Development exceeded budgeted appropriations by \$86,518. In the General Fund at a department level, County Executive exceeded budgeted appropriations by \$50,601.

B *Fund Deficits* - The Grants Fund and Arundel Community Development Services have deficit fund balances in the amount of (\$2,677,107) and (\$316,342), 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. The Board of Education and Anne Arundel County Public Library, discretely presented component units, have deficit net positions of (1,282,368,965) and (\$27,559,771), respectively, as a result of unfunded liabilities for other postemployment and pension benefits. In addition, Governmental Activities has a deficit net position of (\$500,752,884) on the full accrual statements as a result of unfunded liabilities for other postemployment and pension benefits.

C *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	\$ 5,013,917
Net effect of encumbrances	2,036,238
Change in due to Central Garage and Transportation Fund	(1,714,065)
Change in due to Self Insurance Fund	(5,276,149)
Change in revenue reserve allocation	3,947,818
FMV interest adjustment	467,895
Health Department encumbrance adjustment	(762,452)
LOSAP - Current Liability	(797,000)
Payroll overtime liability	(3,000,000)
Effects of Inmate Benefit Fund & Parking Garage Fund	281,594
Net inventory change	<u>(344,723)</u>
Change in fund balance - modified accrual basis	<u>\$ (146,927)</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). MLGIP has a credit rating of AAAM and seeks to maintain 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, 2018, the total collateral balance securing repurchase agreements was \$40,772,627 which is in compliance with the 102% limit.

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. 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, 2017 was \$66,021,986. There were no securities held as collateral. The market value of securities on loan for the Retirement System as of December 31, 2017 was \$64,564,126.

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, 2017 had a weighted average final maturity of 43.7 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 under certain guidelines.

B Balances and Custodial Credit Risk – As of June 30, 2018, the carrying amount of the primary government's bank deposits was (\$3,884,418) and bank balances were \$2,267,276. All bank balances were fully secured by Federal Deposit insurance or fully collateralized. The total money market fund balance was \$175,292,311.

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 were insured or collateralized except approximately \$895,000 for Tipton Airport, which as of June 30, 2018, was not collateralized. As a component unit, Tipton is responsible for managing the collateralization of their cash. The County does not have the ability to collateralize funds on their behalf.

Money market fund balances for the Retirement System as of calendar year-end December 31, 2017 and OPEB Trust as of fiscal year ended June 30, 2018, were \$67,291,489 and \$6,676,840 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 \$81,076,286 of callable issues and \$2,944,470 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 market value of \$6,177,630 are not included in this table.

Primary Government					
Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1 year	1 to 5 years	6 to 10 years	Greater than 10 years
U.S. government securities	\$ 283,365,343	\$ 273,898,015	\$ -	\$ 7,258,821	\$ 2,208,507
Agencies / instrumentalities	345,045,054	264,545,932	51,369,692	26,184,959	2,944,470
Supranationals	101,793,856	95,919,676	5,874,180	-	-
Money market pools	175,292,311	175,292,311	-	-	-
Commercial paper	96,104,272	96,104,272	-	-	-
Repurchase agreements	40,000,000	40,000,000	-	-	-
Corporate bonds	38,411,226	1,991,580	34,920,222	1,499,425	-
Municipals bonds	18,800,676	1,002,850	14,256,053	3,541,773	-
Bond mutual funds	3,610,480	-	-	-	3,610,480
	<u>\$ 1,102,423,217</u>	<u>\$ 948,754,636</u>	<u>\$ 106,420,147</u>	<u>\$ 38,484,978</u>	<u>\$ 8,763,457</u>
Component Units					
Board of Education					
Investment Type					
Money market pools	\$ 153,761,278	\$ 153,761,278	\$ -	\$ -	\$ -
	<u>\$ 153,761,278</u>	<u>\$ 153,761,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Community College					
Investment Type					
Money market pools	\$ 12,548,879	\$ 12,548,879	\$ -	\$ -	\$ -
	<u>\$ 12,548,879</u>	<u>\$ 12,548,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Non-Major Component Units					
Investment Type					
Money market pools	\$ 317	\$ 317	\$ -	\$ -	\$ -
	<u>\$ 317</u>	<u>\$ 317</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, 2017. 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 \$9,755,725 as of December 31, 2017.

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 \$55,504,377 with call dates ranging from January 1, 2018 for continuously callable issues to February 8, 2056. Stated call prices are generally at par. The callable holdings include issues with floating interest rates, which have a market value of \$4,182,052. Non-debt investments, guaranteed contracts, and un-invested cash with a combined fair value of \$1,473,354,757, do not have maturity dates and therefore are not included in this table.

		Retirement System				
		Investment Maturities (in Years)				
Investment Type	Fair Value	Less than				
		1 year	1 to 5	6 to 10	Over 10	
Money market pools	\$ 66,400,961	\$ 66,400,961	\$ -	\$ -	\$ -	
U.S. treasuries	21,228,980	2,803,047	7,002,714	2,243,225	9,179,994	
Agency/instrumentalities	19,791,307	-	17,126	444,565	19,329,616	
Corporate bonds	74,599,630	763,324	35,835,594	27,666,163	10,334,549	
Bond mutual funds	215,894,875	64,246,159	151,648,716	-	-	
Collateralized mrtg obligations	5,383,962	80,769	218,481	-	5,084,712	
Other asset-backed securities	3,517,621	-	477,425	34,084	3,006,112	
Foreign and yankee bonds	12,381,034	81,990	5,447,702	4,500,373	2,350,969	
Totals	<u>\$ 419,198,370</u>	<u>\$ 134,376,250</u>	<u>\$ 200,647,758</u>	<u>\$ 34,888,410</u>	<u>\$ 49,285,952</u>	

The OPEB Trust owned one debt mutual fund exposed to interest rate risk as of June 30, 2018. As of June 30, 2018, the trust owned one fixed income mutual fund with an effective maturity of 9.1 years with a fair value of \$50,783,365.

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 market value of \$6,177,630 are not included in this table.

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.

Anne Arundel County, Maryland
Notes to the Financial Statements

Primary Government

Investment Type	Total Fair Value	Standard & Poor's Credit Ratings					
		A-1	AAA	AA	A	BBB	Not Rated
Agencies/instrumentalities	\$ 345,045,054	\$ -	\$ 1,930,180	\$ 286,370,929	\$ -	\$ -	\$ 56,743,945
Supranationals	101,793,856	-	101,793,856	-	-	-	-
Commercial paper	96,104,272	46,464,505	-	-	49,639,767	-	-
Repurchase agreement	40,000,000	-	-	-	-	-	40,000,000
Corporate bonds	38,411,226	-	6,701,089	13,538,313	9,443,685	8,728,140	-
Municipal securities *	18,800,676	-	12,578,899	2,680,004	-	-	3,541,773
Bond mutual funds	3,610,480	-	-	-	-	-	3,610,480
Money market pools	175,292,311	-	110,955,993	-	-	-	64,336,318
Total credit risk-debt securities	819,057,874	\$ 46,464,505	\$ 233,960,017	\$ 302,589,246	\$ 59,083,451	\$ 8,728,140	\$ 168,232,515
U.S. gov't & Agencies **	283,365,343						
Total debt securities	\$ 1,102,423,217						

Component Units

Board of Education

Investment Type

Money market pools	\$ 153,761,278	\$ -	\$ 153,761,278	\$ -	\$ -	\$ -	\$ -
	\$ 153,761,278	\$ -	\$ 153,761,278	\$ -	\$ -	\$ -	\$ -

Community College

Investment Type

Money market pools	\$ 12,548,879	\$ -	\$ 12,548,879	\$ -	\$ -	\$ -	\$ -
	\$ 12,548,879	\$ -	\$ 12,548,879	\$ -	\$ -	\$ -	\$ -

Non-major Component Units

Investment Type

Money market pools	\$ 317	\$ -	\$ 317	\$ -	\$ -	\$ -	\$ -
	\$ 317	\$ -	\$ 317	\$ -	\$ -	\$ -	\$ -

* Two issuers not rated by Standard and Poor's are rated Aaa by Moody'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.

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, 2017, excluding equities and un-invested cash with a total fair value of \$1,475,060,105, are displayed next.

Retirement System

Investment Type	Total Fair Value	Standard & Poor's Credit Ratings				
		AAA - A	BBB - B	CCC - C	D	Not Rated
Agency/instrumentalities	\$ 19,791,307	\$ -	\$ -	\$ -	\$ -	\$ 19,791,307
Collateralized mort.obligations	5,383,962	1,318,061	67,184	135,343	481,357	3,382,017
Other asset-backed obligations	3,517,621	1,611,048	61,111	1,591,174	-	254,288
Corporate bonds	74,599,630	6,293,202	66,145,564	875,213	-	1,285,651
Yankee & foreign gov. issued	12,381,034	1,958,924	9,890,566	-	-	531,544
Guaranteed invest contracts	22,612,157	-	-	-	-	22,612,157
Mutual funds	215,894,875	-	-	-	-	215,894,875
Short-term investment pools	66,400,961	-	-	-	-	66,400,961
Total credit risk of debt securities	420,581,547	\$ 11,181,235	\$ 76,164,425	\$ 2,601,730	\$ 481,357	\$ 330,152,799
U.S. gov't & agencies *	21,228,979					
Total debt securities	\$ 441,810,526					

*U.S. government agency securities explicitly guaranteed by the U.S. Government are categorized here.

The following table displays fair value and ratings for debt issues owned by the OPEB Trust as of June 30, 2018:

OPEB Trust						
Investment Type	Total Fair Value	Standard & Poor's Credit Ratings				
		AAA-A	BBB-B	CCC-C	NR	
Mutual funds	\$ 50,783,365	\$ -	\$ -	\$ -	\$ 50,783,365	
Short-term investment pool	6,676,840	-	-	-	6,676,840	
Total debt securities	\$ 57,460,205	\$ -	\$ -	\$ -	\$ 57,460,205	

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, 2018, Federal Home Loan Bank was 9.0% of the primary government’s investments, Federal Home Loan Mortgage Corporation represented 6.2%, Federal National Mortgage Association was 5.4%, and Federal Agricultural Mortgage Corporation was 5.1%. 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, 2017, there was no exposure to a single issuer greater than 5.0% of the Retirement System’s plan net position, 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, 2018. 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, 2017, the Retirement System had no direct exposure to fixed income foreign currency. The fair market value of international/global equities and fixed income assets, which are managed in pooled funds, totaled \$810,938,834 as of December 31, 2017.

As of June 30, 2018, the OPEB Trust had no direct exposure to fixed income foreign currency. The fair market value of one international mutual fund totaled \$38,513,477.

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, 2018 is displayed below. As of June 30, 2018, short-term investments of \$175,292,311 were in money market mutual funds, which are not subject to the fair value measurement requirements.

Assets at Fair Value June 30, 2018

Primary Government Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets			Significant Unobservable Inputs Level 3
		Level 1	Significant Other Observable Inputs Level 2		
U.S. treasuries	\$ 283,365,343	\$ 283,365,343	\$ -	\$ -	
Agencies/instrumentalities	345,045,054	345,045,054	-	-	
Supranationals	101,793,856	-	101,793,856	-	
Commercial paper	96,104,272	96,104,272	-	-	
Repurchase agreements	40,000,000	-	-	40,000,000	
Corporate bonds	38,411,226	-	38,411,226	-	
Municipals bonds	18,800,676	-	18,800,675.80	-	
Bond mutual funds	3,610,480	3,610,480	-	-	
Equity mutual funds	6,177,630	6,177,630	-	-	
	<u>\$ 933,308,537</u>	<u>\$ 734,302,778</u>	<u>\$ 159,005,758</u>	<u>\$ 40,000,000</u>	

As of June 30, 2018, 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, 2017. As of December 31, 2017, 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, 2017

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)
Fixed Income Investments				
U.S. government obligations	\$ 21,228,981	\$ 21,228,981	\$ -	\$ -
Agency/instrumentalities	19,791,307	19,791,307	-	-
Collateralized mort. obligations	5,383,962	-	5,383,962	-
Other asset-backed obligations	3,517,621	-	3,517,621	-
Corporate bonds	86,987,263	-	86,981,004	6,259
Fixed income mutual funds	78,305,622	1,372,469	76,933,153	-
International fixed income mutual funds	73,539,158	73,539,158	-	-
Absolute return fixed income	54,392,074	54,392,074	-	-
Total fixed income investments	343,145,988	170,323,989	172,815,740	6,259
Equity Investments				
Domestic equity	456,765,415	364,746,607	92,018,808	-
International equity pools	364,500,711	364,500,711	-	-
Total equity investments	821,266,126	729,247,318	92,018,808	-
Total investments by fair value level	\$ 1,164,412,114	\$ 899,571,307	\$ 264,834,548	\$ 6,259

Pension System Net Asset Value December 31, 2017

Investment Types at net asset value	Net Asset Value	Unfunded Commitments as of 12/31/17	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled funds-debt	\$ 64,246,159	\$ -	Twice monthly	15 days
Commingled funds-equities	133,830,141	-	Monthly	5 Business days
Real estate (REIT) fund	95,810,314	-	Quarterly	90 days
Global asset pools	239,068,825	-	Monthly	5 Business days
Private markets buyouts	47,345,109	64,085,051	Not eligible	Not eligible
Private markets mezzanine	10,254,264	2,450,108	Not eligible	Not eligible
Private markets secondaries	13,419,665	10,761,571	Not eligible	Not eligible
Private markets distressed	29,600,962	14,135,000	Not eligible	Not eligible
Fund of funds	8,258,673	1,728,108	Not eligible	Not eligible
Private markets energy	20,108,603	10,418,587	Not eligible	Not eligible
Total at net asset value	661,942,715	\$ 103,578,425		
Investments measured at amortized cost				
Money market pools	67,291,489			
Aetna insurance pooled fixed income	22,612,156			
Total investments	\$ 1,916,258,474			

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:

Community College Assets at Fair Value June 30, 2018				
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
Community College				
Bond mutual funds	\$ 4,198,518	\$ 4,198,518	\$ -	\$ -
Equity mutual funds	10,488,549	10,488,549	-	-
Domestic equity	32,484	32,484	-	-
	<u>\$ 14,719,551</u>	<u>\$ 14,719,551</u>	<u>\$ -</u>	<u>\$ -</u>

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

OPEB Trust Assets at Fair Value June 30, 2018

Investment Type	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds				
Fixed income	\$ 50,783,365	\$ 50,783,365	\$ -	\$ -
Domestic equity	50,485,600	50,485,600	-	-
International equity	38,513,477	38,513,477	-	-
Total Mutual Funds	\$ 139,782,442	\$ 139,782,442	\$ -	\$ -

4 Receivables

A *Property Taxes Receivable* - The County's property tax is levied each July 1st based on values assessed and certified by the Maryland State Department of Assessments as of that date. Liens are placed on property at that time. A revaluation of each property is required to be completed every three years. For owner-occupied residential property, owners can choose to pay one payment due September 30th or two installments due on September 30th and December 31st. Property taxes are due from all other taxpayers on September 30th. Once the due date has passed, interest 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 vary from 1.6% to 8.0%. These receivables are collected over five to thirty years. The balance as of June 30, 2018 is \$24,071,511.

5 Capital Assets

The components of capital assets, changes in asset categories, and accumulated depreciation for the fiscal year ended June 30, 2018 are presented as follows:

Anne Arundel County, Maryland
Notes to the Financial Statements

Category	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land and easements	\$ 223,926,742	\$ 23,682,032	\$ -	\$ 247,608,774
Historical property/works of art	4,166,465	-	-	4,166,465
Construction in progress	151,179,990	104,735,503	(62,986,046)	192,929,447
Total assets not depreciated	<u>379,273,197</u>	<u>128,417,535</u>	<u>(62,986,046)</u>	<u>444,704,686</u>
<i>Capital assets being depreciated:</i>				
Land improvements	264,214,020	14,070,483	-	278,284,503
Buildings	324,947,360	-	-	324,947,360
Roads and bridges	403,250,288	7,910,998	(11,271,874)	399,889,412
Sidewalks, curbs, and gutters	50,429,606	3,076,196	(785,800)	52,720,002
Storm drains and culverts	361,685,570	8,009,133	(213,030)	369,481,673
Automobiles and rolling stock	115,207,674	18,478,683	(15,293,150)	118,393,207
Furniture, fixtures, and equipment	96,965,522	3,942,902	(2,011,655)	98,896,769
Software	23,332,972	407,831	-	23,740,803
Total assets depreciated	<u>1,640,033,012</u>	<u>55,896,226</u>	<u>(29,575,509)</u>	<u>1,666,353,729</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(113,697,514)	(8,704,463)	-	(122,401,977)
Buildings	(130,685,901)	(6,492,302)	-	(137,178,203)
Roads and bridges	(221,330,731)	(11,577,323)	11,261,089	(221,646,965)
Sidewalks, curbs, and gutters	(18,543,444)	(1,185,849)	738,652	(18,990,641)
Storm drains and culverts	(217,392,238)	(6,335,213)	178,945	(223,548,506)
Automobiles and rolling stock	(79,641,087)	(9,789,183)	14,107,033	(75,323,237)
Furniture, fixtures, and equipment	(72,653,928)	(6,954,960)	1,993,587	(77,615,301)
Software	(21,687,970)	(483,245)	-	(22,171,215)
Total accumulated depreciation	<u>(875,632,813)</u>	<u>(51,522,538)</u>	<u>28,279,306</u>	<u>(898,876,045)</u>
Total capital assets being depreciated, net	<u>764,400,199</u>	<u>4,373,688</u>	<u>(1,296,203)</u>	<u>767,477,684</u>
Total governmental activities, net	<u>\$ 1,143,673,396</u>	<u>\$ 132,791,223</u>	<u>\$ (64,282,249)</u>	<u>\$ 1,212,182,370</u>
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land and easements	\$ 12,705,712	\$ -	\$ -	\$ 12,705,712
Construction in progress (as restated)	520,634,626	121,456,091	(110,412,762)	531,677,955
Total assets not depreciated	<u>533,340,338</u>	<u>121,456,091</u>	<u>(110,412,762)</u>	<u>544,383,667</u>
<i>Capital assets being depreciated:</i>				
Buildings	51,685,550	-	-	51,685,550
Landfills	78,153,473	(4,203,802)	-	73,949,671
Water and sewer plants and lines	1,837,703,405	102,501,776	-	1,940,205,181
Automobiles and rolling stock	13,843,139	1,967,768	(645,428)	15,165,479
Furniture, fixtures, and equipment	27,338,570	2,673,165	(1,153,554)	28,858,181
Total assets depreciated	<u>2,008,724,137</u>	<u>102,938,907</u>	<u>(1,798,982)</u>	<u>2,109,864,062</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(12,664,675)	(1,026,620)	-	(13,691,295)
Landfills	(47,656,456)	3,650,077	-	(44,006,379)
Water and sewer plants and lines	(786,698,299)	(45,905,734)	-	(832,604,033)
Automobiles and rolling stock	(7,802,146)	(979,997)	645,428	(8,136,715)
Furniture, fixtures, and equipment	(15,469,451)	(2,291,692)	1,055,950	(16,705,193)
Total accumulated depreciation	<u>(870,291,027)</u>	<u>(46,553,966)</u>	<u>1,701,378</u>	<u>(915,143,615)</u>
Total capital assets being depreciated, net	<u>1,138,433,110</u>	<u>56,384,941</u>	<u>(97,604)</u>	<u>1,194,720,447</u>
Total business-type activities, net	<u>\$ 1,671,773,448</u>	<u>\$ 177,841,032</u>	<u>\$ (110,510,366)</u>	<u>\$ 1,739,104,114</u>

Anne Arundel County, Maryland
Notes to the Financial Statements

Category	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Board of Education:				
<i>Capital assets not being depreciated:</i>				
Land and improvements	\$ 68,313,591	\$ 32,669	\$ -	\$ 68,346,260
Computer software in progress	1,164,310	1,027,630	(394,720)	1,797,220
Construction in progress	44,823,500	133,189,902	(42,691,350)	135,322,052
Total assets not depreciated	<u>114,301,401</u>	<u>134,250,201</u>	<u>(43,086,070)</u>	<u>205,465,532</u>
<i>Capital assets being depreciated:</i>				
Buildings	1,774,762,384	43,216,247	(1,534,942)	1,816,443,689
Computer software	9,333,165	394,720	-	9,727,885
Furniture, fixtures, and equipment	50,161,763	5,987,402	(1,464,553)	54,684,612
Total assets depreciated	<u>1,834,257,312</u>	<u>49,598,369</u>	<u>(2,999,495)</u>	<u>1,880,856,186</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(782,610,695)	(42,527,551)	1,534,942	(823,603,304)
Computer software	(3,409,144)	(972,789)	-	(4,381,933)
Furniture, fixtures, and equipment	(31,761,259)	(3,708,968)	1,372,404	(34,097,823)
Total accumulated depreciation	<u>(817,781,098)</u>	<u>(47,209,308)</u>	<u>2,907,346</u>	<u>(862,083,060)</u>
Total capital assets being depreciated, net	<u>1,016,476,214</u>	<u>2,389,061</u>	<u>(92,149)</u>	<u>1,018,773,126</u>
Total Board of Education, net	<u>\$ 1,130,777,615</u>	<u>\$ 136,639,262</u>	<u>\$ (43,178,219)</u>	<u>\$ 1,224,238,658</u>
Community College:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,377,178	\$ -	\$ -	\$ 2,377,178
Construction in progress	1,035,160	6,116,090	(3,920,764)	3,230,486
Total assets not depreciated	<u>3,412,338</u>	<u>6,116,090</u>	<u>(3,920,764)</u>	<u>5,607,664</u>
<i>Capital assets being depreciated:</i>				
Land improvements	7,398,750	148,728	-	7,547,478
Buildings and improvements	145,049,480	2,269,019	(22,300)	147,296,199
Furniture, fixtures, and equipment	26,418,285	2,065,592	(640,408)	27,843,469
Leasehold improvements	1,604,721	-	-	1,604,721
Intangible assets	670,849	-	-	670,849
Total assets depreciated	<u>181,142,085</u>	<u>4,483,339</u>	<u>(662,708)</u>	<u>184,962,716</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(3,977,782)	(453,536)	-	(4,431,318)
Buildings and improvements	(69,523,845)	(4,437,376)	16,075	(73,945,146)
Furniture, fixtures, and equipment	(18,234,242)	(1,279,220)	622,104	(18,891,358)
Leasehold improvements	(771,851)	(159,874)	-	(931,725)
Intangible assets	(358,537)	(102,927)	-	(461,464)
Total accumulated depreciation	<u>(92,866,257)</u>	<u>(6,432,933)</u>	<u>638,179</u>	<u>(98,661,011)</u>
Total capital assets being depreciated, net	<u>88,275,828</u>	<u>(1,949,594)</u>	<u>(24,529)</u>	<u>86,301,705</u>
Total Community College, net	<u>\$ 91,688,166</u>	<u>\$ 4,166,496</u>	<u>\$ (3,945,293)</u>	<u>\$ 91,909,369</u>

Anne Arundel County, Maryland
Notes to the Financial Statements

Category	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Other non-major:				
<i>Capital assets not being depreciated:</i>				
Construction in progress (as restated)	\$ 657,332	\$ 78,315	\$ (657,332)	\$ 78,315
<i>Capital assets being depreciated:</i>				
Airport improvements (as restated)	12,289,553	2,884,740	-	15,174,293
Library collection	16,952,698	3,713,375	(3,859,886)	16,806,187
Automobiles and rolling stock	26,632	-	-	26,632
Furniture, fixtures, and equipment	3,171,936	173,575	(1,261,141)	2,084,370
Total assets depreciated	<u>32,440,819</u>	<u>6,771,690</u>	<u>(5,121,027)</u>	<u>34,091,482</u>
<i>Less accumulated depreciation for:</i>				
Airport improvements	(6,268,349)	(610,157)	-	(6,878,506)
Library collection	(5,888,876)	(1,801,391)	1,796,719	(5,893,548)
Automobiles and rolling stock	(1,636)	(3,926)	-	(5,562)
Furniture, fixtures, and equipment (as restated)	(2,332,018)	(191,338)	1,012,738	(1,510,618)
Total accumulated depreciation	<u>(14,490,879)</u>	<u>(2,606,812)</u>	<u>2,809,457</u>	<u>(14,288,234)</u>
Total capital assets being depreciated, net	<u>17,949,940</u>	<u>4,164,878</u>	<u>(2,311,570)</u>	<u>19,803,248</u>
Total other non-major, net	<u>\$ 18,607,272</u>	<u>\$ 4,243,193</u>	<u>\$ (2,968,902)</u>	<u>\$ 19,881,563</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 closed 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>	
Public safety	\$ 10,461,246	Water and wastewater	\$ 47,878,643
General government	10,751,728	Waste collection	(1,324,677)
Health and human services	304,513		<u>\$ 46,553,966</u>
Public works	20,545,173	<i>Component units:</i>	
Recreation and community services	7,930,823	Board of Education	\$ 47,209,308
Judicial	1,372,268	Community College	6,432,933
Code enforcement	30,425	Library System	1,916,249
Land use and development	126,362	Economic Development Corp	45,879
	<u>\$ 51,522,538</u>	Tipton Airport Authority	613,084
		Workforce Development	31,600
			<u>\$ 56,249,053</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, 2018:

Interfund Balances of the Primary Government

<u>Fund With Receivable</u>	<u>Fund With Payable</u>	<u>Amount</u>	<u>Represents</u>
General Fund	Non-major Governmental Funds	\$ 4,104,771	Implicit borrowing from the General Fund
Internal Service Funds	General Fund	1,176,442	Self Insurance Fund deficit allocation
Internal Service Funds	Non-major Enterprise Funds	564	Self Insurance Fund deficit allocation
Internal Service Funds	Water and Wastewater Fund	43,667	Self Insurance Fund deficit allocation
Internal Service Funds	Solid Waste Fund	24,410	Self Insurance Fund deficit allocation
Internal Service Funds	Water and Wastewater Fund	783,866	Central Garage Fund deficit allocation
Internal Service Funds	Solid Waste Fund	283,173	Central Garage Fund deficit allocation
Internal Service Funds	General Fund	6,434,048	Central Garage Fund deficit allocation
		<u>\$ 12,850,941</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 \$327,401,558 for fiscal year 2018. 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	175,543,000	Bond proceeds transferred for capital projects
General Fund	General County Capital Projects	26,700,000	Pay-as-you-go transfers for capital projects
Impact Fees Capital Projects	General County Capital Projects	36,648,367	Impact fee funding for capital projects
Watershed Protection and Restoration	General County Capital Projects	15,107,000	Transfers for capital projects
Recreational Land Fees	General County Capital Projects	335,440	Transfers for capital projects
Bond Premium	General County Capital Projects	30,959,363	Transfers for capital projects
Video Lottery Local Impact Aid	General County Capital Projects	5,500,000	Transfers for capital projects
Street Light Capital Projects	General County Capital Projects	485,703	Transfers for capital projects
Energy Revolving Loan	Arundel Community Development Services	191,600	Transfers for capital projects
Video Lottery Local Impact Aid	Arundel Community Development Services	90,000	Transfers for community benefit
General County Capital Projects	Watershed Protection and Restoration	28,697	Investment income allocation retained
General County Capital Projects	General Fund	955,483	Investment income allocation retained
Impact Fees Capital Projects	General Fund	2,727,843	Impact fees transferred for debt service
Nursery Road Tax Increment	General Fund	4,953,877	Transfers legally appropriated
West County Tax Increment	General Fund	6,399,062	Transfers legally appropriated
Arundel Mills Tax Increment	General Fund	1,737,896	Transfers legally appropriated
Parole Tax Increment	General Fund	15,155,203	Transfers legally appropriated
Village South at Waugh Chapel TIF	General Fund	286,715	Transfers legally appropriated
General Fund	Grants	1,027,596	Transfers for grants
General Fund	Odenton Town Center Tax Increment	1,372,139	Transfers for community benefit
General Fund	Installment Purchase Agreements	743,800	Transfers for land preservation
Special Taxing Districts	Erosion Districts	182,433	Transfers for project maintenance
Special Taxing Districts	Roads and Special Benefit Districts	341	Transfers for community benefit
		<u>\$ 327,401,558</u>	

Transfers In

<u>Transfer Out</u>	<u>General Fund</u>	<u>General County Capital Projects</u>	<u>Non-Major Governmental</u>	<u>Total</u>
General Fund	\$ -	\$ 202,243,000	\$ 3,413,535	\$ 205,656,535
Non-Major Governmental	28,532,753	52,387,506	464,374	81,384,633
Impact Fees Capital Projects	2,727,843	36,648,367	-	39,376,210
General County Capital Projects	955,483	-	28,697	984,180
Total Transfers In	<u>\$ 32,216,079</u>	<u>\$ 291,278,873</u>	<u>\$ 3,906,606</u>	<u>\$ 327,401,558</u>

Transfers between the primary government's proprietary funds and governmental funds presented as follows, totaled \$946,137 for fiscal year 2018. 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

<u>Originating Fund</u>	<u>Recipient Fund</u>	<u>Amount</u>
Water and Wastewater Fund	General County Capital Projects	\$ 722,000
Solid Waste Fund	General County Capital Projects	188,000
Solid Waste Fund	Non-major Governmental Funds	36,137
		<u>\$ 946,137</u>

As of June 30, 2018, receivable and payable balances remained between the primary government and the discretely presented component units. These balances and transactions are a result of the primary government's ongoing funding of the component units' capital and operating costs and a return of funding. Those balances and the payments from the primary government to or on behalf of these parties are presented as follows:

Receivables/Payables

<u>Entity with Receivable</u>	<u>Entity with Payable</u>	<u>Amount</u>
Board of Education	Primary Government	\$ 36,421,576
Community College	Primary Government	2,131,839
Other Non-major	Primary Government	879,193
Primary Government	Board of Education	6,803,941
		<u>\$ 46,236,549</u>

Primary Government Expenditures

<u>Originating Entity</u>	<u>Recipient Entity</u>	<u>Amount</u>
Primary Government	Board of Education	\$ 826,463,740
Primary Government	Community College	48,034,476
Primary Government	Other Non-major	23,187,676
		<u>\$ 897,685,892</u>

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 2018 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, 2018.

B General County Debt – Substantially all long-term bonded debt is issued as general obligation bonds for the purchase of capital assets and guaranteed by the full faith and credit of the County, subject to 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, 2018 are presented as follows:

Year Ending June 30,	General County Debt			
	Governmental		Business-type	
	Principal	Interest	Principal	Interest
2019	\$ 91,739,729	\$ 54,945,822	\$ 34,805,320	\$ 29,333,630
2020	86,593,294	50,412,358	34,173,131	27,892,968
2021	84,519,943	46,287,277	34,294,151	26,403,730
2022	84,512,257	42,206,285	34,315,825	24,895,415
2023	78,896,927	38,094,962	33,731,485	23,370,247
2024-2028	314,098,134	137,828,588	155,182,528	95,424,608
2029-2033	199,319,230	74,719,469	129,760,843	64,665,248
2034-2038	83,345,053	39,509,632	98,429,488	38,311,728
2039-2043	65,283,840	22,050,055	74,792,334	17,515,991
2044-2048	55,563,300	6,130,609	32,776,700	3,185,441
	<u>\$ 1,143,871,707</u>	<u>\$ 512,185,057</u>	<u>\$ 662,261,805</u>	<u>\$ 350,999,006</u>

C Tax Increment and Other Debt - As of June 30, 2018, there was \$73,700,000 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. As of the June 30, 2018, the County has also pledged its full faith and credit for National Business Park North 2018 Refunding bonds and Village South at Waugh Chapel 2018 Refunding bonds.

During the fiscal year ended June 30, 2018, \$45,095,466 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 Non-major Governmental Funds. Of this amount, \$980,174 is related to Park Place which is not considered part of the County's debt and \$2,702,893 is related to Odenton Town Center TIF which does not have debt outstanding as of June 30, 2018. The table that follows outlines the debt service requirements for these bonds.

Year Ending June 30,	Principal	Interest	Year Ending June 30,	Principal	Interest
2019	\$ 2,090,000	\$ 2,202,423	2024-2028	\$ 26,450,000	\$ 7,787,720
2020	3,165,000	2,748,819	2029-2033	14,920,000	3,636,244
2021	3,500,000	2,588,194	2034-2038	12,760,000	1,402,832
2022	3,930,000	2,407,619	2039-2041	<u>2,650,000</u>	<u>141,050</u>
2023	4,235,000	2,208,344		<u>\$ 73,700,000</u>	<u>\$ 25,123,245</u>

In addition, there were \$3,195,000, \$12,430,000, \$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, 2018, 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 \$2,526,740 as of June 30, 2018. These loans were received from the State for waterway improvements. During fiscal year 2018, the County paid \$240,747 for principal. The table that follows outlines the debt service requirements:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Year Ending June 30,</u>	<u>Principal</u>
2019	\$ 226,870	2023	\$ 199,048
2020	219,951	2024-2028	918,855
2021	219,951	2029-2033	499,630
2022	219,946	2034-2036	22,489
			<u>\$ 2,526,740</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 total principle payments due as of fiscal year-end are \$24,015. 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:

<u>Year Ending June 30,</u>	<u>Annual Rentals</u>	<u>Year Ending June 30,</u>	<u>Annual Rentals</u>
2019	\$ 3,885,651	2024-2028	\$ 6,519,491
2020	3,592,784	2029-2033	4,953,597
2021	2,820,503	2034-2038	1,969,524
2022	1,920,349	2039-2043	983,785
2023	1,885,329	2044-2048	651,400
			<u>\$ 29,182,413</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, 2018 are presented as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 20,000	\$ 722,723	2024-2028	\$ 8,960,000	\$ 3,574,574
2020	20,000	721,608	2029-2033	1,534,000	848,604
2021	20,000	720,492	2034-2038	1,444,000	602,307
2022	20,000	719,377	2039-2043	1,487,000	202,975
2023	20,000	718,261			
				<u>\$ 13,525,000</u>	<u>\$ 8,830,921</u>

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

	<u>Due Dates</u>	<u>Interest Rates</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding</u>
Governmental activities:				
General obligation bonds	2018-2048	1.50% to 5.55%	\$ 1,624,768,300	\$ 1,143,871,707
Tax increment district bonds	2018-2041	1.50% to 6.25%	125,240,000	73,700,000
Installment purchase agreements	2018-2041	4.55% to 6.00%	13,819,916	13,525,000
Loans payable	2018-2038	0%	5,021,818	2,526,740
Total governmental activities			<u>1,768,850,034</u>	<u>1,233,623,447</u>
Business-type activities:				
Water and wastewater serial bonds	2018-2048	1.00% to 5.55%	805,763,309	625,033,512
Solid waste serial bonds	2018-2048	2.00% to 5.55%	46,131,700	37,228,293
Total business-type activities			<u>851,895,009</u>	<u>662,261,805</u>
			<u>\$ 2,620,745,043</u>	<u>\$ 1,895,885,252</u>

The County Charter authorizes the County Council to approve the issuance of general obligation bonds and to set limits on bonds issued through ordinance. Based on the effective ordinance, bonds (other than water and sewer) are limited at 5.2% of the assessable base of real property and 13.0% 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, 2018, a review of the legal debt limitations reveals the following:

	<u>General Bonds (5.2%/13.0% Limitations)</u>	<u>Water and Wastewater (5.6%/14.0% Limitations)</u>
Charter imposed limitation	\$ 4,754,531,954	\$ 4,722,067,746
Bonded debt outstanding		
Installment purchase agreements	13,525,000	-
General obligation-serial bonds	1,088,655,714	625,033,512
General obligation-serial bonds, WPRF	55,215,993	-
General obligation-serial bonds, Solid Waste	37,228,293	-
Tax increment bonds	73,700,000	-
	<u>1,268,325,000</u>	<u>625,033,512</u>
Legal debt margin	<u>\$ 3,486,206,954</u>	<u>\$ 4,097,034,234</u>

As of June 30, 2018, the County had the total authority to issue bonds in the amount of \$1,851,349,731 of which \$820,447,398 has not been issued. Included in the amounts available to issue to date are \$354,063,457 for general obligation water and wastewater series bonds, and \$5,685,231 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, 2018 was \$9,885,000. 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>
2019	\$ 770,000	2021	\$ 810,000	2023	\$ 875,000
2020	785,000	2022	845,000	2024-2028	4,755,000
				2029	1,045,000
					<u>\$ 9,885,000</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 \$17,470,172 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 non-current 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 \$873,509 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 June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 1,041,811,891	\$ 190,650,000	\$ 88,590,184	\$ 1,143,871,707	\$ 91,739,729
Unamortized premium	133,769,825	32,922,132	17,896,445	148,795,512	18,410,073
Tax incremental and other debt	81,130,000	40,380,000	47,810,000	73,700,000	2,090,000
Total bonds payable	<u>1,256,711,716</u>	<u>263,952,132</u>	<u>154,296,629</u>	<u>1,366,367,219</u>	<u>112,239,802</u>
State loans	2,767,487	-	240,747	2,526,740	226,870
Capital leases	78,884	-	54,869	24,015	12,007
Installment purchase agreements	13,545,000	-	20,000	13,525,000	20,000
Unpaid insurance claims	81,934,645	104,129,656	102,881,348	83,182,953	20,153,553
Pension benefits	539,609,369	-	113,882,670	425,726,699	-
LOSAP benefits (as restated)	18,193,927	1,556,034	797,000	18,952,961	797,000
OPEB obligation	511,647,739	-	11,038,298	500,609,441	-
Compensated absences	25,119,608	26,700,815	26,242,508	25,577,915	25,540,421
Total long-term (as restated)	<u>2,449,608,375</u>	<u>396,338,637</u>	<u>409,454,069</u>	<u>2,436,492,943</u>	<u>158,989,653</u>
Total governmental activities	<u>\$ 2,449,608,375</u>	<u>\$ 396,338,637</u>	<u>\$ 409,454,069</u>	<u>\$ 2,436,492,943</u>	<u>\$ 158,989,653</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 619,955,848	\$ 74,820,714	32,514,757	\$ 662,261,805	\$ 34,805,320
Unamortized premium	62,195,726	10,717,144	5,581,608	67,331,262	6,011,649
Total bonds payable	<u>682,151,574</u>	<u>85,537,858</u>	<u>38,096,365</u>	<u>729,593,067</u>	<u>40,816,969</u>
Landfill closure/postclosure	35,958,203	871,860	11,897,263	24,932,800	2,991,057
Pension benefits	46,752,240	-	7,586,732	39,165,508	-
OPEB obligation	66,696,841	-	1,275,104	65,421,737	-
Compensated absences	2,136,279	2,406,280	2,294,860	2,247,699	2,243,981
Total long-term (as restated)	<u>833,695,137</u>	<u>88,815,998</u>	<u>61,150,324</u>	<u>861,360,811</u>	<u>46,052,007</u>
Total business-type activities	<u>\$ 833,695,137</u>	<u>\$ 88,815,998</u>	<u>\$ 61,150,324</u>	<u>\$ 861,360,811</u>	<u>\$ 46,052,007</u>

K Refundings – In fiscal year 2018, the County defeased certain Tax Increment 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 May 22, 2018, the County issued \$40,380,000 in non-taxable refunding bonds for the following: \$25,855,000 to refund National Business Park North Bonds, and \$14,525,000 to refund Village South Waugh Chapel Bonds. The true interest cost for both the refunded bonds was 3.23%. 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 National Business Park North Bonds was \$9,185,913 and from refunding Village South Waugh Chapel Bonds was \$4,534,869. The net effect of the total refunding loss for National Business Park North Bonds was \$1,484,238, and the net effect of the total refunding loss for Village South Waugh Chapel Bonds was \$810,687. 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 \$13.7 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, 2018, \$91,670,000 of governmental debt and \$19,450,000 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.

Anne Arundel County, Maryland
Notes to the Financial Statements

	Major Funds			Nonmajor	Totals
	General	Impact Fees Capital Projects	General County Capital Projects	Governmental Funds	
FUND BALANCES					
Non spendable					
Inventories	\$ 2,738,022	\$ -	\$ -	\$ -	\$ 2,738,022
Total non spendable	<u>2,738,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,738,022</u>
Restricted					
Reserve for retiree health benefits (OPEB)	-	-	-	-	-
Base realignment and closure (BRAC)	-	-	-	-	-
Impact fees capital projects	-	80,918,221	-	-	80,918,221
Forfeiture and asset seizure team	-	-	-	609,640	609,640
Roads and special benefits	-	-	-	277,220	277,220
Reforestation	-	-	-	6,878,019	6,878,019
Laurel racetrack community benefit	-	-	-	62,241	62,241
Grants	-	-	2,980,833	6,463,038	9,443,871
Circuit court	-	-	-	74,222	74,222
Odenton Town Center Tax Increment	-	-	-	8,856,972	8,856,972
Erosion districts	-	-	-	1,270,137	1,270,137
Video lottery local impact aid	-	-	-	3,236,588	3,236,588
Watershed protection and restoration	-	-	2,467,576	31,959,762	34,427,338
Bond premium	-	-	-	-	-
Other purposes	-	-	-	-	-
Debt service	-	-	-	7,168,724	7,168,724
Total restricted	<u>-</u>	<u>80,918,221</u>	<u>5,448,409</u>	<u>66,856,563</u>	<u>153,223,193</u>
Committed					
Street lights capital projects	-	-	-	5,446,583	5,446,583
Recreation and land fees	-	-	-	226,814	226,814
Energy revolving loan	-	-	-	56,437	56,437
Odenton Town Center Tax Increment	-	-	-	-	-
Installment purchase agreements	-	-	-	9,498,471	9,498,471
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,228,305</u>	<u>15,228,305</u>
Assigned					
General County capital projects	-	-	134,902,781	-	134,902,781
General County encumbrances	-	-	-	-	-
General County	89,215,268	-	-	-	89,215,268
Total assigned	<u>89,215,268</u>	<u>-</u>	<u>134,902,781</u>	<u>-</u>	<u>224,118,049</u>
Unassigned	82,924,322	-	-	(9,414,394)	73,509,928
Total fund balances	<u>\$ 174,877,612</u>	<u>\$ 80,918,221</u>	<u>\$ 140,351,190</u>	<u>\$ 72,670,474</u>	<u>\$ 468,817,497</u>

Encumbrances

Encumbrance accounting is employed as part of the budgetary presentation for the General Fund, special revenue funds, and capital projects funds. Encumbrances included in governmental fund balances are as follows:

	<u>Encumbrance Balances</u>
General Fund	
Police	\$ 1,563,262
Fire	2,921,129
Detention Facilities	769,123
Office of Budget	42
Office of Finance	211,737
Central Services	671,449
Personnel	121,327
Information Technology	968,570
Board of Election Supervisors	424,298
Health	979,988
Services for the Aging	4,502
Public Works	3,997,712
Recreation & Parks	27,345
Inspection & Permits	8,266
FAST Fund	625
Grants Fund	2,448,133
Arundel Community Development Services	3,985,116
Reforestation Fund	179,148
Video Lottery Local Impact Aid	32,926
Watershed Protection and Restoration	2,029,527
General County Capital Projects Fund	102,071,139
Watershed Protection and Restoration Capital Projects Fund	<u>26,344,586</u>
Total	<u>\$ 150,258,096</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>Governmental Activities</u>	<u>Water and Wastewater</u>	<u>Solid Waste</u>	<u>Child Care</u>	<u>Business-Type Totals</u>	<u>Grand Totals</u>
Deferred outflow of resources						
Pension benefits						
Contributions subsequent to measurement date	\$ 32,105,186	\$ 1,729,165	\$ 413,007	\$ 42,701	\$ 2,184,873	\$ 34,290,059
Change in experience	17,250,610	747,491	365,334	36,846	1,149,671	18,400,281
Change in assumptions	7,093,695	3,811,257	169,575	16,259	3,997,091	11,090,786
Change in investments	64,306,160	2,023,182	816,269	91,986	2,931,437	67,237,597
Total pension benefits	<u>120,755,651</u>	<u>8,311,095</u>	<u>1,764,185</u>	<u>187,792</u>	<u>10,263,072</u>	<u>131,018,723</u>
OPEB benefits						
Contributions subsequent to measurement date	48,742,853	5,001,813	1,224,732	111,817	6,338,362	55,081,215
Total OPEB benefits	<u>48,742,853</u>	<u>5,001,813</u>	<u>1,224,732</u>	<u>111,817</u>	<u>6,338,362</u>	<u>55,081,215</u>
Length of Service Awards Program (LOSAP)						
Contributions subsequent to measurement date	398,500	-	-	-	-	398,500
Change in assumptions	1,123,925	-	-	-	-	1,123,925
Total LOSAP benefits	<u>1,522,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,522,425</u>
Unamortized deferred refunding loss	<u>6,967,407</u>	<u>5,053,527</u>	<u>152,622</u>	<u>-</u>	<u>5,206,149</u>	<u>12,173,556</u>
Total deferred outflows	<u>\$ 177,988,336</u>	<u>\$ 18,366,435</u>	<u>\$ 3,141,539</u>	<u>\$ 299,609</u>	<u>\$ 21,807,583</u>	<u>\$ 199,795,919</u>

	<u>Governmental Activities - Internal Service Funds *</u>			<u>Component Units</u>			
	<u>Self Insurance</u>	<u>Central Garage & Transportation</u>	<u>Totals</u>	<u>BOE</u>	<u>Community College</u>	<u>Library</u>	<u>Economic Development</u>
Deferred outflow of resources							
Pension benefits							
Contributions subsequent to measurement date	\$ 82,701	\$ 330,905	\$ 413,606	\$ 5,937,118	\$ 304,070	\$ 186,653	\$ 104,367
Change in experience	68,910	289,643	358,553	-	-	162,986	43,094
Change in assumptions	28,115	131,647	159,762	2,286,340	136,708	73,718	226,282
Change in investments	134,135	656,913	791,048	4,179,321	265,908	337,474	134,453
Change in proportion	-	-	-	3,403,581	171,037	-	-
Changes proportion share of contribution	-	-	-	799,276	30,379	-	-
Total pension benefits	<u>\$ 313,861</u>	<u>\$ 1,409,108</u>	<u>\$ 1,722,969</u>	<u>\$ 16,605,636</u>	<u>\$ 908,102</u>	<u>\$ 760,831</u>	<u>\$ 508,196</u>
OPEB benefits							
Contributions subsequent to measurement date	\$ 201,817	\$ 740,287	\$ 942,104	\$ 43,572,871	\$ 3,720,000	\$ 1,699,115	\$ -
Total OPEB benefits	<u>\$ 201,817</u>	<u>\$ 740,287</u>	<u>\$ 942,104</u>	<u>\$ 43,572,871</u>	<u>\$ 3,720,000</u>	<u>\$ 1,699,115</u>	<u>\$ -</u>
Unamortized deferred refunding loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 258,495</u>	<u>\$ -</u>	<u>\$ -</u>
Total deferred outflows	<u>\$ 515,678</u>	<u>\$ 2,149,395</u>	<u>\$ 2,665,073</u>	<u>\$ 60,178,507</u>	<u>\$ 4,886,597</u>	<u>\$ 2,459,946</u>	<u>\$ 508,196</u>

* Included in Governmental Activities column above.

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

	<u>Business-Type Activities - Enterprise Funds</u>					
	<u>Governmental Activities</u>	<u>Water and Wastewater</u>	<u>Solid Waste</u>	<u>Child Care</u>	<u>Business-Type Totals</u>	<u>Grand Totals</u>
Deferred inflow of resources						
Pension benefits						
Change in experience	\$ 23,081,633	\$ 2,330,372	\$ 492,280	\$ 50,780	\$ 2,873,432	\$ 25,955,065
Change in assumptions	-	-	-	-	-	-
Change in investments	108,043,063	6,340,332	1,294,296	133,817	7,768,445	115,811,508
Total pension benefits	<u>131,124,696</u>	<u>8,670,704</u>	<u>1,786,576</u>	<u>184,597</u>	<u>10,641,877</u>	<u>141,766,573</u>
OPEB benefits						
Change in experience	-	-	-	-	-	-
Change in assumptions	-	-	-	-	-	-
Change in investments	4,988,328	514,433	125,962	11,500	651,895	5,640,223
Total OPEB benefits	<u>4,988,328</u>	<u>514,433</u>	<u>125,962</u>	<u>11,500</u>	<u>651,895</u>	<u>5,640,223</u>
Length of Service Awards Program						
Change in experience	960,595	-	-	-	-	960,595
Change in assumptions	-	-	-	-	-	-
Change in investments	-	-	-	-	-	-
Total LOSAP benefits	<u>960,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>960,595</u>
Unearned Revenue	11,390,619	-	-	-	-	11,390,619
Total deferred inflows	<u>\$ 148,464,238</u>	<u>\$ 9,185,137</u>	<u>\$ 1,912,538</u>	<u>\$ 196,097</u>	<u>\$ 11,293,772</u>	<u>\$ 159,758,010</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>BOE</u>	<u>Community College</u>	<u>Library</u>	<u>Economic Development</u>
Deferred inflow of resources							
Pension benefits							
Change in experience	\$ 86,044	\$ 389,069	\$ 475,113	\$ 4,158,762	\$ 242,418	\$ 214,263	\$ 390,544
Change in assumptions	-	-	-	-	-	-	-
Change in investments	259,173	1,037,005	1,296,178	-	-	584,941	140,810
Change in proportion	-	-	-	4,835,683	552,392	-	-
Total pension benefits	<u>\$ 345,217</u>	<u>\$ 1,426,074</u>	<u>\$ 1,771,291</u>	<u>\$ 8,994,445</u>	<u>\$ 794,810</u>	<u>\$ 799,204</u>	<u>\$ 531,354</u>
OPEB benefits							
Change in experience	-	-	-	-	-	-	-
Change in assumptions	-	-	-	334,660,000	6,196,061	2,946,682	-
Change in investments	20,756	76,138	96,894	-	371,042	21,420	26,206
Total OPEB benefits	<u>\$ 20,756</u>	<u>\$ 76,138</u>	<u>\$ 96,894</u>	<u>\$ 334,660,000</u>	<u>\$ 6,567,103</u>	<u>\$ 2,968,102</u>	<u>\$ 26,206</u>
Unearned Revenue	-	-	-	-	-	-	-
Total deferred inflows	<u>\$ 365,973</u>	<u>\$ 1,502,212</u>	<u>\$ 1,868,185</u>	<u>\$ 343,654,445</u>	<u>\$ 7,361,913</u>	<u>\$ 3,767,306</u>	<u>\$ 557,560</u>

* Included in Governmental Activities column above.

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, 2018, 154 Industrial Revenue Bonds series had been issued. The aggregate principal amounts payable for the four series issued after July 1, 1996 that are still outstanding was \$23,140,000. The aggregate principal amounts payable for the 150 issued prior to July 1, 1996, could not be determined; however, the original issues totaled \$582,700,000. The County is not obligated in any manner for payment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

12 Pension Plans

Most County employees participate in one of four single-employer defined benefit pension plans, which are in separate trust funds and administered by the Anne Arundel County Retirement and Pension System (Retirement System). The Retirement System issues a separate financial report for these plans. A copy of this report can be obtained from Anne Arundel County on the Office of Personnel page of the County website at www.aacounty.org. Some County employees participate in two multi-employer cost sharing pension plans administered by the State 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, 2017.

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, 2017 based on the January 1, 2018, actuarial valuation:

	Employees' Retirement Plan	Police Service Retirement Plan	Fire Service Retirement Plan	Detention Officers' and Deputy Sheriffs' Plan	Total
Retirees and beneficiaries receiving payments	1,894	730	616	266	3,506
Terminated Plan members entitled to but not yet receiving payments	277	-	-	6	283
Deferred Retirement Option (DROP)	-	54	51	18	123
Active Plan members	<u>2,278</u>	<u>634</u>	<u>784</u>	<u>327</u>	<u>4,023</u>
Total	<u>4,449</u>	<u>1,418</u>	<u>1,451</u>	<u>617</u>	<u>7,935</u>

Employees Plan - Plan Description – The Employees' Retirement Plan is a single-employer defined benefit pension plan that covers all full-time general employees of the County who are not included in any other pension plan, as well as employees of Anne Arundel Economic Development Corporation. The Plan provides retirement, disability, and death benefits to Plan members and their beneficiaries pursuant to two separate benefit structures, Tier I and Tier II. Cost-of-living adjustments (COLAs) are also provided pursuant to County legislation.

Contributions – Contribution rates for participants are established through County legislation. Employees who elect to be in Tier I are required to contribute 4.0% of their annual covered salary. Tier II employees are not required nor permitted to make contributions.

Cliff Vesting – Participants hired on or before June 30, 2015 will be fully vested after their fifth year of service. Termination prior to the fifth year will result in the return of all employee contributions, if applicable, plus 4.25% interest per annum with no additional benefits available. Participants hired on or after July 1, 2015 will be

fully vested after their tenth year of service. Termination prior to the tenth year will result in the return of all employee contributions, if applicable, plus 4.25 % interest per annum with no additional benefits available.

Police Plan - Plan Description – The Police Service Retirement Plan is a single-employer defined benefit pension plan that covers the following classes of workers: Police Officer, Police Officer First Class, Police Corporal, Police Sergeant, Police Lieutenant, Police Captain, Police Major, Deputy Police Chief (classified position), and (by election) the Chief of Police and Deputy Police Chief (by election if exempt). The Plan provides retirement, disability, and death benefits to Plan members and their beneficiaries. COLAs are also provided pursuant to County legislation.

Contributions – Contribution rates for participants are established through County legislation. Plan participants are required to contribute 7.25% of their basic rate of pay as a participant. The basic rate of pay is the rate of annual basic compensation (including longevity) with the County on the day specified, excluding overtime payments and other forms of additional compensation.

Normal Retirement – Participants hired on or after February 25, 2002 will be fully vested on the earlier of their attainment of age 50 and completion of their fifth year of service, or their completion of 20 years of service. Participants hired before February 25, 2002 will be fully vested on the earlier of their attainment of age 50 or completion of 20 years of service. Termination prior to attainment of Normal Retirement will result in the return of all employee contributions, if applicable, plus 3.0% interest per annum with no additional benefits available.

Fire Plan - Plan Description – The Fire Service Retirement Plan is a single-employer defined benefit pension plan that covers the following classes of workers: Fire Fighter II, Fire Fighter III, Fire Fighter Cardiac Rescue Technician, Fire Fighter/Emergency Medical Technician-Paramedic, Fire Lieutenant, Fire Captain, Fire Battalion Chief, Fire Division Chief, Fire Deputy Chief, and (by election) the Assistant Fire Chief and Fire Chief. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. COLAs are also provided pursuant to County legislation.

Contributions – Contribution rates for participants are established through County legislation. Plan participants are required to contribute 7.25% of their annual covered salary.

Normal Retirement – Participants who retire on or after July 1, 2002 will be fully vested on the earlier of their attainment of age 50 and completion of their fifth year of service, or their completion of 20 years of service. Participants who retired prior to July 1, 2002 will be fully vested on the earlier of their attainment of age 50 and completion of 5 years of service. Termination prior to attainment of Normal Retirement will result in the return of all employee contributions, if applicable, plus 3.0% interest per annum with no additional benefits available.

Detention Plan - Plan Description – The Detention Officers' and Deputy Sheriffs' Retirement Plan is a single-employer defined benefit pension plan that covers the following classes of workers: Detention Officer, Detention Corporal, Detention Sergeant, Detention Lieutenant Detention Captain, Correctional Program Specialist I, Correctional Program Specialist II, Criminal Justice Program Supervisor, Correctional Facility Administrator, Assistant Correctional Facility Administrator, Deputy Sheriff I, Deputy Sheriff II, Deputy Sheriff III, Deputy Sheriff IV, and (by election) the Superintendent of Detention Facilities. The plan provides retirement, disability, and death benefits to Plan members and their beneficiaries. COLAs are also provided pursuant to County legislation.

Contributions – Contribution rates for participants are established through County legislation. Plan participants are required to contribute 6.75% of their annual covered salary.

Cliff Vesting – Participants will be fully vested on the attainment of age 50 and completion of their fifth year of service. Termination prior to attainment of Normal Retirement will result in the return of all employee contributions, if applicable, plus 4.25% interest per annum, with no additional benefits available.

Additional detail for determining benefit payments and eligibility for retirement can be found on the County Connect Personnel Benefits web site under Pension System Information for all four plan.

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, 2018 were \$1,884,639. 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, 2018, the County reported a liability of \$5,291,151 for its proportionate share of the net pension liability of the State System. The net pension liability was measured as of June 30, 2017 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, 2017. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2017, the County's proportionate share was 0.004%.

Actuarial assumption: The total pension liability for the State System in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.65% general, 3.15% wage
Salary increases	3.15% to 9.15%, including inflation
Investment rate of return	7.50%

Mortality rates were based on RP-2014 Mortality Tables with projected generational improvements based on the MP-2014 2-dimensional mortality improvement scale.

The economic and demographic actuarial assumptions used in the June 30, 2017 valuation were adopted by the System's Board of Trustees based upon review of the State System's experience study for the period 2010-2014, after the completion of the June 30, 2014 valuations. 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 the first use in the actuarial valuation as of June 30, 2015. As a result, an investment return assumption of 7.50% and an inflation assumption of 2.65% were used in the June 30, 2017 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 System's target asset allocation, 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	36%	5.30%
Private Equity	11%	7.00%
Rate Sensitive	21%	1.20%
Credit Opportunity	9%	3.60%
Real Assets	15%	5.70%
Absolute Return	8%	3.10%
Total	100%	

The above was the System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2017.

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 15.7%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate: The single discount rate used to measure the total pension liability was 7.50%. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. 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 pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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, 2018, 2017, and 2016 equal the required contributions and are summarized as follows along with the State’s contribution on behalf on the employees discussed previously.

	Fiscal Year Ending June 30,		
	2018	2017	2016
County contributions:			
Primary Government	\$ 1,792,835	\$ 1,576,725	\$ 1,379,458
Board of Education	5,937,118	5,484,667	21,428,296
Community College	325,849	402,257	392,656
State contributions on behalf of:			
Board of Education	61,908,500	65,114,865	62,703,947
Community College	4,887,541	5,092,151	4,510,355
Library *	1,565,312	1,558,508	1,583,617
	<u>\$ 76,417,155</u>	<u>\$ 79,229,173</u>	<u>\$ 91,998,329</u>

E Net Pension Liability of the System by Plan - The components of the net pension liability and assumptions for each Plan at December 31, 2017 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	\$ 868,563,618	\$ 697,481,578	\$ 623,144,469	\$ 188,561,621	\$ 2,377,751,286
Plan fiduciary net position*	(670,226,434)	(553,461,320)	(548,210,777)	(141,368,993)	(1,913,267,524)
Plan net pension liability	\$ 198,337,184	\$ 144,020,258	\$ 74,933,692	\$ 47,192,628	\$ 464,483,762
Plan fiduciary net position as a percentage of the total pension liability	77.16%	79.35%	87.97%	74.97%	80.47%

*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 and Economic Development, component unit pension liability.

Actuarial assumptions:

The total pension liability was determined by an actuarial valuation as of December 31, 2017 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. 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, 2017) 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%.

**30-Year Return Assumptions by Asset Class
As of December 31, 2017**

Asset Class	30-Year Geometric Forecast	
	(Nominal Returns)	(Real Returns)
Cash	3.00%	0.25%
U.S. Treasuries	3.50%	0.75%
IG Corp Credit	5.00%	2.25%
Mortgage Backed Securities	3.50%	0.75%
Bank Loans	6.00%	3.25%
* Core Fixed Income	4.00%	1.25%
High-Yield Bonds	5.75%	3.00%
Absolute Return Fixed Income	4.51%	1.76%
Emerging Market Debt (External)	5.75%	3.00%
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)	7.75%	5.00%
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	6.47%	3.72%
Hedge Funds (Macro)	6.25%	3.50%
** Risk Parity	6.27%	3.52%

Note: NEPC's 30-year geometric inflation assumption is 2.75%.

** Core Bonds assumption based on market weighted blend of components of Aggregate Index (Treasuries, IG Corp Credit, and MBS).*

*** Risk Parity Allocation Modeled as 3% 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, 2017:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Employees' Plan			
Balances at 12/31/16	\$ 830,383,057	\$ 592,099,006	\$ 238,284,051
Changes for the year:			
Service cost	15,497,478	-	15,497,478
Interest	60,501,961	-	60,501,961
Changes of benefit terms	-	-	-
Differences between expected and actual	9,561,605	-	9,561,605
Changes of assumptions	-	-	-
Contributions - employer	-	25,654,218	(25,654,218)
Contributions - member	-	5,471,912	(5,471,912)
Net investment income	-	94,907,737	(94,907,737)
Benefit payments, including refunds of member contributions	(47,380,483)	(47,380,483)	-
Administrative expense	-	(525,956)	525,956
Other	-	-	-
Net Changes	<u>38,180,561</u>	<u>78,127,428</u>	<u>(39,946,867)</u>
Balances at 12/31/17	<u>\$ 868,563,618</u>	<u>\$ 670,226,434</u>	<u>\$ 198,337,184</u>
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Police Service Plan			
Balances at 12/31/16	\$ 664,977,684	\$ 486,520,135	\$ 178,457,549
Changes for the year:			
Service cost	12,689,380	-	12,689,380
Interest	48,562,689	-	48,562,689
Changes of benefit terms	-	-	-
Differences between expected and actual experience	6,202,140	-	6,202,140
Changes of assumptions	-	-	-
Contributions - employer	-	20,931,078	(20,931,078)
Contributions - member	-	3,250,062	(3,250,062)
Net investment income	-	78,155,457	(78,155,457)
Benefit payments, including refunds of member contributions	(34,950,315)	(34,950,315)	-
Administrative expense	-	(445,097)	445,097
Other	-	-	-
Net Changes	<u>32,503,894</u>	<u>66,941,185</u>	<u>(34,437,291)</u>
Balances at 12/31/17	<u>\$ 697,481,578</u>	<u>\$ 553,461,320</u>	<u>\$ 144,020,258</u>

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Fire Service Plan			
Balances at 12/31/16	\$ 598,835,855	\$ 485,690,368	\$ 113,145,487
Changes for the year:			
Service cost	11,556,313	-	11,556,313
Interest	43,670,370	-	43,670,370
Changes of benefit terms	-	-	-
Differences between expected and actual experience	2,210,437	-	2,210,437
Changes of assumptions	-	-	-
Contributions - employer	-	14,664,432	(14,664,432)
Contributions - member	-	3,440,550	(3,440,550)
Net investment income	-	77,991,720	(77,991,720)
Benefit payments, including refunds of member contributions	(33,128,506)	(33,128,506)	-
Administrative expense	-	(447,787)	447,787
Other	-	-	-
Net Changes	<u>24,308,614</u>	<u>62,520,409</u>	<u>(38,211,795)</u>
Balances at 12/31/17	<u>\$ 623,144,469</u>	<u>\$ 548,210,777</u>	<u>\$ 74,933,692</u>

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Detention Officers and Deputy Sheriffs' Plan			
Balances at 12/31/16	\$ 175,568,918	\$ 120,339,036	\$ 55,229,882
Changes for the year:			
Service cost	4,658,200	-	4,658,200
Interest	12,911,867	-	12,911,867
Changes of benefit terms	-	-	-
Differences between expected and actual experience	2,244,031	-	2,244,031
Changes of assumptions	-	-	-
Contributions - employer	-	6,999,882	(6,999,882)
Contributions - member	-	1,353,927	(1,353,927)
Net investment income	-	19,606,756	(19,606,756)
Benefit payments, including refunds of member contributions	(6,821,395)	(6,821,395)	-
Administrative expense	-	(109,213)	109,213
Other	-	-	-
Net Changes	<u>12,992,703</u>	<u>21,029,957</u>	<u>(8,037,254)</u>
Balances at 12/31/17	<u>\$ 188,561,621</u>	<u>\$ 141,368,993</u>	<u>\$ 47,192,628</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.

	Employees' Retirement Plan	Police Service Retirement Plan	Fire Service Retirement Plan	Detention Officers' and Deputy Sheriffs' Retirement Plan
1% Decrease to 6.5%	\$ 295,027,974	\$ 232,633,334	\$ 155,952,107	\$ 69,599,571
Current Discount Rate 7.5%	198,337,184	144,020,258	74,933,692	47,192,628
1% Increase to 8.5%	116,536,115	71,537,039	8,686,251	28,562,771

Sensitivity of groups within the State System:

	Withdrawn Group *	Officials	Judges
Proportional Share of State System	n/a	0.0011945%	0.0033089%
1% Decrease to 6.50%	n/a	\$ 366,055	\$ 1,014,015
Current Discount Rate 7.50%	n/a	258,296	715,507
1% Increase to 8.50%	n/a	168,885	467,829

* 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, 2017, are displayed by Plan in the following table.

	Employees' Retirement Plan	Police Service Retirement Plan	Fire Service Retirement Plan	Detention Officers' and Deputy Sheriffs' Retirement Plan	Total Pension System
PENSION EXPENSE:	\$ 33,805,935	\$ 32,439,253	\$ 20,943,485	\$ 8,844,757	\$ 96,033,430
DEFERRED OUTFLOWS OF RESOURCES:					
Differences between expected and actual experience	\$ 10,930,866	\$ 4,651,605	\$ 2,577,742	\$ 1,496,021	\$ 19,656,234
Changes of assumptions	4,513,477		3,605,542	-	8,119,019
Net difference between projected and actual earnings on pension plan investments	23,699,679	20,500,449	20,493,166	4,845,206	69,538,500
Contributions subsequent to measurement date	12,997,486	10,677,429	7,500,509	3,574,416	34,749,840
Total Deferred Outflow of Resources	52,141,508	35,829,483	34,176,959	9,915,643	132,063,593
DEFERRED INFLOWS OF RESOURCES:					
Differences between expected and actual experience	(14,729,133)	(3,437,001)	(6,886,866)	(1,198,824)	(26,251,824)
Net difference between projected and actual earnings on pension plan investments	(40,903,658)	(33,669,586)	(33,716,093)	(8,422,366)	(116,711,703)
Total Deferred Inflow of Resources	(55,632,791)	(37,106,587)	(40,602,959)	(9,621,190)	(142,963,527)
Total Deferred Activity	\$ (3,491,283)	\$ (1,277,104)	\$ (6,426,000)	\$ 294,453	\$ (10,899,934)

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, 2019. 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 four to five years as provided by the actuary as follows:

	<u>Employees'</u>	<u>Police Service</u>	<u>Fire Service</u>	<u>Detention Officers'</u>	<u>Total Pension</u>
	<u>Retirement Plan</u>	<u>Retirement Plan</u>	<u>Retirement Plan</u>	<u>and Deputy</u> <u>Sheriffs'</u> <u>Retirement Plan</u>	<u>System</u>
Year ended December 31:					
2018	\$ 6,530,611	\$ 2,277,684	\$ 4,556,167	\$ 144,306	\$ 13,508,768
2019	(3,984,610)	880,149	(2,332,950)	746,728	(4,690,683)
2020	(10,739,690)	(6,694,971)	(8,198,844)	(2,065,404)	(27,698,909)
2021	(8,295,080)	(8,417,395)	(8,319,289)	(2,105,593)	(27,137,357)
2022	-	-	368,407	-	368,407

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, 2017 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</u>	<u>Master</u>	<u>Officials</u>	<u>Total</u>
	<u>Participants</u>	<u>Judges</u>		<u>Portion</u>
PENSION EXPENSE:	\$ 1,792,835	\$ 81,962	\$ 21,573	\$ 1,896,370
DEFERRED OUTFLOWS OF RESOURCES:				
Changes of assumptions	\$ -	\$ 29,508	\$ 6,602	\$ 36,110
Net difference between projected and actual earnings	-	73,530	22,644	96,174
Contributions subsequent to measurement date	-	67,188	24,685	91,873
Subtotal of outflows	-	170,226	53,931	224,157
DEFERRED INFLOWS OF RESOURCES:				
Differences between expected and actual experience	-	(48,789)	(16,393)	(65,182)
Net difference between projected and actual earnings	-	(54,353)	(14,069)	(68,422)
Subtotal of inflows	-	(103,142)	(30,462)	(133,604)
Total Deferred Activity	\$ -	\$ 67,084	\$ 23,469	\$ 90,553

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, 2019. 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>
2019	\$ (21)	\$ (243)	\$ (264)
2020	(21)	(243)	(264)
2021	(21)	(243)	(264)
2022	(21)	(243)	(264)
2023	(20)	(244)	(264)

H Payable to the County Pension System – At December 31, 2017 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, 2017 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 \$290.2 million at December 31, 2017, of which approximately \$103.6 million remains unfunded. The expected funding dates for these commitments extend through 2022.

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 \$23,665,760.

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, 2017 using the following actuarial assumptions:

Actuarial Assumptions:

Inflation Rate	3.0 %
Discount rate	3.31 %
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

Source: Index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

	Changes in the Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 1/1/17	\$ 18,193,927	\$ -	\$ 18,193,927
Changes for the year:			
Service cost	689,168	-	689,168
Interest	698,504	-	698,504
Changes of benefit terms	-	-	-
Differences between expected and actual	(1,056,655)	-	(1,056,655)
Changes of assumptions	1,236,317	-	1,236,317
Employer contributions	-	808,300	(808,300)
Benefit payments, including refunds of member contributions	(808,300)	(808,300)	-
Net Changes	759,034	-	759,034
Balances at 12/31/17	\$ 18,952,961	\$ -	\$ 18,952,961

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 3.31%, 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 (2.31%) or 1 percentage-point higher (4.31%) than the current rate:

	1.0% Decrease 2.31%	Current Discount Rate 3.31%	1.0% Increase 4.31%
County's Net Pension Liability	\$ 22,099,137	\$ 18,952,961	\$ 16,473,778

Source: Yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

The following schedule presents the LOSAP participants:

LOSAP Participant Summary			
	Active Participants	Volunteers Receiving Payment	Survivors Receiving Payment
Number	421	193	68
Average Age	42.75	73.73	82.55
Total Annual Benefits		\$ 674,400	\$ 123,000
Average Service	9.18		

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. The total OPEB liability is based on March 1, 2017 valuation data. The Plan's liability was rolled forward to the measurement date June 30, 2017. The methods, assumptions, plan provisions, and participant data used are detailed in the actuarial valuation report dated August 25, 2017 with the exception of the actuarial cost method. These calculations are based on the Entry Age Normal (EAN) cost method as required by GASB 74 and GASB 75. The EAN actuarial cost method requires a salary scale assumption. The Actuary used the salary scale assumption used to value Anne Arundel County's pension plans. The calculation of the Actuarially Determined Contribution for the fiscal year ended June 30, 2018 is contained in the actuarial valuation report dated August 25, 2017.

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.

B Membership by Plan – Anne Arundel County retirees meeting certain criteria are eligible for medical insurance and prescription coverage in retirement. The College provides certain health care benefits to eligible retirees. The benefits provided, benefit levels, retiree contributions and employer contributions are governed by the College’s Board of Trustees and during the budgetary process. The Board of Trustees may amend or change the plan periodically. The Library, through its Health Benefits Pooling Agreement with the County, has agreed that its benefits and costs to the retirees will match the County Plan. The number of participants in the OPEB Trust as of March 1, 2017 follows. Data is based on actuarial valuations dated August 25, 2017.

	<u>County Plan</u>	<u>College Plan</u>	<u>Library Plan</u>	<u>Total</u>
Employees with medical coverage	3,788	717	201	4,706
Deferred vested termination Retirees	285	0	0	285
	<u>2,526</u>	<u>205</u>	<u>143</u>	<u>2,874</u>
Total	<u><u>6,599</u></u>	<u><u>922</u></u>	<u><u>344</u></u>	<u><u>7,865</u></u>

C 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.

D Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive OPEB Trust (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between employers and plan members to that point. The 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, consistent with the long-term perspective of the calculations. The actuarial assumptions used in the latest valuation are as follows:

Schedule of Actuarial Methods and Assumptions

	<u>County Plan</u>	<u>College Plan</u>	<u>Library Plan</u>
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Closed, level percent of payroll	Closed, level percent of payroll	Closed, level percent of payroll
Amortization Period	22 years (as of June 30, 2018)	22 years (as of June 30, 2018)	22 years (as of June 30, 2018)
Asset valuation Method	Market value of Assets	Market value of Assets	Market value of Assets
Actuarial Assumptions			
Discount Rate	6.381% <i>Long-term expected return based on Trust assets</i>	6.381% <i>Long-term expected return based on Trust assets</i>	6.366% <i>Long-term expected return based on Trust assets</i>
Payroll Increase	3.00%	3.00%	3.00%
Medical Inflation Trend	see note below	see note below	see note below

Note: The rate in 2018 is 5.7%. The rate in 2050 is 5.5% pre Medicare and 4.8% post Medicare. The ultimate rate is 5.1% pre Medicare and 4.6% post Medicare.

Mortality rates: were based on RP-2014 Mortality Tables with projected generational improvements based on the MP-2014 2-dimensional mortality improvement scale.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Anne Arundel Retiree Health Benefits Trust (the Trust) and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the County. For this purpose, the Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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

	Change in Net OPEB Liability		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2016 for FYE 2017	\$ 637,883,000	\$ 59,720,420	\$ 578,162,580
Changes for the Year			
Service Cost	17,092,000		17,092,000
Interest	39,647,808		39,647,808
Employer Trust Contribution	-	44,908,408	(44,908,408)
Member Trust Contribution	-	6,246,382	(6,246,382)
Net Investment Income	-	11,582,435	(11,582,435)
Administrative Expense	-	(893,744)	893,744
Benefit Payments	(33,074,808)	(33,074,808)	-
Other (Insurance Subsidies and Rebates)	-	4,397,822	(4,397,822)
Net Changes	23,665,000	33,166,495	(9,501,495)
Balance as of June 30, 2017 for FYE 2018	\$ 661,548,000	\$ 92,886,915	\$ 568,661,085

For the fiscal year ended June 30, 2018, Anne Arundel County General Employees recognized an OPEB expense of \$50,823,802. At June 30, 2018, Anne Arundel County General Employees reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(5,666,429)
Employer contribution subsequent to measurement date	55,081,215	-
Total	<u>\$ 55,081,215</u>	<u>\$ (5,666,429)</u>

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

Fiscal Year ended June 30:	
2019	\$ (1,416,607)
2020	(1,416,607)
2021	(1,416,607)
2022	(1,416,608)
Thereafter	-

E Net OPEB Liability of the Trust – The components of the net OPEB liability of the Trust at June 30, 2018 are displayed on the following schedule:

Net OPEB Liability of the Trust				
(in thousands)				
As of June 30, 2018				
	County Plan	College Plan	Library Plan	TOTAL
Total OPEB liability	\$ 696,318	\$ 47,228	\$ 24,838	\$ 768,384
Plan fiduciary net position	(135,535)	(9,249)	(807)	(145,591)
Net OPEB liability	<u>\$ 560,783</u>	<u>\$ 37,979</u>	<u>\$ 24,031</u>	<u>\$ 622,793</u>
Plan fiduciary net position as a percentage of the total OPEB liability	19.46%	19.58%	3.25%	
Actuarial assumptions	The total OPEB liability was determined by the GASB 74 Measurement Period Ending June 30, 2018 applied to all periods included in the measurement, unless otherwise specified.			
	County Plan	College Plan	Library Plan	
Inflation	2.40%	2.40%	2.40%	
Salary increases	3.00%	3.00%	3.00%	
Investment rate of return	6.38%	6.38%	6.37%	
Healthcare cost trend rates	5.70%	5.70%	5.70%	

F Long-term expected real rate of return – The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation of 40 percent for fixed income and 60 percent for equity investments, and including the expected rate of inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Equity	4.0%
International Equities	3.5%
Emerging Int'l Equities	2.8%
Core Fixed Income	2.7%
Emerging Market Debt	2.8%

Policy allows use of mutual/commingled funds as investment vehicles. The following schedule displays the asset allocation targets in the IPS.

<u>Asset Allocations by Investment Policy</u>			
	<u>Target Allocation</u>	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
Large Cap U.S. Equities	33%	28%	38%
Int'l .Equities - Developed Markets	21%	16%	26%
Emrging Int'l, Equities	6%	0%	11%
Total Equity	60%	44%	75%
Core Fixed Income	20%	15%	25%
Diversified Fixed Income	20%	15%	25%
Total Fixed Income	40%	30%	50%

G Discount rate – The discount rate used to determine the actuarial net liability varied by Plan. Based on assumptions of increasing contribution levels and normal costs for future hires, the County Plan is expected to never become insolvent. Consequently, the actuary determined the County’s and College’s liability using the expected rate of return on assets of 6.381 percent as the discount rate. Forecasts for the Library determined that the Plan would require calculation of a blended rate reflecting both the expected rate of return on assets and the bond rate of 3.62 percent. The discount rate used for the Library Plan is 6.366 percent.

H Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of each Plan based on each Plan’s discount rate, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate as follows:

Discount Rate Sensitivity As of June 30, 2017			
Net OPEB liability (asset)			
	1.00% Decrease	Discount Rate	1.00% Increase
County Plan	5.38%	6.38%	7.38%
	\$ 678,279,085	\$ 566,857,622	\$ 481,175,085
College Plan	2.72%	3.72%	4.72%
	\$ 69,288,805	\$ 58,269,940	\$ 49,269,805
Library Plan	2.58%	3.58%	4.58%
	\$ 39,616,311	\$ 34,078,496	\$ 29,605,311

Discount Rate Sensitivity As of June 30, 2018			
Net OPEB liability (asset)			
	1.00% Decrease	Discount Rate	1.00% Increase
County Plan	5.38%	6.38%	7.38%
	\$ 635,329,395	\$ 560,782,563	\$ 438,225,104
College Plan	5.38%	6.38%	7.38%
	\$ 44,843,726	\$ 37,979,353	\$ 32,290,326
Library Plan	5.37%	6.37%	7.37%
	\$ 27,257,005	\$ 24,030,636	\$ 21,357,239

I Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate – The trend rate selected is based on an economic model developed by a health care economist for the Society of Actuaries. Future medical trend increases could vary significantly from the model. Model inputs will be updated periodically based on the best estimate of the economy at the time. Small changes in the model inputs can result in actuarial losses or gains of 5 to 15 percent of liabilities. The same trend rate is used for each Plan. The following presents the net OPEB liability for each Plan, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Heathcare Trend Cost Sensitivity As of June 30, 2017			
Net OPEB liability (asset)			
	1.00% Decrease	Trend Rates	1.00% Increase
	2.90%	3.90%	4.90%
County Plan	\$ 473,243,085	\$ 566,857,622	\$ 689,516,085
College Plan	\$ 47,479,805	\$ 58,269,940	\$ 72,218,805
Library Plan	\$ 29,193,311	\$ 34,078,496	\$ 40,225,311

Heathcare Trend Cost Sensitivity As of June 30, 2018			
Net OPEB liability (asset)			
	1.00% Decrease	Trend Rates	1.00% Increase
	2.90%	3.90%	4.90%
County Plan	\$ 430,293,212	\$ 560,782,563	\$ 646,565,877
College Plan	\$ 30,954,925	\$ 37,979,353	\$ 46,829,425
Library Plan	\$ 20,895,882	\$ 24,030,636	\$ 27,864,108

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, 2018, the Self Insurance Fund liability of \$78,787,423 is discounted, since discounting is more reflective of the nature of the claims. The Health Insurance Fund liability of \$4,395,530 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 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Liability balance, July 1	\$ 81,934,645	\$ 79,593,117
Current year claims and changes in estimates:		
Changes in estimates - prior periods	5,234,559	2,767,317
Changes in estimates - current year	98,895,097	91,337,483
Claims payments	<u>(102,881,348)</u>	<u>(91,763,272)</u>
Liability balance, June 30	<u>\$ 83,182,953</u>	<u>\$ 81,934,645</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 has stopped collecting solid waste and is 100.0% full. Closure for cell 8 will be completed in 2020. Cell 9 has opened and is 3.8% full. Cell 9 has a useful life to at least 2043. 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	\$ 60,108,956	\$ 18,163,719	\$ 78,272,675
Post closure	<u>37,729,332</u>	<u>2,354,358</u>	<u>40,083,690</u>
	97,838,288	20,518,077	118,356,365
Less:			
Amount recognized thru June 30, 2018	<u>57,122,736</u>	<u>20,518,077</u>	<u>77,640,813</u>
Costs remaining to be recognized	<u>\$ 40,715,551</u>	<u>\$ -</u>	<u>\$ 40,715,551</u>
Liability recorded at June 30, 2018			
Closure Cell 8 (current for FY18)	\$ 1,964,661	\$ -	\$ 1,964,661
Closure Cell 9 Long Term	896,800	-	896,800
Current portion post closure	810,295	216,101	1,026,396
Post closure Long Term	<u>18,906,686</u>	<u>2,138,257</u>	<u>21,044,943</u>
	<u>\$ 22,578,442</u>	<u>\$ 2,354,358</u>	<u>\$ 24,932,800</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 decreased in the amount of \$11,172,063 as a result of \$13,476,321 spent on closure costs through June 30, 2018 and post closure reserves increased by \$146,656 in fiscal year 2018. These amounts include changes to the estimates in the reserves, payments, and other adjustments.

The Solid Waste Fund has restricted assets of \$15,930,748 for closure and post closure care as of June 30, 2018.

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 2018, the net amount of taxes abated after receipt of the PILOT payments was \$655,702.

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 2018, the total amount of taxes abated for brownfields sites was \$460,917.

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 2018, the total amount of agricultural taxes abated was \$549,612.

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 2018, 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 2018, there were 1,527 accounts totaling 46,763 acres receiving a preferential land value of \$12,209,108. 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 2018, the difference between the preferred use value and the market value reduced the assessments by \$14,028,321 resulting in an abatement of \$127,237 in County real property taxes.

17 **Contingent Liabilities**

A ***Impact Fees*** – At June 30, 2018, 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 \$29,140,660 as of June 30, 2018.

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 fees in the amount of \$1,342,360 were available for refund (subject to 5% interest from the date of payment of each impact fee) to the current owners of certain specified impact fee paying properties. In a July 29, 2013 opinion, the Court of Special Appeals affirmed the Circuit Court. On August 8, 2016, the Circuit Court ordered the County to pay impact fee refunds and interest in specified amounts to class members listed on Exhibit A to its order. The amount of refunds and interest ordered to be paid by the County totaled \$2,832,514. On November 7, 2016, the County mailed checks to individual property owners as required. 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. The Court of Appeals ruled in favor of the County on April 10, 2018. The Plaintiffs filed a Petition for Certiorari to the United States Supreme Court on July 6, 2018 which was denied on October 1, 2018. The case has been concluded in favor of the County.

Taxpayers, entities that own and operate two power plants, seek 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 was substantially below assessed values. The SDAT affirmed its assessed values on December 12, 2017 which resulted in no refunds or interest due the taxpayers. The taxpayers noted an appeal to the Maryland Tax Court on January 10, 2018, contending that the assessments should be reduced. Taxpayers are asserting in the Maryland Tax Court that they are due a refund of approximately \$4.85 million total for both fiscal years in addition to 6% interest. A trial is scheduled in the Maryland Tax Court on May 7, 2019.

A taxpayer that owns and operates a major gaming facility 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. 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. Trial concluded in the Maryland Tax Court on May 17, 2017. On December 26, 2017, the Maryland Tax Court ruled in favor of the taxpayer. The County noted an appeal to the Circuit Court for Anne Arundel County on December 29, 2017. The Circuit Court held a hearing on November 19, 2018. A ruling is expected in early 2019.

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, 2018, the County estimates that no material liabilities will result from such audits.

D *Payroll* - In 2018, the Office of Personnel discovered that certain overtime wage calculations for certain County employees were performed incorrectly by the County's payroll contractor in past years. The County has engaged financial professionals who are currently determining the amount of those miscalculations. An estimated liability has been accrued.

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Anne Arundel Retirement and Pension System
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios - Employees' Retirement Plan
For Year Ended December 31
(Dollars in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 15,497	\$ 15,144	\$ 15,115	\$ 14,159
Interest	60,502	59,292	58,329	53,353
Differences between expected and actual experience	9,562	(12,599)	(17,971)	16,408
Changes of assumptions	-	-	-	22,567
Benefit payments, including refunds of member contributions	<u>(47,380)</u>	<u>(44,024)</u>	<u>(41,253)</u>	<u>(39,012)</u>
Net change in total pension liability	38,181	17,813	14,221	67,475
Total pension liability - beginning	830,383	812,570	798,349	730,874
Total pension liability - ending (a)	<u>\$ 868,564</u>	<u>\$ 830,383</u>	<u>\$ 812,570</u>	<u>\$ 798,349</u>
Plan fiduciary net position				
Contributions - employer	\$ 25,654	\$ 25,810	\$ 25,630	\$ 24,451
Contributions - member	5,472	5,182	4,847	4,662
Net investment income	94,908	41,345	(8,374)	28,451
Benefit payments, including refunds of member contributions	(47,380)	(44,024)	(41,253)	(39,012)
Administrative expense	<u>(526)</u>	<u>(497)</u>	<u>(504)</u>	<u>(519)</u>
Net change in plan fiduciary net position	78,127	27,816	(19,654)	18,034
Plan fiduciary net position - beginning	592,099	564,283	583,936	565,902
Plan fiduciary net position - ending (b)	<u>\$ 670,226</u>	<u>\$ 592,099</u>	<u>\$ 564,283</u>	<u>\$ 583,936</u>
County's net pension liability - ending (a)-(b)	<u>\$ 198,337</u>	<u>\$ 238,284</u>	<u>\$ 248,287</u>	<u>\$ 214,413</u>
Plan fiduciary net position as a percentage of the total pension liability	77.2%	71.3%	69.4%	73.1%
Covered payroll	\$ 138,239	\$ 130,313	\$ 127,827	\$ 127,091
County's net pension liability as a percentage of Covered payroll	143.5%	182.9%	194.2%	168.7%
Expected average remaining service years of all participants	5	5	5	5

Notes:

- 1) Source is actuarial data based on preliminary financials. The differences 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 Year Ended December 31
(Dollars in thousands)

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 12,689	\$ 12,057	\$ 12,258	\$ 10,951
Interest	48,563	47,032	45,473	41,480
Differences between expected and actual experience	6,202	(4,527)	(4,693)	12,801
Changes of assumptions	-	-	-	18,331
Benefit payments, including refunds of member contributions	(34,950)	(33,357)	(31,134)	(29,507)
Net change in total pension liability	32,504	21,205	21,903	54,055
Total pension liability - beginning	664,978	643,773	621,870	567,815
Total pension liability - ending (a)	<u>\$ 697,482</u>	<u>\$ 664,978</u>	<u>\$ 643,773</u>	<u>\$ 621,870</u>
Plan fiduciary net position				
Contributions - employer	\$ 20,931	\$ 20,411	\$ 19,560	\$ 18,870
Contributions - member	3,250	3,158	3,104	2,950
Net investment income	78,155	33,500	(7,869)	21,813
Benefit payments, including refunds of member contributions	(34,950)	(33,357)	(31,134)	(29,507)
Administrative expense	(445)	(417)	(423)	(418)
Net change in plan fiduciary net position	66,941	23,295	(16,762)	13,707
Plan fiduciary net position - beginning	486,520	463,225	479,988	466,281
Plan fiduciary net position - ending (b)	<u>\$ 553,461</u>	<u>\$ 486,520</u>	<u>\$ 463,225</u>	<u>\$ 479,988</u>
County's net pension liability - ending (a)-(b)	<u>\$ 144,020</u>	<u>\$ 178,458</u>	<u>\$ 180,547</u>	<u>\$ 141,882</u>
Plan fiduciary net position as a percentage of the total pension liability	79.4%	73.2%	72.0%	77.2%
Covered payroll	\$ 45,989	\$ 44,894	\$ 43,879	\$ 42,960
County's net pension liability as a percentage of covered payroll	313.2%	397.5%	411.5%	330.3%
Expected average remaining service years of all participants	4	4	4	4

Notes:

- 1) Source is actuarial data based on preliminary financials. The differences 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 Year Ended December 31

(Dollars in thousands)

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 11,556	\$ 11,102	\$ 10,339	\$ 9,184
Interest	43,670	42,294	41,924	38,949
Differences between expected and actual experience	2,210	(1,552)	(14,630)	3,679
Changes of assumptions	-	-	-	18,028
Benefit payments, including refunds of member contributions	(33,129)	(33,868)	(31,520)	(28,823)
Net change in total pension liability	24,309	17,976	6,112	41,016
Total pension liability - beginning	598,836	580,860	574,748	533,731
Total pension liability - ending (a)	<u>\$ 623,144</u>	<u>\$ 598,836</u>	<u>\$ 580,860</u>	<u>\$ 574,748</u>
Plan fiduciary net position				
Contributions - employer	\$ 14,664	\$ 14,591	\$ 15,122	\$ 15,899
Contributions - member	3,441	3,257	3,050	2,778
Net investment income	77,992	33,899	(7,744)	22,688
Benefit payments, including refunds of member contributions	(33,129)	(33,868)	(31,520)	(28,823)
Administrative expense	(448)	(428)	(436)	(423)
Net change in plan fiduciary net position	62,520	17,451	(21,528)	12,119
Plan fiduciary net position - beginning	485,690	468,239	489,767	477,648
Plan fiduciary net position - ending (b)	<u>\$ 548,211</u>	<u>\$ 485,690</u>	<u>\$ 468,239</u>	<u>\$ 489,767</u>
County's net pension liability - ending (a)-(b)	<u>\$ 74,933</u>	<u>\$ 113,146</u>	<u>\$ 112,621</u>	<u>\$ 84,981</u>
Plan fiduciary net position as a percentage of the total pension liability	88.0%	81.1%	80.6%	85.2%
Covered payroll	\$ 46,954	\$ 46,228	\$ 43,838	\$ 40,476
County's net pension liability as a percentage of covered payroll	159.6%	244.8%	256.9%	210.0%
Expected average remaining service years of all participants	6	6	5	5

Notes:

- 1) Source is actuarial data based on preliminary financials. The differences 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 Year Ended December 31
 (Dollars in thousands)

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 4,658	\$ 4,461	\$ 4,634	\$ 4,602
Interest	12,912	12,281	11,401	10,301
Changes of benefit terms	-	-	4,635	-
Differences between expected and actual experience	2,244	(1,678)	(2,558)	2,322
Changes of assumptions	-	-	-	3,494
Benefit payments, including refunds of member contributions	(6,821)	(6,485)	(6,279)	(5,819)
Net change in total pension liability	12,993	8,579	11,833	14,900
Total pension liability - beginning	175,569	166,990	155,156	140,256
Total pension liability - ending (a)	<u>\$ 188,562</u>	<u>\$ 175,569</u>	<u>\$ 166,990</u>	<u>\$ 155,156</u>
Plan fiduciary net position				
Contributions - employer	\$ 7,000	\$ 6,689	\$ 6,371	\$ 6,111
Contributions - member	1,354	1,316	1,317	1,298
Net investment income	19,607	8,159	(1,919)	4,944
Benefit payments, including refunds of member contributions	(6,821)	(6,485)	(6,279)	(5,819)
Administrative expense	(109)	(100)	(98)	(96)
Net change in plan fiduciary net position	21,030	9,579	(608)	6,438
Plan fiduciary net position - beginning	120,339	110,760	111,368	104,930
Plan fiduciary net position - ending (b)	<u>\$ 141,369</u>	<u>\$ 120,339</u>	<u>\$ 110,760</u>	<u>\$ 111,368</u>
County's net pension liability - ending (a)-(b)	<u>\$ 47,193</u>	<u>\$ 55,230</u>	<u>\$ 56,230</u>	<u>\$ 43,788</u>
Plan fiduciary net position as a percentage of the total pension liability	75.0%	68.5%	66.3%	71.8%
Covered payroll	\$ 19,790	\$ 19,801	\$ 19,386	\$ 19,776
County's net pension liability as a percentage of Covered payroll	238.5%	278.9%	290.1%	221.4%
Expected average remaining service years of all participants	3	3	4	4

Notes:

- 1) Source is actuarial data based on preliminary financials. The differences 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 schedule for the current year.
- 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

Annual Money-Weighted Rate of Return Net of Investment Expenses	
2017	15.7 %
2016	6.2 %
2015	(1.8) %
2014	4.5 %

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

Annual Money-Weighted Rate of Return Net of Investment Expenses	
2017	10.0 %
2016	1.1 %
2015	2.7 %

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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 26,104	\$ 25,204	\$ 26,416	\$ 24,894	\$ 23,958	\$ 20,765	\$ 18,883	\$ 17,490	\$ 17,078	\$ 13,414
Contributions in relation to the actuarially determined contribution	26,104	25,204	26,416	24,894	23,958	20,765	18,883	17,490	17,078	13,414
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll (See note)	\$ 138,239	\$ 130,313	\$ 127,827	\$ 127,091	\$ 115,809	\$ 116,025	\$ 120,416	\$ 123,498	\$ 126,031	\$ 124,803
Contributions as a percentage of										
Covered payroll	18.88%	19.34%	20.67%	19.59%	20.69%	17.90%	15.68%	14.16%	13.55%	10.75%
Valuation date	1/1/2008	1/1/2017	1/1/2016	1/1/2015	1/1/2014	1/1/2013	1/1/2012	1/1/2011	1/1/2010	1/1/2009

Notes:

- 1) Covered 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, 2017.

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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 21,355	\$ 20,507	\$ 20,315	\$ 18,805	\$ 18,934	\$ 16,558	\$ 14,503	\$ 13,803	\$ 13,588	\$ 11,268
Contributions in relation to the actuarially determined contribution	21,355	20,507	20,315	18,805	18,934	16,558	14,503	13,803	13,588	11,268
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 51,759	\$ 50,560	\$ 48,117	\$ 48,262	\$ 41,714	\$ 40,522	\$ 41,335	\$ 42,449	\$ 42,499	\$ 41,509
Contributions as a percentage of Covered payroll	41.26%	40.56%	42.22%	38.97%	45.39%	40.86%	35.09%	32.52%	31.97%	27.15%
Valuation date	1/1/2008	1/1/2017	1/1/2016	1/1/2015	1/1/2014	1/1/2013	1/1/2012	1/1/2011	1/1/2010	1/1/2009

Notes:

- 1) Covered 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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 15,001	\$ 14,328	\$ 14,855	\$ 15,389	\$ 16,409	\$ 15,896	\$ 14,581	\$ 14,210	\$ 14,217	\$ 11,185
Contributions in relation to the actuarially determined contribution	<u>15,001</u>	<u>14,328</u>	<u>14,855</u>	<u>15,389</u>	<u>16,409</u>	<u>15,896</u>	<u>14,581</u>	<u>14,210</u>	<u>14,217</u>	<u>11,185</u>
Contribution deficiency	\$ <u>-</u>									
Covered payroll	\$ <u>51,767</u>	\$ <u>50,412</u>	\$ <u>49,182</u>	\$ <u>48,550</u>	\$ <u>44,951</u>	\$ <u>43,362</u>	\$ <u>45,673</u>	\$ <u>47,841</u>	\$ <u>49,064</u>	\$ <u>48,824</u>
Contributions as a percentage of Covered payroll	28.98%	28.42%	30.20%	31.70%	36.50%	36.66%	31.92%	29.70%	28.98%	22.91%
Valuation date	1/1/2008	1/1/2017	1/1/2016	1/1/2015	1/1/2014	1/1/2013	1/1/2012	1/1/2011	1/1/2010	1/1/2009

Notes:

- 1) Covered 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

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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 7,149	\$ 6,851	\$ 6,526	\$ 6,215	\$ 6,007	\$ 5,194	\$ 5,089	\$ 4,900	\$ 4,678	\$ 4,019
Contributions in relation to the actuarially determined contribution	7,149	6,851	6,526	6,215	6,007	5,194	5,089	4,900	4,678	4,019
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 21,269	\$ 21,001	\$ 19,975	\$ 19,776	\$ 18,133	\$ 17,897	\$ 18,761	\$ 19,310	\$ 20,204	\$ 19,786
Contributions as a percentage of Covered payroll	33.61%	32.62%	32.67%	31.43%	33.13%	29.02%	27.13%	25.37%	23.16%	20.31%
Valuation date	1/1/2008	1/1/2017	1/1/2016	1/1/2015	1/1/2014	1/1/2013	1/1/2012	1/1/2011	1/1/2010	1/1/2009

Notes:

- 1) Covered 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, 2018

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

as of June 30	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's portion of the net pension liability	n/a	n/a	n/a	n/a
County's proportionate share of the net pension liability	\$ 4,317,356	\$ 6,110,191	\$ 7,686,917	\$ 9,066,375
County's covered payroll	5,111	5,307	5,152	5,152
County's proportionate share of the net pension liability as a percentage of its covered payroll	0.12%	0.09%	0.07%	0.06%
Plan fiduciary net position as a percentage of the total pension liability	69.38%	65.79%	68.78%	71.87%

Notes:

- 1 The liability is a contractually fixed amount which will not change for the proportional 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	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's portion of the net pension liability	0.0011945%	0.00111830%	0.00094790%	0.00077211%
County's porportionate share of the net pension liability	\$ 258,295	\$ 263,850	\$ 196,990	\$ 137,025
County's covered payroll	148,427	132,999	132,999	128,624
County's proportionate share of the net pension liability as a percentage of its covered payroll	57.46%	50.41%	67.52%	93.87%
Plan fiduciary net position as a percentage of the total pension liability	69.38%	65.79%	68.78%	71.87%

Notes to Schedule:

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

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years for State system
Asset Valuation Method	5-year smoothed market (max. 120% and min. 80% of the market value)
Inflation	2.7% general, 3.2% wage
Salary Increases	3.3% to 9.2% including inflation
Investment Rate of Return	7.5 %
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 2-dimensional mortality improvement scale.

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's portion of the net pension liability	0.00330890%	0.00296270%	0.00436070%	0.00586823%
County's porportionate share of the net pension liability	\$ 715,507	\$ 699,020	\$ 906,228	\$ 1,041,419
County's covered payroll	165,472	141,808	134,289	133,379
County's proportionate share of the net pension liability as a percentage of its covered payroll	23.13%	20.29%	14.82%	12.81%
Plan fiduciary net position as a percentage of the total pension liability	69.38%	65.79%	68.78%	71.87%

Notes to Schedule:

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

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years for State System.
Asset Valuation Method	5-year smoothed market (max. 120% and min. 80% of the market value)
Inflation	2.7% general, 3.2% wage
Salary Increases	3.3% to 9.2% including inflation
Investment Rate of Return	7.5 %
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.

Anne Arundel County

Required Supplementary Information

Schedule of County Contributions to State Municipal Pool Withdrawn Personnel

For the Last Ten Years Ended June 30

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 2,146,686	\$ 2,044,464	\$ 1,947,108	\$ 1,854,389	\$ 1,766,098	\$ 1,681,986	\$ 1,601,891	\$ 1,525,610	\$ 1,452,962	\$ 1,338,733
Contributions in relation to the actuarially determined contribution	2,146,686	2,044,464	1,947,108	1,854,389	1,766,098	1,681,986	1,601,891	1,525,610	1,452,962	1,338,733
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	NMF									
Contributions as a percentage of covered 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 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 21 years for State System.
 - Asset valuation method Five-year smoothed market (max. 120% and min. 80% of the market value).
 - Inflation 2.7% general, 3.2% wage.
 - Salary increases 3.3% to 9.2% including inflation.
 - Investment rate of return: 7.5%
 - 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 2-dimensional mortality improvement scale.

Source: Comprehensive Annual Financial Report of the Maryland State Retirement and Pension System for the Years Ended June 30, 2017 and 2016.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 24,685	\$ 24,312	\$ 21,785	\$ 19,980	\$ 17,993	\$ 15,739	\$ 17,160	\$ 14,971	\$ 12,717	\$ -
Contributions in relation to the actuarially determined contribution	24,685	24,312	21,785	19,980	17,993	15,739	17,160	14,971	12,717	-
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 148,427	\$ 132,999	\$ 132,999	\$ 132,999	\$ 128,624	\$ 128,064	\$ 128,064	\$ 128,064	\$ 128,064	\$ -
Contributions as a percentage of covered payroll	16.63%	18.28%	16.38%	15.02%	13.99%	12.29%	13.40%	11.69%	9.93%	0.00%

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	21 years for the State System.
Asset valuation method	Five-year smoothed market (max. 120% and min. 80% of the market value).
Inflation	2.7% general, 3.2% wage.
Salary increases	3.3% to 9.2% including inflation.
Investment rate of return:	7.5%
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 2-dimensional mortality improvement scale.

Source: Comprehensive Annual Financial Report of the Maryland State Retirement and Pension System for the Years Ended June 30, 2017 and 2016.

Anne Arundel County

Required Supplementary Information

Schedule of County Contributions to State Municipal Pool Judges

For the Last Ten Years Ended June 30

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 67,188	\$ 67,347	\$ 57,716	\$ 57,395	\$ 65,724	\$ 78,968	\$ 77,922	\$ 69,733	\$ 29,147	\$ 25,999
Contributions in relation to the actuarially determined contribution	67,188	67,347	57,716	57,395	65,724	78,968	77,922	69,733	29,147	25,999
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 165,471	\$ 144,646	\$ 141,808	\$ 134,289	\$ 133,379	\$ 129,074	\$ 129,074	\$ 118,052	\$ 118,052	\$ 118,052
Contributions as a percentage of covered payroll	40.60%	46.56%	40.70%	42.74%	49.28%	61.18%	60.37%	59.07%	24.69%	22.02%

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	21 years for State System.
Asset valuation method	Five-year smoothed market (max. 120% and min. 80% of the market value).
Inflation	2.7% general, 3.2% wage.
Salary increases	3.3% to 9.2% including inflation.
Investment rate of return	7.5%
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 2-dimensional mortality improvement scale.

Source: Comprehensive Annual Financial Report of the Maryland State Retirement and Pension System for the Years Ended June 30, 2017 and 2016.

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)

	2018	2017
Total OPEB liability		
Service cost	\$ 17,759	\$ 17,092
Interest	41,434	39,648
Changes of benefit terms	-	-
Differences between expected and actual experience	(884)	-
Changes of assumptions	-	-
Benefit payments	<u>(23,539)</u>	<u>(33,075)</u>
Net change in total OPEB liability	34,770	23,665
Total OPEB liability - beginning	661,548	637,883
Total OPEB liability - ending (a)	<u>\$ 696,318</u>	<u>\$ 661,548</u>
Plan fiduciary net position		
Contributions - employer	\$ 57,335	\$ 44,908
Contributions - retiree	-	6,246
Other	-	4,398
Net investment income	9,193	11,582
Benefit payments	(23,539)	(33,075)
Administrative expense	<u>(39)</u>	<u>(894)</u>
Net change in plan fiduciary net position	42,950	33,166
Plan fiduciary net position - beginning	92,887	59,720
Plan fiduciary net position - ending (b)	<u>\$ 135,837</u>	<u>\$ 92,887</u>
County's net OPEB liability - ending (a)-(b)	<u>\$ 560,481</u>	<u>\$ 568,661</u>
Fiduciary net position as a percentage of the total OPEB liability	19.51%	14.04%
Expected average remaining service years of all participants	6	6
Covered payroll	\$ 263,129	\$ 258,490
County's net OPEB liability as a percentage of covered payroll	213.01%	219.99%
Discount Rate	6.38%	6.38%

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, 2018.

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)

	2018	2017
Total OPEB liability		
Service cost	\$ 3,083	\$ 3,590
Interest	2,390	2,022
Changes of benefit terms	-	-
Differences between expected and actual experience	204	-
Changes of assumptions	(21,741)	(6,971)
Benefit payments	(1,685)	(2,111)
Net change in total OPEB liability	(17,749)	(3,470)
Total OPEB liability - beginning	64,977	68,447
Total OPEB liability - ending (a)	<u>\$ 47,228</u>	<u>\$ 64,977</u>
Plan fiduciary net position		
Contributions - employer	\$ 3,720	\$ 1,946
Contributions - retiree	-	790
Other	-	-
Net investment income	510	820
Benefit payments	(1,685)	(2,111)
Administrative expense	(5)	(7)
Net change in plan fiduciary net position	2,540	1,438
Plan fiduciary net position - beginning	6,710	5,272
Plan fiduciary net position - ending (b)	<u>\$ 9,250</u>	<u>\$ 6,710</u>
College's net OPEB liability - ending (a)-(b)	<u>\$ 37,978</u>	<u>\$ 58,267</u>
Fiduciary net position as a percentage of the total OPEB liability	19.59%	10.33%
Expected average remaining service years of all participants	9	9
Covered payroll	\$ 61,103	\$ 61,257
College Plan's net OPEB liability as a percentage of covered payroll	62.15%	95.12%
Discount Rate	6.38%	3.72%

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. However, 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 6.38% in 2018 from 3.72% in the prior year.

Source: Anne Arundel Retiree Health Benefits Trust Annual Financial Report for the Year Ended June 30, 2018.

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)

	2018	2017
Total OPEB liability		
Service cost	\$ 1,233	\$ 1,437
Interest	1,212	1,033
Changes of benefit terms	-	-
Differences between expected and actual experience	136	-
Changes of assumptions	(10,896)	(3,536)
Benefit payments	(1,286)	(1,462)
Net change in total OPEB liability	(9,601)	(2,528)
Total OPEB liability - beginning	34,439	36,967
Total OPEB liability - ending (a)	<u>\$ 24,838</u>	<u>\$ 34,439</u>
Plan fiduciary net position		
Contributions - employer	\$ 1,699	\$ 299
Contributions - retiree	-	292
Other	-	871
Net investment income	34	47
Benefit payments	(1,286)	(1,462)
Administrative expense	(1)	-
Net change in plan fiduciary net position	446	47
Plan fiduciary net position - beginning	361	314
Plan fiduciary net position - ending (b)	<u>\$ 807</u>	<u>\$ 361</u>
Library's net OPEB liability - ending (a)-(b)	<u>\$ 24,031</u>	<u>\$ 34,078</u>
Library fiduciary net position as a percentage of the total OPEB liability	3.25%	1.05%
Expected average remaining service years of all participants	6	6
Covered payroll	\$ 13,203	\$ 12,691
The Library Plan's net OPEB liability as a percentage of covered payroll	182.01%	268.51%
Discount Rate	6.37%	3.58%

Notes to Schedule:

- 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 on page 7 is considered immaterial.
- 2 This schedule is presented to illustrate the requirement to show information for 10-years. However, until 10-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 6.37% in 2018 from 3.58% in the prior year.

Source: Anne Arundel Retiree Health Benefits Trust Annual Financial Report for the Year Ended June 30, 2018.

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

(Dollars in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 48,734	\$ 77,516	\$ 73,689	\$ 75,695	\$ 71,324	\$ 109,939	\$ 102,777	\$ 90,626	\$ 68,877	\$ 81,157
Contributions in relation to the actuarially determined contribution	57,334	44,908	44,097	40,795	34,683	-	-	-	-	-
Contribution deficiency (excess)	\$ (8,600)	\$ 32,608	\$ 29,592	\$ 34,900	\$ 36,641	\$ 109,939	\$ 102,777	\$ 90,626	\$ 68,877	\$ 81,157
Covered payroll	\$ 263,129	\$ 258,490	\$ 255,191	\$ 247,008	\$ 239,173	\$ 213,899	\$ 215,209	\$ 227,115	\$ 233,947	\$ 233,637
Contributions as a percentage of Covered payroll	21.79%	17.37%	17.28%	16.52%	14.50%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes:

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 August 25, 2017 for fiscal years 2017 and 2018 based on March 1, 2017 census data.

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 June 30, 2018.
Asset valuation method	Market value of assets.
Inflation	2.40%
Healthcare cost trend rates	The rate in 2018 was 5.7 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	3.00%
Investment rate of return	7.50% 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 Benefits Trust
 Required Supplementary Information
 Schedule of Contributions - College Plan
 For Year Ended June 30

(Dollars in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 3,881	\$ 5,840	\$ 5,542	\$ 5,188	\$ 4,870	\$ 5,857	\$ 5,468	\$ 4,765	\$ 3,874	\$ 5,666
Contributions in relation to the actuarially determined contribution	3,720	2,088	4,850	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ 161	\$ 3,752	\$ 692	\$ 5,188	\$ 4,870	\$ 5,857	\$ 5,468	\$ 4,765	\$ 3,874	\$ 5,666
Covered payroll	\$ 61,103	\$ 61,257	\$ 61,643	\$ 60,962	\$ 57,079	\$ 54,043	\$ 54,728	\$ 53,957	\$ 53,478	\$ 53,115
Contributions as a percentage of Covered payroll	6.09%	3.41%	7.87%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes:

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 August 25, 2017 for fiscal years 2017 and 2018 based on March 1, 2017 census data.

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 for FYE June 30, 2018.
Asset valuation method	Market value of assets.
Inflation	2.40%
Healthcare cost trend rates	The rate in 2018 was 5.7 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	3.00%
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) using fully generational with Scale AA. (2) Disabled uses Combined Mortality Table (sex distinct) using fully generational with Scale AA. The base qx's are set forward three years.

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

(Dollars in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 2,008	\$ 2,860	\$ 2,692	\$ 2,712	\$ 2,568	\$ 3,669	\$ 3,439	\$ 3,260	\$ 2,507	\$ 3,090
Contributions in relation to the actuarially determined contribution	1,699	1,170	291	0	0	0	0	0	0	0
Contribution deficiency (excess)	\$ 309	\$ 1,690	\$ 2,401	\$ 2,712	\$ 2,568	\$ 3,669	\$ 3,439	\$ 3,260	\$ 2,507	\$ 3,090
Covered payroll	\$ 13,203	\$ 12,691	\$ 12,494	\$ 12,015	\$ 11,109	\$ 10,100	\$ 9,920	\$ 9,977	\$ 10,683	\$ 11,303
Contributions as a percentage of Covered payroll	12.87%	9.22%	2.33%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes:

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 August 25, 2017 for fiscal years 2017 and 2018 based on March 1, 2017 census data.

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 for FYE June 30, 2018.
Asset valuation method	Market value of assets.
Inflation	2.40%
Healthcare cost trend rates	The rate in 2018 was 5.7 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	3.00%
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

Annual Money-Weighted Rate of Return, Net of
 Investment Expense

	<u>County Plan</u>	<u>College Plan</u>	<u>Library Plan</u>
2018	8.0%	6.4%	5.8%
2017	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 Year Ended June 30
 (Dollars in thousands)

	<i>County Plan</i>		<i>College Plan</i>		<i>Library Plan</i>	
	Annual	Percentage	Annual	Percentage	Annual	Percentage
	Required Contribution	Contributed	Required Contribution	Contributed	Required Contribution	Contributed
2018	\$ 48,734	117.6%	\$ 3,881	95.9%	\$ 2,008	84.6%
2017	77,516	57.9%	5,840	35.8%	2,860	40.9%
2016	73,689	59.8%	5,542	87.5%	2,692	10.8%

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 Years Ended December 31
 (Dollars in thousands)

	2017	2016	2015 (1)
Total pension liability			
Service cost	\$ 689	\$ 522	
Interest	699	559	
Changes of benefit terms	-	2,666	
Differences between expected and actual experience	(1,057)	-	
Change in assumptions	1,236	-	
Benefit payments, including refunds of member contributions	(808)	(707)	
Net Change in total pension liability	759	3,040	
Total pension liability - beginning	18,194	15,154	
Total pension liability - ending	18,953	18,194	
County's net pension liability	<u>\$ 18,953</u>	<u>\$ 18,194</u>	
Plan fiduciary net position as a percentage of the total pension liability	0.0%	0.0%	
Covered-employee payroll	n/a	n/a	
County's net pension liability as a percentage of covered-employee payroll	n/a	n/a	
Expected average remaining service years of all participants	11	11	

Notes:

1) Information for fiscal year 2015 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*

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**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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
GENERAL PROPERTY TAXES				
Real and personal taxes	\$ 667,108,500	\$ 667,108,500	\$ 673,983,095	\$ 6,874,595
Interest and penalties	1,340,000	1,340,000	1,639,660	299,660
	<u>668,448,500</u>	<u>668,448,500</u>	<u>675,622,755</u>	<u>7,174,255</u>
LOCAL INCOME TAXES	<u>486,000,000</u>	<u>486,000,000</u>	<u>508,267,424</u>	<u>22,267,424</u>
STATE SHARED TAXES				
Highway user	4,270,800	4,270,800	4,285,808	15,008
Admissions	7,256,000	7,256,000	7,339,021	83,021
Auto-boat	2,000	2,000	-	(2,000)
	<u>11,528,800</u>	<u>11,528,800</u>	<u>11,624,829</u>	<u>96,029</u>
RECORDATION AND TRANSFER TAXES				
Recordation	48,000,000	48,000,000	52,367,765	4,367,765
Transfer	52,000,000	52,000,000	58,274,896	6,274,896
	<u>100,000,000</u>	<u>100,000,000</u>	<u>110,642,661</u>	<u>10,642,661</u>
LOCAL SALES TAXES				
Electricity	5,050,000	5,050,000	4,967,252	(82,748)
Gas	880,000	880,000	823,501	(56,499)
Telephone	5,900,000	5,900,000	5,795,258	(104,742)
Fuel	50,000	50,000	53,099	3,099
Hotel-motel	14,493,000	14,493,000	14,318,738	(174,262)
Parking	5,750,000	5,750,000	5,947,557	197,557
Trailer park rental income	453,000	453,000	457,826	4,826
Gross receipt tax - heavy equipment	325,000	325,000	381,234	56,234
	<u>32,901,000</u>	<u>32,901,000</u>	<u>32,744,465</u>	<u>(156,535)</u>

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
LICENSES AND PERMITS				
Amusements	192,000	192,000	157,095	(34,905)
Special events	7,000	7,000	4,500	(2,500)
Beer, wine, liquor	1,100,000	1,100,000	1,062,838	(37,162)
Trade licenses	256,500	256,500	247,098	(9,402)
Traders	800,000	800,000	857,340	57,340
Permits	10,231,500	10,231,500	10,820,085	588,585
Fines	41,500	41,500	217,223	175,723
Mobile home parks	31,600	31,600	28,466	(3,134)
Taxicabs	106,500	106,500	74,414	(32,086)
Animal control	155,000	155,000	227,719	72,719
Other	2,515,100	2,515,100	2,459,995	(55,105)
Health department	1,100,500	1,100,500	996,181	(104,319)
Public space	914,000	914,000	980,044	66,044
	<u>17,451,200</u>	<u>17,451,200</u>	<u>18,132,998</u>	<u>681,798</u>
AMBULANCE FEES	<u>11,000,000</u>	<u>11,000,000</u>	<u>11,833,040</u>	<u>833,040</u>
CABLE FEES	<u>11,000,000</u>	<u>11,000,000</u>	<u>11,056,998</u>	<u>56,998</u>
VIDEO LOTTERY IMPACT AID	<u>9,600,000</u>	<u>9,600,000</u>	<u>9,575,797</u>	<u>(24,203)</u>
INVESTMENT INCOME	<u>600,000</u>	<u>600,000</u>	<u>3,871,818</u>	<u>3,271,818</u>
INTER-FUND RECOVERIES	<u>66,027,200</u>	<u>66,027,200</u>	<u>62,528,230</u>	<u>(3,498,970)</u>
OTHER REVENUES				
Sale of surplus property	-	-	2,501	2,501
Health department fees	3,725,400	3,725,400	3,686,696	(38,704)
Certification of liens	125,000	125,000	126,700	1,700
Recreation and parks	10,104,500	10,104,500	10,662,091	557,591
Developers fees - street lighting	60,000	60,000	38,657	(21,343)
Sheriff	65,000	65,000	67,573	2,573
Subdivision	1,600,000	1,600,000	1,624,193	24,193
Administrative fees	321,500	321,500	397,672	76,172
Rental income	1,375,000	1,375,000	1,597,831	222,831
Reimbursements	23,696,900	23,696,900	23,475,672	(221,228)
Fines and fees	837,500	837,500	602,189	(235,311)
Miscellaneous	8,243,500	8,243,500	10,017,517	1,774,017
	<u>50,154,300</u>	<u>50,154,300</u>	<u>52,299,292</u>	<u>2,144,992</u>
Total revenues	<u>\$ 1,464,711,000</u>	<u>\$ 1,464,711,000</u>	<u>\$ 1,508,200,307</u>	<u>\$ 43,489,307</u>

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EDUCATION				
Board of Education	\$ 678,639,500	\$ 681,724,500	\$ 681,724,500	\$ -
Community College	40,287,700	40,287,700	40,287,700	-
	<u>718,927,200</u>	<u>722,012,200</u>	<u>722,012,200</u>	<u>-</u>
PUBLIC SAFETY				
Police	133,196,900	133,324,000	131,883,009	1,440,991
Fire	108,379,800	108,379,800	107,882,697	497,103
Office of Emergency Management	775,100	775,100	688,853	86,247
Detention Facilities	45,797,100	45,797,100	44,316,724	1,480,376
	<u>288,148,900</u>	<u>288,276,000</u>	<u>284,771,283</u>	<u>3,504,717</u>
GENERAL GOVERNMENT				
County Executive	5,141,300	5,234,400	5,285,001	(50,601)
Chief Administrative Officer	17,762,000	10,342,500	6,644,072	3,698,428
Office of Budget	1,398,500	1,398,500	1,337,263	61,237
Office of Finance	8,829,400	8,829,400	8,620,270	209,130
Office of Finance (non departmental)	74,855,900	74,983,400	74,952,063	31,337 *
Mandated Transfers	3,041,100	3,041,100	3,045,049	(3,949) *
Office of Central Services	21,376,400	21,472,900	20,502,648	970,252
Office of Personnel	7,231,500	7,231,500	6,938,822	292,678
Information Technology	20,125,900	20,125,900	20,123,367	2,533
Office of Law	4,222,900	4,222,900	4,159,528	63,372
Legislative Branch	3,828,900	3,828,900	3,656,452	172,448
Ethics Commission	223,300	223,300	214,018	9,282
Board of Election Supervisors	4,832,500	4,832,500	4,781,442	51,058
	<u>172,869,600</u>	<u>165,767,200</u>	<u>160,259,995</u>	<u>5,507,205</u>
HEALTH AND HUMAN SERVICES				
Health	38,210,700	38,269,700	35,782,679	2,487,021
Social Services	5,707,000	5,707,000	5,233,190	473,810
Services for Aging and Disability	7,542,400	7,542,400	7,503,001	39,399
	<u>51,460,100</u>	<u>51,519,100</u>	<u>48,518,870</u>	<u>3,000,230</u>
PUBLIC WORKS				
	<u>33,826,100</u>	<u>37,318,100</u>	<u>35,745,382</u>	<u>1,572,718</u>
RECREATION AND COMMUNITY SERVICES				
Recreation and Parks	25,357,300	25,674,100	24,794,378	879,722
Public Library System	20,541,500	20,541,500	20,541,500	-
	<u>45,898,800</u>	<u>46,215,600</u>	<u>45,335,878</u>	<u>879,722</u>

Anne Arundel County, Maryland

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

General Fund

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
JUDICIAL				
States Attorney	11,746,800	11,746,800	11,301,824	444,976
Sheriffs Office	9,885,900	9,885,900	9,876,628	9,272
Circuit Court	5,572,600	5,572,600	5,567,152	5,448
Orphans Court	118,700	118,700	117,840	860
	<u>27,324,000</u>	<u>27,324,000</u>	<u>26,863,444</u>	<u>460,556</u>
LAND USE AND DEVELOPMENT				
Planning and Zoning	7,017,500	7,017,500	6,979,726	37,774
Office of Administrative Hearings	335,000	360,000	347,818	12,182
Cooperative Extension Service	231,000	231,000	224,355	6,645
	<u>7,583,500</u>	<u>7,608,500</u>	<u>7,551,899</u>	<u>56,601</u>
CODE ENFORCEMENT				
Inspections and Permits	12,619,600	12,619,600	12,206,351	413,249
Board of License Commissioners	707,500	707,500	683,046	24,454
	<u>13,327,100</u>	<u>13,327,100</u>	<u>12,889,397</u>	<u>437,703</u>
DEBT SERVICE	<u>132,789,500</u>	<u>132,787,000</u>	<u>132,538,042</u>	<u>248,958</u> *
PAY GO FUNDING - CAPITAL PROJECTS	<u>26,700,000</u>	<u>26,700,000</u>	<u>26,700,000</u>	<u>-</u>
Total expenditures and encumbrances	<u>\$ 1,518,854,800</u>	<u>\$ 1,518,854,800</u>	<u>\$ 1,503,186,390</u>	<u>\$ 15,668,410</u>

**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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
COUNTY PARKING GARAGE				
Revenues				
Parking fees	\$ 535,600	\$ 535,600	\$ 556,932	\$ 21,332
Other	-	-	121	121
	<u>535,600</u>	<u>535,600</u>	<u>557,053</u>	<u>21,453</u>
Expenditures				
General government	527,300	527,300	483,442	43,858
Interfund reimbursement	-	-	41,021	(41,021)
	<u>527,300</u>	<u>527,300</u>	<u>524,463</u>	<u>2,837</u>
Revenues over (under) expenditures	<u>\$ 8,300</u>	<u>\$ 8,300</u>	<u>\$ 32,590</u>	<u>\$ 24,290</u>
PINEY ORCHARD WASTEWATER SERVICE				
Revenues				
Commissions and fees	\$ 1,300,000	\$ 1,300,000	\$ 925,110	\$ (374,890)
Expenditures				
Public works	1,300,000	1,300,000	925,110	374,890
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
INMATE BENEFIT AND MORALE				
Revenues				
Commissary sales	\$ 964,400	\$ 964,400	\$ 835,287	\$ (129,113)
Commissions and fees	459,800	459,800	553,259	93,459
Investment income	2,000	2,000	11,392	9,392
Other	-	-	9,783	9,783
	<u>1,426,200</u>	<u>1,426,200</u>	<u>1,409,721</u>	<u>(16,479)</u>
Expenditures				
Commissary purchases	884,000	884,000	841,030	42,970
Inmate benefits/morale	542,200	542,200	466,258	75,942
	<u>1,426,200</u>	<u>1,426,200</u>	<u>1,307,288</u>	<u>118,912</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,433</u>	<u>\$ 102,433</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
IMPACT FEES				
Revenues				
Impact fees	\$ 16,300,000	\$ 16,300,000	\$ 35,651,712	\$ 19,351,712
Investment income	287,000	287,000	1,161,406	874,406
	<u>16,587,000</u>	<u>16,587,000</u>	<u>36,813,118</u>	<u>20,226,118</u>
Expenditures				
Education	-	-	84,430	(84,430)
Public works	-	-	6,537,845	(6,537,845)
Other inter-fund reimbursements	2,514,300	2,514,300	2,727,843	(213,543)
Pay-as-you-go	88,347,400	88,347,400	36,648,367	51,699,033
	<u>90,861,700</u>	<u>90,861,700</u>	<u>45,998,485</u>	<u>44,863,215</u>
Revenues over (under) expenditures	\$ <u>(74,274,700)</u>	\$ <u>(74,274,700)</u>	\$ (9,185,367)	\$ <u>65,089,333</u>
Fund balance, budgetary, July 1			<u>90,103,588</u>	
Fund balance, budgetary, June 30			<u>\$ 80,918,221</u>	
			Change in fund balance on a GAAP basis	\$ (9,185,367)
			Change in fund balance on a budgetary basis	<u>\$ (9,185,367)</u>

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

Non-major 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 non-major funds. Descriptions for these non-major 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.

Non-major 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

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

Non-major Governmental Funds

June 30, 2018

	Special Revenue Funds				
	Forfeiture and Asset Seizure Team	Road and Special Benefits Districts	AA County Partnership for CYF (Grants)	Reforestation	Laurel Racetrack Community Benefit
ASSETS					
Cash and investments	\$ 509,936	\$ 322,395	\$ -	\$ 12,363,744	\$ -
Receivables					
Due from other governmental agencies (net of allowances)	-	-	767,521	-	-
Other, net	151,812	13,677	-	-	357,143
Total assets	<u>\$ 661,748</u>	<u>\$ 336,072</u>	<u>\$ 767,521</u>	<u>\$ 12,363,744</u>	<u>\$ 357,143</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 52,108	\$ 58,852	\$ 468,006	\$ 30,781	\$ -
Due to General Fund	-	-	53,973	-	294,902
Due to Component Unit	-	-	-	-	-
Escrow and other deposits	-	-	-	5,454,944	-
Unearned revenue	-	-	172,686	-	-
Total liabilities	<u>52,108</u>	<u>58,852</u>	<u>694,665</u>	<u>5,485,725</u>	<u>294,902</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable grant revenue	-	-	30,763	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>30,763</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Non-spendable	-	-	-	-	-
Restricted	609,640	277,220	42,093	6,878,019	62,241
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>609,640</u>	<u>277,220</u>	<u>42,093</u>	<u>6,878,019</u>	<u>62,241</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 661,748</u>	<u>\$ 336,072</u>	<u>\$ 767,521</u>	<u>\$ 12,363,744</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
\$ -	\$ -	\$ 2,054,846	\$ 169,421	\$ 2,929	\$ 8,856,972
450,679	1,421,740	9,142,261	-	-	-
-	-	16,775	11,130	-	-
<u>\$ 450,679</u>	<u>\$ 1,421,740</u>	<u>\$ 11,213,882</u>	<u>\$ 180,551</u>	<u>\$ 2,929</u>	<u>\$ 8,856,972</u>
\$ 450,679	\$ 593,336	\$ 4,556,687	\$ -	\$ 2,929	\$ -
-	547,551	3,208,345	-	-	-
-	-	-	-	-	-
-	-	-	106,329	-	-
-	280,853	1,284,627	-	-	-
<u>450,679</u>	<u>1,421,740</u>	<u>9,049,659</u>	<u>106,329</u>	<u>2,929</u>	<u>-</u>
<u>-</u>	<u>316,342</u>	<u>4,841,330</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>316,342</u>	<u>4,841,330</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	3,985,116	2,435,829	74,222	-	8,856,972
-	-	-	-	-	-
-	-	-	-	-	-
-	(4,301,458)	(5,112,936)	-	-	-
<u>-</u>	<u>(316,342)</u>	<u>(2,677,107)</u>	<u>74,222</u>	<u>-</u>	<u>8,856,972</u>
<u>\$ 450,679</u>	<u>\$ 1,421,740</u>	<u>\$ 11,213,882</u>	<u>\$ 180,551</u>	<u>\$ 2,929</u>	<u>\$ 8,856,972</u>

(continued)

Anne Arundel County, Maryland

Combining Balance Sheet

Non-major Governmental Funds

June 30, 2018

	Special Revenue Funds			Capital Projects Funds	
	Erosion Districts	Video Lottery Local Impact Aid	Watershed Protection and Restoration	Recreational Land Fees	Bond Premium
ASSETS					
Cash and investments	\$ 1,283,357	\$ 2,229,095	\$ 32,226,608	\$ 226,814	\$ -
Receivables					
Due from other governmental agencies (net of allowances)	-	-	-	-	-
Other, net	547	1,070,293	445,839	-	-
Total assets	<u>\$ 1,283,904</u>	<u>\$ 3,299,388</u>	<u>\$ 32,672,447</u>	<u>\$ 226,814</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 13,767	\$ 62,800	\$ 712,685	\$ -	\$ -
Due to General Fund	-	-	-	-	-
Due to Component Unit	-	-	-	-	-
Escrow and other deposits	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>13,767</u>	<u>62,800</u>	<u>712,685</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable grant revenue	-	-	-	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Non-spendable	-	-	-	-	-
Restricted	1,270,137	3,236,588	31,959,762	-	-
Committed	-	-	-	226,814	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>1,270,137</u>	<u>3,236,588</u>	<u>31,959,762</u>	<u>226,814</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,283,904</u>	<u>\$ 3,299,388</u>	<u>\$ 32,672,447</u>	<u>\$ 226,814</u>	<u>\$ -</u>

Capital Projects Funds			Debt Service Funds			
Street Light Capital Project	Energy Revolving Loan	Nursery Road Tax Increment	West County (NBP) Tax Increment	Arundel Mills Tax Increment	Parole Tax Increment	
\$ 5,446,583	\$ 56,437	\$ -	\$ 183	\$ 6,000,223	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>\$ 5,446,583</u>	<u>\$ 56,437</u>	<u>\$ -</u>	<u>\$ 183</u>	<u>\$ 6,000,223</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ 183	\$ 223	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>-</u>	<u>-</u>	<u>-</u>	<u>183</u>	<u>223</u>	<u>-</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
-	-	-	-	-	-	
-	-	-	-	6,000,000	-	
5,446,583	56,437	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>5,446,583</u>	<u>56,437</u>	<u>-</u>	<u>-</u>	<u>6,000,000</u>	<u>-</u>	
<u>\$ 5,446,583</u>	<u>\$ 56,437</u>	<u>\$ -</u>	<u>\$ 183</u>	<u>\$ 6,000,223</u>	<u>\$ -</u>	

(continued)

Anne Arundel County, Maryland

Combining Balance Sheet

Non-major Governmental Funds

June 30, 2018

	Debt Service Funds				
	National Business Park North Tax Increment	Village South at Waugh Chapel Tax Increment	Special Taxing Districts	Installment Purchase Agreements	Totals
ASSETS					
Cash and investments	\$ 207,689	\$ 42,058	\$ 932,027	\$ 9,498,471	\$ 82,429,788
Receivables					
Due from other governmental agencies (net of allowances)	-	-	-	-	11,782,201
Other, net	-	-	445	-	2,067,661
Total assets	<u>\$ 207,689</u>	<u>\$ 42,058</u>	<u>\$ 932,472</u>	<u>\$ 9,498,471</u>	<u>\$ 96,279,650</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 13,495	\$ -	\$ 7,016,531
Due to General Fund	-	-	-	-	4,104,771
Due to Component Unit	-	-	-	-	-
Escrow and other deposits	-	-	-	-	5,561,273
Unearned revenue	-	-	-	-	1,738,166
Total liabilities	<u>-</u>	<u>-</u>	<u>13,495</u>	<u>-</u>	<u>18,420,741</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable grant revenue	-	-	-	-	5,188,435
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,188,435</u>
FUND BALANCES					
Non-spendable	-	-	-	-	-
Restricted	207,689	42,058	918,977	-	66,856,563
Committed	-	-	-	9,498,471	15,228,305
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(9,414,394)
Total fund balances (deficit)	<u>207,689</u>	<u>42,058</u>	<u>918,977</u>	<u>9,498,471</u>	<u>72,670,474</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 207,689</u>	<u>\$ 42,058</u>	<u>\$ 932,472</u>	<u>\$ 9,498,471</u>	<u>\$ 96,279,650</u>

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Anne Arundel County, Maryland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Governmental Funds

Year Ended June 30, 2018

	Special Revenue Funds				
	Forfeiture and Asset Seizure Team	Road and Special Benefits Districts	AA County Partnership for CYF (Grants)	Reforestation	Laurel Racetrack Community Benefit
REVENUES					
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and aid	-	-	3,057,694	-	-
Seized / forfeited funds	1,060,748	-	-	-	-
Special community benefit taxes	-	7,620,384	-	-	-
Video lottery local impact aid	-	-	-	-	-
Watershed protection and restoration	-	-	-	-	-
Fees and commissions	-	-	-	1,428,609	357,143
Investment income	3,719	-	3,504	148,621	-
Other	21,875	-	222	-	-
Total revenues	1,086,342	7,620,384	3,061,420	1,577,230	357,143
EXPENDITURES					
Current					
Education	-	-	-	-	-
Public safety	574,768	-	-	-	-
General government	-	-	-	-	-
Health and human services	-	-	2,850,651	-	-
Public works	-	-	-	-	-
Recreation and community services	-	7,663,585	-	-	352,000
Judicial	-	-	-	-	-
Code enforcement	-	-	-	-	-
Land use and development	-	-	-	1,995,707	-
Debt service					
Interest payments on debt	-	-	-	-	-
Principal payments on debt	-	-	-	-	-
Total expenditures	574,768	7,663,585	2,850,651	1,995,707	352,000
Revenues over (under) expenditures	511,574	(43,201)	210,769	(418,477)	5,143
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	-	-	-	-	-
General County Capital Projects Fund	-	-	-	-	-
Energy Revolving Loan Fund	-	-	-	-	-
Video Lottery Impact Aid Fund	-	-	-	-	-
Special Taxing Districts Fund	-	341	-	-	-
Transfers out					
General Fund	-	-	-	-	-
General County Capital Projects Fund	-	-	-	-	-
ACDS Fund	-	-	-	-	-
Roads and Special Benefits Districts	-	-	-	-	-
Erosion Districts Fund	-	-	-	-	-
COI on refunding bonds	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-
General obligation bonds issued	-	-	-	-	-
Premiums from sale of bonds	-	-	-	-	-
Premiums from the refunding of bonds	-	-	-	-	-
Transfers from Solid Waste Fund	-	-	-	-	-
Total other financing sources (uses)	-	341	-	-	-
Net change in fund balances	511,574	(42,860)	210,769	(418,477)	5,143
Fund balances, July 1	98,066	320,080	(168,676)	7,296,496	57,098
Fund balances, June 30	\$ <u>609,640</u>	\$ <u>277,220</u>	\$ <u>42,093</u>	\$ <u>6,878,019</u>	\$ <u>62,241</u>

Special Revenue Funds

Workforce Development (Grants)	Arundel Community Development Services (Grants)	Grants	Circuit Court	Park Place Tax Increment	Odenton Town Center Tax Increment
\$ -	\$ -	\$ -	\$ -	\$ 980,174	\$ 2,702,893
2,486,518	5,472,242	29,590,923	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,929	101,694
-	-	161,159	124,179	-	576,873
<u>2,486,518</u>	<u>5,472,242</u>	<u>29,752,082</u>	<u>124,179</u>	<u>983,103</u>	<u>3,381,460</u>
-	-	-	-	-	-
-	-	1,655,389	-	-	-
2,486,518	-	23,748,139	-	983,103	188,002
-	-	-	-	-	-
-	5,652,607	2,679,021	-	-	-
-	-	2,571,498	81,393	-	-
-	-	-	-	-	-
-	-	8,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,486,518</u>	<u>5,652,607</u>	<u>30,662,047</u>	<u>81,393</u>	<u>983,103</u>	<u>188,002</u>
-	(180,365)	(909,965)	42,786	-	3,193,458
-	270,000	1,027,596	-	-	1,372,139
-	-	-	-	-	-
-	191,600	-	-	-	-
-	90,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	551,600	1,027,596	-	-	1,372,139
-	371,235	117,631	42,786	-	4,565,597
-	(687,577)	(2,794,738)	31,436	-	4,291,375
\$ -	\$ (316,342)	\$ (2,677,107)	\$ 74,222	\$ -	\$ 8,856,972

(continued)

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

Non-major Governmental Funds

Year Ended June 30, 2018

	Special Revenue Funds			Capital Projects Funds	
	Erosion Districts	Video Lottery Local Impact Aid	Watershed Protection and Restoration	Recreation Land Fees	Bond Premium
REVENUES					
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Grants and aid	-	-	-	-	-
Seized / forfeited funds	-	-	-	-	-
Special community benefit taxes	461,494	-	-	-	-
Video lottery local impact aid	-	18,366,717	-	-	-
Watershed protection and restoration	-	-	21,665,866	-	-
Fees and commissions	-	-	-	54,000	-
Investment income	-	413	561,495	3,806	-
Other	-	991	1,418	-	-
Total revenues	461,494	18,368,121	22,228,779	57,806	-
EXPENDITURES					
Current					
Education	-	1,700,000	-	-	-
Public safety	-	10,080,000	-	-	-
General government	-	2,863,401	-	-	-
Health and human services	-	-	-	-	-
Public works	266,661	-	9,639,211	-	-
Recreation and community services	-	550,000	-	-	-
Judicial	-	-	-	-	-
Code enforcement	-	-	1,150,194	-	-
Land use and development	-	-	-	-	-
Debt service					
Interest payments on debt	-	-	2,178,685	-	-
Principal payments on debt	-	-	2,239,685	-	-
Total expenditures	266,661	15,193,401	15,207,775	-	-
Revenues over (under) expenditures	194,833	3,174,720	7,021,004	57,806	-
OTHER FINANCING SOURCES (USES)					
Transfers in					
General Fund	-	-	-	-	-
General County Capital Projects Fund	-	-	28,697	-	-
Energy Revolving Loan Fund	-	-	-	-	-
Video Lottery Impact Aid Fund	-	-	-	-	-
Special Taxing Districts Fund	182,433	-	-	-	-
Transfers out					
General Fund	-	-	-	-	-
General County Capital Projects Fund	-	(5,500,000)	(15,107,000)	(335,440)	(30,959,363)
ACDS Fund	-	(90,000)	-	-	-
Roads and Special Benefits Districts	-	-	-	-	-
Erosion Districts Fund	-	-	-	-	-
COI on refunding bonds	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-
General obligation bonds issued	-	-	15,107,000	-	-
Premiums from sale of bonds	-	-	-	-	30,959,363
Premiums from the refunding of bonds	-	-	-	-	-
Transfers from Solid Waste Fund	-	-	-	-	-
Total other financing sources (uses)	182,433	(5,590,000)	28,697	(335,440)	-
Net change in fund balances	377,266	(2,415,280)	7,049,701	(277,634)	-
Fund balances, July 1	892,871	5,651,868	24,910,061	504,448	-
Fund balances, June 30	\$ <u>1,270,137</u>	\$ <u>3,236,588</u>	\$ <u>31,959,762</u>	\$ <u>226,814</u>	\$ <u>-</u>

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

Non-major Governmental Funds

Year Ended June 30, 2018

	Debt Service Funds					Totals
	National Business Park North Tax Increment	Village South at Waugh Chapel Tax Increment	Special Taxing Districts	Installment Purchase Agreements		
REVENUES						
General property taxes	\$ 2,056,030	\$ 2,107,056	\$ -	\$ -	\$ 45,095,466	
Grants and aid	-	-	-	-	40,607,377	
Seized / forfeited funds	-	-	-	-	1,060,748	
Special community benefit taxes	-	-	389,697	-	8,471,575	
Video lottery local impact aid	-	-	-	-	18,366,717	
Watershed protection and restoration	-	-	-	-	21,665,866	
Fees and commissions	-	-	-	-	2,784,383	
Investment income	31,149	16,893	-	(151,738)	1,071,418	
Other	199,201	106,382	-	-	1,192,300	
Total revenues	<u>2,286,380</u>	<u>2,230,331</u>	<u>389,697</u>	<u>(151,738)</u>	<u>140,315,850</u>	
EXPENDITURES						
Current						
Education	-	-	-	-	1,700,000	
Public safety	-	-	-	-	12,310,157	
General government	138,594	84,880	-	-	4,301,217	
Health and human services	-	-	-	-	29,085,308	
Public works	-	-	-	-	9,905,872	
Recreation and community services	-	-	107,811	-	17,005,024	
Judicial	-	-	-	-	2,652,891	
Code enforcement	-	-	-	-	1,150,194	
Land use and development	-	-	-	-	2,003,707	
Debt service						
Interest payments on debt	1,797,359	997,188	-	723,839	7,087,821	
Principal payments on debt	4,343,426	2,162,580	240,747	20,000	10,961,438	
Total expenditures	<u>6,279,379</u>	<u>3,244,648</u>	<u>348,558</u>	<u>743,839</u>	<u>98,163,629</u>	
Revenues over (under) expenditures	<u>(3,992,999)</u>	<u>(1,014,317)</u>	<u>41,139</u>	<u>(895,577)</u>	<u>42,152,221</u>	
OTHER FINANCING SOURCES (USES)						
Transfers in						
General Fund	-	-	-	743,800	3,413,535	
General County Capital Projects Fund	-	-	-	-	28,697	
Energy Revolving Loan Fund	-	-	-	-	191,600	
Video Lottery Impact Aid Fund	-	-	-	-	90,000	
Special Taxing Districts Fund	-	-	-	-	182,774	
Transfers out						
General Fund	-	(286,715)	-	-	(28,532,753)	
General County Capital Projects Fund	-	-	-	-	(52,387,506)	
ACDS Fund	-	-	-	-	(281,600)	
Roads and Special Benefits Districts	-	-	(341)	-	(341)	
Erosion Districts Fund	-	-	(182,433)	-	(182,433)	
COI on refunding bonds	(440,748)	(258,102)	-	-	(698,850)	
Refunding bonds issued	25,855,000	14,525,000	-	-	40,380,000	
Payments to escrow agent	(26,995,811)	(14,648,108)	-	-	(41,643,919)	
General obligation bonds issued	-	-	-	-	15,107,000	
Premiums from sale of bonds	-	-	-	-	30,959,363	
Premiums from the refunding of bonds	1,581,559	381,210	-	-	1,962,769	
Transfers from Solid Waste Fund	-	-	-	-	36,137	
Total other financing sources (uses)	<u>-</u>	<u>(286,715)</u>	<u>(182,774)</u>	<u>743,800</u>	<u>(31,375,527)</u>	
Net change in fund balances	<u>(3,992,999)</u>	<u>(1,301,032)</u>	<u>(141,635)</u>	<u>(151,777)</u>	<u>10,776,694</u>	
Fund balances, July 1	4,200,688	1,343,090	1,060,612	9,650,248	61,893,780	
Fund balances, June 30	<u>\$ 207,689</u>	<u>\$ 42,058</u>	<u>\$ 918,977</u>	<u>\$ 9,498,471</u>	<u>\$ 72,670,474</u>	

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

Special Revenue Funds

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
FORFEITURE AND ASSET SEIZURE TEAM				
Revenues				
Seized and forfeited funds	\$ 530,000	\$ 625,000	\$ 1,060,748	\$ 435,748
Investment income	-	-	3,719	3,719
Other	-	-	56,596	56,596
	<u>530,000</u>	<u>625,000</u>	<u>1,121,063</u>	<u>496,063</u>
Expenditures				
Public safety	<u>530,000</u>	<u>625,000</u>	<u>551,665</u>	<u>73,335</u>
Revenues over (under) expenditures	-	-	569,398	\$ <u><u>569,398</u></u>
Fund balance, budgetary, July 1	<u>39,617</u>	<u>39,617</u>	<u>39,617</u>	
Fund balance, budgetary, June 30	\$ <u><u>39,617</u></u>	\$ <u><u>39,617</u></u>	\$ <u><u>609,015</u></u>	
ROADS AND SPECIAL BENEFITS				
Revenues				
Special community benefit taxes	\$ <u>7,523,939</u>	\$ <u>7,523,939</u>	\$ <u>7,620,384</u>	\$ <u>96,445</u>
Expenditures				
Recreation and community services	<u>12,157,142</u>	<u>12,200,142</u>	<u>7,663,585</u>	<u>4,536,557</u>
Revenues over (under) expenditures	(4,633,203)	(4,676,203)	(43,201)	\$ <u><u>4,633,002</u></u>
Fund balance, budgetary, July 1 (as restated)	<u>320,421</u>	<u>320,421</u>	<u>320,421</u>	
Fund balance, budgetary, June 30	\$ <u><u>(4,312,782)</u></u>	\$ <u><u>(4,355,782)</u></u>	\$ <u><u>277,220</u></u>	
ANNE ARUNDEL COUNTY PARTNERSHIP FOR CHILDREN, YOUTH & FAMILIES				
Revenues				
Grants and aid	\$ 3,108,400	\$ 3,108,400	\$ 2,850,429	\$ (257,971)
Investment income	-	-	3,504	3,504
Other	-	-	222	222
	<u>3,108,400</u>	<u>3,108,400</u>	<u>2,854,155</u>	<u>(254,245)</u>
Expenditures				
Health and human services	<u>3,108,400</u>	<u>3,108,400</u>	<u>2,861,679</u>	<u>246,721</u>
Revenues over (under) expenditures	-	-	(7,524)	\$ <u><u>(7,524)</u></u>
Fund balance, budgetary, July 1 (as restated)	<u>68,076</u>	<u>68,076</u>	<u>68,076</u>	
Fund balance, budgetary, June 30	\$ <u><u>68,076</u></u>	\$ <u><u>68,076</u></u>	\$ <u><u>60,552</u></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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REFORESTATION				
Revenues				
Commissions and fees	\$ 950,000	\$ 950,000	\$ 1,577,230	\$ 627,230
Expenditures				
Land use and development	4,805,000	4,805,000	2,165,561	2,639,439
Revenues over (under) expenditures	(3,855,000)	(3,855,000)	(588,331)	\$ 3,266,669
Fund balance, budgetary, July 1	7,287,202	7,287,202	7,287,202	
Fund balance, budgetary, June 30	\$ 3,432,202	\$ 3,432,202	\$ 6,698,871	
LAUREL RACETRACK COMMUNITY BENEFIT				
Revenues				
Fees and commissions	\$ 352,000	\$ 352,000	\$ 357,143	\$ 5,143
Other	-	-	-	-
	<u>352,000</u>	<u>352,000</u>	<u>357,143</u>	<u>5,143</u>
Expenditures				
Recreation and community services	352,000	352,000	352,000	-
Revenues over (under) expenditures	-	-	5,143	\$ 5,143
Fund balance, budgetary, July 1	57,098	57,098	57,098	
Fund balance, budgetary, June 30	\$ 57,098	\$ 57,098	\$ 62,241	
WORKFORCE DEVELOPMENT				
Revenues				
Grants and aid	\$ 2,400,000	\$ 2,400,000	\$ 2,486,518	\$ 86,518
Expenditures				
Health and human services	2,400,000	2,400,000	2,486,518	(86,518)
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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
ARUNDEL COMMUNITY DEVELOPMENT SERVICES				
Revenues				
Grants and aid	\$ 7,004,000	\$ 7,004,000	\$ 6,532,211	\$ (471,789)
	<u>7,004,000</u>	<u>7,004,000</u>	<u>6,532,211</u>	<u>(471,789)</u>
Expenditures				
Recreation and community services	<u>7,004,000</u>	<u>7,004,000</u>	<u>6,532,211</u>	<u>471,789</u>
Revenues over (under) expenditures	-	-	-	\$ <u>-</u>
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	
GRANTS				
Revenues				
Grants and aid	\$ 33,591,200	\$ 38,007,900	\$ 31,633,186	\$ (6,374,714)
Fees, General Fund contributions and other	<u>2,798,900</u>	<u>2,798,900</u>	<u>1,557,412</u>	<u>(1,241,488)</u>
	<u>36,390,100</u>	<u>40,806,800</u>	<u>33,190,598</u>	<u>(7,616,202)</u>
Expenditures				
Public safety	2,619,700	3,347,900	1,736,416	1,611,484
General government	-	-	(21,435)	21,435
Health and human services	25,563,700	28,872,300	25,150,697	3,721,603
Recreation and community services	3,819,400	2,916,400	2,759,941	156,459
Judicial	3,487,100	3,770,000	2,571,473	1,198,527
Land use and development	<u>8,000</u>	<u>8,000</u>	<u>2,557</u>	<u>5,443</u>
	<u>35,497,900</u>	<u>38,914,600</u>	<u>32,199,649</u>	<u>6,714,951</u>
Revenues over (under) expenditures	892,200	1,892,200	990,949	\$ <u>(901,251)</u>
Fund balance, budgetary, July 1	<u>(2,525,522)</u>	<u>(2,525,522)</u>	<u>(2,525,522)</u>	
Fund balance, budgetary, June 30	\$ <u>(1,633,322)</u>	\$ <u>(633,322)</u>	\$ <u>(1,534,573)</u>	
CIRCUIT COURT				
Revenues				
Bond Forfeited Funds	\$ <u>165,000</u>	\$ <u>165,000</u>	\$ <u>124,179</u>	\$ <u>(40,821)</u>
Expenditures				
Circuit Court	<u>165,000</u>	<u>165,000</u>	<u>81,393</u>	<u>83,607</u>
Revenues over (under) expenditures	-	-	42,786	\$ <u>42,786</u>
Fund balance, budgetary, July 1	<u>31,436</u>	<u>31,436</u>	<u>31,436</u>	
Fund balance, budgetary, June 30	\$ <u>31,436</u>	\$ <u>31,436</u>	\$ <u>74,222</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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
PARK PLACE TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 977,000	\$ 977,000	\$ 980,174	\$ 3,174
Investment income	2,000	2,000	2,929	929
	<u>979,000</u>	<u>979,000</u>	<u>983,103</u>	<u>4,103</u>
Expenditures				
General government	979,000	984,000	983,103	897
Revenues over (under) expenditures	-	(5,000)	-	\$ 5,000
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ (5,000)	\$ -	
ODENTON TOWN CENTER				
Revenues				
General property taxes	\$ 3,143,300	\$ 3,143,300	\$ 2,702,893	\$ (440,407)
Investment income	25,000	25,000	101,694	76,694
Other	1,372,200	1,372,200	1,949,012	576,812
	<u>4,540,500</u>	<u>4,540,500</u>	<u>4,753,599</u>	<u>213,099</u>
Expenditures				
General government	188,000	191,100	188,002	3,098
	<u>188,000</u>	<u>191,100</u>	<u>188,002</u>	<u>3,098</u>
Revenues over (under) expenditures	4,352,500	4,349,400	4,565,597	\$ 216,197
Fund balance, budgetary, July 1	4,291,375	4,291,375	4,291,375	
Fund balance, budgetary, June 30	\$ 8,643,875	\$ 8,640,775	\$ 8,856,972	
EROSION DISTRICTS				
Revenues				
Special community benefit taxes	\$ 449,523	\$ 449,523	\$ 461,494	\$ 11,971
Expenditures				
Public works	775,324	775,324	266,661	508,663
Revenues over (under) expenditures	(325,801)	(325,801)	194,833	\$ 520,634
Fund balance, budgetary, July 1 (as restated)	1,075,304	1,075,304	1,075,304	
Fund balance, budgetary, June 30	\$ 749,503	\$ 749,503	\$ 1,270,137	

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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
VIDEO LOTTERY LOCAL IMPACT AID				
Revenues				
Video lottery impact aid	\$ 18,437,200	\$ 18,437,200	\$ 18,366,717	\$ (70,483)
Investment income	-	-	413	413
Other	-	-	991	991
	<u>18,437,200</u>	<u>18,437,200</u>	<u>18,368,121</u>	<u>(69,079)</u>
Expenditures				
Education	1,700,000	1,700,000	1,700,000	-
Public safety	10,080,000	10,080,000	10,080,000	-
General government	1,650,000	2,079,800	2,079,800	-
Recreation and community service	550,000	550,000	550,000	-
Pay-go funding - capital projects	5,590,000	5,590,000	5,590,000	-
	<u>19,570,000</u>	<u>19,999,800</u>	<u>19,999,800</u>	<u>-</u>
Revenues over (under) expenditures	(1,132,800)	(1,562,600)	(1,631,679)	\$ <u><u>(69,079)</u></u>
Fund balance, budgetary, July 1	4,835,341	4,835,341	4,835,341	
Fund balance, budgetary, June 30	\$ <u><u>3,702,541</u></u>	\$ <u><u>3,272,741</u></u>	\$ <u><u>3,203,662</u></u>	
WATERSHED PROTECTION AND RESTORATION				
Revenues				
Stormwater fees	\$ 22,051,200	\$ 22,051,200	\$ 21,665,866	\$ (385,334)
Interfund reimbursements	430,000	430,000	852,116	422,116
Investment Income	140,000	140,000	590,192	450,192
Other	-	-	24,320	24,320
	<u>22,621,200</u>	<u>22,621,200</u>	<u>23,132,494</u>	<u>511,294</u>
Expenditures				
Public works	12,529,700	12,529,700	10,426,040	2,103,660
Code enforcement	1,218,400	1,218,400	1,150,194	68,206
Debt service	4,418,400	4,418,400	4,418,370	30
	<u>18,166,500</u>	<u>18,166,500</u>	<u>15,994,604</u>	<u>2,171,896</u>
Revenues over (under) expenditures	4,454,700	4,454,700	7,137,890	\$ <u><u>2,683,190</u></u>
Fund balance, budgetary, July 1	22,792,346	22,792,346	22,792,346	
Fund balance, budgetary, June 30	\$ <u><u>27,247,046</u></u>	\$ <u><u>27,247,046</u></u>	\$ <u><u>29,930,236</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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Browns Pond	\$ 11,316	\$ 11,316	\$ 11,316	\$ -
Cedarhurst	65,600	65,600	66,709	1,109
Franklin Manor	125,760	125,760	126,865	1,105
Idlewilde	14,414	14,414	14,760	346
Masons Beach	41,040	41,040	41,769	729
Riviera Beach	119,343	119,343	128,025	8,682
Snug Harbor - waterway	57,200	57,200	57,200	-
Spriggs Pond	14,850	14,850	14,850	-
Total revenues	<u>\$ 449,523</u>	<u>\$ 449,523</u>	<u>\$ 461,494</u>	<u>\$ 11,971</u>
EXPENDITURES				
Browns Pond	\$ 30,851	\$ 30,851	\$ 18,816	\$ 12,035
Cedarhurst	106,700	106,700	57,158	49,542
Franklin Manor	125,760	125,760	125,760	-
Idlewilde	77,914	77,914	738	77,176
Masons Beach	122,601	122,601	2,000	120,601
Riviera Beach	160,443	160,443	17,819	142,624
Snug Harbor - waterway	112,200	112,200	43,628	68,572
Spriggs Pond	38,855	38,855	742	38,113
Total expenditures	<u>\$ 775,324</u>	<u>\$ 775,324</u>	<u>\$ 266,661</u>	<u>\$ 508,663</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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Amberly	\$ 22,000	\$ 22,000	\$ 22,000	\$ -
Annapolis Roads	336,960	336,960	356,107	19,147
Arundel on the Bay	217,750	217,750	227,239	9,489
Avalon Shores	52,650	52,650	52,920	270
Bay Highlands	23,950	23,950	24,769	819
Bay Ridge	279,344	279,344	279,344	-
Bayside Beach	15,322	15,322	15,727	405
Beverly Beach	37,000	37,000	37,100	100
Birchwood	5,664	5,664	5,664	-
Bittersweet	1,650	1,650	1,650	-
Broadwater Creek	8,715	8,715	8,610	(105)
Cape Anne	26,250	26,250	26,250	-
Cape St. Claire	403,550	403,550	404,425	875
Capetown	28,979	28,979	28,979	-
Carrolton Manor	81,600	81,600	81,900	300
Cedarhurst	139,400	139,400	141,756	2,356
Chartwell	34,892	34,892	34,840	(52)
Columbia Beach	155,331	155,331	158,009	2,678
Crofton	777,837	777,837	815,447	37,610
Deale Beach	8,950	8,950	9,000	50
Eden Woods	9,000	9,000	9,000	-
Epping Forest	297,225	297,225	279,935	(17,290)
Fairhaven Cliffs	5,600	5,600	5,600	-
Felicity Cove	16,218	16,218	16,218	-
Franklin Manor	62,880	62,880	63,474	594
Gibson Island	955,416	955,416	966,689	11,273
Greenbriar Gardens	18,144	18,144	18,144	-
Greenbriar II	21,000	21,000	21,000	-
Heritage Pool	50,500	50,500	51,000	500
Hillsmere Shores	304,776	304,776	308,636	3,860
Holland Point	10,534	10,534	10,949	415
Homewood	12,088	12,088	12,088	-
Hunters Harbor	15,900	15,900	15,900	-
Idlewild	9,775	9,775	9,690	(85)
Indian Hills (Winchester)	128,656	128,656	130,662	2,006
Little Magothy River	35,700	35,700	35,700	-
Long Point on the Severn	13,750	13,750	13,750	-
Magothy Beach	6,520	6,520	6,520	-
Magothy Forge	14,262	14,262	14,262	-
Manhattan Beach	61,900	61,900	61,900	-
Mason's Beach	1,420	1,420	1,420	-
Owings Beach	9,986	9,986	10,147	161
Owings Cliffs	2,775	2,775	2,775	-
Oyster Harbor	374,220	374,220	388,988	14,768
Parke West	44,205	44,205	44,310	105
Pine Grove Village	11,040	11,040	11,040	-
Pines on the Severn	62,061	62,061	62,061	-
Provinces	15,876	15,876	15,822	(54)
Queen's Park	51,394	51,394	51,395	1
Rockview Beach / Riviera Isles	9,644	9,644	9,644	-
Scheides Cove	9,000	9,000	9,000	-
Selby on the Bay	119,700	119,700	120,260	560
Severn Grove	20,437	20,437	20,437	-
Severna Forest	22,230	22,230	22,360	130
Severdale	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	-
Snug Harbor	12,269	12,269	12,268	(1)
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	6,314	6,314	6,314	-
Sylvan Shores	74,204	74,204	74,204	-
Sylvan View on the Magothy	10,650	10,650	10,650	-
Upper Magothy Beach	14,550	14,550	14,500	(50)
Venice Beach	37,600	37,600	37,854	254
Venice on the Bay	7,175	7,175	7,175	-
Warthen Knolls	3,625	3,625	3,625	-
Wilelinor	22,400	22,400	22,400	-
Woodland Beach / Londontowne	503,680	503,680	509,336	5,656
Woodland Beach / Pasadena	6,600	6,600	6,300	(300)
Total revenues	\$ 7,523,939	\$ 7,523,939	\$ 7,620,384	\$ 96,445

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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
Amberly	\$ 68,876	\$ 68,876	\$ 22,034	\$ 46,842
Annapolis Roads	523,088	523,088	319,231	203,857
Arundel on the Bay	384,960	384,960	227,760	157,200
Avalon Shores	132,732	132,732	103,825	28,907
Bay Highlands	177,098	177,098	25,506	151,592
Bay Ridge	300,730	300,730	292,121	8,609
Bayside Beach	22,793	22,793	15,731	7,062
Beverly Beach	37,000	37,000	36,969	31
Birchwood	11,745	11,745	5,158	6,587
Bittersweet	1,927	1,927	1,650	277
Broadwater Creek	17,015	17,015	431	16,584
Cape Anne	49,750	49,750	29,867	19,883
Cape St. Claire	423,235	423,235	405,001	18,234
Capetown	28,979	28,979	28,973	6
Carrolton Manor	297,549	297,549	53,239	244,310
Cedarhurst	180,945	180,945	144,697	36,248
Chartwell	104,862	104,862	34,918	69,944
Columbia Beach	155,331	155,331	155,316	15
Crofton	1,501,048	1,501,048	816,800	684,248
Deale Beach	8,950	8,950	8,946	4
Eden Woods	49,641	49,641	9,000	40,641
Epping Forest	563,034	563,034	280,998	282,036
Fairhaven Cliffs	22,258	22,258	750	21,508
Felicity Cove	52,782	52,782	16,215	36,567
Franklin Manor	146,976	146,976	63,697	83,279
Gibson Island	1,375,966	1,375,966	966,901	409,065
Greenbriar Gardens	34,925	34,925	18,043	16,882
Greenbriar II	21,000	21,000	20,995	5
Heritage Pool	91,238	91,238	51,080	40,158
Hillsmere Shores	405,422	405,422	309,117	96,305
Holland Point	13,706	13,706	10,905	2,801
Homewood	12,541	12,541	12,272	269
Hunters Harbor	32,633	32,633	15,906	16,727
Idlewild	30,669	30,669	12,105	18,564
Indian Hills (Winchester)	192,323	192,323	131,247	61,076
Little Magothy River	169,283	169,283	35,695	133,588
Long Point on the Severn	88,905	88,905	19,864	69,041
Magothy Beach	9,250	9,250	6,515	2,735
Magothy Forge	20,678	20,678	14,249	6,429
Manhattan Beach	234,274	234,274	61,931	172,343
Mason's Beach	2,740	2,740	1,440	1,300
Owings Beach	73,415	73,415	10,105	63,310
Owings Cliffs	9,062	9,062	2,775	6,287
Oyster Harbor	712,132	712,132	394,479	317,653
Parke West	84,098	84,098	44,401	39,697
Pine Grove Village	35,435	35,435	11,037	24,398
Pines on the Severn	87,867	87,867	62,517	25,350
Provinces	32,740	32,740	16,108	16,632
Queen's Park	63,395	63,395	51,634	11,761
Rockview Beach / Riviera Isles	27,764	27,764	12,739	15,025
Scheides Cove	11,000	11,000	450	10,550
Selby on the Bay	168,152	168,152	121,711	46,441
Severn Grove	30,579	30,579	20,613	9,966
Severna Forest	42,747	42,747	15,197	27,550
Severndale	43,990	43,990	6,578	37,412
Sherwood Forest	1,228,760	1,228,760	1,228,726	34
Shoreham Beach	145,095	188,095	117,133	70,962
Snug Harbor	67,508	67,508	12,595	54,913
South River Heights	11,737	11,737	11,718	19
South River Manor	12,211	12,211	4,405	7,806
South River Park	64,510	64,510	34,810	29,700
Steedman Point	31,592	31,592	200	31,392
Stone Haven	11,853	11,853	6,305	5,548
Sylvan Shores	116,347	116,347	74,101	42,246
Sylvan View on the Magothy	23,361	23,361	10,733	12,628
Upper Magothy Beach	28,484	28,484	15,193	13,291
Venice Beach - Roads	108,060	108,060	37,855	70,205
Venice on the Bay	9,961	9,961	7,208	2,753
Warthen Knolls	5,881	5,881	3,627	2,254
Wilelinor	29,396	29,396	22,400	6,996
Woodland Beach / Londontowne	829,053	829,053	512,669	316,384
Woodland Beach / Pasadena	12,100	12,100	6,465	5,635
Total expenditures	\$ 12,157,142	\$ 12,200,142	\$ 7,663,585	\$ 4,536,557

Anne Arundel County, Maryland

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

General County Capital Projects Fund

Year Ended June 30, 2018

	<u>Total</u>	<u>School Construction</u>	<u>Higher Education</u>	<u>Storm Drains</u>	<u>Recreation</u>
AUTHORIZED PER ORIGINAL BUDGET					
County bonds	\$ 1,274,331,698	\$ 624,560,027	\$ 31,951,000	\$ 5,349,644	\$ 49,322,158
Contributions from other funds	138,427,506	51,208,300	4,415,000	8,599	16,505,330
Impact fees	149,861,763	79,712,800	-	-	-
Grants and aid	475,684,095	384,136,344	6,520,000	82,000	27,908,937
Special fees	54,243,788	-	-	-	440,000
Other sources	168,853,848	65,934,000	-	24,444	7,172,455
Total	<u>\$ 2,261,402,698</u>	<u>\$ 1,205,551,471</u>	<u>\$ 42,886,000</u>	<u>\$ 5,464,687</u>	<u>\$ 101,348,880</u>
AUTHORIZED PER FINAL BUDGET					
County bonds	\$ 1,204,791,957	\$ 579,730,265	\$ 31,676,000	\$ 4,877,579	\$ 47,998,007
Contributions from other funds	128,511,729	48,852,302	4,415,000	8,599	14,249,457
Impact fees	133,030,550	71,371,800	-	-	-
Grants and aid	450,098,977	359,738,344	6,520,000	82,000	27,333,962
Special fees	31,743,788	-	-	-	440,000
Other sources	178,551,586	65,434,000	-	24,444	6,259,733
Total	2,126,728,587	1,125,126,711	42,611,000	4,992,622	96,281,159
Less: Completed projects	182,273,624	25,997,208	-	3,641,830	7,721,174
	<u>1,944,454,963</u>	<u>1,099,129,503</u>	<u>42,611,000</u>	<u>1,350,792</u>	<u>88,559,985</u>
REALIZED					
Current year:					
Bonds and bond anticipation notes	190,650,000	91,000,000	8,100,000	400,000	6,900,000
Contributions from other funds	27,610,000	18,425,000	-	-	6,984,212
Impact fees	36,648,367	33,422,845	-	-	-
Grants and aid	12,819,852	-	-	-	8,131,801
Special fees	2,200,863	-	-	-	335,440
Other sources	38,684,192	1,280,000	-	-	4,805,085
Total	308,613,274	144,127,845	8,100,000	400,000	27,156,538
Prior years:	892,635,625	536,084,985	24,380,473	4,379,971	32,730,606
Total realized funding sources	1,201,248,899	680,212,830	32,480,473	4,779,971	59,887,144
Less: Completed projects and adjustments	148,517,540	23,157,800	-	3,588,208	7,719,663
	<u>1,052,731,359</u>	<u>657,055,030</u>	<u>32,480,473</u>	<u>1,191,763</u>	<u>52,167,481</u>
Funding sources authorized - June 30, 2018	<u>\$ 891,723,604</u>	<u>\$ 442,074,473</u>	<u>\$ 10,130,527</u>	<u>\$ 159,029</u>	<u>\$ 36,392,504</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>
\$ 36,227,958	\$ 88,144,278	\$ 74,131,124	\$ 26,416,683	\$ 81,665,168	\$ 256,563,658
4,273,280	24,543,365	6,827,413	1,410,139	29,236,080	-
-	63,218,963	4,630,000	-	2,300,000	-
1,445,827	7,698,513	1,800,000	8,266,851	35,927,623	1,898,000
-	728	-	-	53,803,060	-
<u>875,000</u>	<u>53,691,856</u>	<u>5,521,000</u>	<u>1,368,000</u>	<u>27,334,093</u>	<u>6,933,000</u>
<u>\$ 42,822,065</u>	<u>\$ 237,297,703</u>	<u>\$ 92,909,537</u>	<u>\$ 37,461,673</u>	<u>\$ 230,266,024</u>	<u>\$ 265,394,658</u>
\$ 36,227,958	\$ 85,732,295	\$ 67,470,578	\$ 20,525,327	\$ 77,389,348	\$ 253,164,600
4,273,280	23,558,443	6,116,113	1,128,622	25,909,913	-
-	58,758,750	2,900,000	-	-	-
1,445,827	7,698,513	1,800,000	7,654,708	35,927,623	1,898,000
-	728	-	-	31,303,060	-
<u>875,000</u>	<u>43,621,616</u>	<u>4,921,000</u>	<u>648,700</u>	<u>49,834,093</u>	<u>6,933,000</u>
42,822,065	219,370,345	83,207,691	29,957,357	220,364,037	261,995,600
1,657,417	45,994,059	3,850,136	7,198,118	80,726,148	5,487,534
<u>41,164,648</u>	<u>173,376,286</u>	<u>79,357,555</u>	<u>22,759,239</u>	<u>139,637,889</u>	<u>256,508,066</u>
7,600,000	15,743,000	26,000,000	1,400,000	18,400,000	15,107,000
-	2,261,000	1,782,000	152,788	(1,995,000)	-
-	2,828,761	396,761	-	-	-
59,641	397,708	-	1,811,582	2,419,120	-
-	-	-	-	1,865,423	-
<u>700,000</u>	<u>16,002,218</u>	<u>9,600,000</u>	<u>-</u>	<u>6,296,889</u>	<u>-</u>
8,359,641	37,232,687	37,778,761	3,364,370	26,986,432	15,107,000
<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>
13,864,111	128,050,934	61,995,721	17,035,291	141,574,875	61,367,549
1,657,417	41,281,861	3,807,601	6,896,958	55,706,962	4,701,070
<u>12,206,694</u>	<u>86,769,073</u>	<u>58,188,120</u>	<u>10,138,333</u>	<u>85,867,913</u>	<u>56,666,479</u>
<u>\$ 28,957,954</u>	<u>\$ 86,607,213</u>	<u>\$ 21,169,435</u>	<u>\$ 12,620,906</u>	<u>\$ 53,769,976</u>	<u>\$ 199,841,587</u>

Anne Arundel County, Maryland

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

General County Capital Projects Fund

Year Ended June 30, 2018

APPROPRIATIONS	Total	School Construction	Higher Education	Storm Drains
Original Budget	\$ <u>1,176,402,698</u>	\$ <u>120,551,471</u>	\$ <u>42,886,000</u>	\$ <u>5,464,687</u>
Final Budget				
Prior years	\$ 1,764,773,887	\$ 937,667,711	\$ 27,746,000	\$ 5,258,622
Current year	361,954,700	187,459,000	14,865,000	(266,000)
	<u>2,126,728,587</u>	<u>1,125,126,711</u>	<u>42,611,000</u>	<u>4,992,622</u>
Less: Completed projects	<u>182,273,624</u>	<u>25,997,208</u>	-	<u>3,641,830</u>
Total appropriations	<u>1,944,454,963</u>	<u>1,099,129,503</u>	<u>42,611,000</u>	<u>1,350,792</u>
EXPENDITURES AND ENCUMBRANCES				
Prior years expenditures and transfers	748,675,515	463,927,961	22,902,987	4,554,735
Current year expenditures	151,503,205	-	-	161,917
Operating transfers	<u>150,701,585</u>	<u>144,654,810</u>	<u>6,046,775</u>	-
	<u>1,050,880,305</u>	<u>608,582,771</u>	<u>28,949,762</u>	<u>4,716,652</u>
Less: Completed projects	<u>148,513,212</u>	<u>23,157,800</u>	-	<u>3,588,208</u>
Total	902,367,093	585,424,971	28,949,762	1,128,444
Encumbrances outstanding	<u>128,415,726</u>	-	-	<u>48,583</u>
Total expenditures and encumbrances	<u>1,030,782,819</u>	<u>585,424,971</u>	<u>28,949,762</u>	<u>1,177,027</u>
Unencumbered appropriations - June 30, 2018	\$ <u>913,672,144</u>	\$ <u>513,704,532</u>	\$ <u>13,661,238</u>	\$ <u>173,765</u>

	Recreation	Libraries	Roads and Bridges	Police and Fire	Waterway Improvements	Other	Watershed Protection and Restoration
\$	<u>101,348,880</u>	<u>42,822,065</u>	<u>237,297,703</u>	<u>92,909,537</u>	<u>37,461,673</u>	<u>230,266,024</u>	<u>265,394,658</u>
\$	63,778,159	34,429,065	163,278,345	71,635,691	26,156,657	186,758,037	248,065,600
	<u>32,503,000</u>	<u>8,393,000</u>	<u>56,092,000</u>	<u>11,572,000</u>	<u>3,800,700</u>	<u>33,606,000</u>	<u>13,930,000</u>
	96,281,159	42,822,065	219,370,345	83,207,691	29,957,357	220,364,037	261,995,600
	<u>7,721,174</u>	<u>1,657,417</u>	<u>45,994,059</u>	<u>3,850,136</u>	<u>7,198,118</u>	<u>80,726,148</u>	<u>5,487,534</u>
	<u>88,559,985</u>	<u>41,164,648</u>	<u>173,376,286</u>	<u>79,357,555</u>	<u>22,759,239</u>	<u>139,637,889</u>	<u>256,508,066</u>
	26,327,011	2,342,899	77,702,936	14,285,240	11,260,693	84,876,415	40,494,638
	<u>23,257,079</u>	<u>1,630,401</u>	<u>36,002,825</u>	<u>22,390,016</u>	<u>4,812,633</u>	<u>44,842,999</u>	<u>18,405,335</u>
	-	-	-	-	-	-	-
	49,584,090	3,973,300	113,705,761	36,675,256	16,073,326	129,719,414	58,899,973
	<u>7,719,662</u>	<u>1,657,417</u>	<u>41,279,626</u>	<u>3,807,599</u>	<u>6,896,957</u>	<u>55,704,874</u>	<u>4,701,069</u>
	41,864,428	2,315,883	72,426,135	32,867,657	9,176,369	74,014,540	54,198,904
	<u>11,849,095</u>	<u>14,378,600</u>	<u>34,583,143</u>	<u>25,257,714</u>	<u>3,307,920</u>	<u>12,646,085</u>	<u>26,344,586</u>
	<u>53,713,523</u>	<u>16,694,483</u>	<u>107,009,278</u>	<u>58,125,371</u>	<u>12,484,289</u>	<u>86,660,625</u>	<u>80,543,490</u>
\$	<u>34,846,462</u>	<u>24,470,165</u>	<u>66,367,008</u>	<u>21,232,184</u>	<u>10,274,950</u>	<u>52,977,264</u>	<u>175,964,576</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
ENERGY REVOLVING LOAN				
Revenues				
Other	\$ -	\$ -	\$ 36,420	\$ 36,420
	<u>-</u>	<u>-</u>	<u>36,420</u>	<u>36,420</u>
Expenditures				
Other	191,600	191,600	191,600	-
	<u>191,600</u>	<u>191,600</u>	<u>191,600</u>	<u>-</u>
Revenues over (under) expenditures	<u>(191,600)</u>	<u>(191,600)</u>	<u>(155,180)</u>	<u>\$ 36,420</u>
Fund balance, budgetary, July 1	<u>211,617</u>	<u>211,617</u>	<u>211,617</u>	
Fund balance, budgetary, June 30	\$ <u><u>20,017</u></u>	\$ <u><u>20,017</u></u>	\$ <u><u>56,437</u></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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
NURSERY ROAD TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 5,279,900	\$ 5,279,900	\$ 5,061,820	\$ (218,080)
Investment income	25,000	25,000	51,407	26,407
	<u>5,304,900</u>	<u>5,304,900</u>	<u>5,113,227</u>	<u>(191,673)</u>
Expenditures				
General government	3,500	3,500	3,500	-
Interest payments on debt	55,900	55,900	55,850	50
Principal payments on debt	100,000	100,000	100,000	-
Other	5,145,500	5,145,500	4,953,877	191,623
	<u>5,304,900</u>	<u>5,304,900</u>	<u>5,113,227</u>	<u>191,673</u>
Revenues over (under) expenditures	-	-	-	\$ -
Fund balance, budgetary, July 1	-	-	-	-
Fund balance, budgetary, June 30	\$ -	\$ -	\$ -	-
WEST COUNTY TAX INCREMENT DISTRICT (NBP)				
Revenues				
General property taxes	\$ 7,837,000	\$ 7,837,000	\$ 7,445,782	\$ (391,218)
Investment income	25,000	25,000	68,447	43,447
	<u>7,862,000</u>	<u>7,862,000</u>	<u>7,514,229</u>	<u>(347,771)</u>
Expenditures				
General government	49,000	49,000	14,017	34,983
Interest payments on debt	441,200	441,200	441,150	50
Principal payments on debt	660,000	660,000	660,000	-
Other	6,711,800	6,747,800	6,399,062	348,738
	<u>7,862,000</u>	<u>7,898,000</u>	<u>7,514,229</u>	<u>383,771</u>
Revenues over (under) expenditures	-	(36,000)	-	\$ 36,000
Fund balance, budgetary, July 1	-	-	-	-
Fund balance, budgetary, June 30	\$ -	\$ (36,000)	\$ -	-
ARUNDEL MILLS TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 9,746,000	\$ 9,746,000	\$ 9,723,412	\$ (22,588)
Investment income	30,000	30,000	78,546	48,546
	<u>9,776,000</u>	<u>9,776,000</u>	<u>9,801,958</u>	<u>25,958</u>
Expenditures				
General government	70,200	70,200	12,374	57,826
Interest payments on debt	893,800	893,800	893,750	50
Principal payments on debt	1,195,000	1,195,000	1,195,000	-
Other	7,617,000	7,617,000	1,737,896	5,879,104
	<u>9,776,000</u>	<u>9,776,000</u>	<u>3,839,020</u>	<u>5,936,980</u>
Revenues (under) expenditures	-	-	5,962,938	\$ 5,962,938
Fund balance, budgetary, July 1	37,062	37,062	37,062	-
Fund balance, budgetary, June 30	\$ 37,062	\$ 37,062	\$ 6,000,000	-

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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
PAROLE TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 15,019,800	\$ 15,019,800	\$ 15,018,299	\$ (1,501)
Investment income	70,000	70,000	150,250	80,250
Other	-	-	-	-
	<u>15,089,800</u>	<u>15,089,800</u>	<u>15,168,549</u>	<u>78,749</u>
Expenditures				
General government	-	-	-	-
Other	15,089,800	15,194,800	15,168,549	26,251
	<u>15,089,800</u>	<u>15,194,800</u>	<u>15,168,549</u>	<u>26,251</u>
Revenues over (under) expenditures	-	(105,000)	-	\$ <u>105,000</u>
Fund balance, budgetary, July 1	-	-	-	
Fund balance, budgetary, June 30	\$ -	\$ (105,000)	\$ -	
NATIONAL BUSINESS PARK NORTH TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 2,056,100	\$ 2,056,100	\$ 2,056,030	\$ (70)
Investment income	7,000	7,000	31,149	24,149
Other	-	-	199,201	199,201
	<u>2,063,100</u>	<u>2,063,100</u>	<u>2,286,380</u>	<u>223,280</u>
Expenditures				
Interest payments on debt	1,791,900	1,791,900	1,797,359	(5,459)
Principal payments on debt	245,000	245,000	195,000	50,000
Other	105,000	165,000	138,594	26,406
	<u>2,141,900</u>	<u>2,201,900</u>	<u>2,130,953</u>	<u>70,947</u>
Revenues over (under) expenditures	(78,800)	(138,800)	155,427	\$ <u>294,227</u>
Fund balance, budgetary, July 1	4,200,688	4,200,688	4,200,688	
Fund balance, budgetary, June 30	\$ 4,121,888	\$ 4,061,888	\$ 4,356,115	
VILLAGE SOUTH AT WAUGH CHAPEL TAX INCREMENT DISTRICT				
Revenues				
General property taxes	\$ 2,025,000	\$ 2,025,000	\$ 2,107,056	\$ 82,056
Investment income	7,200	7,200	16,893	9,693
Other	-	-	106,382	106,382
	<u>2,032,200</u>	<u>2,032,200</u>	<u>2,230,331</u>	<u>198,131</u>
Expenditures				
General government	70,000	70,000	84,880	(14,880)
Interest payments on debt	997,200	997,200	997,188	12
Principal payments on debt	90,000	90,000	90,000	-
Other	875,000	975,000	286,715	688,285
	<u>2,032,200</u>	<u>2,132,200</u>	<u>1,458,783</u>	<u>673,417</u>
Revenues (under) expenditures	-	(100,000)	771,548	\$ <u>871,548</u>
Fund balance, budgetary, July 1	1,343,090	1,343,090	1,343,090	
Fund balance, budgetary, June 30	\$ 1,343,090	\$ 1,243,090	\$ 2,114,638	

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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
SPECIAL TAXING DISTRICTS				
Revenues				
Special assessments	\$ 376,096	\$ 376,096	\$ 389,697	\$ 13,601
Expenditures				
Principal payments on debt	240,747	240,747	240,747	-
Other	1,239,090	1,239,090	107,811	1,131,279
	<u>1,479,837</u>	<u>1,479,837</u>	<u>348,558</u>	<u>1,131,279</u>
Revenues over (under) expenditures	(1,103,741)	(1,103,741)	41,139	\$ <u>1,144,880</u>
Fund balance, budgetary, July 1 (as restated)	<u>877,838</u>	<u>877,838</u>	<u>877,838</u>	
Fund balance, budgetary, June 30	\$ <u>(225,903)</u>	\$ <u>(225,903)</u>	\$ <u>918,977</u>	
INSTALLMENT PURCHASE AGREEMENTS				
Revenues				
Investment income	\$ -	\$ -	\$ 384,017	\$ 384,017
Other	743,800	743,800	743,800	-
	<u>743,800</u>	<u>743,800</u>	<u>1,127,817</u>	<u>384,017</u>
Expenditures				
Interest payments on debt	723,800	723,900	723,839	61
Principal payments on debt	20,000	20,000	20,000	-
	<u>743,800</u>	<u>743,900</u>	<u>743,839</u>	<u>61</u>
Revenues over (under) expenditures	-	(100)	383,978	\$ <u>384,078</u>
Fund balance, budgetary, July 1 (as restated)	<u>9,650,248</u>	<u>9,650,248</u>	<u>9,650,248</u>	
Fund balance, budgetary, June 30	\$ <u>9,650,248</u>	\$ <u>9,650,148</u>	\$ <u>10,034,226</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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Amberly - Waterway	\$ 5,779	\$ 5,779	\$ 5,779	\$ -
Annapolis Cove - Erosion	15,296	15,296	15,224	(72)
Annapolis Landing - Erosion	3,308	3,308	3,308	-
Arundel on the Bay - Erosion	34,840	34,840	36,358	1,518
Bay Ridge - Erosion	85,405	85,405	86,270	865
Buckingham Cove - Waterway	9,161	9,161	9,161	-
Camp Wabanna - Erosion	9,687	9,687	9,687	-
Cape Anne - Erosion	8,316	8,316	8,513	197
Cattail Creek - Waterway	-	-	4,785	4,785
Columbia Beach - Erosion	54,998	54,998	55,946	948
Elizabeths Landing - Erosion	14,058	14,058	14,909	851
Holland Point - Erosion	95,264	95,264	99,015	3,751
John's Creek - Waterway	7,146	7,146	7,146	-
Lake Hillsmere II - Waterway	7,910	7,910	7,910	-
Romar Estates - Waterway	12,736	12,736	12,736	-
Snug Harbor - Erosion	6,123	6,123	6,123	-
Whitehall - Waterway	6,069	6,069	6,827	758
Total revenues	<u>\$ 376,096</u>	<u>\$ 376,096</u>	<u>\$ 389,697</u>	<u>\$ 13,601</u>
EXPENDITURES				
Amberly - Waterway	\$ 5,979	\$ 5,979	\$ 5,689	\$ 290
Annapolis Cove - Erosion	15,296	15,296	12,554	2,742
Annapolis Landing - Erosion	3,308	3,308	3,308	-
Arundel on the Bay - Erosion	533,040	533,040	23,128	509,912
Bay Ridge - Erosion	446,078	446,078	59,135	386,943
Buckingham Cove - Waterway	9,161	9,161	9,161	-
Camp Wabanna - Erosion	9,687	9,687	9,687	-
Cape Anne - Erosion	15,716	15,716	8,527	7,189
Cattail Creek - Waterway	5,400	5,400	5,361	39
Columbia Beach - Erosion	233,395	233,395	55,664	177,731
Elizabeths Landing - Erosion	15,258	15,258	13,329	1,929
Holland Point - Erosion	142,000	142,000	101,968	40,032
John's Creek - Waterway	9,746	9,746	7,277	2,469
Lake Hillsmere II - Waterway	7,945	7,945	7,942	3
Romar Estates - Waterway	12,836	12,836	12,836	-
Snug Harbor - Erosion	8,123	8,123	6,123	2,000
Whitehall - Waterway	6,869	6,869	6,869	-
Total expenditures	<u>\$ 1,479,837</u>	<u>\$ 1,479,837</u>	<u>\$ 348,558</u>	<u>\$ 1,131,279</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, 2018

	Operating	Debt Service	Capital Projects	Total
ASSETS				
Current assets				
Cash and investments	\$ 58,653,025	\$ -	\$ 38,597,778	\$ 97,250,803
Service billings receivable	23,215,610	-	-	23,215,610
Receivables				
Due from other funds	-	-	-	-
Inventories	2,433,989	-	-	2,433,989
Other	50,302	-	-	50,302
Restricted for debt service and capital projects				
Cash and temporary investments	-	6,737,467	-	6,737,467
Investments	-	274,505,488	-	274,505,488
Receivables				
Due from other governmental agencies	-	-	13,458,769	13,458,769
Other, net	-	9,422,944	-	9,422,944
Total current assets	<u>84,352,926</u>	<u>290,665,899</u>	<u>52,056,547</u>	<u>427,075,372</u>
Noncurrent assets				
Restricted assets				
Deferred connection and assessment charges	-	24,071,511	-	24,071,511
Capital assets				
Land and buildings	43,564,814	-	-	43,564,814
Water and sewer plants	807,958,011	-	-	807,958,011
Water and sewer lines	1,132,247,170	-	-	1,132,247,170
Machinery and equipment	19,458,162	-	-	19,458,162
	2,003,228,157	-	-	2,003,228,157
Less accumulated depreciation	(852,287,686)	-	-	(852,287,686)
	1,150,940,471	-	-	1,150,940,471
Construction work in progress	22,587,095	-	503,434,965	526,022,060
Total capital assets, net of depreciation	<u>1,173,527,566</u>	<u>-</u>	<u>503,434,965</u>	<u>1,676,962,531</u>
Total noncurrent assets	<u>1,173,527,566</u>	<u>24,071,511</u>	<u>503,434,965</u>	<u>1,701,034,042</u>
Total assets	<u>1,257,880,492</u>	<u>314,737,410</u>	<u>555,491,512</u>	<u>2,128,109,414</u>
DEFERRED OUTFLOW OF RESOURCES				
Pension benefits	8,311,095	-	-	8,311,095
OPEB benefits	5,001,813	-	-	5,001,813
Unamortized deferred refunding loss	-	5,053,527	-	5,053,527
Total deferred outflow of resources	<u>13,312,908</u>	<u>5,053,527</u>	<u>-</u>	<u>18,366,435</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	8,997,477	-	33,728,998	42,726,475
Current portion of long-term debt and obligations	34,318,866	5,764,469	-	40,083,335
Due to other funds	827,533	-	-	827,533
Escrow deposits	208,178	-	287,696	495,874
Liabilities related to restricted assets				
Accounts payable and accrued liabilities	-	7,167,944	-	7,167,944
Escrow deposits	-	205,575	-	205,575
Unearned revenue	-	4,212,619	-	4,212,619
Total current liabilities	<u>44,352,054</u>	<u>17,350,607</u>	<u>34,016,694</u>	<u>95,719,355</u>
Noncurrent liabilities				
Accrued liability for compensated absences	-	-	-	-
Accrued liability for pension benefits	31,820,538	-	-	31,820,538
Accrued liability for OPEB	51,626,477	-	-	51,626,477
Long-term debt	235,392,286	59,703,897	357,191,177	652,287,360
Unearned revenue	1,178,413	-	-	1,178,413
Total noncurrent liabilities	<u>320,017,714</u>	<u>59,703,897</u>	<u>357,191,177</u>	<u>736,912,788</u>
Total liabilities	<u>364,369,768</u>	<u>77,054,504</u>	<u>391,207,871</u>	<u>832,632,143</u>
DEFERRED INFLOW OF RESOURCES				
Pension benefits	8,670,704	-	-	8,670,704
OPEB benefits	514,433	-	-	514,433
Total deferred inflow of resources	<u>9,185,137</u>	<u>-</u>	<u>-</u>	<u>9,185,137</u>
NET POSITION				
Net investment in capital assets	905,685,230	(60,414,839)	141,566,882	986,837,273
Restricted for debt service	-	303,151,272	-	303,151,272
Restricted for capital improvements	-	-	13,458,769	13,458,769
Unrestricted	(8,046,735)	-	9,257,990	1,211,255
Total net position	<u>\$ 897,638,495</u>	<u>\$ 242,736,433</u>	<u>\$ 164,283,641</u>	<u>\$ 1,304,658,569</u>

Anne Arundel County, Maryland

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

Water and Wastewater Fund

Year Ended June 30, 2018

	Operating	Debt Service	Capital Projects	Total
OPERATING REVENUES				
Charges for services	\$ 85,274,579	\$ -	\$ -	\$ 85,274,579
Other revenues	5,258,361	-	-	5,258,361
Total operating revenues	<u>90,532,940</u>	<u>-</u>	<u>-</u>	<u>90,532,940</u>
OPERATING EXPENSES				
Personnel services	32,208,356	-	-	32,208,356
Contractual services	35,717,956	-	-	35,717,956
Supplies and materials	9,998,950	-	-	9,998,950
Business and travel	198,656	-	-	198,656
Depreciation	47,878,643	-	-	47,878,643
Other	13,383,335	-	-	13,383,335
Total operating expenses	<u>139,385,896</u>	<u>-</u>	<u>-</u>	<u>139,385,896</u>
Operating loss	(48,852,956)	-	-	(48,852,956)
NONOPERATING REVENUES (EXPENSES)				
Investment income	750,890	4,869,143	-	5,620,033
Interest on long-term receivables	-	674,271	-	674,271
Other revenues	-	7,496,605	-	7,496,605
Other expenses	-	(945,795)	-	(945,795)
Interest expense	-	(26,527,240)	-	(26,527,240)
Loss on the disposal of assets	(14,633)	-	-	(14,633)
Loss before contributions and transfers	<u>(48,116,699)</u>	<u>(14,433,016)</u>	<u>-</u>	<u>(62,549,715)</u>
Capital contributions and grants	15,988,638	33,719,469	13,009,061	62,717,168
Environmental protection fees	-	18,664,208	-	18,664,208
Interfund transfers (General County Capital Projects)	(722,000)	-	-	(722,000)
Intrafund transfers	60,559,194	(41,372,085)	(19,187,109)	-
Change in net position	27,709,133	(3,421,424)	(6,178,048)	18,109,661
Net position, July 1 (as restated)	<u>869,929,362</u>	<u>246,157,857</u>	<u>170,461,689</u>	<u>1,286,548,908</u>
Net position, June 30	<u>\$ 897,638,495</u>	<u>\$ 242,736,433</u>	<u>\$ 164,283,641</u>	<u>\$ 1,304,658,569</u>

Anne Arundel County, Maryland

Combining Statement of Cash Flows

Water and Wastewater Fund

Year Ended June 30, 2018

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Water and Wastewater</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for services	\$ 90,563,293	\$ -	\$ -	\$ 90,563,293
Cash payments to suppliers for goods and services	(51,089,909)	-	-	(51,089,909)
Cash payments to employees for services	(32,007,056)	-	-	(32,007,056)
Net cash provided by operating activities	<u>7,466,328</u>	<u>-</u>	<u>-</u>	<u>7,466,328</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of County bonds and bond anticipation notes	-	-	67,805,000	67,805,000
Proceeds from grant funds	-	-	8,456,790	8,456,790
Proceeds from loan	-	-	1,815,714	1,815,714
Proceeds from developers' contributions	-	-	237,257	237,257
Refunds to developers	-	(1,549,665)	(155,346)	(1,705,011)
Assessment and connection charges	2,179,150	40,468,829	-	42,647,979
Environmental protection fees for capital assets	-	18,670,778	-	18,670,778
Escrow deposits	-	205,575	-	205,575
Payments of long-term debt	-	(30,654,941)	-	(30,654,941)
Interest payments	-	(25,181,081)	-	(25,181,081)
Rebates, interest income and reimbursements	-	1,342,219	-	1,342,219
Operating funds used in construction	(10,715,000)	-	10,715,000	-
Acquisition and construction of capital assets	(2,681,193)	-	(107,465,878)	(110,147,071)
Premium on sale of bonds	-	10,717,144	10,717,144	21,434,288
Payment of capital related fees	-	(945,795)	-	(945,795)
Transfer to Capital Projects	-	(10,717,144)	-	(10,717,144)
Transfer to General County Capital Projects	(722,000)	-	-	(722,000)
Net cash used for capital and related financing activities	<u>(11,939,043)</u>	<u>2,355,919</u>	<u>(7,874,319)</u>	<u>(17,457,443)</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of investment securities	-	(492,465,324)	-	(492,465,324)
Sale of investment securities	-	483,843,922	-	483,843,922
Interest on investments	750,890	(727,919)	-	22,971
Net cash provided by investing activities	<u>750,890</u>	<u>(9,349,321)</u>	<u>-</u>	<u>(8,598,431)</u>
Net decrease in cash and cash equivalents	(3,721,825)	(6,993,402)	(7,874,319)	(18,589,546)
Cash and temporary investments, July 1	62,374,850	13,730,869	46,472,097	122,577,816
Cash and temporary investments, June 30	<u>\$ 58,653,025</u>	<u>\$ 6,737,467</u>	<u>\$ 38,597,778</u>	<u>\$ 103,988,270</u>

Anne Arundel County, Maryland
Combining Statement of Cash Flows
Water and Wastewater Fund
Year Ended June 30, 2018

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Water and Wastewater</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating loss	\$ (48,852,956)	\$ -	\$ -	\$ (48,852,956)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	47,878,643	-	-	47,878,643
Noncapital construction costs	5,559,822	-	-	5,559,822
Effect of changes in assets and liabilities:				
Accounts receivable	20,915	-	-	20,915
Due from other funds	152,203	-	-	152,203
Inventories	900,981	-	-	900,981
Prepaid expenses	(39,975)	-	-	(39,975)
Deferred outflow of resources	1,076,772	-	-	1,076,772
Deferred inflow of resources	5,907,068	-	-	5,907,068
Accounts payable and accrued liabilities	1,498,796	-	-	1,498,796
Due to other funds	287,732	-	-	287,732
Escrow deposits	9,438	-	-	9,438
Accrued liability for compensated absences	121,517	-	-	121,517
Accrued liability for pension	(6,192,023)	-	-	(6,192,023)
Accrued liability for OPEB benefits	(862,605)	-	-	(862,605)
Net cash provided by operating activities	<u>\$ 7,466,328</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,466,328</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets from developers	\$ 13,809,488	\$ -	\$ -	\$ 13,809,488
Change in capital contributions, fees and grants; accruals and deferrals	-	(6,755,930)	4,377,326	(2,378,604)
Increase in fair value of investments	-	720,704	-	720,704
Amortization of refunding losses	-	(626,395)	-	(626,395)
Total Noncash investing, capital, and financing activities	<u>\$ 13,809,488</u>	<u>\$ (6,661,621)</u>	<u>\$ 4,377,326</u>	<u>\$ 11,525,193</u>

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

Enterprise Funds

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
WATER AND WASTEWATER OPERATIONS				
Revenues				
Charges for services	\$ 87,297,000	\$ 87,297,000	\$ 87,453,729	\$ 156,729
Investment income	148,000	148,000	750,890	602,890
Other	8,405,000	8,405,000	9,388,145	983,145
	<u>95,850,000</u>	<u>95,850,000</u>	<u>97,592,764</u>	<u>1,742,764</u>
Expenses				
Personal services	34,202,100	34,198,100	35,465,812	(1,267,712)
Contractual services	32,294,100	31,948,100	31,336,824	611,276
Supplies and materials	9,515,800	9,565,800	9,466,305	99,495
Business and travel	279,300	279,300	238,631	40,669
Capital outlay	1,998,800	2,298,800	2,232,025	66,775
Administrative costs	13,458,400	13,458,400	12,943,400	515,000
Pay-as-you-go	11,437,000	11,437,000	11,437,000	-
	<u>103,185,500</u>	<u>103,185,500</u>	<u>103,119,997</u>	<u>65,503</u>
Revenues over (under) expenditures	<u>\$ (7,335,500)</u>	<u>\$ (7,335,500)</u>	<u>\$ (5,527,233)</u>	<u>\$ 1,808,267</u>
WATER AND WASTEWATER DEBT SERVICE				
Revenues				
Water and sewer assessments	\$ 3,568,000	\$ 3,568,000	\$ 3,598,247	\$ 30,247
Capital connection charges	20,290,200	20,290,200	32,046,728	11,756,528
Environmental protection fees	19,300,000	19,300,000	18,664,208	(635,792)
Investment income	938,000	938,000	4,141,224	3,203,224
Other	5,434,100	5,434,100	1,956,306	(3,477,794)
	<u>49,530,300</u>	<u>49,530,300</u>	<u>60,406,713</u>	<u>10,876,413</u>
Expenses				
Principal payments on debt	30,755,000	30,755,000	30,654,941	100,059
Interest expense	25,440,800	25,440,800	25,259,098	181,702
Other	1,140,000	1,140,000	945,795	194,205
	<u>57,335,800</u>	<u>57,335,800</u>	<u>56,859,834</u>	<u>475,966</u>
Revenues over (under) expenditures	<u>\$ (7,805,500)</u>	<u>\$ (7,805,500)</u>	<u>\$ 3,546,879</u>	<u>\$ 11,352,379</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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
SOLID WASTE				
Revenues				
Charges for services	\$ 47,844,900	\$ 47,844,900	\$ 48,147,651	\$ 302,751
Landfill charges	3,372,100	3,372,100	4,978,195	1,606,095
Other	478,300	478,300	1,095,001	616,701
	<u>51,695,300</u>	<u>51,695,300</u>	<u>54,220,847</u>	<u>2,525,547</u>
Expenses				
Personal services	7,389,600	7,389,600	7,419,182	(29,582)
Contractual services	33,976,800	34,270,800	34,151,695	119,105
Supplies and materials	745,300	751,300	732,840	18,460
Business and travel	23,400	23,400	19,834	3,566
Capital outlay	1,980,800	1,980,800	1,965,565	15,235
Principal payments on debt	1,859,800	1,859,800	1,859,816	(16)
Interest expense	1,623,400	1,623,400	1,623,232	168
Administrative costs	2,895,900	2,895,900	2,895,900	-
Contributions to other funds	1,432,500	1,432,500	1,432,500	-
Other	484,000	184,000	180,440	3,560
Capital improvements	743,000	743,000	743,000	-
	<u>53,154,500</u>	<u>53,154,500</u>	<u>53,024,004</u>	<u>130,496</u>
Revenues over (under) expenditures	<u>\$ (1,459,200)</u>	<u>\$ (1,459,200)</u>	<u>\$ 1,196,843</u>	<u>\$ 2,656,043</u>
SOLID WASTE FINANCIAL ASSURANCE				
Revenues				
Payments from other funds	\$ 1,438,100	\$ 1,438,100	\$ 1,095,200	\$ (342,900)
Other	70,000	70,000	2,035,155	1,965,155
	<u>1,508,100</u>	<u>1,508,100</u>	<u>3,130,355</u>	<u>1,622,255</u>
Expenses				
Other	-	-	-	-
Revenues over expenditures	<u>\$ 1,508,100</u>	<u>\$ 1,508,100</u>	<u>\$ 3,130,355</u>	<u>\$ 1,622,255</u>
CHILD CARE				
Revenues				
Child care fees	\$ 5,846,600	\$ 5,846,600	\$ 6,362,125	\$ 515,525
Other	-	-	39,427	39,427
	<u>5,846,600</u>	<u>5,846,600</u>	<u>6,401,552</u>	<u>554,952</u>
Expenses				
Personal services	4,102,900	4,616,400	4,150,379	466,021
Contractual services	272,700	330,900	313,270	17,630
Supplies and materials	490,800	499,600	452,334	47,266
Business and travel	45,300	45,300	27,626	17,674
Capital outlay	3,200	3,200	800	2,400
Other	657,900	657,900	639,090	18,810
	<u>5,572,800</u>	<u>6,153,300</u>	<u>5,583,499</u>	<u>569,801</u>
Revenues over (under) expenditures	<u>\$ 273,800</u>	<u>\$ (306,700)</u>	<u>\$ 818,053</u>	<u>\$ 1,124,753</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, 2018

				Water and
	Total Water and Wastewater	Capital Projects	Water Normal Extensions	Total
AUTHORIZED PER ORIGINAL BUDGET				
County bonds	\$ 751,012,653	\$ 233,755,827	\$ 738,911	\$ 234,494,738
Maryland Water Quality Loan	59,803,623	2,714,250	-	2,714,250
Grants and aid	129,603,911	2,339,240	-	2,339,240
Pay-as-you-go	71,066,606	10,792,632	-	10,792,632
Contributions by developers	3,428,635	430,000	-	430,000
Other sources	48,752,997	6,507,000	-	6,507,000
Total	<u>\$ 1,063,668,425</u>	<u>\$ 256,538,949</u>	<u>\$ 738,911</u>	<u>\$ 257,277,860</u>
AUTHORIZED PER FINAL BUDGET				
County bonds	\$ 693,520,130	\$ 203,573,854	\$ 712,775	\$ 204,286,629
Maryland Water Quality Loan	59,803,623	2,714,250	-	2,714,250
Grants and aid	129,603,911	2,339,241	-	2,339,241
Pay-as-you-go	60,079,561	9,139,934	-	9,139,934
Contributions by developers	3,428,635	430,000	-	430,000
Other sources	41,204,997	6,507,000	-	6,507,000
Total	987,640,857	224,704,279	712,775	225,417,054
Less: Completed projects	84,664,232	10,985,491	8,215	10,993,706
	<u>902,976,625</u>	<u>213,718,788</u>	<u>704,560</u>	<u>214,423,348</u>
REALIZED				
Current year:				
Bonds and bond anticipation notes	67,805,000	(5,694,224)	144,981	(5,549,243)
Proceeds from State loan	4,779,053	-	-	-
Grants and aid	12,834,116	43,762	-	43,762
Pay-as-you-go	10,715,000	1,133,198	-	1,133,198
Developer contributions	174,945	-	-	-
Other source	10,717,144	-	-	-
Total	107,025,258	(4,517,264)	144,981	(4,372,283)
Prior years	541,916,535	77,185,876	61,328	77,247,204
Total realized funding sources	648,941,793	72,668,612	206,309	72,874,921
Less: Completed projects	84,247,431	10,780,656	8,215	10,788,871
	<u>564,694,362</u>	<u>61,887,956</u>	<u>198,094</u>	<u>62,086,050</u>
Funding sources authorized - June 30, 2018	<u>\$ 338,282,263</u>	<u>\$ 151,830,832</u>	<u>\$ 506,466</u>	<u>\$ 152,337,298</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	
\$ 452,767,911	\$ 1,329,136	\$ 454,097,047	\$ 62,420,868	\$ 30,871,765	
57,089,373	-	57,089,373	-	-	
127,264,671	-	127,264,671	-	-	
22,760,250	-	22,760,250	37,513,724	18,723,894	
-	-	-	2,998,635	-	
26,350,000	-	26,350,000	15,895,997	2,696,000	
<u>\$ 686,232,205</u>	<u>\$ 1,329,136</u>	<u>\$ 687,561,341</u>	<u>\$ 118,829,224</u>	<u>\$ 52,291,659</u>	
\$ 426,007,899	\$ 1,236,685	\$ 427,244,584	\$ 61,988,917	\$ 29,436,739	
57,089,373	-	57,089,373	-	-	
127,264,670	-	127,264,670	-	-	
19,682,275	-	19,682,275	31,257,352	17,168,894	
-	-	-	2,998,635	-	
22,655,000	-	22,655,000	12,042,997	2,696,000	
652,699,217	1,236,685	653,935,902	108,287,901	49,301,633	
51,581,723	96,672	51,678,395	21,992,131	3,099,878	
601,117,494	1,140,013	602,257,507	86,295,770	46,201,755	
63,457,258	41,448	63,498,706	9,855,537	5,200,000	
4,779,053	-	4,779,053	-	-	
12,729,743	-	12,729,743	60,611	-	
2,538,701	-	2,538,701	7,043,101	(1,258,000)	
40,000	-	40,000	134,945	-	
10,717,144	-	10,717,144	-	-	
94,261,899	41,448	94,303,347	17,094,194	3,942,000	
412,487,750	245,990	412,733,740	51,935,591	38,934,380	
506,749,649	287,438	507,037,087	69,029,785	42,876,380	
51,369,758	96,672	51,466,430	21,992,130	3,099,878	
455,379,891	190,766	455,570,657	47,037,655	39,776,502	
<u>\$ 145,737,603</u>	<u>\$ 949,247</u>	<u>\$ 146,686,850</u>	<u>\$ 39,258,115</u>	<u>\$ 6,425,253</u>	

Anne Arundel County, Maryland

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

Enterprise Capital Projects Funds

Year Ended June 30, 2018

	Water and			
	Total Water and Wastewater	Capital Projects	Water Normal Extensions	Total
APPROPRIATIONS				
Original Budget	\$ <u>1,063,668,425</u>	\$ <u>256,538,949</u>	\$ <u>738,911</u>	\$ <u>257,277,860</u>
Final Budget:				
Prior years	\$ 940,776,857	\$ 209,430,278	\$ 912,775	\$ 210,343,053
Current year	<u>46,864,000</u>	<u>15,274,000</u>	<u>(200,000)</u>	<u>15,074,000</u>
	987,640,857	224,704,278	712,775	225,417,053
Less: Completed projects	<u>84,664,232</u>	<u>10,985,491</u>	<u>8,215</u>	<u>10,993,706</u>
Total appropriations	<u>902,976,625</u>	<u>213,718,787</u>	<u>704,560</u>	<u>214,423,347</u>
EXPENDITURES AND ENCUMBRANCES				
Prior years expenditures	523,118,529	61,388,794	89,748	61,478,542
Current year expenditures	<u>104,171,894</u>	<u>7,790,994</u>	<u>117,032</u>	<u>7,908,026</u>
	627,290,423	69,179,788	206,780	69,386,568
Less: Completed projects	<u>84,247,432</u>	<u>10,780,656</u>	<u>8,215</u>	<u>10,788,871</u>
Total	543,042,991	58,399,132	198,565	58,597,697
Encumbrances outstanding	<u>82,904,776</u>	<u>11,481,646</u>	<u>191,005</u>	<u>11,672,651</u>
Total expenditures and encumbrances	<u>625,947,767</u>	<u>69,880,778</u>	<u>389,570</u>	<u>70,270,348</u>
Unencumbered appropriations - June 30, 2018	\$ <u>277,028,858</u>	\$ <u>143,838,009</u>	\$ <u>314,990</u>	\$ <u>144,152,999</u>

Wastewater				
	Wastewater			
Capital Projects	Normal Extension	Total	Oversize Connections	Solid Waste
\$ <u>686,232,205</u>	\$ <u>1,329,136</u>	\$ <u>687,561,341</u>	\$ <u>118,829,224</u>	\$ <u>52,291,659</u>
\$ 638,606,218	\$ 1,236,685	\$ 639,842,903	\$ 90,590,901	\$ 50,713,633
<u>14,093,000</u>	<u>-</u>	<u>14,093,000</u>	<u>17,697,000</u>	<u>(1,412,000)</u>
652,699,218	1,236,685	653,935,903	108,287,901	49,301,633
<u>51,581,723</u>	<u>96,672</u>	<u>51,678,395</u>	<u>21,992,131</u>	<u>3,099,878</u>
<u>601,117,495</u>	<u>1,140,013</u>	<u>602,257,508</u>	<u>86,295,770</u>	<u>46,201,755</u>
408,840,352	246,508	409,086,860	52,553,127	29,705,077
<u>80,565,312</u>	<u>41,198</u>	<u>80,606,510</u>	<u>15,657,358</u>	<u>9,498,782</u>
489,405,664	287,706	489,693,370	68,210,485	39,203,859
<u>51,369,758</u>	<u>96,672</u>	<u>51,466,430</u>	<u>21,992,131</u>	<u>3,099,878</u>
438,035,906	191,034	438,226,940	46,218,354	36,103,981
<u>50,501,357</u>	<u>23,045</u>	<u>50,524,402</u>	<u>20,707,723</u>	<u>3,569,397</u>
<u>488,537,263</u>	<u>214,079</u>	<u>488,751,342</u>	<u>66,926,077</u>	<u>39,673,378</u>
\$ <u>112,580,232</u>	\$ <u>925,934</u>	\$ <u>113,506,166</u>	\$ <u>19,369,693</u>	\$ <u>6,528,377</u>

Combining Statement of Net Position

Internal Service Funds

June 30, 2018

	Self Insurance	Health Insurance	Central Garage and Transportation	Garage Vehicle Replacement	Totals
ASSETS					
Current assets					
Cash and temporary investments	\$ 621,719	\$ 22,736,331	\$ 4,708,218	\$ 10,551,791	\$ 38,618,059
Investments	79,989,714	-	-	-	79,989,714
Service billings receivable	353,537	5,617,514	35,411	-	6,006,462
Due from other funds	1,245,083	-	7,501,087	-	8,746,170
Inventories	-	-	738,083	-	738,083
Other assets	9,746	2,742,255	4,870	-	2,756,871
Total current assets	<u>82,219,799</u>	<u>31,096,100</u>	<u>12,987,669</u>	<u>10,551,791</u>	<u>136,855,359</u>
Noncurrent assets					
Capital assets					
Land and buildings	-	-	2,073,990	-	2,073,990
Machinery and equipment	-	-	475,152	78,003,534	78,478,686
	-	-	2,549,142	78,003,534	80,552,676
Less accumulated depreciation	-	-	(2,055,160)	(52,224,778)	(54,279,938)
Total capital assets, net of depreciation	-	-	493,982	25,778,756	26,272,738
Total noncurrent assets	-	-	493,982	25,778,756	26,272,738
Total assets	<u>82,219,799</u>	<u>31,096,100</u>	<u>13,481,651</u>	<u>36,330,547</u>	<u>163,128,097</u>
DEFERRED OUTFLOW OF RESOURCES					
Pension benefits	313,861	-	1,409,108	-	1,722,969
OPEB benefits	201,817	-	740,287	-	942,104
Total deferred outflows	<u>515,678</u>	<u>-</u>	<u>2,149,395</u>	<u>-</u>	<u>2,665,073</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	76,029	1,924,143	881,240	1,431,977	4,313,389
Current portion of long-term obligations	15,822,375	4,395,530	219,846	-	20,437,751
Due to other funds	-	-	-	-	-
Total current liabilities	<u>15,898,404</u>	<u>6,319,673</u>	<u>1,101,086</u>	<u>1,431,977</u>	<u>24,751,140</u>
Noncurrent liabilities					
Unpaid claims	63,029,400	-	-	-	63,029,400
Accrued liability for compensated absences	-	-	37,494	-	37,494
Accrued liability for pension benefits	1,206,228	-	5,349,344	-	6,555,572
Accrued liability for OPEB	2,083,063	-	7,640,910	-	9,723,973
Total noncurrent liabilities	<u>66,318,691</u>	<u>-</u>	<u>13,027,748</u>	<u>-</u>	<u>79,346,439</u>
Total liabilities	<u>82,217,095</u>	<u>6,319,673</u>	<u>14,128,834</u>	<u>1,431,977</u>	<u>104,097,579</u>
DEFERRED INFLOW OF RESOURCES					
Pension benefits	345,217	-	1,426,074	-	1,771,291
OPEB benefits	20,756	-	76,138	-	96,894
Total deferred inflows	<u>365,973</u>	<u>-</u>	<u>1,502,212</u>	<u>-</u>	<u>1,868,185</u>
NET POSITION					
Net investment in capital assets	-	-	493,982	25,778,756	26,272,738
Unrestricted	152,409	24,776,427	(493,982)	9,119,814	33,554,668
Total net position	<u>\$ 152,409</u>	<u>\$ 24,776,427</u>	<u>\$ -</u>	<u>\$ 34,898,570</u>	<u>\$ 59,827,406</u>

Anne Arundel County, Maryland

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

Internal Service Funds

Year Ended June 30, 2018

	Self Insurance	Health Insurance	Central Garage and Transportation	Garage Vehicle Replacement	Totals
OPERATING REVENUES					
Charges for services	\$ 22,795,077	\$ -	\$ 16,202,066	\$ 11,198,895	\$ 50,196,038
Medical premiums	-	82,212,893	-	-	82,212,893
Other	-	4,618,117	18,454	355	4,636,926
Total operating revenues	<u>22,795,077</u>	<u>86,831,010</u>	<u>16,220,520</u>	<u>11,199,250</u>	<u>137,045,857</u>
OPERATING EXPENSES					
Personnel services	1,318,220	-	5,117,447	-	6,435,667
Contractual services	124,099	808,214	2,335,155	36,300	3,303,768
Supplies and materials	82,947	38,838	190,965	97,896	410,646
Business and travel	21,617	522	49,537	-	71,676
Cost of goods issued	-	-	7,608,174	-	7,608,174
Depreciation	-	-	52,269	6,714,032	6,766,301
Provision for claims and estimated losses	20,586,759	76,813,190	-	-	97,399,949
Other	278,000	765,000	455,800	42,300	1,541,100
Total operating expenses	<u>22,411,642</u>	<u>78,425,764</u>	<u>15,809,347</u>	<u>6,890,528</u>	<u>123,537,281</u>
Operating income (loss)	<u>383,435</u>	<u>8,405,246</u>	<u>411,173</u>	<u>4,308,722</u>	<u>13,508,576</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	210,683	255,008	-	-	465,691
Gain on disposal of assets	-	-	-	116,398	116,398
Change in net position	594,118	8,660,254	411,173	4,425,120	14,090,665
Net position, July 1 (as restated)	<u>(441,709)</u>	<u>16,116,173</u>	<u>(411,173)</u>	<u>30,473,450</u>	<u>45,736,741</u>
Net position, June 30	<u>\$ 152,409</u>	<u>\$ 24,776,427</u>	<u>\$ -</u>	<u>\$ 34,898,570</u>	<u>\$ 59,827,406</u>

Anne Arundel County, Maryland

Combining Statement of Cash Flows

Internal Service Funds

Year Ended June 30, 2018

	Self Insurance	Health Insurance	Central Garage and Transportation	Garage Vehicle Replacement	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 17,204,800	\$ 82,070,375	\$ 14,161,836	\$ 11,198,895	\$ 124,635,906
Cash received for expense reimbursement	420,290	3,388,311	-	-	3,808,601
Cash payments to suppliers for goods and services	(276,515)	(862,404)	(10,108,774)	(134,196)	(11,381,889)
Cash payments for insurance claims	(19,759,213)	(76,825,122)	-	-	(96,584,335)
Cash payments to vendor for deposit	-	173,389	-	-	173,389
Cash payments to employees for services	(1,337,199)	-	(5,164,153)	-	(6,501,352)
Other operating receipts	-	-	2,834	355	3,189
Other operating payments	(278,000)	(765,000)	(455,800)	(42,300)	(1,541,100)
Net cash provided by (used for) operating activities	<u>(4,025,837)</u>	<u>7,179,549</u>	<u>(1,564,057)</u>	<u>11,022,754</u>	<u>12,612,409</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	-	-	(24,434)	(12,247,761)	(12,272,195)
Proceeds from sale of equipment	-	-	-	408,208	408,208
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>(24,434)</u>	<u>(11,839,553)</u>	<u>(11,863,987)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	(38,762,567)	-	-	-	(38,762,567)
Sale of investment securities	42,660,559	-	-	-	42,660,559
Investment income	205,294	255,008	-	-	460,302
Net cash provided by investing activities	<u>4,103,286</u>	<u>255,008</u>	<u>-</u>	<u>-</u>	<u>4,358,294</u>
Net increase (decrease) in cash and cash equivalents	77,449	7,434,557	(1,588,491)	(816,799)	5,106,716
Cash and temporary investments, July 1	544,270	15,301,774	6,296,709	11,368,590	33,511,343
Cash and temporary investments, June 30	<u>\$ 621,719</u>	<u>\$ 22,736,331</u>	<u>\$ 4,708,218</u>	<u>\$ 10,551,791</u>	<u>\$ 38,618,059</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	\$ 383,435	\$ 8,405,246	\$ 411,173	\$ 4,308,722	\$ 13,508,576
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	-	-	52,269	6,714,032	6,766,301
Effect of changes in assets and liabilities					
Accounts receivable	(1,245,083)	(1,348,665)	(2,040,230)	-	(4,633,978)
Prepaid expenses	438	-	8,217	-	8,655
Deposit with provider	-	173,389	-	-	173,389
Inventories	-	-	(66,634)	-	(66,634)
Accounts payable and accrued expenses	(50,526)	(50,893)	113,078	-	11,659
Deferred outflow of resources	41,711	-	188,257	-	229,968
Deferred inflow of resources	241,190	-	958,141	-	1,199,331
Unpaid claims	1,247,836	472	-	-	1,248,308
Due to other funds	(4,345,194)	-	-	-	(4,345,194)
Accrued liability for compensated absences	(11,729)	-	(47,912)	-	(59,641)
Accrued liability for OPEB benefits	(34,805)	-	(127,668)	-	(162,473)
Accrued liability for pension benefits	(253,110)	-	(1,012,748)	-	(1,265,858)
Net cash provided by (used for) operating activities	<u>\$ (4,025,837)</u>	<u>\$ 7,179,549</u>	<u>\$ (1,564,057)</u>	<u>\$ 11,022,754</u>	<u>\$ 12,612,409</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Decrease in fair value of investments	\$ (2,243,478)	\$ -	\$ -	\$ -	\$ (2,243,478)
Total Noncash investing, capital, and financing activities	<u>\$ (2,243,478)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,243,478)</u>

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

Internal Service Funds

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
SELF INSURANCE				
Revenues				
Charges for services	\$ 17,204,800	\$ 17,204,800	\$ 17,204,800	\$ -
Investment income	1,769,800	1,769,800	2,454,161	684,361
Reimbursements	200,000	200,000	420,290	220,290
Other	-	-	17,239	17,239
	<u>19,174,600</u>	<u>19,174,600</u>	<u>20,096,490</u>	<u>921,890</u>
Expenses				
Personal services	1,448,300	1,448,300	1,335,848	112,452
Contractual services	21,872,400	21,834,400	20,825,902	1,008,498
Supplies and materials	44,000	82,000	82,605	(605)
Business and travel	24,000	24,000	21,617	2,383
Capital outlay	2,000	2,000	342	1,658
Administrative costs	278,000	278,000	278,000	-
	<u>23,668,700</u>	<u>23,668,700</u>	<u>22,544,314</u>	<u>1,124,386</u>
Revenues over (under) expenditures	<u>\$ (4,494,100)</u>	<u>\$ (4,494,100)</u>	<u>\$ (2,447,824)</u>	<u>\$ 2,046,276</u>
HEALTH INSURANCE				
Revenues				
Charges for services	\$ 83,729,000	\$ 83,729,000	\$ 82,212,893	\$ (1,516,107)
Investment income	-	-	255,008	255,008
Other	-	-	4,667,927	4,667,927
	<u>83,729,000</u>	<u>83,729,000</u>	<u>87,135,828</u>	<u>3,406,828</u>
Expenses				
Medical claim costs	80,800,000	80,800,000	76,813,190	3,986,810
Contractual services	1,029,500	1,029,500	849,560	179,940
Supplies and materials	70,200	70,200	38,838	31,362
Business and travel	4,100	4,100	522	3,578
Other	765,000	765,000	765,000	-
	<u>82,668,800</u>	<u>82,668,800</u>	<u>78,467,110</u>	<u>4,201,690</u>
Revenues over expenditures	<u>\$ 1,060,200</u>	<u>\$ 1,060,200</u>	<u>\$ 8,668,718</u>	<u>\$ 7,608,518</u>

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

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

Internal Service Funds

Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
CENTRAL GARAGE AND TRANSPORTATION				
Revenues				
Charges for services	\$ 14,673,700	\$ 14,673,700	\$ 14,208,912	\$ (464,788)
Other	-	-	18,454	18,454
	<u>14,673,700</u>	<u>14,673,700</u>	<u>14,227,366</u>	<u>(446,334)</u>
Expenses				
Personal services	5,270,000	5,270,000	5,111,465	158,535
Contractual services	2,022,400	1,984,400	1,642,198	342,202
Supplies and materials	7,684,300	7,684,300	7,797,292	(112,992)
Business and travel	17,000	52,000	49,537	2,463
Capital outlay	56,500	59,500	63,982	(4,482)
Other	455,800	455,800	455,800	-
	<u>15,506,000</u>	<u>15,506,000</u>	<u>15,120,274</u>	<u>385,726</u>
Revenues over (under) expenditures	<u>\$ (832,300)</u>	<u>\$ (832,300)</u>	<u>\$ (892,908)</u>	<u>\$ (60,608)</u>
GARAGE VEHICLE REPLACEMENT				
Revenues				
Charges for services	\$ 10,980,100	\$ 10,980,100	\$ 11,198,895	\$ 218,795
Other	200,000	200,000	444,458	244,458
	<u>11,180,100</u>	<u>11,180,100</u>	<u>11,643,353</u>	<u>463,253</u>
Expenses				
Contractual services	37,000	37,000	36,300	700
Capital outlay	11,241,100	11,241,100	11,019,714	221,386
Other	42,300	42,300	42,300	-
	<u>11,320,400</u>	<u>11,320,400</u>	<u>11,098,314</u>	<u>222,086</u>
Revenues (under) expenditures	<u>\$ (140,300)</u>	<u>\$ (140,300)</u>	<u>\$ 545,039</u>	<u>\$ 685,339</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, 2018

	Defined Benefit Pension Plans (December 31, 2017)				
	Employees' Retirement	Police Service Retirement	Fire Service Retirement	Detention Officers' & Deputy Sheriffs' Retirement	Totals
ASSETS					
Investments, at fair value:					
Cash and temporary investments	\$ 23,628,360	\$ 19,521,698	\$ 19,158,871	\$ 4,982,560	\$ 67,291,489
U. S. Government obligations	7,434,568	6,140,347	6,087,641	1,566,425	21,228,981
Corporate obligations	40,512,165	33,459,743	33,172,545	8,535,700	115,680,153
Domestic fixed income mutual funds	49,922,836	41,232,189	40,878,277	10,518,479	142,551,781
International fixed income mutual funds	25,754,033	21,270,730	21,088,155	5,426,239	73,539,157
Global asset pools	83,723,919	69,149,125	68,555,592	17,640,189	239,068,825
Domestic equity	160,012,188	132,157,009	131,022,656	33,713,725	456,905,578
International equity pools	174,519,668	144,139,004	142,901,805	36,770,375	498,330,852
Private markets	45,123,346	37,268,202	36,948,315	9,507,251	128,847,114
Real estate investment pools	33,553,580	27,712,519	27,474,652	7,069,563	95,810,314
Absolute return fixed income	19,048,563	15,732,559	15,597,520	4,013,432	54,392,074
Aetna insurance pooled fixed income	7,918,968	6,540,421	6,484,282	1,668,485	22,612,156
Total investments	671,152,194	554,323,546	549,370,311	141,412,423	1,916,258,474
Collateral from securities lending transactions	18,934,448	15,638,309	15,504,079	3,989,388	54,066,224
Receivables:					
Employer contributions	2,175,375	1,779,572	1,250,085	595,736	5,800,768
Participant contributions	395,547	252,776	264,845	101,757	1,014,925
Accrued interest and dividends	650,481	537,251	532,630	137,057	1,857,419
Investment sales proceeds	103,948	85,852	85,116	21,903	296,819
Total receivables	3,325,351	2,655,451	2,132,676	856,453	8,969,931
Deposits on hand	5,569	82,568	40,355	-	128,492
Total assets	693,417,562	572,699,874	567,047,421	146,258,264	1,979,423,121
LIABILITIES					
Accounts payable	694,022	573,205	568,285	146,227	1,981,739
Investment commitments payable	3,895,116	3,217,048	3,189,434	820,680	11,122,278
Obligation for collateral received under securities lending transactions	18,934,448	15,638,309	15,504,079	3,989,388	54,066,224
Total liabilities	23,523,586	19,428,562	19,261,798	4,956,295	67,170,241
Net position held in trust for pension benefits	\$ 669,893,976	\$ 553,271,312	\$ 547,785,623	\$ 141,301,969	\$ 1,912,252,880

Combining Statement of Changes in Net Position

Pension Trust Funds

Year Ended June 30, 2018

	Defined Benefit Pension Trust (December 31, 2017)				
	Employees' Retirement	Police Service Retirement	Fire Service Retirement	Detention Officers' & Deputy Sheriffs' Retirement	Totals
ADDITIONS					
Contributions:					
Employer	\$ 25,654,218	\$ 20,931,078	\$ 14,664,432	\$ 6,999,882	\$ 68,249,610
Participant	5,471,911	3,250,062	3,440,550	1,353,928	13,516,451
Total contributions	<u>31,126,129</u>	<u>24,181,140</u>	<u>18,104,982</u>	<u>8,353,810</u>	<u>81,766,061</u>
Investment income:					
Net appreciation in fair value of investments	82,390,701	67,868,268	67,434,270	17,047,566	234,740,805
Interest income	7,936,693	6,579,979	6,861,737	1,604,452	22,982,861
Dividend income	8,688,856	7,159,008	7,107,432	1,803,588	24,758,884
Total investment income	<u>99,016,250</u>	<u>81,607,255</u>	<u>81,403,439</u>	<u>20,455,606</u>	<u>282,482,550</u>
Less investment expense	<u>(4,175,828)</u>	<u>(3,508,051)</u>	<u>(3,465,736)</u>	<u>(865,326)</u>	<u>(12,014,941)</u>
Net income from investing activities	<u>94,840,422</u>	<u>78,099,204</u>	<u>77,937,703</u>	<u>19,590,280</u>	<u>270,467,609</u>
Securities lending activities:					
Securities lending income	312,885	257,860	255,926	64,977	891,648
Securities lending expenses:					
Borrower rebates	176,797	145,704	144,612	36,715	503,828
Management fees	54,435	44,862	44,526	11,305	155,128
Securities lending expense	<u>231,232</u>	<u>190,566</u>	<u>189,138</u>	<u>48,020</u>	<u>658,956</u>
Securities lending net income	<u>81,653</u>	<u>67,294</u>	<u>66,788</u>	<u>16,957</u>	<u>232,692</u>
Total net investment income	<u>94,922,075</u>	<u>78,166,498</u>	<u>78,004,491</u>	<u>19,607,237</u>	<u>270,700,301</u>
Total additions	<u>126,048,204</u>	<u>102,347,638</u>	<u>96,109,473</u>	<u>27,961,047</u>	<u>352,466,362</u>
DEDUCTIONS					
Participant benefit payments and refunds	47,406,822	35,023,110	33,353,794	6,818,726	122,602,452
Administrative expenses	519,027	441,820	439,507	107,893	1,508,247
Total deductions	<u>47,925,849</u>	<u>35,464,930</u>	<u>33,793,301</u>	<u>6,926,619</u>	<u>124,110,699</u>
Net increases	78,122,355	66,882,708	62,316,172	21,034,428	228,355,663
Net position, beginning 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>
Net position, end of year	<u>\$ 669,893,976</u>	<u>\$ 553,271,312</u>	<u>\$ 547,785,623</u>	<u>\$ 141,301,969</u>	<u>\$ 1,912,252,880</u>

Anne Arundel Retiree Health Benefits Trust
Combining Statement of Fiduciary Net Position
June 30, 2018

	Anne Arundel County Government Plan	Anne Arundel Community College Plan	Anne Arundel County Public Library Plan	Total
ASSETS				
Investments:				
Mutual funds	\$ 130,162,425	\$ 9,232,957	\$ 387,060	\$ 139,782,442
Short-term investments	6,241,201	16,367	419,272	6,676,840
Total investments	<u>136,403,626</u>	<u>9,249,324</u>	<u>806,332</u>	<u>146,459,282</u>
Accounts receivable	<u>2,528,209</u>	<u>483</u>	<u>783</u>	<u>2,529,475</u>
Total assets	<u>\$ 138,931,835</u>	<u>\$ 9,249,807</u>	<u>\$ 807,115</u>	<u>\$ 148,988,757</u>
LIABILITIES				
Accrued liabilities and accounts payables	\$ 596,823	\$ 1,183	\$ 64	\$ 598,070
Due to Anne Arundel County Government	2,799,132	49	3	2,799,184
Unearned revenue	<u>666</u>	<u>-</u>	<u>-</u>	<u>666</u>
Total liabilities	<u>3,396,621</u>	<u>1,232</u>	<u>67</u>	<u>3,397,920</u>
Net position held in trust for other postemployment benefits	<u>135,535,214</u>	<u>9,248,575</u>	<u>807,048</u>	<u>145,590,837</u>
Total fiduciary net position	<u>135,535,214</u>	<u>9,248,575</u>	<u>807,048</u>	<u>145,590,837</u>
Total liabilities and net position	<u>\$ 138,931,835</u>	<u>\$ 9,249,807</u>	<u>\$ 807,115</u>	<u>\$ 148,988,757</u>

Anne Arundel Retiree Health Benefits Trust
Combining Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2018

	Anne Arundel County Government Plan	Anne Arundel Community College Plan	Anne Arundel County Public Library Plan	Total
Additions:				
Contributions:				
Employer	\$ 55,094,533	\$ 3,740,390	\$ 1,699,115	\$ 60,534,038
Member		992,950	321,063	1,314,013
Insurance subsidies and rebates	7,194,581	-	-	7,194,581
Total contributions	<u>62,289,114</u>	<u>4,733,340</u>	<u>2,020,178</u>	<u>69,042,632</u>
Investment income:				
Net appreciation in fair value of investments	4,934,176	258,622	15,726	5,208,524
Interest income	285,850	1,702	6,137	293,689
Dividend income	3,973,512	250,451	11,913	4,235,876
Total investment income	<u>9,193,538</u>	<u>510,775</u>	<u>33,776</u>	<u>9,738,089</u>
Less investment expense	<u>(19,455)</u>	<u>(1,344)</u>	<u>(73)</u>	<u>(20,872)</u>
Net investment income	<u>9,174,083</u>	<u>509,431</u>	<u>33,703</u>	<u>9,717,217</u>
Total additions	<u>\$ 71,463,197</u>	<u>\$ 5,242,771</u>	<u>\$ 2,053,881</u>	<u>\$ 78,759,849</u>
Deductions:				
Insurance claims	\$ 24,464,707	\$ -	\$ -	\$ 24,464,707
Insurance premiums	5,233,008	2,698,340	1,607,179	9,538,527
Insurance affordable care act	12,692	-	-	12,692
General and administrative expense	907,954	2,916	158	911,028
Total deductions	<u>30,618,361</u>	<u>2,701,256</u>	<u>1,607,337</u>	<u>34,926,954</u>
Net increase in plan net position	40,844,836	2,541,515	446,544	43,832,895
Net position held in trust for other postemployment benefits, beginning of year	<u>94,690,378</u>	<u>6,707,060</u>	<u>360,504</u>	<u>101,757,942</u>
Net position held in trust for other postemployment benefits, end of year	<u>\$ 135,535,214</u>	<u>\$ 9,248,575</u>	<u>\$ 807,048</u>	<u>\$ 145,590,837</u>

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Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
SUBDIVISION DEPOSITS				
Assets				
Cash	\$ 1,747,654	\$ 658,164	\$ 398,856	\$ 2,006,962
Total Assets	<u>\$ 1,747,654</u>	<u>\$ 658,164</u>	<u>\$ 398,856</u>	<u>\$ 2,006,962</u>
Liabilities				
Escrow Deposits	\$ 1,747,654	\$ 658,164	\$ 398,856	\$ 2,006,962
Total Liabilities	<u>\$ 1,747,654</u>	<u>\$ 658,164</u>	<u>\$ 398,856</u>	<u>\$ 2,006,962</u>
SEDIMENT CONTROL				
Assets				
Cash	\$ 4,143,146	\$ 1,477,724	\$ 1,387,722	\$ 4,233,148
Total Assets	<u>\$ 4,143,146</u>	<u>\$ 1,477,724</u>	<u>\$ 1,387,722</u>	<u>\$ 4,233,148</u>
Liabilities				
Escrow and other deposits	\$ 4,143,146	\$ 1,477,724	\$ 1,387,722	\$ 4,233,148
Total Liabilities	<u>\$ 4,143,146</u>	<u>\$ 1,477,724</u>	<u>\$ 1,387,722</u>	<u>\$ 4,233,148</u>
CITY AND STATE TAX COLLECTION				
Assets				
Cash	\$ 4,120,130	\$ 151,409,346	\$ 151,383,823	\$ 4,145,653
Total Assets	<u>\$ 4,120,130</u>	<u>\$ 151,409,346</u>	<u>\$ 151,383,823</u>	<u>\$ 4,145,653</u>
Liabilities				
Escrow Deposits	\$ 4,120,130	\$ 151,409,346	\$ 151,383,823	\$ 4,145,653
Total Liabilities	<u>\$ 4,120,130</u>	<u>\$ 151,409,346</u>	<u>\$ 151,383,823</u>	<u>\$ 4,145,653</u>
TAX SALE ESCROW DEPOSITS				
Assets				
Cash	\$ 13,640,662	\$ 14,274,012	\$ 16,405,830	\$ 11,508,844
Total Assets	<u>\$ 13,640,662</u>	<u>\$ 14,274,012</u>	<u>\$ 16,405,830</u>	<u>\$ 11,508,844</u>
Liabilities				
Escrow Deposits	\$ 13,640,662	\$ 14,274,012	\$ 16,405,830	\$ 11,508,844
Total Liabilities	<u>\$ 13,640,662</u>	<u>\$ 14,274,012</u>	<u>\$ 16,405,830</u>	<u>\$ 11,508,844</u>
NATIONAL BUSINESS PARK				
Assets				
Cash and investments	\$ 381	\$ 685,123	\$ 684,064	\$ 1,440
Total Assets	<u>\$ 381</u>	<u>\$ 685,123</u>	<u>\$ 684,064</u>	<u>\$ 1,440</u>
Liabilities				
Escrow Deposits	\$ 381	\$ 685,123	\$ 684,064	\$ 1,440
Total Liabilities	<u>\$ 381</u>	<u>\$ 685,123</u>	<u>\$ 684,064</u>	<u>\$ 1,440</u>
TWO RIVERS				
Assets				
Cash and investments	\$ 3,477,680	\$ 1,587,917	\$ 1,589,285	\$ 3,476,312
Total Assets	<u>\$ 3,477,680</u>	<u>\$ 1,587,917</u>	<u>\$ 1,589,285</u>	<u>\$ 3,476,312</u>
Liabilities				
Escrow Deposits	\$ 3,477,680	\$ 1,587,917	\$ 1,589,285	\$ 3,476,312
Total Liabilities	<u>\$ 3,477,680</u>	<u>\$ 1,587,917</u>	<u>\$ 1,589,285</u>	<u>\$ 3,476,312</u>
ARUNDEL GATEWAY				
Assets				
Cash and investments	\$ -	\$ 1,427,312	\$ 663,126	\$ 764,186
Total Assets	<u>\$ -</u>	<u>\$ 1,427,312</u>	<u>\$ 663,126</u>	<u>\$ 764,186</u>
Liabilities				
Escrow Deposits	\$ -	\$ 1,427,312	\$ 663,126	\$ 764,186
Total Liabilities	<u>\$ -</u>	<u>\$ 1,427,312</u>	<u>\$ 663,126</u>	<u>\$ 764,186</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
FARMINGTON SPECIAL ASSESSMENT				
Assets				
Cash and investments	\$ 907,522	\$ 490,004	\$ 473,483	\$ 924,043
Total Assets	<u>\$ 907,522</u>	<u>\$ 490,004</u>	<u>\$ 473,483</u>	<u>\$ 924,043</u>
Liabilities				
Escrow Deposits	\$ 907,522	\$ 490,004	\$ 473,483	\$ 924,043
Total Liabilities	<u>\$ 907,522</u>	<u>\$ 490,004</u>	<u>\$ 473,483</u>	<u>\$ 924,043</u>
DORCHESTER SPECIAL TAX DISTRICT				
Assets				
Cash and investments	\$ 2,577,410	\$ 1,077,498	\$ 1,062,641	\$ 2,592,267
Total Assets	<u>\$ 2,577,410</u>	<u>\$ 1,077,498</u>	<u>\$ 1,062,641</u>	<u>\$ 2,592,267</u>
Liabilities				
Escrow Deposits	\$ 2,577,410	\$ 1,077,498	\$ 1,062,641	\$ 2,592,267
Total Liabilities	<u>\$ 2,577,410</u>	<u>\$ 1,077,498</u>	<u>\$ 1,062,641</u>	<u>\$ 2,592,267</u>
CONFERENCE AND VISITOR'S BUREAU				
Assets				
Cash	\$ 914,674	\$ 3,084,682	\$ 3,042,732	\$ 956,624
Total Assets	<u>\$ 914,674</u>	<u>\$ 3,084,682</u>	<u>\$ 3,042,732</u>	<u>\$ 956,624</u>
Liabilities				
Escrow deposits	\$ 914,674	\$ 3,084,682	\$ 3,042,732	\$ 956,624
Total Liabilities	<u>\$ 914,674</u>	<u>\$ 3,084,682</u>	<u>\$ 3,042,732</u>	<u>\$ 956,624</u>
ART'S COUNCIL OF ANNE ARUNDEL COUNTY				
Assets				
Cash	\$ 161,414	\$ 544,355	\$ 536,953	\$ 168,816
Total Assets	<u>\$ 161,414</u>	<u>\$ 544,355</u>	<u>\$ 536,953</u>	<u>\$ 168,816</u>
Liabilities				
Escrow deposits	\$ 161,414	\$ 544,355	\$ 536,953	\$ 168,816
Total Liabilities	<u>\$ 161,414</u>	<u>\$ 544,355</u>	<u>\$ 536,953</u>	<u>\$ 168,816</u>
MISCELLANEOUS ESCROW DEPOSITS				
Assets				
Cash	\$ 344,901	\$ 260,260	\$ 164,055	\$ 441,106
Total Assets	<u>\$ 344,901</u>	<u>\$ 260,260</u>	<u>\$ 164,055</u>	<u>\$ 441,106</u>
Liabilities				
Escrow and other deposits	\$ 344,901	\$ 260,260	\$ 164,055	\$ 441,106
Total Liabilities	<u>\$ 344,901</u>	<u>\$ 260,260</u>	<u>\$ 164,055</u>	<u>\$ 441,106</u>
TOTALS - ALL FUNDS				
Assets				
Cash and investments	\$ 32,035,574	\$ 176,976,397	\$ 177,792,570	\$ 31,219,401
Total Assets	<u>\$ 32,035,574</u>	<u>\$ 176,976,397</u>	<u>\$ 177,792,570</u>	<u>\$ 31,219,401</u>
Liabilities				
Escrow and other deposits	\$ 32,035,574	\$ 176,976,397	\$ 177,792,570	\$ 31,219,401
Total Liabilities	<u>\$ 32,035,574</u>	<u>\$ 176,976,397</u>	<u>\$ 177,792,570</u>	<u>\$ 31,219,401</u>

Anne Arundel County, Maryland

Combining Statement of Net Position

Non-major Component Units

June 30, 2018

	AA County Public Library	Economic Development	Tipton Airport	Workforce Development	Totals
ASSETS					
Current Assets					
Cash and investments	\$ 11,712	\$ 4,829,286	\$ 1,100,636	\$ 998,428	\$ 6,940,062
Service billings receivable	-	-	70,770	-	70,770
Prepays and other assets	55,153	994,951	51,269	1,691,835	2,793,208
Inventories	-	-	39,989	-	39,989
Receivables	-	-	131,715	-	131,715
Due from primary government	879,193	-	-	-	879,193
Restricted assets					
Cash and temporary investments	-	80,461	-	-	80,461
Total current assets	<u>946,058</u>	<u>5,904,698</u>	<u>1,394,379</u>	<u>2,690,263</u>	<u>10,935,398</u>
Non-current Assets					
Loans receivable and other assets	-	6,701,150	-	-	6,701,150
Capital assets not being depreciated	-	-	78,315	-	78,315
Capital assets being depreciated	17,807,779	761,910	15,292,218	229,575	34,091,482
Less accumulated depreciation	(6,683,551)	(477,205)	(6,992,387)	(135,091)	(14,288,234)
Total capital assets	<u>11,124,228</u>	<u>284,705</u>	<u>8,378,146</u>	<u>94,484</u>	<u>19,881,563</u>
Total assets	<u>12,070,286</u>	<u>12,890,553</u>	<u>9,772,525</u>	<u>2,784,747</u>	<u>37,518,111</u>
DEFERRED OUTFLOW OF RESOURCES					
Pension benefits	760,831	508,196	-	-	1,269,027
OPEB benefits	<u>1,699,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,699,115</u>
Total deferred outflows	<u>2,459,946</u>	<u>508,196</u>	<u>-</u>	<u>-</u>	<u>2,968,142</u>
LIABILITIES					
Current Liabilities					
Accrued liabilities	529,974	254,036	272,040	736,316	1,792,366
Current portion on non-current liabilities	1,005,924	20,142	46,032	93,205	1,165,303
Notes payable	-	995,417	-	-	995,417
Unearned revenue	4,630	-	74,827	492,575	572,032
Liabilities related to restricted assets					
Accrued liabilities	-	-	-	256,010	256,010
Total current liabilities	<u>1,540,528</u>	<u>1,269,595</u>	<u>392,899</u>	<u>1,578,106</u>	<u>4,781,128</u>
Non-current liabilities					
Accrued liability for OPEB benefits	34,078,311	2,629,907	-	-	36,708,218
Accrued liability for pension benefits	2,703,858	1,894,121	-	-	4,597,979
Long-term debt, net of deferred refunding gain/loss	-	22,884	1,154,475	-	1,177,359
Due to other governments	-	5,767,833	-	-	5,767,833
Total non-current liabilities	<u>36,782,169</u>	<u>10,314,745</u>	<u>1,154,475</u>	<u>-</u>	<u>48,251,389</u>
Total liabilities	<u>38,322,697</u>	<u>11,584,340</u>	<u>1,547,374</u>	<u>1,578,106</u>	<u>53,032,517</u>
DEFERRED INFLOW OF RESOURCES					
Pension benefits	799,204	531,354	-	-	1,330,558
OPEB benefits	<u>2,968,102</u>	<u>26,206</u>	<u>-</u>	<u>-</u>	<u>2,994,308</u>
Total deferred outflows	<u>3,767,306</u>	<u>557,560</u>	<u>-</u>	<u>-</u>	<u>4,324,866</u>
NET POSITION					
Capital assets, net of related debt	11,124,228	241,679	7,177,639	94,484	18,638,030
Restricted for:					
Other purposes	-	250,000	492,019	-	742,019
Unrestricted	<u>(38,683,999)</u>	<u>765,170</u>	<u>555,493</u>	<u>1,112,157</u>	<u>(36,251,179)</u>
Total net position (deficit)	<u>\$ (27,559,771)</u>	<u>\$ 1,256,849</u>	<u>\$ 8,225,151</u>	<u>\$ 1,206,641</u>	<u>\$ (16,871,130)</u>

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Anne Arundel County, Maryland

Combining Statement of Activities

Non-major Component Units

Year Ended June 30, 2018

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<i>AA County Public Library</i>				
Community services	\$ 26,042,152	\$ 820,684	\$ 4,045,312	\$ -
<i>Economic Development</i>				
Arundel Business Loan Program	1,067,590	17,144	-	-
Chesapeake Innovation Center	(87,164)	-	-	-
Administrative	1,711,716	-	-	-
Anne Arundel Agricultural Marketing, LLC	365,427	-	51,831	-
Anne Arundel Community Development, LLC	1,862	-	-	-
Video Lottery Terminal	313,544	201,458	-	-
Unallocated depreciation	45,879	-	-	-
	<u>3,418,854</u>	<u>218,602</u>	<u>51,831</u>	<u>-</u>
<i>Tipton Airport Authority</i>				
Airport operations	<u>2,174,889</u>	<u>1,792,217</u>	<u>-</u>	<u>750,032</u>
<i>Workforce Development</i>				
Workforce development programs				
Other WIA programs	8,586,311	-	8,632,138	-
Administration	31,600	-	-	-
Other grants, projects, initiatives	1,347,009	211,343	1,053,116	55,808
	<u>\$ 9,964,920</u>	<u>\$ 211,343</u>	<u>\$ 9,685,254</u>	<u>\$ 55,808</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

<u>AA County Public Library</u>	<u>Economic Development</u>	<u>Tipton Airport</u>	<u>Workforce Development</u>	<u>Total</u>
\$ <u>(21,176,156)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(21,176,156)</u>
-	(1,050,446)	-	-	(1,050,446)
-	87,164	-	-	87,164
-	(1,711,716)	-	-	(1,711,716)
-	(313,596)	-	-	(313,596)
-	(1,862)	-	-	(1,862)
-	(112,086)	-	-	(112,086)
-	(45,879)	-	-	(45,879)
<u>-</u>	<u>(3,148,421)</u>	<u>-</u>	<u>-</u>	<u>(3,148,421)</u>
<u>-</u>	<u>-</u>	<u>367,360</u>	<u>-</u>	<u>367,360</u>
-	-	-	45,827	45,827
-	-	-	(31,600)	(31,600)
-	-	-	(26,742)	(26,742)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,515)</u>	<u>(12,515)</u>
-	1,000,000	-	-	1,000,000
20,541,500	2,611,857	-	14,661	23,168,018
-	8,615	5,775	4,605	18,995
12,171	965	25	78,528	91,689
<u>20,553,671</u>	<u>3,621,437</u>	<u>5,800</u>	<u>97,794</u>	<u>24,278,702</u>
(622,485)	473,016	373,160	85,279	308,970
<u>(26,937,286)</u>	<u>783,833</u>	<u>7,851,991</u>	<u>1,121,362</u>	<u>(17,180,100)</u>
\$ <u>(27,559,771)</u>	\$ <u>1,256,849</u>	\$ <u>8,225,151</u>	\$ <u>1,206,641</u>	\$ <u>(16,871,130)</u>

Anne Arundel County, Maryland

Balance Sheet

AA County Public Library Component Unit

June 30, 2018

	Governmental Funds		
	Operating Fund	Dedicated Revenue Fund	Total
ASSETS			
Cash and investments	\$ 11,395	\$ 317	\$ 11,712
Due from primary government Receivables	881,408	(2,215)	879,193
Other, net	48,541	6,612	55,153
Total assets	<u>\$ 941,344</u>	<u>\$ 4,714</u>	<u>\$ 946,058</u>
LIABILITIES			
Accrued liabilities	\$ 527,605	\$ 2,369	\$ 529,974
Unearned revenue	-	4,630	4,630
Total liabilities	<u>527,605</u>	<u>6,999</u>	<u>534,604</u>
FUND BALANCES			
Assigned	328,779	4,878	333,657
Unassigned	84,960	(7,163)	77,797
Total fund balances (deficit)	<u>413,739</u>	<u>(2,285)</u>	<u>411,454</u>
Total liabilities and fund balances	<u>\$ 941,344</u>	<u>\$ 4,714</u>	<u>\$ 946,058</u>

Anne Arundel County, Maryland

Statement of Revenues, Expenditures, and Changes in Fund Balances

AA County Public Library Component Unit

Year Ended June 30, 2018

	Governmental Funds		
	Operating Fund	Dedicated Revenue Fund	Total
REVENUES			
Grants and aid	\$ 24,968,787	\$ 31,025	\$ 24,999,812
Fines and fees	820,684	-	820,684
Other	1,518	10,653	12,171
Total revenues	<u>25,790,989</u>	<u>41,678</u>	<u>25,832,667</u>
EXPENDITURES			
Recreation and community services	25,614,911	41,579	25,656,490
Capital outlay	-	-	-
Total expenditures	<u>25,614,911</u>	<u>41,579</u>	<u>25,656,490</u>
Revenues over (under) expenditures	<u>176,078</u>	<u>99</u>	<u>176,177</u>
OTHER FINANCING SOURCES (USES)			
Contributions to Pension Trust Fund	(413,000)	-	(413,000)
Total other financing sources (uses)	<u>(413,000)</u>	<u>-</u>	<u>(413,000)</u>
Net change in fund balances	<u>(236,922)</u>	<u>99</u>	<u>(236,823)</u>
Fund balances, July 1	650,661	(2,384)	648,277
Fund balances, June 30	<u>\$ 413,739</u>	<u>\$ (2,285)</u>	<u>\$ 411,454</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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Grants and aid	\$ 2,253,600	\$ 2,253,600	\$ 2,251,975	\$ (1,625)
Primary government contribution	20,578,100	20,578,100	20,541,500	(36,600)
Fines and fees	913,500	913,500	822,237	(91,263)
Other	570,400	570,400	611,517	41,117
Total revenues	<u>24,315,600</u>	<u>24,315,600</u>	<u>24,227,229</u>	<u>(88,371)</u>
EXPENDITURES				
Current				
Recreation and community services	23,985,500	23,985,500	23,871,121	114,379
Other	413,000	413,000	413,000	-
Capital outlay	240,200	240,200	194,812	45,388
Total expenditures	<u>24,638,700</u>	<u>24,638,700</u>	<u>24,478,933</u>	<u>159,767</u>
Revenues over expenditures	(323,100)	(323,100)	(251,704)	<u>\$ 71,396</u>
Fund balances, budgetary, July 1	569,664	569,664	569,664	
Fund balances, budgetary, June 30	<u>\$ 246,564</u>	<u>\$ 246,564</u>	<u>\$ 317,960</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, 2018

	<u>Issued Date</u>	<u>Maturing Serially</u>	<u>Rate of Interest</u>	<u>Amount Issued</u>	<u>Redeemed F/Y 18</u>	<u>06/30/18 Outstanding</u>	<u>Total Due to Maturity</u>
Water and Wastewater Bonds							
MDWQE Rosehaven	03/28/01	2003-31	1.50 to 1.50	\$ 3,033,715	\$ 105,361	\$ 1,522,503	\$ 1,687,123
MDWQE Annapolis WRF Expn	06/27/03	2005-24	1.00 to 1.00	19,362,500	1,000,787	6,218,426	6,437,875
MDWQE Marley Jumpers	04/07/07	2008-27	1.00 to 1.00	5,854,341	359,138	2,083,923	2,153,819
Series 08	04/01/08	2009-36	3.50 to 5.00	32,000,000	1,145,000	-	-
MDWQE Woodholme Circle	06/17/08	2009-28	1.10 to 1.10	1,200,475	65,282	636,865	673,273
Series 09	04/01/09	2010-39	2.50 to 4.75	29,200,000	975,000	975,000	1,004,250
Series 09 Refunding	07/22/09	2010-25	3.00 to 4.00	20,730,000	1,560,000	8,070,000	9,164,350
MDWQE Deale Rd Sewer	12/01/09	2011-30	0.00 to 0.00	1,749,147	98,323	962,559	962,559
Series 10	04/08/10	2011-20	2.00 to 5.00	13,900,000	1,390,000	2,780,000	2,946,800
BABs Series 10	04/08/10	2021-30	4.80 to 5.55	27,700,000	-	27,700,000	47,937,060
Series 11	04/20/11	2012-41	2.00 to 5.00	47,600,000	1,590,000	36,470,000	57,847,824
MDWQE Annap/Bneck/Cox	06/16/11	2013-32	2.20 to 2.20	15,975,016	808,270	11,601,421	13,894,260
Series 11 Refunding	09/01/11	2013-25	3.00 to 5.00	8,860,000	735,000	5,185,000	6,223,500
MDWQE Bwater/MDCity/Patxnt	05/31/12	2014-33	1.80 to 1.80	12,430,208	601,733	10,397,697	11,951,950
Series 12	06/14/12	2013-42	2.00 to 4.00	27,020,000	900,000	21,600,000	31,100,625
Series 12 Refunding	06/14/12	2013-32	2.00 to 5.00	15,810,000	1,175,000	12,750,000	16,108,875
MDWQE Sylvan Shores Water	12/21/12	2014-42	0.80 to 0.80	3,783,000	126,404	3,187,778	3,502,627
MDWQE Sylvan Shores Sewer	12/21/12	2014-33	0.80 to 0.80	1,944,000	95,123	1,521,657	1,620,854
Series 13	06/20/13	2014-43	4.00 to 5.00	38,080,000	1,270,000	31,750,000	49,576,037
MDWQE Cox Creek Ph II	10/31/13	2014-34	2.10 to 2.10	17,475,907	1,134,520	15,215,683	19,230,325
Series 14	04/03/14	2015-44	3.00 to 5.00	79,200,000	2,640,000	68,640,000	107,283,000
Series 15	04/08/15	2016-45	2.00 to 5.00	77,600,000	2,590,000	69,830,000	118,693,500
Series 15 Refunding	04/08/15	2016-36	5.00 to 5.00	34,875,000	425,000	33,345,000	48,911,500
Series 16	04/13/16	2017-46	3.00 to 5.00	43,585,000	1,450,000	40,685,000	69,141,125
Series 16 Refunding	04/13/16	2017-36	3.00 to 5.00	75,300,000	6,865,000	61,960,000	78,963,650
Series 17	04/12/17	2018-47	5.00 to 5.00	63,175,000	1,545,000	61,630,000	106,308,250
Series 17 Refunding	04/12/17	2018-29	3.00 to 5.00	20,515,000	5,000	20,510,000	27,992,375
Series 18	03/29/18	2019-48	5.00 to 5.00	67,805,000	-	67,805,000	118,673,960
Total applicable to 5.6% and 14.0% debt limitations				<u>805,763,309</u>	<u>30,654,941</u>	<u>625,033,512</u>	<u>959,991,346</u>

(continued)

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

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

June 30, 2018

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 18</i>	<i>06/30/18 Outstanding</i>	<i>Total Due to Maturity</i>
Consolidated General Improvements							
Bonds							
Series 08	04/01/08	2009-28	3.50 to 5.00	55,200,000	3,310,000	-	-
Series 09	04/01/09	2010-29	4.00 to 5.00	113,300,000	6,817,333	6,785,979	7,057,419
Series 09 Refunding	07/22/09	2010-25	1.50 to 4.00	32,610,000	895,000	5,770,000	6,664,799
Series 10	04/08/10	2011-20	2.00 to 5.00	66,136,440	7,390,885	14,593,344	15,683,134
BABs Series 10	04/08/10	2021-30	4.80 to 5.55	72,888,560	-	72,888,560	101,941,942
Series 11	04/20/11	2012-31	3.00 to 5.00	117,500,000	5,958,999	75,665,611	99,927,052
Series 11 Refunding	09/01/11	2013-25	3.00 to 5.00	35,835,000	3,560,000	17,960,000	20,657,750
Series 12	06/14/12	2013-32	3.00 to 4.00	98,900,000	5,947,028	63,165,674	80,513,604
Series 12 Refunding	06/14/12	2013-32	2.00 to 5.00	36,332,512	3,838,079	25,276,967	29,275,422
Series 13	06/20/13	2014-33	4.00 to 5.00	116,000,000	6,960,000	81,200,000	110,455,200
Series 14	04/03/14	2015-34	3.00 to 5.00	115,000,000	7,039,022	86,843,912	115,056,955
Series 15	04/08/15	2016-35	2.00 to 5.00	154,920,000	10,763,242	133,314,516	184,505,259
Series 15 Refunding	04/08/15	2016-27	5.00 to 5.00	58,504,968	2,470,964	51,979,000	64,370,040
Golf Course Refunding	04/08/15	2016-28	5.00 to 5.00	15,735,000	980,000	12,920,000	16,730,250
Series 16	04/13/16	2017-46	5.00 to 5.00	80,027,783	2,668,926	74,694,931	126,963,010
Series 16 Refunding	04/13/16	2017-27	3.00 to 5.00	69,384,271	14,207,735	43,066,957	49,975,252
Series 17	04/12/17	2018-47	5.00 to 5.00	104,008,000	3,538,389	100,469,611	173,223,868
Series 17 Refunding	04/12/17	2018-29	3.00 to 5.00	44,423,549	4,897	44,418,652	54,975,292
Series 18	03/29/18	2019-48	5.00 to 5.00	177,642,000	-	177,642,000	311,716,919
				<u>1,564,348,083</u>	<u>86,350,499</u>	<u>1,088,655,714</u>	<u>1,569,693,167</u>
WPRF Bonds							
Series 14	04/03/14	2015-34	2.00 to 5.00	7,300,000	354,927	5,880,292	7,921,800
Series 15	04/08/15	2016-35	5.00 to 5.00	26,880,000	1,443,684	23,977,632	34,679,068
Series 16	04/13/16	2017-45	5.00 to 5.00	13,232,217	441,074	12,350,069	20,995,116
Series 18	03/29/18	2019-48	5.00 to 5.00	13,008,000	-	13,008,000	22,767,613
				<u>60,420,217</u>	<u>2,239,685</u>	<u>55,215,993</u>	<u>86,363,597</u>
Solid Waste Bonds							
Series 09	04/01/09	2010-29	4.00 to 5.00	2,100,000	112,667	144,021	149,781
Series 10	04/08/10	2011-20	3.00 to 5.00	1,938,560	214,115	516,656	557,617
BABs Series 10	04/08/10	2011-30	4.80 to 5.55	3,161,440	-	3,161,440	4,421,588
Series 11	04/20/11	2012-31	3.00 to 5.00	8,200,000	331,001	6,004,389	8,011,549
Series 12	06/14/12	2013-32	3.00 to 4.00	2,200,000	112,972	1,574,326	2,038,895
Series 12 Refunding	06/14/12	2013-25	2.00 to 5.00	917,488	96,921	653,033	758,128
Series 14	04/03/14	2015-34	2.00 to 5.00	4,600,000	221,051	3,715,796	4,985,962
Series 15	04/08/15	2016-35	2.00 to 5.00	9,600,000	543,074	8,507,852	12,309,424
Series 15 Refunding	04/08/15	2016-27	5.00 to 5.50	2,700,032	114,036	2,381,000	2,945,711
Series 16 Refunding	04/13/16	2017-27	3.00 to 5.00	200,729	37,265	133,043	156,173
Series 17	04/12/17	2018-47	5.00 to 5.00	4,377,000	76,611	4,300,389	7,478,383
Series 17 Refunding	04/12/17	2018-29	3.00 to 5.00	936,451	103	936,348	1,158,883
Series 18	03/29/18	2019-48	5.00 to 5.00	5,200,000	-	5,200,000	8,297,371
Total Waste Collection Enterprise Fund				<u>46,131,700</u>	<u>1,859,816</u>	<u>37,228,293</u>	<u>53,269,465</u>
Total applicable to 5.2% and 13.0% debt limitations				<u>1,670,900,000</u>	<u>90,450,000</u>	<u>1,181,100,000</u>	<u>1,709,326,229</u>

(continued)

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

NOT APPLICABLE TO DEBT LIMITATIONS

June 30, 2018

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<i>Issued</i>	<i>Redeemed F/Y 18</i>	<i>06/30/18 Outstanding</i>	<i>Total Due to Maturity</i>
Installment Purchase Agreements - Agricultural Easement Program							
Adelaide F. Colhoun Trust	09/19/00	2002-30	5.85 to 5.85	401,000	1,000	384,000	649,708
Ellen H. Shepard Trust	09/22/00	2002-30	5.85 to 5.85	161,000	1,000	144,000	241,227
Harold & Jean Touchette	09/19/00	2002-30	5.85 to 5.85	378,000	1,000	361,000	610,561
Farm of the Four Winds, LLC	11/13/00	2002-30	6.00 to 6.00	587,000	1,000	570,000	976,440
Kenneth P. Franklin, Trustee	12/28/00	2002-30	5.60 to 5.60	142,055	1,000	125,000	205,304
Richard F. Moreland	07/18/01	2003-28	5.90 to 5.90	274,000	1,000	258,000	407,565
Mary M. Smith	07/18/01	2003-28	5.90 to 5.90	831,000	1,000	815,000	1,293,195
Francis R. Windsor	07/26/01	2003-28	5.90 to 5.90	411,174	1,000	395,000	625,395
Anita Froe/Rian LLC	03/06/02	2003-28	5.90 to 5.90	657,000	1,000	641,000	1,016,535
Lauer & Company	09/20/02	2004-28	5.25 to 5.25	197,000	1,000	182,000	275,187
Weems Dodd Ltd	10/17/02	2004-28	5.45 to 5.45	1,521,000	1,000	1,506,000	2,324,317
Edward Hall III	12/19/02	2004-28	5.55 to 5.55	180,000	1,000	165,000	254,078
Bristol Farms LLC	01/28/03	2004-28	5.50 to 5.50	700,000	1,000	685,000	1,055,873
Shearman Talbott	05/22/03	2005-28	4.95 to 4.95	263,948	1,000	250,000	371,523
Anne Brice	06/23/04	2006-28	5.80 to 5.80	316,000	1,000	303,000	476,130
Thackray Sez nec	06/30/04	2006-28	5.80 to 5.80	1,405,000	1,000	1,392,000	2,196,750
James Parks	07/07/04	2006-28	5.60 to 5.60	295,000	1,000	282,000	437,400
Dorothy Horky	12/05/05	2006-28	4.90 to 4.90	368,814	1,000	357,000	529,726
Virginia Tucker	10/05/06	2007-28	4.90 to 4.90	926,000	1,000	915,000	1,361,145
Jennifer Wade	07/26/07	2008-28	5.30 to 5.30	873,925	1,000	864,000	1,306,641
Ford/Addis	12/20/07	2008-37	4.60 to 4.60	604,000	-	604,000	1,131,896
Francis Talbott III	07/16/08	2009-37	4.55 to 4.55	840,000	-	840,000	1,566,180
Thompson Lumber	06/21/11	2012-41	4.55 to 4.55	1,487,000	-	1,487,000	3,043,145
				<u>13,819,916</u>	<u>20,000</u>	<u>13,525,000</u>	<u>22,355,921</u>
Tax Increment Bonds							
National Business Park North A	08/10/10	2011-25	5.625 to 5.625	4,000,000	195,000	-	-
National Business Park North B	08/10/10	2011-41	6.10 to 6.10	26,000,000	-	-	-
Village South at Waugh Chapel	11/18/10	2011-41	6.25 to 6.25	16,000,000	90,000	-	-
Arundel Mills Refunding	05/14/14	2015-29	2.00 to 5.00	24,940,000	1,195,000	21,560,000	26,480,350
National Business Park Ref	05/14/14	2015-28	1.50 to 5.00	12,155,000	660,000	10,280,000	12,497,501
Nursery Road Refunding	05/14/14	2015-29	2.00 to 5.00	1,765,000	100,000	1,480,000	1,817,374
National Business Park N Ref	06/07/18	2020-37	3.00 to 5.00	25,855,000	-	25,855,000	36,993,004
Village South Waugh Chapel Ref	06/07/18	2020-41	3.00 to 4.00	14,525,000	-	14,525,000	21,035,016
				<u>125,240,000</u>	<u>2,240,000</u>	<u>73,700,000</u>	<u>98,823,245</u>

(continued)

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

NOT APPLICABLE TO DEBT LIMITATIONS

June 30, 2018

	<i>Issued</i>	<i>Maturing Serially</i>	<i>Rate of Interest</i>	<u><i>Issued</i></u>	<u><i>Redeemed F/Y 18</i></u>	<u><i>06/30/18 Outstanding</i></u>	<u><i>Total Due to Maturity</i></u>
State Loans							
Department of Natural Resources							
Amberly	11/01/08	2008-33	0.00	135,000	5,400	81,000	81,000
Annapolis Cove	05/27/14	2015-30	0.00	173,425	11,793	129,720	129,720
Annapolis Landing	07/01/92	1993-17	0.00	78,570	3,143	-	-
Arundel on the Bay	04/28/92	1993-17	0.00	74,220	2,968	-	-
Bay Ridge #2	07/01/08	2009-28	0.00	500,000	25,771	283,481	283,481
Buckingham Cove	04/07/97	1997-21	0.00	217,570	8,703	34,806	34,806
Camp Wabanna SECD	04/26/05	2011-31	0.00	174,857	9,203	110,436	110,436
Cape Anne SECD	11/30/06	2009-34	0.00	190,308	8,101	121,492	121,492
Cattail Creek	04/03/98	1998-22	0.00	127,628	5,105	25,526	25,526
Columbia Beach	06/12/08	2013-38	0.00	1,042,027	53,664	751,296	751,296
Elizabeth's Landing	09/26/91	1993-17	0.00	161,310	6,453	-	-
Elizabeth's Landing III	01/22/10	2012-37	0.00	153,262	6,130	104,199	104,199
John's Creek	12/15/93	1994-19	0.00	173,206	6,920	6,920	6,920
Holland Point SECD	10/11/04	2011-31	0.00	1,050,054	55,266	663,192	663,192
Lake Hillsmere II	04/03/98	1998-22	0.00	188,660	7,546	37,730	37,730
Romar Estates	03/27/97	1997-21	0.00	304,987	12,199	48,798	48,798
Snug Harbor SECD	10/11/04	2012-31	0.00	112,600	5,817	75,621	75,621
Whitehall Cove	12/19/01	2001-25	0.00	164,134	6,565	52,523	52,523
Total not applicable to debt limitations				5,021,818	240,747	2,526,740	2,526,740
Total long-term debt				<u>\$ 2,620,745,043</u>	<u>\$ 123,605,688</u>	<u>\$ 1,895,885,252</u>	<u>\$ 2,793,023,481</u>

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

June 30, 2018

FISCAL YEAR ENDING	General County Bonds (a)							
	General Government		Solid Waste		WPRF		Tax Increment	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 89,030,944	\$ 52,235,948	\$ 2,355,271	\$ 1,794,601	\$ 2,708,785	\$ 2,709,874	\$ 2,090,000	\$ 2,202,423
2020	83,884,509	47,841,537	2,301,706	1,677,111	2,708,785	2,570,821	3,165,000	2,748,819
2021	81,811,158	43,851,895	2,480,057	1,567,267	2,708,785	2,435,382	3,500,000	2,588,194
2022	81,803,472	39,906,342	2,472,744	1,450,244	2,708,785	2,299,943	3,930,000	2,407,619
2023	76,188,142	35,930,459	2,508,074	1,325,586	2,708,785	2,164,503	4,235,000	2,208,344
2024	70,140,341	32,193,743	2,558,194	1,201,532	2,761,465	2,029,064	4,600,000	1,992,519
2025	65,874,648	28,711,719	2,423,489	1,073,639	2,616,863	1,890,991	4,965,000	1,758,644
2026	58,222,418	25,469,192	2,345,719	952,119	2,616,863	1,760,148	5,310,000	1,543,219
2027	54,970,259	22,616,641	2,217,878	839,078	2,616,863	1,629,305	5,620,000	1,349,519
2028	51,661,551	20,022,353	2,161,586	730,602	2,616,863	1,505,432	5,955,000	1,143,819
2029	48,095,349	17,724,973	2,147,788	629,571	2,616,863	1,380,687	4,930,000	945,969
2030	43,884,122	15,630,393	2,059,015	533,177	2,616,863	1,255,507	2,455,000	797,969
2031	36,595,266	13,513,418	1,742,869	434,205	2,616,863	1,124,664	2,390,000	705,994
2032	30,799,454	11,826,701	1,258,683	353,556	2,616,863	997,306	2,505,000	632,569
2033	26,860,724	10,395,872	1,147,413	294,555	2,616,863	869,948	2,640,000	553,743
2034	22,220,724	9,097,974	1,147,413	239,311	2,616,863	742,590	2,765,000	467,562
2035	17,723,052	8,032,196	928,586	184,072	2,253,362	615,232	2,910,000	375,344
2036	11,937,408	7,146,044	437,918	137,642	874,674	502,564	3,050,000	278,493
2037	11,937,409	6,549,173	437,917	115,747	874,674	458,830	3,210,000	174,762
2038	12,032,213	5,949,933	343,113	96,221	874,674	415,096	825,000	106,671
2039	12,188,094	5,344,425	187,232	82,962	874,674	371,363	855,000	77,788
2040	12,183,094	4,735,146	187,232	73,601	874,674	327,629	885,000	47,337
2041	12,183,094	4,125,991	187,232	64,239	874,674	283,895	910,000	15,925
2042	12,178,094	3,516,961	187,232	54,877	874,674	240,161	-	-
2043	12,178,094	2,908,056	187,232	45,516	874,674	196,428	-	-
2044	12,178,094	2,299,152	187,232	36,154	874,674	152,694	-	-
2045	12,178,094	1,690,247	187,232	26,793	874,674	108,960	-	-
2046	12,178,097	1,081,342	187,232	17,431	874,671	65,227	-	-
2047	9,514,164	539,036	187,236	8,069	433,600	32,520	-	-
2048	6,023,632	150,591	67,768	1,694	433,600	10,840	-	-
	<u>\$ 1,088,655,714</u>	<u>\$ 481,037,453</u>	<u>\$ 37,228,293</u>	<u>\$ 16,041,172</u>	<u>\$ 55,215,993</u>	<u>\$ 31,147,604</u>	<u>\$ 73,700,000</u>	<u>\$ 25,123,245</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% 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% 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).

(continued)

						<i>Total</i>		
<i>Installment Purchase Agreements</i>		<i>State Advances</i>		<i>Water and Sewer Bonds (b)</i>				<i>Debt Service</i>
<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Charge</i>
\$ 20,000	\$ 722,723	\$ 226,870	\$ -	\$ 32,450,049	\$ 27,539,029	\$ 128,881,919	\$ 87,204,598	\$ 216,086,517
20,000	721,608	219,951	-	31,871,425	26,215,857	124,171,376	81,775,753	205,947,129
20,000	720,492	219,951	-	31,814,094	24,836,463	122,554,045	75,999,693	198,553,738
20,000	719,377	219,946	-	31,843,081	23,445,171	122,998,028	70,228,696	193,226,724
20,000	718,261	199,048	-	31,223,411	22,044,661	117,082,460	64,391,814	181,474,274
20,000	717,146	186,397	-	30,342,518	20,694,281	110,608,915	58,828,285	169,437,200
20,000	716,030	186,397	-	29,080,184	19,377,482	105,166,581	53,528,505	158,695,086
20,000	714,915	186,397	-	28,465,122	18,060,606	97,166,519	48,500,199	145,666,718
20,000	713,799	179,832	-	28,101,368	16,822,745	93,726,200	43,971,087	137,697,287
8,880,000	712,684	179,832	-	27,486,470	15,672,524	98,941,302	39,787,414	138,728,716
5,000	223,954	179,832	-	26,330,921	14,611,305	84,305,753	35,516,459	119,822,212
1,529,000	223,662	142,268	-	25,927,633	13,546,893	78,613,901	31,987,601	110,601,502
-	133,663	77,799	-	24,164,270	12,477,838	67,587,067	28,389,782	95,976,849
-	133,663	76,709	-	23,065,124	11,416,797	60,321,833	25,360,592	85,682,425
-	133,662	23,022	-	21,917,127	10,367,351	55,205,149	22,615,131	77,820,280
-	133,662	9,544	-	21,023,592	9,364,199	49,783,136	20,045,298	69,828,434
-	133,663	9,532	-	20,209,741	8,385,202	44,034,273	17,725,709	61,759,982
-	133,662	3,413	-	19,390,899	7,450,963	35,694,312	15,649,368	51,343,680
1,444,000	133,662	-	-	17,262,066	6,572,408	35,166,066	14,004,582	49,170,648
-	67,658	-	-	17,248,243	5,765,963	31,323,243	12,401,542	43,724,785
-	67,659	-	-	17,179,428	4,956,589	31,284,428	10,900,786	42,185,214
-	67,658	-	-	16,260,624	4,161,669	30,390,624	9,413,040	39,803,664
1,487,000	67,658	-	-	14,856,122	3,372,864	30,498,122	7,930,572	38,428,694
-	-	-	-	13,230,000	2,667,799	26,470,000	6,479,798	32,949,798
-	-	-	-	12,330,000	2,035,875	25,570,000	5,185,875	30,755,875
-	-	-	-	11,060,000	1,438,925	24,300,000	3,926,925	28,226,925
-	-	-	-	8,420,000	899,125	21,660,000	2,725,125	24,385,125
-	-	-	-	5,835,000	478,125	19,075,000	1,642,125	20,717,125
-	-	-	-	4,385,000	222,625	14,520,000	802,250	15,322,250
-	-	-	-	2,260,000	56,500	8,785,000	219,625	9,004,625
<u>\$ 13,525,000</u>	<u>\$ 8,830,921</u>	<u>\$ 2,526,740</u>	<u>\$ -</u>	<u>\$ 625,033,512</u>	<u>\$ 334,957,834</u>	<u>\$ 1,895,885,252</u>	<u>\$ 897,138,229</u>	<u>\$ 2,793,023,481</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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	\$ 596,510,465	\$ 606,338,970	\$ 556,191,931	\$ 578,852,173	\$ 622,405,918	\$ 630,965,090	\$ 633,818,542	\$ 622,238,204	\$ 641,108,437	\$ 623,584,525
Restricted for:										
Revenue stabilization	-	-	-	-	-	-	-	-	-	32,778,154
Debt service	7,168,724	6,641,452	6,684,460	8,962,428	6,541,144	3,999,512	1,563,957	3,996,203	5,335,123	11,683,434
Capital improvements	115,345,559	120,779,559	152,617,318	129,907,443	83,524,600	74,937,323	76,820,358	61,469,121	48,635,874	121,074,932
Reforestation	6,878,019	7,296,496	7,653,451	8,139,821	7,746,804	7,662,442	6,823,655	7,766,138	5,399,159	5,027,348
Other purposes	30,038,789	16,043,607	18,740,570	7,335,836	4,724,488	7,590,496	2,702,597	3,408,549	9,826,468	4,739,945
Unrestricted	(1,256,694,440)	(1,254,102,054)	(1,235,534,374)	(1,150,954,681)	(754,546,361)	(726,105,305)	(657,762,577)	(594,418,963)	(481,961,464)	(380,694,137)
Subtotal governmental activities net position	<u>(500,752,884)</u>	<u>(497,001,970)</u>	<u>(493,646,644)</u>	<u>(417,756,980)</u>	<u>(29,603,407)</u>	<u>(950,442)</u>	<u>63,966,532</u>	<u>104,459,252</u>	<u>228,343,597</u>	<u>418,194,201</u>
Business-type activities										
Net investment in capital assets	1,013,711,148	988,443,984	939,311,650	934,898,545	937,308,613	892,816,991	853,676,904	822,218,634	803,603,097	810,998,630
Restricted for:										
Debt service	303,151,272	300,551,883	317,747,290	331,288,133	279,611,526	260,752,727	250,397,620	220,812,854	207,296,505	200,012,523
Capital improvements	13,458,769	9,081,443	17,381,921	12,771,873	-	-	-	-	-	18,912,824
Other purposes	1,907,059	11,255,564	16,384,208	3,087,221	19,549,090	9,039,041	4,578,740	3,925,738	3,707,389	614,500
Unrestricted	(434,806)	10,038,368	5,484,501	(8,709,841)	12,846,117	16,700,393	19,852,330	21,548,473	22,282,513	(2,501,035)
Subtotal business-type activities net position	<u>1,331,793,442</u>	<u>1,319,371,242</u>	<u>1,296,309,570</u>	<u>1,273,335,931</u>	<u>1,249,315,346</u>	<u>1,179,309,152</u>	<u>1,128,505,594</u>	<u>1,068,505,699</u>	<u>1,036,889,504</u>	<u>1,028,037,442</u>
Primary government										
Net investment in capital assets	1,610,221,613	1,594,782,954	1,495,503,581	1,513,750,718	1,559,714,531	1,523,782,081	1,487,495,446	1,444,456,838	1,444,711,534	1,434,583,155
Restricted for:										
Revenue stabilization	-	-	-	-	-	-	-	-	-	32,778,154
Debt service	310,319,996	307,193,335	324,431,750	340,250,561	286,152,670	264,752,239	251,961,577	224,809,057	212,631,628	211,695,957
Capital improvements	128,804,328	129,861,002	169,999,239	142,679,316	83,524,600	74,937,323	76,820,358	61,469,121	48,635,874	139,987,756
Reforestation	6,878,019	7,296,496	7,653,451	8,139,821	7,746,804	7,662,442	6,823,655	7,766,138	5,399,159	5,027,348
Other purposes	31,945,848	27,299,171	35,124,778	10,423,057	24,273,578	16,629,537	7,281,337	7,334,287	13,533,857	5,354,445
Unrestricted	(1,257,129,246)	(1,244,063,686)	(1,230,049,873)	(1,159,664,522)	(741,700,244)	(709,404,912)	(637,910,247)	(572,870,490)	(459,678,951)	(383,195,172)
Total primary governmental net position	<u>\$ 831,040,558</u>	<u>\$ 822,369,272</u>	<u>\$ 802,662,926</u>	<u>\$ 855,578,951</u>	<u>\$ 1,219,711,939</u>	<u>\$ 1,178,358,710</u>	<u>\$ 1,192,472,126</u>	<u>\$ 1,172,964,951</u>	<u>\$ 1,265,233,101</u>	<u>\$ 1,446,231,643</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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities:										
Education	\$ 874,498	\$ 756,618	\$ 770,324	\$ 764,352	\$ 708,507	\$ 708,818	\$ 669,191	\$ 697,647	\$ 663,563	\$ 685,499
Public safety	307,333	352,253	313,525	325,971	294,436	304,563	290,833	282,484	285,295	267,140
General government	185,021	162,786	186,840	153,913	118,774	116,146	115,262	121,427	119,849	119,849
Health and human services	78,173	83,000	79,787	77,175	72,520	74,569	72,907	72,096	72,731	73,669
Public works	100,961	93,287	157,103	89,763	106,372	82,066	80,934	66,553	84,000	68,103
Recreation and community services	70,717	67,698	58,131	56,358	59,095	56,380	56,129	61,005	63,688	63,032
Judicial	30,734	31,648	28,588	30,582	28,950	29,058	28,011	27,103	26,925	26,395
Code enforcement	13,832	16,292	13,819	14,815	13,379	13,735	13,788	13,305	13,905	13,378
Land use and development	25,246	12,707	14,135	14,897	10,273	10,392	11,472	14,429	11,010	12,996
Interest on debt and leases	55,898	54,132	53,157	48,149	45,104	37,685	39,712	38,566	34,407	29,795
Subtotal governmental activities expenses	1,742,413	1,630,421	1,675,409	1,575,975	1,461,646	1,436,040	1,379,123	1,388,450	1,376,951	1,359,856
Business-type activities:										
Water and wastewater	166,442	146,011	153,026	129,450	124,341	118,049	121,553	112,709	112,694	114,150
Waste collection	48,257	54,943	46,297	51,226	50,732	47,767	47,933	49,078	46,539	47,885
Child care	5,532	5,363	4,767	4,835	4,589	4,020	3,777	3,772	3,703	3,756
Subtotal business-type activities expenses	220,231	206,317	204,090	185,511	179,662	169,836	173,263	165,559	162,936	165,791
Total primary government expenses	1,962,644	1,836,738	1,879,499	1,761,486	1,641,308	1,605,876	1,552,386	1,554,009	1,539,887	1,525,647
Program Revenues										
Governmental activities:										
Charges for services:										
Public safety	31,084	27,897	27,150	25,108	19,477	15,744	17,843	20,116	16,183	17,048
General government	61,345	57,073	51,850	53,146	47,741	51,240	44,487	44,867	42,238	40,485
Health and human services	9,955	12,487	8,938	10,535	9,648	7,139	7,778	4,207	7,375	7,114
Public works	24,548	24,939	23,805	19,187	15,737	4,193	2,992	4,352	3,907	2,491
Recreation and community services	19,545	19,560	18,664	17,275	16,962	17,995	17,053	16,095	16,119	16,904
Judicial	3,024	3,061	3,209	3,207	3,166	2,997	3,009	2,908	2,783	2,773
Code enforcement	14,361	13,316	14,380	13,587	12,181	13,215	11,414	13,605	11,526	10,764
Land use and development	2,297	2,298	2,461	1,881	2,216	2,184	1,769	5,132	2,924	1,050
Operating grants and contributions	77,267	67,906	66,729	63,651	61,177	42,874	47,165	45,357	47,153	70,565
Capital grants and contributions	63,963	59,231	63,915	96,381	45,969	41,689	42,656	43,293	25,738	47,574
Subtotal governmental activities revenues	307,389	287,768	281,101	303,958	234,274	199,270	196,166	199,932	175,946	216,768
Business-type activities:										
Charges for services:										
Water and wastewater	85,275	85,467	85,178	85,367	86,023	84,555	86,737	81,555	78,995	71,622
Waste collection	53,162	51,441	50,975	49,970	50,133	49,175	50,680	44,106	43,218	43,281
Child care	5,807	5,742	5,112	4,739	4,661	4,070	4,032	3,568	3,665	3,493
Capital grants and contributions	81,381	69,022	82,131	127,526	87,887	71,141	76,527	54,093	44,798	49,630
Subtotal business-type activities revenues	225,625	211,672	223,396	267,602	228,704	208,941	217,976	183,322	170,676	168,026
Total primary government program revenues	533,014	499,440	504,497	571,560	462,978	408,211	414,142	383,254	346,622	384,794
Net (Expense)/Revenue										
Governmental activities	(1,435,024)	(1,342,653)	(1,394,308)	(1,272,017)	(1,227,372)	(1,236,770)	(1,182,957)	(1,188,518)	(1,201,005)	(1,143,088)
Business-type activities	5,394	5,355	19,306	82,091	49,042	39,105	44,713	17,763	7,740	2,235
Total primary government net (expense)/revenue	(1,429,630)	(1,337,298)	(1,375,002)	(1,189,926)	(1,178,330)	(1,197,665)	(1,138,244)	(1,170,755)	(1,193,265)	(1,140,853)

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Revenues and Other Changes in Net Position										
Governmental activities:										
General property taxes	718,910	697,495	666,491	657,850	637,623	620,348	593,914	577,937	557,796	540,602
Local income taxes	506,513	485,822	485,232	420,382	436,906	403,623	400,465	371,491	349,283	334,648
State shared taxes	7,339	8,361	8,703	8,405	8,683	27,868	10,334	8,665	7,521	7,931
Recordation and transfer taxes	110,643	109,396	105,669	89,698	77,535	81,036	59,089	58,000	59,727	55,811
Local sales taxes	32,744	32,938	33,070	32,831	31,517	32,690	32,258	32,406	31,682	33,269
Investment income	2,854	1,797	4,586	1,967	2,446	(1,206)	1,418	1,322	2,335	6,565
Other revenue	18,855	18,194	15,766	11,012	9,477	7,494	12,323	4,387	2,811	-
County transfer	946	448	(1,099)	28	275	-	-	10,426	-	-
Forgiveness of debt State of Maryland	-	-	-	-	-	-	32,663	-	-	-
Subtotal governmental activities	<u>1,398,804</u>	<u>1,354,451</u>	<u>1,318,418</u>	<u>1,222,173</u>	<u>1,204,462</u>	<u>1,171,853</u>	<u>1,142,464</u>	<u>1,064,634</u>	<u>1,011,155</u>	<u>978,826</u>
Business-type activities:										
In kind contributions of capital assets	-	-	-	-	-	-	2,000	-	-	-
Investment income	6,439	2,777	1,671	1,173	1,161	560	1,072	2,896	4,509	8,602
Other revenue	14,086	15,378	11,398	11,656	14,417	11,139	12,215	10,957	6,830	6,097
County transfer	(946)	(448)	1,099	(28)	(275)	-	-	-	-	-
Subtotal business-type activities	<u>19,579</u>	<u>17,707</u>	<u>14,168</u>	<u>12,801</u>	<u>15,303</u>	<u>11,699</u>	<u>15,287</u>	<u>13,853</u>	<u>11,339</u>	<u>14,699</u>
Total primary government	<u>1,418,383</u>	<u>1,372,158</u>	<u>1,332,586</u>	<u>1,234,974</u>	<u>1,219,765</u>	<u>1,183,552</u>	<u>1,157,751</u>	<u>1,078,487</u>	<u>1,022,494</u>	<u>993,525</u>
Change in Net Position										
Governmental activities	(36,220)	11,798	(75,890)	(49,844)	(22,910)	(64,917)	(40,493)	(123,884)	(189,850)	(164,262)
Business-type activities	24,973	23,062	33,474	94,892	64,345	50,804	60,000	31,616	19,079	16,934
Total primary government	<u>\$ (11,247)</u>	<u>\$ 34,860</u>	<u>\$ (42,416)</u>	<u>\$ 45,048</u>	<u>\$ 41,435</u>	<u>\$ (14,113)</u>	<u>\$ 19,507</u>	<u>\$ (92,268)</u>	<u>\$ (170,771)</u>	<u>\$ (147,328)</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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Reserved for:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,962,041	\$ 5,622,556
Revenue stabilization fund	-	-	-	-	-	-	-	-	17,106,347	32,778,154
Debt service	-	-	-	-	-	-	-	-	-	6,109,093
Inventories	-	-	-	-	-	-	-	-	1,869,916	1,453,732
Other funds	-	-	-	-	-	-	-	-	-	1,092,910
Unreserved	-	-	-	-	-	-	-	-	27,578,262	(2,092,456)
Non-spendable	2,738,022	3,082,745	2,678,031	2,493,448	2,116,996	1,891,254	2,081,977	1,952,362	-	-
Restricted	-	1,372,139	1,372,139	38,177,889	16,974,138	302,017	-	-	-	-
Assigned	89,215,268	82,546,189	65,989,087	42,862,522	42,657,510	69,233,918	31,391,329	31,313,766	-	-
Unassigned	82,924,322	88,023,466	76,778,332	78,436,997	57,724,388	44,312,026	46,035,927	27,775,608	-	-
Total general fund	\$ 174,877,612	\$ 175,024,539	\$ 146,817,589	\$ 161,970,856	\$ 119,473,032	\$ 115,739,215	\$ 79,509,233	\$ 61,041,736	\$ 51,516,566	\$ 44,963,989
All other governmental funds										
Reserved for:										
Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,445,938	\$ 38,468,428
Debt service	-	-	-	-	-	-	-	-	4,785,530	-
Capital projects funds	-	-	-	-	-	-	-	-	1,000,000	-
Other purposes	-	-	-	-	-	-	-	-	4,922,428	-
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	41,148,113	56,658,583
Capital projects funds	-	-	-	-	-	-	-	-	13,508,310	53,498,655
Debt service funds	-	-	-	-	-	-	-	-	6,302,224	5,519,844
Restricted	153,223,193	159,426,040	188,477,300	174,183,847	109,341,127	87,949,331	84,309,450	73,250,908	-	-
Committed	15,228,305	15,353,968	16,822,454	15,237,161	13,512,623	1,932,505	1,407,089	1,960,508	-	-
Assigned	134,902,781	124,078,614	79,535,242	121,015,146	82,922,005	45,297,103	43,019,813	62,694,509	-	-
Unassigned	(9,414,394)	(8,264,460)	(11,898,316)	(6,108,739)	(3,530,106)	(3,325,628)	(3,682,206)	-	-	-
Total all other governmental funds	\$ 293,939,885	\$ 290,594,162	\$ 272,936,680	\$ 304,327,415	\$ 202,245,649	\$ 131,853,311	\$ 125,054,146	\$ 137,905,925	\$ 109,112,543	\$ 154,145,510

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

	2018	2017	2016	2015
REVENUES				
General property taxes	\$ 720,718,221	\$ 698,622,818	\$ 668,195,251	\$ 659,894,834
Local income taxes	508,267,424	491,528,416	456,192,055	444,302,777
State shared taxes	11,624,829	11,694,607	12,092,354	11,270,543
Grants and aid	48,773,143	47,789,759	54,773,026	45,491,189
Recordation and transfer taxes	110,642,661	109,395,916	105,668,592	89,697,633
Local sales taxes	32,744,465	32,938,166	33,070,498	32,830,881
License and permit fees	18,132,998	17,148,374	18,617,749	17,333,180
Ambulance fees	11,833,040	11,985,658	11,387,538	11,060,278
Cable fees	11,056,998	11,560,846	11,329,610	11,088,708
Impact fees	35,651,712	24,587,197	33,651,125	26,322,325
Special community benefit taxes	8,471,575	8,429,687	8,202,160	7,451,077
Video lottery local impact grants	27,942,514	23,805,240	18,437,244	17,701,164
Watershed protection and restoration	21,665,866	21,821,801	21,058,386	16,925,138
Contributed capital	-	589,323	5,187,715	42,776,980
Investment income	6,560,442	1,983,519	4,933,509	2,261,163
Fees for services and other revenue	61,563,037	59,225,786	49,047,470	54,700,019
Total revenues	<u>1,635,648,925</u>	<u>1,573,107,113</u>	<u>1,511,844,282</u>	<u>1,491,107,889</u>
EXPENDITURES				
Current				
Education	874,498,215	756,618,157	770,323,479	764,212,446
Public safety	297,679,594	291,177,796	283,055,202	281,406,166
General government	139,055,913	113,861,353	67,831,167	77,157,430
Health and human services	76,011,931	78,503,626	76,012,320	72,578,279
Public works	51,848,700	46,309,768	51,788,360	49,310,052
Recreation and community services	60,745,723	57,791,422	55,341,217	53,354,539
Judicial	29,148,559	27,708,229	27,189,933	25,736,525
Code enforcement	14,046,524	14,206,639	13,149,060	13,096,270
Land use and development	8,613,192	11,234,169	11,541,521	10,610,682
Capital outlay	151,503,207	112,762,608	100,566,378	105,072,340
Debt service				
Interest payments on debt	54,487,265	53,916,572	53,433,347	47,526,274
Principal payments on debt	97,311,937	90,755,667	129,372,483	99,693,700
Interest payments on leases	-	15,210	13,619	11,654
Principal payments on leases	54,869	39,658	22,347	12,304
Total expenditures	<u>1,855,005,629</u>	<u>1,654,900,874</u>	<u>1,639,640,433</u>	<u>1,599,778,661</u>
Revenues over (under) expenditures	<u>(219,356,704)</u>	<u>(81,793,761)</u>	<u>(127,796,151)</u>	<u>(108,670,772)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	327,401,558	244,889,130	199,828,955	261,225,566
Transfers out	(327,401,558)	(244,889,130)	(199,828,955)	(261,225,566)
General obligation bonds issued	190,650,000	103,285,000	93,260,000	181,800,000
Bond anticipation notes issued	-	-	-	-
Payment of bond anticipation notes	-	-	-	-
National Business Park North bonds issued	-	-	-	-
Village South Waugh Chapel bonds issued	-	-	-	-
Installment purchase contracts issued	-	-	-	-
Proceeds from Federal and State Loans	-	-	-	4,937
Proceeds from capital leases	-	94,513	60,038	-
Proceeds from refunding issue	40,380,000	44,423,549	69,384,271	75,715,900
Premiums from sale of bonds	30,959,363	18,037,398	18,664,020	13,642,515
Premiums from the refunding of bonds	1,263,919	5,479,931	8,399,763	38,824,048
Transfers from (to) proprietary funds	946,137	1,170,804	(1,099,230)	8,782,112
Transfers from (to) component units	-	-	-	-
Transfers from (to) OPEB Trust	-	-	(70,877,624)	-
Reduction (increase) in lawsuit liability	-	-	-	-
Payments to escrow agent	(41,643,919)	(49,903,480)	(25,679,034)	(68,730,094)
Total other financing sources (uses)	<u>222,555,500</u>	<u>122,587,715</u>	<u>92,112,204</u>	<u>250,039,418</u>
Net change in fund balances	<u>\$ 3,198,796</u>	<u>\$ 40,793,954</u>	<u>\$ (35,683,947)</u>	<u>\$ 141,368,646</u>
Debt service as a percentage of noncapital expenditures	<u>8.7%</u>	<u>9.2%</u>	<u>11.3%</u>	<u>9.5%</u>

	2014	2013	2012	2011	2010	2009
\$	637,345,360	\$ 622,059,854	\$ 595,707,896	\$ 577,208,014	\$ 562,011,285	\$ 543,012,780
	435,870,098	407,582,398	394,480,856	369,341,731	355,787,451	364,527,636
	12,163,216	30,436,273	11,720,894	10,637,730	9,575,679	33,038,198
	43,872,560	49,240,293	52,827,290	52,762,415	51,292,124	67,315,877
	77,535,100	81,036,685	59,088,413	58,000,447	59,727,498	55,811,003
	31,516,775	32,689,945	32,258,227	32,405,559	31,681,511	33,269,235
	16,536,662	15,306,284	15,215,772	17,589,449	15,482,651	15,034,858
	5,238,016	3,940,989	6,044,441	7,155,171	5,570,992	1,382,000
	10,663,480	10,229,615	9,550,069	8,951,457	8,200,802	7,550,579
	25,983,661	16,166,890	20,113,165	9,469,099	4,077,383	5,330,130
	6,884,379	6,869,374	6,744,865	6,259,372	5,817,687	5,906,041
	18,924,230	-	-	-	-	-
	13,168,354	-	-	-	-	-
	-	-	-	-	-	-
	1,735,894	(968,161)	3,444,363	909,826	2,013,921	6,957,412
	48,035,826	54,335,032	45,507,123	49,302,325	46,888,388	44,576,740
	<u>1,385,473,611</u>	<u>1,328,925,471</u>	<u>1,252,703,374</u>	<u>1,199,992,595</u>	<u>1,158,127,372</u>	<u>1,183,712,489</u>
	707,187,203	707,731,777	667,863,748	697,648,532	663,520,201	684,489,224
	264,937,499	244,784,672	234,743,678	234,003,601	236,020,663	234,201,473
	85,244,783	79,706,211	78,732,889	81,803,707	78,041,900	90,919,568
	69,650,709	69,646,503	69,383,832	68,153,620	69,961,727	71,767,527
	48,748,016	38,840,446	38,088,334	38,773,730	54,424,790	38,773,907
	49,866,606	48,337,232	49,595,703	47,835,484	48,052,691	49,944,034
	25,423,827	23,339,079	22,399,505	22,388,457	23,042,510	22,605,782
	12,287,022	11,583,462	11,536,177	11,360,912	12,006,795	12,342,856
	9,432,737	9,014,094	9,320,020	9,500,229	9,728,506	9,459,637
	65,054,648	73,051,659	70,480,365	66,637,667	55,510,526	69,654,252
	43,344,484	40,313,826	39,736,712	37,380,700	32,281,174	31,481,880
	75,614,400	73,778,953	69,389,373	56,468,779	58,940,763	54,288,165
	13,662	2,008	3,526	4,950	6,282	5,524
	16,211	3,907	26,563	25,140	23,807	18,651
	<u>1,456,821,807</u>	<u>1,420,133,829</u>	<u>1,361,300,425</u>	<u>1,371,985,508</u>	<u>1,341,562,335</u>	<u>1,369,952,480</u>
	<u>(71,348,196)</u>	<u>(91,208,358)</u>	<u>(108,597,051)</u>	<u>(171,992,913)</u>	<u>(183,434,963)</u>	<u>(186,239,991)</u>
	185,144,585	122,899,386	76,229,704	94,470,013	182,952,661	120,205,586
	(185,144,585)	(122,899,386)	(76,229,704)	(94,470,013)	(182,952,661)	(120,205,586)
	122,300,000	116,000,000	98,900,000	117,500,000	139,025,000	113,300,000
	37,800,000	65,040,000	70,400,000	60,720,000	-	36,100,000
	(37,800,000)	(65,040,000)	(70,400,000)	(60,720,000)	(36,100,000)	(49,800,000)
	-	-	-	30,000,000	-	-
	-	-	-	16,000,000	-	-
	-	-	-	1,487,000	-	840,000
	168,488	-	91,035	1,022,164	814,509	911,212
	119,790	-	-	-	29,575	-
	38,860,000	-	73,085,000	-	32,610,000	-
	14,815,121	16,130,659	30,548,530	9,361,054	11,780,793	6,109,094
	4,414,478	-	-	-	-	-
	5,274,617	1,545,790	3,294,210	15,446,397	30,700,000	-
	-	-	-	10,426,000	-	-
	-	-	-	-	-	-
	-	-	(67,118)	5,386,644	-	-
	<u>(42,852,298)</u>	<u>-</u>	<u>(87,600,104)</u>	<u>-</u>	<u>(33,905,304)</u>	<u>-</u>
	<u>143,100,196</u>	<u>133,676,449</u>	<u>118,251,553</u>	<u>206,629,259</u>	<u>144,954,573</u>	<u>107,460,306</u>
\$	<u>71,752,000</u>	<u>42,468,091</u>	<u>9,654,502</u>	<u>34,636,346</u>	<u>(38,480,390)</u>	<u>(78,779,685)</u>
	<u>8.4%</u>	<u>8.4%</u>	<u>8.4%</u>	<u>7.1%</u>	<u>7.0%</u>	<u>6.5%</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				
2018	\$ 64,446,727	\$ 19,754,772	\$ 519,391	\$ 20,913	\$ 84,741,803	\$ 1,027,433	\$ 1,649,168	\$ 2,676,601	\$ 87,418,404	0.92	\$ 87,418,404	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%
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%
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%
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%
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%
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%
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%
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%
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%

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.					
2018	\$ 0.907	\$ 2.267	\$ 0.544	\$ 1.360	\$ 0.920	\$ 0.649	\$ 0.112	\$ 1.019	\$ 1.305
2017	0.915	2.287	0.548	1.370	0.930	0.649	0.112	1.027	1.309
2016	0.923	2.307	0.552	1.380	0.930	0.649	0.112	1.035	1.313
2015	0.943	2.357	0.564	1.410	0.950	0.649	0.112	1.055	1.325
2014	0.950	2.375	0.569	1.422	0.960	0.650	0.112	1.062	1.331
2013	0.941	2.352	0.564	1.410	0.960	0.640	0.112	1.053	1.316
2012	0.910	2.275	0.543	1.357	0.920	0.560	0.112	1.022	1.215
2011	0.880	2.200	0.525	1.312	0.890	0.530	0.112	0.992	1.167
2010	0.876	2.190	0.523	1.307	0.890	0.530	0.112	0.988	1.165
2009	0.888	2.220	0.530	1.325	0.900	0.530	0.112	1.000	1.172

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

2018			2009		
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	\$ 835,505,315	0.96%	Constellation Power Source Gen. Inc.	\$ 781,115,746	0.95%
Annapolis Mall LTD Partnership (Annapolis Mall)	505,720,533	0.58%	Baltimore Gas and Electric Company	571,063,184	0.69%
Arundel Mills Limited Partnership (Arundel Mills Mall)	440,069,493	0.50%	Annapolis Mall LTD Partnership (Annapolis Mall)	346,579,286	0.42%
Verizon	162,870,630	0.19%	Arundel Mills Limited Partnership (Arundel Mills Mall)	306,660,876	0.37%
PPE Casino Resorts Maryland LLC	307,369,520	0.35%	Verizon	257,648,940	0.31%
Annapolis Towne Center at Parole LLC	205,559,200	0.24%	TKL East (Marley Station Mall)	107,674,116	0.13%
Raven FS Property Holdings LLC	190,083,800	0.22%	Northrop Grumman Corp.	100,707,853	0.12%
Walmart Stores, Inc.	115,175,459	0.13%	Wal-mart Stores, Inc.	100,198,251	0.12%
WCS Properties Business Trust	121,722,819	0.14%	Annapolis Harbour Center Assoc. LLLP	78,238,600	0.09%
Comcast of Maryland, LLC	46,165,080	0.05%	MIE Cromwell Joint Venture LLP	78,020,203	0.09%
	<u>\$ 2,930,241,849</u>	<u>3.35%</u>		<u>\$ 2,727,907,055</u>	<u>3.31%</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
2018	\$ 719,780,692	\$ 718,630,145	99.84%	\$ -	\$ 718,630,145	99.84%
2017	691,541,813	690,363,926	99.83%	844,061	691,207,987	99.95%
2016	664,554,243	662,752,803	99.73%	1,629,135	664,381,938	99.97%
2015	660,178,876	651,873,246	98.74%	8,197,472	660,070,718	99.98%
2014	638,043,608	628,011,846	98.43%	9,951,698	637,963,544	99.99%
2013	619,955,595	618,157,426	99.71%	1,748,341	619,905,767	99.99%
2012	595,530,678	593,210,480	99.61%	2,272,843	595,483,323	99.99%
2011	577,037,468	563,622,256	97.68%	13,382,633	577,004,889	99.99%
2010	562,014,875	553,780,723	98.53%	8,206,400	561,987,123	100.00%
2009	542,257,507	540,376,837	99.65%	1,795,186	542,172,023	99.98%

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			
2018	\$ 1,292,667	\$ -	\$ 73,700	\$ 2,527	\$ 24	\$ 13,525	\$ 1,382,443	\$ 729,593	\$ -	\$ 2,112,036	5.61%	\$ 3,657
2017	1,175,582	-	81,130	2,767	79	13,545	1,273,103	682,152	-	1,955,255	5.47%	3,397
2016	1,159,243	-	83,125	3,101	96	13,565	1,259,130	638,133	-	1,897,263	5.45%	3,338
2015	1,136,729	-	84,860	3,398	37	13,585	1,238,609	615,297	-	1,853,906	5.42%	3,288
2014	1,004,487	-	86,440	3,730	49	13,605	1,108,311	527,263	-	1,635,574	4.97%	2,921
2013	946,045	-	90,815	3,888	4	13,625	1,054,377	458,645	-	1,513,022	4.77%	2,722
2012	892,512	-	93,155	4,215	8	13,645	1,003,535	424,450	-	1,427,985	4.54%	2,593
2011	842,456	-	95,330	4,804	34	13,665	956,289	409,566	2,200	1,368,055	4.51%	2,510
2010	774,098	-	51,020	4,439	60	12,198	841,815	371,399	-	1,213,214	4.24%	2,250
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

(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)
2018	\$ 2,095,960	2.40%	\$ 3,629
2017	1,938,863	2.31%	3,369
2016	1,880,501	2.34%	3,309
2015	1,836,886	2.36%	3,258
2014	1,618,190	2.12%	2,890
2013	1,495,504	1.95%	2,690
2012	1,410,117	1.77%	2,561
2011	1,347,352	1.59%	2,472
2010	1,196,517	1.37%	2,219
2009	1,078,110	1.31%	2,025

(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, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
City of Annapolis	\$ 161,131,192	100.00%	\$ 161,131,192
Subtotal overlapping debt			<u>161,131,192</u>
Anne Arundel County direct debt			<u>1,382,442,974</u>
Total direct and overlapping debt			<u><u>\$ 1,543,574,166</u></u>

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assessed value										
Real property	\$ 84,741,803	\$ 81,206,409	\$ 78,154,218	\$ 75,746,986	\$ 74,302,152	\$ 74,265,956	\$ 77,289,434	\$ 82,238,131	\$ 84,417,167	\$ 79,621,385
Personal and operating real property	2,676,602	2,597,018	2,278,129	2,184,577	2,191,220	2,582,018	2,554,619	2,643,202	2,736,910	2,753,604
Total assessed value	<u>87,418,405</u>	<u>83,803,427</u>	<u>80,432,347</u>	<u>77,931,563</u>	<u>76,493,372</u>	<u>76,847,974</u>	<u>79,844,053</u>	<u>84,881,333</u>	<u>87,154,077</u>	<u>82,374,989</u>
Legal debt margin										
Debt limit (5.2% of assessed value of real property, 13% for fiscal years 2001 and prior)	4,406,574	4,222,733	4,064,019	3,938,843	3,863,712	3,861,830	4,019,051	4,276,383	4,389,693	4,140,312
Debt limit (13% of assessed value of personal and operating real property)	347,958	337,613	296,157	283,995	284,859	335,662	332,101	343,616	355,798	357,969
Total debt limit	<u>4,754,532</u>	<u>4,560,346</u>	<u>4,360,176</u>	<u>4,222,838</u>	<u>4,148,571</u>	<u>4,197,492</u>	<u>4,351,151</u>	<u>4,619,999</u>	<u>4,745,491</u>	<u>4,498,281</u>
Debt applicable to limit:										
General obligation bonds (1)	1,088,656	997,364	982,412	984,949	916,204	875,042	830,134	805,528	742,132	660,269
Bonded debt for WPRF projects (1)	55,216	44,448	46,688	33,825	7,300	-	-	-	-	-
Bonded debt for solid waste projects (1)	37,228	33,888	32,920	33,881	28,491	26,028	28,111	27,907	21,163	17,721
Installment Purchase Agreements (1)	13,525	13,545	13,565	13,585	13,605	13,625	13,645	13,665	12,198	12,218
Tax Increment Bonds (1)	73,700	81,130	83,125	84,860	86,440	90,815	93,155	95,330	51,020	52,170
Bond anticipation notes (2)	-	-	-	-	-	-	-	2,200	-	39,600
Total debt applicable to limit	<u>1,268,325</u>	<u>1,170,375</u>	<u>1,158,710</u>	<u>1,151,100</u>	<u>1,052,040</u>	<u>1,005,510</u>	<u>965,045</u>	<u>944,630</u>	<u>826,513</u>	<u>781,978</u>
Legal debt margin	<u>\$ 3,486,207</u>	<u>\$ 3,389,971</u>	<u>\$ 3,201,466</u>	<u>\$ 3,071,738</u>	<u>\$ 3,096,531</u>	<u>\$ 3,191,982</u>	<u>\$ 3,386,106</u>	<u>\$ 3,675,369</u>	<u>\$ 3,918,978</u>	<u>\$ 3,716,303</u>
Total debt applicable to the limit as a percentage of debt limit	<u>26.68%</u>	<u>25.66%</u>	<u>26.57%</u>	<u>27.26%</u>	<u>25.36%</u>	<u>23.96%</u>	<u>22.18%</u>	<u>20.45%</u>	<u>17.42%</u>	<u>17.38%</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	
2018	\$ 96,827	\$ 92,229	\$ 4,598	\$ 30,655	\$ 26,527	0.08	\$ 54,339	\$ 47,849	\$ 6,491	\$ 1,860	\$ 1,799	1.77
2017	95,380	86,703	8,676	30,141	13,424	0.20	53,163	45,062	8,101	3,348	764	1.97
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
2015	93,904	78,084	15,819	26,514	8,339	0.45	50,786	46,396	4,390	2,356	900	1.35
2014	97,087	80,622	16,465	24,779	7,691	0.51	51,246	46,294	4,952	2,138	861	1.65
2013	91,264	75,674	15,590	23,164	7,195	0.51	51,140	43,383	7,757	2,083	336	3.21
2012	95,633	74,888	20,745	21,789	7,440	0.71	53,224	45,731	7,493	2,000	206	3.40
2011	89,182	71,602	17,580	19,568	7,433	0.65	48,083	46,267	1,816	1,456	253	1.06
2010	88,153	71,998	16,155	19,379	6,294	0.63	44,300	43,358	942	1,513	302	0.52
2009	83,291	74,931	8,360	20,891	6,154	0.31	45,292	44,757	535	2,354	806	0.17

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	
2018	\$ 47,851	\$ 1,438	\$ 46,413	\$ 2,240	\$ 4,185	7.22	\$ 592	\$ 0	\$ 592	\$ 20	\$ 724	0.80
2017	47,908	1,678	46,230	1,995	4,233	7.42	-569	0	-569	20	725	-0.76
2016	39,206	957	38,249	1,735	4,271	6.37	2,443	0	2,443	20	726	3.27
2015	37,290	146	37,144	1,580	3,720	7.01	1,850	0	1,850	20	727	2.48
2014	33,562	639	32,923	1,430	3,105	7.26	1,262	0	1,262	20	728	1.69
2013	32,211	928	31,283	2,340	2,472	6.50	67	750	-683	20	729	-0.91
2012	27,929	1,073	26,856	2,175	2,382	5.89	3,991	0	3,991	20	724	5.36
2011	27,428	1,074	26,354	1,690	2,462	6.35	961	194	767	20	664	1.12
2010	24,354	1,057	23,297	1,150	2,522	6.34	1,473	0	1,473	20	663	2.16
2009	22,087	1,151	20,936	915	2,570	6.01	413	5	408	20	661	0.60

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>
2018	577,554	\$ 37,625,454	\$ 65,146	84,547	3.7
2017	573,235	36,541,240	63,746	82,777	3.6
2016	568,916	35,467,026	62,341	81,397	3.7
2015	564,390	34,352,318	60,866	80,387	4.4
2014	560,452	32,884,533	58,675	79,518	5.1
2013	556,007	31,689,181	56,994	78,500	5.8
2012	550,636	31,434,076	57,087	77,770	6.1
2011	544,973	30,349,938	55,691	76,303	6.4
2010	539,234	28,592,771	53,025	75,481	6.9
2009	532,395	27,804,975	52,226	74,782	6.4

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

2018			2009		
<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	13.30%	Ft. George G. Meade	36,209	9.99%
Anne Arundel County Public Schools	14,000	3.47%	Anne Arundel Co. Public Schools	14,000	3.86%
State of Maryland	12,132	3.00%	BWI Thurgood Marshall Airport	9,859	2.72%
BWI Thurgood Marshall Airport	9,717	2.40%	State of Maryland	9,082	2.50%
Northrop Grumman Corp.	7,725	1.91%	Northrop Grumman Corp.	8,000	2.21%
Anne Arundel County Government	5,190	1.28%	Anne Arundel County Government	4,163	1.15%
Anne Arundel Health System	4,000	0.99%	Southwest Airlines	3,200	0.88%
Southwest Airlines	3,500	0.87%	Anne Arundel Health System	2,800	0.77%
Maryland Live! Casino	3,000	0.74%	Baltimore Washington Medical Center	2,650	0.73%
Univ. of MD Baltimore Washington Medical Center	2,901	0.72%	U.S. Naval Academy	2,340	0.65%
	<u>115,898</u>	<u>28.69%</u>		<u>92,303</u>	<u>25.45%</u>

Sources: Anne Arundel Economic Development Corporation, the Maryland State Data Center, and the U.S. Department of Commerce - Bureau of Economic Analysis.

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

Function	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General government	521	511	502	500	500	489	496	501	519	530
Public safety										
Police	992	975	965	951	919	909	895	892	894	938
Fire	922	908	901	901	780	785	855	855	859	861
Detention center	395	397	398	398	398	398	399	402	408	412
Health and human services	154	158	158	158	158	159	161	174	176	177
Public works	297	298	307	308	309	270	270	282	289	309
Recreation and community services	95	92	87	87	87	87	90	98	104	112
Judicial	286	281	277	270	272	269	269	270	272	272
Code enforcement	160	159	155	156	155	154	154	162	166	177
Land use and development	75	75	78	80	81	79	81	82	84	88
Water and wastewater	380	380	380	378	376	350	350	350	350	351
Solid waste	90	90	90	90	88	88	87	87	87	85
Child care	9	9	9	9	9	9	9	9	9	9
Total	<u>4,376</u>	<u>4,333</u>	<u>4,307</u>	<u>4,286</u>	<u>4,132</u>	<u>4,046</u>	<u>4,116</u>	<u>4,164</u>	<u>4,217</u>	<u>4,321</u>

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

Function/program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police										
Physical arrests	12,946	14,126	14,375	13,788	14,725	14,477	16,914	19,165	19,056	20,151
Parking violations	2,906	2,429	1,545	1,715	3,338	3,828	3,081	4,318	3,755	4,103
Traffic violations	177,049	172,259	159,213	149,416	152,663	171,849	102,374	152,484	141,308	120,229
Fire										
Emergency responses	86,862	85,061	81,040	71,844	69,053	75,407	72,075	73,071	72,946	66,170
Inspections	10,829	12,656	9,062	10,268	10,729	10,584	11,540	11,032	10,700	12,075
Streets and highways										
Resurfacing (miles)	63.6	93.0	70.7	54.0	54.0	57.0	60.0	57.7	48.0	59.1
Recreation and community services										
Facility use applications	6,234	7,331	5,036	6,162	6,158	6,233	6,451	6,451	6,619	6,553
Water										
New water connections	1,000	1,671	1,972	1,229	1,126	694	712	743	871	752
Water main breaks	168	221	227	236	255	207	196	178	255	192
Average daily water consumption (thousands of gallons)	32,400	33,650	33,067	33,333	34,105	36,900	35,503	33,478	34,624	36,992
Number of customers	115,494	114,494	112,917	111,466	110,165	108,760	107,721	107,004	106,208	105,377
Wastewater										
Average daily sewage treatment (thousands of gallons)	30,386	28,859	31,442	31,568	32,468	31,086	32,399	31,173	33,800	30,564
Number of customers	123,653	122,603	120,981	119,499	118,154	116,801	115,817	115,129	114,342	113,413
Solid waste										
Trash collected (tons per year)	222,822	205,604	199,116	185,817	182,148	182,992	191,842	191,481	193,478	201,980
Recyclables collected (tons per year)	136,912	143,890	136,831	135,648	132,509	145,301	140,174	143,861	141,750	125,380
Child care										
Enrollment	3,134	3,087	2,903	2,842	2,417	2,175	2,337	2,337	2,150	2,148

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

Function/program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety										
Police										
Stations	12	12	12	12	12	12	12	12	12	12
Patrol units (vehicles)	545	505	500	500	500	492	487	487	487	487
Fire										
County owned stations	20	20	20	20	20	19	19	19	19	19
Volunteer stations	11	11	11	11	11	12	12	12	12	12
Pumpers/tankers	65	63	60	58	66	59	59	65	65	65
Ladder trucks	22	23	23	23	23	22	22	23	23	23
Paramedic units	43	43	43	44	43	42	42	41	41	41
Streets and highways										
Streets (miles)	1,811	1,806	1,802	1,819	1,819	1,814	1,776	1,772	1,772	1,768
Streetlights	39,173	39,301	39,046	38,858	38,549	38,054	37,660	37,583	37,375	37,105
Traffic signals	222	219	216	207	205	195	193	187	186	178
Recreation and community services										
Open space acreage	4,722	4,991	4,991	4,990	4,982	4,976	5,053	4,579	3,837	3,621
Playgrounds and Parks acreage	7,542	7,329	7,329	7,319	7,318	7,242	7,158	6,952	6,952	6,928
Parks *										
Playgrounds	68	70	69	67	67	66	64	64	64	62
Baseball/softball fields	197	213	215	216	213	213	237	237	237	236
Football fields	97	104	99	97	98	98	118	118	118	118
Basketball courts	84	84	83	76	77	76	70	70	70	70
Tennis courts	53	53	54	54	54	54	64	64	64	64
Water										
Water mains (miles)	1,412	1,407	1,388	1,387	1,377	1,366	1,362	1,357	1,412	1,365
Water treatment plants	12	12	12	12	12	13	13	13	13	13
Wastewater										
Maximum daily treatment capacity (thousands of gallons)	46,830	46,640	46,640	46,615	46,615	46,615	46,615	46,615	46,615	46,615
Wastewater mains (miles)	1,472	1,472	1,446	1,445	1,442	1,432	1,418	1,401	1,459	1,440
Wastewater treatment plants	6	7	7	7	7	7	7	7	7	7
Wastewater pumping stations	262	259	258	257	257	253	251	249	249	252

* Note: In fiscal year 2013 recreation park facilities new database to meet certain State

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