NEW ISSUES

Fitch Ratings: AA+
Moody's Investors Service: Aa1
Standard & Poor's Ratings Services: AAA

$380,815,000
ANNE ARUNDEL COUNTY, MARYLAND
General Obligation Bonds

$191,400,000 Consolidated General Improvements Series, 2015
$77,600,000 Consolidated Water and Sewer Series, 2015
$61,205,000 Consolidated General Improvements Series, 2015 Refunding Series
$34,875,000 Consolidated Water and Sewer Series, 2015 Refunding Series
$15,735,000 Consolidated Golf Course Projects Series, 2015 Refunding Series

Dated: Date of Delivery **Due: As shown on the inside front cover**

The Bonds will be issued in book-entry form. Purchases of the Bonds will be in the denomination of $5,000 each or any integral multiple thereof. The Bonds will bear interest from the date of delivery, and interest on the Bonds will be payable on October 1 and April 1, commencing October 1, 2015. The Bonds will mature on April 1 in the years and in the amounts set forth on the inside cover of this Official Statement.

The Consolidated General Improvements Series, 2015 and the Consolidated Water and Sewer Series, 2015 (collectively, the "Construction Bonds") and the Consolidated General Improvements Series, 2015 Refunding Series, the Consolidated Water and Sewer Series, 2015 Refunding Series and the Consolidated Golf Course Projects Series, 2015 Refunding Series (collectively, the "Refunding Bonds" and together with the Construction Bonds, the "Bonds") are general obligations of Anne Arundel County, Maryland (the "County") for the payment of which the County's full faith and credit and taxing power are irrevocably pledged; however, the Bonds are subject to the limitation on the taxing power set forth in Section 710(d) of the County Charter (See "THE BONDS - Security for and Sources of Payment of the Bonds").

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as set forth in "THE BONDS - Redemption" herein.

In the opinion of McKennon Shelton & Henn LLP, Bond Counsel, (i) under existing statutes, regulations and decisions, the Construction Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale and exchange, shall be exempt from taxation of any kind by the State of Maryland any of its political subdivisions or any other public entity; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Construction Bonds or the interest thereon; (ii) under existing law, interest on the Refunding Bonds and profit realized from the sale or exchange of the Refunding Bonds will be exempt from State of Maryland income taxation; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Refunding Bonds or the interest thereon and (iii) assuming compliance with certain covenants describe herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations and decisions. As described herein under "THE BONDS -Tax Matters", interest earned on the Bonds, for federal income tax purposes, may be included in the calculation of a corporation's alternative minimum taxable income and will be subject to the branch profits tax imposed on foreign corporations.

The Bonds are offered when, as and if issued, subject to the delivery of the Bonds and the approving opinions of McKennon Shelton & Henn LLP, Bond Counsel, and other conditions specified in the official Notices of Sale. The Bonds in definitive form will be available for delivery in New York, New York through the facilities of the Depository Trust Company and certain closing documents will be available for delivery in Baltimore, Maryland on or about April 8, 2015, or at such time or place as shall be mutually agreed upon by the County and the successful bidders for the Bonds.

The date of this Official Statement is March 25, 2015

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS OR PRICES

$191,400,000 Consolidated General Improvements Series, 2015

Maturing April 1	Principal Amount	Interest Rate	Yield	CUSIP**	Maturing April 1	Principal Amount	Interest Rate	Yield	CUSIP**
2016	$100,000	5.00%	0.200%	03588H JW7	2026	$7,655,000	5.00%	2.130%*	03588H KG0
2017	12,750,000	5.00	0.490	03588H JX5	2027	7,655,000	5.00	2.250*	03588H KH8
2018	12,750,000	5.00	0.840	03588H JY3	2028	7,655,000	5.00	2.370*	03588H KJ4
2019	12,750,000	5.00	1.090	03588H JZ0	2029	7,655,000	5.00	2.450*	03588H KK1
2020	12,750,000	5.00	1.280	03588H KA3	2030	7,655,000	5.00	2.520*	03588H KL9
2021	12,750,000	5.00	1.440	03588H KB1	2031	7,655,000	5.00	2.560*	03588H KM7
2022	12,750,000	5.00	1.660	03588H KC9	2032	7,655,000	5.00	2.590*	03588H KN5
2023	12,750,000	5.00	1.810	03588H KD7	2033	7,655,000	5.00	2.630*	03588H KP0
2024	12,750,000	5.00	1.940	03588H KE5	2034	7,655,000	5.00	2.670*	03588H KQ8
2025	12,750,000	5.00	2.040	03588H KF2	2035	7,655,000	5.00	2.700*	03588H KR6

$77,600,000 Consolidated Water and Sewer Series, 2015

Maturing April 1	Principal Amount	Interest Rate	Yield	CUSIP**	Maturing April 1	Principal Amount	Interest Rate	Yield	CUSIP**
2016	$2,590,000	5.00%	0.200%	03588H KS4	2026	$2,585,000	5.00%	2.130%*	03588H LC8
2017	2,590,000	5.00	0.500	03588H KT2	2027	2,585,000	5.00	2.250*	03588H LD6
2018	2,590,000	5.00	0.840	03588H KU9	2028	2,585,000	5.00	2.370*	03588H LE4
2019	2,590,000	5.00	1.090	03588H KV7	2029	2,585,000	5.00	2.450*	03588H LF1
2020	2,590,000	5.00	1.280	03588H KW5	2030	2,585,000	5.00	2.520*	03588H LG9
2021	2,590,000	5.00	1.440	03588H KX3	2031	2,585,000	5.00	2.560*	03588H LH7
2022	2,590,000	5.00	1.660	03588H KY1	2032	2,585,000	5.00	2.590*	03588H LJ3
2023	2,590,000	5.00	1.810	03588H KZ8	2033	2,585,000	5.00	2.630*	03588H LK0
2024	2,590,000	5.00	1.940	03588H LA2	2034	2,585,000	5.00	2.670*	03588H LL8
2025	2,590,000	5.00	2.040	03588H LB0	2035	2,585,000	5.00	2.700*	03588H LM6

$12,925,000 5.00% Term Bonds due April 1, 2040 Price 119.232% to Yield 2.780%*, CUSIP** 03588H LN4
$12,925,000 5.00% Term Bonds due April 1, 2045 Price 118.944% to Yield 2.810%*, CUSIP** 03588H LP9

$61,205,000 Consolidated General Improvements Series, 2015 Refunding Series

Maturing April 1	Principal Amount	Interest Rate	Yield	CUSIP**	Maturing April 1	Principal Amount	Interest Rate	Yield	CUSIP**
2016	$1,645,000	5.00%	0.240%	03588H GY6	2022	$6,385,000	5.00%	1.660%	03588H HE9
2017	2,615,000	5.00	0.500	03588H GZ3	2023	6,400,000	5.00	1.810	03588H HF6
2018	2,585,000	5.00	0.840	03588H HA7	2024	6,415,000	5.00	1.940	03588H HG4
2019	6,380,000	5.00	1.090	03588H HB5	2025	6,425,000	5.00	2.040	03588H HH2
2020	6,380,000	5.00	1.280	03588H HC3	2026	6,435,000	5.00	2.130*	03588H HJ8
2021	6,395,000	5.00	1.440	03588H HD1	2027	3,145,000	5.00	2.250*	03588H HK5

$34,875,000 Consolidated Water and Sewer Series, 2015 Refunding Series

Maturing April 1	Principal Amount	Interest Rate	Yield	CUSIP**	Maturing April 1	Principal Amount	Interest Rate	Yield	CUSIP**
2016	$670,000	5.00%	0.290%	03588H HL3	2027	$1,890,000	5.00%	2.250%*	03588H HX7
2017	435,000	5.00	0.500	03588H HM1	2028	1,890,000	5.00	2.370*	03588H HY5
2018	425,000	5.00	0.840	03588H HN9	2029	1,895,000	5.00	2.450*	03588H HZ2
2019	1,885,000	5.00	1.090	03588H HP4	2030	1,900,000	5.00	2.520*	03588H JA5
2020	1,880,000	5.00	1.280	03588H HQ2	2031	1,905,000	5.00	2.560*	03588H JB3
2021	1,880,000	5.00	1.440	03588H HR0	2032	1,905,000	5.00	2.590*	03588H JC1
2022	1,880,000	5.00	1.660	03588H HS8	2033	1,910,000	5.00	2.630*	03588H JD9
2023	1,885,000	5.00	1.810	03588H HT6	2034	1,915,000	5.00	2.670*	03588H JE7
2024	1,885,000	5.00	1.940	03588H HU3	2035	1,920,000	5.00	2.700*	03588H JF4
2025	1,890,000	5.00	2.040	03588H HV1	2036	1,140,000	5.00	2.730*	03588H JG2
2026	1,890,000	5.00	2.130*	03588H HW9					

$15,735,000 Consolidated Golf Course Projects Series, 2015 Refunding Series

Maturing April 1	Principal Amount	Interest Rate	Yield	CUSIP**	Maturing April 1	Principal Amount	Interest Rate	Yield	CUSIP**
2016	$905,000	5.00%	0.290%	03588H JH0	2023	$1,250,000	5.00%	1.810%	03588H JQ0
2017	930,000	5.00	0.500	03588H JJ6	2024	1,310,000	5.00	1.940	03588H JR8
2018	980,000	5.00	0.840	03588H JK3	2025	1,380,000	5.00	2.040	03588H JS6
2019	1,030,000	5.00	1.090	03588H JL1	2026	1,440,000	5.00	2.130*	03588H JT4
2020	1,080,000	5.00	1.280	03588H JM9	2027	1,520,000	5.00	2.250*	03588H JU1
2021	1,135,000	5.00	1.440	03588H JN7	2028	1,590,000	5.00	2.370*	03588H JV9
2022	1,185,000	5.00	1.660	03588H JP2					

The interest rates shown above are the interest rates payable by the County resulting from the successful bid for the Bonds on March 25, 2015. The prices or yields shown above were furnished by the successful bidders for the Bonds. Other information concerning the terms of reoffering of the Bonds should be obtained from the successful bidders, and not from Anne Arundel County, Maryland. See "THE BONDS – Sale at Competitive Bidding."

*** Priced to April 1, 2025 call date.**

** CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by Standard & Poor's CUSIP Service Bureau, division of The McGraw-Hill Companies, Inc. that is not affiliated with the County and the County is not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products. The County has not agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the assigned CUSIP numbers set forth above. The use of CUSIP numbers in this Official Statement is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau.

ANNE ARUNDEL COUNTY, MARYLAND

Certain Elected Officials

COUNTY EXECUTIVE
Steven R. Schuh

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

Certain Appointed Officials

Acting Chief Administrative Officer - John R. Hammond
Controller - Julie Mussog
Budget Officer - John R. Hammond
County Attorney - Nancy Duden
County Auditor - Teresa O. Sutherland (appointed by County Council)

BOND COUNSEL
McKennon Shelton & Henn LLP
Baltimore, Maryland

FINANCIAL ADVISOR
Public Resources Advisory Group
New York, New York

BOND REGISTRAR,
PAYING AGENT,
ESCROW DEPOSIT AGENT
U.S. Bank National Association
Richmond, Virginia

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No dealer, broker, salesman or other person has been authorized by the County or the successful bidders for the Bonds to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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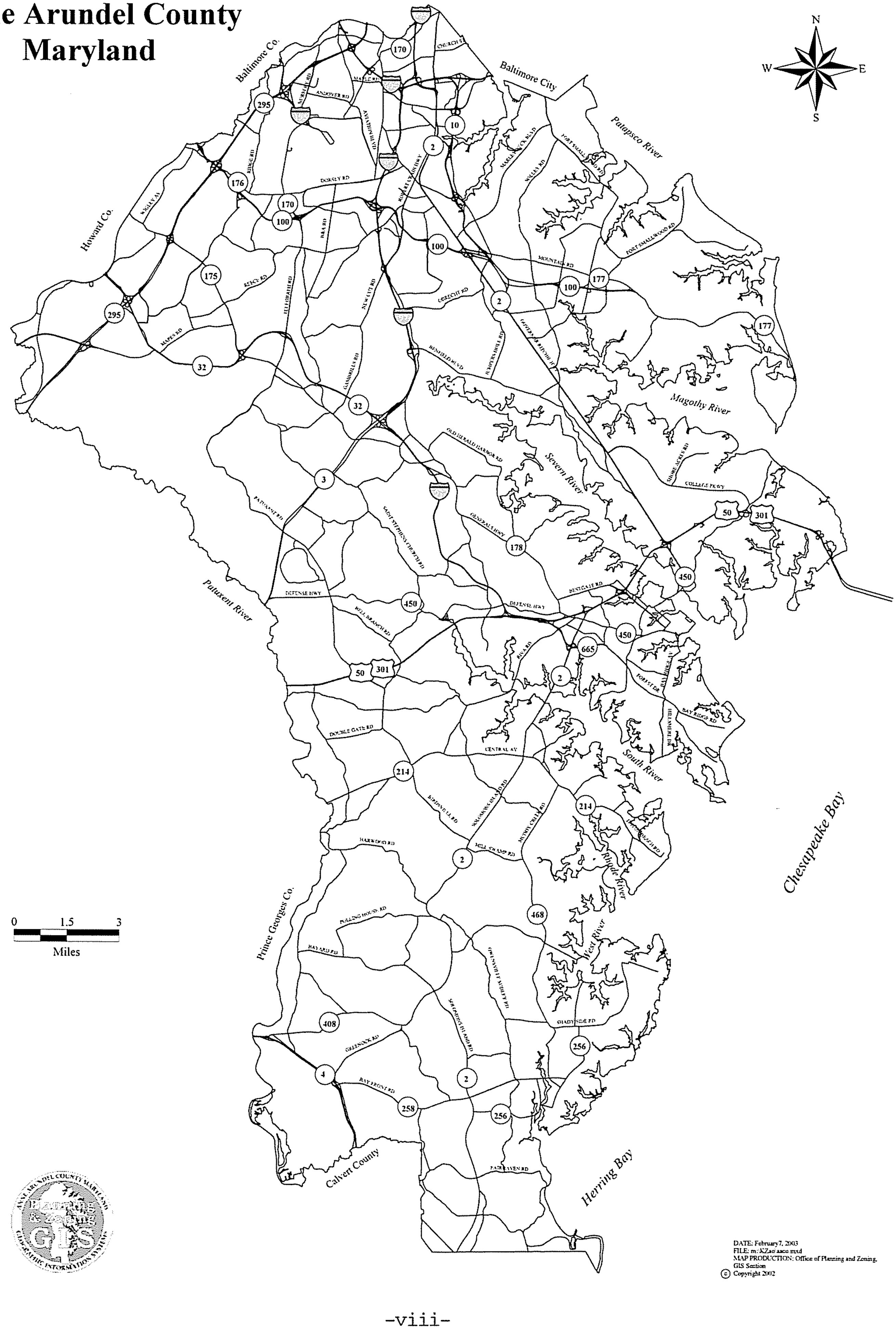
This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Bonds.

All quotations from and summaries and explanations of provisions of law and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of these provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implications that there has been no change in the affairs of the County since the respective dates as of which information is given herein. The information set forth herein has been obtained from the County and other sources that are deemed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the successful bidders for the Bonds.

The Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the County and financial results could cause actual results to differ materially from those stated in the forward-looking statements. The County does not plan to issue any updates or revisions to the forward-looking statements.

Anne Arundel County
Maryland



ANNE ARUNDEL COUNTY, MARYLAND
OFFICIAL STATEMENT

$380,815,000
GENERAL OBLIGATION BONDS

$191,400,000 Consolidated General Improvements Series, 2015
$77,600,000 Consolidated Water and Sewer Series, 2015
$61,205,000 Consolidated General Improvements Series, 2015 Refunding Series
$34,875,000 Consolidated Water and Sewer Series, 2015 Refunding Series
$15,735,000 Consolidated Golf Course Projects Series, 2015 Refunding Series

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SECTION ONE: INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information with respect to the issuance by Anne Arundel County, Maryland (the "County" or "Anne Arundel County") of its $380,815,000 aggregate principal amount of General Obligation Bonds, consisting of $191,400,000 Consolidated General Improvements Series, 2015 (the "Consolidated General Improvements Construction Bonds"), $61,205,000 Consolidated General Improvements Series, 2015 Refunding Series (the "Consolidated General Improvements Refunding Bonds" and together with the Consolidated General Improvements Construction Bonds, the "Consolidated General Improvements Bonds"), $77,6000,000 Consolidated Water and Sewer Series, 2015 (the "Consolidated Water and Sewer Construction Bonds"), $34,875,000 Consolidated Water and Sewer Series, 2015 Refunding Series (the "Consolidated Water and Sewer Refunding Bonds" and together with the Consolidated Water and Sewer Construction Bonds, the "Consolidated Water and Sewer Bonds") and $15,735,000 Consolidated Golf Course Projects Series, 2015 Refunding Series (the "Consolidated Golf Course Refunding Bonds"). The Consolidated General Improvements Bonds, the Consolidated Water and Sewer Bonds and the Consolidated Golf Course Refunding Bonds are together referred to herein as the "Bonds". The Consolidated General Improvements Refunding Bonds, the Consolidated Water and Sewer Refunding Bonds and the Consolidated Golf Course Refunding Bonds are together referred to herein as the "Refunding Bonds". The Consolidated General Improvements Construction Bonds and the Consolidated Water and Sewer Construction Bonds are together referred to herein as the "Construction Bonds".

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

The County

The County is a political subdivision of the State of Maryland, 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 County has been under home rule charter since 1965. For more complete information, see "ECONOMIC AND DEMOGRAPHIC INFORMATION - Description and Government" herein.

Sources of Payment of the Bonds

The Bonds are general obligations of the County for the payment of which the County's full faith and credit and taxing power are irrevocably pledged, subject to the limitation on the taxing power set forth in Section 710(d) ofthe County Charter (the "Charter" or the "County Charter"). See "THE BONDS - Security for and Sources of Payment of the Bonds" herein.

The maturing principal of and interest on the Consolidated General Improvements Bonds will be paid from time to time, as and when due, from the funds in the hands of the County realized from the collection of ad valorem taxes on real estate, tangible personal property and intangible personal property subject to taxation by the County. The County has covenanted that, to the extent that the required appropriation for debt service on the Consolidated General Improvements Bonds is not offset by funds from other sources, it will, subject to the limitation on the taxing power set forth in Section 710(d) of the County Charter, fund any such appropriation by the levy of ad valorem taxes on real estate, tangible personal property and intangible personal property subject to taxation by the County, and in addition, upon such other intangible property as may be subject to taxation by the County within the limitations prescribed by law.

The maturing principal of and interest on the Consolidated Water and Sewer Bonds will be paid from time to time, as and when due, from the funds in the hands of the County realized from the net revenues of the projects for which such bonds are issued, or the utilities for which these improvements are a part. The County has covenanted to fix and collect rates, charges and assessments sufficient to pay the cost of operations, maintenance, and debt service. In the event of a deficiency of such funds, the County has further covenanted that it will, subject to the limitation on the tax levy set out in Section 710(d) of the County Charter, fund any required appropriation by the levy of ad valorem taxes on real estate, tangible personal property and intangible personal property subject to taxation by the County, and in addition, upon such other intangible property as may be subject to taxation by the County within limitations prescribed by law.

The maturing principal of and interest on the Consolidated Golf Course Refunding Bonds will be paid from time to time, as and when due, from the funds in the hands of the County realized from the net revenues of the projects for which such bonds are issued. In the event of a deficiency of such funds from the net revenues and receipts from such revenue producing projects, for the purpose of meeting the principal on and interest of the Consolidated Golf Course Refunding Bonds the County has further covenanted that it will, subject to the limitation on the tax levy set out in Section 710(d) of the County Charter, fund any required appropriation by the levy of ad valorem taxes on real estate, tangible personal property and intangible personal property subject to taxation by the County, and in addition, upon such other intangible property as may be subject to taxation by the County within limitations prescribed by law. (See “THE BONDS - Security for and Sources of Payment of the Bonds” for more complete and detailed information).

Purpose of the Bonds

Construction Program

The proceeds of the Construction Bonds will be used to provide new funding for general improvements in the amount of $191,400,000 and water and sewer improvements in the amount of $77,600,000. The proceeds of the new funding will be used to pay for general county, storm drains, watershed protection and restoration, education, police and fire, roads and bridges, community college, recreation & parks, waterway improvements, waste management, and water and wastewater improvements. For more complete information, see “THE BONDS - Application of Proceeds of Construction Bonds” herein.

Refunding Program

The Refunding Bonds are being issued for the purpose of refunding certain outstanding bonds of the County. For more complete information regarding the refunding of such bonds, see “THE BONDS - Refunding Program” herein.

Denominations

The Bonds will be issued in denominations of $5,000 each or any integral multiple thereof.

Book-Entry Only System

The Depository Trust Company ("DTC") will act as the securities depository for the Bonds. The Bonds will be issued on a book-entry only basis (See "THE BONDS - Book-Entry Only System - General"). Beneficial Owners (defined herein) will not receive certificates representing their ownership interest in the Bonds except in the event of termination of the book-entry only system (See "THE BONDS - Termination of Book-Entry Only System").

Payments

Principal and interest payments on the Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the Bonds. Payments by Direct Participants and Indirect Participants (each as defined herein) to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name."

For a more complete description of the Bonds, see "THE BONDS," herein.

Tax Matters

In the opinion of McKennon Shelton & Henn LLP, Bond Counsel, (i) under existing statutes, regulations and decisions the Construction Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt from taxation of any kind by the State of Maryland, any of its political subdivisions, or any other public entity; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Construction Bonds or interest thereon; (ii) under existing law, interest on the Refunding Bonds and profit realized from the sale or exchange of the Refunding Bonds will be exempt from State of Maryland Income taxation; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Refunding Bonds or the interest thereon and (iii) assuming compliance with certain covenants describe herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations and decisions. As described herein under "THE BONDS - Tax Matters", interest earned on the Bonds, for federal income tax purposes, may be included in the calculation of a corporation's alternative minimum taxable income and will be subject to the branch profits tax imposed on foreign corporations.

Professionals Involved in the Offering

U.S. Bank National Association, Richmond, Virginia, will act as paying agent, bond registrar and escrow deposit agent and Public Resources Advisory Group, New York, New York, will act as the County's Financial Advisor with respect to the Bonds. All proceedings in connection with the issuance of the Bonds are subject to the approval of McKennon Shelton & Henn LLP, Bond Counsel. The County's financial statements, included in APPENDIX A hereto, have been audited by CliftonLarsonAllen, LLP, independent public accountants, Baltimore, Maryland. The mathematical accuracy of certain computations relating to the Refunded Bonds (as defined herein) was verified by Precision Analytics Inc./Samuel Klein and Company, CPA's. For more information concerning the above mentioned professionals, see "THE BONDS - Approval of Legal Matters," "THE BONDS - Financial Advisor," "THE BONDS - Independent Public Accountants" and "THE BONDS - Verification of Mathematical Computations" herein.

Authorization

The Construction Bonds are issued pursuant to the authority of Section 10-203 of the Local Government Article of the Annotated Code of Maryland and the Refunding Bonds are issued pursuant to the authority of Sections 10-203 and 19-207, respectively, of the Local Government Article of the Annotated Code of Maryland. The Construction Bonds and Refunding Bonds are also issued pursuant to the County Charter and in accordance with the Authorizing Ordinance (defined herein). For more complete information, see "THE BONDS - Authorization and Purpose" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel and the satisfaction of certain other conditions. It is anticipated that the Bonds in definitive form will be available for delivery to DTC on or about April 8, 2015.

Continuing Disclosure

In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the County will execute and deliver a continuing disclosure agreement on or before the date of issuance of the Bonds pursuant to which it will undertake to provide certain information annually and notices of certain events. See “THE BONDS - Continuing Disclosure” herein.

Miscellaneous

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Except where otherwise indicated, all information contained in this Official Statement has been provided by the County. No dealer, broker, salesperson or other person has been authorized by the County or the Underwriter to give any information or to make any representations, other than those contained herein, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. The information set forth herein has been obtained from sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of any party described herein subsequent to the date as of which such information is presented.

Questions related to this Official Statement, requests for the County's Comprehensive Annual Financial Report or any written notice described in the section entitled “Continuing Disclosure” should be directed to the Office of Finance, Arundel Center, P.O. Box 2700, Annapolis, Maryland 21404. The telephone number of the Office of Finance is (410) 222-1781.

SECTION TWO: THE BONDS

General

The Bonds will be issued by the County in book-entry form as fully registered bonds without coupons in the denomination of $5,000 each or any integral multiple thereof. The Bonds will be dated the date of delivery, and will bear interest, as hereinafter set forth, payable on October 1 and April 1 of each year, commencing October 1, 2015, at the rates set forth on the inside front cover page of this Official Statement. Each Bond shall bear interest from the most recent date to which interest has been paid or, if no interest has been paid, from the date of delivery. U.S. Bank National Association has been appointed paying agent for the Bonds.

Authorization and Purpose

The Bonds are issued pursuant to the authority of Section 10-203 and Section 19-207, respectively, of the Local Government Article of the Annotated Code of Maryland, the County Charter and in accordance with Bill No. 55-14, passed by the County Council of Anne Arundel County (the "County Council") on September 2, 2014, approved by the County Executive of the County (the "County Executive") on September 8, 2014, and effective on October 23, 2014 (the "Authorizing Ordinance").

The proceeds from the sale of the $269,000,000 aggregate principal amount of the Construction Bonds will be used to provide additional new funding of approximately $191,400,000 for general improvements and $77,600,000 for water and sewer improvements. The proceeds from the sale of the $111,815,000 aggregate principal amount of the Refunding Bonds will be used to refund certain bonds of (i) Anne Arundel County Consolidated General Improvements Series, (ii) Anne Arundel County Consolidated Water and Sewer Series and (iii) Anne Arundel County Consolidated Golf Course Projects Series.

Application of Proceeds of Construction Bonds

The sources of funds for the capital projects to be financed from the Consolidated General Improvements Bonds and the Consolidated Water and Sewer Bonds are summarized in the following tables:

GENERAL COUNTY IMPROVEMENT PROJECTS
Sources of Funds

	Estimated Costs of Designated Projects	Federal and State Grants, Pay-As-You-Go Funds, and Funds From Completed or Abandoned Projects	Prior Bond Issues	Bond Issue To Cover Additional Project Expenditures	Subsequent Bond Issues
General County	$324,465,844	$245,344,491	$58,072,989	$12,420,000	$8,628,364
Stormwater Runoff Controls	12,583,296	813,845	7,535,488	2,200,000	2,033,963
Stormwater Runoff Controls WPRF	2,799,000	-	-	280,000	2,519,000
Education	919,422,697	355,043,057	382,526,619	108,000,000	73,853,021
Education Impact Fees	79,000	-	79,000	-	-
Police and Fire	29,548,808	10,076,582	9,017,543	5,400,000	5,054,683
Police and Fire Impact Fees	220,000	-	219,083	-	917
Roads and Bridges	183,205,085	90,790,533	58,948,130	14,000,000	19,466,422
Roads and Bridges Impact Fees	1,823,000	-	1,819,115	-	3,885
Community College	46,667,000	16,229,000	25,864,659	4,300,000	273,341
County Libraries	5,638,564	4,932,433	103,768	-	602,363
Recreation and Parks	96,754,038	59,833,128	25,873,357	3,900,000	7,147,553
Waterway Improvements	45,570,295	18,949,435	14,765,982	4,700,000	7,154,878
Waterway Improvements WPRF	3,404,000	-	-	400,000	3,004,000
Solid Waste	49,266,589	7,024,785	19,132,718	9,600,000	13,509,086
Watershed Protection & Restor.	155,584,100	2,600,000	7,300,000	26,200,000	119,484,100
	$ 1,877,031,316	**$ 811,637,289**	**$ 611,258,451**	**$ 191,400,000**	**$ 262,735,576**

WATER AND WASTEWATER IMPROVEMENT PROJECTS
Sources of Funds

	Estimated Costs of Designated Projects	Federal and State Grants, Pay-As-You-Go Funds, and Funds From Completed or Abandoned Projects	Prior Bond Issues	Bond Issue To Cover Additional Project Expenditures	Subsequent Bond Issues
Wastewater	$799,215,281	$208,967,222	$219,169,257	$57,300,000	$313,778,802
Water	375,235,130	44,898,909	142,549,482	20,300,000	167,486,739
	$ 1,174,450,411	**$ 253,866,131**	**$ 361,718,739**	**$ 77,600,000**	**$ 481,265,541**

Source: Office of Finance.

Refunding Program

The County is issuing the Refunding Bonds to refund certain bonds in order to realize savings on debt service costs. The bonds to be refunded are set out below with the redemption date and redemption price.

The Refunding Bonds are being issued for the purpose of refunding the following outstanding bonds (the "Outstanding Consolidated General Improvements Series", the "Outstanding Consolidated Water and Sewer Series" and the "Outstanding Consolidated Golf Course Series", collectively the "Refunded Bonds"). The specific bonds and maturities are subject to change based on market conditions.

Issue Name	Maturities to be Refunded	Amount	Redemption Date	Redemption Price
Consolidated General Improvements Series, 2005	2016	$2,240,000	5/8/2015	100%
Consolidated Water and Sewer Series, 2005	2016	845,000	5/8/2015	100
Consolidated Golf Course Projects Series, 2005	2016-2028	18,440,000	6/1/2015	100
Consolidated General Improvements Series, 2006	2017-2026	33,000,000	3/1/2016	100
Consolidated Water and Sewer Series, 2006	2017-2035	12,445,000	3/1/2016	100
Consolidated General Improvements Series, 2007	2019-2027	34,515,000	3/1/2017	100
Consolidated Water and Sewer Series, 2007	2019-2036	26,330,000	3/1/2017	100

Sources and Uses of Funds

The following table outlines the estimated sources and uses of funds with respect to the Bonds.

Sources of Funds:	
Par amount of Bonds	$ 380,815,000
Plus Net original issue premium	77,302,751
Total	$ 458,117,751
Uses of Funds:	
Construction Program Funds	$ 322,473,301
Escrow Deposit Funds	134,719,352
Underwriter's Discount	519,068
Costs of Issuance*	406,030
Total	$ 458,117,751

* Estimate includes legal, rating agency, financial advisor and printer costs.

Deposits to Escrow Deposit Fund

The proceeds of the Refunding Bonds will be applied to the purchase of direct obligations of, or obligations the timely payment of principal and interest upon which is unconditionally guaranteed by, the United States of America (the "Federal Securities") and which will be held by U.S. Bank National Association, Richmond, Virginia (the "Escrow Deposit Agent") in the Escrow Deposit Fund established under an Escrow Deposit Agreement, by and between the County and the Escrow Deposit Agent (the "Escrow Deposit Agreement"). The Federal Securities on deposit in the Escrow Deposit Fund will mature at stated fixed amounts as to principal and interest at such times as will be sufficient to pay interest when due on the bonds listed in the chart set forth above under "Refunding Program", as applicable and to redeem the principal amount and pay the redemption premium thereon, if any, on the anticipated call dates set forth in such chart, as applicable. The Federal Securities will be pledged only to the payment of the Outstanding Consolidated General Improvements Series, the Outstanding Consolidated Water and Sewer Series and the Outstanding Consolidated Golf Course Series, as applicable, and are not available for the payment of principal, premium, if any, or interest on the Bonds.

Security for and Sources of Payment of the Bonds

The Bonds are general obligations of the County for the payment of which the County's full faith and credit and taxing power are irrevocably pledged, subject to the limitation on the taxing power set forth in Section 710(d) of the County Charter.

Section 710(d) of the County Charter provides that from and after July 1, 1993, revenues derived from taxes on properties existing on the County property tax rolls at the commencement of the County fiscal year shall not increase, compared with the previous year, more than the Consumer Price Index percentage of change, or 4.5 percent, whichever is the lesser (See "FINANCES - Charter Property Tax Revenue Limitation" and "INDEBTEDNESS - Charter Property Tax Revenue Limitation").

The maturing principal of and interest on the Consolidated General Improvements Bonds will be paid from time to time, as and when due, from the funds in the hands of the County realized from the collection of ad valorem taxes on real estate, tangible personal property and intangible personal property subject to taxation by the County. The County has covenanted that, to the extent that the required appropriation for debt service on the Consolidated General Improvements Bonds is not offset by funds from other sources, it will, subject to the limitation on the tax levy set out in Section 710(d) of the County Charter, fund any such appropriation by the levy of ad valorem taxes on real estate, tangible personal property and intangible personal property subject to taxation by the County, and in addition, upon such other intangible property as may be subject to taxation by the County within limitations prescribed by law.

In each and every fiscal year that any of the Consolidated Water and Sewer Bonds are outstanding, the County shall impose and levy, or cause to be imposed and levied, charges, levies and assessments against all real property in the County that is or will be connected with, or that is benefited by, the water and wastewater facilities of the County, in accordance with the authority and in the manner prescribed by the Anne Arundel County Code (the “County Code”).

The maturing principal of and interest on the Consolidated Water and Sewer Bonds will be paid from time to time, as and when due, from the funds in the hands of the County realized from the net revenues of the projects for which such bonds are issued, or the utilities of which these improvements are a part, for the use and benefit of which the County has covenanted to fix and collect rates, charges and assessments sufficient to pay the cost of operation, maintenance and debt service. In the event of a deficiency of such funds from the net revenues and receipts from such revenue producing projects, for the purpose of meeting the principal maturities and interest of the Bonds, the County has further covenanted that it will, subject to the limitation on the tax levy set out in Section 710(d) of the County Charter, fund any such appropriation by the levy of ad valorem taxes on real estate, tangible personal property and intangible personal property subject to taxation by the County and in addition, upon such other intangible property as may be subject to taxation by the County within limitations prescribed by law .

The maturing principal of and interest on the Consolidated Golf Course Refunding Bonds will be paid from time to time, as and when due, from the funds in the hands of the County realized from the net revenues of the projects for which such bonds are issued. In the event of a deficiency of such funds from the net revenues and receipts from such revenue producing projects, for the purpose of meeting the principal on and interest of the Consolidated Golf Course Refunding Bonds the County has further covenanted that it will, subject to the limitation on the tax levy set out in Section 710(d) of the County Charter, fund any required appropriation by the levy of ad valorem taxes on real estate, tangible personal property and intangible personal property subject to taxation by the County, and in addition, upon such other intangible property as may be subject to taxation by the County within limitations prescribed by law.

Bondholders' Remedies

In the event that it fails to perform its obligations under the Bonds to the registered owners thereof, the County may be sued, and any judgments resulting from such suits would be enforceable against the County. Nevertheless, a registered owner of a Bond who has obtained any such judgment may be required to seek additional relief to compel the County to levy and collect such taxes as may be necessary to provide the funds from which such judgment may be paid. Although there is no Maryland law on this point, the appropriate courts of Maryland have jurisdiction to entertain proceedings and power to grant additional relief, such as a mandatory injunction, if necessary, to enforce the levy and collection of such taxes within the limitation on the tax levy set out in Section 710(d) of the County Charter and payment of the proceeds thereof to the holders of general obligation bonds, subject to the inherent constitutional limitations referred to below.

While remedies would be available to bondholders and while the general obligation bonds of the County are entitled to constitutional protection against the impairment of the obligation of contracts, such constitutional protection and the enforcement of such remedies would not be absolute. Enforcement of a claim for payment of the principal of or the interest on the Bonds could be made subject to the provisions of Chapter 9 of the Federal Bankruptcy Code or of any statutes that may hereafter be constitutionally enacted by the United States Congress or the Maryland General Assembly extending the time of payment or imposing other constraints upon enforcement.

Redemption

Optional Redemption

The Bonds of each series maturing on or after April 1, 2026, are subject to redemption, at the option of the County, on or after April 1, 2025, as a whole or in part at any time, in any order of maturities, after at least 20 days' notice, at par (100% of principal), plus accrued and unpaid interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption

The Consolidated Water and Sewer Construction Bonds maturing on April 1, 2040, are subject to mandatory sinking fund redemption, at a price equal to the principal amount thereof plus accrued interest thereon, on April 1 each of the following years and in the following amounts:

Year	Sinking Fund Installments
2036	$2,585,000
2037	2,585,000
2038	2,585,000
2039	2,585,000
2040*	2,585,000

* Stated maturity.

The Consolidated Water and Sewer Construction Bonds maturing on April 1, 2045, are subject to mandatory sinking fund redemption, at a price equal to the principal amount thereof plus accrued interest thereon, on April 1 each of the following years and in the following amounts:

Year	Sinking Fund Installments
2041	$2,585,000
2042	2,585,000
2043	2,585,000
2044	2,585.000
2045*	2,585,000

* Stated maturity.

If the County redeems or otherwise discharges the Consolidated Water and Sewer Construction Bonds maturing on April 1, 2040 and on April 1, 2045, respectively, before the applicable scheduled maturity or payment date, an amount equal to the principal amount of such redeemed or discharged bonds shall be credited to the applicable sinking fund installment amounts in any manner determined by the County.

If less than all of the bonds of a series shall be called for redemption, the principal amount of Bonds so called for redemption shall be in denominations of $5,000 or any integral multiple thereof and the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Bond Registrar, except that so long as DTC or its nominee is the sole registered owner of the Bonds, the particular bond or portion thereof to be redeemed shall be selected by lot by DTC, in accordance with its normal and customary procedures (so long as the bonds are in book-entry form). When less than all of a Bond in a denomination in excess of $5,000 shall be so redeemed, then, upon the surrender thereof there shall be issued to the registered owner thereof, without charge, for the unredeemed balance of the principal amount of such Bond, at the option of such owner, Bonds in any of the authorized denomination the aggregate face amount of such Bonds not to exceed the unredeemed balance of the Bond so surrendered, and to bear the same interest rate and to mature on the same date as said unredeemed balance.

If the County elects to redeem all outstanding Bonds of a series, or less than all, it will give a redemption notice by letter mailed first class, postage prepaid, to the holders of such Bonds at least 20 days prior to the redemption date at the addresses of such holders appearing on the registration books kept by the Bond Registrar, provided, however, that the failure to mail such notice to any holder of such Bonds or any defect in the notice mailed or in the mailing thereof shall not affect the validity of the redemption proceedings relating to any other Bonds. Said notice shall state whether such Bonds are redeemed in whole or in part and, if in part, the maturities and numbers of the Bonds called, shall state that the interest on the Bonds called shall cease on the date fixed for redemption, shall state the redemption date and the redemption price, and shall require that the Bonds redeemed be then presented for redemption and payment at the principal corporate trust office of the Paying Agent. From and after the date fixed for redemption, if notice has been given as herein provided, and the funds sufficient for payment of the redemption price and accrued interest shall be available therefore on such date, the Bonds designated for redemption shall cease to bear interest. Upon presentation and surrender in compliance with such notices, the Bonds called for redemption shall be paid by the Paying Agent at the redemption price. If not paid on presentation thereof, said Bonds called shall continue to bear interest at the rates expressed therein until paid.

Book-Entry Only System — General

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co., DTC's partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate of the Bonds will be issued for each maturity of the Bonds in a principal amount equal to the aggregate principal amount of the Bonds of such maturity, and will be deposited with DTC or its agent.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, (as amended). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 foreign countries and territories that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (respectively, NSCC, FICC and EMCC, each also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Bonds within a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, its nominee, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC), is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

Book-Entry Only System — Miscellaneous

The information in the section "THE BONDS - Book-Entry Only System - General" has been obtained by the County from DTC. The County takes no responsibility for the accuracy or completeness thereof. Neither the County nor the Bond Registrar and Paying Agent (defined herein) will have any responsibility or obligations to

Direct or Indirect Participants or the persons for whom they act as nominees with respect to the payments to or the providing of notice to the Direct Participants, or the Indirect Participants, or Beneficial Owners. The County cannot and does not give any assurance that Direct Participants, Indirect Participants or others will distribute principal and interest payments to DTC or its nominees, as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.

Termination of Book-Entry Only System

In the event that the Book-Entry Only System is discontinued, the Bonds will be delivered by DTC to the Bond Registrar and such Bonds will be exchanged for Bonds registered in the names of the Direct or Indirect Participants or the Beneficial Owners identified to the Bond Registrar. In such event, certain provisions of the Bonds pertaining to ownership of the Bonds will be applicable to the registered owners of the Bonds as described below.

Interest on the Bonds will be payable by check mailed by U.S. Bank National Association, Richmond, Virginia (the “Paying Agent” and “Bond Registrar”), to the persons in whose names the Bonds are registered as of the close of business on the Regular Record Date (being the fifteenth day of the month next preceding each interest payment date) at the addresses shown on the registration books of the County maintained by the Bond Registrar; provided, however, that any such interest not punctually paid or duly provided for shall cease to be payable to the registered owner on such Regular Record Date, and may be paid to the persons in whose names such Bonds are registered as of the close of business on a date to be fixed by the Paying Agent for the payment of such defaulted interest (the “Special Record Date”), notice of which will be given by letter mailed first class, postage prepaid, to such persons, not less than 30 days prior to such Special Record Date, at the addresses of such persons appearing on the registration books of the County maintained by the Bond Registrar, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Bonds may be listed and upon such notice as may be required by such exchange. The principal of and premium, if any, on the Bonds will be payable at the designated corporate trust office of the Paying Agent in Richmond, Virginia. The County may designate another entity as Bond Registrar and Paying Agent upon twenty days prior written notice to the registered owners of the Bonds.

The Bonds in fully certificated form will be fully registered Bonds without coupons in the denomination of $5,000 each or any integral multiple thereof. Bonds will be transferable only upon the registration books kept at the principal corporate trust office of the Bond Registrar, by the registered owner thereof in person, or by an attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer in the form attached thereto and satisfactory to the Bond Registrar and duly executed by the registered owner or a duly authorized attorney. The County may deem and treat the person in whose name a Bond is registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal or redemption price thereof and interest due thereon and for all other purposes.

The Bonds may be transferred or exchanged at the principal corporate trust office of the Bond Registrar. Upon any such transfer or exchange, the County shall execute and the Bond Registrar shall authenticate and deliver a new registered Bond or Bonds without coupons, of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the Bond exchanged or transferred, and maturing on the same date and bearing interest at the same rate. In each case, the Bond Registrar may require payment by any holder of Bonds requesting exchange or transfer of Bonds of any tax, fee, or other governmental charge, shipping charges, and insurance that may be required to be paid with respect to such exchange or transfer, but otherwise no charge shall be made to the holder of Bonds for such exchange or transfer. The Bond Registrar shall not be required to transfer or exchange any Bond after the mailing of notice calling such Bond or portion thereof for redemption as hereinabove described; provided, however, that the foregoing limitation shall not apply to that portion of a Bond in excess of $5,000 which is not being called for redemption.

Tax Matters

In rendering its opinion with respect to the Bonds, Bond Counsel will rely without investigation on certifications provided by the County with respect to certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Bonds.

Maryland Income Taxation-Construction Bonds

In the opinion of Bond Counsel, under existing statutes, regulations and decisions, the Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale and exchange, shall be exempt from taxation of any kind by the State of Maryland, any of its political subdivisions, or any other public entity. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Construction Bonds or the interest thereon.

Maryland Income Taxation-Refunding Bonds

In the opinion of Bond Counsel, under existing law, interest on the Refunding Bonds and profit realized from the sale or exchange of Refunding Bonds will be exempt from State of Maryland income taxation. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Refunding Bonds or the interest thereon.

Federal Income Taxation

In the opinion of Bond Counsel, assuming compliance with certain covenants described herein, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations, and decisions.

Under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the Bonds in order that the interest thereon be excludable from gross income. These include the following: (i) a requirement that certain earnings received from the investment of the proceeds of the Bonds be rebated to the United States of America under certain circumstances (or that certain payments in lieu of rebate be made); (ii) other requirements applicable to the investment of the proceeds of the Bonds; and (iii) other requirements applicable to the use of the proceeds of the Bonds and the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the Bonds and to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds.

Further, under existing statutes, regulations, and decisions, interest on the Bonds is not included in the alternative minimum taxable income of individuals, corporations, or other taxpayers as an enumerated item of tax preference or other specific adjustment. However, for purposes of calculating the corporate alternative minimum tax, a corporation subject to such tax may be required to increase its alternative minimum taxable income by 75% of the amount by which its "adjusted current earnings" exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative net tax operating loss deduction). For such purposes, "adjusted current earnings" may include, among other items, interest income from the Bonds. In addition, interest income on the Bonds will be subject to the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

Certain Other Federal Tax Consequences

There are other federal tax consequences of ownership of obligations such as the Bonds under certain circumstances, including the following: (i) deductions are disallowed for certain expenses of taxpayers allocable to interest on tax-exempt obligations, as well as interest on indebtedness incurred or continued to purchase or carry tax-exempt obligations and interest expense of financial institutions allocable to tax-exempt interest; (ii) for property and casualty insurance companies, the amount of the deduction for losses incurred must be reduced by 15% of the sum of tax-exempt interest income and the deductible portion of dividends received by such companies; (iii) interest income that is exempt from tax must be taken into account for the purpose of determining whether, and what amount of, social security or railroad retirement benefits are includable in gross income for federal income tax purposes; and (iv) for S corporations having Subchapter C earnings and profits, the receipt of certain levels of passive investment income, which includes interest on tax-exempt obligations such as the Bonds, can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status and (v) net gain realized upon the sale or the other disposition of the Bonds must be taken into account when computing the 3.8% Medicare tax with respect to the investment income imposed on certain higher income individuals and specified trusts and estates.

Purchase, Sale and Retirement of Bonds

Except as noted below in the case of market discount, the sale or other disposition of a Bond will normally result in capital gain or loss to its holder. A holder's initial tax basis in a Bond will be its cost. Upon the sale or retirement of a Bond, for federal income tax purposes, a holder will recognize capital gain or loss upon the disposition of such security (including sale, early redemption or payment at maturity) in an amount equal to the difference between (a) the amount received upon such disposition and (b) the tax basis in such Bond, determined by adding to the original cost basis in such Bond the amount of original issue discount that is treated as having accrued as described below under "THE BONDS - Tax Accounting Treatment of Discount Bonds." Such gain or loss will be a long-term capital gain or loss if at the time of the sale or retirement the Bond has been held for more than one year. Present law taxes both long and short-term capital gains of corporations at the rates applicable to ordinary income. For noncorporate taxpayers, however, short-term capital gains are taxed at the rates applicable to ordinary income, while net capital gains are taxed at lower rates. Net capital gains are the excess of net long-term capital gains (gains on capital assets held for more than one year) over net short-term capital losses.

Market Discount

If a holder acquires a Bond after its original issuance at a discount below its principal amount (or in the case of a Bond issued at an original issue discount, at a price that produces a yield to maturity higher than the yield to maturity at which such bond was first issued), the holder will be deemed to have acquired the Bond at "market discount," unless the amount of market discount is *de minimis*, as described in the following paragraph. If a holder that acquires a Bond with market discount subsequently realizes a gain upon the disposition of the Bond, such gain shall be treated as taxable interest income to the extent such gain does not exceed the accrued market discount attributable to the period during which the holder held such Bond, and any gain realized in excess of such market discount will be treated as capital gain. Potential purchasers should consult their tax advisors as to the proper method of accruing market discount.

In the case of a Bond not issued at an original issue discount, market discount will be *de minimis* if the excess of the Bond's stated redemption price at maturity over the holder's cost of acquiring the Bond is less than 0.25% of the stated redemption price at maturity multiplied by the number of complete years between the date the holder acquires the Bond and its stated maturity date. In the case of a Bond issued with original issue discount, market discount will be *de minimis* if the excess of the Bond's revised issue price over the holder's cost of acquiring the Bond is less than 0.25% of the revised issue price multiplied by the number of complete years between the date the holder acquires the Bond and its stated maturity date. For this purpose, a Bond's "revised issue price" is the sum of (i) its original issue price and (ii) the aggregate amount of original issue discount that is treated as having accrued with respect to the Bond during the period between its original issue date and the date of acquisition by the holder.

Amortizable Bond Premium

A Bond will be considered to have been purchased at a premium if, and to the extent that, the holder's tax basis in the Bond exceeds the amount payable at maturity (or, in the case of a Bond callable prior to maturity, the amount payable on the earlier call date). Under tax regulations applicable to the Bonds, the amount of the premium would be determined with reference to the amount payable on that call date (including for this purpose the maturity date) which produces the lowest yield to maturity on the Bonds. The holder will be required to reduce his tax basis in the Bond for purposes of determining gain or loss upon disposition of the Bond by the amount of amortizable bond premium that accrues, determined in the manner prescribed in the regulations. Generally, no deduction (or other tax benefit) is allocable in respect of any amount of amortizable bond premium on the Bonds.

Tax Accounting Treatment of Discount Bonds

Certain maturities of the Bonds may be issued at an initial public offering price which is less than the amount payable on such Bonds at maturity (the "Discount Bonds"). The difference between the initial offering price (including accrued interest, if any), at which a substantial amount of the Discount Bonds of each maturity was first sold, and the principal amount of such Discount Bonds payable at maturity constitutes original issue discount. The amount of such original issue discount which is treated as having accrued with respect to such Discount Bonds is added to the original cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, early redemption or repayment at maturity). For federal income tax purposes (a) any holder of a Discount Bond will recognize gain or loss upon the disposition of such Discount Bond (including sale, early redemption or payment at maturity) in an amount equal to the difference between (i) the amount received upon such disposition and (ii) the sum of (1) the holder's original cost basis in such Discount Bond, and (2) the amount of original issue discount attributable to the period during which the holder held such Discount Bond, and (b) the amount of the basis adjustment described in clause (a)(ii)(2) will not be included in the gross income of the holder.

Original issue discount on Discount Bonds will be attributed to permissible compounding periods during the life of any Discount Bonds in accordance with a constant rate of interest accrual method. The yield to maturity of the Discount Bonds of each maturity is determined using permissible compounding periods. In general, the length of a permissible compounding period cannot exceed the length of the interval between debt service payments on the Discount Bonds and must begin or end on the date of such payments. Such yield then is used to determine an amount of accrued interest for each permissible compounding period. For this purpose, interest is treated as compounding periodically at the end of each applicable compounding period. The amount of original issue discount which is treated as having accrued in respect of a Discount Bond for any particular compounding period is equal to the excess of (a) the product of (i) the yield for such Discount Bond (adjusted as necessary for an initial short period) divided by the number of compounding periods in a year multiplied by (ii) the amount that would be the tax basis of such Discount Bond at the beginning of such period if held by an original purchaser who purchased at the initial public offering price, over (b) the amount actually payable as interest on such Discount Bond during such period. For purposes of the preceding sentence the tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to the initial public offering price of such Discount Bond the original issue discount that is treated as having accrued during all prior compounding periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then interest which would have accrued for that compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Holders of Discount Bonds should note that, under the tax regulations, the yield and maturity of a Discount Bond is determined without regard to commercially reasonable sinking fund payments, and any original issue discount remaining unaccrued at the time that a Discount Bond is redeemed in advance of stated maturity will be treated as taxable gain. Moreover, tax regulations prescribe special conventions for determining the yield and maturity of certain debt instruments that provide for alternative payment schedules applicable upon the occurrence of certain contingencies.

The yields (and related prices) furnished by the successful bidder for the Bonds as shown on the inside cover of this Official Statement may not reflect the initial issue prices for the purpose of determining the original issues discount for federal income tax purposes.

The foregoing summarizes certain federal income tax consequences of original issue discount with respect to the Discount Bonds but does not purport to deal with all aspects of federal income taxation that may be relevant to particular investors or circumstances, including those set out above. Prospective purchasers of Discount Bonds should consider possible state and local income, excise or franchise tax consequences arising from original issue discount on Discount Bonds. In addition, prospective corporate purchasers should consider possible federal tax consequences arising from original issue discount on such Discount Bonds under the alternative minimum tax or the branch profits tax. The amount of original issue discount considered to have accrued may be reportable in the year of accrual for state and local tax purposes or for purposes of the alternative minimum tax or the branch profits tax without a corresponding receipt of cash with which to pay any tax liability attributable to such discount. Purchasers with questions concerning the detailed tax consequences of transactions in the Discount Bonds should consult their tax advisors.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not purport to be complete; holders of the Bonds should consult their own tax advisors as to the effects, if any, of the Code (and any proposed or subsequently enacted amendments to the Code) in their particular circumstances.

Legislative Developments

Legislative proposals currently under consideration or proposed after issuance and delivery of the Bonds could adversely affect the market value of the Bonds. Further, if enacted into law, any such proposal could cause the interest on the Bonds to be subject, directly or indirectly, to federal income taxation and could otherwise alter or amend one or more of the provisions of federal tax law described above or their consequences. Prospective purchasers of the Bonds should consult with their tax advisors as to the status and potential effect of proposed legislative proposals, as to which Bond Counsel expresses no opinion.

Ratings

The Bonds have been assigned the following ratings by the agencies indicated: Fitch Ratings ("Fitch") **AA+**; Moody's Investors Service ("Moody's") **Aa1**; and Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. ("S&P") **AAA**. An explanation of the significance of such ratings may be obtained from the rating agencies. The County furnished to the rating agencies the information contained in a preliminary form of this Official Statement and other materials and information. Generally, rating agencies base ratings on such materials and information, as well as their own investigations, studies and assumptions. It should be noted that such ratings may be changed at any time and that no assurance can be given that the ratings will not be revised downward or withdrawn by the rating agencies, if in their judgment, circumstances should warrant such actions. Such circumstances may include, without limitation, changes in or unavailability of information relating to the County. Any such downward revision or withdrawal of such ratings could have an adverse effect on the market price of the Bonds.

Sale at Competitive Bidding

The Bonds were offered for sale by the County at competitive bidding on March 25, 2015, in accordance with the official Notices of Sale (the forms of which are attached hereto as Appendix B). The rates shown on the inside cover page of this Official Statement are the rates to the County resulting from the awards of the Bonds at the competitive bidding therefore. The yields or prices shown on the inside cover page of this Official Statement are based on information supplied to the County by the successful bidders respecting the resale price (not including concessions) of the Bonds established on the date hereof. Any other information concerning the terms of reoffering of the Bonds, if any, including yields or prices, should be obtained from the successful bidders therefore and not from the County.

Litigation

The County is a party in various legal proceedings that normally occur in governmental operations, including various tort and contract suits, suits alleging violations of individual rights, and matters involving claims relating to land development, property damage, employee liability and workers compensation. With respect to such claims or matters for which reserves have not yet been funded, in the judgment of the County Attorney, the aggregate expected liability of the County will not exceed $500,000.

In addition, the County is a defendant in the following significant cases worthy of note:

1) Class action lawsuit on behalf of property owners challenges the County's impact fee legislation and are seeking refunds for impact fees paid from 1988 to 1996. The amount of those claims involves complex accounting procedures. On March 25, 2011 the Circuit Court issued an opinion and order requiring the County to refund certain current property owners on a pro rata basis the sum of $1,342, 360 subject to an additional 5% interest per annum (total expected with interest to be around $3,000,000). Appeals have been resolved in the County's favor but litigation over attorney's fees continues. It remains uncertain when the County will have to pay refunds.

2) A Class Action complaint in *assumpsit* seeking return of impact fees allegedly illegally spent or not spent or encumbered within 6 fiscal years from the years 1997 to 2002. Trial commenced on November 17 and ended on November 20, 2014. A decision via memorandum opinion and order is expected in the early spring of 2015. Appeals may follow. Case is specially set before Judge Sweeney.

3) Board employee denied promotion to assistant principal asserts age discrimination against the Board of Education. Discovery is proceeding. Case is being vigorously defended.

4) Title VII and related tort claims action filed in federal court by former Detention Facilities Officer against County and former supervisor. Officer was terminated for misconduct. The Complaint alleges race and sex discrimination. The answer and motion to dismiss have been filed. We are awaiting a ruling on the County's motion for summary judgment. The County is defending the case vigorously.

5) Personal Injury and Wrongful death claim against the Earleigh Heights Volunteer Fire Company as a result of two pedestrians stuck by a car en route to the fireman's carnival. County is vigorously defending the case. Trial is scheduled for April 14, 2015.

6) The County is also following a case before the US Supreme Court in which it is not a party, Comptroller v. Wynne, No. 13485 (2014). In that case, the State has filed an appeal with the United States Supreme Court to review the judgment of the Court of Appeals of Maryland, which ruled that counties are prohibited from collecting personal income taxes from their own residents to the extent that the income was earned from sources in another state where the income is subject to tax by that state. Oral Argument was heard on November 12, 2014 and an opinion has not been issued. The Maryland appellate court ruling has not affected County income tax revenues because the Court of Appeals stayed the effect of the ruling pending the decision of the United States Supreme Court. If the Court of Appeals ruling stands, each county in Maryland will see a reduction in income tax revenue, including Anne Arundel County. The final fiscal impact of the ruling on the County is not determinable at this time.

Approval of Legal Matters

McKennon Shelton & Henn LLP, is acting as Bond Counsel in connection with the issuance of the Bonds. Delivery of the Bonds is conditioned upon delivery by Bond Counsel of opinions substantially in the forms set forth in Appendix C of this Official Statement.

Financial Advisor

Public Resources Advisory Group, 40 Rector Street, Suite 1600, New York, New York, 10006, serves as financial advisor to the County on debt management and capital financing matters.

Verification of Mathematical Computations

The arithmetical accuracy of certain computations included in the schedules provided by Public Resources Advisory Group and Anne Arundel County, Maryland relating to (a) computation of forecasted receipts of principal and interest on the acquired obligations and the forecasted payments of principal and interest to redeem the Refunded Bonds, and (b) computation of the yields on the Bonds and the Federal Securities was examined by Precision Analytics Inc./Samuel Klein and Company, CPA's. Such computations were based solely on assumptions and information supplied by Anne Arundel County, Maryland. Precision Analytics Inc./Samuel Klein and Company, CPA's has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information on which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

Continuing Disclosure

In order to enable participating underwriters (as defined in SEC Rule 15c2-12) to comply with the requirements of paragraph (b)(5) of SEC Rule 15c2-12, the County will execute and deliver a continuing disclosure agreement (the "Continuing Disclosure Agreement") on or before the date of issuance and delivery of the Bonds. The form of the Continuing Disclosure Agreement is attached hereto as Appendix D.

The County has timely filed complete information required by its continuing disclosure obligations for each of the past five years. When filing information with the Municipal Securities Rulemaking Board through Electronic Municipal Market Access ("EMMA") system, the County submits the filings in a manner intended to display such information with each relevant outstanding debt issue. To the extent a filing is made by the County without all of the associated CUSIP numbers, the filing can be found on EMMA associated with another County debt issue or on the County's issuer homepage on EMMA.

Independent Public Accountants

The basic financial statements of Anne Arundel County, Maryland included in Appendix A of this Official Statement have been audited by CliftonLarsonAllen, LLP, Independent Public Accountants, for the period indicated in their report thereon.

Official Statement

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of any of the Bonds.

SECTION THREE: FINANCES

This section summarizes the finances of the various departments, agencies and other organizations governed directly by the County Executive and the County Council of Anne Arundel County, Maryland. No information is included related to the component units included in the County's basic financial statements. For more information see "NOTES TO THE BASIC FINANCIAL STATEMENTS - Summary of Significant Accounting Policies," in Appendix A.

Accounting and Financial Operations

The County financial system is an integrated, centralized, and comprehensive base for all budgetary and accounting information. The system begins with the budget and progresses into the incurrence of all obligations and disbursement of all funds. An accounting is provided for all revenues, expenditures and expenses, regardless of source or charge.

Awards

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Anne Arundel County for its comprehensive annual financial report ("CAFR") for the fiscal year ended June 30, 2013. This was the 33^{nd} consecutive year that the County has received this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The County believes its CAFR continues to conform to the Certificate of Achievement program requirements and it will submit its CAFR to GFOA for year ended June 30, 2014.

Basis of Accounting

Modified Accrual Basis of Accounting

The modified accrual basis of accounting and current financial resources measurement focus is followed in the Governmental funds for the fund level statements. Under the modified accrual basis of accounting:

1. Expenditures are recorded when goods and services are received and the actual liabilities are incurred, except for principal and interest on general long-term debt obligations and compensated absences and other long term obligations.

2. Revenues are recorded when collected by the County or its collecting agencies, except for general property taxes, local income taxes, state shared tax revenues, intergovernmental revenues and investment income which are susceptible to accrual because these revenues are both measurable and available. Available means expected to be collected within 90 days after year end in order to pay liabilities of the current period, except property taxes, which are deferred if not collected within 60 days.

3. Revenues not considered measurable or available are recorded as deferred revenues.

4. In applying the susceptible to accrual concept to intergovernmental revenues, the eligibility requirements of the programs are used as guidance. Revenues can be recognized as soon as all such requirements are met.

Accrual Basis of Accounting

A set of government-wide financial statements are included that use the full accrual basis of accounting. These statements consolidate the operations of all County activities into two categories, governmental and business-type and eliminate all interfund activity. All non-current assets and liabilities are also included on the Statement of Net Position. The accrual basis of accounting and flow of economic resources measurement focus is followed in the Proprietary and Pension Trust Funds in the fund-level statements and in the government-wide financial statements. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when liabilities are incurred. Earned but unbilled Water and Wastewater Fund utility service charges are recorded as revenue at year-end.

Budget

The County Budget consists of the Current Expense Budget, the Capital Budget and Program, and the Budget Message. It represents a complete financial plan for the County including all revenues, all expenditures, encumbrances, and the fund balances of the General Fund and all other funds of the County government.

Current Expense Budget

The Current Expense Budget, developed by the Chief Administrative Officer and the Budget Officer, is based on annual work programs setting forth the nature, volume, and cost of work to be performed as submitted by the head of each office, department, institution, board, commission, and other agency of the County government. The estimates of the revenues and expenditures of operations for the ensuing fiscal year are also included; estimated revenues are detailed as to source, and estimated expenditures are detailed as to program or project. After the data so submitted is reviewed by the Chief Administrative Officer and the Budget Officer, the Current Expense Budget is compiled for presentation to the County Executive. No later then sixty days prior to the end of the fiscal year, the County Executive submits to the County Council the proposed Current Expense Budget for the ensuing fiscal year, which by the County Charter, must be balanced.

Capital Budget and Program

The Capital Budget is the County’s plan to receive and expend funds during the ensuing fiscal year for physical public betterment or improvement and any related preliminary studies and surveys, the acquisition of property of a permanent nature for public use, and the purchase of equipment for any public betterment or improvement accompanying initial construction. The Capital Budget includes a statement of the receipts anticipated during the ensuing fiscal year from all borrowing and from other sources for capital projects. The Capital Program is the County’s plan to receive and expend funds for capital projects during the fiscal year covered by the Capital Budget and the succeeding five fiscal years.

Budget Message

The Budget Message contains supporting summary tables and explains the proposed Current Expense Budget and Capital Program both in fiscal terms and in terms of work to be performed. It outlines the proposed financial policies of the County for the ensuing fiscal year and describes the important features of the Current Expense Budget. It indicates any major changes in financial policies and in expenditures, appropriations and revenues as compared with the fiscal year currently ending, and sets forth the reasons for such changes. The Budget Message includes an explanation of changes in the Capital Program made by the County Executive insofar as the Program differs from that presented by the Office of Planning and Zoning. The Budget Message may also include such other material as the County Executive deems desirable.

Budget Adoption

The County Council may decrease or delete any items in the budget except for those required by the public general laws of Maryland and except for any provision for debt service on obligations then outstanding or for estimated cash deficits. The County Council has no power to change the form of the budget as submitted by the County Executive, to alter the revenue estimates except to correct mathematical errors, or to increase total expenditures recommended by the County Executive for current or capital purposes, except as permitted by the public general laws of Maryland. The adoption of the Budget is by the affirmative vote of not less than four members of the County Council in an ordinance to be known as the Annual Budget and Appropriation Ordinance of Anne Arundel County. The County Council may, at the same time or thereafter from time to time during the ensuing fiscal year, adopt bond issue authorization ordinances providing the means of financing such capital projects as are to be financed from borrowing in the ensuing fiscal year. All of such ordinances are exempt from the Executive veto. The Annual Budget and Appropriation Ordinance is to be adopted by the County Council on or before the first day of the last month of the fiscal year currently ending, and if the County Council fails to do so, the proposed budget submitted by the County Executive stands adopted, and funds for the expenditures proposed in the current expense budget stand appropriated as fully and to the same extent as if favorable action thereon had been taken by the County Council.

Budget Control

Unless the Controller first certifies that the funds for the designated purposes are available, no office, department, institution, board, commission or other agency of the County government may during any fiscal year expend, or contract to expend, any money or incur any liability, or enter into any contract, which by its terms involves the expenditure of money, for any purpose in excess of the amounts appropriated or allotted for the same general classification of expenditure in the budget or in any supplemental appropriation for such fiscal year, and no such payment may be made nor any obligation or liability incurred, except for small purchases in an amount less than twenty five hundred dollars ($2,500). The County Charter requires that this "general classification of expenditure" be classified by "agency, character and object," and leaves the specifics of this classification to the discretion of the County Executive. For appropriation control purposes, the current budget classifies department (i.e., agency) expenditures by sub-departments (i.e., character) and seven expense objects including personal services, contractual services, supplies & materials, business & travel, capital outlay, debt service, and grants, contributions & other.

Nothing prevents the making of contracts of lease or for service providing for the payment of funds at a time beyond the fiscal year in which such contracts are made, provided the nature of such transactions reasonably requires the making of such contracts. But any contract, lease, or other obligation requiring the payment of funds from the appropriations of a later fiscal year must be made or approved by ordinance. No contract for the purchase of real or leasehold property may be made unless the funds therefore are included in the Capital Budget.

No obligations of the County may be authorized in any fiscal year for or on account of any capital project not included in the County Budget as finally adopted for such year; provided, however, that upon receipt of a recommendation in writing from the County Executive and the Planning Advisory Board, the County Council may, by the affirmative vote of five members, amend the County Budget in accordance with such recommendation.

Source: Office of the Budget

Investment of Operating and Capital Funds

County funds held for operation and capital purposes are managed by the Office of Finance with strict guidelines as to investment vehicles. Investments are restricted by State of Maryland law, with which the County complies. The County does not invest in derivatives or in reverse repurchase agreements. It does no borrowing or lending of securities. It invests primarily in obligations of the United States Government, its agencies or instrumentalities, and repurchase agreements with primary dealers. The repurchase agreements are collateralized by United States Government treasuries, agencies, and instrumentalities, held by the County's custodian bank, and marked to market daily. For more detailed information see "NOTES TO THE BASIC FINANCIAL STATEMENTS - Cash and Investments" in Appendix A.

Fund Accounting

In accordance with generally accepted accounting principles in the United States (GAAP), the accounts of the County are organized on the basis of funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities or balances and changes thereon are recorded and segregated to carry on specific activities or obtain certain objectives. The various funds are summarized by type in the financial statements.

For more detailed information see “NOTES TO THE BASIC FINANCIAL STATEMENTS - Summary of Significant Accounting Policies,” in Appendix A.

General Fund

The County's principal source of General Fund revenues is taxes, which comprised approximately 93.9% of total General Fund revenues (on a GAAP basis) in fiscal year 2014. Property tax revenues comprised approximately 48.8% of total General Fund revenues, and income tax revenues comprised approximately 35.3% of total General Fund revenues. The schedules on the following pages reflect the results of operations for the last five fiscal years.

ANNE ARUNDEL COUNTY, MARYLAND
SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND (GAAP BASIS)
Last Five Fiscal Years (Unaudited)

	2010	2011	2012	2013	2014
REVENUES					
General property taxes	$537,711,462	$549,850,967	$567,829,147	$589,899,231	$603,178,340
Local income taxes	355,787,451	369,341,731	394,480,856	407,582,398	435,870,098
State shared taxes	9,575,679	10,637,730	11,720,894	30,436,273	12,163,216
Recordation and transfer taxes	59,727,498	58,000,447	59,088,413	81,036,685	77,535,100
Local sales taxes	31,681,511	32,405,559	32,258,227	32,689,945	31,516,775
License and permit fees	15,482,651	17,589,449	15,215,772	15,306,284	16,536,662
Investment income	1,062,880	616,134	633,691	(197,940)	1,247,957
Fees for services and other revenue	50,983,924	55,778,546	55,443,620	58,328,306	58,176,557
Total revenues	$1,062,013,056	$1,094,220,563	$1,136,670,620	$1,215,081,182	$1,236,224,705
EXPENDITURES					
Education	587,846,200	596,174,741	584,662,000	616,627,400	627,892,300
Public safety	230,300,679	229,721,772	231,022,727	242,280,879	253,105,745
General government	75,375,037	79,281,182	76,043,945	77,475,809	82,040,034
Health and human services	42,273,009	42,157,247	42,337,165	40,865,031	43,408,695
Public works	47,818,942	35,685,235	34,633,953	37,457,212	39,511,945
Recreation and community services	33,667,932	32,190,599	34,766,573	35,786,424	37,437,824
Judicial	20,443,213	19,913,781	19,964,090	21,023,465	22,854,405
Code enforcement	12,006,795	11,360,912	11,507,403	11,583,462	11,506,107
Land use and development	8,484,076	8,133,765	8,094,961	7,796,934	8,378,832
Debt service					
Interest payments on debt	29,095,977	34,254,864	36,631,192	37,111,936	39,511,003
Principal payments on debt	57,571,968	54,514,056	66,924,808	71,091,984	73,837,430
Interest payments on leases	6,282	4,950	3,526	2,008	13,662
Principal payments on leases	23,807	25,140	26,563	3,907	16,211
Total Expenditures	1,144,913,917	1,143,418,244	1,146,618,906	1,199,106,451	1,239,514,193
Revenues over (under) expenditures	($82,900,861)	($49,197,681)	($9,948,286)	$15,974,731	($3,289,488)
OTHER FINANCING SOURCES (USES)					
Operating tranfers in	60,917,125	30,393,473	27,389,593	35,517,352	28,997,104
Operating transfers out	(115,603,751)	(59,044,728)	(31,228,020)	(67,767,891)	(104,293,589)
Proceeds of general obligation bonds	139,025,000	117,500,000	98,900,000	116,000,000	115,000,000
Proceeds of refunding bonds	32,610,000	-	73,085,000	-	-
Premiums (discounts) from sale of bonds	11,780,793	-	14,515,104	-	-
Proceeds from Capital Leases	29,575	-	-	-	119,790
Transfer from ISF to GF	30,700,000	18,625,000	5,300,000	-	-
Transfer to ISF to GF	-	-	(1,545,790)	1,545,790	-
Transfer from Component Units to GF	-	10,426,000	-	-	-
Transfer from Enterprise Fund to GF	-	1,115,000	-	-	-
Transfer to OPEB from Health Insur Fund	-	-	-	-	5,000,000
Payment to escrow agent	(33,905,304)	-	(87,600,104)	-	-
Payment of bond anticipation notes	(36,100,000)	(60,720,000)	(70,400,000)	(65,040,000)	(37,800,000)
Total other financing sources (uses)	$89,453,438	$58,294,745	$28,415,783	$20,255,251	$7,023,305
Net increase (decrease) in fund balances	6,552,577	9,097,064	18,467,497	36,229,982	3,733,817
Fund balances (deficit), July 1, as restated	44,963,989	51,944,672	61,041,736	79,509,233	115,739,215
Fund balances (deficit), June 30	$51,516,566	$61,041,736	$79,509,233	$115,739,215	$119,473,032
Fund balance as a % of revenues	4.85%	5.58%	6.99%	9.53%	9.66%

Source: Office of Finance

ANNE ARUNDEL COUNTY, MARYLAND
SUMMARY OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND (BUDGET BASIS)
Last Five Fiscal Years (Unaudited)

	2010		2011	
	Budget	Actual	Budget	Actual
REVENUES				
General property taxes	$531,002,000	$537,711,462	$553,800,000	$549,850,967
Local income taxes	356,850,000	353,417,002	363,000,000	363,798,661
State shared taxes	17,119,000	8,883,064	9,305,000	10,637,730
Recordation and transfer taxes	60,000,000	59,727,498	60,000,000	58,000,447
Local sales taxes	33,328,000	31,681,511	31,795,000	32,405,559
Licenses and permit fees	15,549,600	15,482,651	16,071,900	17,589,449
Investment income	3,891,000	604,244	850,000	383,525
Inter-fund recoveries	110,748,000	127,091,520	81,724,700	79,509,397
Other revenue	64,170,800	62,344,381	51,723,000	54,826,560
Total revenues	$1,192,658,400	$1,196,943,333	$1,168,269,600	$1,167,002,295
EXPENDITURES				
Current				
Education	$592,879,500	$591,453,897	$603,260,000	$603,260,000
Higher education	37,978,700	37,924,623	37,822,700	37,822,700
Public safety	233,747,400	231,020,497	233,027,500	229,338,102
General government	114,927,300	102,756,935	96,811,600	94,290,720
Health and human services	45,144,600	43,678,605	45,091,500	43,332,762
Public works	49,984,200	49,985,252	37,605,800	37,075,569
Recreation and community services	36,942,400	35,510,702	35,089,100	34,175,023
Judicial	21,007,400	20,810,316	20,396,100	20,243,611
Land use and development	8,573,200	8,484,077	8,421,900	8,306,006
Code enforcement	12,142,700	12,031,621	11,407,100	11,338,874
Debt service	39,331,000	39,251,102	45,400,200	42,682,043
Pay Go Funding - Capital Projects	-	-	-	-
Total expenditures	$1,192,658,400	$1,172,907,627	$1,174,333,500	$1,161,865,410
Revenues over (under) expenditures	-	24,035,706	(6,063,900)	5,136,885
Fund balances, budgetary, July 1	9,085,626	9,085,626	33,121,332	33,121,332
Fund balances, budgetary, June 30	$9,085,626	$33,121,332	$27,057,432	$38,258,217
Fund balances - Unassigned				
Unassigned - GAAP basis		$22,607,262		$27,775,608
Effects of:				
Street Lights - accrual		-		-
County Parking Garage Fund		-		-
Health Encumbrance adjustment		-		-
Video lottery local impact aid		-		-
Revenue reserve allocation		-		(17,212,100)
Self Insurance Fund allocation		-		2,410,256
Inmate Benefits and Morale Fund		-		(379,047)
State Income Tax Adjustment		5,543,070		-
Base realignment and closure		-		-
Central Garage Fund allocation		-		-
Unassigned - Non-GAAP basis		28,150,332		12,594,717
Assigned for subsequent years		4,971,000		25,663,500
		$33,121,332		$38,258,217

Source: Office of Finance

2012		2013		2014	
Budget	Actual	Budget	Actual	Budget	Actual
$564,912,000	$567,829,147	$586,351,000	$589,899,231	$602,719,000	$603,178,340
366,588,200	394,480,856	389,400,000	407,582,398	417,300,000	435,870,098
10,585,000	11,720,894	26,357,000	30,436,273	12,302,000	12,163,216
65,000,000	59,088,413	60,000,000	81,036,685	73,000,000	77,535,100
32,190,000	32,258,227	32,700,000	32,689,945	32,370,000	31,516,775
16,259,600	15,215,772	15,206,800	15,306,284	15,060,100	16,536,662
550,000	212,484	400,000	189,172	400,000	92,853
53,439,700	52,768,005	58,038,300	61,518,784	52,649,700	52,743,393
51,036,200	54,952,378	51,524,100	57,142,988	54,201,900	58,041,129
$1,160,560,700	$1,188,526,176	$1,219,977,200	$1,275,801,760	$1,260,002,700	$1,287,677,566
$609,972,000	$609,382,939	$643,998,800	$643,179,582	$658,843,100	$658,697,704
33,051,600	33,031,455	37,371,400	37,159,926	37,083,500	37,191,058
232,632,600	230,482,188	247,530,100	243,635,879	253,860,100	252,456,134
108,590,900	102,732,315	101,521,600	100,284,604	133,822,800	132,647,365
43,741,500	43,289,209	46,078,000	43,391,255	45,897,700	44,440,667
35,395,700	35,342,198	36,444,600	36,325,759	39,480,300	39,273,446
37,072,300	36,786,862	38,408,800	37,864,130	39,576,500	39,310,442
20,756,100	20,282,303	21,575,000	21,366,544	23,125,200	22,987,240
8,272,200	8,180,811	8,460,000	7,969,926	8,379,100	8,342,806
11,604,200	11,510,128	11,934,900	11,564,151	11,576,600	11,547,287
45,135,100	44,718,483	44,914,000	43,287,233	44,309,500	44,274,685
-	-	15,462,500	15,462,500	25,177,000	25,177,000
$1,186,224,200	$1,175,738,891	$1,253,699,700	$1,241,491,489	$1,321,131,400	$1,316,345,834
(25,663,500)	12,787,285	(33,722,500)	34,310,271	(61,128,700)	(28,668,268)
38,258,217	38,258,217	51,045,502	51,045,502	85,355,773	85,355,773
$12,594,717	$51,045,502	$17,323,002	$85,355,773	$24,227,073	$56,687,505
	$46,035,927		$44,312,026		$57,724,388
	157,438		-		-
	-		-		25,629
	-		175,006		-
	-		-		1,237,151
	(22,526,083)		(23,000,203)		(44,183,320)
	(1,040,774)		2,973,539		2,952,574
	(449,296)		(537,376)		(611,867)
	-		-		-
	-		302,017		689,518
	1,545,790		2,064		2,462,432
	23,723,002		24,227,073		20,296,505
	27,322,500		61,128,700		36,391,000
	$51,045,502		$85,355,773		$56,687,505

The County has historically used a planned approach in which the anticipated available fund balance in the current fiscal year is programmed for spending in the subsequent year's budget. As a result of the recession during fiscal years 2008 and 2009, the General Fund (GAAP) balance decreased significantly. At June 30, 2009, the GAAP fund balance was $44,963,989. This caused the Administration to implemented aggressive fiscal practices during fiscal years 2010 and 2011, including hiring and spending freezes, and concessions negotiated with employees (e.g., furloughs). These actions increased the fund balance to $51,944,672, restated, $61,041,736, and $79,509,233 at June 30, 2010, 2011, and 2012, respectively. Fiscal restraint continued in fiscal year 2013 and 2014, with revenues exceeding budgeted expectations, the GAAP fund balance increased to $119,473,032 at June 30, 2014.

Budget for Fiscal Year 2015

The County's fiscal year 2015 General Fund Current Expense Budget, which includes the County's funding for the Board of Education, Libraries, Social Services and the Community College, amounts to $1,349,416,700 with a County property tax rate of $0.9430 per $100 of assessed value outside of Annapolis and $0.5640 per $100 of assessed value inside of Annapolis. (See "FINANCES - Property Taxes, Assessments and Collections").

The 2015 Capital Budget and Five Year Program total approximately $2,029,439,389 including $1,678,766,389 for general county improvements and $350,673,000 for water and wastewater projects. Support for the Capital Budget and Program primarily consists of Federal and State grants, County bonds, certain fees, and pay-as-you-go financing. (See "INDEBTEDNESS - Capital Appropriations and Funding Sources").

Interim General Fund Revenues and Expenditures for Fiscal Years 2014 and 2013

The Controller has prepared summary unaudited data with respect to revenues and expenditures of the General Fund for the six months ended December 31, 2014 and December 31, 2013. The presentation of this data does not purport to be an interim statement of General Fund revenues, expenditures and fund balance as estimates for year end accruals are not included. However, these statements have been prepared on a comparable basis and reflect the actual collection of revenues and actual expenditures and encumbrances for the two periods. The General Fund's Statement of Revenue, Expenditures, and Changes in Fund Balance in the annual basic financial statements (See "APPENDIX A") are prepared on the modified accrual basis.

Operating results through December 2014 show an increase in revenues and an increase in expenditures compared to December 2013. Total revenues as of December 31, 2014 are approximately $3,507,000 higher than December 31, 2013, an increase of 0.4%. Inter-Fund recoveries increased by approximately $4,095,000 due to an increase in Water & Sewer Capital Projects recoveries. Revenues from property taxes are approximately $4,008,000 ahead of the prior year. Income taxes at December 2014 are approximately $7,229,000 below that of December 2013 revenues due to the decrease in the collection of delinquent taxes. Total expenditures as of December 2014 are approximately $4,575,000 higher than December 2013, an increase of 0.6%.

The following presents a summary of General Fund revenues, expenditures and encumbrances for the six months ended December 31, 2014 and December 31, 2013, as compared with the related total annual budgets as revised through these dates.

INTERIM GENERAL FUND STATEMENT
Budget and Actual
For the Six Months Ended December 31
(Unaudited)

	2013		2014		
	Six Month Actual	Actual As a % of Annual Budget	Annual Budget	Six Month Actual	Actual As a % of Annual Budget
Revenues (1)					
General property taxes	$601,175,843	99.7%	$622,502,000	$605,183,438	97.2%
Local income taxes	142,786,389	34.2%	437,600,000	135,557,039	31.0%
State shared taxes	3,045,507	26.4%	11,822,000	3,179,271	26.9%
Recordation and transfer taxes	43,243,266	59.2%	78,000,000	45,039,376	57.7%
Local sales taxes	13,681,426	42.3%	31,804,000	13,690,700	43.1%
Licenses and permit fees	6,473,768	43.0%	15,517,500	6,759,405	43.6%
Investment income	51,385	12.8%	400,000	-80,531	-20.1%
Other revenues	24,208,066	44.7%	58,134,500	24,749,110	42.6%
Inter-Fund Recoveries	12,549,240	24.1%	57,245,700	16,644,365	29.1%
Total Revenues	$847,214,890	67.3%	$1,313,025,700	$850,722,173	64.8%
Expenditures					
Education	$301,663,856	50.6%	$603,483,300	$306,904,997	50.9%
Higher education	17,568,850	55.9%	35,937,700	17,118,850	47.6%
Public safety	128,957,130	52.1%	265,865,400	137,261,240	51.6%
General government	90,524,511	59.9%	136,947,600	79,000,515	57.7%
Health and human services	23,542,679	50.1%	49,149,600	23,389,444	47.6%
Public works	17,936,070	57.0%	33,221,600	17,924,375	54.0%
Recreation and community services	20,466,074	53.0%	41,926,900	23,193,124	55.3%
Judicial	11,666,176	52.9%	23,892,200	11,764,092	49.2%
Land use and development	3,746,894	43.7%	8,980,100	3,801,774	42.3%
Code enforcement	5,694,004	49.2%	12,167,600	5,772,041	47.4%
Debt service	19,559,226	18.0%	114,828,200	21,930,106	19.1%
Pay go funding - capital projects	25,177,000	100.0%	23,016,500	23,016,500	100.0%
Total Expenditures	$666,502,470	50.5%	$1,349,416,700	$671,077,058	49.7%

(1) General Fund revenues do not include appropriated surplus which is dedicated as a source for each subsequent year's budget.

Revenue Reserve Fund

This fund is intended as a revenue reserve and may only be used upon request of the County Executive with the approval of the County Council, to cover existing appropriations when revenues fall below budget expectations. In accordance with September 2002 legislation, the amount of annual appropriation to this fund may not cause the sum of the balance of the Revenue Reserve Fund plus the appropriation to exceed an amount equal to 10% of the estimated average aggregate annual revenue derived from the income tax, real property transfer tax, recordation tax, and investment income of the General Fund in the three fiscal years preceding the fiscal year for which the appropriation is made. As a result of prior year transfers to the fund, the maximum balance of $47,818,429 was achieved in fiscal year 2008. However, during the recession of 2008 and 2009, the County obtained authorization from the County Council to transfer $16,750,000 and $16,000,000, to the General Fund for fiscal years 2009 and 2010, respectively. Accordingly, the balance in the fund at June 30, 2010 was $17,106,347. As a result of budgeted transfers to the fund during fiscal years 2012 through 2015, the fund balance has increased to approximately $48,538,000 as of December 31, 2014.

General Fund Revenues

The County's principal General Fund revenues are property taxes, income taxes, recordation & transfer taxes, and state and federal assistance. These are detailed in the following paragraphs.

Property Taxes, Assessments and Collections

The assessment of all real and business tangible personal property for purposes of property taxation by the County is the sole responsibility of the State Department of Assessment and Taxation, an independent State agency. All real property is assessed once every three years and any increase in market value ("full cash value") arising from such inspection is to be phased in over the ensuing three taxable years in equal annual installments.

Tangible personal property of business entities is assessed at its full cash value. Personal property is assessed annually. The County does not currently levy any tax on commercial and manufacturing inventory and manufacturing machinery and equipment.

The following table sets forth the assessed value of all taxable property in the County for each of its five most recent fiscal years, the County and State tax rates applicable in each of those years, and the tax levy in each of those years. Tax exempt properties are not included in the following table.

ANNE ARUNDEL COUNTY
ASSESSED VALUES, TAX RATES, AND TAX LEVIES
($000's)

	(As of June 30)					As of December 31,
	2010	2011	2012	2013	2014	2014
Assessed Value						
Real Property	$ 84,417,167	$ 82,238,131	$ 77,289,434	$ 74,265,956	$ 74,302,152	$ 75,391,179
Personal Property	31,339	29,188	28,914	32,071	32,323	15,944
Railroads and Public Utilities	847,143	849,560	847,270	914,522	739,450	874,298
Business Corporations	1,858,428	1,764,454	1,678,435	1,635,425	1,419,447	703,684
Total Base	$ 87,154,077	$ 84,881,333	$ 79,844,053	$ 76,847,974	$ 76,493,372	$ 76,985,105
Total estimated actual value-taxable property	$ 87,154,077	$ 84,881,333	$ 79,844,053	$ 76,847,974	$ 76,493,372	$ 76,985,105
County Tax Rate (per $100 of Assessed Value)	$ 0.876	$ 0.880	$ 0.910	$ 0.941	$ 0.950	$ 0.943
County Tax Rate within the City of Annapolis (per $100 of Assessed Value)	$ 0.523	$ 0.525	$ 0.543	$ 0.564	$ 0.569	$ 0.564
Total County Tax Levy (1)	$ 772,914	$ 743,160	$ 734,114	$ 733,915	$ 730,909	$ 724,549
State Tax Rate (Per $100 of Assessed Value)	$ 0.112	$ 0.112	$ 0.112	$ 0.112	$ 0.112	$ 0.112
State Tax Levy in the County	$ 94,460	$ 92,004	$ 86,566	$ 83,091	$ 83,045	$ 84,546

(1) Property tax levies before tax credits and adjustments.

Source: Office of Finance

County taxes are payable July 1 for the current year and become delinquent October 1. A penalty is charged for the non-payment of such taxes at the rate of 12% per annum beginning in October. Section 10-204.3 of the Tax-Property Article of the Annotated Code of Maryland provides a semiannual payment schedule for owner occupied residential property. The first installment under the semiannual schedule is due on July 1 of the tax year and may be paid without interest on or before September 30. The second installment is due on December 1 of the tax year, except for the service charge, and may be paid without interest on or before December 31. It is also provided that if an escrow account is established for the payment of property taxes, it must pay taxes in the semiannual installments unless a written request from the property owner is received requesting annual payments.

The County does not levy taxes in excess of actual requirements to provide a margin against delinquencies. Uncollectible taxes are charged against allowances established therefore, by an annual reduction of revenues.

Charter Property Tax Revenue Limitation

In connection with a voter petition initiative, County voters approved an amendment to the County Charter at the November 1992 general election. The amendment, which became effective in December 1992, added Section 710(d) to the County Charter ("Section 710(d)"). Section 710(d) provides that from and after July 1, 1993, revenues derived from taxes on properties existing on the County property tax rolls at the commencement of the County fiscal year shall not increase, compared with the previous year, more than the Consumer Price Index percentage of change or 4.5 percent, whichever is the lesser (See "INDEBTEDNESS - Charter Property Tax Revenue Limitation").

The County Attorney has advised, among other things, that Section 710(d) applies to revenues from County taxes on both real property and personal property and that only revenues from property on the tax rolls at the close of business on June 30th of a fiscal year are capped for the purposes of determining the maximum amount of capped revenue for the next fiscal year. Revenues from new construction and other property which come onto the tax rolls on or after July 1 are "*new*" and are not subject to the cap, but only for the year that the properties come onto the tax rolls.

Municipal Tax Rate Differential

In establishing the County tax rate applicable to assessed property within the City of Annapolis, the costs of certain services provided by the County are allocated in order to implement provisions of current law, which preclude the owners of property located in Annapolis from being taxed for services already provided by this municipality. Hence, owners of property located outside the City of Annapolis are taxed by the County for all services that the County provides, while owners of property located inside the City of Annapolis are taxed by the County only for those services that the County, and not the City of Annapolis, directly provides. The tax differential for fiscal year 2015 is $0.379 per $100 of assessed value for real property and $0.947 per $100 of assessed value for personal property.

Property Tax Collections

The following table sets forth certain information with respect to the County's tax levies and tax collections:

TAX LEVIES AND COLLECTIONS (1)

Fiscal Year Ended June 30	Total Tax (1) Levy	Current Year's Taxes Collected in Year of Levy		Total Taxes Collected (Current and Delinquent)		Accumulated Delinquent Taxes	Accumulated Delinquent Taxes as a % of Current Year's Tax Levy
		Amount	%	Amount	%		
2010 …………	$562,014,875	$553,630,037	98.5%	$553,914,312	98.6%	$3,726,451	0.7%
2011 …………	577,037,468	563,622,256	97.7%	571,337,716	99.0%	10,186,050	1.8%
2012 …………	595,530,678	593,210,480	99.6%	606,058,695	101.8%	15,844,568	2.7%
2013 …………	619,955,595	618,157,426	99.7%	618,157,426	99.7%	4,958,425	0.8%
2014 …………	638,043,608	628,011,846	98.4%	635,555,858	99.6%	4,822,062	0.8%

(1) "Total Tax Levy" represents original tax levy, less real property tax credits for civic associations, elderly and disabled taxpayers, and other adjustments.

Source: Office of Finance

The table below, for the fiscal year 2013-2014, indicates the ten largest taxpayers in the County and gives the assessed valuation of their property and taxes billed.

Name of Taxpayer	Type of Business	Assessed Valuation	County Taxes	Percentage of Valuation
Baltimore Gas & Electric	Utility	$ 657,345,780	$ 15,221,291	0.86%
Annapolis Mall Ltd Ptnshp	Retail	423,726,100	4,025,398	0.55%
Arundel Mills Limited Ptnshp	Retail	367,172,570	3,503,679	0.48%
PPE Casino Resorts Maryland LLC	Casino	270,349,840	2,816,486	0.35%
Verizon	Utility	187,235,060	4,224,911	0.24%
Raven FS Property Holdings LLC	Real Estate	175,040,000	1,662,880	0.23%
Annapolis Towne Center at Parole LLC	Retail	156,018,747	1,482,178	0.20%
Wal-Mart Stores Inc	Retail	116,557,570	1,233,942	0.15%
Northrop Grumman Corp.	Electronics	111,453,800	1,432,651	0.15%
Dorsey Ridge Associates LLC	Real Estate	94,055,100	893,523	0.12%
		$ 2,558,954,567	$ 36,496,939	3.33%

Source:Office of Finance

Property Tax Credit Programs

Section 9-105 of the Tax-Property Article of the Annotated Code of Maryland, as amended provides a tax credit against local real property taxes on certain owner-occupied residential property. For taxable years beginning after June 30, 1991, the tax credit equals the County's tax rate multiplied by the amount by which the current year's assessment on residential property exceeds 110% of the previous year's taxable assessment (or such lesser percentage, but not less than 100%, of the previous year's taxable assessment as shall be established by the County). The County has adopted 102% as the rate to be used in calculating the tax credit.

State law also provides that a tax credit be given based on the ability of homeowners to pay property taxes. This credit is calculated by use of a scale which indicates a maximum tax liability for various income levels. This is supplemented by a County credit which uses a different scale to provide a maximum tax liability based on income.

In fiscal year 2014, the County provided $97,568,122 of tax credits based on assessments and $1,492,357 of tax credits based on income. Through December in fiscal year 2015, the County has provided $80,008,480 of tax credits based on assessment and $1,309,993 of tax credits based on income.

Income Taxes

The State imposes an income tax on the adjusted gross income of individuals as determined for federal income tax purposes, subject to certain adjustments. Pursuant to Chapter 493 of the 1999 Maryland Laws ("Chapter 493"), each county and Baltimore City is authorized to levy a local income tax at the rate of at least 1%, but not more than 3.2% of a taxpayer's taxable income as calculated for State income tax purposes. Chapter 493 also made the personal exemption amounts for calculating both state and local income taxes equal. Under Chapter 493's provisions, the local income tax rate on an Anne Arundel County taxpayer's total taxable income was adjusted to 2.56% for calendar year 2002 and thereafter, which is below the maximum rate of 3.2% authorized under state law. The County Council approved a one-time reduction in the income tax rate from 2.56% to 2.49% effective January 1, 2012. This change resulted in a loss of revenue in fiscal year 2012 and fiscal year 2013 of approximately $4 million, respectively. Effective January 1, 2013, the rate reverted to 2.56%. The County is not permitted to levy a local income tax on corporations.

Local Taxes

In addition to general property taxes and income taxes, the County is authorized to levy and collect other miscellaneous taxes, the largest of which are the recordation and transfer taxes on instruments conveying title to property.

Refund Procedures and Claims

The County is in receipt of various claims for refund of taxes, which are evaluated under administrative procedures mandated by applicable law. The resolution of such claims will not have a material adverse effect on the financial statements of the County.

State and Federal Assistance

During fiscal year 2014, the County recorded grant revenues and loan proceeds aggregating $43,872,560 primarily from the Federal government and the State of Maryland. This amount is exclusive of amounts received directly by the Board of Education, Department of Libraries, Department of Social Services, and Anne Arundel Community College from the State and Federal governments. Of this amount, $36,798,696 was received for general operating revenues and $7,073,864 for capital projects.

Water and Wastewater Funds

For financial reporting purposes, the County consolidates all funds related to water and wastewater activities into a single enterprise fund. However, underlying financial accounting records continue to be maintained on a non-GAAP basis for components for legal compliance purposes. Water and wastewater user charges and assessment charges are recorded as revenues on the accrual basis. Unpaid water and wastewater user charges and assessments are a lien on the real property and are collectible in the same manner as real property taxes at tax sale.

The following tables set forth revenues, expenses and changes in net position of the Water and Wastewater Operating Fund and the Debt Service Fund for the County's most recent fiscal years.

ANNE ARUNDEL COUNTY, MARYLAND
SUMMARY OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
WATER AND WASTEWATER OPERATING FUND
Last Five Fiscal Years
(Unaudited)

	Year Ended June 30,				
	2010	2011	2012	2013	2014
OPERATING REVENUES					
Charges for services	$78,995,322	$81,554,794	$86,737,248	$84,555,353	$86,023,267
Other revenues	4,812,769	4,896,080	6,697,740	5,141,149	8,971,429
Total revenues	83,808,091	86,450,874	93,434,988	89,696,502	94,994,696
OPERATING EXPENSES					
Personal services	31,085,494	31,136,291	32,752,959	34,029,594	34,639,556
Contractual services	27,918,791	26,777,500	25,794,086	26,339,748	29,005,674
Supplies and materials	4,462,514	5,399,316	7,025,119	6,061,145	6,955,163
Business and travel	80,992	89,878	121,156	109,143	114,485
Depreciation	33,466,520	32,894,376	39,118,597	35,224,618	35,301,619
Other	8,450,000	8,198,614	9,194,376	9,134,430	9,906,639
Total operating expenses	105,464,311	104,495,975	114,006,293	110,898,678	115,923,136
Operating income (loss)	(21,656,220)	(18,045,101)	(20,571,305)	(21,202,176)	(20,928,440)
NONOPERATING REVENUES AND EXPENSES					
Investment income	(8,669)	(3,373)	26,229	38,449	45,818
Gain (loss) on the disposal of assets	80,350	35,500	64,303	10,006	12,500
Net loss before other revenues	(21,584,539)	(18,012,974)	(20,480,773)	(21,153,721)	(20,870,122)
OTHER					
Capital contributions and grants	4,909,011	5,635,757	4,512,771	9,018,561	10,390,485
Net equity transfers between funds	19,210,216	19,637,077	28,598,566	27,649,289	34,876,343
Change in net position	2,534,688	7,259,860	12,630,564	15,514,129	24,396,706
Net position, July 1	740,990,403	743,525,091	750,784,951	763,415,515	778,929,644
Net position, June 30	$743,525,091	$750,784,951	$763,415,515	$778,929,644	$803,326,350

Source: Anne Arundel County, Maryland Comprehensive Annual Financial Reports.

ANNE ARUNDEL COUNTY, MARYLAND
SUMMARY OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
WATER AND WASTEWATER DEBT SERVICE FUND
Last Three Fiscal Years
(Unaudited)

	2012	2013	2014
REVENUES			
Interest earned on long-term receivables	$1,236,097	$1,132,508	$1,043,064
Investment income	935,872	396,451	1,003,069
Other revenues	2,434,000	3,923,318	3,381,240
Total revenues	4,605,969	5,452,277	5,427,373
EXPENSES			
Interest expense	7,439,630	7,195,283	7,690,787
Other expenses	813,878	908,536	1,291,499
Total expenses	8,253,508	8,103,819	8,982,286
OTHER			
Capital contributions, fees, and grants	63,088,622	44,274,044	55,601,473
Net equity transfers between funds	(33,037,990)	(32,547,413)	(35,732,823)
Increase (decrease) in net position	26,403,093	9,075,089	16,313,737
Net position, July 1 (as restated)	$214,760,103	$241,163,196	$247,991,260
Net position, June 30	$241,163,196	$250,238,285	$264,304,997

Source: Anne Arundel County, Maryland Comprehensive Annual Financial Reports.

The Controller has prepared summary unaudited data for the Water and Wastewater Operating and Debt Service Funds for the nine months ended December 31, 2014 and December 31, 2013.

WATER AND WASTEWATER OPERATING FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
(Unaudited)

	For the Six Months Ended December 31,	
	2013	**2014**
Revenues		
Water and wastewater service	$ 44,366,090	$ 43,831,032
Miscellaneous	5,350,344	6,517,361
Total Revenues	49,716,434	50,348,393
Expenses		
Water and wastewater operations	36,429,292	37,087,407
Depreciation	16,495,706	16,606,930
Total Expenses	52,924,998	53,694,337
Change in net position	(3,208,564)	(3,345,944)
Net position, July 1	778,929,644	803,326,350
Net position, December 31	$ 775,721,080	$ 799,980,406

Source: Office of Finance.

WATER AND WASTEWATER DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES AND ENCUMBRANCES
(Unaudited)

	For the Six Months Ended December 31,	
	2013	**2014**
Revenues		
Capital connection charges	$ 8,186,608	$ 11,718,698
Environmental protection fees	11,283,625	10,632,277
Miscellaneous (primarily interest)	1,330,167	1,017,438
Total revenues	20,800,400	23,368,413
Expenses		
Principal payments on debt	215,000	210,000
Interest payments on debt	8,774,135	10,166,015
Other	494,804	533,004
Total expenses	9,483,939	10,909,019
Increase in net position	11,316,461	12,459,394
Net position, July 1	250,238,285	264,304,997
Net position, December 31	$ 261,554,746	$ 276,764,391

Source: Office of Finance.

The following schedules list the water and wastewater utility rates in effect.

WATER AND WASTEWATER UTILITY RATE SCHEDULE

Dedicated to Debt Service	Present Rates	
Front Foot Benefit Assessments:		
Water	**$ 8.01**	Maximum per front foot
Sewer	**$ 12.03**	Maximum per front foot
Capital Facility Connection Charges:		
Water	**$7,900.00**	
Sewer	**$8,300.00**	
Deferral Fee		
Water	8% of Capital Facility Connection Charge	
Wastewater	8% of Capital Facility Connection Charge	
Environmental Protection Fee:	25% Surcharge on Water and Wastewater Usage Bills	

	Charges under Capital Project	Charges Done by Contractor New Construction
User Connection Charges:(1)		
Water	$2,100.00	$2,650.00
Sewer	$3,400.00	$4,270.00
Operating Rates		
Water User Charges:		
Each 1,000 gallons	**$ 2.76**	
Sewer User Charges:(2)		
Each 1,000 gallons	$ **4.85**	
Account Maintenance Charge	$6.00/qtr. metered service $3.00/qtr. unmetered service	

(1) Connections have historically been funded with current revenue sources. This is the minimum charge. Actual may be higher.
(2) Based on water consumption.

Source: Department of Public Works

In addition to the dedicated fees and charges for debt service as indicated above, the 1978 Maryland General Assembly passed enabling legislation authorizing the dedication of up to 50% of the transfer tax revenue for debt service of the Water and Wastewater Enterprise Fund. Subsequently the County Council passed legislation authorizing the use of 30% of the tax for this purpose. The expansion of the financial base is to provide non-user funds to cover the indirect benefits of the County's capital investment in environmental control facilities. No revenues are currently transferred from the General Fund and County management does not contemplate a transfer in the foreseeable future.

Solid Waste Fund

The County operated one landfill in 2014. The landfill has closed cells; an active cell, which is 90.2% full at June 30, 2014; and one additional cell not yet in use. The active and new cells have estimated lives to at least year 2018 and 2043, respectively. Two other landfills stopped accepting trash in 1983 and 1993. The County has estimated the cost to close these landfills under federal and state regulations at approximately $71,550,000 at the end of fiscal year 2014. The County also estimates the future post closure care for these facilities for 30 years at approximately $43,360,000. In addition, the County has reserved cash of approximately $24,131,000 to help pay for the closure and post-closure costs related to the active landfill cells.

The County has estimated an unrecognized liability of approximately $40,391,000 as of June 30, 2014 for the closed or partially filled areas of these three landfills. This estimate represents the County's best judgment of the minimum cost required to correct identified problems, close and remediate open cells, and provide for post-closure care of these sites. All estimates are based on current regulations and costs to perform the closure or remediation in the current year and are subject to periodic evaluation. Actual costs may be different due to inflation or deflation, changes in technology or changes in regulations.

The following table sets forth revenues, expenses and changes in net position of the Solid Waste Fund for the County's five most recent fiscal years.

ANNE ARUNDEL COUNTY, MARYLAND
SUMMARY OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
SOLID WASTE FUND
Last Five Fiscal Years
(Unaudited)

	2010	2011	2012	2013	2014
Revenues					
Charges for Services	$41,089,628	$41,362,893	$47,798,826	$45,599,267	$46,149,105
Landfill Charges	2,127,905	2,742,934	2,880,768	3,575,594	3,984,278
Other Revenues	1,126,883	4,112,818	2,706,265	1,947,474	1,026,244
Total Revenues	44,344,416	48,218,645	53,385,859	51,122,335	51,159,627
Expenses					
Solid Waste Operations	39,977,232	41,924,723	42,354,964	41,457,009	43,575,223
Landfill Closure and postcl	506,334	322,463	490,626	(983,054)	(232,487)
Depreciation	2,753,077	2,453,196	1,718,840	3,972,300	3,570,594
Interest	302,136	253,171	206,273	336,322	860,890
Other Expenses	2,874,000	4,112,091	1,119,579	2,985,121	3,376,614
Total Expenses	46,412,779	49,065,644	45,890,282	47,767,698	51,150,834
Change in net position	(2,068,363)	(846,999)	7,495,577	3,354,637	8,793
Net position, July 1	$13,317,345	$11,248,982	$10,401,983	$17,897,560	$21,252,197
Net position, June 30	$11,248,982	$10,401,983	$17,897,560	$21,252,197	$21,260,990

Source: Office of Finance.

The changes in net position in the Solid Waste Fund have fluctuated over the past few years due to the annual adjustments to the landfill closure and post closure reserves. In fiscal years 2013 and 2014, the net position increased $3,354,637 and $8,793, respectively.

The Controller has prepared summary unaudited data for the Solid Waste Fund for the six months ended December 31, 2013 and December 31, 2014.

SOLID WASTE OPERATING FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
(Unaudited)

	For the Six Months Ended December 31, 2013	For the Six Months Ended December 31, 2014
Revenues		
Service fees	$ 23,006,589	$ 23,270,273
Landfill charges	1,310,060	1,462,559
Investment Income	2,805	30,178
Miscellaneous	1,376,516	353,999
Total Revenues	25,695,970	25,117,009
Expenses		
Operating Expenses	17,259,855	18,033,316
Depreciation Expense	1,014,251	1,042,807
Interest Expense	604,295	664,841
Other	4,091,431	6,081,408
Landfill closing costs	1,265,420	904,997
Total Expenses	24,235,252	26,727,369
Increase in net position	1,460,718	(1,610,360)
Net position, July 1	14,430,383	15,389,176
Net position, December 31	$ 15,891,101	$ 13,778,816

Source: Office of Finance.

Solid Waste operating expenses have fluctuated annually primarily due to adjustments to closure and post-closure reserves. The comparative six month statements indicate that fiscal year 2015 net operations are lagging behind the prior year primarily due to the ramp up of recycling bin purchase program.

The following schedules list the solid waste rates currently in effect.

Solid Waste Landfill and Collection Rate Schedule

Landfill Charges	Current Charge
Solid waste delivered by a commercial business	$75 per ton
Solid waste delivered in a dump truck, flatbed truck, stake body truck, box truck, rental truck/trailer, or double axle trailer	$75 per ton
For large, unusually difficult to handle items or bulky compact items, such as house trailers, boats in excess of 20 feet in length, stumps, and concrete	$200 per ton
On-the-road vehicle tires from a vehicle other than a vehicle owned by the person delivering the tires	125% of the cost to the County to dispose of the tires ($112.50/ton), plus $7.00 for each tire mixed with other solid waste
On-the-road vehicle tires from a vehicle owned by the person delivering the tires	No charge for four or fewer tires, but for each tire in excess of four tires $7.00
Residential solid waste not covered by a listing above	No charge
Solid Waste Service Charge	
Annual service charge assessed to each person whose property is supplied with County curbside collection service	$298
Commercial Recycling Charge	
Annual service charge to each person that participates in the voluntary curbside collection program	$41 administrative fee $51 collection fee (per container)

Source: Anne Arundel County Code, Article 13, Section 13-4-105, 106, and 107.

Pension Plans

County employees participate in four single-employer defined benefit pension plans administered by the County in separate trust funds and in two multi-employer pension plans administered by the State.

Information regarding the four County administered plans based on the actuarial valuation dated January 1, 2014 and contribution and valuation data as of the fiscal year ending June 30, 2014 follows:

	Employees Plan	**Police Service Plan**	**Fire Service Plan**	**Detention Officers and Deputy Sheriffs Plan**
Actuarial accrued liability	$735,729,033	$576,387,838	$542,077,933	$143,696,346
Actuarial value of net assets available for benefits	545,812,384	452,075,806	462,235,880	102,136,092
Unfunded actuarial accrued liability **	189,916,649	124,312,032	79,842,053	41,560,254
Funded Ratio ***	74.2%	78.4%	85.3%	71.1%
Annual contribution for the year ended June 30, 2014	23,958,375	18,934,063	16,409,138	6,006,849
Market value of net assets available for benefits as of June 30, 2014*	594,334,842	489,734,861	503,153,120	111,614,038

* Unaudited.

** Unfunded past service liabilities are amortized over 30 years.

*** Based on actuarial value of net assets available for benefits.

Source: Office of Finance (from annual actuarial reports submitted to the County by Bolton Partners, Inc.)

In December 1996, the County enacted legislation creating the Anne Arundel County Retirement and Pension System (the "System"), effective February 1, 1997. At that date, all net assets of pension trust funds were transferred to the System. The System is a legally separate entity and is managed by a Pension Board of Trustees.

Effective with the January 1, 1995 valuation, the County adopted an asset smoothing method, which spreads the difference between actual and expected investment returns over 5 years. The purpose of asset smoothing is to reduce the volatility in annual actuarial recommended contributions by reducing unexpected fluctuations in asset values. As of January 1, 2004 the County changed the funding methodology for all Plans to the Projected Unit Credit (PUC) method to attempt to stabilize future employer contribution amounts. In addition, the amortization period for the Unfunded Actuarial Accrued Liability was reset to 30 years. The amortization period is based on a closed period method.

Effective with the January 1, 2011 actuarial valuation, the actuarial value of assets is calculated by spreading the market value investment gains or losses in excess of the assumed rate of return over a five-year period. Previously, the actuarial value of assets was calculated by spreading the gains and losses over the actuarial returns, not the actual market value returns. This change results in a quicker recognition of losses and an increase in the County's contribution. While there is no long term impact on the County's contribution there will be short term increases.

Effective with the January 1, 2014 actuarial valuation, the inflation assumption was lowered to 3.0% from 3.5%, the investment assumption was lowered to 7.5% from 8.0%, and the amortization period for gains and losses and assumption changed were all reduced to 20 years from 30 years.

The following table sets forth the unfunded past service liability of the County with respect to County employees for each of the pension plans for the most recent five calendar years for which data are available:

December 31,	Employees Plan	Police Service Plan	Fire Service Plan	Detention Officers' and Deputy Sheriffs' Plan
2009	$79,285,038	$55,282,697	$37,084,763 *	$26,787,087 *
2010	105,104,442	66,110,544	38,659,452	31,856,070
2011	137,582,657	95,812,037	59,899,208	35,653,262
2012	185,348,354	134,616,394	83,811,615	41,060,297
2013	189,916,649	124,312,032	79,842,053	41,560,254

* *Revised for increased employee contributions levels negotiated subsequent to initial reporting*

Note: In the fiscal year 2014 the County contributed $1,766,085 to the State Retirement and Pension Systems ("State plans") for government employees in the State plans and to amortize the unfunded past service liability over 33 years beginning June 30, 1988.

Source: Office of Finance (from annual actuarial reports submitted to the County by Bolton Partners, Inc.).

For more detailed information see "NOTES TO BASIC FINANCIAL STATEMENTS - Pension Plans," in Appendix A.

Funds held under pension plans administered by the System are invested by professional money managers (including insurance companies). Pension funds are invested in a variety of investments, including commercial paper, corporate bonds, common stocks and other investments. An immaterial amount of index futures are held in the portfolios managed by the insurance companies. For more detailed information see "NOTES TO BASIC FINANCIAL STATEMENTS - Cash and Investments" in Appendix A.

Other Post-Employment Benefits

The County government provides a group health plan for employees and retirees under the authority of § 6-1-308 of the County Code. This health plan may be extended to other component units under § 6-1-309 of the County Code. The Community College and the Library provide retiree health insurance through participation in the

County's health plans. The County collects premiums from these entities to offset the related costs. The County Code requires the County to pay 80% of the health coverage cost for current County retirees and terminated vested employees that retired before July 1, 2014. Employees not eligible for normal or early retirement by January 1, 2017 will receive a subsidy based on years of service. The Library currently pays 80% for Library retirees. The primary government plan provides the same health plans to active employees and pre-age 65 retirees. The County offers a Medicare supplement to post age 65 retirees. The County is issuing requests for proposals for Medicare Advantage Plans to be offered to post age 65 retirees beginning in calendar year 2016. The County offers the same prescription benefit for active employees and pre-age 65 retirees. Starting in calendar year 2015, post age 65 retirees will be eligible to participate in an Employer Group Waiver Plan (EGWP) 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 service criteria. For employees hired after September 15, 2002, the Board funds a portion of the medical premium ranging from 25% with 10 years of service to 75% with 20 or more years of service, but no dental funding is available. No Board funding is provided for vision coverage regardless of service date. Active employees and retirees have the same medical, dental, and vision plans while retirees over 65 have three Medicare Supplemental Plans available. The retiree and active prescription plan co-payments differ. The retiree plan is evaluated separately based on claims experience; however, a blended percentage increase has been applied to the retiree rates.

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

The County utilized the actuarial services of Bolton Partners and Aon Consulting to formulate its findings. According to this report, actuarial estimates of the County's and its component units' total actuarial accrued liability (AAL) is $2,438,015,000. The annual required contribution (ARC) is estimated at $182,332,000. The actuarial results noted herein are based on a 4% investment rate of return.

An amendment to the Charter of Anne Arundel County was passed by the citizens of the County in November 2012. This amendment requires the County to establish a fund for the purpose of reserving funds to pay for health insurance benefits provided to retired County employees and their spouses, dependents and survivors. It also allows the County to establish an irrevocable trust fund for the purpose of paying for health insurance benefits provided to this group. The County anticipates utilizing a trust fund in the future to manage the retiree health care unfunded actuarial accrued liability. The County is in the process of establishing irrevocable trust funds and it should be final before the end of fiscal year 2015.

The entities currently fund the retirees' healthcare costs on a pay-as-you-go basis. The County established a Collaborative Benefits Committee through resolution to review existing benefits, assess the impact of continued increases in the costs of these benefits on current and projected revenues and expenditures, determine the fair and equitable priorities in the reduction of the benefit costs and report to the County Executive and the County Council on these recommendations. A final report was issued by the Committee on February 14, 2012. The County Council passed legislation in January 2014 to address some of the recommendations from the study. The legislation restructures benefits for current retirees, current employees and new employees resulting in approximately a 25% reduction in AAL and ARC.

The County's health plan operates on a calendar year basis. Beginning January 1, 2014, employees have increased co-pays and a deductible to meet prior to the County providing coverage. Beginning January 1, 2015, employees' cost share and deductibles were increased. The cost savings from these plan changes will be deposited into the reserve fund.

Recent Developments

Recent developments concerning the County include:

- On June 6, 2014, the County Council passed the County Executive's $1.3 billion operating budget and $242.5 million capital budget for the fiscal year ending June 30, 2015. The County's local income tax rate remains at 2.56% and the property tax rate decreases from .950 cents to .943 cents per hundred of assessed value, consistent with the County's property tax revenue cap. The budget included, among other items, (i) funding the Board of Education maintenance of effort at $603.5 million, (ii) a three percent merit increase for County employees, and (iii) a contribution of $3.3 million to the Revenue Reserve Fund.

- Other significant funds included in the County's fiscal year 2015 budget include the Water and Wastewater Fund, where water and sewer rates remained the same as fiscal year 2014 and projected fund balance will be in excess of the two month operating expense specified in the County's financial policies. The Waste Collection Fund, which collects and disposes of solid waste, maintains a rate of $298 per household receiving County waste removal services.

- The Watershed Protection and Restoration Fund (WPRF) was funded in fiscal year 2014 in order to implement a state mandated program of capital projects, operating maintenance, and other required efforts to reduce the County's contribution of harmful pollutants associated with stormwater and poor water quality affecting local rivers and the Chesapeake Bay. This WPRF is a dedicated fund financed through a fee based upon a property's impervious surface and will be fully phased in by fiscal year 2016. There is pending legislation that could impact future revenues dedicated to this fund.

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SECTION FOUR: INDEBTEDNESS

General

Under applicable law, general obligation indebtedness of the County may not exceed 5.2% of the assessable basis of real property and 13% of the assessable basis of personal property and certain operating real property in the County. Under applicable law, bonds issued by the County for water or wastewater facilities may not exceed 5.6% of the assessable basis of real property in the Sanitary District of the County and 14% of the assessable basis of personal property and certain operating real property in the Sanitary District. The information hereinafter presented does not include the debt and debt service attributable to those portions of the County's various outstanding bond issues that have been refunded.

No Short-Term Operating Debt

The County intends to manage operations such that no short-term debt will be needed in the future. The County has entered into a line of credit agreement only for Bond Anticipation Notes used in capital construction.

Tax Supported Debt

The following table sets forth the County's direct net tax supported debt as of June 30, 2014, not including the Bonds offered hereby.

General Obligation Bonds		
General Improvements	$916,204,287 (1) (2)	
Water and Sewer	480,300,532 (3)	
Watershed Protection and Restoration	7,300,000	
Solid Waste	28,490,713 (1)	
Total General Obligation Bonds		$1,432,295,532
Tax Increment Financing Bonds		86,440,000
Installment Purchase Agreements		13,605,000
Loans from the State of Maryland and Federal		
General Improvements		3,729,609
Long Term Leases		
General Improvements		49,215
Total Direct Debt		1,536,119,356
Less: Dedicated Revenue Source		
Watershed Protection and Restoration	7,300,000 (4)	
Less: Self Supporting Debt		
Water and Sewer Bonds	480,300,532	
Solid Waste Bonds	28,490,713 (5)	
Total Self-Supporting Debt		516,091,245
Net Tax Supported Debt		$1,020,028,111

(1) Long-Term Serial Bonds, Consolidated General Improvements; applicable against the 5.2% of taxable County assessable real property base limit and 13% of personal/operating real property.
(2) Includes $24,530,000 of Compass Pointe Bonds.
(3) Long-Term Serial Bonds, Consolidated Water and Waste Water; applicable against the 5.6% of the total taxable Sanitary District assessable real property base and 14% of personal/operating real property.
(4) Customarily issued as part of Consolidated General Improvement Series; Bonds for this purpose are supported by dedication of, if applicable, other revenues deposited to Watershed Protection and Restoration Fund.
(5) Historically issued as part of Consolidated General Improvement Series; bonds for this purpose are supported by project rates or charges prescribed in bond authorization ordinances.

Source: Office of Finance (unaudited).

Charter Property Tax Revenue Limitation

Section 19-103 of the Local Government Article of the Annotated Code of Maryland provides, in effect, that Section 710(d) of the County Charter shall not impair or be construed to impair the obligation of the County to levy and collect taxes to provide for the payment when due of principal of and interest on bonds of the County, or bonds guaranteed by the County, to which the County has pledged its unlimited taxing power, and which were outstanding on December 3, 1992, the effective date of such Charter provision.

Pursuant to the authority of Section 19-207(c)(2) of the Local Government Article of the Annotated Code of Maryland, if County Bonds to be refunded are secured as unconditional general obligations with a pledge of the full faith and credit and unlimited taxing power of the County, the County may secure an issue of refunding bonds as unconditional general obligations with a pledge of the full faith and credit and unlimited taxing power of the County in the same manner and with the same force and effect as the original pledge.

Bonds Authorized and Unissued

The following schedule reflects the bonds authorized and unissued under the Authorizing Ordinance that establishes the authority to finance the capital projects in the fiscal year 2014-2015 budget and repeals and re-enacts by consolidation the unissued authority of previous bond authorizing ordinances:

SCHEDULE OF BONDS AUTHORIZED AND UNISSUED

Class of Projects	Authorized
General County	$21,048,364
Stormwater Runoff Controls	4,233,963
Stormwater Runoff Controls WPRF	2,799,000
Education	181,853,021
Police and Fire	10,454,683
Police and Fire Impact Fees	917
Roads and Bridges	33,466,422
Roads and Bridges Impact Fees	3,885
Community College	4,573,341
County Libraries	602,363
Recreation and Parks	11,047,553
Waterway Improvements	11,854,878
Waterway Improvements WPRF	3,404,000
Consolidated Solid Waste	23,109,086
Consolidated Watershed Protection & Restor.	145,684,100
Consolidated General Improvements	$454,135,576
Consolidated Water and Wastewater	558,865,541
Total	$1,013,001,117

Source: Office of Finance

Overlapping Debt

The City of Annapolis is the only incorporated municipality in the County. As of June 30, 2014, the City of Annapolis had $126,873,447 in long-term, general obligation debt. The County is not obligated to pay such debt or the interest thereon and neither the full faith and credit nor the taxing power of the County is pledged to the payment of the principal of or interest on such indebtedness.

Maryland Water Quality Debt

The Maryland Water Quality Revolving Loan Fund is administered by the Maryland Water Quality Financing Administration. As of June 30, 2014, the County had $47,680,532 of outstanding debt under this program, which is not included in the County's net tax-supported debt position. The County's obligation to repay this amount is evidenced by County bonds, which are payable over a 20-year period at below-market interest rates. The source of repayment for these County obligations is the same as that for the County's Water and Sewer Bonds.

Special Tax District Financing

The County has passed legislation creating five separate special taxing districts and authorizing the issuance of special obligation bonds for the purpose of financing projects in support of these districts. In each case, the bonding authority is for special obligation bonds payable solely from the proceeds of a special tax levied on taxable parcels within such special taxing district. Such special obligation bonds are not backed by the County's full faith and credit. The amounts issued and outstanding are as follows:

Special Tax Districts

		Original Issue	Outstanding as of January 31, 2015
	Farmington	$6,222,000	$4,035,000
	Dorchester	14,652,000	13,570,000
	Two Rivers	30,000,000	30,000,000
1)	Arundel Gateway	22,500,000	22,500,000
		$73,374,000	$70,105,000

1) The County may issue an additional $2.5M in Special Obligation Bonds.

The County passed legislation in August 2010 which established a special taxing district in the northern quadrant of the County designated the "Cedar Hill Special Taxing District". The County has no active current plans to issue special taxing district bonds for Cedar Hill Special Taxing District.

Tax Increment Financing

The County has passed legislation creating separate tax increment districts which are each supported by special taxing districts created within, or coincident with, such tax increment districts. The County has also authorized the issuance of special obligation bonds for the purpose of financing projects in support of such districts. In each case, the bonding authority is for special obligation bonds secured by taxes levied on the tax increment and by special taxes levied on taxable property within the special taxing district. Such special obligation bonds may also be backed by the County's full faith and credit. As of January 31, 2015, approximately $84,860,000 in aggregate principal amount of such tax increment and special taxing bonds are outstanding of which approximately $38,860,000 are also guaranteed by the full faith and credit of the County.

The County passed legislation in October, 2014 which established a tax increment district designated the "Odenton Town Center Development District". The County has no current plans to issue bonds for the Odenton Town Center Development District.

Special Community Benefit District Debt

As of June 30, 2014, debt attributable to shore erosion control districts in the County totaled $2,976,038, debt attributable to waterways improvements districts in the County totaled $742,603 and debt attributable to special community benefit districts totaled $10,968. Ad valorem taxes or special benefit charges are levied on properties within the respective districts to provide for the payment of debt attributable to such districts. These items are included in the County's net tax supported debt position.

Revenue Authority

There is one active revenue authority within the County, which is presented as a component unit in the County's financial statements. This authority was created in February 1998 to acquire, construct, improve, equip, furnish, maintain and operate Tipton Airport. The United States Army as part of the Fort Meade operation had previously operated this airport. During fiscal year 2002, title to the land and improvements transferred to Anne Arundel County. The County provides some support to the Authority for operating costs and capital improvements. A second authority was created to construct and manage recreational facilities within the County. This recreational authority is currently inactive.

Public School Financing

State Assumption of Public School Capital Construction Costs

Legislation enacted by the Maryland General Assembly in 1971 provides for the assumption by the State, under certain conditions, of the costs of public school construction projects and public school capital improvements on a State-wide basis. This law provides that the State of Maryland will pay the costs in excess of available Federal funds of all public school construction projects and public school capital improvements in the counties and Baltimore City, which have been approved by the Board of Public Works and empowers the Board of Public Works to define by regulation what shall constitute an approved construction or capital improvement cost. On December 30, 1987, the Board of Public Works adopted revised "Rules, Regulations and Procedures for the Administration of the School Construction Program" (the "Revised Rules").

Under these rules, the Board shall establish a maximum State construction allocation which is the maximum State participation for each project when it is being considered for inclusion in an annual capital improvement program for construction funding as follows:

(a) The maximum State construction allocation shall be based on the product of the latest adjusted average statewide per square foot cost of construction for schools in the State and the approved area allowances for the project as limited by the Public School Construction Program capacity and space formula and these rules and regulations.

(b) The average per square foot cost of school construction based on the best cost experience of schools constructed in the prior year(s) shall be published at least annually. The per square foot construction cost shall include site work, and the per square foot building cost shall exclude site work.

(c) The maximum State construction allocation shall also include adjustments for inflation to time of bid, regional cost differences, and a percentage for contingency as determined by the Committee.

(d) The maximum State construction allocation shall be adjusted to reflect the State and local sharing of this expenditure for all projects approved for local planning on or after February 11, 1987. The State share, which represents the maximum State construction allocation for the eligible portion of a construction contract is computed by applying a factor of 50% for the County to the factors cited in sections (a), (b) and (c) above.

Economic Development Revenue Bonds

The County has encouraged industry to locate and remain in the County by, among other things, the issuance of industrial development revenue bonds and pollution control revenue bonds pursuant to the Maryland Economic Development Revenue Bond Act and earlier statutory authority and the Maryland Industrial Development Financing Authority Act. Economic development revenue bonds do not constitute indebtedness or a charge against the general credit or taxing powers of the County. For more detailed information see "NOTES TO THE BASIC FINANCIAL STATEMENTS - Conduit Debt" in Appendix A.

Statement of Legal Debt Margin

The following statement presents the County's Legal Debt Margins as of June 30, 2014:

STATEMENT OF LEGAL DEBT MARGINS
As of June 30, 2014

	General Bonded Debt		*Water & Wastewater Utility Bonded Debt*	
Assessed value of real property	$74,302,151,652		$68,302,349,671	
Bonded debt limit to assessed value	5.2%		5.6%	
Bonded debt limit of real property		$3,863,711,886		$3,824,931,582
Assessed value of personal/operating real property	$2,191,220,230		$2,002,740,750	
Bonded debt limit to assessed value	13%		14%	
Bonded debt limit of personal property		284,858,630		280,383,705
Legal limitation for the borrowing of funds and issuance of bonds		$4,148,570,516		$4,105,315,287
Bonded debt applicable to debt limit (1)(2)		916,204,287		480,300,532
Installment Purchase Agreements (1)		13,605,000		-
Tax Increment Bonds (1)		86,440,000		-
Bonded debt for solid waste projects (3)		28,490,713		-
Bond anticipation notes (3)		-		-
Watershed Restoration and Protection		7,300,000		
Legal debt margin		$3,096,530,516		$3,625,014,755

(1) See Note 8 of the Basic Financial Statements for explanations of the bonded debt limits.
(2) Includes $19,470,000 of Compass Pointe Bonds.
(3) This presentation of debt for self-liquidating solid waste projects, watershed protection and restoration, and bond anticipation notes.

Source: Office of Finance.

Certain Debt Ratios

The following table sets forth the County's ratio of net tax supported debt per capita, ratio of net debt to the County estimated market value, and ratio of tax supported debt per capita to per capita income.

Year Ended June 30,	Tax supported Debt (1)	Estimated Population (3)	Estimated Market Value (2)	Per Capita Personal Income	Tax Supported Debt Per capita
2010	$809,849,000	539,191	$87,154,077,000	$54,024	$1,502
2011	919,361,000	544,624	84,881,333,000	56,248	1,688
2012	941,157,000	550,175	79,844,053,000	59,745	1,711
2013	983,374,000	555,743	76,847,974,000	60,239	1,769
2014	1,020,028,111	562,226	76,493,372,000	61,736	1,814

(1) Excludes Self-Supporting and Watershed Protection and Restoration Bonds and does not include the Bonds offered hereby.
(2) These figures represent the market value of all taxable property. (See "FINANCES - Property Taxes, Assessments and Collections")
(3) Population totals are estimates of the County Office of Planning and Zoning.

Source: Office of Finance (unaudited).

The following table sets forth the County's debt service expenditures for tax-supported debt as a percentage of General Fund Revenues, Expenditures and Encumbrances.

RATIO OF GAAP ANNUAL DEBT SERVICE FOR TAX-SUPPORTED DEBT TO TOTAL GENERAL FUND REVENUES AND EXPENDITURES (BUDGET BASIS)
Last Five Fiscal Years

Fiscal Year Ended June 30,	Debt Service*	Total General Fund Expenditures	Debt Service as a Percentage of Total Expenditures	Total General Fund Revenues	Debt Service as a Percentage of Total Revenues
2010......................	$91,182,178	$1,172,907,627	7.77%	$1,194,389,855	7.63%
2011......................	93,879,569	1,161,865,410	8.08	1,167,002,295	8.04
2012......................	109,156,174	1,175,738,991	9.28	1,188,526,176	9.18
2013......................	114,098,694	1,241,491,489	9.19	1,275,801,760	8.94
2014......................	118,988,757	1,316,345,834	9.04	1,287,677,566	9.24

***** includes all tax supported debt service recorded in all governmental funds including the General Fund, Tax Increment Districts, Installment Purchase Agreements, and loans to special taxing districts.

Source: Office of Finance.

Enterprise Funds Debt

The following table sets forth the County's Enterprise Funds bonded debt:

ENTERPRISE FUNDS BONDED DEBT
Last Five Fiscal Years

Fiscal Year Ended June 30,	Water and Wastewater Bonded Debt	Solid Waste Bonded Debt	Total Enterprise Funds Debt
2010..	$ 344,218,587	$ 21,163,380	$ 365,381,967
2011……………………………….	373,465,626	27,907,435	401,373,061
2012……………………………….	382,899,911	28,111,299	411,011,210
2013……………………………….	418,433,175	26,028,283	444,461,458
2014……………………………….	480,300,532	28,490,713	508,791,245

Source: Office of Finance

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Schedule of Debt Service Requirements for Long-Term Obligations

The following table sets forth the principal and interest payments schedule for the County's direct and contingent long-term obligations, including General Public School Construction Loans as of January 31, 2015.

Fiscal Year Ending June 30,	*General County Bonds (a,b)*							
	Consolidated General Improvement							
	General Government		*Solid Waste*		*WPRF*		*2015 General Obligation*	
	Principal	*Interest*	*Principal*	*Interest*	*Principal*	*Interest*	*Principal*	*Interest*
2015	$ 76,759,405	$ 21,484,000	$ 1,770,668	$ 660,624	$ 354,927	$ 166,164	$ -	-
2016	75,563,021	39,344,372	2,407,052	1,217,422	354,927	314,581	100,000	9,383,917
2017	73,791,444	35,668,236	2,778,629	1,096,329	354,927	296,835	12,750,000	9,565,000
2018	70,458,423	32,055,937	1,411,650	969,924	354,927	279,089	12,750,000	8,927,500
2019	67,505,449	28,635,940	1,479,124	900,469	390,427	261,342	12,750,000	8,290,000
2020	62,760,693	25,486,141	1,533,880	829,145	390,427	241,821	12,750,000	7,652,500
2021	60,762,595	22,584,315	1,691,978	759,180	390,427	222,299	12,750,000	7,015,000
2022	60,814,495	19,723,713	1,690,079	682,587	390,427	202,778	12,750,000	6,377,500
2023	55,279,128	16,835,419	1,690,446	601,398	390,427	183,257	12,750,000	5,740,000
2024	49,207,420	14,257,471	1,739,473	521,295	443,107	163,735	12,750,000	5,102,500
2025	44,872,358	11,949,775	1,594,137	437,412	348,505	141,580	12,750,000	4,465,000
2026	42,269,643	9,868,736	1,546,852	360,199	348,505	124,155	7,655,000	3,827,500
2027	38,923,849	7,891,962	1,427,646	289,976	348,505	106,730	7,655,000	3,444,750
2028	34,722,572	6,074,721	1,223,923	223,822	348,505	96,275	7,655,000	3,062,000
2029	30,687,572	4,520,645	1,223,923	168,213	348,505	84,948	7,655,000	2,679,250
2030	26,177,308	3,171,612	1,124,187	115,404	348,505	73,186	7,655,000	2,296,500
2031	18,888,452	1,939,978	808,041	63,174	348,505	55,761	7,655,000	1,913,750
2032	13,092,640	1,138,601	323,855	29,265	348,505	41,821	7,655,000	1,531,000
2033	9,153,910	593,113	212,585	17,007	348,505	27,880	7,655,000	1,148,250
2034	4,513,910	180,557	212,585	8,503	348,505	13,940	7,655,000	765,500
2035	-	-	-	-	-	-	7,655,000	382,750
2036	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-
	$ 916,204,287	$ 303,405,244	$ 27,890,713	$ 9,951,348	$ 7,300,000	$ 3,098,177	$ 191,400,000	$ 93,570,167

Notes: (a) *Bonded debt subject to 5.2% of taxable County assessable real property base limit and 13% of personal/operating real property.*

(b) *All debt service costs are as of January 31, 2015 except for the Consolidated General Improvement Bonds Series 2015, Consolidated Water and Sewer Series 2015, Consilidated General Improvement Bonds Refunding Series 2015, Consolidated Water and Sewer Refunding Series 2015, Golf Course Refunding Series 2015 and the series of bonds which are refunded by such refunding bonds and the impact on the Totals of outstanding bonds.*

Refunding 2015 General Obligation		Golf Course Refunding 2015 General Obligation		Debt Service General Obligation 2015 Refunded Issues		Tax Increment		Installment Purchase Agreements and Loans	
Principal	*Interest*	*Principal*	*Interest*	*Principal*	*Interest*	*Principal*	*Interest*	*Principal*	*Interest*
$ -	$ -	$ -	$ -	$ -	$ (414,878)	$ -	$ -	$ 20,000	$ 363,592
1,645,000	3,000,745	905,000	771,452	(3,315,000)	(3,942,606)	1,735,000	4,270,875	350,536	726,070
2,615,000	2,978,000	930,000	741,500	(4,410,000)	(3,792,981)	1,995,000	4,232,509	350,536	724,954
2,585,000	2,847,250	980,000	695,000	(4,465,000)	(3,572,481)	2,240,000	4,185,297	258,723	723,838
6,380,000	2,718,000	1,030,000	646,000	(8,360,000)	(3,349,231)	2,570,000	4,093,616	246,159	722,723
6,380,000	2,399,000	1,080,000	594,500	(8,420,000)	(2,964,231)	2,925,000	3,952,881	239,239	721,608
6,395,000	2,080,000	1,135,000	540,500	(8,485,000)	(2,596,744)	3,195,000	3,794,859	239,239	720,492
6,385,000	1,760,250	1,185,000	483,750	(8,550,000)	(2,201,256)	3,495,000	3,620,931	239,235	719,377
6,400,000	1,441,000	1,250,000	424,500	(8,610,000)	(1,842,756)	3,805,000	3,430,509	218,336	718,261
6,415,000	1,121,000	1,310,000	362,000	(8,665,000)	(1,475,056)	4,125,000	3,223,603	205,685	717,145
6,425,000	800,250	1,380,000	296,500	(8,730,000)	(1,105,156)	4,485,000	2,998,884	205,685	716,030
6,435,000	479,000	1,440,000	227,500	(8,785,000)	(730,181)	4,820,000	2,791,797	205,685	714,915
3,145,000	157,250	1,520,000	155,500	(5,575,000)	(334,856)	5,125,000	2,603,819	199,120	713,799
-	-	1,590,000	79,500	(1,825,000)	(75,281)	5,460,000	2,400,738	9,059,120	712,684
-	-	-	-	-	-	4,430,000	2,203,844	184,120	223,954
-	-	-	-	-	-	1,955,000	2,055,051	1,682,349	223,662
-	-	-	-	-	-	1,915,000	1,939,119	77,467	133,663
-	-	-	-	-	-	2,080,000	1,816,214	68,362	133,662
-	-	-	-	-	-	2,265,000	1,682,570	19,631	133,663
-	-	-	-	-	-	2,455,000	1,537,418	6,130	133,662
-	-	-	-	-	-	2,660,000	1,380,142	6,130	133,663
-	-	-	-	-	-	2,880,000	1,209,826	-	133,662
-	-	-	-	-	-	3,115,000	1,025,550	1,444,000	133,663
-	-	-	-	-	-	3,365,000	826,391	-	67,658
-	-	-	-	-	-	3,635,000	611,275	-	67,659
-	-	-	-	-	-	3,915,000	379,283	-	67,658
-	-	-	-	-	-	4,215,000	129,495	1,487,000	67,658
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
$ 61,205,000	$ 21,781,745	$ 15,735,000	$ 6,018,202	$ (88,195,000)	$ (28,397,697)	84,860,000	$ 62,396,496	$ 17,012,487	$ 11,369,375

continued

Fiscal Year Ending June 30,	Consolidated Water and Sewer: Water and Sewer Bonds (b) Principal	Interest	2015 Series Water and Sewer Bonds (b) Principal	Interest	2015 Refunding Series Water and Sewer Bonds (b) Principal	Interest	Debt Service Water Wastewater 2015 Refunded Issues Principal	Interest	Total Principal	Total Interest	Total Debt Service Charge
2015	$ 26,304,490	$ 10,190,038	$ -	$ -	$ -	$ -	$ -	$ -	$ 105,209,490	$ 32,449,540	$ 137,659,030
2016	27,144,682	19,464,251	2,590,000	3,804,556	670,000	1,709,844	(845,000)	(1,732,943)	109,305,218	78,332,536	187,637,754
2017	26,736,077	18,449,240	2,590,000	3,750,500	435,000	1,710,250	(655,000)	(1,690,693)	120,261,613	73,729,680	193,991,293
2018	24,858,915	17,396,501	2,590,000	3,621,000	425,000	1,688,500	(655,000)	(1,657,943)	113,792,638	68,159,412	181,952,050
2019	23,571,704	16,355,193	2,590,000	3,491,500	1,885,000	1,667,250	(2,125,000)	(1,625,193)	109,912,863	62,807,609	172,720,472
2020	23,003,757	15,398,086	2,590,000	3,362,000	1,880,000	1,573,000	(2,125,000)	(1,525,493)	104,987,996	57,720,958	162,708,954
2021	22,911,588	14,450,979	2,590,000	3,232,500	1,880,000	1,479,000	(2,125,000)	(1,435,180)	103,330,827	52,847,200	156,178,027
2022	22,920,217	13,478,425	2,590,000	3,103,000	1,880,000	1,385,000	(2,125,000)	(1,339,955)	103,664,453	47,996,100	151,660,553
2023	22,259,657	12,518,127	2,590,000	2,973,500	1,885,000	1,291,000	(2,125,000)	(1,251,680)	97,782,994	43,062,535	140,845,529
2024	21,207,330	11,584,391	2,590,000	2,844,000	1,885,000	1,196,750	(2,125,000)	(1,158,511)	91,088,015	38,460,322	129,548,337
2025	19,888,007	10,713,347	2,590,000	2,714,500	1,890,000	1,102,500	(2,125,000)	(1,065,343)	85,573,692	34,165,279	119,738,971
2026	19,264,579	9,854,065	2,585,000	2,585,000	1,890,000	1,008,000	(2,125,000)	(971,683)	77,550,264	30,139,003	107,689,267
2027	18,783,737	9,042,292	2,585,000	2,455,750	1,890,000	913,500	(2,125,000)	(877,695)	73,902,857	26,562,777	100,465,634
2028	18,141,952	8,261,016	2,585,000	2,326,500	1,890,000	819,000	(2,125,000)	(783,708)	78,726,072	23,197,267	101,923,339
2029	16,862,016	7,520,105	2,585,000	2,197,250	1,895,000	724,500	(2,125,000)	(693,395)	63,746,136	19,629,314	83,375,450
2030	16,056,321	6,815,467	2,585,000	2,068,000	1,900,000	629,750	(2,125,000)	(602,755)	57,358,670	16,845,877	74,204,547
2031	15,495,503	6,049,053	2,585,000	1,938,750	1,905,000	534,750	(2,125,000)	(512,115)	47,552,968	14,055,883	61,608,851
2032	14,065,000	5,345,677	2,585,000	1,809,500	1,905,000	439,500	(2,125,000)	(421,475)	39,998,362	11,863,765	51,862,127
2033	12,875,000	4,669,995	2,585,000	1,680,250	1,910,000	344,250	(2,125,000)	(330,344)	34,899,631	9,966,634	44,866,265
2034	12,870,000	4,042,132	2,585,000	1,551,000	1,915,000	248,750	(2,125,000)	(239,213)	30,436,130	8,242,249	38,678,379
2035	12,030,000	3,425,516	2,585,000	1,421,750	1,920,000	153,000	(2,125,000)	(148,081)	24,731,130	6,748,740	31,479,870
2036	11,245,000	2,877,655	2,585,000	1,292,500	1,140,000	57,000	(1,340,000)	(56,950)	16,510,000	5,513,693	22,023,693
2037	8,765,000	2,365,713	2,585,000	1,163,250	-	-	-	-	15,909,000	4,688,176	20,597,176
2038	8,765,000	1,964,300	2,585,000	1,034,000	-	-	-	-	14,715,000	3,892,349	18,607,349
2039	8,715,000	1,558,588	2,585,000	904,750	-	-	-	-	14,935,000	3,142,272	18,077,272
2040	7,690,000	1,155,250	2,585,000	775,500	-	-	-	-	14,190,000	2,377,691	16,567,691
2041	6,300,000	788,650	2,585,000	646,250	-	-	-	-	14,587,000	1,632,053	16,219,053
2042	4,810,000	504,450	2,585,000	517,000	-	-	-	-	7,395,000	1,021,450	8,416,450
2043	3,910,000	294,750	2,585,000	387,750	-	-	-	-	6,495,000	682,500	7,177,500
2044	2,640,000	118,800	2,585,000	258,500	-	-	-	-	5,225,000	377,300	5,602,300
2045	-	-	2,585,000	129,250	-	-	-	-	2,585,000	129,250	2,714,250
	$ 480,090,532	$ 236,652,052	$ 77,600,000	$ 60,039,556	$ 34,875,000	$ 20,675,094	$ (39,620,000)	$ (20,120,345)	1,786,358,019	$ 780,439,414	$ 2,566,797,433

County Debt Policies

Legal Debt Policy Statement

In passing the Authorizing Ordinance, the County Council adopted the policy statement given below for the purpose of indicating the County's intention and to guide the County Executive or Chief Administrative Officer, as the case may be, in the exercise of the authority conferred by the Authorizing Ordinance.

(1) It is essential that the County continue to provide, in timely fashion, the public facilities necessary to serve its population, which has increased significantly in recent years, while at the same time retaining and supporting substantial rural and agricultural elements of the County's economy which enable the County to enjoy the benefits of a balanced and diverse economy. All or a portion of the cost of such facilities will have to be financed through the borrowing of money by the County on a reasonably long-term basis in order that the burden of such cost may be equitably apportioned among present and future taxpayers. However, it is equally essential that the credit standing of the County, be preserved and, if possible, improved to the end that the cost of borrowing money by the County will not be unduly burdensome. To aid in achieving these basic objectives, the County Executive or the Chief Administrative Officer, as the case may be, shall, to the maximum extent possible, exercise the authority hereby conferred within the following guidelines as well as within the fixed limitations prescribed herein and in the County Charter.

(2) Sale of bonds hereunder shall be spaced at least six (6) months apart when practicable; provided, however, that bonds may be sold hereunder at such other intervals as the County Executive, or the Chief Administrative Officer, as the case may be, may deem advisable due to financial or market conditions prevailing at the time.

(3) To provide an adequate flow of funds for capital projects, to limit amounts borrowed to the costs incurred for such projects, and to facilitate the selection of the most advantageous times for the sale of bonds, bond anticipation notes may be sold for such projects from time to time, repayable from the proceeds of the appropriate series of such bonds, when issued.

(4) In accordance with Section 10-203 of the Local Government Article of the Annotated Code of Maryland and in accordance with Section 4-10-101(a) of Article 4, Finance Taxation, and Budget of the Anne Arundel County Code the aggregate amount of General County indebtedness outstanding at one time shall not exceed: 5.2% of the assessable basis of real property; 13% of the County’s assessable basis of personal property; and 13% of the operating real property described in Section 8-109(c) of the Tax-Property Article of the Annotated Code of Maryland (2012 Replacement Volume and 2013 Supplement). In determining outstanding indebtedness, the following shall be excluded: tax anticipation notes and other indebtedness with a maturity of one year or less; bonds or other indebtedness of the County payable from taxes levied from special taxing areas; and self-supporting bonds or other debt.

(5) All bonds issued and sold by the County hereunder shall be unconditional general obligation bonds of the County within the limitations of indebtedness set forth below as prescribed by the County Charter and the ordinances enacted pursuant thereto. Before any such bonds are issued for revenue producing projects of water or wastewater utilities, the County Executive, or the Chief Administrative Officer if authorized by the County Executive, shall determine that the estimated revenues of such projects, or the actual and estimated revenues of such projects and the utilities of which these projects are a part, are, or will be, sufficient to pay the cost of operation and maintenance of such projects and the maturing principal of and interest on all indebtedness incurred with respect thereto, including such bonds issued hereunder. The authorization herein of general obligation bonds of the County for revenue producing projects shall not be construed to preclude the County Council from authorizing in the future the issuance of bonds payable solely from the revenues of similar projects or utilities.

Spending Affordability Committee

The Charter established a Spending Affordability Committee for the County in fiscal year 1991. This committee is charged to make advisory recommendations to the Office of Budget, the County Executive and the County Council relating to spending affordability, including County spending levels to reflect the affordability of the taxpayers to finance County operations and service long-term debt.

The committee members are appointed by the County Executive and confirmed by the County Council. The committee is required to prepare a report every fiscal year. The committee is required to prepare an annual report by the end of January preceding each fiscal year.

Administrative Debt Management Policies

The County Administration has developed the following debt management policies to be used in planning future debt issuance levels. These policies, along with the debt affordability study described below, were developed in order to help the County maintain its creditworthiness while at the same time ensuring that necessary capital projects will be funded. These policies have been adopted as guidelines by the current County Administration with respect to the exercise of debt issuance authority granted to the administration in the Authorizing Ordinance.

The policies set out below consist of the County's current debt ratios and guidelines to be followed in future years. The guidelines apply to general obligation debt payable from the General Fund.

Current Debt Ratios and Future Guidelines
(Unaudited)

	Actual June 30, 2014	Actual June 30, 2013	Guidelines
Debt to Estimated Full Value	1.33%	1.28%	1.50%
Debt Per Capita	$1,814	$1,772	$2,000
Debt to Personal Income	2.94%	2.96%	3.00%
Debt Service to Revenues*	9.17%	8.91%	10.00%

*Includes General Fund principal and interest on General Obligation Debt.

Source: Office of Finance

The guidelines were established to allow the County some flexibility in the event that economic and demographic growth do not meet projections while still setting limits so that needs do not exceed resources and result in an excessive debt burden. In addition to the debt ratio guidelines, the County Administration intends to adhere to the following debt management guidelines:

• *The Administration will conservatively estimate revenues to maintain a positive General Fund balance.* This policy is designed to provide a cushion in the event that there is an economic downturn.

• *The Administration does not intend to issue tax or revenue anticipation notes to fund governmental operations.* The Administration intends to manage the County's cash in a fashion that will prevent any borrowing to meet working capital needs.

• *The Administration does not intend to have any bond anticipation notes outstanding for a period of longer than two years.* If the Administration issues a bond anticipation note for a capital project, the note will be converted to a long-term bond or redeemed at its expiration.

• *The Administration will recommend budget contributions to Pay-As-You-Go financing in each fiscal year.* In order to reduce the future debt service burden, each budget will include a recommended contribution to Pay-As-You-Go financing.

• *The Administration will update the County's debt affordability study each year in conjunction with the capital budget process.* This study will help the Administration monitor the County's debt position and ensure that the debt ratio policies are met.

• *The Administration will continue to examine alternative funding sources in order to provide long-term tax relief.* Funding sources used in the past have included tax increment districts, private sector partnerships, Pay-As-You-Go funding and developer impact fees.

• *In budget recommendations, the Administration will designate impact fees to be collected from developers to fund a portion of the costs associated with school and transportation facilities necessary as a result of* *new development.* In addition, the Administration will endeavor to assess other appropriate impact fees, where possible.

Financing Plans

The 2016 to 2020 Capital Program includes $1,231,713,000 in projected bond authorizations of which $624,159,000 are projected for tax supported projects. During the course of the five-year period these projected bond authorizations are estimates and may or may not result in bond sales over this period. The County assesses its five-year Capital Program on an annual basis and appropriates funds for projects based on affordability.

Capital Appropriations and Funding Sources

The following presents the County's current and projected capital appropriations and funding sources approved for fiscal year 2015. Any activity related to the Bonds is not reflected in the schedule.

SCHEDULE OF CAPITAL PROJECTS APPROPRIATIONS AND FUNDING SOURCES
CURRENT AND PROJECTED

	Unexpended Appropriation As of June 30, 2014	County Council Approved Fiscal Year 2015	Projected Fiscal Year 2016	Projected Fiscal Year 2017	Projected Fiscal Year 2018	Projected Fiscal Year 2019	Projected Fiscal Year 2020
General County Projects	$ 107,804,231	$ 30,034,500	$ 24,075,000	$ 21,875,000	$ 21,875,000	$ 21,875,000	$ 21,875,000
Stormwater Runoff Controls	8,226,651	(295,000)	-	-	-	-	-
Education	323,467,627	153,401,000	126,708,000	93,741,000	111,267,000	94,783,000	49,699,000
Police and Fire	11,107,060	5,313,000	17,325,000	10,609,000	6,165,000	10,570,000	5,791,000
Roads and Bridges	56,480,622	31,437,889	28,171,000	22,980,000	23,398,000	22,285,000	22,285,000
Community College	9,612,240	3,221,000	2,200,000	1,700,000	8,206,000	20,700,000	30,700,000
County Libraries	3,876,474	778,000	16,659,000	19,695,000	350,000	350,000	350,000
Recreation and Parks	23,211,324	13,793,000	9,970,000	17,197,000	7,981,000	5,700,000	12,760,000
Waterway Improvements	16,252,658	4,776,000	2,983,000	1,200,000	1,200,000	1,200,000	1,200,000
Solid Waste	27,779,808	2,067,000	22,425,000	1,450,000	1,450,000	23,875,000	1,450,000
Watershed Protection & Restor.	72,782,121	78,927,300	76,582,100	75,815,100	75,750,300	76,673,000	80,189,200
Total General Improvements	660,600,816	323,453,689	327,098,100	266,262,100	257,642,300	278,011,000	226,299,200
Water and Wastewater	635,364,523	56,206,000	91,056,000	91,357,000	37,141,000	35,900,000	39,013,000
Total	$ 1,295,965,339	$ 379,659,689	$ 418,154,100	$ 357,619,100	$ 294,783,300	$ 313,911,000	$ 265,312,200
FUNDING SOURCES							
General Improvements							
County bonds	$ 141,218,793	$ 137,761,000	$ 152,124,000	$ 115,326,000	$ 126,967,000	$ 132,021,000	$ 97,721,000
County bonds (WPRF)	4,290,597	1,793,000	-	-	-	-	-
Impact Fee Bonds	4,802	242,000	-	-	-	-	-
Grant and aid	213,916,523	51,857,889	39,146,000	47,773,000	35,920,000	29,487,000	31,584,000
Developer impact fees	100,627,972	1,956,000	6,561,000	4,680,000	2,900,000	1,300,000	700,000
Pay-as-you-go	3,249,123	23,228,500	20,000,000	15,000,000	10,350,000	10,350,000	10,350,000
Cash balances	91,745,814	-	-	-	-	-	-
Other	4,985,263	25,621,000	10,260,000	6,218,000	4,305,000	4,305,000	4,305,000
Subtotal General Improvements	$ 560,038,887	$ 242,459,389	$ 228,091,000	$ 188,997,000	$ 180,442,000	$ 177,463,000	$ 144,660,000
Solid Waste							
County bonds (SW)	21,510,087	1,599,000	6,299,000	895,000	895,000	23,320,000	895,000
Pay-as-you-go	-	468,000	16,126,000	555,000	555,000	555,000	555,000
Cash balances	5,519,721	-	-	-	-	-	-
Other	750,000	-	-	-	-	-	-
Total Solid Waste	$ 27,779,808	$ 2,067,000	$ 22,425,000	$ 1,450,000	$ 1,450,000	$ 23,875,000	$ 1,450,000
Watershed Protection & Restor.							
County bonds (WPRF)	66,756,800	78,927,300	76,582,100	75,815,100	75,750,300	76,673,000	80,189,200
Cash balances	3,425,321	-	-	-	-	-	-
Other	2,600,000	-	-	-	-	-	-
Total Watershed Protection & Restor.	$ 72,782,121	$ 78,927,300	$ 76,582,100	$ 75,815,100	$ 75,750,300	$ 76,673,000	$ 80,189,200
Total General Improvements	$ 660,600,816	$ 323,453,689	$ 327,098,100	$ 266,262,100	$ 257,642,300	$ 278,011,000	$ 226,299,200
Water and Wastewater							
County bonds (W&W)	$ 488,747,394	$ 42,518,900	$ 68,170,000	$ 71,077,000	$ 16,861,000	$ 16,812,000	$ 17,320,000
Grant and aid	60,663,452	4,148,100	-	-	-	-	-
Pay-as-you-go	(56)	3,880,000	21,209,000	20,280,000	20,280,000	19,088,000	21,693,000
Cash balances	55,777,115	-	-	-	-	-	-
Other	30,176,618	5,659,000	1,677,000	-	-	-	-
Total Water and Wastewater	$ 635,364,523	$ 56,206,000	$ 91,056,000	$ 91,357,000	$ 37,141,000	$ 35,900,000	$ 39,013,000
Total	$ 1,295,965,339	$ 379,659,689	$ 418,154,100	$ 357,619,100	$ 294,783,300	$ 313,911,000	$ 265,312,200

SECTION FIVE: ECONOMIC AND DEMOGRAPHIC INFORMATION

Description and Government

Anne Arundel County is located approximately 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 County is also bordered by Howard County to the west, Prince George's County to the southwest and Calvert County at its southern tip. The County is situated within the Atlantic Coastal Plain and its terrain varies from flat plains to rolling hills. There is approximately 533 miles of shoreline along the Chesapeake Bay.

Over the past decade, the nature of land use in Anne Arundel County has changed and the County's population has significantly increased. During this period, the County's economy has diversified and continued to grow as a part of the Baltimore-Washington metropolitan region, although it retained much of its rural and agricultural character.

Under the home rule charter since 1965, Anne Arundel County is governed by an elected County Executive and a seven-member County Council (See "County Administration"). The government seat of Anne Arundel County is located within the corporate limits of the City of Annapolis. The County is authorized to issue debt, subject to certain indebtedness limitations, for the purpose of financing its capital projects and to incur other indebtedness having maturity not in excess of twelve months. (See "Indebtedness")

Population

With a current population of approximately 555,743, Anne Arundel County is the fifth largest jurisdiction in the state of Maryland. Approximately 9 percent of the state's total population resides in Anne Arundel County.

According to the U.S. Census Bureau, the County grew by approximately 16,552 people (or 3 percent) between 2010 and 2013. In actual numbers this population growth ranked seventh in Maryland. The majority of the population growth occurred in Odenton, Crofton, Severn, and Jessup/Maryland City, which is located in the western part of the County.

According to the U.S. Census Bureau's 2009-2013 American Community Survey (ACS) 5-Year Estimates, 14.4% of the County's population has obtained a bachelor's degree or higher. Approximately 24.1% of the working population is employed by government agencies, whereas 75.7% is employed in the private sector or self-employed. The median age of persons in the County is 38.5 years old.

The following data table shows the total population and the rate of growth for Anne Arundel County, the State of Maryland, and United States from 1993 through 2013.

ANNE ARUNDEL COUNTY, MARYLAND AND UNITED STATES POPULATION

Year	Anne Arundel County	Percent Increase	State of Maryland	Percent Increase	United States	Percent Increase
July 1993	448,583	1.76%	4,971,889	0.99%	259,918,588	1.33%
July 1994	456,499	1.76%	5,023,060	1.03%	263,125,821	1.23%
July 1995	463,022	1.43%	5,070,033	0.94%	266,278,393	1.20%
July 1996	467,286	0.92%	5,111,986	0.83%	269,394,284	1.17%
July 1997	472,356	1.08%	5,157,328	0.89%	272,646,925	1.21%
July 1998	477,749	1.14%	5,204,464	0.91%	275,854,104	1.18%
July 1999	484,800	1.48%	5,254,509	0.96%	279,040,168	1.15%
2000 (Census)	489,656	---	5,296,486	---	281,421,906	---
July 2000	491,372	1.36%	5,311,695	1.09%	282,194,308	1.13%
July 2001	496,975	1.14%	5,379,795	1.28%	285,112,030	1.03%
July 2002	501,954	1.00%	5,441,349	1.14%	287,888,021	0.97%
July 2003	504,449	0.50%	5,506,684	1.20%	290,447,644	0.89%
July 2004	507,735	0.65%	5,553,249	0.85%	293,191,511	0.94%
July 2005	509,397	0.33%	5,589,599	0.65%	295,895,897	0.92%
July 2006	509,300	-0.02%	5,615,727	0.47%	298,754,819	0.97%
July 2007	512,154	0.56%	5,640,000	0.43%	301,621,157	0.96%
July 2008	513,000	0.17%	5,633,597	-0.11%	304,059,724	0.81%
July 2009	521,209	1.60%	5,699,478	1.17%	307,006,550	0.97%
2010 (Census)	539,191	3.45%	5,787,193	1.54%	309,326,295	0.76%
July 2011	544,624	1.01%	5,840,241	0.92%	311,582,564	0.73%
July 2012	550,175	1.02%	5,884,868	0.76%	313,873,685	0.74%
July 2013	555,743	1.01%	5,928,814	0.75%	316,128,839	0.72%

Source: U.S. Census Bureau, Population Estimates Program.

Income

Personal Income

Personal Income, as defined by the U.S. Bureau of Economic Analysis, is presented for Anne Arundel County, the State of Maryland and the United States in the following table:

ANNE ARUNDEL COUNTY, MARYLAND, AND UNITED STATES
AVERAGE PER CAPITA PERSONAL INCOME

Calendar Year	Anne Arundel County	Maryland	United States	Anne Arundel as a Percentage of Maryland	Anne Arundel as a Percentage of U.S.
2004	$ 45,687	$ 40,530	$ 33,381	112.72%	136.87%
2005	48,384	42,480	35,424	113.90%	136.59%
2006	51,499	44,979	37,698	114.50%	136.61%
2007	53,870	46,998	39,461	114.62%	136.51%
2008	55,187	48,472	40,674	113.85%	135.68%
2009	54,608	48,247	39,635	113.18%	137.78%
2010	54,019	48,621	39,791	111.10%	135.76%
2011	57,822	52,191	42,332	110.79%	136.59%
2012	59,838	53,659	44,200	111.52%	135.38%
2013	60,064	53,826	44,765	111.59%	134.18%

Source: U.S. Department of Commerce, Bureau of Economic Analysis data - Updated March 2014; revised estimates for 2010-2013.

In 2013, Anne Arundel County had a per capita personal income (PCPI) of $60,064. This PCPI ranked 4th in the state and was 111 percent of the state average, $53,826, and 134 percent of the national average, $44,765. The 2013 PCPI reflected an increase of 0.4 percent from 2012. The 2012-2013 state change was 0.3 percent and the national change was 1.3 percent. In 2003 the PCPI of Anne Arundel County was $42,634 and ranked 4th in the state. The 2003-2013 compound annual growth rate of PCPI was 4.4 percent. The compound annual growth rate for the state was 3.2 percent and for the nation was 3.2 percent.

Median Household Income

The median household income divides the income distribution into two equal groups: households having incomes above the median and households having incomes below the median. According to the 2009-2013 ACS, the median household income of the County was $87,430, well above the median household income of the State of Maryland, $73,538, and the Country, $53,046. The following table compares median household incomes of the County, State, and the Country for the years 2009 through 2013.

ANNE ARUNDEL COUNTY, MARYLAND, AND UNITED STATES
MEDIAN HOUSEHOLD INCOME

Geography	2009	2010	2011	2012	2013
Anne Arundel County	$81,824	$83,456	$85,690	$86,987	$87,430
State of Maryland	69,475	70,647	72,419	71,122	73,538
United States	51,425	51,914	52,762	51,371	53,046

Source: American Community Survey, U.S. Census Bureau

Total Wages

Total Wages is the sum of all compensation for services. This includes bonuses, commissions, tips and cash value of all compensation in any medium other than the value of meals and lodging. This is an indicator for evaluating the economic activity of a county. Total Wages in the County for calendar years 2001 through 2013 are as follows:

ANNE ARUNDEL COUNTY AND THE STATE OF MARYLAND
TOTAL WAGES

	Anne Arundel County		State of Maryland	
Year	Total Wages	Percent Increase	Total Wages	Percent Increase
2001…………………………	$1,823,064,559	---	$22,693,043,249	---
2002…………………………	1,880,269,197	3.14%	23,433,478,694	3.26%
2003…………………………	1,977,297,806	5.16%	24,217,793,027	3.35%
2004…………………………	2,129,799,277	7.71%	25,232,042,640	4.19%
2005…………………………	2,276,214,984	6.87%	26,666,783,818	5.69%
2006…………………………	2,439,159,402	7.16%	28,263,949,818	5.99%
2007…………………………	2,631,977,121	7.91%	29,802,593,335	5.44%
2008…………………………	2,737,643,938	4.01%	30,683,344,489	2.96%
2009…………………………	2,709,533,391	-1.03%	30,194,367,789	-1.59%
2010…………………………	2,806,101,182	3.56%	30,887,655,599	2.30%
2011…………………………	2,795,462,120	-0.38%	31,921,626,158	3.35%
2012…………………………	3,007,709,337	7.59%	32,616,155,346	2.18%
2013…………………………	3,232,758,964	7.48%	33,410,578,454	2.44%

Source: Maryland Department of Labor, Licensing and Regulation, 2nd Quarter of each calendar year

Employment Base

Information on the employment base of a jurisdiction helps one to understand the diversity and health of the local economy. Job growth by industry and local unemployment rate provide insight into the strengths and weaknesses of the local economy as compared to the State and Country.

The chart below shows employment by industry profile for Anne Arundel County, the State of Maryland, and the United States using the North American Industry Classification System (NAICS), which was introduced as a standard in 2001. Included are all workers covered by the Unemployment Insurance (UI) Law of Maryland and the Unemployment Compensation for Federal Employees (UCFE) program.

EMPLOYMENT BY INDUSTRY PROFILE

	2002 Annual Averages						2013 Annual Averages					
	County		State of Maryland		United States		County		State of Maryland		United States	
	Number Employed	% of Total	Number Employed	% of Total	Number Employed	% of Total	Number Employed	% of Total	Number Employed	% of Total	Number Employed	% of Total
Private Sector												
Goods Producing:												
Nat. Resource and Mining	190	0%	6,247	0%	505,980	0%	182	0%	6,338	0%	926,000	1%
Construction	13,853	7%	165,725	7%	6,683,553	5%	14,932	6%	146,207	6%	6,109,000	5%
Manufacturing	14,440	7%	156,875	6%	15,209,192	12%	12,235	5%	106,501	4%	12,217,000	10%
Goods Producing	28,483	14%	328,847	14%	22,398,725	18%	27,349	11%	259,046	10%	19,252,000	16%
Service Providing:												
Trade, Transp. & Utilities	46,819	23%	461,501	19%	25,217,313	20%	52,856	21%	445,462	18%	26,633,000	22%
Information	4,176	2%	53,402	2%	3,364,485	3%	2,564	1%	39,491	2%	2,691,000	2%
Financial Activities	8,385	4%	151,187	6%	7,706,265	6%	10,175	4%	138,212	5%	8,013,000	7%
Professional & Business	29,510	15%	357,504	15%	15,939,596	13%	40,810	16%	417,061	16%	19,522,000	16%
Education & Health	19,360	10%	318,044	13%	15,346,718	12%	29,256	12%	403,282	16%	21,666,000	18%
Leisure & Hospitality	21,930	11%	215,106	9%	11,995,950	9%	32,508	13%	254,166	10%	14,794,000	12%
Other Services	7,403	4%	87,606	4%	4,246,011	3%	9,178	4%	88,610	3%	5,541,000	5%
Service Providing	137,583	68%	1,644,350	68%	83,816,338	66%	177,347	70%	1,786,284	71%	98,860,000	82%
Unclassified	107	0%	3,984	0%	0	0%	0	0%	11	0%	0	0%
Total Private Sector	166,173	83%	1,977,181	81%	106,215,063	84%	204,696	81%	2,045,341	81%	118,112,000	98%
Public Sector												
Local	17,781	9%	223,486	9%	13,412,941	11%	20,768	8%	242,082	10%	1,413,400	1%
State	9,608	5%	98,415	4%	4,485,071	4%	13,327	5%	100,379	4%	508,000	N/A
Federal	7,855	4%	128,314	5%	2,758,627	2%	13,175	5%	144,612	6%	271,900	0%
Total Public Sector	35,244	17%	450,215	19%	20,656,639	16%	47,270	19%	487,073	19%	2,193,300	2%
Total Employment	201,417	100%	2,427,396	100%	126,871,702	100%	251,966	100%	2,532,414	100%	120,305,300	100%

Source: "Employment and Payrolls," 2002 and 2013 Annual Averages, Maryland Department of Labor, Licensing, and Regulation.
U.S. Department of Labor, Bureau of Labor Statistics, Employees on Nonfarm Payrolls by Industry, Annual Averages, 2002 and 2013 seasonally ajdusted.

Largest Employers

The employers listed below represent the largest employers within Anne Arundel County, Maryland as of June 30, 2014.

Largest Employers	Business type	Approximate Number of Employees
Ft. George G. Meade	DoD intelligence training, 116 DoD and non DoD tenant organizations including National Security Agency, DISA, US Cyber Command	50,034
Anne Arundel County Public Schools	Education	14,000
State of Maryland	Government	9,578
Northrop Grumman	Defense electronics	6,500
Anne Arundel County General Government	Government	5,190
Southwest Airlines	East coast flight center	3,200
Anne Arundel Health System	Health care services & hospital	4,000
Maryland Live! Casino	Casino	3,000
UM Baltimore Washington Medical Center	Health care services & hospital	2,901
Anne Arundel Community College	Public two-year college	2,056
Booz Allen & Hamilton Inc.	DoD contractor, IT services & signal intelligence solutions	2,100
Allegis Group	Headquarters, technical & administrative placement	1,500
CSC	DoD contractor IT services	1,230
Lockheed Martin	Defense contractor, advanced technology systems	930
Verizon Communications MD	Telecommunications services	844
Rockwell Collins (formerly ARINC)	Commercial aircraft electronics	750
CIENA	Headquarters, networking services and communications network equipment	683
KEYW Corporation	Headquarters; IT services	683

Source: Anne Arundel Economic Development Corporation List of Major Employers.

Employment

In 2013, the County’s unemployment rate averaged 6.0%, compared with the State of Maryland averaging 6.6%, and the United States averaging 7.4%. Anne Arundel County maintained a job loss significantly less than state and national averages in 2013, averaging 288,495 jobs on the payrolls. The following table presents the County’s annual average labor force, employment and unemployment for the years 2003 through 2014.

Anne Arundel County's Resident Labor Force
Employment and Unemployment

	Labor Force	Employment	Unemployment	Unemployment Rate
2003 (1)	270,721	260,288	10,433	3.9
2004 (1)	271,335	261,130	10,205	3.8
2005 (1)	276,179	266,401	9,778	3.5
2006 (2)	282,053	272,789	9,264	3.3
2007 (2)	284,298	275,474	8,824	3.1
2008 (3)	284,986`	274,223	10,763	3.8
2009 (3)	287,064	267,831	19,233	6.7
2010 (3)	295,906	274,996	20,910	7.1
2011 (3)	300,515	280,813	19,702	6.6
2012 (3)	305,158	286,493	18,665	6.1
2013 (3)	307,441	288,495	18,946	6.2
2014 (4)	306,240	290,153	16,087	5.3

(1) Estimates are revised to the 2006 benchmark from the Current Population Survey. Published May 2007.
(2) Estimates are revised to the 2010 benchmark from the Current Population Survey. Published April 2011.
(3) Civilian Labor Force, Employment & Unemployment by Place of Residence (LAUS) – Anne Arundel county 2013, Maryland Department of Labor, Licensing and Regulation
(4) Civilian Labor Force, Employment & Unemployment by Place of Residence (LAUS) – Anne Arundel county 2014, Maryland Department of Labor, Licensing and Regulation

Source: Maryland Department of Licensing, Labor & Regulation. (Average per year)

New Business Addition and Expansion Highlights Fiscal Year 2014

In fiscal year 2014 there were seventy-nine plus business openings and expansions that brought new jobs to the County and anticipated additional jobs in the near future. Openings and expansions of note include: Vironex located their Washington DC Regional office in Millersville bringing 14 jobs to the County; RXNT relocated and expanded their operations in the County adding 10 new jobs; Stay Pet Resort opened a 10,000 square foot facility in Hanover bringing 10 jobs to the County; Last Mile Logistics located their headquarters in Odenton bringing 60 jobs to the County; Accenture Federal Services located in Annapolis Junction bringing 80 jobs to the County; and KEYW expanded their operations with the lease of a second building in Hanover projecting 100 new jobs for the County

Source: Anne Arundel Economic Development Corporation.

Economic Development Projects

Chesapeake Innovation Center

The Chesapeake Innovation Center (CIC) is a business incubator located in Anne Arundel County in Odenton, Maryland. The CIC's mission is to act as a business accelerator by nurturing emerging technology companies and creating connections among company technologies in the institutions of Department of Homeland Security and Department of Defense and private defense contractors/integrators. The CIC works to commercialize the products and services of its member and affiliate companies with its partners.

Since its opening, 55 companies have been provided support as members of the CIC. In 2014, the CIC graduated two resident member companies kloudtrack® and Authentik Solutions. The CIC also announced three new hub members QuotePie, LLC ReXi Wireless and SixGen LLC. These companies are early stage tech companies that have pre-funding and a basic business plan in place. In 2014, the CIC relocated to a larger space in Odenton, Maryland near the gates of Fort George G. Meade.

Source: Anne Arundel Economic Development Corporation.

Fort Meade Federal Campus/National Security Agency

Fort George G. Meade ("Fort Meade") is a 5,067-acre facility located midway between Routes 175 and 32 in western Anne Arundel County. Fort Meade provides support services to over 116 Department of Defense (DoD) and non DoD organizations representing all military branches and several federal agencies. Major tenants include National Security Agency ("NSA"), Defense Information Systems Agency ("DISA"), U.S. Cyber Command, the Defense Information School, Defense Courier Service, U.S. Army Central Personnel Security Clearance Facility and the U.S. Environmental Protection Agency Science Center. The installation has the third largest workforce of any Army installation in the United States and is the largest employer in Maryland when Fort Meade and NSA employees are combined. The estimated work force at Fort Meade is 50,034 with military and civilian employees. Fort Meade contributes over $18,000,000,000 a year to the state, regional and local economy.

The mission of Fort Meade is expanding as the installation becomes the cyber and information assurance center of the Department of Defense. Additional growth is anticipated on Fort Meade as U.S. Cyber Command expands with the construction of their 240,000 square foot joint operations center that will house some 4,900 personnel when complete in fiscal year 2017. The National Security Agency has also broken ground on their 675,000 square foot computing center that is projected to be completed in fall of 2016. Other construction on campus includes the Defense Information School's expansion, the Asymmetrical Warfare's headquarters' project and a privatized hotel project. These additional projects are scheduled to be completed over the next year.

Source: Fort Meade's web site, www.ftmeade.army.mil presentations by Ft. George G. Meade and Anne Arundel County BRAC Office

Arundel Preserve

Arundel Preserve is a 263-acre mixed-use project being developed by Somerset Construction Company, Corporate Office Properties Trust, Chesapeake Real Estate Services, Bozzuto and Toll Brothers. The project is located in western Anne Arundel County in Hanover near the Arundel Mills Mall. The project is composed of three developments which comprise 1,300,000 square feet of office space, a residential component, 300,000 square feet of retail space and a hotel. Corporate Office Properties Trust is building the office component which will include eleven office buildings across 63 acres.

The Arundel Preserve project has completed 1,078 apartments in three apartment complexes and 227,000 square feet of commercial space, including the Shops at Arundel Preserve and Phase I of the Town Center. The Corporate Center has one 153,000 square foot office building complete and a second 123,000 square foot office building under construction. A defense contractor, KeyW has pre-leased three quarters of the new building. Overall 2.0 million square feet of office space will be built over 10 to 12 years.

Source: Anne Arundel Economic Development Corporation.

National Business Park

National Business Park is located in western Anne Arundel County on Routes 32 and 295 in Annapolis Junction. The park is being developed by Corporate Office Properties Trust (COPT) and is home to larger defense contractors such as Northrop Grumman, L-3 Communications, CSC, General Dynamics and other Department of Defense tenants. Currently, the 225-acre National Business Park North is under construction adding an additional 2.0 million square feet to the park to accommodate defense contractor growth resulting from BRAC and the location of U.S. Cyber Command at Fort George G. Meade. At completion National Business Park will have a total of 5,400,000 square feet of office space on over 485 acres.

Source: Anne Arundel Economic Development Corporation.

Odenton Town Center

The Odenton Town Center (OTC) incorporates an area of 1,620 acres located in the western part of Anne Arundel County in close proximity to Fort George G. Meade. The OTC is located in the center of an area that has experienced tremendous residential and business growth in recent decades and is expected to experience even more growth in the decades to come. There are over 20 developers that have projects at some stage of the development process within the Odenton Town Center.

Independence Park at Odenton Town Center is a 128-acre site located off Route 175 at Route 32 in Odenton in western Anne Arundel County. The developer is The Halle Companies who is proposing a residential, retail and office complex mix. The project will provide up to 3.0 million square feet of high-tech office space that will meet Federal Government security requirements. Currently the infrastructure for the project is under construction.

Other projects in the core area of the Odenton Town Center are completed, in the construction phase or in planning. The Village at Odenton Station is complete and leasing is underway. The project, located next to the Odenton MARC Station, consists of 60,000 square feet of retail and 235 apartments. Odenton Gateway is complete and is home to a Community Health Center, a Patient First, a CVS Pharmacy and The Haven at Odenton Gateway, a 252-unit apartment complex. The 55-acre Flats 170 at Academy Yard project has completed the residential component with the opening of a 369 apartment complex. Additional apartments and retail development is planned for the project. Novus @ Town Center, a residential project, is under construction and will add 175 apartments to the town center. The Odenton Town Square project, a 24-acre Transit Oriented development, is in the planning phase and includes a residential, retail and office component.

Source: Anne Arundel Economic Development Corporation.

Economic Development Initiatives

Arundel Microloan Fund (AMF)

In October 2014, Anne Arundel Economic Development Corporation ("AEDC") was awarded $500,000 from the Department of Housing and Community Development to create the Arundel Microloan Fund (AMF). The fund is designed to benefit qualified small businesses in the county that are located in designated Sustainable Community areas. Businesses must have no more than five employees at the time of application and annual revenues of $500,000 or less. Eligible uses for the microloan funds include working capital, marketing, real estate acquisition down payment, renovations, leasehold improvements, and equipment purchase and business start-up costs. To date, AAEDC has three AMF loan applications in the review process.

Source: Anne Arundel Economic Development Corporation.

Business Corridor Investment Loan Program (ACR)

The Arundel Community Reinvestment (ACR) loan program encourages economic activity in the County's sixteen commercial revitalization districts. The ACR loan fund offers qualified business owners zero interest loans of up to $35,000 for improvements to the exterior and interior of their business. To date, Anne Arundel Economic Development Corporation has approved twenty-nine companies for loans totaling $988,177. These loans resulted in $8,485,851 in overall investment in the County.

Source: Anne Arundel Economic Development Corporation.

VOLT Loan Program

Anne Arundel Economic Development Corporation is a fund manager for a $5.36 million loan fund for the Small, Minority and Women-Owned business. The loan program is funded by 1.5% of the video lottery terminal (VLT) revenue from Maryland casinos. Under State guidelines 50% of loan funds available must be placed within 10 miles of three existing VLT sites at Arundel Mills (Anne Arundel County), Perryville (Cecil County), and Ocean City (Worcester County), with the remainder to be placed statewide. Loans to date have created or retained 300 plus jobs and resulted in $9,500,000 in investment for the State of Maryland with Anne Arundel County companies receiving $3,241,410 of the total loan amount.

Source: Anne Arundel Economic Development Corporation

Base Realignment and Closure Revitalization and Incentive Zones – BRAC Zone

In 2008, Maryland legislation was signed authorizing the creation of BRAC Zones in areas impacted by BRAC growth. The program provides an appropriation of funds, similar to enterprise zone rebates, to be provided to counties with approved BRAC Zones to defray the cost of infrastructure and other improvements within the area impacted by BRAC related growth. The Anne Arundel County zone includes 777 acres near the MARC Odenton station along Maryland Route 175 encompassing the Village of Odenton Station and Odenton Town Center projects. To date, there have been nine projects completed in the BRAC Zone, two near-term projects that are under construction and eight projects in the pipe-line.

Source: Anne Arundel Economic Development Corporation.

Transportation

Light Rail

The light rail service is a 30-mile system linking Hunt Valley in Baltimore County to the Cromwell Station in Glen Burnie via downtown Baltimore. It operates seven days a week with runs every 17 minutes, carrying an average of 27,537 riders per day. The light rail system in Anne Arundel County connects Baltimore/Washington International Thurgood Marshall Airport ("BWI Thurgood Marshall") with Baltimore City and business and retail centers in Northern Anne Arundel County. Opportunities exist throughout the line to transfer to other means of public transportation. More than 90% of the 30-mile system consists of double tracking allowing for more frequent service, accommodating more passengers and improving the reliability and safety of the light rail program.

Source: Maryland Department of Transportation, http://mta.maryland.gov/sites/default/files/MTA_AR13.pdf; American Public Transportation Association

Rail Service

Maryland Rail Commuter service ("MARC") is a state-owned, 187-mile, 3-line system operating between Washington, D.C., Baltimore, MD, Martinsburg, WV, and Perryville, MD. There are forty MARC system stations with parking available at most rail stops. The MARC Camden Line originates in downtown Baltimore and runs through the Anne Arundel County section of Laurel to Union Station in Washington, D.C. The MARC Penn Line runs through BWI Thurgood Marshall Airport and Odenton to Union Station. An Odenton/MARC Shuttle Bus Service, operated the by Regional Transit Agency of Central Maryland, offers a shuttle service from the Odenton station to Arundel Mills Mall and Waugh Chapel in West County with various stops. Other rail service offered includes the Amtrak Metroliner service from BWI Thurgood Marshall Airport to New York City and weekend service to the Wilmington, Philadelphia, and Washington, DC areas.

Maryland offers businesses two class-one rail carriers, CSX Transportation and Norfolk Southern freight carriage service to the Port of Baltimore. Maryland's freight rail service offers shippers an efficient rail service to all U.S. interior points, Canada and Mexico.

Source: MD Department of Transportation, www.mdot.state.md.us; Central Maryland Regional Transit; www.corridortransit.com

Roadways

The County has a well-maintained and easily accessible highway system, facilitating the movement of goods and people throughout the region. There are three major north/south arteries (I-97, Rt. 2, and the Baltimore-Washington Parkway Rt. 295) and three major east/west highways (Rt. 50/301, Rt. 100, and Rt. 32). Trucks leaving the Port of Baltimore or BWI Thurgood Marshall Airport have access to a superior state and interstate highway system, including I-95, I-695, and I-70 that allow goods to reach one-third of U.S. consumer markets in an overnight drive.

The fiscal years 2015-2020 Maryland Department of Transportation Capital Transportation Program is $15.9 billion with half of that being allotted to the State Highway Administration for road projects. The Maryland Department of Transportation continues to be committed to projects that will relieve Fort Meade growth-related traffic congestion on MD 295, MD 198 and MD 175, as well as intersection improvements near Fort Meade. In fiscal year 2014 construction began on the intersection improvements along MD 175 at Reece and Mapes Road, adding new turn lanes and a biker trail along eastbound MD 175. Projected completion is in spring 2017.

Sources: Multiple sources gathered by Anne Arundel Economic Development Corporation; Maryland Consolidated Transportation Program FY 2015 to FY 2020.

Trucking Services

Maryland's strategic location midway along the East Coast allows overnight truck access to 32 percent of the nation's population and 34 percent of the country's manufacturing establishments. Over 5,000 private haulers and independent, common, and contact carriers operate within and from Maryland. These companies represent a collective fleet of more than 16,000 vehicles. The Port of Baltimore (the "Port") and BWI Thurgood Marshall (the "Airport") are thriving hubs for freight forwarders, trucking companies, warehousing and distribution facilities, and intermodal transfer activity. Because the Port and Airport are located just minutes from I-95, the main north/south route on the East Coast, trucks can reach more than one-third of the U.S. markets within an overnight drive. Both conventional and specialized trucking services are available at the Port and Airport.

Source: Maryland Distribution Council.

Bus Service

Anne Arundel County has a variety of public and private bus systems that service the City of Annapolis and many residential, shopping, and employment centers of not only Anne Arundel County but regionally. Services are provided by Maryland Transit Administration, Annapolis Transit Bus Service, Dillon Bus Service, Central Maryland Regional Transit (CMRT) and Washington Metropolitan Area Transit Authority. These bus services coordinate with Anne Arundel County to develop new bus service to business parks and other workplace centers as the need arises.

In an effort to grow and improve the transportation services available to federal workers, the Maryland Transit Administration operates a bus transit plan for the Intercounty Connector (ICC). The express buses on the ICC connect Montgomery County to Greenbelt, Columbia, Fort Meade Arundel Mills and BWI Thurgood Marshall Airport.

Source: Maryland Transit Administration, www.mtamaryland.com and various other sources.

Air Services

Baltimore/Washington International Thurgood Marshall Airport ("BWI Thurgood Marshall") is a 3,596-acre state operated facility that is part of the Maryland Aviation Administration under the authority of the State Department of Transportation. BWI Thurgood Marshall offers a 2.0 million square feet passenger terminal with five concourses, 68 jet gates and five gates dedicated to commuter aircraft. Thirty-six airlines (including commuter, charter, and cargo airlines) serve BWI Thurgood Marshall with an average of 734 daily operations. Light Rail, Amtrak, and MARC train service are available connecting the airport with many destinations in Washington and the Baltimore area.

The airport's annual economic impact includes $5,600,000,000 in business revenue for Maryland, employing an estimated 9,717 people directly and generating employment for some 93,791 people in the Baltimore-Washington region with direct, indirect, and induced jobs combined.

BWI Thurgood Marshall served 22,238,226 passengers in fiscal year 2014, about the same as fiscal year 2013. In fiscal year 2014, BWI continued to enhance it services with the announcement by Southwest Airlines of additional international service to San Jose del Cabo / Los Cabos, Mexico and the addition of Alaska Airlines which offers nonstop service between BWI Thurgood Marshall and Seattle.

Source: Baltimore/Washington International Thurgood Marshall Airport, www.bwiairport.com.

Tipton Airport

As a result of the BRAC Act of 1988, Tipton Army Airfield at Fort Meade was privatized for civilian use. The 366-acre airport reopened as a public facility in November 1999. Bordered by Fort Meade, the National Security Agency, and the Patuxent National Wildlife Refuge, Tipton is almost equal distance from Baltimore, Washington, Annapolis, and Columbia.

Tipton Airport is located on MD Rt. 32 and minutes from the Baltimore-Washington Parkway, BWI Thurgood Marshall, I-95 and I-97. The airport accommodates sport, recreational, private, and business aircraft. Available facilities include a 3,000' x 75' runway; acres of concrete apron; 4 large hangers with more than 78,000 square feet of aircraft storage space and more than 34,000 square feet of aircraft maintenance and office space.

Source: Tipton Airport Authority, www.tiptonairport.org.

Port of Baltimore

The Port is located in Baltimore in the center of the Washington-Baltimore Common Market, the fourth largest consumer market in the nation. This location makes it the closest Atlantic seaport to major mid-western populations and manufacturing centers and within a day's reach to one-third of U.S. households. The Port of Baltimore is one of only two Eastern U.S. Ports with a 50 foot shipping channel, allowing it to accommodate some of the largest container ships in the world.

The Port of Baltimore is one of the top ten major employment centers in the State of Maryland supporting 50,700 jobs. The Port generates approximately $320,000,000 in annual revenue and local purchases for the State of Maryland.

Cruise activity at the Port supports 500 jobs and generates $90,000,000 in economic activity for the State of Maryland. In 2013, more than ninety cruises carrying 212,000 passengers launched from the Port of Baltimore. Both Carnival and Royal Caribbean Cruise Lines offer cruises out of the Port.

Sources: Port of Baltimore, www.mpa.state.md.us Maryland On-line Manual/Waterways.

Tourism

Anne Arundel County leads all other Maryland counties in generating economic impact through travel. In 2013, 6,377,200 travelers visited Anne Arundel County to enjoy the many attractions and amenities including but not limited to, the 533 miles of shoreline, the historic Annapolis area, the U.S. Naval Academy, the annual boat shows and festivals and Arundel Mills Mall. During their stay travelers spent an estimated $3,366,000,000 which is 23.7% of all travel expenditures in Maryland. The tourism industry in Anne Arundel County supports 20,386 direct jobs and another 8,974 indirect jobs. These tourism jobs generate $932,300,000 in direct payroll income and another $605,300,000 in income from jobs indirectly impacted by tourism. Tourism expenditures in the County account for $416,200,000 in state and local taxes. These revenues provide needed infrastructure monies for general fund projects and services.

Anne Arundel County generated $16,134,327 in gross hotel tax in fiscal year 2014, a 2.0% increase over fiscal year 2013. The County continues to experience new hotel growth in northern Anne Arundel County in the Arundel Mills Mall area with a 96-room Fairfield Inn and Suites opening in the 1st quarter of 2015.

Maryland Live! Casino, a 300,000 square foot gaming facility, opened in June 2012 at Arundel Mills Mall in northern Anne Arundel County. The facility is the largest gaming facility in Maryland with 4,300 slot machines, 123 live table games and 52 poker tables, plus restaurants and entertainment venues. The project is estimated to generate $400,000,000 in annual revenue for the State of Maryland with $20,000,000 of that revenue going directly to Anne Arundel County. The casino operates on a 24-hour basis and employs 3,000 people. Currently there are proposed plans to expand the casino with a 40,000 square foot convention center, a 300-room hotel and additional restaurants. The expansion would create 800 new permanent jobs and 1,000 temporary construction jobs.

Source: The Annapolis & Anne Arundel County Conference & Visitors Bureau/The Economic Impact of Tourism in Maryland-Tourism Satellite Account Calendar Year 2013; Anne Arundel Economic Development Corp.

Housing

According to the 2000 census, the County had 186,937 housing units. The 2013 American Community Survey (five-year estimate) estimates the County now has approximately 214,191 units; a growth of 27,254 units since the 2000 census. Single-family (detached and attached) units account for approximately 80 percent of total units.

According to the Maryland State Department of Planning Data Center, during the period from 2000 - 2004, the accumulative new housing count in Anne Arundel County was first in new housing units authorized for construction in the Baltimore metropolitan region (defined as Anne Arundel County, Baltimore County, Carroll County, Harford County, Howard County, and Baltimore City). In 2005 - 2009, Anne Arundel County again led in new housing units for the metropolitan region. In 2010, 2011, and 2012 Anne Arundel County led the Baltimore Metropolitan Region in new housing units, and was second to Montgomery County in the State. The number of new housing units authorized for construction between 2000 and 2012 in the County was 21,524. Approximately 68 percent (or 14,573 units) of the total units authorized for construction were single-family housing units (including both detached and attached). The number of multi-family housing units that were authorized for construction was 6,951 (or 32 percent) during the same time period.

The following table compares new housing units authorized for construction between 2002 and 2013 with the state.

ANNE ARUNDEL COUNTY AND MARYLAND
NEW HOUSING UNITS AUTHORIZED FOR CONSTRUCTION, 2002-2013

Anne Arundel County

Year	Total New Units	Single Family	% of Total New Units	Multi-Family	% of Total New Units
2002	2,395	1,931	80.63%	464	19.37%
2003	2,804	2,015	71.86%	789	28.14%
2004	2,089	1,671	79.99%	418	20.01%
2005	2,191	1,480	67.55%	711	32.45%
2006	275	205	74.55%	70	25.45%
2007	1,378	699	50.73%	679	49.27%
2008	958	805	84.03%	153	15.97%
2009	1,146	807	70.42%	339	29.58%
2010	1,711	864	50.50%	847	49.50%
2011	2,360	829	35.13%	1,531	64.87%
2012	1,595	943	59.12%	652	40.88%
2013	1,881	1,414	75.17%	467	24.83%
Total	20,783	13,663		7,120	

State of Maryland

Year	Total New Units	Single Family	% of Total New Units	Multi-Family	% of Total New Units
2002	29,293	24,004	81.94%	5,289	18.06%
2003	29,914	23,398	78.22%	6,516	21.78%
2004	29,515	23,258	78.80%	6,257	21.20%
2005	30,060	22,710	75.55%	7,350	24.45%
2006	23,262	17,858	76.77%	5,404	23.23%
2007	18,805	13,306	70.76%	5,499	29.24%
2008	13,309	8,235	61.88%	5,074	38.12%
2009	9,396	7,218	76.82%	2,178	23.18%
2010	11,931	8,489	71.15%	3,442	28.85%
2011	13,481	8,362	62.03%	5,119	37.97%
2012	15,217	9,232	60.67%	5,985	39.33%
2013	18,138	11,043	60.88%	7,095	39.12%
Total	242,321	177,113		65,208	

Source: Maryland Department of Planning, State Data Center 2013 New Housing Units Authorized for Construction by Building Permits Summary

According to the Census Bureau's 2013 American Community Survey 5-year estimates, the median home value in Anne Arundel County was $340,000 (margin of error +/-$2,107), which is $44,900 higher than the median value in the State of Maryland ($304,900 margin of error +/-$1,043). In the American Community Survey the median gross rent was $1,454 (margin of error +/-$23) per month in Anne Arundel County and $1,172 (margin of error +/-$5) per month in Maryland.

Construction Activity

In fiscal year 2014 there was a marginal increase in the number permits over the previous year reflecting the slow recovery of the local economy. Gains were seen in new commercial construction and improvements to existing residentially developed properties. The outlook for fiscal year 2015 for residential permits is expected to remain constant and there may be a slight reduction in the number of new commercial permits. Building permit data for the last five fiscal years is shown below:

BUILDING PERMITS
($ in 000's)

	Residential				Commercial				Combined	
	New Construction		Other		New Construction		Other		Total All Permits	
Year	Issued	Value	Issued	Value	Issued	Value	Issued	Value	Issued	Value
2010	1,556	$182,853	4,329	$99,256	103	$158,858	2,168	$339,127	8,156	$780,094
2011	1,272	142,272	4,577	89,110	95	235,229	2,402	391,722	8,346	858,333
2012	3,068	360,452	4,490	99,826	74	95,777	2,949	195,543	10,581	751,598
2013	1,792	257,218	5,240	74,245	54	97,880	1,790	168,466	8,876	597,809
2014	1,800	248,167	5,973	113,376	78	175,406	1,847	210,164	9,698	747,113

Source: Data compiled by BOCS Building Evaluation Data. All values are exclusive of land.

SECTION SIX: COUNTY ADMINISTRATION

General

Under its Charter, the County's executive functions are vested in the elected County Executive (the "County Executive") and the Chief Administrative Officer. The County Council (the "County Council") is the County legislative body and its seven members each represent one of the seven relatively equally populated councilmanic districts in which the elected Council member must reside. Each current County Council member was elected by the district that he or she represents. Council members and the Executive (who is elected county-wide) serve four-year terms, with a two-term limit.

Each member of the County Council has one vote, and a simple majority of the County Council is sufficient to pass legislation in the absence of higher voting requirements. Emergency bills require the vote of five County Council members, as do County Council actions to override a veto by the County Executive. The County Council elects its own chairman annually. A chart of the County government organization may be found on the following page.

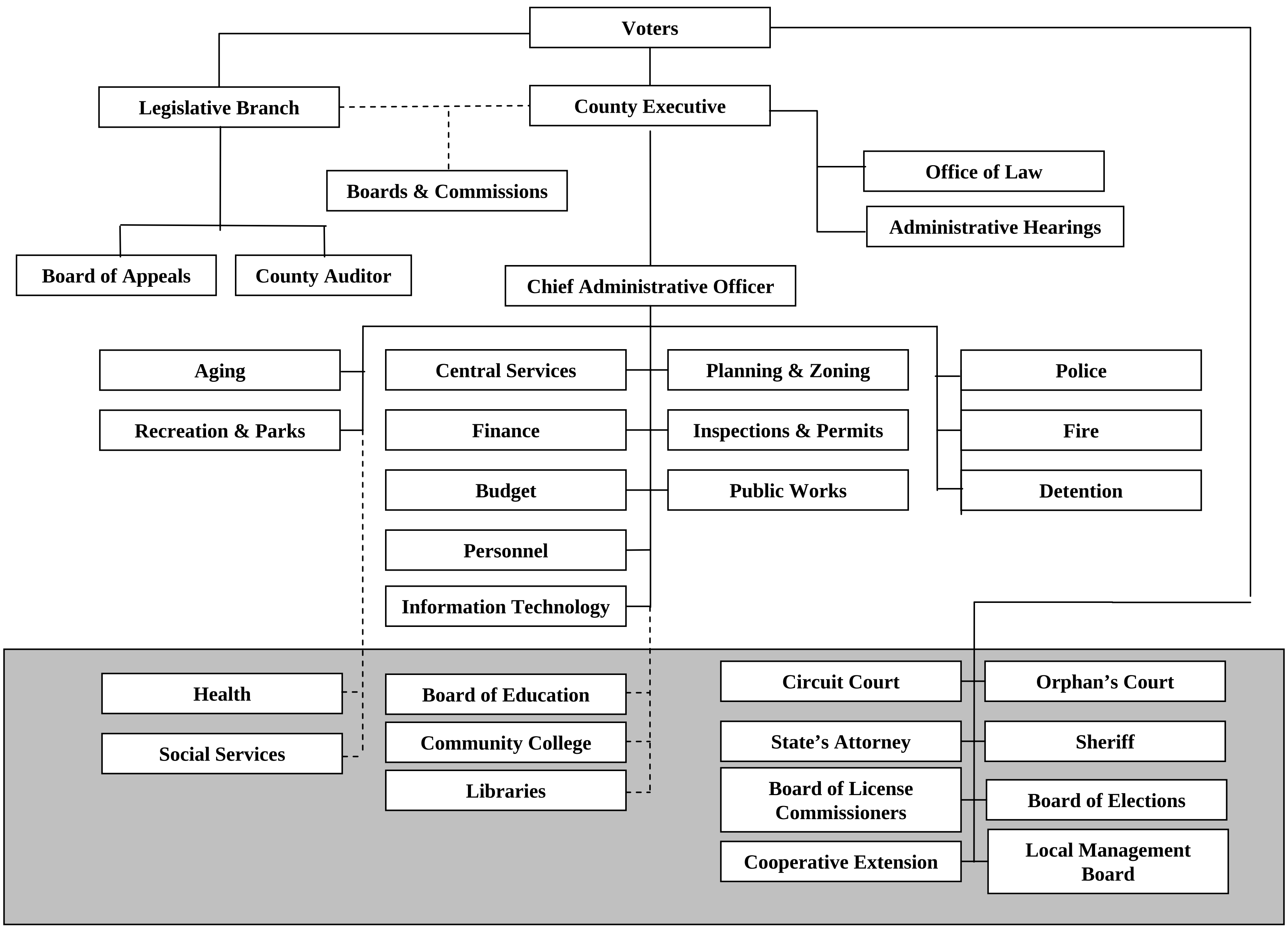
The County's financial matters are administered through the Office of Finance by the Controller of the County. The Controller is appointed by the County Executive on the basis of experience in financial administration and skill in public administration and governmental budgeting, and serves under the supervision of the Chief Administrative Officer. The Controller is charged with the administration of the financial affairs of the County, which generally include: the collection of State and County taxes, special assessments, water and wastewater utility charges, fees and other revenues and funds of every kind due to the County; the enforcement of the collection of taxes in the manner provided by law; the custody and safe-keeping of all funds and securities belonging to or by law deposited with, distributed to, or handled by the County; managing the level of County debt and making required payments thereon; the disbursement of County funds; the keeping and supervision of all accounts; and such other functions as may be prescribed by the Chief Administrative Officer or by legislative act of the County Council not inconsistent with the Charter of the County.

With respect to budget matters, the Office of the Budget, headed by the Budget Officer, appointed by the County Executive and under the supervision of the Chief Administrative Officer, is responsible for formulating the budget; studying the organization, methods, and procedures of each office, department, and agency of the County government; the submission to the Chief Administrative Officer of periodic reports on efficiency and economy; and such other duties and functions as may be assigned by the Chief Administrative Officer or by legislative act of the County Council not inconsistent with the County Charter.

Under the Charter, the County Executive has the power to appoint, without confirmation of the County Council, the Chief Administrative Officer, Budget Officer, County Attorney, County Controller, Personnel Officer, Planning and Zoning Officer, Director of Inspection and Permits, Administrative Hearing Officer, Director of Public Works, Chief of Police, Fire Chief, Director of Aging and Disabilities, Superintendent of Detention Facilities, Central Services Officer, Director of Information Technology, and Director of Recreation and Parks.

The current County Charter allows for flexibility in reorganizing the executive branch. On the recommendation of the County Executive, the County Council, by an ordinance known as a reorganization ordinance, may create new offices, departments, bureaus, divisions or other units of the executive branch; may reorganize, reassign or abolish existing officers, departments, bureaus, divisions or other units of the executive branch of the County government; and may provide for the unit of the executive branch to report directly to the County Executive.

Anne Arundel County, Maryland



County Executive, Certain Appointed and Legislative Officials

Executive

STEVEN R. SCHUH, County Executive, was elected in November 2014. Prior to being elected County Executive, Mr. Schuh served two terms in the Maryland General Assembly representing District 31, which included Pasadena and parts of Glen Burnie and Brooklyn Park. He was a member of the Economic Matters Committee and was chosen by his colleagues to serve as Chairman of the Anne Arundel County Delegation to the House of Delegates.

Mr. Schuh has been in business for nearly 30 years. As president of the private equity firm Schuh Advisory, he started businesses that now employ more than 400 people in the region. He was previously a Managing Director of Maryland-based Alex. Brown & Sons, the oldest investment banking firm in the United States, and of Credit Suisse, an international financial services firm.

Mr. Schuh earned a Bachelor’s degree in economics and government from Dartmouth College and Master’s degrees in business and in education from Harvard University and Johns Hopkins University, respectively.

Appointed

JOHN R. HAMMOND, Acting Chief Administrative Officer & Budget Officer, was appointed effective, December 30, 1993. Prior to his appointment he served as an institutional money manager, capital manager, and a governmental affairs officer in the property/casualty insurance field. Also, prior to his appointment, he served four terms as an elected alderman for the City of Annapolis and chaired the City Council’s Finance Committee for all 16 years of his service.

Mr. Hammond holds a Bachelor’s degree in business and industrial management from The Johns Hopkins University and a Master’s degree in business administration from the Wharton Graduate Division of the University of Pennsylvania.

JULIE A. MUSSOG, Controller, was appointed on July 31, 2013. Prior to her appointment, she served as Special Assistant to the County Executive for Anne Arundel County. Prior to that, she worked at the State of Maryland as a Legislative Aide and prior to that in various finance and accounting roles in the private sector. She has over 15 years of finance and accounting experience.

Ms. Mussog holds a Bachelor of Business Administration degree in Accounting from the University of Michigan, Ann Arbor, MI, and a Masters of Business Administration degree from the University of Michigan, Ann Arbor, MI. She is a Certified Public Accountant (CPA) and a member of the Maryland Association of Certified Public Accountants and the Government Finance Officers Association.

NANCY McCUTCHAN DUDEN, County Attorney, was appointed effective December 1, 2014. Ms. Duden has been with the Office of Law since 2004, serving as an Assistant County Attorney, Supervising County Attorney, and most recently, Deputy County Attorney. Prior to the Office of Law, Ms. Duden was, for 14 years, both a trial attorney for a major property casualty insurer and that company’s National Litigation Auditing Attorney. Ms. Duden began her legal career as an associate with the private firm, Blumenthal, Wayson, Downs and Offutt, in 1987.

Ms. Duden holds a Bachelor’s degree in Economics from Randolph-Macon Woman’s College and a Juris Doctor from the University of Maryland School of Law. Ms. Duden is a member of the bars of the State of Maryland, the District of Columbia and the United States District Court for the District of Maryland.

ROBERT L. HANNON, is President/Chief Executive Officer of the Anne Arundel Economic Development Corporation, a position he held from 2006 to 2013. In 2014, Mr. Hannon was a consultant for private and public sector clients, a role in which he provided business and workforce development and growth management guidance. Prior to being a consultant, Mr. Hannon served as Project Manager for the Baltimore Washington Cyber Task Force. The task force was a joint initiative of the Greater Baltimore Committee, the Greater Washington Board of Trade and the Economic Alliance of Greater Baltimore. The group was focused on mobilizing the public, private and education communities to establish the greater Baltimore-Washington region as the nationally recognized center for cyber security innovation, entrepreneurship, talent, finance and business operation. Mr. Hannon has served as Assistant Secretary at the Maryland Department of Business and Economic Development, focusing primarily on business development and workforce training programs in all regions of the state. Other work experience includes executive level positions with the Baltimore County Department of Economic Development, Baltimore Development Corporation, and MacKenzie and Associates. He currently serves on the Board of Directors for Anne Arundel Workforce Development Corporation, the BWI Partnership, the Fort Meade Alliance, and the Advisory Board of the Economic Alliance of Greater Baltimore. He is a former president of the Maryland Economic Development Association (MEDA) and was elected to MEDA's Hall of Fame in 2010.

Mr. Hannon earned both his Bachelor of Science Degree in Regional Geography and his Masters in Economic/Environmental Geography from Towson State University. He resides in Annapolis, Maryland.

Legislative

PETER I. SMITH, Councilman, First District, is serving his first term on the Council, currently serving as Vice-Chairman. Peter recently served as a Resource Manager for the Department of Defense. He has served in the United States Marine Corp for 16 years with 12 years of active duty service and is an Intelligence Officer in the Marine Corps Reserves. He has a Bachelor of Science Degree in Information Technology and an Associates of Art Degree in General Studies. He is also a Certified Defense Financial Manager, Contracting Officer Representative, and has attended the National Cryptologic School for Satellite and Network Fundamentals. He is a member of the Military Order of World Wars, the American Society of Military Comptrollers and Toastmaster International and the Marine Corps Association. Peter serves as the Toys for Tots Anne Arundel County coordinator. Peter resides in Severn and is married to Rebecca Smith they have two children Isabella and Tristan.

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JOHN J. GRASSO, Councilman, Second District is serving his second term on the Council. He was born in Baltimore, Maryland on October 29. Mr. Grasso attended Glen Burnie High School and Anne Arundel Community College. He also attended the Teterboro School of Aeronautics and Frederick Community College, graduating with a Federal Aviation Administration Air Frame and Power Plant License. He is a small business owner who lives in Glen Burnie with his wife, Natalie. Mr. Grasso has one brother and one son.

* * *

DEREK FINK, Councilman, Third District, is serving his second term on the Council. He is a graduate of North Carolina State University with a Bachelor of Arts Degree in Political Science. After graduating from college, Mr. Fink worked for Governor Robert L. Ehrlich Jr. and then on Capitol Hill for Congressman Ed Whitfield. He also in the past, served on the Board of Directors of the Maryland Association of Counties (MACo) as well as the Robert A. Pascal Youth & Family Services Center and was a member of the Cox Creek Citizens Oversight Committee and the 100 Club of Anne Arundel County. He is currently a member of the Pasadena Business Association. Mr. Fink is a small business owner who lives in Pasadena with his wife, Kristin and their son Owen.

* * *

ANDREW W. PRUSKI, Councilman, Fourth District, is serving his first term on the Council. He graduated from Niagara University with a Bachelor of Arts in History and Masters of Education. He has business experience in the fields of real estate, construction sales and management, but has spent most of his professional career in the field of education. His educational work experience ranges from his work at the United State Department of Education to serving as a high school Social Studies teacher. Mr. Pruski has served on several national panels regarding educational issues including the National Council for Accreditation of Teacher Education's blue-ribbon panel studying teacher preparation. He currently serves as the Supervisor of Internal Assessment for the Prince George's County Public Schools System. In this capacity, he manages and supports internal assessment programs administered within the school system. Prior to being elected to the Anne Arundel County Council, Mr. Pruski has been active in numerous professional, civic, and community organizations. He served as a member of the Anne Arundel County Board Appeals, an At-Large member and Past President of the Anne Arundel County Board of Education, and as the past President of the Four Seasons Community Association. In addition, Mr. Pruski is also a coach and volunteer for the Gambrills Odenton Recreation Council (GORC) and active member of the West Anne

Arundel County Chamber of Commerce. Mr. Pruski resides in the Four Seasons Community in Gambrills, with his wife Roxanne and their children, Jacob, Clara, and Walter.

* * *

MICHAEL A. PEROUTKA, Councilman, Fifth District, is serving his first term on the Council. Michael Anthony Peroutka graduated from Loyola College (now University) in Maryland in 1974 with a Bachelor of Arts in Business Administration. In 1981, he graduated from the University of Baltimore, School of Law. Following his admission to the bar, he served in a legal capacity for the Department of Health and Human Services for a few years before partnering with his brother, Stephen in the law firm of Peroutka & Peroutka, P.A. of Pasadena, Maryland. After nearly 27 years as a principal in the firm, Mr. Peroutka has recently retired from private practice. In 2004, Michael Peroutka was the Constitution Party's candidate for President of the United States of America. He ran on a platform that sought to Honor God, Protect the Family, and Restore the Republic. As co-founder of The Institute on the Constitution, a nation-wide program teaching the principles incorporated in the Declaration of Independence and the U. S. Constitution and the Maryland Constitution, Michael has taught and lectured in Maryland and across the country about law, liberty and government related topics. In 2014, Michael was elected to the Anne Arundel County Republican Central Committee. Michael is a member of Cornerstone Evangelical Free Church in Pasadena. He has three grown children and lives with his wife, Natalie, in Millersville.

* * *

CHRIS TRUMBAUER, Councilman, Sixth District, is serving his second term on the Council. Mr. Trumbauer, born and raised in Chestertown on Maryland's Eastern Shore, attended the University of Maryland – College Park where he received a Bachelor's of Science degree in Chemistry in 1996. After graduation he was employed as a scientist at the Industrial Chemical Corporation in Baltimore until 1999 when he was hired by the Department of Natural Resources (DNR). At DNR he was responsible for running a water quality monitoring program which assessed the Chesapeake Bay and its numerous rivers and streams. In 2008 became the West/Rhode Riverkeeper where he was a leading advocate for the health of Anne Arundel County Rivers until November 2013. Currently, Mr. Trumbauer is Director of State and Environmental Initiatives with the Hatcher Group of Annapolis. Since moving to Anne Arundel County in 1997, Chris has been civically engaged in issues that matter to the citizens in Anne Arundel County by volunteering, and being involved with numerous civic organizations to include serving as a member of the Annapolis Environmental Commission, 2005 – 2007, Board of Directors, South River Federation, 2003-2009 (Vice President, 2005 – 2008), Chair, Mayor's Environmental Transition Team, 2009, and Graduate of Leadership Anne Arundel's Flagship Program, 2009. Mr. Trumbauer currently serves as a Member of the Board of Health, Member of the Commission on Disabilities, Member of the State Critical Area Commission for the Chesapeake and Atlantic Costal Bays and Chair of the Maryland Local Leaders advisory board for Smart Growth America. Mr. Trumbauer lives in Annapolis with his wife Mary and their two children.

* * *

JERRY WALKER, Councilman, Seventh District, is serving his second term on the Council, currently serving as Chairman. During his first term, he served as Vice Chairman in 2012 and then Chairman in 2013. Additionally, he served on the sub-committee to review the counties OPEB liability and worked with the stakeholders to develop and implement the outcomes of the committee report in order address the liability under GASB. He was born on the 4th of July and raised in New York City. He graduated summa cum laude from Liberty University with a Bachelor of Science Degree in Business concentrating in Economics. He graduated from the University of Maryland, School of Public Policy's Academy for Excellence in Local Government. Since then he has taken additional graduate level courses in Leadership and Public Finance from the same program. He is currently working on his Masters in Public Administration and Policy at American University. Mr. Walker is the Vice President of DCA Imaging Systems, a local office technology company headquartered in Lanham, Maryland. In 2006, he won his first election to the Central Committee of his political party (Legislative District 33) and served in leadership roles including Chairman. He was an alternate Delegate representing his Congressional District at both the 2008 and 2012 Presidential Conventions. Mr. Walker's civic and community memberships include the Greater Crofton, West County, Severna Park, and South County Chambers of Commerce. He is a member of the Maryland Farm Bureau, and formerly the Davidsonville Area Civic Association where he served on the Board of DACA and as their representative to the Greater Crofton Council. In his spare time, he enjoys running and participates in a variety of local 5k and 10k runs annually. Mr. Walker lives in Crofton with his wife Michelle, an elementary school teacher, and their son Andrew.

* * *

TERESA O. SUTHERLAND, appointed County Auditor on July 1, 1995, has been a legislative auditor for Anne Arundel County since 1987. She earned a Bachelor's Degree in Accounting from Frostburg State University and a Master's Degree in General Administration, State and Local Government from the University of Maryland University College. She is a Certified Public Accountant and a Certified Fraud Examiner. She is active in various professional organizations and is a member of the American Institute of Certified Public Accountants, the Government Finance Officers Association, and the Association of Certified Fraud Examiners.

Labor Relations

For fiscal year 2015, the County Council authorized and approved 4,285 classified and non-classified employee positions for the County's operating budget and 673 authorized temporary full and part-time employees, exclusive of the Board of Education, library, and community college. As of December 3, 2014 there are 4,609 positions filled.

Currently, there are thirteen recognized "exclusive representatives" (unions or bargaining units) that engage in collective bargaining with the County.

> ***Local 582 of the American Federation of State, County and Municipal Employees*** – represents laborers, operators, technicians and crew leaders throughout the County, as well as certain communications employees in the public safety departments, with a total of 794 authorized positions. New contract will expire June 30, 2015;
>
> ***Local 2563 of the American Federation of State, County and Municipal Employees*** – represents administrative, support and clerical employees throughout the County, as well as certain civilian employees in the Police Department, with a total of 322 authorized positions. New contract will expire June 30, 2015;
>
> ***Lodge #70 of the Fraternal Order of Police*** – represents Police Officers below the rank of Sergeant in the Police Department, with a total of 591 authorized positions. New contract will expire June 30, 2015;
>
> ***Local #355 of the Teamsters Union*** – represents Deputy Sheriffs below the rank of Deputy Sheriff II in the Sheriff's Office, with a total of 60 authorized positions. New contract will expire June 30, 2015;
>
> ***Fraternal Order of Anne Arundel Detention Center Officers and Personnel, Inc.*** – represents Detention Officers below the rank of Sergeant in the Detention Center, with a total of 243 authorized positions. New contract will expire June 30, 2015;
>
> ***Local #1563 of the International Association of Fire Fighters*** – represents Fire Fighters, Emergency Medical Technicians, Paramedics, Fire Lieutenants and Fire Captains in the Fire Department, with a total of 833 authorized positions. New contract will expire June 30, 2015;
>
> ***Anne Arundel County Police Supervisors Association*** – represents Police Sergeants in the Police Department, with a total of 72 authorized positions. New contract will expire June 30, 2015;
>
> ***Local #141 of the International Union of Police Associations*** – represents Detention Sergeants, with a total of 24 authorized positions. New contract will expire June 30, 2015;
>
> ***Local #355 of the Teamsters Union*** – represents the Correctional Program Specialists at the Detention Center Facilities, with a total of 34 authorized positions. New contract will expire June 30, 2015;
>
> ***Lodge #106 of the Fraternal Order of Police*** – represents the Sheriff's Sergeants, with a total of 8 authorized positions. New contract will expire June 30, 2015;
>
> ***Anne Arundel County Police Lieutenants Association, International Brotherhood of Police Officers Local 802*** – represents the Police Lieutenants, with a total of 32 authorized positions. New contract will expire June 30, 2015.

Local #355 of the Teamsters Union – represents the Fire Battalion Chiefs, with a total of 17 authorized positions. New contract will expire June 30, 2015; and

Local #355 of the Teamsters Union – represents the Park Rangers, with a total of 14 authorized positions. New contract will expire June 30, 2015.

As "exclusive representatives," these thirteen unions function as collective bargaining agents for all of the employees in the classifications the unions represent and negotiate with the County to determine the terms and conditions of employment (wages and premiums, hours of work, benefits, leave, promotions, discipline, etc.). Thirteen contracts will expire on June 30, 2015 and the County is currently involved in contract negotiations with those units for fiscal year 2016. The County has not experienced a work stoppage due to labor relations and considers its relationship with represented employees to be satisfactory.

Source: Office of Personnel

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SECTION SEVEN: SERVICES AND FACILITIES

Education

The Board of Education of Anne Arundel County (the "Board") is responsible for the overall operation and policy decisions of the County's public school system. The Board is composed of eight members appointed by the Governor for five-year terms and one student member elected for a one-year term by the Chesapeake Regional Association of Student Councils. With the beginning of the 2014-2015 school year, the Board exercised responsibility for 77 elementary schools, 19 middle schools, and 12 high schools, as well as 13 other education facilities, including two applied technology centers, three special education centers, three alternative centers, two early education centers, two charter schools, and one contract school. With a student population of approximately 79,500 students, the goal for teacher-for-student ratio ranges from 1-for-20 in grades 6-8 to 1-for-28 in grades 4-5. With a fiscal year 2015 operating budget of $1,017,987,700, the average annual per pupil expenditure is approximately $12,697. The Class of 2014 boasted 4,978 graduates, 88% of whom went on to pursue postsecondary education at a two-year or four-year institution while earning $136.1 million in scholarships.

Higher Education

The County is home to a wide range of higher education institutions. Among these are the following:

Anne Arundel Community College – With learning as its central mission, Anne Arundel Community College has responded to the needs of a diverse community for more than 50 years by offering high quality, affordable and accessible learning opportunities. The college's nationally recognized and award-winning programs have helped its more than 50,000 students annually achieve their academic, professional and personal goals. AACC is a fully accredited, public, two-year institution offering credit programs leading to an associate degree, certificate or a letter of recognition. Students may prepare to transfer to a four-year institution or prepare for an immediate career. AACC also offers extensive lifelong learning opportunities and noncredit, continuing education to those seeking career training or retraining, working to boost basic skills or pursuing new areas of interest. In addition to its main campus in Arnold, Md., the college has degree centers at Arundel Mills, in Glen Burnie and at centers and schools around the county. In 2012, the college opened the Center for Cyber and Professional Training in Hanover near Arundel Mills, which houses a 30,000-square-foot center with 13 specialized labs, a testing center and faculty support space.

University of Maryland-University College – Offers classes at Anne Arundel Community College at Arundel Mills and Fort Meade Centers have a classroom and distance learning facility. The College has degree programs in management and information technology.

St. John's College in Annapolis – Offers Bachelor of Arts and Master of Arts in liberal arts programs based on the Great Books. St. John's College seeks to maintain a population of 450-475 students and a faculty-student ratio of 1 to 8.

Strayer University in Millersville – Offers undergraduate and graduate degree programs in accounting, business, education, health services administration, information technology, and public administration. Classes are held day and evening, seven days a week.

U.S. Naval Academy in Annapolis – Offers Bachelors of Science in engineering and technical education for careers in U.S. Navy. The Naval Academy has a student enrollment of 4,450 and employs 560 full-time faculty.

Other educational institutions offering classes in the County are Loyola College, Central Michigan University, Troy State University of Alabama – Atlantic Region, University of Baltimore, McDaniel College, and the College of Notre Dame.

Public Safety

The County Police Department is charged with the responsibility for the safety of the citizens of the County. The Department is divided into four police districts, with headquarters located in Millersville. The Department maintains a firearms training center, a recruit training center, enhanced 911 Emergency Response Center, as well as a fleet of 498 radio-equipped vehicles for use throughout the Police Department. The Department consists of 710 officers, 241 civilian employees, and 140 school crossing guards.

The County Fire Department is a combination career and volunteer force of 854 professional officers and firefighters, and approximately 500 response certified volunteers. There are 31 stations located in the County, with emergency calls handled through a modern central 911 dispatch center. In addition to firefighting equipment, there are 17 ambulances and 23 paramedic units serving the County. The Emergency Medical Services Division has one of the most efficient and progressive advanced life support programs of any jurisdiction. In addition to Suppression and Emergency Medical Services, the County Fire Department operates the Fire Marshall's office, which provides fire investigation and prevention services, a Training Division for both professional and volunteer firefighters, and a Maintenance Division.

Utilities

Electricity and Gas

Maryland’s major electric utilities are members of the Pennsylvania-New Jersey-Maryland (“PJM”) Interconnection. Through this membership, PJM member utilities are insured a reliable and cost efficient power source. Maryland is now a competitive market, thus all electric customers of investor-owned utilities and major cooperatives in Maryland have the opportunity to choose their own electric supplier.

Baltimore Gas and Electric Company (“BGE”), a subsidiary of Exelon Corporation, is the major utility company for the Baltimore region. BGE service area covers 2,300 square-miles for electric and 800 square-miles for gas. The services area includes Baltimore City and Central Maryland counties. BGE serves over 1,200,000 million businesses and residential electric customers and 655,000 gas customers within this service area. BGE is a major employer in the State of Maryland employing approximately 3,400 people; 400 of those jobs are located in Anne Arundel County.

Source: BGE, www.bge.com.

Telecommunications

Anne Arundel County has benefited as a result of the State of Maryland being a focal point for telecommunications technology development and application for several decades. Much of the activity is attributable to the presence in the County of federal agencies such as the National Security Agency, which collectively have been an excellent source of systems integration and networking opportunities for the private sector.

Verizon Maryland is the largest provider of communications in the state. Verizon Maryland’s fiber network infrastructure is very robust with nearly 18,000 miles of all-fiber network and is valued at $5,500,000,000. More than 95 percent of access lines are served by digital technology and switching offices and are diversely linked by fiber-optic facilities. Among the services Verizon provides is residential and commercial telephone lines, long distance, Internet access, DSL, advanced calling services, telephones and accessories, video service and more. Additional providers of communication services in Maryland are Comcast, Level 3 Communications and XO Communications.

Source: Verizon Communications, www.verizon.com, Maryland Department of Business & Economic Development, www.choosemaryland.org.

Medical and Health Services

The County is fortunate to have the services of premier health care systems that offer the latest in patient care and preventive medicine. In addition, the County’s proximity to Baltimore, Maryland and Washington, DC provides our residents with access to prestigious health care and medical research institutions. County residents are within driving distance to such facilities as Johns Hopkins Hospital, the National Institute of Health, the University of Maryland Medical Center and Shock Trauma Center, the Kennedy Krieger Institute and the Children’s National Medical Center.

Anne Arundel Health System

Anne Arundel Health System, Inc., (“AAHS”) is a not-for-profit corporation based in Annapolis, delivering medical services in Anne Arundel County and portions of Calvert, Prince George’s, Queen Anne and Talbot Counties. AAHS affiliates include the Anne Arundel Medical Center, (“AAMC”), Pathways Drug and Alcohol

Treatment Center, Anne Arundel Diagnostics, the ask AAMC 24-hour health line, and three satellite locations in Bowie, Gambrills, Odenton and Kent Island. AAHS employs more than 4,000 employees and has a medical staff of 1,000 plus in Anne Arundel County.

AAHS acute care facility is located on 57 acres in the Carl A. Brunetto Medical Park on Jennifer Road in Annapolis. The medical center has 425 licensed beds including an 18-bed critical care unit, 12 surgical suites, and a state-of-the-art emergency department that services 93,475 patients per year. AAMC is adjacent to the Clatanoff Pavilion, which services women and children; an outpatient surgery center, the Edwards Pavilion; an Oncology Center, the Donner Pavilion; a medical office building, the Wayson Pavilion; and the Sajak Pavilion which houses the AAMC Breast Center, Anne Arundel Diagnostics, a diabetes center, the Geaton and JoAnn DeCesaris Cancer Institute; and the Maryland Neurological Institute.

In 2014, Anne Arundel Medical Center continued to expand their services with the opening of a primary care office in Pasadena.

Source: Anne Arundel Medical Center, www.aa-healthsystem.org.

Baltimore Washington Medical Center

UM Baltimore Washington Medical Center ("UM BWMC"), in partnership with the University of Maryland Medical System, serves the health care needs of county residents in the northern and central parts of Anne Arundel County. This 321-bed hospital facility located in Glen Burnie employs 2,900 employees and 650 physicians. It houses one of the two busiest emergency rooms in the state, treating over 103,000 patients per year and features a 43,000 square foot, state-of-the-art facility.

UM BWMC offers comprehensive in-house services including the Tate Cancer Center, the Center for Advanced Orthopedics, the Joslin Diabetes Center, the Aiello Breast Center, the Wound Healing Center, the Maryland Vascular Center, the Neurology/Sleep Center, Women's' and Children's Services and Geriatric Care. In addition, UM BWMC annually reaches an estimated 25,000 community residents through lectures, health fairs, walking programs and screenings.

UM BWMC continues to strive for excellence in their service offerings. HealthGrades, an independent health care rating organization, recently ranked UM BWMC in the top five percent of America's hospitals nationwide. U.S. News & World Report ranked UM BWMC as one of America's best hospitals for neurology, neurosurgery and digestive disorders.

Source: North Arundel Health System, www.northarundel.org.

Planning and Zoning

The County Office of Planning ("Office") and Zoning is responsible for planning the physical growth of the County, including the preparation and revision of the General Development Plan and its implementing tools: the zoning regulations and maps, the subdivision regulations and subdivision review process, and the master plans of water and sewer facilities and the Chesapeake Bay Critical Areas initiatives. The Office also implements the zoning regulations, assigns street names and address numbers, maintains computerized address maps, topographic maps, and several hundred other digital coverage's as a part of its Geographic Information Systems (GIS). Additionally, the Office coordinates transportation planning and performs analyses and forecasting of land use, demographic and economic data.

A revised General Development Plan ("GDP") for the County was adopted by the County Council in October 2009 and is part of an overall Growth Management Program. The 2009 General Development Plan establishes a vision for the future based on four core principles: Balanced Growth and Sustainability, Community Preservation and Enhancement, Environmental Stewardship, and Quality Public Services. The 2009 GDP includes a Land Use Plan to guide future development patterns, and a Transportation Plan with recommendations for improving the County's road network, public transit options, and travel demand management. The GDP also includes a Priority Preservation Area in accordance with State requirements for agricultural preservation. In addition, the GDP includes a Water Resources Plan that assesses land use impacts on local water resources and lays out strategies to protect those resources. Finally, the GDP addresses the need for concurrency management to ensure that public facilities and services will be available to serve future needs.

The Planning Advisory Board, composed of seven qualified voters appointed by the County Executive, makes advisory recommendations to the Planning and Zoning Officer and the County Council relating to the master plan, zoning maps, and rules and regulations related to zoning. The Planning Advisory Board also reviews the Capital Budget and Program each year and provides recommendations to the Budget Officer through the Planning and Zoning Officer. The County Executive uses these recommendations to develop a Capital Budget and Program for adoption by the County Council.

Public Works

Anne Arundel County's Department of Public Works performs all public improvement functions, except for schools, in the County. Effective July 1, 1993, the Department of Utilities consolidated into Public Works which became the County's largest service department.

Besides Water and Wastewater, Public Works is responsible for administering all aspects of road maintenance including the engineering, design, repair and maintenance of all County roads as well as snow removal, stream clearance, maintenance of bridges and viaducts, storm drain maintenance, sidewalk construction and repair and mosquito control. Additional duties include inspection services and watershed and stormwater management.

Water and Wastewater

Under the County Charter, the Water and Wastewater Utility Fund was created as a separate and financially self-supporting public enterprise under the jurisdiction of the County for the purpose of supplying water and providing sewerage service to residents of the County. By ordinance, the County Council established the whole County, except for those portions of the County which are within the corporate limits of the City of Annapolis as the Sanitary District of the County.

Described below are the existing water and wastewater facilities in the County, as well as the planned expansions, and the related capacities of each.

Water Supply System

The County owns and operates water facilities that supply water to approximately 111,000 accounts. The county water system is groundwater oriented, producing drinking water at 12 treatment facilities and 4 independent wells. These facilities derive supplies from 55 production wells. The water system includes 17 booster stations and 25 elevated storage tanks with an effective storage capacity of 28.78 million gallons per day ("MGD"), and 7 ground storage tanks with a capacity of 13.67 MGD. The average daily demand in 2014 was 32.49 MGD. The combined design capacity of County production facilities is 66.47 MGD. Approximately 1.31 MGD was supplied by Baltimore City through 5 connections at the north end of the County. A supplemental source agreement between the County and Baltimore City allows up to 32.5 MGD.

Sewage Disposal System

The County is divided into eleven sewerage service areas. The County owns and operates sewerage treatment facilities and/or sewerage collection systems in eight of the service areas. The remaining three service areas all have conveyance systems that are operated and maintained by the County. One is a private treatment facility operated by MES, the Piney Orchard Wastewater Treatment Plant, and the other two have treatment facilities located in neighboring municipalities. These service areas include: Baltimore City (served by Patapsco Sewage Treatment Plant in Baltimore City) and Rose Haven/Holland Point (served by the Chesapeake Beach Wastewater Treatment Plant in Calvert County). The sewerage treatment facilities and/or sewerage collection systems in the County's eleven sewerage service areas provide treatment capacity of 53.84 MGD for approximately 119,000 accounts served by the County's wastewater facilities. The treatment facilities and capacities are as follows:

Treatment Facilities	Trend of 24 Month (MGD) Average Daily Flow as of November, 2014	(MGD) Existing Design Capacity	(MGD) Design Capacity to Year 2025
Cox Creek	11.97	15.00	15.00
Patuxent	5.61	7.50	10.50
Maryland City	1.10	2.50	2.50
Broadneck	5.31	6.00	8.00
Broadwater	1.24	2.00	2.00
Annapolis (Joint Facility)	8.66	13.00	13.00
Patapsco (Baltimore City)	4.34	6.40	6.40
Mayo Wastewater Management System	0.57	0.64	-
Rosehaven	0.14	0.10	0.14
Piney Orchard	0.56	0.70	0.70
Total	39.50	53.84	58.24

Source: Department of Public Works.

There is presently under various stages of design and construction the upgrading and/or expansion of many existing wastewater treatment facilities.

Solid Waste Management

The Anne Arundel County Solid Waste Enterprise (the "Enterprise") was created in 1969. It operates as a self-supporting utility with responsibilities including solid waste collection, recycling, and disposal. The Enterprise owns and operates the only sanitary landfill in the County, three residential solid waste convenience centers, and a paper recovery center for processing corrugated cardboard products from the commercial and residential sectors.

Waste Management Operations

Collection — The Enterprise contracts with private haulers for the collection of residential trash, recyclables and yard waste generated in all of the urban and suburban areas of the County and many of the rural areas. The County retains control of these residentially collected materials and presently directs all trash to its own facilities as well as private facilities. Recyclables are directed to private facilities. The Enterprise itself owns and operates a fleet of solid waste collection vehicles providing residential services such as bulky item collections for furniture or appliances and a community-based neighborhood cleanup program.

Disposal — The Enterprise owns three municipal solid waste landfill facilities. The Millersville Landfill and Resource Recovery Facility hosts the only fully operational landfill. Recycling centers, which accept recyclables, yard waste and trash from County residents, are located at the Glen Burnie landfill, the Sudley landfill, and the Millersville landfill. Post-closure care is provided at all three landfills. The Enterprise has completed the redesign of the Millersville landfill to maximize its disposal capacity and to incorporate state-of-the-art environmental controls such as multiple liners and cover systems, leachate collection systems including a pretreatment plant, and a gas management system including a landfill gas-to-electricity facility. Landfill design elements being included exceed all present regulations and were selected to provide the necessary and required environmental safeguards. Disposal capacity development, in conjunction with waste reduction and recycling initiatives, is expected to provide the County with a solid waste disposal system that is projected to last at least until the year 2043. Future new disposal options will be studied, as outlined in the 2013 Solid Waste Management Plan.

Recycling — The County achieved the Maryland Recycling Act goal of 20% by January 1, 1994. Recycling in the residential sector (which began with the start-up program for 6,300 homes in 1989) has the Enterprise providing curbside recyclables and yard waste collection to all single-family dwellings, select multi-family residences, County offices and some small businesses served by government contractual private haulers since October 1993. Materials recovered are paper, plastic, metal and glass and yard waste. The current County waste diversion rate is 44%.

The Enterprise has operated a commercial corrugated cardboard and paper processing operation since 1986. The facility receives, bales and ships cardboard to market. The Enterprise also provides six household hazardous waste collection days per year.

Regional Involvement — The County continues to explore and evaluate regional opportunities that deal with a variety of solid waste management activities. Cooperation with Baltimore City, Baltimore County, Carroll County, Harford County, Howard County, Montgomery County, and Prince George's County is ongoing through work conducted through the Northeast Maryland Waste Disposal Authority and other organizations.

Financial Operation

The Enterprise operates as a utility, recovering its costs through service user fees. The main user charges are landfill tipping fees charged to commercial customers and customers with large loads, and waste collection customer fees charged to residential customers whose solid waste is collected by the Enterprise. User fee charges by the Enterprise are solely within the discretion of the County and are not subject to control by any state or federal agency. User fee ordinances must be approved by a majority of the County Council.

Historically, the County has adopted rates sufficient for the Enterprise to meet or exceed its expenditure obligations for operation, maintenance, and debt service costs. The County has ensured the financial stability of the Enterprise through periodic review and revision of rate levels and structures over time. The Enterprise has never required the supplement of its revenues from other sources to meet its obligations. Significant landfill closure cost accruals have been recorded, using engineering estimates of the closure costs in light of U.S. Environmental Protection Agency regulations concerning solid waste disposal sites, and the period of estimated use of current cells. Rate increases have been implemented which management believes will ensure the long-term financial self-sufficiency of the Enterprise in view of the regulatory requirements. (See "FINANCES - Solid Waste Fund").

Recreation and Parks

The Department of Recreation and Parks is primarily responsible for the administration of a comprehensive system of recreational programs for County residents and the preservation of valuable land in the form of more than 170 parks and sanctuaries. Specialized recreational facilities, including two swim centers, two ice rinks, three golf courses, baseball stadium, softball complexes, and approximately 90 miles of multi-use trails; programs such as school-age childcare and therapeutic recreation. More than 12,000 acres of parkland fall under the Department's jurisdiction. The Department's open space includes small neighborhood parks, greenways, archaeological, environmental and historical preserves, and large regional facilities occupying several hundred acres of land. A professional staff of park rangers, environmental specialists and athletic and recreational supervisors and planners provide leisure activities for citizens of all ages including the senior and physically challenged populations. Extensive volunteer networks supply more than 1,000,000 staff hours per year to Department programs.

Source: Recreation & Parks

Insurance

It is the policy of the County to retain risks of losses in those areas where it believes it is more economical to manage its risks internally and set aside assets for claims settlement in its internal service fund. The County purchases insurance for real and personal property, boiler and machinery, and faithful performance bonds, as well as school bus insurance for the bus contractors of the Board of Education and vehicle liability insurance for the contract operation of the Department of Aging and Disability Transportation Program.

The County maintains the self-insurance fund to provide workers' compensation and directors' and officers' coverage for the County Government, the Board of Education and the Community College and general liability and vehicle liability coverage for the County Government and the Board of Education.

The internal service fund, maintained to account for self-insurance activity, has no equity balance. (See "APPENDIX A, Basic Financial Statements," Note 14).

Source: Risk Management

SECTION EIGHT: APPROVAL OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement have been approved by Anne Arundel County, Maryland.

ANNE ARUNDEL COUNTY, MARYLAND

By: /s/ Steven R. Schuh

STEVEN R. SCHUH
County Executive

and

By: /s/ John R. Hammond

JOHN R. HAMMOND
Acting Chief Administrative Officer

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APPENDIX A

Anne Arundel County, Maryland

Basic
Financial
Statements

For the Fiscal Year Ended June 30, 2014

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CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

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, 2014, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Anne Arundel County Community College, the Anne Arundel Economic Development Corporation, Tipton Airport Authority, and the Anne Arundel Workforce Development Corporation, which represent 12 percent, 14 percent, and 12 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Anne Arundel County Community College, the Anne Arundel Economic Development Corporation, Tipton Airport Authority, and the Anne Arundel Workforce Development Corporation, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Anne Arundel Economic Development Corporation and Anne Arundel County Community College Foundation, which is included in the financial statements of the Anne Arundel County Community College, were not audited in accordance with *Government Auditing Standards.*

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 report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, budgetary comparison for the General Fund, and the aggregate remaining fund information of Anne Arundel County, Maryland as of June 30, 2014, 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 Matter
As discussed in Note 1 to the financial statements, the County restated the beginning net positions of the business-type activities and Water and Wastewater fund in order to correct errors made in the accounting for grant revenues. The county also changed its method of accounting for bond issuance costs in 2014 as required by the provisions of GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. As a result, the County restated the beginning net positions of the governmental activities, business-type activities, and Water and Wastewater fund to conform to the provisions of this Statement. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress for the single employer defined benefit pension plan and post-employment benefits, as referenced in the 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, and other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The introductory and statistical sections, as referenced in the 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.

Report on Other Legal and Regulatory Requirements
In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2014 on our consideration of the Anne Arundel County Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Anne Arundel County, Maryland's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
December 26, 2014

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, 2013 have been provided.

Financial Highlights

Government-wide:

- The County's assets exceeded its liabilities at the close of the fiscal year by $1.2 billion. The unrestricted portion is a negative $741.7 million which is composed of a deficit in the governmental activities of $754.5 million and a positive $12.8 million in the business type activities. The unrestricted deficit occurred in the governmental funds due to Board of Education debt being recorded on the County's balance sheet, but not the corresponding capital assets.

- Total net position of the County has increased by $41.4 million or 3.5% over the prior year. In the governmental activities, total revenue increased $67.6 million or 4.9% while expenses increased $19.9 or 1.4% from the prior fiscal year, resulting in a $22.9 million decrease in net position, which is $41.4 million less then the fiscal year 2013 decrease. In the business type activities, total revenues exceeded total expenses by $64.3 million, which is $7.9 million more than the fiscal year 2013 increase.

Fund Level:

- The County's governmental funds reported combined fund balances of $319.1 million, an increase of $71.8 million from the prior year. The greatest net change in fund balance was a $58.1 million increase from the prior year, in the General County Capital Projects Fund due to general bond issuance exceeding capital spending. For fiscal year 2014, the Impact Fees Capital Projects Fund balance increased $13.3 million due to lower funding of capital projects versus the prior year. The General Fund balance increased $3.7 million due to other financing sources, partially offset by expenditures exceeding revenues. Nonmajor governmental funds balance decreased $3.4 million primarily due to other financing sources and uses which had transfers out of $71.7 million and an increase in funds from financing of $22.1 million. This offset the revenues in excess of expenditures of $40.0 million in the nonmajor governmental funds.

- Approximately 59.8% of the total governmental fund balance, $190.7 million, is available to meet the County's current and future needs as mandated by the appropriate level of authority within the County and are properly designated as committed, assigned and unassigned.

- Available fund balance for the General Fund was $100.4 million or 84% of total fund balance, which is 8.1% of the current year expenditures. Non spendable fund balance of the General Fund was $2.1 million or 1.8% of the total fund balance. The restricted fund balance in the General Fund of $17.0 million, or 14.2% has been restricted for the Reserve for Retiree Health Benefits, also referred to as Other Post Employment Benefits (OPEB); Base Realignment and Closure (BRAC) zone capital improvements; and Video Lottery Local Impact Aid spending.

- The business type activities operating revenue increased by $6.0 million or 4.2%, non-operating revenues decreased by $28.3 thousand, non operating expenses increased by $0.7 million, operating expenditures decreased by $8.1 million or 5.0%, and capital contributions, fees, and grants increased $8.8 million or 11.2% for an increase in net position of $64.3 million from the prior fiscal year.

Changes to debt:

- The County's total bonded debt balance increased by $46.5 million for general county and $58.3 million for water and wastewater in fiscal year 2014. The County issued $126.9 million of bonds for governmental activities including education, public safety, infrastructure improvements, community college, recreation and parks, watershed protection and restoration, waterway improvements, solid waste, and general government improvements. Of this amount, $4.6 million was used for solid waste projects. The County also issued $79.2 million for business-type activities which will be used for utility improvements. Of the County's bond issue of $206.1 million, $67.9 million was used to liquidate Bond Anticipation Notes (BANS) issued in February 2014. The County also drew down $7.4 million in Maryland Water Quality loans for water and waste water improvements.

Overview of Basic Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Fiduciary Funds – The fiduciary funds accumulate assets that are managed, but not owned, by the Primary government. The County's four defined benefit pension plans that form the Retirement System Pension Trust Funds are included in this category. 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 Trust Funds follows 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 that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information - There are two required supplementary schedules that provide trend data about the Pension Trust Funds and other post-employment benefits.

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

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

Anne Arundel County, Maryland
Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current	$ 478,127,147	$ 399,221,802	$ 143,942,612	$ 118,046,191	$ 622,069,759	$ 517,267,993
Restricted - Current	171,509,670	118,581,385	304,608,771	252,677,448	476,118,441	371,258,833
Restricted - Noncurrent	-	-	43,110,117	48,244,433	43,110,117	48,244,433
Capital	1,106,004,877	1,106,868,593	1,427,643,184	1,341,901,726	2,533,648,061	2,448,770,319
Total	1,755,641,694	1,624,671,780	1,919,304,684	1,760,869,798	3,674,946,378	3,385,541,578
Deferred outflow of resources	5,833,548	5,684,120	3,168,350	3,672,499	9,001,898	9,356,619
Liabilities:						
Current	205,856,761	193,378,328	70,522,726	60,723,815	276,379,487	254,102,143
Restricted - current	59,032,773	14,717,091	44,979,918	26,919,777	104,012,691	41,636,868
Noncurrent	1,526,189,115	1,428,954,016	557,655,044	491,928,662	2,083,844,159	1,920,882,678
Total	1,791,078,649	1,637,049,435	673,157,688	579,572,254	2,464,236,337	2,216,621,689
Net Assets:						-
Invested in capital assets, net of related debt	622,405,918	630,965,090	937,308,613	892,816,991	1,559,714,531	1,523,782,081
Restricted	102,537,036	94,189,773	299,160,616	269,791,768	401,697,652	363,981,541
Unrestricted	(754,546,361)	(731,848,398)	12,846,117	22,361,284	(741,700,244)	(709,487,114)
Total	$ (29,603,407)	$ (6,693,535)	$ 1,249,315,346	$ 1,184,970,043	$ 1,219,711,939	$ 1,178,276,508

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.

Current liabilities are those obligations that will be paid with currently available resources within a year, while the current restricted liabilities will be paid with restricted assets. Noncurrent liabilities are those not expected to be paid within a 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.

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

Management's Analysis – Unrestricted current assets of governmental activities are $78.9 million more in fiscal year 2014. This is due primarily to the following: increases in cash and temporary investments of $67.7 million which was mainly from the increase in the Impact Fees Capital Projects Fund and the General County Capital Projects Fund of $15 million and $52.1 million, respectively; an increase in taxes and other revenue receivables of $6.8 million is due to a late billing from the State of Maryland for property taxes; and an increase in prepaid and other receivables of $4.3 million which is mainly from additional pre-paids for the Board of Education in the amount of $2.5 million and an increase in service billings of $2.0 million in the Health Insurance Fund. The business-type activities current assets increased by $25.9 million, primarily due to an increase in cash and temporary investments of $25.5 million in the Water and Wastewater Capital Projects Fund, and an increase in inventories of $0.4 million.

Restricted assets in governmental activities increased by $52.9 million or 44.6%. This was mainly from the increase in restricted cash of $15.1 million in the Impact Fees Capital Projects Fund, an increase in the Tax Increment Funds of $45.4 million as a result of a refunding bonds, the addition of the new Watershed Protection and Restoration

Fund of $7.5 million and a decrease in the Bond Premium Fund by $15.9 million resulting from a transfer of funds to capital projects. The increase in current restricted assets in business-type activities of $51.9 million or 20.6% was primarily due to the additional bond proceeds and an increase in receivables from the State for water quality loans.

Restricted noncurrent assets in business-type activities decreased by $5.1 million from fiscal year 2013 or 10.6%. This resulted from a decrease in long-term receivables for front foot benefit charges and capital connection charges.

The governmental capital assets balance decreased by $0.9 million from the previous year or less then 0.1%. Capital assets in the business-type activities increased by $85.7 million or 6.4%. This increase is the result of the completion of certain capital projects.

Current unrestricted liabilities for governmental activities increased by $12.5 million or 6.5%, from the previous fiscal year. This occurred primarily due to increase in accounts payable and accrued liabilities, and current portion of non-current liabilities of $9.7 and $7.0 million, respectively. The accounts payable and accrued liabilities increase is mainly from the General Fund and General County Capital Projects Fund in the amount of $6.7 million and $2.2 million respectively. The current portion of long-term debt had an increase of $7 million from prior year. This was offset by a decrease in due to component units of $4.8 million. This decrease is mainly related to a decrease in the amount due to the Board of Education as a result of the completion of construction projects at certain schools. The current unrestricted liabilities in business-type activities increased by $9.8 million or 16.1%, from fiscal year 2013. This change was in part caused by increases in accounts payables and accrued liabilities, and the current portion of long-term debt and obligations of $8.1 million and $2.7 million, respectively. The accounts payables and accrued liabilities increased by $8.1 million in the Water and Wastewater Capital Projects Fund and the current portion of long-term debt and obligations increased by $2.4 million in the Water and Wastewater Fund.

Restricted current liabilities for governmental activities increased by $44.3 million or 301.1%, from fiscal year 2013. The change was primarily caused by increases in escrow deposits in the amount of $43.0 million primarily related to the TIF refunding, and unearned revenue in the amount of $1.5 million. Restricted current liabilities for business-type activities increased by $18.1 million or 67.1% primarily due to an increase in unearned revenues of $17.0 million which included an increase in bond premium of $4.3 million and an increase in unearned revenue from developer contributions of $12.7 million.

Noncurrent liabilities consist of bonded debt, OPEB obligation, self insurance reserves, loans, capital leases, and other liabilities. These liabilities increased $97.2 million or 6.8%, in governmental activities, and increased by $65.7 million or 13.4%, in business-type activities. The increase in governmental activities was due to the following: the recording of the annual OPEB obligation of $44.3 million, $40.5 in additional long-term debt, $10.0 million in unearned revenue, and $2.4 in unpaid insurance claims. The increase noted in the noncurrent liabilities in business-type activities for fiscal year 2014 was caused primarily by an increase in the net bonded debt of $62.4 million, and the recording of the OPEB obligation of $4.7 million. This was offset by a decrease in unearned revenue of $1.0 million.

The components of governmental and business-type net position were discussed in the financial highlights above. It should be noted the negative unrestricted balance in governmental activities has increased from a negative $731.8 million to a negative $754.5 million, an increase of 3.1%. It is important to note that although counties in the State of Maryland issue debt for the construction of schools, the schools are owned by the local Boards of Education. Ownership reverts to the County if the building is no longer needed. The County also funds projects for the Community College and others that do not result in County assets. Therefore, while the County’s statements include this outstanding debt, there are no capital assets recorded on the Primary Government’s statements. The negative unrestricted governmental activities fund balance of $754.5 million reflects this treatment. The Board of Education and Community College net investment in capital assets of approximately $954.8 million and $91.5 million, respectively, are evidence of the significant level of capital assets constructed primarily from County incurred debt.

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

Fiscal year	Balance (in millions)	Fiscal year	Balance (in millions)
2011	$ (594.4)	2013	(731.8)
2012	(657.8)	2014	(754.5)

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

Anne Arundel County, Maryland
Statement of Activities

	Governmental Activities		Business type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program revenues:						
Charges for services	$ 127,127,678	$ 114,706,213	$ 140,817,096	$ 137,800,364	$ 267,944,774	$ 252,506,577
Operating grants & contributions	61,177,534	42,873,764	-	-	61,177,534	42,873,764
Capital grants & contributions	45,968,673	41,688,939	87,886,666	79,048,522	133,855,339	120,737,461
	234,273,885	199,268,916	228,703,762	216,848,886	462,977,647	416,117,802
General revenue:						
General property taxes	637,622,877	620,348,134	-	-	637,622,877	620,348,134
Local income taxes	436,906,640	403,622,963	-	-	436,906,640	403,622,963
State shared taxes	8,682,827	27,868,159	-	-	8,682,827	27,868,159
Recordation & transfer taxes	77,535,100	81,036,685	-	-	77,535,100	81,036,685
In County Contributions	-	-	-	-	-	-
Local sales taxes	31,516,775	32,689,945	-	-	31,516,775	32,689,945
Investment income	2,445,893	(1,206,390)	1,160,524	559,881	3,606,417	(646,509)
Other revenue	9,476,951	7,493,974	14,417,390	11,138,884	23,894,341	18,632,858
County Transfer	274,617	-	(274,617)	-	-	-
	1,204,461,680	1,171,853,470	15,303,297	11,698,765	1,219,764,977	1,183,552,235
Total revenues	1,438,735,565	1,371,122,386	244,007,059	228,547,651	1,682,742,624	1,599,670,037
Expenses:						
Education	708,507,539	708,818,190	-	-	708,507,539	708,818,190
Public safety	294,436,009	304,563,193	-	-	294,436,009	304,563,193
General government	123,009,779	124,517,505	-	-	123,009,779	124,517,505
Health & human services	72,520,291	74,569,357	-	-	72,520,291	74,569,357
Public works	106,372,020	82,066,089	-	-	106,372,020	82,066,089
Recreation & community services	59,094,573	56,379,574	-	-	59,094,573	56,379,574
Judicial	28,949,927	29,057,435	-	-	28,949,927	29,057,435
Code enforcement	13,378,436	13,734,346	-	-	13,378,436	13,734,346
Land use & development	10,273,106	10,391,768	-	-	10,273,106	10,391,768
Interest expense on debt	45,103,757	37,684,996	-	-	45,103,757	37,684,996
Water & wastewater	-	-	124,340,481	120,296,423	124,340,481	120,296,423
Waste collection	-	-	50,731,860	47,767,319	50,731,860	47,767,319
Child care	-	-	4,589,415	4,019,460	4,589,415	4,019,460
Total expenses	1,461,645,437	1,441,782,453	179,661,756	172,083,202	1,641,307,193	1,613,865,655
Change in net assets	(22,909,872)	(70,660,067)	64,345,303	56,464,449	41,435,431	(14,195,618)
Net Position, beg of year	(6,693,535)	63,966,532	1,184,970,043	1,128,505,594	1,178,276,508	1,192,472,126
Net Position, end of year	$ (29,603,407)	$ (6,693,535)	$ 1,249,315,346	$ 1,184,970,043	$ 1,219,711,939	$ 1,178,276,508

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 fiscal year 2013 by $67.6 million or 4.9%. The increase in revenue is due to a growth in property taxes of $17.3 million or 2.8% from an increase in the assessable base; local income taxes of $33.3 million or 8.3%, driven by lower unemployment rates and general improved economic conditions; charges for services of $12.4 million or 10.8% from the new Watershed Protection and Restoration Fee (WPRF); an additional $18.3 million in operating grants and contributions from the Video Lottery Local Impact Aid contributions; and an additional $4.3 million of capital grants and contributions which included, an increase in donated assets from public works agreements in the amount of $4.5 million.

The governmental activities' expenses had an increase of $19.9 million or 1.4% from fiscal year 2013. Certain functional categories of expenditures had significant fluctuations during fiscal year 2014. The most notable fluctuations were in public works which increased by $24.3 million or 29.6% and interest expense of $7.4 million or 19.7%. The increase in public works was a result of increased spending funded by the Watershed Protection and Restoration fee. The increase in interest expense is due to additional accrued interest in fiscal year 2014 as a result of an earlier bond sale. There was a decrease in public safety expenditures of $10.2 million or 3.3% due to a reduction in post-employment retirement expense of $24.0 million from the prior year.

In business-type activities there was an increase in charges for services of $3.0 million or 2.2% in fiscal year 2014. The increase was caused by a $0.5 million increase in Solid Waste service charges and a $0.4 million increase in landfill charges. Utility Operations charges for services increased by $1.5 million and Child Care had an increase of $0.6 million. Capital grants and contributions increased by $8.8 million or 11.2% from the previous year which resulted mainly from additional developer allocation fees of $9.9 million, environmental protection fees of $1.4 million, developer contributions of $1.0 million, and a decrease in capital grants of $3.8 million. In general revenue, other revenue increased by $3.6 million or 30.8% which was mainly from pro rata shares being sent to the Water and Wastewater Operating Fund from the Watershed Protection and Restoration Fund. Investment income increased $0.6 million or 107.3% from fiscal year 2013 to 2014 due to rising rates of return on investments.

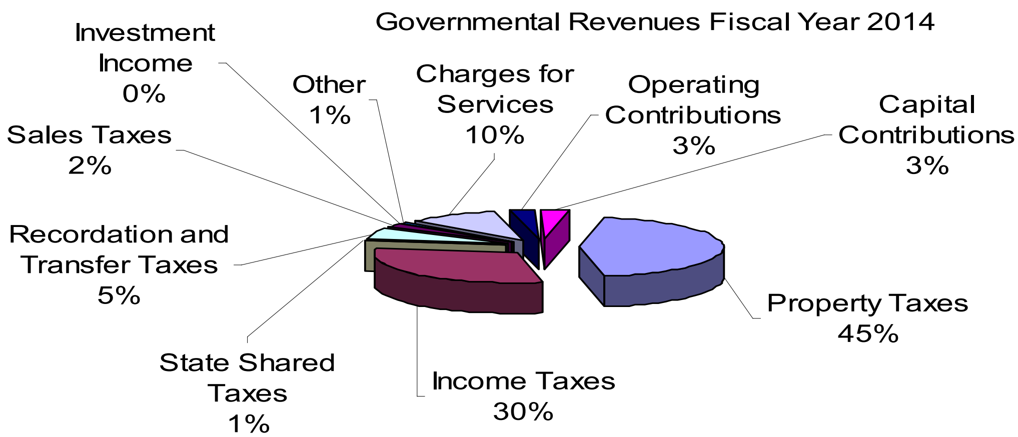
Business-type expenses had an overall increase of $7.6 million or 4.4% from the previous year which was primarily caused by increases in charges for contractual services of $2.7 and $1.9 million in the Water and Waste Water and Solid Waste Funds.

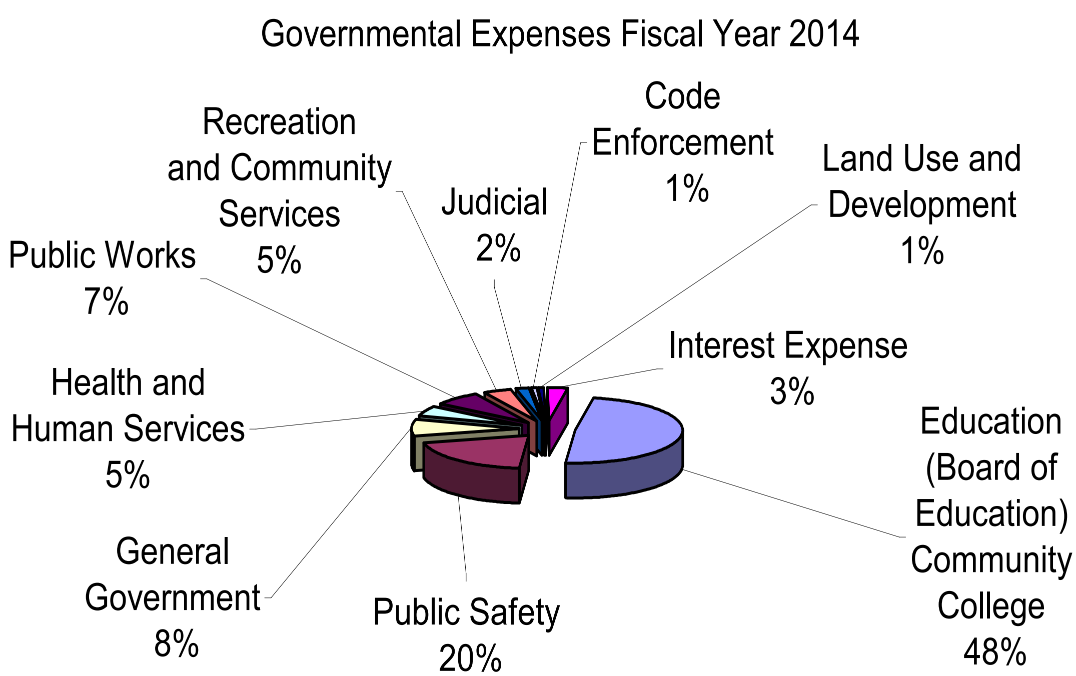
Distribution of Revenues and Expenses

The next two charts show the percentage distribution of revenues from governmental activities and the percentage expended on each function, respectively. Discussion of the 2014 distribution and significant changes since 2013 follows.

General revenue sources continue to provide the vast majority of the County's revenue. Tax revenues from property assessments, income, State shared sources, recordation and transfer, and sales tax provided about 83.9% of the revenue base, which is consistent with prior fiscal years. Charges for services paid to the County by users, were 10% for fiscal year 2014, an increase of 1.6% from fiscal year 2013 which was 8.4%.

An analysis of the percentage distribution of revenues revealed that there was a slight increase in income taxes from 29% to 30%. Property tax, recordation and transfer taxes, and State shared taxes all decreased slightly to 45%, 5% and 1%, respectively. An analysis of the percentage distribution of expenses by function revealed that public works increased from 6% to 7%, recreation & community services increased from 4% to 5%, and public safety and education decreased from 21% to 20% and 49% to 48 %, respectively. There were no changes in any other of the functions as a percent of the total from 2013.



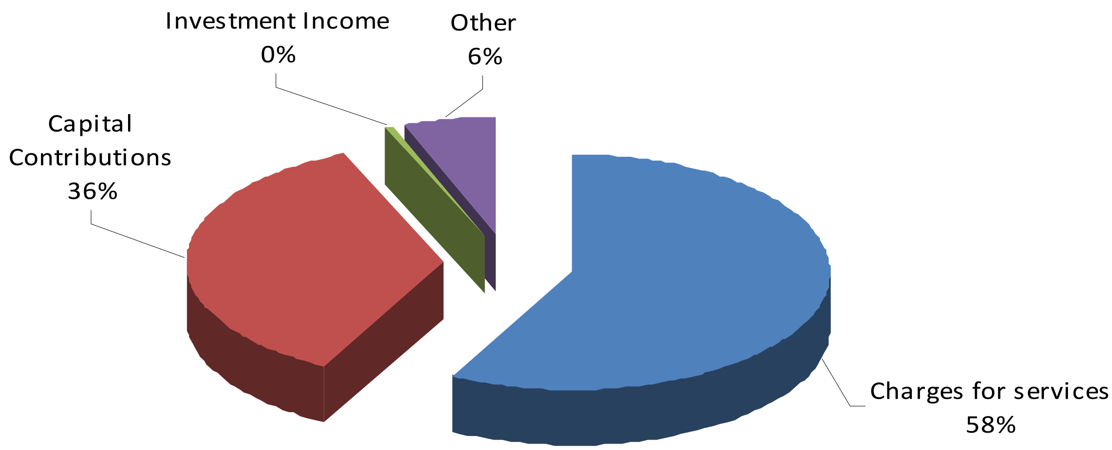


The next two charts show the percentage distribution of revenues from business type activities and the percentage expended on each function, respectively. Discussion of the 2014 distribution and significant changes since 2013 follows.

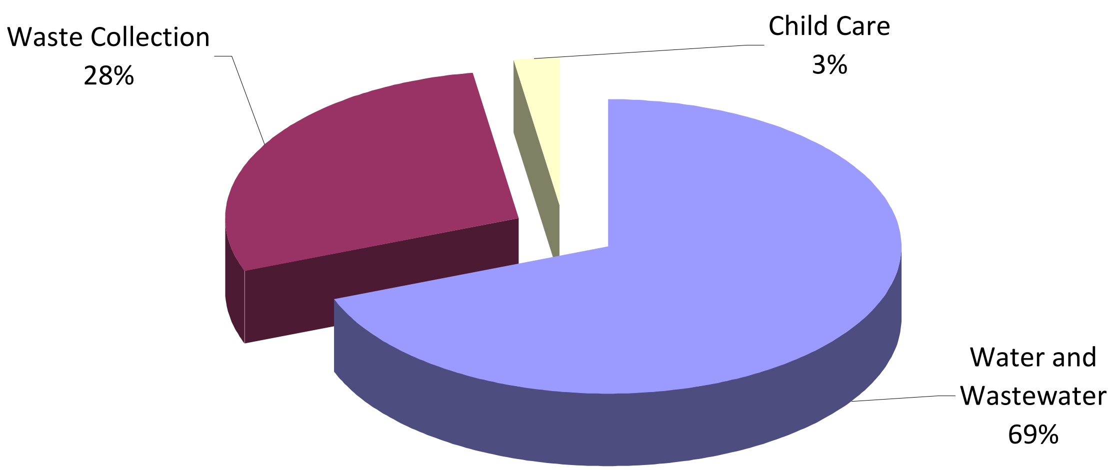
Charges for services and capital contributions continue to provide the vast majority of the County's business type activities revenue. Together these account for 94% of the revenue in fiscal 2014. This is a 1% decrease from 2013 which was 95%.

An analysis of the percentage distribution of expenses by function revealed that there was no significant change in any of the functions as a percent of the total from 2013.

Business Type Activities
Revenues Fiscal Year 2014



Business Type Activities
Expenses Fiscal Year 2014



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 $229.1 million to $243.9 million or $14.8 million, from fiscal year 2013. The increase primarily occurred in cash and investments of $8.2 million and an increase of $6.8 million in the property tax receivable; which was a result of, the Raven F.S Property Holding, LLC, assessment information for fiscal year 2014, being received from the State of Maryland after year end. Total fund balance increased from $115.7 million to $119.5 million or an increase of $3.8 million. This increase in the fund balance resulted in part from the return of a Video Lottery Impact Aid grant and higher revenues during 2014.

General Fund expenditures increased from $1,199.1 million to $1,239.5 million or $40.4 million and revenues increased by $21.1 million over 2013. Other sources and uses contributed $7.0 million and brought a net inflow to the General Fund of $3.7 million in fiscal year 2014, compared to a net inflow of $36.2 million in 2013.

The County has a Revenue Reserve Fund which is included in the unassigned category of General Fund balance. At the end of fiscal year 2014, a balance of $44.2 million was in the reserve fund. This increase from fiscal year 2013 is because of a contribution of $20.3 million in fiscal year 2014 to this fund and investment earnings of $0.9 million. This reserve may only be used when revenues fall below budget expectations and then legislative action is required. This fund has been in existence since fiscal year 1994 and has been drawn on by Management in fiscal year 2009 and fiscal year 2010 in the amounts of $16.8 million and $16.0 million, respectively, as a result of underperforming revenues during the recession of 2008 and 2009.

The Impact Fees Capital Project Fund retains developer impact fees until needed for the construction of capital assets. The total fund balance increased from $42.8 million in fiscal year 2013 to $56.2 million in 2014. The fund balance increased by $13.3 million as a result of an increase in impact fees recognized of $26.1 million in 2014 versus $16.3 million in 2013 and a decrease in transfers to other funds of $9.1 million transferred in fiscal year 2014 compared to $30.3 million in 2013. The amounts transferred are used to pay off debt and for the construction of capital assets. Both of which are related to impact fee eligible projects. There was an increase in expenses as $3.4 million was used to support capital improvements in fiscal year 2014 verses $0.8 million in fiscal year 2013.

The General County Capital Projects Fund's total assets increased from $74.1 million in fiscal year 2013 to $128.9 million in 2014, or $54.8 million. This increase is primarily due to an increase in cash and investments of $52.1 million in the fund at the end of the fiscal year which resulted from additional funds received through the issuance of bonds in fiscal year 2014. Liabilities decreased by $3.3 million primarily due to decreases in due to the Board of Education for its capital improvements of $3.6 million and unavailable revenue in the amount of $1.3 million, slightly offset by an increase in accounts payable and accrued liabilities of $2.2 million. The net effect was an increase in fund balance from $34.0 million in fiscal year 2013 to $92.1 million in 2014.

Revenues in the General County Capital Projects Fund decreased from $15.5 million in fiscal year 2013 to $9.5 million in fiscal year 2014, or by $5.9 million. This decrease is attributable to lower grant and aid revenue of $4.9 million and lower fees for service and other revenue of $1.0 million. Expenditures in this fund decreased by $23.8 million which is attributed to a decrease of $15.8 million for amounts paid to the Board of Education and Community College and a decrease in capital outlays in the amount of $8.0 million. Both decreases were mainly a result of completion of the construction of certain Board of Education projects.

Proprietary Funds:

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

The Water and Wastewater Fund's assets totaled $1.821 billion at the end of fiscal year 2014 which was an increase of $155.0 million over fiscal year 2013. The increase mainly occurred as a result of an increase of $86.8 million in capital assets and an increase in cash and investments of $57.3 million. Capital assets increase each year as capital projects are completed and developer donated water and sewer facilities are added. The increase in cash and investments was in part the result of $29.0 million in bond funds that were unspent at year end and an increase in capital contributions from developers of $9.9 million. Liabilities have increased by $91.0 million. The increase resulted primarily from additional long-term bonded debt of $60.1 million, the recording of the liability for OPEB benefits of $3.7 million, and increases in accounts payable and accrued liabilities, and current portion of long-term debt of $9.3 million, and an increase in unearned revenue of $15.9 million from developer contributions. As a result of the changes in assets and liabilities, the Water and Wastewater Fund's net position increased $63.5 million or 5.5%.

The Statement of Revenues, Expenses, and Changes in Fund Net Position has an increase in operating revenues of $5.3 million or 5.9%. Operating expenses increased by $5.0 million or 4.6%. Non-operating components decreased from the previous year by $1.4 million due to a decrease in other expenses of $1.4 million. Capital contributions, fees and grants increased by $8.8 million. These contributions represent the capital assets built by developers and fees collected from properties connecting to the County's water and wastewater systems.

The Solid Waste Fund's assets increased by $3.2 million primarily due to an increase in cash and investments of $4.2 million and a decrease in capital assets of $1.1 million. Liabilities increased by $3.2 million or 4.4% from fiscal year 2013 to 2014. An increase in long-term debt of $2.2 million and an increase in the OPEB obligation of $1.0 million contributed to this change.

Operating revenue increased by $0.1 million. Operating expenses increased by $2.6 million due to increased costs from contractual services of $1.9 million, an increase of landfill closure and post closure costs of $0.8 million, an increase in supplies and materials of $0.6 million, and a decrease in depreciation of $0.4 million and personnel services of $0.2 million.

Fiduciary Funds:

Fiduciary funds include the Pension Trust Funds and the Agency Funds. The Pension Trust Funds are presented for the calendar year ended December 31, 2013. Investments increased $126.0 million from calendar year 2012 to 2013 as net position increased from $1.489 billion to $1.615 billion or 8.5%. Contributions increased from $66.3 million in 2012 to $72.6 million during 2013 and investment activity decreased from 2012 by $28.8 million. Agency funds decreased from $41.0 million in fiscal year 2013 to $24.5 million in fiscal year 2014. The largest decrease of $15.2 million resulted from a timing issue related to the refunding of bonds for Dorchester Special Tax District.

Budgetary Variations:

The budgetary statements of the General Fund show actual revenues of $1.288 billion compared to budgeted amounts of $1.260 billion, resulting in $27.6 million more in revenue than anticipated. The most significant budgetary variations within components of revenue were local income taxes, and recordation and transfer taxes which exceeded budgetary expectation by $18.6 million or 4.5% and $4.5 million or 6.2%, respectively. The remaining increase was mainly due to increases in licenses and permits, and fees for services and other revenue of $1.5 million and $3.8 million, respectively.

Total expenditures on a budgetary basis were $1.316 billion compared to appropriation authority of $1.321 billion, resulting in $4.8 million or 0.4%, 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 2014.

In reviewing the changes from the original budget to the final budget, budgeted revenues and expenditures increased

$1.3 million over the original budget. The increase in revenues was from a State grant for pothole repairs in the amount of $760 thousand, and additional revenues from Arundel Mills TIF and Parole TIF of $340 thousand and $235 thousand, respectively Public safety, public works, recreation and community services, and judicial final budgets increased over their original budgets by $6.2, $8.0, $0.9, and $1.1 million respectively. General government and health and human services had significant decreases from the original budget to the final budget of $13.5 and $1.1 million, respectively. Nominal increases and decreases were noted for several other categories. Management is not aware of any reasons why these and other budgetary variations would have a significant effect on future liquidity or services.

Capital Assets

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

Governmental capital assets - Total governmental capital assets show a decrease from the prior year of $0.9 million or 0.1%. The table below shows an increase in furniture and equipment, storm drains and culverts, automobiles and rolling stock, and land and easements of $10.1, $3.2, $3.0, and $2.0 million, respectively. These increases were offset by decreases in buildings, land improvements, and roads and bridges of $6.3, $3.8 and $3.3 million, respectively, due to continued depreciation of these assets and a decrease in construction in progress of $6.4 million.

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

- $13.3 million for additional improvements to PEG access channels and expansion to the County's broadband network
- $1.9 million for storm drains and culverts
- 59 new vehicles were purchased including fire trucks, dump trucks, an excavator and various autos
- $1.1 million for the acquisition of the Carr property as additional recreation land

Business-type capital assets – The capital assets in business-type activities increased by $85.8 million or 6.4%, from fiscal year 2013. This increase was almost entirely due to the increase in construction in progress. Construction in progress increased by $92.5 million or 22.9%. This increase was slightly offset by a decrease in water and sewer plants and lines of $6.5 million or 0.7%. 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:

- $36.2 million for Water Reclamation Facility Enhanced Nutrient Removal projects at the following locations:
  - Broadneck
  - Annapolis
  - Patuxent
  - Broadwater
  - Maryland City
  - Cox Creek
- $6.9 million for general water and sewer main replacement and reconstruction
- $5.9 million for the Odenton Town Center Sewer
- $5.0 million for Broad Creek water treatment plant
- $3.9 million for Mill Creek sewer pumping station upgrade
- $3.4 million for Mayo water reclamation facility expansion
- $3.1 million for Jennifer Road pumping station upgrade

Anne Arundel County, Maryland
Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land and easements	$ 207,812,068	$ 205,784,127	$ 12,109,239	$ 12,109,239	$ 219,921,307	$ 217,893,366
Historical property and works of art	4,166,465	4,166,465			4,166,465	4,166,465
Land improvements	125,615,849	129,461,157	-	-	125,615,849	129,461,157
Landfills	-	-	12,583,658	12,116,117	12,583,658	12,116,117
Buildings	199,603,191	205,874,533	21,975,524	22,546,694	221,578,715	228,421,227
Roads, bridges and signals	165,653,727	168,919,276	-	-	165,653,727	168,919,276
Sidewalks, curbs and gutters	28,987,510	28,106,219	-	-	28,987,510	28,106,219
Storm drains and culverts	122,438,881	119,260,544	-	-	122,438,881	119,260,544
Water and sewer plants and lines		-	869,823,444	876,303,616	869,823,444	876,303,616
Automobiles and rolling stock	19,551,718	16,552,752	3,085,720	2,490,519	22,637,438	19,043,271
Furniture and equipment	36,202,161	26,107,952	12,363,531	13,090,449	48,565,692	39,198,401
Software	1,116,127	1,368,346	-	-	1,116,127	1,368,346
Construction in progress	194,857,180	201,267,222	495,702,068	403,245,092	690,559,248	604,512,314
Total	$ 1,106,004,877	$ 1,106,868,593	$ 1,427,643,184	$ 1,341,901,726	$ 2,533,648,061	$ 2,448,770,319

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				
2014	$ 1,452,096,655	$ (752,927,491)	$ 699,169,164	52%
2013	1,411,067,951	(715,417,172)	695,650,779	51%
2012	1,386,454,990	(677,362,499)	709,092,491	49%
2011	1,350,208,675	(640,855,387)	709,353,288	47%
2010	1,309,691,255	(603,437,179)	706,254,076	46%
2009	1,246,657,859	(563,355,211)	683,302,648	45%
Business-type				
2014	$ 1,632,821,069	$ (712,989,192)	$ 919,831,877	44%
2013	1,601,506,749	(674,959,354)	926,547,395	42%
2012	1,563,975,835	(636,376,833)	927,599,002	41%
2011	1,512,942,554	(599,641,441)	913,301,113	40%
2010	1,450,293,037	(564,824,823)	885,468,214	39%
2009	1,403,968,594	(529,293,347)	874,675,247	38%

This analysis shows that the percent of depreciated governmental capital assets have increased in recent years to 52% in fiscal year 2014. The business-type capital assets also show a continual increase in the total depreciation as a percent of the asset values. The percent has increased from 38% in fiscal year 2009 to 44% in fiscal year 2014.

The comparison of these fiscal years does not provide any definite 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.

Debt Administration

The County's outstanding debt at the end of fiscal years 2014 and 2013 is presented in the table below. The County had been using short-term BANS to fund capital project expenditures and converting this debt to long-term after the funds had been spent. The County issued general obligation bonds, of $206.1 million in April 2014, including $126.9 million for governmental activities and $79.2 million for business-type activities. The proceeds were used to pay off $67.9 million of BAN's issued in February 2014. The additional bond funds of $138.2 million were used to fund $89.1 million of improvements for general county capital projects and $49.1 million for water and sewer and landfill capital projects. As a result of cash available for the capital projects from the bonds sold in April 2014, BANS will not be issued until fiscal year 2015 to fund capital project expenditures at that time.

The changes to the federal and state loans were not significant as there was only one new State loan for $61.5 thousand added in fiscal year 2014 and principal payments of $326,970 were made on existing loans. The County entered into a new lease agreement in 2014 for a high speed printer for $61,519. Payments for leases totaling $16,211 were made which resulted in an increase in the capital lease balance to $49,215. The County did not initiate new agricultural easements through installment purchase agreements during fiscal year 2014. Other changes to debt balances resulted from principal payments during fiscal year 2014. Additional information about the County's debt and changes therein is provided in Note 8 to the basic financial statements.

Anne Arundel County, Maryland
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	$ 917,670,739	$ 869,357,597	$ 505,622,895	$ 440,788,959	$ 1,423,293,634	$ 1,310,146,556
Special assessment debt	86,440,000	90,815,000	-	-	86,440,000	90,815,000
State loans	3,729,609	3,888,091	-	-	3,729,609	3,888,091
Capital leases	49,215	3,907	-	-	49,215	3,907
Installment purchase agreements	13,605,000	13,625,000	-	-	13,605,000	13,625,000
Total	$ 1,021,494,563	$ 977,689,595	$ 505,622,895	$ 440,788,959	$ 1,527,117,458	$ 1,418,478,554

Fiscal Year 2014 and Beyond

- The County Real Property Tax Rate for fiscal year 2015 is $0.943 per $100 of assessed valuation. This is a 0.7 cent decrease and consistent with the County's Property Tax Revenue Cap. Fiscal Year 2015 property tax receipts are estimated to increase 2.9% over the revised fiscal year 2014 budget. Declining real property assessments associated with the current housing market 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 fiscal year 2015 County income tax rate at 2.56% which is unchanged from the prior fiscal year. Fiscal year 2015 income tax revenue is projected to increase over the approved fiscal year 2014 income tax revenue by 4.3%. 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 $437.6 million for fiscal year 2015.

- A State mandate requires the County to collect a stormwater fee from taxpayers to fund the implementation of a local watershed protection and restoration program, as of July 1, 2013. These fees are maintained in a dedicated fund, the Watershed Protection and Restoration Fund. For fiscal year 2015, the Watershed Protection and Restoration Fund had an approved budget of $17.8 million.

- For fiscal year 2015, the Anne Arundel County Public Schools are funded by the County at $603.5 million, a $7.0 million or 1% increase over the prior year. This funding level meets the required Maintenance of Effort for fiscal 2015. Due to legislation passed by the State in May 2012, 100% of the teachers' normal pension costs will be shifted to the County. The transfer of these pension costs will be phased in over a four-year period. $15.9 million has been included in the fiscal year 2015 budget to cover the cost of this pension shift. Anne Arundel County Public Schools fiscal year 2015 capital budget contains thirty-one planned projects totaling $153.4 million or 63% of the capital budget. Of the total General Fund debt service budget, 56% is allocated for school debt.

- The County's support of the Anne Arundel Community College increased $2.5 million in fiscal year 2014 over fiscal year 2013 to a total of $37.6 million, $35.9 million from General Fund and $1.7 million from Video Lottery Local Impact Aid Special Revenue Fund. The County has appropriated $3.2 million for Anne Arundel County Community College's fiscal year 2015 capital projects, which will be financed by issuing general obligation bonds. The Community College's annual debt service of $5.7 million is paid by the County.

These and other economic factors were considered when preparing the fiscal year 2015 General Fund budget, which estimates total revenues at $1.3 billion; an increase of $29.9 million or 2.3% over fiscal year 2014 original budgeted amounts. Mindful of the economic struggles the County has faced for the past several years as a results of national economic uncertainties, cuts in revenue funding streams and the status of the State of Maryland's budget, the County will continue to carefully monitor expenditures and apply cost containment efforts. Expenditures for fiscal year 2015 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 2015.

There are no new taxes to fund the fiscal year 2015 budget. The income tax rate of 2.56% is unchanged and continues to be the third lowest in the State. The real property rate of $0.943 per $100 of assessed value is 0.7 cents lower compared to fiscal year 2014 and consistent with the County's Property Tax Revenue Cap. The Homestead Tax Credit rate is 2.0% and remains unchanged from the past fiscal year.

The Water and Wastewater Fund meter usage rates for fiscal year 2015 are $2.76/1,000gal and $4.85/1,000gal, respectively. This is unchanged from prior year. No changes were made to the annual refuse and recycling fees or the water and sewer ad valorem.

Requests for Information

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

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

Anne Arundel County, Maryland

Statement of Net Position

June 30, 2014

	Primary Government			Discretely Presented Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor
ASSETS						
Current Assets						
Cash and temporary investments	$ 315,231,933	$ 115,666,782	$ 430,898,715	$ 175,882,799	$ 22,137,380	$ 5,835,897
Taxes and other revenue receivable	135,699,802	-	135,699,802	27,316,315	3,073,804	-
Service billings receivable	-	25,932,077	25,932,077	-	-	179,623
Prepaid and other assets	24,312,550	6,567	24,319,117	10,855,100	13,437,404	1,781,098
Inventories	2,871,266	2,337,186	5,208,452	2,328,483	1,307,735	26,822
Receivables	-	-	-	-	-	21,454
Due from primary government	-	-	-	18,104,866	342,241	1,288,207
Due from component units	11,596	-	11,596	-	-	-
Restricted assets						
Cash and temporary investments	154,365,541	45,553,624	199,919,165	-	-	40,682
Investments	-	225,731,961	225,731,961	-	-	-
Receivables						
Due from other governmental agencies	13,338,204	17,468,096	30,806,300	-	-	-
Other, net	3,805,925	15,855,090	19,661,015	-	-	-
Total current assets	649,636,817	448,551,383	1,098,188,200	234,487,563	40,298,564	9,173,783
Noncurrent Assets						
Restricted assets						
Long term assessment and connection charges	-	43,110,117	43,110,117	-	-	-
Long term debt restructuring	-	-	-	-	359,371	-
Total noncurrent restricted assets	-	43,110,117	43,110,117	-	359,371	-
Loans receivable and other assets	-	-	-	-	9,330,897	4,131,487
Capital assets not being depreciated	406,835,713	507,811,307	914,647,020	259,114,437	2,725,562	158,544
Capital assets being depreciated	1,452,096,655	1,632,821,069	3,084,917,724	1,383,072,902	176,750,442	28,737,564
Less accumulated depreciation	(752,927,491)	(712,989,192)	(1,465,916,683)	(687,426,554)	(78,897,157)	(13,039,649)
	699,169,164	919,831,877	1,619,001,041	695,646,348	97,853,285	15,697,915
Total capital assets	1,106,004,877	1,427,643,184	2,533,648,061	954,760,785	100,578,847	15,856,459
Total noncurrent assets	1,106,004,877	1,470,753,301	2,576,758,178	954,760,785	110,269,115	19,987,946
Total assets	1,755,641,694	1,919,304,684	3,674,946,378	1,189,248,348	150,567,679	29,161,729
DEFERRED OUTFLOW OF RESOURCES						
Unamortized deferred refunding loss	5,833,548	3,168,350	9,001,898	-	-	-
Total deferred outflow of resources	5,833,548	3,168,350	9,001,898	-	-	-

	Primary Government			Discretely Presented Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Other Nonmajor
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	61,648,141	38,661,184	100,309,325	131,933,695	8,232,645	1,666,599
Current portion of non-current liabilities	122,831,540	32,042,334	154,873,874	22,153,519	-	868,628
Notes payable	-	-	-	-	123,714	2,151,381
Internal balances	747,833	(747,833)	-	-	-	-
Due to primary government	-	-	-	11,596	-	-
Due to component units	19,735,314	-	19,735,314	-	-	-
Escrow deposits	893,933	567,041	1,460,974	-	-	8,451
Unearned revenue	-	-	-	9,067,532	11,916,245	423,361
Liabilities related to restricted assets						
Accounts payable and accrued liabilities	7,459,574	5,581,433	13,041,007	-	-	138,588
Escrow and other deposits	48,837,811	-	48,837,811	-	-	-
Unearned revenue	2,735,388	39,398,485	42,133,873	-	-	-
Total current liabilities	264,889,534	115,502,644	380,392,178	163,166,342	20,272,604	5,257,008
Noncurrent liabilities						
Compensated absences and other obligations	37,602	17,569	55,171	22,582,480	1,845,330	-
Accrued liability for other post-employment benefits	436,847,392	42,181,317	479,028,709	382,178,000	29,941,000	16,003,972
Unpaid insurance claims	60,418,000	-	60,418,000	-	-	-
Estimated landfill closure and postclosure	-	34,264,054	34,264,054	-	-	-
Long-term debt	948,242,442	479,906,087	1,428,148,529	8,108,993	12,660,609	24,260
Due to other governments	-	-	-	-	-	2,992,000
Unearned revenue	80,643,679	1,286,017	81,929,696	-	-	-
Total noncurrent liabilities	1,526,189,115	557,655,044	2,083,844,159	412,869,473	44,446,939	19,020,232
Total liabilities	1,791,078,649	673,157,688	2,464,236,337	576,035,815	64,719,543	24,277,240
NET POSITION						
Net investment in capital assets	622,405,918	937,308,613	1,559,714,531	954,760,785	91,544,495	15,761,683
Restricted for:						
Debt service	6,541,144	279,611,526	286,152,670	-	-	-
Capital improvements	83,524,600	-	83,524,600	-	-	-
Scholarships/endowments	-	-	-	-	7,528,670	-
Reforestation	7,746,804	-	7,746,804	-	-	-
Other purposes	4,724,488	19,549,090	24,273,578	16,856,850	-	185,124
Unrestricted	(754,546,361)	12,846,117	(741,700,244)	(358,405,102)	(13,225,029)	(11,062,318)
Total net position (deficit)	$ (29,603,407)	$ 1,249,315,346	$ 1,219,711,939	$ 613,212,533	$ 85,848,136	$ 4,884,489

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

Anne Arundel County, Maryland

Statement of Activities

Year Ended June 30, 2014

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities				
Education	$ 708,507,539	$ -	$ -	$ 11,900,553
Public safety	294,436,009	19,477,056	2,711,991	922,226
General government	123,009,779	47,740,972	20,102,341	5,388,273
Health and human services	72,520,291	9,648,000	26,200,909	-
Public works	106,372,020	15,736,843	3,690,340	24,720,251
Recreation and community services	59,094,573	16,962,374	5,363,635	2,535,079
Judicial	28,949,927	3,165,721	2,097,011	-
Code enforcement	13,378,436	12,181,088	-	-
Land use and development	10,273,106	2,215,624	962,620	502,291
Interest on debt and leases	45,103,757	-	48,687	-
	1,461,645,437	127,127,678	61,177,534	45,968,673
Business-type activities				
Water and wastewater	124,340,481	86,023,267	-	87,886,666
Waste collection	50,731,860	50,133,383	-	-
Child care	4,589,415	4,660,446	-	-
	179,661,756	140,817,096	-	87,886,666
Total primary government	$ 1,641,307,193	$ 267,944,774	$ 61,177,534	$ 133,855,339
Component units				
Board of Education	$ 1,193,043,712	$ 13,171,577	$ 166,694,281	$ 119,411,932
Community College	153,112,854	50,608,022	25,949,347	5,069,805
Library System	23,412,453	832,235	3,951,753	-
Economic Development Corp	3,210,168	235,325	63,091	-
Tipton Airport Authority	1,951,769	1,678,476	-	172,076
Workforce Development	4,889,642	-	4,710,724	-
Total component units	$ 1,379,620,598	$ 66,525,635	$ 201,369,196	$ 124,653,813

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 Nonmajor
$ (696,606,986)	$ -	$ (696,606,986)	$ -	$ -	$ -
(271,324,736)	-	(271,324,736)	-	-	-
(49,778,193)	-	(49,778,193)	-	-	-
(36,671,382)	-	(36,671,382)	-	-	-
(62,224,586)	-	(62,224,586)	-	-	-
(34,233,485)	-	(34,233,485)	-	-	-
(23,687,195)	-	(23,687,195)	-	-	-
(1,197,348)	-	(1,197,348)	-	-	-
(6,592,571)	-	(6,592,571)	-	-	-
(45,055,070)	-	(45,055,070)	-	-	-
(1,227,371,552)	-	(1,227,371,552)	-	-	-
-	49,569,452	49,569,452	-	-	-
-	(598,477)	(598,477)	-	-	-
-	71,031	71,031	-	-	-
-	49,042,006	49,042,006	-	-	-
(1,227,371,552)	49,042,006	(1,178,329,546)	-	-	-
-	-	-	(893,765,922)	-	-
-	-	-	-	(71,485,680)	-
-	-	-	-	-	(18,628,465)
-	-	-	-	-	(2,911,752)
-	-	-	-	-	(101,217)
-	-	-	-	-	(178,918)
-	-	-	(893,765,922)	(71,485,680)	(21,820,352)
637,622,877	-	637,622,877	-	-	-
436,906,640	-	436,906,640	-	-	-
8,682,827	-	8,682,827	-	-	1,000,000
77,535,100	-	77,535,100	-	-	-
31,516,775	-	31,516,775	-	-	-
-	-	-	892,130,017	70,055,159	19,366,382
2,445,893	1,160,524	3,606,417	66,173	1,240,808	9,253
9,476,951	14,417,390	23,894,341	1,300,129	225,760	205,458
274,617	(274,617)	-	-	-	-
1,204,461,680	15,303,297	1,219,764,977	893,496,319	71,521,727	20,581,093
(22,909,872)	64,345,303	41,435,431	(269,603)	36,047	(1,239,259)
(6,693,535)	1,184,970,043	1,178,276,508	613,482,136	85,812,089	6,123,748
$ (29,603,407)	$ 1,249,315,346	$ 1,219,711,939	$ 613,212,533	$ 85,848,136	$ 4,884,489

Anne Arundel County, Maryland

Balance Sheet

Governmental Funds

June 30, 2014

	Major Funds			Nonmajor	
	General	Impact Fees Capital Projects	General County Capital Projects	Governmental Funds	Totals
ASSETS					
Cash and investments	$ 92,272,134	$ 60,735,697	$ 116,432,697	$ 101,794,516	$ 371,235,044
Receivables					
Property taxes					
(net of $2,530,032 allowance)	9,161,636	-	-	-	9,161,636
Local sales taxes	4,540,204	-	-	-	4,540,204
State shared revenues	2,717,046	-	-	-	2,717,046
Due from other governmental agencies	3,245,160	-	5,709,435	7,628,769	16,583,364
Due from other funds	4,555,613	-	-	-	4,555,613
Due from Board of Education	11,596	-	-	-	11,596
Local income tax	116,035,756	-	-	-	116,035,756
Other, net	8,702,372	-	13,850	3,805,925	12,522,147
Inventories	2,116,996	-	-	-	2,116,996
Other assets	543,482	-	6,755,840	-	7,299,322
Total assets	$ 243,901,995	$ 60,735,697	$ 128,911,822	$ 113,229,210	$ 546,778,724
LIABILITIES					
Accounts payable and accrued liabilities	$ 33,723,272	$ 2,940,141	$ 14,948,949	$ 4,519,433	$ 56,131,795
Due to other funds	5,415,007	-	-	4,555,613	9,970,620
Due to component units					
Board of Education	61,419	-	18,043,447	-	18,104,866
Community College	-	-	342,241	-	342,241
Library	1,288,207	-	-	-	1,288,207
Escrow and other deposits	864,325	-	29,608	48,837,811	49,731,744
Unearned revenue	-	1,617,991	-	778,276	2,396,267
Total liabilities	41,352,230	4,558,132	33,364,245	58,691,133	137,965,740
DEFERRED INFLOW OF RESOURCES					
Unavailable property tax revenue	1,974,325	-	-	-	1,974,325
Unavailable local income tax	80,073,365	-	-	-	80,073,365
Unavailable grant revenue	-	-	3,490,816	3,105,387	6,596,203
Unavailable 911 fees	1,029,043	-	-	-	1,029,043
Total deferred inflow of resources	83,076,733	-	3,490,816	3,105,387	89,672,936
FUND BALANCES					
Non spendable					
Inventories	2,116,996	-	-	-	2,116,996
Restricted					
Reserve for retiree health benefits (OPEB)	15,047,469	-	-	-	15,047,469
Base realignment and closure (BRAC)	689,518	-	-	-	689,518
Video lottery local impact aid	1,237,151	-	-	2,024,742	3,261,893
Impact fees capital projects	-	56,177,565	-	-	56,177,565
Forfeiture and asset seizure team	-	-	-	951,176	951,176
Roads and special benefits	-	-	-	396,391	396,391
Reforestation	-	-	-	7,746,804	7,746,804
Laurel racetrack community benefit	-	-	-	24,205	24,205
Grants	-	-	5,709,435	3,952,512	9,661,947
Circuit court	-	-	-	106,772	106,772
Erosion districts	-	-	-	285,976	285,976
Bond premium	-	-	-	14,987,106	14,987,106
Watershed protection and restoration	-	-	3,425,321	7,011,978	10,437,299
Debt service	-	-	-	6,541,144	6,541,144
Committed					
Storm drain fees	-	-	-	957,943	957,943
Street lights capital projects	-	-	-	3,781,037	3,781,037
Recreation and land fees	-	-	-	334,354	334,354
Energy revolving loan	-	-	-	274,617	274,617
Installment purchase agreements	-	-	-	8,164,672	8,164,672
Assigned					
General County capital projects	-	-	82,922,005	-	82,922,005
General County	42,657,510	-	-	-	42,657,510
Unassigned	57,724,388	-	-	(6,108,739)	51,615,649
Total fund balances	119,473,032	56,177,565	92,056,761	51,432,690	319,140,048
Total liabilities, deferred inflows and fund balances	$ 243,901,995	$ 60,735,697	$ 128,911,822	$ 113,229,210	$ 546,778,724

Anne Arundel County, Maryland

Reconciliation of Governmental Fund Balance to Governmental Net Position

Governmental Funds

June 30, 2014

Total fund balance for governmental funds as shown on the Balance Sheet	$	319,140,048
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on governmental funds balance sheet.		
Capital assets		1,790,054,628
Accumulated depreciation		(697,299,873)
Certain liabilities are not due and payable in the current period and, therefore, are not included on governmental funds balance sheet.		
Long-term bonded debt		(1,023,549,287)
Federal and state loans		(3,729,609)
Other post-employment benefits		(429,657,201)
Compensated absences		(22,745,281)
Long-term leases		(49,215)
Deferred Outflows of Resources		
Unamortized loss on refunding		5,833,548
Accrued interest payable on debt is recorded in governmental activities.		(11,125,404)
Unearned revenues:		
Revenues not available for use in the current fiscal year have been deferred until future periods on the governmental funds balance sheet.		89,672,936
Premiums received on certain bond issues have been deferred on the Statement of Net Position.		(80,982,800)
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		35,027,116
Business-type activities allocation of Internal Service Funds net position		(1,336,233)
Certain expenditures paid with current resources have been deferred to future periods on the Statement of Net Position.		1,143,220
Total net position for governmental activities as shown on Statement of Net Position	$	(29,603,407)

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, 2014

	Major Funds			Nonmajor	
	General	Impact Fees Capital Projects	General County Capital Projects	Governmental Funds	Totals
REVENUES					
General property taxes	$ 603,178,340	$ -	$ -	$ 34,167,020	$ 637,345,360
Local income taxes	435,870,098	-	-	-	435,870,098
State shared taxes	12,163,216	-	-	-	12,163,216
Grants and aid	-	-	7,073,864	36,798,696	43,872,560
Recordation and transfer taxes	77,535,100	-	-	-	77,535,100
Local sales taxes	31,516,775	-	-	-	31,516,775
License and permit fees	16,536,662	-	-	-	16,536,662
Impact fees	-	25,983,661	-	-	25,983,661
Special community benefit taxes	-	-	-	6,884,379	6,884,379
Video lottery local impact aid	-	-	-	18,924,230	18,924,230
Watershed protection and restoration	-	-	-	13,168,354	13,168,354
Investment income	1,247,957	130,388	(222,858)	580,407	1,735,894
Fees for services and other revenue	58,176,557	-	2,693,302	3,067,463	63,937,322
Total revenues	1,236,224,705	26,114,049	9,544,308	113,590,549	1,385,473,611
EXPENDITURES					
Current					
Education	627,892,300	615,235	74,979,668	3,700,000	707,187,203
Public safety	253,105,745	-	-	11,831,754	264,937,499
General government	82,040,034	-	-	3,204,749	85,244,783
Health and human services	43,408,695	-	-	26,242,014	69,650,709
Public works	39,511,945	3,066,941	-	6,169,130	48,748,016
Recreation and community services	37,437,824	-	-	12,428,782	49,866,606
Judicial	22,854,405	-	-	2,569,422	25,423,827
Code enforcement	11,506,107	-	-	780,915	12,287,022
Land use and development	8,378,832	-	-	1,053,905	9,432,737
Capital outlay	-	-	65,054,648	-	65,054,648
Debt service					
Interest payments on debt	39,511,003	-	-	3,833,481	43,344,484
Principal payments on debt	73,837,430	-	-	1,776,970	75,614,400
Interest payments on leases	13,662	-	-	-	13,662
Principal payments on leases	16,211	-	-	-	16,211
Total expenditures	1,239,514,193	3,682,176	140,034,316	73,591,122	1,456,821,807
Revenues over (under) expenditures	(3,289,488)	22,431,873	(130,490,008)	39,999,427	(71,348,196)
OTHER FINANCING SOURCES (USES)					
Transfers in	28,997,104	-	150,606,415	5,541,066	185,144,585
Transfers out	(104,293,589)	(9,102,164)	-	(71,748,832)	(185,144,585)
General obligation bonds issued	115,000,000	-	-	7,300,000	122,300,000
Bond anticipation notes issued	-	-	37,800,000	-	37,800,000
Payment of bond anticipation notes	(37,800,000)	-	-	-	(37,800,000)
Issuance of debt - State Loans	-	-	168,488	-	168,488
Refunding bonds issued	-	-	-	38,860,000	38,860,000
Payment to esrow agent	-	-	-	(42,852,298)	(42,852,298)
Premiums from sale of bonds	-	-	-	14,815,121	14,815,121
Premiums from the refunding of bonds	-	-	-	4,414,478	4,414,478
Proceeds from capital leases	119,790	-	-	-	119,790
Transfer to OPEB from Health Insurance Fund	5,000,000	-	-	-	5,000,000
Transfers from Solid Waste Fund	-	-	-	274,617	274,617
Total other financing sources (uses)	7,023,305	(9,102,164)	188,574,903	(43,395,848)	143,100,196
Net change in fund balances	3,733,817	13,329,709	58,084,895	(3,396,421)	71,752,000
Fund balances, July 1	115,739,215	42,847,856	33,971,866	54,829,111	247,388,048
Fund balances, June 30	$ 119,473,032	$ 56,177,565	$ 92,056,761	$ 51,432,690	$ 319,140,048

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

Anne Arundel County, Maryland

Reconciliation of Changes in Fund Balances to Changes in Net Position

Governmental Funds

Year Ended June 30, 2014

Changes in fund balances as shown on Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds	$	71,752,000
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		35,956,351
Current year donations of capital assets		10,065,904
Current year disposals of capital assets		(2,112,878)
Depreciation expense recorded in the Statement of Activities		(44,451,869)
Governmental funds report the additions and payments of long term liabilities in the period that current resources are provided or used. However, in the Statement of Activities, new debt is recorded as a liability and payments of principal are charged against that liability. In addition, interest payable must be accrued from the date of the last interest payment to the end of the fiscal year. Debt related differences are as follows:		
New debt issued in current year		(199,128,488)
Principal payments on debt		155,219,400
Additions of new lease		(61,519)
Lease payments		16,211
Change in accrued interest payable		(1,745,611)
Loss on refunding		1,047,299
Amortization of prior year refunding gain/loss		(897,871)
Accrual of compensated absences		(1,646,003)
Accrual of other post-employment benefit liability		(43,476,411)
Certain charges paid with current financial resources are unearned and amortized over one or more periods on the Statement of Activities. The differences are as follows:		
Expense was unearned to future periods		1,143,220
Amortization of expenditures unearned in previous years		(1,649,332)
Premiums received on bond issues have been unearned in the government-wide statements. The revenue will be recognized over the life of the related bonds. The differences are as follows:		
Unearned revenue		(19,229,599)
Amortization of amounts unearned		9,249,711
Certain revenue was unearned on the governmental fund statements because it was not available to pay expenditures of the current period. These unearned amounts are recognized as revenue in the Statement of Activities.		786,498
The current year activity in the internal service funds has been combined and eliminated against the governmental activities in the Statement of Activities. However, the net activity in the internal service funds that resulted from provision of services to business-type activities, component units, and outside agencies must be recognized in the Statement of Activities.		6,253,115
Changes in net position as shown in governmental activities on the Statement of Activities	$	(22,909,872)

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, 2014

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General property taxes	$ 602,719,000	$ 602,719,000	$ 603,178,340	$ 459,340
Local income taxes	417,300,000	417,300,000	435,870,098	18,570,098
State shared taxes	11,542,000	12,302,000	12,163,216	(138,784)
Recordation and transfer taxes	73,000,000	73,000,000	77,535,100	4,535,100
Local sales taxes	32,370,000	32,370,000	31,516,775	(853,225)
Licenses and permits	15,060,100	15,060,100	16,536,662	1,476,562
Investment income	400,000	400,000	92,853	(307,147)
Interfund recoveries	52,074,700	52,649,700	52,743,393	93,693
Fees for services and other revenues	54,201,900	54,201,900	58,041,129	3,839,229
Total revenues	1,258,667,700	1,260,002,700	1,287,677,566	27,674,866
EXPENDITURES				
Current				
Education	659,001,100	658,843,100	658,697,704	145,396
Higher education	37,083,500	37,083,500	37,191,058	(107,558)
Public safety	247,709,200	253,860,100	252,456,134	1,403,966
General government	147,337,700	133,822,800	132,647,365	1,175,435
Health and human services	47,010,700	45,897,700	44,440,667	1,457,033
Public works	31,490,300	39,480,300	39,273,446	206,854
Recreation and community services	38,641,500	39,576,500	39,310,442	266,058
Judicial	22,043,200	23,125,200	22,987,240	137,960
Land use and development	8,574,100	8,379,100	8,342,806	36,294
Code enforcement	11,576,600	11,576,600	11,547,287	29,313
Debt service	44,151,500	44,309,500	44,274,685	34,815
Pay go funding - capital projects	25,177,000	25,177,000	25,177,000	-
Total expenditures	1,319,796,400	1,321,131,400	1,316,345,834	4,785,566
Revenues over (under) expenditures	(61,128,700)	(61,128,700)	(28,668,268)	$ 32,460,432
Fund balances, budgetary, July 1	85,355,773	85,355,773	85,355,773	
Fund balances, budgetary, June 30	$ 24,227,073	$ 24,227,073	$ 56,687,505	

Fund balances - Unassigned	
Unassigned - GAAP basis	$ 57,724,388
Effects of:	
Base realignment and closure	689,518
Video lottery local impact aid	1,237,151
County Parking Garage Fund	25,629
Inmate Benefits and Morale Fund	(611,867)
Revenue reserve allocation	(44,183,320)
Self Insurance Fund deficit allocation	2,952,574
Central Garage Fund deficit allocation	2,462,432
Unassigned - Non-GAAP basis	20,296,505
Assigned for subsequent years	36,391,000
	$ 56,687,505

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

Anne Arundel County, Maryland

Statement of Net Position

Proprietary Funds

June 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major Funds		Nonmajor Fund		
	Water and Wastewater	Solid Waste	Child Care	Totals	Internal Service Funds
ASSETS					
Current assets					
Cash and temporary investments	$ 86,083,282	$ 27,926,742	$ 1,656,758	$ 115,666,782	$ 26,313,105
Investments	-	-	-	-	72,049,325
Service billings receivable, net	25,037,671	815,365	79,041	25,932,077	5,803,015
Due from other funds	-	-	-	-	6,003,407
Inventories	2,192,097	145,089	-	2,337,186	754,270
Other	6,567	-	-	6,567	1,350,771
Restricted assets					
Cash and temporary investments	21,422,829	24,130,795	-	45,553,624	-
Investments	225,731,961	-	-	225,731,961	-
Receivables					
Due from other governmental agencies	17,468,096	-	-	17,468,096	-
Other, net	15,855,090	-	-	15,855,090	-
Total current assets	393,797,593	53,017,991	1,735,799	448,551,383	112,273,893
Noncurrent assets					
Restricted assets					
Deferred connection and assessment charges	43,110,117	-	-	43,110,117	-
Capital assets	2,047,005,921	93,626,455	-	2,140,632,376	68,877,740
Less accumulated depreciation	(662,778,296)	(50,210,896)	-	(712,989,192)	(55,627,618)
Total capital assets, net of depreciation	1,384,227,625	43,415,559	-	1,427,643,184	13,250,122
Total noncurrent assets	1,427,337,742	43,415,559	-	1,470,753,301	13,250,122
Total assets	1,821,135,335	96,433,550	1,735,799	1,919,304,684	125,524,015
DEFERRED OUTFLOW OF RESOURCES					
Unamortized deferred refunding loss	3,164,918	3,432	-	3,168,350	-
Total deferred outflows	3,164,918	3,432	-	3,168,350	-
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	35,858,210	2,723,814	79,160	38,661,184	1,850,516
Current portion of long-term debt and obligations	28,244,752	3,748,679	48,903	32,042,334	21,037,501
Due to other funds	422,146	160,807	5,447	588,400	-
Escrow deposits	489,534	77,507	-	567,041	-
Liabilities related to restricted assets					
Accounts payable and accrued liabilities	5,581,433	-	-	5,581,433	-
Unearned revenue	39,398,485	-	-	39,398,485	-
Total current liabilities	109,994,560	6,710,807	133,510	116,838,877	22,888,017
Noncurrent liabilities					
Unpaid insurance claims	-	-	-	-	60,418,000
Accrued liability for compensated absences	-	17,569	-	17,569	691
Accrued liability for other post-employment benefits	33,553,726	8,063,517	564,074	42,181,317	7,190,191
Estimated landfill closure and postclosure	-	34,264,054	-	34,264,054	-
Long-term debt	453,786,042	26,120,045	-	479,906,087	-
Unearned revenue	929,524	-	356,493	1,286,017	-
Total noncurrent liabilities	488,269,292	68,465,185	920,567	557,655,044	67,608,882
Total liabilities	598,263,852	75,175,992	1,054,077	674,493,921	90,496,899
NET POSITION					
Net investment in capital assets	917,606,219	19,702,394	-	937,308,613	13,250,122
Restricted for debt service	279,611,526	-	-	279,611,526	-
Restricted for other purposes	17,468,096	2,080,994	-	19,549,090	-
Unrestricted	11,350,560	(522,398)	681,722	11,509,884	21,776,994
Total net position	$ 1,226,036,401	$ 21,260,990	$ 681,722	$ 1,247,979,113	$ 35,027,116

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, 2014

Net position as shown on Statement of Net Position - Proprietary Funds	$	1,247,979,113
The allocation of the net deficit in the Internal Service Funds to various activities, funds, etc. as it relates to business-type activities.		1,336,233
Net position shown on government wide Statement of Net Position	$	1,249,315,346

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, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major Funds		Nonmajor Fund		
	Water and Wastewater	Solid Waste	Child Care	Totals	Internal Service Funds
OPERATING REVENUES					
Charges for services	$ 86,023,267	$ 46,149,105	$ 4,660,446	$ 136,832,818	$ 43,257,825
Landfill charges	-	3,984,278	-	3,984,278	-
Medical premiums	-	-	-	-	100,690,879
Other revenues	8,971,429	1,000,751	8,406	9,980,586	62,021
Total operating revenues	94,994,696	51,134,134	4,668,852	150,797,682	144,010,725
OPERATING EXPENSES					
Personnel services	34,639,556	7,839,626	3,414,846	45,894,028	6,860,318
Contractual services	29,005,674	33,358,772	253,727	62,618,173	2,171,090
Supplies and materials	6,955,163	2,354,400	439,780	9,749,343	169,672
Business and travel	114,485	22,425	47,414	184,324	24,556
Cost of goods issued	-	-	-	-	9,672,033
Depreciation	35,301,619	3,570,594	-	38,872,213	3,618,262
Provision for claims and estimated losses	-	-	-	-	110,098,338
Landfill closure and postclosure costs	-	(232,487)	-	(232,487)	-
Other	9,906,639	2,951,411	454,500	13,312,550	1,408,100
Total operating expenses	115,923,136	49,864,741	4,610,267	170,398,144	134,022,369
Operating income (loss)	(20,928,440)	1,269,393	58,585	(19,600,462)	9,988,356
NONOPERATING REVENUES (EXPENSES)					
Investment income	1,048,887	111,637	-	1,160,524	2,081,053
Interest earned on long-term receivables	1,043,064	-	-	1,043,064	-
Other revenues (expenses)	2,089,741	(150,586)	-	1,939,155	-
Interest expense	(7,690,787)	(860,890)	-	(8,551,677)	-
Gain (loss) on disposal of assets	12,500	(86,144)	-	(73,644)	-
Income (loss) before contributions and transfers	(24,425,035)	283,410	58,585	(24,083,040)	12,069,409
Capital contributions, fees, and grants	87,886,666	-	-	87,886,666	-
Inter fund transfers	-	(274,617)	-	(274,617)	(5,000,000)
Change in net position	63,461,631	8,793	58,585	63,529,009	7,069,409
Net position, July 1 (as restated)	1,162,574,770	21,252,197	623,137	1,184,450,104	27,957,707
Net position, June 30	$ 1,226,036,401	$ 21,260,990	$ 681,722	$ 1,247,979,113	$ 35,027,116

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

Change in net position shown above	$ 63,529,009
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.	816,294
Increase in net position as shown on the government-wide statement of activities	$ 64,345,303

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, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major Funds		Nonmajor Fund		
	Water and Wastewater	Solid Waste	Child Care	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received for services	$ 94,971,335	$ 51,149,806	$ 4,715,392	$ 150,836,533	$ 140,697,617
Cash received for expense reimbursement	-	-	-	-	415,916
Cash payments to suppliers for goods and services	(45,419,488)	(35,280,854)	(1,181,065)	(81,881,407)	(13,266,396)
Cash payments for insurance claims	-	-	-	-	(107,486,832)
Cash payments to employees for services	(30,714,028)	(6,907,507)	(3,299,824)	(40,921,359)	(6,002,629)
Contributions to other funds	-	(2,643,000)	-	(2,643,000)	-
Escrow deposits refunded	-	(240)	-	(240)	-
Other operating receipts	-	-	-	-	55,588
Other operating payments	-	-	-	-	(1,408,100)
Net cash provided by operating activities	18,837,819	6,318,205	234,503	25,390,527	13,005,164
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Payments of long-term debt related to closure activities	-	(436,560)	-	(436,560)	-
Interest payments related to closure activities	-	(83,383)	-	(83,383)	-
Cash transfers between funds	-	(274,617)	-	(274,617)	(5,000,000)
Net cash used for noncapital financing activities	-	(794,560)	-	(794,560)	(5,000,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sale of bonds and bond anticipation notes	109,300,000	4,600,000	-	113,900,000	-
Proceeds from grant funds	13,302,209	-	-	13,302,209	-
Proceeds from loan	7,446,796	-	-	7,446,796	-
Proceeds from developers' contributions	240,105	-	-	240,105	-
Refunds to developers	(270,107)	-	-	(270,107)	-
Assessments and connection charges	46,020,610	-	-	46,020,610	-
Environmental protection fees for capital assets	23,314,211	-	-	23,314,211	-
Escrow deposits	(14,384)	-	-	(14,384)	-
Payments of long-term debt	(24,779,439)	(1,701,010)	-	(26,480,449)	-
Payments of bond anticipation notes	(30,100,000)	-	-	(30,100,000)	-
Interest payments	(17,076,027)	(1,145,794)	-	(18,221,821)	-
Rebates, interest income and reimbursements	1,469,825	-	-	1,469,825	-
Acquisition and construction of capital assets	(95,853,050)	(3,125,133)	-	(98,978,183)	(3,297,038)
Premium on sale of bonds	5,659,870	-	-	5,659,870	-
Payment of capital related fees	(1,291,499)	-	-	(1,291,499)	-
Net cash (used for) capital and related financing activities	37,369,120	(1,371,937)	-	35,997,183	(3,297,038)

Anne Arundel County, Maryland

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major Funds		Nonmajor Fund		
	Water and Wastewater	Solid Waste	Child Care	Totals	Internal Service Funds
CASH FLOW FROM INVESTING ACTIVITIES:					
Purchase of investment securities	(716,356,755)	-	-	(716,356,755)	(58,277,358)
Sale of investment securities	695,455,554	-	-	695,455,554	54,573,914
Interest on investments	70,020	111,637	-	181,657	2,100,712
Net cash provided by (used for) investing activities	(20,831,181)	111,637	-	(20,719,544)	(1,602,732)
Net increase in cash and cash equivalents	35,375,758	4,263,345	234,503	39,873,606	3,105,394
Cash and temporary investments, July 1	72,130,353	47,794,192	1,422,255	121,346,800	23,207,711
Cash and temporary investments, June 30	$ 107,506,111	$ 52,057,537	$ 1,656,758	$ 161,220,406	$ 26,313,105
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	$ (20,928,440)	$ 1,269,393	$ 58,585	$ (19,600,462)	$ 9,988,356
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	35,301,619	3,570,594	-	38,872,213	3,618,262
Noncapital construction costs	855,293	-	-	855,293	-
Effect of changes in operating assets and liabilities:					
Accounts receivable	(24,201)	15,672	(54,960)	(63,489)	(4,901,927)
Prepaid expenses	20,388	-	-	20,388	78
Inventories	(380,404)	399	-	(380,005)	94,753
Accounts payable and accrued liabilities	(174,770)	642,019	16,060	483,309	(885,936)
Unearned revenue	-	-	109,906	109,906	-
Unpaid claims	-	-	-	-	4,260,250
Landfill closure and postclosure costs	-	(232,487)	-	(232,487)	-
Due to other funds	327,039	133,411	2,489	462,939	-
Escrow deposits	841	(240)	-	601	-
Accrued liability for compensated absences	168,657	7,389	12,657	188,703	25,625
Accrued liability for OPEB benefits	3,671,797	912,055	89,766	4,673,618	805,703
Net cash provided by operating activities	$ 18,837,819	$ 6,318,205	$ 234,503	$ 25,390,527	$ 13,005,164
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contributions of capital assets from developers	$ 8,885,542	$ -	$ -	$ 8,885,542	$ -
Trade in of capital assets	6,000	33,900	-	39,900	-
Change in capital contributions, fees and grants; accruals and deferrals	(3,799,350)	-	-	(3,799,350)	-
Increase in fair value of investments	236,860	-	-	236,860	871,600
Amortization of refunding gains (losses)	(503,837)	312	-	(503,525)	-
	$ 4,825,215	$ 34,212	$ -	$ 4,859,427	$ 871,600

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, 2014

	Pension Trust Funds (December 31, 2013)	Agency Funds
ASSETS		
Investments, at fair value:		
Cash and temporary investments	$ 82,319,243	$ 24,522,670
U. S. government obligations	11,627,857	-
Corporate obligations	138,593,007	-
Domestic fixed income mutual funds	86,416,264	-
International fixed income mutual funds	67,688,295	-
Global asset pools	248,118,011	-
Domestic equity	406,799,085	-
International equity investment pools	373,055,079	-
Private markets	98,803,528	-
Portable Alpha	1,746,181	-
Real estate investment pools	80,022,951	-
Aetna insurance pooled fixed income	28,116,467	-
Total investments	1,623,305,968	24,522,670
Collateral from securities lending transactions	52,847,194	-
Receivables:		
Employer contributions	5,442,369	-
Participant contributions	867,132	-
Accrued interest and dividends	1,840,316	-
Investment sales proceeds	3,392,898	-
Total receivables	11,542,715	-
Deposits on hand	239,087	-
Total assets	1,687,934,964	24,522,670
LIABILITIES		
Accounts payable	2,055,453	-
Escrow and other deposits	-	24,522,670
Investment commitments payable	17,711,989	-
Obligation for collateral received under securities lending transactions	52,847,194	-
Total liabilities	72,614,636	24,522,670
Net position held in trust for pension benefits	$ 1,615,320,328	$ -

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

Anne Arundel County, Maryland

Statement of Changes in Fiduciary Net Position

Pension Trust Funds

Year Ended June 30, 2014

	Pension Trust Funds (December 31, 2013)
ADDITIONS	
Contributions:	
Employer	$ 61,860,144
Participant	10,760,880
Total contributions	72,621,024
Investment income:	
Net appreciation in fair value of investments	113,940,340
Interest income	17,525,814
Dividend income	24,247,825
Total investment income	155,713,979
Less investment expense	(9,431,617)
Net income from investing activities	146,282,362
Securities lending activities:	
Securities lending income	233,178
Securities lending expenses:	
Borrower rebates	17,662
Management fees	64,687
Securities lending expense	82,349
Securities lending net income	150,829
Total net investment income	146,433,191
Total additions	219,054,215
DEDUCTIONS	
Participant benefit payments and refunds	90,931,770
Administrative expenses	2,143,787
Total deductions	93,075,557
Net increase	125,978,658
Net position, beginning of year	1,489,341,670
Net position, end of year	$ 1,615,320,328

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

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 jobs training and placement services to County citizens.

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

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

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

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

Anne Arundel Community College
101 College Parkway
Arnold, MD 21012

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

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

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

- **General Fund** – This fund is the primary operating fund. It accounts for all financial resources of the primary government except those accounted for in another fund.
- **Impact Fee Capital Project 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 in the following order: bonds, dedicated revenues such as developer contributions, 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 this self-insured activity and the purchase of policies from commercial insurers for certain specific exposures. These services, provided to the primary government and certain component units, are funded through charges to the users.
- **Health Insurance** – The County is self-insured for employee and retiree medical benefits. This fund accounts for this health insurance activity and the payment to outside administrators and medical service providers. These services are provided to the primary government and certain component units and other agencies and are funded through premiums charged to the users.
- **Central Garage and Transportation –** This fund accounts for activity in the County's central garage, which provides the primary government and certain component units with vehicle maintenance, fuel usage, and motor pool vehicles. Costs are recovered through fees to users for maintenance, fuel use, and vehicle lease charges.
- **Garage Vehicle Replacement –** This fund accounts for the collection of replacement fees from participating funds within the primary government and certain component units. The fees are used to replace motor pool vehicles as needed.

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

- **Pension Trust Fund** – This column includes the activities of the Anne Arundel County Retirement and Pension System (Retirement System). The Retirement System accounts for the activity in the primary Government's four defined-benefit pension plans and reports on a calendar-year basis. The Pension Trust Fund is reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. These plans accumulate employer and employee contributions and invest these funds to provide guaranteed pension benefits after retirement. Employer contributions are based on actuarial recommendations.
- **Agency Funds** – This column includes the balances of assets and liabilities maintained in the primary government's agency funds. Since agency funds report only assets and liabilities, these funds do not use a measurement focus. Transactions in these funds are recorded using the accrual basis of accounting. These funds account for deposits that are collected and held on behalf of individuals, organizations, or other governments. These monies include: escrow deposits for developer subdivisions, sediment control, tax sale, 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. All nonmajor governmental funds have legally adopted budgets except the Storm Drain Fees Fund, Energy Revolving Loan Fund, and the Recreation Land Fees Fund, which are expended through the Capital Projects Fund. Additional Budgetary information can be found at www.aacounty.org/Budget/FY2014.

Combining and Other Supplementary Schedules

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

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

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

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

Investments of the Retirement System are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on periodic independent appraisals. Investments that do not have an established market, such as Private Markets, are reported at estimated fair values. The fair value of private equities are based on management's valuation of estimates and assumptions from information and representations provided by the respective general partners, in absence of readily ascertainable market values. There are no investments with parties or in entities related to the County.

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

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

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

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

Category	Years	Category	Years
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 systems	5 – 7
Roads and bridges	17 – 30	Automobiles and small rolling stock	5
Landfills	15 – 20		

G ***Deferred Outflows and Deferred Outflow of Resources*** –A deferred outflow of resources represents the consumption of net position that applies to a future period and so will not be recognized as an outflow of the resources (expenditure) until the future period. At June 30, 2014, the County had deferred outflows of $9,001,898 representing unamortized deferred refunding losses. A deferred inflow represents an acquisition of net position that applies to a future reporting period and will not be recognized as an inflow of resources (revenue) until that time. For government-mandated and voluntary non-exchange transactions, a deferred inflow is reported when resources are received before time requirements are met. At June 30, 2014, the County had deferred inflows of resources of $89,672,936 million representing unavailable tax revenues and unavailable grant revenues.

Deferred outflows of resources are presented below the total assets on the government wide, proprietary, and governmental statements. They are for the consumption of net assets that are applicable to future reporting periods. Deferred inflows of resources are presented below the total liabilities on the government wide, proprietary, and governmental statements. They are related to acquisition of net assets that are applicable to a future reporting period.

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

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

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

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

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

L Encumbrances – The governmental funds utilize encumbrance accounting under which purchase orders, contracts, and other commitments are recorded in order to reserve budget appropriations for that purpose. Open encumbrances at fiscal year-end are shown as part of the restricted, committed or assigned fund balance in the governmental fund statements and are recorded as expenditures on the budgetary statements. Encumbrances as of June 30, 2014 totaled $43,389,596 in the governmental fund types, of which $31,829,810 is for construction activity. The proprietary funds utilize encumbrance accounting for budgetary purposes. As of June 30, 2014, the proprietary funds had encumbrances totaling $142,254,804, of which $136,444,435 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:

    - ***Reserve for retiree health benefits****:* restricted by the County Charter, Section 718 for the payment of health benefits for retirees and their spouses, dependents, and survivors.

    - ***Base realignment and closure (BRAC):*** restricted by the Annotated Code of Maryland, Section 5-1306 for the revitalization and incentive programs in the BRAC area.

    - ***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.

- ***Impact fees:*** restricted by the Annotated Code of Maryland, Local Government Article, Section 20-701 for expanded infrastructure required to accommodate new development.

- ***Forfeiture and asset seizure team***: restricted by federal regulations for law enforcement activities.

- ***Roads and special benefits***: restricted by the Annotated Code of Maryland, Local Government Article, Section 10-314 for the improvements and benefits within designated districts.

- ***Reforestation***: restricted by the Annotated Code of Maryland, Natural Resources Article, Section 5-1610 for the reforestation of properties in the County.

- ***Laurel racetrack community benefit:*** restricted by the Annotated Code of Maryland, Business Regulation Article, Section 11-404 for certain services and facilities in the vicinity of the Laurel racetrack.

- ***Grants:*** restricted by various state and federal laws, regulations and grant agreements that specify how funds may be spent.

- ***Circuit court:*** restricted by the Annotated Code of Maryland, Court and Judicial Proceeding Article, Section 7-204 for Circuit Court operations.

- ***Erosion districts:*** restricted by the Annotated Code of Maryland, Local Government Article, Section 21-306 for erosion control projects and related loans in designated districts.

- ***Bond premium:*** restricted by the County Charter, Section 720(b) for capital improvements financed with the proceeds of the bonds that generated the premiums.

- ***Watershed protection and restoration*:** restricted by the Annotated Code of Maryland, Environmental Article, Section 4-202.1(h) (4) for stormwater management and projects.

- ***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. The Installment Purchase Agreement Fund is committed for the purchase of agricultural and woodland preservation programs. Street Lights Capital Project Fund, Energy Revolving Loan Fund, Recreation Land Fees Fund, and Storm Drain Fees Fund are committed based on legislation in the County code.

- ***Assigned:*** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. The policy to assign funds is established through the Annual Budget and Appropriation Ordinance each year which is approved by both the County Council and the County Executive. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The General County Capital Projects are assigned for the repair and replacement of equipment.

- ***Unassigned***: This classification includes the residual fund balance for the General Fund. The Grants Fund and Arundel Community Development Service 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, 2014. The annual leave accrual is calculated using unused annual leave hours as of June 30, 2014 and pay rates in place for each employee at fiscal year-end.

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

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

O ***New GASB Pronouncements -*** In fiscal year ended June 30, 2014 the County implemented the following GASB pronouncements:

- GASB Statement No. 65, entitled Items Previously Reported as Assets and Liabilities. The statement establishes accounting and financial reporting standards that reclassify certain items previously reported as assets or liabilities as deferred outflow of resources or deferred inflow of resources. The effect of this Statement was to update the presentation of the Statements of Net Position and to restate the beginning net position by expensing costs of issuances that were previously were amortized over the life of the debt issued.
- GASB Statement No. 66, entitled Technical Corrections 2012 – an amendment of GASB Statements No. 10, and No. 62. The adoption of this standard did not have a material impact on the County's financial statements.
- Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, effective June 30, 2014. The adoption of this standard did not have an impact on the County's financial statements.

The following pronouncements will be evaluated for future implementation: Statement No. 67, entitled Financial Reporting for Pension Plans, effective for plan year beginning after June 15, 2013; Statement No. 68, entitled Accounting, Financial Reporting for Pensions, effective June 30, 2015; and Statement No. 69, Government Combinations and Disposals of Government Operations, effective June 30, 2015.

P ***Prior Period Adjustments -*** As a result of implementing GASB Statement No. 65, entitled Items Previously Reported as Assets and Liabilities, certain statement's beginning net positions have been restated as of July 1, 2013. These restatements resulted from expensing prior year costs of bond issuances that previously were amortized over the life of the bonds issued. The Governmental Activities beginning net position decreased by $5,743,093, and the Business–type activities and the Water and Wastewater Fund decreased by $2,247,025 for the cost of issuances adjustment.

The net positions of the Business-type activities and Water and Wastewater Fund of the County, as of July 1, 2013, have been restated to correct errors in accounting for capital contributions, fees, and grants. The effect of the restatement was to increase net position for both the Business-type activities and Water and Wastewater Fund in the amount of $7,907,916 related to the timing of revenue recognition for certain capital grants. The total restatement for grants revenue and the write off of cost of issuances increased the beginning net positions by $5,660,891. A summary of the restatement is presented as follows:

	Govenernental Activities	Business-type Activites	Water and Wastewater Fund
Net Position, June 30, 2013	$ (950,442)	$ 1,179,309,152	$ 1,156,913,879
Cost of issuances	(5,743,093)	(2,247,025)	(2,247,025)
Capital grant revenue		7,907,916	7,907,916
Net Position, July 1, 2013 (as restated)	$ (6,693,535)	$ 1,184,970,043	$ 1,162,574,770

The Board of Education component unit statements have also been restated to increase net position as of July 1, 2013 in the amount of $1,805,617 to reflect the recognition of full accrual accounting of insurance claim cost.

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 for the Library Dedicated Revenue Fund and the capital project funds for Storm Drain Fees, Energy Revolving Loan and Recreation Land Fees. These projects are funding sources for General County Capital projects. 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, the County Parking Garage, and Library exceeded budgeted appropriations by $148,106, $12,889 and $363,160, respectively. In the General Fund at a department level, Chief Administrative Officer was over budget by $262,501 and the State's Attorney Office was over budget by $51,537. The Community College expenditures exceeded budgeted appropriations by $107,558. Franklin Manor Erosion Control District expenditures exceeded appropriations by $19,300. Homewood Special Community Benefit District exceeded appropriations by $13.

B ***Fund Deficits -*** The Grants Fund has a negative fund balance in the amount of ($2,194,339) 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 Library a discretely presented component unit has negative fund balances of ($6,224,467) as a result of unfunded liabilities for other postemployment benefits.

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

Revenue (under) over expenditures - budgetary basis	$ (28,668,268)
Net effect of encumbrances	(1,801,047)
Change in due to Central Garage Fund	(2,462,432)
Change in due from Self Insurance Fund	20,965
Change in revenue reserve allocation	21,183,117
Change in other post employment benefits allocation	15,047,469
Health Department encumbrance adjustment	175,006
Effects of Inmate Benefit Fund & Parking Garage Fund	13,265
Net inventory change	225,742
Change in fund balance - modified accrual basis	$ 3,733,817

3 Cash and Investments

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

A Policies – The primary government is authorized to invest available cash in obligations of the U.S. Government, its agencies and instrumentalities in the following: 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 number of the shares held. Finally, the primary government is authorized to invest bond proceeds that are subject to arbitrage rebate requirements in State and local government obligations.

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

The Retirement System is authorized to invest in U.S. Government securities, insurance company general accounts, commercial paper, money market mutual funds, corporate bonds, common and international stocks, limited partnerships, absolute return funds, private equity, mortgage participations, and real estate. The Retirement System lends its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Retirement System's custodian lends securities for collateral in the form of cash or other securities in an amount equal to 102% for domestic securities and 105% for international securities of the market value of the securities loaned.

Either the Retirement System or the borrower may terminate security loans on demand, although the average term of the loans is one week. Cash collateral is invested in the lending agent's money market mutual fund, which had a weighted average duration of 36 days at December 31, 2013, the year-end for the Retirement System. Because the loans were terminable at will, the loans' duration did not generally match the durations of the investments made with cash collateral. The Retirement System cannot pledge or sell collateral securities received unless the borrower defaults.

B Balances and Custodial Credit Risk – As of June 30, 2014, the carrying amount of the primary government's bank deposits was $8,560,968 bank balances were $17,337,969. All bank balances were fully secured or collateralized by Federal Deposit Insurance Corporation.

Cash balances of the Board of Education are fully secured by Federal Deposit Insurance Corporation and by collateral held in the Board's name at the Federal Reserve Bank of Richmond. Deposits for Anne Arundel Community College are secured and properly protected. The cash balances of the other nonmajor component units are insured or collateralized except $574,683, which is neither insured nor collateralized.

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

The table that follows uses the *Segmented Time Distribution* method to display debt investments by maturity for the primary government and the component units by term and investment type. Market values for issues within the primary government's agency/instrumentalities category include $107,962,429 of callable issues and $3,892,360 for issues that have both callable and variable rate features. The component units' issues have no variable rate securities.

		Investment Maturities (in years)			
Investment Type	**Fair Value**	**Less than 1**	**1 to 5**	**6 to 10**	**over 10**
Primary Government					
U.S. Government securities	$ 50,986,032	$ 42,852,297	$ -	$ -	$ 8,133,735
Agency / instrumentalities	565,403,226	465,357,177	35,485,778	64,560,271	-
Money market pools	161,098,900	161,098,900	-	-	-
Commercial Paper	51,821,043	51,821,043	-	-	-
Tax exempt municipals bonds	43,202,628	10,513,953	32,688,675	-	-
	$ 872,511,829	$ 731,643,370	$ 68,174,453	$ 64,560,271	$ 8,133,735
Board of Education					
Money market pools	143,702,997	143,702,997	-	-	-
	143,702,997	143,702,997			
Community College					
Money market pools	5,815,349	5,815,349	-	-	-
Bond mutual funds	2,290,608	2,290,608	-	-	-
	8,105,957	8,105,957		-	-
Other nonmajor component units					
Money market pools	3,809	3,809	-	-	-
	3,809	3,809	-	-	-

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, 2013. Some issues within the categories agencies/ instrumentalities, corporate bonds, collateralized mortgage obligations, and other asset-backed securities have variable rate features. The total fair value of these securities was $8,809,821 as of December 31, 2013.

The following segmented time distribution table includes issues with call features and assumes that these issues will be held to maturity. The total fair market value of callable securities totals $70,943,684 with call dates ranging from January 1, 2014 for continuously callable issues to August 1, 2043. Stated call prices are generally at par. The callable holdings include issues with floating interest rates which have market value of $7,673,214.

		Investment Maturities (in years)			
Investment Type	**Fair Value**	**Less than 1 year**	**1 to 5**	**6 to 10**	**over 10**
U.S. Treasuries	$ 11,627,857	$ -	$ 4,679,444	$ 2,309,903	$ 4,638,510
Agency/Instrumentalities	32,537,206	9,176,881	975,638	-	22,384,687
Corporate Bonds	89,649,651	546,661	35,256,622	47,482,167	6,364,201
Bond Mutual Funds	154,104,559	-	152,157,413	1,947,146	-
Collateralized Mrtg Obligations	3,840,669	-	49,546	277,696	3,513,427
Other Asset-Backed Securities	4,116,211	-	379,861	75,853	3,660,497
Foreign and Yankee Bonds	8,449,272	326,710	4,516,439	2,528,993	1,077,130
Totals	$ 304,325,425	$ 10,050,252	$ 198,014,963	$ 54,621,758	$ 41,638,452

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 and Moody's with the highest rating in each asset type listed first. Ratings for the component units and Retirement System are listed separately.

Investment Issuer or Type	**S&P**	**Moody's**	**%**	**Investment Type**	**S&P**	**Moody's**	**%**
Primary Government							
Federal Home Loan Bank	AA	Aaa	23.36	Money market pool	NR	NR	1.01
Federal Home Loan Mortgage	AA	Aaa	26.15	Tax Exempt Municipal	AAA	Aaa	3.13
Federal Nat'l. Mortgage Assoc.	AA	Aaa	5.43	Tax Exempt Municipal	AA	Aaa	0.29
Federal Farm Credit	AA	Aaa	3.15	Tax Exempt Municipal	AA	Aa	1.09
Farmer Mac	NR	NR	10.74	Tax Exempt Municipal	AAA	NR	0.34
Commercial Paper	A-1	P-1	6.31	Tax Exempt Municipal	A	NR	0.14
Money market pool	AAAm	Aaa	6.47	Tax Exempt Municipal	NR	Aaa	0.26
Money market pool	AAAm	NR	12.13				100.00
Board of Education							
Money market pool	AAAm	NR	100.00				
			100.00				
Community College							
Money market pool	AAAm	NR	71.70	Bond Mutual Funds	NR	NR	28.30
							100.00
Nonmajor component units							
Money Market pool	AAAm	N/R	100.00				
			100.00				

The Retirement System's Investment Policy Statement (IPS) provides guidelines to all fixed income managers related to allowable quality ratings. Holdings as of December 31, 2013 are displayed next. Calculations are based on $403,133,276 of fixed income excluding U.S. Treasuries.

Investment Type	S&P	Moody's	%	Investment Type	S&P	Moody's	%
Agency/Instrumentalities	AA	Aaa	8.07				
Collateralized Mort. Oblig.	AA	Aa	0.03	Yankee & Foreign Gov	AA	Aa	0.17
"	AA	Baa	0.07	Issued Debt	A	A	0.36
"	A	Baa	0.02	"	A	Baa	0.02
"	A	B	0.03	"	BBB	Baa	0.75
"	BBB	A	0.04	"	BB	Baa	0.04
"	BBB	Baa	0.04	"	BB	Ba	0.49
"	BBB	B	0.03	"	BB	NR	0.15
"	BBB	NR	0.02	"	NR	Baa	0.05
"	BB	A	0.02	"	NR	NR	0.06
"	CCC	Caa	0.32	Corporate Bonds	AA	Aa	0.16
"	CCC	C	0.07	"	AA	A	0.29
"	D	Caa	0.07	"	A	A	0.85
"	NR	Aaa	0.06	"	A	Baa	0.89
"	NR	A	0.01	"	BBB	A	0.07
"	NR	Ba	0.02	"	BBB	Baa	1.73
"	NR	NR	0.10	"	BBB	Ba	0.23
Other Asset-backed	AAA	Aaa	0.17	"	BB	Baa	0.21
Obligations	AAA	NR	0.03	"	BB	Ba	2.64
"	AA	Baa	0.03	"	BB	B	2.77
"	AA	NR	0.06	"	B	Ba	0.39
"	A	Baa	0.02	"	B	B	8.87
"	BBB	B	0.06	"	B	Caa	1.35
"	B	B	0.08	"	B	NR	0.31
"	B	Caa	0.06	"	CCC	B	1.20
"	CCC	A	0.02	"	NR	Caa	0.05
"	CCC	Baa	0.02	"	NR	NR	0.24
"	CCC	Caa	0.17	Guaranteed Invest Contracts	NR	NR	6.97
"	CCC	Ca	0.06	Mutual Funds	NR	NR	38.23
"	CCC	NR	0.05	Short Term Investment Pool	NR	NR	20.41
"	CC	Caa	0.10				100.00
"	D	Ca	0.05				
"	NR	C	0.05				

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, 2014, Federal Home Loan Mortgage Bank represented 26.1% of the primary government's investments, Federal Home Loan Bank was 23.4%, Federal Agricultural Mortgage Corp was 10.7%, and Federal National Mortgage Association represented 5.4%. Exposure to all other issuers was less than 5% each, excluding investment pools. The primary government's Investment Policy requires diversification of investments by security type and institution. Issuer limits are not addressed. There was no investment greater than 5% for the Board of Education or the Community College excluding pools. The Retirement System's IPS sets maximum concentration limits by asset type and manager style. As of December 31, 2013, there was no exposure to a single issuer greater than 5% of the Retirement System's plan net assets, excluding investment pools.

F ***Foreign Currency Risk*** – This risk relates to the potential, unfavorable fluctuation of exchange rates compared with the U.S. Dollar. Neither the primary government nor its component units had exposure to foreign currency as of June 30, 2014. 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, 2013, the Retirement System had no direct exposure to fixed income foreign currency. International/global equities and fixed income assets totaled $688,861,385 in fair market value, managed in pooled funds as of December 31, 2013.

4 Receivables

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

B State Income Taxes Receivable – 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.

C Long Term Receivables – The primary government has long-term receivables recorded in the Water and Wastewater Fund consisting of front foot benefit assessments, capital facility connection fees, and interest charges that varies from 1.6% to 8.0%. These receivables are collected over five to thirty years. The balance as of June 30, 2014 is $43,110,117.

5 Capital Assets

The components of capital assets, changes in asset categories, and accumulated depreciation for the fiscal year ended June 30, 2014 are presented as follows.

Category	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities:				
Capital assets not being depreciated:				
Land and easements	$ 205,784,127	$ 2,027,941	$ -	$ 207,812,068
Historical property/works of art	4,166,465	-	-	4,166,465
Construction in progress	201,267,222	50,551,720	(56,961,762)	194,857,180
Total assets not depreciated	411,217,814	52,579,661	(56,961,762)	406,835,713
Capital assets being depreciated:				
Land improvements	210,900,983	2,802,728	-	213,703,711
Buildings	310,845,679	-	-	310,845,679
Roads and bridges	362,701,374	11,172,849	(9,020,246)	364,853,977
Sidewalks, curbs, and gutters	44,415,109	1,874,926	(484,538)	45,805,497
Storm drains and culverts	300,093,855	13,445,617	(266,352)	313,273,120
Automobiles and rolling stock	82,482,825	7,537,719	(570,950)	89,449,594
Furniture, fixtures, and equipment	77,684,627	16,708,231	(1,983,601)	92,409,257
Software	21,943,499	159,325	(347,004)	21,755,820
Total assets depreciated	1,411,067,951	53,701,395	(12,672,691)	1,452,096,655
Less accumulated depreciation for:				
Land improvements	(81,439,826)	(6,648,036)	-	(88,087,862)
Buildings	(104,971,146)	(6,271,342)	-	(111,242,488)
Roads and bridges	(193,782,098)	(12,406,991)	6,988,839	(199,200,250)
Sidewalks, curbs, and gutters	(16,308,890)	(925,800)	416,703	(16,817,987)
Storm drains and culverts	(180,833,311)	(10,253,644)	252,716	(190,834,239)
Automobiles and rolling stock	(65,930,073)	(4,538,753)	570,950	(69,897,876)
Furniture, fixtures, and equipment	(51,576,675)	(6,614,022)	1,983,601	(56,207,096)
Software	(20,575,153)	(411,544)	347,004	(20,639,693)
Total accumulated depreciation	(715,417,172)	(48,070,132)	10,559,813	(752,927,491)
Total capital assets being depreciated, net	695,650,779	5,631,263	(2,112,878)	699,169,164
Total governmental activities, net	$ 1,106,868,593	$ 58,210,924	$ (59,074,640)	$ 1,106,004,877
Business-type activities:				
Capital assets not being depreciated:				
Land and easements	$ 12,109,239	$ -	$ -	$ 12,109,239
Construction in progress	403,245,092	108,053,045	(15,596,069)	495,702,068
Total assets not depreciated	415,354,331	108,053,045	(15,596,069)	507,811,307
Capital assets being depreciated:				
Buildings	30,584,845	34,175	-	30,619,020
Landfills	47,980,706	1,862,550	-	49,843,256
Water and sewer plants and lines	1,491,499,445	27,736,964	-	1,519,236,409
Automobiles and rolling stock	9,561,410	1,139,597	(117,448)	10,583,559
Furniture, fixtures, and equipment	21,880,343	1,503,454	(844,972)	22,538,825
Total assets depreciated	1,601,506,749	32,276,740	(962,420)	1,632,821,069
Less accumulated depreciation for:				
Buildings	(8,038,151)	(605,345)	-	(8,643,496)
Landfills	(35,864,589)	(1,395,009)	-	(37,259,598)
Water and sewer plants and lines	(615,195,829)	(34,217,136)	-	(649,412,965)
Automobiles and rolling stock	(7,070,891)	(544,396)	117,448	(7,497,839)
Furniture, fixtures, and equipment	(8,789,894)	(2,110,326)	724,926	(10,175,294)
Total accumulated depreciation	(674,959,354)	(38,872,212)	842,374	(712,989,192)
Total capital assets being depreciated, net	926,547,395	(6,595,472)	(120,046)	919,831,877
Total business-type activities, net	$ 1,341,901,726	$ 101,457,573	$ (15,716,115)	$ 1,427,643,184

Category	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Board of Education:				
Capital assets not being depreciated:				
Land and improvements	$ 61,076,034	$ 3,093,758	$ -	$ 64,169,792
Computer software in progress	396,539	2,251,835	-	2,648,374
Construction in progress	151,344,142	94,462,120	(53,509,991)	192,296,271
Total assets not depreciated	212,816,715	99,807,713	(53,509,991)	259,114,437
Capital assets being depreciated:				
Buildings	1,273,956,801	53,494,045	-	1,327,450,846
Computer software	4,334,660	-	-	4,334,660
Furniture, fixtures, and equipment	49,014,156	4,844,382	(2,571,142)	51,287,396
Total assets depreciated	1,327,305,617	58,338,427	(2,571,142)	1,383,072,902
Less accumulated depreciation for:				
Buildings	(613,343,203)	(40,241,166)	-	(653,584,369)
Computer software	(713,242)	(433,465)	-	(1,146,707)
Furniture, fixtures, and equipment	(31,949,021)	(3,139,579)	2,393,122	(32,695,478)
Total accumulated depreciation	(646,005,466)	(43,814,210)	2,393,122	(687,426,554)
Total capital assets being depreciated, net	681,300,151	14,524,217	(178,020)	695,646,348
Total Board of Education, net	$ 894,116,866	$ 114,331,930	$ (53,688,011)	$ 954,760,785
Community College:				
Capital assets not being depreciated:				
Land	$ 2,377,178	$ -	$ -	$ 2,377,178
Construction in progress	3,120,105	5,910,891	(8,682,612)	348,384
Total assets not depreciated	5,497,283	5,910,891	(8,682,612)	2,725,562
Capital assets being depreciated:				
Land improvements	8,487,646	665,950	(1,750,577)	7,403,019
Buildings and improvements	137,626,316	5,668,671	(1,518,030)	141,776,957
Furniture, fixtures, and equipment	24,884,574	1,833,317	(1,267,946)	25,449,945
Leasehold improvements	1,546,015	27,764	-	1,573,779
Intangible assets	546,742	-	-	546,742
Total assets depreciated	173,091,293	8,195,702	(4,536,553)	176,750,442
Less accumulated depreciation for:				
Land improvements	(4,629,386)	(364,678)	1,750,576	(3,243,488)
Buildings and improvements	(54,145,048)	(4,250,732)	1,247,218	(57,148,562)
Furniture, fixtures, and equipment	(17,534,732)	(1,838,022)	1,256,157	(18,116,597)
Leasehold improvements	(141,193)	(156,193)	-	(297,386)
Intangible assets	(13,018)	(78,106)	-	(91,124)
Total accumulated depreciation	(76,463,377)	(6,687,731)	4,253,951	(78,897,157)
Total capital assets being depreciated, net	96,627,916	1,507,971	(282,602)	97,853,285
Total Community College, net	$ 102,125,199	$ 7,418,862	$ (8,965,214)	$ 100,578,847

Category	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Other non-major:				
Capital assets not being depreciated:				
Construction in progress	$ -	$ 158,544	$ -	$ 158,544
Capital assets being depreciated:				
Airport improvements	9,666,106	100,901	-	9,767,007
Library collection	15,605,946	3,257,961	(2,878,276)	15,985,631
Automobiles and rolling stock	31,915	-	-	31,915
Furniture, fixtures, and equipment	3,405,151	284,161	(736,301)	2,953,011
Total assets depreciated	28,709,118	3,643,023	(3,614,577)	28,737,564
Less accumulated depreciation for:				
Airport improvements	(4,141,524)	(490,137)	-	(4,631,661)
Library collection	(6,260,937)	(1,384,958)	1,373,396	(6,272,499)
Automobiles and rolling stock	(14,895)	(3,192)	-	(18,087)
Furniture, fixtures, and equipment	(2,623,474)	(209,677)	715,749	(2,117,402)
Total accumulated depreciation	(13,040,830)	(2,087,964)	2,089,145	(13,039,649)
Total capital assets being depreciated, net	15,668,288	1,555,059	(1,525,432)	15,697,915
Total other non-major, net	$ 15,668,288	$ 1,713,603	$ (1,525,432)	$ 15,856,459

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.

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.

Governmental activities:	
Education	$ 42,568
Public Safety	8,598,894
General government	6,761,626
Health and human services	338,672
Public works	24,071,340
Recreation and community services	6,741,999
Judicial	1,312,039
Code Enforcement	68,146
Land use and development	134,848
	$ 48,070,132

Business-type activities:	
Water and wastewater	$ 35,301,619
Waste collection	3,570,593
	$ 38,872,212
Component units:	
Board of Education	$ 43,814,210
Community College	6,687,731
Library System	1,463,642
Economic Development Corp	45,724
Tipton Airport Authority	497,935
Workforce Development	80,663
	$ 52,589,905

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, AA 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, 2014:

Fund With Receivable	Fund With Payable		Amount
General Fund	Special Revenue Funds	$	4,555,613
Internal Service Funds	Enterprise Funds		588,400
Internal Service Funds	General Fund		5,415,007
		$	10,559,020

Interfund balances between the General Fund and internal service funds have been eliminated on the government-wide Statement of Net Position. The $4,555,613 balance represents special revenue fund's implicit borrowing from the General Fund as of June 30, 2014. The $5,415,007 balance represents the Self Insurance Fund and Central Garage and Transportation Fund deficit allocations to the General Fund as of June 30, 2014. The $588,400 balance represents the Self Insurance Fund and Central Garage and Transportation Fund deficit allocations to the enterprise funds as of June 30, 2014.

Transfers between the primary government's governmental funds totaled $185,144,585 for fiscal year 2014. The transfers from the General Fund are for the following: to the nonmajor Grants Fund and nomajor Arundel Community Development Services Fund for grants and contributions; to the General County Capital Projects Fund for bond proceeds, pay-as-you-go, and investment gains on capital project investments retained by the General Fund; to nonmajor Laurel Racetrack Community Benefit Fund for impact aid to the local community; and to nonmajor Installment Purchase Agreements Fund for land preservation. Transfers from the nonmajor Bond Premium Fund to the General County Capital Projects Fund are for the construction of capital assets. Transfers from the nonmajor Watershed Protection and Restoration Fund, nonmajor Video Lottery Local Impact Aid Fund, Impact Fees Capital Projects Fund and nonmajor Reforestation Fund are for the funding of capital projects. Transfers from the Impact Fees Capital Projects Fund to the General Fund are for debt service on general obligation bonds for impact fee eligible projects. Transfers from nonmajor tax increment funds to the General Fund are legally appropriated based on availability of tax increment funds. The transfer from the nonmajor Street Light Fund to the nonmajor Street Light Capital Projects Fund is for the construction of capital assets.

Originating Fund Type	Recipient Fund Type		Amount
General Fund	General County Capital Projects	$	102,599,858
General Fund	Nonmajor Governmental		1,693,731
Nonmajor Governmental	Nonmajor Governmental		3,847,335
Nonmajor Governmental	General Fund		26,326,180
Nonmajor Governmental	General County Capital Projects		41,575,317
Impact Fees Capital Projects	General County Capital Projects		6,431,240
Impact Fees Capital Projects	General Fund		2,670,924
		$	185,144,585

Transfers between the primary government's proprietary funds and governmental funds presented as follows, totaled $5,274,617 for fiscal year 2014. The transfer from the Health Insurance Fund to the General Fund is to put aside funds for retiree health benefits. The transfer from the Solid Waste Fund to the Energy Revolving Loan Fund is for energy conservation projects.

Originating Fund Type	Recipient Fund Type	Amount
Internal Service Funds	General Fund	$ 5,000,000
Enterprise Funds	Nonmajor Governmental	274,617
		$ 5,274,617

As of June 30, 2014, receivable and payable balances remained between the primary government and the discretely presented component units. These balances and transactions are a result of the primary government's ongoing funding of the component units' capital and operating costs and a return of funding. Those balances and the payments from the primary government to or on behalf of these parties are presented as follows:

Receivables/Payables

Entity with Receivable	Entity with Payable	Amount
Board of Education	Primary Government	$ 18,104,866
Community College	Primary Government	342,241
Other Nonmajor	Primary Government	1,288,207
Primary Government	Board of Education	11,596
		$ 19,746,910

Primary Government Expenditures

Originating Entity	Recipient Entity	Amount
Primary Government	Board of Education	$ 669,641,105
Primary Government	Community College	37,546,098
Primary Government	Other Nonmajor	19,913,915
		$ 727,101,118

8 Bonded Debt and Other Obligations

The primary government's Statements of Net Position includes short and long-term debt and obligations comprised of bond anticipation notes, general obligation bonds, special assessment debt, leases, installment purchase agreements, and liabilities related to State loans, unpaid insurance claims, compensated absences, and claims and judgments. Descriptions of certain of these obligations and the respective balances, debt service requirements, and changes during fiscal year 2014 are provided as follows.

A Bond Anticipation Notes – The County periodically incurs short-term debt by issuing bond anticipation notes in the form of commercial paper for the purchase of capital related assets. Notes are sold with an initial maturity from 1 to 270 days, and, on refinancing, at the notes' maturities, with additional notes marketed at then-current interest rates. This remarketing is backed for liquidity purposes by a letter of credit, the terms of which provide that no principal repayments are due by the County (if there is a call on the letter of credit) until the termination of the agreement, which is maintained at two years at all times. The original maturity date of this liquidity arrangement was November 22, 2013. The agreement has been extended through June 30, 2017. The maturity of notes outstanding during fiscal year 2014 was for a period of 51 days, and interest rate was .08%. The County issued $67,900,000 of bond anticipation notes in February, 2014. The County paid off $67,900,000 bond anticipation notes on April 4, 2014.

B General County Debt – Substantially all long-term bonded debt is issued as general obligation bonds for the purchase of capital assets and guaranteed by the full faith and credit of the County, subject to limitations set forth in section 710 (d) of the County Charter, which restricts the growth of revenue derived from property taxes. The following table includes general obligation bonds which include amounts issued for the Watershed Protection and Restoration Fund but excludes the tax increment bonds, installment purchase agreements, and state loans. These are listed separately. Business-type debt includes general obligation bonds issued for the Solid Waste Fund and Water and Wastewater Fund. The debt service requirements for the bonds outstanding as of June 30, 2014 are presented as follows:

Year ending June 30,	General County Debt Governmental Principal	Governmental Interest	Business-type Principal	Business-type Interest
2015	$ 77,114,332	$ 43,268,887	$ 28,885,158	$ 21,546,540
2016	75,917,948	39,658,953	29,551,734	20,681,673
2017	74,146,371	35,965,071	29,514,706	19,545,569
2018	70,813,350	32,335,026	26,270,565	18,366,425
2019	67,895,876	28,897,282	25,050,828	17,255,661
2020-2024	290,829,146	99,900,951	120,648,405	70,823,612
2025-2029	193,218,519	40,859,527	99,956,772	46,870,448
2030-2034	73,568,745	7,236,448	74,043,077	27,155,677
2035-2039	-	-	49,520,000	12,191,772
2040-2044	-	-	25,350,000	2,861,900
	$ 923,504,287	$ 328,122,145	$ 508,791,245	$ 257,299,277

C ***Tax Increment and Other Debt -*** As of June 30, 2014, there was $86,440,000 of Special Obligation Tax Increment Bonds payable from property tax revenue generated from assessment increases occurring since the formation of the tax increment districts. This debt is included in the primary government's long-term debt on the Statements of Net Position. The County has pledged its full faith and credit for the following Special Obligation Tax Increment Bonds: Arundel Mills Refunding 2004, National Business Park Refunding 2004, West Nursery Road 2004, Arundel Mills Refunding 2014, National Business Park Refunding 2014, and West Nursery Road Refunding 2014. The County has not pledged its full faith and credit for NBP North 2010 or Village South at Waugh Chapel 2010, except for the tax increment revenues and special taxes within the special tax district, if needed, to cover debt service.

During the fiscal year ended June 30, 2014, $34,167,020 of incremental property tax revenue was collected and available for debt service purposes as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances for the Nonmajor Governmental Funds. Of this amount, $880,621 is related to Park Place which is not considered part of the County's debt. The table that follows outlines the debt service requirements for these bonds.

Year ending June 30,	Principal	Interest	Year ending June 30,	Principal	Interest
2015	$ 1,580,000	$ 3,720,215	2020-2024	$ 17,545,000	$ 18,022,783
2016	1,735,000	4,270,875	2025-2029	24,320,000	12,999,082
2017	1,995,000	4,232,509	2030-2034	10,670,000	9,030,372
2018	2,240,000	4,185,297	2035-2039	15,655,000	5,053,184
2019	2,570,000	4,093,616	2040-2041	8,130,000	508,778
				$ 86,440,000	$ 66,116,711

In addition, there were $4,661,000, $14,511,892 and $1,800,000 of special tax district bonds related to the Farmington Village Project, the Villages of Dorchester, and Two Rivers outstanding as of June 30, 2014, 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 as of June 30, 2014 of $3,729,609. These loans were received from the State for waterway improvements. During fiscal year 2014, the County paid $326,970 for principal. The table that follows outlines the debt service requirements:

Year ended June 30,	Principal	Year ended June 30,	Principal
2015	$ 322,122	2020-2024	$ 1,041,734
2016	330,536	2025-2029	908,730
2017	330,536	2030-2034	324,939
2018	238,723	2035	6,130
2019	226,159		
			$ 3,729,609

E ***Leases*** – The County has entered into a new lease agreement for an asset that qualifies as a capital lease for accounting purposes. The agreement has resulted in a capital asset totaling $61,519 for a high speed printer, which is used for governmental activities. The net present value of these minimum lease payments as of June 30, 2014 and the future minimum lease obligations were as follows:

June 30,	Lease Payments	Interest	Payments
2015	$ 12,304	$ 11,654	$ 23,958
2016	12,304	11,654	23,958
2017	12,304	11,654	23,958
2018	12,303	11,655	23,958
	$ 49,215	$ 46,617	$ 95,832

The County has also entered into several operating lease arrangements for office space and equipment. All leases are cancelable at the option of the County. Many of the agreements contain renewal options, and some have rent escalation clauses. Total lease expenses for fiscal year 2014 were $2,870,898. Anne Arundel County has a lease with the City of Annapolis for Eisenhower Golf Course which expires June 30, 2016. The lease terms state the rent shall be the sum of fifty percent (50%) of the annual net profits derived from the operation of the facilities. The lease payments for fiscal year 2014 were $169,107. Because the amount varies, the future value of these lease payments is not included in the next table. Minimum annual rental costs required by the leases are summarized as follows:

Year ending June 30,	Annual Rentals	Year ending June 30,	Annual Rentals
2015	$ 2,152,078	2020-2024	$ 1,200,020
2016	2,037,509	2025-2029	1,200,017
2017	1,254,425	2030-2034	1,200,015
2018	692,211	2035-2039	860,015
2019	580,605	2040-2044	139
			$ 11,177,034

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, 2014 are presented as follows:

Year ended June 30,	Principal	Interest
2015 $	20,000 $	727,185
2016	20,000	726,070
2017	20,000	724,954
2018	20,000	723,838
2019	20,000	722,723

Year ended June 30,		Principal	Interest
2020-2024	$	100,000 $	3,596,882
2025-2029		8,945,000	3,081,381
2030-2034		1,529,000	758,313
2035-2039		1,444,000	536,305
2040-2041		1,487,000	135,317
	$	13,605,000 $	11,732,968

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

	Due Dates	Interest Rates	Amount of Original Issue	Amount Outstanding
Governmental activities:				
General obligation bonds	2014-2034	1.00% to 5.55%	$ 1,306,882,512	$ 923,504,287
Tax increment district bonds	2014-2041	2.00% to 6.25%	133,435,000	86,440,000
Installment purchase agreements	2014-2041	4.55% to 6.00%	13,819,916	13,605,000
Loans payable	2014-2038	0%	7,398,044	3,729,609
Total governmental activities			1,461,535,472	1,027,278,896
Business-type activities:				
Water and wastewater serial bonds	2014-2044	1.00% to 5.75%	699,128,149	480,300,532
Solid waste serial bonds	2014-2034	2.00% to 5.55%	50,667,488	28,490,713
Total business-type activities			749,795,637	508,791,245
			$ 2,211,331,109	$ 1,536,070,141

The County Charter authorizes the County Council to approve the issuance of general obligation bonds and to set limits on bonds issued through ordinance. Based on the effective ordinance, bonds (other than water and sewer) are limited at 5.2% of the assessable base of real property and 13% of the assessable base of personal property and certain operating real property of the County. In addition, general obligation water and water and wastewater bonds are limited at 5.6% of the assessable base of real property and 14% of the assessable base of personal property and certain operating real property within the County's sanitary district. As of June 30, 2014, a review of the legal debt limitations reveals the following:

	General Bonds (5.2%/13% Limitations)	Water and Wastewater (5.6%/14% Limitations)
Charter imposed limitation	$ 4,148,570,516	$ 4,105,315,287
Bonded debt outstanding		
Installment purchase agreements	13,605,000	-
General obligation-serial bonds	916,204,287	480,300,532
General obligation-serial bonds, WPRF	7,300,000	-
General obligation-serial bonds, Solid Waste	28,490,713	-
Tax increment bonds	86,440,000	-
	1,052,040,000	480,300,532
Legal debt margin	$ 3,096,530,516	$ 3,625,014,755

As of June 30, 2014, the County had the total authority to issue bonds in the amount of $1,604,515,546, of which $753,047,541 has already been issued. Included in the amounts issued to date are $518,281,619 for general obligation water and wastewater series bonds, $21,520,144 of general obligation bonds for the Solid Waste Fund, and $71,166,800 of general obligation bonds for the Watershed Protection and Restoration Fund. This unused authority will be used to fund existing capital projects and those appropriated through the budgetary process.

H ***Loans Payable –*** On April 15, 2002, the Anne Arundel Community College Foundation finalized an agreement between Anne Arundel County, Maryland and The Bank of New York whereby the Foundation borrowed $16,090,000 from the issuance of revenue bonds by the County. The proceeds of the loan were used to finance the cost of the construction of educational facilities. On July 25, 2012, the 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. Interest-only payments are due semi-annually on September 1 and March 1 until 2014. Principal payments begin 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, 2014 was $12,180,000. Scheduled principal payments due on the bonds payable for future years ending June 30 are shown as follows:

Year Ending June 30,	Principal Payments	Year Ending June 30,	Principal Payments	Year Ending June 30,	Principal Payments
2015	$ 100,000	2018	$ 750,000	2024-2028	$ 4,210,000
2016	715,000	2019	770,000	2029-2033	4,905,000
2017	730,000	2020-2024			
					$ 12,180,000

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

	Balance June 30,2013	Additions	Reductions	Balance June 30,2014	Due Within One Year
Governmental activities:					
Bond anticipation notes	$ -	$ 37,800,000	$ 37,800,000	$ -	$ -
Bonds payable:					
General obligation bonds	875,041,717	122,300,000	73,837,430	923,504,287	77,114,332
Tax incremental and other debt	90,815,000	38,860,000	43,235,000	86,440,000	1,580,000
Total bonds payable	965,856,717	161,160,000	117,072,430	1,009,944,287	78,694,332
State loans	3,888,091	168,488	326,970	3,729,609	322,122
Capital leases	3,907	61,519	16,211	49,215	12,304
Installment purchase agreements	13,625,000	-	20,000	13,605,000	20,000
Unpaid insurance claims	76,822,546	109,877,378	105,617,128	81,082,796	20,664,796
OPEB obligation	392,565,278	44,282,114	-	436,847,392	-
Compensated absences	21,447,048	25,977,658	24,306,029	23,118,677	23,117,986
Total long-term	1,474,208,587	341,527,157	247,358,768	1,568,376,976	122,831,540
Total governmental activities	$ 1,474,208,587	$ 379,327,157	$ 285,158,768	$ 1,568,376,976	$ 122,831,540
Business-type activities:					
Bond anticipation notes	$ -	$ 30,100,000	$ 30,100,000	$ -	$ -
Bonds payable:					
General obligation bonds	444,461,458	91,246,794	26,917,007	508,791,245	28,885,158
Total bonds payable	444,461,458	91,246,794	26,917,007	508,791,245	28,885,158
OPEB obligation	37,507,699	4,673,618		42,181,317	-
Compensated absences	1,963,470	2,310,026	2,121,322	2,152,174	2,134,605
Total long-term	483,932,627	98,230,438	29,038,329	553,124,736	31,019,763
Total business-type activities	$ 483,932,627	$ 128,330,438	$ 59,138,329	$ 553,124,736	$ 31,019,763

J ***Refundings*** – In fiscal year 2014, the County defeased the callable portion of certain series of Special Obligation and 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. On May 14, 2014 the County issued $38,860,000 in refunding bonds for the following projects: $24,940,000 to refund Arundel Mills Project, Special Obligation Bonds; $12,155,000 to refund National Business Park Project, Special Obligation Bonds; and $1,765,000 to refund Nursery Road Project, Tax Increment Bonds. The true interest cost for the refunded bonds was 2.38 percent. The net proceeds were deposited in an irrevocable trust account with an escrow agent. The funds were invested in United States Treasury Securities until the scheduled payoff of the debt on July 1, 2014. The refunding resulted in a difference between the reacquisition price and the net carry value of $1,047,299 for the tax increment funds. There was a net present value savings of $8.3 million.

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. On June 30, 2014, $109,695,000 of governmental debt and $47,805,000 of business-type debt from prior years is considered defeased.

9 Governmental Fund Balance

The details of the fund balances are included in the Governmental Funds Balance Sheet. As discussed in Note 1, 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.

General Fund

The General Fund has unassigned fund balance of $57,724,388 and an assigned fund balance of $42,657,510 as of June 30, 2014. The non-spendable fund balance of $2,116,996 is for inventory items. The restricted fund balance consists of the following: $15,047,469 for Other Post Employment Benefits, $689,519 for the Base Realignment and Closure Zone for capital improvements, and $1,237,151 for the Video Lottery Local Impact Aid.

Other Major Funds

The General County Capital Project Fund has restricted funds for the following: $5,709,435 for capital grants; and $3,425,321 for the storm water management, and watershed protection and restoration projects. It also has assigned funds of $82,922,005 consisting primarily of unspent bond funds. The Impact Fee Capital Projects Fund has restricted funds of $56,177,565 to be used for the construction of additional school capacity, road improvements and public safety facilities.

Other Funds

The following nonmajor funds have a restricted fund balance restricted for specific purposes:

Forfeiture and Asset Seizure Team: $951,176 for law enforcement activities

Roads and Special Benefits: $396,391 for community benefits

Reforestation: $7,746,804 for reforestation of properties in Anne Arundel County

Laurel Racetrack Community Benefit: $24,205 for services and facilities within three miles of Laurel Race Course

Circuit Court: $106,772 for Court House operations

Erosion Districts: $285,976 for community benefits

Video Lottery Local Impact Aid: $2,024,742 for services and facilities primarily in the communities in the immediate proximity to the video lottery facility

Watershed Protection and Restoration: $7,011,978 for storm water management projects

The remaining special revenue funds restricted fund balances of $3,952,512, $14,987,106 and $6,541,144 relate to grants, capital projects and debt service, respectively. The restricted grant balance is comprised of the Grants Fund, Arundel Community Development Service Fund, and Anne Arundel County Partnership for Children, Youth and Family Fund.

Committed funds comprised of $957,943 in the Storm Drain Fees Capital Project Fund, $274,617 in the Energy Revolving Loan Fund, $3,781,037 in the Street Light Capital Projects Fund, $334,354 in the Recreation Land Fees Fund, and $8,164,672 in the Installment Purchase Agreements Fund.

The Grants Fund and Arundel Community Development Service Fund both have negative unassigned fund balances of ($3,405,637) and ($2,703,102), respectively, as a result of funds being expended in the current fiscal year and not being reimbursed by the grantor within 90 days for the modified accrual basis of accounting.

Encumbrances

Encumbrance accounting is employed as part of the budgetary presentation for the General Fund, special revenue funds, and capital projects funds. As of June 30, 2014, certain amounts which were restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Encumbrances included in governmental fund balances are as follows:

	Encumbrances included in:	
	Restricted Fund Balance	Assigned Fund Balance
General Fund	$ -	$ 6,266,510
Forfeiture and Asset Seizure Team Fund	78,740	-
Grants Fund	1,211,298	-
Arundel Community Development Services Fund	2,703,102	-
Reforestation Fund	51,973	-
Watershed Protection and Restoration Fund	1,248,163	-
General County Capital Projects Fund	-	26,246,392
Watershed Protection and Restoration Capital Projects Fund	5,583,418	-
Total	$ 10,876,694	$ 32,512,902

10 Deferred Inflows of Resources and Unearned Revenue

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:

Deferred Inflows and Unearned Revenue Governmental Funds	Unavailable	Unearned	Total
General Fund			
Property Taxes	$ 1,974,325	$ -	$ 1,974,325
Local Income Taxes	80,073,365	-	80,073,365
911 Fees	1,029,043	-	1,029,043
Impact Fees Capital Projects Fund			
Impact Fees	-	1,617,991	1,617,991
Grants Fund			
Grants	3,105,387	778,276	3,883,663
General County Capital Projects Fund			
Grants	3,490,816	-	3,490,816
Totals	$ 89,672,936	$ 2,396,267	$ 92,069,203

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, 2014, 155 Industrial Revenue Bonds series had been issued. The aggregate principal amounts payable for the five series issued after July 1, 1996 that are still outstanding was $36,164,216. The aggregate principal amounts payable for the 145 issued prior to July 1, 1996, could not be determined; however, the original issues totaled $582,700,000. The County is not obligated in any manner for payment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

12 Pension Plans

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

A 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 January 1, 2014, the date of the latest actuarial valuation:

	Employees Plan	Police Plan	Fire Plan	Detention Plan	Total
Retirees and beneficiaries receiving payments	1,544	639	481	208	2,872
Terminated plan members entitled to but not yet receiving payments	271	-	-	9	280
Deferred Retirement Option Program (DROP)	-	58	115	-	173
Active plan members	2,125	608	639	342	3,714
	3,940	1,305	1,235	559	7,039

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

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

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

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

Through June 30, 2002, participants with 20 years of County service who are at least age 50 may participate in a DROP with provisions similar to those described for the Police Plan, except that participants earn 8%

on their account regardless of date of entry into the program. Some represented plan participants are limited to two one-year extensions of DROP participation. After June 30, 2002, any participant with 20 years of service may participate, regardless of age.

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

***B 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 State Retirement and Pension Systems of Maryland, 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 Retirement and Pension System of Maryland issues a financial report that includes financial statements and required supplementary information. That report may be obtained by writing to State Retirement Agency of Maryland, 120 East Baltimore Street, Baltimore, MD 21202.

***C 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 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 three year period. It also discloses the funded status and funding progress of the defined benefit plans for the most recent valuation date. The following table provides the actuarial assumptions, funding methods and contributions for the most recent actuarial valuation

	Employees Plan	**Police Plan**	**Fire Plan**	**Detention Plan**
Contribution rates:				
County	Legislated amount	Legislated amount	Legislated amount	Legislated amount
Plan members:				
Tier One	4.00%	5.00% to 7.25%	5.00% to 7.25%	5.00% to 6.75%
Tier Two	-	Not applicable	Not applicable	Not applicable
Annual Pension Cost (APC)	$24,893,955	$18,805,398	$15,388,777	$6,215,127
Contributions made	$24,893,955	$18,805,398	$15,388,777	$6,215,127
Actuarial valuation date	January 1, 2014	January 1, 2014	January 1, 2014	January 1, 2014
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level % of payroll	Level % of payroll	Level % of payroll	Level % of payroll
Remaining amortization period	Range 20-29 yrs Average 24 yrs Closed	Range 20-29 yrs Average 24 yrs Closed	Range 20-29 yrs Average 24 yrs Closed	Range 20-29 yrs Average 24 yrs Closed
Asset valuation method	5-yr smoothed market	5-yr smoothed market	5-yr smoothed market	5-yr smoothed market
Actuarial assumptions:				
Investment rate of return	4.50%	4.50%	4.50%	4.50%
Inflation rate	3.00%	3.00%	3.00%	3.00%
Projected salary increases	Varies by age 3.5% to 6.5%	Varies by age 4.0% to 6.0%	Varies by age 4.0% to 6.5%	Varies by age 4.25% to 6.0%
Cost of living adjustments	3.0% pre 2/97 1.8% post 2/97	3.0% pre 2/97 1.8% post 2/97	3.0% pre 2/97 1.8% post 2/97	3.0% pre 2/97 1.8% post 2/97

The next table provides five-year trend data for contributions.

Five Year Trend Information - Schedule of Employer Contributions
Fiscal Year Ended June 30,

	2010	2011	2012	2013	2014
Employees Plan					
Annual Pension Cost (APC)	$ 17,078,045	$ 17,490,119	$ 18,882,680	$ 20,764,948	$ 23,958,375
Percentage of APC Contributed	100.0%	100.0%	100.0%	100.0%	100.0%
Net Pension Obligation	$ -	$ -	$ -	$ -	$ -
Police Plan					
Annual Pension Cost (APC)	$ 13,588,002	$ 13,803,470	$ 14,502,900	$ 16,557,738	$ 18,934,063
Percentage of APC Contributed	100.0%	100.0%	100.0%	100.0%	100.0%
Net Pension Obligation	$ -	$ -	$ -	$ -	$ -
Fire Plan					
Annual Pension Cost (APC)	$ 14,217,007	$ 14,209,656	$ 14,580,535	$ 15,895,667	$ 16,409,138
Percentage of APC Contributed	100.0%	100.0%	100.0%	100.0%	100.0%
Net Pension Obligation	$ -	$ -	$ -	$ -	$ -
Detention Plan					
Annual Pension Cost (APC)	$ 4,678,430	$ 4,899,725	$ 5,089,053	$ 5,193,501	$ 6,006,849
Percentage of APC Contributed	100.0%	100.0%	100.0%	100.0%	100.0%
Net Pension Obligation	$ -	$ -	$ -	$ -	$ -

Certain participants in the State Retirement and Pension Systems (State plans) are required to contribute 2% to 7% of compensation to the plans. The County is required to contribute the remaining amounts necessary to fund the plans, except that the State pays the employer's share of retirement costs on behalf of certain teachers, professional librarians, and related positions for the Board of Education, Library, and Community College, in accordance with State law. These amounts are shown as grant revenue and current expenses in the financial statements of these component units. County expenditures for those employees in the State plans for the years ended June 30, 2014, 2013, and 2012 equal the required contributions and are summarized as follows along with the State's contribution on behalf on the employees discussed previously.

	Fiscal Year Ended June 30,		
	2014	2013	2012
County contributions:			
Primary Government	$ 1,766,085	$ 1,681,986	$ 1,601,891
Board of Education	23,233,483	19,141,696	9,462,169
Community College	362,304	308,172	365,384
State contributions on behalf of:			
Board of Education	61,514,758	54,632,314	70,640,804
Community College	3,821,756	3,463,220	3,511,596
Library	1,203,191	1,100,658	1,211,713
	$ 91,901,577	$ 80,328,046	$ 86,793,557

D ***Funded Status and Funding Progress* -** The funded status of each plan as of January 1, 2014, the most recent actuarial valuation date, is as follows:

	(A) *Actuarial Value of Assets*	*(B)* *Actuarial Accrued Liability (AAL)*	*(B-A)* *Unfunded AAL (UAAL)*	(A/B) *Funded Ratio*	*(C)* *Covered Payroll*	**((A-B)/C)** *UAAL as a percentage of Covered Payroll*
Employee's Plan	$545,812,384	$735,729,033	$189,916,649	74.2%	$115,809,426	164.0%
Police Service Plan	452,075,806	576,387,838	124,312,032	78.4%	41,714,302	298.0%
Fire Service Plan	462,235,880	542,077,933	79,842,053	85.3%	44,950,885	177.6%
Det.Officers'& Sheriffs Plan	102,136,092	143,696,346	41,560,254	71.1%	18,132,868	229.2%

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.

E ***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, 2013 within the mutual funds is comprised of allowable instruments based on the IPS.

F ***Commitments* -** The System has committed to fund various private equity investments totaling $176 million at December 31, 2013, of which $82.9 million remains unfunded. The expected funding dates for these commitments extend through 2018.

G ***Teacher pension funding shift*** - Legislation enacted by the Maryland General Assembly during 2012 requires County Boards of Education to pay a portion of employer contributions for members of the Teachers' Retirement System or the Teachers' Pension System beginning in fiscal year 2013. Anne Arundel County's contribution for fiscal year 2014 was $14,568,567 and increases to $21.4 million in fiscal year 2016. Beginning in fiscal year 2017, each local Board will pay its local share equal to the normal contribution rate for the Teachers'

Retirement System and the Teachers Pension System multiplied by the aggregate annual earnable compensation of the local employees of that local employer.

13 Other Post-employment Benefits

The primary government, the Board of Education, the Community College, and the Library administer single-employer defined benefit healthcare plans for retirees. The following provides a summary of the plans' descriptions and eligibility, funding policies and sources of authorization, annual cost and net obligations, and the actuarial methods and assumptions used in determining costs and liabilities. In addition, required supplementary information includes trend data about these plans. The Supplementary Information following these notes presents multi-year trend information about whether the actuarial value of each plan's assets is increasing or decreasing relative to the actuarial accrued liability for benefits year to year over a four year period. There is not a separate audited postemployment benefit report available.

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

A Plan Description, Eligibility, Authorization, and Funding Policy - The primary government provides a group health plan for employees and retirees under the authority of § 6-1-308 of the County Code. This health plan may be extended to other component units under § 6-1-309 of the County Code. The Community College and the Library provide retiree health insurance through participation in the County's health plans. The County collects premiums from these entities to offset the related costs. The County Code requires the County to pay 80% of the health coverage cost for current County retirees and terminated vested employees that retired before July 1, 2014. Employees not eligible for normal or early retirement by January 1, 2017 will receive a subsidy based on years of service. The Library currently pays 80% for Library retirees. The primary government plan provides the same health plans to active employees and pre-age 65 retirees. The County offers a Medicare supplement to post age 65 retirees. The County is issuing requests for proposals for Medicare Advantage Plans to be offered to post age 65 retirees beginning in calendar year 2016. The County offers the same prescription benefit for active employees and pre-age 65 retirees. Starting in calendar year 2015, post age 65 retirees will be eligible to participate in an Employer Group Waiver Plan (EGWP) 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 service criteria. For employees hired after September 15, 2002, the Board funds a portion of the medical premium ranging from 25% with 10 years of service to 75% with 20 or more years of service, but no dental funding is available. No Board funding is provided for vision coverage regardless of service date. Active employees and retirees have the same medical, dental, and vision plans while retirees over 65 have three Medicare Supplemental Plans available. The retiree and active prescription plan co-payments differ. The retiree plan is evaluated separately based on claims experience; however, a blended percentage increase has been applied to the retiree rates.

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

The number of participants eligible to participate in the plans as of July 1, 2013 is presented as follows. Inactive individuals include both retirees and those who are terminated and vested.

	Active	Inactive	Total
Primary Government	3,685	2,185	5,870
Board of Education	8,569	4,485	13,054
College	299	287	586
Library	172	122	294
	12,725	7,079	19,804

B ***Funding Policy*** – Neither the primary government nor the component units have established irrevocable trust funds. The entities currently fund the retirees' healthcare costs on a pay-as-you-go basis. The County anticipates utilizing a trust fund in the future to manage the retiree health care unfunded actuarial accrued liability. The County has established under its Charter, a Reserve Fund for Retiree Health Benefits into which funds may be appropriated for the sole purpose of funding retiree health benefits, and $20.7 million is to be contributed to this fund in fiscal year 2015. As of June 30, 2014, the reserve fund has a fund balance of $15,047,469.

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

(Amounts shown in thousands)

	Primary Government	Board of Education	College	Library	Total
Actuarial accrued liability (AAL)	$ 857,983	$ 1,496,742	$ 51,806	$ 31,484	$ 2,438,015
Actuarial value of plan assets	-	-	-	-	-
Unfunded actuarial accrued liability (end of year)	$ 857,983	$ 1,496,742	$ 51,806	$ 31,484	$ 2,438,015
Annual Required Contribution	$ 71,324	$ 103,570	$ 4,870	$ 2,568	$ 182,332
Interest on Net OPEB Obligations	16,854	4,143	1,051	555	22,603
Adjustment to ARC	(17,888)	1,359	(1,115)	(589)	(18,233)
Total Annual OPEB Cost	70,290	109,072	4,806	2,534	186,702
Less: Pay-As-You-Go Contribuitions	(21,334)	(44,087)	(1,253)	(892)	(67,566)
Increase in Net OPEB obligation	48,956	64,985	3,553	1,642	119,136
Net OPEB obligation beginning of year	430,073	317,193	26,388	14,362	788,016
Net OPEB obligation end of year	$ 479,029	$ 382,178	$ 29,941	$ 16,004	$ 907,152
Percent of Annual OPEB Cost contributed	30.35%	40.42%	26.07%	35.20%	36.19%
Covered payroll	$ 239,173	$ 590,414	$ 90,338	$ 10,308	$ 930,233
UALL as a % of Covered Payroll	358.73%	253.51%	57.35%	305.43%	262.09%

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

Actuarial Assumptions for Primary Government

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed (level % of the projected payroll)
Amortization Period	26 years remaining
Asset Valuation Method	Market Value of Assets

Actuarial Assumptions

Discount Rate	4.00 %
Payroll Increase	3.50%
Medical Trend	The initial rate is 7.00% decreasing gradually. The rate in 2050 is 3.28% Pre-Medicare and 4.20% Post Medicare. The ultimate rate is 3.40%.
Inflation Rate	3.2 %

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, 2014 the Self Insurance Fund liability of $74,257,000 is discounted since discounting is more reflective of the nature of the claims. The Health Insurance Fund liability of $6,825,796 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 2014 and 2013 were as follows:

	2014	2013
Liability balance, July 1	$ 76,822,546	$ 71,146,755
Current year claims and changes in estimates:		
Changes in estimates - prior periods	(1,955,000)	2,054,000
Changes in estimates - current year	111,832,378	109,544,029
Claims payments	(105,617,128)	(105,922,238)
Liability balance, June 30	$ 81,082,796	$ 76,822,546

15 Landfill Closure, Postclosure, and Remediation

The primary government has utilized three landfill sites; however, only one site, the Millersville Landfill, is still accepting trash. The others, Glen Burnie and Sudley, ceased accepting solid waste in 1983 and 1993, respectively. The Millersville site consists of nine individual cells. Cells 1 through 7 are closed, cell 8 is active and 90.2% full, and cell 9 has not yet opened. Cells 8 and 9 have useful lives to at least 2018 and 2043, respectively. The table that follows presents the costs and liabilities related to all sites. The costs for cells 8 and 9 at the Millersville Landfill are determined by applying the percent of capacity used to the total estimated closure and postclosure costs.

	Millersville	Closed Sites	Total
Total costs:			
Closure	$ 53,386,111	$ 18,163,719	$ 71,549,830
Post closure	40,084,019	3,275,949	43,359,968
	93,470,130	21,439,668	114,909,798
Less:			
Amount recognized thru June 30, 2014	53,078,650	21,439,668	74,518,318
Costs remaining to be recognized	$ 40,391,480	$ -	$ 40,391,480
Liability recorded at June 30, 2014			
Closure	$ 11,417,640	$ -	$ 11,417,640
Current portion post closure	790,527	232,044	1,022,571
Post closure	19,802,509	3,043,905	22,846,414
	$ 32,010,676	$ 3,275,949	$ 35,286,625

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 $125,710 and post closure reserves decreased by $106,776 in fiscal year 14. These amounts include changes to the estimates in the reserves, payments, and other adjustments.

The Solid Waste Fund has restricted assets of $24,130,795 for closure and post closure care as of June 30, 2014.

16 Contingent Liabilities

A ***Impact Fees*** – The County has entered into impact fee agreements with developers who provide offsite improvements designed to lessen the impact of development on the immediate community. Unredeemed impact fee credits totaled $20,694,227 as of June 30, 2014.

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. The case was originally dismissed by the Circuit Court on July 26, 2001 but following an appeal, the Court of Special Appeals remanded the case to Circuit Court August 21, 2002. On December 15, 2006, the Circuit Court issued a judgment, finding that, without the consideration of encumbrances, impact fee refunds of $4,719,359, plus statutory interest, were due to the current owners of certain specified impact fee paying properties. On February 7, 2008, the Court of Special Appeals issued an opinion agreeing with the County's position regarding the use of encumbrances. After a clarifying opinion of the intermediate appellate court was issued on May 7, 2008 and a Court of Appeals decision on other issues was issued on May 6, 2009, the Court of Special Appeals remanded the case to the Circuit Court for a new determination of the amount of impact fee refunds with consideration of encumbrances. The Circuit Court held evidentiary hearings on various dates throughout 2010 and early 2011. On July 24, 2012, the Circuit Court issued a revised judgment finding that with consideration of encumbrance's impact fee refunds of $1,342,360 (subject to 5% interest from the date of payment of each impact fee) are due to the current owners of certain specified impact fee paying properties. On July 29, 2013, the Court of Special Appeals issued an Opinion in which it affirmed the Circuit Court's July 24, 2012 judgment. At this time the County estimates that the interest will be approximately $1,530,000. This estimate was based on the assumptions that (1) every fee or portion of a fee that will be refunded was paid on January 1 of the fiscal year in which the fee was paid, and (2) the refunds will be paid on January 1, 2014. The class plaintiffs and certain individual plaintiffs filed another appeal. In a July 29, 2013 Opinion, the Court of Special Appeals affirmed the Circuit Court, and the Court of Appeals denied

Petitions for a Writ of Certiorari filed by class plaintiffs both before and after the Court of Special Appeals' decision. On May 13, 2014, the Circuit Court ordered the County to identify class members and issue a notice to class members. Further, the Court ordered that a percentage of the impact fee refunds and interest be paid to class plaintiffs' counsel, and apportioned the award between two attorneys. On June 11, 2014, one of the attorneys filed an appeal from the Circuit Court's decision, and the Circuit Court thereafter stayed the action pending appeal. The actual dates of payment of the fees and the refunds have not yet been determined.

In the opinion of the County Attorney, following the hearing on May 13, 2014, it is probable that the Circuit Court judgment will be affirmed, but the possibility that the loss might exceed $1,342,360 plus 5% interest from the date of payment of each impact fee as a result of an appeal by the class plaintiffs is remote. The County believes that its position is on solid legal grounds.

On November 14, 2011, four individuals served a new class action complaint on the County seeking refunds of impact fees paid to the County in fiscal years subsequent to 1996 on grounds that they were not expended or encumbered in a timely manner under the County Code. On April 25, 2013, the Circuit Court certified a class action of persons who are current property owners of property upon which impact fees were paid to the County in certain fiscal years subsequent to fiscal year 1996 and for which impact fees were not timely expended or encumbered. On November 17 through 20, 2014 the Circuit Court held a trial on the Plaintiffs' claim. The outcome has not yet to be determined. At this juncture; however, the likelihood of a loss in any specified amount cannot be characterized as either probable or remote.

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

The County is a defendant in lawsuits and other claims that occur in the ordinary course of County operations. It is the opinion of the County Attorney that such lawsuits and claims will not have a material adverse impact on the County's financial condition. The County is also following the appeal of a case in which it is not a party, Comptroller v. Wynne, 431 Md. 147 (2013). In that case, the State has filed a writ of certiorari with the United States Supreme Court to review the judgment of the Court of Appeals of Maryland, which ruled that counties are prohibited from collecting personal income taxes from their own residents to the extent that the income was earned from sources in another state where the income is subject to tax by that state therefore refunds may be due. The ruling has not affected County income tax revenues because the Court of Appeals stayed the effect of the ruling pending appeal to the United States Supreme Court. If the Court of Appeals ruling stands, each county in Maryland will see a reduction in income tax revenue, including Anne Arundel County. Additionally, the ruling may allow taxpayers to receive a refund of overpayments from prior tax years. The final fiscal impact of the ruling on the County is not determinable at this time.

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, 2014, the County estimates that no material liabilities will result from such audits.

The information below is intended to help users assess pension plan funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

Schedule of Funding Progress

		(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL)	(B-A) Unfunded AAL (UAAL)	(A/B) Funded Ratio	(C) Covered Payroll	((A-B)/C) UAAL as a Percentage of Covered Payroll
Employees Retirement Plan:							
January 1,	2012	$ 516,070,401	$ 653,653,058	$ 137,582,657	79.0%	$ 120,415,534	114.3%
	2013	508,232,321	693,580,675	185,348,354	73.3%	116,024,717	159.7%
	2014	545,812,384	735,729,033	189,916,649	74.2%	115,809,426	164.0%
Police Service Retirement Plan:							
January 1,	2012	430,342,941	526,154,978	95,812,037	81.8%	41,334,580	231.8%
	2013	420,675,703	555,292,097	134,616,394	75.8%	40,521,944	332.2%
	2014	452,075,806	576,387,838	124,312,032	78.4%	41,714,302	298.0%
Fire Service Retirement Plan:							
January 1,	2012	426,196,539	486,095,747	59,899,208	87.7%	45,673,006	131.1%
	2013	426,659,036	510,470,652	83,811,616	83.6%	43,361,686	193.3%
	2014	462,235,880	542,077,933	79,842,053	85.3%	44,950,885	177.6%
Detention Officers' and Deputy Sheriffs' Pension Plan:							
January 1,	2012	90,334,022	125,987,284	35,653,262	71.7%	18,760,664	190.0%
	2013	92,617,788	133,678,085	41,060,297	69.3%	17,896,574	229.4%
	2014	102,136,092	143,696,346	41,560,254	71.1%	18,132,868	229.2%
State Retirement and Pension System of Maryland *(dollar amounts in thousands):*							
June 30,	2011	36,177,656	55,917,543	19,739,887	64.7%	10,478,800	188.4%
	2012	37,248,401	57,869,145	20,620,745	64.4%	10,336,537	199.5%
	2013	39,350,969	60,060,091	20,709,122	65.5%	10,477,544	197.7%

Notes to Required Supplementary Information

A. Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of pension plan funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the pension plan.

B. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of pension plan progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the pension plan.

C. The actuarial value of assets is determined by spreading the asset gain or loss over a five year period and the results of prior year investment gains or losses could have an impact on the funding ratio for the current and future years.

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

Schedule of Funding Progress

(Amounts shown in thousands)

		(A) Actuarial Value of Assets	*(B)* Actuarial Accrued Liability (AAL)	*(B - A)* Unfunded AAL (UAAL)	*(A / B)* Funded Ratio	*(C)* Covered Payroll	*(B - A/ C)* UAAL as a % of Covered Payroll
Primary Government:							
June 30,	2012	$ -	$ 1,187,938	$ 1,187,938	$ 0.0%	$ 215,209	$ 552%
	2013	-	1,265,890	1,265,890	0.0%	213,899	592%
	2014	-	857,983	857,983	0.0%	239,173	359%
Board of Education:							
June 30,	2012	-	1,304,189	1,304,189	0.0%	572,923	228%
	2013	-	1,423,684	1,423,684	0.0%	578,137	246%
	2014	-	1,496,742	1,496,742	0.0%	590,414	254%
College:							
June 30,	2012	-	60,287	60,897	0.0%	89,955	67%
	2013	-	64,617	64,617	0.0%	89,089	73%
	2014	-	51,806	51,806	0.0%	90,338	57%
Library:							
June 30,	2012	-	37,684	37,684	0.0%	9,819	384%
	2013	-	40,073	40,073	0.0%	9,760	411%
	2014	-	31,484	31,484	0.0%	10,308	305%

Anne Arundel County, Maryland

Combining Statement of Net Position

Water and Wastewater Fund

June 30, 2014

	Operating	Debt Service	Capital Projects	Total
ASSETS				
Current assets				
Cash and investments	$ 22,273,828	$ -	$ 63,809,454	$ 86,083,282
Service billings receivable	25,037,671	-	-	25,037,671
Receivables				
Due from other funds	-	-	-	-
Inventories	2,192,097	-	-	2,192,097
Other	6,567	-	-	6,567
Restricted for debt service and capital projects				
Cash and temporary investments	-	21,422,829	-	21,422,829
Investments	-	225,731,961	-	225,731,961
Receivables				
Due from other governmental agencies	-	-	17,468,096	17,468,096
Other, net	-	15,855,090	-	15,855,090
Total current assets	49,510,163	263,009,880	81,277,550	393,797,593
Noncurrent assets				
Restricted assets				
Deferred connection and assessment charges	-	43,110,117	-	43,110,117
Capital assets				
Land and buildings	22,920,336	-	-	22,920,336
Water and sewer plants	549,888,982	-	-	549,888,982
Water and sewer lines	969,347,428	-	-	969,347,428
Machinery and equipment	12,147,963	-	-	12,147,963
	1,554,304,709	-	-	1,554,304,709
Less accumulated depreciation	(662,778,296)	-	-	(662,778,296)
	891,526,413	-	-	891,526,413
Construction work in progress	23,813,999	-	468,887,213	492,701,212
Total capital assets, net of depreciation	915,340,412	-	468,887,213	1,384,227,625
Total noncurrent assets	915,340,412	43,110,117	468,887,213	1,427,337,742
Total assets	964,850,575	306,119,997	550,164,763	1,821,135,335
DEFERRED OUTFLOW OF RESOURCES				
Unamortized deferred refunding loss	-	3,164,918	-	3,164,918
Total deferred outflow of resources	-	3,164,918	-	3,164,918
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	6,806,541	-	29,051,669	35,858,210
Current portion of long-term debt and obligations	28,244,752	-	-	28,244,752
Due to other funds	422,146	-	-	422,146
Escrow deposits	184,152	-	305,382	489,534
Liabilities related to restricted assets				
Accounts payable and accrued liabilities	-	5,581,433	-	5,581,433
Unearned revenue	-	39,398,485	-	39,398,485
Total current liabilities	35,657,591	44,979,918	29,357,051	109,994,560
Noncurrent liabilities				
Accrued liability for compensated absences	-	-	-	-
Accrued liability for other post-employment benefits	33,553,726	-	-	33,553,726
Long-term debt	91,383,384	-	362,402,658	453,786,042
Unearned revenue	929,524	-	-	929,524
Total noncurrent liabilities	125,866,634	-	362,402,658	488,269,292
Total liabilities	161,524,225	44,979,918	391,759,709	598,263,852
NET POSITION				
Net investment in capital assets	797,442,538	(15,306,529)	135,470,210	917,606,219
Restricted	-	279,611,526	17,468,096	297,079,622
Unrestricted	5,883,812	-	5,466,748	11,350,560
Total net position	$ 803,326,350	$ 264,304,997	$ 158,405,054	$ 1,226,036,401

Anne Arundel County, Maryland

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

Water and Wastewater Fund

Year Ended June 30, 2014

	Operating	Debt Service	Capital Projects	Total
OPERATING REVENUES				
Charges for services	$ 86,023,267	$ -	$ -	$ 86,023,267
Other revenues	8,971,429	-	-	8,971,429
Total operating revenues	94,994,696	-	-	94,994,696
OPERATING EXPENSES				
Personnel services	34,639,556	-	-	34,639,556
Contractual services	29,005,674	-	-	29,005,674
Supplies and materials	6,955,163	-	-	6,955,163
Business and travel	114,485	-	-	114,485
Depreciation	35,301,619	-	-	35,301,619
Other	9,906,639	-	-	9,906,639
Total operating expenses	115,923,136	-	-	115,923,136
Operating loss	(20,928,440)	-	-	(20,928,440)
NONOPERATING REVENUES (EXPENSES)				
Investment income	45,818	1,003,069	-	1,048,887
Interest on long-term receivables	-	1,043,064	-	1,043,064
Other revenues (expenses)	-	2,089,741	-	2,089,741
Interest expense	-	(7,690,787)	-	(7,690,787)
Gain on the disposal of assets	12,500	-	-	12,500
Loss before contributions and transfers	(20,870,122)	(3,554,913)	-	(24,425,035)
Capital contributions and grants	10,390,485	35,512,454	21,894,708	67,797,647
Environmental protection fees	-	20,089,019	-	20,089,019
Intra fund transfers	34,876,343	(35,732,823)	856,480	-
Change in net position	24,396,706	16,313,737	22,751,188	63,461,631
Net position, July 1 (as restated)	778,929,644	247,991,260	135,653,866	1,162,574,770
Net position, June 30	$ 803,326,350	$ 264,304,997	$ 158,405,054	$ 1,226,036,401

Anne Arundel County, Maryland

Combining Statement of Cash Flows

Water and Wastewater Fund

Year Ended June 30, 2014

	Operating	Debt Service	Capital Projects	Total Water and Wastewater
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for services	$ 94,971,335	$ -	$ -	$ 94,971,335
Cash payments to suppliers for goods and services	(45,419,488)	-	-	(45,419,488)
Cash payments to employees for services	(30,714,028)	-	-	(30,714,028)
Net cash provided by operating activities	18,837,819	-	-	18,837,819
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of County bonds and bond anticipation notes	-	30,100,000	79,200,000	109,300,000
Proceeds from grant funds	-	-	13,302,209	13,302,209
Proceeds from loan	-	-	7,446,796	7,446,796
Proceeds from developers' contributions	-	-	240,105	240,105
Refunds to developers	-	(10,529)	(259,578)	(270,107)
Assessment and connection charges	1,504,943	44,515,667	-	46,020,610
Environmental protection fees for capital assets	-	23,314,211	-	23,314,211
Escrow deposits	-	(14,384)	-	(14,384)
Payments of long-term debt	-	(24,779,439)	-	(24,779,439)
Payments of bond anticipation notes	-	(30,100,000)	-	(30,100,000)
Interest payments	-	(17,076,027)	-	(17,076,027)
Rebates, interest income and reimbursements	-	1,454,799	15,026	1,469,825
Operating funds used in construction	(12,923,000)	-	12,923,000	-
Acquisition and construction of capital assets	(1,208,281)	-	(94,644,769)	(95,853,050)
Premium on sale of bonds	-	5,659,870	-	5,659,870
Payment of capital related fees	-	(1,291,499)	-	(1,291,499)
Net cash provided by (used for) capital and related financing activities	(12,626,338)	31,772,669	18,222,789	37,369,120
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of investment securities	-	(716,356,755)	-	(716,356,755)
Sale of investment securities	-	695,455,554	-	695,455,554
Interest on investments	45,818	24,202	-	70,020
Net cash used for investing activities	45,818	(20,876,999)	-	(20,831,181)
Net increase in cash and cash equivalents	6,257,299	10,895,670	18,222,789	35,375,758
Cash and temporary investments, July 1	16,016,529	10,527,159	45,586,665	72,130,353
Cash and temporary investments, June 30	$ 22,273,828	$ 21,422,829	$ 63,809,454	$ 107,506,111

Anne Arundel County, Maryland

Combining Statement of Cash Flows

Water and Wastewater Fund

Year Ended June 30, 2014

	Operating	Debt Service	Capital Projects	Total Water and Wastewater
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating loss	$ (20,928,440)	$ -	$ -	$ (20,928,440)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	35,301,619	-	-	35,301,619
Noncapital construction costs	855,293	-	-	855,293
Effect of changes in assets and liabilities:				
Accounts receivable	(24,201)	-	-	(24,201)
Inventories	(380,404)	-	-	(380,404)
Prepaid expenses	20,388	-	-	20,388
Accounts payable and accrued liabilities	(174,770)	-	-	(174,770)
Due to other funds	327,039	-	-	327,039
Escrow deposits	841	-	-	841
Accrued liability for compensated absences	168,657	-	-	168,657
Accrued liability for OPEB benefits	3,671,797	-	-	3,671,797
Net cash provided by operating activities	$ 18,837,819	$ -	$ -	$ 18,837,819
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets from developers	$ 8,885,542	$ -	$ -	$ 8,885,542
Trade in of capital assets	6,000	-	-	6,000
Change in capital contributions, fees and grants; accruals and deferrals	-	(12,228,405)	8,429,055	(3,799,350)
Increase in fair value of investments	-	236,860	-	236,860
Amortization of refunding losses	-	(503,837)	-	(503,837)
Total Noncash investing, capital, and financing activates	$ 8,891,542	$ (12,495,382)	$ 8,429,055	$ 4,825,215

Anne Arundel County, Maryland

Combining Statement of Plan Net Position

Pension Trust Funds

June 30, 2014

	Defined Benefit Pension Plans (December 31, 2013)				
	Employees' Retirement	Police Service Retirement	Fire Service Retirement	Detention Officers' & Deputy Sheriffs' Retirement	Totals
ASSETS					
Investments, at fair value:					
Cash and temporary investments	$ 28,865,603	$ 23,764,744	$ 24,357,875	$ 5,331,021	$ 82,319,243
U. S. Government obligations	4,076,830	3,356,632	3,440,408	753,987	11,627,857
Corporate obligations	48,591,934	40,007,863	41,006,398	8,986,812	138,593,007
Domestic fixed income mutual funds	30,298,306	24,945,920	25,568,532	5,603,506	86,416,264
International fixed income mutual funds	23,732,115	19,539,687	20,027,368	4,389,125	67,688,295
Global assets and pools	86,992,368	71,624,620	73,412,260	16,088,763	248,118,011
Domestic equity	142,627,355	117,431,337	120,362,243	26,378,150	406,799,085
International equity investment pools	130,796,408	107,690,401	110,378,189	24,190,081	373,055,079
Private markets	34,641,390	28,521,771	29,233,631	6,406,736	98,803,528
Portable Alpha	612,226	504,073	516,654	113,228	1,746,181
Real estate investment pools	28,056,754	23,100,352	23,676,902	5,188,943	80,022,951
Aetna insurance pooled fixed income	9,857,882	8,116,425	8,318,999	1,823,161	28,116,467
Total investments	569,149,171	468,603,825	480,299,459	105,253,513	1,623,305,968
Collateral from securities lending transactions	18,528,694	15,255,483	15,636,237	3,426,780	52,847,194
Receivables:					
Employer contributions	1,996,531	1,577,839	1,367,428	500,571	5,442,369
Participant contributions	369,043	210,334	195,041	92,714	867,132
Accrued interest and dividends	645,229	531,246	544,508	119,333	1,840,316
Investment sales proceeds	1,189,580	979,433	1,003,879	220,006	3,392,898
Total receivables	4,200,383	3,298,852	3,110,856	932,624	11,542,715
Deposits on hand	14,757	158,434	65,896	-	239,087
Total assets	591,893,005	487,316,594	499,112,448	109,612,917	1,687,934,964
LIABILITIES					
Accounts payable	719,654	592,964	607,701	135,134	2,055,453
Investment commitments payable	6,209,980	5,112,948	5,240,559	1,148,502	17,711,989
Obligation for collateral received under securities lending transactions	18,528,694	15,255,483	15,636,237	3,426,780	52,847,194
Total liabilities	25,458,328	20,961,395	21,484,497	4,710,416	72,614,636
Net position held in trust for pension benefits	$ 566,434,677	$ 466,355,199	$ 477,627,951	$ 104,902,501	$ 1,615,320,328

Anne Arundel County, Maryland

Combining Statement of Changes in Net Position

Pension Trust Funds

Year Ended June 30, 2014

	Defined Benefit Pension Trust (December 31, 2013)				
	Employees' Retirement	Police Service Retirement	Fire Service Retirement	Detention Officers' & Deputy Sheriffs' Retirement	Totals
ADDITIONS					
Contributions:					
Employer	$ 22,361,658	$ 17,745,906	$ 16,152,402	$ 5,600,178	$ 61,860,144
Participant	4,452,981	2,679,723	2,432,737	1,195,439	10,760,880
Total contributions	26,814,639	20,425,629	18,585,139	6,795,617	72,621,024
Investment income:					
Net appreciation (depreciation) in fair value of investments	39,997,282	32,920,988	33,696,512	7,325,558	113,940,340
Interest income	6,992,289	4,539,442	4,988,190	1,005,893	17,525,814
Dividend income	8,512,255	7,006,133	7,168,389	1,561,048	24,247,825
Total investment income	55,501,826	44,466,563	45,853,091	9,892,499	155,713,979
Less investment expense	(3,324,360)	(2,746,713)	(2,764,044)	(596,500)	(9,431,617)
Net income from investing activities	52,177,466	41,719,850	43,089,047	9,295,999	146,282,362
Securities lending activities:					
Securities lending income	81,921	67,398	68,906	14,953	233,178
Securities lending expenses:					
Borrower rebates	6,205	5,105	5,219	1,133	17,662
Management fees	22,726	18,697	19,116	4,148	64,687
Securities lending expense	28,931	23,802	24,335	5,281	82,349
Securities lending net income	52,990	43,596	44,571	9,672	150,829
Total net investment income	52,230,456	41,763,446	43,133,618	9,305,671	146,433,191
Total additions	79,045,095	62,189,075	61,718,757	16,101,288	219,054,215
DEDUCTIONS					
Participant benefit payments and refunds	36,727,715	26,936,388	21,870,063	5,397,604	90,931,770
Administrative expenses	757,210	615,138	633,476	137,963	2,143,787
Total deductions	37,484,925	27,551,526	22,503,539	5,535,567	93,075,557
Net increases	41,560,170	34,637,549	39,215,218	10,565,721	125,978,658
Net position, beginning of year	524,874,507	431,717,650	438,412,733	94,336,780	1,489,341,670
Net position, end of year	$ 566,434,677	$ 466,355,199	$ 477,627,951	$ 104,902,501	$ 1,615,320,328

Anne Arundel County, Maryland

Details of Long-term Debt and Interest

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

June 30, 2014

	Issued	*Maturing Serially*	*Rate of Interest*	*Issued*	*Redeemed F/Y 14*	*06/30/14 Outstanding*	*Total Due to Maturity*
Water and Wastewater Bonds							
Series 87 (Refunding)	02/15/87	1988-14	3.50 to 5.75	21,880,000	215,000	210,000	216,037
MDWQE 90B	11/27/90	1991-11	4.89 to 4.89	8,778,874	140,729	-	-
MDWQE 93A	06/01/93	1995-14	3.25 to 3.25	11,868,564	721,906	-	-
MDWQE Glen Burnie Superblk	03/28/96	1997-16	3.99 to 3.99	468,937	23,446	46,895	49,701
MDWQE Rosehaven	03/28/01	2003-31	1.50 to 1.50	3,033,715	99,272	1,934,694	2,206,237
Series 03	03/01/03	2004-32	1.00 to 5.00	24,000,000	-	5,810,000	9,800,225
Series 03 Refunding	03/01/03	2004-23	1.00 to 5.00	65,085,000	4,430,000	20,500,000	23,598,330
MDWQE Annapolis WRF Expn	06/27/03	2005-24	1.00 to 1.00	19,362,500	961,737	10,162,511	10,729,790
Series 04	04/01/04	2005-33	2.00 to 5.00	11,750,000	405,000	-	-
Series 05	03/01/05	2006-34	3.00 to 5.00	24,500,000	845,000	7,600,000	12,121,657
Series 05 Refunding	03/01/05	2006-28	3.00 to 5.00	26,480,000	1,350,000	17,540,000	22,990,794
Series 06	03/21/06	2007-35	4.125 to 5.0	19,000,000	655,000	13,755,000	20,334,311
Series 06 Refunding	03/21/06	2007-31	4.00 to 5.00	34,060,000	1,845,000	27,095,000	36,566,058
Series 07	03/29/07	2008-36	4.25 to 5.00	42,500,000	1,470,000	32,210,000	48,232,725
MDWQE Marley Jumpers	04/07/07	2008-27	1.00 to 1.00	5,854,341	345,124	3,499,280	3,688,092
Series 08	04/01/08	2009-36	3.50 to 5.00	32,000,000	1,145,000	25,130,000	38,601,003
MDWQE Woodholme Circle	06/17/08	2009-28	1.10 to 1.10	1,200,475	62,487	893,764	972,929
Series 09	04/01/09	2010-39	2.50 to 4.75	29,200,000	975,000	24,325,000	38,378,751
Series 09 Refunding	07/22/09	2010-25	3.00 to 4.00	20,730,000	1,680,000	14,445,000	17,369,350
MDWQE Deale Rd Sewer	12/01/09	2011-30	0.00 to 0.00	1,749,147	98,324	1,355,853	1,355,853
Series 10	04/08/10	2011-20	2.00 to 5.00	13,900,000	1,390,000	8,340,000	9,493,700
BABs Series 10	04/08/10	2021-30	4.80 to 5.55	27,700,000	-	27,700,000	54,200,030
Series 11	04/20/11	2012-41	2.00 to 5.00	47,600,000	1,590,000	42,830,000	72,082,175
MDWQE Annap/Bneck/Cox	06/16/11	2013-32	2.20 to 2.20	17,836,000	740,888	13,512,806	17,067,754
Series 11 Refunding	09/01/11	2013-25	3.00 to 5.00	8,860,000	740,000	8,110,000	10,551,000
MDWQE Bwater/MDCity/Patxnt	05/31/12	2014-33	1.80 to 1.80	11,509,034	528,578	10,980,457	13,385,658
Series 12	06/14/12	2013-42	2.00 to 4.00	27,020,000	905,000	25,215,000	38,087,325
Series 12 Refunding	06/14/12	2013-32	2.00 to 5.00	15,810,000	10,000	15,790,000	21,961,425
MDWQE Sylvan Shores Water	12/21/12	2014-42	0.80 to 0.80	3,951,750	95,591	1,512,146	1,824,132
MDWQE Sylvan Shores Sewer	12/21/12	2014-33	0.80 to 0.80	1,944,000	46,357	1,566,314	1,716,800
Series 13	06/20/13	2014-43	4.00 to 5.00	38,080,000	1,265,000	36,815,000	60,824,438
MDWQE Cox Creek Ph II	10/31/13	2014-34	2.10 to 2.10	2,215,812	-	2,215,812	7,727,501
Series 14	04/03/14	2015-44	3.00 to 5.00	79,200,000	-	79,200,000	130,839,023
Total applicable to 5.6% and 14% debt limitations				699,128,149	24,779,439	480,300,532	726,972,804

(continued)

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

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

June 30, 2014

	Issued	*Maturing Serially*	*Rate of Interest*	*Issued*	*Redeemed F/Y 14*	*06/30/14 Outstanding*	*Total Due to Maturity*
Consolidated General Improvements Bonds							
Series 03	03/01/03	2005-14	1.00 to 5.00	21,510,000	2,655,000	-	-
Series 04	04/01/04	2005-24	2.00 to 5.00	49,500,000	2,970,000	-	-
Series 05	03/01/05	2006-25	3.00 to 5.00	55,000,000	3,305,066	5,474,344	5,857,477
Series 05 Refunding	03/01/05	2006-26	3.00 to 5.00	46,625,000	4,120,000	19,325,000	22,212,387
Golf Course 05	06/30/05	2007-28	3.00 to 5.00	24,530,000	1,000,000	19,470,000	26,622,738
Series 06	03/21/06	2007-26	4.00 to 5.00	64,000,000	3,213,283	38,202,070	49,084,411
Series 06 Refunding	03/21/06	2007-27	4.00 to 5.00	87,115,000	8,225,000	57,425,000	69,002,319
Series 07	03/29/07	2008-27	4.25 to 5.00	91,600,000	5,502,930	52,793,094	68,229,475
Series 08	04/01/08	2009-28	3.50 to 5.00	55,200,000	3,310,000	35,340,000	46,774,324
Series 09	04/01/09	2010-29	4.00 to 5.00	113,300,000	6,817,336	79,157,968	102,964,269
Series 09 Refunding	07/22/09	2010-25	1.50 to 4.00	32,610,000	2,785,000	12,880,000	15,232,599
Series 10	04/08/10	2011-20	2.00 to 5.00	66,136,440	7,421,591	44,171,344	51,874,693
BABs Series 10	04/08/10	2021-30	4.80 to 5.55	72,888,560	-	72,888,560	117,248,538
Series 11	04/20/11	2012-31	3.00 to 5.00	117,500,000	5,985,441	99,543,677	140,638,819
Series 11 Refunding	09/01/11	2013-25	3.00 to 5.00	35,835,000	3,610,000	32,215,000	40,283,750
Series 12	06/14/12	2013-32	3.00 to 4.00	98,900,000	5,947,029	86,965,226	118,407,581
Series 12 Refunding	06/14/12	2013-32	2.00 to 5.00	36,332,512	9,754	36,313,004	46,421,929
Series 13	06/20/13	2014-33	4.00 to 5.00	116,000,000	6,960,000	109,040,000	157,829,600
Series 14	04/03/14	2015-34	3.00 to 5.00	115,000,000	-	115,000,000	162,379,028
				1,299,582,512	73,837,430	916,204,287	1,241,063,937
WPRF Bonds							
Series 14	04/03/14	2015-34	2.00 to 5.00	7,300,000	-	7,300,000	10,562,495
				7,300,000	-	7,300,000	10,562,495
Solid Waste Bonds	03/01/96	1997-16	5.00 to 5.50	12,000,000	600,000	1,800,000	1,948,200
Series 08	05/01/98	1999-17	4.65 to 6.00	7,000,000	350,000	1,400,000	1,566,950
Series 04	04/01/04	2005-24	2.00 to 5.00	1,250,000	75,000	-	-
Series 05	03/01/05	2006-24	3.00 to 5.00	1,000,000	54,934	125,656	134,522
Series 06	03/21/06	2007-26	4.00 to 5.00	2,000,000	86,717	1,397,930	1,804,064
Series 07	03/29/07	2008-27	4.25 to 5.00	4,300,000	252,070	2,821,906	3,675,438
Series 09	04/01/09	2010-29	4.00 to 5.00	2,100,000	112,664	1,592,032	2,101,256
Series 10	04/08/10	2011-20	3.00 to 5.00	1,938,560	188,409	1,373,656	1,626,559
BABs Series 10	04/08/10	2011-30	4.80 to 5.55	3,161,440	-	3,161,440	5,085,491
Series 11	04/20/11	2012-31	3.00 to 5.00	8,200,000	304,559	7,286,323	10,556,181
Series 12	06/14/12	2013-32	3.00 to 4.00	2,200,000	112,971	2,014,774	2,803,818
Series 12 Refunding	06/14/12	2013-25	2.00 to 5.00	917,488	246	916,996	1,172,274
Series 14	04/03/14	2015-34	2.00 to 5.00	4,600,000	-	4,600,000	6,642,965
Total Waste Collection Enterprise Fund				50,667,488	2,137,570	28,490,713	39,117,718
Total applicable to 5.2% and 13% debt limitations				1,357,550,000	75,975,000	951,995,000	1,290,744,150

DETAILS OF GENERAL LONG-TERM DEBT AND INTEREST (continued)
NOT APPLICABLE TO DEBT LIMITATIONS
June 30, 2014

	Issued	Maturing Serially	Rate of Interest	Issued	Redeemed F/Y 14	06/30/14 Outstanding	Total Due to Maturity
Installment Purchase Agreements - Agricultural Easement Program							
Adelaide F. Colhoun Trust	09/19/00	2002-30	5.85 to 5.85	401,000	1,000	388,000	744,148
Ellen H. Shepard Trust	09/22/00	2002-30	5.85 to 5.85	161,000	1,000	148,000	279,508
Harold & Jean Touchette	09/19/00	2002-30	5.85 to 5.85	378,000	1,000	365,000	699,620
Farm of the Four Winds, LLC	11/13/00	2002-30	6.00 to 6.00	587,000	1,000	574,000	1,117,840
Kenneth P. Franklin, Trustee	12/28/00	2002-30	5.60 to 5.60	142,055	1,000	129,000	237,864
Richard F. Moreland	07/18/01	2003-28	5.90 to 5.90	274,000	1,000	262,000	473,043
Mary M. Smith	07/18/01	2003-28	5.90 to 5.90	831,000	1,000	819,000	1,490,125
Francis R. Windsor	07/26/01	2003-28	5.90 to 5.90	411,174	1,000	399,000	723,205
Anita Froe/Rian LLC	03/06/02	2003-28	5.90 to 5.90	657,000	1,000	645,000	1,172,401
Lauer & Company	09/20/02	2004-28	5.25 to 5.25	197,000	1,000	186,000	317,933
Weeems Dodd Ltd	10/17/02	2004-28	5.45 to 5.45	1,521,000	1,000	1,510,000	2,657,170
Edward Hall III	12/19/02	2004-28	5.55 to 5.55	180,000	1,000	169,000	295,263
Bristol Farms LLC	01/28/03	2004-28	5.50 to 5.50	700,000	1,000	689,000	1,209,748
Shearman Talbott	05/22/03	2005-28	4.95 to 4.95	263,948	1,000	254,000	425,517
Anne Brice	06/23/04	2006-28	5.80 to 5.80	316,000	1,000	307,000	551,006
Thackray Seznec	06/30/04	2006-28	5.80 to 5.80	1,405,000	1,000	1,396,000	2,524,274
James Parks	07/07/04	2006-28	5.60 to 5.60	295,000	1,000	286,000	505,128
Dorothy Horky	12/05/05	2006-28	4.90 to 4.90	368,814	1,000	361,000	604,187
Virginia Tucker	10/05/06	2007-28	4.90 to 4.90	926,000	1,000	919,000	1,544,975
Jennifer Wade	07/26/07	2008-28	5.30 to 5.30	873,925	1,000	868,000	1,489,141
Ford/Addis	12/20/07	2008-37	4.60 to 4.60	604,000	-	604,000	1,243,032
Francis Talbott III	07/16/08	2009-37	4.55 to 4.55	840,000	-	840,000	1,719,060
Thompson Lumber	06/21/11	2012-41	4.55 to 4.55	1,487,000	-	1,487,000	3,313,780
				13,819,916	20,000	13,605,000	25,337,968
Tax Increment Bonds							
Arundel Mills Refunding	05/11/04	2010-29	3.00 to 5.125	30,350,000	850,000	950,000	971,375
National Business Park Ref	05/11/04	2009-28	3.00 to 5.125	15,655,000	495,000	540,000	552,150
West Nursery Road	05/11/04	2006-29	2.00 to 4.70	2,570,000	85,000	90,000	91,665
National Business Park North A	08/10/10	2011-25	5.625 to 5.625	4,000,000	-	4,000,000	5,854,281
National Business Park North B	08/10/10	2011-41	6.10 to 6.10	26,000,000	-	26,000,000	59,515,840
Village South at Waugh Chapel	11/18/10	2011-41	6.25 to 6.25	16,000,000	-	16,000,000	34,085,938
Arundel Mills Refunding	05/14/14	2015-29	2.00 to 5.00	24,940,000	-	24,940,000	33,171,678
National Business Park Ref	05/14/14	2015-28	1.50 to 5.00	12,155,000	-	12,155,000	16,002,284
Nursery Road Refunding	05/14/14	2015-29	2.00 to 5.00	1,765,000	-	1,765,000	2,311,500
				133,435,000	1,430,000	86,440,000	152,556,711

LONG TERM DEBT NOT APPLICABLE TO DEBT LIMITATIONS

	Issued	Maturing Serially	Rate of Interest	Issued	Redeemed F/Y 14	06/30/14 Outstanding	Total Due to Maturity
State Loans							
Department of Natural Resources							
Amberly	11/01/08	2008-33	0.00	135,000	5,400	102,600	102,600
Annapolis Cove	09/16/88	1989-13	0.00	121,220	4,849	-	-
Annapolis Cove	05/27/14	2015-30	0.00	168,488	-	168,488	168,488
Annapolis Landing	07/01/92	1993-17	0.00	78,570	3,143	12,571	12,571
Arundel on the Bay	04/28/92	1993-17	0.00	74,220	2,969	11,875	11,875
Bay Ridge	11/19/90	1992-16	0.00	669,275	26,771	80,313	80,313
Bay Ridge #2	07/01/08	2009-28	0.00	500,000	25,771	386,565	386,565
Brown's Pond	11/25/91	1992-16	0.00	185,128	7,405	22,215	22,215
Buckingham Cove	04/07/97	1997-21	0.00	217,570	8,703	69,617	69,617
Camp Wabanna SECD	04/26/05	2011-31	0.00	174,857	9,203	147,248	147,248
Cape Anne SECD	11/30/06	2009-34	0.00	190,308	8,101	153,919	153,919
Cattail Creek	04/03/98	1998-22	0.00	127,628	5,105	45,946	45,946
Columbia Beach	06/12/08	2013-38	0.00	1,042,027	53,664	934,699	934,699
Elizabeth's Landing	09/26/91	1993-17	0.00	161,310	6,452	25,810	25,810
Elizabeth's Landing III	01/22/10	2012-37	0.00	153,262	6,130	128,730	128,730
John's Creek	12/15/93	1994-19	0.00	173,206	6,920	34,600	34,600
Holland Point SECD	10/11/04	2011-31	0.00	1,050,054	55,266	884,256	884,256
Lake Hillsmere II	04/03/98	1998-22	0.00	188,660	7,546	67,914	67,914
Mason's Beach	06/03/96	1997-06	0.00	277,098	13,855	41,564	41,564
Romar Estates	03/27/97	1997-21	0.00	304,987	12,199	97,597	97,597
Snug Harbor	11/21/91	1992-16	0.00	738,599	29,544	88,632	88,632
Snug Harbor Pier	04/13/92	1992-16	0.00	91,443	3,656	10,968	10,968
Snug Harbor SECD	10/11/04	2012-31	0.00	112,600	5,817	98,889	98,889
Spriggs Pond	02/28/92	1993-17	0.00	298,400	11,936	35,808	35,808
Whitehall Cove	12/19/01	2001-25	0.00	164,134	6,565	78,785	78,785
Total not applicable to debt limitations				7,398,044	326,970	3,729,609	3,729,609
Total long-term debt				$ 2,211,331,109	$ 102,531,409	$ 1,536,070,141	$ 2,199,341,242

ANNE ARUNDEL COUNTY, MARYLAND

NOTICE OF SALE OF

$269,000,000*
GENERAL OBLIGATION BONDS

Consisting of

$191,400,000* Consolidated General Improvements Series, 2015
$77,600,000* Consolidated Water and Sewer Series, 2015

Dated Date of Delivery

ELECTRONIC BIDS, via BiDCOMP/PARITY Competitive Bidding System (BiDCOMP/Parity) only, will be received until **10:30 A.M., LOCAL BALTIMORE, MARYLAND, TIME ON MARCH 25, 2015,** by the Chief Administrative Officer of Anne Arundel County, Maryland (the "County"), or other officer of the County designated by the County Executive of the County (the "County Executive") (either such officer being the "Designated Officer"), for the purchase of the above described general obligation bonds of the County, aggregating $269,000,000*, all dated the date of delivery, and bearing interest payable October 1, 2015, and semiannually thereafter on each April 1 and October 1 until maturity or prior redemption as hereinafter set forth.

The Consolidated General Improvements Series, 2015 (the "Consolidated General Improvements Bonds") and the Consolidated Water and Sewer Series, 2015 (the "Consolidated Water and Sewer Bonds" and together with the Consolidated General Improvements Bonds, the "Bonds") will mature, subject to prior redemption as hereinafter set forth, on April 1 in the following years and in the following aggregate amounts, subject to aggregation of two or more consecutive serial maturities as a term bond, as provided below in "Bid Specifications":

Years of Maturity	Consolidated General Improvements*	Consolidated Water and Sewer*	Years of Maturity	Consolidated General Improvements*	Consolidated Water and Sewer*
2016	$100,000	$2,590,000	2031	$7,655,000	$2,585,000
2017	12,750,000	2,590,000	2032	7,655,000	2,585,000
2018	12,750,000	2,590,000	2033	7,655,000	2,585,000
2019	12,750,000	2,590,000	2034	7,655,000	2,585,000
2020	12,750,000	2,590,000	2035	7,655,000	2,585,000
2021	12,750,000	2,590,000	2036	-	2,585,000
2022	12,750,000	2,590,000	2037	-	2,585,000
2023	12,750,000	2,590,000	2038	-	2,585,000
2024	12,750,000	2,590,000	2039	-	2,585,000
2025	12,750,000	2,590,000	2040	-	2,585,000
2026	7,655,000	2,585,000	2041	-	2,585,000
2027	7,655,000	2,585,000	2042	-	2,585,000
2028	7,655,000	2,585,000	2043	-	2,585,000
2029	7,655,000	2,585,000	2044	-	2,585,000
2030	7,655,000	2,585,000	2045	-	2,585,000

* Preliminary, subject to change; reflects revised preliminary aggregate principal amounts as of March 17, 2015.

The Bonds shall be issued only in fully registered form without coupons. One bond representing each maturity of each series will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds and each such Bond shall be immobilized in the custody of DTC. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder of the Bonds, as a condition to delivery of the Bonds, will be required to deposit the bond certificates representing each maturity of each series with DTC.

General Information

The Bonds are authorized by Section 10-203 of the Local Government Article of the Annotated Code of Maryland, as amended, the Charter of Anne Arundel County, Maryland (the "County Charter"), and Bill No. 55-14, passed by the County Council of the County on September 2, 2014, approved by the County Executive on September 8, 2014, and effective on October 23, 2014 (as amended and supplemented, the "Authorizing Ordinance").

The proceeds of the Consolidated General Improvements Bonds will be used to provide funding for general improvements. The proceeds of the Consolidated Water and Sewer Bonds will be used to provide funding for water and sewer improvements.

The full faith and credit and taxing power of the County are pledged to the payment of the Bonds and of the interest to accrue thereon. Such taxing power is subject, however, to the limitation set forth in Section 710(d) of the County Charter which provides, in part that "[f]rom and after July 1, 1993, revenues derived from taxes on properties existing on the County property tax rolls at the commencement of the County fiscal year shall not increase, compared with the previous year, more than the Consumer Price Index percentage of change, or 4.5 percent, whichever is the lesser."

The sources of revenue for the payment of the principal of and interest on the Bonds are as described herein. The Consolidated General Improvements Bonds are payable from annual appropriations of the proceeds of ad valorem taxes which the County is empowered to levy on real and personal property and certain intangible personal property subject to assessment for County taxation subject to the limitations set forth in Section 710(d) of the County Charter. The Consolidated Water and Sewer Bonds are likewise payable from such appropriations in the event of any deficiency in their primary sources of payment. The primary sources of payment for the Consolidated Water and Sewer Bonds are the net revenues of the projects for which such bonds are to be issued, or the utilities of which they are a part, for the use and benefit of which the County has covenanted to fix and collect rates, charges and assessments sufficient to pay the costs of operation, maintenance and debt service.

Optional Redemption

The Bonds of each series maturing on or after April 1, 2026*, are subject to redemption, at the option of the County, on or after April 1, 2025*, as a whole or in part at any time, in any order of maturities, after at least 20 days' notice, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption.

* Preliminary, subject to change.

Mandatory Sinking Fund Redemption

If two or more consecutive serial maturities are designated as a term bond, as provided below in "Bid Specifications", such term bond shall be subject to mandatory redemption in each year on the principal payment date and in the entire amount of each serial maturity designated for inclusion in such term bond.

Electronic Bids

Notice is hereby given that proposals will be received via BiDCOMP/Parity Competitive Bidding System, in the manner described below, until 10:30 a.m., local Baltimore, Maryland time, on Wednesday, March 25, 2015, but no bid will be received after the time for receiving bids specified above.

All prospective bidders must be contracted customers of BiDCOMP/Parity Competitive Bidding System. If you do not have a contract with BiDCOMP, call (212) 849-5021 to become a customer. By submitting a bid for the Bonds, a prospective bidder represents and warrants to the County that such bidder's bid for the purchase of the Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Bonds.

If any provisions of this Notice of Sale shall conflict with information provided by BiDCOMP/Parity as approved provider of electronic bidding services, this Notice of Sale shall control. Further information about BiDCOMP/Parity, including any fee charged, may be obtained from BiDCOMP/Parity at (212) 849-5021.

Disclaimer

Each prospective bidder shall be solely responsible to register to bid via BiDCOMP/Parity. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access BiDCOMP/Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the County nor BiDCOMP/Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the County nor BiDCOMP/Parity shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by BiDCOMP/Parity. The County is using BiDCOMP/Parity as a communication mechanism, and not as the County's agent, to conduct the electronic bidding for the Bonds. The County is not bound by any advice and determination of BiDCOMP/Parity to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via BiDCOMP/Parity are the sole responsibility of the bidders; and the County is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Bonds, it should telephone BiDCOMP/Parity and notify the County's Financial Advisor, Public Resources Advisory Group, by facsimile at (212) 566-7816.

Bidding Procedures

Bids must be submitted for the purchase of the Bonds (all or none) via BiDCOMP/Parity. Bids will be communicated electronically to the County at 10:30 a.m., local Baltimore, Maryland time, on Wednesday, March 25, 2015. Prior to that time, a prospective bidder may input and save proposed terms of its bid in BiDCOMP. Once the final bid has been saved in BiDCOMP, the bidder may select the final bid button in BiDCOMP to submit the bid to BiCOMP/Parity. Once the bids are communicated electronically via BiDCOMP/Parity to the County, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the bidding process, the time as maintained on BiDCOMP shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the County, as described under "Award of Bonds" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by via BiDCOMP. No bid will be received after the time for receiving such bids specified above.

Good Faith Deposit

A good faith deposit in the amount of $2,690,000* (the "Deposit") is required in connection with the sale and bid for the Bonds. The Deposit shall be provided for by a federal funds wire transfer to be submitted to the County by the successful bidder not later than 4:00 p.m. (local Baltimore, Maryland time) on the date of sale (the "Wire Transfer Deadline") as set forth below. The Deposit of the successful bidder will be collected and the proceeds thereof retained by the County to be applied in partial payment for the Bonds and no interest will be allowed or paid upon the amount thereof, but in the event the successful bidder shall fail to comply with the terms of the respective bid, the proceeds thereof will be retained as and for full liquidated damages.

The County will distribute wiring instructions for the Deposit to the successful bidder upon verification of the bids submitted by the bidders and prior to the Wire Transfer Deadline. If the Deposit is not received by the Wire Transfer Deadline, the award of the sale of the Bonds to the successful bidder may be cancelled by the County in its discretion without any financial liability of the County to the successful bidder or any limitation whatsoever on the County's right to sell the Bonds to a different purchaser upon such terms and conditions as the County shall deem appropriate.

Bid Specifications

Bidders shall state in their proposals a price for the Bonds that is not less than 100% of the aggregate par value of the Bonds. Bidders shall also state in their proposals the rate or rates of interest to be paid on all the Bonds, on which rate or rates their proposals are based and submitted. The rates so named must be in multiples of $^1/_8$ or $^1/_{20}$ of 1% and may not exceed 5.0% for any single maturity provided, however, that the rate of interest on each series of Bonds maturing in the years 2026 to 2045 shall be 5% per annum. Each bidder must specify in its bid a single interest rate for each maturity of the Consolidated General Improvements Bonds and a single interest rate for each maturity of the Consolidated Water and Sewer Bonds. A zero rate cannot be named for any maturity. The minimum reoffering price of any single maturity shall not be less than 97% of par value of such maturity. Bidders may designate in their proposal two or more consecutive annual principal payments as a term bond, in either the Consolidated General Improvements Bonds or Consolidated Water and Sewer Bonds, which matures on the maturity date of the last annual principal payment of the sequence. Any term bond so designated shall be subject to mandatory sinking fund redemption in each year on the principal payment date and in the entire principal amount for each annual principal payment designated for inclusion in such term bond. There is no limitation on the number of term bonds in either the Consolidated General Improvements Bonds or Consolidated Water and Sewer Bonds.

* Preliminary, subject to change

Procedures for Principal Amount Changes and Other Changes to Notice of Sale

The preliminary aggregate principal amount of the Bonds and the preliminary principal amount of each annual payment on the Bonds as set forth in this Notice of Sale (the "Preliminary Aggregate Principal Amount" and the "Preliminary Annual Principal Amount", respectively; collectively the "Preliminary Amounts") may be revised before the receipt and opening of the bids for their purchase. **ANY SUCH REVISIONS** (the "Revised Aggregate Principal Amount" and the "Revised Annual Principal Amount", respectively; collectively, the "Revised Amounts") **WILL BE PUBLISHED ON THOMPSON MUNICIPAL MARKET MONITOR ("TM3") (www.tm3.com) NOT LATER THAN 9:30 A.M. (LOCAL BALTIMORE, MARYLAND TIME) ON THE ANNOUNCED DATE FOR RECEIPT OF BIDS.** In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised Amounts will be used to compare bids and select a winning bidder.

Award of Bonds

As promptly as reasonably possible after the bids are received, the Designated Officer will notify the bidder to whom the Bonds will be awarded, if and when such award is made, and such bidder, upon such notice, shall advise the Designated Officer of the initial reoffering prices to the public of each maturity of the Bonds (the "Initial Reoffering Prices"). Such Initial Reoffering Prices, among other things, will be used by the County to calculate the final aggregate principal amount of the Bonds and the final principal amount of each annual payment on the Bonds (the "Final Aggregate Principal Amount" and the "Final Annual Principal Amount", respectively; collectively, the "Final Amounts"). In determining the Final Amounts, the County expects that the Revised Amounts will be changed as necessary to effect the greatest economic advantage, or to accommodate other objectives of the County, but the County will not reduce or increase the Revised Aggregate Principal Amount by more than 10% from the amount bid upon. **THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THESE LIMITS.** The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the aggregate principal amount of the Bonds. Such adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the underwriter's discount per $1,000 of par amount of bonds from the underwriter's discount that would have been received based on the purchase price in the winning bid and the initial public offering prices. The interest rates specified by the successful bidder for each maturity of each series in its bid for the Bonds will not change. **ALL BIDS SHALL REMAIN FIRM FOR FIVE (5) HOURS AFTER THE TIME SPECIFIED FOR THE OPENING OF THE BIDS.** An award of the Bonds, if made, will be made by the Designated Officer within such five (5) hour period of time. The Final Amounts will be communicated to the successful bidder as soon as possible, but not later than 3:00 p.m. the day after awarding the Bonds.

The award, if made, will be made as promptly as possible after the bids are opened to the bidder naming the lowest true interest cost for all the Bonds in any legally acceptable proposal. The lowest true interest cost will be determined with respect to each proposal by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments to the date of the Bonds and to the price bid. Each bidder shall include in its bid a statement of the true interest cost offered in its bid, but this statement shall not be deemed to be part of the bid. Where the proposals of two or more bidders result in the same lowest true interest cost, the Bonds may be apportioned between such bidders, but if this shall not be acceptable to the County, the Designated Officer shall have the right to award all of such bonds to one bidder. **THE RIGHT IS RESERVED TO THE DESIGNATED OFFICER TO REJECT ANY OR ALL PROPOSALS AND TO WAIVE ANY IRREGULARITIES IN ANY OF THE PROPOSALS.** The judgment of the Designated Officer shall be final and binding upon all bidders with respect to the form and adequacy of any proposal received and as to its conformity to the terms of this Notice of Sale. **THE SUCCESSFUL BIDDER SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE BONDS OF EACH SERIES AT THE INITIAL REOFFERING PRICES AND SHALL PROVIDE THE RELATED CERTIFICATION DESCRIBED BELOW. THE SUCCESSFUL BIDDER MUST REASONABLY EXPECT TO SELL TO THE PUBLIC 10% OR MORE IN PAR AMOUNT OF THE BONDS FROM EACH MATURITY OF EACH SERIES AT THE INITIAL REOFFERING PRICES.**

Legal Opinions

The Bonds of each series described above will be issued and sold subject to approval as to legality by McKennon Shelton & Henn LLP of Baltimore, Maryland, Bond Counsel. Copies of the approving opinions of McKennon Shelton & Henn LLP will be delivered, upon request, to the purchaser or purchasers of the Bonds, without charge. Such opinions shall be substantially in the form included in Appendix C to the Preliminary Official Statement referred to below.

Continuing Disclosure

In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the County will execute and deliver a continuing disclosure agreement on or before the date of issuance of the Bonds pursuant to which it will undertake to provide or cause to be provided certain information annually and notices of certain events. A form of this agreement is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

Delivery of the Bonds

When delivered, one bond representing each maturity of each series of bonds shall be duly executed and authenticated and registered in the name of Cede & Co., as nominee of DTC, as registered owner of bonds.

CUSIP identification numbers will be applied for by the successful bidder with respect to the Bonds, but the County will assume no obligation for the assignment or printing of such numbers on the Bonds or the correctness of such numbers, and neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale. **THE CONSOLIDATED GENERAL IMPROVEMENTS BONDS AND THE CONSOLIDATED WATER AND SEWER BONDS WILL REQUIRE A SEPARATE SERIES OF CUSIP NUMBERS.**

Not later than seven business days after the date of sale, the County will deliver to the successful bidder an Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. If so requested by the purchaser or purchasers at or before the close of business on the date of the sale, the County will include in the Official Statement such pricing and other information with respect to the terms of the reoffering of the Bonds by the successful bidder ("Reoffering Information"), if any, as may be specified and furnished in writing by such bidder. If no Reoffering Information is specified and furnished by the successful bidder, the Official Statement will include the interest rates on the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. The successful bidder shall be responsible to the County and its officials for the Reoffering Information, and for all decisions made by such bidder with respect to the use or omission of the Reoffering Information in any reoffering of the bonds, including the presentation or exclusion of any Reoffering Information in any documents, including the Official Statement. The successful bidder will also be furnished, without cost, with copies of the Official Statement (and any amendments or supplements thereto) in such quantities as shall reasonably be requested by the successful bidder to allow the successful bidder to comply with the application rules of the Municipal Securities Rulemaking Board.

Delivery of the Bonds, without expense, will be made by the Designated Officer to DTC on or about April 8, 2015, or as soon as practicable thereafter, and, thereupon, the purchaser or purchasers will be required to accept delivery of the Bonds purchased and pay, in Federal funds, the balance of the purchase price due. Such bonds will be accompanied by the customary closing documents, including a no-litigation certificate, effective as of the date of delivery, stating that there is no litigation pending affecting the validity of the bonds in this issue. It shall be a condition to the obligation of such purchaser or purchasers to accept delivery of and pay for the bonds that, simultaneously with or before delivery and payment for the bonds, such purchaser or purchasers shall be furnished a certificate or certificates of authorized officers of the County to the effect that, to the best of their knowledge and belief, the Official Statement and any amendment or supplement thereto (except for the Reoffering Information provided by the purchaser and information regarding DTC and DTC's book-entry system provided by DTC, as to which no view will be expressed), as of the date of sale and as of the date of delivery of the bonds, does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that between the date of sale and the date of delivery of the bonds there has been no material adverse change in the financial position or revenues of the County, except as reflected or contemplated in the Official Statement.

SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE BONDS, THE SUCCESSFUL BIDDER SHALL FURNISH TO THE COUNTY A CERTIFICATE ACCEPTABLE TO BOND COUNSEL TO THE EFFECT THAT (I) THE SUCCESSFUL BIDDER HAS MADE A BONA FIDE PUBLIC OFFERING OF THE BONDS OF EACH SERIES AT THE INITIAL REOFFERING PRICES, (II) AS OF THE DATE OF THE SALE OF BONDS, THE SUCCESSFUL BIDDER REASONABLY EXPECTED TO SELL A SUBSTANTIAL AMOUNT OF THE BONDS OF EACH SERIES TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL REOFFERING PRICES, AND (III) A SUBSTANTIAL AMOUNT OF THE BONDS OF EACH SERIES WAS SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL REOFFERING PRICES OR SUCH OTHER FACTS REGARDING THE ACTUAL SALE OF THE BONDS AS BOND COUNSEL SHALL REQUEST, AS DESCRIBED BELOW. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of the bonds of each maturity of each series at the initial reoffering prices would be sufficient to certify as to the sale of a substantial amount of the bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds.

Postponement of Sale

The County reserves the right to postpone the date established for the receipt of bids at any time before the bids are open. In the event of a postponement, the new date and time of sale will be announced on TM3. Prospective bidders may request notification by facsimile transmission of any such changes in the date or time for the receipt of bids by so advising, and furnishing their telecopier numbers to Public Resources Advisory Group at (212) 566-7800 by 12 Noon, Baltimore, Maryland time, on the day prior to the announced date for receipt of bids. Any new date and time of sale will be announced at least 24 hours prior to the time proposals are to be submitted. On any such alternative sale date, bidders may submit bids for the purchase of the Bonds in conformity with the provisions of this Notice of Sale, except for any changes to this Notice of Sale, the change of the date of sale and the changes described in the next sentence. If the date fixed for receipt of bids is postponed, the expected date of delivery of Bonds also may be postponed; if the sale is postponed to a later date, then the date of the Bonds, the dates of the semiannual interest payments and annual principal payments, and the optional redemption dates also may be changed. Such changes, if any, will be announced via TM3 at the time any alternative sale date is announced.

The Preliminary Official Statement, together with this Notice of Sale, may be obtained from the Office of Finance, Anne Arundel County, Arundel Center, 44 Calvert Street, Annapolis, Maryland 21404 (410-222-1781) or from the County's financial advisor, Public Resources Advisory Group, 40 Rector Street, Suite 1600, New York, New York 10006 (212-566-7800). Such Preliminary Official Statement is deemed final by the County as of its date for purposes of SEC Rule 15c2-12, but is subject to revision, amendment and completion in the Official Statement referred to above.

ANNE ARUNDEL COUNTY, MARYLAND
By: Steven R. Schuh
County Executive

ANNE ARUNDEL COUNTY, MARYLAND

NOTICE OF SALE OF

$114,695,000*
GENERAL OBLIGATION BONDS

Consisting of

$62,800,000* Consolidated General Improvements Series, 2015 Refunding Series
$35,755,000* Consolidated Water and Sewer Series, 2015 Refunding Series
$16,140,000* Consolidated Golf Course Projects Series, 2015 Refunding Series

Dated Date of Delivery

ELECTRONIC BIDS, via BiDCOMP/PARITY Competitive Bidding System (BiDCOMP/Parity) only, will be received until **11:00 A.M., LOCAL BALTIMORE, MARYLAND, TIME ON MARCH 25, 2015,** by the Chief Administrative Officer of Anne Arundel County, Maryland (the "County"), or other officer of the County designated by the County Executive of the County (the "County Executive") (either such officer being the "Designated Officer"), for the purchase of the above described general obligation bonds of the County, aggregating $114,695,000*, all dated the date of delivery, and bearing interest payable October 1, 2015, and semiannually thereafter on each April 1 and October 1 until maturity or prior redemption as hereinafter set forth.

The Consolidated General Improvements Series, 2015 Refunding Series (the "Consolidated General Improvements Refunding Bonds"), the Consolidated Water and Sewer Series, 2015 Refunding Series (the "Consolidated Water and Sewer Refunding Bonds") and the Consolidated Golf Course Projects Series, 2015 Refunding Series (the "Consolidated Golf Course Projects Refunding Bonds" and together with the Consolidated General Improvements Refunding Bonds and Consolidated Water and Sewer Refunding Bonds, the "Bonds") will mature, subject to prior redemption as hereinafter set forth, on April 1 in the following years and in the following aggregate amounts, subject to aggregation of two or more consecutive serial maturities as a term bond, as provided below in "Bid Specifications":

Years of Maturity	Consolidated General Improvements Refunding Bonds*	Consolidated Water and Sewer Refunding Bonds*	Consolidated Golf Course Projects Refunding Bonds*	Years of Maturity	Consolidated General Improvements Refunding Bonds*	Consolidated Water and Sewer Refunding Bonds*	Consolidated Golf Course Projects Refunding Bonds*
2016	$1,860,000	$720,000	$975,000	2027	$3,290,000	$1,930,000	$1,550,000
2017	2,785,000	475,000	980,000	2028	-	1,930,000	1,625,000
2018	2,705,000	455,000	1,010,000	2029	-	1,940,000	-
2019	6,480,000	1,910,000	1,050,000	2030	-	1,945,000	-
2020	6,480,000	1,905,000	1,100,000	2031	-	1,950,000	-
2021	6,500,000	1,910,000	1,155,000	2032	-	1,960,000	-
2022	6,500,000	1,910,000	1,210,000	2033	-	1,965,000	-
2023	6,525,000	1,920,000	1,275,000	2034	-	1,970,000	-
2024	6,540,000	1,920,000	1,335,000	2035	-	1,980,000	-
2025	6,560,000	1,925,000	1,405,000	2036	-	1,205,000	-
2026	6,575,000	1,930,000	1,470,000				

* Preliminary, subject to change.

Bonds shall be issued only in fully registered form without coupons. One bond representing each maturity of each series will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds and each such Bond shall be immobilized in the custody of DTC. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder of the Bonds, as a condition to delivery of the Bonds, will be required to deposit the bond certificates representing each maturity of each series with DTC.

General Information

The Bonds are authorized by Sections 10-203 and 19-207, respectively, of the Local Government Article of the Annotated Code of Maryland, as amended, the Charter of Anne Arundel County, Maryland (the "County Charter"), and Bill No. 55-14, passed by the County Council of the County on September 2, 2014, approved by the County Executive on September 8, 2014, and effective on October 23, 2014 (as amended and supplemented, the "Authorizing Ordinance").

The proceeds of the Consolidated General Improvements Refunding Bonds will be used to refund certain bonds of the Anne Arundel County Consolidated General Improvements Series. The proceeds of the Consolidated Water and Sewer Refunding Bonds will be used to refund certain bonds of the Anne Arundel County Consolidated Water and Sewer Series. The proceeds of the Consolidated Golf Course Projects Refunding Bonds will be used to refund certain bonds of the Anne Arundel County Consolidated Golf Course Projects Series.

The full faith and credit and taxing power of the County are pledged to the payment of the Bonds and of the interest to accrue thereon. Such taxing power is subject, however, to the limitation set forth in Section 710(d) of the County Charter which provides, in part that "[f]rom and after July 1, 1993, revenues derived from taxes on properties existing on the County property tax rolls at the commencement of the County fiscal year shall not increase, compared with the previous year, more than the Consumer Price Index percentage of change, or 4.5 percent, whichever is the lesser."

The sources of revenue for the payment of the principal of and interest on the Bonds are as described herein. The Consolidated General Improvements Refunding Bonds are payable from annual appropriations of the proceeds of ad valorem taxes which the County is empowered to levy on real and personal property and certain intangible personal property subject to assessment for County taxation subject to the limitations set forth in Section 710(d) of the County Charter. The Consolidated Water and Sewer Refunding Bonds are payable from such appropriations in the event of any deficiency in their primary sources of payment. The primary sources of payment for the Consolidated Water and Sewer Refunding Bonds are the net revenues of the projects for which such bonds are to be issued, or the utilities of which they are a part, for the use and benefit of which the County has covenanted to fix and collect rates, charges and assessments sufficient to pay the costs of operation, maintenance and debt service. Additionally, the Consolidated Golf Course Projects Refunding Bonds are payable from annual appropriations of the proceeds of ad valorem taxes which the County is empowered to levy on real and personal property and certain intangible personal property subject to assessment for County taxation subject to the limitations set forth in Section 710(d) of the County Charter in the event of any deficiency in their primary sources of payment. The maturing principal and interest on the Consolidated Golf Course Projects Refunding Bonds will be paid in the first instance from the funds in the hands of the County realized from the net revenues of the Projects for which the Consolidated Golf Course Projects Refunding Bonds were issued.

Optional Redemption

The Bonds of each series maturing on or after April 1, 2026*, are subject to redemption, at the option of the County, on or after April 1, 2025*, as a whole or in part at any time, in any order of maturities, after at least 20 days' notice, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption

If two or more consecutive serial maturities are designated as a term bond, as provided below in "Bid Specifications", such term bond shall be subject to mandatory redemption in each year on the principal payment date and in the entire amount of each serial maturity designated for inclusion in such term bond.

Electronic Bids

Notice is hereby given that proposals will be received via BiDCOMP/Parity Competitive Bidding System, in the manner described below, until 11:00 a.m., local Baltimore, Maryland time, on Wednesday, March 25, 2015, but no bid will be received after the time for receiving bids specified above.

All prospective bidders must be contracted customers of BiDCOMP/Parity Competitive Bidding System. If you do not have a contract with BiDCOMP, call (212) 849-5021 to become a customer. By submitting a bid for the Bonds, a prospective bidder represents and warrants to the County that such bidder's bid for the purchase of the Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Bonds.

If any provisions of this Notice of Sale shall conflict with information provided by BiDCOMP/Parity as approved provider of electronic bidding services, this Notice of Sale shall control. Further information about BiDCOMP/Parity, including any fee charged, may be obtained from BiDCOMP/Parity at (212) 849-5021.

Disclaimer

Each prospective bidder shall be solely responsible to register to bid via BiDCOMP/Parity. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access BiDCOMP/Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the County nor BiDCOMP/Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the County nor BiDCOMP/Parity shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by BiDCOMP/Parity. The County is using BiDCOMP/Parity as a communication mechanism, and not as the County's agent, to conduct the electronic bidding for the Bonds. The County is not bound by any advice and determination of BiDCOMP/Parity to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via BiDCOMP/Parity are the sole responsibility of the bidders; and the County is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Bonds, it should telephone BiDCOMP/Parity and notify the County's Financial Advisor, Public Resources Advisory Group, by facsimile at (212) 566-7816.

* Preliminary, subject to change

.Bidding Procedures

Bids must be submitted for the purchase of the Bonds (all or none) via BiDCOMP/Parity. Bids will be communicated electronically to the County at 11:00 a.m., local Baltimore, Maryland time, on Wednesday, March 25, 2015. Prior to that time, a prospective bidder may input and save proposed terms of its bid in BiDCOMP. Once the final bid has been saved in BiDCOMP, the bidder may select the final bid button in BiDCOMP to submit the bid to BiCOMP/Parity. Once the bids are communicated electronically via BiDCOMP/Parity to the County, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the bidding process, the time as maintained on BiDCOMP shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the County, as described under "Award of Bonds" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by via BiDCOMP. No bid will be received after the time for receiving such bids specified above.

Good Faith Deposit

A good faith deposit in the amount of $1,146,950* (the "Deposit") is required in connection with the sale and bid for the Bonds. The Deposit shall be provided for by a federal funds wire transfer to be submitted to the County by the successful bidder not later than 4:00 p.m. (local Baltimore, Maryland time) on the date of sale (the "Wire Transfer Deadline") as set forth below. The Deposit of the successful bidder will be collected and the proceeds thereof retained by the County to be applied in partial payment for the Bonds and no interest will be allowed or paid upon the amount thereof, but in the event the successful bidder shall fail to comply with the terms of the respective bid, the proceeds thereof will be retained as and for full liquidated damages.

The County will distribute wiring instructions for the Deposit to the successful bidder upon verification of the bids submitted by the bidders and prior to the Wire Transfer Deadline. If the Deposit is not received by the Wire Transfer Deadline, the award of the sale of the Bonds to the successful bidder may be cancelled by the County in its discretion without any financial liability of the County to the successful bidder or any limitation whatsoever on the County's right to sell the Bonds to a different purchaser upon such terms and conditions as the County shall deem appropriate.

* Preliminary, subject to change.

Bid Specifications

Bidders shall state in their proposals a price for the Bonds that is not less than 100% of the aggregate par value of the Bonds. Bidders shall also state in their proposals the rate or rates of interest to be paid on all the Bonds, on which rate or rates their proposals are based and submitted. The rates so named must be in multiples of $^{1}/_{8}$ or $^{1}/_{20}$ of 1% and may not exceed 5.0% for any single maturity provided, however, that the rate of interest on each series of Bonds maturing in the years 2026 to 2036 shall be 5% per annum. Each bidder must specify in its bid a single interest rate for each maturity of the Consolidated General Improvements Refunding Bonds, a single interest rate for each maturity of the Consolidated Water and Sewer Refunding Bonds and a single interest rate for each maturity of the Consolidated Golf Course Projects Refunding Bonds. A zero rate cannot be named for any maturity. The minimum reoffering price of any single maturity shall not be less than 97% of par value of such maturity. Bidders may designate in their proposal two or more consecutive annual principal payments as a term bond, in either the Consolidated General Improvements Refunding Bonds, Consolidated Water and Sewer Refunding Bonds or Consolidated Golf Course Projects Refunding Bonds, which matures on the maturity date of the last annual principal payment of the sequence. Any term bond so designated shall be subject to mandatory sinking fund redemption in each year on the principal payment date and in the entire principal amount for each annual principal payment designated for inclusion in such term bond. There is no limitation on the number of term bonds in either the Consolidated General Improvements Refunding Bonds, Consolidated Water and Sewer Refunding Bonds or Consolidated Golf Course Projects Refunding Bonds.

Procedures for Principal Amount Changes and Other Changes to Notice of Sale

The preliminary aggregate principal amount of the Bonds and the preliminary principal amount of each annual payment on the Bonds as set forth in this Notice of Sale (the "Preliminary Aggregate Principal Amount" and the "Preliminary Annual Principal Amount", respectively; collectively the "Preliminary Amounts") may be revised before the receipt and opening of the bids for their purchase. **ANY SUCH REVISIONS** (the "Revised Aggregate Principal Amount" and the "Revised Annual Principal Amount", respectively; collectively, the "Revised Amounts") **WILL BE PUBLISHED ON THOMPSON MUNICIPAL MARKET MONITOR ("TM3") (www.tm3.com) NOT LATER THAN 9:30 A.M. (LOCAL BALTIMORE, MARYLAND TIME) ON THE ANNOUNCED DATE FOR RECEIPT OF BIDS.** In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised Amounts will be used to compare bids and select a winning bidder.

Award of Bonds

As promptly as reasonably possible after the bids are received, the Designated Officer will notify the bidder to whom the Bonds will be awarded, if and when such award is made, and such bidder, upon such notice, shall advise the Designated Officer of the initial reoffering prices to the public of each maturity of the Bonds (the "Initial Reoffering Prices"). Such Initial Reoffering Prices, among other things, will be used by the County to calculate the final aggregate principal amount of the Bonds and the final principal amount of each annual payment on the Bonds (the "Final Aggregate Principal Amount" and the "Final Annual Principal Amount", respectively; collectively, the "Final Amounts"). In determining the Final Amounts, the County expects that the Revised Amounts will be changed as necessary to effect the greatest economic advantage, or to accommodate other objectives of the County, but the County will not reduce or increase the Revised Aggregate Principal Amount by more than 10% from the amount bid upon. **THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THESE LIMITS.** The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the aggregate principal amount of the Bonds. Such adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the underwriter's discount per $1,000 of par amount of bonds from the underwriter's discount that would have been received based on the purchase price in the winning bid and the initial public offering prices. The interest rates specified by the successful bidder for each maturity of each series in its bid for the Bonds will not change. **ALL BIDS SHALL REMAIN FIRM FOR FIVE (5) HOURS AFTER THE TIME SPECIFIED FOR THE OPENING OF THE BIDS.** An award of the Bonds, if made, will be made by the Designated Officer within such five (5) hour period of time. The Final Amounts will be communicated to the successful bidder as soon as possible, but not later than 3:00 p.m. the day after awarding the Bonds.

The award, if made, will be made as promptly as possible after the bids are opened to the bidder naming the lowest true interest cost for all the Bonds in any legally acceptable proposal. The lowest true interest cost will be determined with respect to each proposal by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments to the date of the Bonds and to the price bid. Each bidder shall include in its bid a statement of the true interest cost offered in its bid, but this statement shall not be deemed to be part of the bid. Where the proposals of two or more bidders result in the same lowest true interest cost, the Bonds may be apportioned between such bidders, but if this shall not be acceptable to the County, the Designated Officer shall have the right to award all of such bonds to one bidder. **THE RIGHT IS RESERVED TO THE DESIGNATED OFFICER TO REJECT ANY OR ALL PROPOSALS AND TO WAIVE ANY IRREGULARITIES IN ANY OF THE PROPOSALS.** The judgment of the Designated Officer shall be final and binding upon all bidders with respect to the form and adequacy of any proposal received and as to its conformity to the terms of this Notice of Sale. **THE SUCCESSFUL BIDDER SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE BONDS OF EACH SERIES AT THE INITIAL REOFFERING PRICES AND SHALL PROVIDE THE RELATED CERTIFICATION DESCRIBED BELOW. THE SUCCESSFUL BIDDER MUST REASONABLY EXPECT TO SELL TO THE PUBLIC 10% OR MORE IN PAR AMOUNT OF THE BONDS FROM EACH MATURITY OF EACH SERIES AT THE INITIAL REOFFERING PRICES.**

Legal Opinions; Verification

The Bonds of each series described above will be issued and sold subject to (i) approval as to legality by McKennon Shelton & Henn LLP of Baltimore, Maryland, Bond Counsel and (ii) examination by Precision Analytics Inc. of the arithmetical accuracy of certain computations related to escrow deposits, arbitrage yield, and compliance and satisfaction of savings requirements set forth in the Authorizing Ordinance. Copies of the approving opinions of McKennon Shelton & Henn LLP will be delivered, upon request, to the purchaser or purchasers of the Bonds, without charge. Such opinions shall be substantially in the form included in Appendix C to the Preliminary Official Statement referred to below.

Continuing Disclosure

In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the County will execute and deliver a continuing disclosure agreement on or before the date of issuance of the Bonds pursuant to which it will undertake to provide or cause to be provided certain information annually and notices of certain events. A form of this agreement is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

Delivery of the Bonds

When delivered, one bond representing each maturity of each series of bonds shall be duly executed and authenticated and registered in the name of Cede & Co., as nominee of DTC, as registered owner of bonds.

CUSIP identification numbers will be applied for by the successful bidder with respect to the Bonds, but the County will assume no obligation for the assignment or printing of such numbers on the Bonds or the correctness of such numbers, and neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale. **THE CONSOLIDATED GENERAL IMPROVEMENTS REFUNDING BONDS, THE CONSOLIDATED WATER AND SEWER REFUNDING BONDS AND THE CONSOLIDATED GOLF COURSE PROJECTS REFUNDING BONDS WILL REQUIRE A SEPARATE SERIES OF CUSIP NUMBERS.**

Not later than seven business days after the date of sale, the County will deliver to the successful bidder an Official Statement, which is expected to be substantially in the form of the Preliminary Official Statement referred to below. If so requested by the purchaser or purchasers at or before the close of business on the date of the sale, the County will include in the Official Statement such pricing and other information with respect to the terms of the reoffering of the Bonds by the successful bidder ("Reoffering Information"), if any, as may be specified and furnished in writing by such bidder. If no Reoffering Information is specified and furnished by the successful bidder, the Official Statement will include the interest rates on the Bonds resulting from the bid of the successful bidder and the other statements with respect to reoffering contained in the Preliminary Official Statement. The successful bidder shall be responsible to the County and its officials for the Reoffering Information, and for all decisions made by such bidder with respect to the use or omission of the Reoffering Information in any reoffering of the bonds, including the presentation or exclusion of any Reoffering Information in any documents, including the Official Statement. The successful bidder will also be furnished, without cost, with copies of the Official Statement (and any amendments or supplements thereto) in such quantities as shall reasonably be requested by the successful bidder to allow the successful bidder to comply with the application rules of the Municipal Securities Rulemaking Board.

Delivery of the Bonds, without expense, will be made by the Designated Officer to DTC on or about April 8, 2015, or as soon as practicable thereafter, and, thereupon, the purchaser or purchasers will be required to accept delivery of the Bonds purchased and pay, in Federal funds, the balance of the purchase price due. Such bonds will be accompanied by the customary closing documents, including a no-litigation certificate, effective as of the date of delivery, stating that there is no litigation pending affecting the validity of the bonds in this issue. It shall be a condition to the obligation of such purchaser or purchasers to accept delivery of and pay for the bonds that, simultaneously with or before delivery and payment for the bonds, such purchaser or purchasers shall be furnished a certificate or certificates of authorized officers of the County to the effect that, to the best of their knowledge and belief, the Official Statement and any amendment or supplement thereto (except for the Reoffering Information provided by the purchaser and information regarding DTC and DTC's book-entry system provided by DTC, as to which no view will be expressed), as of the date of sale and as of the date of delivery of the bonds, does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that between the date of sale and the date of delivery of the bonds there has been no material adverse change in the financial position or revenues of the County, except as reflected or contemplated in the Official Statement.

SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE BONDS, THE SUCCESSFUL BIDDER SHALL FURNISH TO THE COUNTY A CERTIFICATE

ACCEPTABLE TO BOND COUNSEL TO THE EFFECT THAT (I) THE SUCCESSFUL BIDDER HAS MADE A BONA FIDE PUBLIC OFFERING OF THE BONDS OF EACH SERIES AT THE INITIAL REOFFERING PRICES, (II) AS OF THE DATE OF THE SALE OF BONDS, THE SUCCESSFUL BIDDER REASONABLY EXPECTED TO SELL A SUBSTANTIAL AMOUNT OF THE BONDS OF EACH SERIES TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL REOFFERING PRICES, AND (III) A SUBSTANTIAL AMOUNT OF THE BONDS OF EACH SERIES WAS SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL REOFFERING PRICES OR SUCH OTHER FACTS REGARDING THE ACTUAL SALE OF THE BONDS AS BOND COUNSEL SHALL REQUEST, AS DESCRIBED BELOW. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of the bonds of each maturity of each series at the initial reoffering prices would be sufficient to certify as to the sale of a substantial amount of the bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds.

Postponement of Sale

The County reserves the right to postpone the date established for the receipt of bids at any time before the bids are open. In the event of a postponement, the new date and time of sale will be announced on TM3. Prospective bidders may request notification by facsimile transmission of any such changes in the date or time for the receipt of bids by so advising, and furnishing their telecopier numbers to Public Resources Advisory Group at (212) 566-7800 by 12 Noon, Baltimore, Maryland time, on the day prior to the announced date for receipt of bids. Any new date and time of sale will be announced at least 24 hours prior to the time proposals are to be submitted. On any such alternative sale date, bidders may submit bids for the purchase of the Bonds in conformity with the provisions of this Notice of Sale, except for any changes to this Notice of Sale, the change of the date of sale and the changes described in the next sentence. If the date fixed for receipt of bids is postponed, the expected date of delivery of Bonds also may be postponed; if the sale is postponed to a later date, then the date of the Bonds, the dates of the semiannual interest payments and annual principal payments, and the optional redemption dates also may be changed. Such changes, if any, will be announced via TM3 at the time any alternative sale date is announced.

The Preliminary Official Statement, together with this Notice of Sale, may be obtained from the Office of Finance, Anne Arundel County, Arundel Center, 44 Calvert Street, Annapolis, Maryland 21404 (410-222-1781) or from the County's financial advisor, Public Resources Advisory Group, 40 Rector Street, Suite 1600, New York, New York 10006 (212-566-7800). Such Preliminary Official Statement is deemed final by the County as of its date for purposes of SEC Rule 15c2-12, but is subject to revision, amendment and completion in the Official Statement referred to above.

ANNE ARUNDEL COUNTY, MARYLAND
By: Steven R. Schuh
County Executive

FORMS OF OPINIONS OF BOND COUNSEL

Consolidated General Improvements Series, 2015

[Closing Date]

County Executive and County Council
of Anne Arundel County, Maryland
Annapolis, Maryland

Dear County Executive and Council Members:

We have examined a record of proceedings relating to the issuance by Anne Arundel County, Maryland (the "County"), of $191,400,000 general obligation bonds designated "Consolidated General Improvements Series, 2015" (the "Bonds"), which are described below.

The Bonds are dated the date of delivery, with interest payable on April 1 and October 1, commencing October 1, 2015; are fully registered in form in the denomination of $5,000 each or any integral multiple thereof; are issued under the authority of Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2014 Supplement) (the "Enabling Law"), The Anne Arundel County Charter (the "Charter") and Bill No. 55-14, passed by the County Council of the County on September 2, 2014, approved by the County Executive of the County on September 8, 2014 and effective on October 23, 2014 (the "Ordinance"); and mature, on April 1 in each of the years 2016 to 2035, inclusive, and bear interest as follows:

Years of Maturity	Principal Amount	Interest Rate	Years of Maturity	Principal Amount	Interest Rate
2016	$100,000	5.00%	2026	$7,655,000	5.00%
2017	12,750,000	5.00	2027	7,655,000	5.00
2018	12,750,000	5.00	2028	7,655,000	5.00
2019	12,750,000	5.00	2029	7,655,000	5.00
2020	12,750,000	5.00	2030	7,655,000	5.00
2021	12,750,000	5.00	2031	7,655,000	5.00
2022	12,750,000	5.00	2032	7,655,000	5.00
2023	12,750,000	5.00	2033	7,655,000	5.00
2024	12,750,000	5.00	2034	7,655,000	5.00
2025	12,750,000	5.00	2035	7,655,000	5.00

Bonds are subject to redemption in the manner and upon the terms and conditions set forth in the Bonds.

In rendering this opinion, we have relied without investigation on the County's Tax and Section 148 Certificate and Agreement dated this date made on behalf of the County by officers thereof with respect to certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Bonds.

With respect to the executed and authenticated bond of the issue of Bonds that we have examined, and Bonds similarly executed and authenticated and identical thereto in form except for numbers, interest rates, denominations, maturities, and under existing statutes, regulations and decisions, we are of the opinion that:

(a) The County is a validly created and existing body politic and corporate of the State of Maryland, possessing authority under the Enabling Law, the Charter and the Ordinance to issue the Bonds.

(b) The Bonds are valid and legally binding general obligations of the County to which its full faith and credit and taxing power are pledged, and for the payment of which the County is empowered and directed to levy ad valorem taxes upon all real and tangible personal property and certain intangible personal property subject to assessment for County taxation; such tax levy is subject, however, to the limitation set forth in Section 710(d) of the Charter which provides, in part, that "[f]rom and after July 1, 1993, revenues derived from taxes on properties existing on the County property tax rolls at the commencement of the County fiscal year shall not increase, compared with the previous year, more than the Consumer Price Index percentage of change, or by 4.5 percent, whichever is the lesser."

(c) To provide for the payment of the principal of and interest on the Bonds, the County, by the adoption of the Ordinance, has covenanted, subject to said Section 710(d) limitation, to levy such ad valorem taxes in rate and amount sufficient for that purpose in each fiscal year in which provision must be made for the payment of such principal and interest.

(d) The Bonds, their transfer, the interest payable on them and any income derived from them, including any profit realized from their sale and exchange, shall be exempt from taxation of any kind by the State of Maryland, any of its political subdivisions, or any other public entity; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

(e) Assuming compliance with certain covenants described herein, interest on the Bonds is excludable from gross income for federal income tax purposes. It is noted that under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the bonds of the issue of bonds of which the Bonds are a part, in order that the interest thereon be excludable from gross income. These include (i) a requirement that certain investment earnings received from the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances; (ii) other requirements applicable to the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part; and (iii) requirements applicable to the use of the proceeds of the bonds of the issue of bonds of which the Bonds are part and the use of the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part and to take such other actions as may be required to maintain the excludability of interest on the Bonds from gross income for federal income tax purposes. It is our opinion that, assuming compliance with such covenants, the interest on the Bonds will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

(f) Interest on the Bonds is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. For purposes of calculating the corporate alternative minimum tax, however, a corporation subject to such tax will be required to increase its alternative minimum taxable income by 75% of the amount by which its “adjusted current earnings” exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, “adjusted current earnings” would include, among other items, interest income from the Bonds. In addition, interest income on the Bonds will be includable in the applicable taxable base for the purposes of determining the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

The opinion expressed above is limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof.

Very truly yours,

Consolidated Water and Sewer Series, 2015

[Closing Date]

County Executive and County Council
of Anne Arundel County, Maryland
Annapolis, Maryland

Dear County Executive and Council Members:

We have examined a record of proceedings relating to the issuance by Anne Arundel County, Maryland (the "County"), of $77,600,000 general obligation bonds designated "Consolidated Water and Sewer Series, 2015" (the "Bonds"), which are described below.

The Bonds are dated the date of delivery, with interest payable April 1 and October 1, commencing October 1, 2015; are fully registered in form in the denomination of $5,000 each or any integral multiple thereof; are issued under the authority of Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2014 Supplement) (the "Enabling Law"), The Anne Arundel County Charter (the "Charter") and Bill No. 55-14, passed by the County Council of the County on September 2, 2014, approved by the County Executive of the County on September 8, 2014 and effective on October 23, 2014 (the "Ordinance"); and mature, on April 1 in each of the years 2016 to 2035, inclusive, and the years 2040 and 2045, and bear interest as follows:

Years of Maturity	Principal Amount	Interest Rate	Years of Maturity	Principal Amount	Interest Rate
2016	$2,590,000	5.00%	2026	$2,585,000	5.00%
2017	2,590,000	5.00	2027	2,585,000	5.00
2018	2,590,000	5.00	2028	2,585,000	5.00
2019	2,590,000	5.00	2029	2,585,000	5.00
2020	2,590,000	5.00	2030	2,585,000	5.00
2021	2,590,000	5.00	2031	2,585,000	5.00
2022	2,590,000	5.00	2032	2,585,000	5.00
2023	2,590,000	5.00	2033	2,585,000	5.00
2024	2,590,000	5.00	2034	2,585,000	5.00
2025	2,590,000	5.00	2035	2,585,000	5.00

$12,925,000 5.00% Term Bonds due April 1, 2040
$12,925,000 5.00% Term Bonds due April 1, 2045

Bonds are subject to redemption in the manner and upon the terms and conditions set forth in the Bonds. The Term Bonds maturing on April 1, 2040 & April 1, 2045 are subject to mandatory sinking fund redemption as set forth in the Bonds.

In rendering this opinion, we have relied without investigation on the County's Tax and Section 148 Certificate and Agreement dated this date made on behalf of the County by officers thereof with respect to certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Bonds.

With respect to the executed and authenticated bond of the issue of Bonds that we have examined, and Bonds similarly executed and authenticated and identical thereto in form except for numbers, interest rates, denominations, maturities, and under existing statutes, regulations and decisions, we are of the opinion that:

(a) The County is a validly created and existing body politic and corporate of the State of Maryland, possessing authority under the Enabling Law, the Charter and the Ordinance to issue the Bonds.

(b) The Bonds are valid and legally binding general obligations of the County to which its full faith and credit and taxing power are pledged, payable primarily from the net revenues and receipts of certain of its water and wastewater projects, or utilities of which they form a part, but if not so paid, are payable as to both principal and interest ultimately from ad valorem taxes, which the County is empowered to levy upon all real and tangible personal property and certain intangible personal property subject to assessment for County taxation; such tax levy is subject, however, to the limitation set forth in Section 710(d) of the Charter which provides, in part, that "[f]rom and after July 1, 1993, revenues derived from taxes on properties existing on the County property tax rolls at the commencement of the County fiscal year shall not increase, compared with the previous year, more than the Consumer Price Index percentage of change, or by 4.5 percent, whichever is the lesser."

(c) To provide for the payment of the principal of and interest on the Bonds, the County, by the adoption of the Ordinance, has covenanted, subject to the above-described Section 710(d) limitation, to levy such ad valorem taxes in rate and amount sufficient for that purpose in each fiscal year in which provision must be made for the payment of such principal and interest.

(d) The Bonds, their transfer, the interest payable on them and any income derived from them, including any profit realized from their sale and exchange, shall be exempt from taxation of any kind by the State of Maryland any of its political subdivisions, or any other public entity; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

(e) Assuming compliance with certain covenants described herein, interest on the Bonds is excludable from gross income for federal income tax purposes. It is noted that under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the bonds of the issue of bonds of which the Bonds are a part, in order that the interest thereon be excludable from gross income. These include (i) a requirement that certain investment earnings received from the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances; (ii) other requirements applicable to the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part; and (iii) requirements applicable to the use of the proceeds of the bonds of the issue of bonds of which the Bonds are part and the use of the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part and to take such other actions as may be required to maintain the excludability of interest on the Bonds from gross income for federal income tax purposes. It is our opinion that, assuming compliance with such covenants, the interest on the Bonds will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

(f) Interest on the Bonds is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. For purposes of calculating the corporate alternative minimum tax, however, a corporation subject to such tax will be required to increase its alternative minimum taxable income by 75% of the amount by which its “adjusted current earnings” exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, “adjusted current earnings” would include, among other items, interest income from the Bonds. In addition, interest income on the Bonds will be includable in the applicable taxable base for the purposes of determining the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

The opinion expressed above is limited to the matters set forth above, and no other opinions should be inferred beyond the matter expressly stated. We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof.

Very truly yours,

Consolidated General Improvements Series, 2015 Refunding Series

[Closing Date]

County Executive and County Council
of Anne Arundel County, Maryland
Annapolis, Maryland

Dear County Executive and Council Members:

We have examined a record of proceedings relating to the issuance by Anne Arundel County, Maryland (the "County"), of $61,205,000 general obligation bonds designated "Consolidated General Improvements Series, 2015 Refunding Series" (the "Bonds"), which are described below.

The Bonds are dated the date of delivery, with interest payable on April 1 and October 1, commencing October 1, 2015; are fully registered in form in the denomination of $5,000 each or any integral multiple thereof; are issued under the authority of Sections 10-203 and 19-207, respectively, of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2014 Supplement) (the "Enabling Law"), The Anne Arundel County Charter (the "Charter") and Bill No. 55-14, passed by the County Council of the County on September 2, 2014, approved by the County Executive of the County on September 8, 2014 and effective on October 23, 2014 (the "Ordinance"); and mature, on April 1 in each of the years 2016 to 2027, inclusive, and bear interest as follows:

Years of Maturity	Principal Amount	Interest Rate	Years of Maturity	Principal Amount	Interest Rate
2016	$1,645,000	5.00%	2022	$6,385,000	5.00%
2017	2,615,000	5.00	2023	6,400,000	5.00
2018	2,585,000	5.00	2024	6,415,000	5.00
2019	6,380,000	5.00	2025	6,425,000	5.00
2020	6,380,000	5.00	2026	6,435,000	5.00
2021	6,395,000	5.00	2027	3,145,000	5.00

Bonds are subject to redemption in the manner and upon the terms and conditions set forth in the Bonds.

In rendering this opinion, we have relied without investigation on the County's Tax and Section 148 Certificate and Agreement dated this date made on behalf of the County by officers thereof with respect to certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Bonds.

With respect to the executed and authenticated bond of the issue of Bonds that we have examined, and Bonds similarly executed and authenticated and identical thereto in form except for numbers, interest rates, denominations, maturities, and under existing statutes, regulations and decisions, we are of the opinion that:

(a) The County is a validly created and existing body politic and corporate of the State of Maryland, possessing authority under the Enabling Law, the Charter and the Ordinance to issue the Bonds.

(b) The Bonds are valid and legally binding general obligations of the County to which its full faith and credit and taxing power are pledged, and for the payment of which the County is empowered and directed to levy ad valorem taxes upon all real and tangible personal property and certain intangible personal property subject to assessment for County taxation; such tax levy is subject, however, to the limitation set forth in Section 710(d) of the Charter which provides, in part, that "[f]rom and after July 1, 1993, revenues derived from taxes on properties existing on the County property tax rolls at the commencement of the County fiscal year shall not increase, compared with the previous year, more than the Consumer Price Index percentage of change, or by 4.5 percent, whichever is the lesser."

(c) To provide for the payment of the principal of and interest on the Bonds, the County, by the adoption of the Ordinance, has covenanted, subject to said Section 710(d) limitation, to levy such ad valorem taxes in rate and amount sufficient for that purpose in each fiscal year in which provision must be made for the payment of such principal and interest.

(d) The Bonds, the interest payable on the Bonds and any profit realized from their sale and exchange, will be exempt from State of Maryland income taxation; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

(e) Assuming compliance with certain covenants described herein, interest on the Bonds is excludable from gross income for federal income tax purposes. It is noted that under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the bonds of the issue of bonds of which the Bonds are a part, in order that the interest thereon be excludable from gross income. These include (i) a requirement that certain investment earnings received from the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances; (ii) other requirements applicable to the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part; and (iii) requirements applicable to the use of the proceeds of the bonds of the issue of bonds of which the Bonds are part and the use of the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part and to take such other actions as may be required to maintain the excludability of interest on the Bonds from gross income for federal income tax purposes. It is our opinion that, assuming compliance with such covenants, the interest on the Bonds will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

(f) Interest on the Bonds is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. For purposes of calculating the corporate alternative minimum tax, however, a corporation subject to such tax will be required to increase its alternative minimum taxable income by 75% of the amount by which its “adjusted current earnings” exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, “adjusted current earnings” would include, among other items, interest income from the Bonds. In addition, interest income on the Bonds will be includable in the applicable taxable base for the purposes of determining the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

The opinion expressed above is limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof.

Very truly yours,

Consolidated Water and Sewer Series, 2015 Refunding Series

[Closing Date]

County Executive and County Council
of Anne Arundel County, Maryland
Annapolis, Maryland

Dear County Executive and Council Members:

We have examined a record of proceedings relating to the issuance by Anne Arundel County, Maryland (the "County"), of $34,875,000 general obligation bonds designated "Consolidated Water and Sewer Series, 2015 Refunding Series" (the "Bonds"), which are described below.

The Bonds are dated the date of delivery, with interest payable April 1 and October 1, commencing October 1, 2015; are fully registered in form in the denomination of $5,000 each or any integral multiple thereof; are issued under the authority of Sections 10-203 and 19-207, respectively, of the Local Government Article of the Annotated Code of Maryland (2014 Replacement Volume) (the "Enabling Law"), The Anne Arundel County Charter (the "Charter") and Bill No. 55-14, passed by the County Council of the County on September 2, 2014, approved by the County Executive of the County on September 8, 2014 and effective on October 23, 2014 (the "Ordinance"); and mature, on April 1 in each of the years 2016 to 2036, inclusive, and bear interest as follows:

Years of Maturity	Principal Amount	Interest Rate	Years of Maturity	Principal Amount	Interest Rate
2016	$670,000	5.00%	2027	1,890,000	5.00%
2017	435,000	5.00	2028	1,890,000	5.00
2018	425,000	5.00	2029	1,895,000	5.00
2019	1,885,000	5.00	2030	1,900,000	5.00
2020	1,880,000	5.00	2031	1,905,000	5.00
2021	1,880,000	5.00	2032	1,905,000	5.00
2022	1,880,000	5.00	2033	1,910,000	5.00
2023	1,885,000	5.00	2034	1,915,000	5.00
2024	1,885,000	5.00	2035	1,920,000	5.00
2025	1,890,000	5.00	2036	1,140,000	5.00
2026	1,890,000	5.00			

Bonds are subject to redemption in the manner and upon the terms and conditions set forth in the Bonds.

In rendering this opinion, we have relied without investigation on the County's Tax and Section 148 Certificate dated this date made on behalf of the County by officers thereof with respect to certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Bonds.

With respect to the executed and authenticated bond of the issue of Bonds that we have examined, and Bonds similarly executed and authenticated and identical thereto in form except for numbers, interest rates, denominations, maturities, and under existing statutes, regulations and decisions, we are of the opinion that:

(a) The County is a validly created and existing body politic and corporate of the State of Maryland, possessing authority under the Enabling Law, the Charter and the Ordinance to issue the Bonds.

(b) The Bonds are valid and legally binding general obligations of the County to which its full faith and credit and taxing power are pledged, payable primarily from the net revenues and receipts of certain of its water and wastewater projects, or utilities of which they form a part, but if not so paid, are payable as to both principal and interest ultimately from ad valorem taxes, which the County is empowered to levy upon all real and tangible personal property and certain intangible personal property subject to assessment for County taxation; such tax levy is subject, however, to the limitation set forth in Section 710(d) of the Charter which provides, in part, that "[f]rom and after July 1, 1993, revenues derived from taxes on properties existing on the County property tax rolls at the commencement of the County fiscal year shall not increase, compared with the previous year, more than the Consumer Price Index percentage of change, or by 4.5 percent, whichever is the lesser."

(c) To provide for the payment of the principal of and interest on the Bonds, the County, by the adoption of the Ordinance, has covenanted, subject to the above-described Section 710(d) limitation, to levy such ad valorem taxes in rate and amount sufficient for that purpose in each fiscal year in which provision must be made for the payment of such principal and interest.

(d) The Bonds, the interest payable on the Bonds and any profit realized from their sale and exchange, will be exempt from State of Maryland income taxation; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

(e) Assuming compliance with certain covenants described herein, interest on the Bonds is excludable from gross income for federal income tax purposes. It is noted that under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the bonds of the issue of bonds of which the Bonds are a part, in order that the interest thereon be excludable from gross income. These include (i) a requirement that certain investment earnings received from the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances; (ii) other requirements applicable to the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part; and (iii) requirements applicable to the use of the proceeds of the bonds of the issue of bonds of which the Bonds are part and the use of the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part and to take such other actions as may be required to maintain the excludability of interest on the Bonds from gross income for federal income tax purposes. It is our opinion that, assuming compliance with such covenants, the interest on the Bonds will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

(f) Interest on the Bonds is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. For purposes of calculating the corporate alternative minimum tax, however, a corporation subject to such tax will be required to increase its alternative minimum taxable income by 75% of the amount by which its “adjusted current earnings” exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, “adjusted current earnings” would include, among other items, interest income from the Bonds. In addition, interest income on the Bonds will be includable in the applicable taxable base for the purposes of determining the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

The opinion expressed above is limited to the matters set forth above, and no other opinions should be inferred beyond the matter expressly stated. We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof.

Very truly yours,

Consolidated Golf Course Projects Series, 2015 Refunding Series

[Closing Date]

County Executive and County Council
of Anne Arundel County, Maryland
Annapolis, Maryland

Dear County Executive and Council Members:

We have examined a record of proceedings relating to the issuance by Anne Arundel County, Maryland (the "County"), of $15,735,000 general obligation bonds designated "Consolidated Golf Course Projects Series, 2015 Refunding Series" (the "Bonds"), which are described below.

The Bonds are dated the date of delivery, with interest payable April 1 and October 1, commencing October 1, 2015; are fully registered in form in the denomination of $5,000 each or any integral multiple thereof; are issued under the authority of Sections 10-203 and 19-207, respectively, of the Local Government Article of the Annotated Code of Maryland (2014 Replacement Volume) (the "Enabling Law"), The Anne Arundel County Charter (the "Charter") and Bill No. 55-14, passed by the County Council of the County on September 2, 2014, approved by the County Executive of the County on September 8, 2014 and effective on October 23, 2014 (the "Ordinance"); and mature, on April 1 in each of the years 2016 to 2028, inclusive, and bear interest as follows:

Years of Maturity	Principal Amount	Interest Rate	Years of Maturity	Principal Amount	Interest Rate
2016	$905,000	5.00%	2023	$1,250,000	5.00%
2017	930,000	5.00	2024	1,310,000	5.00
2018	980,000	5.00	2025	1,380,000	5.00
2019	1,030,000	5.00	2026	1,440,000	5.00
2020	1,080,000	5.00	2027	1,520,000	5.00
2021	1,135,000	5.00	2028	1,590,000	5.00
2022	1,185,000	5.00			

Bonds are subject to redemption in the manner and upon the terms and conditions set forth in the Bonds.

In rendering this opinion, we have relied without investigation on the County's Tax and Section 148 Certificate dated this date made on behalf of the County by officers thereof with respect to certain material facts within the knowledge of the County relevant to the tax-exempt status of interest on the Bonds.

With respect to the executed and authenticated bond of the issue of Bonds that we have examined, and Bonds similarly executed and authenticated and identical thereto in form except for numbers, interest rates, denominations, maturities, and under existing statutes, regulations and decisions, we are of the opinion that:

(a) The County is a validly created and existing body politic and corporate of the State of Maryland, possessing authority under the Enabling Law, the Charter and the Ordinance to issue the Bonds.

(b) The Bonds are valid and legally binding general obligations of the County to which its full faith and credit and taxing power are pledged, payable primarily from the net revenues and receipts of certain of the projects for which such bonds are issued, but if not so paid, are payable as to both principal and interest ultimately from ad valorem taxes, which the County is empowered to levy upon all real and tangible personal property and certain intangible personal property subject to assessment for County taxation; such tax levy is subject, however, to the limitation set forth in Section 710(d) of the Charter which provides, in part, that "[f]rom and after July 1, 1993, revenues derived from taxes on properties existing on the County property tax rolls at the commencement of the County fiscal year shall not increase, compared with the previous year, more than the Consumer Price Index percentage of change, or by 4.5 percent, whichever is the lesser."

(c) To provide for the payment of the principal of and interest on the Bonds, the County, by the adoption of the Ordinance, has covenanted, subject to the above-described Section 710(d) limitation, to levy such ad valorem taxes in rate and amount sufficient for that purpose in each fiscal year in which provision must be made for the payment of such principal and interest.

(d) The Bonds, the interest payable on the Bonds and any profit realized from their sale and exchange, will be exempt from State of Maryland income taxation; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

(e) Assuming compliance with certain covenants described herein, interest on the Bonds is excludable from gross income for federal income tax purposes. It is noted that under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the bonds of the issue of bonds of which the Bonds are a part, in order that the interest thereon be excludable from gross income. These include (i) a requirement that certain investment earnings received from the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances; (ii) other requirements applicable to the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part; and (iii) requirements applicable to the use of the proceeds of the bonds of the issue of bonds of which the Bonds are part and the use of the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The County has covenanted to regulate the investment of the proceeds of the bonds of the issue of bonds of which the Bonds are a part and to take such other actions as may be required to maintain the excludability of interest on the Bonds from gross income for federal income tax purposes. It is our opinion that, assuming compliance with such covenants, the interest on the Bonds will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

(f) Interest on the Bonds is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. For purposes of calculating the corporate alternative minimum tax, however, a corporation subject to such tax will be required to increase its alternative minimum taxable income by 75% of the amount by which its “adjusted current earnings” exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, “adjusted current earnings” would include, among other items, interest income from the Bonds. In addition, interest income on the Bonds will be includable in the applicable taxable base for the purposes of determining the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

The opinion expressed above is limited to the matters set forth above, and no other opinions should be inferred beyond the matter expressly stated. We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof.

Very truly yours,

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FORM OF CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** (this “Disclosure Agreement”) is executed and delivered by Anne Arundel County, Maryland, a body corporate and politic of the State of Maryland (the “County”) in connection with the issuance of its $191,400,000 Consolidated General Improvements Series, 2015, its $77,600,000 Consolidated Water and Sewer Series, 2015, its $61,205,000 Consolidated General Improvements Series, 2015 Refunding Series, its $34,875,000 Consolidated Water and Sewer Series, 2015 Refunding Series and its $15,735,000 Consolidated Golf Course Projects Series, 2015 Refunding Series (collectively, the “Bonds”). The Bonds are being issued pursuant to Bill No. 55-14, passed by the County Council of the County on September 2, 2014, approved by the County Executive of the County on September 8, 2014 and effective on October 23, 2014, as amended. The County, intending to be legally bound hereby and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement.

This Disclosure Agreement is being executed and delivered by the County for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions.

In addition to the definitions set forth above, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“EMMA” shall mean the Electronic Municipal Market Access system described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the rule.

“**Listed Events**” shall mean any of the events listed in Section 4(a) herein.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)1 of the Securities Exchange Act of 1934, as amended.

“**Participating Underwriter**” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Financial Information, Operating Data and Audited Information.

(a) The County shall provide to the MSRB in an electronic format prescribed by the MSRB annual financial information and operating data regarding (i) revenues, expenditures and changes in fund balance for the County's General Fund, (ii) revenues, expenses and changes in fund net assets for the County's Water and Wastewater Operations Fund, (iii) revenues, expenses and net assets for the County's Water and Wastewater Debt Service Fund, (iv) revenues, expenses and changes in net assets for the County's Solid Waste Fund, (v) assessed values of taxable property in the County and County property tax rates and property tax levies, (vi) County Water and Wastewater utility system rates and (vii) the County solid waste system rate schedule, such information to be made available within 275 days after the end of the County's fiscal year (commencing with the fiscal year ended June 30, 2015).

(b) The County shall provide to the MSRB in an electronic format prescribed by the MSRB annual audited financial statements for the County, such information to be made available within 275 days after the end of the County's fiscal year, unless the audited financial statements are not available on or before such date, in which event said financial statements will be provided promptly when and if available. In the event that audited financial statements are not available within 275 days after the end of the County's fiscal year, the County will provide unaudited financial statements within said time period (commencing with the fiscal year ended June 30, 2015).

(c) The presentation of the financial information referred to in clauses (i), (ii), (iii) and (iv) of paragraph (a) and in paragraph (b) shall be made in accordance with the same accounting principles as utilized in connection with the presentation of applicable comparable financial information included in the final official statement for the Bonds, provided that the County may modify the accounting principles utilized in the presentation of financial information by amending this Disclosure Agreement pursuant to the provisions of Section 6 hereof. Changes in Generally Accepted Accounting Principles, where applicable to financial information to be provided by the County, shall not require the County to amend this Disclosure Agreement.

(d) If the County is unable to provide the annual financial information and operating data within the applicable time periods specified in (a) and (b) above, the County shall send in a timely manner a notice of such failure to the National Repository.

Section 4. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 4, the County shall provide notice of the occurrence of any of the following events with respect to the Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) modifications to rights of Bondholders, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of property securing repayment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the County;

(13) consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) In a timely manner, not in excess of 10 business days after the occurrence of an event listed in Section 4(a), the County shall file a notice of such occurrence of such event with EMMA.

Section 5. Termination of Reporting Obligation.

The County's obligations under this Disclosure Agreement shall terminate upon the payment in full of all of the Bonds either at their maturity or by early redemption. In addition, the County may terminate its obligations under this Disclosure Agreement if and when the County no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

Section 6. Amendment.

The County may provide further or additional assurances that will become part of the County's obligations under this Disclosure Agreement. In addition, this Disclosure Agreement may be amended by the County in its discretion provided that (i) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County as the obligated person with respect to the Bonds, or type of business conducted, (ii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, as determined by counsel selected by the County that is expert in federal securities law matters and (iii) the amendment does not materially impair the interests of holders of the Bonds, as determined either by counsel selected by the County that is expert in federal securities law matters, or by an approving vote of the holders of 25% of the outstanding aggregate principal amount of Bonds. The reasons for the County agreeing to provide any further or additional assurances or for any amendment and the impact of the change in the type of operating data or financial information being provided will be explained in information provided with the annual financial information containing the additional or amended operating data or financial information.

Section 7. Additional Information.

Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event.

Section 8. Law of Maryland.

This Disclosure Agreement, and any claim made with respect to the performance by the County of its obligations hereunder, shall be governed by, subject to, and construed according to the laws of the State of Maryland.

Section 9. Limitation of Forum.

Any suit or other proceeding seeking redress with regard to any claimed failure by the County to perform its obligations under this Disclosure Agreement must be filed in the Circuit Court for Anne Arundel County, Maryland.

Section 10. Limitation on Remedies.

The County shall be given written notice at the address set forth below of any claimed failure by the County to perform its obligations under this Disclosure Agreement, and the County shall be given 15 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the County shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the County shall be given to the Office of Finance, Arundel Center, P.O. Box

2700, Annapolis, Maryland 21404, or at such alternate address as shall be specified by the County with disclosures made pursuant to Section 4(a) or (b) hereof or a notice of occurrence of a Listed Event.

Section 11. Relationship to Bonds.

This Disclosure Agreement constitutes an undertaking by the County that is independent of the County's obligations with respect to the Bonds; any breach or default by the County under this Disclosure Agreement shall not constitute or give rise to a breach or default under the Bonds.

Section 12. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF this Continuing Disclosure Agreement is being executed on behalf of Anne Arundel County, Maryland and the seal of the County is being impressed hereon attested to by the Administrative Officer to the County Council, as of this ___ day of _____, 2015.

(SEAL) ANNE ARUNDEL COUNTY, MARYLAND

ATTEST:

By____
STEVEN R. SCHUH
County Executive

____
ELIZABETH E. JONES
Administrative Officer to the County Council