NEW ISSUES

**Moody's Investors Service: Aa1**
**S&P Global Ratings: AAA**

# $423,450,000
# ANNE ARUNDEL COUNTY, MARYLAND

**General Obligation Bonds**
**$186,665,000 Consolidated General Improvements Series, 2021**
**$69,045,000 Consolidated Water and Sewer Series, 2021**
**$117,565,000 Consolidated General Improvements Series, 2021 Refunding Series**
**$50,175,000 Consolidated Water and Sewer Series, 2021 Refunding Series**

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

The Consolidated General Improvements Series, 2021 and the Consolidated Water and Sewer Series, 2021 (collectively, the " Construction Bonds") and the Consolidated General Improvements Series, 2021 Refunding Series and the Consolidated Water and Sewer Series, 2021 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 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, 2021. The Construction Bonds will mature on October 1 and the Refunding Bonds will mature on April 1 in the years and in the amounts set forth on the inside cover of this Official Statement.

The Construction Bonds and the Consolidated Water and Sewer Series, 2021 Refunding Series are subject to optional and mandatory sinking fund redemption prior to maturity as set forth in "THE BONDS - Redemption" herein. The Consolidated General Improvements Series, 2021 Refunding Series are not subject to optional redemption prior to maturity.

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*In the opinion of McKennon Shelton & Henn LLP, Bond Counsel, (i) under existing statutes, regulations and decisions, (a) 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 and (b) 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 Bonds or the interest thereon; and (ii) assuming compliance with certain covenants described 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 is not included in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment and interest earned on the Bonds will be includable in the applicable tax base for the purpose of determining the branch profits tax imposed on certain foreign corporations engaged in a trade or business in the United States of America.*

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 applicable Official Notices of Sale, for each series of Bonds. 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 March 23, 2021, or at such time or place as shall be mutually agreed upon by the County and the successful bidder for each series of the Bonds.

**The date of this Official Statement is March 10, 2021**.

# MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS

**$186,665,000 Consolidated General Improvements Series, 2021**

| Maturing October 1 | Principal Amount | Interest Rate | Yield | CUSIP*** | Maturing October 1 | Principal Amount | Interest Rate | Yield | CUSIP*** |
|---|---|---|---|---|---|---|---|---|---|
| 2021 | $6,225,000 | 5.000% | 0.07% | 03588H N44 | 2036 | $6,220,000 | 3.000% | 1.58%* | 03588H Q33 |
| 2022 | 6,225,000 | 5.000 | 0.09 | 03588H N51 | 2037 | 6,220,000 | 3.000 | 1.62* | 03588H Q41 |
| 2023 | 6,225,000 | 5.000 | 0.16 | 03588H N69 | 2038 | 6,220,000 | 3.000 | 1.67* | 03588H Q58 |
| 2024 | 6,225,000 | 5.000 | 0.28 | 03588H N77 | 2039 | 6,220,000 | 3.000 | 1.71* | 03588H Q66 |
| 2025 | 6,225,000 | 5.000 | 0.37 | 03588H N85 | 2040 | 6,220,000 | 3.000 | 1.74* | 03588H Q74 |
| 2026 | 6,225,000 | 5.000 | 0.48 | 03588H N93 | 2041 | 6,220,000 | 3.000 | 1.81* | 03588H Q82 |
| 2027 | 6,225,000 | 5.000 | 0.64 | 03588H P26 | 2042 | 6,220,000 | 3.000 | 1.85* | 03588H Q90 |
| 2028 | 6,225,000 | 5.000 | 0.78 | 03588H P34 | 2043 | 6,220,000 | 3.000 | 1.94* | 03588H R24 |
| 2029 | 6,225,000 | 5.000 | 0.91 | 03588H P42 | 2044 | 6,220,000 | 3.000 | 1.97* | 03588H R32 |
| 2030 | 6,225,000 | 5.000 | 1.02 | 03588H P59 | 2045 | 6,220,000 | 3.000 | 2.02* | 03588H R40 |
| 2031 | 6,225,000 | 5.000 | 1.10* | 03588H P67 | 2046 | 6,220,000 | 3.000 | 2.11* | 03588H R57 |
| 2032 | 6,225,000 | 5.000 | 1.15* | 03588H P75 | 2047 | 6,220,000 | 3.000 | 2.12* | 03588H R65 |
| 2033 | 6,225,000 | 5.000 | 1.20* | 03588H P83 | 2048 | 6,220,000 | 3.000 | 2.13* | 03588H R73 |
| 2034 | 6,220,000 | 5.000 | 1.24* | 03588H P91 | 2049 | 6,220,000 | 3.000 | 2.14* | 03588H R81 |
| 2035 | 6,220,000 | 5.000 | 1.27* | 03588H Q25 | 2050 | 6,220,000 | 3.000 | 2.15* | 03588H R99 |

**$69,045,000 Consolidated Water and Sewer Series, 2021**

| Maturing October 1 | Principal Amount | Interest Rate | Yield | CUSIP*** | Maturing October 1 | Principal Amount | Interest Rate | Yield | CUSIP*** |
|---|---|---|---|---|---|---|---|---|---|
| 2021 | $2,305,000 | 5.000% | 0.07% | 03588H S23 | 2036 | $2,300,000 | 3.000% | 1.58%* | 03588H T97 |
| 2022 | 2,305,000 | 5.000 | 0.09 | 03588H S31 | 2037 | 2,300,000 | 3.000 | 1.62* | 03588H U20 |
| 2023 | 2,305,000 | 5.000 | 0.16 | 03588H S49 | 2038 | 2,300,000 | 3.000 | 1.67* | 03588H U38 |
| 2024 | 2,305,000 | 5.000 | 0.28 | 03588H S56 | 2039 | 2,300,000 | 3.000 | 1.71* | 03588H U46 |
| 2025 | 2,305,000 | 5.000 | 0.37 | 03588H S64 | 2040 | 2,300,000 | 3.000 | 1.74* | 03588H U53 |
| 2026 | 2,305,000 | 5.000 | 0.48 | 03588H S72 | 2041 | 2,300,000 | 3.000 | 1.81* | 03588H U61 |
| 2027 | 2,305,000 | 5.000 | 0.64 | 03588H S80 | 2042 | 2,300,000 | 3.000 | 1.85* | 03588H U79 |
| 2028 | 2,305,000 | 5.000 | 0.78 | 03588H S98 | 2043 | 2,300,000 | 3.000 | 1.94* | 03588H U87 |
| 2029 | 2,305,000 | 5.000 | 0.91 | 03588H T22 | 2044 | 2,300,000 | 3.000 | 1.97* | 03588H U95 |
| 2030 | 2,300,000 | 5.000 | 1.02 | 03588H T30 | 2045 | 2,300,000 | 3.000 | 2.02* | 03588H V29 |
| 2031 | 2,300,000 | 5.000 | 1.10* | 03588H T48 | 2046 | 2,300,000 | 3.000 | 2.11* | 03588H V37 |
| 2032 | 2,300,000 | 5.000 | 1.15* | 03588H T55 | 2047 | 2,300,000 | 3.000 | 2.12* | 03588H V45 |
| 2033 | 2,300,000 | 5.000 | 1.20* | 03588H T63 | 2048 | 2,300,000 | 3.000 | 2.13* | 03588H V52 |
| 2034 | 2,300,000 | 5.000 | 1.24* | 03588H T71 | 2049 | 2,300,000 | 3.000 | 2.14* | 03588H V60 |
| 2035 | 2,300,000 | 5.000 | 1.27* | 03588H T89 | 2050 | 2,300,000 | 3.000 | 2.15* | 03588H V78 |

**$117,565,000 Consolidated General Improvements Series, 2021 Refunding Series**

| Maturing April 1 | Principal Amount | Interest Rate | Yield | CUSIP*** | Maturing April 1 | Principal Amount | Interest Rate | Yield | CUSIP*** |
|---|---|---|---|---|---|---|---|---|---|
| 2022 | $14,985,000 | 5.000% | 0.08% | 03588H V86 | 2027 | $11,780,000 | 5.000% | 0.60% | 03588H W51 |
| 2023 | 15,125,000 | 5.000 | 0.12 | 03588H V94 | 2028 | 11,795,000 | 5.000 | 0.74 | 03588H W69 |
| 2024 | 11,685,000 | 5.000 | 0.24 | 03588H W28 | 2029 | 11,805,000 | 5.000 | 0.89 | 03588H W77 |
| 2025 | 11,690,000 | 5.000 | 0.34 | 03588H W36 | 2030 | 11,860,000 | 5.000 | 1.01 | 03588H W85 |
| 2026 | 11,700,000 | 5.000 | 0.46 | 03588H W44 | 2031 | 5,140,000 | 5.000 | 1.09 | 03588H W93 |

**$50,175,000 Consolidated Water and Sewer Series, 2021 Refunding Series**

| Maturing April 1 | Principal Amount | Interest Rate | Yield | CUSIP*** | Maturing April 1 | Principal Amount | Interest Rate | Yield | CUSIP*** |
|---|---|---|---|---|---|---|---|---|---|
| 2022 | $3,105,000 | 5.000% | 0.08% | 03588H X27 | 2032 | $2,480,000 | 5.000% | 1.14%** | 03588H Y42 |
| 2023 | 3,155,000 | 5.000 | 0.12 | 03588H X35 | 2033 | 2,465,000 | 5.000 | 1.17** | 03588H Y59 |
| 2024 | 3,155,000 | 5.000 | 0.24 | 03588H X43 | 2034 | 2,460,000 | 5.000 | 1.22** | 03588H Y67 |
| 2025 | 3,145,000 | 5.000 | 0.34 | 03588H X50 | 2035 | 2,445,000 | 5.000 | 1.27** | 03588H Y75 |
| 2026 | 2,485,000 | 5.000 | 0.46 | 03588H X68 | 2036 | 2,430,000 | 5.000 | 1.31** | 03588H Y83 |
| 2027 | 2,490,000 | 5.000 | 0.60 | 03588H X76 | 2037 | 2,420,000 | 4.000 | 1.54** | 03588H Y91 |
| 2028 | 2,495,000 | 5.000 | 0.74 | 03588H X84 | 2038 | 2,380,000 | 4.000 | 1.58** | 03588H Z25 |
| 2029 | 2,505,000 | 5.000 | 0.89 | 03588H X92 | 2039 | 2,345,000 | 4.000 | 1.62** | 03588H Z33 |
| 2030 | 2,500,000 | 5.000 | 1.01 | 03588H Y26 | 2040 | 2,205,000 | 4.000 | 1.66** | 03588H Z41 |
| 2031 | 2,485,000 | 5.000 | 1.09 | 03588H Y34 | 2041 | 1,025,000 | 4.000 | 1.70** | 03588H Z58 |

**The interest rates shown above are the interest rates payable by the County resulting from the successful bids for the Bonds on March 10, 2021. The 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 "SALE AT COMPETITIVE BIDDING."**

*Priced to the first optional redemption date of October 1, 2030.

**Priced to the first optional redemption date of April 1, 2031.

***CUSIP (Committee on Uniform Securities Identification Procedures) herein are provided by CUSIP Global Services. 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 Global Services.

# ANNE ARUNDEL COUNTY, MARYLAND

**Certain Elected Officials**

*COUNTY EXECUTIVE*
Steuart Pittman

*COUNTY COUNCIL*
Sarah Lacey, Chairman
Lisa D. B. Rodvien, Vice Chairman
Amanda Fiedler
Jessica Haire
Allison Pickard
Andrew Pruski
Nathan Volke

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**Certain Appointed Officials**

*Chief Administrative Officer* – Matthew Power
*Controller* – Karin McQuade
*Budget Officer* – Chris Trumbauer
*County Attorney* – Gregory Swain
*County Auditor* – Susan Smith (appointed by County Council)

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*BOND COUNSEL*
*McKennon Shelton & Henn LLP*
*Baltimore, Maryland*

*FINANCIAL ADVISOR*
*Public Resources Advisory Group*
*New York, New York*

*BOND REGISTRAR*
*AND PAYING 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.**

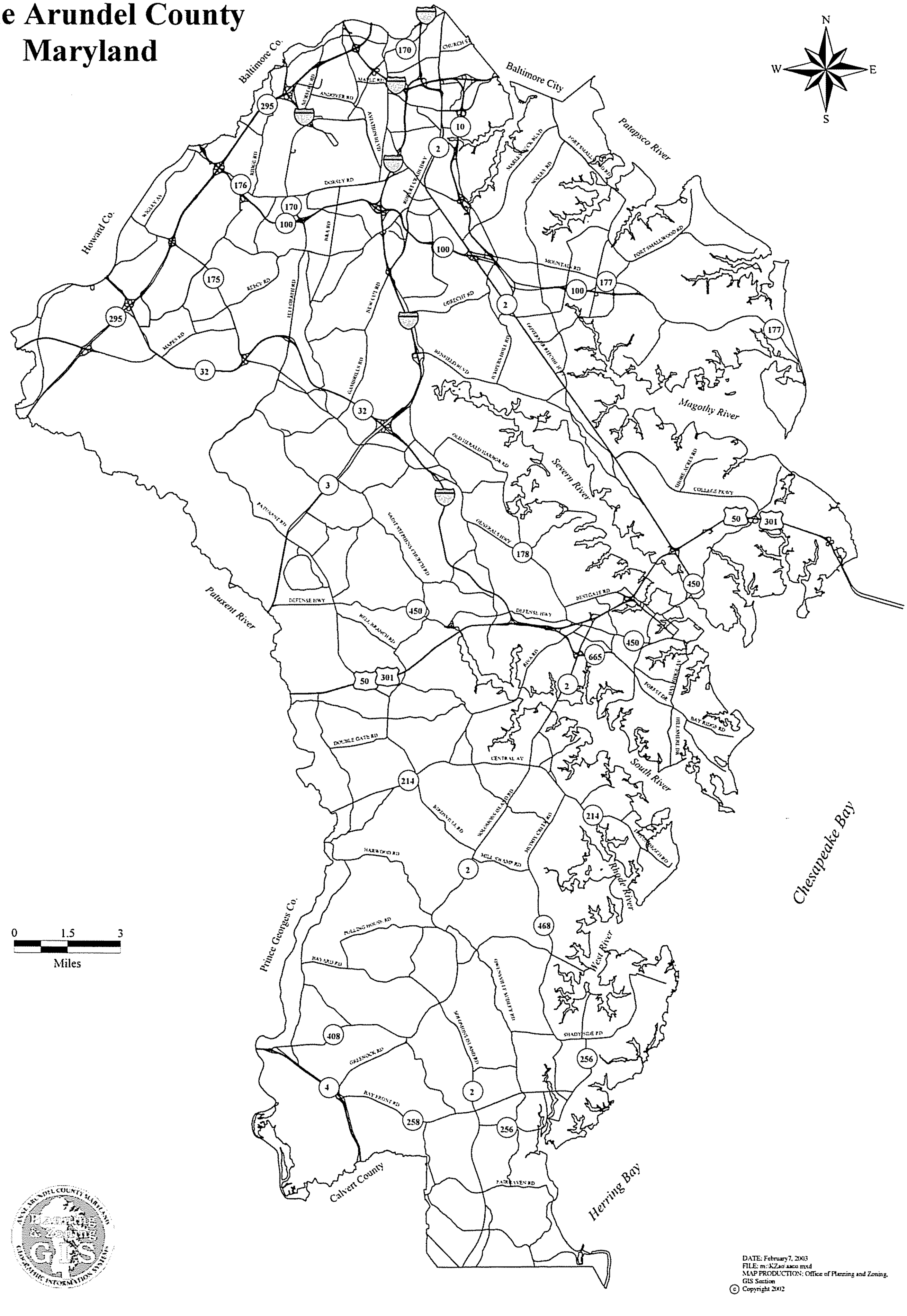
**This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Bonds.**

**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.**

**The order and placement of materials in this Official Statement, including the appendices hereto and the information incorporated herein by reference, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the appendices and the information incorporated herein by reference, must be considered in its entirety. The offering of Bonds is made only by means of this entire Official Statement.**

# Anne Arundel County Maryland



**ANNE ARUNDEL COUNTY, MARYLAND**
**OFFICIAL STATEMENT**

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**$423,450,000**
**GENERAL OBLIGATION BONDS**

**$186,665,000 Consolidated General Improvements Series, 2021**
**$69,045,000 Consolidated Water and Sewer Series, 2021**
**$117,565,000 Consolidated General Improvements Series, 2021 Refunding Series**
**$50,175,000 Consolidated Water and Sewer Series, 2021 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 $423,450,000 aggregate principal amount of General Obligation Bonds, consisting of $186,665,000 Consolidated General Improvements Series, 2021 (the "Consolidated General Improvements Construction Bonds") $117,565,000 Consolidated General Improvements Series, 2021 Refunding Series (the "Consolidated General Improvements Refunding Bonds" and together with the Consolidated General Improvements Construction Bonds, the "Consolidated General Improvements Bonds"), $69,045,000 Consolidated Water and Sewer Series, 2021 (the "Consolidated Water and Sewer Construction Bonds") and $50,175,000 Consolidated Water and Sewer Series, 2021 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"). The Consolidated General Improvements Bonds and the Consolidated Water and Sewer Bonds are together referred to herein as the "Bonds." The Consolidated General Improvements Construction Bonds and the Consolidated Water and Sewer Construction Bonds are together referred to herein as the "Construction Bonds." The Consolidated General Improvements Refunding Bonds and the Consolidated Water and Sewer Refunding Bonds are together referred to herein as the "Refunding Bonds."

*This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, the Official Statement, 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 (also referred to herein as the "State"), 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) of the 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 property as may be 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 property as may be subject to taxation by the County.

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 property as may be subject to taxation by the County.

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."

**Purpose of the Bonds**

***Construction Program***

The proceeds of the Construction Bonds, together with the original issue premium, will be used to provide new funding for general improvement projects in the amount of $219,000,000 and water and wastewater improvement projects in the amount of $81,000,000. The proceeds of the Consolidated General Improvements Construction Bonds will be used to pay for general county, education, roads and bridges, community college, recreation and parks, waterway improvements, solid waste and watershed protection and restoration improvement projects. For more complete information, see "THE BONDS - Application of Proceeds of the 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 statutes, regulations and decisions, 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 described 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, is not included in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment and interest earned on the Bonds will be includable in the applicable tax base for the purpose of determining the branch profits tax imposed on certain foreign corporations engaged in a trade or business in the United States of America.

**COVID-19 Pandemic**

For information regarding the impact of COVID-19 on the County, see "THE BONDS – COIVD-19 Pandemic," herein.

**Professionals Involved in the Offering**

U.S. Bank National Association, Richmond, Virginia, will act as Paying Agent, Bond Registrar, 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 attached 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) has been verified by Samuel Klein and Company, Certified Public Accountants. 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 (2013 Replacement Volume and 2020 Supplement) and the Refunding Bonds are issued pursuant to the authority of Sections 10-203 and 19-207 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2020 Supplement). The 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 March 23, 2021.

**Continuing Disclosure**

In order to assist the successful 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 successful bidders for each series of the Bonds 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 denominations 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, 2021, 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 Construction Bonds are issued pursuant to the authority of Section 10-203 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2020 Supplement) and the Refunding Bonds are issued pursuant to the authority of Sections 10-203 and 19-207 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2020 Supplement). The Bonds are also issued pursuant to the County Charter and in accordance with Bill No. 47-20, passed by the County Council of Anne Arundel County (the "County Council") on July 20, 2020, approved by the County Executive of the County (the "County Executive") on July 24, 2020, and effective on September 7, 2020, as amended (the "Authorizing Ordinance").

The proceeds from the sale of the $255,710,000 aggregate principal amount of the Construction Bonds, together with the original issue premium, will be used to provide funding of $219,000,000 for general improvement projects and $81,000,000 for water and sewer improvement projects. See "Application of Proceeds of the Construction Bonds," below. The proceeds from the sale of the $167,740,000 aggregate principal amount of the Refunding Bonds, together with the original issue premium, will be used to refund certain bonds of (i) Anne Arundel County Consolidated General Improvements Series and (ii) Anne Arundel County Consolidated Water and Sewer Series. See "Refunding Program," below.

**Application of Proceeds of the Construction Bonds**

The sources of funds for the capital projects expected to be financed from the Consolidated General Improvements Construction Bonds and the Consolidated Water and Sewer Construction 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 | Proposed Bond Issue To Cover Additional Project Expenditures | Subsequent Bond Issues |
|---|---|---|---|---|---|
| **General County** | $219,209,570 | $106,835,664 | $45,490,699 | $8,700,000 | $58,183,207 |
| **Stormwater Runoff Controls** | 1,047,027 | 115,043 | 882,099 | - | 49,885 |
| **Stormwater Runoff Controls WPRF** | 43,000 | - | 42,000 | - | 1,000 |
| **Education** | 1,505,110,069 | 772,140,115 | 590,815,441 | 104,600,000 | 37,554,513 |
| **Education PPI** | 36,008,000 | - | - | 14,400,000 | 21,608,000 |
| **Police and Fire** | 129,761,300 | 34,026,511 | 71,636,698 | - | 24,098,091 |
| **Police and Fire PPI** | 1,369,000 | - | - | - | 1,369,000 |
| **Roads and Bridges** | 297,886,131 | 192,802,911 | 51,898,313 | 12,600,000 | 40,584,907 |
| **Roads and Bridges Impact Fees** | 788,000 | - | 786,924 | - | 1,076 |
| **Roads and Bridges PPI** | 4,518,000 | - | - | - | 4,518,000 |
| **Community College** | 154,848,000 | 68,018,000 | 66,110,473 | 16,200,000 | 4,519,527 |
| **County Libraries** | 42,107,110 | 8,371,928 | 20,066,818 | - | 13,668,364 |
| **Recreation and Parks** | 177,036,410 | 72,458,409 | 36,130,373 | 21,400,000 | 47,047,628 |
| **Waterway Improvements** | 34,543,795 | 10,171,911 | 15,632,642 | 2,500,000 | 6,239,242 |
| **Solid Waste** | 56,181,176 | 20,634,896 | 18,735,063 | 6,600,000 | 10,211,217 |
| **Watershed Protection & Restor.** | 261,987,056 | 12,274,000 | 94,709,949 | 32,000,000 | 123,003,107 |
| | **$ 2,922,443,644** | **$ 1,297,849,388** | **$ 1,012,937,492** | **$ 219,000,000** *(1)* | **$ 392,656,764** |

**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 | Proposed Bond Issue To Cover Additional Project Expenditures | Subsequent Bond Issues |
|---|---|---|---|---|---|
| **Wastewater** | $737,157,374 | $224,156,546 | $369,229,355 | $45,700,000 | $98,071,473 |
| **Water** | 349,812,854 | 40,564,268 | 71,456,420 | 35,300,000 | 202,492,166 |
| | **$ 1,086,970,228** | **$ 264,720,814** | **$ 440,685,775** | **$ 81,000,000** *(1)* | **$ 300,563,639** |

(1) - Proposed bond issue to cover additional project expenditures equals par plus the original issue premium.

*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 currently refunding all of the outstanding maturities of the following outstanding bonds of the County (collectively, the "Refunded Bonds").

| Issue Name | Maturities to be Refunded | Amount | Redemption Date | Redemption Price |
|---|---|---|---|---|
| Consolidated General Improvements Series, 2010 (Taxable Build America – Direct Pay) | 2022-2030 | $68,445,000 | 4/22/2021 | 100% |
| Consolidated General Improvements Series, 2011 | 2022-2031 | $62,800,000 | 4/22/2021 | 100% |
| Consolidated General Improvements Series, 2011 Refunding Series | 2022-2023 | $7,205,000 | 4/22/2021 | 100% |
| Consolidated Water and Sewer Series, 2010 (Taxable Build America – Direct Pay) | 2024, 2025-2030, 2035, 2040 | $26,310,000 | 4/22/2021 | 100% |
| Consolidated Water and Sewer Series, 2011 | 2022-2033, 2041 | $31,700,000 | 4/22/2021 | 100% |
| Consolidated Water and Sewer Series, 2011 Refunding Series | 2022-2025 | $2,970,000 | 4/22/2021 | 100% |

**Sources and Uses of Funds**

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

| | |
|---|---|
| Sources of Funds: | |
| Par amount of Bonds | $304,230,000 |
| Plus net original issue premium | 57,667,288 |
| Total | $361,897,288 |
| Uses of Funds: | |
| Construction Program Funds | $219,000,000 |
| Deposit to Escrow Fund | 142,322,250 |
| Underwriters' Discount | 455,975 |
| Costs of Issuance* | 119,063 |
| Total | $361,897,288 |

*Estimate includes legal, rating agency, financial advisor and printer costs for the Refunding Bonds.

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

| | |
|---|---|
| Sources of Funds: | |
| Par amount of Bonds | $119,220,000 |
| Plus net original issue premium | 24,766,782 |
| Total | $143,986,782 |
| Uses of Funds: | |
| Construction Program Funds | $ 81,000,000 |
| Deposit to Escrow Fund | 62,754,649 |
| Underwriters' Discount | 172,406 |
| Costs of Issuance* | 59,727 |
| Total | $143,986,782 |

*Estimate includes legal, rating agency, financial advisor and printer costs for the Refunding 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 property as may be 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 property as may be subject to taxation by the County.

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 deficiency by the levy of ad valorem taxes on real estate, tangible personal property and intangible property as may be subject to taxation by the County.

**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***

*Construction Bonds*. The Construction Bonds of each series maturing on or after October 1, 2031, are subject to redemption, at the option of the County, on or after October 1, 2030, 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.

*Consolidated Water and Sewer Refunding Bonds*. The Consolidated Water and Sewer Refunding Bonds maturing on or after April 1, 2032, are subject to redemption, at the option of the County, on or after April 1, 2031, 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.

*Consolidated General Improvements Refunding Bonds*. The Consolidated General Improvements Refunding Bonds are not subject to optional redemption prior to their respective maturities.

If less than all of the Bonds of a series shall be called for redemption pursuant to the redemption provisions of such Bonds, 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 will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of the Bond of such maturity, and will be deposited with DTC.

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. 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 countries) 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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 the 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 Beneficial Owners are, however, 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 affect 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 DTC. 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 any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County 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 or the Paying Agent and Bond Registrar, 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, the Paying Agent and Bond Registrar 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 or the Paying Agent and Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursements 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 or the Paying Agent and Bond Registrar. 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-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

**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 DTC 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 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. Such 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 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.

***Maryland Income Taxation-Refunding Bonds***

In the opinion of Bond Counsel, under existing statutes, regulations and decisions, 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.

***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, Bond Counsel is of the opinion that interest on the Bonds is not included in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment. In addition, interest income on the Bonds will be includable in the applicable tax base for the purpose of determining the branch profits tax imposed by the Code on certain foreign corporations engaged in a trade or business in the United States of America.

***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 25% 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; (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; (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 or undistributed net income, as applicable, imposed on certain higher income individuals and specified trusts and estates; and (vi) receipt of certain investment income, including interest on the Bonds, is considered when determining qualification limits for obtaining the earned income credit provided by Section 32(a) of the Code.

***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 non-corporate 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 acquired at a premium if, and to the extent that, immediately after the acquisition of such Bond, 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, an amount payable on an earlier call date, as described). 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) that 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 payment 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 applicable 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 each series of 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 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 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 could adversely affect the market value of the Bonds. Further, if enacted into law, any such legislation 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 any pending or future legislation, as to which Bond Counsel expresses no opinion.

**Ratings**

The Bonds have been assigned the following ratings by the agencies indicated: Moody's Investors Service, Inc. Aa1 and S&P Global Ratings 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 Construction Bonds and the Refunding Bonds were offered for sale by the County at competitive bidding on March 10, 2021, in accordance with the respective Official Notice 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 respective competitive bidding therefore. The yields 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 an interested 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 $1,000,000, not including workers' compensation claims and the cases set forth below:

- A taxpayer seeks refunds of real property taxes paid for fiscal years 2013 through 2017 due to claimed fair market values below the assessed values upon which taxes were paid. The taxpayer claims it is entitled to tax refunds in the total amount of $2,850,887 in addition to interest from the dates of the various years' payments totaling $1,480,743, for a total amount claimed of $4,331,630 as of December 31, 2020, with interest accruing at $14,254 per month thereafter. On December 26, 2017, the Maryland Tax Court ruled in favor of the taxpayer. The County noted an appeal to the Circuit Court for Anne Arundel County on December 29, 2017. On August 9, 2019, the Circuit Court ruled in favor of the taxpayer. The County noted an appeal to the Court of Special Appeals on September 5, 2019. The appeal is pending.

**COVID–19 Pandemic**

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of the coronavirus, which is currently affecting many parts of the world, including the United States and Maryland. In response to the ongoing pandemic, the Governor of the State of Maryland has undertaken a series of executive actions, including an initial proclamation of a state of emergency and catastrophic health emergency within the State of Maryland on March 5, 2020. In addition, the County Executive has issued an executive order proclaiming a civil emergency, thereby invoking emergency powers to respond to the COVID-19 outbreak in the County, which proclamation has been extended by the County Council. As a result of the public health emergency and the attendant governmental actions, many businesses and retail establishments in Maryland, including the County, have closed or reduced business activities. A number of County residents have experienced job loss or furloughs or had their work hours reduced, resulting in a loss of or reduction in wages.

With regard to County revenues since the onset of the COVID-19 pandemic, for fiscal year 2020, the County's general fund revenues totaled $1,683,372,574, as compared to the originally budget amount of $1,643,271,800. For fiscal year 2021, the County's general fund revenues are budgeted to total $1,681,477,500, with actual results to date in line with the budgeted amounts. See "FINANCES – Interim General Fund Revenues and Expenditures for Fiscal Years 2021 and 2020" herein. For fiscal year 2020, the County's general fund revenues consisted of property taxes 46.6%, local County income taxes 36.1%, with the balance consisting of various revenues including recordation and transfer taxes, local sales taxes, licenses and permits, investment income and fees for services and other revenues. See "FINANCES – General Fund Revenues" herein. The continuing impacts on general fund revenues from the ongoing pandemic will be dependent on changing factors that cannot be fully anticipated, such as the course of the outbreak, business disruptions, changes in consumer behaviors and governmental responses.

As a result of the COVID-19 pandemic, the County has experienced and expects to continue to experience an increase in expenses for emergency preparedness, public health, and other operational costs. The County has some ability to adjust its spending on certain capital projects and other operating costs and maintains a reserve fund from which the County may utilize funds to pay for the increased expenses. See "FINANCES – Revenue Reserve Fund" herein. As of February 1, 2021, the County estimates more than $125,000,000 in increased expenses incurred as a result of the COVID-19 pandemic. The County cannot determine at this time, however, the extent of the expenses it ultimately will incur as a result of the COVID-19 pandemic. In addition, the COVID-19 pandemic's long-term impact on the State and local economy cannot be currently determined.

Part of the COVID-19 related costs incurred or to be incurred by the County may be reimbursed or otherwise offset by federal or state aid, including federal assistance made available to state and local governments, among others, under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") signed into law on March 27, 2020. In accordance with The Consolidated Appropriations Act, 2021, signed into law on December 27, 2020, the period during which recipients may incur eligible costs that may be covered using payments from CARES Act funding has been extended to December 31, 2021.

The County has been allocated $101,071,866 from the Coronavirus Relief Fund established by the CARES Act. As of December 31, 2020, the County spent $79,344,132 or 78.5% of this CARES Act allocation. In addition to the funding from the Coronavirus Relief Fund, the County is receiving various forms of programmatic assistance established or funded under the CARES Act or otherwise, including direct grant assistances from federal agencies and the State of Maryland, totaling an estimated $3,045,000. Additional support to local jurisdictions such as the County may be made available under future legislative initiatives at the federal or State level. The overall timing and availability of assistance to the County cannot be determined at this time.

The COVID-19 pandemic continues as a public health issue, and the County cannot determine at this time the future effects of the pandemic on the County's actual and estimated revenues and expenses or the long-term impact on the State and local economy. The ongoing COVID-19 pandemic may cause additional economic and health challenges that cannot be anticipated at this time, though the County remains committed to taking appropriate actions to ensure the well-being of its residents and employees as well as to manage its budget in a fiscally responsible manner.

**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, 39 Broadway, 12th Floor, New York, New York, 10006, serves as financial advisor to the County on debt management and capital financing matters.

**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.

CliftonLarsonAllen LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

**Verification of Mathematical Computations**

Samuel Klein and Company, Certified Public Accountants (the "Verification Agent") will deliver to the County, on or before the date of issuance of the Bonds, its verification report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, certain information and assertions provided by Public Resources Advisory Group with respect to the Refunded Bonds. Included in the scope will be a verification of the mathematical accuracy of the mathematical computations of the proceeds of the Refunding Bonds deposited with the escrow agent for the Refunded Bonds to pay the principal of and interest on the Refunded Bonds upon their redemption on or about April 22, 2021. Such computations were based solely on assumptions and information supplied to the Verification Agent by Public Resources Advisory Group and the County.

**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.

**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.

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## 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, 2019. This was the 39th 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 has submitted its CAFR to GFOA for year ended June 30, 2020.

**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 than 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 County Executive veto. The Annual Budget and Appropriation Ordinance is to be adopted by the County Council on or before the fifteenth 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 invests primarily in obligations of the United States Government, its agencies or instrumentalities, and the Maryland Local Government Investment Pool. 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 2020. Property tax revenues comprised approximately 46.6% of total General Fund revenues, and income tax revenues comprised approximately 37.7% 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)

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| REVENUES | | | | | |
| General property taxes | $750,383,091 | $695,922,276 | $675,622,755 | $656,220,024 | $629,091,742 |
| Local income taxes | 606,998,155 | 522,923,960 | 508,267,424 | 491,528,416 | 456,192,055 |
| State shared taxes | 11,704,256 | 12,410,845 | 11,624,829 | 11,694,607 | 12,092,354 |
| Recordation and transfer taxes | 114,907,649 | 115,519,643 | 110,642,661 | 109,395,916 | 105,668,592 |
| Local sales taxes | 26,699,642 | 32,110,766 | 32,744,465 | 32,938,166 | 33,070,498 |
| License and permit fees | 15,441,085 | 18,335,508 | 18,132,998 | 17,148,374 | 18,617,749 |
| Ambulance fees | 12,112,507 | 13,627,382 | 11,833,040 | 11,985,658 | 11,387,538 |
| Cable fees | 10,415,690 | 11,142,696 | 11,056,998 | 11,560,846 | 11,329,610 |
| Video lottery local impact aid | 6,686,423 | 8,879,924 | 9,575,797 | 5,368,631 | - |
| Investment income | 6,551,874 | 10,230,120 | 3,343,438 | 879,075 | 2,620,723 |
| Fees for services and other revenue | 46,638,488 | 58,669,444 | 52,921,057 | 52,459,924 | 43,238,687 |
| Total revenues | 1,608,538,860 | 1,499,772,564 | 1,445,765,462 | 1,401,179,637 | 1,323,309,548 |
| EXPENDITURES | | | | | |
| Education | 778,703,500 | 730,197,000 | 722,012,200 | 686,912,200 | 657,263,600 |
| Public safety | 318,548,379 | 302,165,609 | 285,369,437 | 277,925,953 | 270,889,952 |
| General government | 136,194,157 | 141,389,079 | 134,754,697 | 110,185,705 | 65,746,984 |
| Health and human services | 48,912,109 | 49,451,422 | 46,926,623 | 49,854,800 | 46,850,603 |
| Public works | 31,666,979 | 39,733,004 | 35,404,983 | 33,397,544 | 37,107,410 |
| Recreation and community services | 49,503,382 | 46,242,840 | 43,740,699 | 42,907,434 | 40,459,956 |
| Judicial | 28,813,697 | 28,001,459 | 26,495,668 | 25,026,320 | 24,396,396 |
| Code enforcement | 13,901,473 | 12,729,742 | 12,896,330 | 12,982,405 | 11,930,543 |
| Land use and development | 8,355,930 | 6,790,901 | 6,609,485 | 8,064,592 | 8,134,275 |
| Debt service | | | | | |
| Interest payments on debt | 57,022,145 | 52,238,837 | 47,399,444 | 46,690,493 | 46,803,954 |
| Principal payments on debt | 90,126,367 | 93,934,724 | 86,350,499 | 86,167,032 | 126,951,132 |
| Interest payments on leases | 373 | 373 | 15,210 | 15,210 | 13,619 |
| Principal payments on leases | 10,122 | 34,138 | 39,658 | 39,658 | 22,347 |
| Total Expenditures | 1,561,758,613 | 1,502,909,128 | 1,448,014,933 | 1,380,169,346 | 1,336,570,771 |
| Revenues over (under) expenditures | 46,780,247 | (3,136,564) | (2,249,471) | 21,010,291 | (13,261,223) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Operating tranfers in | 43,241,434 | 40,828,139 | 32,216,079 | 40,407,255 | 36,289,340 |
| Operating transfers out | (221,911,883) | (230,328,191) | (205,656,535) | (136,590,109) | (96,878,798) |
| Proceeds of general obligation bonds | 185,195,000 | 187,480,000 | 175,543,000 | 103,285,000 | 77,410,000 |
| Proceeds of refunding bonds | - | 4,445,000 | - | 44,423,549 | 69,384,271 |
| Premium on refunding of bonds | - | 490,033 | - | 5,698,490 | 8,553,598 |
| COI on refunding bonds | | | - | (218,559) | (153,835) |
| Proceeds from Capital Leases | - | 41,980 | - | 94,513 | 60,038 |
| Transfer to OPEB Trust | | | | | (70,877,624) |
| Payment to escrow agent | - | - | - | (49,903,480) | (25,679,034) |
| Payment of bond anticipation notes | - | - | - | - | - |
| Total other financing sources (uses) | 6,524,551 | 2,956,961 | 2,102,544 | 7,196,659 | (1,892,044) |
| Net increase (decrease) in fund balances | 53,304,798 | (179,603) | (146,927) | 28,206,950 | (15,153,267) |
| Fund balances (deficit), July 1 | 174,698,009 | 174,877,612 | 175,024,539 | 146,817,589 | 161,970,856 |
| Fund balances (deficit), June 30 | $228,002,807 | $174,698,009 | $174,877,612 | $175,024,539 | $146,817,589 |
| Fund balance as a % of revenues | 14.17% | 11.65% | 12.10% | 12.49% | 11.09% |

*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)

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Budget | Actual | Budget | Actual |
| REVENUES | | | | |
| General property taxes | $747,069,000 | $750,383,091 | $694,859,000 | $695,922,276 |
| Local income taxes | 564,999,600 | 606,998,155 | 517,958,000 | 522,923,960 |
| State shared taxes | 13,822,300 | 11,704,256 | 11,979,900 | 12,410,845 |
| Recordation and transfer taxes | 102,000,000 | 114,907,649 | 102,000,000 | 115,519,643 |
| Local sales taxes | 32,176,000 | 26,699,642 | 31,948,000 | 32,110,766 |
| Licenses and permits | 17,722,300 | 15,441,085 | 17,349,400 | 18,335,508 |
| Ambulance fees | 12,200,000 | 12,112,507 | 12,000,000 | 13,627,382 |
| Cable fees | 9,800,000 | 10,415,690 | 11,500,000 | 11,142,696 |
| Video Lottery Impact Aid | 9,200,000 | 6,686,423 | 9,600,000 | 8,879,924 |
| Investment income | 3,200,000 | 3,837,481 | 1,200,000 | 6,426,581 |
| Inter-fund recoveries | 77,610,100 | 77,348,408 | 68,079,100 | 70,686,873 |
| Fees for services and other revenue | 53,472,500 | 46,838,188 | 52,907,600 | 56,648,138 |
| Total revenues | 1,643,271,800 | 1,683,372,575 | 1,531,381,000 | 1,564,634,592 |
| EXPENDITURES | | | | |
| Current | | | | |
| Education | 733,315,800 | 733,315,800 | 687,809,300 | 687,809,300 |
| Higher education | 45,387,700 | 45,387,700 | 42,387,700 | 42,387,700 |
| Public safety | 328,939,700 | 321,728,687 | 302,974,800 | 299,959,738 |
| General government | 201,757,000 | 200,380,168 | 185,647,200 | 178,588,603 |
| Health and human services | 87,589,000 | 48,800,579 | 53,327,300 | 50,403,297 |
| Public works | 34,786,000 | 33,105,688 | 37,558,000 | 36,692,599 |
| Recreation and community services | 52,753,500 | 51,193,306 | 48,403,500 | 47,914,241 |
| Judicial | 30,174,800 | 29,077,702 | 28,863,600 | 28,154,539 |
| Land use and development | 8,758,900 | 8,340,346 | 7,434,100 | 7,199,349 |
| Code enforcement | 14,420,700 | 13,908,007 | 13,462,200 | 12,722,164 |
| Debt service | 150,248,400 | 147,827,303 | 140,738,600 | 140,654,642 |
| Pay Go Funding | 35,000,000 | 35,000,000 | 41,332,000 | 41,332,000 |
| Total expenditures | 1,723,131,500 | 1,668,065,286 | 1,589,938,300 | 1,573,818,172 |
| Revenues over (under) expenditures | (79,859,700) | 15,307,289 | (58,557,300) | (9,183,580) |
| Fund balances, budgetary, July 1 | 97,919,543 | 97,919,543 | 107,103,123 | 107,103,123 |
| Fund balances, budgetary, June 30 | $18,059,843 | $113,226,832 | $48,545,823 | $97,919,543 |
| Fund balances - Unassigned | | | | |
| Unassigned - GAAP basis | | $161,996,256 | | $90,361,685 |
| Effects of: | | | | |
| Fair Market Value Adjustment | | (704,232) | | (1,283,165) |
| County Parking Garage Fund | | (149,214) | | (49,258) |
| Health Encumbrance adjustment | | 321,272 | | 514,939 |
| Video lottery local impact aid | | - | | - |
| Revenue reserve allocation | | (82,400,437) | | (73,425,471) |
| Self Insurance Fund allocation | | (13,537,626) | | 373,861 |
| Inmate Benefits and Morale Fund | | (801,926) | | (840,510) |
| Bond Refunding Premium | | - | | - |
| Base realignment and closure | | - | | - |
| Central Garage Fund allocation | | 5,915,014 | | 8,088,640 |
| Transfer for Permanent Public Improvements | | (9,371,621) | | |
| LOSAP-Current Liability | | 799,800 | | 799,750 |
| Payroll Overtime Liability | | 3,000,000 | | 3,000,000 |
| Unassigned - Non-GAAP basis | | 65,067,286 | | 27,540,471 |
| Assigned for subsequent years | | 38,787,925 | | 70,379,072 |
| Fund balance - Budgetary Basis | | $103,855,211 | | $97,919,543 |

*Source: Office of Finance.*

| 2018 | | 2017 | | 2016 | |
|---|---|---|---|---|---|
| Budget | Actual | Budget | Actual | Budget | Actual |
| $668,448,500 | $675,622,755 | $648,906,000 | $656,220,024 | $633,420,000 | $629,091,742 |
| 486,000,000 | 508,267,424 | 463,000,000 | 491,528,416 | 450,560,000 | 456,192,055 |
| 11,528,800 | 11,624,829 | 12,229,400 | 11,694,607 | 11,807,000 | 12,092,354 |
| 100,000,000 | 110,642,661 | 95,000,000 | 109,395,916 | 80,000,000 | 105,668,592 |
| 32,901,000 | 32,744,465 | 34,114,000 | 32,938,166 | 33,602,000 | 33,070,498 |
| 17,451,200 | 18,132,998 | 18,000,000 | 17,148,374 | 17,000,000 | 18,617,749 |
| 11,000,000 | 11,833,040 | 10,000,000 | 11,985,658 | 9,000,000 | 11,387,538 |
| 11,000,000 | 11,056,998 | 11,300,000 | 11,560,846 | 10,450,000 | 11,329,610 |
| 9,600,000 | 9,575,797 | 3,740,000 | 5,368,631 | - | - |
| 600,000 | 3,871,818 | 100,000 | 1,724,716 | 200,000 | 1,212,362 |
| 66,027,200 | 62,528,230 | 66,666,400 | 69,082,961 | 59,632,000 | 62,157,459 |
| 50,154,300 | 52,299,292 | 45,949,200 | 50,582,805 | 42,823,000 | 42,521,529 |
| 1,464,711,000 | 1,508,200,307 | 1,409,005,000 | 1,469,231,120 | 1,348,494,000 | 1,383,341,488 |
| | | | | | |
| 681,724,500 | 681,724,500 | 648,224,500 | 648,224,500 | 620,575,900 | 620,575,900 |
| 40,287,700 | 40,287,700 | 38,687,700 | 38,687,700 | 36,687,700 | 36,687,700 |
| 288,276,000 | 284,771,283 | 279,086,000 | 276,956,587 | 273,305,100 | 270,671,067 |
| 165,767,200 | 160,259,995 | 142,652,100 | 137,474,600 | 137,488,951 | 135,097,620 |
| 51,519,100 | 48,518,870 | 51,727,700 | 50,295,863 | 49,899,400 | 48,474,231 |
| 37,318,100 | 35,745,382 | 35,631,200 | 34,764,979 | 37,803,600 | 37,065,661 |
| 46,215,600 | 45,335,878 | 45,020,400 | 44,276,549 | 43,078,100 | 42,533,861 |
| 27,324,000 | 26,863,444 | 25,738,300 | 25,464,097 | 25,330,900 | 24,947,469 |
| 7,608,500 | 7,551,899 | 8,685,000 | 8,514,592 | 8,981,600 | 8,759,076 |
| 13,327,100 | 12,889,397 | 13,223,400 | 12,995,990 | 11,983,800 | 11,923,923 |
| 132,787,000 | 132,538,042 | 131,997,800 | 131,580,836 | 120,887,400 | 120,443,662 |
| 26,700,000 | 26,700,000 | 32,435,000 | 32,395,000 | 15,638,000 | 15,418,000 |
| 1,518,854,800 | 1,503,186,390 | 1,453,109,100 | 1,441,631,293 | 1,381,660,451 | 1,372,598,170 |
| (54,143,800) | 5,013,917 | (44,104,100) | 27,599,827 | (33,166,451) | 10,743,318 |
| 102,089,206 | 102,089,206 | 74,489,379 | 74,489,379 | 63,746,061 | 63,746,061 |
| $47,945,406 | $107,103,123 | $30,385,279 | $102,089,206 | $30,579,610 | $74,489,379 |
| | | | | | |
| | $82,924,322 | | $88,023,466 | | $76,778,332 |
| | | | | | |
| | 173,352 | | 641,247 | | - |
| | (12,783) | | 19,807 | | 13,566 |
| | 762,452 | | - | | 236,110 |
| | - | | - | | - |
| | (63,405,849) | | (59,458,031) | | (57,217,457) |
| | 1,176,441 | | (4,099,708) | | (6,451,317) |
| | (794,232) | | (691,800) | | (711,283) |
| | - | | - | | - |
| | - | | 1,372,139 | | 1,372,139 |
| | 6,434,048 | | 4,719,983 | | 4,666,124 |
| | - | | - | | - |
| | 797,000 | | - | | - |
| | 3,000,000 | | - | | - |
| | 31,054,751 | | 30,527,103 | | 18,686,214 |
| | 76,048,372 | | 71,562,103 | | 55,803,165 |
| | $107,103,123 | | $102,089,206 | | $74,489,379 |

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. Due to fiscal restraint and higher revenues in fiscal years 2016 through 2020, with revenues exceeding budgeted expectations, the GAAP fund balance increased from $146,817,589 at June 30, 2016 to $228,002,807 at June 30, 2020.

**Budget for Fiscal Year 2021**

To date, the County's fiscal year 2021 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 $1,719,224,300 with a County property tax rate of $0.934 per $100 of assessed value outside of Annapolis and $0.560 per $100 of assessed value inside of Annapolis. (See "FINANCES - Property Taxes, Assessments and Collections").

To date, the 2021 Capital Budget and Five-Year Program total approximately $2,410,713,000 including $1,934,246,000 for general county improvements and $476,467,000 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 2021 and 2020**

The Controller has prepared summary unaudited data with respect to revenues and expenditures of the General Fund for the six months ended December 31, 2020 and December 31, 2019. 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 2020 show an increase in revenues and an increase in expenditures compared to December 2019. Total revenues as of December 31, 2020 are approximately $8,221,000 higher than December 31, 2019, an increase of 0.77%. Revenues from property taxes are approximately $20,156,000 ahead of the prior year. Recordation and transfer taxes have increased by approximately $6,037,000. Total expenditures as of December 2020 are approximately $40,595,000 higher than December 2019, an increase of 4.46%, which is the result of an increase in appropriations for the Board of Education and Public Safety, an increase in debt service funding of $2,830,000, a transfer to the Reserve for Permanent Public Improvements Fund of $19,469,000 as well as an increase in the retiree health insurance contribution of $2,000,000.

The following presents a summary of General Fund revenues, expenditures and encumbrances for the six months ended December 31, 2020 and December 31, 2019, 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)**

| | 2020 | | | 2019 | |
|---|---|---|---|---|---|
| | Annual Budget | Six Month Actual | Actual As a % of Annual Budget | Six Month Actual | Actual As a % of Annual Budget |
| Revenues (1) | | | | | |
| General property taxes | $774,515,600 | $763,243,331 | 98.5% | $743,087,773 | 99.5% |
| Local income taxes | 589,200,000 | 191,970,447 | 32.6% | 192,095,282 | 34.0% |
| State shared taxes | 18,537,800 | 5,605,679 | 30.2% | 7,376,232 | 32.0% |
| Recordation and transfer taxes | 95,000,000 | 66,826,625 | 70.3% | 60,788,808 | 59.6% |
| Local sales taxes | 28,725,000 | 6,926,814 | 24.1% | 13,141,546 | 40.8% |
| Licenses and permit fees | 18,114,000 | 6,312,621 | 34.8% | 6,834,264 | 38.6% |
| Ambulance fees | 12,500,000 | 2,889,197 | 23.1% | 2,916,594 | 23.9% |
| Cable fees | 10,250,000 | 104,283 | 1.0% | 2,679,873 | 27.3% |
| Investment income | 2,700,000 | 268,847 | 10.0% | 2,286,087 | 71.4% |
| Other revenues | 52,351,700 | 19,337,720 | 36.9% | 20,933,407 | 39.1% |
| Inter-Fund Recoveries | 79,583,400 | 15,593,324 | 19.6% | 18,717,714 | 24.1% |
| Total Revenues | $1,681,477,500 | $1,079,078,888 | 64.2% | $1,070,857,580 | 65.2% |
| | | | | | |
| Expenditures | | | | | |
| Education | $749,579,900 | $407,127,979 | 54.3% | $370,050,164 | 50.5% |
| Higher education | 46,661,700 | 23,117,850 | 49.5% | 21,843,850 | 48.1% |
| Public safety | 340,412,100 | 181,906,369 | 53.4% | 165,814,535 | 50.9% |
| General government | 226,285,800 | 170,432,067 | 75.3% | 155,883,164 | 73.3% |
| Health and human services | 55,253,200 | 26,656,965 | 48.2% | 27,399,598 | 50.7% |
| Public works | 31,926,200 | 15,864,929 | 49.7% | 19,750,967 | 56.8% |
| Recreation and community services | 52,141,800 | 26,361,387 | 50.6% | 27,866,340 | 52.8% |
| Judicial | 30,987,500 | 15,754,755 | 50.8% | 14,855,359 | 49.2% |
| Land use and development | 8,997,500 | 4,209,135 | 46.8% | 4,118,409 | 47.1% |
| Code enforcement | 14,947,700 | 7,195,090 | 48.1% | 6,792,493 | 47.1% |
| Debt service | 153,517,900 | 64,486,663 | 42.0% | 61,656,746 | 41.4% |
| Pay go funding - capital projects | 8,513,000 | 8,513,000 | 100.0% | 35,000,000 | 100.0% |
| Total Expenditures | $1,719,224,300 | $951,626,189 | 55.4% | $911,031,625 | 53.7% |

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

*Source: Office of Finance*

**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 Bill No. 70-15, passed by the County Council on July 20, 2015, approved by the County Executive on July 27, 2015 and effective on September 10, 2015, 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 5% of the estimated general fund revenues for the upcoming fiscal year. As a result of budgeted transfers to the fund and interest income, the fund balance has increased to approximately $82,022,300 as of December 31, 2020.

**Permanent Public Improvements**

During the fiscal year 2019 budget process, Bill 42-19 was passed to establish the Reserve Fund for Permanent Public Improvements (PPI Fund). It is a special fund provided for in the County Charter. The revenue for the Fund is based off of 1/10th of a percentage point by which the income tax rate exceeds 2.50% and capped at $21.0 million a year to pay for the debt service of a one-time capital infusion totaling $250.0 million. As a result of budgeted transfers to the fund and interest income, the fund balance has increased to approximately $28,902,000 as of December 31, 2020

**General Fund Revenues**

The County's principal General Fund revenues are property taxes, income taxes, recordation & transfer taxes, local share of state taxes, and fees for services which consists primarily of ambulance fees, cable fees, recreation and park fees, and police aid. 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 Assessments 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 and fiscal year 2021 as of December 31, 2020, 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)**
**(unaudited)**

| | As of December 31, | (As of June 30) | | | | |
|---|---|---|---|---|---|---|
| | **2020** | **2020** | **2019** | **2018** | **2017** | **2016** |
| Assessed Value | | | | | | |
| Real Property | $ 94,215,653 | $ 91,496,994 | $ 88,023,098 | $ 84,741,803 | $ 81,206,409 | $ 78,154,218 |
| Personal Property | 28,312 | 35,740 | 39,573 | 44,779 | 40,006 | 37,938 |
| Railroads and Public Utilities | 1,084,112 | 1,164,769 | 1,122,468 | 1,027,433 | 994,833 | 941,588 |
| Business Corporations | 832,435 | 1,510,901 | 1,571,857 | 1,604,389 | 1,562,179 | 1,298,603 |
| Total Base | $ 96,160,512 | $ 94,208,404 | $ 90,756,996 | $ 87,418,404 | $ 83,803,427 | $ 80,432,347 |
| Total estimated actual value-taxable property | $ 96,160,512 | $ 94,208,404 | $ 90,756,996 | $ 87,418,404 | $ 83,803,427 | $ 80,432,347 |
| County Tax Rate (per $100 of Assessed Value) | $ 0.934 | $ 0.935 | $ 0.902 | $ 0.907 | $ 0.915 | $ 0.923 |
| County Tax Rate within the City of Annapolis (per $100 of Assessed Value) | $ 0.560 | $ 0.561 | $ 0.541 | $ 0.544 | $ 0.548 | $ 0.552 |
| County Tax Rate within the Town of Highland Beach (per $100 of Assessed Value) | $ 0.904 | $ 0.905 | $ 0.872 | $ 0.877 | $ - | $ - |
| Total County Tax Levy (1) | $ 896,531 | $ 887,869 | $ 826,976 | $ 801,151 | $ 775,199 | $ 747,461 |
| 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 | $ 105,655 | $ 102,300 | $ 98,451 | $ 94,751 | $ 90,830 | $ 87,418 |

(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. Penalty/Interest 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 2021 is $0.374 per $100 of assessed value for real property and $0.934 per $100 of assessed value for personal property.

In establishing the County tax rate applicable to assessed property within the Town of Highland Beach, 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 Highland Beach from being taxed for services already provided by this municipality. Hence, owners of property located outside the Town of Highland Beach are taxed by the County for all services that the County provides, while owners of property located inside the Town of Highland Beach are taxed by the County only for those services that the County, and not the Town of Highland Beach, directly provides. The tax differential for fiscal year 2021 is $0.030 per $100 of assessed value for real property and $0.075 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 Levy(1) | 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 | % | | |
| 2020 | $802,387,875 | $796,488,765 | 99.3% | $797,835,743 | 99.4% | $7,388,125 | 0.9% |
| 2019 | 744,040,379 | 742,102,299 | 99.7% | 739,551,190 | 99.4% | 2,919,496 | 0.4% |
| 2018 | 719,780,692 | 718,630,145 | 99.8% | 718,555,509 | 99.8% | 2,353,355 | 0.3% |
| 2017 | 691,541,813 | 690,363,926 | 99.8% | 695,488,009 | 100.6% | 2,499,838 | 0.4% |
| 2016 | 664,554,243 | 662,752,803 | 99.7% | 664,814,844 | 100.0% | 3,271,870 | 0.5% |

(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 2019-2020, 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 | $ 979,943,617 | $ 22,408,210 | 1.04% |
| Annapolis Mall Ltd Ptnshp | Retail | 510,348,800 | 4,771,761 | 0.54% |
| Arundel Mills Limited Ptnshp | Retail | 474,506,500 | 4,455,525 | 0.50% |
| PPE Casino Resorts Maryland LLC | Casino | 262,535,912 | 2,630,108 | 0.28% |
| Annapolis Towne Center at Parole LLC | Retail | 209,590,999 | 1,959,676 | 0.22% |
| Raven FS Property Holdings LLC | Real Estate | 199,328,933 | 1,863,726 | 0.21% |
| Verizon | Utility | 159,194,860 | 3,539,089 | 0.17% |
| WCS Properties Business Trust | Real Estate | 137,700,400 | 1,287,499 | 0.15% |
| Walmart Stores Inc | Retail | 115,768,880 | 1,246,736 | 0.12% |
| Comcast of Maryland, LLC | Utility | 62,673,370 | 1,398,810 | 0.07% |
| | | $ 3,111,592,271 | $ 45,561,140 | 3.30% |

*Source: Office of Finance*

**Property Tax Credit Programs**

Section 9-105 of the Tax-Property Article of the Annotated Code of Maryland (2012 Replacement Volume and 2020 Supplement), 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 2020, the County provided $79,574,114 of tax credits based on assessments and $1,323,314 of tax credits based on income. Through December in fiscal year 2021, the County has provided $80,308,556 of tax credits based on assessment and $1,172,538 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 increased the income tax rate from 2.50% to 2.81% effective January 1, 2020. 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.

**Watershed Protection and Restoration Fund**

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 was fully phased in for fiscal year 2016. The County debt policy specifies the debt will not exceed the fees generated to support the program.

The following tables set forth revenues, expenses and changes in fund balances of the Watershed Protection and Restoration Fund for the County's most recent fiscal years:

# ANNE ARUNDEL COUNTY, MARYLAND
## SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
## WATERSHED PROTECTION AND RESTORATION FUND
### Last Five Fiscal Years
### (Unaudited)

| | Year Ended June 30, | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| OPERATING REVENUES | | | | | |
| Watershed protection & restoration | $23,326,588 | $22,017,074 | $21,665,866 | $21,821,801 | $21,058,386 |
| Investment Income | 804,190 | 901,769 | 561,495 | 297,955 | 102,842 |
| Other revenues | 6,025 | 878 | 1,418 | 989 | 90 |
| Total revenues | 24,136,803 | 22,919,721 | 22,228,779 | 22,120,745 | 21,161,318 |
| OPERATING EXPENSES | | | | | |
| General government | - | - | - | - | 347,100 |
| Public works | 10,830,327 | 9,554,524 | 9,639,211 | 10,442,628 | 11,165,867 |
| Code enforcement | 1,279,562 | 1,189,018 | 1,150,194 | 1,224,234 | 1,218,517 |
| Debt service | | | | | |
| Interest payments on debt | 3,540,701 | 2,737,400 | 2,178,685 | 2,268,615 | 1,632,448 |
| Principal payments on debt | 3,387,418 | 2,708,785 | 2,239,685 | 2,239,685 | 369,927 |
| Total expenditures | 19,038,008 | 16,189,727 | 15,207,775 | 16,175,162 | 14,733,859 |
| Operating income (loss) | 5,098,795 | 6,729,994 | 7,021,004 | 5,945,583 | 6,427,459 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 38,600 | 64,231 | 28,697 | 38,866 | 66,930 |
| Transfers out | (29,300,000) | (24,500,000) | (15,107,000) | - | (15,850,000) |
| General obligation bonds issued | 29,300,000 | 24,500,000 | 15,107,000 | - | 15,850,000 |
| Total other financing sources (uses) | 38,600 | 64,231 | 28,697 | 38,866 | 66,930 |
| Change in fund balances | 5,137,395 | 6,794,225 | 7,049,701 | 5,984,449 | 6,494,389 |
| Net position, July 1 | 38,753,987 | 31,959,762 | 24,910,061 | 18,925,612 | 12,431,223 |
| Net position, June 30 | $43,891,382 | $38,753,987 | $31,959,762 | $24,910,061 | $18,925,612 |

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

The Controller has prepared summary unaudited data for the Watershed Protection and Restoration Fund for the six months ended December 31, 2020 and December 31, 2019.

**WATERSHED PROTECTIONS AND RESTORATION FUND**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**(Unaudited)**

| | For the Six Months Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| **Revenues** | | |
| Watershed protection & restoration | $ 23,646,168 | $ 23,336,094 |
| Miscellaneous | 605,217 | 947,112 |
| Total Revenues | 24,251,385 | 24,283,206 |
| **Expenses** | | |
| Watershed protection & restoration operations | 4,740,040 | 4,808,779 |
| Depreciation | 4,559,006 | 3,327,522 |
| Total Expenses | 9,299,046 | 8,136,301 |
| Net change in fund balance | 14,952,339 | 16,146,905 |
| Fund balance, July 1 | 43,891,382 | 38,753,987 |
| Fund balance, December 31 | $ 58,843,721 | $ 54,900,892 |

*Source: Office of Finance.*

**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, | | | | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 | |
| OPERATING REVENUES | | | | | | |
| Charges for services | $89,318,940 | $84,179,593 | $85,274,579 | $85,467,198 | $85,177,926 | |
| Other revenues | 6,717,090 | 6,263,123 | 5,258,361 | 6,745,839 | 5,897,948 | |
| Total revenues | 96,036,030 | 90,442,716 | 90,532,940 | 92,213,037 | 91,075,874 | |
| OPERATING EXPENSES | | | | | | |
| Personal services | 33,239,212 | 36,084,899 | 32,208,356 | 34,629,999 | 30,767,333 | |
| Contractual services | 39,522,591 | 34,934,124 | 35,717,956 | 30,805,669 | 45,818,677 | 1 |
| Supplies and materials | 9,093,116 | 9,110,487 | 9,998,950 | 8,048,959 | 8,348,107 | |
| Business and travel | 229,117 | 203,212 | 198,656 | 182,429 | 198,289 | |
| Depreciation | 51,676,312 | 50,591,925 | 47,878,643 | 45,631,584 | 45,566,683 | |
| Other | 15,500,701 | 14,907,385 | 13,383,335 | 12,359,489 | 11,320,155 | |
| Total operating expenses | 149,261,049 | 145,832,032 | 139,385,896 | 131,658,129 | 142,019,244 | |
| Operating income (loss) | (53,225,019) | (55,389,316) | (48,852,956) | (39,445,092) | (50,943,370) | |
| NONOPERATING REVENUES AND EXPENSES | | | | | | |
| Investment income | 612,484 | 989,250 | 750,890 | 389,537 | 185,208 | |
| Gain (loss) on the disposal of assets | (8,524) | (64,546) | (14,633) | 91,905 | (535,431) | |
| Net loss before other revenues | (52,621,059) | (54,464,612) | (48,116,699) | (38,963,650) | (51,293,593) | |
| OTHER | | | | | | |
| Capital contributions and grants | 13,964,680 | 12,593,919 | 15,988,638 | 16,429,634 | 18,583,242 | |
| Net equity transfers between funds | 40,201,424 | 39,700,427 | 59,837,194 | 42,196,896 | 88,078,387 | |
| Change in net position | 1,545,045 | (2,170,266) | 27,709,133 | 19,662,880 | 55,368,036 | |
| Net position, July 1 (as restated) | 895,468,229 | 897,638,495 | 869,929,362 | 860,003,613 | 804,635,577 | |
| Net position, June 30 | $897,013,274 | $895,468,229 | $897,638,495 | $879,666,493 | $860,003,613 | |

(1) Analysis of 2015 water & wastewater capital projects determined there to be $19.1 million of expenses that did not result in capital assets resulting in those expenditures being expensed in the operating fund.

*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)**

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| REVENUES | | | |
| Interest earned on long-term receivables | $539,920 | $621,018 | $674,271 |
| Investment income | 5,377,428 | 4,525,825 | 4,869,143 |
| Other revenues | 9,666,290 | 8,761,741 | 7,496,605 |
| Total revenues | 15,583,638 | 13,908,584 | 13,040,019 |
| EXPENSES | | | |
| Interest expense | 30,418,337 | 28,579,449 | 26,527,240 |
| Other expenses | 1,230,568 | 950,062 | 945,795 |
| Total expenses | 31,648,905 | 29,529,511 | 27,473,035 |
| OTHER | | | |
| Capital contributions, fees, and grants | 65,580,755 | 56,498,143 | 52,383,677 |
| Net equity transfers between funds | (51,970,707) | (47,260,228) | (41,372,085) |
| Increase (decrease) in net position | (2,455,219) | (6,383,012) | (3,421,424) |
| Net position, July 1 (as restated) | 236,353,421 | 242,736,433 | 246,157,857 |
| Net position, June 30 | $233,898,202 | $236,353,421 | $242,736,433 |

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

The Controller has prepared summary unaudited data for the Water and Wastewater Operating and Debt Service Funds for the six months ended December 31, 2020 and December 31, 2019.

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

| | For the Six Months Ended December 31, 2020 | 2019 |
|---|---|---|
| **Revenues** | | |
| Water and wastewater service | $ 45,386,537 | $ 48,529,487 |
| Miscellaneous | 6,444,674 | 6,933,156 |
| Total Revenues | 51,831,211 | 55,462,643 |
| **Expenses** | | |
| Water and wastewater operations | 44,667,068 | 45,154,310 |
| Debt service | 24,967,632 | 24,162,312 |
| Total Expenses | 69,634,700 | 69,316,622 |
| Change in net position | (17,803,489) | (13,853,979) |
| Net position, July 1 | 897,013,274 | 895,468,229 |
| Net position, December 31 | $ 879,209,785 | $ 881,614,250 |

*Source: Office of Finance.*

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

| | For the Six Months Ended December 31, 2020 | 2019 |
|---|---|---|
| **Revenues** | | |
| Capital connection charges | $ 11,403,895 | $ 15,243,843 |
| Environmental protection fees | 12,281,510 | 11,215,645 |
| Miscellaneous (primarily interest) | 3,039,289 | 4,324,816 |
| Total revenues | 26,724,694 | 30,784,304 |
| **Expenses** | | |
| Principal payments on debt | 16,390,000 | 14,020,000 |
| Interest payments on debt | 15,710,627 | 14,872,160 |
| Other | 527,551 | 527,551 |
| Total expenses | 32,628,178 | 29,419,711 |
| Increase in net position | (5,903,484) | 1,364,593 |
| Net position, July 1 | 233,898,202 | 236,353,421 |
| Net position, December 31 | $ 227,994,718 | $ 237,718,014 |

*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:(1) | | |
| Water .......... | $ 343.00 | Minimum per equivalent dwelling unit |
| Sewer .......... | $ 692.00 | Minimum per equivalent dwelling unit |
| Capital Facility Connection Charges: | | |
| Water .......... | $8,501.00 | |
| Sewer .......... | $8,501.00 | |
| Environmental Protection Fee: | 30% Surcharge on Water and Wastewater Usage Bills | |
| **Operating Rates** | | |
| Water User Charges: | | |
| Each 1,000 gallons | $ 2.83 | |
| Sewer User Charges:(2) | | |
| Each 1,000 gallons .......... | $ 4.97 | |
| Account Maintenance Charge | $6.00/qtr. metered service<br>$3.00/qtr. unmetered service | |

(1) This is a minimum charge. Actual charges 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 2020. The landfill has closed cells and an active cell that opened in 2017, which is 10.4% full at June 30, 2020. The active cell has an estimated life to at least 2052. 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 $78,304,500 at the end of fiscal year 2020. The County also estimates the future post closure care for these facilities for 30 years at approximately $34,740,600. In addition, the County has reserved cash of approximately $19,408,000 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 $35,881,000 as of June 30, 2020 for the closed or partially filled areas of the 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)**

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Charges for Services | $49,236,095 | $48,705,056 | $48,147,651 | $47,616,529 | $47,109,331 |
| Landfill Charges | 5,900,569 | 5,879,405 | 5,014,332 | 3,823,998 | 3,865,705 |
| Other Revenues | 252,742 | 256,424 | 397,672 | 1,093,935 | 345,676 |
| Total Revenues | 55,389,406 | 54,840,885 | 53,559,655 | 52,534,462 | 51,320,712 |
| Expenses | | | | | |
| Solid Waste Operations | 46,229,442 | 44,796,644 | 36,601,596 | 41,400,394 | 39,080,018 |
| Landfill Closure and postcl | (2,063,225) | 1,586,872 | 2,450,918 | 638,845 | (537,993) |
| Depreciation | 6,697,726 | 5,354,340 | 4,041,351 | 9,184,551 | 3,894,229 |
| Interest | 1,927,808 | 1,840,558 | 1,798,623 | 763,915 | 999,518 |
| Other Expenses | 2,223,634 | 1,609,883 | 2,674,766 | 2,001,473 | 2,783,600 |
| Total Expenses | 55,015,385 | 55,188,297 | 47,567,254 | 53,989,178 | 46,219,372 |
| Change in net position | 374,021 | (347,412) | 5,992,401 | (1,454,716) | 5,101,340 |
| Net position, July 1 (as restated) | 22,645,326 | 22,992,738 | 17,000,337 | 20,877,689 | 15,776,349 |
| Net position, June 30 | $23,019,347 | $22,645,326 | $22,992,738 | $19,422,973 | $20,877,689 |

*Source: Office of Finance.*

The changes in net position in the Solid Waste Fund have fluctuated over the past few years. In fiscal year 2020, the net position increased $721,433 as the result of a reduction in landfill closure and post closure care costs.

The Controller has prepared summary unaudited data for the Solid Waste Fund for the six months ended December 31, 2020 and December 31, 2019.

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

| | For the Six Months Ended December 31, 2020 | 2019 |
|---|---|---|
| Revenues | | |
| Service fees | $ 24,822,172 | $ 24,553,962 |
| Landfill charges | 3,210,822 | 2,592,056 |
| Investment Income | 60,612 | 375,792 |
| Miscellaneous | 69,764 | 78,305 |
| Total Revenues | 28,163,370 | 27,600,115 |
| Expenses | | |
| Operating Expenses | 18,778,632 | 18,240,484 |
| Depreciation Expense | 1,318,065 | 1,267,462 |
| Interest Expense | 1,055,029 | 943,816 |
| Other | 7,074,579 | 5,677,133 |
| Landfill closing costs | 760,750 | 598,318 |
| Total Expenses | 28,987,055 | 26,727,213 |
| Increase in net position | (823,685) | 872,902 |
| Net position, July 1 | 3,594,422 | 4,661,401 |
| Net position, December 31 | $ 2,770,737 | $ 5,534,303 |

*Source: Office of Finance.*

The following schedule lists 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 ($175.00/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 | $42 administrative fee<br>$60 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.

The following presents information regarding the four County administered plans based on the actuarial valuation dated January 1, 2020 and contribution and valuation data as of the fiscal year ending June 30, 2020.

**Net Pension Liability &**
**Valuation Data by Plan**
**(unaudited)**

| | Employees' Plan | Police Service Plan | Fire Service Plan | Detention Officers' and Deputy Sheriffs' Plan |
|---|---|---|---|---|
| Total pension liability | $973,355,989 | $759,568,512 | $691,561,715 | $213,233,864 |
| Plan fiduciary net position | 690,383,355 | 581,733,565 | 575,886,891 | 155,082,765 |
| Plan net pension liability (NPL) | $282,972,634 | $177,834,947 | $115,674,824 | $58,151,099 |
| Plan fiduciary net position as a percentage of the total NPL | 70.93% | 76.59% | 83.27% | 72.73% |
| Annual contribution for the year ended June 30, 2020 | $31,314,159 | $23,674,767 | $18,868,246 | $7,785,241 |
| Market value of net assets available for benefits as of June 30, 2020 | $631,035,873 | $534,659,057 | $531,314,526 | $144,286,942 |

**Note:** In fiscal year 2020, the County contributed $2,463,599 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.

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

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, 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, 2020 actuarial valuation, the inflation assumption remained the same at 3.0%, the investment assumption is 7.45%, and the amortization period for gains and losses is 20 years.

The System issues a separate financial report for the County Administered plans. A copy of this report can be obtained from the County's website at the following address: https://www.aacounty.org/boards-and-commissions/retirement-and-pension-system-board-of-trustees/pension-trust-fund-reports/retiree-health-benefitst-trust-annual-report-19.pdf. Some County employees participate in two multi-employer cost sharing pension plans administered by the State of Maryland. The County plans were established under authority created by County Charter and legislation, while the State plans were created by State legislation. The County's actuarial valuation measurement date was December 31, 2019.

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 U.S. Government agencies and instrumentalities, 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 primary government provides a group health plan for employees and retirees under the authority of § 6-1-308 of the County Code. This health plan may be extended to other component units under § 6-1-309 of the County Code. The Community College and the Library provide retiree health insurance through participation in the County's health plans. The County collects premiums from these entities to offset the related costs. The County Code requires the County to pay 80.0% of the health coverage cost for current County retirees and terminated vested employees that retired before July 1, 2014. Employees not eligible for normal or early retirement by January 1, 2017 will receive a subsidy based on years of service. The Library currently pays 80.0% for Library retirees. The primary government plan provides the same health plans to active employees and pre-age sixty-five retirees. The County offers a Medicare Advantage Plan to post age sixty-five retirees. The County offers the same prescription benefit for active employees and pre-age sixty-five retirees. Post age sixty-five retirees are eligible to participate in an Employer Group Waiver Plan (EGWP) plus WRAP for prescription benefits. County and Library retirees have the option of retaining dental and vision coverage, but must pay the full premium for these benefits.

Anne Arundel County Public Schools (AACPS) employees eligible to retire and receive Maryland State Retirement Agency (MSRA) benefits may be eligible for retiree healthcare benefits based on date of hire and service criteria. Employees hired prior to September 15, 2002 receive Board funding of 75.0% for Medical/Rx and dental benefits. For employees hired after September 15, 2002, ten years of AACPS service is required to be eligible for retiree health benefits. The Board funds a portion of the medical premium ranging from 25.0% with ten years of service to 75.0% with twenty or more years of service. No Board funding is provided for dental benefits. No Board funding is provided for vision coverage regardless of service date. Active employees and retirees have the same medical, dental, and vision plans while retirees over sixty-five have three Medicare Supplemental Plans available. The retiree and active prescription plan co-payments differ. The retiree plan is evaluated separately based on claims experience; however, a blended percentage increase has been applied to the retiree rates.

The Community College (the "College") provides medical, dental, and vision benefits to eligible retirees who are enrolled in medical coverage at the time of retirement. The benefit levels, employee contributions, and employer contributions are governed by and may be amended by the College Board of Trustees. Retirees are eligible for these benefits if they have a minimum of ten years of service and meet the eligibility requirement of their retirement plan, (Maryland State Retirement System or Optional plan). The College contributes to the cost of retirees' benefits at a rate of 2.5% for each year of service, and employees must have at least ten years of service to qualify. The maximum paid by the College is 75.0%. Retirees have no vested rights to these benefits.

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 established an irrevocable Health Benefits Trust fund effective in fiscal year 2016 on July 1, 2015. The creation of the trust allows the County to use a higher actuarial rate of return which will enable the County to fund the Other Post-Employment Benefits annual required contribution by 2021.

The County utilized the actuarial services of Bolton Partners and Aon Consulting to formulate its findings. According to this report, the combined actuarial estimates of the County's and its component units' total actuarial accrued liability is $673,395,000. The actuarial results noted herein for the County plan, College plan and Library plan are based on an investment rate of return of 6.75%, 4.38% and 3.13%, respectively.

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

**Recent Developments**

Recent developments concerning the County include:

- On June 12, 2020, the County Council passed the County Executive's $1.72 billion operating budget and $430.2 million capital budget for the fiscal year ending June 30, 2021. The County's local income tax rate remains at 2.81% and the property tax rate decreased to .934 cents from .935 cents per hundred of assessed value.

- The budget included, among other items, (i) funding the Board of Education at maintenance of effort at $749.6 million, (ii) MERIT increase and Cost of Living Adjustment (COLA) for County employees in the labor unions, and (iii) a contribution of $1.0 million to the Revenue Reserve Fund.

- The fiscal year 2021 General Fund budget was crafted at the same time that the COVID-19 pandemic was accelerating and producing an acute economic impact on the nation, state and county economies. Thus, the county revised the FY2020 and FY2021 revenue forecast down due to the economic impacts of the COVID-19 pandemic; however revenues came in higher than the Budget Office's revised estimates. In addition, the federal stimulus had a positive impact on income tax distributions and recordation and transfer tax revenues are better than expected which balanced declines in revenue from local sales tax, licensing fees, and other various revenues impacted by the ongoing and evolving COVID-19 crisis. The County will continue to carefully monitor expenditures and apply cost containment efforts, if necessary, because of uncertainty around economic recovery and the status of the State of Maryland's budget caused by the COVID-19 pandemic. See "THE BONDS – COVID-19 Pandemic," herein.

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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 is a party to a revolving credit agreement for a line of credit in a maximum aggregate principle amount outstanding at any one time not to exceed $90,000,000. Pursuant to the terms of the agreement, the County can issue bond anticipation notes to finance capital construction projects. The current line of credit agreement has been amended to extend the term of the agreement to December 14, 2022. The County has not requested any advances under the line of credit agreement.

### Tax Supported Debt

The following table sets forth the County's direct net tax supported debt as of June 30, 2020, not including the Bonds offered hereby:

| | | |
|---|---|---|
| General Obligation Bonds | | |
| General Improvements | $1,289,037,403 (1) | |
| Water and Sewer | 706,161,571 (2) | |
| Watershed Protection and Restoration | 95,610,790 | |
| Solid Waste | 44,471,807 (1) | |
| Total General Obligation Bonds | | 2,135,281,571 |
| Tax Increment Financing Bonds | | 68,445,000 |
| Installment Purchase Agreements | | 13,485,000 |
| Loans from the State of Maryland and Federal | | |
| General Improvements | | 2,362,394 |
| Long Term Leases | | |
| General Improvements | | 20,245 |
| Total Direct Debt | | 2,219,594,210 |
| Less: Dedicated Revenue Source | | |
| Watershed Protection and Restoration | 95,610,790 (3) | |
| Less: Self Supporting Debt | | |
| Water and Sewer Bonds | 706,161,571 | |
| Solid Waste Bonds | 44,471,807 (4) | |
| Total Self-Supporting Debt | | 846,244,168 |
| Net Tax Supported Debt | | $1,373,350,042 |

(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) 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.
(3) Customarily issued as part of Consolidated General Improvements Series; bonds for this purpose are supported by dedication of, if applicable, other revenues deposited to Watershed Protection and Restoration Fund.
(4) Historically issued as part of Consolidated General Improvements 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 (2013 Replacement Volume and 2020 Supplement) 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 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 (2013 Replacement Volume and 2020 Supplement), 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 2020-2021 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 | $66,883,207 |
| Stormwater Runoff Controls | 49,885 |
| Stormwater Runoff Controls WPRF | 1,000 |
| Education | 142,154,513 |
| Education PPI | 36,008,000 |
| Police and Fire | 24,098,091 |
| Police and Fire PPI | 1,369,000 |
| Roads and Bridges | 53,184,907 |
| Roads and Bridges Impact Fees | 1,076 |
| Roads and Bridges PPI | 4,518,000 |
| Community College | 20,719,527 |
| County Libraries | 13,668,364 |
| Recreation and Parks | 68,447,628 |
| Waterway Improvements | 8,739,242 |
| Consolidated Solid Waste | 16,811,217 |
| Consolidated Watershed Protection & Restor. | 155,003,107 |
| Consolidated General Improvements | 611,656,764 |
| Consolidated Water and Wastewater | 381,563,639 |
| Total | $993,220,403 |

*Source: Office of Finance.*

**Overlapping Debt**

The City of Annapolis is the only incorporated municipality in the County. As of June 30, 2020, the City of Annapolis had $153,502,362 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, 2020, the County had $47,396,571 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 currently has four separate special taxing districts that were created by legislation 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:

| | **Original Issue** | **Outstanding as of 2/29/2021** |
|---|---|---|
| Farmington | $4,280,000 | $2,165,000 |
| Dorchester | 13,885,000 | 10,950,000 |
| Two Rivers | 30,000,000 | 29,695,000 |
| Arundel Gateway | 22,500,000 | 22,460,000 |
| | $70,665,000 | $65,270,000 |

**Tax Increment Financing**

The County has passed legislation creating seven separate tax increment districts. Four of the seven districts are supported by special taxing districts created within, or coincident with, such tax increment districts and, for the purpose of financing projects in support of each of these districts, the County has authorized the issuance of special obligation bonds for each special taxing district. The County has also authorized the issuance of special obligation bonds for two of the tax increment districts. In each case, the bonding authority is for special obligation bonds secured by taxes levied on the tax increment districts and, with respect to the special taxing districts, also by special taxes levied on taxable property within the district. Such special obligation bonds may also be backed by the County's full faith and credit. As of February 28, 2021, approximately $64,945,000 in aggregate principal amount of such tax increment and special taxing bonds are outstanding and are guaranteed by the full faith and credit of the County.

**Special Community Benefit District Debt**

As of June 30, 2020, debt attributable to shore erosion control districts in the County totaled $2,362,394, debt attributable to waterways improvements districts in the County totaled $189,347 and debt attributable to erosion control districts totaled $2,173,047. 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 this 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 nor 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, 2020:

**STATEMENT OF LEGAL DEBT MARGINS**
**As of June 30, 2020**

| | *General Bonded Debt* | | *Water & Wastewater Utility Bonded Debt* | |
|---|---|---|---|---|
| Assessed value of real property | $91,496,993,700 | | $84,370,488,451 | |
| Bonded debt limit to assessed value | 5.2% | | 5.6% | |
| Bonded debt limit of real property | | 4,757,843,672 | | 4,724,747,353 |
| Assessed value of personal/operating real property | 2,711,409,790 | | 2,540,877,720 | |
| Bonded debt limit to assessed value | 13% | | 14% | |
| Bonded debt limit of personal property | | 352,483,273 | | 355,722,881 |
| Legal limitation for the borrowing of funds and issuance of bonds | | 5,110,326,945 | | 5,080,470,234 |
| Bonded debt applicable to debt limit (1) | | 1,289,037,403 | | 706,161,571 |
| Bonded debt for Watershed Restoration and Protection projects (2) | | 95,610,790 | | - |
| Installment Purchase Agreements (1) | | 13,485,000 | | - |
| Tax Increment Bonds (1) | | 68,445,000 | | - |
| Bonded debt for Solid Waste projects (2) | | 44,471,807 | | |
| Legal debt margin | | $3,599,276,945 | | $4,374,308,663 |

(1) See Note 8 of the Basic Financial Statements for explanations of the bonded debt limits.
(2) This presentation of debt for solid waste projects, and watershed protection and restoration projects is considered self-supporting.

*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 | Tax Supported Debt to Estimated Market Value |
|---|---|---|---|---|---|---|
| 2020 | $1,652,015,000 | 585,687 | $94,208,404,000 | $70,095 | $2,821 | 1.75% |
| 2019 | 1,526,102,000 | 583,967 | 90,756,996,000 | 66,422 | 2,613 | 1.58% |
| 2018 | 1,382,443,000 | 576,031 | 87,418,405,000 | 65,025 | 2,400 | 1.52% |
| 2017 | 1,273,103,000 | 573,235 | 83,803,427,000 | 64,648 | 2,221 | 1.57% |
| 2016 | 1,259,130,000 | 568,916 | 80,432,347,000 | 62,609 | 2,213 | 1.59% |

(1) Includes fee supported Watershed Protection and Restoration Bonds in the amount of approximately $95.6 million 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**
**(unaudited)**

| 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 |
|---|---|---|---|---|---|
| 2020 | $160,963,816 | $1,668,065,286 | 9.65 | $1,683,372,575 | 9.56 |
| 2019 | 156,917,587 | 1,573,818,172 | 9.97 | 1,564,634,592 | 10.03 |
| 2018 | 151,854,071 | 1,503,186,390 | 10.10 | 1,508,200,307 | 10.07 |
| 2017 | 144,727,107 | 1,441,631,293 | 10.04 | 1,469,231,120 | 9.85 |
| 2016 | 182,841,796 | 1,372,598,170 | 13.32 | 1,383,341,488 | 13.22 |

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

*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**
**(unaudited)**

| Fiscal Year Ended June 30, | Water and Wastewater Bonded Debt | Solid Waste Bonded Debt | Total Enterprise Funds Debt |
|---|---|---|---|
| 2020 | $706,161,571 | $44,471,807 | $750,633,378 |
| 2019 | 666,202,996 | 38,973,022 | 705,176,018 |
| 2018 | 625,033,512 | 37,228,293 | 662,261,805 |
| 2017 | 586,067,739 | 33,888,109 | 619,955,848 |
| 2016 | 550,132,236 | 32,920,293 | 583,052,529 |

*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 the date of issuance of the Bonds:

| | *General County Bonds (a,b)* | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year Ending June 30, | *Consolidated General Improvement* | | | | | | | |
| | *General Government* | | *Solid Waste* | | *WPRF* | | *2021 General Obligation* | |
| | *Principal* | *Interest* | *Principal* | *Interest* | *Principal* | *Interest* | *Principal* | *Interest* |
| 2021 | $ 59,272,356 | $ 29,684,355 | $ 2,068,533 | $ 1,036,977 | $ 1,834,111 | $ 2,173,954 | $ - | $ - |
| 2022 | 94,207,369 | 55,626,288 | 3,069,147 | 1,951,424 | 4,258,485 | 4,195,593 | 6,225,000 | 7,477,564 |
| 2023 | 88,592,039 | 51,021,960 | 3,104,477 | 1,796,946 | 4,258,485 | 3,982,668 | 6,225,000 | 7,000,375 |
| 2024 | 82,549,238 | 46,656,949 | 3,154,597 | 1,643,071 | 4,311,165 | 3,769,744 | 6,225,000 | 6,689,125 |
| 2025 | 78,288,545 | 42,546,581 | 3,019,892 | 1,485,358 | 4,166,563 | 3,554,186 | 6,225,000 | 6,377,875 |
| 2026 | 70,701,315 | 38,675,658 | 2,942,122 | 1,334,018 | 4,166,563 | 3,345,858 | 6,225,000 | 6,066,625 |
| 2027 | 67,449,156 | 35,199,163 | 2,814,281 | 1,191,157 | 4,166,563 | 3,137,530 | 6,225,000 | 5,755,375 |
| 2028 | 64,140,448 | 31,980,930 | 2,757,989 | 1,052,860 | 4,166,563 | 2,936,171 | 6,225,000 | 5,444,125 |
| 2029 | 60,574,246 | 29,059,605 | 2,744,191 | 922,009 | 4,166,563 | 2,733,942 | 6,225,000 | 5,132,875 |
| 2030 | 56,362,753 | 26,341,087 | 2,650,684 | 795,914 | 4,166,563 | 2,531,277 | 6,225,000 | 4,821,625 |
| 2031 | 49,076,963 | 23,600,104 | 2,331,472 | 667,435 | 4,166,563 | 2,322,949 | 6,225,000 | 4,510,375 |
| 2032 | 43,281,151 | 21,289,301 | 1,847,286 | 557,355 | 4,166,563 | 2,118,106 | 6,225,000 | 4,199,125 |
| 2033 | 39,342,421 | 19,234,388 | 1,736,016 | 468,925 | 4,166,563 | 1,913,263 | 6,225,000 | 3,887,875 |
| 2034 | 34,702,421 | 17,343,156 | 1,736,016 | 386,219 | 4,166,563 | 1,712,775 | 6,225,000 | 3,576,625 |
| 2035 | 30,204,749 | 15,714,794 | 1,517,189 | 305,488 | 3,803,062 | 1,516,643 | 6,220,000 | 3,265,500 |
| 2036 | 24,419,105 | 14,296,808 | 1,026,521 | 235,536 | 2,424,374 | 1,339,555 | 6,220,000 | 2,954,500 |
| 2037 | 24,414,106 | 13,198,980 | 1,026,520 | 192,087 | 2,424,374 | 1,235,758 | 6,220,000 | 2,705,700 |
| 2038 | 24,508,910 | 12,098,907 | 931,716 | 151,007 | 2,424,374 | 1,131,961 | 6,220,000 | 2,519,100 |
| 2039 | 24,664,791 | 10,992,567 | 775,835 | 116,195 | 2,424,374 | 1,028,163 | 6,220,000 | 2,332,500 |
| 2040 | 24,838,850 | 9,877,978 | 596,776 | 89,757 | 2,424,374 | 924,366 | 6,220,000 | 2,145,900 |
| 2041 | 25,223,401 | 8,753,269 | 212,226 | 73,563 | 2,424,373 | 820,569 | 6,220,000 | 1,959,300 |
| 2042 | 25,218,401 | 7,622,917 | 212,226 | 63,137 | 2,424,373 | 716,771 | 6,220,000 | 1,772,700 |
| 2043 | 25,218,401 | 6,492,690 | 212,226 | 52,711 | 2,424,373 | 612,974 | 6,220,000 | 1,586,100 |
| 2044 | 25,218,401 | 5,362,463 | 212,226 | 42,285 | 2,424,373 | 509,177 | 6,220,000 | 1,399,500 |
| 2045 | 25,218,401 | 4,232,236 | 212,226 | 31,860 | 2,424,373 | 405,379 | 6,220,000 | 1,212,900 |
| 2046 | 25,218,404 | 3,102,009 | 212,226 | 21,434 | 2,424,370 | 301,582 | 6,220,000 | 1,026,300 |
| 2047 | 22,554,471 | 2,038,380 | 212,230 | 11,008 | 1,983,299 | 208,812 | 6,220,000 | 839,700 |
| 2048 | 19,063,939 | 1,128,613 | 92,762 | 3,569 | 1,983,299 | 127,068 | 6,220,000 | 653,100 |
| 2049 | 13,040,297 | 456,701 | 24,994 | 810 | 1,549,709 | 56,164 | 6,220,000 | 466,500 |
| 2050 | 6,534,656 | 98,020 | 9,278 | 139 | 871,066 | 13,066 | 6,220,000 | 279,900 |
| 2051 | - | - | - | - | - | - | 6,220,000 | 93,300 |
| | **$ 1,254,099,704** | **$ 583,726,858** | **$ 43,463,880** | **$ 16,680,254** | **$ 93,186,416** | **$ 51,376,022** | **$ 186,665,000** | **$ 98,152,064** |

*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 March 31, 2021.*

| *Refunding 2021 General Obligation* | | *Debt Service General Obligation 2021 Refunded Issues* | | *Tax Increment* | | *Installment Purchase Agreements and Loans* | |
|---|---|---|---|---|---|---|---|
| *Principal* | *Interest* | *Principal* | *Interest* | *Principal* | *Interest* | *Principal* | *Interest* |
| - | $ - | $ - | $ - | $ - | - | $ 20,000 | $ 360,246 |
| 14,985,000 | 6,008,878 | (17,485,001) | (6,939,435) | 3,930,000 | 2,407,619 | 255,229 | 719,377 |
| 15,125,000 | 5,129,000 | (17,490,001) | (6,057,580) | 4,235,000 | 2,208,344 | 240,031 | 718,261 |
| 11,685,000 | 4,372,750 | (13,885,000) | (5,167,870) | 4,600,000 | 1,992,519 | 221,680 | 717,146 |
| 11,690,000 | 3,788,500 | (13,885,000) | (4,450,805) | 4,965,000 | 1,758,644 | 221,680 | 716,030 |
| 11,700,000 | 3,204,000 | (13,885,000) | (3,733,740) | 5,310,000 | 1,543,219 | 221,680 | 714,915 |
| 11,780,000 | 2,619,000 | (13,885,000) | (3,087,080) | 5,620,000 | 1,349,519 | 215,115 | 713,799 |
| 11,795,000 | 2,030,000 | (13,885,000) | (2,373,817) | 5,955,000 | 1,143,819 | 9,075,115 | 712,684 |
| 11,805,000 | 1,440,250 | (13,885,000) | (1,652,950) | 4,930,000 | 945,969 | 200,115 | 223,954 |
| 11,860,000 | 850,000 | (13,885,000) | (971,497) | 2,455,000 | 797,969 | 1,686,551 | 223,663 |
| 5,140,000 | 257,000 | (6,279,998) | (282,600) | 2,390,000 | 705,994 | 93,082 | 133,663 |
| - | - | - | - | 2,505,000 | 632,568 | 87,265 | 133,663 |
| - | - | - | - | 2,640,000 | 553,743 | 33,578 | 133,663 |
| - | - | - | - | 2,765,000 | 467,562 | 20,100 | 133,663 |
| - | - | - | - | 2,910,000 | 375,344 | 20,088 | 133,663 |
| - | - | - | - | 3,050,000 | 278,494 | 13,970 | 133,663 |
| - | - | - | - | 3,210,000 | 174,762 | 1,457,970 | 133,663 |
| - | - | - | - | 825,000 | 106,672 | 13,970 | 67,659 |
| - | - | - | - | 855,000 | 77,787 | 13,970 | 67,659 |
| - | - | - | - | 885,000 | 47,337 | 13,970 | 67,659 |
| - | - | - | - | 910,000 | 15,925 | 1,500,970 | 67,659 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| **117,565,000** | $ **29,699,378** | $ **(138,450,000)** | $ **(34,717,375)** | $ **64,945,000** | $ **17,583,809** | $ **15,626,129** | $ **7,026,344** |

| Fiscal Year Ending June 30, | Consolidated Water and Sewer | | | | | |
|---|---|---|---|---|---|---|
| | Water and Sewer Bonds (b) | | 2021 Water and Sewer Bonds | | Refunding 2021 Water and Sewer Bonds | |
| | *Principal* | *Interest* | *Principal* | *Interest* | *Principal* | *Interest* |
| 2021 | $ 15,555,000 | $ 15,270,578 | $ - | $ - | $ - | $ - |
| 2022 | 36,593,081 | 30,235,550 | 2,305,000 | 2,766,008 | 3,105,000.00 | 2,458,444.45 |
| 2023 | 35,983,412 | 28,583,240 | 2,305,000 | 2,589,375 | 3,155,000.00 | 2,249,750.00 |
| 2024 | 35,107,518 | 26,987,460 | 2,305,000 | 2,474,125 | 3,155,000.00 | 2,092,000.00 |
| 2025 | 33,845,184 | 25,425,210 | 2,305,000 | 2,358,875 | 3,145,000.00 | 1,934,250.00 |
| 2026 | 33,305,122 | 23,863,034 | 2,305,000 | 2,243,625 | 2,485,000.00 | 1,777,000.00 |
| 2027 | 32,941,368 | 22,383,173 | 2,305,000 | 2,128,375 | 2,490,000.00 | 1,652,750.00 |
| 2028 | 32,326,470 | 20,990,953 | 2,305,000 | 2,013,125 | 2,495,000.00 | 1,528,250.00 |
| 2029 | 31,170,921 | 19,687,733 | 2,305,000 | 1,897,875 | 2,505,000.00 | 1,403,500.00 |
| 2030 | 31,175,432 | 18,381,322 | 2,305,000 | 1,782,625 | 2,500,000.00 | 1,278,250.00 |
| 2031 | 30,894,011 | 17,070,267 | 2,300,000 | 1,667,500 | 2,485,000.00 | 1,153,250.00 |
| 2032 | 28,657,117 | 15,768,226 | 2,300,000 | 1,552,500 | 2,480,000.00 | 1,029,000.00 |
| 2033 | 26,757,127 | 14,483,351 | 2,300,000 | 1,437,500 | 2,465,000.00 | 905,000.00 |
| 2034 | 25,863,592 | 13,238,199 | 2,300,000 | 1,322,500 | 2,460,000.00 | 781,750.00 |
| 2035 | 25,049,741 | 12,017,202 | 2,300,000 | 1,207,500 | 2,445,000.00 | 658,750.00 |
| 2036 | 24,230,899 | 10,840,963 | 2,300,000 | 1,092,500 | 2,430,000.00 | 536,500.00 |
| 2037 | 22,102,066 | 9,720,408 | 2,300,000 | 1,000,500 | 2,420,000.00 | 415,000.00 |
| 2038 | 22,088,243 | 8,671,963 | 2,300,000 | 931,500 | 2,380,000.00 | 318,200.00 |
| 2039 | 22,019,428 | 7,620,589 | 2,300,000 | 862,500 | 2,345,000.00 | 223,000.00 |
| 2040 | 21,100,624 | 6,583,669 | 2,300,000 | 793,500 | 2,205,000.00 | 129,200.00 |
| 2041 | 19,696,122 | 5,552,864 | 2,300,000 | 724,500 | 1,025,000.00 | 41,000.00 |
| 2042 | 18,070,000 | 4,605,799 | 2,300,000 | 655,500 | - | - |
| 2043 | 17,170,000 | 3,731,875 | 2,300,000 | 586,500 | - | - |
| 2044 | 15,900,000 | 2,892,925 | 2,300,000 | 517,500 | - | - |
| 2045 | 13,260,000 | 2,111,125 | 2,300,000 | 448,500 | - | - |
| 2046 | 10,675,000 | 1,448,125 | 2,300,000 | 379,500 | - | - |
| 2047 | 9,225,000 | 950,625 | 2,300,000 | 310,500 | - | - |
| 2048 | 7,100,000 | 542,500 | 2,300,000 | 241,500 | - | - |
| 2049 | 4,835,000 | 244,125 | 2,300,000 | 172,500 | - | - |
| 2050 | 2,465,000 | 61,625 | 2,300,000 | 103,500 | - | - |
| 2051 | - | - | 2,300,000 | 34,500 | - | - |
| | **$ 685,162,477** | **$ 369,964,677** | **$ 69,045,000** | **$ 36,296,508** | **$ 50,175,000** | **$ 22,564,844** |

| Debt Service Water and Sewer Bonds 2021 Refunded Issues | | Total | | |
|---|---|---|---|---|
| *Principal* | *Interest* | *Principal* | *Interest* | *Debt Service Charge* |
| $ | $ | $ 78,750,000 | $ 48,526,108 | $ 127,276,108 |
| (3,720,000.00) | (3,180,250.00) | 147,728,311 | 103,727,059 | 251,455,370 |
| (3,725,000.00) | (2,998,420.00) | 142,008,443 | 96,223,919 | 238,232,362 |
| (3,725,000.00) | (2,816,340.00) | 135,704,199 | 89,410,679 | 225,114,878 |
| (3,720,000.00) | (2,634,260.00) | 130,266,864 | 82,860,443 | 213,127,307 |
| (2,980,000.00) | (2,458,947.50) | 122,496,802 | 76,575,264 | 199,072,066 |
| (2,980,000.00) | (2,317,605.00) | 119,141,482 | 70,725,155 | 189,866,637 |
| (2,980,000.00) | (2,172,885.00) | 124,376,585 | 65,286,214 | 189,662,799 |
| (2,980,000.00) | (2,026,775.00) | 109,761,036 | 59,767,988 | 169,529,024 |
| (2,980,000.00) | (1,867,350.00) | 104,521,983 | 54,964,884 | 159,486,867 |
| (2,980,000.00) | (1,706,187.50) | 95,842,093 | 50,099,748 | 145,941,841 |
| (2,980,000.00) | (1,541,550.00) | 88,569,382 | 45,738,294 | 134,307,676 |
| (2,980,000.00) | (1,376,912.50) | 82,685,705 | 41,640,794 | 124,326,499 |
| (2,980,000.00) | (1,212,275.00) | 77,258,692 | 37,750,174 | 115,008,866 |
| (2,980,000.00) | (1,047,637.50) | 71,489,829 | 34,147,246 | 105,637,075 |
| (2,980,000.00) | (883,000.00) | 63,134,869 | 30,825,520 | 93,960,389 |
| (2,980,000.00) | (720,100.00) | 62,595,036 | 28,056,758 | 90,651,794 |
| (2,980,000.00) | (557,200.00) | 58,712,213 | 25,439,769 | 84,151,982 |
| (2,980,000.00) | (394,300.00) | 58,638,398 | 22,926,660 | 81,565,058 |
| (2,880,000.00) | (231,400.00) | 57,704,594 | 20,427,965 | 78,132,559 |
| (1,490,000.00) | (74,500.00) | 58,022,092 | 17,934,148 | 75,956,240 |
| - | - | 54,445,000 | 15,436,825 | 69,881,825 |
| - | - | 53,545,000 | 13,062,850 | 66,607,850 |
| - | - | 52,275,000 | 10,723,850 | 62,998,850 |
| - | - | 49,635,000 | 8,442,000 | 58,077,000 |
| - | - | 47,050,000 | 6,278,950 | 53,328,950 |
| - | - | 42,495,000 | 4,359,025 | 46,854,025 |
| - | - | 36,760,000 | 2,696,350 | 39,456,350 |
| - | - | 27,970,000 | 1,396,800 | 29,366,800 |
| - | - | 18,400,000 | 556,250 | 18,956,250 |
| - | - | 8,520,000 | 127,800 | 8,647,800 |
| **$ (60,980,000)** | **$ (32,217,895)** | **$ 2,380,503,608** | **$ 1,166,135,489** | **$ 3,546,639,097** |

**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 with respect to the issuance of bonds authorized thereunder 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 Anne Arundel County, Maryland, 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 conferred by the Authorizing Ordinance upon him within the following guidelines as well as within the fixed limitations prescribed in the Authorizing Ordinance and County Charter.

(2) Sale of bonds under the Authorizing Ordinance shall be spaced at least six (6) months apart when practicable; provided, however, that bonds may be sold under the Authorizing Ordinance 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) The authority conferred by the Authorizing Ordinance shall be so exercised that the estimated maximum annual debt service obligation resulting therefrom plus current debt service payable by the County on outstanding obligations does not exceed an amount equal to twenty percent (20%) of the estimated net amount of all direct and indirect revenues of the County for the current fiscal year, including utility revenues, calculated by subtracting from gross revenues all debt service withheld or to be withheld by the State or any agency thereof during such fiscal year.

(5) All bonds issued and sold by the County under the Authorizing Ordinance shall be unconditional general obligation bonds of the County within the limitations of indebtedness set forth by the Authorizing Ordinance 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 they 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. The authorization by the Authorizing Ordinance 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.

The County has adopted a debt management policy (the "Debt Management Policy") which sets forth the borrowing limits pursuant to Resolution No. 44-16 adopted by the County Council on July 18, 2016, which may be amended and supplemented. The County's Debt Management Policy constitutes the local debt policy of the County required by Section 17-207 of the Local Government Article of the Annotated Code of Maryland.

The validity of any proceedings or action taken pursuant to the Authorizing Ordinance shall not be limited by or otherwise impaired by the Debt Management Policy. (See "INDEBTEDNESS – County Debt Policies – Administrative Debt Management Policies" below).

***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 proceeding each fiscal year.

***Administrative Debt Management Policies***

The County Administration has developed the Debt Management Policy to be used in planning future debt issuance levels. The Debt Management Policy, 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. The Debt Management Policy has been adopted to serve as a guideline 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, 2020 | Actual June 30, 2019 | Current Guidelines |
|---|---|---|---|
| Debt to Estimated Full Value | 1.39% | 1.29% | 2.00% |
| Debt Per Capita | $2,201 | $2,053 | $3,000 |
| Debt to Personal Income | 3.10% | 3.00% | 4.00% |
| Debt Service to Revenues* | 8.70% | 8.70% | 11.50% |

*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, transportation and public safety 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 2022 to 2026 projected Capital Program includes $1,454,069,192 in projected bond authorizations of which $992,409,092 are projected for tax supported projects which include permanent public infrastructure 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 Schedule presents the County's current and projected capital appropriations and funding sources approved for fiscal year 2021. 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, 2020 | County Council Approved Fiscal Year 2021 | Projected Fiscal Year 2022 | Projected Fiscal Year 2023 | Projected Fiscal Year 2024 | Projected Fiscal Year 2025 | Projected Fiscal Year 2026 |
|---|---|---|---|---|---|---|---|
| General County Projects | $ 61,669,534 | $ 49,619,000 | $ 29,877,000 | $ 44,790,000 | $ 25,502,000 | $ 26,602,000 | $ 23,759,000 |
| Stormwater Runoff Controls | 164,949 | (155,000) | - | - | - | - | - |
| Education | 521,001,085 | 158,258,900 | 250,753,000 | 119,126,000 | 80,118,000 | 66,292,000 | 132,385,000 |
| Police and Fire | 28,636,631 | 22,166,000 | 45,644,000 | 17,682,000 | 6,025,000 | 11,025,000 | 16,025,000 |
| Roads and Bridges | 114,993,993 | 57,588,000 | 58,489,000 | 74,966,000 | 111,674,000 | 53,588,000 | 42,585,000 |
| Community College | 42,217,625 | 35,681,000 | 2,180,000 | 3,021,000 | 3,001,000 | 12,270,000 | 34,429,000 |
| County Libraries | 23,123,421 | (2,202,000) | 350,000 | 350,000 | 2,763,000 | 33,232,000 | 350,000 |
| Recreation and Parks | 70,663,064 | 35,074,200 | 37,088,000 | 16,435,000 | 21,397,000 | 8,398,000 | 8,923,000 |
| Waterway Improvements | 12,044,274 | 2,498,000 | 2,200,000 | 2,200,000 | 2,200,000 | 2,200,000 | 2,200,000 |
| Solid Waste | 20,230,139 | 3,583,000 | 1,440,000 | 1,576,000 | 2,551,000 | 3,540,000 | 20,340,000 |
| Watershed Protection & Restor. | 167,439,642 | (2,491,000) | 8,117,000 | 18,617,000 | 18,117,000 | 34,117,000 | 34,117,000 |
| Total General Improvements | 1,062,184,357 | 359,620,100 | 436,138,000 | 298,763,000 | 273,348,000 | 251,264,000 | 315,113,000 |
| Water and Wastewater | 378,823,145 | 70,619,500 | 132,395,200 | 88,640,900 | 69,523,000 | 58,023,000 | 57,265,000 |
| Total | $ 1,441,007,502 | $ 430,239,600 | $ 568,533,200 | $ 387,403,900 | $ 342,871,000 | $ 309,287,000 | $ 372,378,000 |
| FUNDING SOURCES | | | | | | | |
| General Improvements | | | | | | | |
| County bonds | $ 254,726,002 | $ 144,117,600 | $ 171,773,000 | $ 127,542,000 | $ 129,220,000 | $ 160,797,000 | $ 194,972,000 |
| PPI Fund Bonds* | - | 41,895,000 | 129,777,000 | 27,273,000 | 51,055,000 | - | - |
| WPRF Bonds | 1,000 | - | - | - | - | - | - |
| Impact Fee Bonds | 1,076 | - | - | - | - | - | - |
| Grant and aid | 479,499,348 | 103,688,700 | 75,104,000 | 96,033,000 | 56,285,000 | 39,232,000 | 46,834,000 |
| Developer impact fees | 37,316,444 | 24,034,800 | 14,492,000 | 12,062,000 | 5,800,000 | 3,708,000 | 8,980,000 |
| Pay-as-you-go | 3,256,700 | 9,176,000 | 5,537,000 | 5,790,000 | 5,450,000 | 5,450,000 | 5,450,000 |
| Cash balances | 100,939,833 | - | - | - | - | - | - |
| Other | (1,225,827) | 35,616,000 | 29,898,000 | 9,870,000 | 4,870,000 | 4,420,000 | 4,420,000 |
| Subtotal General Improvements | $ 874,514,576 | $ 358,528,100 | $ 426,581,000 | $ 278,570,000 | $ 252,680,000 | $ 213,607,000 | $ 260,656,000 |
| Solid Waste | | | | | | | |
| County bonds | 13,753,217 | 3,058,000 | 885,000 | 1,021,000 | 1,996,000 | 2,985,000 | 19,785,000 |
| Pay-as-you-go | - | 525,000 | 555,000 | 555,000 | 555,000 | 555,000 | 555,000 |
| Cash balances | 5,726,922 | - | - | - | - | - | - |
| Other | 750,000 | - | - | - | - | - | - |
| Total Solid Waste | $ 20,230,139 | $ 3,583,000 | $ 1,440,000 | $ 1,576,000 | $ 2,551,000 | $ 3,540,000 | $ 20,340,000 |
| Watershed Protection & Restor. | | | | | | | |
| WPRF bonds | 158,509,755 | (3,888,000) | 8,117,000 | 18,617,000 | 18,117,000 | 34,117,000 | 34,117,000 |
| Grant and aid | 2,149,509 | 1,397,000 | - | - | - | - | - |
| Cash balances | 5,780,378 | - | - | - | - | - | - |
| Other | 1,000,000 | - | - | - | - | - | - |
| Total Watershed Protection & Restor. | $ 167,439,642 | $ (2,491,000) | $ 8,117,000 | $ 18,617,000 | $ 18,117,000 | $ 34,117,000 | $ 34,117,000 |
| Total General Improvements | $ 1,062,184,357 | $ 359,620,100 | $ 436,138,000 | $ 298,763,000 | $ 273,348,000 | $ 251,264,000 | $ 315,113,000 |
| Water and Wastewater | | | | | | | |
| County bonds | $ 335,056,510 | $ 46,084,500 | $ 111,486,200 | $ 70,749,900 | $ 54,091,000 | $ 43,174,000 | $ 42,402,000 |
| Grant and aid | 6,777,371 | - | | | - | - | - |
| Pay-as-you-go | - | 6,701,000 | 20,909,000 | 17,891,000 | 15,432,000 | 14,849,000 | 14,863,000 |
| Cash balances | 49,362,114 | - | - | - | - | - | - |
| Other | (12,372,850) | 17,834,000 | - | - | - | - | - |
| Total Water and Wastewater | $ 378,823,145 | $ 70,619,500 | $ 132,395,200 | $ 88,640,900 | $ 69,523,000 | $ 58,023,000 | $ 57,265,000 |
| Total | $ 1,441,007,502 | $ 430,239,600 | $ 568,533,200 | $ 387,403,900 | $ 342,871,000 | $ 309,287,000 | $ 372,378,000 |

*Permanent Public Infrastructure Fund Bonds

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# 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 579,234, Anne Arundel County is the fifth largest jurisdiction in the State of Maryland. Approximately 9.6 percent of the State's total population resides in Anne Arundel County.

According to the U.S. Census Bureau, the County grew by approximately 41,578 people (or 7.8 percent) between 2010 and 2019. In actual numbers, this population growth ranked seventh in Maryland behind Howard, Prince Georges, Charles, Montgomery, St. Mary's and Frederick Counties. 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 2015-2019 American Community Survey (ACS) 5-Year Estimates, 41.7% of the County's population has obtained a bachelor's degree or higher. Approximately 23.1% of the working population is employed by government agencies, whereas 76.7% 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 2010 through 2019:

## ANNE ARUNDEL COUNTY, MARYLAND AND UNITED STATES POPULATION

| Year | Anne Arundel County | Percent Increase | State of Maryland | Percent Increase | United States | Percent Increase |
|---|---|---|---|---|---|---|
| July 2019 | 579,234 | 0.64% | 6,045,680 | 0.16% | 328,239,523 | 0.47% |
| July 2018 | 575,523 | 0.73% | 6,035,802 | 0.20% | 326,687,501 | 0.52% |
| July 2017 | 571,339 | 0.72% | 6,023,868 | 0.34% | 324,985,539 | 0.63% |
| July 2016 | 567,234 | 0.74% | 6,003,323 | 0.30% | 322,941,311 | 0.71% |
| July 2015 | 563,027 | 0.69% | 5,985,562 | 0.47% | 320,635,163 | 0.73% |
| July 2014 | 559,142 | 0.67% | 5,957,283 | 0.57% | 318,301,008 | 0.72% |
| July 2013 | 555,417 | 0.92% | 5,923,188 | 0.61% | 315,993,715 | 0.68% |
| July 2012 | 550,333 | 1.00% | 5,886,992 | 0.81% | 313,830,990 | 0.72% |
| July 2011 | 544,803 | 1.31% | 5,839,419 | 1.13% | 311,556,874 | 0.90% |
| 2010 (Census) | 537,656 | - | 5,773,552 | - | 308,745,538 | - |

*Source: U.S. Census Bureau, Population Estimates Program, https://www.census.gov/programs-surveys/popest.html*

**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. |
|---|---|---|---|---|---|
| 2018 | $69,035 | $64,640 | $56,459 | 106.80% | 122.27% |
| 2018 | 67,078 | 62,708 | 54,606 | 106.97% | 122.84% |
| 2017 | 64,723 | 60,758 | 52,118 | 106.53% | 124.19% |
| 2016 | 62,866 | 59,029 | 49,870 | 106.50% | 126.06% |
| 2015 | 61,288 | 56,877 | 48,940 | 107.76% | 125.23% |
| 2014 | 58,960 | 54,431 | 47,025 | 108.32% | 125.38% |
| 2013 | 57,060 | 52,792 | 44,826 | 108.08% | 127.29% |
| 2012 | 56,962 | 53,320 | 44,582 | 106.83% | 127.77% |
| 2011 | 55,607 | 52,229 | 42,727 | 106.47% | 130.14% |
| 2010 | 54,019 | 49,862 | 39,791 | 108.34% | 135.76% |

*Source: U.S. Department of Commerce, Bureau of Economic Analysis data November 17, 2020; new estimates for 2019.*
*November 17, 2020 revised statistics for 2017-2018.*

In 2019, Anne Arundel County had a per capita personal income ("PCPI") of $69,035. This PCPI ranked 4th in the State and was nearly 107 percent of the State average, $64,640, and just over 122 percent of the national average, $56,459. The 2019 PCPI reflected an increase of 2.9 percent from 2018 and ranked 18th in the State in terms of annual percent growth. The 2018-2019 State change was 3.0 percent and the national change was 3.3 percent. In 2009, the PCPI of Anne Arundel County was $54,608 and ranked 4th in the State. The ten-year (2009-2019) compound annual growth rate of PCPI was 2.2 percent. The compound annual growth rate for the State was 3.0 percent and for the nation was 3.3 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 2015-2019 ACS, the median household income of the County was $100,798, well above the median household income of the State of Maryland, $84,805, and the Country, $62,843. The following table compares median household incomes of the County, State, and the Country for the years 2015 through 2019:

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

| Geography | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Anne Arundel County | $100,798 | $97,810 | $94,502 | $91,918 | $89,860 |
| State of Maryland | 84,805 | 81,868 | 78,916 | 76,067 | 74,551 |
| United States | 62,843 | 60,293 | 57,652 | 55,322 | 53,899 |

*Source: American Community Survey, U.S. Census Bureau 5-year estimates.*

*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 2010 through 2019 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 |
| 2020 | $4,033,595,215 | -2.53% | $40,140,279,767 | -3.37% |
| 2019 | 4,138,263,721 | 3.66% | 41,539,351,934 | 3.97% |
| 2018 | 3,992,035,036 | 3.69% | 39,953,807,500 | 4.27% |
| 2017 | 3,850,019,879 | 5.94% | 38,319,462,568 | 3.79% |
| 2016 | 3,634,251,062 | 5.08% | 36,918,468,397 | 4.04% |
| 2015 | 3,458,651,950 | 4.99% | 35,483,301,874 | 3.79% |
| 2014 | 3,294,318,701 | 1.90% | 34,188,492,631 | 2.33% |
| 2013 | 3,232,758,964 | 7.48% | 33,410,578,454 | 2.44% |
| 2012 | 3,007,709,337 | 7.59% | 32,616,155,346 | 2.18% |
| 2011 | 2,795,462,120 | - | 31,921,626,158 | - |

*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.

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

## EMPLOYMENT BY INDUSTRY PROFILE

| | 2019 Annual Averages | | | | 2009 Annual Averages | | | |
|---|---|---|---|---|---|---|---|---|
| | Anne Arundel | | State of Maryland | | Anne Arundel | | State of Maryland | |
| | Number Employed | % of Total | Number Employed | % gf Tgtal | Number Employed | % of Total | Number Employed | % of Total |
| **Private Sector** | | | | | | | | |
| Goods Producing: | | | | | | | | |
| Nat. Resource and Mining | 247 | * | 7,088 | * | 197 | * | 6,226 | * |
| Construction | 19,114 | 7% | 167,838 | 6% | 14,180 | 6% | 147,480 | 6% |
| Manufacturing | 12,701 | 5% | 113,182 | 4% | 12,927 | 6% | 116,730 | 5% |
| Goods Producing | 32,062 | 12% | 288,108 | 11% | 27,304 | 12% | 270,436 | 11% |
| Service Providing: | | | | | | | | |
| Trade, Transp. & Utilities | 59,084 | 21% | 478,018 | 17% | 51,800 | 23% | 441,071 | 18% |
| Information | 1,955 | 1% | 35,737 | 1% | 3,889 | 2% | 47,169 | 2% |
| Financial Activities | 11,236 | 4% | 134,651 | 5% | 9,349 | 4% | 139,821 | 6% |
| Professional & Business | 45,252 | 16% | 465,019 | 17% | 34,101 | 15% | 383,900 | 16% |
| Education & Health | 35,717 | 13% | 455,519 | 17% | 25,726 | 11% | 382,692 | 16% |
| Leisure & Hospitality | 33,909 | 12% | 276,627 | 10% | 26,798 | 12% | 222,290 | 9% |
| Other Services | 9,864 | 4% | 95,073 | 3% | 8,658 | 4% | 87,100 | 4% |
| Service Providing | 197,017 | 71% | 1,940,644 | 71% | 160,321 | 71% | 1,704,043 | 69% |
| Unclassified | 0 | * | 91 | * | 3 | * | 192 | * |
| Total Private Sector | 229,079 | 83% | 2,228,843 | 82% | 187,628 | 83% | 1,974,671 | 80% |
| **Public Sector** | | | | | | | | |
| Local | 22,502 | 8% | 255,916 | 9% | 20,660 | 9% | 254,309 | 10% |
| State | 12,059 | 4% | 101,456 | 4% | 8,722 | 4% | 101,167 | 4% |
| Federal | 13,416 | 5% | 146,221 | 5% | 8,884 | 4% | 134,298 | 5% |
| Total Public Sector | 47,977 | 17% | 503,593 | 18% | 38,266 | 17% | 489,774 | 20% |
| Total Employment | 277,056 | 100% | 2,732,436 | 100% | 225,894 | 100% | 2,464,445 | 100% |

**Less than 1%.*
*Source: "Employment and Payrolls," 2009 and 2019 Annual Averages, Maryland Department of Labor, Licensing, and Regulati*

**Largest Employers**

The employers listed below represent the largest employers within Anne Arundel County, Maryland as of June 30, 2020.

| Largest Employers | Business type | Approximate Number of Employees |
|---|---|---|
| Ft. George G. Meade | DoD intelligence training, 119 DoD and non DoD tenant organizations including National Security Agency, DISA, US Cyber Command | 57,327 |
| Anne Arundel County Public Schools | Education | 15,883 |
| State of Maryland | Government | 12,370 |
| Baltimore Washington Thurgood Marshall Airport | Airport | 9,717 |
| Northrop Grumman | Defense electronics | 9,500 |
| Anne Arundel County General Government | Government | 5,190 |
| Anne Arundel Health System | Health care services & hospital | 4,900 |
| Southwest Airlines | East coast flight center | 4,857 |
| UM Baltimore Washington Medical Center | Health care services & hospital | 3,215 |
| Live! Casino | Casino | 3,000 |
| US Naval Academy/Naval Support Activity | Federal naval education facility & support | 3,000 |
| Booz Allen & Hamilton Inc. | DoD contractor, IT services & signal intelligence solutions | 2,100 |
| Anne Arundel Community College | Public two-year college | 1,858 |
| Allegis Group | Headquarters, technical & administrative placement | 1,500 |
| DXC Technologies | DoD contractor IT services | 1,230 |
| Raytheon Technologies (Collins Aerospace) | Commercial aircraft electronics | 1,160 |
| KEYW Corporation | Headquarters; IT services | 1,035 |
| Johns Hopkins Healthcare LLC | Administrative offices for Hopkins | 855 |
| Verizon Communications MD | Telecommunications services | 560 |
| Lockheed Martin | Defense contractor, advanced technology | 490 |

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

**Employment**

In 2020, the County's unemployment rate climbed to 5.3% as a result of the COVID-19 pandemic. This is a stark contrast from the year prior when unemployment stood at a fifty year low of 2.7%, in comparison to the State of Maryland, which averaged 6.8%, and the United States averaging 6.7%. Anne Arundel County maintained a job loss significantly less than State and national averages in 2020, averaging 305,213 jobs on the payrolls. The following table presents the County's annual average labor force, employment and unemployment for the years 2011 through November 2020 statistics:

**Anne Arundel County's Resident Labor Force**
**Employment and Unemployment**

| | Labor Force | Employment | Unemployment | Unemployment Rate |
|---|---|---|---|---|
| 2020 (1) | 305,213 | 288,887 | 16,326 | 5.3 |
| 2019 (2) | 321,046 | 312,383 | 8,663 | 2.7 |
| 2018 (3) | 310,740 | 301,401 | 9,339 | 3.0 |
| 2017 (4) | 309,851 | 299,647 | 10,204 | 3.3 |
| 2016 (4) | 305,061 | 294,347 | 10,714 | 3.5 |
| 2015 (5) | 302,888 | 289,471 | 13,417 | 4.4 |
| 2014 (6) | 295,723 | 280,492 | 15,231 | 5.2 |
| 2013 (7) | 307,441 | 288,495 | 18,946 | 6.2 |
| 2012 (7) | 305,158 | 286,493 | 18,665 | 6.1 |
| 2011 (7) | 300,515 | 280,813 | 19,702 | 6.6 |

(1) LAUS – Anne Arundel County November 2020, Maryland Department of Labor, Licensing and Regulation.
(2) LAUS – Anne Arundel County November 2019, Maryland Department of Labor, Licensing and Regulation.
(3) LAUS – Anne Arundel County November 2018, Maryland Department of Labor, Licensing and Regulation.
(4) LAUS – Anne Arundel County October 2017, Maryland Department of Labor, Licensing and Regulation.
(5) LAUS – Anne Arundel County November 2015 and 2016, Maryland Department of Labor, Licensing and Regulation.
(6) LAUS – Anne Arundel County 2014, Maryland Department of Labor, Licensing and Regulation.
(7) Civilian Labor Force, Employment & Unemployment by Place of Residence (LAUS) – Anne Arundel county 2013, Maryland Department of Labor, Licensing and Regulation.

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

**New Business Addition and Expansion Highlights Calendar Year 2020**

In calendar year 2020 Anne Arundel Economic Development Corporation tracked 141 businesses, categorized as new, expanding, under new ownership and relocated, that brought new jobs to the County. The warehouse and distribution sector continues to use strong growth with major transactions such as the following:

Wholesaler SpartanNash entered into a $25.7 million deal to lease the former US Foods facility, a 363,872-square foot food distribution center in Severn. The location would help the company serve a variety of retail and other customers in the northeast region. SpartanNash has 175 employees.

Amazon acquired a six-building portfolio inside the Baltimore Commons Business Park in Hanover encompassing 648,173 square feet of space. The company already occupied one of the buildings for itsAmazon Flex last-mile delivery service. The $90.5 million deal gives the company a strategic location next to BWI Thurgood Marshall Airport, Interstates 95 and 97 and the Baltimore Washington Parkway.

E-commerce start-up Whitebox raised $18 million in private equity investment and venture capital to help with its expansion. The company occupies a 365,000-square foot warehouse in the Curtis Bay area of northern Anne Arundel County, just across the Baltimore City line. The company employs more than 200 people.

*Source: Anne Arundel Economic Development Corporation.*

**Economic Development Projects**

***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 119 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, Joint Force Headquarters-DoD Information Network, U.S. Army Central Personnel Security Clearance Facility and the U.S. Environmental Protection Agency Science Center. The installation has the second 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 57,327 with military, civilian and contractor employees. Fort

Meade provides annual compensation of an estimated $9 billion, an economic impact of $21.6 billion, and supports 167,696 direct, indirect and induced jobs.

The mission of Fort Meade has expanded as the installation has become the "Nation's Center for Information, Intelligence and Cyber Operations." The 242-acre "East Campus" section of Fort Meade has seen $1.5 billion in construction projects through FY2019, with another $1.5 billion expected between FY2020 and FY2023. The East Campus project includes multi-story office buildings, secure administrative spaces, large parking structures, cyber operations center, power stations, an access control point, and a road connecting the buildings throughout the campus.

*Source: Fort Meade at a Glance, December 2019; Maryland Economic Impact Study of Military Facilities FY 2016 update.; U.S. Army Corps of Engineers, East Campus Fact Sheet, February 2019.*

### *Odenton Town Center*

The Odenton Town Center ("OTC") incorporates an area of 1,233 acres located in the western part of Anne Arundel County in close proximity to Fort 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.

According to the Odenton Town Center 2020 Annual Report, four projects were in construction. These include two residential projects at Odenton Town Center at Seven Oaks (a 270-unit, six-story apartment building and a community of 198 townhomes), a residential project at Odenton Station (48 townhomes, three single-family homes, one existing single-family home, and a 2,500 square-foot office to be built as residential), and a Popeye's Restaurant at Odenton Shopping Plaza.

Also in the annual report are four new development projects proposed within the OTC. These include Mayfield Self-Storage (a 102,000 square-foot self-storage facility), Royal Farms (a 4,469 square-foot convenience store, gas pumps, and a 1,248 square-foot car wash), Academy Yard, Phase 2 (a project spanning approximately 37 acres and comprised of three residential multi-family apartment buildings consisting of 297 residential units), AutoZone (a retail automotive parts store), and a 7-Eleven (a 3,057 square-foot, convenience store with gas pumps).

Development of the OTC involves capital projects needed to provide critical transportation, utility, and recreational infrastructure. Such projects are typically funded by County funds allocated in the Capital Budget and Program, by Federal and State grant funds that generally require matching funds from the receiving local government, through public-private partnerships between the County and/or State and private development interests, and/or by private developers.

The Maryland SHA has studied the MD 175 corridor from MD 295 to MD 170 and improvements are underway. Several segments are currently under construction and others are in the design phase. Improvements include road-widening, the addition of bicycle and pedestrian facilities, and intersection improvements.

*Source: Anne Arundel Economic Development Corporation; Odenton Town Center 2020 Annual Report.*

## Economic Development Initiatives

### *Arundel Community Reinvestment Program (ACR)*

The Arundel Community Reinvestment ("ACR") loan program encourages economic activity in the County's nine commercial revitalization districts. The ACR loan fund offers qualified business and property owners zero interest loans for improvements to the exterior and interior of their business or property. Currently, Anne Arundel Economic Development Corporation has seventeen outstanding loans in the aggregate amount of $714,890.

*Source: Anne Arundel Economic Development Corporation.*

### *VOLT Loan Program*

Anne Arundel Economic Development Corporation is a fund manager for a $12.2 million loan fund for the Small, Minority, Veteran and Women-Owned businesses in Maryland. 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 six existing VLT sites at Arundel Mills (Anne Arundel County), Perryville (Cecil County), Ocean City (Worcester County), National Harbor (Prince George's County), Horseshoe Casino (Baltimore City), and Rocky Gap (Allegany County). Currently, Anne Arundel Economic Development Corporation has fifty-seven outstanding loans totaling $7,864,682.

*Source: Anne Arundel Economic Development Corporation.*

### *Next Stage Loan Fund*

To assist growing technology companies working in the national security space, Anne Arundel Economic Development Corporation created the Arundel Defense Tech Toolbox in July of 2017. The toolbox offers a menu of financing, a workforce development grant and business development consultations specifically aimed at assisting technology companies with gross revenue of less than $5 million and fewer than 100 employees. The signature component of the Toolbox is the Next Stage Tech Fund, a financing program offering zero percent loans from $50,000 to $250,000. Loans can be structured with flexible payment terms between one to five years to accommodate a company's cash flow. Currently, Anne Arundel Economic Development Corporation has seven outstanding loans totaling $322,911.

*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 20 minutes, carrying an average of 23,000 riders per day. The light rail system in Anne Arundel County connects Baltimore/Washington International Thurgood Marshall Airport 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, MD.gov Open Portal Stats/data.maryland.gov.*

### *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 by the 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.*

### *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 allows goods to reach one-third of U.S. consumer markets in an overnight drive.

The fiscal years 2019-2024 Maryland Department of Transportation Consolidated Transportation Program is $16.4 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 invest in Maryland's transportation system resulting in job creation and the support of Maryland industries and businesses. Efforts continue to address traffic congestion on MD 175. Construction continues on the intersection improvements along MD 175 at Mapes Road and Reece Road, improving turn lanes, adding bike lanes and a security fence and tree buffer along Fort Meade's property.

*Sources: Multiple sources gathered by Anne Arundel Economic Development Corporation; Maryland Consolidated Transportation Program FY 2019 to FY 2024.*

***Trucking Services***

Maryland's strategic location midway along the East Coast allows trucks to reach more than one-third of the U.S. markets within an overnight drive, transporting eighty-eight percent of the total manufactured tonnage in Maryland. Over 17,000 private haulers and independent, common, and contact carriers operate within and from Maryland. These companies provide 112,900 trucking industry jobs in Maryland. The Port of Baltimore (the "Port") and the Airport are thriving hubs for freight forwarders, trucking companies, warehousing and distribution facilities. Both conventional and specialized trucking services are available at the port and airport.

*Source: Maryland Distribution Council; Maryland Motor Truck Association.*

***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 ("MTA"), Anne Arundel County Transportation, Annapolis Transit, Regional Transportation Agency, MTA Commuter Bus Service, Young Transportation Service 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.

*Source: Anne Arundel County Transportation.*

***Air Services***

Baltimore/Washington International Thurgood Marshall Airport is a 3,596-acre State operated facility that is part of the Maryland Aviation Administration under the authority of the Maryland Department of Transportation. The airport offers a 2.4 million square foot passenger terminal with five concourses, 73 jet gates and two gates dedicated to commuter aircraft. Thirty-six airlines (including commuter, charter, and cargo airlines) serve the airport with an average of 688 daily flights. Light Rail, Amtrak, and MARC train service are available connecting the airport with many destinations in Washington and the Baltimore area.

Opening in 2021, is a newly constructed 92,000 square foot aircraft maintenance facility with a 300,000 square foot apron. This is in addition to the new 200,000 square foot cargo building and the soon-to-be completed five-gate expansion of concourse A.

Based upon passenger enplanements in calendar 2019, the airport was the 22nd busiest airport in the United States. Enplanements for fiscal year 2019 were 13.4 million. Enplanements for fiscal year 2020 declined (25.2%) to 10.0 million, with the COVID-19 pandemic severely curtailing traffic from March 2020 to October 2020. In contrast, air cargo activity at the airport increased during 2020. Cargo tonnage at the airport in July through November 2020 was 22% more than that carried in July through November 2019. The airport accounted for nearly 56% of the freight transported in the U.S. Capital Region.

*Source: Baltimore/Washington International Thurgood Marshall Airport, www.bwiairport.com, www.bwiairport.com/flying-with-us/about-bwi/facts-figures, www.bwiairport.com/sites/default/files/Nov2020.pdf.*

### *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 currently accommodates 113 sport, recreational, private, and business aircraft. Available facilities include a recently resurfaced 3,000’ x 75’ runway, which is planned to be extended another 1,200’; 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, self-serve fuel stations, and flight training is available. The Anne Arundel County Police Department, three news organizations, two fixed-wing and one helicopter flight schools, and an aircraft maintenance provider are all tenants.

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

### *Port of Baltimore*

The Port of Baltimore 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 ranks number one in the nation in handling cars and trucks, and in Roll On/Roll Off cargo.

The Port of Baltimore is one of the top ten major employment centers in the State of Maryland supporting 37,300 jobs, 15,330 of those are direct jobs generated by cargo and vessel activities at the port. The port generates approximately $2.6 billion in business revenues in the State of Maryland. Activities at the port generate another $395 million in state, county and municipal tax revenues.

Located in the Port of Baltimore, Trade Point Atlantic is a 3,300-acre development that includes manufacturing, warehouses, and deep-water berths. The facility has over eight million square feet of existing warehouse space with an additional eight million square feet for future development. Trade Point Atlantic features a unique combination of access to deep-water berths, railroads, and highways to meet supply chain needs.

Cruise activity at the port supports 600 direct, induced and indirect jobs and generates $90 million in economic activity for Maryland. More than 200,000 passengers launch from the Port of Baltimore on Carnival and Royal Caribbean Cruise Lines sailing to Bermuda and the Caribbean Islands.

*Sources: Port of Baltimore, 2017 Economic Impact of the Port of Baltimore in Maryland. Martin Associates; open.Maryland.gov*

## **Tourism**

Anne Arundel County leads all other Maryland counties in generating economic impact through travel. In 2019, 7.89 million travelers visited Anne Arundel County to enjoy the many attractions and amenities including but not limited to, the 508 miles of shoreline, the historic Annapolis area, the U.S. Naval Academy, the annual boat shows and festivals and Arundel Mills/Live! District. During their stay travelers spent an estimated $4.05 billion. The tourism industry in Anne Arundel County supports 31,463 direct and indirect jobs. These tourism jobs generate $1.95 billion in direct and indirect payroll income. Tourism expenditures in the County account for $509.9 million in State and local taxes. These revenues provide needed infrastructure monies for general fund projects and services.

Anne Arundel County generated $15.76 million in gross hotel tax in fiscal year 2020. Live! Casino, a 330,000 square foot gaming facility, opened an adjacent 310-room hotel and convention center with additional amenities and restaurants. A 4,000-seat, three-story, multi-use theater, concert, and event venue was new for 2020 with approximately 40,000 square feet of customizable meeting and banquet space. In calendar year 2020 from January through November (most recent available data), Live! Casino generated $394.9 million in revenues from Video Lottery Terminals and Table Games, a decrease of 28.08% over the same period in calendar year 2019, with the decrease primarily due to the COVID-19 pandemic. See "THE BONDS – COVID-19 Pandemic" herein. Of that revenue, $162.6 million went to various public funds in the State with $21 million going directly to Anne Arundel County.

*Source: The Annapolis & Anne Arundel County Conference & Visitors Bureau/The Economic Impact of Tourism in Maryland-Tourism Economics, Calendar Year 2019; Anne Arundel Economic Development Corp.; Maryland Lottery and Gaming Control Agency.*

**Housing**

According to the 2010 census, the County had 212,559 housing units. The 2019 US Census 1-Year Annual Estimates of Housing Units has determined that Anne Arundel County has approximately 227,920 housing units; a growth of 15,361 units since the 2010 census. Single-family (detached and attached) units account for approximately 77 percent of total units.

According to the Maryland State Department of Planning Data Center, from 2000 to 2019 Anne Arundel County has ranked first in new construction in the Baltimore metropolitan region (defined as Anne Arundel County, Baltimore County, Carroll County, Harford County, Howard County, and Baltimore City). In 2012 and 2019, Anne Arundel County was ranked second to Montgomery County in the State, in 2013 was ranked third and in 2015 and 2016 was ranked first in the State for new housing units.

The following table compares new housing units authorized for construction between 2010 and 2019 with the State:

**ANNE ARUNDEL COUNTY AND MARYLAND**
**NEW HOUSING UNITS AUTHORIZED FOR CONSTRUCTION, 2010-2019**
**Anne Arundel County**

| Year | Total New Units | Single Family | % of Total New Units | Multi-Family | % of Total New Units |
|---|---|---|---|---|---|
| 2019 | 2,650 | 1,746 | 65.89% | 904 | 34.11% |
| 2018 | 2,046 | 2,040 | 99.71% | 6 | 0.29% |
| 2017 | 2,406 | 1,825 | 75.85% | 581 | 24.15% |
| 2016 | 2,246 | 1,526 | 67.94% | 658 | 29.30% |
| 2015 | 1,116 | 1,058 | 94.80% | 58 | 5.20% |
| 2014 | 683 | 661 | 96.78% | 22 | 3.22% |
| 2013 | 1,881 | 1,414 | 75.17% | 467 | 24.83% |
| 2012 | 1,595 | 943 | 59.12% | 652 | 40.88% |
| 2011 | 2,360 | 829 | 35.13% | 1,531 | 64.87% |
| 2010 | 1,711 | 864 | 50.50% | 847 | 49.50% |
| Total | 18,694 | 12,906 | | 5,726 | |

**State of Maryland**

| Year | Total New Units | Single Family | % of Total New Units | Multi-Family | % of Total New Units |
|---|---|---|---|---|---|
| 2019 | 18,491 | 12,053 | 65.18% | 6,438 | 34.82% |
| 2018 | 18,647 | 12,975 | 69.58% | 5,672 | 30.42% |
| 2017 | 16,224 | 12,384 | 76.33% | 3,840 | 23.67% |
| 2016 | 15,421 | 9,853 | 63.89% | 5,385 | 34.92% |
| 2015 | 4,470 | 3,383 | 75.68% | 1,087 | 24.32% |
| 2014 | 5,209 | 2,986 | 57.32% | 2,223 | 42.68% |
| 2013 | 18,138 | 11,043 | 60.88% | 7,095 | 39.12% |
| 2012 | 15,217 | 9,232 | 60.67% | 5,985 | 39.33% |
| 2011 | 13,481 | 8,362 | 62.03% | 5,119 | 37.97% |
| 2010 | 11,931 | 8,489 | 71.15% | 3,442 | 28.85% |
| Total | 137,229 | 90,760 | | 46,286 | |

*Source: Maryland Department of Planning, State Data Center 2019 New Housing Units Authorized for Construction.*

According to the Census Bureau's latest 2019 American Community Survey 5-year estimate, the median home value in Anne Arundel County was $361,200 (margin of error +/-$3,006), which is $38,000 higher than the median value in the State of Maryland ($323,200 with a margin of error +/-$1,297). Gross median rent was $1,663 (margin of error +/-$17) per month in Anne Arundel County and $1,392 (margin of error +/-$5) per month in Maryland.

**Construction Activity**

In fiscal year 2020, the number of New Commercial permits issued declined compared to fiscal year 2019. Construction costs for New Commercial permits for fiscal year 2020 was higher due to larger scale projects compared to fiscal year 2019. The project with the highest construction cost for fiscal year 2020 was the Maryland City Pumping Station with a construction cost of $22,230,000. The project with the second highest construction cost was for a hospital addition at a local county Medical Center with a construction cost of $20,000,000. Other Commercial projects saw a slight decrease in permits issued as well as construction costs compared to fiscal year 2019. Of note, there was one large tenant fit out project with a construction cost in excess of $50,000,000. There were seen moderate scale private Other Commercial projects with construction costs ranging between $4,000,000 and $9,000,000.

The number of New Residential permits issued in fiscal year 2020 declined compared to fiscal year 2019, with a corresponding decrease in overall construction costs. There was a decrease of approximately 50 percent of the number of multifamily permits issued in fiscal year 2020 compared to fiscal year 2019, which accounts for most of the decrease. The number of Other Residential permits issued was lower compared to fiscal year 2019 and saw a decrease in overall construction costs.

It is anticipated that the overall number of permits issued in fiscal year 2021 will be flat or slightly down compared to fiscal year 2020. 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** |
| 2020 | 2,212 | $339,028 | 7,391 | $111,746 | 74 | $110,909 | 1,744 | $235,061 | 11,421 | $796,744 |
| 2019 | 2,699 | 397,354 | 7,694 | $118,659 | 101 | 55,214 | 1,934 | 304,523 | 12,428 | 875,750 |
| 2018 | 2,630 | 412,996 | 7,796 | $110,183 | 146 | 246,283 | 1,898 | 243,694 | 12,470 | 1,013,156 |
| 2017 | 2,103 | 320,241 | 8,308 | 127,271 | 120 | 164,459 | 2,019 | 204,962 | 12,550 | 816,933 |
| 2016 | 3,045 | 424,187 | 8,687 | 148,703 | 95 | 69,854 | 2,309 | 200,154 | 14,136 | 842,898 |

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

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# SECTION SIX: COUNTY ADMINISTRATION

## General

Under its Charter, the County's executive functions are vested in the elected County Executive and the Chief Administrative Officer. 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.

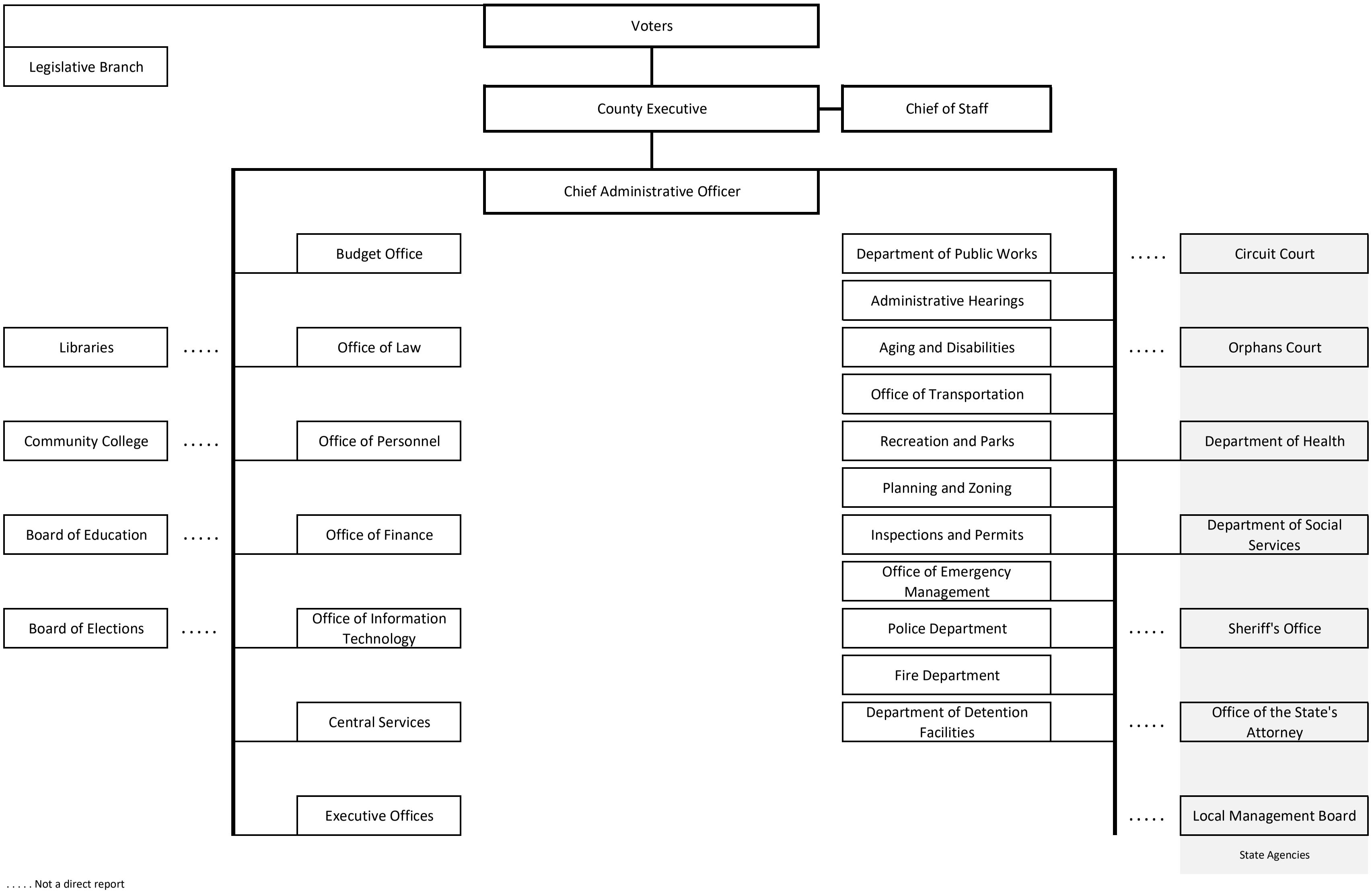
The County's financial matters are administered through the Office of Finance by the Controller of the County. The Controller is appointed by the County Executive on the basis of experience in financial administration and skill in public administration and governmental budgeting, and serves under the 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 Controller, Personnel Officer, Planning and Zoning Officer, Director of Inspection and Permits, Administrative Hearing Officer, Director of Public Works, Director of Aging and Disabilities, Superintendent of Detention Facilities, Central Services Officer, Director of Information Technology, and Director of Recreation and Parks. The County Executive has the power to appoint, with confirmation of the County Council, the County Attorney, the Chief of Police, and the Fire Chief. The County Council may prevent the County Executive's removal of the County Attorney by a vote of at least five members.

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




Organizational Chart is at 3/19/19.

**County Executive, Certain Appointed and Legislative Officials**

***Executive***

STEUART PITTMAN, County Executive, was elected in December 2018 after his first campaign for public office.

Born and raised on his family farm in Davidsonville, Mr. Pittman graduated from University of Chicago and then went on to work as a community organizer in Chicago and Des Moines, Iowa. In that role, he built neighborhood organizations, confronted environmental hazards, and attracted private investment to blighted communities.

Once back home, Mr. Pittman coordinated national programs for National Low Income Housing Coalition and Association of Community Organizations for Reform Now (ACORN) before starting his own business as a farmer and horse trainer. He is best known in the horse industry for creating Retired Racehorse Project, an award-winning national nonprofit that is responsible for transitioning thousands of racehorses into second careers.

Mr. Pittman's philosophy of government is both conservative and progressive. As a farmer, he worked hard against onerous regulations that had no public benefit and promoted policies to make the industry commercially viable. As a Director of the Anne Arundel County Soil Conservation District, he pushed for compliance with erosion and sediment control standards to protect local waterways.

As County Executive, Mr. Pittman has pledged to make Anne Arundel County "The Best Place," by "Putting Communities First." His strategy is to engage communities from every sector and to practice transparency and data-driven policymaking.

***Appointed***

MATTHEW POWER, is Chief Administrative Officer of Anne Arundel County. Before his promotion to Chief Administrative Office, Mr. Power first joined the Pittman administration as the Deputy Chief Administrative Officer for Land Use in Anne Arundel County. He also played a lead coordinating role in the County's COVID-19 response. Previously, Mr. Power served as the Vice President for government relations for the Maryland Independent College and University Association. In that role, he served as the primary lobbyist for higher education issues in Annapolis. He managed the association's business affiliate program and led numerous consortium initiatives to drive down costs for member institutions.

Mr. Power was appointed by Governor Martin O'Malley as the Director of StateStat in 2013. StateStat is a performance measurement and managerial process that made state government most efficient and accountable. In this role, Mr. Power chaired weekly meetings with Cabinet Secretaries and agency leadership to analyze agency performance, track priority initiatives, and question standard operating procedures. Agency data was carefully analyzed by a team of StateStat analysts, performance trends were closely monitored, and strategies to achieve improved performance were developed through a series of meetings designed to ensure relentless follow-up and reassessment. Throughout his career, Mr. Power has been a strong advocate for transparency and open data initiatives throughout Maryland.

CHRIS TRUMBAUER, Budget Officer, was appointed Budget Office on January 7, 2021, after serving as Acting Budget Officer since October 12, 2020. Mr. Trumbauer also serves as a senior policy advisor to the County Executive. Prior to that, Mr. Trumbauer was the Director of Policy and Communication, serving as the main liaison between the County Executive's Office and the Budget Office. He served two terms as a County Councilmember from 2010-2018, where he played a lead role in annual budget deliberations. He has a Bachelor's of Science degree from University of Maryland.

KARIN MCQUADE, Controller, was appointed effective January 30, 2017. Prior to working at the County, she has held senior level finance and accounting positions in the private sector and has worked for more than 30 years at various finance and accounting roles.

Ms. McQuade holds a Master's Degree in Financial Management and a Bachelor of Science in Business and Management from the University of Maryland, University College. She also received her Bachelor of Science in Elementary Education from the University of Pittsburgh and is a Certified Public Accountant (CPA).

GREGORY J. SWAIN, County Attorney, was appointed effective December 4, 2018. Mr. Swain has been with the Office of Law since 2011, serving as a Senior Assistant County Attorney and Supervising County Attorney. Prior to the Office of Law, Mr. Swain was the principal attorney at The Swain Law Group with an extensive practice of law in civil and criminal matters focusing on zoning and land use before administrative tribunals, trial and appellate courts of Maryland and the United States District Court.

Mr. Swain holds a Bachelor of Arts degree from St. Mary's College of Maryland and a Juris Doctor degree from the University of Baltimore School of Law. Mr. Swain is a member of the bars of the State of Maryland, United States District Court of Maryland, United States Court of Appeals, and the United States Supreme Court.

BEN BIRGE, President/CEO of the Anne Arundel Economic Development Corporation, previously served as the Chief Administrative Officer for Anne Arundel County.

Mr. Birge has spent his career in the public policy arena at all levels of government with particular focus on budgeting, program management and analysis. He managed Prince George's CountyStat, a team responsible for providing analysis and oversight to ensure county services are operating in an efficient, productive and cost-effective manner.

He spent time on Capitol Hill and in the Maryland State House as a higher education advocate. An analyst for the Maryland Legislature, he created numerous databases and workflow improvements.

Mr. Birge's civic activities have involved Anne Arundel County libraries and public schools as well as the Boy Scouts. Originally from Los Angeles, he has lived in Anne Arundel County since 1991.

***Legislative***

SARAH F. LACEY, Councilwoman, First District, is serving her first term on the Council and is currently its Chairman. Ms. Lacey grew up in several states across the country due to her father's service as an officer in the U.S. Navy. She graduated as valedictorian from Matthew Fontaine Maury High School in Norfolk, Va., in 1998. Aspiring to become an astronaut, Ms. Lacey (then Farrar) enrolled in the Massachusetts Institute of Technology in Cambridge, Mass., but soon changed course to chemical engineering. Following graduation in 2002, Ms. Lacey moved to Central Maryland and began working as a process engineer for a manufacturer of microfiltration membranes used in municipal water and industrial wastewater treatment. After three years, Ms. Lacey changed course again. She earned her law degree and a certificate in Law and Public Policy from The Catholic University of America, Columbus School of Law, in Washington, D.C., and was admitted to the Maryland Bar in 2008. Over the next decade, Ms. Lacey represented individuals and businesses in a broad array of legal matters, in state and federal courts around the country. Ms. Lacey resides in Jessup with her husband, Keith, and their four children. Their children attend Anne Arundel County Public Schools. Prior to her election, Ms. Lacey served for two years on the board of the Arundel Woods Homeowners Association.

* * *

ALLISON M. PICKARD, Councilwoman, Second District, is serving her first term on the Council. She graduated from The College of Charleston with a Bachelor of Arts Degree in Sociology and a minor in Political Science. She continued her education by earning a Master's Level Certificate in Non-Profit Management from Georgetown University. She has over a decade of professional experience in the field of Senior Housing and Senior Services. This experience spans all sectors to include public, private and non-profit and culminated in serving as the Director of Community Programs with Iona Senior Services in Northwest, Washington DC where she oversaw the management of the Older Americans Act grant exceeding $1 million dollars annually. She was responsible for planning and developing new programs, diversifying revenue sources, and raising community awareness for services. Ms. Pickard's commitment to the elderly began after serving two terms with AmeriCorps: National Civilian Community Corps where she led a 12-member team in a residential program that completed projects across a 17-state region. Ms. Pickard had the privilege to also serve as Staff Assistant to US Senator Ernest F. Hollings of South Carolina during her last 2 years of College. Prior to being elected to the Anne Arundel County Council, Ms. Pickard has been active in numerous civic and community organizations. Ms. Pickard served on her Homeowners Association, Oakwood Elementary PTA, Unity Gardens, and Missions Commission of St. Margaret's Church. She was awarded Anne Arundel County Public School's Volunteer of the Year Award in 2013 for her work at Oakwood Elementary in Glen Burnie where all three of her children have attended. Ms. Pickard was appointed to the Anne Arundel County Board of Education representing Legislative District 33 in June of 2015. While serving on the Board of Education, she served as the Chair of the Policy Committee and the Legislative Committee of the Maryland Association of Boards of Education. Ms. Pickard also served as President of the Anne Arundel County Council of PTA's and Vice Chair of the School Board Appointment Commission. Ms. Pickard resides in the Millersville area, with her husband Joe and their children, Georgia, Henry, and Jamie.

* * *

NATHAN VOLKE, Councilman, Third District, is serving his first term on the Council. Mr. Volke grew up in Pasadena and attended Anne Arundel County Public Schools, graduating from Chesapeake High School. He is also a graduate of University of Maryland Baltimore County with a B.A. degree in Political Science and University of Baltimore with a J.D. degree. After graduating from law school, Mr. Volke clerked for Judge Paul F. Harris, Jr. on the Circuit Court for Anne Arundel County, then entered private practice where he currently concentrates on family law litigation. He previously served on the Anne Arundel County Library Board of Trustees and was the Chair of the Anne Arundel County Republican State Central Committee. He is a member of the Anne Arundel County Bar Association, Pasadena Business Association and the North County Republican Club. Mr. Volke lives in Pasadena with his wife, Kristi, and their son, Luke.

* * *

ANDREW C. PRUSKI, Councilman, Fourth District, is serving his second 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 Central Maryland and Crofton Chambers of Commerce. Mr. Pruski resides in the Four Seasons Community in Gambrills, with his wife Roxanne and their children, Jacob, Clara, and Walter.

* * *

AMANDA FIEDLER, Councilwoman, Fifth District, is serving her first term on the Council. Born and raised in District 5, Ms. Fielder resides just 10 minutes from her childhood home and is a graduate of Broadneck Senior High School. Since earning her BA from Salisbury (State) University, Ms. Fielder has worked in political advertising and media. Her current position is Senior Media Buyer for a political strategy firm where she has worked since 2010. She has always had a deep compassion for people and making a difference in the community. In 2012 she founded a non-profit to support the Blood Donor Center at Anne Arundel Medical Center. In 2015 Ms. Fielder started an advocacy group for parents to support educators in Anne Arundel County. She also serves as Co-Chair of the Women's and Children's Patient Advisory Council and sits on the Neonatal Intensive Care Unit Quality Control Council at Anne Arundel Medical Center. Ms. Fielder also serves on the executive board for the PTO for a local elementary school and is an active member of the Greater Severna Park and Arnold Chamber of Commerce. She believes strongly in giving back to the community in which she lives. Amanda is the mother to 3 sons and has been married to her husband for 14 years. They currently reside on the Broadneck peninsula and enjoy spending time with family and friends, visiting local parks, attending sporting events and experiencing music and the arts.

* * *

LISA D. B. RODVIEN, Councilwoman, Sixth District, is serving her first term on the Council and is currently its Vice Chairman. Ms. Rodvien is a public school teacher in Anne Arundel County, Maryland. While Ms. Rodvien currently teaches at Arundel Middle School in Odenton, Maryland, she began her work in the field of education as an attorney. In the early 2000s, she worked for a law firm that helped state education agencies implement the requirements of the No Child Left Behind Act. Eventually she learned that she wanted to work directly with young people and transitioned to a career in teaching. She earned her Bachelor's degree from Cornell University, her Master's in Education from George Mason University, and her Juris Doctor, Magna Cum Laude, from the Catholic University of America, Columbus School of Law. Ms. Rodvien lives in Annapolis, Maryland with her husband, George Rodvien.

* * *

JESSICA HAIRE, Councilwoman, Seventh District, is serving her first term on the Council. Born on Pease Air Force Base in Portsmouth, New Hampshire, Ms. Haire attended George Washington University for college and received a Bachelor of Science in Civil Engineering, graduating first in her class of civil engineers. After graduation, she worked as a project engineer, completing storm water and sanitary sewer design, grading plans, erosion and sediment control plans and pavement design. She spent time in the field as a resident engineer solving on-site construction difficulties resulting from differing site conditions and other unforeseen conditions. From there, Ms. Haire attended a dual degree program at American University, where she received a law degree and a master's degree. After receiving her law degree in 2011, Jessica spent eight (8) years as a Government Contracts Litigation Attorney at Fox Rothschild LLP's Washington, DC office. She then founded JVH Law, LLC in Annapolis where she helps clients navigate federal contract claims, bid protests, and other federal government contracts issues under the Federal Acquisition Regulation and relevant statutes. Ms. Haire is also active in the community as a volunteer with the Court Appointed Special Advocates in Anne Arundel County (CASA for children). She served as the Maryland State Republican Party legal counsel and in that capacity had the opportunity to defend Governor Hogan's right of appointment at Court of Appeals in Maryland. *Fuller v. Republican Central Committee of Carroll County*, 444 Md. 613 (2015). Prior to the election, she also served as a commissioner on the Anne Arundel County Commission for Women. She lives in Edgewater with her husband and their children.

* * *

SUSAN L. SMITH was appointed County Auditor effective February 4, 2019. Ms. Smith has worked in government accounting and auditing for more than 28 years, including nine years in the Anne Arundel County Auditor's Office, 11.5 years in the Maryland Insurance Administration Examination and Auditing Unit, and eight years in the State of Maryland Office of Legislative Audits. She earned a Bachelor's Degree in Accounting from Frostburg State University. She is a Certified Public Accountant, a Certified Fraud Examiner, and a Certified Financial Examiner. Ms. Smith is a member of the American Institute of Certified Public Accountants, the Institute of Internal Auditors, the Government Finance Officers Association, the Maryland Government Finance Officers Association, the Association of Certified Fraud Examiners, and the Society of Financial Examiners.

**Labor Relations**

For fiscal year 2021, the County Council authorized and approved 4,581 classified and non-classified employee positions for the County's operating budget and 802 authorized temporary full and part-time employees, exclusive of the Board of Education, library, and community college. As of December 9, 2020 there are 5,013 positions filled.

Currently, there are eleven 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 814 authorized positions. Contract will expire June 30, 2021;

***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 314 authorized positions. Contract will expire June 30, 2021;

***Lodge #70 of the Fraternal Order of Police*** – represents Police Officers, Police Officers First Class, Police Corporals, Police Sergeants and Police Lieutenants in the Police Department, with a total of 760 authorized positions. Contract will expire June 30, 2021;

***Local #355 of the Teamsters Union*** – represents Deputy Sheriffs and Deputy Sheriff Corporals in the Sheriff's Office, with a total of 68 authorized positions. Contract will expire June 30, 2022;

***Fraternal Order of Anne Arundel Detention Center Officers and Personnel, Inc.*** – represents Detention Officers and Detention Corporals in the Detention Center, with a total of 251 authorized positions. Contract will expire June 30, 2021;

***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 924 authorized positions. Contract will expire June 30, 2022;

***Local #141 of the International Union of Police Associations*** – represents Detention Sergeants, with a total of 28 authorized positions. Contract will expire June 30, 2022;

***Local #355 of the Teamsters Union*** – represents the Correctional Program Specialists at the Detention Center Facilities, with a total of 34 authorized positions. Contract will expire June 30, 2021;

***Lodge #106 of the Fraternal Order of Police*** – represents the Sheriff's Sergeants, with a total of 10 authorized positions. Contract will expire June 30, 2022;

***Local #355 of the Teamsters Union*** – represents the Fire Battalion Chiefs, with a total of 16 authorized positions. New contract will expire June 30, 2021; and

***Local #355 of the Teamsters Union*** – represents the Park Rangers, with a total of 20 authorized positions. Contract will expire June 30, 2021.

As "exclusive representatives," these eleven bargaining unions function as collective bargaining agents for the employees in the respective bargaining units. 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.). Seven contracts will expire on June 30, 2021 and the County is currently involved in contract negotiations with those units for fiscal year 2022. The County 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 seven elected members, one from each councilman district and one student member. With the beginning of the 2020-2021 school year, the Board exercised responsibility for 77 elementary schools, 19 middle schools, and 13 high schools, as well as 14 other education facilities, including two applied technology centers, three special education centers, two alternative centers, three early education centers, two charter schools, and two contract schools. The school system also operates six evening high school programs. With a student population of approximately 83,000 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 2021 operating budget of $1,314,957,900, the average annual per pupil expenditure is approximately $9,087. The Class of 2020 boasted approximately 5,300 graduates, 84% of whom went on to pursue postsecondary education at a two-year or four-year institution.

**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 ("AACC") 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 approximately 47,000 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. The Arundel Mills location also offers county residents the ability to obtain a bachelor's degree in certain disciplines without having to leave the county. Designated a Regional Higher Education Center by the State, the Arundel Mills location houses the AACC University Consortium, which includes a select group of four-year colleges and universities that partner with AACC. These University Consortium partners include Frostburg State University, Notre Dame of Maryland University, Stevenson University and University of Maryland Global Campus.

*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 roughly 700 radio-equipped vehicles for use throughout the Police Department. The Department has an authorized strength of 776 officers, 234 civilian employees, and 140 school crossing guards.

The County Fire Department is a combination career and volunteer force of 930 professional officers and firefighters, approximately 500 response certified volunteers, 28 fire communications officers, 3 civilian fire inspectors, 29 civilians in support positions and 4 civilian contract positions. 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 16 ambulances, 28 paramedic units and 8 paramedic engines 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 Marshal's office, which provides fire investigation, code enforcement and prevention services, a Training Division for both professional and volunteer firefighters, a Health and Safety Division, a Maintenance Division, a Community Outreach Division and Communications Division, which provides fire, rescue and EMS dispatch services for Anne Arundel County, the City of Annapolis, BWI Thurgood Marshall Airport Fire Department, Fort George G. Meade Fire Department, and the Naval Academy Fire Department.

**Utilities**

***Electricity and Gas***

Baltimore Gas and Electric Company ("BGE") is the major utility company for the Baltimore region. BGE's service area covers 2,300 square-miles for electric and 800 square-miles for gas. The service area includes Baltimore City and Central Maryland counties. BGE serves over 1,250,000 million businesses and residential electric customers and 650,000 gas customers within this service area. BGE is a major employer in the State of Maryland employing approximately 3,200 people.

Since 2000, Maryland has offered a competitive utility supplier market. All electric customers of investor-owned utilities and major cooperatives in Maryland have the opportunity to choose their own electric supplier, while keeping BGE to deliver power and respond to power related emergencies.

*Source: BGE, www.bge.com; MDelectricity.org.*

**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 Commerce, www.commerce.maryland.gov.*

**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, D.C. provides 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") which is now a part of Luminis Health, Pathways Drug and Alcohol Treatment Center, Anne Arundel Diagnostics, the ask AAMC 24-hour health line, and six satellite locations in Bowie, Gambrills, Kent Island, Pasadena, Odenton and Waugh Chapel. AAHS employs more than 4,900 employees and has a medical staff of 1,070 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 389 licensed beds including an 18-bed critical care unit, 12 surgical suites, and a state-of-the-art emergency department that services 100,000 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 2019, Anne Arundel Medical Center constructed a 16-bed mental health hospital for adults located adjacent to the Annapolis Corporate Park on Harry S. Truman Parkway in Annapolis. This $25 million, 56,000 square foot facility offering inpatient mental health care, psychiatric partial-hospitalization programs, intensive outpatient programs and more opened in March of 2020. This will allow AAHS to serve more than 900 more patients a year that would otherwise be transferred out of the area.

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

### *University of Maryland Baltimore Washington Medical Center*

University of Maryland 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 285-bed hospital facility located in Glen Burnie employs 3,215 employees and 866 physicians. It houses one of the busiest emergency rooms in the State, treating over 88,000 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 is the second largest hospital within the University of Maryland Medical System ("UMMS"), which is comprised of 14 hospitals, 4,000 affiliated physicians in over 150 locations, and 25,000 employees.

*Source: University of Maryland Baltimore Washington Medical Center; www.mybwmc.org.*

## Planning and Zoning

The County Office of Planning and Zoning (the "Office") is responsible for planning the physical growth of the County. The Office oversees the preparation and revision of the General Development Plan and various other master plans including the Water and Sewer Master Plan, Town Center master plans, Small Area Plans, and other functional plans. The Office is also responsible for administering the Subdivision and Development Regulations, reviewing all development applications for compliance with the Code, and updating the development regulations as needed. The Office also administers the Zoning Ordinance and periodic updates to the Code, and makes recommendations on zoning applications, variances, special exceptions, and nonconforming uses. The Office's Research and GIS section maintains a large array of digital mapping coverages which are used by a variety of County agencies and customers, and is also responsible for various data reporting requirements and database maintenance and for assigning street address numbers. The Office's Cultural Resources section maintains the County's Historic Resources inventory, participates in a variety of historic preservation initiatives, and also administers a robust Archaeology Program that includes field investigations, research, and education.

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 General Development Plan and other master plans, comprehensive zoning maps, certain development applications, and other duties as defined in the County Charter. 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 restoration, 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 120,600 accounts. The County water system is groundwater oriented, producing drinking water at 12 treatment facilities and 3 independent wells. These facilities derive supplies from 55 production wells. The water system includes 19 booster stations and 29 elevated storage tanks with an effective storage capacity of 35.78 million gallons, and 7 ground storage tanks with a capacity of 13.67 million gallons. The average daily demand in 2020 was 33.10 MGD. The combined design capacity of County production facilities is 66.47 MGD. The County produced 12.14 billion gallons of water in 2020. Approximately 0.0 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 ten sewerage service areas. The County owns and operates sewerage treatment facilities and/or sewerage collection systems in seven of the service areas. The remaining three service areas all have conveyance systems that are operated and maintained by the County. Two of the service areas 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 ten sewerage service areas provide treatment capacity of 59.03 MGD for approximately 128,800 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, 2020 | (MGD) Existing Design Capacity | (MGD) Design Capacity to Year 2025 |
|---|---|---|---|
| Cox Creek | 11.16 | 15.00 | 15.00 |
| Patuxent | 5.61 | 10.50 | 10.50 |
| Maryland City | 1.40 | 3.30 | 3.30 |
| Broadneck | 4.68 | 8.00 | 8.00 |
| Broadwater | 1.07 | 2.00 | 2.00 |
| Annapolis (Joint Facility) | 8.64 | 13.00 | 13.00 |
| Patapsco (Baltimore City) | 4.67 | 6.39 | 6.39 |
| Piney Orchard | 0.56 | 0.70 | 0.70 |
| Rosehaven | 0.10 | 0.14 | 0.14 |
| Total | 37.89 | 59.03 | 59.03 |

There is presently under various stages of design and construction the upgrading and/or expansion of several 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 drop-off facilities referred to as recycling centers, a paper recovery center for processing corrugated cardboard products from the commercial and residential sectors, a yard waste composting area on its landfill campus for recycling leaves and grass, and a landfill gas-to-electricity facility which uses captured methane gas as fuel in the production of electricity.

***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, including paper, plastic, metal and glass, are directed to a private materials recovery facility. The majority of collected yard waste is composted at the expanded composting pad located on the campus of the Millersville Landfill. The Enterprise owns and operates a small fleet of solid waste collection vehicles which provide residential services such as bulky item collections for appliances or large scrap metal items 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 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 2052. Future new disposal options will be studied as outlined in the General Development Plan and the 10-Year Solid Waste Management Plan.

*Recycling* — The County achieved the original Maryland Recycling Act goal of 20% by January 1, 1994, and has exceeded the revised goal of 35% before December 31, 2015. 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 local government contracted private haulers since October 1993. Materials recovered include paper, plastic, metal and glass and yard waste. The current County curbside recycling rate is 38%.

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 with work conducted through the Northeast Maryland Waste Disposal Authority, the Baltimore Metropolitan Council, 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").

**Climate Preparedness**

To plan for major emergencies, including planning and adapting to the effects of rising sea levels, more frequent and destructive storms, and other consequences of climate change, the County adopted its Hazard Mitigation Plan, which was approved by the Maryland Emergency Management Administration ("MEMA") and the Federal Emergency Management Administration ("FEMA") in 2005 and updated in 2018; adopted its Emergency Operations Plan, which was approved by MEMA in 2018; and adopted its Nuisance Flooding Plan in September of 2020 (together, the "Emergency Plans").

The County is located in a coastal region on the Chesapeake Bay and is affected by rising sea levels and by increased frequency and severity of storms which could result in negative economic impacts; these Emergency Plans, among other things, note that climate change impacts are already affecting the County more intensely than in the past and provide recommendations to adapt to and mitigate the adverse effects of climate change and to maintain its financial condition. At this time the County is unable to predict whether, or to what extent, the foregoing measures will insulate it from the adverse impacts of climate change, which could be material.

**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 171 parks and sanctuaries. Specialized recreational facilities, including two swim centers, three ice rinks, three golf courses, baseball stadium, softball complexes, and approximately 115 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 cyber liability, real and personal property, boiler and machinery, watercraft and aviation coverage, 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 as well as to supplement the high deductible commercial first party property coverage.

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.*

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## 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/ Steuart Pittman
STEUART PITTMAN
County Executive

and

By: /s/ Matthew Power
MATTHEW POWER
Chief Administrative Officer

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APPENDIX A

# Anne Arundel County, Maryland

## Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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# 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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tipton Airport Authority, which represent less than 1 percent of each of the assets and deferred outflows of resources and revenues of the discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amount included for the Tipton Airport Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Anne Arundel Community College Foundation, which is included in the financial statements of the Anne Arundel County Community College, were not audited in accordance with *Government Auditing Standards.*

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

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

***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the budgetary comparison for the General Fund, and the aggregate remaining fund information of the County as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Baltimore, Maryland
December 17, 2020

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, 2019 have been provided.

## Financial Highlights

**Government-wide:**

- The County wide assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources at the close of the fiscal year by $817.8 million. The unrestricted portion is a negative $1.4 billion which is composed of a deficit in the governmental activities of $1.4 billion and a surplus of $8.9 million in the business-type activities. The unrestricted deficit occurred in the governmental activities due to Board of Education and Anne Arundel Community College debt being recorded on the County's statement of net position, but not the corresponding capital assets. Debt outstanding for education projects is $741.1 million and for college projects is $70.1 million. The current net value of the Board of Education capital assets is $1.5 billion and the community college net capital assets total $130.2 million. In the current fiscal year, the governmental activities unrestricted deficit increased by $26.5 million and the business-type activities unrestricted net position increased by $9.5 million.
- Total net position of the County has increased by $46.0 million or 6.0% over the prior fiscal year.
  - In the governmental activities, total revenues increased $142.6 million or 7.9% and expenses increased $45.8 or 2.5% from the prior fiscal year, resulting in an increase of $38.2 million in net position, which is $95.3 million more than the prior fiscal year change. Increases in operating grants and contributions, capital grants and contributions, general property tax, and local income tax revenues of $41.0 million, $18.6 million, $58.8 million, and $45.8 million, respectively, were the primary drivers which increased revenues. These increase were offset by decreases in charges for services, local sales tax and investment income of $9.8 million, $5.4 million and $5.6 million, respectively. Higher expenses were primarily due to increases in general government of $21.4 million, and in health and human services of $20.0 million related in part to an increase in Covid-19 expenses. The increase in budgetary expenditures were in part from labor related the cost of living and pay for performance increase of 2.0% and 3.0%, respectively, compared to the prior fiscal year. Further details are presented in the Management's Analysis section of the MD&A.
  - In the business-type activities, total revenues increased by $15.7 million or 6.6% and total expenses increased by $7.3 million or 3.1%, from the prior fiscal year, resulting in a $7.8 million increase in net position which is $10.0 million more than the prior fiscal year change. The increase in revenues were driven mainly by an increase in charges for service, and capital grants and developer contributions in the amount of $4.4 million and $10.0 million, respectively. This was primarily from an increase in charges for service, connections fees, and environmental protection fees in the Utility Fund of $ 5.1 million, $6.2 million, and $2.9, respectably. The $7.3 million increase in expenses was mainly from an increase in spending for contractual service in the Water and Wastewater Fund of $4.6 million and in the Solid Waste Fund $1.9 million.

**Fund Level:**

- The County's governmental funds reported combined fund balances of $506.8 million, an increase of $58.8 million from the prior fiscal year. The greatest net change in fund balance was a $53.3 million increase from the prior fiscal year in the General Fund mainly due to an increase general property taxes and local income taxes of $54.5 million and $84.1 million, respectively. These increases in revenue were offset in part by increases in spending for education, public safety and interest expense of $48.5 million, $16.4 million and $4.8 million, respectively, and a decrease in general government and public works spending of $5.2 and $8.1 million, respectively. For fiscal year 2020, the Impact Fees Capital Projects Fund balance increased $7.3 million due to incoming revenues exceeding expenses and transfers out by $7.3 million. The General County Capital Projects fund balance decreased by $5.2 million as a result education and capital outlay spending exceeding incoming revenue and transfers in for capital project funding by $5.2 million. The Grants Fund balance decreased by $3.0 million as a result of expenses exceeding revenues because of the normal lag in the grant reimbursements which occurs each year. Non-major governmental funds balance increased $6.4 million due to an increase in net operating income of $47.9 million, offset by a net of $41.5 million for other financing sources and uses.

- Approximately 56.5% of the total governmental fund balance or $286.6 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 $215.1 million or 94.4% of the total fund balance, which is 13.8% of the current year expenditures. Non-spendable fund balance of the General Fund was $3.5 million or 1.5% of the total fund balance.

- The enterprise fund charges for service increased by $4.4 million or 3.0%, and capital contributions increased $10.0 million or 14.4%. As discussed previously, this was primarily due an increase in charges for service, connections fees, and environmental protection fees in the Utility Fund. Non-operating revenues increased by $1.2 million or 5.3%, in part due to an increase in other income of $1.0 million from prior year. Operating expenses increased by $7.3 million or 3.1%, and non-operating expenses increased by $1.6 million, from the prior fiscal year. Further details are presented in the Management's Analysis section of the MD&A.

**Changes to debt:**

- The County's general obligation bonded debt increased by $117.8 million for governmental activities and $45.5 million for business-type activity in fiscal year 2020. The County issued additional general obligation debt in the amount of $214.5 million for governmental activities which will be used for education, public safety, infrastructure improvements, community college, library, watershed protection and restoration, parks and recreation, and general government improvements. The County issued new bonds for business-type activity in the amount of $82.1 million for waste management and utility improvements. The County had a net decrease for Maryland Water Quality loans of $4.5 million for water and waste water improvements.

## Overview of Basic Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Required Supplementary Information -** The required supplementary schedules provide trend data about the Pension 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 | | Totals | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Assets: | | | | | | |
| Current | $ 747,215,502 | $ 703,625,232 | $ 158,625,640 | $ 149,430,248 | $ 905,841,142 | $ 853,055,480 |
| Restricted - Current | 274,267,516 | 188,868,947 | 333,245,552 | 317,314,132 | 607,513,068 | 506,183,079 |
| Restricted - Noncurrent | - | - | 23,000,923 | 19,689,000 | 23,000,923 | 19,689,000 |
| Capital | 1,399,569,819 | 1,315,564,718 | 1,832,622,489 | 1,791,377,657 | 3,232,192,308 | 3,106,942,375 |
| Total | 2,421,052,837 | 2,208,058,897 | 2,347,494,604 | 2,277,811,037 | 4,768,547,441 | 4,485,869,934 |
| Deferred outflow of resources | 200,830,156 | 232,414,608 | 27,604,655 | 24,851,594 | 228,434,811 | 257,266,202 |
| Liabilities: | | | | | | |
| Current | 348,576,921 | 338,480,945 | 85,569,435 | 78,466,140 | 434,146,356 | 416,947,085 |
| Restricted - current | 74,738,010 | 14,253,570 | 14,832,103 | 9,070,170 | 89,570,113 | 23,323,740 |
| Noncurrent | 2,676,999,865 | 2,622,368,789 | 933,847,669 | 883,038,952 | 3,610,847,534 | 3,505,407,741 |
| Total | 3,100,314,796 | 2,975,103,304 | 1,034,249,207 | 970,575,262 | 4,134,564,003 | 3,945,678,566 |
| Deferred inflow of resources | 41,251,292 | 23,214,258 | 3,374,168 | 2,433,279 | 44,625,460 | 25,647,537 |
| Net Position: | | | | | | |
| Net investment in capital assets | 635,565,747 | 604,084,265 | 1,008,501,766 | 1,019,533,158 | 1,644,067,513 | 1,623,617,423 |
| Restricted | 216,024,232 | 182,879,525 | 320,079,113 | 310,716,958 | 536,103,345 | 493,596,483 |
| Unrestricted | (1,371,274,244) | (1,344,807,847) | 8,895,005 | (596,026) | (1,362,379,239) | (1,345,403,873) |
| Total net position (restated) | $ (519,684,265) | $ (557,844,057) | $ 1,337,475,884 | $ 1,329,654,090 | $ 817,791,619 | $ 771,810,033 |

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

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

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

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

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

**Management's Analysis** – Unrestricted current assets of governmental activities are $43.6 million more in fiscal year 2020. This is due primarily to an increase in cash and temporary investments, and taxes and other state revenue receivables of $39.0 million and $7.8 million, respectively, which was offset by a decrease in pre-paid expenses and other receivables of $6.6 million. The business-type activities current assets increased by $9.2 million, primarily due to an increase in cash and temporary investments of $7.8 million from the prior fiscal year.

Restricted current assets in governmental activities increased by $85.4 million or 45.2%. This was mainly from an increase in restricted cash and temporary investments of $69.7 million. The restricted cash in the Grants Fund increased by $58.7 million as a result of Covid-19 funding which was unspent as of the end of the current fiscal year. The restricted cash in the Impact Fee Capital Projects Fund increased by $7.1 million as a result of an increase in fund balance of $7.3 million. This was in part due to an increase in fees recognized of $4.0 million. The General County Capital project fund had a decrease in cash and investments of $23.0 million. This decrease is in part the result of increases in accounts receivables of $12.5 million and a decrease in the fund balance of $5.2 million as a result of expenses receding revenues and transfer in amounts. The Non-major Governmental Funds had an increase in cash and investments of $5.6 million. This was mainly due to the following changes in cash and investments; Watershed Protection and Restoration Fund increased $4.9 million; Video Lottery Local Impact Aid decreased $5.3 million; and Odenton Town Center increased by $4.4 million. The increase in current non-restricted assets in business-type activities of $9.2 million or 6.2% was primarily due to an increase in cash and temporary investments of $7.8 million. The increase in current restricted assets in business-type activities of $15.9 million or 5.0%, was primarily due to an increase in investments and in other receivables of $12.1 million and $8.5 million, respectively, offset by a decrease in cash and temporary investments of $4.6 million. The increase in investments was due mainly to the annual reallocation of cash and the increase in other receivables was related to an increase in receivables from project developer allocations in the Water and Wastewater Debt Service Fund.

The governmental capital assets balance increased by $84.0 million from the prior fiscal year or 6.4%. These increases are mainly the result of the completion of certain capital projects.

Restricted noncurrent assets in business-type activities increased by $44.6 million from the prior fiscal year or 2.5%. This increase resulted in part from an increase in total capital assets of $41.2 million mainly as a result of the capitalization of water and waste water capital projects being completed and set up as capital assets in the current fiscal year.

Current unrestricted liabilities for governmental activities increased by $10.1 million or 3.0%, from the previous fiscal year. This occurred primarily due to increases in accounts payable and accrued liabilities, and current portion of non-current liabilities $13.2 million, and $8.5 million, respectively, offset by a decrease in escrow deposits, amounts due to component units, and internal balances of $4.6 million, $3.8 million and $3.2 million, respectively. The accounts payable and accrued liabilities increase was mainly from the General Fund in the amount of $19.2 million, which was offset by a decrease in the General County Capital Projects Fund of $3.7 million. The current unrestricted liabilities in business-type activities increased by $7.1 million or 9.1% from the prior fiscal, mainly the result of an increase in current portion of non-current liabilities, and internal balances of $4.0 million and $3.2 million, respectively.

Restricted current liabilities for governmental activities increased by $60.5 million or 424.4% from the prior fiscal year, mainly as a result of an increase in unearned revenue of $60.9 million due to unearned Covid-19 grant revenue. Restricted current liabilities for business-type activities increased by $5.8 million or 6.4% from the previous fiscal year, mainly the result of an increase in unearned revenue of $5.8 million.

Noncurrent liabilities consist of bonded debt, pension benefits, OPEB obligation, unpaid insurance claims, loans, capital leases, and other liabilities. These liabilities increased $54.6 million or 2.1%, in governmental activities, and increased by $50.8 million or 5.8%, in business-type activities. The increase in governmental activities was mainly due to an increase in long-term debt liability of $120.6, which was offset by a decrease in pension liability of $63.5 million. The change in pension is related to updated actuary calculations, which includes changes in current contributions and updated market conditions. The increase in the noncurrent liabilities in business-type activities was caused primarily by an increase in the long-term bonded debt of $52.9 million.

The components of governmental and business-type net position were discussed in the financial highlights above. It is important to note that although counties in the State of Maryland issue debt for the construction of schools, the schools are owned by the local Board of Education. Ownership reverts to the County if the building is no longer needed. The County also funds projects for the Community College and others that do not result in County assets. While the County's statements include this outstanding debt, there are no capital assets recorded on the Primary Government's statements. The negative unrestricted governmental activities fund balance of $1.4 billion reflects this treatment. The Board of Education and Community College net investment in capital assets of approximately $1.5 billion and $123.5 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 net position in the governmental activities over the past four years. The reduction in net position is the result of assets used for capital improvements classified in the Net Investment in Capital Assets and the recording of the pension benefits and OPEB obligation.

| Fiscal year | Balance (in millions) | Fiscal year | Balance (in millions) |
|---|---|---|---|
| 2017 | $ (1,221.6) | 2019 | $ (1,345.0) |
| 2018 | (1,256.7) | 2020 | (1,371.9) |

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

| | Governmental Activities | | Business type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Program Revenues: | | | | | | |
| Charges for services | $ 169,170,478 | $ 178,996,473 | $ 149,241,309 | $ 144,843,945 | $ 318,411,787 | $ 323,840,418 |
| Operating grants & contributions | 123,052,168 | 82,053,761 | - | - | 123,052,168 | 82,053,761 |
| Capital grants & contributions | 77,415,187 | 58,853,573 | 79,720,811 | 69,671,474 | 157,135,998 | 128,525,047 |
| | 369,637,833 | 319,903,807 | 228,962,120 | 214,515,419 | 598,599,953 | 534,419,226 |
| General Revenues: | | | | | | |
| General property taxes | 798,537,966.00 | 739,776,117 | - | - | 798,537,966 | 739,776,117 |
| Local income taxes | 606,312,333.00 | 560,494,249 | - | - | 606,312,333 | 560,494,249 |
| State shared taxes | 5,447,870.00 | 6,154,459 | - | - | 5,447,870 | 6,154,459 |
| Recordation & transfer taxes | 114,907,649.00 | 115,519,643 | - | - | 114,907,649 | 115,519,643 |
| Local sales taxes | 26,699,642.00 | 32,110,766 | - | - | 26,699,642 | 32,110,766 |
| Investment income | 8,931,334.00 | 14,550,314 | 7,193,478 | 6,939,480 | 16,124,812 | 21,489,794 |
| Other revenue | 19,666,825.00 | 19,015,315 | 17,403,654 | 16,421,468 | 37,070,479 | 35,436,783 |
| | 1,580,503,619 | 1,487,620,863 | 24,597,132 | 23,360,948 | 1,605,100,751 | 1,510,981,811 |
| Total revenues | 1,950,141,452 | 1,807,524,670 | 253,559,252 | 237,876,367 | 2,203,700,704 | 2,045,401,037 |
| Expenses: | | | | | | |
| Education | 939,581,972.00 | 946,223,055 | - | - | 939,581,972 | 946,223,055 |
| Public safety | 344,881,511.00 | 342,374,123 | - | - | 344,881,511 | 342,374,123 |
| General government | 232,233,118.00 | 210,851,479 | - | - | 232,233,118 | 210,851,479 |
| Health & human services | 105,098,924.00 | 85,068,516 | - | - | 105,098,924 | 85,068,516 |
| Public works | 83,066,338.00 | 81,238,843 | - | - | 83,066,338 | 81,238,843 |
| Recreation & community services | 78,697,946.00 | 74,089,522 | - | - | 78,697,946 | 74,089,522 |
| Judicial | 30,780,314.00 | 31,366,461 | - | - | 30,780,314 | 31,366,461 |
| Code enforcement | 14,872,974.00 | 14,625,668 | - | - | 14,872,974 | 14,625,668 |
| Land use & development | 19,195,078.00 | 22,299,113 | - | - | 19,195,078 | 22,299,113 |
| Interest expense on debt | 64,360,485 | 58,859,063 | - | - | 64,360,485 | 58,859,063 |
| Water & wastewater | - | - | 182,683,237 | 175,378,762 | 182,683,237 | 175,378,762 |
| Waste collection | - | - | 56,777,155 | 56,606,522 | 56,777,155 | 56,606,522 |
| Child care | - | - | 5,490,066 | 5,650,435 | 5,490,066 | 5,650,435 |
| Total expenses | 1,912,768,660 | 1,866,995,843 | 244,950,458 | 237,635,719 | 2,157,719,118 | 2,104,631,562 |
| Increase(decrease) in net position | 37,372,792 | (59,471,173) | 8,608,794 | 240,648 | 45,981,586 | (59,230,525) |
| Non operating income and expense: | | | | | | |
| County Transfer | 787,000 | 2,380,000 | (787,000) | (2,380,000) | - | - |
| Change in Net Position | 38,159,792 | (57,091,173) | 7,821,794 | (2,139,352) | 45,981,586 | (59,230,525) |
| Net Position, beg of year | (557,844,057) | (500,752,884) | 1,329,654,090 | 1,331,793,442 | 771,810,033 | 831,040,558 |
| Adjustment to restate net position | | | | - | - | - |
| Net Position, end of year | $ (519,684,265) | $ (557,844,057) | $ 1,337,475,884 | $ 1,329,654,090 | $ 817,791,619 | $ 771,810,033 |

The Statement of Activities presents some significant changes in revenues. These fluctuations were explained in the financial highlights section. Governmental activities' overall revenue has increased from the prior fiscal year by $142.6 million or 7.9%. This is mainly due to an increase in General Property Taxes of $58.8 million or 7.9% from the growth in real property assessable base, an increase in program revenues of $49.7 million or 15.5%, and an increase in local income tax of $45.8 million or 8.2%. The change in program revenue was from an increase in operating grants and contributions of $41.0 million, a decrease in charges for service of $9.8 Million, and an increase in capital grants and contributions of $18.6 million.

The governmental activities' expenses had an increase of $45.8 million or 2.5% from prior fiscal year. Certain functional categories of expenditures had significant fluctuations during fiscal year 2020. The most notable fluctuations were in general government, and health and human services which increased by $21.4 million or 10.1%, and $20.2 million or 23.8%, respectively. These increases were partially offset by a decrease in both education of $6.6 million or 0.7%, and land use and development of $3.1 million or 13.9%. The spending increase in general government was driven in part by an increase in the Grant Fund of $15.4 million on grants for general government. The spending increase in health and human services was in part the result of an increase in the Covid-19 grants received in the second half of the current fiscal year. The spending decrease in education was as a result of the Board of Education spending less for the County's funds for capital improvements. The decrease in land use and development spending was mainly driven by a reduction in payments to Chesapeake Bay Trust in the amount of $1.7 million and a reduction in inter fund transfers to capital projects of $2.0 million, both for reforestation as compared to the prior year. In fiscal year 2020, the County Employee's received a 2.0% cost of living increase and a 2.5% pay for performance increase which effect all funds.

Business-type activities total revenues increased by $15.7 million or 6.6% from prior fiscal year. The increase in program revenue of $8.5 million is mainly due to an increase in capital grants and contributions of $10.0 million or 14.4% from the previous fiscal year. This was from an increase in both environmental protection revenues of $2.9 million and an in capital contributions in of $7.2 million in the Utility Debt Service Fund. General revenues increased by $1.2 million or 5.3% which was mainly from an increase in other revenue of $1.0 million from the prior fiscal year.

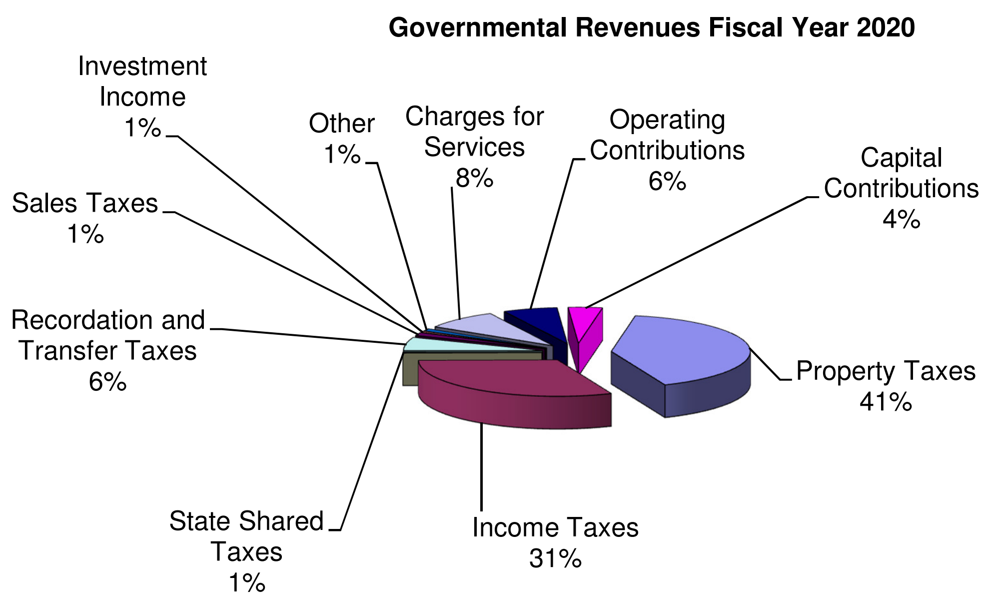
Business-type expenses had an overall increase of $7.3 million or 3.1% from the previous fiscal year, which was primarily caused by an increase water and wastewater fund of $7.3 million. The increase in the Water and Wastewater Operating Fund was in part from a $4.6 million increase in contractual services and an increase in depreciation expense of $1.2 million. There was also an increase in the Utility Debt Service fund of $1.8 million for interest expense.

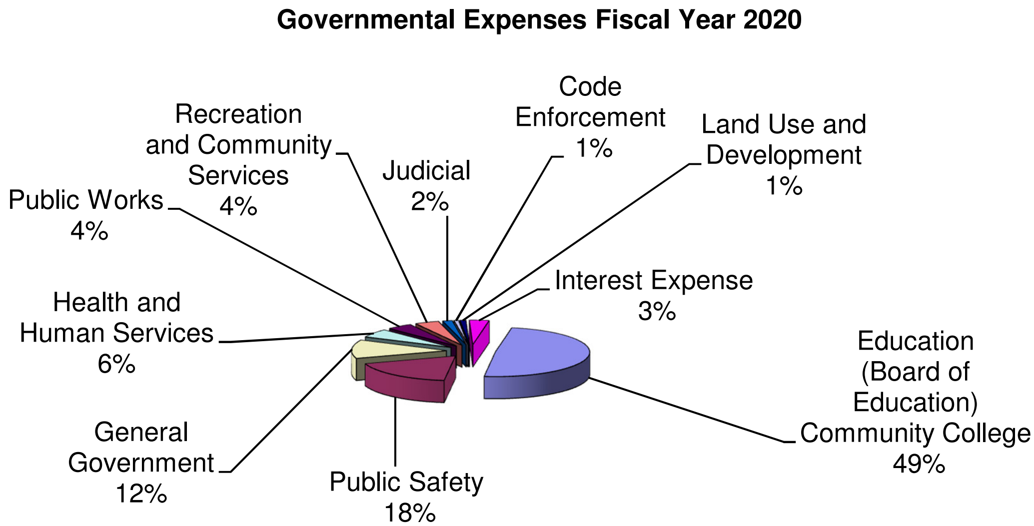
**Distribution of Revenues and Expenses**

The next two charts show the percentage distribution of revenues from governmental activities and the percentage expended on each function. Discussion of the 2020 distribution and significant changes since 2019 follows.

General revenue sources continue to provide the vast majority of the County's revenue. Tax revenues from property assessments, income, State shared sources, recordation and transfer, and sales provided 80% of the revenue base, which decreased 1% from fiscal year 2019. Charges for services paid to the County by users were 8% for fiscal year 2020, a decrease from fiscal year 2019 which was 10%.

An analysis of the percentage distribution of revenues revealed that there was an increase in Operating Contributions and Capital Contributions from 4% to 6% and 3% to 4%, respectively, while Sales Tax and Charges for Services decreased from 2% to 1% and 10% to 8%, respectively. An analysis of the percentage distribution of expenses by function revealed that General County and Health and Human Services increased slightly from 11% to 12% and 5% to 6%, respectively, while Education (Board of Education and Community College) decreased from 51% to 49%.

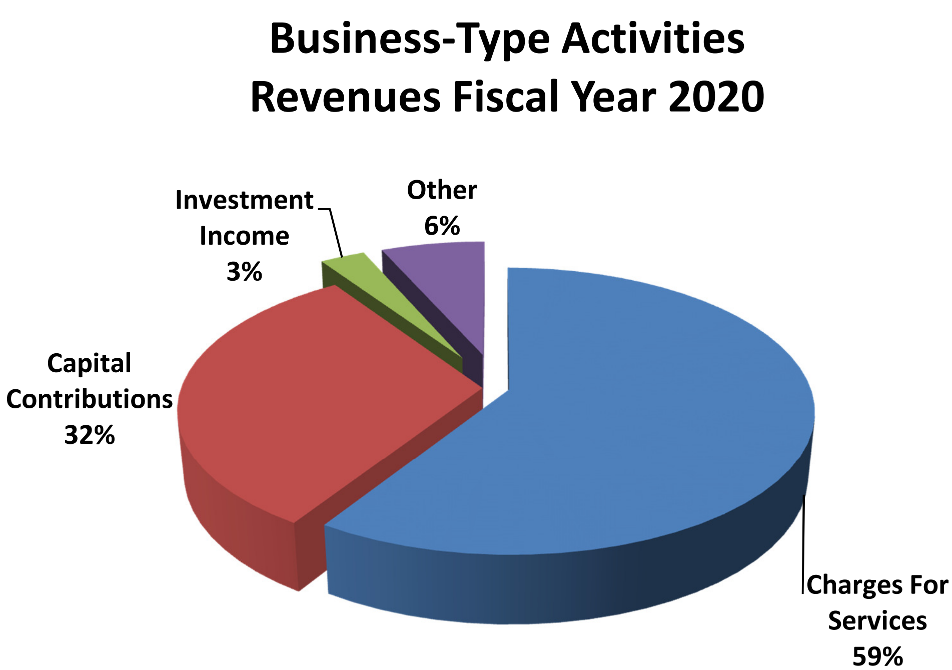


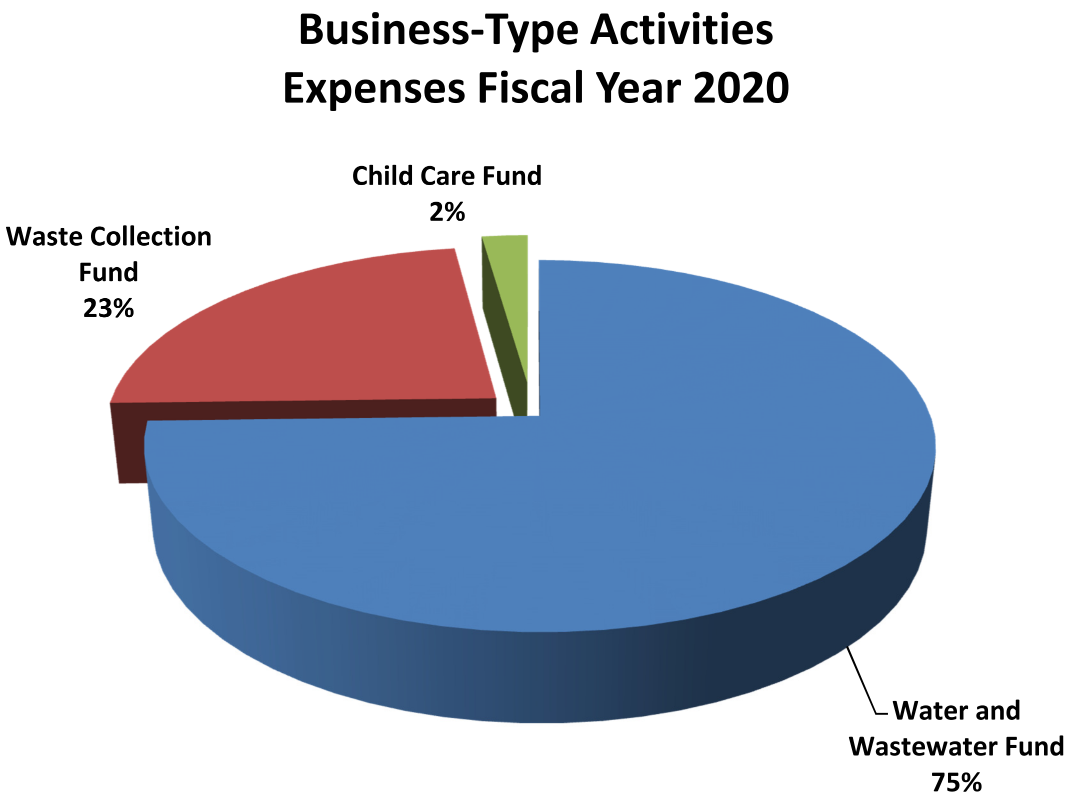



The next two charts show the percentage distribution of revenues from business-type activities and the percentage expended on each function. Discussion of the fiscal year 2020 distribution and significant changes since fiscal year 2019 follows.

Charges for services and capital contributions continue to provide the vast majority of the County's business-type activities revenue. Together these account for 91% of the revenue in fiscal year 2020, no change from fiscal year 2019 which was also 91%.

An analysis of the percentage distribution of expenses by function revealed that the Water and Wastewater Fund increased from 74% to 75%, while the Waste Collection Fund decreased from 24% to 23%.






## 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 $368.0 million to $439.5 million or $71.6 million, from the prior fiscal year. The increase primarily occurred in cash and investments of $57.0 million, local income tax receivables of $6.8 million and amounts due from other funds of $16.1 million which was offset by a decrease in other, net receivables of $10.7 million. Total fund balance increased from $174.7 million to $228.0 million or $53.3 million.

General Fund revenues increased from $1,499.8 million to $1,608.5 million or $108.8 million and expenditures increased from $1,502.9 million to $1,561.8 million or $58.9 million over the prior fiscal year. The main increases in revenue were in general property tax, and local income tax of $54.5 million and $84.1 million, respectively, offset by a decrease in fees for services and other revenue of $12.0 million. In part as a result of decreases in federal prison housing reimbursements, ambulance fees, recreation and park fees, and other miscellaneous revenues of $2.9 million, $1.5 million, $2.9 million, and $3.7 million respectively. Many of these decreases can be attributed to Covid-19, especially the reduction in park fees as the County stopped charging fees for park entrances and closed other faculties.

The County has put aside funds for permanent public infrastructure, in the amount of $9.4 million, which is included in the restricted fund balance of the General Fund. The County has a Revenue Reserve Fund which is included in the unassigned category of General Fund balance. At the end of the current fiscal year, a balance of $82.4 million was in the reserve fund. This increase from the prior fiscal year is from the current year contribution of $5.5 million and investment earnings of $3.5 million. This reserve may only be used when revenues fall below budget expectations and would require legislative action. This fund has been in existence since fiscal year 1994 and has been drawn on by Management in fiscal year 2009 and fiscal year 2010 in the amounts of $16.8 million and $16.0 million, respectively, as a result of underperforming revenues during the recession of 2008 and 2009.

The Grants Fund is being presented as a major fund in the current fiscal year as a result of the inflow and outflow of COVID-19 grants received from state and federal sources. The total fund balance decreased by $3.0 million, from a negative $5.3 million in fiscal year 2019 to a negative $8.4 million in fiscal year 2020. This was a result of an increase in deferred inflows of resources which was not received by September 30, 2020.

The Impact Fees Capital Project Fund retains developer impact fees until needed for the construction of capital assets. The total fund balance increased $7.3 million, from $87.5 million in fiscal year 2019 to $94.8 million in fiscal year 2020. This was a result of impact fee revenues of $36.7 million exceeding impact fee expenses of $6.3 million and transfers out to capital projects of $24.2 million. The amounts transferred are used for the construction of capital assets and to pay off debt, both of which are related to impact fee eligible projects.

The General County Capital Projects Fund's total assets decreased from $187.7 million in fiscal year 2019 to $177.2 million in fiscal year 2020, or $10.4 million. This is primarily due to a decrease in cash and investments of $23.0 million at the end of current fiscal year, and an increase in receivables of $12.5 million. The receivable increase was in part due to the grants receivable increase in recreation and parks of $5.0 million for Greenways and Quite Waters Park, and Anne Arundel Community College for the Health Building of $3.3 million. Amounts due from the Board of Education increased by $3.3 million. Liabilities decreased by $9.9 million compared to the prior fiscal year, primarily due to a decrease in the amount due to the Board of Education of $9.1 million. Deferred inflow of resources increased $4.6 million due to an increase in unavailable grant and program revenue. The change in fund balance from the prior fiscal year decreased from $104.7 million to $99.6 million in fiscal year 2020, for a decrease of $5.1 million in fund balance from the prior fiscal year.

Revenues in the General County Capital Projects Fund increased from $23.5 million in fiscal year 2019 to $25.0 million in fiscal year 2020, or by $1.6 million. Expenditures in this fund decreased by $50.8 million which is attributed to a decrease of $56.0 million for amounts paid to the Board of Education and Community College for capital projects and a $4.3 million increase in capital outlay expense. The decrease in Board of Education and Community College is primarily attributable to the decrease in cost for school construction. Although, school construction costs fluctuated based on various projects, Crofton Area High School, Jessup Elementary School and Arnold Elementary School completed construction which decreased costs by $68.1 million compared to the prior fiscal year. This was offset by an increased in funding for Anne Arundel Community College's, Health, Science and Biology Building of $22.8 million.

**Proprietary Funds:**

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

The Water and Wastewater Fund's assets totaled $2.2 billion at the end of fiscal year 2020, which was an increase of $66.8 million over fiscal year 2019. The increase primarily occurred as a result of an increase in net capital assets of $38.6 million and an increase in investments, restricted receivables and deferred connection and assessment charges of $12.1 million, $8.5 million and $3.3 million, respectively. Capital assets increase each year as capital projects are completed and developer donated water and sewer facilities are added. The main increase in liabilities was an increase in long term debt of $51.3 million. As a result of the changes in assets and liabilities, the Water and Wastewater Fund's net position increased $10.4 million or 0.8%.

The Statement of Revenues, Expenses, and Changes in Fund Net Position for Water and Wastewater Fund had an increase in operating revenues of $5.6 million. Operating expenses increased by $3.4 million or 2.4%, mainly from an increase in contractual services of $4.9 million, and an increase in personnel services expense of $2.8 million. Non-operating revenue and expenses decreased from the previous year by $0.765 million. Capital contributions and grants increased by $7.2 million. These contributions represent the capital assets built by developers and fees collected from properties connecting to the County's water and wastewater systems.

The Solid Waste Fund's assets increased by $0.374 million. Liabilities increased by $4.4 million from the prior fiscal year in part from an increase in long-term debt of $4.7 million compared to prior fiscal year.

The Statement of Revenues, Expenses, and Changes in Fund Net Position for Solid Waste had an increase in operating revenue of $0.549 million and a decrease in operating expenses of $0.533 million. This contributed to an increase in net position of $0.347 million at the end of the current fiscal year.

**Fiduciary Funds:**

Fiduciary funds include the Pension Trust Funds, the OPEB Trust Fund, and the Agency Funds. The Pension Trust Funds are presented for the calendar year ended December 31, 2019. Total investments in the Pension Trust increased by $223.0 million in calendar year 2019. The Pension Fund net position increased from $1.8 billion to $2.0 billion or 12.6%. Contributions increased from $85.8 million in 2018 to $92.2 million during 2019 and investment activity increased by $354.0 million from prior year. The net position of the OPEB Trust at the end of the current fiscal year was $262.4 million, an increase of $69.1 million from the prior fiscal year. Agency funds decreased from $33.3 million in fiscal year 2019 to $21.0 million in fiscal year 2020 as a result of not having a property tax sale in fiscal year 2020. The annual property tax sale was postponed because of the Covid-19 pandemic.

**Budgetary Variations:**

The budgetary statements of the General Fund show actual revenues of $1.7 billion compared to budgeted amounts of $1.6 billion, resulting in $40.1 million more revenue than anticipated. The most significant budgetary variations within components of revenue were the increases in general property taxes, local income tax, and recordation and transfer taxes which exceeded budgetary expectation by $3.1 million or 0.4%, $42.0 million or 7.4%, and $12.9 million or 12.7%, respectively. The remaining negative variances were mainly due to decreases in state shared taxes, local sales taxes, licensed and permits, Video Lottery Impact Aid, inter-fund recoveries, and fees for service and other revenues of $2.1 million, $5.5 million, $2.3 million, $2.5 million and $6.6 million, respectively. The decrease in revenues were mainly the result of the effects of Covid-19 related to County closures, the temporary reduction of fees charged by the County and the delay of the Video Lottery Impact Aid revenue which was received after September 30, 2020.

Total expenditures on a budgetary basis were $1.7 billion compared to appropriation authority of $1.7 billion, resulting in $55.1 million or 3.2%, less than planned. The most notable variances are in the public safety and health and human services of $7.2 million and $38.8 million, respectively. This was in part due to under spending in the Police Department of $5.2 million and in the Health Department of $37.3 million. The Police Department under spent mainly in personnel services partly as a result of position vacancies and the Health Department did not spend all of their Covid-19 grant funds which will be spent in the following fiscal year. Also, certain expenses were applied to grants for Covid-19 related activities.

In reviewing the changes from the original budget to the final budget, total budgeted revenues did not change but budgeted expenses increased by $27.0 million mainly as a result of increase spending requests for Covid-19 grant funds received during the second half of the current fiscal year. The expense increase was primarily in health and human service in the amount of $33.5 million for Covid-19 expenditures. There was a decrease in general government original expense budget, compared the final budget in the amount of $11.0 million. Management is not aware of any reasons why these and other budgetary variations would have a significant effect on future liquidity or services.

## Capital Assets

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

*Governmental capital assets* – The governmental activities capital assets increased by $84.0 million or 6.4%, from fiscal year 2019. The following table shows an increase in land and easements, land improvements, storm drains and culverts, automobiles and rolling stock, furniture and equipment and construction in progress of $15.5 million, $2.2 million, $4.8 million, $4.9 million, $1.5 million and $66.9 million, respectively. These increases were partially offset by a decrease in buildings, and roads and bridges of $4.3 million and $7.1 million, respectively.

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

- $26.2 million for Road Resurfacing and Reconstruction
- $10.2 million for Information Technology Enhancement
- $14.5 million for land for parks, schools, land preservation, and fire station
- $8.7 million for Annapolis Regional Library
- 69 new vehicles were purchased including fire trucks, ambulances, and various autos

*Business-type capital assets* – The business-type activities capital assets increased by $41.2 million or 2.3%, from fiscal year 2019. The following table shows increases in land and easements, landfills, water and sewer plants and lines, and construction in progress of $5.5 million, $2.1 million, $31.2 million and $3.2 million, respectively. These increases were partially offset by decreases in and buildings and furniture and equipment of $338.6 thousand and $294.0 thousand, respectively. 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:

- $15.1 million for general water and sewer main replacement and reconstruction
- $10.1 million for Dewatering Facilities
- $10.1 million for upgrade and retrofit of sewer pumping station facilities
- $7.6 million for Cox Creek Water Reclamation Facility
- $7.6 million for generator replacement at sewer pumping station facilities

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land and easements | $ 276,633,421 | $ 261,179,615 | $ 18,228,804 | $ 12,705,712 | $ 294,862,225 | $ 273,885,327 |
| Historical property and works of art | 4,166,465 | 4,166,465 | - | - | 4,166,465 | 4,166,465 |
| Land improvements | 161,639,869 | 159,444,505 | - | - | 161,639,869 | 159,444,505 |
| Landfills | | | 30,552,852 | 28,470,072 | 30,552,852 | 28,470,072 |
| Buildings | 177,001,103 | 181,276,855 | 36,657,711 | 36,996,280 | 213,658,814 | 218,273,135 |
| Roads, bridges and signals | 162,320,253 | 169,435,715 | - | - | 162,320,253 | 169,435,715 |
| Sidewalks, curbs and gutters | 34,004,235 | 34,125,115 | - | - | 34,004,235 | 34,125,115 |
| Storm drains and culverts | 153,015,537 | 148,186,034 | - | - | 153,015,537 | 148,186,034 |
| Water and sewer plants and lines | - | - | 1,193,577,319 | 1,162,358,649 | 1,193,577,319 | 1,162,358,649 |
| Automobiles and rolling stock | 56,403,767 | 51,492,644 | 6,350,343 | 6,468,706 | 62,754,110 | 57,961,350 |
| Furniture and equipment | 24,625,670 | 23,147,819 | 13,277,922 | 13,571,937 | 37,903,592 | 36,719,756 |
| Software | 3,419,551 | 3,667,382 | - | - | 3,419,551 | 3,667,382 |
| Construction in progress | 346,339,948 | 279,442,569 | 533,977,538 | 530,806,301 | 880,317,486 | 810,248,870 |
| Total | $ 1,399,569,819 | $ 1,315,564,718 | $ 1,832,622,489 | $ 1,791,377,657 | $ 3,232,192,308 | $ 3,106,942,375 |

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.

| | Total Depreciable Capital Assets | Less Accumulated Depreciation | Net Depreciable Capital Assets | Accumulated Depreciation as a Percent of Total |
|---|---|---|---|---|
| **Governmental** | | | | |
| 2020 | $ 1,752,416,903 | $ (979,986,918) | $ 772,429,985 | 56% |
| 2019 | 1,705,463,427 | (934,687,358) | 770,776,069 | 55% |
| 2018 | 1,666,353,729 | (898,876,045) | 767,477,684 | 54% |
| 2017 | 1,640,033,012 | (875,632,813) | 764,400,199 | 53% |
| 2016 | 1,593,203,922 | (833,231,751) | 759,972,171 | 52% |
| 2015 | 1,489,865,377 | (793,436,125) | 696,429,252 | 53% |
| **Business-type** | | | | |
| 2020 | $ 2,303,599,166 | $ (1,023,183,019) | $ 1,280,416,147 | 44% |
| 2019 | 2,214,565,724 | (966,700,080) | 1,247,865,644 | 44% |
| 2018 | 2,109,864,062 | (915,143,615) | 1,194,720,447 | 43% |
| 2017 | 2,008,724,137 | (870,291,027) | 1,138,433,110 | 43% |
| 2016 | 1,899,149,892 | (817,010,887) | 1,082,139,005 | 43% |
| 2015 | 1,673,358,479 | (769,169,392) | 904,189,087 | 46% |

This analysis shows that the percent of depreciated governmental capital assets has increased in the last year to 56.0% at fiscal year-end 2020. The business-type capital assets has stayed steady at 44.0% for the total depreciation as a percent of the asset values at fiscal year-end.

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

## Debt Administration

The County's outstanding debt at the end of fiscal years 2020 and 2019 is presented in the table below. The County issued general obligation bonds, of $296.6 million in April 2020**,** including $214.5 million for governmental activities, $82.1 million for water and wastewater activities to fund improvements for general county capital projects of $214.5 million, waste management projects of $8.0 million, and water and sewer projects of $74.1 million. The County had a decrease in Maryland Water Quality loans for water and waste water improvements of $4.5 million in the Water and Wastewater Fund.

The changes to the state loans were not significant as there was no new loans in the current fiscal year. Principal payments of $221,263 were made on existing loans. There were no new leases in the current fiscal year and payments for leases totaling $10,122 resulted in a decrease in the capital lease balance to $20,245. The County did not initiate new agricultural easements through installment purchase agreements during fiscal year 2020. Other changes to debt balances resulted from principal payments during fiscal year 2020. 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 | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| General obligation bonds | $ 1,384,648,193 | $ 1,263,666,978 | $ 750,633,378 | $ 705,176,018 | $ 2,135,281,571 | $ 1,968,842,996 |
| Special assessment debt | 68,445,000 | 71,610,000 | - | - | 68,445,000 | 71,610,000 |
| State loans | 2,362,394 | 2,583,657 | - | - | 2,362,394 | 2,583,657 |
| Capital leases | 20,245 | 30,367 | - | - | 20,245 | 30,367 |
| Installment purchase agreements | 13,485,000 | 13,505,000 | - | - | 13,485,000 | 13,505,000 |
| Total | $ 1,468,960,832 | $ 1,351,396,002 | $ 750,633,378 | $ 705,176,018 | $ 2,219,594,210 | $ 2,056,572,020 |

* Does not include unamortized premiums.

## Fiscal Year 2020 and Beyond

- The County Real Property Tax Rate for fiscal year 2021 is $0.934 per $100 of assessed valuation. This is a $0.001 decrease over previous year's property tax rate. Fiscal year 2021 property tax receipts are estimated to increase 3.2% over the fiscal year 2020 actual receipts. Any future decline in real property assessments would 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 set the calendar year 2021 County income tax rate at 2.81%, which is unchanged from calendar year 2020. Based on most recent estimate, Fiscal year 2021 income tax revenue is projected to increase 2.3% over the fiscal year 2020 actual revenue. The projected income tax revenue is about $32 million more than the budgeted amount of $589.2 million for fiscal year 2021.

- State law allows the County to collect a stormwater fee from taxpayers to fund the implementation of a local watershed protection and restoration program. These fees are maintained in a dedicated fund, the Watershed Protection and Restoration Fund. For fiscal year 2021, stormwater fee remains unchanged at $89.25 per ERU (equivalent run off unit) and the Watershed Protection and Restoration Fund had an approved budgeted revenue of $24.3 million.

- For fiscal year 2021, the Anne Arundel County Public Schools are funded by the County at $749.6 million, a $16.3 million or 2.2% increase over the prior fiscal year. This funding level meets the required Maintenance of Effort level for fiscal 2021. Anne Arundel County Public Schools fiscal year 2021 capital budget contains 50 planned projects totaling $158.3 million or 44.2% of the General County capital projects. Of the total General Fund debt service budget, 55.2% is allocated for school debt.

- The County's support of the Anne Arundel Community College increased $1.3 million in fiscal year 2021 over fiscal year 2020 to a total of $48.4 million, $46.64 million from General Fund and $1.7 million from Video Lottery Local Impact Aid Special Revenue Fund. The County has appropriated $35.6 million for Anne Arundel County Community College's fiscal year 2021 capital projects, which will be financed by issuing general obligation bonds. The Community College's annual debt service of $8.4 million is paid by the County.

The fiscal year 2021 General Fund budget was crafted at the same time that the COVID-19 pandemic was accelerating and producing an acute economic impact on the nation, state and county economies. Mindful of the economic struggles the County has faced during the COVID-19 pandemic and 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. Nevertheless, the FY21 General Fund budget estimates total revenues at $1.72 billion, an increase of $23.0 million or 1.4% over fiscal year 2020 original budgeted amounts. Expenditures for fiscal year 2021 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 2021.

As mentioned above, FY2021 income tax rate stayed at 2.81%. This rate is the fourth lowest in the State. The FY2021 property tax rate is $0.934 per $100 of assessed valuation – the fifth lowest in the State. The Homestead Tax Credit rate for County real property tax is at 2.0% which remains unchanged from the past fiscal year.

Legislation was passed to restore the admissions and amusement tax for the gross receipts derived from any admissions and amusement charge for admission to any moving picture theater effective January 1 2019.

Bill 42-19 has been passed to establish the Reserve Fund for Permanent Public Improvements (PPI Fund). These funds are currently restricted in the general fund. The revenue for the Fund is based off of 1/10th of a percentage point by which the income tax rate exceeds 2.50% and capped at $21 million a year to pay for the debt service of a one-time capital infusion totals $250 million. FY2021 General Fund Budget met the required contribution toward the PPI Fund.

The Water and Wastewater Fund usage rates for water and wastewater fees for fiscal year 2021 are $2.83/1,000gal and $4.97/1,000gal, respectively. This is same with the prior fiscal year. No changes were made to the annual refuse and recycling fees. A 10% rate increase was placed on Capital Facility Connection Charges and Environment Protection Fee (EPF) consistent with the five year plan.

## 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, except for the Library, 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, 2020

| | Primary Government | | | Discretely Presented Component Units | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Board of Education | Community College | Other Non-major |
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and temporary investments | $ 501,349,775 | $ 130,546,852 | $ 631,896,627 | $ 217,790,911 | $ 19,726,515 | $ 6,418,461 |
| Taxes and other revenue receivable | 205,543,332 | - | 205,543,332 | 15,378,153 | 595,257 | - |
| Service billings receivable | - | 25,028,463 | 25,028,463 | - | - | 10,065 |
| Prepaid and other assets | 26,393,630 | 32,522 | 26,426,152 | 31,407,125 | 5,092,897 | 2,047,708 |
| Inventories | 4,194,047 | 3,017,803 | 7,211,850 | 2,730,969 | 1,060,953 | 15,112 |
| Receivables | - | | - | - | - | 12,754 |
| Due from primary government | - | - | - | 31,068,934 | 6,696,947 | 3,705,380 |
| Due from component units | 9,734,718 | - | 9,734,718 | - | - | - |
| Restricted assets | | | | | | |
| Cash and temporary investments | 235,048,624 | 19,407,882 | 254,456,506 | 6,066,548 | - | 3,556,089 |
| Investments | - | 288,089,742 | 288,089,742 | - | - | - |
| Receivables | | | | | | |
| Due from other governmental agencies | 32,066,419 | 4,029,579 | 36,095,998 | - | - | - |
| Other, net | 7,152,473 | 21,718,349 | 28,870,822 | - | - | - |
| Total current assets | 1,021,483,018 | 491,871,192 | 1,513,354,210 | 304,442,640 | 33,172,569 | 15,765,569 |
| Non-current Assets | | | | | | |
| Restricted assets | | | | | | |
| Long term assessment and connection charges | - | 23,000,923 | 23,000,923 | - | - | - |
| Total non-current restricted assets | - | 23,000,923 | 23,000,923 | - | - | - |
| Loans receivable and other assets | - | - | - | - | 16,484,502 | 9,118,403 |
| Capital assets not being depreciated | 627,139,834 | 552,206,342 | 1,179,346,176 | 314,787,875 | 52,226,934 | - |
| Capital assets being depreciated | 1,752,416,903 | 2,303,599,166 | 4,056,016,069 | 2,111,304,467 | 183,515,147 | 38,371,088 |
| Less accumulated depreciation | (979,986,918) | (1,023,183,019) | (2,003,169,937) | (951,502,931) | (105,535,374) | (15,361,798) |
| | 772,429,985 | 1,280,416,147 | 2,052,846,132 | 1,159,801,536 | 77,979,773 | 23,009,290 |
| Total capital assets | 1,399,569,819 | 1,832,622,489 | 3,232,192,308 | 1,474,589,411 | 130,206,707 | 23,009,290 |
| Total non-current assets | 1,399,569,819 | 1,855,623,412 | 3,255,193,231 | 1,474,589,411 | 146,691,209 | 32,127,693 |
| Total assets | 2,421,052,837 | 2,347,494,604 | 4,768,547,441 | 1,779,032,051 | 179,863,778 | 47,893,262 |
| DEFERRED OUTFLOW OF RESOURCES | | | | | | |
| Pension benefits | 93,688,067 | 11,465,397 | 105,153,464 | 17,152,951 | 561,273 | 1,335,904 |
| OPEB benefits | 99,269,344 | 12,280,390 | 111,549,734 | 135,159,000 | 27,705,656 | 16,005,691 |
| LOSAP benefits | 3,378,647 | - | 3,378,647 | - | - | - |
| Unamortized deferred refunding loss | 4,494,098 | 3,858,868 | 8,352,966 | - | 208,057 | - |
| Total deferred outflow of resources | 200,830,156 | 27,604,655 | 228,434,811 | 152,311,951 | 28,474,986 | 17,341,595 |

| | Primary Government | | | Discretely Presented Component Units | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Board of Education | Community College | Other Non-major |
| LIABILITIES | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable and accrued liabilities | 132,887,260 | 32,895,786 | 165,783,046 | 182,524,653 | 14,303,226 | 3,040,034 |
| Current portion of non-current liabilities | 172,972,675 | 50,974,156 | 223,946,831 | 26,478,443 | - | 1,458,473 |
| Notes payable | - | - | - | - | 833,714 | 493,848 |
| Internal balances | (1,086,652) | 1,086,652 | - | - | - | - |
| Due to primary government | - | - | - | 9,734,718 | - | - |
| Due to component units | 41,471,261 | - | 41,471,261 | - | - | - |
| Escrow deposits | 2,332,377 | 612,841 | 2,945,218 | - | - | - |
| Unearned revenue | - | - | - | 3,713,796 | 8,203,079 | 3,781,911 |
| Liabilities related to restricted assets | | | | | | |
| Accounts payable and accrued liabilities | 7,009,260 | 7,766,139 | 14,775,399 | - | - | - |
| Escrow and other deposits | 5,023,896 | - | 5,023,896 | - | - | 203,627 |
| Unearned revenue | 62,706,024 | 7,065,964 | 69,771,988 | - | - | - |
| Total current liabilities | 423,316,101 | 100,401,538 | 523,717,639 | 222,451,610 | 23,340,019 | 8,977,893 |
| Non-current liabilities | | | | | | |
| Compensated absences and other obligations | 317,878 | 245,363 | 563,241 | 25,581,932 | 1,316,159 | 118,470 |
| Net pension liability | 573,436,627 | 55,582,588 | 629,019,215 | 64,243,619 | 3,169,414 | 6,548,253 |
| Net other post-employment liability | 497,454,853 | 64,998,621 | 562,453,474 | 1,859,904,000 | 66,548,628 | 44,392,561 |
| Net LOSAP liability | 18,168,036 | | 18,168,036 | - | - | - |
| Unpaid insurance claims | 57,442,302 | - | 57,442,302 | - | - | - |
| Estimated landfill closure and postclosure | - | 20,898,188 | 20,898,188 | - | - | - |
| Long-term debt | 1,530,180,169 | 790,866,805 | 2,321,046,974 | 10,770,158 | 8,564,182 | 1,103,584 |
| Due to other governments | - | - | - | | | 4,978,715 |
| Unearned revenue | - | 1,256,104 | 1,256,104 | - | - | - |
| Total non-current liabilities | 2,676,999,865 | 933,847,669 | 3,610,847,534 | 1,960,499,709 | 79,598,383 | 57,141,583 |
| Total liabilities | 3,100,315,966 | 1,034,249,207 | 4,134,565,173 | 2,182,951,319 | 102,938,402 | 66,119,476 |
| DEFERRED INFLOW OF RESOURCES | | | | | | |
| Pension benefits | 27,425,875 | 2,080,028 | 29,505,903 | 9,540,993 | 644,689 | 392,154 |
| OPEB benefits | 10,222,067 | 1,294,140 | 11,516,207 | 859,685,000 | 21,734,377 | 9,085,871 |
| LOSAP benefits | 3,228,264 | - | 3,228,264 | - | - | - |
| Property tax revenue collected in subsequent year | 375,086 | - | 375,086 | - | - | - |
| Total deferred inflow of resources | 41,251,292 | 3,374,168 | 44,625,460 | 869,225,993 | 22,379,066 | 9,478,025 |
| NET POSITION | | | | | | |
| Net investment in capital assets | 635,565,747 | 1,008,501,766 | 1,644,067,513 | 1,460,435,607 | 123,478,295 | 21,829,411 |
| Restricted for: | | | | | | |
| Debt service | 6,819,795 | 316,010,654 | 322,830,449 | - | - | - |
| Capital improvements | 151,354,034 | 4,029,579 | 155,383,613 | - | - | - |
| Permanent Public Infrastructure | 9,371,621 | - | 9,371,621 | - | - | - |
| Scholarships/endowments | - | - | - | - | 8,936,985 | - |
| Reforestation | 3,828,285 | - | 3,828,285 | - | - | - |
| Other purposes | 44,650,497 | 38,880 | 44,689,377 | 19,746,474 | - | 992,529 |
| Unrestricted | (1,371,274,244) | 8,895,005 | (1,362,379,239) | (2,601,015,391) | (49,393,984) | (33,184,584) |
| Total net position (deficit) | $ (519,684,265) | $ 1,337,475,884 | $ 817,791,619 | $ (1,120,833,310) | $ 83,021,296 | $ (10,362,644) |

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

Anne Arundel County, Maryland

Statement of Activities

Year Ended June 30, 2020

| | | Program Revenues | | | Net (Expense) Revenues and Changes in Net Position | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Primary Government | | | Discretely Presented Component Units | | |
| Functions / Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | Board of Education | Community College | Other Non-major |
| Primary government | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Education | $ 939,581,972 | $ - | $ - | $ 25,910,946 | $ (913,671,026) | $ - | $ (913,671,026) | $ - | $ - | $ - |
| Public safety | 344,881,511 | 33,820,957 | 8,195,926 | 3,674,421 | (299,190,207) | - | (299,190,207) | - | - | - |
| General government | 232,233,118 | 66,824,546 | 17,875,694 | 6,796,330 | (140,736,548) | - | (140,736,548) | - | - | - |
| Health and human services | 105,098,924 | 12,197,636 | 52,772,836 | - | (40,128,452) | - | (40,128,452) | - | - | - |
| Public works | 83,066,338 | 24,568,712 | 7,066,601 | 31,862,751 | (19,568,274) | - | (19,568,274) | - | - | - |
| Recreation and community services | 78,697,946 | 15,799,278 | 32,516,796 | 9,150,756 | (21,231,116) | - | (21,231,116) | - | - | - |
| Judicial | 30,780,314 | 2,459,224 | 2,170,994 | - | (26,150,096) | - | (26,150,096) | - | - | - |
| Code enforcement | 14,872,974 | 11,600,567 | - | - | (3,272,407) | - | (3,272,407) | - | - | - |
| Land use and development | 19,195,078 | 1,899,558 | 1,889,678 | 19,983 | (15,385,859) | - | (15,385,859) | - | - | - |
| Interest on debt and leases | 64,360,485 | - | 563,643 | - | (63,796,842) | - | (63,796,842) | - | - | - |
| | 1,912,768,660 | 169,170,478 | 123,052,168 | 77,415,187 | (1,543,130,827) | - | (1,543,130,827) | - | - | - |
| Business-type activities | | | | | | | | | | |
| Water and wastewater | 182,683,237 | 89,318,940 | - | 79,720,811 | - | (13,643,486) | (13,643,486) | - | - | - |
| Waste collection | 56,777,155 | 55,136,664 | - | - | - | (1,640,491) | (1,640,491) | - | - | - |
| Child care | 5,490,066 | 4,785,705 | - | - | - | (704,361) | (704,361) | - | - | - |
| | 244,950,458 | 149,241,309 | - | 79,720,811 | - | (15,988,338) | (15,988,338) | - | - | - |
| Total primary government | $ 2,157,719,118 | $ 318,411,787 | $ 123,052,168 | $ 157,135,998 | (1,543,130,827) | (15,988,338) | (1,559,119,165) | - | - | - |
| Component units | | | | | | | | | | |
| Board of Education | $ 1,405,044,746 | $ 9,800,091 | $ 192,752,578 | $ 183,266,366 | - | - | - | (1,019,225,711) | - | - |
| Community College | 145,244,720 | 37,565,264 | 17,683,003 | 35,308,714 | - | - | - | - | (54,687,739) | - |
| Library System | 27,771,421 | 445,792 | 4,788,109 | - | - | - | - | - | - | (22,537,520) |
| Economic Development Corp | 5,423,180 | 243,963 | 36,368 | - | - | - | - | - | - | (5,142,849) |
| Tipton Airport Authority | 2,159,714 | 1,801,773 | - | 326,434 | - | - | - | - | - | (31,507) |
| Workforce Development | 6,869,976 | 314,766 | 6,274,387 | - | - | - | - | - | - | (280,823) |
| Total component units | $ 1,592,513,757 | $ 50,171,649 | $ 221,534,445 | $ 218,901,514 | - | - | - | (1,019,225,711) | (54,687,739) | (27,992,699) |
| General revenues | | | | | | | | | | |
| General property taxes | | | | | 798,537,966 | - | 798,537,966 | - | - | - |
| Local income taxes | | | | | 606,312,333 | - | 606,312,333 | - | - | - |
| State shared taxes - unrestricted | | | | | 5,447,870 | - | 5,447,870 | - | - | 1,000,000 |
| Recordation and transfer taxes | | | | | 114,907,649 | - | 114,907,649 | - | - | - |
| Local sales taxes | | | | | 26,699,642 | - | 26,699,642 | - | - | - |
| Unrestricted contributions | | | | | - | - | - | 1,088,878,399 | 84,484,186 | 27,315,862 |
| Investment income | | | | | 8,931,334 | 7,193,478 | 16,124,812 | 2,861,907 | 338,734 | 20,142 |
| Other revenue | | | | | 19,666,825 | 17,403,654 | 37,070,479 | 4,035,221 | 349,045 | 2,666,050 |
| County transfer | | | | | 787,000 | (787,000) | - | - | - | - |
| Total general revenues | | | | | 1,581,290,619 | 23,810,132 | 1,605,100,751 | 1,095,775,527 | 85,171,965 | 31,002,054 |
| Changes in net position | | | | | 38,159,792 | 7,821,794 | 45,981,586 | 76,549,816 | 30,484,226 | 3,009,355 |
| Net position, July 1 | | | | | (557,844,057) | 1,329,654,090 | 771,810,033 | (1,197,383,126) | 52,537,070 | (13,371,999) |
| Net position, June 30 | | | | | $ (519,684,265) | $ 1,337,475,884 | $ 817,791,619 | $ (1,120,833,310) | $ 83,021,296 | $ (10,362,644) |

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

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Anne Arundel County, Maryland

Balance Sheet

Governmental Funds

June 30, 2020

| | Major Funds | | | | Non-major | |
|---|---|---|---|---|---|---|
| | General | Grants Special Revenue | Impact Fees Capital Projects | General County Capital Projects | Governmental Funds | Totals |
| ASSETS | | | | | | |
| Cash and investments | $ 198,765,332 | $ 60,588,250 | $ 94,765,660 | $ 149,416,210 | $ 97,442,646 | $ 600,978,098 |
| Receivables | | | | | | |
| Property taxes | | | | | | |
| (net of $5,493,338 allowance) | 1,646,809 | - | - | - | - | 1,646,809 |
| Local sales taxes | 6,144,138 | - | - | - | - | 6,144,138 |
| State shared revenues | 1,890,109 | - | - | - | - | 1,890,109 |
| Due from other governmental agencies | 1,133,620 | 12,350,132 | - | 17,673,600 | 2,781,741 | 33,939,093 |
| Due from other funds | 21,780,572 | - | - | - | - | 21,780,572 |
| Due from Board of Education | 29,794 | - | - | 9,704,924 | - | 9,734,718 |
| Local income tax | 193,989,602 | - | - | - | - | 193,989,602 |
| Other, net | 9,498,438 | 25,284 | 609,121 | 413,851 | 6,518,068 | 17,064,762 |
| Inventories | 3,487,261 | - | - | - | - | 3,487,261 |
| Other assets | 1,165,620 | - | - | - | - | 1,165,620 |
| Total assets | $ 439,531,295 | $ 72,963,666 | $ 95,374,781 | $ 177,208,585 | $ 106,742,455 | $ 891,820,782 |
| LIABILITIES | | | | | | |
| Accounts payable and accrued liabilities | $ 62,053,669 | $ 3,536,201 | $ - | $ 32,264,063 | $ 3,473,059 | $ 101,326,992 |
| Due to other funds | 5,915,014 | 5,411,991 | - | - | 864,699 | 12,191,704 |
| Due to component units | - | | | | | |
| Board of Education | 6,956 | - | - | 31,061,978 | - | 31,068,934 |
| Community College | - | - | - | 6,696,947 | - | 6,696,947 |
| Library | 3,705,380 | - | - | - | - | 3,705,380 |
| Escrow and other deposits | 2,287,769 | - | 574,040 | 44,608 | 4,449,856 | 7,356,273 |
| Unearned revenue | - | 62,209,446 | - | - | 496,578 | 62,706,024 |
| Total liabilities | 73,968,788 | 71,157,638 | 574,040 | 70,067,596 | 9,284,192 | 225,052,254 |
| DEFERRED INFLOW OF RESOURCES | | | | | | |
| Unavailable local income tax | 132,310,536 | - | - | - | - | 132,310,536 |
| Unavailable E-Rate Federal Reimbursement | 3,217,920 | - | - | - | - | 3,217,920 |
| Unavailable grant and program revenue | - | 10,170,961 | - | 7,554,386 | 4,668,335 | 22,393,682 |
| Unavailable 911 fees | 1,656,158 | - | - | - | - | 1,656,158 |
| Property tax revenue collected in subsequent year | 375,086 | - | - | - | - | 375,086 |
| Total deferred inflow of resources | 137,559,700 | 10,170,961 | - | 7,554,386 | 4,668,335 | 159,953,382 |
| FUND BALANCES | | | | | | |
| Non-spendable | 3,487,261 | - | - | - | - | 3,487,261 |
| Restricted | 9,371,621 | 3,780,530 | 94,800,741 | 22,781,125 | 85,994,342 | 216,728,359 |
| Committed | - | - | - | - | 17,747,932 | 17,747,932 |
| Assigned | 53,147,669 | - | - | 76,805,478 | - | 129,953,147 |
| Unassigned | 161,996,256 | (12,145,463) | - | - | (10,952,346) | 138,898,447 |
| Total fund balances | 228,002,807 | (8,364,933) | 94,800,741 | 99,586,603 | 92,789,928 | 506,815,146 |
| Total liabilities, deferred inflows and fund balances | $ 439,531,295 | $ 72,963,666 | $ 95,374,781 | $ 177,208,585 | $ 106,742,455 | $ 891,820,782 |

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

Anne Arundel County, Maryland

Reconciliation of Governmental Fund Balance to Governmental Net Position

Governmental Funds

June 30, 2020

| | | |
|---|---|---|
| Total fund balance for governmental funds as shown on the Balance Sheet | $ | 506,815,146 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported on governmental funds balance sheet | | |
| Capital assets | | 2,292,816,100 |
| Accumulated depreciation | | (923,969,055) |
| Deferred Outflows of Resources | | |
| Unamortized loss on refunding | | 4,494,098 |
| Certain liabilities not due and payable in the current period and, therefore, not included on governmental funds balance sheet | | |
| Long-term bonded debt | | (1,649,632,856) |
| Federal and state loans | | (2,362,394) |
| Wynne liability due to State of Maryland | | (17,694,496) |
| Pension benefits | | (499,479,070) |
| Other post-employment benefits | | (400,296,562) |
| LOSAP | | (18,017,653) |
| Compensated absences | | (30,832,281) |
| Long-term leases | | (20,245) |
| Accrued interest payable on debt recorded in governmental activities | | (14,371,544) |
| Deferred revenues | | |
| Revenues not available for use in the current fiscal year deferred until future periods on the governmental funds balance sheet | | 159,578,296 |
| 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 | | 70,784,062 |
| Business-type activities allocation of Internal Service Funds net position | | (1,150,435) |
| Certain expenditures paid with current resources deferred to future periods on the Statement of Net Position | | 3,654,624 |
| Total net position (deficit) for governmental activities as shown on Statement of Net Position | $ | (519,684,265) |

*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, 2020

| | Major Funds | | | | Non-major | |
|---|---|---|---|---|---|---|
| | General | Grants Special Revenue | Impact Fees Capital Projects | General County Capital Projects | Governmental Funds | Totals |
| **REVENUES** | | | | | | |
| General property taxes | $ 750,383,091 | $ - | $ - | $ - | $ 50,301,117 | $ 800,684,208 |
| Local income taxes | 606,998,155 | - | - | - | - | 606,998,155 |
| State shared taxes | 11,704,256 | - | - | - | - | 11,704,256 |
| Grants and aid | - | 70,848,208 | - | 20,123,448 | 10,424,509 | 101,396,165 |
| Recordation and transfer taxes | 114,907,649 | - | - | - | - | 114,907,649 |
| Local sales taxes | 26,699,642 | - | - | - | - | 26,699,642 |
| License and permit fees | 15,441,085 | - | - | - | - | 15,441,085 |
| Ambulance fees | 12,112,507 | - | - | - | - | 12,112,507 |
| Cable fees | 10,415,690 | - | - | - | - | 10,415,690 |
| Impact fees | | - | 36,710,846 | - | - | 36,710,846 |
| Special community benefit taxes | | - | - | - | 8,793,500 | 8,793,500 |
| Video lottery local impact aid | 6,686,423 | - | - | - | 15,744,920 | 22,431,343 |
| Watershed protection and restoration | - | - | - | - | 23,326,588 | 23,326,588 |
| Investment income | 6,551,874 | - | 1,505,594 | 391,444 | 3,483,139 | 11,932,051 |
| Fees for services and other revenue | 46,638,488 | 1,946,561 | - | 4,494,126 | 2,179,172 | 55,258,347 |
| Total revenues | 1,608,538,860 | 72,794,769 | 38,216,440 | 25,009,018 | 114,252,945 | 1,858,812,032 |
| **EXPENDITURES** | | | | | | |
| Current | | | | | | |
| Education | 778,703,500 | - | 420,492 | 158,757,980 | 1,700,000 | 939,581,972 |
| Public safety | 318,548,379 | 8,052,207 | - | - | 9,193,826 | 335,794,412 |
| General government | 136,194,157 | 17,684,068 | - | - | 7,813,030 | 161,691,255 |
| Health and human services | 48,912,109 | 47,754,482 | - | - | 5,184,089 | 101,850,680 |
| Public works | 31,666,979 | - | 6,307,203 | - | 11,002,478 | 48,976,660 |
| Recreation and community services | 49,503,382 | 595,977 | - | - | 15,385,958 | 65,485,317 |
| Judicial | 28,813,697 | 2,378,390 | - | - | 18,412 | 31,210,499 |
| Code enforcement | 13,901,473 | - | - | - | 1,279,562 | 15,181,035 |
| Land use and development | 8,355,930 | 50,834 | - | - | 991,912 | 9,398,676 |
| Capital outlay | - | - | - | 173,058,009 | - | 173,058,009 |
| Debt service | | | | | | |
| Interest payments on debt | 57,022,145 | - | - | - | 7,011,128 | 64,033,273 |
| Principal payments on debt | 90,126,367 | - | - | - | 6,793,681 | 96,920,048 |
| Interest payments on leases | 373 | - | - | - | - | 373 |
| Principal payments on leases | 10,122 | - | - | - | - | 10,122 |
| Total expenditures | 1,561,758,613 | 76,515,958 | 6,727,695 | 331,815,989 | 66,374,076 | 2,043,192,331 |
| Revenues over (under) expenditures | 46,780,247 | (3,721,189) | 31,488,745 | (306,806,971) | 47,878,869 | (184,380,299) |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Transfers in | 43,241,434 | 705,183 | - | 301,249,592 | 1,052,791 | 346,249,000 |
| Transfers out | (221,911,883) | - | (24,164,161) | (391,444) | (99,781,512) | (346,249,000) |
| General obligation bonds issued | 185,195,000 | - | - | - | 29,300,000 | 214,495,000 |
| Premium from sale of bonds | - | - | - | - | 27,938,190 | 27,938,190 |
| Transfer from Water and Wastewater Fund | - | - | - | 628,000 | - | 628,000 |
| Transfers from Solid Waste Fund | - | - | - | 159,000 | - | 159,000 |
| Total other financing sources (uses) | 6,524,551 | 705,183 | (24,164,161) | 301,645,148 | (41,490,531) | 243,220,190 |
| Net change in fund balances | 53,304,798 | (3,016,006) | 7,324,584 | (5,161,823) | 6,388,338 | 58,839,891 |
| Fund balances, July 1 | 174,698,009 | (5,348,927) | 87,476,157 | 104,748,426 | 86,401,590 | 447,975,255 |
| Fund balances, June 30 | $ 228,002,807 | $ (8,364,933) | $ 94,800,741 | $ 99,586,603 | $ 92,789,928 | $ 506,815,146 |

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

## Reconciliation of Changes in Fund Balances to Changes in Net Position

### Governmental Funds

### Year Ended June 30, 2020

| | | |
|---|---|---|
| Changes in fund balances as shown on Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds | $ | 58,839,891 |
| 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 | | 127,282,321 |
| Current year donations of capital assets | | 8,299,607 |
| Current year disposals of capital assets | | (1,067,094) |
| Depreciation expense recorded in the Statement of Activities | | (51,700,220) |
| Change in Wynne accrued liability due to the State of MD | | (224,324) |
| Governmental funds report the additions and payments of long term liabilities in the period that current resources are provided or used. In the Statement of Activities, new debt is recorded as a liability and payments of principal are charged against that liability. Interest payable must be accrued from the date of the last interest payment to the end of the fiscal year. Debt related differences are as follows: | | |
| New debt issued in current year | | (214,495,000) |
| Principal payments on debt | | 96,920,048 |
| LOSAP | | (309,480) |
| Lease payments | | 10,122 |
| Change in accrued interest payable | | (327,212) |
| Amortization of prior year refunding gain/loss | | (1,207,633) |
| Accrual of compensated absences | | (4,617,439) |
| Accrual of pension benefits | | (25,195,649) |
| Accrual of other post-employment benefit liability | | 33,825,119 |
| Certain charges paid with current financial resources are deferred and amortized over one or more periods on the Statement of Activities. The differences are as follows: | | |
| Expense was deferred to future periods | | 3,654,625 |
| Amortization of expenditures deferred in previous years | | (2,145,591) |
| Premiums received on bond issues have been deferred in the government-wide statements. The revenue will be recognized over the life of the related bonds. | | (27,938,190) |
| Amortization of premiums | | 19,589,942 |
| Certain revenue was deferred on the governmental fund statements because it was not available to pay expenditures of the current period. These deferred amounts are recognized as revenue in the Statement of Activities. | | 14,848,221 |
| The current year activity in the internal service funds has been combined and eliminated against the governmental activities in the Statement of Activities. The net activity in the internal service funds that resulted from provision of services to business-type activities, component units, and outside agencies must be recognized in the Statement of Activities. | | 4,117,728 |
| Changes in net position as shown in governmental activities on the Statement of Activities | $ | 38,159,792 |

*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, 2020

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| General property taxes | $ 747,069,000 | $ 747,069,000 | $ 750,383,091 | $ 3,314,091 |
| Local income taxes | 564,999,600 | 564,999,600 | 606,998,155 | 41,998,555 |
| State shared taxes | 13,822,300 | 13,822,300 | 11,704,256 | (2,118,044) |
| Recordation and transfer taxes | 102,000,000 | 102,000,000 | 114,907,649 | 12,907,649 |
| Local sales taxes | 32,176,000 | 32,176,000 | 26,699,642 | (5,476,358) |
| Licenses and permits | 17,722,300 | 17,722,300 | 15,441,085 | (2,281,215) |
| Ambulance fees | 12,200,000 | 12,200,000 | 12,112,507 | (87,493) |
| Cable fees | 9,800,000 | 9,800,000 | 10,415,690 | 615,690 |
| Video Lottery Impact Aid | 9,200,000 | 9,200,000 | 6,686,423 | (2,513,577) |
| Investment income | 3,200,000 | 3,200,000 | 3,837,481 | 637,481 |
| Interfund recoveries | 77,610,100 | 77,610,100 | 77,348,408 | (261,692) |
| Fees for services and other revenues | 53,472,500 | 53,472,500 | 46,838,188 | (6,634,312) |
| Total revenues | 1,643,271,800 | 1,643,271,800 | 1,683,372,575 | 40,100,775 |
| EXPENDITURES | | | | |
| Current | | | | |
| Education | 733,315,800 | 733,315,800 | 733,315,800 | - |
| Higher education | 45,387,700 | 45,387,700 | 45,387,700 | - |
| Public safety | 325,614,700 | 328,939,700 | 321,728,687 | 7,211,013 |
| General government | 212,753,800 | 201,757,000 | 200,380,168 | 1,376,832 |
| Health and human services | 54,068,200 | 87,589,000 | 48,800,579 | 38,788,421 |
| Public works | 34,786,000 | 34,786,000 | 33,105,688 | 1,680,312 |
| Recreation and community services | 52,753,500 | 52,753,500 | 51,193,306 | 1,560,194 |
| Judicial | 30,174,800 | 30,174,800 | 29,077,702 | 1,097,098 |
| Land use and development | 8,750,900 | 8,758,900 | 8,340,346 | 418,554 |
| Code enforcement | 14,420,700 | 14,420,700 | 13,908,007 | 512,693 |
| Debt service | 149,105,400 | 150,248,400 | 147,827,303 | 2,421,097 |
| Pay go funding - capital projects | 35,000,000 | 35,000,000 | 35,000,000 | - |
| Total expenditures | 1,696,131,500 | 1,723,131,500 | 1,668,065,286 | 55,066,214 |
| Revenues over (under) expenditures | $ (52,859,700) | (79,859,700) | 15,307,289 | $ 95,166,989 |
| Fund balances, budgetary, July 1 | | | 97,919,543 | |
| Fund balances, budgetary, June 30 | | | $ 113,226,832 | |

| | |
|---|---|
| Fund balance - GAAP Basis | $ 228,002,807 |
| Non-spendable | (3,487,261) |
| Assigned | (53,147,669) |
| Unassigned - Revenue reserve allocation | (82,400,437) |
| Effects of: | |
| Health Department encumbrance adjustment | 321,272 |
| Fair market value adjustment | (704,232) |
| LOSAP - current liability | 799,800 |
| Payroll overtime liability | 3,000,000 |
| County Parking Garage Fund | (149,214) |
| Inmate Benefits and Morale Fund | (801,926) |
| Permanent Public Improvements | (9,371,621) |
| Self Insurance Fund deficit allocation | (13,537,626) |
| Central Garage Fund deficit allocation | 5,915,014 |
| Unassigned - Non-GAAP basis | 74,438,907 |
| Assigned for subsequent years | 38,787,925 |
| Fund balance - budgetary basis | $ 113,226,832 |

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

Statement of Net Position

Proprietary Funds

June 30, 2020

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities |
|---|---|---|---|---|---|
| | Major Funds | | Non-major Fund | | |
| | Water and Wastewater | Solid Waste | Child Care | Totals | Internal Service Funds |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and temporary investments | $ 97,578,669 | $ 30,253,548 | $ 2,714,635 | $ 130,546,852 | $ 47,304,666 |
| Investments | - | - | - | - | 88,115,635 |
| Service billings receivable, net | 24,043,887 | 983,491 | 1,085 | 25,028,463 | 8,894,305 |
| Due from other funds | 573,331 | 101,797 | 3,890 | 679,018 | 6,864,862 |
| Inventories | 2,841,446 | 176,357 | - | 3,017,803 | 706,786 |
| Other | 32,522 | - | - | 32,522 | 2,766,791 |
| Restricted assets | | | | | |
| Cash and temporary investments | - | 19,407,882 | - | 19,407,882 | - |
| Investments | 288,089,742 | - | - | 288,089,742 | - |
| Receivables | | | | | |
| Current portion of note receivable | - | - | - | - | - |
| Due from other governmental agencies | 4,029,579 | - | - | 4,029,579 | - |
| Other, net | 21,718,349 | - | - | 21,718,349 | - |
| Total current assets | 438,907,525 | 50,923,075 | 2,719,610 | 492,550,210 | 154,653,045 |
| Noncurrent assets | | | | | |
| Restricted assets | | | | | |
| Deferred connection and assessment charges | 23,000,923 | - | - | 23,000,923 | - |
| Capital assets | 2,719,696,004 | 136,109,504 | - | 2,855,805,508 | 86,740,637 |
| Less accumulated depreciation | (951,495,281) | (71,687,738) | - | (1,023,183,019) | (56,017,863) |
| Total capital assets, net of depreciation | 1,768,200,723 | 64,421,766 | - | 1,832,622,489 | 30,722,774 |
| Total noncurrent assets | 1,791,201,646 | 64,421,766 | - | 1,855,623,412 | 30,722,774 |
| Total assets | 2,230,109,171 | 115,344,841 | 2,719,610 | 2,348,173,622 | 185,375,819 |
| DEFERRED OUTFLOW OF RESOURCES | | | | | |
| Pension benefits | 9,388,450 | 1,888,394 | 188,553 | 11,465,397 | 1,710,544 |
| OPEB benefits | 9,767,821 | 2,344,202 | 168,367 | 12,280,390 | 1,746,956 |
| Unamortized deferred refunding loss | 3,765,472 | 93,396 | - | 3,858,868 | - |
| Total deferred outflows | 22,921,743 | 4,325,992 | 356,920 | 27,604,655 | 3,457,500 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable and accrued liabilities | 27,588,211 | 5,009,557 | 298,018 | 32,895,786 | 7,303,287 |
| Current portion of long-term debt and obligations | 45,703,143 | 5,222,711 | 48,302 | 50,974,156 | 19,789,797 |
| Due to other funds | 2,625,307 | 290,798 | - | 2,916,105 | 14,216,643 |
| Escrow deposits | 539,095 | 73,746 | - | 612,841 | - |
| Liabilities related to restricted assets | | | | | |
| Accounts payable and accrued liabilities | 7,766,139 | - | - | 7,766,139 | - |
| Unearned revenue | 7,065,964 | - | - | 7,065,964 | - |
| Total current liabilities | 91,287,859 | 10,596,812 | 346,320 | 102,230,991 | 41,309,727 |
| Noncurrent liabilities | | | | | |
| Unpaid insurance claims | - | - | - | - | 57,442,302 |
| Accrued liability for compensated absences | 203,851 | 38,776 | 2,736 | 245,363 | 33,349 |
| Net pension liability | 45,281,443 | 9,373,469 | 927,676 | 55,582,588 | 9,066,607 |
| Net OPEB liability | 51,292,517 | 12,557,177 | 1,148,927 | 64,998,621 | 9,672,601 |
| Estimated landfill closure and postclosure | - | 20,898,188 | - | 20,898,188 | - |
| Long-term debt | 748,291,940 | 42,574,865 | - | 790,866,805 | - |
| Unearned revenue | 1,256,104 | - | - | 1,256,104 | - |
| Total noncurrent liabilities | 846,325,855 | 85,442,475 | 2,079,339 | 933,847,669 | 76,214,859 |
| Total liabilities | 937,613,714 | 96,039,287 | 2,425,659 | 1,036,078,660 | 117,524,586 |
| DEFERRED INFLOW OF RESOURCES | | | | | |
| Pension benefits | 1,681,463 | 363,686 | 34,879 | 2,080,028 | 339,302 |
| OPEB benefits | 1,026,748 | 248,513 | 18,879 | 1,294,140 | 185,369 |
| Total deferred inflows | 2,708,211 | 612,199 | 53,758 | 3,374,168 | 524,671 |
| NET POSITION | | | | | |
| Net investment in capital assets | 983,637,180 | 24,864,586 | - | 1,008,501,766 | 30,722,774 |
| Restricted for debt service | 316,010,654 | - | - | 316,010,654 | - |
| Restricted for capital improvements | 4,029,579 | - | - | 4,029,579 | - |
| Restricted for other purposes | - | 38,880 | - | 38,880 | - |
| Unrestricted | 9,031,576 | (1,884,119) | 597,113 | 7,744,570 | 40,061,288 |
| Total net position | $ 1,312,708,989 | $ 23,019,347 | $ 597,113 | $ 1,336,325,449 | $ 70,784,062 |

*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, 2020

| | | |
|---|---|---|
| Net position as shown on Statement of Net Position - Proprietary Funds | $ | 1,336,325,449 |
| The allocation of the net deficit in the Internal Service Funds to various activities, funds, etc. as it relates to business-type activities. | | 1,150,435 |
| Net position shown on government wide Statement of Net Position | $ | 1,337,475,884 |

*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, 2020

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities |
|---|---|---|---|---|---|
| | Major Funds | | Non-major Fund | | |
| | Water and Wastewater | Solid Waste | Child Care | Totals | Internal Service Funds |
| OPERATING REVENUES | | | | | |
| Charges for services | $ 89,318,940 | $ 49,236,095 | $ 4,785,705 | $ 143,340,740 | $ 30,585,428 |
| Landfill charges | - | 5,900,569 | - | 5,900,569 | - |
| Medical premiums | - | - | - | - | 90,329,898 |
| Other revenues | 6,717,090 | 252,742 | - | 6,969,832 | 8,003,612 |
| Total operating revenues | 96,036,030 | 55,389,406 | 4,785,705 | 156,211,141 | 128,918,938 |
| OPERATING EXPENSES | | | | | |
| Personnel services | 33,239,212 | 7,845,721 | 3,896,441 | 44,981,374 | 21,359,208 |
| Contractual services | 39,522,591 | 37,404,104 | 258,951 | 77,185,646 | 2,311,723 |
| Supplies and materials | 9,093,116 | 785,750 | 326,020 | 10,204,886 | 1,004,829 |
| Business and travel | 229,117 | 193,867 | 36,019 | 459,003 | 37,892 |
| Cost of goods issued | - | - | - | - | 6,407,730 |
| Depreciation | 51,676,312 | 6,697,726 | - | 58,374,038 | 9,228,604 |
| Provision for claims and estimated losses | - | - | - | - | 88,502,633 |
| Landfill closure and postclosure costs | - | (2,063,225) | - | (2,063,225) | - |
| Other | 15,500,701 | 3,384,334 | 919,600 | 19,804,635 | 1,626,100 |
| Total operating expenses | 149,261,049 | 54,248,277 | 5,437,031 | 208,946,357 | 130,478,719 |
| Operating income (loss) | (53,225,019) | 1,141,129 | (651,326) | (52,735,216) | (1,559,781) |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment income | 5,989,912 | 1,144,678 | 58,888 | 7,193,478 | 2,732,304 |
| Interest earned on long-term receivables | 539,920 | - | - | 539,920 | - |
| Other revenues | 9,666,290 | 227,612 | - | 9,893,902 | - |
| Other expenses | (1,230,568) | (22,075) | - | (1,252,643) | - |
| Interest expense | (30,418,337) | (1,927,808) | - | (32,346,145) | - |
| Gain (loss) on disposal of assets | (8,524) | (30,515) | - | (39,039) | 578,932 |
| Income (loss) before contributions and transfers | (68,686,326) | 533,021 | (592,438) | (68,745,743) | 1,751,455 |
| Capital contributions | 79,720,811 | - | - | 79,720,811 | - |
| Interfund transfers | (628,000) | (159,000) | - | (787,000) | - |
| Change in net position | 10,406,485 | 374,021 | (592,438) | 10,188,068 | 1,751,455 |
| Net position, July 1 | 1,302,302,504 | 22,645,326 | 1,189,551 | 1,326,137,381 | 69,032,607 |
| Net position, June 30 | $ 1,312,708,989 | $ 23,019,347 | $ 597,113 | $ 1,336,325,449 | $ 70,784,062 |

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

| | |
|---|---|
| Change in net position shown above | $ 10,188,068 |
| 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. | (2,366,274) |
| Increase in net position as shown on the government-wide statement of activities | $ 7,821,794 |

*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, 2020

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities |
|---|---|---|---|---|---|
| | Major Funds | | Non-major Fund | | |
| | Water and Wastewater | Solid Waste | Child Care | Totals | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash received for services | $ 94,662,118 | $ 55,107,327 | $ 4,669,868 | $ 154,439,313 | $ 137,473,723 |
| Cash received for expense reimbursement | - | - | - | - | 7,226,170 |
| Cash payments to suppliers for goods and services | (57,542,535) | (37,646,286) | (1,430,389) | (96,619,210) | (9,913,985) |
| Cash payments for insurance claims | - | - | - | - | (116,435,322) |
| Cash payments to employees for services | (33,868,506) | (8,080,198) | (3,863,901) | (45,812,605) | (6,443,472) |
| Escrow deposits received | - | 500 | - | 500 | - |
| Other operating payments | - | (3,602,500) | - | (3,602,500) | (1,626,100) |
| Net cash provided (used) by operating activities | 3,251,077 | 5,778,843 | (624,422) | 8,405,498 | 10,281,014 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Cash transfers between funds | - | - | - | - | - |
| Net cash used for noncapital financing activities | - | - | - | - | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Proceeds from sale of bonds | 74,095,000 | 8,000,000 | - | 82,095,000 | - |
| Proceeds from grant funds | 80,991 | - | - | 80,991 | - |
| Proceeds from developers' contributions | 184,962 | - | - | 184,962 | - |
| Refunds to developers | (128,815) | - | - | (128,815) | - |
| Assessments and connection charges | 40,281,865 | - | - | 40,281,865 | - |
| Environmental protection fees for capital assets | 21,395,793 | - | - | 21,395,793 | - |
| Payments of long-term debt | (34,136,425) | (2,501,215) | - | (36,637,640) | - |
| Interest payments | (29,522,139) | (1,870,859) | - | (31,392,998) | - |
| Rebates, interest income and reimbursements | 2,242,764 | - | - | 2,242,764 | - |
| Acquisition and construction of capital assets | (88,340,347) | (9,280,746) | - | (97,621,093) | (10,716,266) |
| Premium on sale of bonds | 35,668,564 | - | - | 35,668,564 | - |
| Proceeds from sale of equipment | - | 178,500 | - | 178,500 | 698,494 |
| Payment of capital related fees | (1,230,568) | - | - | (1,230,568) | - |
| Due to the General Fund | 1,966,257 | - | - | 1,966,257 | - |
| Transfer to capital projects | (17,834,282) | - | - | (17,834,282) | - |
| Transfer to general county capital projects | (628,000) | (159,000) | - | (787,000) | - |
| Net cash provided (used) by capital and related financing activities | 4,095,620 | (5,633,320) | - | (1,537,700) | (10,017,772) |

Anne Arundel County, Maryland

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2020

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities |
|---|---|---|---|---|---|
| | Major Funds | | Non-major Fund | | |
| | Water and Wastewater | Solid Waste | Child Care | Totals | Internal Service Funds |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | | |
| Purchase of investment securities | (251,568,026) | - | - | (251,568,026) | (71,672,245) |
| Sale of investment securities | 246,443,873 | - | - | 246,443,873 | 67,689,464 |
| Interest on investments | 192,341 | 1,144,678 | 58,888 | 1,395,907 | 2,995,721 |
| Net cash provided (used) by investing activities | (4,931,812) | 1,144,678 | 58,888 | (3,728,246) | (987,060) |
| Net increase (decrease) in cash and cash equivalents | 2,414,885 | 1,290,201 | (565,534) | 3,139,552 | (723,818) |
| Cash and temporary investments, July 1 | 95,163,784 | 48,371,229 | 3,280,169 | 146,815,182 | 48,028,484 |
| Cash and temporary investments, June 30 | $ 97,578,669 | $ 49,661,430 | $ 2,714,635 | $ 149,954,734 | $ 47,304,666 |

| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | Water and Wastewater | Solid Waste | Child Care | Totals | Internal Service Funds |
|---|---|---|---|---|---|
| Operating income (loss) | $ (53,225,019) | $ 1,141,129 | $ (651,326) | $ (52,735,216) | $ (1,559,781) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | | |
| Depreciation | 51,676,312 | 6,697,726 | - | 58,374,038 | 9,228,604 |
| Noncapital construction costs | 7,804,076 | - | - | 7,804,076 | - |
| Effect of changes in operating assets, deferred outflows, liabilities and deferred inflows | | | | | |
| Accounts receivable | (1,379,101) | (282,079) | 131,795 | (1,529,385) | 1,622,027 |
| Loss on sale of capital assets write off | (573,331) | - | - | (573,331) | - |
| Prepaid expenses | (9,389) | - | - | (9,389) | 4,884 |
| Inventories | 111,149 | 12,798 | - | 123,947 | 6,487 |
| Accounts payable and accrued liabilities | 102,828 | 781,267 | 145,623 | 1,029,718 | (2,576,857) |
| Unearned revenue | - | - | (247,632) | (247,632) | - |
| Unpaid claims | - | - | - | - | (10,506,862) |
| Landfill closure and postclosure costs | - | (2,063,225) | - | (2,063,225) | - |
| Due to other funds | (315,568) | (116,369) | (3,890) | (435,827) | 14,216,643 |
| Due from other funds | | (101,797) | | (101,797) | - |
| Escrow deposits | 5,189 | 500 | - | 5,689 | - |
| Accrued liability for compensated absences | 279,046 | 58,780 | 19,031 | 356,857 | 108,504 |
| Accrued liability for pension | 295,173 | 59,344 | 5,918 | 360,435 | 53,286 |
| Deferred outflow of resources | 2,086,590 | (686,016) | (44,174) | 1,356,400 | (527,597) |
| Deferred inflow of resources | (4,008,157) | 180,481 | 13,316 | (3,814,360) | 139,908 |
| Accrued liability for OPEB benefits | 401,279 | 96,304 | 6,917 | 504,500 | 71,768 |
| Net cash provided (used) by operating activities | $ 3,251,077 | $ 5,778,843 | $ (624,422) | $ 8,405,498 | $ 10,281,014 |

| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | Water and Wastewater | Solid Waste | Child Care | Totals | Internal Service Funds |
|---|---|---|---|---|---|
| Contributions of capital assets from developers | $ 12,156,332 | $ - | $ - | $ 12,156,332 | $ - |
| Trade in of capital assets | - | 30,515 | - | 30,515 | - |
| Change in capital contributions, fees and grants, accruals and deferrals | 5,721,414 | - | - | 5,721,414 | - |
| Increase (decrease) in fair value of investments | (571,426) | - | - | (571,426) | (162,128) |
| Amortization of refunding gains (losses) | (618,079) | 27,709 | - | (590,370) | - |
| Noncash investing, capital and financing activities | $ 16,688,241 | $ 58,224 | $ - | $ 16,746,465 | $ (162,128) |

*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, 2020

| | Pension (December 31, 2019) and Other Post Employment Plan Trust Fund | Agency Funds |
|---|---|---|
| ASSETS | | |
| Investments, at fair value: | | |
| Cash and temporary investments | $ 93,827,963 | $ 21,011,267 |
| Short-term investments | 15,281,969 | - |
| U. S. government obligations | 18,655,100 | - |
| Corporate obligations | 159,756,640 | - |
| Domestic fixed income mutual funds | 236,346,780 | - |
| International fixed income mutual funds | 106,398,148 | - |
| Global asset pools | 177,437,631 | - |
| Domestic equity | 496,477,515 | - |
| International equity pools | 561,152,625 | - |
| Private markets | 153,278,341 | - |
| Real estate investment pools | 138,815,261 | - |
| Absolute return fixed income | 82,264,552 | - |
| Aetna insurance pooled fixed income | 21,384,915 | - |
| Total investments | 2,261,077,440 | 21,011,267 |
| Collateral from securities lending transactions | 61,701,926 | - |
| Receivables: | | |
| Accounts receivable | 12,987,768 | - |
| Employer contributions | 6,803,534 | - |
| Participant contributions | 1,098,001 | - |
| Accrued interest and dividends | 2,129,611 | - |
| Investment sales proceeds | 16,074,103 | - |
| Total receivables | 39,093,017 | - |
| Deposits on hand | 156,464 | - |
| Total assets | 2,362,028,847 | $ 21,011,267 |
| LIABILITIES | | |
| Accounts payable and accrued liability | 5,137,136 | - |
| Escrow and other deposits | - | $ 21,011,267 |
| Due to Anne Arundel County Government | 199 | - |
| Investment commitments payable and unearned revenue | 27,290,746 | - |
| Obligation for collateral received under securities lending transactions | 61,701,926 | - |
| Total liabilities | 94,130,007 | $ 21,011,267 |
| NET POSITION | | |
| Restricted for: | | |
| Pension | 2,005,470,854 | |
| OPEB | 262,427,986 | |
| Total net position | $ 2,267,898,840 | |

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

Anne Arundel County, Maryland

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended June 30, 2020

| | | Pension (December 31, 2019) and Other Post Employment Plan Trust Fund |
|---|---|---|
| ADDITIONS | | |
| Contributions: | | |
| Employer | $ | 173,387,833 |
| Participant | | 23,555,560 |
| Insurance subsidies and rebates | | 10,136,864 |
| Total contributions | | 207,080,257 |
| Investment income: | | |
| Net appreciation in fair value of investments | | 223,011,346 |
| Interest income | | 26,808,951 |
| Dividend income | | 30,763,521 |
| Total investment income | | 280,583,818 |
| Less investment expense | | 11,968,267 |
| Net income from investing activities | | 268,615,551 |
| Securities lending activities: | | |
| Securities lending income | | 1,542,983 |
| Securities lending expenses: | | |
| Borrower rebates | | 1,178,129 |
| Management fees | | 145,941 |
| Securities lending expense | | 1,324,070 |
| Securities lending net income | | 218,913 |
| Total net investment income | | 268,834,464 |
| Total additions | | 475,914,721 |
| DEDUCTIONS | | |
| Participant benefit payments and refunds | | 130,551,105 |
| Insurance claims and premiums | | 48,828,449 |
| Administrative expenses | | 2,918,578 |
| Total deductions | | 182,298,132 |
| Net increase | | 293,616,589 |
| Fiduciary net position, beginning of year | | 1,974,282,251 |
| Fiduciary net position, end of year | $ | 2,267,898,840 |

*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 job training and placement services to County citizens.

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

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

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

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

Anne Arundel Community College
101 College Parkway
Arnold, MD 21012

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

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

Anne Arundel Workforce Development Corp.
1131 Benfield Boulevard, Suite N
Millersville, MD 21108

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

**Government-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

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

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

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

- **General Fund** – This fund is the primary operating fund. It accounts for all financial resources of the primary government except those accounted for in another fund.
- **Grants Special Revenue Fund** – The grants fund accounts for grant monies collected by the County through the following departments: Chief Administrative Office, Circuit Court, Fire, Health, Police, Planning and Zoning, Recreation and Parks, Sheriff's Office, Social Services, State's Attorney's Office, Aging and Disability, and Detention Facilities. This fund moved from a minor fund to a major fund in the current fiscal year as a result of increases in revenues and expenses related to Covid-19.
- **Impact Fee Capital Projects Fund** – This capital projects fund accounts for impact fees collected from developers to pay a share of the cost of additional school capacity, road improvements, and public safety facilities necessitated by the development.

- **General County Capital Projects Fund** – This fund accounts for all financial resources that are received and used for the acquisition or development of major capital improvements. Resources received are applied such that the most restrictive resources are used first. This generally results in the following order: restricted revenues such as developer contributions, bonds, pay-as-you-go, and grants.

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

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

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

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

**Fiduciary fund financial statements -** The fiduciary fund statements include the following:

- **Pension Trust Fund** – The activities of the Anne Arundel County Retirement and Pension System (Retirement System). The Retirement System accounts for the activity in the primary government's four defined-benefit pension plans and reports on a calendar-year basis. The Pension Trust Fund is reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. These plans accumulate employer and employee contributions and invest these funds to provide guaranteed pension benefits after retirement. Employer contributions are based on actuarial recommendations.

  Pension expenses are liquidated within the following governmental funds: the General Fund, Reforestation Fund and grant funds. 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.

- **Anne Arundel Retiree Health Benefits Trust Fund –** The activities of the Anne Arundel Retiree Health Benefits Trust (OPEB Trust Fund). The OPEB Trust Fund has fiduciary responsibility to administer the agent multi-employer defined benefit plans for the purpose of providing retiree health benefits as "other post-employment benefit" for following three entities; the Anne Arundel County Plan (County Plan), the Anne Arundel Community College Plan (College Plan), and the Public Library Association of Annapolis and Anne Arundel County, Inc. (Library Plan).

Anne Arundel County Retiree Health Benefits are liquidated within the following governmental funds: the General Fund, Reforestation Fund and grant funds. 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.

- **Agency Funds** – The balances of assets and liabilities maintained in the primary government's agency funds. Since agency funds report only assets and liabilities, these funds do not have a measurement focus. Transactions in these funds are recorded using the accrual basis of accounting. Agency funds account for deposits that are collected and held on behalf of individuals, organizations, or other governments. These monies include the following: escrow deposits for developer subdivisions, sediment control, tax sale, special taxing districts, and other miscellaneous purposes; monies held in trust on behalf of the Special Tax and Assessment Districts; and taxes collected for other governments.

**Budgetary Statements**

The basic financial statements include a Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the General Fund. This statement is prepared using the budgetary basis of accounting in which revenues are recognized when earned and available. This non-GAAP basis of accounting recognizes that the County's budget is adopted in accordance with legal requirements regarding appropriation authority and the certification of the availability of funds to support those appropriations. Pursuant to the County Charter, the capital and operating budgets are presented by the County Executive to the County Council by May 1st. The County Council holds public hearings regarding the budget. The Annual Budget and Appropriation Ordinance must be approved by June 15th (prior to the start of the next fiscal year on July 1st) and provides the spending authority at the department level for the operations of the County. Unexpended or unencumbered appropriations in the operating budget expire at year end. The County also recognizes revenue collected within ninety days of the end of the fiscal year as available for the prior year's appropriation, except for property taxes, which must be collected within sixty days and grant revenue when the County Controller has determined that sufficient documentation exists to support that revenues not yet collected within ninety days of the end of the year are available to support appropriations in that fiscal year. Budgetary expenditures are recognized when encumbered or when goods or services are received. All major capital project funds have legally adopted budgets and unspent appropriations at year end carry forward to the subsequent year, except for the Impact Fee Fund. All non-major governmental funds have legally adopted budgets, except the Storm Drain Fees Fund, Recreation Land Fees Fund, Street Light Fund, and Energy Revolving Loan Fund, which are expended through the Capital Projects Fund. Additional Budgetary information can be found at www.aacounty.org/departments/budget-office/previous-budgets/fy2020/index.html.

**Combining and Other Supplementary Schedules**

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

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

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

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

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

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

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

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

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

| 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/Inflows of Resources*** – A deferred outflow of resources represents the consumption of net position that applies to a future period that will not be recognized as an outflow of the resources (expenditure) until the future period. At the end of the current fiscal year, the County Primary Government had deferred outflows of resources for pension benefits, Other Post-Employment Benefits (OPEB), Length of Service Awards Program (LOSAP), and unamortized deferred refunding losses. The Board of the Maryland State Retirement, Anne Arundel County Pension and Retirement System, and Anne Arundel Retiree Health Benefits Trust (OPEB) recognizes deferred outflows of resources (DOR) which are amortized according to the actuarial valuation report. The DOR can occur from contributions after measurement date, changes in investment, changes in assumptions and changes in experience, as determined from the actuarial valuation report. Deferred inflow of recourses represents an acquisition of net position that applies to a future reporting period that will not be recognized as an inflow of resources (revenue) until that time. For government-mandated and voluntary non-exchange transactions on the governmental funds, a deferred inflow is reported when resources are received before time requirements are met and revenue unavailable. The governmental funds had deferred inflows of resources representing unavailable tax revenues, E-Rate Federal reimbursements, 911 fees, and unavailable grant and program revenues. On the government wide statements, the primary government had deferred inflows of resources (DIR) representing pension, OPEB, LOSAP and advances in property tax revenue. The Board of the Maryland State Retirement, Anne Arundel County Pension and Retirement System, and Anne Arundel Retiree Health Benefits Trust (OPEB) recognizes deferred inflows of resources related to pensions and OPEB actuarial estimates which are amortized according to the actuarial valuation report. The DIR can occur from changes in investment, changes in assumptions and changes in experience, as determined from the actuarial valuation report.

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

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

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

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

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

***K*** ***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, depending on the nature of the fund, in the governmental fund statements and are recorded as expenditures on the budgetary statements. Encumbrances as of June 30, 2020 totaled $130,039,493 in the governmental fund types, of which $99,996,185 is for construction activity. The proprietary funds utilize encumbrance accounting for budgetary purposes. As of June 30, 2020, the proprietary funds had encumbrances totaling $87,077,254, of which $73,704,145 is for construction activity.

***L*** ***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:

    - ***Permanent Public Infrastructure (PPI):*** $$9,971,621 of the general fund balance is restricted through enabling legislation from County bill 42-19 which established the reserve fund for permanent public improvement (PPI).

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

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

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

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

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

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

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

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

    - ***Odenton Town Center Tax Increment:*** restricted by State Enabling Legislation and the creation of the special taxing district as defined in Anne Arundel County Resolution 42-14, for the creation of Odenton Town Center Development District.

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

- ***Video lottery local impact aid:*** restricted by the Annotated Code of Maryland, State Government Article, Section 9-1A-31(b) for improvements and facilities in the vicinity of the video lottery facility.

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

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

- ***Debt Service:*** is restricted through debt covenants.

- ***Committed***: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision making authority through the passing of ordinances. These amounts cannot be used for any other purpose unless the County Council removes or changes the ordinance that was employed when the funds were initially committed. The following funds are committed based on legislation in the County code: Bike, Pedestrian, Transportation and Infrastructure Fund; Street Lights Capital Project Fund; Recreation Land Fees Fund; and Energy Revolving Loan Fund. The Installment Purchase Agreement Fund is committed for the purchase of agricultural and woodland preservation programs.

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

- ***Unassigned***: The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund. This classification includes the residual fund balance for the General Fund. The A.A. County Partnership for Children Youth and Family Fund, Arundel Community Development Service Fund and the Grants Fund have negative unassigned fund balance which represents the timing difference between the grant expenditures and payments received for the reimbursable grants.

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

***M 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, 2020. The annual leave accrual is calculated using unused annual leave hours as of June 30, 2020 and pay rates in place for each employee at the end of the fiscal year.

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.

***N*** ***New GASB Pronouncements -*** In fiscal year ended June 30, 2020, the County did not implement any new Governmental Accounting Standard Board (GASB) pronouncements.

The following pronouncements will be evaluated for future implementation:

As of the year ended June 30, 2020, GASB issued Statement No. 84, *Fiduciary Activity*; Statement No. 87, *Leases;* Statement No. 90, *Majority Equity Interests;* Statement No. 91, Conduit Debt Obligations; Implementation Guide No. 2019-2 and Implementation Guide No. 2019-3. Some of these statements will have a material effect on the County's financial statements once implemented.

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

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

## 2 Budgetary Information

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

***A*** ***Excess Expenditures over Appropriation Limits –*** The County did not exceeded their budget appropriations in the current fiscal year.

***B*** ***Fund Deficits -*** The Partnership for Children, Youth and Family, Grants Fund and Arundel Community Development Services have deficit fund balances in the amount of ($515,159, $8,364,933 and $1,379,114), respectively, as a result of funds expended in the current fiscal year that were not reimbursed by the grantor within 90 days of the fiscal year end. The Board of Education and Anne Arundel County Public Library, discretely presented component units, have deficit net positions of ($1,120,833,310) and ($23,400,353), respectively, as a result of unfunded liabilities for other postemployment and pension benefits. In addition, Governmental Activities has a deficit net position of ($520,422,149) on the full accrual statements as a result of unfunded liabilities for other postemployment and pension benefits.

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

| | | General Fund |
|---|---|---|
| Revenue (under) over expenditures - budgetary basis | $ | 15,307,289 |
| Net effect of encumbrances | | 2,757,715 |
| Change in due to Central Garage and Transportation Fund | | 2,173,626 |
| Transfer for Permanent Public Improvements | | 9,371,621 |
| Change in from to Self Insurance Fund | | 13,911,487 |
| Change in revenue reserve allocation | | 8,974,967 |
| FMV interest adjustment | | (578,933) |
| Health Department encumbrance adjustment | | 193,667 |
| LOSAP - Current Liability | | (50) |
| Effects of Inmate Benefit Fund & Parking Garage Fund | | 231,424 |
| Net inventory change | | 961,985 |
| Change in fund balance - modified accrual basis | $ | 53,304,798 |

## 3 Cash and Investments

The primary government pools available cash and centrally invests these funds to maximize earnings. The component units also pool available cash in this manner. Assets of the Anne Arundel County Pension and Retirement System (Retirement System) and the Anne Arundel County Retiree Health Benefits Trust, which covers Other Post-Employment Benefits (OPEB), are held separately. Significant accounting policies related to cash and investments are included in Note 1C.

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

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

Legislation became effective during fiscal year 2015 that expanded the authorized investments for Self-Insurance funds. In addition to the vehicles available for public money, the non-current portion of Self Insurance fund reserves may be invested in investment grade domestic corporate bonds, mutual funds, exchange traded funds, and taxable or tax-exempt municipal securities.

Pooled cash is primarily used to purchase short-term investments. Policy requires that for repurchase agreement investments made by the County, the initial collateral securities underlying repurchase agreement investments have a market value of at least 102.0% of the cost of the repurchase agreement. The collateral is in the County's name and held by an independent third party or at the Federal Reserve. When the collateral falls under 101.0% or is $100,000 less than the 102.0%, additional collateral is required to bring the total to the required level. At June 30, 2020, there were not any repurchase agreements to collateralize at 102.0%

The Retirement System is authorized to invest in U.S. Government securities, insurance company general accounts, commercial paper, money market mutual funds, corporate bonds, common and international stocks, limited partnerships, absolute return funds, private equity, mortgage participations, and real estate. The Retirement System lends its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. Effective December 1, 2016, the Retirement System's Lending Agent was Deutsche Bank AG. Deutsche Bank AG lends securities for collateral in the form of cash or other securities of 102.0% for domestic securities and 105.0% for international. Cash collateral received by the Retirement System with respect to these transactions is invested in a separate, un-pooled account basis at the direction of the Board of Trustees in fully collateralized repurchase agreements.

At year end, the Retirement System had no credit risk exposure to borrowers, because the amount of collateral held by the Retirement System was greater than the value of securities on loan. The market value of invested collateral held as of December 31, 2019 was $69,917,128. There were no securities held as collateral. The market value of securities on loan for the Retirement System as of December 31, 2019 was $68,264,610.

The Retirement System did not impose any restrictions during the year on the amount of the loans that the agent made on its behalf. Moreover, there were no losses during the year resulting from a default of the borrowers or agent. All security loans can be terminated on demand by either the Retirement System or the borrower. Cash collateral received was invested in Repurchase Agreements, which as of December 31, 2019 had a weighted average final maturity of 19.0 days. The interest rate risk is zero days, as assets and liabilities can be rate changed on a daily basis.

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

***B*** ***Balances and Custodial Credit Risk*** – As of June 30, 2020, the carrying amount of the primary government's bank deposits was $810,825 and bank balances were $2,469,916. All bank balances were fully secured by Federal Deposit insurance or fully collateralized. The total money market fund balance was $318,103,649.

Cash balances of the Board of Education are fully secured by Federal Deposit insurance and collateral held in the Board's name at the Federal Reserve Bank of Richmond. Deposits for Anne Arundel Community College are secured and properly protected. The cash balances of the other non-major component units were insured.

Money market fund balances for the Retirement System as of calendar year-end December 31, 2019 and OPEB Trust as of fiscal year ended June 30, 2020, were $93,827,963 and $15,281,969 respectively.

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

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

The table that follows uses the *Segmented Time Distribution* method to display debt investments by maturity for the primary government and the component units by term and investment type. Market values for issues within the primary government's agency/instrumentalities category include $84,848,939.59 of callable issues and there are no issues that have both callable and variable-rate features as of June 30, 2020. The component units' issues have no variable rate securities. Equity mutual fund investments with a market value of $8,011,545 are not included in this table.

Primary Government

| | | Investment Maturities | | | |
|---|---|---|---|---|---|
| Investment Type | Fair Value | Less than 1 year | 1 to 5 years | 6 to 10 years | Greater than 10 years |
| U.S. Government securities | $ 304,342,451 | 292,078,992 | $ - | $ 9,940,145 | $ 2,323,314 |
| Agencies / instrumentalities | 266,724,570 | 184,671,350 | 53,627,550 | 28,425,670 | - |
| Supranationals | 15,686,200 | 6,074,400 | 9,611,800 | - | - |
| Money market pools | 318,103,649 | 318,103,649 | - | - | - |
| Commercial paper | - | - | - | - | - |
| Repurchase agreements | - | - | - | - | |
| Corporate bonds | 35,387,457 | 14,145,600 | 12,436,927 | 8,804,930 | - |
| Municipals bonds | 234,875,669 | 36,409,384 | 198,466,285 | - | - |
| Bond mutual funds | 12,576,838 | 12,576,838 | - | | - |
| | $ 1,187,696,834 | $ 864,060,213 | $ 274,142,562 | $ 47,170,745 | $ 2,323,314 |
| Component units | | | | | |
| Board of Education | | | | | |
| Investment Type | | | | | |
| Money market pools | $ 188,326,798 | $ 188,326,798 | $ - | $ - | $ - |
| | $ 188,326,798 | $ 188,326,798 | $ - | $ | $ |
| Community College | | | | | |
| Investment Type | | | | | |
| Money market pools | $ 12,381,584 | $ 12,381,584 | $ - | $ - | $ - |
| | $ 12,381,584 | $ 12,381,584 | $ - | $ - | $ - |
| Other non-major component units | | | | | |
| Investment Type | | | | | |
| Money market pools | $ 329 | $ 329 | $ - | $ - | $ - |
| | $ 329 | $ 329 | $ - | $ - | $ - |

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, 2019. 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 with variable rate features was $8,595,005 as of December 31, 2019.

The table also includes issues with call features and assumes that these issues will be held to maturity. The total fair market value of callable securities totals $69,402,684 with call dates ranging from January 15, 2020 for continuously callable issues to February 20, 2059. Stated call prices are generally at par. The callable holdings include issues with floating interest rates, which have a market value of $13,030,714. Non-debt investments, guaranteed contracts, and un-invested cash with a combined fair value of $1,454,323,195, do not have maturity dates and therefore are not included in this table.

Retirement System

| | | | Investment Maturities | | | |
|---|---|---|---|---|---|---|
| Investment Type | | Fair Value | Less than 1 year | 1 to 5 | 6 to 10 | over 10 |
| Money market pools | $ | 93,827,963 | $ 93,827,963 | $ - | $ - | $ - |
| U.S. Treasuries | | 18,655,100 | - | 3,935,638 | 942,831 | 13,776,631 |
| Agency/Instrumentalities | | 45,096,150 | 819,487 | 89,031 | 103,210 | 44,084,422 |
| Corporate Bonds | | 79,222,697 | 519,648 | 27,697,676 | 37,002,242 | 14,003,131 |
| Bank Loans | | 8,556,799 | - | 3,811,208 | 4,745,591 | - |
| Bond Mutual Funds | | 260,741,903 | 260,741,903 | - | - | - |
| Collateralized Mrtg Obligations | | 8,595,005 | 33,120 | 120,288 | - | 8,441,597 |
| Other Asset-Backed Securities | | 1,616,620 | - | - | 39,982 | 1,576,638 |
| Foreign and Yankee Bonds | | 16,669,430 | 472,109 | 4,404,050 | 7,978,062 | 3,815,209 |
| Totals | $ | 532,981,667 | $ 356,414,230 | $ 40,057,891 | $ 50,811,918 | $ 85,697,628 |

The OPEB Trust owned two debt mutual funds exposed to interest rate risk as of June 30, 2020. As of June 30, 2020, the trust owned two fixed income mutual fund with an effective maturity of 7.1 years and 9.5 years with a fair value of $95,320,631.

***D*** ***Credit Risk*** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Debt securities are rated by Nationally Recognized Statistical Rating Organizations to provide purchasers with an opinion of the capability and willingness of a borrower to repay its debt. The primary government's Investment Policy does not address credit risk. The following table displays the County's debt holdings and quality ratings from Standard & Poor's. Ratings for the component units and Retirement System are listed separately. Equity mutual fund investments with a market value of $8,011,545 are not included in this table.

Credit ratings of U.S. government agency securities that are only implicitly guaranteed by the U.S. government are categorized accordingly in the main body of this table. Implicitly guaranteed agency securities include government mortgage backed, government agencies, and short-term U.S. treasury bills and notes. Other categories issued are Federal National Mortgage Association, Federal Deposit Insurance Corporation, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Financing Corporation, Small Business Association, Farmer Mac, and Federal Farm Credit.

| | | Standard & Poor's Credit Ratings | | | | |
|---|---|---|---|---|---|---|
| **Primary Government** | | | | | | |
| Investment Type | Value | AAA | AA | A | BBB | Not Rated |
| Agencies/instrumentalities | $ 266,724,570 | $ - | $ 54,151,750 | $ - | $ - | $ 212,572,820 |
| Supranationals | 15,686,200 | 9,611,800 | . | - | - | 6,074,400 |
| Commercial paper | - | - | - | - | - | - |
| Repurchase agreement | - | - | - | - | - | - |
| Corporate bonds | 35,387,457 | 4,026,000 | 14,034,825 | 10,420,608 | 6,906,024 | - |
| Municipal securities * | 234,875,669 | 85,700,716 | 125,142,436 | 16,451,628 | | 7,580,889 |
| Bond mutual funds | 12,576,838 | - | - | - | - | 12,576,838 |
| Money market pools | 318,103,649 | 246,708,637 | - | - | - | 71,395,012 |
| Total Credit Risk-Debt Securiti | 883,354,382 | $ 346,047,153 | $ 193,329,011 | $ 26,872,236 | $ 6,906,024 | $ 318,234,269 |
| U.S. Gov't & Agencies ** | 304,342,451 | | | | | |
| Total Debt Securities | $ 1,187,696,834 | | | | | |
| **Component Units** | | | | | | |
| Board of Education | | | | | | |
| Investment Type | | | | | | |
| Money market pools | $ 188,326,798 | $ 182,260,250 | $ - | $ - | $ - | $ 6,066,548 |
| | $ 188,326,798 | $ 182,260,250 | $ - | $ - | $ - | $ 6,066,548 |
| Community College | | | | | | |
| Investment Type | | | | | | |
| Money market pools | $ 12,381,584 | $ 12,381,584 | $ - | $ - | $ - | $ - |
| | $ 12,381,584 | $ 12,381,584 | $ - | $ - | $ - | $ - |
| | - | - | - | - | - | - |
| Non-major component units | | | | | | |
| Investment Type | | | | | | |
| Money market pools | $ 329 | 329 | $ - | $ - | $ - | $ - |
| | $ 329 | $ 329 | $ - | $ - | $ - | $ - |

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

The Retirement System's Investment Policy Statement provides guidelines to all fixed income managers related to allowable quality ratings. Holdings displayed by rating as of December 31, 2019, excluding equities and un-invested cash with a total fair value of $1,454,323,134, are displayed next.

Retirement System

| | Total Fair Value | Standard & Poor's Credit Ratings AAA - A | BBB - B | CCC - C | D | NR |
|---|---|---|---|---|---|---|
| Agency/Instrumentalities | $ 45,096,150 | $ - | $ - | $ - | $ - | $ 45,096,150 |
| Collateralized Mort.Obligations | 8,595,005 | 2,740,635 | 344,565 | 898,660 | - | 4,611,145 |
| Other Asset-backed Obligations | 1,616,620 | 699,777 | 23,321 | 234,276 | - | 659,246 |
| Corporate Bonds | 79,222,697 | 12,949,452 | 63,826,069 | 954,367 | - | 1,492,809 |
| Yankee & Foreign Gov.Issued | 8,556,799 | - | - | - | - | 8,556,799 |
| Bank Loans | 16,669,430 | 3,549,552 | 12,460,832 | 218,614 | - | 440,432 |
| Guaranteed Invest Contracts | 21,384,914 | - | - | - | - | 21,384,914 |
| Mutual Funds | 260,741,903 | - | - | - | - | 260,741,903 |
| Short Term Investment Pools | 93,827,963 | - | - | - | - | 93,827,963 |
| Total Credit Risk of Debt Securities | $ 535,711,481 | $ 19,939,416 | $ 76,654,787 | $ 2,305,917 | $ - | $ 436,811,361 |
| US Gov't & Agencies * | 18,655,100 | | | | | |
| Total Debt Securities | $ 554,366,581 | | | | | |

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

The following table displays fair value and ratings for debt issues owned by the OPEB Trust as of June 30, 2020:

Retiree Health Benefits Trust

| | Total Fair Value | Standard & Poor's Credit Ratings AAA-A | BBB-B | CCC-C | NR |
|---|---|---|---|---|---|
| Mutual Funds | $ 95,320,631 | $ - | $ - | $ - | $ 95,320,631 |
| Short Term Investment Pool | 15,281,969 | - | - | - | 15,281,969 |
| Total Debt Securities | $ 110,602,600 | $ - | $ - | $ - | $ 110,602,600 |

***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, 2020, Federal Home Loan Bank was 10.52% of the primary government's investments, Federal Agricultural Mortgage Corporation represented 4.02%, Federal Farm Credit Bank was 3.23%, Federal Home Loan Mortgage Corporation was 2.84%, and Federal National Mortgage Association was 1.78%. The primary government's Investment Policy requires diversification of investments by security type and institution. Issuer limits are not addressed. There was no investment greater than 5.0% for the Board of Education or the Community College, excluding pools. The Retirement System's IPS sets maximum concentration limits by asset type and manager style. As of December 31, 2019, there was no exposure to a single issuer greater than 5.0% of the Retirement System's plan net position, excluding investment pools.

***F*** ***Foreign Currency Risk*** – This risk relates to the potential, unfavorable fluctuation of exchange rates compared with the U.S. Dollar. Neither the primary government nor its component units had exposure to foreign currency risk as of June 30, 2020. 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, 2019, the Retirement System had no direct exposure to fixed income foreign currency. The fair market value of international/global equities and fixed income assets, which are managed in pooled funds, totaled $784,570,200 as of December 31, 2019.

As of June 30, 2020, the OPEB Trust had no direct exposure to fixed income foreign currency. The fair market value of one international mutual fund totaled $60,418,204.

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

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

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

The schedule of investments by type and hierarchy level as of June 30, 2020 is displayed below. As of June 30, 2020, short-term investments of $318,103,649 were in money market mutual funds, which are not subject to the fair value measurement requirements.

Assets at Fair Value June 30, 2020

| Primary Government<br>Investment Type | Fair Value | Quoted Prices in Active Markets for Identical Assets<br>Level 1 | Significant Other Observable Inputs<br>Level 2 | Significant Unobservable Inputs<br>Level 3 |
|---|---|---|---|---|
| U.S. Treasuries | $ 304,342,451 | $ 304,342,451 | $ - | $ - |
| Agencies/instrumentalities | 266,724,570 | 266,724,570 | - | - |
| Supranationals | 15,686,200 | - | 15,686,200 | - |
| Commercial paper | - | - | - | - |
| Repurchase agreements | - | - | - | - |
| Corporate bonds | 35,387,457 | 35,387,457 | - | - |
| Municipals bonds | 234,875,669 | - | 234,875,669 | - |
| Bond mutual funds | 12,576,838 | 12,576,838 | - | - |
| Equity mutual funds | 8,011,545 | 8,011,545 | - | - |
| | $ 877,604,730 | $ 627,042,861 | $ 250,561,869 | $ - |

As of June 30, 2020, all investments and deposits for the Board of Education and the non-major component units were in money market mutual funds, which are not subject to the fair value measurement requirements.

The following table shows the fair market measurements for the Retirement System as of December 31, 2019. As of December 31, 2019, all short-term investments were in money market mutual funds, which are not subject to the fair value measurement requirements.

Pension System Assets at Fair Value December 31, 2019

| Assets at Fair Value December 31, 2019<br>Investment Type | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Fixed Income Investments | | | | |
| U.S. Government obligations | $ 18,655,100 | $ - | $ 18,655,100 | $ - |
| Agency/Instrumentalities | 45,096,150 | - | 45,096,150 | - |
| Collateralized Mort. obligations | 8,595,005 | - | 7,792,450 | 802,555 |
| Other asset-backed obligations | 1,616,620 | - | 1,087,763 | 528,857 |
| Corporate bonds | 79,222,697 | - | 79,222,697 | - |
| Bank Loans | 8,556,799 | - | 8,556,799 | - |
| Yankee & Foreign Gov. Issued | 16,669,430 | - | 16,669,430 | - |
| Fixed income mutual funds | 84,774,824 | 1,094,883 | 83,679,941 | - |
| Total fixed income investments | 263,186,625 | 1,094,883 | 260,760,330 | 1,331,412 |
| Equity Investments | | | | |
| Domestic equity | 428,280,460 | 372,759,638 | 55,520,822 | - |
| International equity pools | 273,650,975 | 273,650,975 | - | - |
| Total equity investments | 701,931,435 | 646,410,613 | 55,520,822 | - |
| Total investments by fair value level | $ 965,118,060 | $ 647,505,496 | $ 316,281,152 | $ 1,331,412 |

Pension System Net Asset Value Decmber 31, 2019

| Investment Types at net asset value | Net Asset Value | Unfunded Commitments as of 12/31/19 | Redemption Frequency (If Currently Eligible) | Redemption Notice Period |
|---|---|---|---|---|
| Absolute return fixed income | $ 68,946,948 | $ - | Daily | Daily |
| Commingled funds-debt | 69,568,930 | - | Twice monthly | 15 days |
| Commingled funds-equities | 137,463,716 | - | Monthly | 5 Business days |
| International equity pool | 89,619,731 | - | Daily | Daily |
| International fixed income mutual funds | 106,398,148 | - | Daily | Daily |
| Real estate (REIT) fund | 125,645,333 | - | Quarterly | 90 days |
| Global asset pools | 177,437,631 | - | Monthly | 5 Business days |
| Private markets buyouts | 78,438,909 | 82,160,678 | Not eligible | Not eligible |
| Private markets mezzanine | 6,230,408 | 1,715,981 | Not eligible | Not eligible |
| Private markets secondaries | 17,689,547 | 28,943,871 | Not eligible | Not eligible |
| Private markets distressed | 25,823,368 | 35,005,000 | Not eligible | Not eligible |
| Private markets fund of funds | 5,455,577 | 1,728,845 | Not eligible | Not eligible |
| Private markets energy | 19,640,532 | 7,715,620 | Not eligible | Not eligible |
| Total at net asset value | 928,358,778 | $ 157,269,995 | | |
| Investments measured at amortized cost | | | | |
| Money market pools | 93,827,963 | | | |
| Aetna insurance pooled fixed income | 21,384,914 | | | |
| Total Investments | $ 2,008,689,715 | | | |

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

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

*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, 2018 within the mutual funds is comprised of allowable instruments based on the IPS.

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

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

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

Community College Assets at Fair Value June 30, 2020

| Investment Type | | Fair Value | | Quoted Prices in Active Markets for Identical Assets Level 1 | | Significant Other Observable Inputs Level 2 | | Significant Unobservable Inputs Level 3 |
|---|---|---|---|---|---|---|---|---|
| Community College | | | | | | | | |
| Equity mutual funds | | | | | | | | |
| Domestic broad equity | $ | 4,498,616 | $ | 4,498,616 | $ | - | $ | - |
| International equity | | 3,121,321 | | 3,121,321 | | - | | - |
| Mid cap broad equity | | 1,194,061 | | 1,194,061 | | - | | - |
| Small cap broad equity | | 1,327,439 | | 1,327,439 | | - | | - |
| Real assets equity | | 752,908 | | 752,908 | | - | | - |
| | $ | 10,894,345 | $ | 10,894,345 | $ | - | $ | - |
| Bond funds | | 4,638,630 | | 4,638,630 | | - | | - |
| Equity securities | | 29,496 | | 29,496 | | - | | - |
| | $ | 15,562,471 | $ | 15,562,471 | $ | - | $ | - |

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

Retiree Health Benefits Trust Assets at Fair Value June 30, 2020

| **Assets at Fair Value June 30, 2020**<br>**Investment Type** | | **Total Fair Value** | | **Quoted Prices in Active Markets for Identical Assets (Level 1)** | | **Significant Other Observable Inputs (Level 2)** | | **Significant Unobservable Inputs (Level 3)** |
|---|---|---|---|---|---|---|---|---|
| Mutual Funds | | | | | | | | |
| Fixed Income | $ | 82,003,026 | $ | 82,003,026 | $ | - | $ | - |
| Domestic Equity | | 68,196,994 | | 68,196,994 | | - | | - |
| International Equity | | 60,418,204 | | 60,418,204 | | - | | - |
| Total Mutual Funds | $ | 210,618,224 | $ | 210,618,224 | $ | - | $ | - |

| **Assets at Net Asset Value June 30, 2020**<br>**Investment Type** | | **Net Asset Value** |
|---|---|---|
| Absolute return fixed income | $ | 13,317,605 |
| Real estate (REIT) fund | | 13,169,927 |
| Total at net asset value | | 26,487,532 |
| **Investments measured at amortized cost** | | |
| Money Market pool | | 15,281,969 |
| Total Investments | $ | 252,387,725 |

## 4 Receivables

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

***B*** ***State Income Taxes Receivable*** – Revenue from the income tax is derived from personal income from County residents like salaries and social security payments as well as income from capital gains, interest and some business income. Local income tax revenue is collected by The State and distributed to local governments throughout the year. The State's distribution of the County's share of income taxes lags behind the County's fiscal year. Management estimates the amount of receivables for taxes earned in the fiscal year by analyzing the historical trends of distribution patterns and current year income tax activity. The estimated unavailable local income tax balance as of June 30, 2020 is $132,772,034. The local income tax rate for the reporting fiscal year is 2.81%.

***C*** ***Long-Term Receivables*** – The primary government has long-term receivables recorded in the Water and Wastewater Fund consisting of front foot benefit assessments, capital facility connection fees, and interest charges that vary from 1.6% to 8.0%. These receivables are collected over five to thirty years. The balance as of June 30, 2020 is $23,000,923.

## 5 Capital Assets

The components of capital assets, changes in asset categories, and accumulated depreciation for the fiscal year ended June 30, 2020 are presented as follows:

| Category | Balance June 30, 2019 | Increases | Decreases | Balance June 30, 2020 |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| *Capital assets not being depreciated:* | | | | |
| Land and easements | $ 261,179,615 | $ 15,453,806 | $ - | $ 276,633,421 |
| Historical property/works of art | 4,166,465 | - | - | 4,166,465 |
| Construction in progress | 279,442,569 | 127,577,190 | (60,679,811) | 346,339,948 |
| Total assets not depreciated | 544,788,649 | 143,030,996 | (60,679,811) | 627,139,834 |
| *Capital assets being depreciated:* | | | | |
| Land improvements | 291,213,241 | 11,414,592 | - | 302,627,833 |
| Buildings | 324,947,360 | 2,288,933 | - | 327,236,293 |
| Roads and bridges | 400,916,033 | 4,567,986 | (5,395,275) | 400,088,744 |
| Sidewalks, curbs, and gutters | 53,784,669 | 988,696 | (122,416) | 54,650,949 |
| Storm drains and culverts | 378,384,326 | 12,099,489 | (306,269) | 390,177,546 |
| Automobiles and rolling stock | 126,709,069 | 18,952,062 | (7,739,157) | 137,921,974 |
| Furniture, fixtures, and equipment | 104,942,939 | 12,179,708 | (2,783,413) | 114,339,234 |
| Software | 24,565,790 | 1,279,350 | (470,810) | 25,374,330 |
| Total assets depreciated | 1,705,463,427 | 63,770,816 | (16,817,340) | 1,752,416,903 |
| *Less accumulated depreciation for:* | | | | |
| Land improvements | (131,768,736) | (9,219,228) | - | (140,987,964) |
| Buildings | (143,670,505) | (6,564,685) | - | (150,235,190) |
| Roads and bridges | (231,480,318) | (11,683,448) | 5,395,275 | (237,768,491) |
| Sidewalks, curbs, and gutters | (19,659,554) | (1,107,127) | 119,967 | (20,646,714) |
| Storm drains and culverts | (230,198,292) | (7,220,568) | 256,851 | (237,162,009) |
| Automobiles and rolling stock | (75,216,425) | (13,850,715) | 7,548,933 | (81,518,207) |
| Furniture, fixtures, and equipment | (81,795,120) | (9,766,610) | 1,848,166 | (89,713,564) |
| Software | (20,898,408) | (1,516,443) | 460,072 | (21,954,779) |
| Total accumulated depreciation | (934,687,358) | (60,928,824) | 15,629,264 | (979,986,918) |
| Total capital assets being depreciated, net | 770,776,069 | 2,841,992 | (1,188,076) | 772,429,985 |
| Total governmental activities, net | $ 1,315,564,718 | $ 145,872,988 | $ (61,867,887) | $ 1,399,569,819 |
| **Business-type activities:** | | | | |
| *Capital assets not being depreciated:* | | | | |
| Land and easements | $ 12,705,712 | $ 5,523,092 | $ - | $ 18,228,804 |
| Construction in progress | 530,806,301 | 87,798,318 | (84,627,081) | 533,977,538 |
| Total assets not depreciated | 543,512,013 | 93,321,410 | (84,627,081) | 552,206,342 |
| *Capital assets being depreciated:* | | | | |
| Buildings | 51,713,068 | 700,233 | - | 52,413,301 |
| Landfills | 75,232,154 | 6,127,118 | - | 81,359,272 |
| Water and sewer plants and lines | 2,043,324,997 | 80,682,041 | - | 2,124,007,038 |
| Automobiles and rolling stock | 14,425,180 | 1,160,123 | (576,629) | 15,008,674 |
| Furniture, fixtures, and equipment | 29,870,325 | 2,481,065 | (1,540,509) | 30,810,881 |
| Total assets depreciated | 2,214,565,724 | 91,150,580 | (2,117,138) | 2,303,599,166 |
| *Less accumulated depreciation for:* | | | | |
| Buildings | (14,716,788) | (1,038,802) | - | (15,755,590) |
| Landfills | (46,762,082) | (4,044,338) | - | (50,806,420) |
| Water and sewer plants and lines | (880,966,348) | (49,463,371) | - | (930,429,719) |
| Automobiles and rolling stock | (7,956,474) | (1,278,486) | 576,629 | (8,658,331) |
| Furniture, fixtures, and equipment | (16,298,388) | (2,549,041) | 1,314,470 | (17,532,959) |
| Total accumulated depreciation | (966,700,080) | (58,374,038) | 1,891,099 | (1,023,183,019) |
| Total capital assets being depreciated, net | 1,247,865,644 | 32,776,542 | (226,039) | 1,280,416,147 |
| Total business-type activities, net | $ 1,791,377,657 | $ 126,097,952 | $ (84,853,120) | $ 1,832,622,489 |

| Category | Balance June 30, 2019 | Increases | Decreases | Balance June 30, 2020 |
|---|---|---|---|---|
| **Board of Education:** | | | | |
| *Capital assets not being depreciated:* | | | | |
| Land and improvements | $ 68,346,260 | $ - | $ - | $ 68,346,260 |
| Computer software in progress | 3,191,113 | 590,535 | (3,781,648) | - |
| Construction in progress | 309,186,361 | 137,276,464 | (200,021,210) | 246,441,615 |
| Total assets not depreciated | 380,723,734 | 137,866,999 | (203,802,858) | 314,787,875 |
| *Capital assets being depreciated:* | | | | |
| Buildings | 1,835,640,637 | 202,612,797 | (4,404,988) | 2,033,848,446 |
| Computer software | 10,796,033 | 3,781,648 | - | 14,577,681 |
| Furniture, fixtures, and equipment | 59,118,801 | 6,430,695 | (2,671,156) | 62,878,340 |
| Total assets depreciated | 1,905,555,471 | 212,825,140 | (7,076,144) | 2,111,304,467 |
| *Less accumulated depreciation for:* | | | | |
| Buildings | (861,556,731) | (48,288,761) | 4,404,988 | (905,440,504) |
| Computer software | (5,354,721) | (1,457,767) | - | (6,812,488) |
| Furniture, fixtures, and equipment | (37,484,096) | (4,335,399) | 2,569,556 | (39,249,939) |
| Total accumulated depreciation | (904,395,548) | (54,081,927) | 6,974,544 | (951,502,931) |
| Total capital assets being depreciated, net | 1,001,159,923 | 158,743,213 | (101,600) | 1,159,801,536 |
| Total Board of Education, net | $ 1,381,883,657 | $ 296,610,212 | $ (203,904,458) | $ 1,474,589,411 |
| **Community College:** | | | | |
| *Capital assets not being depreciated:* | | | | |
| Land | $ 4,092,203 | $ - | $ - | $ 4,092,203 |
| Construction in progress | 14,661,848 | 36,206,687 | (2,733,804) | 48,134,731 |
| Total assets not depreciated | 18,754,051 | 36,206,687 | (2,733,804) | 52,226,934 |
| *Capital assets being depreciated:* | | | | |
| Land improvements | 7,512,216 | 472,170 | - | 7,984,386 |
| Buildings and improvements | 143,567,665 | 1,553,589 | - | 145,121,254 |
| Furniture, fixtures, and equipment | 27,402,508 | 1,330,142 | (598,713) | 28,133,937 |
| Leasehold improvements | 1,604,721 | - | - | 1,604,721 |
| Intangible assets | 670,849 | - | - | 670,849 |
| Total assets depreciated | 180,757,959 | 3,355,901 | (598,713) | 183,515,147 |
| *Less accumulated depreciation for:* | | | | |
| Land improvements | (4,565,909) | (458,633) | - | (5,024,542) |
| Buildings and improvements | (74,630,183) | (4,448,232) | - | (79,078,415) |
| Furniture, fixtures, and equipment | (18,735,121) | (1,376,399) | 584,877 | (19,526,643) |
| Leasehold improvements | (1,091,599) | (159,874) | - | (1,251,473) |
| Intangible assets | (564,391) | (89,910) | - | (654,301) |
| Total accumulated depreciation | (99,587,203) | (6,533,048) | 584,877 | (105,535,374) |
| Total capital assets being depreciated, net | 81,170,756 | (3,177,147) | (13,836) | 77,979,773 |
| Total Community College, net | $ 99,924,807 | $ 33,029,540 | $ (2,747,640) | $ 130,206,707 |

| Category | Balance June 30, 2019 | Increases | Decreases | Balance June 30, 2020 |
|---|---|---|---|---|
| **Other non-major:** | | | | |
| *Capital assets not being depreciated:* | | | | |
| Construction in progress | $ - | $ - | $ - | $ - |
| *Capital assets being depreciated:* | | | | |
| Airport improvements (as restated) | 15,560,119 | 940,564 | - | 16,500,683 |
| Library collection | 17,013,965 | 5,897,706 | (3,094,149) | 19,817,522 |
| Automobiles and rolling stock | 26,632 | - | - | 26,632 |
| Furniture, fixtures, and equipment | 2,028,643 | 208,683 | (211,075) | 2,026,251 |
| Total assets depreciated | 34,629,359 | 7,046,953 | (3,305,224) | 38,371,088 |
| *Less accumulated depreciation for:* | | | | |
| Airport improvements | (7,448,114) | (672,790) | - | (8,120,904) |
| Library collection | (5,555,991) | (1,491,185) | 1,370,957 | (5,676,219) |
| Automobiles and rolling stock | (10,889) | (5,327) | - | (16,216) |
| Furniture, fixtures, and equipment | (1,580,706) | (178,828) | 211,075 | (1,548,459) |
| Total accumulated depreciation | (14,595,700) | (2,348,130) | 1,582,032 | (15,361,798) |
| Total capital assets being depreciated, net | 20,033,659 | 4,698,823 | (1,723,192) | 23,009,290 |
| Total other non-major, net | $ 20,033,659 | $ 4,698,823 | $ (1,723,192) | $ 23,009,290 |

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

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

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

| | |
|---|---|
| *Governmental activities:* | |
| Public safety | $ 12,278,512 |
| General government | 14,645,045 |
| Health and human services | 477,462 |
| Public works | 24,101,510 |
| Recreation and community services | 7,900,172 |
| Judicial | 1,418,512 |
| Code enforcement | 10,208 |
| Land use and development | 97,403 |
| | $ 60,928,824 |

| | |
|---|---|
| *Business-type activities:* | |
| Water and wastewater | $ 51,676,312 |
| Waste collection | 6,697,726 |
| | $ 58,374,038 |
| *Component units:* | |
| Board of Education | $ 54,081,927 |
| Community College | 6,533,048 |
| Library System | 1,568,925 |
| Economic Development Corp | 50,998 |
| Tipton Airport Authority | 672,790 |
| Workforce Development | 55,417 |
| | $ 62,963,105 |

## 6 Restricted Assets and Liabilities

The following funds are shown as restricted on the government-wide financial statements, Statement of Net Position: Impact Fees Capital Project, Forfeiture and Asset Seizure Team, Roads and Special Benefits District, Anne Arundel County Partnership for Children, Youth and Family, Reforestation, Laurel Racetrack, Video Lottery Local Impact Aid, Workforce Development, Arundel Community Development Services, Grants, Circuit Court, Erosion Districts, Watershed Protection and Restoration, 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, 2020:

***Interfund Balances of the Primary Government***

| Fund With Receivable | Fund With Payable | Amount | Represents |
|---|---|---|---|
| General Fund | Non-major Governmental Funds | $ 864,699 | Implicit borrowing from the General Fund |
| General Fund | Grants Special Revenue Fund | 5,411,991 | Implicit borrowing from the General Fund |
| General Fund | Water and Wastewater Fund | 1,966,257 | Implicit borrowing from the General Fund |
| General Fund | Internal Service Funds | 13,537,625 | Self Insurance Fund surplus allocation |
| Non-major Enterprise Funds | Internal Service Funds | 3,890 | Self Insurance Fund surplus allocation |
| Water and Wastewater Fund | Internal Service Funds | 573,331 | Self Insurance Fund surplus allocation |
| Solid Waste Fund | Internal Service Funds | 101,797 | Self Insurance Fund surplus allocation |
| Internal Service Funds | Water and Wastewater Fund | 659,050 | Central Garage Fund deficit allocation |
| Internal Service Funds | Solid Waste Fund | 290,798 | Central Garage Fund deficit allocation |
| Internal Service Funds | General Fund | 5,915,014 | Central Garage Fund deficit allocation |
| | | $ 29,324,452 | |

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

Transfers between the primary government's governmental funds totaled $346,249,000 for fiscal year 2020. The transfers are for the following:

| Originating Fund | Recipient Fund | Amount | Purpose |
|---|---|---|---|
| General Fund | Arundel Community Development Services | $ 270,000 | Transfers for grants |
| General Fund | General County Capital Projects | 185,195,000 | Bond proceeds transferred for capital projects |
| General Fund | General County Capital Projects | 35,000,000 | Pay-as-you-go transfers for capital projects |
| Impact Fees Capital Projects | General County Capital Projects | 22,190,894 | Impact fee funding for capital projects |
| Odenton Town Center Tax Increment | General County Capital Projects | 1,212 | Transfers for capital projects |
| Watershed Protection and Restoration | General County Capital Projects | 29,300,000 | Transfers for capital projects |
| Bond Premium | General County Capital Projects | 27,938,190 | Transfers for capital projects |
| Video Lottery Local Impact Aid | General County Capital Projects | 1,200,800 | Transfers for capital projects |
| Street Light Capital Projects | General County Capital Projects | 423,496 | Transfers for capital projects |
| General County Capital Projects | Watershed Protection and Restoration | 38,600 | Investment income allocation retained |
| General County Capital Projects | General Fund | 352,844 | Investment income allocation retained |
| Impact Fees Capital Projects | General Fund | 1,973,267 | Impact fees transferred for debt service |
| Nursery Road Tax Increment | General Fund | 5,382,639 | Transfers legally appropriated |
| West County Tax Increment | General Fund | 6,786,598 | Transfers legally appropriated |
| Arundel Mills Tax Increment | General Fund | 8,227,351 | Transfers legally appropriated |
| Parole Tax Increment | General Fund | 17,230,891 | Transfers legally appropriated |
| National Business Park North TIF | General Fund | 1,641,180 | Transfers legally appropriated |
| Village South at Waugh Chapel TIF | General Fund | 1,646,664 | Transfers legally appropriated |
| General Fund | Grants | 705,183 | Transfers for grants |
| General Fund | Installment Purchase Agreements | 741,700 | Transfers for land preservation |
| Special Taxing Districts | Erosion Districts | 2,491 | Transfers for project maintenance |
| | | $ 346,249,000 | |

| | Transfers In | | | | |
|---|---|---|---|---|---|
| **Transfer Out** | General Fund | Grants Special Revenue | General County Capital Projects | Non-Major Governmental | Total |
| General Fund | $ - | $ 705,183 | $ 220,195,000 | $ 1,011,700 | $ 221,911,883 |
| Non-Major Governmental | 40,915,323 | - | 58,863,698 | 2,491 | 99,781,512 |
| Impact Fees Capital Projects | 1,973,267 | - | 22,190,894 | - | 24,164,161 |
| General County Capital Projects | 352,844 | - | - | 38,600 | 391,444 |
| **Total Transfers In** | $ 43,241,434 | $ 705,183 | $ 301,249,592 | $ 1,052,791 | $ 346,249,000 |

Transfers between the primary government's proprietary funds and governmental funds presented as follows, totaled $787,000 for fiscal year 2020. The transfers from the Water and Wastewater Fund and the Solid Waste Fund to the General County Capital Projects Fund are for an information technology project.

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

| Originating Fund | Recipient Fund | | Amount |
|---|---|---|---|
| Water and Wastewater Fund | General County Capital Projects | $ | 628,000 |
| Solid Waste Fund | General County Capital Projects | | 159,000 |
| | | $ | 787,000 |

As of June 30, 2020, 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 | $ | 31,068,934 |
| Community College | Primary Government | | 6,696,947 |
| Other Non-major | Primary Government | | 3,705,380 |
| Primary Government | Board of Education | | 9,734,718 |
| | | $ | 51,205,979 |

**Primary Government Expenditures**

| Originating Entity | Recipient Entity | | Amount |
|---|---|---|---|
| Primary Government | Board of Education | $ | 857,185,558 |
| Primary Government | Community College | | 82,396,414 |
| Primary Government | Other Non-major | | 27,088,800 |
| | | $ | 966,670,772 |

## 8 Bonded Debt and Other Obligations

The primary government's Statement of Net Position includes short and long-term debt and obligations comprised of bond anticipation notes, general obligation bonds, special assessment debt, installment purchase agreements, and liabilities related to State loans, unpaid insurance claims and claims and judgments. Descriptions of certain of these obligations and the respective balances, debt service requirements, and changes during fiscal year 2020 are provided as follows.

***A*** ***Bond Anticipation Notes –*** The County periodically incurs short-term debt by issuing bond anticipation notes for the purchase of capital related assets. Upon refinancing, at the notes' maturities, they will be marketed at then-current interest rates which is calculated at 80% of the one month LIBOR plus 40 basis points. This remarketing is backed for liquidity purposes by a letter of credit, the terms of which provide that no principal repayments are due if there is a call on the letter of credit, until the termination of the agreement. The maturity date of the current liquidity arrangement is December 14, 2020. The County has a credit amount available of up to $90 million, of which none is outstanding at June 30, 2020. The County is in the process of renewing the agreement with Bank of America effective December 14, 2020.

***B*** ***General County Debt –*** Substantially all long-term bonded debt is issued as general obligation bonds for the purchase of capital assets and guaranteed by the full faith and credit of the County, subject to guidelines set forth in Title10, Subtitle1, Section 4-10-104 of the County Charter, which addresses bonds and notes for capital improvements. The following table includes general obligation bonds which include amounts issued for the Watershed Protection and Restoration Fund, but excludes the tax increment bonds, installment purchase agreements, and state loans. These are listed separately. Business-type debt includes general obligation bonds issued for the

Solid Waste Fund and Water and Wastewater Fund. The debt service requirements for the bonds outstanding as of June 30, 2020 are presented as follows:

| | General County Debt | | | |
|---|---|---|---|---|
| Year Ending | Governmental | | Business-type | |
| June 30, | Principal | Interest | Principal | Interest |
| 2021 | $ 98,468,540 | $ 63,791,933 | $ 39,630,554 | $ 33,562,464 |
| 2022 | 98,465,854 | 59,821,881 | 39,662,228 | 32,186,974 |
| 2023 | 92,850,524 | 55,004,629 | 39,087,888 | 30,380,186 |
| 2024 | 86,860,403 | 50,426,693 | 38,262,115 | 28,630,531 |
| 2025 | 82,455,108 | 46,100,767 | 36,865,076 | 26,910,568 |
| 2026-2030 | 340,060,733 | 175,941,221 | 174,828,580 | 110,602,173 |
| 2031-2035 | 217,077,019 | 106,765,480 | 146,389,567 | 74,962,667 |
| 2036-2040 | 134,967,632 | 66,125,043 | 115,898,628 | 44,222,174 |
| 2041-2045 | 138,218,870 | 35,528,445 | 85,157,252 | 19,158,144 |
| 2046-2050 | 95,223,510 | 7,530,414 | 34,851,490 | 3,283,960 |
| | $ 1,384,648,193 | $ 667,036,506 | $ 750,633,378 | $ 403,899,841 |

***C*** ***Tax Increment and Other Debt -*** As of June 30, 2020, there was $68,445,000 of Special Obligation Tax Increment Bonds payable from property tax revenue generated from assessment increases occurring since the formation of the tax increment districts. This debt is included in the primary government's long-term debt on the Statements of Net Position. The County has pledged its full faith and credit for the following Special Obligation Tax Increment Bonds: Arundel Mills Refunding 2004, National Business Park Refunding 2004, West Nursery Road 2004, Arundel Mills Refunding 2014, National Business Park Refunding 2014, and West Nursery Road Refunding 2014. As of the June 30, 2020, the County has also pledged its full faith and credit for National Business Park North 2018 Refunding bonds and Village South at Waugh Chapel 2018 Refunding bonds.

During the fiscal year ended June 30, 2020, $50,301,117 of incremental property tax revenue was collected and available for debt service purposes as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances for the Non-major Governmental Funds. Of this amount, $1,036,414 is related to Park Place which is not considered part of the County's debt and $4,159,408 is related to Odenton Town Center TIF which does not have debt outstanding as of June 30, 2020. The table that follows outlines the debt service requirements for these bonds.

| Year Ending June 30, | Principal | Interest | Year Ending June 30, | Principal | Interest |
|---|---|---|---|---|---|
| 2021 | $ 3,500,000 | $ 2,588,194 | 2026-2030 | $ 24,270,000 | $ 5,780,494 |
| 2022 | 3,930,000 | 2,407,618 | 2031-2035 | 13,210,000 | 2,735,213 |
| 2023 | 4,235,000 | 2,208,344 | 2036-2040 | 8,825,000 | 685,053 |
| 2024 | 4,600,000 | 1,992,518 | 2041 | 910,000 | 15,925 |
| 2025 | 4,965,000 | 1,758,644 | | | |
| | | | | $ 68,445,000 | $ 20,172,003 |

In addition, there were $2,530,000, $11,485,000, $30,000,000, and $22,500,000 of special tax district bonds related to the Farmington Village Project, the Villages of Dorchester, Two Rivers, and Arundel Gateway outstanding as of June 30, 2020, respectively. The proceeds of these bonds were used to finance infrastructure improvements within the special districts. These bonds are payable solely from the proceeds of a special tax levied on parcels within the districts and are not backed by the County's full faith and credit. This debt does not appear on the Statement of Net Position. The County acts only as a fiduciary in collecting the taxes and servicing the debt.

***D*** ***State Loans*** – The County has interest free loans outstanding in the amount of $2,362,394 as of June 30, 2020. These loans were received from the State for waterway improvements. During fiscal year 2020, the County paid $221,263 for principal. The table that follows outlines the debt service requirements:

| Year Ending June 30, | Principal | Year Ending June 30, | Principal |
|---|---|---|---|
| 2021 | $ 221,263 | 2026-2030 | 944,576 |
| 2022 | 235,229 | 2031-2035 | $ 254,114 |
| 2023 | 220,032 | 2036-2040 | 69,850 |
| 2024 | 201,680 | 2041 | 13,970 |
| 2025 | 201,680 | | $ 2,362,394 |

***E*** ***Leases*** – The County has one outstanding lease agreement that qualifies as capital leases for accounting purposes. The agreement has resulted in a capital asset in the amount of $40,490 for an Avatar III robot for the Office of Emergency Management. The total principal payments due as of fiscal year-end are $20,245. The net present value of these minimum lease payments as of June 30, 2020 and the future minimum lease obligations were as follows:

| Year ending June 30, | Principle Lease Payments | Interest Lease Payments | Total Lease Payments |
|---|---|---|---|
| 2021 | $ 10,123 | $ 372 | $ 10,494 |
| 2022 | 10,122 | 373 | 10,496 |
| | $ 20,245 | $ 745 | $ 20,990 |

The County has also entered into several operating lease arrangements for office space and equipment. All leases are cancelable at the option of the County. Many of the agreements contain renewal options, and some have rent escalation clauses. Minimum annual rental costs required by the leases are summarized as follows:

| Year ending June 30, | Annual Rentals | Year ending June 30, | Annual Rentals |
|---|---|---|---|
| 2021 | $ 5,242,392 | 2026-2030 | $ 16,299,364 |
| 2022 | 4,332,422 | 2031-2035 | 12,918,791 |
| 2023 | 3,731,121 | 2036-2040 | 2,107,712 |
| 2024 | 3,247,207 | 2041-2045 | 1,033,588 |
| 2025 | 2,971,595 | 2046-2050 | 222,594 |
| | | | $ 52,106,787 |

***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, 2020 are presented as follows:

| Year Ending June 30, | Principal | Interest |
|---|---|---|
| 2021 | $ 20,000 | $ 720,492 |
| 2022 | 20,000 | 719,376 |
| 2023 | 20,000 | 718,261 |
| 2024 | 20,000 | 717,146 |
| 2025 | 20,000 | 716,030 |

| Year Ending June 30, | Principal | Interest |
|---|---|---|
| 2026-2030 | $ 10,454,000 | $ 2,589,014 |
| 2031-2035 | - | 668,313 |
| 2036-2040 | 1,444,000 | 470,299 |
| 2041-2045 | 1,487,000 | 67,659 |
| | $ 13,485,000 | $ 7,386,590 |

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

| | Dates | Rates | Original Issue | Outstanding |
|---|---|---|---|---|
| Governmental activities: | | | | |
| General obligation bonds | 2021-2050 | 1.50% to 5.55% | $ 1,854,578,300 | $ 1,384,648,193 |
| Tax increment district bonds | 2021-2041 | 1.50% to 5.00% | 79,240,000 | 68,445,000 |
| Installment purchase agreements | 2021-2041 | 4.55% to 6.00% | 13,819,916 | 13,485,000 |
| Loans payable | 2021-2041 | 0% | 5,033,912 | 2,362,394 |
| Total governmental activities | | | 1,952,672,128 | 1,468,940,587 |
| Business-type activities: | | | | |
| Water and wastewater serial bonds | 2021-2050 | 1.00% to 5.55% | 875,038,309 | 706,161,571 |
| Solid waste serial bonds | 2021-2050 | 2.00% to 5.55% | 56,131,700 | 44,471,807 |
| Total business-type activities | | | 931,170,009 | 750,633,378 |
| | | | $ 2,883,842,137 | $ 2,219,573,965 |

The County Charter authorizes the County Council to approve the issuance of general obligation bonds and to set limits on bonds issued through ordinance. Based on the effective ordinance, bonds (other than water and sewer) are limited at 5.2% of the assessable base of real property and 13.0% of the assessable base of personal property and certain operating real property of the County. In addition, general obligation water and water and wastewater bonds are limited at 5.6% of the assessable base of real property and 14.0% of the assessable base of personal property and certain operating real property within the County's sanitary district. As of June 30, 2020, the legal debt limitations and margins are as follows:

| | General Bonds (5.2%/13.0% Limitations) | Water and Wastewater (5.6%/14.0% Limitations) |
|---|---|---|
| Charter imposed limitation | $ 5,110,326,945 | $ 5,080,470,234 |
| Bonded debt outstanding | | |
| Installment purchase agreements | 13,485,000 | - |
| General obligation-serial bonds | 1,289,037,403 | 706,161,571 |
| General obligation-serial bonds, WPRF | 95,610,790 | - |
| General obligation-serial bonds, Solid Waste | 44,471,807 | - |
| Tax increment bonds | 68,445,000 | - |
| | 1,511,050,000 | 706,161,571 |
| Legal debt margin | $ 3,599,276,945 | $ 4,374,308,663 |

As of June 30, 2020, the County had the total authority to issue bonds in the amount of $2,119,859,621 of which $767,620,300 has not been issued. Included in the amounts available to issue to date are $339,456,799 for general obligation water and wastewater series bonds, and $14,128,254 of general obligation bonds for the Solid Waste Fund. This unused authority will be used to fund existing capital projects and those appropriated through the budgetary process.

***H*** ***Loans Payable –*** On July 25, 2012, the Anne Arundel Community College Foundation finalized an agreement between Anne Arundel County, Maryland (the issuer) and The Bank of New York (the Trustee) whereby the Foundation refinanced $12,180,000 of the economic development revenue bonds. The proceeds of the loan were used to finance the cost of the construction of educational facilities. Principal payments began September 1, 2014, with the final principal payment being due on September 1, 2028. Interest on the bonds varies from 2.00% to 4.00%. The loan balance as of June 30, 2020 was $8,330,000. 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 |
|---|---|---|---|---|---|
| 2021 | $ 810,000 | 2023 | $ 875,000 | 2025 | $ 925,000 |
| 2022 | 845,000 | 2024 | 895,000 | 2025-2029 | 3,980,000 |
| | | | | | $ 8,330,000 |

***I Payables to State of Maryland –*** In the case of Comptroller v. Wynne, 135 S.Ct. 1787 (2015), the United States Supreme Court ruled in May 2015 that Maryland residents who paid income taxes to another state on income earned in the other state are entitled to a credit against the county portion of the Maryland income tax owed. The ruling means that each county in Maryland will experience a reduction in income tax revenue, including Anne Arundel County. The Comptroller's Office estimates that the fiscal impact of the ruling on the County will be approximately $17,694,496 of refunds for prior years' taxes, and an estimated reduction of $4,000,000 each year going forward. The estimated amount of refunds to be paid has been recorded as a non-current liability on the Statement of Net Position and an accrued liability in the General Fund. The refunds are initially paid to the taxpayer by the State of Maryland, with the County scheduled to begin reimbursing the State in May 2021 in the amount of $221,181 every quarter for the following twenty years.

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

| | Balance June 30, 2019 | Additions | Reductions | Balance June 30, 2020 | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | $ 1,263,666,978 | $ 214,495,000 | $ 93,513,785 | $ 1,384,648,193 | $ 98,468,540 |
| Unamortized premium | 174,706,415 | 27,938,190 | 19,589,942 | 183,054,663 | 19,605,278 |
| Tax incremental and other debt | 71,610,000 | - | 3,165,000 | 68,445,000 | 3,500,000 |
| Total bonds payable | 1,509,983,393 | 242,433,190 | 116,268,727 | 1,636,147,856 | 121,573,818 |
| State loans | 2,583,657 | - | 221,263 | 2,362,394 | 221,263 |
| Capital leases | 30,367 | - | 10,122 | 20,245 | 10,123 |
| Installment purchase agreements | 13,505,000 | - | 20,000 | 13,485,000 | 20,000 |
| Unpaid insurance claims | 87,381,627 | 103,261,358 | 113,768,220 | 76,874,765 | 19,432,463 |
| Compensated absences | 26,497,021 | 30,988,136 | 26,262,193 | 31,222,964 | 30,915,208 |
| Total long-term | 1,639,981,065 | 376,682,684 | 256,550,525 | 1,760,113,224 | 172,172,875 |
| Total governmental activities | $ 1,639,981,065 | $ 376,682,684 | $ 256,550,525 | $ 1,760,113,224 | $ 172,172,875 |
| **Business-type activities:** | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | $ 705,176,018 | $ 82,095,000 | 36,637,640 | $ 750,633,378 | $ 39,630,554 |
| Unamortized premium | 76,180,880 | 17,834,292 | 6,749,135 | 87,266,037 | 7,402,046 |
| Total bonds payable | 781,356,898 | 99,929,292 | 43,386,775 | 837,899,415 | 47,032,600 |
| Compensated absences | 2,328,238 | 2,460,948 | 2,140,091 | 2,649,095 | 2,439,732 |
| Total long-term | 783,685,136 | 102,390,240 | 45,526,866 | 840,548,510 | 49,472,332 |
| Total business-type activities | $ 783,685,136 | $ 102,390,240 | $ 45,526,866 | $ 840,548,510 | $ 49,472,332 |

***K Refundings –*** In fiscal year 2020, the County did not defease any General Obligation or Water Wastewater Bonds.

## 9 Governmental Fund Balance

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

| | General | Major Funds<br>Grants Special Revenue | Major Funds<br>Impact Fees Capital Projects | General County Capital Projects | Non-major Governmental Funds | Totals |
|---|---|---|---|---|---|---|
| FUND BALANCES | | | | | | |
| Non-spendable | | | | | | |
| Inventories | $ 3,487,261 | $ - | $ - | $ - | $ - | $ 3,487,261 |
| Total non-spendable | 3,487,261 | - | - | - | - | 3,487,261 |
| Restricted | | | | | | |
| Reserve for public infrastructure improvements | 9,371,621 | - | - | - | - | 9,371,621 |
| Impact fees capital projects | - | - | 94,800,741 | - | - | 94,800,741 |
| Forfeiture and asset seizure team | - | - | - | - | 632 | 632 |
| Roads and special benefits | - | - | - | - | 658,581 | 658,581 |
| Reforestation | - | - | - | - | 3,828,285 | 3,828,285 |
| Laurel racetrack community benefit | - | - | - | - | 169,409 | 169,409 |
| Grants | - | 3,780,530 | - | 10,119,214 | 9,058,073 | 22,957,817 |
| Circuit court | - | - | - | - | 284,609 | 284,609 |
| Odenton Town Center Tax Increment | - | - | - | - | 16,918,703 | 16,918,703 |
| Erosion districts | - | - | - | - | 2,084,556 | 2,084,556 |
| Video lottery local impact aid | - | - | - | 7,401,739 | 2,280,317 | 9,682,056 |
| Watershed protection and restoration | - | - | - | 5,260,172 | 43,891,382 | 49,151,554 |
| Debt service | - | - | - | - | 6,819,795 | 6,819,795 |
| Total restricted | 9,371,621 | 3,780,530 | 94,800,741 | 22,781,125 | 85,994,342 | 216,728,359 |
| Committed | | | | | | |
| Street lights capital projects | - | - | - | - | 5,082,441 | 5,082,441 |
| Recreation and land fees | - | - | - | - | 286,522 | 286,522 |
| Energy revolving loan | - | - | - | - | 40,158 | 40,158 |
| Bike, Pedestrian, Trans & Infrastructure | - | - | - | - | 26,958 | 26,958 |
| Installment purchase agreements | - | - | - | - | 12,311,853 | 12,311,853 |
| Total committed | - | - | - | - | 17,747,932 | 17,747,932 |
| Assigned | | | | | | |
| General County capital projects | - | - | - | 76,805,478 | - | 76,805,478 |
| General County | 53,147,669 | - | - | - | - | 53,147,669 |
| Total assigned | 53,147,669 | - | - | 76,805,478 | - | 129,953,147 |
| Unassigned | 161,996,256 | (12,145,463) | - | - | (10,952,346) | 138,898,447 |
| Total fund balances | $ 228,002,807 | $ (8,364,933) | $ 94,800,741 | $ 99,586,603 | $ 92,789,928 | $ 506,815,146 |

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

| | | Encumbrance Balances |
|---|---|---|
| General Fund | | |
| Police | $ | 6,362,629 |
| Fire | | 644,528 |
| Detention Facilities | | 586,538 |
| Chief Administrative Officer | | 54,366 |
| Office of Budget | | 18 |
| Office of Finance | | 135,895 |
| Central Services | | 1,251,792 |
| Personnel | | 207,377 |
| Information Technology | | 1,556,494 |
| Legislative Branch | | 61,667 |
| Board of Election Supervisors | | 112,702 |
| Transportation | | 185,563 |
| Health | | 628,510 |
| Services for the Aging | | 14,738 |
| Public Works | | 2,464,010 |
| Recreation & Parks | | 16,517 |
| States Attorney | | 2,070 |
| Sheriffs Office | | 64,731 |
| Planning & Zoning | | 3,065 |
| Inspection & Permits | | 6,534 |
| Grants Fund | | 3,780,530 |
| Arundel Community Development Services | | 9,058,073 |
| Reforestation Fund | | 12,870 |
| Watershed Protection and Restoration | | 2,831,766 |
| General County Capital Projects Fund | | 68,964,060 |
| Watershed Protection and Restoration Capital Projects Fund | | 31,032,125 |
| Tax Increment Funds | | 325 |
| Total | $ | 130,039,493 |

## 10 Deferred Outflows and Inflows of Resources and Unearned Revenue

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

| | | Business-Type Activities - Enterprise Funds | | | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | Water and Wastewater | Solid Waste | Child Care | Business-Type Totals | Grand Totals |
| **Deferred outflow of resources** | | | | | | |
| **Pension benefits** | | | | | | |
| Contributions subsequent to measurement date | $ 37,444,660 | $ 2,551,109 | $ 512,896 | $ 51,146 | $ 3,115,151 | $ 40,559,811 |
| Change in experience | 18,936,837 | 2,589,163 | 521,652 | 52,509 | 3,163,324 | 22,100,161 |
| Change in assumptions | 37,298,399 | 4,248,178 | 853,846 | 84,898 | 5,186,922 | 42,485,321 |
| Change in investments | 8,171 | - | - | - | - | 8,171 |
| Total pension benefits | 93,688,067 | 9,388,450 | 1,888,394 | 188,553 | 11,465,397 | 105,153,464 |
| **OPEB benefits** | | | | | | |
| Contributions subsequent to measurement date | 81,672,995 | 8,028,954 | 1,926,888 | 138,395 | 10,094,237 | 91,767,232 |
| Change in experience | 17,596,349 | 1,738,867 | 417,314 | 29,972 | 2,186,153 | 19,782,502 |
| Total OPEB benefits | 99,269,344 | 9,767,821 | 2,344,202 | 168,367 | 12,280,390 | 111,549,734 |
| **Length of Service Awards Program (LOSAP)** | | | | | | |
| Contributions subsequent to measurement date | 399,900 | - | - | - | - | 399,900 |
| Change in assumptions | 2,978,747 | - | - | - | - | 2,978,747 |
| Total LOSAP benefits | 3,378,647 | - | - | - | - | 3,378,647 |
| Unamortized deferred refunding loss | 4,494,098 | 3,765,472 | 93,396 | - | 3,858,868 | 8,352,966 |
| Total deferred outflows | $ 200,830,156 | $ 22,921,743 | $ 4,325,992 | $ 356,920 | $ 27,604,655 | $ 228,434,811 |

| | Governmental Activities - Internal Service Funds * | | | Component Units | | | |
|---|---|---|---|---|---|---|---|
| | Self Insurance | Central Garage & Transportation | Totals | BOE | Community College | Library | Economic Development |
| **Deferred outflow of resources** | | | | | | | |
| **Pension benefits** | | | | | | | |
| Contributions subsequent to measurement date | $ 94,861 | $ 365,677 | $ 460,538 | $ 7,277,321 | $ 341,931 | $ 197,750 | $ 160,520 |
| Change in experience | 99,149 | 384,478 | 483,627 | - | - | 213,920 | 165,649 |
| Change in assumptions | 157,898 | 608,481 | 766,379 | 1,022,474 | 58,283 | 330,107 | 267,958 |
| Change in investments | - | - | - | 1,360,331 | 78,250 | - | - |
| Change in proportion | - | - | - | 7,318,521 | 71,906 | - | - |
| Changes proportion share of contribution | - | - | - | 174,304 | 10,903 | - | - |
| Total pension benefits | 351,908 | 1,358,636 | 1,710,544 | 17,152,951 | 561,273 | 741,777 | 594,127 |
| **OPEB benefits** | | | | | | | |
| Contributions subsequent to measurement date | 308,701 | 1,127,262 | 1,435,963 | 25,487,000 | 2,066,000 | 1,866,053 | - |
| Change in experience | 66,857 | 244,136 | 310,993 | 109,672,000 | 1,121,268 | 276,598 | 91,920 |
| Change in assumptions | - | - | - | - | 24,518,388 | 13,762,607 | - |
| Change in investments | - | - | - | - | - | 8,513 | - |
| Total OPEB benefits | 375,558 | 1,371,398 | 1,746,956 | 135,159,000 | 27,705,656 | 15,913,771 | 91,920 |
| Unamortized deferred refunding loss | - | - | - | - | 208,057 | - | - |
| Total deferred outflows | $ 727,466 | $ 2,730,034 | $ 3,457,500 | $ 152,311,951 | $ 28,474,986 | $ 16,655,548 | $ 686,047 |

* *Included in Governmental Activities column above.*

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

| | | Business-Type Activities - Enterprise Funds | | | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | Water and Wastewater | Solid Waste | Child Care | Business-Type Totals | Grand Totals |
| **Deferred inflow of resources** | | | | | | |
| **Pension benefits** | | | | | | |
| **Change in experience** | $ 5,837,897 | $ 392,260 | $ 81,807 | $ 7,694 | $ 481,761 | $ 6,319,658 |
| **Change in assumptions** | 20,334 | - | - | - | - | 20,334 |
| **Change in investments** | 21,567,644 | 1,289,203 | 281,879 | 27,185 | 1,598,267 | 23,165,911 |
| **Total pension benefits** | 27,425,875 | 1,681,463 | 363,686 | 34,879 | 2,080,028 | 29,505,903 |
| **OPEB benefits** | | | | | | |
| **Change in experience** | 519,865 | 52,984 | 12,991 | 873 | 66,848 | 586,713 |
| **Change in assumptions** | 372,797 | 36,874 | 8,848 | 635 | 46,357 | 419,154 |
| **Change in investments** | 9,329,405 | 936,890 | 226,674 | 17,371 | 1,180,935 | 10,510,340 |
| **Total OPEB benefits** | 10,222,067 | 1,026,748 | 248,513 | 18,879 | 1,294,140 | 11,516,207 |
| **Length of Service Awards Program** | | | | | | |
| **Change in experience** | 2,472,205 | - | - | - | - | 2,472,205 |
| **Change in assumptions** | 756,059 | - | - | - | - | 756,059 |
| **Total LOSAP benefits** | 3,228,264 | - | - | - | - | 3,228,264 |
| **Unearned Revenue** | 375,086 | - | - | - | - | 375,086 |
| **Total deferred inflows** | $ 41,251,292 | $ 2,708,211 | $ 612,199 | $ 53,758 | $ 3,374,168 | $ 44,625,460 |

| | Governmental Activities - Internal Service Funds * | | | Component Units | | | |
|---|---|---|---|---|---|---|---|
| | Self Insurance | Central Garage and Transportation | Totals | BOE | Community College | Library | Economic Development |
| **Deferred inflow of resources** | | | | | | | |
| **Pension benefits** | | | | | | | |
| **Change in experience** | $ 15,477 | $ 63,709 | $ 79,186 | $ 4,097,073 | $ 223,245 | $ 37,500 | $ 25,834 |
| **Change in investments** | 44,535 | 215,581 | 260,116 | 3,369 | - | 59,518 | 269,302 |
| **Total pension benefits** | 60,012 | 279,290 | 339,302 | 9,540,993 | 644,689 | 97,018 | 295,136 |
| **OPEB benefits** | | | | | | | |
| **Change in experience** | 1,778 | 7,097 | 8,875 | - | - | - | 2,830 |
| **Change in assumptions** | 1,418 | 5,238 | 6,656 | 859,685,000 | 21,556,591 | 9,032,210 | 1,948 |
| **Change in investments** | 35,931 | 133,907 | 169,838 | - | 177,786 | - | 48,883 |
| **Total OPEB benefits** | 39,127 | 146,242 | $ 185,369 | 859,685,000 | 21,734,377 | 9,032,210 | 53,661 |
| **Total deferred inflows** | $ 99,139 | $ 425,532 | $ 524,671 | $ 869,225,993 | $ 22,379,066 | $ 9,129,228 | $ 348,797 |

* *Included in Governmental Activities column above.*

## 11 Conduit Debt

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

As of June 30, 2020, 154 Industrial Revenue Bonds series had been issued. The aggregate principal amounts payable for the four series issued after July 1, 1996 that are still outstanding was $22,025,000. The aggregate principal amounts payable for the 150 issued prior to July 1, 1996, could not be determined; however, the original issues totaled $582,700,000. The County is not obligated in any manner for payment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

## 12 Pension Plans

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

Maryland. The County plans were established under authority created by County Charter and legislation, while the State plans were created by State legislation. The County's actuarial valuation measurement date is December 31, 2018.

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

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

Membership in each plan consisted of the following as of December 31, 2019 based on the January 1, 2020, actuarial valuation:

| | Employees' Retirement Plan | Police Service Retirement Plan | Fire Service Retirement Plan | Detention Officers' and Deputy Sheriffs' Plan | Total |
|---|---|---|---|---|---|
| Retirees and beneficiaries receiving payments | 2,051 | 758 | 626 | 295 | 3,730 |
| Terminated Plan members entitled to but not yet receiving payments | 301 | - | - | 6 | 307 |
| Deferred Retirement Option (DROP) | - | 73 | 73 | 26 | 172 |
| Active Plan members | 2,170 | 713 | 779 | 354 | 4,016 |
| Total | 4,522 | 1,544 | 1,478 | 681 | 8,225 |

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Contributions:* The County and covered members are required by State statute to contribute to the State System. Members of the Employees' Pension System are required to contribute 7.0% annually. Members of the Employees' Retirement System are required to contribute 5.0% to 7.0% annually, depending on the retirement option selected. The contribution requirements of the members, as well as the State and participating governmental employers are established and may be amended by the Board of Trustees for the State System.

The County's total required contribution during the year ended June 30, 2020 was $2,463,599. Of this amount, $2,366,721 was a final payment for the State withdrawal payoff, $26,015 was for County Officials

Retirement System and $70,863 was for Master Judges Retirement System. The rates varied from 0.0% for the actuarially determined contractual liability to 44.5% of covered payroll for the participant in the Judges Retirement System and 19.56% for the County Officials Retirement System. The County made its share of the required contributions.

At June 30, 2020, the County reported a liability of $933,963 for its proportionate share of the net pension liability of the State System. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on actual employer contributions billed to participating government units for the year ending June 30, 2019. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2019, the County's proportionate share was 0.0045%, a decrease of .0001%.

*Actuarial assumption:* The total pension liability for the State System in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.60% |
| Salary increases | 3.10% |
| Investment rate of return | 7.40% |

Mortality rates were based on PUB-2010 Mortality Tables with projected generational improvements based on the MP-2018 fully generational mortality improvement scale.

The economic and demographic actuarial assumptions used in the June 30, 2019 valuation were adopted by the System's Board of Trustees based upon review of the State System's experience study for the period 2014-2018, after the completion of the June 30, 2018 valuations. Assumptions from the experience study including investment return, inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates and rates of salary increase were adopted by the Board for the first use in the actuarial valuation as of June 30, 2019. As a result, an investment return assumption of 7.40% and an inflation assumption of 2.60% were used in the June 30, 2019 valuation.

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

| **Asset Class** | **Target Allocation** | **Long Term Expected Real Rate of Return** |
|---|---|---|
| Public Equity | 37% | 6.30% |
| Private Equity | 13% | 7.50% |
| Rate Sensitive | 19% | 1.30% |
| Credit Opportunity | 9% | 3.90% |
| Real Assets | 14% | 4.50% |
| Absolute Return | 8% | 3.00% |
| Total | 100% | |

Source- Maryland State Retirement and Pension System Comprehensive Annual Finanicial Report For the Years Ended June 30, 2019 and 2018

The above was the System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2019.

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 6.46%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount rate:* The single discount rate used to measure the total pension liability was 7.40%. This single discount rate was based on the expected rate of return on pension plan investments of 7.40%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Certain participants in the State Retirement and Pension Systems (State plans) are required to contribute 2.0% to 7.0% of compensation to the plans. The County is required to contribute the remaining amounts necessary to fund the plans, except that the State pays the employer's share of retirement costs on behalf of certain teachers, professional librarians, and related positions for the Board of Education, Library, and Community College, in accordance with State law. These amounts are shown as grant revenue and current expenses in the financial statements of these component units. County expenditures for those employees in the State plans for the years ended June 30, 2020, 2019, and 2018 equal the required contributions and are summarized as follows along with the State's contribution on behalf on the employees discussed previously.

| | Fiscal Year Ending June 30, | |
|---|---|---|
| | **2020** | **2019** |
| County contributions: | | |
| County | $ 2,463,599 | $ 2,347,006 |
| Board of Education | 7,277,312 | 6,396,136 |
| Community College | 281,859 | 297,703 |
| State contributions on behalf of: | | |
| Board of Education | 63,629,739 | 62,094,648 |
| Community College | 4,895,148 | 4,826,816 |
| Library | 1,628,249 | 1,565,477 |
| | $ 80,175,906 | $ 77,527,786 |

***E*** ***Net Pension Liability of the System by Plan -*** The components of the net pension liability and assumptions for each Plan at December 31, 2019 as calculated by the actuary are displayed as follows:

| | Employees' Retirement Plan | Police Service Retirement Plan | Fire Service Retirement Plan | Detention Officers' and Deputy Sheriffs' Retirement Plan |
|---|---|---|---|---|
| Total pension liability | $ 973,355,989 | $ 759,568,512 | $ 691,561,715 | $ 213,233,864 |
| Plan fiduciary net position | (690,383,355) | (581,733,565) | (575,886,891) | (155,082,765) |
| Plan net pension liability | $ 282,972,634 | $ 177,834,947 | $ 115,674,824 | $ 58,151,099 |
| Plan fiduciary net position as a percentage of the total pension liability | 70.93% | 76.59% | 83.27% | 72.73% |

| | | | | |
|---|---|---|---|---|
| Note to schedule | Source is actuarial data based on preliminary financials. The difference between this schedule and the final combining statement of changes in fiduciary net position on Page 14, are considered immaterial. | | | |
| Actuarial assumptions | The total pension liability was determined by an actuarial valuation as of December 31, 2019 using the following summarized actuarial assumptions, applied to all periods in the measurement. Full descriptions of the actuarial assumptions are available in the January 1, 2019 valuation reports. The most recent Experience and Assumption Study was conducted in 2018 for the period 2012 to 2016. | | | |
| Inflation | 3.00% | 3.00% | 3.00% | 3.00% |
| Salary increases | Rates vary by participant age for each Plan. | | | |
| Investment rate of return | 7.45%, net of pension plan investment expense, including inflation for each Plan. | | | |
| Mortality Scale | RP-2014 Blue Collar Mortality Table for males and females projected generationally using scale MP-2018. | | | |
| Set forward for post-disability mortality. | 9 years | 5 years | 5 years | 5 years |

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the Actuarial Statement Section included in this Comprehensive Annual Financial Report.

*Long-Term Expected Returns* - For investment purposes, the four County Plans which comprise the System are managed on a co-mingled basis. The long-term expected rates of investment return are the same for each Plan. The long-term (30 year) expected rate of return on pension System investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by using an optimizer program that relies on the arithmetic return inputs, the standard deviation forecast (risk) for each asset class, and the correlations among them. The result is a 30-year nominal, geometric, net-of-fee return forecast for the pension assets. The 30-year real rate of return is calculated by netting the inflation assumption out of the nominal forecast. The nominal and real rates of return forecasts for each major asset class included in the pension System's target asset allocation, as of December 31, 2019 are summarized in the following table. Data is provided by the System's Investment Advisor, New England Pension Consultants, which uses a 30-year geometric inflation assumption of 2.75%.

**30-Year Return Assumption by Asset Class**
**As of December 31, 2019**

| | Asset Class | 30-Year Geometric Forecast (Nominal Returns) | 30-Year Geometric Forecast (Real Returns) |
|---|---|---|---|
| | Cash | 3.00% | 0.24% |
| | U.S. Treasuries | 3.75% | 0.97% |
| | IG Corp Credit | 5.75% | 2.92% |
| | Mortgage Backed Securities | 3.75% | 0.97% |
| | Bank Loans | 5.50% | 2.68% |
| * | Core Fixed Income | 4.37% | 1.57% |
| | High-Yield Bonds | 6.50% | 3.65% |
| | Absolute Return Fixed Income | 4.75% | 1.95% |
| | Emerging Market Debt (External) | 6.25% | 3.41% |
| | Emerging Market Debt (Local Currency) | 6.75% | 3.89% |
| | Large Cap Equity | 7.50% | 4.62% |
| | Small/Mid Cap Equity | 7.75% | 4.87% |
| | International Equities (Unhedged) | 7.75% | 4.87% |
| | Emerging Int'l Equities | 9.25% | 6.33% |
| | Private Equity | 11.15% | 8.18% |
| | Private Debt | 8.11% | 5.22% |
| | Real Estate | 6.25% | 3.41% |
| | Hedge Funds | 6.76% | 3.90% |
| | Hedge Funds (Macro) | 6.50% | 3.65% |
| ** | Risk Parity | 6.78% | 3.92% |

*Note: NEPC's 30-year geometric CPI inflation assumption is 2.75%. NEPC's 5-7 year geometric CPI inflation assumption is 2.25%.*
** Core Bonds assumption based on market weighted blend of components of Aggregate Index (Treasuries, IG Corp Credit, and MBS).*
*** Risk Parity Allocation Modeled as 2.25% Global Macro Hedge Funds and the balance Bridgewater All Weather (using NEPC manager specific assumptions for Bridgewater).*

*Discount Rate*: The calculation of actuarial liabilities for valuation purposes is based on a current estimate of future benefit payments. The calculation includes a computation of the "present value" of those estimated future benefit payments using an assumed discount rate; the higher the discount rate assumption, the lower the estimated liability will be. For purposes of estimating the liabilities (future and accrued) in this report, an assumption was selected based on the expected long-term rate of return on plan investments. Using a lower discount rate assumption, such as a rate based on long-term bond yields, could substantially increase the estimated present value of future and accrued liabilities. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***F Changes in the Net Pension Liability by Plan for the Measurement Period December 31, 2019:***

| **Employees' Plan** | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|---|---|---|
| | Increase (Decrease) | | |
| **Balances at 12/31/18** | $ 901,747,616 | $ 620,586,567 | $ 281,161,049 |
| **Changes for the year:** | | | |
| Service cost | 16,343,802 | - | 16,343,802 |
| Interest | 65,128,435 | - | 65,128,435 |
| Differences between expected and actual | 12,546,231 | - | 12,546,231 |
| Changes of assumptions | 32,670,772 | - | 32,670,772 |
| Contributions - employer | - | 29,637,342 | (29,637,342) |
| Contributions - member | - | 5,511,825 | (5,511,825) |
| Net investment income | - | 90,337,714 | (90,337,714) |
| Benefit payments, including refunds of member contributions | (55,080,867) | (55,080,867) | - |
| Administrative expense | - | (609,226) | 609,226 |
| **Net Changes** | 71,608,373 | 69,796,788 | 1,811,585 |
| **Balances at 12/31/19** | $ 973,355,989 | $ 690,383,355 | $ 282,972,634 |

*Note: The source is actuarial data Based on preliminary financials. The differences between this schedule and the final combining statement of changes in fiduciary net position are considered immaterial.*

| **Police Service Plan** | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|---|---|---|
| | Increase (Decrease) | | |
| **Balances at 12/31/18** | $ 722,742,281 | $ 516,505,185 | $ 206,237,096 |
| **Changes for the year:** | | | |
| Service cost | 13,063,652 | - | 13,063,652 |
| Interest | 52,473,853 | - | 52,473,853 |
| Differences between expected and actual experience | (2,016,599) | - | (2,016,599) |
| Changes of assumptions | 10,095,844 | - | 10,095,844 |
| Contributions - employer | - | 23,093,892 | (23,093,892) |
| Contributions - member | - | 3,669,199 | (3,669,199) |
| Net investment income | - | 75,785,996 | (75,785,996) |
| Benefit payments, including refunds of member contributions | (36,790,519) | (36,790,519) | - |
| Administrative expense | - | (530,188) | 530,188 |
| **Net Changes** | 36,826,231 | 65,228,380 | (28,402,149) |
| **Balances at 12/31/19** | $ 759,568,512 | $ 581,733,565 | $ 177,834,947 |

*Note: The source is actuarial data Based on preliminary financials. The differences between this schedule and the final combining statement of changes in fiduciary net position are considered immaterial.*

| **Fire Service Plan** | | Increase (Decrease) Total Pension Liability (a) | | Plan Fiduciary Net Position (b) | | Net Pension Liability (a) - (b) |
|---|---|---|---|---|---|---|
| **Balances at 12/31/18** | $ | 652,013,902 | $ | 509,828,407 | $ | 142,185,495 |
| **Changes for the year:** | | | | | | |
| Service cost | | 12,611,840 | | - | | 12,611,840 |
| Interest | | 47,453,896 | | - | | 47,453,896 |
| Differences between expected and actual experience | | (573,196) | | - | | (573,196) |
| Changes of assumptions | | 10,152,984 | | - | | 10,152,984 |
| Contributions - employer | | - | | 17,637,120 | | (17,637,120) |
| Contributions - member | | - | | 3,652,415 | | (3,652,415) |
| Net investment income | | - | | 75,388,446 | | (75,388,446) |
| Benefit payments, including refunds of member contributions | | (30,097,711) | | (30,097,711) | | - |
| Administrative expense | | - | | (521,786) | | 521,786 |
| **Net Changes** | | 39,547,813 | | 66,058,484 | | (26,510,671) |
| **Balances at 12/31/19** | $ | 691,561,715 | $ | 575,886,891 | $ | 115,674,824 |

*Note: The source is actuarial data Based on preliminary financials. The differences between this schedule and the final combining statement of changes in fiduciary net position are considered immaterial.*

| **Detention Officers and Deputy Sheriffs' Plan** | | Increase (Decrease) Total Pension Liability (a) | | Plan Fiduciary Net Position (b) | | Net Pension Liability (a) - (b) |
|---|---|---|---|---|---|---|
| **Balances at 12/31/18** | $ | 200,706,206 | $ | 134,908,267 | $ | 65,797,939 |
| **Changes for the year:** | | | | | | |
| Service cost | | 4,146,785 | | - | | 4,146,785 |
| Interest | | 14,631,903 | | - | | 14,631,903 |
| Differences between expected and actual experience | | 1,010,457 | | - | | 1,010,457 |
| Changes of assumptions | | 1,348,161 | | - | | 1,348,161 |
| Contributions - employer | | - | | 7,600,380 | | (7,600,380) |
| Contributions - member | | - | | 1,401,642 | | (1,401,642) |
| Net investment income | | - | | 19,917,617 | | (19,917,617) |
| Benefit payments, including refunds of member contributions | | (8,609,648) | | (8,609,648) | | - |
| Administrative expense | | - | | (135,493) | | 135,493 |
| **Net Changes** | | 12,527,658 | | 20,174,498 | | (7,646,840) |
| **Balances at 12/31/19** | $ | 213,233,864 | $ | 155,082,765 | $ | 58,151,099 |

*Note: The source is actuarial data Based on preliminary financials. The differences between this schedule and the final combining statement of changes in fiduciary net position are considered immaterial.*

*Sensitivity of the net pension liability to changes in the discount rate*: The following schedule presents the net pension liability, calculated using the discount rate of 7.45%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1.0 percentage point lower (6.45%) or 1.0 percentage point higher (8.45%) that the current rate.

| | Employees' Retirement Plan | Police Service Retirement Plan | Fire Service Retirement Plan | Detention Officers' and Deputy Sheriffs' Retirement Plan |
|---|---|---|---|---|
| 1% Decrease to 6.45% | $ 393,442,913 | $ 273,046,374 | $ 202,779,637 | $ 82,608,048 |
| Current Discount Rate 7.45% | 282,972,634 | 177,834,947 | 115,674,824 | 58,151,099 |
| 1% Increase to 8.45% | 189,930,038 | 100,037,960 | 44,249,266 | 37,832,961 |

Sensitivity of groups within the State System:

| | Withdrawn Group * | Officials | Judges |
|---|---|---|---|
| Proportional Share of State System | n/a | 0.00120340% | 0.00332480% |
| 1% Decrease to 6.40% | n/a | $ 359,245 | $ 992,573 |
| Current Discount Rate 7.40% | n/a | 248,200 | 685,763 |
| 1% Increase to 8.40% | n/a | 155,714 | 430,229 |

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

***G Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the County Pension Plans –*** Recognized pension expenses and deferred outflows of resources, including amounts for the Anne Arundel County Public Library and Anne Arundel County Economic Development Corp., for the measurement date of December 31, 2019, are displayed by Plan in the following table.

| | Employees' Retirement Plan | Police Service Retirement Plan | Fire Service Retirement Plan | Detention Officers' and Deputy Sheriffs' Retirement Plan | Total Pension System |
|---|---|---|---|---|---|
| **PENSION EXPENSE:** | $ 44,099,340 | $ 32,415,155 | $ 24,765,990 | $ 11,148,009 | $ 112,428,494 |
| **DEFERRED OUTFLOWS OF RESOURCES:** | | | | | |
| Differences between expected and actual experience | $ 16,157,371 | $ 1,550,535 | $ 3,452,280 | $ 1,319,544 | $ 22,479,730 |
| Changes of assumptions | 26,136,618 | 7,571,883 | 8,460,820 | 898,774 | 43,068,095 |
| Contributions subsequent to measurement date | 15,657,075 | 11,837,384 | 9,434,123 | 3,892,621 | 40,821,203 |
| Total Deferred Outflow of Resources | $ 57,951,064 | $ 20,959,802 | $ 21,347,223 | $ 6,110,939 | $ 106,369,028 |
| **DEFERRED INFLOWS OF RESOURCES:** | | | | | |
| Differences between expected and actual experience | $ (2,519,813) | $ (2,807,862) | $ (995,003) | $ - | $ (6,322,678) |
| Net difference between projected and actual earnings on pension plan investments | (7,809,306) | (6,650,517) | (7,443,027) | (1,591,881) | (23,494,731) |
| Total Deferred Inflow of Resources | $ (10,329,119) | $ (9,458,379) | $ (8,438,030) | $ (1,591,881) | $ (29,817,409) |

The contributions subsequent to measurement date as listed above, will be recognized as a reduction in net pension liability in fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense and amortized over an additional four to five years as provided by the actuary as follows:

| | Employees' Retirement Plan | Police Service Retirement Plan | Fire Service Retirement Plan | Detention Officers' and Deputy Sheriffs' Retirement Plan | Total Pension System |
|---|---|---|---|---|---|
| Year ended December 31: | | | | | |
| 2020 | $ 6,243,171 | $ 527,905 | $ (400,337) | $ 883,573 | $ 7,254,312 |
| 2021 | 8,669,269 | (1,194,520) | (520,782) | 197,478 | 7,151,445 |
| 2022 | 16,982,860 | 7,870,582 | 8,166,915 | 1,516,864 | 34,537,221 |
| 2023 | 69,570 | (7,539,928) | (5,367,359) | (1,971,478) | (14,809,195) |
| 2024 | - | | 1,596,633 | - | 1,596,633 |

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the County portion of the Maryland State Retirement and Pension System –*** Recognized pension expenses and deferred outflows of resources for the measurement date of June 30, 2019 are displayed by Plan in the table below. Details for the entire State System can be obtained at http://www.sra.state.md.us.

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

| | Withdrawn Participants | Master Judges | Officials | Total Portion |
|---|---|---|---|---|
| **PENSION EXPENSE:** | $ 2,287,995 | $ 549 | $ (7,060) | $ 2,281,484 |
| **DEFERRED OUTFLOWS OF RESOURCES:** | | | | |
| Changes of assumptions | $ - | $ 11,932 | $ 3,359 | $ 15,291 |
| Net difference between projected and actual earnings | - | 6,229 | 1,942 | 8,171 |
| Contributions subsequent to measurement date | - | 70,863 | 26,015 | 96,878 |
| Subtotal of outflows | - | 89,024 | 31,316 | 120,340 |
| **DEFERRED INFLOWS OF RESOURCES:** | | | | |
| Differences between expected and actual experience | - | (44,509) | (15,805) | (60,314) |
| Changes of assumptions | - | (14,930) | (5,404) | (20,334) |
| Subtotal of inflows | - | (59,439) | (21,209) | (80,648) |
| Total Deferred Activity | $ - | $ 29,585 | $ 10,107 | $ 39,692 |
| Net pension liability | - | $ 685,763 | $ 248,200 | $ 933,963 |

The contributions subsequent to measurement date as listed above will be recognized as a reduction in net pension liability in fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | Master Judges | Officials | Total |
|---|---|---|---|
| 2021 | $ (3,697) | $ (1,973) | $ (5,670) |
| 2022 | (21,235) | (7,998) | (29,233) |
| 2023 | (11,236) | (4,086) | (15,322) |
| 2024 | (5,111) | (1,850) | (6,961) |

The County and State pension plans reconciles to the Statement of Net position, as presented in the following table:

| | Governmental Activities * | Business-Type Totals | Library | Economic Development | Pension Totals | County & State Pension Totals |
|---|---|---|---|---|---|---|
| **DEFERRED OUTFLOWS OF RESOURCES:** | | | | | | |
| Differences between expected and actual experience | $ 18,936,837 | $ 3,163,324 | $ 213,920 | $ 165,649 | $ 22,479,730 | $ 22,479,730 |
| Changes of assumptions | 37,298,399 | 5,186,922 | 330,107 | 267,958 | 43,083,386 | 43,083,386 |
| Net difference between projected and actual earnings on pension plan investments | 8,171 | - | - | - | 8,171 | 8,171 |
| Contributions subsequent to measurement date | 37,444,660 | 3,115,151 | 197,750 | 160,520 | 40,918,081 | 40,918,081 |
| Total Deferred Outflow of Resources | $ 93,688,067 | $ 11,465,397 | $ 741,777 | $ 594,127 | $ 106,489,368 | $ 106,489,368 |
| **DEFERRED INFLOWS OF RESOURCES:** | | | | | | |
| Differences between expected and actual experience | $ (5,837,897) | $ (481,761) | $ (37,500) | $ (25,834.00) | $ (6,382,992) | $ (6,382,992) |
| Changes of assumptions | (20,334) | - | - | - | (20,334) | (20,334) |
| Net difference between projected and actual earnings on pension plan investments | (21,567,644) | (1,598,267) | (59,518) | (269,302) | (23,494,731) | (23,494,731) |
| Total Deferred Inflow of Resources | $ (27,425,875) | $ (2,080,028) | $ (97,018) | $ (295,136) | $ (29,898,057) | $ (29,898,057) |
| **PENSION LIABILITY:** | $ (573,436,627) | $ (55,582,588) | $ (3,897,731) | $ (2,650,522) | $ (635,567,468) | $ (635,567,468) |

** Includes the ISF's pension information.*

The aggregate totals for pension plans are presented below:

| | Total Pension Liability | Net Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense |
|---|---|---|---|---|---|
| Employees' Plan | $ 973,355,989 | $ 282,972,634 | $ 57,951,064 | $ 10,329,119 | $ 44,099,340 |
| Police Service Plan | 759,568,512 | 177,834,947 | 20,959,802 | 9,458,379 | 32,415,155 |
| Fire Service Plan | 691,561,715 | 115,674,824 | 21,347,223 | 8,438,030 | 24,765,990 |
| Detention Service Plan | 213,233,864 | 58,151,099 | 6,110,939 | 1,591,881 | 11,148,009 |
| Withdrawn Participants | N/A | N/A | N/A | N/A | 2,287,995 |
| Master Judges (State Plan) | N/A | 685,763 | 89,024 | 59,439 | 549 |
| Officials (State Plan) | N/A | 248,201 | 31,316 | 21,209 | (7,060) |
| Total Pension Plans | $ 2,637,720,080 | $ 635,567,468 | $ 106,489,368 | $ 29,898,057 | $ 114,709,978 |

***H*** ***Payable to the County Pension System*** – At December 31, 2019, the System reported no payables.

***I*** ***Commitments*** – The System has committed to fund various private markets investments totaling $390.2 million at December 31, 2019, of which approximately $157.3 million remains unfunded. The expected funding dates for these commitments extend through 2024.

***J*** ***Teacher pension funding shift*** **-** Legislation enacted by the Maryland General Assembly during 2012 requires County Boards of Education to pay a portion of employer contributions for members of the Teachers' Retirement System or the Teachers' Pension System beginning in fiscal year 2013. Beginning in fiscal year 2017, each local Board pays the normal cost for their teachers in the Teachers' Retirement System and the Teachers' Pension System, which was $23,665,760. In fiscal year 2018, the Teachers' Pension System appropriation was $23,665,762. In fiscal year 2019, the Teachers' Pension System appropriation was $23,980,202.

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

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

*General Information about the LOSAP Pension Plan:*

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

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

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

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

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

1. For members receiving benefits as of January 1, 2017, eligibility for an increase in benefits shall be determined based on earning active service credit in seven of the previous ten years (January 1, 2007 to December 31, 2016). If the member has not met this service requirement, the benefit will remain at $250 per month for life.

2. For members receiving benefits as of January 1, 2017 and have met the requirement for continued active service in seven of the previous ten years, benefits will be increased to the following:
- 25 to 34 years of active service, receive $300 per month for life;
- 35 to 44 years of active service, receive $350 per month for life;
- 45 or more years of active service, receive $400 per month for life.

3. Current beneficiaries who continue to earn active service credit shall be eligible for benefit increases as they obtain the next service milestone on the benefit scale.

4. Any new beneficiaries that become eligible for benefits shall receive a benefit payment in accordance with the above scale and shall be eligible for benefit increases as they obtain the next service milestone on the benefit scale.

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

The total pension liability was determined by an actuarial valuation as of December 31, 2019 using the following actuarial assumptions:

***Actuarial Assumptions:***

| | |
|---|---|
| Inflation Rate | 3.00 % |
| Discount rate | 2.75 % |
| Salary increases | Not applicable |
| Mortality | SOA RP-2014 Adjusted to 2006 Blue Collar Mortality with Scale MP-2018 |
| Retirement | First eligible |
| Turnover | Rates varying based on age and service |
| Disability | Rates varying based on age |

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

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

| **Changes in the Net Pension Liability** | | Increase (Decrease) Total Pension Liability (a) |
|---|---|---|
| Balances at 1/1/19 | $ | 16,593,168 |
| Changes for the year: | | |
| Service cost | | 493,546 |
| Interest | | 619,030 |
| Changes of benefit terms | | - |
| Differences between expected and actual experience | | (274,865) |
| Change in assumptions | | 2,339,557 |
| Employer contributions | | - |
| Benefit payments, including refunds of member contributions | | (802,600) |
| Net Changes | | 2,374,668 |
| Balances at 12/31/19 | $ | 18,967,836 |

***LOSAP Deferred Outflows of Resources and Deferred Inflows of Resources –*** Recognized LOSAP expenses and deferred outflows of resources for the measurement date of December 31, 2019 are displayed in the table below.

| | | **Volunteer Fire Personnel** |
|---|---|---|
| **LOSAP EXPENSE:** | $ | (1,112,155) |
| **DEFERRED OUTFLOWS OF RESOURCES:** | | |
| Changes of assumptions | $ | 2,978,747 |
| Contributions subsequent to measurement date | | 399,900 |
| Subtotal of deferred outflows | | 3,378,647 |
| **DEFERRED INFLOWS OF RESOURCES:** | | |
| Differences between expected and actual experience | | (2,472,205) |
| Changes of assumptions | | (756,059) |
| Subtotal of deferred inflows | | (3,228,264) |
| Total Deferred Activity | $ | 150,383 |
| LOSAP liability * | $ | 18,967,836 |

** Current liability in the governmental fund is $799,780.*

The contributions subsequent to measurement date as listed above will be recognized as a reduction in net LOSAP liability in fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to LOSAP will be recognized in pension expense as follows:

| Year ended June 30: | | LOSAP |
|---|---|---|
| 2021 | $ | (421) |
| 2022 | | (421) |
| 2023 | | (421) |
| 2024 | | (421) |
| 2025 | | (421) |
| Thereafter | | (247,412) |

*Sensitivity of the net pension liability to changes in the discount rate:* The following presents the net pension liability of the County LOSAP, calculated using the discount rate of 2.75%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.75%) or 1.0% percentage-point higher (3.75%) than the current rate:

| | 1% Decrease 1.75% | Current Discount Rate 2.75% | 1% Increase 3.75% |
|---|---|---|---|
| County's Net Pension Liability | $ 22,082,924 | $ 18,967,836 | $ 16,508,330 |

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

The following schedule presents the LOSAP participants at December 31, 2019:

LOSAP Participant Summary at December 31, 2019

| | Active Participants | Volunteers Receiving Payment | Survivors Receiving Payment |
|---|---|---|---|
| Number | 481 | 199 | 71 |
| Average Age | 43.47 | 71.00 | 77.94 |
| Total Annual Benefits | | $ 702,600 | $ 128,400 |
| Average Service | 8.58 | | |

## 13 Other Post-employment Benefits

The County (which includes the County and Anne Arundel Economic Development Corporation), the Community College, and the Library participate in a single employer defined benefit healthcare plan for retirees. The assets of each participant (the County, Community College, and Library) are commingled for investment and payment of benefits, however each participant's activity is tracked separately, and each participant receives a separate actuarial valuation. The following provides a summary of the plans' descriptions and eligibility, funding policies and sources of authorization, annual cost and net obligations, and the actuarial methods and assumptions used in determining costs and liabilities. In addition, required supplementary information includes trend data about these plans. The Supplementary Information following these notes presents multi-year trend information about whether the actuarial value of each plan's assets is increasing or decreasing relative to the actuarial accrued liability for benefits year to year over a four-year period.

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The total OPEB liability is based on January 1, 2019 valuation data for the County, College, and Library Plans with a roll forward of data to June 30, 2019. The Plan's liability was rolled forward to the measurement date June 30, 2019. The methods, assumptions, plan provisions, and participant data used are detailed in the actuarial valuation report dated August 25, 2017 with the exception of the actuarial cost method. These calculations are based on the Entry Age Normal (EAN) cost method as required by GASB 74 and GASB 75. The EAN actuarial cost method requires a salary scale assumption. The Actuary used the salary scale assumption used to value Anne Arundel County's pension plans. The calculation of the Actuarially Determined Contribution for the fiscal year ended June 30, 2020 is contained in the actuarial valuation report dated August 25, 2017.

***A Plan Description, Eligibility, Authorization, and Funding Policy*** - The primary government provides a group health plan for employees and retirees under the authority of § 6-1-308 of the County Code. This health plan may be extended to other component units under § 6-1-309 of the County Code. The Community College and the Library provide retiree health insurance through participation in the County's health plans. Anne Arundel Economic Development, a component unit of the County, is a participant in the County plan. The County collects premiums from these entities to offset the related costs. The County Code requires the County to pay 80.0% of the health coverage cost for current County retirees and terminated vested employees that retired before July 1, 2014. Employees not eligible for normal or early retirement by January 1, 2017 will receive a subsidy based on years of service. The Library currently pays 80.0% for Library retirees. The primary government plan provides the same health plans to active employees and pre-age sixty-five retirees. The County offers a Medicare Advantage Plan to post age sixty-five retirees. The County offers the same prescription benefit for active employees and pre-age sixty-five retirees. Post age sixty-five retirees are eligible to participate in an Employer Group Waiver Plan (EGWP) plus WRAP for prescription benefits. County and Library retirees have the option of retaining dental and vision coverage, but must pay the full premium for these benefits.

The Anne Arundel County Public school system offers a separate single employer defined OPEB plan, which is disclosed in its separately issued financial statements. Anne Arundel County Public Schools (AACPS) employees eligible to retire and receive Maryland State Retirement Agency (MSRA) benefits may be eligible for retiree healthcare benefits based on date of hire and service criteria. This is not part of the County plan. Employees hired prior to September 15, 2002 receive Board funding of 75.0% for Medical/Rx and dental benefits. For employees hired after September 15, 2002, ten years of AACPS service is required to be eligible for retiree health benefits. The Board funds a portion of the medical premium ranging from 25.0% with ten years of service to 75.0% with twenty or more years of service. No Board funding is provided for dental benefits. No Board funding is provided for vision coverage regardless of service date. Active employees and retirees have the same medical, dental, and vision plans while retirees over sixty-five have three Medicare Supplemental Plans available. The retiree and active prescription plan co-payments differ. The retiree plan is evaluated separately based on claims experience; however, a blended percentage increase has been applied to the retiree rates.

A Summary of the key elements of the AACPS Plan are disclosed below:

| Net OPEB Liability | Deferred Outflows of Resources | Deferred Outflows of Resources |
|---|---|---|
| $ 1,859,904,000 | $ 135,159,000 | $ 859,685,000 |

The Community College (the College) provides medical, dental, and vision benefits to eligible retirees who are enrolled in medical coverage at the time of retirement. The benefit levels, employee contributions, and employer contributions are governed by and may be amended by the College Board of Trustees. Retirees are eligible for these benefits if they have a minimum of ten years of service and meet the eligibility requirement of their retirement plan, (Maryland State Retirement System or Optional plan). The College contributes to the cost of retirees' benefits at a rate of 2.5% for each year of service, and employees must have at least ten years of service to qualify. The maximum paid by the College is 75.0%. Retirees have no vested rights to these benefits.

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

***B Membership by Plan*** – Anne Arundel County retirees meeting certain criteria are eligible for medical insurance and prescription coverage in retirement. The College provides certain health care benefits to eligible retirees. The benefits provided, benefit levels, retiree contributions and employer contributions are governed by the College's Board of Trustees and during the budgetary process. The Board of Trustees may amend or change the plan periodically. The Library, through its Health Benefits Pooling Agreement with the County, has agreed that its benefits and costs to the retirees will match the County Plan. The number of participants in the OPEB Trust as of January 1, 2019 follows. Data is based on actuarial valuations dated June 13, 2019.

| | County Plan | College Plan | Library Plan | Total |
|---|---|---|---|---|
| Employees with medical coverage | 3,823 | 700 | 195 | 4,718 |
| Deferred vested termination | 307 | - | - | 307 |
| Retirees | 2,713 | 238 | 145 | 3,096 |
| Total | 6,843 | 938 | 340 | 8,121 |

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

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

Schedule of Actuarial Methods and Assumptions

| | County Plan | College Plan | Library Plan |
|---|---|---|---|
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal | Entry Age Normal |
| Asset valuation Method | Market value of Assets | Market value of Assets | Market value of Assets |
| Actuarial Assumptions | | | |
| Discount Rate | 6.75% | 4.83% | 3.13% |
| | Long-term expected return based on trust assets | Blended 6/30/2020 government bond rate and long term expected rate of return | 6/30/2020 government bond rate |
| Payroll Increase | Pension Plan Assumptions | Pension Plan Assumptions | Pension Plan Assumptions |
| Initial Healthcare Cost Trend Rate | 4.10% | 4.10% | 4.10% |

*Notes:*

1) *The health cost trend rate in 2019 is 54.1%. The rate in 2030 is 5.20%. The rate in 2050 is 4.90% The rate in 2070 is 4.30%. The ultimate rate is 3.90%*
2) *The Plan's actual benefit payments may be greater or lesser than the amounts shown, depending on the Plan's actual demographic experience, and claims experience.*
3) *The information above is from the actuarial valuation reports dated June 13, 2019 which used census valuation data as of January 1,2019.*

*Mortality rates:* Healthy uses SOA RPH-2014 adjusted to 2006 Blue Collar Headcount-Weighted Mortality; MP-2018 base year 2006 fully generational. Disabled - General County employees uses SOA RP-2014 adjusted to 2006

Blue Collar Mortality with Scale MP-2018 (set forward 9 years). Disabled - Uniformed services employees (Police, Firefighters, and Correctional facilities) uses SOA RP-2014 adjusted to 2006 Blue Collar Mortality with Scale MP-2018 (set forward 5 years).

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Anne Arundel Retiree Health Benefits Trust (the Trust) and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the County. The measurement date for the current fiscal year-end was June 30, 2019. For this purpose, the Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

***The following table details the changes in the net OPEB liability for the County Plan:***

**Change in Net OPEB Liability**
**County Employees**

| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
|---|---|---|---|
| Balance as of June 30, 2018 for FYE 2019 | $ 696,317,777 | $ 135,837,275 | $ 560,480,502 |
| Changes for the Year | | | |
| Service Cost | 18,451,855 | - | 18,451,855 |
| Interest | 43,578,638 | - | 43,578,638 |
| Experience Losses/(Gains) | 23,849,306 | - | 23,849,306 |
| Change in Assumptions | (505,323) | - | (505,323) |
| Employer Trust Contribution | - | 63,585,954 | (63,585,954) |
| Member Trust Contribution | - | - | - |
| Net Investment Income | - | 18,099,058 | (18,099,058) |
| Administrative Expense | - | (896,964) | 896,964 |
| Benefit Payments | (35,592,899) | (35,592,899) | - |
| Other (Insurance Subsidies and Rebates) | - | - | - |
| Net Changes | 49,781,577 | 45,195,149 | 4,586,428 |
| Balance as of June 30, 2019 for FYE 2020 | $ 746,099,354 | $ 181,032,424 | $ 565,066,930 |

For the fiscal year ended June 30, 2020 Anne Arundel County General Employees, including Anne Arundel Economic Development (AAEDC) recognized an OPEB expense of $53,002,650 and $127,002, respectively. Anne Arundel County General Employees and AAEDC, reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 19,874,422 | $ (589,543) |
| Changes of assumptions | - | (421,102) |
| Net difference between projected and actual earnings on OPEB plan investments | - | (10,559,223) |
| Employer contribution subsequent to measurement date | 91,767,232 | - |
| Total | $ 111,641,654 | $ (11,569,868) |

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

| **Fiscal Year ended June 30:** | | |
|---|---|---|
| 2021 | $ | 285,704 |
| 2022 | | 285,703 |
| 2023 | | 1,702,310 |
| 2024 | | 2,140,169 |
| 2025 | | 3,890,668 |

***The following table details the changes in the net OPEB liability for the College Plan:***

**Change in Net OPEB Liability**
**College Plan**

| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
|---|---|---|---|
| Balance as of June 30, 2018 for FYE 2019 | $ 47,227,928 | $ 9,249,806 | $ 37,978,122 |
| Changes for the Year | | | |
| Service Cost | 1,617,764 | - | 1,617,764 |
| Interest | 2,961,505 | - | 2,961,505 |
| Experience Losses/(Gains) | 1,082,397 | - | 1,082,397 |
| Change in Assumptions | 27,583,187 | - | 27,583,187 |
| Employer Trust Contribution | - | 4,005,555 | (4,005,555) |
| Member Trust Contribution | - | - | - |
| Net Investment Income | - | 668,792 | (668,792) |
| Administrative Expense | - | - | - |
| Benefit Payments | (2,005,556) | (2,005,556) | - |
| Other (Insurance Subsidies and Rebates) | - | - | - |
| Net Changes | 31,239,297 | 2,668,791 | 28,570,506 |
| Balance as of June 30, 2019 for FYE 2020 | $ 78,467,225 | $ 11,918,597 | $ 66,548,628 |

For the fiscal year ended June 30, 2020 Anne Arundel Community College recognized an OPEB expense of $3,787,755. Anne Arundel Community College reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 1,121,268 | $ - |
| Changes of assumptions | 24,518,388 | (21,556,590) |
| Net difference between projected and actual earnings | | (177,786) |
| on OPEB plan investments | - | - |
| Employer contribution subsequent to measurement date | 2,066,000 | - |
| Total | $ 27,705,656 | $ (21,734,376) |

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

| **Fiscal Year ended June 30:** | | |
|---|---|---|
| 2021 | $ | (74,078) |
| 2022 | | (74,076) |
| 2023 | | 18,681 |
| 2024 | | 22,255 |
| 2025 | | 17,642 |
| Thereafter | | 3,994,856 |

***The following table details the changes in the net OPEB liability for the Library Plan:***

**Change in Net OPEB Liability**
**Library Plan**

| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
|---|---|---|---|
| Balance as of June 30, 2018 for FYE 2019 | $ 24,837,684 | $ 807,115 | $ 24,030,569 |
| Changes for the Year | | | |
| Service Cost | 651,160 | - | 651,160 |
| Interest | 1,542,030 | - | 1,542,030 |
| Experience Losses/(Gains) | 222,985 | - | 222,985 |
| Change in Assumptions | 16,515,128 | - | 16,515,128 |
| Employer Trust Contribution | - | 1,142,411 | (1,142,411) |
| Member Trust Contribution | - | - | - |
| Net Investment Income | - | 40,356 | (40,356) |
| Administrative Expense | - | | - |
| Benefit Payments | (902,411) | (902,411) | - |
| Other (Insurance Subsidies and Rebates) | - | - | - |
| Net Changes | 18,028,892 | 280,356 | 17,748,536 |
| Balance as of June 30, 2019 for FYE 2020 | $ 42,866,576 | $ 1,087,471 | $ 41,779,105 |

For the fiscal year ended June 30, 2020 Anne Arundel Public Library recognized an OPEB expense of $2,537,174. Anne Arundel County Public Library reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 276,598 | $ - |
| Changes of assumptions | 13,762,607 | (9,032,210) |
| Net difference between projected and actual earnings | 8,513 | |
| on OPEB plan investments | - | - |
| Employer contribution subsequent to measurement date | 1,866,053 | - |
| Total | $ 15,913,771 | $ (9,032,210) |

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

| Fiscal Year ended June 30: | |
|---|---|
| 2021 | $ 406,564 |
| 2022 | 406,564 |
| 2023 | 411,923 |
| 2024 | 1,000,769 |
| 2025 | 2,789,688 |
| Thereafter | - |

***E*** ***Net OPEB Liability of the Trust –*** The components of the net OPEB liability of the Plan, measured at June 30, 2019, for June 30, 2020 fiscal year-end are displayed on the following schedule.

Net OPEB Liability of the Trust
As of June 30, 2020
(in thousands)

| | County Plan | College Plan | Library Plan | TOTAL |
|---|---|---|---|---|
| Total OPEB liability | $ 746,099 | $ 78,467 | $ 42,867 | $ 867,433 |
| Plan fiduciary net position | (181,032) | (11,918) | (1,088) | (194,038) |
| Net OPEB liability | $ 565,067 | $ 66,549 | $ 41,779 | $ 673,395 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 24.26% | 15.19% | 2.54% | |
| Net OPEB liability: | | | | |
| Anne Arundel County Gov. | $ 562,453 | $ - | $ - | $ 562,453 |
| Economic Development | 2,614 | - | - | 2,614 |
| College Plan | - | 66,549 | - | 66,549 |
| Library Plan | - | - | 41,779 | 41,779 |
| Net OPEB liability | $ 565,067 | $ 66,549 | $ 41,779 | $ 673,395 |

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

| | County Plan | College Plan | Library Plan |
|---|---|---|---|
| Inflation | 2.40% | 2.40% | 2.40% |
| Payroll increases | 3.00% | 3.00% | 3.00% |
| Discount rate | 6.75% | 4.83% | 3.13% |
| Initial healthcare cost trend | 4.10% | 4.10% | 4.10% |

***F*** ***Long-term expected real rate of return*** – The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation of 40 percent for fixed income and 60 percent for equity investments, and including the expected rate of inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are summarized in the following table:

**2019 30-Year Return Assumptions by Asset Class**

| Asset Class | (Nominal Returns) | (Real Returns) |
|---|---|---|
| Inflation (CPI) | 2.40% | -- |
| Cash | 1.79% | -0.60% |
| Core Fixed Income(1) | 2.62% | 0.22% |
| Diversified Fixed Income(2) | 4.53% | 2.08% |
| Absolute Return Fixed Income(3) | 3.52% | 1.10% |
| Large Cap Equity | 7.40% | 4.88% |
| Small/Mid Cap Equity | 7.60% | 5.08% |
| International Equities (Unhedged) | 7.60% | 5.08% |
| Emerging Int'l Equities | 9.50% | 6.93% |
| Real Estate (Core) | 5.70% | 3.22% |

**Notes**

NEPC's 30-year geometric CPI inflation assumption is 2.40%.

(1) Core Bonds assumption based on market weighted blend of Bloomberg Barclays US Aggregate Bond Index (Treasuries, IG Credit, MBS)

(2) Diversified Fixed Income assumption based on market weighted blend of Treasuries, Investment Grade Corporate Credit, High Yield, Bank Loans, Emerging Market Debt, and Non-US Bonds

(3) Absolute Return Fixed Income assumption based on market weighted blend of US Leverage Cost, High Yield, Emerging Market Debt, Non-US Bonds, Short Credit Fixed Income, and Hedge Funds - Macro

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

**Asset Allocations by Investment Policy**

| | Target Allocation | Minimum Allocation | Maximum Allocation |
|---|---|---|---|
| Large Cap U.S. Equities | 22% | 17% | 27% |
| Small/Mid Cap U.S. Equities | 6% | 0% | 11% |
| International Equities- Developed | 21% | 16% | 26% |
| Emerging International Equities | 6% | 0% | 11% |
| **Total Equity** | **55%** | **45%** | **65%** |
| Core Fixed Income | 15% | 10% | 20% |
| Diversified Fixed Income | 20% | 15% | 25% |
| Absolute Return Fixed Income | 5% | 0% | 10% |
| **Total Fixed Income** | **40%** | **30%** | **50%** |
| Real Estate (Core) | 5% | 0% | 10% |
| **Total Real Estate** | **5%** | **0%** | **10%** |

***G*** ***Discount rate*** – The discount rate used to determine the actuarial net liability varied by Plan. Based on assumptions of increasing contribution levels and normal costs for future hires, the County Plan is expected to never become insolvent. Consequently, the actuary determined the County's liability using the expected rate of return on assets of 6.75 percent as the discount rate. The College's liability uses the expected rate of return on assets of 4.83%. The Library's liability uses the expected rate of return on assets of 3.13%.

***H*** ***Sensitivity of the net OPEB liability to changes in the discount rate*** – The following presents the net OPEB liability of each Plan based on the current discount rate, as well as what the liability would be if it were calculated using a rate that is 1.0% lower or 1.0% higher than the current discount rate as follows:

Discount Rate Sensitivity as of June 30, 2019
Net OPEB liability

| | 1.00% Decrease | Current Rate | 1.00% Increase |
|---|---|---|---|
| County Plan | 5.75% | 6.75% | 7.75% |
| | $ 688,281,051 | $ 565,066,930 | $ 467,027,807 |
| College Plan | 3.83% | 4.83% | 5.83% |
| | $ 80,513,111 | $ 66,548,628 | $ 55,312,613 |
| Library Plan | 2.13% | 3.13% | 4.13% |
| | $ 49,263,588 | $ 41,779,105 | $ 35,819,903 |

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

Healthcare Trend Cost Sensitivity as of June 30, 2019
Net OPEB liability

| | 1.00% Decrease | Trend Rates | 1.00% Increase |
|---|---|---|---|
| | 3.10% | 4.10% | 5.10% |
| County Plan | $ 456,879,028 | $ 565,066,930 | $ 702,706,367 |
| College Plan | 53,426,433 | 66,548,628 | 83,582,623 |
| Library Plan | 35,195,731 | 41,779,105 | 50,227,496 |

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, 2020, the Self Insurance Fund liability of $71,126,333 is discounted, since discounting is more reflective of the nature of the claims. The Health Insurance Fund liability of $5,748,432 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 2020 and 2019 were as follows:

| | 2020 | 2019 |
|---|---|---|
| Liability balance, July 1 | $ 87,381,627 | $ 83,182,953 |
| Current year claims and changes in estimates: | | |
| Changes in estimates - prior periods | 6,104,902 | 3,730,217 |
| Changes in estimates - current year | 97,156,456 | 99,419,571 |
| Claims payments | (113,768,220) | (98,951,114) |
| Liability balance, June 30 | $ 76,874,765 | $ 87,381,627 |

## 15 Landfill Closure, Postclosure, and Remediation

The primary government has utilized three landfill sites, however, only one site, the Millersville Landfill, is still accepting trash. The others, Glen Burnie and Sudley, ceased accepting solid waste in 1983 and 1993, respectively. The Millersville site consists of nine individual cells. Cells 1 through 7 are closed, cell 8 has stopped collecting solid waste and is 100.0% full. Closure for cell 8 will be competed in 2020. Cell 9 has opened and is 10.4% full. Cell 9 has a useful life to at least 2052. The table that follows presents the costs and liabilities related to all sites. The costs for cells 8 and 9 at the Millersville Landfill are determined by applying the percent of capacity used to the total estimated closure and post closure costs.

| | Millersville | Closed Sites | Total |
|---|---|---|---|
| Total costs: | | | |
| Closure | $ 60,140,819 | $ 18,163,719 | $ 78,304,538 |
| Post closure | 32,584,327 | 2,156,245 | 34,740,572 |
| | 92,725,146 | 20,319,964 | 113,045,110 |
| Less: | | | |
| Amount recognized thru June 30, 2020 | 56,844,496 | 20,319,964 | 77,164,460 |
| Costs remaining to be recognized | $ 35,880,650 | $ - | $ 35,880,650 |
| Liability recorded at June 30, 2020 | | | |
| Closure Cell 8 (current for FY21) | $ 141,244 | $ - | $ 141,244 |
| Closure Cell 9 Long Term | 2,433,480 | - | 2,433,480 |
| Current portion post closure | 1,124,115 | 236,464 | 1,360,579 |
| Post closure Long Term | 16,544,927 | 1,919,781 | 18,464,708 |
| | $ 20,243,766 | $ 2,156,245 | $ 22,400,011 |

The primary government accounts for landfill activities in the Solid Waste Fund. Management estimates the costs of closure, post closure, remediation, and monitoring the landfills based on federal and state regulations. These estimates are recorded at current costs and are management's best judgment of the minimum cost required to correct identified problems and close and remediate open cells. These estimates are subject to periodic reevaluation, and actual costs may differ due to inflation or deflation, changes in technology, or changes in applicable laws and regulations. The closure reserves increased in the amount of $703,588, as a result of Cell 9 closure costs through June 30, 2020 and post closure reserves decreased by $2,766,813 in fiscal year 2020. These amounts include changes to the estimates in the reserves, payments, and other adjustments.

The Solid Waste Fund has restricted assets of $19,407,882 for closure and post closure care as of June 30, 2020.

## 16 Tax Abatements

Anne Arundel County provides tax abatements through the following programs - Payment in Lieu of Taxes (PILOT), Brownfields Site property tax credits, Agricultural Land tax credits and Enterprise Zone tax credits.

***A*** ***PILOT -*** The purpose of the first type of County PILOT agreement is to provide quality multi-family housing communities for households of limited income in the County. Agreements are made with the County in negotiated amounts in lieu of County real property taxes per Tax Property Article § 7-506.1. For fiscal year 2020, the net amount of taxes abated after receipt of the PILOT payments was $686,903. The second type of County PILOT agreement is for economic development projects that demonstrate to the satisfaction of the Anne Arundel County Executive and County Council of Anne Arundel County that the project is an economic development project that provides a public benefit. Agreements are made with the County in negotiated amounts in lieu of County real or personal property tax per Tax Property Article § 7-520. For fiscal year 2020, the County had one of this type of PILOT agreement and the amount of the abatement of real and personal property taxes was $1,200,000.

***B*** ***Brownfields Site Tax Credit –*** The County provides a Brownfields Site tax credit on real property taxes levied on qualified brownfields sites as authorized by Tax Property Article § 9-229. The brownfields tax credit is effective for each of the five taxable years following the issuance of the notice of revaluation by the State Department of Assessments and Taxation after completion of a voluntary cleanup or a corrective action plan for a qualified site. For fiscal year 2020, the total amount of taxes abated for brownfields sites was $158,115.

***C*** ***Agricultural Land Tax Credit –*** The County provides an agricultural land tax credit on real property taxes levied on agricultural land and woodland if the property is included in an agricultural preservation district as provided in the Agriculture Article § 2-509 of the State Code or a County agricultural district as provided in County Code and the landowner has agreed to remain in the district for at least ten years. For fiscal year 2020, the total amount of agricultural taxes abated was $618,144.

*D* ***Enterprise Zone Tax Credit –*** The County provides enterprise zone tax incentives to businesses and property owners located in economically distressed communities. The Enterprise Zone tax credit from County real property taxes for eligible assessments of qualified properties is authorized per Tax Property Article § 9-103. For fiscal year 2020, there were no County participants in this program, therefore no taxes were abated.

*E* ***The State of Maryland –*** The State of Maryland has programs that result in tax abatements for Anne Arundel County real property taxes. Per Tax Property Article § 8-209, property owners of qualified agricultural land receive a preferential land value. Land is assessed according to its current use and not according to its market value, resulting in a reduced assessed value of the land and thereby reducing the taxes. Lower assessments are given for land that is devoted to farm or woodland uses. For fiscal year 2020, there were 1,540 accounts totaling 46,501 acres receiving a preferential land value of $12,218,991. The exact amount of the tax abatement is unknown because the State Department of Assessments and Taxation is unable to provide the market value and can only provide the preferential land value.

Qualified country clubs and golf courses are assessed according to their preferred use value rather than their market value per Tax Property Article§§ 8-212 - 8-218. This lower assessment results in lower taxes. For fiscal year 2020, the difference between the preferred use value and the market value reduced the assessments by $15,909,353 resulting in an abatement of $148,752 in County real property taxes.

## 17 Contingent Liabilities

***A*** ***Impact Fees*** – At June 30, 2020, the primary government held impact fees accumulated for construction of schools and roads in designated districts of the County. County legislation authorizes the collection of such fees. In addition, the County has entered into impact fee agreements with developers who provide offsite improvements designed to lessen the impact of development on the immediate community. Unredeemed impact fee credits totaled $28,279,015 as of June 30, 2020.

***B*** ***Lawsuits –*** A taxpayer that owns and operates a major gaming facility seeks refunds of real property taxes paid for fiscal years 2013 through 2017 due to claimed fair market values below the assessed values upon which taxes were paid. The taxpayer claims it is entitled to tax refunds in the total amount of $2,850,888 in addition to interest from the dates of the various years' payments totaling $1,452,234 for a total amount claimed of $4,303,122 as of October 31, 2020, with interest accruing at $14,254 per month thereafter. On December 26, 2017, the Maryland Tax Court ruled in favor of the taxpayer. The County noted an appeal to the Circuit Court for Anne Arundel County on December 29, 2017. On August 9, 2019, the Circuit Court ruled in favor of the taxpayer. The County noted an appeal to the Court of Special Appeals on September 5, 2019. The appeal is pending.

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

***C*** ***Federal Financial Assistance*** - The County receives significant financial assistance from the U.S. Government. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits. Any disallowances as a result of these audits become a liability of the fund that received the grants. As of June 30, 2020, the County estimates that no material liabilities will result from such audits.

***D*** ***Payroll*** - In 2018, the Office of Personnel discovered that certain overtime wage calculations for certain County employees were performed incorrectly by the County's payroll contractor in past years. The County has engaged financial professionals who are currently determining the amount of those miscalculations. An estimated liability of $3.0 million has been accrued and partial payments have been made.

Anne Arundel Retirement and Pension System

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios - Employees' Retirement Plan

For Years Ended December 31

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| Total pension liability (Dollar amounts in thousands) | | | | | | |
| Service cost | $ 16,344 | $ 16,687 | $ 15,497 | $ 15,144 | $ 15,115 | $ 14,159 |
| Interest | 65,128 | 63,246 | 60,502 | 59,292 | 58,329 | 53,353 |
| Changes of benefit terms | - | - | - | - | - | - |
| Differences between expected and actual experience | 12,546 | 3,826 | 9,562 | (12,599) | (17,971) | 16,408 |
| Changes of assumptions | 32,671 | - | - | - | - | 22,567 |
| Benefit payments, including refunds of member contributions | (55,081) | (50,575) | (47,380) | (44,024) | (41,253) | (39,012) |
| Net change in total pension liability | 71,608 | 33,184 | 38,181 | 17,813 | 14,221 | 67,475 |
| Total pension liability - beginning | 901,748 | 868,564 | 830,383 | 812,570 | 798,349 | 730,874 |
| Total pension liability - ending (a) | $ 973,356 | $ 901,748 | $ 868,564 | $ 830,383 | $ 812,570 | $ 798,349 |
| Plan fiduciary net position | | | | | | |
| Contributions - employer | 29,637 | 27,033 | 25,654 | 25,810 | 25,630 | 24,451 |
| Contributions - member | 5,512 | 5,612 | 5,472 | 5,182 | 4,847 | 4,662 |
| Net investment income | 90,338 | (31,166) | 94,908 | 41,345 | (8,374) | 28,451 |
| Benefit payments, including refunds of member contributions | (55,081) | (50,575) | (47,380) | (44,024) | (41,253) | (39,012) |
| Administrative expense | (609) | (543) | (526) | (497) | (504) | (519) |
| Net change in plan fiduciary net position | 69,797 | (49,640) | 78,127 | 27,816 | (19,654) | 18,034 |
| Plan fiduciary net position - beginning | 620,587 | 670,226 | 592,099 | 564,283 | 583,936 | 565,902 |
| Plan fiduciary net position - ending (b) | $ 690,383 | $ 620,587 | $ 670,226 | $ 592,099 | $ 564,283 | $ 583,936 |
| County's net pension liability - ending (a)-(b) | $ 282,973 | $ 281,161 | $ 198,337 | $ 238,284 | $ 248,287 | $ 214,413 |
| Plan fiduciary net position as a percentage of the total pension liability | 70.9% | 68.8% | 77.2% | 71.3% | 69.4% | 73.1% |
| Covered payroll | $ 138,428 | $ 134,892 | $ 138,239 | $ 130,313 | $ 127,827 | $ 127,091 |
| County's net pension liability as a percentage of covered payroll | 204.4% | 208.4% | 143.5% | 182.9% | 194.2% | 168.7% |
| Expected average remaining service years of all participants | 5 | 5 | 5 | 5 | 5 | 5 |

**Notes to Schedule:**

1 Source is actuarial data based on preliminary financials. The differences between this schedule and the final combining statement of changes in fiduciary net position on page 14 are considered immaterial.

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

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

4 For FY 2019, the expected rate of investment return was reduced from 7.5% to 7.45% and other assumptions were changed to reflect results of the 2018 experience study.

5 For FY 2014, the expected rate of investment return was reduced from 8.0% to 7.5%.

6 For FY 2019, Mortality tables were updated to the RP-2014 Blue Collar Mortality Table for males and females projected generationally using scale MP-2018.

Anne Arundel Retirement and Pension System

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios - Police Service Retirement Plan

For Years Ended December 31

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| Total pension liability (Dollar amounts in thousands) | | | | | | |
| Service cost | $ 13,064 | $ 12,826 | $ 12,689 | $ 12,057 | $ 12,258 | $ 10,951 |
| Interest | 52,474 | 50,963 | 48,563 | 47,032 | 45,473 | 41,480 |
| Changes of benefit terms | - | - | - | - | - | - |
| Differences between expected and actual experience | (2,017) | (2,591) | 6,202 | (4,527) | (4,693) | 12,801 |
| Changes of assumptions | 10,096 | - | - | - | - | 18,331 |
| Benefit payments, including refunds of member contributions | (36,791) | (35,938) | (34,950) | (33,357) | (31,134) | (29,507) |
| Net change in total pension liability | 36,826 | 25,261 | 32,504 | 21,205 | 21,903 | 54,055 |
| Total pension liability - beginning | 722,742 | 697,482 | 664,978 | 643,773 | 621,870 | 567,815 |
| Total pension liability - ending (a) | $ 759,569 | $ 722,742 | $ 697,482 | $ 664,978 | $ 643,773 | $ 621,870 |
| Plan fiduciary net position | | | | | | |
| Contributions - employer | 23,094 | 21,934 | 20,931 | 20,411 | 19,560 | 18,870 |
| Contributions - member | 3,669 | 3,372 | 3,250 | 3,158 | 3,104 | 2,950 |
| Net investment income | 75,786 | (25,860) | 78,155 | 33,500 | (7,869) | 21,813 |
| Benefit payments, including refunds of member contributions | (36,791) | (35,938) | (34,950) | (33,357) | (31,134) | (29,507) |
| Administrative expense | (530) | (464) | (445) | (417) | (423) | (418) |
| Net change in plan fiduciary net position | 65,228 | (36,956) | 66,941 | 23,295 | (16,762) | 13,707 |
| Plan fiduciary net position - beginning | 516,505 | 553,461 | 486,520 | 463,225 | 479,988 | 466,281 |
| Plan fiduciary net position - ending (b) | $ 581,734 | $ 516,505 | $ 553,461 | $ 486,520 | $ 463,225 | $ 479,988 |
| County's net pension liability - ending (a)-(b) | $ 177,835 | $ 206,237 | $ 144,020 | $ 178,458 | $ 180,547 | $ 141,882 |
| Plan fiduciary net position as a percentage of the total pension liability | 76.6% | 71.5% | 79.4% | 73.2% | 72.0% | 77.2% |
| Covered payroll | $ 53,035 | $ 48,322 | $ 45,989 | $ 44,894 | $ 43,879 | $ 42,960 |
| County's net pension liability as a percentage of covered payroll | 335.3% | 426.8% | 313.2% | 397.5% | 411.5% | 330.3% |
| Expected average remaining service years of all participants | 4 | 4 | 4 | 4 | 4 | 4 |

**Notes to Schedule:**

1 Source is actuarial data based on preliminary financials. The differences between this schedule and the final combining statement of changes in fiduciary net position on page 14 are considered immaterial.

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

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

4 For FY 2019, the expected rate of investment return was reduced from 7.5% to 7.45% and other assumptions were changed to reflect results of the 2018 experience study.

5 For FY 2014, the expected rate of investment return was reduced from 8.0% to 7.5%

6 For FY 2019, Mortality tables were updated to the RP-2014 Blue Collar Mortality Table for males and females projected generationally using scale MP-2018.

7 Covered payroll does not include pay for members in DROP.

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

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| Total pension liability (Dollar amounts in thousands) | | | | | | |
| Service cost | $ 12,612 | $ 11,785 | $ 11,556 | $ 11,102 | $ 10,339 | $ 9,184 |
| Interest | 47,454 | 45,537 | 43,670 | 42,294 | 41,924 | 38,949 |
| Changes of benefit terms | - | - | - | - | - | - |
| Differences between expected and actual experience | (573) | 3,521 | 2,210 | (1,552) | (14,630) | 3,679 |
| Changes of assumptions | 10,153 | - | - | - | - | 18,028 |
| Benefit payments, including refunds of member contributions | (30,098) | (31,973) | (33,129) | (33,868) | (31,520) | (28,823) |
| Net change in total pension liability | 39,548 | 28,869 | 24,309 | 17,976 | 6,112 | 41,016 |
| Total pension liability - beginning | 652,014 | 623,144 | 598,836 | 580,860 | 574,748 | 533,731 |
| Total pension liability - ending (a) | $ 691,562 | $ 652,014 | $ 623,144 | $ 598,836 | $ 580,860 | $ 574,748 |
| Plan fiduciary net position | | | | | | |
| Contributions - employer | 17,637 | 15,704 | 14,664 | 14,591 | 15,122 | 15,899 |
| Contributions - member | 3,652 | 3,524 | 3,441 | 3,257 | 3,050 | 2,778 |
| Net investment income | 75,388 | (25,208) | 77,992 | 33,899 | (7,744) | 22,688 |
| Benefit payments, including refunds of member contributions | (30,098) | (31,973) | (33,129) | (33,868) | (31,520) | (28,823) |
| Administrative expense | (522) | (430) | (448) | (428) | (436) | (423) |
| Net change in plan fiduciary net position | 66,058 | (38,382) | 62,520 | 17,451 | (21,528) | 12,119 |
| Plan fiduciary net position - beginning | 509,828 | 548,211 | 485,690 | 468,239 | 489,767 | 477,648 |
| Plan fiduciary net position - ending (b) | $ 575,887 | $ 509,828 | $ 548,211 | $ 485,690 | $ 468,239 | $ 489,767 |
| County's net pension liability - ending (a)-(b) | $ 115,675 | $ 142,185 | $ 74,933 | $ 113,146 | $ 112,621 | $ 84,981 |
| Plan fiduciary net position as a percentage of the total pension liability | 83.3% | 78.2% | 88.0% | 81.1% | 80.6% | 85.2% |
| Covered payroll | $ 51,011 | $ 48,728 | $ 46,954 | $ 46,228 | $ 43,838 | $ 40,476 |
| County's net pension liability as a percentage of covered payroll | 226.8% | 291.8% | 159.6% | 244.8% | 256.9% | 210.0% |
| Expected average remaining service years of all participants | 6 | 6 | 6 | 6 | 5 | 5 |

**Notes to Schedule:**

1 Source is actuarial data based on preliminary financials. The differences between this schedule and the final combining statement of changes in fiduciary net position on page 14 are considered immaterial.

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

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

4 For FY 2019, the expected rate of investment return was reduced from 7.5% to 7.45% and other assumptions were changed to reflect results of the 2018 experience study.

5 For FY 2014, the expected rate of investment return was reduced from 8.0% to 7.5%

6 For FY 2019, Mortality tables were updated to the RP-2014 Blue Collar Mortality Table for males and females projected generationally using scale MP-2018.

7 Covered Payroll does not include pay for members in DROP.

Anne Arundel Retirement and Pension System

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios -Detention Officers and Deputy Sheriffs' Plan

For Years Ended December 31

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| Total pension liability (Dollar amounts in thousands) | | | | | | |
| Service cost | $ 4,147 | $ 4,533 | $ 4,658 | $ 4,461 | $ 4,634 | $ 4,602 |
| Interest | 14,632 | 13,836 | 12,912 | 12,281 | 11,401 | 10,301 |
| Changes of benefit terms | - | - | - | - | 4,635 | - |
| Differences between expected and actual experience | 1,010 | 1,938 | 2,244 | (1,678) | (2,558) | 2,322 |
| Changes of assumptions | 1,348 | - | - | - | - | 3,494 |
| Benefit payments, including refunds of member contributions | (8,610) | (8,162) | (6,821) | (6,485) | (6,279) | (5,819) |
| Net change in total pension liability | 12,528 | 12,145 | 12,993 | 8,579 | 11,833 | 14,900 |
| Total pension liability - beginning | 200,706 | 188,562 | 175,569 | 166,990 | 155,156 | 140,256 |
| Total pension liability - ending (a) | $ 213,234 | $ 200,706 | $ 188,562 | $ 175,569 | $ 166,990 | $ 155,156 |
| Plan fiduciary net position | | | | | | |
| Contributions - employer | 7,600 | 7,282 | 7,000 | 6,689 | 6,371 | 6,111 |
| Contributions - member | 1,402 | 1,352 | 1,354 | 1,316 | 1,317 | 1,298 |
| Net investment income | 19,918 | (6,825) | 19,607 | 8,159 | (1,919) | 4,944 |
| Benefit payments, including refunds of member contributions | (8,610) | (8,162) | (6,821) | (6,485) | (6,279) | (5,819) |
| Administrative expense | (135) | (108) | (109) | (100) | (98) | (96) |
| Net change in plan fiduciary net position | 20,174 | (6,461) | 21,030 | 9,579 | (608) | 6,438 |
| Plan fiduciary net position - beginning | 134,908 | 141,369 | 120,339 | 110,760 | 111,368 | 104,930 |
| Plan fiduciary net position - ending (b) | $ 155,083 | $ 134,908 | $ 141,369 | $ 120,339 | $ 110,760 | $ 111,368 |
| County's net pension liability - ending (a)-(b) | $ 58,151 | $ 65,798 | $ 47,193 | $ 55,230 | $ 56,230 | $ 43,788 |
| Plan fiduciary net position as a percentage of the total pension liability | 72.7% | 67.2% | 75.0% | 68.5% | 66.3% | 71.8% |
| Covered payroll | $ 22,057 | $ 19,573 | $ 19,790 | $ 19,801 | $ 19,386 | $ 19,776 |
| County's net pension liability as a percentage of covered payroll | 263.6% | 336.2% | 238.5% | 278.9% | 290.1% | 221.4% |
| Expected average remaining service years of all participants | 3 | 3 | 3 | 3 | 4 | 4 |

**Notes to Schedule:**

1 Source is actuarial data based on preliminary financials. The differences between this schedule and the final combining statement of changes in fiduciary net position on page 14 are considered immaterial.

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

3 For FY 2014, the expected rate of investment return was reduced from 8.0% to 7.5%.

4 For FY 2019, Mortality tables were updated to the RP-2014 Blue Collar Mortality Table for males and females projected generationally using scale MP-2018.

5 For FY 2014, the expected rate of investment return was reduced from 8.0% to 7.5%

6 FY2015 reflects the implementation of the DROP program, which was a change in benefit terms.

7 For FY 2019, Mortality tables were updated to the RP-2014 Blue Collar Mortality Table for males and females projected generationally using scale MP-2018.

8 Covered Payroll does not include pay for members in DROP.

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

The investments for the Employees', Police Service, Fire Service and Detention Officers' and Deputy Sheriffs' Retirement Plans are commingled. The annual money-weighted rate of return for all plans are disclosed below:

| | Annual Money-Weighted Rate of Return Net of Investment Expenses |
|---|---|
| 2019 | 14.5 % |
| 2018 | (4.9) % |
| 2017 | 15.7 % |
| 2016 | 6.2 % |
| 2015 | (1.8) % |

*Note:* *Money-weighted results for the required ten year timeframe will be added as available.*
*Source:* *New England Pension Consultants, LLC*

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

| | Annual Money-Weighted Rate of Return Net of Investment Expenses |
|---|---|
| 2019 | 6.4 % |
| 2018 | 8.1 % |
| 2017 | 10.0 % |
| 2016 | 1.2 % |
| 2015 | 2.7 % |

*Note:* *Money-weighted results for the required ten year timeframe will be added as available.*
*Source:* *Comprehensive Annual Financial Report of the Maryland State Retirement Pension System.*

Anne Arundel County Retirement and Pension System

Required Supplementary Information

Schedule of Employer's Contributions - Employees' Retirement Plan

For the Last Ten Years Ended June 30

*(Dollars in thousands)*

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 31,314 | $ 27,961 | $ 26,104 | $ 25,204 | $ 26,416 | $ 24,894 | $ 23,958 | $ 20,765 | $ 18,883 | $ 17,490 |
| Contributions in relation to the actuarially determined contribution | 31,314 | 27,961 | 26,104 | 25,204 | 26,416 | 24,894 | 23,958 | 20,765 | 18,883 | 17,490 |
| Contribution deficiency | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered payroll (See note) | $ 138,428 | $ 134,892 | $ 138,239 | $ 130,313 | $ 127,827 | $ 127,091 | $ 115,809 | $ 116,025 | $ 120,416 | $ 123,498 |
| Contributions as a percentage of Covered payroll | 22.62% | 20.73% | 18.88% | 19.34% | 20.67% | 19.59% | 20.69% | 17.90% | 15.68% | 14.16% |
| Valuation date | 1/1/2020 | 1/1/2019 | 1/1/2008 | 1/1/2017 | 1/1/2016 | 1/1/2015 | 1/1/2014 | 1/1/2013 | 1/1/2012 | 1/1/2011 |

*Notes:*

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

*2) Methods and assumptions listed below are used by the actuary to determine contribution rates:*

| | |
|---|---|
| *Actuarial cost method* | *Projected Unit Credit* |
| *Amortization method* | *Level percentage of payroll, closed, increasing 3.0% per year.* |
| *Remaining amortization* | *Periods range from 14 to 23 years. Starting with new bases in 2018, assumption changes and gains and losses are amortized over 20 years and Plan changes are amortized over the average future service of the active population at the time of the change.* |
| *Asset valuation method* | *5-year smoothed market.* |
| *Inflation* | *3.00%* |
| *Salary increases* | *Rates vary by participant age.* |
| *Investment rate of return* | *7.45% Net of pension plan investment expense, including inflation.* |
| *Retirement age* | *Rates vary by participant age and service.* |
| *Mortality* | *RP-2014 Blue Collar Mortality Table for males and females projected generationally using scale MP-2018. A nine-year set forward is used for post-disability mortality.* |

*Source: Actuarial Section of the Anne Arundel County Retirement and Pension System Comprehensive Annual Financial Report for the Year Ended December 31, 2019.*

Anne Arundel County Retirement and Pension System

Required Supplementary Information

Schedule of Employer's Contributions - Police Service Retirement Plan

For the Last Ten Years Ended June 30

*(Dollars in thousands)*

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 23,675 | $ 22,513 | $ 21,355 | $ 20,507 | $ 20,315 | $ 18,805 | $ 18,934 | $ 16,558 | $ 14,503 | $ 13,803 |
| Contributions in relation to the actuarially determined contribution | 23,675 | 22,513 | 21,355 | 20,507 | 20,315 | 18,805 | 18,934 | 16,558 | 14,503 | 13,803 |
| Contribution deficiency | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered payroll | $ 61,345 | $ 55,102 | $ 51,759 | $ 50,560 | $ 48,117 | $ 48,262 | $ 41,714 | $ 40,522 | $ 41,335 | $ 42,449 |
| Contributions as a percentage of Covered payroll | 38.59% | 40.86% | 41.26% | 40.56% | 42.22% | 38.97% | 45.39% | 40.86% | 35.09% | 32.52% |
| Valuation date | 1/1/2020 | 1/1/2019 | 1/1/2008 | 1/1/2017 | 1/1/2016 | 1/1/2015 | 1/1/2014 | 1/1/2013 | 1/1/2012 | 1/1/2011 |

*Notes:*

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

2) *Methods and assumptions listed below are used by the actuary to determine contribution rates:*

| | |
|---|---|
| *Actuarial cost method* | *Projected Unit Credit* |
| *Amortization method* | *Level percentage of payroll, closed, increasing 3.0% per year.* |
| *Remaining amortization* | *Periods range from 14 to 23 years. Starting with new bases in 2018, assumption changes and gains and losses are amortized over 20 years and Plan changes are amortized over the average future service of the active population at the time of the change.* |
| *Asset valuation method* | *5-year smoothed market.* |
| *Inflation* | *3.00%* |
| *Salary increases* | *Rates vary by participant age.* |
| *Investment rate of return* | *7.45% Net of pension plan investment expense, including inflation.* |
| *Retirement age* | *Rates vary by participant age and service.* |
| *Mortality* | RP-2014 Blue Collar Mortality Table for males and females projected generationally using scale MP-2018. *A five-year set forward is used for post-disability mortality.* |
| *Other* | *Employer contributions for calendar 2010 are greater then 100.0% of the Actuarially Determined Contribution due to 6/30 fiscal year revisions. Calendar 2011 was reduced for the revisions.* |

*Source:* *Actuarial Section of the Anne Arundel County Retirement and Pension System Comprehensive Annual Financial Report for the Year Ended December 31, 2019.*

Anne Arundel County Retirement and Pension System

Required Supplementary Information

Schedule of Employer's Contributions - Fire Service Retirement Plan

For the Last Ten Years Ended June 30

*(Dollars in thousands)*

| | *2020* | *2019* | *2018* | *2017* | *2016* | *2015* | *2014* | *2013* | *2012* | *2011* |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 18,868 | $ 16,406 | $ 15,001 | $ 14,328 | $ 14,855 | $ 15,389 | $ 16,409 | $ 15,896 | $ 14,581 | $ 14,210 |
| Contributions in relation to the actuarially determined contribution | 18,868 | 16,406 | 15,001 | 14,328 | 14,855 | 15,389 | 16,409 | 15,896 | 14,581 | 14,210 |
| Contribution deficiency | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered payroll | $ 58,710 | $ 54,769 | $ 51,767 | $ 50,412 | $ 49,182 | $ 48,550 | $ 44,951 | $ 43,362 | $ 45,673 | $ 47,841 |
| Contributions as a percentage of Covered payroll | 32.14% | 29.95% | 28.98% | 28.42% | 30.20% | 31.70% | 36.50% | 36.66% | 31.92% | 29.70% |
| Valuation date | 1/1/2020 | 1/1/2019 | 1/1/2008 | 1/1/2017 | 1/1/2016 | 1/1/2015 | 1/1/2014 | 1/1/2013 | 1/1/2012 | 1/1/2011 |

*Notes:*

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

*2) Methods and assumptions listed below are used by the actuary to determine contribution rates:*

| | |
|---|---|
| *Actuarial cost method* | *Projected Unit Credit* |
| *Amortization method* | *Level percentage of payroll, closed, increasing 3.0% per year.* |
| *Remaining amortization* | *Periods range from 14 to 23 years. Starting with new bases in 2014, assumption changes and gains and losses are amortized over 20 years and Plan changes are amortized over the average future service of the active population at the time of the change.* |
| *Asset valuation method* | *5-year smoothed market.* |
| *Inflation* | *3.00%* |
| *Salary increases* | *Rates vary by participant age.* |
| *Investment rate of return* | *7.45% Net of pension plan investment expense, including inflation.* |
| *Retirement age* | *Rates vary by participant age and service.* |
| *Mortality* | *RP-2014 Blue Collar Mortality Table for males and females projected generationally using scale MP-2018. A five-year set forward is used for post-disability mortality.* |
| *Other* | *Employer contributions for calendar 2010 are greater then 100.0% of the Actuarially Determined Contribution due to 6/30 fiscal year revisions. Calendar 2011 was reduced for the revisions.* |

*Source: Actuarial Section of the Anne Arundel County Retirement and Pension System Comprehensive Annual Financial Report for the Year Ended December 31, 2018.*

Anne Arundel County Retirement and Pension System

Required Supplementary Information

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

For the Last Ten Years Ended June 30

*(Dollars in thousands)*

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 7,785 | $ 7,416 | $ 7,149 | $ 6,851 | $ 6,526 | $ 6,215 | $ 6,007 | $ 5,194 | $ 5,089 | $ 4,900 |
| Contributions in relation to the actuarially determined contribution | 7,785 | 7,416 | 7,149 | 6,851 | 6,526 | 6,215 | 6,007 | 5,194 | 5,089 | 4,900 |
| Contribution deficiency | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered payroll | $ 24,504 | $ 21,445 | $ 21,269 | $ 21,001 | $ 19,975 | $ 19,776 | $ 18,133 | $ 17,897 | $ 18,761 | $ 19,310 |
| Contributions as a percentage of Covered payroll | 31.77% | 34.58% | 33.61% | 32.62% | 32.67% | 31.43% | 33.13% | 29.02% | 27.13% | 25.37% |
| Valuation date | 1/1/2020 | 1/1/2019 | 1/1/2008 | 1/1/2017 | 1/1/2016 | 1/1/2015 | 1/1/2014 | 1/1/2013 | 1/1/2012 | 1/1/2011 |

*Notes:*

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

*2) Methods and assumptions listed below are used by the actuary to determine contribution rates:*

| | |
|---|---|
| *Actuarial cost method* | *Projected Unit Credit* |
| *Amortization method* | *Level percentage of payroll, closed, increasing 3.0% per year.* |
| *Remaining amortization* | *Periods range from 3 to 23 years. Starting with new bases in 2014, assumption changes and gains and losses are amortized over 20 years and Plan changes are amortized over the average future service of the active population at the time of the change.* |
| *Asset valuation method* | *5-year smoothed market.* |
| *Inflation* | *3.00%* |
| *Salary increases* | *Rates vary by participant age.* |
| *Investment rate of return* | *7.45% Net of pension plan investment expense, including inflation.* |
| *Retirement age* | *Rates vary by participant age and service.* |
| *Mortality* | *RP-2014 Blue Collar Mortality Table for males and females projected generationally using scale MP-2018. A five-year set forward is used for post-disability mortality.* |
| *Other* | *Employer contributions for calendar 2010 are greater then 100.0% of the Actuarially Determined Contribution due to 6/30 fiscal year revisions. Calendar 2011 was reduced for the revisions.* |

*Source: Actuarial Section of the Anne Arundel County Retirement and Pension System Comprehensive Annual Financial Report for the Year Ended December 31, 2018.*

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

| **as of June 30** | **2019** | **2018** | **2017** | **2016** | **2015** | **2014** |
|---|---|---|---|---|---|---|
| County's portion of the net pension liability | n/a | n/a | n/a | n/a | n/a | n/a |
| County's porportionate share of the net pension liability | $ - | $ 2,287,995 | $ 4,317,356 | $ 6,110,191 | $ 7,686,917 | $ 9,066,375 |
| County's covered payroll | 5,630 | 5,466 | 5,111 | 5,307 | 5,152 | 5,152 |
| County's proportionate share of the net pension liability as a percentage of its covered payroll | 0.00% | 0.24% | 0.12% | 0.09% | 0.07% | 0.06% |
| Plan fiduciary net position as a percentage of the total pension liability | 72.34% | 71.18% | 69.38% | 65.79% | 68.78% | 71.87% |

**Notes:**

1 The liability is a contractually fixed amount which will not change for the proportional the group represents of the total.
2 This schedule is presented to illustrate the requirement to show information for ten years. Until ten-year trend is compiled, pension plans should present information for those years for which the data is available.
3 There are no benefit changes reflected in the current schedule.
4 The County's annual contribution is determined by actuarially calculated 40-year contract established in 1980 to fund the liability for withdrawn participants.

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

| **as of June 30** | **2019** | **2018** | **2017** | **2016** | **2015** | **2014** |
|---|---|---|---|---|---|---|
| County's portion of the net pension liability | 0.0012034% | 0.0012379% | 0.0011945% | 0.00111830% | 0.00094790% | 0.00077211% |
| County's porportionate share of the net pension liability | $ 248,200 | $ 259,731 | $ 258,295 | $ 263,850 | $ 196,990 | $ 137,025 |
| County's covered payroll | 133,001 | 133,001 | 133,001 | 132,999 | 132,999 | 128,624 |
| County's proportionate share of the net pension liability as a percentage of its covered payroll | 53.59% | 51.21% | 51.49% | 50.41% | 67.52% | 93.87% |
| Plan fiduciary net position as a percentage of the total pension liability | 72.34% | 71.18% | 69.38% | 65.79% | 68.78% | 71.87% |

**Notes to Schedule:**

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

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

3 Changes in Assumptions to the Maryland State Retirement and Pension System:
Adjustments to the roll-forward liabilities were made to reflect the following assumptions in the June 2014 valuation.
-- Investment return assumption changed from 7.45% to 7.40%.
-- Inflation assumption changed from 2.60% to 2.65%.

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

| | |
|---|---|
| Actuarial | Entry Age Normal |
| Amortizaton Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | 25 years for State system |
| Asset Valutaion Method | 5-year smoothed market (max. 120% and min. 80% of the market value) |
| Inflation | 2.65% general, 3.15% wage |
| Salary Increases | 3.1% to11.6% including inflation |
| Investment Rate of Return | 7.40 % |
| Retirement Age | Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for 2018 valuation pursuant to an experience study of the 2014-2018 period. |
| Mortality | Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimesional) mortality improvement scale. |

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

| **as of June 30** | **2019** | **2018** | **2017** | **2016** | **2015** | **2014** |
|---|---|---|---|---|---|---|
| County's portion of the net pension liability | 0.0033248% | 0.0033694% | 0.0033089% | 0.0029627% | 0.0043607% | 0.00586823% |
| County's porportionate share of the net pension liability | $ 685,763 | $ 706,946 | $ 715,507 | $ 699,020 | $ 906,228 | $ 1,041,419 |
| County's covered payroll | 159,458 | 147,796 | 144,646 | 141,808 | 134,289 | 133,379 |
| County's proportionate share of the net pension liability as a percentage of its covered payroll | 23.25% | 20.91% | 20.22% | 20.29% | 14.82% | 12.81% |
| Plan fiduciary net position as a percentage of the total pension liability | 72.34% | 71.18% | 69.38% | 65.79% | 68.78% | 71.87% |

**Notes to Schedule:**

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

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

3 Changes in Assumptions to the Maryland State Retirement and Pension System:
Adjustments to the roll-forward liabilities were made to reflect the following assumptions in the June 2014 valuation.
-- Investment return assumption changed from 7.45% to 7.40%.
-- Inflation assumption changed from 2.60% to 2.65%.

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

| | |
|---|---|
| Actuarial | Entry Age Normal |
| Amortizaton Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | 25 years for State system |
| Asset Valutaion Method | 5-year smoothed market (max. 120% and min. 80% of the market value) |
| Inflation | 2.65% general, 3.15% wage |
| Salary Increases | 3.1% to11.6% including inflation |
| Investment Rate of Return | 7.40 % |
| Retirement Age | Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for 2018 valuation pursuant to an experience study of the 2014-2018 period. |
| Mortality | Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimesional) mortality improvement scale. |

Anne Arundel County

Required Supplementary Information

Schedule of County Contributions to State Municipal Pool Withdrawn Personnel

For the Last Ten Years Ended June 30

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 2,366,721 | $ 2,254,020 | $ 2,146,686 | $ 2,044,464 | $ 1,947,108 | $ 1,854,389 | $ 1,766,098 | $ 1,681,986 | $ 1,601,891 | $ 1,525,610 |
| Contributions in relation to the actuarially determined contribution | 2,366,721 | 2,254,020 | 2,146,686 | 2,044,464 | 1,947,108 | 1,854,389 | 1,766,098 | 1,681,986 | 1,601,891 | 1,525,610 |
| Contribution deficiency | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered payroll | NMF | NMF | NMF | NMF | NMF | NMF | NMF | NMF | NMF | NMF |
| Contributions as a percentage of covered payroll | NMF | NMF | NMF | NMF | NMF | NMF | NMF | NMF | NMF | NMF |

*Notes:*

*1) Not a meaningful figure (NMF). The contribution is based on a contract with the State of Maryland for actuarial liability as of 1986, not on active employees.*

*2) The County's annual contribution is determined by an actuarially calculation based on a 40-year contract established to fund the liability for withdrawn participants.*

*3) All participants, except one, are retired, making the relation between the covered payroll and the contribution meaningless.*

*4) Methods and assumptions used to determine contribution rates:*

| | |
|---|---|
| *Actuarial cost method* | *Entry Age Normal.* |
| *Amortization method* | *Level percentage of payroll, closed.* |
| *Remaining amortization period* | *25 years for State System.* |
| *Asset valuation method* | *Five-year smoothed market (max. 120% amd min. 80% of the market value).* |
| *Inflation* | *2.65% general, 3.15% wage.* |
| *Salary increases* | *Projected salary increases of 3.10% compounded annually, attributable to seniority and merit.* |
| *Investment rate of return:* | *7.4%* |
| *Retirement age* | *Experince-based table of rates that are specific to the type of eligibility condition. Last updated for 2019 valuation pursuant to an experience study of the 2014-2018 period.* |
| *Mortality* | *Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimesional) mortality improvement scale.* |

*Source: Comprehensive Annual Financial Report of the Maryland State Retirement and Pension System for the Years Ended June 30, 2019 and 2018.*

Anne Arundel County

Required Supplementary Information

Schedule of County Contributions to State Municipal Pool Officials

For the Last Ten Years Ended June 30

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 26,015 | $ 24,711 | $ 24,685 | $ 24,312 | $ 21,785 | $ 19,980 | $ 17,993 | $ 15,739 | $ 17,160 | $ 14,971 |
| Contributions in relation to the actuarially determined contribution | 26,015 | 24,711 | 24,685 | 24,312 | 21,785 | 19,980 | 17,993 | 15,739 | 17,160 | 14,971 |
| Contribution deficiency | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered payroll | $ 133,001 | $ 133,001 | $ 133,001 | $ 132,999 | $ 132,999 | $ 132,999 | $ 128,624 | $ 128,064 | $ 128,064 | $ 128,064 |
| Contributions as a percentage of covered payroll | 19.56% | 18.58% | 18.56% | 18.28% | 16.38% | 15.02% | 13.99% | 12.29% | 13.40% | 11.69% |

*Notes:*

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

*2) Methods and assumptions used to determine contribution rates:*

| | |
|---|---|
| *Actuarial cost method* | *Entry Age Normal.* |
| *Amortization method* | *Level percentage of payroll, closed.* |
| *Remaining amortization period* | *25 years for State System.* |
| *Asset valuation method* | *Five-year smoothed market (max. 120% amd min. 80% of the market value).* |
| *Inflation* | *2.65% general, 3.15% wage.* |
| *Salary increases* | *Projected salary increases of 3.10% compounded annually, attributable to seniority and merit.* |
| *Investment rate of return:* | *7.4%* |
| *Retirement age* | *Experince-based table of rates that are specific to the type of eligibility condition. Last updated for 2019 valuation pursuant to an experience study of the 2014-2018 period.* |
| *Mortality* | *Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimesional) mortality improvement scale.* |

*Source: Comprehensive Annual Financial Report of the Maryland State Retirement and Pension System for the Years Ended June 30, 2019 and 2018.*

Anne Arundel County

Required Supplementary Information

Schedule of County Contributions to State Municipal Pool Judges

For the Last Ten Years Ended June 30

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 70,863 | $ 68,275 | $ 67,188 | $ 67,347 | $ 57,716 | $ 57,395 | $ 65,724 | $ 78,968 | $ 77,922 | $ 69,733 |
| Contributions in relation to the actuarially determined contribution | 70,863 | 68,275 | 67,188 | 67,347 | 57,716 | 57,395 | 65,724 | 78,968 | 77,922 | 69,733 |
| Contribution deficiency | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered payroll | $ 159,458 | $ 153,324 | $ 147,796 | $ 144,646 | $ 141,808 | $ 134,289 | $ 133,379 | $ 129,074 | $ 129,074 | $ 118,052 |
| Contributions as a percentage of covered payroll | 44.44% | 44.53% | 45.46% | 46.56% | 40.70% | 42.74% | 49.28% | 61.18% | 60.37% | 59.07% |

*Notes:*

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

*2) Methods and assumptions used to determine contribution rates:*

| | |
|---|---|
| *Actuarial cost method* | *Entry Age Normal.* |
| *Amortization method* | *Level percentage of payroll, closed.* |
| *Remaining amortization period* | *25 years for State System.* |
| *Asset valuation method* | *Five-year smoothed market (max. 120% amd min. 80% of the market value).* |
| *Inflation* | *2.65% general, 3.15% wage.* |
| *Salary increases* | *Projected salary increases of 3.10% compounded annually, attributable to seniority and merit.* |
| *Investment rate of return* | *7.4%* |
| *Retirement age* | *Experince-based table of rates that are specific to the type of eligibility condition. Last updated for 2019 valuation pursuant to an experience study of the 2014-2018 period.* |
| *Mortality* | *Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimesional) mortality improvement scale.* |

*Source: Comprehensive Annual Financial Report of the Maryland State Retirement and Pension System for the Years Ended June 30, 2019 and 2018.*

Anne Arundel County Maryland

Retiree Health Benefits Trust

Required Supplementary Information

Schedule of Changes in Net OPEB Liability and Related Ratios - County Plan

For Years Ended June 30

Amounts in thousands

| | | | | |
|---|---|---|---|---|
| Measurement date | 2021 | 2020 | 2019 | 2018 |
| Plan fiscal year end | 2020 | 2019 | 2018 | 2017 |
| Total OPEB liability | | | | |
| Service cost | $ 19,895 | $ 18,452 | $ 17,759 | $ 17,092 |
| Interest | 49,423 | 43,578 | 41,434 | 39,648 |
| Changes of benefit terms | 40,100 | - | - | - |
| Differences between expected and actual experience | 440 | 23,849 | (884) | - |
| Changes of assumptions | (1,558) | (505) | - | - |
| Benefit payments | (28,258) | (35,593) | (23,539) | (33,075) |
| Net change in total OPEB liability | $ 80,042 | $ 49,781 | $ 34,770 | $ 23,665 |
| Total OPEB liability - beginning | 746,099 | 696,318 | 661,548 | 637,883 |
| Total OPEB liability - ending (a) | $ 826,141 | $ 746,099 | $ 696,318 | $ 661,548 |
| Plan fiduciary net position | | | | |
| Contributions - employer | $ 91,811 | $ 63,586 | $ 57,335 | $ 44,908 |
| Contributions - retiree | 7,772 | 7,477 | - | 6,246 |
| Other | 10,136 | 8,458 | - | 4,398 |
| Net investment income | 3,950 | 10,312 | 9,193 | 11,582 |
| Benefit payments | (43,782) | (44,008) | (23,539) | (33,075) |
| Administrative expense | (1,084) | (1,057) | (39) | (894) |
| Net change in plan fiduciary net position | $ 68,803 | $ 44,768 | $ 42,950 | $ 33,166 |
| Plan fiduciary net position - beginning | 180,303 | 135,837 | 92,887 | 59,720 |
| Plan fiduciary net position - ending (b) | $ 249,106 | $ 180,303 | $ 135,837 | $ 92,887 |
| County's net OPEB liability - ending (a)-(b) | $ 577,035 | $ 565,796 | $ 560,481 | $ 568,661 |
| Fiduciary net position as a percentage of the Total OPEB liability | 28.97% | 24.16% | 19.51% | 14.04% |
| Expected average remaining service years of all participants | 6 | 6 | 6 | 6 |
| Covered payroll | $ 294,514 | $ 276,058 | $ 263,129 | $ 358,490 |
| County's net OPEB liability as a percentage of covered payroll | 195.93% | 204.96% | 213.01% | 219.99% |
| Discount Rate | 6.75% | 6.75% | 6.38% | 6.38% |

Notes to Schedule:

1 Source is actuarial data based on preliminary financials. The difference between this schedule and the final combined statement of changes in fiduciary net position on page 7 is considered immaterial.

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

3 The change in benefits is a result of pre age 65 subsidy being based on the selected plan instead of the lowest cost plan which was used in the past.

4 For the FY 2020 measurement, the medical trend was updated to exclude the impact of the Cadillac Tax.

5 Bill 24-19 was effective on July 5, 2019. Under the Bill, the pre age 65 subsidy is based on the plan selected instead of the lowest cost plan.

Anne Arundel County Maryland

Retiree Health Benefits Trust

Required Supplementary Information

Schedule of Changes in Net OPEB Liability and Related Ratios - College Plan
For Years Ended June 30

Amounts in thousands

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Measurement date | 2021 | 2020 | 2019 | 2018 |
| Plan fiscal year end | 2020 | 2019 | 2018 | 2017 |
| Total OPEB liability | | | | |
| Service cost | $ 3,257 | $ 1,618 | $ 3,083 | $ 3,590 |
| Interest | 3,743 | 2,962 | 2,390 | 2,022 |
| Changes of benefit terms | - | - | - | - |
| Differences between expected and actual experience | 191 | (1,082) | (204) | - |
| Changes of assumptions | 21,568 | 27,583 | (21,741) | (6,971) |
| Benefit payments | (2,096) | (2,006) | (1,685) | (2,111) |
| Net change in total OPEB liability | $ 26,663 | $ 31,239 | $ (17,749) | $ (3,470) |
| Total OPEB liability - beginning | 78,467 | 47,228 | 64,977 | 68,447 |
| Total OPEB liability - ending (a) | $ 105,130 | $ 78,467 | $ 47,228 | $ 64,977 |
| Plan fiduciary net position | | | | |
| Contributions - employer | $ 2,096 | $ 4,006 | $ 3,720 | $ 1,946 |
| Contributions - retiree | 1,195 | 1,136 | - | 790 |
| Other | - | - | - | - |
| Net investment income | 199 | 673 | 510 | 820 |
| Benefit payments | (3,291) | (3,141) | (1,685) | (2,111) |
| Administrative expense | (9) | (8) | (5) | (7) |
| Net change in plan fiduciary net position | $ 190 | $ 2,666 | $ 2,540 | $ 1,438 |
| Plan fiduciary net position - beginning | 11,916 | 9,250 | 6,710 | 5,272 |
| Plan fiduciary net position - ending (b) | $ 12,106 | $ 11,916 | $ 9,250 | $ 6,710 |
| College's net OPEB liability - ending (a)-(b) | $ 93,024 | $ 66,551 | $ 37,978 | $ 58,267 |
| Fiduciary net position as a percentage of the Total OPEB liability | 11.53% | 15.18% | 19.59% | 10.33% |
| Expected average remaining service years of all participants | 9 | 9 | 9 | 8 |
| Covered payroll | $ 64,137 | $ 61,817 | $ 61,103 | $ 61,257 |
| College Plan's net OPEB liability as a percentage of Covered payroll | 145.04% | 107.66% | 62.15% | 95.12% |
| Discount Rate | 3.43% | 4.83% | 6.38% | 3.72% |

Notes to Schedule:

1. Source is actuarial data based on preliminary financials. The difference between this schedule and the final combined statement of changes in fiduciary net position on page 7 is considered immaterial.
2. This schedule is presented to illustrate the requirement to show information for 10-years. However, until 10-year trend is compiled, OPEB plans should present information for those years for which data is available.
3. There are no benefit changes reflected in the current schedule.
4. For the FY 2020 measurement, the medical trend was updated to exclude the impact of the Cadillac Tax.

Anne Arundel County Maryland

Retiree Health Benefits Trust

Required Supplementary Information

Schedule of Changes in Net OPEB Liability and Related Ratios - Library Plan
For Years Ended June 30

Amounts in thousands

| Measurement date | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Plan fiscal year end | 2020 | 2019 | 2018 | 2017 |
| Total OPEB liability | | | | |
| Service cost | $ 1,595 | $ 651 | $ 1,233 | $ 1,437 |
| Interest | 1,322 | 1,542 | 1,212 | 1,033 |
| Changes of benefit terms | 441 | - | - | - |
| Differences between expected and actual experience | 113 | 223 | 136 | - |
| Changes of assumptions | 5,048 | 16,515 | (10,896) | (3,536) |
| Benefit payments | (1,402) | (902) | (1,286) | (1,462) |
| Net change in total OPEB liability | $ 7,117 | $ 18,029 | $ (9,601) | $ (2,528) |
| Total OPEB liability - beginning | 42,867 | 24,838 | 34,439 | 36,967 |
| Total OPEB liability - ending (a) | $ 49,984 | $ 42,867 | $ 24,838 | $ 34,439 |
| Plan fiduciary net position | | | | |
| Contributions - employer | $ 1,512 | $ 1,622 | $ 1,699 | $ 299 |
| Contributions - retiree | - | 348 | - | 292 |
| Other | - | - | - | 871 |
| Net investment income | 20 | 41 | 34 | 47 |
| Benefit payments | (1,402) | (1,730) | (1,286) | (1,462) |
| Administrative expense | (1) | (1) | (1) | - |
| Net change in plan fiduciary net position | $ 129 | $ 280 | $ 446 | $ 47 |
| Plan fiduciary net position - beginning | 1,087 | 807 | 361 | 314 |
| Plan fiduciary net position - ending (b) | 1,216 | 1,087 | 807 | 361 |
| Library's net OPEB liability - ending (a)-(b) | $ 48,768 | $ 41,780 | $ 24,031 | $ 34,078 |
| Library fiduciary net position as a percentage of the Total OPEB liability | 2.44% | 2.54% | 3.25% | 1.05% |
| Expected average remaining service years of all participants | 6 | 6 | 6 | 6 |
| Covered payroll | $ 14,421 | $ 13,785 | $ 13,203 | $ 12,691 |
| The Library Plan's net OPEB liability as a percentage of Covered payroll | 338.17% | 303.08% | 182.01% | 268.51% |
| Discount Rate | 2.45% | 3.13% | 6.37% | 3.58% |

Notes to Schedule:

1 Source is actuarial data based on preliminary financials. The difference between this schedule and the final combined statement of changes in fiduciary net position on page 7 is considered immaterial.

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

3 The change in benefits is a result of pre age 65 subsidy being based on the selected plan instead of the lowest cost plan which was used in the past.

4 For the FY 2020 measurement , the medical trend was updated to exclude the impact of the Cadillac Tax.

Anne Arundel County Maryland

Retiree Health Benefits Trust

Required Supplementary Information

Schedule of Contributions - County Plan

For Years Ended June 30

Amounts in thousands

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 54,509 | $ 53,264 | $ 48,734 | $ 77,516 | $ 73,689 | $ 75,695 | $ 71,324 | $ 109,939 | $ 102,777 | $ 90,626 |
| Contributions in relation to the actuarially determined contribution | $ 91,811 | $ 63,586 | $ 57,334 | $ 44,908 | $ 44,097 | $ 40,795 | $ 34,683 | $ - | $ - | $ - |
| Contribution deficiency (excess) | $ (37,302) | $ (10,322) | $ (8,600) | $ 32,608 | $ 29,592 | $ 34,900 | $ 36,641 | $ 109,939 | $ 102,777 | $ 90,626 |
| Covered payroll | 294,514 | 276,058 | 263,129 | 258,490 | 255,191 | 247,008 | 239,173 | 213,899 | 215,209 | 227,115 |
| Contributions as a percentage of covered payroll | 31.17% | 23.03% | 21.79% | 17.37% | 17.28% | 16.52% | 14.50% | 0.00% | 0.00% | 0.00% |

Notes to Schedule

Valuation date:

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

The report is dated June 13, 2019 for fiscal years 2019 and 2020 based on July 1, 2019 census data.

The components of the OPEB liability of the Trust at June 30,2020 based on actuarial valuations, are displayed on the following schedule.

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Actuarial cost method | Projected Unit Credit: Prorated to assumed benefit commencement/retirement date. |
| Amortization method | The level percentage of payroll. |
| Amortization period | 21 years for FY 19. |
| Asset valuation method | Market value of assets. |
| Inflation | 2.40% |
| Healthcare cost trend rates | The rate in 2019 is 5.4 percent. The rates vary significantly throughout the projections. The rate in 2050 is 5.6 percent pre-Medicare and 4.9 percent post-Medicare. The ultimate 2081 rate is 4.1 percent pre-Medicare and 3.9 percent post-Medicare. |
| Payroll increases | 3.00% |
| Investment rate of return | 6.75% The long-term expected return on assets id used to derive the blended discount rate of 6.75 percent. |
| Decrement assumptions | The retirement decrement is assumed to commence once a participant reaches earliest retirement eligibility. |
| Mortality | (1) Healthy uses SOA RPH-2014 adjusted to 2006 Blue Collar Headcount-weighted Mortality: MP-2018 Base Year 2006 Fully Generational.<br>(2) Disabled - General County employees uses SOA RP-2014 adjusted to 2006 Blue Collar Martality with Scale MP-2018 (set forward 9 years).<br>(3) Disabled - Uniformed services employees (Police, Firefighters, and Correctional facilities) uses SOA RP-2014 adjusted to 2006 Blue Collar Mortality with Scale MP-2018 (set forward 5 years). |

Anne Arundel County Maryland

Retiree Health Benefits Trust

Required Supplementary Information

Schedule of Contributions - College Plan

For Years Ended June 30

Amounts in thousands

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 4,604 | $ 4,398 | $ 3,881 | $ 5,568 | $ 5,542 | $ 5,188 | $ 4,870 | $ 5,857 | $ 5,468 | $ 4,765 |
| Contributions in relation to the actuarially determined contribution | $ 2,096 | $ 4,006 | $ 3,720 | $ 2,088 | $ 4,850 | $ - | $ - | $ - | $ - | $ - |
| Contribution deficiency (excess) | $ 2,508 | $ 392 | $ 161 | $ 3,480 | $ 692 | $ 5,188 | $ 4,870 | $ 5,857 | $ 5,468 | $ 4,765 |
| Coveredcpayroll | 64,137 | 61,817 | 61,103 | 94,667 | 95,101 | 93,550 | 90,338 | 89,089 | 89,955 | 87,780 |
| Contributions as a percentage of covered payroll | 3.27% | 6.48% | 6.09% | 2.21% | 5.10% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Notes to Schedule:

Valuation date

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

The report is dated June 13, 2019 for fiscal years 2018 and 2019 based on July 1, 2019 census data.

The components of the OPEB liability of the Trust at June 30,2020 based on actuarial valuations, are displayed on the following schedule.

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Actuarial cost method | Projected Unit Credit: Prorated to assumed benefit commencement/retirement date. |
| Amortization method | The level percentage of payroll. |
| Amortization period | 21 years for FY 19. |
| Asset valuation method | Market value of assets. |
| Inflation | 2.40% |
| Healthcare cost trend rates | The rate in 2019 is 5.4 percent. The rates vary significantly throughout the projections. The rate in 2050 is 5.6 percent pre-Medicare and 4.8 percent post-Medicare. The ultimate 2081 rate is 4.1 percent pre-Medicare and 3.9 percent post-Medicare. |
| Payroll increases | 3.00% |
| Investment rate of return | n/a |
| Decrement assumptions | Decrement assumptions for retirement, termination, and disability were based on those used for the State Retirement and Pension System of Maryland because Community College employees participate in the Maryland State Pension System. |
| Mortality | (1) Healthy uses SOA Public Sector – Teachers based on headcount – with Scale MP – 2018.<br>(2) Disabled uses RP 2014 Disabled Mortality Table (set forward 1 year for Males). |

Anne Arundel County Maryland

Retiree Health Benefits Trust

Required Supplementary Information

Schedule of Contributions - Library Plan

For Years Ended June 30

Amounts in thousands

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 2,299 | $ 2,168 | $ 2,008 | $ 2,548 | $ 2,692 | $ 2,712 | $ 2,568 | $ 3,669 | $ 3,439 | $ 3,260 |
| Contributions in relation to the actuarially determined contribution | $ 1,512 | $ 1,142 | $ 1,699 | $ 1,170 | $ 291 | $ - | $ - | $ - | $ - | $ - |
| Contribution deficiency (excess) | $ 787 | $ 1,026 | $ 309 | $ 1,378 | $ 2,401 | $ 2,712 | $ 2,568 | $ 3,669 | $ 3,439 | $ 3,260 |
| Covered payroll | 14,421 | 13,785 | 13,203 | 12,691 | 12,494 | 12,015 | 11,109 | 10,100 | 9,920 | 9,977 |
| Contributions as a percentage of covered payroll | 10.48% | 8.28% | 12.87% | 9.22% | 2.33% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Notes to Schedule:

Valuation date

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

The report is dated June 13, 2019 for fiscal years 2018 and 2019 based on November 1, 2018 census data.

The components of the OPEB liability of the Trust at June 30,2020 based on actuarial valuations, are displayed on the following schedule.

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Actuarial cost method | Projected Unit Credit: Prorated to assumed benefit commencement/retirement date. |
| Amortization method | The level percentage of payroll. |
| Amortization period | 21 years for FY 19. |
| Asset valuation method | Market value of assets. |
| Inflation | 2.40% |
| Healthcare cost trend rates | The rate in 2019 is 5.4 percent. The rates vary significantly throughout the projections. The rate in 2050 is 5.6 percent pre-Medicare and 4.9 percent post-Medicare. The ultimate 2081 rate is 4.1 percent pre-Medicare and 3.9 percent post-Medicare. |
| Payroll increases | 3.00% |
| Investment rate of return | n/a |
| Decrement assumptions. | The retirement decrement is assumed to commence once a participant reaches earliest retirement eligibility and vary by employee type. |
| Mortality | (1) Healthy uses SOA RPH-2014 adjusted to 2006 Blue Collar Headcount- weighted Mortality: MP-2018 Base Year 2006 Fully Generational.<br>(2) Disabled uses SOA RP-2014 adjusted to 2006 Blue Collar Mortality with Scale MP-2018 (set forward 9 years). |

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

| Composite Money-Weighted Rate of Return, Net of Fees | |
|---|---|
| 2020 | 1.65% |
| 2019 | 5.70% |
| 2018 | 6.62%* |
| 2017 | 12.94%* |

* Percentage has changed due to calculation method.

Notes to this schedule

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

2 Investments were initiated March 1, 2016.

3 Calculations are approximate.

Anne Arundel County Length of Service Award Program

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

For the Last Ten Years Ended December 31

*(Dollars in thousands)*

| | 2019 | 2018 | 2017 | 2016 | 2015 *(1)* |
|---|---|---|---|---|---|
| Total pension liability | | | | | |
| Service cost | $ 494 | $ 507 | $ 689 | $ 522 | |
| Interest | 619 | 631 | 699 | 559 | |
| Changes of benefit terms | - | - | - | 2,666 | |
| Differences between expected and actual experience | (275) | (1,784) | (1,057) | - | |
| Change in assumptions | 2,340 | (924) | 1,236 | - | |
| Benefit payments, including refunds of member contributions | (803) | (790) | (808) | (707) | |
| Net Change in total pension liability | 2,375 | (2,360) | 759 | 3,040 | |
| Total pension liability - beginning | 16,593 | 18,953 | 18,194 | 15,154 | |
| Total pension liability - ending | 18,968 | 16,593 | 18,953 | 18,194 | |
| County's net pension liability | $ 18,968 | $ 16,593 | $ 18,953 | $ 18,194 | |
| Plan fiduciary net position as a percentage of the total pension liability | 0.0% | 0.0% | 0.0% | 0.0% | |
| Covered payroll | n/a | n/a | n/a | n/a | |
| County's net pension liability as a percentage of covered payroll | n/a | n/a | n/a | n/a | |
| Expected average remaining service years of all participants | 9 | 11 | 11 | 11 | |

*Notes:*

*1) Information for fiscal year 2015 and earlier not available.*

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

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

*4) Changes of assumptions:*

*Discount rate changed from 3.71% to 2.75% in 2019, from 3.31% to 3.71% in 2018 and from 3.78% to 3.31% in 2017. Mortaility changed to SOA RP-2014 Mortality Table Adjusted to 2006 Blue Collar Mortality with Scale MP-2018 from SOA RP-2014 Blue Collar Mortality Table projected from 2006 using scale MP-2015 and 1 year set forward.*

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Anne Arundel County, Maryland

Combining Schedule of Net Position

Water and Wastewater Fund

June 30, 2020

| | Operating | Debt Service | Capital Projects | Total |
|---|---|---|---|---|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and investments | $ 33,737,740 | $ - | $ 63,840,929 | $ 97,578,669 |
| Service billings receivable | 24,043,887 | - | - | 24,043,887 |
| Receivables | - | | | |
| Due from other funds | 573,331 | - | - | 573,331 |
| Inventories | 2,841,446 | - | - | 2,841,446 |
| Other | 32,522 | - | - | 32,522 |
| Restricted for debt service and capital projects | | | | |
| Investments | - | 288,089,742 | - | 288,089,742 |
| Receivables | | | | |
| Due from other governmental agencies | - | - | 4,029,579 | 4,029,579 |
| Other, net | - | 21,718,349 | - | 21,718,349 |
| Total current assets | 61,228,926 | 309,808,091 | 67,870,508 | 438,907,525 |
| Noncurrent assets | | | | |
| Restricted assets | | | | |
| Deferred connection and assessment charges | - | 23,000,923 | - | 23,000,923 |
| Capital assets | | | | |
| Land and buildings | 49,115,425 | - | - | 49,115,425 |
| Water and sewer plants | 924,155,800 | - | - | 924,155,800 |
| Water and sewer lines | 1,199,851,237 | - | - | 1,199,851,237 |
| Machinery and equipment | 19,158,748 | - | - | 19,158,748 |
| | 2,192,281,210 | - | - | 2,192,281,210 |
| Less accumulated depreciation | (951,495,281) | - | - | (951,495,281) |
| | 1,240,785,929 | - | - | 1,240,785,929 |
| Construction work in progress | 7,325,129 | - | 520,089,665 | 527,414,794 |
| Total capital assets, net of depreciation | 1,248,111,058 | - | 520,089,665 | 1,768,200,723 |
| Total noncurrent assets | 1,248,111,058 | 23,000,923 | 520,089,665 | 1,791,201,646 |
| Total assets | 1,309,339,984 | 332,809,014 | 587,960,173 | 2,230,109,171 |
| DEFERRED OUTFLOW OF RESOURCES | | | | |
| Pension benefits | 9,388,450 | - | - | 9,388,450 |
| OPEB benefits | 9,767,821 | - | - | 9,767,821 |
| Unamortized deferred refunding loss | - | 3,765,472 | - | 3,765,472 |
| Total deferred outflow of resources | 19,156,271 | 3,765,472 | - | 22,921,743 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued liabilities | 7,287,262 | - | 20,300,949 | 27,588,211 |
| Current portion of long-term debt and obligations | 38,509,682 | 7,193,461 | - | 45,703,143 |
| Due to other funds | 659,050 | 1,966,257 | - | 2,625,307 |
| Escrow deposits | 226,463 | - | 312,632 | 539,095 |
| Liabilities related to restricted assets | | | | |
| Accounts payable and accrued liabilities | - | 7,766,139 | - | 7,766,139 |
| Escrow deposits | - | - | - | - |
| Unearned revenue | - | 7,065,964 | - | 7,065,964 |
| Total current liabilities | 46,682,457 | 23,991,821 | 20,613,581 | 91,287,859 |
| Noncurrent liabilities | | | | |
| Accrued liability for compensated absences | 203,851 | - | - | 203,851 |
| Net pension liability | 45,281,443 | - | - | 45,281,443 |
| Net OPEB liability | 51,292,517 | - | - | 51,292,517 |
| Long-term debt | 284,058,398 | 78,684,463 | 385,549,079 | 748,291,940 |
| Unearned revenue | 1,256,104 | - | - | 1,256,104 |
| Total noncurrent liabilities | 382,092,313 | 78,684,463 | 385,549,079 | 846,325,855 |
| Total liabilities | 428,774,770 | 102,676,284 | 406,162,660 | 937,613,714 |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Pension benefits | 1,681,463 | - | - | 1,681,463 |
| OPEB benefits | 1,026,748 | - | - | 1,026,748 |
| Total deferred inflow of resources | 2,708,211 | - | - | 2,708,211 |
| NET POSITION | | | | |
| Net investment in capital assets | 927,498,566 | (82,112,452) | 138,251,066 | 983,637,180 |
| Restricted for debt service | - | 316,010,654 | - | 316,010,654 |
| Restricted for pension | - | - | - | - |
| Restricted for capital improvements | - | - | 4,029,579 | 4,029,579 |
| Unrestricted | (30,485,292) | - | 39,516,868 | 9,031,576 |
| Total net position | $ 897,013,274 | $ 233,898,202 | $ 181,797,513 | $ 1,312,708,989 |

Anne Arundel County, Maryland

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

Water and Wastewater Fund

Year Ended June 30, 2020

| | Operating | Debt Service | Capital Projects | Total |
|---|---|---|---|---|
| OPERATING REVENUES | | | | |
| Charges for services | $ 89,318,940 | $ - | $ - | $ 89,318,940 |
| Other revenues | 6,717,090 | - | - | 6,717,090 |
| Total operating revenues | 96,036,030 | - | - | 96,036,030 |
| OPERATING EXPENSES | | | | |
| Personnel services | 33,239,212 | - | - | 33,239,212 |
| Contractual services | 39,522,591 | - | - | 39,522,591 |
| Supplies and materials | 9,093,116 | - | - | 9,093,116 |
| Business and travel | 229,117 | - | - | 229,117 |
| Depreciation | 51,676,312 | - | - | 51,676,312 |
| Other | 15,500,701 | - | - | 15,500,701 |
| Total operating expenses | 149,261,049 | - | - | 149,261,049 |
| Operating loss | (53,225,019) | - | - | (53,225,019) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income | 612,484 | 5,377,428 | - | 5,989,912 |
| Interest on long-term receivables | - | 539,920 | - | 539,920 |
| Other revenues | - | 9,666,290 | - | 9,666,290 |
| Other expenses | - | (1,230,568) | - | (1,230,568) |
| Interest expense | - | (30,418,337) | - | (30,418,337) |
| Loss on the disposal of assets | (8,524) | - | - | (8,524) |
| Loss before contributions and transfers | (52,621,059) | (16,065,267) | - | (68,686,326) |
| Capital contributions and grants | 13,964,680 | 44,184,962 | 175,376 | 58,325,018 |
| Environmental protection fees | - | 21,395,793 | - | 21,395,793 |
| Interfund transfers (General County Capital Projects) | (628,000) | - | - | (628,000) |
| Intrafund transfers | 40,829,424 | (51,970,707) | 11,141,283 | - |
| Change in net position | 1,545,045 | (2,455,219) | 11,316,659 | 10,406,485 |
| Net position, July 1 | 895,468,229 | 236,353,421 | 170,480,854 | 1,302,302,504 |
| Net position, June 30 | $ 897,013,274 | $ 233,898,202 | $ 181,797,513 | $ 1,312,708,989 |

Anne Arundel County, Maryland

Combining Schedule of Cash Flows

Water and Wastewater Fund

Year Ended June 30, 2020

| | Operating | Debt Service | Capital Projects | Total Water and Wastewater |
|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received for services | $ 94,662,118 | $ - | $ - | $ 94,662,118 |
| Cash payments to suppliers for goods and services | (57,542,535) | - | - | (57,542,535) |
| Cash payments to employees for services | (33,868,506) | - | - | (33,868,506) |
| Net cash provided by operating activities | 3,251,077 | - | - | 3,251,077 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Proceeds from sale of County bonds | - | - | 74,095,000 | 74,095,000 |
| Proceeds from grant funds | - | - | 80,991 | 80,991 |
| Proceeds from developers' contributions | - | - | 184,962 | 184,962 |
| Refunds to developers | - | (67,848) | (60,967) | (128,815) |
| Assessment and connection charges | 1,808,348 | 38,473,517 | - | 40,281,865 |
| Environmental protection fees for capital assets | - | 21,395,793 | - | 21,395,793 |
| Payments of long-term debt | - | (34,136,425) | - | (34,136,425) |
| Interest payments | - | (29,522,139) | - | (29,522,139) |
| Rebates, interest income and reimbursements | - | 2,242,764 | - | 2,242,764 |
| Operating funds used in construction | (14,303,000) | - | 14,303,000 | - |
| Acquisition and construction of capital assets | (599,859) | - | (87,740,488) | (88,340,347) |
| Premium on sale of bonds | - | 17,834,282 | 17,834,282 | 35,668,564 |
| Payment of capital related fees | - | (1,230,568) | - | (1,230,568) |
| Due to the General Fund | - | 1,966,257 | - | 1,966,257 |
| Transfer to Capital Projects | - | (17,834,282) | - | (17,834,282) |
| Transfer to General County Capital Projects | (628,000) | - | - | (628,000) |
| Net cash provided (used) by capital and related financing activities | (13,722,511) | (878,649) | 18,696,780 | 4,095,620 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of investment securities | - | (251,568,026) | - | (251,568,026) |
| Sale of investment securities | - | 246,443,873 | - | 246,443,873 |
| Interest on investments | 612,484 | (420,143) | - | 192,341 |
| Net cash provided (used) by investing activities | 612,484 | (5,544,296) | - | (4,931,812) |
| Net decrease in cash and cash equivalents | (9,858,950) | (6,422,945) | 18,696,780 | 2,414,885 |
| Cash and temporary investments, July 1 | 43,596,690 | 6,422,945 | 45,144,149 | 95,163,784 |
| Cash and temporary investments, June 30 | $ 33,737,740 | $ - | $ 63,840,929 | $ 97,578,669 |

Anne Arundel County, Maryland

Combining Schedule of Cash Flows

Water and Wastewater Fund

Year Ended June 30, 2020

| | Operating | Debt Service | Capital Projects | Total Water and Wastewater |
|---|---|---|---|---|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating loss | $ (53,225,019) | $ - | $ - | $ (53,225,019) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | | | |
| Depreciation | 51,676,312 | - | - | 51,676,312 |
| Noncapital construction costs | 7,804,076 | - | - | 7,804,076 |
| Effect of changes in operating assets, deferred outflows, liabilities and deferred inflows | | | | |
| Accounts receivable | (1,379,101) | - | - | (1,379,101) |
| Due from other funds | (573,331) | - | - | (573,331) |
| Inventories | 111,149 | - | - | 111,149 |
| Prepaid expenses | (9,389) | - | - | (9,389) |
| Deferred outflow of resources | 2,086,590 | - | - | 2,086,590 |
| Deferred inflow of resources | (4,008,157) | - | - | (4,008,157) |
| Accounts payable and accrued liabilities | 102,828 | - | - | 102,828 |
| Due to other funds | (315,568) | - | - | (315,568) |
| Escrow deposits | 5,189 | - | - | 5,189 |
| Accrued liability for compensated absences | 279,046 | - | - | 279,046 |
| Accrued liability for pension | 295,173 | - | - | 295,173 |
| Accrued liability for OPEB benefits | 401,279 | - | - | 401,279 |
| Net cash provided by operating activities | $ 3,251,077 | $ - | $ - | $ 3,251,077 |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | | | |
| Contributions of capital assets from developers | $ 12,156,332 | $ - | $ - | $ 12,156,332 |
| Change in capital contributions, fees and grants; accruals and deferrals | - | 5,711,445 | 9,969 | 5,721,414 |
| Increase in fair value of investments | - | (571,426) | - | (571,426) |
| Amortization of refunding losses | - | (618,079) | - | (618,079) |
| Total Noncash investing, capital, and financing activities | $ 12,156,332 | $ 4,521,940 | $ 9,969 | $ 16,688,241 |

Anne Arundel County, Maryland

Combining Statement of Plan Net Position

Pension Trust Funds

June 30, 2020

| | Defined Benefit Pension Plans (December 31, 2019) | | | | |
|---|---|---|---|---|---|
| | Employees' Retirement | Police Service Retirement | Fire Service Retirement | Detention Officers' & Deputy Sheriffs' Retirement | Totals |
| ASSETS | | | | | |
| Investments, at fair value: | | | | | |
| Cash and temporary investments | $ 32,323,176 | $ 27,247,613 | $ 26,997,791 | $ 7,259,383 | $ 93,827,963 |
| U. S. Government obligations | 6,427,011 | 5,417,989 | 5,367,198 | 1,442,902 | 18,655,100 |
| Corporate obligations | 55,038,978 | 46,398,018 | 45,963,060 | 12,356,584 | 159,756,640 |
| Domestic fixed income mutual funds | 53,174,144 | 44,825,957 | 44,405,736 | 11,937,917 | 154,343,754 |
| International fixed income mutual funds | 36,656,038 | 30,901,146 | 30,611,462 | 8,229,502 | 106,398,148 |
| Global asset pools | 61,130,391 | 51,533,097 | 51,050,000 | 13,724,143 | 177,437,631 |
| Domestic equity | 147,550,189 | 124,385,236 | 123,219,186 | 33,125,911 | 428,280,522 |
| International equity pools | 172,511,834 | 145,427,976 | 144,064,660 | 38,729,951 | 500,734,421 |
| Private markets | 52,807,090 | 44,516,530 | 44,099,209 | 11,855,512 | 153,278,341 |
| Real estate investment pools | 43,287,032 | 36,491,093 | 36,149,007 | 9,718,201 | 125,645,333 |
| Absolute return fixed income | 23,753,439 | 20,024,217 | 19,836,500 | 5,332,791 | 68,946,947 |
| Aetna insurance pooled fixed income | 7,367,480 | 6,210,807 | 6,152,584 | 1,654,044 | 21,384,915 |
| Total investments | 692,026,802 | 583,379,679 | 577,916,393 | 155,366,841 | 2,008,689,715 |
| Collateral from securities lending transactions | 21,257,401 | 17,920,051 | 17,752,059 | 4,772,415 | 61,701,926 |
| Receivables: | | | | | |
| Employer contributions | 2,609,513 | 1,972,897 | 1,572,354 | 648,770 | 6,803,534 |
| Participant contributions | 397,429 | 300,358 | 286,385 | 113,828 | 1,098,001 |
| Accrued interest and dividends | 733,616 | 618,514 | 612,730 | 164,751 | 2,129,611 |
| Investment sales proceeds | 5,537,812 | 4,668,391 | 4,624,628 | 1,243,272 | 16,074,103 |
| Total receivables | 9,278,370 | 7,560,161 | 7,096,097 | 2,170,621 | 26,105,249 |
| Deposits on hand | 11,086 | 99,490 | 45,888 | - | 156,464 |
| Total assets | 722,573,659 | 608,959,381 | 602,810,437 | 162,309,877 | 2,096,653,354 |
| LIABILITIES | | | | | |
| Accounts payable | 754,300 | 636,725 | 629,582 | 169,221 | 2,189,828 |
| Investment commitments payable | 9,402,143 | 7,926,034 | 7,851,731 | 2,110,838 | 27,290,746 |
| Obligation for collateral received under securities lending transactions | 21,257,401 | 17,920,051 | 17,752,059 | 4,772,415 | 61,701,926 |
| Total liabilities | 31,413,844 | 26,482,810 | 26,233,372 | 7,052,474 | 91,182,500 |
| NET POSITION | | | | | |
| Net position restricted for pension | $ 691,159,815 | $ 582,476,571 | $ 576,577,065 | $ 155,257,403 | $ 2,005,470,854 |

Anne Arundel County, Maryland

Combining Statement of Changes in Net Position

Pension Trust Funds

Year Ended June 30, 2020

| | Defined Benefit Pension Trust (December 31, 2019) | | | | |
|---|---|---|---|---|---|
| | Employees' Retirement | Police Service Retirement | Fire Service Retirement | Detention Officers' & Deputy Sheriffs' Retirement | Totals |
| ADDITIONS | | | | | |
| Contributions: | | | | | |
| Employer | $ 29,637,342 | $ 23,093,892 | $ 17,637,120 | $ 7,600,380 | $ 77,968,734 |
| Participant | 5,511,825 | 3,669,199 | 3,652,415 | 1,401,641 | 14,235,080 |
| Total contributions | 35,149,167 | 26,763,091 | 21,289,535 | 9,002,021 | 92,203,814 |
| Investment income: | | | | | |
| Net appreciation/(depreciation) in fair value of investments | 78,435,591 | 65,786,919 | 64,824,326 | 17,299,722 | 226,346,558 |
| Interest income | 8,822,799 | 7,599,164 | 7,908,500 | 1,931,892 | 26,262,355 |
| Dividend income | 8,192,431 | 6,868,180 | 6,800,169 | 1,814,660 | 23,675,440 |
| Total investment income/(loss) | 95,450,821 | 80,254,263 | 79,532,995 | 21,046,274 | 276,284,353 |
| Less investment expense | 4,054,533 | 3,462,871 | 3,421,994 | 896,566 | 11,835,964 |
| Net income/(loss) from investing activities | 91,396,288 | 76,791,392 | 76,111,001 | 20,149,708 | 264,448,389 |
| Securities lending activities: | | | | | |
| Securities lending income | 534,010 | 447,442 | 443,274 | 118,257 | 1,542,983 |
| Securities lending expenses: | | | | | |
| Borrower rebates | 407,738 | 341,640 | 338,457 | 90,294 | 1,178,129 |
| Management fees | 50,509 | 42,321 | 41,926 | 11,185 | 145,941 |
| Securities lending expense | 458,247 | 383,961 | 380,383 | 101,479 | 1,324,070 |
| Securities lending net income | 75,763 | 63,481 | 62,891 | 16,778 | 218,913 |
| Total net investment income/(loss) | 91,472,051 | 76,854,873 | 76,173,892 | 20,166,486 | 264,667,302 |
| Total additions | 126,621,218 | 103,617,964 | 97,463,427 | 29,168,507 | 356,871,116 |
| DEDUCTIONS | | | | | |
| Participant benefit payments and refunds | 55,015,580 | 36,852,665 | 30,091,059 | 8,591,801 | 130,551,105 |
| Administrative expenses | 618,605 | 540,088 | 530,549 | 138,075 | 1,827,317 |
| Total deductions | 55,634,185 | 37,392,753 | 30,621,608 | 8,729,876 | 132,378,422 |
| Net increases | 70,987,033 | 66,225,211 | 66,841,819 | 20,438,631 | 224,492,694 |
| Net position, beginning of year | 620,172,782 | 516,251,360 | 509,735,246 | 134,818,772 | 1,780,978,160 |
| Net position, end of year | $ 691,159,815 | $ 582,476,571 | $ 576,577,065 | $ 155,257,403 | $ 2,005,470,854 |

**Anne Arundel Retiree Health Benefits Trust**

**Combining Statement of Fiduciary Net Position**

**June 30, 2020**

| | Anne Arundel County Government Plan | Anne Arundel Community College Plan | Anne Arundel County Public Library Plan | Total |
|---|---|---|---|---|
| ASSETS | | | | |
| Investments: | | | | |
| Short-term investments | $ 15,116,691 | $ 29,928 | $ 135,350 | $ 15,281,969 |
| Mutual Funds | 211,508,317 | 11,406,757 | 1,020,754 | 223,935,828 |
| Real estate investment pool | 12,439,051 | 670,845 | 60,032 | 13,169,928 |
| Total investments | 239,064,059 | 12,107,530 | 1,216,136 | 252,387,725 |
| Accounts receivable | 12,987,688 | 41 | 39 | 12,987,768 |
| Total assets | $ 252,051,747 | $ 12,107,571 | $ 1,216,175 | $ 265,375,493 |
| LIABILITIES | | | | |
| Accrued liabilities and accounts payables | $ 2,945,628 | $ 1,540 | $ 140 | $ 2,947,308 |
| Due to Anne Arundel County Government | - | 182 | 17 | 199 |
| Total liabilities | 2,945,628 | 1,722 | 157 | 2,947,507 |
| NET POSITION | | | | |
| Net position restricted for OPEB | $ 249,106,119 | $ 12,105,849 | $ 1,216,018 | $ 262,427,986 |

Anne Arundel Retiree Health Benefits Trust
Combining Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2020

| | Anne Arundel County Government Plan | Anne Arundel Community College Plan | Anne Arundel County Public Library Plan | Total |
|---|---|---|---|---|
| Additions: | | | | |
| Contributions: | | | | |
| Employer | $ 91,810,561 | $ 2,096,194 | $ 1,512,344 | $ 95,419,099 |
| Member | 7,771,694 | 1,195,077 | 353,709 | 9,320,480 |
| Insurance subsidies and rebates | 10,136,864 | - | - | 10,136,864 |
| Total contributions | 109,719,119 | 3,291,271 | 1,866,053 | 114,876,443 |
| Investment income: | | | | |
| Net appreciation in fair value of investments | (3,140,398) | (179,131) | (15,683) | (3,335,212) |
| Dividends | 6,677,326 | 377,310 | 33,445 | 7,088,081 |
| Interest | 536,443 | 8,384 | 1,769 | 546,596 |
| Total investment income | 4,073,371 | 206,563 | 19,531 | 4,299,465 |
| Less investment expense | 123,597 | 7,978 | 728 | 132,303 |
| Net investment income | 3,949,774 | 198,585 | 18,803 | 4,167,162 |
| Total additions | $ 113,668,893 | $ 3,489,856 | $ 1,884,856 | $ 119,043,605 |
| Deductions: | | | | |
| Insurance claims | $ 37,024,015 | $ - | $ - | $ 37,024,015 |
| Insurance premiums | 6,757,910 | 3,291,271 | 1,755,253 | 11,804,434 |
| General and administrative expense | 1,084,019 | 6,597 | 645 | 1,091,261 |
| Total deductions | 44,865,944 | 3,297,868 | 1,755,898 | 49,919,710 |
| Net increase in plan net position | 68,802,949 | 191,988 | 128,958 | 69,123,895 |
| Net position held in trust for other postemployment benefits, beginning of year | 180,303,170 | 11,913,861 | 1,087,060 | 193,304,091 |
| Net position held in trust for other postemployment benefits, end of year | $ 249,106,119 | $ 12,105,849 | $ 1,216,018 | $ 262,427,986 |

Anne Arundel County, Maryland

## Details of Long-term Debt and Interest

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

*June 30, 2020*

| | *Issued Date* | *Maturing Serially* | *Rate of Interest* | *Amount Issued* | *Redeemed F/Y 20* | *06/30/20 Outstanding* | *Total Due to Maturity* |
|---|---|---|---|---|---|---|---|
| Water and Wastewater Bonds | | | | | | | |
| MDWQE Rosehaven | 03/28/01 | 2003-31 | 1.50 to 1.50 | $ 3,033,715 | $ 108,545 | $ 1,307,017 | $ 1,427,566 |
| MDWQE Annapolis WRF Expn | 06/27/03 | 2005-24 | 1.00 to 1.00 | 19,362,500 | 1,020,903 | 4,186,728 | 4,291,917 |
| MDWQE Marley Jumpers | 04/07/07 | 2008-27 | 1.00 to 1.00 | 5,854,341 | 366,356 | 1,354,838 | 1,386,682 |
| MDWQE Woodholme Circle | 06/17/08 | 2009-28 | 1.10 to 1.10 | 1,200,475 | 66,727 | 504,137 | 527,260 |
| MDWQE Deale Rd Sewer | 12/01/09 | 2011-30 | 0.00 to 0.00 | 1,749,147 | 98,324 | 765,911 | 765,911 |
| Series 10 | 04/08/10 | 2011-20 | 2.00 to 5.00 | 13,900,000 | 1,390,000 | - | - |
| BABs Series 10 | 04/08/10 | 2021-30 | 4.80 to 5.55 | 27,700,000 | - | 27,700,000 | 44,805,575 |
| Series 11 | 04/20/11 | 2012-41 | 2.00 to 5.00 | 47,600,000 | 1,590,000 | 33,290,000 | 51,207,650 |
| MDWQE Annap/Bneck/Cox | 06/16/11 | 2013-32 | 2.20 to 2.20 | 15,975,016 | 844,225 | 11,358,782 | 13,009,136 |
| Series 11 Refunding | 09/01/11 | 2013-25 | 3.00 to 5.00 | 8,860,000 | 740,000 | 3,710,000 | 4,266,750 |
| MDWQE Bwater/MDCity/Patxnt | 05/31/12 | 2014-33 | 1.80 to 1.80 | 12,430,208 | 623,590 | 9,161,544 | 10,352,507 |
| Series 12 | 06/14/12 | 2013-42 | 2.00 to 4.00 | 27,020,000 | 900,000 | 19,800,000 | 27,831,375 |
| Series 12 Refunding | 06/14/12 | 2013-32 | 2.00 to 5.00 | 15,810,000 | 1,190,000 | 10,380,000 | 12,612,675 |
| MDWQE Sylvan Shores Water | 12/21/12 | 2014-42 | 0.80 to 0.80 | 3,783,000 | 128,435 | 2,931,928 | 3,196,792 |
| MDWQE Sylvan Shores Sewer | 12/21/12 | 2014-33 | 0.80 to 0.80 | 1,944,000 | 96,650 | 1,329,123 | 1,404,740 |
| Series 13 | 06/20/13 | 2014-43 | 4.00 to 5.00 | 38,080,000 | 1,270,000 | 29,210,000 | 44,324,587 |
| MDWQE Cox Creek Ph II | 10/31/13 | 2014-34 | 2.10 to 2.10 | 17,475,907 | 1,182,670 | 14,496,563 | 17,692,440 |
| Series 14 | 04/03/14 | 2015-44 | 3.00 to 5.00 | 79,200,000 | 2,640,000 | 63,360,000 | 96,287,400 |
| Series 15 | 04/08/15 | 2016-45 | 2.00 to 5.00 | 77,600,000 | 2,590,000 | 64,650,000 | 106,660,000 |
| Series 15 Refunding | 04/08/15 | 2016-36 | 5.00 to 5.00 | 34,875,000 | 1,880,000 | 29,580,000 | 41,906,250 |
| Series 16 | 04/13/16 | 2017-46 | 3.00 to 5.00 | 43,585,000 | 1,455,000 | 37,775,000 | 62,308,125 |
| Series 16 Refunding | 04/13/16 | 2017-36 | 3.00 to 5.00 | 75,300,000 | 4,830,000 | 52,835,000 | 64,973,525 |
| Series 17 | 04/12/17 | 2018-47 | 5.00 to 5.00 | 63,175,000 | 2,125,000 | 57,375,000 | 96,103,125 |
| Series 17 Refunding | 04/12/17 | 2018-29 | 3.00 to 5.00 | 20,515,000 | 985,000 | 18,370,000 | 24,389,075 |
| Series 18 | 03/29/18 | 2019-48 | 5.00 to 5.00 | 67,805,000 | 2,260,000 | 63,280,000 | 107,576,000 |
| Series 19 | 04/12/19 | 2020-49 | 5.00 to 5.00 | 71,090,000 | 2,365,000 | 68,725,000 | 118,547,125 |
| Series 19 Refunding | 04/12/19 | 2020-25 | 5.00 to 5.00 | 6,020,000 | 1,390,000 | 4,630,000 | 5,217,250 |
| Series 20 | 05/06/20 | 2021-50 | 3.00 to 5.00 | 74,095,000 | - | 74,095,000 | 129,282,544 |
| Total applicable to 5.6% and 14.0% debt limitations | | | | 875,038,309 | 34,136,425 | 706,161,571 | 1,092,353,982 |

*(continued)*

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

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

*June 30, 2020*

| | *Issued* | *Maturing Serially* | *Rate of Interest* | *Issued* | *Redeemed F/Y 20* | *06/30/20 Outstanding* | *Total Due to Maturity* |
|---|---|---|---|---|---|---|---|
| Consolidated General Improvements Bonds | | | | | | | |
| Series 10 | 04/08/10 | 2011-20 | 2.00 to 5.00 | 66,136,440 | 7,202,459 | - | - |
| BABs Series 10 | 04/08/10 | 2021-30 | 4.80 to 5.55 | 72,888,560 | - | 72,888,560 | 94,288,644 |
| Series 11 | 04/20/11 | 2012-31 | 3.00 to 5.00 | 117,500,000 | 5,958,999 | 63,747,613 | 81,323,162 |
| Series 11 Refunding | 09/01/11 | 2013-25 | 3.00 to 5.00 | 35,835,000 | 3,585,000 | 10,800,000 | 11,880,500 |
| Series 12 | 06/14/12 | 2013-32 | 3.00 to 4.00 | 98,900,000 | 5,947,028 | 51,271,618 | 63,328,997 |
| Series 12 Refunding | 06/14/12 | 2013-32 | 2.00 to 5.00 | 36,332,512 | 3,886,847 | 17,527,657 | 19,464,159 |
| Series 13 | 06/20/13 | 2014-33 | 4.00 to 5.00 | 116,000,000 | 6,960,000 | 67,280,000 | 88,856,000 |
| Series 14 | 04/03/14 | 2015-34 | 3.00 to 5.00 | 115,000,000 | 6,968,020 | 72,907,872 | 93,631,282 |
| Series 15 | 04/08/15 | 2016-35 | 2.00 to 5.00 | 154,920,000 | 10,804,842 | 111,746,432 | 150,143,885 |
| Series 15 Refunding | 04/08/15 | 2016-27 | 5.00 to 5.00 | 58,504,968 | 6,098,549 | 39,781,902 | 47,279,969 |
| Golf Course Refunding | 04/08/15 | 2016-28 | 5.00 to 5.00 | 15,735,000 | 1,080,000 | 10,810,000 | 13,379,750 |
| Series 16 | 04/13/16 | 2017-46 | 5.00 to 5.00 | 80,027,783 | 2,668,926 | 69,357,079 | 114,422,558 |
| Series 16 Refunding | 04/13/16 | 2017-27 | 3.00 to 5.00 | 69,384,271 | 8,217,232 | 26,278,350 | 29,848,668 |
| Series 17 | 04/12/17 | 2018-47 | 5.00 to 5.00 | 104,008,000 | 3,538,389 | 93,392,833 | 156,453,968 |
| Series 17 Refunding | 04/12/17 | 2018-29 | 3.00 to 5.00 | 44,423,549 | 4,250,401 | 37,998,979 | 45,122,465 |
| Series 18 | 03/29/18 | 2019-48 | 5.00 to 5.00 | 177,642,000 | 5,862,817 | 165,916,366 | 282,764,021 |
| Series 19 | 04/12/19 | 2020-49 | 5.00 to 5.00 | 191,621,000 | 6,321,858 | 185,299,142 | 320,486,849 |
| Series 19 Refunding | 04/12/19 | 2020-25 | 5.00 to 5.00 | 4,445,000 | 775,000 | 3,670,000 | 4,213,500 |
| Series 20 | 05/06/20 | 2021-50 | 3.00 to 5.00 | 188,363,000 | - | 188,363,000 | 285,674,877 |
| | | | | 1,747,667,083 | 90,126,367 | 1,289,037,403 | 1,902,563,254 |
| WPRF Bonds | | | | | | | |
| Series 14 | 04/03/14 | 2015-34 | 2.00 to 5.00 | 7,300,000 | 390,427 | 5,099,438 | 6,637,783 |
| Series 15 | 04/08/15 | 2016-35 | 5.00 to 5.00 | 26,880,000 | 1,443,684 | 21,090,264 | 29,466,121 |
| Series 16 | 04/13/16 | 2017-45 | 5.00 to 5.00 | 13,232,217 | 441,074 | 11,467,921 | 18,922,069 |
| Series 18 | 03/29/18 | 2019-48 | 5.00 to 5.00 | 13,008,000 | 433,600 | 12,140,800 | 20,639,360 |
| Series 19 | 04/12/19 | 2020-49 | 5.00 to 5.00 | 20,359,000 | 678,633 | 19,680,367 | 33,948,644 |
| Series 20 | 05/06/20 | 2021-50 | 3.00 to 5.00 | 26,132,000 | - | 26,132,000 | 39,507,468 |
| | | | | 106,911,217 | 3,387,418 | 95,610,790 | 149,121,445 |
| Solid Waste Bonds | | | | | | | |
| Series 10 | 04/08/10 | 2011-20 | 3.00 to 5.00 | 1,938,560 | 302,541 | - | - |
| BABs Series 10 | 04/08/10 | 2011-30 | 4.80 to 5.55 | 3,161,440 | - | 3,161,440 | 4,089,636 |
| Series 11 | 04/20/11 | 2012-31 | 3.00 to 5.00 | 8,200,000 | 331,001 | 5,342,387 | 6,811,339 |
| Series 12 | 06/14/12 | 2013-32 | 3.00 to 4.00 | 2,200,000 | 112,972 | 1,348,382 | 1,681,752 |
| Series 12 Refunding | 06/14/12 | 2013-25 | 2.00 to 5.00 | 917,488 | 98,153 | 457,343 | 509,191 |
| Series 14 | 04/03/14 | 2015-34 | 2.00 to 5.00 | 4,600,000 | 256,553 | 3,202,690 | 4,153,964 |
| Series 15 | 04/08/15 | 2016-35 | 2.00 to 5.00 | 9,600,000 | 501,474 | 7,463,304 | 10,441,244 |
| Series 15 Refunding | 04/08/15 | 2016-27 | 5.00 to 5.50 | 2,700,032 | 281,451 | 1,818,098 | 2,158,781 |
| Series 16 Refunding | 04/13/16 | 2017-27 | 3.00 to 5.00 | 200,729 | 22,768 | 86,650 | 99,282 |
| Series 17 | 04/12/17 | 2018-47 | 5.00 to 5.00 | 4,377,000 | 76,611 | 4,147,167 | 6,902,783 |
| Series 17 Refunding | 04/12/17 | 2018-29 | 3.00 to 5.00 | 936,451 | 89,599 | 801,021 | 951,185 |
| Series 18 | 03/29/18 | 2019-48 | 5.00 to 5.00 | 5,200,000 | 228,583 | 4,742,834 | 7,341,619 |
| Series 19 | 04/12/19 | 2020-49 | 5.00 to 5.00 | 4,100,000 | 199,509 | 3,900,491 | 5,856,516 |
| Series 20 | 05/06/20 | 2021-50 | 3.00 to 5.00 | 8,000,000 | - | 8,000,000 | 11,181,945 |
| Total Waste Collection Enterprise Fund | | | | 56,131,700 | 2,501,215 | 44,471,807 | 62,179,237 |
| Total applicable to 5.2% and 13.0% debt limitations | | | | 1,910,710,000 | 96,015,000 | 1,429,120,000 | 2,113,863,936 |

*(continued)*

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

NOT APPLICABLE TO DEBT LIMITATIONS

*June 30, 2020*

| | *Issued* | *Maturing Serially* | *Rate of Interest* | *Issued* | *Redeemed F/Y 20* | *06/30/20 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 | 382,000 | 602,838 |
| Ellen H. Shepard Trust | 09/22/00 | 2002-30 | 5.85 to 5.85 | 161,000 | 1,000 | 142,000 | 222,437 |
| Jean Touchette | 09/19/00 | 2002-30 | 5.85 to 5.85 | 378,000 | 1,000 | 359,000 | 566,383 |
| Farm of the Four Winds, LLC | 11/13/00 | 2002-30 | 6.00 to 6.00 | 587,000 | 1,000 | 568,000 | 906,100 |
| Kenneth P. Franklin, Trustee | 12/28/00 | 2002-30 | 5.60 to 5.60 | 142,055 | 1,000 | 123,000 | 189,360 |
| Richard F. Moreland | 07/18/01 | 2003-28 | 5.90 to 5.90 | 274,000 | 1,000 | 256,000 | 375,180 |
| Mary M. Smith | 07/18/01 | 2003-28 | 5.90 to 5.90 | 831,000 | 1,000 | 813,000 | 1,195,084 |
| Charlotte Windsor | 07/26/01 | 2003-28 | 5.90 to 5.90 | 411,174 | 1,000 | 393,000 | 576,844 |
| Anita Froe/Rian LLC | 03/06/02 | 2003-28 | 5.90 to 5.90 | 657,000 | 1,000 | 639,000 | 938,956 |
| Lauer & Company | 09/20/02 | 2004-28 | 5.25 to 5.25 | 197,000 | 1,000 | 180,000 | 254,130 |
| Weems Dodd Ltd | 10/17/02 | 2004-28 | 5.45 to 5.45 | 1,521,000 | 1,000 | 1,504,000 | 2,158,218 |
| Alice Hall | 12/19/02 | 2004-28 | 5.55 to 5.55 | 180,000 | 1,000 | 163,000 | 233,818 |
| Bristol Farms LLC | 01/28/03 | 2004-28 | 5.50 to 5.50 | 700,000 | 1,000 | 683,000 | 979,263 |
| Shearman Talbott | 05/22/03 | 2005-28 | 4.95 to 4.95 | 263,948 | 1,000 | 248,000 | 344,822 |
| Sally Brice O'Hara | 06/23/04 | 2006-28 | 5.80 to 5.80 | 316,000 | 1,000 | 301,000 | 439,040 |
| Thackray Seznec | 06/30/04 | 2006-28 | 5.80 to 5.80 | 1,405,000 | 1,000 | 1,390,000 | 2,033,336 |
| James Parks | 07/07/04 | 2006-28 | 5.60 to 5.60 | 295,000 | 1,000 | 280,000 | 403,872 |
| Dorothy Horky | 12/05/05 | 2006-28 | 4.90 to 4.90 | 368,814 | 1,000 | 355,000 | 492,789 |
| Virginia Tucker | 10/05/06 | 2007-28 | 4.90 to 4.90 | 926,000 | 1,000 | 913,000 | 1,269,524 |
| Jennifer Wade | 07/26/07 | 2008-28 | 5.30 to 5.30 | 873,925 | 1,000 | 862,000 | 1,215,701 |
| Ford/Addis | 12/20/07 | 2008-37 | 4.60 to 4.60 | 604,000 | - | 604,000 | 1,076,328 |
| Francis Talbott III | 07/16/08 | 2009-37 | 4.55 to 4.55 | 840,000 | - | 840,000 | 1,489,740 |
| Thompson Lumber | 06/21/11 | 2012-41 | 4.55 to 4.55 | 1,487,000 | - | 1,487,000 | 2,907,827 |
| | | | | 13,819,916 | 20,000 | 13,485,000 | 20,871,590 |
| Tax Increment Bonds | | | | | | | |
| Arundel Mills Refunding | 05/14/14 | 2015-29 | 2.00 to 5.00 | 24,940,000 | 1,405,000 | 18,870,000 | 22,158,250 |
| National Business Park Ref | 05/14/14 | 2015-28 | 1.50 to 5.00 | 12,155,000 | 770,000 | 8,805,000 | 10,222,226 |
| Nursery Road Refunding | 05/14/14 | 2015-29 | 2.00 to 5.00 | 1,765,000 | 100,000 | 1,280,000 | 1,513,674 |
| National Business Park N Ref | 06/07/18 | 2020-37 | 3.00 to 5.00 | 25,855,000 | 450,000 | 25,405,000 | 34,935,006 |
| Ref | 06/07/18 | 2020-41 | 3.00 to 4.00 | 14,525,000 | 440,000 | 14,085,000 | 19,787,847 |
| | | | | 79,240,000 | 3,165,000 | 68,445,000 | 88,617,003 |

LONG TERM DEBT NOT APPLICABLE TO DEBT LIMITATIONS

| | *Issued* | *Maturing Serially* | *Rate of Interest* | *Issued* | *Redeemed F/Y 20* | *06/30/20 Outstanding* | *Total Due to Maturity* |
|---|---|---|---|---|---|---|---|
| State Loans | | | | | | | |
| Department of Natural Resources | | | | | | | |
| Amberly | 11/01/08 | 2008-33 | 0.00 | 135,000 | 5,400 | 70,200 | 70,200 |
| Annapolis Cove | 05/27/14 | 2015-30 | 0.00 | 173,425 | 11,793 | 106,134 | 106,134 |
| Arundel on the Bay SECD | 11/17/18 | 2020-40 | 0.00 | 279,400 | - | 279,400 | 279,400 |
| Bay Ridge #2 | 07/01/08 | 2009-28 | 0.00 | 500,000 | 25,771 | 231,939 | 231,939 |
| Buckingham Cove | 04/07/97 | 1997-21 | 0.00 | 217,570 | 8,703 | 17,400 | 17,400 |
| Camp Wabanna SECD | 04/26/05 | 2011-31 | 0.00 | 174,857 | 9,203 | 92,030 | 92,030 |
| Cape Anne SECD | 11/30/06 | 2009-34 | 0.00 | 190,308 | 8,101 | 105,290 | 105,290 |
| Cattail Creek | 04/03/98 | 1998-22 | 0.00 | 127,628 | 5,105 | 15,316 | 15,316 |
| Columbia Beach | 06/12/08 | 2013-38 | 0.00 | 1,042,027 | 53,664 | 643,968 | 643,968 |
| Elizabeth's Landing III | 01/22/10 | 2012-37 | 0.00 | 153,262 | 6,130 | 91,939 | 91,939 |
| Holland Point SECD | 10/11/04 | 2011-31 | 0.00 | 1,050,054 | 55,266 | 552,660 | 552,660 |
| Lake Hillsmere II | 04/03/98 | 1998-22 | 0.00 | 188,660 | 7,546 | 22,638 | 22,638 |
| Romar Estates | 03/27/97 | 1997-21 | 0.00 | 304,987 | 12,199 | 24,400 | 24,400 |
| Snug Harbor SECD | 10/11/04 | 2012-31 | 0.00 | 112,600 | 5,817 | 63,987 | 63,987 |
| Venice Beach SECD | 09/15/17 | 2021-40 | 0.00 | 220,000 | - | 5,700 | 5,700 |
| Whitehall Cove | 12/19/01 | 2001-25 | 0.00 | 164,134 | 6,565 | 39,393 | 39,393 |
| Total not applicable to debt limitations | | | | 5,033,912 | 221,263 | 2,362,394 | 2,362,394 |
| Total long-term debt | | | | $ 2,883,842,137 | $ $ 133,557,688 | $ 2,219,573,965 | $ 3,318,068,905 |

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# ANNE ARUNDEL COUNTY, MARYLAND

## OFFICIAL NOTICE OF SALE OF

## $256,335,000*
## GENERAL OBLIGATION BONDS

**Consisting of**

**$187,125,000* Consolidated General Improvements Series, 2021**
**$69,210,000* Consolidated Water and Sewer Series, 2021**

**Dated Date of Delivery**

ELECTRONIC BIDS, via BiDCOMP/PARITY Competitive Bidding System (BiDCOMP/Parity) only, will be received until **10:15 A.M., LOCAL BALTIMORE, MARYLAND, TIME ON MARCH 10, 2021,** 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 $256,335,000 general obligation bonds of the County, consisting of $187,125,000* Consolidated General Improvements Series, 2021 (the "CGI Bonds") and $69,210,000* Consolidated Water and Sewer Series, 2021 (the "Water and Sewer Bonds" and together with the CGI Bonds, the "Bonds"), all dated the date of delivery, and bearing interest payable October 1, 2021, and semiannually thereafter on each April 1 and October 1 until maturity or prior redemption as hereinafter set forth.

The Bonds will mature, subject to prior redemption as hereinafter set forth, on October 1 in the following years and in the following aggregate amounts, subject to aggregation of two or more consecutive serial maturities of the Bonds as term bonds, as provided below in "Bid Specifications."

| Years of Maturity | CGI Bonds* | Water and Sewer Bonds* | Total |
|---|---|---|---|
| 2021 | $6,240,000 | $2,310,000 | $8,550,000 |
| 2022 | 6,240,000 | 2,310,000 | 8,550,000 |
| 2023 | 6,240,000 | 2,310,000 | 8,550,000 |
| 2024 | 6,240,000 | 2,310,000 | 8,550,000 |
| 2025 | 6,240,000 | 2,310,000 | 8,550,000 |
| 2026 | 6,240,000 | 2,310,000 | 8,550,000 |
| 2027 | 6,240,000 | 2,310,000 | 8,550,000 |
| 2028 | 6,240,000 | 2,310,000 | 8,550,000 |
| 2029 | 6,240,000 | 2,310,000 | 8,550,000 |
| 2030 | 6,240,000 | 2,310,000 | 8,550,000 |
| 2031 | 6,240,000 | 2,310,000 | 8,550,000 |
| 2032 | 6,240,000 | 2,310,000 | 8,550,000 |
| 2033 | 6,240,000 | 2,305,000 | 8,545,000 |
| 2034 | 6,240,000 | 2,305,000 | 8,545,000 |
| 2035 | 6,240,000 | 2,305,000 | 8,545,000 |
| 2036 | 6,235,000 | 2,305,000 | 8,540,000 |
| 2037 | 6,235,000 | 2,305,000 | 8,540,000 |

* Preliminary, subject to change.

| Years of Maturity | CGI Bonds* | Water and Sewer Bonds* | Total |
|---|---|---|---|
| 2038 | 6,235,000 | 2,305,000 | 8,540,000 |
| 2039 | 6,235,000 | 2,305,000 | 8,540,000 |
| 2040 | 6,235,000 | 2,305,000 | 8,540,000 |
| 2041 | 6,235,000 | 2,305,000 | 8,540,000 |
| 2042 | 6,235,000 | 2,305,000 | 8,540,000 |
| 2043 | 6,235,000 | 2,305,000 | 8,540,000 |
| 2044 | 6,235,000 | 2,305,000 | 8,540,000 |
| 2045 | 6,235,000 | 2,305,000 | 8,540,000 |
| 2046 | 6,235,000 | 2,305,000 | 8,540,000 |
| 2047 | 6,235,000 | 2,305,000 | 8,540,000 |
| 2048 | 6,235,000 | 2,305,000 | 8,540,000 |
| 2049 | 6,235,000 | 2,305,000 | 8,540,000 |
| 2050 | 6,235,000 | 2,305,000 | 8,540,000 |

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 bidders 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 (2013 Replacement Volume and 2020 Supplement), the Charter of Anne Arundel County, Maryland (the "County Charter") and Bill No. 47-20, passed by the County Council of the County on July 20, 2020, approved by the County Executive on July 24, 2020, and effective on September 7, 2020, as amended (the "Authorizing Ordinance").

The proceeds of the CGI Bonds will be used to provide funding for general improvements. The proceeds of the 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 CGI 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 primary sources of payment for the 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

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* Preliminary, subject to change.

operation, maintenance and debt service, but if not so paid, the Water and Sewer 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.

*Optional Redemption*

The Bonds maturing on or after October 1, 2031*, are subject to redemption, at the option of the County, on or after October 1, 2030*, 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 of the Bonds 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 10:15 a.m., local Baltimore, Maryland time, on Wednesday, March 10, 2021, 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 (i) it has an established industry reputation for underwriting new issuances of municipal bonds; and (ii) 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 Official Notice of Sale shall conflict with information provided by BiDCOMP/Parity as approved provider of electronic bidding services, this Official 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 Official 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 Official Notice of Sale and in particular the

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* Preliminary, subject to change.

"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, Inc., by email message to Monika Conley, mconley@pragadvisors.com.

*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 10:15 a.m., local Baltimore, Maryland time, on Wednesday, March 10, 2021. 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 BiDCOMP/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 $2,563,350* (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 bidder 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 the Bonds, on which 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% for any single maturity. Each bidder must specify in its bid a single interest rate for each maturity of the Bonds. A zero rate cannot be named for any maturity. Interest

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* Preliminary, subject to change.

rate for Bonds maturing in years 2031 through 2035, inclusive, shall be 5%. Interest rate for Bonds maturing in years 2036 through 2050, inclusive, shall not be lower than 3%. Bidders may designate in their proposal two or more consecutive annual principal payments of the Bonds as a term bond, 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 for each series of the Bonds 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 for the Bonds.

*Procedures for Principal Amount Changes and Other Changes to Official 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 Official 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 THE MUNICIPAL MARKET MONITOR ("TM3") SERVICES OF THOMSON REUTERS GLOBAL MARKETS, INC. (**www.tm3.com**) NOT LATER THAN 9:15 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 offering prices to the public of each maturity of the Bonds (the "Initial Offering Prices"). Such Initial Offering 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 of each series (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 of the Bonds by more than 10% from the amount bid upon for each series. **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 for the Bonds. 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 shall be awarded to one of such bidders based upon which bid was received first.

**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 Official Notice of Sale.

*Issue Price Determination*

The County expects and intends that the bid for the Bonds will satisfy the federal tax requirements for a qualified competitive sale of bonds, including, among other things, receipt of bids for the Bonds from at least three underwriters, who have established industry reputations for underwriting new issuances of municipal bonds (a "Qualified Competitive Bid"). The Designated Officer will advise the successful bidder as promptly as possible after the bids are opened whether the bid constitutes a Qualified Competitive Bid, or, in the alternative, a bid that fails to satisfy such requirements (a "Nonqualified Competitive Bid").

If the bid is a Qualified Competitive Bid, as promptly as possible after the bids are opened, the Designated Officer, will notify the successful bidder, and such bidder, upon such notice, shall advise the Designated Officer, of the reasonably expected Initial Offering Price, as applicable, of each maturity of each series of the Bonds. In addition, the winning bidder shall be required to provide to the County information to establish the initial expected offering prices for each maturity of each series of the Bonds for federal income tax purposes by completing a certificate acceptable to Bond Counsel to the County, on or before the date of issuance of the Bonds, substantially in the form set forth in Appendix E to the Preliminary Official Statement, with appropriate completions, amendments and attachments.

If the bid is a Nonqualified Competitive Bid, as promptly as possible after the bids are opened, the Designated Officer, will notify the successful bidder, and such bidder, upon such notice, shall advise the Designated Officer, of the initial sale price or Initial Offering Price, as applicable, of each maturity of each series of the Bonds. In addition, the winning bidder shall be required to provide to the County information and assurances to establish the initial sale price or the initial offering price to the public, as applicable, for each maturity of each series of the Bonds for federal income tax purposes by completing a certification acceptable to Bond Counsel in substantially the form set forth in Appendix F to the Preliminary Official Statement, with appropriate completions, omissions and attachments. **It is noted that procedures for a Nonqualified Competitive Bid may require the winning bidder and, if applicable, other underwriters of the Bonds, to hold the initial offering prices for certain maturities of a series of the Bonds for up to five business days after the sale date, as further specified in the form of such certification.**

*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 bidder 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.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print any such number 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. Public Resources Advisory Group (the "Financial Advisor") will timely apply for CUSIP numbers with respect to the Bonds as required by MSRB Rule G-34. All expenses in relation to the printing of the CUSIP identification numbers on the Bonds shall be paid by the County. However, the CUSIP Global Services charge for the assignment of such numbers shall be the responsibility of and shall be paid by the successful bidder.

**THE CGI BONDS AND THE WATER AND SEWER BONDS WILL EACH 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 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 March 23, 2021, 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.

*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 email transmission of any such changes in the date or time for the receipt of bids by so advising, and furnishing their email addresses to Public Resources Advisory Group, Inc., attention Monika Conley at (917) 749-2426, mconley@pragadvisors.com, 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 Official Notice of Sale, except for any changes to this Official 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 Official 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, Inc., 39 Broadway, 12th Floor, New York, New York 10006 (212-566-7800 or 917-749-2426). 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: Steuart Pittman
County Executive

# ANNE ARUNDEL COUNTY, MARYLAND

**OFFICIAL NOTICE OF SALE OF**

## $158,295,000*
**GENERAL OBLIGATION BONDS**

**Consisting of**

**$110,915,000* Consolidated General Improvement Series, 2021 Refunding Series**
**$47,380,000* Consolidated Water and Sewer Series, 2021 Refunding Series**

**Dated Date of Delivery**

ELECTRONIC BIDS, via BiDCOMP/PARITY Competitive Bidding System (BiDCOMP/Parity) only, will be received until **10:45 A.M., LOCAL BALTIMORE, MARYLAND, TIME ON MARCH 10, 2020,** 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 general obligation bonds of the County, aggregating $158,295,000* and consisting of $110,915,000* Consolidated General Improvement Series, 2021 Refunding Series (the "CGI Bonds") and $47,380,000* Consolidated Water and Sewer Series, 2021 Refunding Series (the "Water and Sewer Bonds" with the CGI Bonds, the "Bonds"), all dated the date of delivery, and bearing interest payable October 1, 2021, and semiannually thereafter on each April 1 and October 1 until maturity or prior redemption as hereinafter set forth.

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 of the Bonds as term bonds, as provided below in "Bid Specifications."

| Years of Maturity | CGI Bonds* | Water and Sewer Bonds* | Total |
|---|---|---|---|
| 2022 | $11,625,000 | $2,425,000 | $14,050,000 |
| 2023 | 11,765,000 | 2,475,000 | 14,240,000 |
| 2024 | 11,780,000 | 2,475,000 | 14,255,000 |
| 2025 | 11,790,000 | 2,475,000 | 14,265,000 |
| 2026 | 11,805,000 | 2,490,000 | 14,295,000 |
| 2027 | 11,890,000 | 2,500,000 | 14,390,000 |
| 2028 | 11,910,000 | 2,505,000 | 14,415,000 |
| 2029 | 11,925,000 | 2,510,000 | 14,435,000 |
| 2030 | 11,985,000 | 2,505,000 | 14,490,000 |
| 2031 | 4,440,000 | 2,500,000 | 6,940,000 |
| 2032 | | 2,490,000 | 2,490,000 |
| 2033 | | 2,480,000 | 2,480,000 |
| 2034 | | 2,465,000 | 2,465,000 |
| 2035 | | 2,455,000 | 2,455,000 |
| 2036 | | 2,445,000 | 2,445,000 |
| 2037 | | 2,430,000 | 2,430,000 |

* Preliminary, subject to change.

| Years of Maturity | CGI Bonds* | Water and Sewer Bonds* | Total |
|---|---|---|---|
| 2038 | | 2,395,000 | 2,395,000 |
| 2039 | | 2,355,000 | 2,355,000 |
| 2040 | | 2,220,000 | 2,220,000 |
| 2041 | | 785,000 | 785,000 |

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 bidders 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 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2020 Supplement), the Charter of Anne Arundel County, Maryland (the "County Charter") and Bill No. 47-20, passed by the County Council of the County on July 20, 2020, approved by the County Executive on July 24, 2020, and effective on September 7, 2020, as amended (the "Authorizing Ordinance").

The proceeds of the CGI Bonds will be used to refund certain bonds of Anne Arundel County Consolidated General Improvement Series and the proceeds of the Water and Sewer Bonds will be used to refund certain bonds of the Anne Arundel County Consolidated Water and Sewer 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 CGI 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 primary sources of payment for the 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, but if not so paid, the Water and Sewer 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.

*Optional Redemption*

The CGI Bonds are not subject to optional redemption prior to their respective maturities.

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* Preliminary, subject to change.

The Water and Sewer Bonds maturing on or after April 1, 2032*, are subject to redemption, at the option of the County, on or after April 1, 2031*, 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 of the Bonds 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 10:45 a.m., local Baltimore, Maryland time, on Wednesday, March 10, 2021, 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 (i) it has an established industry reputation for underwriting new issuances of municipal bonds; and (ii) 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 Official Notice of Sale shall conflict with information provided by BiDCOMP/Parity as approved provider of electronic bidding services, this Official 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 Official 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 Official 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, Inc., 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 10:45 a.m., local Baltimore, Maryland time, on Wednesday, March 10, 2021. 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 BiDCOMP/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 $1,582,950* (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 bidder 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 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% for any single maturity provided, however, that the rate of interest on each maturity of the Bonds maturing in years 2032 to 2036, inclusive, shall be 5% per annum and the rate of interest on each maturity of the Bonds maturing in years 2037 through 2041 shall be not lower than 4%. A zero rate cannot be named for any maturity. Bidders may designate in their proposal two or more consecutive annual principal payments as a term bond for the Bonds. 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 for the Bonds.

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* Preliminary, subject to change.

*Procedures for Principal Amount Changes and Other Changes to Official Notice of Sale*

The preliminary aggregate principal amount of the Bonds as set forth in this Official 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 THE MUNICIPAL MARKET MONITOR ("TM3") SERVICES OF THOMSON REUTERS GLOBAL MARKETS, INC. (**www.tm3.com**) NOT LATER THAN 9:45 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 offering prices to the public of each maturity of each series of the Bonds (the "Initial Offering Prices"). Such Initial Offering 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 of the Bonds by more than 10% from the amount bid upon for each such series. **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 shall be awarded to one of such bidders based upon which bid was received first. **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 Official Notice of Sale.

*Issue Price Determination*

The County expects and intends that the bid for the Bonds will satisfy the federal tax requirements for a qualified competitive sale of bonds, including, among other things, receipt of bids for the Bonds from at least three underwriters, who have established industry reputations for underwriting new issuances of municipal bonds (a "Qualified Competitive Bid"). The Designated Officer will advise the successful bidder as promptly as possible after the bids are opened whether the bid constitutes a Qualified Competitive Bid, or, in the alternative, a bid that fails to satisfy such requirements (a "Nonqualified Competitive Bid").

If the bid is a Qualified Competitive Bid, as promptly as possible after the bids are opened, the Designated Officer, will notify the successful bidder, and such bidder, upon such notice, shall advise the Designated Officer, of the reasonably expected Initial Offering Price, as applicable, of each maturity of each series of the Bonds. In addition, the winning bidder shall be required to provide to the County information to establish the initial expected offering prices for each maturity of each series of the Bonds for federal income tax purposes by completing a certificate acceptable to Bond Counsel to the County, on or before the date of issuance of the Bonds, substantially in the form set forth in Appendix E to the Preliminary Official Statement, with appropriate completions, amendments and attachments.

If the bid is a Nonqualified Competitive Bid, as promptly as possible after the bids are opened, the Designated Officer, will notify the successful bidder, and such bidder, upon such notice, shall advise the Designated Officer, of the initial sale price or Initial Offering Price, as applicable, of each maturity of each series of the Bonds. In addition, the winning bidder shall be required to provide to the County information and assurances to establish the initial sale price or the initial offering price to the public, as applicable, for each maturity of each series of the Bonds for federal income tax purposes by completing a certification acceptable to Bond Counsel in substantially the form set forth in Appendix F to the Preliminary Official Statement, with appropriate completions, omissions and attachments. **It is noted that procedures for a Nonqualified Competitive Bid may require the winning bidder and, if applicable, other underwriters of the Bonds, to hold the initial offering prices for certain maturities of a series of the Bonds for up to five business days after the sale date, as further specified in the form of such certification.**

*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 bidder 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.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print any such number 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. Public Resources Advisory Group (the "Financial Advisor") will timely apply for CUSIP numbers with respect to the Bonds as required by MSRB Rule G-34. All expenses in relation to the printing of the CUSIP identification numbers on the Bonds shall be paid by the County. However, the CUSIP Global Services charge for the assignment of such numbers shall be the responsibility of and shall be paid by the successful bidder.

**THE CGI BONDS AND THE WATER AND SEWER BONDS WILL EACH 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 March 23, 2021, 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.

*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 email transmission of any such changes in the date or time for the receipt of bids by so advising, and furnishing their email addresses to Public Resources Advisory Group, Inc., attention Monika Conley at (917) 749-2426, mconley@pragadvisors.com, 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 Official Notice of Sale, except for any changes to this Official 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 Official 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, Inc., 39 Broadway, 12th Floor, New York, New York 10006 (212-566-7800 or 917-749-2426). 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: Steuart Pittman
County Executive

# FORMS OF OPINIONS OF BOND COUNSEL

Consolidated General Improvements Series, 2021

[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 $186,665,000 general obligation bonds designated "Consolidated General Improvements Series, 2021" (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, 2021; 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 2020 Supplement) (the "Enabling Law"), the Anne Arundel County Charter (the "Charter") and Bill No. 47-20, passed by the County Council of the County on July 20, 2020, approved by the County Executive of the County on July 24, 2020 and effective on September 7, 2020, as amended (the "Ordinance"); and mature, on October 1 in each of the years 2021 to 2050, inclusive, and bear interest as follows:

| Years of Maturity | Principal Amount | Interest Rate | Years of Maturity | Principal Amount | Interest Rate |
|---|---|---|---|---|---|
| 2021 | $6,225,000 | 5.000% | 2036 | $6,220,000 | 3.000% |
| 2022 | 6,225,000 | 5.000 | 2037 | 6,220,000 | 3.000 |
| 2023 | 6,225,000 | 5.000 | 2038 | 6,220,000 | 3.000 |
| 2024 | 6,225,000 | 5.000 | 2039 | 6,220,000 | 3.000 |
| 2025 | 6,225,000 | 5.000 | 2040 | 6,220,000 | 3.000 |
| 2026 | 6,225,000 | 5.000 | 2041 | 6,220,000 | 3.000 |
| 2027 | 6,225,000 | 5.000 | 2042 | 6,220,000 | 3.000 |
| 2028 | 6,225,000 | 5.000 | 2043 | 6,220,000 | 3.000 |
| 2029 | 6,225,000 | 5.000 | 2044 | 6,220,000 | 3.000 |
| 2030 | 6,225,000 | 5.000 | 2045 | 6,220,000 | 3.000 |
| 2031 | 6,225,000 | 5.000 | 2046 | 6,220,000 | 3.000 |
| 2032 | 6,225,000 | 5.000 | 2047 | 6,220,000 | 3.000 |
| 2033 | 6,225,000 | 5.000 | 2048 | 6,220,000 | 3.000 |
| 2034 | 6,220,000 | 5.000 | 2049 | 6,220,000 | 3.000 |
| 2035 | 6,220,000 | 5.000 | 2050 | 6,220,000 | 3.000 |

The 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, 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 intangible property as may be 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 as an enumerated item of tax preference or other specific adjustment. Interest income on the Bonds will be includable in the applicable taxable base for the purpose of determining the branch profits tax imposed by the Code on certain foreign corporations engaged in a trade or business in the United States of America.

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, 2021

[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 $69,045,000 general obligation bonds designated "Consolidated Water and Sewer Series, 2021" (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, 2021; 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 2020 Supplement) (the "Enabling Law"), the Anne Arundel County Charter (the "Charter") and Bill No. 47-20, passed by the County Council of the County on July 20, 2020, approved by the County Executive of the County on July 24, 2020 and effective on September 7, 2020 as amended and supplemented (the "Ordinance"); and mature, on October 1 in each of the years 2021 to 2050, inclusive, and bear interest as follows:

| Years of Maturity | Principal Amount | Interest Rate | Years of Maturity | Principal Amount | Interest Rate |
|---|---|---|---|---|---|
| 2021 | $2,305,000 | 5.000% | 2036 | $2,300,000 | 3.000% |
| 2022 | 2,305,000 | 5.000 | 2037 | 2,300,000 | 3.000 |
| 2023 | 2,305,000 | 5.000 | 2038 | 2,300,000 | 3.000 |
| 2024 | 2,305,000 | 5.000 | 2039 | 2,300,000 | 3.000 |
| 2025 | 2,305,000 | 5.000 | 2040 | 2,300,000 | 3.000 |
| 2026 | 2,305,000 | 5.000 | 2041 | 2,300,000 | 3.000 |
| 2027 | 2,305,000 | 5.000 | 2042 | 2,300,000 | 3.000 |
| 2028 | 2,305,000 | 5.000 | 2043 | 2,300,000 | 3.000 |
| 2029 | 2,305,000 | 5.000 | 2044 | 2,300,000 | 3.000 |
| 2030 | 2,300,000 | 5.000 | 2045 | 2,300,000 | 3.000 |
| 2031 | 2,300,000 | 5.000 | 2046 | 2,300,000 | 3.000 |
| 2032 | 2,300,000 | 5.000 | 2047 | 2,300,000 | 3.000 |
| 2033 | 2,300,000 | 5.000 | 2048 | 2,300,000 | 3.000 |
| 2034 | 2,300,000 | 5.000 | 2049 | 2,300,000 | 3.000 |
| 2035 | 2,300,000 | 5.000 | 2050 | 2,300,000 | 3.000 |

The 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 intangible property as may be 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 as an enumerated item of tax preference or other specific adjustment. Interest income on the Bonds will be includable in the applicable taxable base for the purpose of determining the branch profits tax imposed by the Code on certain foreign corporations engaged in a trade or business in the United States of America.

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, 2021 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 $117,565,000 general obligation bonds designated "Consolidated General Improvements Series, 2021 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, 2021; 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 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and 2020 Supplement) (the "Enabling Law"), the Anne Arundel County Charter (the "Charter") and Bill No. 47-20, passed by the County Council of the County on July 20, 2020, approved by the County Executive of the County on July 24, 2020 and effective on September 7, 2020 as amended and supplemented (the "Ordinance"); and mature, on April 1 in each of the years 2021 to 2031, inclusive, and bear interest as follows:

| Years of Maturity | Principal Amount | Interest Rate | Years of Maturity | Principal Amount | Interest Rate |
|---|---|---|---|---|---|
| 2021 | $14,985,000 | 5.000% | 2026 | $11,780,000 | 5.000% |
| 2022 | 15,125,000 | 5.000 | 2027 | 11,795,000 | 5.000 |
| 2023 | 11,685,000 | 5.000 | 2028 | 11,805,000 | 5.000 |
| 2024 | 11,690,000 | 5.000 | 2029 | 11,860,000 | 5.000 |
| 2025 | 11,700,000 | 5.000 | 2030 | 5,140,000 | 5.000 |

The Bonds are not subject to optional redemption prior to their respective maturities.

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, 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 intangible property as may be 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 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 as an enumerated item of tax preference or other specific adjustment. Interest income on the Bonds will be includable in the applicable taxable base for the purpose of determining the branch profits tax imposed by the Code on certain foreign corporations engaged in a trade or business in the United States of America.

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, 2021 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 $50,175,000 general obligation bonds designated "Consolidated Water and Sewer Series, 2021 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, 2021; 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 of the Local Government Article of the Annotated Code of Maryland (2013 Replacement Volume and the 2020 Supplement) (the "Enabling Law"), the Anne Arundel County Charter (the "Charter") and Bill No. 47-20, passed by the County Council of the County on July 20, 2020, approved by the County Executive of the County on July 24, 2020 and effective on September 7, 2020 as amended and supplemented (the "Ordinance"); and mature, on April 1 in each of the years 2021 to 2041, inclusive, and bear interest as follows:

| Years of Maturity | Principal Amount | Interest Rate | Years of Maturity | Principal Amount | Interest Rate |
|---|---|---|---|---|---|
| 2022 | $3,105,000 | 5.000% | 2032 | $2,480,000 | 5.000% |
| 2023 | 3,155,000 | 5.000 | 2033 | 2,465,000 | 5.000 |
| 2024 | 3,155,000 | 5.000 | 2034 | 2,460,000 | 5.000 |
| 2025 | 3,145,000 | 5.000 | 2035 | 2,445,000 | 5.000 |
| 2026 | 2,485,000 | 5.000 | 2036 | 2,430,000 | 5.000 |
| 2027 | 2,490,000 | 5.000 | 2037 | 2,420,000 | 4.000 |
| 2028 | 2,495,000 | 5.000 | 2038 | 2,380,000 | 4.000 |
| 2029 | 2,505,000 | 5.000 | 2039 | 2,345,000 | 4.000 |
| 2030 | 2,500,000 | 5.000 | 2040 | 2,205,000 | 4.000 |
| 2031 | 2,485,000 | 5.000 | 2041 | 1,025,000 | 4.000 |

The 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 intangible property as may be 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 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 as an enumerated item of tax preference or other specific adjustment. Interest income on the Bonds will be includable in the applicable taxable base for the purpose of determining the branch profits tax imposed by the Code on certain foreign corporations engaged in a trade or business in the United States of America.

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,

# 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 $186,665,000 Consolidated General Improvements Series, 2021, its $69,045,000 Consolidated Water and Sewer Series, 2021, its $117,565,000 Consolidated General Improvements Series, 2021 Refunding Series and its $50,175,000 Consolidated Water and Sewer Series, 2021 Refunding Series (collectively, the "Bonds"). The Bonds are being issued pursuant to Bill No. 47-20, passed by the County Council of the County on July 20, 2020, approved by the County Executive of the County on July 24, 2020 and effective on September 7, 2020, 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.

**"Financial Obligation"** means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with 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 balances for the County's Watershed Protection and Restoration Fund, (iii) revenues, expenses and changes in fund net assets for the County's Water and Wastewater Operations Fund, (iv) revenues, expenses and net assets for the County's Water and Wastewater Debt Service Fund, (v) revenues, expenses and changes in net assets for the County's Solid Waste Fund, (vi) assessed values of taxable property in the County and County property tax rates and property tax levies, (vii) County Water and Wastewater utility system rates and (viii) 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, 2021).

(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, 2021).

(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 MSRB.

**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, Notice 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;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

(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 _____, 2021.

(SEAL) ANNE ARUNDEL COUNTY, MARYLAND

ATTEST:

By________________________________
STEUART PITTMAN
County Executive

______________________________
Administrative Officer to the County Council

FORM OF ISSUE PRICE CERTIFICATE
FOR QUALIFIED COMPETITIVE BID

**$423,450,000**
**GENERAL OBLIGATION BONDS**

**Consisting of**

**[$186,665,000 Consolidated General Improvements Series, 2021**
**$69,045,000 Consolidated Water and Sewer Series, 2021]**

**[$117,565,000 Consolidated General Improvements Series, 2021 Refunding Series**
**$50,175,000 Consolidated Water and Sewer Series, 2021 Refunding Series]**

## ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF WINNING BIDDER] ("[SHORT FORM NAME OF WINNING BIDDER]"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. ***Reasonably Expected Initial Offering Price***.

(a) As of the Sale Date, the reasonably expected initial offering prices of each series of the Bonds to the Public by [SHORT FORM NAME OF WINNING BIDDER] are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of each series of the Bonds used by [SHORT FORM NAME OF WINNING BIDDER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT FORM NAME OF WINNING BIDDER] to purchase the Bonds.

(b) [SHORT FORM NAME OF WINNING BIDDER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT FORM NAME OF WINNING BIDDER] constituted a firm bid to purchase the Bonds.

2. ***Defined Terms***.

(a) *Issuer* means Anne Arundel County, Maryland.

(b) *Maturity* means Bonds of a series with the same credit and payment terms. Bonds of a series with different maturity dates, or Bonds of a series with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale or exchange the Bonds. The Sale Date of the Bonds is Wednesday, March 10, 2021.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax and Section 148 Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McKennon Shelton & Henn LLP, as Bond Counsel to the Issuer in connection with rendering its opinions that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that they may give to the Issuer from time to time relating to the Bonds.

[NAME OF WINNING BIDDER],
By: ___________________________________
Title: _________________________________

Dated: ___________, 2021

SCHEDULE A
Expected Initial Offering Prices of the Bonds

[$___________ Consolidated General Improvements Series, 2021
[Insert]

$___________ Consolidated Water and Sewer Series, 2021
[Insert]]

[$___________Consolidated General Improvements Series, 2021 Refunding Series
[Insert]

$___________ Consolidated Water and Sewer Series, 2021 Refunding Series
[Insert]]

SCHEDULE B

Copy of Bid

[See Attached]

FORM OF ISSUE PRICE CERTIFICATE FOR
NONQUALIFIED COMPETITIVE BID

**$423,450,000**
**GENERAL OBLIGATION BONDS**

**Consisting of**

**[$186,665,000 Consolidated General Improvements Series, 2021**
**$69,045,000 Consolidated Water and Sewer Series, 2021]**

**[$117,565,000 Consolidated General Improvements Series, 2021 Refunding Series**
**$50,175,000 Consolidated Water and Sewer Series, 2021 Refunding Series]**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of [NAME OF WINNING BIDDER] ("[SHORT FORM NAME OF WINNING BIDDER]"), [on behalf of itself and [NAMES OF MEMBERS OF THE UNDERWRITING SYNDICATE] (together, the "Underwriting Syndicate"),] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. ***Sale of the General Rule Maturities***. As of the date of this Certificate, for each Maturity of the General Rule Maturities, the first price at which 10% of such Maturity was sold by [SHORT FORM NAME OF WINNING BIDDER] [THE UNDERWRITING SYNDICATE] to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) [SHORT FORM NAME OF WINNING BIDDER] [THE MEMBERS OF THE UNDERWRITING SYNDICATE] offered the Hold-the-Offering Price Maturities to the Public for purchase at the respective initial offering prices of each series of the Bonds listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule B.

(b) As set forth in the Notice of Sale and bid award, the [SHORT FORM NAME OF WINNING BIDDER] [MEMBERS OF THE UNDERWRITING SYNDICATE] [has] [have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it] [they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to the foregoing, no Underwriter has offered or sold any Maturity of the Hold-the-Offering Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds of a series during the Holding Period.

3. ***Defined Terms***.

(a) *General Rule Maturities* means those Maturities of each series of the Bonds shown in Schedule A hereto as the "General Rule Maturities."

(b) *Hold-the-Offering-Price Maturities* means those Maturities of each series of the Bonds listed in Schedule A hereto as the "*Hold-the-Offering-Price Maturities*."

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which [SHORT FORM NAME OF WINNING BIDDER] [the UNDERWRITING SYNDICATE] [has] [have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means Anne Arundel County, Maryland.

(e) *Maturity* means Bonds of a series with the same credit and payment terms. Bonds of a series with different maturity dates, or Bonds of a series with the same maturity date but different stated interest rates, are treated as separate Maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is Wednesday, March 10, 2021.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax and Section 148 Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McKennon Shelton & Henn LLP, as Bond Counsel to the Issuer, in connection with rendering its opinions that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that they may give to the Issuer from time to time relating to the Bonds.

[NAME OF WINNING BIDDER], as
[_______________]

By: _________________________
Title: ______________________

Dated: ___________, 2021

SCHEDULE A

Sale Prices of the General Rule Maturities

[$____________ Consolidated General Improvements Series, 2021
[Insert]

$____________ Consolidated Water and Sewer Series, 2021
[Insert]]

[$____________Consolidated General Improvements Series, 2021 Refunding Series
[Insert]

$____________ Consolidated Water and Sewer Series, 2021 Refunding Series
[Insert]]

Initial Offering Prices of the Hold-The-Offering-Price Maturities

[$____________ Consolidated General Improvements Series, 2021
[Insert]

$____________ Consolidated Water and Sewer Series, 2021
[Insert]]

[$____________Consolidated General Improvements Series, 2021 Refunding Series
[Insert]

$____________ Consolidated Water and Sewer Series, 2021 Refunding Series
[Insert]]

SCHEDULE B

Pricing Wire or Equivalent Communication

[See Attached]