ANNE ARUNDEL ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF ANNE ARUNDEL COUNTY, MARYLAND)

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2021 AND 2020

ANNE ARUNDEL ECONOMIC DEVELOPMENT CORPORATION
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2021 AND 2020

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	11
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	12
STATEMENTS OF CASH FLOWS	13
NOTES TO FINANCIAL STATEMENTS	14
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF THE CORPORATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY LAST TEN FISCAL YEARS	33
SCHEDULE OF THE CORPORATION'S CONTRIBUTIONS LAST TEN FISCAL YEARS	34
SCHEDULE OF THE CORPORATION'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY LAST TEN FISCAL YEARS	35
SCHEDULE OF THE CORPORATION'S CONTRIBUTIONS LAST TEN FISCAL YEARS	36
SUPPLEMENTARY INFORMATION	
COMBINING SCHEDULE OF NET POSITION — 2020	37
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION — 2020	38
COMBINING SCHEDULE OF CASH FLOWS — 2020	39
COMBINING SCHEDULE OF NET POSITION — 2019	40
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION — 2019	41
COMBINING SCHEDULE OF CASH FLOWS — 2019	42

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Anne Arundel Economic Development Corporation
Annapolis, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the Anne Arundel Economic Development Corporation (the Corporation), a component unit of Anne Arundel County, Maryland, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Corporation'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 an opinion on these financial statements based on our audit. 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.

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 Corporation'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 Corporation'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

During the fiscal year ended June 30, 2021, the Corporation adopted GASB Statement No. 84 *Fiduciary Activities.* As a result of the implementation of this standard, the Corporation reported a restatement for the change in accounting principle (see Note 14). Our auditors' opinion was not modified with respect to the restatement

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 3-10, the schedule of the corporation's proportionate share of the net pension and OPEB liability on page 33-35, the schedule of the corporation's contributions on page 36, the combining schedule of net position on page 37 and the combining schedule of revenues, expenses, and changes in net position on page 38 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 an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The combining schedules are presented for purposes of additional analysis and are not a required part of the component unit financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 29, 2021, on our consideration of the Corporation'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 Corporation's internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal controls over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
September 29, 2021

The Anne Arundel Economic Development Corporation's (the Corporation) discussion and analysis is presented to assist the reader in focusing on significant financial issues, providing an overview of the Corporation's financial activity, and identifying changes in the Corporation's financial position. Management encourages the reader to consider the Management's Discussion and Analysis (MD&A) of the Corporation's financial performance in conjunction with the information contained in the Corporation's financial statements.

Corporation Activity Highlights

The Corporation had an overall increase in net position of approximately $977,745 for the year ended June 30, 2021. The Corporation's change in net position is as follows: operations (Anne Arundel Economic Development Corporation) had an increase of approximately $1,086,113, the various loan programs (AAEDC Financial Services) had an increase of approximately $27,869, the Anne Arundel Agriculture Marketing Program had a decrease of approximately $135,273 and the Community Development Program had a decrease of approximately $964.

The Corporation's activities in comparison to prior years are as follows:

	2021	2020	2019
Hotel Tax Revenue	$ 1,000,000	$ 1,000,000	$ 1,000,000
% Increase (Decrease)	0%	0%	0%
Grants	27,247,086	3,700,138	2,793,735
% Increase (Decrease)	636%	32%	20%
Interest Income	1,642	1,750	245,763
% Increase (Decrease)	-6%	-99%	54%
Special Events	407,450	213,947	507,870
% Increase (Decrease)	90%	-58%	52529%

The Corporation recognized an increase of total grant revenue of approximately $23,546,948 for the year ended June 30, 2021.

The Arundel Business Loan (ABL) program, under the AAEDC Financial Services, LLC, had no new loans in fiscal year 2021, The Arundel Business Loan (ABL) program collected principal payments on loans totaling approximately $3,990 during fiscal year 2021. Interest income collected on the ABL loans during the fiscal year 2021 was approximately $1,642.

The Arundel Community Reinvestment program (ACR) granted new loans totaling approximately $357,129 and collected principal payments on the loans totaling approximately $154,186 during fiscal year 2021.

The Incentive Loan Program had no new loans in 2021. The Incentive Loan Program collected principal payments on the loans totaling $65,000.

The Next Stage Technology program granted new loans totaling $127,000 and collected principal payments on the loans totaling approximately $576,271 during fiscal year 2021.

Financial Position Summary

Total net position serves over time as a useful indicator of the Corporation's financial position. The Corporation's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by approximately $1,656,002 at June 30, 2021. This is an increase of 144.2% from June 30, 2021.

A condensed summary of the Corporation's net position are as follows at June 30:

	2021	2020	2019
Assets			
Current and Other Assets	$ 6,661,232	$ 9,954,358	$ 13,859,581
Capital Assets	266,853	287,910	230,887
Total Assets	6,928,085	10,242,268	14,090,468
Deferred Outflows of Resources	950,093	954,725	627,210
Liabilities			
Current Liabilities	443,430	4,588,332	886,875
Long-Term Liabilities	5,320,243	5,313,082	11,087,158
Total Liabilities	5,763,673	9,901,414	11,974,033
Deferred Inflows of Resources	458,503	617,322	111,777
Net Position			
Invested in Capital Assets	222,359	215,995	207,987
Restricted	250,000	250,000	250,000
Unrestricted	1,183,643	212,262	2,173,881
Total Net Position	$ 1,656,002	$ 678,257	$ 2,631,868

The largest portion of the Corporation's assets and deferred outflows of resources (51.51% at June 30, 2021) represents its restricted and unrestricted cash and investments. As of June 30, 2021, the Corporation had approximately $131,548 restricted cash to fund its Farmers Market and agricultural marketing programs. In addition, the Corporation had approximately $4.8 million of unrestricted cash and investments to fund the operations and the various loan and training programs of the Corporation.

An additional portion of the Corporation's assets and deferred outflows of resources (17.59% at June 30, 2021) represents the loan receivable balance related to the ABL, ACR, Next Stage Technology, and Incentive Loan programs. These funds are designated for the activities of those programs.

An additional portion of the Corporation's assets and deferred outflows of resources (3.39% at June 30, 2021) represents capital assets. The Corporation uses these assets to administer its daily operations; consequently, these assets are not available for future spending.

The largest portion of the Corporation's liabilities and deferred inflows of resources (43.13% at June 30, 2021) represents the net OPEB liability. This liability represents the Corporations portion of the Anne Arundel County Other Post-Employment Benefit Trust Plan net OPEB liability.

An additional portion of the Corporation's liabilities and deferred inflows of resources (42.03% at June 30, 2021) represents the net pension liability. This liability represents the Corporations portion of the Anne Arundel County Employees' Retirement Plan net pension liability.

As of June 30, 2021, 15.10% of the Corporation's total net position is restricted for grants received for lending, 13.43% is invested in capital assets and 71.47% is unrestricted. Unrestricted net position includes accumulated earnings from the Operating Fund, the ABL, ACR, and Incentive loan programs and training programs.

Financial Operations Highlights

Operating revenues increased 455.13% from approximately $5.22 million in fiscal year 2020 to approximately $28.98 million in fiscal year 2021, due to an increase in grant revenues, specifically related to the CARES Act.

Total operating expenses increased approximately 418.08%, from approximately $5.41 million in fiscal year 2020 to approximately $28.08 million in fiscal year 2021, due to increase of grant related expenditures related to the CARES Act.

Consequently, operating income increased by approximately $1,151,145 from fiscal year 2020. There was approximately $32,657 of property and equipment acquisitions in fiscal year 2021.

Summary of Changes in Net Position

	2021	2020	2019
Operating Revenues	$ 28,984,133	$ 5,221,115	$ 4,965,927
Operating Expenses	(28,020,317)	(5,408,444)	(3,597,341)
Operating Income	963,816	(187,329)	1,368,586
Nonoperating Income	13,929	9,056	11,145
Change in Net Position	$ 977,745	$ (178,273)	$ 1,379,731

Revenues

A summary of revenues for the years ended June 30, 2021 and 2020, and the amount and percentage of change in relation to prior year amounts are as follows:

			Increase (Decrease)	
	2021	2020	Amount	Percent
Operating				
Grants	$ 27,247,086	$ 5,751,408	$ 21,495,678	374 %
Hotel Tax Revenue	1,000,000	1,000,000	-	-
Donated Facilities, Salaries and Wages	327,655	304,200	23,455	08
Interest Income	1,642	1,750	(108)	(6)
Management Fees	300	15,994	(15,694)	(98)
Special Events	407,450	213,947	193,503	90
Total Operating	28,984,133	7,287,299	21,696,834	
Nonoperating:				
Other Investment Income	13,929	9,056	4,873	54
Total Revenues	$ 28,998,062	$ 7,296,355	$ 21,701,707	

			Increase (Decrease)	
	2020	2019	Amount	Percent
Operating				
Grants	$ 3,700,138	$ 2,793,735	$ 906,403	32 %
Hotel Tax Revenue	1,000,000	1,000,000	-	-
Donated Facilities, Salaries and Wages	304,200	381,856	(77,656)	(20)
Interest Income	1,750	245,763	(244,013)	(99)
Management Fees	15,994	36,703	(20,709)	(56)
Grant Revenut	2,051,270	-	2,051,270	-
Special Events	213,947	507,870	(293,923)	(58)
Total Operating	7,287,299	4,965,927	2,321,372	
Nonoperating:				
Other Investment Income	9,056	11,145	(2,089)	(19)
Total Revenues	$ 7,296,355	$ 4,977,072	$ 2,319,283	

Expenses

A summary of expenses for the years ended June 30, 2021 and 2020, and the amount and percentage of change in relation to prior year amounts are as follows:

	2021	2020	Increase (Decrease) Amount	Increase (Decrease) Percent
Operating				
Administration/Work Force Training	$ 27,375,127	$ 4,194,674	$ 23,180,453	553 %
AAEDC Financial Services	445,326	858,321	(412,995)	(48)
Anne Arundel Agricultural Marketing	198,900	354,443	(155,543)	(44)
Anne Arundel Community Development	964	1,006	(42)	(4)
Total Expenses	$ 28,020,317	$ 5,408,444	$ 22,611,873	

	2020	2019	Increase (Decrease) Amount	Increase (Decrease) Percent
Operating				
Administration/Work Force Training	$ 4,194,674	$ 2,547,968	$ 1,646,706	65 %
Chesapeake Innovation Center	-	13	(13)	(100)
AAEDC Financial Services	858,321	711,429	146,892	21
Anne Arundel Agricultural Marketing	354,443	336,167	18,276	05
Anne Arundel Community Development	1,006	1,764	(758)	(43)
Total Expenses	$ 5,408,444	$ 3,597,341	$ 1,811,103	

Summary of Cash Flow Activities

The following shows a summary of the major sources and uses of cash and cash equivalents for the past three years. Cash equivalents are considered highly liquid investments with an original maturity of three months or less.

	2021	2020	2019
Cash Flows Provided (Used) by Operating Activities	$ (2,428,690)	$ 4,006,197	$ (444,219)
Cash Flows Provided by Investing Activities	1,423	5,844	7,445
Cash Flows Provided (Used) by Capital and Related Financing Activities	(556,397)	(60,119)	(523,036)
Net Change in Cash and Cash Equivalents	(2,983,664)	3,951,922	(959,810)
Cash and Cash Equivalents:			
Beginning of Year	7,041,828	3,089,906	4,049,716
End of Year	$ 4,058,164	$ 7,041,828	$ 3,089,906

The Corporation disbursed $484,149 in loans for the ACR, Next Stage Technology and Incentive Loan programs and received loan repayments totaling approximately $821,911 during fiscal year 2021.

Financial Statements

The Corporation's financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB). The Corporation is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized (except land) and are depreciated over their useful lives. See the notes to the financial statements for the summary of the Corporation's significant accounting policies.

Arundel Business Loan Program

The ABL program provides loans up to $300,000 to businesses located in, or relocating to, Anne Arundel County. Loan proceeds may be used for any legitimate business purpose including working capital, business acquisition, purchase of equipment and furniture, leasehold improvements and property acquisition or renovation.

Arundel Community Reinvestment Fund

The Arundel Community Reinvestment fund is designed to spur economic activity, investment, and improvement in Anne Arundel County.

The Arundel Community Reinvestment fund provides interest free loans of up to $100,000 to property owners and businesses located in Anne Arundel County's designated commercial revitalization districts. The sixteen revitalization areas are located in parts of Glen Burnie, Brooklyn Park, Odenton, and Annapolis. In addition to financial assistance, the program includes professional architectural services provided by a full service architectural firm with experience in commercial revitalization.

The program offers business and property owners the opportunity to invest in the improvement of property facades through a leveraged partnership with the County.

Next Stage Technology Loan Program

The Next Stage Technology Loan program is designed to help technology companies get to the next stage of growth in Anne Arundel County.

The Next Stage Technology fund provides interest free loans ranging between $50,000 to $250,000 to technology companies located in Anne Arundel County. The program offers technology companies the opportunity to invest in equipment and working capital to help fund growth.

ANNE ARUNDEL ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and Cash Equivalents	$ 3,926,616	$ 3,485,739
Investments	879,449	866,943
Loans Receivable, Net of Allowance for Loan Losses	285,609	406,108
Accounts Receivable	-	16,443
Due from Volt Fund	321,615	315,759
Accrued Interest	132	-
Prepaid Expenses and Other	16,249	27,155
Total Unrestricted Current Assets	5,429,670	5,118,147
Restricted Assets:		
Cash and Cash Equivalents	131,548	3,556,089
Total Current Assets	5,561,218	8,674,236
PROPERTY AND EQUIPMENT		
Depreciable Capital Assets - Unrestricted	239,194	271,071
Depreciable Capital Assets - Restricted	27,659	16,839
Total Property and Equipment	266,853	287,910
Loans Receivable, Net of Current Portion	1,100,014	1,280,122
Total Assets	6,928,085	10,242,268
DEFERRED OUTFLOWS OF RESOURCES		
Pension Benefits	838,290	862,805
OPEB Benefits	111,803	91,920
Total Deferred Outflows of Resources	950,093	954,725
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	175,550	371,122
Accrued Expenses	217,961	234,736
Unearned Revenue	27,077	3,465,784
Capital Lease Payable - Current Portion	22,842	22,842
Line of Credit	-	493,848
Total Current Liabilities	443,430	4,588,332
LONG-TERM DEBT		
Capital Lease Payable, Net of Current Portion	21,652	49,073
Pension Liability	2,615,206	2,650,522
OPEB Liability	2,683,385	2,613,487
Total Long-Term Liabilities	5,320,243	5,313,082
Total Liabilities	5,763,673	9,901,414
DEFERRED INFLOWS OF RESOURCES		
Pension Benefits	415,999	563,811
OPEB Benefits	42,504	53,511
Total Deferred Inflows of Resources	458,503	617,322
NET POSITION		
Net Investment in Capital Assets	222,359	215,995
Restricted	250,000	250,000
Unrestricted	1,183,643	212,262
Total Net Position	$ 1,656,002	$ 678,257

See accompanying Notes to Financial Statements.

ANNE ARUNDEL ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES		
Grants	$ 27,247,086	$ 3,700,138
Hotel Tax Revenue	1,000,000	1,000,000
Donated Facilities, Salaries and Wages	327,655	304,200
Interest Income	1,642	1,750
Management Fees	300	1,080
Special Events and Miscellaneous	407,450	213,947
Total Operating Revenues	28,984,133	5,221,115
OPERATING EXPENSES		
Salaries	2,289,092	2,469,756
Administrative Expenses	348,203	509,898
Grant Program Expenses	24,623,531	2,190,376
Marketing Expenses	170,447	95,977
Professional Fees	266,947	102,913
Depreciation	56,185	50,999
Bad Debt Expense	(22,926)	(7,640)
Miscellaneous Expenses	288,838	(3,835)
Total Operating Expenses	28,020,317	5,408,444
Operating Income	963,816	(187,329)
OTHER INCOME		
Investment Income	13,929	9,056
CHANGE IN NET POSITION	977,745	(178,273)
Net Position - Beginning of Year, as restated (Note 14)	678,257	856,530
NET POSITION - END OF YEAR	$ 1,656,002	$ 678,257

See accompanying Notes to Financial Statements.

ANNE ARUNDEL ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received for Lending Activity	$ 25,539,273	$ 8,693,692
Cash Paid to Suppliers	(25,888,025)	(2,745,169)
Cash Paid to Employees	(2,417,720)	(2,267,183)
Loans Made	(484,129)	(288,372)
Principal Repayments of Loans Receivable	821,911	613,229
Net Cash Provided (Used) by Operating Activities	(2,428,690)	4,006,197
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	1,423	5,844
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(35,128)	(108,020)
Principal Payments on Capital Lease	(27,421)	49,015
Net Line of Credit Activity	(493,848)	(1,114)
Net Cash Used by Capital and Related Financing Activities	(556,397)	(60,119)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,983,664)	3,951,922
Cash and Cash Equivalents - Beginning of Year*	7,041,828	3,089,906
CASH AND CASH EQUIVALENTS - END OF YEAR*	$ 4,058,164	$ 7,041,828
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income	$ 963,816	$ (187,329)
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:		
Bad Debt Expense	(22,464)	(5,782)
Depreciation	56,185	50,998
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	16,443	6,456
Loans Receivable	323,071	317,072
Accrued Interest	(132)	337
Internal Balances	-	(13,490)
Prepaid Expenses and Other	10,906	(12,474)
Deferred Outflows of Resources	4,632	(327,515)
Due from Volt Fund	(5,856)	-
Accounts Payable	(195,571)	162,550
Accrued Expenses	(16,775)	71,156
Unearned Revenue	(3,438,707)	3,465,784
Deposits	-	11,717
Deferred Inflows of Resources	(158,819)	505,545
Pension Liability	(35,316)	18,572
OPEB Liability	69,897	(57,400)
Net Cash Provided (Used) by Operating Activities	$ (2,428,690)	$ 4,006,197

*This balance includes Restricted Cash.

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature and Organization

The Anne Arundel Economic Development Corporation (AAEDC or the Corporation) is a nonprofit corporation established to promote quality economic development in Anne Arundel County, Maryland. AAEDC is a component unit of Anne Arundel County (the County) and is, therefore, considered part of the County's reporting entity. The Corporation performs its mission through recruitment of new businesses to Anne Arundel County as well as assist existing businesses by providing financing, advocacy, and counseling services; administration of AAEDC's various loan programs and restricted funds; and to promote Anne Arundel County as a premier location for business.

The majority of the board members of the Corporation are appointed by the County Executive. The Corporation's financial statements are presented as a component unit in the County's Annual Comprehensive Financial Report.

Reporting Entity

The Corporation's financial statements include various other organizational units considered blended component units based on GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. Exclusion of these entities would cause the financial statements to be misleading or incomplete and should be included in the Corporation's basic financial statements. The Corporation's blended component units are listed below.

The AAEDC Financial Services, LLC is a single member entity organized in the state of Maryland in 2012 to further the charitable mission of the Corporation by facilitating economic development in Anne Arundel County through the administration of loan programs, incentive funds and other financial services. As a single member LLC, AAEDC Financial Services, LLC is, for federal income tax purposes, disregarded as a separate entity such that all the assets and liabilities of AAEDC Financial Services, LLC are the assets and liabilities of its sole member.

The Anne Arundel Agricultural Marketing, LLC is a single member entity organized in the state of Maryland in 2011 to further the charitable mission of the Corporation by providing leasing of agricultural equipment and objects and to promote and encourage the development of agriculture in Anne Arundel County and southern Maryland. As a single member LLC, Anne Arundel Agricultural Marketing, LLC is, for federal income tax purposes, disregarded as a separate entity such that all the assets and liabilities of Anne Arundel Agricultural Marketing, LLC are the assets and liabilities of its sole member.

The Anne Arundel Community Development, LLC is a single member entity organized in the state of Maryland in 2012 to further the charitable mission of the Corporation by facilitating investment in and development of real estate, communities, and businesses in Anne Arundel County. As a single member LLC, Anne Arundel Community Development Services, LLC is, for federal income tax purposes, disregarded as a separate entity such that all the assets and liabilities of Anne Arundel Community Development Services, LLC are the assets and liabilities of its sole member.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The Corporation's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles for governmental entities as promulgated by the Governmental Accounting Standards Board. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

The Corporation follows the reporting and disclosure requirements for special purpose governments involved in business-type activities as outlined in Governmental Accounting Standards Board (GASB) Statements No. 34, 35 and 38. This provides an entity-wide perspective in the financial statement presentation. These standards require capitalization of assets, recording of depreciation, presentation of management's discussion and analysis, as required supplementary information and presentation of a statement of net position, statement of revenues, expenses and changes in net position and statement of cash flows.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts accordingly; actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents represent deposits in checking and savings accounts and certificates of deposit with original maturities of three months or less at the time of acquisition, except those that are part of an investment portfolio.

Investments

Investments are presented in the financial statements at fair value. The net realized and unrealized appreciation (depreciation) in market value of investments is reflected in the statements of revenues, expenses and changes in net position. Investments consist of cash and money market funds held by a broker.

Loans Receivable

Loans receivable are stated at their principal balance. Interest income is accrued at the promissory note rate based on the outstanding principal. The Corporation does not continue to accrue interest on loans for which full payment of principal and interest is 90 days or more past due, unless the loan is both well secured and in the process of collection. Interest income on impaired loans placed in this "nonaccrual" status is recognized on the cash basis.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans Receivable (continued)

Loans receivable are considered impaired when the loan is classified as substandard or below in accordance with the Corporation's credit policies and/or have been placed on nonaccrual status. Loan classifications are based on management's assessment of the financial condition of the borrower and the value of collateral supporting the loan.

Property and Equipment

Generally, individual property and equipment purchases of $500 or more are capitalized at cost. Improvements, which extend the useful life of existing assets, are capitalized. Maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense. Property and equipment are depreciated on the straight-line method over the estimated useful lives ranging from 5 to 39 years.

Allowance for Loan Losses

The allowance for loan losses represents an amount that, in management's judgment, will be adequate to absorb losses on existing loans that may become uncollectible. The adequacy of the allowance for loan losses is determined by continuous review and evaluation of the loan portfolio. The allowance is also reviewed by the Maryland Commissioner for Federal Regulation as part of the Commissioner's annual examination process. AH loans are subject to the minimum allowance for loan losses of 5% of the outstanding balance. The allowance for loan losses on impaired loans is based on the value of the collateral securing the loan and management's assessment of the probability that a loss will occur. Loans deemed uncollectible are charged against the allowance, while recoveries are credited to the allowance. The level of the allowance is adjusted through the provision for loan losses, which is recorded as a current period operating expense.

Compensated Absence

Compensated absences consist primarily of paid time off earned but not taken. Salaried and full-time hourly employees earn paid time off at different rates depending on their status of employment. Paid time off can be accumulated and carried over to future periods.

Unearned Revenue

Unearned revenues represent amounts received from grantors in advance of incurrence of eligible expenditures for grants at June 30, 2021 and 2020.

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 resources (expenditure) until the future period. A deferred inflow of resources represents an acquisition of net position that applies to a future period that will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Pension Liability

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 fiduciary net position of the Anne Arundel County Retirement System (the System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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 Other Post-Employment Benefit Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan 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.

Net Position/Fund Equity

The component unit financial statements utilize a net position presentation to display equity. Net position is categorized as invested capital assets, restricted, and unrestricted.

Net Investment in Capital Assets — this category consists of capital assets net of depreciation and outstanding debt utilized in their acquisition.

Restricted Net Position — this category represents net position which contains external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

Unrestricted Net Position — this category presents the net position of the Corporation, not restricted for any purpose.

Allocation of Expenses

Salaries and fringe benefits are allocated between the various programs based on the employee's prospective department. Other general and administrative expenses are allocated based on the nature and purpose of the expenditure.

Income Taxes

The Corporation is exempt from federal and state income tax under Section 503(c) of the Internal Revenue Code (IRC).

NOTE 2 DEPOSITS AND INVESTMENTS

At June 30, 2021 and 2020, the Corporation's cash and cash equivalents balance by type were as follows:

	June 30, 2021		June 30, 2020	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Cash on Hand	$ 250	$ -	$ 250	$ -
Demand Deposits at Financial Institutions	4,057,914	4,148,811	7,041,578	6,993,607
	$ 4,058,164	$ 4,148,811	$ 7,041,828	$ 6,993,607

At June 30, 2021 and 2020 and at various times during the fiscal years then ended, the Corporation maintained cash balances in excess of the federally insured limit. Accounts at each institution were insured by the Federal Deposit Insurance Corporation (FDIC) up to or fully collateralized by a third-party for any additional uninsured amounts in certain banking institutions.

The Corporation has eight certificates of deposits with various banks. The certificates mature between November 2021 and March 2023 and bear interest between 0.01% and 0.25%. The balances of the certificates of deposit totaled $879,449 and $866,943 as of June 30, 2021 and 2020, respectively.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Corporation. Debt securities are rated by Nationally Recognized Statistical Rating Corporations to provide purchasers with an opinion of the capability and willingness of a borrower to re-pay its debt. No ratings are available for certificates of deposit.

Concentration risk is the risk of loss attributed to the magnitude of the Corporation's investment in a single issuer. There was exposure of greater than 5% as follows as of June 30:

	2021		2020	
Investment	Amortized Cost	% of Total	Amortized Cost	% of Total
Certificates of Deposit:				
M&T Bank	$ 137,580	15.64 %	$ 137,511	15.86 %
Revere Bank	119,417	13.58	113,698	13.11
Severn Savings Bank	118,362	13.46	113,091	13.04
The Bank of Glen Bernie	109,954	12.50	109,595	12.64
BB&T Bank	107,457	12.22	107,341	12.38
Sandy Spring Bank	110,963	12.62	110,548	12.75
The Columbia Bank	107,677	12.24	107,301	12.38
Howard Bank	68,039	7.74	67,858	7.83
	$ 879,449		$ 866,943	

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The fair market value of fixed income (debt) securities is affected by increases and declines in interest rates. These investments may also have embedded call features allowing the issuer to redeem part or all the issue prior to maturity at a pre-set price. In addition, debt issues may have interest rates that vary according to a pre-determined external index or a pre-determined step-up in the interest rate at a pre-determined date(s). The Corporation had no investments in fixed income securities for the years ended June 30, 2021 and 2020.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

The Corporation has investments with the following original maturities as of:

	Investment Maturities (in Years)				
June 30, 2021	Fair Value	<1 year	1 to 5	6 to 10	Over 10
Certificates of Deposit	$ 879,449	$ 760,032	$ 119,417	$ -	$ -
June 30, 2020					
Certificates of Deposit	$ 866,943	$ 753,245	$ 113,698	$ -	$ -

NOTE 3 FAIR VALUE MEASUREMENT

The accounting guidance establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives 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 that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 – Inputs that are unobservable and supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Corporation. The Corporation considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Corporation's perceived risk of that instrument.

NOTE 3 FAIR VALUE MEASUREMENT (CONTINUED)

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations, or alternative pricing sources supported by observable inputs are classified with Level 2. These include certificates of deposit. As Level 2 investments include positions that are not traced in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect liquidity and/or nontransferability, which are generally based on available market information.

The certification of deposits are valued at amortized costs.

NOTE 4 LOANS AND GUARANTEES

At the discretion of the board of directors, the Corporation operates its lending activities within the constraints of the assets in its various loan programs. Additionally, the Corporation has the ability to make further loans from funds advanced from lending institutions that participate within the Arundel Business Loan program. As of June 30, 2021 and 2020, the Corporation administered loans with outstanding balances totaling $1,439,517 and $1,777,299, respectively.

The composition of loans as of June 30, 2021 and 2020 was as follows:

	June 30, 2021	June 30, 2020
Beginning Balance	$ 1,777,299	$ 2,102,156
Increases	484,129	288,372
Decreases	821,911	613,229
Ending Balance	$ 1,439,517	$ 1,777,299
Loans Receivable Due in One Year or Less	$ 285,609	$ 406,108
Loans Receivable Due Greater Than One Year	1,100,014	1,280,122
Total	$ 1,385,623	$ 1,686,230

The activity related to the loan loss reserve, impaired loans and allowance for loan losses are as follows for the years ended June 30:

	June 30, 2021	June 30, 2020
Beginning Balance, Allowance for Loan Losses		
Change in Reserve	$ 68,909	$ 81,736
Ending Balance, Allowance for Loan Losses	(15,015)	(12,827)
Total	$ 53,894	$ 68,909

NOTE 5 PROPERTY AND EQUIPMENT

A summary of property and equipment as of June 30, 2021 and 2020 is as follows:

	Estimated Lives (Yrs)	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Assets Subject to Depreciation:					
Computers and Related Equipment	3-10	$ 283,898	$ -	$ -	$ 283,898
Furniture and Fixtures	5-10	252,416	-	-	252,416
Leasehold Improvements	2-39	179,983	17,145	-	197,128
Farm Equipment	10-15	129,457	17,983	-	147,440
Automobiles	5	26,632	-	-	26,632
		872,386	35,128	-	907,514
Accumulated Depreciation		(584,476)	(56,185)	-	(640,661)
Net Depreciable Assets		$ 287,910	$ (21,057)	$ -	$ 266,853

	Estimated Lives (yrs)	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Assets Subject to Depreciation:					
Computers and Related Equipment	3-10	$ 204,008	$ 79,890	$ -	$ 283,898
Furniture and Fixtures	5-10	252,416	-	-	252,416
Leasehold Improvements	2-39	151,852	28,131	-	179,983
Farm Equipment	10-15	129,457	-	-	129,457
Automobiles	5	26,632	-	-	26,632
		764,365	108,021	-	872,386
Accumulated Depreciation		(533,478)	(50,998)	-	(584,476)
Net Depreciable Assets		$ 230,887	$ 57,023	$ -	$ 287,910

Depreciation expense totaled $56,185 and $50,998 for the years ended June 30, 2021 and 2020, respectively.

NOTE 6 LINES OF CREDIT

As of June 30, 2021 and 2020, the outstanding balance on the line of credit totaled $-0- and $493,848, respectively.

NOTE 7 NET POSITION – UNRESTRICTED

Unrestricted net assets/deficits for each of the blended component units are as follows at June 30:

	2021	2020
Anne Arundel Economic Development Corporation	$ 4,329,541	$ 3,229,879
AAEDC Financial Services	(1,524,830)	(1,543,606)
Anne Arundel Agricultural Marketing	(1,725,331)	(1,579,238)
Anne Arundel Community Development	104,263	105,227
Total	$ 1,183,643	$ 212,262

NOTE 8 CAPITAL LEASE OBLIGATIONS

The Corporation entered into various lease agreements for copiers that have been accounted for as capital leases. The leases bear no interest and call for monthly aggregate payments of approximately $1,900. The equipment was capitalized at a total cost of $88,039 and $114,212 at June 30, 2021 and 2020, respectively. Accumulated amortization was $69,697 and $42,295 at June 30, 2021 and 2020, respectively. The outstanding balance at June 30, 2021 and 2020 was $44,494 and $71,915, respectively.

Year Ending June 30,	Amount
2022	$ 21,316
2023	21,177
2023	2,001
Present Value of Minimum Lease Payments	$ 44,494

NOTE 9 ACCUMULATED UNPAID EMPLOYEE BENEFITS

Salaried and full-time hourly employees earn paid time off at different rates depending on their status of employment. Paid time off can be accumulated and carried over to future periods. As of June 30, 2021 and 2020, accrued paid time off of $128,097 and $117,141, respectively, has been accrued and is included in accrued expenses in the accompanying financial statements.

NOTE 10 PENSION PLANS

Employees Retirement Plan

The Corporation's employees participate in the Anne Arundel County Employees' Retirement Plan, a defined benefit pension plan administered by the Anne Arundel County Retirement and Pension System. The Plan was established under the authority created by the County Charter and other legislation. All benefit provisions are established by County legislation. The Retirement System issues a separate financial report for this plan. 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.

Benefits vest after five years of service. The normal retirement age is age 60 or when the employee has completed 30 years of service. Employees may elect one of two benefit structures. Tier One employees contribute 4% of their base salary to the plan. Tier Two employees make no employee contributions. At normal retirement, Tier One employees receive 2% of Final Average Basic Pay (FABP-defined as the participant's highest three annual basic pays consisting of the participant's annual basic pay on the date of termination and any prior annual basic pay on the anniversary date of the date of termination) times the years and months of credited service; plus credit for unused disability leave and pre-employment military service (up to three years) as defined in Article 5 – Pensions of the County Code. The maximum benefit is 60% of FABP, except participants may accrue benefits in excess of the 60% cap for credited disability leave and pre-employment military service. Tier Two employees receive 1% of final average earnings times the years and months of credited service. The plan also provides death and disability benefits.

NOTE 10 PENSION PLANS (CONTINUED)

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 Corporation'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. The Corporation's annual contribution for the fiscal years ended June 30, 2021 and 2020 was based on the actuarial requirement of 28.1% and 24.3% of related salaries and totaled $401,041 and $373,112, respectively.

Net Pension Liability of the System

At June 30, 2021 and 2020, the Corporation reported a liability of $2,615,206 and $2,650,552, respectively for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Corporation's proportion of the net pension liability was based on a projection of the Corporation's share of contributions to the pension plan relative to the projected contributions of all contributions made of the plan. As of June 30, 2021, the Corporation's proportionate share was 1.027%, which was an increase of 0.091% from its proportion measured as of June 30, 2020.

The assumptions at December 31, 2020 as calculated by the actuary are displaced as follows:

Actuarial Assumptions:	The Total Pension Liability was Determined by an Actuarial Valuation as of December 31, 2020 Using the Following Summarized Actuarial Assumptions, Applied to all Periods in that Measurement. Full Description of the Actuarial Assumptions are Available in the January 1, 2021 Valuation Report.
Inflation	3.00%
Salary Increases	Rates Vary by Participant Age
Investment Rate of Return	7.45%, Net of Pension Plan Investment Expense, Including Inflation
Mortality Scale	RP-2014 Blue Collar Mortality Tables for Males and Females Projected Generationally Using Scale MP-2018
Set Forward for Post-Disability Mortality	9 Years

NOTE 10 PENSION PLANS (CONTINUED)

The assumptions at December 31, 2019 as calculated by the actuary are displaced as follows:

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 that Measurement. Full Description of the Actuarial Assumptions are Available in the January 1, 2021 Valuation Report.
Inflation	3.00%
Salary Increases	Rates Vary by Participant Age
Investment Rate of Return	7.45%, Net of Pension Plan Investment Expense, Including Inflation
Mortality Scale	RP-2014 Blue Collar Mortality Tables for Males and Females Projected Generationally Using Scale MP-2018
Set Forward for Post-Disability Mortality	9 Years

Long-Term Expected Returns

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.

NOTE 10 PENSION PLANS (CONTINUED)

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, 2020 and December 31, 2019 are summarized in the following tables:

December 31, 2020

Asset Class	30-Year Geometric Forecast (Nominal Returns)	30-Year Geometric Forecast (Real Returns)
Cash	1.90 %	(0.31)%
U.S. Treasuries	2.13	(0.08)
IG Corp Credit	3.95	1.69
Mortgage Backed Securities	2.50	0.28
Bank Loans	5.19	2.91
*Core Fixed Income	2.80	0.58
High-Yield Bonds	5.60	3.31
Emerging Market Debt (External)	5.27	2.99
Emerging Market Debt (Local Currency)	5.87	3.57
Large Cap Equity	7.51	5.18
Small/Mid Cap Equity	8.46	6.11
International Equities (Unhedged)	8.18	5.84
Emerging Int'l Equities	11.79	9.37
Private Equity	12.62	10.18
Private Debt	8.13	5.78
Real Estate	6.61	4.30
Hedge Funds	5.57	3.28
Hedge Funds (Macro)	5.09	2.81

Note: NEPC's 30-year geometric inflation assumption is 2.50%. NEPS's 10 year geometric CPI inflation assumption in 2.25%
*Core Bonds assumption based on market weighted blend of compoents of Aggregate Index (Treasuries, IG Corp Credit, and MBS

NOTE 10 PENSION PLANS (CONTINUED)

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	3.74	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	7.74	4.87
International Equities (Unhedged)	7.74	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 inflation assumption is 2.75%. NEPS's 5-7 year gormetric CPI inflation assumption in 2.25%

*Core Bonds assumptions 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.

NOTE 10 PENSION PLANS (CONTINUED)

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 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Corporation's Proportionate Share of the Net Pension Liability at December 31, 2021	$ 3,668,929	$ 2,615,206	$ 1,727,330

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Corporation's Proportionate Share of the Net Pension Liability at December 31, 2020	$ 3,685,265	$ 2,650,522	$ 1,779,019

Deferred Outflows of Resources and Deferred Inflows of Resources Related to the County Pension Plan

Recognized pension expenses, deferred outflows and inflows of resources for the measurement date of December 31, 2020 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 112,690	$ 34,424
Changes in Assumptions	201,357	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	348,999	381,575
Contributions Subsequent to Measurement Date	175,244	-
	$ 838,290	$ 415,999

Recognized pension expenses, deferred outflows and inflows of resources for the measurement date of December 31, 2019 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 165,649	$ 25,831
Changes in Assumptions	267,958	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	268,678	537,980
Contributions Subsequent to Measurement Date	160,520	-
	$ 862,805	$ 563,811

NOTE 10 PENSION PLANS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to the County Pension Plan (Continued)

The contributions subsequent to measurement date as listed above will be recognized as a reduction in net pension liability in fiscal years ended June 30, 2022 and 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 three to four years as provided by the actuary as follows:

Year Ending June 30,	Amount
2022	$ 84,758
2023	170,156
2024	(3,578)
2025	(4,289)

Deferred Compensation Plan

The Corporation has a 403(b) tax-sheltered annuity plan whereby eligible employees may contribute up to 16% of their salary, not to exceed IRS guidelines. Employee contributions and earnings are 100% vested. The Corporation does not make contributions to the Plan.

NOTE 11 OTHER POSTRETIREMENT BENEFITS

General Information about the OPEB Plan

The Corporation's employees participate in the Anne Arundel Retiree Health Benefits Trust (the OPEB Trust) administered by the Anne Arundel County. The OPEB Trust was established under the authority created by the County Charter and other legislation. All benefit provisions are established by County legislation. The OPEB Trust issues a separate financial report for this plan. 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.

Plan description. The Anne Arundel Retiree Health Benefits Trust (the OPEB Trust) is a single employer defined benefit health care plan. The OPEB Trust is governed by a board of trustees with a minimum membership of eight. The members include the county chief administrative officer, the county controller, the county personnel officer, and the county budget officer in addition to representatives from each plan appointed by the County executive. A copy of the Anne Arundel Retiree Health Benefits Trust financial statements may be obtained by contacting Anne Arundel County Office of Personnel, 2660 Riva Road, Annapolis, Maryland 21401.

Benefits provided. The OPEB Trust provides health care benefits for retirees and their dependents.

Contributions. By Resolution, the County Council establishes cost sharing levels for County retirees through the approval of union contracts and personnel policy. The County paid the Corporation's portion of the actuarially determined contribution for June 30, 2021 and 2020. Employees are not required to contribute to the OPEB plan.

NOTE 11 OTHER POST-RETIREMENT BENEFITS (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021 and 2020, the Corporation reported a liability of $2,683,385 and $2,613,487, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021 and 2020, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Corporation's proportion of the net OPEB liability was based on the Corporation's covered payroll relative to the covered payroll of all participating members. As of June 30, 2021, the Corporation's proportionate share was 0.4671%, which is an increase of 0.005% from its proportion measured as of June 30, 2020.

For the years ended June 30, 2021 and 2020, the Corporation recognized OPEB expense of $38,999 and $127,122, respectively. At June 30, 2021 and 2020, the Corporation reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2021		
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	$ 36,737	$ 32,734
Change in Assumptions	-	7,619
Difference Between Expected and Actual Experience	75,066	2,151
	$ 111,803	$ 42,504
June 30, 2020		
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	$ -	$ 48,883
Change in Assumptions	-	1,648
Difference Between Expected and Actual Experience	91,920	2,780
	$ 91,920	$ 53,311

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense at June 30, 2021 as follows:

Year Ending June 30,	Amount
2022	$ (9,542)
2023	(16,159)
2024	(18,204)
2025	(26,380)
2026	986

NOTE 11 OTHER POSTRETIREMENT BENEFITS (CONTINUED)

Actuarial assumptions. The total OPEB liability in the June 30, 2021 and June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Method
Amortization Method	Closed (Level % of the Payroll)
Amortization Period	21 Years Remaining (as of June 30, 2019)
Asset Valuation Method	Market Value of Assets
Discount Rate	6.75%
Salary Increases	3.00%
Medical Trend	The Rate in 2019 is 5.2%. The Rates Vary Significantly Throughout the Projections. The Rate in 2030 is 5.6% Pre-Medicare and 4.9% Post Medicare. The Ultimate Rate is 4.1% Pre-Medicare and 3.9% Post Medicare
Inflation Rate	2.40%

Mortality rates were based on the RP-2000 Blue Collar Mortality Table for males and females projected using Scale AA.

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 percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021 and June 30, 2020 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash	0.24 %
Core Fixed Income	1.58
Diversified Fixed Income	2.88
Absolute Return Fixed Income	1.95
Large Cap Equity	1.62
Small/Mid Cap Equity	4.87
International Equities (unhedged)	4.87
Emerging International Equities	6.33
Real Estate (Core)	3.41

Discount rate. 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% as the discount rate.

NOTE 11 OTHER POST-RETIREMENT BENEFITS (CONTINUED)

Sensitivity of the Corporation's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Corporation's proportionate share of the net OPEB liability, as well as what the Corporation's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Corporation's Proportionate Share of the Net OPEB Liability at June 30, 2021	$ 3,286,617	$ 2,683,385	$2,201,524
Corporation's Proportionate Share of the Net OPEB Liability at June 30, 2020	$ 3,183,326	$ 2,613,487	$2,160,021

Sensitivity of the Corporations proportionate share of the net OPEB liability to changes in the health care cost trend rates. The following presents the Corporation's proportionate share of the net OPEB liability, as well as what the Corporation's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (2.9%) or 1-percentage-point higher (4.9%) than the current healthcare cost trend rates:

	1% Decrease (2.9%)	Current Health Care Rate (3.9%)	1% Increase (4.9%)
Corporation's Proportionate Share of the Net OPEB Liability at June 30, 2021	$ 2,119,803	$ 2,683,385	$3,400,443
Corporation's Proportionate Share of the Net OPEB Liability at June 30, 2020	$ 2,113,083	$ 2,613,487	$3,250,044

NOTE 12 RELATED PARTY TRANSACTIONS

For the years ended June 30, 2021 and 2020, the County provided services, valued at $327,655 and $304,200, respectively, related to the Corporation's chief executive officer's salary and benefits. Additionally, the County provided the Corporation with office space and utilities, valued at $103,600, for the years ended June 30, 2021 and 2020. These items are included in the financial statements as donated facilities, salaries, and services.

Fringe benefits for employees and certain administrative operating costs of the Corporation are paid by the County and reimbursed by the Corporation. Total reimbursements to the County for these expenses totaled approximately $658,512 and $634,023 for the years ended June 30, 2021 and 2020, respectively.

Two officers of the board of directors are officers of a bank where the Corporation has a bank account.

NOTE 13 RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts; damage to, and destruction of assets; errors and omissions; employee's health and accident; and natural disasters. The Corporation obtains insurance to protect its interest in its property and equipment, insurance against employee dishonesty and liability protection. Settled claims have not exceeded these coverages for the past three fiscal years.

NOTE 14 RESTATEMENT

The Corporation adopted GASB Statement No. 84 *Fiduciary Activities,* which establishes criteria for identifying fiduciary activities for all state and local governments. The implementation of this standard resulted in the removal of the VOLT fund from the Corporations reporting entity. This pronouncement requires the restatement of July 1, 2019 net position as follows:

	Anne Arundel Economic Development Corporation
Net position, July 1, 2019, as previously stated	$ 2,631,868
Removal of the Volt Fund	(1,775,338)
Net position, July 1, 2019, as restated	$ 856,530

ANNE ARUNDEL ECONOMIC DEVELOPMENT CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CORPORATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015
Employees' Retirement and Pension System:							
Corporation's Proportion of the Net Pension Liability	1.02720%	0.93667%	0.93610%	0.95500%	1.07154%	1.14829%	1.48288%
Corporation's Proportionate Share of the Net Pension Liability	$ 2,615,206	$ 2,650,522	$ 2,631,950	$ 1,894,120	$ 2,553,304	$ 2,851,058	$ 2,462,101
Corporation's Covered Employee Payroll	$ 1,429,081	$ 1,538,419	$ 1,543,875	$ 1,434,952	$ 1,435,048	$ 1,499,575	$ 1,563,839
Corporation's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	183.00%	172.29%	170.48%	132.00%	177.92%	190.12%	157.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.01%	70.93%	68.80%	77.20%	71.30%	69.44%	73.14%

The amounts presented for fiscal year 2018 were determined as of July 1 of two years prior, using membership data as of that date projected forward to June 30 of the previous year. Additionally, the Corporation implemented GASB 68 during fiscal year 2015. As such, only six years of information is available.

ANNE ARUNDEL ECONOMIC DEVELOPMENT CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CORPORATION'S CONTRIBUTIONS
LAST TEN FISCAL YEARS

Employees' Retirement and Pension System

	2021	2020	2019	2018	$ 2,017	2016	2015
Contractually Required Contribution	$ 401,041	$ 373,112	$ 261,739	$ 244,945	$ 276,562	$ 294,306	$ 334,648
Contributions in Relation to the Contractually Required Contribution	(401,041)	(373,112)	(261,739)	(244,945)	(276,562)	(294,306)	(334,648)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Corporation's Covered-Employee Payroll	$ 1,429,081	$ 1,538,419	$ 1,543,875	$ 1,434,952	$ 1,435,048	$ 1,499,575	$ 1,563,839
Contributions as a Percentage of Covered-Employee Payroll	28.1%	24.3%	17.0%	17.1%	19.3%	19.6%	21.4%

*The Corporation implemented GASB 68 during fiscal year 2015.
As such, any information prior to 2015 is not available.

ANNE ARUNDEL ECONOMIC DEVELOPMENT CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CORPORATION'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST TEN FISCAL YEARS

	2021	2020	2019
Retiree Health Benefit Trust			
Corporations' Proportion of the Net OPEB Liability	0.46707%	0.46250%	0.47650%
Corporation's Proportionate Share of the Net OPEB Liability	$ 2,683,385	$ 2,613,456	$ 2,670,886
Corporation's Covered Payroll	$ 1,429,081	$ 1,362,139	$ 1,401,000
Corporation's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	187.77%	191.86%	190.64%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	28.97%	24.26%	19.51%

The Corporation implemented GASB 75 during fiscal year 2018. As such, only three years of information is available

ANNE ARUNDEL ECONOMIC DEVELOPMENT CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CORPORATION'S CONTRIBUTIONS
LAST TEN FISCAL YEARS

Retiree Health Benefit Trust	2021	2020	2019
Contractually Required Contribution	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -
Corporation's Covered-Employee Payroll	$ 1,429,081	$ 1,362,139	$ 1,401,000
Contributions as a Percentage of Covered-Employee Payroll	0.0%	0.0%	0.0%

*The Corporation implemented GASB 75 during fiscal year 2018.

ANNE ARUNDEL ECONOMIC DEVELOPMENT CORPORATION
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2021

	Anne Arundel Economic Development Corporation	Chesapeake Innovation Center	AAEDC Financial Services	Anne Arundel Agricultural Marketing	Anne Arundel Community Development	Total
ASSETS						
CURRENT ASSETS						
Unrestricted Assets:						
Cash and Cash Equivalents	$ 2,848,179	$ -	$ 959,696	$ -	$ 118,741	$ 3,926,616
Investments	879,449	-	-	-	-	879,449
Loans Receivable, Net of Allowance for Loan Losses	112,759	-	172,850	-	-	285,609
Accounts Receivable	-	-	-	-	-	-
Accrued Interest	-	-	132	-	-	132
Internal Balances	3,632,068	-	(2,252,639)	(1,364,951)	(14,478)	-
Due from Volt Fund	321,615	-	-	-	-	321,615
Prepaid Expenses and Other	12,365	-	3,884	-	-	16,249
Total Unrestricted Current Assets	7,806,435	-	(1,116,077)	(1,364,951)	104,263	5,429,670
Restricted Assets:						
Cash and Cash Equivalents	-	-	-	131,548	-	131,548
Total Current Assets	7,806,435	-	(1,116,077)	(1,233,403)	104,263	5,561,218
PROPERTY AND EQUIPMENT						
Depreciable Capital Assets - Unrestricted	158,864	-	80,330	-	-	239,194
Depreciable Capital Assets - Restricted	-	-	-	27,659	-	27,659
	158,864	-	80,330	27,659	-	266,853
Loans Receivable, Net of Current Portion	170,750	-	929,264	-	-	1,100,014
Total Assets	8,136,049	-	(106,483)	(1,205,744)	104,263	6,928,085
DEFERRED OUTFLOWS OF RESOURCES						
Pension Benefits	571,511	-	186,462	80,317	-	838,290
OPEB Benefits	79,213	-	22,819	9,771	-	111,803
Total Deferred Outflows of Resources	650,724	-	209,281	90,088	-	950,093
LIABILITIES AND NET POSITION						
CURRENT LIABILITIES						
Accounts Payable	170,389	-	5,052	109	-	175,550
Accrued Expenses	130,123	-	61,656	26,182	-	217,961
Unearned Revenue	-	-	-	27,077	-	27,077
Capital Lease Payable - Current Portion	11,421	-	11,421	-	-	22,842
Line of Credit	-	-	-	-	-	-
Total Current Liabilities	311,933	-	78,129	53,368	-	443,430
LONG-TERM DEBT						
Capital Lease Payable, Net of Current Portion	10,824	-	10,828	-	-	21,652
Pension Liability	1,782,939	-	581,704	250,563	-	2,615,206
OPEB Liability	1,901,197	-	547,683	234,505	-	2,683,385
Total Long-Term Liabilities	3,694,960	-	1,140,215	485,068	-	5,320,243
Total Liabilities	4,006,893	-	1,218,344	538,436	-	5,763,673
DEFERRED INFLOWS OF RESOURCES						
Pension Benefits	283,612	-	92,530	39,857	-	415,999
OPEB Benefits	30,108	-	8,673	3,723	-	42,504
Total Deferred Inflows of Resources	313,720	-	101,203	43,580	-	458,503
NET POSITION						
Net Investment in Capital Assets	136,619	-	58,081	27,659	-	222,359
Restricted	-	-	250,000	-	-	250,000
Unrestricted	4,329,541	-	(1,524,830)	(1,725,331)	104,263	1,183,643
Total Net Position	$ 4,466,160	$ -	$ (1,216,749)	$ (1,697,672)	$ 104,263	$ 1,656,002

ANNE ARUNDEL ECONOMIC DEVELOPMENT CORPORATION
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDING JUNE 30, 2021

	Anne Arundel Economic Development Corporation	Chesapeake Innovation Center	AAEDC Financial Services	Anne Arundel Agricultural Marketing	Anne Arundel Community Development	Total
OPERATING REVENUES						
Grants	$ 27,033,459	$ -	$ 150,000	$ 63,627	$ -	$ 27,247,086
Hotel Tax Revenue	1,000,000	-	-	-	-	1,000,000
Donated Facilities, Salaries and Wages	327,655	-	-	-	-	327,655
Interest Income	-	-	1,642	-	-	1,642
Management Fees	-	-	300	-	-	300
Grant Revenue		-	-	-	-	-
Special Events and miscellaneous	87,099	-	320,351	-	-	407,450
Total Operating Revenues	28,448,213	-	472,293	63,627	-	28,984,133
OPERATING EXPENSES						
Personnel Costs	1,868,863	-	280,256	139,973	-	2,289,092
Administrative Expenses	206,333	-	120,032	21,474	364	348,203
Grant Program Expenses	24,623,531	-	-	-	-	24,623,531
Marketing Expenses	151,838	-	17,792	817	-	170,447
Professional fees	219,911	-	16,869	29,567	600	266,947
Depreciation	37,069	-	11,952	7,164	-	56,185
Bad Debt Expense	(22,464)	-	(462)	-	-	(22,926)
Miscellaneous Expenses	290,046	-	(1,113)	(95)	-	288,838
Total Operating Expenses	27,375,127	-	445,326	198,900	964	28,020,317
Operating Income (Loss)	1,073,086	-	26,967	(135,273)	(964)	963,816
OTHER INCOME/EXPENSE						
Investment Income	13,027	-	902	-	-	13,929
Total Other Income/Expenses	13,027	-	902	-	-	13,929
CHANGE IN NET POSITION	1,086,113	-	27,869	(135,273)	(964)	977,745
Net Position - Beginning of Year, as restated	3,380,047	-	(1,244,618)	(1,562,399)	105,227	678,257
NET POSITION - END OF YEAR	$ 4,466,160	$ -	$ (1,216,749)	$ (1,697,672)	$ 104,263	$ 1,656,002

ANNE ARUNDEL ECONOMIC DEVELOPMENT CORPORATION
COMBINING SCHEDULE OF CASH FLOWS
YEAR ENDING JUNE 30, 2021

	Anne Arundel Economic Development Corporation	Chesapeake Innovation Center	AAEDC Financial Services	Anne Arundel Agricultural Marketing	Anne Arundel Community Development	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Providing Services	$ 24,976,408	$ -	$ 472,161	$ 90,704	$ -	$ 25,539,273
Cash Paid to Suppliers	(26,296,934)	-	203,656	206,217	(964)	(25,888,025)
Cash Paid to Employees	(1,667,026)	-	(513,000)	(237,694)	-	(2,417,720)
Loans Made	(127,000)	-	(357,129)	-	-	(484,129)
Principal Payments Collected on Loans Receivable	598,736	-	223,175	-	-	821,911
Net Cash Provided (Used) by Operating Activities	(2,515,816)	-	28,863	59,227	(964)	(2,428,690)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of Investments	521	-	902	-	-	1,423
Transfers in/out	-	-	-	-	-	-
Net Cash Provided by Investing Activities	521	-	902	-	-	1,423
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of Capital Assets	(9,808)	-	(7,336)	(17,984)	-	(35,128)
Principal Payments on Capital Lease	(13,712)	-	(13,709)	-	-	(27,421)
Net Line of Credit Activity	-	-	(493,848)	-	-	(493,848)
Net Cash Used by Capital and Related Financing Activities	(23,520)	-	(514,893)	(17,984)	-	(556,397)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,538,815)	-	(485,128)	41,243	(964)	(2,983,664)
Cash and Cash Equivalents - Beginning of Year	5,386,994	-	1,444,824	90,305	119,705	7,041,828
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,848,179	$ -	$ 959,696	$ 131,548	$ 118,741	$ 4,058,164
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating Income (Loss)	$ 1,073,086	$ -	$ 26,967	$ (135,273)	$ (964)	$ 963,816
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Bad Debt Expense	(22,464)	-	-	-	-	(22,464)
Depreciation	37,069	-	11,952	7,164	-	56,185
Effects of Changes in Operating Assets and Liabilities:						
Accounts Receivable	16,443	-	-	-	-	16,443
Loans Receivable	449,272	-	(126,201)	-	-	323,071
Accrued Interest	-	-	(132)	-	-	(132)
Prepaid Expenses and Other	4,888	-	6,018	-	-	10,906
Internal Balance	(608,259)	-	350,358	257,901	-	-
Due from Volt Fund	(5,856)	-	-	-	-	(5,856)
Deferred Outflows of Resources	(87,544)	-	64,796	27,380	-	4,632
Accounts Payable	(196,048)	-	398	79	-	(195,571)
Accrued Expenses	(7,238)	-	(7,680)	(1,857)	-	(16,775)
Unearned Revenue	(3,465,784)	-	-	27,077	-	(3,438,707)
Deposits	-	-	-	-	-	-
Deferred Inflows of Resources	(49,778)	-	(76,465)	(32,576)	-	(158,819)
Pension Liability	247,603	-	(198,651)	(84,268)	-	(35,316)
OPEB Liability	98,794	-	(22,497)	(6,400)	-	69,897
Due to State - VOLT	-	-	-	-	-	-
Net Cash Provided (Used) by Operating Activities	$ (2,515,816)	$ -	$ 28,863	$ 59,227	$ (964)	$ (2,428,690)

ANNE ARUNDEL ECONOMIC DEVELOPMENT CORPORATION
COMBINING SCHEDULE OF NET POSITION
YEAR ENDING JUNE 30, 2020

	Anne Arundel Economic Development Corporation	Chesapeake Innovation Center	AAEDC Financial Services	Anne Arundel Agricultural Marketing	Anne Arundel Community Development	Total
ASSETS						
CURRENT ASSETS						
Unrestricted Assets:						
Cash and Cash Equivalents	$ 1,921,210	$ -	$ 1,444,824	$ -	$ 119,705	$ 3,485,739
Investments	866,943	-	-	-	-	866,943
Loans Receivable, Net of Allowance for Loan Losses	250,109	-	155,999	-	-	406,108
Accounts Receivable	16,443	-		-	-	16,443
Accrued Interest	-	-		-	-	-
Internal Balances	3,023,809	-	(1,902,281)	(1,107,050)	(14,478)	-
Due from Volt Fund	315,759	-	-	-	-	315,759
Prepaid Expenses and Other	17,253	-	9,902	-	-	27,155
Total Unrestricted Current Assets	6,411,526	-	(291,556)	(1,107,050)	105,227	5,118,147
Restricted Assets:						
Cash and Cash Equivalents	3,465,784	-	-	90,305	-	3,556,089
Total Current Assets	9,877,310	-	(291,556)	(1,016,745)	105,227	8,674,236
PROPERTY AND EQUIPMENT						
Depreciable Capital Assets - Unrestricted	186,125	-	84,946	-	-	271,071
Depreciable Capital Assets - Restricted	-	-	-	16,839	-	16,839
	186,125	-	84,946	16,839	-	287,910
Loans Receivable, Net of Current Portion	460,208	-	819,914	-	-	1,280,122
Total Assets	10,523,643	-	613,304	(999,906)	105,227	10,242,268
DEFERRED OUTFLOWS OF RESOURCES						
Pension Benefits	499,787	-	254,023	108,995	-	862,805
OPEB Benefits	63,393	-	20,054	8,473	-	91,920
Total Deferred Outflows	563,180	-	274,077	117,468	-	954,725
LIABILITIES AND NET POSITION						
CURRENT LIABILITIES						
Accounts Payable	366,437	-	4,654	31	-	371,122
Accrued Expenses	137,361	-	69,336	28,039	-	234,736
Unearned Revenue	3,465,784					3,465,784
Capital Lease Payable - Current Portion	11,421	-	11,421	-	-	22,842
Line of Credit	-	-	493,848	-	-	493,848
Total Current Liabilities	3,981,003	-	579,259	28,070	-	4,588,332
LONG-TERM DEBT						
Capital Lease Payable, Net of Current Portion	24,536	-	24,537	-	-	49,073
Pension Liability	1,535,336	-	780,355	334,831	-	2,650,522
OPEB Liability	1,802,403	-	570,180	240,904	-	2,613,487
Total Long-Term Liabilities	3,362,275	-	1,375,072	575,735	-	5,313,082
Total Liabilities	7,343,278	-	1,954,331	603,805	-	9,901,414
DEFERRED INFLOWS OF RESOURCES						
Pension Benefits	326,593	-	165,994	71,224	-	563,811
OPEB Benefits	36,905	-	11,674	4,932	-	53,511
Total Deferred Inflows of Resources	363,498	-	177,668	76,156	-	617,322
NET POSITION						
Net Investment in Capital Assets	150,168	-	48,988	16,839	-	215,995
Restricted	-	-	250,000	-	-	250,000
Unrestricted	3,229,879	-	(1,543,606)	(1,579,238)	105,227	212,262
Total Net Position	$ 3,380,047	$ -	$ (1,244,618)	$ (1,562,399)	$ 105,227	$ 678,257

ANNE ARUNDEL ECONOMIC DEVELOPMENT CORPORATION
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDING JUNE 30, 2020

	Anne Arundel Economic Development Corporation	Chesapeake Innovation Center	AAEDC Financial Services	Anne Arundel Agricultural Marketing	Anne Arundel Community Development	Total
OPERATING REVENUES						
Grants	$ 3,513,770	$ -	$ 150,000	$ 36,368	$ -	$ 3,700,138
Hotel Tax Revenue	1,000,000	-	-	-	-	1,000,000
Donated Facilities, Salaries and Wages	304,200	-	-	-	-	304,200
Interest Income	-	-	1,750	-	-	1,750
Management Fees	-	-	1,080	-	-	1,080
Special Events	139	-	213,808	-	-	213,947
Total Operating Revenues	4,818,109	-	366,638	36,368	-	5,221,115
OPERATING EXPENSES						
Personnel Costs	1,416,229	-	723,043	330,484	-	2,469,756
Administrative Expenses	392,205	-	98,289	18,398	1,006	509,898
CARES Act Expenses	2,190,376	-	-	-	-	2,190,376
Marketing Expenses	94,365	-	1,121	491	-	95,977
Professional Fees	82,735	-	20,178	-	-	102,913
Depreciation	30,146	-	13,212	7,641	-	50,999
Bad Debt Expense	(5,782)	-	(1,858)	-	-	(7,640)
Miscellaneous Expenses	(5,600)	-	4,336	(2,571)	-	(3,835)
Total Operating Expenses	4,194,674	-	858,321	354,443	1,006	5,408,444
Operating Income (Loss)	623,435	-	(491,683)	(318,075)	(1,006)	(187,329)
OTHER INCOME (EXPENSE)						
Transfer in/out	404,876	(404,876)	-	-	-	-
Investment Income	4,734	-	4,322	-	-	9,056
Total other income (expense)	409,610	(404,876)	4,322	-	-	9,056
CHANGE IN NET POSITION	1,033,045	(404,876)	(487,361)	(318,075)	(1,006)	(178,273)
Net Position - Beginning of Year, as restated	2,347,002	404,876	(757,257)	(1,244,324)	106,233	856,530
NET POSITION - END OF YEAR	$ 3,380,047	$ -	$ (1,244,618)	$ (1,562,399)	$ 105,227	$ 678,257

ANNE ARUNDEL ECONOMIC DEVELOPMENT CORPORATION
COMBINING SCHEDULE OF CASH FLOWS
YEAR ENDING JUNE 30, 2020

	Anne Arundel Economic Development Corporation	Chesapeake Innovation Center	AAEDC Financial Services	Anne Arundel Agricultural Marketing	Anne Arundel Community Development	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Providing Services	$ 8,267,450	$ -	$ 389,874	$ 36,368	$ -	$ 8,693,692
Cash Paid to Suppliers	(3,797,514)	404,876	425,383	222,593	(507)	(2,745,169)
Cash Paid to Employees	(1,524,414)	-	(514,733)	(228,036)	-	(2,267,183)
Loans Made	(250,000)	-	(38,372)	-	-	(288,372)
Principal Payments Collected on Loans Receivable	365,631	-	247,598	-	-	613,229
Net Cash Provided (Used) by Operating Activities	3,061,153	404,876	509,750	30,925	(507)	4,006,197
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of Investments	1,522	-	4,322	-	-	5,844
Transfers in/out	404,876	(404,876)	-	-	-	-
Net Cash Provided (Used) by Investing Activities	406,398	(404,876)	4,322	-	-	5,844
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of Capital Assets	(70,104)	-	(37,916)	-	-	(108,020)
Principal Payments on Capital Lease	24,497	-	24,518	-	-	49,015
Net Line of Credit Activity	-	-	(1,114)	-	-	(1,114)
Net Cash Used by Capital and Related Financing Activities	(45,607)	-	(14,512)	-	-	(60,119)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,421,944	-	499,560	30,925	(507)	3,951,922
Cash and Cash Equivalents - Beginning of Year	1,965,050	-	945,264	59,380	120,212	3,089,906
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 5,386,994	$ -	$ 1,444,824	$ 90,305	$ 119,705	$ 7,041,828
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	$ 623,435	$ -	$ (491,683)	$ (318,075)	$ (1,006)	$ (187,329)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Bad Debt Expense	(5,782)	-	-	-	-	(5,782)
Depreciation	30,146	-	13,212	7,640	-	50,998
Effects of Changes in Operating Assets and Liabilities:						
Accounts Receivable	(16,443)	-	22,899	-	-	6,456
Loan Receivable	115,631	-	201,441	-	-	317,072
Accrued Interest	-	-	337	-	-	337
Prepaid Expenses	(11,183)	-	(1,291)	-	-	(12,474)
Internal Balance	(1,193,995)	393,159	545,917	240,930	499	(13,490)
Deferred Outflows of Resources	(142,322)	-	(128,864)	(56,329)	-	(327,515)
Accounts Payable	161,745	-	2,823	(2,018)	-	162,550
Accrued Expenses	45,383	-	17,757	8,016	-	71,156
Unearned Revenue	3,465,784	-	-	-	-	3,465,784
Deposits	-	11,717	-	-	-	11,717
Deferred Inflows of Resources	287,576	-	152,399	65,570	-	505,545
Pension Liability	(230,703)	-	171,001	78,274	-	18,572
OPEB Liability	(68,119)	-	3,802	6,917	-	(57,400)
Due to State - VOLT	-	-	-	-	-	-
Net Cash Provided (Used) by Operating Activities	$ 3,061,153	$ 404,876	$ 509,750	$ 30,925	$ (507)	$ 4,006,197

ANNE ARUNDEL ECONOMIC DEVELOPMENT CORPORATION

REPORT ON SINGLE AUDIT

YEAR ENDED JUNE 30, 2021

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ANNE ARUNDEL ECONOMIC DEVELOPMENT CORPORATION
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021

INDEPENDENT AUDITORS' REPORT	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*	**1**
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	**3**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	**6**
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	**7**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	**8**

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors and Management
Anne Arundel Economic Development Corporation
Annapolis, Maryland

We have audited, in accordance with the 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, the financial statements of Anne Arundel Economic Development Corporation (the Corporation), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated September 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
September 29, 2021

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors and Management
Anne Arundel Economic Development Corporation
Annapolis, Maryland

Report on Compliance for Each Major Federal Program

We have audited Anne Arundel Economic Development Corporation's (the Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended June 30, 2021. The Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-00. Our opinion on each major federal program is not modified with respect to this matter.

The Corporation's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a significant deficiency.

The Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Corporation as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements. We issued our report thereon dated September 29, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
September 26, 2022

ANNE ARUNDEL ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/ Grant Name	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Treasury				
Passed Through Anne Arundel County:				
COVID-19 Coronavirus Relief Fund - CEP	21.019	240492.ON	$ -	$ 3,294,224
COVID-19 Coronavirus Relief Fund - CPCWG	21.019	None provided	-	3,558,250
COVID-19 Coronavirus Relief Fund - RFSG	21.019	None provided	-	5,437,100
COVID-19 Coronavirus Relief Fund - Venison Grant	21.019	None provided	-	126,000
Total Cares Act Fund			-	12,415,574
Passed Through Maryland Department of Commerce				
COVID-19 Coronavirus Relief Fund - Online Sales/Telework	21.027	None provided	-	21,284
COVID-19 Coronavirus Relief Fund - RFSG Round 2	21.027	None provided	-	942,211
COVID-19 Coronavirus Relief Fund - RFSG Round 1	21.027	None provided	-	2,127,865
Passed Through Maryland Department of Housing and Community Development				
COVID-19 Coronavirus Relief Fund - CPCWG	21.027	None provided	-	1,916,191
Total Coronavirus State and Local Fiscal Recovery Funds			-	5,007,551
Total Department of Treasury				17,423,125
Total Federal Awards				$ 17,423,125

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 SINGLE AUDIT REPORTING ENTITY AND BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the expenditures of all federal award programs of Anne Arundel Economic Development Corporation, Maryland (the Corporation) for the year ended June 30, 2021. The accompanying SEFA has been prepared using the accrual basis of accounting as fully described in the Summary of Significant Accounting Policies accompanying the Corporation's basic financial statements.

NOTE 2 RECONCILIATION TO BASIC FINANCIAL STATEMENTS

The schedule of expenditures of federal awards presents only a selected portion of the activities of the Corporation. The financial activity for the aforementioned awards is reported in Corporation's statement of activity. In certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported in the schedule of expenditures of federal awards due to program expenditures exceeding grant or contract budget limitations which are not reported as expenditures in the schedule of expenditures of federal awards.

NOTE 3 INDIRECT COST RATE

The Corporation has not elected to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

Section I – Summary of Independent Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:
   - Material weakness(es) identified? _____ yes __x__ no
   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes __x__ none reported

3. Noncompliance material to financial statements noted? _____ yes __x__ no

Federal Grant Awards

1. Internal control over major programs:
   - Material weakness(es) identified? _____ yes __x__ no
   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? __x__ yes _____ none reported

2. Type of auditors' report issued on compliance for major programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? __x__ yes _____ no

Identification of Major Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund
21.027	Coronavirus State & Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? _____ yes __x__ no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs for Federal Grant Programs

2021-001
Federal agency: U.S. Department of Treasury
Federal program title: Coronavirus Relief Funds
ALN: 21.019
Pass-through agency: Anne Arundel County, Maryland
Pass-through number: 240492.ON
Award Period: March 1, 2020 through December 31, 2021
Compliance Requirement: Allowable Costs/Cost Principles
Type of Findings: Significant Deficiency in Internal Control over Compliance, Other Matters

Condition
Supporting documentation could not be provided for two out of sixty cash disbursements tested. For one disbursement tested, the entire amount was unsupported. For the second disbursement, only $588 out of $5,981 did not have supporting invoices/support.

Criteria or specific requirement:
The Coronavirus Relief Fund is designed to provide ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency. Governments may use Fund payments for eligible expenses subject to the restrictions set forth in section 601(d) of the Social Security Act. Payments must be used to cover costs that are:

1. Necessary expenditures incurred due to the public health emergency with respect to COVID-19;
2. Not accounted for in the governments' most recently approved budget as of March 27, 2020; and
3. Incurred (performance or delivery must occur) during the period that begins on March 1, 2020 and ends on December 31, 2021.

Cause
The Corporation provided funding to small businesses in Anne Arundel County during the pandemic. The Corporation provided the funds upfront and required the recipients to submit invoices to support the amount spent. Two of the recipients never provided the necessary supporting documentation.

Questioned Costs
$7,243

Effect
The federal funds could have been spent on expenditures that were unallowable under the grant.

Recommendation
We recommend that management review their policies and procedures and make changes necessary to ensure only allowable costs are charged to grants.

Views of Responsible Officials
Management agrees with finding. See corrective action plan for additional information.

ANNE ARUNDEL ECONOMIC DEVELOPMENT CORPORATION
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2021

Anne Arundel Economic Development Corporation respectfully submits the following corrective action plan for the year ended June 30, 2021.

Audit period: July 1, 2020 through June 30, 2021

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

No findings noted.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S Department of Treasury

2021-001 Coronavirus Relief Funds – Assistance Listing No. 21.019

Recommendation: We recommend that management review their policies and procedures and make changes necessary to ensure only allowable costs are charged to grants.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: After the experience with this grant program and recognizing the difficulty of getting receipts from certain grantees, we made the decision to discontinue any grant programs that would require the grantees to submit receipts. We now ask for a signed confirmation that grantees have followed all of the guidelines of the particular grant programs.

Name(s) of the contact person(s) responsible for corrective action: Jill Seaman

Planned completion date for corrective action plan: Completed at the end of the CEP Grant Program in 2021

If the oversight agency has questions regarding this plan, please call Jill Seaman at 410-222-7029.