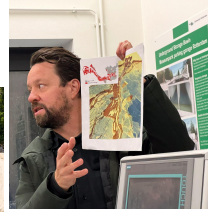
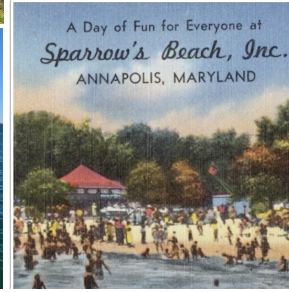


FY 2024 Impact Report

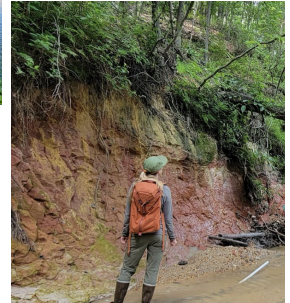
The Resilience Authority of Annapolis and Anne Arundel County



Nature and
Resources



Communities and
Infrastructure



Climate
Transitions



**RESILIENCE
AUTHORITY**
Annapolis and Anne Arundel County



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1.0:
2024 In Review

RESILIENCE
AUTHORITY

Annapolis and Anne Arundel County

Message to Stakeholders

Dear Members of the Senate Budget and Taxation Committee; Members of the Senate Education, Health, and Environmental Affairs Committee; Members of the House Appropriations Committee; Members of the House Environment and Transportation Committee; County Executive Pittman, Members of the County Council, Mayor Buckley, and Members of the City Council.

On behalf of the Resilience Authority of Annapolis and Anne Arundel County (the Resilience Authority), we are pleased to submit our annual report for the fiscal year ended June 30, 2024, pursuant to the requirements set forth in the Code of Maryland, Local Government Article, § 22-113; the Anne Arundel County Code, § 3-8A-113(A); and the Annapolis, MD Code of Ordinances § 2.58.110. This report details the activities and financial position of the Resilience Authority, including audited financial statements, a description of resilience infrastructure projects funded, and the sources of revenue supporting these initiatives.

The achievements and progress highlighted in this report are a testament to the exceptional leadership of our Board of Directors, the dedication of the Resilience Authority staff, and the invaluable contributions of our City and County partners. Together, we are forging a more resilient future for Annapolis and Anne Arundel County.



In Loving Memory of Vincent Omar Leggett

November 23, 2024

We remember Vince not only for his extraordinary gift in stimulating ideas and inspiring change but also for his enduring passion, vision, and leadership. His unwavering dedication to preserving and celebrating the history of Blacks of the Chesapeake will forever inspire us. As we move forward, we honor his legacy by advancing transformative approaches to resilience that are grounded in sustainability and equity.



To date, the Resilience Authority has secured over \$38 million for climate infrastructure projects, invested more than \$7 million in local initiatives, and saved the County over \$48 million in avoided losses and damages through strategic investments in resilience. Our work is receiving national recognition, including a new partnership with the University of Maryland's Climate Resilience Network to enhance regional predictive capabilities. Additionally, the Resilience Authority has been spotlighted as a case study in FEMA's *National Resilience Guidance Manual* and the *Community Finance Brief*, showcasing our innovative approach towards tackling climate change.

Looking ahead, the Resilience Authority is well-positioned to expand its portfolio, integrating greenhouse gas reduction strategies with resilience initiatives, while maintaining a steadfast focus on fostering inclusivity and ensuring that the benefits of climate action reach all residents equitably. This report reflects not only our accomplishments but also the partnerships that make them possible.

On behalf of the Resilience Authority and its Board of Directors, we extend our deepest gratitude to all who have supported and contributed to our mission over the past year. Together, we are advancing efforts to future-proof our City and County and ensure a sustainable, resilient future for generations to come.

Teresa Sutherland,
Chair, Board of Directors

Matthew Fleming,
Resilience Authority Director

2.0: About Us



RESILIENCE
AUTHORITY

Annapolis and Anne Arundel County

Who We Are

[Future Proofing Anne Arundel]

Recognizing that local governments bear the burden of building, maintaining, and upgrading infrastructure to withstand the effects of climate change and protect the environment, the Maryland General Assembly passed [SB457](#) (Chapter 236) in 2020 to enable local jurisdictions to form Resilience Authorities. These nonprofit, independent bodies can help cities and counties identify, obtain, and allocate financing for large scale infrastructure projects.

The Resilience Authority of Annapolis and Anne Arundel County (Resilience Authority) was created in 2021 to oversee, coordinate, and implement projects that enhance environmental and community resilience. The Resilience Authority is empowered to manage resources, secure funding, and drive initiatives that mitigate risks associated with climate change, natural disasters, and other vulnerabilities. By centralizing resilience efforts under a dedicated body, the Resilience Authority ensures that projects are strategically aligned with broader community goals and that they have the necessary oversight to be effectively executed.

The Resilience Authority unites experts in finance, infrastructure, and climate adaptation to form a cohesive team capable of transcending municipal boundaries and annual budget limitations to design, fund, and efficiently implement projects for communities. As an instrumentality of Anne Arundel County and the City of Annapolis, the Resilience Authority is uniquely suited to tackle expensive, long-term infrastructure projects across jurisdictional boundaries.

[Our Mission]

It is our mission to actively support and scale effective financing for climate transitions and resilience. The Resilience Authority does so by bringing together experts in finance, infrastructure, and climate adaptation into a single group that can look beyond municipal boundaries and annual budget constraints to design, fund, and efficiently deliver projects for communities.

Key Milestones

A Resilience Authority enables a local jurisdiction to flexibly organize funding structures and manage large-scale infrastructure projects specifically aimed at addressing the effects of climate change, including sea-level rise, flooding, increased precipitation, erosion, drought, and heatwaves.



2020
 Passed on May 8, 2020, Maryland's Senate Bill 457 (Chapter 236) authorizes local governments to establish and fund a Resilience Authority under local law, outlines the requirements to do so, and specifies the powers local governments may grant to an Authority.



2021
 On June 8, 2021, the Anne Arundel County Council passed legislation to create the nation's first multi-jurisdictional Resilience Authority to finance and support the construction of resilience infrastructure.



2022
 On September 28, 2022, Anne Arundel County Executive Stuart Pittman and City of Annapolis Mayor Gavin Buckley announced the first appointments to the Board of Directors for the Resilience Authority.



2023
 On September 15, 2023, the Resilience Authority exceeded \$20 million in federal, state, local, and private funding to protect Anne Arundel County's shorelines, communities, and residents from climate threats taking some of the burden off of local taxpayers.



2024
 On October 24, 2024, celebrated the completion of the Resilience Authority's first project—the restored coastal floodplain at Jabez III. This project marks a significant milestone in protecting our communities from flooding while enhancing natural resilience.

Leadership and Staff

The Board of Directors serves as the governing body for the authority which will work with residents to set priorities, and the City and County to develop a project portfolio. The Board’s diverse background of experience and knowledge will help the Authority secure funding opportunities and implement meaningful projects to prepare the County for sea level rise, increased flooding, heat waves and other extreme weather events.

Executive Committee

Teresa Sutherland
 Board Chair

Nathan Betnun
 Vice Chair

Jared Littmann
 Treasurer

Vince Leggett
 Secretary

City of Annapolis

Nathan Betnun
 Public Finance Consultant
 Self Employed

Mariah Davis
 Environmental Justice Officer
 Maryland Department. of Natural Resources

Jared Littman
 Owner
 K&B True Value

Anne Arundel County

Jamie Benoit
 Chairman and CEO
 WaveDancer

Véronique Bugnion
 President and CEO
 ClearlyEnergy, Inc

Emily Clifton
 Associate Executive Director
 Low Impact Development Center

David Jarrell
 Professional Engineer
 Self Employed

Vince Leggett
 Founder and Director
 Blacks of the Chesapeake

Stacy Schaefer
 Executive Director
 Resilience Authority of Charles County

Mike Sewell
 Deputy Superintendent
 Maryland Natural Resources Police

Teresa Sutherland
 Certified Public Accountant
 Self Employed

Leadership and Staff

The Resilience Authority Staff is guided by science and works closely with the Board of Directors to create innovative, on-the-ground solutions to combat the effects of climate change in a cost-effective, fiscally responsible way.



Matthew Fleming | Resilience Authority Director

Matt was appointed as the Resilience Authority Director by County Executive Stuart Pittman in December 2022. He has more than 25 years of experience in the areas of coastal restoration, natural resource management, and program administration.



Kristina Perry Alexander | Director of Operations

Kristina serves as Director of Operations for the Resilience Authority. She is a lawyer and former appellate attorney, administrative law judge, general counsel, compliance executive, and senior government lawyer.



Gabe Cohee | Director of Programs

Gabe serves as Director of Programs for the Resilience Authority. He formerly worked at the Department of Natural Resources providing technical and financial resources to communities and governments to address non-point pollution through nature-based and natural solutions.



Benjamin Lewis | Resilience Associate

Ben serves as a Resilience Associate through Governor Moore's Maryland Corps/Service Year Option. Ben is a second-year member of the Department of Service and Civic Innovation's flagship program, having completed a placement with the Maryland Archives as part of the first cohort of Maryland Corps/Service Year Option.

Resilience Authority Advisory Committee

Established in Article 3, Title 8A-103 of the County Code and Title 2, Chapter 2.58.040 of the Annapolis Code of Ordinances - to serve as non-voting advisors to the Resilience Authority. In addition, the Advisory Committee provides a forum for practitioner exchange, to share knowledge and provide opportunities or coordination around the complex issues involved in resilience planning and implementation. Advisory and Partnering Agencies include:

- The County Director of Public Works,
- The County Director of Emergency Management,
- The County Planning and Zoning Officer
- The County Senior Environmental Policy Officer
- The County Budget Officer
- The County Director of Recreation and Parks

- The Deputy City Manager for Resilience and Sustainability
- The City Director of Public Works
- The City Director of the Office of Emergency Management
- The City Director of Planning and Zoning
- The City Director of Parks and Recreation

Community Planning Liaison Officer NSA Annapolis/PWD Annapolis/USNA



3.0: Our Impact

RESILIENCE
AUTHORITY
Annapolis and Anne Arundel County

Our Objectives

The challenges facing the City of Annapolis and Anne Arundel County are both significant and imminent. With over 500 miles of coastline, the region's beauty and uniqueness are matched by its vulnerability to climate-related impacts. Addressing these challenges requires not only innovative thinking but also effective execution, strategic implementation, and a robust framework to measure success. The Resilience Authority is committed to delivering measurable progress toward building a sustainable and resilient community. Resilience, as defined by our organization, is more than the ability to withstand stresses—it embodies the capacity to thrive under a range of climate-influenced conditions.

To guide our work and track our impact, the Resilience Authority utilizes a comprehensive suite of metrics. These metrics evaluate the progress of individual projects and measure the organization's overall effectiveness in addressing climate challenges. By maintaining transparency and accountability, we aim to inspire confidence and collaboration within the communities we serve. Together, we are building a resilient future—one that balances environmental stewardship, social equity, and economic vitality for generations to come. **Achieving this vision requires action across three interconnected priorities...**

1.



Reducing Greenhouse Gas Emissions

We are dedicated to mitigating the region's contribution to climate change by supporting projects that lower emissions, enhance energy efficiency, and promote renewable energy solutions.

2.



Planning for Climate Adaptation

Anticipating and preparing for inevitable changes—such as rising sea levels, increased storm intensity, and shifting weather patterns—ensures that communities, infrastructure, and ecosystems remain robust in the face of adversity.

3.



Fostering Social Cohesion and Inclusion

Strengthening the social fabric of our communities is integral to resilience. By fostering inclusivity and ensuring that the benefits of climate action reach all residents equitably, we build a foundation for collective strength and shared prosperity.

By the Numbers



\$38 Million

Mobilized for climate resilient infrastructure projects since inception.



4580% ROI

Annual operating costs leveraged to secure infrastructure project funding in FY2024



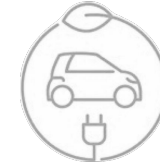
\$7.02 Million

Total investment in climate infrastructure projects since inception.



\$48.26 Million

Savings in avoided losses and damages due to investments in resilience.



\$2.63 Million

Mobilized to advance clean energy projects since inception.



1372 Tons

Carbon emissions reduced since inception.



\$1.75 Million

Capital committed to projects in underserved communities to date.



6 Completed

Climate infrastructure projects completed since inception.



18 Active

Climate infrastructure projects currently underway.



36 Communities

Assisted with a climate infrastructure project since inception



45 Jobs

Created or supported through completed projects.



5 Acres

Natural infrastructure restored, enhanced or protected since inception



4.0:
Our Projects

RESILIENCE
AUTHORITY

Annapolis and Anne Arundel County

Where We Work

The Resilience Authority’s mission is rooted in proactive partnerships and decisive action to safeguard the City of Annapolis and Anne Arundel County against climate-related challenges. While not a planning agency, the Resilience Authority works closely with City and County planning departments, public works, and emergency management agencies to identify the most vulnerable infrastructure assets and develop actionable strategies to address them. Central to this effort is the establishment of an initial project portfolio, focused on moving projects swiftly to “shovel-ready” status. These on-the-ground initiatives are critical to demonstrating the Resilience Authority’s value and achieving tangible results for communities across the region. By prioritizing equity in project implementation, we ensure that our work benefits all citizens while addressing the urgent challenges of climate resilience. As the Resilience Authority continues to grow, we remain committed to adapting our approach based on evolving local conditions, community needs, and climate priorities. Our dynamic project pipeline reflects this commitment, ensuring that we consistently deliver measurable progress toward a more resilient and sustainable future.



Nature and Resources

From coastal wetlands and shorelines that buffer storm surges to reforested areas that sequester carbon, these initiatives reduce disaster risks while providing co-benefits such as improved air and water quality, recreational opportunities, and biodiversity conservation.

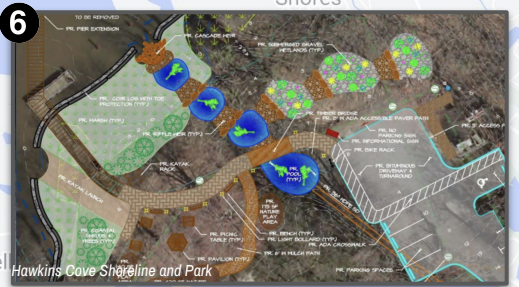
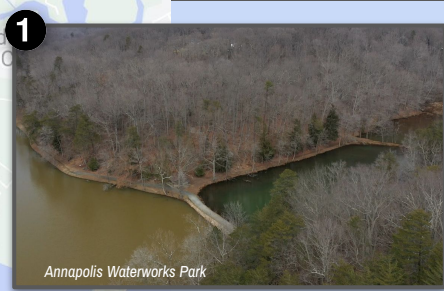
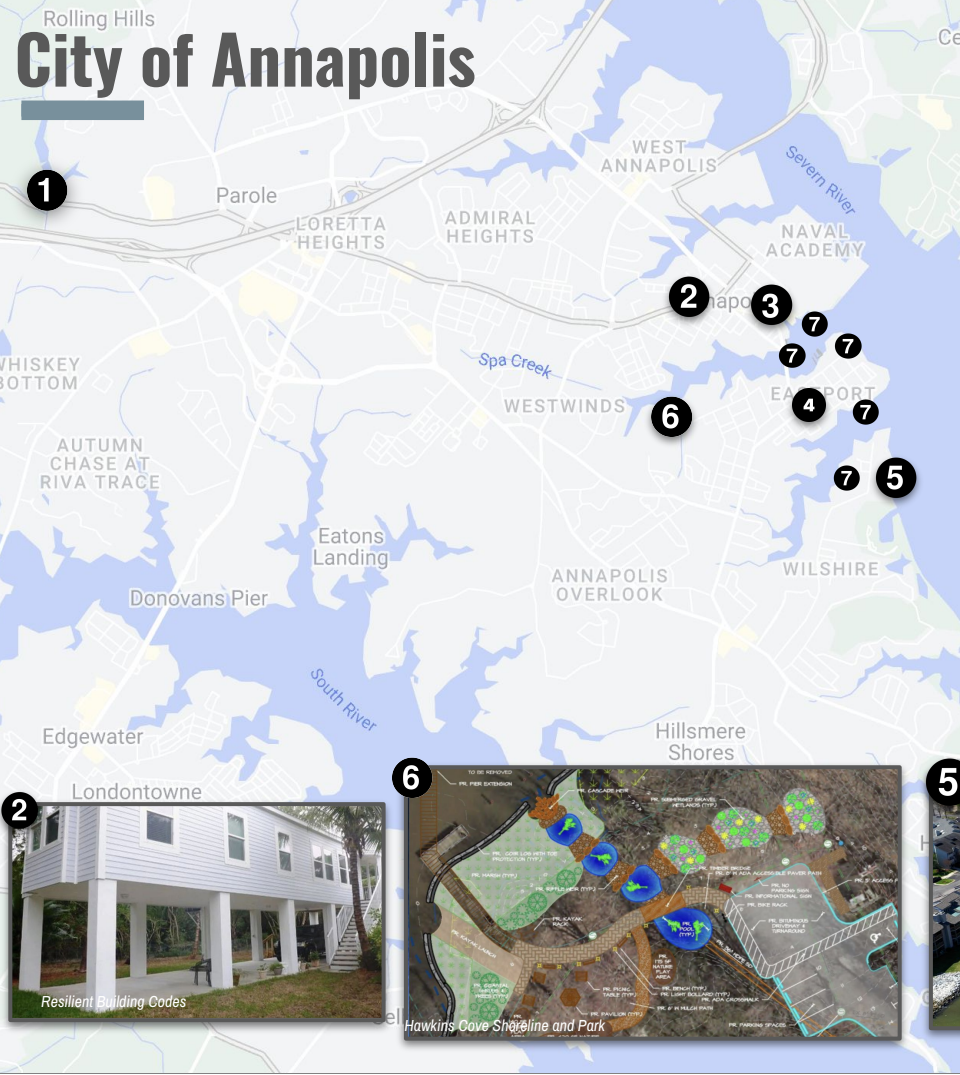
Community and Infrastructure

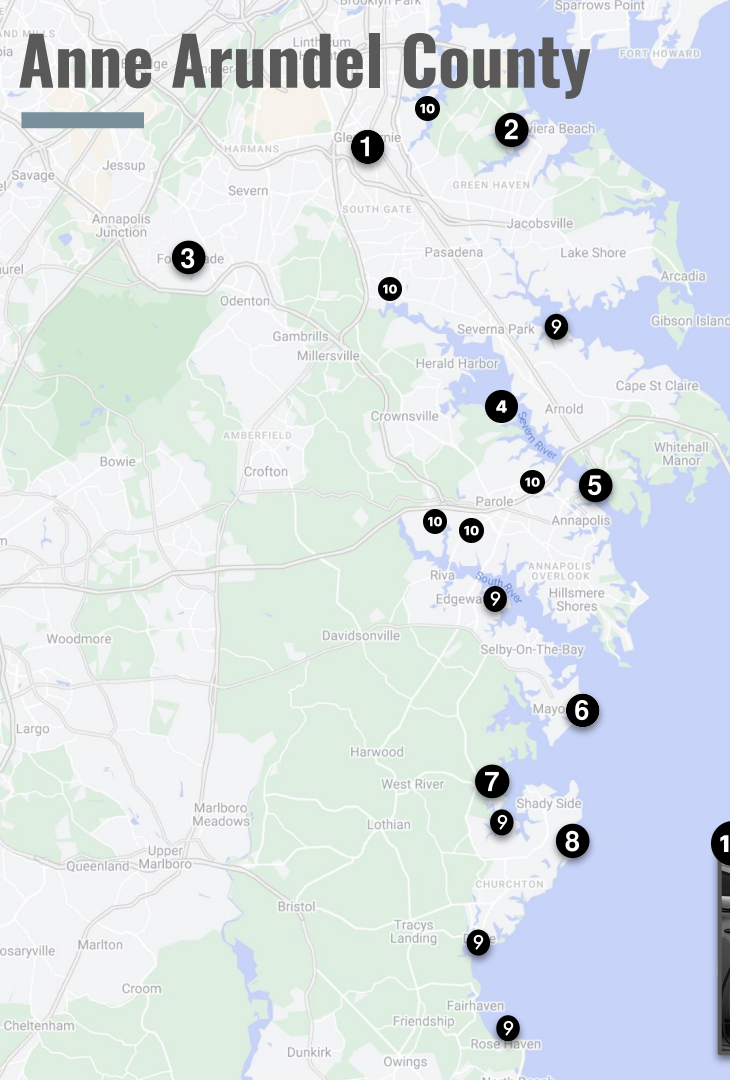
Protecting critical infrastructure is vital to the region’s ability to withstand climate impacts such as flooding, heatwaves, and severe storms. The Resilience Authority invests in projects that enhance the resilience of public and private assets, ensuring they remain robust and adaptable in the face of environmental challenges.

Climate Transitions

The Resilience Authority collaborates with City and County agencies to promote energy systems that are both reliable and resilient, with a particular focus on supporting economically challenged communities. These efforts not only reduce greenhouse gas emissions but also ensure energy equity across the region.

City of Annapolis





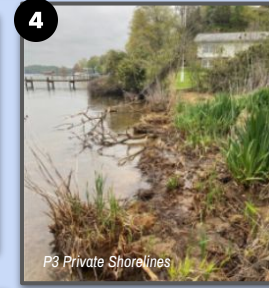
Glen Burnie Town Center Revitalization



Chestnut Hill Cove Stream Restoration



Beverly-Triton Beach and Nature Park



P3 Private Shorelines



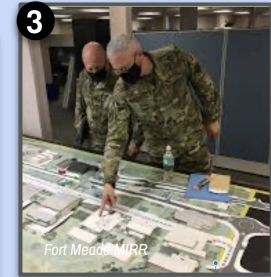
Jonas and Catherine Green Park



Galesville Community Resilience Initiative



Columbia Beach Flood Project



Fort Meade MIRR



AACA Fleet Conversion



Jonas and Catherine Green Park



Sea Level Rise Sensors

Project Highlights

Restoring Coastal Floodplain at Jabez Branch



Status | Complete
Location | Anne Arundel County
Funding | \$9.897M
District | 6

Challenge

The Severn River is heavily impacted by sediment and nutrients from its tributary system. Jabez Branch III was highly incised and a source of much of the negative non-point source pollution entering the Severn River. The erosion of this Use III tributary was accelerated by the development of Route 97 and Route 3 which directed large amounts of stormwater into the stream system.



Solution

Focused on the Severn River Natural Resource Management Area, a large-scale coastal restoration project designed to reduce the erosive velocity of stormwater by reconnecting to historic floodplains, restoring lost adjacent wetlands, re-engaging cold water seeps, and creating diverse habitat was implemented.



Partners

- State of Maryland
- Department of Natural Resources
- National Fish & Wildlife Foundation
- Anne Arundel County
- Severn RiverKeeper
- Underwood and Associates

Results

- 2,268 lf of floodplain restored
- 7.7 acres of wetland restored
- 1,878 trees planted
- 89.05 impervious acre credits

Project Highlights

Shoreline and Nature Park at Carrs Beach



Status | Planning & Design
Location | Annapolis
Funding | \$1.605M
District | Ward 7

Challenge

Carr's Beach was an extremely popular Chesapeake Bay resort and concert venue for the African American community during the racial segregation years of the 1900s. The original footprint of the beach and park has been greatly reduced due to land acquisition and development. The remaining beach and 5 acre park is threatened by erosion and the impacts of climate change.



Solution

A master plan for the park with deep community engagement will be developed along with design and implementation of a dynamic living shoreline for 460 linear feet of beach that remains public. The passive park and beach will offer more accessible use, better management of stormwater and erosion threats, and a return to a resilient, swimmable, and safe community beach.



Partners

- City of Annapolis
- McAdams
- SCAPE
- Blacks of the Chesapeake
- Underwood and Associates
- Synergy Solutions

Results

- Master Plan for Nature Park
- Restored 460lf of shoreline
- Upland habitat restoration
- Rehabilitated beach
- Water access

Project Highlights

Risk Assessment for Eastport & Back Creek



Status | Planning & Design
Location | Annapolis
Funding | \$819,000
District | Ward 8

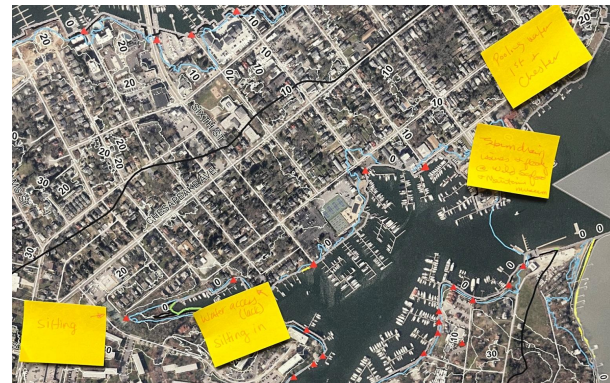
Challenge

Eastport and the Back Creek areas of Annapolis have experienced increased flood events due to sea level rise, nuisance flooding, and storm surge. This has negatively impacted the community and threatened critical infrastructure and homes.



Solution

Plan community-scale strategies to build environmental, economic, and social resilience in the face of climate change. These strategies will be planned and executed with equity in mind, actively seeking and validating the needs of higher-vulnerability individuals and groups that face historical and current structural barriers to adaptation.



Partners

- City of Annapolis
- Council Fire
- GreenVest
- National Fish & Wildlife Foundation
- FEMA

Results

- Prioritized solutions
- Designs for 10 projects
- Community engagement
- Decision making framework

Project Highlights

Advancing Fleet Electrification Goals



Status | Design
Location | Anne Arundel County
Funding | \$8.128M
District | Regional

Challenge

The County is taking the bold step to convert its fleet of over 1,600 conventional vehicles to fully-electric models by 2037. This is a large undertaking that requires an assessment of infrastructure, maintenance, and personnel needed to successfully meet the goal.



Solution

The Resilience Authority, on behalf of Anne Arundel County, forged an innovative partnership with Ameresco, a leading cleantech integrator and renewable energy asset developer, owner, and operator. Together, we are evaluating and developing EV charging infrastructure across County-owned facilities.



Partners

- Anne Arundel County
- US Department of Energy
- MD Department of Transportation
- Federal Highways Administration
- Ameresco, Inc

Results

- Reduced climate impacts
- Model of innovation
- Reduced O&M costs
- Fleet Analysis
- Design Engineering
- Installation

Project Highlights

Community Resilience for Columbia Beach



Status | Design
Location | Anne Arundel County
Budget | \$1,751,597
District | 7

Challenge

Founded in 1940 as a summer retreat for African Americans, today Columbia Beach is a racially and socioeconomically diverse community. It is one of several communities on the Shady Side peninsula currently dealing with increased flooding. The drainage infrastructure as a whole is disjointed and fails to provide continuity among different areas of the community.



Solution

A comprehensive, sustainable, and environmentally resilient upgrade of the stormwater conveyance system that provides a mitigation model suitable for similar communities. Efficient mechanisms to remove stormwater from roads and community property, transfer stormwater and runoff to new or existing holding/infiltration devices, and improve water quality before discharge into the Chesapeake Bay.



Partners

- Columbia Beach Citizens Improvement Association
- National Fish & Wildlife Foundation
- Arundel Rivers Federation
- BayLand Consultants & Designers

Results

- Decreased flooding
- Nature-based infrastructure
- Model green stormwater system

Project Highlights

Resilience & Energy Codes for Annapolis



Status | Contracting
Location | Annapolis
Budget | \$1,700,000
District | Regional

Challenge

The three jurisdictions leading this project, Annapolis, MD | Montpelier, VT and Santa Barbara, CA suffer from extreme climate risk: flooding from sea-level rise in downtown Annapolis has grown exponentially, with costly consequences as recently as January 10, 2024. Building codes mandate minimum resilience standards but only apply to new construction or major retrofits.



Solution

This three year project seeks to address policy shortcomings by designing and implementing a Building Performance Standard program for smaller buildings, emphasizing jurisdictions with significant climate risk and achieve equal or greater energy savings as compared to the latest model code.



Partners

- U.S. Department of Energy
- City of Annapolis
- City of Montpelier
- City of Santa Barbara
- ClearlyEnergy, Inc.
- NE Energy Efficiency Partnerships
- The Building Performance Institute
- NORESKO
- Ceres, Inc.

Project Highlights

Improved Flood Prediction Capabilities



**Status | Installation
Location | Regional
Budget | In-kind (UMD)
District | Regional**

Challenge

Sea level rise, nuisance flooding, and storm surge is a growing threat to community infrastructure. Existing NOAA tide gauges provide some local data; however, there is a need for hyper-local information to help protect coastal communities from the impacts of flooding by providing better resolution in the data and understanding across our region on flood frequency and impact.



Solution

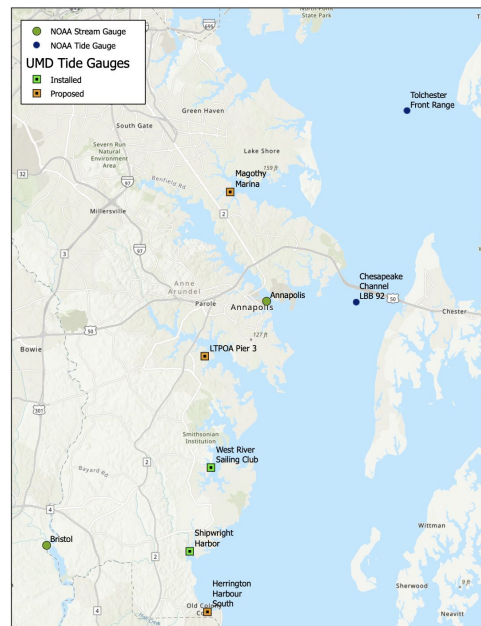
This project will help bolster coastal resilience and serve as an enhanced flood risk alert system for local communities, counties, and the region. The sensors are placed in strategic areas to give public works and EMS more accurate actionable information for individual events and to inform decision-makers regarding ongoing nuisance flooding, sea-level rise, and short-term to long-term zoning and planning.

Partners

- City of Annapolis
- Anne Arundel County
- University of Maryland
- Hohonu
- NOAA

Results

- Real-time, hyper-local data streams on water levels
- Development of decision support tools critical for emergency response and resilience planning



Project Highlights

Resilience & Mobility Study Tour



Status | Completed
Location | Netherlands
Budget | \$21,000
District | Regional

Challenge

The region faces significant resilience challenges in the coming years as we work to adapt to the impacts of climate change. These challenges include the need for robust resilience infrastructure, improved flood defenses, and the development of alternative transportation methods. Addressing these priorities will require continued collaboration, innovation, and investment to protect our community and ensure a sustainable, resilient future



Solution

To see and learn from the world leaders in flood protection; resilience infrastructure; alternative transportation and sustainable economic development.



Partners

- City of Annapolis
- Anne Arundel County
- Baltimore Metro Council
- Denker Foundation
- Dutch Embassy

Results

- Resilience best practices
- Public Transportation strategies
- Multi-modal transit
- Funding approaches
- Investigating new technologies
- Building networks

A Day of Fun for Everyone at
Sparrow's Beach, Inc.

5.0:

Our Financials



RESILIENCE
AUTHORITY

Annapolis and Anne Arundel County

How We Work

The Resilience Authority is uniquely empowered to levy fees, issue bonds, and invest in critical infrastructure projects that mitigate climate risks. Unlike traditional government departments with broader mandates, the Resilience Authority's singular focus on resilience enables targeted and specialized approaches to addressing these challenges.

One of its most significant powers is the ability to issue bonds, allowing the Authority to raise substantial capital upfront for immediate investment in resilience projects. This funding can be further amplified by leveraging other sources, such as federal grants and private investments, to maximize impact.

By concentrating resources specifically on resilience initiatives, the Resilience Authority ensures these projects receive the focused funding, strategic execution, and attention they require—avoiding the dilution of priorities that often occurs when resilience efforts are bundled with other infrastructure or development programs.

Sources of Revenue

Grants

Grants are one of the most attractive sources of local revenue, as they do not strain local budgets. A key role of the Resilience Authority will be to ensure that Annapolis and Anne Arundel County are highly competitive in securing these federal funds to advance critical resilience initiatives.

Tax Transfer

Resilience Authorities are prohibited from directly assessing or collecting taxes. As such, any tax revenues supporting the Resilience Authority's projects or operations must come through transfers from the two jurisdictions.

Project and Non-Tax-Based Fees

By implementing user-based funding mechanisms, the Resilience Authority can generate sustainable revenue while ensuring equitable contributions from stakeholders who benefit from resilience investments.

Asset-Based Revenues

The Authority can also explore innovative revenue generation by leveraging public assets, including real estate, through approaches like *Community Wealth Funds (CWF)*. This strategy involves consolidating public commercial assets under professional management to maximize their value for the community.

**RESILIENCE AUTHORITY OF ANNAPOLIS AND
ANNE ARUNDEL COUNTY, INC.**

**Financial Statements Together with
Reports of Independent Public Accountants**

For the Year Ended June 30, 2024



S B & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

June 30, 2024

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S B & C O M P A N Y, L L C
KNOWLEDGE • QUALITY • CLIENT SERVICE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

Board of Directors
Resilience Authority of Annapolis and Anne Arundel County, Inc.
Annapolis, Maryland

Opinion

We have audited the financial statements of the governmental activities and major fund of the Resilience Authority of Annapolis and Anne Arundel County, Inc. (the Authority), a component unit of Anne Arundel County, Maryland, as of June 30, 2024, and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Authority as of June 30, 2024, and the respective changes in financial position and statement of revenues, expenditures, and changes in fund balance- budget and actual for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit 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 Authority's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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



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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.

Owings Mills, Maryland
DATE XX, 2024

RESILIENCE AUTHORITY OF ANNAPOLIS AND ANNE ARUNDEL COUNTY, INC.

Management's Discussion and Analysis Required Supplementary Information (Unaudited) For the Year Ended June 30, 2024

This section of the annual financial statements of the Resilience Authority of Annapolis and Anne Arundel County, Inc. (the Authority) presents a narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2024. Readers are encouraged to consider the information presented here in conjunction with the basic financial statements and the accompanying notes.

Establishment of the Authority

The Authority is the first multi-jurisdictional resilience authority established in the United States. The Authority was established to undertake and support projects in the City of Annapolis and Anne Arundel County, Maryland that mitigate the impact of climate change. The Authority was created pursuant to the Code of Maryland, Local Government Article, Title 22; the Anne Arundel County Code, Article 3, Title 8A; and the Code of the City of Annapolis, Title 2, Chapter 2.58. The Authority was incorporated in the State of Maryland and began its operations on June 30, 2022. The Authority changed its fiscal year end from December 31 to June 30 during the six-month period ending June 30, 2023.

Financial Highlights

- The assets of the Authority exceeded its liabilities as of June 30, 2024 by \$1,657,640 (net position). The Authority had no deferred inflows or deferred outflows of resources. Of the \$1,657,640 total net position, \$1,546,647 is restricted and the remaining balance of \$110,993 is unrestricted and may be used to meet the Authority's ongoing obligations.
- As of June 30, 2024, the ending fund balance of the Authority's General Fund, which was the Authority's only governmental fund, was \$1,657,640.
- As of June 30, 2024, the unassigned fund balance for the general fund was \$79,780, which represents approximately 1% of total general fund expenditures for the year ended June 30, 2024.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business. The government-wide statements are on a full accrual accounting basis, including the elimination and/or reclassification of internal activities.

RESILIENCE AUTHORITY OF ANNAPOLIS AND ANNE ARUNDEL COUNTY, INC.

Management's Discussion and Analysis Required Supplementary Information (Unaudited) For the Year Ended June 30, 2024

Overview of the Financial Statements (continued)

Government-wide financial statements (continued)

The statement of net position presents information on all of the Authority's assets, liabilities, and deferred inflows and outflows of resources. The difference between assets plus deferred outflows and liabilities plus deferred inflows is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of costs through user fees and charges (business-type activities). The Authority had only governmental activities during the year ended June 30, 2024 and the year ended June 30, 2023, respectively, all of which were recorded in the Authority's general fund. The Authority has no business-type activities.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund financial statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The sole fund of the Authority in 2024 and 2023 was its general fund, which is a governmental fund.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the government-wide focus includes the long-term view and the fund focus includes the short-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

For the current reporting period, there was no activity that resulted in a difference between the total fund balance for the governmental fund shown on the Balance Sheet – Governmental Fund and the net position for governmental activities shown on the Statement of Net Position. Likewise, there was no activity that resulted in difference between the changes in fund balance shown on the Statement of Revenues, Expenditures, and Changes in Fund Balance, Governmental Fund and the changes in net position as shown in governmental activities on the Statement of Activities.

RESILIENCE AUTHORITY OF ANNAPOLIS AND ANNE ARUNDEL COUNTY, INC.

Management's Discussion and Analysis Required Supplementary Information (Unaudited) For the Year Ended June 30, 2024

Overview of the Financial Statements (continued)

Notes to basic financial statements

The notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements are part of the basic financial statements and can be found on pages 15-18 of this report.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparison of the Authority's General Fund.

Government-wide Financial Analysis

Over time, changes in net position serve as a useful indicator of a government's financial position. As of June 30, 2024, the Authority's assets exceeded its liabilities by \$1,657,640. The Authority had no deferred inflows or deferred outflows of resources. The Authority's \$1,657,640 net position comprise \$1,546,647 that is restricted by the grantor for specific uses consistent with the purposes for which the Authority was created and \$110,993 representing resources that are unrestricted and may be used by the Authority to meet its ongoing obligations.

Statements of Net Position and Activities

A summary of government-wide assets, liabilities, and net position is as follows:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Cash and equivalents	\$ 1,934,978	\$ 1,576,675
Accounts receivable and other	2,420,120	-
Accounts payable and other	893,854	32,433
Unearned revenue	1,803,604	-
Net Position	<u>\$ 1,657,640</u>	<u>\$ 1,544,242</u>

The Authority's net position increased \$113,398 as of June 30, 2024, as a result of grants from the State of Maryland and Anne Arundel County exceeding related expenses.

The following table summarizes changes in net position for governmental activities during the related periods:

	<u>Year Ending</u>	
	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Revenues	\$ 7,496,754	\$ 1,760,650
Expenses	7,383,356	216,408
Change in net position	<u>\$ 113,398</u>	<u>\$ 1,544,242</u>

RESILIENCE AUTHORITY OF ANNAPOLIS AND ANNE ARUNDEL COUNTY, INC.

Management's Discussion and Analysis Required Supplementary Information (Unaudited) For the Year Ended June 30, 2024

Grants from the State of Maryland (\$7,019,885 and \$0) and contributions from Anne Arundel County (\$339,646 and \$1,760,650) comprise the majority of Authority revenue, totaling \$7,496,754 and \$1,760,650, for the years ended June 30, 2024 and 2023, respectively.

During the year ended June 30, 2024, the Authority, in partnership with the State of Maryland Department of Natural Resources and the Severn Riverkeeper, completed its first resilience infrastructure project, spending approximately \$7.1 million to rehabilitate Jabez Branch, a waterway identified as one of the most degraded in the Anne Arundel County. Beginning in January 2025, the adaptive management and monitoring phase of the project will begin, a 10-year effort that offers an opportunity to understand the benefits on habitat, water quality and resilience.

General Fund Budgetary Highlights

The Authority adopted a budget for the year ended June 30, 2024, totaling \$23,075,927. During the fiscal year, the budget was amended and reduced to \$13,068,640 due to timing differences between when grants were awarded and when the related expenditures were likely to be incurred. The Statement of Revenues and Expenditures - Budget and Actual can be found as part of the basic financial statements, which is located on page 14.

Capital Assets and Debt Administration

The Authority has no capital assets or debt.

Subsequent Items for Future Financial Statements

On June 20, 2024, , the Board of Directors adopted a \$ \$47,450,896 operating budget for fiscal year 2025, supported by a \$500,000 unrestricted operating grant from Anne Arundel County, \$3,222,052 of service revenue, and \$47,098,569 of anticipated restricted grants, resulting in an anticipated budgeted surplus of \$3,369,725.

Resilience infrastructure projects that the Authority plans to begin in fiscal year 2025, all of which are funded by grants, include:

- Chestnut Hill Cove Community Infrastructure Project (\$2,174,280)
- Annapolis Maritime Resilience Initiative (\$819,299)
- Elktonia and Carr's Beach Restoration Project (\$1,605,000)
- Anne Arundel County Electric Vehicle Infrastructure Project (\$8,128,200)
- Columbia Beach Community Resilience Project (\$996,200)
- Glen Burnie Town Center Urban Resilience Project (\$1,550,000)
- Beverly-Triton Beach and Nature Park (\$4,000,000)
- Jonas Green Coastal Resilience Project (\$630,000)
- Quiet Water Park Shoreline Erosion Control Projects (\$1,682,000)
- Resilient and Efficient Codes Implementation (\$1,700,000)

RESILIENCE AUTHORITY OF ANNAPOLIS AND ANNE ARUNDEL COUNTY, INC.

**Management's Discussion and Analysis
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2024**

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Matthew Fleming, Resilience Authority Director, Resilience Authority of Annapolis and Anne Arundel County, Inc., 44 Calvert Street, Annapolis, MD 21401.

RESILIENCE AUTHORITY OF ANNAPOLIS AND ANNE ARUNDEL COUNTY, INC.

**Statement of Net Position
As of June 30, 2024**

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 274,697
Cash and equivalents - restricted	1,660,281
Accounts receivables	2,404,145
Other assets	15,975
Total assets	<u>4,355,098</u>
LIABILITIES	
Accounts payable	893,404
Refundable grantor deposits	450
Unearned revenue	1,803,604
Total current liabilities	<u>2,697,458</u>
Total liabilities	<u>2,697,458</u>
NET POSITION	
Restricted	1,546,647
Unrestricted	110,993
Total net position	<u>\$ 1,657,640</u>

The accompanying notes are an integral part of this financial statement.

RESILIENCE AUTHORITY OF ANNAPOLIS AND ANNE ARUNDEL COUNTY, INC.

**Statement of Activities
For the Year Ended June 30, 2024**

Functions/Programs	Expenses	Program Revenues		Net Revenues and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Climate resilience activities	\$ 7,383,356	\$ 103,742	\$ 7,040,510	\$ (239,104)
GENERAL REVENUES				
County contribution				336,296
Interest income				16,206
Change in net position				113,398
Net position, beginning of year				1,544,242
Net position, end of year				\$ 1,657,640

The accompanying notes are an integral part of this financial statement.

RESILIENCE AUTHORITY OF ANNAPOLIS AND ANNE ARUNDEL COUNTY, INC.

**Balance Sheet
Governmental Fund
As of June 30, 2024**

	<u>General Fund</u>
ASSETS	
Cash and equivalents	\$ 274,697
Cash and equivalents - restricted	1,660,281
Accounts receivable	2,404,145
Other assets	15,975
Total assets	<u>\$ 4,355,098</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 893,404
Refundable grantor deposits	450
Unearned revenue	1,803,604
Total liabilities	<u>2,697,458</u>
FUND BALANCE	
Restricted	1,546,647
Assigned	31,213
Unassigned	79,780
Total fund balance	<u>1,657,640</u>
Total liabilities and fund balance	<u>\$ 4,355,098</u>

The accompanying notes are an integral part of this financial statement.

RESILIENCE AUTHORITY OF ANNAPOLIS AND ANNE ARUNDEL COUNTY, INC.

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2024**

	<u>General Fund</u>
REVENUES	
Grants	\$ 7,376,806
Charges for services	103,742
Interest income	<u>16,206</u>
Total revenues	<u>7,496,754</u>
EXPENDITURES	
Current	
General government	58,870
Climate resilience activities	<u>7,324,486</u>
Total expenditures	<u>7,383,356</u>
Net change in fund balance	113,398
Fund balance, beginning of year	<u>1,544,242</u>
Fund balance, end of year	<u><u>\$ 1,657,640</u></u>

The accompanying notes are an integral part of this financial statement.

RESILIENCE AUTHORITY OF ANNAPOLIS AND ANNE ARUNDEL COUNTY, INC.

**Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2024**

GENERAL FUND	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Grants	\$ 500,000	\$ 500,000	\$ 58,870	\$ (441,130)
Investment income	-	-	16,206	16,206
Service revenue	-	166,577	103,742	(62,835)
Climate and energy resilience portfolio	23,252,996	12,785,236	7,317,936	(5,467,300)
Total revenues	<u>23,752,996</u>	<u>13,451,813</u>	<u>7,496,754</u>	<u>(5,955,059)</u>
EXPENDITURES				
Current				
General government				
Audit, accounting and payroll expenses	22,000	6,300	6,300	-
Bank fees	-	100	-	100
Board meeting expenses	2,000	2,000	939	1,061
Equipment	3,000	-	2,349	(2,349)
Insurance	2,000	2,000	1,783	217
IT support and maintenance	750	-	-	-
Legal and professional fees	25,000	45,000	42,380	2,620
Membership and dues	250	-	-	-
Office and administrative expenses (including software)	5,000	3,504	1,455	2,049
Telecommunications	1,000	-	-	-
Training and professional development	8,000	7,400	3,567	3,833
Travel and meals	5,000	2,700	97	2,603
Total general government	<u>74,000</u>	<u>69,004</u>	<u>58,870</u>	<u>10,134</u>
Climate resilience activities				
Capacity building and revenue mapping	-	50,000	50,000	-
Climate and energy resilience portfolio	22,851,927	12,789,636	8,118,698	4,670,938
Project development/grant writer	150,000	160,000	159,995	5
Total climate resilience activities	<u>23,001,927</u>	<u>12,999,636</u>	<u>8,328,693</u>	<u>4,670,943</u>
Total expenditures	<u>23,075,927</u>	<u>13,068,640</u>	<u>8,387,563</u>	<u>4,681,077</u>
Net change in fund balance	<u>677,069</u>	<u>383,173</u>	<u>(890,809)</u>	<u>\$ (1,273,982)</u>
Fund balance, beginning of year, budgetary basis	1,441,574	1,441,574	1,441,574	
Fund balance, end of year	<u>\$ 2,118,643</u>	<u>\$ 1,824,747</u>	<u>\$ 550,765</u>	

The accompanying notes are an integral part of this financial statement.

RESILIENCE AUTHORITY OF ANNAPOLIS AND ANNE ARUNDEL COUNTY, INC.

Notes to the Financial Statements For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Resilience Authority of Annapolis and Anne Arundel County, Inc. (the Authority) was incorporated in the State of Maryland on June 30, 2022. The Authority is a component unit of Anne Arundel County, MD (the County). During the six-month period ending June 30, 2023, the Authority changed its fiscal year end from December 31 to June 30.

Financial Statement Presentation, Measurement Focus, and Basis of Accounting

The basic financial statements are divided into three categories: government-wide financial statements, fund financial statements, and budgetary statements.

Government-Wide Financial Statements

The government-wide financial statements, comprising the Statement of Net Position and the Statement of Activities, are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar revenues are recognized when all eligibility requirements imposed by the provider have been met. The Authority has only governmental activities, which are supported primarily by intergovernmental revenues.

Fund Financial Statements

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

The Authority reports only the General Fund as a governmental fund and has no enterprise or fiduciary fund activities.

RESILIENCE AUTHORITY OF ANNAPOLIS AND ANNE ARUNDEL COUNTY, INC.

Notes to the Financial Statements For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Statements

The basic financial statements include a Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the General Fund. This statement is prepared using the budgetary basis of accounting in which revenues are recognized when earned and available. Unexpended or unencumbered appropriations expire at year-end. The Authority recognizes revenues collectible within the current period or shortly thereafter to pay liabilities of the current period. Budgetary expenditures are recognized when encumbered or when goods or services are received.

Cash

Cash includes bank deposits in a checking account and in a money market account.

Program Revenues

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

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

Encumbrances

The governmental funds utilize encumbrance accounting under which purchase orders, contracts, and other commitments are recorded in order to reserve budget appropriations for that purpose. Open encumbrances, if any, are shown as part of the restricted, committed, or assigned fund balance in the governmental fund statements and are recorded as expenditures on the budgetary statements.

RESILIENCE AUTHORITY OF ANNAPOLIS AND ANNE ARUNDEL COUNTY, INC.

Notes to the Financial Statements For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classification

The governmental fund financial statements present fund balance based on classifications that comprise a hierarchy based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non-spendable: This classification includes amounts that cannot be spent because they either (a) are not in spendable form or (b) are legally or contractually required to be maintained. The Authority had no non-spendable fund balance on June 30, 2024.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Authority had a restricted fund balance of \$1,546,647 as of June 30, 2024. Included in restricted fund balance is encumbrances of \$1,075,662 as of June 30, 2024.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Authority's Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors formally removes the restriction. The Authority has no committed fund balance as of June 30, 2024.

Assigned: This classification includes amounts that are constrained by the Authority's intent to be used for specific purposes but are neither restricted nor committed. The Authority had \$31,213 of encumbrances reported as assigned fund balances as of June 30, 2024.

Unassigned: This classification includes the residual fund balance for the General Fund. The Authority's unassigned fund balance was \$79,780 as of June 30, 2024.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures.

RESILIENCE AUTHORITY OF ANNAPOLIS AND ANNE ARUNDEL COUNTY, INC.

Notes to the Financial Statements For the Year Ended June 30, 2024

2. DEPOSITS AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a policy for custodial credit risk on deposits. As of June 30, 2024, the carrying amount of the Authority's deposits was \$1,934,378, and the bank balance was \$1,935,233. Federal depository insurance covered \$250,000, and the remaining \$1,685,233 was exposed to custodial credit risk. The Authority held no investments during the year period ended June 30, 2024.

3. FUND BALANCE

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

Encumbrance accounting is employed as part of the budgetary presentation for the General Fund. As of June 30, 2024, the Authority had \$1,106,875 of encumbrances.

4. COMMITMENTS AND CONTINGENCIES

General

In the normal course of business, the Authority may be subject to pending and threatened lawsuits in which claims for monetary damages could be asserted. In management's opinion, the Authority's financial position and results of operations would not be materially affected by the outcome of such potential legal proceedings.

Grants

The Authority has several grants from other governmental organizations. Revenue from these grants is recognized only to the extent that actual expenses incurred comply with grant terms.

Government grants are subject to final determination of allowability by the government agency. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.